

February 15, 1983

Docket Nos: 50-329 OM, OL
and 50-330 OM, OL

MEMORANDUM FOR: The Atomic Safety and Licensing Board for the
Midland Plant, Units 1 and 2

FROM: Thomas M. Novak, Assistant Director
for Licensing
Division of Licensing

SUBJECT: NOTIFICATION OF VIOLATION AND PROPOSED
IMPOSITION OF CIVIL PENALTIES (BN-83-16)

In accordance with present NRC procedures regarding Board Notifications, the enclosed Notice of Violation and Proposed Imposition of Civil Penalties issued February 8, 1983, is being provided as information material and relevant to safety issues in the Midland OM/OL proceeding. This Notice of Violation was based on Consumers Power Company's (CPCo) failure to implement an adequate quality assurance program as it related 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 inspection if excessive deficiencies were found during the performance of inspection. This notification further supplements my letter of December 7, 1982, (BN-82-126) which, in part, forwarded a Preliminary Notification of a significant reduction in safety-related work-in-progress imposed by CPCo as a result of significant quality assurance and equipment concerns identified by this NRC inspection. Also enclosed are the associated Notification of Significant Enforcement Action and a press release regarding this matter.

Original signed by:
Thomas M. Novak

Thomas M. Novak, Assistant Director
for Licensing
Division of Licensing

Enclosures:
As stated

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PDR

OFFICE	DL:LB #4	DL:LB #4	AD:L:DL				
SURNAME	DHood/hmc	EAdensam	TNovak				
DATE	2/15/83	2/15/83	2/16/83				



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

February 18, 1983

Docket Nos: 50-329 OM, OL
and 50-330 OM, OL

MEMORANDUM FOR: The Atomic Safety and Licensing Board for the
Midland Plant, Units 1 and 2

FROM: Thomas M. Novak, Assistant Director
for Licensing
Division of Licensing

SUBJECT: NOTIFICATION OF VIOLATION AND PROPOSED
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A handwritten signature in dark ink, appearing to read "Tom Novak".

Thomas M. Novak, Assistant Director
for Licensing
Division of Licensing

Enclosures:
As stated

~~8302250023~~

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Mr. J. W. Cook

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Supplemental page to the Midland OM, OL Service List

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DISTRIBUTION LIST FOR BOARD NOTIFICATION

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Docket Nos. 50-329/330

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

FEB 8 1983

Docket No. 50-329
Docket No. 50-330
EA 83-3

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

Gentlemen:

This letter refers to the special inspection conducted by the Office of Special Cases, Midland Section, of this office on October 12 - November 25, 1982, and on January 19-21, 1983 of activities at the Midland Nuclear Power Plant, Units 1 and 2, authorized by NRC Construction Permits No. CPPR-81 and No. CPPR-82. The results of the inspection were discussed with you on November 10 and 23, 1982, on January 21, 1983 at the conclusion of the inspection and on January 18, 1983 in the Region III office during an enforcement conference between you and others of your staff and me and others of the NRC staff.

The inspection was primarily a physical inspection of installed equipment to verify conformance to approved drawings and specifications. The results of the inspection indicate a 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. 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 manner, allowing a backlog of almost 16,000 inspections to develop; and by quality assurance personnel who failed to identify the problems and ensure that corrective actions were taken. As a result, you failed to fulfill your primary responsibility under Criterion 1 of Appendix B to 10 CFR 50 to assure the execution of a quality assurance program. In addition, of particular concern to the NRC is the fact that quality control (QC) supervisors instructed QC inspectors to suspend inspections if excessive deficiencies were found during the performance of inspections. Consequently, not all observed deficiencies were reported, and complete inspections were not performed by all QC inspectors after the reported deficiencies were corrected.

I understand that, because of our findings, you have inspected other areas of the plant and found similar deficiencies. As a result of our findings, your findings, and your assessment of the overall project, you halted certain safety-related work at the Midland site, reduced the work force by approximately 1100

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

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people, committed to building cleanup and system layup, committed to organize teams of construction and engineering personnel responsible for the completion of one or more plant systems, and committed to reinspect safety-related systems. I expect that you will also conduct an inspection to determine the extent to which QC supervisors at the Midland site have been instructing QC inspectors to limit findings of deficiencies and the extent to which QC inspectors have been conducting reinspections based only on reported deficiencies.

