



ELLIS & WATTS

(513) 752-9000

FAX (513) 752-4983

March 10, 1997

Robert M. Gallo, Chief
Special Inspection Branch
Division of Inspection and Support Programs
Office of Nuclear Reactor Regulation
Nuclear Regulatory Commission
Washington, DC 20555-0001

RE: NRC Inspection Report 99901308/96-01
Notice of Violation
Notice of Nonconformance

Dear Mr. Gallo:

In response to your letter of February 10, 1997, E&W undertook a detailed review of your findings taking the necessary action for resolution. As stated in your letter, Item 99901308/96-01-01 was corrected and closed in November. The three remaining open items are addressed herein.

E&W has revised our Engineering Procedure ENG-109, "Procedure For The Dedication of Commercial Grade Items For Use In Nuclear Safety Related Applications" addressing your findings for Items 99901308/96-01-03 and 99901308/96-01-04. The revised procedure can be found in Attachment A. E&W believes this revision is completely responsive to your audit findings and will close these items.

Item 99901308/96-01-02 is extremely puzzling to E&W. This item was reported to the NRC under "10CFR21 Notification" dated August 28, 1994 (See Attachment B). Contrary to your finding, the deficiency was in the Bechtel/TVA Procurement Specification (See "Nature of Defect" in 10CFR21 Report No. 101 and Article iv. in attachment 1 of Report No. 101 included herein as Attachment B). Note that numerous design reviews held by E&W/TVA/Bechtel failed to identify the Procurement Specification deficiency. Also sent to the NRC was E&W's letters dated September 7, 1995 and November 8, 1995, (See Attachment C) declining to accept a change order from TVA. The change order would delete the incorrect condenser pressure specified in the Bechtel/TVA Procurement Specification and replace the data with "vendor to provide". The reason this change order was not accepted was that the change did not correct the procurement specification. Instead, it deleted the incorrect information. This change order request was received over one (1) year after the equipment was delivered and the deficiency reported by E&W to the NRC.

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Also enclosed for your review, as Attachment D, is E&W's response to a TVA audit conducted February 14-16, 1995. Please note the "Action Taken/Proposed to Correct the Deviation" includes correcting the specification and reporting the deficiency to the NRC. Also note that E&W revised our Engineering Procedure, ENG-101, to include a review of the adequacy of the design parameters included in the customer specification. The above information should resolve Item 99901308/96-01-02.

Should you need further information concerning this matter, please contact Mr. Craig Hunt, Quality Assurance Manager, or Mr. Richard Porco, Director of Engineering. E&W stands ready to provide any additional support necessary to resolve this matter as quickly as possible. E&W takes our responsibility for nuclear safety seriously and accepts your comments and findings as an opportunity to make E&W a stronger organization.

Very truly yours,

ELLIS & WATTS

A handwritten signature in dark ink, appearing to read 'Andrew J. Pike', written over a horizontal line.

Andrew J. Pike
President

cc: Mr. William Sidberry
Ms. R. G. Newsome
Senior Analyst
Carolina Power & Light Company
P.O. Box 1551
Raieigh, NC 27602

Mr. James Johns
Supervisor, Quality Services
Duquesne Light Company
P.O. Box 4
Shippingport, PA 15077

Mr. Danny Leigh
Plant Overview Supervisor
Texas Utilities Electric Company
Energy Plaza
1601 Byran Street, 12th Floor
Dallas, TX 75201-3411

Mr. Tim Abney
Regulatory Processing
Tennessee Valley Authority
6A Lookout Place
1101 Market Street
Chattanooga, TN 37402-2801

Mr. Anil Gautam ✓
United States Nuclear Regulatory
Commission
11555 Rockwell Pike
Rockwell, MD 20852-2738

ATTACHMENT A

TO E&W LETTER DATED MARCH 10, 1997