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NUCLEAR REGULATORY COMMISSION
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OFFICE OF SECRETARY
RULEMAKING AND
ADJUDICATIONS STAFF

MEMORANDUM TO: B. Paul Cotter, Jr.
Chief Administrative Judge
Atomic Safety and Licensing Board Panel

FROM: *John C. Hoyle*
John C. Hoyle, Secretary

SUBJECT: REQUEST FOR HEARING SUBMITTED BY
NDT SERVICES, INC

Attached is a request for a hearing dated April 14, 1998, submitted by Clarence David Vaughn on behalf of NDT Services, Inc. (Docket No. 30-17711). The request is in response to an "Order Suspending License (Effective Immediately)" issued by the NRC Staff on March 27, 1998. The Order was published in the Federal Register at 63 Fed. Reg. 16588 (April 3, 1998) (Copy Attached). Mr. Vaughn has also requested that the immediate effectiveness of the order be set aside.

The request for hearing, as well as a response provided by the staff are being referred to you for appropriate action in accordance with 10 C.F.R. Sec. 2.772(j).

Attachments: as stated

cc: Commission Legal Assistants
OGC
CAA
OPA
EDO
NMSS
OE
Clarence David Vaughn
NDT Services, Inc.

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OFFICE OF SPECIAL INQUIRY
RULES OF PRACTICE
ADJUDICATION

NDT SERVICES INC
ORDER SUSPENDING LICENSE
(EFFECTIVE IMMEDIATELY)
DOCKET NO: 030-17711
LICENSE NO: 52-19438-01
EA 98-108

Prepared for Fax #301-816-5151

*MR. DOUGLAS M. COLLINS, DIRECTOR, DIVISION OF NUCLEAR
MATERIAL SAFETY, NC REGION II*

by *Clarence D. Vaughn*

CLARENCE DAVID VAUGHN

*CC: Thomas B. Crossland
Johnny Rochelle*

APRIL 14, 1998

U.S. NUCLEAR REGULATORY COMMISSION
RULEMAKING & ADJUDICATIONS STAFF
OFFICE OF THE SECRETARY
OF THE COMMISSION

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1

NDT Services requests a hearing to consider whether the order to suspend its license should be sustained.

NDT Services' management personnel and owner do readily agree that noncompliance of NRC rules and regulations have occurred.

However, the statement of specific allegation often misrepresents the violation cited.

The violations that NDT is aware of are not significant in terms of suspending the license and were committed by individuals who in the past have indicated that they knew such acts were violations. These violations occurred without the licensee's knowledge or Approval. The individuals are no longer employed by NDT Services.

NDT Services contention is that the violations that are significant in the order to suspend the license are the results of statements made by individuals who have previously made false statements in seeking monetary gain and to shift responsibility for wrong doing or failure to perform duties, as prescribed, away from themselves and that the allegations significant to suspension of the license is based on suspicion and unfounded allegations therefore, NDT request that the immediate effectiveness of the order be set aside.

In concern to this order of suspended license

On October 4, 1997 one or more investigators went to the temporary job site at the Puerto Rico Electric Power Authority, San Juan Power Station. The inspector was notified by a personnel from the Power Authority that NDT would be conducting Radiography operations at what time and what place and what floor of the boiler.

- (1) Parts of the Operating & Emergency Procedure, there was a revision on 2-23-94 on this license, which was QA Program which was in the book the radiographer was carrying. That was sent to your office for approval and as far as I know it has been approved.
- (2) All Radiographer's & Assistant Radiographer's were trained in and tested to the requirements of NRC Sec 34.31 Appendix A of this Part. Radiographers they all had 8 hours classroom training and 4 training and instruction on radiographic exposure devices, sealed sources, related handling tools, and survey instruments, and has demonstrated and understanding all instructions that had been set forth.

All Assistant Radiographer has received 40 hours classroom training and tested, and was under supervision of the radiographers at times for there OJT.

