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UNITED STATES
NUCLEAR REGULATORY COMMISSION
REGION V
1990 N. CALIFORNIA BOULEVARD
SUITE 202, WALNUT CREEK PLAZA
WALNUT CREEK, CALIFORNIA 94596
December 16, 1980

Docket No. 50-312

Sacramento Municipal Utility District
P. O. Box 15830
Sacramento, California 95813

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

Subject: Special Inspection - Rancho Seco

This refers to the special follow-up inspection conducted by Messrs. H. Canter, T. Young, M. Malmros, and A. Johnson of this office on October 28 through November 6, 1980, of activities authorized by NRC License No. DPR-54 that were identified as being in noncompliance, of activities rated as poor but acceptable by members of the IE Performance Appraisal Branch during an inspection conducted in April and May, 1980, and to the discussions of our findings held by Mr. Johnson and the other members of the special inspection team with Mr. J. Mattimoe and other members of your staff at the conclusion of the inspection on November 6, 1980.

Areas examined during this inspection are described in the enclosed inspection report. Within these areas, the inspection consisted of selective examinations of procedures, representative records, interviews with personnel, and observations by the inspectors.

After careful consideration of your responses dated August 6, September 3, and November 7, 1980, to the Notices of Violation and Deviations forwarded to you by this office on July 16, 1980, and the inspectors' findings during this inspection, we concur with your contentions that Items D.3, E.2, and F are not items of noncompliance, and therefore, those items in the Notice of Violation are rescinded.

In addition, regarding the unresolved items related to prompt resolution of nonconforming reports and the content of monthly reports to NRC of changes made pursuant to 10 CFR 50.59, as identified by the members of the Performance Appraisal Branch, this office has concluded that noncompliance existed. These matters have been referred to the Senior Resident Inspector to initiate the appropriate enforcement action.

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when the outside temperature exceeded 90⁰ F. This item was identified in 1974. After investigation of the status of the item and required approvals, additional insulation was installed during the week of November 10, 1980. Failure of the licensee to promptly correct the nonconforming condition was found to be in noncompliance with 10 CFR 50, Appendix B, Criterion XVI, which requires that nonconformances be promptly identified and corrected.

This item is open and has been referred to the Resident Inspector for follow-up and enforcement action. (80-34-10)

11. Exit Interview

The inspectors met with Mr. John J. Mattimoe and other members of his staff identified in Paragraph 1 of this report on November 6, 1980. The purpose of the meeting was to inform licensee management of the inspection findings as described in the foregoing paragraphs of this report. At the conclusion of the interview, Mr. Mattimoe assured the inspectors that SHUD intended to evaluate the inspection finding and take those actions deemed appropriate to assure proper management control of all NRC licensed activities.

type of maintenance activity in addition to designated design changes to plant equipment. Existing licensee management controls delegate certain qualified individuals (Screening Engineers) the responsibility to determine which items are forwarded to the PRC for review. During past IE Region V inspections and, in particular during May 1980, implementation of the control system was examined by a review of 179 items acted upon by the screening engineer. The findings of these inspection efforts showed that all items deemed by the inspectors as appropriate for PRC review had been forwarded to the PRC for action. This procedure for determining which items must be reviewed by PRC is in compliance with the pertinent technical specification requirements and the PRC is not required to review each maintenance activity to determine whether or not the activity involves a safety related change to the facility. Such items are adequately controlled pursuant to the NRC QA requirements and other procedural requirements imposed by the technical specifications.

This item is closed.

- D. Control of Spent Fuel Assemblies in Fuel "Sipping Device" (Re: IE Inspection Report No. 50-312/80-15, dated July 16, 1980, Page 2).

The PAB Team members raised the issue of whether or not administrative controls can be used in place of physical restraints without introducing an unreviewed safety question as defined in 10 CFR 50.59. For the case in point, the licensee placed a limit of 10 days on the time after shutdown before fuel sipping would be permitted. Physically, fuel could be transferred from the core after shutdown within a 72-hour period. Also the fuel sipping device could physically accommodate two fuel assemblies. The device was built with two independent and completely separate chambers. The licensee administratively limited the use of the device to one assembly at a time. Also, one of the chambers was rendered inoperable by disconnecting the motive source to the entrance cover of the chamber. The inspector's examination of the licensee safety evaluation, procedures and implementation of those procedures, showed that the activities conducted by the licensee relating to "sipping" fuel was in compliance with NRC requirements.

This item is closed.

- E. Prompt Closure of Nonconformance Reports (Re: IE Inspection Report No. 50-312/80-15, dated July 16, 1980, Page 36, Paragraph 8.b.(3)).

The PAB Team members found that Nonconformance Reports (NCR's) were not being promptly corrected. Examination of the NCR's greater than three years old confirmed the PAB finding. In particular, the Nonconformance Report No. 810 identified that the temperature of the concrete around the "B" main steam and feedwater penetrations through the containment building exceeded 200^o F during periods

applies to the overall licensed activities of the facility and not those specific activities applicable to an operator and does not preclude an operator from calling for assistance and directing others when necessary to maintain the facility in a safe condition.

The inspector feels the foregoing described change that was made to operating procedure AP-1 was unnecessary and can result in an unsafe situation in the operation of the Rancho Seco facility.

In consideration of the above IE Region V management contacted the Rancho Seco Plant Superintendent and verified that he does not have any concerns regarding the provision that was added to Procedure AP-1. He stated he believes that if a Senior Licensed Operator was not in the control room when a problem occurred the licensed operators present would respond to the problem in an appropriate manner and take directions from the Senior Control Room Operator as necessary to maintain the plant in a safe condition.

In addition, to correct any possible misunderstanding of the responsibilities of operators under the conditions being discussed, the Plant Superintendent committed to issue a standing order by December 15, 1980, which will authorize operators in cases of emergency to depart from procedures where necessary to prevent injury to personnel, including the public, or damage to the facility.

This item is closed.

- B. Content of Monthly Report (RE: IE Inspection Report No. 50-312/80-15, dated July 16, 1980, Page 22, Paragraph 5.b.(3).(b)).

10 CFR 50.59(b) requires that the licensee annually, or at such shorter intervals as may be specified in the license, submit a report to the NRC containing a brief description of changes, tests and experiments made pursuant to this regulation. The regulation also requires that the report include a summary of the safety evaluation of each.

Technical Specification 6.9.3 requires a monthly report be provided which includes a tabulation of facility changes, tests and experiments made pursuant to 10 CFR 50.59.

The PAB Team identified that in May, June and July 1979 the monthly reports did not include the summary of the safety evaluation for each item tabulated.

The inspector informed the licensee representatives that the Technical Specification requirement shortened the time from annually to monthly but did not change or otherwise modify the content as required by the regulation. The licensee stated that future reports would include the safety evaluation summary as prescribed by the regulation.

This item is open and has been referred to the Resident Inspector for followup and enforcement action. (80-34-09)

- C. PRC Review of System Modifications (Re: IE Inspection Report No. 50-312/80-15, dated July 16, 1980, Page 22, Paragraph 5.b.(3).(b)).

The PAB Team members raised the issue of whether or not the PRC must, as a committee, review each and every work order or other

to turn off the primary coolant pumps in the event of a loss of coolant accident. In this example, the PAB Team's interpretation of the provision of 10 CFR 50.54(1) would preclude the Senior Control Room Operator from directing the other operator's actions, thereby creating a situation where no one would be in charge of the licensed activity, to wit: operating the reactor controls.

As a direct result of PAB's concerns, the licensee added the following provision to Procedure AP-1.

"When an operator without a senior license is upgraded to Senior Control Room Operator (SCRO), directions to the Control Room Operator concerning licensed activities must be from the Shift Supervisor or another Senior Licensed Operator."

The inspector asked licensee management whether or not this provision could result in an unsafe condition in the event only two licensed operators were in the control room and an accident were to occur. The licensee responded that the operators would respond to the event in an appropriate manner. However, the licensee said any unforeseen adverse results of this provision would be the direct result of NRC's requirements as imposed by the PAB Team.

The inspector stated that safety of any operation demands an individual be in charge to handle immediate events. In addition, 10 CFR 55.2, Definitions, read:

"(d) 'Operator' is an individual who manipulates a control of a facility. An individual is deemed to manipulate a control if he directs another to manipulate a control. (Emphasis added)

(e) 'Senior Operator' is an individual designated by a facility licensee under Part 50 of this Chapter to direct the licensed activities of licensed operators." (Emphasis added)

The inspector stated that if one reads the requirements of 10 CFR 50.54(1), 10 CFR 55.2, and the Technical Specifications together, and apply these to the example stated above, the Senior Control Room Operator (SCRO) can direct the other operator in the control room to manipulate controls since it is deemed that the SCRO is doing the manipulating of the controls.

In addition, the inspector stated that the regulations under 10 CFR 50.54(m) only require a senior licensed operator to be present at the facility during initial startup and approach to power, recovery from an unplanned or unscheduled shutdown or significant reduction in power, and refueling, or as otherwise prescribed in the facility license. Therefore, it appears clear that the regulation in question

10. Unresolved Items

- A. Senior Control Room Operators' Responsibilities and Authorities
(Re: IE Inspection Report No. 50-312/80-15, dated July 16, 1980,
Page 32, Paragraph 7.b.(3)).

The PAB Team members raised the issue of whether the Senior Control Room Operator (a Licensed Reactor Operator) could direct another licensed operator to manipulate reactor controls.

The Rancho Seco Technical Specifications require a shift crew to consist of one Senior Licensed Reactor Operator (shift supervisor), two licensed reactor operators (control room operators), and two non-licensed persons. NRC regulations require only that the senior licensed operator (shift supervisor) be present at the facility or readily available on call at all times during its operation, and be present at the facility (not necessarily in the control room) during recovery from an unplanned or unscheduled shut-down or significant reduction in power, and refueling.

Since the Senior Licensed Operator (shift supervisor) is not required to be in the control room at all times the licensee has established procedures which designate one of the two licensed reactor operators (control room operators) as a Senior Control Room Operator. The Senior Control Room Operator has been delegated the authority and responsibility to monitor and control the reactor plant. He assists the Senior Licensed Reactor Operator (shift supervisor) in the performance of various of his duties and acts as the "Lead" Licensed Reactor Operator in the control room when the Senior Licensed Reactor Operator is absent. In this capacity he coordinates and directs control room activities during normal and abnormal plant operations. For example, if only two reactor licensed operators are in the control room, the individual designated as the Senior Control Room Operator would be the individual in charge and could direct the other operator

Conclusions

The corrective actions taken by the licensee as a result of the items of noncompliance identified by the PAB Inspection Team will result in significant improvements in the program area of committee activities. However, before this program area can be fully upgraded the inspectors believe that the licensee should complete the following actions:

1. Thoroughly review responsibilities that are assigned to the PRC, the MSRC, and the Design Engineering Group and evaluate the interface activities between these three groups. Assure that these interface activities are fully integrated and effective and determine which, if any, redundant, non-meaningful activities may be eliminated.
2. Review the staffing requirements for these three groups and assure that sufficient personnel are assigned within the groups and to the related support organizations to adequately perform the work required and maintain control over the status of the work activities.
3. Review the technical specifications and related QA and station procedures to assure these documents accurately reflect the requirements for effective and efficient committee activities, and revise these documents as needed.

