

TENNESSEE VALLEY AUTHORITY

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OCT 26 1987

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U.S. Nuclear Regulatory Commission
ATTN: Document Control Desk
Washington, D.C. 20555

Gentlemen:

In the Matter of the Application of) Docket Nos. 50-390
Tennessee Valley Authority) 50-391

WATTS BAR NUCLEAR PLANT (WBN) UNITS 1 AND 2 - REGION II INSPECTION REPORT
NOS. 50-390/87-14 AND 50-391/87-14 - RESPONSE TO NOTICE OF VIOLATION

Enclosed is our response to G. G. Zech's letter dated September 25, 1987, to
S. A. White, which transmitted Inspection Report Nos. 50-390/87-14 and
50-391/87-14, citing activities at WBN that were in violation of NRC
regulations.

If there are any questions, please telephone R. D. Schulz at (615) 365-8527.

To the best of my knowledge, I declare the statements contained herein are
complete and true.

Very truly yours,

TENNESSEE VALLEY AUTHORITY

R. Gridley
R. Gridley, Director
Nuclear Licensing and
Regulatory Affairs

Enclosure
cc: See page 2

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U.S. Nuclear Regulatory Commission

OCT 26 1987

cc (Enclosure):

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ENCLOSURE

WATTS BAR NUCLEAR PLANT UNIT 2
RESPONSE TO NRC REGION II LETTER FROM GARY G. ZECH TO S. A. WHITE
DATED SEPTEMBER 25, 1987
INSPECTION REPORT NOS. 50-390/87-14 AND 50-391/87-14

This report responds to the notice of violation, described in Enclosure 1 of the NRC Region II inspection report referenced above. This is an interim report on this item of noncompliance.

Violation 391/87-14-01

10 CFR 50, Appendix B, Criterion XV, and the accepted Quality Assurance (QA) Program (TVA-TR75-1A, Revision 8) collectively require that measures be established to control materials, parts or components which do not conform to requirements in order to prevent their inadvertent use or installation. Nonconforming items shall be reviewed, and accepted, rejected, repaired or reworked in accordance with documented procedures. TVA Specification No. 9996 (Section 4, page 11, 12) to the Division of Purchasing Contract 54114-1 (Purchase Order No. 72751) states that contractor nonconforming material records shall be forwarded by the contractor after their review or approval to TVA, Chief Materials Engineer, for review or approval. Additionally, page 17.1-24 of TVA-TR75-1A, Revision 8, requires nonconformance reports for purchased material and associated corrective action be reviewed and approved by the Technical Engineer and the Chief, Procurement Quality Assurance Branch.

Contrary to the above, although measures were established to control materials, they are not adequately implemented in that Purchase Order Number 72751 contained a deviation notice (Number 33671) but this notice was not reviewed by the Technical Engineer or the Chief, Procurement Quality Assurance Branch. The material was TVA source inspected, accepted, shipped, receipt inspected at the site, and accepted.

This is a Severity Level V violation (Supplement II).

Admission or Denial of the Alleged Violation

TVA admits the violation occurred as stated.

Reasons for the Violations

The reason for the violation is fourfold:

- TVA implementing procedures for source inspections, handling supplier nonconformances, and reviewing supplier documents were deficient.
- TVA inspectors failed to follow procedures.
- Westinghouse procedures conflicted with the TVA QA Topical Report.
- Westinghouse failed to follow procedures.

The specifics of the above items will be detailed in their respective numbered section.

I. TVA Implementing Procedures Were Deficient

TVA QA Topical Report, revision 9, paragraph 17.1.7.3.(3), page 17.1-21 states, "Nonconformance reports and associated corrective action are reviewed and approved by the Technical Engineer and the Chief, Procurement Quality Assurance Branch (PQAB). Nonconformances resulting in changes of contract are coordinated and approved through PURCH."

