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

August 14, 1989

Docket No. 50-302

Mr. W. S. Wilgus
Vice President, Nuclear Operations
Florida Power Corporation
Attn: Manager, Nuclear Operations
Licensing
Post Office Box 219-NA-2I
Crystal River, Florida 32629

Dear Mr. Wilgus:

SUBJECT: INSPECTION OF THE VENDOR INTERFACE AND PROCUREMENT PROGRAMS AT THE CRYSTAL RIVER NUCLEAR PLANT UNIT 3, INSPECTION REPORT NO. 50-302/89-200

This letter transmits the report of the inspection conducted April 24 through May 5, 1989, at the Crystal River Nuclear Plant, Unit 3 (CR3) conducted by Messrs. R. L. Pettis, K. R. Naidu, J. J. Petrosino, and S. M. Matthews of the NRC Vendor Inspection Branch (VIB), and Messrs. E. Lea and R. W. Wright of NRC Region II. The inspection was related to plant site activities authorized by NRC License Number DPR-72. At the conclusion of the inspection our findings were discussed with Mr. E. E. Renfro, Director, Nuclear Operations Materials and Controls, and the members of your staff identified in Appendix A of the enclosed inspection report.

The purpose of the inspection was to review the implementation of the CR3 vendor interface program and the programs for the procurement of both safety-related and commercial grade items currently installed in safety applications at CR3. The results of the inspection indicate that deficiencies exist in the areas of procurement and dedication of commercial grade items and interfaces between CR3 and its vendors. The deficiencies include the failure to properly dedicate and maintain documentation for commercial grade items procured for use in safety-related applications, and the failure to impose on vendors the provisions of 10 CFR Part 21 when the purchase orders specify requirements to nuclear specifications. In particular, CR3 frequently failed to perform documented technical evaluations to identify attributes such as the components' safety functions and critical characteristics, verifications of design and manufacturing/material changes, and receipt inspection requirements beyond a part number verification and check for physical damage and cleanliness. The inspection noted that this resulted in the utilization of numerous components of unverified quality installed in safety-related applications at CR3. As noted below, your subsequent review of the identified items indicated that operability of equipment at CR3 has not been compromised.

The review of the CR3 vendor interface program indicates the need for improvement, especially as related to timeliness, depth of assessment, and implementation of follow-up actions of communications CR3 receives from the NRC, Babcock & Wilcox, and vendors of key safety-related equipment, and the

We acknowledge the receipt of your letter, dated May 31, 1989, wherein you described your plans for reviewing a representative sample of commercially procured items installed in safety-related applications, similar to the operability assessment performed for eight representative items identified by NRC at the conclusion of the inspection. This review is scheduled for completion by December 31, 1989. In addition, you stated that your review of the remaining items indicated operability of CR3 equipment had not been compromised. NRC will review your response and advise you accordingly.

Should you have any questions concerning this inspection, we will be pleased to discuss them with you.

Sincerely,

Original Signed by

Steven A. Varga, Director
Division of Reactor Projects I/II
Office of Nuclear Reactor Regulation

Enclosures:
1. Potential Enforcement Findings
2. Inspection Report No. 50-302/89-200
   with Appendices A and B

cc: see next page

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[FLORIDA POWER CORP LETTER] *Previously concurred.

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evaluation and implementation of corrective actions on service and maintenance recommendations received from the emergency diesel generator manufacturer, Colt Industries/Fairbanks Morse Engine Division (FMED). Specifically, for example, six SILs, dated June 22, 1987, received by CR3 were not placed into the licensee's system for evaluation and tracking until April 6, 1989.

The inspection findings discussed above and in the enclosed report have been classified as Potential Enforcement Findings 50-302/89-200-01, 02, and 03 (Enclosure 1). These will be referred to the NRC Region II office for appropriate action.

We acknowledge the receipt of your letter, dated May 31, 1989, wherein you described your plans for reviewing a representative sample of commercially procured items installed in safety-related applications, similar to the operability assessment performed for eight representative items identified by NRC at the conclusion of the inspection. This review is scheduled for completion by December 31, 1989. In addition, you stated that your review of the remaining items indicated operability of CR3 equipment had not been compromised. NRC will review your response and advise you accordingly.