To emphasize the need for CPCo management to ensure implementation of an effective quality assurance program that identifies and corrects construction deficiencies, we propose to impose civil penalties for the items set forth in the Notice of Violation that is enclosed with this letter. The violations in the Notice have been categorized as Severity Level III violations in accordance with the General Statement of Policy and Procedure for Enforcement Actions, Appendix C of 10 CFR 2. The base value for a Severity Level III violation is \$40,000. However, as a result of your past enforcement history involving quality assurance and the multiple examples of QC deficiencies for the areas inspected, the base civil penalty for each violation is being increased by fifty percent.

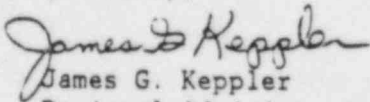
After consultation with the Director of the Office of Inspection and Enforcement, I have been authorized to issue the enclosed Notice of Violation and Proposed Imposition of Civil Penalties in the cumulative amount of One Hundred Twenty Thousand Dollars (\$120,000).

You are required to respond to this letter and should follow the instructions in the Notice when preparing your response. In your response you should describe the results of your inspections to determine the extent to which QC supervisors instructed QC inspectors to limit findings of deficiencies, the systems affected, and your corrective actions to ensure that all affected systems are adequately reinspected. Your reply to this letter and the results of future inspections will be considered in determining whether further enforcement action is appropriate.

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 Public Document Room.

The responses directed by this letter and the enclosed 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.

Sincerely,


James G. Keppler
Regional Administrator

Enclosure:
Notice of Violation and
Proposed Imposition of Civil Penalties

cc w/encl:
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Resident Inspector, RIII
The Honorable Charles Bechhoefer, ASLB
The Honorable Jerry Harbour, ASLB
The Honorable Frederick P. Cowan, ASLB
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NOTICE OF VIOLATION

AND

PROPOSED IMPOSITION OF CIVIL PENALTIES

Consumers Power Company
Midland Nuclear Power Plant
Units 1 and 2

Docket Nos. 50-329
50-330
Permit Nos. CPPR-81
CPPR-82
EA 83-3

As a result of the inspections conducted at the Midland Nuclear Plant on October 12 - November 25, 1982 and January 19 - 21, 1983, the violations of 10 CFR 50, Appendix B listed below were identified. These violations demonstrate that you failed to exercise adequate oversight and control of your principal contractor, to whom you had delegated the work of executing the quality assurance program. Your failure manifested itself in a breakdown in the implementation of your quality assurance program and, at least in part, caused Consumers Power Company to halt some safety-related work and take other significant actions to provide assurance that safety-related structures and systems are constructed as designed.

As described in item A, QC supervisors instructed QC inspectors to suspend an inspection if an excessive number of deficiencies was observed. Consequently, there was no assurance that a complete inspection was being performed after the reported deficiencies were corrected and we have found several instances in which final QC inspections were based on only the limited deficiencies reported during the initial inspection. In addition, this failure to report all identified deficiencies resulted in incorrect data being fed into your Trend Analysis Program, inhibiting your ability to determine the root cause of deficiencies and prevent their recurrence.

As illustrated in the numerous examples set forth in Item B, 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, allowing a backlog of almost 16,000 inspections to develop; and quality assurance personnel failed to identify the problem and ensure that corrective actions were taken.

In order to emphasize the need for improvements in your control of your quality assurance program, we propose to impose civil penalties in the cumulative amount of One Hundred Twenty Thousand Dollars (\$120,000).

In accordance with the NRC Enforcement Policy (10 CFR Part 2, Appendix C) 47 FR 9987 (March 9, 1982), and pursuant to Section 234 of the Atomic Energy Act of 1954, as amended ("Act"), 42 U.S.C. 2282, PL 96-295, and 10 CFR 2.205, the particular violations and the associated civil penalties are set forth below:

83-31-1-26-1388

CIVIL PENALTY VIOLATIONS

- A. 10 CFR 50, Appendix B, Criterion X requires, in part, "A program for inspection of activities affecting quality shall be established and executed...to verify conformance with the documented instructions, procedures and drawings for accomplishing the activity."

10 CFR 50, Appendix B, Criterion XV requires, in part, "Measures shall be established to control materials, parts, or components which do not conform to requirements in order to prevent their inadvertent use or installation."

