

TENNESSEE VALLEY AUTHORITY

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MAR 17 1988

U.S. Nuclear Regulatory Commission
ATTN: Document Control Desk
Washington, D.C. 20555

Gentlemen:

In the Matter of
Tennessee Valley Authority

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Docket Nos. 50-327
50-328

SEQUOYAH NUCLEAR PLANT (SQN) - SUPPLEMENTAL RESPONSE TO IE BULLETIN (IEB)
NO. 83-07, APPARENTLY FRAUDULENT PRODUCTS SOLD BY RAY MILLER, INCORPORATED

- References 1: Letter from L. M. Mills to J. P. O'Reilly dated March 22, 1984,
"Inspection and Enforcement Bulletin 83-07 - Apparently
Fraudulent Materials Sold by Ray Miller Incorporated"
- 2: Letter from G. G. Zech to S. A. White dated July 30, 1987,
"NRC Inspection Report Nos. 50-327/87-46 and 50-328/87-46"
- 3: Letter from S. D. Ebner to S. A. White dated October 6, 1987,
"Special Team Inspection of Employee Concern Element Reports
Sequoyah Report Nos. 50-327/87-44 and 50-328/87-44"
- 4: Letter from R. Gridley to NRC dated January 11, 1988,
"Sequoyah Nuclear Plant (SQN) NRC Inspection Report
Nos. 50-327/87-44 and 50-328/87-44 - Response to Request for
Additional Information"

By reference 1, TVA provided NRC with the pertinent information requested in the subject bulletin. In reference 2, item 7.c., NRC requested that TVA provide a supplemental response to the subject bulletin for SQN. In reference 3, item 4.4.2, NRC requested some additional information regarding TVA's actions regarding SQN in response to the subject bulletin; and NRC also noted that TVA's original response (reference 1) was not in the format consistent with that requested by IEB 83-07. By reference 4, TVA provided the requested additional information; and in addition, TVA committed to provide a supplemental response by March 14, 1988, to resolve the format concern in reference 3 and to satisfy the request noted in reference 2.

IEB
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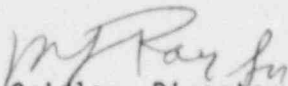
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Enclosed is TVA's supplemental response to IEB 83-07. If there are any questions regarding this issue, please telephone J. D. Ziegler at (615) 751-8077.

Very truly yours,

TENNESSEE VALLEY AUTHORITY


R. Gridley, Director
Nuclear Licensing and
Regulatory Affairs

Enclosure

cc (Enclosure):

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ENCLOSURE

Item 1: "Based on a review of the attached lists of Ray Miller, Incorporated, 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, Incorporated 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.
- (d) If other Ray Miller, Incorporated 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:

- (a) TVA's review included all vendors who were listed on TVA's Qualified Suppliers List (QSL) at any time during the period from 1975 through 1979. TVA has identified and questioned 19 companies that potentially could have supplied safety-related materials to TVA that were obtained through Ray Miller. These companies are listed below.

AFCO Metals
Bristol Metals, Incorporated
Capitol Pipe and Steel Products Company
Dravo Corporation
ITT Grinnell Corporation
Gulfalloy, Incorporated
Guyon Alloys, Incorporated
Hub, Incorporated
Huntington Alloys, Incorporated
Marmon/Keystone Corporation
McJunkin Corporation
PBI Industries
Piping Supply Company
Taylor Industrial Supply
Henry Pratt Supply Company*
Ingersol-Rand Company*
Leslie and Elliott Company*
Peebles Supply Company*
Permutit Company*

*As discussed in reference 4, these companies were not questioned until November 1987.

- (b) Fifteen companies identified above have confirmed in writing to TVA that they did not furnish any material supplied by Ray Miller to TVA. As committed in reference 4, TVA will notify NRC if the remaining four companies indicate that any apparently fraudulent Ray Miller material was supplied to TVA.
- (c) None of the apparently fraudulent material has ever been or is now in stock for use in safety-related systems.
- (d) From this research, TVA has identified two items of material that were furnished directly by or through Ray Miller for use in a safety-related system at SQN. These two items were furnished by Ray Miller of Decatur, Georgia. At SQN, these Ray Miller materials used in safety-related applications are:
 - 1. Approximately 1 foot of 3/4-inch schedule 80 stainless steel pipe was used to manufacture a drain line on the unit 2 positive displacement pump discharge accumulator/damper at SQN.
 - 2. Three flanges were installed to blank the eductor trap lines in the auxiliary waste evaporator at SQN.

No other Ray Miller material has been purchased by TVA for safety-related applications at SQN.

Item 2: "For Ray Miller, Incorporated, 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:

- (a) For the positive displacement pump discharge accumulator drain line, TVA has determined that the use of the potentially fraudulent material is not a significant safety concern. This is based on the fact that the positive displacement pump does not perform any accident mitigation function. While the positive displacement pump discharge pipe tees into the Emergency Core Cooling System (ECCS) high head injection flow path, a check valve located between the discharge accumulator and the tee will preclude any degradation of the ECCS if the drain line was to break.

It should be noted that, with approximately 37 months of plant operating experience since the drain line has been added, including operation at normal system pressure, no degradation of the drain line has occurred.

For the three flanges on the auxiliary waste evaporator, TVA determined that these should be replaced because significant radiological contamination could result from failure of the flanges.

- (b) The disposition of the drain line is to use as is. TVA believes that it is reasonable to expect no failure of the drain line; and, if the line did break, there would be no significant adverse consequences. The three flanges were nonconformed and have been replaced by maintenance request No. A126305. (Note: The auxiliary waste evaporator is no longer used at SQN, and it is being decommissioned.)

Item 3: "For all material from Ray Miller 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 file, and (2) all other material supplied by Ray Miller, Incorporated, 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 percent confidence that 90 percent of the material conforms to the purchase specifications. Groups of material found acceptable may be used as desired.

- (11) 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 percent 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 entire group satisfies the procurement specifications. 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 NRC's evaluation is complete."

Response:

- (a) All Ray Miller material that could be used in safety-related applications has been segregated from the safety-grade material stock or discarded.
- (b) No apparently fraudulent material has been identified in stock.
- (c) Same as (a) above.

Item 4: "Provide a written report describing the results of the actions in items 1 through 3. Table 1 (Attachment 3) provides a suggested format for reporting the results of the examination and testing of materials."

Response:

A written report is provided above. TVA did not opt to perform comprehensive examinations or tests on the suspect material, thus there are no results to report.