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UNITED STATES
NUCLEAR REGULATORY COMMISSION

WASHINGTON, D.C. 20555-0001

JUN 13 1994

Docket No. 50-010
License No. DPR-2
EA 94-044

Commonwealth Edison Company
ATTN: Mr. Michael J. Wallace
Vice President,
Chief Nuclear Officer
Executive Towers West III
1400 Opus Place, Suite 300
Downers Grove, Illinois 60515

Dear Mr. Wallace:

SUBJECT: DRESDEN STATION - UNIT 1
NOTICE OF VIOLATION AND PROPOSED IMPOSITION OF CIVIL PENALTY -
\$200,000 AND NOTICE OF DEVIATION
(Inspection Report No. (50-010/94001)

This refers to the special team inspection conducted on January 27 through February 18, 1994, at the shutdown Dresden Unit 1 facility. The purpose of the inspection was to review the circumstances surrounding the loss of approximately 55,000 gallons of water in the Unit 1 containment on January 25, 1994, which originated from a rupture of the service water system that froze due to sub-zero temperatures. The report documenting this inspection was sent to you by letter dated April 15, 1994. During the inspection, violations of NRC requirements were identified. An enforcement conference was held on May 12, 1994, to discuss the violations, their causes and your corrective actions.

The violations are fully described in the enclosed Notice of Violation and Proposed Imposition of Civil Penalty (Notice). The first violation concerns your failure to maintain HVAC (heating, ventilation, and air conditioning) for the Unit 1 containment. The second violation involves your failure to properly drain or lay-up piping systems located in containment to assure that these systems would not be challenged by temperature extremes. These two violations resulted in the rupture of service water piping, which is located in the unheated Unit 1 facility, due to freeze damage. You were unaware at the time of the event and the inspection, as to whether the lack of facility heat could have affected other fluid systems that ensure the safe storage of spent fuel. The third violation concerns your failure to assign a decommissioning project manager to oversee the activities at the Unit 1 facility.

With no containment heating, there was the potential for freezing of the fuel transfer system, which could have resulted in partial draining of the spent fuel pool and uncovering the upper two feet of the spent fuel elements. Because of the extended time since the fuel had been used, loss of pool water would not have resulted in the melting or damaging of the spent fuel. However, the loss of water would have resulted in a significant onsite

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radiation hazard. We recognize that after the enforcement conference, you concluded that a loss of fuel transfer system integrity would not be expected given the outside temperature profile of January 1994. This was fortuitous.

Nevertheless, our review identified a significant lack of management attention to the safe maintenance and operation of Dresden Unit 1 systems. Since the facility last operated in October 1978, it was given low management priority, and the material condition of the plant declined significantly. In May 1994, another event occurred when 50,000 gallons of slightly contaminated water leaked from a Dresden Unit 1 demineralized water tank as a result of deterioration of transfer piping. Plant personnel documented the declining tank water level, but failed to respond to the indicators of the leak. This event in May 1994 is further indication that plant personnel were still not sufficiently sensitive to the safety of Dresden Unit 1.

The preliminary indications of the January 1994 event were not promptly reported by your staff to senior management. When senior management was notified, they formed a 13-person investigation team and addressed the potential safety issue of draining the spent fuel pool and exposing the spent fuel. However, senior plant management was not an active participant in the assessment of the many problems subsequently identified by the investigation team. For example, very few Dresden managers had inspected the Unit 1 containment or spent fuel pool area to observe first hand, the scope of the problems at the facility. As a result, management failed to develop an appreciation for the full scope and depth of problems that existed and provide the necessary focus, direction and emphasis for the corrective action efforts.

Collectively, the violations described in the enclosed Notice represent your significant lack of attention and carelessness toward licensed responsibilities. Therefore, in accordance with the "General Statement of Policy and Procedure for NRC Enforcement Actions," (Enforcement Policy) 10 CFR Part 2, Appendix C, these violations are classified in the aggregate as a Severity Level III problem.

