

September 20, 2018

MEMORANDUM TO: William B. Jones, Acting Director
Division of Construction Inspection
and Operational Programs
Office of New Reactors

FROM: Kerri A Kavanagh, Branch Chief **/RA/ Paul Prescott for**
Quality Assurance Vendor Inspection Branch-2
Division of Construction Inspection
and Operational Programs
Office of New Reactors

SUBJECT: TRIP REPORT BY THE NUCLEAR REGULATORY
COMMISSION STAFF OF THE ELECTRIC POWER
RESEARCH INSTITUTE JOINT UTILITY TASK GROUP
PROCUREMENT FORUM

On August 7-9, 2018, Jonathan Ortega-Luciano and Aaron Armstrong of the Office of New Reactors (NRO), Division of Construction Inspection and Operational Programs, attended the Electric Power Research Institute (EPRI) Joint Utility Task Group Procurement Forum in Charlotte, North Carolina. The procurement forum provides open communication for EPRI members and their suppliers to discuss issues related to procurement engineering. The purpose of the staff's participation was to inform industry stakeholders on current regulatory guidance and trends in inspection findings that potentially impact the procurement process. The trip report of the staff's participation and observations is enclosed.

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SUBJECT: TRIP REPORT BY THE NUCLEAR REGULATORY COMMISSION STAFF
OF THE ELECTRIC POWER RESEARCH INSTITUTE JOINT UTILITY TASK
GROUP PROCURMENT FORUM Dated: September 20, 2018

Enclosure:
Trip Report

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DATE	9/18/2018	9/20/2018

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ELECTRIC POWER RESEARCH INSTITUTE JOINT UTILITY TASK GROUP
PROCUREMENT FORUM TRIP REPORT

Subject

This trip report documents the participation and observations made by members of the Nuclear Regulatory Commission's (NRC's) Office of New Reactors (NRO), Division of Construction Inspection and Operational Programs (DCIP), during the joint utility task group (JUTG) procurement forum held on August 7-9, 2018, in Charlotte, North Carolina.

Background/Purpose

The JUTG, sponsored by the Electric Power Research Institute (EPRI), was formed in 1989. The purpose of the JUTG is to provide open communication amongst utilities and suppliers to discuss issues related to procurement engineering. The JUTG is comprised of procurement engineering staff and management, technical supply chain personnel, supplier quality assurance personnel, supplier engineering, technical and quality staff from various utilities and suppliers.

The purpose of the NRC staff's participation at this forum was to inform industry stakeholders on current regulatory guidance and trends in inspection findings that potentially impact the procurement process. Additionally, the NRC staff identifies and addresses issues of concern that need clarification regarding regulatory compliance for implementation of procurement processes.

Discussion

Topics discussed during the forum included procurement engineering concepts, cyber security, reverse engineering, undeclared digital content, commercial-grade item dedication, application of 10 CFR 50.69 to procurement activities, additive manufacturing, and compliance with the American Society of Mechanical Engineers (ASME) Boiler & Pressure Vessel Code (BPVC).

In addition to the forums discussed above, there were presentations provided by licensees and major suppliers of the nuclear industry. Licensee's presentations included the following topics: procurement engineering and supply chain, updates on the reverse engineering guidance (EPRI 3002100678), advanced manufacturing options currently being utilized, owner repair/replacement program, and commercial grade dedication, and digital and cyber security in the industry. The staff did not identify any new issues from the questions raised during on the presentations.

The NRC staff provided a regulatory update which included trends in vendor inspection findings, issuance of regulatory guidance for quality assurance program criteria and Part 21 evaluation and reporting. The staff also presented the completion status of Regulatory Guide (RG) 1.234 and its endorsement of NEI 14-09 for the implementation of 10 CFR Part 21 evaluation and reporting. During the NRC regulatory update, the NRC staff summarized topics from the 2018 NRC hosted vendor work shop that included topics on, Vendors' Safety Culture, The NRC's Approach to Safety Culture, Reverse Engineering, Supplier Oversight Issues Identified During Recent NRC Vendor Inspections, Commercial-Grade Dedication Issues, Design and Manufacturing Under an Appendix B QA Program Versus Commercial-Grade Dedication, Commercial-Grade Dedication Challenges and Implementing the 3002002982 EPRI

Guideline. In addition, the staff presented and discussed the NRC's second and third quarter vendor inspection findings. There were no major questions related to staff's update. There were several clarification requests for the draft regulatory issue summary (RIS) associated with supplier oversight, a topic discussed during the 2018 vendor workshop. The staff provided an update to the JUTG community on the status of the RIS. Also, the staff explained the intent of this RIS and provided some brief examples of the issues associated with inadequate oversight of suppliers (domestic & international) and with suppliers not adequately imposing the requirements of Appendix B to 10 CFR Part 50 and 10 CFR Part 21 on their sub-suppliers in the procurement documents. The RIS issuance completion date is currently projected in late 2018.

The slides from the staff's presentation are publically available in the Agencywide Documents Access and Management System (ADAMS) via accession number ML18206A446.