August 22, 2011

Mr. Kenneth Hansing, Quality Assurance Manager
Exelon Nuclear Texas Holdings, LLC.
200 Exelon Way
Kennett Square, PA 19348

SUBJECT: NRC INSPECTION REPORT NO. 05200042/2011-201

Dear Mr. Hansing:

On July 18 - 21, 2011, the U.S. Nuclear Regulatory Commission (NRC) staff conducted an inspection at the Exelon Nuclear Texas Holdings, LLC (Exelon), facility in Kennett Square, PA. The purpose of this limited-scope inspection was to assess Exelon's compliance with the provisions of Title 10 of the *Code of Federal Regulations* (10 CFR) Part 21, "Reporting of Defects and Noncompliance," and selected portions of Appendix B, "Quality Assurance Program Criteria for Nuclear Power Plants and Fuel Reprocessing Plants," to 10 CFR Part 50, "Domestic Licensing of Production and Utilization Facilities." The enclosed report presents the results of this inspection. This NRC inspection report does not constitute NRC endorsement of your overall quality assurance (QA) or 10 CFR Part 21 programs.

Within the scope of this inspection, no violations or nonconformances were identified.

In accordance with 10 CFR 2.390 of the NRC's "Rules of Practice," a copy of this letter, its enclosure, and your response will be made available electronically for public inspection in the NRC Public Document Room or from the NRC's document system (ADAMS), accessible at http://www.nrc.gov/reading-rm/adams.html.

Sincerely,

/RA/

Richard A. Rasmussen, Chief
Quality and Vendor Branch 2
Division of Construction Inspection
& Operational Programs
Office of New Reactors

Docket No. 05200042

Enclosure:
Inspection Report No. 05200042/2011-201 and Attachment

Mr. Kenneth Hansing, Quality Assurance Manager
Exelon Nuclear Texas Holdings, LLC.
200 Exelon Way
Kennett Square, PA 19348

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ESP - Exelon - Victoria Mailing List (Revised 04/06/2011)

cc:

Ms. Michele Boyd
Legislative Director
Energy Program
Public Citizens Critical Mass Energy
and Environmental Program
215 Pennsylvania Avenue, SE
Washington, DC 20003

U.S. NUCLEAR REGULATORY COMMISSION
OFFICE OF NEW REACTORS
DIVISION OF CONSTRUCTION INSPECTION AND OPERATIONAL PROGRAMS
VENDOR INSPECTION REPORT

Docket No.:	05200042
Report No.:	05200042/2011-201
Vendor:	Exelon Nuclear Texas Holdings, LLC 200 Exelon Way Kennett Square, PA 19348
Vendor Contact:	Mr. Kenneth Hansing, Quality Assurance Manager Telephone: (630) 657-3013 E-mail: kenneth.hansing@exeloncorp.com
Nuclear Industry Activity:	Exelon Nuclear Texas Holdings, LLC (Exelon), headquartered in Kennett Square, PA, is one of the Nation's largest producers of energy. Exelon currently owns and operates 10 nuclear stations with 17 nuclear units. Exelon has submitted an early site permit application for the Victoria County Station to the U.S. Nuclear Regulatory Commission in accordance with the requirements of Title 10 of the *Code of Federal Regulations* (10 CFR) Part 52, "Licenses, Certifications, and Approvals for Nuclear Power Plants." The Victoria County Station site comprises approximately 11,500 acres of land and is approximately 13.3 miles south of the city of Victoria in the southern part of Victoria County, TX. The specific reactor type has not been selected.
Inspection Dates:	July 18–21, 2011
Inspectors:	Samantha Crane CQVB/DCIP/NRO, Team Leader Douglas Bollock CQVB/DCIP/NRO Eugene Huang CQVB/DCIP/NRO Shavon Edmonds CQVB/DCIP/NRO
Approved by:	Richard Rasmussen, Chief Quality and Vendor Branch 2 Division of Construction Inspection & Operational Programs Office of New Reactors

EXECUTIVE SUMMARY

Exelon Nuclear Texas Holdings, LLC
05200042/2011-201

The U.S. Nuclear Regulatory Commission (NRC) conducted this inspection to verify that Exelon Nuclear Texas Holdings, LLC (Exelon), implemented an adequate quality assurance (QA) program that complied with the requirements in Appendix B, "Quality Assurance Criteria for Nuclear Power Plants and Fuel Reprocessing Plants," to Title 10 of the *Code of Federal Regulations* (10 CFR) Part 50, "Domestic Licensing of Production and Utilization Facilities." The inspection also verified that Exelon implemented a program under 10 CFR Part 21, "Reporting of Defects and Noncompliance," that meets the NRC's regulatory requirements. The inspectors conducted the inspection at the Exelon facility in Kennett Square, PA, on July 18–21, 2011.

