

Brian H. Whitley
Director
Regulatory Affairs

Southern Nuclear
Operating Company, Inc.
42 Inverness Center Parkway
Birmingham, AL 35242



April 29, 2013

Docket No.: 52-025
52-026

ND-13-0841
10 CFR 50.55(e)

U.S. Nuclear Regulatory Commission
Document Control Desk
Washington, DC 20555-0001

SUBJECT: 10 CFR 50.55(e) Report Regarding Control of Purchased Material, Equipment,
and Services for AP1000 Project Vogtle Units 3&4

This letter provides a written notification in accordance with 10 CFR 50.55(e)(3)(iii)(C) pertaining to the control of material, equipment, and services associated with basic components by Stone & Webster, Inc, acting through its affiliate Shaw Nuclear Services and currently doing business under the name of its parent Chicago Bridge and Iron (hereinafter CB&I) for the Vogtle Units 3 and 4, nuclear project.

The written notification pursuant to 50.55(e) is for a failure to comply by CB&I, a member of the Consortium that is EPC Contractor for the Licensees of Vogtle 3&4, to meet the requirements of 10 CFR 50 Appendix B, Criterion VII. It is concluded that the QA programmatic issues, as identified by the root cause analysis associated with NRC violation 05200025/2012-004-02, could have produced a defect and this condition is reportable in accordance with 10 CFR 50.55(e)(3)(iii)(C). This written notification closes the interim report submitted on February 4, 2013 by Southern Nuclear Operating Company and is the follow up to the initial notification by Southern Nuclear Operating Company on April 4, 2013 (EN 48906). See Enclosure for the detailed content of the notification.

If you have any questions, please contact Howard Mahan, Site Licensing Manager, at 706-437-6417.

Sincerely,

A handwritten signature in black ink, appearing to read "Brian H. Whitley", written in a cursive style.

Brian Whitley

Regulatory Affairs Director

Enclosure: 10 CFR 50.55(e) Report Regarding Control of Purchased Material, Equipment,
and Services for AP1000 Project Vogtle Unites 3&4

cc:

Southern Nuclear Operating Company/ Georgia Power Company

Mr. S. E. Kuczynski (w/o enclosure)

Mr. J. A. Miller

Mr. D. A. Bost (w/o enclosure)

Mr. B. L. Ivey

Mr. M. D. Rauckhorst (w/o enclosure)

Mr. J. T. Gasser (w/o enclosure)

Mr. D. H. Jones (w/o enclosure)

Mr. J. R. Johnson (w/o enclosure)

Mr. T. E. Tynan

Mr. D. M. Lloyd

Mr. B.H. Whitley

Mr. C. R. Pierce

Mr. D. L. Fulton

Mr. C. H. Mahan

Ms. A. G. Aughtman

Mr. J. M. Giddens

Mr. M. C. Medlock

Mr. W. A. Sparkman

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Nuclear Regulatory Commission

Mr. V. M. McCree (w/o enclosure)

Mr. F. M. Akstulewicz (w/o enclosure)

Mr. M. E. Tonacci (w/o enclosure)

Mr. B. Anderson

Mr. R. G. Joshi

Ms. D. L. McGovern

Mr. B. M. Bovol

Ms. M. A. Sutton

Mr. L. M. Cain

Mr. J. D. Fuller

Mr. G. Khouri

Mr. C. Abbott

Mr. C. Huffman

Oglethorpe Power Corporation

Mr. M. W. Price

Mr. K. T. Haynes

Municipal Electric Authority of Georgia

Mr. J. E. Fuller

Mr. S. M. Jackson

Dalton Utilities

Mr. D. Cope

CB&I

Mr. M. Glover (w/o enclosure)
Mr. G. Grant (w/o enclosure)
Ms. K. Stoner (w/o enclosure)
Mr. C. A. Castell

Westinghouse Electric Company, LLC

Mr. T. C. Geer (w/o enclosure)
Mr. S. W. Gray (w/o enclosure)
Mr. P. A. Russ
Mr. R. A. DeLong
Mr. G. F. Couture
Mr. M. Y. Shaqqo
Mr. T. J. Ray

