

January 29, 1997

Mr. Lee Liu, Chairman of the Board  
and Chief Executive Officer  
IES Utilities Inc.  
200 First Street S.E.  
P. O. Box 351  
Cedar Rapids, IA 52406-0351

SUBJECT: NRC INSPECTION REPORT NO. 50-331/96011 AND NOTICE OF VIOLATION

Dear Mr. Liu:

On December 20, 1996, the NRC completed a routine safety inspection at your Duane Arnold Energy Center (DAEC) facility. The enclosed report presents the results of that inspection.

During the 6-week period covered by this inspection period, your conduct of activities at the DAEC facility was characterized by a safety conscious approach. We are concerned, however, about two violations of NRC requirements that were identified. The first violation pertained to a missed step during a surveillance test due to failure to properly incorporate a document change form (DCF). In the last two resident inspector reports, there have been examples of DCFs not being properly incorporated into documents. The second violation pertained to the failure to suspend core alterations while the average power range monitor scram was not set according to Technical Specification requirements.

The violations are cited in the enclosed Notice of Violation (Notice), and the circumstances surrounding the violations are described in detail in the enclosed report. Please note that you are required to respond to this letter and should follow the instructions specified in the enclosed Notice when preparing your response. The NRC will use your response, in part, to determine whether further enforcement action is necessary to ensure compliance with regulatory requirements.

Although human performance appears to have improved from that described in recent inspection reports, we are concerned about material condition at the DAEC facility. During the report period, there were several self-revealing failures and other equipment problems that represent distractions for operators and other plant staff. We are concerned about these problems in light of the fact that the plant is just coming out of a refueling outage.

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L. Liu

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In accordance with 10 CFR Part 2.790 of the NRC's "Rules of Practice," a copy of this letter and its enclosures will be placed in the NRC Public Document Room (PDR).

Sincerely,

/s/John A. Grobe for

James L. Caldwell, Director  
Division of Reactor Projects

Docket No. 50-331  
License No. DPR-49

Enclosures: Notice of Violation  
Inspection Report No. 50-331/96011


cc w/encl: G. Van Middlesworth, Plant Manager  
K. Peveler, Manager, Regulatory Performance  
Chairperson, Iowa Utilities Board

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UNITED STATES  
NUCLEAR REGULATORY COMMISSION

REGION III  
801 WARRENVILLE ROAD  
LISLE, ILLINOIS 60532-4351  
January 29, 1997

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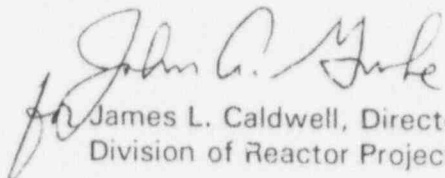
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James L. Caldwell, Director  
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