



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

*J. Keppler*  
R 111

AUG 25 1983

Docket No. 50-329  
Docket No. 50-330  
EA 83-03

PRINCIPAL STAFF	
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Consumers Power Company  
ATTN: Mr. John D. Selby  
President  
212 West Michigan Avenue  
Jackson, MI 49201

Gentlemen:

This will acknowledge receipt of your letters dated March 10, June 24, and July 12, 1983, in response to the Notice of Violation and Proposed Imposition of Civil Penalties sent to you with our letters dated February 8, and May 23, 1983. Our February 8, 1983 letter concerned violations found during the special inspection conducted at the Midland Nuclear Power Plant, Units 1 and 2, during the period October 12 - November 25, 1982, and on January 19-21, 1983.

After careful consideration of your response, and for the reasons given in the enclosed Order and Appendix, we have concluded that the violations did occur as set forth in the Notice of Violation and Proposed Imposition of Civil Penalties. The proposed civil penalties for Items A and B were based on the breakdown in the implementation of your quality assurance program as evidenced by numerous examples of noncompliance with nine of the eighteen different criteria as set forth in 10 CFR 50, Appendix B.

Included in these violations were examples demonstrating the consequences of the failure to exercise adequate oversight and control of your principal contractor, to whom you had delegated the work of executing the quality assurance program. Item A addressed the consequences of QC supervisors instructing QC inspectors to suspend an inspection when an excessive number of deficiencies were observed. Item B illustrated numerous examples where cognizant personnel failed to follow procedures, drawings, and specifications; first line supervisors and field engineers failed to identify and correct unacceptable work; construction management failed to call for quality control inspections in a timely manner; and quality assurance personnel failed to identify the problems and ensure that corrective actions were taken. These violations occurred as originally stated. No adequate reasons have been provided for not imposing the proposed civil penalties for the violations. However, in view of the \$3500 overpayment made by Consumers Power Company in response to the January 7, 1981 Notice of Violation and Proposed Imposition

CERTIFIED MAIL  
RETURN RECEIPT REQUESTED

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of Civil Penalties, the cumulative amount of the civil penalties designed in the Notice of Violation is reduced from \$120,000 to \$116,500. Accordingly, we hereby serve the enclosed Order on Consumers Power Company imposing civil penalties in the amount of One Hundred Sixteen Thousand Five Hundred Dollars.

In regard to your June 24, 1983 supplemental response to Item B.6 of the Notice of Violation, we are forwarding your response to the appropriate technical NRC office for their review. We will inform you of the results of that review.

In accordance with Section 2.790 of the NRC's "Rules of Practice," Part 2, Title 10, Code of Federal Regulations, a copy of this letter and the enclosures will be placed in the NRC's Public Document Room.

Sincerely,

\*Original Signed By  
R. C. DeYoung\*

Richard C. DeYoung, Director  
Office of Inspection and Enforcement

Enclosures:

1. Order Imposing Civil Monetary Penalties
2. Appendix - Evaluations and Conclusions

IE:ESHARK  
GKlingler  
8/25/83

*Rosen*  
ELD *v. u. phone*  
Lieberman  
8/25/83  
H.R.C.

*B. Schulz*  
RIII *phone*  
WSchultz  
8/25/83  
HARK

ES:ED  
JAxelrad  
8/25/83

IE:DeYoung  
RDeYoung  
8/27/83

Consumers Power Company

Distribution

The Honorable Charles Bechhoefer, ASLB

The Honorable Jerry Harbour, ASLB

The Honorable Fredrick P. Cowan, ASLB

The Honorable Ralph S. Decker, ASLB

William Paton, ELD

Michael Miller

Ronald Callen, Michigan

Public Service Commission

Myron M. Cherry

Barbara Stamiris

Mary Sinclair

Wendell Marshall

Colonel Steve J. Gadler (P.E.)

