

# The Light company

Houston Lighting & Power P.O. Box 1700 Houston, Texas 77001 (713) 228-9211

*HL*

June 24, 1982  
ST-HL-AE-841  
File Number G3.12

Mr. John T. Collins  
Regional Administrator, Region IV  
Nuclear Regulatory Commission  
611 Ryan Plaza Dr., Suite 1000  
Arlington, TX 76012

Dear Mr. Collins:

South Texas Project  
Units 1 & 2  
Docket Nos. STN 50-498, STN 50-499  
Systematic Assessment of License Performance (SALP)  
Board Report for the South Texas Project

We have reviewed the SALP Report for the STP dated May 11, 1982. The report, which covers the period from July 1, 1980, to June 30, 1981, states that the overall rating "was most heavily influenced by B&R's continued inability to correct the root cause of problems and take corrective action in a timely manner." We understand that the SALP Board's concern centered primarily on some audit deficiency reports (ADR's), Corrective Action Requests (CAR's) and unresolved items that were outstanding during the review period, and the period of time required to resolve and implement the necessary corrective actions. We believe that actions taken by HL&P demonstrate that we have put in place a project management system that assures our contractors effectively implement corrective action in a timely manner.

As the report notes, the period from July 1, 1980, to June 30, 1981, was not a normal period at the STP: response to the Show Cause Order resulted in extensive reexamination and repair, special technical and QA reviews, organizational restructuring and changes in personnel, including some key management positions. As a result, HL&P focused on accelerating the implementation of an improved overall program that provided the basic features necessary to achieve successful resolution of specific issues such as ADR's and CAR's. By the end of the SALP review period many improvements had been made in the QA program.

After implementing the program improvements HL&P took aggressive action to assure that B&R promptly implemented required corrective actions. For example, at the beginning of 1981 there were a large number of outstanding

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PDR FOIA  
SAMP84-109 PDR

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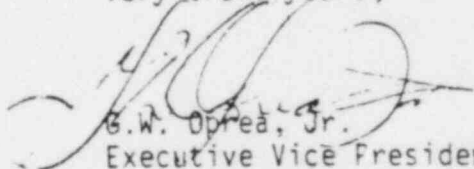
ADR's and CAR's, however, by the time of the SALP Board meeting with HL&P management in October, there had been a significant reduction in the number of outstanding ADR's and CAR's. By the end of 1981, B&R corrective actions were essentially up to date.

To assure that its contractors continue to implement corrective action in a timely manner, HL&P procedures have been revised to require that whenever a response to an ADR or CAR is overdue for an excessive period the matter will automatically be escalated to successively higher levels of management in the delinquent organizations, and in HL&P.

As a result of the change in contractors on the Project, we anticipate a more responsive attitude toward corrective action requirements in the future. Both Bechtel and Ebasco have brought to the Project organizations a high level of successful experience in nuclear design and construction which was previously lacking in the contractor at STP. In addition to the improved level of nuclear experience among key project personnel, both organizations are implementing procedures that have proven successful on other nuclear projects. Both Bechtel and Ebasco procedures require that overdue corrective action items be escalated to higher management. HL&P has directed Bechtel to assure that appropriate action is taken on the few remaining items that still require resolution or implementation.

In sum, we agree that the "OA program's success is largely dependent upon the correction of the cause of deficiencies," and we believe that our actions represent significant steps toward elimination of the root causes of past problems.

Very truly yours,

  
G.W. Oprea, Jr.  
Executive Vice President

CGR/lmf

*pet*

Dockets: 50-498/81-37  
50-499/81-37

JUL 15 1982

Mr. William M. Rice  
Group Vice President, Power Group  
Brown and Root, Inc.  
Post Office Box 3  
Houston, Texas 77001

Dear Mr. Rice:

Thank you for your letter, dated June 16, 1982, that contained comments in regard to the report of the Systematic Assessment of Licensee Performance (SALP) for the South Texas Project transmitted to Houston Lighting and Power Company by letter dated May 11, 1982. We have reviewed your comments and have no further questions at this time.

