



UNITED STATES
NUCLEAR REGULATORY COMMISSION
REGION III
799 ROOSEVELT ROAD
GLEN ELLYN, ILLINOIS 60137

K. Crap
~~Mr. Davis~~
Choules

December 11, 1978

NOTE TO: FF&MS Branch Kewaunee File

FROM: A. B. Davis, Chief, Fuel Facility and Materials
Safety Branch

SUBJECT: TELEPHONE CONVERSATION WITH MR. E. W. JAMES, VICE PRESIDENT
WISCONSIN PUBLIC SERVICE CORPORATION (KEWAUNEE)

At approximately 10:30 a.m., December 8, 1978, I called Mr. James to inform him of the new proposed imposition of civil penalties mailed to his organization from Headquarters yesterday. I informed Mr. James that after careful consideration of their July 20, August 10 and August 15, 1978 letters to the NRC, we are amending the Notice of Violation and Notice of Proposed Imposition of Civil Penalties. I stated that the effect of this change is the reduction of the cumulative amount of the civil penalties from \$10,000 to \$7,000. I informed him that the number of items of noncompliance had been reduced from 3 to 2 and provided him with the dollar value of each noncompliance. I apologized for the delay in responding to their letters but informed him that the delay was in large part due to the careful technical and legal reviews that had been made of the new information that they had provided in their letters. I also told Mr. James that a press release will be issued on this matter but it would not be issued until next week. This would give them time to have the letter in hand prior to the press release. I informed Mr. James that in addition to the noncompliances, our letter to him spoke forthrightly to many of the subjects in three Kewaunee letters. I offered to read the letter and Notice of Violation to Mr. James. He declined that offer. I clarified to Mr. James that this is a new proposed imposition of civil penalties since the Notice of Violation had been changed and was not an imposition of civil penalties at this time.

Mr. James' comments were about as follows:

1. He appreciated the telephone call.
2. He had been wondering why the response had taken so long.

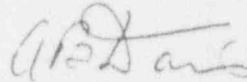
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3. He spent a good deal of time commenting on his appreciation for not issuing a press release until the letter was received by Wisconsin Public Service Corporation.
4. He liked the fact that the civil penalty was tempered because it indicated we did consider their response. He indicated, however, that the dollar amount was not the thing that was important to them, but they were concerned as to whether or not our position and case was right or wrong.

Mr. James indicated that after receiving the letter and reviewing it, he may get back in touch with me to discuss it further.



A. B. Davis, Chief
Fuel Facility and Materials
Safety Branch

cc: James G. Keppler
G. Fiorelli
W. Fisher
R. Knop ✓
R. Warnick