



UNITED STATES
NUCLEAR REGULATORY COMMISSION

WASHINGTON, D.C. 20555-0001

May 3, 1994

Docket No. 99901261

Mr. Steven S. Pirrone, President
Gulton-Statham Transducers, Incorporated
1644 Whittier Avenue
Costa Mesa, California 92627

Dear Mr. Pirrone:

SUBJECT: NOTICE OF VIOLATION AND NOTICE OF NONCONFORMANCE
(NRC INSPECTION REPORT 99901261/94-01)

This letter addresses the inspection of Gulton-Statham Transducers, Inc. (G-S) at Costa Mesa, California, conducted by Messrs. R.C. Wilson and R.K. Frahm, Jr., of this office on March 7-10, 1994, and the discussion of their findings with you and members of your staff on March 10, 1994. The purpose of the inspection was to review G-S activities conducted under your 10 CFR Part 50, Appendix B, quality assurance program and 10 CFR Part 21 reporting program, with emphasis on calibration.

Areas examined during the Nuclear Regulatory Commission (NRC) inspection and our findings are discussed in the enclosed report. This inspection consisted of an examination of procedures and records, interviews with personnel, and observations by the inspectors.

The inspectors found that the implementation of your quality assurance program failed to meet certain NRC requirements. Specifically, your quality assurance surveys of calibration service suppliers, and supporting purchase order requirements, were not sufficient to dedicate commercial grade services for nuclear safety-related use. Further, a megohmmeter that was past due for calibration was used on the production line, and your metrology laboratory had not issued monthly listings of items due for calibration as required by your procedures. The enclosed inspection report also identifies certain actions that you performed or committed to perform as a result of the inspection, that will further strengthen your calibration program. The specific findings and references to the pertinent requirements are identified in the enclosures to this letter.

The inspectors also identified that certain of your activities appeared to be in violation of NRC requirements, as specified in the enclosed Notice of Violation (Enclosure 1). Specifically, at the beginning of the inspection on March 7, 1994, your procedure for implementing 10 CFR Part 21 was not adequate to ensure the performance of the required evaluations of deviations and potential reporting of defects. The procedure did not ensure

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Mr. S. S. Pirrone

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that deviations would be reported or evaluated, that defects or failures to comply would be reported to a responsible officer, or that all affected purchasers or licensees would be informed of deviations when you cannot perform the required evaluation. Further, you had not posted a current copy of 10 CFR Part 21 a notice describing its contents and where it may be viewed, as required by 10 CFR 21.6.

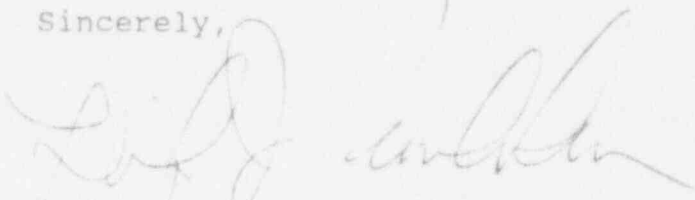
You are required to respond to this letter and should follow the instructions specified in the enclosed Notice of Violation when preparing your response. In your response, you should document the specific actions taken and any additional actions you plan to prevent recurrence. After reviewing your response to this Notice, including your proposed corrective actions and the results of future inspections, the NRC will determine whether further NRC enforcement action is necessary to ensure compliance with NRC regulatory requirements.

Further, 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.

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

The responses directed by this letter and the enclosed notices 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.

Sincerely,



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

Enclosures:

1. Notice of Violation
2. Notice of Nonconformance
3. Inspection Report 99901261/94-01

that deviations would be reported or evaluated, that defects or failures to comply would be reported to a responsible officer, or that all affected purchasers or licensees would be informed of deviations when you cannot perform the required evaluation. Further, you had not posted a current copy of 10 CFR Part 21 or a notice describing its contents and where it may be viewed, as required by 10 CFR 21.6.

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LSI

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

Enclosures:

- 1. Notice of Violation
- 2. Notice of Nonconformance
- 3. Inspection Report 99901261/94-01

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