



UNITED STATES
NUCLEAR REGULATORY COMMISSION
REGION III
799 ROOSEVELT ROAD
GLEN ELLYN, ILLINOIS 60137

JUN 12 1981

Docket No. 50-255

Consumers Power Company
ATTN: Mr. R. B. Dewitt
Vice President
Nuclear Operations
212 West Michigan Avenue
Jackson, MI 49201



Gentlemen:

This refers to the inspection conducted by Messrs. D. C. Boyd, K. R. Baker, B. L. Jorgensen, N. E. DuBry and J. K. Heller of our staff during December 1980 and January 1981 of activities at the Palisades Nuclear Generating Plant authorized by NRC Provisional Operating License No. DPR-20. The findings of this inspection were discussed between the inspectors and Messrs. J. S. Rang and H. J. Palmer at the conclusion of the inspection. The battery isolation event of January 6, 1981, which we reviewed during this inspection, was also discussed in numerous telephone conversations between our staffs and on February 18 and March 18, 1981, during enforcement conferences in the Region III office.

The enclosed copy of our inspection report identifies areas examined during the inspection. Within these areas, the inspection consisted of a selective examination of procedures and representative records, observations, and interviews with personnel.

During this inspection, certain of your activities appeared to be in non-compliance with NRC requirements, as described in the enclosed Appendix A. With respect to Item 1, the inspection and our review of your actions in response to the January 9, 1981, Immediate Action Letter and the March 9, 1981, Order Confirming Licensee Actions to Upgrade Facility Performance showed that actions had been taken to correct the item and to prevent its recurrence. Consequently, no reply to this item of noncompliance is required. A written response submitted under oath or affirmation is required for the remaining items.

The most significant finding of the inspection relates to the battery isolation event. Based on our inspection findings, on our review of your analysis of the event as documented in Licensee Event Report 81-01 dated January 16, 1981, and our review of information your staff presented in the enforcement conference on March 18, we have concluded that the safety function of the batteries was lost for one hour in that the batteries were incapable of performing their safety function in the absence of operator action. The potential consequences of the event to the safety

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of the public were significant under loss of coolant accident coincident with loss of offsite power. As you are aware, the event precipitated the issuance to you of an Immediate Action Letter on January 9, 1981, and the Order Confirming Licensee Actions to Upgrade Facility Performance on March 9, 1981. The event and our concern relative to the recurrence of personnel errors, which have caused degraded safety conditions, are addressed in some detail in the Order.

The battery isolation event resulted in a limiting condition for operation being exceeded and in accordance with the Interim Enforcement Policy, 45 FR 66754 (October 7, 1980) is categorized as a Severity Level III violation. Normally a civil penalty would be assessed for this event; however, the Interim Enforcement Policy (Footnote 12 to Section IV.B) allows Orders to be issued in lieu of civil penalties. We have decided to exercise our discretion and not assess a civil penalty in this case because we have concluded that the Order by itself provides for adequate remedial measures as evidenced by the corrective actions you have taken in response to the Order during the five months since the event, and because we have concluded that the Order by itself is an adequate deterrent against future similar violations by you and other licensees. We wish to emphasize that you should not construe our action as an indication that we do not view this event as a very significant matter.

In accordance with 10 CFR 2.790 of the Commission's regulations, a copy of this letter, the enclosures, and your response to this letter will be placed in the NRC's Public Document Room. If the enclosures contain any information that you or your contractors believe to be exempt from disclosure under 10 CFR 9.5(a)(4), it is necessary that you (a) notify this office by telephone within seven (7) days from the date of this letter of your intention to file a request for withholding; and (b) submit within thirty (30) days from the date of this letter a written application to this office to withhold such information. Section 2.790(b)(1) requires that any such application must be accompanied by an affidavit executed by the owner of the information which identifies the document or part sought to be withheld, and which contains a full statement of the reasons on the basis which it is claimed that the information should be withheld from public disclosure. This section further requires the statement to address with specificity the considerations listed in 10 CFR 2.790(b)(4). The information sought to be withheld shall be incorporated as far as possible into a separate part of the affidavit. If we do not hear from you in this regard within the specified periods noted above, a copy of this letter, the enclosures, and your response to this letter will be placed in the Public Document Room.

We will gladly discuss any questions you have concerning this inspection. Your reply to this letter and the results of future inspections will be considered in determining whether further enforcement action may be appropriate.

Sincerely,

James G. Keppler
Director

Enclosures:

1. Appendix A, Notice of Violation
2. IE Inspection Report No. 50-255/80-24

cc w/encls:

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Licensing Administrator
Mr. R. W. Montross, Manager
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