Licensee representatives characterized the MSRC as an action type committee since its members are senior management officials of the licensee. When the committee resolves a matter, action is then implemented by the responsible department of the organization. To assure that the recommendations of the committee have in the past been properly acted upon, the QA Director is examining all past committee minutes to identify action items. He intends to verify that the items have been resolved. In the future, a list of action items will be maintained and, upon resolution, closed. This system will provide a ready reference to show committee action and resolution of items acted upon by the committee.

The Chairman of the PRC stated that the PRC is advisory only and its recommendations are submitted to the plant superintendent and the MSRC for resolution and action. Since the PRC lacks authority to implement recommendations and is not responsible for action, the Chairman was of the opinion that the current documentation of committee action is adequate. The Chairman explained that all PRC minutes and recommendations are forwarded to the MSRC and, therefore, will be carried on the MSRC action items list, if appropriate.

The inspector confirmed that the weaknesses identified by the PAB Inspection Team were being evaluated by the licensee.

The inspector determined that over the years as a result of the responsibilities that have been accepted by design engineering, the PRC, and the MSRC there appear to be instances where more than one of the groups perform the same work activity, resulting in a duplication of work effort. Also it appears there are instances where these groups are performing work activity which is non-safety related and relatively unimportant and which could more appropriately be performed by other groups. The inspector determined that within certain areas of work activity performed by these groups there appears to be an insufficient number of personnel assigned to adequately perform the work that is required and adequately track and maintain the status of work that has been performed.

Examples to support the above observations include the activity where any changes to the facility as described in the FSAR, regardless of its safety significance, must be reviewed, evaluated and approved by the Design Engineering Group, in accordance with QA requirements, and then in turn reviewed, evaluated and approved by both the PRC and the MSRC. Also, in the area of procedures review, the technical specifications in conjunction with the QA procedures require a bi-annual review of all station procedures identified in the QA procedure. However, the QA procedure identifies a number of station procedures that are not safety related and which could be deleted from the listing.

E. Results of the Region V Special Team Inspection Regarding the Program Area

Findings

An examination of the MSRC and PRC Charters revealed that the provisions of the Technical Specifications have since been written into the charters in essentially verbatim form as written in the Technical Specifications. These changes assure that the words used in the Charters are consistent with the requirements of the pertinent provisions of the Technical Specifications.

Although, the PAB findings may suggest the PRC should expand their review functions and spend more time in session as a committee, the Region V Special Team inspectors feel the committee cannot reasonably devote more time to matters other than those prescribed in the Technical Specifications. The members of the committee each currently hold responsible management positions within the organization at the site and, therefore, cannot spend additional time away from those duties without jeopardizing the safety of facility operations.

Licensee representatives stated that the items reviewed by the PRC are and should actually be fully reviewed by those members present and they do not intend to make the committee a "rubber stamp" for the work of others. The use of screening engineers to determine which items require committee review has proven to be effective and in compliance with regulatory requirements. The licensee, therefore, had no plan to make substantial changes in the manner in which the PRC members carry out their duties.

Licensee representatives stated that a training program is under development for the members of the MSRC to assure that not only is the technical expertise of the individuals utilized, but that all members understand the Regulatory and QA requirements for their participation in committee meetings. In addition, permanent alternates have been assigned to the MSRC and these individuals will also receive the planned training. The Chairman of the PRC stated that the majority of the individuals on the PRC hold Senior Operator licenses and understand the regulatory and QA requirements. Therefore, no special training in these areas is contemplated for committee members.

To preclude future oversight of approval of MSRC minutes and to assure compliance with the Technical Specification requirement that the minutes be approved within 14 days, the MSRC Charter is being revised to require the Chairman of the committee, rather than the full committee, to approve the minutes.

In particular, the quality assurance audit program will receive very close attention by the MSRC and it is the intention of the District to amplify the scope and depth of audits that will be conducted under their direction. The concerns of the PAB Team which the District judges to be significant will be addressed in the audit program.

PRC

It is the opinion of the District that this committee adequately reviews the potential safety hazards connected with operating Rancho Seco. This committee is comprised of personnel who have the supervisory responsibility of directing the various functions associated with operating and maintaining the plant. This assures the best qualified personnel on this important safety committee.

The PRC Charter has been reviewed and updated to cover all items mandated by the Technical Specifications. The District contends that these members are very knowledgeable on what constitutes an unreviewed safety question. Many hours have been expended by the PRC members on how facility and procedure modifications are implemented in the plant and how the modifications affect plant operations and in particular, safety of the plant.

The PRC will review each item brought to the District's attention by the PAB Team that affects their operation. An evaluation will be made whether or not the concern presented by the PAB Team will significantly improve the operation of the committee or if alternate approaches, either currently in use or proposed, already satisfy the requirement. The changes will be reviewed by the District's management and approved.

The evaluations of the MSRC and PRC will be completed by January 1, 1981, and any necessary implementing action will then be scheduled and accomplishment of that schedule will be monitored by District management.

and the deviation identified in this area in IE Inspection Report No. 50-312/80-15 resulted in an overall evaluation of the licensee's management controls over this area as poor.

C. IE:HQ Conclusions Regarding the Program Area - as contained in Letter from Stello to Mattimoe dated September 5, 1980).

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.

D. Licensee's Position Regarding the Program Area - as contained in Letter from Mattimoe to Stello dated October 10, 1980).

The concern of the PAB Team lies with having a more formal program in the area of the Management Safety Review Committee (MSRC) and the Plant Review Committee (PRC). Both are covered in the administrative controls of the Technical Specifications and also by separate charters. Additionally, guidance is provided by ANSI N18.7-1972 and the Federal Regulations.

MSRC

The PAB Team's major concern lies with the area of guidance and training of members of the MSRC committee. The District will implement a training program that will define the duties and responsibilities of the membership of the MSRC and ensure knowledge by the individual members of their requirements. This will include a formal program covering the Standards and Federal Regulations that cover their duties.

All charters have been reviewed and now reflect the requirements of the Technical Specifications. The District will implement those suggestions which will provide meaningful improvement in management controls.

It is our opinion that audits performed by the Joint Utility Audit Team using independent qualified auditors under the guidance of the Chairman of the MSRC more than meets our letter commitments to the NRC. It is the best solution we have found to meet our commitment and do not propose changing because of an auditor's opinion.

On this basis, we reject this item of deviation.

Inspector Findings

Joint utility audits were conducted in January 1978 and October 1979. The licensee conducted the 1980 joint utility audit in October 1980 and has stated that further audits of this type will be conducted annually during the fourth Quarter of each year. The MSRC continually audits the QA function by reviewing the findings of the QA audits performed by the QA department on an ongoing basis. Members of the MSRC periodically visit the site on backshifts and weekends. The special annual joint utility audit is designed to be independent of the ongoing QA audit program reviews.

An examination of the joint utility audit report dated October 28, 1980, showed that the audit was conducted by the joint utility audit team as requested and outlined by the Chairman of the MSRC.

As evidenced by the licensee's response in its letter of August 6, 1980, the inspector determined that confusion exists as to what was actually committed to in the letters of July 22 and September 23, 1976. A licensee representative stated that SMUD will initiate correspondence with the NRC's Office of Nuclear Reactor Regulation and clarify this matter.

This is an open item which will be followed up by the Resident Inspector. 80-34-08

The inspector informed the licensee that the use of outside consultants to conduct audits of QA performance is acceptable and commitments to the NRC may be unilaterally changed so long as the change does not result in a violation of a NRC requirement.

B. PAB Team Evaluation of Program Area (Committee Activities) - as contained in IE Report No. 50-312/80-15 (Supplement) dated September 5, 1980.

Although the MSRC and PRC were very active committees, they exhibited numerous weaknesses in their review and audit responsibilities. Most significant was the lack of a periodic and comprehensive system for licensee personnel to report all TS violations and other deficient conditions. These weaknesses and the items of noncompliance

and to the Chairman of the MSRC, and if not, provide this information in conformance to the requirements of Technical Specification 6.5.1.6.

Inspector Findings

The inspector informed the licensee that the Technical Specifications appear to clearly require the PRC to investigate all items of noncompliance with the Technical Specifications and forward an evaluation and recommendations report. The inspector later confirmed that the procedure for PRC Review and Reporting as described in the licensee's November 7, 1980, response to this item of noncompliance is being implemented. With the implementation of this new procedure the licensee is in compliance with Technical Specification 6.5.1.6.e.

This item is closed.

3) Item C - Deviation

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.

Licensee Response - Letter Dated August 6, 1980

The district does not agree that the interpretation of this deviation is correct. The evolution of this commitment was modified between July 22, 1976, and September 23, 1976. It clearly establishes the use and need of an outside consultant to meet the requirement. During this period, discussions were held with other utilities and the NRC in how best to meet this commitment. After numerous discussions were held with the other municipal utilities, the Joint Utility Audit Program was developed. The Chairman of the MSRC and the General Manager establish scope of each audit conducted by the Joint Utility Audit Team including specific items to be selected for review. We encourage your review of the correspondence, task assignments given and scope of these audits to verify the extent of the program.

The only meeting left to be approved (Special Meeting of September 20, 1979) was reviewed and approved by the MSRC on August 4, 1980. Full compliance has been achieved as of this date.

Inspector Findings

The inspector reviewed the licensee's response and verified the information submitted was correct except for the fact that the minutes of the special meeting (September 20, 1979) were reviewed and approved on July 22, 1980, rather than on August 4, 1980.

This item is closed.

Subsequent to the inspection the licensee informed the inspector that the Committee Charter has been changed to provide for the approval of minutes by the Chairman with copies of these minutes being submitted to each member.

2) Item B - Noncompliance

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 No. 50-312/79-22 of December 27, 1979.

This item is an infraction.

Licensee Response - Letter Dated September 3, 1980

The District had interpreted Technical Specification 6.5.1.6.e to involve all internal violations of the license. The Plant Review Committee through internal procedures investigates reported violations. The Management Safety Review Committee has pre-empted the PRC to review the NRC and Quality Assurance reported violations because of the seriousness contributed to such audits. This review is conducted as specified under TS Section 6.5.2.7.e and is the vehicle to the MSRC to be informed of NRC cited violations and require such corrective action to be dictated from upper management. The District is in full compliance with this interpretation of the operating license.

Licensee Response - Letter Dated November 7, 1980

NRC and Quality Assurance reported violations that fall under the Technical Specification 6.5.1.6 shall be reviewed by the Chairman of the PRC. The Chairman of the PRC shall determine if adequate information has already been directed on the subject to the Plant Superintendent, Manager of Nuclear Operations

9. Committee Activities

A. Items of Noncompliance and Deviations

1) Item A - Noncompliance

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.

Licensee Response - Letter Dated August 6, 1980

As of July 22, 1980, the Management Safety Review Committee has completed ninety seven formal meetings. The item of noncompliance states that the meeting minutes of the September 20, 1979 meeting were not approved by the committee and three meeting minutes were not approved at the subsequent meeting. This meeting was not the typical in-session meeting. It was a "walk-around" meeting and "conference telephone" meeting with the MSRC membership. These special meetings are the result of urgent scheduling needs, significant safety issues or NRC response requirements that have pre-established deadlines. Such meetings are held to a minimum. The meeting was properly recorded, documented and sent to all MSRC members for review. Not having the meeting minutes approved at the subsequent meeting was an oversight by the Committee Secretary (Technical Assistant).

