

# PRIORITY 1

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STN-50-530 Palo Verde Nuclear Station, Unit 3, Arizona Publi 05000530

AUTH. NAME      AUTHOR AFFILIATION

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RECIP. NAME      RECIPIENT AFFILIATION

BLACK, S.

SUBJECT: Advises that plant has decided to continue w/graded QA for procurement of low risk Q list items pending recipient agreement to work w/plant.

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102-03308-WLS/AKK/ACR  
April 6, 1995

WILLIAM L. STEWART  
EXECUTIVE VICE PRESIDENT  
NUC. EAR

U.S. Nuclear Regulatory Commission  
ATTN: Ms. Suzanne Black  
Chief, Quality Assurance and Maintenance Branch  
Washington, DC 20555-0001

Reference: Letter dated December 21, 1994, from Mr. Thomas E. Tipton, NEI, to Mr. James Milhoan, Deputy Executive Director for Nuclear Reactor Regulation, NRC

Dear Ms. Black:

**Subject: Palo Verde Nuclear Generating Station (PVNGS)  
Units 1, 2, and 3  
Docket Nos. STN 50-528/ 529/ 530  
Graded Quality Assurance Pilot Project**

The referenced letter from the Nuclear Energy Institute (NEI) to the NRC discusses the industry's decision to defer work on the Graded QA pilot projects pending completion of other industry efforts. Based on excellent feedback from the PVNGS/NRC Graded Quality Assurance meeting at Palo Verde on July 14, 1994, PVNGS had already proceeded to implement Graded Quality Assurance purchases in September. As we discussed with you and your staff in the July 14 meeting, the PVNGS Quality Assurance Plan (UFSAR Paragraph 17.2.2.3) already provides for grading so there was no need for 10 CFR 50.54(a) relief in order to proceed with this Graded Quality Assurance effort.

In that meeting we stated our intent of using the PVNGS Maintenance Rule Expert Panel to meet the specific requirement of UFSAR Paragraph 17.2.2.3. The Panel was constituted to include appropriate input from a broad range of functional areas so that the Expert Panel's risk ranking of systems might be used for determining overall risk significance, not just the risk significance for maintenance activities. In implementing Graded Quality Assurance, PVNGS is not changing the Q List, but is using the output of the Expert Panel to determine the relative importance to safety, i.e., relative risk significance of Q List items being procured. Quality Assurance measures are then applied to the Q List purchases consistent with the safety significance of the structure, system or component (item or part) in accordance with 10 CFR 50, Appendix B, Criterion II.

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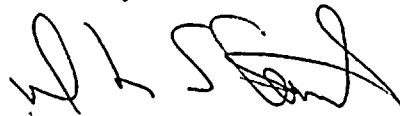
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ATTN: Ms. Suzanne Black  
Graded Quality Assurance Pilot Project  
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As Carter Rogers discussed with you on January 17, 1995, PVNGS has been reassessing its position on continuing with Graded Quality Assurance in light of the industry's deferral of the Pilot projects. We have decided to continue with the Graded Quality Assurance for procurement of low risk Q List items pending your agreement to work directly with us. It is understood from the January 17 telephone call that you would be pleased to do that. We would also condition our decision to proceed on having a meeting with you in April to affirm that our implementation of Graded Quality Assurance meets the understandings we achieved in the July meeting.

The NRC did have numerous comments on NEI's proposed Guidance Document. During the upcoming meeting we would also like to review the comments that might be applicable to PVNGS to further assure ourselves that we are proceeding in a mutually acceptable manner.

Should you have any further questions or comments, please call Mr. Carter Rogers at (602) 393-5347.

Sincerely,



WLS/AKK/ACR/dpr

cc: L. J. Callan  
K. E. Perkins  
B. E. Holian  
K. E. Johnston  
NRC Document Control Desk  
T. E. Tipton (NEI)

