

JCO / OCB

APR 22 1994

Docket No. 50-331

IES Utilities Incorporated
ATTN: Mr. Lee Liu
Chairman of the Board
and Chief Executive
Officer

IE Towers
P. O. Box 351
Cedar Rapids, IA 52406

Dear Mr. Liu:

Enclosed for your review, is the Systematic Assessment of Licensee Performance (SALP) II Report for the Duane Arnold Energy Center (DAEC), covering the period September 1, 1992 through March 19, 1994. As discussed between P. Bessette of your staff and T. M. Tongue of this office, a meeting to discuss this report with you and your staff has been scheduled at Duane Arnold Energy Center, Training Center Room 106 A and B, 3363 DAEC Road, Palo, IA 52324, on May 10, 1994, at 1:00 p.m.

During this meeting you are encouraged to candidly discuss any comments you may have regarding our report. While this meeting is considered a presentation and discussion forum between IES Utilities Incorporated and the NRC, the meeting will be open to any other interested parties as observers.

In accordance with NRC policy, I have reviewed the recommendations resulting from the SALP Board assessment and concur with their ratings. It is my view that your conduct of nuclear activities in connection with the Duane Arnold facility was good and is properly focused on nuclear safety. Our analysis of your activities indicated that your performance has shown steady improvement over the last two SALP periods. The basis for your improvement and overall good performance was strong senior management oversight and control of plant activities. Throughout the SALP period, management effectively communicated a strong safety philosophy to plant staff. Additionally, the distribution and rotation of operations experienced personnel and rotations of other expertise throughout the organization demonstrates strong management support for interdepartmental communication and staff development. The areas of Operations and Plant Support were assigned Category 1 ratings, which indicated excellent performance. The areas of Engineering and Maintenance received Category 2 ratings, reflecting good performance in each area.

Overall performance in the area of Operations continued the improving trend from the previous assessment period and was excellent. Performance in this area was characterized by a strong safety focus, excellent self assessment and effective corrective actions. Outage planning and attention to minimizing shutdown risk were strengths.

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Performance in the Maintenance area continued to be good. Management pursued a thorough self assessment and associated corrective actions. Effective outage planning and management attention to several chronic equipment problems resulted in improved plant material condition. Continuing management attention is needed to improve maintenance-related procedures and programs.

Performance in the area of Engineering continued to be good. While overall safety focus was good and management oversight of single issues was strong, the lack of a consistent questioning attitude was noted. Improvement is needed in management oversight of extensive programs, such as the Motor-Operated Valve (MOV) and In-Service Testing programs.

Overall performance in the Plant Support area improved and was excellent. Management provided strong support toward improving and maintaining excellent radiation protection, emergency preparedness (EP), and chemistry programs. Significant strengths included the ALARA program, source term reduction efforts, chemistry control, and oversight of the EP program. Challenges remain in continuing to reduce the source term and in aspects of the security and fire protection programs.

Your program for self assessments contributed to your improved performance and, with continued emphasis, should be a significant factor in further improvement. The quality assurance audit program was generally performance based and effectively identified issues for resolution. However, some audits were narrow in scope. Several effective self assessments were also performed by the line organization. This developing self assessment capability demonstrates a proactive approach to identifying and resolving problems at an early stage. However, in the case of the MOV program, neither the audit program nor self assessment were effective in identifying or resolving fundamental deficiencies. While audits indicated problems in this program, management failed to recognize the significance of the deficiencies and take appropriate corrective actions. Continued management attention in this area is needed.

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 the SALP report will be placed in the NRC's Public Document Room.

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Should you have any questions concerning the SALP Report, we would be pleased to discuss them with you. While no written response is required, if you wish, you may provide written comments within 30 days of the SALP meeting.

Sincerely,

ORIGINAL SIGNED BY HUBERT J. MILLER.

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John B. Martin
Regional Administrator

Enclosure: SALP 11
Report No. (50-331/94001)

cc w/enclosure:
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