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November 17, 1984

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(202)

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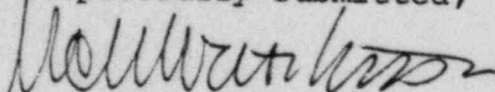
Re: Texas Utilities Electric Company, et al.
(Comanche Peak Steam Electric Station,
Units 1 and 2), Docket Nos. 50-445-2,
50-446-2

Gentlemen:

Pursuant to the Board's Memorandum (Lipinsky privileges) of November 16, we enclose copies of the documents identified in items 1 through 11, and the document identified in item 15. The Board's Memorandum exempted items 12, 13 and 14 from discovery.

On Friday evening, November 16, the Board's Chairman authorized deletion of one sentence from item 8 and two sentences in item 15. These entries are described in Applicants' letter to the Board dated November 16, 1984.

Respectfully submitted,



McNeill Watkins II
Counsel for Applicants

Enclosures

cc: (w/enc: service list)

8411200317 841117
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Q PDR

DS03

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December 3, 1983

OVERNIGHT DELIVERY

Mr. Joseph Lipinsky
Oliver B. Cannon & Son, Inc.
5600 Woodland Avenue
Philadelphia, Pennsylvania 19143

Dear Joe:

Attached for your information is the draft, unedited Q and A that you and I prepared on November 22. I have not had a chance to edit it yet. Further, you and I will have to prepare additional testimony as an introduction discussing the circumstances surrounding your visit to the site and so forth. We need to do that before our meeting next Wednesday with Hawkins in Chicago.

I think it would be wise if you and I meet at 4:00 p.m. on Wednesday in the lobby of the O'Hare Hilton. This would give us an hour to talk before we meet with Hawkins. If you need to talk to me, you can reach me through my secretary, Elaine Reap, at (202) 857-9818. I will be out of the city Monday through Wednesday, and will be flying into Chicago from Seattle on Wednesday afternoon.

Sincerely,

Nicholas S. Reynolds

NSR/er
Attachment

DRAFT

A. Material Storage

- Q. Mr. Lipinsky, regarding your statement that "Comanche Peak has problems in areas of material storage," please describe the problems with which you were concerned.
- A. (Lipinsky) When I visited the Comanche Peak site, I was looking for certain things that would indicate to me good material storage practices. I looked for such things as status indicator tags, reject areas, and hold areas. Reject areas are locations where paint that has been rejected is stored. Hold areas are locations where material that cannot be used is stored. I saw no indication of the use of tags and I saw no reject areas or hold areas. Further, regarding the control of paint material in general, I saw no system for tracking for control of mixed material.
- Q. Does the fact that you did not see these items personally establish that the methods and procedures at Comanche Peak are inadequate to accomplish the objectives?
- A. (Lipinsky) No, I am not saying that. What I am saying is that I did not see these items. They may be there, or Comanche Peak may have another way of implementing these practices. For example, I understand that they have a traveller system that provides control for mixed paint materials.

Q. Mr. Norris, are you familiar with the traveller system employed at Comanche Peak for the control of mixed paint material?

A. (Norris) Yes. While I was examining a paint container inside the containment, I noticed that it had a form scotch taped to it which indicated when the material was mixed, batch numbers, type of material, etc. In short, all of the information you would expect per ANSI-1084[?]

Q. Mr. Lipinsky, does the traveller system that Mr. Norris describes adequately substitute for the status indicator tags that you expected to see?

A. (Lipinsky) Yes. This method of tracing mixed material is adequate in my judgment. Had I known of this traveller system before I wrote my August 8 memorandum, I would have had no basis to criticize the method of handling of mixed materials.

Q. Are you familiar with Mr. X's testimony regarding the procedures at Comanche Peak for handling rejected paint or where paint is isolated from use?

A. (Lipinsky) Yes. I read Mr. X's testimony.

Q. In view of that testimony, do you continue to believe that there are problems at Comanche Peak regarding the absence of reject areas and hold areas?

