

## INDIANA & MICHIGAN ELECTRIC COMPANY

P.O. BOX 16631  
COLUMBUS, OHIO 43216

March 22, 1984

AEP:NRC:0779A

Donald C. Cook Nuclear Plant Unit Nos. 1 and 2  
Docket Nos. 50-315 and 50-316  
License Nos. DPR-58 and DPR-74  
NRC IE BULLETIN NO. 83-07  
APPARENTLY FRAUDULENT PRODUCTS SOLD BY RAY MILLER, INC.

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

Dear Mr. DeYoung:

This letter is in response to the NRC IE Bulletin No. 83-07 entitled, "Apparently Fraudulent Products sold by Ray Miller, Inc.," dated July 22, 1983. This letter has been addressed to you as directed by Mr. D. Boyd of the NRC Region III staff on March 21, 1984. This direction was given to our staff in response to our request for an additional four months to complete our review of the subvendors. The continuing review is to determine if the subvendors supplied any materials which were indirectly sold by Ray Miller, Inc. to Donald C. Cook Nuclear Plant. Mr. Boyd indicated that based on his discussion with Ms. M. Wegner of your staff the request was granted but we should document the request in this letter.

Our purchasing records have been examined to determine if any nuclear grade materials have been purchased directly from Ray Miller, Inc. during construction or operation of the Donald C. Cook Nuclear Plant, Units 1 and 2 during the period 1975 to 1979. As a result of this review it was found that we have not purchased any nuclear grade materials directly from Ray Miller, Inc.

Attachments 1 and 2 of the subject Bulletin were reviewed to identify possible purchase of the fraudulent products through indirect suppliers and/or subcontractors during the time period of 1975 through 1979.

As an initial step we have compared our qualified suppliers list (QSL) for Cook Plant safety related materials and equipment to those lists in Attachments 1 and 2 of the subject bulletin. The result of this review indicates that there are relatively few suppliers listed on both lists i.e., the NRC IE Bulletin list and the QSL for Cook Plant. This does not necessarily mean that the suppliers that appear in both lists have furnished Ray Miller, Inc. materials to the Cook Plant.

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We are presently in the process of contacting these "matched" suppliers (twelve suppliers as noted in response to Item 1.a.) to determine if they did furnish any safety related materials to the Cook Nuclear Plant that originated with Ray Miller, Inc.

The following are Indiana & Michigan Electric Company's responses to items 1, 2 and 3 of the NRC Bulletin 83-07. The item numbers of the responses correspond to the same numbers as those in the Bulletin.

Response to Item No. 1

- a) The following companies listed in Attachments 1 and 2 of the Bulletin have been identified as suppliers of safety related materials to the Cook Plant.
1. Chicago Tube & Iron
  2. Irwin Steel Fabricators
  3. Worthington Pump Corporation
  4. Richmond Engineering Company [RECO]
  5. Midco Pipe & Tube Company
  6. Westinghouse Electric Company
  7. General Electric Company
  8. Ingersoll-Rand Corporation
  9. Dresser Industries
  10. Union Carbide Corporation
  11. Gould Inc.
  12. JABO Supply Company
- b) In addition, we are still in the process of reviewing our records to determine all of the materials the various vendors have supplied, and following this we will ask our suppliers to review their records to determine whether any material was supplied by Ray Miller, Inc. during 1975-1979.

One definite case where materials were supplied by Ray Miller, Inc. has been identified. The materials were used in the fabrication of components of the Pressurizer Relief Tank (PRT) for Unit No. 2 of the Cook Plant, which is a non-nuclear safety component. In this case the PRT was supplied to us by the Westinghouse Electric Corporation which in turn subcontracted the fabrication of the tanks and components to RECO Industries, Inc. (formerly Richmond Engineering Company, Inc.) RECO purchased the materials from Ray Miller, Inc. during the period from 1969 through 1973, which is outside the period of concern.

- c) We have not identified any safety related systems in which apparently fraudulent materials supplied by Ray Miller, Inc. have been installed. However our review is still in progress. After the completion of our review, if we identify any materials that have been received from Ray Miller, Inc. we will promptly inform your office.
- d) No other type of materials from Ray Miller, Inc. not listed in Attachments 1 and 2 of the Bulletin have been identified. However, once the review noted in item c) above is completed, we will inform your office as necessary.

Response to Item 2

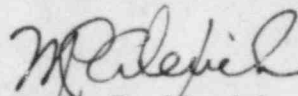
- a) As noted in response to item 1.b above only one item (i.e., Unit No. 2 PRT) has been identified which contains materials from Ray Miller, Inc. Though the time period in which the PRT was procured is not cited as a period of concern in the subject Bulletin, Westinghouse performed a safety evaluation relative to the items identified for the PRT. The evaluation concluded that the PRT is a non-nuclear safety component and that the introduction of possible nonconforming material in components of the PRT does not result in any change to the plant Technical Specifications, does not affect the safety analyses of the plant and does not introduce an unreviewed safety question. The Westinghouse letter No. AEP-83-592 dated June 23, 1983 which contains the safety evaluation is enclosed as Attachment No. 1 to this letter.
- b) Based on the safety evaluation provided by the Westinghouse Electric Corporation, we plan to continue the use of the Pressurizer Relief Tank in the as is condition without any modifications or replacement.

