

UNITED STATES
NUCLEAR REGULATORY COMMISSION

In the Matter of)
ARKANSAS POWER & LIGHT COMPANY) Docket Nos. 50-313
(Arkansas Nuclear One Nuclear) 50-368
Station, Units 1 and 2) License Nos. DPR-51
) NPF-6
)
) EA 84-66
)

ORDER IMPOSING A CIVIL MONETARY PENALTY

I

Arkansas Power and Light Company, Little Rock, Arkansas 72203 (the "licensee") is the holder of License Nos. DPR-51 and NPF-6 issued by the Nuclear Regulatory Commission (the "Commission") which authorizes the licensee to operate the Arkansas Nuclear One Nuclear Station, Units 1 and 2 respectively, in Russellville, Arkansas, in accordance with conditions specified therein. The licenses were issued to Arkansas Power and Light Company on May 21, 1974 and July 18, 1978.

II

An inspection of the licensee's activities under the licenses was conducted during the period of December 5 through December 8, 1983. As a result of this inspection, it appears that the licensee had not conducted its activities in full compliance with NRC regulations and the conditions of its licenses. Consequently, a written Notice of Violation and Proposed Imposition of Civil Penalty was served upon the licensee by letter dated July 25, 1984. The Notice states the nature of the violation, the provisions of the Nuclear Regulatory Commission requirements which the licensee had violated, and the amount of civil penalty proposed for the violation. An answer dated August 24, 1984 to the Notice of Violation and Proposed Imposition of Civil Penalty was received from the licensee.

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III

Upon consideration of Arkansas Power and Light Company's response and the statements of fact, explanation, and argument for remission or mitigation of the proposed civil penalty contained therein, as set forth in the Appendix to this Order, the Deputy Director of the Office of Inspection and Enforcement has determined that the penalty proposed for the violation designated in the Notice of Violation and Proposed Imposition of Civil Penalty should be mitigated by 50% based upon the licensee's prompt and extensive corrective actions.

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 the civil penalty in the amount of Twenty Thousand Dollars (\$20,000) 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 Deputy Director, Office of Inspection and Enforcement, USNRC, Washington, D.C. 20555.

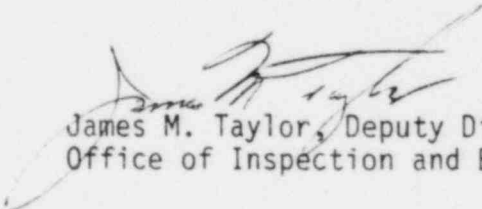
V

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 Deputy Director, Office of

Inspection and Enforcement. A copy of the hearing request shall also be sent to the Executive Legal Director, U.S. Nuclear Regulatory Commission, Washington, D.C. 20555. If a hearing is requested, the Commission will issue an Order designating the time and place of the hearing. If the licensee fails to request a hearing within thirty days of the date of this Order, the provisions of this Order shall be effective without further proceedings. 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 hearing shall be:

- (a) whether the licensee violated NRC requirements as set forth in the Notice of Violation and Proposed Imposition of Civil Penalty;
and
- (b) whether, on the basis of such violation, this Order should be sustained.

FOR THE NUCLEAR REGULATORY COMMISSION


James M. Taylor, Deputy Director
Office of Inspection and Enforcement

Dated at Bethesda, Maryland
this 25 day of October 1984

APPENDIX

EVALUATION AND CONCLUSION

The violation described in the NRC Notice of Violation and Proposed Imposition of Civil Penalty is restated below. The licensee's response to the Notice is summarized, and the NRC evaluation and conclusion regarding the licensee's response is also presented. The licensee's response was provided in a letter dated August 24, 1984 from John R. Marshall, Manager of Licensing, AP&L, to the Director, Office of Inspection and Enforcement. The NRC staff evaluation and conclusion include consideration of the August 24, 1984 letter, information provided during an enforcement conference held with the licensee by the Regional Administrator on March 9, 1984, and a letter dated May 16, 1984 from John R. Marshall to the Chief, Reactor Project Branch #2, NRC Region IV.

