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Document Control Branch (Document Control Desk)

SUBJECT: Responds to NRC 871007 ltr re violations noted in Insp Repts 50-315/87-22 & 50-316/87-22. Corrective actions: util amended National Underground Svc audit rept to incorporate documentation available in supplier qualification file.

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INDIANA MICHIGAN POWER

AEP:NRC:1042
10CFR2.201

Donald C. Cook Nuclear Plant Unit Nos. 1 and 2
Docket Nos. 50-315 and 50-316
License Nos. DPR-58 and DPR-74
NRC INSPECTION REPORT NOS. 50-315/87022(DRS)
AND 50-316/87022(DRS)

U. S. Nuclear Regulatory Commission
Attention: Document Control Desk
Washington D. C. 20555

Attention: A. B. Davis

November 20, 1987

Dear Mr. Davis:

This letter is in response to Mr. J. J. Harrison's letter dated October 7, 1987, which forwarded the report on the routine safety inspection conducted by members of your staff. This inspection was conducted from June 16 through July 2, 1987, on activities at the Donald C. Cook Nuclear Plant Units 1 and 2, and AEPSC Corporate Offices. The Notice of Violation attached to Mr. Harrison's letter identified three violations. These violations are addressed in the attachment to this letter. On October 26, 1987, Mr. Frank Jablonski of your staff granted us a two (2) week extension (from November 6, 1987 to November 20, 1987) to respond to the subject report.

This document has been prepared following Corporate procedures which incorporate a reasonable set of controls to ensure its accuracy and completeness prior to signature by the signee.

Sincerely,

M. P. Alexich
Vice President

tlc

Attachment

IE01
1/1

cc: John E. Dolan
W. G. Smith, Jr. - Bridgman
R. C. Callen
B. Bruchmann
G. Charnoff
NRC Resident Inspector - Bridgman
A. Bert Davis, Region III

ATTACHMENT TO AEP:NRC:1042

Inspection Report 50-315/87022; 50-316/87022

NRC Violation No. 1

10CFR50, Appendix B, Criterion VII, as implemented by the D. C. Cook Operations Quality Assurance Program, requires that measures be established to assure that purchased material, equipment and services conform to procurement documents. These measures shall also include provisions for source evaluation and selection.

Contrary to the above:

A. Purchase order requirements of ANSI N45.2.9 were not properly evaluated during the February 5, 1987, audit of National Underground Storage of Boyers, Pennsylvania (315/87022-01A; 316/87022-01A).

Response to NRC Violation

The Inspection Report alleges that a less than adequate audit of National Underground Storage (NUS) was conducted by AEPSC QA to verify compliance with ANSI N.45.2.9. The report states: "In fact, review of the checklist and discussions with the auditor by the inspector indicated that detailed ANSI N.45.2.9 requirements had not been verified."

During this inspection, the inspector was shown documentary evidence that our auditor had verified NUS compliance with our purchase order requirements (implementation of certain ANSI N.45.2.9 requirements). It was purported by our auditor that the inspector agreed at that time that implementation of purchase order requirements had been verified. The aforementioned documentary evidence, however, was not part of the formal audit report on NUS, but was contained in the NUS vendor file.

Actions Taken and Results Achieved

The AEPSC QA Department Lead Auditor involved in the audit of NUS has amended the audit report to incorporate the documentation available in the supplier's qualification file substantiating the fact that the requirements of our purchase order (ANSI N.45.2.9 requirements) were properly implemented.

Actions Taken to Avoid Further Violations

A review of supplier qualification files indicates that this incident is an isolated case. The involved Lead Auditor and his Supervisor were counselled to emphasize the need to make sure audit reports are fully stand-alone documents.

Date When Actions Will be Achieved

Actions were completed on 08/19/87.

B. Purchase order requirements were not met for National Underground Storage of Boyers, Pennsylvania to have a QA program approved by the buyer yet the company was added to the Qualified Supplier List (QSL) (315/87022-01B; 316/870022-01B).