The three meetings, Nos. 87, 88 and 89, were properly recorded, documented and sent to all MSRC members for review within the required time period. However, since they were not approved at the next regularly scheduled meeting, this conflicts with the written charter. The minutes were approved at a later meeting, but not at the subsequent meeting. Not having the meeting minutes approved was an oversight by the Committee Secretary (Technical Assistant).

Such oversights are a direct result of the increased workload, due to NRC regulations required by the Three Mile Island Incident. The staff of the Technical Assistant is being increased to prevent recurrence of this problem. This will alleviate the Technical Assistant of many day-to-day operations and allow more time to be put into the MSRC affairs. The Committee Secretary will properly schedule review of the subsequent minutes at each committee meeting.

The inspector observed that of the nine NCR's awaiting final resolution for greater than three years, one of those had been closed since the PAB inspection in April and May 1980.

The oldest (1974) open NCR involved, the temperature of the concrete around the containment penetration for the "B" main steam line. On days of the year when the outside temperature reached 90° F, the concrete temperature around the penetration was found to range between 190° and a maximum of 207° F. Upon inquiry into the status of this item, the inspector found that no one including the responsible engineer was certain of the NCR status. The licensee immediately investigated the status and initiated action to resolve the matter. The inspector was later informed that during the week of November 10, 1980, additional insulation was installed around the penetration. The licensee stated that an engineering evaluation would be completed to assure that no deleterious effects to the concrete had occurred over the years even though such was considered unlikely. This item is open and followup will be performed by the Resident Inspector. (80-34-06)

To provide more availability of manpower for QA activities, the QA Director stated that he had been authorized to add three (3) additional individuals to the onsite QA staff and two (2) additional individuals in the corporate office. He also informed the inspector that an individual with a nuclear engineering background and previous NRC licensing experience had accepted employment within the QA Department.

Conclusions

The inspectors believe that in order for the Quality Assurance Audits Program Area to be fully upgraded the following actions must be taken by the licensee.

1. Management must fully support and encourage an aggressive Quality Assurance effort.
2. Qualifications and status of QA personnel must be maintained at a superior level.
3. Operations Quality Assurance personnel must be knowledgeable of the functions of reactor safety systems, and personnel with expertise in the various safety functions must be made readily available to assist the Quality Assurance function as needed.
4. Deficiencies in management programs or other areas identified must be resolved in a timely manner and the necessary resources made immediately available to accomplish appropriate corrective actions.

The District has already initiated a commitment followup program. It addresses all NRC action commitments and internal corrective action audit reports. Action items define each individual who is required to formulate a response. Quality Assurance is also actively pursuing closure of every item that is outstanding. Status is brought to the attention of the MSRC and to the District's management by formal reports and now includes distribution of all corrective actions taken.

Specifically, Quality Assurance is actively recruiting additional personnel and anticipates the staffing to be completed by 1 January 1981. It will include personnel with operating experience to provide an enhanced surveillance/audit program of the operating plant. The District is confident the measures proposed will improve the quality assurance program.

E. Results of Special Team Inspection

Findings

The inspectors examined the licensee's audit program, schedules, reports and staffing and found:

1. The current QA staff onsite consist of one supervisor and two auditors.
2. Recent audit reports were comprehensive for the subject matter audited and findings were considered by the inspector to be substantive.
3. Responses to QA audit findings appeared in some cases to show a lack of management support to correct obvious problems as indicated below.

As a result of the licensee's audit of the performances, qualification, and training of facility staff conducted in March 1980, which identified training on nonlicensed personnel as a problem area, the responsible management official responded on June 2, 1980, "...the implementation of AP 700 will have to await a reassessment of the training staff which should be conducted this summer. With the mandate training requirements and STA training, full implementation of AP 700 cannot be implemented with the present staff...." In response to an audit conducted in October 1980 relating to resolution of nonconformance reports (NCR's), the responsible manager indicated that part of the action to close NCRs must await closure of Engineering Change Notices (ECN's) which had previously been identified as a problem area. The manager expected that a more aggressive program on closure of the repair/rework NCR's would not be taken until after January 1, 1981. The inspectors observed that resolution of NCR's was a subject brought to licensee management's attention during the PAB inspection.

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.

D. Licensee's Position as Contained in Letter from Mattimoe to Stello dated October 10, 1980.

The District is aware that significant improvement must be formulated in the quality assurance audit program. Additional manpower, including personnel with unique credentials, are being recruited. The District recognizes that quality assurance must provide to the District's management the information whether or not we are meeting our license commitments. Their audit and review functions are directed and approved by the MSRC. They also monitor the corrective actions that are formulated to improve conformance to required standards of operation.

We do not agree that the District's management does not respond to the findings. Many requests are on an informal rather than a formal basis. The District contends that program implementation as an end result of these informal discussions is more desirable than documented discussions with no end results. Subcommittees are also appointed by the MSRC to specific tasks and the resultant corrections are reviewed and approved by the MSRC. Many significant policies and programs are formulated and initiated as a result of these initial management directives.

The quality assurance program itself is being re-evaluated. The questionable practices cited by the PAB Team are being very closely scrutinized. Those concerns or weaknesses identified in the report will be evaluated and if judged to significantly improve our program, the District will either implement it or formulate an alternate solution to accomplish the desired action.

Licensee Response - Letter dated September 3, 1980

This finding is correct. We do not have an adequate Documentation Control Center (DCC) to store all the required records. QA usually does not review records until they are sent to the DCC. We do not routinely review operating records for completeness. This review is accomplished by Nuclear Operations personnel and the records are stored in their facilities. When the new records center is built, Quality Assurance will audit records for completeness prior to storage. The records storage center is estimated to be completed by the fourth quarter of 1982. At that time we will be in compliance.

Inspector Findings

The inspector confirmed the information in the licensee's response. The deviation from this commitment has been the subject of discussions with the licensee since shortly after operation commenced, but the building of the necessary facility has continually been delayed for various reasons. It should be noted that storage of all design and construction QA documents meet current standards, but that routine operating records such as results of surveillance tests are stored in file cabinets in the administration building and the cabinets do not meet the recommended construction to withstand fire.

This item is open and followup will be performed by the Resident Inspector. (80-34-06)

B. PAB Team Evaluation as Contained in IE Report 50-312/80-15 (Supplement) dated September 5, 1980.

The identified weaknesses in the licensee's QA audit program were numerous. Several of these were particularly significant, such as the lack of audits in operational activities, and in the witnessing of surveillance and maintenance activities; and the identified weaknesses in the scope, depth, and impact of individual audit reports. These weaknesses and the items of noncompliance and deviations identified in this area in IE Inspection Report 50-312/80-15 resulted in an overall evaluation of the licensee's management controls over this area of poor.

C. IE:HO Conclusion as Contained in Letter from Stello to Mattimoe dated September 5, 1980.

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.

prevent recurrence and shall respond as requested by the audit report, giving results of the review and investigation. The response shall clearly state the corrective action taken or planned to prevent recurrence. In the event that corrective action cannot be completed within thirty days, the audited organization's response shall include a scheduled date for the corrective action. The audited organization shall provide a followup report stating the corrective action taken and the date corrective action was completed. They shall also take appropriate action to assure that corrective action is accomplished as scheduled."

The District will respond to audit corrective action requirements for all adverse findings within 30 days. The District does not concur that corrective action was not taken in a timely manner. The complexity of corrective action required for these four listed audits warranted in-depth discussions, analyses and reviews to properly change existing programs.

We do concur that an audit summary as an identifiable separate item on the audit cover sheet was not available. The audit cover sheet was changed on May 16, 1980 to include an audit summary.

We object that the PAB Team did not concentrate on the substance of the audit, the corrective action that was formulated and the viability of the program. Instead, they chose to cite discrepancies of format and missing dates on responses. Though these are important, we feel audits of this nature should concentrate on a program management review and not base findings on reporting sequences.

Inspector Findings

The inspector verified the information provided in the licensee's response and observed that responses to recent QA audit findings were timely.

This item is closed.

5) Item B - Deviation

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.

Audit O-168: This audit was conducted January 16-20, 1978 by the Independent Audit Committee with Mr. W. Poling, TVA, as Lead Auditor. The response to this audit was made on March 9, 1978 to the MSRC by the Quality Assurance Director, L. G. Schwieger. The MSRC accepted the response to the audit and reviewed the corrective action commitments that were made at the regularly scheduled MSRC meeting on March 9, 1978.

Audit O-190: This audit was conducted June 27, 1978. All responses except one (item 6) were responded to on December 4, 1978. Numerous discussions were held with the Manager of Purchasing to discuss this area of concern and how best to solve the discrepancies. Audit O-244 in June 1979 again reviewed the areas of concern cited on Audit O-190. Audit O-244 concluded all corrective action had been properly implemented. It verified that the suppliers had been approved (this was the concern of item 6, Audit O-190) as required by the Quality Assurance Program.

Audit O-256: This audit was conducted September 26, 1978 and covered the area of design review. We concur that considerable time was taken to close this audit (November 7, 1979). The delay resulted from the considerable changes made as a result of the audit. The evolutionary changes were discussed with Region V inspectors during this formative time. Subsequent review of ECN/DCN (50.59 packages) both by the PAB Team and Region V inspectors has demonstrated the design review program to be conservatively structured and in conformance to 10 CFR 50, Appendix B requirements. Proper corrective action for this complex subject results only when a dedicated, disciplined program is developed that has support of engineering personnel. This program is now in effect.

Audit O-258: This audit was conducted October 9, 1979 and covered the area of radiological safety. Again, complexity of corrective action prevented an early solution to the problems cited. In the case in question, final corrective action was not committed to until June 6, 1980 because of disagreement between Nuclear Operations and Quality Assurance as to acceptable correction action. The evolutionary status of corrective action is documented.

Response

ANSI N45.2.12-1974 requires the following:

Section 4.5 Followup

"Management of the audited organization or activity shall review and investigate any adverse audit findings to determine and schedule appropriate corrective action including action to

Inspector Findings

The inspector verified that the joint utility audit was completed in October 1980 as stated in the licensee's response. The inspector observed that this item of noncompliance appears to be directed mainly toward the requirement to annually audit the record storage requirements and is not directed toward auditing the substance of documents. Other audit reports were found to specifically address the substance of records being maintained. PAB's findings that, with the exception of the cited joint utility audits, "...there was no record in evidence of audits specifically dedicated to the subject of records or record control was verified by the inspector.

Licensee representatives stated that the QA records were the responsibility of the QA department, and, therefore, cannot be audited by QA personnel. For this reason, the subject of record storage and preservation are left for the qualified outside joint utility auditors to evaluate. Further, the representatives stated that a large portion of their audit activities are, as expected, a review of records maintained by other groups and as a matter of procedure, the substance and storage of the records are evaluated for appropriateness, completeness and compliance with regulatory requirements. The inspector stated that the word "annual" has been routinely interpreted by NRC to mean yearly or at least once every twelve months ± three months.

