

JUL 9 1980

Mr. D. E. Guilbert
Vice-President and General Manager
Nuclear Power Generation Division
Babcock & Wilcox Company
P. O. Box 1260
Lynchburg, VA 24505

Dear Mr. Guilbert:

This is to acknowledge receipt of your letter dated May 20, 1980 and check for \$100,000 transmitted in response, to our letter, and Notice of Proposed Imposition of Civil Penalties, dated April 10, 1980.

We have reviewed your response and have concluded that:

1. The actions taken by Babcock & Wilcox since the Three Mile Island accident regarding the four safety matters cited in the above referenced Notice of Violation appear to be adequate.
2. The changes you have made in the Babcock & Wilcox procedures implementing 10 CFR Part 21 have improved those procedures; however, the NRC considers those procedures should be further modified to incorporate the comments of the enclosure to this letter. The modified procedures should be submitted to this office as soon as possible.

We do plan further verification that the procedures, required by 10 CFR Part 21, are being properly implemented. We intend to insure that under your procedures matters such as those contained in the Notice of Noncompliance are being promptly evaluated and reported to the NRC as required by 10 CFR Part 21.

Thank you for your response.

Sincerely,

*Original Signed By
R. C. DeYoung*

Victor Stello, Jr.
Director
Office of Inspection
and Enforcement

50-320

Enclosure:
NRC Comments on Babcock & Wilcox
Procedures Implementing 10 CFR
Part 21

WPU:SM	RCI:IE	DD:RCI:IE	D:RCI:IE	ELD	DD:IE	RCI:IE	RCI:IE
7/1/80	MWPeranich	JMTaylor	HDThornburg	JPMurray	RCDeYoung	VStello	VStello
JOB P	7/8/80	7/8/80	7/1/80	7/8/80	7/1/80	7/19/80	7/19/80

Handwritten notes:
Murray by telephone
Stello

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Distribution: w/enclosures

B. Berson, ELD
W. E. Cambell, SD
W. T. Russell, NRR
J. Murray, ELD
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N. C. Moseley, IE
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J. Taylor, IE
M. W. Peranich, IE
B. H. Grier, RI
J. P. O'Reilly, RII
J. G. Keppler, RIII
K. V. Seyfrit, RIV
R. H. Engelken, RV

NRC Comments on Babcock & Wilcox
Procedures Implementing 10 CFR Part 21

The following comments are recommended to improve B&W procedures and instructions established to ensure compliance with 10 CFR Part 21:

1. B&W procedures should reference the use of applicable information included in the following list of documents for guidance and training of individual engineers making initial evaluations to define potential safety concerns.
 - a. 10 CFR Part 21 regulations.
 - *b. NUREG 0302, Revision 1.
 - **1. Letter E. Volgenau (NRC) to T. W. Gore (AIF), dated 4/28/1978.
 - **2. Enclosure A to SECY 79-448B - 10 CFR Part 21, Comment Analysis.
 - **3. Information Notice 79-30.

2. NRC is concerned about potential delays in reporting defects defined under B&W procedures. For example:
 - a. Instructions for Step 3 under Exhibit A of NPG-1707-01 (Rev. 8) should be revised to require promptly notifying the NRC as soon as a potential safety hazard is determined "likely to be reportable" as stated in B&W procedure 205.T4.4. This will ensure avoiding delays due to "funding source" considerations.

 - b. For evaluation of potential safety concerns, B&W procedures should specify maximum permissible time spans within which completion dates should fall.

* This document provides for the consolidation of staff position guidance prepared in response to industry questions on the meaning and application of the rule. Notice is also given that the staff will be guided in its implementation and enforcement of Part 21 by positions set forth in this document.

**Includes amplification/clarification of the rule and staff positions included in NUREG 0302, Revision 1. To assist B&W, copies of items 1 and 2, not known to be available at B&W, are attached.