March 4, 2004

Mr. Mark Peifer
Site Vice-President
Duane Arnold Energy Center
Nuclear Management Company, LLC
3277 DAEC Road
Palo, IA 52324

SUBJECT: ANNUAL ASSESSMENT LETTER - DUANE ARNOLD ENERGY CENTER
(REPORT 50-331/04-01)

Dear Mr. Peifer:

On February 12, 2004, the NRC staff completed its End-of-Cycle plant performance assessment of Duane Arnold Energy Center. The End-of-Cycle review for Duane Arnold Energy Center involved the participation of all technical divisions in evaluating performance indicators (PIs) for the most recent quarter and inspection results for the period from January 1, 2003, through December 31, 2003. This letter is to inform you of our assessment of your safety performance during this period. In addition, we are providing our plans for future inspections at your facility so that you will have an opportunity to prepare for these inspections and to inform us of any planned inspections which may conflict with your plant activities.

Overall, Duane Arnold Energy Center operated in a manner that preserved public health and safety. Plant performance for the most recent quarter, as well as for the first three quarters of the assessment cycle, was within the Licensee Response Column of the NRC’s Action Matrix, based on all inspection findings being classified as having very low safety significance (Green) and all PIs indicating performance at a level requiring no additional NRC oversight (Green). Therefore, we plan to conduct only baseline inspections at your facility through September 30, 2005.

The enclosed inspection plan details the inspections scheduled through September 30, 2005. The inspection plan is provided to minimize the resource impact on your staff and to allow for scheduling conflicts and personnel availability to be resolved in advance of inspector arrival onsite. Routine resident inspections are not listed due to their ongoing and continuous nature. The inspections in the last 12 months of the inspection plan are tentative and may be revised at the mid-cycle review meeting. As you are aware, the NRC has issued several Orders and threat advisories to enhance security capabilities and improve guard force readiness since the terrorist attacks on September 11, 2001. We have conducted inspections to review your implementation of these requirements and have monitored your actions in response to changing threat conditions. For calendar year 2004, we plan to continue inspections of Order implementation combined with newly developed portions of the security baseline inspection program.
In accordance with 10 CFR 2.390 of the NRC’s “Rules of Practice,” a copy of this letter and its enclosure will be made available electronically for public inspection in the NRC Public Document Room or from the Publicly Available Records (PARS) component of NRC’s document system (ADAMS). ADAMS is accessible from the NRC Web site at http://www.nrc.gov/reading-rm/adams.html (the Public Electronic Reading Room).

If circumstances arise which cause us to change this inspection plan, we will contact you to discuss the change as soon as possible. Please contact me at 630/829-9629 with any questions you may have regarding this letter or the inspection plan.

Sincerely,

/RA/

Bruce Burgess, Chief
Reactor Projects Branch 2
Division of Reactor Projects

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

Enclosure: Duane Arnold Energy Center Inspection/Activity Plan

See Attached Distribution
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Bruce Burgess, Chief
Reactor Projects Branch 2
Division of Reactor Projects

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

Enclosure: Duane Arnold Energy Center Inspection/Activity Plan

See Attached Distribution
cc w/encl: E. Protsch, Executive Vice President -
   Energy Delivery, Alliant;
   President, IES Utilities, Inc.
J. Cowan, Executive Vice President and Chief Nuclear Officer
J. Bjorseth, Plant Manager
S. Catron, Manager, Regulatory Affairs
J. Rogoff, Esquire General Counsel
B. Lacy, Nuclear Asset Manager
D. McGhee, Iowa Department of Public Health
Chairman, Linn County Board of Supervisors
Chairperson, Iowa Utilities Board
The Honorable Charles W. Larson, Jr.
   Iowa State Senator
R. Buch, Chairman, Benton County Supervisors
K. Popenhagen, Benton County Sheriff
S. Hansen, Coordinator of Emergency Services
The Honorable Shawn Steffen
The Honorable Rick Grimm
The Honorable Lloyd Benson
J. Houser, Board of Supervisors
L. Langston, Linn County Supervisor
D. Zeller, Linn County Sheriff
L. Barron, Chairman, Board of Supervisors
R. Foubert, Linn County Safety Director
W. Wright, Linn County Emergency
   Management Coordinator
The Honorable Randy Fouts
The Honorable Tom Svoboda
The Honorable Paul Pate
The Honorable Thomas Patterson
The Honorable Victor Klopfenstein
J. Schott, City Manager, Marion
The Honorable Tom Neenan
The Honorable Larry Dauenbaugh
INPO
Distribution:
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Project Director, NRR
Project Mgr., NRR
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GEG
HBC
RML2
SRI Duane Arnold
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This report does not include INPO and OUTAGE activities. This report shows only on-site and announced inspection procedures.