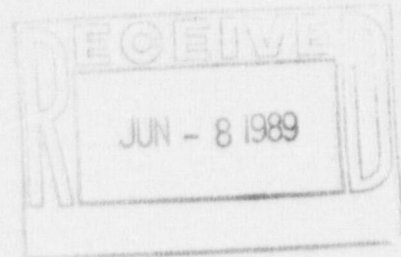




ARKANSAS POWER & LIGHT COMPANY
CAPITOL TOWER BUILDING/P. O. BOX 551/LITTLE ROCK, ARKANSAS 72203/(501) 377-3525

June 1, 1989

T. GENE CAMPBELL
Vice President - Nuclear



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L. J. Callan, Director
Division of Reactor Projects
U. S. Nuclear Regulatory Commission
Region IV
611 Ryan Plaza Drive, Suite 1000
Arlington, Texas 76011

SUBJECT: Arkansas Nuclear One - Units 1 and 2
Docket Nos. 50-313/50-368
License Nos. DPR-51 and NPF-6
Response to Inspection Report
50-313/89-16 and 50-368/89-16

Dear Mr. Callan:

Pursuant to the provisions of 10CFR2.201, AP&L's response to the violation identified in the subject inspection report is attached. This document was scheduled to be filed May 18, 1989. AP&L requested and received an extension to the filing schedule until June 1, 1989.

Very truly yours,

T. Gene Campbell

TGC:sgw
enclosure

cc w/encl: U. S. Nuclear Regulatory Commission
Document Control Desk
Mail Station P1-137
Washington, D. C. 20555

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AP&L's Response to Notice of Violation 313-368/8916-01

I. Statement of Violation

Inadequate Procurement Requirements for Materials Used in Environmental Qualification Applications

Criterion IV of Appendix B to 10 CFR Part 50 states, in part, "Measures shall be established to assure that applicable regulatory requirements, design bases, and other requirements which are necessary to assure adequate quality are suitably included or referenced in the documents for procurement of material, equipment, and services"

Paragraph 4.2.2 of the licensee's approved quality assurance program description states, in part, "Procurement documents are to include or reference specific design specifications for the items or services to be procured which define specific codes, standards, tests, inspections, environmental qualifications, and records to be applied and/or furnished"

Contrary to the above:

1. The provisions of 10 CFR Part 21 were not imposed in three purchase orders issued since 1987 to the Okonite Company for the supply of a basic component; i.e., electrical tape with specified environmental qualification requirements.
2. Three purchase orders issued between 1984 and 1986 to the Company for commercial grade electrical tape failed to include appropriate quality requirements to provide assurance of suitability for planned environmental qualification applications.

This is a Severity Level IV violation. (Supplement I) (313/8916-01; 368/8916-01)

II. AP&L's Response to Violation 313/8916-01; 368/8916-01

AP&L denies the violation.

This alleged violation relates to procurements of Okonite T-95 tape. The tape is used in both nuclear and non-nuclear applications throughout the nation. The vendor does not now produce the tape in accordance with a 10 C.F.R. Part 50 Appendix B QA program. However, Okonite adheres to a commercial grade quality assurance program which has been audited by many nuclear licensees, including AP&L, to assist in providing reasonable assurance that the tape will perform as expected.

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As the Staff is aware, the tape is used in many nuclear facilities in harsh environments requiring qualification pursuant to 10 C.F.R. § 50.49. The product has been analyzed, tested and reviewed on many occasions for acceptable qualification by both the nuclear industry and the NRC Staff with positive results. In short, Okonite T-95 tape is a very reliable product with an outstanding track record.

The vendor sells the product from a catalog description that lists "specification" requirements as well as "application" and "product features." Several of the "product features" are that the tape has "outstanding moisture resistance," has "excellent ozone and corrosion resistance," and is "nuclear qualified to IEEE 383." Irrespective of who purchases the tape or for what purposes, these features apply to the tape supplied.

In November 1984, March 1985 and November 1986, AP&L procured the tape in P.O. Nos. 22223, 29083, and 05792, respectively. Each of the commercial grade procurements requested that the catalog description tape be supplied. Quality was verified (dedicated) by, among other things, receipt inspections, discussions with the vendor, audits of the vendor's commercial grade quality assurance program, and knowledge of the product's performance. The tape was qualified by an Okonite test report which was reviewed and accepted by AP&L (as well as the Staff in numerous EQ audits).

