



ENFORCEMENT PROGRAM ANNUAL REPORT

Calendar Year 2014

U.S. Nuclear Regulatory Commission
Office of Enforcement
Washington, DC 20555

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Executive Summary

The U.S. Nuclear Regulatory Commission (NRC) effectively carried out the agency's Enforcement Policy and Program in calendar year (CY) 2014. NRC headquarters and regional offices continued to focus on appropriate and consistent enforcement of the agency's regulations.

Escalated Enforcement Action Data

The Enforcement Policy defines an escalated enforcement action as a notice of violation (NOV) with a severity level (SL) of III or greater (SL I, II, and III NOVs); NOVs associated with an inspection finding that the significance determination process (SDP) evaluates as having low to moderate (white) or greater safety significance; civil penalties; NOVs to individuals; orders to modify, suspend, or revoke NRC licenses or the authority to engage in NRC-licensed activities; orders issued to impose civil penalties; and enforcement-related confirmatory orders (COs). During CY 2014, the NRC issued 83 escalated enforcement actions under traditional enforcement and the reactor oversight process (ROP). Twelve of these actions involved civil penalties totaling \$135,100, 13 were enforcement orders, and 58 were escalated NOVs without a proposed civil penalty.

The total number of escalated enforcement actions increased in CY 2014 by 9 percent over CY 2013. This 1-year trend was largely the result of an increase in the number of escalated actions issued to nuclear materials user licensees. Over the past 5 years, the number of escalated enforcement actions issued by the agency has shown an overall declining trend; however, CY 2014 experienced a slight reversal to the trend of decreasing escalated enforcement actions taken. Section I of the annual report provides additional information on these trends.

Noteworthy Program Accomplishments

The Office of Enforcement (OE) issued two new enforcement guidance memoranda (EGMs) to help the staff in dispositioning specific enforcement actions. OE also assessed Region IV's implementation of the agency's enforcement program, with an emphasis on reactors and materials non-escalated enforcement. The agency continued to successfully use the Alternative Dispute Resolution (ADR) program and formally expanded the program to include certain cases with proposed civil penalties.

Significant Cases

In CY 2014, the agency processed a number of significant cases that required extensive coordination and cooperation between internal and external stakeholders. These significant cases included: (1) a revised CO issued to Chicago Bridge and Iron (formerly Shaw Nuclear Services), (2) an SL II violation with a proposed civil penalty issued to Geisser Engineering Corp., (3) two notices of violation associated with a yellow SDP finding issued to Arkansas Nuclear One, Units 1 and 2, relating to the dropped stator incident, (4) a CO with an associated civil penalty in the amount of \$70,000 issued to River Bend Station, and (5) a CO to South Carolina Electric & Gas Co. and a prohibition order to a former employee for violations relating to the NRC's access authorization requirements.

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I. Program Overview

A. Mission and Authority

The U.S. Nuclear Regulatory Commission (NRC) regulates the civilian uses of nuclear materials in the United States to protect public health and safety, the environment, and the common defense and security. The agency accomplishes this mission through: licensing of nuclear facilities and the possession, use, and disposal of nuclear materials; the development and implementation of requirements governing licensed activities; and inspection and enforcement activities to ensure compliance with these requirements.

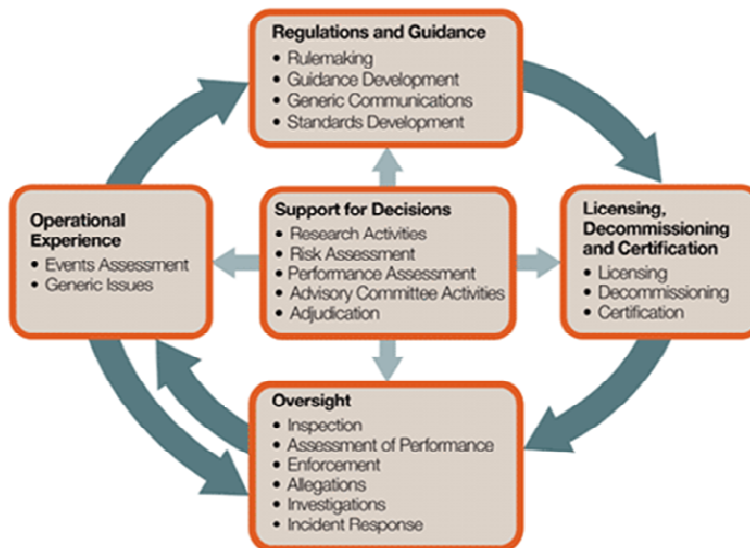


Figure 1 – How the NRC Regulates

The NRC conducts various types of inspections and investigations designed to ensure that the activities it licenses are conducted in strict compliance with the Commission’s regulations, the terms of the licenses, and other requirements.

The sources of the NRC’s enforcement authority are the Atomic Energy Act of 1954, as amended, the Energy Reorganization Act of 1974, as amended, and the Energy Policy Act of 2005. These statutes give the NRC broad authority with respect to its enforcement program. The Energy Policy Act of 2005 expanded the definition of byproduct material, placing additional byproduct material under the NRC’s jurisdiction including both naturally occurring and accelerator-produced radioactive materials (NARM). The agency carries out its enforcement authority through Title 10, “Energy,” of the *Code of Federal Regulations* (10 CFR) Part 2, “Rules of Practice for Domestic Licensing Proceedings and Issuance of Orders,” Subpart B, “Procedures for Imposing Requirements by Order, or for Modification, Suspension, or Revocation of a License, or for Imposing Civil Penalties.” The Administrative Dispute Resolution Act of 1996 provides the statutory framework for the Federal Government to use alternative dispute resolution (ADR).

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The NRC Enforcement Policy establishes the general principles governing the NRC's enforcement program and specifies a process for implementing the agency's enforcement authority in response to violations of NRC requirements. This statement of policy is predicated on the NRC's view that compliance with NRC requirements serves a key role in ensuring safety, maintaining security, and protecting the environment. The Enforcement Policy applies to all NRC licensees, to various categories of nonlicensees, and to individual employees of licensed and nonlicensed firms involved in NRC-regulated activities.

The NRC enforces compliance as necessary. Enforcement actions serve as a deterrent, emphasize the importance of compliance with regulatory requirements, and encourage prompt identification and prompt, comprehensive correction of violations. In addition, because violations occur in a variety of activities and have varying levels of significance, the NRC Enforcement Policy contains graduated sanctions.

Enforcement authority includes using notices of violation, civil penalties, demands for information, and orders to modify, suspend, or revoke a license. NRC staff may exercise discretion in determining the appropriate enforcement sanctions to be taken. Most violations are identified through inspections and investigations and are normally assigned a severity level (SL) ranging from SL IV for those of more than minor concern to SL I for the most significant.

The reactor oversight process (ROP) supplements the enforcement process for operating nuclear reactors. A similar process has been implemented to assess findings at new reactor construction sites. Under the ROP, violations are not normally assigned an SL but instead are assigned "significance" by assessing their associated inspection findings through the ROP. Under this program, the NRC determines the risk significance of inspection findings using the significance determination process (SDP), which in turn assigns the colors of green, white, yellow, or red with increasing risk significance. Findings under the ROP may also include licensee failures to meet self-imposed standards. As such, an ROP finding may or may not involve a violation of a regulatory requirement. Violations and findings assigned a greater-than-Green color are considered escalated enforcement actions. While the ROP can process most violations at operating power reactors, it cannot address aspects of some violations; such violations require the NRC to follow the traditional enforcement process.

Under the ROP, violations that result in actual safety or security consequences, affect the ability of the NRC to perform its regulatory oversight function, or involve willfulness are processed with the traditional Enforcement Policy. In addition, while ROP findings are not normally subject to civil penalties, the NRC does consider civil penalties for any violation that involves actual consequences. SL IV violations and violations associated with green ROP findings are normally dispositioned as noncited violations (NCVs). Inspection reports or inspection records document NCVs and briefly describe the corrective action that the licensee has taken or plans to take, if they are known at the time the NCV is documented. Additional information about the ROP is available at <http://www.nrc.gov/NRR/OVERSIGHT/ASSESS/index.html>.

OE develops policies and programs for the enforcement of NRC requirements. In addition, OE oversees NRC enforcement activities, giving programmatic and implementation guidance to regional and headquarters offices that conduct or are involved in enforcement activities, and strives to ensure consistency between regional and program office implementation of the agency's enforcement program, particularly for more significant cases.

The NRC's enforcement Web site is available at <http://www.nrc.gov/about-nrc/regulatory/enforcement.html> and presents a variety of information, such as the Enforcement Policy; the Enforcement Manual; and current temporary enforcement guidance contained in enforcement guidance memoranda. This Web site also has information about escalated enforcement actions the NRC has issued to reactor and materials licensees, nonlicensees (vendors, contractors, and certificate holders), and individuals. In keeping with NRC practices and policies, details associated with most security-related actions and activities are not available on the NRC's public Web site.

B. Assessment of Escalated Enforcement Actions

Escalated enforcement actions include the following:

- notices of violations (NOVs), including SL I, II, or III violations
- NOVs associated with red, yellow, or white SDP findings (for operating reactor facilities)
- civil penalty actions
- enforcement orders (including confirmatory orders (COs) that result from the ADR process, and orders to suspend, revoke or modify an NRC license)

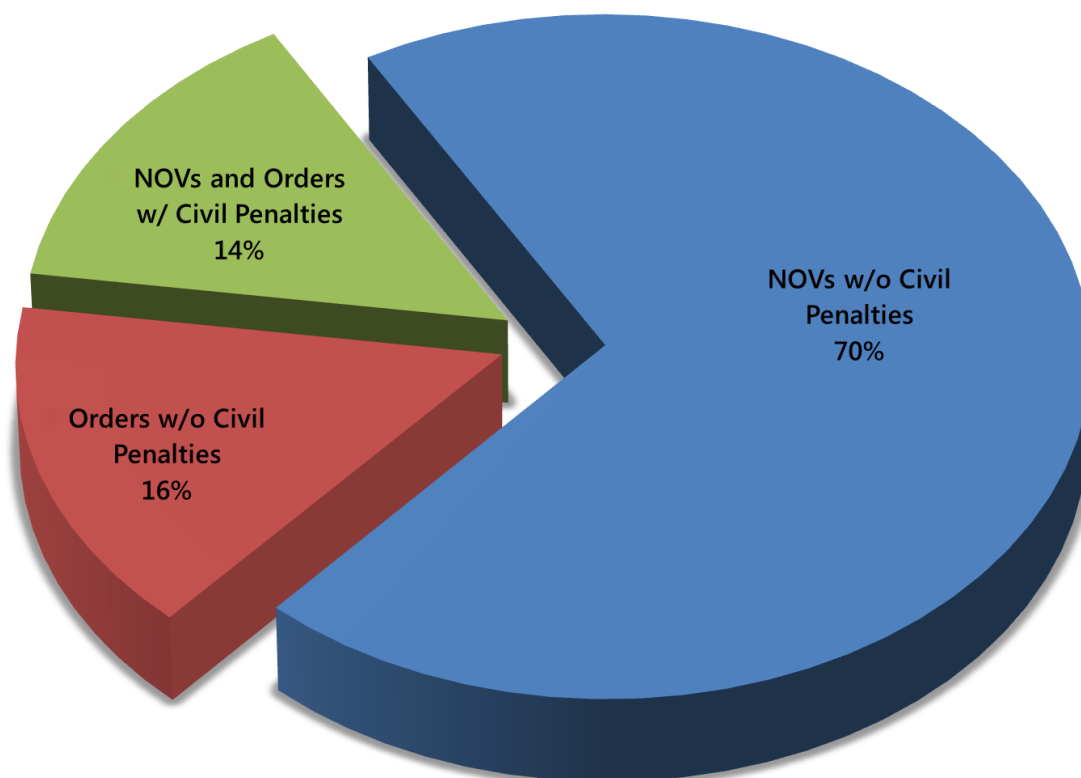


Figure 2 – Escalated Enforcement by Type of Action (CY 2014)

During CY 2014, the NRC issued 83 escalated enforcement actions to licensees, nonlicensees, and individuals. Figure 2 shows the distribution of these actions, by the category of the action, for CY 2014. The most common type of escalated enforcement action was an NOV without a civil penalty, with 58 of the 83 escalated actions (or 70 percent) issued during the year fitting this category. This percentage is consistent with the overall distribution of escalated enforcement actions during the past 5 years, where approximately 72 percent of all escalated actions issued between CY 2010 and CY 2014 have been NOVs without a civil penalty. Generally speaking, a large percentage of NOVs without civil penalties is considered a positive outcome because it demonstrates that a majority of licensees identify and correct violations – a goal of the enforcement program.

The remaining 30 percent of escalated enforcement actions were almost equally split between NOVs and orders with a civil penalty, and orders without a civil penalty. As shown in Table 1 (next page), the NRC issued 12 civil penalty actions (14 percent) and 13 orders without a civil penalty (16 percent). The 12 civil penalty actions included 9 NOVs, 2 orders imposing a civil penalty and 1 of the ADR COs issued in CY 2014.

Figure 3 shows the distribution of enforcement actions based on the business line, or type of licensee to whom the NRC issued escalated enforcement actions in CY 2014. For this figure, individual actions were included in the appropriate category of licensee, instead of being counted separately. Tables 3 and 4 at the end of this report give further detail by identifying the region or program office that initiated the action, as well as additional detail on the type of licensee, nonlicensee, and individual involved.

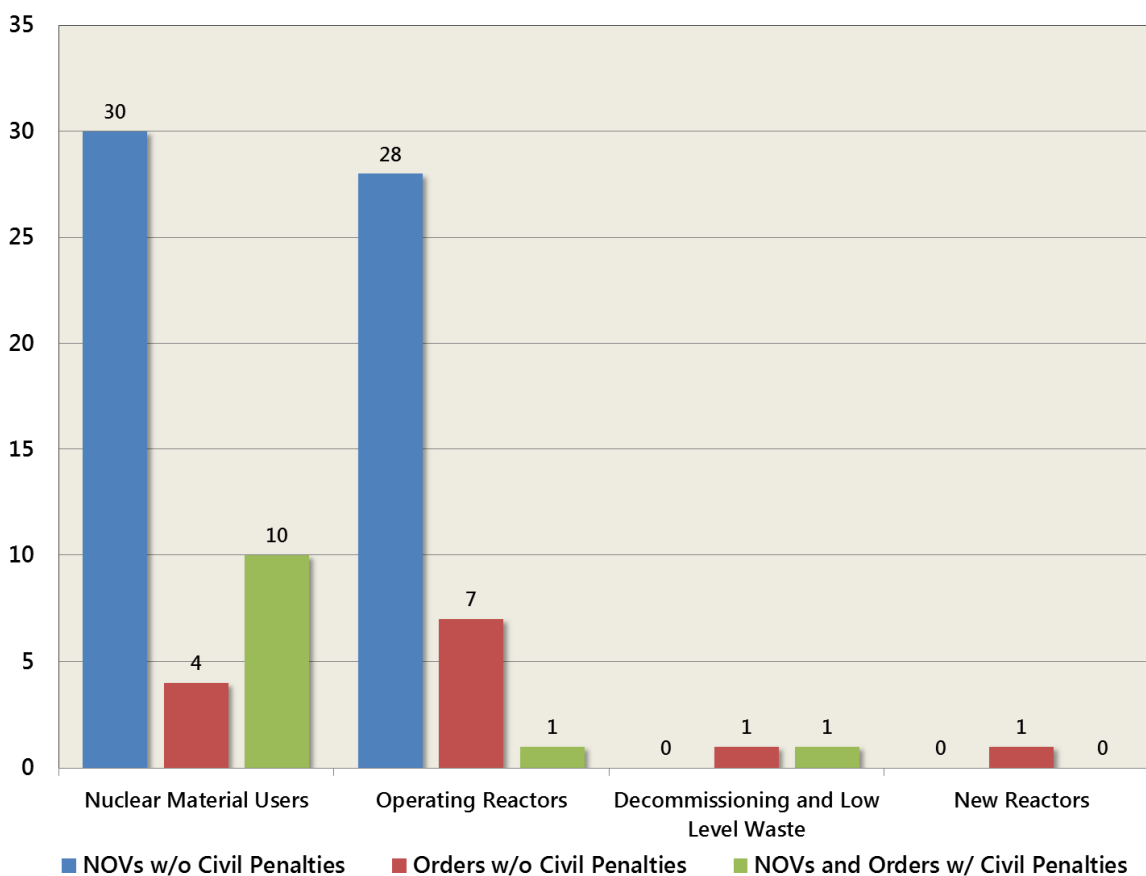


Figure 3 – Escalated Enforcement by Business Line (CY 2014)

As shown in Figure 3, materials user licensees received the largest percentage of all escalated enforcement actions (53 percent) in CY 2014. This was followed by operating reactor licensees who received 43 percent of all escalated enforcement actions issued by the NRC. In CY 2014, the NRC issued two escalated actions to decommissioned sites, and one escalated action to a new reactor vendor. The new reactors enforcement action was evaluated and issued under the traditional enforcement process because the violation involved willfulness. The staff expects that most findings and performance deficiencies identified in the future will be evaluated under the Construction Reactor Oversight Process (cROP) at the Vogtle and Virgil C. Summer new construction sites.

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1. Escalated Enforcement Trends

As previously noted, the NRC issued 83 escalated enforcement actions during CY 2014. The 83 actions represent an approximate 9 percent increase from the number of actions issued in CY 2013. Table 1 shows a breakdown of the total number of escalated enforcement actions issued by the NRC over the past 5 years by type of enforcement action. Figure 4 (below) displays this information in graphical form.

Table 1 – Escalated Action Trends

	CY 2014	CY 2013	CY 2012	CY 2011	CY 2010	Average
Escalated NOVs (w/o CPs)	58	55	79	90	79	72
NOVs and Orders w/ CPs	10	11	16	14	21	14
Orders (w/o CPs)	13	10	19	6	15	13
Orders Imposing CPs	2	0	0	0	1	1
Total	83	76	114	110	116	100

As shown in Table 1 above, the total number of escalated enforcement actions issued in CY 2014 is less than the 5-year average; however 2014 experienced a slight reversal from the significant decrease in the number of actions issued in CY 2013 when compared to the three years prior. Figure 4 also suggests that there has been a continued decline in the number of escalated NOVs without a civil penalty issued since CY 2010, as well as an overall decrease in the number of orders and escalated actions with a civil penalty issued over the same 5-year period.

To help explain the reasons for these trends, Figure 5 (below) provides escalated enforcement trends between CYs 2010 and 2014 based on business line. As shown in Figure 5, CY 2014's increase in escalated actions when compared to CY 2013 may be attributed to an almost equal increase in the number of escalated enforcement actions issued to materials user licensees. The increase was offset by the fact that no escalated actions were issued to fuel facilities in CY 2014. When considering the past 5 years, the data show that the overall declining trend in escalated actions has primarily resulted from a steady decrease in the number of escalated actions issued to both materials users and fuel facility licensees since CY 2010. During this period, the number of escalated actions issued to materials users decreased by approximately 35 percent.

The nuclear materials users' 5-year trend has been largely caused by a decrease in enforcement actions issued to gauge user licensees (a 39 percent reduction from CY 2010), hospitals (a 79 percent reduction from CY 2010), and radiographers (a 55 percent reduction when compared to the period between CY 2009 and CY 2012). The

staff's analysis of the materials user trend has not been conclusive. However, two causal factors may have affected the trend in the expected direction, therefore accounting for a substantial portion of the change but likely not the entire change. During the first 2 years of the most recent 5-year period, the number of cases involving security-related increased controls violations was high because of the implementation of the additional requirements. Second, in 2011, the SL criteria of violations associated with certain gauge cases were changed from SL III to SL IV, reducing the number of escalated actions issued thereafter. The enforcement staff has not identified a reason for the decreasing trend in escalated actions issued to hospitals since 2010.