The following regulations served as the bases for the NRC inspection:

- Appendix B to 10 CFR Part 50
- 10 CFR Part 21

The inspectors implemented Inspection Procedure (IP) 35017, "Quality Assurance Implementation Inspection," dated July 29, 2008, and IP 36100, "Inspection of 10 CFR Part 21 and 50.55(e) Programs for Reporting Defects and Noncompliance," dated April 25, 2011, during the conduct of this inspection.

The NRC had not previously performed any inspections at the Exelon facility in Kennett Square, PA, in support of the Victoria County Station early site permit.

The results of this inspection are summarized below.

10 CFR Part 21

Exelon appropriately translated the requirements in 10 CFR Part 21 into implementing procedures and, for those activities reviewed by the inspectors, implemented them as required by Exelon procedures. No findings of significance were identified.

Organization

The inspectors found that Exelon's organization conformed to the requirements in Criterion I, "Organization," of Appendix B to 10 CFR Part 50 and that Exelon was effectively implementing its QA policies and procedures for organization. No findings of significance were identified.

Quality Assurance Program

The inspectors found that Exelon's QA program requirements conformed to the requirements of Criterion II, "Quality Assurance Program," of Appendix B to 10 CFR Part 50 and that Exelon was effectively implementing its QA policy and procedures for the QA program. No findings of significance were identified.

Oversight of Contracted Activities

The inspectors concluded that Exelon's implementation of its procurement document control program and its control of purchased material, equipment, and services program was consistent with the regulatory requirements in Criterion IV, "Procurement Document Control," and Criterion VII, "Control of Purchased Material, Equipment, and Services," of Appendix B to 10 CFR Part 50 and with the provisions in Exelon Topical Report NO-AA-10, "Quality Assurance Topical Report (QATR)," Revision 86, and associated implementing procedures. No findings of significance were identified.

Document Control

The inspectors concluded that Exelon's implementation of its document control program was consistent with the regulatory requirements in Criterion VI, "Document Control," of Appendix B to 10 CFR Part 50 and the provisions in the Exelon QATR and associated implementing procedures. No findings of significance were identified.

Corrective Actions

Based on the limited sample of corrective action requests reviewed, the inspectors concluded that the implementation of the Exelon program for corrective actions was consistent with the regulatory requirements in Criterion XVI, "Corrective Action," of Appendix B to 10 CFR Part 50. No issues of significance were identified.

Quality Assurance Records

The inspectors concluded that the implementation of the Exelon QA records program was consistent with the regulatory requirements in Criterion XVII, "Quality Assurance Records," of Appendix B to 10 CFR Part 50 and the provisions in the Exelon QATR and associated implementing procedures. No findings of significance were identified.

Audits

The inspectors concluded that Exelon's implementation of its internal audit program was consistent with the regulatory requirements in Criterion XVIII, "Audits," of Appendix B of 10 CFR Part 50 and the provisions in the Exelon QATR and associated implementing procedures. No findings of significance were identified.

REPORT DETAILS

1. 10 CFR Part 21 Program

   a. Inspection Scope

   The inspectors reviewed the policies and implementing procedures that govern the Exelon Nuclear Texas Holdings, LLC (Exelon), program under Title 10 of the *Code of Federal Regulations* (10 CFR) Part 21 "Reporting of Defects and Noncompliance," to verify its compliance with the Nuclear Regulatory Commission's (NRC) regulatory requirements. The inspectors also reviewed the Exelon procedures that govern corrective action to verify an adequate link to the 10 CFR Part 21 process. The inspector's also examined Exelon's implementation of posting requirements in accordance with 10 CFR 21.6, "Posting Requirements." The attachment to this inspection report lists the documents reviewed by the inspectors.

   b. Observations and Findings

   The inspectors verified that Exelon had effectively implemented the requirements in 10 CFR 21.21(a)(1) for evaluating deviations and failures to comply associated with substantial safety hazards and that Exelon's procedures incorporated the appropriate timelines for evaluation and reporting identified in 10 CFR Part 21. In addition, the inspectors verified that Exelon's nonconformance and corrective action procedures provided a link to the 10 CFR Part 21 program. Exelon's 10 CFR Part 21 procedures implemented the requirements in 10 CFR 21.21(d) in regard to directors or responsible officers notifying the NRC of identified defects or failures to comply associated with substantial safety hazards.