This item is closed.

4) Item A - Deviation

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.

Licensee Response - Letter dated August 6, 1980

Background

Four audits were listed that were not properly addressed:

QA Manual, procedure QAP 19, System Auditing, requires audits be conducted in accordance with Quality Control Instruction, QCI 2, Audit Program. QCI 2 stated that audits shall be conducted with specific attention to the subjects identified at the required frequencies. It also stated that the frequency of audits can be varied by plus or minus 30 days.

Contrary to the above, audits of records and audit implementation were not conducted at the required frequencies. The following are examples:

Records

Audits of records were prescribed by QCI 2 to be performed by the MSRC during the first quarter of each year to the requirements of ANSI N45.2.9-1974.

There were no records in evidence of audits specifically dedicated to the subject of records or record controls. A licensee representative stated that record controls were audited as part of the periodic independent consultant audit. The last two such audits were performed by a Joint Utility Audit Team in January 1979 and October 1979. No such audits were performed during the first quarter of 1980. Audits of records, conducted via the Joint Utility Audits, were not, therefore, conducted on an annual basis.

Audit Implementation

These audits were prescribed by QCI 2 to be performed by the MSRC during the fourth quarter of each year to the requirements of ANSI N45.2.12.4.

Examination of records and interviews indicated that implementation of the audit program was audited as part of the Joint Utility Audits. These were performed, as previously stated, in January 1978 and in October 1979. No audit was performed in the fourth quarter of 1978. The audits were not done on an annual basis as prescribed in QCI 2.

These items are an infraction.

Licensee Response - Letter dated August 6, 1980

The Joint Utility Audit is now scheduled on an annual basis to be conducted during the 4th quarter of the year. One item that is included on their audit agenda is an audit of records. The audit is scheduled for October 1980 and the District will be in compliance both with frequency for conducting the Joint Utility Audit and the requirement to audit QA records at the completion of this audit.

18.7-1972." This is further amplified by "the Manager of Generation Engineering and Manager of Nuclear Operations will periodically assign personnel from their staff to conduct on-site reviews."

Contrary to the above, interviews and records indicated that these reviews had not been performed prior to May 8, 1980.

This item is an infraction.

Licensee Response - Letter dated August 6, 1980

The Quality Assurance Manual OAP No. 19, System Auditing, has been changed as follows:

ON-SITE REVIEW

1. The on-site review will be conducted by the PRC.
2. The items of significance shall be reported by the PRC Chairman to the Plant Superintendent for timely review and implementation.

Full compliance will be achieved when QAP No. 19 is approved (August 29, 1980).

Inspector Findings

The inspector confirmed the actions described by the licensee in the above response have been completed. In addition, to preclude recurrence, the cited QA procedure has been changed. The implied requirement to use operations and engineering personnel as QA auditors has been deleted. In its place, the procedure now takes credit from a QA standpoint for the reviews performed routinely by the PRC. The inspector also found from a review of audit reports, that engineering personnel had been assigned to the QA Department for audits of the chemical and radiation control, purchasing, fire protection, storage and warehousing of equipment. These audits were conducted during the period of May 1979 to May 1980.

This item is closed.

3) Item D.2. - Noncompliance

10 CFR 50, Appendix B, Criterion V, requires that activities affecting quality be prescribed by documented instruction, procedures, or drawings and be accomplished in accordance with these documents.

Licensee Response - Letter dated August 6, 1980

This infraction covers the requirement to perform three Technical Specifications required audits. They are now scheduled as required by the Technical Specifications and are included as MSRC directed audit items on the OCI No. 2 schedule. The first audit to review all actions to correct deficiencies was conducted on May 15-June 9, 1980, the audit on performance was conducted March 26-28, 1980, and the audit for housekeeping is scheduled in August 1980. The District concurs that the two audits were not performed as required, but the remaining audit on performance, training and qualifications was conducted as required and should not have been cited. Upon completion of the housekeeping audit in August, the District will be in compliance.

Inspection Findings

The inspectors verified the licensee's response and confirmed from a review of audit reports that the audit of housekeeping had been conducted during the period of September 4-9, 1980, and included the tool rooms, weld shop, machine shop, carpenter shop, turbine building, auxiliary building and the maintenance warehouse.

Contrary to PAB's finding, as stated in the licensee response, the licensee's Audit Report No. 0-291, Facility Staff, shows that an audit was conducted during the period of March 26-28, 1980, with the stated purpose of fulfilling the requirements of Technical Specification 6.5.2.8(b) which requires an annual audit of the performance, training and qualifications of the entire facility staff. The audit was found to be comprehensive and included substantive comment related to training needs. The auditors also stated in the report that they "...did not observe any individual that should be reported to the MSRC as being unqualified for the job they are presently assigned to accomplish." Nor did the auditors feel anyone should be reported due to performance deficiencies.

This item is closed.

2) Item D.1. - Noncompliance

10 CFR 50, Appendix B, Criterion V, requires that activities affecting quality be prescribed by documented instructions, procedures, or drawings and be accomplished in accordance with these documents.

QA Manual, procedure QAP 19, System Auditing, specifies "on-site reviews shall be conducted periodically by Rancho Seco operations and engineering personnel in conformance to ANSI

8. Quality Assurance Audits

A. Items of Noncompliance and Deviations

1) Item C - Noncompliance

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."

Technical Specification 6.5.2.8.b requires that audits be performed under the cognizance of the MSRC which shall encompass "the performance, training and qualifications of the entire facility staff at least once per year."

10 CFR 50, Appendix B, Criterion XVIII, requires planned and periodic audits to verify compliance with all aspects of the QA program and to be performed in accordance with written procedures. QA Manual, procedure QAP 23, Housekeeping, states that "periodic inspections and audits of both the controlled area and unrestricted area...by an audit team consisting of a Quality Assurance auditor and someone from the Nuclear Operations Department. The inspections and audits shall be documented in accordance with QAP No. 19, System Auditing."

Contrary to the above, at the time of this inspection:

Audits of the licensee's corrective actions had not been performed.

Audits of the training of nonlicensed personnel (managers, supervisors, engineers, technicians, and maintenance personnel had not been conducted. AP700, Rancho Seco Training Program, was issued for implementation on May 30, 1977. Audits O-195 and O-251 conducted in 1978 and 1979 respectively, indicated the licensee's decision to not audit nonlicensed training because AP 700 had not been implemented. No action was taken when the licensee noted that the nonlicensed program had not been implemented.

Audits of housekeeping in unrestricted areas had not been conducted.

This item is an infraction.

D. Licensee's Position as Contained in Letter from Mattimoe to Stello dated October 10, 1980.

The concern of the PAB Team was in the area of the non-licensed training program. The implementation of AP-700, Rancho Seco Training Program, has not been completed in an expeditious manner. The District concurs with the finding. The District's management is aware of the problem and has directed action to be taken to ensure AP-700 implementation. It now has high visibility and corrective actions are being taken.

Quality Assurance has been directed to perform an audit on or before 1 December 1980 to verify status. They will review and report to the MSRC by 1 January 1981 on all (20) observations cited by the PAB Team in this area.

E. Results of Special Team Inspection

Findings

On November 19, 1980, a licensee representative informed the inspector that the proposed contract had been signed by the plant superintendent with a vendor to produce a computer based training record storage and scheduling system. Input to the new system was expected to begin in March 1981 with an expectation that inputting would be completed by mid-year. This system will provide the capability to make readily available to management the status of implementation of the training program.

The inspector found that formal programs were under development for use in the training of nonlicensed personnel. As the programs are completed, implementation of the program for the particular group will be commenced. The licensee representative expected that programs will be completed and implemented for all groups by the end of 1981. The program for training/qualification of chemical-radiation assistants had been drafted and was currently under review by plant management.

In the past, according to licensee representatives, nonlicensed personnel have received approximately four hours of training per week. This training was controlled by the individual group supervisor with reports of the training to be submitted to the training supervisor for entry into the individual's training folder. This documentation has in the past not been provided consistently by individual supervisors. Under the new system being developed and with the new records and scheduling system, plant management will be better able to assure implementation of the program and will be able to readily obtain updated status reports on training of plant personnel.

Conclusions

Implementation of the licensee's plans to add additional staff and develop a computerized records storage and scheduling system will significantly upgrade performance in this program area. In addition, licensee management needs to, on a priority basis, commit the resources necessary to define, develop, and implement the remaining training programs needed for non-licensed personnel. Also, upper and middle level management must continue to provide visible support for personnel training programs and through periodic audits verify that the training being provided is of high quality and effective.

Licensee Response - Letter Dated August 6, 1980

The District contracted General Physics Corporation to perform an indepth audit/study of the District's training program. The purpose of the study was to compare the existing program to the requirements and recommendations of Section 5.5 of ANSI N18.1-1971 and provide recommendations in those areas which do not meet the specific requirements.

The recommendations made by General Physics Corporation included general upgrading of the program and increased staffing for the Training Department. Upon receipt of the information, the District intends to act upon those recommendations which will assure compliance with ANSI N18.1 requirements. The increased staffing and upgrading of the Training Department program will be completed by January 1, 1982.

The District does not agree with the contention that only a minimal training program is being performed. The training has and continues to include electrical, health physics, fire protection, quality assurance, security, I&C, maintenance activities, safety, design control, plant operations, etc. The District is confident that the extensive effort being made to train personnel in the performance of their job assignment is adequate to operate and maintain the plant in a safe manner.

Inspector's Findings

The inspector confirmed the information provided in the licensee's response.

This item is open and will be followed up by the Resident Inspector.
(80-34-05)

B. PAB Team Evaluation as Contained in IE Report 50-312/80-15 (Supplement) dated September 5, 1980.

Responsible management did not require periodic status reports of non-licensed personnel training; consequently, their overview of the training status was limited. On two occasions it was identified in audit reports that AP 700, Rancho Seco Training Program, had not been implemented and no audits were performed in this area. However, there appeared to be no action taken by management to require implementation of the program.

The existing management controls in the area of non-licensed training were considered poor.

C. IE:HO's Conclusions as Contained in Letter from Stello to Mattimoe dated September 5, 1980.

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

Inspector's Findings

The inspector confirmed the information contained in the licensee's response. The inspectors observed however, that the requalification training program approved by the NRC requires the referenced annual oral examinations and are, therefore, required unless or until the program is changed pursuant to the provisions of 10 CFR 50.54(i-1). In addition, the approved program requires from time to time written quizzes, covering the lectures given to persons who received a grade of less than 80% in any given portion of the annual written examination. These clarifications which substantiate the PAB findings, were discussed with the licensee and will be followed up by the Resident Inspector.

This item remains open. (80-34-04)

2) Item J - Noncompliance

Technical Specification 6.4.1 states in part: "A retraining and replacement training program for the facility staff shall be maintained...and shall meet or exceed the requirements and recommendations of Section 5.5 of ANSI N18.1-1971.... "

Section 5.5 of ANSI 18.1-1971 states in part: "A training program shall be established which maintains the proficiency of the operating organization through periodic training exercises, instruction periods, and reviews covering those items and equipment which relate to safe operation of the facility." Section 3.2 of ANSI 18.1-1971 states in part: "The operating organization of a nuclear power plant consists of onsite personnel concerned with the day to day operations, maintenance, and certain technical services."

