

DEC 11 1997

Part 170 etc.

(Copy to Walt Haas  
(NRL) 12/14/97

Arizona Public Service Company  
Palo Verde Nuclear Generating Station  
ATTN: Ms. Angela K. Krainik  
Department Leader  
Nuclear Regulatory Affairs  
P. O. Box 52034  
Phoenix, AZ 85072-2034

Dear Ms. Krainik:

I am responding to your October 3, 1997, letter requesting a fee exemption under the provision of 10 CFR 170.21, Footnote 4, item 3 for NRC's review of the National Institute of Standards and Technology National Voluntary Laboratory Accreditation Program (NVLAP) to determine if it contains controls sufficient to allow NRC licensees and 10 CFR 50 Appendix B audited calibration service providers to not have to audit NVLAP accredited laboratories. You requested that the review be performed in accordance with the National Technology Transfer and Advancement Act of 1995 (Public Law 104-113). As explained below, the fee waiver is granted.

As the bases for your request for the fee waiver, you stated that NRC's review and subsequent clarification of audit requirements for NVLAP accredited laboratories is an issue of interest to the entire nuclear industry, and that it clearly supports a generic regulatory improvement in calibration/verification of measuring and test equipment.

Item 3 of Footnote 4, 10 CFR 170.21, provides that fees will not be assessed for requests/reports submitted to the NRC "As a means of exchanging information between industry organizations and the NRC for the purpose of supporting generic regulatory improvements or efforts." The National Technology Transfer and Advancement Act of 1995 requires agencies to use consensus technical standards unless they are not appropriate to agency needs. Therefore, the NRC agrees that your submittal is aimed at bringing about a generic regulatory improvement or effort.

The Office of Nuclear Reactor Regulation has confirmed that clarification of the audit requirements of NVLAP accredited laboratories is a matter of generic interest to all nuclear plant licensees.

Based on the foregoing, I have determined that your submittal meets the criteria for the fee waiver provided in 10 CFR 170.21, Footnote 4, item 3.

Sincerely,  
Original signed by Jesse Funches

Jesse L. Funches  
Chief Financial Officer

Distribution and concurrence (see next page)

J

Letter to Angela K. Krainik, Arizona Public Service Company  
 Dated December 11, 1997

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**Arizona Public Service Company**

PALO VERDE NUCLEAR GENERATING STATION  
P O BOX 52034 • PHOENIX, ARIZONA 85072-2034

102-04022- AKK/DRL/RKB  
October 3, 1997

U.S. Nuclear Regulatory Commission  
ATTN: Document Control Desk  
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Reference: Letter Uldis Potapovos, Chief, Vendor Program Branch, US NRC to  
J.L. Wood, Quality Assurance Supervisor, Bingham-Willamette,  
August 24, 1983

Dear Sirs:

Subject: Palo Verde Nuclear Generating Station (PVNGS)  
Units 1, 2, and 3  
Docket Nos. STN 50-528/529/530  
Request for NRC Review of National Institute of Standards and  
Technology (NIST) National Voluntary Laboratory  
Accreditation Program (NVLAP)

Arizona Public Service Company (APS) is requesting NRC review of the National Institute of Standards and Technology (NIST) National Voluntary Laboratory Accreditation Program (NVLAP) to determine if it contains controls sufficient to allow NRC licensees and 10 CFR 50 Appendix B audited calibration service providers to not have to audit NVLAP accredited laboratories. APS requests that this review be performed in accordance with the National Technology Transfer Act of 1995 (Public Law 104-113).

APS has experienced recent cases where calibration service providers on our Approved Vendors List (AVL) have utilized NVLAP accredited laboratories for calibration/verification of their primary standards without performing an audit of the NVLAP accredited laboratory. These AVL vendors have not undertaken any additional verification efforts in the absence of an audit. APS can not find a regulatory allowance that would permit such calibration service providers that maintain a 10 CFR 50, Appendix B Quality Assurance Program to not have to audit sub-tier calibration service providers under such circumstances. As a result, APS has had to send the affected measuring and test equipment (M&TE) to other vendors which can meet our requirements. However, this is increasingly

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becoming a serious hardship as the number of vendors that can meet our expectation has dramatically dropped. Currently, APS is requiring vendors on our AVL to audit any sub-tier supplier which is calibrating primary standards. Such activity was formerly provided by NIST directly, however, in recent years vendors have begun to use NVLAP accredited laboratories more frequently. Although there is a docketed NRC position on not requiring licensees and vendors to audit NIST (see the above referenced letter), vendors have begun to apply the same position paper to NVLAP accredited laboratories. APS has taken the position that the NRC did not intend to envelop the NVLAP process when it endorsed the National Bureau of Standards (now NIST).

However, APS believes that the NVLAP accreditation process should be reviewed by the NRC in conjunction with the National Technology Transfer Act of 1995 to determine its adequacy to meet those portions of 10 CFR 50, Appendix B appropriate to calibration of primary standards. Once reviewed, we believe that NRC should allow licensees and 10 CFR 50, Appendix B vendors to utilize NVLAP accredited facilities without the need for an audit.

The National Technology Transfer Act of 1995 requires all Federal agencies and departments to use technical standards that are developed or adopted by voluntary consensus standards bodies, as a means to carry out policy objectives or activities determined by the agencies and departments. The NVLAP accreditation criteria are published in the U.S. Code of Federal Regulations (CFR, Title 15, Part 285) as a part of the NVLAP Procedures and General Requirements, and encompass the requirements of ISO/IEC Guide 25 and the relevant requirements of ISO 9002. Accreditation is granted following successful completion of a process which includes an on-site assessment, resolution of any deficiencies identified during the on-site assessment, participation in proficiency testing, and technical evaluation. The accreditation is formalized through issuance of a Certificate of Accreditation and Scope of Accreditation and publicized by announcement in various government and private media.

APS believes this process is rigorous enough to provide the staff reasonable assurance that the NVLAP accredited laboratories provide adequate controls without the need for additional oversight from the nuclear industry.

APS requests that NRC fees not be assessed in association with this request based on the provisions of 10 CFR 170.21, footnote 4, item 3. This footnote to the Schedule of Facility Fees states that "Fees will not be assessed for requests/reports submitted to the NRC . . . as a means of exchanging information between organizations and the NRC for the purpose of supporting generic regulatory improvements or efforts." NRC review and subsequent clarification of audit requirements for NVLAP accredited

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Request for NRC Review of National Institute of Standards and Technology (NIST)

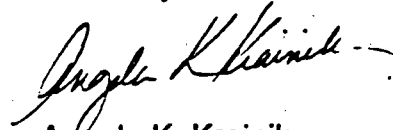
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laboratories is an issue of interest to the entire nuclear industry and clearly supports a generic regulatory improvement in calibration/verification of M&TE.

Should you have any questions, please contact Scott A. Bauer, Licensing Section Leader, at (602) 393-5978.

Sincerely,



Angela K. Krainik  
Department Leader  
Nuclear Regulatory Affairs

AKK/DRL/RKB/mah

Enclosures

cc: E. W. Merschoff  
K. E. Perkins  
K. M. Thomas  
J. H. Moorman  
R. E. Beedle