APPENDIX B

U. S. NUCLEAR REGULATORY COMMISSION

REGION IV

NRC Inspection Report: 50-445/85-02 Construction Permit CPPR-126

Docket: 50-445 Category: A2

Applicant: Texas Utilities Electric Company (TUEC)
Skyway Tower
400 North Olive Street
Lock Box 81
Dallas, Texas 75201

Facility Name: Comanche Peak Steam Electric Station (CPSES) Unit 1

Inspection At: Glen Rose, Texas

Inspection Conducted: January 1 through February 28, 1985

Inspectors: Dennis L. Kelley 4/17/85
D. L. Kelley, Senior Resident Reactor Inspector (SRRI) Date

W. Smith 4/17/85
W. F. Smith, Resident Reactor Inspector (RRI) Date

Approved: D M Hunnicutt 4/17/85
D. M. Hunnicutt, Section Chief, Reactor Project Section B Date

Inspection Summary

Inspection Conducted: January 1 through February 28, 1985
(Report 50-445/85-02)

Areas Inspected: Routine, unannounced inspection of (1) preoperational test results evaluation; (2) applicant actions on previous inspection findings; (3) plant tours; and (4) plant status. The inspection involved 145 inspector-hours by two NRC inspectors.

Results: Within the 4 areas inspected, one violation was identified (failure to follow procedures, paragraph 2). In addition, 8 open items exist in paragraph 2 pending applicant action, and 3 unresolved items exist in paragraph 2 requiring additional information.

DETAILS

1. Persons Contacted

Applicant Personnel

*J. C. Kuykendall, Manager, Nuclear Operations
*C. H. Welch, Quality Assurance Supervisor
*J. C. Smith, Quality Assurance
*R. B. Seidel, Operations Superintendent
*R. E. Camp, Assistant Project General Manager, Unit 1
*R. R. Wistrand, Administration Superintendent
*R. A. Jones, Manager, Plant Operations
*T. L. Gosdin, Support Services Superintendent
*D. W. Braswell, Engineering Superintendent
*D. E. Deviney, Operations QA Supervisor
*M. R. Blevins, Maintenance Superintendent
S. M. Franks, Special Project and Technical Support Lead

*Denotes those present at exit interview.

The NRC inspectors also interviewed other applicant employees during this inspection period.

2. Preoperational Test Results Evaluation

The NRC Resident Inspectors conducted an inspection of preoperational test data packages which had been completed, approved by the Joint Test Group (JTG) and placed in the station permanent records storage facility. The objectives of this inspection were to:

- Assure that the applicant is performing an adequate evaluation of test results,
- Assure that all test data are either within previously established acceptance criteria, or that deviations are properly dispositioned,
- Evaluate the adequacy of the applicant's methods for correcting deficiencies and for retesting, if necessary,
- Evaluate the adequacy of the applicant's administrative practices in maintaining proper test discipline concerning test execution, test alteration, and test records, and
- Verify that the applicant is following his procedures for review, evaluation, and acceptance of test results.

The inspection of each preoperational test package consisted of:

- o A review of all test changes to verify that (1) each change was approved in accordance with pertinent administrative procedures, (2) the procedure was annotated to identify test changes, (3) the test change had been completed if it entailed specific actions, and (4) none of the changes altered the basic objectives of the test.

- o A review of all test deficiencies to verify that, (1) each had been resolved, that the resolution had been accepted by appropriate management and the JTG, and that retest requirements had been completed; (2) any system or process changes necessitated by a test deficiency were properly documented and reviewed.

- o A review of the test summary and evaluation to ensure that, (1) the System Test Engineer (STE) evaluated the test results and signified that the testing demonstrated that the system met design requirements; (2) the applicant specifically compared test results with established acceptance criteria.

- o A review of the "official test copy" of the test procedure to verify that, (1) data sheets had been completed (10 percent minimum sample); (2) all data were recorded where required and were within acceptance tolerances (10 percent minimum sample); (3) all test deficiencies identified were noted and had received appropriate reviews and evaluations; and (4) individual test steps and data sheets have been properly signed and dated.

- o A review of Quality Assurance involvement to verify that, (1) QA/QC witness and hold points were observed where called for; (2) Preoperational Test packages were audited as required by administrative procedures.

- o Verification that the test results have been approved by the applicant's Joint Test Group and that the review and approval is documented as required by administrative procedures.