Sincerely,

Original Signed By  
G. L. Madsen

G. L. Madsen  
Reactor Project Branch 1

bcc to DMB for dist.:

BC	NRR:DHFS
PM	NRR:OLB
AEOD	RAD ASMT BR
ELD	RESEARCH
IE FILE	LPDR
IE:RPRIB	NSIC

bcc dist. by RIV.:

W. Hill  
W. Crossman  
RPB2  
J. Collins  
RIV FILE  
TEXAS DEPT. OF HEALTH RESOURCES  
C. Wisner

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PDR ADOCK 05000498  
A PDR

7/15/82

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*Replied to G. L. Madsen (S. W.)*

OFFICE	RPSB ✓	RBP1 ✓	DRRSEP	RA/RIV			
SURNAME	WCrossman:sm	GMadsen	JGagardo	JCollins			
DATE	7/8/82	7/9/82	7/14/82	7/14/82			

# Brown & Root, Inc.

Post Office Box Three, Houston, Texas 77001

A Halliburton Company

William M. Rice  
Group Vice President  
Power Group

(713) 676-3521



June 16, 1982

Mr. John T. Collins  
Deputy Director  
U. S. Nuclear Regulatory  
Commission  
611 Ryan Plaza Drive  
Arlington, Texas 76011

JUN 18 1982

RE: South Texas Project, Units 1 and 2  
Docket Nos. 50-498, 50-499

Dear Mr. Collins:

We have received and reviewed the Systematic Assessment of Licensee Performance ("SALP") Report for the above facility, issued under cover letter dated May 11, 1982, from G. L. Madsen to G. W. Oprea, Jr. The first page of the Report indicates that the appraisal of the facility was completed on September 1, 1981. The Report and cover letter further indicate that there was a meeting of the SALP Board with Mr. Oprea and other representatives of licensee Houston Lighting & Power Company ("HL&P") on October 16, 1981, to discuss a preliminary draft of the SALP Report and the performance analysis and evaluation contained in it.

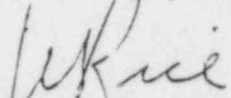
Brown & Root, Inc. ("B&R") was not invited by HL&P to the October 16, 1981, meeting and had no opportunity to comment on the draft SALP Report or participate in any other way in the preparation of the final version of the Report. Nevertheless, Paragraphs 9 and 10 in the SALP Report draw a number of conclusions about B&R's alleged inability to correct action in a timely manner.

As you know, on September 16, 1981, HL&P dismissed B&R from its architect-engineer and construction manager role. On December 16, 1981, HL&P filed a civil suit against B&R in the District Court for Matagorda County, Texas. The suit alleges, among other things, that B&R breached its contractual obligations to HL&P by defective performance in the engineering and construction of the South Texas Project. As the above dates indicate, the meeting between the SALP Board and Mr. Oprea and other HL&P officials to discuss the draft SALP Report took place after HL&P had dismissed B&R and, presumably, while HL&P was preparing its civil action against B&R.

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Because of this pending litigation, I shall not here elaborate on our disagreements with the observations in Paragraphs 9 and 10 about B&R's performance. I do, however, wish to note our understanding that your inspectors do not normally seek to determine the nature of the interactions between NRC licensees such as HL&P and their contractors or agents such as B&R. This may have given rise to the problems referenced in Paragraphs 9 and 10. While those interactions may be of little interest to the NRC for its regulatory purposes, in our view, those interactions necessarily affected the nature and timing of B&R's corrective actions. It is unfortunate, therefore, that HL&P did not elect to invite B&R to the October 16, 1981, meeting to discuss your draft Report. B&R was effectively precluded thereby from discussing with you the many difficulties we encountered in dealing with HL&P's Project Management Team, as well as HL&P's management, and from otherwise commenting on the draft Report. This could possibly have avoided the unfortunate implication of the observations in the SALP Report regarding B&R.

Very truly yours,

  
William M. Rice

WMR/smb

cc: G. W. Oprea  
J. H. Goldberg