

U. S. NUCLEAR REGULATORY COMMISSION  
REGION V

Report Nos. 50-528/84-29, 50-529/84-23, 50-530/84-15

Docket Nos. 50-528, 50-529, 50-530

Licensee: Arizona Public Service Company  
P. O. Box 21666  
Phoenix, Arizona 85036

Facility Name: Palo Verde Nuclear Generating Station-Units 1, 2, and 3

Inspection at: Palo Verde Construction Site, Wintersburg, Arizona  
and APS Corporate Offices, Phoenix, Arizona

Inspection conducted:

Inspector:

Wm. Mark Grayson  
Wm. Mark Grayson, Radiation Specialist

9/7/84  
Date Signed

Approved by:

G. P. Yuhas  
G. P. Yuhas, Chief  
Reactor Radiation Protection Section

9/7/84  
Date Signed

Summary:

Inspection conducted July 16 to July 20 and August 6-10, 1984 (Report Nos. 50-528/84-29, 50-529/84-23, 50-530/84-15)

Areas Inspected: Routine unannounced inspection of the licensee's programs for procurement, handling, storage, and preservation of safety related materials.

The inspection involved 76 hours onsite by one inspector.

Results:

Of the 2 areas inspected, 2 violations were identified, failure to follow procedures (see paragraphs 3 and 4), and failure to establish procedures which prescribe how safety related activities are to be conducted (see paragraph 2).

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## DETAILS

### 1. Persons Contacted

- D. B. Karner, Assistant Vice President Nuclear
- W. E. Ide, Corporate Quality Assurance Manager
- 1 L. A. Souza, Assistant Corporate Quality Assurance Manager
- 1,2 C. N. Russo, Quality Audits/Monitoring Manager
- 1,2 B. S. Kaplan, Procurement Quality Manager
- 1,2 C. T. Lewis, Procurement Quality Supervisor
- T. D. Shriver, Quality Systems Engineering Manager
- R. C. Fullmer, Vendor Quality Supervisor
- 2 M. T. Sweigart, Receiving Inspection Lead
- A. T. Ramey, Quality Systems Supervisor
- K. P. Anderson, Training/Certification Coordinator
- 1 R. A. Boughman, Procurement Receiving Engineer
- L. M. Wells, Procurement Receiving Engineer
- 1 J. E. Smith Jr., Compliance Engineer
- 1,2 M. Dougherty, Material Control Supervisor
- 2 A. E. Ettinger, Manager Purchasing and Contracts
- 1 S. M. Moyers, Manager Maintenance Systems Engineering
- A. R. Matura, Engineer Procurement Quality
- 1,2 G. L. Irick, Quality Assurance Engineer
- 1 P. I. Ramakant, Maintenance Systems Engineering
- 1,2 J. N. Tench, Administrative Services
- 1 J. W. Tills, Supervisor Maintenance Systems Engineering
- R. H. Roehm, Quality Assurance Engineer-Bechtel
- J. T. Banow, Jr., Electrical Engineering Supervisor
- C. L. Guthrie, Site Administrative Manager
- J. D. Roberts, Material Control - Bechtel
- 2 D. B. Fasnacht, Nuclear Construction Manager
- 2 K. W. Gross, Compliance Engineer
- 2 T. J. Bloom, Licensing Engineer
- 2 R. W. Ferguson, Start-up Engineer
- 2 H. W. McCarthy, Project Engineer
- J. C. Matteson, Quality Assurance Engineer
- 1,2 R. P. Zimmerman, Senior Resident-NRC

Note: 1 Denotes presence at pre-exit briefing.  
2 Denotes presence at the exit interview.

