



Mr. Collins
KANSAS GAS AND ELECTRIC COMPANY

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GLENN L. KOESTER
VICE PRESIDENT - NUCLEAR

April 21, 1983

Mr. Richard C. DeYoung, Director
Office of Inspection and Enforcement
U.S. Nuclear Regulatory Commission
Washington, D.C. 20555

APR 25 1983

KMLNRC 83-045
Re: Docket No. STN 50-482
Subj: Request for Mitigation of Civil Penalty and
Response to Notice of Violation EA 83-18

Dear Mr. DeYoung:

By letter dated March 23, 1983, Mr. John T. Collins, Regional Administrator of Region IV, transmitted to Kansas Gas and Electric Company a Notice of Violation and Proposed Imposition of Civil Penalty. Two violations were identified. Both involved deficiencies that were detected by KG&E during a Quality Assurance Surveillance of the Borated Refueling Water Storage System.

That problems existed in the process of turning over this system to our startup organization and that discrepancies existed in the "turnover exception list" for this system is not being disputed. However, what is important is that KG&E's Quality Assurance system found these problems and that KG&E furnished a copy of the surveillance report to the NRC's resident inspector the same day that the report was issued. KG&E has also taken prompt and vigorous actions to correct the problems which our QA program identified and to avoid future problems concerning proper classification of reportable events under 10CFR50.55(e).

We hope that as a result of your consideration of these facts, set forth in more detail in Attachment A to this letter, you will mitigate the civil penalty proposed on March 23, 1983. Pursuant to 10CFR2.205, we formally request such mitigation. Also provided as Attachment B to this letter is KG&E's response to the Notice of Violation, as required by 10CFR2.201.

We appreciate your consideration of these matters and would be pleased to

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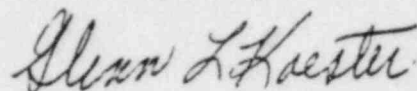
Mr. Richard C. DeYoung
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discuss them in more detail with you and your staff.

Yours very truly,



Glenn L. Koester
Vice President - Nuclear

GLK:bb

Attachment A: Request for Mitigation of
Proposed Civil Penalty

Attachment B: Response to Notice of Violation

Attachment C: Letter of 3/2/83 from GLKoester,
KG&E, to JTCollins, NRC Region IV

cc: JTCollins, Region IV, w/a

COPY FOR

HRoberts/WSchum, w/a

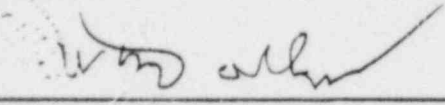
OATH OF AFFIRMATION

STATE OF KANSAS)
) SS:
COUNTY OF SEDGWICK)

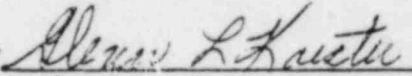
I, Glenn L. Koester, of lawful age, being duly sworn upon oath, do depose, state and affirm that I am Vice President - Nuclear of Kansas Gas and Electric Company, Wichita, Kansas, that I have signed the foregoing letter of transmittal, know the contents thereof, and that all statements contained therein are true.

KANSAS GAS AND ELECTRIC COMPANY

ATTEST:



W.B. Walker, Secretary

By 

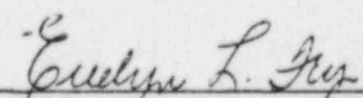
Glenn L. Koester
Vice President - Nuclear

STATE OF KANSAS)
) SS:
COUNTY OF SEDGWICK)

BE IT REMEMBERED that on this 21st day of April, 1983, before me, Evelyn L. Fry, a Notary, personally appeared Glenn L. Koester, Vice President - Nuclear of Kansas Gas and Electric Company, Wichita, Kansas, who is personally known to me and who executed the foregoing instrument, and he duly acknowledged the execution of the same for and on behalf of and as the act and deed of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my seal the date and year above written.





Evelyn L. Fry, Notary

My Commission expires on August 15, 1984.

ATTACHMENT A To
KMLNRC 83-045
REQUEST FOR MITIGATION
OF
PROPOSED CIVIL PENALTY



April 21, 1983

REQUEST FOR MITIGATION OF
PROPOSED CIVIL PENALTY

On March 23, 1983, the Regional Administrator of Region IV proposed the assessment of a civil penalty of \$40,000 because "Kansas Gas and Electric Company failed to adequately control activities affecting the quality of safety-related work." The specific allegation was that

The Borated Refueling Water Storage System and the Auxiliary Feedwater System were turned over from the construction contractor to the KG&E startup organization on October 28, 1982, and November 23, 1982, respectively following final quality assurance checks with quality documentation and hardware discrepancies which were not on the turnover exception list.

The violation was categorized as a Severity Level III under 10CFR2, Appendix C, Supplement II. In addition to this violation, the NRC notified KG&E of a violation (with no civil penalty proposed) for KG&E's failure to notify the Regional Office pursuant to 10CFR50.55(e) of the deficiencies noted in the system turnover practices within 24 hours.

Pursuant to 10CFR2.205(b) and Appendix C to 10CFR2, KG&E hereby requests mitigation of the proposed civil penalty. An analysis of the factors set forth in Section IV.B of Appendix C demonstrates that mitigation is appropriate in this case.

I. PROMPT NOTIFICATION AND REPORTING

The problems which underlie the two violations relate to hardware and documentation discrepancies in the Borated Refueling Water Storage System and the Auxiliary Feedwater System after these systems were turned over by the construction contractor to KG&E's Startup organization. The problems were first identified by KG&E's Quality Assurance organization when it issued a Surveillance Report, "BN01 System Walkdown", on January 13, 1983. The NRC's Resident Reactor Inspector, Mr. W. S. Schum, received a copy of the Surveillance Report the same day. Indeed, the Report was provided even before the organizations affected in the Report had been given the opportunity to address the Report's findings. The NRC was therefore promptly notified of the Surveillance Report findings.

