



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

NOV 08 1990

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Docket No. 99901180/90-01

Mr. Arie Kepets, President  
Mock Manufacturing, Incorporated  
84 Horace Harding Boulevard  
Great Neck, New York 11023

Dear Mr. Kepets:

The Vendor Inspection Branch performed an inspection of your Great Neck, New York facility on May 10 and 11, 1990 and identified several examples within your quality program where Mock Manufacturing, Incorporated (MMI) failed to meet NRC requirements. A letter transmitting NRC Inspection Report No. 99901180/90-01 was sent to you on July 2, 1990 requiring a written response to the NRC regarding the enclosed Notice of Violation no later than August 1, 1990. The NRC's authority for requiring a written response to the Notice of Violation is codified at 10 CFR Section 2.201.

To date, the NRC has not received your written response which is now more than 75 days overdue. In addition, on September 21 and 24, 1990, Mr. Robert L. Pettis of my staff contacted your office and left messages with your secretary regarding the above subject matter.

You are hereby required to submit to this office within 10 days from the date of this letter a written response to the Notice of Violation. As noted in our letter of July 2, 1990, you are also requested to respond to the Notice of Nonconformance.

Your failure to respond could result in the NRC taking appropriate action to assure that NRC licensees who purchased equipment supplied by MMI have an adequate basis for using this equipment for safety-related applications. In addition, the NRC may also inform its licensees of your failure to address the issues raised in the enclosed July 2, 1990, Notice of Violation and Notice of Nonconformance.

Should you have any questions concerning this matter, we will be pleased to discuss them with you. Please call me or Mr. Robert L. Pettis at (301) 492-3214.

Sincerely,

*for Gregory Clewley*

Uldis Kotapovs, Acting Chief  
Vendor Inspection Branch  
Division of Reactor Inspection and  
Safeguards  
Office of Nuclear Reactor Regulation

Enclosure: Letter to Mock Manufacturing,  
Incorporated from E. W. Brach dated 7/2/90

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CERTIFIED - RETURN RECEIPT REQUESTED

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NUCLEAR REGULATORY COMMISSION  
WASHINGTON, D. C. 20555

JUL 12 1990

Docket No. 99901180/90-01

Mr. Arie Kepets, President  
Mock Manufacturing, Incorporated  
84 Horace Harding Boulevard  
Great Neck, New York 11023

Dear Mr. Kepets:

This letter addresses the inspection of your facility at Great Neck, New York, conducted by Messrs R. L. Pettis, M. R. Snodderly and C. A. VanDenburgh of this office on May 10 and 11, 1990, and the discussions of their findings with you at the conclusion of the inspection.

The purpose of the inspection was to identify the extent to which Mock Manufacturing, Incorporated (MMI) provides safety-related equipment and replacement parts to the nuclear industry, and to verify the implementation of your quality assurance (QA) program in selected areas. Areas examined during the inspection and our findings are discussed in the enclosed report. The inspection consisted of an examination of procedures and representative records, interviews with personnel, and observations by the inspectors.

During the inspection, the inspectors observed that the implementation of your QA program failed to meet a number of NRC requirements. Specifically, the inspectors determined that the implementation of your QA program was inadequate in the areas of design and subsupplier control. The inspectors determined that MMI failed to document and assure suitability of application to the original part supplied for safety-related spare and replacement part orders. In addition, the type of supplier audits performed by MMI was not consistent with that required under 10 CFR Part 50, Appendix B. The inspectors also noted that MMI no longer provides safety-related equipment to the nuclear industry as evidenced by their removal from several licensees' approved suppliers list (ASL). In many cases, MMI was removed due to inadequate implementation of their QA program. Further, the inspectors determined that MMI does not have a procedure to implement 10 CFR Part 21, including posting. The specific findings and references to the pertinent requirements are identified in the enclosures to this letter.

The enclosed Notice of Violation is sent to you pursuant to the provisions of Section 206 of the Energy Reorganization Act of 1974. You are required to submit to this office within 30 days from the date of this letter a written statement containing: (1) a description of steps that have been or will be

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Mr. Arie Kepets

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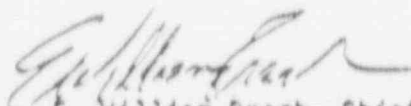
taken to correct these items; (2) a description of steps that have been or will be taken to prevent recurrence; and (3) the dates your corrective actions and preventive measures were or will be completed. We will consider extending the response time if you can show good cause for us to do so. You are also requested to submit a written statement for each item which appears in the enclosed Notice of Nonconformance.