### 2. Procedures and Documents Reviewed

The principle licensee documents and implementing procedures reviewed during this inspection include:

#### General

Final Safety Analysis Report (FSAR) - Sections 3.2 and 17.2  
Criteria Manual  
30AC-9ZZ01 Work Control

Quality Assurance Procedures

QADP 6.2 Review of Procurement Documents  
 QADP 7.0 Approved Vendors List  
 QADP 7.1 Vendor Survey  
 QADP 7.2 Vendor Quality Assurance Program Evaluation  
 QADP 7.2 Procurement Quality Receiving Inspection and Warehouse  
           Monitoring  
 QADP 10.0 Certification of Inspection Personnel  
 QADP 10.1 Vendor Planning  
 QADP 16.0 Corrective Action  
 QADP 16.1 Initial Review of Conditions Adverse to Quality for  
           10 CFR Part 21 and 10 CFR 50.55(e) Reportability  
 QADP 18.0 Quality Auditing  
 QADP 18.1 Quality Monitoring Activities  
 60AC-OZZ02 Control of Nonconforming Items

Procurement Procedures

73AC-OZZ01 Quality Classification for Structures, Systems, Components,  
           and Spare Parts  
 12AC-OZZ02 Purchasing of Materials, Equipment, and Services  
 12AC-OZZ03 Quality Related Procurement Methods

Material Handling and Storage Procedures

12AC-OZZ01 Inventory Control  
 12AC-OZZ04 Returning Material to Warehouse  
 12AC-OZZ05 Material Receiving  
 12AC-OZZ06 Material Storage  
 12AC-OZZ07 Requisitioning Material From PVNGS Operations Warehouse  
 12AC-OZZ08 Transferring of Items From Site Contractors  
 12AC-OZZ015 Control of Over, Short and Damaged Material  
 62-AC-OZZ01 Receiving Inspection

This inspection was conducted utilizing only approved revisions of procedures in effect as of July 16, 1984. Discussions with licensee representatives indicate that some of the procedural deficiencies identified during the inspection may be covered by procedures which are in the developmental stages or which have not gone through required reviews and approvals. Due to the somewhat uncertain time frame and potential for change to procedures which have not been reviewed and approved, procedure adequacy was evaluated by comparison of licensee safety-related activities against procedural controls in effect as of July 16, 1984. Based on this review the following observations and deficiencies were noted:

- a. The licensee is utilizing purchase order attachments IM through 5M to identify technical and quality requirements imposed on a particular quality-related purchase order. Review of licensee implementing procedure 12AC-OZZ03, Quality Related Procurement Methods, Revision 0, effective February 14, 1983 does not describe the use of these standardized attachments in the procurement process.

- b. The licensee on July 18, 1984 was found to be utilizing a cone tracking system to aid in the identification and location of quality related materials within the Arizona Public Power Service Company Warehouse (222). This system is not described or controlled by licensee procedures. During the walkthrough of the licensee's storage areas on July 18, 1984 it was noted that the description of what materials were controlled by cones 230, 260, 725 in the Quality Related Material Receiving Log did not correlate with the materials currently identified by the same cone numbers.
- c. Licensee procedure 12AC-OZZ01, Inventory Control, Revision 0, effective February 14, 1983 does not prescribe how quality related system purchase requests and system purchase orders are developed or prescribe how quality assurance and technical requirements contained in New Part Add Forms are reviewed and approved prior to entry into the Materials Management Information System (MMIS). This procedure also does not describe the responsibilities of the Spare Parts Group, recently transferred from Maintenance to Material Control.

The proceeding three examples of inadequate procedural controls over safety-related activities were identified to licensee representatives at the exit interview as a potential violation of 10 CFR Part 50, Appendix B, Criterion V, and Section 17.2.21 of the licensee's Final Safety Analysis Report (84-29-01), (84-23-01), (84-15-01).

Inspector concerns associated with licensee Quality Assurance Procedure, QADP 16.0, Corrective Actions, are discussed in report Section 5.0.

### 3. Procurement Program

#### a. General

The licensee is utilizing a five level procurement system as identified in licensee implementing procedure 12AC-OZZ03, Quality Related Procurement Methods. Procurements were observed to be made as Level I - Specification Method, Level II-Original Equipment Manufacturer, Level III-Verification Method, Level IV-Catalogue Method, and Level V - Commercial Grade. All quality related procurements were observed to be reviewed by Procurement Quality Assurance as required by licensee implementing procedure QADP 6.2, Review of Procurement Documents.

No violations or deviations were identified.

