



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

JUL 20 1984

Docket No. 50-382

Louisiana Power and Light Company
ATTN: Mr. R. S. Leddick
Senior Vice President
Nuclear Operations
142 Delaronde Street
New Orleans, LA 70174

Dear Mr. Leddick:

SUBJECT: Waterford 3 Task Force Inspection Report 50-382/84-34

This refers to the inspection conducted by the Inquiry Team of the NRC Waterford 3 Task Force on April 2-13, April 23-May 4, and May 14-25, 1984, at the Waterford Steam Electric Station, Unit No. 3, at Taft, Louisiana. The Inquiry Team was composed of members of the NRC's Office of Inspection and Enforcement (IE), Region III, Region IV, and a number of consultants.

This inspection was conducted to examine the adequacy of Louisiana Power and Light Company (LP&L) Quality Assurance (QA) Program activities discussed in the LP&L letters of September 29, 1983, and February 20, 1984, which were provided in response to the Director, Office of Inspection and Enforcement (IE), letters of August 4, 1983, and January 16, 1984, respectively. The information in the referenced LP&L letters addressed the quality assurance concerns and issues included in a July 14, 1983 report by an NRC Inquiry Team of an interview with representatives of Gambit Publications, Inc. (Gambit).

The enclosed inspection report identifies the areas examined during the inspection. Within the areas, the effort consisted primarily of selective examinations of the quality assurance activities conducted by the LP&L Task Force, LP&L QA Construction, LP&L QA Operations, and the EBASCO Quality Assurance Installation Records Group. These selective examinations included a review of selected portions of LP&L QA Program procedures and records, observation of completed work, and interviews with members of LP&L and EBASCO management and other personnel.

Appendix A to this letter is an Executive Summary of the results of this inspection for the quality assurance concerns and issues discussed by the Director, IE in his letter of August 4, 1983 and the enclosed Inquiry Team Report. An area of considerable concern pertains to the resolution of open items resulting from this and other NRC inspections and staff reviews that bear on our conclusion regarding the adequacy of LP&L's QA Program during construction. A number of open items including the two discussed in this inspection report were listed in the enclosure to the letter from D. G. Eisenhut to J. M. Cain, dated June 13, 1984.

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Appendix B to this letter contains a list of potential enforcement actions based on the Inquiry Team observations. These are being reviewed by the Waterford 3 Task Force management and NRC Region IV Office for appropriate actions along with the results of the NRC Task Force Team Assessing Waterford Allegations (to be issued as Supplement 7 to the Safety Evaluation Report, NUREG-0787) and the CAT inspection effort (Report 50-382/84-07).

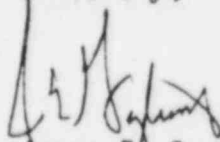
Appendix C to this letter includes a list of unresolved items pertaining to inspection findings. Further action is required by LP&L to ensure their proper closeout.

In accordance with 10 CFR 2.790(a), a copy of this letter and the enclosures will be placed in the NRC Public Document Room unless you notify this office, by telephone or by other means, within 10 days of the date of this letter and submit written application to withhold information contained herein within 30 days of the date of this letter. Such applications must be consistent with the requirements of 10 CFR 2.790(b)(1).

No reply to the potential enforcement actions noted in Appendix B of this letter is required at this time. You will be required to respond to these findings after a decision is made regarding the enforcement action which is determined to be appropriate for these findings.

Should you have any questions concerning this inspection, we would be pleased to discuss them with you.

Sincerely,



James E. Gagliardo, Director
Waterford 3 Task Force

Enclosures:

1. Appendix A - Executive Summary
2. Appendix B - Potential Enforcement Actions
3. Appendix C - Unresolved Items
4. Inspection Report 50-382/84-34

cc w/enclosures: See next page

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cc w/enclosures:

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EXECUTIVE SUMMARY

An NRC inspection was performed of Louisiana Power and Light Company (LP&L) Quality Assurance Program activities discussed in LP&L letters of September 29, 1983, and February 20, 1984 in response to the Director, Office of Inspection and Enforcement (IE) letter of August 4, 1983 and to matters addressed in the enclosed Inquiry Team Report. The inspection was conducted at the Waterford Steam Electric Station Unit No. 3 site during the period April 2-13, April 23-May 4, and May 14-25, 1984.

