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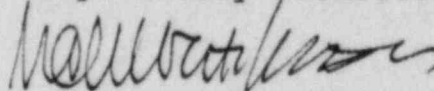
Re: Texas Utilities Electric Company, et al.
(Comanche Peak Steam Electric Station,
Units 1 and 2), Docket Nos. 50-445-2,
50-446-2

Gentlemen:

In reviewing trial preparation documents for production today, Applicants discovered that the only copy in our possession of the document identified as item 3 in our letter dated October 18 contains annotations of counsel. The undersigned consulted with Mr. Gallo, and it appears that he does not have a copy of the document in Washington.

We have notified the Board Chairman that we are producing a copy of this document, which we enclose, with the annotations of counsel deleted. The markings remaining on the enclosure could not be removed without obliterating the text.

Respectfully submitted,



McNeill Watkins II
Counsel for Applicants

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Enclosure

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DRAFT

UNITED STATES OF AMERICA
NUCLEAR REGULATORY COMMISSION

BEFORE THE ATOMIC SAFETY AND LICENSING BOARD

In the Matter of)
)
TEXAS UTILITIES GENERATING) Docket Nos. 50-445 and
COMPANY, et al.) 50-446
)
(Comanche Peak Steam Electric) (Application for
Station, Units 1 and 2)) Operating Licenses)

TESTIMONY OF J. J. LIPINSKY AND J. J. NORRIS
REGARDING PROTECTIVE COATINGS PROGRAM

Q1. Mr. Lipinsky, please state your name, business address and educational and professional qualifications.

A1. (Lipinsky) My name is Joseph J. Lipinsky. I am employed by O. B. Cannon & Son, Inc., 5600 Woodland Avenue, Philadelphia, Pennsylvania 19143, in the position of _____ . A statement of my educational and professional qualifications is attached to this testimony.

Q2. Mr. Norris, please state your name, business address and educational and professional qualifications.

A2. (Norris) My name is John J. Norris. I am employed by O. B. Cannon & Son, Inc., P.O. Box 166, South Houston, Texas 77587, in the position of Vice President, _____. A statement of my educational and professional qualifications is attached to this testimony.

- Q3. Mr. Norris, when did O. B. Cannon & Son first become involved at the Comanche Peak site?
- A3. (Norris) Our company had no involvement at Comanche Peak until we were retained last summer to evaluate certain aspects of the coatings program.
- Q4. What was the scope of the consulting services you were retained to perform?
- A4. (Norris) We were to observe and analyze the following activities: production, work procedures, scheduling, training and painter qualifications, quality assurance, management of coating efforts and specifications.
- Q5. How did your company proceed to perform these services?
- A5. (Norris). We made several trips to the Comanche Peak site during the summer to conduct an evaluation of these activities. I was the O. B. Cannon officer in charge of the efforts, and as such had overall responsibility for Cannon's efforts on site.
- Q6. Mr. Lipinsky, when did you become involved in the Cannon efforts?
- A6. (Lipinsky) In early July, I was instructed by the President of O. B. Cannon & Son, Mr. Roth, to become involved and visit the site to provide input to the Cannon effort.
- Q7. When did you first visit the site?
- A7. I was on site July 26 through 28, 1983.

Q8. Please describe what you did and with whom you met during that site visit.

A8. (Lipinsky) On July 26, I met Mr. C. T. Brandt and several other individuals involved with the coatings program. We discussed the purpose of my visit and I described how we would proceed. I then proceeded to tour the site and observe various activities related to the coatings program. I talked with several individuals to familiarize myself with the activities. We discussed the job status, project conditions and work activities. The majority of my time on July 26 was spent in the containment building for Unit 1.

On July 27, I returned to the site and continued with my review in the containment building for Unit 1. I observed work on the polar crane and dome. I then had about a 10-minute meeting with Messrs. Tolson and Brandt.

On July 28, I met with Mr. Norris to discuss my observations. I then reviewed the FSAR commitments and other documentation. Finally, I participated in an exit interview. I expressed a few concerns regarding material storage, painter qualification, compliance with ANSI requirements and possible coating integrity. Mr. Tolson asked me to provide specifics on these points, and I told him that I was unable to do so without conducting an in-depth review. The meeting was then concluded, and Mr. Norris, Mr. Merritt and I met with Mr. Joe George, the TUSI

Vice President in charge of construction. (I mistakenly identified Mr. George as Mr. Church in my August 8 memorandum.) Mr. Merritt summarized the exit interview for Mr. George.

Q9. What did you do then?