The responses requested by this letter are not subjected to the clearance procedures of the Office of Management and Budget as required by the Paperwork Reduction Act of 1980, PL 96-511.

In accordance with 10 CFR 2.790 of the Commission's regulations, a copy of this letter and the enclosed inspection report will be placed in the NRC's Public Document Room.

Should you have any questions concerning this inspection, we will be pleased to discuss them with you.

Sincerely,



E. William Brach, Chief  
Vendor Inspection Branch  
Division of Reactor Inspection  
and Safeguards  
Office of Nuclear Reactor Regulation

Enclosures:

1. Appendix A-Notice of Violation
2. Appendix B-Notice of Nonconformance
3. Appendix C-Inspection Report No. 99901180/90-01

APPENDIX A

NOTICE OF VIOLATION

As a result of the inspection conducted on May 10 and 11, 1990, and in accordance with Section 206 of the Energy Reorganization Act of 1974 and its implementing regulation 10 CFR Part 21, the following violations were identified and categorized in accordance with the NRC Enforcement Policy (10 CFR Part 2, Appendix C), 49 FR 8583 (March 8, 1984):

1. Section 21.6 of 10 CFR Part 21, states, in part: "Each... corporation... shall post current copies of the following documents in a conspicuous position on any premises, within the United States where the activities subject to this part are conducted."

Contrary to the above, Mock Manufacturing, Incorporated (MMI) did not have the required documents posted in their Great Neck, New York facility. (90-01-01)

This is Severity Level V Violation (Supplement VII).

2. Section 21.21(a)(1) and (b)(3)(viii) of 10 CFR Part 21, dated August 21, 1987, states, in part: "Each individual, corporation, partnership or other entity subject to the regulations in this part shall adopt appropriate procedures to: (1) Provide for: (i) Evaluating deviations or (ii) informing the licensee or purchaser of the deviation to be evaluated unless the deviation has been corrected; and...any advice related to the defect or failure to comply about the facility, activities, or basic component that has been, is being, or will be given to purchaser or licensees."

Contrary to the above, MMI has not established a procedure to evaluate and report to their customers deviations in equipment supplied by MMI to nuclear power plants. (90-01-02)

This is a Severity Level IV Violation (Supplement VII).

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APPENDIX B

NOTICE OF NONCONFORMANCE

Based on the results of an NRC inspection conducted May 10 and 11, 1990, it appears that certain of your activities were not conducted in accordance with NRC requirements.

1. Criterion III of Appendix B to 10 CFR Part 50 states, in part, that measures shall be established for the selection and review for suitability of application of materials, parts, equipment, and processes that are essential to the safety-related functions of the structures, systems and components.

Contrary to the above, MMI's program to assure design control and equivalency to the original part supplied, for safety-related spare and replacement part orders, was inadequate. The President of MMI (Mr. Arfe Kepets) indicated that each order for safety-related replacement parts must be re-engineered since MMI's drawings lacked sufficient detail to identify those characteristics necessary to manufacture the replacement parts. In addition, this dedication process was not documented in MMI's files. (90-01-03)

2. Criterion VII of Appendix B to 10 CFR Part 50 states, in part, that measures be established to assure that purchased material, equipment, and services conform to the procurement documents and include provisions for source evaluation and selection, objective evidence of quality furnished by the contractor or subcontractor, inspection at the contractor or subcontractor source, and examination of products upon delivery.

Contrary to the above, MMI performed only a survey of New York Testing Laboratory, Incorporated (NYTL) on April 6, 1989. The survey was performed by using a checklist entitled, "Quality Survey of Candidate's Suppliers." Although this survey appeared adequate for placing NYTL on MMI's approved vendors list, it did not provide sufficient objective evidence to demonstrate that the supplier's QA program had been effectively implemented. Such method of audit does not meet the requirements of 10 CFR Part 50, Appendix B, for suppliers furnishing safety-related material. (90-01-04)

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ORGANIZATION: MOCK MANUFACTURING, INCORPORATED  
GREAT NECK, NEW YORK

