

From: Pete Eselgroth
To: IP2 Comm Team, et al
Date: Thu, Jul 6, 2000 11:44 AM
Subject: Fwd: Re: Con Edison Lawsuit with Westinghouse

Some interesting feedback from IP2 SRIs review of lawsuit info.

CC: Bill Bateman, Edmund Sullivan, Emmett Murphy, Jack Strosnider, John Zwolinski, Stephanie Coffin

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From: William Raymond
To: David Lew, Pete Eselgroth, Peter Habighorst, Scott Barber
Date: Wed, Jul 5, 2000 1:40 PM
Subject: Re: Con Edison Lawsuit with Westinghouse

I reviewed the Complaint filed in the US District Court for Southern NY (Civil Action No. 82 Civ. 3504) dated July 18, 1983, in which ConEd sought a declaratory judgement from Westinghouse for violations of the Warranty and IP2 Agreement for Indian Point 2. A synopsis of key points is attached.

In addition to revealing SG tube degradation very early in plant life, the Complaint also made some interesting points about Westinghouse (charges that defects were concealed) and how Westinghouse provided assurances about SG conditions that were not borne out in time. There are striking similarities to the present day themes and Westinghouse's assurances regarding the 1997 SG tube inspections.

Bill

>>> David Lew 07/03 11:08 AM >>>
Pete,

McCaan has made available to us a proprietary package on info related to the SG lawsuit. I ask that they not mail it to us. From a logistical point of view, we can (1) have the residents look at it and contact Mike Modes on the results and coordinate some documentation or (2) have Wayne Schmidt review it when he goes up to exit on the special inspection, which is likely next week. I prefer option 1 as Wayne needs to continue his focus on completing the special inspection activities; however, option 1 is contingent on what your staff can support. Otherwise I will plan on option 2. Please advise.

Dave

CC: Gregory Cranston, Michael Modes, Wayne Schmidt

The Complaint made the following points in support of ConEd's contention that Westinghouse was liable for damages:

A.13. At some time prior to 1975, Westinghouse became aware that steam generators similar to those at IP2 suffered degradation affecting tubes, which had to be removed from service (plugged).

A.14. During an IP2 outage in March 1975, less than 1 year after Plant Acceptance (the Acceptance date was May 22, 1974), Westinghouse inspections revealed dented tubes and structural deterioration in the steam generators. This test data remained in the possession and control of Westinghouse and no indications of dents or other deterioration were reported to ConEd.

A.15. In March 1976 and in response to a specific question from ConEd, Westinghouse advised that there was no evidence of denting in tubes examined thus far. Westinghouse continued to conceal information from ConEd concerning the presence of the dents until September 1976.

A.16. In September 1976, Westinghouse told ConEd that the March 1975 test showed a number of tubes and tube support plates in all four SGs had suffered degradation. The ability of the tubes to perform their intended function had been compromised because corrosion within the tube assemblies had dented and partially closed the tubes and had distorted the flow slots in the plates supporting them.

A.17. During 1976, Westinghouse advised ConEd that there was no immediate operational or safety concern in connection with the tube denting phenomenon, stated that the denting did not appear to worsen with continued operation, and purported to keep ConEd informed of the status of denting and efforts to alleviate the problem. Subsequent inspections showed that the corrosion and effects on the SGs was progressive.

A.18. The SG tube degradation was caused by defective design and manufacture creating crevices and geometry conducive to corrosion and denting; defective design and engineering through the selection of improper and incompatible materials; and, defective and improper operating instructions for secondary side water chemistry. Although Westinghouse was aware of similar problems in other SGs, Westinghouse failed to warn ConEd of the likelihood of such problems at IP2, and failed to warn ConEd of the presence of degradation in a timely fashion after it had (the March 1975) test data. The concealment of this information and continuing assurances that the problem was not serious delayed efforts to alleviate the problem, permitted corrosion to progress throughout the tube assemblies, and made impossible remedial and curative steps that might otherwise have been available.

A.20. As a result of Westinghouse's failure to correct the defects in the steam generators, ConEd incurred significant and additional expenses attendant with plant operations with defective SGs (change chemistry control, additional tube examinations, conduct studies and investigations, prolonged outages, loss of generation, etc).

A.21. The defects affected the ability to upgrade the electric output of the NSSS from the warranted level to the maximum design level. The service life of the SGs was substantially less than contemplated by the IP2 Agreement, and it may be necessary to shut down the plant for an extended period of time to replace the SGs.

The Complaint goes on to lists defects in the turbine generator and other equipment supplied by Westinghouse.

For damage, ConEd sought for Westinghouse to correct, by way of replacement, the steam generators and other defective equipment at no cost to ConEd.