

NOTICE OF VIOLATION
AND
PROPOSED IMPOSITION OF CIVIL PENALTY

TU Electric
Comanche Peak Steam Electric Station
Units 1 and 2

Docket Nos. 50-445 and 50-446
License No. NPF-87
Construction Permit No. CPPR-127
EA 90-020

During an NRC inspection conducted on January 3 through January 30, 1990, violations of NRC requirements were identified. In accordance with the "General Statement of Policy and Procedure for NRC Enforcement Actions," 10 CFR Part 2, Appendix C (1989), the Nuclear Regulatory Commission proposes to impose a civil penalty pursuant to Section 234 of the Atomic Energy Act of 1954, as amended, 42 U.S.C. 2282, and 10 CFR Part 2.205. The particular violation and associated civil penalty are as follows:

I. Violation Assessed a Civil Penalty

10 CFR Part 50, Appendix B, Criterion I, as implemented by Section 1.0, Revision 1, of the TU Electric Quality Assurance Manual requires that the applicant or licensee shall be responsible for the establishment and execution of the quality assurance program. Furthermore, the personnel performing the quality assurance functions shall be provided with adequate authority and organizational freedom to identify quality problems; to initiate, recommend, or provide solutions; and to verify implementation of solutions.

Contrary to the above, on November 2, 1989 Quality Control (QC) receipt inspectors were not provided with adequate authority and organizational freedom to identify quality problems and initiate, recommend and provide solutions in that, they were told by their supervisors that defective Therm-A-Lag conduit sections were not to be documented on nonconformance reports as required by station procedures.

This is a Severity Level III Violation. (Supplement II and VII)
(445/9005-V-02) Civil Penalty - \$25,000.

II. Violation Not Assessed a Civil Penalty

10 CFR Part 50, Appendix B, Criterion V, as implemented by Section 5.0, Revision 1, of the TU Electric Quality Assurance Manual, requires that activities affecting quality be prescribed by and accomplished in accordance with documented procedures. CPSES Receiving Inspection Procedure NQA 3.09-11.03, paragraph 6.1.3, requires that items which do not conform to the specified requirements shall be documented in accordance with Procedure NEO 3.05, "Reporting and Control of Nonconformances" and references NQA 3.05, paragraph 6.1.1.b.

Contrary to the above, on November 2, 1989, subsequent to the completion of receipt inspection activities on Therm-A-Lag conduit sections, TU Electric failed to document defective material conditions on a nonconformance report as specified in Procedure NQA-3.09-11.03, paragraph 6.1.3 and failed to document the condition using NQA paragraph 6.1.1.b because of that procedure's interpretative nature.

This is a Severity Level IV Violation. (Supplement II)
(445/9005-V-01)

Pursuant to the provisions of 10 CFR 2.201, TU Electric is hereby required to submit a written statement or explanation to the Director, Office of Enforcement, U. S. Nuclear Regulatory Commission, within 30 days of the date of this Notice of Violation and Proposed Imposition of Civil Penalty (Notice). This reply should be clearly marked as a "Reply to a Notice of Violation" and should include for each alleged violation: (1) admission or denial of the alleged violation, (2) the reasons for the violation if admitted, and if denied, the reasons why, (3) the corrective steps that have been taken and the results achieved, (4) the corrective steps that will be taken to avoid further violations, and (5) the date when full compliance will be achieved. If an adequate reply is not received within the time specified in this Notice, an order may be issued to show cause why the license should not be modified, suspended, or revoked or why such other action as may be proper should not be taken. Consideration may be given to extending the response time for good cause shown. Under the authority of Section 182 of the Act, 42 U.S.C. 2232, this response shall be submitted under oath or affirmation.

Within the same time as provided for the response required above under 10 CFR 2.201, the licensee may pay the civil penalty by letter addressed to the Director, Office of Enforcement, U. S. Nuclear Regulatory Commission, with a check, draft, money order, or electric transfer payable to the Treasurer of the United States in the amount of the civil penalty or may protest imposition of the civil penalty, in whole or in part, by a written answer addressed to the Director, Office of Enforcement, U. S. Nuclear Regulatory Commission. Should the licensee fail to answer within the time specified, an order imposing the civil penalty will be issued. Should the licensee elect to file an answer in accordance with 10 CFR 2.205 protesting the civil penalty, in whole or in part, such answer should be clearly marked as an "Answer to a Notice of Violation" and may: (1) deny the violation(s) listed in this Notice, in whole or in part, (2) demonstrate extenuating circumstances, (3) show error in this Notice, or (4) show other reasons why the penalty should not be imposed. In addition to protesting the civil penalty, in whole or in part, such answer may request remission or mitigation of the penalty.