REPORT NO.: 99901180/90-01	INSPECTION DATE: May 10-11, 1990	INSPECTION ON-SITE HOURS: 42
CORRESPONDENCE ADDRESS: Mock Manufacturing, Incorporated 84 Horace Harding Boulevard Great Neck, New York 11023		
ORGANIZATIONAL CONTACT: Mr. Arie Kepets, President TELEPHONE NUMBER: (516) 466-6410		
NUCLEAR INDUSTRY ACTIVITY: Manufacturer of watertight doors and replacement hardware used in safety-related nuclear applications.		
ASSIGNED INSPECTOR:	<u>Robert L. Pettis Jr.</u> R. L. Pettis, Jr., Reactive Inspection Section No. 1 (RIS-1), Vendor Inspection Branch (VIB)	<u>6/26/90</u> Date
OTHER INSPECTOR(S):	C. A. VanDenburgh, Section Chief, RIS-1, VIB M. Snodderly, RIS-1, VIB	
APPROVED BY:	<u>C. A. VanDenburgh</u> C. A. VanDenburgh, Section Chief, RIS-1, VIB	<u>6/26/90</u> Date
INSPECTION BASES AND SCOPE: A. <u>BASES</u> : 10 CFR Part 50, Appendix B; 10 CFR Part 21. B. <u>SCOPE</u> : Unannounced inspection to review records, procedures and documentation of equipment supplied to nuclear utilities under safety-related purchase orders.		
PLANT SITE APPLICABILITY: Multiple.		

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A. VIOLATIONS:

1. Contrary to Section 21.6 of 10 CFR Part 21, Mock Manufacturing, Incorporated (MMI), did not post current copies of 10 CFR Part 21 regulations, or Section 206 of the Energy Reorganization Act of 1974. (90-01-01)
2. Contrary to Section 21.21 of 10 CFR Part 21, MMI had not developed appropriate procedures to evaluate and report deviations or defects identified in safety-related equipment manufactured and supplied by MMI to nuclear power plants. (90-01-02)

B. NONCONFORMANCES:

1. Contrary to Criterion III, "Design Control," of 10 CFR Part 50, Appendix B, MMI's implementation of design control, with respect to supplying safety-related replacement parts, is inadequate to determine equivalency, under test and/or adverse conditions, to the original part supplied. (90-01-03)
2. Contrary to Criterion VII, "Control of Purchased Material Equipment, and Services," of 10 CFR Part 50, Appendix B, MMI's qualification audit of New York Testing Laboratory, Incorporated (NYTL) did not provide objective evidence to verify adequate implementation of NYTL's quality assurance (QA) program. (90-01-04)

C. UNRESOLVED ITEMS:

None identified.

D. STATUS OF PREVIOUS INSPECTION FINDINGS:

None. This was the first NRC inspection performed at MMI.

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E. INSPECTION FINDINGS AND OTHER COMMENTS:

1. Background

MMI has supplied various equipment, including watertight doors, to the marine, power, and water treatment industries since 1884. Prior to 1985 the company was owned by Mr. Julius Mock and was located in Brooklyn, New York. In 1985, Mr. Arie Kepets purchased the company and relocated all operations to Great Neck, New York. Such facilities were totally operational by January 1989. The design, purchasing and document control operations are performed in Great Neck while machining, fabrication, and assembly are performed in New Hyde and Deer Park, New York. MMI has supplied complete watertight door assemblies to various nuclear utilities over the past 20 years in addition to spare and replacement parts furnished under a 10 CFR Part 50, Appendix B, QA program which was audited and approved by MMI's nuclear customers. It should be noted that MMI supplies such material to the nuclear industry today under both safety-related and commercial-grade procurement requirements.

The primary focus of this inspection was to identify the extent to which MMI supplies equipment and replacement parts to the nuclear industry under 10 CFR Part 50, Appendix B, safety-related requirements.

2. Review of the MMI Quality Program

The inspectors performed a review of the current MMI quality program manual QP 87-1, dated April 6, 1987, and determined that the manual, in general, appeared to meet the requirements of 10 CFR Part 50, Appendix B. The MMI quality program manual states compliance to 10 CFR Part 50, Appendix B; ANSI N45.2-B1, and 10 CFR Part 21. A new revision to the quality program manual (90/A, dated January 1, 1990) was also reviewed during the inspection. However, no orders have been processed against this new revision, nor was this revision approved for use by any of MMI's nuclear customers. The NRC inspectors noted that the Great Neck, New York, facility did not post current copies of 10 CFR Part 21; nor were appropriate procedures developed by MMI to evaluate and report deviations or defects identified during the manufacture of safety-related components by MMI. As a result, Violations 90-01-01 and 90-01-02 were identified during this part of the inspection.



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A review of the MMI QA program manual and conversations with the President of MMI (Mr. Arie Kepets) identified a lack of in-depth engineering assessment associated with the processing of safety-related spare and replacement part orders for watertight doors supplied by MMI to various licensees. MMI's process required interpretation of prior POs and manufacturing drawings to determine which replacement part was required to satisfy each customer's order. Since MMI's drawings lacked sufficient detail to identify material and dimensions, MMI redesigned each replacement part on an individual basis. In some cases, a full size mock-up was required to address the issue of clearances and fit-up necessary to be compatible to the original part supplied. This process of dedication of safety-related replacement parts was not documented in MMI's files and as such, there was no assurance of equivalency to the original part supplied. The method utilized by MMI was inadequate with respect to design control requirements established in 10 CFR Part 50, Appendix B. As a result, nonconformance 90-01-03 was identified during this part of the inspection.