The nuclear materials users' 1-year increase may be attributed solely to gauge user licensees. In 2014, the NRC issued 17 escalated actions to gauge users, and was a notable increase from the 5 actions issued in 2013. However, the 17 escalated actions issued last year were more consistent with the 5-year average of 15 per year.

A similar trend has been observed at fuel facilities and can be attributed to improved licensee performance in the area of problem identification and resolution, safety culture, as well as changes made as part of a major revision to the Enforcement Policy in CY 2010. In September 2010, the severity level examples for violations at fuel facilities were changed in the Policy to be more risk-informed, and this impacted the threshold for dispositioning violations as escalated actions at these facilities.

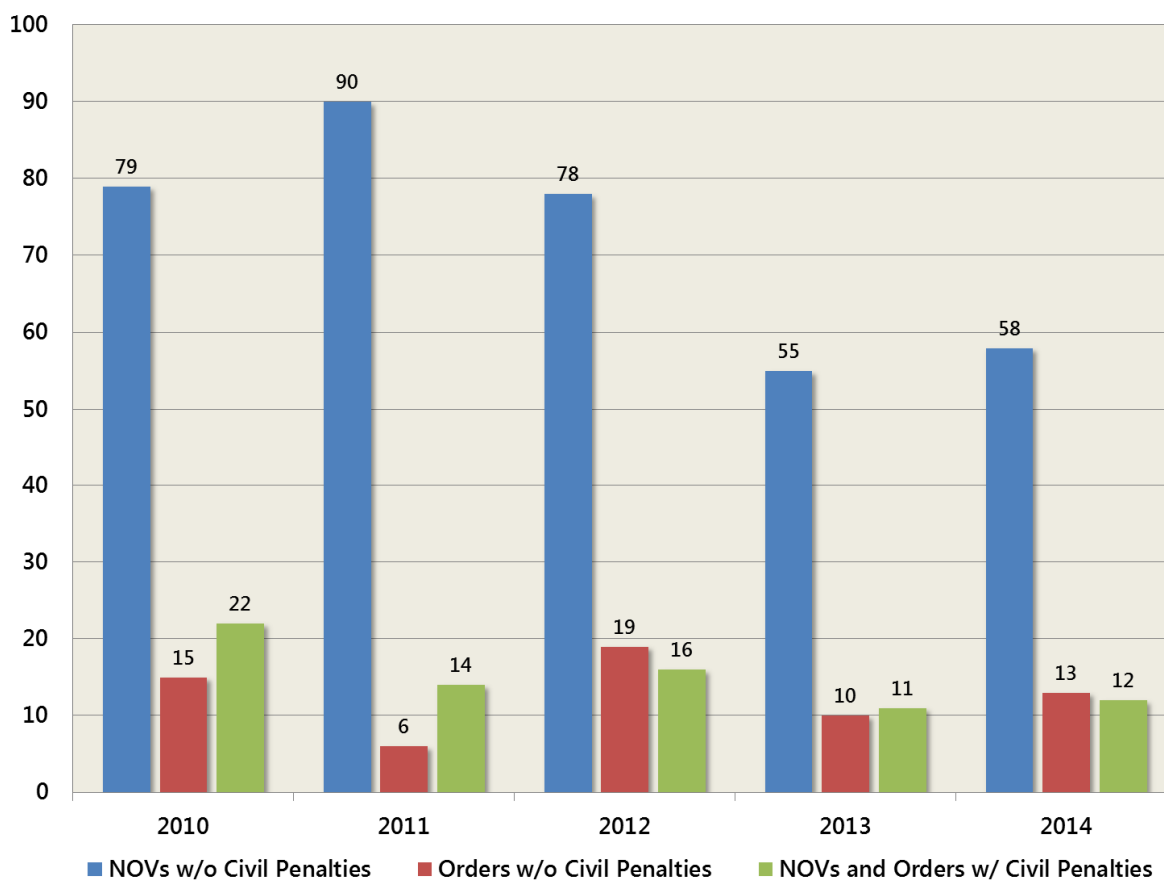


Figure 4 – Escalated Action Trends (CY 2010 to CY 2014)

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Figure 5 (below) also shows that the number of escalated enforcement actions issued to operating reactor licensees between CYs 2010 and 2014 has been mostly steady, generally ranging between 31 and 36 actions per year. However, an exception to this trend occurred in CY 2012 when the NRC issued 51 escalated actions to operating reactors. Of these violations, 21 were associated with white SDP findings under the ROP, and six were associated with yellow and red SDP findings (which increased significantly over previous CYs). Also, CY 2012 experienced an unusually high number of violations issued to licensed reactor operators because of the multiple cases involving deliberate misconduct and Internet usage at River Bend in CY 2011.

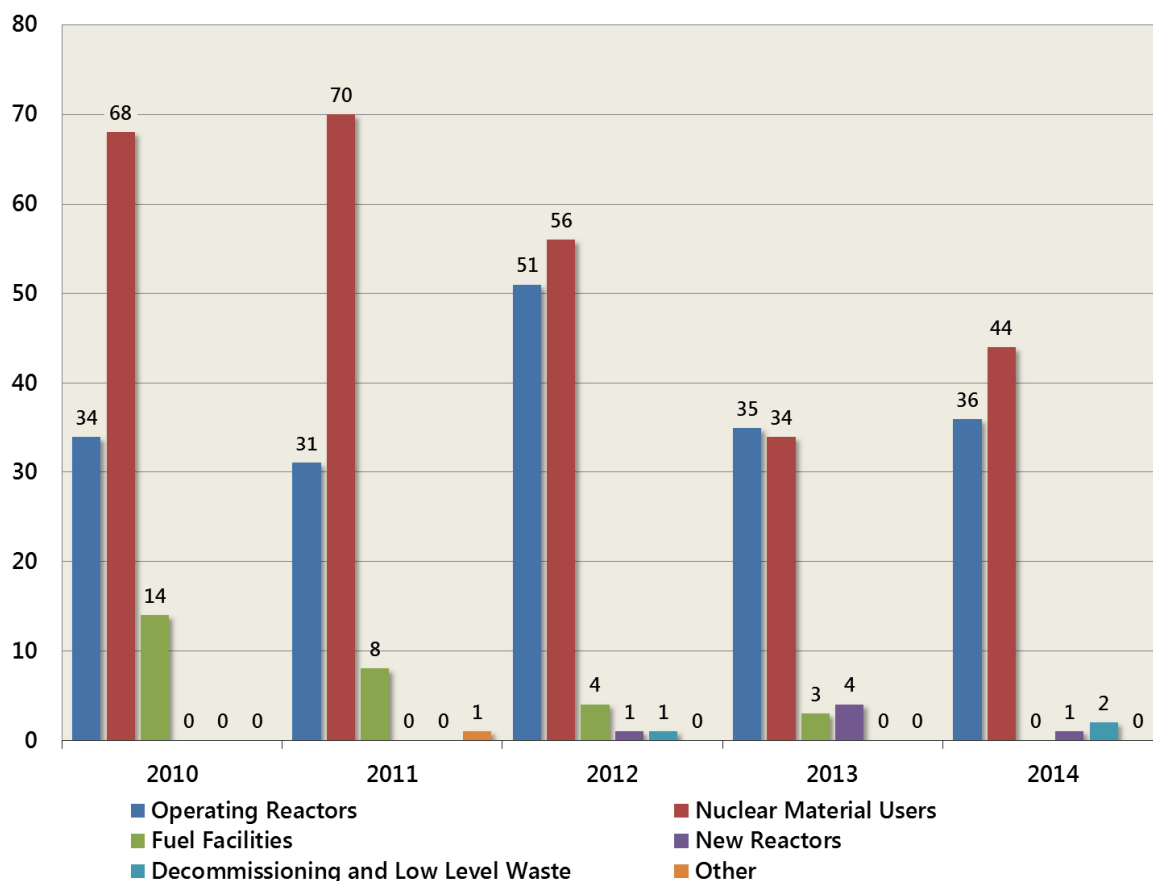


Figure 5 – Escalated Action Trends by Business Line (CY 2010 to CY 2014)

Tables 4 and 5 at the end of this report offer a more detailed breakdown of enforcement actions issued during CY 2014 by the type of licensee.

2. Civil Penalty Actions

In CY 2014, the agency processed 12 enforcement actions that involved civil penalties. Five of the 12 civil penalty actions were associated with gauge user licensees, including one SL II violation issued to the Geisser Engineering Corporation. Four actions were associated with violations concerning physicians or hospitals. One of the 12 actions was associated with a settlement that followed an ADR mediation session.

Six of the 12 cases also involved “willfulness,” which is defined as either deliberate misconduct or careless disregard. The Commission is particularly concerned with the identification of willful violations. The NRC’s regulatory program is based on licensees and their contractors, employees, and agents acting with integrity and communicating with candor; therefore, the agency may consider a violation involving willfulness to be more egregious than the underlying violation, taken alone, would have been, and it may increase the SL accordingly.

Table 2 – Civil Penalty Information

	2014	2013	2012	2011	2010	Average
No. of Proposed Civil Penalties	9	10	13	10	19	12
No. of Imposed Civil Penalties*	3	1	3	3	1	2
No. of Paid Civil Penalties	8	8	12	13	16	11
Amount of Proposed Civil Penalties	\$56,700	\$211,400	\$404,700	\$108,750	\$663,700	\$287,650
Amount of Imposed Civil Penalties	\$85,400	\$1,000	\$14,000	\$29,500	\$10,000	\$24,900
Amount of Paid Civil Penalties	\$110,389	\$176,500	\$402,700	\$130,529	\$624,950	\$289,014

* Imposition cases and civil penalty (CP) amounts reflect CPs issued via an order and includes both (1) orders imposing a CP after a licensee does not pay a proposed CP, and (2) CPs agreed to in an alternative dispute resolution case that are included in the case confirmatory order. In the first scenario, the case is a subset of the proposed CP cases in that imposing the CP is the next step after a licensee does not pay a proposed CP. However, in the second scenario, an ADR settlement, potentially with a CP, can, and typically does, occur prior to any proposed CP. Consequently, neither addition nor subtraction of the “proposed” and “imposed” rows is appropriate.

Table 2 compares civil penalty assessments proposed, imposed, and paid for the most recent five calendar years and the 5-year average. When reviewing the information in this table, it is important to note that an enforcement action may include more than one civil penalty or more than one violation. In addition, a civil penalty may be proposed in 1 year and paid or imposed in another year. In some cases, the NRC has approved a civil penalty payment plan whereby a licensee is permitted to pay the civil penalty in regular installments. Finally, the amount of a proposed civil penalty may be reduced, for example, as a result of exercising discretion as part of a settlement agreement developed during ADR.

The total number of civil penalties (proposed and imposed) issued in CY 2014 was similar to the number of civil penalties in issued in CY 2013, and was generally consistent with the average number issued over the last 5 years. However, the total

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civil penalty dollar amount decreased significantly (approximately 33 percent) in CY 2014 when compared to CY 2013. The total civil penalty dollar amount was also about 40 percent of the average preceding four years.

While the number of civil penalties associated with ADR settlement agreements was the same as CY 2013 (one CP was imposed), the amount of the civil penalty was significantly larger. In this case, Entergy Operations agreed to pay a penalty of \$70,000 as part of an ADR settlement agreement relating to violations at its River Bend Station facility.

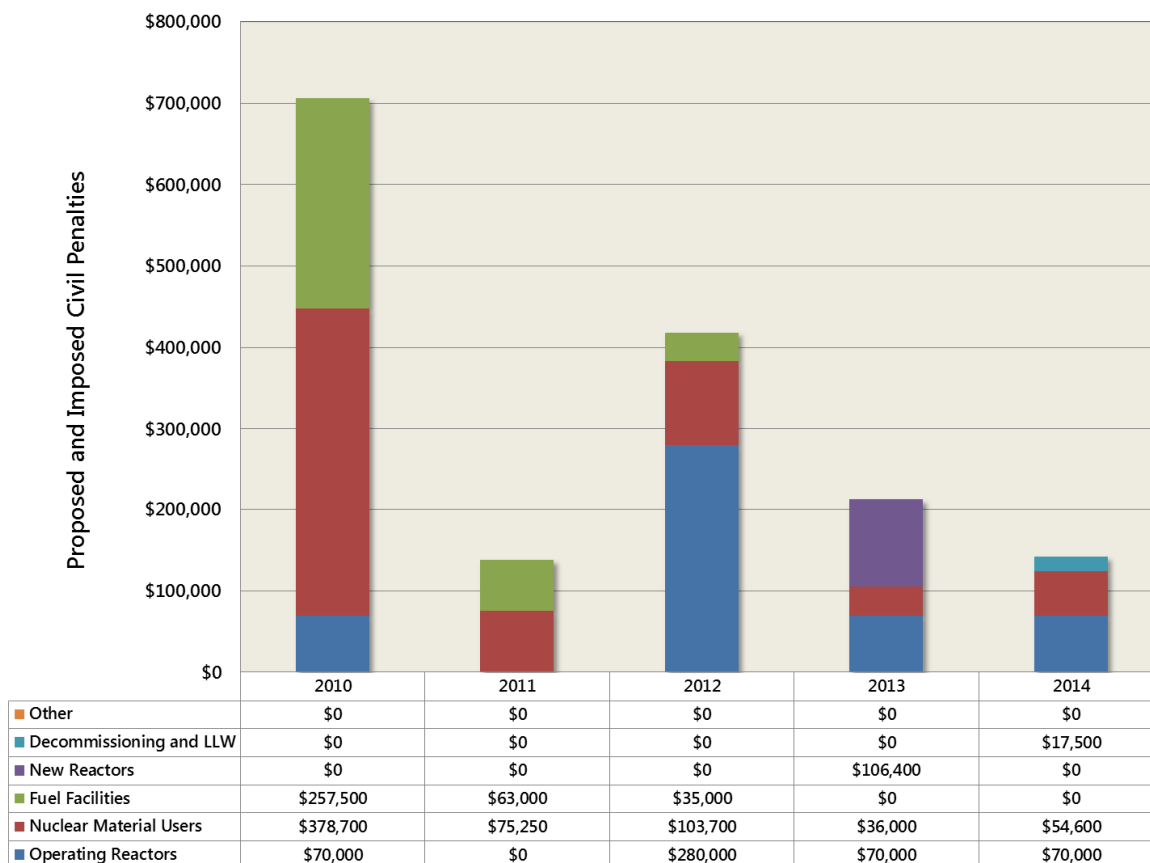


Figure 6 – Civil Penalty Trends by Business Line (CY 2010 to CY 2014)

Figure 6 shows the total dollar amount of proposed and imposed civil penalties, by licensee business lines, in CY 2014 and the preceding 4 years. Figure 7 (next page) shows the share of the total civil penalty amounts issued over the past 5 years between each of the operating reactor, nuclear material users, fuel facility and other licensee business lines. Often certain business lines may peak in a particular year because of a single civil penalty (e.g., the Philadelphia VA Medical Center in 2010, and River Bend and Turkey Point in 2012). As a consequence, a single year often does not indicate a trend—an important factor to consider in assessing possible trends.

Appendix A includes a brief description of each of the civil penalty actions for CY 2014. Security-related issues involving NOVs with civil penalties are not addressed in

Appendix A; however, the number of NOVs associated with security related issues is included in the data discussed in this report.

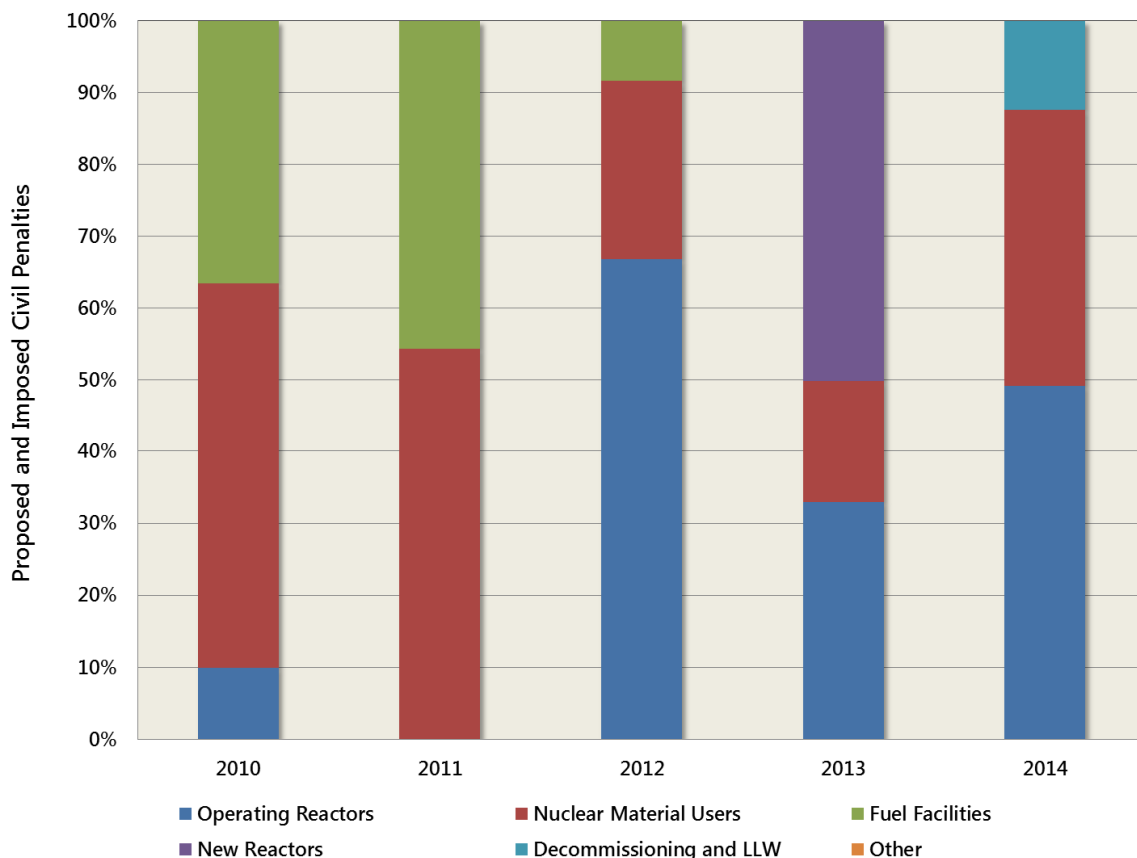


Figure 7 – Percentage of Civil Penalties by Business Line

3. Notices of Violation without Civil Penalties

In accordance with Section 2.3.4 of the Enforcement Policy, a civil penalty may not be warranted for escalated enforcement actions evaluated under traditional enforcement if certain criteria are met. For instance, (1) the identified violation is the first non-willful SL III violation identified in the past 2 years or two inspections at the licensee’s facility and the licensee took adequate corrective action to prevent its recurrence, or (2) this was not the first non-willful SL III violation identified in the past 2 years or two inspections, but the licensee self-identified the violation and took adequate corrective action to prevent its recurrence. Violations assessed under the SDP normally are not considered for civil penalties. However, civil penalties are considered for violations associated with ROP inspection findings that involve actual consequences. In addition, the agency may use enforcement discretion, when deemed appropriate, to refrain from proposing a civil penalty, regardless of the normal civil penalty assessment process described above.

In CY 2014, the NRC issued 58 escalated NOVs without civil penalties. These actions were almost evenly split between materials user licensees (30 of 58) and operating reactor licensees (28 of 58). Eleven of the 30 NOVs issued to materials licensees

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were associated with gauge users. Of the operating reactors violations, 18 were associated with white SDP findings under the ROP, and two violations were related to yellow SDP findings. For a second consecutive year, no red SDP findings with associated violations were issued in CY 2014. Figure 8 (below) shows escalated NOV trends for SDP findings over the past 5 years. As indicated in Figure 8, the 20 escalated enforcement actions associated with SDP findings that were issued in CY 2014 represented an increase in the number issued when compared to CY 2013.

