



**Consumers
Power**

**POWERING
MICHIGAN'S PROGRESS**

Palisades Nuclear Plant: 27780 Blue Star Memorial Highway, Covert, MI 49043

Thomas J. Palmisano
Plant General Manager

January 6, 1997

U.S. Nuclear Regulatory Commission
Document Control Desk
Washington, DC 20555

**DOCKET 50-255 - LICENSE DPR-20 - PALISADES PLANT
REPLY TO NOTICE OF VIOLATION FOR VIOLATION REPORTED IN INSPECTION
REPORT NO. 50-255/96010**

NRC Inspection Report No. 50-255/96010, dated December 5, 1996, contains a Notice of Violation which concerns a failure to initiate a condition report upon discovery that Palisades was potentially susceptible to the problems noted in NRC Information Notice 96-45. This Notice of Violation states that Palisades failed to follow the requirements of Administrative Procedure 3.03, "Corrective Action System".

Consumers Power Company does not agree to this violation and requests that it be withdrawn. Our reasons for disputing the violation are identified in the attachment.

9701130032 970106
PDR ADCK 0500255
Q PDR

11-1-97
IEd

SUMMARY OF COMMITMENTS

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



**Thomas J. Palmisano
Plant General Manager**

**CC Administrator, Region III, USNRC
Project Manager, NRR, USNRC
NRC Resident Inspector - Palisades**

Attachment

CONSUMERS POWER COMPANY

To the best of my knowledge, the contents of this reply to a notice of violation, are truthful and complete.

By 
Thomas J. Palmisano
Plant General Manager

Sworn and subscribed to before me this 6th day of January 1997.


Deborah L. Malins, Notary Public
Van Buren County, Michigan
My commission expires September 17, 2000

(SEAL)

ATTACHMENT

**CONSUMERS POWER COMPANY
PALISADES PLANT
DOCKET 50-255**

**REPLY TO NOTICE OF VIOLATION 96010
INSPECTION REPORT NO. 50-255/96010**

FAILURE TO INITIATE CORRECTIVE ACTION

**REPLY TO NOTICE OF VIOLATION 96010
FAILURE TO INITIATE CORRECTIVE ACTION**

NRC VIOLATION

During an NRC inspection conducted on September 7 through October 18, 1996, a violation of NRC requirements was identified. In accordance with the "General Statement of Policy and Procedure for NRC Enforcement Actions," NUREG-1600, the violation is listed below:

1. *10CFR50, Appendix B, Criterion V, "Instructions, Procedures, and Drawings," requires that activities affecting quality shall be prescribed by documented instructions, procedures, or drawings, of a type appropriate to the circumstances and shall be accomplished in accordance with these instructions, procedures, or drawings.*

Licensee procedure 3.03, "Corrective Action Process," Revision 15, Paragraph 7.1, required that upon discovery of any condition requiring a condition report (CR), an individual shall initiate a CR and immediately hand carry the CR to the individual's supervisor.

Licensee procedure 3.03, Attachment 10, "Condition Report Guidelines," Revision 15, required, in part, "That a condition report should be written whenever: Information from external sources (eg, vendors, INPO, NRC) that indicates a potential problem at Palisades."

Contrary to the above:

Licensee staff failed to initiate a CR upon discovery that Palisades was potentially susceptible to the problem described in NRC Information Notice 96-45 "Potential Common-Mode Post Accident Failure of Containment Coolers."

This is a Severity Level IV violation (Supplement I).

CONSUMERS POWER COMPANY RESPONSE

Consumers Power Company (CPCo) contests this violation on the basis that a violation of Administrative Procedure 3.03, "Corrective Action Process," did not occur; and that the plant response to this issue, following issuance of the Information Notice (IN), was reasonable and timely. Therefore, CPCo requests that this violation be withdrawn.

BACKGROUND

Palisades Industry Experience Review Program:

The Palisades' Industry Experience Program, under Administrative Procedure (AP) 3.16, governs the evaluation and corrective actions associated with hundreds of reports issued each year by various utilities, vendors, and regulatory agencies. NRC INs are processed at Palisades within this Industry Experience Review Program. The time period allowed for evaluation of INs is typically 45 days. If the evaluation determines that the identified issue constitutes a significant issue relative to plant safety, the issue is transferred to a Condition Report (CR) and processed within the Corrective Action System.

