GE Nuclear Energy

General Electric Company
175 Curtner Avenue, San Jose, CA 95125

August 30, 1990

United States Nuclear Regulatory Commission
Vendor Inspection Branch
Division of Reactor Inspection and Safeguards
Office of Nuclear Reactor Regulation
Washington, D.C. 20555

Attention: E. William Brach, Chief
Vendor Inspection Branch

Reference: NRC LETTER - DOCKET NO. 99900403/90-01
DATED AUGUST 3, 1990

Dear Mr. Brach:

This is in response to your August 3, 1990 letter which contained the results of the NRC Inspection at GE Nuclear Energy facilities in San Jose, California during the period of April 23-26, 1990. The Vice President and General Manager, B. Wolfe, has requested that I respond to your letter on his behalf.

The NRC Inspection Report identifies four nonconformances. The NRC statement of each nonconformance and the GE Nuclear Energy response is contained in the attachment to this letter.

Sincerely,

J. M. Case, Manager
Nuclear Quality Assurance

/drk
Att.

cc: B. Wolfe

Please Place under
docket # 99900403

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NRC STATEMENT OF NONCONFORMANCE 1

Contrary to the requirements of Criterion XVI, "Corrective Action", of Appendix B to 10 CFR Part 50 and Section 16 of GE-NE Quality Assurance Program Description, Topical Report NEDO-11209-04A, Revision 8, GE-NE failed to adequately correct the deficiencies in their commercial-grade dedication program for molded case circuit breakers that were identified during the previous NRC inspection under Nonconformance 89-01-01. (90-01-01)

GE NUCLEAR ENERGY RESPONSE TO NONCONFORMANCE 1

Effective 8/27/90, the Manager, Materials Services Operations was assigned to manage and direct a GE-NE program of effective corrective actions on GE-NE supplied Molded Case Circuit Breakers (MCCBs) until such time as the identified NRC nonconformance issues are resolved.

GE-NE corrective and preventive actions will include:

a) Improved definition (clarity) of critical characteristics and requirements for GE-NE supplied MCCBs.

b) Improved definition of GE-NE and supplier methods of confirming compliance with the identified critical characteristics.

c) Improved documentation of compliance with the identified requirements for each critical characteristic.

As we develop the specific plans for resolution of the MCCB issues raised in the NRC Inspection Report, we plan to discuss our corrective actions with your staff. Our objective is to achieve full resolution of the MCCB issues with the NRC by 3/1/91.

NRC STATEMENT OF NONCONFORMANCE 2

Contrary to the requirements of Criterion VII, "Control of Purchased Material, Equipment and Services", of Appendix B to 10 CFR Part 50 and Section 7 of GE-NE Quality Assurance Program Description, Topical Report NEDO-11209-04A, Revision 8, GE-NE failed to assure that purchased material and equipment meet the procurement document requirements in that GE-NE failed to assure that their suppliers and contractors conveyed quality assurance and applicable regulatory requirements (10 CFR Part 21) to their subcontractors and subvendors and failed to verify the validity of vendor and subvendor certificates of conformance/compliance for parts and components used in safety-related and environmentally qualified pneumatic/ hydraulic actuators for main steam isolation valves in several nuclear power plants. (90-01-02)

GE NUCLEAR ENERGY RESPONSE TO NONCONFORMANCE 2

GE-NE purchase orders to suppliers of safety-related spare parts have included, and will continue to include, the applicable requirements of 10CFR50, Appendix B and 10CFR21.

GE-NE will implement the following corrective actions and actions to prevent recurrence of the issues identified in the NRC statement of nonconformance.

1. For Main Steam Isolation Valve spare parts, GE-NE Design Engineering and Product Quality Assurance will conduct an audit of the Automatic Valve Company (AVC) and R. A. Hiller (RAH) Company quality assurance actions on GE-NE purchase orders by February 1, 1991. The audit will focus on

   a) the AVC and RAH safety classification of their purchased parts, and

   b) the AVC and RAH program for dedication of purchased commercial grade items for safety-related applications.

2. In concert with industry standards organizations and utility customers, GE-NE will continue to work with our suppliers of safety-related spare parts to assist them in their control of purchased Commercial Grade Items for safety-related applications. In addition, GE-NE will support the industry wide effort to achieve supplier compliance with EPRI NP-5652 "Guideline for the Utilization of Commercial Grade Items in Nuclear Safety-Related Applications (NCIG-07)", or equivalent. Our schedule for full implementation of a program based on these guidelines will be consistent with schedules published by NUMARC representing the nuclear power industry.

