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May 2, 1997

Document Control Desk
U.S. Nuclear Regulatory Commission
11555 Rockville Pike
Rockville, MD 20852

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

Reference: Docket No. 99901307 - NRC Inspection Report 99901307/96-01 and Notices of Violation and Nonconformance

Dear Mr. Gallo:

ACCUTECH, a division of B&G Manufacturing Co., Inc. ("B&G"), is providing a response to the following violations and nonconformances identified in the referenced inspection:

- o two (2) violations
- o five (5) nonconformances
- o one (1) previously open nonconformance directed to Mr. C. Scott Akers Jr., Chief Executive Officer of Cardinal Industrial Products, L.P. ("Cardinal") on December 30, 1994 (99901076/94-01-03)

Each response is identified by its respective identification number.

VIOLATION 99901307/96-01-01

REASON FOR THE VIOLATION:

Failure to abide to existing company Standard Operating Procedure 17.002, Revision 6 which requires notifying the NRC of a 10 CFR Part 21 defect and noncompliance incident as follows:

- o notification by facsimile or telephone two (2) days after Form CF 17.2 is processed
- o written notification within thirty (30) days after Form CF 17.2 is processed

140097

ID# 13 VENDOR INSP
97-96

NRC FILE CENTER COPY

Suppliers of:

Bolts - Nuts - Studs - Threaded Rods - Machined Specials

Service Centers:

6870 N. Fathom St. Portland, OR 97217 503-286-6601	10231 General Dr. Orlando, FL 32824 407-857-5858	4660 Pine Timbers Houston, TX 77041 215-822-1925	3873 W. Oquendo Las Vegas, NV 89118 702-739-1966
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9705150251 970502
PDR GA999 EMVBCMFG
99901307 PDR

Even though B&G is not bound to take formal action under 10 CFR Part 21, and the obligation for 10 CFR Part 21 statutory notifications remains with Cardinal, the previous company ownership responsible for producing and shipping the parts associated with this incident, as a courtesy B&G did provide a written notification to the NRC and affected Cardinal customers forty-one (41) days after Form CF 17.2 was processed.

CORRECTIVE STEPS THAT HAVE BEEN TAKEN AND THE RESULTS ACHIEVED:

Execution of company Standard Operating Procedure 17.002, Revision 6.

A training session for Quality Assurance Department personnel was conducted on February 5, 1997 to ensure compliance requirements are met for Standard Operating Procedure 17.002, Revision 6.

A courtesy notification pursuant to Standard Operating Procedure 17.002, Revision 6 was processed for an incident reported on January 31, 1997.

CORRECTIVE STEPS THAT WILL BE TAKEN TO AVOID FURTHER VIOLATIONS:

Executing company Standard Operating Procedure 17.002, Revision 6.

A training session for Quality Assurance Department personnel was conducted on February 5, 1997 to ensure compliance requirements are met for Standard Operating Procedure 17.002, Revision 6.

DATE WHEN FULL COMPLIANCE WILL BE ACHIEVED:

Was achieved February 5, 1997.

VIOLATION 99901307/96-01-02

REASON FOR THE VIOLATION:

Identified defective lots with trace codes TS7 and K7 reported as a courtesy to the NRC and affected Cardinal (the previous company ownership responsible for producing and shipping the parts associated with this incident) customers by B&G on May 8, 1996, were deemed to be outside the bounds (based on weight and length of heat treatment) of suspect fasteners established by the test documented in the November 1995 Final Report associated with NRC Event No. 29257.

Because the heat treatment system used to conduct the above referenced test was functionally decommissioned/inoperative in August 1995 and it was impossible to recreate the testing method to expand the population of parts (based on weight and length of heat treatment) to meet the original test criteria in order to validate the conclusions documented in the Final Report, B&G's only recourse was to perform hardness tests on any and all inventory still on site that had been heat treated by Cardinal. Failures were noted for trace codes TS7 and K7 and were reported accordingly.

