



UNITED STATES
NUCLEAR REGULATORY COMMISSION

WASHINGTON, D. C. 20555-0001

April 19, 1994

Docket No. 99901065

Mr. Peter R. Holroyd
Manager
NEI Peebles Limited,
Peebles Electrical Machines
East Pilton
Edinburgh, Scotland EH5 2XT
United Kingdom

Dear Mr. Holroyd:

SUBJECT: EVALUATIONS AND CONCLUSIONS REGARDING REPLY TO NOTICE
OF NONCONFORMANCE (INSPECTION REPORT 99901065/91-01)

I am responding to your April 27, 1992, reply to the Notice of Nonconformance that was issued on February 13, 1992, by the U.S. Nuclear Regulatory Commission (NRC). The Notice was issued pursuant to the NRC inspection conducted September 23 through 27, 1991, at the Peebles Electrical Machines' (PEM's) Pilton Works in Edinburgh, Scotland. The inspection was conducted to evaluate PEM's manufacture of an emergency ac power generator for PEM's sister company, NEI Peebles - Electric Products, Incorporated (P-EP), of Cleveland, Ohio (both are subsidiaries of NEI Peebles Limited). P-EP procured the generator from PEM for an NRC licensee, Pacific Gas and Electric Company (PG&E) for PG&E's new (No. 2-3) emergency diesel generator (EDG) set for the Diablo Canyon Nuclear Power Plant Unit 2.

By accepting PG&E's purchase order for the safety-related power generator, P-EP accepted the responsibility to assure overall compliance with Appendix B to Title 10 of the Code of Federal Regulations, Part 50 (10 CFR Part 50) and the reporting requirements of 10 CFR Part 21. Upon delivery of the power generator, P-EP provided PG&E with a certificate of conformance that certified the generator, manufactured by PEM, was produced in compliance with Appendix B to 10 CFR Part 50.

The Notice described a number of PEM's activities that failed to comply with NRC's requirements in 10 CFR Part 50. The inspection identified that PEM failed to demonstrate reasonable assurance that certain critical items (1) met all of PEM's procurement specifications to its suppliers of commercial grade material, (2) met all of P-EP's procurement specifications to PEM, (3) met all PG&E's requirements imposed on P-EP, and (4) met all the applicable NRC quality and technical requirements.

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Mr. Peter R. Holroyd

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The team also identified that PEM failed to establish adequate measures for, and to implement adequate control of, its external design interface with its sister organization, P-EP.

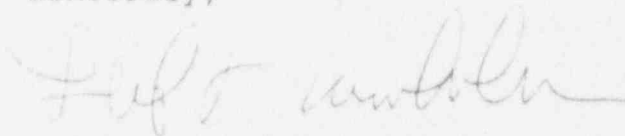
Your reply to the Notice, and the corrective actions taken by PEM, P-EP, and PG&E for the emergency ac power generator for PG&E's 2-3 EDG appear to be adequate. No further response regarding this Notice is required by PEM.

Because P-EP's March 25, 1994, reply (and its attachments) to the NRC stated that P-EP will terminate its Nuclear Quality Assurance Program and after June 30, 1994, P-EP will no longer supply the U.S. nuclear industry with safety-related basic components that comply with Appendix B to 10 CFR Part 50, we will not plan to review the implementation of PEM's corrective actions taken to prevent recurrence during a future inspection.

In accordance with 10 CFR 2.790(a) of the NRC "Rules of Practice," the PEM reply to the Notice, associated documents, records, and a copy of this letter will be placed in the NRC Public Document Room.

If you should have any questions concerning this matter, we will be pleased to discuss them with you.

Sincerely,



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

cc:

Mr. Ron B. Politi
Vice President and General Manager
NEI Peebles - Electric Products, Inc.
17045 Euclid Avenue
Cleveland, Ohio 44112

The team also identified that PEM failed to establish adequate measures for, and to implement adequate control of, its external design interface with its sister organization, P-EP.

Your reply to the Notice, and the corrective actions taken by PEM, P-EP, and PG&E for the emergency ac power generator for PG&E's 2-3 EDG appear to be adequate. No further response regarding this Notice is required by PEM.

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/ /
Leif J. Norrholm, Chief
Vendor Inspection Branch
Division of Reactor Inspection
and Licensee Performance
Office of Nuclear Reactor Regulation

cc:

Mr. Ron B. Politi
Vice President and General Manager
NEI Peebles - Electric Products, Inc.
17045 Euclid Avenue
Cleveland, Ohio 44112

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* - See Previous Concurrence

Ofc	DRIL/VIB	DRIL/VIB	DRIL/VIB
Name	SMMatthews	UPotapovs	LJNorrholm
Date	4/18/94*	4/18/94*	4/19/94
Copy	Yes		