

August 21, 1995

Mr. Charles Brinkman
Director, Nuclear Licensing
Combustion Engineering, Inc.
1000 Prospect Hill Road
Windsor, CT 06095

SUBJECT: REQUEST FOR INFORMATION

50-423

Dear Mr. Brinkman:

The enclosed extract from an NRC inspection report (Enclosure 1) concerns nonconforming conditions relative to documentation and dimensions of reactor head studs supplied by Combustion Engineering (CE) to Millstone, Unit 3. Apparently, PCI Energy Services (PCI) was a subcontractor to CE for the studs. Due to the potential that other reactor head studs may have similar nonconforming conditions and have been supplied to other reactor plant licensees, we are requesting that you review the enclosed questions (Enclosure 2) and provide a written response to us within 60 days of receipt of this letter.

Enclosure 2 to this letter should be controlled, with distribution limited to personnel with a "need-to-know" until your review has been completed and evaluated by the NRC. This enclosure is considered as Exempt from Public Disclosure in accordance with Title 10 of the Code of Federal Regulations (10 CFR), Part 2.790(a). In accordance with 10 CFR 2.790 of the Commission's regulations, a copy of this letter, excluding Enclosure 2, will be placed in the NRC Public Document Room.

Additionally, we request that your response contain no personal privacy, proprietary, or safeguards information such that it can be released to the public and placed in the NRC Public Document Room. If necessary, such information shall be contained in a separate attachment which will be withheld from public disclosure.

Your cooperation is appreciated. Should you have any questions regarding this matter, please contact Serita Sanders at (301) 415-2956.

Sincerely,

Original signed by:

Robert M. Gallo, Chief
Special Inspection Branch
Division of Inspection and Support Programs
Office of Nuclear Reactor Regulation

Enclosures: As stated

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DOCUMENT NAME: G:\QUESTION * See previous concurrence

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JAN 12 1993

Docket Nos. 50-245; 50-336; 50-423

Mr. John F. Opeka
Executive Vice President-Nuclear
Northeast Nuclear Energy Company
P.O. Box 270
Hartford, Connecticut 06141-0270

Dear Mr. Opeka:

SUBJECT: MILLSTONE COMBINED INSPECTION 50-245/92-25; 50-336/92-27; 50-423/92-24

This refers to the safety inspection conducted by Mr. P. Swetland of this office on September 8, 1992, through October 27, 1992, at Millstone Station in Waterford, Connecticut. The preliminary findings were discussed with Mr. S. Scace, the Unit Directors, and others of your staff at the conclusion of the inspection. Areas examined during the inspection are described in the enclosed report. Within these areas, the inspection focused on issues important to public health and safety, and consisted of performance observations of ongoing activities, independent verification of safety system status and design configuration, interviews with personnel, and review of quality records.

Within the scope of this inspection, the inspectors noted two problems for which enforcement discretion was exercised in accordance with Section VII.B of the Enforcement Policy and no violations were cited. Inconsistent reporting of fire barrier discrepancies among the Millstone units resulted in several missed Unit 1 licensee event reports. This minor problem was promptly corrected by your staff. Unit 1 also reported on a potentially significant degradation of the service water and emergency service water systems during this inspection. External corrosion of certain pipe connections rendered the system unable to meet the stress requirements for a safe shutdown earthquake. Your initiative in finding and promptly correcting this problem, as well as the absence of prior experience and programmatic requirements which would have prevented its occurrence, justified the use of enforcement discretion for this incident. However, similar occurrences in the future may result in stronger enforcement action. During this inspection, we also noted that your response to an identified pin hole leak in the service water supply to the Unit 3 engineered safeguards building was comprehensive and demonstrated a high regard for maintenance of system integrity.

We note that you have committed to develop and implement by February 1993 a comprehensive service water and emergency service water maintenance and inspection strategy. Because of the above noted Unit 1 system degradation, as well as the importance of proper maintenance of these systems, we have a particular interest in this strategy. Therefore, you are requested to inform us in writing of any changes in your planned

Enclosure 1

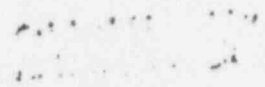
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schedule, as well as to send us a copy or summary of the strategy within 30 days after it is approved. The response requested is not subject to the clearance procedures of the Office of Management and Budget as required by the Paperwork Reduction Act of 1980, Public Law No. 96.511.

