



UNITED STATES
NUCLEAR REGULATORY COMMISSION
WASHINGTON, D. C. 20555

August 7, 1980

Elizabeth S. Bowers, Esq., Chairman
Atomic Safety and Licensing Board
U.S. Nuclear Regulatory Commission
Washington, D.C. 20555

Dr. Richard F. Cole
Atomic Safety and Licensing Board
U.S. Nuclear Regulatory Commission
Washington, D.C. 20555

Mr. Fredrick J. Shon
Atomic Safety and Licensing Board
U.S. Nuclear Regulatory Commission
Washington, D.C. 20555

In the Matter of
Sacramento Municipal Utility District
(Rancho Seco Nuclear Generating Station)
Docket No. 50-312 (SP)

Dear Mrs. Bowers and Members of the Board:

Enclosed for your information is a letter to the Sacramento Municipal Utility District from the Nuclear Regulatory Commission, Region V, dated July 16, 1980. The letter and enclosed report refer to the management inspection conducted by the Performance Appraisal Branch (PAB) on activities at Rancho Seco. The letter notes that this is one of a series of management appraisals conducted by PAB and that the results of the Rancho Seco inspection will be used to evaluate SMUD's management control systems from a national perspective, the results of which will be issued in a supplemental report. As you will recall, the PAB team presented its preliminary findings in this proceeding and indicated that a final report would be issued at a later date. See Hinckley and Gagliardo Testimony, following Tr. 4232.

Sincerely,

A handwritten signature in cursive script that reads "Richard L. Black".

Richard L. Black
Counsel for NRC Staff

Enclosure: As Stated

cc: (See Page 2)

8008080 579

cc: (w/enclosure)
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Board Panel
Atomic Safety and Licensing
Appeal Panel
Docketing and Service Section



UNITED STATES
NUCLEAR REGULATORY COMMISSION
REGION V
1990 N. CALIFORNIA BOULEVARD
SUITE 202, WALNUT CREEK PLAZA
WALNUT CREEK, CALIFORNIA 94596

July 16, 1980

Docket No. 50-312

Sacramento Municipal Utility District
P. O. Box 15380
Sacramento, California 95813

Attention: Mr. John J. Mattimoe
Assistant General Manager
and Chief Engineer

Gentlemen:

Subject: NRC Management Inspection of Rancho Seco

This refers to the management inspection conducted by Messrs. A. T. Gody, D. G. Hinckley, D. R. Hunter, W. D. Shafer and J. D. Woessner of the NRC/OIE Performance Appraisal Branch (PAB) on April 14 through May 8, 1980 of activities at the Rancho Seco Nuclear Generating Station and the Sacramento Municipal Utility District Offices as authorized by Operating License No. DPR-54 and to the discussion of the findings with Mr. J. J. Mattimoe and other members of your staff by Messrs. H. D. Thornburg, W. D. Shafer and others of the PAB on May 8, 1980, at your general offices.

The enclosed inspection report identifies the areas examined during this inspection. Within these areas, the inspection consisted of a comprehensive examination of your management controls over licensed activities which included an examination of procedures and records plus extensive interviews with many of your management and supervisory personnel.

This is one of a series of management appraisal inspections conducted by the NRC Performance Appraisal Branch. The results of this inspection will be used to evaluate the performance of your management control systems from a national perspective. The enclosed inspection report addresses the enforcement findings from this inspection. A supplemental report issued by the Performance Appraisal Branch presents inspection findings (observations) which along with the enforcement findings, will provide the basis for the subsequent performance appraisal. Paragraph 2 of the enclosed report provides additional information regarding the findings and how they will be utilized.

Five unresolved items are identified in the inspection report. These items will be reviewed during subsequent inspections.

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July 16, 1980

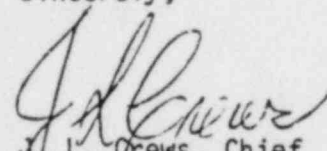
During this inspection, it was found that certain of your activities appeared to be in noncompliance with NRC requirements, as set forth in the Notice of Violation, enclosed herewith as Appendix A. This notice is sent to you pursuant to the provisions of Section 2.201 of the NRC's "Rules of Practice," Part 2, Title 10, Code of Federal Regulations. Section 2.201 requires you to submit to this office within twenty (20) days of your receipt of this notice a written statement or explanation in reply, including for each item of non-compliance: (1) corrective action taken and the results achieved; (2) corrective action to be taken to avoid further noncompliance; and (3) the date when full compliance will be achieved.

