

DMB

September 26, 1985

Docket No. 50-461

Allen Samelson, Esq.  
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State of Illinois  
500 South 2nd Street  
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References: 1. Letter, A. Samelson to J. Keppler dated 8/27/85  
2. Letter, A. Samelson to J. Keppler dated 9/12/85  
3. Letter, D. Hall to J. Keppler, U-600197, dated 7/26/85  
4. Letter, D. Hall to J. Keppler, U-600211, dated 8/6/85  
5. Letter, D. Hall to J. Keppler, U-600215, dated 8/12/85  
6. Letter, D. Hall to J. Keppler, U-600244, dated 9/6/85  
7. Letter, J. Keppler to D. Hall dated 9/13/85

Dear Mr. Samelson:

This letter acknowledges the positions stated in your letters dated August 27 and September 12, 1985 (references 1 and 2) concerning Illinois Power (IP) Company's pending Overinspection Program termination requests and their proposed suspension of Overinspection Program activities. Your positions have been and are being carefully considered during Region III review of IP's requests.

As you know, IP requested termination of the Overinspection Program for electrical hangers; HVAC duct and duct supports; and cable tray, conduit, cable, and cable terminations based on 1984 Overinspection Program results (references 3-5, respectively). We initially denied this request. Subsequently, IP proposed suspension of Overinspection Program activities in the requested commodities, at its risk, pending completion of Region III's review of IP's termination requests (reference 6). We have concluded that IP may suspend Overinspection Program activities, at its risk, pending receipt and review of requested 1985 data (reference 7). This conclusion was based on information reviewed by Region III to date which supports the basis provided by IP for its termination requests. It is noted that new information based on NRC inspections was received and evaluated between the time of the initial denial and the acceptance of the proposal to suspend overinspection activities. It should also be noted that suspension is not equivalent to termination. Should Region III review of 1985 data reveal some significant anomaly not present in the 1984 Overinspection Program data, then Region III will require IP to continue Overinspection Program activities within the anomalous commodity.

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Allen Samelson, Esq.

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September 26, 1985

Your September 12, 1985 letter requested a written response and a response to your letter of August 27, 1985 as well (references 1 and 2). The requested responses are provided in the enclosure to this letter. I believe that this information is responsive to your concerns.

If you have any additional questions or comments, or if you require additional information concerning the enclosure, please feel free to contact Mr. R. F. Warnick of my staff at (312) 790-5575. As Mr. Warnick previously stated, we would be pleased to meet with you to discuss this matter in greater detail if you desire.

Sincerely,

Original signed by  
James G. Keppler

James G. Keppler  
Regional Administrator

Enclosure: Reply to Illinois  
Attorney General letters dated  
August 27 and September 12,  
1985

cc w/enclosure:

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RIII  
P2H for  
Gwynn/r1  
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RIII  
LTHH  
Danielson  
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Williams  
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Yes  
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JWM  
Muffett  
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Harrison  
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Warnick  
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Berson  
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Davis  
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Keppler  
09/25/85

Enclosure

REGION III RESPONSES TO ILLINOIS ATTORNEY GENERAL (IAG) COMMENTS

A. Responses to IAG letter Samelson to Keppler dated August 27, 1985

1. IAG Comment

Firstly, in the referenced letters IPC has provided Overinspection Program results only as of December 31, 1984. Data for 1985 should be provided in order to confirm that the 1984 data is still representative of current program results. In our opinion, it would be imprudent to allow deletion of commodities from the Overinspection Program in the absence of current data.

Region III Response

Region III has requested certain 1985 overinspection results be provided for the commodities subject to Illinois Power's (IP) requests. The request, as defined in our letter to IP dated September 13, 1985, included all data that Region III deemed essential to complete our review. The requested data will be reviewed by Region III to determine whether the 1984 data is still representative of current program results. This is consistent with your request.

