

July 10, 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 03-3-005)

Dear Mr. Cooper:

By letter dated July 8, 2003, you requested that the U.S. Nuclear Regulatory Commission (NRC) exercise discretion not to enforce compliance with certain requirements of Technical Specification (TS) 3.6.6, "Containment Cooling Systems," for the inoperable Containment Air Cooler Recirculation Fan V-4A. Your letter documented information previously discussed with the NRC in a telephone conference which occurred on July 3, 2003, at 11:00 a.m. (all times discussed in this letter refer to Eastern Daylight Savings Time). You stated that on July 4, 2003, at 4:14 a.m., Palisades would not be in compliance with TS 3.6.6, Condition A, which would require the unit to be placed in Mode 3 (Hot Standby) by 10:14 a.m. on July 4, 2003. You requested that a Notice of Enforcement Discretion (NOED) be issued pursuant to the NRC's policy regarding exercise of discretion for an operating facility, set forth in Section VII.C, of the "General Statement of Policy and Procedures for NRC Enforcement Actions" (Enforcement Policy), NUREG-1600, and be effective for a period of 100 hours from 4:14 a.m. on July 4, 2003, to 8:14 a.m. on July 8, 2003. This letter documents our telephone conversation on July 3, 2003, when we orally issued this NOED at 1:37 p.m. At the time of the telephone conference, Palisades was operating in Mode 1 (Power Operation) at 88 percent power and stable.

We understand that the condition causing the need for this NOED was corrected. Consequently, you exited from TS 3.6.6, Condition A, and from this NOED on July 6, 2003, at 2:04 p.m.

The principal NRC staff members who participated in that telephone conference included: Steven Reynolds, Deputy Director, Division of Reactor Projects (DRP), RIII; William Ruland, Director, Project Directorate-III, Division of Licensing Project Management (DLPM), Office of Nuclear Reactor Regulation (NRR); Eric Duncan, Branch Chief, Reactor Projects Branch 6, DRP, RIII; James Neurauter, Reactor Engineer, DRS, RIII; Michelle Garza, Resident Inspector, Palisades; John Stang, Project Manager, Section I of Project Directorate-III, DLPM, NRR; Lakshminaras Raghavan, Section Chief, PDIII-1/DLPM/NRR; Richard Lobel, NRR/DSSA/SPLB; See-Meng Wong, NRR/DSSA/SPSB; Frank Orr, NRR/DSSA/SRXB; Michael Parker, Senior Reactor Analyst, RIII; and Russell Gibbs, NRR/DIPM/IIPB.

On July 1, 2003, the supply breaker for the Containment Air Cooler Recirculation Fan V-4A motor tripped on thermal overload. Subsequently, Containment Air Cooler Recirculation Fan V-4A was visually inspected for damage. During this inspection, the fan motor shaft was determined to be bent and the fan housing supports damaged. Containment Air Cooler Recirculation Fan V-4A was declared inoperable when the fan supply breaker tripped at 4:14 a.m. on July 1, 2003, and TS 3.6.6, Condition A, was entered.

Following the identification of damage to Containment Air Cooler Recirculation Fan V-4A, actions were initiated to effect repairs. These actions consisted of the replacement of the Containment Air Cooler Recirculation Fan V-4A assembly (fan and motor) with a replacement assembly and repair of the fan housing supports.

Technical Specification Limiting Condition for Operation 3.6.6, "Containment Cooling Systems," states that "Two containment cooling trains shall be operable." This specification is applicable in Modes 1, 2, and 3. Technical Specification 3.6.6, Condition A, provides required actions for one or more containment cooling trains inoperable. If one containment cooling train is inoperable under Condition A, action is required to restore the containment cooling train to an operable status within 72 hours. Technical Specification 3.6.6, Condition B, requires the unit to be placed in Mode 3 (Hot Standby) within the next 6 hours and Mode 4 (Hot Shutdown) within the next 30 hours if Condition A is not met.

Your staff requested enforcement discretion to preclude a required entry into Mode 3 (Hot Standby) by 10:14 a.m. on July 4, 2003. To accomplish this, you requested that the 72-hour allowed action time for TS 3.6.6, Condition A, be extended by 100 hours to 8:14 a.m. on July 8, 2003, to accomplish restoration of Containment Air Cooler Recirculation Fan V-4A to an operable status. With this extended allowed action time, the unit would have been required by TS 3.6.6 to enter Mode 3 (Hot Standby) by 10:14 a.m. on July 4, 2003, if Containment Air Cooler Recirculation Fan V-4A remained inoperable.