Consumers Power Quality Assurance Program Policy No. 15, Revision 12, Paragraph 1.0, requires, in part, "Items, services or activities which are deficient in characteristic, documentation or procedure which renders the quality unacceptable or indeterminate and which is considered significant to safety are identified as nonconformances. Nonconforming items... are identified by marking, tagging, segregating or by documentation. Nonconforming items are controlled to prevent their inadvertent installation or use. Nonconforming items and activities are recorded and are considered for corrective action to prevent recurrence...."

Contrary to the above, during the inspection conducted between October 12 - November 25, 1982 and January 19-21, 1983, NRC inspectors determined that quality control inspectors were not documenting as nonconformances all of the deficiencies which they observed during their inspections. Inspections were suspended by the QC inspector if too many nonconformances were observed. In-process inspection notices (IPINs) associated with suspended inspections, identified as nonconformances only a portion of the observed deficiencies. Supervisory QC personnel stated that they directed QC inspectors to limit the number of nonconformances documented during an inspection. This directive was verified by discussions with QC inspectors. Several QC inspectors interviewed, confirmed that inspections were closed after reviewing only the deficiencies documented on the IPIN. As a result, measures were not established to prevent the continued installation and use of these nonconforming items. In addition, corrective actions were not implemented to prevent recurrence of these nonconformances.

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

- B. 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.
- b. Unscheduled pull box associated with conduits 2BN006, 2BN007, and 2BDA002 was not sized in accordance with the requirements delineated on Sheet 42 of Drawing E-42 in that the 12" x 12" x 6" as-built dimensions of the subject pull box did not conform to the 13½" x 12" x 6" dimension requirements delineated on Sheet 42 of Drawing E-42.
- c. The 1'-10" wall to support dimension required by raceway support Drawing E-796(Q), Sheet 2 of 2, Revision 5, for hanger No. 86 was not correctly translated into the as-built installation of the subject hanger in that the as-built wall to support dimension was 2'-1½" in lieu of the required 1'-10".
- d. The 6'-6" wall to support dimension required by raceway support Drawing E-796(Q) Sheet 1 of 2, Revision 11 for hanger No. 14 was not correctly translated into the as-built installation of the subject hanger in that the as-built wall to support dimension was 5'-5" in lieu of the required 6'-6".

- e. The inspectors identified high strength steel plate placed in the laydown area which was not marked with the material type and grade as required by Field Instruction FIG-9.600, Revision 1.
- 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.
- g. The slots in the muffler support plates were not machined but were determined to be irregular and flame cut, leaving rough slot edges not in conformance with design Drawing M18-425(5)-1.
- h. Jacking plates were not installed beneath the center support plates of Bay 1 diesel generator muffler as required by Drawing M18-250-6.
- i. Procedure FID-2.100, "Outstanding FCR/FCN Retirement," Revision 2 was inadequate in that the design drawings were not changed when an FCR/FCN had been retired and no further reference to the FCR existed on the revised drawing. As a result, the retired FCR C-2103 relating to HVAC structural steel was lost and could not be traced to the design drawing to ensure a complete quality record.
- j. Field Sketch CY-1035 which illustrated the bottom gusset plates for HVAC fan supports was not identified as "Q", nor was there a reference to the affected drawing on the sketch as required by Procedure FPD-5.000, "Preparation of Field Sketches."
- k. Procedure FPD-5.000, "Preparation of Field Sketches," Revision 1 did not require design drawings to reference appropriate field sketches to ensure a complete quality record.
- l. The eight bracing top gusset plates identified on Drawing C-1004, Revision 10, as 5/16" thick were measured by the inspectors to be 1/4" thick in all four diesel generator bays. This change was neither reviewed nor properly authorized.
- m. The as-built gusset plate connections in Bay 1 were not built as identified on Detail 3 of Drawing C-1004. The angle braces were welded together as opposed to having separate welds for each brace. This change was neither reviewed nor properly authorized.

