



UNITED STATES
NUCLEAR REGULATORY COMMISSION
REGION IV
611 RYAN PLAZA DRIVE, SUITE 400
ARLINGTON, TEXAS 76011-8064

July 10, 1996

EA 96-180

Gregory M. Rueger, Senior Vice President
and General Manager
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Pacific Gas and Electric Company
Nuclear Power Generation, B14A
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P.O. Box 770000
San Francisco, California 94177

SUBJECT: NOTICE OF VIOLATION AND NOTICE OF DEVIATION
(NRC INSPECTION REPORT 50-275/96-12; 50-323/96-12)

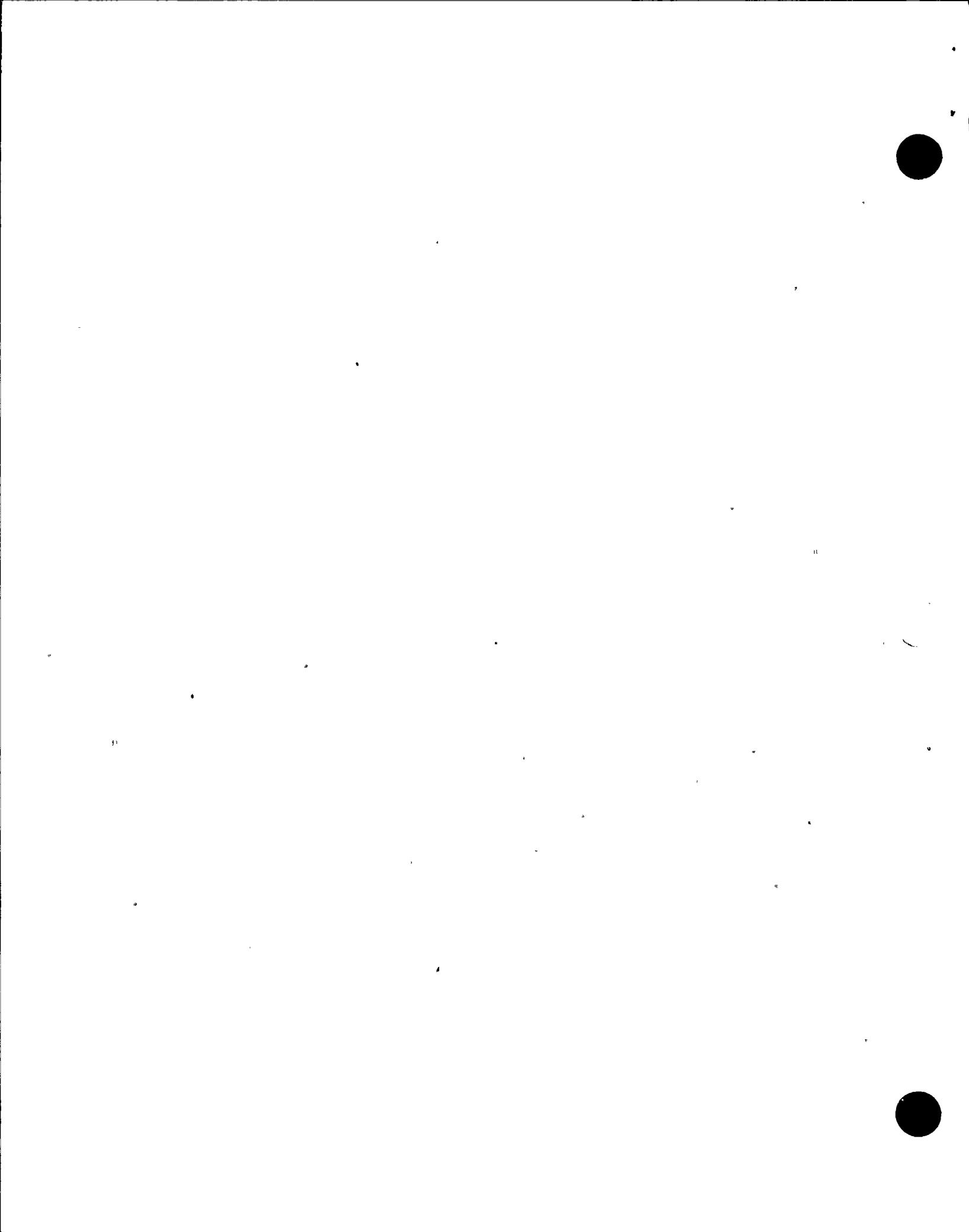
Dear Mr. Rueger:

This is in reference to the predecisional enforcement conference conducted on July 1, 1996, in the NRC's Arlington, Texas office, between the NRC and Pacific Gas and Electric Company (PG&E). The conference was conducted to discuss apparent violations identified during an inspection of augmented main steam safety valve testing activities at the Diablo Canyon Nuclear Power Plant (Diablo Canyon), Unit 1. The results of the inspection, which was conducted May 13 through May 28, 1996, were described in a report issued on June 17, 1996.

The apparent violations included: 1) a failure to promptly identify and correct out-of-tolerance lift setpoints of the Unit 1 main steam safety valves, i.e., the failure to promptly pursue additional testing when test results on April 2, 1996 found 3 of 5 valves lifting at higher-than-allowed pressures; and 2) two examples of failing to follow procedures related to conducting prompt operability assessments and immediately informing operations personnel of the out-of-tolerance conditions of these valves. In addition to the apparent violations, an apparent failure to meet a written commitment to the NRC was identified regarding the development of correction factors for main steam safety valves. These issues and the circumstances surrounding them were described in detail in the inspection report.

At the conference, PG&E stated that the first apparent violation was a matter of judgement as to whether PG&E's actions to pursue the potential out-of-tolerance conditions were sufficiently prompt, and disagreed with the second apparent violation as it was structured. With respect to the second apparent violation, PG&E stated that it did not agree that a prompt operability assessment was required on April 2, 1996, because the out-of-tolerance conditions discovered at that time were encompassed by a previous operability evaluation (OE 94-02, Rev. 4). For the same reason, PG&E stated that it was not required at that time to make immediate notification of the out-of-tolerance conditions to the shift foreman. Notwithstanding its position on