2. IAG Comments

Secondly, we urge NRC to independently determine the "safety significance" of the nonconformances identified by the Overinspection Program before concurring with the removal of commodities from the program. At a minimum, NRC should conduct a detailed review of the documents relied upon by IPC in reaching the conclusion that none of the identified nonconformances are "safety significant". We would expect the NRC's assessment to be documented and available for our review.

In this regard, the IAG believes that special attention should be given to the categorization of nonconformances by IPC. Two examples will illustrate the basis for this concern. In many cases, IPC relies upon the existence of future testing programs in order to conclude that a group of nonconformances are not safety significant. Such reliance may be misplaced as was demonstrated during the CAT inspection by the failure of the electrical separation walkdowns to detect discrepant conditions. Also noteworthy in this regard is the CAT inspection finding that work performed by IPC staff on systems and components after turnover from construction has been ineffectively controlled. Another example is the IPC conclusion that wood debris left in cable trays presents no safety-significant

condition. Yet it appears that IPC failed to consider the fire hazard that such debris might pose. Thus, we believe NRC should conduct a detailed review of the nonconformance categorizations in order to independently determine whether all implications of the nonconforming attributes have been adequately identified and addressed by IPC.

### Region III Response

Region III has reviewed a sample of the documents relied upon by IP in their engineering evaluations of the safety significance of overinspection program identified nonconformances. The results of the review have been documented in Inspection Report 50-461/85044. In addition, Region III has asked that IP provide the results of some safety significance evaluations performed for nonconformances identified in 1985 within the commodities for which termination was requested. This information will be used by Region III in reaching a decision concerning IP's termination requests.

The matter of reliance on future activities to disposition and evaluate the significance of Overinspection Program identified deficiencies was the subject of questions and answers between IP and Region III (refer to letter J. Keppler to D. Hall dated April 11, 1985 and each IP termination request, enclosure 2, IP RESPONSE TO ENCLOSURE 2 NRC Question C.1, respectively). In addition, Region III reviews of engineering evaluations to date, as documented in Inspection Reports 50-461/85027 and 85044, have not revealed any instance in which IP has improperly categorized nonconformances or misplaced reliance on future test activities. Region III specifically included a review of evaluations taking credit for future testing activities in the first Inspection Report (50-461/85027). That inspection revealed that "no instances of improper reliance on future actions to disposition the NCRs were discovered."

### 3. IAG Comment

Thirdly, we remain concerned that thousands of nonconformances were undetected by the normal QA/QC program. It is significant that for a number of commodities, approximately 50% of the items inspected required the issuance of an NCR documenting at least one nonconforming attribute. The IAG believes that IPC should (1) conduct analyses to identify the root cause(s) which allowed nonconformances to remain undetected by the normal QA/QC program and (2) initiate appropriate corrective actions to address the root causes. The root cause analyses and corrective action program should be provided to NRC and the IAG.

### Region III Response

This comment is essentially identical to earlier IAG questions and comments to which Region III has already responded (please refer to letter Keppler to Samelson dated June 14, 1985, enclosure 1, page 9, Region III response to IAG Question 14). While the occurrence of high nonconformance rates is undesirable, the more important consideration is the safety significance of the nonconformances. Since the time of Region III's earlier response, Region III and the Construction Appraisal Team have conducted extensive reviews of the as-built condition of the commodities subject to IP's current termination requests and of the significance of deficiencies identified during conduct of the Overinspection Program.

The requirements of 10CFR50, Appendix B, Criterion XVI apply to IP's activities and are being enforced by Region III. Should significant conditions adverse to quality be identified during Region III's review, the cause of the condition will have to be determined by IP if not already determined and corrective action taken to preclude repetition.

#### 4. IAG Comment

Finally, the IAG believes, based upon findings of the recent CAT inspection, that the Overinspection Program should include systems "important-to-safety" but not "safety-related". As you are aware, the CAT inspection confirmed that there are more hardware and QA/QC program deficiencies in areas not covered by the Overinspection Program. Consequently, we believe that commodities installed in important reactor control systems that are not presently addressed by the Overinspection Program, such as the feedwater control system, should be included in the Program, especially if other commodities are removed from Overinspection.