- n. None of the sixteen $\frac{1}{4}$ " bracing angles identified on Drawing C-1004 were constructed utilizing $\frac{1}{4}$ " material. This change was neither reviewed nor properly authorized.
 - o. Drawing C-1004, Detail 2, required the W10 beam-to-beam connection to be welded. In Bay No. 3, a bolted connection was constructed in lieu of the required welded connection, without review nor proper authorization.
 - p. The column cover plate identified on FCR-C4401 was not constructed in Bay No. 3 as required. The plate was slotted instead of solid as required. This change was neither reviewed nor properly authorized.
 - q. A section (approximately 18 x 10 x 4 inches deep) of the primary containment wall in Containment Purge Room 702 was removed (by chipping) without obtaining approval as required by FIG-1-111, Revision 4, Concrete Drilling Permit.
2. 10 CFR 50, Appendix B, Criterion III requires, in part, "Measures shall be established to assure that applicable regulatory requirements and the design basis are correctly translated into specifications, drawings, procedures, and instructions. Measures shall also be established for the selection and review for suitability of application of materials, parts, equipment, and processes that are essential to the safety-related functions of the structures, systems, and components. Design changes, including field changes, shall be subject to design control measures commensurate with those applied to the original design and be approved by the organization that performed the original design unless the applicant designates another responsible organization."

Consumers Power Company Quality Assurance Program Policy No. 3, Revision 12, Paragraphs 3.3 and 3.5 state, in part, "Each group or organization performing detailed design translates the applicable regulatory requirements, design bases, codes, standards, and design criteria into design documents, such as...drawings.... Changes to the design require the same review and approval as the original design by the group or organization delegated lead design responsibility."

Contrary to the above:

- a. Measures were not established for the selection and review for suitability of application of "Q" materials associated with the diesel generator exhaust muffler in that design drawings and specifications did not indicate the material identity of the installed muffler saddle supports and plates.

- b. Design Drawing C-147 required bolted bracing connections for the diesel generator building HVAC bracing gusset plates. Field Sketch CY-1035 was used to change the design to welded connections in lieu of the specified bolted connections. This design change was neither properly reviewed nor approved.
 - c. Design Drawings C-1004 and C-147 did not specify the sizes of the diesel generator building HVAC fan gusset plates. A "combo" shop work order request was used to design the gusset plates without appropriate review and approval.
 - d. The licensee failed to analyze the four diesel generator building monorails as seismic Category I as described in their commitment to Regulatory Guide 1.29, in Appendix 3A of the FSAR.
 - e. The licensee designed and constructed thirty-two diesel generator building exhaust system hangers without ensuring that the applicable requirements for "Q" components were included in the design documents.
 - f. The licensee purchased armor stone for a "Q" portion of the perimeter dike without translating the applicable regulatory requirements into appropriate specifications and design documents.
3. 10 CFR 50, Appendix B, Criterion VII requires, in part, "Measures shall be established to assure that purchased...equipment...conforms to the procurement documents. These measures shall include provisions, as appropriate, for...inspection at the contractor or subcontractor source, and examination of products upon delivery."

Consumers Power Quality Assurance Program Policy No. 7, Revision 12, Paragraphs 1.0 and 3.4, state, in part, "The Midland Project Office and the Midland Project Quality Assurance Department verify that procurement requirements are met. This is accomplished through... source evaluation and inspection...receipt inspections are made to verify that the items...conform to procurement requirements not verified by source surveillance or inspection..."

Contrary to the above, source inspections at the panel supplier facility and receipt inspections at the Midland site failed to ensure conformance of the internal wiring within diesel generator engine control panels 1C111, 1C112, 2C111, and 2C112 to Procurement Specification 7220-G-5, Revision 1. Paragraph 6.0 of Specification 7220-G-5 states, "All electrical wiring...within the board enclosure shall conform to the highest industrial standards of design and

workmanship." An NRC inspection on October 15, 1982 identified the following examples of defective terminations of internal wiring within the subject panels.

- a. The output lead on the Relay Tach device had numerous broken strands at the termination lug.
 - b. The K1 lead on the Relay Tach device had two broken strands resulting in a potential short circuit between the K1 lead and an adjacent conductor.
 - c. The 1- lead on the CB-1 device did not have all strands inserted into the compression lug.
4. 10 CFR 50, Appendix B, Criterion X requires, in part, "A program for inspection of activities affecting quality shall be established and executed...to verify conformance with the documented...drawings for accomplishing the activity."

Consumers Power Company Quality Assurance Program Policy No. 10, Revision 12, Section 1.0 states, in part, "Inspection and surveillance are performed to assure that activities affecting quality comply with documented...design documents...inspection and surveillance are performed according to written instructions."