RCDeYoung, IE

JAAxelrad, IE

JTaylor, IE

EJordan, IE

CThayer, IE

JLieberman, ELD

VStello, DED/ROGR

Fingram, PA

JCummings, OIA

JFitzgerald, OI

HDenton, NRR

JKeppler, RIII

Enforcement Coordinators

RI, RII, RIII, RIV, RV

MWilliams, NRR

JCrooks, AEOD

GKlingler, IE

ES File

EA File

EDO Rdg File

DCS

UNITED STATES  
NUCLEAR REGULATORY COMMISSION

In the Matter of	)	Docket No. 50-329
	)	Docket No. 50-330
	)	
CONSUMERS POWER COMPANY	)	Construction Permit No. CPPR-81
(Midland Energy Center)	)	Construction Permit No. CPPR-82
		EA 83-03

ORDER IMPOSING CIVIL MONETARY PENALTIES

I

Consumers Power Company (the "licensee") is the holder of Construction Permits No. CPPR-81 and No. CPPR-82 (the "permit") issued by the Nuclear Regulatory Commission (the "Commission"). These Construction Permits authorize the construction of the Midland Energy Center near Midland, MI. These Construction Permits were issued on December 15, 1972.

II

As a result of a special inspection of the licensee's facilities by the Nuclear Regulatory Commission's Region III office during the period October 12 - November 25, 1982, and on January 19-21, 1983, the NRC Staff determined that a breakdown had occurred in the implementation of the Midland quality assurance program as evidenced by numerous examples of noncompliance with nine of the eighteen criteria as set forth in 10 CFR 50, Appendix B.

The breakdown was caused by personnel who failed to follow procedures, drawings, and specifications; by first line supervisors and field engineers who failed to identify and correct unacceptable work; by construction management who failed to call for quality control inspections in a timely

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manner, and by quality assurance personnel who failed to identify the problems and ensure that corrective actions were taken. The NRC served the licensee a written Notice of Violation and Proposed Imposition of Civil Penalties by letter dated February 8, 1983. The Notice stated the nature of the violations, the Nuclear Regulatory Commission's requirements that were violated, and the amount of civil penalty proposed for each violation. The licensee responded to the Notice of Violation and Proposed Imposition of Civil Penalties with letters dated March 10, June 24, and July 12, 1983.

### III

Upon consideration of Consumers Power Company's responses (March 10, June 24, and July 12, 1983) and the statements of fact, explanation, and argument in denial or mitigation contained therein, as set forth in the Appendix to the Order, the Director of the Office of Inspection and Enforcement has determined that the penalties proposed for the violations designated in the Notice of Violation and Proposed Imposition of Civil Penalties should be imposed. However, in view of the \$3500 overpayment made by Consumers Power Company in response to the January 7, 1981 Notice of Violation and Notice of Proposed Imposition of Civil Penalties, the cumulative amount of civil penalties due is reduced from \$120,000 to \$116,500.

## IV

In view of the foregoing and pursuant to Section 234 of the Atomic Energy Act of 1954, as amended, (42 U.S.C. 2282, PL 96-295), and 10 CFR 2.205, IT IS HEREBY ORDERED THAT:

The licensee pay civil penalties in the total amount of One Hundred Sixteen Thousand Five Hundred Dollars within thirty days of the date of this Order, by check, draft, or money order payable to the Treasurer of the United States and mailed to the Director of the Office of Inspection and Enforcement, USNRC, Washington, D.C. 20555.

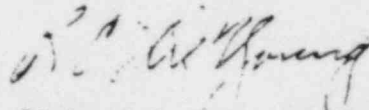
## V

The licensee may within thirty days of the date of this Order request a hearing. A request for a hearing shall be addressed to the Director, Office of Inspection and Enforcement. A copy of the hearing request shall also be sent to the Executive Legal Director, USNRC, Washington, D.C. 20555. If a hearing is requested, the Commission will issue an Order designating the time and place of hearing. Should the licensee fail to request a hearing within thirty days of the date of this Order, the provisions of this Order shall be effective without further proceedings and, if payment has not been made by that time, the matter may be referred to the Attorney General for collection.