Finally, some discrepancies were noted in your implementation of corrective actions for previously cited violations. Management has not assured the proper attention to revised measures, such as the Plant Incident Report process, designed to improve the timeliness of your response to plant problems. We are concerned that this situation could detract from your performance enhancement program initiatives to improve procedural adherence at the station.

Your cooperation with us is appreciated.

Sincerely,


A. Randolph Blough, Chief
Projects Branch No. 4
Division of Reactor Projects

Enclosure: NRC Combined Inspection Report 50-245/92-25; 50-336/92-27; 50-423/92-24

cc w/encl:

- W. D. Romberg, Vice President - Nuclear, Operations Services
- S. E. Scace, Vice President, Millstone Nuclear Power Station
- H. F. Haynes, Nuclear Unit Director, Unit 1
- J. S. Keenan, Nuclear Unit Director, Unit 2
- C. H. Clement, Nuclear Unit Director, Unit 3
- R. M. Kacich, Director, Nuclear Licensing
- D. O. Nordquist, Director of Quality Services
- Gerald Garfield, Esquire
- Nicholas Reynolds, Esquire
- K. Abraham, PAO (2)
- Public Document Room (PDR)
- Local Public Document Room (LPDR)
- Nuclear Safety Information Center (NSIC)
- NRC Resident Inspector
- State of Connecticut SLO Designee

U.S. NUCLEAR REGULATORY COMMISSION
REGION I

Docket/Report Nos.: 50-245/92-25; 50-336/92-27; 50-423/92-24

License Nos.: DPR-21; DPR-65; NPF-49

Licensee: Northeast Nuclear Energy Company
P. O. Box 270
Hartford, CT 06141-0270

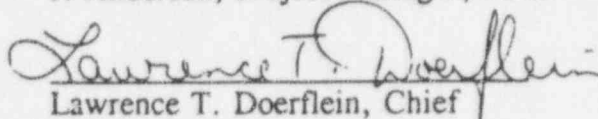
Facility: Millstone Nuclear Power Station, Units 1, 2, and 3

Inspection at: Waterford, CT

Dates: September 8, 1992 - October 27, 1992

Inspectors: P. D. Swetland, Senior Resident Inspector
A. A. Asars, Resident Inspector
K. S. Kolaczyk, Resident Inspector, Unit 1
D. A. Dempsey, Resident Inspector, Unit 2
R. J. Arrighi, Resident Inspector, Unit 3
E. T. Baker, Project Manager, NRR
J. Anderson, Project Manager, NRR

Approved by:


Lawrence T. Doerflein, Chief
Reactor Projects Section 4A

12/1/92
Date

Scope: NRC resident inspection of core activities in the areas of plant operations, radiological controls, maintenance, surveillance, security, outage activities, licensee self-assessment, and periodic reports. The inspectors performed special reviews in the following areas: operation of the Unit 1 reactor vessel level reference leg backfill system, maintenance errors on the Unit 1 emergency service water strainer, retest of the Unit 2 enclosure building filtration system, operability of motor-operated valves at Unit 2, operability determinations for the Unit 3 auxiliary building filter system, and effectiveness of the site material receipt inspection program.

The inspectors reviewed plant operations during periods of backshifts (evening shifts) and deep backshifts (weekends, holidays, and midnight shifts). Coverage was provided for 77 hours during evening backshifts and 22 hours during deep backshifts.

Results: See Executive Summary

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7.3 Combustion Engineering Reactor Head Studs

The inspector reviewed the licensee's disposition of discrepant conditions involving the reactor head studs purchased for Unit 3 from Combustion Engineering (CE). Nonconforming conditions were identified at Millstone during receipt inspection in September 1990, but were not identified by CE or their subcontractor, PCI Energy Services (PCI), prior to delivery to Millstone. The Millstone staff subsequently generated five NCRs (NCRs 290-566, 290-575, 290-589, 290-235, and 290-239) that documented these nonconforming conditions discovered during the receipt inspection and subsequent reinspection of the critical dimensions by the vendor.