Restatement of Violation

1. 10 CFR Part 50, Appendix B, Criterion VII requires, in part, that licensees establish measures to assure that purchased material, equipment, and services, whether purchased directly or through contractors and subcontractors, conform to the procurement documents. These measures shall include provisions, as appropriate, for source evaluations and selection, objective evidence of quality furnished by the contractor or subcontractor, inspection at the contractor or subcontractor source, and examination of products upon delivery.

Paragraphs 5.0 and 6.1.4 of Arkansas Power & Light Company Procedure No. 1033.01 require that the quality control staff verify that Q, C, and F materials and associated documentation conform to procurement document requirements.

Contrary to the above, quality control staff inspection at the contractor site and review of received materials documentation related to purchase order Nos. 73555, 75400, and 93800, did not assure conformance to procurement requirements as evidenced by:

- a. Acceptance of fastener certifications from Cardinal Industrial Products Corporation which did not comply with the mechanical test, chemical analysis, and heat treatment documentation requirements of the purchase order, and
- b. Acceptance of sub-tier vendor fastener certifications from Southern Bolt & Fastener Corporation which did not comply with the quality assurance and heat treatment documentation requirements of the purchase order.

This is a Severity Level III Violation (Supplement I).
Civil Penalty - \$40,000

Summary of Licensee's Response

The licensee admits that the violation occurred as described in the Notice. However, the licensee has asked that the civil penalty be either withdrawn or mitigated in its entirety because the enforcement action taken by the NRC was not timely and consequently will have little remedial effect, and because the licensee took prompt and extensive corrective actions. Specifically, the licensee:

1. Performed audits of Cardinal Industries and Southern Bolt & Fastener, which were identified as companies supplying materials lacking adequate documentation;
2. Dispositioned all affected materials lacking adequate documentation by requalification, testing or other means;
3. Placed procurement restrictions on Cardinal and Southern Bolt;
4. Evaluated all vendors from which it procured materials to ASME Code requirements in order to assure that these vendors held an ASME Code certificate and, based on that review, placed procurement restrictions on those vendors not holding an ASME code certification;
5. Revised its Qualified Vendor List based on its review of Code certificate holders;
6. Augmented its existing QC staff with personnel having expertise in ASME Code requirements;
7. Committed to participate on ASME survey teams to assure that utility concerns are addressed adequately during Code surveys;
8. Increased source surveillance activities and vendor site surveys;
9. Initiated a training program to increase familiarity and expertise of personnel relative to ASME Code requirements;
10. Initiated an independent testing program on randomly selected warehouse stock;
11. Informed all vendors that products purchased through certain purchase orders would be subject to such independent testing;
12. Initiated an independent review of its overall procurement and receipt inspection program; and
13. Informed INPO of this matter and requested INPO to pursue possible generic actions to prevent similar deficiencies from occurring in the future.

NRC Evaluation

The NRC has concluded that the corrective actions taken were prompt and extensive. As described above, the licensee conducted an immediate review of vendor-supplied documentation and material received from vendors that had supplied ASME Section III material without an ASME Quality System Certificate. The licensee also initiated an independent review of its overall procurement and receipt inspection program and this action was taken prior to issuance of the proposed civil penalty in this matter. For these reasons, the NRC has determined that the civil penalty should be mitigated by 50% in accordance with the NRC Enforcement Policy, 10 CFR Part 2, Appendix C.

With regard to the timeliness of this enforcement action, it is true that typically it takes about ten weeks from the time an alleged violation is identified until a resulting enforcement action is initiated. However, as noted during January 4, 1984 Commission meeting on Enforcement Policy, in certain cases, such as where an investigation is involved, the period could exceed ten weeks. In this instance, it was determined that a second licensee that had received components from the same or similar type vendors should be inspected to help place the AP&L inspection findings in perspective. This second inspection was delayed due to several scheduling problems. The final inspection report for this second inspection was released on June 20, 1984 and the resulting enforcement action against AP&L was issued five weeks later, on July 25, 1984. Therefore, although the AP&L enforcement action was delayed for a period of time, this delay was not unreasonable since the intent of the delay was to assure that the AP&L findings were treated appropriately. In any event, delay in taking an enforcement action is not a factor set out in the Enforcement Policy to be considered in mitigation of a civil penalty.

Conclusions

The violations did occur as originally stated. However, as discussed above, the civil penalty has been mitigated 50% based upon the licensee's prompt and extensive corrective action.