



Wisconsin Electric POWER COMPANY

231 W. MICHIGAN, P.O. BOX 2046, MILWAUKEE, WI 53201

VPNPD-85-571

NRC-85-131

December 30, 1985

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Mr. J. G. Keppler, Regional
Office of Inspection and Enforcement,
Region III
U. S. NUCLEAR REGULATORY COMMISSION
799 Roosevelt Road
Glen Ellyn, Illinois 60137

Attention: Mr. C. E. Norelius, Director
Division of Reactor Projects

Gentlemen:

DOCKET NOS. 50-266 AND 50-301

QUALITY ASSURANCE CONCERNS WITH EXO SENSORS, INC.
POINT BEACH NUCLEAR PLANT, UNITS 1 AND 2

Your letter dated November 26, 1985 forwarded to us a copy of Inspection Report 99901015/85-01 which discussed the investigation of a number of allegations regarding the quality assurance (QA) program at the Exo Sensors, Inc. facility located in Anaheim, California. As mentioned in your letter, items produced by Exo Sensors, Inc., specifically the containment hydrogen analyzers, are in use at our Point Beach Nuclear Plant. As requested in your letter, we have reviewed the discrepancies identified in the inspection report, as well as our procurement history and means of supplier qualification and acceptance for these containment hydrogen analyzers. The results of that review indicate that the equipment received from Exo Sensors is acceptable. The following discusses the details of our review.

Exo Sensors, Inc. was initially accepted as a supplier for Point Beach in October 1980. That acceptance was based, in part, on an initial Wisconsin Electric desk review of the Exo Sensors' QA program and a review of a quality survey conducted by the Northern States Power Company (NSP) in April 1980. The QA manual had been issued in February 1980 shortly after the company had been formed. Subsequently, Exo Sensors was listed in the CASE (Coordinating Agency

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for Supplier Evaluation) register as a qualified supplier by the Southern California Edison Company (SCE) based on an October 1980 survey. The results of that survey were also obtained and reviewed prior to equipment purchase by Wisconsin Electric. Both the NSP and SCE survey results indicated that Exo Sensors' written QA program was acceptable, but that full implementation had not been achieved due to a lack of production activity and the infancy of the program and the company. Accordingly, the verification of implementation and the monitoring of quality activities was included as part of the acceptance of Exo Sensors. This was accomplished by including appropriate inspection holdpoints in the Wisconsin Electric purchase orders.

In November 1981 a purchase order was issued to Exo Sensors, Inc. to supply a containment hydrogen analyzing system for Point Beach. Appropriate QA requirements were specified in the purchase order which included implementation of a 10 CFR 50 Appendix B QA program, holdpoints for final inspection, testing, and purchaser release for shipment, the provisions of 10 CFR 50 Part 21, and the requirement to provide various quality documentation. Source inspections of the equipment were performed by Wisconsin Electric QA personnel at Exo Sensors in May and September 1982 to verify acceptable quality and conformance to appropriate drawings, fabrication procedures, and purchase order requirements. Portions of the final testing of the equipment were also witnessed to verify calibration and operability of the system. Documentation packages, including work travelers, inspection/test reports, procedures, and drawings, were reviewed for acceptability prior to shipment. The inspections identified several problems, both with documentation and hardware. These problems were responded to by Exo Sensors and the corrections were verified as acceptable by Wisconsin Electric. None of the problems we identified indicated a breakdown in the QA program being implemented by Exo Sensors. The equipment was found acceptable and released for shipment. When received at Point Beach, the equipment was subjected to receipt inspection and QA release prior to installation.

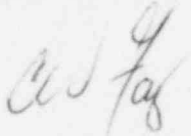
In November 1982 a second purchase order was issued to procure various spare parts for the hydrogen analyzer system. QA requirements consistent with the previous purchase order were again specified. Based on the previous acceptable performance, source inspection holdpoints were not specified. The parts were, however, subjected to the QA release process and our receipt inspection. The spare parts were found acceptable and released for use.

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It may be significant to note that our procurement experience was with the Exo Sensors' facility located in Laguna Hills, California. Shortly after our November 1982 procurement, Exo Sensors moved their facilities to Anaheim. In addition, there appears to have been a major change in key personnel between the time of our procurement and the NRC inspection (e.g., new president and QA manager). It is conceivable that these changes may have contributed to the deficiencies identified during the NRC inspection.

Based on our current review, it was determined that some conditions similar to the deficiencies identified in the NRC inspection report were identified during our earlier qualification process and source inspections of the Exo Sensors' facility in Laguna Hills. However, appropriate actions were taken at that time to assure that quality requirements were implemented and that the equipment supplied for Point Beach was acceptable. Accordingly, it is concluded that our own QA organization functioned properly, that the equipment supplied by Exo Sensors, Inc. is acceptable, and that no further action is required.

Very truly yours,



C. W. Fay
Vice President
Nuclear Power

Copy to NRC Resident Inspector