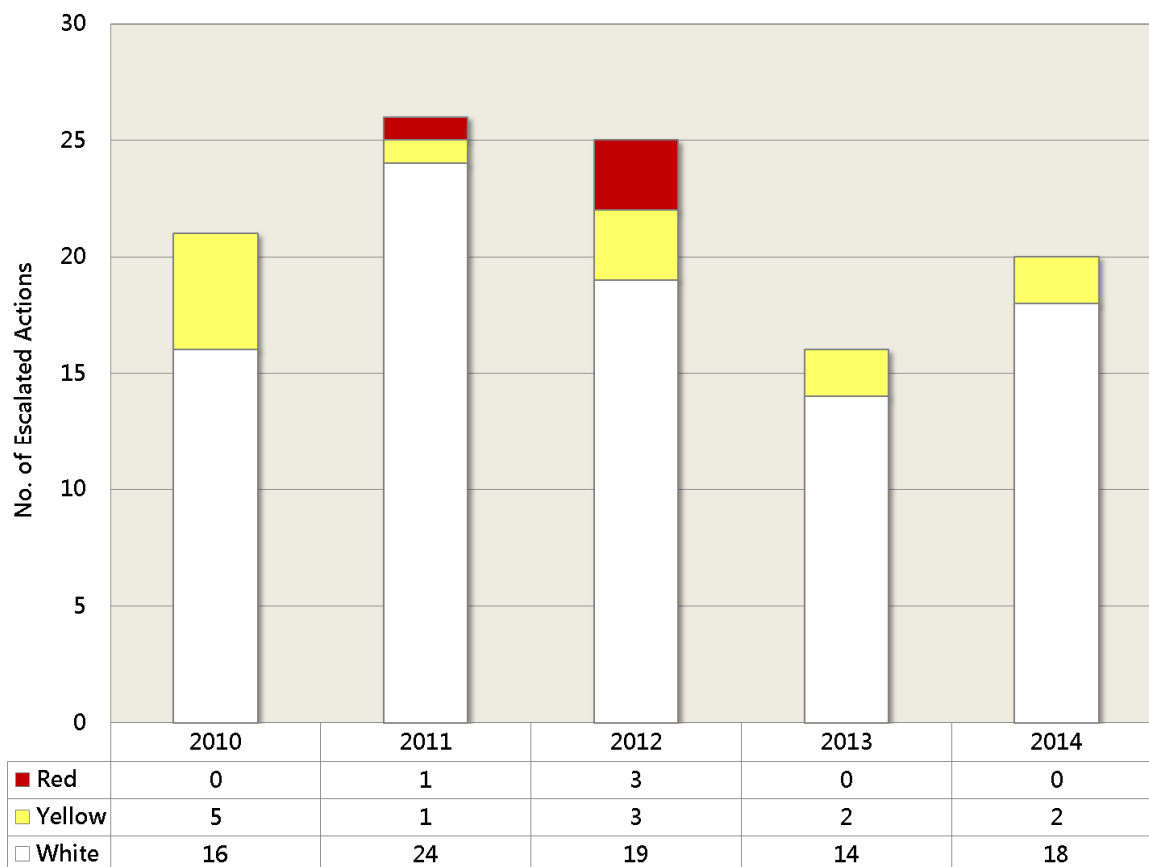


Figure 8 – Escalated Enforcement Associated with ROP SDP Findings

For the first time in five years, there were no escalated NOV without civil penalties issued to fuel facility licensees. In the four years before 2014, fuel facility licensees averaged approximately four escalated NOV each year. Appendix B to this report summarizes each of the NOV without civil penalties issued to licensees, as well as the NOV associated with SDP findings. Security related issues involving NOV without civil penalties are not addressed in Appendix B; however, the number of NOV associated with security related issues is included in the data discussed in this report.

4. Enforcement Program Timeliness

Escalated enforcement actions are issued in cases involving violations assessed at SL I, II, or III if they are dispositioned under the traditional enforcement process; and violations associated with white, yellow, or red findings for facilities participating in the ROP, as well as orders that impose sanctions. The timeliness associated with issuing

escalated enforcement actions to reactor and materials licensees is an output measure (external goal) reported annually to Congress within the NRC’s Performance Accountability Report. The external goals were modified in 2012 to stress the importance of timely escalated enforcement actions and are: (1) 100 percent of non-Office of Investigations (non-OI) based cases are completed with an NRC processing time of less than or equal to 160 days; and (2) 100 percent of OI-based cases are completed with an NRC processing time of less than or equal to 330 days.

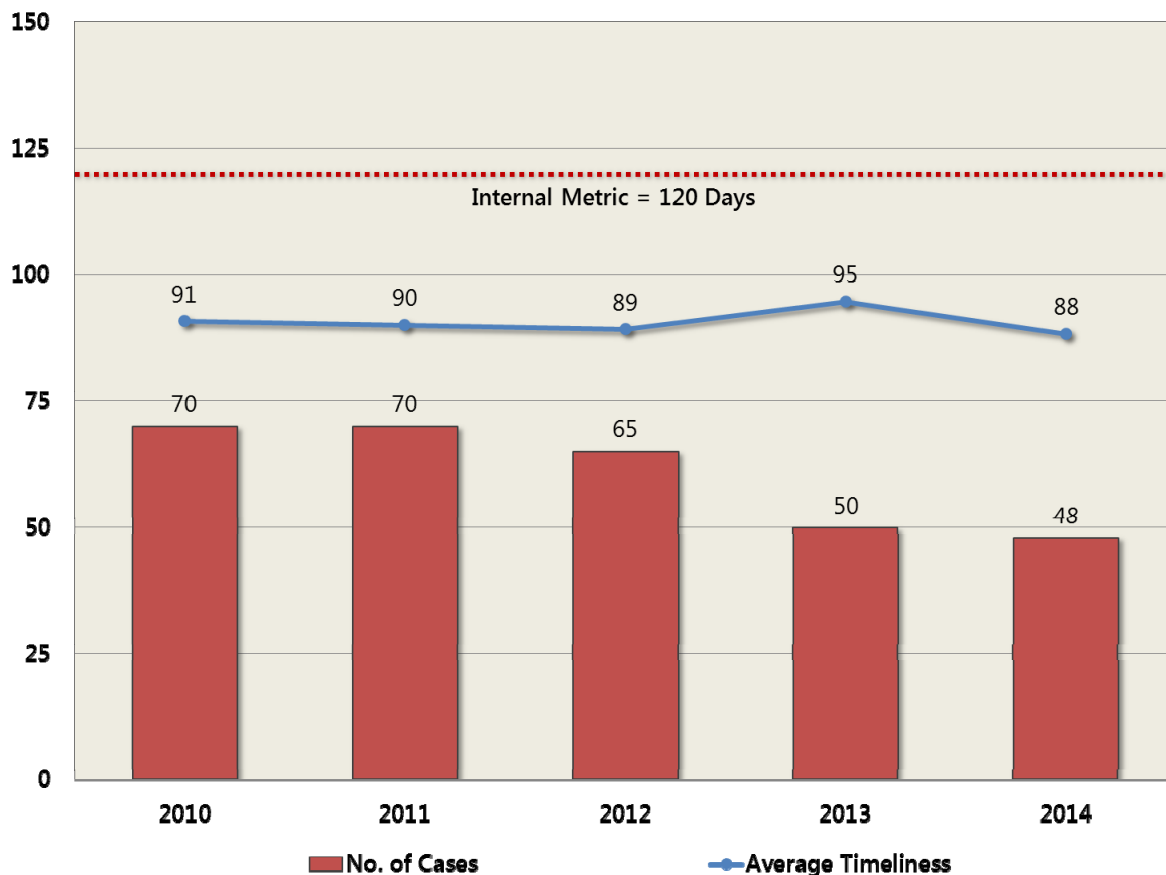


Figure 9 – Non-OI Case Timeliness Trends (Average Number of Days)

In addition to the external goals, the NRC staff continues to use the additional timeliness measures (internal goals) for trending purposes and to provide information to support potential improvements to our processes. The internal goals are: (1) completing non-OI based cases in an average NRC processing time of less than or equal to 120 days; and (2) completing OI based cases in an average NRC processing time of less than or equal to 180 days.

The NRC processing time starts on the latest of the following dates: (1) the inspection exit for non-OI cases; (2) the date of the OI memorandum forwarding the report to staff for OI related cases; (3) the date that the U.S. Department of Justice (DOJ) indicates that the NRC may proceed for cases either prosecuted or reviewed for an extended period of time by DOJ; or (4) the date of the Department of Labor decision that is the basis for the action. The cases are grouped together and treated as a single case whenever two or more enforcement action numbers are associated with one action.

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All non-OI related actions were issued in less than 160 processing days and, thus, met the external goals for dispositioning non-OI cases. However, one of the 15 OI-related enforcement actions was not issued in less than 330 processing days. Therefore, the staff did not meet the external goals for dispositioning OI-related enforcement actions in CY 2014. The case involved violations of the NRC's personnel access authorization requirements at the Virgil C. Summer Nuclear Station, and resulted in the issuance of a CO to the South Carolina Electric and Gas Company following a successful ADR mediation session. A regional senior enforcement officer independent of the case conducted a lessons-learned inquiry, and the staff is taking appropriate actions based on identified recommendations.

Figure 9 (above) also shows that, on the average, the agency required 88 processing days to issue a non-OI related enforcement action. This is less than the goal of 120 processing days and is consistent with trends for the past 5 years.

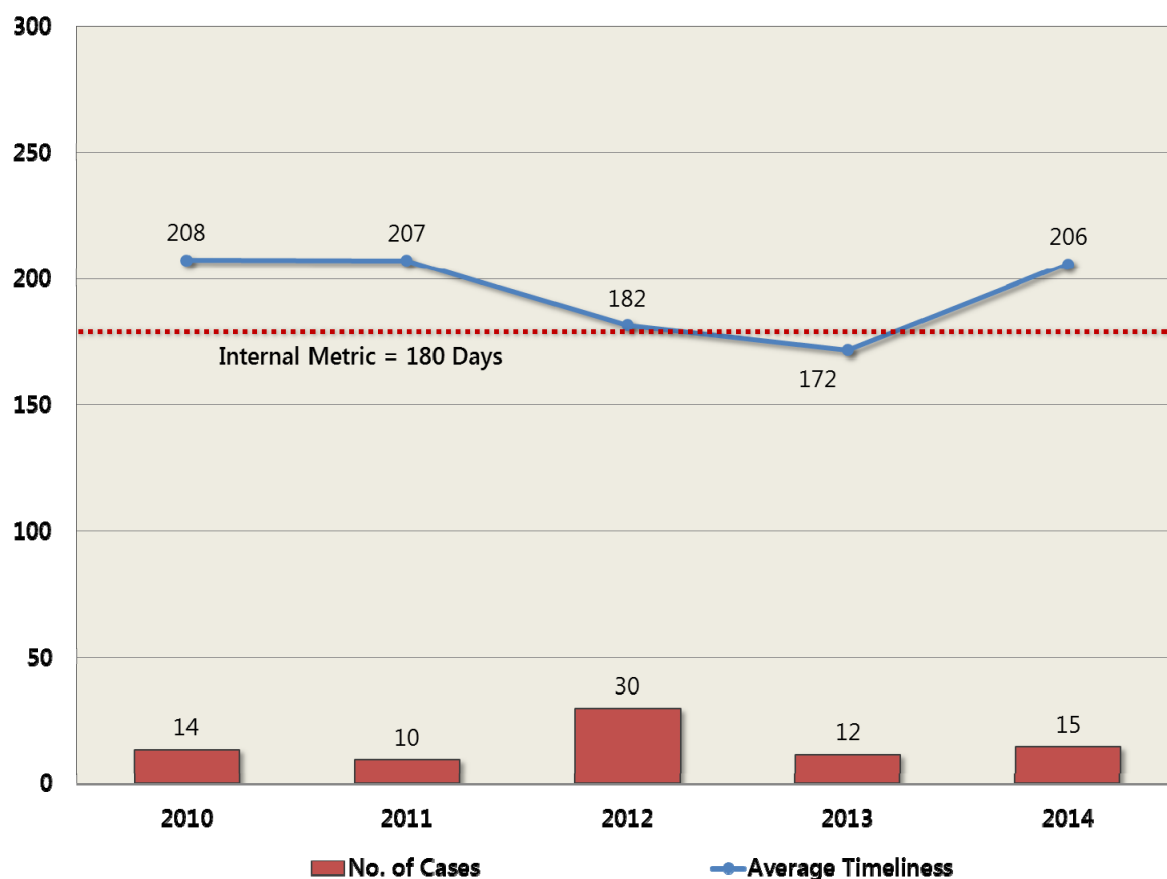


Figure 10 – OI Case Timeliness Trends (Average Number of Days)

Figure 10 shows the case processing timeliness trends for OI-related escalated enforcement actions for the five most recent CYs. The figure illustrates that, on average, the agency required 206 days to issue an OI-related enforcement action during CY 2014. This number is significantly greater than the internal goal of 180 days, and reversed the steady decline in average processing time that was observed between 2011 and 2013. This negative (increasing) trend was affected by four cases with processing times of greater than 300 days. In all four instances, the cases

involved complex circumstances and required a significant amount of time early in the process to determine the appropriate course of action. The staff will continue to monitor this trend and seek other ways to improve case processing timeliness.

5. Alternative Dispute Resolution

Alternative Dispute Resolution (ADR) refers to a variety of voluntary processes, such as mediation and facilitated dialogue that can be used to assist parties in resolving disputes and potential conflicts outside of courts using a neutral third party. The NRC employs mediation for its post-investigation ADR program, using a neutral third party with no decisionmaking authority to help the parties attempt to reach an agreement. The process is voluntary in terms of the decision to participate and the content of the final agreement.

The term "post-investigation ADR" refers to the use of mediation after OI has completed its investigation and an enforcement panel has concluded that pursuit of an enforcement action appears to be warranted. In February 2013, the NRC expanded the scope of the use of post-investigation ADR for a one-year pilot period. Under the pilot program, post-investigation ADR included all escalated non-willful, traditional enforcement cases with proposed civil penalties (note that this does not include violations associated with findings assessed through the ROP).

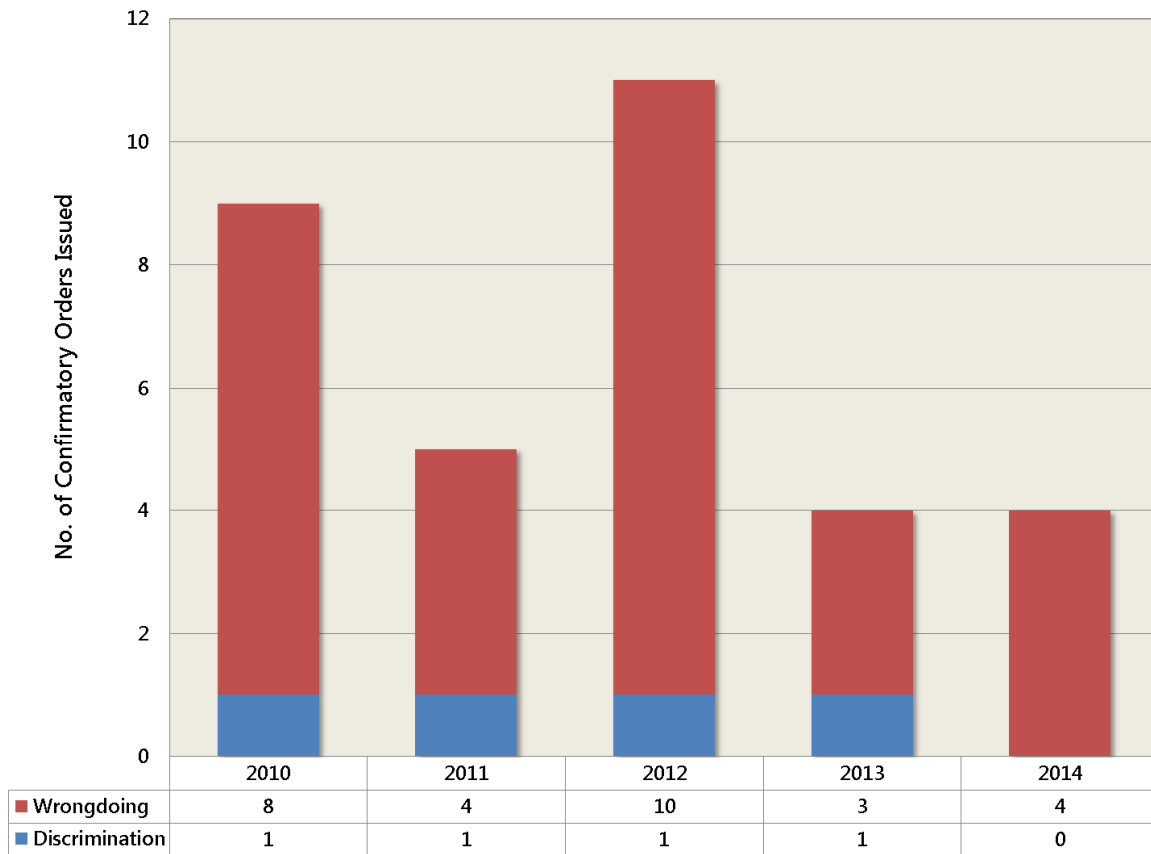


Figure 11 – ADR Confirmatory Orders Issued (CY 2010 to CY 2014)

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Under the NRC’s post-investigation ADR process, mediation may be offered at three points in the enforcement process: (1) before a predecisional enforcement conference; (2) after the initial enforcement action is taken, typically the issuance of an NOV or proposed imposition of a civil penalty; or (3) with the imposition of a civil penalty and before a hearing request. The staff believes that for certain escalated enforcement actions, mediation affords the staff an opportunity to institute broader or more comprehensive corrective actions to better ensure public health and safety than outcomes typically achieved through the traditional enforcement process.

As Figure 11 (above) shows, the number of COs arising from the post-investigation ADR program average approximately six confirmatory orders per year. In CY 2014, the NRC participated in four post-investigation ADR mediations, three of which resulted in orders confirming the terms of the parties’ agreement. A fourth CO was issued in 2014 as a result of an ADR mediation held during 2013. In the past 5 years, more than 95 percent of the cases that engaged in post-investigation ADR resulted in a settlement agreement, with only one ADR mediation unable to reach a settlement. In this case, the parties signed an agreement in principle; however, the individual involved was unresponsive when requested to execute the consent and waiver form.

