

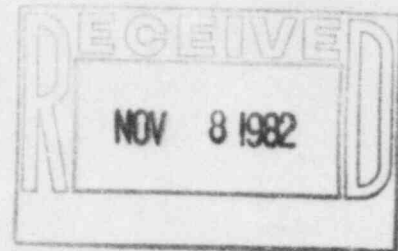


Omaha Public Power District

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November 1, 1982
LIC-82-360

Mr. W. C. Seidle, Chief
Reactor Project Branch 2
U. S. Nuclear Regulatory Commission
Region IV
611 Ryan Plaza Drive, Suite 1000
Arlington, Texas 76011



Reference: Docket No. 50-285

Dear Mr. Seidle:

Summary of Fort Calhoun Station Quality Assurance Investigation of Paxton & Vierling Steel Company (PVSC)

Region IV was notified by letters dated October 11 and October 20, 1982 from Nebraska Public Power District (NPPD) that a potential quality related problem with A-36 steel supplied by PVSC was being investigated. NPPD had determined that several A-36 steel plates purchased from PVSC did not meet the physical requirements of A-36 steel and that PVSC did not have an adequate material traceability program to document that NPPD had in fact received A-36 steel. Since Omaha Public Power District utilizes PVSC as a supplier of steel for the Fort Calhoun Station, the District commenced an investigation into the scope and extent of the potential problem. Mr. K. Morris of the District notified your office on October 25, 1982 that the District was aware of the NPPD identified problem and that the District was investigating the impact of this issue on the Fort Calhoun Station. Accordingly, the following provides a status summary of the actions taken by the District and the results of our investigation to date.

A brief chronology of events commencing with the District's initial cognizance of this issue and ending with the call to Region IV on October 25, 1982 is provided below.

- The District's Quality Assurance Department was notified of NPPD's findings at 8:00 a.m. on October 20, 1982. NPPD's findings were discussed to provide details on which the District could commence an investigation.
- District management was immediately notified of the problem and a stop work order was issued for all jobs using Paxton & Vierling steel in a safety-related application.

- PVSC was removed from the "Approved Suppliers List" pending the results of the District's investigation.
- PVSC steel stored at the Fort Calhoun Station, both scrap and planned usage material, was tagged as nonconforming if ordered for safety-related projects.
- Paxton & Vierling management was notified of the stop work action by the District and directed not to ship any steel under current purchase orders until further notice.
- A team of District auditors was sent to Paxton & Vierling to investigate the steel traceability problem.
- A second team, comprised of quality assurance and technical personnel, was established to consolidate documents at the Fort Calhoun Station and plan for a review of PVSC steel presently installed at the plant.
- The Commission was verbally notified on October 25, 1982 that the District was aware of the NPPD problem and that an investigation into the impact on the District was being conducted.

The District's audit team investigation of the PVSC material traceability problem resulted in the conclusion that available PVSC documentation is not sufficient to determine the origin of specific steel provided to the District. Steel heat numbers provided to the District at shipment receipt were determined to be representative of all heat numbers utilized in the current PVSC steel inventory and are not specific enough to identify the material shipped to the Fort Calhoun Station as definitely being A-36 steel. Thus, the material traceability problem identified by NPPD is also applicable to PVSC steel supplied to the District. However, no evidence has been identified by the District to indicate that steel other than that specifically ordered has been provided to the Fort Calhoun Station.

The District has commenced the following actions to further document the content of PVSC steel utilized at the Fort Calhoun Station:

- (1) The District is working with PVSC to obtain copies of the material test reports for all heats of steel in the PVSC inventory at the various times the District purchased such steel. By obtaining and reviewing all possible material test reports for the steel purchased by the District, we can more fully substantiate that the proper steel has been used at the Fort Calhoun Station.
- (2) During the District's initial investigation, leftover scraps of steel representing approximately 16 purchase orders from PVSC were discovered at the Fort Calhoun Station warehouse. As a further precautionary measure, the District will conduct

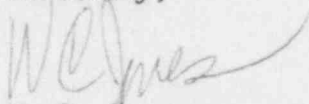
testing of these scraps to verify that the material received was in fact A-36 steel.

- (3) Finally, PVSC management has informed the District that appropriate procedures will be developed and implemented to preclude similar problems with steel provided by PVSC for quality related jobs. The District has completed arrangements with PVSC to review these procedures and prior to reinstating PVSC as an approved supplier, the District will thoroughly review these procedures and will ensure that improved quality control measures are in effect at PVSC.

The District believes the above actions are sufficient to provide assurance that the steel utilized at the Fort Calhoun Station is in accordance with the District's purchase specifications. The material testing and review actions detailed above should be sufficient to identify any problems which may exist. If any deviations are discovered, an evaluation will be conducted to determine the location(s) of the steel involved, the impact of the deviation, and then corrective actions will be implemented accordingly.

The District will provide a summary report to the Commission detailing the results of the investigative actions identified above upon their completion.

Sincerely,



W. C. Jones
Division Manager
Production Operations

WCJ/TLP:jmm

cc: LeBoeuf, Lamb, Leiby & MacRae
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Mr. L. A. Yandell, NRC Senior Resident Inspector
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