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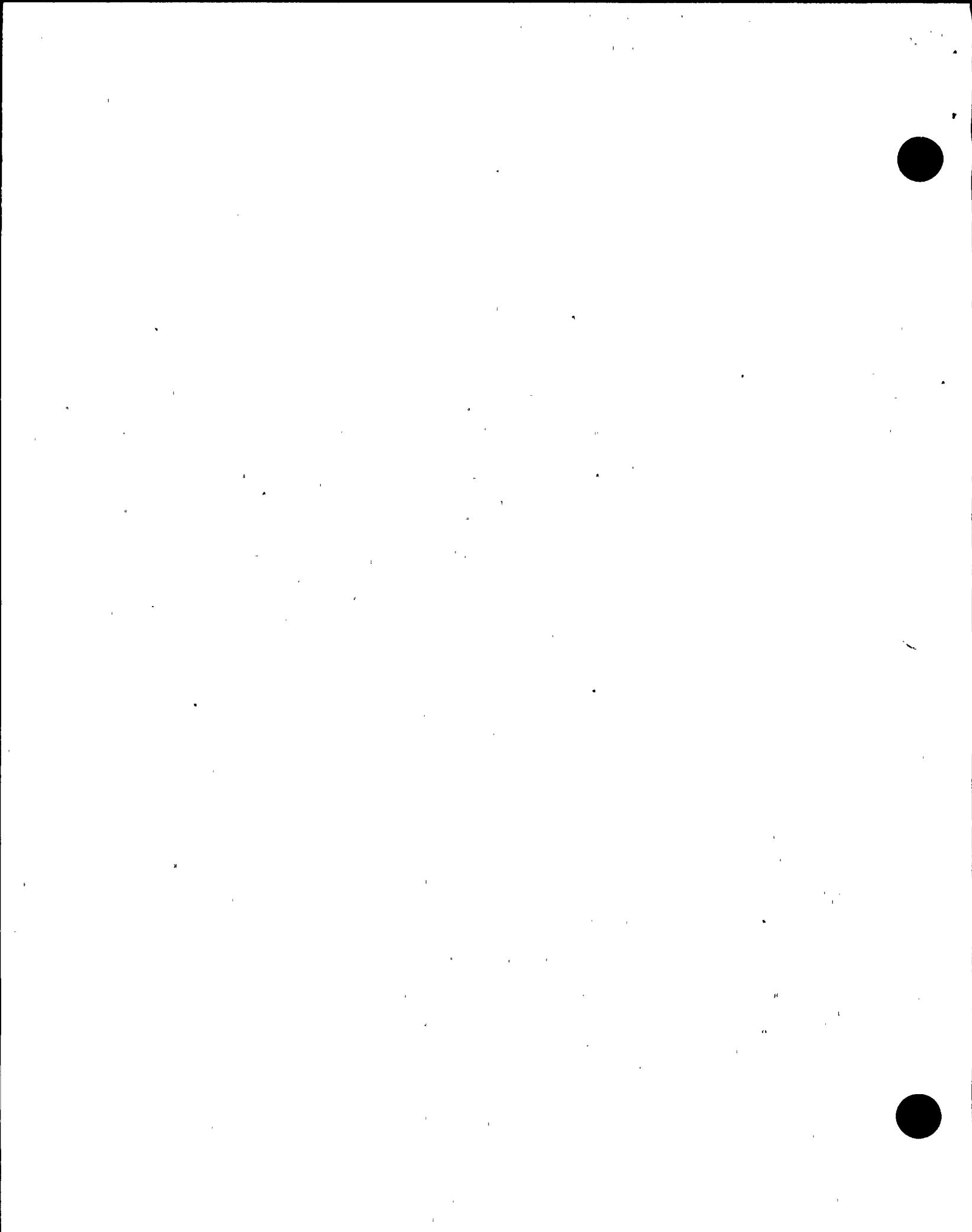
the apparent violations, PG&E acknowledged mistakes and errors in judgement with respect to the augmented test program and discussed corrective actions that were being taken.

In the inspection report and during the conference, an issue was discussed involving PG&E's decision not to reset two main steam safety valves within allowable tolerances after finding them in an out-of-tolerance condition during the augmented testing program. Although this issue was not described in the inspection report as an apparent violation, it involved a departure from the out-of-tolerance band (+/-1%) permitted by the Diablo Canyon Technical Specifications (TSs). PG&E stated at the conference that its belief at the time was that the NRC was aware and did not object to leaving these two valves in this condition; the NRC personnel involved in this matter do not have the same recollection. Despite the apparent misunderstanding concerning this issue, the NRC notes that PG&E did not avail itself of the formal process for requesting relief from a TS requirement.

Also discussed at the conference was PG&E's apparent failure to meet a written commitment to the NRC in that PG&E had committed to developing correction factors for each Unit 1 main steam safety valve prior to resuming operations following the 1995 refueling outage. In fact, correction factors were developed for only 9 of 20 main steam safety valves prior to resuming Unit 1 operations. PG&E acknowledged at the conference that it had not tracked this commitment in accordance with its normal processes and therefore did not meet the commitment and did not follow the proper channels for informing the NRC (PG&E said at the conference that a brief conversation with the resident inspector was held regarding this matter).

The NRC has considered all of the information provided by PG&E during the conference, as well as the information developed during its inspection, and has determined that two violations of requirements occurred, and that a deviation from a written commitment occurred. The violations, which are described in the enclosed Notice of Violation, include: 1) a failure to take prompt action to identify and correct out-of-tolerance conditions on main steam safety valves after it was apparent that such out-of-tolerance conditions may exist; and 2) a failure, as discussed at the conference, to reset two main steam safety valves within allowable tolerances. The deviation is described in the enclosed Notice of Deviation and involved the failure to meet a written commitment as discussed above.