During this inspection, it was also found that some of your activities appeared to deviate from your commitments as set forth in the Notice of Deviation enclosed herewith as Appendix B. Please submit to this office, within twenty (20) days of your receipt of this notice, a written statement or explanation in reply including the cause of the deviation and the steps you plan to take to assure timely implementation and completion of corrective actions. Your written reply should include the date(s) when your corrective action(s) were or will be completed.

In accordance with Section 2.790 of the NRC's "Rules of Practice," Part 2, Title 10, Code of Federal Regulations, a copy of this letter and the enclosed inspection report will be placed in the NRC's Public Document Room. If this report contains any information that you or your contractors believe to be proprietary, it is necessary that you make a written application within twenty (20) days to this office to withhold such information from public disclosure. Any such application must include a full statement of the reasons on the basis of which it is claimed that the information is proprietary, and should be prepared so that proprietary information identified in the application is contained in a separate part of the document. If we do not hear from you in this regard within the specified period, the report will be placed in the Public Document Room.

Should you have any questions concerning this inspection, we will be glad to discuss them with you.

Sincerely,



J. L. Grews, Chief
Reactor Operations and Nuclear
Support Branch

Enclosures:

1. APPENDIX A - Notice of Violation
2. APPENDIX B - Notice of Deviation
3. IE Inspection Report No. 50-312/80-15

cc w/o Enclosure 3:

R. J. Rodriguez, SMUD
L. G. Schwieger, SMUD

APPENDIX A

Sacramento Municipal Utility District
P. O. Box 15380
Sacramento, California 95813

Docket No. 50-312
License No. DPR-54

NOTICE OF VIOLATION

Based on the results of the NRC inspection conducted on April 14-18, 21-25, and May 5-8, 1980, it appears that certain of your activities were not in full compliance with the conditions of your license, as indicated below:

- A. Technical Specification 6.5.2.10.a states that "minutes of each MSRC meeting shall be prepared, approved, and forwarded to the General Manager within 14 days following each meeting."

Contrary to the above, the minutes of the meeting held on September 20, 1979, were not approved by the committee. The licensee had amplified the requirement in the MSRC charter by requiring that..."the minutes of each regularly scheduled and emergency meeting of the MSRC shall be approved at the next regularly scheduled meeting." The minutes for the September 20 meeting were not reviewed or approved at a subsequent meeting.

This item is a deficiency.

- B. Technical Specification 6.5.1.6.e states that the PRC be responsible for "investigations of all violations of the Technical Specifications and shall prepare and forward a report covering evaluation and recommendations to prevent recurrence...."

Contrary to the above, as of this inspection the PRC did not review, or investigate, or have under their cognizance a subgroup or some other group review or investigate NRC reported violations of Technical Specifications. An example is the three violations reported in IE Inspection Report 50-312/79-22 of December 27, 1979.

This item is an infraction.

- C. Technical Specification 6.5.2.8.c requires that audits be performed under the cognizance of the MSRC which shall encompass "the result of all actions taken to correct deficiencies occurring in facility equipment, structures, systems or methods of operation that affect nuclear safety at least once per six months."

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compass "the performance,
facility staff at least once

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Entire document previously
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AND 8008070017

No. of pages: 8

APPENDIX B

Sacramento Municipal Utility District
P. O. Box 15380
Sacramento, California 95813

Docket No. 50-312
License No. DPR-54

NOTICE OF DEVIATIONS

Based on the results of the NRC inspection conducted on April 14-18, 21-25, and May 5-8, 1980, it appears that certain of your activities were not conducted in conformance with your commitments to the Commission as indicated below:

- A. The licensee committed in correspondence of July 22, 1976, and September 23, 1976, to the provisions of WASH document 1284 and its attendant documents, including ANSI N45.2.12-1974, Requirements for Auditing of Quality Assurance Programs for Nuclear Power Plants.

Contrary to the above, licensee organizations audited by Quality Assurance did not respond as requested to four audit reports, numbers 0-168, 0-190, 0-256, and 0-258. Furthermore, audit reports did not provide a summary of audit results including an evaluation statement regarding the effectiveness of the QA program elements which were audited.

