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CP&L

Carolina Power & Light Company

P. O. Box 1551 • Raleigh, N. C. 27602

SERIAL: LAP-83-143

May 2, 1983

~~ACTION~~ *Jane*

E. E. UTLEY
Executive Vice President
Power Supply and Engineering & Construction

Mr. R. C. DeYoung, Director
Office of Inspection and Enforcement
U. S. Nuclear Regulatory Commission
Washington, DC 20555

BRUNSWICK STEAM ELECTRIC PLANT, UNIT NOS. 1 AND 2
DOCKET NOS. 50-325 AND 50-324
LICENSE NOS. DPR-71 AND DPR-62
RESPONSE TO NOTICE OF VIOLATION AND PROPOSED
IMPOSITION OF CIVIL PENALTIES (EA-82-106)

Dear Mr. DeYoung:

Carolina Power & Light Company (CP&L or Licensee) has received IE Inspection Report 50-324/82-28 and 50-325/82-28 for the Brunswick Steam Electric Plant, Units 1 and 2, regarding special inspections conducted by NRC Region II inspectors on July 12-14, and July 20-22, 1982, and your letter of February 18, 1983, transmitting a Notice of Violation and Proposed Imposition of Civil Penalties (EA 82-106). The above items do not contain any information of a proprietary nature.

The two violations cited in the notice of violation involve Licensee's failure to perform certain surveillance tests and the failure of Licensee's quality assurance (QA) program to detect the absence of surveillance testing. In your letter you expressed your concern regarding management control of the Brunswick Plant, particularly with respect to compliance with technical specifications and quality assurance oversight. Furthermore, you directed CP&L to describe the efforts that have been and will be taken to ensure that effective communications between CP&L management and Brunswick Plant staff are established and maintained.

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This letter replies to your letter of February 18, 1983, and sets forth Licensee's response to the two violations, including a summary of the corrective actions taken, which include steps to ensure effective communications between CP&L Corporate Management, Brunswick Plant Management, and Brunswick Plant staff are maintained. The discussion of corrective actions is lengthy and detailed, yet it is only a brief summary of what has been accomplished. In light of the unprecedented, comprehensive improvement program which was initiated last summer at the Brunswick Plant and the aggressive implementation of recommendations, we respectfully ask your reconsideration of the magnitude of the proposed civil penalty.

PURPOSE OF CIVIL PENALTY

As we understand the Commission's "General Statement of Policy and Procedure for Enforcement Actions" (46 Fed. Reg. 9987 (March 9, 1982)), civil penalties are not meant to be punitive, but rather are to be used to "promote and protect the radiological health and safety of the public" by:

- o Ensuring compliance with NRC regulations and license conditions;
- o Obtaining prompt correction of noncompliance;
- o Deterring future noncompliance; and
- o Encouraging improvement of licensee performance, and by example, that of industry, including the prompt identification and reporting of potential safety problems. (46 Fed. Reg. at 9989)

Further, the primary intent of the Congress in amending Section 234 of the Atomic Energy Act of 1954 by increasing the maximum civil penalty for a violation was to remove any incentive for continued operation and postponement of corrective action that might be provided by too small a penalty. See H. R. Rep. No. 1070, 96th Cong., 2d Sess., 33-34 (1980) (Conference Report);

Comptroller General, Report to the Congress: Higher Penalties Could Deter Violations of Nuclear Regulations (February 16, 1979) (specifically endorsed by the Conference Report). In addition to these general objectives, you stated in your February 18, 1983 letter that the proposed penalty in this case was being assessed "to emphasize the need for significant improvement in corporate and facility management controls."

In light of CP&L's actions in this case, we do not believe a penalty of the magnitude imposed is consistent with NRC's generally stated reasons for the imposition of civil penalties. As we describe below, immediately after the violations were discovered in July 1982, CP&L began to implement what it believes is the most rigorous and comprehensive program of self-evaluation and improvement ever undertaken by a licensee. All material corrective measures were identified and committed to prior to the proposed Notice of Imposition of Civil Penalty. Since senior Company executives, including the Chief Executive Officer and Chairman of the Board, were intimately involved in this process, the proposed civil penalty cannot possibly provide an incentive to secure additional management attention.

Under a different set of facts a civil penalty might serve to obtain senior management attention. In this case, however, that attention had already been directed to the problem. The decision to keep Brunswick Units 1 and 2 out of service during the summer of 1982 was made with the full concurrence of the Chairman of the Board of Directors and the Vice-Chairman of the Board. The degree of management involvement is also shown by the fact that in September 1982 the Board of Directors held a meeting at the Brunswick Plant at which a senior official of Management Analysis Corporation, an outside consultant to CP&L assisting in the self-evaluation, presented his findings to the Board. There simply could not be greater management attention to the enhancement of Operations at Brunswick and there is no single issue to which the Chief Executive Officer of CP&L has devoted more attention.

