

May 31, 2001

Mr. John Paul Cowan  
Site Vice President  
Palisades Nuclear Generating Plant  
27780 Blue Star Memorial Highway  
Covert, MI 49043-9530

SUBJECT: ANNUAL ASSESSMENT LETTER - PALISADES NUCLEAR PLANT  
(REPORT 50-255/01-01)

Dear Mr. Cowan:

On May 2, 2001, the NRC staff completed its End-of-Cycle plant performance assessment of the Palisades Nuclear Generating Plant. The End-of-Cycle review for Palisades involved the participation of all technical divisions in evaluating performance indicators (PIs) for the most recent quarter and inspection results for the period April 1, 2000 to March 31, 2001. The purpose of this letter is to inform you of our assessment of your safety performance during this period and 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, Palisades operated in a manner that preserved public health and safety and fully met all cornerstone objectives. Plant performance for the most recent quarter 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 May 31, 2002.

While plant performance for the most recent quarter was within the Licensee Response Column of the Action Matrix, the unplanned power changes per 7,000 hours PI was White in the 3rd Quarter 2000. Therefore, Palisades was in the Regulatory Response Column of the Action Matrix during the third quarter of the assessment cycle. The PI returned to Green in the 4th Quarter 2000. A supplemental inspection (NRC Inspection Report 50-255/01-03(DRP)) was conducted and concluded that you performed an adequate evaluation, that the root and contributing causes were understood, and reasonable corrective actions were planned or completed to prevent recurrence of the problems.

The enclosure details the scheduled inspections that will occur through May 31, 2002. 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.

For your information, the NRC is in the process of aligning the inspection and assessment cycle with the calendar year. In order to transition to a calendar year cycle (January 1 - December 31), the next inspection and assessment cycle will consist of only three quarters (i.e., the second, third and fourth calendar quarters of CY 2001). As a result, a quarterly review will be conducted for the third calendar quarter (July 1 - September 30) in lieu of a mid-cycle review. The impact on the inspection plan, which is included as an enclosure, is minimal. Activities planned for the transition cycle represent only 60-80 percent of those activities that would be accomplished during a typical 12-month inspection and assessment cycle.

In accordance with 10 CFR 2.790 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/NRC/ADAMS/index.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) 829-9620 with any questions you may have regarding this letter or the inspection plan.

Sincerely,

*/RA/*

Anton Vogel, Chief  
Branch 6  
Division of Reactor Projects

Docket No. 50-255  
License No. DPR-20

Enclosure: Palisades Inspection/Activity Plan

cc w/encl: R. Fenech, Senior Vice President, Nuclear  
Fossil and Hydro Operations  
N. Haskell, Director, Licensing and Performance Assessment  
R. Anderson, Chief Nuclear Officer, NMC  
A. Udrys, Esquire, Consumers Energy Company  
S. Wawro, Nuclear Asset Director, Consumers Energy Company  
W. Rendell, Supervisor, Covert Township  
Office of the Governor  
Michigan Department of Environmental Quality  
Department of Attorney General (MI)

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