The licensee's Administrative Procedure AP 700, Rancho Seco Training Program, establishes general training requirements, primarily for the following non-licensed personnel: new employees, nuclear operations staff, nuclear operations, maintenance, technical support, chemistry, and health physics.

Contrary to the above, the major portions of the non-licensed personnel training programs had not been implemented prior to May 8, 1980. New employee training and retraining was the only program fully implemented.

This item is an infraction.

7. Training

A. Items of Noncompliance and Deviations

1) Item I - Noncompliance

Technical Specification 6.4.1 requires a retraining and replacement training program for the operating staff be maintained under the direction of the Training Supervisor.

Administrative Procedure 25, Licensed NRC Operator Retraining, Section 3.2.2, required each licensed operator to participate in an oral examination approximately 52 weeks following the start of the requalification program. Section 3.6.5 required periodic written quizzes to determine the individual's knowledge of particular subjects covered in lectures or reading assignments.

Contrary to the above, two licensed operators had not been given oral examinations within time requirements at the time of this inspection, and only one quiz pertaining to lectures and reading assignments had been given in the last five years.

This item is an infraction.

Licensee Response - Letter Dated August 6, 1980

Oral examinations are not required by NRC regulations. The District has included oral examinations as a good training tool as part of the District's program. The reactor at the time in question, was not critical. Rancho Seco was in the refueling mode and the two licensed operators were needed to perform duties vital to the refueling schedule. The oral examinations were postponed and were scheduled to be conducted prior to returning the reactor critical.

The oral examinations were given to the individuals on April 23, 1980 and April 25, 1980. The reactor was returned to power May 12, 1980.

Section 3.6.5 is not mandatory for written quizzes and it is not the District's policy to routinely give quizzes on lectures and reading assignments. The eight hour examination given annually more than covers the written examination requirements. The continual surveillance of the licensed operators by their supervision provides an academic review of their performance. Contrary to the citation, we provide an in-depth examination to demonstrate the proficiency of the District's licensed personnel.

Conclusions

The licensee's stated plans and actions in response to the above items of noncompliance along with their plans for implementing the improvements in maintaining training records as discussed in section 7 of this report will provide management with readily available information as to the status of training of individuals in fire fighting and will upgrade the licensee's overall performance in this functional area. The additional new strategy procedures for fighting fires in plant specific areas and the corresponding training, along with the training to be conducted at the local fire department, will be superior to the general fire fighting strategy procedures and training which have been used in the past.

D. Licensee's Position as Contained in Letter from Mattimoe to Stello dated October 10, 1980.

The major concern of the PAB Team lies with the corporate management's overview function in this area and that the fire brigade training itself was inadequate; procedures for fire strategy had not been completed for fire fighting in various specific areas; the training had not been properly established.

It is the District's commitment that the necessary procedures will be written and that the training will be performed. The District has solicited proposals for the generation of fire fighting strategies, it is expected that contract award and schedule will be established by 1 December 1980.

E. Results of Special Team Inspection

Findings

Fire brigade training was being conducted on a quarterly basis. The brigade officially consists of the three persons assigned to the shift positions of Senior Control Room Operator (SCRO), Auxiliary Operator (AO) and the Equipment Attendant (EA). In addition, the security force is obligated to supply two (2) individuals in response to a fire.

All persons in operations assigned to a shift and all security personnel initially receive eight (8) hours of training in the use of equipment, procedures and general strategies for fighting the various types of fires such as oil, electrical, chemical and other combustible materials. This basic training course consists of four (4) hours of field instruction. All members of the security force and all shift operations personnel, in addition to the designated fire brigade members, received retraining during quarterly drills and training periods. Also, on an annual basis, each shift crew participates in fighting an actual oil fire.

Reportedly, because of the large number of security guards and the high turnover rate among the guard force, fire brigade training has become essentially a continuous program. During the first half of 1980 more than 200 people had been trained.

The licensee representative informed the inspector that arrangements had been made with the fire department of a local community to use their fire academy facility for brigade training purposes. The plan was to provide eight (8) hours of such training annually to all of the shift operations people and the members of the security force. This training was expected to commence in early 1981.

Inspector's Findings

The inspector was informed that on November 6, 1980, the licensee's Board of Directors authorized the General Manager to enter into a contract with National Loss Control Service Corporation to prepare firefighting strategy procedures for designated areas of the facility and for the preparation of appropriate training procedures, incorporating the new strategy procedures.

This item is open and followup will be performed by the Resident Inspector. (80-34-03)

B. PAB Team Evaluation as Contained in IE Report 50-312/80-15 (Supplement) dated September 5, 1980.

It appeared that the interface between construction and operations during the modification to the fire protection systems at Rancho Seco had been established. A procedure had been developed and responsibilities assigned to control construction activities.

Fire protection material and equipment had not been classified as required by QAP 28. Fire strategy procedures had not been developed for fire fighting in specific areas. A commitment had been made on February 1, 1978, to prepare these procedures.

A fire brigade training program had been established, however, most training was done on an overtime basis. Training in realistic fire conditions had not been done due to lack of facilities. Many members of the Fire Brigade had not received training as required. Management overview appeared to be lacking.

The licensee's management controls in this area, particularly fire brigade training and preparation of fire strategy procedures, are considered poor.

C. IE:PO Conclusions as Contained in Letter from Stello to Mattimoe dated September 5, 1980.

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.

Contrary to the above, fire protection material and equipment had not been classified prior to May 8, 1980.

This item is an infraction.

Licensee Response - Letter dated August 6, 1980

QAP No. 3, Quality Assurance Classification, has been modified as of June 26, 1980 to include the fire protection system.

Inspection Findings

The inspector confirmed that QAP-3 had been modified as stated in the licensee's response.

This item is closed.

3) Item D - Deviation

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 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.

Licensee Response - Letter dated August 6, 1980

The correspondence of February 1, 1978 has been the subject of several questions and answers between the District and the NRC. Research from the available documentation indicated that Rancho Seco has not been notified that the NRC has accepted the reply. Compliance cannot be achieved until approval is obtained from the NRC.

6. Management of Fire Prevention/Protection

A. Items of Noncompliance and Deviations

1) Item K - Noncompliance

Technical Specification 6.4.2 requires the licensee to maintain a training program for the Fire Brigade which includes :efresher classroom training on a quarterly schedule.

Contrary to the above, seven members of the Fire Brigade did not participate in fire drills, which included classroom training, during the 4th quarter 1979 and/or the 1st quarter 1980.

This item is an infraction.

Licensee Response - Letter Dated September 3, 1980

The 4th quarter of 1979 and 1st quarter of 1980 placed unusual operational demands on Fire Brigade personnel. The drills were scheduled by the Safety Technician but preparations were underway for refueling operations and the brigade missed the drills. When the accelerated work schedule was completed during the 2nd quarter of 1980, the training was completed on schedule. The 3rd quarter training drills are being conducted and will be completed on schedule. The District is in full compliance with this requirement.

Inspector's Findings

The inspector verified the information contained in the above licensee's response.

This item is closed.

2) Item D.5. - Noncompliance

QA Manual, Procedure QAP 28, Fire Protection, stated in part that "all fire protection material and equipment shall be classified in accordance with QAP No. 3, Quality Assurance Classification."

Amendment No. 19 (February 28, 1978) to Facility Operating License No. DPR-54, Paragraph 6.7 states in part that "the licensee has elected to meet NRCs fire protection QA criteria by applying their existing QA program under 10 CFR Part 50, Appendix B, to fire protection."

Conclusions

Nonconforming or otherwise deficient conditions identified at the facility receive the immediate attention of the responsible personnel and any safety considerations are immediately acted upon. However, until the item is fully resolved, which in many cases may take considerable time, the particular NCR remains open. As a result, the potential exists that responsible individuals may delay, without justification, final action to close the NCR. The inspectors believe the only solution to having an effective corrective action system is for senior management to consider intolerable an attitude of indifference as to when NCR's are closed so long as the immediate safety issue has been resolved. Management must encourage an aggressive QA function to preclude complacency in these matters.

The program will be evolutionary and will undoubtedly require additional modifications as problems are uncovered because of the complexity of the system involved. The MSRC will review progress by Quality Assurance in this area and provide the guidance to ensure an acceptable program is developed.

The District has committed to placing this improved program into operation by 1 January 1981.

E. Results of Special Team Inspection

Findings

Examination of a list of the procedures scheduled for review and update every two years showed that 101 procedures were overdue at the time of this inspection. Of the fourteen procedures identified by the PAB Team, three have been updated. A recent licensee audit of this matter showed that an additional 101 procedures will require review within the next six months. In March, a similar audit showed 40 procedures overdue for review. Thirteen of these procedures had been identified as overdue during previous audits.

The inspector observed that a number of the procedures listed may not be required by Technical Specification 6.8.2. Consequently, the licensee has initiated a program to evaluate which procedures can reasonably be eliminated from the review process and thereby lighten the burden of the Plant Review Committee.

Nonconformance reports are initiated upon identification of deficient conditions. To improve the program for assuring that corrective action is promptly taken subsequent to the identification of a deficient condition, the Quality Assurance Department has developed an NCR status report which shows the status of each NCR. This report is issued monthly to responsible managers. Starting in January 1981, the status of all NCRs that have not been fully resolved after one year, along with the pertinent safety evaluation, will be provided to the MSRC for action. The licensee planned to update this list on an annual basis.

In addition to the foregoing, the licensee is developing a system to perform analysis of trends that may exist in the information contained in Licensee Event Reports (LER's), Nonconformance Reports (NCR's), Engineering Change Notices (ECN's), Document Change Notices (DCN's), QA corrective actions, corrective actions on NCRs, items of noncompliance, and deviations. The licensee plans to have this system implemented by the first part of 1981.

B. PAB Team Evaluation as Contained in IE Report 50-312/80-15 (Supplement) dated September 5, 1980.

The licensee's corrective action system appeared to be only partially complete. Written procedures describing the reporting requirements had been established; however, the program did not adequately describe resolution and closure of the problem once reported to management.

The licensee's corrective action system program was fragmented, having no single method of tracking identified problems in order to perform trend analyses and ensure closure.

Some plant personnel were not aware of the RO system. This indicated the need to train these personnel and to retrain them when program changes occurred. For those personnel who were aware of the Corrective Action Programs, the decision to send written reports to management had to be affected by the lack of management response. The management controls in the area of corrective action were considered poor.

C. IE:PO's Conclusions as Contained in Letter from Stello to Mattimoe dated September 5, 1980.

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.

D. Licensee's Position as Contained in Letter from Mattimoe to Stello dated October 10, 1980.

The District concurs that the corrective action system needs to be more formalized. It properly lies under the direction of the MSRC. The corrective action program transcends all the organizations connected with Rancho Seco and must address itself to the multitudinous actions that must be taken to resolve corrective actions.

The District has instituted a tracking system to identify the individual items that require corrective action. Quality Assurance has been assigned the responsibility to identify the actions and responsibilities of this corrective action program. They are now developing a more formal program that includes a tracking system, trend analysis and a method to ensure closure of each item.

5. Corrective Action

A. Items of Noncompliance and Deviations

1) Item H - Noncompliance

Technical Specification 6.8.2 requires the applicable procedures recommended in Appendix A of Regulatory Guide 1.33-1972 be periodically reviewed.