In accordance with KG&E's procedures, KG&E evaluated the Surveillance Report to determine whether it should be reported pursuant to 10CFR50.55(e). The initial evaluation, completed on January 14, 1983, concluded that none of the deficiencies identified in the Surveillance Report met the criteria of 10CFR50.55(e). That is, no deficiencies in the design or construction were found which:

1. Would have adversely affected the safety of Wolf Creek operation if gone uncorrected, and
2. Represented either
 - a. A significant QA breakdown,
 - b. Significant design deficiency,
 - c. Significant construction deficiency or damage, or
 - d. Significant deviation from performance specifications.

Indeed, KG&E's evaluation to date of the findings in the Surveillance Report have identified no deficiency in design or construction which meets the reporting requirements of 10CFR50.55(e).

Nonetheless, after the completion of the 10CFR50.55(e) evaluation on January 14, 1983, discussions on the reportability of the findings of the Surveillance Report took place between KG&E, the Resident Inspector and Region IV. As a result of these discussions, KG&E reported the Surveillance Report findings as a potential 10CFR50.55(e) item on January 21, 1983.

Notwithstanding the question of whether the findings were properly reported, a matter discussed at greater length in the Response to the Notice of Violation, there can be no question that the NRC was promptly notified of the existence of the Surveillance Report and its contents. This Report appears to be the primary basis for the Notice of Violation. The Report was initiated and completed within a short time following turnover of the system -- especially considering the overall state of plant completion.

KG&E respectfully submits that it has met the criteria of reduction of 50% of the base civil penalty for prompt identification and reporting.

II. CORRECTIVE ACTION TO PREVENT RECURRENCE

KG&E's corrective actions are set forth in its March 2, 1983 letter to Mr. John T. Collins, Regional Administrator. In his March 10, 1983 letter to KG&E, Mr. Collins stated that "(t)he objectives and corrective actions identified in your letter (of March 2, 1983) appear to be appropriate."

The Surveillance Report was issued on January 13, 1983. KG&E recognized the importance of its findings and on the same day -- January 13 -- KG&E established a Quality Document Review Task Force to investigate the constructor's quality documentation preparation and review process.

The objective of the Task Force was to make recommendations to ensure that the constructor had mechanisms which would properly document all unresolved quality discrepancies at the time of system turnover.

The Task Force was composed of 12 members from KG&E Construction, KG&E Quality, KG&E Startup, Daniel Corporate and Daniel Quality organizations. The members of the Task Force were senior level personnel each with an excellent knowledge of the requirements of the quality record review program.

The Task Force commenced work on January 20, 1983, and was chartered to complete its evaluations within 30 days. The Task Force's conclusions and recommendations were reviewed internally with the constructor on February 16, 1983. The Task Force report was formally issued on February 24, 1983. The Task Force made 73 recommendations, all of which are being given full consideration. However, KG&E considered that twenty of the recommendations were of sufficient importance that their implementation was initiated without even awaiting issuance of the Task Force's report. By April 14, 1983, all twenty of these recommendations had been implemented. These recommendations are described in Table 1.

At the February 18, 1983 enforcement meeting between Region IV and KG&E, KG&E described (1) several ongoing actions to correct the deficiencies identified by the Surveillance Report and the Task Force, (2) the KG&E surveillance of three previously turned over safety-related electrical systems which commenced on January 31, 1983, and (3) the KG&E effort, completed on January 31, 1983, to reverify the hanger status of all safety-related piping systems and subsystems which had already been turned over.

Immediately after the February 18 meeting, KG&E decided to issue a self-imposed stop work for the turnover of safety-related systems. On February 21, 1983, the next work day, the stop work on turnover was formalized and put in place by KG&E.

KG&E's corrective action program was described in its March 2, 1983 letter to Region IV. The program has these six major elements:

1. Self-Imposed Stop Work on Turnover of Safety-Related Systems;
2. Improved Constructor Activities;
3. Task Force on Quality Documents;
4. Expanded Pre-Turnover Verification;
5. Reverification of Systems Already Turned Over; and
6. An Increased Quality Emphasis.

The near-term actions of this comprehensive program are now nearing completion and a release to begin turnover again is expected later in April 1983. The long-term corrective actions are planned to be completed by October 1, 1983.

KG&E respectfully submits that it has met the criteria of reduction of 50% of the base civil penalty for corrective action to prevent recurrence.

III. ENFORCEMENT HISTORY

KG&E has had, we believe, a very favorable enforcement history. This is reflected in the NRC's most recent Systematic Assessment of Licensee Performance (SALP) Board Report of the Wolf Creek Generating Station. Two very important functional areas evaluated (Quality Assurance Program and Management Control) were considered to be Category 1 areas. Category 1 was defined in the report as:

Category 1

Reduced NRC attention may be appropriate. Licensee management attention and involvement are aggressive and oriented toward nuclear safety; licensee resources are ample and effectively used such that a high level of performance with respect to operational safety or construction is being achieved.

The report provided the following analyses in support of the Category 1 classification:

Management Control

Several times during this report, management activity has been considered to be a significant contributing factor toward achieving resolution of identified problem areas as well as having placed heavy emphasis on quality and safety in both the resolution of problems and the conduct of construction activities....