   The inspectors verified that Exelon had not performed any 10 CFR Part 21 evaluations for the Victoria County Station (VCS) early site permit application (ESPA). The inspectors verified that the corrective action and nonconformance procedures contained adequate guidance to evaluate corrective action and nonconformance reports for applicability to the requirements in 10 CFR Part 21. For a sample of corrective action and nonconformance reports, the inspectors verified that Exelon had appropriately determined that the reported issues did not need to be evaluated per the requirements of 10 CFR Part 21.

   For a sample of four purchase orders (POs), the inspectors verified that Exelon implemented the requirements in 10 CFR 21.31, "Procurement Documents," in regard to specifying the applicability of 10 CFR Part 21 in procurement documents for basic components. The inspectors also verified that Exelon implemented the requirements in 10 CFR 21.51, "Maintenance and Inspection of Records," and 10 CFR 21.6, "Posting Requirements."

   c. Conclusions

   The inspectors found that Exelon appropriately translated the requirements in 10 CFR Part 21 into implementing procedures and, for those activities reviewed by the inspectors, implemented them as required by Exelon procedures. No findings of significance were identified.

2. Organization

a. Inspection Scope

The inspectors reviewed Exelon's policies and procedures to verify that Exelon described and implemented its organization in a manner consistent with the regulatory requirements in Criterion I, "Organization," of Appendix B, "Quality Assurance Criteria for Nuclear Power Plants and Fuel Reprocessing Plants," to 10 CFR Part 50, "Domestic Licensing of Production and Utilization Facilities." In addition, the inspectors discussed the organization with Exelon management and staff. The attachment to this inspection report lists the documents reviewed by the inspectors.

b. Observations and Findings

Exelon Topical Report NO-AA-10, "Quality Assurance Topical Report (QATR)," Revision 86, provides the general requirements for the quality assurance (QA) organization, ensuring that it defines the responsibilities and authority for establishing, executing, and verifying the implementation for the performance of safety- and quality-related activities associated with the VCS ESPA. The inspectors verified that the QATR also describes the Exelon organizations responsible for performing QA program and verification activities and that those organizations have the authority, independence, and organizational freedom to identify quality problems, recommend solutions, and verify implementation of solutions. The inspectors also verified that the QATR identified the Exelon staff responsible for authorizing stop work requests or any other actions deemed necessary to avoid a significant nonconformance of the QATR.

Procedure DD-16, "Nuclear Project Development Description," Revision 3, provides the controls for the review and approval of QA program procedures and instructions, including the revisions to these documents. It also describes the specific individuals responsible for defining the overall effectiveness of the QA program. The inspectors verified that procedure NO-AA-101, "Nuclear Oversight Training Program," Revision 3, ensures the establishment and maintenance of adequate qualification requirements for QA staff throughout all levels of Exelon's QA organization for early site permit (ESP) activities. The inspectors also verified that Exelon's QA organization chart describes the organizational structure, functional responsibilities, levels of authority, and interfaces of the Exelon QA organization.

c. Conclusions

The inspectors found that Exelon's organization conformed to the requirements of Criterion I of Appendix B to 10 CFR Part 50 and that Exelon was effectively implementing the QA policies and procedures for organization. No findings of significance were identified.

3. Quality Assurance Program

a. Inspection Scope

The inspectors reviewed Exelon's policies and procedures that govern Exelon's QA program to verify that it was implementing a QA program, including training activities, in a manner consistent with regulatory requirements and industry standards. The

inspectors reviewed the program controls and the personnel training and qualification process to verify conformance with the requirements in Criterion II, "Quality Assurance Program," of Appendix B to 10 CFR Part 50. In addition, the inspectors discussed the QA program controls and personnel training and qualification process with Exelon management and technical staff. The attachment to this inspection report lists the documents reviewed by the inspectors.

b. Observations and Findings

The inspectors verified that Exelon's QATR has adequate controls in place for ensuring that the applicable portion of the QA program is properly documented, approved, and implemented before the start of an activity within the scope of the QA program. In addition, for a sample of training procedures and records, the inspectors verified that Exelon had adequately implemented procedures for the indoctrination and training of personnel who perform activities that affect quality.

c. Conclusions

The inspectors found that Exelon's QA program requirements conformed to the requirements in Criterion II of Appendix B to 10 CFR Part 50 and that Exelon was effectively implementing the policy and procedures of its the QA program. No findings of significance were identified.