Trace code M2 was identified on January 30, 1997 as having been modeled along with trace code K7 as one of the test lots used to establish the weight and heat treatment boundaries documented in the Final Report. Because hardness test failures were determined for K7 in May 1996, test companion part trace code M2 should have been reported.

Trace code M2 was reported to the NRC and affected Cardinal customers pursuant to Standard Operating Procedure 17.002, Revision 6 on January 31, 1997.

CORRECTIVE STEPS THAT HAVE BEEN TAKEN AND THE RESULTS ACHIEVED:

A training session for Quality Assurance Department personnel was conducted on March 14, 1997 to ensure that any similar incidents reported by a customer are properly researched by the Quality Assurance Department to determine if the reported defective or suspect part was heat treated with any other discrete parts. If the research step determines that other discrete parts were heat treated in the same heat treat load, as identified by the controlling heat treat load number, a reporting action for the affected parts will be processed as stipulated below.

Contingent upon the acceptance by the NRC of B&G's forthcoming proposal to the NRC for a NRC and B&G jointly developed/released information notice stating the conditions for B&G's 10 CFR Part 21 "Reporting of Defects and Noncompliance" reporting accountability, any repeat or similar incidents for any products discovered to be shipped by B&G since July 10, 1995, the date B&G took possession of certain other Cardinal assets and records, B&G will adhere to the requirements of 10 CFR 21.21.

CORRECTIVE STEPS THAT HAVE BEEN TAKEN TO AVOID FURTHER VIOLATIONS:

As stated above, under: CORRECTIVE STEPS THAT HAVE BEEN TAKEN AND THE RESULTS ACHIEVED.

DATE WHEN FULL COMPLIANCE WILL BE ACHIEVED:

Was achieved March 14, 1997.

NONCONFORMANCE 99901307/96-01-03

DESCRIPTION OF STEPS THAT HAVE BEEN OR WILL BE TAKEN TO CORRECT THIS ITEM:

Effective January 31, 1997, B&G has been furnishing subcontracted suppliers' certifications as an identified attachment to the Certified Material Test Report to satisfy the NRC criterion.

Comment to Example No. 3: As to the concern of the macroetch test not being verified, this test was conducted on the nuts but in essence could not be conducted as complete since the center section of the bar/coil was removed by the nut producer. This test can only be fully performed on the bar/coil material. This particular item was already produced as a nut and it could not be completely verified and tested. Since the macroetch test can not be run complete on the actual nut, B&G has established a policy that if the macroetch test result is not on the material producer's mill certification as evidence of being conducted, B&G will adhere to either obtaining a section of the bar/coil prior to producing the nut or if this is unattainable, the nuts will not be used when a macroetch test is a requirement of the nut manufacturing specification.

Comment to Example No. 4: As to the concern of documentation, quality systems and controls for organizations supplying the material under discussion, Cardinal Industrial Products Corporation did audit and approve the organizations supplying the materials at the time of manufacturing. However, the records for the associated supplier audits are not obtainable because the ownership structure prior to B&G did not retain same for these particular parts that were produced in 1984. Presently, B&G is only supplying products that have records which are complete and retrievable.

DESCRIPTION OF STEPS THAT HAVE BEEN OR WILL BE TAKEN TO PREVENT RECURRENCE:

Quality Assurance personnel have been instructed to adhere to the requirements imposed by the NRC and those of the ASME Code even though many customers prefer not to receive the subcontracted suppliers certifications as attachments to the Certified Material Test Report.

Comment to Example No. 3: As to the concern of the macroetch test, Quality Assurance personnel have been instructed that the macroetch test must be on the material producer's mill certification as evidence of meeting the requirements of the specification or B&G must obtain a section of the bar/coil prior to producing the nut so that the macroetch test can be performed.