Inspection of the completed preoperational test data packages listed below revealed minor problems that are generic in nature. These are addressed below, rather than in the specific comments provided for each package. Since the preoperational test program for Unit 1 was essentially completed, the NRC inspectors considered it appropriate to address these at this time, so that Unit 2 testing can be improved accordingly:

a. Section 4.8 of Startup Administrative Procedure CP-SAP-21, "Conduct of Testing," provides instructions for making corrections to test procedure or data sheet entries, i.e., lining through the entry once, then dating and signing or initialling the correction. The procedure

directs that data shall not be erased, obliterated, or covered by "whiteout" or other means. This is a standard, industry-wide practice, which the applicant has meticulously adhered to with one general exception. In most test data packages, when the System Test Engineer (STE) found it necessary to repeat procedure steps, he lined through the previous signature, signed and dated the lineout, and then signed off the step again when he repeated the step. This is the method prescribed by procedure. However, there were instances when the STE lined through a previous signature without signing and dating the lineout, followed by signoff of the step again when it was repeated. If it was assumed that the requirements of CP-SAP-21, step 4.8 were being followed, then the steps appeared to be missing the required signoffs, the result being no certification that the steps had been performed at all. The specifics in each data package where this problem existed were corrected during final review, in most cases. Whether or not corrected, the NRC inspectors were able to find other information in the test data packages such as the chronological test logs, that substantiated actual reperformance of the steps in question. Thus, it is an administrative problem which complicates data package review rather than a failure to perform the required test steps. The generic aspects of this problem were discussed with the applicant's representatives, with the suggestion by the RRI that test step signoffs need not be lined through if the step was in fact performed, because the dates accompanying subsequent signoffs clearly indicate each time the step is performed. If a situation occurs where a step is signed by mistake, the STE could annotate that the signature is void and explain why in the margin or in the log. The applicant has committed to take this under advisement under "lessons learned" for Unit 2 and will advise the RRI of action taken at a later date. This is (open) Open Item 445/8502-01.

b. CP-SAP-12, "Deviations to Test Instructions/Procedures," provides the requirements and responsibilities for initiation and approval of minor changes (deviations) to test instructions and procedures. Most preoperational testing procedures require minor changes just prior to, or during performance of the test to accommodate last-minute design changes affecting the test, to correct editorial or typographical errors that were missed during the procedure review and approval process, or to allow alternate testing methods when unanticipated equipment problems occur. There were indications of a trend toward three problems in the implementation of this procedure:

(1) Section 4.2.4 of CP-SAP-12 requires the author (usually the STE) of a test procedure deviation (TPD) to describe the reason for the deviation in the space provided on the TPD form. Examples exist where technical changes were explained as "typo error." In other cases the reason just did not leave the reviewer with a

clear understanding as to why the change was necessary. The specifics have been clarified or corrected on a case basis. The applicant has indicated prior knowledge of this trend and has committed to correct it for Unit 2 testing under "lessons learned." Actions taken will be reviewed for adequacy by the NRC and for tracking purposes shall remain (open) Open Item 445/8502-02.

(2) CP-SAP-8, "Review, Approval and Revision of Test Instruction/ Procedures" and CP-SAP-12 both control the method of changing test procedures and instructions. Whether the procedure is revised formally in accordance with CP-SAP-8 or a TPD is utilized in accordance with CP-SAP-12, a change must be documented and approved in accordance with one of these procedures in order to ensure that the objectives of the original test as described in the FSAR are kept intact. The RRI observed that during JTG reviews of completed test data packages, deficiencies found which required a change to the procedures after the test was performed were documented on a Test Deficiency Report (TDR) and not in accordance with CP-SAP-8 or 12. The applicant explained that revising the procedure in accordance with CP-SAP-8 or 12 after the test had been completed had no value because the TDR documented and explained the change, the reason for the change, the retesting requirements, completion of corrective actions and retesting, and in addition, the JTG ultimately approved the action stated on the TDR. While the RRI agreed that this is the best way to handle and document such changes, CP-SAP-8 and 12 do not provide for it, thus administrative provisions must be made to continue this practice. The applicant committed to make the appropriate administrative procedure revisions. This will remain (open) Open Item 445/8502-03 until the action is completed.