### Region III Response

This comment is essentially identical to earlier IAG questions and comments to which Region III has already responded (please refer to letter Keppler to Samelson dated June 14, 1985, enclosure 1, page 7, Region III response to IAG Question 12). In addition, this matter was specifically discussed in the meeting held between Region III and the IAG on May 9, 1985 in the Region III Office (please refer to letter Keppler to Samelson dated June 17, 1985, enclosure, page 2).

The NRC Construction Appraisal Team (CAT) Report Executive Summary (Inspection Report 50-461/85030) stated in part that, "An effort was made by the NRC CAT to assess the IP Overinspection (IPOI) Program. The NRC CAT found fewer program or hardware deficiencies in areas

covered by the IPOI Program than in areas not covered by the IPOI Program." Based on the scope and results documented by the NRC CAT, it is clear that the CAT Report Executive Summary was referring to findings related to vendor supplied safety related components which were not subject to IPOI (e.g., vendor supplied tanks and heat exchangers with deficient weldments; vendor supplied panels with wiring deficiencies; and vendor supplied, skid mounted equipment with incorrect or unidentified fasteners) rather than referring to findings related to plant structures, systems, and components (SSC's) classified as "important to safety" but not "safety related".

Region III has carefully reviewed the IAG's suggestion that important reactor control systems, such as the feedwater control system (FWCS), be included in the Overinspection Program. The Clinton Power Station (CPS) Final Safety Analysis Report (FSAR) states the following concerning the classification of the FWCS: "This system is a power generation system and is not related to safety". The failure of FWCS components has been analyzed (as documented in chapter 15 of the CPS FSAR) and included in the design basis for CPS safety systems. The failure of the FWCS does not impact plant safety; however, FWCS failures have a direct impact on power generation reliability. Increasing the quality of FWCS construction and the reliability of FWCS operation is a commercial consideration.

The Overinspection Program scope, which includes systems "important to safety" (fire protection and radwaste) was established by IP and concurred in by Region III in late 1982 and early 1983. Region III does not believe there is either a regulatory basis or sufficient technical justification to require a change to the program scope at this late date; however, Region III has discussed with IP how we can be more responsive to IAG comments. Deficiencies in systems "important to safety" have been and are being identified, dispositioned, and corrected by IP's Quality Assurance Program.

B. Responses To IAG letter Samelson to Keppler dated September 12, 1985

1. IAG Comment

Firstly, it is our understanding that NRC concurrence is required before termination of any commodities from the Overinspection Program. Given the history and continuance of QA/QC problems at Clinton, the reasons for this requirement are obvious. Although it appears this procedure has been adhered to thus far, the September 6, 1985 IPC proposal would, if accepted by NRC, be a departure from this established procedure. Either the data and engineering evaluations thereof warrant termination for a specific commodity or they do not. Unless the former is true and NRC is able and willing to document its confidence in that conclusion, concurrence for removal of a commodity from the Overinspection Program should not be given, in our opinion.

### Region III Response

NRC concurrence is required before termination of any commodity from the Overinspection Program. IP requested termination of Overinspection for specific commodities in their letters of July 26, August 6, and August 12, 1985. Region III was unable to concur in IP's requests for the reasons documented in our August 30, 1985 and September 13, 1985 letters to IP.

IP strongly believes that there is sufficient basis for termination of the requested commodities, as expressed in their letter to Region III (U-600244) dated September 6, 1985. Based on its strong belief, IP proposed suspension of Overinspection activities in the requested commodities pending submittal of additional information and completion of Region III's review.

Suspension of Overinspection activities and termination of the Overinspection Program by commodity are not equivalent. Suspension of activities was undertaken by IP as a cost saving measure at its own risk. IP remains committed to performing Overinspection for the suspended commodities unless and until released from their commitment by Region III. Overinspection Program termination by commodity represents a release from previous commitments and requires Region III concurrence.