#### b. Procurement Document Control

Licensee controls over procurement document content are principally provided by the Maintenance Systems Engineering Group pursuant to implementing procedures 12AC-OZZ02, Purchasing of Materials, Equipment and Services and 12AC-OZZ03, Quality Related Procurement Methods. Procedure 12AC-OZZ02, Purchasing of Materials, Equipment

and Services, Revision 2, Section 4.7, states that it is the responsibility of Maintenance Systems Engineering to: "...review purchase requisitions (PR's) that are Quality Related or of questionable quality classification and verify or determine the quality classification, procurement level and technical and quality requirements." Quality-related purchase orders also are reviewed by Procurement Quality Assurance pursuant to Quality Assurance procedure QADP-6.2, Review of Procurement Documents. During the inspection the following quality-related Purchase Orders (P.O.) Purchase Requisitions were reviewed:

P.O. 33400258, P.R. 006336 - ASME Nozzle and Valve Parts  
 P.O. 33101913, P.R. 006178 - Header Relief Valve Parts  
 P.O. 33400527, P.R. 009643 - ASCO Solenoid Valve  
 P.O. 33202360, P.R. 000806 - Gate Value Bonnet Seals  
 P.O. 33400476, P.R. 009896 - GE, Class IE Relay  
 P.O. 33600133, P.R. 032970 - Power Supply  
 P.O. 33500069, P.R. 009701 - Bearings and Lock Washers  
 P.O. 33202475, P.R. 000839 - Cap Plugs  
 P.O. 33202981, P.R. 009825 - Pumps Parts  
 P.O. 60079219, P.R. 919064 - Stainless Steel Pipe  
 P.O. 33400268, P.R. 006389 - Pump Seals and Gaskets  
 P.O. 60075283, P.R. 9182258 -Wire and Switchboard

Based on this review the following deficiencies in procurement documents were identified:

P.O. 34400527, P.R. 009643, for a ASCO Solenoid Valve, for use in a Safety Class #2, reactor drain outlet, did not contain the technical requirement that 10 CFR Part 21 was applicable to this purchase order.

P.O. 33400476, P.R. 009896, for a General Electric, Class IE, Seismic Category I, 4.16KV switchgear, did not contain the technical requirement that 10 CFR Part 21 was applicable to this purchase order.

P.O. 33101913, P.R. 006178, for Crosby Valve Parts, for use in a Safety Class 1, Seismic Category 1, Safety Injection Valve was procured incorrectly as Procurement Level 1, when parts were ordered by reference to Crosby catalogue part No. W-92089, which pursuant to Section 3.1 of 12AC-OZZ02, Purchasing of Materials, Equipment and Services, Revision 2, would be considered a Procurement Level IV "Catalogue Specification" type purchase.

Maintenance Systems Engineering's failure to provide effective control over purchase document content pursuant to 12AC-OZZ02, Purchasing of Materials, Equipment and Services was identified as a potential violation of licensee implementing procedures at the exit interview (84-29-02), (84-23-02), (84-15-02).

c. Procurement Auditor Qualifications

The Palo Verde Nuclear Generating Station Final Safety Analysis Report (FSAR) identifies licensee commitments to codes, standards and Regulatory Guides in Section 17.2.2.4. This Section commits the licensee to ANSI N45.2.6 for "Qualification of Nuclear Power Plant Inspection, Examination and Testing Personnel", and ANSI N45.2.23 for "Qualification of Quality Assurance Program Audit Personnel for Nuclear Power Plants" as clarified by the referenced Regulatory Guides and exceptions referenced in Section 1.8 of the FSAR. Licensee auditor training and qualification records were evaluated for a total of nine licensee representatives working in Procurement Quality Assurance. This review indicated that Procurement Quality Assurance receipt inspectors are qualified to ANSI N45.2.6 and that auditors within Vendor Quality Assurance and Procurement Quality Assurance meet the requirements of ANSI N45.2.23.

No violations or deviations were identified.

d. Vendor Surveys

The licensee's program for vendor inspections was found to be consistent with FSAR Sections 17.2.7.2 and 17.2.7.3 and Quality Assurance Department Procedure QADP 7.0, Approved Vendors List. Discussions with licensee representatives during the inspection indicated that vendors can be qualified based on (1) Audits, (2) CASE qualifications, (3) ASME qualifications (if supplier is providing code items), (4) Bechtel qualification and (5) based on the suppliers APS quality history. Only one supplier the National Bureau of Standards has been qualified based on supplier history.