A. (Lipinsky) No. The description in Mr. X's testimony of the procedures at Comanche Peak to handle rejected paint

and paint of indeterminate quality appears adequate in my judgment. Again, had I been familiar with these procedures. I would not have criticized these aspects of material storage in my August 8 memorandum.

Q. Then in sum, do you remain critical of the Comanche Peak procedures for material storage?

A. (Lipinsky) No. Based on my understanding of the Comanche Peak program for material storage, I have no criticisms.

B. Workmanship

Q. Mr. Lipinsky, what are the specific areas of workmanship that you believed raised problems at Comanche Peak?

A. (Lipinsky) First, I saw indications reflecting on the quality of paint application such as sags and runs in applied paint. I should say, however, that what I saw was really no different from what I have seen at most other job sites involving construction of nuclear power plants. Sags and runs are typically encountered in cured films. They may be acceptable or unacceptable, depending on the procedural/specification requirements. They are routinely inspected by QC inspectors for compliance with these requirements, and if rejected, would necessitate either rework or a disposition by engineering as acceptable.

Q. Were there any areas of work qualified issues that formed the basis for your statement in the August 8 memorandum?

A. (Lipinsky) No, my memorandum on this point was based on my observation of sags and runs in cured applied paint.

Q. Are there other issues that lead to your criticism of workmanship overall?

A. (Lipinsky) Yes, I was concerned about the qualification and indoctrination of craft in the painting areas. I was led to believe that there was no practical testing of skills during the training process for painters. This was based on conversations I had with a few individuals. However, I understand that the training and indoctrination program at the site does include the actual application of paint by the craft as a test for competence. Given that fact, my concern regarding this aspect is satisfied.

I also was concerned that there was no monitoring by QC of the qualification process for craft. I now understand that QC conducts a visual examination of test results of the film applied by the craft during the qualification and indoctrination program. I think that this input by QC is important because it assures that the applicator can apply the film in a manner that would meet quality requirements.

Q. What is the basis for your understanding reflected in your previous answer that painters are qualified by

test and that QC conducts visual inspection of those test results?

- A. (Lipinsky) I observed painters undergoing such testing when I was on site on August 9-10. My understanding regarding the visual QC inspection is based upon my review of the testimony of Mr. X.

C. ANSI Requirements

- Q. Mr. Lipinsky, please describe your concerns regarding compliance with ANSI requirements at Comanche Peak.
- A. (Lipinsky) The areas on which I focused were painter qualification forms and the adequacy of daily inspection reports. In order to meet ANSI standards, the program must assure that the pertinent data is recorded regarding both painter qualifications and daily inspections. I was concerned based upon my conversations with a few individuals that there were not provisions for recording all pertinent information. I do not recall specifically what documentation there was for my concern, but just that I was left with the impression that the documentation was not completely adequate. Bear in mind that my visit to the Comanche Peak site was very short, and that this prevented me from conducting any in-depth review of their program. For example, I did not pursue this specific concern due to the short duration of my site visit.

- Q. Do you have any reason now to be confident that the ANSI requirements are being met in these areas at Comanche Peak.
- A. (Lipinsky) Yes. As a result of further discussions that I had with personnel on the project site, I believe that audits of sufficient depth and scope would have uncovered problems with compliance with ANSI standards if such problems existed. My understanding is that there have been many audits with no significant findings relating to these matters.
- Q. Mr. Norris, do you have any concerns regarding compliance by the Comanche Peak project with ANSI requirements?
- A. (Norris) No. Based on my entry interview with Mr. Tolson and subsequent meetings with Tolson, Merritt and others connected with the construction of Comanche Peak, I have a high degree of confidence that the work is being done in accordance with the standards. There may be difficulties at Comanche Peak similar to those being experienced at most nuclear projects under construction in 1983, but I am confident that they are being adequately addressed.

D. Coating Integrity

- Q. Mr. Lipinsky, please describe your specific concern regarding coating integrity.

A. (Lipinsky) Based on my observations of the power grinding of previously applied zinc paint (CA#11), I was concerned that an excessive amount of power sanding was being performed that could result in poor adhesion of the top coat. I did not study the specifications for the paint. This was simply my observation based upon past experience and what I saw in the field. However, based on subsequent conversations, I understand that Comanche Peak has a letter from the coating manufacturer addressing this. Further, I have reviewed the testimony of Mr. X and based upon that testimony, this issue has been raised with the manufacturer and adequately addressed.