Contrary to the above:

- a. An inspection program was not established to ensure segregation of cables installed in horizontal trays which used metal dividers to segregate control and instrumentation cables in accordance with design requirements.
 - b. Quality Control (QC) inspections failed to ensure that activities affecting quality conformed to design documents in that QC inspections performed on July 1, 1981 and documented on QCIR C210-172 failed to detect and identify nonconformances B.1.(1) through (c) of this Notice of Violation. These nonconformances were associated with installation of the diesel generator building HVAC fan support steel.
5. 10 CFR 50, Appendix B, Criterion XIII requires, in part, "Measures shall be established to control the...cleaning and preservation of material and equipment in accordance with work and inspection instructions to prevent damage or deterioration. When necessary for particular products, special protective environments...shall be specified."

Consumers Power Company Quality Assurance Program Policy No. 13, Revision 12, Paragraph 3.3, states, in part, "Suppliers provide plans...maintain and control items upon arrival at the site."

Contrary to the above, the licensee did not implement a maintenance program to prevent five of sixteen installed diesel generator slide bearing muffler plates from accumulating dirt and dust as required by the vendor's manual.

6. 10 CFR 50, Appendix B, Criterion IX requires, in part, "Measures shall be established to assure that special processes, including welding, heat-treating, and nondestructive testing, are controlled...."

Consumers Power Company Quality Assurance Program Policy No. 9, Revision 12, Paragraph 1.0 states, in part, "Where the required level of quality cannot be measured by inspection only of the item...accomplish these processes under controlled conditions in accordance with applicable codes, standards and specifications using qualified procedures, equipment and personnel." Paragraph 3.3 states, in part, "...Personnel performing special processes maintain records to verify that the required activities were accomplished in accordance with qualified procedures by qualified personnel."

Contrary to the above, during welding of the diesel generator building exhaust piping hanger support steel, the licensee did not verify preheat of existing safety-related structural steel to a temperature of 70°F as required by site specifications and the AWS 1974 Code.

7. 10 CFR 50, Appendix B, Criterion VI requires in part, that "Measures shall be established to control the issuance of documents, such as instructions, procedures, and drawings including changes thereto, which prescribe all activities affecting quality...."

The Consumers Power Company Quality Assurance Program Policy No. 6, Revision 12, Paragraph 1.0 states, in part, "Measures are included to assure that documents, including changes,...are distributed according to a controlled distribution to the user functions."

Contrary to the above, measures were not established to control the distribution of changes (red lines) to hanger isometric drawings in that changes to Drawing 1-652-2-25(Q) were not controlled utilizing the Site Document Control Center.

8. 10 CFR 50, Appendix B, Criterion XV requires in part, "Measures shall be established to control materials, parts, or components which do not conform to requirements in order to prevent their inadvertent use or installation."

Consumers Power Quality Assurance Program Policy No. 15, Revision 12, Paragraph 1.0, states, in part, "Items, services or activities which are deficient in characteristic, documentation or procedure which renders the quality unacceptable or indeterminate and which is considered significant to safety are identified as nonconformances. Nonconforming items...are identified by marking, tagging, segregating or by documentation. Nonconforming items are controlled to prevent their inadvertent installation or use. Nonconforming items and activities are recorded and are considered for corrective action to prevent recurrence...."

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)

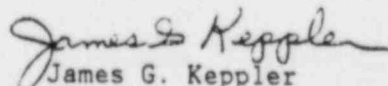
Pursuant to the provisions of 10 CFR 2.201, Consumers Power Company is hereby required to submit to the Director, Office of Inspection and Enforcement, U. S. Nuclear Regulatory Commission, Washington, DC 20555 and a copy to the Regional Administrator, U.S. Nuclear Regulatory Commission, Region III, 799 Roosevelt Road, Glen Ellyn, Illinois 60137, within 30 days of the date of this Notice a written statement or explanation, including for each alleged violation: (1) admission or denial of the alleged violation; (2) the reasons

for the violation, if admitted; (3) the corrective steps which have been taken and the results achieved; (4) the corrective steps which will be taken to avoid further violations; and (5) the date when full compliance will be achieved. Consideration may be given to extending the response time for good cause shown. Under the authority of Section 182 of the Act, 42 U.S.C. 2232, this response shall be submitted under oath or affirmation.

