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Docket Nos.: 52-025

ND-11-0417

U.S. Nuclear Regulatory Commission
Document Control Desk
Washington, DC 20555-0001

Southern Nuclear Operating Company
Vogtle Electric Generating Plant Units 3 and 4
Reply to a Notice of Violation

Ladies and Gentlemen:

By letter dated February 14, 2011, the U.S. Nuclear Regulatory Commission (NRC) issued Inspection Report Numbers 05200011/2010-008; 05200025/2010-002 and 05200026/2010-001 concerning the October 1 – December 31, 2010 inspection conducted at the Vogtle Electric Generating Plant (VEGP) in Waynesboro, GA. The inspection report identified one Severity Level IV Violation from the inspection. The enclosure to this letter provides the SNC reply to the Notice of Violation.

If you have any questions regarding this letter, please contact Mr. Jim Davis at (706) 826-5544.

JEOL
DOA
MRO

Mr. B. L. Ivey states he is a Vice President of Southern Nuclear Operating Company, is authorized to execute this oath on behalf of Southern Nuclear Operating Company and to the best of his knowledge and belief, the facts set forth in this letter are true.

Respectfully submitted,

SOUTHERN NUCLEAR OPERATING COMPANY



B. L. Ivey

Sworn to and subscribed before me this 15th day of March, 2011

Notary Public: Nancy Louise Henderson

My commission expires: March 23, 2014

BLI/SBT

Enclosure: Reply to a Notice of Violation

cc: Southern Nuclear Operating Company

Mr. J. H. Miller, III, President and CEO (w/o enclosure)
Mr. J. A. Miller, Executive Vice President, Nuclear Development (w/o enclosure)
Mr. J. T. Gasser, Executive Vice President, Nuclear Operations (w/o enclosure)
Mr. J. R. Johnson, Vice President, Quality and Compliance
Mr. D. H. Jones, Site Vice President, Vogtle 3 & 4
Mr. T. E. Tynan, Vice President - Vogtle (w/o enclosure)
Mr. J. M. Giddens, Quality Assurance Manager
Mr. D. M. Lloyd, Vogtle 3 & 4 Project Support Director (w/o enclosure)
Mr. M. K. Smith, Technical Support Director (w/o enclosure)
Mr. M. K. Tate, Project Governance, Reporting & Performance Imp. Director (w/o enclosure)
Mr. M. J. Ajluni, Nuclear Licensing Director
Mr. C. R. Pierce, AP1000 Licensing Manager
Mr. R. W. Talmadge, Project Controls Manager (w/o enclosure)
Mr. J. D. Williams, Vogtle 3 & 4 Site Support Manager
Mr. J. T. Davis, Vogtle 3 & 4 Site Licensing Manager
Mr. W. A. Sparkman, COL Project Engineer (w/o enclosure)
Mr. B. W. Waites, Construction Licensing Project Engineer
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Nuclear Regulatory Commission

Mr. V. M. McCree, Region II Administrator
Mr. F. M. Akstulewicz, Deputy Director Div. of Safety Systems & Risk Assessment (w/o encl.)
Mr. R. G. Joshi, Lead Project Manager of New Reactors
Ms. T. L. Spicher, Project Manager of New Reactors
Ms. M. A. Sutton, Environmental Project Manager
Mr. L. M. Cain, Senior Resident Inspector of VEGP 1 & 2
Mr. J. D. Fuller, Senior Resident Inspector of VEGP 3 & 4
Mr. L. R. Plisco, Deputy Regional Administrator, Construction
Mr. G. J. Khouri, Senior Project Inspector, Div. of Construction Projects
Mr. D. A. Ayres, Branch Chief, Division of Construction Projects
Mr. G. C. Bacuta, Project Manager, Division of Policy and Rulemaking
Mr. C. R. Ogle, Director, Division of Construction Inspection
Mr. B. J. Davis, Senior Construction Inspector, Div. of Construction Projects
Mr. L. S. Mellen, Senior Project Inspector, Div. of Construction Projects

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Ms. A. N. Faulk, Nuclear Regulatory Affairs Manager

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Mr. M. W. Price, Executive Vice President and Chief Operating Officer
Mr. K. T. Haynes, Director of Contracts and Regulatory Oversight