Palisades Corrective Action Process:

Administrative Procedure (AP) 3.03 provides requirements for how a CR is processed. It allows for the judgement of an initiator and a supervisor to distinguish between an issue determined to have potential to be a condition adverse to safety or quality, and an issue that merely represents a question which should be researched. The exercise of judgement is explicitly acknowledged by the NRC as necessary and appropriate in many documents, including Generic Letter 91-18.

Section 7.1 of AP 3.03 contains a requirement for individuals who discover "...any condition requiring a CR..." to initiate a CR and to immediately hand carry it to his supervisor. Among the supervisor's responsibilities defined in Section 7.2, is the responsibility to "Determine that the CR is warranted."

Section 6.0 of AP 3.03 states, in part, "Guidance for the initiation of a CR is listed in Attachment 10." Attachment 10 of AP 3.03, entitled "Condition Report Guidelines", provides examples of conditions which may warrant use of a Condition Report. Example 18 states, in part, "A CR should be written whenever: Information from external sources (eg, vendors, INPO, NRC) that indicates a potential problem at Palisades." As stated in Section 18.9.2 of AP 10.51, "Writer's Guideline for Procedures", " 'Should' is used to denote actions that are recommended, but not mandatory." Example 18 in Attachment 10 therefore constitutes a recommendation rather than a specific requirement.

In summary, the Corrective Action Process, as described in AP 3.03, does not require a CR at the time the information from external sources is received. It is required once the reported condition is determined to have a potential safety significance at Palisades.

Chronological Description of Events

A determination was made by Diablo Canyon on February 13, 1996, that their containment fan coolers were susceptible to component cooling water flashing in the cooler unit cooling coils during a design-basis Loss-of-coolant Accident (LOCA) with a concurrent loss of offsite power or with delayed sequencing of safety-related equipment. This was reported to the NRC as Diablo Canyon LER 96-005 dated April 26, 1996. This was a voluntary LER submitted to NRC for information purposes only.

On July 22, 1996, the licensee for Haddam Neck declared all four of its containment air recirculation fans inoperable and initiated a plant shutdown due to a similar concern. This was also reported to the NRC.

The Palisades Industry Experience Program staff became aware of both events via entries in the INPO NETWORK system. The Haddam Neck event was discussed in the NRC Plant Daily Status dated July 24, 1996, and the Diablo Canyon event was discussed in Operating Experience (OE) 7970 dated August 8, 1996.

The tracking document for the evaluation of OE 7970 was ready to be issued when, on August 13, 1996, IN 96-045 was downloaded from the INPO industry experience data base. The related information was combined and a new traveler was issued on August 13, 1996, for IN 96-045 with the associated information attached. The evaluation due date was set for 9/30/96, applying the standard 45 day period used for IN evaluations.

In order to establish priorities to allow completion of the evaluation within the assigned time period, the IN information was reviewed on August 26, 1996, by the assigned Design Engineer. Information gathering for the evaluation was started on September 13, 1996, with the in-depth research and evaluation starting on September 17, 1996. A management meeting was held on September 18, 1996, to discuss preliminary conclusions about the potential significance of the issue and the decision was made to transfer the issue from the Industry Experience Review Program into the Corrective Action Program. Condition Report C-PAL-96-1063 was finalized on September 20, 1996, and an operability determination was promptly rendered. The IN evaluation was completed within the assigned period.

BASIS FOR DISPUTING THE VIOLATION

When the industry experiences related to IN 96-045 and the IN itself was received, they were entered into our Industry Experience Review Program. The initial screening and processing was handled in an appropriate manner based on our understanding of the information at the time. The IN evaluation was performed well within the assigned period. When the evaluation showed the issue to have potential safety significance

specifically for Palisades, a Condition Report was promptly issued in accordance with AP 3.03 and an operability determination was promptly rendered.

It is our conclusion that no procedure violations occurred, and that our actions for this issue were reasonable and timely. It is therefore CPCo's position that this Notice of Violation should be withdrawn by the NRC.