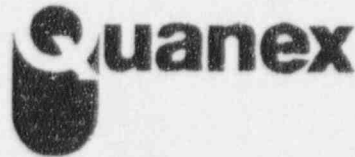


Quanex Corporation
Gulf States Tube Division
P.O. Box 952
Rosenberg, Texas 77471
(713) 342-5401 Phone
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Gulf States Tube
Division

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

Re: Interim report of deviation evaluation:

This letter is an interim report documenting the evaluation of an ongoing investigation involving 3/4" Schedule 80 pipe furnished to Consolidated Power Supply. Quanex, Gulf States Tube Division manufactured 3/4" Schedule 80 ASME SA 106 Grade B pipe on Mill Order 74229 which was furnished to Consolidated Power Supply against PO S65-46324. During routine testing, Consolidated found that one tube marked as SA106 Grade B was actually A335 P22. This was subsequently verified by Gulf States Tube Division on a sample provided by Consolidated.

Quanex investigation revealed that only one nuclear customer was involved in the sale of this material and that was Consolidated Power Supply. They were notified 6/14/96 to return the material from this order.

The attached documentation from Consolidated Power Supply summarizes the status of their investigation and notification of possible affected users. Since some of the issues have not been resolved, this interim report is being issued per the requirements of Part 21 - Notification.

As of this date, no licensee has reported installing any product with the suspect deviation.

Sincerely yours

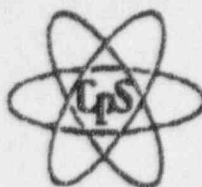
A handwritten signature in cursive script that reads 'Donald L. Murray'.

Donald L. Murray
Manager of Quality Control

CC: Steven Andrews - Quality Assurance Manager, Consolidated Power Supply
L. Whitver - General Manager, Quanex, Gulf States Tube Division
J. Hill - President Tube Group, Quanex Corporation

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Consolidated Power Supply

July 22, 1996

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Quanex Corporation
Gulf States Tube Division
Highway 59 at Scott Road
Rosenberg, TX 77471

Attn: Mr. Don Murray
Manager of Quality Control

Subject: Evaluation/Status Update for Heat #16205, SA-106 Grade B, 3/4" sch. 80 Pipe

Reference 1: Consolidated Power Supply Letter Dated June 18, 1996

Reference 2: Consolidated Power Supply Letter Dated June 21, 1996

Dear Mr. Murray:

As previously discussed, Consolidated Power Supply (CPS) has been working on the evaluation for the subject heat of material. As the 60 day requirement for providing the United States Nuclear Regulatory Commission (NRC) an Interim Report is noted as July 22, 1996, CPS is providing this correspondence which reflects the current status as of July 22, 1996.

As identified in Reference 1, Quanex Corporation - Gulf States Tube Division (Quanex) was unable to determine that the deficiency with a mix in material specifications (SA-106 Grade B versus A-335 F22) was an isolated case relative to the one shipment to CPS in November 1994. It was conveyed by Quanex that CPS is the only customer affected at this time. Included with Reference 2 were copies of the correspondence provided by CPS to all affected customers who were supplied the subject heat and size of material. CPS has verified through review of FedEx receipts that written notification to these customers was received by each one on June 21, 1996. As anticipated, not all recipients have responded at this time. A break down of each customer notified and the current status is provided as follows:

- 1) Capitol Manufacturing, Crowley, LA - both lengths of pipe have been accounted for that were initially supplied by CPS. Pipe nipples were made for two separate CPS customers, with one length being used for a Baltimore Gas & Electric (BGE) order and the other length being used for a New York Power Authority (NYPA) order. On the first length, Capitol returned one 6' piece to CPS from an initial length of 20.6' supplied, made nipples for CPS in which 10 each

3556 Mary Taylor Road • Birmingham, Alabama 35235 • (205) 655-5515



Consolidated Power Supply

Letter to Quanex, Dated 7/22/96

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were supplied to BGE, with Capitol scrapping the balance of the initial length. The other length consisted of nipples being made for CPS (nipples sold to NYPA), with the balance of the initial length being scrapped by Capitol. No concern relative to Capitol exists based on CPS being the only recipient of the pipe and nipples produced, with all remaining material either being scrapped by Capitol or returned to CPS. In addition, testing performed by CPS has confirmed that both pieces of the subject pipe provided to Capitol are in compliance with SA-106 Grade B. (See BGE and NYPA status information below)