Administrative Procedure 27, Internal Auditing, Section 3.4, specified that procedure reviews are required, at a minimum, within 24 months from the date of last review.

Contrary to the above, fourteen administrative procedures had not been reviewed within time requirements. One example was AP-28, Post Trip Transient Report, which had not been reviewed since February 27, 1975.

This item is an infraction.

Licensee Response - September 3, 1980

The accelerated corrective actions required to satisfy NRC regulations has caused increased emphasis on safety related procedures. Safety related procedures are being reviewed and revised at a schedule much less than the two year requirement. The fourteen administrative procedures have received decreased emphasis which will be corrected. The post trip transient report is a simple procedure that states what data will be gathered during transients. The requirements within this procedure have not changed and no revision has been found necessary to modify this procedure. Therefore, it remains unchanged from the February 27, 1975 issue.

The two year cycle will be updated and all procedures designated within Administrative Procedure 27 will be reviewed to specification by the end of 1981.

Inspector Findings

The inspectors verified the information provided in the licensee's response.

This item is closed.

related equipment. The regulatory position is that it is the responsibility of the PRC to establish an administrative control system that provides adequate assurance that maintenance personnel are provided and use controlled copies of vendor/technical manuals which are maintained current with respect to revision status and applicability to installed plant equipment. As indicated above, a system to provide the control of vendor/technical manuals has been set up.

This item remains open (80-34-02). The Resident Inspector will conduct future followup on the program being established to control vendor/technical manuals.

Conclusion:

The corrective actions taken by the licensee in response to the items of noncompliance associated with the maintenance of safety related equipment, the continued focus of management attention on the establishment of appropriate controls for vendor/technical manuals, and the completion of an adequate records storage system are measures which will upgrade this program area and will provide additional assurance that the safety related maintenance program will be implemented in a manner that is consistent with regulatory requirements.

E. Results of Special Team Inspection

Findings

The licensee's maintenance control system is prescribed in the AP 3, Work Request, procedure. This administrative procedure establishes the necessary review and approval levels for maintenance to be conducted and provides for the designation of procedures, technical manuals or specific instructions for the performance of the maintenance activity. Maintenance is performed at Rancho Seco in accordance with procedures and technical manuals by appropriately qualified personnel.

The licensee has directed by memorandum that one individual in the Site Document Control Center be responsible for establishing a vendor/technical manual control system. The development of this control system provides for the control and distribution of all vendor/technical manuals being received with new plant equipment and for all revisions received to existing plant manuals. A large effort remains in establishing control of older vendor/technical manuals which have been distributed and which have been used within the facility since initial operation. The ultimate goal of the system is to provide a vendor/technical manual control system that gives the operator or technician the assurance that the correct, up-to-date manual is available for use in reference as appropriate.

The licensee's position is that maintenance performed under the work requests identified in Item E.2 of noncompliance was accomplished using the skills normally possessed by the technician, and as such is valid. This position is consistent with the current regulatory position regarding the acceptance of certain workman's skills within a particular craft as suitable substitutes for step by step procedural control when performing routine maintenance. However, the licensee's response does not address the underlying issue regarding the use of vendor/technical manuals as procedures for the performance of safety related maintenance. The technical specifications require that the Plant Review Committee (PRC) be responsible for the review of safety related maintenance procedures. Vendor/Technical Manuals used to provide step by step procedural control in safety related equipment have not been reviewed by the PRC. The licensee's position regarding this requirement is that vendor/technical manuals are recognized as the highest level of expertise and become the standard for performing acceptable maintenance. The regulatory position acknowledges that the vendor/technical manual itself can be the standard for defining acceptable maintenance on safety

The management controls in the area of the safety-related maintenance activities were considered poor.

C. IE:HO Conclusions Regarding the Program Area as contained in Letter from Stello to Mattimoe dated September 5, 1980.

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.

D. Licensee's Position Regarding the Program Area as contained in Letter from Mattimoe to Stello dated October 10, 1980.

This contention addressed the formality of the program. It did not address the adequacy of the maintenance itself. The District does not agree that vendor manuals require the approval of District personnel. The District program for review and updating of procedures is ambitious and although the reviews on occasion are not done within the allocated time frame, it is the intent to continue periodic review of procedures. Review emphasis will continue to be on those procedures having the greatest potential effect on the mitigation of off normal events. The district has taken action to improve its updating of drawings. Specific actions have been addressed on Inspection Report 50-312/80-15.

This response is concerned with the programmatic controls. The District believes that the review levels and testing of systems requiring maintenance provides reasonable assurance that significant system degradation will not go undetected.

The District continues to be an active member of the NPRD system and expects to maintain this high level of support. The District is concerned, both from a safety and financial standpoint, that we have an active, viable maintenance program.

The review of the maintenance and preventive maintenance system will be covered by a special MSRC subcommittee. The report of the subcommittee will be submitted to the MSRC by 1 December 1980. The schedule for implementation of corrective action, if any, will be dependent on the report.

are calibrated and controlled and are maintained to the required accuracy. We do concur that the program requires a detailed list of equipment to ensure calibration intervals are being met and objective evidence gathered to demonstrate compliance. The development of a more formal program will be completed in 60 days.

Inspector Findings

The inspector confirmed the information contained in the licensee's response. The inspector determined that the licensee has implemented AP 604, "Tool Room," as an administrative procedure to control mechanical measuring devices issued from the tool room. The procedure establishes a list of mechanical measuring devices, prescribes the calibration frequency, and provides for the correlation of maintenance work performed to the specific measuring devices used during the maintenance.

This item is closed.

B. PAB Team Evaluation of Program Area (Maintenance) as contained in IE Report 50-312/80-15 (Supplement) dated September 5, 1980.

The licensee's program to control safety-related maintenance activities was lacking in certain areas. The written program did not appear to ensure quality of work activities. Examples included the failure to directly assess fire protection requirements; the failure to provide criteria for the need for special procedures; the lack of evidence for the determination of workmen qualifications; the lack of criteria for the determination of the type and depth of independent inspection effort; the lack of criteria for housekeeping and cleanliness; and the lack of guidance for post maintenance functional testing.

Examples of program weaknesses were the performance of safety-related maintenance without approved procedures; inadequate control and use of the abnormal tag procedure AP 26, resulting in unauthorized modifications to safety-related systems; deficient administrative control of the preventive maintenance activities; insufficient inspection programs covering safety-related maintenance activities; inadequate control of mechanical testing and measurement equipment; and the lack of documented evaluations of equipment failures.

The failure to fully implement the training program for the maintenance personnel, including the supervisors, engineers, and foremen who evaluated the activities to determine quality requirements, appeared to have contributed to the number of the weak areas identified.

Inspector Findings

The inspector confirmed the information contained in the licensee response.

The licensee's inspection program of activities affecting quality is prescribed in the Quality Assurance program and implementing procedures. The inspector reviewed the licensee's log of completed Maintenance Inspection Data Reports and found in each of the three areas, mechanical, electrical, and instrumentation and control, that appropriate inspections consistent with the complexity of the work had been performed and documented. Additionally, a random selection of work requests associated with safety related equipment were examined and in each case the engineering reviewer had specified appropriate testing or inspection requirements. The records indicated that the specified tests or inspections had been completed prior to the return of the equipment to an operable status in accordance with the prescribed procedures.

The inspector concurs that the licensee's inspection program for activities affecting quality is consistent with the applicable regulatory requirements.

This item is closed.

5) Item G - Noncompliance

10 CFR 50, Appendix B, Criterion XII, requires measures be established to assure that tools, gages, instruments, and other measuring and testing devices used in activities affecting quality are properly controlled, calibrated, and adjusted at specified periods to maintain accuracy within necessary limits.

QA Manual, Procedure QAP 14, Calibration of Test and Measurement Equipment, required calibration of devices used in operation of Rancho Seco; assigned responsibility for calibration activities to Nuclear Operations; and required an evaluation of devices found out of calibration.

Contrary to the above, prior to this inspection, measures had not been established for control of mechanical measuring devices such as torque wrenches, micrometers and dial indicators.

This item is an infraction.

Licensee Response - Letter dated August 6, 1980

The District disagrees that measures have not been established for control of mechanical measuring devices such as torque wrenches, micrometers, and dial indicators. These devices

Contrary to the above, inspection of preventative maintenance activities and inspection of maintenance activities involving equipment control and functional testing were not executed by or for the organization performing the activity to verify conformance with documented instructions, procedures and drawings. These inspections had not been conducted prior to May 9, 1980.

This item is an infraction.

Licensee Response - Letter dated August 6, 1980

Most preventative maintenance items are routine in nature and do not require variables data to be obtained, such as torque values, clearance criteria, etc. The maintenance is conducted by sending a journeyman mechanic into the plant and he performs these functions. AP-3, Work Request, states "that minor maintenance (such as tightening packing glands, adjustment of indicating switches, or minor control adjustments) may be made on non-safety related equipment without a work request."

If the maintenance is on QA Class I equipment it requires a work request to be written. Engineering then reviews the work request and determines whether or not inspection is required (this includes a determination that a Maintenance Inspection Data Report (MIDR) may or may not be required). All of this is documented in the AP-3 work request procedure.

The AP-650, Preventative Maintenance, document will be a "how-to" type document rather than a quality assurance control document such as AP-3, Work Request Procedure.

The District does not agree that we are in nonconformance to 10 CFR 50, Appendix B, Criterion X. We do have an inspection program as outlined above. QA does use consultant support expertise when it is warranted to perform audits and inspections of selected activities (example: health physics, fire protection, etc.). The District does not feel that special expertise must be recruited outside of QA to audit and inspect maintenance activities.

A separate, identifiable audit whose sole purpose is to audit preventative maintenance is not being performed. It is included as part of the QCI 2 Audit Program, Item 7, Maintenance Program. This audit is performed on a six month interval and covers the preventative maintenance program as well as other portions of the maintenance program.

The District does not agree this item is an infraction.

study for the overall records management program at Rancho Seco which considered all requirements of ANSI N45.2.9 plus other Federal and State regulations governing the identification, storage and retrieval of quality assurance records. This study has been translated into a Request for Proposal which has been submitted to thirteen (13) companies engaged in Records Management Work. These companies have been instructed to submit proposals for a Records Management System no later than 12 August 1980. Selection of a Records Management System is to be made no later than 16 October 1980. The successful vendor will be required to begin work on a records system which will satisfy Section 5.6 of ANSI N45.2.9 after award of a contract. The Records Management System is expected to be in operation during the last quarter of 1981.

Final compliance will be attained when a new building complete with an operational record retention system in conformance to ANSI N45.2.9 is constructed. Completion of the building and vault is anticipated to be by July 1982. It will take an additional 90 days to transfer the records, set up the system and make the integrated system operational.

We anticipate compliance on this item will be the fourth quarter of 1982.

Inspector Findings

The inspector confirmed the information provided in the licensee's response.

This item is open and will be followed up by the Resident Inspector. (80-34-01).

4) Item F - Noncompliance

10 CFR 50, Appendix B, Criterion X, requires a program for inspection activities affecting quality be established and executed by or for the organization performing the activity to verify conformance with the documented instructions, procedures, and drawings for accomplishing the activity.

