



# PECO NUCLEAR

A Unit of PECO Energy

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August 11, 1997

Docket Nos. 50-352  
50-353

License Nos. NPF-39  
NPF-85

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

Subject: Limerick Generating Station, Units 1 and 2  
Assurance of Vendor Quality  
Response to Request for Information

Reference: NRC Inspection Report (50-352/96-201 and 50-353/96-201)  
"Limerick Generating Station Assurance of Vendor Quality  
Inspection," dated July 3, 1997.

Gentlemen:

By letter dated July 3, 1997, the NRC's Office of Nuclear Reactor Regulation, Special Inspection Branch, requested that PECO Energy respond to a weakness identified in the referenced pilot inspection report. Attached to this letter is PECO Energy's response.

If you have any questions, please do not hesitate to contact us.

Very truly yours,

J. B. Cotton  
Vice President - Station Support

Attachment

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cc: H. J. Miller, Administrator, Region I, USNRC (w/attachment)  
N. S. Perry, USNRC Senior Resident Inspector, LGS (w/attachment)  
R. R. Janati, PA Bureau of Radiation Protection (w/attachment)

**ATTACHMENT 1**

**LIMERICK GENERATING STATION  
UNITS 1 AND 2**

**DOCKET NOS.**

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**LICENSE NOS.**

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"Assurance of Vendor Quality "

Information - 4 Pages

PECO Energy has reviewed the weakness described in the subject report regarding PECO Energy's Quality Assurance review and acceptance of audit reports performed by other utilities under the auspices of the Nuclear Procurement Issues Committee (NUPIC), and the use of such audits to add and maintain vendors on our Evaluated Vendors List (EVL). Per your request, our response to the weakness is outlined below.

1. NRC Request : Describe your process for placing vendors on the EVL based upon third party review.

PECO Energy Response: Completed Audits and Commercial Grade Surveys performed by other utilities are used to support the addition or maintenance of an approved vendor on the EVL. Such audits and surveys are reviewed and evaluated for acceptability through the use of a detailed and standardized checklist designed to assure the necessary considerations are taken into account to evaluate a report's acceptability relative to the product or service to be supplied. Procedures NQA-20 "Vendor Assessment" and NQA-24 "Vendor Commercial Grade Surveys" detail the guidance and checklists to be used for such reviews. Upon completion of the review, an independent review is performed to confirm the adequacy of the initial review results. When discrepancies are identified as a result of the independent review, immediate corrective measures are taken. Such discrepancies are trended on a performance indicator and discussed with assessment staff personnel on a periodic basis. Reports obtained from other utilities are not used to support the addition or continuance of a vendor on the EVL until the independent review and any associated corrective actions are completed.

As a result of the identified weakness, assessment personnel responsible for review of vendor audits conducted by other utilities were coached on the need for thorough analysis of unsatisfactory findings, open NRC issues and noncompliances, including industry issues identified in such reports, and the importance of appropriate compensatory actions where required. The coaching emphasized a clear expectation that assessors must notify NQA management when they encounter the type of open issue described above and the associated method of disposition can not be readily determined by the assessor. In such cases, NQA management will collaborate with assessment personnel to assure the appropriate course of action is taken.

The noted audit review checklist was revised on March 5, 1997, to include a review attribute which can help determine if the audit package addresses the vendor's sampling plan(s) for commercial grade item dedication. The attribute notes that objective evidence must address the technical basis for the sampling plan(s) and that the plan(s) must provide for establishing lot homogeneity.

2. NRC Request: Describe your process for identifying, reviewing and addressing audit findings and follow-up correspondence that identify issues applicable to your procurements, including findings from NRC Inspections.

PECO Energy Response: The subject Inspection Report (pages 3 and 4) addresses the effective implementation of procedural controls for vendor assessments and surveillance, including the issuance of Vendor Corrective Action Requests (VCRs), and requests for vendor initiation of nonconformance reports for identified deficiencies that impact hardware.

VCRs issued as a result of vendor assessment, surveillance, or commercial grade surveys are electronically tracked in the Plant Information Management System (PIMS) which provides for follow-up and close-out. Consideration is given to the impact of the open VCR on the respective vendor EVL status. Depending on the nature of the VCR(s), the vendor's status on the EVL could remain unchanged, be revised to include specific compensating conditional approval requirements to be invoked in purchase orders, or be suspended pending resolution.

Additionally, where assessment or surveillance identifies hardware deficiencies that adversely impact hardware supplied to our nuclear stations, a Vendor Equipment Problem (VEP) Action Request is issued to the appropriate station organization for resolution via PIMS.

Vendor corrective action in response to issued VCRs is required within thirty days of issuance. Upon receipt of reported corrective actions, the actions are evaluated for acceptability and dispositioned accordingly. An acceptable VCR resolution is based upon completed corrective action as evidenced by appropriate objective evidence furnished by the vendor. When certain situations so warrant, a follow-up audit may be performed to verify corrective action. VCRs are not closed based on commitments to future action. They are only closed when all corrective actions have been taken.