2) New York Power Authority, Indian Point #3, Buchanan, NY - A total of 28 pipe nipples were supplied in January 1995 and certified to as meeting the requirements of 10CFR50 Appendix B by CPS. The pipe nipples were produced by Capitol Manufacturing as stated in #1 above, which reflected a heat code of #R04 which traces the nipples to Quanex heat #16205. An evaluation has been received from NYPA's Engineering Department stating that three of the nipples had been installed. The balance of 25 were returned to CPS, in which one nipple was chemically tested. The test results indicate that the material meets the chemical requirements of SA-106 Grade B and not A-335 P22. Based on the testing and the fact that all 28 nipples were produced from one starting piece of pipe, no concern exists. In addition, NYPA's evaluation concluded that even if the material was A-335 P22 it would not be a concern relative to the installed application.

3) Tennessee Valley Authority, Sequoyah Nuclear Plant, Soddy Dairy, TN - TVA was supplied 5 lengths of the subject pipe in August 1995 representing a total of approximately 117'. No contact with TVA personnel has been made at this time. The status of the material is indeterminate. The material was certified to as ASME Code Class 2 by CPS.

4) Valcor Engineering, Springfield, NJ - Valcor was supplied with two 10' lengths of the subject pipe in November 1995 representing a total of approximately 20'. Valcor contacted CPS on July 18, 1996 and requested a copy of A-335. A telecopy was provided to Valcor at that time. No further contact with Valcor personnel has occurred. The status of the material is indeterminate. The material was certified to as ASME Code Class 3 by CPS.

5) S Y Trading Co., Torrance, CA - One length of the subject pipe representing a total of approximately 22' was supplied to S Y Trading in March 1995. S Y Trading appears to be an agent for Hyundai Heavy Industries Co., LTD., located in South Korea. The material was certified to as ASME Code Class 3 by CPS. No contact with S Y Trading has occurred to date leaving the status of the material as indeterminate.



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- 6) Baltimore Gas & Electric (BGE), Calvert Cliffs Nuclear Plant, Lusby, MD - BGE was supplied with 10 pipe nipples in May 1995 made from the subject pipe. No conversations with BGE personnel have occurred to date; however, these nipples have been cleared of any concern based upon testing by CPS. In item #1 above, Capitol Manufacturing returned approximately 6' of pipe which is the only piece used to produce the nipples supplied to BGE. The test results indicate that the material meets the requirements of SA-106 Grade B and is not A-335 P22. The nipples were certified to as meeting ASME Code Class 2 by CPS as the starting pipe used was ASME Code. Capitol applied heat code #BR04 to the nipples that reflects traceability to Quanex heat #16205.
- 7) Duquesne Light Company, Beaver Valley Power Station, Shippingport, PA - Duquesne was supplied with one length of the subject pipe in February 1995 representing a total of approximately 23'. No contact has been made with any Duquesne personnel to date. The pipe was certified to by CPS as meeting the requirements of 10CFR50 Appendix B. The status of the pipe is indeterminate.
- 8) Toledo Edison Company (Centerior Energy), Davis-Besse Power Station, Oak Harbor, OH - Toledo Edison was supplied with one length of the subject pipe in August 1995 representing a total of approximately 23.7'. On 7/22/96, Toledo Edison contacted CPS stating that the one piece has been installed in various applications. The impact, if any, is currently being evaluated by Toledo Edison Engineering personnel and remains indeterminate. The pipe was certified to as ASME Code Class 2 by CPS.
- 9) TU Electric, Comanche Peak Operating Station, Glen Rose, TX - TU Electric was supplied with two lengths of the subject pipe in May 1995 representing a total of approximately 48'. TU Electric contacted CPS on 7/8/96 and stated that one pipe was still in the warehouse and had not been used. The pipe was subjected to a chemical over check by TU personnel and appears to be SA-106 Grade B. The other length has been installed, possibly in multiple applications. As of 7/8/96 all pipe installed was determined to be in non-safety related/non-ASME Code applications by TU Electric personnel. No material has been returned to CPS to date. The status is considered indeterminate based on no written correspondence being received at this time. The pipe was certified to as ASME Code Class 2 by CPS.
- 10) Wisconsin Public Service Corp., Kewaunee Nuclear Plant, Kewaunee, WI - Wisconsin was supplied with 5 lengths of the subject pipe in May 1995 representing a total of approximately 119'. Wisconsin personnel contacted CPS on 6/28/96 and stated that one piece



