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Docket Nos. 50-315  
50-316

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cy to PDR, LPDR  
NSIC, NTIS

American Electric Power Service Corporation  
Indiana and Michigan Power Company  
ATTN: Mr. John Dolan  
Vice Chairman  
Engineering and Construction  
2 Broadway  
New York, NY 10004

Gentlemen:

SUBJECT: Performance Appraisal Inspection 50-315/82-17, 50-316/82-17

This refers to the Performance Appraisal Inspection conducted by Mr. J. Woessner and members of the Performance Appraisal Section, Office of Inspection and Enforcement, on July 12-23 and August 2-6, 1982, of activities authorized by NRC Operating Licenses DPR-58 and DPR-74 for D. C. Cook, Units 1 and 2. This also refers to the observations discussed with Mr. Hunter and members of his staff on August 6, 1982, at D. C. Cook.

This inspection is one of a series of Performance Appraisal inspections being conducted by the Office of Inspection and Enforcement. The results of these inspections are used to evaluate, from a national perspective, the performance of your management control programs in support of nuclear safety.

The enclosed report 50-315/82-17, 50-316/82-17 identifies the areas examined during the inspection. Within these areas, the inspection consisted of a comprehensive examination of your management controls over licensed activities that included examination of procedures and records, observation of various activities, and interviews with management and other personnel.

The enclosed appraisal report includes observations that may result in enforcement actions; these matters will be followed by the NRC Regional Office. The report also addresses other observations and the conclusions made by the team for this inspection. Section I of the report provides further information regarding the observations and describes the Performance Categories identified in the conclusion section of each area. Appendix A to this letter is an Executive Summary of the conclusions drawn for the six functional areas inspected.

The Performance Categories for the areas of Committee Activities, Quality Assurance Audits, and Design Changes and Modifications were designated as Category Three; the area of Maintenance as Category Two; and the areas of Procurement and Corrective Action Systems as Category One.

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As a result of the significant weaknesses identified in Committee Activities, Quality Assurance Audits, and Design Changes and Modifications, all designated as Category Three, you are requested to inform this office within 60 days of receipt of this letter of the actions you have taken or plan to take to improve the management controls in this area. Your response will be followed by the NRC Regional Office.

In accordance with 10 CFR 2.790(a), a copy of this letter and the enclosure(s) will be placed in the NRC Public Document Room unless you notify this office, by telephone, within 10 days of the date of this letter and submit written application to withhold information contained therein within 60 days of the date of this letter. Such application must be consistent with the requirements of 2.790(b)(1).

The responses directed by this letter are not subject to the clearance procedures of the Office of Management and Budget as required by the Paperwork Reduction Act of 1980, PL 96-511.

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

Sincerely,

James M. Taylor, Director  
Division of Reactor Programs  
Office of Inspection and Enforcement

Enclosures:

- 1. IE Management Appraisal Report  
50-315/82-17, 50-316/82-17
- 2. Appendix A - Executive Summary

cc w/Enclosures:

- R. Hunter, Executive Vice President
- E. Wilkinson, INPO

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## Appendix A

### EXECUTIVE SUMMARY

A team of five NRC Inspection Specialists from the Performance Appraisal Section conducted an announced inspection at D. C. Cook and the American Electric Power Service Corporation offices during the period July 12 through August 6, 1982. Management controls in six areas were evaluated: Committee Activities, QA Audits, and Design Changes and Modifications were rated as Category Three; Maintenance was rated as Category Two; and Procurement and Corrective Action Systems were rated as Category One.

The licensee had established adequate management controls over most of the major areas inspected and evaluated. Exceptions existed within the Category Three rated areas and are summarized on the following pages. There appeared to be several broad generic issues which touched more than one of the inspection areas. One of these involved the degree of prioritization of QA auditing and QC inspection activities. Both QA and QC activities seemed to receive less management attention than their importance to safety would warrant. The organizational structure for both made them less effective than they could have been. QA was not independent of site management and QC lacked any definitive structure. QC suffered from a poorly defined written program, and both QA and QC had staffing problems.

