

SEP 18 1980

*Change*

MEMORANDUM FOR: Chairman Ahearne  
 Commissioner Gilinsky  
 Commissioner Hendrie  
 Commissioner Bradford

FROM: Carlton Kammerer, Director  
 Office of Congressional Affairs

SUBJECT: DRAFT ADDENDUM FOR MR. STELLO'S TESTIMONY AT SOUTH  
 TEXAS HEARING

Attached for your review is a copy of the draft addendum to be added to Mr. Stello's testimony for the South Texas hearing. Please look over the addendum and if you have any corrections to make inform my office as soon as possible so that the final testimony can be assembled on Friday morning, September 19.

There are no substantive changes to the main testimonies for either the Chairman or Mr. Stello that were circulated to you under an OCA memo dated July 29.

Enclosure:  
 As stated

cc: OGC  
 OPE  
 SECY

50-498, 499

A126

8402090168 831220  
 PDR FOIA  
 HAMLIN83-289 PDR

|         |             |  |  |  |  |
|---------|-------------|--|--|--|--|
| OFFICE  | OCA JS      |  |  |  |  |
| SUBNAME | SUERMAN;caf |  |  |  |  |
| DATE    | 9/13/90     |  |  |  |  |

The previous portion of my statement was prepared for presentation to you on July 29, 1980. Since that time a number of actions have taken place which are of importance to the South Texas Project.

On July 29 we received the licensee's response to our Order to Show Cause. The response addressed each of the issues from the Order and provided details of corrective action already taken or planned to be taken.

Following an initial review of the response by my staff, we conducted a Public Meeting on August 19, 1980 at Bay City, Texas with the licensee, Brown and Root, the public, myself and others from the NRC staff in attendance. We asked the licensee and Brown and Root many questions and requested clarifications regarding the information contained in the response to our Order. Many members of the public asked questions and many of these required responses by the NRC attendees. A transcript was made of this meeting, and a copy has been provided to the subcommittee staff.

In addition to these formal actions, I personally visited the South Texas site with other members of the Headquarters staff and spent a day inspecting completed and on-going construction and talking to workers and quality assurance inspectors.

Based on the response to our Order, the Public Meeting, and what I have heard from both management and workers, my overall impression is that there has been a turnaround in attitude with regard to quality control at South Texas. The following commitments by the licensee and Brown and Root exemplify this attitude change:

1. Organization changes have been made to more directly involve senior management in quality assurance. For example, the licensee's Executive Vice President has been relieved of other responsibilities to spend virtually full-time on South Texas. He has personally committed to be at the site about twice each week. The Manager of Quality Assurance has been relocated from Houston to the site and reports directly to the Executive Vice President.
2. Policy has been changed to assert the independence of quality assurance personnel from considerations of cost and schedule. For example, Brown and Root has reshaped its worker indoctrination program to emphasize the preeminence of quality. This emphasis shift was also evident in people my staff and I interviewed at the site.
3. Additional people, with increased capabilities, have been assigned to the quality assurance program. For example, the licensee's staff in this area has been increased by six specialists with an average of 10 years' experience in the field. The Brown and Root Quality Assurance Manager has been replaced with a consultant who has had 20 years' experience.
4. Organization changes have been made to provide stronger licensee direction of quality assurance and increased Brown and Root engineering direction of quality assurance activities.

5. Corrective action is being taken to correct specific quality assurance weaknesses such as poor procedures, inadequate qualification of inspectors, inadequate audits, and failure to use trend analysis to aid in identifying quality problems.

In addition to the major issue of quality assurance attitude and performance, the licensee is taking action to correct specific problems in safety-related work such as concrete and welding. In this regard, I see no evidence of a reluctance to recheck previously completed work. For example, the licensee has committed to reinspect all accessible, completed structural welds with reinspection of inaccessible welds to be determined based on results. The licensee is also uncovering a significant quantity of buried class III piping for reinspection.

In summary, the licensee has taken many corrective actions and made a number of commitments yet to be completed. We are tracking these, and Region IV inspectors are verifying the actions at the site. Safety-related work will be restarted in segments as required commitments are completed with the licensee obtaining our concurrence for each work segment.

With the licensee and contractor performance record that led to the cessation of safety-related work at South Texas, we intend to demand that all commitments be met. However, with the revised approach and attitude being demonstrated by those responsible for the South Texas plant, I am cautiously optimistic that they can complete the project in conformance with the construction permit.