4. Oversight of Contracted Activities

a. Inspection Scope

The inspectors reviewed the Exelon policies and procedures for procurement document control and control of purchased material, equipment, and services to verify compliance with Criterion IV, "Procurement Document Control," and Criterion VII, "Control of Purchased Material, Equipment, and Services," of Appendix B to 10 CFR Part 50. In addition, the inspectors reviewed a sample of POs, the approved vendors list (AVL), external audit reports, and the supplier evaluations to evaluate compliance with program requirements and adequate implementation of those requirements. The inspectors also reviewed the qualifications of auditors and corrective actions that address deficiencies identified by the audit findings for adequacy and timeliness. The attachment to this inspection report lists the documents reviewed by the inspectors.

b. Observations and Findings

b.1 Procedural Controls for the Release of Procurement Documents

Chapter 4, "Procurement Document Control," of the QATR establishes the measures and governing procedures to ensure that purchased items and services are subject to the appropriate technical, quality, regulatory, and administrative requirements. Applicable technical, regulatory, administrative, quality, and reporting requirements (such as specifications, codes, standards, tests, inspections, special processes, and the requirements of 10 CFR Part 21) are invoked for the procurement of items and services.

Procedure SM-AC-402, “Services Procurement Procedure,” Revision 8, provides general guidance in regard to the control and required responsibilities for the procurement of services and materials. Procedure SM-AA-405, “Nuclear Contract Services Procurement,” Revision 9, provides specific guidance for the procurement of materials, equipment, and contracted services and the controls for corresponding procurement documents. Procedure SM-AA-300, “Procurement Engineering Support Activities,” Revision 6, establishes the engineering review, quality, and technical requirements for items and services and ensures that procurement documents clearly identify applicable requirements. SM-AC-402 provides the requirements and recommendations for the preparation, revision, and issuance of special QA documents. These documents are standardized procurement requirements that are imposed on all procurement documents, as applicable.

The inspectors determined that the documents that control the procurement process provide sufficient guidance to ensure that Exelon imposes the necessary technical, quality, regulatory, and administrative requirements on its vendors.

b.2 Implementation of Exelon Purchase Orders

The inspectors reviewed POs 00422826, 00465478, 00428898, and 00429239, which are associated with the development of the VCS ESP, to determine whether the requirements identified in the procedures were imposed on applicable purchasing documents. The inspectors found that the POs adequately documented the procurement requirements that Exelon established in its governing policies and procedures. The documentation included task definitions and responsibilities; the imposition of appropriate quality, technical, and regulatory requirements; and the identification of applicable codes and standards. The inspectors also found that the POs adequately defined contract deliverables, the disposition of nonconformances, access rights to subtier suppliers, and the extension of contractual requirements to subcontractors.

In addition, the inspectors confirmed that all the POs reviewed invoked the requirements in 10 CFR Part 21 and Appendix B to 10 CFR Part 50.

b.3 Maintenance of the Approved Vendors List

Chapter 7 of the Exelon QATR discusses the maintenance and control of the AVL. Exelon controls the AVL using PASSPORT, a computer-based document and work control tool, and it maintains and updates PASSPORT continuously.

The inspectors verified that the AVL documented the following:

- the vendor name and address
- the scope of qualification
- the required limitations and restrictions, if necessary
- the date of the last survey or audit, as applicable

In addition, the inspectors verified the listings from the AVL and cross-referenced the information with applicable audit reports. The inspectors did not identify any issues in this area.

b.4 External Audits

Procedure NO-AA-500, "Approved Supplier Qualification Activities," Revision 11, establishes the requirements and methods for performing vendor surveys and audits, including the actions that will be taken to correct findings identified during surveys and audits. Procedure NO-AA-500 establishes the requirements for performing subtier supplier source verification activities and for evaluating the effectiveness of a material organization's quality program through performance assessments. The inspectors verified the Exelon approval process for a sample of external audits. The inspectors observed that the audits reviewed were adequately documented and provided evidence of the vendor's compliance with American Society of Mechanical Engineers and QA requirements. In addition, the inspectors verified that the checklists were prepared and completed for the audit and contained sufficient objective evidence to support the conclusions made.

