

BARNES, RICHARDSON & COLBURN

ATTORNEYS & COUNSELLORS AT LAW

1819 H STREET, N.W.
WASHINGTON, D.C. 20006

TEL. (202) 457-0300

CABLE "BARCHAL" D C
INTL. DOMESTIC TELEX 904129
TELECOPIER (202) 331-8746

NEW YORK
475 PARK AVENUE SOUTH
NEW YORK, N. Y. 10016
TEL. (212) 725-0200
INTL. DOMESTIC TELEX 966683

CHICAGO
200 EAST RANDOLPH DRIVE
48TH FLOOR
CHICAGO, ILLINOIS 60601
TEL. (312) 565-2000
INTL. DOMESTIC TELEX 6502815774 MCI

* NOT ADMITTED D. C.

E. THOMAS HONEY
JAMES H. LUNDQUIST, P.C.
ANDREW P. VANCE
JAMES S. O'KELLY
RUFUS E. JARMAN, JR.
DAVID O. ELLIOTT
GUNTER VON CONRAD
ROBERT E. BURKE
LEONARD LEHMAN
DONALD J. UNGER
MATTHEW T. MCGRATH

JOSEPHINE N. BELLI
SANDRA L. FRIEDMAN
JESSE M. GERSON
JAMES K. HORGAN
KAZUMUNE V. KANO
MELVIN E. LAZAR
ALBERTO J. MARGOLIES
PETER A. MARTIN
JEREMY ROSS PAGE
ROBERT H. SCHOR
JACK M. SIMMONS, III
BRIAN F. WALSH

August 4, 1989

Attention: Freedom of Information Act Request
U.S. NUCLEAR REGULATORY COMMISSION
Washington, D.C. 20555

FREEDOM OF INFORMATION
ACT REQUEST
FOIA-89-335
Rec'd 8-8-89

Dear Sir:

This is a request under the Freedom of Information Act as amended (5 U.S.C. § 552).

I request a copy of the source materials, reports, memoranda, research, orders, opinions, etc., which were used as the basis of testimony before Congress regarding proposed legislation affecting imported industrial fasteners.

To avoid any possible misunderstanding of what is being requested I enclose an excerpt of the Congressional Hearing at which Mr. Jim Conway, Vendor Inspection Branch, Nuclear Regulatory Commission, testified about imported industrial fasteners. The full text of the testimony can be found in Document Serial No. 100-175 pages 270-365.

The FOIA also provides that if only portions of a file are exempt from release, the remainder must be released. I therefore request that I be provided with all non-exempt portions which are reasonably segregable. I, of course, reserve my right to appeal the withholding or deletion of any information.

I am prepared to pay reasonable costs for locating the requested file and reproducing it. If the fees will exceed \$100.00, please inform me of the charges before you fill my request. In such event, I request permission to review the records which are responsive to this request and to select those which I want copied.

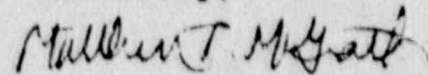
8911030002 890804
PDR FOIA
MCGRATH89-335 PDR

Attention: Freedom of Information Act Request
August 4, 1989
Page 2

If you have any question regarding this request, please telephone me at the above number.

As provided in the Freedom of Information Act, I will expect to receive a reply within ten working days.

Sincerely,

A handwritten signature in cursive script that reads "Matthew T. McGrath".

Matthew T. McGrath

Enclosure

COUNTERFEIT METAL FASTENERS
(Part 2)

HEARINGS
BEFORE THE
SUBCOMMITTEE ON
OVERSIGHT AND INVESTIGATIONS
OF THE
COMMITTEE ON
ENERGY AND COMMERCE
HOUSE OF REPRESENTATIVES
ONE HUNDREDTH CONGRESS
SECOND SESSION

MAY 9 AND JUNE 16, 1988

Serial No. 100-175

Printed for the use of the Committee on Energy and Commerce



U.S. GOVERNMENT PRINTING OFFICE
WASHINGTON : 1988

For sale by the Superintendent of Documents, Congressional Sales Office
U.S. Government Printing Office, Washington, DC 20540

The Chair announces that our first group of witnesses is a panel composed of Mr. Victor Stello, Executive Director of Operations, U.S. Nuclear Regulatory Commission, who is accompanied by Mr. Brian K. Grimes, Acting Director, Division of Reactor Inspection and Safeguards; Mr. Ed Baker, III, Vendor Inspection Branch, Office of Nuclear Reactor Regulation; Mr. E. William Brach, Chief, Vendor Inspection Branch, Office of Nuclear Reactor Regulation; and Mr. William B. Hutchison, Office of Investigations.

Gentlemen, the committee thanks you for being with us. Did I miss you, Mr. Conway? You have my apologies. We will recognize you to introduce yourself.