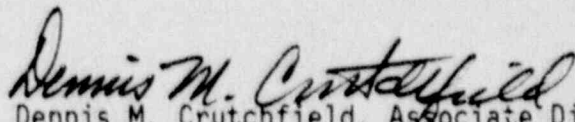
In requesting mitigation of the proposed penalty, the factors addressed in Section V.B in 10 CFR Part 2, Appendix C (1989) should be addressed. Any written answer in accordance with 10 CFR 2.205 should be set forth separately from the statement or explanation in reply pursuant to 10 CFR 2.201, but may

incorporate parts of the 10 CFR 2.201 reply by specific reference (e.g., citing page and paragraph numbers) to avoid repetition. The attention of the licensee is directed to the other provisions of 10 CFR 2.205, regarding the procedure for imposing a civil penalty.

Upon failure to pay any civil penalty due which subsequently has been determined in accordance with the applicable provisions of 10 CFR 2.205, this matter may be referred to the Attorney General, and the penalty, unless compromised, remitted, or mitigated, may be collected by civil action pursuant to Section 234c of the Act, 42 U.S.C. 2282c.

The response noted above (Reply to Notice of Violation, letter with payment of civil penalty, and Answer to a Notice of Violation) should be addressed to: Director, Office of Enforcement, U. S. Nuclear Regulatory Commission, ATTN: Document Control Desk, Washington, D.C. 20555 with a copy to the U. S. Nuclear Regulatory Commission, Comanche Peak Project Division and a copy to the NRC Resident Staff at the Comanche Peak Steam Electric Station.

FOR THE NUCLEAR REGULATORY COMMISSION


Dennis M. Crutchfield, Associate Director
for Special Projects
Office of Nuclear Reactor Regulation

Dated at Rockville, Maryland
this 17th day of May 1990.

OPENING STATEMENT
W. J. CAHILL

THE MOST IMPORTANT PURPOSE OF OUR PRESENTATION IS:

- o TU ELECTRIC REALIZES THERE WERE FAILURES OF COMMUNICATION**
 - LEVEL III INSPECTOR AND QC SUPERVISOR TO RECEIVING INSPECTORS**
 - MANAGEMENT TO RECEIVING INSPECTORS**
- o TU ELECTRIC REALIZES THAT MANAGEMENT WAS NOT SUFFICIENTLY AGGRESSIVE IN IDENTIFYING AND CORRECTING PERCEPTIONS OF RECEIVING INSPECTORS**
- o TU ELECTRIC HAS TAKEN COMPREHENSIVE CORRECTIVE ACTIONS**

BACKGROUND

o NOVEMBER 2

- RECEIPT INSPECTOR WANTS TO DOCUMENT NONCONFORMING THERMO-LAG ON NCR
- LEVEL III INSPECTOR STATES THAT NCR NOT BE ISSUED
- LEVEL III INSPECTOR INTENDED THAT NONCONFORMING THERMO-LAG BE DOCUMENTED AS "UNSAT" ON INSPECTION REPORT
- NONCONFORMING THERMO-LAG IS PLACED ON HOLD

o NOVEMBER 3

- RECEIPT INSPECTOR DOCUMENTS NONCONFORMING THERMO-LAG ON INSPECTION REPORT
- RECEIPT INSPECTOR TALKS TO LEAD INSPECTOR AND WRITES NCR, WHICH QC SUPERVISOR APPROVES, FOR NONCONFORMING THERMO-LAG

PROCEDURES

- o NQA 3.09 - 9.02 - "INSPECTION REPORTS/INSPECTION PLANS"
 - NONCONFORMANCES REQUIRED TO BE DOCUMENTED AS "UNSAT" ON INSPECTION REPORT
 - OPEN IR MAY BE CLOSED BY SEVERAL METHODS, INCLUDING ISSUING NCR
 - NO TIME LIMIT FOR ISSUANCE OF NCR
- o NQA 3.09 - 11.03 - "RECEIVING INSPECTION"
 - "UNSAT" ITEM REQUIRED TO BE TAGGED AND IF PRACTICAL PLACED IN HOLD AREA
 - "UNSAT" ITEM REQUIRED TO BE DOCUMENTED PER NQA 3.05

