



**UNITED STATES
NUCLEAR REGULATORY COMMISSION
REGION IV
611 RYAN PLAZA DRIVE, SUITE 400
ARLINGTON, TEXAS 76011-8064**

April 9, 2002

EA-02-046

Garry L. Randolph, Senior Vice
President and Chief Nuclear Officer
Union Electric Company
P.O. Box 620
Fulton, Missouri 65251

**SUBJECT: FINAL SIGNIFICANCE DETERMINATION FOR A WHITE FINDING AND
NOTICE OF VIOLATION - NRC INSPECTION REPORT 50-483/02-07 -
CALLAWAY PLANT**

Dear Mr. Randolph:

The purpose of this letter is to provide you with the final results of our significance determination of the preliminary White finding identified in the subject inspection report, which was forwarded to you by our letter of March 21, 2002. The inspection finding was assessed using the significance determination process (SDP) and was preliminarily characterized as White, i.e., an issue with low to moderate increased importance to safety, which may require additional NRC inspections. This White finding involved the degradation of the condensate storage tank diaphragm seal and subsequent failure of an auxiliary feedwater pump on December 3, 2001, due to the entrainment of polyurethane foam in the pump suction.

In a telephone conversation with Dr. Dale Powers of my staff on March 26, 2002, Mr. Mark Reidmeyer of your staff indicated that Union Electric Company did not contest the characterization of the risk significance of this finding and that you declined your opportunity to discuss this issue in a Regulatory Conference.

After considering the information developed during the inspection, the NRC has concluded that the inspection finding is appropriately characterized as White. The finding has a low to moderate safety significance under the SDP because it involved an increase in the core damage frequency of between 1E-6/year and 1E-5/year. The finding may require additional NRC inspections.

You have 10 business days from the date of this letter to appeal the staff's determination of significance for the identified White finding. Such appeals will be considered to have merit only if they meet the criteria given in NRC Inspection Manual Chapter 0609, Attachment 2.

The NRC has also determined that the multiple failures to promptly identify and correct the degraded condensate storage tank diaphragm seal are a violation of 10 CFR Part 50, Appendix B, Criterion XVI, as cited in the attached Notice of Violation (Notice). The

circumstances surrounding the violation were described in detail in the subject inspection report. In accordance with the NRC Enforcement Policy, NUREG-1600, the Notice of Violation is considered an escalated enforcement action because it is associated with a White finding.

You are required to respond to this letter and should follow the instructions specified in the enclosed Notice when preparing your response. The NRC will use your response, in part, to determine whether further enforcement action is necessary to ensure compliance with regulatory requirements.

As a result of this finding, as well as a finding of similar significance involving the failure of an essential service water pump in February 2001, the Callaway Plant performance is in the degraded cornerstone column of the NRC Action Matrix. Consequently, NRC will use the degraded cornerstone column of the NRC Action Matrix to determine the most appropriate NRC response for this event.

In accordance with 10 CFR 2.790 of the NRC's "Rules of Practice," a copy of this letter and its enclosures will be available electronically for public inspection in the NRC Public Document Room or from the Publicly Available Records (PARS) component of NRC's document system (ADAMS). ADAMS is accessible from the NRC Web site at <http://www.nrc.gov/reading-rm/adams.html> (the Public Electronic Reading Room).

Sincerely,

Thomas P. Gwynn for

Ellis W. Merschoff
Regional Administrator

Docket: 50-483
License: NPF-30

Enclosure:
Notice of Violation

cc w/enclosure:
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NOTICE OF VIOLATION

Union Electric Company
Callaway Plant

Docket: 50-483
License: NPF-30
EA No: 02-046

During an NRC inspection conducted between January 28 and February 27, 2002, a violation of NRC requirements was identified. In accordance with the "General Statement of Policy and Procedure for NRC Enforcement Actions," NUREG-1600, the violation is listed below:

10 CFR Part 50, Appendix B, Criterion XVI, requires, in part, that measures shall be established to assure that conditions adverse to quality, such as failures, malfunctions, deficiencies, deviations, defective material and equipment, and nonconformances are promptly identified and corrected. For significant conditions adverse to quality, the measures shall assure that the cause of the condition is determined and corrective actions taken to preclude recurrence. The identification of significant conditions adverse to quality shall be documented and reported to appropriate levels of management.

