

John D. O'Toole
Vice President

Consolidated Edison Company of New York, Inc.
4 Irving Place, New York, NY 10003
Telephone (212) 460-2533

March 22, 1984

Re: Indian Point Unit No. 2
Docket No. 50-247

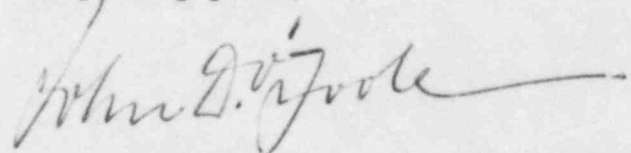
Mr. Richard C. DeYoung, Director
Office of Inspection and Enforcement
U. S. Nuclear Regulatory Commission
Document Control Desk
Washington, D. C. 20555

Dear Mr. DeYoung:

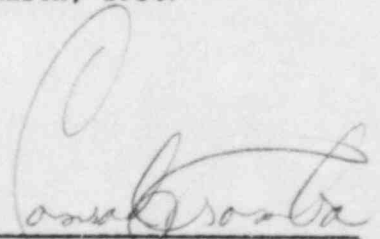
Attachment A to this letter contains our response to IE Bulletin No. 83-07 "Apparently Fraudulent Products Sold by Ray Miller, Inc."

This response is being provided pursuant to Section 182 of the Atomic Energy Act as amended. Should you or your staff have any additional questions, please contact us.

Very truly yours,



Subscribed and sworn to
before me this 26 day
of March, 1984.



Notary Public
CONRAD TROMBA
Notary Public State of New York
No. 30-4022375
Qualified in Nassau County
Terms expires March 30, 1985

IE11
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PDR ADDCK 05000247
Q PDR

cc: Dr. Thomas E. Murley
Regional Administrator-Region I
U. S. Nuclear Regulatory Commission
631 Park Avenue
King of Prussia, Pa. 19406

Mr. Thomas Foley, Senior Resident Inspector
U. S. Nuclear Regulatory Commission
P. O. Box 38
Buchanan, New York 10511

ATTACHMENT A

Response to NRC IE Bulletin 83-07

4. Provide a written report describing the results of the actions in items 1 through 3.

Response to Item 4

This response is presented in two parts:

- o a summary of the investigations and results concerning materials supplied by Ray Miller Inc. and
- o specific responses to Items 1, 2 and 3 of the bulletin.

Summary

On December 30, 1982, Con Edison began an investigation of material supplied through Ray Miller Inc. This investigation was prompted by a media publication which reported the Ray Miller mail and wire fraud convictions. A review of receipt inspection documents (retained for ten (10) years) was conducted which identified material ordered through Ray Miller from 1973 to the present. (Records prior to 1973 had been destroyed).

Following issuance of NRC IE Information Notice 83-01 and Bulletin No. 83-07 and its two supplements, the investigation was expanded. Con Edison issued 704 letters to approved Class A vendors requesting information on any "apparently fraudulent" material supplied by Ray Miller, Inc. which may have been furnished to Con Edison. As a result of this first mailing, 432 negative responses were received and 75 letters were returned as not forwardable. A second mailing was issued which resulted in 173 additional negative responses and 34 letters returned as not forwardable. No positive responses were received.

Through our independent investigation, it was determined that no "apparently fraudulent" materials were received for use at Indian Point Units 1 and 2. Other material, not identified as "apparently fraudulent" in the bulletin or its supplements, was provided to Indian Point Units 1 and 2 either directly from the Ray Miller Inc. West Caldwell, N.J. office or through some of our contractors. Some of this material was installed in safety related systems. The current disposition of this material is as indicated in the response to Item 1(d). In each case, one of the following was performed:

- i. Material was verified to be in conformance with procurement specifications.
- ii. Other material from the same purchase order was tested to verify acceptability, or
- iii. The safety significance of the presence of the materials in the system was evaluated.

