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B. RALPH SYLVIA
Executive Vice President
Electric Generation
Chief Nuclear Officer

December 4, 1997
NMP1L 1272

Director Office of Enforcement
U. S. Nuclear Regulatory Commission
Attn: Document Control Desk
Washington, DC 20555

RE: Nine Mile Point Unit 1
Docket No. 50-220
DPR-63

Subject: *Reply to Notice of Violation and Proposed Imposition of Civil Penalty
(IR 50-220/96-12)*

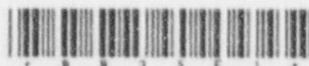
Gentlemen:

This letter is in response to the NRC letter of November 5, 1997, from Hubert J. Miller, Regional Administrator transmitting a Notice of Violation regarding implementation of the Nine Mile Point Unit 1 Maintenance Rule Program. Niagara Mohawk Power Corporation (NMPC) does not dispute the cited violation and therefore \$50,000.00 will be electronically transferred on December 5, 1997 in payment of the associated Civil Penalty.

As we stated at the February 25, 1997 Predecisional Enforcement Conference, the primary cause of inadequate implementation was lack of accountability by the Maintenance Rule Team and management. Contributing causes were failure to utilize a systematic project management process for implementation of the Maintenance Rule Program, and inadequate self assessment. As stated at the conference, NMPC took immediate corrective actions upon identification of the deficiencies. These actions included assigning a full time Maintenance Rule Manager, rescoping of structures, systems and components (SSCs), evaluation of performance criteria and goals, enhancement of procedures, and training of personnel. Since that time, assessments by outside contractors have been completed, the NMPC project management process (Project and Task Management) has been implemented and the Senior Management Team (SMT) is performing reviews of the Maintenance Rule Program. These actions and others are described in Attachment A, which contains our response to the violations.

IE14/11

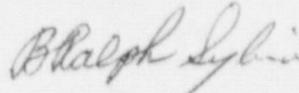
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In addition to the cited violations, your letter discusses weaknesses in our Maintenance Rule Program regarding our failure to have effective goals and monitoring of the reactor recirculation system and the failure to have effective and timely monitoring and trending of maintenance activities. We agree that these weaknesses existed, and have taken actions to resolve these issues. Reactor recirculation goals were revised to incorporate measurable, predictive condition performance parameters, and the SSC has since been returned to monitoring condition (a)(2) based on meeting the updated goals. Site administrative procedure S-MRM-REL-0101, "Maintenance Rule" has been revised to establish timeliness guidelines for expert panel review of goals.

Very truly yours,



B. Ralph Sylvia
Chief Nuclear Officer

BRS/GJG/cmK
Attachment

xc: Mr. H. J. Miller, Regional Administrator, Region I
Mr. A. W. Dromerick, Acting Director, Project Directorate I-1, NRR
Mr. B. S. Norris, Senior Resident Inspector
Mr. D. S. Hood, Senior Project Manager, NRR
Records Management

ATTACHMENT A

**NIAGARA MOHAWK POWER CORPORATION
NINE MILE POINT UNIT 1
DOCKET NO. 50-220
DPR-63**

**"RESPONSE TO NOTICE OF VIOLATION," AS CONTAINED IN
INSPECTION REPORT 50-220/96-12**

A. VIOLATION 50-220/96-12

10 CFR 50.65(b)(2) requires that the scope of the monitoring program specified in paragraph (a)(1) include non-safety related structures, systems, and components (SSCs): (i) that are relied upon to mitigate accidents or transients or are used in plant emergency operating procedures (EOPs); (ii) whose failure could prevent safety related SSCs from fulfilling their safety related function; or (iii) whose failure could cause a reactor scram.

10 CFR 50.65(a)(1) states that licensees shall monitor the performance or condition of SSCs against licensee established goals, in a manner sufficient to provide reasonable assurance that such SSCs, as defined in paragraph (b), are capable of fulfilling their intended functions.

Contrary to the above, on October 11, 1996, the following non-safety related SSCs were not included in the 10 CFR 50.65 monitoring program:

1. Control rod position indication system which is used in the EOPs.
2. Communications system (plant announcement system) which is used to mitigate accidents or transients and used in EOP implementation.
3. Emergency lighting which is relied upon to mitigate accidents or transients and used in EOP implementation.
4. Instrument air system isolation function which is used to prevent failures in the non-safety related portions of the system from affecting the safety related portions of the system.
5. Reactor building sumps and drains which are used in EOP implementation.
6. Annunciator system which is used to mitigate accidents or transients and used in EOP implementation.
7. Circulating water system which, if failed, could cause a reactor scram.

B. VIOLATION 50-220/96-12

10CFR50.65(a)(1) requires, in part, that the holders of an operating license shall monitor the performance or condition of SSCs, as defined by 10CFR50.65(b), against licensee-established goals, in a manner sufficient to provide reasonable assurance that such structures, systems, and components are capable of fulfilling their intended functions. When the performance or condition of a structure, system, or component does not meet established goals, appropriate corrective action shall be taken.

10CFR50.65(a)(2) requires, in part, that monitoring as specified in 10CFR50.65 Section (a)(1) is not required where it has been demonstrated that the performance or condition of a structure, system, or component is being effectively controlled through the performance of appropriate preventive maintenance, such that the structure, system, or component remains capable of performing its intended function.

