

UNITED STATES OF AMERICA  
NUCLEAR REGULATORY COMMISSION

In the Matter of )

CONSUMERS POWER COMPANY )  
(Palisades Nuclear Power Facility) )

Docket No. 50-255  
License No. DPR-20  
EA 81-18

ORDER CONFIRMING LICENSEE ACTIONS TO UPGRADE  
FACILITY PERFORMANCE

I

The Consumers Power Company (the "licensee") is the holder of Provisional Operating License No. DPR-20 (the "license") which authorizes the operation of the Palisades Nuclear Power Facility (the "facility") at a steady state reactor core power level not in excess of 2,530 megawatts thermal (rated power). The license was issued for less than full power levels on March 24 and November 20, 1971 and September 1, 1972 and for full power on October 16, 1972. The facility, a pressurized light water moderated and cooled reactor (PWR), is located at the licensee's site in Covert Township, Van Buren County, Michigan.

II

Over the past several years, this facility has been cited for a number of violations of regulatory requirements. The items for each year from 1975 through 1980 are shown in the attachment to this Order. As part of the NRC's Systematic Appraisal of Licensee's Performance (SALP), a meeting was held with licensee management on November 24, 1980 to discuss the results of the appraisal

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for the period September 1, 1979 to September 1, 1980. Inspections conducted during this period disclosed a total of 41 items of noncompliance.

Escalated enforcement action was taken on two occasions. On one occasion, November 9, 1979, an order modifying the license was issued and a civil penalty of \$450,000 was proposed for a continuing violation of containment integrity and related procedural violations. The civil penalty action is being contested by the licensee, though the licensee has admitted the underlying procedural violations. On the other occasion, September 16, 1980, a \$16,000 civil penalty was proposed (which was subsequently paid by the licensee) for two separate events relating to personnel errors which involved misvalving safety-related equipment. As a result of these findings, the licensee's performance in the area of reactor operations and radiation protection was rated "below average" as compared to other Region III licensees. In summarizing the licensee's regulatory performance the SALP report stated, "There are recent indications of some improvements in regulatory performance, but it is too soon to draw meaningful conclusions. If regulatory performance does not show improvement, additional escalated enforcement action will be taken."

### III

On January 6, 1981, an electrical repairman did not follow procedures when conducting a surveillance test. This caused the two 125-volt battery banks to be isolated in violation of the Limiting Condition for Operation in Technical

Specification 3.7.1.f. Had there been a loss of offsite power, there might not have been power available for operation of safety-related equipment at the plant. This condition existed for one hour while the plant was operating. Short-term corrective actions were addressed in an Immediate Action Letter, dated January 9, 1981, to the licensee from the NRC Region III office.

#### IV

The recent personnel error described in Section III, when evaluated with the undesirable level of regulatory performance as discussed in Section II, indicates that major changes in the licensee's management controls are necessary to assure that the licensee can operate the Palisades facility without undue risk to the health and safety of the public. At the request of the licensee, representatives of Region III and the licensee's management met on February 18, 1981. The licensee presented a planned program of intended actions to assure that the Palisades facility will operate without undue risk to the health and safety of the public while major, long-term actions are implemented to upgrade the facility performance. The Region III representatives emphasized that it is essential that broad, significant changes in the licensee's control of licensed activities accompany long-term operation of the facility. Region III representatives cautioned the licensee that these changes must be carried out in a timely fashion without adversely impacting the safety of near-term operations. In a letter to Region III dated February 23, 1981, and in a telephone

conversation on March 3, 1981, between Mr. R. F. Heishman of the NRC Region III office and Mr. D. F. Hoffman of the licensee's corporate staff, the licensee provided additional commitments related to short and long-term improvements in the quality of operations at the Palisades facility.

Because the licensee has committed to take actions listed in the Immediate Action Letter of January 9, 1981, which are confirmed in a clarified and revised form in Section V.A of this Order, and because the licensee has committed to other supplemental actions, as confirmed in Sections V.B and C of this Order, there is reasonable assurance that the Palisades facility can be operated safely in the near-term. However, continued operation over the long-term requires significant changes in the licensee's control of licensed activities, as described and confirmed in Section V.D of this Order.

Accordingly, I have determined that these commitments are required in the interest of public health and safety and, therefore, should be confirmed by an immediately effective order.

V

In view of the foregoing, pursuant to Section 161 (i) of the Atomic Energy Act of 1954, as amended, and the Commission's regulations in 10 CFR Part 2 and 10 CFR Part 50, IT IS HEREBY ORDERED EFFECTIVE IMMEDIATELY THAT:

- A. The licensee shall continue to operate under the following provisions which are a clarified and revised form of the provisions of the Immediate Action Letter issued January 9, 1981:

1. The licensee shall conduct an audit of plant operations daily by a corporate management representative. This representative may be any Consumers Power Company employee from within the Energy Supply Department holding at least the title of Staff Engineer or its equivalent.
  
2. A committee comprised of a member of corporate management (in addition to the corporate representative referenced in item 1 above), a Senior Reactor Operator, and another qualified individual shall review, prior to use, all Technical Specification surveillance procedures to assure that:
  - a. Each procedure is specifically identified as being safety-related, or as having the potential to affect safety-related equipment;
  - b. Authorization to perform work is required from plant management;
  - c. Special notification of work performed is made to the Shift Supervisor;
  - d. System conditions to perform work are defined;
  - e. Minimum personnel skill-level is defined; and
  - f. Return-to-normal verification requirements are specified.

