

Log # TXX-89851
File # 10086

TUELECTRIC

December 21, 1989

William G. Counsil
Vice Chairman

Mr. Christopher Grimes, Director
Office of Special Projects
Comanche Peak Project Division
Office of Nuclear Reactor Regulation
United States Nuclear Regulatory Commission
Washington, D.C. 20555

SUBJECT: COMANCHE PEAK STEAM ELECTRIC STATION (CPSES)
DOCKET NOS. 50-445 AND 50-446
RESPONSE TO CASE DOCUMENTED REQUEST
FOR ACTION - THERMO-LAG

Dear Mr. Grimes:

Texas Utilities Electric Company (TU Electric) hereby responds to CASE's November 29, 1989 Documented Request for Action concerning THERMO-LAG. For the reasons stated below and in the Attachments hereto, the Request for Action should be denied.

TU Electric's investigations of the subject events are documented in Attachments A and B. Attachment C provides TU Electric's response to twelve questions that CASE posed to TU Electric concerning the subject dispute. TU Electric's specific responses to CASE's Attachment 2, Sequence of Events and Preliminary Findings, are set forth in Attachment D hereto.

TU Electric's positions concerning CASE's allegations are summarized as follows:

1. CASE's Allegations of Harassment and Intimidation

While the QC Level III inspector did make a statement on November 2 to the effect that, "we will not write an NCR on THERMO-LAG," the investigation shows that the QC Level III inspector and QC Supervisor were not attempting to harass and intimidate the QC inspectors to prevent them from documenting the fact that the THERMO-LAG conduit sections were undersized. QC Supervision maintained that the applicable procedures allowed the material to be marked "Unsat" on an Inspection Report and placed on hold pending issuance of a DCA from engineering. However, QC Supervision did

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not effectively explain their interpretation of the applicable procedure to the QC inspectors.¹ On the next day, the QC Supervisor was shown the procedure that the QC inspectors believed to be applicable, and after review, agreed that an NCR could be appropriate for the conduit THERMO-LAG section.

In order to assure that TU Electric's policies are clearly understood, and that QC Supervision's directions about not writing NCR's on THERMO-LAG could not be misconstrued and extrapolated by QC receiving inspectors in the future, TU Electric undertook three additional actions. A meeting was held between all QC receiving inspectors and QC management to assure that the inspectors had a complete understanding of applicable procedures. In particular, QC management: a) reinforced the requirements for proper documentation of nonconforming conditions; b) explained the intent of the procedure initially relied upon by QC Supervision during the November 2 events; and c) reviewed the other options available to resolve receiving inspection problems. QC management emphasized TU Electric's policy that there should be no improper restraints on QC inspectors in regard to documentation of non-conforming conditions.

Corporate Security interviewed the QC receiving inspectors in the area or present during the time that QC Supervision made the remarks concerning the NCRs to determine whether they felt intimidated or restrained from writing NCRs by virtue of the November 2 event or otherwise by virtue of CPSES policies and practices. These interviews showed no evidence of any such intimidation or restraint.

Finally, QA/QC Management took action to prevent recurrence of the ineffective communication manifested by QC Supervision and the Level III inspector in connection with the November 2 event by counseling both of the individuals on the importance and expectation of clear communications.²

¹The Level III inspector has been counseled because of the ineffective communication and supervisory skills that he manifested. However, there is no evidence supporting CASE's allegation that he lacked "professional commitment to the highest quality standards" (Request for Action, page 3). His interpretation of the applicable procedure was valid; but even if it was mistaken, his direction would still have resulted in documenting the unsatisfactory status of the material and its being placed on hold. Moreover, there is nothing improper in utilizing an option, permitted by the procedure, that takes into account the pendency of an engineering decision.

²TU Electric does not agree with CASE's apparent view that the circumstances relating to the November 2 event raise the concern that "TU management is not effectively communicating with site management as to the proper method of handling disputes involving the identification of non-conforming conditions" (Request for Action, page 3). Admittedly, the

On the basis of the foregoing, TU Electric submits that management has exercised its discretion to take actions that are reasonable and appropriate for the facts and circumstances of the November 2 event. No further action by either TU Electric or NRC is warranted³ and CASE's Request for Action in regard to harassment and intimidation should be denied.