b.5 Acceptance of Procured Design Work and Early Site Permit Application Development

Exelon is not currently performing design activities and, therefore, has not yet implemented design control procedures. Exelon has contracted for design control activities with Bechtel Power Corporation, ENERCON Services, Inc., and Sargent & Lundy. Bechtel is Exelon's prime contractor and is responsible for the development of the ESPA.

The inspectors verified that Exelon described and implemented appropriate methods for accepting contractor-developed safety-related design work, responses to NRC requests for additional information (RAIs), and initial and revised ESPA sections.

Procedure AR-AA-200, "Control of Design Analyses Prepared in Support of the COLA, ESP, and Owner's Scope of Work," Revision 2, describes the requirements for preparing, reviewing, approving, and controlling design analyses in support of the ESP process. The procedure applies to both design work performed by Exelon and by its contractors. The vendor's Appendix B to 10 CFR Part 50 program and procedures govern its design analyses; however, the analyses undergo an owner's acceptance review as described in AR-AA-200. Exelon reviews contractor-developed design analyses using Attachment 3, "Owners Acceptance Review Checklist for External Design Analysis," to AR-AA-200; resolves the comments with the preparer; and completes and documents the review on Attachment 3.

Procedure AR-AA-2001, "Early Site Permit Application Review Process," Revision 1, provides instructions for the review and approval of the VCS ESPA. The review focuses on compliance with regulatory requirements, regulatory guides, technical adequacy, accuracy, and completeness. It provides instructions for the development, review, and approval of RAI responses and future revisions to the VCS ESPA. Step 6.7 of the review process describes the development, review, and approval of NRC RAI responses and ESPA revisions, which is the same whether Exelon or its contractors develop the product. With respect to contractor-developed RAI responses, Exelon reviews the RAI and assigns a contractor to develop the response. Exelon reviews the response and documents its review and approval in Attachment 5, "NRC Request for Additional Information Response or ESPA Revision Approval Form," to AR-AA-2001. The review verifies the issuance of a signed statement of fact validation package and the

completeness and accuracy of the ESPA section. The review also determines whether the regulatory requirements have been met or whether adequate justification has been provided and determines the need for any new regulatory commitments.

For a sample of two completed owner's acceptance reviews of external design analyses and three completed RAI approvals, the inspectors verified that Exelon examined objective evidence that the procured design analyses, RAI responses, and ESPA sections met the attributes specified in the procurement documents.

c. Conclusions

The inspectors concluded that the implementation of the Exelon procurement document control and control of purchased material, equipment, and services programs was consistent with the regulatory requirements in Criterion IV and Criterion VII of Appendix B to 10 CFR Part 50 and the provisions in the Exelon QATR and associated implementing procedures. No findings of significance were identified.

5. Document Control

a. Inspection Scope

The inspectors reviewed the implementation of the Exelon document control process in support of the VCS ESPA. Specifically, the inspectors reviewed the policies and procedures that govern the implementation of Exelon's document control process to verify compliance with Criterion VI, "Document Control" of Appendix B to 10 CFR Part 50. The attachment to this inspection report lists the documents reviewed by the inspectors.

b. Observations and Findings

Chapter 6, "Document Control," of Exelon's QATR describes the requirements for ensuring that procedures are reviewed and approved before their initial use. It also specifies that changes to controlled documents are reviewed and approved by the same organizations that performed the original review and approval, unless this function is delegated to another organization. The inspectors verified that programmatic controls ensure that documents are reviewed and revised as needed when pertinent source material is changed, when the plant design is changed, or when deficiencies are identified. The inspectors also verified that qualified personnel review quality-related documents for adequacy.