Response to Item No. 3

As of this time we have not identified any safety related materials in our stock as material procured directly or indirectly from Ray Miller, Inc. However, after the completion of the review, if any fraudulent materials are identified we will provide the necessary evaluation as required by Item No. 3.

We are continuing our efforts to contact the twelve companies who were listed in our purchasing records and are listed in Attachments 1 and 2 of the Bulletin. If any additional information is received which identifies that the materials procured from these companies were sold by Ray Miller, Inc., we will notify your office promptly. We anticipate that we will receive the responses from various supplier companies in the near future so that we can submit our final response by the end of July 1984.

Very truly yours,



M. P. Alexich  
Vice President

Ken  
3-22-84

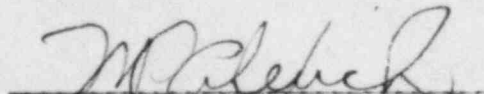
MPA/cm

cc: John E. Dolan  
W. G. Smith, Jr. - Bridgman  
R. C. Callen  
G. Charnoff  
J. G. Keppler, Regional Administrator, NRC, Region III  
E. R. Swanson, NRC Resident Inspector - Bridgman  
D. Boyd, NRC, Region III  
M. Wegner, NRC, Washington, D.C.

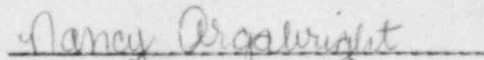
STATE OF OHIO

COUNTY OF FRANKLIN

M. P. Alexich, being duly sworn, deposes and says that he is the Vice President of Licensee, Indiana & Michigan Electric Company, that he has read the foregoing response to the NRC IE Bulletin No. 83-07, "Apparently Fraudulent Products Sold by Ray Miller, Inc.," dated July 22, 1983 and knows the contents thereof; and that said contents are true to the best of his knowledge and belief.

  
Milton P. Alexich

Subscribed and sworn to before me the 22nd day of March, 1984.

  
(Notary Public)

NANCY ARGABRIGHT  
NOTARY PUBLIC, STATE OF OHIO  
MY COMMISSION EXPIRES JUNE 10, 1985

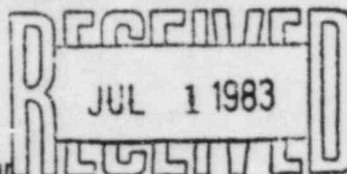


ATTACHMENT NO. 1

TO

AEP:NRC:0779A

IND. & MICH. ELECTRIC CO.



Westinghouse  
Electric Corporation

Water Reactor  
Divisions

DONALD C. COOK PLANT  
MANAGERIAL

Nuclear Services  
Integration Division

Box 598  
Pittsburgh Pennsylvania 15230

June 23, 1983  
✓ AEP-83-592

Mr. W. G. Smith, Plant Manager  
D. C. Cook Nuclear Plant  
Indiana and Michigan Power Company  
P. O. Box 458  
Bridgman, Michigan 49106

Dear Mr. Smith:

American Electric Power Service Corporation  
D. C. Cook Unit 2  
RAY MILLER, INC. SUPPLIED MATERIALS - PRESSURIZER RELIEF TANKS

- References: 1) NRC Information Notice No. 83-01 (attached)  
2) NRC Information Notice No. 83-01 Supplement 1  
3) RECO Industries, Inc. letter to Westinghouse (attached)

RECO Industries, Inc. (formerly Richmond Engineering Co., Inc.) has informed Westinghouse, per Reference 3, attached, that Pressurizer Relief Tanks built by them and supplied to Westinghouse for your plant contain material which was procured from Ray Miller, Inc. The referenced NRC documents 1 and 2 described certain fraudulent practices used by Ray Miller, Inc. in supplying materials to its customers, and identified RECO Industries, Inc. as one customer who had allegedly been supplied non-conforming materials.

Westinghouse has performed a safety evaluation relative to the items identified for the Pressurizer Relief Tanks and has concluded that the introduction of possibly non-conforming material as described into components of the Pressurizer Relief Tank does not result in any change of plant technical specifications. Based on an evaluation performed, it has been determined that a failure of the Pressurizer Relief Tank components listed does not affect any safety analyses performed for your plant, nor does it introduce any unreviewed safety questions.

The Pressurizer Relief Tank (PRT) is classified as Non-Nuclear Safety (NNS) and does not perform any safety function, mitigate the consequences of an accident, nor is it part of the RCS pressure boundary.

Part B of Reference 1, attached, describes the alleged scheme to defraud as practiced by Ray Miller, Inc. Part B1. addresses the alleged practice of passing foreign manufactured pipes and nipples as domestic-made products. This concern apparently does not question the adequacy of the material, only its source. Parts B2. and 3. address the alleged practice of passing standard carbon content 304 and 316 stainless steel as low carbon content.