Q. Does the issue in your August 8 memorandum regarding Phenoline 305 involve the same circumstances as the CA#11 matter discussed above?

A. (Lipinsky) Yes. My concern with Phenoline 305 was that there was little or no surface preparation other than solvent wiping performed before the application of a top coat. Again, I now understand that this issue has been discussed and resolved with the manufacturer. This matter is addressed in the testimony of Mr. X.

E. Morale Problems

Q. Mr. Lipinsky, please describe your understanding of morale problems at Comanche Peak.

- A. (Lipinsky) The basis for my concern that morale problems existed at Comanche Peak was my discussion with several QC inspectors. Management at the site acknowledged that the morale was not high, and stated that they were taking steps to rectify the matter. I have no basis for concluding that the morale attitude at the site was detrimental to quality. I believe that the most important thing is that management is aware of it and is taking steps to rectify it.

F. Observations/Opinions

- Q. Mr. Lipinsky, what was the basis for your statement drawing a parallel between Comanche Peak and Zimmer "to some extent?"
- A. (Lipinsky) Based on my initial impression, as reflected in my August 8 memorandum, I felt that Comanche Peak might be developing into a Zimmer-type situation, that is perhaps requiring the rework of coating. Again, based on information and conversations I have had with site personnel subsequent to my August 8 memorandum, I believe that my conclusion was in error. Based upon my understanding now of the program and procedures in place at Comanche Peak, I believe that there is no parallel between Comanche Peak and Zimmer.
- Q. Mr. Norris, do you see any parallel between Comanche Peak and Zimmer in the paint arena?

A. (Norris) Not at all. I believe that the paint program at Comanche Peak is in accordance with 10 C.F.R. Part 50, Appendix B. The paint program at Zimmer was not.

Q. Mr. Lipinsky, what is the basis for your opinion in the August 8 memorandum that management at Comanche Peak was disinterested in quality and actually attempted to discourage efforts to report quality problems?

A. (Lipinsky) The answer to that question is in two parts. First, in my brief discussion with Mr. Tolson, I attempted to express my concerns regarding certain quality matters, but he understood my concerns to relate to licensing questions. He stated that he was not concerned with licensing questions, but my impression was that he was expressing disinterest in quality matters. I was frankly very surprised by his answer (as I interpreted it at that time), but did not pursue it with him then. Subsequent discussions with Tolson have convinced me that he is in fact sincere and concerned about the overall quality of the project.

With regard to my original observation that management at Comanche Peak attempted to discourage efforts to report quality problems, the bases for this were the fact that inspection reports/are used routinely for (rather than non-conformance reports) paint inspections and the fact that QC was not participating in applicator qualification. On the first point, I was

led to believe by a few inspectors with whom I spoke that IRs did not adequately document non-conforming conditions. I did not review the specific procedure for issuing IRs to verify the inspectors' claims.

However, based upon my understanding of the procedures employed at Comanche Peak in the use of IRs to document non-conforming conditions, I now have concluded that this approach is acceptable from a quality assurance standpoint. The basis for my understanding is the testimony of Mr. X.

Regarding my original impression that QC was not involved in the inspection of test results for applicator qualification, as noted earlier in this testimony, I now understand that QC in fact does visually inspect these test results, and that satisfies my concern in this area.

- Q. What is your conclusion today with regard to the attitude of management at Comanche Peak regarding quality in general and the reporting of non-conforming conditions specifically.
- A. (Lipinsky) Subsequent to my August 8 memorandum and based on conversations with site management, site management is in fact concerned and interested in maintaining quality in the project, and management encourages the reporting of non-conforming conditions or any other quality concern.

Q. What is the basis for your statement that Brown & Root is hostile to an audit and that no action would be taken by Brown & Root even if problems were detected in an audit?

