ENCLOSURE 1

NOTICE OF VIOLATION
AND
PROPOSED IMPOSITION OF CIVIL PENALTIES

Pennsylvania Power and Light Company
Susquehanna Units 1 & 2

Docket Nos. 50-387; 50-388
License Nos. NPF-14; NPF-22
EA Nos. 96-270; 96-347; 97-054

During NRC inspections conducted between June 11, 1996 and September 9, 1996, as well as during two OI investigations, for which one OI synopsis was forwarded to you on February 19, 1997, and for which the other OI synopsis is enclosed, violations of NRC requirements were identified. In accordance with the "General Statement of Policy and Procedure for NRC Enforcement Actions," NUREG-1600, the Nuclear Regulatory Commission proposes to impose civil penalties pursuant to Section 234 of the Atomic Energy Act of 1954, as amended (Act), 42 U.S.C. 2282, and 10 CFR 2.205. The particular violations and associated civil penalties are set forth below:

I. VIOLATIONS CLASSIFIED IN THE AGGREGATE AS A SEVERITY LEVEL II PROBLEM

A. Technical Specification 3.8.1.1 for Units 1 and 2 require four of the five independent diesel generators (DGs) to be operable in Operational Condition 1, 2, and 3. With one of the required diesel generators inoperable, it must be restored to an operable status within 72 hours or the units must be placed in Hot Shutdown within the next 12 hours.

Contrary to the above, between June 14, 1996, and July 4, 1996, less than four independent diesel generators were operable, and during that time, neither unit was placed in Hot Shutdown. Specifically, DG 'E' was substituted for DG 'D' on June 14, 1996, that made DG 'D' inoperable. However, DG 'E' was also inoperable because of a circuit breaker alignment error made during the substitution, that resulted in removal of the circuit breaker that supplied power to the auxiliary equipment for DG 'E'.

B. Technical Specification 6.8.1 for Units 1 and 2 requires, in part, that the applicable procedures recommended in Appendix 'A' of Regulatory Guide 1.33, Revision 2, February 1978, shall be established, implemented and maintained.

1. Regulatory Guide 1.33, Revision 2, February 1978, Appendix 'A', Section 4.w, recommends instructions for energizing and changing modes of operation for electrical systems, including emergency power sources such as diesel generators. Operations Procedure OP-024-004, "Transfer and Test Mode Operations of Diesel Generator E," Revision 14 (a procedure established to implement Regulatory Guide 1.33), provides the instruction for the alignment of DG 'E' in substitution for another diesel generator. Step 3.1.26 of OP-024-004 requires that transfer breaker OA51006 be removed and placed in the breaker cubicle for the diesel generator that will be substituted.

Contrary to the above, on June 14, 1996, a nuclear plant operator failed to align DG 'E' in accordance with OP-024-004, in that breaker OA51005, the supply breaker for the diesel's auxiliary equipment, was removed, instead of transfer breaker OA51006. As a result, DG 'E' was inoperable for 20 days.

2. Regulatory Guide 1.33, Revision 2, February 1978, Appendix 'A', Section 1, recommends administrative procedures for equipment control, shift and relief turnover, log entries, and responsibilities for safe operation.

   a. Administrative Procedure NDAP-QA-0022, "Self Checking," Revision 1 (a procedure established to implement Regulatory Guide 1.33), requires self-checking including, a step to identify the correct component, train, unit, etc, before taking action.

      Contrary to the above, on June 14, 1996, a nuclear plant operator (NPO) failed to identify the correct component before taking action while aligning DG 'E' in accordance with OP-024-004, in that the operator manipulated the incorrect breaker, as described in Item I.B.1, and caused DG 'E' to be inoperable for 20 days.

   b. Operations Instruction OI-AD-080, "Investigation of Status Control Occurrences," (a procedure established to implement Regulatory Guide 1.33), requires immediate investigation and documentation of the occurrence and that Shift Supervision will complete the investigation prior to leaving the site on the day of the occurrence. OI-AD-080 defines a category 1 status control occurrence as a plant component (valve, breaker, switch, fuse, lead, etc.) out of required position.