The extent of CP&L's commitment, quite apart from any prodding associated with a large civil penalty, is further shown by the fact that the Company removed Brunswick Unit 1 from service during the summer peak load period in July and just three days prior to the beginning of a rate request hearing before the North Carolina Utilities Commission. At that time Unit 2 was already out of service for a scheduled outage and the Company's other nuclear unit, Robinson Unit 2, was out of service for a ten-year inspection. The unavailability of all three of the Company's nuclear units was the subject of much debate in the rate case and undoubtedly contributed to an adverse rate decision in which CP&L was granted only 8 percent of its total request over rates in effect at the time of the Order. As a result of the voluntary decision by CP&L to keep Units 1 and 2 out of service, and long before receiving notice of the proposed NRC civil penalty on February 22, 1983, CP&L had already incurred a significant financial loss amounting to millions of dollars which was directly attributable to its self-evaluation and to the Brunswick Improvement Program efforts. Under the circumstances, the after-the-fact imposition by NRC of a civil penalty cannot possibly serve to remove any incentive for continued operation and postponement of corrective action.

While in some cases a civil penalty could serve as a meaningful example to other licensees, we suspect that in this instance a penalty may have a deleterious effect on the industry as a whole. The magnitude of the proposed penalty in the face of CP&L's unprecedented corrective efforts and the length of its self-imposed outage could be interpreted as a signal that voluntary action and scrupulous self-appraisal and reporting is not rewarded or encouraged by the NRC. It could also detract from CP&L's efforts, in cooperation with the Institute of Nuclear Power Operations (INPO), to encourage other nuclear companies to conduct the same sort of thorough and sweeping evaluations and improvement programs CP&L has undertaken at Brunswick. There is no question about the benefit which has already accrued to CP&L and which will accrue at CP&L's Robinson and Harris Plants. The same

benefit, we believe, would accrue to other companies if they can be motivated to the same voluntary commitments made by CP&L. To help assure this, Mr. Patrick W. Howe, Vice President - Brunswick Nuclear Project, is scheduled to make a presentation to the INPO-sponsored Plant Managers' Workshop scheduled for May 1983. Attendees at this workshop will include both plant managers and corporate nuclear managers. Mr. Howe's presentation at this meeting will include a discussion of the events leading to the problems at Brunswick, the short-term and long-term corrective action programs, and the overall lessons learned. In addition, Mr. Sherwood H. Smith, Chairman of the Board and Chief Executive Officer, will make a similar presentation at the Chief Executive Officers' Workshop presently scheduled for September 1983. We believe these CEO's and plant managers will be keenly interested in NRC's response to CP&L's efforts at self improvement and how the NRC has used its enforcement sanctions to encourage voluntary corrective actions.

In short, under the facts in this case a civil penalty (1) will not serve to secure additional management attention, (2) will not serve as a deterrent to continued operation or postponement of a necessary shutdown when a shutdown is warranted, and (3) will not provide an appropriate signal or example to the industry as a whole. Indeed, it may be read by the industry as a signal that aggressive corrective action is not rewarded or appropriately encouraged by the NRC. For these reasons, it was determined by the Company that it should request a careful review by the Commission of the appropriateness of the amount of the civil penalty proposed in this case.

LICENSEE'S RESPONSE TO VIOLATIONS

CP&L admits that the violations of License Condition 2.C(2) of License Nos. DPR-71 and DPR-62 and of Criterion XVI of 10 CFR Part 50, Appendix B are correct as stated in the Notice of Violation.

The reasons for the violations can be attributed to procedures and administrative controls that had become difficult to implement and unduly burdensome as a result of numerous amendments and modifications to plant systems and applicable regulatory requirements. Personnel errors, which were the cause of the violations, were not detected by the administrative controls in place.

As a result of the two violations, CP&L took immediate and comprehensive actions to correct the deficiencies, to determine the cause of the violations, and to implement corrective actions -- actions designed not just to remedy the immediate problem but more importantly to effect substantial improvement in the management controls over the Brunswick Plant. These corrective actions will be described in the context of short-term, intermediate, and long-range actions. We wish to note that, to the extent applicable, the lessons learned and the corrective actions taken to improve management controls at the Brunswick Plant are also being applied to the Company's Robinson and Harris Plants.

A. Short-Term Corrective Actions

The Notice of Violation addressed two violations. Violation A dealt with failure to operate the Brunswick Plant in accordance with Technical Specifications and listed four specific deficiencies to support the violation:

1. Failure to perform required surveillance testing on undervoltage relays on the 4.16 KV Emergency Bus;
2. Failure to perform monthly visual confirmations that penetrations not capable of automatic isolation were properly isolated;
3. Failure to perform periodic functional tests of the reactor water cleanup system isolation upon actuation of the standby liquid control system; and

4. Failure to perform Type C leak tests of the traversing incore probe guide tube isolation valves and Type B testing on 36 electrical penetrations at the required frequency.

