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James Knubel
Senior Vice President and
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January 8, 1998
IPN-98-001
JPN-98-001

U.S. Nuclear Regulatory Commission
ATTN: Document Control Desk
Washington, DC 20555-0001

Subject: Indian Point 3 Nuclear Power Plant
Docket No. 50-286
James A. FitzPatrick Nuclear Power Plant
Docket No. 50-333
**Change to the Quality Assurance Program Description
Regarding Supplier Evaluations**

- References:
- 1.) NYPA letter (IPN-83-87), G. Berry to Director of Nuclear Reactor Regulation, "Quality Assurance Program Review," dated October 19, 1983.
 - 2.) NYPA letter (JAF-QH75-21), G. Berry to R. Reid, "Quality Assurance - Operations Amendment," dated October 20, 1975.

Dear Sir:

This letter is submitted pursuant to 10 CFR 50.4 and 10 CFR 50.54(a)(3) and requests approval of a change which modifies commitments in the previously accepted quality assurance program description. Specifically, in References 1 and 2 the Authority committed to perform an annual documented evaluation of its suppliers for Indian Point 3 and James A. FitzPatrick. The proposed change would replace these annual supplier evaluations with an alternative evaluation process. The alternative process is established and provides an ongoing evaluation of receipt inspection data, industry information, and audit/survey reports to assess the performance of the Authority's suppliers. These ongoing evaluations allow the Authority to make prompt, effective decisions regarding procurement and corrective actions relative to a specific supplier's performance.

Attachment I provides a description of the proposed change, the reason for the change, and the basis for concluding that the revised program incorporating the proposed change will continue to satisfy the criteria of 10 CFR 50 Appendix B and the Safety Analysis Report quality assurance program description commitments previously accepted by the NRC. Attachments II and III provide copies of the pages affected by this change in the Indian Point 3 and James A. FitzPatrick Nuclear Power Plants Final Safety Analysis Reports.

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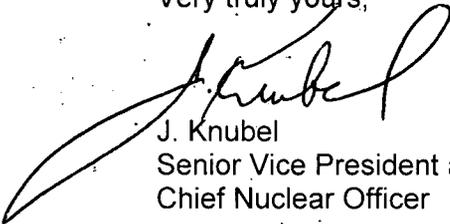


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The Authority requests NRC review and approval of this change to support implementation by March 5, 1998.

Commitments made by the Authority in this submittal are listed in Attachment IV. If you have any questions concerning this matter, please contact Ms. C. D. Faison.

Very truly yours,



J. Knubel
Senior Vice President and
Chief Nuclear Officer

Attachments: as stated

cc: Regional Administrator
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Attachment I to IPN-98-001 / JPN-98-001

**10 CFR 50.54(a)(3) Review
Proposed Changes to the Quality Assurance Program Description
Regarding Annual Evaluation of Suppliers**

NEW YORK POWER AUTHORITY

INDIAN POINT 3 NUCLEAR POWER PLANT

DOCKET NO. 50-286

DPR-64

JAMES A. FITZPATRICK NUCLEAR POWER PLANT

DOCKET NO. 50-333

DPR-59

**10 CFR 50.54(a)(3) Review
Proposed Changes to the Quality Assurance Program Description
Regarding Annual Evaluation of Suppliers**

Indian Point 3 and James A. FitzPatrick Nuclear Power Plants

A. Description

This 10 CFR 50.54(a)(3) review addresses an alternate approach to the evaluation of suppliers of safety-related equipment and services. The alternate approach takes credit for various ongoing evaluation activities which are currently performed, and eliminates the need to perform a separate, documented evaluation annually.

As indicated in Reference 1, Indian Point 3 is currently committed to Regulatory Guide 1.144, Jan. 1979, "Auditing of Quality Assurance Programs for Nuclear Power Plants", which endorses ANSI N45.2.12-1977. Regulatory Guide 1.144, Section C3.b(2), states in part,

"A documented evaluation of the supplier should be performed annually. Where applicable, this evaluation should take into account (1) review of supplier furnished documents such as certificates of conformance, non-conformances notices, and corrective actions, (2) results of previous source verifications, audits, and receiving inspection, (3) operating experience of identical or similar products furnished by the same supplier, and (4) results of audits from other sources, e.g., customer, ASME, or NRC audits."

As indicated in Reference 2, James A. FitzPatrick is currently committed to following the guidance in WASH 1283 (Reference 3) and WASH 1309 (Reference 4) which contain ANSI 45.2.12 (Draft 3, Rev. 4 - February 22, 1974). ANSI 45.2-12 states, in part,

"The requirements of this standard apply to both internal and external audits performed by or for the plant owner....Applicable elements of the Quality Assurance...program shall be audited at least annually..."