The inspector randomly selected eleven supplier audits conducted by Arizona Public Service Company. These audits were conducted in accordance with written checklists and were found to be consistent with FSAR and procedural requirements. None of the eleven licensee supplier audits reviewed, identified any problems with vendor quality assurance programs.

No violations or deviations were identified.

e. Licensee Use of Commercial Grade Materials

The licensee's controls and uses of "Commercial Grade" material were evaluated with respect to 10 CFR Part 50, Appendix B, and 10 CFR Part 21 requirements.

10 CFR Part 21, Section 21.3 defines the term "Basic Component" as a plant structure, system, or component or part thereof necessary to assure (i) the integrity of the reactor coolant boundary, (ii) the capability to shut down the reactor and maintain it in a safe shutdown condition, or (iii) the capability to prevent or mitigate the consequences of accidents which could result in potential offsite exposures comparable to those referred to in 100.11 of this chapter.

Basic components are required to be designed, procured, handled, shipped, and stored in accordance with 10 CFR Part 50, Appendix B quality assurance requirements. 10 CFR Part 21, Section 21.3 defines a "Commercial Grade" item as an item that is (1) not subject to design or specification requirements that are unique to licensed facilities or activities, (2) is used in applications other than licensed facilities, and (3) that is ordered on the basis of specification set forth in the manufacturers published product description. Section 21.3(a) (4) states "A commercial grade item is not a part of a basic component until after dedication", Section 21.3 (C-1) defines that "Dedication" of a commercial grade item occurs after receipt when an item is designated for use in a basic component.

A review of licensee purchase orders indicates that the licensee is procuring quality related items commercially as Procurement Level V without requiring these materials to be procured from a supplier with an approved quality assurance program. This is allowed by the regulations provided these materials are evaluated and dedicated after these materials are received onsite, prior to their application into basis components/safety related systems. Licensee representatives in quality assurance and materials handling and storage stated that, dedication/evaluation of commercially procured materials and equipment prior to application of those materials into safety related system/basic components does not formally occur after these materials are received onsite, unless the material or part is known to be technically different than the original part. Licensee representatives stated they did not have procedures which specifically address how dedication of commercially procured materials or equipment should be performed after these materials are received on site. (The above observations were discussed with the licensee during the inspection and was identified as a potential open item at the exit interview (84-29-03), (84-23-03), (84-15-03).

#### 4. Materials Handling and Storage

##### a. General

Licensee controls over the handling and storage of quality-related material were evaluated in one of the three licensee storage areas, APS Warehouse 222, due to limitations in inspection time and the nature of inspection findings. Warehousing controls were evaluated against Section 17.2.13 of the licensee's FSAR, licensee commitment to ANSI N45.2.2 - Quality Assurance Requirements for Packaging, Shipping, Receiving, Storage, and Handling of Items for Nuclear Power Plants, and licensee implementing procedures, including but not limited to 12AC-OZZ01 through 12AC-OZZ08, 12AC-OZZ015, and 62-AC-OZZ01.

b. Material Storage and Control

Traceability of materials was evaluated only for selected purchase orders. Traceability is provided by use of purchase orders in conjunction with Request on Stores (ROS), which reference the purchase order number and the work order, and use of acceptance tags for quality related items which identify the purchase order number on the tag. For specific items evaluated during this inspection the licensee was able to trace items back to the original purchase order.

Review of licensee storage conditions in APS Warehouse 222, prompted discussion as to whether the licensee's warehouse meets the temperature and humidity controls of a ANSI N45.2.2, Level B warehouse. The inspector questioned whether the high temperatures and 70% humidity indicated on the licensee's humidity indicator are consistent with this ANSI standard. Potentially inadequate temperature and humidity controls to meet ANSI N45.2.2 Level B requirements in the receiving area of Warehouse 222 was identified by the licensee in Quality Assurance Observation QP-84-0111. Although this did not specifically address the entire warehouse, the inspector discussed expansion of followup actions to include overall warehouse temperature and humidity controls with licensee representatives during the inspection and at the exit interview.