      Contrary to the above, on June 14, 1996, Shift Supervision did not immediately initiate an investigation for a status control occurrence and did not adequately complete the investigation prior to leaving the site. Specifically, when Shift Supervision was notified by a nuclear plant operator that breaker OA51006, the DG 'E' transfer breaker, was out of its required position, no action was taken to independently investigate the occurrence or locally verify the reported condition. Additionally, the investigation was not completed before Shift Supervision left the site on June 14, 1996.

   c. Administrative Procedure NDAP-QA-300, "Conduct of Operations," Revision 6, (a procedure established to implement Regulatory Guide 1.33), step 4.13.2, requires NPOs to keep the Plant Control Operator (PCO) informed of potential problems.

Contrary to the above, during the evening shift of July 3, 1996, an NPO identified potential problems on DG 'E' and failed to report the problem to a PCO until the following evening shift of July 4, 1996.

d. Operations Department Administrative Procedure OP-AD-003, "Shift Routine," Revision 6, section 6.5.2 c.(3) (a procedure established to implement Regulatory Guide 1.33), requires NPOs to perform rounds in accordance with OI-AD-016, "Operator Rounds." OI-AD-016, step 4.5.1, requires NPOs to perform all checks and preventive maintenance activities identified on Plant Logs. NPO Plant Log OI-PL-0171, "Diesel Generator and ESS XFMRs," requires NPOs to perform an alarm test on panel OC577E twice per shift.

Contrary to the above, between January 1996 and June 1996, Nuclear Plant Operators failed to perform approximately 157 of the required alarm tests on panel OC577E.

e. Administrative Procedure NDAP-QA-0300, step 6.2.3, Shift Turnover, provides general requirements for this activity and references additional requirements in OP-AD-003, "Shift Routine." OP-AD-003, Revision 6, step 6.5.2, states "Shift Supervisor rounds shall consist of an in-plant tour. Shift Supervisors assigned to the night shift (1900-0700) are responsible to conduct a general station inspection nightly".

Contrary to the above, on at least 22 occasions between January 1994 and June 1996, Shift Supervisors did not complete the required general station inspection (GSI). Specifically, an in-plant tour was not completed in that the SSs did not leave the control room during their assigned shift on those occasions and; therefore, did not conduct the in-plant portion of the GSI.

3. Regulatory Guide 1.33, Revision 2, February 1978, Appendix 'A', Section 8.b, recommends implementing procedures for each surveillance test, inspection, or calibration listed in the Technical Specifications. Technical Specification surveillance requirement 4.8.3.1.1 for Units 1 and 2 requires, in part, that MCC 0B565 shall be determined to be energized at least once per 7 days by verifying correct breaker alignment. Procedure SO-100-005, "Weekly Electrical Distribution Verification", Revision 12, implements the requirements of TS 4.8.3.1.1. SO-100-005, Check Sheet 2, step B.25, requires that breaker OA51005, 1E Supply to 0B565, be confirmed open and racked in.

Contrary to the above, on June 20, June 27, and July 3, 1996, NPOs failed to confirm that breaker OA51005 was open and racked in. Specifically, breaker OA51005 was removed from its assigned cubicle

on June 14, 1996, and was not returned to its assigned location until July 4, 1996, and the NPOs failed to identify that the breaker was not in the required position.

C. 10 CFR Part 50, Appendix B, Criterion V, Instructions, Procedures, and Drawings, requires that activities affecting quality be prescribed by procedures of a type appropriate to the circumstances. Implementing this requirement is the SSES Operational Quality Assurance Manual, Policy OPS-12, item 6.5.4, which requires that procedures shall require independent verifications where appropriate to ensure that procedures for control of equipment have been implemented correctly. SSES Policy Letter 89-003, Revision 3, "Verification of Component Status," requires that alignment of safety related systems for operation requires independent verification, or as an alternative, verification by system test.

Operations Procedure OP-024-004, "Transfer and Test Mode Operations of Diesel Generator E," for Units 1 and 2 provides direction for the alignment of DG 'E'. Procedure SO-024-001, "Monthly Diesel Generator Operability Test," provides direction for performing a system test on the diesel generators.

Contrary to the above, on September 28, 1995, Operations Procedure OP-024-004, Revision 14, was approved for use in alignment of DG 'E', and the procedure was not appropriate to the circumstances in that the procedure did not require independent verification for proper alignment of the supply breaker for the diesel's auxiliary equipment. No verification of the breaker's proper alignment is made during performance of the system test in accordance with procedure SO-024-001.

