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U.S. Nuclear Regulatory Commission
Washington, DC 20555-0001

Prairie Island Nuclear Generating Plant
Units 1 and 2
Docket 50-282 and 50-306
Renewed Facility Operating License Nos.
DPR-42 and DPR-60

Monticello Nuclear Generating Plant
Docket 50-263
Renewed Facility Operating License
No. DPR-22

Xcel Energy Position Regarding the Issued Green Non-Cited Violation for Definition of Significant Condition Adverse to Quality (SCAQ)

- References:
- 1) Letter from NRC to NSPM, "Monticello Nuclear Generating Plant – NRC Biennial Problem Identification and Resolution Inspection Report 05000263/2016007", dated November 18, 2016 (ADAMS Accession No. ML16323A283).
 - 2) Letter from NRC to NSPM, "Prairie Island Nuclear Generating Plant, Units 1 and 2; NRC Biennial Problem Identification and Resolution Inspection Report 05000282/2014007; 05000306/2014007", dated August 6, 2014 (ADAMS Accession No. ML14218A268).
 - 3) Letter from NRC to NSPM, "Prairie Island Nuclear Generating Plant, Units 1 and 2; NRC Biennial Problem Identification and Resolution Inspection Report 05000282/2016007; 05000306/2016007", dated July 21, 2016 (ADAMS Accession No. ML16204A226).

The NRC issued Northern States Power Company, a Minnesota Corporation (NSPM), doing business as Xcel Energy, a non-cited violation of very low safety significance (green NCV) associated with the definition of a significant condition adverse to quality (SCAQ) during the 2016 Monticello Nuclear Generating Plant (Monticello) biennial Problem Identification and Resolution (PI&R) inspection. No examples were identified in the NRC inspection report where NSPM failed to appropriately identify a SCAQ within the NSPM Fleet corrective action program (CAP). This green, non-cited violation was entered into and is being addressed by NSPM's CAP.

NSPM is not contesting the green NCV. NSPM believes there is limited value in expending both NRC and NSPM resources to contest this specific non-cited violation because NSPM's

corrective action is a minimal procedure change. Another consideration factoring into this decision is the ongoing Industry initiative to improve the efficiency of corrective action programs. One aspect of the initiative centers on implementation of a consistent industry-wide definition for a SCAQ. While NSPM accepts the non-cited violation, it perceives the violation did not consider the comprehensive CAP. The subjective nature of this non-cited violation is concerning because it potentially undermines the Significance Determination Process (SDP) principles to be objective, scrutable and repeatable. It also has the potential to adversely impact the Principles of Good Regulation, e.g., in the areas of efficiency and reliability.

The non-cited violation is detailed in Reference 1 and summarized as:

“The inspectors identified a Green finding and NCV of Title 10 CFR 50, Appendix B, Criterion V, “Instructions, Procedures and Drawings,” for the licensee’s failure to prescribe a procedure appropriate to the circumstances with respect to the identification of a SCAQ. Specifically, FP-PA-ARP-01, “CAP Action Request Process,” provided an overly restrictive definition of what constituted a SCAQ. Consequently, the failure to provide an adequate definition of a SCAQ could result in a failure to identify a SCAQ and therefore, failure to implement corrective actions that preclude repetitive failures of safety-related equipment.”

As identified by the inspectors, the overly restrictive definition results from comparison with the definition identified in ASME NQA-1-1994, “Quality Assurance Requirements for Nuclear Facility Applications.” The performance deficiency was identified as more than minor because if left uncorrected it would have the potential to lead to a more significant safety concern. The inspectors also determined the failure to identify the overly restrictive definition of a SCAQ [by the licensee] during previous audits of the CAP was caused by an insufficiently self-critical audit-focus.

NSPM is committed to NQA-1-1994 as described in its Quality Assurance Topical Report (QATR) which establishes the provisions for the NSPM CAP. The corrective action program provisions identified in the QATR are implemented by the Fleet procedure, FP-PA-ARP-01, “CAP Action Request Process.” The NQA-1-1994 definition of a SCAQ is:

“A significant condition adverse to quality is one which, if uncorrected, could have a serious effect on safety or operability.”