Therefore, both Indian Point 3 and James A. FitzPatrick are committed to performing documented evaluations of suppliers on an annual basis. Although FitzPatrick is not formally committed to the requirements of RG 1.144, the plant's QA program does currently perform supplier evaluations in accordance with Section C3.b(2), cited above.

The alternate approach to annual supplier evaluations proposed by the Authority consists of documented ongoing evaluations. The evaluations include, where applicable, the four requirements of Section C3.b(2) of Regulatory Guide 1.144, cited above. The results of these evaluations will be reviewed and appropriate corrective action taken. Adverse findings resulting from these evaluations will be periodically reviewed in order to determine if, as a whole, they result in a significant condition adverse to quality and to provide input to support supplier audit and surveillance activities conducted by the Authority or a third party auditing entity.

The use of an alternate method for performance of supplier evaluations results in revisions to the Indian Point 3 and FitzPatrick FSARs. These revisions are provided in Attachment II and III, respectively.

B. Reason for the Change

The proposed change for supplier evaluations is a more efficient and effective method than the currently required annual supplier evaluations. In addition, it is estimated that the adoption of the alternate method for performance of supplier evaluations would result in a total savings of approximately \$500,000 over the remaining life of the plants. This savings would be achieved without any loss of effectiveness of the control of supplier quality. Existing practices perform the function described in Regulatory Guide 1.144 more effectively and efficiently while enhancing safety through more expedient assessment of potential deficiencies.

C. 10 CFR 50.54(a)(3) Review

The evaluation of supplier performance through ongoing reviews has resulted in an increase in QA Program effectiveness. This method of supplier evaluation still performs the functions described in Regulatory Guide 1.144.

Details for accomplishing Regulatory Guide 1.144 Section C3.b.2 (1), (2), and (3) are addressed below.

The NYPA corrective action program captures concerns related to product performance. In the current environment, the predominant procurement activities are related to spare and replacement parts, new hardware as part of a modification process which is replacing obsolete equipment, or replacing poorly performing equipment. These equipment change-out activities are performed in accordance with NYPA procedures, including corrective action (for equipment deficiencies) and design change process (for upgrades or equipment replacement). Industry reliability programs are available which provide information to NYPA personnel on the performance of safety related hardware throughout the nuclear industry. Supplier concerns identified through the industry's operating experience program are addressed at the time of identification and, if necessary, are reported (e.g. 10 CFR Part 21 reports, NRC Information Notices, NRC Generic Letters, INPO SOERs, INPO SERs, Supplier Reported Bulletins, etc.). In addition, the industry has established a bulletin board through the Nuclear Procurement Issues Committee (NUPIC) which shares current data regarding supplier performance from audits, surveillances and other information. NYPA also contracts Supplier Data Bank to provide information relative to receipt inspection. James A. Fitzpatrick and Indian Point 3 Receipt Inspection Reports are submitted to Supplier Data Bank. Supplier Data Bank derives information from these reports on the performance of suppliers, types of deficiencies and high percentage deficiencies, and provides NYPA with quarterly reports. These reports also reflect similar information for a large number of the nuclear power plants in the United States. NYPA review of such information allows for quick

investigation and action on common problems. An annual supplier evaluation provides no additional value because the operating experience reviews are performed on an ongoing basis.

Details for accomplishing Regulatory Guide 1.144 Section C3.b.2 (4) are addressed below.

As described above, the industry has developed programs to share operating and vendor information. NYPA participates in NUPIC and shares audits with other members. In addition, NYPA obtains reports of NRC vendor branch inspections published quarterly as NUREG-0040. These third party audits are reviewed and actions are promptly taken as concerns are identified. An additional, annual review of these activities is not necessary because the purpose of the review is being accomplished in a more timely and effective manner.

D. Conclusion

The change, as described, will continue to satisfy 10 CFR 50, Appendix B, Criterion VII, "Control of Purchased Material, Equipment and Services", which requires that:

"The effectiveness of the control of quality by contractors and subcontractors shall be assessed by the applicant or designee at intervals consistent with the importance, complexity, and quantity of the product or services".

This requirement continues to be met through the performance of an ongoing evaluation system versus a delayed process of annual evaluation. Existing practices are performing the function described in Regulatory Guide 1.144 more effectively and efficiently through this ongoing evaluation process. Procedures will be revised to delete the requirements for annual supplier evaluations and enhance the requirements related to the performance of documented ongoing evaluations.

This change is a reduction in commitment and requires NRC approval prior to implementation. This change maintains the NYPA commitment to quality and NYPA's QA Program will remain in compliance with 10 CFR 50, Appendix B and the Safety Analysis Report quality assurance program description commitments previously accepted by the NRC.