Response to NRC Violation

AEPSC procedures controlling the placement of suppliers on the Qualified Suppliers List (QSL) did not adequately define what an "acceptable supplier QA program" was. This procedural deficiency was cause for the QA auditor to refer the question of NUS' qualification to the AEPSC Manager of QA. The AEPSC Manager of QA made the judgment that the NUS comprehensive, client specific, implementation procedure provided adequate controls, hence constituted an "acceptable QA program" and was therefore, the basis for adding NUS to the QSL. AEPSC procedures controlling the placement of supplier on the QSL also did not provide for the action taken by the AEPSC Manager of QA.

Actions Taken and Results Achieved

No immediate corrective action was deemed necessary for this example.

Actions Taken to Avoid Further Violations

The AEPSC procedure(s) controlling supplier placement on the QSL have been revised to incorporate a definition of what an "acceptable QA program" is. That definition is as follows:

"Acceptable QA Program - a documented set of controls that when implemented, assure compliance to applicable requirements. These controls may vary significantly depending on the product/service offered by the supplier, and the terms and conditions of the procurement agreement. These documented controls may range from a separate, detailed quality assurance manual plus implementing procedures, to a single implementing procedure only."

Date When Actions Will be Achieved

Actions were completed on 08/07/87.

C. Purchase orders improperly classified as non-safety related were used to procure services for repair of two safety-related emergency diesel generator crankshafts. No in-process surveillance of the suppliers activities was performed (315/87022-01C; 316/87022-01C).

Response to NRC Violation

Prior to the initiation of any purchase orders for rework of the emergency diesel crankshafts, it was determined that:

- based upon the original equipment suppliers recommendation, Precision National, Waco, Texas would be used to do the rework.

- Precision National did not have a formal QA program, therefore, they could not be placed on our QSL.

- the purchase order(s) for the rework would, under our QA program, have to be classified as QA-S, when the supplier does not have a formal QA program.

- a dedication program to upgrade the crankshafts (from QA-S to QA-N) would have to be developed and completed prior to the crankshafts being released for use.

The purchase orders were properly classified as nonsafety-related. Since Precision National Corporation (PNC) was not on the QSL, the purchase orders could not be classified any other way. In the Inspection Report, the phrases "dedication packages were developed after the work was completed" and "after-the-fact dedication packages" imply that they should have been developed before the work was completed. Since the dedication packages document the actual repair and inspection process, they can only be compiled as individual repair activities are completed. The dedication packages had just been completed but not yet issued to the plant when questions were raised by the NRC inspector. The packages were put on hold at that time and remain on hold pending resolution of certain questions. The repaired crankshafts were at no time released for use and will not be released until the dedication packages have been reviewed and approved. In reference to the crankshaft rework, the inspection report uses the term "unqualified" several times. The supplier was unqualified in the sense of not being on the QSL, but not in the technical sense. In the context it is used, it implies both. Precision National Corporation's technical qualifications and ability to perform quality work were never in question.

The fact that we had made conscious decisions regarding in-process surveillance does not appear in this report, although we had made a point of discussing this with one of the NRC inspectors, Mr. Ray Wharton. Based on the routine nature of the repairs, previous supplier history, and discussions about the procedure with the supplier, we decided that only a final inspection would be necessary. The conclusion had been made prior to issuing the purchase orders, that no in-process surveillances were needed during the repair process to assure that the quality of the crankshafts would be maintained. The AEPSC Cognizant Engineer decided that conformance to characteristics called out on the original equipment manufacturer (OEM) drawing was to be the acceptance criteria for this final inspection. Upon completion of the rework, the AEPSC Cognizant Engineer visited Precision National's shop and verified that the rework had, in fact, restored the crankshafts to conformance with the OEM drawing. A written program for the dedication of the crankshafts was not developed prior to the start of their rework. The AEPSC Cognizant Engineer decided that the actual repair activities did not need to be independently witnessed or verified. Conformance of the reworked crankshafts to the OEM drawing was all that was deemed necessary. The notice of violation states that no in-process surveillance was performed. We believe this statement is inappropriate since the Cognizant Engineer had concluded that only final inspection (after repair) was needed to ensure the quality of the crankshafts.