We acknowledge your planned and completed corrective actions, which include improving management oversight; assigning a Unit 1 Project Manager and project team; conducting training on the event, decommissioning requirements and Unit 1 systems operations and accident analyses; reviewing decommissioning documentation to ensure that commitments are integrated into station procedures and programs; increasing site Quality Verification oversight of Unit 1; and integrating Unit 1 activities into the station work control processes.

To emphasize the need for increased management attention to licensed activities and strict adherence to the Unit 1 Decommissioning Plan, I have decided to issue the enclosed Notice of Violation and Proposed Imposition of Civil Penalty (Notice) in the amount of \$200,000, for the Severity Level III problem. The base value of a civil penalty for a Severity Level III problem is \$50,000. The civil penalty adjustment factors in the Enforcement Policy were considered.

While this was a self-disclosing event, the base civil penalty was not mitigated for identification because you did not demonstrate initiative in identifying the root cause of the violation. You did not begin a thorough review of the event to identify root causes until after the NRC became involved expressing concern regarding the event.

The base civil penalty was not mitigated for your corrective actions because we had concerns with your management's initial response to the event. Action to thoroughly evaluate the event was not initiated on a timely basis. In addition, the recent event in May 1994 brings into question the effectiveness of the corrective actions taken to ensure the safety of Dresden Unit 1.

The base civil penalty was escalated 100 percent for your poor past performance. This included six escalated actions during the past two years and the most recent SALP report which rated Plant Operations and Engineering as Category 3. We recognize that in the recent Dresden enforcement action (FA 94-048) involving reactor water level instrumentation, escalation of only 50 percent was proposed for past performance. We limited the escalation in that case out of recognition of certain positive efforts you were making to understand and address performance problems at Dresden. Those efforts included certain management changes, a reduction in the number of priority items to be resolved for your operating units, improvements in plant material conditions and improvements in communications between the engineering and maintenance groups. However, those positive efforts appear to address Units 2 and 3 and not to have been applied to Unit 1. In fact, we have noted a general lack of management attention to Unit 1 prior to your eventual formulation of corrective actions for the event that is the subject of this action. Accordingly, we do not believe that your recent efforts to improve performance affect the consideration of the past performance adjustment factor in this case.

The base civil penalty was escalated 100 percent for prior opportunity to identify or prevent the violations from occurring. There had been previous events involving freezing of water in instrument air and containment heating equipment as early as 1989, and leaking of water during the summer of 1993, in lines that were previously thought to have been isolated and drained. Your response to these events did not identify the lack of proper management focus.

The base civil penalty was further escalated 100 percent for duration to reflect the added regulatory significance of the existence of these problems with failure to maintain HVAC and failure to drain or properly lay up fluid systems for an extensive period. While the violation lasted more than four months, the fundamental problem was in existence for more than four years.

The other adjustment factors in the Policy were considered and no further adjustment to the base civil penalty is considered appropriate. Therefore, based on the above, the base civil penalty has been increased 300 percent.

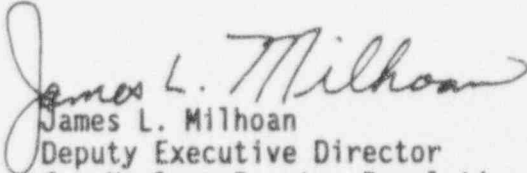
In addition, as stated in the enclosed Notice of Deviation, an apparent deviation was identified for a missed commitment to install and operate an air monitor, which deviates from commitments that you have made in previous correspondence with the Commission.

You are required to respond to this letter and should follow the instructions specified in the enclosed Notices 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 these Notices, 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.

In accordance with 10 CFR 2.790 of the NRC's "Rules of Practice," a copy of this letter, its enclosures, and your responses will be placed in the NRC Public Document Room.

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

Sincerely,


James L. Milhoan
Deputy Executive Director
for Nuclear Reactor Regulation
Regional Operations and Research

Enclosures:

1. Notice of Violation and Proposed Imposition of Civil Penalty
2. Notice of Deviation

cc w/enclosures:

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L.O. DelGeorge, Vice President,
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