



CHAIRMAN

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

January 25, 1991

The Honorable Philip R. Sharp, Chairman  
Subcommittee on Energy and Power  
Committee on Energy and Commerce  
United States House of Representatives  
Washington, D.C. 20515

Dear Mr. Chairman:

In accordance with the statutory obligation to respond to recommendations by the General Accounting Office (GAO) within 60 days of publication, we hereby submit our response to the recommendation made by GAO in its October 1990 report, "Nuclear Safety and Health: Counterfeit and Substandard Products Are a Governmentwide Concern."

We note the concern raised in the GAO report regarding the deferment of programmatic inspections and the report's recommendation that the Commission reinstitute these inspections and take appropriate enforcement actions when violations occur. Because of the generic nature of the findings from previous inspections, a majority of the Commission decided to defer programmatic inspections temporarily to allow the nuclear industry sufficient time to implement its voluntary initiatives. In the interim, the NRC staff will conduct assessments to monitor the industry's improvements to its commercial-grade procurement and dedication programs. The majority believes that this action will result in more uniform improvements throughout the industry. However, if the industry's efforts prove inadequate, the NRC will vigorously pursue enforcement actions. We expect to resume programmatic inspections of commercial-grade procurement and dedication programs and pursue enforcement actions as necessary by the late summer of this year.

The enclosure provides a more detailed response to the GAO's concerns.

Sincerely,

*Kenneth M. Carr*  
Kenneth M. Carr

Enclosure:  
Response to GAO Recommendation

cc: Representative Carlos J. Moorhead

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

January 25, 1991

The Honorable John Glenn, Chairman  
Committee on Governmental Affairs  
United States Senate  
Washington, D.C. 20510

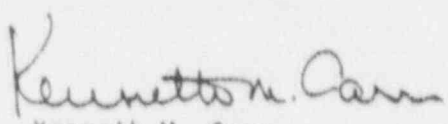
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cc: Senator William V. Roth



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NUCLEAR REGULATORY COMMISSION  
WASHINGTON, D. C. 20555

January 25, 1991

The Honorable Morris K. Udall, Chairman  
Subcommittee on Energy and the Environment  
Committee on Interior and Insular Affairs  
United States House of Representatives  
Washington, D.C. 20515

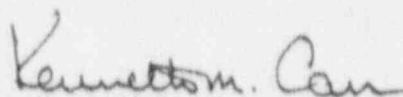
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cc: Representative James V. Hansen



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NUCLEAR REGULATORY COMMISSION  
WASHINGTON, D. C. 20555

January 25, 1991

The Honorable Bob Graham, Chairman  
Subcommittee on Nuclear Regulation  
Committee on Environment and Public Works  
United States Senate  
Washington, D.C. 20510

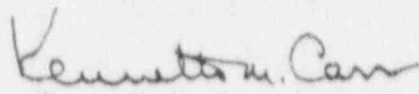
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cc: Senator Alan K. Simpson



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

January 25, 1991

The Honorable John Conyers, Chairman  
Committee on Governmental Operations  
United States House of Representatives  
Washington, D.C. 20515

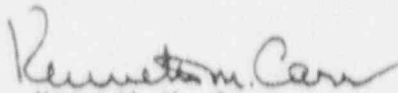
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cc: Representative Frank Horton



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

January 25, 1991

The Honorable Charles A. Bowsher  
Comptroller General of the United States  
General Accounting Office  
Washington, D.C. 20548

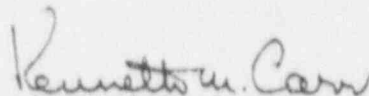
Dear Mr. Bowsher:

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UNITED STATES  
NUCLEAR REGULATORY COMMISSION  
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January 25, 1991

The Honorable Richard G. Darman  
Director  
Office of Management and Budget  
Washington, D.C. 20503

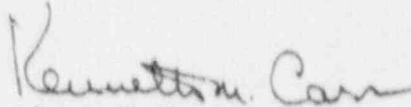
Dear Mr. Darman:

In accordance with the statutory obligation to respond to recommendations by the General Accounting Office (GAO) within 60 days of publication, we hereby submit our response to the recommendation made by GAO in its October 1990 report, "Nuclear Safety and Health: Counterfeit and Substandard Products Are a Governmentwide Concern."

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Response to GAO Recommendation

## Response to GAO Recommendation

### Chapter 3

The GAO recommendation to the Chairman of the Nuclear Regulatory Commission (NRC) said the following:

To help ensure an aggressive regulatory posture concerning the upgrading of commercial products that will be used in nuclear power plants, we recommend that the Chairman, NRC, reinstitute inspections of utilities' quality assurance programs and take appropriate enforcement actions when violations occur.

NRC Response: As indicated in the GAO report, the Commission in April 1990 approved the staff's recommendation to withdraw two enforcement actions for inadequate procurement and commercial-grade dedication programs at commercial nuclear power reactors and noted that the staff was deferring programmatic inspections of such programs for about one year. The staff will continue to perform inspections related to an event or to defective equipment and pursue resultant enforcement actions. These inspections and enforcement actions will not be affected by the decision to defer inspections of commercial-grade procurement and dedication programs. A decision by a majority of the Commission to temporarily defer programmatic inspections was based on NRC experience during earlier inspections of commercial-grade procurement and dedication programs. During these inspections, the NRC staff discovered numerous violations and deviations at most plants inspected and found that many of them were similar in nature. The staff concluded from these results that the problems were generic and that additional inspections of individual plants would not quickly improve the industry's programs.

The NRC believes that an industry-wide commitment to improvement would be a more effective means to resolve the identified problems and that a pause in the programmatic inspections of commercial-grade procurement and dedication programs will allow sufficient time for utilities to fully understand and implement the industry-developed guidance. The staff plans to monitor the progress of the industry's improvement by assessing the status of the improvement programs at selected nuclear power plants. During the monitoring phase, the staff will assess the status of the industry's actions and will determine if further actions, such as rulemaking, are necessary. If the industry's actions do not address the NRC's concerns, the staff will promptly resume enforcement activities. The NRC plans to reinstitute programmatic inspections of commercial-grade procurement and dedication programs by the late summer of this year.

ENCLOSURE



In addition, the staff is developing a generic letter to be sent to all nuclear power plant licensees that delineates problems identified during previous inspections and the staff's expectations regarding commercial-grade procurement and dedication.

Other Comments: The GAO report stated, on page 9, "NRC can also issue a notice of violation as well as impose a civil penalty against a vendor/" It should be noted that the NRC can only issue a civil penalty to a responsible official of a vendor who willfully fails to report to the NRC information indicating (1) a failure to comply with the Atomic Energy Act of 1954, as amended, or (2) a defect affecting a basic component.

The NRC has previously sought legislation to broaden its authority to allow the issuance of civil penalties against vendors for failure to meet NRC regulations. The Commission is currently considering whether to once again seek such authority in its legislative proposal to the 102nd Congress.