

June 26, 2001

Mr. John Paul Cowan
Senior Vice President
Nuclear Management Company, LLC
27780 Blue Star Memorial Highway
Covert, MI 49043

SUBJECT: PALISADES PLANT - ISSUANCE OF AMENDMENT TO REVISE REPORTING
REQUIREMENTS IN THE OPERATING LICENSE (TAC NO. MB1138)

Dear Mr. Cowan:

The Commission has issued the enclosed Amendment No. 203 to Facility Operating License No. DPR-20 for the Palisades Plant. The amendment consists of changes to the Operating License in response to the application by Consumers Energy Company (CEC) dated January 30, 2001. CEC has subsequently been succeeded by Nuclear Management Company, LLC (NMC), as the licensed operator of the Palisades Plant. By letter dated May 17, 2001, NMC requested that the Commission continue to process and disposition licensing actions previously docketed and requested by CEC.

The amendment changes two requirements in the Operating License regarding the reporting of changes to the approved fire protection plan and exceeding the licensed steady-state power level.

A copy of our related safety evaluation is also enclosed. The Notice of Issuance will be included in the Commission's biweekly *Federal Register* notice.

Sincerely,

/RA/

Darl S. Hood, Senior Project Manager, Section 1
Project Directorate III
Division of Licensing Project Management
Office of Nuclear Reactor Regulation

Docket No. 50-255

Enclosures: 1. Amendment No. 203 to DPR-20
2. Safety Evaluation

cc w/encls: See next page

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RBouling GHill(2)

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*See Previous

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NAME	DHood	RBouling	RDennig	SUttal	CCraig
DATE	5/29/01	5/11/01	5/29/01	6/8/01	6/18/01

OFFICIAL RECORD COPY

Palisades Plant

cc:

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Chief Nuclear Officer
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Covert, MI 49043

March 2001

NUCLEAR MANAGEMENT COMPANY, LLC

DOCKET NO. 50-255

PALISADES PLANT

AMENDMENT TO FACILITY OPERATING LICENSE

Amendment No. 203
License No. DPR-20

1. The Nuclear Regulatory Commission (the Commission) has found that:
 - A. The application for amendment by Nuclear Management Company, LLC (the licensee) dated January 30, 2001, complies with the standards and requirements of the Atomic Energy Act of 1954, as amended (the Act), and the Commission's rules and regulations set forth in 10 CFR Chapter I;
 - B. The facility will operate in conformity with the application, the provisions of the Act, and the rules and regulations of the Commission;
 - C. There is reasonable assurance (i) that the activities authorized by this amendment can be conducted without endangering the health and safety of the public; and (ii) that such activities will be conducted in compliance with the Commission's regulations;
 - D. The issuance of this amendment will not be inimical to the common defense and security or to the health and safety of the public;
 - E. The issuance of this amendment is in accordance with 10 CFR Part 51 of the Commission's regulations and all applicable requirements have been satisfied.

2. Accordingly, Facility Operating License No. DPR-20 is hereby amended as indicated in the attachment to this license amendment.
3. This license amendment is effective as of the date of issuance and shall be implemented within 30 days.

FOR THE NUCLEAR REGULATORY COMMISSION

/RA/

Claudia M. Craig, Chief, Section 1
Project Directorate III
Division of Licensing Project Management
Office of Nuclear Reactor Regulation

Attachment: Changes to the Operating License

Date of Issuance: June 26, 2001

ATTACHMENT TO LICENSE AMENDMENT NO. 203

FACILITY OPERATING LICENSE NO. DPR-20

DOCKET NO. 50-255

Replace the following pages of Operating License No. DPR-20 with the attached revised pages. The revised pages are identified by amendment number and contain marginal lines indicating the areas of change.

REMOVE

3

INSERT

3

5

SAFETY EVALUATION BY THE OFFICE OF NUCLEAR REACTOR REGULATION
RELATED TO AMENDMENT NO. 203 TO FACILITY OPERATING LICENSE NO. DPR-20

NUCLEAR MANAGEMENT COMPANY, LLC

PALISADES PLANT

DOCKET NO. 50-255

1.0 INTRODUCTION

By application dated January 30, 2001, Consumers Energy Company (CEC) requested an amendment to change the Operating License for the Palisades Plant. The proposed amendment would make two changes to reporting requirements in Facility Operating License DPR-20. First, the requirement in Section 2.C.(3)b that "All changes in the approved [Fire Protection] program shall be reported annually, along with the FSAR [Final Safety Analysis Report] revision..." would be changed to state "All changes to the approved program shall be reported along with the FSAR revision, as required by 10 CFR 50.71(e)...." Secondly, a change would be made to Section 2.F, which currently states:

Except as otherwise provided in the Technical Specifications or Environmental Protection Plan, the licensee shall report any violations of the requirements contained in Section 2.C of this license in the following manner: initial notification shall be made within 24 hours to the NRC Operations Center via the Emergency Notification System with written follow-up within 30 days in accordance with the procedures described in 50.73(b), (c), and (e).

The revised Section 2.F would state:

The licensee shall report any violations of Section 2.C(1) of this license within 24 hours to the NRC Operations Center via the Emergency Notification System with written follow-up within 60 days in accordance with 10 CFR 50.73(b), (c), and (e).

