



PECO NUCLEAR

A UNIT OF PECO ENERGY

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965 Chesterbrook Boulevard
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September 3, 1996

Docket Nos. 50-352
50-353

License Nos. NPF-39
NPF-85

U.S. Nuclear Regulatory Commission
Attn: Document Control Desk
Washington, DC 20555

SUBJECT: Limerick Generating Station, Units 1 and 2 Request for Approval
to Change the Quality Assurance Program Description Involving
Vendor Evaluations

Dear Sir:

This letter is submitted in accordance with 10CFR50.54(a)(3), which requires prior NRC approval for any change which reduces the commitments in a previously accepted Quality Assurance Program Description (QAPD). The Quality Assurance Program, as described in Chapter 17.2 of the Limerick Generating Station (LGS) UFSAR, committed PECO Energy, Nuclear Quality Assurance Department, to perform documented annual vendor evaluations of PECO approved vendors. PECO is proposing to eliminate this requirement for the Nuclear Quality Assurance (NQA) organization to perform these documented annual reviews. An alternative program is established which provides for an ongoing review of receipt inspection data, industry information, and audit/survey reports to assess the performance of PECO's vendors. The ongoing vendor evaluations allow NQA to make prompt, effective decisions regarding procurement and corrective actions relative to a specific vendor's performance. Historically, the annual documented evaluation has required NQA to review and document data and associated actions that were already completed, providing no additional value.

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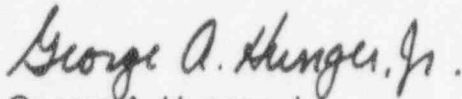
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Minor procedure changes have been initiated to adjust the process established for these ongoing vendor performance evaluations. Since these documented annual reviews will no longer be performed by the independent NQA organization, this proposed change is a reduction in commitment in the NRC approved LGS QA Program Description; however, this change does not decrease the PECO Energy Company commitment to quality or to compliance with 10CFR50, Appendix B. We are, therefore, requesting NRC approval of this change in accordance with 10CFR50.54(a)(3). Additional information in support of these changes is provided in Attachment 1.

The proposed changes to the QA Program Description in the LGS UFSAR, Chapter 17.2 (Rev. 5, 4/96) are provided in Attachment 2.

These proposed changes are scheduled to be implemented by October, 1996 pending your approval. We are, therefore, requesting your review and approval to support this schedule. If you have any questions or need additional information, please do not hesitate to contact us.

Very truly yours,



George A. Hunger, Jr.
Director-Licensing

Attachments

cc: H. J. Miller, Administrator, Region I, USNRC w/attachments
N. S. Perry, USNRC Senior Resident Inspector, LGS w/attachments

10CFR50.54 (a) (3) Review**Proposed Changes to the LGS Quality Assurance Program Description****Regarding Annual Evaluation of Suppliers****Limerick Generating Station, Units 1 and 2****A. Subject**

This 10CFR50.54 (a) (3) review addresses an alternate approach to evaluation of suppliers of safety-related equipment and services. The alternate approach takes credit for various ongoing evaluation activities which are currently performed, and eliminates the need to perform a separate, documented evaluation annually.

Currently, LGS UFSAR, Appendix 17.2.II, item p, commits PECO to Regulatory Guide 1.144, Rev. 1, Sept. 1980, "Auditing of Quality Assurance Programs for Nuclear Power Plants", which endorses ANSI N45.2.12-1977. Regulatory Guide 1.144, Section C 3.b., states the following:

"A documented evaluation of the supplier should be performed annually. Where applicable, this evaluation should take into account (1) review of supplier furnished documents such as certificates of conformance, non-conformance notices, and corrective actions, (2) results of previous source verifications, audits, and receiving inspection, (3) operating experience of identical or similar products furnished by the same supplier, and (4) results of audits from other sources, e.g., customer, ASME, or NRC audits."

The change would add an alternative to UFSAR, Appendix 17.2.II, item p, as follows:

5. Ongoing vendor evaluations are performed utilizing receipt inspection data, industry information, and audit survey reports to assess vendor performance in lieu of documented annual evaluations.

B. Reason for the Change

It is estimated that the change would result in a savings of over \$400,000 over the life of the plant. This savings would be achieved without any loss of effectiveness of the control of supplier quality. Existing practices perform the function described in Regulatory Guide 1.144 more effectively and efficiently while enhancing safety through more expedient assessment of potential deficiencies.

C. 10CFR50.54(a)(3) Review

Evaluation of supplier performance through ongoing review as data becomes available will result in an increase in QA Program effectiveness. The supplier evaluation function described in Regulatory Guide 1.144 will be performed more effectively and efficiently while enhancing safety through more expedient assessment of potential deficiencies.

Details for accomplishing each of the functions discussed by Regulatory Guide 1.144 are addressed below:

- 1) "...review of supplier-furnished documents such as certificates of conformance, non-conformance notices, and corrective actions."