Comment to Example No. 4: As to the concern of documentation, quality systems and controls for organizations supplying materials, Quality Assurance personnel have been instructed that all documentation and records for product in the inventory system must be complete and retrievable, otherwise, the inventory product must be reevaluated for being used only for the commercial dedication process of 10 CFR50 Appendix B and 10CFR Part 21, the upgrading process of the ASME Code or used as commercial grade product.

DATES CORRECTIVE ACTIONS AND PREVENTATIVE MEASURES WERE OR WILL BE COMPLETED:

Was completed January 31, 1997.

NONCONFORMANCE 99901307/96-01-04

DESCRIPTION OF STEPS THAT HAVE BEEN OR WILL BE TAKEN TO CORRECT THIS ITEM:

As to the concern regarding PECO P.O. LS 606821, specifically order line item number 2, B&G did perform additional testing and inspections to material remaining in inventory that was used to produce the item shipped to PECO during February 1996 to ensure conformity. The customer was formally notified of this additional physical testing action on November 25, 1996.

As to the concern regarding Wisconsin Electric Power Co. P.O. 4500021861, B&G will complete additional testing and inspections for material remaining in inventory that was used to produce all order line items shipped to Wisconsin Electric Power Co. during December 1996 and January 1997 to ensure conformity. The customer will be formally notified of this additional physical testing action by no later than May 23, 1997.

DESCRIPTION OF STEPS THAT HAVE BEEN OR WILL BE TAKEN TO PREVENT RECURRENCE:

Executing company Standard Operating Procedure 22.002, Revision 0, titled: "Stock/Inventory Documentation Review Prior to Use".

DATES CORRECTIVE ACTIONS AND PREVENTATIVE MEASURES WERE OR WILL BE COMPLETED:

Execution and ongoing application of company Standard Operating Procedure 22.002, Revision 0 began in March 1997.

NONCONFORMANCE 99901307/96-01-05

DESCRIPTION OF STEPS THAT HAVE BEEN OR WILL BE TAKEN TO CORRECT THIS ITEM:

Cardinal ownership/management failed to execute company Standard Operating Procedure 17.001, Revision 5 by not generating and processing Corrective Action Reports for two (2) nonconformances described in NRC Inspection Report No. 99901076/94-01 directed to Mr. C. Scott Akers Jr. on December 30, 1994 because the then Quality Assurance Manager elected to exercise the discretionary decision option detailed in Standard Operating Procedure 17.001, Revision 5, Section 3.4 and made a determination that the two (2) incidents under discussion were invalid.

B&G will revise Standard Operating Procedure 17.001, Revision 5 to Revision 6 which deletes Section 3.4. This action will require the Quality Assurance Manager to approve and process all Corrective Action Reports. The revision will be completed on or before May 23, 1997.

DESCRIPTION OF STEPS THAT HAVE BEEN OR WILL BE TAKEN TO PREVENT RECURRENCE:

Before May 23, 1997: operationally ignore Standard Operating Procedure 17.001, Revision 5, Section 3.4.

After May 23, 1997: operationally execute Standard Operating Procedure 17.001, Revision 6.

DATES CORRECTIVE ACTIONS AND PREVENTATIVE MEASURES WERE OR WILL BE COMPLETED:

Will be completed on or before May 23, 1997.

NONCONFORMANCE 99901307/96-01-06

DESCRIPTION OF STEPS THAT HAVE BEEN OR WILL BE TAKEN TO CORRECT THIS ITEM:

It is B&G's position that company Standard Operating Procedure 22.001, Revision 2 was originally implemented in 1987 to handle Cardinal Industrial Products Corporation (CIPC) bankruptcy proceedings material sales to the subsequent new ownership known as Cardinal Industrial Products Corporation, a division of Hub, Inc. Hub, Inc. sold the assets of Cardinal Industrial Products Corporation to Cardinal Industrial Products, L.P. in May 1993. B&G purchased the name and certain other assets from Cardinal Industrial Products, L.P. in July 1995. Consequently, Standard Operating Procedure 22.001, Revision 2 was and is inappropriate for use by B&G.