FSAR Appendix 1B, Quality Assurance Program, Sections 1B.9.6, 1B.1.10, and 1B.2.2 required inspection activities during plant operation.

QA Manual, Procedure QAP 1, Organization, required Nuclear Operations to perform inspections (operations and maintenance) and to assist QA in audits and inspection activities, where expertise is needed; and required assurance that inspection planning be completed and documented.

controls as discussed in paragraph e of this section. The following types of activities are among those that may not require detailed step-by-step written procedures:

- (1) Gasket replacement
- (2) Trouble-shooting electrical circuits
- (3) Changing chart or drive speed gears or slide wires on recorders"

The work performed under work requests 47323 and 47445 were performed by qualified technical personnel and do not require step-by-step procedures. The work request is a general administrative procedure and is reviewed and approved by a plant engineer after completion of the testing requirements. The District contends that routine maintenance such as performed under these work procedures are sufficient to safely control the activities described and contrary to the NRC finding is in full compliance with Regulatory Guide 1.33.

Inspector Findings

The inspector reviewed the licensee's response and concurs that the work performed under work requests 47323 and 47445 was performed by qualified technical personnel. The inspector concurs with the licensee that detailed procedures are not required for this type of maintenance activity.

This item is closed.

3) Item E.3 - Noncompliance

Administrative Procedure 8, Records Management, required records be maintained in accordance with ANSI N45.2.9-1974 for temporary and permanent records, including storage.

Contrary to the above, operating log books, surveillance test results, administrative, maintenance, and testing procedures; and changes made thereto since the beginning of facility operations were stored in the administrative building in standard file cabinets which did not meet the requirements of Section 5.6, ANSI N45.2.9.

This item is a deficiency.

Licensee Response - Letter dated September 3, 1980

The District was aware of this item prior to the NRC/OIE PAB Team inspection and has been actively engaged in obtaining a solution. Arthur Young and Company has completed a comprehensive

Inspector Findings

The inspector confirmed the information in the licensee's response. The licensee issued AP 650, "Preventive Maintenance Program," on September 29, 1980. The purpose of the procedure is to provide formal administrative control for the initiating, scheduling, and documenting of preventive maintenance. The procedure describes the basic system which has been in effect for several years and the documents which are used in the preventive maintenance system for scheduling and documenting the program.

This item is closed.

2) Item E.2. - Noncompliance

Technical Specification 6.8.1 requires written procedures be established and maintained covering designated activities including the applicable procedures recommended in Appendix A of Regulatory Guide 1.33, November 1972.

Appendix A of Regulatory Guide 1.33, Section 1, recommends procedures, instructions, or drawings for performance of maintenance which can affect the performance of safety-related equipment.

Contrary to the above, at the time of this inspection, the licensee performed safety-related maintenance activities without approved procedures.

- . Work Request 47323, RPS Channel B Power/Imbalance/Flow Function Generator Module. Adjusted break points and slopes.
- . Work Request 47445, S-1C, Inverter C Low Voltage.

As an alternative to written procedures the licensee utilized vendor/technical manuals; however, these manuals were uncontrolled and did not receive management review and approval.

This item is an infraction.

Licensee Response - Letter dated September 3, 1980

Regulatory Guide 1.33 Appendix A, Section 9a states "Maintenance that can affect the performance of safety-related equipment should be properly preplanned and performed in accordance with written procedures, documented instructions, or drawings appropriate to the circumstances. Routine maintenance activities that require skills normally possessed by qualified personnel may not require detailed step-by-step delineation in a procedure but should be subject to general administrative procedural

4. Maintenance

A. Items of Noncompliance and Deviations

1) Item E.1. - Noncompliance

Technical Specification 6.8.1 requires written procedures be established and maintained covering designated activities including the applicable procedures recommended in Appendix A of Regulatory Guide 1.33, November 1972.

Appendix A of Regulatory Guide 1.33, Section A, recommends Administrative Procedures for typical safety-related activities.

QA Manual, Procedure QAP 24, Procedure Requirements, required procedures in accordance with Regulatory Guide 1.33, including preventative maintenance.

Contrary to the above, an administrative procedure was not provided to control the safety-related preventative maintenance program prior to May 9, 1980.

The licensee's Administrative Procedure Index identified AP 650, Preventative Maintenance Program, as the controlling procedure for preventative maintenance; however, AP 650 was never issued.

This item is a deficiency.

Licensee Response - Letter dated August 6, 1980

Rancho Seco has been operating with a preventative maintenance program which has been computerized for scheduling purposes. The intent of the procedure will be to describe the system and the mechanisms to control the activities of the program.

The Administrative Procedure AP 650, "Preventative Maintenance Program," is being written. The procedure will describe responsibilities and details to control the preventative maintenance activities. The procedure will be prepared, reviewed and approved within 60 days. Full implementation of the activities will be completed within an additional 60 days.

The intent of the procedure will be to describe the system and the mechanisms which are in effect. The procedures will control and explain the activities of the program.

a nonconformance report be initiated to assure that the matter receives the attention of management.

The inspector found upon examining the licensee's records relating to the Agastat relay and the Torque switches that:

- a. The defective Agastat was replaced with the different model Agastat in accordance with the licensee's nonconformance report procedure which authorized the use of the different model Agastat relay. Abnormal tags were hung on the equipment in accordance with the procedure described above.
- b. The Torque settings were increased on the two limitorque valves from 1.0 to 2.0 and from 1.25 to 2.0 pounds in accordance with previously approved work requests which included approval by the responsible engineer. However, the engineer had failed to initiate the required Engineering Change Notice (ECN) which then would have resulted in a Document Change Notice (DCN) and the subsequent updating of the design documents. During examination of the documents, the inspector observed that the condition had existed for more than a year. The licensee representative thereupon initiated an NCR on the condition that the abnormal tags had been on the equipment for more than a year. The tags had been placed on the equipment in July 1979. The licensee's additional response of November 7, 1980, addressed this matter.

Conclusions

As discussed above, the inspectors found that the management control system in effect provides the appropriate measures to assure that design changes and plant modifications in addition to maintenance activities are properly controlled and evaluated and approved by properly qualified individuals. The problem identified by the PAB Team appears to be an isolated case where the Engineer failed to implement the design control procedure to update the design document. The Agastat relay problem was handled properly by the licensee. Continued adherence to the present control system should provide the necessary assurance that maintenance, plant changes, and modifications will continue to be handled in a competent manner and consistent with regulatory requirements.

The PAB Team's contention that a screening program by the Supervisor, Engineering and Quality Control, did not constitute an adequate evaluation has been reviewed by both NRC's Region V and by the District's Quality Assurance personnel. The District finds it to be both competent and conservative.

The subjective evaluations made by the PAB Team on the District's management controls of safety-related design changes and modifications activities were identified as poor. The complexity of meeting the Federal Regulations, 10 CFR 50.59, and all the documents covering design control and review has resulted in a very involved control system. It transcends all the organizations connected with Rancho Seco and additionally requires specific actions by both the PRC and MSRC including documented action by many supervisory personnel. Our present system was developed only after many meetings discussions and debates with the NRC Region V inspectors. Improvements in the programmatic controls have been made in the past and the District expects changes in the future to improve the system.

The District will respond to this contention by critically reviewing the programmatic controls and determine if any further significant improvement is warranted. This review, including any changes, will be accomplished by 1 January 1981.

E. Results of Special Team Inspection

Findings

All repair/rework type maintenance or the work associated with the installation of modifications to plant equipment is required to be performed in accordance with the requirements of Administrative Procedure No.AP-3, Work Request.

Maintenance type work is routinely approved by appropriate management personnel including the responsible plant engineer prior to completing the task. However, when a particular item requires maintenance to be performed on back shifts or weekends, the shift supervisor is authorized to approve the work request. Work requests so approved are then subsequently reviewed by plant management and engineering personnel upon their return to the site on the next regular work day.

Whenever work is performed that results in a change to a drawing or some other equipment specification, the responsible engineer is required to issue an Engineering Change Notice to update the design documents. In addition, whenever a plant condition is identified as different from that shown on design documents, the licensee's program requires that "abnormal tags" be hung on the affected equipment to show that a discrepancy exists. Also, if these tags remain outstanding for more than one year, the procedures require that

B. PAB Team Evaluation as Contained in IE Report 50-312/80-15 (Supplement) dated September 5, 1980.

The licensee's program to control safety-related design change and modification activities was lacking in some aspects. The program contained inconsistencies which permitted safety-related changes to be implemented utilizing the abnormal tag program without the appropriate documented safety evaluations, reviews, and approvals. This resulted in changes to the facility without review by the Engineering Supervisor, Generation Engineering Department, or recognition by the PRC. Additionally, numerous changes were made based on the screening engineer's evaluation without PRC overview. The failure to provide these changes with the appropriate review and approval did not ensure that an unreviewed safety question did not exist.

Functional job descriptions were not available for all personnel in the Generation Engineering Department. A detailed training and retraining program for site and corporate engineering personnel had not been fully established or implemented.

The reporting requirements of the Technical Specifications were being met for facility changes; but the reporting requirements of 10 CFR 50.59 were not met. Normally, the NRC accepts the most conservative requirement. This indicates that the NRC may not be aware of the full extent of the modifications that have taken place.

Management controls of safety-related design change and modifications activities was considered poor.

C. IE:POs Conclusions as Contained in Letter from Stello to Mattimoe, dated September 5, 1980.

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.

D. Licensee's Position as Contained in Letter from Mattimoe to Stello dated October 10, 1980.

The District does not agree with this contention. The programmatic controls are already in effect which provide the necessary design criteria and review functions to ensure compliance with the Federal Regulations and standards the District has committed to.

The original purchase of this Class I spare part was made to replace an existing Model 7012PC relay in the diesel generator. Subsequently, Agastat relay Model 2412PN was not performing as desired (timing accuracy was questionable) and it was decided to replace it with the Model 7012PC to improve performance.

Use of this component as a replacement for Agastat relay Model 2412PN was properly identified on a NCR. The NCR reviews the component for form, fit and function as a proper replacement item and identified the testing to be performed for acceptance of the relay for its intended function. NCR S-1905 was properly identified as an accept item which states:

"A disposition indicating that the nonconformance does not substantially affect safety, interchangeability, service life, or performance; and that the material can be used for its intended purpose. This disposition requires Engineering Review Board approval."

The District does not agree that this item constitutes a violation of the QA Program. What was done to properly qualify the component for its intended use was both logical and in agreement with our Quality Assurance Program. Its selection for use in the particular circuit improved its performance and reliability. We do not feel that the NCR program must be referenced in OAP No. 10. The use of the NCR at Rancho Seco is well documented (over 2000 have been written since start of operations). The District does not agree this item is an infraction.

Inspector Findings

The inspector confirmed the information in the licensee's response. The inspectors concur with the licensee's position that the item was cited in error.

This item is closed.

2) Item D.3. - Noncompliance

10 CFR50, Appendix B, Criterion V, requires that activities affecting quality be prescribed by documented instructions, procedures, or drawings and be accomplished in accordance with these documents.