Contrary to 10CFR50.65(a)(2), as of July 10, 1996, (the time that the licensee elected to not monitor the performance or condition of the following SSCs against licensee-established goals pursuant to the requirements of 10CFR50.65(a)(1)), the licensee failed to demonstrate that the performance or condition of the following risk significant systems, within the scope of 10CFR50.65, had been effectively controlled through the performance of appropriate preventive maintenance in accordance with the requirements of 10CFR50.65(a)(2). Specifically, the licensee failed to adequately evaluate the appropriateness of the performance of preventive maintenance on these SSCs prior to placing these SSCs under Section (a)(2). The licensee failed to establish unavailability measures for the systems and system's function identified below. Without these unavailability measures, the licensee was unable to demonstrate the performance of the following SSCs was effectively controlled through the performance of appropriate preventive maintenance, such that these SSC's remain capable of performing their intended function.

1. Electric system-function: provide power in order to shut down the facility and maintain it shutdown.
 - 120 Volt AC system
 - 600 Volt AC system
 - 4160 Volt AC system
 - 125 Volt DC system
2. Automatic depressurization system-function: depressurize the reactor coolant system in order to permit injection with low pressure pumps of the Emergency Core Cooling System (ECCS).
3. Anticipated transient without scram (ATWS) system - function: provide alternate negative reactivity injection to safely shutdown the reactor.

4. Main steam system - functions: provide overpressure protection for the reactor and remove decay heat and provide isolation of reactor from the balance of plant systems.
5. Primary containment structure vacuum relief system - function: protect structural integrity of the containment.
6. Reactor protection system - functions: shutdown the reactor and initiate (1) reactor coolant and primary containment isolations; and (2) ECCS and emergency safeguards features (ESF) SSCs.
7. Reactor vessel instrumentation system - function: provide reactor level and pressure indication and actuation for ESF.
8. Control rod drive system (scram function) - function: provide capability to insert negative reactivity to safely shutdown the reactor.
9. Containment spray system (torus cooling function) - function: reduce temperature in the torus to maintain containment pressure suppression capability. (01023).

I. THE REASON FOR THE VIOLATIONS

The primary reason for these violations was a lack of accountability on the part of the Maintenance Rule Team and management. The individual responsible for Maintenance Rule Program had concurrent responsibilities which prevented adequate focus on the Maintenance Rule issues. Members of the team failed to monitor progress on open issues and developing NRC and industry positions to assure that the NMP1 program was up to industry standards. Management failed to provide appropriate direction and oversight to the Maintenance Rule Team.

Contributing to this violation were failure to implement an effective project management process and inadequate self assessment. The lack of project management implementation hindered the team from fully defining the scope, objectives and expectations for the program. Poor self assessment failed to identify these deficiencies.

II. CORRECTIVE ACTIONS TAKEN AND RESULTS ACHIEVED

NMPC assigned a full time Maintenance Rule Manager with responsibility for program implementation. The results of the Maintenance Rule inspection were discussed in detail with the Maintenance Rule Team, the expert review panel and other personnel responsible for implementation of the Maintenance Rule. NMPC's Project Management Process (PTM) was implemented for the Maintenance Rule Program. Part of this process was development of a comprehensive list of required actions and responsibilities. The team performed a complete

rescoping of the Structures, System and Components (SSCs). This resulted in a number of SSCs, including those cited, being added to the scope of the Maintenance Rule Program, and the development of appropriate performance criteria and goals. In addition, the program implementing procedures have been revised to provide specific direction with regard to SSC scoping, risk determination, establishment of performance criteria, and development of performance monitoring goals for SSCs placed in monitoring condition (a)(1).

Additional Corrective Actions for Violation A:

NMPC has reevaluated the NMP1 systems for applicability of the Maintenance Rule. As a result of that review, the systems cited in Violation A have been included in the Maintenance Rule and are being monitored as required by 10CFR50.65. Additional systems were also identified as being within the scope of the Maintenance Rule. For example, the emergency cooling system vents and drains have now been determined to be within the scope of the rule.

Additional Corrective Actions for Violation B:

Unavailability measures have been established for the systems cited in Violation B with the exception of the control rod drive system. The control rod drive system performance is monitored by condition criteria rather than unavailability.

III. ACTIONS TAKEN TO PREVENT RECURRENCE

Accountability has been clearly defined in procedures and the SMT has performed several reviews of the NMP1 and NMP2 Maintenance Rule Program since these violations. The conclusion from these reviews is that the programs are being implemented in accordance with the requirements. The SMT will continue this direct oversight of the NMP1 program as well as the NMP2 program in accordance with the 1998 Nuclear Division Business Plan.

Following are additional actions which have been or will be taken to assure continuation of an effective Maintenance Rule Program:

1. In June 1997, a team of industry experts with extensive Maintenance Rule experience from other licensees performed an independent assessment of the NMP1 Maintenance Rule Program. The team recommended enhancements to the NMP1 Maintenance Rule Program. Actions have been and are being taken to improve the Maintenance Rule Program based upon the recommendations made by the team.
2. A biennial assessment as required by the Maintenance Rule, is currently underway by an outside contractor, and will be completed by the end of 1997. The contractor personnel involved have significant industry experience related to implementation of 10CFR50.65. NMPC will utilize these results to further enhance the Maintenance Rule Program as appropriate.

3. Additional training on Maintenance Rule requirements, including Functional Failure (FF) and Maintenance Preventable Functional Failure (MPFF) determinations, will be completed by June 30, 1998. Lesson plans and a training matrix are being developed so that required personnel will receive either general or position specific training. This training will be provided to the Senior Managers, expert panel members, system engineers and others who must implement the rule.

IV. DATE WHEN FULL COMPLIANCE WILL BE ACHIEVED

Full compliance was achieved on June 27, 1997, when the corrective actions in Section II were completed.