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UNITED STATES
NUCLEAR REGULATORY COMMISSION
WASHINGTON, D.C. 20555

DEC 08 1992

MEMORANDUM FOR: Charles E. Rossi, Director
Division of Reactor Inspection
and Licensee Performance

FROM: Leif J. Norrholm, Chief
Vendor Inspection Branch
Division of Reactor Inspection
and Licensee Performance

SUBJECT: MINUTES OF PUBLIC MEETING WITH NUMARC ON
COMMERCIAL GRADE DEDICATION

Background

Between December 1991 and June 1992, the NRC completed the five pilot inspections that were conducted to evaluate the implementation of licensee programs for the procurement and dedication of CGIs and to finalize an inspection procedure for future inspections of this type. These inspections identified weaknesses in licensee CGI dedication programs and their implementation. During this same period, the NRC received significant feedback from several utilities and the Nuclear Management and Resources Council (NUMARC) questioning the regulatory basis for the CGI dedication guidance contained in Generic Letter 91-05, as well as specific interpretations of that guidance by the NRC inspection teams. Because of the need for additional discussion of the requirements and implementing guidance for dedication of CGIs, no enforcement action was taken based on any of the five pilot inspections. Rather, it was decided that a series of meetings with licensees and industry representatives would be beneficial to identify, and attempt to resolve, specific areas of difference.

Meeting Summary

On November 13, 1992, members of the NRC met with representatives of NUMARC to discuss key procurement and commercial grade dedication issues identified during the five pilot inspections. A list of attendees is included as Enclosure 1. The meeting agenda is included as Enclosure 2.

During the meeting, the NRC's Vendor Inspection Branch identified key procurement and dedication issues where apparent differences with NUMARC exist. A list of these dedication issues is included as Enclosure 3 and the slides used during the meeting are included as Enclosure 4. As a result of the meeting, NUMARC representatives agreed to review the NRC's list of dedication issues and determine

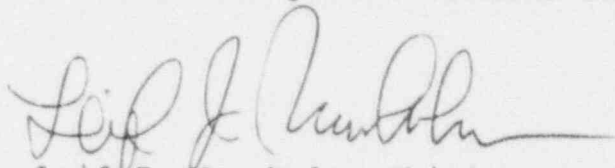
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whether any other areas or issues need to be added. Both the NRC and NUMARC representatives agreed to address these issues to identify and document their positions and, therefore, help to clearly define the disagreements in each area. This will allow the NRC to focus discussions on achieving resolution of the differences without compromising safety and still meeting the regulations. NUMARC also stated it would identify NRC inspection findings from the pilot inspections which are considered to have gone beyond the intent of the NUMARC procurement initiatives. It was also agreed that the NRC and NUMARC would exchange written positions before the next meeting.

The next meeting with NUMARC to discuss these positions, in detail, is scheduled for December 10, 1992, at the NRC headquarters office. At this public meeting, any issues that are clearly in disagreement, as well as those in agreement, will be identified and included in the meeting minutes. The areas of agreement will be punctuated with actual or hypothetical examples of properly dedicated commercial grade items.

The NRC suggested that NUMARC may wish to provide written comments or a markup of Generic Letter 91-05 identifying specific areas felt to exceed utility commitments to the NUMARC procurement initiatives. The NRC explained that meetings would also be conducted with one or more individual utilities inspected during the pilot inspections to discuss specific dedication examples identified as findings. Finally, it was stated that the NRC would be conducting a public workshop which will address issues concerning the existing dedication guidance and specific interpretations of that guidance. Prior to the public workshop, the proposed inspection procedure for future inspections will be issued for public comment and discussion at the workshop.



