UNITED STATES
NUCLEAR REGULATORY COMMISSION
REGION II
101 MARIETTA STREET, N.W.
ATLANTA, GEORGIA 30323

Report Nos.: 50-250/85-34 and 50-251/85-34

Licensee: Florida Power and Light Company
9250 West Flagler Street
Miami, FL 33101

Docket Nos.: 50-250 and 50-251 License Nos.: DPR-31 and DPR-41

Facility Name: Turkey Point 3 and 4

Inspection Conducted: Juno Administrative Office September 30, 1985:
North Lake Palm Beach District Office October 1, 1985:
Turkey Point Site October 2-4, 1985

Inspectors: J. J. Blake for W. P. Kleinsorge — 10/24/85 Date Signed

J. J. Blake for L. H. Jackson — 10/24/85 Date Signed

Approved by: J. J. Blake, Section Chief — 10/24/85 Date Signed
Engineering Branch
Division of Reactor Safety

SUMMARY

Scope: This special, announced inspection entailed 60 inspector-hours at the site during normal duty hours, in the areas of housekeeping (54834B), material identification control (42902B) and material control (42940B) (Units 3 and 4) and Gulfalloy supplied material (Units 3 and 4).

Results: One violation was identified - Failure to Audit Vendors Triennially - paragraph 6b(1). No deviations were identified.

REPORT DETAILS

1. Persons Contacted

Licensee Employees

*B. Abrishami, Acting Technical Department Supervisor
R. Acosta, Quality Assurance Supervisor, Turkey Point
*J. Arias, Jr., Compliance Supervisor
G. Boissy, Quality Assurance Manager
S. Brain, Power Plant Engineer
*T. Coste, Project Quality Assurance Engineer
*W. Coutier, Senior Quality Assurance Engineer
*J. Donis, Site Engineering Supervisor
*R. Englmeier, Manager, Quality Assurance Services
*R. Farach, Quality Assurance Engineer
*B. Gonodetzer, Quality Assurance Group Supervisor
*R. Hart, Licensing Engineer
G. Madden, Nuclear Licensing
*R. Marsh, Manager, Quality Assurance Procurement & Reliability
G. McKenzie, Power Plant Engineer
*P. Pace, Nuclear Licensing
*L. Wade, Quality Assurance Engineer, Backfit
N. Weems, Quality Assurance Supervisor, St. Lucie
*W. Williams, Assistant Superintendent Electrical Maintenance
*L. Wilson, Area Quality Control Supervisor
*H. Young, Plant Manager, Turkey Point

Other licensee employees contacted included engineers, technicians, and office personnel.

Other Organization

*W. Shearn, Lead Mechanical Field Engineer, Bechtel Power Corporation

*Attended exit interview

2. Exit Interview

The inspection scope and findings were summarized on October 4, 1985, with those persons indicated in paragraph 1 above. The inspectors described the areas inspected and discussed in detail the inspection findings listed below. No dissenting comments were received from the licensee.

(Open) Inspector Followup Item 250, 251/85-34-01: Caps, Covers, and Closures - paragraph 5.

(Open) Violation 250, 251/85-34-02: Failure to Audit Vendors Triennially - paragraph 6b(1).

(Open) Inspector Followup Item 250, 251/85-34-03: Deficiency Report Discrepancies - paragraph 6b(2).

The licensee did not identify as proprietary any of the materials provided to or reviewed by the inspectors during this inspection.

3. Licensee Action on Previous Enforcement Matters (92701B) (92702B)

This subject was not addressed in the inspection.

4. Unresolved Items

Unresolved Items were not identified during this inspection.

5. Independent Inspection Effort

Housekeeping (54834B), Material Identification and Control (42902B) and Material Control (42940B) (Units 3 and 4)

The inspectors conducted a general inspection of the protected area, the plant and construction warehouses, and material laydown areas to observe activities such as housekeeping, and material identification, control, and storage.

With regard to the examination above, the inspectors noted approximately fifteen safety and nonsafety-related valves and pumps, located in both the construction, and plant warehouse, with some or all the closures, to the internals of those components, missing or not intact. The above is contrary to American National Standards Institute (ANSI) standard ANSI N45.2.2-1972, Packaging, Shipping, Receiving, Storage and Handling of Items for Nuclear Power Plants (During the Construction Phase), paragraph 6.4.2(1) which requires items in storage to have caps, plugs or other closures intact. ANSI N45.2.2 is implemented by FP&L's Topical Report (FP&L TQAR 1-76A) Revision 7, dated June 7, 1984, Appendix C through Regulatory Guide 1.144, Revision 2 of May 1977. The inspectors discussed the above with the licensee who indicated that there was no FP&L documented program requirements that addressed specifically caps, plugs, and closures. At the time of this inspection, it could not be determined whether the improperly protected/stored components had been degraded. The licensee indicated that they would review their storage program relative to caps, covers, and closures and make the necessary changes. In addition, the licensee indicated that they would evaluate the above components for degradation.