Another generic issue had to do with the licensee's performance on completing internal commitments. It apparently took eight years to develop written corporate guidance for implementing the design control provisions of ANSI N45.2.11-1974. Updating procedures and revising the cumbersome Temporary Procedure (TP) program were not being accomplished in a timely manner. Other issues involving an apparent lack of timeliness included the response to and followup on Corrective Action Requests and Condition Reports, and a significant backlog of design changes and maintenance job orders.

The lack of effective overall planning and coordination of several programs was a significant generic weakness. The lack of an adequate QC program, the handling of emergency design changes, the failure to complete the schedule of site QA audits, the handling of the Technical Specification required audits, and inadequate trending of audit findings and Condition Reports were examples of poor program controls.

The inspection revealed that numerous changes had been made in the past year to improve the facility's performance and to increase the ability to meet or exceed federal regulations and industry standards. These changes were made in the organizational structure, in the personnel filling supervisory positions, and in new and expanded programs in several different areas. This was most evident in the procurement program which was considered to be one of the better such programs inspected by a Performance Appraisal Team. At the conclusion of the inspection, corrective action was in progress or proposed for many of the significant weaknesses identified by the inspection team.

Observed strengths and weaknesses in the licensee's management controls are further discussed in the following compilation of the inspection conclusions for the individual areas.

Committee Activities: Category Three (Section 2). There were few strengths noted in the area of Committee Activities. One which applied to both committees was the existence of generally comprehensive and detailed committee procedures. Significant weaknesses were numerous. The members of both committees shared the need to improve their understanding of the TS responsibilities, committee procedures, and 10 CFR 50.59 requirements. Both committees delegated responsibility to subcommittees to the extent that they had little assurance that their TS requirements were being met. Both committees failed to meet all their TS review requirements.

The NSDRC audit program was written to fulfill the TS 6.5.2.8 audit requirements, but was not given sufficient management attention and support to do this effectively. The program did not meet the requirements of ANSI N45.2.12-1977. Audit reports and Corrective Action Requests were not adequately reviewed, followed, and closed out. Audits lacked sufficient scope and depth to effectively carry out the TS requirements.

QA Audits: Category Three (Section 3). The significant weaknesses in this area were that the QA Supervisor was not independent of site management; the site QA audit section was understaffed; only 60 percent of the scheduled site audits had been performed; semiannual reviews of the audit program were not performed; and the site auditors lacked technical backgrounds and previous auditing experience. These weaknesses indicated a lack of management support for the QA audit program.

Design Changes and Modifications: Category Three (Section 4). There were several significant weaknesses: design verification of emergency design changes was inadequately documented; corporate engineering division instructions had not correctly implemented ANSI commitments; NSDRC had not performed the safety review of some emergency design changes dating back to 1978; and the control of modifications was inadequate.

Maintenance: Category Two (Section 5). The most significant strengths in the maintenance area included comprehensive maintenance procedures, an effective Machinery History File, and the practice of performing job briefings prior to major maintenance activities. A major weakness was the untimeliness of incorporating Temporary Procedure Changes into permanent procedure revisions. Other significant weaknesses included the redundancy of job order procedures; operations personnel's apparent unawareness of ongoing maintenance activities; the lack of management awareness of the job order backlog; the lack of independent inspection of maintenance activities, and the lack of an adequate program for the safety review of lifted leads and jumpers.

Corrective Action System: Category One (Section 6). The licensee had implemented an effective corrective action program. Responsibilities were clearly defined for tracking and closeout of identified problems. The major strength was the simplicity of the program. Other strengths included the independent review of CRs for determining corrective actions, the effective tracking of CRs and CARs, and the inclusion of similar events during the evaluation of CRs for corrective action. Weaknesses included the failure to meet commitment dates for responses to CRs and CARs and the lack of a trending program.

Procurement: Category One (Section 7). The most significant strengths in the procurement area included comprehensive procedures that addressed all facets of the procurement program; each department's understanding of the overall procurement process and their interfacing responsibilities; effective usage of audit and surveillance findings to improve procedures and the implementation of procedures; comprehensive programs for the control of shelf life items, chemicals, cleaning agents, epoxies, and other consumables; effective use of vendor and component histories, NRC IE Bulletins, and other outside reports to improve their programs and; effectiveness of warehouse activity controls. The only significant weakness identified involved the improper storage of 24 flanged spool pieces.