



**Consumers
Power**

POWERING

MICHIGAN'S PROGRESS

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David P Hoffman
Vice President
Nuclear Operations

December 23, 1988

Nuclear Regulatory Commission
Document Control Desk
Washington, DC 20555

DOCKET 50-255 - LICENSE DPR-20 - PALISADES PLANT -
PAYMENT OF CIVIL PENALTY FOR NOTICE OF VIOLATION REGARDING ENVIRONMENTAL
QUALIFICATION DEFICIENCIES

By letter dated November 23, 1988, the Nuclear Regulatory Commission transmitted a Notice of Violation and Proposed Imposition of Civil Penalty regarding environmental qualification of electrical equipment deficiencies for the Palisades Plant. Pursuant to 10CFR2.201, Payment of the Civil Penalty for Notice of Violation Regarding Environmental Qualifications Deficiencies is provided herein. Pursuant to 10CFR2.201, a Reply to the Notice of Violation was submitted by our letter dated December 23, 1988. Consumers Power Company has reviewed the referenced violation and civil penalty and makes no contentions regarding the amount of the civil penalty. A check for the amount of the proposed civil penalty is being sent by wire payment December 23, 1988.

Consumers Power Company, however, would like to state for the record, that in none of the referenced qualification violations was an attempt being made to justify either a failed component or a component highly probable of failure. Also, none of the violations significantly increased the probability of occurrence of a catastrophic event involving "core meltdown". The deficiencies were cases of insufficient documentation existing within the individual qualification files. These deficiencies and subsequent violation and civil penalty are a result of 1985 EQ rule misinterpretations that have been prevalent throughout the U.S. Nuclear Industry. Those misinterpretations resulted in Consumers Power Company failing to adequately test and document the qualification of three types of equipment: transmitters, solenoid valves

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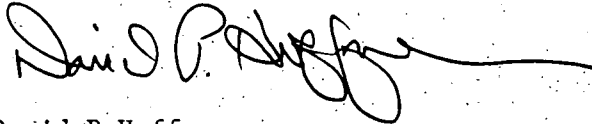
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and actuators, which are a small percentage of all equipment important to safety. These testing and documentation deficiencies were identified during the NRC inspection conducted December 8, 1986 through January 13, 1987. All of the components with identified deficiencies were replaced or modified to meet the correct interpretation of the EQ rule by March of 1987.



David P Hoffman
Vice President
Nuclear Operations

CC Administrator, Region III, NRC
NRC Resident Inspector - Palisades