During the walkthrough of the licensee's warehouse the inspector observed that portions of receiving area were labeled with quarantine area signs when these areas were no longer being used as a hold areas. This was discussed with licensee representatives during the inspection.

Also during the walkthrough of the licensee's warehouse, a number of examples of unmarked material were observed to be sitting in the Quality Control (QC) incoming area. A review of these materials indicated that part of this material was quality related material which was material returned to stores (MRS material). Licensee implementing procedure 12AC-OZZ04 Rev. 0, Returning Material to Warehouse, states that the Material Control Section on return of materials to stores shall "Perform a receipt inspection in accordance with 12AC-OZZ05, "Material Receiving". 12AC-OZZ05, Rev. 1, Section 5.1.3.1(d) states that Material Control shall "Prepare ID labels (Appendix D) and place on material or packages." Section 5.1.3.2 states that "Material Control shall provide Quality Control (QC) personnel with the shipping documents and a copy of the Material Receiving Report (MRR) or Receiving Label (Appendix C) as applicable at the beginning of the inspection." During the inspection MRS No. 5401, P.O. JM-200 for a quality-related microswitch, and MRS No. 6019, P.O. 33100999 for quality-related stainless steel gaskets were observed to have been transferred to quality control without shipping documents or a copy of the MRR or Receiving Label, and without identification labels. This was identified as a potential violation of licensee implementing procedures at the exit interview (84-29-02), (84-23-02), (84-15-02). These materials were both returned to the warehouse in April of 1983 and have been in indeterminate status since that time.



Also in the quality control incoming area were unmarked 6", 150 lb., stainless steel gaskets. Licensee follow-up actions determined that these materials were one of three sets of gaskets ordered on P.O. 60059965. Two of the three sets of gaskets were inspected and accepted on May 23, 1983 as documented on the Quality Receiving Checklist dated May 23, 1983. One set was not accepted due to the wrong physical size of the gaskets being received, 6 inch versus 8 inch, 150 lb gaskets. Licensee implementing procedure 62-AC-0ZZ01, Rev. 3, Receiving Inspection, in Section 5.3.2.6, states that, "If the item has a material nonconformance, the Operations QC Inspector shall issue a nonconformance report (NCR) and place an NCR tag on the item in accordance with 60AC-0ZZ02 "Control of Nonconforming Items".

On May 23, 1983 during receipt inspection of P.O. 60059965, one of three sets of gaskets was received which had a material nonconformance without the Operations QC Inspector issuing an NCR, or placing an NCR tag on the item. This was identified as a potential violation of licensee implementing procedures at the exit interview (84-29-02), (84-23-02), (84-15-02).

Another example of unmarked material in the Quality Control incoming area included a Posi-Seal O-Ring from P.O. 33101244. This material had been released by Quality Control on July 25, 1983 but was not moved from the Quality Control incoming area or placed back into stock. This example of failure to identify and handle materials in accordance with licensee procedures was discussed with licensee representatives during the inspection. The licensee has taken corrective actions to properly identify and store this material.

c) Documentation/Records

Licensee implementing procedure 12AC-0ZZ02, Purchasing of Materials Equipment & Services, Rev. 2, Section 5.1.2.5 states that the Material Control designee shall "Maintain a file of all quality-related and non-quality related purchase requisitions (P.R.'s), attachments, and amendments for turnover to records management."

During the time of the inspection multiple material control purchase requisition files were found to not contain standardized attachments 1M through 5M referenced on the purchase requisitions. These attachments identify the technical and quality requirements pertaining to the purchase order. Examples of files which did not contain these attachments include P.R. file 009896 for a General Electric, Class IE, relay, and P.R. file 009643 for a ASCO, Safety Class 2, Solenoid Valve, and P.R. 000839 for safety-related plugs and gaskets. This was identified as a potential violation of licensee implementing procedures at the exit interview (84-29-02), (84-23-02), (84-15-02).