Mr. CONWAY. I am James T. Conway, and I am with the Vendor Inspection Branch also.

Mr. DINGELL. Thank you for being with us, Mr. Conway.

Gentlemen, the committee, as you know, receives all of its testimony under oath. Do any of you object to appearing here under oath?

[Chorus of noes.]

Mr. DINGELL. Very well.

Gentlemen, it is your right to be advised by counsel in connection with your appearance here today. Do any of you desire to be represented by counsel or advised by counsel during your appearance here today?

[Chorus of noes.]

Mr. DINGELL. Gentlemen, for your information, to inform you of your rights and the limitations on the power of the committee, copies of the rules of the subcommittee, rules of the committee and rules of the House of Representatives relative to your appearance today are before you in the red and the bound books at the committee table.

Gentlemen, if you have to objection to being sworn, if you will please rise and raise your right hand.

[Witnesses sworn.]

Mr. DINGELL. Gentlemen, consider yourselves under oath. The Chair thanks you for your presence today and for your assistance to the committee.

Mr. Stello, do you have a prepared statement?

Mr. STELLO. Yes, I do, Mr. Chairman.

Mr. DINGELL. Then you are recognized to give it.

TESTIMONY OF VICTOR STELLO, EXECUTIVE DIRECTOR FOR OPERATIONS, NUCLEAR REGULATORY COMMISSION, ACCOMPANIED BY BRIAN K. GRIMES, ACTING DIRECTOR, DIVISION OF REACTOR INSPECTION AND SAFEGUARDS, OFFICE OF NUCLEAR REACTOR REGULATION; AND ED BAKER III AND JIM CONWAY, VENDOR INSPECTION BRANCH

Mr. STELLO. Thank you, Mr. Chairman and members of the subcommittee, on behalf of the U.S. Nuclear Regulatory Commission, I thank you for this opportunity to meet with you today to discuss actions that the NRC is taking to address our concerns about the conformance of fasteners used in the Nuclear Industry.

I have attached to my prepared testimony responses to the specific questions contained in the subcommittee's letter of invitation.

Mr. DINGELL. Without objection, that addition will be inserted in the record at the appropriate place.

Mr. STELLO. Thank you, Mr. Chairman.

As you are aware, members of the NRC Staff have met with the subcommittee staff on a number of occasions to review NRC data and activities and have provided preliminary licensee fastener test result data to the subcommittee staff. Additionally, the NRC is following closely the subcommittee's review of fasteners and a counterfeit issue in other U.S. industries for its potential relation to the nuclear industry.

The NRC has been aggressive in trying to identify the scope and magnitude of the fastener conformance problem in the nuclear industry. As vendors are identified who may have deliberately supplied counterfeit, substandard fasteners to the nuclear industry, the NRC's Office of Investigations will vigorously pursue each case for an appropriate civil enforcement and/or civil prosecution through the Department of Justice. Our Office of Investigations has coordinated extensively with Federal law enforcement agencies on the fastener issue during the past year.

During the past few years, NRC has performed numerous inspections of fastener manufacturers and suppliers. Generally the inspections have been performed in response to specific fastener problems identified at nuclear power plants. However, NRC's attention on fasteners was heightened in 1986 when the Industrial Fastener Institute informed the NRC of the existence of a counterfeit market for fasteners. That is, the IFI reported SAE grade 8.2 bolts were marked as grade 8.

The NRC issued Information Notice No. 86-25 and a supplement entitled "Traceability and Material Control of Material and Equipment, Particularly Fasteners," in 1986 to alert NRC licensees of potentially significant problems related to the inspection of material, including fasteners. The purpose of this information was to prevent the use of incorrect or defective material, and especially to alert the licensees of the possible existence of counterfeit bolts.

The NRC had previously initiated a generic issue review, GI-29, Bolting Degradation or Failure in Nuclear Power Plants, which addresses the broader fastener-related issues of joint design, material selection, fabrication, installation, inspection and testing of fasteners.

After being notified by IFI of the counterfeit fastener issue and after issuing Information Notice 86-25, the NRC began a sampling and testing program of fasteners as part of inspections performed at licensee facilities and fastener manufacturers and suppliers. To date, we have sampled and tested a total of 137 fasteners from 16 nuclear power plants. This total includes 28—and that is a correction from my submitted testimony, which said 31—fasteners selected by the subcommittee staff at Calvert Cliffs and Perry Nuclear Power Plants. The NRC testing is independent of the licensee's testing of fasteners in response to NRC Bulletin 87-02, which I will discuss shortly.

The NRC test results show that 27 of the 137 fasteners failed to meet the material specification for which the fasteners were identified. This is a nonconformance rate of approximately 20 percent. It should be noted that the NRC sample selection process was biased