No attempt was made during the inspection to perform an in-depth implementation review of either QA program manual.

3. Review of Purchase Orders Placed with MMI

The NRC inspection team reviewed the following purchase orders (POs) for spare and replacement parts associated with watertight doors supplied both safety-related and nonsafety-related over the past two years:

a. Safety-related POs which imposed 10 CFR Part 50, Appendix B, and 10 CFR Part 21 requirements on MMI.

1. PO 30207 MX, dated May 27, 1989, from Baltimore Gas and Electric for the Calvert Cliffs Nuclear Power Plant.
2. PO 6D098007, dated September 6, 1988, from Southern California Edison for the San Onofre Nuclear Generating Station, Units 2 and 3.
3. PO 525877, dated May 10, 1988, from Kansas Gas and Electric for the Wolf Creek Nuclear Power Plant.
4. PO 9-27357-1, dated July 3, 1989, from Pennsylvania Power and Light for the Susquehanna Steam Electric Station.

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In all cases, POs represented various spare and replacement parts for watertight doors used in nuclear power plants under safety-related and nonsafety-related applications. Since all POs identified safety-related material, the NRC inspection team also reviewed the basis established by each licensee for placement of MMI on its approved suppliers list (ASL). The results of this part of the inspection are documented in Section 4 of this report.

b. Nonsafety-related POs Processed by MMI as Commercial-Grade

1. POs C89930-92251 and C90730-90436, dated December 31, 1989, and February 23, 1990, respectively, from Florida Power and Light for the St. Lucie Nuclear Plant.
2. POs B-49163-1 and B-50630-1 both dated November 16, 1989, from Pennsylvania Power and Light for the Susquehanna Steam Electric Station.
3. PO 33506469, dated October 11, 1989, from Arizona Public Service for the Palo Verde Nuclear Generating Station.
4. PO 331572, dated February 7, 1990, from Commonwealth Edison Company for the Braidwood Station Plant.
5. PO 89-7000045, dated June 13, 1989, from Georgia Power for the Vogtle nuclear plant.
6. PO 206130, dated August 22, 1989, from Arkansas Power and Light for the Arkansas Nuclear One Plant.
7. POs BW 368631, BW 369153, BW 602653, and BW 604886, dated September 15, 1988; October 25, 1988; August 2, 1989; and September 26, 1989, respectively, from Philadelphia Electric for the Peach Bottom Atomic Power Station.

During the inspection the NRC inspectors could not determine whether the licensees ordered such nonsafety-related material for eventual use in a safety-related application, or solely for watertight doors classified by each licensee as nonsafety-related. For safety-related applications, the NRC would expect each licensee to process such material under a commercial-grade dedication program. Such program should be consistent

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with current industry guidelines such as those endorsed by the NRC in Generic Letter 89-02.

4. Review of Licensee Audit Reports of MMI's QA Program.

The NRC inspectors reviewed several audit reports performed by licensees in accordance with material supplied by MMI under nuclear safety-related requirements (e.g., invoking 10 CFR Part 50, Appendix B; 10 CFR Part 21). These audits were performed to certify MMI as an approved supplier of safety-related material under each licensee's 10 CFR Part 50, Appendix B, QA program.

a. Baltimore Gas and Electric Company (BG&E) Audit Report No. QAG 60-Mock 89, Program 01, dated August 23, 1989.

This audit was performed on July 18-20, 1989, in accordance with the requirements of BG&E PO 30207 MX, dated May 27, 1989, which ordered various replacement parts associated with watertight doors initially supplied by MMI to the Calvert Cliffs Nuclear Plant. The audit was performed to review MMI's QA program and to verify implementation to the requirements of 10 CFR Part 50, Appendix B, and 10 CFR Part 21. The PO also required that MMI submit documentation to BG&E to certify that: (1) all the requirements of the PO have been complied with; (2) that all parts supplied are equal to or better than and interchangeable with the original items supplied; (3) that all items are in accordance with the original Bechtel purchase specification No. 6750-A-12 and MMI drawing 1188, Revision A, and PO requirements; and (4) certify traceability to each item ordered. All work was to be completed by MMI by June 30, 1989.