Procedure AD-AA-101-1004, "Requesting Procedure and T&RM Changes," Revision 3, provides methods for requesting changes, obtaining appropriate authorizations for changes, and obtaining appropriate approvals for procedure documents. The inspectors reviewed various samplesof safety-realted RAI packages, corrective action reports, and safety-related POs to verify that Exelon's QA program properly controls the issuance of documents. The examples included safety-related RAI packages, corrective action reports, and safety-related POs. The inspectors also verified that Exelon maintains documents that attest to the quality of components used in the manufacturing process, including receiving inspections, evaluations, and audit results, to indicate that quality requirements have been met.

c. Conclusions

The inspectors concluded that the implementation of the Exelon document control program was consistent with the regulatory requirements in Criterion VI of Appendix B to 10 CFR Part 50 and the provisions in the Exelon QATR and associated implementing procedures. No findings of significance were identified.

6. Corrective Actions

a. Inspection Scope

The inspectors reviewed the implementation of the Exelon process for corrective actions. Specifically, the inspectors reviewed the policies and procedures governing the implementation of the Exelon process to verify compliance with Criterion XVI, "Corrective Actions," of Appendix B to 10 CFR Part 50. In addition, the inspectors reviewed a sample of IRs and discussed the program with Exelon personnel responsible for the implementation of the corrective action program. The attachment to this inspection report lists the documents reviewed by the inspectors.

b. Observations and Findings

The inspectors verified that Exelon has a program and procedures in place for implementing a corrective action program to correct conditions adverse to quality. The inspectors reviewed a sample of IRs to determine whether adequate identification, documentation, and disposition were undertaken to correct conditions adverse to quality and to prevent reoccurrence of significant adverse conditions to quality. The inspectors also verified that the corrective action program provided an effective connection to the 10 CFR Part 21 program.

c. Conclusions

Based on the limited sample of corrective action requests reviewed, the inspectors concluded that the implementation of the Exelon program for corrective actions was consistent with the regulatory requirements in Criterion XVI of Appendix B to 10 CFR Part 50. No issues of significance were identified.

7. Quality Assurance Records

a. Inspection Scope

The inspectors reviewed the implementation of the Exelon QA records program. Specifically, the inspectors reviewed the policies and procedures that govern the Exelon records process to verify compliance with Criterion XVII, "Quality Assurance Records," of Appendix B to 10 CFR Part 50. In addition, the inspectors discussed the records program with members of the Exelon management and technical staff. The attachment to this inspection report lists the documents reviewed by the inspectors.

b. Observations and Findings

Chapter 17, "Quality Assurance Records," of the Exelon QATR describes the requirements and the responsibilities for the collection, storage, retrieval, and

maintenance of records applicable to those records acquired and developed as a result of, or in support of, ESP activities. The inspectors verified that the Exelon QATR implemented a documented records system that provides measures for, as a minimum, the identification of records that must be maintained; classification of records; validation of records; control of distribution, handling, maintenance, and storage; and procedures implementing configuration management requirements.

Procedure AD-AA-101-1004 provides methods to ensure that procedures identify the designated persons or organizations responsible for records access, including receipt control, processing, corrections, and safekeeping. The inspectors reviewed samples of safety-related RAI packages, corrective action reports, and safety-related POs to verify that Exelon's paper and electronic records were stored in a manner that precludes deterioration, environmental effects, damage, and loss. The inspectors also verified that these samples were legible, adequate, retrievable, adequately protected, and traceable to markings.

The inspectors reviewed Exelon's standard records retention schedule to validate retention schemes of various regulatory and design records associated with ESP activities. The inspectors noted that Exelon had not assigned a retention period to the ESPA at the time of the inspection; however, Exelon had previously issued AR-00922034, "SRRS SECT.5E (L/RA-ESP) Not Established As Required," dated May 20, 2009, to fix the issue before December 31, 2011. Exelon's electronic recordkeeping systems maintained the integrity, authenticity, and acceptability of QA records during their required retention period in accordance with NRC requirements.

c. Conclusions

The inspectors concluded that the implementation of the Exelon QA records program was consistent with the regulatory requirements in Criterion XVII of Appendix B to 10 CFR Part 50 and the provisions in the Exelon QATR and associated implementing procedures. No findings of significance were identified.

8. Audits

a. Inspection Scope

The inspectors reviewed the implementation of the Exelon audit process in support of the VCS ESPA. Specifically, the inspectors reviewed the policies and procedures that govern the implementation of Exelon's audit process to verify compliance with Criterion XVIII, "Audits," of Appendix B to 10 CFR Part 50. The attachment to this inspection report lists the documents reviewed by the inspectors.

b. Observations and Findings

Chapter 18 of the QATR and NO-AA-210, "Nuclear Oversight Training Program Description," Revision 3, describe the processes for conducting audits and the detailed actions required to implement the audit program. These actions include defining the roles and responsibilities of Exelon personnel, establishing actions to correct the audit findings, and conducting independent management assessments.