At the time that enforcement discretion was requested, the root cause of this problem had not been definitively identified, however, you stated that a review of maintenance and operating history and evaluation of vibration data suggested an apparent cause of bearing failure in the Containment Air Cooler Recirculation Fan V-4A motor. The other three Containment Air Cooler Recirculation Fans were visually inspected and no similar problems were identified.

Your staff requested this NOED after consideration of the safety significance and potential consequences of such an action. Your staff determined that there was no net increase in risk by allowing the plant to operate an additional 100 hours to restore Containment Air Cooler Recirculation Fan V-4A to an operable status and that this action did not result in an undue risk to the health and safety of the public. The evaluation was performed using the Palisades probabilistic risk assessment model that accounts for the current plant configuration and includes the assumption that the Containment Spray system including Containment Spray Pumps P-54A, P-54B, and P-54C as well as Containment Air Cooler Recirculation Fans V-4B, V-4C, and V-4D remain available.

Your staff indicated that no other safety-related equipment that could change the conclusion of the risk assessment was inoperable. As for compensatory measures, during the time that Containment Air Cooler Recirculation Fan V-4A was inoperable, your staff committed to the following:

- (1) No additional equipment associated with the containment cooling systems shall be removed from service or worked on for the duration of the V-4A inoperability. This includes the remaining equipment on the affected (left) train of containment cooling, as well as the equipment on the redundant (right) train of containment cooling as described in Technical Specification Bases 3.6.6. This includes the following equipment: Diesel Generators 1-1 and 1-2; Containment Spray Pumps P-54A, P-54B, and P-54C; and Containment Air Cooler Recirculation Fans V-1A, V-2A, and V-3A.
- (2) The above listed equipment associated with the containment cooling systems shall be protected outside of containment, with physical barriers and administrative controls, preventing work on this equipment.
- (3) No corrective maintenance, preventative maintenance, or surveillance testing shall be performed on the above listed equipment, or the attendant support equipment required by the Technical Specification definition of "Operable - Operability," for the duration of the V-4A inoperability.
- (4) The physical barriers referenced in Item 2 above shall be verified shiftly for the duration of the V-4A inoperability and logged in the Operations Log.
- (5) No work shall be allowed that could potentially jeopardize stable plant operation, including no work on Turbine Stop Valve #2 (which is limiting plant power output) for the duration of the V-4A inoperability.
- (6) The Plant Operations Crew shall be briefed on these compensatory measures.
- (7) If an equipment failure occurs that could affect the containment cooling function, the Operations Superintendent shall be contacted and will convene a Plant Review Committee meeting to evaluate plant status, determine if the basis for the NRC approval of the enforcement discretion relative to Technical Specification 3.6.6 is affected, and determine the need to notify the NRC.

The Resident Inspector staff verified that these compensatory measures were properly implemented while this NOED was in effect.

Although the NRC does not have a plant specific shutdown risk analysis, we did perform a qualitative evaluation of this issue. The NRC determined that the risk of continued operation with your compensatory measures for the additional 100 hour period of the NOED did not result in an increased risk over shutting down the unit with Containment Air Cooler Recirculation Fan V-4A inoperable. Based on this qualitative evaluation, the NRC accepted your safety rationale.

The NRC reviewed your written request for enforcement discretion dated July 8, 2003, and verified consistency between your oral and written requests. The NRC's basis for this discretion considered: (1) the compensatory measures to reduce the probability of a plant transient while ensuring the availability of other safety-related equipment; and (2) the qualitative risk evaluation of the condition determined that the risk of continued operation with compensatory measures for an additional 100 hours did not result in an increased risk over shutting down the unit with Containment Air Cooler Recirculation Fan V-4A inoperable.

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 issuance 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 1:37 p.m. on July 3, 2003, not to enforce compliance with TS 3.6.6, Condition A, for entry into Mode 3 by 10:14 a.m. on July 4, 2002, until 2:14 p.m. on July 8, 2003.

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 by Steven A. Reynolds Acting for/***

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  
J. Cowan, Chief Nuclear Officer, NMC  
A. Udrys, Esquire, Consumers Energy Company  
S. Wawro, Nuclear Asset Director, Consumers Energy Company  
W. Rendell, Supervisor, Covert Township  
Office of the Governor  
Michigan Department of Environmental Quality  
Department of Attorney General (MI)

**See previous concurrence.**

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