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Mr. D. Cope, President and Chief Executive Officer

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Ms. K. K. Patterson, Project Manager

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Mr. J. M. Oddo, Licensing Manager

Westinghouse Electric Company, LLC

Mr. S. D. Rupprecht, Vice President of Regulatory Affairs & Strategy (w/o enclosure)

Mr. R. Buechel, Consortium Project Director Vogtle Units 3 & 4 (w/o enclosure)

Mr. R. F. Ziesing, Director, US Licensing, NPP (w/o enclosures)

Mr. S. A. Bradley, Vogtle Project Licensing Manager

Mr. M. A. Melton, Manager, Regulatory Interfaces (w/o enclosure)

Mr. D. A. Lindgren, Principal Engineer, AP1000 Licensing and Customer Interface

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Southern Nuclear Operating Company

ND-11-0417

Enclosure

Reply to a Notice of Violation

Reply to a Notice of Violation

This enclosure provides Southern Nuclear Operating Company's (SNC's) reply to the Notice of Violation (NOV) submitted to SNC by the U.S. Nuclear Regulatory Commission (NRC) in a letter dated February 14, 2011. The NOV was generated as a result of the quarterly NRC inspection, between October 1 and December 31, 2010. The NRC inspection involved examination of a sample of construction activities as they relate to safety and compliance with the Commission's rules and regulations and with conditions of the early site permit (ESP). The NRC inspection also involved examination of a sample of pre-construction activities that could affect the quality of safety-related structures, systems, and components, and were associated with the proposed inspections, tests, analyses and acceptance criteria submitted in the application for a combined license for the two Westinghouse Advanced Passive (AP1000) pressurized water reactors designated as Vogtle Electric Generating Plant (VEGP) Units 3 and 4.

The NOV cites SNC with one Severity Level 4 Violation, involving failure to assure that purchased services conform to procurement documents.

The Violation, identified as 05200025/2010002-01 and SNC's reply to the Violation are as follows.

Violation 05200025/2010002-01 states:

Criterion VII, "Control of Purchased Material, Equipment, 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," states, in part, that "Measures shall be established to assure that purchased services, whether purchased directly or through contractors and subcontractors, conform to the procurement documents."

Article 5, "Quality Assurance," of the Engineering, Procurement and Construction Agreement (EPC Agreement) between SNC and a consortium consisting of Westinghouse Electric Company, LLC (WEC) and Stone & Webster, Inc. (S&W); required, in part, that safety-related activities contracted to the consortium be performed in accordance with 10 CFR Part 50, Appendix B and American Society of Mechanical Engineers (ASME) Nuclear Quality Assurance (NQA) Standard NQA-1-1994, "Quality Assurance Requirements for Nuclear Facility Applications."

The containment vessel (CV) procurement document between WEC and their contractor, Chicago Bridge & Iron (CB&I), SV0-MV50-Z5-006, "Purchase Order For Vogtle 3 & 4 Containment Vessels," Revision 0; required, in part, that activities which could affect the quality of the containment vessel be performed in accordance with 10 CFR Part 50, Appendix B and ASME NQA-1-1994.

Contrary to the above, as of October 15, 2010, SNC failed to establish adequate measures to assure that safety-related services, purchased through WEC and CB&I, conformed to the quality requirements prescribed by the VEGP Unit 3 CV procurement document (SV0-MV50-Z5-006); in that SNC failed to ensure that CB&I had established and implemented an adequate quality assurance program that complied with 10 CFR Part 50, Appendix B and ASME NQA-1-1994, as evidenced by the following examples:

1. SNC failed to ensure that CB&I had established adequate procedures to implement the receipt inspection and storage requirements of Subpart 2.2, "Quality Assurance Requirements for Packaging, Shipping, Receiving, Storage, and Handling of Items for Nuclear Power Plants," of ASME NQA-1-1994. Specifically, as of October 15, 2010, CB&I had not established procedures that adequately prescribed the applicable receipt inspection and storage requirements of ASME NQA-1-1994. Consequently, as of October 15, 2010, regarding the VEGP Unit 3 CV bottom head plate material, CB&I had not performed the required receipt inspections prior to the material's release for fabrication, and failed to store the plate in a manner that would prevent its damage or deterioration.
2. SNC failed to ensure that CB&I had established and implemented a corrective action program that complied with the requirements of 10 CFR Part 50, Appendix B, in that, CB&I had not established measures to assure that all conditions adverse to quality were promptly identified and corrected. Specifically, CB&I procedure, CMS-720-03PR-11051, "Handling of Corrective Action," Revision 0, failed to meet 10 CFR Part 50, Appendix B requirements since it only prescribed a system to document and correct significant conditions adverse to quality.