2. CASE's Allegation of Retaliatory Layoff and Demotion

CASE alleges that as a result of their actions in proposing to document undersized THERMO-LAG conduit sections on an NCR, Inspector A was laid off, and Inspector C was demoted from QC receiving inspector to "helper" (with no change in pay status). The decision to lay off inspector A was made without knowledge of the alleged harassment. In addition, neither the Level III inspector nor QC Supervisor had any input into the layoff decision. The layoff decision was made by the QC manager on the basis of established criteria (i.e., seniority, pay rate, and performance), using a list that identified the individuals involved by social security number, seniority, pay rate and performance evaluation, but not by name. There is simply no evidence to support a claim that Inspector A's layoff was in any way related to the alleged acts of harassment on November 2.⁴ TU Electric's investigation indicated that Inspector C was not demoted. On the basis of the foregoing, TU Electric submits that there was no retaliatory action that affected the employment status of either

Level III inspector and QC Supervisor did not handle this particular dispute appropriately; and they have been counseled. However, there is no information supporting the notion that this isolated event was caused by a lack of effective communication between TU Electric management and site management.

³CASE's Request for Action indicates that TU Electric's preliminary November 16, 1989 response included no discussion of CASE's allegation that the Level III Inspector requested that the acceptance specifications for the material be changed. TU Electric's November 16, 1989 response did not discuss this allegation since this portion of the investigation was not then complete. Subsequently, it was determined that there was no evidence to support the allegation. (See Attachment A, page 2; Attachment C, answers 5, 6, and 9).

⁴Independent of this, the Level III Inspector recently received a reprimand for an inappropriate and unprofessional remark made some 2 months before the subject events to Inspector A.

Inspectors A or C. Accordingly, no further action by either TU Electric or NRC⁵ is warranted and CASE's Request for Action in regard to retaliatory action should be denied.

3. CASE's Allegations of a QA/QC Breakdown for Vendor-Fabricated THERMO-LAG Material

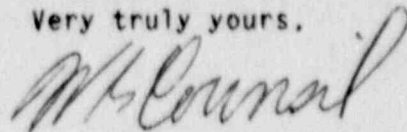
CASE's allegations concerning an apparent breakdown in QA/QC at CPSES as it relates to November 1989 receipt inspection of vendor-fabricated THERMO-LAG material are summarized in its cover letter and detailed in Attachment 2 to its Documented Request for Action. Attachment D provides TU Electric's specific responses to pertinent portions of CASE's Attachment 2. It is TU Electric's position that CASE's allegations are unsupportable in at least three respects. First, with respect to CASE's insistence that TU Electric should have issued a Stop Work Order (SWO) for vendor-fabricated THERMO-LAG, it is sufficient to note that: a) a SWO was not called for under applicable CPSES procedures; and b) in any event, since the rejected material was placed on hold in the warehouse, a SWO would not have been necessary for the purpose of preventing the installation of additional non-conforming material in the plant. Second, CASE's attempt to connect previous problems with site fabrication and installation of THERMO-LAG panels to the subject issues involving vendor fabricated material is simply illogical. The underlying cause of the vendor fabricated receipt inspection non-conformances was shipment and handling damage and acceptance criteria that were impractical to use by receipt inspectors which resulted in material being rejected that was adequate to comply with design. This subject bears no relationship to the underlying causes of the site fabrication and installation problems, which were addressed in SDAR CP-89-025 (TXX-89737), and will be further discussed in TU Electric's response to the Notice of Violation for NRC Inspection Report 50-445/8971. Finally, TU Electric does not believe that the quality issues associated with the receipt inspection of vendor fabricated materials can be meaningfully analyzed by merely labeling the situation a QA/QC breakdown, and - as CASE has done - rigidly insisting upon a SWO as the only appropriate remedial action. In fact, TU Electric did put rejected material on hold at the point of receipt, pending determinations as to cause and corrective action; determined the cause and appropriate corrective actions (see Attachment D, Parts II B.1-5, Pages 3-4); and proceeded to implement that corrective action. Since late November, the incidence of non-conforming THERMO-LAG has been negligible. On the basis of the foregoing, TU Electric submits that its corrective

⁵TU Electric understands that Inspector A has filed a complaint with the Department of Labor (DOL) pursuant to Section 210 of the Energy Reorganization Act. Under the existing NRC/DOL Memorandum of Understanding, DOL has exclusive jurisdiction over any remedy relating to the employment status of individuals under Section 210.

actions in regard to non-conforming vendor-fabricated THERMO-LAG material were timely and effective. Accordingly, no further action by either TU Electric or NRC is warranted, and CASE's Request for Action in regard to its allegations of QA/QC breakdown should be denied.

