



UNITED STATES  
NUCLEAR REGULATORY COMMISSION

WASHINGTON, D.C. 20555-0001

December 1, 1999

Mr. Craig P. Kipp  
General Manager Nuclear Fuel  
GE Nuclear Energy  
Nuclear Energy Production  
P.O. Box 780  
Wilmington, NC 28402-0780

SUBJECT: NRC INSPECTION REPORT NO. 99900003/1999202  
AND NOTICE OF NONCONFORMANCE

Dear Mr. Kipp:

This letter addresses the inspection of your facility at Wilmington, North Carolina, conducted by Robert Pettis, Jr. and Dr. Shih-Liang Wu, of this office on September 7-10, 1999, and the discussions of their findings with Caroline Reda and other members of your staff at the conclusion of the inspection. The inspection was conducted to review the implementation of selected portions of the General Electric Nuclear Energy (GE-NE) Quality Assurance Program Description (NEDO-11209), including 10 CFR Part 21, as it relates to the activities performed in the Chemet laboratory, and to followup on corrective actions performed by GE-NE as a result of our previous inspection.

The team reviewed technical documentation, procedures, representative records, and also interviewed GE-NE personnel. At the conclusion of the inspection, the findings were discussed with members of your staff. On the basis of this inspection, the team determined that certain of your activities appeared to be in violation of NRC requirements, as specified in the enclosed Notice of Nonconformance. Specifically, a GE-NE audit of JMS Southeast, Inc. (JMS), did not objectively demonstrate that JMS's quality assurance (QA) program complied with the requirements of 10 CFR Part 21, which was imposed on JMS by purchase order. A review of the audit by the NRC inspection team identified that it did not demonstrate that JMS had adequate procedures in-place to identify and evaluate deviations, pursuant to 10 CFR 21.21, and that a recent revision to its QA manual did not address acceptance of Part 21. Over the past several years, GE-NE has placed over 10 safety-related purchase orders with JMS for thermocouple calibration services which have imposed the reporting requirements of 10 CFR Part 21.

You are required to respond to this letter and should follow the instructions specified in the enclosed Notice when preparing your response. In your response, you should document the specific actions taken and any additional actions you plan to prevent recurrence. Your response may reference or include previous docketed correspondence, if the correspondence adequately addresses the required response. After reviewing your response to this Notice, including your proposed corrective actions, the NRC will determine whether further NRC enforcement action is necessary to ensure compliance with NRC regulatory requirements.

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PDR QA 999 (00003)

Mr. Craig P. Kipp

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In accordance with 10 CFR 2.790 of the NRC's "Rules of Practice," a copy of this letter, its enclosures, and your response will be placed in the NRC Public Document Room (PDR). To the extent possible, your response should not include any personal privacy, proprietary, or safeguards information so that it can be placed in the PDR without redaction. However, if you find it necessary to include such information, you should clearly indicate the specific information that you desire not to be placed in the PDR, and provide the legal basis to support your request for withholding the information from the public.

The response requested by this letter and the enclosed Notice of Nonconformance is not subject to the clearance procedures of the Office of Management and Budget as required by the Paperwork Reduction Act of 1980, Pub. L. No. 96-511. Should you have any questions concerning this inspection, we will be pleased to discuss them with you.

Sincerely,

Handwritten signature of Jamil H. Jaman in cursive script.

FOR

Theodore R. Quay, Chief, IQMB  
Division of Inspection Program Management  
Office of Nuclear Reactor Regulation

Enclosures:

1. Notice of Nonconformance
2. Inspection Report No. 99900003/1999202

GE199902

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