



UNITED STATES
NUCLEAR REGULATORY COMMISSION
WASHINGTON, D. C. 20555

January 31, 1990

NOTICE OF SIGNIFICANT MEETING

Name of Licensee: Texas Utilities Electric Company
Name of Facility: Comanche Peak, Units 1 and 2
Docket Numbers: 50-445, 50-446
Date and Time of Meeting: February 7, 1990 at 1:00 p.m.
Location of Meeting: Room 8B-11, White Flint Building, Rockville, MD.
Purpose of Meeting: Enforcement Conference to discuss a potential violation of receipt inspection procedure and associated actions which may have had a chilling effect on the receipt inspectors' documentation of deficiencies.
NRC Attendees: D. Crutchfield, Associate Director for Special Projects, Office of Nuclear Reactor Regulation (NRR)
C. Grimes, Director, Comanche Peak Project Division (CPPD), NRR
J. Wilson, Assistant Director for Projects, CPPD, NRR
J. Lyons, Assistant Director for Technical Programs, CPPD, NRR
R. Warnick, Assistant Director for Inspection Programs, CPPD, NRR
M. Malloy, Project Manager, CPPD, NRR
M. Fields, Project Manager, CPPD, NRR
H. Livermore, Section Chief, CPPD, NRR
R. Latta, Resident Inspector, CPPD, NRR
W. Troskoski, Office of Enforcement

NOTE: Attendance by NRC personnel other than those listed above should be made known by 4:00 p.m., February 6, 1990, via telephone to J. Wilson 301-492-3306.

Licensee Attendees: W. Cahill, Executive Vice President, Nuclear Engineering and Operations
J. Beck, Vice President, Nuclear Engineering
J. Streeter, Director, Quality Assurance
R. Walker, Manager, Nuclear Licensing

Approved By:

C. I. Grimes
C. I. Grimes, Director
Comanche Peak Project
Division, NRR

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Act, exemptions b7C
FOIA- 90-A-18

B-11

basic distrust of security
all contract inspectors

QC vs TU

unique material

TU defensive - understandable
but not intentional

management by example

reiterated policies

programmatic
specific examples

appreciate communication failures

first - line supervisors

second - management

procedure confusing

have to connect two procedures
to understand constraint

decision to release made morning of 11/2

DOL appeal filed

no effect in NCR production \pm 10 weeks

corporate security questions (ST 12694-A)

- had an effect on "cliques" morale

confirmed [redacted] statement

- should have informed

QC inspectors that behavior
unacceptable

white collar / blue collar friction (cultural)

morale problems - Bentham

Enforcement Conference 2-7-0

<u>Name</u>	<u>Org</u>	<u>Title</u>
H Livermore	NRC Conbraco Site	Sect Chief
R Latta	NRC site	Resident
C. Grimes	NRC	Director CPD
R Warnick	NRC	Assist Dir for Insp Pr.
J ROGGE	NRC	Region IV Coordinator - OEO
P [unclear]	[unclear]	[unclear]
M. Malloy	NRC/CPD	Project Manager
J. LYONS	NRC/CPD	AD for Technical Pro.
W. Johnson	NRC	Senior Resident Inspr.
D. Crutfield	NRC/NRR	ADSP
T. QUAY	NRC/NRR	ADSP/TE
J. Wilson	NRC/CPD	AD for Projects
M. AXELRAD	NEUMAN & HOLTENAUER	ATTORNEY
J. REDDING	TU Electric	-
R Byrd	TU Electric	Mgr of QC
J. Stroeter	TU Electric	Director, Quality Assn.
J. Beck	TU Electric	Vice President, Nuclear Eng.
W. Cahill	TU Electric	Executive Vice President Nu.
R Walker	TU Electric	Engineering and Operat Manager, Licensing

Re: SAPETEAM Concern 12694-Ap Interviewee is concerned that General Foreman [REDACTED] and Foreman [REDACTED] will not let the QC Inspectors in Receiving write an NCR on rejected Therm-A-Lag.