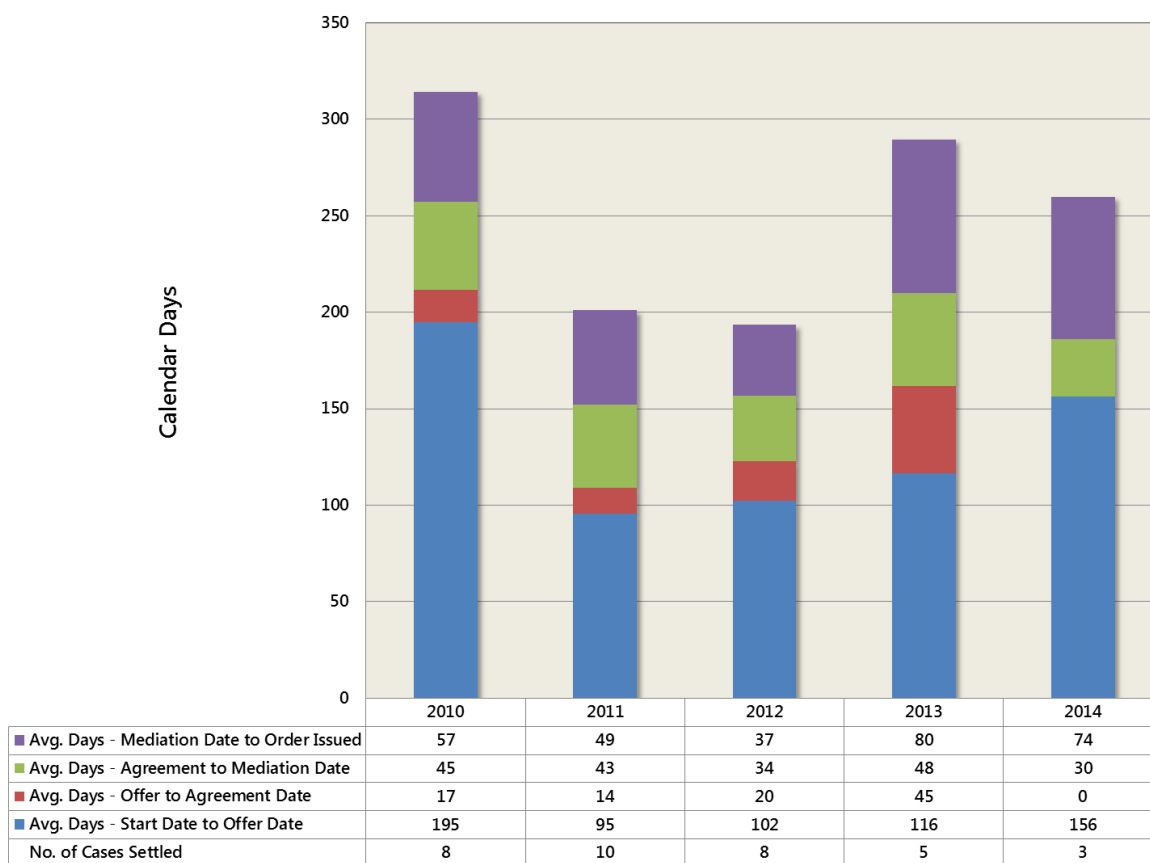


Figure 12 – Calendar Days from NRC Action to Issuance of Confirmatory Order

In CY 2014, the staff continued its focus on enhancing the post-investigation ADR program’s timeliness, transparency and overall effectiveness. While recent program

enhancements initiated in CY 2012 continue to have a positive effect on the ADR process from the time an ADR offer is made (see Figure 12), over the past 4 years, the time taken to review OI investigative materials, bring a case to panel and issue a choice letter has steadily increased. OE plans to pursue ways to improve case timeliness by decreasing the time it takes to review a case and offer ADR.

C. Non-Escalated Enforcement

The Enforcement Program Annual Report has historically focused on escalated enforcement actions with little information regarding non-escalated enforcement provided. Non-escalated actions include SL IV NOVs and NCVs under traditional enforcement and NOVs and NCVs associated with Green SDP Findings under the ROP. In recent years, OE has recognized that the ability to trend data for non-escalated enforcement across the various programs needs to be improved. One of the primary challenges in tracking and trending non-escalated enforcement actions is that these actions are recorded in separate databases by the regions and program offices. Operating reactors information is recorded in the Reactor Program System (RPS), materials user non-escalated actions are stored in the web-based licensing (WBL) system, and new reactors construction data is maintained in the Construction Inspection Program Information Management System (CIPIMS). Effective use of these systems will allow for a more complete presentation of the agency’s use of non-escalated enforcement actions. Consequently, OE began gathering information from these systems, starting in CY 2013, in order to be able to provide improved trending. Figure 13 provides information that was obtained from the RPS, WBL and CIPIMS systems.

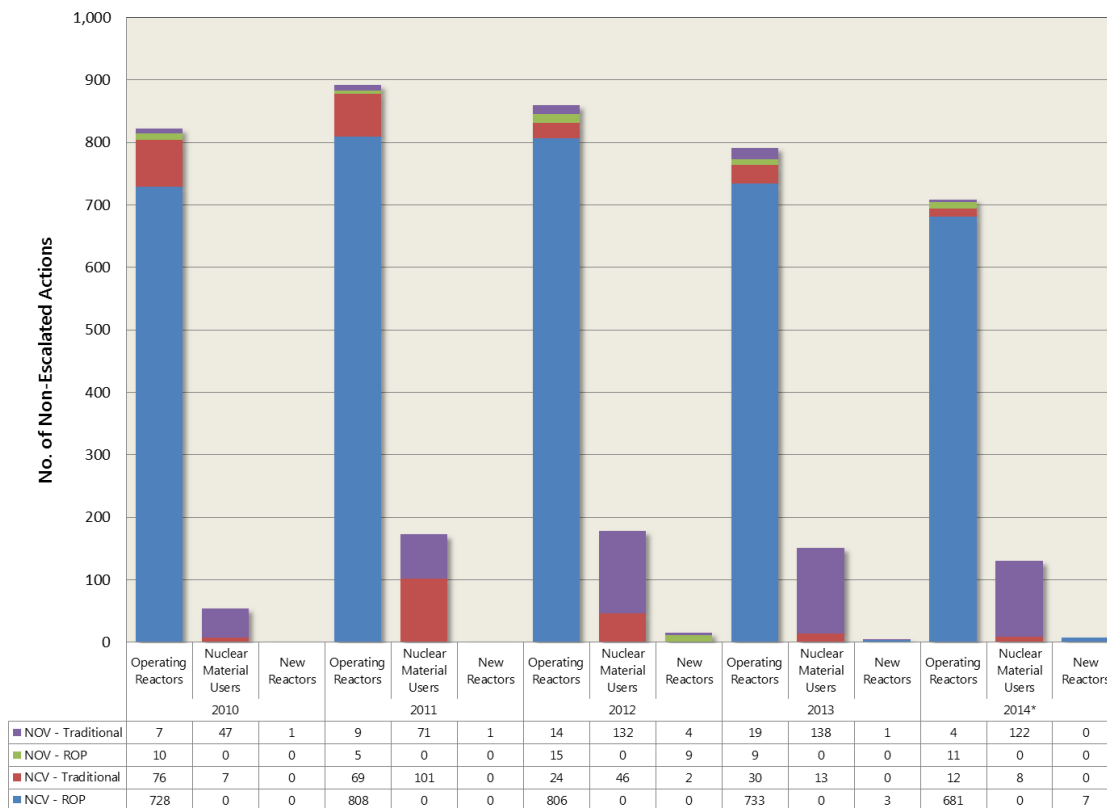


Figure 13 – Non-Escalated Enforcement Trends (CY 2010 to CY 2014)

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As shown in Figure 13, operating reactors are issued approximately 700 to 900 non-escalated enforcement actions each year, and nuclear materials users received, on average, 130 to 175 non-escalated actions for the four most recent calendar years. New reactors licensees have been issued approximately eight non-escalated actions in the last three years. OE notes that information from CY 2014 may be artificially low because violations are recorded by the event date, and that there is often a time lag between this date, the date of the inspection report, and the date this information is recorded in RPS, WBL and CIPIMS.

During CY 2013, the Government Accountability Office issued a report titled “Nuclear Power: Analysis of Regional Differences and Improved Access to Information Could Strengthen NRC Oversight.” The report’s second finding related to the enforcement program generally, and stated that “differences exist across NRC regions in identifying and resolving findings, and NRC has taken some steps to address them.” More specifically, GAO discussed the fact that the regions in their identification of non-escalated findings, which equate to very low risk significance. GAO noted that some steps had been taken to address these differences but that a comprehensive review of the reasons had not been undertaken. The number of escalated findings, which equate to greater risk significance, was more similar across regions. Consequently, the Office of Nuclear Reactor Regulation (NRR), with the support of OE and the regions, started initiated a review to determine the cause, or causes, of the differences. The review and any appropriate follow-up action will continue in CY 2015.

II. Enforcement Case Work

A. Significant Enforcement Actions

In CY 2014, the agency was involved in several significant enforcement actions that required coordination among internal stakeholders beyond the typical enforcement case and were noteworthy in some aspects.

Geisser Engineering Corp.

On March 20, 2014, the NRC issued a Severity Level II NOV and proposed Civil Penalty in the amount of \$11,200 to Geisser Engineering Corp. (GEC) (ML14079A503). The action was based on a violation involving GEC's failure to file for reciprocity on 22 occasions between October 21, 2009, and June 23, 2011, prior to using portable gauges containing licensed material within the NRC's jurisdiction in the State of Connecticut, and at the Newport Naval Station, Rhode Island.

The NRC later issued an Order Imposing Civil Monetary Penalty on July 31, 2014, to GEC in the amount of \$8,400. GEC had disputed the willful aspect of the violation and requested that the NRC consider mitigation of the proposed civil penalty because it would pose a financial hardship. After considering the GEC's response, as well as information regarding a civil penalty assessed against GEC by the Commonwealth of Massachusetts, the NRC decided to reduce GEC's civil penalty by 25 percent to \$8,400.

Chicago Bridge and Iron Company

On August 7, 2013, the NRC Office of Investigations (OI) completed an investigation and concluded that three employees at the Shaw Modular Solutions (SMS)¹ Lake Charles, LA, fabrication facility (now owned and operated by the Chicago Bridge and Iron Company (CB&I)) deliberately subverted SMS welder qualifications requirements when: (1) a welder took welding qualifications tests for another coworker; (2) the coworker allowed the welder to take the qualifications tests on his behalf; and (3) the weld test administrator certified that the coworker passed his welder qualifications tests when he knew that the tests were performed by another person. The actions on the part of the three SMS employees caused the company to be in violation of 10 CFR 52.4, "Deliberate misconduct."

On May 30, 2014, the staff participated in an alternative dispute resolution (ADR) mediation session with CB&I. As the result of the mediation, CB&I agreed to take several measures to enhance the understanding of NRC requirements and the significance of willful violations for all company employees, including contractors and subcontractors, at all CB&I locations where NRC-regulated activities are performed. These measures built upon a previously-issued Confirmatory Order (CO) and include improving quality control and processing for welding products; enhancing new employee training to highlight the errors behind the recent violations; and enhancing CB&I's nuclear safety culture monitoring program based on lessons from the recent violations.

¹ SMS was later acquired by the Chicago Bridge and Iron Company (CB&I) in 2013.

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The NRC issued a CO to CB&I on September 25, 2014, to formalize the commitments made as a result of the ADR mediation session.

River Bend Station

On December 3, 2014, the NRC issued a CO to Entergy Nuclear Operations, Inc. (Entergy), to formalize commitments made as a result of an ADR mediation session held on September 22, 2014. Entergy agreed to a NOV and a civil penalty of \$70,000 as part of the CO. The violation involved the willful actions of a security officer at Entergy's River Bend Station in March 2012. The NRC and Entergy agree that the actions of the unidentified security officer constituted a willful violation of the requirements of 10 CFR Part 73, "Physical Protection of Plants and Materials." However, the NRC and Entergy disagreed on the specific aspects of the willful characterization of the violation. In light of the significant corrective actions Entergy had taken and the additional actions they committed to take to enhance their security program at River Bend and across the Entergy Nuclear Fleet, the NRC exercised enforcement discretion to reduce the severity level of the escalated enforcement sanction that was initially proposed in our preliminary determination. The NRC's rationale behind its decision to exercise enforcement discretion in characterizing the violation is incorporated in an attachment to the CO. Specific commitments that were made as part of the settlement agreement between Entergy and the NRC regarding the apparent violation of NRC security requirements are discussed in the non-public enclosures to the CO.

Summer Nuclear Station

On March 10, 2014, the NRC issued a CO to South Carolina Electric & Gas Company (SCE&G) to formalize commitments made as a result of ADR mediation. The commitments were made as part of a settlement agreement with SCE&G as a result of apparent violations of 10 CFR 73.56, "Personnel access authorization requirements for nuclear power plants" and 10 CFR 50.9, "Completeness and accuracy of information," identified at the Virgil C. Summer Nuclear Station (Summer). The first violation involved the willful actions of the licensee's access authorization staff, which caused the licensee's access authorization program to fail to provide high assurance that individuals granted unescorted access were trustworthy and reliable, such that they did not constitute an unreasonable risk to public health and safety, as required by 10 CFR 73.56(c). Specifically, the licensee's access authorization reviewing officials reviewed, adjudicated, and granted an individual unescorted access authorization by relying unreasonably on a falsified Personal History Questionnaire (PHQ) and fabricated court records to determine the individual's trustworthiness and reliability. The second violation involved the willful failure to comply with the requirements of 10 CFR 50.9(a) which, in part, state that "information required by statute or Commission regulations to be maintained shall be complete and accurate in all material respects." In consideration of the commitments delineated in the CO, the NRC agreed to fully mitigate a civil penalty and the issuance an NOV.

The NRC also issued an Order prohibiting participation in NRC-licensed activities for a period of 5 years to a former employee involved in this enforcement action. The former employee deliberately failed to report an arrest for arson in the PHQ criminal history information section as part of an application for unescorted access at Summer. This information was necessary for the access authorization staff to consider in making determinations regarding the individual's trustworthiness and reliability. In addition, the former employee deliberately submitted information to the licensee that he knew to be

incomplete or inaccurate, in violation of the requirements of 10 CFR 50.5(a)(2). Specifically, in response to a request by access authorization staff for documentation to support his assertion that arson charges against him had been dismissed, he submitted a forged document that purported to reflect the dismissal of those charges by a Mississippi county court. At the time he submitted this document, the arson charges against him were pending.

University Nuclear and Diagnostics

On May 13, 2014, the NRC issued a Severity Level III NOV to University Nuclear and Diagnostics LLC (UND) for a violation of 10 CFR 30.10(a), "Deliberate misconduct." Specifically, a co-owner and president of UND deliberately failed to 1) calibrate a survey instrument and, thus, provided falsified survey instrument calibration records as required by 10 CFR 35.61; 2) instructed its employees to document radiation survey results when the survey instrument was not working or not on site as required by 10 CFR 30.9; 3) failed to perform required contamination surveys as required its license; 4) and failed to perform an annual audit and falsified annual records as required by 10 CFR 30.9. The deliberate misconduct on the part of the co-owner and president caused an NRC licensee, Bradley D. Bastow, D.O., to be in violation of NRC requirements. Additionally, the NRC issued the co-owner and president of UND an Order prohibiting involvement in NRC-licensed activities for a period of 3 years.

Arkansas Nuclear One, Units 1 and 2

On June 23, 2014, the NRC issued an NOV to Entergy Operations, Inc. (Entergy) for a violation of 10 CFR, Part 50, Appendix B, Criterion V, "Instructions, Procedures and Drawings," associated with a Yellow Significance Determination Process finding at Arkansas Nuclear One, Unit 1, and a Yellow Significance Determination Process finding at Arkansas Nuclear One, Unit 2, involving the March 31, 2013, Unit 1 stator drop that affected safety-related equipment on both units. Specifically, Entergy approved a design for the temporary hoisting assembly that was not supported by detailed drawings, specifications, evaluations, and/or certifications as required by Entergy Quality Procedure EN-MA-119, "Material Handling Program." As a result, on March 31, 2013, while lifting and transferring the main generator stator, the temporary overhead crane collapsed causing the 525-ton Unit 1 stator to fall on and extensively damage portions of the plant, including safety-related equipment.

B. Hearing Activities

On July 18, 2014, Mr. James Chaisson submitted a Request for Hearing in response to an "Order Prohibiting Involvement in NRC-Licensed Activities" issued on July 11, 2014 (see Enforcement Action Number IA-14-025). The request was filed with the Office of the Secretary initially via email, and subsequently via the Electronic Information Exchange on August 4, 2014. An Atomic Safety Licensing Board (ASLB) was established on August 13, 2014, for appropriate action in accordance with 10 CFR § 2.346(i). A pre-hearing conference was later held on December 17, 2014; however, no formal proceeding was held before the ASLB in CY 2014.

C. Enforcement Orders

In CY 2014, the NRC issued 16 orders to licensees, nonlicensees, and individuals. These included three COs that were issued to confirm commitments associated with ADR

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settlement agreements. One of the COs included a requirement to pay a civil penalty as a result of the settlement agreement. Two orders imposed civil penalties to materials user licensees.

Six of the 16 orders were issued to individuals, and all were prohibited from involvement in NRC-licensed activities ranging from 1 to 5 years.

As shown in Table 1, the number of orders the NRC issued in CY 2014 increased from CY 2013, in part, because of an increase in the number of orders to materials users. This increase, in effect, returned the number of orders issued on an annual basis to more normal levels. Appendix C includes a brief description of the enforcement orders issued in 2014.

D. Enforcement Actions Supported by the Office of Investigations

In CY 2014, an OI investigation supported 30 percent of the escalated enforcement actions (25 of the 83). This figure is greater than the percentage supported by OI investigations in CY 2013. The escalated actions supported by OI investigations include the following:

- 7 of the 12 escalated NOVs and orders with civil penalties (58 percent)
- 10 of the 58 escalated NOVs without civil penalties (17 percent)
- 8 of the 13 enforcement orders without civil penalties (62 percent)

The 25 enforcement actions supported by OI investigations are consistent with the average number of enforcement actions supported by OI investigations over the previous 4 years (CY 2010 through CY 2013). The percentage of enforcement actions supported by an OI investigation over the past 5 year period (CY 2010 through CY 2014) is approximately 27 percent, and the 30 percent figure is representative of a slight increase in the percentage of enforcement actions supported by OI investigations observed over the past 3 years.

E. Actions Involving Individuals and Nonlicensee Organizations

In CY 2014, the agency issued 14 escalated enforcement actions to licensed and unlicensed individuals. This number is included in the total number of escalated enforcement actions (NOVs and orders) that the agency issued in 2014. Appendix C summarizes the orders that were issued to individuals and Appendix D summarizes the NOVs issued to individuals in CY 2014. These appendices do not include individual enforcement actions involving security related violations. The number of escalated actions issued to individuals in CY 2014 is approximately 20 percent greater than the average number of actions issued to individuals between CY 2010 and CY 2014 (11 per year). The agency issued one escalated enforcement action to a nonlicensee organization in CY 2014. Appendix E summarizes this action.

F. Enforcement Action Involving Discrimination

In CY 2014, there were no escalated enforcement actions resulting from a substantiated allegation of discrimination. Between CY 2010 and CY 2013, the NRC has handled, on average, one substantiated discrimination case each year; however it is not unprecedented to have a year where there was no escalated enforcement taken because of discrimination.

G. Use of Judgment and Discretion in Determining Appropriate Enforcement Sanctions

The NRC may choose to exercise discretion and either escalate or mitigate enforcement sanctions or otherwise refrain from taking enforcement action within its statutory authority. The exercise of discretion allows the NRC to determine actions that are appropriate for a particular case, consistent with the Enforcement Policy. After considering the general tenets of the Policy and the safety and security significance of a violation and its surrounding circumstances, the NRC may exercise judgment and discretion in determining the severity levels of violations and the appropriate enforcement sanctions.

In CY 2014, the NRC exercised enforcement discretion in 31 cases to address violations of NRC requirements. This number reflects a 19 percent increase in the number of cases in which discretion was used from CY 2013 (26 cases) and a 35 percent decrease from CY 2012 (47 cases). Although 2014 saw an increase in the number of cases where discretion was used when compared to 2013, this year could be viewed more accurately as part of a two-year decreasing trend caused, in large part, by a corresponding decrease in the use of discretion in accordance with EGM-09-004 to disposition violations of the naturally occurring and accelerator-produced radioactive materials (NARM) requirements. Below is a discussion of the significant cases dispositioned using enforcement discretion in CY 2014.

1. Discretion Involving Interim Enforcement Guidance

In 18 cases, the NRC used discretion in accordance with either the Interim Enforcement Policy related to fire protection and permanent implant brachytherapy issues (Sections 9.1 and 9.2 of the Policy) or an enforcement guidance memorandum (EGM).

