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Westinghouse
Electric Corporation

Energy Systems

Box 355
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May 9, 1991
NS-NRC-91-3586

Brian K. Grimes, Director
Division of Reactor Inspection and Safeguards
Office of Nuclear Regulation
Nuclear Regulatory Commission

Dear Mr. Grimes:

This letter is in response to your April 10, 1991 letter to Mr. Gary M. Clark, Executive Vice President, Industries and Corporate Resources, Westinghouse Electric Corporation, on the subject of the NRC concerns pertaining to the sale by Westinghouse Electric Supply Company (WESCO) of Albany, New York, in April, 1988 of 254 molded case circuit breakers (MCCBs) to Spectrum Technologies USA, Inc. (Spectrum), of Schenectady, New York. In your letter, you requested that Westinghouse specifically describe under oath of affirmation the actions that have been or will be taken to correct these items and prevent recurrences, including a schedule for any future actions.

We welcome this opportunity to summarize our actions in response to your concern. Although we do not fully agree with the characterization of the events as described in your letter, we continue to share your concern about the quality of products provided to nuclear facilities and have taken appropriate actions to correct these items and prevent recurrences. Following is a summary of our perspective on this matter and the description of our actions to prevent recurrence.

Although reference is made to the April, 1988 order, the general problem of passing off remanufactured circuit breakers as new and the counterfeiting of labels by the grey market (third party brokers) first came to our attention in late June, 1988. WESCO Albany's purchase from HLC was one of many occurring across the country from similar sources in the name of customer service, because Westinghouse had discontinued manufacture of so many MCCB designs over the years (as did other circuit breaker manufacturers). Most such applications, of course, were and are for the commercial and industrial customers; a very small percentage went to utilities.

Beginning in June 1988, WESCO took the following vigorous action to ensure that its branches were in compliance with Corporate policy and further directives were promulgated to address concerns with the grey market. WESCO immediately removed ten suspect grey market suppliers (an eleventh was subsequently

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removed) from its approved supplier's list to prevent future procurement and set aside all products from these suppliers. WESCO issued letters to key Branch, Region, Division and headquarters personnel reminding them of the existing Corporate policy on safety related equipment and the WESCO policy that in no event should the WESCO branch alter the contents of the certificate or request that the manufacturer send out a blank certificate to the branch.

Westinghouse Distribution and Control Business Unit (DCBU) also took action to address these concerns. In conjunction with the Nuclear Services Division, DCBU developed and qualified physical replacements for many older, obsolete MCCBs and provided factory tested re-manufactured MCCBs for limited applications. DCBU modified its manufacturer's seal and nameplate to make them more tamper resistant. Finally, in cooperation with DCBU, NSD established the Beaver, PA. MCCB manufacturing facility as the preferred source of commercially dedicated Westinghouse MCCBs.

To address the utility's need for MCCBs, Westinghouse replaced the 254 MCCBs with new breakers commercially dedicated at Westinghouse corporate commercial dedication facilities. Westinghouse, jointly with UL, General Electric and Square D, filed suit against the eleven suppliers for alleged violations of trademark laws after an extensive investigation during which Westinghouse examined approximately 200 suspect MCCBs.

As a result of our discovery that many utilities and third parties were procuring commercial grade items without identifying the ultimate application, Westinghouse strengthened its corporate policy to require that dedication services be performed under the direction and supervision of the Energy Systems Business Unit (ESBU) and to require notices on commercial grade products to ensure that customers are not misled in any way by commercial grade product documentation. As a result, WESCO and other corporate operations dealing in products used in nuclear plants will include notices in future proposals and product literature stating that these products may not be suitable for use in nuclear plants and that published information should not be relied upon as the basis for dedication of commercial grade products for use in nuclear safety related applications. ESBU remains the focal point for processing all nuclear safety related equipment and parts orders. In addition, ESBU has been chartered with responsibility for ensuring that the corporation is properly implementing the policy. We continue to work with NUMARC and the industry in the area of procurement practices, including addressing the items raised in your Generic Letter 91-05 covering licensee commercial-grade procurement and dedication programs.

These prompt and decisive actions taken by Westinghouse to correct the items involved should prevent recurrences. We would welcome the opportunity to discuss our actions with you in more detail.

I hereby affirm that the information provided above is true and correct to the best of my knowledge



S. R. Tritch, Manager
Nuclear Safety Department