- (3) By sworn statements the Radiographer and the Assistant Radiographer they conducted continuous survey and constant surveillance of the area where radiographic operations was being performed.
- (4) The Assistant Radiographer, did fail to recharge his dosimeter but has been trained and tested, to recharge his or her dosimeter at the start of each shift and be recorded at the start and the end of shift.
- (5) NDT did provide training in accordance with the NRC Rules & Regulations 10 CFR in Parts 71 and Revision in 2-23-94.

A. ALLEGATION DENIED

The radiographer was directed by the inspector to come with him, to confirm the Exposure rate at the second area in this allegation, there-by negating the Opportunity to prevent the second violation. (I.e.) Unrestricted area in excess of 2 millirem in any one hour.

B. ALLEGATION DENIED

Prior to the second exposure calculations were made to determine expected radiation levels. The second exposure was made with the knowledge that the inspector would perform surveys at the barricade Erected after the first exposure and at other areas as well.

As referenced in allegation 'A' the radiographer surveyed the area noted as exceeding 2 millirem in any one hour. The radiographer surveyed areas as he walked with the inspector to perform the survey reference in allegation 'A'.

Sections 6.3.4 & 6.3.5 of the application dated Oct. 25, '91 are unclear. The intended meaning of the term "continuous monitoring" is vague and subject to speculation in attempting to achieve compliance to NRC rules and regulations. Radiographic operations were governed by the opinion that 6.3.4 & 6.3.5 of the application dated Oct. 25, '91 identify surveys and continuous monitoring as two separate and primary requirements. Surveys are to comply with 10 CFR 20.1302. Continuous monitoring is to comply with 10 CFR 20.1601.

C. ALLEGATION DENIED

The area identified during the second exposure was a portion of the walkway approximately 10 feet in length, located at or near the center Of the heater, directly across from and above the exposure site. During the second exposure, time elapsed while complying with requests made by the inspector was such that the violations had already occurred and the exposure time diminished such that posting of the area was unattainable. The radiographer knew that repair of the heater was not being performed and that no one was in the area.

D. ALLEGATION DENIED

The area described in II.A was barricaded prior to the second exposure and was surveyed by the inspector during the second exposure and also the radiographer surveyed this area on his way to survey the area in II.B. The barricade was in compliance. When asked the member of the public indicated the area where he had been and also indicated that he had not been on the walkway alongside the heater. The area where this individual would have been was not inside the barricade.

E. ALLEGATION DENIED

No instances of this allegation were reported to the licensee. Records and employee statements indicate personnel were trained and tested prior to performance of duties. As per 10CFR 34.31, Appendix A & 10 CFR 34.11.

F. ALLEGATION DENIED

No instances of this allegation were reported to the licensee. Records and employee statements indicate that dosimetry was in use at all times during radiographic operations. The employee's have been trained and tested and know the requirements of wearing their dosimetry at all times during radiographic exposures.

G. ALLEGATION DENIED

No record of a disconnected source and employee statements indicate that any malfunction of equipment did not involve a source disconnect.

H. ALLEGATION DENIED

(1) ADMIT ALLEGATION

Assistant radiographer failed to inform the radiographer that he didn't recharge his pocket dosimeter or to record the reading at the beginning of his shift, but has been trained and tested to know the rules and

regulation and to comply with the following 10 CFR 34.31, and has all the NRC Rules and Regulations to make sure he or she is in compliance.

(2) ALLEGATION DENIED

The employee was not directed to sign an internal document indicating that he did not recall making such statement.

(3) ALLEGATION DENIED

Records and employee statements indicate that all employees received training and were tested in compliance to 10 CFR 34.31 (appendix A).

(4) ALLEGATION DENIED

Records and employee statements indicate that dosimetry was in use at All times when required and that exposure records were correct as reported by NDT SERVICES INC.

I ALLEGATION DENIED

Records and statements indicate that personnel performed duties for which they were trained and tested as Radiographers.

J. ALLEGATION DENIED

No incidents of a pocket dosimeter found to be off-scale during radiographic operations when exposure to radiation could not be ruled out was reported. Records and employee statements indicate that no such incidents occurred or reported to licensee or RSO.