For the reasons stated above and on the basis of the information presented in Attachments A, B, C and D hereto, TU Electric respectfully requests that pursuant to Paragraphs B.3-5 of the Joint Stipulation, the Director, Office of Special Projects, Comanche Peak Project Division, should promptly issue a decision denying CASE's Request for Action and resolving the subject dispute.

Very truly yours,



W. G. Council
Vice Chairman

WGC:lmi

- Attachment A: "Rejected THERMO-LAG NCR Issues," December 19, 1989
- Attachment B: "Layoff of QC Receiving Inspector," December 19, 1989
- Attachment C: "TU Electric's Response to Twelve Questions that CASE Posed to TU Electric Concerning the Subject Dispute"
- Attachment D: "TU Electric's Specific Response to CASE's Attachments, Sequence of Events and Preliminary Findings"

c - Juanita Ellis
Billie P. Garde, Esq.
Janice Moore, Esq.
Mr. R. D. Martin, Region IV
Resident Inspectors, CPSES (3)



OFFICE MEMORANDUM

December 19, 1989

No Response Required

TO: W. G. Council

SUBJECT: Rejected THERMO-LAG NCR Issue

Based on reading and condensing the concern expressed by concernee on November 3, 1989, the main issue is, "The concernee is concerned that Supervisor Curtis Biggs and a QC Inspector Level III, Greg Bennetzen, will not let the QC Inspectors in receiving write an NCR on rejected Therm-A-Lag."

The assistance of Corporate Security was requested in investigating this concern. The following is based upon input from the Manager of Corporate Security - Nuclear.

Corporate Security's investigation into this concern included interviews with a former QC inspector, ten additional QC Receiving Inspectors, including all who were working in the Construction Warehouse on November 2, 1989, a Procurement QA employee, the QC supervisor, Curtis Biggs and the QC Level III, Greg Bennetzen. Corporate Security's inquiry also involved a review of documentation and procedures relative to this issue.

The Corporate Security investigation into this concern substantiates that Greg Bennetzen made a statement that "we will not write an NCR on Therm-A-Lag." Curtis Biggs and Greg Bennetzen stated that they believed the procedure applicable to the situation on November 2, 1989, was NQA 3.05, Section 6.1.1.(b), which they felt allowed the material to be marked "unsat" on the inspection report and placed on "hold" pending the issuance of a DCA from engineering which supervision knew was forthcoming. Mr. Biggs and Mr. Bennetzen further stated that they were of the opinion that an NCR was not the appropriate procedural vehicle to document the fact that the Therm-A-Lag conduit sections were undersized. Corporate Security's investigation established that Mr. Biggs and Mr. Bennetzen were not trying to intimidate the inspectors to prevent them from documenting the fact that the Therm-A-Lag conduits were undersized. Interviews with other QC Receiving Inspectors substantiated that they did not feel intimidated or harassed by Mr. Bennetzen's remark. Both Mr. Biggs and Mr. Bennetzen denied that any statements they made to the inspectors during the discussion were meant to imply that the inspectors should not document the fact the Therm-A-Lag conduit

sections did not meet specifications. In fact, the inspectors were told by Mr. Bennetzen and Mr. Biggs that the material should be marked "unsat" on the inspection report and placed on "hold."

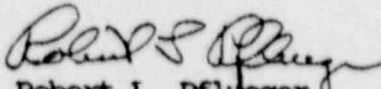
The investigative evidence further suggests that the lack of effective communication by QC supervision, in failing to explain their procedural interpretation, led to a significant amount of frustration and misunderstanding on the part of the Receiving Inspectors. The Receiving Inspectors were of the opinion that the applicable procedure was NQA 3.09-11.03, Section 6.1.3, which they felt necessitated the issuing of an NCR.

