



PECO NUCLEAR

A Unit of PECO Energy

Station Support Department

10CFR50.54(a)(3)

PECO Energy Company
965 Chesterbrook Boulevard
Wayne, PA 19087-5691

February 24, 1997

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

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

(2) Limerick Generating Station (LGS), Units 1 and 2, and Peach Bottom Atomic Power Station (PBAPS), Units 2 and 3, Request for Approval to Change the Quality Assurance Program Descriptions Involving Lead Auditor Qualification

REFERENCES: (1) Letter, G. A. Hunger, Jr., to NRC dated September 3, 1996 - Initial submittal of QAPD Change for Vendor Evaluations;

(2) Letter, NRC to G. A. Hunger, Jr., dated October 3, 1996 - same subject

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). As a result of a telecon with the NRC staff on January 28, 1997, this letter supersedes the Reference 1 letter and serves to resubmit proposed changes to the Quality

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Assurance Program, as described in Chapter 17.2 of the Limerick Generating Station (LGS) UFSAR which committed PECO Energy to perform documented annual vendor evaluations of PECO approved vendors. The PECO Energy proposed alternative has been revised to align with the Nuclear Energy Institute (NEI) position paper endorsed by the NRC.

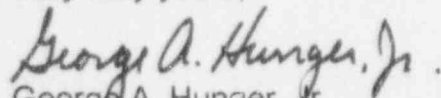
Secondly, this transmittal also includes another proposed QAPD change to provide an alternative to PECO Energy's current Lead Auditor Qualification Program. This second change applies to both the LGS and the PBAPS QAPDs. PECO Energy reviewed the NEI position on Lead Auditor Qualification and has developed a similar alternative. With NRC approval, lead auditor qualification will be partially based on acceptable performance of at least one nuclear quality assurance audit within the year preceding the effective date of qualification. This is an alternative approach to ANSI N45.2.23-1978, section 2.3.4. PECO Energy will ensure that the other requirements of ANSI N45.2.23-1978, section 2.3, are met as part of the qualification. Minor internal procedure changes will be required to effect this change.

These proposed QAPD changes are reductions in commitment to the NRC approved LGS and PBAPS QA Program Descriptions. However, these changes do not decrease the PECO Energy commitment to quality or to compliance with 10CFR50, Appendix B. We are, therefore, requesting NRC approval of these changes in accordance with 10CFR50.54(a)(3). Additional information in support of these changes is provided in Attachment 1 and Attachment 2.

The proposed changes to the QA Program Descriptions in the LGS and PBAPS UFSARs, (Chapter 17.2, Rev. 6, 12/96, for LGS and Appendix D.11, Rev. 13, 11/95, for PBAPS) are provided in Attachments 3 through 8.

These proposed changes are scheduled to be implemented by August 1997 pending NRC 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
N. S. Perry, USNRC Senior Resident Inspector, LGS
W. L. Schmidt, USNRC Senior Resident Inspector, PBAPS

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 Nuclear to Regulatory Guide 1.144, Rev. 1, Sept. 1980, "Auditing of Quality Assurance Programs for Nuclear Power Plants," which endorses, with additional requirements, ANSI/ASME N45.2.12-1977, "Requirements for Auditing of Quality Assurance Programs for Nuclear Power Plants. 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 inspections, (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:

Regulatory Guide 1.144, Rev. 1, Section C.3.b, last paragraph – Instead of documenting evaluations of suppliers on an annual basis, PECO Nuclear shall document evaluations of suppliers on an ongoing basis, using the guidance of Section C.3.b of the Reg. Guide. The results of these ongoing evaluations are reviewed and appropriate corrective actions taken. Adverse findings resulting from these evaluations are periodically reviewed in order to determine if, as a whole, they result in a significant condition adverse to quality and to provide input to supplier audit activities by PECO Nuclear or a third party auditing entity.

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 evaluation functions discussed by Regulatory Guide 1.144, Section C.3.b 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 Nuclear'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 Nuclear'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 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 Nuclear 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 Nuclear 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 Nuclear personnel on the performance of safety related hardware throughout the nuclear industry. In addition, PECO Nuclear 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 Nuclear 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 Nuclear participates in NUPIC and shares audits with other members. In addition, PECO Nuclear 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 Nuclear commitment to quality and enhances safety through a more timely assessment of potential deficiencies. Upon revision, PECO Nuclear's QA Program will remain in compliance with 10CFR50, Appendix B.

10CFR50.54 (a) (3) Review
Proposed Changes to the Quality Assurance Program Descriptions
Regarding Qualification of Lead Auditors
Limerick Generating Station, Units 1 and 2
Peach Bottom Atomic Power Station, Units 2 and 3

A. Subject

This 10CFR50.54 (a) (3) review addresses an alternate approach to the qualification of Lead Auditors. The alternate approach provides for qualification of Lead Auditors based on demonstrated ability to effectively implement the audit process and effectively lead an audit team.

Currently, LGS UFSAR, Appendix 17.2.II, item q, and PBAPS UFSAR, Appendix D.11, Appendix 17.2A, item 17, commit PECO Nuclear to Regulatory Guide 1.146, August 1980, "Qualification of Quality Assurance Program Audit Personnel for Nuclear Power Plants," which endorses ANSI/ASME N45.2.23-1978, "Qualification of Quality Assurance Program Audit Personnel for Nuclear Power Plants."

ANSI/ASME N45.2.23-1978, section 2.3.4, requires that prospective Lead Auditors shall have participated in a minimum of five quality assurance audits within a period of time not to exceed three years prior to the date of qualification, one audit of which shall be a nuclear quality assurance audit within the year prior to qualification.