Improvement in the overall SALP appraisal for the current period as compared to the 1981 SALP appraisal is, in large part, attributed to that management effort and attitude. Intimate involvement with site activities and problems, by the licensee management, is very evident. Furthermore, the licensee management has demonstrated a willingness and desire to meet with NRC regional supervision in an effort to inform and provide a candid discussion forum.

The licensee pursues a continuing effort to reduce enforcement history, to provide additional staffing and/or organization changes when the needs dictate and to provide training perceived to be necessary for all construction activity.

Quality Assurance Program

The 1981 SALP Report (STN 50-482/81-21) stated in the conclusion on page 6 that "Quality Assurance was heavily influenced by investigation results that indicated a breakdown of Quality Assurance program control."

During this assessment period an NRC special team inspection was conducted during the week of September 28, 1981, covering Quality Assurance program control on site. Although, two unresolved matters were identified, no real concerns were identified as a result of this inspection.

The licensee Quality Assurance organization, however, was modified during the assessment period to add a surveillance group to the on-site staff. This group provides construction activities monitoring and surveillance as well as monitoring of tests and startup and operations activities.

Early identification of problem areas in construction activities and prompt resolution of the concerns has resulted.

The problems in the turnover process were identified as a direct result of the activities conducted by the KG&E Quality Assurance Surveillance section and the prompt extensive corrective actions were implemented at the direction of KG&E management. Therefore, these two functional areas performed effectively in identifying a concern and implementing corrective action.

Furthermore, during the appraisal period for the latest SALP Board Report of Wolf Creek the NRC identified no major problems and only three Severity Level IV violations. Under "Inspection Activities" on page 12 of the report the following analysis was provided:

During August 1, 1981, to July 31, 1982, appraisal period, a total of 1,141 inspection hours were performed on inspection and investigations as follows: (1) eight periodic inspections were reported by the assigned resident reactor inspector; (2) eight on-site inspections were conducted and reported by regional inspectors; and (3) a major team inspection was conducted during the week beginning September 28, 1981, covering Quality Assurance program control. No major problems were identified. Three Severity Level IV violations were identified during the assessment period.

Further evidence of favorable enforcement history is the fact that prior to the March 23, 1983 proposed civil penalty, no civil penalties have been proposed against the Wolf Creek project.

IV. PRIOR NOTICE OF SIMILAR EVENTS

KG&E had no prior notice of the types of problems highlighted by the Surveillance Report. Indeed, the surveillance was undertaken, at least in part, to determine whether problems did in fact exist. At an October 14, 1982 meeting between KG&E and NRC Staff to discuss the SALP Board Report, the NRC noted that other projects had problems with system turnovers in that the startup organizations typically found more deficiencies than the constructors. As a result of this information and because BN was the first major safety-related system with most welding to ASME requirements to be turned over, KG&E had the surveillance performed. KG&E was alerted to the potential for problems in this area, promptly looked for them, and found them. This history clearly supports mitigation.

V. MULTIPLE OCCURRENCES

This factor only applies "where the NRC identifies the violation or where the violation is associated with a "self-disclosing incident." Neither of these are present here.

VI. OTHER CONSIDERATIONS

A. Severity Level

KG&E recognizes that a substantial amount of judgment goes into the NRC's choice of a Severity Level when it identifies a violation. In this case, we believe that the choice of Severity Level III is at least subject to question. Appendix C to 10CFR2 defines a Severity III violation as a "significant violation" involving

1. A deficiency in a licensee quality assurance program for construction related to a single work activity (e.g., structural, piping, electrical or foundations). Such significant deficiency normally involves the licensee's failure to conduct adequate audits or to take prompt corrective action on the basis of such audits, and normally involves multiple examples of deficient construction or construction of unknown quality due to inadequate program implementation;
2. Failure to confirm the design safety requirements of a structure or system as a result of inadequate preoperational test program implementation; or
3. Failure to make a required 10CFR50.55(e) report.

Neither paragraphs 2 or 3 are applicable in our judgment. Nor would Paragraph 1 seem to apply in this case since the charged violation does not involve KG&E's "failure to conduct adequate audits", nor a failure to "take prompt corrective action", nor "multiple examples of deficient construction or construction of unknown quality."

B. KG&E Organization

The allocation of responsibilities at Wolf Creek between the Construction, Startup and Operations organizations differs from that at many other nuclear construction projects. KG&E decided early in the project to perform many post-construction activities usually assumed by the constructor to allow plant operators to become more proficient in the operation of plant equipment through earlier exposure to the equipment. As a result of this arrangement, systems are turned over from the constructor to KG&E at an earlier state than may be experienced on other projects. Functions such as the flushing and hydrostatic testing of piping systems by KG&E can occur with many exceptions on the turnover exception list. Turnover can occur with many unresolved items. Resolution of these items can occur in parallel with initial system testing.

VII. CONCLUSION

The NRC's General Policy and Procedure for Enforcement Actions, Appendix C to 10CFR2, puts great emphasis on self-detection, self-correcting, and prompt notification of the NRC. The General Policy goes so far as to indicate that no penalty may be assessed where the licensee has responded appropriately.

NRC attaches great importance to comprehensive licensee programs for detection, correction, and reporting of problems that may constitute, or lead to, violation of regulatory requirements. This is emphasized by giving credit for effective licensee audit programs when licensees find, correct, and report problems expeditiously and effectively. To encourage licensee self-identification and correction of violations and to avoid potential concealment of problems of safety significance, application of the adjustment factors set forth below may result in no civil penalty being assessed for violations which are identified, reported (if required), and effectively corrected by the licensee, provided that such violations were not disclosed as a result of overexposure or unplanned releases of radioactivity or other specific, self-disclosing incidents.

