

October 9, 1996

EA 96-370

Mr D. M. Smith, President
PECO Nuclear
Nuclear Group Headquarters
Correspondence Control Desk
P.O. Box 195
Wayne, Pennsylvania 19087-0195

SUBJECT: NRC MAINTENANCE RULE TEAM INSPECTION REPORT NOS. 50-277/96-07
AND 50-278/96-07

Dear Mr. Smith:

This refers to the team inspection conducted on August 5 - 9, 1996, at the Peach Bottom Atomic Power Station. The purpose of the inspection was to review the implementation of Peach Bottom's maintenance rule program under 10 CFR 50.65. The enclosed report presents the results of this inspection.

Based on the results of this inspection, an apparent violation was identified and is being considered for escalated enforcement action in accordance with the "General Statement of Policy and Procedure for NRC Enforcement Actions" (Enforcement Policy), NUREG-1600. Specifically, the failure to establish adequate performance criteria that would demonstrate appropriate preventive maintenance for several systems and components was identified. Accordingly, no Notice of Violation is presently being issued for these inspection findings. In addition, please be advised that the number and characterization of apparent violations described in the enclosed inspection report may change as a result of further NRC review.

A predecisional enforcement conference will be arranged to discuss this apparent violation. The decision to hold a predecisional enforcement conference does not mean that the NRC has determined that a violation has occurred or that enforcement action will be taken. This conference is being held to obtain information to enable the NRC to make an enforcement decision, such as a common understanding of the facts, root causes, missed opportunities to identify the apparent violation sooner, corrective actions, significance of the issues and the need for lasting and effective corrective action. In particular, we expect you to address the performance monitoring of risk-significant systems and components, both including the maintenance rule program and any other monitoring methods. In addition, this is an opportunity for you to point out any errors in our inspection report and for you to provide any information concerning your perspectives on 1) the severity of the violation, 2) the application of the factors that the NRC considers when it determines the amount of a civil penalty that may be assessed in accordance with Section VI.B.2 of the Enforcement Policy, and 3) any other application of the Enforcement Policy to this case, including the exercise of discretion in accordance with Section VII.

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Mr D. M. Smith

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Further, we note that your program for implementing the maintenance rule paralleled the guidance provided in NUMARC 93-01, the industry guideline for the maintenance rule. We were disappointed with the number of areas in which the maintenance rule implementation at Peach Bottom fell short of the NUMARC 93-01 guidance. Also, the maintenance rule implementation did not appear to be fully integrated into Peach Bottom's maintenance program, which was previously assessed as excellent. We hope that your presentation at the enforcement conference will provide your perspectives on these concerns.

You will be advised by separate correspondence of the results of our deliberations on this matter. No response regarding the apparent violation is required at this time.

In accordance with 10 CFR 2.790 of the NRC's "Rules of Practice," a copy of this letter and its enclosure will be placed in the NRC Public Document Room.

Sincerely,

ORIGINAL SIGNED BY:
JAMES T. WIGGINS

James T. Wiggins, Director
Division of Reactor Safety

Docket Nos. 50-277, 50-278

Enclosure: NRC Combined Inspection Report Nos. 50-277/96-07 and 50-278/96-07

cc w/encls:

G. A. Hunger, Jr., Chairman, Nuclear Review Board and Director, Licensing
T. Mitchell, Vice President, Peach Bottom Atomic Power Station
G. Rainey, Senior Vice President, Nuclear Operations
D. B. Fetters, Vice President, Nuclear Station Support
T. Neissen, Director, Nuclear Quality Assurance
C. D. Schaefer, External Operations - Delmarva Power & Light Co.
G. Edwards, Plant Manager, Peach Bottom Atomic Power Station
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J. W. Durham, Sr., Senior Vice President and General Counsel
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J. Vannoy, Acting Secretary of Harford County Council
R. Ochs, Maryland Safe Energy Coalition
J. H. Walter, Chief Engineer, Public Service Commission of Maryland
L. Jacobson, Peach Bottom Alliance
Commonwealth of Pennsylvania
State of Maryland
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