The inspectors reviewed the most recent internal audits conducted at the Exelon Kennett Square facility. The inspectors noted that Exelon did not perform, as part of this internal audit, a review of its implementation of internal audits at the Kennett Square facility, which is responsible for the VCS ESP. The internal audits covered all applicable criteria in Appendix B to 10 CFR Part 50 except for Criterion XVIII. The inspectors discussed this with Exelon staff and determined that it is acceptable because Exelon uses independent auditors to conduct audits on all its programs at two Exelon facilities each year, and it conducts two independent management assessments in accordance with NO-AA-102-1001, "Independent Management Assessment," Revision 1, each year. Because all Exelon facilities and divisions follow the same processes and procedures, there is assurance that Exelon is properly evaluating its audit program. Qualified auditors conducted the audits and performed them in accordance with NO-AA-210. The inspectors verified that Exelon generated IRs for the audit findings and observations and that the IRs documented the issues and associated corrective actions. The inspectors also verified that the corrective actions were implemented.

c. Conclusions

The inspectors concluded that the implementation of the Exelon internal audit program was consistent with the regulatory requirements in Criterion XVIII of Appendix B to 10 CFR Part 50 and the provisions of the Exelon QATR and associated implementing procedures. No findings of significance were identified.

10. Entrance and Exit Meetings

On July 18, 2011, the inspectors discussed the scope of the inspection with Ms. Maralyn Kray, Exelon Vice President of Nuclear Project Development, and with the Exelon management and staff. On July 22, 2011, the inspectors presented the inspection results and observations during an exit meeting with Ms. Kray and other Exelon staff. The attachment to this report lists the entrance and exit meeting attendees and those individuals interviewed by the inspectors.

ATTACHMENT

1. ENTRANCE/EXIT MEETING ATTENDEES

Name	Title	Affiliation	Entrance	Exit	Interviewed
Samantha Crane	Inspection Team Lead	NRC/NRO	X	X	
Douglas Bollock	Inspector	NRC/NRO	X	X	
Eugene Huang	Inspector	NRC/NRO	X	X	
Shavon Edmonds	Inspector	NRC/NRO	X	X	
John Hauser	Audit Team Leader	Exelon	X	X	X
Marilyn Kray	Vice President of Nuclear Project Development (NPD)	Exelon	X	X	
Jan Renfro	Project Manager	Bechtel	X	X	X
Lou Kummer	Project Quality Assurance Manager	Bechtel	X	X	X
Chris Kerr	Senior Manager, NPD	Exelon	X	X	X
Joshua Trembley	Environmental Specialist, NPD	Exelon	X	X	X
Kenneth Hansing	NOS Audit Manager	Exelon	X	X	X
David Distel	Early Site Permit Licensing Lead	Exelon	X	X	X
Barbara Boone	Records Management Specialist	Exelon			X

2. INSPECTION PROCEDURES USED

Inspection Procedure (IP) 35017, "Quality Assurance Implementation Inspection," dated July 29, 2008

IP 36100, "Inspection of 10 CFR Parts 21 and 50.55(e) Programs for Reporting Defects and Noncompliance," dated April 25, 2011

3. DOCUMENTS REVIEWED

25352-000-GCA-QSHF-11-001-000, "Quality Services Department," Revision 0, dated May 5, 2011

25352-000-QSHS-11-001-000, "Quality Service Report," Revision 0, dated April 27, 2011

25352-102-YD4-CY00-00064, "Supplier Deviation Disposition Request," dated June 16, 2011

AR-AA-2001, "ESP Review Process," Revision 1

AD-AA-101, "Processing of Procedures and T&RMs," Revision 23

AD-AA-101-1004, "Requesting Procedure and T&RM Changes," Revision 3

AD-AA-101-F-09, “Fleet Standard Document–Corporate Approval Form,” Revision 0, dated January 1, 2011

AR-00921937, “Clarify Advanced Reactors Procedures,” dated May 20, 2009

AR-00922034, “SRRS SECT.5E (L/RA-ESP) Not Established as Required,” dated May 20, 2009

AR-00923911, “Procedures Used for New Plants Not Annotated,” dated May 26, 2009

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