Close Advisory Committee meetings, dated July 19, 1993, I have determined that these meetings will be closed to the public pursuant to subsections (c) (4), and (6) of section 552b of Title 5, United States Code.

1. *Date:* April 3, 1998.

Time: 9:00 a.m. to 5:30 p.m.

Room: 415.

Program: This meeting will review applications for Special Projects, submitted to the Division of Public Programs projects at the January 12, 1998 deadline.

2. *Date:* April 6, 1998.

Time: 9:00 a.m. to 5:30 p.m.

Room: 415.

Program: This meeting will review applications for Humanities Projects in Media, submitted to the Division of Public Programs, for projects at the January 12, 1998 deadline.

3. *Date:* April 7, 1998.

Time: 9:00 a.m. to 5:30 p.m.

Room: 415.

Program: This meeting will review applications for Humanities Projects in Media, submitted to the Division of Public Programs, for projects at the January 12, 1998 deadline.

4. *Date:* April 16-17, 1998.

Time: 8:30 a.m. to 5:00 p.m.

Room: 415.

Program: This meeting will review applications for Education Development and Demonstration in Schools for a New Millennium, submitted to the Division of Research and Education for projects at the April 1, 1998 deadline.

5. *Date:* April 20-21, 1998.

Time: 8:30 a.m. to 5:00 p.m.

Room: 415.

Program: This meeting will review applications for Education Development and Demonstration in Schools for a New Millennium, submitted to the Division of Research and Education for projects at the April 1, 1998 deadline.

6. *Date:* April 23, 1998.

Time: 9:00 a.m. to 5:00 p.m.

Room: 315.

Program: This meeting will review applications for Summer Seminars and Institutes for School Teachers in World Civilizations, submitted to the Division of Research and Education, for projects at the March 1, 1998 deadline.

7. *Date:* April 24, 1998.

Time: 9:00 a.m. to 5:00 p.m.

Room: 315.

Program: This meeting will review applications for Summer Seminars and Institutes for School Teachers in Modern European History and Culture submitted to the Division of Research and Education, for projects at the March 1, 1998 deadline.

8. *Date:* April 27-28, 1998.

Time: 8:30 a.m. to 5:00 p.m.

Room: 415.

Program: This meeting will review applications for Education Development and Demonstration in Schools for a New Millennium, submitted to the Division of Research and Education, for projects at the April 28, 1998 deadline.

9. *Date:* April 28, 1998.

Time: 9:00 a.m. to 5:00 p.m.

Room: 315.

Program: This meeting will review applications for Summer Seminars and Institutes for School Teachers in Classical, Medieval and Early Modern Studies, submitted to the Division of Research and Education, for projects at the March 1, 1998 deadline.

10. *Date:* April 29, 1998.

Time: 9:00 a.m. to 5:00 p.m.

Room: 315.

Program: This meeting will review applications for Summer Seminars and Institutes for School Teachers in American Studies, submitted to the Division of Research and Education, for projects at the March 1, 1998 deadline.

11. *Date:* April 30-May 1, 1998.

Time: 8:30 a.m. to 5:00 p.m.

Room: 415.

Program: This meeting will review applications for Education Development and Demonstration in Schools for a New Millennium, submitted to the Division of Research and Education, for projects at the April 1, 1998 deadline.

Nancy E. Weiss,

Advisory Committee Management Officer.

[FR Doc. 98-8727 Filed 4-2-98; 8:45 am]

BILLING CODE 7536-01-M

NUCLEAR REGULATORY COMMISSION

[Docket No: 030-17711, License No: 52-19438-01, EA 98-108]

**In the Matter of NDT Services, Inc.,
Caguas, Puerto Rico; Order
Suspending License (Effective
Immediately)**

I

NDT Services, Inc. (Licensee or NDTs) is the holder of Material License No. 52-19438-01 (License) issued by the Nuclear Regulatory Commission (NRC or Commission) pursuant to 10 CFR Part 30. The License authorizes possession and use of up to 100 curies of Iridium 192 in each sealed radiography source and up to 20 curies of Cobalt 60 in each sealed radiography source for performing industrial radiography. The License was originally issued on August 21, 1980, was most recently amended on December 12,

1995, and is due to expire on January 31, 2002.