A. (Lipinsky) First I would like to correct myself where I referred to Brown & Root. I should have referred to TUGCO. During the exit meeting on July 28 and subsequent meetings on site, Mr. Tolson repeatedly stated an audit by myself would be redundant.

Q. How do you feel about it today?

A. (Lipinsky) As recently as November 10, 1983, Mr. Tolson has again stated his opinion that an audit by myself would not be productive. Mr. Tolson's confidence is very high based on the fact that the Comanche Peak program has been subjected to numerous internal and external audits.

Q. Do you believe today that an audit of the Comanche Peak QC program as it applies to paint is necessary?

A. (Lipinsky) No. In view of the past audits and ongoing NRC review of that program, I agree with Mr. Tolson that an additional audit is unnecessary.

Q. What was the basis for your suggestion that a rework contract was necessary and that the paint already applied was not "salvageable to any meaningful extent?"

A. (Lipinsky) The basis for that statement was my overall conclusion, based upon the information reported in my August 8 memorandum, that the paint program at Comanche

Peak from a quality standpoint had serious problems. My impression was that in a rework situation, it would be easier to perform a complete rework rather than attempt to salvage portions of the existing paint.

I believe today, with the information that has been presented to me, that rework activities are not necessary at Comanche Peak. My concerns have proven to be unfounded and I am satisfied based upon my understanding of the situation that the quality of the paint at Comanche Peak is adequate.

DEPARTMENTAL CORRESPONDENCE

QAD-84-0013

DATE January 10, 1984

SUBJECT OBC Job No. H8301 Trip Report (1/9/84 Trip to Wash.D.C. to Meet w/TUGCO Attornies
 TO Files cc: RBR, RAT, JJN, H8301 Q.A. Files
 FROM J. J. Lipinsky

On January 9, 1984, the writer traveled with RAT to the Washington, D.C. office of Bishop, Liberman, Cook, Purcell & Reynolds (formerly Debevoise & Liberman). The writer and RAT met Mr. Mc Neill Watkins II (Bishop, Liberman, Cook, Purcell & Reynolds) at approximately 1400 hours (EST) and proceeded to the 6th floor conference room.

The following was discussed with Mr. Watkins:

- Copy of transcript of 1/4/84 meeting with the NRC - JJL to call Mr. Hawkins (NRC) if a copy of the transcript is not received by 1/11/84. Also JJL to review and comment on transcript and go over with Mr. Watkins.
- Status on final draft of transcript from 11/10 and 11/11/83 meeting at Comanche Peak.
- Mr. Watkins went over with RAT: what role RAT played in OBC efforts at Comanche Peak; what opinions RAT formed as a result of his site visit; other questions along a similar line.
- Mr. Watkins started to prepare testimony (Ms. E. Reap took notes) with RAT (copy attached).
- JJL went over RBR comments to draft of testimony also JJL comments on testimony.

Mr. N. S. Reynolds joined meeting and the following was discussed:

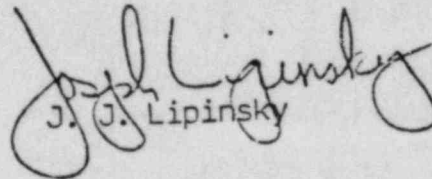
- Went over qualifications (in general) of RAT and JJL.
- Briefly discussed JJN qualifications and job function.
- Again briefly reviewed draft of JJL testimony.

Mr. Homer C. Schmidt (Manager, Nuclear Services - Texas Utilities Services, Inc.) joined meeting:

- Discussed logic behind JJL "changing" opinion on concerns and treatment of JJL when on site on 11/9/83.
- Discussed which draft of the trip report to be attached to JJL testimony (will use signed trip report with QAD number dated 8/8/83) - to avoid potential problems and due to fact that NRC/Board have a copy of that report.
- JJN, RAT and JJL to come to attorney's office again on 1/31/84 at 0930 hours (EST) for an all day meeting. (Mr. Watkins to confirm with JJN - also asked that RAT or JJL confirm with JJN).
- JJN, RAT and JJL should also plan to arrive in Fort Worth, Texas, on 2/6/84, for ASLB Hearings and plan on staying at least one week.
- After the NRC presentation before the ASLB (JJN/RAT/JJL may have to be present if needed as rebuttal witnesses) additional time/testimony may be required of JJN/RAT/JJL in April 1984.
- JJL provided a copy of an additional filing made by CASE (copy attached).
- Other miscellaneous items were discussed.

