



UNITED STATES
NUCLEAR REGULATORY COMMISSION
WASHINGTON, D.C. 20555-0001

April 14, 1997

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

SUBJECT: ELLIS & WATTS REPLY OF MARCH 10, 1997, TO NRC's NOTICE OF
NONCONFORMANCE (NRC INSPECTION REPORT NO. 99901308/96-01)

Dear Mr. Pike:

Thank you for your letter of March 10, 1997, and attachments in response to the U.S. Nuclear Regulatory Commission's (NRC's) Notice of Violation and Notice of Nonconformance, dated February 10, 1997.

We have reviewed your letter and have found that it did not adequately respond to Nonconformances 96-01-02 and 96-01-04 of the subject report. On April 2, 1997, Anil Gautam of my staff contacted Craig Hunt and Roger Schertler of your staff to discuss those details of the nonconformances not addressed in your response. Both your staff members indicated that they understood the areas at issue but requested the NRC address these areas in writing.

Specifically, the March 10, 1997, letter did not fully respond to Nonconformance 99901308/96-01-02 concerning the failure to verify the adequacy of design pressure ratings of four air conditioner units (ACUs) before you supplied them to the Tennessee Valley Authority (TVA) for the Browns Ferry Nuclear Plant. Deficiencies in the cooling system resulted in system leaks and failure of the ACUs. The March 10 response addresses interaction between Ellis & Watts and TVA after the deficiency was discovered by TVA but does not address your corrective action to ensure that licensee design documents are adequate before they are used to manufacture and install safety-related equipment.

In addition, the March 10, 1997, letter did not fully respond to Nonconformance 99901308/96-01-04 regarding preventing recurrence of deficiencies in your commercial-grade dedication program. During the inspection, the NRC inspector observed repetitive deficiencies in the area of commercial-grade dedication. For example, the Nuclear Utilities Procurement Issues Committee (NUPIC) audited your program in August 1995 and identified deficiencies in the areas of design control, configuration control, and commercial-grade dedication. In April 1996, NUPIC audited your corrective actions and again identified deficiencies in your dedication program. In December 1996, the NRC inspector identified similar deficiencies regarding your dedication activities. Please address measures you have taken to preclude repetition of conditions adverse to quality in the area of dedication activities.

Please respond to Nonconformances 99901308/96-01-02 and 99901308/96-01-04 within 15 days.

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Mr. Andrew Pike

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We reviewed your response to Nonconformance 99901308/96-01-03 and found that your revision to E&W document No. ENG-109, "Procedure for the Dedication of Commercial-Grade Items for Use in Nuclear Safety-Related Applications," dated March 11, 1997 (Attachment A to the March 10 letter), addressed appropriate verification of critical characteristics. We consider your response to this nonconformance adequate. Please note that licensee design documents should be adequate before using them to verify critical characteristics (Nonconformance 99901308/96-01-02).

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 G. CWALINA FOR:

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

Docket No. 99901308

Enclosure: E&W letter dated March 10, 1997. Mr. Andrew Pike, President

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Mr. Andrew Pike

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We reviewed your response to Nonconformance 99901308/96-01-03 and found that your revision to Ellis & Watts (E&W) document No. ENG-109, "Procedure for the Dedication of Commercial-Grade Items for Use in Nuclear Safety-Related Applications," dated March 11, 1997 (Attachment A to the March 10 letter), addressed appropriate E&W commercial-grade dedication plans and verification of critical characteristics. We consider your response to this nonconformance adequate.

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
Office of Nuclear Reactor Regulation

Docket No. 99901308

Enclosure: E&W letter dated March 10, 1997. Mr. Andrew Pike, President

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