- B. Contrary to the licensee's commitment in the FSAR, Appendix 1B, Paragraph 1B.14, a Documentation Control Center was not maintained on site for quality related records of plant operating activities, and QA personnel did not review all quality-related documentation for completeness.

- C. The licensee committed in correspondence of July 22, 1976, to the following: "A management audit conducted by one member of the MSRC (with assistance as needed) is made annually on Quality Assurance. No member of Quality Assurance is a member of the team. This management audit reviews conformance to the 'orange' book and its attendant documents." This commitment was established clearly distinct from the use of outside consultants as amplified in correspondence of September 23, 1976, which referenced "independent audits being performed by outside consulting firms retained expressly to audit QA implementation."

Contrary to the above commitment, the licensee failed to audit the QA program as required.

- D. The licensee committed in correspondence of February 1, 1978, to the following: "A program is being developed for the Fire Protection Training Course that will describe the necessary strategies to be used for fighting fires at Rancho Seco. The training program will identify each area, combustibles, methods of fighting fires, access and egress routes, vital heat sensitive components and equipment, system and equipment location, toxic hazards, and ventilation and smoke removal equipment. Every type

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of room identified in the Fire Hazard Analysis will be the subject of the quarterly drills. The strategy to attack each type of fire will be discussed during classroom lectures and be put to an appropriate test during the drill. These procedures will be complete within three months after NRC acceptance of this reply."

Contrary to the above commitment, fire strategy procedures had not been developed as of May 8, 1980.

- E. The licensee committed in correspondence of July 22, 1976, and September 23, 1976, to the provisions of WASH document 1284 and its attendant documents including Regulatory Guide 1.38 which states in part: "The requirements and guidelines...that are included in ANSI N45.2.2-1972 are generally acceptable and provide an adequate basis for complying with the pertinent quality assurance requirements of Appendix B to 10 CFR Part 50."

ANSI N45.2.2-1972, Section 2.7, requires the buyer to classify quality items into one of four levels with respect to protective measures to prevent damage, deterioration, or contamination of the items. Section 6.4.2 specifies the requirements for care of items in storage.

Contrary to the above, the licensee had not classified Class I items into one of the four levels identified in Section 2.7 of ANSI N45.2.2. It was observed that items in storage did not have all covers, caps, plugs or other closures intact. Two Class 1 valves, stock numbers 030342 and 033473, had protective covers partially or completely removed. Other Class I items were observed with no caps covering threads, welding surfaces uncovered, and flange faces unprotected. In addition, there were no specific programs for limited shelf life items and for preventive maintenance on Class I items.

U. S. NUCLEAR REGULATORY COMMISSION
OFFICE OF INSPECTION AND ENFORCEMENT
REGION V

Report No. 50-312/80-15
Docket No. 50-312

Licensee: Sacramento Municipal Utility District
P. O. Box 15380
Sacramento, CA 95813

Facility Name: Rancho Seco, Unit 1

Inspection at: Rancho Seco Site, Clay Station, California, and
Sacramento Municipal Utility District General Offices,
Sacramento, CA

Inspection Conducted: April 14-18, 21-25, and May 5-8, 1980

Inspectors: <u>W. Shafer for</u>	<u>7-10-80</u>
A. T. Gady	Date Signed
<u>W. Shafer for</u>	<u>7-10-80</u>
D. G. Hinckley	Date Signed
<u>W. Shafer for</u>	<u>7-10-80</u>
D. R. Hunter	Date Signed
<u>W. D. Shafer</u>	<u>7-10-80</u>
W. D. Shafer	Date Signed
<u>W. Shafer for</u>	<u>7-10-80</u>
J. D. Woessner	Date Signed

Accompanying Personnel: H. L. Canter, Region V (Resident)
 G. B. Zwetzig, Region V
 *A. B. Johnson, Region V
 *B. H. Faulkenberry, Region V
 *J. E. Gagliardo, PAB
 *H. D. Thornburg, RCI

*Present only during exit interview on May 8, 1980

Approved by: W. D. Shafer 7-10-80
 W. D. Shafer, Acting Chief, PAB Date Signed

DUPLICATE DOCUMENT

Entire document previously
 entered into system under:
 ANO 8008070021
 No. of pages: 51