Curtis Biggs, who had only been the Receiving supervisor for a few weeks, stated that he was shown NQA 3.09, Section 6.1.3, by the QC lead the next day and agreed that the issue could be open to interpretation. Mr. Biggs said that, after reviewing the procedure, he believed that either interpretation could be applied. Mr. Biggs stated that, thus when the NCR was brought to him, he had no problem signing it, because it only related to one line-item of conduit sections (NCR 89-11452, Rev. 0).

Corporate Security's inquiry further failed to substantiate the allegation that QC supervision attempted to persuade John Simmons to change the requirements on the verification plan to 3/8 of an inch. John Simmons stated that he was aware of the problems with the Therm-A-Lag and was in contact with both QC Receiving and Procurement Engineering in an attempt to come to a solution that would "get the most out of the material." Mr. Simmons stated that no QC Receiving personnel had asked him to change the requirements on the verification plan. Mr. Simmons further stated that he did not have the authority to change the acceptance criteria.

In addition, the Manager, Quality Control stated that a meeting with all QC Receiving Inspectors was held Monday, November 27, 1989. During this meeting, the philosophy of NCRs was discussed along with the intent of NQA 3.05, Section 6.1.1.(b), and other programmatic options (e.g., DCAs, Vendor performing rework on site, returning material to vendor, etc.) available to resolve receiving inspection problems.

QC management has discussed the situation with Mr. Biggs and Mr. Bennetzen and has taken appropriate corrective action to preclude a recurrence of the ineffective communication.


Robert L. Pflueger
NIC Consultant



OFFICE MEMORANDUM

December 19, 1989

No Response Required

TO: W. G. Counsil

SUBJECT: Layoff of QC Receiving Inspector

Based on reading and condensing the concern expressed by concernee on November 3, 1989, the main issue is, "Concernee feels his ROF is part of a 'vindictive layoff.' In addition, concernee alleges that Greg Bennetzen told the concernee about two months ago, 'If I ever get in the position to terminate anyone, you will be the first to go.' The concernee also alleges that Mr. Bennetsen has also threatened lead Willie Wolf."

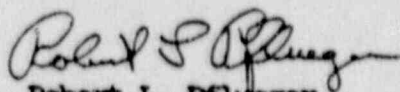
The assistance of Corporate Security was requested in investigating this concern. The following is based upon input from the Manager of Corporate Security - Nuclear.

The evidence obtained in Corporate Security's investigation fails to substantiate the allegation that the concernee was the victim of a "vindictive lay-off." The decision to include the concernee in the ROF was made by the QC Manager based on applicable policy which evaluated such factors as seniority, billing rate and performance. The QC Manager was not aware of the alleged conflict between the concernee and Greg Bennetzen and the alleged conflict was not a factor in the decision to include the concernee in the ROF. Furthermore, Mr. Bennetzen did not evaluate the concernee, and had no input into the factors which determined the concernee's ranking on the ROF list, and had no input into the ROF decision.

Corporate Security's inquiry substantiated that Greg Bennetzen had previously made a statement that should he ever be in the position, the concernee would be the "first to go." However, neither this statement nor the fact that the concernee and Mr. Bennetzen had disagreed over the issuance of an NCR was known by the QC Manager or were factors in the concernee's inclusion on the ROF list.

In addition, Corporate Security could not substantiate that lead Willie Wolf had been previously threatened by Mr. Bennetzen as alleged by the concernee.

Appropriate action has been taken by QC management with regard to the comment made by Mr. Bennetzen to the concernee.


Robert L. Pflueger
NIC Consultant

RLP/rmh

TU ELECTRIC'S SPECIFIC RESPONSES TO CASE'S
"QUESTIONS REGARDING THERM-A-LAG INSPECTIONS"

Question 1: What is the SAFETEM procedure when a worker asks that a safety concern be given to the NRC?

Response: From the inception of the SAFETEM program it has been the SAFETEM practice to make all concerns available for information and review upon NRC request. In addition, SAFETEM has made it a practice to notify the NRC of potentially safety significant concerns or concerns that are known to be of particular interest to the NRC.

Because of the issue raised by this inquiry, SAFETEM has modified its process of handling those concerns when the concernee requests the NRC be notified. As of December 1, 1989, if a concernee states that his concern should be reported to the NRC or he would like to talk to the NRC, SAFETEM will handle those matters as follows:

1. If the concernee will agree to talk to the NRC, the SAFETEM interviewer will call the NRC and request that someone from the NRC be sent over to talk to the concernee.
2. If the concernee will not agree to talk to the NRC, the interviewer will document that on the concern report form and the NRC will be notified that the concernee felt that the NRC should be made aware of the concern. The NRC then reviews the concern as appropriate.

