

August 23, 2002

Mr. Douglas E. Cooper
Site Vice President
Palisades Nuclear Plant
Nuclear Management Company, LLC
27780 Blue Star Memorial Highway
Covert, MI 49043-9530

SUBJECT: MID-CYCLE PERFORMANCE REVIEW AND INSPECTION PLAN
PALISADES NUCLEAR POWER PLANT

Dear Mr. Cooper:

On July 31, 2002, the NRC staff completed its mid-cycle plant performance assessment of the Palisades Nuclear Power Plant. In accordance with NRC Inspection Manual Chapter 0305 "Operating Reactor Assessment Program," the mid-cycle review involved the participation of all technical divisions in evaluating the performance of your Palisades Nuclear Power Plant facility for the first half of the current assessment cycle, January 1 - December 31, 2002. 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.

Plant performance for the most recent quarter was within the Regulatory Response column of the NRC's Action Matrix based on a White finding in the Mitigating Systems Cornerstone that was identified in October 2001. The finding was determined to be a violation of NRC requirements for failing to locate and install smoke detectors in the northwest portion of the cable spreading room in accordance with the National Fire Protection Association (NFPA) code. In accordance with the NRC's Action Matrix, the NRC completed a supplemental inspection in July 2002. The results of that inspection were communicated to you in NRC Inspection Report 50-255/02-08. Given your staff's acceptable performance in addressing this White finding, this issue will only be considered in assessing plant performance for a total of four quarters in accordance with the guidance in NRC Inspection Manual Chapter (IMC) 0305, "Operating Reactor Assessment Program."

Additionally, in our Annual Assessment Letter dated March 4, 2002, we advised you of a substantive cross-cutting issue in the areas of Human Performance and Problem Identification and Resolution. No additional findings have been documented in the area of Human Performance since February 2002, which we considered improved performance in this area. However, sufficient time has not passed to thoroughly assess the effectiveness of your staff's performance in this area. Therefore, during the course of routine baseline and plant status inspection activities the inspectors will closely monitor human performance to more thoroughly assess this area at the 2002 end-of-cycle assessment. Human Performance will also be a focus area during the next "Identification and Resolution of Problems" (PI&R) inspection and

during the "Permanent Plant Modifications" inspection scheduled for December 2002. Regarding the substantive cross-cutting issue in the area of Problem Identification and Resolution, there continued to be some examples where your corrective action program failed to promptly identify and correct conditions adverse to quality. Therefore, the effectiveness of your program to resolve problems will be a focus area during the next PI&R inspection and during the course of routine baseline and plant status inspection activities. Because your staff recently began implementation of a new electronic corrective action program, which was communicated to the NRC in your June 24, 2002, letter requesting postponement of the PI&R inspection until later this year, the next PI&R inspection is currently scheduled for November 2002.

The enclosed inspection plan details the inspections scheduled through September 30, 2003. 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 inspection plan for the last 6 months is tentative and may be revised at the end-of-cycle review.

In addition, the NRC is in the process of finalizing a Temporary Instruction (TI) that will be used to review implementation of the Interim Compensatory Measures required by the Agency's Security Order to all commercial nuclear power plants dated February 25, 2002. Schedules have not yet been finalized, but it is anticipated that these inspections will begin within the next calendar quarter. Once finalized, the details will be communicated by separate correspondence.

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/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 David Passehl at (630) 829-9872 with any questions you may have regarding this letter or the inspection plan.

Sincerely,

/RA by Steve Reynolds acting for/

Geoffrey E. Grant, Director
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
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Michigan Department of Environmental Quality
Department of Attorney General (MI)
The Honorable George Sink
L. Nielsen, City Manager of Bangor
The Honorable Ted Johnson
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The Honorable David Paull
A. Vanderberg, City Manager of South Haven
K. Higgs, Administrator, Allegan County Courthouse
B. Koops, Allegan County Sheriff
B. Brunett, Allegan County Emergency
Management Coordinator
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D. R. Gribler, Van Buren County Sheriff
Sergeant Elaine Svilpe, Van Buren County
Emergency Preparedness Coordinator
The Honorable Daniel P. Schofield, Jr.