Violation B addressed the failure of the quality assurance program to ensure that the absence of surveillance test procedures was corrected and to take appropriate action to preclude recurrence.

Upon identification of the four deficiencies cited in Violation A, CP&L undertook immediate corrective action to ensure that the required surveillance tests were properly performed. Specifically:

1. CP&L identified on June 30, 1982, that certain undervoltage relays had not been tested as required by Technical Specification 3.3.3, Table 3.3.3-1, and Specification 4.3.3.1, Table 4.3.3-1. At that time, Unit 1 was operating and Unit 2 was shut down for a refueling outage. Since Unit 1 was operating, the Licensee obtained from NRR an emergency Technical Specification Change which allowed continued operation of Unit 1 during surveillance testing of the relays. Satisfactory performance of the relay tests for both units was completed by July 15.
2. As a result of the identification of missed surveillance tests on the undervoltage relays, CP&L initiated a review of the Technical Specifications to determine if other requirements had not been implemented by surveillance procedures. On July 15, 1982, this review identified that Technical Specification 3.6.1.1 and 4.6.1.1.a.1 requirements, to conduct visual confirmation at least once each 31 days that penetrations not capable of being isolated automatically were properly secured, were not being performed. Inspections were initiated immediately and the required inspections for outside containment penetrations were completed within the

2-hour period allowed by the Technical Specifications for demonstrating compliance. Evaluations by the Licensee determined that there were no penetrations inside containment which required verification.

3. Violation of Technical Specification 3.3.2, Table 3.3.2-1, and Specification 4.3.2.1, Table 4.3.2-1 related to reactor water cleanup (RWCU) system isolation upon actuation of the standby liquid control system, was identified by the Licensee on July 16, 1982 during the course of the comprehensive review of Technical Specifications. Upon this discovery, immediate action was taken manually to isolate the RWCU system, thus placing both units in compliance with the Technical Specifications.
4. Violation of Technical Specifications 3.6.1.2.b, 4.6.1.2.d, and Table 3.6.3-1 related to the performance of Type C tests of the transversing incore probe (TIP) guide tube isolation valves on Unit 1 and the performance of Type B testing of electrical penetrations through the Unit 1 primary containment, was also identified on July 16, 1982. Since these tests could not be performed with the unit on line, Unit 1 was shut down on July 16 and testing was immediately initiated. Testing of the TIP valves was completed on July 19, and testing of the electrical penetrations was completed on July 22, 1982.

With respect to Violation B, the specific deficiency involved a "comment" on a site QA Surveillance Report regarding surveillance test frequency, which, if followed up, could have revealed that certain surveillance tests were not being performed. The QA surveillance was conducted in 1979 pursuant to procedures in effect at that time. In January 1981 the Corporate QA Department was reorganized and all QA functions were consolidated into the independent Corporate QA Department. A number of significant changes were made coincident with the 1981 reorganization to

improve the overall effectiveness of CP&L's QA/QC program. Appropriate QA procedures were rewritten. Formal responsibility for the QA surveillance program, previously assigned to personnel in the corporate offices and reporting to the department responsible for plant operations, was reassigned to personnel located at the plant site and who are organizationally independent of plant operations. QA surveillance personnel on site are better able to ensure that identified nonconformances and concerns are "tracked" and to follow-up until corrective action is taken. QA surveillance is receiving responses to "concerns" as well as "nonconforming conditions." Thus, the 1981 restructuring of Corporate QA had already addressed the control problems identified in Violation B which refer to a 1979 surveillance. No further immediate action was required.

B. Intermediate Term Actions

CP&L recognized that the violations identified were indicative of programmatic problems rather than the result of isolated events. Therefore, in order to address and resolve these programmatic concerns, decisive and immediate action was initiated. This action involved the development and implementation of a detailed action plan designed to ensure a comprehensive review of Technical Specification surveillance requirements, Periodic Test Programs, administrative controls, and to implement revisions to those programs as appropriate to ensure that full compliance with regulatory requirements would be achieved and maintained. The action plan also required increased training with an emphasis on discipline of operations, on quality assurance, and on adherence to procedures.

The action plan was instituted on July 19, 1982. The plan encompassed the commitments made by CP&L and confirmed in NRC Confirmation of Action letters of July 2 and July 20, 1982. The action plan included intermediate term and long-term items. CP&L instituted this action plan with a commitment that neither of the Brunswick units would be returned to service

until it was assured that all identified pre-startup corrective actions had been taken and that the Brunswick Plant would operate in compliance with regulatory requirements.

1. Pre-Startup Reviews

The pre-startup review effort was performed under the direction of an internal review panel reporting to the Executive Vice President - Power Supply and Engineering & Construction. The panel was chaired by the Vice President - Corporate Nuclear Safety & Research. Other panel members were the Vice President - Technical Services and the Manager - Corporate Quality Assurance.