A9. (Lipinsky) I returned to my office in Philadelphia on July 28. I then drafted Trip Report OBC Job No. H8301 (Comanche Peak Unit 1 - Glen Rose TX) and provided copies to Mr. Roth and Mr. Norris.

Q10. When were Applicants provided a copy of your Trip Report?

A10. (Lipinsky) To my knowledge, Applicants were not aware of the existence of my Trip Report until mid-October. At that time, Mr. Merritt called Mr. Roth and asked for a copy. Mr. Roth sent Mr. Merritt a copy of the Trip Report on October 12.

Q11. When you prepared the Trip Report, were you aware that it would be distributed publicly and the subject of evidentiary hearings before the NRC?

All. (Lipinsky) No I was not. Had I been aware of ~~the pendency of this case~~ and the ramifications of my Trip Report, I would have more carefully and aggressively pursued the concerns I expressed in that Report before memorializing those concerns in writing. I also would have been more assertive in my dealings with site management so that my concerns were known and addressed to my satisfaction.

Finally, had I known that the Trip Report might be considered to be my final views on the adequacy of the Comanche Peak program, I would not have prepared the Report because I did not have sufficient information to make final judgments. In fact, at the time I received my assignment to visit the site in late July, I believed that three days was insufficient time for me to evaluate adequately the coatings program.

Q12. Do you know how your Trip Report became public?

A12. (Lipinsky) No, I do not. I understand that the NRC has concluded that it was "surreptitiously" taken by someone who provided it to the NRC. I assume that the phrase "surreptitiously" taken means that it was stolen. If the Report were taken from me, it was so taken without my knowledge or consent.

Q13. Please summarize whether you now hold the views and concerns reflected in your Trip Report.

A13. (Lipinsky) As I discuss in my testimony below, I believe today, with the information that has been presented to me, that my concerns are unfounded and I am satisfied based on my understanding of the situation that the quality of the coatings at Comanche Peak is adequate.

Q14. What information did you obtain subsequent to your August 8 Trip Report that has led you to change your views?

A14. (Lipinsky) [I was provided detailed information in response to my concerns by Applicants, and that information allows me to conclude that the quality of the coatings at Comanche Peak is adequate. I conducted an additional site visit in early November, at which time, in extended conferences, Applicants provided me with detailed information relating to each of the issues that I had earlier identified in my August 8 Trip Report.

Q15. Please list those issues.

A15. (Lipinsky) Those issues are material storage, workmanship, ANSI requirements, coating integrity and inspector morale. These issues all involve compliance with ANSI requirements.

Q16. Does that list cover all items with which you were concerned in your August 8 Trip Report?

A16. (Lipinsky) Yes, it does.

Q17. Are there other issues regarding the Comanche Peak coatings program not addressed in your Trip Report that are of concern to you?

A17. (Lipinsky) Yes. I have attached a copy of the Trip Report to this testimony, and the testimony that follows relates to specific statements contained in that Report

A. Material Storage

Q18. Mr. Lipinsky, regarding your statement that "Comanche Peak has problems in areas of material storage," please describe the problems with which you were concerned.

- A18. (Lipinsky) When I visited the Comanche Peak site, I was looking for certain things that would indicate to me good material storage practices. I looked for such things as status indicator tags, reject areas, and hold areas. Reject areas are locations where coating material that has been rejected is stored. Hold areas are locations where coating material of indeterminate quality is stored. I saw no indication of the use of tags and I saw no reject areas or hold areas. Further, regarding the control of coating material in general, I saw no system for tracking for control of mixed material.
- Q19. Does the fact that you did not see these items personally establish that the methods and procedures at Comanche Peak are inadequate to accomplish the objectives?
- A19. (Lipinsky) No, I am not saying that. What I am saying is that I did not see these items. They may be there, or Comanche Peak may have another way of implementing these practices. For example, I understand that they have a traveller system that provides control for mixed coating material.
- Q20. Mr. Norris, are you familiar with the traveller system employed at Comanche Peak for the control of mixed coating material?

A20. (Norris) Yes. While I was examining a coating container inside the containment, I noticed that it had a form taped to it which indicated when the material was mixed, batch numbers, type of material, etc. In short, all of the information you would expect per ANSI-101.4 was reflected.

Q21. Mr. Lipinsky, does the traveller system that Mr. Norris describes adequately substitute for the status indicator tags that you expected to see?

A21. (Lipinsky) Yes. This method of tracing mixed material is adequate in my judgment. Had I known of this traveller system before I wrote my August 8 memorandum, I would have had no basis to criticize the method of handling of mixed materials.

Q22. Are you familiar with Mr. X's testimony regarding the procedures at Comanche Peak for handling rejected coating or where coatings are isolated from use?

