



PDR (P1-37)
RESPONSE TO FREEDOM OF
INFORMATION ACT (FOIA) REQUEST

NRC FOIA REQUEST NUMBER(S)
FOIA - 90-294
RESPONSE TYPE
FINAL PARTIAL
DATE **AUG 20 1990**
DOCKET NUMBER(S) (if applicable)

REQUESTOR
Messrs. R. Condit + M. Harrison

PART I. - AGENCY RECORDS RELEASED OR NOT LOCATED (See checked boxes)

- No agency records subject to the request have been located.
- No additional agency records subject to the request have been located.
- Requested records are available through another public distribution program. See Comments Section.
- Agency records subject to the request that are identified on Appendixes _____ are already available for public inspection and copying in the NRC Public Document Room, 2021 L Street, N.W., Washington, DC 20555.
- Agency records subject to the request that are identified on Appendixes D are being made available for public inspection and copying in the NRC Public Document Room, 2021 L Street, N.W., Washington, DC, in a folder under this FOIA number and requester name.
- The nonproprietary version of the proposal(s) that you agreed to accept in a telephone conversation with a member of my staff is now being made available for public inspection and copying at the NRC Public Document Room 2021 L Street, N.W., Washington, DC, in a folder under this FOIA number and requester name.
- Agency records subject to the request that are identified on Appendixes _____ may be inspected and copied at the NRC Local Public Document Room identified in the Comments Section.
- Enclosed is information on how you may obtain access to and the charges for copying records placed in the NRC Public Document Room, 2021 L Street, N.W., Washington, DC.
- Agency records subject to the request are enclosed Appendix D
- Records subject to the request have been referred to another Federal agency(ies) for review and direct response to you.
- You will be billed by the NRC for fees totaling \$ _____.
- In view of NRC's response to this request, no further action is being taken on appeal letter dated _____ No _____.

PART II. A - INFORMATION WITHHELD FROM PUBLIC DISCLOSURE

Certain information in the requested records is being withheld from public disclosure pursuant to the exemptions described in and for the reasons stated in Part II sections B, C, and D. Any released portions of the documents for which only part of the record is being withheld are being made available for public inspection and copying in the NRC Public Document Room, 2021 L Street, N.W., Washington, DC, in a folder under this FOIA number and requester name.

COMMENTS

SIGNATURE, DIRECTOR, DIVISION OF FREEDOM OF INFORMATION AND PUBLICATIONS SERVICES

Donald A. Brundley

9101090200 900820
PDR FOIA
CONDIT90-294 PDR

Re: FOIA-90-294

APPENDIX D

RECORDS BEING PLACED INTO THE PDR UNDER THE ABOVE REQUEST NUMBER

<u>NUMBER</u>	<u>DATE</u>	<u>DESCRIPTION</u>
1.	6/21/89	Memo to C. I. Grimes from H. S. Phillips re: TU Electric Response to EA 88-310 with enclosures (15 pages)
2.	6/23/90	Note to B. Warnick, et al., from C. Grimes re: Citation Reference in IR 89-23/23 with enclosure (3 pages)



June 26, 1990

Mr. D. Grimsley, Director
Division of Rules and Records
Office of Administrative and Resource Management
United States Nuclear Regulatory Commission
Washington, D.C. 20555

FREEDOM OF INFORMATION
ACT REQUEST

FOIA-90-294
Rec'd 6-27-90

BY FIRST CLASS MAIL

FREEDOM OF INFORMATION ACT REQUEST

Dear Mr. Grimsley:

We would appreciate your prompt personal handling of this request, as it involves documents on critical issues relating to the investigation of the transport, distribution and disposal of nuclear coatings and related materials by Texas Utilities. Pursuant to the Freedom of Information Act, 5 U.S.C. §552, as amended, the Government Accountability Project hereby requests the following records (as the term "records" is defined in Appendix A):

(1) All records generated in connection with the inquiry, review, investigation, inventory, and inspection of the use, storage, disposal, sale, handling, salvaging, and surplussing of Texas Utilities' nuclear coatings and related materials between January 1, 1987 and the present. This information should include, but not be limited to, any violations of industry standards or of regulations issued by the NRC or other agencies.

(2) All records regarding all on site inspections of the Comanche Peak Steam Electric System plant between August 1, 1987 and December 31, 1987.

(3) All records regarding the technical specifications for nuclear coatings and related materials used at Comanche Peak between January 1, 1987 and the present, including all records regarding mixing and application procedures and safety and handling precautions.

