

Official

APR 02 1992

Docket Nos. 50-327 and 50-328
License Nos. DPR-77 and DPR-79
EA 92-021

Tennessee Valley Authority
ATTN: Dr. Mark O. Medford
Vice President, Nuclear
Assurance, Licensing and Fuels
3B Lookout Place
1101 Market Street
Chattanooga, Tennessee 37402-2801

Gentlemen:

SUBJECT: NOTICE OF VIOLATION AND PROPOSED IMPOSITION OF CIVIL
PENALTY - \$75,000
(NRC OFFICE OF INVESTIGATIONS REPORT NO. 2-90-019)

This refers to the Nuclear Regulatory Commission (NRC) investigation conducted by Mr. E. L. Williamson, Office of Investigations (OI) Field Office, Atlanta, Georgia, which was completed on December 24, 1991. The investigation was initiated on the basis of an allegation that 1) Tennessee Valley Authority (TVA) managers were aware that worst-case conduits (WCCs) were not selected and tested in the summer of 1987 at the Sequoyah Nuclear Plant (SQN), but nonetheless directed that the calculation addressing the WCCs be signed out reflecting that the tested conduits were worst case, and 2) the calculation addressing the WCCs for pullbys, SQN-CSS-009, was never signed or issued and that TVA management knew this.

A copy of the investigation synopsis was sent to you by letter dated April 10, 1992. That letter also provided additional information; specifically that, even though the investigative conclusion was that the allegations were not substantiated, the NRC had additional concerns regarding the testing of WCCs and the apparent failure of TVA programs which allowed SQN-CSS-009 to be relied upon as justification for restart and operation of SQN in 1987. Furthermore, the April 10th letter stated that the NRC was particularly concerned that TVA relied on what was evidently known by certain TVA employees to be an unissued and unapproved calculation as justification for TVA's reevaluation of the SQN cable issue in 1990. The letter concluded with a request that specific issues identified in an enclosure be addressed. Those issues were addressed in your letter of May 20, 1992.

9208060336 920702
PDR ADDOCK 05000327
G PDR

111
IE01

JUL 02 1992

As a result of the OI investigation, violations of NRC requirements were identified. An enforcement conference was held on May 27, 1992, in the NRC Region II office to discuss the violations, their cause, and your corrective actions to preclude recurrence. A summary of this conference was sent to you by letter dated May 28, 1992.

Violation A in the enclosed Notice of Violation and Proposed Imposition of Civil Penalty (Notice) involved the failure to initiate prompt corrective actions. Specifically, as early as July of 1989, several managers at TVA learned that calculation SQN-CSS-009 had not been signed and issued, had portions of data in the appendices which were missing the signature of the preparer and checker, and that the number of conduits which met specified criteria identified in the calculation and its attachments could not be reproduced from the data in the appendices. This discovery came as a result of an NRC request for SQN to perform a reevaluation of the cable installation practices at SQN to ensure that they had tested the WCCs in light of the fact that the Watts Bar Nuclear Plant had experienced electrical cable damage. When managers first learned that this calculation had not been issued, they dismissed the need to take prompt corrective action because they considered it to be an administrative problem and lacked specific knowledge that the calculation contained substantive errors. In addition, your May 20, 1992 letter also cited competing priorities and perceived resource constraints as contributing factors to the failure to take corrective action.

The NRC is concerned in this case because, while managers did not know that the calculation was flawed, they did not exercise any initiative to ensure that the calculation was technically correct. In fact, these managers were aware of at least one counting error in the calculation and still failed to initiate corrective action. Subsequent review determined that the calculation was in error, resulting in the need to test additional cables. Furthermore, while competing priorities and resource constraints may have to be considered when scheduling corrective action, they should not be a basis for failing to eventually initiate corrective action. This is especially true when subsequent reviews were dependent on complete and accurate information.

