



**UNITED STATES
NUCLEAR REGULATORY COMMISSION**

REGION III
2443 WARRENVILLE RD. SUITE 210
LISLE, IL 60532-4352

March 31, 2015

EA-14-231

Mr. David A. Heacock
President and Chief Nuclear Officer
Dominion Energy Kewaunee, Inc.
Innsbrook Technical Center
5000 Dominion Boulevard
Glen Allen, VA 23060-6711

SUBJECT: NOTICE OF VIOLATION AND PROPOSED IMPOSITION OF CIVIL PENALTY –
\$17,500 – KEWAUNEE POWER STATION (PERMANENTLY SHUT DOWN); NRC
SECURITY INSPECTION REPORT NOS. 05000305/2014401(DNMS) AND
07200064/2014401(DNMS)

Dear Mr. Heacock:

This refers to the inspections conducted from June 17 through 19, on August 13, and on November 5 and 6, 2014, at the permanently shut down Kewaunee Power Station, with continued in-office review through December 3, 2014. During the inspection, an apparent security violation of U.S. Nuclear Regulatory Commission (NRC) requirements was identified. The significance of the issue and the need for lasting and effective corrective actions were discussed with you during the exit meeting on December 3, 2014. Details regarding the apparent violation were provided in NRC Inspection Report Nos. 05000305/2014401(DNMS); 07200064/2014401(DNMS) dated January 15, 2015.

On February 26, 2015, a predecisional enforcement conference was conducted in the Region III office with members of your staff to discuss the apparent violation, its significance, root causes, and your corrective actions. A list of attendees at the conference is included in Enclosure 1 (Public) and NRC's evaluation of the conference information is provided in Enclosure 2 (Non-Public.)

Based on the information developed during the inspection and review of the information that you provided during and following the conference, the NRC has determined that a violation of NRC requirements occurred. The violation is cited in the Notice of Violation (Notice) in Enclosure 3 (Non-Public) and the circumstances surrounding it are also described in detail in our inspection report dated January 15, 2015. Enclosure 2 also describes the reasons the

Enclosures 2 and 3 contain Sensitive Unclassified Non-Safeguards Information. When separated from these Enclosures, this transmittal letter and Enclosure 1 are decontrolled.

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violation is of concern to the NRC. Therefore, the violation has been categorized as an escalated enforcement action in accordance with the NRC Enforcement Policy. The current Enforcement Policy is included on the NRC's website at (<http://www.nrc.gov/about-nrc/regulatory/enforcement/enforce-pol.html>)

In accordance with the NRC Enforcement Policy, a base civil penalty in the amount of \$17,500 is being considered for this escalated enforcement action.

Because your facility has been the subject of escalated enforcement actions within the last 2 years¹, the NRC considered whether credit was warranted for both *Identification* and *Corrective Action* in accordance with the civil penalty assessment process in Section 2.3.4 of the Enforcement Policy. Enclosure 2 contains NRC's assessment of these factors, including NRC's understanding of your corrective actions. However, the NRC is requesting that your corrective actions be provided on the docket, as described below, in order to ensure that NRC's understanding is correct. The assessment concluded that credit was not warranted for *Identification*, but was warranted for *Corrective Action*, resulting in no reduction or escalation of the base civil penalty amount.

To emphasize the importance of security awareness, as well as the need for prompt identification of violations, I have been authorized, after consultation with the Director, Office of Enforcement, to issue the enclosed Notice of Violation and Proposed Imposition of Civil Penalty (Notice) in the base amount of \$17,500 for this escalated enforcement action. In addition, issuance of this Notice constitutes escalated enforcement action that may subject you to increased inspection.

For administrative purposes, apparent violation (AV) 05000305/2014401-01; 07200064/2014401-01 is now closed and violation (VIO) 05000305/2014401-01, 07200064/2014401-01 is opened in its place.

If you disagree with this enforcement sanction, you may deny the violation, as described in the Notice, or you may request Alternative Dispute Resolution (ADR) with the NRC in an attempt to resolve this issue. ADR is a general term encompassing various techniques for resolving conflict outside of court using a neutral third party. The technique that the NRC has decided to employ is mediation. In mediation, a neutral mediator with no decision-making authority helps parties clarify issues, explore settlement options, and evaluate how best to advance their respective interests. The mediator's responsibility is to assist the parties in reaching an

¹ On April 30, 2013, the NRC issued a Severity Level III violation with a corresponding White finding for a willful issue involving fire brigade training. (EA-12-266).

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agreement. However, the mediator has no authority to impose a resolution upon the parties. Mediation is a confidential and voluntary process. If the parties to the ADR process agree to use ADR, they select a mutually agreeable neutral mediator and share equally the cost of the mediator's services. Additional information concerning the NRC's ADR program can be found at <http://www.nrc.gov/about-nrc/regulatory/enforcement/adr.html>.

The Institute on Conflict Resolution (ICR) at Cornell University has agreed to facilitate the NRC's program as an intake neutral. Intake neutrals perform several functions, including: assisting parties in determining ADR potential for their case, advising parties regarding the ADR process, aiding the parties in selecting an appropriate mediator, explaining the extent of confidentiality, and providing other logistic assistance as necessary. If you are interested in pursuing this issue through the ADR program, within 10 days of the date of this letter, please contact: (1) the ICR at 877-733-9415; and (2) Mr. Richard Skokowski, Enforcement Officer at 630-810-4373. You may also contact both ICR and Mr. Skokowski for additional information.