(4) All records regarding hazards involved when nuclear

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coatings and related materials have exceeded their shelf life and regarding which, if any, materials have in fact exceeded their shelf life while stored at Comanche Peak.

(5) All records regarding circumstances under which the NRC will approve of the extension of the shelf life of nuclear coatings and related materials.

(6) All records of any communications between Texas Utilities, its agents or contractors and the NRC regarding nuclear coatings and related materials between January 1, 1987 and the present.

See note on L. Robinson 6/28/90 memo re clarification of #7

(7) All records regarding former Comanche Peak employee Linda Porter.

This request is continuing, and is intended to cover all records generated on or after the date of this request until the date it has been completely fulfilled by NRC. This request includes all commission records responsive to this request which have ever been within the commission's custody or control, whether such records currently exist in commission, contractor, or subcontractor "working," investigative, special, retired, or other files or at any location, including "Do Not File" files, and documents located in the offices, desks and homes of NRC investigators and their staffs. We request that all relevant records be produced with the administrative or filing pages and information intact, and to be supplied copies of any and all "see reference" cards, abstracts, search slips, including search slips used to process this request, and file covers.

If any records covered by this request have been destroyed and/or removed, or are destroyed and/or removed after receipt of this request, please provide all surrounding records, including but not limited to a list of all records which have been destroyed and/or removed, a description of the actions taken, relevant dates, and individual, office and/or department-wide policies and/or justifications for the action(s).

Should you or your advisors deem any part of this request to cover exempt materials, we also request that you review all sections of the document for any segregable parts, as required under Founding Church of Scientology v. Bell, 603 F.2d 945, 950-951 (D.C. Cir. 1979). Please "black out" excised portions rather than "white out" or "cut out" such portions.

For any documents or portions of documents that you might deny due to specific FOIA exemption(s), please provide a Vaughn index itemizing and describing the documents or portions of documents withheld. The index should provide a detailed justification of your grounds for claiming such an exemption, in explaining why each exemption is relevant to the document or

portion of document withheld. See, e.g., Vaughn v. Rosen, 484 F.2d 820, (D.C. Cir. 1973), cert. denied, 415 U.S. 977 (1974).

The Government Accountability Project (GAP) requests that you waive any fees associated with this request because waiver "is in the public interest because furnishing the information can be considered as primarily benefiting the general public." 5 U.S.C. §552(a)(4)(A). Disclosure of the above-requested information is in the public interest because it is likely to contribute significantly to public understanding of the operations and activities of the government. Finally, disclosure of the above-requested information is in no way connected with any commercial interest of the requesters. GAP is a non-profit, non-partisan public interest organization concerned with honest and open government. GAP has no commercial interests. We are requesting the above information as part of an investigation of whether or not environmental and transportation laws have been violated by Texas Utilities, its contractors or agents. We are also inquiring into the status of the investigation by appropriate government agencies.

The Government Accountability Project is designated as a 501(c) (3) tax-exempt organization under the IRS code, and is a group dedicated to assuring open accountable government and protecting the rights of public and private employee whistleblowers. Since the information obtained will be disseminated to the public by GAP through the media or state and federal agencies, we request that all copying and search fees be waived.

To aid you in your analysis of our requested fee waiver, we provide the following additional information --

- (i) the use proposed for the documents and whether we will derive income or other benefit from such use;

GAP proposes to use the documents to inform Congress and the press about the underlying facts, and those facts may be published in a special report. The information will also be used in reports to Congress, the media, Texas officials and to any and all interested parties. GAP will not derive profit income or other commercial benefit from such use. Such profit or benefit is not permitted under our charter. All such reports receive wide circulation at minimal charge, in order to cover the costs of reproduction, staffing and mailing.

- (ii) a statement of how the public will benefit from such use and from the release of the requested documents;

The public will benefit from use of the requested documents because it has a vested interest in seeing public officials comply with the law. In order for the public to make an educated

and informed decision about whether the government is proceeding to protect their best interests in its continuing oversight of environmental protection and transportation safety issues, the public needs information such as would be provided by the requested records.

- (iii) if the specialized use of the documents or information is contemplated;

GAP would like to inform you that no specialized use of these documents is contemplated.

- (iv) a statement indicating how you plan to disseminate the documents or information to the public;

The information will be disseminated to the public in the form of information provided to Congressional committees, the news media, various other government officials and possibly via distribution of a special report to interested public interest groups and individuals.

- (v) any additional information you deem relevant to your request for a fee waiver.

