



UNITED STATES
NUCLEAR REGULATORY COMMISSION
WASHINGTON, D.C. 20555-0001

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February 18, 1997

EA 95-025

Mr. Paul Chambers, President
Power Inspection, Inc.
c/o PEC Contracting Engineers
4420 Lorigan Street
Pittsburgh, PA 15224

SUBJECT: NOTICE OF VIOLATION AND PROPOSED IMPOSITION OF CIVIL PENALTIES -
\$40,000 (NRC Inspection Report No. 030-20644/93-002 and
Investigation Report No. 1-93-069R)

Dear Mr. Chambers:

This refers to the NRC inspection conducted on December 2-3, 1993, at the Power Inspection, Inc., (PI) facility in Wexford, Pennsylvania, as well as the findings of a subsequent investigation by the NRC Office of Investigations (OI). The inspection report and OI Synopsis were sent to the former President of PI on August 9, 1996. On October 18, 1996, a Predecisional Enforcement Conference was conducted with the former President of PI to discuss the violations, their causes, and corrective actions. Given that you are the current owner of PI and had owned 49% of the company assets when the violations occurred, this letter is being sent to you for your attention and action.

Based on the information developed during the inspection, subsequent investigation, and conference, the NRC has determined that numerous violations of NRC requirements occurred. These violations are cited in the enclosed Notice of Violation and Proposed Imposition of Civil Penalties (Notice) and the circumstances surrounding them are described in detail in the subject inspection and investigation reports. The violations involved activities conducted by PI as both a vendor providing nuclear-related services to the nuclear industry, such as eddy current testing (ET), and an NRC materials licensee.

The violation cited in Section I of the Notice (i.e., the vendor-related activities) involves four examples of deliberate failure to provide to the Cleveland Electric Illuminating Company and Nebraska Public Power District, both licensees of the NRC, accurate information in accordance with the requirements of 10 CFR 50.5(a)(2) and 10 CFR 73.56(b)(2)(i). Specifically, at the direction of PI's former President, PI deliberately submitted inaccurate information to the two licensees regarding the reliability or trustworthiness of individuals who used illegal substances, and regarding the certifications of individuals who performed eddy current testing.

Deliberately directing employees to fabricate false records, and deliberately providing false information to licensees of the NRC, are of very significant regulatory concern because the conduct of licensed activities in accordance

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with the Commission's requirements depends in large part on the integrity of individuals conducting licensed activities. These actions are particularly egregious given the prior conviction of PI and its former President in 1988, for falsifying ET equipment calibration certification involving work performed at the Beaver Valley Nuclear Plant in Shippingport, Pennsylvania. Despite the prior actions taken against PI and its former President, your company and its representatives continued to engage in wrongdoing. Because the inaccurate information was provided by the former PI president, the violation is classified at Severity Level I in accordance with the "General Statement of Policy and Procedure for NRC Enforcement Actions" (Enforcement Policy), NUREG-1600.

The violations cited in Section II of the Notice (i.e., the materials-related radiography activities) include an example of deliberate failure to provide to the NRC complete and accurate information in accordance with the requirements of 10 CFR 30.9(a), and an example of deliberate failure to maintain information required by 10 CFR 34.27. Specifically, PI's former Vice President/Radiation Safety Officer deliberately submitted inaccurate information to the NRC in response to a prior Notice of Violation, and PI's former President directed PI employees to fabricate source utilization records. In addition, seven other violations are cited including failure to: (1) observe the performance of a radiographer at intervals not to exceed three months; (2) maintain utilization logs at the licensee's facility located in Wexford, Pennsylvania, for certain radiographic operations; (3) administer the required training to radiography personnel; (4) perform scheduled routine maintenance and inspection of a radiographic camera; (5) promptly return a film badge to a vendor for processing; (6) request a license amendment before appointing an individual to assume the duties of the RSO; and (7) test two radiography sealed sources for leakage within an interval of six months.

The violations in Section II of the Notice are of very significant regulatory concern because the inaccurate information submitted to the NRC by PI's former Vice President/Radiation Safety Officer influenced the NRC as to whether corrective actions had been taken in response to prior violations. In addition, the former PI President's direction to fabricate source utilization records is also of very significant regulatory concern. These actions are particularly serious because the President and the Radiation Safety Officer are charged with ensuring that PI staff adhere to NRC requirements and perform activities in a safe manner. Therefore, the violations have been classified, in accordance with the Enforcement Policy, in the aggregate as a Severity Level I problem.

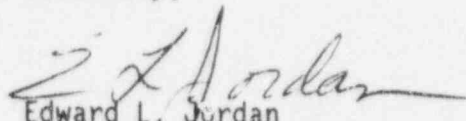
In accordance with the Enforcement Policy, a base civil penalty in the amount of \$10,000 is considered for a Severity Level I violation/problem. It is recognized that you no longer plan to maintain a materials license (and the license is being terminated by separate correspondence, based on a request for termination by the former President of PI, sent to the NRC in a letter dated December 30, 1993), and are not now providing services to the nuclear industry. However, given the egregiousness of the violations, the extensive record falsification, and the fact that management was directly involved in the deliberate misconduct, I have been authorized, after consultation with the

Commission, to exercise enforcement discretion pursuant to Sections VII.A.1.(a) and (c) of the Enforcement Policy to issue the enclosed Notice in the amount of \$40,000 for the Severity Level I violation and problem in the enclosed Notice (i.e., \$20,000 for the Severity Level I violation in Section I and \$20,000 for the Severity Level I problem in Section II). This civil penalty is being issued to emphasize the unacceptability of such actions, should Power Inspection engage in licensed activities in the future.

You are required to respond to this letter and should follow the instructions specified in the enclosed Notice when preparing your response. In your response, you should document the specific actions taken and any additional actions you plan to prevent recurrence. After reviewing your response to this Notice, including your proposed corrective actions, the NRC will determine whether further NRC enforcement action is necessary to ensure compliance with NRC regulatory requirements.

In accordance with 10 CFR 2.790 of the NRC's "Rules of Practice," a copy of this letter, its enclosure, and your response will be placed in the NRC Public Document Room.

Sincerely,



Edward L. Jordan
Deputy Executive Director for
Regulatory Effectiveness, Program Oversight,
Investigations and Enforcement

Docket No. 030-20644
License No. 37-21428-01

Enclosure: Notice of Violation and
Proposed Imposition of Civil Penalties

cc w/encls:
Commonwealth of Pennsylvania
State of Florida
State of Ohio
State of Nebraska
Nebraska Public Power District
Cleveland Electric Illuminating Company