BACKGROUND

NRC Inspection Report 50-382/82-14 documented the deficiencies identified by the Louisiana Power and Light Company (LP&L) construction quality assurance (QA) review of four turnover packages released by EBASCO to LP&L. Subsequently, Gambit Publications, Inc. (Gambit), published an article discussing the problem with EBASCO turnover of plant systems to LP&L and identified other issues relating to the Gambit QA concern on the adequacy of LP&L's QA program during construction. This and two additional Gambit QA concerns and related issues plus an interview with Gambit were subsequently addressed in the Inquiry Team Report and given to LP&L for response. The results of the NRC inspection of the LP&L response to those matters is discussed below and in the referenced sections of the inspection report.

AREAS INSPECTED AND RESULTSAdequacy of LP&L's QA Program During Construction (Contractor turnover of four plant systems to LP&L with numerous deficiencies)

Although the LP&L QA construction program for turnover of systems appeared generally adequate, an overall determination of adequacy in this area is deferred pending a review of LP&L corrective action to resolve the related open items outlined in Appendix B and Appendix C of this correspondence, as well as the other open items associated with NRC Enforcement Action EA 82-109, the NRC Construction Appraisal Team (CAT) inspection, and the letter from D. G. Eisenhut to J. M. Cain, dated June 13, 1984. The increases in the LP&L and EBASCO QA Construction organizations after the imposition of the Civil Penalty, although limited for LP&L, contributed to the overall effectiveness of their programs.

In response to the NRC Notice of Violation and Proposed Imposition of Civil Penalty, LP&L developed a Task Force for review of quality records and verification of essentially complete installations for selected safety activities performed by contractors prior to June 1, 1982. The purpose of the special

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verification was to resolve the problems detailed in NRC Enforcement Action EA 82-109. NRC found that LP&L's verification program, although somewhat limited in scope and depth as in the electrical walkdown, was generally adequate in achieving its purpose. Some areas of concern found during the Task Force verification (American Bridge, GEO Construction Testing, and Construction Identification Work Authorization (CIWA) tracking) will require additional work. This item remains open (Sections II.A and III.A).

Adequacy of LP&L QA Program During Construction (LP&L did not know whether its QA Program was being implemented)

Actions taken by EBASCO to place a QA manager on site was deemed to be proper and timely.

The EBASCO and LP&L surveillance findings, discussed in Attachment B-1 of the February 20, 1984 response, were found to be accurate and of no generic concern.

The staff review of the Torrey Pines Technology Report (GA-C16900) shows that generally the LP&L QA program for design control was being implemented successfully.

Within the scope of the selective examinations conducted, LP&L was found to have received needed information through its audit and surveillance programs on whether its QA Program was being implemented. However, for contractors associated with the reported QA Program breakdown it is apparent that the LP&L audit and surveillance program was less than adequate in providing LP&L with sufficient and timely information regarding certain aspects of those contractors quality assurance programs that were not being effectively implemented. The NRC inspection of this issue is closed (Sections II.B and IV.A).

Adequacy of LP&L's QA Program During Construction (LP&L did not take appropriate action on independent QA consultants recommendations)

LP&L took very little, if any, timely corrective action on the Management Analysis Company (MAC) recommendations in the area of staffing. The NRC inspection of this issue is closed (Sections II.C and V.A).

Waterford Unit 3 Common Basemat (Leakage through cracking in the basemat)

For the one area examined, no evidence of any leakage was discovered along the cushion/flexible material adjacent to the containment steel liner or the floor area in the annular space between the containment and the shield building.

