



August 4, 2011
NRC:11:083

U.S. Nuclear Regulatory Commission
ATTN: Document Control Desk
Washington, DC 20555-0001

Reply to a Notice of Nonconformance

Ref. 1: Letter, Patrick L. Hiland (NRC) to Tara Werner (AREVA NP Inc.), "NRC Inspection Report No. 99901359/2011-201 and Notice of Nonconformance," July 5, 2011.


This letter and its enclosures provide AREVA NP Inc.'s (AREVA's) reply to the Notice of Nonconformance (NON) in Reference 1. The NON identifies two examples of inappropriate implementation of the commercial-grade dedication process.

Attachment A to this letter addresses the reason for the nonconformance, corrective steps that have been taken and the results achieved, corrective steps that will be taken to avoid non-compliances, and the date when corrective actions will be completed. Attachment B identifies the commitments being made to the NRC.

A 10 CFR 21 evaluation was performed on the affected motors referenced in the NON and determined to be acceptable for use.

If you have any questions related to this letter, please contact me by telephone at 434-832-4937, or by e-mail at pedro.salas@areva.com.

Sincerely,



Pedro Salas, Manager
Corporate Regulatory Affairs
AREVA Inc.

cc: H. D. Cruz
P. L. Hiland
Project 728

AREVA INC.

3315 Old Forest Road, P.O. Box 10935, Lynchburg, VA 24506-0935
Tel.: (434) 832-3000 - Fax: (434) 832-3840

FORM: 22709VA-1 (2/11/2011)

TEO7
NRF

Attachment A

**INSPECTION REPORT NUMBER 99901359/2011-201
REPLY TO NOTICE OF NONCONFORMANCE**

I. Restatement of Notice of Nonconformance 99901359/2011-201

- A. Criterion VII, "Control of Purchased Material, Equipment, and Services," of Appendix B to 10 CFR Part 50, states in part that, "Measures shall be established to assure that purchased material, equipment, and services, whether purchased directly or through contractors and subcontractors, conform to the procurement documents. These measures shall include provisions, as appropriate, for source evaluation and selection, objective evidence of quality furnished by the contractor or subcontractor, inspection at the contractor or subcontractor source, and examination of products upon delivery."

Section 7, "Control of Purchase Material, Items and Services," of AREVA Inc. Quality Assurance Program 56-9141754-000, dated August 15, 2010, states in part that; "This section governs the control of purchased safety-related materials, items and services including source evaluation and selection, source inspection, and receiving inspection in accordance with regulatory and contract requirements. This section complies with Section VII of 10 CFR 50, Appendix B, Control of Purchased Material, Equipment, and Services and Requirement 7, Control of Purchased Items and Services, ASME NQA-1 1994, 2000, 2004, and 2008 with 2009 addenda."

AREVA Document 54-1218521-009, "Verification Criteria for Flowserve/Limitorque Replacement Parts, Motors & Actuators," dated March 16, 2010, Section II, "General" paragraph A, states in part that:

"In addition to the individual criteria identified in Section V and where individual criteria has not been established for a particular item, all items will require the following verification, to be documented on a Quality Control Surveillance Report (QCSR-Form 21166)."

Contrary to the above, as of June 8, 2011:

AREVA's controls for the procurement of a Peerless-Winsmith (Peerless) motor ordered by Cooper Nuclear Station under Purchase Order No. 4500129677 were inadequate:

1. AREVA document 54-1218521-009 failed to ensure that equipment purchased through a contractor conformed to the PO by verifying that Flowserve-Limitorque had appropriate provisions for the commercial-grade dedication of a Peerless motor. Specifically, AREVA's audit of the contractor's dedication did not verify that the critical characteristics of the following components were verified; 1) varnish, 2) commutator, and 3) springs.
2. AREVA's visual source inspection of the Peerless motor from Flowserve-Limitorque was inadequate. Specifically, the source inspection failed to note a number of discrepancies subsequently identified by the licensee. These discrepancies included: areas where the paint was touched up; there was surface rust on the flange; and exposed threaded ends that were worn away due to excessive shot blasting to the extent that there were marginal threads remaining.

This issue has been identified as Nonconformance 99901359/2011-201-01.

Attachment A

II. AREVA's Reply to the Notice of Nonconformance

(1) Reason for the Nonconformance

The reason for the nonconformance was human error. This error did not result from the misapplication of a good rule (i.e. procedure requirement), but rather the knowledge relevant to this commercial dedication activity was incomplete.

For NRC NON Item A.1, the AREVA auditor that reviewed the Flowserve Commercial Grade Survey of Peerless-Winsmith found that the survey did address the critical characteristics that were delineated by the applicable inspection procedure which included: verification of test voltage on motor test data; verification of full load speed (RPM) on motor test data; verification of full load current (amperes) on motor test data; material verification and lot control.

