

JUL 25 1984

Docket Nos. 50-313, 50-368
License Nos. DPR-51, NPF-6
EA 84-66

Arkansas Power and Light Company
ATTN: John M. Griffin
Vice President - Nuclear Operations
P.O. Box 551
Little Rock, Arkansas 72203

Gentlemen:

This refers to the inspection conducted at the Arkansas Power and Light (AP&L) Corporate Office and at Arkansas Nuclear One, Units 1 and 2, by Messrs. L. E. Eilershaw and I. Barnes of the NRC Vendor Inspection Program staff during the period December 5 through 8, 1983. The operation of Arkansas Nuclear One (ANO) Units 1 and 2 is authorized by NRC operating license Nos. DPR-51 and NPF-6. This inspection concerned the adequacy of receiving inspections and implementation of procurement controls at ANO Units 1 and 2. The results of this inspection were discussed on March 9, 1984 during an Enforcement Conference held in the NRC Region IV office between Mr. John Griffin and other members of your staff and Mr. John Collins, Regional Administrator, and other members of the NRC staff.

This inspection revealed that AP&L failed to apply controls for the procurement and installation of safety-related fasteners as required by Appendix B to 10 CFR Part 50. Specifically, 1) fasteners were accepted and some were installed on a steam generator primary side manway at Unit 1 without the required certifications of the performance of mechanical tests and heat treatments, 2) service water valve replacement fasteners were accepted and installed at Unit 2 by AP&L without the required certifications that they were manufactured under an appropriate quality assurance program or that the specified heat treatments were performed, and 3) thermal shield fasteners were accepted and installed at Unit 2 by AP&L with nonconforming chemical analysis and mechanical test certifications.

The NRC places great importance on the licensee assuring the quality and control of purchased equipment. This involves the assurance that vendors and sub-tier vendors are meeting the quality requirements of purchase orders and their related specifications. The NRC conducted an inspection during the periods October 11-14 and November 14-18, 1983 (copy of inspection report is enclosed) of Cardinal Industrial Products Corporation (CIPC) one of the vendors supplying fastener materials to AP&L. The NRC inspection identified serious deficiencies in the implementation of CIPC's quality assurance program regarding the manufacture and supply of fasteners, particularly with respect to the use of stock materials for nuclear orders and certification of materials without

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

RPB1 *WJ*
EHJohnson
7/14/84

DRS&P *[Signature]*
RPDenise
7/16/84

EO *[Signature]*
TWesterman
7/13/84

RC *WJ*
WLBrown
7/19/84

DRA *[Signature]*
RCHeck
7/19/84

RA *[Signature]*
JTCollins
7/24/84

1E14

8408090022 840725
PDR ADOCK 05000313
G PDR

Arkansas Power and Light
Company

2

To emphasize the importance of properly identifying and controlling the purchase of equipment and conducting adequate receipt inspections of equipment subject to Appendix B requirements, and after consultation with the Director of the Office of Inspection and Enforcement, I have been authorized to issue the enclosed Notice of Violation and Proposed Imposition of Civil Penalty in the amount of Forty Thousand Dollars (\$40,000) as set forth in the Notice appended to this letter. The violation in the enclosed Notice has been categorized as a Severity Level III violation as described in the General Policy and Procedure for NRC Enforcement Actions, 10 CFR Part 2, Appendix C, as revised, 49 FR 8583 (March 8, 1984). The base civil penalty for a Severity Level III violation is \$50,000. However, since the violation cited occurred prior to issuance of ~~the~~ the current Enforcement Policy, the base civil penalty amount under the previous Enforcement Policy, 47 FR 9987 (March 9, 1982), of \$40,000 is proposed. ~~the~~

You are required to respond to the enclosed Notice and, in preparing your response, you should follow the instructions specified in the Notice. Your response should address the corrective actions taken or planned including those actions necessary to reassess the adequacy of receiving inspections and implementation of procurement controls at Arkansas Nuclear One. Your written reply to this letter and Notice will be the basis for determining whether additional enforcement action is warranted.

The responses directed by this letter and the accompanying Notice are not subject to the clearance procedures of the Office of Management and Budget as required by the Paperwork Reduction Act of 1980, PL 96-511.

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

Sincerely,

John T. Collins
Regional Administrator

Enclosure:
Notice of Violation and Proposed
Imposition of Civil Penalty

IE:ESHAK
WKLingler
7/12/84

FID
JLieberman
7/ /84

RIV ^{via phone}
JTCollins
7/12/84

ES:DA
JAWelrad
7/13/84

IE:DO
JLingler
7/13/84

IE:DA
RGAYoung
7/13/84

IE:VPB
GZech
7/13/84

assessing performance of required examinations and tests. If AP&L had conducted an adequate quality assurance program including inspection of its vendors, it could have identified these deficiencies and avoided the specific violations identified by NRC involving procurement of materials to ASME Code requirements from vendors who did not hold an ASME Code certificate, and the failure to identify equipment documentation deficiencies during receipt inspections. In addition, your quality assurance program for procurement of materials and equipment failed to identify documentation deficiencies of sub-tier vendors.

To emphasize the importance of properly identifying and controlling the purchase of equipment and conducting adequate receipt inspections of equipment subject to Appendix B requirements, and after consultation with the Director of the Office of Inspection and Enforcement, I have been authorized to issue the enclosed Notice of Violation and Proposed Imposition of Civil Penalty in the amount of Forty Thousand Dollars (\$40,000) as set forth in the Notice appended to this letter. The violation in the enclosed Notice has been categorized as a Severity Level III violation as described in the General Policy and Procedure for NRC Enforcement Actions, 10 CFR Part 2, Appendix C, as revised, 49 FR 8583 (March 8, 1984). The base civil penalty for a Severity Level III violation is \$50,000. However, since the violation cited occurred prior to issuance of the current Enforcement Policy, the base civil penalty amount under the previous Enforcement Policy, 47 FR 9987 (March 9, 1982), of \$40,000 is proposed.

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John T. Collins
Regional Administrator

Enclosure:

1. Notice of Violation and Proposed Imposition of Civil Penalty
2. Inspection Report No. 99900840/83-01

*See Previous Concurrence

IE:ES*	ELD	RIV*	ES:D*	IE:DD*	IE:D*	IE:VPB*
GRKlingler	JLieberman	JTCollins	JAAxelrad	JTaylor	RCDeYoung	GZech
7/12/84	7/ /84	7/13/84	7/13/84	7/13/84	7/13/84	7/13/84

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Original signed by
John T. Collins
John T. Collins
Regional Administrator

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7/12/84	7/ /84	7/13/84	7/13/84	7/13/84	7/13/84	7/13/84

Distribution w/out Enclosure 2

PDR
NSIC
LPDR
ACRS
SECY
CA
RCDeYoung, IE
JTaylor, IE
JAAxelrad, IE
GKlingler, IE
JLieberman, ELD
JCollins, RIV
VStello, DED/ROGR
FIngram, PA
Enforcement Coordinators
RI, RII, RIII, RIV, RV
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HDenton, NRR
MWilliams, NRR
JCrooks, AEOD
EJordan, IE
JNGrace, IE
GZech, IE
JGagliardo, IE
IE:ES File
IE:EA File
EDO Rdg File
DCS

bcc: *DOB 1E14*

RPB1
RPB2
RPB
RRI
Section Chief (RPB2/A)
R. Denise, DRS&P
G. Vissing, NRR
R. Lee, NRR
Arkansas State Dept. Health
RIV