KG&E respectfully submits that its actions fall within the conduct described in this passage.

On October 14, 1982, at a meeting on the SALP Board Report, NRC alerted KG&E to the potential for problems in the system turnover area. KG&E promptly followed up on the NRC's suggestion, and conducted a surveillance of the first appropriate system subsequently turned over. The Surveillance Report which resulted became the basis for the Notice of Violation.

This is not to claim that no problems existed. Problems did exist in the turnover process and discrepancies did exist in the "turnover exception list" for the BN system. However, KG&E detected the problems itself. It undertook major corrective actions itself. It informed the NRC promptly of the problems by supplying the Resident Inspector with the Surveillance Report itself. The honest differences of interpretation of 10CFR50.55(e) should not cloud the fact that NRC was promptly notified of the findings.

Based on all of the above, Kansas Gas and Electric Company respectfully requests that the NRC mitigate the proposed civil penalty.

TABLE I

Conclusions and Recommendations

Requiring

Immediate Action

| <u>Item #</u> | <u>Conclusion</u> | <u>Recommendation</u> |
|---------------------------------|---|---|
| <u>Pipe and Welding Records</u> | | |
| 1 | The training given to the traveler preparation clerks consists of informal on-the-job training. The scope, duration and amount of training is determined by the trainer assigned to the responsibility for training the individual. It was noted, however, that the clerks interviewed had adequate knowledge for the performance of their jobs. | A training outline should be prepared for the training of piping and hanger traveler preparation clerks to assure consistency of training. |
| 2 | Traveler preparation clerks have individual preparation aids which consist of requirements extracted from various specifications, codes, procedures and memoranda. These preparation aids vary from one clerk to another and could result in non-uniform traveler preparation. | Consolidate and control preparation aids and provide each clerk with a complete set. Develop new aids as required to enhance traveler preparation and review. |
| 7 | The QDS technicians have established procedural guidelines that are worked to, but there are a number of instructions that are provided by memorandum and verbal instruction that are noted by the technician. | All instructions that provide direction on the technical functions of the review should be proceduralized or some other means of positive control used to assure all technicians have the same instructions. This control is presently in the making. |
| 9 | There are no instructions for routing of the Discrepancy List after issuance to the Piping Completion Group for resolution. The current routing of this document after issuance to the Piping Completion Group or QI Group is (1) back to QDS, (2) review and acceptance by technician identifying discrepancy, (3) review and acceptance by QE and (4) QDS file. | The routing should be specified by Procedure QCP-I-5. The type of review and basis of acceptance by QE of the Piping Completion Group's disposition, and Quality Inspection Group disposition, should be specified by the procedure. The review presently being performed by the QDS Technician should be stopped, and the procedure revised accordingly. |

TABLE 1 (Continued)

| Item # | Conclusion | Recommendation |
|--------|--|--|
| 11 | <p>There are inconsistencies between the two Quality Walkdown Groups, Hanger Group and Pipe Group, that should not exist. Inconsistencies that were identified are:</p> <p>1) The Piping Walkdown Group uses a copy of the blank master bill-of-material during walkdown, and completes heat code/serial number entries on this form. This information is then used to make any entries not made on the field copy of the BOM during installation. The walkdown group's BOM is not verified against the field BOM for entries made on the field BOM during installation. The Hanger Walkdown Group uses a copy of the field BOM during walkdown, and completes heat code/serial number entries only where this information was not entered during installation. The heat codes entered during installation are verified during walkdown.</p> <p>2) The hanger walkdown is only being made for material verification. The piping walkdown includes material verification as well as some configuration checks and surface damage.</p> <p>NOTE: The Procedure QCP-XIV-505 is not explicit enough on how to perform walkdown.</p> <p>The Hanger Walkdown Group reports to Quality Services and the Piping Walkdown Group reports to Quality Inspection.</p> | <p>A. Material verification during walkdown should not be a required walkdown function. Any BOM's with missing heat code/serial number entries should be completed by the Quality Inspection Field Review Group at the request of the Piping Document Coordinator prior to the traveler being sent to the Piping Completion Group.</p> <p>B. A thorough consideration needs to be given to what is to be checked during walkdown and to what documents the walkdown is checked against (i.e., Dwg., sCR, CVN, ECN). Input to the type of walkdown should be received from Quality, Engineering, and KG&E. Procedure QCP-XIV-505 needs to then specify clearly what the walkdown is to consist of and how it is to be done.</p> |
| 12 | <p>The Procurement Review Group presently has no way of determining when all of the BOMs have been received from the walkdown groups and therefore cannot determine when a complete review has been done.</p> | <p>C. To gain and maintain consistency, the hanger and piping walkdown functions need to be combined into one function under Quality Inspection. The Quality Inspection Field Review Group's work scope should be limited to supporting the Piping Document Coordinator as document related problems are identified. This group should be combined with the walkdown group to produce one Quality Inspection Group committed to turnover rather than having three separate groups as presently organized.</p> |
| | | <p>With the implementation of Recommendation No. 2 the Piping Documents Coordinator will be providing BOM's to the QDS Procurement Group. This will allow the Procurement Review Group to proceed with their review. Prior to this review being considered complete, the Quality Turnover Group should provide Procurement Review with a list of BOMs within the turnover scope. This will allow Procurement Review to make a determination of when they are complete.</p> |

