

April 18, 1997

James Lieberman, Director
Office of Enforcement
United States Nuclear Regulatory Commission
1 White Flint North
11555 Rockville Pike
Rockville, Maryland 20852-2738

Re: Reply to Notice of Violation and Proposed Imposition of Civil Penalty
(NRC Office of Investigations (01) Report 1-96-021)

Dear Mr. Lieberman:

Koppel Steel Corporation (Koppel Steel) submits this Reply to Notice of Violation and Proposed Imposition of Civil Penalty (Notice of Violation) contained in the letter dated March 19, 1997 from Mr. Hubert J. Miller, Regional Administrator, Region 1, USNRC to Mr. Hugh Madden, Vice-President of Operations, Koppel Steel Corporation.

NRC Notice of Violation

On June 14, 1996, Koppel Steel terminated the employment of Mr. Lee D. Goehring, the Radiation Safety Officer (RSO). The Notice of Violation and Proposed Imposition of Civil Penalty (Notice) maintains that the real reason for termination of the RSO was that the RSO had engaged in protected activity, namely, reporting to the NRC alleged regulatory violations by Koppel Steel. The Notice of Violation categorized this violation at severity Level II in accordance with the General Statement of Policy and Procedure for NRC Enforcement Actions (Enforcement Policy), NUREG 1600, and proposed that civil penalty be imposed on Koppel Steel in the amount of \$8,000.00.

License Responses

Koppel Steel denies the alleged violation.

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As explained in the predecisional enforcement conference held on February 19, 1997 in King of Prussia, Pennsylvania, the reason for termination of the RSO's employment on June 14, 1996 was because the RSO misrepresented to the NRC inspector during an NRC inspection at the Koppel Steel facility in April, 1996 that he was not the RSO, when in fact the individual involved was the RSO. At the time of the misrepresentation, the RSO had already been informed that his general job performance was "below expectations" and, consequently, that his job performance would be reviewed every 60 to 120 days to determine whether his performance had improved. The performance review occurred in March, 1996 and Mr. Goehring signed the performance review on April 2, 1996.

In June, 1995, the RSO wrote a memorandum to Mr. John DeSanzo, Maintenance Manager at Koppel Steel, stating that he would no longer be responsible for the RSO position. Discussions were held by Mr. DeSanzo with the RSO, and the RSO was informed that he was required to continue performing the duties of RSO. During the April, 1996 NRC inspection, Mr. Jim Schlaegle, Environmental Engineer at Koppel Steel, was advised by the NRC inspector that the RSO had indicated to the NRC inspector that he was no longer the RSO. An interview of the RSO was conducted by Mr. Robert Drogus, Human Resources Representative at Koppel Steel. During this interview, the RSO confirmed to Mr. Drogus that he had made the statement attributable to him - to wit, that he had told the NRC inspector that he was not the RSO. Mr. Drogus prepared a written memorandum of his conversation with the RSO and provided the RSO with a copy of the memorandum. The RSO subsequently contacted Mr. Drogus and advised him that he wished to change the memorandum regarding statements ascribed to the RSO. The RSO said that he told the NRC inspector that he was not sure that he was the RSO. Mr. Drogus made a separate note of this conversation. He reported on these conversations to Mr. James Barger, Human Resources Manager at Koppel Steel, and the statements of the RSO were discussed.

As noted above, at the time the RSO made his statement to the NRC inspector, the RSO already had received a substandard performance evaluation for work in the conduct of his ordinary responsibilities. In light of what appeared to management to be a deliberate falsification by the RSO of his status as RSO in a statement to the NRC's inspector, the RSO's employment was terminated, since there was not a satisfactory performance review to mitigate that action. Koppel Steel immediately appointed another employee as RSO.

At no time was the fact that the RSO had provided the NRC inspector with information which in part resulted in a Notice of Violations to Koppel Steel for violations of NRC requirements during the inspection taken into account in the Koppel Steel determination to discharge the RSO. In fact, the matter was not discussed in the determination to discharge the RSO. Koppel Steel was and is aware of the importance of establishing and maintaining a climate in which individuals feel free to raise safety and compliance issues with the company and with the NRC and other regulatory agencies without fear of retaliation. The reason given by Koppel Steel for termination

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of the former RSO was not a pretext for termination, but, in fact, was the actual reason for the termination.

Corrective Steps Taken and Results Achieved

Koppel Steel provides radiation safety training to its employees impacted by the presence of source materials. Included in such training is discussion of the rights of employees to raise safety and compliance concerns both within Koppel Steel and to the NRC without fear of retaliation. Such training was most recently conducted in March, 1997. As a result of the situation involving the former RSO, Koppel Steel insured that it focused on the rights and responsibilities relating to the NRC. This discussion was conducted by the instructor and reinforced by a senior management staff member to avoid any perception among the work force that there may be retaliation for raising safety issues. Koppel Steel also already has specifically addressed this matter in employee training sessions.

Prior to the complaint in this instance, Koppel Steel had never received any 10 CFR 50.7 complaints in its entire history.

Corrective Steps to be Taken to Avoid Future Violations

Since the alleged violation is denied, no corrective steps are required to avoid future violations. However, Koppel Steel believes it would be prudent to take certain additional management actions, as follows:

Koppel Steel intends within the next sixty days to issue a memorandum to all employees to remind them of their responsibilities to raise safety and compliance concerns and their right to raise safety and compliance concerns without fear of retaliation. This message already has been specifically addressed with the employees at the March, 1997 training sessions and will continue to be discussed between management and employees in group meetings. Koppel Steel also has consulted and continues to consult with knowledgeable persons in the field of NRC regulations and compliance to make certain that the policies and procedures of Koppel Steel are appropriate and remain in compliance with the NRC requirements.

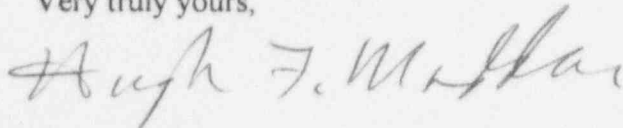
Date When Full Compliance Will be Achieved

Since the alleged violation is denied, Koppel Steel believes it has been, is now and will continue to be in full compliance with the 10 CFR 50.7. The action described above is intended to assure that Koppel Steel remains in compliance. Moreover, an inspection from the NRC on April 7, 1997 indicated that Koppel Steel had taken proper action with respect to prior violations cited from the previous inspection.

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Koppel Steel is not appealing the imposition of the proposed civil penalty and does not request a hearing in this matter despite the fact that Koppel Steel denies the violation. In view of the costs incurred by Koppel Steel to date in connection with this matter and the costs which would be associated with further proceedings, Koppel Steel is submitting payment of the Proposed Civil Penalty to the Director, Office of Enforcement, Nuclear Regulatory Commission.


Very truly yours,



Hugh F. Madden
Vice-President
Engineering and Materials

cc: Regional Administrator
United States Nuclear Regulatory Commission
Region 1
475 Allendale Road
King of Prussia, Pennsylvania 19406-1415

Sworn to and subscribed before me on this
18th day of April, 1997



Notary Public