GAP is clearly entitled to a fee waiver under the amended FOIA fee waiver standard. The fee waiver standard calls for a waiver "if the disclosure of the information is in the public interest because it is likely to contribute significantly to public understanding of the operations or activities of the government and is not primarily in the commercial interest of the requester." 5 U.S.C. §552(a)(4)(iii). The legislative history defining this standard is scant because there were no hearings or committee reports created during the legislative process. However, in the absence of Congressional hearings or reports, floor statements by key legislators provide a basis for legislative interpretations. Senators Leahy and Hatch negotiated a floor amendment to the FOIA that included a provision revising the fee waiver standard. Representatives English and Kindness made several changes to the Senate-passed FOIA amendments on behalf of the House, which the Senate accepted with minor revisions. Reps. English and Kindness indicated the fee waiver standard would be met if "the information disclosed is new; supports public oversight of agency operations, including the quality of agency activities and the effect of agency policy or regulations on public health or safety; or otherwise confirms or clarifies data on past or present operations of the government." 132 Cong. Rec. H9464 (October 8, 1986) (Statements of Reps. English and Kindness). This interpretation was accepted by Senator Leahy and has been adopted by at least one court. See, McClellan Ecological Seepage Situation (MESS) v. Carlucci, 835 F.2d 1282, 1284-86 (9th Cir. 1987).

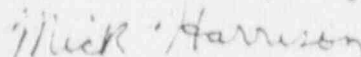
The information GAP has requested meets all of the criteria outlined in the legislators' statements noted above. The information requested pertains to the exercise of authority by DOT, EPA, NRC, and OSHA over hazardous materials distribution, disposal and transportation laws -- areas that need proper accountability. This information would be "new" to the public domain, as the discovery of events taking place near the Comanche Peak Steam Electric Station has been a recent occurrence. In addition, the requested information would "support public oversight" and allow the public to assess the nature, structure and performance of various governmental agencies relating to the Comanche Peak/TU inquiry. Therefore, our fee waiver request squarely falls within the amended FOIA fee waiver provision, 5 U.S.C. §552(a)(4)(iii), and within the legislative history that supports the provision.

We look forward to a response within ten working days of the receipt of this letter. Please call us if we may be helpful to you during your processing of our request. All correspondence should be sent to the Government Accountability Project at the address provided.

Sincerely,



Richard Condit, Esq.



Mick Harrison

cc: (via First Class Mail)
Ms. Juanita Ellis
CASE
1426 South Polk Avenue
Dallas, Texas 75224

APPENDIX

The term "record" as used in this Freedom of Information Act request means the original or a copy of the original and any nonidentical copy, including copies with marks, comments or marginal notations, regardless of original location, of any recorded, written, printed, typed or other graphic material of any kind, variety, character or type, including by way of example but not limited to, the following: agendas; reports; recommendations; transcripts; minutes; charters; books; records; contracts; subcontracts; requests for proposals; proposals; bids; Commerce Business Daily and Federal Register notices; contract modifications; deliverables; drafts; final products; questions; comments; suggestions; agreements; invoices; orders; bills; certificates; deeds; bills of sale; certificates of title; financing statements; instruments; expense accounts; receipts; disbursement journals; tax returns; financial statements; check stubs; promissory notes; resumes; address books; appointment books; telephone logs; worksheets; pictures; income statements; profit and loss statements; deposit slips; credit card receipts; records or notations of telephone or personal conversations; conferences; intraoffice communications; postcards; letters; telex; partnership agreements; catalog price lists; sound, tape and video records; memoranda (including written memoranda of telephone conversations, other conversations, discussions, agreements, acts and activities); manuals; diaries; calendars or desk pads; scrapbooks; notebooks; correspondence; bulletins; circulars; policies; forms; pamphlets; notices; statements; journals; postcards; letters; telegrams; reports; interoffice communications; photostats; microfilm; microfiche; maps; deposition transcripts; drawings; blueprints; photographs; negatives; and any other data, information or statistics contained within any data storage modules, discs, or any other memory devices (including IBM or similar cards for information, data, and programs) or any other information retrievable on storage systems, including computer-generated reports and print-outs.