The change would add an alternative to LGS UFSAR, Appendix 17.2.II, item q, and PBAPS UFSAR, Appendix D.11, Appendix 17.2A, item 17, as follows:

ANSI/ASME N45.2.23-1978, Section 2.3.4 – Prospective Lead Auditors shall demonstrate their ability to effectively implement the audit process and effectively lead an audit team. This process is described in written procedures which provide for evaluation and documentation of the results of this demonstration. A prospective Lead Auditor shall have participated in at least one nuclear quality assurance audit within the year preceding the individual's effective date of qualification. Upon successful demonstration of the ability to effectively implement the audit process and effectively lead audits, and having met the other provisions of Section 2.3 of ANSI/ASME N45.2.23-1978, the individual may be certified as being qualified to lead audits.

B. Reason for the Change

The change will enhance the ability to rotate qualified personnel and broaden personnel experience through work in different areas, thereby making more effective use of resources.

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

The ability to qualify as Lead Auditor based on demonstrated performance and skills provides an acceptable method of verifying that personnel are capable of implementing the audit process and leading an audit team. All other requirements of ANSI/ASME N45.2.23, Section 2.3, regarding qualification of Lead Auditors will be met. This approach assures that the candidate demonstrates competency prior to certification.

This change is a reduction in commitment and requires NRC approval prior to implementation. This change maintains the PECO Nuclear commitment to quality. Upon revision, PECO Nuclear's QA Program will remain in compliance with 10CFR50, Appendix B.

LGS UFSAR

- p. Regulatory Guide 1.144, Rev. 1, September 1980, Auditing of Quality Assurance Programs for Nuclear Power Plants. Endorses ANSI/ASME N45.2.12-1977.

PECO Nuclear 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 attachment 4

- 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 Nuclear 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. Regulatory Guide 1.144, Rev. 1, Section C.3.b, last paragraph – Instead of documenting evaluations of suppliers on an annual basis, PECO Nuclear shall document evaluations of suppliers on an ongoing basis, using the guidance of Section C.3.b of the Reg. Guide. The results of these ongoing evaluations are reviewed and appropriate corrective actions taken. Adverse findings resulting from these evaluations are periodically reviewed in order to determine if, as a whole, they result in a significant condition adverse to quality and to provide input to supplier audit activities by PECO Nuclear or a third party auditing entity.

LGS UFSAR

- p. Regulatory Guide 1.144, Rev. 1, September 1980, Auditing of Quality Assurance Programs for Nuclear Power Plants. Endorses ANSI/ASME N45.2.12-1977.

PECO Nuclear 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.

- 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 Nuclear shall comply with Regulatory Guide 1.146, August 1980, and ANSI/ASME N45.2.23-1978 with the following alternative.
1. See attachment 6

- 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.

1. ANSI/ASME N45.2.23-1978, Section 2.3.4 – Prospective Lead Auditors shall demonstrate their ability to effectively implement the audit process and effectively lead an audit team. This process is described in written procedures which provide for evaluation and documentation of the results of this demonstration. A prospective Lead Auditor shall have participated in at least one nuclear quality assurance audit within the year preceding the individual's effective date of qualification. Upon successful demonstration of the ability to effectively implement the audit process and effectively lead audits, and having met the other provisions of Section 2.3 of ANSI/ASME N45.2.23-1978, the individual may be certified as being qualified to lead audits.

PBAPS

- c. ANSI N45.2.8, Paragraph 3.4, Physical Condition - PECO Energy's compliance with ANSI N45.2.1, N45.2.2, and N45.2.13 provide adequate guidance and control for the requirement that mechanical items are in accordance with specified requirements and that quality has been maintained.

- 16. Regulatory Guide 1.123, October 1976. Endorses ANSI N45.2.13-1976, Quality Assurance Requirements for Control of Procurement of Items and Services for Nuclear Power Plants.

PECO Energy shall comply with Regulatory Guide 1.123, October 1976, and ANSI N45.2.13-1976 for those activities occurring during the operational phase that are comparable in nature and extent to related activities occurring during the initial design and construction phase.

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

~~COMPLY~~ PECO Nuclear shall comply with Regulatory Guide 1.146, August 1980, and ANSI/ASME N45.2.23-1978 with the following alternative:

a. See attachment 8

- 18. ANSI N45.2.5-1974, Supplementary QA Requirements for Installation, Inspection, and Testing of Structural Concrete and Structural Steel During the Construction Phase of Nuclear Power Plants.

ANSI N45.2.5-1974, exclusive of other documents referenced therein, will be implemented through alternate equivalent means prior to placement of any structural steel or concrete at PBAPS Units 2 and 3.

- 19. ANSI N45.2.12-1977, Requirements for Auditing QA Programs for Nuclear Power Plants. COMPLY, with the following alternates:

- a. Paragraph 4.3.1 - Preaudit Conference - A preaudit notification is given to plant management in an informal manner due to daily communication between NQA and plant personnel.
- b. Paragraph 4.5.2 - [Followup] By Auditing Organization -
 - 1) For external assessments/surveillances, comply.
 - 2) 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.

- a. ANSI/ASME N45.2.23-1978, Section 2.3.4 – Prospective Lead Auditors shall demonstrate their ability to effectively implement the audit process and effectively lead an audit team. This process is described in written procedures which provide for evaluation and documentation of the results of this demonstration. A prospective Lead Auditor shall have participated in at least one nuclear quality assurance audit within the year preceding the individual's effective date of qualification. Upon successful demonstration of the ability to effectively implement the audit process and effectively lead audits, and having met the other provisions of Section 2.3 of ANSI/ASME N45.2.23-1978, the individual may be certified as being qualified to lead audits.