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was used in a non-safety related/non-ASME Code application. The other four pieces were still in the warehouse and had not been used. The piece installed should not be a concern; however, no written confirmation has been received by CPS at this time. The other four pieces have not been received by CPS in order to perform the necessary testing. The pipe supplied to Wisconsin remains indeterminate pending written correspondence of the piece installed and return of the four not used. The pipe was certified to by CPS as meeting the requirements of 10CFR50 Appendix B.

11) Bechtel Power Corp., working as agent for Rochester Gas & Electric, Ginna Power Station, Ontario, NY - Bechtel was supplied with 1 length of the subject pipe in February 1995 representing a total of approximately 20'. As the assignment at Ginna Station was completed, Bechtel returned the 2 lengths originally supplied, only one being heat #16205. Upon return, both pieces were chemically tested by CPS and found to reflect compliance with SA-106 Grade B and is not A-335 P22. The material was certified to as ASME Code Class 2 by CPS. Based upon the return and subsequent testing no concern exists on the pipe supplied to Bechtel.

12) Edward Valves, Raleigh, NC - Edward was supplied with one short piece of the subject pipe in May 1995 representing a total of approximately 9.6'. Edwards had used approximately one foot of the piece on a commercial application, which has been substantiated in writing by Edward Valves Quality Department Personnel. The balance of approximately 8.4' was returned to CPS for chemical testing by CPS. Results of the test concludes that the pipe meets the requirements of SA-106 Grade B and is not A-335 P22. The material was certified to by CPS as meeting the requirements of 10CFR50 Appendix B. No concern exists based on the return of the material and subsequent testing performed by CPS.

13) Entergy Operations, River Bend Station, Saint Francisville, LA - River Bend was supplied with 30 lengths of the subject pipe in December 1994 representing a total of approximately 705'. The material was certified to as ASME Code Class 2 by CPS. Based on conversations with multiple Entergy Operations personnel some of the pipe has been installed. Entergy has performed chemical over checks of all pipe installed and has concluded that each piece reflects compliance with SA-106 Grade B. In addition, chemical over checks were performed on the pieces remaining in the River Bend warehouse. At least two pieces in their warehouse indicate that the material is not SA-106 Grade B and could be A-335 P22. It was not conveyed to CPS how many pieces of the 30 originally supplied were installed and how many pieces are still in the River Bend warehouse on hold. As this information was conveyed to CPS on 7/22/96, CPS is now in process of issuing a return authorization for all pieces remaining in the River Bend



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warehouse. Based on the above information, the status of all 705' remains indeterminate at this time. There does not appear to be a concern based on comments received from Energy Operations Engineering personnel.

The above information accounts for all pieces of Quanex 3/4" schedule 80 pipe supplied to CPS customers as ASME Code and/or safety related. At this time, no CPS customers have identified anything other than SA-106 Grade B material being installed. Several commercial shipments were made by CPS, including at least one to a commercial nuclear licensee. Customers that were supplied with the subject pipe not certified to either ASME Code or safety related were not notified of the potential mix in the grades of the pipe.

The material returned to CPS from customers will remain in the Nonconforming material cage pending completion of the evaluation. Once completed, all material will be dispositioned as agreed upon between CPS and Quanex. On July 22, 1996, CPS will begin making additional efforts with the above customers that have not provided sufficient information to enable closure of the concern. As information is obtained, CPS will contact Quanex at that time.