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This general issue remains open pending the results of the NRC Task Force Team Assessing Waterford Allegations and the technical staff reviews in this area (Sections II.D and VI.A).

QA Program Dispute Between Louisiana Power and Light (LP&L) and Combustion Engineering (CE)

The program dispute between LP&L and CE was found to be a contractual one that was eventually resolved. The timeliness of CE implementation of the new QA program requirements for records was somewhat affected. However, no lasting adverse affects on the QA program implementation could be found. The NRC inspection of this item is closed (Sections II.E and VII.A).

APPENDIX B

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POTENTIAL ENFORCEMENT ACTIONS

As a result of the NRC inspection of Louisiana Power and Light Company (LP&L) Quality Assurance Program activities discussed in the Inquiry Team Report, the following items have been referred to NRC Region IV as Potential Enforcement Actions (section references are to the detailed portion of the inspection report):

1. Contrary to 10 CFR 50, Appendix B, Criterion XVII, sufficient quality assurance records have not been maintained, for some period prior to 1982, for the qualification of construction materials testing personnel working for GEO Construction Testing (Sections II.A.1.e and III.A.3.d.).
2. Contrary to 10 CFR 50, Appendix B, Criterion V, the licensee has failed to provide approved documented procedures for the following activities:
 - a. A contractor originated Condition Identification Work Authorization (CIWA) tracking program was initiated to account for all CIWAs from initial request to closeout without an approved procedure describing and controlling this activity (Sections II.A.1.f and III.A.3.e).
 - b. The licensee performed QA "transfer" reviews prior to the issuance of an approved procedure: QASP-17.5, March 22, 1984 (Sections II.A.1.m and III.A.5.c).

APPENDIX C

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UNRESOLVED ITEMS

As a result of the NRC inspection of Louisiana Power and Light Company (LP&L) Quality Assurance (QA) Program activities, several findings were made that required further action by LP&L for the NRC to determine their significance. The following items have been referred to NRC Region IV as unresolved (section references are to the detailed portion of the inspection report):

1. The LP&L Task Force physical verification of work performed by Chicago Bridge & Iron (CB&I) was not yet accomplished and is needed to resolve this issue (Sections II.A.1.b and III.A.2.b).
2. The licensee is requested to obtain information or evaluations for GEO Construction Testing materials testing personnel, which would provide further assurance of their qualifications other than by written reference statements. Also, a determination of reportability under 10 CFR 50.55(e) or 10CFR21 needs to be made for this issue (Sections II.A.1.e and III.A.3.d).
3. The contractor originated Condition Identification Work Authorization (CIWA) tracking program for remaining activities needs to be incorporated into documented procedures. In addition, following development of appropriate procedures, a review needs to be performed and documented to ensure that all past contractor-originated CIWAs are in the tracking system (Sections II.A.1.f and III.A.3.e).
4. For System 2A, LP&L Finding 3; CIWAs 826999 and 825550, as well as Gould Drawing 060617D, need to be changed to reflect the installed condition. Also, the generic aspects of the finding needs to be determined (Sections II.A.1.k and III.A.4.e).
5. LP&L needs to audit the Startup CIWA program to determine if it satisfies the requirements of a nonconformance system (Sections II.A.1.k and III.A.4.e).
6. LP&L needs to incorporate into approved procedures all the steps made during their "status" and "transfer" reviews. In addition, a review is needed of those systems rejected to determine whether an additional sample was taken. If so, then documentation should be included in the review folder; if not, then an additional sample should be taken (Sections II.A.1.l and III.A.5.b).
7. As outlined in the details of this report, LP&L should examine the reviews of the 15 systems identified in this report to determine whether all open items were adequately identified to affected parties and resolved prior to system transfer acceptance (Sections II.A.1.m and III A.5.c).

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8. LP&L should complete the evaluation and disposition of all outstanding undersized welds, such as for systems 36-1, 36-3, 46-H, 46-E and NCR W3-7680 (Sections II.A.1.m and III.A.5.c).