



UNITED STATES  
NUCLEAR REGULATORY COMMISSION  
WASHINGTON, D. C. 20555

December 8, 1992

Docket No. 50-331

Iowa Electric Light  
and Power Company  
ATTN: Mr. Lee Liu  
Chairman of the Board  
and Chief Executive Officer  
IE Towers  
P.O. Box 351  
Cedar Rapids, IA 52406

Dear Mr. Liu:

SUBJECT: INSPECTION OF THE PROCUREMENT AND COMMERCIAL GRADE DEDICATION  
PROGRAMS AT THE DUANE ARNOLD ENERGY CENTER (REPORT NO.  
50-331/92-201)

This letter transmits the report of the inspection conducted May 11 through 15, 1992, at Iowa Electric Light and Power (IELP) Company's Duane Arnold Energy Center (DAEC) by R. Pettis, S. Alexander, L. Campbell, and S. Magruder of the Nuclear Regulatory Commission's (NRC's) Vendor Inspection Branch (VIB) and R. Langstaff of NRC Region III. The inspection was related to activities at the plant site authorized by NRC license DPR-49. At the conclusion of the inspection, we discussed our findings with Mr. J. Franz, Vice President, and the other members of your staff identified in Section 5 of the enclosed inspection report.

The inspection was conducted to review the implementation of IELP's program for the procurement and dedication of commercial grade items (CGIs) used in safety-related applications at DAEC. The inspection team identified a major program strength in that IELP's policy was to purchase safety-related spare and replacement items from original equipment manufacturers with approved 10 CFR Part 50, Appendix B, quality assurance programs when available, thus reducing the number of items that need to be purchased commercial grade and dedicated for use in safety-related applications. Another strength identified was IELP's receipt inspection and testing capabilities for performing material verification which are performed by independent quality control inspectors qualified to ANSI N45.2.6.

The results of the inspection also indicate that some weaknesses existed within IELP's program for the dedication of CGIs procured for use in safety-related applications. These weaknesses contributed to the specific findings that were identified during the review of dedication files for CGIs installed or available for installation in safety-related plant systems. Examples of these findings are that IELP did not fully verify the material of certain CGIs, did not have provisions to fully assure material traceability and lot homogeneity when using statistical sampling plans, did not properly classify

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certain valve and pump parts when using a generic classification approach, and did not assure the calibration and control of certain test equipment used in the dedication process. It should be noted that the inspection team selected for review equipment from DAEC's safety-related component list and made no further attempts to assess individual component contribution to the system's safety-related function.

This was the fourth of a series of five pilot inspections being conducted to evaluate the implementation of licensee CGI procurement and dedication programs and to finalize an inspection procedure for future inspections of this type. The other four inspections also identified certain weaknesses in licensee CGI dedication programs and their implementation. The first three inspections classified these weaknesses as deficiencies with the potential for subsequent enforcement actions by the appropriate NRC regional office. During this period, the NRC also received significant feedback from several utilities and from the Nuclear Management and Resources Council questioning the regulatory basis for the CGI dedication guidance contained in NRC Generic Letter 91-05 as well as specific interpretations of that guidance by the NRC inspection teams.

In order for the NRC to properly respond to these concerns and to resolve major points of contention concerning the CGI dedication process we will be holding public meetings with individual utilities and conducting a public workshop which will address issues concerning the existing dedication guidance and specific interpretations of that guidance. Prior to the public workshop, the proposed inspection procedure for future inspections will be issued for public comment and discussion at the workshop.

In view of these pending actions, the specific observations concerning your CGI dedication programs and implementation are classified as "findings." Because of the need for additional discussion of the appropriate guidance for dedication of CGIs, no enforcement action will be taken based on any of the five pilot inspections. It should be recognized, however, that some of these findings may require corrective action based on: (1) their potential impact on the performance of specific equipment, or (2) because of noncompliance with your commitments to specific industry standards or regulatory guides endorsing such standards. We expect that you will evaluate the inspection findings in view of these considerations and take appropriate corrective action as necessary.

In accordance with 10 CFR 2.790 of the NRC's "Rules of Practice," a copy of this letter and the enclosure will be placed in the NRC's Public Document Room.

December 8, 1992

Mr. Lee Liu

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Should you have any questions concerning this inspection, we will be pleased to discuss them with you. Thank you for your cooperation in this inspection.

Sincerely,

*151*  
Jack W. Roe, Director  
Division of Reactor Projects III, IV, V  
Office of Nuclear Reactor Regulation

Enclosure:  
Inspection Report 50-331/92-201

cc w/enclosure: see next page

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NAME	:RPettis	:SAlexander	:LCampbell	:SMagruder	:RLangstaff	:GWright
DATE	:7/30/92*	:7/28/92*	:7/20/92*	:7/22/92*	:11/19/92	:11/19/92

*RPhe* *RPhe* *Cover letter language deleted. OK per J. Hume 12/8/92*

OFC	:SC:RIS1:VIB	:VIB:DRIL:NRR	:TECH EDITOR	:DD:DRIL:NRR	:D:DRIL:NRR	:ADTYNRR
NAME	:UPotapovs	:LNorrholm	:RSanders	:RZimmerman	:ERossi	:WRussell
DATE	:8/05/92*	:11/19/92	:8/27/92*	:12/1/92	:12/2/92	:11/19/92

*Not needed per J. Hume*

OFC	:PM:PD3-3:NRR	:PD:PD3-3:NRR	:AD:R3:DRPW	:D:DRPW:NRR
NAME	:RPulsifer	:JHannon	:JZwolinski	:JRoe
DATE	:12/4/92	:12/7/92	:12/7/92	:12/8/92

*H. for*

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*Handwritten notes: RHe, R, Cover letter language deleted. ok for J. Hannon 12/7/92 gp*

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*Handwritten notes: Not needed, per Hannon, C. R. Hannon*

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NAME	: RPulsifer	: JHannon	: JZwolinski	: JRoe
DATE	: 12/1/92	: 12/7/92	: 12/7/92	: 12/8/92

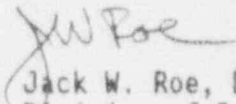
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Jack W. Roe, Director  
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Mr. Lee Liu  
Iowa Electric Light and Power Company      Duane Arnold Energy Center

Jack Newman, Esquire  
Kathleen H. Shea, Esquire  
Newman and Holtzinger  
1615 L Street, N.W.  
Washington, D.C. 20036

Chairman, Linn County  
Board of Supervisors  
Cedar Rapids, Iowa 52406

Iowa Electric Light and Power Company  
ATTN: David L. Wilson  
Plant Superintendent, Nuclear  
3277 DAEC Road  
Palo, Iowa 52324

Mr. John F. Franz, Jr.  
Vice President, Nuclear  
Duane Arnold Energy Center  
3277 DAEC Road  
Palo, Iowa 52324

Mr. Keith Young  
Manager, Nuclear Licensing  
Duane Arnold Energy Center  
3277 DAEC Road  
Palo, Iowa 52324

U.S. Nuclear Regulatory Commission  
Resident Inspector's Office  
Rural Route #1  
Palo, Iowa 52324

Regional Administrator, Region III  
U.S. Nuclear Regulatory Commission  
799 Roosevelt Road  
Glen Ellyn, Illinois 60137

Mr. Stephen N. Brown  
Utilities Division  
Iowa Department of Commerce  
Lucas Office Building, 5th Floor  
Des Moines, Iowa 50319