(3) Since there is no provision in CP-SAP-12 to limit the extent of test procedure deviation reports, the complexity and number of TPDs has increased gradually to the point where full revisions should be considered. An example of this is described in the specific comments for 1CP-PT-64-10 below. While it was explained by the applicant and is understood by the NRC that the JTG ultimately approved the changes during the completed test package review, the confusion brought about by numerous pen-and-ink changes can have a detrimental effect on the quality of the test, particularly when there is insufficient space on the page to enter the changes. The applicant also noted this trend and had indicated that action will be taken under "lessons learned" for Unit 2. The NRC will review this action at a later date and evaluate its adequacy. This is (open) Open Item 445/8502-04.

c. In addition to the general comments made above, the NRC inspectors had the following specific comments and concerns related to the completed preoperational test packages inspected:

(1) 1CP-PT-29-02, Revision 1, "Diesel Generator Auxiliary Systems"

There were several instances where the STE failed to initiate a TPD to authorize minor changes to the procedure, for what appeared to be unnecessary requirements or editorial errors. For example, step 7.3.12 was written twice. Instead of deleting the duplication, the STE did not sign the second step, then six months later lined through it and added the remark "Void-duplication of the step on page 15." Data sheets 2, 6, 10 and 14 call for air compressor shutdown time, t2. The data was not recorded, and the remark, "no test step to record t2." was entered. These data points should have been deleted by TPD, because apparently the shutdown time has no significance when in manual operation. The data sheets contained a "reviewed by" signature blank which was not signed. The applicant's representative explained that the signature blanks should not have been in the procedure. If not, they should have been deleted by TPD in accordance with CP-SAP-12, not left blank in the completed data package. In each case during the review of completed preoperational test data packages, the NRC inspector was shown by the applicant that the action (or lack thereof) taken by the STE was technically correct in-so-far as testing of the system is concerned. However, this practice is not permitted by administrative procedures. The above examples constitute a violation of 10 CFR 50, Appendix B, Criterion V, failure to follow procedure (445/8502-05).

(2) 1CP-PT-29-01, RT1, Revision 0, "Diesel Generator Auxiliary Systems, Retest 1,"

No deviations or violations were found.

(3) 1CP-PT-29-02, RT1, Revision 0, "Diesel Generator Control Circuit Functional and Start Test," Retest 1, (Phase I and II).

On data sheet 9, the STE annotated that position 6 of the temperature selector switch does not exist for stator temperatures, yet the procedure called for these data. This requirement should have been deleted by a TPD instead of being left blank. Again, as above, the STE was technically correct, but he did not follow the administrative requirements of CP-SAP-21 to initiate an approved change. This is another example of failure to follow procedure addressed under violation 445/8502-05 above.

(4) 1CP-PT-29-03 REDO, Revision 0, "Diesel Generator Load Tests" (Repeat of test).

TDR 3425 identified a problem with No. 2 starting air compressor relief valve lifting below its proper lift pressure. The corrective action entered on the TDR form required the valve to be repaired and/or reset. The work document describing completion of this work stated that the relief valve was not the problem and that perhaps the pressure gages should be checked. There was no documentation in the preoperational test data package showing what action was taken, if any. On October 8, 1984, the TDR was signed off by the STE as "corrective action completed," with no apparent followup to determine the cause of the relief valve lifting prematurely. On October 22, 1984, during performance of 1CP-PT-29-03, Retest 1 (below), the relief valve again lifted prematurely. The STE initiated TDR 3723 to document the problem. As of the time of this inspection, the followup actions were not completed. The applicant was requested to explain why the cause of the relief valve problem was not resolved prior to starting the second test, and what final action was taken to solve the problem. The applicant committed to provide this information. This is (open) Unresolved Item 445/8502-06.

(5) 1CP-PT-29-03, RT-1, Revision 0, "Diesel Generator Load Test, Retest 1."

Paragraph 7.1 of this procedure was subjected to many pen-and-ink (TPD) changes. Incorporation of these changes by the STE rendered this section of the completed preoperational test package illegible. As a result, the NRC inspectors could not determine the adequacy of the test results. The applicant indicated that corrective actions would be taken including a possible repeat of the test. This is (open) Unresolved Item 445/8502-07.