The interviewer will make sure the concernee understands that reporting concerns to SAFETEM is not the same as reporting them to the NRC. The interviewer will point out to the concernee that information about reporting concerns to the NRC is contained in the exit information package and offer him a copy, even if he is not exiting.

Question 2: PO 665-71871, Section 3.2, required the vendor to comply with 10 CFR 50, App. B, and be subject to verification by TU Electric.

- A. Was a pre-award survey performed?
- B. What were results?
- C. Provide a copy of survey.

Response: The TU Electric Quality Assurance organization performed a Pre-Award Survey (dated July 30-31, 1981) along with two source Audits (QA Audits, TSI-1, dated August 24-25, 1981; and TSI-2, dated September 15-17, 1981). The survey and audits resulted in approval of TSI as a source supplier, in accordance with CQI-CS-4.4, on August 21, 1981 (QXX-806) and TSI was added to the Approved Vendors List in Revision 4, Supplemental Memo #2, dated August 1981 (Reference QXX-825). A copy of the survey will be provided to CASE under separate cover.

Question 3: What is the explanation for QC management (Biggs and Bennetzen) directing the lead and inspectors not to write an NCR on THERMO-LAG that did not meet specs?

Response: See Attachment A.

Question 4: Why did QC management (Biggs) ask that acceptance criteria be reduced to allow buy off of the material?

Response: The acceptance criteria denoted in the verification plan was not changed at the request of QC supervision. (See Attachment A for additional discussion.)

Question 5: By what procedure or practice does QC management have the authority to suggest or propose a Design Change to avoid writing an NCR? (Historically this technique has been used to avoid writing NCRs).

Response: Any individual, including QC supervision, has the freedom to suggest a design change. However, QC supervision did not request a DCA relating to THERMO-LAG material, and a DCA was not used to circumvent and undermine the deficiency reporting process as implied by CASE.

Question 6: Why was John Simmons, in procurement, asked to make a change to the specified and approved PO requirements, thereby failing to identify deficient material and defective vendor QA program?

Response: See our response to Question No. 4 above. The question also implies that the vendor had a manufacturing problem which was not properly documented during the receiving inspection, which began November 2, 1989. To the contrary, the IR (within Verification Plan 89-2092) was documented as "unsat" and NCR 89-11452 was issued on November 3, 1989. These two actions occurred while the receiving inspection was still "in process." The final paper work was completed November 8, 1989, and is contained in RIR No. 02934.

Question 7: Since this was a priority one order and material was needed badly, why was no source inspection imposed?

Response: After May 18, 1989, source inspections for TSI were not required in procurement documents based on the following:

1. The acceptable evaluation of the vendors program as determined by the Pre-Award Survey, periodic Audits, and history of receipt of acceptable material
2. On-site review of material conformance testing (burn-test)
3. Relative lack of material complexity
4. Critical inspection attributes could be verified through normal site receipt inspection.

The decision to discontinue the requirement for source inspections was made by Procurement QA due to the satisfactory performance of the vendor. Hence, shipments received against PO 665-71871, Supplements 7 and 10 which were being inspected on November 2, 1989, did not require a source inspection.

Question 8: Did TU Electric QA management know about THERMO-LAG rejected by QC inspectors and the direction to not write an NCR?

Response: QA/QC management above Mr. Biggs were not aware of the incident until the SAFETeam concern and the CASE allegation was received.

Question 9: Was QA management aware of QC supervisor and Level III proposals to John Simmons to reduce acceptance criteria?

Response: No proposal was ever made by QC Supervision or the Level III inspector to Mr. Simmons to reduce the acceptance criteria for inspections occurring on November 2, 1989, for THERMO-LAG.

Question 10: What is the sequence of events pertaining to recent THERMO-LAG problems in Documents SDAR 89-25 and CAR 89-09?

Response: See Attachment D, Part I.A.

Question 11: How was concernee chosen for a layoff the same day he argued to write NCRs?

Response: See Attachment B, third paragraph.