An external review panel chaired by Dr. Zack T. Pate, then a Vice President - Operations with INPO, and including as members Dr. Dan Wilkins, General Manager, Nuclear Power System Engineering with General Electric Company and Mr. Shields L. Daltroff, Vice President - Electric Production Department with Philadelphia Electric Company, was assembled to provide an external assessment of the reviews performed by CP&L and to report their conclusions and recommendations.

The pre-startup review program established by CP&L was extraordinarily comprehensive involving a 100 percent review of Plant Technical Specification surveillance requirements; detailed technical reviews of periodic tests that implemented those requirements to ensure that the tests accurately fulfilled their intended function; review and revision of the Local Leak Rate Test program to ensure that all applicable requirements were included; review of the Pump and Valve Testing aspects of the In-Service Inspection (ISI) Program; review of safety-related operating procedures to assess their adequacy; and a review of historical operating events, primarily LERs and NRC findings, to determine whether root causes were adequately identified. In addition to these technical reviews, administrative actions involved retraining of all plant personnel on regulatory compliance philosophies and adherence to procedures; review of administrative controls of

information flows; and development of additional administrative procedures to ensure review and implementation of requirements. Additional efforts included establishment of a program to provide independent verification of the implementation of Technical Specification changes by Corporate QA and procedures to ensure evaluation of the impact on one Brunswick unit of changes made on the other unit.

The pre-startup review program was organized with specific responsibilities assigned to (a) the Quality Assurance organization, (b) the Corporate Nuclear Safety organization, and (c) the Plant organization. The Plant's Regulatory Compliance group acted as the focal point in tracking the concerns and pre-startup items of all review efforts.

The governing criteria for the review program was that the reviews would be completed and any required pre-startup action items resulting from these reviews would be taken prior to the return of either unit to service. Close coordination was maintained between the personnel performing the reviews and engineering and craft personnel responsible for implementing any changes required as a result of the reviews.

a. Quality Assurance Reviews

Corporate Quality Assurance personnel were assigned responsibility for:

1. Evaluating the sufficiency of Technical Specification surveillance requirements,
2. Independent verification of proper closure of "findings," "comments," and bulletins.

Evaluation of the sufficiency of surveillance requirements involved a review of Technical Specification surveillance requirements to ensure that

procedures were in place for implementation of those requirements, development of a cross reference between Technical Specifications and implementing procedures, and analysis of the frequency of performance of the surveillance requirements. As part of this effort, an independent consultant, Nuclear Energy Services, was contracted to review the pump and valve testing aspects of the In-Service Inspection Program.

Independent verification of proper closure of "findings," "comments," and bulletins was accomplished by review of QA surveillances, audits, and applicable IE Bulletins issued during 1979, 1980, and 1981 and confirmation of actions taken to resolve concerns identified by these surveillances, audits, and bulletins.

The QA reviews were initiated on July 17, 1982. QA review of Technical Specification surveillance requirements, development of the cross reference between Technical Specifications and plant implementing procedures, and review of the ISI program was completed by August 5. Review of QA surveillances, audits and IE bulletins was completed on August 11, 1982. The Corporate Quality Assurance personnel reviewed in excess of 500 procedures to ensure the Brunswick Plant surveillance requirements were in strict compliance with Technical Specifications. In addition, over 1,000 surveillance tests were reviewed to ensure compliance with the periodicity requirements of the Technical Specifications. This effort encompassed the use of 33 personnel with an expenditure of time in excess of 3,000 man-hours.

Concerns identified as a result of these efforts were evaluated by the Plant Regulatory Compliance Unit and classified as pre-startup or post-startup concerns. These items were also tracked by the Plant Regulatory Compliance Unit and the Plant Nuclear Safety Committee to ensure proper resolution.

In addition to the review effort, other corrective action was undertaken by the Corporate Quality Assurance Organization. Specific actions included:

- 1) A videotape on quality performance (for use in the General Employee Training Program) was developed and is in use.
- 2) New surveillance procedures were developed to cover ISI, Appendix J, Technical Specifications, and other regulatory requirements.
- 3) Two additional positions were added to the QA Surveillance group, thus supporting a stronger surveillance program of plant activities.
- 4) Two QA Engineer positions were authorized. One position has been filled. Recruiting for the remaining position is underway.
- 5) All Technical Specification revisions and other incoming regulatory requirements will be monitored by QA for inclusion and implementation by the plant.
- 6) The Performance Evaluation Unit of the Corporate Quality Assurance Department has modified its audit procedure to include three separate levels of nonconformance. These are: (1) Findings, (2) Concerns (both of which will require responses), and (3) Comments (which will not require responses). An escalation mechanism has been included in the procedure also.

b. Corporate Nuclear Safety Reviews

The Corporate Nuclear Safety Section was charged with the following responsibilities:

1. Evaluate Plant responses to the July 2 NRC Confirmation of Action letter.

2. Evaluate the Plant response to changes in the Local Leak Rate Test program and the correlation of programs between Unit 1 and Unit 2.
3. Conduct a historical review of operating events that would serve as an indicator of procedure adequacy.
4. Perform a comprehensive assessment of selected operating procedures and perform a "technical adequacy" review of procedures used to verify Technical Specification surveillance requirements.