II

On August 6 and October 4, 1997, the NRC Region II staff performed inspections at the Licensee's facility and a temporary job site at the Puerto Rico Electric Power Authority's San Juan Power Station. The inspections determined that the Licensee had not conducted its activities in accordance with NRC requirements. On November 7, 1997, the NRC issued Inspection Report No. 52-19438-01/97-01 and Notice of Violation (Notice) citing the Licensee for five violations identified during the inspections. Briefly summarized, the violations involved the Licensee's: (1) use of a set of Operating and Emergency Procedures that were not evaluated or approved by the NRC; (2) certification of individuals as radiographers who had not received required training; (3) failure to conduct surveys or continuous monitoring where a source was being exposed; (4) failure of an assistant radiographer to recharge his pocket dosimeter at the beginning of his shift; based upon the inspector's observation and the assistant radiographer's statement to the inspector that he usually recharged his dosimeter when it reached a reading of about 50 millirem and that he was unaware of the requirement to recharge the dosimeter at the beginning of each shift; and (5) failure to provide hazardous materials transportation training to its employees. In an unsigned and undated written response, which was sent by facsimile to the NRC on December 5, 1997, the Licensee responded to the Notice. As a result of NRC questions concerning the Licensee's response, the Licensee submitted a second signed but undated response to the NRC, which was received by the NRC on March 17, 1998. In its second response, the Licensee did not contest four of the violations; however, with regard to the hazardous materials training violation, the Licensee disputed the violation.

On August 26, 1997, the NRC Office of Investigations (OI) initiated an investigation to determine whether the Licensee and any of its employees had willfully violated NRC requirements. In addition, on February 6, 1998, the NRC inspected the Licensee's activities at a temporary job site, Puerto Rico Power Authority's Costa Sur Power Station. The OI investigation of these matters is still ongoing. Nonetheless, based on the February 6, 1998 inspection and the OI evidence to date, the following violations, in addition to the violations

described in the November 7, 1997 Notice, have been identified to date:

A. On February 6, 1998, the Licensee failed during two separate source exposures at the Costa Sur Power Station to conduct operations so that the dose in any unrestricted area did not exceed 2 millirem in any one hour, as required by 10 CFR 20.1301(a)(2). Specifically, during the first exposure the Licensee performed radiography operations in a manner that created a dose in an unrestricted area of 22 millirems in an hour based on a radiation field of 73 millirems per hour (mR/hr) during an 18-minute exposure. Following identification of this example by the NRC inspector, the NRC inspector reminded the Licensee radiographer of the NRC requirements to survey and monitor areas surrounding the radiography area to ensure that radiation areas in unrestricted areas were not inadvertently created or that members of the public were not being unnecessarily exposed to radiation. However, approximately 30 minutes after the inspector's reminder, the Licensee radiographer again performed radiography such that a dose was created in another unrestricted area of 6 millirems in an hour based on a radiation field of 19 mR/hr during an 18-minute exposure. The 19 mR/hr radiation level was confirmed by the Licensee radiographer using two survey meters.

B. On February 6, 1998, the Licensee failed during two separate source exposures (described in Paragraph II.A of this Order) to perform adequate surveys and continuous monitoring, as required by License Condition No. 21 (which requires the Licensee to comply with Section 6.3.1 of its application dated October 25, 1991). Specifically, during these source exposures, no surveys or continuous monitoring were conducted on levels above or below the level where radiography was being conducted to ensure that radiation levels were within permissible limits and that no one was being inadvertently exposed to radiation. The failure to perform adequate surveys and continuous monitoring is a repeat of a violation identified during the August and October 1997 inspections.

C. On February 6, 1998, the Licensee failed during two separate source exposures to post radiation areas, as required by 10 CFR 20.1902(a). Specifically, during these source exposures, the Licensee radiographer failed to post the radiation areas described in Paragraphs II.A and II.B of this Order. In addition, notwithstanding the inspector's reminder of the need to post radiation areas, during the second

source exposure, the radiographer did not comply with 10 CFR 20.1902(a) in that the radiographer continued to perform radiography activities (i.e., the second source exposure) without posting the radiation area.

