

Letter No. LSM-LTR-17-04

July 11, 2017

Attention: John P. Burke, Chief

Address: Quality Assurance Vendor Inspection Branch-2
Division of Construction Inspection and Operational Programs
Office of New Reactors

Subject: Revised Response to Notice of Nonconformances 99901476/2017-201-01 & 02 for Nuclear Regulatory Commission Inspection Report of L&S Machine Company No. 99901476/2017-201.

References:

1. Nuclear Regulatory Commission, Vendor Inspection Report, "Inspection Report No. 99901476/2017-201"
2. L&S Machine Letter, LSM-LTR-17-03, "Response to Notice of Nonconformances 99901476/2017-201-01 & 02 for Nuclear Regulatory Commission Inspection Report of L&S Machine Company No. 99901476/2017-201"
3. Nuclear Regulatory Commission Letter, "NUCLEAR REGULATORY COMMISSION RESPONSE TO L&S MACHINE COMPANY LETTER IN RESPONSE TO NUCLEAR REGULATORY COMMISSION INSPECTION REPORT NO. 99901476/2017-201, AND NOTICE OF NONCONFORMANCE", dated June 21, 2017

Dear Mr. Burke,

L&S Machine Co LLC. (L&S) submitted it's initial response to NRC's Vendor Inspection Report and associated Notice of Nonconformances (see Reference 1) on Reference 2. In that response it was not the intention to formally contest NON 99901476/2017-201-01. The purpose of this letter is to provide the NRC with that revised response to Notice of Nonconformance, 99901476/2017-201-01.

As L&S has stated in its initial response, we continue to be extremely committed to complying with the provisions of 10 CFR 50 Appendix B, "Quality Assurance Criteria for Nuclear Power Plants and Fuel Reprocessing Plants" and 10 CFR 21, "Reporting of Defects and Noncompliance". As such, we are taking the results of the inspection seriously and have taken the appropriate actions necessary to address the deficiency noted.

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Please find attached our revised response to NON 99901476/2017-201-01. L&S respectfully requests the NRC to consider our response in Attachment 1 as satisfactorily addressing the concerns raised.

Should you have any questions with regard to the attached responses, please do not hesitate to contact me at (724) 837-5500.

Sincerely,

** Electronically Approved in L&S Machine Co. Q-Pulse

Daniel T Bolling
Quality Assurance Manager
L&S Machine Co., L.L.C.

Attachments:

1. L&S Revised Response to Notice of Nonconformances 99901476/2017-201-01

CC:

Robert Dinardi / L&S Machine
Russell Lion / Tioga Pipe
David Smathers / L&S Machine

Attachment 1: L&S Revised Response to Notice of Nonconformances
99901476/2017-201-01

NRC Notice of Nonconformance 99901476/2017-201-01 states:

Criterion VII, "Control of Purchased Material, Equipment, and Services," of Appendix B to 10 CFR Part 50 states, in part, that "... 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."

Criterion XVI, "Corrective Action," of Appendix B, "Quality Assurance Criteria for Nuclear Power Plants and Fuel Reprocessing Plants," to Title 10 of the Code of Federal Regulations (10 CFR) Part 50, "Domestic Licensing of Production and Utilization Facilities," states that "Measures shall be established to assure that conditions adverse to quality, such as failures, malfunctions, deficiencies, deviations, defective material and equipment, and nonconformances are promptly identified and corrected."

Contrary to the above, as of March 23, 2017, L&S failed to establish measures for source evaluation and provide objective evidence of quality furnished by a contractor or subcontractor. Also, L&S failed to ensure that conditions adverse to quality are promptly identified and corrected. Specifically, L&S closed out corrective action report (CAR) NC621 on October 16, 2015 without completing the corrective actions to evaluate all suppliers prior to designating them on the Approved Supplier List (ASL). Subsequently, L&S added Tooling Specialist Inc. (TSI) as a safety-related approved supplier on their ASL and issued a safety-related purchase order (PO) to TSI on October 19, 2015 for the procurement of coordinate measuring machine (CMM) inspection services. However, the initial audit to qualify TSI on the ASL was not conducted until February 1, 2017. As a result of L&S' inadequate corrective actions to evaluate and qualify its suppliers, L&S failed to verify that TSI's quality assurance program was qualified to perform safety-related CMM inspection services.

L&S Response to required responses:

(1) The reason for the noncompliance or, if contested, the basis for disputing the noncompliance:

The cause for this noncompliance was a function of the L&S Quality Management Team assuming that the Westinghouse Audit of TSI was still applicable to L&S at the time L&S issued Purchase Order K4606. In addition, L&S conducted a supplemental audit, LSM-15-EA-1, and assumed this audit satisfied the requirements to close NC-621. However, the L&S Quality Management Team failed to share this information with the NRC Inspection Team.

(2) The corrective steps that have been taken and the results achieved:

1. Issued Corrective Action, LSM-CAR-17-16.
2. Review of L&S ASL for suppliers added to ASL without adequate evaluation and assessment. All suppliers on the L&S ASL were qualified or dedicated prior to issuance of any safety related POs.

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3. Reviewed a sample of L&S Corrective Action Program CARs from 2014 to 2016 to verify corrective actions were closed appropriately. Evaluation was completed May 26, 2017, results were all CARs reviewed were closed correctly.
4. Reviewed quality records and reports issued by TSI to L&S to ensure all documentation contained the required information as well as the information contained in those reports was in tolerance, and that there were no nonconformances.

(3) The corrective steps that will be taken to avoid further noncompliance:

Currently, L&S has no active Purchase Orders with TSI; prior to the issuance of any Safety Related Purchase Order, L&S will conduct a Safety Related Audit in accordance with its Quality Management System.

(4) The date when the corrective action will be completed:

All corrective actions are complete. Action to prevent recurrence will be completed within 30 days prior to issuance of any Safety Related PO to TSI.

L&S Corrective Action Report, LSM-CAR-17-16, will be completed and closed once NRC acceptance of L&S' responses is received.