Reason(s) for the Violation:

SNC accepts the Violation and offers the following discussion regarding the circumstances which resulted in the Violation.

SNC has contractually obligated its contractors to effectively manage their vendors with respect to Quality Assurance. SNC has audited the manner in which contractors have been qualified to supply components and services in compliance with 10 CFR 50, Appendix B. SNC has participated in NUPIC audits of Westinghouse on a regular basis and found the compliance of these requirements by Westinghouse to be acceptable. Over-reliance by SNC on these audit findings led, in part, to the failure of SNC to discover CB&I's failure to implement the Quality Assurance program measures described above and, consequently, this Violation.

SNC failed to execute a process to review procurement of materials delivered to on-site vendors for the containment vessel. SNC further failed to establish a process whereby contractor and vendor Quality Assurance programs on-site would be subjected to a compliance audit prior to any 10 CFR 50, Appendix B activity being performed.

The NRC's observations demonstrated a weakness of SNC oversight in discovering inadequacies of the on-site vendor's Quality Assurance programs. This weakness, of a less than acceptable oversight performance by SNC, allowed CB&I to implement an unacceptable Quality Assurance program resulting in the Violation.

Corrective Steps Already Taken and Results Achieved:

Following discussions between the Vogtle Construction Senior Resident Inspector and the SNC Quality Assurance Manager, during the week of October 11, 2010, Westinghouse performed a vendor Quality Assurance program implementation surveillance.

On October 24, 2010, Westinghouse issued a Stop Work Order (SWO) for CB&I. The terms of the SWO included complete work stoppage of on-site fabrication activities. The manner in which the containment vessel bottom head had been stored was corrected. Multiple conditions adverse to quality were identified in the corrective action programs for CB&I, Westinghouse and SNC.

Several supplier corrective action reports (SCARs) were initiated by Westinghouse which must be successfully closed prior to CB&I being allowed to perform any additional safety-related activities. To ensure proper oversight by SNC, SNC Quality Assurance (QA) developed a comprehensive oversight plan dedicated to Westinghouse's oversight of CB&I's Quality Assurance program with respect to lifting of the Westinghouse SWO. SNC QA assigned an individual to monitor and verify corrective actions related to the CB&I containment vessel project.

The following additional actions have been taken to reinforce the SNC oversight of on-site fabrication including corrective action program implementation and procurement activities:

- SNC QA has increased its involvement in oversight of the CB&I fabrication activities and will maintain a presence in the activities throughout the containment vessel project.
- SNC is involved with the final review of the revised CB&I Quality Assurance program. SNC and Westinghouse are working with CB&I to ensure effective implementation of the CB&I Quality Assurance program prior to the re-start of safety-related activities on-site.
- SNC recognizes the necessity to have access to on-site vendor documents and open communication with vendor personnel. SNC has issued a notification letter to this effect to the Consortium of Westinghouse and Stone & Webster by project correspondence.

SNC has also established a Vice President – Quality and Compliance position whose responsibility includes direct responsibility for SNC quality assurance and vendor quality oversight.

Corrective Steps That Will Be Taken To Avoid Further Violations:

SNC will participate in Westinghouse readiness reviews of CB&I, participate in the Westinghouse audit of CB&I (both required prior to CB&I re-start), and perform an independent review of the CB&I root cause analysis by April 15, 2011.

SNC will establish processes whereby contractor and vendor Quality Assurance programs on-site will be subjected to a readiness review prior to any 10 CFR 50, Appendix B activity being performed. This process will be in place by April 15, 2011.

SNC will establish processes to ensure that the receipt, storage and handling of safety related materials have proper oversight. This process will confirm that procurement requirements are being met. This process will be in place by April 15, 2011.

Date When Full Compliance Will Be Achieved:

SNC will be in full compliance by April 15, 2011.