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May 20, 1993

Chief, Rules Review and Directives Branch
Office of Administration
United States Nuclear Regulatory Commission
Washington, DC 20555

Gentlemen:

Please accept Niagara Mohawk Power Corporation's written comments for consideration into the NRC Commercial Grade Procurement Inspection Procedure #38703. These comments are submitted in response to a request in the Federal Register, Volume 58, Number 52, Page 15167, dated March 19, 1993.

Niagara Mohawk Power Corporation is an industry leader in the area of Commercial Grade Dedication processes and feels the attached comments are germane and should be included when the procedure is written.

Should you have any questions concerning our comments, please contact Mr. Dennis Weaver at (315) 349-7074.

Sincerely,

C. D. Terry
Vice-President,
Nuclear Engineering

CDT/ASP/dmb
(CGPROC.NRC)

Attachment

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NRC INSPECTION PROCEDURE 38703

COMMERCIAL GRADE PROCUREMENT INSPECTION

Comments by: Dennis P. Weaver
Supervisor, Procurement Engineers
Niagara Mohawk Power Corporation
Phone: 315-349-7074

1. The inspection procedure should clearly state that only those critical characteristics for acceptance need be verified in order to dedicate an item.
2. Ref: Section 38703B-02 02.01 It could be a significant effort for some licensees to prepare a list of all commercial grade procurements made over a two year period. It would be easier if the licensee was requested to provide more general information, such as a list of the types of items dedicated. Then specific orders could be obtained at the inspectors request. The list of component failures described two paragraphs later contains a statement relative to avoiding the request being too much of a burden. Possibly add this statement to the section requesting the list of commercial grade procurements.
3. Consider adding the following point of clarification to the first paragraph of 38703B-02 02.04.

"Dedication Package does not necessarily imply that all the information discussed below is retained in one location. The licensees may need to accumulate the records from a variety of places depending on the activity being reviewed."

4. One of the most controversial topics during the NRC Workshop was the amount to information which must be documented during the evaluation. The bulletized list of instructions under section 38703B-02 02.04 could lead an inspector to expect that a documentation package would contain all the information stated, and that anything less would represent a deficient package. Consider adding the following statement to the first paragraph of this section.

"The package, taken as a whole, must provide a satisfactory basis for dedication of the item. The package may consist of the Procurement Engineering documents, QA documents, acceptance records, referenced design documents, etc. The inspector's review of the package should be able to determine that the following issues are addressed, considering that the extent to which an evaluation is documented is commensurate with the complexity and criticality of the item. The information does not necessarily need to be presented as a thorough discussion on the procurement requirements and judgement used, but should be able to be understood by a knowledgeable Procurement Engineer in order to reconstruct the basis for procurement if necessary."

5. The first sentence in the second bullet of section 38703B-02 02.04 states:

"Determine if the important design, material and performance characteristics relevant to the safety function have been identified."

This statement, as written, does not allow any flexibility for the many situations which may be incurred. For example, in many cases the specific dimensional characteristics of an item may not be available to the utility personnel performing the evaluation. However, via source inspection or audit, we may be able to verify that acceptable controls are in place to assure that the item is properly manufactured. This can be controlled by input to the performance of the supplier evaluation. The statement above does not provide for this type of situation.

In addition, the statement of all important characteristics relevant to safety function can be a very long and expensive effort and does not recognize that the goal of the dedication process is to establish reasonable assurance. One example is printed circuit cards internal to a component, where it is only important to verify component operability. However, listing all safety functions of the card is not feasible.

A more accurate statement at this point may be:

"Verify that the acceptance characteristics chosen represent the safety function(s) of the item."

6. Section 38703B-03 contains the statement:

"Currently, due to the reduction in the number of qualified nuclear-grade vendors, licensees are increasing the numbers of commercial grade parts which they procure and dedicate for use in safety-related applications."