TABLE 1 (Continued)

| <u>Item #</u> | <u>Conclusion</u> | <u>Recommendation</u> |
|--|--|---|
| 13 | The timing for the walkdown is not tied directly to any activity or completion status that would key these walkdown groups on when to do the walkdown. Construction performed after walkdown is not covered on walkdown. | Pre-turnover piping hanger walkdown should be scheduled to take place at an optimum time, taking into consideration a number of factors including: percent of completion of subscope and Category I exception items, size of system, and turnover schedule. Preferably, the walkdown would take place as near as possible to completion of subscope and Category I exception items. The status of construction at time of walkdown should be retrievable so that the N-5 walkdown would not have to duplicate the pre-turnover walkdown. The timing for walkdown should be scheduled with input from the Turnover Coordinator (see Recommendation No. 1). |
| <u>Mechanical Equipment Installation</u> | | |
| 1 | At present no training program exists for the Quality Services group technician who reviews the mechanical installation traveler packages. | Establish a training program for the personnel involved with the review of mechanical installation documentation. Formal training program is being developed. |
| 2 | No checklist exists for the Quality Services group technician to review the mechanical installation travelers. | Provide a detailed checklist. Checklist is being developed. |
| <u>Equipment Maintenance</u> | | |
| 1 | Revisions to RMI's are keyed to vendor manual revisions although this is not proceduralized. | To preclude possible oversight and to take credit for an existing process, WP-I-01 should be revised to require review of vendor manual and specification revisions when issued for possible RMI update. |

11

TABLE 1 (Continued)

| <u>Item #</u> | <u>Conclusion</u> | <u>Recommendation</u> |
|---------------------------|--|--|
| 3 | The "pending file" system for tracking reject maintenance activities appears to have potential for slippage of problem correction or inappropriate resolution. Notification methods are informal. There are no guidelines for issuing NCR's or definition for satisfactorily completing or closing pending activities. | WP-I-01 needs to be revised to formalize the notification method, reference the NCR procedure and provide guidelines for NCR issuance, and clarify the satisfactory completion or closing of pending activities. |
| 6 | Past documentation discrepancy resolution associated with turnover review through CAR IG0011, has minimal A/E and vendor involvement and no Quality Engineering involvement. There is concern that resolutions of discrepancies as cosmetic may actually have hardware impact. | The discrepancy resolution process should be revised to increase A/E, vendor, and Quality Engineering involvement. This needs to be factored into the staffing level evaluation. |
| 10 | Maintenance record transmittals included as part of the turnover package records sometimes do not list equipment numbers. | When equipment numbers are not identified on maintenance record transmittals, an equipment list needs to be attached. The turnover procedure should be revised accordingly. |
| <u>Electrical Records</u> | | |
| 6 | The QDS personnel interviewed, expressed concern because of the discontinuation of the intensive training program. During the task force it was learned that this training would be started again soon. | The training program associated with QDS personnel should be monitored to insure that an adequate program is in place. |
| 8 | Items are being turned over to KG&E by component release without a complete documentation review, contrary to procedure AP-XIV-02, paragraph 3.2.3. There appears to be a conflict between paragraphs 3.2.3 and 3.4.1 regarding the extent of the documentation review associated with component releases. | The Project Quality Engineer should review procedure AP-XIV-02 and revise the "General" section to reflect the procedure's requirements. |

TABLE 1 (Continued)

| <u>Item #</u> | <u>Conclusion</u> | <u>Recommendation</u> |
|--------------------------------|--|---|
| <u>Procurement Records</u> | | |
| 5 | There is not a central or complete list available that identifies all MRR packages pertaining to a given turnover system. | There needs to be a list developed and maintained by the QDS group that identifies all MRR's pertaining to a given system. This list could be kept in a separate file or in the turnover package itself. |
| 6 | The decision that the DIC QDS review of MRR packages where the Bechtel G321D form is used be only for the verifying that the documentation identified on the G321D as sent is still questionable based on continuing discussions with QA. | A final decision should be made by KG&E management concerning the type of review performed on MRR documentation packages where the Bechtel G321D form is used. |
| <u>KG&E Records Review</u> | | |
| 4 | There is an inconsistency between planned practices and procedural requirements in the area of quality document package acceptance by the KG&E Construction Completion Engineer. The procedure as presently written does not differentiate between a hardware deficiency and a paperwork deficiency. Presently, only one hardware or paperwork deficiency should trigger another 10% sample. | Change of KG&E Procedure KI-II-502.1 to reflect planned practice. Quantify the number (percentage wise) of hardware and paperwork deficiencies that can be identified by the KG&E Construction Completion Engineer before an additional 10% sample is required. |
| 10 | The KG&E Operations Maintenance review and approval of maintenance records for turnover is an informal review. No procedural requirements exist to define how discrepancies and or acceptance is documented and how discrepancies are tracked to closure. | The present practices should be proceduralized to assure consistency of application and assure prompt closure of deficiencies. |
| 12 | Startup is not determining that appropriate documentation is available at turnover but is relying on reviews being performed by KG&E Construction Completion. This appears to conflict with FSAR commitments. | KG&E evaluate present practices against FSAR commitments and resolve any deviation. |

ATTACHMENT B To

KMLNRC 83-045

RESPONSE TO NOTICE OF VIOLATION



April 21, 1983

RESPONSE TO NOTICE OF VIOLATION
PURSUANT TO 10CFR2.201(b)

The Notice of Violation and Proposed Imposition of Civil Penalty, dated March 23, 1983, requires that Kansas Gas and Electric Company pursuant to 10CFR2.201(b) submit a written statement or explanation including for each of the two charged violations the following five items.