Other

Mr. J. S. Prebula, Bechtel Power Corporation (w/o enclosures)
Mr. R. W. Prunty, Bechtel Power Corporation
Ms. K. K. Patterson, Tetra Tech NUS, Inc.
Dr. W. R. Jacobs, Jr., Ph.D., GDS Associates, Inc.
Mr. S. Roetger, Georgia Public Service Commission
Ms. S. W. Kernizan, Georgia Public Service Commission
Mr. K. C. Greene, Troutman Sanders
Mr. S. Blanton, Balch Bingham

ND-13-0841

Enclosure

10 CFR 50.55(e) Report Regarding Control of Purchased Material, Equipment, and Services for
AP1000 Project Vogtle Units 3&4

- (i) Name and address of the individual or individuals informing the Commission.

Brian Whitley
Southern Nuclear Operating Company, Inc.
Director, Regulatory Affairs
Vogtle 3&4
42 Inverness Center Parkway
Birmingham, AL 35242

- (ii) Identification of the facility, the activity, or the basic component supplied for such facility or such activity within the United States which fails to comply or contains a defect.

Procurement of safety-related components by Stone & Webster, Inc, acting through its affiliate Shaw Nuclear Services and currently doing business under the name of its parent Chicago Bridge and Iron (hereinafter CB&I) associated with AP1000 Nuclear Power Plant construction failed to comply with requirements of 10 CFR 50 Appendix B, Criterion VII, which states, "Measures shall be established to assure that purchased material, equipment, and services, whether purchased directly or through contractors and subcontractors, conform to the procurement documents. These measures shall include provisions, as appropriate, for source evaluation and selection, objective evidence of quality furnished by the contractor or subcontractor, inspection at the contractor or subcontractor source, and examination of products upon delivery. Documentary evidence that material and equipment conform to the procurement requirements shall be available at the nuclear powerplant or fuel reprocessing plant site prior to installation or use of such material and equipment. This documentary evidence shall be retained at the nuclear powerplant or fuel reprocessing plant site and shall be sufficient to identify the specific requirements, such as codes, standards, or specifications, met by the purchased material and equipment. The effectiveness of the control of quality by contractors and subcontractors shall be assessed by the applicant or designee at intervals consistent with the importance, complexity, and quantity of the product or services."

It has been concluded that the condition previously identified in NRC violation 05200025/2012004-02 is reportable in accordance with 10 CFR 50.55(e)(3)(iii)(C).

- (iii) Identification of the firm constructing the facility or supplying the basic component which fails to comply or contains a defect.

CB&I is conducting engineering, procurement, and construction activities for Vogtle Units 3 and 4, under contract to Southern Nuclear Operating Company (SNC).

- (iv) 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.

A root cause analysis (RCA) conducted by CB&I for CAR 2012-0874, concludes that the identified procurement problems were caused by the Shaw Nuclear Services procurement and quality oversight and inspection program that existed at the time, which did not include a sufficiently strategic, integrated, and graded approach to assure the required quality of material, equipment and services. The embedments supplied by the Joseph Oats Corporation included deviations that were found to be reportable as defects in accordance with 10 CFR Part 21, and these embedments were associated with the conditions evaluated in the CAR 2012-0874 RCA. Therefore, it is concluded that the QA program issues associated with 10 CFR 50 Appendix B, Criterion VII, as identified by the RCA for CAR 2012-0874, could have produced a defect and this condition is reportable in accordance with 10 CFR 50.55(e)(iii)(C).

- (v) The date on which the information of such defect or failure to comply was obtained.

The RCA that identified the QA program issues was completed on December 6, 2012 (an interim report was submitted on February 4, 2013, and states that evaluation is expected to be completed by April 4, 2013).

- (vi) In the case of a basic component which contains a defect or fails to comply, the number and location of these components in use at, supplied for, being supplied for, or may be supplied for, manufactured, or being manufactured for one or more facilities or activities subject to the regulations in this part.

The only components found to have contained defects were reported under 10 CFR Part 21 by Shaw Nuclear Services, on May 31, 2012 (identified as NRC Report No. 2012-25-00).

- (vii) 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.

The corrective actions are described in the violation response letter dated December 14, 2012 (Vogtle).

- (viii) 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.

None.

- (ix) In the case of an early site permit, the entities to whom an early site permit was transferred.

Not applicable.