QA Manual Procedure No. 4, Procurement Document Control, stated in part: "When procurement of Class I or selected Class II components, parts, materials is necessary from an unapproved supplier, the receiving inspection requirements of QAP No. 10 for an unapproved supplier must be met before the article can be used."

QA Manual, Procedure OAP 10, Receiving Inspection, stated in part: "A receiving inspection will be performed on all Class I or selected Class II items including contractor furnished materials. If an item is purchased from an unapproved supplier the RIDR will indicate the acceptance requirements. The acceptance requirements may be documented on a Certificate of Conformance."

Contrary to the above an Agastat relay, model 7012PC, was purchased from an unapproved supplier and installed on April 16, 1980. The relay was classified QA Class I, and no Certificate of Conformance was requested from the supplier. There was no Receiving Inspection Data Report (RIDR) filed. This relay was installed on Diesel Generator A as a replacement for Agastat relay, Model 2412 PN.

The licensee issued a nonconformance report (NCR) on the Agastat relay on April 14, 1980, identifying that the relay had been purchased from an unapproved supplier; however, the dispositioning of this item through the NCR program was not addressed in QAP 10.

This item is an infraction.

Licensee Response - Letter dated August 6, 1980

The Agastat relay, Model 7012PC was purchased as a commercial replacement component in conformance to the District's Quality Assurance Manual, QAP No. 4, Procurement Document Control, requirements:

General Requirements

4. Nuclear Operations requisitions operating supplies, spare parts and stock replacement items when they are adequately identified by a parts number and may be purchased without detailed specifications when obtained as the original manufactured item.

include a DCN to be written to provide the desired drawing update. The NCR also provides the mechanism to initiate a safety analysis when required.

Both the torque switch setpoint values and replacement of the Model 7012PC Agastat relay are properly shown on drawings that describe the plant configuration. The Quality Assurance Program requires a DCN to be issued to provide a drawing update to the as-built condition.

It is the District's position that we are in conformance to the Federal Regulations as we have delineated them in the Rancho Seco control documents.

We do not agree this is an infraction.

Licensee Response - Letter Dated November 7, 1980.

The District wishes to clarify the response to include the following:

1. MCR S-1905 was written on the Agastat relay Model 7012PC and identified a Drawing Change Notice (DCN) was necessary to update the applicable drawing.
2. Abnormal tags 0415 and 0416 resulted in NCR S-2119 to be written to provide the mechanism for a DCN to be generated for the applicable drawing update.
3. Abnormal tag 0493, if it has not been cleared within one year of installation, will then result in an NCR to be written.

The above approach is in conformance to the programmatic controls in effect at Rancho Seco. Additionally, work requests are initiated where knowledgeable personnel review the action that is to be taken and what inspection/test is required.

The controls in effect to cover this complex area should be adequate to cover any concerns you may have. Our people have been cautioned that the anniversary reviews on abnormal tags must be made.

Inspector Findings

The inspector confirmed the information provided in the licensee's responses. The cited maintenance activities were performed under appropriately approved work requests.

This item is closed.

3. Design Changes and Modifications

A. Items of Noncompliance and Deviations

1) Item D.4. - Noncompliance

10CFR50, Appendix B, Criterion V, requires that activities affecting quality be prescribed by documented instructions, procedures, or drawings and be accomplished in accordance with these documents.

QA Manual, Procedure QAP 2, Design Review, Item 1 under General Requirements, specified that changes in plant equipment, systems, components...cannot be made unless appropriate safety reviews have been made as required in 10 CFR 50.59 and implemented in conformance with the Technical Specifications, Administrative Procedures, and the Quality Assurance Manual.

Rancho Seco Configuration Control Procedure, ECP-1, Section 4.1, required engineering and management reviews and approvals for plant changes. Section 3.1, Step 3.1.3 required an approved Engineering Change Notice (ECN) be issued prior to a Drawing Change Notice (DCN). Section 3.2, Step 3.2.1, required an ECN be issued for all configuration changes that require plant modification; and Step 3.2.2 required department manager level approval for any changes to Class I systems or equipment.

Contrary to the above, Class I system modifications were made without providing the appropriate engineering and management reviews and approvals as required. The following are examples:

- . Torque switch setpoint values for safety feature valves were changed using abnormal tags 0415, 0416 and 0493.
- . A model 7012PC Agastat relay was installed in the starting circuit of the "A" emergency diesel generator using abnormal tag 0515.

The licensee's abnormal tag program required only first level supervision to document changes made to safety systems. The Shift Supervisor was also required to acknowledge the abnormal condition; however, the Shift Supervisor signature indicated recognition that an abnormal tag had been placed on a safety system but did not constitute an engineering review or department manager level approval.

This item is an infraction.

Licensee Response - Letter Dated August 6, 1980

Our QA program permits a NCR to be written to identify the situation, provide a proper disposition which can if necessary

The PAB inspection conclusions and past Region V inspection findings have all found that the facility has been and currently is being operated by well qualified and highly competent personnel in the management, operating, maintenance, and staff positions.

During late October and early November 1980, IE Region V conducted a special team inspection to follow-up on the PAB inspection findings. This team consisted of Senior Resident Inspectors from the Trojan, Diablo Canyon and Rancho Seco nuclear plants along with the Region V Enforcement Coordinator who is also the responsible regional based inspector for startup activities at the San Onofre Unit 2 and 3 facilities. The purpose of this special team inspection was to (1) verify the licensee's responses to the items of noncompliance identified in the Notice of Violation dated July 16, 1980 and commitments made in the licensee's response to the Director, IE, dated October 10, 1980, (2) address the unresolved items identified by PAB, and (3) review the seven program areas identified by PAB as being poor and determine the corrective actions that have been taken and, as appropriate, need to be taken to upgrade each program area.

For convenience and continuity, sections 3 through 9 of this report are captioned with the functional area identified as being poor by the PAB inspection team. Each of these sections contain the items of noncompliance and deviations identified during the PAB inspection, the licensee's response(s) to these items of noncompliance, the inspector's findings regarding each item of noncompliance, the PAB Inspection Team's evaluation of the program area, the IE:HQ conclusions regarding the program area, the licensee's position regarding the program area, and the results of the Region V Special Team inspection regarding the program area.

2. Background

Members of the IE Performance Appraisal Branch (PAB) conducted an inspection of the licensed activities at Rancho Seco during April and May 1980. On July 16, 1980, IE Region V forwarded the PAB inspection report and a notice of violation to the licensee describing the items of noncompliance identified during the PAB inspection. The licensee responded to these items of noncompliance identified during the PAB inspection by letters from the General Manager of the Sacramento Municipal Utility District (SMUD) to the Director of IE:V dated August 6, 1980, and from the Assistant General Manager and Chief Engineer of SMUD to the Director of IE Region V dated September 3, 1980 and November 7, 1980. On September 5, 1980, an evaluation report was sent to the licensee from IE:HQ which classified seven (7) of eleven (11) areas of the licensee's management program as acceptable but poor. On October 10, 1980, the licensee responded to IE:HQ on this evaluation report.

During the NRC Public Hearing held in May 1980, prepared testimony submitted by two members of the PAB inspection team stated:

"The fact that PAB has concerns with a Licensee's management controls does not indicate that the Licensee's management is not competent to manage their reactor facility. A Licensee with a weak or less formalized management system may have a strong operation because it has a strong, well qualified, and experienced management team. The PAB concerns, however, are based on the fact that future turnover of management personnel could result in problems if a strong management system has not been established to support the new managers who may not be so strong or experienced as their predecessors."

In addition, the PAB Inspection Team members testimony concluded that the weaknesses identified in the management control programs at Rancho Seco did not warrant immediate action on the part of the licensee at that time; but, rather expected the licensee to review the areas of concern and determine if appropriate action to resolve the concerns would enhance the continued safe operation of the Rancho Seco facility.

PAB management personnel later concluded in correspondence to the Director, IE that the management control systems for Rancho Seco at the time of the inspection were not completely formalized or fully integrated, and, further, that in spite of the existence of this overall weakness in the management control system, no specific cause-effect relationship could be made between it and any significant problems that the PAB inspection team identified at the site. In fact, they concluded that the absence of problems of immediate safety concern is probably more a reflection of competence of the current operating personnel at the site than to any of the management control systems in existence at that time. Upgrading of the management control system was considered to be important so that when combined with capable management, long term operational safety can be assured.

DETAILS

1. Persons Contacted

- *J. Mattimoe, Assistant General Manager, Chief Engineer and Chairman of the MSRC
- *R. Rodriguez, Manager, Nuclear Operations
- *D. Raasch, Manager, Generation Engineering
- *L. Schwieger, Director, Quality Assurance Department
- *P. Oubre', Plant Superintendent
- *R. Colombo, Technical Assistant and Chairman of the PRC
- *J. McColligan, Supervisor, Nuclear Plant Engineering and Quality Control
- D. Blachly, Supervisor, Plant Operations
- G. Coward, Supervisor, Maintenance
- J. Jewett, Supervisor, Site Quality Assurance
- J. Mau, Supervisor, Training
- D. Ross, Supervisor, Site Security
- D. Yount, Electrical Foreman
- R. Low, I&C Engineer
- R. Turner, Mechanical Foreman
- N. Brock, Supervisor, Electrical/I&C Maintenance
- L. Smith, Mechanical Engineer, Generation Engineering
- H. Schumacher, Safety Engineer
- T. Tucker, Planner/Scheduler
- J. Dowson, QC Coordinator
- C. Linkhart, Electrical Engineer
- P. Borchers, Engineering Technician
- H. Heckert, Engineering Technician
- F. Lopez, Foreman, Warehouse

The inspector interviewed other licensee employees including members of the engineering, maintenance, operations, and quality assurance departments.

*Denotes those individuals who attended the exit interview on November 6, 1980.

	<u>Page</u>
8. QA Audits	37
Noncompliance and Deviations	37
PAB Team Evaluation	44
IE Headquarters Conclusions	44
Licensee Position	45
Results of Special Team Inspection	46
9. Committee Activities	48
Noncompliance and Deviations	48
PAB Team Evaluation	51
IE Headquarters Conclusions	52
Licensee Postion	52
Results of Special Team Inspection	54
10. Unresolved Items	57
11. Exit Interview	62

TABLE OF CONTENTS

<u>TOPIC</u>	<u>Page</u>
1. Persons Contacted	4
2. Background	5
3. Design Changes	7
Noncompliance and Deviations	7
PAB Team Evaluation	11
IE Headquarters Conclusions	11
Licensee Position	11
Results of Special Team Inspection	12
4. Maintenance	14
Noncompliance and Deviations	14
PAB Team Evaluation	20
IE Headquarters Conclusions	21
Licensee Position	21
Results of Special Team Inspection	22
5. Corrective Action	24
Noncompliance and Deviations	24
PAB Team Evaluation	25
IE Headquarters Conclusions	25
Licensee Position	25
Results of Special Team Inspection	26
6. Management of Fire Prevention/Protection	28
Noncompliance and Deviations	28
PAB Team Evaluation	30
IE Headquarters Conclusions	30
Licensee Position	31
Results of Special Team Inspection	31
7. Training	33
Noncompliance and Deviations	33
PAB Team Evaluation	35
IE Headquarters Conclusions	35
Licensee Position	36
Results of Special Team Inspection	36