The inspector reviewed the five NCRs, including the actions taken to resolve the nonconforming conditions. The nonconforming conditions consisted of discrepancies in documentation and dimensions. All 60 of the reactor head studs were dispositioned use-as-is in October 1990. The documentation problems were resolved by receiving corrected documentation from the suppliers. The dimensional problems were dispositioned as use-as-is based on either chasing out internal threads to remove excessive coatings, load testing, running the reactor head nuts over the studs to assure proper fit, or discussions with the supplier about the safety significance of the particular dimensional nonconformance.

Based on this review, the inspector concluded that the licensee adequately addressed the reactor head stud nonconformances.

The inspector also reviewed the actions the licensee took with regard to the performance of CE. The initial action was to change CE's status on the approved suppliers list from "approved" to "conditionally approved." This required anyone who wanted to place an order with CE to contact Procurement Quality Services to determine what the conditions for placing an order with CE were. This included source inspection for all orders for items purchased to the requirements of the ASME Boiler and Pressure Vessel Code (ASME Code). The status of CE has been returned to "approved"; however, the condition of source inspection for ASME Code orders is still in place. The inspector questioned why the source inspection was only applied to ASME Code orders. The licensee responded that ASME Code orders are the only ones for which problems were detected during receipt inspection. The licensee attributed this to the fact that CE was placing suppliers of ASME Code items on their approved supplier list solely on the basis of the suppliers' ASME certificate. Combustion Engineering was not verifying that the suppliers had a quality assurance (QA) program to control characteristics not covered by the ASME Code, (e.g., dimensions, non-pressure boundary parts) or performing inspections to verify the items supplied met all requirements. The company has since modified their QA program to include tests and inspections to cover characteristics not controlled by the ASME Code.

The inspector noted that the NRC has issued three information notices (IN) that addressed issues similar to those surfaced with CE as above: IN 90-03, "Malfunction of Borg-Warner Bolted Bonnet Check Valves Caused By Failure Of The Swing Arm," IN 88-95, "Inadequate

Procurement Requirements Imposed By Licensees On Vendors," and IN 88-35, "Inadequate Licensee Performed Vendor Audits." The inspector reviewed the licensee's actions taken following receipt of the INs. Each IN was assigned to an individual for review and the need for a response was placed in a tracking system.

The licensee concluded that no action was necessary in response to IN 90-03 because none of the Millstone units had Borg-Warner valves. The licensee did not recognize or address the generic issue raised by the IN concerning the effectiveness of the qualification and oversight of vendors by licensees.

In response to IN 88-95 the licensee concluded that revisions being prepared for two procedures would address the issues raised by the IN. The two procedures being revised addressed the preparation and review of purchase requisitions and the use of commercial grade items in safety related applications. The issue of the qualification and oversight of vendors, which was also raised by the IN, was not addressed by the licensee.

Actions taken in response to IN 88-35 were documented in a memorandum issued in September 1988 that gave a very positive assessment of the licensee's vendor audit process. There was no indication the licensee's review process determined if the problems identified by the IN had or could occur under the licensee's program.

In August 1992, the licensee modified the checklist used to perform audits of vendors to include verification that vendors assure that their sub-suppliers control important attributes for the items supplied. Combustion Engineering had been audited in 1987 and was not due to be audited again until 1990. The inspector observed that if the licensee had fully used the information supplied by the INs to assess their vendor audit programs at the time the INs were issued, that would not have affected this event because of the delay between the notifications and the next triennial audit. However, if the licensee factored the information from the INs into the annual assessment of vendors, the fact that CE's program for controlling sub-suppliers was not adequate may have been discovered prior to the receipt inspection of the reactor head studs.

Based on the changes the licensee recently made to their program for auditing vendors, the inspector had no further questions concerning the program for procuring material or monitoring vendor performance.

7.4 Followup of Previous Inspection Items

7.4.1 Effectiveness of Licensee Receipt Inspection Program

Unresolved item (245/92-12-01) involves three issues: commercial grade electrical connectors installed in nuclear instrumentation, nonconforming commercial grade fasteners accepted by Stone & Webster (SWEC) and transferred to Millstone stores, and a programmatic issue concerning the effectiveness of SWEC's and the licensee's receipt