TVA failed to adequately incorporate all requirements contained in the referenced section of the TVA QA Topical Report into the implementing procedures, as evidenced by the following inadequate and conflicting examples:

1. QMI-440 RO, "Shop Inspection-General Instructions," paragraph 6.7.2 states, "Deviations from the requirements of the specification which the supplier cannot or will not correct to comply with the specification will be reported on a supplier nonconformance report, in accordance with QMI-444."

QMI-444 RO, "Supplier Nonconformance Report," paragraph 6.1.4 states, "The supplier will monitor fabrication and identify nonconformances arising out of one or more of the following: ...The item does not conform to the original requirement even though the item can be restored so that the capability of the item to function is unimpaired."

Summary

QMI-440 allowed the supplier to not identify certain conditions as nonconformances, while these same conditions are required to be identified as nonconformances by QMI-444 and the TVA QA Topical Report.

2. QMI-444 RO, paragraph 5.3 states, "The cognizant Source Surveillance Group (SSG) section supervisor is responsible for the review of the supplier NCR, obtaining disposition (from the Technical Engineer when applicable), and for making the appropriate distribution."

QMI-444 RO, paragraph 6.11 states, "When design disposition is required, the cognizant SSG section supervisor shall send the original NCR and one copy to the Technical Engineer by a transmittal memorandum (attachment 2) for disposition in accordance with NEP-9.1. Copies of the memorandum and NCR shall be sent to PQAB (Supplier Evaluation Group), engineering project manager, PQAB TROI clerk, purchasing agent, and RIMS.

NOTE: Any supplier NCR determined not to require TVA Technical Engineer action is processed by the cognizant SSG section supervisor as follows:

- A. The reason NCR does not require the TVA Technical Engineer entered on the NCR, signed, and dated."

Summary

QMI-444 paragraphs 5.3 and 6.11 allowed nonconformance reports to be dispositioned, reviewed, and approved by personnel other than the Technical Engineer. This conflicts with the TVA QA Topical Report.

3. QMI-446 RO "Supplier Document Review," paragraph 6.2 states, in part, "While performing a detailed review of the supplier's documents for completeness and accuracy, the contract is the controlling document setting forth the requirements."

Summary

The Westinghouse NSSS contract states that the contractor will forward nonconforming material records to TVA, Chief Materials Engineer (Chief, PQAB), for review or approval which conflicts with the requirement for review and approval by the Technical Engineer and the Chief, PQAB as defined in the TVA QA Topical Report.

As a result of these procedural inadequacies, instructions consistent with the TVA QA Topical Report were not provided to the TVA source inspectors.

II. TVA Inspectors Failed to Follow Procedures

Procedure QMI-445 RO "Shipping Release," paragraph 6.1 states, "When the supplier presents equipment/material for final inspection prior to shipping, the TVA inspector shall: Ensure all applicable contract requirements have been met and review all required documentation furnished by the supplier for compliance with the contract for completeness and accuracy.

NOTE: If the results are unsatisfactory, the deficiencies shall be reported to the supplier, and the equipment/material held until the required documentation is acceptable."

Contrary to the requirements defined by QMI-445, TVA inspectors allowed the release of the Barton Transmitters identified in DN 33671 and other shipments without obtaining review and approval of DNs.

In addition, the TVA inspector should have invoked QMI-444 "Supplier Nonconformance Report," paragraph 6.2.5 which states, "If the recommended disposition is "repair to other than original specifications" or "use-as-is" (Level II), the supplier must report the nonconformance on a form TVA 10548 (Attachment 1), as described in the remainder of section 6." Form 10548 requires review and approval by TVA.

This paragraph is applicable to the DN cited in the violation because the DN disposition was "use-as-is." The proper implementation of procedures would have resulted in TVA review and approval of the DN.

III. Westinghouse Procedures Conflicted with the TVA QA Topical Report

Westinghouse procedures did not agree with the requirements of the TVA QA Topical Report in that Westinghouse procedure (Product Assurance Procedure 5.5) only required notification to TVA when deviations affect installation/test, inservice inspection, performance/function, maintenance/repair, and specification revision. TVA failed to identify the difference between the Westinghouse procedure and the TVA QA Topical Report.

