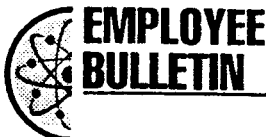


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T. R. DANKMEYER



NUCLEAR ENERGY BUSINESS GROUP
ADVANCED REACTOR SYSTEMS DEPARTMENT

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No. 35

TO: ALL EMPLOYEES, NEBG and ARSD
California Components and All Sites

A new federal law has recently been passed which broadly applies civil and criminal penalties to companies and individuals in the nuclear business.

Prior law provided for penalties for violations of the Atomic Energy Act, an NRC regulation, order or license condition. These penalties apply to a utility but do not normally apply to suppliers or to individual employees of either the utility or a supplier. The major exception to this rule has been the obligation of directors and officers of utilities and suppliers to report "substantial safety hazards" under Part 21 of the NRC regulations.

The new law has added criminal penalties for individuals who knowingly and willfully violate NRC requirements applicable to safety-related components. These penalties apply to all employees, as well as directors and officers, of a firm constructing, or supplying components for, a nuclear power plant.

The new law is partially in response to reports of intentional violations of NRC regulations and orders regarding quality control of construction; reports of intimidation of quality control inspectors; and allegations concerning irregularities in construction at plants being constructed in Alabama, Indiana and Texas.

The maximum penalties authorized are \$25,000 for each day of violation and/or two years' imprisonment.

Notices which contain the text of the new law have been posted on bulletin boards.

It is important that all employees be aware of this new law. However, everyone should understand that as long as they are performing their work professionally and conscientiously, they should not be unduly concerned about personal exposure. Keep in mind that in order to be affected by these penalties, an individual would have to "knowingly and willfully" violate NRC requirements.

Employees who are concerned about the application of NRC requirements to their work should contact their manager.

SOURCE: T. R. Dankmeyer, Group Counsel
Nuclear Energy Legal Operation
Nuclear Energy Business Group

GENERAL  ELECTRIC

**FEDERAL LAW CONCERNING THE REPORTING
OF NONCOMPLIANCES AND DEFECTS IN PRODUCTS/SERVICES
SUBJECT TO REGULATION BY THE NUCLEAR REGULATORY COMMISSION**

SECTION 206 OF THE ENERGY REORGANIZATION ACT OF 1974, AS AMENDED, IS AS FOLLOWS:

- (a) Any individual director, or responsible officer of a firm constructing, owning, operating, or supplying the components of any facility or activity which is licensed or otherwise regulated pursuant to the Atomic Energy Act of 1954, as amended, or pursuant to this Act, who obtains information reasonably indicating that such facility or activity or basic components supplied to such facility or activity —
- (1) Fails to comply with the Atomic Energy Act of 1954, as amended, or any applicable rule, regulation, order, or license of the Commission relating to substantial safety hazards, or
 - (2) Contains a defect which could create a substantial safety hazard, as defined by regulations which the Commission shall promulgate.
- Shall immediately notify the Commission of such failure to comply, or of such defect, unless such person has actual knowledge that the Commission has been adequately informed of such defect or failure to comply.
- (b) Any person* who knowingly and consciously fails to provide the notice required by subsection (a) of this section shall be subject to a civil penalty in an amount equal to the amount provided by Section 234 of the Atomic Energy Act of 1954, as amended.
- (c) The requirements of this section shall be prominently posted on the premises of any facility licensed or otherwise regulated pursuant to the Atomic Energy Act of 1954, as amended.
- (d) The Commission is authorized to conduct such reasonable inspections and other enforcement activities as needed to insure compliance with the provisions of this section.

Regulation 10CFR21 promulgated by the Nuclear Regulatory Commission implements the foregoing requirement of the law. This regulation sets forth the kinds of non-compliance or defect situations which suppliers and licensees must report to the Commission, and requires suppliers and licensees to institute various measures to implement the reporting requirement.

One such measure is that each supplier or licensee subject to the regulation must establish a Procedure for dealing with deviations, and for informing its director or responsible officer of any resulting defect or failure to comply.

EMPLOYEES AT NEBG FACILITIES

A copy of the full text of Regulation 10CFR21, and of the Procedure to be followed in this facility pursuant thereto, is available for examination by any employee in the office of the:

Position Title	Bldg.	Location
Manager, Safety & Licensing	K	San Jose, CA
Manager, Nuclear Safety & Quality Assurance	401, VNC	Pleasanton, CA
Manager, Morris Operations		Morris, IL
Manager, Operator Training		Morris, IL
Manager, Quality Assurance		Wilmington, NC
Manager, Operator Training		Tulsa, OK

EMPLOYEES AT NON-NEBG FACILITIES

Employees assigned off-site to non-NEBG facilities for periods greater than six months shall post this NOTICE at their off-site work location. A copy of the full text of Regulation 10CFR21, and of the Procedures to be followed pursuant thereto, are available for examination from the employee's immediate supervisor or manager or from the Manager, Safety & Licensing, General Electric Company, 175 Curtner Avenue, San Jose, CA 95125, Mail Code 682.

ALL EMPLOYEES

Any employee who has reason to believe that hardware or software subject to regulation by the Nuclear Regulatory Commission has been delivered from, or placed into service by, this General Electric facility which are noncompliant or defective, as defined in Section 206 above, or Regulation 10CFR21, is hereby instructed to so inform his immediate supervisor or manager.

SECTION 223(b) OF THE ATOMIC ENERGY ACT OF 1954, AS AMENDED, IS AS FOLLOWS:

- (b) Any individual director, officer, or employee of a firm constructing, or supplying the components of any utilization facility required to be licensed under sections 103 or 104 b. of this Act who by act or omission, in connection with such construction or supply, knowingly and willfully violates or causes to be violated, any section of this Act, any rule, regulation, or order issued thereunder, or any license condition, which violation results or if undetected could have resulted in a significant impairment of a basic component of such a facility shall, upon conviction, be subject to a fine of not more than \$25,000 for each day of violation, or to imprisonment not to exceed two years, or both. If the conviction is for a violation committed after a first conviction under this subsection, punishment shall be a fine of not more than \$50,000 per day of violation, or imprisonment for not more than two years, or both. For the purposes of this subsection, the term "basic component" means a facility structure, system, component or part thereof necessary to assure —
- (1) the integrity of the reactor coolant pressure boundary,
 - (2) the capability to shut-down the facility and maintain it in a safe shut-down condition, or
 - (3) the capability to prevent or mitigate the consequences of accidents which could result in an unplanned offsite release of quantities of fission products as established by the Commission.

Any employee who has reason to believe that goods or services subject to regulation by the Nuclear Regulatory Commission have been delivered from this General Electric facility which are noncompliant or defective, as defined in Section 206 above, or Regulation 10CFR21, is hereby instructed to so inform his immediate supervisor or manager.

The provisions of this subsection shall be prominently posted at each site where a utilization facility licensed under section 103 or 104 b. of this Act is under construction and on the premises of each plant where components for such a facility are fabricated.

* Any person in this paragraph refers to the director or responsible officer identified in paragraph (a).

**NOTE: THIS NOTICE IS NOT TO BE REMOVED WITHOUT THE AUTHORIZATION
OF THE DIVISION QUALITY ASSURANCE MANAGER.**