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February 15, 1980

S. W. Shields  
Vice President - Electric System

Mr. Gaston Fiorelli  
United States Nuclear Regulatory Commission  
Region III  
799 Roosevelt Road  
Glen Ellyn, Illinois 60137

Docket Nos.: STN 50-546  
STN 50-547

Dear Sir:

In accordance with the provisions of Section 2.201 of the NRC's "Rules of Practice," Part 2, Title 10, Code of Federal Regulations, Public Service Company of Indiana, Inc. (PSI) offers the following information in response to the nonconformances contained in Inspection Report numbered 50-546/79-25; 50-547/79-25.

Item of Noncompliance (50-546/79-25-01 and 50-547/79-25-01)

Marble Hill PSAR, Chapter 1, Section 1.7 commits to the intent of Regulatory Guide 1.38 (March 16, 1973) and therefore to ANSI N45.2.2(1972) Section 6 which states in part that levels and methods of storage necessary are defined to minimize the possibility of damage or lowering of quality due to corrosion, contamination, deterioration or physical damage from the time an item is stored upon receipt until the item is removed from storage and placed in its final location. And that items released from storage and placed in their final locations within the power plant, shall be inspected and cared for in accordance with the requirements of the section of this standard, and other applicable standards. The Marble Hill Nuclear Generating Station Construction Management Manual Procedure 4.2 addresses the requirements of ANSI N45.2 regarding storage, maintenance and handling.

Contrary to the above, PSI has not sufficiently implemented its material control program related specifically to storage and maintenance at the Marble Hill plant site. The following items are examples of those detailed in this report.

- a. Improper/inadequate storage of material; (1) reactor coolant loop stop valves and main steam isolation valves, stored outdoors (Level D) which should have Level B (indoor-heated, temperature controlled) for motors or Level C (indoor) for valves as a minimum with no motors. (2) The neutron

detector positioning device assembly was stored outdoors (Level D) although the manufacturer recommended indoor (Level C) for storage.

- b. Improper/inadequate maintenance of material; (1) several steam generator maintenance records and actual pressure readings were below the minimum and above the maximum recommended by the Nuclear Steam System supplier. (2) The neutron detector positioning device assembly requires periodic maintenance at receipt and yearly thereafter by the manufacturer. This assembly has been on site for over eighteen (18) months; however, no maintenance has been performed.

Corrective Action Taken and Results Achieved

- a. The following actions have been completed to correct storage deficiencies noted:
  1. Custody of stored neutron detector positioning device assembly was transferred from Cherne (Laydown Area 26) to Commonwealth Lord (CECO) and located into CECO Level C storage on 11-26-79.
  2. Three (3) main steam isolation valves (MSIVs) were moved indoors 11-26-79 and one (1) MSIV moved indoors 11-27-79. All four (4) MSIVs, Unit 1 and Unit 2, now in Level B storage uncrated and dried out.
  3. Eight (8) Unit 1 motor operated reactor coolant loop stop valves and eight (8) Unit 2 valves have been or are being moved into a Cherne warehouse. This transfer will be completed by 2-21-80. The warehouse will be completed to Level B standards by 2-29-80.
  4. The entire Cherne-Westinghouse warehouse was rearranged and items were properly stacked during late November, 1979 and December, 1979 to assure that stacking will not cause damage. No major damages were discovered during this reorganization effort.
  5. The residual heat removal coolers in the fuel handling building have energized heaters, the units have been blocked on dunnage and are dry.
  6. Manufacturer-supplied carbon steel end caps on reactor coolant loop piping were removed 11-30-79 and replaced with adequate sealers. Piping was covered and tarped.

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7. Manufacturer applied protective covering film was observed to be in place and intact on all eight (8) reactor coolant pump casings. Additionally, all were covered with tarp to provide extra protection.
  8. All carbon steel banding straps on reactor coolant piping were removed in late November, 1979, rust discoloration has been cleaned off, and all such piping is presently covered by tarps.
  9. All ten (10) sets of Reactor Vessel O-rings are being moved indoors into a recently completed warehouse. This transfer will be completed by 2-21-80. The warehouse will be completed to Level B standards by 2-29-80.
  10. For Westinghouse equipment such as tanks, filters, supports and auxiliary heat exchangers, ANSI N45.2.2 requires Level D storage. PSI has written Westinghouse requesting clarification of their storage requirements for these items. When Westinghouse clarification is received, it will be evaluated and dispositioned in accordance with the PSI Material Management Program described below in Corrective Action Taken to Prevent Recurrence.
- b. Nonconformance and/or Corrective Action Reports have been written to document the material maintenance deficiencies noted, to assure evaluation of these maintenance deficiencies and to assure verification of corrective actions taken. Corrective actions have been initiated on these deficiencies and these actions are being documented on the reports.

#### Corrective Action Taken to Prevent Recurrence

To prevent recurrence of these storage and material maintenance deficiencies PSI has:

1. Initiated development of a site-wide PSI Material Management Program to address inspection, storage, maintenance, and control of PSI purchased material. This Program will provide for planning and implementation of proper storage and material maintenance by consideration of manufacturer recommendations and engineering evaluations. The Program will also require inspection of items to verify quality prior to release for installation or use.
2. Increased PSI staffing levels in material management to support the Material Management Program.

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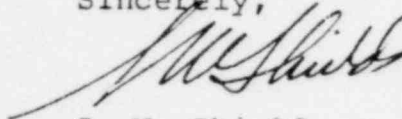
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3. Increased warehousing space to accommodate additional unexpected backlogs of items on site.

Date When Full Compliance Will be Achieved

Development of the PSI Material Management Program is in process. PSI will provide an updated status of this development by March 31, 1980.

Sincerely,



S. W. Shields

SWS:ka

cc: J. J. Harrison  
E. R. Schweibinz, P.E.