The Concernee alleged that, on November 2, 1989, during the QC receipt inspection of Therm-A-Lag conduit in Warehouse A, a significant amount of the subject conduit was found to be undersized. The Concernee stated that the inspectors were prepared to document this condition on an NCR, but were told by QC supervision that no NCR would be written against Therm-A-Lag. The Concernee further stated that the inspectors felt they were obligated by procedure to write an NCR on the rejected material. The Concernee also alleged that QC supervision "suggested" to Procurement Engineering that the acceptance criteria be changed so the material could be "bought off."

The Corporate Security investigation into this concern included interviews with one former QC inspector, three current QC Receiving employees, a Procurement QA employee, the QC supervisor, [REDACTED] and the QC level III, [REDACTED]. Our inquiry also involved a review of documentation and procedures relative to this issue.

The Corporate Security investigative results indicates that the QC Receiving inspector of record began his receipt inspection of Therm-A-Lag conduit on November 1, 1989. The inspector found a significant amount of the 5 inch conduit failed to meet the minimum thickness requirement of 1/2 inch. The inspector informed his lead of the problem and stated that something had to be done because of the high rejection rates. The lead said that he wanted to check with QC supervision because of the notoriety of the Therm-A-Lag project.

On November 2, 1989, the inspector of record was performing receipt inspection on 3/4 inch Therm-A-Lag conduit. He again found the material to be undersized per specifications. The rejection rate for the 3/4 inch conduit was even higher than that of the 5 inch conduit. The inspector of record was being assisted by another QC Receiving inspector and the rejection rate consisted of 33 out of 35 pieces of conduit. The inspectors informed their lead that they felt the condition should be documented by NCR. The QC lead stated that he agreed an NCR should be written because there was currently no re-work procedure.

The lead did state that he knew design engineering was aware of the undersize problems and was in the process of issuing a DCA which would allow another avenue for the inspectors to deal with the previously rejected material. The lead also stated he is not sure whether the Receiving inspectors were aware of this forthcoming DCA.

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Act, exemptions B + 7C
FOIA 90-A-18

B-12

When the QC Receiving inspectors came to their lead to discuss the NCR, the QC Supervisor, [REDACTED] and the QC Level III, [REDACTED] were also present. During the discussion, Mr. [REDACTED] allegedly stated, "We will not write an NCR on Therm-A-Lag." The inspectors stated that they tried to explain their position, that they were procedurally obligated to document the rejected material on an NCR, but Mr. [REDACTED] waved them off and he and Mr. [REDACTED] left the office.

In response to questions, Mr. [REDACTED] stated that, during the somewhat heated discussion, he made the statement that an NCR was not the appropriate document in this case. Mr. [REDACTED] denied saying, "We would not write an NCR on Therm-A-Lag." Mr. [REDACTED] said either he or Mr. [REDACTED] said that an NCR was not the appropriate document to use in this case. Both stated that they were aware that the DCA was forthcoming that would allow more of the rejected material to be accepted. They stated that they wanted the inspectors to "unsat" the rejected material on the inspection report and place it on "hold" pending the issuance of the DCA.

After Mr. [REDACTED] and Mr. [REDACTED] had left the office, one of the inspectors brought the procedure he felt was applicable to the lead. The lead agreed that the NCR should be written, but stated, "You heard what they said, you see what my word means." This occurred approximately at the end of the work shift, so no action was taken that day.

The inspector of record stated that he thought about the matter over night and concluded that an NCR should be written. He said he informed his lead of this and the lead told him to proceed with the NCR and he (the lead) would present it to the supervisor. After the NCR was written, the lead took it and the applicable procedure to the supervisor and explained the Receiving inspector's position. The lead stated that Mr. [REDACTED] read the procedure, agreed that it was an NCR condition and signed the document. Receiving inspection personnel stated that Mr. [REDACTED] "blew his top" upon learning that an NCR had been written.

