

50-266



UNITED STATES
NUCLEAR REGULATORY COMMISSION

WASHINGTON, D.C. 20555-0001

January 27, 1997

Mr. Richard A. Abdoo, Chairman of the Board and
Chief Executive Officer
Wisconsin Electric Power Company
231 W. Michigan
P. O. Box 2046
Milwaukee, WI 53201

Dear Mr. Abdoo:

On January 14, 15, and 17, 1997, NRC senior managers met to evaluate the nuclear safety performance of operating reactors, fuel facilities, and other materials licensees. This meeting is conducted semiannually to determine whether the safety performance of various licensees warrants increased NRC attention.

The Commission has directed that, during these meetings, NRC senior managers also identify those plants whose performance is trending adversely and that steps be taken to communicate concerns to the utility's corporate president or board of directors. This early notification to the highest levels within the utility's organization is intended to allow appropriate measures to be taken by the licensee to address the areas of concern.

This letter is to advise you that during the January Senior Management Meeting, recent trends in the performance at Point Beach Nuclear Plant raised sufficient concerns that we believe a meeting with you would be appropriate.

The NRC began identifying safety concerns at Point Beach in mid-1996 that indicated performance at the plant had declined. NRC inspection findings included examples of inattentive control room operators, inadequate control room staffing, loss of control of equipment configuration, and inadequate surveillance testing. Those concerns covered a broad range of activities indicating weaknesses existed in the functional areas of Operations, Maintenance, and Engineering. As a result, a number of violations were identified and an NRC enforcement action involving a \$325,000 civil penalty was issued. Your staff developed a performance improvement plan. After the initiation of that plan, NRC continued to find new safety issues that your staff had not identified or addressed. These issues indicate that the facility's corrective actions to address specific concerns had not been fully effective.

An obstacle to improving plant performance had been an ineffective problem identification and corrective action program where your plant and corporate staff had not consistently been raising issues to appropriate management levels to assure effective resolution. Further, some engineering decisions had been non-conservative in that they focussed on continued plant operations

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over assuring that required safety margins were maintained. Recent NRC observations indicate that your corporate and site management are beginning to understand the significance of the plant's shortcomings in the ability to identify and resolve deficiencies. NRC has observed improvements in the plant's identification and resolution of specific safety issues.

The NRC acknowledges your recent management and staff changes and the commitments identified in Mr. Grigg's December 12, 1996, letter to address Point Beach's performance problems. NRC confirmed those commitments in a Confirmatory Action Letter (CAL No. RIII-96-017) signed by Mr. A. Bill Beach and issued on January 3, 1997. The scope and depth of the performance weaknesses at Point Beach will be revealed through successful implementation of those commitments and continued improvement in your staff's ability to identify and resolve problems. Success in resolving these performance concerns will require strong management involvement and commitment to safety.

Mr. A. Bill Beach, the NRC Region III Administrator in Lisle Illinois, will be contacting you to arrange for a mutually agreeable time and location for a meeting covering Point Beach performance.

If you have any questions regarding this matter, please do not hesitate to call me.

Sincerely,

Original signed by:

Hugh L. Thompson, Jr.
Acting Executive Director
for Operations

Docket Nos. 50-266, 50-301

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over assuring that required safety margins were maintained. Recent NRC observations indicate that your corporate and site management are beginning to understand the significance of the plant's shortcomings in the ability to identify and resolve deficiencies. Within the past several weeks, NRC has observed improvements in the plant's identification and resolution of specific safety issues.

The NRC acknowledges your recent management and staff changes and the commitments identified in Mr. Grigg's December 12, 1996, letter to address Point Beach's performance problems. NRC confirmed those commitments in a Confirmatory Action Letter (CAL No. RIII-96-017) signed by Mr. A. Bill Beach and issued on January 3, 1997. The scope and depth of the performance weaknesses at Point Beach will be revealed through successful implementation of those commitments and continued improvement in your staff's ability to identify and resolve problems. Success in resolving these performance concerns will require strong management involvement and commitment to safety.

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