Should you have any questions concerning this inspection, we will be pleased to discuss them with you.

Sincerely,

Steven A. Varga, Director
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Office of Nuclear Reactor Regulation

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2. Inspection Report No. 50-302/89-200
   with Appendices A and B

cc: see next page

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# POTENTIAL ENFORCEMENT FINDINGS

Florida Power Corporation
Crystal River Nuclear Plant, Unit 3

Docket No. 50-302
License No. DPR-72

During the period April 24 through May 5, 1989, representatives of the NRC's Vendor Inspection Branch reviewed the vendor interface and procurement programs of the Crystal River Nuclear Plant, Unit 3 (CR3). As a result of the inspection, and in accordance with the "General Statement of Policy and Procedures for NRC Enforcement Actions," 10 CFR Part 2, Appendix C (1986), the NRC inspection team identified the following potential enforcement findings:

A. Potential Enforcement Finding 50-302/89-200-01

The NRC inspectors identified numerous examples of past and present procurement activities where the licensee installed commercial grade items (CGIs) in safety-related applications without adequately evaluating their suitability for use in such applications. One deficiency involved CGIs procured without performing adequate technical evaluations to identify attributes such as the components'/items' safety functions, critical characteristics, and suitability as a replacement in a seismically qualified system. Instead, CR3 relied primarily on a like-for-like substitution based on part number, catalog specifications, or original purchase order requirements. This rationale is not adequate to verify that no design, material, or manufacturing changes have occurred which could affect the item's ability to perform its intended safety function under operational, seismic, design basis, or environmental conditions. This programmatic deficiency resulted in numerous components of unverified quality being installed in safety-related systems.

An additional procurement program deficiency concerns the failure of CR3 to validate statements and/or certificates of conformance (COC) received and accepted from vendors not on the CR3 Approved Nuclear Suppliers List (ANSL) for the type of procurement specified or not formally surveyed to establish a firm technical basis for reliance on such certification. Commercial suppliers furnishing items to CR3 for eventual use in safety-related applications were, in some cases, placed on the ANSL due to their having a 10 CFR Part 50, Appendix B, quality assurance (QA) program. In other cases, suppliers were placed on the ANSL based on statements by sources external to CR3 that the vendor has an acceptable program for a particular type of procurement. The primary basis for inclusion and maintenance of a commercial vendor on the ANSL was limited to a CR3 "desk" review of the vendor's QA program manual. This practice of approving vendors and accepting unvalidated statements and/or COCs, is not an acceptable method of establishing the similarity of items used in safety-related applications.

The examples identified by the inspectors are detailed in Section 1.1 of the inspection report.

B. Potential Enforcement Finding 50-302/89-200-02

The NRC inspectors identified that procurements made to the Vitro Corporation and Dubose Steel, Incorporated, for safety-related material which specified requirements unique to nuclear specifications, failed to invoke the provisions of 10 CFR Part 21.

C. Potential Enforcement Finding 50-302/89-200-03

The NRC inspectors determined that the licensee failed to comply with CR3 Procedure AI-404, "Review of Technical Information, Revision 6, dated January 31, 1989," for the evaluation and implementation of recommended actions given in service information letters (SILs) received from the emergency diesel generator (EDG) manufacturer, Colt Industries/Fairbanks Morse Engine Division (FMED). In most cases, the SILs were not evaluated properly or in a timely manner for their applicability to CR3. In particular six SILs, dated June 22, 1987, were received by CR3 but were not placed into their system for evaluation and tracking until April 6, 1989. Furthermore, appropriate corrective actions to implement recommendations identified by CR3 and revisions to the governing maintenance and operation manuals and procedures for the 1A and 1B EDGs were not always performed. Two examples are discussed in Section 3.4.3.

The NRC inspectors also identified several NRC and vendor communications describing potential safety concerns that were received at CR3 but were improperly and/or incompletely assessed for their applicability. The depth of the documented technical evaluations in many cases was at a level that did not justify CR3's basis for disposition. The examples identified by the inspectors are listed in Section 3.2 of the inspection report.