The overall Corporate Nuclear Safety reviews involved personnel from the Corporate Nuclear Safety Section, as well as qualified individuals from other parts of CP&L's organization, INPO, and NUS Corporation.

The most significant aspect of the Corporate Nuclear Safety effort was the review of operating procedures and surveillance procedures to ensure their technical adequacy. This review was initiated on July 17, 1982. In performing this review, the Corporate Nuclear Safety Section utilized the cross reference developed by Corporate QA. The purpose of this review was to ensure that the surveillance procedures did, in fact, technically accomplish the intended surveillance function. Any procedures that were deemed to be inadequate were referred to the plant staff for revision and to the Plant Regulatory Compliance Unit for evaluation. Those procedures subsequently revised were given a second review by Corporate Nuclear Safety to ensure that the revisions made had satisfactorily resolved the stated concerns.

The purpose of the historical review of operating procedures was to utilize historical information, such as scram reports, operating experience reports, LERs and IE inspection reports, to assess the adequacy of the operating procedures.

Corporate Nuclear Safety reviewed over 500 procedures utilized to conduct plant operations and the Plant's surveillance program. There were approximately 25 personnel involved in completing this activity, also expending in excess of 3,000 man-hours. The Corporate Nuclear Safety reviews of the Plant response to the July 2 NRC Confirmation of Action Letter, of the Plant response to the Local Leak Rate Test Program and of operating procedures were completed prior to July 31, 1982. The Corporate Nuclear Safety review of surveillance procedures was completed prior to September 24, 1982.

c. Brunswick Plant Reviews

Various Plant organizations were charged with the responsibility for organizing and conducting the additional following items:

1. Provide enhanced training to plant personnel emphasizing procedural compliance, sensitivity to regulations, and necessity for independent verification.
2. Perform independent assessments of Administrative and Managerial controls on technical information flow.
3. Revise operating procedures to implement operations sign-off on appropriate procedures.
4. Develop and implement procedures governing assessment of the impact on one unit of procedural changes and modifications made on the second unit.
5. Ensure Plant Nuclear Safety Committee overview of all pre-startup commitments developed as a result of the comprehensive review program.
6. Perform an evaluation of the 10 CFR Part 50, Appendix J valve program and revise the program as appropriate.

7. Review and evaluate the ISI program surveillance findings, and revise the program as appropriate.

With respect to the above items, the training of personnel on procedural and regulatory compliance was completed on August 13; the review of management controls and information flow was completed on July 20; the operations sign-off procedure was implemented on August 1; and the procedure for assessment of the impact of changes on one unit on the second unit was implemented on July 27. The most extensive review effort performed by the plant staff was the review of the Containment Isolation Valve Testing program. This review was initiated on July 16, 1982, and was completed with the issuance of a final report on September 14, 1982. The extensive scope of this program resulted in the establishment of a revised Containment Isolation Valve Testing program. As a result, additional valves were added to the scope of the valve testing program. In many cases, this required that physical modifications be made to provide the appropriate test connections or other means of ensuring that the valves could be properly tested. Testing of these valves was identified as a pre-startup item and was completed prior to the return of the Brunswick units to service.

As a result of the QA, CNS, and Plant reviews, the plant staff initiated procedure revisions as well as developing new procedures to support the required corrective actions. This involved over 450 procedures within all plant disciplines. Not only were procedure revisions required, but in many instances, a physical test of the procedure and verification of the action were also required.

d. Summary of Pre-Startup Review Effort

As a result of the review efforts described above, 210 specific pre-startup items were identified and resolved. From these items, 37 notifications of reportable items were made to the NRC.

Items of concern identified during the pre-startup reviews which did not require resolution prior to startup were incorporated into a Post-Startup Review Program and are being tracked by the Plant Regulatory Compliance Unit to ensure proper resolution. In addition, other long-term actions which were initiated during the pre-startup review period also became part of the post-startup review effort. These additional efforts were consolidated into a single program entitled the "Brunswick Improvement Program" which is discussed under Long-Term Actions below.

C. Long Term Actions

1. Brunswick Improvement Program

The centerpiece of the long-term commitment for improvement of operations at the Brunswick Plant is the Brunswick Improvement Program. This Program developed after a comprehensive self-appraisal by CP&L of its management control of operations at the Brunswick Plant. This self-appraisal included outside reviews by the External Review Panel, INPO, and Management Analysis Company (MAC). The Brunswick Improvement Program, in concept, was presented to the External Review Panel on August 13, 1982. NRC Management personnel from Region II attended this presentation. On August 24, 1982, CP&L also made a presentation on the program to NRC Region II management. The Program includes specific action items with a detailed schedule for implementation.

