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NYN- 93077

May 25, 1993

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United States Nuclear Regulatory Commission
Washington, D.C. 20555

Attention: Mr. Daniel L. Meyer
Chief, Rules Review and Development Branch
Office of Administration

References: (a) Facility Operating License No. NPF-86, Docket No. 50-443

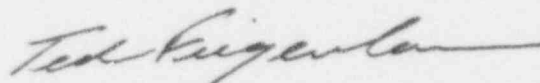
Subject: Comments on Draft NRC Manual Chapter 38703, Commercial Grade
Procurement Inspection

Dear Mr. Meyer:

North Atlantic Energy Service Corporation, as the managing agent for Seabrook Station, is pleased to have the opportunity to provide comments on the subject draft inspection procedure. North Atlantic strongly believes that the NRC should utilize the definitions already adopted by the industry as part of the implementation of EPRI NP-5652, Guideline for the Utilization of Commercial Grade Items in Nuclear Safety Related Applications (NCIG-07), and issue a final Generic Letter that supersedes Generic Letters 89-02 and 91-05. Other detailed comments are provided in the enclosure.

If you have any questions on our comments or would like to discuss this further, please call Mr. James M. Peschel, Regulatory Compliance Manager, at (603) 474 - 9521, extension 3772.

Very truly yours,



Ted C. Feigenbaum

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United States Nuclear Regulatory Commission
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May 25, 1993
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May 25, 1993

ENCLOSURE TO NYN-93077

NORTH ATLANTIC COMMENTS ON DRAFT MANUAL CHAPTER 38703

North Atlantic endorses the comments made by the industry representatives during the workshop in Dallas on April 21 & 22, 1993 and those provided by NUMARC in their letter to the NRC dated. In addition the following general and specific comments are provided.

GENERAL COMMENTS

The draft Manual Chapter represents a step in the right direction by the NRC. The abandonment of the preference for Appendix B procurement versus commercial grade dedication, the inclusion of engineering judgement and the recognition that sampling may be appropriate for certain items without lot/batch control are all positive actions. However, there are still four major areas of concern with the Manual Chapter.

1. Definitions

The definitions proposed in draft Manual Chapter 38703 and its appendices do not conform to the definitions already adopted by the industry through its commitment to and implementation of the EPRI guidance in EPRI-5652 (NCIG-07). The NRC should adopt and utilize in Manual Chapter 38703 the industry definitions and provide additional clarification as necessary in the Manual Chapter. This is essential so that all personnel will have a clear understanding of the elements of Commercial Grade Dedication. The NRC should also issue Manual Chapter 38703 as a Generic Letter that clearly explains what elements of Generic Letters 89-02 and 91-05 are superseded. This action would be similar to Generic Letter 91-18 which proved to be very effective and beneficial to both the NRC and the industry.

2. Cumulative Evaluations

In the examples provided, the NRC tends to desire absolute verification that a commercial grade item (CGI) will perform its safety function in lieu of reasonable assurance. This philosophy requires the identification of all possible critical characteristics that are needed to ensure that a CGI can perform its safety function, and then either the absolute verification or specific justification for a lower level of verification. No credit is given to the cumulative affect of verifying or partially verifying multiple critical characteristics. As an example the elbow cited in Example 2 probably required more verification than listed. However, the NRC's proposed alternative is to absolutely verify everything. As an option to verification of carbon content and tensile properties (which are destructive tests), a hardness test could have been performed. Tables are available to convert hardness results to approximate tensile strength. Additionally, as carbon is used to strengthen the material, it would also give some indication of the carbon content due to a high hardness being indicative of carbon content in excess of the desired value. The cumulative result of verification of markings, selected dimensions, configuration, hardness and partial verification of chemistry, coupled with no history of fraudulent CGI elbows provides reasonable assurance that the elbow is the item ordered and therefore it will perform its intended safety function.

Each critical characteristic cannot be treated as an entirely separate entity having no bearing on other critical characteristics. This simply does not reflect the reality of the manufacturing process and to require separate treatment would impose a higher standard of acceptance on CGIs than that imposed upon an Appendix B part.

The Manual Chapter should be revised to state that the adequacy of a dedication package should not be judged by reviewing each critical characteristic and its verification methods separately, but rather should be judged on the cumulative affect of all critical characteristics that are verified.

3. Assumption of Fraudulent or Substandard CGIs

The Manual Chapter is still based upon the position that all or most CGIs are either fraudulent or substandard or both. Industry experience shows that this is not true, and that the CGIs delivered to the utilities are exactly what they were advertised to be.

