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FOIA 90-425

POLICY ISSUE

SECY-90-076

March 7, 1990

(NEGATIVE CONSENT)

For: The Commissioners
From: James M. Taylor
Executive Director for Operations

Subject: INSPECTION AND ENFORCEMENT INITIATIVES FOR
COMMERCIAL-GRADE PROCUREMENT AND DEDICATION
PROGRAMS

Purpose: To inform the Commission of proposed staff actions to address deficiencies found in licensees' control over procurement and dedication of commercial-grade items for safety-related applications, and to request Commission approval for termination of current enforcement actions for programmatic findings in this program area pending additional staff and industry actions during the next year.

Background: During the past three years, headquarters and regional personnel have conducted 13 team inspections of licensees' procurement and dedication programs. These inspections have identified a common, broad programmatic deficiency in licensees' control over the procurement and dedication of commercial-grade items. In a number of cases, licensees have not maintained programs to ensure the suitability of equipment for use in safety-related applications as required by 10 CFR Part 50, Appendix B, Criterion III. These 13 inspections resulted in the identification of 8 Severity Level III violations and 3 Severity Level IV violations. At one plant, the violations were not individually assigned a Severity Level but were considered a Severity Level III problem and enforcement discretion was used, as provided under the shutdown policy, based on the licensee's corrective actions (see 10 CFR Part 2, Appendix C, Section V.G.2). Only one plant inspected had no violations issued in this program area.

In the last year, NRC has issued four escalated enforcement actions for inadequate commercial-grade procurement and dedication programs. In two of the cases, licensees paid the civil penalty (Trojan, \$75,000, EA 89-06 and Prairie Island, \$25,000, EA 89-135). In two other cases, the licensees have contested the proposed penalties and the

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staff has the cases under consideration for imposition (WXP-2, \$50,000, EA 89-130 and Crystal River, \$50,000, EA 89-172). There are currently four other pending enforcement actions involving commercial-grade procurement and dedication issues. Severity Level IV violations have been identified at both Maine Yankee and Palo Verde, and recent inspections at Zion and River Bend have identified potential enforcement findings that appear to reach the threshold for Severity Level III violations.

In March 1989, the staff issued an Advance Notice of Proposed Rulemaking (ANPR), "Acceptance of Products Purchased for Use at Nuclear Power Plant Structures, Systems, and Components" (SECY 89-010), which requested public comment on improvements needed for procurement, receipt inspection and testing, and dedication programs. A separate Commission paper (SECY 90-57) provides a summary of the analysis of the public comments on the ANPR and proposed staff actions regarding the proposed rulemaking in the area of procurement, receipt inspection and testing, and dedication programs. Also in March 1989, the staff issued Generic Letter 89-02, "Actions to Improve the Detection of Counterfeit and Fraudulently Marketed Products" which provided NRC's conditional endorsement of an industry standard describing methods for commercial grade procurement and dedication.

Discussion:

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The staff will continue to work with the Nuclear Management and Resources Council (NUMARC) to ensure that the industry is clearly informed of the NRC's expectation that licensees will implement needed improvements in their programs. The industry is already committed to a NUMARC initiative to implement by January 1990 the "EPRI (Electric Power Research Institute) Guidelines for the Utilization of Commercial-Grade Items in Nuclear Safety-Related Applications" (NCIG-07).

Ten years ago, most licensee procurements were for major assemblies from approved vendors with Appendix B programs. Presently, licensees are increasingly procuring commercial-grade replacement parts for use in safety-related applications.

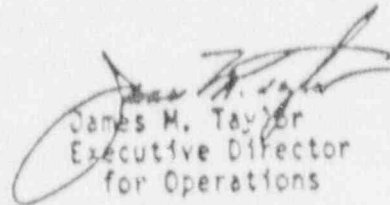
NRC inspections have determined that a number of licensees have not performed this dedication process adequately.

Recommendation:

Note the staff will continue to work with NUMARC to clearly state NRC expectations and positions on effective licensee procurement and dedication programs. Note also that the staff will continue to develop the basis for a proposed rule in this program area as discussed in SECY 90-057.

Coordination:

The Office of the General Counsel has reviewed this paper and has no legal objection to the staff's proposal.


James M. Taylor
Executive Director
for Operations

NOTE: In the absence of instructions to the contrary, SECY will notify the staff on Friday, March 23, 1990, that the Commission, by negative consent, assents to the action proposed in this paper.

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