Question 12: Did QA management issue a Stop Work? If not, why not?

Response: A Stop Work Order was not issued by Quality Assurance management. QA management determined that the criteria of procedure NEO 3.25, "Stop Work," Rev. 0, had not been met.

TU ELECTRIC'S SPECIFIC RESPONSES TO
CASES'S ATTACHMENT 2,
"SEQUENCE OF EVENTS AND PRELIMINARY FINDINGS"

I. SITE FABRICATED THERMO-LAG

A. SEQUENCE OF EVENTS

For the reasons indicated in Paragraph 3 of the cover letter, the site fabricated THERMO-LAG issue is logically independent of the vendor fabricated THERMO-LAG issue. The site fabricated THERMO-LAG issue was addressed in SDAR CP-89-025 and will be discussed in response to the Notice of Violation for Inspection Report 445/8971; 446/8971.

B. PRELIMINARY FINDINGS

For the reasons indicated in Paragraph 3 of the cover letter, the site fabricated THERMO-LAG issue is logically independent of the vendor fabricated THERMO-LAG issue. The site fabricated THERMO-LAG issue was addressed in SDAR CP-89-025 and will be discussed in response to the Notice of Violation for Inspection Report 445/8971; 446/8971.

II. VENDOR FABRICATED THERMO-LAG

A. SEQUENCE OF EVENTS

Page No. of CASE Attachment 2	Line(s) or Paragraph No. of CASE Attachment 2	TU Electric Response/Comment
3	06-15-89	PO #665-71871 was issued for the purchase of pre-shaped conduit sections with a one-hour design rating.
4	11-02-89	We do not know the source of CASE's numbers. The data on rejections that we have retained indicates the following: The acceptance criteria for 5" diameter (ID) THERMO-LAG conduit sections were 1/2" minimum - 3/4" maximum as specified by DCA 77269 R/10. A total of 191 linear ft. of this shipment was inspected and 49.5 linear ft. was rejected (reject rate = 26%). This condition was documented on NCR-89-11452 on 11/3/89.

Page No. of CASE <u>Attachment 2</u>	Line(s) or Paragraph No. of <u>CASE Attachment 2</u>	<u>TU Electric Response/Comment</u>
		<p>The acceptance criteria for 3/4" diameter (ID) THERMO-LAG conduit sections was the same as for 5" THERMO-LAG conduit sections. A total of 501 linear ft. was inspected and 30 linear ft. was rejected (reject rate = 6%). This is an overall reject rate which includes data for before and after the acceptance criteria changed on 11/4/89. We do not have separate reject rate data for before and after the change. This condition was documented on NCR-89-11537 on 11/8/89 when the inspection was completed.</p>
4	11-03-89	See Attachments A and C.
4	11-03-89	See Attachments A and C.
4	11-03-89	<p>The Level III attended a meeting with the NRC to discuss site fabricated THERMO-LAG. Although the Level III presented information related to proposed NRC violations relating to site fabricated THERMO-LAG, he did not argue about the proposed violations. TU Electric did not attend the meeting for the purpose of discussing vendor fabricated THERMO-LAG. It is TU Electric's position that the site-fabricated and vendor fabricated THERMO-LAG issues are logically independent matters.</p>
4	11-04-89	<p>See Attachments A and C and cover letter, item 2. The inspector was not demoted. He was assigned to a two-man inspection team with the responsibilities of a QC receipt inspector. The other member of the team was designated as lead, but the subject inspector was not designated as a "helper."</p>
5	11-07-89	<p>The deficiencies noted against the vendor supplied THERMO-LAG conduit sections were not relevant to the violations noted for the site fabricated panels.</p>

Page No. of CASE <u>Attachment 2</u>	Line(s) or Paragraph No. of <u>CASE Attachment 2</u>	<u>TU Electric Response/Comment</u>
5	11-08-89	The Level III did not raise an issue pertaining to Certificates of Conformance.
5	11-10-89	See cover letter.