The Concernee further alleged that QC supervision attempted to get Procurement engineering to change the specifications on the verification plan to allow more of the material to be accepted. All parties involved denied this occurred. The Procurement QA supervisor, [REDACTED] stated that he has had several discussions with QC Receiving supervision regarding the problems with Therm-A-Lag. He said that various solutions to the problems are always a part of the discussion, however, at no time was he asked to change the verification plans. He stated he could not change the specifications himself - he could only relay the information to Procurement engineering in an attempt to "get the most out the material." Any changes in specifications would have to come from Engineering. Mr. [REDACTED] stated that he spoke to the

Procurement QA supervisor regarding the conduit and told him the material would pass at 3/8 inch. Mr. [redacted] said that he felt Mr. [redacted] would relay this to engineering in the hope that something could be done to allow more material to be accepted. Mr. [redacted] denied asking Mr. [redacted] to change the requirements himself.

CONCLUSION

The Corporate Security investigation into this concern substantiates that [redacted] made a statement to the effect, "We will not write an NCR on Therm-A-Lag." However, the evidence indicates that QC supervision was not trying to intimidate the inspectors to keep them from documenting the fact that the Therm-A-Lag conduits were undersized. [redacted] and [redacted] stated that they believed the procedure applicable to this situation was NQA 3.05 6.1.1.(b), which they felt allowed the material to be marked "Unsat" on the inspection report and placed on "hold" pending the issuance of the DCA from engineering. (See Attachment 1.) The inspectors were of the opinion that the applicable procedure was NQA 3.09-11.03 6.1.3, which they felt necessitated the issuing of an NCR. (See Attachment 2.)

[redacted] who [redacted] stated that he was shown the NQA 3.09 procedure by the QC lead the next day and agreed that the issue could be open to interpretation. Mr. [redacted] said that, after reviewing the procedure, he did not feel the original interpretation by he and Mr. [redacted] could necessarily be applied to the conduit. Mr. [redacted] stated that, when the NCR was brought to him, he had no problem signing it, since it only related to one line-item of conduit.

Both [redacted] and [redacted] denied that any statements they made to the inspectors during the discussion were meant to imply that the inspectors should not document the fact the Therm-A-Lag conduit did not meet specifications. Our investigative results indicates that the inspectors were told the material should be marked "unsat" on the inspection report and placed on "hold" pending the engineering DCA. The investigative evidence further suggests that the lack of communication by QC supervision, in failing to explain this procedural interpretation, led to a significant amount of frustration and misunderstanding on the part of the Receiving Inspectors.

Our inquiry further failed to substantiate the allegation that QC supervision attempted to persuade [redacted] to change the requirements on the verification plan to 3/8 of an inch. [redacted] stated that he was aware of the problems with the Therm-A-Lag and was in contact with both QC Receiving and Procurement engineering in attempting to come to a solution that would "get the most out of the material." Mr. [redacted] stated that no QC Receiving personnel had asked him to change the

requirements on the verification plan. He further stated it would have been useless for anyone to even suggest such a scenario, as only engineering has the authority to change the acceptance criteria.

OPENING STATEMENT
W. J. CAHILL

THE MOST IMPORTANT PURPOSE OF OUR PRESENTATION IS:

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

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Act, exemptions 5
FOIA 90-A-18

B-13

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BACKGROUND

o NOVEMBER 2

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

o NOVEMBER 3

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

PROCEDURES

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

PROCEDURES (CONTINUED)

