



UNITED STATES
NUCLEAR REGULATORY COMMISSION
WASHINGTON, D. C. 20555

MAR 11 1992

Docket No. 99900056

Mr. Gregory A. Kurkjain, Jr., President
Henry Pratt Company
401 South Highland Avenue
Aurora, Illinois 60506-5563

Dear Mr. Kurkjain:

SUBJECT: NOTICE OF NONCONFORMANCE
(NRC INSPECTION REPORT No 99900056/92-01)

This letter addresses the inspection of your facilities at Aurora, Illinois and Dixon, Illinois conducted by Mr. L.L. Campbell and Mr. W.C. Gleaves, of this office on February 3-7, 1992 and the discussions of their findings with you and other members of your staff at the conclusion of the inspection. The inspection was conducted as the result of licensee event reports (LERs) submitted to the Nuclear Regulatory Commission (NRC) by the Arizona Public Service Company which identified deficiencies associated with valves supplied by the Henry Pratt Company (HPC) for the Palo Verde Nuclear Generation Station. The performance based inspection was conducted to evaluate the HPC quality assurance program and its implementation in selected areas such as (1) corrective actions associated with 10 CFR Part 21 notifications submitted by either HPC or NRC licensees, (2) engineering activities performed by HPC and their subcontractors, and (3) HPC's commercial grade dedication program.

Areas examined during the NRC inspection and our findings are discussed in the Enclosure 2 inspection report. The inspection consisted of an examination of procedures and representative records, interviews with personnel, and observations by the inspectors.

During this inspection it was found that the implementation of your quality assurance program failed to meet certain NRC requirements. Although HPC has prepared a procedure which addresses the essential elements of the dedication process, HPC's quality assurance manual and implementing procedures do not contain adequate requirements and interfaces to ensure that all items purchased as commercial grade items (CGIs) for use in safety-related applications are adequately dedicated as basic components. As a result of this program deficiency, HPC supplied some CGIs to NRC licensees as basic components without adequately verifying that the material requirements specified in procurement documents had been met. This inspection also identified instances in which HPC failed to implement its requirements for the segregation and storage of nuclear material. The specific findings and references to the pertinent requirements are identified in the enclosures of this letter.

92-31700-65 UM

Mr. Gregory Kurkjain, Jr.

-2-

Please provide us within 30 days from the date of this letter a written statement in accordance with the instructions specified in the enclosed Notice of Nonconformance. We will consider extending the response time if you can show good cause for us to do so.

The responses requested by this letter and the enclosed Notice are not subject to the clearance procedures of the Office of Management and Budget as required by the Paperwork Reduction Act of 1980, Public Law No. 96-511.

In accordance with 10 CFR 2.790 of the NRC's "Rules of Practice," a copy of this letter and its enclosures will be placed in the NRC Public Document Room.

Sincerely,

LJ
Leif J. Norrholm, Chief
Vendor Inspection Branch
Division of Reactor Inspection
and Safeguards
Office of Nuclear Reactor Regulation

Enclosures:

1. Notice of Nonconformance
2. Inspection Report 99900056/92-01

NOTICE OF NONCONFORMANCE

Henry Pratt Company
Aurora, Illinois

Docket No: 99900056/92-01

During an inspection conducted at the Henry Pratt Company (HPC) facilities in Aurora, Illinois and Dixon, Illinois, on February 3-7, 1992, the inspection team from the U.S. Nuclear Regulatory Commission (NRC) determined that certain activities were not conducted in accordance with NRC requirements, which are contractually imposed on HPC by purchase orders from NRC licensees. The NRC has classified these items, as set forth below, as nonconformances to the requirements of Title 10 of the Code of Federal Regulations, Part 50, (10 CFR 50) Appendix B, imposed on HPC by contract and the supplemental requirements of its nuclear utility customers.

- A. Criterion II, "Quality Assurance Program," of Appendix B to 10 CFR Part 50 requires that activities affecting quality be accomplished in accordance with a quality assurance program which shall be documented by written policies, procedures and instructions and that activities affecting quality shall be accomplished under suitably controlled conditions which include the use of appropriate equipment including identifying the need for special controls, processes, test equipment, tools and skills to attain the required quality, and for verification of quality by inspection and test. In addition, Criterion III, "Design Control," and Criterion VII, "Control of Purchased Material, Equipment, and Services," of 10 CFR Part 50, Appendix B, require that for items intended for use in safety-related applications, the important design, material, and performance characteristics be identified, acceptance criteria be established, and reasonable assurance be provided that the items conform to the acceptance criteria.

Contrary to the above, the HPC Quality Assurance Manual and implementing procedures did not provide sufficient requirements or interfaces to ensure that commercial grade items (CGIs) dedicated as basic components would be adequately verified to be capable of performing their safety functions. As a result of this program deficiency, HPC procured replacement valve spool pins and squeeze pivot segments as commercial grade items and supplied them as basic components for use in safety related applications and did not perform any activity to ensure that the material met the requirements specified by its nuclear utility customers (92-01-01).

- B. Criterion V, "Instructions, Procedures, and Drawings," of Appendix B to 10 CFR Part 50 requires, in part, that activities affecting quality be accomplished in accordance with instructions, procedures, or drawings.

Section 12.0, "Process Control," of the HPC Quality Assurance Manual, Issue 3, Revision 5, dated October 2, 1990; Section 6.0 of HPC Procedure QAP-3, "Receiving Inspection for Nuclear Projects," Revision H, dated February 9, 1985; and Section 6.0 of HPC Procedure QAP-24, "Control of Nuclear Material Purchased as Stock Items," Revision E, dated January 13, 1984, require, in part, that nuclear material be inspected and appropriate reviews and inspections be conducted such as the review of certified material test reports and other documentation, verification of identification, performance of dimensional checks and other inspections required by the receiving checklist. Accepted nuclear items are then required to be stored in the Nuclear Storeroom, when not released directly to production, in a segregated part number bin with sufficient identification to maintain traceability.

Contrary to the above, one bin of type 302 stainless steel spirol pins contained pins that were type 420 stainless steel material. Additionally, one bin of ASME Section III, Class 2, bolts certified as SA 193, Grade B7, contained bolts that were marked both B7 and A-325. (92-01-02)

Please provide a written statement or explanation to the U.S. Nuclear Regulatory Commission, ATTN: Document Control Desk, Washington, D.C. 20555, with a copy to the Chief, Vendor Inspection Branch, Division of Reactor Inspection and Safeguards, Office of Nuclear Reactor Regulation, within 30 days of the date of the letter transmitting this Notice of Nonconformance. This reply should be clearly marked as a "Reply to a Notice of Nonconformance" and should include for each nonconformance: (1) a description of steps that have been or will be taken to correct these items; (2) a description of steps that have been or will be taken to prevent recurrence; and (3) the dates your corrective actions and preventive measures were or will be completed.

Dated at Rockville, Maryland,
this 11th day of February, 1992.