PROCEDURES (CONTINUED)

- o **NQA 3.05 - "REPORTING AND CONTROL OF NONCONFORMANCES"**
 - **NCR REQUIRED IF "UNSAT" ITEM "CANNOT BE CORRECTED (REWORKED, SCRAPPED OR HAVE SUBSEQUENTLY BECOME ACCEPTABLE IN ACCORDANCE WITH GENERIC ENGINEERING DOCUMENTS, E.G., SPECIFICATIONS, GENERAL DRAWING NOTES AND TYPICAL DETAILS) TO COMPLY WITH EXISTING ENGINEERING REQUIREMENTS IN ACCORDANCE WITH APPROVED PROCEDURES."**
 - **USE OF TERM "EXISTING ENGINEERING REQUIREMENTS" NOT INTENDED TO REQUIRE THAT THE ENGINEERING DOCUMENT WHICH MAKES THE "UNSAT" ACCEPTABLE BE IN EXISTENCE WHEN THE "UNSAT" ITEM IS IDENTIFIED, AS DEMONSTRATED BY THE TERM "SUBSEQUENTLY BECOME ACCEPTABLE"**

PROCEDURES (CONTINUED)

o SUMMARY

- NONCONFORMING ITEM IDENTIFIED DURING INSPECTION MUST BE DOCUMENTED AS "UNSAT" ON IR
- "UNSAT" ITEMS ARE CONTROLLED
- NCR'S NOT REQUIRED FOR ALL "UNSAT" ITEMS
- NO TIME LIMIT FOR ISSUANCE OF NCR
- ISSUANCE OF NCR DOES NOT NECESSARILY DELAY RELEASE OF MATERIAL

o IR 90-05 IDENTIFIED TWO (2) APPARENT VIOLATIONS OF 10 CFR 50:

- 1) AN APPARENT VIOLATION OF 10 CFR 50, APPENDIX B, CRITERION V WAS IDENTIFIED IN THAT THE APPLICANT'S QC MANAGEMENT APPEARED TO SUPPRESS THE DOCUMENTATION OF DEFICIENT THERMO-LAG MATERIAL ON A NONCONFORMANCE REPORT AS REQUIRED BY PROCEDURE NQA-3.09-11.03

- 2) AN APPARENT VIOLATION OF 10 CFR 50, APPENDIX B, CRITERION I AND 10 CFR 50.7 WAS IDENTIFIED. THIS ISSUE INVOLVES ALLEGED INTIMIDATION OF QC RECEIPT INSPECTORS BY QC SUPERVISION ASSOCIATED WITH THE DOCUMENTATION OF DEFICIENT THERMO-LAG

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- o TU ELECTRIC PROCEDURES REQUIRE DOCUMENTATION OF NONCONFORMANCES AS "UNSAT" ON INSPECTION REPORTS; NCR'S ARE NOT REQUIRED EXCEPT UNDER SPECIFIED CIRCUMSTANCES
- o THE NONCONFORMING THERMO-LAG WAS DOCUMENTED AS "UNSAT" ON INSPECTION REPORT ON NOVEMBER 3
- o THE NONCONFORMING THERMO-LAG WAS DOCUMENTED ON A NONCONFORMANCE REPORT ON NOVEMBER 3
- o HOWEVER, AN "UNSAT" INSPECTION REPORT ALONE WOULD HAVE BEEN SUFFICIENT TO DOCUMENT THE NONCONFORMING THERMO-LAG
- o THE DIRECTION TO DOCUMENT NONCONFORMING THERMO-LAG AS "UNSAT" ON THE INSPECTION REPORT AND THAT AN NCR WAS NOT REQUIRED WAS CONSISTENT WITH TU ELECTRIC'S PROCEDURES

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- o RECEIPT INSPECTORS HAD SUFFICIENT AUTHORITY TO IDENTIFY QUALITY PROBLEMS
 - RECEIPT INSPECTORS HAD AUTHORITY TO DOCUMENT NONCONFORMING THERMO-LAG ON INSPECTION REPORT
 - NONCONFORMING THERMO-LAG WAS DOCUMENTED ON INSPECTION REPORT
 - NONCONFORMING THERMO-LAG WAS ALSO DOCUMENTED ON NCR

