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UNITED STATES
NUCLEAR REGULATORY COMMISSION
WASHINGTON, D. C. 20555

Docket Nos. 50-329
50-330
EA-80-56

JAN 07 1981

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The Consumers Power Company
ATTN: Mr. Stephen H. Howell
Senior Vice President
1945 West Parnall Road
Jackson, MI 49201

Gentlemen:

During an investigation of activities at the Midland site, which began in March and which continued through July 1980, we found major deficiencies in Consumers Power Company's quality assurance program, as related to the heating, ventilation and air conditioning contractor's activities. As a result, we propose to impose civil penalties in the amount of Thirty-eight Thousand Dollars. The items of noncompliance are set forth in Appendix A. The Notice of Proposed Civil Penalties is attached as Appendix B. In responding to this matter, you should follow the instructions in Appendices A and B.

The investigation disclosed noncompliance with ten of the eighteen different criteria for a quality assurance program, as set forth in 10 CFR 50, Appendix B. Major quality assurance deficiencies were found regarding compliance with approved procedures and practices during fabrication and installation, and the overall traceability of materials used for fabrication. On March 21, 1980, we issued an Immediate Action Letter confirming your Stop Work Order in the heating, ventilating and air conditioning safety-related areas.

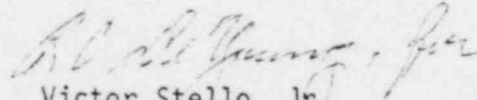
The significant findings of this investigation were discussed during a meeting between you and J. G. Keppler, Director, Region III and members of the respective staffs on May 2, 1980. The understandings reached at that meeting were set forth in a letter dated May 22, 1980, from James G. Keppler. Your reply of June 30, 1980, to that letter has been reviewed. Additional inspections are being conducted at the site to follow your progress in correcting problems identified during your initial audits and during our investigation of the HVAC contractor. Your response to the enclosed Notice of Violation, and our continuing inspection program will determine

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whether additional escalated enforcement action, such as additional civil penalties or orders to suspend construction activities, are required to ensure future compliance.

Sincerely,



Victor Stello, Jr.
Director
Office of Inspection
and Enforcement

Enclosures:

1. Appendix A, Notice of Violation
2. Appendix B, Notice of Proposed
Imposition of Civil Penalties