D. 10 CFR 50.9 requires, in part, that information required by the Commission's regulations to be maintained by the licensee shall be complete and accurate in all material respects.

Technical Specification 6.8.1 for Units 1 and 2 requires, in part, that the applicable procedures recommended in Appendix 'A' of Regulatory Guide 1.33, Revision 2, February 1978, shall be established, implemented and maintained.

1. Regulatory Guide 1.33, Revision 2, February 1978, Appendix 'A', Section 8.b, recommends implementing procedures for each surveillance test, inspection, or calibration listed in the Technical Specifications. Technical Specification surveillance requirement 4.8.3.1.1 for Units 1 and 2 requires, in part, that MCC 0B565 shall be determined to be energized at least once per 7 days by verifying correct breaker alignment. Procedure SO-100-005, "Weekly Electrical Distribution Verification," Revision 12, implements the requirements of TS 4.8.3.1.1. SO-100-005, Check Sheet 2, step B.25 requires that breaker OA51005, 1E Supply to OB565, be confirmed open and racked in. Step 7.2 of SO-100-005 requires that a completed record be maintained.

Contrary to the above, information required to be maintained by the licensee was not complete and accurate in all material respects. Specifically, on June 20, June 27, and July 3, 1996, NPOs assigned to verifying the correct breaker alignment of OA51005, the safety related supply breaker to MCC 0B565, created records to indicate that they verified that the breaker was in the correct position, and those records were inaccurate in that the individuals did not verify that the breaker was in the correct position as described in Item I.B.3. These records were material in that they provided indication that certain safety activities had been completed when in fact they had not been completed.

2. Regulatory Guide 1.33, Revision 2, February 1978, Appendix 'A', Section 1, recommends administrative procedures for equipment control, shift and relief turnover, log entries, and responsibilities for safe operation. Operations Department Administrative Procedure OP-AD-003, "Shift Routine," Revision 6, Section 6.5.2 c.(3), requires NPOs to perform rounds in accordance with OI-AD-016, "Operator Rounds." OI-AD-016, step 4.5.1, requires NPOs to perform all checks and preventive maintenance activities identified on Plant Logs and step 5.0 requires that completed Plant Logs be maintained. NPO Plant Log OI-PL-0171, "Diesel Generator and ESS XFMRs," requires NPOs to perform an alarm test on panel OC577E twice per shift.

   Contrary to the above, information required to be maintained by the licensee was not complete and accurate in all material respects. Specifically, on approximately 157 occasions between January 1996 and June 1996, Nuclear Plant Operators created records to indicate that they had performed a panel OC577E alarm test, and the records were inaccurate in that the tests had not been performed as described in Item I.B.2.d. These records were material in that they provided indication that certain safety activities had been completed when in fact they had not been completed.

3. Regulatory Guide 1.33, Revision 2, February 1978, Appendix 'A', Section 1, recommends administrative procedures for equipment control, shift and relief turnover, log entries, and responsibilities for safe operation. Administrative Procedure NDAP-QA-0300, step 6.2.3, Shift Turnover, provides general requirements for this activity and references additional requirements in OP-AD-003, "Shift Routine." OP-AD-003, Revision 6, step 6.5.2, states "Shift Supervisor rounds shall consist of an in-plant tour. Shift Supervisors assigned to night shift (1900-0700) are responsible to conduct a general station inspection nightly". Step 6.10.9 requires personnel to indicate all items of their shift turnover sheet "offgoing" section are complete by marking applicable boxes and signing the form. Attachment F, Shift Supervisor Turnover Sheet, Offgoing Shift Supervisor Checklist, item 1, documents performance of the general station inspection. Step 7.1.1 requires that Shift Supervisor Logs and Shift Supervisor Turnover Sheets be maintained.

Contrary to the above, information required to be maintained by the licensee was not complete and accurate in all material respects. Specifically, on at least 22 occasions between January 1994 and June 1996, Shift Supervisors signed Attachment F of procedure OP-AD-003 indicating that they performed the required general station inspection, and these records were inaccurate in that the in-plant tours had not been conducted by the shift supervisors in that they did not leave the control room during those periods as described in Item I.B.2.e. These records were material in that they provided indication that certain safety activities had been completed when in fact they had not been completed.