The assumption of fraud calls for audits, surveys or surveillances as ways of preventing fraud. These activities are only capable of preventing fraud during the time that they are in progress as the perpetrator, be it a manufacturer or a vendor will not commit fraudulent activities while being directly observed. In addition, with regard to low cost items there is little or no profit to be made by providing fraudulent components.

Guidance should be provided in the Manual Chapter to explain that while fraud is always possible, it is not very likely and in low cost items it does not need to be considered. Additionally, it should state that the best method of detecting fraud is a good receipt inspection process which looks for items such as altered labels, evidence of reused parts and other such details.

4. Vendor/Distributor/Transporter Reviews, Audits or Surveys

The Manual Chapter requires that vendors, distributors or transporters be reviewed audited or surveyed to verify that they adequately control the critical characteristics. This requirement again presumes fraud. The Manual Chapter should provide guidance to clearly state that there is no need to survey, review or audit distributors/vendors or shipping agents when the materials are resistant to tampering and the distributor has no reason to modify the material. In addition, it should address the use of receipt inspection processes to detect potential fraudulent parts/materials.

The current Manual Chapter wording implies that distributors and trucking companies are presumed to be conducting fraudulent activities. A distributor or agent having physical possession of an item should not be the basis for requiring an audit or survey. The basis for performing an audit or survey of a vendor/distributor should be the fact that the purchaser is taking credit for any controls applied to the CGI by the vendor/distributor while it is in his possession. These controls may be repackaging, temperature or humidity controls or certification attested to by the distributor. However, if no credit is taken in the CGD process for any controls then no audit or survey is required. This applies to Sections 3.a and 6.a of Appendix A.

SPECIFIC COMMENTS

Page 63.02, Step 1 Revise to add a requirement to determine if the failure was such that it could have resulted from inadequate commercial grade dedication (CGD). Most component failures are not associated with the method of CGD but rather are related to normal wear or maintenance activities.

Page 11 3.04d Item 2 in the first paragraph should be deleted. Method 4 accepts an item based upon a history of acceptable CGDs and does not involve manufacturer audits. To require audits of the control of the design process and material changes not only eliminates Method 4 as a viable option but goes beyond the requirements of Generic Letter 89-02.

Page A-1 Sec 1.c A purchaser may not be able to "control the activities affecting the items quality," but he may be able to verify them. The word "control" should be replaced with "verify" in this section and in the definition of reasonable assurance on Page A-4.

Page A-2 Sec 2 Combine paragraphs a and b as they are the same with "a" being a subset of "b." The present presentation is very confusing and does not recognize that it is simply a lot/batch control function. Verification of material type by testing one piece from a single lot or heat applies equally to any material that is in batches or lots and that are homogeneous by batch or lot and not to just metals.

Page A-3 Sec 4.b The third sentence should be revised by inserting a period after requirements and by deleting "by referencing the applicable program/procedure and revision." Requiring a reference of the applicable program/procedure and revision is too restrictive and unnecessary and in many cases impossible because it would prevent a vendor from upgrading his processes or product line. This essentially would eliminate the vendor as a commercial grade supplier and make him a modified Appendix B supplier. There are other methods to accomplish the intent of this statement and utilities should be allowed the flexibility to use them.

Page A-3 Sec 4.c Delete the discussions of deficiencies. In a commercial survey the goal is to take credit for what a vendor does control and not to specify additional controls. Deficiencies are limited to cases when a vendor does not comply with his current program and they do not address the concept of his program being inadequate to verify all critical characteristics. The imposition of additional controls means that the vendor is no longer a commercial grade vendor and is something else which is contrary to the concept of commercial grade dedication.

Page A-3 Sec 5 The definition and all references to "like-for-like" should be deleted because the definition requires an identical part which obviates the need for the "like-for-like" analysis. "Like-for-like" substitution is a design control concept as it requires updating the design basis, and is not a Commercial Grade Dedication concern.

Page A-4 Definitions - The definitions used should be those provided in NP5652 and 10CFR21. The definition of dedication is especially wordy and confusing. The following is recommended:

Dedication - The process that reclassifies a commercial grade item as a basic component. The process involves the identification and verification of certain critical characteristics.

Note that the definition of critical characteristics is defined on Page A-4.

General

The flow charts utilized during the Dallas meeting do not agree with the written procedures. The flow charts should be incorporated into the Manual Chapter.