Violation B in the enclosed Notice involved the failure to provide complete and accurate information regarding a material matter in your submittal to the NRC dated March 28, 1990. That submittal was made in response to a request by the NRC to address concerns at SQN relative to significant electrical cable pullby damage discovered at the Watts Bar Nuclear Plant in 1989. The

submittal contained TVA's reevaluation of the condition of safety-related electrical cables at the SQN in comparison to those at the Watts Bar Nuclear Plant. TVA became aware during 1989 that the SQN Cable Test Program was incomplete as it relied upon an unsigned and unissued calculation (SQN-CSS-009). The calculation was to be used to perform the selection of WCCs for testing. The March 28, 1990 submittal inaccurately stated that the results of the 1987 program were still accurate, and failed to indicate that the 1987 program had not been completed. The inaccurate and incomplete submittal was material in that, had the NRC been provided with complete and accurate information concerning the Cable Test Program, there would have been substantial further inquiry by the NRC, such as a formal request for additional information. Further, this failure was material because further testing was necessary when the inaccuracies were identified.

Based on evidence developed during the OI investigation, the NRC concluded that TVA provided information in its March 28th submittal that was inaccurate and incomplete in a material respect. Although it was not substantiated that TVA knew at the time the March 28th letter was submitted that SQN-CSS-009 was technically flawed, there were several TVA managers who were aware that the SQN-CSS-009 was never signed and issued.

The NRC was not informed that the conclusions made in the March 28th submittal were based on an unreviewed and unissued calculation; nor was that information ever communicated or discussed with the NRC during preparation of the submittal, in the actual submittal, or subsequent discussions with the staff prior to the NRC's initial investigation of the allegation. The failure to provide accurate information was material in this case because the information was to be used in the NRC's evaluation of the integrity, quality and safety of electrical cable systems at the SQN. When it was discovered that accurate information had not been provided, the NRC required a Justification for Continued Operation, the formulation and submittal of a plan for completion of the Cable Test Program, and completion of that plan for the unit in the refueling outage prior to its startup.

The NRC expects both a licensee and its employees to be sensitive to the importance of problem identification and resolution, to be completely open and forthright in all of their dealings with the NRC. Therefore, in accordance with the "General Statement of Policy and Procedure for NRC Enforcement Actions," (Enforcement Policy) 10 CFR Part 2, Appendix C (1990), Violations A and B have been categorized as a Severity Level III problem.

JUL 02 1982

To emphasize the importance of ensuring that problems are promptly identified and corrected and that all information communicated to the NRC is both complete and accurate in all material respects, I have been authorized, after consultation with the Director, Office of Enforcement, and the Deputy Executive Director for Nuclear Reactor Regulation, Regional Operations and Research, to issue the enclosed Notice of Violation and Proposed Imposition of Civil Penalty in the amount of \$75,000 for the Severity Level III problem. The base value of a civil penalty for a Severity Level III problem is \$50,000.

The escalation and mitigation factors in the Enforcement Policy were considered. Escalation of 50 percent was warranted for identification because it was the NRC's development of information received in an allegation that resulted in identification of the violations. While we recognize that you have initiated long term corrective actions to change personnel attitudes about problem identification and ensure the accuracy of all information provided to the NRC, your immediate corrective actions were not prompt and as previously stated, the NRC was involved in the initiation of corrective actions. Therefore, neither escalation nor mitigation was warranted for corrective action. Neither escalation nor mitigation was warranted for past performance based on average SALP ratings. Therefore, based on the above, the base civil penalty has been increased by 50 percent.

You are required to respond to this letter and should follow the instructions specified in the enclosed Notice when preparing your response. In your response, you should document the specific actions taken and any additional actions you plan to prevent recurrence. After reviewing your response to this Notice, including your proposed corrective actions and the results of future inspections, the NRC will determine whether further NRC enforcement action is necessary to ensure compliance with NRC regulatory requirements.

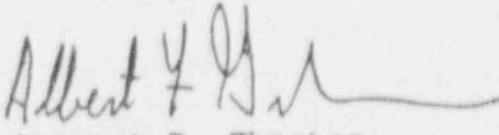
In accordance with 10 CFR 2.790 of the NRC's "Rules of Practice," a copy of this letter and its enclosure will be placed in the NRC Public Document Room.