Actions Taken and Results Achieved

The AEPSC Mechanical Engineering Division contracted with Southwest Research Institute to perform an engineering review of the dedication packages for the emergency diesel engine crankshafts, and to make recommendations for enhancing package contents. Upon completion of the review and incorporation of any recommended enhancements, the dedication packages will be: reviewed and approved by Mechanical Engineering Division management; forwarded to Cook Plant for insertion in the receipt inspection process for the crankshafts; and will serve as the basis for release of the crankshafts for use.

Actions Taken to Avoid Further Violations

The AEPSC QA Department will develop and issue a corporate level procedure prescribing a basic program for the dedication of "commercial grade" items (including commercial grade services applied to nuclear safety-related equipment). We are aware of a nuclear industry group effort to develop, in concert with the NRC, guidelines for dedication of "commercial grade" items. We intend to hold the issuance of our corporate procedure until these guidelines are available for our review and possible incorporation into our procedure.

In the interim, whenever it becomes necessary to dedicate an item for nuclear grade (basic component) service, a written dedication program will be developed by the cognizant engineering group and reviewed by the involved parties.

Date When Actions Will be Achieved

Issuance of the corporate level procedure is targeted for March 31, 1988. Interim guidance in the form of a memorandum and dedication program outline was issued by the AEPSC Manager of QA on November 3, 1987. The Southwest Research Institute review of the dedication packages for the emergency diesel engine crankshafts is targeted for completion by December 31, 1987.

NRC Violation No. 2

10CFR50, Appendix B, Criterion XVI, as implemented by the D. C. Cook Operations Quality Assurance Program requires that conditions adverse to quality be promptly identified and corrected.

Contrary to the above:

A. The product code index of the Qualified Suppliers List (QSL) was not corrected to define and clarify the products and services that suppliers could supply even though related procurement problems had been identified (315/87022-02A; 316/87022-02A).

Response to NRC Violation

At the time of the original violation (50-315/316/86031) inferred above, AEPSC did not have, and never did have, a supplier approval system according to specified product code. Our QA program did not need a product code control mechanism to assure that quality products were used at the D. C. Cook Plant. The original violation occurred because certain words in our Qualified Suppliers List (QSL) could be misconstrued to mean that the product code controlled what the supplier could furnish. The involved words were removed and during the August 1986 NRC inspection, it was explained to the inspector that there was no product code approval system in place. AEPSC has always used a conditional acceptance system where product restrictions apply. Conditional acceptance assures direct contact with AEPSC QA early in the procurement process, so that specific issues are addressed on a case by case basis. The conditional acceptance system provides very adequate, positive controls for procurement of items/services where restrictions apply.

Pursuant to the August 1986 NRC inspection ((50-315/86019 (DRS), 50-316/86019 (DRS)), Mr. J. J. Harrison's letter of August 7, 1986 and our response of August 27, 1986 (AEP:NRC:0990A), we initiated for the first time, a limited product code control system. This was done in January 1987. We have retained the conditional acceptance system for many cases because we believe mandatory contact with the AEPSC QA Department, prior to initiation of procurement activities, is important.

For the cases in the original violation, our response (AEP:NRC:1009A, 10/10/86) indicates that we have not lost control of our suppliers, which is a testimonial that our methods are effective.

Action Taken and Results Achieved

We have concluded, after some 10 months usage, that a product code control system is not of benefit nor is it required in any regulation or industry standard. We will withdraw the system and direct our efforts towards existing methods which have proven to be effective.