References:

- 1.) NYPA letter (IPN-83-87), G. Berry to Director of Nuclear Reactor Regulation, "Quality Assurance Program Review," dated October 19, 1983.
- 2.) NYPA letter (JAF-QH75-21), G. Berry to R. Reid, "Quality Assurance - Operations Amendment," dated October 20, 1975.

- 3.) WASH 1283, Revision 1, "Guidance on Quality Assurance Requirements During Design and Procurement Phase of Nuclear Power Plants - Revision 1," dated May 24, 1974.
- 4.) WASH 1309, "Guidance on Quality Assurance Requirements During the Construction Phase of Nuclear Power Plant," dated May 10, 1974.

Attachment II to IPN-98-001 / JPN-98-001

FSAR Revision for Indian Point 3

NEW YORK POWER AUTHORITY
INDIAN POINT 3 NUCLEAR POWER PLANT
DOCKET NO. 50-286
DPR-64

IP3
FSAR UPDATE

15. Auditing of Quality Assurance Programs for Nuclear Power Plants
(Regulatory Guide 1.144, January 1979)

Auditing of Quality Assurance programs conforms to Regulatory Guide 1.144 with the following exception:

In lieu of annual audits of suppliers, documented ongoing evaluations of suppliers are accomplished utilizing receipt inspection data, industry information, and audit / survey reports.

Attachment III to IPN-98-001 / JPN-98-001

FSAR Revision for James A. FitzPatrick

NEW YORK POWER AUTHORITY
JAMES A. FITZPATRICK NUCLEAR POWER PLANT
DOCKET NO. 50-333
DPR-59

17.2 QUALITY ASSURANCE PROGRAM - OPERATIONS

17.2.0 INTRODUCTION

The New York Power Authority, hereinafter called the Authority, has the ultimate responsibility to assure safe and efficient production of electrical energy at the James A. FitzPatrick Nuclear Power Plant. To meet this responsibility the Authority has established a comprehensive Quality Assurance Program which applies to those structures, systems, and components of the Nuclear Power Plant that prevent or mitigate the consequences of postulated accidents that could cause undue risk to the health and safety of the public. The Program has been developed to provide adequate confidence that the plant and its components will perform satisfactorily in service. The Program requires that activities such as operations, testing, design changes, modifications, maintenance, repairs and refueling are accomplished in accordance with applicable codes, specifications and regulatory requirements.

This Program has been developed into 18 sections to comply with the respective NRC management principles delineated in Appendix B to 10 CFR 50 and Section 17.2 of the NRC Standard Review Plan NUREG-75/087 (II-24-75). It also complies with the guidance set forth in WASH 1283 (Guidance on Quality Assurance Requirements During the Design and Procurement Phases of Nuclear Power Plants), dated May 24, 1974, WASH 1309 (Guidance on Quality Assurance Requirements During the Construction Phase of Nuclear Power Plants), dated May 10, 1974, and WASH 1284 (Guidance on Quality Assurance Requirements During the Operations Phase of Nuclear Power Plants), dated October 26, 1973. One exception to these documents concerns the evaluation of suppliers. In lieu of annual audits of suppliers, documented ongoing evaluations of suppliers are accomplished utilizing receipt inspection data, industry information, and audit / survey reports.

The Quality Assurance Program requires that personnel of the Authority act in accordance with applicable requirements of this program and the procedures which support its implementation. Authority management shall give support to maintaining and implementing an effective Quality Assurance Program. Outside organizations that are delegated activities which fall within the scope of the Quality Assurance Program are required to establish and implement a Quality Assurance Program that is in compliance with applicable portions of 10 CFR 50, Appendix B, and requirements of the Authority.

Attachment IV to IPN-98-001 / JPN-98-001

Commitment List

NEW YORK POWER AUTHORITY

INDIAN POINT 3 NUCLEAR POWER PLANT

DOCKET NO. 50-286

DPR-64

JAMES A. FITZPATRICK NUCLEAR POWER PLANT

DOCKET NO. 50-333

DPR-59

Commitment List

Indian Point 3 Nuclear Power Plant

Commitment Number	Commitment	Due Date
IPN-98-001-01	In lieu of annual supplier evaluations, ongoing evaluation of suppliers will be performed and documented utilizing receipt inspection data, industry information, and audit survey reports to assess vendor performance.	Within 30 days of NRC approval of this request.

James A. FitzPatrick Nuclear Power Plant

Commitment Number	Commitment	Due Date
JPN-98-001-01	In lieu of annual supplier evaluations, ongoing evaluation of suppliers will be performed and documented utilizing receipt inspection data, industry information, and audit survey reports to assess vendor performance.	Within 30 days of NRC approval of this request.