Pending NRC review of the licensee's above review and evaluation, this matter will be identified as Inspector Followup Item 250, 251/85-34-01: Caps, Covers, and Closures.

Within the areas examined, no violations or deviations were identified.

6. Gulfalloy Supplied Materials (92705B) (Units 3 and 4)

a. Background

NRC Division of Quality Assurance, Vendor and Technical Training Center Programs Office of Inspection and Enforcement, Inspection Report No. 99900343/85-01 conducted at Gulfalloy Incorporated, Houston, Texas on May 6-10, 1985, identified the following discrepant conditions:

- Material on some Florida Power and Light (FP&L) orders was purchased by Gulfalloy from suppliers/manufacturers who were either surveyed/audited after the purchase order (PO) was placed or were never surveyed/audited by Gulfalloy.

- Gulfalloy shipped material to FP&L from suppliers who are American Society of Mechanical Engineers (ASME) Certificate holders, without having Quality System Certificate (Material) as required by the Gulfalloy Quality Assurance (QA) Manual.

- Gulfalloy certified on material test reports (MTR) or certificate of conformance (CC) that FP&L quality requirements applied to the purchased items, but the manufacturer's certified material test report (CMTR) did not document this fact.

- Current copies of 10 CFR Part 21 and Section 206 of the Energy Reorganization Act of 1974 were not posted in a conspicuous place at Gulfalloy.

- FP&L PO's placed with Gulfalloy specified 10 CFR Part 21 as an applicable requirement for all "Nuclear Safety-Related - QL-1" orders, Gulfalloy did not "Pass on" 10 CFR Part 21 as a requirement to material suppliers/manufacturers.

- A receipt inspection was not performed by Gulfalloy for 6, 6-inch SA-234 Tees.

- Three POs placed by Gulfalloy for nuclear-related material did not require the supplier to provide a QA program certification (suppliers QA program approved by ASME or Gulfalloy).

- A Nondestructive Examination (NDE) Vendor performed NDE services for Gulfalloy without their written practice of Training and Performance being on file at Gulfalloy. Further, there was no evidence that Gulfalloy had approved the NDE vendor's written practice of providing NDE services.

- Gulfalloy obtained the services of a pipe coating supplier without surveying or auditing the supplier.

- Gulfalloy Power Sales/Purchasing personnel had not received QA indoctrination training between 1980 and 1984.

- The cause and corrective action taken to resolve deficiencies noted in audits conducted in January 1982 and January 1984 were not documented, and in addition, reaudits were not performed in any of the deficient areas identified in the January 1982 audit.

FP&L, since mid 1978, has placed 31 purchase orders including one blanket purchase order with 107 separate Delivery Work Authorizations (DWA) for a total of 685 line items with Gulfalloy. The 685 line items represent approximately 13,000 linear feet of pipe, 2950 linear feet of tubing, 2920 piping fittings, 1320 pieces of bolting material, 650 linear feet of threaded rod, 9800 linear feet of structural shapes and 38 structural sheets. To date FP&L Quality Assurance Procurement & Reliability (QAP&R) has accepted 35% of the pipe 35% of the pipe fittings, 60% of the structural shapes and 8% of the structural sheet. The above material Gulfalloy purchased from 65 domestic and 11 foreign suppliers.

FP&L accepted Gulfalloy as an approved supplier, and placed them on the FP&L Approved Suppliers List based on an ASME survey with no audit of Gulfalloy by FP&L. As the result of an allegation discussed in NRC Report 99900343/85-01, FP&L performed a routine audit in December 1983. At the same time FP&L restricted procurement from Gulfalloy and placed special controls on uninstalled site stocked material supplied by Gulfalloy. FP&L performed additional audits of Gulfalloy in October 1984, November 1984, January 1985, February 1985 and May 1985.

In December 1984, FP&L established a computer data base to assure that all heats of material for all line items on all the FP&L POs placed with Gulfalloy would be evaluated for acceptability.