1. Admission or denial of the alleged violation;
2. The reasons for the violation if admitted;
3. The corrective steps which have been taken and the results achieved;
4. The corrective steps which will be taken to avoid further violations; and
5. The date when full compliance will be achieved.

In addition, the March 23, 1983, letter from Mr. John T. Collins, Regional Administrator of Region IV which transmitted the Notice of Violation requested that KG&E's response

should address actions planned or taken which would ensure that work completed prior to the identification of this breakdown was properly accomplished. This should include a complete review of safety-related systems which have been turned over from construction to startup. These actions should include verification of as-built plant configuration and review of related quality documentation. Your response should also address measures taken or planned to ensure that your quality assurance procedures are adequate and that as-built verification requirements are clearly stated.

Our response first addresses each of the two charged violations and then responds to the matters raised in Mr. Collins' letter.

I. VIOLATION ASSESSED CIVIL PENALTY

The first violation charged by the NRC states:

10CFR50 Appendix B, Criterion II, required that, "The quality assurance program shall provide control over activities affecting the quality of the identified structures, systems, and components to an extent consistent with their importance to safety. Activities affecting quality shall be accomplished under suitably controlled conditions."

Contrary to the above, the Kansas Gas and Electric Company failed to adequately control activities affecting the quality of safety-related work. Specifically, the Borated Refueling Water Storage System and the Auxiliary Feedwater System were turned over from the construction contractor to the KG&E Startup organization on October 28, 1982, and November 23, 1982, respectively, following final quality assurance checks with quality documentation and hardware discrepancies which were not listed on the turnover exception list.

A. Admission or Denial

The Borated Refueling Water Storage System and the Auxiliary Feedwater System were turned over by the constructor to KG&E with documentation and hardware discrepancies which were not listed on the turnover exception list.

B. Reasons for Violation

The constructor's quality review process was not effectively identifying all exceptions for the turnover exception list. System walkdowns were not effective in verifying the accuracy of the turnover exception list.

C. Corrective Steps Taken

KG&E's corrective actions are set forth in its March 2, 1983, letter to Mr. John T. Collins, Regional Administrator. Those corrective actions which have been completed are:

1. Self-Imposed Stop Work on Turnover of Safety-Related Systems

*Complete the implementation of the Daniel procedural, training, and organizational changes and the key recommendations of the Task Force on quality documentation - Complete.

*Establish a schedule for the reverification of safety-related systems already turned over - Complete.

*Issue a letter to all Wolf Creek personnel and conduct follow-up quality emphasis meetings by senior management personnel - Complete.

*Establish a schedule for completion of the Daniel and KG&E Management assessment audits - Complete.

*Implement the revised 10CFR50.55(e) policy - Complete.

2. Improved Constructor Activities

*Proceduralization of several processes and modification of procedures to eliminate inconsistencies - Complete.

*Additional training for personnel involved with system turnover inspection and documentation - Complete.

*Reemphasis through meetings and training sessions of the importance of craft, engineering, and inspection personnel to produce a quality product - Complete.

*Implementation of organizational and personnel changes that should improve quality - Complete.

3. Task Force on Quality Documents

*On January 13, 1983, KG&E appointed a Quality Document Review Task Force to investigate the constructor's quality documentation preparation and review process. The objective of the Task Force was to make recommendations to ensure that the constructor had mechanisms to properly document all unresolved quality discrepancies at the time of system turnover. The Task Force report was formally issued on February 24, 1983. Twenty of the recommendations were of sufficient importance that their implementation was initiated without awaiting issuance of the Task Force report. These items are described in Table 1 of Attachment A - Complete.

4. An Increased Quality Emphasis

*Meetings for, and a letter to, all Wolf Creek personnel will emphasize the importance of achieving quality objectives and the dedication of both KG&E and Daniel to quality work - Complete.

*An individual from SNUPPS Staff has been assigned to assist the Vice President - Nuclear in ensuring that the entire action plan is implemented - Complete.

*The KG&E policy for reporting 10CFR50.55(e) deficiencies will be revised to clarify responsibilities - Complete.

D. Corrective Steps to be Taken

The KG&E corrective actions not yet complete on the balance of those actions described in the March 2, 1983, letter to Mr. John T. Collins, Regional Administrator. Specifically, these actions are:

1. Self-Imposed Stop Work on Turnover of Safety-Related Systems

*Complete the revised turnover and verification process on a trial basis for a safety-related system.

*Complete the BNO1 Surveillance Report evaluation and implement corrective action.

2. Expanded Pre-turnover Verification

To assure that KG&E obtains an accurate status of systems to be turned over, an expanded pre-turnover verification effort will be implemented as follows:

*Teams of KG&E Construction and Startup personnel will conduct a complete walkdown of all future safety-related systems. These complete walkdowns will continue until we have enough confidence that reduced verifications will be satisfactory. Documentation review will be expanded to include additional detailed review in those areas where documentation deficiencies have been experienced.

*As a tool to monitor the effectiveness of the Daniel and KG&E turnover verifications and reviews, KG&E Quality Assurance will perform a surveillance of each safety-related system after the formal system turnover.

3. Reverification of Systems Already Turned Over

*Several safety-related systems have been turned over from Construction to KG&E Startup. For these systems or portions of systems which are safety-related, KG&E Construction and Startup personnel will perform complete system walkdowns and documentation reviews. In addition, KG&E Quality Assurance will perform a surveillance of each system after the joint Construction-Startup walkdown is complete.

4. An Increased Quality Emphasis

*An evaluation of the BNO1 Surveillance Report which first pointed out the turnover process deficiencies is in process. Cause and corrective actions to prevent recurrence will be addressed in the evaluation.