In the event the licensee requests a hearing as provided above, the issues to be considered at such a hearing shall be:

- (a) whether the licensee was in violation of the Commission's requirements as set forth in the Notice of Violation and Proposed Imposition of Civil Penalties referenced in Section II above, and
- (b) whether on the basis of such violations this Order should be sustained.

FOR THE NUCLEAR REGULATORY COMMISSION



Richard C. DeYoung, Director  
Office of Inspection and Enforcement

Dated at Bethesda, Maryland  
this 29 day of August 1983

## Appendix

### Evaluations and Conclusions

The licensee admits violation A occurred as stated. The licensee also admits violation B occurred, but takes exception with portions of examples B.1.a and B.1.f. Although the licensee admits the two violations, the licensee requests that certain mitigating factors be considered.

The particular portions of Item B of the Notice of Violation (dated February 8, 1983), which were denied by the licensee, are restated below. The Office of Inspection and Enforcement's evaluation of the licensee's response is presented, followed by conclusions regarding the occurrence of the noncompliance and the proposed civil penalty. In addition, the licensee's request for reduction of civil penalty is summarized below. The Office of Inspection and Enforcement's evaluation of the licensee's request is presented followed by conclusions regarding the proposed civil penalty.

#### Item B

##### Statement of Noncompliance

10 CFR 50, Appendix B, Criterion II requires holders of construction permits for nuclear power plants to document, by written policies, procedures, or instructions, a quality assurance program which complies with the requirements of Appendix B for all activities affecting the quality of safety-related structures, systems, and components and to implement that program in accordance with those documents.

Contrary to the above, Consumers Power Company and its contractor did not adequately implement a quality assurance program to comply with the requirements of Appendix B as evidenced by the following examples:

1. 10 CFR 50, Appendix B, Criterion V requires, in part, "Activities affecting quality shall be prescribed by documented instructions, procedures, or drawings of a type appropriate to the circumstances and shall be accomplished in accordance with these instructions, procedures, or drawings."

Consumers Power Quality Assurance Program Policy No. 5, Revision 12, Paragraph 1.0 states, in part, "Instructions for controlling and performing activities affecting quality of equipment or activities such as...construction, installation...are documented in instructions, procedures...and other forms of documents."

Contrary to the above, the following instances of failure to accomplish activities affecting quality in accordance with instructions, procedures, specifications, or drawing requirements were identified:



- a. Installation of diesel generator engine control panels 1C111, 1C112, 2C111, and 2C112 was not in accordance with the requirements delineated on foundation Drawing 7220-M18-250 in that the foundation bolt washers required by the subject drawing were not installed.

[Items B.1.b through B.1.e are not restated here.]

- f. The inspectors identified various stock steel shapes in the "Q" area with yellow-colored paint on the ends (indicating the material was non "Q") and various steel stock shapes in the non "Q" area without painted ends (indicating "Q" material), contrary to the requirements of Field Instruction FIG-9.600, Revision 1.

[Items B.1.g through B.8 are not restated here.]

Contrary to the above:

- a. Measures were not established or implemented to determine if materials ultimately restricted (per Nonconformance Report No. 3266) from installation or use in ASME Class I systems were actually installed or used in Class I systems.
- b. As of November 10, 1982, two nonconforming conditions identified by the NRC on October 12, 1982, and confirmed by the licensee on October 19 and 25, respectively, had not been documented on a nonconformance report, a quality assurance report, or other appropriate report. The two nonconforming conditions were:
- (1) The diesel generator exhaust hangers were not classified, designed, or built as "Q" as committed to in the FSAR. (See item 2.c.)
  - (2) The design of the diesel generator monorail was not analyzed to seismic Category I design requirements as committed to in the FSAR. (See item 2.d.)

This is a Severity Level III violation (Supplement II)  
(Civil Penalty - \$60,000)

#### Licensee's Response to the Violation

The licensee admits that with the exception of portions of examples B.1.a and B.1.f, the violation occurred as stated in the NOV.