Contrary to the above, between January 1992 and January 31, 2002, the licensee failed to promptly identify and correct a significant condition adverse to quality involving the potential for foreign material to be in the auxiliary feedwater system and condensate storage tank. In addition, between January 25 and 29, 2002, the identification of a significant condition adverse to quality was not reported to the appropriate levels of management. Specifically, there were several missed opportunities to identify and correct the degraded condensate storage tank diaphragm seal, including the following examples:

- (1) In 1992, Corrective Action Tracking System Item 31040, which had been initiated to generate an inspection of the condensate storage tank diaphragm seal, was closed without having completed the inspection. The inspection was to have been completed in response to NRC Information Notice 91-82, "Problems With Diaphragms in Safety Related Tanks."
- (2) During the Spring and Summer of 2000, the inspection of the condensate storage tank diaphragm was deferred on two occasions without adequate justification. The deferrals were based on the chemistry specifications of the condensate storage tank water and did not consider the potential for degradation of the diaphragm seal.
- (3) On October 17, 2000, an inadequate inspection of the condensate storage tank diaphragm seal was performed. The inspection did not identify the degraded condition of the diaphragm seal.
- (4) On January 15, 2002, foreign material was not considered a credible failure mechanism even though polyurethane foam was discovered in the seal water cooling line for auxiliary feedwater Pump A.
- (5) Between January 25 and 30, 2002, a significant condition adverse to quality was not reported to appropriate levels of management in a timely

manner. Information regarding the as-found condition of the condensate storage tank diaphragm seal was incorrectly reported. Consequently, broad corrective actions to assess the extent of condition associated with the failure of the diaphragm seal were delayed.

This violation is associated with a White Significance Determination Process finding.

Pursuant to the provisions of 10 CFR 2.201, Union Electric Company is hereby required to submit a written statement or explanation to the U.S. Nuclear Regulatory Commission, ATTN: Document Control Desk, Washington, DC 20555, with a copy to the Regional Administrator, U.S. Nuclear Regulatory Commission, Region IV, 611 Ryan Plaza Drive, Suite 400, Arlington, Texas 76011, and a copy to the NRC Resident Inspector at the facility that is the subject of this Notice, within 30 days of the date of the letter transmitting this Notice of Violation (Notice). This reply should be clearly marked as a "Reply to a Notice of Violation" and should include for each violation: (1) the reason for the violation or, if contested, the basis for disputing the violation or severity level, (2) the corrective steps that have been taken and the results achieved, (3) the corrective steps that will be taken to avoid further violations, and (4) the date when full compliance will be achieved. Your response may reference or include previous docketed correspondence, if the correspondence adequately addresses the required response. If an adequate reply is not received within the time specified in this Notice, an order or a Demand for Information may be issued as to why the license should not be modified, suspended, or revoked, or why such other action as may be proper should not be taken. Where good cause is shown, consideration will be given to extending the response time.

If you contest this enforcement action, you should also provide a copy of your response, with the basis for your denial, to the Director, Office of Enforcement, U.S. Nuclear Regulatory Commission, Washington, DC 20555-0001.

Because your response will be made available electronically for public inspection in the NRC Public Document Room or from the Publicly Available Records (PARS) component of NRC's document system (ADAMS), to the extent possible, it should not include any personal privacy, proprietary, or safeguards information so that it can be made available to the public without redaction. ADAMS is accessible from the NRC Web site at <http://www.nrc.gov/reading-rm/adams.html> (the Public Electronic Reading Room). If personal privacy or proprietary information is necessary to provide an acceptable response, then please provide a bracketed copy of your response that identifies the information that should be protected and a redacted copy of your response that deletes such information. If you request withholding of such material, you must specifically identify the portions of your response that you seek to have withheld and provide in detail the bases for your claim of withholding (e.g., explain why the disclosure of information will create an unwarranted invasion of personal privacy or provide the information required by 10 CFR 2.790(b) to support a request for withholding confidential commercial or financial information). If safeguards information is necessary to provide an acceptable response, please provide the level of protection described in 10 CFR 73.21.

Dated this 9th day of April 2002