B. CASE'S PRELIMINARY FINDINGS

1. TU Electric does not believe that a QA breakdown occurred in the receipt inspection process for vendor fabricated THERMO-LAG. The receipt inspection procedures were properly executed and adequately reflected the specification requirements. All quality related requirements were met. The high rejection rate was attributed to shipment and handling damage and acceptance criteria that were impractical for use by receipt inspectors which resulted in material being rejected that in most cases was adequate to comply with design conditions.
2. TU Electric does not share CASE's opinion. CASE's connection of the subject issues to the Service Water System issues stretches the bounds of reason. TU Electric's position in regard to the Service Water System piping issues is a matter of record on which TU Electric will stand. In particular, TU Electric's specific responses to the positions expressed by CASE's consultant, Mr. Phillips, and by CASE's counsel are set forth in TU Electric's December 11 and 12, 1989 letters, TXX-89847 and TXX-89848, respectively.
3. As explained in Paragraph 3 of the cover letter, the site fabricated THERMO-LAG issue is logically independent of the vendor fabricated THERMO-LAG issue. This issue was addressed in SDAR CP-89-025 and will be discussed in response to the Notice of Violation for Inspection Report 445/8971; 446/8971.

4. The decision to not require source inspections was based upon the vendor's (TSI's) prior performance, not project schedule. Thermal Science, Inc. (TSI), has a 10CFR50, Appendix B, QA program that governs the manufacture of THERMO-LAG products used at CPSES. This program has been audited by TU Electric, as well as many other nuclear facilities, and found to be adequate with appropriate QA procedures in place to control the quality of finished products. Approximately 2000 sq. ft. of the 14,000 sq. ft. (CASE's number) of THERMO-LAG installed in the plant was site-fabricated, or indeterminate, prior to final removal. The remaining 12,000 sq. ft., plus some quantity in the warehouse, consisted of vendor-fabricated materials which had passed site QC receipt inspections, with no deficiencies identified. Subsequent shipments were also received without deficiencies. TU Electric did initiate source inspections on November 8, 1989, as a result of two NCRs (89-10699 and 89-11142) in October and two in early November (89-11452 and 89-11471). These NCRs identified deficiencies with received products and were aggressively investigated by QC, Engineering, and the vendor. This evidence is hardly indicative of inadequate QA management overview or poor judgement in regard to source inspections.
5. Due to accelerated production schedules, some materials were received which, although technically dry and stable, were structurally soft in places. Some of the panels had compression indentations due to shipping and handling. NCRs 89-11142, 89-11452, and 89-11471 discussed in Item 4 above identified these as deviations from Specification 2323-MS-38H. Discussions with TSI's technical staff revealed that compression of the material did not impair its fire protective properties. The material is relatively spongy and is less subject to compression indentation as it ages and continues to lose moisture. Specification 2323-MS-38H was revised by DCA 77269 R/11 on 11-4-89 to allow minor deviations below minimum thickness, as approved by TSI, such as minor compression and surface blemishes which do not impair the fire protective properties of the materials. No changes were made to any THERMO-LAG formulas.
6. TSI brought one of its calibrated frame mounted dial indicators on site. Initially the gauge was used to take reference measurements. QC Supervision recognized upon receipt of the tool that it was not site calibrated. The direction given to the inspectors during a tool demonstration was that the tool could be used if checked prior to use with a set of gauges which were calibrated and located in the QC office. This was to assure that the dial indicator (which is adjustable) was reading properly. The process was demonstrated to those involved and is not considered an inappropriate use of measuring equipment. After the need for the tool was established, the Calibration Lab was contacted, and the tool received site calibration. The tool was entered into the TU Electric calibration program. The inspectors were aware of the calibration status of the tool. The method used to assure tool accuracy prior to site calibration is not considered inappropriate.

7. This measuring device, loaned to TU Electric by TSI, is made of light weight aluminum tubing and is flexible enough that the reading is affected by how one holds it. The sensitivity limits of the device and how to use it were demonstrated by TSI prior to receipt by TU Electric.
8. The PO provision for the vendor to make nonconformance reports applied to nonconformances identified by the vendor. Once the material was onsite, the CPSES administrative controls were applicable to nonconformances identified with vendor material, and the vendor was under no obligation to issue nonconformance reports for conditions identified onsite. See Attachments A 6 and C, and cover letter (Paragraph 1) for additional information.
9.
 - a. See Attachment A, and cover letter (Paragraph 1).
 - b. See Attachment C.
 - c. See Attachment D, Section II.A, 11-03-89, third response item.
 - d. See Attachment B, and cover letter (Paragraph 2).