NRC Inspection Report 99900343/85-01 and the FP&L audits of Gulfalloy clearly show that FP&L POs placed with Gulfalloy for nuclear safety-related materials were marked "Nuclear Safety-Related Order QL-1". FP&L informed the inspectors that by contractual agreement with Gulfalloy "QL-1" orders from FP&L required compliance with 10 CFR Part 21 and 10 CFR Part 50 Appendix B. Unfortunately because the FP&L POs were not identified as "ASME" or "ASME Section III" a clerk at Gulfalloy did not recognize the FP&L "QL-1" POs as requiring compliance with 10 CFR Part 21 or 10 CFR Part 50 Appendix B and therefore did not place those requirements in the Gulfalloy POs placed with Gulfalloy subtier vendors. Due to the above, Gulfalloy subtier vendors were not aware that the material was for other than "Commercial Grade" application, and therefore did not certify compliance with 10 CFR Part 21 or 10 CFR Part 50 Appendix B.

The FP&L plan for the evaluation process is as follows:

QA P&R

- Identify material for site investigation in discrepant field condition reports.

- Audit Gulfalloy subtier suppliers

Site Quality Control (QC)

- Gather site documentation

  - Reviewing Inspection Reports
  - Installation Inspection Records
  - Material Transfer Records
  - Purchase Order Documentation

- Issue Nonconformance Reports (NCRs)

Site Engineering

- Establish Material Location

  - Quantity in Stores
  - Nonsafety Applications
  - Installed in Plant.

- Power Plant Engineering

  - Evaluate Material Use
  - Provide Engineering Justification
  - Perform Required Analysis
  - Provide Disposition of NCRs

b. Inspection

The inspectors discussed the implementation program for serviceability of Gulfalloy supplied materials with the licensee, reviewed the licensee's program for selection, evaluation, and auditing of suppliers/vendors, reviewed inprocess NCR Nos. 193-85, 432-85 and 473-85 reviewed audit report No. QAP 84-029, and performed a physical inspection of the segregated storage of Gulfalloy materials in warehouse and laydown area storage. The inspectors noted the following:

(1) Procurement, Receiving, and Storage (35065)

a. Quality Assurance Responsibilities

The Manager - Quality Assurance Procurement and Reliability is responsible for establishing and maintaining the Quality Assurance Departments' Approved Supplier List (QA-ASL), and periodical re-evaluation of QA-ASL identified suppliers.

b. Reference

QI7 QAS6, Revision 4 Methods for Supplier Evaluation

c. Implementation

[illegible]

The inspectors reviewed the above listed reference to confirm that it met requirements of FP&L Topical Report, FPLQATR 1-76A, Revision 7. The implementing procedure QI7 QAS6, Revision 4, was examined to determine if it had been reviewed and approved by the Manager of Quality Assurance or his designee and to verify that the procedure was available to persons performing quality related activities, and that managers were knowledgeable of the procedure.

The inspector reviewed the licensee's established methods for adding vendors to the Approved Supplier List (ASL) and the frequency of a complete licensee re-review/survey of supplier's QA.

The licensee evaluates vendors and lists them on the ASL based on the following:

(a) Supplier facility audit or survey conducted by FP&L

(b) Supplier facility audit or survey conducted by an ASME survey team.

(c) Supplier facility audit or survey conducted architect engineers, contracted engineering firms or other utilities.

(d) Letter of authorization (sale office only).

(e) Performance history of suppliers.

(f) Qualified products listing suppliers.

(g) Audit or survey received from the Coordinating Agency for Supplier Evaluation (CASE).

(h) In-house quality program evaluation.

(i) Federal agencies.

Procedure QI7 QAD6, Revision 4, paragraph 5.2, Reevaluation of Supplier Performance, requires that suppliers whose names appear on the ASL phase be reevaluated by one or more of the methods identified above every three years or sooner.

These suppliers shall be reviewed by QA personnel annually, using information from FP&L sources or any other source which may become available. Discussions with responsible management personnel indicated that ASME vendors who continue to maintain an ASME Certificate are not audited on a triennial basis.

The inspectors confirmed that Gulfalloy, an ASME vendor, had been supplying material to FP&L since 1978. The first audit of Gulfalloy (Audit 08.03 Gulfh 83.1) was performed on December 6-7, 1983. Report QAP 84-029 was issued on January 6, 1984.

The failure to audit vendors triennially is identified as Violation 250, 251/85-34-02: Failure to Audit Vendors Triennially.

(2) Deficiency Report Nos. DR-178-82 (Unit 4) and DR-408-82 associated with NCR-193-85, indicated that material test reports (MTRs) were required to be signed by a member of the manufacturer's quality organization complete with position/title. In fact, the requirement was for the signature of the supplier's quality organization member complete with position/title rather than the manufacturer's quality organization. The licensee indicated that they would make the necessary corrections to the above DRs and any other DRs with similar discrepancies. This matter will be identified as Inspector Followup Item 250, 251/85-34-03: Deficiency Report Discrepancies.

Within the areas examined, one violation was identified as noted in paragraph 6b(1).