May 30, 1997

Mr. Michael B. Roche
Vice President and Director
GPU Nuclear Incorporated
Oyster Creek Nuclear Generating Station
P.O. Box 388
Forked River, New Jersey 08731

SUBJECT: NRC MAINTENANCE RULE TEAM INSPECTION REPORT NO. 50-219/97-80 AND NOTICE OF VIOLATION

Dear Mr. Roche:

This refers to the team inspection conducted on April 7-11, 1997, at the Oyster Creek Generating Station. The purpose of the inspection was to review the implementation of Oyster Creek's maintenance rule program under 10 CFR 50.65. The enclosed report presents the results of this inspection, which were also presented to Mr. S. Levin of your staff at an April 11, 1997, exit meeting.

Your maintenance rule program had a number of strengths, but also had some shortcomings. The team concluded that GPUN had done a very good job on scoping structures, systems and components into the maintenance rule program. The effective use of PRA (probabilistic risk assessment) and the active participation of the PRA group added strength to your program. The on-line maintenance program was strong. The expert panel was very knowledgeable and highly effective. Nonetheless, the team was concerned that the program was heavily dependent on their guidance and reviews, and in contrast the system engineers, who were tasked with implementing the rule on a day-to-day basis, had a very weak understanding of the maintenance rule. Further, we are concerned that parts of your program may not achieve the desired results of assuring maintenance effectiveness. Performance criteria of zero MPFF (i.e., perfect reliability) for many (a)(2) systems appeared to be unrealistic and could result in many SSCs being placed under (a)(1) which could consume more resources and take away from the objective of focusing management and staff attention on those SSCs that warrant additional attention. Finally, many of the maintenance rule program decisions had been made in the weeks prior to the inspection.

Your program generally met the requirements of the maintenance rule; however, we identified two violations. One violation involved the failure to implement your maintenance rule program by the July 1996 implementation date, in that ten systems which had exceeded performance criteria based on historical data were not categorized as (a)(1) systems until April 4, 1997. The second violation involved the failure to issue a periodic evaluation that provided an evaluation of the maintenance program effectiveness and to make adjustments to the monitoring and preventive maintenance program based on balancing of reliability and availability. These violations are cited in the enclosed Notice of Violation, and the circumstances surrounding the violations are described in detail in the

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enclosed report. Please note that you are required to respond to this letter and should follow the instructions specified in the enclosed Notice of Violation when preparing your response. The NRC will use your response, in part, to determine whether further enforcement action is necessary to ensure compliance with regulatory requirements.

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,

James T. Wiggins, Director
Division of Reactor Safety

Docket/License No.: 50-219/DPR-16

Enclosures:
1. Notice of Violation
2. NRC Inspection Report No. 50-219/97-80

cc w/encl:
G. Busch, Manager, Site Regulatory Affairs, Oyster Creek
M. Laggart, Manager, Corporate Regulatory Affairs
State of New Jersey

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