(6) 1CP-PT-29-03, RT-2, Revision 0, "Diesel Generator Load Test, Retest 2,"

There were no violations or deviations noted during review of this test. However, it appeared that there may have been some discontinuity with regard to design drawing updates. The NRC inspector noted that 1CP-PT-29-03, RT-1, did not have any referenced drawing revision updates prior to starting the test. This in itself did not indicate a problem, because 1CP-PT-29-03 REDO which had a similar referenced drawing list, was updated about two months earlier. However, upon review of 1CP-PT-29-03, RT-2, which also had a similar list of referenced drawings, the NRC inspector noted that about 40 drawing revisions

were changed about 10 days before 1CP-PT-29-03, RT-1, was started. This raised the question of whether or not 1CP-PT-29-03, RT-1 referenced drawings were current during performance of that test, or, the current design information was evaluated against the test procedure. The applicant commented that the sequence of events were probably misleading, and has committed to provide an explanation. This is (open) Unresolved Item 445/8502-08.

(7) 1CP-PT-29-04, Revision 0, "Diesel Generator Sequencing and Operational Stability Test"

No violations or deviations were found.

(8) 1CP-PT-29-04, RT-1, Revision 0, "Diesel Generator Sequencing and Operational Stability Test, Retest 1."

This test data package contained 22 TPDs and 9 TDRs. It contained many TPD pen-and-ink entries, which rendered the data package illegible. Consequently the NRC inspectors were unable to determine whether or not the test objectives were met. The applicant indicated that corrective actions would be taken including a possible repeat of the test. This is the second example of this problem found during NRC inspections of completed preoperational test data packages. The NRC inspector noted that the previous example (1CP-PT-29-03, RT-1) was performed by the same STE. These two test data packages are the only cases where the NRC inspectors had been unable to determine the adequacy of test results due to illegible entries. The applicant acknowledged this and is taking corrective actions in that regard also. This is (open) Unresolved Item 445/8502-09.

(9) 1CP-PT-29-05, Revision 0, "Diesel Generator Reliability Test."

No violations or deviations were found.

(10) 1CP-PT-29-05, REDO, Revision 0, "Diesel Generator Reliability Tests" (Repeat of Test).

No violations or deviations were found.

(11) 1CP-PT-48-02, Revision 0, "Containment Spray System Response Time and Chemical Additive Flow Test."

No violations or deviations were found.

(12) 1CP-PT-64-05, Revision 1, "Safeguards Test Cabinets/Turbine Trip Test Cabinets Blocking Circuits Operational Test."

The RRI noted that this preoperational test procedure was utilized by the STE in a neat and professional manner, and provided an excellent test data package. No violations or deviations were found.

(13) 1CP-PT-64-10, Revision 0, "Safeguards Relay Actuation Test."

Prior to the start of this test, the STE executed a 56 page TPD which had 61 instructions, a few of which required replacing about 45 of the procedure's 207 pages. On July 2, 1984, this massive change appeared to have been approved in one day by the Shift Supervisor and by the Lead Startup Engineer. The TPD contained inadequate or improper justifications, and in one case a detailed justification (No. 43) was provided for a change description that did not exist in the TPD. That is, the change descriptions skipped from No. 42 to No. 44. The change could have been made in the procedure, but when the TPD was typed, instruction number 43 was apparently omitted. A second TPD, which involved the replacement of 11 more procedure pages, made additional changes and corrected errors made in the first TPD. It became readily apparent upon review of this test data package that there should be controls over the extent of changes a TPD can incorporate without full JTG approval. Startup Administrative Procedures presently have no limits. The applicant pointed out that although such large changes do not have the benefit of a JTG review before or during a test, the JTG has the ultimate opportunity and responsibility to rule on the acceptability of all changes during the final review of the completed test data package. The RRI acknowledged this. However, such extensive changes without a thorough technical review are subject to error which can affect the quality of safety-related systems through improper test methods or equipment manipulation. Since the RRI was unable to determine whether change number 43 was incorporated, it remains unresolved as to the acceptability of this completed test data package. The applicant must demonstrate how this change was incorporated, assess the impact on the test if not incorporated, and consider what controls should be implemented to keep the scope of TPDs down to manageable size and complexity. This is (open) Unresolved Item 445/8502-10.

No violations or deviations were identified.

(14) 1CP-PT-02-02, "118 VAC RPS Inverters, (REDO)"

This test package was neat and well annotated. The TPDs and TDRs were well documented and corrective actions were well defined. No violations or deviations were identified.