NOTE: The writer is not sure if OBC is being reimbursed for the time spent by Cannon personnel on these matters, but with this considerable expenditure of time Cannon should consider billing for time spent.

Also, the writer would suggest that JJN come to Philadelphia on 2/1/84 so that RBR can be briefed by JJN/RAT/JJL on status of activities.


J. J. Lipinsky

JJL:cf
Attachments

Q. Mr. Trallo, please state your name, business address and educational and professional qualifications.

A. (Trallo) My name is Ralph A. Trallo. I am employed by O. B. Cannon & Son, Inc., 5600 Woodland Avenue, Philadelphia, Pennsylvania 19143, in the position of Vice President, Production Services. A statement of my educational and professional qualifications is attached.

Q. What are your responsibilities as Vice President, Production Services of O. B. Cannon?

A. (Trallo) I have charge of all field operations, including field supervision, equipment, labor relations, quality services and loss control activities. Organizationally, Mr. Lipinsky reports directly to me.

Q. When did you first become involved with O. B. Cannon's work at the Comanche Peak site?

A. (Trallo) Although I was aware of the work from the onset in the early summer of 1983, I became involved in the details of this project approximately the first of November 1983, when I was assigned the duties of Cannon Task Group Chairman for the coatings overview at Comanche Peak. I understand that TUGCO had asked O. B. Cannon to further address the issues contained in

Mr. Lipinsky's August 8 Trip Report. Mr. Roth, the President of O. B. Cannon, asked me to take charge of that effort.

Q. When did you first visit the site.

A. (Trallo) My first and only visit to the site was November 10 and 11, 1983.

Q. Were you familiar with the issues identified by Mr. Lipinsky in his August 8 memorandum?

Q. (Trallo) Yes, I had reviewed the memorandum and discussed its contents with Mr. Lipinsky.

Q. What took place on November 10 at Comanche Peak?

A. (Trallo) A round-table meeting was held with Cannon personnel and TUGCO/TUSI personnel.

Q. What was the purpose of the meeting?

A. (Trallo) The purpose of the meeting was to review the items detailed in Mr. Lipinsky's August 8 Trip Report. We discussed each of the issues identified in Mr. Lipinsky's Trip Report, item by item. Based on the information provided to me by TUGCO representatives, I satisfied myself independently that the concerns expressed by Mr. Lipinsky were unfounded.

Q. Would it have been consistent with the corporate policy of O. B. Cannon for Mr. Lipinsky's August 8 Trip Report to be made public?

A. (Trallo) No, it is totally against corporate policy.

Q. As far as O. B. Cannon was concerned, what did Mr. Lipinsky's August 8 Trip Report represent?

A. (Trallo) It represented Mr. Lipinsky's personal notes to file regarding the activities that took place during his site visit.

Q. In summary, as Mr. Lipinsky's supervisor, are you satisfied that Texas Utilities has fully addressed all of the concerns identified by Mr. Lipinsky in his Trip Report?

A. (Trallo) Based on the information presented to me by TUGCO representatives at the meeting,

DEPARTMENTAL CORRESPONDENCE

OAD-84-0067

DATE February 13, 1984

SUBJECT H8301 Activities and Telephone Conversations on February 12th and 13th, 1984