- The NRC dispositioned three violations using discretion in accordance with EGM-11-004, "Interim Guidance for Dispositioning Violations of Security Requirements for Portable Gauges," dated April 28, 2011. Enforcement discretion in the form of a reduced severity level may be exercised for violations of 10 CFR 30.34(i) if certain criteria are met as described in EGM-11-004. Although the pilot program was completed, the provisions of this EGM will remain in effect until the Enforcement Policy is revised to incorporate the EGM.
- The agency dispositioned two violations using discretion in accordance with EGM-09-004, "Interim Guidance for Dispositioning Violations of Naturally Occurring and Accelerator-Produced Radioactive Materials (NARM) Requirements," dated May 13, 2009. Enforcement discretion may be exercised for violations of the NARM requirements if certain criteria are met as described in the EGM. The two cases that used this guidance represent a sharp decline over CY 2012 when the staff used this guidance to disposition 17 cases. Five cases used this guidance in CY 2013.
- The NRC continued to perform fire protection inspections at power reactor sites to verify compliance with requirements of 10 CFR 50, Appendix R, "Fire Protection Program for Nuclear Power Facilities Operating Prior to January 1, 1979." Violations of these requirements that were identified at sites transitioning to the National Fire Protection Association Standard 805 (NFPA 805) and met

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the criteria as stated in the Interim Enforcement Policy, “Enforcement Discretion for Certain Fire Protection Issues (10 CFR 50.48)” warranted enforcement discretion and notices of violation were not issued. Four documented cases involved this type of discretion.

- In April 2013, the staff issued EGM-13-003, “Interim Guidance for Dispositioning Violations Involving 10 CFR 35.60 and 10 CFR 35.63 for the Calibration of Instrumentation to Measure the Activity of Rubidium-82 and the Determination of Rubidium-82 Patient Dosages.” The agency dispositioned three cases that met the criteria under this guidance.
- The NRC dispositioned five violations using discretion in accordance with EGM-11-003, “Dispositioning Boiling Water Reactor Licensee Non-Compliance with Technical Specification Containment Requirements during Operations with a Potential for Draining the Reactor Vessel,” dated October 4, 2011. In CY 2013, only one case used this guidance. Enforcement discretion may be exercised for violations of certain technical specification requirements at boiling water reactors if certain criteria are met as described in EGM-11-003.
- In July 2013, the staff issued an Interim Enforcement Policy, Section 9.2, “Enforcement Discretion for Permanent Implant Brachytherapy Medical Event Reporting (10 CFR 35.3045).” This section set forth criteria in which enforcement discretion may be used in certain medical event reporting scenarios. One documented case involved use of this type of discretion in CY 2014.

2. Discretion Involving No SDP Performance Deficiency

Section 2.2.4.d of the Enforcement Policy states that for operating power reactors, in the case of violations normally falling within the ROP SDP process, violations of NRC requirements for which there are no associated SDP performance deficiencies (e.g., a violation of TS which is not a performance deficiency) are normally dispositioned using discretion, similar to that described in Section 3.2 of this Policy. In 2014, five cases involved the use of discretion in accordance with Section 2.2.4.d of the Policy. Two of the cases involved TS violations relating to reactor coolant pressure boundary leakage requirements, and two additional cases involved TS violations attributable to equipment failures that were not considered avoidable. The fifth case was associated with an access control violation that was not a performance deficiency.

3. Discretion Involving Violations Identified Because of Previous Enforcement Actions

The staff may exercise enforcement discretion, in accordance with Section 3.3 of the Enforcement Policy, if the violation was identified by the licensee as part of the corrective action for a previous enforcement action and the violation has the same or similar root cause as the violation for which enforcement action was previously taken. In CY 2014, four violations, all relating to wrongdoing at the Chicago Bridge and Iron Company (CB&I), were dispositioned consistent with the guidance of Section 3.3 of the Policy. Specifically, three of the four cases involved inaccurate information relating to quality assurance records for new reactor construction modules, and one case involved discrimination of an employee for previously raising safety concerns. On

September 25, 2014, the NRC issued a Confirmatory Order (CO) to enhance actions that CB&I had previously agreed to take to further address issues relating to willful violations of NRC requirements and deliberate misconduct (see EA-13-196). All four apparent violations occurred prior to or during implementation of the corrective actions specified in the September 2014 CO. Therefore, the staff exercised enforcement discretion to not pursue escalated enforcement because the staff concluded that the root causes for the apparent violations were similar to the root causes of the violations that led to the issuance of the CO and the corrective actions being taken by CB&I.

4. Discretion Involving Special Circumstances

Four cases involved use of discretion to disposition violations in accordance with Section 3.5 of the Enforcement Policy, "Special Circumstances." Below is a brief discussion of the cases dispositioned in CY 2014.

- The NRC issued an Exercise of Enforcement Discretion letter to a federal agency for a violation involving an RSO who willfully failed to provide and require the use of extremity monitoring devices as required by 10 CFR 20.1502(a). The staff determined that enforcement discretion was warranted because the agency appropriately identified, evaluated, and issued a violation to the RSO (a permittee), and ensured corrective actions for the violation in accordance with the enforcement procedures described in the NRC Master Materials License.
- The NRC identified an apparent violation concerning a construction company for possession of byproduct material without an NRC license, as required by 10 CFR 30.3. The staff exercised discretion because (1) the company possessed the byproduct material for a period of less than 24 hours; (2) adequate safety and security controls were maintained while in the company's possession; (3) there were no actual safety or security consequences of the unauthorized possession; (4) the device containing byproduct material was not used during this time; (5) the company acted in good faith to contact the NRC to understand its responsibilities for possession and use of the device; (6) the company took prompt corrective actions upon learning that it was in violation of NRC requirements; and (7) the company had no further plans to possess or use the byproduct material.
- The NRC staff concluded that two cases warranted disposition of a violation in accordance with Section 3.5 of the Enforcement Policy because of inadequate guidance or lack of clear guidance. In one case, the staff identified that it had explicitly approved a licensee's secondary containment testing methodology, and then later determined that the methodology did not comply with TS requirements because the licensee did not test all secondary containment configurations. As a result, the NRC refrained from issuing an NOV in this case. The NRC also exercised discretion relating to the use of decommissioning trust funds for certain expenses. In this case, the licensee and its predecessors had informed the NRC on multiple occasions about the use of funds for spent fuel management; however use of these funds for this purpose did not comply with 10 CFR 50.82(a). The interactions between the licensee and NRC appeared to have obfuscated the applicability of and limitations regarding compliance with NRC regulations and use of decommissioning trust funds.

5. Notices of Enforcement Discretion

Occasionally, circumstances might arise in which a power reactor licensee's compliance with a TS or other license condition would require a plant transient or performance testing, inspection, or other system realignment that is of greater risk than the current specific plant conditions. In these circumstances, the NRC staff may choose not to enforce the applicable requirements. The staff exercises this enforcement discretion, designated as a notice of enforcement discretion (NOED) in accordance with Section 3.8 of the Enforcement Policy, only if it is clearly satisfied that the action is consistent with protecting the public health and safety. The staff may also issue NOEDs in cases involving severe weather or other natural phenomena when it determines that exercising this discretion will not compromise safety. NOEDs require justification from a licensee or certificate holder that documents the safety basis for the request and provides whatever other information the staff deems necessary to issue an NOED. The NRC issued ten NOEDs during CY 2014. This was a significant increase from the four NOEDs issued in CY 2013.

- NOED 14-1-01: The NRC verbally granted enforcement discretion on January 26, 2014, to Dominion Nuclear Connecticut, Inc., to not enforce compliance with the actions required in Millstone Power Station (MPS), Unit 3 Technical Specification (TS) 3.7.1.2, "Auxiliary Feedwater (AFW) System," Action C, to restore the Turbine Driven Auxiliary Feedwater (TDAFW) pump to operable status within 72 hours. On January 23, 2014, during a planned surveillance test, the MPS Unit 3 TDAFW pump tripped on an over speed condition and was declared inoperable by plant operators. After review of the troubleshooting data, the most probable cause was identified by station personnel that insufficient force was being transferred via the linkage to the turbine steam supply control valve. Enforcement discretion was sought to allow for continued operation in violation of TS 3.7.1.2 in order to permit additional time for station personnel to make repairs, perform testing activities, and restore the TDAFW pump to operable status. The licensee originally requested an additional 72 hours beyond the TS completion time allowance to restore the TDAFW pump to an operable condition. Based on its review of information provided by the licensee, the NRC granted enforcement discretion to not enforce compliance with TS 3.7.1.2 for a period of 36 hours instead of the 72 hours the licensee had originally requested.
- NOED 14-1-02: The NRC verbally granted enforcement discretion to PSEG Nuclear LLC on February 15, 2014, to not enforce compliance with the actions required in TS 3.8.1, "AC Sources - Operating" for Salem Unit 2. On February 13, 2014, the 24 Station Power Transformer (SPT) was declared inoperable due to elevated transformer combustible gas levels that indicated an active internal thermal fault. Because TS 3.8.1.1, Action a.3, required restoration of the 24 SPT to operable status within 72 hours and the estimated time to replace the transformer with an onsite available spare was estimated to take up to nine days, in total, PSEG requested enforcement discretion for six days beginning at the expiration of the TS Action Statement 3.8.1.1 on February 16. Based on its evaluation of the risk evaluations performed by PSEG and the NRC staff, as well as the compensatory measures put in place during the NOED, the NRC exercised discretion not to enforce compliance with TS 3.8.1.1 Action a.3, for an additional period of six days.

- NOED 14-2-001: The NRC verbally granted enforcement discretion to Duke Energy Carolinas, LLC on March 6, 2014, to not enforce compliance with the actions required in Catawba Nuclear Station (CNS), Unit No. 1, TS 3.8.1, “AC Sources – Operating,” Required Action B.4; TS 3.7.8, “Nuclear Service Water System (NSWS),” Required Action A.1; TS 3.6.6, Containment Spray System,” Required Action A.1; and TS 3.7.5, “Auxiliary Feedwater (AFW) System,” Required Action B.1. On March 4, 2014, the licensee declared the 1A diesel generator (DG) inoperable for planned maintenance activities. Multiple TS LCOs were affected as a result of the inoperability of the 1A DG. While performing the planned maintenance, workers discovered that the bearing for a connecting rod had rotated approximately 25 degrees from its normal horizontal position (i.e., the bearing insert had rotated within the connecting rod). Based on this observation, the licensee decided to replace the bearing to allow for analysis of the cause of the rotation. Duke Energy determined that replacement of the bearing and returning the 1A DG to service could not be completed prior to the end of the TS LCO action statement on March 7. Based on its review of information provided by the licensee, the NRC exercised discretion to not enforce compliance with the completion times associated with the various TS Required Actions for a period of 60 hours beyond the 72 hour TS LCO impacted by the repair until March 9, 2014.
- NOED 14-1-03: On July 13, 2014, the NRC verbally granted enforcement discretion to Exelon Generation Co., LLC, to not enforce compliance with the required actions outlined in TS 3.3.2, “Emergency Core Cooling – Reactor Building Emergency Cooling and Reactor Building Spray Systems” for Three Mile Island Nuclear Station (TMI), Unit 1. The licensee identified a small leak (1 drop every 2 minutes) from a welded connection upstream on the high pressure injection (HPI) line side of an instrument root isolation valve during a plant walk-through. TMI Unit 1 TS 3.3.2 states, “Components shall not be removed from service so that the affected system train is inoperable for more than 72 consecutive hours. If the system is not restored within 72 hours, the licensee must place the reactor in a Hot Shutdown condition within six hours.” During early execution of repair activities, Exelon was unable to adequately isolate the leak to perform repairs. However, after considering other repair options, Exelon determined that a 46.5 hour extension past the TS return to service time requirement for ‘A’ train HPI would be needed to complete the repairs and a NOED was requested. Based on the risk evaluations performed by Exelon and the NRC, as well as the compensatory measures to be put in place during the NOED, the NRC exercised discretion not to enforce compliance with TS 3.3.2, for an additional period of 46.5 hours.
- NOED 14-2-001: The NRC verbally granted enforcement discretion to Florida Power and Light Co. (FPL) on July 20, 2014, to not enforce compliance with the actions required in TS 3.7.4, for Turkey Point Nuclear Generating Station, Units 3 and 4. On July 20, Units 3 and 4 entered TS 3.7.4 Required Action for ultimate heat sink (UHS) average supply water temperatures exceeding 100°F. Turkey Point TSs state that, if the temperature was not restored to below 100°F, FPL would be required to place both units in Mode 3 within 12 hours, and in Mode 5 within 36 hours. The licensee requested enforcement discretion to avoid a shutdown of both Turkey Point units, in part, because of a period of high system load demand when the operation of the units was essential for grid voltage

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stability. The requested enforcement discretion would end after meeting one of the following conditions: (a) 10 days, or (b) the UHS temperature exceeds 103°F; or (c) the UHS peak temperature drops below 96°F for three consecutive days and is on a declining trend; or (d) receipt of approval of a related license amendment; or (e) if the loss of Turkey Point Units 3 and 4 will not result in a North American Electric Reliability Corporation (NERC) Emergency Alert Level (EEA) 3 alert. Based on its review of information provided by the licensee, including multiple analyses that demonstrated the continued operability of cooling canal temperatures as high as 104°F, the NRC exercised discretion to not enforce compliance with TS 3.7.4 until July 30, 2014. The NOED was later amended to expire on August 9, 2014.

- NOED 14-4-001: The NRC verbally granted enforcement discretion to Pacific Gas and Electric Company (PG&E) on August 15, 2014, to not enforce compliance with the actions required in Diablo Canyon Power Plant (DCPP), Unit 2, TS 3.8.1, “AC Sources – Operating,” Required Action H.2. On August 10, diesel generator 2-2 was removed from service for a maintenance outage. During the maintenance, a diesel fuel oil inlet to fuel header capscrew was discovered broken. An extent of condition review was performed and a similar capscrew was discovered to have an ultrasonic test (UT) indication on diesel generator 2-3. Diesel generator 2-3 was declared inoperable as a result of the UT indication. The capscrew on diesel generator 2-3 was replaced, but during preparations to return the diesel generator to service, a separate, unrelated failure of the engine driven fuel oil booster pump shaft seal occurred. PG&E requested enforcement discretion to permit additional time to make repairs and restore diesel generator 2-3 to operable status before starting a plant cooldown, as required. The licensee requested an additional 3 hours to restore diesel generator 2-3 such that the completion time of Required Action H.2 would expire at 9:31 a.m. on August 16, 2014. Based on its review, the NRC granted enforcement discretion to not enforce compliance with TS 3.8.1, Condition H, Required Action H.2. The NOED provided for an additional period of 3 hours, which expired at 9:31 a.m. on August 16, 2014.
- NOED 14-2-002: The NRC verbally granted enforcement discretion to Duke Energy Carolinas, LLC (DEC) on August 21, 2014, to not enforce compliance with the actions required in McGuire Nuclear Station Unit 1 TS LCO 3.8.1, AC Sources - Operating, Action B.4. On August 17, the 1B EDG was undergoing a 24-hour surveillance test. During the test, cylinder 5L exhibited a knocking noise and a significant drop in cylinder exhaust temperature. As a result, the Operations Shift Manager directed a shutdown of the 1B EDG and aborted the test. On August 18, the EDG was stopped and declared inoperable. DEC determined the cause of the 1B EDG problem was the failure of an intake valve stem on cylinder 5L. Replacement of the piston, head assembly, cylinder liner, and pushrods required approximately 58 hours to complete. DEC also determined that a series of maintenance break-in runs would require an additional 32 hours followed by a 3-hour post-maintenance operability run. Consequently, the 72-hour LCO time requirement would have been exceeded, and the licensee requested an additional 48 hours to complete repairs and perform post-maintenance testing. Based on its review of information provided

by DEC, the NRC exercised discretion to not enforce compliance with TS LCO 3.8.1, Condition G, requirements for a period of 48 hours.

- NOED 14-2-03: On August 21, 2014, the NRC verbally granted enforcement discretion to Southern Nuclear Operating Co. to not enforce compliance with the actions required in Vogtle Electric Generating Plant Unit 2, TS 3.6, "Containment Systems." The "2B" containment spray pump was removed from service on August 19, to perform routine preventive maintenance and testing activities, and removal of the pump from service placed Vogtle Unit 2 in TS LCO 3.6.6, Condition A, which required restoration to operable status within 72 hours. On August 20, during the post maintenance testing, Southern noted that the pump inboard seal was overheating and damaged. The identification of the pump inboard seal damage occurred 25 hours into the 72 hours TS required action completion time, which expired on August 22. Based on its review of information provided by the licensee, the NRC exercised discretion to not enforce compliance with TS 3.6.6 from August 22 to August 24, 2014.
- NOED 14-1-04: The NRC granted enforcement discretion to Exelon Generation Co., LLC on August 23, 2014, to not enforce compliance with the actions required in TS 3.7.2, "Emergency Service Water (ESW) System," Condition B for Peach Bottom Atomic Power Station, Units 2 and 3. Condition B of TS 3.7.2 requires that, when in Mode 1 with both ESW subsystems inoperable, the unit be placed in Mode 3 within 12 hours and Mode 4 within 36 hours. On August 23, both ESW systems were declared inoperable because any through wall leak in an American Society of Mechanical Engineers (ASME) Code Class III elbow is not compliant with the ASME code. Exelon requested an extension to allow an additional 48 hours for evaluation of possible repairs or the completion of calculations that would demonstrate that a through-wall leak in ESW piping would meet the eligibility requirements for an emergency, one-time relief request from the ASME code for evaluating leaks in low to moderate energy systems. Based on its review of information provided by the licensee, the NRC exercised discretion to not enforce compliance with TS 3.7.2 for an additional 48 hours.
- NOED 14-4-002: The NRC granted enforcement discretion to Wolf Creek Nuclear Operating Corporation (WCNOC) on October 9, 2014, to not enforce compliance with the actions required in Wolf Creek Generating Station TS 3.8.1, "AC Sources – Operating," Required Action B.4.1. On October 6, emergency diesel generator (EDG) B was declared inoperable when it tripped during a 24-hour surveillance test. Operators discovered a fire in a relay cabinet, and quickly suppressed the fire. TS 3.8.1, Condition B, Required Action B.4.1, required WCNOC to restore EDG B to operable status within 72 hours. If this action was not met, TSs required the plant to be shut down. When repair efforts were completed, the licensee noted that the failed 24-hour surveillance would need to be completed as part of post-maintenance testing, and also recognized that the time needed to complete testing would exceed the time permitted by TSs. Based on the expected completion time of this test, WCNOC requested an additional 8 hours beyond the time allowed by TSs to complete post-maintenance testing and restore the system to operable status. Based on its review of information, the NRC exercised discretion to not enforce compliance with TS 3.8.1 to provide an additional period of 8 hours to complete testing on October 9, 2014.

H. Withdrawn Actions

Licensees can challenge enforcement actions for several reasons; for example, a licensee might dispute the requirements, the facts of the case, the agency's application of the Enforcement Policy, or the significance of the violation. Licensees may provide clarifying information that was not available at the time of the inspection, and this may affect a finding of noncompliance.

In addition, OE has established a metric for quality of enforcement actions based on the number of disputed and withdrawn nonescalated enforcement actions. The goal is fewer than four withdrawn nonescalated enforcement actions in a calendar year per region. This metric does not include violations that are withdrawn on the basis of supplemental information that was not available to an inspector before the assessment of an enforcement sanction. In CY 2014, the agency issued approximately 800 nonescalated enforcement actions to reactor, materials, fuel facility and new reactor licensees. This number is generally consistent with the decreasing trend in the number of nonescalated enforcement actions issued annually in the past 3 years. Of these actions, eight nonescalated enforcement actions were disputed. While this number is less than the 11 disputed actions submitted in CY 2013, it is consistent with the average number of actions that have been disputed between CYs 2010 and 2014. In CY 2014, the NRC withdrew only two nonescalated actions. In both cases, the actions were withdrawn by the NRC after it had received additional information that was not available to the staff before issuance of the original action. While the two withdrawn actions represent an increase over the single nonescalated enforcement action withdrawn in CY 2013, the two actions are on par with the number of actions withdrawn each year between 2010 and 2014. As a result, the goal for disputed violations was met in CY 2014 indicating that NOVs and other nonescalated enforcement actions were prepared properly and accurately.

In CY 2014, the agency issued 83 escalated enforcement actions and, as previously noted, one of these cases was formally disputed. On July 18, 2014, James Chaisson requested a hearing in response to the issuance of an "Order Prohibiting Involvement in NRC-Licensed Activities" issued on July 11, 2014. Resolution of this case was still pending as of the end of CY 2014.

