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TU ELECTRIC

August 14, 1992

William J. Cahill, Jr.
 Group Vice President

U. S. Nuclear Regulatory Commission
 Attn: Document Control Desk
 Washington, DC 20555

SUBJECT: COMANCHE FUEL STEAM ELECTRIC STATION (CPSES) - UNIT 2
 DOCKET NO. 50-446
 QUALITY ASSURANCE PROGRAM BREAKDOWN OF KRANCO, INC.
 SDAR: CP-92-007 (FINAL REPORT)

REF: 1) Notice of Reportable Condition SDAR-CP-92-007,
 dated July 16, 1992

Gentlemen:

On June 16, 1992, via the referenced facsimile, TU Electric notified the NRC of a condition discovered during a periodic vendor audit of Kranco, Inc., Houston, Texas, in which Kranco was no longer implementing their 10CFR50 Appendix B Quality Assurance (QA) Program. Furthermore, a Unit 2 purchase order involving 10CFR21 and 10CFR50 Appendix B requirements, was filled by Kranco during the time their program was not in effect.

Attached is the written report which satisfies the reporting requirements of 10CFR50.55(e) for CPSES Unit 2. The report has been formatted in a manner that corresponds to the specific information requested by subparts (i) through (viii) of paragraph 10CFR50.55(e)(8) of the regulation.

Sincerely,

William J. Cahill, Jr.

by: *D. R. Woodlan*
 D. R. Woodlan
 Docket Licensing Manager

JAA/ds

c - Mr. J. L. Milhoan, Region IV
 Resident Inspectors, CPSES (2)
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ADD: NRC/DL/CP/CPFB 11
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10CFR50.55(e) REPORTABLE CONDITION INVOLVING
QA PROGRAM BREAKDOWN OF KRANCO, INC.

(i) Information supplied by:

William J. Cahill, Jr.
TU Electric
400 North Olive Street, L.B. 81
Dallas, Texas 75201

(ii) The activity involved Kranco's implementation of their 10CFR50 Appendix B QA program in the supply of spare and refurbished parts for the CPSES Unit 2 polar crane.

(iii) Kranco, Inc., Houston, Texas

(iv) Failure to comply involves Kranco's lack of implementation of their 10CFR50 Appendix B QA program. Specifically, in the supply of spare and refurbished parts for the Unit 2 polar crane, Kranco failed to:

- Impose 10CFR50 Appendix B and 10CFR21 requirements on sub-tier suppliers
- Establish and maintain the qualification records of personnel performing activities affecting Quality
- Perform audits/surveillances of sub-tier suppliers

Failure of Kranco to implement their 10CFR50 Appendix B QA program may have resulted in the installation and use of substandard components in the CPSES Unit 2 polar crane. A dropped load inside containment may have resulted in a release of fission products from nuclear fuel or damage to systems/components relied upon for safe shutdown.

It should be noted that despite Kranco's failure to implement their 10CFR50 Appendix B QA program in the supply of components discussed in (vi) below, TU Electric has no evidence that the components supplied are substandard in any characteristic.

(v) The failure to comply was identified during an audit of the Kranco QA program with the audit results being formally transmitted to Kranco via TU Electric letter dated, May 18, 1992.

- (vi) Polar Crane components supplied to CPSES Unit 2 without the benefit of a 10CFR50 Appendix B QA program consist of two (2) load cells, two (2) force switches, two (2) short links and eight (8) shackles. Kranco's records indicate that these were the only safety related components ordered by any facility in the last six years.
- (vii) Kranco, Inc. was formally notified of the TU Electric audit findings on May 18, 1992. Corrective actions have been initiated by Kranco to resolve the audit deficiencies and these corrective actions are being reviewed by TU Electric. Further purchases by TU Electric are being restricted pending resolution of the findings. In addition, TU Electric will not utilize the supplied components for critical lifts until the parts are dedicated for use or replaced with components having certifiable records.
- (viii) TU Electric has established that at CPSES only Unit 2 is affected by this deficiency. Kranco records indicate no other nuclear facility placed a purchase order for safety related crane parts during the time their 10CFR50 Appendix B QA program was not in effect. Based on this, no advise is being given to other entities.