The Brunswick Improvement Program encompasses seven major objectives:

(i) Ensure full and timely compliance with all surveillance requirements, regulatory commitments, and regulatory requirements.

(ii) Ensure that all necessary procedures (including those resulting from plant modifications and new requirements) exist and are clear, unambiguous, precise, complete, and of high technical quality.

(iii) Increase frequency and scope of quality control surveillance and corporate auditing program activities.

(iv) Ensure that maintenance activities do not degrade or render inoperable any component, system, or instrument.

(v) Increase the proficiency of plant personnel by means of expanded training.

(vi) More effectively utilize the technical expertise of the Onsite Nuclear Safety and Corporate Nuclear Safety staff and enhancing the safety and reliability of Plant operations.

(vii) Undertake actions to enhance and strengthen the management control and organizational discipline necessary to provide for safe and reliable operation.

The Brunswick Improvement Program incorporates the recommendations of INPO resulting from a "special assistance visit" to CP&L conducted during September 1982. The visit covered activities at the Brunswick Plant site and the corporate offices. Plant site activities involved a review of certain plant modifications, maintenance planning and scheduling, independent safety reviews, operating experience reviews, surveillances and plant operations. The corporate visit reviewed corporate activities relating to CP&L's monitoring and support of its nuclear power plants. The recommendations for improvement as a result of the INPO reviews have been reduced to action plans. Implementation schedules for carrying out the INPO recommendations are included with the action plans and are being accomplished and monitored by corporate management as part of the Brunswick Improvement Program.

As part of the Brunswick Improvement Program, two studies were conducted by an outside consultant, Management Analysis Company (MAC). One study reviewed outside demands on the plant staff and made recommendations to

reduce such demands in order to allow more attention by plant staff to operations and maintenance. This study was conducted during the fall of 1982. CP&L has committed to implement certain of the recommendations which are being monitored as part of the overall Brunswick Improvement Program.

CP&L also obtained the services of MAC to conduct a detailed review of the Corporate QA Program. This review encompassed the overall corporate program, as well as implementation of that program at all three nuclear plant sites. The MAC QA reviews were also conducted during the fall of 1982. CP&L has established a program to resolve each of the recommendations resulting from the MAC QA review. Implementation of recommendations is also being monitored as part of the Brunswick Improvement Program.

A formal copy of the Brunswick Improvement Program was transmitted to NRC Region II on October 29, 1982. On December 22, 1982, the NRC's Office of Inspection and Enforcement issued Confirmatory Order EA-82-106, requiring CP&L to implement the Brunswick Improvement Program. CP&L responded to the Confirmatory Order on January 10, 1983, by providing the NRC with commitment dates for implementation of each task identified in the Brunswick Improvement Program and by submitting copies of the outside consultants' studies.

The progress of the Brunswick Improvement Program efforts has been monitored very closely by CP&L senior management. This comprehensive self-appraisal and the implementation of improvements, we believe, is unparalleled in the utility industry. Throughout this period, CP&L has maintained open and frank communications with NRC Region II regarding its plans, corrective actions and the schedule for implementation. As of March 17, 1983, 108 of the 117 tasks identified in the Brunswick Improvement Program had been completed and the remaining tasks are being implemented in an expeditious manner. While the violations that precipitated this program were clearly unsatisfactory, CP&L believes that the corrective actions taken by CP&L will serve as a new standard for the industry. Significantly, all of the actions encompassed in

the Brunswick Improvement Program were initiated well before the NRC issued the February 18, 1983 Notice of Violation and Proposed Imposition of Civil Penalties.

CP&L has not closed its activity with the implementation of the Brunswick Improvement Program. Additionally, CP&L has initiated the development of a computerized operations information system to provide real time retrieval of information vital to operations such as instrumentation/calibration data and Technical Specification logic and cross reference guidance. Significant organizational changes have also been made for the Brunswick Plant to provide more direct management control and to enhance communications between management and the plant staff. These organizational changes are described below.

2. Restructuring of Brunswick Plant Organization

As part of CP&L's overall improvement efforts, several organizational changes were made. The most significant organizational change occurred in September 1982 when the operating, maintenance, engineering and construction activities for the Brunswick Plant were consolidated under the direction of the Vice President - Brunswick Nuclear Project reporting directly to the Executive Vice President - Power Supply and Engineering & Construction. Mr. Patrick W. Howe was appointed as the Vice President - Brunswick Nuclear Project and transferred to the Brunswick site. Mr. Howe was formerly the Vice President - Technical Services and has over 31 years of direct nuclear-related experience including 12 years of experience with CP&L. This restructuring of the Brunswick organization had three very important benefits.

- i) It placed on-site a thoroughly competent and results-oriented executive with a strong nuclear background and an excellent record within CP&L of building solid organizations and achieving goals.