D. On February 6, 1998, the Licensee failed to control the restricted areas that are described in Paragraphs II.A and II.B of this Order, as required by License Condition 21 (which requires the Licensee to comply with Sections 6.1.1 and 6.4 of its application of October 25, 1991). Specifically, during the inspection, a non-licensee employee of the Costa Sur Power Station, a member of the public, indicated he had observed the radiographic operations while standing within the radiation areas that should have been posted.

E. Transcribed sworn statements by one or more individuals indicate that, on multiple occasions between 1994 and 1997, the Licensee allowed multiple individuals to work as radiographers when the individuals failed to meet the training requirements, as required by License Condition 12 (which requires that licensed material be used by or under the supervision and in the physical presence of trained individuals).

F. Transcribed sworn statements by one or more individuals indicate that, on multiple occasions in 1994 and 1995, the Licensee permitted assistant radiographers to conduct radiographic operations without wearing dosimetry, as required by 10 CFR 34.33 (the requirement in effect at the time of occurrence), and that, in 1995, Licensee employees who retrieved a disconnected source at the Phillips Chemical Company facility in Guayama, Puerto Rico, intentionally removed their dosimetry and thereby failed to comply with 10 CFR 34.33.

G. Transcribed sworn statements by one or more individuals indicate that, in 1995, the Licensee failed to report the source disconnect event that occurred at the Phillips facility, referenced in Paragraph II.F of this Order, as required by 10 CFR 34.30 (the requirement in effect at the time of occurrence).

H. The Licensee failed to maintain, or provide to the NRC, complete and accurate information, contrary to 10 CFR 30.9. Specifically:

1. A daily pocket dosimeter reading log, required to be maintained by 10 CFR 34.83(a) (the requirement in effect at time of occurrence), reflected that, prior to the beginning of the shift on October 4, 1997, a pocket dosimeter had been recharged when, in fact, it had not.

2. The Licensee's undated responses to the November 7, 1997 Notice, which are described above, were inaccurate.

Specifically, in response to the violation involving the failure of the assistant radiographer to recharge his pocket dosimeter at the beginning of his shift, the Licensee stated in both responses that the [assistant] radiographer "did not remember making the statement that he recharged his dosimeter when it reached about 50 mR or that he was unaware of the requirement to recharge the dosimeter at the beginning of each shift." This assertion was not correct in that the employee was directed to sign an internal document indicating that he did not recall making such statement, when he had made the statement.

3. Training records required by 10 CFR 34.31(c) (the requirement in effect at time of occurrence) and License Condition 21 (which requires the Licensee to conduct classroom training in accordance with Section I of its application dated October 25, 1991), documented that two individuals had received 40 hours of radiation safety training on August 31, 1994, and January 10, 1995, respectively. However, the Licensee only gave the individuals NUREG BR-0024, "Working Safely in Gamma Radiography," and asked them to read it.

4. Radiation exposure records for calendar year 1995, required to be maintained by 10 CFR 20.2106(a), did not reflect actual doses received by Licensee employees who retrieved a disconnected source in 1995 described in Paragraph II.F of this Order because the involved employees removed their dosimetry.

I. Transcribed sworn statements by one or more individuals indicate that, on multiple occasions between 1994 and 1997, and with the knowledge of the Licensee's President/Radiation Safety Officer and the Assistant Radiation Safety Officer, Licensee radiographers allowed radiographers' assistants to conduct radiographic operations while unsupervised, in violation of 10 CFR 34.44 (the requirement in effect at the time of occurrence).

J. Transcribed sworn statements by one or more individuals indicate that, on multiple occasions between 1994 and 1997, Licensee radiographers failed to stop work when Licensee employees' pocket dosimeters went off-scale, in violation of License Condition 21 (which requires the Licensee to meet Section 2.5.2 of its application dated October 25, 1991).