Action Taken To Avoid Further Violation

Abolition of the product code system will eliminate the source of confusion with respect to what product/service a supplier is approved to furnish. The conditional acceptance method and the supplier classification on the QSL will constitute the controls whenever there are product/service limitations.

Date When Action Will Be Achieved

Abolition of the product code from the QSL will be completed by December 31, 1987.

B. Corrective action was ineffective to evaluate and eliminate two improperly qualified suppliers from the QSL (315/87022-02B; 316/87022-02B).

Response to NRC Violation

The two suppliers addressed in the citation are:

Stevenson and Associates - The issue centers around a statement in an audit report by Gilbert Commonwealth, Inc. for Niagara Mohawk Power Corporation which states "The program is entirely implemented in accordance with the requirements set forth in the manual. Stevenson and Associates has not developed separate implementing procedures or instructions." In fact, Stevenson and Associates do have implementing procedures which are contained in their QA Program Manual. We have reviewed these procedures and also discussed the statement with Niagara Mohawk Power Corporation. In our opinion, Stevenson and Associates continues to have and implement an acceptable QA Program. We recognize that this information should have been clarified at the time of inspection and regret any misunderstanding it may have caused.

Applied Test Systems - This company has provided only calibration services to the AEPSC Civil Engineering Lab for force rings used to calibrate compression test equipment. These services were rendered on site at the aforementioned lab and were subject to AEPSC QA program controls. Given these limitations we judged that their calibration records and NBS traceability were all that was required.

Actions Taken and Results Achieved

Applied Test Systems has been removed from the QSL and a new company has been chosen. The calibration work was performed by the new company and was surveilled by AEPSC QA. The company has subsequently been deemed to have an acceptable QA program.

Action Taken to Avoid Further Violations

This Inspection Report states that this is a ".... continuing problem with supplier source evaluation and selection and that previous actions taken to correct violation nos. 315/86031-01C and 316/86031-01C were not effective. This failure....".

The fundamental issue, which first surfaced in the NRC inspection report of September 12, 1986 ((50/315/86031 (DRS), 50-316/86031 (DRS)) in the matter of Bussman, CDC Valve Company and ENSA, centers around how AEPSC uses it's QSL. Supplier control is not the question. In the case of Bussman, substantial effort was expended to assure control of delivered items, yet the inspector stated it was wrong to keep the company on the QSL, even as conditionally acceptable, subject to surveillance.

In our response of October 10, 1986 (AEP:NRC:1009A), we stated that "We have eliminated those companies which appear to fit into the inspector's stated finding....".

This issue appears to be one of acceptance criteria for placement on the QSL, which involves judgement and therefore provide a basis for further differences of opinion.

To minimize the potential for further differences of opinion, the AEPSC QA Department will reinstate use of the Conditional Acceptance Method. Before the aforementioned 1986 inspection finding, we employed this method to place suppliers on QSL under the provision that AEPSC exercise additional controls to make up for supplier deficiencies. We believe this to be a proper way to administer a QSL as it minimizes differences of opinion about what may or may not be on it.

Date When Actions Will Be Achieved

The Conditional Acceptance Method will be fully reinstated by December 31, 1987.

C. Corrective action required by Audit QA-85-10 was not taken but the audit was closed out; 13 months later during a subsequent audit the same problem was identified (315/87022-02C; 316/87022-02C).

Response to NRC Violation

This item infers that the audit findings of QA Audit Nos. QA-85-10 and QA-86-38 involved the lack of acceptance criteria in radiation protection (R. P.) procedures. The actual topic of the subject audit was the R.P. and Performance Section inspection programs.

We emphasize that all decisions and actions on this topic were deliberate and highly visible, and that the inspection topic was not the victim of oversight or neglect. The original audit finding in 1985 addressed the concern that the RP and Performance Section did not have adequately defined inspection programs in place, and recommended an approach to establishing such programs. Plant and QA personnel engaged in many months of discussion after the issuance of the 1985 audit report before agreement was reached as to what final form the inspection programs should take. We believe that in view of the magnitude and importance of the task of establishing these inspection programs the actions taken in response to the 1985 audit were performed in a timely manner.