#### NRC Evaluation

Concerning example B.1.a., the licensee contends that since the inspection records for panels 1C-111, 1C-112, 2C-111, and 2C-112 were open with attributes such as washers and torquing not yet inspected, the portion of

the noncompliance pertaining to flat washers was not a violation. The licensee's position that open inspection records can negate the failure to install the required flat washers is unacceptable. The philosophy of inspecting quality into the job cannot be accepted as a substitute for the philosophy of building quality into the job. The licensee admits the remaining portion of the violation which deals with the omission of bevel washers.

Concerning example B.1.f., the licensee contends that, contrary to the Notice of Violation, all steel in the "Q" area was identified in accordance with procedures. The licensee contends that some manufacturer's marking of this steel led to confusion. At the time of the NRC inspection, the inspectors observed yellow-colored paint on steel in the "Q" area. This condition, as stated in the Notice of Violation, is contrary to the requirements of Field Instruction FIG-9.600, Revision 1. The licensee's contention that this paint was applied by some manufacturers does not mitigate the finding. Site quality control inspections should have detected the nonconforming paint and initiated proper corrective actions. The licensee admits the remaining portion of this violation which deals with the marking of steel in "non-Q" areas.

#### Conclusion

These violations did occur as originally stated. The information in the licensee's response does not provide a basis for modification of the enforcement action.

#### Licensee's Request for Reduction of Civil Penalty

The licensee states that it does not contest the validity of the violations and agrees that a civil penalty is warranted, but believes that certain mitigating factors should be considered. Specifically, the licensee believes mitigation is warranted on the basis of its corrective actions.

#### Evaluation of Licensee's Response

The licensee's corrective actions are recognized as being both comprehensive and far reaching. However, given the nature and severity of the noncompliance identified during the diesel generator building inspection and the history of the quality assurance program implemented at the Midland facility, the actions are not unusually extensive and, under the circumstances, do not warrant mitigation. In addition, we perceive the issuance of nonconformance reports in March 1983 (items B.1.b., B.1.c., B.1.d., B.1.e., B.1.f., and B.5) for nonconforming conditions identified by the NRC during the period of October 12 - November 25, 1982, and January 19-21, 1983, to be indicative of less than prompt corrective action.

#### Conclusion

The information in the licensee's request does not provide a basis for reduction of the proposed civil penalty.

August 29, 1983  
EN 83-07A

OFFICE OF INSPECTION AND ENFORCEMENT  
NOTIFICATION OF SIGNIFICANT ENFORCEMENT ACTION

Licensee: Consumers Power Company  
Midland Nuclear Power Plant, UNITS 1 and 2  
Docket Nos. 50-329 and 50-330

Subject: IMPOSITION OF CIVIL PENALTY

EN 83-07, dated February 3, 1983 notified the Commission of the intent to issue a Notice of Violation and Proposed Imposition of Civil Penalty in the amount of One Hundred and Twenty Thousand Dollars (\$120,000) in the amount of \$120,000. The proposed violation was based on the licensee's failure to implement an adequate quality assurance program as it relates to the installation of electrical, mechanical and civil components in the diesel generator building and the action of quality control (QC) supervisors instructing QC inspectors to suspend inspections if excessive deficiencies were found during the performance of inspections. The licensee responded to the Notice with letters dated March 10, June 24, and July 12, 1983.

After consideration of the licensee's response, the staff concluded that the violation did occur and mitigation of the civil penalty is not warranted. However, in view of a \$3500 overpayment made by Consumers Power Company in response to a January 7, 1981 Notice of Violation and Proposed Imposition of Civil Penalties, the cumulative amount of the civil penalty has been reduced. Accordingly, an Order Imposing Civil Monetary Penalty in the amount of One Hundred Sixteen Thousand and Five Hundred Dollars (\$116,500) has been issued today. Under the terms of the Order, the licensee may, within 30 days of the date of the Order, pay the civil penalty or request a hearing.

