

January 22, 2003

Mr. Douglas E. Cooper
Site Vice President
Palisades Nuclear Plant
Nuclear Management Company, LLC
27780 Blue Star Memorial Highway
Covert, MI 49043-9530

SUBJECT: NOTICE OF ENFORCEMENT DISCRETION FOR NUCLEAR MANAGEMENT
COMPANY LLC REGARDING PALISADES (NOED 03-3-001)

Dear Mr. Cooper:

By letters dated January 17 and January 22, 2003, your staff requested that the U.S. Nuclear Regulatory Commission (NRC) exercise discretion not to enforce compliance with the actions required in Technical Specification (TS) LCO 3.0.3, "Limiting Condition for Operation (LCO) Applicability," for eight inoperable steam generator low-level instrument channels. Your letter documented information previously discussed with the NRC in a telephone conference which occurred on January 15, 2003, at approximately 10:30 p.m. (All times discussed in this letter refer to Eastern Standard Time). Your staff stated that on January 15, 2003, at 8:15 p.m., Palisades was not in compliance with the LCO for TS 3.3.1, "Reactor Protective System (RPS) Instrumentation" and TS 3.3.3, "Engineered Safety Features (ESF) Instrumentation", after all eight steam generator low-level instrument channels were determined to be inoperable. As a result, the plant was in TS LCO 3.0.3 which required that action be initiated within 1 hour to place the plant in Mode 3 (Hot Standby) within 7 hours, Mode 4 within 31 hours, and Mode 5 within 37 hours.

In accordance with TS 3.0.3, the plant would be required to be in Mode 3 by 3:15 a.m. on January 16, 2003, Mode 4 by 3:15 a.m. on January 17, and Mode 5 by 9:15 a.m. on January 17. Your staff requested that a Notice of Enforcement Discretion (NOED) be granted pursuant to the NRC's policy regarding exercise of discretion for an operating facility, set out in Section VII.C, of the "General Statement of Policy and Procedures for NRC Enforcement Actions", NUREG-1600, and be effective to extend the completion times in LCO 3.0.3 by an additional 36 hours to avoid a plant shutdown that would impose an unnecessary plant transient. This letter documents our telephone conversation on January 15 - 16, 2003, when we orally granted this NOED at 12:17 a.m. on January 16, 2003. At the time of the telephone conference, the Palisades Unit was operating in Mode 1 (Power Operation) and had initiated a plant shutdown from 100 percent power in accordance with the requirements of TS 3.0.3 to initiate action within 1 hour. At the time the NOED was granted the plant was at approximately 63 percent power and stable. We understand that you restored the instruments to an operable status and exited from TS 3.0.3 and from this NOED on January 16, 2003, at 2:40 p.m.

The principal NRC staff members who participated in that telephone conference included: Geoffrey Grant, Director, Division of Reactor Projects (DRP), RIII; L. B. Marsh, Deputy Division Director, Division of Licensing Project Management (DLPM), Office of Nuclear Reactor Regulation (NRR); Frank Alstulewicz, Section Chief, NRR; Evangelos Marinos, Section Chief, NRR; Lakshminaras Raghavan, Section Chief, NRR; Johnny Eads, Project Manager, NRR; Laura Collins, Acting Branch Chief, Reactor Projects Branch 6, DRP, RIII; Zelig Falevits, Acting Section Chief, Division of Reactor Safety (DRS), RIII; Jay Lennartz, Senior Resident Inspector, Palisades; and Sonia Burgess, Senior Reactor Analyst, DRS, RIII.