III. Ongoing Activities

A. Enforcement Policy

1. Enforcement Policy Revisions

The NRC Enforcement Policy (Policy) is periodically revised to reflect regulatory changes, operating experience, and stakeholder input. On October 9, 2014, the NRC published a proposed revision to the Policy for a 45 day comment period in the *Federal Register* (79 FR 61107). On October 15, 2014, the Nuclear Energy Institute submitted a request (Agencywide Documents Access and Management System Accession No. ML14297A314) to extend the comment period for an additional 30 days. After taking this request under consideration, the staff extended the due date for public comments to December 22, 2014. The staff's review of the public comments continued into early calendar year (CY) 2015.

The proposed changes to the Policy include:

- Revisions to the violation examples provided in Sections 6.3, "Materials Operations;" 6.4, "Licensed Reactor Operators;" 6.9, "Inaccurate and Incomplete Information or Failure to Make a Required Report;" 6.11, "Reactor, Independent Spent Fuel Storage Installation, Fuel Facility, and Special Nuclear Material Security;" and 6.14, "Fitness-for-Duty."
- Revisions associated with the implementation of the Construction Reactor Oversight Process (cROP).
- Revisions associated with the using civil penalties in cases where companies willfully fail to file for reciprocity or obtain an NRC specific license.
- Relocating Section 2.2.4.d, by creating new Section 3.10 "Operating Reactor Violations with No Performance Deficiencies."
- Revisions to the civil penalty assessment process to address an apparent conflict between the Policy and the Enforcement Manual.
- Revisions to risk-inform information security violations.

On January 21, 2015, the Commission approved expanding the ADR program to offer ADR as an option for non-willful (traditional) enforcement cases with the potential for civil penalties (not including violations associated with findings assessed through the Reactor Oversight Process).

2. Enforcement Guidance Memoranda

OE issues EGMs to provide guidance on the interpretation of specific provisions of the Enforcement Policy. Links to the full text of all publicly available EGMs is available on the NRC's public Web site, and are contained in Appendix A to the NRC Enforcement Manual. The offices issued two EGMs during CY 2014, and are summarized below.

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- March 13, 2014, EGM 14-001, “Interim Guidance for Dispositioning 10 CFR Part 37 Violations With Respect to Large Components or Robust Structures Containing Category 1 or Category 2 Quantities of Material at Power Reactor Facilities Licensed Under 10 CFR Parts 50 and 52.” The purpose of this EGM is to provide guidance for dispositioning violations associated with 10 CFR, Part 37, “Physical Protection of Category 1 and Category 2 Quantities of Radioactive Material,” with respect to large components containing category 1 or category 2 quantities of radioactive material, or category 1 and category 2 quantities of radioactive material stored in robust structures at power reactor facilities licensed under 10 CFR Parts 50 and 52.
- October 2, 2014, EGM 14-002, “Dispositioning Westinghouse Pressurized Water Reactor Licensee Noncompliance with 10 CFR 50.59, “Changes, Tests, and Experiments,” for the Installation of Complex Programmable Logic Device (CPLD) Based Solid State Protection System (SSPS) Cards.” This EGM provides guidance on using enforcement discretion to disposition Westinghouse pressurized water reactor licensee noncompliance with 10 CFR 50.59 for plants that have installed CPLD-based circuit boards in the SSPS without meeting the requirements of 10 CFR 50.59(c)(2)(vi) or 10 CFR 50.59(d)(1). The SSPS circuit boards provide the coincidence logic to produce trip signals for the reactor protection system and actuation signals for the engineered safety features actuation systems.

B. Knowledge Management and Improvement Initiatives

In CY 2014, OE engaged in several knowledge-management and continuous improvement activities. Some of the ongoing activities being conducted to maintain an adequate knowledge base included supporting training, completing reviews and self assessments, developing internal office procedures, mentoring new staff members with more experienced staff, and conducting counterpart meetings.

Enforcement Counterpart Meetings

The regional and headquarters enforcement staff held a counterpart meeting from September 9 – 11, 2014, to discuss ways to improve the enforcement process and enhance communications among staff. The meeting resulted in a number of action items to improve the enforcement program. Examples included: (1) obtained regional enforcement coordinator feedback on proposed changes to the Enforcement Policy, including a discussion of the 2-year licensee performance look-back and whether or not escalated ROP-related violations are considered in the civil penalty assessment process; (2) reviewed lessons learned and explored possible improvements resulting from a recent case involving Virgil C. Summer; (3) discussed improvements to factual summaries prepared by the staff; and (4) looked at ways to improve coordination between OE, the regions and program offices with the Office of Investigations.

Reviews and Self Assessments

In CY 2014, OE completed one regional enforcement assessment. OE typically performs two regional enforcement program assessments each year; however, only one assessment was conducted to meet the budgetary guidelines implemented in fiscal year 2014.

- In June 2014, a team of enforcement specialists from OE, Region I and Region III completed an assessment of Region IV's enforcement program. The primary focus of the review was to ensure that the enforcement program is being consistently implemented in the region. The assessments also provided the opportunity to share "best practices" between the regions and to enhance knowledge management for the enforcement process. The assessments involved the review of non-escalated enforcement actions and processes, which do not normally involve headquarters. The team concluded that that Region IV maintains an effective enforcement program, although opportunities for improvements to enforcement documents were noted. The team also identified opportunities to heighten training and the transfer of knowledge to the regional inspection staff.

A review of the assessment program will be conducted in CY 2015 and program modifications, if necessary, will be incorporated during future assessments.

Continuous Improvement Initiatives

The Enforcement Manual was revised during the year to provide additional guidance to the staff. The most recent revision was completed on December 5, 2014.

OE continues to improve the internal procedures used to execute various aspects of the enforcement program. During CY2014, internal procedures associated with the ADR process were revised and updated, supporting both knowledge management goals and improving the enforcement staff's effectiveness and efficiency. Additionally, a regional senior enforcement officer, independent of a case that did not meet the agency's external timeliness goals, conducted a lessons-learned inquiry to recommend improvements to OI related case processing procedures. As a result, the staff is taking appropriate actions based on the identified recommendations.

Training

Headquarters and regional enforcement staff conducted training for various members of the staff during 2014. The training focused on the documentation of Part 50, Appendix B, violations and the documentation of nonescalated enforcement actions. Staff members from headquarters and the region also shared other "best practices" at these training sessions.

C. Regional Accomplishments

In CY 2014, the regions conducted both routine and focused self assessments of the enforcement area to ensure effective performance and to identify opportunities for continuous improvement. The self-assessments encompassed both the reactor and materials arenas; considered performance associated with development and issuance of both non-escalated and escalated enforcement actions; and included activities that required a high degree of coordination with other NRC stakeholders.

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Overall, the self-assessments showed that the regions were effectively implementing the Enforcement Program. Recommendations were made for any weaknesses identified.

In addition to assessments, the enforcement staff (1) trained regional technical staff, in part, on the revised Enforcement Policy, recent EGMs, and proper enforcement documentation requirements for inspectors and (2) participated on inspector qualification review boards as necessary.

D. Calendar Year 2015 Focus Areas

During CY2015, OE plans to address several activity areas that include: (1) a proposed revision to the Enforcement Policy, (2) the development of interim enforcement policies and implementation guidance, (3) continuing to support agency efforts to understand regional differences with respect to enforcement (particularly in the area of non-escalated enforcement), and (4) continued development of enforcement staff expertise.

- A proposed revision to the Enforcement Policy is being considered, which would likely include: clarification of whether SDP findings from the reactor oversight process should be included in licensee performance history when a traditional enforcement action is being processed for a potential civil penalty; revision to different areas of violation examples to clarify and reflect staff experience in specific areas; incorporation of an expanded scope for the ADR program; revisions associated with the implementation of cROP; and risk-informing information security violations.
- Several interim enforcement policies and enforcement guidance memoranda will be considered in CY 2015. The relatively large amount of activity in this area will be a challenge with regard to resources, particularly when considered in conjunction with continued priority support for case work. In addition, action items identified during the 2014 Enforcement Counterpart Meeting will be addressed during CY 2015.
- OE will continue to support the agency effort to understand the differences between the regions regarding the number of non-escalated enforcement actions (which are primarily SDP Green NCVs), and will support the Office of Nuclear Reactor Regulation in determining whether any agency action is appropriate. While OE has historically been less involved in non-escalated ROP enforcement actions since the majority of the issues result from the SDP criteria, OE will continue to provide oversight over all enforcement actions issued by the agency.
- Although the average experience level of the enforcement staff is increasing, additional development opportunities will be utilized when possible. Continued turnover, particularly in the regional enforcement staff recently, has reduced the level of expertise available to support the inspection staff throughout the agency. The hiring, training, and development of internal procedures needs to continue to reduce reliance on a very limited number of individuals.
- OE plans to enhance staff knowledge of the enforcement program, particularly associated with wrongdoing, in both the regions and headquarters offices by conducting joint OE – OGC/Materials Litigation and Enforcement Division management presentations in each region and multiple presentations at headquarters.

Table 3 – Escalated Enforcement Actions by Region and Program Office

	NOVs w/o Civil Penalties	Orders w/o Civil Penalties	NOVs and Orders w/ Civil Penalties	Total
REGION I	16	2	5	23
REGION II	5	3	0	8
REGION III	22	3	6	31
REGION IV	14	2	1	17
NRR	0	0	0	0
NRO	0	1	0	1
NSIR	1	0	0	1
FSME	0	0	0	0
NMSS	0	1	0	1
OE	0	1	0	1
OIP	0	0	0	0
Total	58	13	12	83

Key to Offices

- NRO – Office of New Reactors
- NSIR – Office of Nuclear Security and Incident Response
- FSME – Office of Federal and State Materials and Environmental Management Programs
- NMSS – Office of Nuclear Material Safety and Safeguards
- OIP – Office of International Programs

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Table 4 – Escalated Enforcement Actions by Type of Licensee, Nonlicensee, or Individual

	NOVs w/o Civil Penalties	Orders w/o Civil Penalties	NOVs and Orders w/ Civil Penalties	Total
Operating Reactor	22	4	1	27
Gauge	11	1	5	17
Radiographer	6	0	0	6
Individual Actor - Reactors	3	2	0	5
Individual Actor - Materials	2	3	0	5
Hospital	3	0	1	4
Academic	3	0	0	3
Physician (M)	1	0	3	4
Other	3	0	0	3
Licensed Operator	3	1	0	4
Irradiator	0	0	1	1
Vendor - New Reactors	0	1	0	1
Materials Distributor	1	0	0	1
Non-Operating Reactor	0	0	1	1
Decommissioned Reactor/Site	0	1	0	1
Grand Total	58	13	12	83

Table 5 – Escalated Enforcement Action Trends by Type of Licensee

	2010	2011	2012	2013	2014	Average
Operating Reactor	29	28	40	30	27	31
Gauge	28	16	11	5	17	15
Hospital	19	12	11	8	4	11
Radiographer	8	18	12	5	6	10
Fuel Facility	13	7	4	3	0	5
Individual Actor - Materials	6	3	8	2	5	5
Irradiator	2	6	1	2	1	2
Licensed Operator	0	3	7	2	4	3
Physician (M)	1	2	0	3	4	2
Individual Actor - Reactors	4	0	3	1	5	3
Materials Distributor	0	3	5	2	1	2
Academic	0	5	0	4	3	2
Individual Actor - Fuel Facility	1	1	0	0	0	<1
Vendor - New Reactors	0	0	0	3	1	<1
Well Logger	2	1	0	1	0	<1
Research Reactor	1	0	0	2	0	<1
New Construction - Reactor	0	0	1	1	0	<1
Import / Export	0	0	1	0	0	<1
Unknown	0	1	0	0	0	<1
Waste Disposal	0	0	0	1	0	<1
Non-Operating Reactor	0	0	0	0	1	<1
Vendor - Operating Reactors	0	0	1	0	0	<1
Other	3	6	8	1	3	<1
Decommissioned Reactor/Site	0	0	1	0	1	<1
Total	117	112	114	76	83	100

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Appendix A – Summary of Cases Involving Civil Penalties*

Civil Penalties Issued To Operating Reactor Licensees

None

Civil Penalties Issued To Materials Licensees

Valley Quarries, Inc.
Chambersburg, PA

EA-13-215

On February 6, 2014, the NRC issued a Notice of Violation and Proposed Imposition of Civil Penalty (NOV/CP) in the amount of \$3,500 to Valley Quarries Inc. (VQI), for a Severity Level III Problem for three related violations. The three violations involved VQI's willful failure to: (1) secure the gauge containing radioactive materials to prevent from shifting during transport as required by 10 CFR 71.5; (2) control and maintain constant surveillance of the gauge that is in an unrestricted area as required by 10 CFR 20.1802; and (3) use two independent physical controls that form tangible barriers to secure the gauge from unauthorized removal in accordance with 30.34(i). Specifically, on May 3, 2013, VQI, a licensee of the Commonwealth of Pennsylvania, while working under reciprocity in a non-Agreement State, did not secure a portable gauge containing licensed materials to prevent shifting while transporting it in the back of a pickup truck over a public highway, an unrestricted area, in West Virginia. Consequently, the gauge fell out of the truck bed on a highway and was left unsecured in an area not controlled by the licensee. The gauge was found by a member of the public who subsequently returned it to the licensee through the Agreement State regulator.

Geisser Engineering Corporation
Riverside, RI

EA-13-105

On March 20, 2014 (ML14079A503), a Severity Level II NOV/CP in the amount of \$11,200 was issued to Geisser Engineering Corporation (GEC). The action was based on a violation involving GEC's failure to file for reciprocity, on 22 occasions between October 21, 2009, and June 23, 2011, prior to using portable gauges containing licensed material within NRC jurisdiction in the State of Connecticut, and at the Newport Naval Station, Rhode Island. GEC subsequently requested that the NRC mitigate the proposed civil penalty because it would pose a financial hardship to the company. After considering the GEC's response, as well as information regarding a civil penalty assessed against GEC by the Commonwealth of Massachusetts, the NRC decided to reduce GEC's civil penalty by 25 percent to \$8,400. On July 31, 2014, the NRC issued an Order imposing the \$8,400 civil monetary penalty to GEC.

* Please note that cases involving security-related issues are not included

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Centro de Medicina Nuclear
Santurce, PR

EA-13-059

On April 8, 2014, the NRC issued an Order Imposing Civil Monetary Penalty to Centro de Medicina Nuclear (CDM). The NRC issued the Order because CDM failed to respond to a November 5, 2013, NOV/CP in the amount of \$7,000 that was issued to the licensee for failing to comply with the actions required by an earlier Order issued on August 7, 2012. The 2012 Order had revoked CDM's license for nonpayment of its annual fee, and further ordered the licensee to decommission its facility and dispose of or transfer its licensed materials. As of December 31, 2014, the civil penalty had not been paid, and was referred to the Department of Treasury for collection.

Metro Cardiovascular Diagnostics
Florissant, Missouri

EA-14-072

On September 30, 2014, the NRC issued a NOV/CP in the amount of \$3,500 to Metro Cardiovascular Diagnostics for a Severity Level III violation and a Severity Level III problem. The Severity Level III violation involved the licensee's nuclear medicine technologist (NMT) for willfully failing to check the radiation survey meter for current calibration status prior to performing radiation surveys on June 28, 2012, and November 20, 2012, as required by the licensee's waste disposal procedure. In addition, several radiation safety violations were included as a Severity Level III problem and involved the failure to: (1) calibrate the survey meter; (2) verify the linearity of the dose calibrator; (3) verify the efficiency of the well counter; (4) perform sealed source leak tests; (5) perform sealed source physical inventories; (6) maintain records of hazardous material training; (7) perform an annual audit; and (8) implement the radiation safety program. The radiation safety activities were required by licensee procedures and 10 CFR Parts 20, 35, and 71.

Bradley D. Bastow, D. O.
South Haven, MI

EA-14-116

On November 6, 2014, the NRC issued a NOV/CP in the amount of \$7,000 to a medical licensee, Bradley D. Bastow, D. O., for a Severity Level III Problem involving failure to meet the terms of a Confirmatory Order. Specifically, on September 3, 2013, the NRC issued a Confirmatory Order (ML13241A320) to Bradley D. Bastow, D. O. as part of an alternative dispute resolution settlement agreement to resolve issues discovered during an inspection and an investigation conducted by the NRC Office of Investigations. In April 2014, the NRC performed a followup inspection and determined that the licensee either did not meet the terms of the Confirmatory Order or did not meet them in the time specified by the Order. Of particular concern was the failure to restore compliance to one of the initial violations that formed the basis of the Confirmatory Order (i.e., providing a calibrated and operable well counter or submitting a license amendment request for alternate instrumentation). Not having this instrumentation has a direct health and safety impact on the licensee's staff and patients in that, without the instrumentation, the licensee staff are not able to provide accurate contamination readings.

ATC Group Services, Inc.
Indianapolis, IN

EA-13-251

On November 19, 2014, the NRC issued a NOV/CP in the amount of \$3,500 to ATC Group Services, Inc., for a Severity Level III violation. The violation involved the failure to control

and maintain constant surveillance of licensed material that is in an unrestricted area and not in storage as required by 10 CFR 20.1802. Specifically, on November 18, 2013, a licensee employee left a portable gauge secured in the back of an open-bed truck with the vehicle doors unlocked and keys in the ignition. Subsequently, the vehicle was stolen. Despite the licensee's efforts to recover the gauge, which included placing a publicly available advertisement offering a monetary reward, the gauge had not been recovered as of December 31, 2014.

Dominion Engineering Associates, Inc.
Fredericksburg, VA

EA-14-030

On December 18, 2014, the NRC issued a NOV/CP in the amount of \$3,500 to Dominion Engineering Associates, Inc. (DEA), for a Severity Level III violation. The violation involved a willful failure to file NRC Form 241, "Report of Proposed Activities in Non-Agreement States," at least 3 days prior to engaging in licensed activities within NRC jurisdiction, as required by 10 CFR 150.20. Specifically, between November 19, 2010, and April 17, 2013, DEA, a licensee of the Commonwealth of Virginia, used portable devices containing byproduct material within NRC jurisdiction in Washington, DC and at the Marine Corps Base Quantico in the Commonwealth of VA, areas of exclusive federal jurisdiction, on approximately 42 occasions without filing the required documentation with the NRC.

Civil Penalties Issued To Fuel Cycle Facility Licensees

None

Civil Penalties Issued To New Reactors Licensees

None

Civil Penalties Issued To Decommissioning and Low Level Waste Licensees

None

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Appendix B – Summary of Escalated Notices of Violation without Civil Penalties*

Notices of Violation Issued to Operating Reactor Licensees

NextEra Energy Duane Arnold, LLC
Duane Arnold Energy Center

EA-13-223

On February 11, 2014, the NRC issued a Notice of Violation (NOV) to NextEra Energy Duane Arnold, LLC for a violation of TS 3.5.3, "Reactor Core Isolation Cooling (RCIC) System", associated with a White SDP finding involving the failure of Duane Arnold personnel to perform an immediate operability determination in accordance with NextEra's procedures. Specifically, on June 21, 2013, Duane Arnold personnel failed to consider a degraded speed indicator's impact on RCIC operability. As a result, the RCIC system was inoperable from June 21, 2013, to August 24, 2013.

Southern Nuclear Operating Company, Inc.
Farley Nuclear Plant Units 1 and 2

EA-14-017

On February 14, 2014 the NRC issued a NOV associated with a White SDP finding to Southern Nuclear Operating Company, Inc. for a violation of Title 10 of the Code of Federal Regulations (10 CFR) Part 50.54(q)(2), "Emergency Plans," involving the failure to maintain the effectiveness of their emergency plan. Specifically, the licensee failed to maintain a standard emergency classification scheme which included facility effluent parameters in that effluent parameter classification threshold values for RG1 (General Emergency) and RS1 (Site Area Emergency) were significantly non-conservative at both Farley Unit 1 and 2. These monitors were being relied upon to continuously assess the impact of the release of radioactive materials as well as provide criteria for determining the need for notification and participation of local and state agencies.

