

NOTICE OF NONCONFORMANCE

GE Nuclear Energy (GE-NE)
Wilmington, NC

Docket No.: 99900003

Based on the results of an NRC inspection conducted on September 7-10, 1999, it appears that certain of your activities were not conducted in accordance with NRC requirements.

Criterion VII of Appendix B to 10 CFR Part 50, "Control of Purchased Material, Equipment, and Services," states, in part, "Measures shall be established to assure that purchased material, equipment, and services...conform to the procurement documents..."

Contrary to the above, an NRC review of a March 4, 1999, GE-NE audit of JMS Southeast, Inc. (JMS), did not adequately 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. Specifically, the audit did not demonstrate that JMS had adequate procedures in-place to identify and evaluate deviations pursuant to 10 CFR 21.21. Section 4.13.3, "Recall Procedure," incorporated into the JMS QA manual in Revision 10, dated December 8, 1998, and later revised in Revision 11, dated February 26, 1999, was not adequate to allow for the identification and evaluation of nonconforming conditions as potential deviations pursuant to 10 CFR 21.21.

JMS revised its QA manual by adding Section 4.13.3 to address specific findings identified during a March 26, 1997, audit by GE-NE which identified several Corrective Action Requests (CARs). Specifically, CAR JMS-2 identified that JMS's QA program did not procedurally address the reporting of defects to customers pursuant to 10 CFR Part 21. Over the past several years GE-NE has placed over 10 safety-related purchase orders with JMS for thermocouple calibration services which imposed the requirements of 10 CFR Part 21. Based on the March 4, 1997, re-audit of JMS, GE-NE closed CAR JMS-2 and two others which had been open for two years without a documented resolution. Since the JMS QA manual revisions were not adequate to address compliance to 10 CFR Part 21, the NRC inspection team did not agree with GE-NE's closure of CAR JMS-2 (99900003/1999202-01).

Please provide a written statement or explanation to the U.S. Nuclear Regulatory Commission, ATTN: Document Control Desk, Washington, D.C. 20555 with a copy to the Chief, IQMB, Division of Inspection Program Management, Office of Nuclear Reactor Regulation, within 30 days of the date of the letter transmitting this Notice of Nonconformance. This reply should be clearly marked as a "Reply to a Notice of Nonconformance" and should include for each nonconformance: (1) the reason for the nonconformance, or if contested, the basis for disputing the nonconformance, (2) the corrective steps that have been taken and the results achieved, (3) the corrective steps that will be taken to avoid further nonconformances, and (4) the date when your corrective action will be completed. Where good cause is shown, consideration will be given to extending the response time.

Dated at Rockville, Maryland
December 1, 1999