With regard to the first violation in the Notice, the NRC notes that a similar condition was discovered in September 1995, when 19 of 20 Unit 1 main steam safety valves were found out-of-tolerance on their initial lift and an analysis showed that this condition would have resulted in the steam generators exceeding 110 percent of their design pressure. Thus, PG&E should have been more sensitive to the possibility of this same condition existing when main steam lead 1 was tested on April 2, 1996, and 3 of 5 main steam safety valves were found out-of-tolerance high, and should have expanded testing to the other leads more promptly.



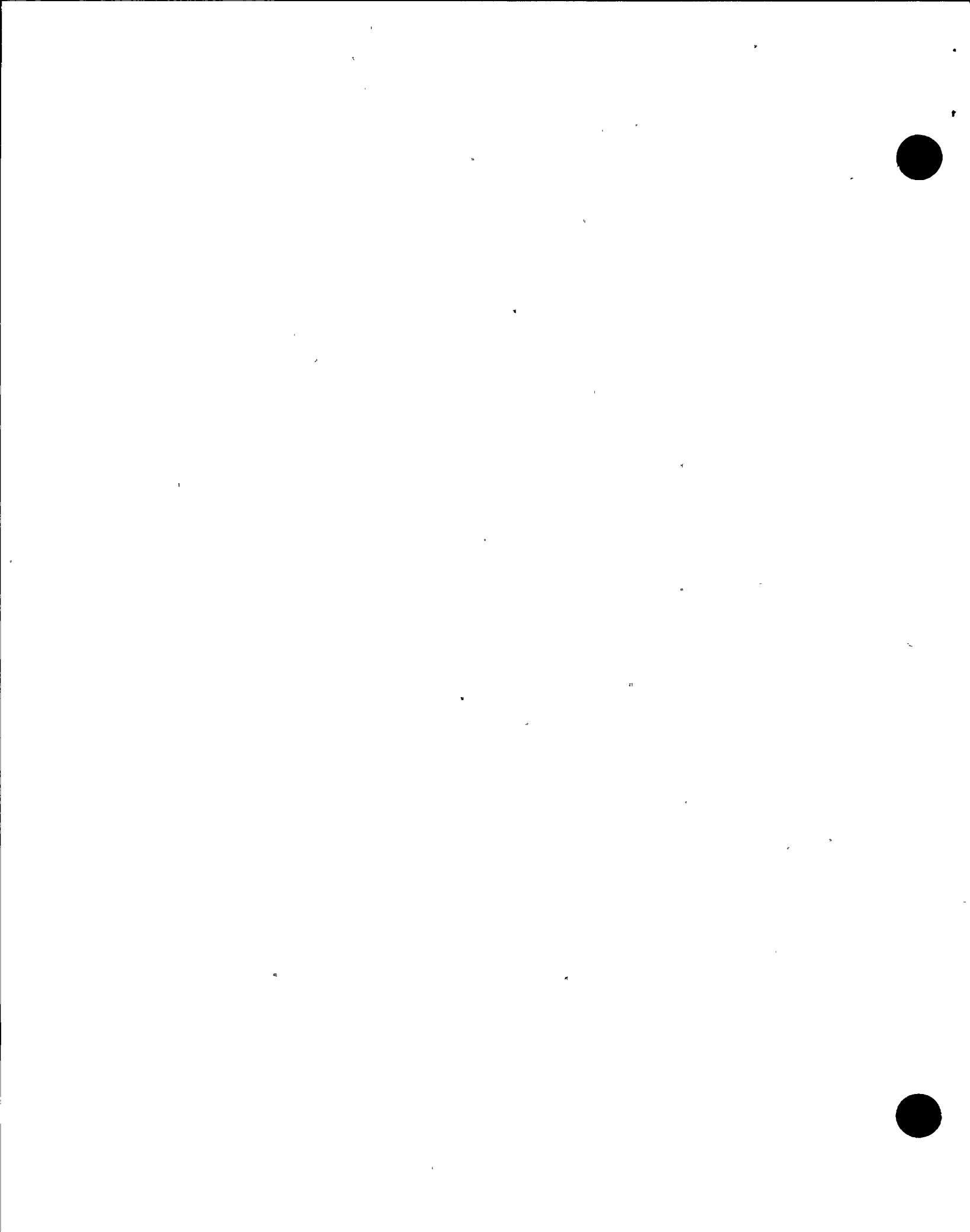
The actual safety significance of the violations is mitigated by the fact that the out-of-tolerance main steam safety valves were reset as they were discovered (with the two noted exceptions described above and in the NOV) and that after-the-fact analyses indicates that it is unlikely that the out-of-tolerance conditions would have resulted in either the failure of the steam generators or the inoperability of the auxiliary feedwater system in the event of a reactor trip without a turbine trip, the most limiting plant transient.