The cause of closing audit 85-10 prior to completing the related corrective action was an error in judgement on the part of QA Management personnel. The decision to close out the audit finding was a conscious one based on the fact that planning was already in progress to establish acceptable inspection programs and consequently to resolve this issue. It is felt that at no time was the spirit and intent of 10CFR50, Appendix B, Criterion XVI, violated since corrective action was being actively pursued by all parties.

Action Taken and Results Achieved

No additional Corrective action is deemed necessary for this item. A subsequent audit has already been conducted, reviewed by a NRC Region III Inspector (50-315/316/87022, pg. 9) and found to adequately address the current status of this program.

Action Taken to Avoid Further Violation

This was a conscious decision and consistent with Plant commitments for follow up of audit findings. However, the persons involved were briefed on the NRC inspector's concerns.

Date When Action Will Be Achieved

Actions which we believe are appropriate to address this item have been completed.

NRC Violation No. 3

10CFR50, Appendix B, Criterion XVIII, as implemented by the D. C. Cook Operations Quality Assurance Program requires that audits be performed by trained personnel.

Contrary to the above, inappropriate experience was used to establish training and qualification requirements for certification of three lead auditors (315/87022-03; 316/87022-03).

Response To NRC Violation

We are concerned with the manner in which this issue has been handled. This concern arose during the site portion of the inspection. We requested further discussion on this issue during the Corporate Office portion of the inspection. Our exit meeting minutes for June 26, 1987 (site portion), indicate that the inspector had a concern, but that he had agreed to pursue it further in the Corporate offices. The issue was not addressed during the Corporate Office portion of the inspection nor was it discussed at the July 2, 1987 exit meeting. We are also disappointed that the inspection report (a public record) contained the names of the three auditors whose certification were of concern. None of these individuals had any direct participation in the inspection, and neither we nor they were afforded the opportunity to address the inspector's concerns.

Regardless of the aforementioned concerns, we have initiated appropriate actions, as described below, which will enhance our lead auditor certification documentation.

During this inspection, there was a difference of opinion as to the qualification of certain lead auditor personnel. The inspector contended that only twenty-five percent (25%) of an individual's nuclear navy experience could be counted towards lead auditor qualification. In that we cannot find any regulatory or industry standard basis that limits the amount of nuclear navy experience to be counted towards qualification, we hold that all or any part thereof may be used at the qualifying parties discretion.

In another case, the lack of specificity in the individuals qualification file did provide the basis for questioning the number of points awarded for technical experience in the qualification process. This lead auditor qualification process, as established by ANSI N45.2.23 - 1978, uses both objective and subjective characteristics and attributes. As such there can be a certain degree of judgement involved in answering the question "Is this individual qualified?". In this case, the lack of specificity did not warrant the implications that the individual was not properly qualified.

Actions Taken And Results Achieved

A complete review was made of the lead auditor certification files for the three individuals named in the body of the inspection report. With respect to the one individual with nuclear navy experience, his other related technical experience in itself provided more than enough basis for awarding full points towards qualification. In the second case, lack of specificity in the auditor's resume with respect to previous technical experience was corrected and verified.

We do not understand the Inspector's concern with the certification of the third individual. In this case, no nuclear navy experience was claimed, his related technical experience was more than adequate for award of full points, and no points were claimed for professional accomplishments.

Actions Taken To Avoid Further Violation

A review of our lead auditor certification files indicates that there is a need to improve the methods by which pertinent data is recorded.

We have undertaken a program to standardize the resumes in the auditor certification files and to provide for each auditor, a detailed breakdown as to the bases for awarding of points towards lead auditor qualification.

Date When Action Will Be Achieved

Enhancements to the lead auditor certification file will be complete on or before February 27, 1988.