

Certified By: Kary McNamee

Docket Nos. 50-277
50-352
License Nos. DPR-44
NPF-27
EA 85-42

30 MAY 1985

Philadelphia Electric Company
ATTN: Mr. V. Boyer
Senior Vice President
Nuclear Power
2301 Market Street
Philadelphia, Pennsylvania 19101

Gentlemen:

Subjects: A. Notice of Violation and Proposed Imposition of Civil Penalties/
Peach Bottom (NRC Inspection No. 50-277/85-11)
B. Notice of Violation and Proposed Imposition of Civil Penalties/
Limerick (NRC Inspection No. 50-352/85-12)

During recent inspections conducted in February, 1985 at the Peach Bottom Atomic Power Station and the Limerick Generating Station, violations of NRC requirements were identified involving inadequate performance of licensed activities by contractor employees. The violations raise serious questions regarding the adequacy of management oversight provided by Philadelphia Electric Company (PECo) to monitor and control the performance of contractors engaged in licensed activities at your nuclear power plants.

The first inspection was conducted at Peach Bottom Unit 2 on February 13-15, 1985 during an extended refueling outage for Recirculation System and Residual Heat Removal System pipe replacement. The inspection was conducted to review radiological concerns involving two related radiological incidents in which contractor employees were contaminated with radioactive material and received unplanned occupational radiation exposures. Although the exposures were determined not to be in excess of regulatory limits, a potential for such exposures existed. These personnel exposures may have been prevented had licensee management provided an effective administrative radiological control system to ensure that personnel responsible for providing radiological controls were made aware of the scope of the maintenance activities.

PECo's management oversight of the radiological activities was inadequate in that deficiencies in contractor planning, supervision, surveillance, communications, radiological controls, and training were not identified prior to the first incident, nor corrected in time to prevent the second incident. In addition, a licensee supervisor approved the Radiation Work Permit which did not adequately control the radiological hazards associated with either incident.

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These deficiencies were discussed at an enforcement conference with Mr. J. Cooney and other members of the PECO staff on March 4, 1985. The specific violations associated with these incidents are documented in an inspection report sent to your staff on February 27, 1985, and are described in Appendix A.

The second inspection was conducted at Limerick on February 4-8 and 13, 1985, during which five violations of NRC physical protection requirements were identified. The results of the inspection were discussed with you and other members of the PECO staff during an enforcement conference held on March 11, 1985. The violations, which were documented in an inspection report sent to your staff on March 4, 1985 and which are described in Appendix B, represent a significant degradation in the security program at the Limerick site. PECO's management oversight of these activities was inadequate in that deficiencies in contractor guard force personnel training, supervision, communication, and performance were not promptly identified, allowing adverse conditions to exist for several days without implementation of required contingency measures, notifications and corrective actions.

In addition to our discussions of the security violations at Limerick during the enforcement conference on March 11, 1985, we also discussed our concerns which developed as a result of the NRC's investigation of alleged guard force training records falsification by contractor employees in 1984. This issue was discussed with your staff at the enforcement conference to reinforce our concern that PECO has not provided adequate oversight of the Limerick guard force contractor and to obtain assurance that corrective actions for known problems are promptly initiated. This matter may be the subject of further enforcement action in the future.

These violations and those at the Peach Bottom facility demonstrate that inadequate oversight and control of contractor activities is not limited to the particular facility management, but also involves corporate management. Further, the violations at Limerick represent the second instance in a year of PECO's inadequate control of contractor guard force activities. On October 25, 1984, a Notice of Violation was issued for several violations of physical protection requirements by the contractor guard force at the Peach Bottom Atomic Power Station. On previous occasions, the NRC has expressed concern regarding the adequacy of your control of contractors. For example, in the Systematic Assessment of Licensee Performance (SALP) Report for Peach Bottom covering the period March 1, 1983 through December 31, 1983, the NRC described several incidents which indicated the need for improvement in control of contractors. In your March 27, 1984 response to the SALP Report, you acknowledged the need for additional overview of contractor work, and you indicated that certain actions were taken to improve performance in this area. The recent events at Peach Bottom and Limerick indicate that your actions apparently were not effective in improving management oversight of contractor performance.

