

May 12, 2006

EA 05-203

Mr. Christopher M. Crane
President and CNO
Exelon Nuclear
Exelon Generation Company, LLC
200 Exelon Way KSA 3-E
Kennett Square, PA 19348

SUBJECT: NRC OFFICE OF INVESTIGATIONS CASE NO. 1-2005-015
(Peach Bottom Atomic Power Station)

Dear Mr. Crane:

This letter refers to an investigation initiated by the NRC Office of Investigations (OI), Region I, on April 15, 2005, after your staff informed the NRC that it had identified that a contractor employee was not performing designated hourly fire watches at the Peach Bottom Atomic Power Station and was falsifying the fire watch logs to indicate that the fire watches were being performed. Your staff determined that this occurred on 199 occasions between January 17 and March 20, 2005, at various locations in the plant.

The OI investigation was initiated to determine if the contractor employee, who was designated to perform the roving fire watches, deliberately failed to complete the required fire watch rounds and deliberately falsified the fire watch logs. Based on the evidence developed during its investigation, including admissions by the contract employee, OI substantiated that the individual deliberately failed to complete the required fire watch rounds and deliberately falsified the fire watch logs to indicate that the rounds had been completed.

The OI investigation report was provided to the U.S. Department of Justice who in turn prosecuted the contractor employee. Subsequently, the contractor employee pled guilty to falsely certifying on the fire watch patrol round sheets that she had conducted numerous daily fire watch safety inspections at Peach Bottom when in fact she had not conducted the fire watch inspections. On March 28, 2006, the individual was fined and sentenced to probation by the U.S. District Court in the Middle District of Pennsylvania.

The actions by the contractor employee resulted in Peach Bottom being in violation of Technical Specification (TS) 5.4.1, Procedures, which requires in part that written procedures be established, implemented, and maintained covering fire protection program implementation. Exelon Procedure OP-MA-201-007, Rev. 3, Fire Protection System Impairment Control, Section 4.4.4, Fire Watch Performance, requires in part that the individual assigned the fire watch duty shall perform the assigned fire watch and continuously complete the fire watch log until properly relieved or the watch is terminated.

Because you are responsible for the actions of your employees and contractor employees, and because the violation was deliberate, the violation was evaluated under the NRC traditional

enforcement process as set forth in Section IV.A.4 of the NRC Enforcement Policy. The NRC Enforcement Policy is available on the NRC's website at <http://www.nrc.gov>. The violation has been classified at Severity Level IV.

The NRC considered issuance of a Notice of Violation for this issue. However, after considering the factors set forth in Section VI.A.1 of the Enforcement Policy, the NRC has determined that a non-cited violation (NCV) is appropriate in this case for the following reasons: You restored compliance immediately after identification of the violation by terminating the employee on March 22, 2005, and by conducting a prompt investigation to review the access records for other contractor fire watch staff that concluded that the individual's action was an isolated case. You placed the violation into your corrective action program and took corrective actions to preclude recurrence by: providing an Institute of Nuclear Power Operations Nuclear Network Operating Experience Notification for the event, enhancing your procedure to control contractors, and conducting training on contractor oversight. The violation was not repetitive within the context of the NRC Enforcement Policy. Additionally, although the violation was willful; you identified the violation and notified the NRC, the violation involved the acts of a low-level contractor employee who was not a licensee official within the context of the NRC enforcement policy, the violation resulted from the isolated actions of a single individual without management involvement, and you took significant remedial action which included termination of the individual's employment.

A response to this letter is not required. However, if you contest this NCV or its significance, you should provide a response within 30 days of the date of this letter, with the basis for your denial, to the U.S. Nuclear Regulatory Commission, ATTN: Document Control Desk, Washington DC 20555-0001, with copies to the Regional Administrator, Region I, and the Director, Office of Enforcement, U.S. Nuclear Regulatory Commission, Washington, DC 20555-0001.

In accordance with 10 CFR 2.390 of the NRC's "Rules of Practice," a copy of this letter, and your response, if you choose to provide one, will be made available electronically for public inspection in the NRC Public Document Room or from the NRC's document system (ADAMS), accessible from the NRC Web site at <http://www.nrc.gov/reading-rm/adams.html>. The NRC also includes significant enforcement actions on its Web site at www.nrc.gov; select **What We Do, Enforcement**, then **Significant Enforcement Actions**.

Should you have any questions regarding this letter, please feel free to contact Mr. James Trapp at 610-337-5186.

Sincerely,

/RA/ Original Signed by David C. Lew for

Brian E. Holian, Director
Division of Reactor Projects

Docket No: 50-277/278
License No: DPR-44 & DPR-56

cc w/encl:

Site Vice President, Peach Bottom Atomic Power Station
Plant Manager, Peach Bottom Atomic Power Station
Regulatory Assurance Manager - Peach Bottom
Associate General Counsel, Exelon Generation Company
Manager, Financial Control & Co-Owner Affairs
Manager Licensing, PBAPS
Director, Nuclear Training
Correspondence Control Desk
Director, Bureau of Radiation Protection (PA)
R. McLean, Power Plant and Environmental Review Division (MD)
R. Fletcher, Maryland Department of Environment
T. Snyder, Director, Air and Radiation Management Administration,
Maryland Department of the Environment (SLO, MD)
Public Service Commission of Maryland, Engineering Division
Board of Supervisors, Peach Bottom Township
B. Ruth, Council Administrator of Harford County Council
Mr. & Mrs. Dennis Hiebert, Peach Bottom Alliance
TMI - Alert (TMIA)
J. Johnsrud, National Energy Committee, Sierra Club
Mr. & Mrs. Kip Adams
Vice President, Licensing and Regulatory Affairs
Vice President, Operations Mid-Atlantic
Senior Vice President, Nuclear Services
Director, Licensing and Regulatory Affairs
J. Fewell, Assistant General Counsel

Mr. Christopher Crane

4

DISTRIBUTION:

PBonnett, NRR
 MJohnson, OE
 SFigueroa, OE
 LTrocine, OE
 BJones, OGC
 MEIwood, OGC
 GCaputo, OI
 BSosa, OEDO
 DRoberts, NRR
 VNerses, NRR, PM
 GWunder, NRR
 DScrenci, RI
 NSheehan, RI
 SCollins, RA
 MDapas, DRA
 ABlough, DRS
 RLorson, DRS
 JTrapp, DRP
 CKhan, DRP
 FBower, SRI
 KFarrar, RI
 DHolody, RI
 RSummers, RI
 RUrban, RI
 Region I OE Files (with concurrences)
 OEMAIL

SISP Review Complete: ___jmt_____ (Reviewer's Initials)

DOCUMENT NAME: E:\Filenet\ML061320366.wpd

After declaring this document "An Official Agency Record" it **will** be released to the Public.

To receive a copy of this document, indicate in the box: "C" = Copy without attachment/enclosure "E" = Copy with attachment/enclosure "N" = No copy

OFFICE	RI/OR	RI/DRP	RI/DRS	RI/OI	RI/RC
NAME	RSummers	JTrapp	ABlough	EWilson	KFarrar
DATE	04/26/06	05/02/06	04/28/06	04/27/06	04/27/06
OFFICE	RI/OR	RI/DRP	OE		
NAME	DHolody	BHolian	MJohnson/rju for*		
DATE	04/27/06	05/04/06	04/09/06		

OFFICIAL RECORD COPY

*concurrence via e-mail