

Johnny Smith
Division Quality Manager



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Washington, DC 20555-0001

Parker Hannifin Corporation
Instrumentation Products Division
1005 A Cleaner Way
Huntsville, AL 35805 USA
Phone (256) 881-2040
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August 6, 2013

Subject: Final Report in Accordance with 10 CFR Part 21

Dear Sir or Madam:

Parker Hannifin Corporation Instrumentation Products Division (Parker) has completed the investigation into the possibility of a shipment of non-conforming material from Parker to South Texas Project. The final 10 CFR Part 21 Report is attached. If you have any questions, please contact the undersigned at 256-881-2040.

Sincerely,

A handwritten signature in black ink that reads "Johnny Smith". The signature is written in a cursive, flowing style.

Johnny Smith
Division Quality Manager

Attachment

cc:
C. Beckwith

TE19
KRR



Parker Hannifin Corporation
Instrumentation Products Division
1005 A Cleaner Way
Huntsville, AL 35805-6708

Report Number: 13-001

10 CFR Part 21 Initial Notification on Material Non-conformance at South Texas Project

I. Reporting Individual

Craig Beckwith, Division General Manager
Parker Hannifin Corporation Instrumentation Products Division
1005 A Cleaner Way
Huntsville, AL 35805

II. Non-Conformance or Non-Compliance

On June 6, 2013, Parker Hannifin Corporation Instrumentation Products Division (Parker) received twenty-two samples of part number 4-4 HBZ-SS. The Parker distributor, Valin, submitted a concern regarding the potential for the material to be 304 Stainless Steel rather than 316 Stainless Steel.

Parker Hannifin IPD determined that a portion of source material supplied by our raw material supplier was Grade 304 rather than Grade 316, which was specified.

III. Results of Investigation- List All Parts and Customers

Initial investigation at Parker revealed the possibility that product marked with traceable code UTZ was machined from 304 Stainless Steel rather than 316 Stainless Steel. Samples were submitted to Applied Technical Services (ATS) with a request to expedite the test to confirm the material type.

Both the chemical analysis and the mechanical properties analysis reports from ATS confirmed that samples of material marked with traceable code UTZ were actually 304L Stainless Steel rather than 316 Stainless Steel.

Parker compiled a list of all potential part numbers and customers affected by this nonconformance. Parker reviewed the records related to each of the seventeen safety-related part numbers shipped within the applicable time frame. The only order invoking 10 CFR Part 21 that shipped with this heat code was:

PO 161047 to South Texas Project – 150 pieces of part number 4-2 FBZ-SS-CNQ

Seventy-seven (77) pieces shipped from Parker on February 25. The remaining seventy-three (73) pieces shipped on February 26.

IV. Customers Affected and Notification

Per the requirements of PO 161047, a notification from Parker was mailed to the following address on June 18, 2013:

STP Nuclear Operating Company
P.O. Box 289



Parker Hannifin Corporation
Instrumentation Products Division
1005 A Cleaner Way
Huntsville, AL 35805-6708

Report Number: 13-001

Wadsworth, TX 77483
Attention: Manager, Operating Experience Group

As STP Nuclear Operating Company places purchase orders to Parker with a distributor a copy of this notification letter was emailed to the Parker distributor, Rawson.

V. Corrective Action

Root Cause Analysis:

Parker's receiving inspection instructions require a dimensional and visual review of the actual product as well as a review of the material test reports accompanying each lot. Random lots of material are analyzed annually to verify the material complies with the applicable specification. The instructions do not require positive material identification be performed on samples as part of the standard receiving inspection process.

The raw material supplier determined that two bundles (one Grade 304L and one Grade 316) were mixed between the final inspection process and final packaging. The nonconformance occurred when both lots were identified as needing additional cleaning prior to the packaging operation.

Corrective and Preventive Actions:

For the short term, Parker has implemented positive material identification on all safety-related nuclear and NACE related orders. Parker is purchasing additional Niton units to be used for positive material identification. Once these units are available, Parker's receiving inspection instructions will be revised to include verification of the grade of material received.

At the actual mill, which is located in Europe, the raw material supplier has implemented a procedure that requires only one production ticket (bundle) be allowed on the visual inspection table during processing. Additionally, the raw material supplier has changed the process to require the spark test used to verify Grade 316 material be completed just prior to packaging. No intermediate steps will be allowed between this test and final packaging. The spark test will now be performed on 100% of the material supplied to Parker's specifications rather than a sample of the bundle.

The warehouse facility is implementing a step to confirm both the size and grade of all hex material that requires further processing prior to shipment to Parker. Final implementation is scheduled for August 12, 2013.

Verification and Closure:

The raw material supplier will perform spot checks and maintain an inspection log as evidence of implementation of the required corrective and preventive actions. Parker will maintain copies of the information provided by the supplier as well as the new instructions as objective evidence that the noted corrective / preventive actions have been completed. Parker plans to visit the mill prior to the end of the 2013 calendar year to verify implementation of these actions. Additionally Parker will perform random audits over a period of time as further verification that the actions are effective. The scheduled date for completion of the purchase and receipt of the



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Niton units is 10-1-2013

VI. 10CFR Part 21

Is the non-conformance or non-compliance described above reportable under the guidelines of 10CFR Part 21? Yes.

Signed:  _____
Division QA Manager

Date: 8/5/13

Signed:  _____
Division General Manager

Date: 8/5/2013