

At your request, a Regulatory Conference was held on April 29, 2002, to further discuss your views on this issue. (A copy of the handouts you provided at this meeting are enclosed.) During the meeting, your staff described your assessment of the significance of the findings and detailed corrective actions, including the root cause evaluations. We recognize that your staff identified the issue and took prompt corrective actions to revise procedures and train operators to address the immediate safety concerns associated with the issue. Additionally, your staff installed backup pneumatic supplies for the recirculation valves to improve the safety of the auxiliary feedwater system design. During the meeting, your staff also accepted the assessment of the risk significance associated with the finding and the violation of 10 CFR Part 50, Appendix B, Criterion V, "Instructions, Procedures, and Drawings." However, your staff disagreed with the violation of 10 CFR Part 50, Appendix B, Criterion XVI, "Corrective Action." Additionally, your staff believed that issue should be treated as an old design issue and that there is no need for additional inspection as dictated by your staff's understanding of the action matrix.

After considering the information developed during the inspection and the information your staff provided at the conference, the NRC has concluded that the inspection finding is appropriately characterized as Red, i.e., an issue of high importance to safety that may result in increased NRC inspection and other NRC action. You have 30 calendar days from the date of this letter to appeal the staff's determination of significance for the identified Red finding. Such appeals will be considered to have merit only if they meet the criteria given in NRC Inspection Manual Chapter 0609, Attachment 2.

We disagree with your staff's view that a violation of 10 CFR 50, Appendix B, Criterion XVI is inappropriate. Specifically, we disagree with the argument that it was not reasonable to expect appropriate corrective actions because the failure modes and effects analysis timeline was not used as a formal tool until 1999. Although failure modes and effects analysis is a valuable engineering tool, it was not required to identify the auxiliary feedwater system vulnerability. We note that the evaluations performed in response to Generic Letter 88-14, "Instrument Air Supply Problems Affecting Safety Related Equipment," should reasonably have identified and addressed the auxiliary feedwater system vulnerability associated with loss of instrument air. The 1997 identification of a vulnerability of the auxiliary feedwater motor-driven pumps upon a loss of instrument air to the flow control valves should have caused a review and appropriate evaluation of other air-operated valves in the system such as the recirculation valves. Similarly, the 1997 review of the recirculation line function should have caused an appropriate review of recirculation valve function in the context of operational requirements such as operator response to plant conditions. As such, the NRC has determined that the potential common mode failure of auxiliary feedwater pumps is a violation of 10 CFR Part 50, Appendix B, Criteria V and XVI, as cited in the enclosed Notice of Violation (Notice). The circumstances surrounding the violation are described in detail in the subject inspection report. In accordance with the NRC Enforcement Policy, NUREG-1600, the Notice of Violation is considered escalated enforcement action because it is associated with a Red finding. You are required to respond to this letter and should follow the instructions specified in the enclosed Notice when preparing your response.

We agree with your staff's view that it is appropriate to treat the issue as an old design issue as described in Manual Chapter 0305, "Operating Reactor Assessment Program." We recognize that although opportunities existed to identify the issue a number of years ago, those opportunities would have required substantially more than routine effort to fully identify the issue. Moreover, the failures to identify the issue in the 1997 time frame and earlier are not considered

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indicative of current performance. However, we do not agree that no additional inspection is required. We believe that additional inspection is necessary to evaluate the corrective actions taken to date by your staff and to evaluate your assessment that your corrective action program would appropriately resolve similar issues if entered in it today. Additionally, we believe it would be beneficial to look at your commitment to continue the initiative to update Point Beach Nuclear Plant Probabilistic Risk Assessment so that any other risk significant issues that lend themselves to detection will be identified. Such supplemental inspection effort will be limited in scope in recognition of your identification of the issue and inspections already performed. We will notify you, by separate correspondence, to inform you of our plans for this supplemental inspection.

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