



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

March 2, 1988

Docket No. 99900403/87-06

GE Nuclear Energy
ATTN: Dr. Bertram Wolfe, Vice President
and General Manager
175 Curtner Avenue
San Jose, California 95125

Gentlemen:

This letter addresses the inspection of your facility at San Jose, California conducted by Mr. R. L. Pettis, Mr. R. P. McIntyre, and Mr. W. P. Haass of this office on November 9-12, 1987, and the discussions of their findings with Mr. J. J. Fox and members of your staff at the conclusion of the inspection.

The inspection was conducted as a follow-up to NRC Inspection Report No. 99900403/86-01, in response to allegations received by the NRC in a letter dated October 5, 1985, from the Government Accountability Project (GAP). This letter and related documents alleged deficiencies in the design control activities within the Quality Assurance (QA) program at General Electric's (GE) San Jose, California facility, during the period March 1978 to April 1982. The allegations were based on the work record of Mr. Sam A. Milam, III, a former GE employee, and on a review of Mr. Milam's work record performed by Mr. Charles E. Stokes, a consultant for GAP. GAP made documents concerning these allegations available for NRC review in February 1986. In March 1986, NRC obtained copies of these documents, including a copy of the report prepared by Mr. Stokes. In July 1986, April 1987, and August 1987, NRC conducted inspections at San Jose to review these allegations. These inspections were documented in NRC Inspection Report Nos. 99900403/86-01, 87-01, and 87-03, respectively.

Additional concerns expressed in Congressman Edward Markey's April 10, 1987 letter to NRC Chairman Lando Zech, Jr., specifically addressing the reactor mode switch, FSAR verification, deferred design verification, fire protection, and subcontractor signature related concerns have now all been reviewed and addressed within NRC Report Nos. 99900403/87-03 and this report.

Areas examined during this inspection and our findings are discussed in the enclosed report. The inspection consisted of an examination of procedures and representative records, interviews with personnel, and observations by the inspectors. Certain areas remain open pending further inspection. A significant area of concern to Mr. Milam, deferred design verification, was closed with no identification of instances where General Electric failed to meet NRC requirements.

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In accordance with 10 CFR 2.790 of the Commission's regulations, a copy of this letter and the enclosed inspection report will be placed in the NRC's Public Document Room. If this report contains any information that you believe to be exempt from disclosure under 10 CFR 9.5(a)(4), you must (a) notify this office by telephone within 10 days from the date of this letter of your intention to file a request for withholding; and (b) submit within 25 days from the date of this letter a written application to this office to withhold such information. If your receipt of this letter has been delayed so that you have less than 7 days for your review, please notify this office promptly so that a new due date may be established. Consistent with 10 CFR 2.790(b)(1), any such application must be accompanied by an affidavit, executed by the owner of the information, that identifies the document or part sought to be withheld, and that contains a full statement of the reasons that are the basis for the claim that the information should be withheld from public disclosure. 10 CFR 2.790(b)(1) further requires the statement specifically to address the considerations listed in 10 CFR 2.790(b)(4). The information sought to be withheld shall be incorporated as far as possible into a separate part of the affidavit. If we do not hear from you in this regard within the specified periods noted above, the report will be placed in the Public Document Room.

The response requested by this letter is 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,

JS

James C. Stone, Acting Chief
 Vendor Inspection Branch
 Division of Reactor Inspection and Safeguards
 Office of Nuclear Reactor Regulation

Enclosures:

1. Appendix A-Inspection Report No. 99900403/87-06
2. Appendix B-Inspection Data Sheets (9 pages)

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