



UNITED STATES
NUCLEAR REGULATORY COMMISSION

WASHINGTON, D.C. 20555-0001

April 19, 1994

Docket No. 99900772

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

Dear Mr. Politi:

SUBJECT: EVALUATIONS AND CONCLUSIONS REGARDING REPLY TO NOTICE
OF NONCONFORMANCE (INSPECTION REPORT 99900772/91-01)

I am responding to your February 27, 1992, reply to the Notice of Nonconformance that was issued on January 15, 1992, by the U.S. Nuclear Regulatory Commission (NRC). The Notice was issued pursuant to the NRC inspection conducted August 5 through 9, 1991, at the facility of NEI Peebles - Electric Products, Inc. (P-EP) in Cleveland, Ohio. The inspection was conducted to evaluate P-EP's production of an emergency ac power generator 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.

The Notice described a number of P-EP's activities that failed to comply with NRC's requirements in Appendix B to Title 10 of the Code of Federal Regulations, Part 50 (10 CFR Part 50). The inspection identified that P-EP failed to demonstrate reasonable assurance (1) that the items specified as critical by PG&E met the quality and reliability requirements of Appendix B to 10 CFR Part 50 and (2) that the critical characteristics of such items have been adequately verified and that the items are capable of performing their design and safety-related functions. Specifically, P-EP failed to demonstrate an adequate verification of the critical characteristics (1) of the items specified as critical that Peebles Electrical Machines (PEM) procured as commercial grade and (2) of the stator coil's resistance temperature detectors, slip rings, adhesives, and the mounting sleeve insulator for the slip rings that P-EP procured as commercial grade.

The inspection also identified as nonconformances other elements of P-EP's quality program and its implementation that failed to meet NRC requirements. For instance, P-EP failed to establish adequate measures for, and to implement adequate control of, its external design interface with its sister organization, PEM of Edinburgh, Scotland.

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Your reply to the Notice, and the corrective actions taken by both 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 P-EP.

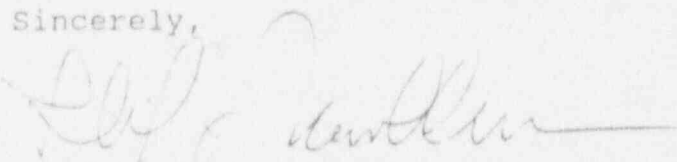
Because your March 25, 1994, reply (and its attachments) to the NRC stated that P-EP will terminate its Nuclear Quality Assurance Program (NQAP) that addresses the requirements of Appendix B to 10 CFR Part 50, we will not plan to review the implementation of P-EP's corrective actions taken to prevent recurrence during a future inspection. Our understanding of your reply is that after June 30, 1994, P-EP will no longer supply the U.S. nuclear industry with safety-related basic components (i.e., emergency power generators, or static exciter voltage regulator systems, or replacement parts for either) that comply with Appendix B to 10 CFR Part 50.

Should P-EP resume business with the U.S. nuclear industry pursuant to Appendix B to 10 CFR Part 50 and 10 CFR Part 21, we will review the implementation of P-EP's corrective actions taken pursuant to the Notice. Also, be reminded that the requirements of 10 CFR Part 21, as those requirements were applied to basic components and services supplied by P-EP pursuant 10 CFR Part 21, remain in effect for the life of the applicable component and service.

In accordance with 10 CFR 2.790(a) of the NRC "Rules of Practice," the P-EP reply to the Notice, the P-EP reply dated March 25, 1994, and its attachments, 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. Peter R. Holroyd, Managing Director
NEI Peebles Limited
Peebles Electrical Machines
East Pilton
Edinburgh, Scotland EH5 2XT
United Kingdom

April 19, 1994

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

cc:
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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*	4/11/94
Copy	Yes		