A22. (Lipinsky) Yes. I read Mr. X's testimony.

Q23. In view of that testimony, do you continue to believe that there are problems at Comanche Peak regarding the absence of reject areas and hold areas?

A23. (Lipinsky) No. The description in Mr. X's testimony of the procedures at Comanche Peak to handle rejected coating material and coating material of indeterminate quality appears ~~adequate~~ in my judgment. Again, had I been

familiar with these procedures, I would not have criticized these aspects of material storage in my August 8 memorandum.

Q24. Then in sum, do you remain critical of the Comanche Peak procedures for material storage?

A24. (Lipinsky) No. Based on my understanding of the Comanche Peak program for material storage, I have no criticisms.

B. Workmanship

Q25. Mr. Lipinsky, what are the specific areas of workmanship that you believe raised problems at Comanche Peak?

A25. (Lipinsky) I saw indications reflecting on the quality of coatings application such as sags and runs in applied film. I should say, however, that what I saw was really no different from what I have seen at most other job sites involving construction of nuclear power plants. Sags and runs are typically encountered in cured films. They may be acceptable or unacceptable, depending on the procedural/specification requirements. They are routinely inspected by QC inspectors for compliance with these requirements, and if rejected, would necessitate either rework or a disposition by engineering as acceptable.

Q26. Were there any other areas of work that formed the basis for your statement in the August 8 memorandum?

A26. (Lipinsky) No, my memorandum on this point was based on my observation of sags and runs in cured film.

Q27. Are there other issues that led to your criticism of workmanship overall?

A27. (Lipinsky) Yes, I was concerned about the qualification and indoctrination of the craft involved in the coatings program. I was led to believe that there was no practical testing of skills during the training process for the craft. This was based on conversations I had with a few individuals. However, I understand that the training and indoctrination program at the site does include the actual application of the coating material by the craft as a test for competence. Given that fact, my concern regarding this aspect is satisfied.

I also was concerned that there was no monitoring by QC of the qualification process for the craft. I now understand that QC conducts a visual examination of test results of the film applied by the craft during the qualification and indoctrination program. I think that this input by QC is important because it assures that the applicator can apply the film in a manner that would meet quality requirements.

Q28. What is the basis for your understanding reflected in your previous answer that the craft are qualified by test and that QC conducts visual inspection of those test results?

A28. (Lipinsky) I observed the craft undergoing such testing when I was on site on August 9-10. I had not observed such testing on my prior trip to the site. My understanding regarding the visual QC inspection is based upon my review of the testimony of Mr. X.

C. Adequacy of Documentation

Q29. Mr. Lipinsky, please describe your concerns regarding adequacy of documentation at Comanche Peak.

A29. (Lipinsky) The areas on which I focused were painter qualification forms and the adequacy of daily inspection reports. In order to meet ANSI standards, the program must assure that the pertinent data is recorded regarding both painter qualifications and daily inspections. I was concerned based upon my conversations with a few individuals that there were not provisions for recording all pertinent information. I do not recall specifically what documentation there was for my concern, but just that I was left with the impression that the documentation was not completely adequate. Bear in mind that my visit to the Comanche Peak site was very short, and that this prevented me from conducting any in-depth review of their program. For example, I did not pursue this specific concern due to the short duration of my site visit.

Q30. Do you have any reason now to be confident that the ANSI requirements are being met in these areas at Comanche Peak?

A30. (Lipinsky) Yes. As a result of further discussions that I had with personnel on the project site, I believe that audits of sufficient depth and scope would have uncovered problems with compliance with ANSI standards if such problems existed. My understanding is that there have been many audits with no significant findings relating to these matters.

Q31. Mr. Norris, do you have any concerns regarding compliance by the Comanche Peak project with ANSI requirements?

A31. (Norris) No. Based on my entry interview with Mr. Tolson and subsequent meetings with Messrs. Tolson and Merritt, and others connected with the construction of Comanche Peak, I have a high degree of confidence that the work is being done in accordance with the standards. There may be some difficulties at Comanche Peak similar to those being experienced at most nuclear projects under construction in 1983, but I am confident that they are being adequately addressed.

D. Coating Integrity

Q32. Mr. Lipinsky, please describe your specific concern regarding coating integrity.

Q32. (Lipinsky) Based on my observations of the power grinding of previously applied zinc paint (CZ#11), I was concerned that an excessive amount of sanding was being performed that could result in poor adhesion of the top coat. I did

the morale attitude at the site was detrimental to quality. I believe that the most important thing is that management is aware of it and is taking steps to rectify it.