- ii) It streamlined and strengthened the channel of communications between the Executive Vice President and the Brunswick Project, thus promoting quicker resolution of items that require Senior Management involvement.
- iii) It provides a managerial environment that reduces the number of external interfaces. This will also significantly lower the decision time and increase overall flexibility in making the decisions necessary to continue with the improvement programs that have been placed into effect.

Other organizational improvements have been made to strengthen management controls and to support the operations of the Brunswick Plant. Some of the more significant changes were:

- a. The Director of Planning and Scheduling now reports to the Vice President - Brunswick Nuclear Project to provide more effective integration of site activities.
- b. Creation of the position of Manager - Technical and Administrative Services, reporting to the Plant General Manager. Management of the Technical and Administrative Support functions will be consolidated under this position to and off-load the direct management of these organizations from the Plant General Manager. This position will be filled in early May.
- c. The Director - Regulatory Compliance now reports to the Plant General Manager and the Regulatory Compliance Unit has been increased from 6 to 11 members.
- d. Additional positions have been added to the Operations organization to increase technical support and training support.

3. Communications

In your February 18, 1983 letter, you reiterated your view that "it is vital that effective communications with and between all segments of your staff be established and that all segments of your operations staff be involved in identifying programmatic deficiencies and in developing procedures to remedy those deficiencies." You directed that Licensee describe the efforts that have been taken and will be taken to ensure that effective communications between corporate management and plant staff are established and maintained.

CP&L recognizes the importance of effective communications in assuring successful completion of the improvement efforts at Brunswick. Mr. Howe, Vice President - Brunswick Nuclear Project, represents Corporate management at the site. He is the principal link with the Plant Management staff and has primary responsibility for effective communications between senior management and all levels of the Brunswick Plant staff. Mr. Howe has established a systematic approach to ensuring effective communications are maintained with a candid exchange of information. Effective communications between all levels of staff have been, and will continue to be, emphasized. There are several regularly scheduled meetings which clearly provide the opportunity for effective communication among Plant Management. The Managers, Supervisors, and Foremen frequently meet with their staff to ensure that management concerns, directives, policies, etc. are discussed and understood. Listed below are some examples of the regular opportunities that currently exist for communications among the plant staff. These, of course, may change from time to time.

- a. Morning Meetings - These meetings are held daily, 5 days/week and are conducted by the Plant General Manager. Project Management personnel, including the Vice President - Brunswick Nuclear Project attend. The purpose of this meeting is to review plant status, events and/or trends of the past 24 hours, review of any immediate

action items, and to ensure overall coordination of Project Work efforts. Minutes of these meetings are maintained. These meetings provide a daily forum for direct interchange between Project Management personnel and the Vice President - Brunswick Nuclear Project while at the same time ensuring that the Vice President is kept up to date regarding any problem areas.

- b. Outage Meeting - Outage meetings are held daily Monday - Friday and daily on weekends. The purpose of these meetings is to review the status of outage activities and to ensure proper coordination of all outage activities. The outage meeting is led by the Director - Planning and Scheduling and is attended by appropriate Plant management staff. The Vice President - Brunswick Nuclear Project is represented at all meetings and attends one or more of these meetings each week. He is briefed daily by the Director - Planning and Scheduling on significant items covered in this meeting.
- c. Employee Safety/Information Meeting - Employee Safety/Information meetings are held at least on a monthly basis and more frequently, if necessary. These meetings are designed to provide coverage of the entire plant staff and provide an opportunity for plant management personnel including the Vice President - Brunswick Nuclear Project to interface directly with plant personnel and to share information that is of significance to all personnel.
- d. Site Management Meetings - These are general management review meetings conducted monthly by the Plant General Manager with participation by the Vice President - Brunswick Nuclear Project. The meeting participants include Brunswick Nuclear Project Managers, Supervisors, Foremen, and other professional personnel. Corporate Nuclear Safety, Corporate Quality Assurance, and Nuclear Training personnel are also represented. These meetings provide a forum for dissemination of information, discussion of timely topics, and information exchange.

- e. Meetings with Operating Shifts - These are monthly meetings conducted by the Vice President - Brunswick Nuclear Project and the Plant General Manager with the operations staff and with the Shift Operating Supervisors. These meetings provide an opportunity for free and open exchange of ideas, concerns, plans, and needs between the operating personnel and the plant and project management.
- f. Monthly Project Review Meetings - Monthly project review meetings are held on-site involving appropriate Plant and corporate management personnel from the Nuclear Plant Engineering and the Nuclear Plant Construction Departments. These meetings provide opportunity for discussion and coordination of both short-range and long-range modification efforts to ensure that these efforts are progressing in a manner that is consistent with plant needs.
- g. Senior Management Monthly Meeting - Monthly Senior Management Meetings are currently being held at the Brunswick Nuclear Project. These meetings were initiated in 1980. The Senior Management Meetings are attended by appropriate management personnel from the Corporate Office, including the Executive Vice President - Power Supply and Engineering & Construction. Plant and project personnel also attend. These meetings provide an opportunity for direct interface between site and corporate management and ensure that corporate management is fully appraised of the status of projects, plant conditions, needs, and other similar information.
- h. Plant Nuclear Safety Committee Meetings - The PNSC meets frequently to act on matters that require the attention of the PNSC. The Vice President - Brunswick Nuclear Project attends PNSC meetings on a random basis for informational purposes.