(15) 1CP-PT-57-10, "Load Group Assignment."

No violations or deviations were identified, however, two open items associated with TDRs are listed below. The applicant is researching records to provide the information to close out these items.

- o TDR-3676 identified a failure to accomplish the slow transfer of train B bus 12A2 when initiated by the test procedure. The cause was determined to be binding of the activating bar for device 52b/1EG2. Maintenance Action Request (MAR) 84-4036 was initiated to adjust the activating bar. A note on the MAR specified that the retest for the MAR would be added later. Neither the retest for the MAR nor the MAR are included in the completed test document. This is (open) Open Item 445/8502-11.

- o TDR-3966 was issued during the completed test package review. The TDR (item 4) identified 15 drawing changes pertaining to the referenced drawings in the test package. The corrective action was to note the changes beside the referenced drawings. There is no documentation to show that the changes were reviewed to ascertain if they impacted the results of the test. This is (open) Open Item 445/8502-12.

3. Applicant Action on Previous Inspection Findings

a. (Closed) Unresolved Item 8340-01: Concerns over whether or not the applicant was going to have sufficient records from which to determine retests of systems (or subsystems) subjected to extensive electrical rework after preoperational testing was completed. In early 1983 many electrical cables were determinated, rerouted and/or modified, and reterminated. The NRC inspector expressed concern in NRC Inspection Report 50-445/83-40 that such records will be vital to ensure that systems are fully retested, and that NRC examination of work packages will be on-going to establish the level of confidence required by the NRC. Such an examination was subsequently conducted, and no problems were found that would preclude an adequate retesting program. In the interest of conservatism, the applicant had decided to repeat the control and interlock sections of 34 preoperational tests and completely repeat 4 others. This conservative approach coupled with what appeared to be adequate construction rework records has established an acceptable level of confidence. This item is considered closed.

b. (Closed) Violation 8340-01: Failure to follow procedures. During the months of July, August, and September 1983, an estimated 12,000 documents were transmitted from the Startup group to the applicant's record center with incorrectly filled out transmittal forms. This was contrary to the requirements of station administrative procedure STA-302, "Station Records." In their response to the notice of violation the applicant indicated that although the requirements of STA-302 were not being completely followed, each transmittal had the required "unique identifier," and thus all documents were retrievable. As such, plant safety was not affected. Permanent corrective action

included retraining and direction of Records Center personnel to ensure that their activities were in full compliance with STA-302. Subsequently, in August 1984, an NRC inspection of quality assurance was conducted (see NRC Inspection Report 50-445/84-31 dated February 12, 1985). The area of records transmittal was addressed and appeared to be under control with no problems noted. This item is closed.

c. (Closed) Open Item 8223-01: This item addressed the inability to attain the required system flow rates during the performance of the Station Service Water (SSW) preoperational test procedure 1CP-PT-04-01. Corrective actions taken by the applicant included clearing out partially clogged instrument lines, verification of installed instrument calibration, removal of possible air bubbles from installed instruments by filling and venting, revising the test procedure to obtain additional data points in order to better determine the pressure-flow characteristics of the system and its pumps, and use of back-up test instruments to verify flows. The repeat performance of 1CP-PT-04-01 achieved satisfactory results. The NRC inspectors witnessed the repeat test in June 1984, which is documented in NRC Inspection Report 50-445/84-21, dated August 14, 1984. This item is closed.

d. (Closed) Violation 8308-01: Failure to follow procedures. During Hot Functional Testing conducted in March 1983, the SRRI noted that ten steps of IPO-001A, Revision 0, "Plant Startup from Cold Shutdown to Hot Standby" had been changed without using proper administrative controls. The applicant's response indicated that the cause was an oversight by control room personnel. Most of the operating procedures were in draft form, and thus, as a function of procedure check-out, control room personnel were making pen-and-ink error corrections. Personnel using IPO-001A failed to notice that the procedure was already approved and as such, came under specific administrative revision controls. Corrective action taken by the applicant was to issue CPSES Special Order No. 1-SO-83-005, "Operating Procedures - Use and Changes During Testing" on March 4, 1983, in accordance with STA-207, "Special Order, Night Orders, and Management Memorandums." The order outlined requirements for the use of operating procedures during preoperational testing, and cautioned personnel that changes to approved operating procedures are to be made in accordance with approved administrative controls. The trial-testing and correction of plant operating procedures during the initial testing program is encouraged by Regulatory Position C.7 of Regulatory Guide 1.68, which is a commitment in the CPSES FSAR.