F. Observations/Opinions

- Q35. Mr. Lipinsky, what was the basis for your statement drawing a parallel between Comanche Peak and Zimmer "to some extent?"
- A35. (Lipinsky) Based on my initial impression, as reflected in my August 8 memorandum, I felt that Comanche Peak might be developing into a Zimmer-type situation, that is, perhaps requiring the rework of coatings. Again, based on information and conversations I have had with site personnel subsequent to my August 8 memorandum, I believe that my conclusion was in error. Based upon my understanding now of the program and procedures in place at Comanche Peak, I believe that there is no parallel between Comanche Peak and Zimmer.
- Q36. Mr. Norris, do you see any parallel between Comanche Peak and Zimmer in the coatings arena?
- A36. (Norris) Not at all. I believe that the coatings program at Comanche Peak is in accordance with 10 C.F.R. Part 50, Appendix B. The coatings program at Zimmer was not.

Q37. Mr. Lipinsky, what is the basis for your opinion in the August 8 memorandum that management at Comanche Peak was disinterested in quality and actually attempted to discourage efforts to report quality problems?

A37. (Lipinsky) The answer to that question is in two parts. First, in my brief discussion with Mr. Tolson, I attempted to express my concerns regarding certain quality matters. (I learned later that he understood my concerns to relate to licensing questions.) He stated that he was not concerned with licensing questions, but my impression was that he was expressing disinterest in quality matters. I was frankly very surprised by his answer (as I interpreted it at that time), but did not pursue it with him then. Subsequent discussions with Tolson have convinced me that my original impression (reflected in the Trip Report) was incorrect, and that he is in fact sincere and concerned about the quality of the project.

Second, with regard to my original observation that management at Comanche Peak attempted to discourage efforts to report quality problems, the bases for this were the fact that inspection reports (rather than non-conformance reports) are used routinely for coating inspections and the fact that QC was not participating in applicator qualification. On the first point, I was led to believe by a few inspectors with whom I spoke that IRs did not

adequately document non-conforming conditions. I did not review the specific procedure for issuing IRs to verify the inspectors' claims. However, based upon my understanding of the procedures employed at Comanche Peak in the use of IRs to document non-conforming conditions, I now have concluded that this approach is acceptable from a quality assurance standpoint. The basis for my understanding is the testimony of Mr. X.

Regarding my original impression that QC was not involved in the inspection of test results for applicator qualification, as noted earlier in this testimony, I now understand that QC in fact does visually inspect these test results, and that satisfies my concern in this area.

- Q38. What is your conclusion today with regard to the attitude of management at Comanche Peak regarding quality in general and the reporting of non-conforming conditions specifically.
- A38. (Lipinsky) Subsequent to my August 8 memorandum and based on conversations with site management, I now believe that site management is in fact concerned and interested in maintaining quality in the project and that management encourages the reporting of non-conforming conditions or any other quality concern.

Q39. What is the basis for your statement that Brown & Root is hostile to an audit and that no action would be taken by Brown & Root even if problems were detected in an audit.

Q39. (Lipinsky) First, I would like to correct myself. Where I referred to Brown & Root, I should have referred to TUGCO. I thought that Mr. Tolson was employed by Brown & Root, but I now know he is employed by TUGCO. During the exit meeting on July 28 and subsequent meetings on site, Mr. Tolson repeatedly stated an audit by me would be redundant. I took this to mean that he was hostile to an audit.

Q40. How do you feel about it today?

A40. (Lipinsky) As recently as November 10, 1983, Mr. Tolson has again stated his opinion that an audit by me would not be productive. Mr. Tolson's confidence is very high based on the fact that the Comanche Peak program has been subjected to numerous internal and external audits.

Q41. Do you believe today that an audit of the Comanche Peak QC program as it applies to paint is necessary?

A41. (Lipinsky) No. In view of the past audits and ongoing NRC review of that program, I agree with Mr. Tolson that an additional audit is unnecessary.

Q42. What was the basis for your suggestion that a rework contract was necessary and that the paint already applied was not "salvageable to any meaningful extent?"

A42. (Lipinsky) The basis for that statement was my overall conclusion, based upon the information reported in my August 8 memorandum, that the coating program at Comanche Peak from a quality standpoint had serious problems. My impression was that in a rework situation, it would be easier to perform a complete rework rather than attempt to salvage portions of the existing work.

I believe today, with the information that has been presented to me, that rework activities are not necessary at Comanche Peak. My concerns have proven to be unfounded and I am satisfied based upon my understanding of the situation that the quality of the coatings at Comanche Peak is adequate.

