



**UNITED STATES
NUCLEAR REGULATORY COMMISSION**
REGION II
SAM NUNN ATLANTA FEDERAL CENTER
61 FORSYTH STREET, SW, SUITE 23T85
ATLANTA, GEORGIA 30303-8931

September 28, 2009

Mr. Mark Capallo, President
Energy & Process Corporation
2146-B Flintstone Drive
Tucker, GA 30084-5000

**SUBJECT: ACKNOWLEDGEMENT OF ENERGY AND PROCESS' ADDITIONAL
RESPONSE TO REACTIVE VENDOR INSPECTION – NRC TEAM
INSPECTION REPORT 99900866/2008-001 AND NOTICE OF
NONCONFORMANCE**

Dear Mr. Capallo:

This letter is in reference to your July 22, 2009, additional responses to the five nonconformances referenced in Nuclear Regulatory Commission (NRC) Inspection Report 99900866/2008-001, dated May 20, 2008. Your initial response was sent on June 9, 2008, and did not provide sufficient corrective actions to the identified nonconformances. Our July 8, 2008, letter provided specific items to be addressed by Energy and Process Corporation to allow closure of the nonconformances.

Your response to our July 8, 2008, letter was sent on August 18, 2008, and did not adequately address three of the five nonconformances. Nonconformances 99900866/08-01-01 (inspections) and 08-01-03 (design control) required additional corrective actions and/or additional information, and you were still in the process of providing an additional response to Nonconformance 99900866/08-01-02 associated with the implementation of your external and internal audit programs. Our October 28, 2008, letter provided specific items to be addressed by Energy and Process Corporation to allow closure of the remaining three nonconformances.

Your response to our October 28, 2008, letter was sent on November 21, 2008, and supported by a subsequent letter sent on January 14, 2009. Nonconformances 99900866/08-01-01 and 99900866/08-01-03 were adequately addressed by your response. However, Nonconformance 99900866/08-01-02 required additional corrective actions as documented in our letter to you, dated June 10, 2009.

We have completed our review of your additional responses in your letter dated July 22, 2009, and are advising you of our decision. Details of our review are provided in the enclosure to this letter. Our review has determined that your additional responses adequately addressed the remaining Nonconformance 99900866/08-01-02 and will be closed.

In accordance with 10 CFR 2.390 of NRC's "Rules of Practice," this document may be accessed through the NRC's public electronic reading room, Agency-Wide Document Access and Management System (ADAMS) in the Internet at [http: www.nrc.gov/reading-rm/adams.html](http://www.nrc.gov/reading-rm/adams.html). Should you have any questions concerning this letter, please contact us.

Sincerely,

/RA/

Charles R. Ogle, Director
Division of Construction Inspection

Docket No. 99900866

Enclosure:
NRC Response to Energy and Process Letter
dated July 22, 2009

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NRC Response to Energy and Process Letter
dated July 22, 2009

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 NON-PUBLICLY AVAILABLE
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 ADAMS: Yes
 ACCESSION NUMBER: ML 092710441
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OFFICE	RII:DCI	RII:DCI	RII:DCI				
SIGNATURE	CO	MSL	JOC				
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DATE	9/28/2009	9/21/2009	9/21/2009				
E-MAIL COPY?	YES NO	YES NO	YES NO	YES NO	YES NO	YES NO	YES NO

OFFICIAL RECORD COPY DOCUMENT NAME: G:\CCI\INSPECTION REPORTS\VENDORS\NRC 9-17 RESPONSE TO EP.DOC

Letter to M. Capallo from Charles R. Ogle dated September 28, 2009

SUBJECT: ACKNOWLEDGEMENT OF ENERGY AND PROCESS' ADDITIONAL
RESPONSE TO REACTIVE VENDOR INSPECTION – NRC TEAM
INSPECTION REPORT 99900866/2008-001 AND NOTICE OF
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NRC Response to Energy and Process Letter dated July 22, 2009

Nonconformance 99900866/08-01-02

10 CFR 50, Appendix B, Criterion XVIII, "Audits," requires in part, that "audits shall be carried out to verify compliance with all aspects of the quality assurance program and to determine the effectiveness of the program." Contrary to the above, for the period January 2007 through February 2008, audits conducted by Energy and Process were inadequate for determining the effectiveness of the quality assurance (QA) program being audited. Specifically, the audits did not contain the audit scope, objective evidence and review and summation documentation required to determine audit program effectiveness.

Energy and Process' Additional Response to Nonconformance 99900866/08-01-02

Energy and Process verified that all aspects of an audit scope and vendor's scope were auditable. Audits were developed to verify all aspects of a vendor's program implementation and scope of procurement. The "NA" column has been removed from the internal audit checklist. Further, QCP 15 Rev. 0 dated August 11, 2008, "Performance of Vendor Surveys and Audits" requires that an NA entry on a checklist be substantiated with an explanation. The NA field will not be populated solely as "Not Applicable" and an explanation such as "evaluated and not within the vendor scope" must be documented in the auditor's comments.

Energy and Process's surveys and audits were performed or led by lead auditors qualified and trained in accordance with QCP 14 Rev. 1 dated March 22, 1996, "Auditor Qualification and Certification" based on the requirements in NQA-1 and the older ANSI standard N45.2.23. This is mandated by paragraph 15.3 of QCP 15. QCP 14 provides the protocol for auditor proficiency that must be exhibited in order to make determinations, based on verified objective evidence.

QCP 15 provides guidance and instruction relative to the performance of surveys and audits including acceptance criteria and audit planning. Energy & Process Corporation uses qualified and certified auditors as required by paragraph 15.3 of QCP 15. To address the expertise related to design, Energy & Process will add a governing question to the checklist, "Is design required relative to scope of supply?" If affirmative, a specialist with design experience will be added to the audit team and act under the direction of the lead auditor. If no design is required, that will be so noted in the auditor comments for all design control criteria.

The title of the commercial grade survey/audit checklist is being revised to drop "Audit" from the title. The definition for commercial grade survey is embedded in EPRI NP-5652 which is referenced in paragraph 11.0 of QCP 11 Rev. 4 dated January 9, 2009.

Energy & Process has utilized Method 1 of EPRI NP-5652 "Special Tests and Inspections" in addition to commercial grade surveys. Commercial grade surveys focus on the vendor's traceability and material control activities with Energy & Process re-performing the required tests and inspections. The commercial grade survey checklist will be re-titled "Survey for Material Identification and Control" for specificity.

Paragraph 10.3.2 of QCP 10 Rev. 0 dated August 11, 2008, "Processing NCRs and CARs" provides guidance on the use of E&P's CAR form 107 and explains that if the root cause of a significant condition is not positively determined, preventive action cannot be effective. Procedural compliance is an area reviewed during internal audits. The internal audit checklist

Enclosure

will be revised to add "verification of implementation of QCP 10" as a specific action. For external audits a root cause assessment process is investigated and specifically prompted by the audit checklist.

Evaluation of Energy and Process' Additional Response to Nonconformance 99900866-01-02

The NRC finds that the Energy and Process response to this nonconformance is adequate.