

Bechtel

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December 16, 1992

U. S. Nuclear Regulatory Commission
Washington, D. C. 20555

Attention: Document Control Desk

Gentlemen:

Subject: Reply to Notice of Nonconformance/NRC Inspection
Report No. 99900519/92-01

Reference: NRC letter dated November 18, 1992, L. J. Norrholm
to L. E. Ruhland

This letter addresses Bechtel Corporation's response to the Notice of Nonconformance issued in conjunction with the subject NRC Inspection Report.

The purpose of the inspection conducted on September 3 and October 1, 1992, was to evaluate Bechtel's method of qualifying Five Star Products, Inc., as a supplier of safety related structural concrete and grout and to determine the extent of these products supplied to nuclear licensees. Your inspection concluded that the Bechtel survey of Five Star Products, Inc., in April and June of 1992 "did not verify the existence of objective evidence of quality and did not determine if Five Star Products, Inc., had established an adequate quality assurance program and was properly implementing such a program".

The findings were discussed in detail with NRC inspectors, B. Rogers and R. Pettis and Vendor Inspection Branch Supervisor, G. Cwalina during the inspection exit meeting on October 14, 1992, to develop a better understanding of the issues. Also, expected corrective actions were discussed with the NRC personnel. It was understood in that discussion that the nonconformance would not be treated as a major problem and, therefore, an appropriate corrective action would be an instruction to the auditors to pay more attention to detail during the audits/surveys of the suppliers.

Bechtel's corrective actions to the findings identified in the Notice of Nonconformance are as follows:

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Investigative Actions

Bechtel's supplier qualification activities for the calendar year 1992 were evaluated to determine if a programmatic condition exists. A review of 50% of the 1992 surveys and audits verified that 1) adequate objective evidence of quality was recorded, 2) all applicable sections of the survey/audits report were completed, and 3) sufficient detail for each satisfactory or unsatisfactory rating was documented. The review did not identify concerns similar to those contained in the Notice of Nonconformance.

Remedial Actions

Upon notification from Five Star Products, Inc., that their 10CFR50 Appendix B Quality Program had been suspended, this supplier's status on the Bechtel Evaluated Supplier List was immediately downgraded to "Not Qualified".

It was determined that the Five Star Product's Inc., material was only supplied to one licensee, TVA, subsequent to the placement of the supplier on the Bechtel Evaluated Supplier List. However, the Five Star Products' material, delivered to the Browns Ferry nuclear site, was independently tested by Singleton Laboratories with satisfactory results.

Corrective Actions

The Manager of Supplier Quality for Bechtel Corporation has issued copies of the NRC Inspection Report No. 99900519/92-01 to all Procurement Supplier Quality Department Lead Auditors to alert them to NRC concerns regarding the qualification of Five Star Products, Inc.

Additionally, on November 11, 1992, the Manager of Supplier Quality issued a memorandum to all Lead Auditors and supervisory personnel discussing the subject of Bechtel qualification surveys and audits and the need to provide particular attention to details such as those cited in the NRC Inspection Report. Specifically, this memorandum

- o alerts Lead Auditors to the potential for fraud and misrepresentation on the part of potential suppliers of safety-related materials, equipment, and services.

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- o directs Lead Auditors to provide additional attention to detail regarding the qualifications of supplier personnel and the extent to which suppliers perform their own activities.
- o directs Lead Auditors to provide objective evidence to a depth of detail sufficient to support survey/audit conclusions and ultimate qualification of the supplier.

The corrective actions noted above are complete and in effect at the present time.

We trust that the response listed above satisfactorily resolves the findings noted in the Notice of Nonconformance.

Should you have any questions, or require additional information, please feel free to contact me at (301) 417-3243.

Sincerely yours,



L. E. Ruhland
Senior Vice President and
Manager Gaithersburg Regional Office

LER/ajj

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