Supplier-furnished documents are reviewed as part of PECO Energy's receipt inspection process for purchased items and any deficiencies or concerns are documented at that time. Deficiencies are documented and the supplier is promptly notified for correction, as necessary. Repetitive deficiencies are identified through trending of supplier performance. Other supplier-furnished documents are received and evaluated through PECO's Operating Experience Assessment Program (OEAP). There is no additional benefit in reviewing these documents a second time in order to perform an annual supplier evaluation.

- 2) "...results of previous source verifications, audits and receiving inspections."

PECO Energy Nuclear Quality Assurance performs source verifications and audits and reviews third-party audits. In addition, suppliers are kept informed of concerns or deficiencies through the receipt inspection process, which captures both documentation deficiencies and hardware nonconformances. There is no benefit in performing an annual evaluation because the evaluation is a continuous, ongoing activity.

- 3) "...operating experience of identical or similar products furnished by the same supplier."

The PECO Energy corrective action program captures concerns related to product performance. In the current environment, the predominant procurement activities are related to spare and replacement parts, new hardware as part of a modification process which is replacing obsolete equipment, or replacing poorly performing equipment. These equipment change-out activities are performed in accordance with PECO Energy procedures, including corrective action (for equipment deficiencies) and design change process (for upgrades or equipment replacement). Industry reliability programs are available which provide information to PECO personnel on the performance of safety related hardware throughout the nuclear industry. In addition, PECO has a specific Operating Experience Assessment Program. Supplier concerns identified through the industry's operating experience program are addressed at the

time of identification and, if necessary, are reported (e.g. 10CFR Part 21 reports, NRC Information Notices, NRC Generic Letters, INPO SOERs, INPO SERs, Supplier Reported Bulletins, etc.) In addition, the industry has established a bulletin board through the Nuclear Procurement Issues Committee (NUPIC) which shares current data regarding supplier performance from audits, surveillances and other information. PECO review of such information allows for quick investigation and action on common problems. An annual supplier evaluation provides no additional value because the operating experience reviews are performed on an ongoing basis.

- 4) "...results of audits from other sources, e.g., customer, ASME, or NRC audits."

As described in item 3 above, the industry has developed programs to share operating and vendor information. PECO participates in NUPIC and shares audits with other members. In addition, PECO obtains reports of NRC vendor branch inspections published quarterly as NUREG 0040, as they are made available. These third party audits are reviewed and actions are promptly taken as concerns are identified. An additional, annual review of these activities is not necessary because the purpose of the review is being accomplished in a more timely and effective manner.

The change, as described, will continue to satisfy 10CFR50, Appendix B, Criterion VII, "Control of Purchased Material, Equipment and Services", which requires that:

"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."

This requirement continues to be met through the performance of an ongoing evaluation system versus a delayed process of annual evaluation. Existing practices are performing the function described in Regulatory Guide 1.144 more effectively and efficiently through an ongoing evaluation process.

This change is a reduction in commitment and requires NRC approval prior to implementation. This change maintains the PECO Energy commitment to quality and enhances safety through a more timely assessment of potential deficiencies. Upon revision, PECO Energy's QA Program will remain in compliance with 10CFR50, Appendix B.

- p. Regulatory Guide 1.144, September 1980, Auditing of Quality Assurance Programs for Nuclear Power Plants. Endorses ANSI/ASME N45.2.12-1977.

PECO Energy shall comply with Regulatory Guide 1.144, September 1980, and ANSI/ASME N45.2.12-1977, with the clarification discussed in Item 1 under Regulatory Guide 1.33 and with the following alternatives:

1. ANSI/ASME N45.2.12, Section 4.2.4, Audit Notification, and Section 4.3.1, Preaudit Conference - Preaudit notification is given to plant management in an informal manner due to daily contact and communications between NQA personnel and plant personnel.
2. Section 4.3.3, Postaudit Conference - A postaudit conference will be held if unsatisfactory findings are identified during the audit.
3. ANSI/ASME N45.2.12, Section 4.4.6, Reporting - The audit report shall be issued within 30 working days after the postaudit conference.
4. ANSI/ASME N45.2.12, Section 4.5.2, [Followup] By Auditing Organization
 - (a) For external assessments/surveillances, comply.
 - (b) For internal assessments/surveillances, line organization management is responsible for evaluating the adequacy of the response to each adverse finding, assuring that corrective action is identified and scheduled, and confirming that corrective action is accomplished as scheduled.

* 5. see below

- q. Regulatory Guide 1.146, August 1980, Qualification of Quality Assurance Program Audit Personnel for Nuclear Power Plants. Endorses ANSI/ASME N45.2.23-1978.

PECO Energy shall comply with Regulatory Guide 1.146.

- r. Branch Technical Position (BTP) CMEB 9.5-1

For modification work performed by the Nuclear Engineering Division during the operations phase, the Nuclear Engineering Division will maintain compliance with the requirements of CMEB 9.5-1 in accordance with Section 9.5.1.

* 5. In going vendor evaluations are performed utilizing receipt inspection data, industry information, and audit/survey reports to assess vendor performance in lieu of documented annual evaluations.