Because the AREVA auditor found that the Flowserve Commercial Grade Survey of Peerless-Winsmith addressed the critical characteristics that were delineated in the inspection plan (IP), the AREVA auditor did not pursue a review of the technical documents listed in the Reference section of the IP and subsequently missed the opportunity to identify that critical characteristics listed in the technical documents were not included in the IP.

For NRC NON Item A.2, AREVA concurs that the source inspection should have identified and reported the thread degradation resulting from the bead blasting and the oxidation/surface rust on the flange, if the condition existed at the time of the inspection.

The AREVA source inspectors considered the conditions observed by the Licensee to be cosmetic in nature and therefore did not identify the conditions on the receipt inspection report.

In addition, the inspection requirements in the receipt inspection procedure/checklist did not provide detail regarding requirements for reporting oxidation/rust, the conditions of the threads and conditions that distract from the appearance.

Finally, surveillance of Flowserve manufacturing activities was limited to the performance of the final source inspections. No surveillance of in-process manufacturing activities was required by the surveillance inspection plan.

(2) Corrective Steps that Have Been Taken and the Results Achieved

NRC NON Item A.1

AREVA issued a Condition Report to address the issues identified in the NRC Notice of Nonconformance.

The individual involved in this nonconformance has been counseled by AREVA management on the proper auditing techniques for commercial grade dedication (CGD).

In order to reduce the human error risk, AREVA conducted an indoctrination of the event on July 22, 2011 that included emphasis on auditing techniques, audit preparation, and review of NRC IN 2011-01, "Commercial-Grade Dedication Issues Identified during NRC Inspections."

Attachment A

Discussions were also held during this indoctrination on various experiences related to CGD for the applicable personnel in the Quality Programs organization.

To ensure more effective and comprehensive audits, AREVA released an Operating Instruction (OI) on July 29, 2011 to establish expectations for pre-audit briefings for internal, supplier, customer, and third party audits.

Collectively, indoctrination, release of the OI, and management oversight will increase the effectiveness and comprehensiveness of audits and reduce the risk of future human errors.

NRC NON Item A.2

AREVA issued a Condition Report to address the issues identified in the NRC Notice of Nonconformance.

Applicable AREVA inspectors were briefed on the event and instructed to identify acceptable items where appearance could result in questioning the acceptability of the product.

Individuals involved in this nonconformance have been counseled by AREVA management.

Enhancement of inspection activities will result in more effective and comprehensive supplier oversight.

(3) Corrective Steps that Will Be Taken to Avoid Further Non-compliances

NRC NON Item A.1

AREVA will evaluate additional supplier procurement controls pertaining to Flowserve by August 31, 2011.

AREVA will evaluate additional supplier procurement controls pertaining to approved AREVA suppliers by September 15, 2011.

AREVA will perform assessments by March 31, 2012 for three (3) suppliers who dedicate and provide items to AREVA to determine the adequacy of the supplier audits regarding CGD.

AREVA will perform a self assessment by September 15, 2011 of CGD and supplier audit procedures against NRC IN 2011-01, "Commercial Grade Dedication Issues Identified during NRC Inspections" for adequacy.

AREVA will provide CGD refresher training for all Lead Auditors by September 30, 2011.

AREVA will evaluate the CGD section of AREVA's current supplier audit checklist by September 30, 2011 for adequacy and completeness.

NRC NON Item A.2

AREVA will evaluate the need for additional surveillances of in-process manufacturing and inspection activities at Flowserve by October 3, 2011.

AREVA will train QA/QC Surveillance/Source Inspectors on revised criteria for inspections and surveillances by October 3, 2011.

Attachment A

(4) Date When Corrective Actions Will be Completed

All corrective actions will be completed by March 31, 2012.

Attachment B

**INSPECTION REPORT NUMBER 99901359/2011-201
REPLY TO NOTICE OF NONCONFORMANCE**

Table of Commitments

Action Number	Action	Completion Date
A.1.1	AREVA will evaluate additional supplier procurement controls pertaining to Flowserve.	August 31, 2011
A.1.2	AREVA will evaluate additional supplier procurement controls pertaining to approved AREVA suppliers.	September 15, 2011
A.1.3	AREVA will perform assessments for three (3) suppliers who dedicate and provide items to AREVA to determine the adequacy of the supplier audits regarding CGD.	March 31, 2012
A.1.4	AREVA will perform a self assessment of CGD and supplier audit procedures against NRC IN 2011-01, "Commercial Grade Dedication Issues Identified during NRC Inspections" for adequacy.	September 15, 2011
A.1.5	AREVA will provide CGD refresher training for all Lead Auditors.	September 30, 2011
A.1.6	AREVA will evaluate the CGD section of AREVA's current supplier audit checklist for adequacy and completeness.	September 30, 2011
A.2.1	AREVA will evaluate the need for additional surveillances of in-process manufacturing and inspection activities at Flowserve.	October 3, 2011
A.2.2	AREVA will train QA/QC Surveillance/Source Inspectors on revised criteria for inspections and surveillances.	October 3, 2011