The results of the investigation demonstrated that, in the cases where purchased material which had been physically handled by Ray Miller, Inc. was installed in safety related systems at Indian Point Unit 2, the material was either verified to be acceptable for use as is or in one case where failure of the material was assumed, the effects of the failure are bounded by the results presented in the Final Safety Analysis Report.

If it was determined that material was ordered through Ray Miller, Inc. but shipped directly from another vendor to Con Edison with appropriate documentation, the material was considered to be authentic and no further investigation was performed.

Con Edison is continuing its investigation of material supplied by the Ray Miller Inc. On March 22, 1984 an unrelated inventorying of material in storage identified additional Ray Miller, Inc. of West Caldwell, N.J. material which may have been installed in Indian Point Unit No. 2. The material is not on the "apparently fraudulent" list contained in the bulletin or its supplements. This additional material is not discussed in the specific responses because our investigation of the material has not concluded. If this, or any other additional material physically handled by Ray Miller, Inc. is identified as installed in safety related systems of Indian Point Unit No. 2, a supplemental report will be submitted.

Specific Responses to Items 1, 2 and 3

Items

1. Based on review of the attached lists of Ray Miller, Inc. customers who received apparently fraudulent materials (Attachments 1 and 2), and pertinent information obtained from any of these companies, either directly or indirectly:
 - (a) Identify those companies on the lists that supplied materials or services to your facility (include subcontractors as well as major contractors); and
 - (b) Determine whether any of the apparently fraudulent Ray Miller, Inc. materials were provided to or used at your facility.
 - (c) Determine whether any of the apparently fraudulent material supplied to you was installed in safety-related systems** at your facility, or is still in stock.

Response to Items 1(a), 1(b) and 1(c)

No Ray Miller, Inc. material, identified as "apparently fraudulent" in the bulletin or its supplements, was supplied for use at Indian Point Unit 2.

(The material purchased from Ray Miller, Inc. and delivered to Consolidated Edison Company of New York, which was identified on page 87 of Attachment 1 of the bulletin, was not supplied for use at Indian Point Unit 2).

Item 1(c)

If other Ray Miller, Inc. materials not listed in Attachments 1 and 2 have been identified by your own initiative, determine whether any was installed in safety-related systems at your facility, or is still in stock.

Response to Item 1(d)

Table 1 is a list of material (not "apparently fraudulent") physically handled by Ray Miller, Inc. of West Caldwell, N.J. and identified to date as supplied for use at Indian Point Unit 2 in safety related systems. (No such material was supplied for use at Unit 1).

Additional material was ordered through Ray Miller, Inc. of West Caldwell, N.J. but delivered directly from other vendors to Con Edison for use in safety related systems at Indian Point Units 1 and 2. This material was considered to be authentic and no further investigation was performed.

Table 1

Material Physically Handled by Ray Miller, Inc. (West Caldwell, N.J. Office) and Delivered for Installation at Indian Point Unit 2 in safety related systems

<u>Quantity</u>	<u>Item Description</u>	<u>Location</u>
4	1", 150# S.W. Flanges	Discarded.
1	3/4", 1500# R.F. Flange	Discarded.
1	3/4", 1500# Blind Flange	Discarded.
3	3/4", 3000# Tees	(2) Discarded. (1) installed in #21 Charging Pump Bypass Lines.
23	1/2"x3/4", 3000# Sockolets	Discarded.
8	3/4", 3000# Pipe Caps	Discarded.
12	2", 150#, Sch 40 Welding Neck Flanges	(8) Discarded. (3) Installed in Service Water System originally but since removed and discarded. (1) Unknown.
1	4", Sch 160 Tee	Material was physically damaged after receipt and was discarded.
2	4"x3", Sch 160 Reducers	Installed immediately upstream of pressurizer PORV block valves.