- o ISSUE WAS NOT WHETHER TO DOCUMENT THE NONCONFORMING CONDITION, BUT WHETHER AN NCR WAS NEEDED IN ADDITION TO THE "UNSAT" ON THE INSPECTION REPORT

50-445/9005-Y-02 (CONTINUED)

- o NO DISCRIMINATION DUE TO THIS EVENT
 - RELEASE OF INSPECTOR WAS NOT RELATED
 - NO EFFECT ON COMPENSATION OF OTHER EMPLOYEES
 - NO EFFECT ON TERMS, CONDITIONS, AND PRIVILEGES OF EMPLOYMENT OF OTHER EMPLOYEES
- o NO THREATENED DISCRIMINATION DURING THIS EVENT
- o NO INDICATION OF REDUCED GENERATION RATE OF NCR'S OR "UNSATS"

50-445/9005-V-02 (CONTINUED)

- o NRC INSPECTOR FOUND PERCEPTION OF INTIMIDATION:
 - TU ELECTRIC ACKNOWLEDGES THAT THE NRC INSPECTOR FOUND THIS PERCEPTION
 - TU ELECTRIC'S INVESTIGATIONS DID NOT FIND THIS TO BE THE CASE
 - THE QC SUPERVISOR AND THE LEVEL III DID NOT EXPRESS THEIR INTERPRETATION OF THE PROCEDURE ADEQUATELY TO THE INSPECTORS
 - THEY WERE COUNSELED BY THE MANAGER, QC AND DIRECTOR, QA
 - THE PROCEDURES ARE BEING CLARIFIED
 - THE FSAR WILL BE REVIEWED TO ASSURE CONSISTENCY
 - THE LEVEL III'S PREVIOUS REMARK TO AN INSPECTOR WAS IMPROPER
 - LEVEL III WAS REPRIMANDED
 - THE QC INSPECTORS WERE NOT INFORMED OF THE REPRIMAND AND COUNSELING

50-445/9005-V-02 (CONTINUED)

- TU ELECTRIC'S OPERATIONS QC MANAGER AND SUBSEQUENTLY, THE MANAGER QC AND DIRECTOR DA MET WITH INSPECTORS
 - THEY DID NOT SUFFICIENTLY COMMUNICATE TO THE INSPECTORS THAT THEY SHOULD NOT FEEL THREATENED

- OVERALL, TU ELECTRIC BELIEVES THESE EVENTS CONSTITUTE
 - FAILURES IN COMMUNICATION

 - FAILURES BY MANAGEMENT TO AGGRESSIVELY IDENTIFY AND CORRECT PERCEPTIONS OF RECEIPT INSPECTORS

ADDITIONAL CORRECTIVE ACTIONS
TAKEN BY TU ELECTRIC

- o THE QC SUPERVISOR AND LEVEL III INSPECTOR HAVE BEEN REPLACED
- o TU ELECTRIC HAS TAKEN A NUMBER OF STEPS TO IMPROVE CONDITIONS IN QC RECEIVING ORGANIZATION
 - CHANGED QC SUPERVISOR TO DIRECTLY REPORT TO MANAGER QC
 - INCREASED TIME IN THE FIELD BY MANAGER QC AND DIRECTOR QA
 - CLARIFIED ROLES OF LEVEL III, LEAD INSPECTORS, AND QC SUPERVISOR
 - COMMENCED WEEKLY STAFF MEETINGS
 - IMPROVED WORKING CONDITIONS
- o QA DIRECTOR MET WITH OTHER QA MANAGERS
 - ASSURE THEIR AWARENESS OF PROBLEMS
 - BEGIN REVIEW OF APPLICABILITY OF LESSONS LEARNED TO THEIR ACTIVITIES

ADDITIONAL CORRECTIVE ACTIONS
TAKEN BY TU ELECTRIC (CONTINUED)

- o VICE PRESIDENT, NUCLEAR ENGINEERING
 - MET WITH LEVEL III, QC SUPERVISOR, MANAGER QC, AND DIRECTOR QA
 - MET WITH QC RECEIVING INSPECTORS
- o BENTHAM, INC. WAS RETAINED TO REVIEW COMMUNICATIONS AND MORALE PROBLEMS, TO RECOMMEND ADDITIONAL ACTIONS AND TO MAINTAIN FOLLOW-UP