4. Regulatory Guide 1.33, Revision 2, February 1978, Appendix 'A', Section 9.b, recommends the development of procedures for preventative maintenance schedules. NDAP-00-0540, Preventive Maintenance Scheduling System, Revision 2, is a program for uniform scheduling and tracking of preventive maintenance (PM) activities. NDAP-00-0540, section 6.4.2, PM Worklists, states that upon completion of a PM Worklist activity, the worker shall enter his employee number and date performed in the work completed block. Weekly PM worklist activities S0603, and S5603, require the Assistant Unit Supervisor to monitor one complete set of rounds by accompanying the reactor building nuclear plant operators on Saturday night and Monday night shifts. Step 7.1 of NDAP-00-0540 requires that a completed PM Worklist activity be maintained as a plant document.

   Contrary to the above, information required to be maintained by the licensee was not complete and accurate in all material respects. Specifically, between January 1996 and June 1996, five PM Worklist activities were signed off as completed by two Assistant Unit Supervisors, and those records were inaccurate in that the individuals had not entered the plant areas during those periods necessary to perform the activity. These records were material in that they provided indication that certain safety activities had been completed when in fact they had not been completed.

These violations are classified in the aggregate as a Severity Level II problem (Supplements I and VII)
Civil Penalty - $160,000.

II. <u>VIOLATION INVOLVING AN INOPERABLE CONTAINMENT ISOLATION VALVE</u>

Unit 1 Technical Specification (TS) 3.6.3, requires primary containment isolation valves, including the core spray valve F015B, to be operable in Operational Condition 1, 2, and 3. TS Action statement 3.6.3.a requires that with one of the primary containment isolation valves inoperable, at least one isolation valve shall be maintained operable in each penetration that is open and that action must be taken within 4 hours

to restore the inoperable valve to operable status or to isolate the affected penetration. When a Limiting Condition for Operation can not be met, TS 3.0.3 requires, in part, that actions be taken to place the unit be in at least STARTUP within 7 hours.

Contrary to the above, on July 30, 1997, with Unit 1 in Operational Condition 1, containment isolation valve F015B was opened and deactivated for 24 hours, rendering the valve inoperable and action could not be taken to meet the requirements specified to isolate the affected penetration because F015B was the only isolation valve in the penetration. As a result, TS 3.6.3 could not be met; therefore, the actions of TS 3.0.3 were required. However, contrary to the requirements of TS 3.0.3, the licensee failed to take actions to place the unit in at least STARTUP within 7 hours.

This is a Severity Level III violation (Supplement I).
Civil Penalty - $50,000.

III. VIOLATION NOT ASSESSED A CIVIL PENALTY

Technical Specification 6.8.1 requires, in part, that the applicable procedures recommended in Appendix "A" of Regulatory Guide 1.33, Revision 2, February 1978, shall be established, implemented and maintained. Appendix "A" of Regulatory Guide 1.33, Revision 2, February 1978, Section 1 recommends administrative procedures for equipment control. Administrative Procedure NDAP-QA-302, Revision 6 (a procedure established to implement Regulatory Guide 1.33), states that repositioning/operating components controlled by status control tags may be performed with the permission of the individual or work group who required the tag and either Operations Shift Supervision or Operations Outage Group Supervision.

Contrary to the above, on June 12, 1996, a NPO repositioned a breaker switch in a cabinet which was being controlled by a status control tag, and the NPO failed to obtain the permission of the individual or work group who required the tag and either Operations Shift Supervision or Operations Outage Group Supervision. This action resulted in the de-energization of heat tracing for an operable standby liquid control pump for a period of 34 hours.

