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From: Kenneth Lambert RIII
To: Dixon-Herity, Jennifer OE
Date: Tue, Jun 25, 2002 12:52 PM
Subject: Fwd: Point Beach FSD red issue

Jennifer,

Please review the attached final significance determination letter for the Point Beach red finding involving the AFW pumps. Please provide comments or concurrence to me. I am currently reviewing the letter, so you do not have Region III, EICS comments.

Thanks

Ken

CC: Kunowski, Michael

H/16
~~XXXXXXXXXX~~

EA-02-031

Mr. M. Warner
Site Vice President
Kewaunee and Point Beach Nuclear Plants
Nuclear Management Company, LLC
6610 Nuclear Road
Two Rivers, WI 54241

SUBJECT: POINT BEACH NUCLEAR PLANT FINAL SIGNIFICANCE
DETERMINATION FOR A RED FINDING AND NOTICE OF VIOLATION
NRC INSPECTION REPORT NO. 50-266/01-17(DRS); 50-301/01-17(DRS)

Dear Mr. Warner:

The purpose of this letter is to provide you with the final results of our significance determination of the preliminary Red finding identified in the subject inspection report. The inspection finding was assessed using the significance determination process and was preliminarily characterized as Red, i.e., a finding of high importance to safety that could result in increased NRC inspection and other NRC action. This finding involved the potential common mode failure of the auxiliary feedwater pumps.

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 finding and detailed your staff's 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 the finding should be treated as an old design issue as specified in Manual Chapter (MC) 0305, "Operating Reactor Assessment Program," and that there is no need for additional inspection per your staff's understanding of the MC 0305 guidance.

M. Warner

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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. 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 Part 50, Appendix B, Criterion XVI is inappropriate. Specifically, we disagree with your staff's 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 the only method 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," could 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 could have caused a broadened 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.

A finding characterized as Red is an issue of high importance to safety that normally could result in substantially increased NRC inspection and other NRC action. However, in this case, the NRC agrees with your staff's view that it is appropriate to treat the issue as an old design issue as described in MC 0305. We recognize that although opportunities existed to identify the issue, they occurred several years ago and are not necessarily indicative of current performance. Because some of your corrective action activities were not implemented or complete at the time of the Special Inspection, we believe that some additional inspection is warranted. Our supplemental inspection effort will be limited to an evaluation of your proposed corrective actions and your assessment that similar issues would be appropriately addressed in your corrective action program. Additionally, we believe it would be beneficial to review your plans to continue the initiative to update the Point Beach Nuclear Plant Probabilistic Risk Assessment so that other potential risk significant issues may be identified if they exist. Our additional inspection effort will be limited in recognition of your identification of the issue and inspections already performed. We will inform you, by separate correspondence, of our plans for this supplemental inspection.

M. Warner

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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 Publically Available Records (PARS) component of NRC's document system (ADAMS). ADAMS is accessible from the NRC Web site at <http://www.nrc.gov/NRC/ADAMS/index.html> (the Public Electronic Reading Room).

Sincerely,

J. E. Dyer
Regional Administrator

Docket Nos. 50-266; 50-301
License Nos. DPR-24; DPR-27

Enclosures: 1. Notice of Violation
 2. NRC April 29, 2002 Regulatory Conference Slides
 3. NMC April 29, 2002 Regulatory Conference Slides
 4. NMC Photograph of Recirculation Valve
 5. NMC April 29, 2002 Regulatory Conference Timeline

cc w/encls: R. Grigg, President and Chief
 Operating Officer, WEPCo
 R. Anderson, Executive Vice President
 and Chief Nuclear Officer
 T. Webb, Licensing Manager
 D. Weaver, Nuclear Asset Manager
 T. Taylor, Plant Manager
 A. Cayia, Site Director
 J. O'Neill, Jr., Shaw, Pittman,
 Potts & Trowbridge
 K. Duveneck, Town Chairman
 Town of Two Creeks
 D. Graham, Director
 Bureau of Field Operations
 A. Bie, Chairperson, Wisconsin
 Public Service Commission
 S. Jenkins, Electric Division
 Wisconsin Public Service Commission
 State Liaison Officer

M. Warner

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J. E. Dyer
Regional Administrator

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Town of Two Creeks
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Bureau of Field Operations
 - A. Bie, Chairperson, Wisconsin Public Service Commission
 - S. Jenkins, Electric Division
Wisconsin Public Service Commission
State Liaison Officer

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M. Warner

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W. Travers, EDO

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F. Congel, OE

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S. Collins, NRR

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J. Lynch, RIII

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NOTICE OF VIOLATION

Nuclear Management Company, LLC.
Point Beach Nuclear Plant

Docket Nos. 50-266; 50-301
License Nos. DPR-24; DPR-27
EA-02-031

During an NRC inspection conducted on December 3, 2001, through February 28, 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 V, "Instructions, Procedures, and Drawings," requires, in part, that activities affecting quality shall be prescribed by documented instructions, procedures, or drawings, of a type appropriate to the circumstances.

10 CFR Part 50, Appendix B, Criterion XVI, "Corrective Action," requires, in part, that measures shall be established to assure that conditions adverse to quality are promptly identified and corrected. In the case of significant conditions adverse to quality, the measures shall assure that the cause of the condition is determined and corrective actions taken to preclude repetition.

Contrary to the above:

As of November 29, 2001, activities affecting quality were not prescribed by documented instructions, procedures, or drawings, of a type appropriate to the circumstances. Specifically, procedures EOP-0.1 Unit 1, "Reactor Trip Response," revision 24, and EOP-0.1 Unit 2, "Reactor Trip Response," Revision 23, did not provide adequate operator instructions to verify that the recirculation valves were open while controlling AFW flow upon low instrument air header pressure. Low header pressure would cause the recirculation valves to fail closed.

From at least 1972 to 2001, the licensee failed to promptly identify and correct a condition adverse to quality involving the potential failure mode of the auxiliary feedwater system associated with a loss of instrument air. Specifically, the failure mode involved the potential failure of the AFW pumps caused by the lack of a discharge flow path due to the auxiliary feedwater minimum flow recirculation valves failing closed upon a loss of instrument air combined with operator actions to close auxiliary feedwater flow-control and/or discharge valves in response to transient conditions. Prior opportunities to identify this failure mode included:

- In October 1997, the safety function of the minimum flow recirculation valves was considered in response to Condition Report 97-3363.
- In March 1997, the licensee identified a failure mode of the auxiliary feedwater system due to the loss of instrument air as discussed in Licensee Event Report 97-14-00.
- In February 1989, the licensee completed a design verification in response to Generic Letter 88-14, which requested that the licensee perform a design verification of the instrument air system, including an analysis of component failure positions. The design verification was not adequate to identify the system deficiency.

Notice of Violation

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This violation is associated with a Red SDP finding.

Pursuant to the provisions of 10 CFR 2.201, Nuclear Management Company, LLC., 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, Region III, 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, United States 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.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.

In accordance with 10 CFR 19.11, you may be required to post this Notice within two working days.

Dated this ____ day of May 2002