June 23, 1983

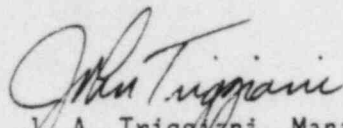
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As noted in reference 3, all items supplied were 304 stainless steel and thus are not as likely to be misrepresented as low carbon grades of stainless steel. Part B4. addresses the passing of welded and drawn tubing as seamless tubing. Reference 3 identifies the use of 3/4", 1-1/2", 2", 3" and 4" seamless pipe in the manufacture of some of the Pressurizer Relief Tanks. Assuming this seamless pipe is the same as the seamless tubing identified in Part B4, it is possible that some and/or all this material could be welded and drawn. NOTE: This item is not applicable to your plant, since no parts using seamless pipe were provided by Ray Miller, Inc.

Even though the potential exists that the original ASME Code calculation for the pressure boundary components of the PRT may be invalidated, no nuclear safety concern exists since the Design Basis Accidents Analyses envelop any consequences which could originate from any failure of the Pressurizer Relief Tank.

Based on the information available to date, that is no nuclear safety concern exists, and the fact that in Reference 2 the NRC states they will be issuing a more complete list of purchase orders that allegedly involve fraudulent substitution of materials, Westinghouse recommends that any activity for your plant on this issue await the NRC issuing of the additional information. At that time you should review the situation and establish the most appropriate course of action. If the need arises, Westinghouse will support you as requested.

Very truly yours,



J. A. Triggiani, Manager  
Operating Plant Projects  
Central Region

aps  
DG/307L  
Attachments

cc: M. P. Alexich  
J. Kern W  
G. E. Kubancsek W

# RECO

RECO Industries, Inc.  
7th & Hospital Streets 804/644-2611  
Box 25189, Richmond, Virginia 23260-5189  
Telex 827-474      Telecopy 804/643-3561

April 1, 1983

Westinghouse Electric Corporation  
Nuclear Energy Systems  
Post Office Box 355  
Pittsburgh, Pennsylvania 15230

Attention: Mr. Wayne Arendes  
Manager of Procurement

Subject: Nuclear Procurement,  
Ray Miller, Inc.

Reference: NRC Information Notice No. 83-01

Gentlemen:

The referenced NRC document described certain fraudulent practices by Ray Miller, Inc. in the supply of materials to its customers. Ray Miller, Inc. was an approved vendor to our company from 1969 through 1973.

RECO Industries, Inc. (formerly Richmond Engineering Co., Inc.) has researched nuclear contract documentation to determine if any items of material were supplied by Ray Miller, Inc. We have determined that the contract listed below has components supplied by Ray Miller, Inc.

Contract No. 546-CRI-84981 BN  
RECO Job No. L11130, L11131, L14976, L15506, **L13843**  
Equipment: Pressurizer Relief Tanks

I have enclosed additional data on the items supplied.

RECO has examined the material documentation for these items. We have no reason, other than the referenced NRC document, to believe that these items are not as represented by the documentation. We encourage you to examine your documentation packages for this equipment.

We feel the following considerations are significant to your evaluation of these materials:

1. Some of the items supplied by Ray Miller, Inc. are internal, nonpressure boundary parts.

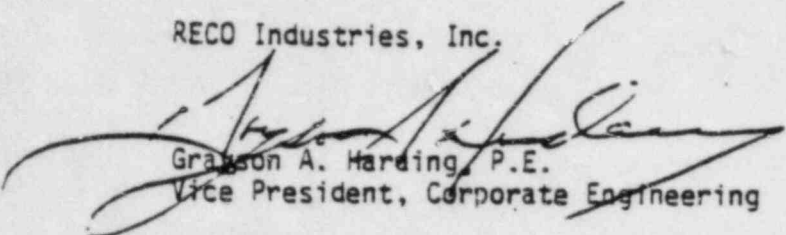


2. Items supplied are 304 stainless steel and are probably not as likely to be misrepresented as higher grades of stainless.

If we can provide additional information, please contact us.

Sincerely yours,

RECO Industries, Inc.



Garson A. Harding, P.E.  
Vice President, Corporate Engineering

GAH/mtw

cc: United States Nuclear Regulatory Commission,  
Region II

PRESSURIZER RELIEF TANK

Westinghouse P.O. #546-CRI-84981 BN  
RECO Job No. L13843  
Westinghouse Item: AMPRCATPR-01  
Westinghouse Drawing: 110 E 272 Sub 3  
Shipped to: Nuclear Engineering Division, AM. Electric Power Service,  
New York City (Export)  
Date Shipped: November 5, 1971

Description of material supplied by Ray Miller, Inc.

Westinghouse Mark No.	Service	Description
25	Internal Pipe	12" Sch 40 90° E11 T-304, HT #9S1898
35	Temp Connection	1½" 150# RF WN Flange T-304, HT #HF629
36	Temp Connection	1½" 150# RF Bld Flg T-304, HT #HF660
44	Internal Sparger	3" Sch 40 Tee T-304, HT #FL19880
45	Internal Sparger	3"x1½" Sch 40 Reducer T-304, HT #SRAP
46	Internal Sparger	1½" 2000# S.W. Tee T-304, HT #VR/RN
47	Internal Sparger	1½" 2000# S.W. 90°E11 T-304, HT #XW