During review of licensee purchase request files maintained by Material Control the inspector identified several examples where forms were not filled in completely. This included failure to fill in class

and item numbers on request on stores (ROS), Nos. 00022249 and 00020521, and material returned to stores (MRS) No. 00000459. Examples of failure to describe intended use in accordance with 12AC-OZZ02, Purchasing of Materials, Equipment and Services, Revision 2, Section 1.3.16.4, included P.R. 000839, and P.R. 009643. These examples of failure to follow licensee implementing procedures were discussed with licensee representatives during the inspection.

d) Monthly Inspection Stored Material

12AC-OZZ06, Material Storage, Revision 1, Section 5.3.3(a) states that "Material Control shall conduct inspections of stored material on a monthly basis to assure that the integrity of the stored material and it's container is being maintained." Section 5.3.3.1 states that "A Storage Inspection Report (Appendix F) shall be used to document the inspection, any discrepancies found, and the corrective action taken. The Material Control Supervisor shall approve all corrective action and ensure it is implemented. The Quality Assurance Receiving Inspector shall be notified for discrepancies found in Quality Related Material and shall concur with the corrective action to be taken."

Licensee monthly inspection reports for 1983 and 1984 were evaluated during this inspection. Based on this review the following observations were noted:

Monthly inspection report of Warehouse 222C dated June 25, 1984, with three unsatisfactory findings was not signed by the Material Control Supervisor for approval or implementation of corrective actions.

Monthly inspection report dated April 30, 1984 failed to identify which warehouse was inspected and who conducted the inspection. Two unsatisfactory findings were identified but were not indicated to be quality-related or non-Quality-related. The Material Control Supervisor signed the form approving corrective actions on April 8, 1984, but did not sign the form for implementation of corrective actions.

Monthly inspection report dated October 6, 1983 failed to identify who conducted the inspection. Four unsatisfactory findings were identified but were not indicated to be quality-related or non-quality-related. The Material Control Supervisor signed the form approving corrective actions on November 14, 1983, but did not sign the form for implementation of corrective actions. Failure to provide and document monthly inspections of stored material in accordance with 12AC-OZZ06 was identified as a potential violation of licensee implementing procedures at the exit interview (84-29-02), (84-23-02), (84-15-02).

5. Licensee Audit Program Procurement and Materials Handling and Storage

a. General

The licensee utilizes Monitoring Reports, to document the results of narrow scope audits in addition to normal audits of program areas. Adverse Monitoring Report or audit finding can be documented in a Quality Assurance Observation (QAO) or Corrective Action Report (CAR) depending on the perceived importance of the adverse finding.

b. Documents Reviewed

The following licensee documents pertaining to procurement and warehousing activities were reviewed as part of this inspection.

Monitoring Reports PQ-84-001 through PQ-84-0020

Audit Reports - 0-83-04  
- 0-84-002

Quality Assurance Observations (QAO's)

QP-84-0110  
QP-84-0111  
QA-84-0058 through QA-84-0060

Corrective Action Reports

0-84-046D  
0-84-050D through 0-84-053D  
0-84-056D through 0-84-058D  
0-84-001D  
0-83-080D  
CP-84-170 through CP-84-172  
CP-84-174 through CP-84-177  
CP-84-179  
CA-84-0129  
CA-84-0130  
CA-84-0131

Letter C. Lewis to B. Kaplan, dated May 31, 1984 which identifies Procurement Quality Assurance Action Items

Material Control Reivew - Quality Systems Engineering, dated July 26, 1984

c) Corrective Action Reports and Controls

The inspector discussed the licensee's mechanism for Corrective Action Report (CAR) closure and verification activities with the Quality Audits/Monitoring Manager. The inspector expressed the concern that quality assurance procedure QADP 16.0, Corrective Action, Rev. 0, does not require the initiating Quality Assurance

Group to accept a CAR response or proceduralize that the initiating group should be responsible for verification activities. Inadequate involvement of the initiating group appears to have contributed in part to inappropriate closure of CAR-084-046D, dealing with problems associated with materials returned to stores (MRS material). This was discussed with the Quality Audits/Monitoring Manager who agreed this CAR should not have been closed due to inadequate verification activities. The Quality Audits/Monitoring Manager stated in a telephone discussion on July 25, 1984 that this CAR had been re-opened and would be re-reviewed by Quality Assurance Management. In addition the Quality Audits/Monitoring Manager agreed to consider modification of procedure QADP 16.0 to proceduralize having the initiating quality assurance group sign-off on suggested corrective actions and verification activities.

