



DE&S
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February 27, 1998

Mr. Samuel J. Collins
Director, Office of Nuclear Reactor Regulation
U.S. Nuclear Regulatory Commission
Washington, D. C. 20555

50-29

Subject: DEMAND FOR INFORMATION TO YANKEE ATOMIC ELECTRIC
COMPANY (YAEC) AND TO DUKE ENGINEERING & SERVICES, INC.
(DE&S) - RE: PROVIDING INADEQUATE ENGINEERING ANALYSES AND
MATERIALLY INCOMPLETE AND INACCURATE INFORMATION TO AN
NRC LICENSEE

Reference: NRC Letter dated December 19, 1997 from Samuel J. Collins to Messrs. Donald K.
Davis (YAEC) and John F. Norris, Jr. (DE&S)

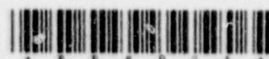
Dear Mr. Collins:

As requested by the referenced letter, issued pursuant to 10CFR2.204, the enclosed report
provides the Duke Engineering & Services, Inc. (DE&S) response to the subject Demand for
Information (Demand).

The Demand specifically requests DE&S and/or Yankee Atomic Electric Company (YAEC) to
provide information as to: (1) why the NRC should permit NRC licensees to use the services of
DE&S and/or YAEC to perform LOCA or safety-related analyses, and (2) why the NRC should
not consider the inadequate analyses described in the Demand to be the result of willfulness on
the part of DE&S and/or YAEC personnel. Additionally, the Demand identifies four general
NRC concerns and four specific NRC technical issues. The enclosure provides the DE&S
response to each of these NRC concerns and technical issues.

DE&S, a wholly-owned affiliate of Duke Energy Corporation, prides itself on quality work and
compliance with NRC requirements. DE&S, a current provider of technical services to the
nuclear industry, is committed to bring its nuclear professionalism and experience to the acquired
YAEC organizations. In this regard, DE&S conducted a number of independent assessments of
the acquired YAEC organizations and the products and services they provide. The results of
these assessments were then reviewed by DE&S senior management. Throughout this process,
DE&S did not identify any areas where the current performance of, or the products and services
provided by, the acquired YAEC organizations is unacceptable. Meaningful improvements had
been made, since the events described in the Demand, in the quality of YAEC procedures and the
emphasis these procedures place on NRC requirements and NRC reporting. The technical
quality of work products currently being produced, as well as the professionalism and technical

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competence of the workforce, are consistently high. Another common finding of the DE&S assessments was the high degree of integrity and openness of the employees. DE&S has found no evidence that would question the sincerity and dedication of this workforce, or would otherwise prevent DE&S activities to be performed in full compliance with NRC requirements.

Additionally, DE&S has strengthened the acquired YAEC Bolton office leadership with a proven nuclear industry executive, William H. Rasin. Effective March 1, 1998, Mr. Rasin will become the DE&S Vice-President of Nuclear, Fuel, and Quality Assurance Services. DE&S also has underway a systematic transition of the acquired YAEC organizations into the DE&S project planning and work execution programs and procedures. The DE&S project planning process emphasizes clear definition and documentation of project-specific requirements, both technical and organizational, and training of project personnel on these requirements.

It should be noted that the DE&S programs and procedures described within the enclosure are revised on a routine basis to ensure that management expectations for continuous improvement are met. These revisions also maintain effective DE&S programs and procedures that are in line with current industry practices and compliant with NRC requirements. Full transition and integration of the acquired YAEC organizations into DE&S will place the acquired YAEC work practices, products and services under this continuous improvement process.

The enclosed report consists of five sections. Section 1.0 provides an introduction to the report, including an overall discussion of the DE&S response methodology and background information on events described in the Demand. Section 2.0 describes the DE&S assessment of the acquired YAEC organizations and the products and services provided by these organizations. Section 3.0 addresses the four general concerns identified in Section IV of the Demand. Section 4.0 addresses the four specific technical issues described in Section III of the Demand. Section 5.0 provides the DE&S response to the two information requests stated in Section V of the Demand.

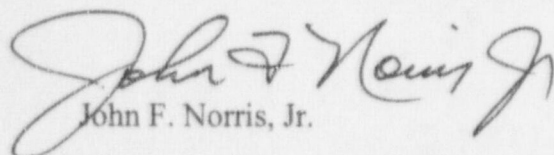
Also provided, as Appendices to the enclosed report, are copies of various assessment reports and other detailed information that support and supplement the main report. Appendix A contains background information pertaining to DE&S, the DE&S Design Control and Quality Assurance Programs, and an overview of the DE&S acquisition of certain YAEC organizations. Appendix B provides a summary of the actions taken by YAEC in response to the safety allegations involving inadequate safety analyses performed for Maine Yankee Atomic Power Company (MYAPCo). Appendices C through G contain the reports of the assessment teams chartered by DE&S to independently evaluate the acquired YAEC organizations and the issues and concerns raised by the Demand. Summary reports of independent assessments of DE&S/YAEC safety analyses performed for Vermont Yankee and Seabrook are provided in Appendices H and I, respectively.

In summary, DE&S independent assessments of the acquired YAEC organizations and DE&S management evaluation of these assessment results did not identify any areas where the current performance of, or work products and services provided by, these organizations is unacceptable. Consistent with previous DE&S acquisition experience, these assessments did highlight areas that require DE&S management attention to ensure a successful transition and integration of the acquired YAEC organizations into DE&S. Actions that address these areas have been initiated. For these reasons, combined with the nuclear commitment and experience represented by DE&S, the NRC should have a high degree of confidence that safety-related analyses, products and services provided by DE&S to NRC power reactor licensees comply with the principles of: (1) adherence to NRC requirements and appreciation for NRC expectations, (2) effective management control of safety-related activities, (3) accurate and complete communication with licensees and the NRC, and (4) conduct of work in accordance with NRC requirements.

Therefore, DE&S concludes that there is no reason to preclude DE&S from continuing to provide the full range of nuclear services to NRC licensees, including safety-related analyses. Furthermore, DE&S concludes that there is no evidence that the concerns and issues identified in the Demand were the result of willfulness on the part of DE&S and/or YAEC personnel.

We look forward to meeting with you and your staff to discuss the enclosure in more detail and our plans for going forward. If there are questions about the information in this response, please contact Bill Rasin at (978) 779-6711.

Very truly yours,



John F. Norris, Jr.

JFNjr/fgh

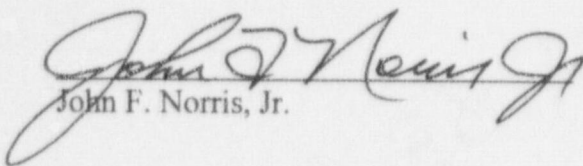
Enclosures

U.S. Nuclear Regulatory Commission

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J. F. Norris, Jr., being duly sworn, states that he is President and Chief Executive Officer of Duke Engineering & Services, Inc., a wholly-owned affiliate of Duke Energy Corporation; that he is authorized on the part of said company to sign and file with the Nuclear Regulatory Commission this response to the Demand for Information pursuant to 10CFR2.204; and that all statements and matters set forth herein are true and correct to the best of his knowledge.


John F. Norris, Jr.

Subscribed and sworn to me February 27, 1998
Date

Mary E. Pope
Notary Public

My commission expires: May 5, 2001

(Seal)

cc: James Lieberman
Director, Office of Enforcement
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Washington, D.C. 20555

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LOCA Principal Engineer