*A management assessment audit by an outside firm will be performed of both the Daniel Quality and the KG&E Quality Assurance organizations. This audit is intended to give KG&E additional confidence in the Wolf Creek quality programs and to seek areas of possible enhancements.

5. Date for Full Compliance

The majority of the corrective actions have already been completed. However, several months will be required to complete all the actions

identified. Full compliance will be achieved by October 1, 1983.

II. VIOLATION NOT ASSESSED A CIVIL PENALTY

The second violation charged by the NRC states:

10CFR50.55(e) requires that the holder of a construction permit shall notify the Commission of each deficiency found in design and construction which, if uncorrected, could adversely affect the safety of plant operations. The regulation further requires that the holder of the construction permit shall notify the appropriate NRC Regional Office within 24 hours after the deficiency was found.

Contrary to this requirement, Kansas Gas and Electric failed to provide notification within 24 hours of the deficiencies noted in the system turnover practices that were discovered during a Quality Assurance Audit completed on January 13, 1983. Preliminary notification to the Regional Office was not provided until January 21, 1983.

A. Admission or Denial

KG&E did not report the Quality Assurance Surveillance Report findings pursuant to 10CFR50.55(e) within the time period set by that regulation.

B. Reason for Violation

In accordance with KG&E's procedures, the Surveillance Report for the Borated Refueling Water Storage System was reviewed to determine whether any of the deficiencies noted in the report met the reporting criteria of 10CFR50.55(e). That review, completed on January 14, 1983, concluded that none of the deficiencies in the report met the tests set forth in 50.55(e). As a result of subsequent discussions between KG&E, the NRC Resident Inspector and Region IV, KG&E on January 21, 1983, reported the Surveillance Report findings as a potential 50.55(e) item.

C. Corrective Steps Taken

KG&E has issued a new policy for the reporting of 10CFR50.55(e) deficiencies which clarifies responsibilities. A significant aspect of the new policy is the addition of an independent review by KG&E's Safety Engineering Section of potentially significant deficiencies which have been evaluated as "not reportable". This has resulted in a more conservative approach in determining the reportability of identified deficiencies.

KG&E had a meeting with NRC Region IV representatives on April 4, 1983, to discuss interpretation of reporting requirements under 10CFR50.55(e). The meeting included discussions of several questions concerning general interpretation of the regulation as well as specific examples to provide a better understanding of the NRC's interpretation of the regulations. Region IV also provided copies of the guidance they use in evaluating reportability in order to give KG&E additional information concerning the NRC's interpretation of the regulations.

D. Corrective Steps to be Taken

Not applicable.

E. Date for Full Compliance

Full compliance was achieved on April 4, 1983.

III. PROPER ACCOMPLISHMENT OF PRIOR WORK

The March 23, 1983 letter from John T. Collins, Regional Administrator, Region IV, requested that KG&E's response to the Notice of Violation address actions which are planned or taken to ensure that work completed prior to the Surveillance Report was properly accomplished. Prior to the issuance of the Surveillance Report, several safety-related systems had been turned over by the Construction Organization to the KG&E startup organization. As discussed in Section II.D.3 above, KG&E construction and startup personnel will perform complete system walkdowns and documentation reviews for each system or portion of a system which is safety-related and had already undergone formal turnover. In addition, KG&E Quality Assurance will perform a surveillance of each system after the joint construction-startup walkdown is complete.

IV. QUALITY ASSURANCE PROCEDURES

The March 23, 1983, letter also requested that KG&E address the measures taken or planned to ensure that quality assurance procedures are adequate and that as-built verification requirements are clearly stated. The entire program described in this Attachment was developed with the intent to establish or reverify that measures were in place or would be developed to ensure that quality assurance procedures are adequate and that as-built verification requirements are clearly stated.

To J. Gagliardo
From B. Klingler

Document Name:
CP PKC WOLF CREEK

Requestor's ID:
BETTY

Author's Name:
J. Axelrad, ES

Document Comments:
Rec'd RIV 6/3/83

Need response
by 5 PM today.

Eric

This is the response
that HQ is putting
out. I don't think
it is significantly
different from the
one you submitted.
I concurred as it



APPENDIX

EVALUATION AND CONCLUSION

For the violation and associated civil penalty identified in the Notice of Violation and Proposed Imposition of Civil Penalty for Kansas Gas and Electric Company (KG&E), dated March 23, 1983, the original violation is restated, the licensee's response, dated April 21, 1983, is summarized and the NRC's evaluation and conclusions regarding this response are presented.

Statement of Violation Assessed a Civil Penalty

10 CFR 50, Appendix B, Criterion II, requires that, "The quality assurance program shall provide control over activities affecting the quality of the identified structures, systems, and components to an extent consistent with their importance to safety. Activities affecting quality shall be accomplished under suitably controlled conditions."

Contrary to the above, the KG&E failed to adequately control activities affecting the quality of safety-related work. Specifically, the Borated Refueling Water Storage System and the Auxiliary Feedwater System were turned over from the construction contractor to the KG&E startup organization on October 28, 1982, and November 23, 1982, respectively, following final quality assurance checks with quality documentation and hardware discrepancies which were not listed on the turnover exception list.

This is a Severity Level III Violation (Supplement II) Civil Penalty - \$40,000

Summary of Licensee's Response

The licensee's response admitted the violation and acknowledged the existence of problems in the process of safety-related system turnover from the construction contractor to the KG&E startup organization and the existence of discrepancies in the system turnover exception list. KG&E emphasized that the problems were identified by the KG&E Quality Assurance (QA) organization; that a copy of the QA surveillance report was promptly given to the NRC resident inspector; and that KG&E has taken prompt and vigorous actions to correct the problems. Specific points made in the licensee's response are summarized below with an NRC evaluation for each point.