Within the same time as provided for the response required above under 10 CFR 2.201, Consumers Power Company may pay the civil penalties in the cumulative amount of \$120,000 or may protest imposition of the civil penalties, in whole or in part, by a written answer. Should Consumers Power Company fail to answer within the time specified, the Director, Office of Inspection and Enforcement will issue an order imposing the civil penalties proposed above. Should Consumers Power Company elect to file an answer in accordance with 10 CFR 2.205 protesting the civil penalties, such answer may: (1) deny the violations listed in this Notice, in whole or in part; (2) demonstrate extenuating circumstances; (3) show error in this Notice; or (4) show other reasons why the penalties should not be imposed. In addition to protesting the civil penalties, in whole or in part, such answer may request remission or mitigation of the penalties. In requesting mitigation of the proposed penalties, the five factors contained in Section IV(B) of 10 CFR Part 2, Appendix C should be addressed. Any written answer in accordance with 10 CFR 2.205 should be set forth separately from the statement or explanation in reply pursuant to 10 CFR 2.201, but may incorporate statements or explanations by specific reference (e.g., citing page and paragraph numbers) to avoid repetition. Consumers Power Company's attention is directed to the other provisions of 10 CFR 2.205, regarding the procedures for imposing a civil penalty.

Upon failure to pay any civil penalties due, which have been subsequently determined in accordance with the applicable provisions of 10 CFR 2.205, this matter may be referred to the Attorney General, and the penalties, unless compromised, remitted, or mitigated, may be collected by civil action pursuant to Section 234c of the Act, 42 U.S.C. 2282.

FOR THE NUCLEAR REGULATORY COMMISSION


James G. Keppler
Regional Administrator

Dated at Glen Ellyn, Illinois
this 8th day February of 1983

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UNITED STATES NUCLEAR REGULATORY COMMISSION

OFFICE OF PUBLIC AFFAIRS, REGION III
799 Roosevelt Road, Glen Ellyn, Illinois 60137

NEWS ANNOUNCEMENT 83-08

CONTACT: Jan Strasma 312/932-2674
Russ Marabito 312/932-2667

Press Release 83-48

NRC STAFF PROPOSES \$120,000 FINE FOR QUALITY ASSURANCE VIOLATIONS AT MIDLAND NUCLEAR POWER STATION

The Nuclear Regulatory Commission's Region III Office has proposed a \$120,000 fine against Consumers Power Company for an alleged breakdown in the quality assurance program at the Midland Nuclear Power Station construction site in Midland, Michigan.

An NRC inspection of equipment installation in the plant's diesel generator building between October 12 and November 25, 1982, identified numerous items of noncompliance with NRC Quality Assurance requirements.

The proposed fine consists of two alleged violations, each carrying a \$60,000 penalty.

The first violation is for multiple examples of plant personnel failing to follow procedures, drawings and specifications in the installation of equipment. In one instance, an inspection program was not established to ensure the segregation of electrical cables in accordance with design requirements. In other cases, changes in drawings or specifications were made without proper authorization.

The second violation was the result of the NRC's determination that quality control supervisors instructed quality control (QC) inspectors to suspend inspections when excessive numbers of deficiencies were observed.

The construction being inspected was then turned back to the construction staff for rework. The intent of this practice was to improve construction quality prior to the QC inspections. In some cases, however, the follow-up QC inspections focused only on the previously identified deficiencies, instead of conducting a full reinspection. This practice, therefore, provided no assurance that unreported deficiencies were later identified or repaired. Reinspections will be required for those areas where this QC practice was utilized.

This inspection practice also resulted in incorrect data being fed into the licensee's Trend Analysis Program, thereby inhibiting the utility's ability to determine the root causes of deficiencies and to prevent their recurrence.

In a letter to Consumers announcing the proposed fine, Regional Administrator James G. Keppler said the violations demonstrate the company's "failure to exercise adequate oversight and control" of its principal contractor (Bechtel Power Corporation), which had the responsibility for executing the QA program.

Keppler added that the QA breakdown, in part, caused Consumers to halt some safety-related construction work at the plant last December, and to take "other significant actions to provide assurance that safety-related structures and systems are constructed as designed."

As part of its corrective action, Consumers has proposed a "Construction Completion Program," outlining the steps it will take to complete the Mid-

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land plant. It includes a reinspection of safety-related systems, third-party reviews to monitor project performance, and QA/QC organizational changes, among other things.

Consumers also will be required by the NRC to determine the extent to which QC supervisors instructed inspectors to limit their findings of deficiencies and to inform the NRC of what corrective action will be taken to prevent this from occurring in the future.

The licensee has until March 10, 1983, to either pay the fine or to protest it. If the fine is protested and subsequently imposed formally by the NRC staff, Consumers Power may request a hearing.

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