



South Texas Project Electric Generating Station P.O. Box 289 Wadsworth, Texas 77483

September 10, 2007
ABR-AE-07000005

U. S. Nuclear Regulatory Commission
Attention: Document Control Desk
One White Flint North
11555 Rockville Pike
Rockville MD 20852-2738

South Texas Project
Units 3 and 4
Docket No. PROJ0749
Response to Audit Report No. PROJ0749-2007-001

Reference: Letter, G. F. Wunder to M. McBurnett, "The U. S. Nuclear Regulatory Commission Audit Report for South Texas Project Combined License Application Review," August 16, 2007

On May 21-24, 2007, the NRC Staff conducted an audit of the South Texas Project (STP) 3 & 4 combined license application (COLA) development program at the GE Nuclear Energy facility in San Jose, California. The referenced letter provided the audit report and requested a response to four audit response requests (ARRs) before or as part of the COLA submittal. The requested responses are provided in the attachment to this letter.

There are no commitments in this letter.

If there are any questions regarding the responses to the ARR, please contact either Mr. Tim Walker at (361) 972-7392 or me at (361) 972-7206.

A handwritten signature in black ink, appearing to read 'M. A. McBurnett', is written over the typed name.

M. A. McBurnett
Vice President,
Oversight & Regulatory Affairs

jtc

Attachment: Response to Audit Report No. PROJ0749-2007-01

DO79

NRO

STI:32205875

cc:
(paper copy)

Director, Office of New Reactors
U. S. Nuclear Regulatory Commission
One White Flint North
11555 Rockville Pike
Rockville, MD 20852-2738

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Attention: Document Control Desk
One White Flint North
11555 Rockville Pike
Rockville, MD 20852-2738

Regional Administrator, Region IV
U. S. Nuclear Regulatory Commission
611 Ryan Plaza Drive, Suite 400
Arlington, Texas 76011-8064

Deputy Regional Administrator for Construction
U. S. Nuclear Regulatory Commission
Sam Nunn Atlanta Federal Center, 23 T85
61 Forsyth Street, SW
Atlanta, GA 30303-8931

Richard A. Ratliff
Bureau of Radiation Control
Texas Department of State Health Services
1100 West 49th Street
Austin, TX 78756-3189

C. M. Canady
City of Austin
Electric Utility Department
721 Barton Springs Road
Austin, TX 787014

(electronic copy)

A. H. Gutterman, Esquire
Steve Frantz, Esquire
Morgan, Lewis & Bockius LLP

George Wunder
U. S. Nuclear Regulatory Commission

Thad Hill
Marty Ryan
Harry Holloway
Steve Winn
Eddy Daniels
NRG South Texas 3/4 LLC

Jon C. Wood, Esquire
Cox Smith Matthews

C. Kirksey
City of Austin

J. J. Nesrsta
R. K. Temple
Kevin Pollo
L. D. Blaylock
CPS Energy

Response to Audit Report No. PROJ0749-2007-01

ARR 001

Discussion

It was unclear to the NRC audit team as to the extent of the activities that Hitachi was performing for STP and COLA preparation.

Required Action

Provide a description of the actions taken to address the apparent inconsistencies identified in the COLA with respect to sub-supplier activities.

Action Taken

COLA Part 2, Tier 2 (Final Safety Analysis Report) Section 1.4 and STP 3 & 4 Quality Assurance Program Description (QAPD), Section 1.8 have been revised as follows:

STP Nuclear Operating Company (STPNOC) is the operator of STP 3 & 4 and maintains control and oversight of design and construction.

The design and construction of STP 3 & 4 is the responsibility of Toshiba Corporation acting in conjunction with subcontractors including GE Hitachi, Fluor, and Sargent & Lundy. Toshiba will have overall responsibility for design and configuration control. GE Hitachi will provide engineering and design related to the ABWR certified design. Sargent & Lundy will provide architect/engineer services and Fluor will be responsible for construction.

ARR 002

Discussion

Audit Reports performed by GEH should be more consistent as to identifying the appropriate work scope for each supplier (such as specific to ABWR or ESBWR design work) and include adequate objective evidence to support the review of the audit scope. The audit team concluded that this issue could affect the completeness and accuracy of the COLA in that the objective evidence in the audit report did not support the conclusion that the subcontractors was effectively implementing their scope of work. The team also noted that the most recent audit conducted at Shimizu, provided adequate objective evidence to support the audit scope.

Required Action

Provide a description of the actions taken to clearly identify the scope of work for each supplier and actions taken to ensure identification of and description of the objective evidence identified during the course of these supplier audits.

Action Taken

GEH contracted services from Bechtel, Black & Veatch, Japan Steel Works, Shimizu, and Washington Group International for STP 3 & 4 COLA preparation.

GEH Quality Assurance reviewed the Purchase Orders and qualification audits for all safety-related suppliers supporting STP 3 & 4 COLA preparation. The review found that the audits appropriately covered the scope of work specified in the related Purchase Orders.

GEH Quality Assurance found that corrective actions to address the rigor of documentation issue were implemented and as a result, the objective evidence documented in the Shimizu Audit was found to be very good.