UNITED STATES
NUCLEAR REGULATORY COMMISSION
WASHINGTON, D. C. 20585

JUN 21 1989

COPIES TO:

McKee
Crutchfield
Lieberman

CG 6/22

MEMORANDUM FOR: Christopher I. Grimes, Director
Comanche Peak Project Division
Office of Nuclear Reactor Regulation

FROM: H. Shannon Phillips, Senior Resident Inspector
for Inspection Programs
Comanche Peak Project Division
Office of Nuclear Reactor Regulation

SUBJECT: TU ELECTRIC RESPONSE TO EA 88-310

The information presented by TU Electric during the enforcement conference related to the SWS coating removal conference and their subsequent response to EA 88-310 on that matter is inaccurate and incomplete. The deficiencies in their review of procured services (Code V) are addressed in my inspection report 50-445/446 89-23, as a follow-up to that action. However, other aspects of TU Electric's position during the enforcement conference and their attitude regarding the lessons learned from the SWS coating removal project are not included in that report, at the direction of my management. Nevertheless, I feel very strongly that this additional information is relevant to the enforcement action and may warrant a higher severity level upon review of new information.

The following is a brief summary of examples which show that TU Electric did not provide complete and accurate information to the NRC concerning enforcement matters that were being evaluated. Details which support these examples are discussed in Enclosures 1 through 8.

- TU Electric management reacted emotionally to the SWS deficiencies identified in the exit for 50-445/88-47; 50-446/88-42. This caused TU Electric's staff to provide incomplete information. (See Enclosure 1 for details.)
- TU Electric management was aware of other Code V procurements for services (work) on the CCW heat exchangers, steam generators, and emergency diesel generators that were similarly deficient, but did not provide this information to the NRC. (See Enclosure 2.)
- TU Electric management erroneously concluded that the procedures, work, inspection, and surveillances were adequate because a comprehensive review of the procedures, work, and records was not performed. Instead, they relied on inspections and QA surveillances that apparently were inadequate. (See Enclosure 2.)

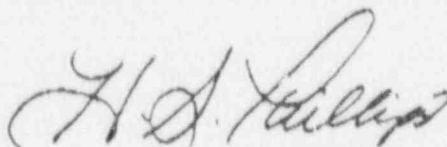
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- . TU Electric management stated that spinblaster damage did not occur in Train B, but three inspectors observed apparent damage. (See Enclosure 3.)
- . TU Electric management stated that damage to the piping did not affect the integrity or the functioning of the piping. Also, the defects were not considered significant. This statement is misleading, because the integrity and the function was affected and the defects were significant from a partial QA program breakdown and construction deficiency standpoint (50.55[e]). (See Enclosure 4.)
- . TU Electric management stated that a contributing cause was work occurring at the safety/nonsafety interface of the metal surface of the piping and the plasite coating. This statement was misleading because the impact of nonsafety-related activity on safety-related activity must be considered from the start of construction through deactivation of nuclear plants. This issue had previously arisen and caused problems and was not a new problem. (See Enclosure 5 and 6.)
- . TU Electric management inferred that technical and QA controls were comprehensive and the deletion of QA requirements had no effect on the outcome. This apparently was not the case based on NRC findings. (See Enclosure 7.)
- . TU Electric management stated that project uniqueness contributed to the deficiency. This is no defense if true as many unique activities must be controlled, for example, setting the vessel at a one unit site is unique in that it occurs once. This does not excuse deficiencies and damage and would not be considered an extenuating circumstance. (See Enclosure 8.)

I believe that the first three examples alone would be sufficient grounds for reconsidering the enforcement (EA-310) for a higher severity level. The other examples show that a pattern existed, that is, TU Electric staff responded to the highest management request for information to discredit the findings. I believe the attitude displayed in response to the NRC findings is a more serious problem than the SWS deficiencies that were identified. Accordingly, I recommend that EA-310 be considered for a higher severity level.



H. S. Phillips, Senior Resident
Inspector for Inspection Programs
Comanche Peak Project Division
Office of Nuclear Reactor Regulation

Enclosures:

Details of Incomplete Inaccurate Information

cc: R. F. Warnick, NRR
H. H. Livermore, NRR

ENCLOSURE 1

In May 1988, the NRC identified potential violations and made TU Electric aware that the NRC did not think that the appropriate QA/QC and technical controls were applied to the SWS coating removal project. TU Electric middle management (engineering, project, and QA) took little or no action in response to the NRC, but maintained that they were confident that the project and QA controls were entirely adequate. The NRC received feedback from meetings conducted by TU Electric that construction management recognized the fact that controls were inadequate and asked that the project be stopped. Needless to say, the project managers told them all was well and refused to listen.

On July 29, 1988, TU Electric discovered a 1/2-inch hole caused by a lack of QA/QC and technical controls applied to the sandblasting (spinblasting) of the 10-inch SWS piping. Subsequently, eighty-eight other defects were found in 650 feet of the piping. As TU Electric had done little or nothing to correct the generic deficiencies, these defects left middle management without any real defenses and the NRC exit for inspection 50-445/88-47; 50-446/88-42 was only three days away. The defect was found on Friday, July 29, 1988, and was reported to the NRC on August 1, 1988, (one day before the exit).

