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**PUBLIC
SERVICE
INDIANA**

November 1, 1979

S. W. Shields
Vice President - Electric System

Mr. Gaston Fiorelli
United States Nuclear
Regulatory Commission
Region III
799 Roosevelt Road
Glen Ellyn, Illinois 60137

Docket Nos.: STN 50-546
STN 50-547

Dear Sir:

In accordance with the provisions of Section 2.201 of the NRC's "Rules of Practice," Part 2, Title 10, Code of Federal Regulations, Public Service Indiana offers the following information in response to the items of noncompliance identified in inspection report number 50-546/79-11; 50-547/79-11.

Item of Noncompliance (546/79-11-01; 547/79-11-01)

Public Service Indiana has not sufficiently implemented its Quality Assurance Program at the Marble Hill Plant Site. For example:

- a. The management support, qualifications, numbers, and methods of operations of the site QA/QC group have been inadequate to assure that extensive licensee and contractor noncompliances have been identified, documented and corrected.
- b. At least 25 of 29 members of the site based Quality Control Organization do not have sufficient QA/QC and construction experience to qualify them for their current QC organization assignments and to this extent PSI procedures for personnel qualifications (CMP 3.10 and QAP 6.8) are nonconforming as implemented.
- c. The PSI Marble Hill Generating Station Construction Management Procedure Number CMP 3.7 which provides instructions for "stop-work" authority does not provide adequate independent authority to the QC organization, inspectors and engineers to prevent unsatisfactory work and assure control over subsequent resolution of identified nonconformances.

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Corrective Action Taken And Results Achieved

Correction of this item of noncompliance has been included in the subjects of an independent management evaluation of the PSI Nuclear Project. Significant changes in procedures and organization are being developed and implemented. Since this development is extensive and requires considerable time, PSI respectfully requests additional time to fully address this item.

Action To Prevent Recurrence

Additional time is requested. Action to prevent recurrence is expected to be addressed by December 15, 1979.

Date When Full Compliance Will Be Achieved

To be addressed by December 15, 1979.

Item Of Noncompliance (546/79-11-02; 547/79-11-02)

It was determined that, even though Chicago Bridge and Iron Weld Procedure Specification E7018/73030, Revision 1 dated June 20, 1977, underwent reviews by various organizations, including Sargent & Lundy, the reviews failed to identify the omission of the weld technique to be used for passes other than vertical up and overhead, and included the same omission in subsequent revisions. This weld procedure was being used to weld safety-related tanks on the site.

Corrective Action Taken And Results Achieved

In correspondence with Chicago Bridge and Iron relative to a finding on the same WPS (E7018-73030 Rev. 1 6/20/77) by the National Board as a result of their June 12-14, 1979 audit, CB&I has stated that the procedure is in error in that the stringer bead technique should never have been crossed out on the procedure.

Their intent was to have stringer bead technique for all positions except vertical-up and overhead which may be weave beaded. This procedure will be revised to show the non-essential variable of stringer-bead technique.

Action Taken To Prevent Recurrence

The overall process and organization of contractor procedure reviews by PSI and its Architect-Engineer is presently under re-evaluation as part of an extensive change to the PSI Quality Assurance Program. Additional time is requested to complete this action.

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Date When Full Compliance Will Be Achieved

The date of full compliance will be addressed when action to prevent recurrence is finalized. This will be accomplished by December 15, 1979.

Item of Noncompliance (546/79-11-03; 547/79-11-03)

On August 1, 1979, it was determined by record review that Cherne nonconformance report number 6.94 involving piping material certification records had been voided without adequate basis and made reference to other documentation which did not justify or provide a reason for voiding this NCR. Moreover, the licensee's representative could provide no other basis for the "disposed" status of this nonconformance report.

Corrective Action Taken and Results Achieved

A letter from PSI to Cherne was initiated which requested Cherne to proceduralize their processing of nonconformities and to address the steps to be taken to void nonconformances when such action is deemed necessary.

PSI also initiated a Deviation Control Record (DCR C-062-79) which was written to document and obtain resolution for the voiding of Cherne nonconformance #01425/6.94.

Cherne answered PSI's letter stating that a procedure would be initiated describing the mechanism for voiding nonconformances.

Cherne answered PSI DCR C-062-79 by stating that NCR #01425/6.94 was voided because Cherne's reason for writing it was not a valid reason and, in fact, PSI was not in noncompliance as stated in NCR #01425/6.94.

Corrective Action To Prevent Recurrence

Cherne Procedure 17.2, "Processing of Non-Conformities," has been written and contains provisions for the voiding of nonconformances. This procedure is presently in the review and approval cycle.

Date When Full Compliance Will Be Achieved

Full compliance will be achieved when PSI approves Cherne Procedure 17.2 for use on the Marble Hill project. This action will be complete by November 30, 1979.



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Item of Noncompliance (546/79-11-04; 547/79-11-04)

Established measures did not assure that conditions adverse to quality were promptly identified and corrected. For example:

- a. PSI Construction Management Procedures numbered CMP 3.1 and CMP 1.4 are insufficient in both text and implementation in that in many instances, sufficient corrective action to prevent repetition of significant conditions adverse to quality has not occurred.
- b. PSI was made aware of serious issues involving noncompliance and potential noncompliance with ASME Code requirements regarding Owner's responsibilities and material certification documents in July 1977; June 1978; July 13, 1978; May 14, 1979; March 9, 1979; June 6, 1979; and July 27, 1979, by virtue of letters on these dates from site contractors identifying these issues. However, no comprehensive and conforming corrective actions were initiated until July 1979 after a National Board of Boiler and Pressure Vessel Inspectors inspection report regarding these matters was issued.

Corrective Action Taken and Results Achieved

These items are currently under extensive PSI evaluation. Additional time is respectfully requested to complete this evaluation and formulate necessary corrective action.

Action to Prevent Recurrence

Additional time is requested. Results of the evaluation and a description of corrective actions are expected to be addressed by December 15, 1979.

Date When Full Compliance Will Be Achieved

To be addressed by December 15, 1979.

Should you have any questions, please contact us.

Sincerely,

S.W. Shields

Vice President-Electric System

cc E.R. Schweibinz
J.J. Harrison

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