Entergy Operations, Inc.
Waterford Steam Electric Station, Unit 3

EA-13-233

On March 28, 2014, the NRC issued a NOV to Entergy Operations, Inc. for a violation of 10 CFR, Part 50, Appendix B, Criterion XI, "Test Control," associated with a White SDP finding involving the failure of Waterford personnel to establish an adequate test program to demonstrate that a safety-related component associated with the train B emergency diesel generator would perform satisfactorily in service. Specifically, prior to May 26, 2013, Waterford personnel failed to identify and perform adequate testing on the train B emergency diesel generator exhaust fan to demonstrate that the exhaust fan would perform satisfactorily in service. As a result, the train B emergency diesel generator was determined to be inoperable for a period of 25 days.

* Please note that cases involving security-related issues are not included

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Constellation Energy Nuclear Group, LLC
R.E. Ginna Nuclear Power Plant

EA-13-247

On April 17, 2014, the NRC issued a NOV to Constellation Energy Nuclear Group, LLC (CENG) for a violation of 10 CFR, Part 50, Appendix B, Criterion XVI, "Corrective Action," associated with a White SDP finding involving CENG's failure to assure prompt identification and correction of conditions adverse to quality. Specifically, CENG failed to promptly correct two improperly sealed cable penetrations at Ginna between manhole 1 and battery room 'B'. As a result, certain flooding scenarios could have resulted in flooding the battery rooms and the eventual loss of all alternating current (AC) and direct current (DC) power with no capability for using installed plant equipment for decay heat removal.

Omaha Public Power District
Fort Calhoun Station

EA-13-222

On April 25, 2014, the NRC issued a NOV associated with a White Significance Determination Process (SDP) finding to Omaha Public Power District for a violation of 10 CFR Part 50, Appendix B, Criterion III, "Design Control," involving the failure to assure that applicable regulatory requirements and the design basis were correctly translated into specifications, drawings, procedures and instructions. Specifically, the licensee failed to fully incorporate applicable tornado missile protection design requirements for components needed to ensure the capability to shut down the reactor and maintain it in a safe condition.

Entergy Nuclear Operations, Inc.
Indian Point Energy Center

EA-13-076

On April 29, 2014, the NRC issued a Severity Level III NOV to Entergy Nuclear Operations, Inc. for a violation identified as a result of an investigation conducted by the NRC Office of Investigations. The violation involved a former Chemistry Manager at Indian Point Energy Center (IP) for deliberately entering false data into a chemistry database pertaining to an Emergency Diesel Generator fuel oil storage tank and the reserve fuel oil storage tank. The falsification of records caused the licensee to operate IP Units 2 and 3 in violation of technical specifications (TS) and to avert a dual-unit shut-down required by TS Limiting Condition for Operation (LCO) Applicability LCO 3.0.3. Additionally, a SL III NOV and an order were issued banning the former IP Chemistry Manager from participating in NRC activities for a period of 1 year for violating 10 CFR 50.5, "Deliberate Misconduct."

Tennessee Valley Authority
Browns Ferry Nuclear Plant

EA-14-005

On April 30, 2014, the NRC issued a NOV to Tennessee Valley Authority (TVA), as a result of the failure to maintain plant staffing levels in accordance with the radiological emergency plan at Browns Ferry Nuclear Plant. This White finding involved the failure of the licensee's process for maintaining minimum emergency response shift staffing to adequately maintain staffing of the Shift Technical Advisor and Incident Commander to ensure initial accident response in all key functional areas. Additionally, NRC identified two examples of a violation of 10 CFR 50.9 based on the licensee's failure to provide complete and accurate information associated with emergency response on-shift staffing requirements and a violation of 10 CFR 50.90 for the failure to submit an application requesting an amendment to their operating license concerning on-shift staffing levels. On May 1, 2014, the NRC issued a Confirmatory Order to TVA to formalize commitments made as a result of an ADR mediation

session. The commitments were made by TVA as part of a settlement agreement between TVA and the NRC regarding the violation(s) of 50.9 and 50.90. TVA agreed to a number of corrective actions, including correcting the Conduct of Operations procedure to reflect adequate staffing levels and comprehensive fleet-wide and plant-specific corrective actions.

Entergy Operations, Inc.
Arkansas Nuclear One, Units 1 and 2

EA-14-008

On June 23, 2014, the NRC issued a Notice of Violation to Entergy Operations, Inc. (Entergy) for a violation of 10 CFR Part 50, Appendix B, Criterion V, "Instructions, Procedures and Drawings," associated with a Yellow Significance Determination Process finding at Arkansas Nuclear One, Unit 1, and a Yellow SDP finding at Arkansas Nuclear One, Unit 2, involving the March 31, 2013, Unit 1 stator drop that affected safety-related equipment on both units. Specifically, Entergy approved a design for the temporary hoisting assembly that was not supported by detailed drawings, specifications, evaluations, and/or certifications as required by Entergy Quality Procedure EN-MA-119, "Material Handling Program." As a result, on March 31, 2013, while lifting and transferring the main generator stator, the temporary overhead crane collapsed causing the 525-ton Unit 1 stator to fall on and extensively damage portions of the plant, including safety-related equipment.

Wolf Creek Nuclear Operating Corporation
Wolf Creek Generating Station

EA-14-024

On July 1, 2014, the NRC issued a NOV associated with a White SDP finding to Wolf Creek Nuclear Operating Corporation for a violation identified at its Wolf Creek Nuclear Plant (Wolf Creek). The licensee's failure involved 10 CFR 50.47(b)(9), which required the licensee to maintain an emergency plan that uses adequate methods for assessing and monitoring the actual or potential offsite consequences of a radiological emergency condition. Specifically, a calculational error in Wolf Creek's Electronic Dose Calculation Program (i.e., computer software) resulted in inaccurate offsite doses for the main vent stack pathway. The computer software failed to account for the filtered pathway for iodine and particulates thereby overestimating the radiological release when the effluent radiation monitor was in the accident mode.

Southern Nuclear Operating Company, Inc.
Vogtle Electric Generating Plant Units 1 and 2

EA-14-112

On August 6, 2014 the NRC issued a NOV associated with a White SDP finding to Southern Nuclear Operating Company, Inc. for a violation of 10 CFR Part 50.54(q)(2), "Emergency Plans," involving the failure to maintain the effectiveness of their emergency plan. Specifically, the licensee failed to maintain a standard emergency classification scheme, which included facility effluent parameters, in that effluent parameter classification threshold values for RG1 (General Emergency) and RS1 (Site Area Emergency) were significantly non-conservative at Vogtle Units 1 and 2. These monitors were being relied upon to continuously assess the impact of the release of radioactive materials, as well as provide criteria for determining the need for notification and participation of local and state agencies.

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Duke Energy Carolinas, LLC.
Oconee Nuclear Station

EA-14-091

On August 12, 2014, the NRC issued a NOV associated with a White SDP finding to Duke Energy Carolinas, LLC. for a violation of 10 CFR Part 50, Appendix B, Criterion XVI, "Corrective Action," involving the failure to establish measures to promptly identify and correct a significant condition adverse to quality. Specifically, in 2004, the licensee implemented procedure NDE-995, "Ultrasonic Examination of Small Diameter Piping Butt Welds and Base Material for Thermal Fatigue Damage," to perform augmented in-service inspection program ultrasonic examinations, which did not provide measures to assure that high pressure injection nozzle component cracking would be identified and corrected. Consequently, in 2012, the licensee performed procedure NDE-995 on weld 1-RC-201-105, and did not identify any reportable indications; even though a greater than 50 percent through-wall circumferential crack was present in the weld. On November 11, 2013, the licensee identified the through-wall circumferential crack in weld 1-RC 201-105 after transitioning Unit 1 to Mode 3 to investigate non-isolable pressure boundary leakage.

Dominion Nuclear Connecticut, Inc.
Millstone Power Station, Unit 3

EA-14-092

On October 20, 2014, the NRC issued a NOV associated with a White SDP finding to Dominion Nuclear Connecticut, Inc. for a violation of 10 CFR Part 50, Appendix B, Criterion XVI, "Corrective Action," involving the failure to identify and correct a significant condition adverse to quality for the Millstone 3 turbine-driven auxiliary feed water (TDAFW) pump. Specifically, the TDAFW pump experienced three over speed trips from August 11, 2013 to February 3, 2014, and Dominion did not identify that the pump was operating in an adverse configuration. The adverse configuration was due to the installation of an inappropriate cam follower bearing within the turbine control valve linkage. This discrepant condition rendered the TDAFW pump inoperable for periods of time exceeding the limiting condition for operation specified in the Millstone 3 TS 3.7.1.2, "Auxiliary Feedwater System."

Exelon Generation Company, LLC
Calvert Cliffs Nuclear Power Plant

EA-14-100

On October 27, 2014, the NRC issued a NOV to Exelon Generation Company, LLC for a violation of 10 CFR 50.54, "Conditions of Licenses," and risk significant planning standard 10 CFR 50.47(b)(4) associated with a White SDP finding. This violation involved Calvert Cliffs Nuclear Power Plant (CCNPP) staff incorporating incorrect threshold values into its emergency action levels (EALs). Specifically, during the replacement of the Unit 2 main steam line radiation monitors, CCNPP's staff incorrectly calculated the associated EALs effluent threshold values for the Alert, Site Area Emergency, and General Emergency classifications. These thresholds were subsequently incorporated into Table R-1, "Effluent Monitor Classification Threshold" of the EALs. This calculation error could have resulted in an over-classification of an event, an unnecessary protective action recommendation, and could have caused offsite response organizations to implement unnecessary protective actions for the public. The finding is also associated with violations of NRC requirements specified in 10 CFR 50.54(q)(2), 10 CFR 50.47(b)(4), and 10 CFR 50, Appendix E. Immediate corrective actions taken to restore compliance included entering the issue into the corrective action program, implementing appropriate compensatory actions, and initiating corrective actions to revise the EAL table.

Omaha Public Power District
Fort Calhoun

EA-14-187

On November 25, 2014, the NRC issued a NOV associated with a White SDP finding to Omaha Public Power District (OPPD). The finding involved the failure to properly implement high energy line break and environmental qualification design requirements at the Fort Calhoun Station. OPPD was cited for a violation of 10 CFR Part 50, Appendix B, Criterion III, "Design Control," involving the failure to assure that applicable regulatory requirements and the design basis were correctly translated into specifications, drawings, procedures and instructions. Specifically, the licensee failed to fully incorporate applicable design requirements to ensure that components subjected to a harsh environment maintained the capability to shut down the reactor and maintain it in a safe shutdown condition following a postulated high energy line break.

Notices of Violation Issued to Materials Licensees

Tetra Tech, Inc.
Newark, Delaware

EA-13-227

On February 24, 2014, the NRC issued a NOV to Tetra Tech, Inc. (Tetra Tech) for a Severity Level III violation. The violation involved a failure to confine possession and use of the byproduct material to the locations and purposes authorized in the license, as required by 10 CFR 30.34(c). Specifically, between June 7, 2006 and October 22, 2013, on multiple occasions, Tetra Tech personnel conducted maintenance of portable nuclear gauges that required detaching the source rod from the gauge and was not specifically licensed by the NRC or an Agreement State to perform such services.

City of Kirksville
Kirksville, Missouri

EA-14-001

On March 17, 2014, the NRC issued a NOV to the City of Kirksville, Missouri, for a Severity Level III violation involving the failure to transfer byproduct material to persons authorized to receive such byproduct material in accordance with 10 CFR 30.41(a) and (b)(5). Specifically, on or about December 2, 2013, the licensee transferred a specifically-licensed portable gauge to a company not authorized to receive such byproduct material under the terms of a specific or general license issued by the Commission or an Agreement State.

Kuehne Company
Delaware City, Delaware

EA-13-244

On March 20, 2014, the NRC issued a NOV to Kuehne Company (Kuehne) for a Severity Level III violation. The violation involved a failure to transfer or dispose of a device containing byproduct material to persons holding a specific license pursuant to 10 CFR Parts 30 and 32 or to an Agreement State, as required by 10 CFR 31.5(c)(8). Specifically, on October 31, 2013, a sealed source formerly possessed by Kuehne was found in a scrap yard located in Coatesville, Pennsylvania. Kuehne did not properly transfer or dispose of the device containing the source to a facility authorized to receive it.

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Dominion NDT Services, Inc.
Richmond, VA

EA-14-026

On April 2, 2014, the NRC issued a NOV to Dominion NDT Services, Inc., (Dominion), for a Severity Level III violation. The violation involved the failure to file NRC Form 241, "Report of Proposed Activities in Non-Agreement States," at least 3 days prior to engaging in licensed activities within NRC jurisdiction, as required by 10 CFR 150.20(b). Specifically, on January 11, 2013, September 28, 2013, and November 2, 2013, Dominion, a licensee of the Commonwealth of Virginia, performed industrial radiography activities at the Craney Island Naval Fuel Depot in Norfolk, Virginia, an area of exclusive Federal jurisdiction, without filing the required documentation with the NRC.

IUPUI/Indiana University Medical Center
Indianapolis, Indiana

EA-14-028

On April 3, 2014, the NRC issued a NOV to IUPUI/Indiana University Medical Center for a Severity Level III violation involving the failure to secure from unauthorized removal or access licensed materials that are stored in controlled or unrestricted areas as required by 10 CFR 20.1801. Specifically, on January 16, 2014, the licensee stored radioactive material in laboratories with doors that were not secured.

ECS Carolinas, LLP
Wilmington, North Carolina

EA-14-029

On April 23, 2014, the NRC issued a NOV to ECS Carolinas, LLP (ECS), for a Severity Level III Problem for two related violations. The violations involved ECS's failure to: (1) control and maintain constant surveillance of the gauge that is in an unrestricted area as required by 10 CFR 20.1802 and (2) use two independent physical controls that form tangible barriers to secure the gauge from unauthorized removal in accordance with 30.34(i). Specifically, on May 23, 2011, an unsecured portable gauge was inadvertently left unattended and uncontrolled at a jobsite at the Marine Corps Base, Camp Lejeune. The unattended gauge was recognized and recovered by a Camp Lejeune contractor, who secured the gauge and subsequently returned to ECS approximately 3 hours later.

University Nuclear and Diagnostics, LLC
Davie, Florida

EA-13-026

On May 13, 2014, the NRC issued a Severity Level III NOV to University Nuclear and Diagnostics (UND), LLC for a violation involving deliberate misconduct. Specifically, UND deliberately failed to 1) calibrate a survey instrument yet provided falsified survey instrument calibration records dated as required by 10 CFR 35.61; 2) instructed its employees to document radiation survey results when the survey instrument was not working or not on site required by 10 CFR 30.9; 3) failed to perform required contamination surveys as required by License Condition 15.A of Amendment 1 of License 21-32316-01; 4) and failed to perform an annual audit and falsified annual records contrary to 10 CFR 30.9. The violation for engaging in deliberate misconduct also caused Bradley D. Bastow, D.O., the licensee, to be in violation of NRC requirements.

Saint Louis University
St. Louis, Missouri

EA-14-076

On July 25, 2014, the NRC issued a NOV to Saint Louis University for a Severity Level III violation involving the failure to secure licensed materials that are stored in controlled or unrestricted areas from unauthorized removal or access as required by 10 CFR 20.1801. Specifically, on April 7, 2014, the licensee failed to lock the laboratory door used to secure and limit access to licensed materials.

ConAgra Foods
Trenton, Missouri

EA-14-075

On August 1, 2014, the NRC issued a NOV to ConAgra Foods for a Severity Level III Problem involving three violations. The first violation involved the failure to transfer or dispose of a device containing byproduct material only by export as provided by 10 CFR 31.5(c)(7), by transfer to another general licensee as authorized in 10 CFR 31.5(c)(9), or to a person authorized to receive the device by a specific license as required by 10 CFR 31.5(c)(8)(i). Specifically, on December 18, 2013, the licensee reported that two gauges and four exit signs were missing from their facility. The second violation involved the failure to furnish a report to the Director, Office of Federal and State Materials and Environmental Management Programs (FSME), within 30 days after the transfer of a device to a specific licensee or export. Specifically, between November 8, 2004, and December 8, 2004, the licensee transferred a generally licensed device to a specific licensee, the manufacturer, Industrial Dynamics, Inc., on November 8, 2004, and did not provide a report to FSME until December 18, 2013. The third violation involved the licensee holding devices that were not in use for longer than 2 years. 10 CFR 31.5(c)(15) provides an exception to the 2-year limit, if the general licensee performs quarterly physical inventories of these devices while they are in standby. However, as of April 21, 2014, the licensee held in its possession four generally licensed devices for greater than two years that were not in use and without conducting quarterly inventories.

City of St. Peters
St. Peters, Missouri

EA-14-106

On August 19, 2014, the NRC issued a NOV to the City of St. Peters, Missouri, for a Severity Level III violation. The violation involved the failure to ensure licensed material is only used by, or under the supervision and in the physical presence of, individuals who have successfully completed the manufacturer's training program for gauge users as required by NRC License Condition 12. Specifically, from approximately May through August 2009, the licensee allowed two individuals to use licensed material without supervision at temporary job sites, and the individuals had not completed the manufacturer's training for gauge users.

Diagnostic Imaging Centers
Overland Park, Kansas

EA-14-108

On August 26, 2014, the NRC issued a NOV to Diagnostic Imaging Centers for a Severity Level III violation involving the failure to ensure written directives are dated and signed by an authorized user before the administration of I-131 sodium iodide greater than 1.11 megabecquerels (30 microcuries) as required by 10 CFR 35.40(a). Specifically, on September 3, 2008, and December 8, 2010, the licensee failed to have a written directive dated and signed by an authorized user before the administration of 5 millicuries of I-131

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sodium iodide. The written directives were signed by individuals who were not authorized users for this specific medical use.

Truman Medical Center
Kansas City, Missouri

EA-14-115

On October 8, 2014, the NRC issued a NOV to Truman Medical Center for a Severity Level III violation of 10 CFR 35.75(a) involving the release of individuals who had been administered unsealed byproduct material. The licensee failed to ensure that a member of the public would not receive an exposure likely to exceed 5 milliSievert (0.5 rem) from the released individual. Specifically, on June 27, 2011, and November 30, 2012, the licensee released individuals who had received I-131 sodium iodide administrations of 70 and 69.3 millicuries, respectively, but the licensee's maximum outpatient release level of 54 millicuries was based on a calculated dose of 5 milliSievert (0.5 rem) to any other individual.

Idahoan Foods, LLC
Lewisville, Idaho

EA-14-089

On October 16, 2014, the NRC issued a NOV to Idahoan Foods, LLC, for a Severity Level III Problem for two related violations. The violations involved: 1) the inappropriate transfer of two devices containing byproduct material to an entity not authorized to receive the devices, contrary to 10 CFR 31.5(c)(8); and 2) the failure to appoint an individual responsible for ensuring compliance with the appropriate regulations and requirements related to byproduct material in violation of 10 CFR 31.5(c)(12). Specifically, on January 24, 2014, a generally licensed device containing byproduct material belonging to Idahoan Foods, LLC was found in a load of scrap metal at a recycling facility in the State of California. The facility was not authorized to receive the device. A second device containing byproduct material remains unaccounted for and was believed to be sold as scrap metal during 2012. Additionally, at the time of the purchase of these devices, the licensee did not appoint an individual with responsibility for complying with the applicable regulations and requirements related to the byproduct material.

Witnauer Worldwide, LP
Bridgeton, MO

EA-13-240

On October 24, 2014, the NRC issued a NOV to Witnauer Worldwide, LP for a Severity Level III violation. The violation involved the licensee's failure to complete decommissioning of the waste storage location within 24 months following the initiation of decommissioning as required by 10 CFR 30.36. Specifically, Witnauer's license, which authorized possession only of waste material at a storage location in San Juan, Puerto Rico, expired on February 28, 2010, but the licensee did not complete decommissioning of the site until August 13, 2014, a period greater than 24 months.