III

In addition to the above, the Licensee's previous enforcement history is pertinent to this Order in that on July 16, 1996, the NRC issued to the Licensee

a Notice of Violation and Proposed Imposition of Civil Penalty (Notice) for numerous and significant violations (EA 94-029). This Notice included violations that directly resulted from the misconduct of the Licensee's former President and former Radiation Safety Officer (RSO), who willfully disregarded regulatory requirements, falsified documents, and provided inaccurate and incomplete information to the NRC in violation of 10 CFR 30.9. The Notice cited the Licensee for, among other things, failure to utilize personnel who were trained and qualified as radiographers in accordance with the requirements of 10 CFR 34.31(a), providing false information to the NRC regarding the qualifications of two radiographers, and failure of two radiographers to wear alarming ratemeters during radiographic and source disconnect activities. In addition, on July 16, 1996, the NRC issued two individual Orders against the Licensee's former President and former RSO as a result of their deliberate misconduct. The Orders prohibited the former President and former RSO from engaging in any licensed activities for a period of five years. By letter dated August 15, 1996, the Licensee responded to the July 16, 1996 Notice. In its response, the Licensee admitted all of the violations. Among other things, it acknowledged that "NDTS Company officials ignored NRC and company regulations and procedures," and outlined its corrective actions.

Notwithstanding the Licensee's response to the July 16, 1996 Notice of Violation, the Licensee has again been either unwilling or unable to comply with numerous NRC requirements established to protect public health and safety. As described above, the Licensee has violated a number of NRC requirements which are extremely important to protecting public health and safety, including that of Licensee employees. Specifically, the Licensee allowed the conduct of radiographic operations by unsupervised, inadequately-trained radiographer's assistants, conducted operations such that the dose limits in controlled areas accessible to the public exceeded those specified in 10 CFR 20.1301, failed to post or control radiation areas, failed to monitor or conduct surveys in areas where a source was being exposed, failed to report a source disconnect event as required by NRC regulations, and failed to maintain complete and accurate numerous required records. These violations have potential serious adverse consequences for public health and safety because they could directly

cause unnecessary exposures and overexposures to the public and Licensee employees. Therefore, the violations are of very significant regulatory concern, irrespective of whether they resulted from willful misconduct on the part of the Licensee, particularly in view of the potential safety consequences inherent in not controlling radiographic work sites and failing to properly train or supervise radiographers. In addition, the fact that many of the violations which have been identified to date are either repetitive or appear to be the result of willful misconduct on the part of Licensee employees is of further significant concern to the NRC. In addition, the Commission must be able to rely on its licensees to provide complete and accurate information to the Commission to ensure protection of public health and safety.

IV

Consequently, in light of the above, I lack the requisite reasonable assurance that the Licensee's current operations can be conducted under License No. 52-19438-01 in compliance with the Commission's requirements and that public health and safety, including the health and safety of Licensee employees, will be protected. Therefore, public health, safety, and interest require that License No. 52-19438-01 be suspended pending further order by the NRC and that licensed material be placed in locked, safe storage. Furthermore, pursuant to 10 CFR 2.202, I find that the significance of the violations and conduct described above is such that public health, safety, and interest require that this Order be immediately effective.

V

Accordingly, pursuant to Sections 81, 161b, 161i, 182 and 186 of the Atomic Energy Act of 1954, as amended, and the Commission's regulations in 10 CFR 2.202 and 10 CFR Part 30, *it is hereby ordered, effective immediately, that:*

A. The authority to perform radiographic operations under License No. 52-19438-01 is hereby suspended pending further Order by the NRC. The Licensee shall cease all radiographic operations and return all byproduct material possessed under this license to locked, safe storage at the Licensee's facilities. All other requirements of the License and applicable Commission requirements, including those in 10 CFR Part 20, remain in effect.

B. Within 24 hours following issuance of this Order, the Licensee shall contact Mr. Douglas M. Collins, Director, Division of Nuclear Materials Safety,

NRC Region II, or his designee, through the NRC Operations Center at telephone number (301) 816-5100, and advise him of the current location, physical status, and storage arrangements of licensed material. A written response documenting this information shall be submitted, under oath or affirmation, to the Regional Administrator, NRC Region II, Atlanta Federal Center, 61 Forsyth Street, SW, Suite 23T85, Atlanta, Georgia 30303-3415 within seven days of receipt of this Order.