On August 2, 1988, the NRC summarized the findings that had been identified during the three month period including the most recent development, the hole in the pipe. This information was provided to the TU Electric representative who routinely provided the information to Messrs. Council and Nace, top management prior to the exit. When Mr. Council learned of the NRC findings, he contacted Mr. Partlow, NRC Headquarters Office of Special Projects. Mr. Partlow in turn contacted Mr. H. Livermore, NRC site supervisor, who informed the NRC inspector of Mr. Council's protest. Mr. Council protested to Mr. Partlow because he thought there was an agreement between him and NRC site supervision. He said the NRC had agreed that Mr. Phillips, NRC inspector, would not give the findings at the exit. He said that the NRC inspector was trying to embarrass TU Electric in front of CASE, the intervenor (the first exit CASE attended after the settlement). The NRC inspector and supervisors were unaware of any such agreement. The NRC inspector offered to delay giving the findings, but supervision directed the inspector to give the findings.

After the inspector gave the findings (violations) on the lack of control of work activities on SWS piping, Mr. Council challenged the inspector. That is, he reiterated that the NRC was not supposed to give the findings per an agreement. The inspector stated that the

NRC was unaware of any such agreement. Mr. Council was visibly angry and turned to two senior managers and said, "load up your guns on this one." Several NRC inspectors commented that Mr. Council's behavior was very inappropriate. (There was a virtual repeat at the next exit with operations personnel on another violation.)

NRC inspectors received feedback that gave further insight about what happened. About midway through the coating removal project, construction management recognized the lack of controls and recommended stopping work until adequate controls were put in place. Engineering and the project management basically told these managers to sit down and be quiet as they were running the show and had everything under control. After the damaged piping was found, a pre-exit meeting was held and the same managers reiterated their concerns about the lack of controls they had been concerned about and now the same ones had been identified by the NRC. These managers suggested that TU Electric should simply admit to the errors, fix the problems, and assure the coating removal on Unit SWS was adequate. The project manager maintained that the QA and technical controls were applied, but testing simply was not correctly modeled. Mr. Council decided to listen to the project manager. At the post exit meeting Mr. Council was described as highly emotional and was livid. These demonstrations in front of his staff let his staff know he wanted to discredit the NRC findings. The Enforcement Conference handout did the job of discrediting the NRC findings by providing incomplete and inaccurate information.

The project manager provided a major portion of the input for the enforcement conference. In discussions with this manager (whose nuclear experience was limited), it was evident that he believed they had imposed all necessary controls and had just not foreseen the test modeling problem. With this belief, he could provide inaccurate information. It appears that other managers provided Mr. Council with the information to discredit the NRC findings by accenting the positive and leaving out the negative. The wording in the Enforcement Handout is worded to the legal limit, that is, it is true in part, but not in the whole. I have no evidence that there was intent to deceive the NRC, but it appears that the highest management caused the staff to skew the information.

Without accurate and complete information, the NRC understandably could not adequately evaluate the enforcement matters under consideration. Accordingly, the severity level was reduced from Level III to Level IV. The previous enforcement needs to be reconsidered. In addition, the failure to provide accurate and complete information is really more serious than the SWS deficiencies that were identified.

ENCLOSURE 2

TU Electric did not provide information at the Enforcement Conference that was later found in TU Electric's memorandum NE 22156. The information would have provided six examples of deficient Code V procurements for services (work) on safety-related components in addition to service water. TU Electric's finding in response to TXX-89070 dated February 8, 1988, stated that the inspection and surveillance reports associated with the six Code V procurements for services showed that the requisitioned work was satisfactorily completed, but did not discuss deficiencies in memorandum NE 22156. An NRC inspection determined that TU Electric's review of inspection and surveillance reports alone and limited work records would not address the QA program deficiencies or assure that work was successfully completed. As a minimum procedures, work, and records should have been reviewed. In addition, one could argue that such documents existed for SWS activities but despite this damage occurred because QA requirements were not established, procedures were inadequate, inspection was inadequate, and nonconformances were not identified and documented. The following are the inspection findings concerning the six services provided.