You are required to respond to this letter and should follow the instructions specified in the enclosed Notice when preparing your responses. If you have additional information that you believe the NRC should consider, you may provide it in your response to the Notice. The NRC will use your response, in part, to determine whether further enforcement action is necessary to ensure compliance with regulatory requirements." With the exception of a reply indicating when and by what method the civil penalty payment was made, please mark your responses "Security Related Information – Withhold from Public Disclosure under 10 CFR 2.390." In accordance with Title 10 of the *Code of Federal Regulations* (10 CFR) 2.390(b)(1)(ii), the NRC is waiving the affidavit requirements for any response to this letter. However, to the extent possible, any response should not include any personal privacy, proprietary, or safeguards 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 2.390, "Public Inspections, Exemptions, Requests for Withholding," of the NRC's "Rules of Practice," a copy of this letter and Enclosure 1 will be available electronically for public inspection in the NRC's Public Document Room or from the Publicly Available Records (PARS) component of the NRC's Agencywide Documents Access and Management System (ADAMS). ADAMS is accessible from the NRC Web site at <http://www.nrc.gov/reading-rm/adams.html> (the Public Electronic Reading Room). However, because of the Security-Related Information contained in Enclosures 2 and 3, and in accordance with 10 CFR 2.390, copies of these enclosures will not be available for public inspection.

Additionally, Enclosures 2 and 3 must be protected from unauthorized disclosure. Security-Related Information is discussed in Regulatory Information Summary RIS-2005-031,

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“Control of Security-Related Sensitive Unclassified Non-Safeguards Information” (ML053480073), which is available on the NRC Web site or in ADAMS.

Sincerely,

/RA/

Darrell J. Roberts
Acting Regional Administrator

Docket Nos. 05000305; 07200064
License Nos. DPR-43; General (IFSFI)

Enclosures:

1. Pre-Decisional Enforcement
Conference Attendees
2. Severity Level Determination and
Civil Penalty Assessment
(Non-Public)
3. Notice of Violation (Non-Public)

cc w/ encl 1: Distribution via LISTSERV®
cc w/ encls 1-3: State of Wisconsin

PRE-DECISIONAL ENFORCEMENT CONFERENCE ATTENDEES

Dominion Energy Kewaunee, Inc.

Gianna Clark, Vice President, Nuclear Support Services
Nelson Martin, Director Nuclear Protection Services
Stewart Yuen, Kewaunee Plant Manager
Michael Whitlock, Coordinator, Nuclear Security Programs
Adam Murphy, Supervisor, Nuclear Security Training
Richard P. Repshas, Nuclear Licensing

U.S. Nuclear Regulatory Commission

Cynthia Pederson, Regional Administrator, Region III
Patrick Loudon, Director, Division of Nuclear Materials Safety (DNMS)
Eric Duncan, Acting Enforcement Officer
Robert Orlikowski, Chief, Material Control, ISFSI & Decommissioning Branch (MCID), DNMS
Eugenio Bonano, Health Physicist Inspector, MCID, DNMS
Gregory Hansen, Security Inspector, Plant Support Branch, Division of Reactor Safety
Margaret Cervera, Health Physicist, Materials and Waste Security Branch, Division of Security
Policy, Office of Nuclear Security and Incident Response
Patricia Loughheed, Senior Enforcement Coordinator
Wayne Slawinski, Senior Health Physicist Inspector, MCID, DNMS
Michael LaFranzo, Senior Health Physicist Inspector, MCID, DNMS
Matthew Learn, Reactor Engineer, MCID, DNMS
Rhex Edwards, Reactor Engineer, MCID, DNMS
Daniel Strohmeyer, Health Physicist Inspector, MCID, DNMS
Nicole Fields, Health Physicist Inspector, MCID, DNMS

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Sincerely,

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Darrell J. Roberts
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*See previous concurrences
ADAMS Accession Number (Public): ML15091A787

OFFICE	RIII	RIII	RIII	RIII	NMSS
NAME	Lougheed*	Orlikowski* LaFranzo for	Louden*	Heck*	Henderson ¹ Sun for
DATE	03/17/15	03/17/15	03/18/15	03/18/15	3/23/15
OFFICE	NSIR	OGC	OE	RIII	RIII
NAME	Wastler ²	Scott ³ Monteith for	Hilton ⁴ Furst for	Skokowski	DRoberts
DATE	03/24/15	03/25/15	03/24/15	03/27/15	03/31/15

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¹ NMSS concurrence provided via e-mail from R. Sun on March 23, 2014
² NSIR concurrence provided via e-mail from S. Wastler on March 24, 2014
³ OGC “No Legal Objection (NLO) provided via e-mail from E. Monteith on March 25, 2014
⁴ OE concurrence provided via e-mail from D. Furst on March 24, 2014

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Letter to Mr. David A. Heacock from Mr. Darrell J. Roberts dated March 31, 2015

SUBJECT: NOTICE OF VIOLATION AND PROPOSED IMPOSITION OF CIVIL PENALTY –
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