Summary

As a result of Westinghouse limiting TVA's review and approval of DNs, not all DNs were forwarded to TVA for approval.

IV. Westinghouse Failed to Follow Procedures

Westinghouse failed to follow its procedure, Product Assurance Procedure 5.5, in that no notification of DN 33671 was made to TVA even though the "performance function" block was marked "yes." In addition, two more examples were found where Westinghouse failed to provide customer notification as required by Product Assurance Procedure 5.5. This failure to follow procedures resulted in TVA not receiving required DNs for review and approval.

Summary

If Westinghouse had followed its procedures, even though its procedure did not fully conform with TVA's QA Topical Report, DN 33671 cited in the violation would have been reviewed and approved by TVA.

In summation, TVA's procedures did not adequately reflect the TVA QA Topical Report requirements; TVA's source inspectors did not follow the implementing procedures; Westinghouse procedures were not compatible with TVA QA Topical Report requirements; and Westinghouse failed to follow their implementing procedures. It is apparent that additional effort and attention to detail are required to ensure that the TVA QA Topical Report is reflected though the implementing procedures and that appropriate training of source inspectors is accomplished and documented. Nevertheless, the comprehensive corrective actions described below are indicative of our commitment to excellence.

Corrective Steps Which Have Been Taken and Results Achieved

1. Site Quality Control (QC) inspectors performed a review of 28 Westinghouse purchase orders that had been placed on QC "hold" for various reasons. This review identified five Westinghouse purchase orders which had DNs that had not been approved by the Technical Engineer and PQAB Chief (including the cited Barton Transmitters). As a result, two Condition Adverse to Quality Reports (CAQRs) were written. The CAQRs are KXN 870173 for unit 1 and KXN 870174 for unit 2. From this preliminary review it was concluded that the cited lack of TVA review and approval of Westinghouse DNs was not an isolated case.
2. In the interim, TVA directed Westinghouse (letter dated August 24, 1987 B48 870824 001) that future DNs must be submitted to TVA for review and approval before material shipment. In addition, TVA notified Westinghouse that the TVA source inspectors have been instructed not to release materials until TVA approves the DN. These interim measures should preclude future material from being released without TVA approval as stipulated in the TVA QA Topical Report.
3. TVA had previously taken steps to ensure that vendor compliance data (including DNs) had been reviewed before shipment of material. TVA inspectors are now required to stamp all vendor documentation reviewed at the supplier's plant in accordance with operating instruction QMI-446 (Supplier Document Review) issued on February 27, 1987.

Corrective Steps Which Will be Taken to Avoid Further Violations

1. An interim procedure stipulating the responsibilities of the source inspectors with respect to Westinghouse DNs will be issued, and the source inspectors will be trained in the interim procedure by November 30, 1987.
2. TVA has determined that it was never the intent of the TVA QA Topical Report to require TVA to review all nonconformance reports (i.e., DNs). A revision to the TVA QA Topical Report will be prepared and submitted for NRC approval to clearly define those nonconformances that must be transmitted to TVA for review and approval by the Technical Engineer and the Chief, PQAB. TVA intends to review and approve those nonconformances which are proposed for "repair" or "use-as-is" dispositions.
3. A review of all PQAB implementing procedures will be performed to verify that the procedures comply with the TVA QA Topical Report and that training of PQAB personnel in procedure implementation has been accomplished and documented. This review will include revising operating procedures QMI-440 "Shop Inspection-General

Instruction," QMI-444 "Supplier Nonconformance Report," QMI-445 "Shipping Release," and QMI-446 "Supplier Document Review" to be consistent with the revised requirements of the TVA QA Topical Report.

4. TVA will continue to require that all DNs be reviewed and approved before material release until the TVA QA Topical Report and the referenced procedure revisions stipulated in point 3 are complete and implemented.
5. TVA will review all past, present, and future Westinghouse NSSS nonconformance/deviation reports as required by the revised TVA QA Topical Report for approval or rejection.

Date When Full Compliance will be Achieved

A status update will be provided to NRC by February 15, 1988, at which time a full compliance schedule will be stipulated.