



UNITED STATES  
NUCLEAR REGULATORY COMMISSION  
WASHINGTON, D.C. 20555-0001

November 19, 2020

MEMORANDUM TO: Kerri A. Kavanagh, Chief  
Quality Assurance and Vendor Inspection Branch  
Division of Reactor Oversight  
Office of Nuclear Reactor Regulation

FROM: Yamir Diaz-Castillo, Reactor Operations Engineer **/RA/**  
Quality Assurance and Vendor Inspection Branch  
Division of Reactor Oversight  
Office of Nuclear Reactor Regulation

SUBJECT: SUMMARY OF THE PUBLIC MEETING TO DISCUSS LICENSEES'  
PLANS FOR SUPPLIER OVERSIGHT BEYOND FREQUENCY  
EXTENSION LIMITS ALLOWED DURING THE CURRENT EXIGENT  
CONDITION

On November 2, 2020, the U.S. Nuclear Regulatory Commission (NRC) held a Category 2 public meeting with industry representatives to discuss the licensees' approach for performing supplier oversight when the 25% audit or survey frequency extension limit for the current exigent conditions allowance caused by Coronavirus Disease 2019 (COVID-19) is exceeded. The meeting notice can be found in the Agencywide Documents Access and Management System (ADAMS) under Accession Number (No.) ML20293A173. The presentation slides can also be found under ADAMS Accession Nos. ML20303A041 and ML20303A043.

The meeting was opened by Ms. Kerri Kavanagh, Chief, Quality Assurance and Vendor Inspection Branch (IQVB), Division of Reactor Oversight (DRO), Office of Nuclear Reactor Regulation (NRR). Ms. Kavanagh restated the purpose of the meeting and described that the nuclear industry, in conjunction with the Electric Power Research Institute (EPRI), is working on guidance for performing remote audits or surveys that is expected to be completed by the end of 2020. The timing of when the industry guidance will be submitted to the NRC for review and approval has not yet been established.

Mr. Justin Wearne, Project Manager with the Nuclear Energy Institute (NEI), Ms. Amy Aughtman, Chair of the Nuclear Quality Management Leadership's Vendor Audit Relief Subcommittee (VARS), and Mr. Cal Taylor, Exelon Corporation's Corporate Corrective Action Program (CAP) Owner, represented the industry in its presentation of approaches to address procurement from suppliers that have exceeded the 3-year audit/survey cycle because licensees have been unable to safely conduct an audit or survey due to the current COVID-19 pandemic. Some of the interim procurement approaches included: (1) procuring from an alternate source, (2) performing commercial-grade dedication, (3) implementing a hybrid method for performing the audit on-site and remotely, and (4) using a provisional procurement authorization in conjunction with the CAP.

CONTACT: Yamir Diaz-Castillo, NRR/DRO  
(301) 415-2228

Mr. Wearne started his remarks by announcing that NEI and the VARS will be hosting a meeting in the upcoming weeks to discuss how licensees can implement these approaches. Mr. Wearne also clarified that the topics to be discussed during the meeting would be limited to how to remedy overdue supplier audits and surveys as a result of public health emergencies; no major changes to Quality Assurance (QA) program descriptions would be discussed.

Ms. Aughtman explained that most utilities have an allowance for a 25% grace period to complete an audit or survey beyond the 36-month period. Ms. Aughtman also stated that travel restrictions caused by COVID-19, both domestic and international, are precluding licensees from conducting on-site audits and surveys of vendors as required by Criterion VII, "Control of Purchase Equipment, Materials, and Services," of Appendix B, "Quality Assurance Program Criteria for Nuclear Power Plants and Fuel Reprocessing Plants," to Title 10 of the *Code of Federal Regulations* (10 CFR) Part 50, "Domestic Licensing of Production and Utilization Facilities."

Mr. Wearne described the four multiple paths being taken by the industry to mitigate these challenges. Path A consists of interim guidance recently developed by the Nuclear Procurement Issues Committee which allows the audit Team Leader some flexibility to determine the minimum on-site team size required to conduct the audit or survey while other members support the audit or survey remotely. Path B consists of an effort led by EPRI to develop more comprehensive guidance to support a hybrid audit and survey approach and conducting audits and surveys fully remotely, should extensive travel and vendor restrictions not support any on-site presence. Path C consists of using a decision tree to explore procurement alternatives to accomplish each licensee's needs should a supplier be approaching or go beyond the 25% grace period. Path D consists of a methodology to use the CAP to document an evaluation for provisional authorization of the vendor, item, or service as the method of last resort. Mr. Wearne stated the focus of the presentation would be on paths C and D, developed by the VARS to address these challenges. These two paths are considered bridging strategies until the EPRI guidance, as described by Ms. Kavanagh during her opening remarks, can be submitted to the NRC staff for review and approval.

Mr. Wearne proceeded to describe the decision tree containing several steps that provide licensees with decision points and options for procuring the item or service. Once all the options from the decision tree have been explored and determined not to be a viable solution, then the last option would be to utilize the CAP to document a vendor's expiration date and complete the provisional procurement authorization. Ms. Aughtman described the basis, which was derived from Callaway Plant's NRC Safety Evaluation (ADAMS Accession No. ML20216A681), for provisional procurement authorization and the compensatory measures for the continued use of suppliers that have exceeded the maximum allowed audit or survey time due to extenuating circumstances. Mr. Taylor walked through an example evaluation of a provisional procurement authorization form within the CAP with two parts: Part A, which focused on a supplier's QA program, and Part B, which focused on the technical and quality characteristics of a specific item.

