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Docket No. 50-255  
Licensee No. DPR-20  
EA 88-138

Consumers Power Company  
ATTN: Gordon L. Heins  
Senior Vice President  
Energy Supply  
212 West Michigan Avenue  
Jackson, Michigan 49201

Gentlemen:

SUBJECT: NOTICE OF VIOLATION AND PROPOSED IMPOSITION OF CIVIL PENALTY  
(NRC INSPECTION NO. 50-255/86032(DRS))

This refers to the inspection conducted on December 8, 1986 through January 13, 1987 to review the program for the environmental qualification (EQ) of equipment at the Palisades Nuclear Plant. The inspection report was sent to you by letter dated February 17, 1987. During the inspection, violations of NRC requirements were identified involving the environmental qualification of certain items of electric equipment. On June 24, 1988, an enforcement conference was conducted with Mr. D. Hoffman and members of your staff and Dr. C. J. Paperiello, and members of the NRC staff to discuss the violations, their root causes, and your actions to correct the violations and to prevent recurrence.

The violation, described in Section I of the enclosed Notice of Violation and Proposed Imposition of Civil Penalty (Notice), involves the failure to specify appropriate performance requirements and to conduct appropriate testing or testing and analysis of certain electric equipment important to safety. This violation involved the failure of 55 Rosemount transmitters, 38 ASCO solenoid valves, and 15 Limitorque actuators to be environmentally qualified because of the failure to specify appropriate performance requirements and conduct appropriate testing or testing and analysis or assure that the equipment was tested in its expected configuration as installed in the plant prior to the EQ deadline of November 30, 1985. The deficiencies identified in the qualification of these components affected a moderate number of plant systems.

Based on NRC review of these findings, it appears that you clearly should have known of these deficiencies. Specifically, with regard to the testing of Rosemount transmitters, you did not specify, and thus satisfy, appropriate instrument accuracy criteria based on the maximum error assumed in the plant safety analysis. Instrument accuracy is a fundamental qualification requirement. With regard to the lack of adequate sealing of the ASCO solenoid

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valves and their associated conduit/junction box systems, your files contained vendor data that indicated failures due to moisture intrusion and recommended that the valves have a properly sealed vented conduit/junction box system; however, for certain valves requiring moisture intrusion protection, such protection was not installed. In addition, Franklin Research Center, as an NRC consultant, had identified to you the need for seals at the solenoid enclosure interface in its report in 1982. It appears that the basis upon which the NRC accepted your conclusion that such seals were not required has changed and is no longer valid. It seems that adequate analyses were not performed to assure that these solenoid valves would perform their safety function during and following design basis accidents. Thus, information was available prior to the November 30, 1985 deadline which, if properly evaluated, would have clearly indicated the need to have properly sealed solenoid valve systems. With regard to the SUN EP-50 lubricant, your files did not contain an adequate test or analysis that the lubricant in the tested Limitorque actuators was identical or similar to the lubricant used in the actuators installed in the containment. Limitorque maintenance instructions which were available to the licensee before the EQ deadline specify that "for nuclear containment units, Nebula EPO and EP1 are the only approved lubricants for SMB-000 to 5." Furthermore, INPO Significant Event Report (SER) 7-84, which was available to the licensee, reiterates Limitorque's recommendation that either Exxon Nebula EPO or EP1 be used in motor operators of all model numbers used in nuclear containment service. With regard to the plugged T-drains in the Limitorque actuator motor housings, information in your files indicated that the actuators were qualified with the T-drains installed and the actuators were supplied with these T-drains. In addition, Information Notice 83-72 described qualification concerns involving drain plugs on Limitorque actuators. You clearly should have known of the need to install and maintain in working order T-drains on these components.

The violation described in Section I of the Notice demonstrates that Consumers Power Company's management did not provide adequate attention to the EQ program at Palisades to ensure that equipment important to safety was environmentally qualified. To emphasize the importance of environmental qualification of electrical equipment important to safety and meeting regulatory deadlines, I have been authorized, after consultation with the Deputy Executive Director for Regional Operations, and the Director, Office of Enforcement, to issue the enclosed Notice of Violation and Proposed Imposition of Civil Penalty (Enclosure 1) in the amount of One Hundred Fifty Thousand Dollars (\$150,000) for Violation I described in the enclosed Notice. In accordance with the "Modified Enforcement Policy Relating to 10 CFR 50.49," contained in Generic Letter 88-07 (Enclosure 2), Violation I has been determined to be moderate and to have affected several systems and components. Therefore, this is considered to be an EQ Category B violation. The base value of a civil penalty for an EQ Category B violation is \$150,000.

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In determining the civil penalty amount, the NRC considered the four factors set forth in the "Modified Enforcement Policy Relating to 10 CFR 50.49," for escalation and mitigation of the base civil penalty amount. These factors consist of (1) identification and prompt reporting of the EQ deficiencies ( $\pm 50\%$ ); (2) best efforts to complete EQ within the deadline ( $\pm 50\%$ ); (3) corrective actions to result in full compliance ( $\pm 50\%$ ); and (4) duration of a violation which is significantly below 100 days (- 50%).

With respect to the first factor, neither mitigation nor escalation of the base civil penalty is appropriate because you identified two examples of Violation I and the NRC identified the other two examples. With respect to the second factor, neither mitigation nor escalation is appropriate because, while you did shut down on November 30, 1985 to try to achieve compliance with 10 CFR 50.49, this is balanced by the overall limited efforts expended to comply with the November 30, 1985 EQ deadline. With respect to the third factor, escalation by 25 percent is appropriate since the timeliness, degree of initiative, and the comprehensiveness of the corrective actions for one of the four significant deficiencies were only minimal. The replacement of the unqualified Rosemount transmitters, which represented a majority of the significant deficiencies, was not completed until November 4, 1987 and revisions to emergency operating procedures to compensate for the unqualified transmitters were not made until prompted by the NRC. With respect to the fourth factor, 25 percent mitigation is appropriate since the violations existed for 59 days of operation. Based upon all of the above factors, neither mitigation nor escalation of the base civil penalty is considered warranted.

The violation described in Section II of the Notice involve the failure to maintain complete files of documentation to demonstrate that certain items of equipment important to safety were qualified to perform their intended function(s) during the postulated environmental conditions. The qualification file deficiencies affected many plant systems and components including: General Electric, Rockbestos, and butyl rubber cables; Viking penetrations; and replacement equipment. This violation has been categorized at a Severity Level IV in accordance with the "Modified Enforcement Policy Relating to 10 CFR 50.49" in that these items were able to be qualified during the inspection or shortly thereafter.

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. 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.

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In accordance with Section 2.790 of the NRC's "Rules of Practice," Part 2, Title 10, Code of Federal Regulations, a copy of this letter and its enclosures will be placed in the NRC Public Document Room.

The responses directed by this letter and the enclosed Notice are not subject to the clearance procedures of the Office of Management and Budget, as required by the Paperwork Reduction Act of 1980, Pub. L., No. 96-511.

Sincerely,

Original signed by  
A. Bert Davis

A. Bert Davis  
Regional Administrator

Enclosures:

1. Notice of Violation and Proposed Imposition of Civil Penalty
2. Generic Letter 88-07
3. Inspection Report  
No. 50-255/86032(DRS)

cc w/enclosures:

Mr. Kenneth W. Berry, Director  
Nuclear Licensing  
Gerald B. Slade, General Manager  
DCD/DCB (RIDS)  
Licensing Fee Management Branch  
Resident Inspector, RIII  
Project Manager, NRR  
Ronald Callen, Michigan  
Public Service Commission  
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