



UNITED STATES
NUCLEAR REGULATORY COMMISSION
WASHINGTON, D. C. 20555

July 26, 1985

Docket No. 99901018/85-01

Nuclear Energy Services Manufacturing
ATTN: Mr. Frank Sugar
General Manager
101 Swing Road
Greensboro, North Carolina 27409

Gentlemen:

This refers to the inspection conducted by Messrs. R. L. Cilimberg, J. F. Conway, and O. P. Gormley of this office on June 10-15 and June 24-28, 1985, of your facility at Greensboro, North Carolina and to the discussions of our findings with Mr. L. Ludwig and members of your staff at the conclusion of the inspection.

This inspection was made as a result of a request from the Department of Energy through the TMI program office of Nuclear Reactor Regulation that NRC determine the adequacy of the Nuclear Energy Services QA program relative to the fabrication of canisters which will be used to collect, transport and store the damaged TMI-2 core debris. Areas examined during the inspection and our findings are discussed in the enclosed report. Within these areas, the inspection consisted of an examination of procedures and representative records, interviews with personnel, and observations by the inspectors.

Prior to conducting the inspection at NES, the NRC inspectors reviewed GPU Nuclear Surveillance Report, TMI-2/1/85 10074, dated April 25, 1985, for a GPUN/Bechtel surveillance performed at NES on April 18-19, 1985 (copy attached). During this GPUN/Bechtel inspection four QA problems were identified. The NRC inspectors did not reinspect these GPUN/Bechtel findings.

During the inspection it was found that the implementation of your QA program failed to meet certain NRC requirements and raise questions concerning the adequacy of the Quality Assurance Program at the NES Facility in Greensboro, North Carolina. Specifically, requirements in Appendix B to 10 CFR Part 50 were not satisfied in several areas including unapproved vendors, failure to identify and tag material, failure to perform receipt inspection, failure to properly store material, use of an unapproved welding procedure, and failure to maintain up-to-date manuals. The specific findings and references to the pertinent requirements are identified in the enclosures to this letter.

Additionally, the enclosed Notice of Violation is sent to you pursuant to the provisions of Section 206 of the Energy Reorganization Act of 1974. You are required to submit to this office within 30 days from the date of this letter a written statement containing: (1) a description of steps that have been or will be taken to correct these items; (2) a description of steps that have been

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or will be taken to prevent recurrence; and (3) the dates your corrective actions and preventive measures were or will be completed. Consideration may be given to extending your response time for good cause shown.

You are also requested to submit a similar written statement for each item which appears in the enclosed Notice of Nonconformance.

The responses requested by this letter are not subject to the clearance procedures of the Office of Management and Budget as required by the Paperwork Reduction Act of 1980, PL 96-511.

Should you have any questions concerning this inspection, we will be pleased to discuss them with you.

Sincerely,



Gary G. Zech, Chief
Vendor Program Branch
Division of Quality Assurance, Vendor,
and Technical Training Center Programs
Office of Inspection and Enforcement

Enclosures:

1. Appendix A-Notice of Violation
2. Appendix B-Notice of Nonconformance
3. Appendix C-Inspection Report No. 99901018/85-01
4. Appendix D-Inspection Data Sheets (7 pages)

cc w/enclosures:

Bechtel Power Corporation
ATTN: Mr. T. I. Gillespie
Manager, Quality Assurance Projects
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GPU Nuclear Corporation
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Mr. James P. Mahan
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Nuclear Energy Services
Manufacturing

July 26, 1985

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