The NRC also acknowledges that PG&E did pursue testing of all Unit 1 main steam safety valves. The NRC notes that its concern is with the aggressiveness and timeliness of PG&E's pursuit of the potential out-of-tolerance conditions, and that this was affected by the conditions of the augmented testing program which included consultation with the NRC prior to expanding valve testing. Thus, after considering all of the circumstances surrounding these violations, the NRC has classified them at Severity Level IV in accordance with the "General Statement of Policy and Procedure for NRC Enforcement Actions," NUREG-1600.

Nonetheless, it appears from the NRC's perspective that PG&E engineering personnel lost sight of PG&E's ultimate responsibility to maintain the facility within the requirements of the T.S., and that this occurred largely because of a lack of formality and rigor in developing and implementing the augmented test program. Nothing in the test program should have caused engineering personnel to believe that PG&E could disposition the test results outside of the T.S. requirements and outside of the formal processes for determining the operability of safety-related components and systems. As discussed at the conference, a number of the important decision points in this matter, including decisions regarding operability¹, were reached by one individual, were not documented and were subjected to no further evaluation. These violations were further caused by poor communications between engineering and operations personnel and between PG&E and the NRC.

In sum, the circumstances that caused the violations are of regulatory concern, offer important lessons to be learned and require correction. The NRC notes that it too must assure that communications on matters of this magnitude are clearly understood and are documented. Nonetheless, PG&E must recognize its responsibility for assuring the operation of the facility within the established limits and for assuring that prompt action is taken when there are indications of deficient conditions. Further examples of failures of this nature may be characterized as a significant regulatory concern and result in more significant enforcement action being taken.

¹ Subsequent to the conference, in response to questions raised by the NRC, the licensee informed the NRC that Operability Evaluation 94-02, Rev. 4, used to make the April 2, 1996, operability evaluation, had exceeded its 12-month period of effectiveness.



You are required to respond to this letter and should follow the instructions specified in the enclosed Notice when preparing your response. In your response, you should document the specific actions taken and any additional actions you plan to prevent recurrence. Your response may reference or include previous docketed correspondence, if the correspondence adequately addresses the required response. After reviewing your response to this Notice, including your proposed corrective actions and the results of future inspections, the NRC will determine whether further NRC enforcement action is necessary to ensure compliance with NRC regulatory requirements.

In accordance with 10 CFR 2.790 of the NRC's "Rules of Practice," a copy of this letter, its enclosure, and your response will be placed in the NRC Public Document Room (PDR). To the extent possible, your response should not include any personal privacy, proprietary, or safeguards information so that it can be placed in the PDR without redaction.

Should you have any questions concerning this letter and enclosure, we will be pleased to discuss them with you.