NSPM recognizes the importance of sustaining a robust CAP to identify and resolve issues. NSPM chose to provide insight regarding what should be considered in the context of the term “serious” in the definition when implementing the Fleet procedure. NSPM’s position is that it is within a licensee’s purview to provide insight regarding CAP definitions. NSPM does not consider that the additional information expressly limited determination of a SCAQ. NSPM’s position is the CAP is implemented through the totality of the procedure implementing the requirements.

NSPM draws its conclusion regarding the seeming arbitrariness of this non-cited violation from the following information.

The NRC has not established supplemental regulatory guidance regarding what is to be considered a SCAQ nor regulatory guidance regarding what is to be considered a serious effect on safety or operability. Therefore, it is entirely within the licensee's purview and responsibility to rely on insights and constructs within its implementing procedures to ensure effective implementation in accordance with the intent of the regulation. In this case, the insights were derived from the approved QATR and what the NRC identifies as necessary to define safety related structures, systems, and components. NSPM believes that these elements provided appropriate and well defined parameters for understanding what may be considered serious by the CAP.

The NRC non-cited violation is focused solely on the incongruence between the QATR and the CAP Fleet document definition. This simplistic assessment fails to convey an understanding that the Fleet CAP is implemented through the totality of the procedure and not solely on its definitions. The process contained within the Fleet procedure implements Criterion XVI of Appendix B, "Corrective Action", and provides the corrective action screening team members with a comprehensive, systematic and risk-informed tool to aid in determining the significance level. It is this overall process that ensures the implementation of corrective actions that preclude repetitive failures in safety-related equipment, not solely the definition of SCAQ in the procedure.

The NRC assessed the non-cited violation against Criterion V, which states a licensee must prescribe procedures appropriate for the circumstances. However, the NRC did not provide examples in the inspection report where NSPM failed to identify a SCAQ in implementing its CAP at Monticello. Thus, the appropriateness of the procedure for the circumstances remains unknown in this instance and clarity cannot be distilled from the inspection report.

It is typical to provide insight through use of clarifying information when implementing the provisions of higher tiered requirements/documents. It would appear unnecessarily prohibitive to preclude providing insights within a definition.

This non-cited violation is "unclear" in that the logic used to determine the non-cited violation does not appear to comport with the principles of the SDP to be objective, scrutable and repeatable. The inspection report simply reiterates a generic statement from IMC-0612 that points to possible consequence. Yet, without an identified example or a basis for a realized potential, this generic statement can always be used to construe a possible consequential outcome and thus, determine a non-cited violation will be more than minor. Additionally, in the absence of a clearer notion of the NRC's expectations, NSPM is left "in the dark" about how it should appropriately modify its procedures to satisfy the Agency. Such an outcome is clearly inconsistent with the Agency's stated goals of being transparent and predictable.

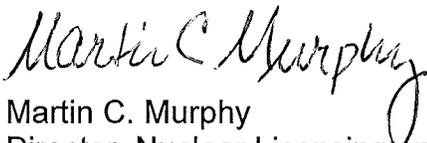
The NSPM Fleet is comprised of the Monticello and Prairie Island Nuclear Generating Plant (Prairie Island) sites. The CAP is implemented by the Fleet procedure, applicable to both sites. In 2014, the Prairie Island PI&R inspection (Reference 2) resulted in a similar green NCV against the Fleet procedure (revision 37) for failure to provide an adequate definition for SCAQ, as well as insufficiently self-critical audit focus. This non-cited violation included an

identified example and was entered into NSPM's corrective action program. To resolve the 2014 NCV, NSPM completed its corrective action, which included revising the definition of SCAQ in the Fleet procedure to the current definition and development of an audit function considering regulatory compliance and requirements to preclude reoccurrence. This corrective action was inspected without an adverse outcome or comment during the 2016 Prairie Island PI&R inspection (Reference 3) which occurred prior to the 2016 Monticello PI&R inspection.

In summary, NSPM maintains this non-cited violation was inconsistent with the Principles of Good Regulation and the principles of the Significance Determination Process. This subjectivity is apparent in the two distinctly different inspection outcomes only months apart at Prairie Island and Monticello relying upon the same Fleet CAP SCAQ definition. NSPM is identifying its perspective for NRC and Industry awareness. NSPM would be pleased to discuss this further if that would be helpful.

Summary of Commitments

This letter makes no new commitments and no revisions to existing commitments.



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