The responses directed by this letter and the enclosed Notice are not subject to the clearance procedures of the Office of Management and Budget as required by the Paperwork Reduction Act of 1980, Pub. L. No. 96-511.

JUL 02 1992

Should you have any questions concerning this letter, please contact us.

Sincerely,

for 
Stewart D. Ebnetter
Regional Administrator

Enclosure:
Notice of Violation and
Proposed Imposition of
Civil Penalty

cc w/encl:
J. B. Waters, Director
Tennessee Valley Authority
ET 12A
400 West Summit Hill Drive
Knoxville, Tennessee 37902

J. R. Bynum, Vice President
Nuclear Operations
3B Lookout Place
1101 Market Street
Chattanooga, Tennessee 37402-2801

M. J. Burzynski, Manager
Nuclear Licensing and
Regulatory Affairs
Tennessee Valley Authority
5B Lookout Place
Chattanooga, Tennessee 37402-2801

Jack Wilson, Vice President
Sequoyah Nuclear Plant
Tennessee Valley Authority
P. O. Box 2000
Soddy-Daisy, Tennessee 37379

TVA Representative
Tennessee Valley Authority
11921 Rockville Pike
Suite 402
Rockville, Maryland 20852

cc w/encl con't: see next page

JUL 02 1992

cc w/encl con't:
Ms. Marci Cooper
Site Licensing Manager
Sequoyah Nuclear Plant
Tennessee Valley Authority
P. O. Box 2000
Soddy-Daisy, Tennessee 37379

Mr. Michael H. Mobley, Director
Division of Radiological Health
T.E.R.R.A. Building, 6th Floor
150 9th Avenue North
Nashville, Tennessee 37219-5404

General Counsel
Tennessee Valley Authority
ET 11H
400 West Summit Hill Drive
Knoxville, Tennessee 37902

County Judge
Hamilton County Courthouse
Chattanooga, Tennessee 37402

NRC Resident Inspector
U.S. Nuclear Regulatory Commission
2600 Igou Ferry
Soddy-Daisy, TN 37379

State of Tennessee

Tennessee Valley Authority

DISTRIBUTION:

PDR
 SECY
 CA
 JSniezek, DEDR
 SEbnetter, RII
 JLieberman, OE
 JGoldberg, OGC
 LChandler, OGC
 TMurley, NRR
 JPartlow, NRR
 Enforcement Coordinators
 RI, RII, RIII, RIV, RV
 FIngram, GPA/PA
 BHayes, OI
 DWilliams, OIG
 EJordan, AEOD
 RPedersen, OE
 Day File
 EA File
 DCS

See previous page

OE	RA:RII	D:OE	DEDR
RPedersen	SEbnetter	JLieberman	JSniezek
06/ /92	06/ /92	06/ /92	06/ /92

RII
 JJohanson
 7/9 /92

RII
 GRJenkins
 7/2 /92

RII
out of Ofc
 LAREyes
 7/ /92

RII
 CFEVans
 7/3 /92

Tennessee Valley Authority

DISTRIBUTION:

PDR
 SECY
 CA
 JSniezek, DEDR
 SEbnetter, RII
 JLieberman, OE
 JGoldberg, OGC
 LChandler, OGC
 TMurley, NRR
 JPartlow, NRR
 Enforcement Coordinators
 RI, RII, RIII, RIV, RV
 FIngram, GPA/PA
 BHayes, OI
 DWilliams, OIG
 EJordan, AEOD
 RPedersen, OE
 Day File
 EA File
 DCS

Concurrence - EA 92-021

*B. Wayne for S. Ednetter
 via E-mail message*

OE <i>RMP</i>	RA:RII	D:OE <i>JG</i>	DEDR <i>JG</i>
RPedersen	SEbnetter	JLieberman	JSniezek
06/24/92	06/24/92	06/24/92	06/24/92