- i. Plant Tours - The Vice President - Brunswick Nuclear Project frequently tours the plant. During tours he has opportunity to observe plant conditions and work activities first-hand. These tours also provide opportunity for discussions with plant personnel from all levels of the organization.
- j. Special Meetings - Special meetings are held on an as-needed basis to review, discuss, and/or resolve various matters. The Vice President - Brunswick Nuclear Project attends as appropriate.
- k. Personal Contacts - The Vice President - Brunswick Nuclear Project maintains personal contact with various personnel at all levels through the meetings discussed above and plant tours. In addition, he has frequent discussions with other personnel such as General Office personnel, NRC personnel, or other off-site personnel which provide opportunity for feedback on site and plant conditions, concerns, problems, etc.
- l. Social Contacts - The Vice President - Brunswick Nuclear Project attends organized, off-hours recreational and social events that involve all levels of plant personnel. These occasions offer the opportunity for away-from-the-job contact with a broad spectrum of project personnel. Such affairs provide an excellent opportunity for discussion and feedback from these personnel.

4. Summary of Long-Term Actions

We have discussed in some considerable detail the corrective actions taken by CP&L in response to the violations and to the areas of improvement in management controls identified during CP&L's self-evaluation. In fact, this detailed discussion is only a brief summary of what actually has been

accomplished over the last nine months. NRC Region II is very much aware of the progress of CP&L's program. While all benefits of the Brunswick Improvement Program will not become manifest immediately, many can already be seen. We are confident that the Improvement Program is an outstanding effort to upgrade performance at Brunswick and, over time, that it will work. While in the interim there may still be instances of nonconforming actions, CP&L has seen dramatic improvement and is certain even more significant improvements will be realized once the effects of full implementation of the Improvement Program are realized.

CONCLUSION

Both of CP&L's violations were categorized by the NRC as Severity Category III. For Severity III violations, the Commission has great discretion in deciding whether or not a civil penalty is appropriate at all, and if so, the amount of the penalty. The amount of the civil penalty may be influenced by a number of factors, including "prompt identification and reporting," the "promptness and extent to which the licensee takes corrective action, including actions to prevent recurrence," and, consistent with the objectives of the enforcement policy, encouragement to the industry of prompt identification, reporting and corrective actions of violations (46 Fed. Reg. at 9991.) During the process of self-appraisal, 94 deficiencies were identified, almost all of which were detected by CP&L. Thirty-seven of these deficiencies were determined to be reportable and were promptly identified to the NRC. Corrective action was immediate and extraordinarily comprehensive, focusing on improvements in management controls to prevent recurrence. With respect to Violation B, corrective action in the form of a major restructuring and upgrading of Corporate QA had already been accomplished in 1981.

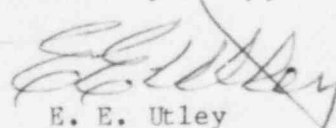
In exercising its discretion to assess civil penalties, the Congress indicated its expectation that the Commission would take into consideration, inter alia, the "good faith" efforts of the Licensee. See Conference Report, supra at 34. We submit that CP&L's efforts in taking corrective action clearly demonstrate good faith.

May 2, 1983

We believe that CP&L has been as open and candid with the NRC as possible. Our actions have been in good faith and consistent with the NRC's enforcement policy. Because CP&L had identified almost all of the deficiencies and had taken prompt, thorough, comprehensive actions to correct the deficiencies and to prevent further recurrences prior to the issuance of the Notice of Violation, it would be consistent with your Enforcement Policy and with Congressional intent in authorizing such large fines to further mitigate the proposed civil penalties.

CP&L does not intend to ask for a hearing to contest the fine, which we dispute, because the record is complete. A hearing or further appeal would thus serve no purpose. We simply urge your reconsideration of the amount of the proposed civil penalties. In our view they are excessive and give the wrong message to licensees dedicated to attaining complete and continuous conformance with NRC requirements. We look forward to your reconsideration of this matter.

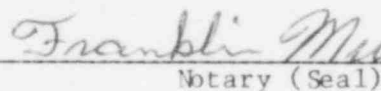
Yours very truly,


E. E. Utley

WRM/mf (6754WRM)

cc: Mr. James P. O'Reilly, Regional Administrator
United States Nuclear Regulatory Commission
Suite 2900
101 Marietta Street, NW
Atlanta, GA 30303

Sworn to and subscribed before me this second day of May 1983.


Notary (Seal)

My commission expires: October 4, 1986