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

PROCEDURES (CONTINUED)

o SUMMARY

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

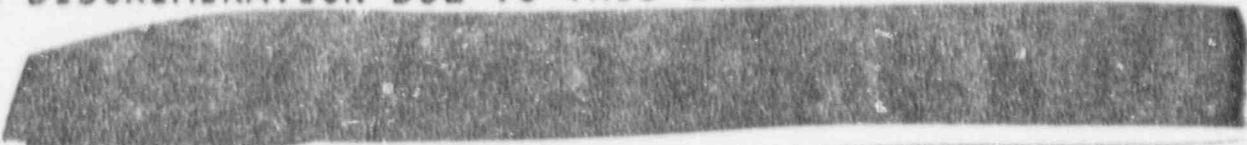
- o IR 90-05 IDENTIFIED TWO (2) APPARENT VIOLATIONS OF 10 CFR 50:
 - 1) AN APPARENT VIOLATION OF 10 CFR 50, APPENDIX B, CRITERION V WAS IDENTIFIED IN THAT THE APPLICANT'S QC MANAGEMENT APPEARED TO SUPPRESS THE DOCUMENTATION OF DEFICIENT THERMO-LAG MATERIAL ON A NONCONFORMANCE REPORT AS REQUIRED BY PROCEDURE NQA-3.09-11.03
 - 2) AN APPARENT VIOLATION OF 10 CFR 50, APPENDIX B, CRITERION I AND 10 CFR 50.7 WAS IDENTIFIED. THIS ISSUE INVOLVES ALLEGED INTIMIDATION OF QC RECEIPT INSPECTORS BY QC SUPERVISION ASSOCIATED WITH THE DOCUMENTATION OF DEFICIENT THERMO-LAG

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

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

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

c NO DISCRIMINATION DUE TO THIS EVENT

- 

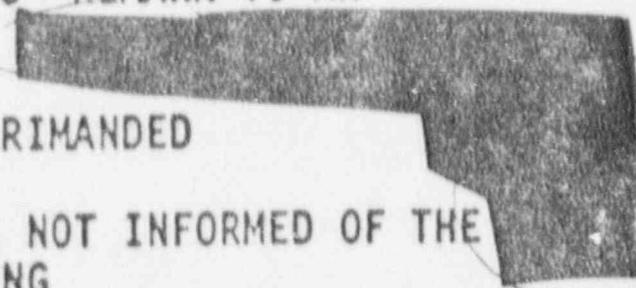
- NO EFFECT ON COMPENSATION OF OTHER EMPLOYEES

- NO EFFECT ON TERMS, CONDITIONS, AND PRIVILEGES
OF EMPLOYMENT OF OTHER EMPLOYEES *EX 5*

o NO THREATENED DISCRIMINATION DURING THIS EVENT

o NO INDICATION OF REDUCED GENERATION RATE OF NCR'S
OR "UNSATS" 

o NRC INSPECTOR FOUND PERCEPTION OF INTIMIDATION:

- TU ELECTRIC ACKNOWLEDGES THAT THE NRC INSPECTOR FOUND THIS PERCEPTION
- TU ELECTRIC'S INVESTIGATIONS DID NOT FIND THIS TO BE THE CASE 
- THE QC SUPERVISOR AND THE LEVEL III DID NOT EXPRESS THEIR INTERPRETATION OF THE PROCEDURE ADEQUATELY TO THE INSPECTORS
 - THEY WERE COUNSELED BY THE MANAGER, QC AND DIRECTOR, QA
 - THE PROCEDURES ARE BEING CLARIFIED
 - THE FSAR WILL BE REVIEWED TO ASSURE CONSISTENCY
- THE LEVEL III'S PREVIOUS REMARK TO AN INSPECTOR WAS IMPROPER 
EXEMPT 5s
- LEVEL III WAS REPRIMANDED
- THE QC INSPECTORS WERE NOT INFORMED OF THE REPRIMAND AND COUNSELING



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

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

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

ADDITIONAL CORRECTIVE ACTIONS
TAKEN BY TU ELECTRIC

Exempt

- o THE QC SUPERVISOR AND LEVEL III INSPECTOR HAVE BEEN REPLACED

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

ADDITIONAL CORRECTIVE ACTIONS
TAKEN BY TU ELECTRIC (CONTINUED)

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

CONCLUSION

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

IDENTIFICATION AND CORRECTION
OF PROBLEMS

HISTORICAL PERSPECTIVE

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

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

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

IMPROVEMENTS

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