The inspector also discussed concerns with respect to CAR closure and the effectiveness of licensee corrective actions in light of problems identified during the inspection. Licensee representatives stated this would be evaluated as part of the management review/audit agreed to by licensee representatives at the exit interview.

d) Trend Evaluation

Based on inspection findings related to the content and control of procurement documents the inspector reviewed licensee generated Nonconformance Reports (NCR's) associated with procurement and receiving activities at the warehouse. Licensee Document Deficiency Notices (DDN's) were also reviewed in evaluating the licensee's procurement program. Review of these materials and discussions with licensee representatives prompted the inspector to request licensee representatives to determine the percentage of NCR's that were generated in the warehouse for procurement related problems, to the total number generated. Licensee generated data indicated that 74 of 93 or approximately 80% of the NCR's generated in 1983 were from the warehouse and were procurement related. Additionally the inspector pointed out that there were 190 Document Deficiency Notices generated during receipt inspection in 1983 for procurement document deficiencies. The inspector reviewed the licensee's Corporate Quality Assurance Department Semi-Annual Quality Assurance Reports for 1983 for licensee trend analysis required by Section 17.2.12 of the Final Safety Analysis Report. The inspector questioned why such a high number of procurement related problems had been identified by NCR's and DDN's in the warehouse without being picked up by the licensee's trend analysis. Further inspector follow-up activities indicated that representatives in Procurement Quality Assurance were aware of the problem and provided the inspector with a letter dated January 27, 1984 curtailing use of verbal purchase orders by Purchasing. The inspector discussed the apparent lack of effectiveness of the licensee's trend analysis for 1983 with licensee representatives at the exit interview. Licensee representatives present at the exit interview stated that the trend

analysis was not as effective in 1983 as it should be, but that this program was being revised to improve its ability to pick up trends of the type identified by the inspector. Discussions with licensee representatives responsible for trend evaluation, indicate that the licensee is revising this program in a manner which would improve trend detection capabilities. The inspector emphasized the importance of having an effective trend identification program, especially during the transition from construction to operations, and questioned how soon the revised program would be completed. Based on licensee actions to improve their trend evaluation capabilities, and licensee commitment to perform a management review/audit of areas covered during the inspection, no further action was felt appropriate at this time.

#### 6. Exit Interview

Based on the nature and type of inspection findings the inspector and Sr. NRC Resident held a pre-exit briefing with licensee management representatives (denoted in paragraph one) at the conclusion of inspection activities on August 10, 1984.

The purpose of this briefing was to apprise licensee management of inspection findings, to allow the licensee to provide any additional information having bearing on inspection findings and to allow the licensee time to provide specific information that inspector concerns had been identified by the licensee and that corrective actions were still ongoing. Inspector concerns are discussed in inspection report paragraphs 2, 3, 4 and 5. These concerns were categorized and discussed with licensee representatives as examples of failure to establish procedures which adequately address safety related activities and examples of failure to follow procedures. The inspector provided clarification that only licensee procedures in effect as of July 16, 1984 were used as the basis for conducting the inspection. This was indicated to be necessary to evaluate whether licensee procedures currently in use adequately describe and control safety related activities, to provide a basis for evaluating procedure implementation, and to evaluate licensee knowledge of procedures.

The NRC Senior Resident in consultation with the inspector and the Region V Office requested that the licensee consider committing to a management review/audit of the areas covered during the inspection.

On August 10, 1984 an exit interview was conducted with licensee representatives denoted in report paragraph one. The inspector re-summarized inspection findings. The licensee indicated that one inspection finding pertaining to failure to assure amendments to purchase orders receive the same review as the original, was a licensee identified concern which was documented in licensee Corrective Action Report (CAR 0-84-001D). As such this was not identified as an additional example of failure to follow procedures in item A of the Notice of Violation. Licensee representatives present indicated that other NRC concerns appeared

to be valid at the time of the inspection. Licensee management stated that a detailed management review/audit would be initiated in the areas of Procurement, Materials Handling and Storage, and of previous audit results and corrective actions in these areas. NRC representatives stated that the results of this management/audit would be reviewed, and that licensee follow-up actions would be evaluated during a subsequent inspection.