As industry and the Staff became more sensitive to environmental qualification issues and after general discussions with the Staff, AP&L modified its next three Okonite commercial grade procurements to not only reference the "specification" requirements listed in the catalog, but also the "product feature" regarding nuclear qualification.

Against this background, the Staff states that the first three commercial grade purchases should have contained specific references to nuclear qualification of the tape. However, the Staff also states that the last three purchases should not have contained those specific references if the purchases were to be called "commercial grade" -- the only purchase-type accepted by the vendor.

As the legal basis for a violation, the NRC Staff alleges that AP&L violated Criterion IV of Appendix B to 10 C.F.R. Part 50 in that AP&L's procurement documents relating to Okonite T-95 tape used in EQ harsh environments did not "include or reference specific design specifications for the items . . . which define environmental qualification . . ." in conflict with AP&L's procurement procedures. The alleged violation is apparently premised on the position that procurement documents for equipment used in EQ harsh applications must include specific design requirements related to environmental qualification, i.e., no EQ harsh environment equipment can be procured commercial grade. This position is in direct conflict with Staff guidance that equipment used in EQ harsh applications may be procured commercial grade and dedicated by the licensee. See Generic Letter 89-02 (March 21, 1989) which endorses Appendix F to NCIG-07 (June 1988).

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Turning from the legal violation, the concept of commercial grade dedication is at the heart of the Staff's concern. The Staff and industry recognize that this is an evolving issue. Until recently there was little firm guidance concerning what constituted an acceptable dedication program. In June 1988, EPRI published, "Guideline for Utilization of Commercial Grade Items in Nuclear Safety Related Applications (NCIG-07)" which provided detailed guidance on dedication of commercial grade products. This guidance was conditionally endorsed by the Staff in Generic Letter 89-02 (March 21, 1989).

AP&L maintains that its earlier and latter procurement actions met the spirit of Appendix F and dedication Method 2 of NCIG-07. (See pp. 3-4 to 3-9.) Specifically, dedication in both instances was based on, among other things, (1) procurement requirements that the tape conforms to the description contained in the product catalog, (2) receipt inspections of the tape, (3) audit (commercial grade survey) of the supplier and (4) knowledge of the product and its performance throughout industry. In this regard, even though the tape is used at many plants and has been widely inspected by NRC Staff, AP&L is unaware of any instances of concern raised by the Staff or industry regarding use or qualification of the tape. (As the Staff is aware, there have been a number of successful environmental qualification tests conducted of the tape.) In short, AP&L believes that it has appropriately dedicated the commercial grade procurements of Okonite T-95 tape for use in the various safety-related applications at ANO.

In the alleged violation, the Staff also stated that the latter three purchases should have imposed 10 C.F.R. Part 21 requirements because the procurement documents referenced nuclear specific "design or specification" requirements, i.e., nuclear qualified. (See 10 C.F.R. 21.3 (a-1) AP&L maintains, however, that referencing nuclear qualification in its request in the last three purchase orders was not a "specification requirement" noted in the catalog, but rather a reaffirmation of the "product feature" as described in the catalog. The nuclear qualified designation did not impact the specifications for design or manufacture of the tape. AP&L is unaware of any change to the manufacture process or material used in the tape to make it "nuclear qualified." It was a condition incident to those specifications. Further, reference to previous test data to insure that components procured to be dedicated for use as basic components are like-for-like is established as acceptable practice in NRC documents. (See e.g., NRC Inspection Manual, Inspection Procedure 38703, "Commercial Grade Procurement Inspection," at Section 03.02.d). In short, the latter three purchases did not require "nuclear specific specifications" and, accordingly, were appropriately categorized as "commercial grade" and appropriately dedicated (as noted above) for safety-related application.

In conclusion, for the reasons noted above, AP&L denies the alleged violation. AP&L correctly procured the Okonite T-95 tape as commercial grade and appropriately dedicated it for safety-related applications at ANO. In this regard, AP&L notes that the Staff concurs that the Okonite T-95 tape installed in the plant is now appropriately dedicated and raises no safety concerns.