This is a Severity Level IV Violation (Supplement I)

Pursuant to the provisions of 10 CFR 2.201, Pennsylvania Power and Light Company (Licensee) is hereby required to submit a written statement or explanation to the Director, Office of Enforcement, U.S. Nuclear Regulatory Commission, within 30 days of the receipt of this Notice of Violation and Proposed Imposition of Civil Penalties (Notice). This reply should be clearly marked as a "Reply to a Notice of Violation" and should include for each alleged violation: (1) admission or denial of the alleged violation, (2) the reasons for the violation if admitted, and if denied, the reasons why, (3) the corrective steps that have been taken and the results achieved, (4) the corrective steps that will be taken to avoid further violations, and (5) the date when full compliance will be achieved. If an adequate reply is not received within the time specified in this Notice, an Order or a Demand for Information may be issued as to why the license should not be modified, suspended, or revoked or why such other action as may be proper should not be taken. Consideration may be given to extending the response time for good cause shown. Under the authority of Section 182 of the Act, 42 U.S.C. 2232, this response shall be submitted under oath or affirmation.

Within the same time as provided for the response required above under 10 CFR 2.201, the Licensee may pay the civil penalties by letter addressed to the Director, Office of Enforcement, U.S. Nuclear Regulatory Commission, with a check, draft, money order, or electronic transfer payable to the Treasurer of the United States in the amount of the civil penalties proposed above, or may protest imposition of the civil penalties, in whole or in part, by a written answer addressed to the Director, Office of Enforcement, U.S. Nuclear Regulatory Commission. Should the Licensee fail to answer within the time specified, an order imposing the civil penalties will be issued. Should the Licensee elect to file an answer in accordance with 10 CFR 2.205 protesting the civil penalties, in whole or in part, such answer should be clearly marked as an "Answer to a Notice of Violation" and may: (1) deny the violations listed in this Notice, in whole or in part, (2) demonstrate extenuating circumstances, (3) show error in this Notice, or (4) show other reasons why the penalties should not be imposed. In addition to protesting the civil penalties in whole or in part, such answer may request remission or mitigation of the penalties.

In requesting mitigation of the proposed penalties, the factors addressed in Section VI.B.2 of the Enforcement Policy should be addressed. Any written answer in accordance with 10 CFR 2.205 should be set forth separately from the statement or explanation in reply pursuant to 10 CFR 2.201, but may incorporate parts of the 10 CFR 2.201 reply by specific reference (e.g., citing page and paragraph numbers) to avoid repetition. The attention of the Licensee is directed to the other provisions of 10 CFR 2.205, regarding the procedure for imposing civil penalties.

Upon failure to pay any civil penalty due that subsequently has been determined in accordance with the applicable provisions of 10 CFR 2.205, this matter may be referred to the Attorney General, and the penalty, unless compromised, remitted, or mitigated, may be collected by civil action pursuant to Section 234c of the Act, 42 U.S.C. 2282c.

The response noted above (Reply to Notice of Violation, letter with payment of civil penalty, and Answer to a Notice of Violation) should be addressed to: James Lieberman, Director, Office of Enforcement, U.S. Nuclear Regulatory Commission, One White Flint North, 11555 Rockville Pike, Rockville, MD 20852-2738, with a copy to the Regional Administrator, U.S. Nuclear Regulatory Commission, Region I, and a copy to the NRC Senior Resident Inspector at the facility that is the subject of this Notice.

Because your response will be placed in the NRC Public Document Room (PDR), to the extent possible, it should not include any personal privacy, proprietary, or safeguards information so that it can be placed in the PDR without redaction. If personal privacy or proprietary information is necessary to provide an acceptable response, then please provide a bracketed copy of your response that identifies the information that should be protected and a redacted copy of your response that deletes such information. If you request withholding of such material, you must specifically identify the portions of your response that you seek to have withheld and provide in detail the bases for your claim of withholding (e.g., explain why the disclosure of information will create an unwarranted invasion of personal privacy or provide the information required by 10 CFR 2.790(b) to support a request for withholding confidential commercial or financial information). If safeguards information is necessary to provide an acceptable response, please provide the level of protection described in 10 CFR 73.21.

Dated at King of Prussia, Pennsylvania
this 20th day of June 1997

SYNOPSIS

On December 13, 1996, an investigation was initiated by the Office of Investigations (OI) to determine whether Pennsylvania Power and Light Company (PP&L) licensed operators at the Susquehanna Steam Electric Station (SSES) falsified activity records, also known as "tour turnover sheets," concerning the conduct of general station inspections.

Based upon the evidence developed during this investigation and a review of the evidence contained in the investigation report prepared by the licensee, it was determined that there was insufficient evidence to conclude that licensed operators intentionally falsified activity records with regard to the conduct of general station inspections.