C. If the Licensee removes licensed material from locked storage, the Licensee shall notify NRC Region II 48 hours before removal of the licensed material. The notice shall be provided to Mr. Douglas M. Collins, Director, Division of Nuclear Materials Safety, NRC Region II, or his designee, at telephone number (404) 562-4700.

D. The Licensee shall not receive any NRC-licensed material while this Order is in effect.

E. All records related to licensed activities shall be maintained in their current form and must not be altered in any way.

The Regional Administrator, Region II, may, in writing, relax or rescind this order upon demonstration by the Licensee of good cause.

VI

In accordance with 10 CFR 2.202, the Licensee must, and any other person adversely affected by this Order may, submit an answer to this Order, and may request a hearing on this Order, within 20 days of the date of this Order. Where good cause is shown, consideration will be given to extending the time to request a hearing. A request for extension of time must be made in writing to the Director, Office of Enforcement, U.S. Nuclear Regulatory Commission, Washington, D.C. 20555, and include a statement of good cause for the extension. The answer may consent to this Order. Unless the answer consents to this Order, the answer shall, in writing and under oath or affirmation, specifically admit or deny each allegation or charge made in this order and set forth the matters of fact and law on which the Licensee or other person adversely affected relies and the reasons as to why the Order should not have been issued. Any answer or request for a hearing shall be submitted to the Secretary, U. S. Nuclear Regulatory Commission, ATTN: Chief, Rulemakings Adjudications Staff, Washington, D.C. 20555. Copies also shall be sent to the Director, Office of Enforcement, U.S. Nuclear Regulatory Commission, Washington, D.C. 20555, to the Deputy Assistant General Counsel

for Enforcement at the same address, and to the Regional Administrator, NRC Region II, Atlanta Federal Center, 61 Forsyth Street, SW, Suite 23T85, Atlanta, Georgia 30303 and to the Licensee if the hearing request is by a person other than the Licensee. If a person other than the Licensee requests a hearing, that person shall set forth with particularity the manner in which his interest is adversely affected by this Order and shall address the criteria set forth in 10 CFR 2.714(d).

If a hearing is requested by the Licensee, the Commission will issue an Order designating the time and place of any hearing. If a hearing is held, the issue to be considered at such hearing shall be whether this Order should be sustained.

Pursuant to 10 CFR 2.202(c)(2)(I), the Licensee may, in addition to demanding a hearing, at the time the answer is filed or sooner, move the presiding officer to set aside the immediate effectiveness of the Order on the ground that the Order, including the need for immediate effectiveness, is not based on adequate evidence but on mere suspicion, unfounded allegations, or error.

In the absence of any request for hearing, or written approval of an extension of time in which to request a hearing, the provisions specified in Section IV above shall be final 20 days from the date of this Order without further order or proceedings. If an extension of time for requesting a hearing has been approved, the provisions specified in Section IV shall be final when the extension expires if a hearing request has not been received. **AN ANSWER OR A REQUEST FOR HEARING SHALL NOT STAY THE IMMEDIATE EFFECTIVENESS OF THIS ORDER.**

Dated at Rockville, Maryland this 27th day of March 1998.

For the Nuclear Regulatory Commission.

Ashok C. Thadani,

Acting Deputy Executive Director for Regulatory Effectiveness.

[FR Doc. 98-8772 Filed 4-2-98; 8:45 am]

BILLING CODE 7590-01-P

NUCLEAR REGULATORY COMMISSION

[Docket No. 50-483]

In the Matter of Union Electric Company (Callaway Plant, Unit 1); Exemption

I

Union Electric Company (UE or the licensee) is the holder of Facility Operating License No. NPF-30, which

authorizes operation of the Callaway Plant, Unit 1. The license provides, among other things, that the licensee is subject to all rules, regulations, and orders of the Commission now and hereafter in effect.

