

February 2, 2004

MEMORANDUM TO: Chairman Diaz

FROM: Hubert T. Bell/**RA**/
Inspector General

SUBJECT: AGENCY RESPONSE TO THE OFFICE OF INSPECTOR
GENERAL (OIG) EVENT INQUIRY (NRC'S OVERSIGHT OF
DAVIS-BESSE BORIC ACID LEAKAGE AND CORROSION
DURING THE APRIL 2000 REFUELING OUTAGE (CASE NO.
03-02S)

Reference is made to the memorandum of Samuel J. Collins, Deputy Executive Director for Reactor Programs, dated January 12, 2004, which sets out NRC planned activities intended to address the findings of the OIG Event Inquiry into NRC's oversight of the Davis-Besse boric acid leakage and corrosion.

The memorandum notes that NRC activities undertaken during the April 2000 refueling outage at the Davis-Besse Nuclear Power Station (DBNPS) evidenced an institutional failure on the part of the NRC and not just the inspection program. We agree. However, in our view, the corrective actions taken by the agency in response to the OIG Event Inquiry focus on specific findings pertaining to NRC's handling of boric acid and corrosion at DBNPS but do not address the underlying, more generic, communication failures identified during our inquiry.

In its first finding, OIG reported that requirements placed on licensees by NRC Headquarters in response to Generic Letters were not communicated to the Regions. In the second finding, OIG noted that although the resident inspector at DBNPS reported adverse plant conditions to his regional manager, this information was not communicated to other regional managers to be appropriately evaluated. The third OIG finding reported that Region III inspection reports documented longstanding problems at DBNPS related to boric acid leakage and corrosion. However, during Plant Performance Reviews, these problems were not discussed and regional managers did not communicate the findings of these inspection reports to the inspection staff to be considered during inspections during the refueling outage. OIG findings four and five are, in our view, the direct result of the agency's lack of communication between the various levels of NRC management. Had the DBNPS inspectors been better informed of the ongoing NRC industry wide efforts to address coolant pressure boundary leakage and the effects of boric acid corrosion, they would have recognized the significance of Condition Report 2000-0782 and highlighted the information to regional management.

We believe that to fully address the shortcomings identified as a result of the Davis-Besse incident, the associated corrective actions by the agency should include an expectation of improved communication between and among Headquarters and regional staff and should outline specific guidance to achieve this goal.

cc: W. Travers, EDO
S. Collins, DEDRP/OEDO