Chemical Cleaning of CCWHXs

- . TU Electric Surveillance Activity Report 87-022 and Memorandum TCP-87027 indicated that overall chemical cleaning process for Train A (Units 1 and 2) was not appropriately controlled. These deficiencies were not documented in deficiency reports and evaluated to assure correction before cleaning Train B (several months later).
- . Inspection and surveillances concluded that vendor chemical procedures were adequate when they were not.
- . No documented evidence was provided to show that vendor personnel were appropriately trained to follow TU Electric's QA program.
- . There were no inspection reports for the chemical cleaning process.
- . Surveillance checklists were generic and did not adequately and specifically address process controls. The conclusions for different checklist items were conflicting.

Cutting CCWHX Tube Ends

- . 5720 tube cuts were made for 2 CCWHXs, however, only 25 were inspected to assure the cut met dimensional requirements. No in process inspection controls for the cutting process was described.
- . DCA 25192, Revision 0, required 1/8 inch minimum radius; however, this was not inspected.
- . The surveillance checklist and evaluation of this process did not address the above issues.
- . The surveillance summary contained a comment that the vendor lacked discipline, tools, and experience probably should have been a finding.

Coating of CCWHXs

- . Surveillance SR-86-007 concluded that the surface preparation was acceptable based on inspection report IR-86-0289. The inspection of surface was either not done or if done, it was not documented in IR-86-0289.
- . Inspection of areas, where spark testing was not possible, were not inspected or documented.
- . There is no evidence that repair areas were repaired and inspected to SPECO Bulletin 35.
- . The final protective coating was inspected; however, other coats were not inspected to assure proper application.
- . Curing time and temperature was not confirmed by TU Electric inspection.
- . There was no evidence that vendor measuring and test equipment was calibrated.
- . The surveillance was based on a generic checklist that appeared to be inadequate, as applied.

Measurement of Steam Generator Nozzles

- . The work on the steam generators was in progress before QA was aware the vendor was onsite. QA discovered the work was in progress and performed surveillance CSR-87-003.
- . The surveillance concluded that QA did not know about special requirements until after the fact.
- . The procedures, tools, and training was not certified by QA prior to the beginning of work as required by Procedure ECE 6.11.

ENCLOSURE 3

TU Electric stated during the enforcement conference, in part, that "[d]amage did not occur following modifications to spinblaster." "Pipe Damage Limited To Small Portion of One Train - Not Safety Significant." "Process Control Adequate Based on Successful Implementation After Modification."

Contrary to the above, my inspection determined that damage did occur after modifications to the spinblaster. Shortly after damage was found in Train A of the SWS in July 1988, the NRC inspector specifically asked whether damage occurred on Train B after the modification and informal information received from engineers indicated damage occurred in Train B. In March 1989, three NRC inspectors performed a field inspection to view video tapes of Train B after they were reinspected for damage. Engineering Report ER-ME-19, Revision 0, stated that a reinspection of the tapes was performed by the applicant for 10-Inch piping using high resolution monitors. The NRC requested that this inspection process be duplicated so the NRC could observe the inspection methodology. The NRC was interested in the inspection of both the corrosion defects and spinblaster damage. The following was found by the NRC:

- . Defects caused by the spinblaster were observed in Train B (Spool SW-1-SB-7-14A-8 frame 1484). The misidentification of video tapes of Train A and Train B 10-inch piping occurred during the process of video taping. This was corrected and the TU Electric representative assured the NRC that they were looking at the correct tape. He also agreed that the damage looked like spinblaster marks.
- . Standards or examples of the damaged piping for comparing observed defects to known defects (as seen in tapes of known damaged piping) were not available for simultaneous viewing.
- . Video tapes were made at an angle instead of perpendicular to the surface. The view was distorted and shadows made it difficult if not impossible to qualitatively evaluate the depth of corrosion defects and spinblaster damage. The wheels on the carriage that traveled through the piping left track marks. At least one pile of sand was observed and it was evident that the pipe surface under the sand was not inspectable. All of these conditions hampered the inspection of the 10-inch piping.
Note: The NRC was informed that a different camera will be used for Unit 2 and will eliminate the above problems. If the new camera were used for Unit 1 it could show that all defects were identified. Or, alternatively, the old and new camera could be used for a section of piping and then the disposition

could be independently evaluated and then compared to judge the adequacy of inspection in Unit 1 to detect minimum design stress wall thickness.

- . A comparison could prove the process in Unit 1 was valid.
- . Eighty-four 10-inch spool pieces (each approximately 20 feet long) were removed and cleaned in the yard. These pieces were visually inspected by TU Electric for defects by viewing the inside surface of the piping from the end of the piping. I do not believe corrosion defects could be identified by such visual examination except for the surfaces near the pipe ends.