In order to comply with the NRC's observation and nonconformance finding, B&G has developed and implemented company Standard Operating Procedure 22.002, Revision 0, titled: "Stock/Inventory Documentation Review Prior to Use".

DESCRIPTION OF STEPS THAT HAVE BEEN OR WILL BE TAKEN TO PREVENT RECURRENCE:

Executing company Standard Operating Procedure 22.002, Revision 0.

DATES CORRECTIVE ACTIONS AND PREVENTATIVE MEASURES WERE OR WILL BE COMPLETED:

The execution of company Standard Operating Procedure 22.002, Revision 0 began in March 1997. Because same is executed on an as required basis, it is estimated that any/all inventory items subject to this procedural review will be reviewed by December 31, 1997. No material purchased by B&G from Cardinal will be shipped by B&G without being subjected to the requirements of Standard Operating Procedure 22.002, Revision 0.

NONCONFORMANCE 99901307/96-01-07

DESCRIPTION OF STEPS THAT HAVE BEEN OR WILL BE TAKEN TO CORRECT THIS ITEM:

Execution of company Standard Operating Procedure 17.002, Revision 6.

A training session for Quality Assurance Department personnel was conducted on February 5, 1997 to ensure compliance requirements are met for Standard Operating Procedure 17.002, Revision 6.

Form CF 17.2 was generated on January 31, 1997 for heat lot K7 in accordance with the requirements of company Standard Operating Procedure 17.002, Revision 6.

DESCRIPTION OF STEPS THAT HAVE BEEN OR WILL BE TAKEN TO PREVENT RECURRENCE:

Executing company Standard Operating Procedure 17.002, Revision 6.

A training session for Quality Assurance Department personnel was conducted on February 5, 1997 to ensure compliance requirements are met for Standard Operating Procedure 17.002, Revision 6.

DATES CORRECTIVE ACTIONS AND PREVENTATIVE MEASURES WERE OR WILL BE COMPLETED:

Was completed February 5, 1997.

NONCONFORMANCE 99901076/94-01-03 (OPEN)

DESCRIPTION OF STEPS THAT HAVE BEEN TAKEN OR WILL BE TAKEN TO CORRECT THIS ITEM:

It is B&G's position not to defend the rationale presented in the referenced August 30, 1995 correspondence (the last in a series of letters submitted to the NRC beginning January 30, 1995 since the subject nonconformance was formally presented to Cardinal on December 30, 1994 which was prior to the acquisition of Cardinal's name and certain other assets by B&G on July 10, 1995) to the NRC describing the company's sampling plan criteria.

Instead, B&G is presenting the attachment dated April 15, 1997 titled "ACCUTECH SAMPLE PLAN METHODOLOGY" to the NRC for technical review/acceptance which provides a documented basis/foundation of applicability. This plan exceeds the product sampling confidence level of the previous company sampling plan described in the August 30, 1995 correspondence directed to the NRC. Additionally, it generally meets or exceeds the sampling plan confidence level described in the NRC's draft plan dated February 1997 titled "SAMPLING PLANS FOR DEDICATING SIMPLE, METALLIC COMMERCIAL GRADE ITEMS AT NUCLEAR POWER PLANTS".

DESCRIPTION OF STEPS THAT HAVE OR WILL BE TAKEN TO PREVENT RECURRENCE:

Application and use of company sampling plan as described in document titled "ACCUTECH SAMPLING PLAN METHODOLOGY".

DATES CORRECTIVE ACTIONS AND PREVENTATIVE MEASURES WERE OR WILL BE COMPLETED:

Application and use of company sampling plan as described in document titled "ACCUTECH SAMPLING PLAN METHODOLOGY" will commence May 12, 1997.

Should you have any questions concerning this response, please do not hesitate to contact me at (702) 739-1966.

Sincerely,



Roy P. Reindl
Branch Manager, Nevada