Contact: G. Klingler, IE 24923                      J. Axelrad, IE 24909

Distribution

H St _____	MNBB _____	Phillips _____	EW _____	Willste _____
Chairman Palladino	EDO	NRR	IE	NMSS
Comm. Gilinsky	DED/ROGR		OI	RES
Comm. Roberts	ELD		OIA	
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Comm. Bernthal				
ACRS	Air Rights _____			
SECY	SP			
CA	RM			
PE		Regional Offices	MAIL	
		RI _____	ADM: Doc. Mgt. Br.	
		RII _____		
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		RIV _____		
		RV _____		
		RIII _____		

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S.M.  
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*Wines/Anderson*

**STONE & WEBSTER MICHIGAN, INC.**

P.O. Box 2325, BOSTON, MASSACHUSETTS 02107

PRINCIPAL STAFF	
RA	ENF
D/RA	SCS
A/RA	PAO
DPHP	SLO
URMA	CS
URMSP	
Ue	
SIL	
JL	FILE

*6/13*

Mr. J. G. Keppler, Administrator, Region III  
Nuclear Regulatory Commission  
799 Roosevelt Road  
Glen Ellyn, IL 60137

August 29, 1983  
J.O. No. 14509  
NRC File #83-08-29

*Ron's file*

RE: DOCKET NO. 50-329/330  
MIDLAND PLANT - UNITS 1 AND 2  
OVERVIEW OF THE CONSTRUCTION COMPLETION PROGRAM  
REPORT NO. 11

A copy of the Construction Implementation Overview Report No. 11 for the period August 22, 1983 thru August 26, 1983 is enclosed with this letter. There were no scheduled Management CCP meetings during this reporting period. Evaluations of CCP activities and status of CIO program development is attached.

Very truly yours,

*S.W. Baranow*

S.W. Baranow  
Program Manager

Enclosure

SWB/ka

- cc: JHarrison, US NRC, Glen Ellyn, IL
- RCook, US NRC Midland (site)
- DMiller Jr., CPCo Midland (site)
- RBKelly, S&W
- APAmoruso, S&W
- CORichardson, S&W

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Report No. 11

August 22, 1983 through August 26, 1983

Personnel on Site

Stone & Webster Michigan, Inc.

S. Baranow	A. Smith
J. Thompson	R. Scallan
F. Bearham	J. Barr
W. Sienkiewicz	C. Larsen (temporary)

Meetings Attended

Stone & Webster Michigan, Inc. attended a meeting with the US NRC and the public to present and discuss the Stone & Webster Independent Third Party Overview of the Construction Completion Program. The meeting was held at 10:00 A.M., August 25, 1983 at the Quality Inn, Midland, Michigan.

ACTIVITIES

1. Training

CIO attended and evaluated a training session on August 25, 1983. The evaluation of the training was considered to be satisfactory and was in compliance with the requirements of FPG-2.000 "Training of Construction Personnel."

The subject matter of the training session was:

"Cable Packaging and Pull Documentation Process, Cable Rework, Installation and Rework of Electrical Cable: FPE-9.700, FPE-9.300 and FPE-4.00."

Results of the evaluation have been documented on Checklist Number MP-MIS-001E and are available for review.

2. Review of training records for Bulk Hanger Organization Team #31 is continuing for:

- compliance to matrix requirements
- completed training to specific documents
- proper identification of personnel of course rosters vs. computer printout

3. Records for MPQAD Inspector training are being reviewed to verify the current certifications and inspection levels of MPQAD personnel.

4. Records of five (5) MPQAD personnel involving the following PQCI's are being evaluated.

<u>PQCI N°</u>	<u>REV. N°</u>	<u>TITLE</u>
C - 1.10	15	Inspection of Grouting and Dry Packing
C - 1.31	5	Concrete Preplacement and Placement Inspections
C - 1.40	10	Concrete Postplacement Inspection
C - 1.60	7	Concrete Drilling and Cutting Reinforcing Steel
C - 1.81	3	Installation of Concrete Unit Masonry
C - 2.10	11	Structural Steel Erection
C - 2.20	6	Field Fabrication of Misc. Steel
C - 5.10	9	Installation of Shear Connectors
C - 6.00	8	Mechanical Splicing of Reinforcing Bars
C - 8.5	13	Inspection of Surface Preparation, Application, Touch-up and Repair of Coating
CW - 1.00	5	Welding and Non-destructive Examination of Q-Listed Non-ASME Items
E - 1.2	0	Installation of Conduit/Box Supports
E - 2.0	12	Installation of Cable Tray and Wireway
PF - 1.10	3	Pipe Flange Installation and Rework
T - 1.00	10	Hydrostatic and Pneumatic Leak Testing