In addition the engineering report stated that two defects were not measured because they were inaccessible.

ENCLOSURE 4

TU Electric Enforcement Conference Document stated that the spinblaster ". . . damage did not affect the integrity or the functioning of the single train affected, nor other equipment, and was not safety significant."

Contrary to the above, 650 feet of piping contained significant damage and some of the piping had to be replaced as a result of spinblaster damage. The average pipe wall thickness before coating removal was 0.390 inches but was reduced in various areas. Approximately 80 spinblaster marks were identified by TU Electric after the hole in the piping was identified including 8 that were greater than .100 inches deep and 4 where projected corrosion lifetime was less than 20 years. One mark was .307 inches deep. And several lengths of pipe were replaced. The integrity of the piping was obviously affected.

Given the breakdown in part of the QA program for SWS coating removal, this made the construction deficiency, as defined in 50.55(e) was significant. The additional six Code V services that were deficient are added support that the deficiency was significant but was not considered significant. It also met the definition or criteria of 10 CFR 50.55(e) because the damaged piping required extensive evaluation or repair.

ENCLOSURE 5

TU Electric Enforcement Conference Document states, in part, "Contributing Causes: . . . ASME Applicability Not Clear".

This statement was inaccurate. The ASME Code Section XI does not allow metal removal without being under the auspices of the authorized nuclear inspector and under Code control. Obviously sandblasting can remove too much metal and violate the Code.

In addition, page 5 of Appendix H of TU Electric Specification 2323-MS-100 states, in part, "Note: Under ASME XI any metal removal is considered a repair, even though that activity may have been considered rework when working under ASME III (i.e., removal of an arc strike is an ASME XI repair even if minimum wall is not violated)." Obviously sandblasting can cause more severe damage than arc strikes and must be controlled in accordance with ASME XI Code. The March 14, 1988 TU Electric Meeting Notes document a meeting between O. B. Cannon Company and TU Electric. It appears from these notes that sandblasting and metal removal was recognized as an activity that could adversely affect ASME Class 3 components and should have been controlled as such. Interview with personnel showed that some TU Electric managers wanted the process stopped. Construction management challenged this process in mid-project and wanted to stop work to gain control. Engineering knew at the beginning of the project that the blaster stalled and may have violated ASME Section XI, but did not test the areas where the stall occurred.

ENCLOSURE 6

Enforcement Conference Document states, in part, "Contributing Causes: . . . Work To Occur At Safety/Nonsafety Interface."

Three NRC inspections reviewed the coating issues concerning the SWS and the EDG fuel oil tanks. It was clear that the concept of protecting safety-related equipment or components while working on nonsafety-related parts within or adjacent to safety-related components is a principle that should have been established before plant construction. TU Electric failed to clearly establish the requirement that coating activities affecting the quality of components must be controlled. The NRC inspector found that confusion about nonsafety activities that can adversely affect safety-related components has existed for a long time without resolution. The following examples support this conclusion:

- . In 1980 Brown and Root, Inc. procured and applied a coating to SWS piping in the field without Appendix B QA/QC controls. Subsequently this was discovered but these areas were not extensively and thoroughly inspected and evaluated. In 1988, the Stone and Webster Engineering Corporation (SWEC) corrosion report stated that the greatest damage to the coating and piping occurred in these areas. The failure to inspect and evaluate the coating in 1980 eventually led to coating and piping degradation and finally coating removal/spinblaster damage.

- . In 1980, a site engineer questioned the coating procured and applied with QA/QC controls. The corrective action was to downgrade the specification to read that coating was not safety-related instead of evaluating the effects of a lack of proper QA/QC controls could have on safety-related components.

Page 10 of TU Electric Engineering Report ER-ME-19, Revision 0, September 21, 1988, concluded that the action taken by TU Electric and Gibbs and Hill, Inc., was adequate at the time given the information available.

The NRC determined that the TU Electric's assessment of this corrective action was inadequate. In the coating industry it was well known and information was available that the application of any coating to any improperly prepared surface would probably result in nonuniform coating and accelerated corrosion and/or sheet mode failure of the coating. In 1983 two subsequent opportunities (INPO SER 68-83 and IE Notice 85-24) occurred to identify and correct the QA/QC and

degrading coating and piping deficiencies, but two additional inadequate evaluations occurred.