Ms. Aughtman resumed the presentation by describing the basis developed by the VARS to evaluate whether the proposed use of the decision tree or the CAP does not represent a reduction in commitment requiring prior NRC approval in accordance with 10 CFR 50.54(a)(4). The conclusion reached by the industry is that prior NRC approval is not needed since the industry does not expect to make any changes to an NRC-approved QA program description and therefore, 10 CFR 50.54(a) does not apply." Mr. Wearne concluded the industry's

presentation by thanking the NRC staff, reiterating the industry's position that its proposed approach is for implementation only during the public health emergency, and requesting NRC feedback.

Ms. Kavanagh started the NRC feedback by stating the NRC staff has considered the industry's proposal and did not have any issues with the proposed approach and the use of the CAP as a last resort. Licensees use of the CAP for conditions adverse to quality is within a licensee's licensing basis and/or regulatory framework. The NRC staff understands that this approach is intended to be temporary while the NRC awaits a formal submittal a formal submittal from a licensee for review and approval for performing remote supplier audits and surveys. Upon NRC review and approval of such guidance, the proposed interim approach would no longer be implemented, with consideration for a timely transition period. Mr. Paul Prescott and Mr. Greg Galletti, Senior Reactor Operations Engineers, NRR/DRO/IQVB, echoed Ms. Kavanagh's feedback and stated that the use of the CAP with the applicable compensatory measures in place, is an appropriate measure that does not require prior NRC approval under 10 CFR 50.54(a)(4). Since each licensee has a unique QA program description, it is the licensee's responsibility to evaluate the proposal in accordance with their station's procedures to determine prior NRC review and approval is not needed.

The NRC staff provided the public an opportunity to provide comments or ask questions. Several questions and comments made by members of the public and the industry were addressed by the NRC staff, including requests for the NRC staff to clarify why licensees are not required to submit changes to their QA program descriptions under 10 CFR 50.54(a)(4) in order to use the proposed approaches.

At the conclusion of the meeting, Ms. Kavanagh invited the members of the public and the industry to provide feedback or any suggestions and/or questions regarding the meeting. There were no action items identified during the meeting.

Enclosure:  
List of Attendees

**SUBJECT: SUMMARY OF THE PUBLIC MEETING TO DISCUSS LICENSEES' PLANS FOR SUPPLIER OVERSIGHT BEYOND FREQUENCY EXTENSION LIMITS ALLOWED DURING THE CURRENT EXIGENT CONDITION**  
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rob.radulovich@exeloncorp.com	gary.szabatura@framatome.com
kongchangco@cameron.slb.com	bjhendel@energy-northwest.com
david.ambrose@Talenenergy.com	ted.shashaty@dominionenergy.com
james.w.mcntyre@sargentlundy.com	milton.concepcion@dominionenergy.com

**ADAMS Accession No.:** ML20324A216 \*via email NRC-001

<b>OFFICE</b>	NRR/DRO/IQVB*	NRR/DRO/IQVB
<b>NAME</b>	YDiaz-Castillo*	KKavanagh*
<b>DATE</b>	11/19/2020	11/19/2020

**OFFICIAL RECORD COPY**

**List of Attendees**

<b>Name</b>	<b>Organization</b>
Justin Wearne	Nuclear Energy Institute
Amy Aughtman	Nuclear Quality Management Leadership's Vendor Audit Relief Subcommittee Chair
Earl Mayhorn	Nuclear Procurement Issues Corporation Steering Committee/Ameren
Cal Taylor	Exelon Corporation
Kevin P. Buckley	Exelon Corporation
Rob D. Radulovich	Exelon Corporation
Marc Tannenbaum	Electric Power Research Institute (EPRI)
Allison Read	EPRI
Milton Concepción	Dominion Energy
Ted Shashaty	Dominion Energy
Randolph J. Hugentroth	Omaha Public Power District
Timothy Czuba	Entergy
Joe P. Pennington	Entergy
Mark Harvey	Framatome
Gary E. Szabatura	Framatome
Ryan Joschak	Framatome
Mark Coren	Duke Energy
Tom N. Welch	Duke Energy
John Conly	Certrec Corporation
William R. Avery	Energy Harbor Nuclear
Mark Mlachak	Energy Harbor Nuclear
Robert Thompson	Energy Harbor Nuclear
Leonard Weaver	Energy Harbor Nuclear
William Coll	Energy Harbor Nuclear
David M. Ambrose	Talen Energy
Camille T. Zozula	Westinghouse Electric Company (WEC)
Douglas Burget	WEC
Scott R. Day	WEC
Tracy K. Clasey	DTE Energy
Scott T. Fairburn	BWXT Technologies

Enclosure

<b>Name</b>	<b>Organization</b>
Rob Burg	Engineering Planning and Management
Brendan Kusisto	Indiana Michigan Power
James W. McIntyre	Sargent & Lundy
Rachel K. Czuba	Sonic Systems International. Inc.
John DeBonis	Curtiss-Wright
Stephanie Terwilliger	NuScale
John S. Larson	Nebraska Public Power District
Barney Poole	Luminant
Richard Swanson	Luminant
Dan Roberts	Engine Systems, Inc.
David Soward	Xcel Energy
Cynthia E. Larson	American Electric Power
Raj Jolly	Bechtel National, Inc.
Andres Torralba	Ergytech, Inc.
Michael Buel	Evergy
Richard Buechler	Southern Nuclear Operating Company
Brian J. Hendel	Energy Northwest
Matty Ongchangco	Cameron
Dr. Bernard Johnson	Cameron
Kerri Kavanagh	U.S. Nuclear Regulatory Commission (NRC)
Yamir Diaz-Castillo	NRC
Paul Prescott	NRC
Greg Galletti	NRC
Deanna Zhang	NRC
Andrea Keim	NRC
Jonathan Ortega-Luciano	NRC
Dong Park	NRC
Nicholas Savwoir	NRC