Credit can be taken for the review performed in response to the NRC's November 9, 1979 Order.

3. The licensee shall reinstruct all personnel who perform safety-related work or other work in vital areas of the importance of strict adherence to procedures and the necessity for performance of all assigned duties in a disciplined and professional manner.
4. The licensee shall verify by a second qualified individual, that all activities involving the manipulation of safety-related circuits or systems outside the control room have been completed as required. Qualified individuals will be designated by the Plant General Manager for the specific tasks.
5. The licensee shall review the specific circuitry involved in the January 6, 1981 event to determine if control room indications are required to show when an abnormal line-up exists. Necessary circuit modifications will be performed on a schedule to be agreed to by Region III of the NRC.

The Director of Region III may relax or terminate any of the preceding conditions in writing for good cause.

- B. Extended overtime on the part of licensed operators shall be avoided by restricting the overtime for licensed operators as follows:

- (1) No more than 4 overtime hours in any 24-hour period;
- (2) No more than 24 overtime hours in any 7-day period;
- (3) No more than 64 overtime hours in any 28-day period.

The Director of Region III may relax or terminate any of the preceding conditions in writing for good cause.

- C. A corporate review team shall perform independent reviews of safety-related events which are reportable as Licensee Event Reports per Technical Specification 6.9 and which are caused by personnel errors or procedural inadequacies. The review team shall be chaired by the Chairman of the Safety and Audit Review Board. Serving on the review team shall be one member, holding at least the title of Staff Engineer or its equivalent, from each of the following departments: Quality Assurance - Nuclear Operations; Nuclear Services Department; and Nuclear Activities Department.

These members and their replacements shall be selected such that the team shall have experience and expertise in quality assurance, plant operations and plant systems.

For each occurrence reviewed, the team shall recommend to the Palisades Plant General Manager and the Vice President for Nuclear Operations appropriate corrective actions to prevent recurrence.

The Director of Region III may relax or terminate any of the preceding conditions in writing for good cause.

D. The licensee shall submit to the Director of Region III of the NRC, within 30 days of this Order, a comprehensive plan of action that will ensure sufficient controls will be implemented to prevent recurrence of valving and system misalignments and other operational errors similar to those set forth in Sections II and III above. The plan shall include a description of the actions to be taken, required implementing staff and their qualifications, documentation requirements, and the plan's schedule with important milestones. The milestones shall not be changed without prior written approval by the Director of Region III. The plan shall include at least the elements itemized below.

1. An independent outside consultant hired by the licensee shall evaluate current organizational responsibilities, management controls, staffing levels and competence, training and retraining programs, communications, and operating practices both at the facility and the corporate office. This consultant shall be directed to make recommendations for changes in the aforementioned areas that will assist the licensee in meeting NRC requirements. The licensee shall submit a copy of the independent evaluation to the Director of Region III.
2. The licensee shall review, evaluate and modify, as necessary, presently approved safety-related procedures and the process used in



the development and approval of these procedures to ensure that prerequisites, precautions and limitations necessary to safe operation of the facility are included.

3. The licensee shall review, evaluate and modify, as necessary, the program for training and retraining of personnel (licensed and unlicensed) involved in safety-related activities in vital areas to ensure that the program adequately addresses these activities.
4. The licensee shall review and evaluate the adequacy of the current plant operations staff, including licensed operators and senior operators, to safely perform the necessary plant operation functions.
5. The licensee shall establish measures, including incentives and disciplinary action, to motivate personnel adherence to administrative controls and safety-related procedures.
6. The licensee shall develop and implement a system of audits by management representatives aimed at assuring conformance to procedures and continued adherence to changes which result from the reviews identified in items V.D.1 through V.D.4 above.

## VI

Any person who has an interest affected by this Order may request a hearing on this Order within 25 days of its issuance. A request for a hearing shall be


submitted to the Secretary, U.S. Nuclear Regulatory Commission, Washington, D.C. 20555. A copy of the request shall also be sent to the Executive Legal Director at the same address. If a hearing is requested by a person other than the licensee, that person shall describe in accordance with 10 CFR 2.714(a)(2) the nature of the person's interest and the manner in which that interest is affected by this Order. ANY REQUEST FOR A HEARING SHALL NOT STAY THE IMMEDIATE EFFECTIVENESS OF THIS ORDER.

If a hearing is requested by a person who has an interest affected by this Order, the Commission will issue an order designating the time and place of any such hearing. If a hearing is held, the issue to be considered at such hearing shall be:

Whether, on the basis of the matters set forth in Sections II and III of this Order, this Order should be sustained.

In the event that a need for further enforcement action becomes apparent, either in the course of a hearing or any other time, appropriate action will be taken by the Director.

FOR THE NUCLEAR REGULATORY COMMISSION

  
Victor Stello, Jr., Director  
Office of Inspection and Enforcement

Effective date: March 9, 1981  
Bethesda, Maryland

Attachment:  
Palisades Noncompliance Data

PALISADES NONCOMPLIANCE DATA

<u>YEAR</u>	<u>NUMBER OF ITEMS OF NONCOMPLIANCE</u>	<u>ACTION POINTS</u>
1975	33	282
1976	30	268
1977	35	238
1978	34	268
1979	31	418
1980	36	262