The BG&E audit report identified 12 findings against MMI's implementation of their QA program. Several findings identified MMI's failure to impose 10 CFR Part 50, Appendix B, and 10 CFR Part 21 requirements on MMI subsuppliers; a lack of annual audits of vendors; lack of QA independence; lack of implementation of MMI's nonconformance program, and other implementation deficiencies. As a result, BG&E concluded that MMI was not approved to supply safety-related equipment to the Calvert Cliffs. For 9 of 12 audit findings MMI's corrective action submitted to BG&E consisted of a QA manual revision. However, in a January 22, 1990, letter from

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BG&E to MMI, again it was noted that the findings were related to ineffective implementation of the QA manual and not the manual itself. During a conversation with BG&E representatives after the inspection, the licensee indicated that BG&E had removed MMI from its ASL due to the adverse audit findings. BG&E treated the nonconforming material as commercial-grade and dedicated the material prior to use in a nuclear safety-related application.

b. Pennsylvania Power and Light (PP&L) Audit Report No. 89-078, dated January 18, 1990

This audit, performed by PP&L on November 2 and 3, 1989, at the Great Neck, New York location, was performed to maintain MMI as an approved supplier for watertight door replacement parts. The audit identified two findings related to vendor control and undocumented manufacturing practices.

The audit report also identified a possible safety concern in that MMI did not have documentation to support the acceptance of certified material test reports (CMTRs) from MMI's material supplier, Thypin Steel. PP&L PO 9-27357-1, dated July 3, 1989, ordered various safety-related replacement parts for watertight doors and included a requirement to audit MMI's Great Neck facility. PP&L's earlier approval of MMI was for the Brooklyn, New York, facility. MMI's corrective action was to provide PP&L a revised 1990 QA manual to address the audit findings in the area of procurement document control. Such corrective action was accepted by PP&L and as a result, MMI has been retained on PP&L's ASL.

However, the NRC inspection team did not consider this corrective action (i.e., issuance of a manual revision) to be an acceptable corrective action for this safety concern. In addition, the Thypin Steel audit performed by MMI to support them as an approved supplier consisted of a "survey questionnaire" performed by Mr. Arie Kepets, MMI's President, and not an audit of the supplier's facility to verify QA program implementation. Such a survey does not meet the requirements of 10 CFR Part 50, Appendix B, and should only be relied upon to place a supplier on the ASL. An implementation audit must be performed prior to acceptance of the material by the customer.



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- c. Southern California Edison Company (SCE) Quality Assurance Audit Report MOCK 1-89, dated November 29, 1989.

This audit was performed on November 14 and 15, 1989, at the Great Neck, New York, location and identified deficiencies in the areas of measuring and test equipment, control of subsuppliers, and welding records. These deficiencies were not resolved to SCE's satisfaction by MMI. As a result, MMI was removed from SCE's ASL.

- d. Kansas Gas and Electric Company (KG&E) Audit Report No. 86002X, dated May 8, 1986.

This audit was performed by Cygna Energy Services under audit report TE 58245 on April 18, 1986, at the Brooklyn, New York location of MMI. Two deficiencies were identified in the areas of certifications for filler metal and recertifications of facility control inspectors.

These deficiencies were addressed by MMI in a June 10, 1986, letter to KG&E. The corrective action was accepted and the audit was dispositioned as satisfactory by Cygna on July 1, 1986. MMI was not reaudited by KG&E after their move from Brooklyn to Deer Park, New York.

- e. Tennessee Valley Authority (TVA) Supplier Audit 89V-82 dated July 27, 1989.

The audit was performed on June 27-30, 1989, at the Deer Park and Great Neck, New York, locations of MMI. Five deficiencies were documented and several comments were offered for consideration by the TVA inspectors. The deficiencies noted were in the areas of MMI's QA program, document control, and audits. TVA stated, in an August 25, 1989, letter to MMI, that they would be removed from TVA's ASL if a response to the July 17, 1989, audit report was not received in 10 days. MMI did not respond to the audit findings.

5. Review of MMI Performed Vendor Audits

The inspection team reviewed an April 6, 1989, audit of New York Testing Laboratory, Incorporated (NYTL) which is currently on MMI's



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ASL. The audit consisted of a checklist survey form entitled, "Quality Survey of Candidate Supplier." No findings were identified by MMI nor was there documentation to justify the satisfactory implementation of NYTL's QA program. This audit method does not meet the requirements of 10 CFR Part 50, Appendix B, for suppliers furnishing safety-related material. As a result, Nonconformance 90-01-04 was identified during this part of the inspection.

F. PERSONS CONTACTED:

A. Kepets, President, MMI.