On May 15, 2001, CEC was succeeded by Nuclear Management Company, LLC (NMC), as the licensed operator of the Palisades Plant. By letter dated May 17, 2001, NMC requested that the U.S. Nuclear Regulatory Commission (NRC) continue to process and disposition licensing actions previously docketed and requested by CEC.

2.0 EVALUATION

2.1 Section 2.C(3)b of the Operating License

On August 21, 1992, the NRC staff issued Amendment No. 152 to remove fire protection requirements from the Palisades Technical Specifications and add a requirement in the Operating License that the licensee implement and maintain in effect all provisions of the approved fire protection program described in the FSAR and in specified safety evaluation reports, subject to certain specified provisions. The provisions included Section 2.C(3)b setting forth conditions under which the licensee may alter specific features of the approved fire protection program. Section 2.C(3)b stated, in part, that "All changes to the approved program shall be reported annually, along with the FSAR revision..." On August 31, 1992, the Commission amended the regulation at 10 CFR 50.71, "Maintenance of Records, Making of Reports." Specifically, 10 CFR 50.71(e)(4), as revised, requires that "Subsequent revisions [of the original FSAR] must be filed annually or 6 months after each refueling outage provided the interval between successive updates does not exceed 24 months." The normal operating cycle between successive refueling cycles at Palisades is currently 18 months. Thus, the proposed change to Section 2.C(3)b provides for changes to the approved fire protection program to be reported at the increased interval, 6 months after each refueling outage, rather than annually. The NRC staff finds that the licensee's proposed change to Section 2.C(3)b is consistent with the change in 10 CFR 50.71 and is, therefore, acceptable.

2.2 Section 2.F of the Operating License

Section 2.F of the Operating License currently specifies reporting requirements for "any violations of the requirements contained in Section 2.C of this license." Under a literal interpretation of Section 2.F, as currently written, the licensee is required to report within 24 hours, and provide a written follow-up report within 30 days, of a violation of any requirement addressed by Section 2.C. The requirements addressed in Section 2.C of the Operating License include being subject to all applicable provisions of the Atomic Energy Act of 1954 and to all rules, regulations, and orders of the Commission now or hereafter in effect; operating at steady-state reactor power levels not in excess of 2530 megawatts thermal (MWt); operating in accordance with the Technical Specifications and Environmental Protection Plan; implementing and maintaining the provisions of the approved fire protection program; and performing new or revised surveillance requirements issued by Amendment No. 189 to a prescribed schedule.

In a previous letter to the licensee dated April 11, 1996, addressing a similar application dated October 17, 1995, the NRC staff concluded that, with one exception, reporting requirements for violation of the requirements contained in Section 2.C of the Operating License are redundant to the reporting requirements in 10 CFR 50.72 and 10 CFR 50.73. The exception regards reporting a violation for operating at a steady-state reactor power level in excess of 2530 MWt, which is currently required by Section 2.C(1) of the Operating License. Because of this exception, the NRC staff did not approve the amendment request as then proposed. However, in the application dated January 30, 2001, the licensee addresses the exception in that revised Section 2.F would require that the licensee report any violations of Section 2.C(1) of the license within 24 hours to the NRC Operations Center via the Emergency Notification System with written follow-up within 60 days in accordance with 10 CFR 50.73(b), (c), and (e). The NRC staff notes that the time limit for reporting this occurrence is changed from 30 to 60 days, which is consistent with recent changes to 10 CFR 50.73 now in effect and, therefore, is acceptable.

Accordingly, because the reporting requirements affected by the proposed change are already adequately specified by the Commission's regulations or are otherwise addressed by the proposed license conditions, and because the proposed changes eliminate the potential conflict with the reporting requirements in Section 2.F of the Operating License and those in 10 CFR 50.72 and 10 CFR 50.73, the NRC staff finds the proposed change to Section 2.F to be acceptable.

3.0 STATE CONSULTATION

In accordance with the Commission's regulations, the Michigan State official was notified of the proposed issuance of the amendment. The State official agreed with the NRC staff's proposed issuance of the amendment.

4.0 ENVIRONMENTAL CONSIDERATION

The amendment changes a requirement with respect to the installation or use of a facility component located within the restricted area as defined in 10 CFR Part 20. The amendment also relates to changes in recordkeeping, reporting, or administrative procedures or requirements. The NRC staff has determined that the amendment involves no significant increase in the amounts, and no significant change in the types, of any effluents that may be released offsite, and that there is no significant increase in individual or cumulative occupational radiation exposure. The Commission has previously issued a proposed finding that the amendment involves no significant hazards consideration, and there has been no public comment on such finding (66 FR 17965). Accordingly, the amendment meets the eligibility criteria for categorical exclusion set forth in 10 CFR 51.22(c)(9) and (10). Pursuant to 10 CFR 51.22(b), no environmental impact statement or environmental assessment need be prepared in connection with the issuance of the amendment.

5.0 CONCLUSION

The Commission has concluded, based upon the considerations discussed above, that: (1) there is reasonable assurance that the health and safety of the public will not be endangered by operation in the proposed manner, (2) such activities will be conducted in compliance with the Commission's regulations, and (3) the issuance of the amendment will not be inimical to the common defense and security or to the health and safety of the public.

Principal Contributor: D. Hood

Date: June 26, 2001