Sincerely,



L. J. Callan
Regional Administrator

Docket Nos.: 50-275; 50-323
License Nos.: DPR-80; DPR-82

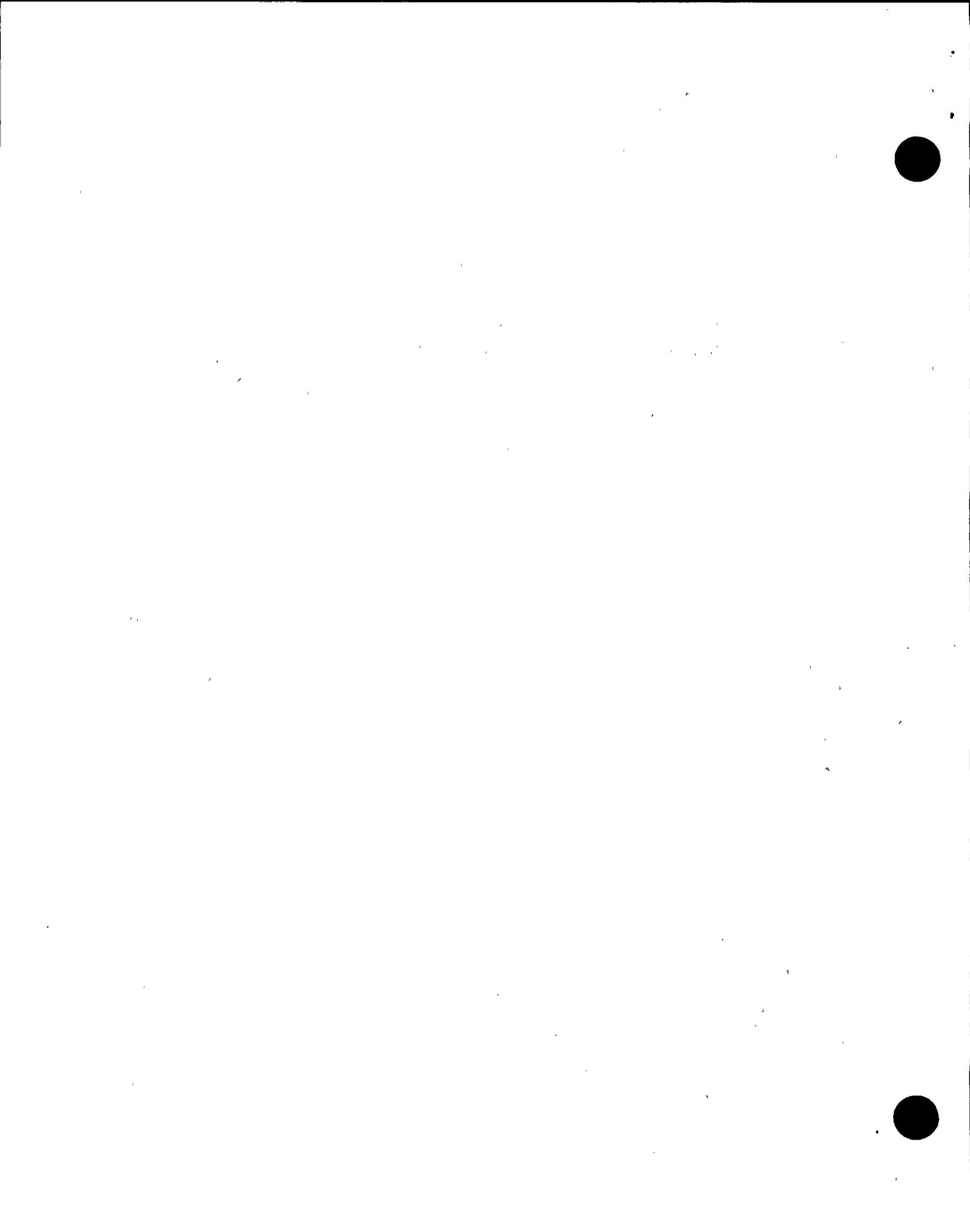
Enclosures:

1. Notice of Violation
2. Notice of Deviation

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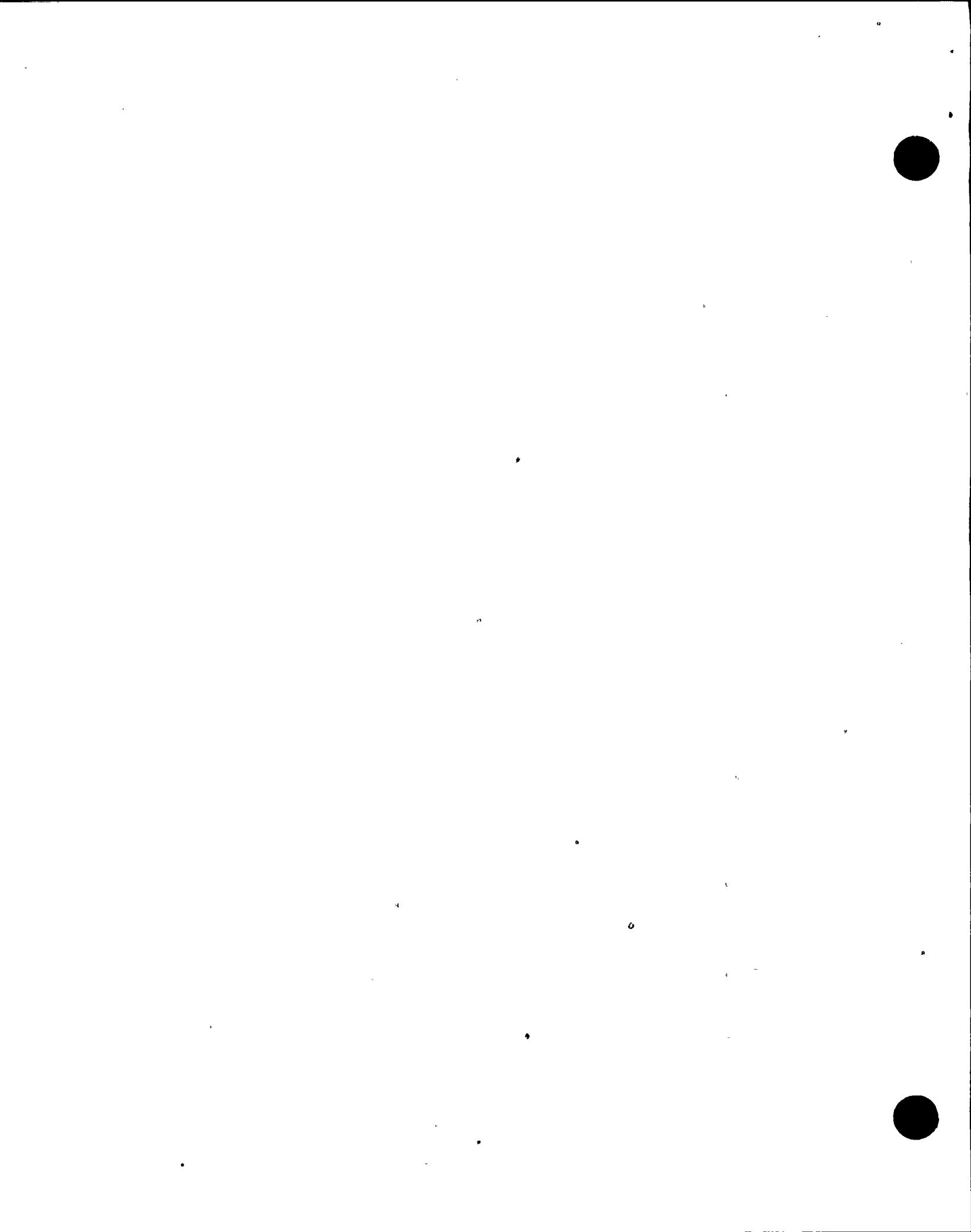
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