

APPENDIX A

Gulfalloy, Inc. <sup>5</sup>  
Docket No. 99900343/84-01

NOTICE OF NONCONFORMANCE

Based on the results of an NRC inspection conducted on May 6-10, 1985, it appears that certain of your activities were not conducted in accordance with NRC requirements.

Criterion V of Appendix B to 10 CFR Part 50 states: "Activities affecting quality shall be prescribed by documented instructions, procedures, or drawings, of a type appropriate to the circumstances and shall be accomplished in accordance with these instructions, procedures, or drawings. Instructions, procedures, or drawings shall include appropriate quantitative or qualitative acceptance criteria for determining that important activities have been satisfactorily accomplished."

Nonconformances with these requirements are as follows:

- A. Section 3.1 of the "Quality Assurance Program Materials Identification and Verification Manual" (QAM) dated September 1983, states, in part, "All sources of nuclear quality materials will be surveyed by the Quality Assurance Department.... They will be surveyed...according to the requirements of the latest Edition and Addenda of the ASME Boiler and Pressure Vessel Code, Section III."

Section 5.1 of the QAM states in part, "Materials are to be ordered ...under a Quality System Program as accepted by...Gulfalloy...."

Subsection NCA-3861(b) of Section III of the ASME Code states, in part, "The material supplier shall be responsible for:...(2) surveying, qualifying, and auditing the Quality System Program of the Material Manufacturer...."

Contrary to the above a review of documentation packages for 20 nuclear orders from Florida Power & Light (FPL) and 2 nuclear orders from Texas Utilities Generating Company (TUGCo) indicated that material on 11 FPL orders and one TUGCo order was purchased by Gulfalloy from the following suppliers/manufacturers who were either surveyed/audited after the purchase order (PO) was placed or who were never surveyed/audited by Gulfalloy:

8507240070 850723  
PDR QA999 EMVGULFA  
99900343 PDR

<u>Customer Order (date)</u>	<u>Supplier/Manufacturer</u>
<u>FP&amp;L Delivery &amp; Work Authorization (DWA)</u>	
39541 (December 6, 1982)	Benko Fittings & Flange (1) Cardinal Industrial Products (2) Tube-Line (1)
38624 (March 19, 1982)	Ametek (1) Tube-Line (1)
39666 (January 3, 1983)	Standard Fittings (1) Hackey (1) National Flange & Fittings Benko Fittings & Flange (1)
38625 (March 19, 1982)	Tube-Line (1)
24503C (November 10, 1981)	Gulf Supply (3)
26398W (January 25, 1983)	Cardinal Industries Products (4)
28660B (September 3, 1981)	Gulf Supply (3)
17461A (April 1, 1982)	All States Steel (1) Gulf Supply (3)
17328 (February 5, 1982)	All States Steel (1)
17387 (March 3, 1982)	All States Steel (1)

TUGCo PO

CPF 1000 - S	Copperweld Regal Tubing (4)
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- (1) Never surveyed/audited by Gulfalloy
- (2) Surveyed/audited 6 months after PO date
- (3) Last surveyed/audited in February 1978
- (4) Surveyed/audited 1 month after PO date

- B. Section 3.3 of the QAM states, in part, "A copy of the certificate(s) will be on file as evidence of the qualification."

Contrary to the above, there was no documented evidence of a Quality System Certificate (Material) for Nippon Kokan, Kawasaki Steel Corporation and Nippon Benkan who are ASME certificate holders. In 1982, these three manufacturers supplied pipe and fittings to Gulfalloy through Benko Fittings & Flange, a sister company of Gulfalloy. Subsequently, Gulfalloy sent a number of the items to the Turkey Point nuclear facility for orders on DWA 39541 dated December 6, 1982 and DWA 39666 dated January 3, 1983.

- C. FP&L imposed Special QA Document (SQAD) 1001 "Quality Requirements for Items Requiring Nuclear Quality Assurance", Revision 3 and SQAD 1002

"Defect or Noncompliance Reporting Requirements for Nuclear Related Purchases", Revision 3 on all nuclear safety related POs which were designated "QL-1."

Section 2.5 of the QAM requires the Quality Assurance Coordinator be responsible for certifying Gulfalloy's material test reports and letters of compliance.

Subsection NCA-3867.4(c) of Section III of the ASME Code states, in part, "This certification affirms that the contents of the report are correct and accurate...."

Contrary to the above, a review of documentation packages for 20 "QL-1" POs from FP&L revealed that Gulfalloy certified on Material Test Reports (MTR) or Certificate of Conformances (CC) that the requirements of SQADs 1001 and 1002 applied to the purchased items, but the manufacturer's Certified Material Test Report (CMTR) did not document this fact. The affected nuclear orders with improper certifications are as follows:

<u>DWA/PO No.</u>	<u>MTR/CC Date</u>
34648	October 26, 1981
39641	February 3 and 17, 1983 January 24, 1983
39541	January 26, 27, and 28, 1983 February 7 and 17, 1983
38617 A	April 13 and 20, 1982
38624 B	April 12 and 20, 1982 May 4, 1982
39666	March 3, 1983 May 4, 1983 January 31, 1983
38625	May 13, 1982 April 22, 1982
218345	August 11, 1982
219355	August 11, 1982
276395	January 5, 1984
17461 A	April 20 and 23, 1982
17328	February 10, 1982
17387	April 20, 1982

- D. Texas Utilities Generating Company (TUGCo), PO CPF 1000-S dated July 13, 1981 for 2000 ft of A500 Grade B tube steel referenced Section III, Class 1 component, Subsection NF, 1974 Edition thru Winter 1974 addenda of the ASME Code.

Section 5.2.2 of the QAM states, in part, "Orders placed on Vendors must show date of Code Edition and applicable Addenda required by the customer ...."

Subsection NCA-3867.4(c) of Section III of the ASME Code states, in part, "This certification affirms that the contents of the report are correct and accurate...."

Contrary to the above, it was noted that Gulfalloy PO 22-27-22672 dated July 14, 1981, to Copperweld Regal Tubing (CRT) did not reference the code requirements identified on TUGCo's PO; and Gulfalloy's MTR dated September 23, 1981 certified that the material met the requirements of ASME Section III, 1974 Edition thru 1974 Winter Addenda, NB-2000 for Class 1 materials", but CRT's CMTR dated September 3, 1981, did not document that the material met the code requirements.