Additional corrective actions were taken to train all NPP Audit Team Leaders on audit scoping and documentation requirements. Review of subsequent audit of Inabensa, a safety related supplier, indicated significant improvement in this area, consistent with the audit quality of the Shimizu audit.

GEH Quality Assurance has implemented an Audit Revitalization Program to identify and implement long term corrective action to promote consistency across business units in audit performance and documentation.

STP Quality has reviewed the documentation of the above action and agrees that GEH has adequately addressed the issue stated in ARR 002.

ARR 003

NRC was provided with a discussion of several interim corrective actions that had been taken to address the apparent programmatic deficiencies identified. The NRC stated that the applicant had apparently taken interim corrective actions that may be effective in correcting the deficiencies identified in the COLA development process, the NRC audit team did not find any record of these actions within the GE corrective action system. Additionally, the NRC audit team noted that many of the proposed actions identified on the individual CARs were not scheduled to be completed for several weeks, although COLA development was continuing during this time. The audit team concluded that these programmatic issues could potentially affect the completeness and accuracy of the STP COLA.

Action Required

- 1.) Provide a description of the interim and final corrective actions taken or described in the CARs as necessary to address the programmatic deficiencies self-identified during the audits and surveillance program, and
- 2.) Provide a discussion of the basis determining that the COLA development was conducted in a manner to meet the requirements of 10CFR50.9 for completeness and accuracy.

Action Taken

1.) GEH QA performed an assessment of each CAR (GEH CARS 42722 and 42725-42734) and concluded that none of the issues in these CARs documented a Significant Condition Adverse to Quality. In addition GEH QA updated each CAR to include the basis for allowing work to continue. The updated actions included procedure revision, training affected individuals, and reviewing sections already produced. STP 3 & 4 QA performed an assessment of GEH corrective actions to address these conditions during the week of August 6, 2007, and confirmed that the each CAR had the assigned corrective actions completed and were either closed or in the closure stage awaiting final acceptance by the process owner. The review indicated that the corrective actions, if properly implemented, will resolve the referenced CARs. STP 3 & 4 QA will continue to perform periodic oversight of all contractors as specified in the STP 3 & 4 QAPD to evaluate QA program implementation.

The review described below has provided additional assurance that each section was properly prepared and reviewed.

2.) STPNOC, GEH, and Bechtel have been working on the STP COLA development utilizing their respective Quality Assurance programs in order to provide complete and accurate COLA sections as well as to develop the engineering supporting information. In addition, GEH and Bechtel have been working to common guidance procedures specifically developed for the STP 3 & 4 project, one of which is GSP 03.05 as referenced in the NRC report. The work of suppliers and sub-suppliers is conducted in accordance with their quality assurance plans or manuals, as applicable. GEH and Bechtel regularly conduct audits of their own operations and those of their sub-suppliers to assure procedure compliance. STPNOC and GE have also conducted independent external audits to provide an independent assessment of compliance.

The COLA development work is subject to review and approval by team members as a peer review. This COLA development step is followed by a review by the STP 3 & 4 licensing staff. Upon completion of the STP 3 & 4 licensing staff review, the COLA sections are reviewed by the Licensing Review Board (LRB) as an independent review. The LRB membership is made up of selected senior staff members of STPNOC, GEH, and Bechtel with legal counsel from the Morgan-Lewis law firm.

LRB approval is documented in meeting minutes and LRB review has resulted in additional changes and updates. The actions and updates for COLA parts and sections are tracked with closure documented by follow-up evaluations by selected LRB team members.

The CARs associated with the above process were self-initiated based on internal reviews and resulted in rework of FSAR material drafted up until the time of the NRC audit. An Extent-of-Condition examination revealed inadequate training for some of the responsible engineering teams that had developed the draft information. The COLA Parts, Chapters, and Sections are considered draft until the application is submitted to the NRC and all Parts, Chapters and Sections have received review by the above process prior to being compiled for final submittal.

In summary, the completeness and accuracy verifications reside with each COLA input developer, the peer reviewers, and the LRB independent reviewers. The team approach with overlapping reviews will result in a COLA submittal based on firmly established expectations for completeness and accuracy.

ARR 004

Although Bechtel included the necessary guidance in its safety-related audit checklist to properly verify Part 21 requirements, the NRC audit team determined that Bechtel did not completely verify its sub-suppliers' Part 21 controls, and when weaknesses were identified during the audit process, Bechtel did not take adequate actions within the audit process to inform sub-suppliers of these weaknesses. The NRC audit team concluded that this issues had a potential to affect the completeness and accuracy of the STP COLA in that the evaluations of deviations on nonconformance's may not have been performed as required by 10 CFR Part 21.

Required Action

Provide a description of the actions taken to address the apparent deficiencies in the Bechtel sub-supplier verification process.

Action Taken

GEH QA issued Vendor CAR 43367 to track the status of the Part 21 issue identified at Bechtel. Bechtel has provided a response to the GE Vendor CAR indicating that Bechtel requested and received confirmation that their subsuppliers had incorporated the appropriate Part 21 notification requirements in their procedures. These procedural requirements require notification to Bechtel if the subsupplier is unable to evaluate a Part 21 and reviewed their respective CARs and found that they had not identified any potentially reportable Part 21 issues.

STP Quality and GEH QA reviewed the actions described above and agree with the resolution provided by Bechtel.