Mr. R. B. Roth cc: R. Trallo, J. Norris, ~~REDACTED~~

FROM Joseph J. Lipinski

February 12, 1984

- Approximately 1615 hours (EST) telephone conversation with Bill Horn (Bishop, Liberman, Cook, Purcell & Reynolds). Bill Horn reviewed an affidavit for JJL signature. B. Horn explained that M. Watkins (Bishop, Liberman, Cook, Purcell & Reynolds) felt that the affidavit was needed to keep JJL out of the Dunham labor case.
- After JJL said there appeared to be no problem with the affidavit, B. Horn called Joel Epstein (Philadelphia Attorney). J. Epstein was to try and contact a notary (JJL was to contact D. Eckman in the event J. Epstein could not find a notary) and advise JJL on arrival of affidavit.
- Approximately 1640 hours (EST) JJL contacted and advised RBR of situation.
- Approximately 1650 hours (EST) JJL contacted D. Eckman to arrange notary services if required.
- Approximately 1700 hours (EST) telephone conversation with J. Epstein confirmed that D. Eckman would be needed.
- Approximately 1730 hours (EST) telephone conversation with B. Horn (Home [301] 652-7451). JJL had a question on the wording in paragraph number 7 of the affidavit. B. Horn agreed that the question had merit and advised JJL to try and contact M. Watkins.
- Approximately 1900 hours (EST) telephone conversation with M. Watkins (Fort Worth Americana [817] 870-1000) discussed affidavit and wording. Affidavit is consistent with JJL testimony to date. JJL to work on comments to NRC testimony and forward to M. Watkins. Also advised by M. Watkins that the Brookhaven Institute hired a consultant (M. Watkins couldn't recall the name though he recalled that the consultant was a former EBASCO employee) to evaluate the coating efforts at Comanche Peak.

OAN-84-0067

February 13, 1984

Page Two

SUBJECT: H8301 Activities and Telephone Conversations on February 12 & 13, 1984

February 12, 1984 (continued):

- Approximately 1930 hours (EST) telephone conversation with RAT to go over H8301 situation. JJL to call RAT and go over affidavit before signing if there are any problems.
- Approximately 2000 hours (EST) telephone conversation with M. Watkins. JJL to return signed and notarized affidavits to Delta Express Package Service at Philadelphia Airport.
- Approximately 2010 hours (EST) telephone conversation with J. Epstein. Inform J. Epstein on change of plans with regard to courier service arrangements and provide directions to D. Eckman's residence.
- Approximately 2030 hours (EST) leave for D. Eckman residence. Arrive at D. Eckman's residence at approximately 2150 hours (EST).

Advised on arrival by D. Eckman that J. Epstein called to say that the affidavit did not arrive and as a result J. Epstein will not be at D. Eckman's residence.

- Approximately 2200 hours (EST) telephone conversation with M. Watkins. Affidavit to arrive at OBC Philadelphia Office around 1000 hours (EST) on February 13, 1984. JJL to sign and have notarized, then return to courier for delivery to M. Watkins.
- Return home by 2250 hours (EST).

February 13, 1984

- Approximately 0820 hours (EST) up-date RBR on H8301 situation.
- Approximately 1000 hours (EST) up-date JJN on H8301 situation.
- Miscellaneous telephone conversations with B. Horn on current affidavit status.
- Affidavits arrived at approximately 1100 hours (EST) JJL reviewed affidavits with RBR. JJL signed affidavits, and returned the original and one copy to courier. JJL had one copy telecopied to number provided by B. Horn [817] 336-6307 Debra or Janet).

QAD-84-0067
February 13, 1984
Page Three

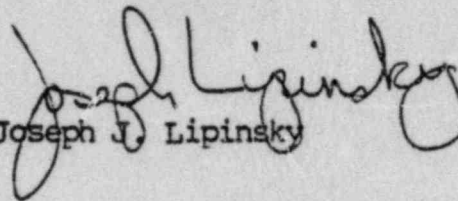
SUBJECT: H8301 Activities and Telephone Conversations on February 12 & 13, 1984

February 13, 1984 (continued)

- Copy of executed affidavit attached.

NOTE: Above is a summary of the numerous telephone conversations over the last two days. Telephone conversations of short duration were not recorded or the contents were consolidated with other telephone conversations.

Do not hesitate to contact the writer for clarification or additional information.


Joseph J. Lipinsky

JJL:cf
Attachment

202-387-8400 1-800-228-5598
411491

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To:

Mr. Joel P. Epstein
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FIRST CLASS MAIL

RECEIVED

FEB 13 1984

Oliver B. Cannon & Son, Inc.
CA Department