A. Prompt Notification and Reporting

Summary of Licensee's Response

The licensee's response noted that the primary basis for the Severity Level III violation was a surveillance report entitled "BN01 System

Walkdown," issued on January 13, 1983, by the KG&E QA organization, and that a copy of this report was given to the NRC resident inspector on the day of issuance. The licensee's evaluation of this report, completed on January 14, 1983, and subsequent evaluations concluded that the deficiencies identified in the report did not meet the reporting requirements of 10 CFR 50.55(e).

NRC Evaluation

The licensee is not entitled to mitigation for self-identification and reporting because the licensee only initiated the surveillance audits which gave rise to the report after being advised by the NRC during the October 14, 1982 Systematic Assessment of Licensee Performance meeting and prior discussions with NRC inspectors, that other utilities had been having problems with system turnovers and that KG&E should be especially careful in these same areas. Furthermore, twenty-five systems had already been turned over from construction to start-up before KG&E initiated these audits.

KG&E was also cited for failure to submit a prompt 50.55(e) report. This violation was not assessed a civil penalty although it could have been. Thus, the possible penalty was actually mitigated in this way. The licensee deserves no additional credit for promptly reporting the violation.

B. Corrective Action to Prevent Recurrence

Summary of Licensee's Response

The licensee's response discussed various actions taken or planned to prevent recurrence of the violation. These included the establishment, on January 13, 1983, of a Quality Document Review Task Force; the actions discussed at the enforcement conference on February 18, 1983; the stop work order for the turnover of safety-related systems effective on February 21, 1983; and the corrective action program described in the licensee's letter to NRC, Region IV, dated March 2, 1983.

NRC Evaluation

While the corrective action plan established by the licensee appears to be appropriate, the NRC staff does not consider the licensee's actions in this regard to be unusually prompt and extensive as would be required for a reduction of the civil penalty proposed for the violation. For example, the licensee's imposition of a stop work order for the turnover of safety-related systems on February 21, 1983, in response to problems identified on January 13, 1983, was not considered to be an unusually prompt corrective action.

C. Enforcement HistorySummary of Licensee's Response

The licensee's response discussed the favorable enforcement history at Wolf Creek and the favorable Systematic Assessment of Licensee Performance (SALP) ratings in the areas of Management Control and Quality Assurance Program.

NRC Evaluation

The NRC Enforcement Policy of 10 CFR 2, Appendix C, does not specifically provide for a reduction of proposed civil penalties based upon favorable enforcement history or SALP ratings.

D. Prior NoticeSummary of Licensee's Response

The licensee's response points out that at the October 14, 1982, SALP meeting, the NRC staff noted that other projects had problems in the area of system turnover. In response, KG&E looked for problems in this area and found the problems which formed the basis for the Severity Level III violation.

NRC Evaluation

The NRC Enforcement Policy provides for consideration of increasing a civil penalty based on prior notice of similar events, but not for reducing a civil penalty on such a basis. Furthermore, KG&E's actions in response to the notice were not particularly prompt.

E. Severity LevelSummary of Licensee's Response

The licensee's response questioned the assignment of Severity Level III to this violation since the violation did not involve:

- . failure to conduct adequate audits, or
- . failure to take prompt corrective action, or
- . multiple examples of deficient construction or construction of unknown quality.

NRC Evaluation

The staff recognizes that deficiencies in the BNO1 system were discovered through a KG&E QA surveillance audit. The staff believes that an adequate turnover review with timely audits, as described in the Wolf Creek FSAR, would have identified deficiencies in the BNO1 system during the turnover process. Thus, KG&E's audit program was not adequate. Furthermore, the audit of the BNO1 system occurred after 25 systems had been turned over and was not a routine part of the QA program. Therefore, KG&E had no actual knowledge of the quality of the 25 systems which were turned over before it initiated the audit program. Therefore, this violation was appropriately classified as a Severity Level III violation.

Statement of Violation Not Assessed a Civil Penalty

10 CFR 50.55(e) requires that the holder of a construction permit shall notify the Commission of each deficiency found in design and construction, which, if uncorrected, could adversely affect the safety of plant operations. The regulation further requires that the holder of the construction permit shall notify the appropriate NRC regional office within 24 hours after the deficiency was found.

Contrary to this requirement, KG&E failed to provide notification within 24 hours of the deficiencies noted in the system turnover practices that were discovered during a Quality Assurance Audit completed on January 13, 1983. Preliminary notification to the regional office was not provided until January 21, 1983.

This is a Severity Level IV Violation (Supplement II).

At the conclusion of the QA surveillance audit, KG&E was aware of numerous deficiencies involved with the BNO1 system. KG&E was also aware that the deficiencies were the result of a significant QA breakdown, however, information was not available as to the negative safety effect on the system. The available information was sufficient to warrant the reporting to the NRC of a reportable event under the requirements of 50:55(e). Giving a copy of a report to the NRC resident inspector does not fulfill the licensee's responsibilities for reporting in accordance with 10 CFR 50.55(e).

Conclusion

The licensee's letter of April 21, 1983, contains no information regarding the violations that was not previously known by the NRC during the enforcement conference or prior to the issuance of the proposed civil penalty, and presented no arguments for mitigation of the civil penalty which had not been considered in the preparation of the Notice of Violation and Proposed Imposition of Civil Penalty dated March 23, 1983. Accordingly, the NRC staff concludes that mitigation of the civil penalty is not warranted.