This statement is not the only reason, or even the primary reason, why the use of commercial grade procurement is expanding. Utilities have discovered that they are able in most cases to dedicate items as or more effectively and less expensively than our suppliers. The current statement was the initial reason years ago when dedication first became an issue, but has evolved as experience has been gained.

7. Section 03.02 provides guidance on the selection of dedication packages to review. It should be realized that the majority of items replaced are due to preventative maintenance, EQ scheduled changes and as part of troubleshooting. The number of items which are actually changed due to a premature failure are minimal, yet this seems to be where the emphasis is being placed. It may be beneficial to the inspector using this procedure to have this recognized in order to be able to proceed expeditiously with the inspection and not lose focus by trying to determine if an item really was a premature failure.
8. The second bullet on page 8 under section 03.02 (b) states that commercial grade survey reports are to be "item, design, material and performance characteristic specific (relevant to safety function)". This statement should recognize that surveys may be performed to evaluate suppliers controls of certain characteristics-therefore the specific characteristic being dedicated may not be stated in the survey report. This condition would be especially difficult to meet when a survey performed by another utility is used to qualify a supplier.

For example, a survey may be performed to evaluate a suppliers controls for supplying a valve, including design, machining, assembly and test. The valve under consideration may have a critical characteristic of pressure retention for the body of 100 psi. While this may not be specifically addressed in the survey report, the suppliers controls have been verified to be applied.

NOTE: THIS COMMENT ALSO APPLIES TO ISSUE 4(a) ON PAGE A-2

9. The first bullet under Section 03.03 contains reference to QA review and approval of procurement documents. This should be deleted since some licensees do not require in-line approval by QA of procurement documents.
10. The third bullet under 03.04 (b) states that the inspector should verify that the suppliers commercial quality controls are imposed in the procurement documents. This statement should be changed to recognize that some licensees may not invoke the suppliers controls when it has been verified that the supplier always applies the required controls and it is not necessary nor is there any value gained by stating the controls on the procurement document.

NOTE: THIS COMMENT ALSO APPLIES TO ISSUE 4(b) ON PAGE A-3

11. Section 03.05 contains information concerning review of training records for personnel performing commercial grade dedication related activities. The introduction to this section should contain a statement that it is only necessary to review the training if there is an indication that the commercial grade dedication activities have not been effectively performed.
12. Section 38703B-05 should contain a reference to the EPRI guideline under development which provides supplemental guidance on the dedication of commercial grade items. This guideline addresses many of the issues on which are comments are provided herein in a manner which utilities collectively feel is effective.
13. Appendix A Issue 1(a) "Consideration of Items Safety Function"

This discussion should clearly state that it is not expected that the licensee is to determine all the important characteristics. In many cases the licensee does not have access to this information and developing this would be an unnecessarily expense of resources.
14. Combine paragraphs 2(a) and 2(b) in Appendix A since Heat Traceability is simply a subset of Established Lot/Batch Control.
15. Appendix A Issue 3(a) should contain a statement that as an alternative to audit or survey, there are situations where the distributors actions may

be verified by receipt inspection. For example, for many commodities such as lubricants and sealants, inspection of packaging provides the necessary verification that no tampering or alteration has occurred.

16. The Definitions should be consistent with other consensus documents rather than introducing new terms and meanings.
17. The procedure should address the need to establish validity of supplier information used to evaluate commercial grade items, such as technical information supplied verbally, catalogue information, drawings, etc.
18. The example on the dedication of the elbow should indicate how close the application requirements were to the designed levels of the elbow. For example, if the elbow was a pressure class which would allow 1000 PSI, and the application under consideration was 200 PSI, performance of a tensile test may not be appropriate.
19. In the example of the spring, statements that the spring material must be similar and the dimensions must be "nominally" the same are too vague for an acceptance criteria and should not be included here as representative of a good practice. No acceptance value is stated for the Surface Condition NDE.
20. The failure consequences stated for the Beam Clamp example are generally considered to be non-safety functions.