



UNITED STATES  
NUCLEAR REGULATORY COMMISSION

WASHINGTON, D.C. 20555-0001

February 10, 1997

Mr. Andrew Pike  
President  
Ellis & Watts  
Division of Dynamics Corporation of America  
4400 Glen Willow Lake Lane  
Batavia, OH 45103

SUBJECT: NRC INSPECTION REPORT 99901308/96-01 AND NOTICE OF VIOLATION AND  
NOTICE OF NONCONFORMANCE

Dear Mr. Pike:

On December 6, 1996, the U.S. Nuclear Regulatory Commission (NRC) completed an inspection at the Ellis & Watts (E&W) facility. The enclosed report presents the results of that inspection.

The inspection was conducted to ascertain specific attributes and implementation of your quality assurance (QA) program, and whether licensees effectively monitored your control of quality for safety-related heating ventilation and air conditioning (HVAC) systems and associated spare parts purchased by licensees for nuclear power plants. We assessed your commercial-grade dedication activities, your screening of issues for Part 21 applicability, and your monitoring of the control of quality by your subvendors.

During this inspection, the NRC inspector determined that certain of your activities appeared to be in violation of NRC requirements. Specifically, you failed to adopt appropriate procedures to ensure the evaluation and proper reporting of deviations, as required by 10 CFR Part 21. In your December 30, 1996, letter to the NRC, you reported taking appropriate corrective actions to address evaluation of deviations, including requiring pertinent training for appropriate employees. No further response is required.

In general, the QA manual and procedures were adequate, and your staff competent. However, the NRC inspector determined that the implementation of your quality assurance program did not meet certain NRC requirements imposed on you by your customers. Specifically, you did not verify the adequacy of design of certain HVAC components and spare parts supplied to licensees, and take effective corrective actions for deficiencies in your commercial-grade dedication program, as required by 10 CFR Part 50, Appendix B.

These nonconformances are cited in the enclosed Notice of Nonconformance (NON), and the circumstances surrounding them are described in detail in the enclosed report. You are requested to respond to the nonconformances and should follow the instructions specified in the enclosed NON when preparing your response.

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In addition, the inspector determined that licensee monitoring of your quality assurance program and commercial-grade dedication activities was adequate and effective. Licensees indicated that they continue to have concerns regarding your validation of certificates of conformance and certified material test reports. Lack of validation during dedication could result in unqualified HVAC equipment or spare parts. Reassessment of dedication activities appears warranted.

In accordance with 10 CFR 2.790 of the NRC's "Rules of Practice," a copy of this letter and its enclosures will be placed in the NRC's Public Document Room.

Sincerely,

ORIGINAL SIGNED BY

Robert M. Gallo, Chief  
Special Inspection Branch  
Division of Inspection and Support Programs  
Office of Nuclear Reactor Regulation

Docket No. 99901308

Enclosures: 1. Notice of Violation  
2. Notice of Nonconformance  
3. Inspection Report 99901308/96-01

cc: See next page

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These noncompliances are cited in the enclosed Notice of Nonconformance (NON), and the circumstances surrounding them are described in detail in the enclosed report. You are requested to respond to the nonconformances and should follow the instructions specified in the enclosed NON when preparing your response.

In addition, the inspector determined that licensee monitoring of your quality assurance program and commercial-grade dedication activities was adequate and effective. Licensees indicated that they continue to have concerns regarding your validation of certificates of conformance and certified material test reports. Lack of validation during dedication could result in unqualified HVAC equipment or spare parts. Your reassessment of dedication activities would help preclude problems in this area.

In accordance with 10 CFR 2.790 of the NRC's "Rules of Practice," a copy of this letter and its enclosures will be placed in the NRC's Public Document Room.

Sincerely,

Robert M. Gallo, Chief  
Special Inspection Branch  
Division of Inspection and Support Programs  
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cc:

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