When PECO Energy utilizes audits performed by other utilities to add or support a vendor's EVL status (i.e., adds to or supports current status) the procedurally defined review checklist requires evaluation of identified deficiencies and their impact on items installed in the plant, in stock, or on order. These same PECO Energy requirements also include provisions to determine if sufficient objective evidence is available to address applicable NRC Bulletins and Notices, NUREG 0040 nonconformance, 10CFR21 notifications, and corrective actions from previous audits. Depending on the nature of the findings and their impact, the report may be acceptable, require compensating conditional approval requirements relative to the audit results, or unacceptable for use pending resolution of the deficiencies. Open finding follow-up and close-out correspondence between the utility and the vendor is obtained to maintain awareness of corrective actions and their impact on the

vendor's EVL status.

PECO Energy actions taken in response to the concerns described in NRC Information Notice (IN) 96-40 (in the form of specific conditional approval requirements imposed on the appropriate vendors) is discussed in the referenced Inspection Report (page 4).

Following completion of the first portion of the NRC pilot inspection, PECO Energy made a presentation at a NUPIC Membership meeting identifying the actions taken in response to NRC IN 96-40. The presentation included identification of PECO Energy vendors impacted by the IN and distribution of PECO Energy's EVL conditional approval requirements developed for each vendor in response to the IN.

In addition, following the last portion of the NRC pilot inspection, PECO Energy informed the NUPIC members, during a NUPIC membership meeting, of changes made to our noted conditional approval requirements as a result of NRC inspection team comments.

It is also noted that the NUPIC Audit checklist, revision 8 has been revised which changed question 2.8 to more clearly define attributes for assessing the adequacy of a vendor's sampling plans from the standpoint of lot formation, homogeneity, and traceability.

3. NRC Request: Provide your assurance that past procurements from Vendors, including ACCUTECH, similarly placed on the EVL, are adequate based upon the identified weakness.

PECO Energy Response: In view of the noted weakness regarding ACCUTECH, and as a matter of prudence, a sample of fasteners supplied by ACCUTECH available in the Limerick storeroom was sent to the PECO Energy Corporate Laboratory for comparative analysis against the material specification requirements invoked by their respective purchase orders. The sample included a total of 84 fasteners (studs, nuts, bolts) covering three different material types of various sizes. The results of the analysis performed regarding chemical, mechanical, dimensional and identification attributes, confirmed their acceptability relative to the respective material specification requirements.

The previously described process for review of audits performed by other utilities to support the addition or continuance of an EVL vendor, in conjunction with the additional action and supporting processes described below, provide continuing assurance that products and services procured from such vendors are adequate.

Review of a selected sample of previously reviewed and independently reviewed third party audits was completed to assure that appropriate compensatory measures

were taken for unsatisfactory findings, open NRC issues and noncompliances, or identified industry issues discussed in the reports. The completed re-review results provide assurance that the previous reviews were acceptable in that they sufficiently accounted for open issues having an impact on product quality, and appropriate compensatory measures were taken where required.

The EVL contains an "Alert List" section that provides a compilation of vendors that have had past instances of deficient equipment and or services identified by NRC Bulletins, Information Notices, and 10CFR21 Reports. The list is used by NQA and requisitioning sources to preclude the procurement of deficient equipment and services.

As a follow-up to initial and subsequent triennial audits used to place and maintain vendor EVL approval status, a formal annual evaluation of each approved vendor is conducted to establish the vendor's continued capability for the supply of items and services in accordance with purchase order requirements. Procedure NQA-19 details the considerations to be taken into account and required documentation on the Annual Evaluation of Vendor Quality Programs form. Such considerations include the following: Vendor QA Program continues to address the item or service for which the vendor is EVL approved; surveillance results; receipt inspection results; industry operating experience from INPO NPRDS database; NRC Vendor Inspection results contained in NUREG 0040; and, the results of audits, surveillance, or surveys performed by PECO Energy or other utilities and whether related findings are opened or closed. The noted procedure provides further guidance on the various steps to be taken for unsatisfactory annual evaluation results.

As an additional step toward assurance of a vendor product quality, PECO Energy participates in a service provided by Supplier Data Bank, Inc. This service provides a centralized input and processing database for receiving inspection data supplied by PECO Energy and other member utilities. On a quarterly basis, a report is produced that reflects such input over the previous three months and the preceding two years sorted by vendor name. The report provides a breakdown of PECO Energy receipt inspection activity and results, including the deficiency rate for each vendor. The report also provides an overall deficiency rating for each vendor based upon combined data from nuclear utility members. This data, together with data obtained from the previously described vendor evaluation processes, serves to target poor performing vendors for PECO Energy's Vendor Improvement Program. PECO Energy works with vendor management identified in this program by communicating our receipt inspection deficiency rate for their product, requiring corrective measures, and monitoring improvement progress.