



March 22, 1988

Mr. James Stone
Acting Chief, Vendor Inspection Branch
M/S 9 - D - 4
United States Nuclear Regulatory Commission
Washington, D.C. 20555

Dear Mr. Stone:

I contacted Mr. Ed Baker of the Vendor Inspection Branch via telephone on March 14, 1988, to solicit his assistance in interpretation of applicability of 10 CFR 21 to certain components of items to be used in the manufacture and assembly of products by Team, Inc.'s Teco Manufacturing, Inc. to be supplied to other Team subsidiaries such as Leak Repairs, Inc. to be utilized in their leak repair procedures and services. Mr. Baker was very helpful and agreed that 10 CFR 21 is often overimposed. We discussed the explanation of changes to 10 CFR 21, published in the Federal Register, Volume 43, No. 203 - Thursday, October 19, 1978, pp. 48621 - 48622. Mr. Baker agreed with Team, Inc.'s interpretation of 10 CFR 21 and suggested that written confirmation may be obtained from your office. That is the purpose of this letter, and, for your consideration a description of the conversation with Mr. Baker is recorded hereunder.

Team, Inc. is the parent company of Teco Manufacturing, Inc., Leak Repairs, Inc., et al, service organizations supplying products and services to the petro-chemical, pipeline, and nuclear industries. Our products are unique to our leak sealing procedures and services available in general commerce with no unique requirements imposed for nuclear applications. Products manufactured by Teco are supplied solely to Team companies.

Teco maintains in stock various sizes of plate, flat bar, studs and nuts to be utilized in the manufacture, assembly and installation of enclosures, clamps and other leak sealing devices. This is where confusion begins for us. Team, Inc./Leak Repairs, Inc. is regularly audited by numerous utilities located all across the United States. Their auditors verify procurement and supply of materials by Team under our QA/QC program in accordance with 10 CFR 50, App. B. Many insist that Part 21 be accepted by Team and passed on to sub-tier suppliers, some do not. Our research led us to the previously mentioned explanation of Part 21 in The Federal Register, which states "... Part 21 is being amended to remove from the scope of 10 CFR Part 21 ... those

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items of a commercial grade, e.g., bearings, relays, and bar stock that are (1) not subject to design or specification requirements unique to facilities or activities licensed by the Commission, (2) used in applications other than facilities or activities licensed by the Commission, and (3) able to be ordered from the manufacturer/distributor on the basis of the manufacturer's published specifications." Since the stock of materials maintained by Teco is procured under our Appendix B program, and the grades of materials are ASME SA or ASTM grades, we feel they may be categorized individually to the three quoted applications, or collectively to all three applications, and excluded from the scope of Part 21, and its imposition on our sub-tier suppliers is not necessary.

Further, our products and services are not unique to the nuclear industry and may be excluded from the scope of Part 21. However, should our customer insist, we have the mechanics within our Appendix B program to satisfy the requirements of Part 21. "Dedication" of a "basic component" occurs when a part is received at the site after the customer's receiving inspection. This "dedication" places the requirements of Part 21 upon the customer.

Regardless of the imposition of Part 21, Team, Inc. may use commercial products and materials in the manufacture and installation of leak sealing devices.

Thank you and Mr. Baker for your assistance and we look forward to your reply.

Sincerely,



Eric Lemgrube
Manager,
Corporate Quality Assurance



Ken Hunting
Purchasing Manager

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cc: George Harrison
Ed Baker
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