Kim Engineering, Inc.
Silver Spring, MD

EA-14-167

On December 23, 2014, the NRC issued a NOV to Kim Engineering, Inc. (KEI), for a Severity Level III violation. The violation involved the failure to file NRC Form 241, "Report of Proposed Activities in Non-Agreement States," at least 3 days prior to engaging in licensed activities within NRC jurisdiction, as required by 10 CFR 150.20. Specifically between November 9, 2010, and July 7, 2014, KEI, a licensee of the State of Maryland, used portable

devices containing byproduct material within NRC jurisdiction in Washington D.C., and in areas of exclusive Federal jurisdiction in Maryland and Virginia on approximately 45 occasions without filing the required documentation with the NRC.

Notices of Violation Issued To Fuel Cycle Facility Licensees

None

Notices of Violation Issued To New Reactors Licensees

None

Notices of Violation Issued To Decommissioning and Low Level Waste Licensees

None

Notices of Violation Issued to Individuals

Notices of violation issued to individuals are discussed in Appendix D

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Appendix C – Summary of Orders*

Orders Issued To Operating Reactor Licensees

South Carolina Electric & Gas Company
Virgil C. Summer Nuclear Station

EA-12-140

On March 10, 2014, the NRC issued a Confirmatory Order (CO) to South Carolina Electric & Gas Company (SCE&G) to formalize commitments made as a result of an alternative dispute resolution (ADR) mediation session held on October 8, 2013. The commitments were made as part of a settlement agreement between SCE&G and the NRC regarding the apparent violations of 10 CFR 73.56, "Personnel access authorization requirements for nuclear power plants" and 10 CFR 50.9, "Completeness and accuracy of information." The first violation involved the willful actions of the licensee's access authorization staff, which caused the licensee's access authorization program to fail to provide high assurance that individuals granted unescorted access are trustworthy and reliable, such that they do not constitute an unreasonable risk to public health and safety, as required by 10 CFR 73.56(c). Specifically, the licensee's access authorization reviewing officials reviewed, adjudicated, and granted an individual unescorted access authorization by relying unreasonably on a falsified Personnel History Questionnaire and fabricated court record to determine their trustworthiness and reliability. The second violation involved the willful failure to comply with the requirements of 10 CFR 50.9(a) which, in part, state that "information required by statute or Commission regulations to be maintained shall be complete and accurate in all material respects." In part, 10 CFR 73.56(o)(2)(i) requires the licensee to retain records of information that must be collected under subparts (d) and (e) of 10 CFR 73.56 that result in the granting of unescorted access for at least 5 years after the licensee terminates, or denies, an individual's unescorted access or unescorted access authorization. As part of the ADR settlement agreement, SCE&G agreed that the issues described above resulted in an individual inappropriately being granted unescorted access to Summer Nuclear Station, which was inconsistent with the requirements of 10 CFR 73.56(c) and 10 CFR 50.9. SCE&G did not agree that the two violations were committed willfully. However, the NRC determined these violations to be willful. SCE&G completed a number corrective actions and enhancements in response to the incident, and agreed to complete additional actions, as fully discussed in the CO. The NRC concluded that the corrective actions and enhancements discussed by SCE&G were prompt and comprehensive and addressed the causes. In consideration of the commitments delineated in the CO, the NRC agreed to fully mitigate a civil penalty and issue a Notice of Violation (NOV).

FirstEnergy Nuclear Operating Company
Davis-Besse Nuclear Power Station Unit 1

EA-14-094

On June 30, 2014, a Confirmatory Order was issued to FirstEnergy Nuclear Operating Company (FENOC), confirming FENOC's commitment to submit a license amendment request to transition Davis-Besse Nuclear Power Station, Unit 1 to the National Fire Protection Association Standard 805. FENOC had originally planned to submit its

* Please note that cases involving security-related issues are not included

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application on July 1, 2014. The NRC reviewed FENOC's justification for the delay, and accepted the proposed new submittal date of December 31, 2015.

Entergy Nuclear Operations, Inc.
Palisades Nuclear Plant

EA-14-013

On July 21, 2014, the NRC issued a CO to Entergy Nuclear Operations, Inc. (Entergy), to formalize commitments made as a result of an ADR mediation session held on May 14, 2014. The commitments were made as part of a settlement agreement between Entergy and the NRC regarding the apparent violation of 10 CFR Part 73, Appendix B, Paragraph II.B, "Qualification Requirements" and Palisades Security Plan Section 3.1. The violation involved the willful actions of the licensee's security staff, which failed to follow the security plan requirements when a security manager assigned a security operations supervisor to perform duties without confirming whether the supervisor had the appropriate qualifications. Entergy agreed that an individual inappropriately held a position for which he was not qualified, contrary to the requirements of 10 CFR Part 73, Appendix B, Paragraph II.B, and the Palisades Security Plan, but disagreed that the violation was committed willfully. The NRC and Entergy agreed to disagree on the issue of willfulness. In response to the incident, Entergy completed a number corrective actions and enhancements, and agreed to complete additional corrective actions and enhancements, as fully discussed in the CO. In consideration of the corrective actions and commitments outlined in the CO, the NRC agreed not to issue a civil penalty or a NOV.

Entergy Nuclear Operations, Inc.
River Bend Station

EA-14-009

On December 3, 2014, the NRC issued a CO to Entergy Nuclear Operations, Inc. (Entergy), to formalize commitments made as a result of an ADR mediation session held on September 22, 2014. Entergy agreed that a NOV and a civil penalty of \$70,000 would be included in the CO. The specific commitments that were made as part of the settlement agreement between Entergy and the NRC regarding the apparent violation of NRC security requirements are discussed in the non-public enclosures to the CO. The violation involved the willful actions of an unidentified security officer which occurred at Entergy's River Bend Station on March 18, 2012. The NRC and Entergy agree that the actions of an unidentified security officer constitute a willful violation of 10 CFR Part 73 requirements. However, the NRC and Entergy disagreed on the specific aspects of the willful characterization of the violation. In light of the significant corrective actions Entergy has already taken and the additional actions they have committed to take to enhance their security program at River Bend and across the Entergy Nuclear Fleet, the NRC exercised enforcement discretion to reduce the severity level of the escalated enforcement sanction that was initially proposed in our preliminary determination. The NRC's rationale behind its decision to exercise enforcement discretion in characterizing the violation is incorporated in an attachment to the CO. The attachment to the CO and the NOV will not be made publicly available because it contains security-related information.

Orders Issued To Materials Licensees

Kruger Technologies, Inc.
Lenexa, Kansas

EA-14-113

On October 28, 2014, the NRC issued a Confirmatory Order to Kruger Technologies, Inc., confirming commitments reached as part of an alternative dispute resolution (ADR) mediation session. The session was associated with the failure to secure a portable gauge with a minimum of two independent physical controls when not under control or constant surveillance as required by 10 CFR 30.34(i). Specifically, on May 21, 2014, an NRC inspector observed an unsecured portable gauge in the bed of a pickup truck parked in front of the licensee's building. There were no licensee personnel in the immediate vicinity to provide control or constant surveillance of the gauge. The licensee will take a number of actions, including but not limited to: (1) revising the company-wide policy to describe implementation of NRC safety and security requirements for portable gauges; (2) ensuring all authorized gauge users are trained initially and annually on the revised company-wide policy; (3) increasing management oversight by establishing a process to periodically conduct field inspections; and (4) providing Radiation Safety Officer training for an additional authorized gauge user. In consideration of the commitments outlined in the Confirmatory Order, the NRC agreed to refrain from issuing a Notice of Violation or proposing a civil penalty for the apparent violation.

Orders Issued To Fuel Cycle Facility Licensees

None

Orders Issued To New Reactors Licensees

None

Orders Issued To Decommissioning and Low Level Waste Licensees

None

Prohibition Orders Issued To Individuals

Mr. Michael P. Cooley

IA-12-045

On March 10, 2014, the NRC issued Mr. Michael P. Cooley an Order prohibiting involvement in NRC-licensed activities for a period of 5 years. While employed at Summer Nuclear Station, Mr. Cooley submitted a signed Personal History Questionnaire (PHQ) to the licensee access authorization staff as part of his application for Unescorted Access Authorization. Mr. Cooley deliberately failed to report an arrest for arson in the PHQ criminal history information section which was necessary for the access authorization staff to consider in making determinations regarding his trustworthiness and reliability. In addition, he deliberately submitted information to the licensee that he knew to be incomplete or

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inaccurate, in violation of the requirements of 10 CFR 50.5(a)(2). Specifically, in response to a request by access authorization staff for documentation to support his assertion that arson charges against him had been dismissed, he submitted a forged document that purported to reflect the dismissal of those charges by a Mississippi county court. At the time he submitted this document, the arson charges against him were pending.

Mr. Armando N. Clavero

IA-13-012

On May 14, 2014, the NRC issued Armando N. Clavero, Co-owner and President of University Nuclear and Diagnostics (UND), LLC, an Order prohibiting involvement in NRC-licensed activities for a period of 3 years. Specifically, Mr. Clavero deliberately did not perform a survey meter calibration, provided a falsified record of the survey meter calibration, and provided inaccurate information about performing the survey meter calibration both during the NRC investigation and during the predecisional enforcement conference. He also deliberately did not perform a sealed source survey in October or November 2011 and provided falsified records of a sealed source survey on a date when there was no survey meter. Mr. Clavero also did not ensure that the doctor's office had a working survey meter during the nearly 8 week period when a UND nuclear medicine technologist had sent the doctor's survey meter to UND for calibration and did not ensure that records provided to the doctor's office were complete and accurate in all material respects.

Mr. Richard B. Smith

IA-13-059

On May 14, 2014, the NRC issued Richard B. Smith, a former senior reactor operator at Grand Gulf Nuclear Station (Grand Gulf), an Order prohibiting involvement in NRC-licensed activities for a period of 5 years. Specifically, on July 18, 2013, Mr. Smith tested positive for an illegal substance during a random fitness-for-duty (FFD) test, a violation of 10 CFR Part 55.53(d) and (j). Grand Gulf planned to reinstate Mr. Smith and allow him to perform licensed duties contingent on his successful completion of a substance abuse treatment program and the passing of additional medical evaluations. However, after receiving unescorted access by the licensee and prior to allowing him to perform licensed activities, Mr. Smith tested positive on a second FFD test resulting in a second violation of 10 CFR 55.53(d) and (j). On December 11, 2013, the NRC terminated Mr. Smith's license.

Mr. James Chaisson

IA-14-025

On July 11, 2014, the NRC issued a prohibition order to Mr. James Chaisson for failure to comply with a CO issued September 10, 2012 (ML12256B002), which memorialized the agreements and conditions established with him during an ADR mediation session with the NRC. On May 15, 2012, the NRC concluded that Mr. Chaisson engaged in deliberate misconduct in violation of 10 CFR 30.10(a)(1) and issued him an Order (ML12137A311) that prohibited him from working in NRC jurisdiction for 3 years. The May 2012 Order, in turn, became the basis of the ADR mediation, and was superseded by the September 10, 2012, CO. As of March 2014, Mr. Chaisson had failed to complete both the formal training and a written article required by the 2012 CO in addition to an 18-month prohibition from NRC-licensed activities and other requirements. The July 11, 2014, Order supersedes the 2012 Order and prohibits Mr. Chaisson from engaging in NRC-licensed activities for a minimum period of 3 years. The prohibition continues thereafter and until he provides reasonable assurance to the NRC that he can safely use radioactive materials in accordance with NRC requirements, including the completion of formal training and verbally attesting his corrective

actions to prevent deliberate misconduct. Additionally, for a period of 2 years subsequent to the NRC written determination of reasonable assurance, Mr. Chaisson must notify the NRC of his involvement in NRC-licensed activities, refrain from working for any NRC licensee in specified supervisory roles, and provide a copy of his order to his employers (a state licensee performing work in NRC jurisdiction or an NRC licensee).

On July 18, 2014, Mr. Chaisson submitted a Request for Hearing in response to the July 2014, Order. As of December 31, 2014, the Atomic Safety Licensing Board has not held any formal proceedings regarding Mr. Chaisson's request.

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Appendix D – Summary of Escalated Enforcement Actions Against Individuals*

Orders

Orders issued to individuals during 2014 are discussed in Appendix C.

Notices of Violation

Mr. John Amburgey

IA-13-055

On January 13, 2014, the NRC issued a Severity Level III Notice of Violation (NOV) to Mr. John Amburgey, formerly employed as a security officer at the Surry Power Station (SPS), for deliberate misconduct that caused SPS to be in violation of 10 CFR 73.55(i)(5)(ii), which states, in part, that licensees provide continuous surveillance, observation, and monitoring of the owner controlled area as described in their physical security plan. Specifically, co-workers detected the odor of alcohol on his breath and immediately reported this observation to site security supervision. In response, he was promptly for-cause tested for alcohol. Because his blood alcohol concentration exceeded the 10 CFR 26.103 limit of 0.04 percent, SPS declared the test result for alcohol as a confirmed positive test and relieved him of duty. Based on the confirmed positive test, and the fact that he had been on duty approximately 5 hours into his shift as an armed security officer, SPS declared him unfit for duty and unable to effectively perform his assigned security duties.

Mr. Lane McHugh

IA-14-002

On February 24, 2014, the NRC issued a NOV to Mr. Lane McHugh, a former licensed reactor operator at the Limerick Generating Station, for a Severity Level III violation of 10 CFR 55.53(j). Specifically, on December 16, 2013, Mr. McHugh participated in the Exelon Generation Company's random fitness-for-duty (FFD) testing program and subsequently tested positive for alcohol. Exelon requested and the NRC granted the termination of his reactor operator license.

Mr. Douglas D. Stouffer

IA-14-004

On April 14, 2014, the NRC issued a NOV to Mr. Douglas D. Stouffer, a licensed reactor operator at the Quad Cities Nuclear Power Station, for a Severity Level III violation of 10 CFR 55.53(j). Specifically, on August 21, 2013, Mr. Stouffer participated in the Exelon Generation Company's random FFD testing program and subsequently tested positive for an illegal substance.

Mr. Daniel L. Wilson

IA-13-064

* Please note that cases involving security-related issues are not included

Enforcement Program Annual Report

On April 29, 2014, a Severity Level III NOV and an Order prohibiting involvement in NRC-licensed activities for a period of 1 year was issued to Mr. Daniel Wilson, a former Chemistry Manager at Indian Point Energy Center (IP) for a violation of 10 CFR 50.5, "Deliberate Misconduct." Specifically, this violation, identified as a result of an investigation by the NRC Office of Investigations, involved Mr. Wilson deliberately entering false data into a Chemistry database pertaining to an Emergency Diesel Generator fuel oil storage tank and the reserve fuel oil storage tank. Mr. Wilson's falsification of records caused the licensee to operate IP Units 2 and 3 in violation of technical specifications (TS) 5.5.11 (Unit 2) and 5.5.12 (Unit 3) and to avert a dual-unit shut-down required by TS Limiting Condition for Operation (LCO) Applicability LCO 3.0.3.

Mr. Donald Kevin Brown

IA-14-014

On July 9, 2014, the NRC issued a NOV to Mr. Donald Kevin Brown, a former licensed reactor operator at the Grand Gulf Nuclear Station, for a Severity Level III violation of 10 CFR 55.53(j) and 10 CFR 50.5(a)(1). Specifically, on April 23, 2013, Mr. Brown participated in the Entergy Operations, Inc. random FFD testing program and subsequently tested positive for an illegal substance. He also admitted during an interview with the NRC's Office of Investigations to using an illegal drug on several occasions prior to the random FFD test.

Mr. Gary Meekins

IA-14-021

On July 9, 2014, the NRC issued a NOV to Mr. Gary Meekins, a former licensed reactor operator at the Salem Nuclear Generating Station, for a Severity Level III violation of 10 CFR 55.53(j) and 10 CFR 50.5(a)(1). Specifically, on February 28, 2014, Mr. Meekins participated in the PSEG Nuclear, LLC random FFD testing program and subsequently tested positive for an illegal substance. He also admitted, during an interview with the NRC's Office of Investigations, to using an illegal drug prior to the random FFD test and on an unspecified date in 2010.

Mr. George Geisser, III

IA-13-033

On July 17, 2014, the NRC issued a Severity Level II NOV and an Order prohibiting Mr. George Geisser, III, President of Geisser Engineering Corporation (GEC), from involvement in NRC-licensed activities for a period of 3 years. Mr. Geisser engaged in deliberate misconduct in violation of 10 CFR 30.10(a)(1) by deliberately conducting and directing employees of GEC to use portable gauges in NRC jurisdiction without filing for reciprocity with the NRC thus causing GEC to violate the requirements set forth in 10 CFR 150.20. In addition, the Order requires Mr. Geisser to notify the NRC within 20 days following acceptance of his first employment offer involving NRC-licensed activities for a period of 1 year after the 3-year prohibition has expired.

Mr. Trey Brattin

IA-14-007

On July 24, 2014, the NRC issued a NOV to Mr. Trey Brattin for a Severity Level III violation of 10 CFR 30.10(a)(1), "Deliberate Misconduct." Mr. Brattin's actions caused his employer, TechCorr USA, LLC, to be in violation of 10 CFR 34.47(a) which requires dosimetry to be worn by an individual while performing radiographic operations. Specifically, at various times between July 2010 and January 2011, Mr. Brattin deliberately failed to wear, on the

trunk of his body, a direct reading dosimeter, an operating alarm rate meter, and a personnel dosimeter while conducting radiographic operations in Wyoming.

Mr. Joseph S. Shepherd

IA-14-028

On September 15, 2014, the NRC issued a NOV to Mr. Joseph S. Shepherd, President and owner of Foss Therapy Services, for a Severity Level IV violation. The violation involved a failure to adhere to a condition set forth in NRC Order IA-13-038, dated December 20, 2013. Specifically, on March 14, 2014, Mr. Shepherd conducted licensed activities in the NRC's jurisdiction at Pontifical Catholic University, Puerto Rico, without notifying the university that the NRC had issued 2 Orders regarding his involvement in NRC-regulated activities. A condition of Order IA-13-038 requires that Mr. Shepherd notify each customer in writing before conducting licensed activities to inform the customer that the NRC had issued Order IA-08-014 (dated September 8, 2008) and Order IA-13-038 (dated December 20, 2013) to him, and that these Orders would be made available upon request.

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Appendix E – Summary of Escalated Enforcement Actions Against Nonlicensees

(Vendors, Contractors and Certificate Holders)*

Confirmatory Orders

Chicago Bridge and Iron Company
Lake Charles, LA

EA-13-196

On September 25, 2014, the NRC issued a Confirmatory Order (CO) to the Chicago Bridge and Iron Company (CB&I) to confirm commitments reached as part of an alternative dispute resolution (ADR) settlement agreement between CB&I and the NRC. An investigation completed by the NRC Office of Investigations (OI) on August 7, 2013, concluded that three employees at the Shaw Modular Solutions (SMS) Lake Charles, LA, fabrication facility (now owned and operated by CB&I) deliberately subverted SMS welder qualifications requirements when: (1) a welder took welding qualifications tests for another coworker; (2) the coworker allowed the welder to take the qualifications tests on his behalf; and (3) the weld test administrator certified that the coworker passed his welder qualifications tests when he knew that the tests were performed by another person. The actions on the part of the three SMS employees caused the company to be in violation of 10 CFR, Section 52.4, "Deliberate misconduct." Through mediation, CB&I agreed to take several measures to enhance the understanding of NRC requirements and the significance of willful violations for all company employees, including contractors and subcontractors, at all CB&I locations where NRC-regulated activities are performed. These measures build upon a previously-issued CO and include improving quality control and processing for welding products; enhancing new employee training to highlight the errors behind the recent violations; and enhancing CB&I's nuclear safety culture monitoring program based on lessons from the recent violations.

* Please note that cases involving security-related issues are not included

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