The facility is a pressurized water reactor located at the licensee's site in Callaway County, Missouri.

II

Section 50.60(a) to 10 CFR Part 50 requires that, except as provided in Section 50.60(b), all light-water nuclear power reactors, other than reactor facilities for which the certifications required under Section 50.82(a)(1) have been submitted, must meet the fracture toughness and material surveillance program requirements for the reactor coolant pressure boundary set forth in Appendices G and H of 10 CFR Part 50. Section 50.60(b) of 10 CFR Part 50 states that proposed alternatives to the described requirements of Appendices G and H of Part 50 or portions thereof may be used when an exemption is granted by the Commission under 10 CFR 50.12.

III

By letter dated August 22, 1997, Union Electric Company requested that the NRC exempt the Callaway Plant, Unit 1 from the application of specific requirements of 10 CFR 50.60 and Appendix G to 10 CFR Part 50. Specifically, Union Electric proposes to use American Society for Mechanical Engineers (ASME) Code Case N-514 to permit setting the pressure setpoint of Callaway's cold overpressure mitigation system (COMS) such that the pressure-temperature (P-T) limits required by Appendix G of 10 CFR Part 50 could be exceeded by ten percent during a low temperature pressure transient.

The Commission has established requirements in 10 CFR Part 50 to protect the integrity of the reactor coolant system pressure boundary. As a part of these, Appendix G of 10 CFR Part 50 requires that P-T limits be established for reactor pressure vessels (RPVs) during normal operation and vessel hydrostatic testing. As stated in Appendix G, "The appropriate requirements on * * * the pressure-temperature limits * * * must be met for all conditions." In order to avoid approaching these P-T limit curves and provide pressure relief during low temperature overpressurization events, pressurized water reactor licensees have installed protection systems (COMS/LTOPS) as part of the reactor coolant system pressure boundary. Union Electric is required as part of the Callaway Plant Technical Specifications

(TS) to develop, update, and submit reactor vessel P-T limits and COMS setpoints for NRC review and approval.

Union Electric determined that the exemption request from the provisions of 10 CFR 50.60 and Appendix G was necessary since these regulations require, as noted above, that reactor vessel conditions not exceed the P-T limits established by Appendix G. In referring to 10 CFR 50.12 on specific exemptions, Union Electric cited special circumstances regarding achievement of the underlying purpose of the regulation as their basis for requesting this exemption [10 CFR 50.12(a)(2)(ii)].

Union Electric noted in support of the 10 CFR 50.12(a)(2)(ii) criteria that the underlying purpose of the subject regulation is to establish limits to protect the reactor vessel from brittle failure during low temperature operation and that the COMS provides a physical means of assuring operation remains within these limits. Union Electric proposed that establishing the COMS pressure setpoint in accordance with the N-514 provisions, such that the vessel pressure would not exceed 110 percent of the P-T limit allowables, would still provide an acceptable level of safety and mitigate the potential for an inadvertent actuation of the COMS. The use of N-514 was based on the conservatism which have been explicitly incorporated into the procedure for developing the P-T limit curves. This procedure, referenced from Appendix G to Section XI of the ASME Code, includes the following conservatisms: (1) A safety factor of 2 on the pressure stresses; (2) a margin factor applied to RT_{NDT} using Regulatory Guide 1.99, Revision 2, "Radiation Embrittlement of Reactor Vessel Materials;" (3) an assumed 1/4T flaw with a 6:1 aspect ratio; and (4) a limiting material toughness based on dynamic and crack arrest data.

In addition, Union Electric stated that a COMS pressure setpoint should "also be high enough to prevent the inadvertent actuation of the COMS as a result of normal operating pressure surges. Application of the various instrument and calculational uncertainties has resulted in a COMS actuation setpoint that established an operating window that is too narrow to permit reasonable system makeup and pressure control." Such an inadvertent actuation could lead to the unnecessary release of reactor coolant inside containment and could introduce undesirable thermal transients in the RCS.

The Commission has determined that application of 10 CFR 50.60 in these particular circumstances is not