Leif J. Norrholm, Chief
Vendor Inspection Branch
Division of Reactor Inspection
and Licensee Performance
Office of Nuclear Reactor Regulation

Enclosures:

1. Meeting Attendees
2. Agenda
3. Dedication Issues
4. Slides

cc/without enclosures:
W. Russell

MEETING
PROCUREMENT & DEDICATION

ENCLOSURE 1

11/13/92

ATTENDANCE SHEET

NAME

ORGANIZATION

R.P. MCINTYRE

NRR/VIB

U. POTAPOVS

NRR/VIB

G.G. ZECH

NRR/12PEB

C. PETHUNE

NRR/12PEB

C.E. BOSSI

NRR/DRIL

R.L. PETTIS Jr.

NRR/DRIL

L.L. CAMPBELL

NRR/DRIL

R.P. ZIMMERMAN

NRR/DRIL

B.H. BRADLEY

NUMARC

JAMES J. RALPH

STS

Charles Willbanks

HAUNSBURY NKS

Richard Correia

NRR/DRIL

ANTHONY MENDIOLA

NRR/DRIL

Vince San Angelo

Bechtel Power

Alex Marx

NUMARC

Ed Abbott

ABZ

MEETING ON PROCUREMENT ISSUES, NOVEMBER 13, 1992

DRAFT AGENDA

1. Opening remarks
2. Status of NRC Procurement Inspections, Future Initiatives
3. Review of Specific Dedication Issues and Positions
 - a. Basis for selection and verification of critical characteristics
 - b. Sampling
 - c. Traceability
 - d. Commercial Grade Surveys
 - e. Like-For-Like Replacement
 - f. Acceptance of CMTRs and COCs
4. Discussion of Sample Dedication Packages/Examples

DEDICATION ISSUES

- Basis for the Selection and Verification of Critical Characteristics
 - 1. Consideration of Item's Safety Function
 - 2. Failure Modes and Effects Analysis
 - 3. Reasonable Assurance
 - 4. Engineering Judgment
- Sampling
 - 1. Established Heat Traceability (Materials)
 - 2. Established Lot/Batch Control
 - 3. Bulk Commodity Items
- Traceability
 - 1. Material/Items Purchased from Distributors
- Commercial Grade Surveys
 - 1. Verification of Vendor's Controls of Specific Characteristics
 - 2. Identification of Applicable Program/Procedures
 - 4. Documentation of Survey Results
- Like for Like Replacements
 - 1. Replacement with Identical Item
 - 2. Like for like Verification
- Acceptance of CMTRs and COCs
 - 1. Validity verified through vendor/supplier audit or testing

PROCUREMENT ASSESSMENTS/INSPECTIONS

- **March 1990 - Inspection Pause**
- **February - July 1991 - Eight Assessments**
- **December 1991 - Resume Inspections**
- **June 1992 - Five Pilot Inspections Complete**

ASSESSMENT AND PILOT INSPECTION FINDINGS

- **General Improvement in Programs**
- **Inadequate Identification and Verification of Safety Functions and Related Critical Characteristics**
- **Lack of Traceability to the Original Equipment Manufacturer**

LICENSEE REACTIONS

- **Dedication Guidance of GLs 89-02/91-05 and staff interpretation of App. B challenged**
- **Specific findings challenged**
 - **No regulatory basis**
 - **Lack of safety significance**
- **Commitment to implement corrective actions**
- **NUMARC challenge to specific guidance of GL 91-05**
 - **Relating critical characteristics to safety function**
 - **Definition of reasonable assurance**

FUTURE ACTIONS

- Meet with Licensees and Industry
- Resolve Significant Points of Contention
- Revise Inspection Procedure
- Issue for Public Comment
- Public Workshop on Procedure
- Finalize Inspection Procedure
- Train Regional Staff

Mr. Charles E. Rossi

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DISTRIBUTION without enclosures:

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C. Rossi	R. McIntyre	A. Mendiola
R. Zimmerman	R. Pettis	R. Correia
L. Campbell		

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* SEE PREVIOUS CONCURRENCE

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DATE	11/25/92*	11/25/92*	11/25/92*	12 / 8 / 92

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