NRC STATEMENT OF NONCONFORMANCE 3

Contrary to the requirements of Criterion XVIII, "Audits", of Appendix B to 10 CFR Part 50 and Section 18 of GE-NE Quality Assurance Program Description, Topical Report NEDO-11209-04A, Revision 8, GE-NE failed to conduct triennial audits of suppliers holding "N", "NA", "NPT", and "NV" stamps and the associated Certificates of Authorization and Quality System Certificates issued to material manufacturers and material suppliers by the American Society of Mechanical Engineers (ASME). Additionally, GE-NE did not maintain adequate documentation of surveillances or source inspections of these suppliers, and certain audits that were documented were inadequate or incomplete. (90-01-03)

GE NUCLEAR ENERGY RESPONSE TO NONCONFORMANCE 3

GE-NE suppliers of safety-related items who hold ASME certificates will be audited every three years, using the applicable 10CFR50 Appendix B criteria and ASME code requirements. The GE-NE audits of current active suppliers holding ASME certificates will be scheduled for completion within the next eighteen months. New GE-NE suppliers holding ASME certificates will be audited during supplier implementation of the first GE-NE purchase order requirements for ASME code items.

See GE-NE response to Nonconformance 2 for corrective actions related to GE-NE audits of Automatic Valve Company and R. A. Hiller Company. Automatic Valve Company and R. A. Hiller Company do not supply ASME Code items to GE-NE.

NRC STATEMENT OF NONCONFORMANCE 4

Contrary to the requirements of Criterion V, "Instructions, Procedures and Drawings", of Appendix B to 10 CFR Part 50 and GE NEBO Procedure 70-42, "Reporting of Defects and Noncompliances Under 10 CFR Part 21", GE-NE failed to identify the results of Potential Reportable Condition (PRC) 84-03 evaluation as a Germane-to-Safety Condition, and thus failed to notify all BWR owners of a potential problem with Type CR2940 three position key lock switch 145C3040 Part 022. GE-NE transmitted the information of the defective switches to BWR owners in late 1989 only after a licensee independently identified the problem and reported the condition pursuant to 10 CFR Part 21. The inspectors determined that GE-NE had sufficient information in the 1986 PRC evaluation to make a Germane to Safety determination and notification of the deficient condition under their Procedure 70-42. (90-01-04)

GE NUCLEAR ENERGY RESPONSE TO NONCONFORMANCE 4

The nonconformance cited GE-NE for not determining that a 1984 Potentially Reportable Condition (PRC) was Germane-to-Safety and not notifying the NRC and BWR customers of this condition. A similar 1989 PRC evaluation was cited as an example where this Germane-to-Safety determination was made and properly communicated.

The 1984 actions were taken because of the following:

1) The 1984 PRC evaluation determined that the problem under evaluation was limited to only two utility applications (Clinton and TVA). Both of these utilities were notified of the recommendations from the PRC evaluation. There was no evidence of failures beyond the specific switch configurations evaluated. Therefore, it was determined that a wide-spread concern indicative of a Germane-to-Safety issue did not exist.

2) The Germane-to-Safety category was established by GE-NE to encompass issues that were evaluated and found not to be reportable, but which nevertheless may have sufficient potential safety interest (for example, possible PWR applications) as to be communicated to the NRC. In such a case a notification would be made to the NRC for their potential use in generic communications. The 1984 evaluation determined the problem to be limited to the evaluated applications and not to have other potential applications.

The 1989 actions were taken because of the following:

1) The new PRC evaluation in 1989 revealed that the problem may not be limited to a small population of known applications and might have more generic implications. Therefore, the problem was determined to be Germane-to-Safety and notification was made to both the NRC and all BWR utilities.

2) In 1989 a GE-NE policy decision was made to notify all BWR customers of all formal 10CFR21 communications with the NRC, regardless of applicability, and to enhance our communications with the NRC on regulatory issues. These commitments were outlined to the NRC in the June 12, 1990 meetings with the Staff. While GE-NE P&P 70-42 only requires notification of the NRC and affected parties, all BWR owners were notified of this evaluation consistent with the noted policy decision.

From the above stated actions, the non-determination of a Germane-to-Safety finding for the 1984 PRC evaluation was believed to be the proper GE-NE finding at the time. The large, trouble free experience base for the general application part (P022) did not support a generic concern. Subsequent problems including the P022 assembly led to the 1989 PRC evaluation. Had a Germane-to-Safety determination been made in the 1984 evaluation, the corrective actions and communications would have been the same as for the 1989 evaluation. Therefore, no further action is required for the 1984 PRC.

For future 10CFR21 evaluations GE-NE will continue the present policy, implemented subsequent to the 1984 PRC evaluation, of notifying all BWR customers rather than only the affected ones.