To emphasize the need for increased PECO management oversight and control of contractor performance of licensed activities, I have been authorized, after consultation with the Director, Office of Inspection and Enforcement, to issue the enclosed Notices of Violation and Proposed Impositions of Civil Penalties in the cumulative amount of Seventy-Five Thousand Dollars (\$75,000) for the violations set forth in Appendices A and B. In each case, the violations have been categorized in the aggregate as Severity Level III problems in accordance with the "General Statement of Policy and Procedure for NRC Enforcement Actions," 10 CFR Part 2, Appendix C (1985). The base civil penalty for a Severity Level III violation or problem is \$50,000. As set forth in Appendix A, the penalties associated with the health physics violations at the Peach Bottom facility have been reduced by 50% because of your comprehensive corrective actions. However, as set forth in Appendix B, the penalties associated with the security violations at Limerick do not warrant mitigation.

You are required to respond to this letter and should follow the instructions specified in the enclosed Notices when preparing your response. In addition, to enable NRC to determine what actions, if any, should be taken with respect to your license, you are required to submit within 30 days, under the provisions of 10 CFR 50.54(f), a report of your investigation of the incidents of Limerick guard force training records falsification; an explanation of whether these incidents occurred without PECO knowledge, and if so how; a determination of the causes of the falsification, including the responsible individuals; and a description of the actions taken or planned to prevent recurrence of similar incidents. Your written reply to this letter and the results of future inspections will be considered in determining whether further enforcement action is appropriate.

Sections of Appendix B contain details of your security program that have been determined to be exempt from public disclosure in accordance with either 10 CFR 73.21 (Safeguards Information) or 10 CFR 9.5(a)(4) (Commercial or Financial Information). Therefore, the sections so identified will not be placed in the NRC Public Document Room and will receive limited distribution. In your response to this letter and Appendix B, place all Safeguards Information and Commercial or Financial Information in a separate enclosure so that your letter may be placed in the Public Document Room.

The response directed by this letter and the enclosed Notices are not subject to the clearance procedures of the Office of Management and Budget, as required by the Paperwork Reduction Act of 1980, PL 96-511.

Sincerely

Thomas E. Murley
Regional Administrator

Enclosures:

1. Appendix A (Notice of Violation and Proposed Imposition of Civil Penalties - Peach Bottom)
2. Appendix B (Notice of Violation and Proposed Imposition of Civil Penalties - Limerick) (Contains Safeguards, Commercial or Financial Information)

cc w/encls (w/o Safeguards, Commercial or Financial Information):

R. S. Fleischmann, Station Superintendent, Peach Bottom

Shields Daltroff, Vice President, Electric Production

Raymond L. Hovis, Esquire

Thomas Magette, Power Plant Siting, Nuclear Evaluations

John S. Kemper, Vice President, Engineering and Research

G. Leitch, Station Superintendent, Limerick

Troy B. Conner, Jr., Esquire (w/entire Appendix B)

Eugene J. Bradley, Esquire, Assistant General Counsel

Limerick Hearing Service List

NRC Resident Inspector/Peach Bottom (including entire Appendix B)

NRC Resident Inspector/Limerick (including entire Appendix B)

Commonwealth of Pennsylvania

MAY 30 1985

Philadelphia Electric Company

bec w/encs (w/o Safeguards, Commercial or Financial Information):
Region 1 Docket Room (with concurrences)
Public Utility Commission ACRS
SECY
CA

T. Murley, RI (including entire Appendix B)
J. Taylor, IE
J. Axelrad, IE (including entire Appendix B)
V. Stello, DED/ROGR
F. Ingram, PA
J. Lieberman, ELD (including entire Appendix B)
Enforcement Directors

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CP PKG PEACH BOTTOM/NON SGS 1 -

05/29/85 -
by phone for B. Sumner
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