A similar example of problems caused by the confusion over safety related versus nonsafety-related work is discussed in paragraph 8 of NRC Inspection Report 50-445/89-23; 50-446/89-23, application and removal of coatings from diesel generator fuel oil tanks. In 1983, one engineer recognized the problem with diesel storage tank coatings and revised this specification to read safety related; however, this corrective action was reversed in 1985.

As a part of the corrective action concerning SWS deficiencies, TU Electric failed to recognize the earlier deficiencies and the root causes. This 50.55(e) deficiency was also considered not significant and not reportable.

ENCLOSURE 7

The Enforcement Conference Document stated that deletion of the QA responsibilities from the requisition (6R-350338) did not represent a reduction in the level of quality and that the QA program was still required. Also, the Enforcement Conference document stated that the deleted QA requirements were replaced by QA surveillances and that verification activities were assigned to engineering. Therefore, TU Electric stated no violation occurred.

The NRC inspector found that the surveillances were almost meaningless because the procedures were inadequate. The Stone and Webster Engineering and Ebasco coating engineers were responsible for the coating removal work. They thought all of the activities were nonsafety related. The deletion of quality requirements from the purchase requisition removed the quality organization from the spinblaster testing activities. This decision to delete the requirement for the quality organization to witness the test was very important because test and results were later found inadequate. The test determined parameters for controlling the spinblast process. In reality quality organization did not object because they viewed the operation on the whole as a nonsafety-related activity and performed little or no inspection of the critical characteristics. For example, the Engineering Report (ER-ME-19) indicated that the quality organization was not at a mobilization meeting on April 6, 1988. Procedure EC 6.11 required the QA department representative to certify that procedures were approved, training had been given on owner/contractor procedures, and appropriate contractor supplied materials and/or special tools had been received. Later TU Electric QA surveillance personnel wrote a deficiency report (C-88-03361) because QA did not attend the meeting and certify the activities were completed. Instead of finding QA at fault for not certifying the required activities, the disposition of the deficiency found the procedure at fault and the only action needed was to revise the procedure. If QA had been at this meeting the QA/QC deficiencies concerning service water may have been identified before coating removal began.

TU Electric's argument gives the impression that a one time work activity should be an excuse for not applying QA/QC and technical controls. Every utility is expected to consider and master the concept of the impact of nonsafety-related activities on safety-related systems before the construction permit is issued. For example, the two over one concept is essential to the design of piping. Adjacent nonsafety work must not damage the steam generator. The vessel is only set one time. This is the reason that controls must be developed to perform the activity correctly the first time. The above argument is misleading.

The Enforcement Conference Document and ER-ME-19 gave the impression that the quality assurance organization performed meaningful QA surveillances when in reality five surveillances performed using a checklist based on procedures that did not contain the necessary parameters to control the sandblast/spinblast process. The surveillances only verified if coating was removed (a nonsafety function). Manufacturer's minimum specified wall thickness of SWS piping and other meaningful characteristics were not checked.

At meeting May-July meetings, a TU Electric QC supervisor and SWEC/Ebasco engineering thought the NRC inspectors were strange for thinking that the sandblasting was safety-related and argued that metal removal by sandblasting was not safety related. Page 34 of the engineering report indicates that QA became involved with wall thickness measurements in June 1988 but the report fails to state that this was in reaction to the NRC inspection concerns and was well after damage had occurred.

The QA organization was not involved with the problems that occurred with the spinblaster when the vendor first encountered process control problems. As a result no deficiency report or corrective action request was made. The engineering report (ER-ME-19) stated that the problems encountered early should have warranted a stop work order but one was not issued. The spinblaster problems resulted in retesting the spinblaster to determine the necessary modifications but again the quality organization was not involved.

The NRC inspector also found that TU Electric never audited any Code V procurements for vendor services even though the NRC surfaced deficiencies early in the SWS process. No audit was performed after problems were evident.

ENCLOSURE 8

TU Electric Enforcement Conference Document states, in part, "Contributing Causes: Coating Removal was Unique Task . . . Process Not Previously Employed/Development Work Needed."

Contrary to the above the sandblasting/spinblasting process is an old manufacturing/construction process that is not unique. The process can be controlled provided process parameters are specified and followed. The TU Electric test failed to establish parameters and did not duplicate environmental conditions. Even the parameters (blast material/size, air pressure, blasting rate, and process hold points) that were developed by TU Electric were not incorporated into procedures. Quality assurance was not at the critical TU Electric mobilization meeting and was insufficiently involved to monitor and inspect in-process work to prevent wall thinning. In fact, QA did no inspection monitoring or testing in April and May for wall thinning. Until such controls are implemented, the claim that uniqueness caused the damage is without foundation.