In this instance, Region III allowed IP to assume the risk of suspending Overinspection activities in the requested commodities on the following basis:

- a. Region III's confidence in the quality of the hardware involved based on direct NRC inspection results.
- b. Region III's confidence in the adequacy of engineering evaluations performed by Sargent and Lundy of the safety significance of deficiencies identified by the Overinspection Program in 1984.
- c. Region III's confidence in the adequacy of implementation of the Overinspection Program based on direct Region III inspection results.
- d. IP's acknowledgement that it might have to resume overinspection of the suspended commodities.

This basis was documented in Region III's September 13, 1985 letter to IP.

Region III's review of IP's termination requests will continue upon receipt of requested 1985 Overinspection Program results for the requested commodities. Our conclusion on termination will be documented following our review and evaluation of the data.

hangers have been inspected under the Overinspection program. This information, when combined with the large body of information already available to Region III, should provide a firm and conservative basis for decision on IP's pending termination requests.

The subject of evaluation of nonconformances, considering the cumulative effects of nonconforming attributes, was addressed by IP for each commodity for which termination was requested. Please refer to IP's response to NRC questions A.3, B.3, and B.4 in enclosure 2 to each of IP's termination requests (IP letters U-600197, U-600211, and U-600215 dated July 26, August 6, and August 12, 1985, respectively).

Region III has inspected nonconformances, dispositions, engineering evaluations, and the as built condition of commodities subject to the pending termination requests. The results of these inspections have been documented in inspection reports. Our engineering specialist inspector, Mr. Muffett, has recently completed two inspections relative to the pending termination requests for electrical hangers, conduit, cable tray, HVAC duct, and HVAC duct supports. The results of his inspections, which have been documented in Inspection Reports 50-461/85044 and 85049, revealed that the procedures dealing with the disposition of discrepancies were properly implemented; that engineering evaluations demonstrated that FSAR commitments were met as they pertain to engineering design and analysis; and that the as-built condition of components inspected was found to be acceptable.

## 2. IAG Comment

Secondly, there appears to be a substantial dispute regarding the safety significance of nonconformances identified by the Overinspection Program. Specifically, NRC has stated its concern regarding the high rate of nonconformances per item, while IPC believes the rate of nonconformances per attribute is the appropriate basis for engineering evaluation and, on this basis, contends no safety significant nonconformances have been shown. In our August 27, 1985 letter to you, the IAG raised questions as to both the number and categorization of nonconformances. These questions remain unanswered. Because plant structures and systems perform in an integrated manner and are subject to cumulative effects, evaluation of nonconformances solely by discrete "attribute" is inappropriate, in our view.

In this regard, we understand that Jim Muffett has inspected the Sargent & Lundy engineering evaluations and has found no significant deficiencies therein. We would hope that the safety significance issue has been thoroughly examined by NRC. In any event, we believe an appropriate resolution of this issue should be achieved and documented prior to NRC concurrence with the IPC proposal.

### Region III Response

The matter of presenting Overinspection Program results in terms of items versus attributes does not relate to a "substantial dispute regarding the safety significance of nonconformances identified by the Overinspection Program"; the matter in dispute relates to the sufficiency of docketed information supporting IP's conclusion that Overinspection Program findings have no significance to plant safety. Region III agrees with IP's contention that the rate of nonconforming items, unto itself, is not an appropriate basis for engineering evaluation. The key question is the confidence that can be achieved based on the sample size and the significance of identified deficiencies with respect to plant operational safety.

Region III has initiated actions on its own [inspections] and has requested actions by IP to obtain additional docketed information. The information is needed by Region III in order to achieve a thorough understanding of the significance of Overinspection Program findings; to verify that no new trends or types of discrepancies have been discovered; to verify the sufficiency of the sample to support a conclusion of high confidence that the results of reinspections are representative of overall quality for each commodity; to verify that IP's conclusions concerning the significance of Overinspection Program findings remain valid in light of the total body of data accumulated for each applicable commodity; and to enable Region III to determine that a sufficient sample of both conduit and cable tray