



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

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SEP 5 1980

Docket No. 50-312

Sacramento Municipal Utility District
Attn: John J. Mattimoe, Assistant General
Manager and Chief Engineer
P. O. Box 15380
Sacramento, California 95813

Gentlemen:

This is a supplemental report concerning the management inspection conducted by A. T. Gody, D. G. Hinckley, D. R. Hunter, W. D. Shafer, and J. D. Woessner of the Performance Appraisal Branch on April 14-18, 21-25, and May 5-8, 1980, of activities authorized by NRC Operating License No. DPR-54, for the Rancho Seco Nuclear Generating Facility. This also refers to the discussion of the findings held with you and others of your staff on May 8, 1980, at your corporate office.

The enclosed Inspection Report No. 50-312/80-15 (supplement) identifies the areas examined during the 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 interviews with many of your management and non-management personnel.

This inspection was one of a series of management appraisal inspections being conducted by the Performance Appraisal Branch under the Office of Inspection and Enforcement. The results of this inspection will be used to evaluate the performance of your management control systems on a national perspective. The enclosed inspection report does not discuss enforcement findings. The enforcement findings, including unresolved items, were documented in detail in Report No. 50-312/80-15. The enclosed supplement to the original report addresses observations and the conclusions from this inspection. Paragraph 2 of the report provides further information regarding the findings and how they will be utilized.

It was noted that the PAB team believes that the Rancho Seco operating management personnel appeared to be of high quality. The primary concern of the PAB Team was related to the lack of familiarization and implementation of the management control systems.

The conclusions made by the inspection team indicate that seven (7) of the eleven (11) areas inspected were considered to have poor management controls in that the management control system did not appear to be fully integrated. I concur with these conclusions. It appears that the major problems in the seven (7) areas with a poor rating are as follows:

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Committee Activities

The major problem identified in this area was the inadequacy of the written program. There were requirements identified in the Technical Specifications that were not addressed in the Committee Charters.

There were also a number of instances where guidance and training were not provided by management and as a result instances occurred where the committees did not review all necessary information to provide their safety overview function.

The problems identified indicate that the Committees are not being effectively used by management.

Quality Assurance Audits

There were many indications that the QA audit program was not functioning adequately. The licensee failed to audit required areas, did not require corrective action on audit findings, and closed audits with open items left unresolved and not tracked.

Audit report distribution to management appeared adequate; however, there were no records to show that management responded to the findings. Examples of this lack of response were indicated when QA Audits reported annually that the non-licensed training program (AP700) had not been implemented.

Another example of questionable management response was indicated in the NCR program. QA wrote numerous NCRs identifying program deficiencies with corrective action not taken within a reasonable time.

The inspection indicated a need for the licensee to adequately define the QA audit program and to act in a responsive manner when program deficiencies are identified.

Design Changes and Modifications

The Design Change and Modification program as implemented in the field does not provide systematic assurance that modifications on safety related systems are being properly reviewed for negative impact on safety.

Maintenance

The program is not sufficiently formal with regard to procedures, training, inspection, and management overview. In addition, sufficient provisions have not been made to ensure that maintenance activities do not result in unauthorized system changes which could result in system degradation.

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Corrective Action System

A strong corrective action system is an important indicator of a good management control system. Your program provided a means for getting problems to management, but management action to respond to the problem and ensure correction is not timely.

Non-Licensed Training

Management failed to provide adequate overview to ensure the implementation of the non-licensed training program.

Management of Fire Prevention/Protection

While some refinement of the licensee's program appears necessary, the major concern identified involves the training and retraining of the Fire Brigade. Corporate management did not have an overview function in this area. The lack of overview appears to be the prime reason that Fire Brigade training was not adequately implemented, that personnel were assigned to the brigade without pretraining, and that the brigade members themselves thought the training that did exist was ineffective.

As a result of these conclusions you are requested to inform this office within thirty (30) days of receipt of this report the actions you have taken or plan to take to improve the management controls in the seven areas identified as poor.

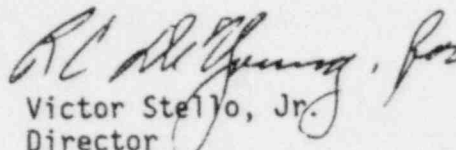
In accordance with Section 2.790(d) of the NRC's "Rules of Practice", Part 2, Title 10, Code of Federal Regulations, your facility security procedures are exempt from disclosure; therefore, the pertinent section of the inspection report, Appendix 'A', will not be placed in the Public Document Room and will receive limited distribution.

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 contractor believes 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 for 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.

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

Sincerely,



Victor Stello, Jr.
Director
Office of Inspection
and Enforcement

Enclosure:
IE Inspection Report
No. 50-312/80-15
(Supplement)