



March 22, 2010

U.S. Nuclear Regulatory Commission
ATTN: Document Control Desk
Washington D.C. 20555-0001

Subject: Reply to a Notice of Violation Docket Number # 99900861 Inspection Report # 2009-201

Reason for the Violation:

- 1) Failure to provide a direct connection to the Part 21 program when deviations related to "drop-shipped" material are identified by the licensees.

Reply:

Reason for the violation: Under the requirements of the current Customer Complaint procedure, any customer quality related concern is documented. This concern can be by a phone call, or by informal or formal rejection from the customer. In most cases, these concerns are resolved by either an explanation, revised certifications, return of material for rework or replacement, or replacement without a return. It was the position of DuBose NES that, for material drop-shipped from a qualified nuclear source where the concern requires that nuclear source to be involved, that the particular source, who has their own Part 21 program, would implement their own controls for the correction of the materials. Depending on the situation, when previously drop-shipped material required return, DuBose NES would determine if DuBose NES would return the material directly back to the nuclear source or bring it through our facility for inspection. Based on this NRC Inspection, DuBose NES is revising our Customer Complaint procedure to specifically address, on the reporting form, if a Non-conforming Condition and/or a programmatic Corrective Action Condition would apply. A documented review and determination for a NCR or CAR condition will then require a documented review if a Part 21 evaluation is required. This will provide a direct connection to the 10 CFR Part 21 Program. Additionally, when vendor related corrective actions are required, DuBose NES is revising our CAR procedure to mandate that our vendors address the following: a) Does the deficiency have a generic impact relative to other products, services, procedures, processes, or systems. b) Could the deficiency create a substantial safety hazard in a delivered basic component-If so, you are required to further evaluate this deficiency for 10 CFR Part 21 applicability.

For the Corrective Action currently taken, and to avoid future violations, DuBose NES is currently revising our procedures for the review of non-conformance's, corrective actions, customer complaints, and 10 CFR Part 21. Part of this revision will encompass the use of a 10 CFR Part 21 Prescreen Decision Tree and Flow-Path to evaluate 10 CFR Part 21 reporting applicability. This will provide adequate guidance to DuBose NES QA Management on how to perform the 10 CFR Part 21 evaluations in a consistent manner.

Full implementation of these revised procedures is targeted for no later than May 1, 2010.

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NRD*

- 2) Failure to perform evaluations of deviations of basic components to assure these deviations were not substantial safety hazards for seven Customer Complaint Reports.

Reply:

Reason for the violation: As addressed in part 1 of this reply, DuBose NES did not consider the requirements of 10 CFR Part 21 within the confines of our Customer Complaint procedure. This will be corrected as previously outlined above.

Corrective Action taken:

Based on the requested action in the NRC report, the following Complaint Reports were to be evaluated to determine if the deviations were not a substantial safety hazard. Our review and conclusions of these reports are as follows:

Complaint Report dated 12/2/09-Crane- The testing of hardness for the specification ordered is not required by our CGD procedure when tension tests are performed. Therefore, based on our CGD procedure, it was not accomplished. The customer order required all requirements of the material specification to be performed as part of CGD in certain cases. This additional customer requirement was missed during QA review and the error was reported by the customer during their receiving inspection. The hardness was reported on the commercial grade material test report. Based on the chemical and tensile properties being verified by qualification testing, hardness is not normally considered as a critical characteristic. This deviation is not a substantial safety hazard.

Complaint Report dated 11/16/09-Invar-The order was for a Canadian customer to the requirements of Z299.3. 10 CFR Part 21 was not imposed on DuBose NES. However, the condition was that the customer's specification required 0.1% maximum cobalt and this requirement was missed by our vendor during their order review and not caught during DuBose NES review. The material manufacturer did issue an internal NCR, corrected the condition by additional testing, and performed a 10 CFR Part 21 reportable evaluation, which was found to be not reportable. This deviation is not a substantial safety hazard.

Complaint Report dated 11/4/09-Bechtel- This order required Hilti Kwik Bolt 3's to be supplied. Hilti Kwik Bolt 2's were drop shipped from the nuclear approved supplier in error. The supplier did issue an internal NCR, corrected the condition by material replacement, performed training as part of a CAR action, and performed a 10 CFR Part 21 reportable evaluation, which was found to be not reportable. This deviation is not a substantial safety hazard.