Item

2. For Ray Miller, Inc. materials, both the NRC-identified apparently fraudulent materials listed in Attachments 1 and 2, and other materials identified by your own initiative, that are installed in safety-related systems of your facility:

- (a) Evaluate the safety significance of the presence of these materials assuming the fraud is as identified in the attachments or assuming material failure.
- (b) Determine the disposition of the installed material; e.g., use as is, remove and replace, etc.

Response to Items 2(a) and 2(b)

Referring to Table 1, the following are the results of examination and analyses of Ray Miller material identified as installed in safety related systems at Indian Point Unit 2. Note that none of these materials were identified as "apparently fraudulent" in the bulletin, and none of the material identified was purchased through the Charleston, South Carolina office of Ray Miller, Inc.

The 3/4", 3000# tee installed in the no. 21 charging pump bypass was examined in place. Raised letters indicating heat number were observed on the tee. It was concluded that these markings could not be a forgery, and that the tee supplied was in accordance with the procurement specifications.

Twelve 2", 150# Schedule 40 flanges were delivered to Con Edison through Ray Miller, Inc. Three were installed in the Service Water System in No. 23 Fan Cooler Motor Cooler lines. They have since been removed and disposed of due to design modifications to the system in which they were installed. The location of the fourth flange could not be determined. Three (3) flanges were picked at random from the remaining eight (8) flanges held in stock at that time and were subjected to chemical and physical analysis. The results indicate that the flanges met the procurement specifications. It is therefore concluded that the missing flange will perform its intended function if it is installed.

Two 4"x3" Schedule 160 reducers were installed, one in each line to the two pressurizer power operated relief valves, immediately upstream of the PORV block valves. An evaluation of the possible failure of these reducers was performed. It was determined that the consequences of failure of both of these reducers would be bounded by the consequences presented in Section 14.3 of the Final Safety Analysis Report (Loss of Coolant Accident). Since the installation of this material in the 1978/1979 refueling outage, these reducers have been subjected to numerous primary system hydrostatic tests and have been continuously subjected to pressurizer operating conditions without any indication of degradation. Nevertheless, they will be examined during the upcoming Cycle 6/7 refueling outage and replaced if the material is determined to be not acceptable for the application.

Item

3. For all material from Ray Miller, Inc. still in stock, whether identified by item 1 or previously identified by your own initiative:

(a) Segregate into two groups: (1) material included in the purchase orders listed in the fraudulent data files, and (2) all other material supplied by Ray Miller, Inc., regardless of the branch office that supplied the material.

(b) For the material included in the fraudulent data file:

(1) Discard the material, or

(2) Tag or otherwise mark the materials for use only in systems not important to safety.

(c) For material supplied by Ray Miller that is not included in the fraudulent data file, do one of the following:

(1) Discard the material.

(2) Tag or otherwise mark the materials for use only in systems not important to safety, or

(3) Subdivide material into groups of identical items and examine and test material in each group in accordance with either item (i) or (ii), below:

(i) Perform sufficient comprehensive examinations and tests to qualify each group of material for use in systems important to safety. If there are less than 10 identical items in the group, each item should be examined. If there are 10 or more identical items, a statistical sampling plan may be used to demonstrate with 90% confidence that 90% of the material conforms to the purchase specifications. Groups of material found acceptable may be used as desired.

(ii) Perform comprehensive examinations and tests of a limited sample of each group of identical items. The minimum sample size is to be two items, or 10% of the items in the group, whichever is greater. Examination and test of this limited sample does not provide a high degree of assurance that the NRC will compile the results of all the data received, determine the statistical significance of the results and advise industry of the overall results and conclusions. Therefore, a utility should not use this material in systems important to safety until the NRC's evaluation is complete.

Response to 3(a)(1) and 3(b)

No material from the fraudulent data files was delivered to Con Edison for use at Indian Point Unit 2.

Response to 3(a)(2) and 3(c)

All available material listed in Table 1 which was not installed in Indian Point Unit No. 2 has been discarded per Item 3(c)(1).