Based on the 60 day Interim Reporting requirement identified in 10CFR Part 21, CPS will verify that the NRC has been notified by Quanex of the status of the deviation no later than July 22, 1996. As soon as Quanex has provided such notification as required by the regulation please contact the undersigned in order for CPS to confirm that the proper notification to the NRC has been completed. If there are any questions please contact me at your convenience.

Sincerely,

Steven W. Andrews
Quality Assurance Manager

cc: H. Kerr - President, CPS
M. Mathias - Gen. Mgr., CPS
CAR I96-8

GENERAL INFORMATION or OTHER

EVENT NUMBER: 30774

LICENSEE: QUANEX CORPORATION CITY: ROSENBERG COUNTY: LICENSE#: DOCKET:	REGION: 4 STATE: TX AGREEMENT: Y	NOTIFICATION DATE: 07/22/96 NOTIFICATION TIME: 18:45 [ET] EVENT DATE: 05/24/96 EVENT TIME: 00:00 [CDT] LAST UPDATE DATE: 07/22/96
NRC NOTIFIED BY: DONALD L. MURRAY HQ OPS OFFICER: LEIGH TROCINE		NOTIFICATIONS VERN HODGE, NRR PCEB
EMERGENCY CLASS: NOT APPLICABLE 10 CFR SECTION: CDEG 21.21(c)(3)(i) DEFECTS/NONCOMPLIANCE		

EVENT TEXT

QUANEX CORPORATION INTERIM 10 CFR PART 21 REPORT OF A DEVIATION EVALUATION INVOLVING A MIX IN MATERIAL SPECIFICATIONS (SA-106 GRADE B VERSUS A-333 P22)

QUANEX CORPORATION GULF STATES TUBE DIVISION SUBMITTED AN INTERIM REPORT TO DOCUMENT THE EVALUATION OF AN ONGOING INVESTIGATION INVOLVING 3/4-INCH, SCHEDULE-80, ASME, SA-106, GRADE-B PIPE ON MILL ORDER #74229 WHICH WAS FURNISHED TO CONSOLIDATED POWER SUPPLY (CPS) AGAINST PO S65-46324. DURING ROUTINE TESTING, CPS FOUND THAT ONE TUBE WAS MARKED AS SA-106 GRADE B, AND IT WAS ACTUALLY A335 P22. THIS WAS SUBSEQUENTLY VERIFIED BY THE QUANEX GULF STATES TUBE DIVISION ON A SAMPLE PROVIDED BY CPS.

THE QUANEX INVESTIGATION REVEALED THAT CPS WAS THE ONLY NUCLEAR CUSTOMER THAT WAS INVOLVED IN THE SALE OF THIS MATERIAL. CPS WAS NOTIFIED ON JUNE 14, 1996, TO RETURN THE MATERIAL FROM THIS ORDER. HOWEVER, QUANEX WAS UNABLE TO DETERMINE THAT THE DEFICIENCY WITH A MIX IN MATERIAL SPECIFICATIONS (SA-106 GRADE B VERSUS A-333 P22) WAS AN ISOLATED CASE RELATIVE TO THE ONE SHIPMENT TO CPS IN NOVEMBER 1994. CPS PROVIDED CORRESPONDENCE TO ALL AFFECTED CUSTOMERS WHO WERE SUPPLIED THE SUBJECT MATERIAL AS ASME CODE AND/OR SAFETY RELATED, AND CPS VERIFIED RECEIPT OF THIS CORRESPONDENCE ON JUNE 21, 1996. CPS NOTIFICATIONS WERE SENT TO THE FOLLOWING CUSTOMERS: CAPITAL MANUFACTURING, INDIAN POINT 3, SEQUOYAH, VALCOR ENGINEERING, S. Y. TRADING COMPANY, CALVERT CLIFFS, BEAVER VALLEY, DAVIS BESSE, COMANCHE PEAK, KEWAUNEE, BECHTEL (AS AGENT FOR GINNA), EDWARD VALVES, AND RIVER BEND. NOT ALL RECIPIENTS HAVE RESPONDED AT THIS TIME. IN ADDITION, NO CPS CUSTOMERS HAVE IDENTIFIED ANYTHING OTHER THAN SA-106 GRADE-B MATERIAL BEING INSTALLED.