Q43. What is the significance of your observation that "Brown & Root estimates only 34 out of 452 individuals are of any value as painters?"

A43. (Lipinsky) That statement in my Trip Report merely repeated what I had been told on site. I am not sure that it was a Brown & Root estimate but someone did provide those numbers to me. The statement has no significance from a quality standpoint as long as the individuals actually applying the coatings are qualified. I understand that the painter category includes individuals who perform various services such as sweeping, scaffolding erection and masking. From my perspective, if there is only one

individual who is qualified to apply coatings, it makes no difference from a quality standpoint. In sum, the number of qualified individuals applying coatings affects the rate of production, but does not affect the quality of the applied coatings.

- Q44. You state in your Trip Report that "if quality work is put in place then they will be a long way to resolving site problems." Please explain what you mean by that statement.
- Q44. If the craft is careful in its application of coatings, then the job of the QC inspector becomes routine and simple. If the craft is careless, then the inspector's job becomes more difficult. Obviously, the more desirable approach is to have the craft apply coatings in a qualified-conscious manner.
- Q45. Does your statement imply that you believe coatings have been improperly applied or applied without regard to quality?
- A45. (Lipinsky) No. My statement simply reflects my philosophy of coatings application and the role of the quality inspectors. I did not intend by the statement to imply that the practices at Comanche Peak are not compatible with my philosophy.
- Q46. Please explain your observation that "there is currently a 'no win' situation on site between the craft and QC inspectors."

- A46. (Lipinsky) My impression was that the craft and inspectors were not functioning as a team but rather each seemed to be doing its job without regard for an integrated approach. My philosophy is that craft and inspectors should work together in a harmonious relationship to accomplish the objective. I questioned whether that objective was being met at Comanche Peak based upon my assessment at the time that the morale of the inspectors was low and that the attitudes of the craft and inspectors were in conflict. As I noted above, I expressed this point to site management, ~~which~~ acknowledged that morale was not high and stated that they were taking steps to rectify the matter.
- Q47. Please explain the matter involving the quality of air supply that was discussed in your Trip Report.
- A47. (Lipinsky) The craft was experiencing problems on site with the air supply for spray painting or sand blasting. The air apparently contained water or oil which rendered it unusable for these purposes. Mr. Norris later provided site management with a description of equipment that would solve the problem, and my understanding is that that equipment was purchased. I have no reason to believe that the air supply problem adversely affected the quality of applied coatings because management was aware of it and took appropriate steps to rectify it.

- Q48. Please describe the significance of your statement that O.B. Cannon satisfies applicable ANSI requirements.
- A48. (Lipinsky) Mr Norris expressed at the meeting that ANSI requirements when taken literally are impossible to satisfy. On the other hand, I believe that Cannon does satisfy ANSI requirements on those job sites where Cannon performs contract services. This issue does not relate to the performance of Cannon's consulting services at Comanche Peak, and was included in my Trip Report merely to advise my superior, Mr. Roth, that a difference of opinion existed between Mr. Norris and me.
- Q49. In your summary of the Trip Report, you observed that "B&R wanted to buy the 'right' answer." Please explain what you meant by that statement.
- A49. (Lipinsky) that statement relates back to my initial impression that Mr. Tolson was disinterested in quality matters. Again, my reference to "B&R" in the Trip Report was erroneous. Further, I am now convinced that my original impression of Mr. Tolson's attitude was also erroneous.
- Q50. By way of summarizing, do you have any other statements that you wish to make regarding your involvement in O. B. Cannon's review of the coatings program, or your participation in this administrative proceeding.

A50. (Lipinsky) I would restate that this Trip Report reflects my initial impressions conveyed during a very short visit to the site during which I had little opportunity to discuss my concerns with site management. My subsequent in-depth discussions with site management have demonstrated to me that my initial impressions were incorrect. I have not been induced in any way to retract my Trip Report, and I have not been subjected to any harassment, intimidation or threats by my employer, the Applicants or anyone associated with this proceeding. Indeed, I was asked by the intervenor, Mrs. Ellis, to testify on her behalf in this proceeding and I tentatively agreed. My testimony would have been the same had I testified for Mrs. Ellis. It is unfortunate that a Trip Report innocently prepared by me to advise my superior of my observations and concerns in early August has become the focus of a major challenge to the adequacy of the Comanche Peak coatings program. As I have stated earlier, the Trip Report was based on incomplete information. Further, it was not, nor was it intended to be, a final view of my company. It was merely input to the broader deliberations that my company needed to undertake in order to fully evaluate the adequacy of the Comanche Peak coatings program.