From the time of this violation in March 1983, through January 1985, there has been a significant amount of preoperational testing. The NRC inspectors have not observed any further problems in the Operations area of procedure revision control, thus, the applicant's preventive actions appear to be adequate. This violation is closed.

e. (Closed) Open Item 8308-03: This open item was issued to track the resolution of comments made by the SRRI while reviewing 12 Initial Startup (ISU) procedures which he received in draft form. Five of these procedures yielded specific comments which are documented in NRC Inspection Report 50-445/83-08 dated April 29, 1983. All comments provided by the SRRI have been satisfactorily resolved and are appropriately reflected in the issued procedures approved by the Station Operation Review Committee (SORC). This item is closed.

f. (Closed) Open Item 8221-01: In September 1982, during a routine inspection, the SRRI noted that station operating logs were lacking consistency in format and detail. This was brought to the attention of the applicant in NRC Inspection Report 50-445/82-21 dated October 20, 1982. The applicant took the comment under advisement. Since that time up to the present, the SRRI and the RRI have been reviewing the logs as a part of routine plant tours. The attributes checked have been that the logs accurately reflect plant status and changes thereto, tests in progress, documentation of problems encountered during a given shift, and finally, overall compliance with Operations Department Administrative Procedure ODA-301, "Operating Logs." The resident inspectors found that the logs generally met the above criteria. This item is closed.

g. (Closed) Open Item 8221-02: During the routine September 1982, inspection the SRRI noted an organizational change where the Texas Utilities Services, Incorporated (TUSI) Engineering and Construction Manager became the Texas Utilities Generating Company (TUGCO) Startup Manager. This item was considered open pending the applicant's review of possible FSAR changes. Since that time, this individual has become the Assistant Project General Manager, and other organizational changes have taken place. As of the time of this inspection, the FSAR, through amendment 53 dated July 13, 1984, appears to reflect the current organization in this area. This item is closed.

4. Plant Tours

During this reporting period, the SRRI and RRI conducted several inspection tours of Unit 1. In addition to the general housekeeping activities and general cleanliness of the facility, specific attention was given to areas where safety-related equipment was installed and where activities were in progress involving safety-related equipment. These areas were inspected to ensure that:

- Work in progress was being accomplished using approved procedures.
- Special precautions for protection of equipment were implemented, and additional cleanliness requirements were being adhered to for maintenance, flushing, and welding activities.
- Installed safety-related equipment and components were being protected and maintained to prevent damage and deterioration.

Also during these tours, the SRRI and RRI reviewed the control room and shift supervisors' log books. Key items in the log review were:

- o plant status
- o changes in plant status
- o tests in progress
- o documentation of problems which arise during operating shifts

Overall housekeeping practices in Unit 1 are excellent. There were no problems found in the operating logs.

No violations or deviations were found during the plant tours.

5. Plant Status as of February 28, 1985

a. Unit No. 1 is 99% complete with 403 of 422 areas turned over to operations custody and 331 of 332 subsystems turned over to operations custody. "Custody" means having immediate authority and responsibility for operational control of systems or equipment.

The applicant has accepted 286 of 332 subsystems for final acceptance.

b. Of the 199 preoperational tests, all are completed on field testing, and one is pending review and approval of completed data. Seven are pending NRC completed data inspections.

c. The following NRC inspection findings are open pending applicant action and NRC followup inspection to confirm completion for closure. The quantities are based on a manually maintained open items list held by the NRC Resident Inspector's office at CPSES.

	Last Report	This Report
Violations	10	12
Deviations	0	0
Open Items	100	97
Unresolved	7	14
Total	117	123

Action is underway to complete these items. Closure will be documented in future inspection reports.

d. Unit No. 2 is 72% complete. The preoperational test program on systems associated with NRC inspections has not yet started.

6. Exit Interview

An exit interview was conducted on March 1, 1985, with applicant representatives identified in paragraph 1. During the interview, the SRRI and RRI reviewed the scope of this inspection report and discussed the inspection findings. The applicant acknowledged the findings.