5. CIO performed surveillance inspection of the following Zack HVAC activities.

- witnessing of qualifications of welders
- verified calibrations were current for ammeters, numbers 2090, 2091, 2094, and 2103. Verification was satisfactory.
- verified that weld coupons were properly color coded, segregated by size and properly identified.

It was determined that the above listed activities were in compliance with Zack welding Procedure 2-1-2. Results of the surveillance have been documented on Checklist N° MP-MIS-Z017.

6. Receipt and control of A-36 plate, 3/8" thickness, used for welder qualification was found to be in compliance with MB-FP-18 Welder Performance Qualification, Rev. 2.

Closed Action Items

1. Concern - Report N° 7, August 1, 1983

"Ten course rosters were determined to be unsatisfactory due to transcription errors and were improperly filled out."

Resolution: The ten corrected course rosters were received, reviewed by CIO and were determined to be satisfactory.

2. Concern - Report N° 9, August 15, 1983

CIO identified to MPQAD a potential problem area. Welding criteria are duplicated in PQCI's. The potential exists that if a PQCI is revised, then all other PQCI's which repeat the information may not be revised, and, as a result, inspections could conceivably be performed to superseded data. A meeting has been scheduled for week of August 15, 1983 with MPQAD.

Resolution: MPQAD has acknowledged our concerns and shall take the following actions:

1. MPQAD will revise PQCI CW-1.00 to remove reference to fillet or partial penetration welding of electrical or instrument equipment. PQCI CW-1.00 will be used hereafter for all building structural welding and full penetration groove welding of electrical and instrument equipment applications.
2. All electrical and instrument PQCI's will still retain welding attributes for fillet and partial penetration welding only.
3. All electrical and instrument PQCI's will have a statement in the general instructions directing that in the event a full penetration groove weld is required, they shall interface PQCI CW-1.00 for inspections of those joints.
4. MPQAD will request a Specification Change Notice to Technical Specification C-304 from Project Engineering to state "For electrical and instrument support full penetration welds, use the criteria given in paragraph 6.2 of C-304." (Paragraph 6.2 identifies the acceptance criteria for building structural welding.)

This item is closed.

General

A presentation of the Construction Implementation Overview Program was given by Stone & Webster, Boston, to CCo Management (J. Cook, R. Miller, R. Lee and R. Wells) on August 24, 1983.

REPORT Week Ending: August 26, 1983

Status	This Week	To Date 8-19-83	Total To 8-26-83
d	1	68	a) 69
	2	62	b) 65
	0	65	c) 59
	0	59	d) 35
	1	34	0
	0	0	109
Issue	0	103	42
	6	39	
	3		

MIS Activity	This Week	To Date 8-19-83	Total To 8-26-83
Actual - 6 Rewrites due to revisions and change notices		22	a) 36
Actual - 14 Rewritten due to revisions and change notices	14	24	b) 25
Actual - 13 Retypes due to revisions and change notices	1	22	c) 23
Actual - 2 Reprocessed and reapproved due to revisions	1	7	d) 10
MIS-Activity			
MIS-Draft Cycle			
MIS-Approval Cycle	3	1	
MIS-Typing			
MIS-Approved for Issue	1		
MIS-Issued			
a) 30 Actual - 6 Rewritten			
b) 19 Actual - 6 Rereviewed			
c) 19 Actual - 4 Retyped			
d) 8 Actual - 2 Reprocessed and reapproved because of revisions			