

VIRGINIA ELECTRIC AND POWER COMPANY  
RICHMOND, VIRGINIA 23261

August 12, 1988

D. S. CRUDEN  
VICE PRESIDENT-NUCLEAR

Dr. J. Nelson Grace  
Regional Administrator  
Region II  
U.S. Nuclear Regulatory Commission  
101 Marietta Street, Suite 2900  
Atlanta, GA 30323

Serial No. 88-329  
NL/RCB:jmj  
Docket Nos. 50-338  
50-339  
License Nos. NPF-4  
NPF-7

Dear Dr. Grace:

VIRGINIA ELECTRIC AND POWER COMPANY  
NORTH ANNA POWER STATION UNITS 1 AND 2  
REPORT OF FAILURE TO COMPLY - 10 CFR 21

On August 8, 1988 we received information indicating that certain procurement activities associated with North Anna Power Station Units 1 and 2 had failed to comply with NRC regulations relating to 10CFR21. On August 10, 1988, Virginia Electric and Power Company notified NRC Region II of this failure to comply.

In accordance with the reporting requirements of 10CFR21, the following information is provided:

1. Name and address of the individual or individuals informing the Commission:

Mr. D. S. Cruden  
Vice President - Nuclear  
Virginia Electric and Power Company  
5000 Dominion Blvd.  
Glen Allen, VA 23060

2. Identification of the facility, the activity, or the basic component supplied for such facility or activity within the United States which fails to comply or contains a defect:

North Anna Power Station, Units 1 and 2  
Procurement of Heat Tracing Materials

3. Identification of the firm constructing the facility or supplying the basic component which fails to comply or contains a defect:

Nelson Electric Corporation  
4041 South Sheridan Road  
Tulsa, OK 74145

8809070275 880812  
PDR ADOCK 05000338  
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4. Nature of the defect or failure to comply and the safety hazard which is created or could be created by such defect or failure to comply:

Nelson Electric Corporation notified Virginia Electric and Power Company on July 19, 1988 that material supplied pursuant to four purchase orders for safety-related material had not been manufactured in compliance with a 10CFR50 Appendix B Quality Assurance program. Since this material could have been installed in safety-related heat tracing systems, this failure to comply with quality assurance requirements could have resulted in inoperable portions of the Emergency Core Cooling System. However, at that time it was determined that none of the affected materials was in use at the station, and therefore the condition was determined to be not reportable pending further evaluation of the supplier.

5. The date on which the information of such defect or failure to comply was obtained:

August 8, 1988

6. The number and location of all such components in use at, supplied for, or being supplied for one or more facilities or activities subject to the regulations in this part:

As a result of a Quality Assurance audit of Nelson Electric Corporation conducted by Virginia Electric and Power Company on August 1-3, 1988, it was determined that a total of 19 safety-related purchase orders had been filled by Nelson Electric Corporation since September, 1984. The material from the four most recent orders has been identified at North Anna Power Station. Of this material, only a small amount was in the process of being installed, but had not been placed in service. The material from the other 15 purchase orders has either been installed in the plant or is in stock. A Justification for Continued Operation (JCO) has been written and approved by the Station Nuclear Safety and Operating Committee. This JCO concludes that the affected material is acceptable for its intended use as supplied.

7. The corrective action which has been, is being, or will be taken; the name of the individual or organization responsible for the action; and the length of time that has been or will be taken to complete the action:

Affected materials which were not installed were placed on QC Hold. The installed material has been evaluated as to its ability to perform its intended function. A Justification for Continued Operation (JCO) has been written and approved by the Station Nuclear Safety and Operating Committee. This JCO concludes that the heat tracing supplied by Nelson Electric is not required to be safety-related, and therefore the affected materials are acceptable as supplied. Consequently, the

quality classification of the heat tracing supplied by Nelson Electric is being downgraded to "nuclear plant non-safety related" for future procurements.

A Quality Assurance audit was conducted by Virginia Electric and Power Company to verify compliance by Nelson Electric Corporation with Virginia Electric and Power Company's purchase order specifications, 10CFR50 Appendix B, and 10CFR21. The audit findings were issued to Nelson Electric Corporation on August 11, 1988 for action. In addition, Nelson Electric Corporation has been removed from the approved Safety-Related Vendors List.

8. Any advice related to the defect or failure to comply about the facility, activity, or basic component that has been, is being, or will be given to purchasers or licensees:

Nelson Electric Corporation has been notified concerning this failure to comply.

Should you require further information, please contact me.

Very truly yours,



D. S. Cruden

cc: Director, Office of Nuclear Reactor Regulation - (3 copies)  
U.S. Nuclear Regulatory Commission  
Washington, D.C. 20555

Mr. J. L. Caldwell  
NRC Senior Resident Inspector  
North Anna Power Station