CONCLUSION

- o WE HAVE LEARNED A GREAT DEAL FROM THE EVENTS
- o WE HAVE SIGNIFICANTLY IMPROVED COMMUNICATIONS AND MANAGEMENT AWARENESS
- o WE HAVE MADE CONCERTED EFFORT TO ASSURE THERE IS NO PERCEPTION OF INTIMIDATION
- o WE ARE CONTINUING TO PURSUE MATTERS OF IMPORTANCE TO THE INSPECTORS

IDENTIFICATION AND CORRECTION
OF PROBLEMS

HISTORICAL PERSPECTIVE

- o CPRT
- o CAP
- o TAP
- o EFE
- o PROGRAMMATIC ENHANCEMENTS (TXK-88495)
- o ONE FORM
- o PMDS/TEAM BUILDING
- o SAFETEAM/SECURITY
- o INDUSTRY OPERATING EXPERIENCE REVIEWS
- o JOINT STIPULATION

CURRENT EFFORTS TO IDENTIFY PROBLEMS,
NOTIFY MANAGEMENT AND EVALUATE
ROOT CAUSE/GENERIC IMPLICATIONS

- o SHIFT ADVISORS
- o PERFORMANCE-BASED SURVEILLANCES AND TECHNICAL EVALUATIONS
- o PLANT MANAGEMENT MONITORING PROGRAM
- o SQAOC ACTIVITIES
- o SOC ACTIVITIES
- o WORK REQUEST IMPROVEMENTS
- o SHIFT SUPERVISOR REVIEW OF ONE FORMS
- o MULTI-DISCIPLINE REVIEW OF ONE FORMS
- o POD MEETINGS
- o DAILY MEETINGS OF MANAGERS AND OFFICERS
- o USE OF SYSTEMS ENGINEERS
- o ROOT CAUSE ANALYSIS PROCEDURES
- o EVALUATION TEAMS
- o FAILURE ANALYSES
- o HPES PROGRAM

IMPROVEMENTS

- o POLICY STATEMENT ON IDENTIFICATION AND CORRECTION OF PROBLEMS
- o MEETINGS WITH LOWER AND MID-LEVEL MANAGERS
- o DISTRIBUTION TO SUPERVISORS OF VIDEO TAPE OF TRAINING BY CASE COUNSEL ON HANDLING EMPLOYEE CONCERNS
- o IMPROVEMENTS IN ROOT CAUSE ANALYSIS
 - EXPAND TRAINING
 - MAKE PROCEDURE APPLICABLE TO OTHER ORGANIZATIONS
 - EG&G PROCEDURE REVIEW
 - MEETING WITH A CASE CONSULTANT
- o LINE PERSONNEL TO PERFORM PERFORMANCE-BASED MONITORING
- o LOWER AND MID-LEVEL MANAGERS TO RECEIVE INPO OBSERVER TRAINING
- o LOWER AND MID-LEVEL MANAGERS VISIT OTHER PLANTS
- o POWER ASCENSION SELF-ASSESSMENT

COMANCHE PEAK ENFORCEMENT PACKAGE

EA 90-020

1. Documentation Checklist.
2. Enforcement Conference Notice and Attendees (Conference Slides enclosed in the enforcement letter).
3. Inspection Report 50-445/446 90-05/05.
4. Letter from J. G. Keppler to W. B. Council, dated August 25, 1987, subject: EA's 83-64, 83-132, 86-63.
5. TU Electric Response to CASE Documented Request for Action - Thermo-Lag, dated December 21, 1989.
6. Letter from B. P. Garde, CASE, to C. Grimes, dated January 29, 1990, subject: Response to TU Electric Letter Concerning Harassment and Intimidation of Comanche Peak QC Inspectors.
7. Letter from B. P. Garde, CASE, to W. B. Council and C. Grimes, dated November 29, 1989, subject: Documented Request for Action (re: Thermo-Lag/50.57 Dispute between CASE and TU Electric).
8. Memorandum from R. F. Warnick to C. I. Grimes, dated November 14, 1989, subject: CASE Dispute - Phone Call November 13, 1989.
9. SAFETEAM Report #12694-A.
10. Addendum to SAFETEAM Report #12694-A.
11. Fluor Daniel personnel release records.
12. NonConformance Report #89-11452.
13. Design Change Authorization #77269, Revision 10.
14. Design Change Authorization #77269, Revision 11.
15. Letter from J. W. Beck to the USNRC, dated February 7, 1990, subject: Additional Information in Response to Enforcement Conference of February 7, 1990.