Your staff requested enforcement discretion after determining that an engineering analysis performed in 1998 associated with the steam generator level instrumentation was incorrect and that a pressure compensated uncertainty with the level transmitters had been applied in a non-conservative direction. As a result, the calculated setpoints for the Reactor Protective System (RPS) and the Auxiliary Feedwater Actuation System (AFAS) were applied in a manner that would cause the associated trips to actuate below the required TS value. Your staff requested this NOED after consideration of the safety significance and potential consequences of such an action. Your staff stated that while the SG low-level setpoints did not meet the TS requirements, the setpoints remained above the analytical values used in the plant safety analysis, after including total loop uncertainties. Your staff determined that there was no increase in risk by allowing the plant to operate an additional 36 hours to restore the inoperable steam generator water low-level RPS trip and AFAS setpoints to an operable status and that this action did not result in an undue risk to the health and safety of the public. As for compensatory measures, during the time that the SG low-level trip instrumentation was inoperable, your staff committed to the following: (1) No additional equipment associated with the Main Steam system, Auxiliary Feedwater system, Main Feedwater system or their support or supported systems would be removed from service; (2) Any planned increase in reactor power would be reviewed by the Plant Review Committee; (3) All switchyard activities would be suspended; and (4) An additional licensed operator would be stationed in the control room to ensure RPS trip and AFAS actuation occurred before the associated steam generator low-level setpoints were exceeded. The Resident Inspector staff verified that these compensatory measures were properly implemented while this NOED was in effect.

The NRC reviewed your written request for enforcement discretion dated January 17, 2003, and verified consistency between your oral and written requests. The written request included an extension to the 1 hour requirement of TS LCO 3.0.3 to initiate action; however, this extension was not required because the plant had complied with this part of the action statement prior to the oral request for enforcement discretion. The written request also had incorrect dates for the extension of the TS LCO 3.0.3 completion times. These typographical errors were discussed with your staff on January 21 and a revised version of the request for enforcement discretion was submitted to the NRC on January 22, 2003. The NRC's basis for this discretion considered: (1) the steam generator low-level trip setpoints remained greater than the analytical values used in the plant safety analysis; (2) the compensatory measures to reduce the probability of a plant transient while ensuring the availability of other safety-related equipment; and (3) the qualitative risk evaluation of the condition determined that the risk of continued operation with the steam generator low-level trip setpoints inoperable for an additional 36-hour period did not result in an increased risk over shutting down the unit. Your

written request also provided additional information that further review subsequent to the telephone conversation on January 15 - 16, 2003, indicated that the AFAS actuation setpoints had remained above the TS required values and that TS 3.3.3 requirements were not violated.

Based on the above considerations, the NRC staff concluded that Criterion B.2.1.1.a and the applicable criteria in Section C.4 to NRC Manual Chapter 9900, "Technical Guidance, Operations - Notices of Enforcement Discretion," were met. Criterion B.2.1.1.a states that for an operating plant, the NOED is intended to avoid unnecessary transients as a result of compliance with the license condition and, thus, minimize potential safety consequences and operational risks.

On the basis of the NRC staff's evaluation of your request, we concluded that granting of this NOED is consistent with the Enforcement Policy and staff guidance, and had no adverse impact on public health and safety. Therefore, we exercised discretion at 12:17 a.m. on January 16, 2003, not to enforce compliance with TS 3.0.3 for entry into Mode 3 by 3:15 a.m. on January 16, 2003, until 3:15 p.m. on January 17, 2003. The additional requirements of TS 3.0.3 for entry into Mode 4 and Mode 5 were also extended by 36 hours to 3:15 p.m. and 9:15 p.m., respectively, on January 18, 2003. We understand that you restored the instruments to an operable status and exited from TS 3.0.3 and from this NOED on January 16, 2003, at 2:40 p.m.

As stated in the Enforcement Policy, action may be taken, to the extent that violations were involved, for the root cause that led to the noncompliance for which this NOED was necessary.

Sincerely,

/RA/

Geoffrey E. Grant, Director
Division of Reactor Projects

Docket No. 50-255
License No. DPR-20

cc: R. Fenech, Senior Vice President, Nuclear
Fossil and Hydro Operations
L. Lahti, Manager, Licensing
R. Anderson, Executive Vice President and Chief Nuclear Officer, NMC
A. Udrys, Esquire, Consumers Energy Company
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Michigan Department of Environmental Quality
Department of Attorney General (MI)

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