Complaint Report dated 10/20/09- FPL-Under our quality program DuBose NES normally certifies to the current revision of the ordered ASTM Standard unless otherwise specified by the customer. In the text of the FPL order, it is stated that the ASTM A 36 material specification has been reconciled thru 1995 and, for material provided later than 1995, the vendor shall provide reconciliation. DuBose performs material specification reconciliation on a daily basis and maintains an ongoing awareness of changes to common specifications over the years. However, we did originally miss the requirements that the material needed to meet up to the 1995 edition of ASTM A 36. The correction was a review and certification that the material supplied did meet the 1994 edition. This was an oversight during QA review and quickly corrected. Based on this error being an oversight and having no impact on the supplied material, this deviation is not a substantial safety hazard.


Compliant Report dated 10/20/09- Shaw Modular- The commercial grade Certification of Conformance reflecting two heat numbers and one trace number was issued by a commercial grade supplier. Our purchase order to that supplier required 6660# of structural angle and referenced a single Trace Number. It was assumed but not stated that one heat would be supplied. The Commercial Grade Supplier provided two heats of material and certified both with the same trace number. The DuBose NES Trace number system is designed to establish a unique testing number, in addition to the manufacturer's heat number, to identify materials that are to be qualified for nuclear application by inspection and testing. There was no requirement for the commercial grade supplier to certify to the Trace number. The Commercial Grade Supplier is not instructed on the use of this Trace Number. With the exception of this Commercial Grade Supplier's C of C, the balance of all of the certifications and identifications followed the QA program requirements and provided positive traceability to the supplied material by product, heat number and unique Trace Number. The error was that the QA individual that reviewed the final documentation failed to notice that the two Commercial Grade Suppliers C of C's (one for each size and heat) documented the same Trace number. There was not, at any time, any loss of traceability and this error was identified by the customer during documentation review. Based on this, this deviation is not a substantial safety hazard.

Complaint Report dated 10/07/09- APS- The order required 60 each hermetically sealed 50# cans (HSC) of E7018 electrode. DuBose NES shipped 58 cans of E7018 and 2 cans of E9018 in error. Each can is clearly identified with the E7018 or E9018 by manufacturer affixed tags on a side of each can. The customer required an additional tag to be affixed to the top of each can. When these additional tags were affixed, DuBose NES did not notice that there were two cans of E9018 intermixed with the 58 cans of E7018. All of the original manufacturer's identification remained intact. Additionally, each rod is stenciled with the AWS classification E7018 or E9018 as applicable. This was an isolated error compounded by the requirement for the top of can tagging. Based on the fact that all original traceability was maintained and this is a supplemental tagging error, this deviation is not a substantial safety hazard.



Complaint Report dated 07/31/10- Areva-This material was drop shipped from a nuclear qualified material manufacturer. The deviation was based on that one new product line division of the company marked the material with the original melt heat number per the shop router instructions rather than with the final heat code, which is the standard procedure for nuclear materials. Both traceability numbers are identified on the material manufacturer's CMTR. Since DuBose NES is familiar with the manufacturer's marking system, we originally identified only the final heat code on our C of C as what was identified on the material. Upon customer receipt, we were advised that the material was only marked with the original mill heat number. Our manufacturer was notified of this and authorized the marking of the final heat code in addition to the existing mill heat number that was identified on the material received. We, in turn, revised our C of C's to identify both the original mill heat number and the final heat code. Since this marking of the material was traceable through the applicable certifications, it was not a loss of traceability. It was an error in the material manufacturer's quality system program and should have been written up as a request for Corrective Action. Under the upcoming revision of our Customer Compliant procedure, a review of a similar condition will identify the need for a Corrective Action. However, since traceability was maintained, identified by the customer upon receipt, and the manufacturer has already taken action to correct this type of error, this deviation is not a substantial safety hazard.

In addition, DuBose NES is in the process of reviewing, based on the date of the NUPIC audit, the past six months of customer complaints. In conjunction with this, any customer complaints issued beyond the NUPIC Audit will also be reviewed. This review will encompass a review for 10 CFR Part 21 reporting based on the condition that the deviation could exist in other materials that have been shipped and this deviation could possibly cause a substantial safety hazard. This 10 CFR Part 21 applicability review will be annotated on the existing Customer Complaint forms. This review shall also become part of a review for recurring trends that could reflect a programmatic weakness in the DuBose NES Quality Program or our qualified nuclear vendors. This back-fit review will be completed by May 1, 2010.



Doug Vickery
Director of Quality

Cc:
Chief, Quality and Vendor Branch 2
Division of Inspection and Operational Programs
Office of New Reactors

Home Office & Warehouse
900 Industrial Drive • Clinton, NC 28328
(910) 590.2151 • Fax: (910) 590.3555

Bar and Fastener Division
10955 Wind Crossing Dr., Suite 300 • Charlotte, NC 28273
(704) 295-1060 • Fax (704) 295-1066

Northeast Office
33 Dowlin Forge Rd. • Exton, PA 19341
(610) 594-9413 • Fax (610) 594-9417