The Honorable Patricia Beezley
INPO

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Palisades
Inspection / Activity Plan
09/01/2002 - 09/30/2003

Unit Number	Inspection Activity	Title	No. of Staff on Site	Planned Dates Start End	Inspection Type
	71111.01 - ADVERSE WEATHER (RI)		2		
1	IP 7111101	Adverse Weather Protection		10/01/2002 12/28/2002	Baseline Inspections
	PI&R - PROBLEM IDENTIFICATION AND RESOLUTION		3		
1	IP 71152	Identification and Resolution of Problems		11/04/2002 11/22/2002	Baseline Inspections
	IP 71121 - RAD INSTRUMENTS INSPECTION		1		
1	IP 7112101	Access Control to Radiologically Significant Areas		11/18/2002 11/22/2002	Baseline Inspections
1	IP 7112103	Radiation Monitoring Instrumentation and Protective Equipment		11/18/2002 11/22/2002	Baseline Inspections
1	IP 71151	Performance Indicator Verification		11/18/2002 11/22/2002	Baseline Inspections
	MOD50.59 - MODIFICATIONS & 50.59		4		
1	IP 7111102	Evaluation of Changes, Tests, or Experiments		12/02/2002 12/06/2002	Baseline Inspections
1	IP 711117B	Permanent Plant Modifications		12/02/2002 12/06/2002	Baseline Inspections
	ISI - ISI		1		
1	IP 7111108	Inservice Inspection Activities		03/17/2003 03/28/2003	Baseline Inspections
	ISI - TI-145		1		
1	IP 2515/145	Circumferential Cracking of Reactor Pressure Vessel Head Penetration Nozzles (NRC Bulletin .		03/17/2003 03/28/2003	Safety Issues
	IP 71121 - OUTAGE ALARA INSPECTION		1		
1	IP 7112101	Access Control to Radiologically Significant Areas		03/24/2003 03/28/2003	Baseline Inspections
1	IP 7112102	ALARA Planning and Controls		03/24/2003 03/28/2003	Baseline Inspections
	71111.20 - REFUELING AND OUTAGE (RI)		2		
1	IP 7111120	Refueling and Outage Activities		04/01/2003 06/30/2003	Baseline Inspections
	INSP - EP NON-EXERCISE INSPECTION		1		
1	IP 7111402	Alert and Notification System Testing		06/23/2003 06/27/2003	Baseline Inspections
1	IP 7111403	Emergency Response Organization Augmentation Testing		06/23/2003 06/27/2003	Baseline Inspections
1	IP 7111405	Correction of Emergency Preparedness Weaknesses and Deficiencies		06/23/2003 06/27/2003	Baseline Inspections
1	IP 71151	Performance Indicator Verification		06/23/2003 06/27/2003	Baseline Inspections
	FY 2003 - PALISADES INIT PREP 06/07/2003		3		
1	W90081	OL - INITIAL EXAM - PALISADES - JUN/JUL 2003		06/30/2003 07/03/2003	Not Applicable
	FY 2003 - PALISADES INIT EXAM 07/2003		3		
1	W90081	OL - INITIAL EXAM - PALISADES - JUN/JUL 2003		07/21/2003 08/01/2003	Not Applicable
	INSP - REMP INSPECTION		1		
1	IP 7112101	Access Control to Radiologically Significant Areas		08/04/2003 08/08/2003	Baseline Inspections
1	IP 7112203	Radiological Environmental Monitoring Program		08/04/2003 08/08/2003	Baseline Inspections
1	IP 71151	Performance Indicator Verification		08/04/2003 08/08/2003	Baseline Inspections

This report does not include INPO and OUTAGE activities.
This report shows only on-site and announced inspection procedures.

Palisades
Inspection / Activity Plan
09/01/2002 - 09/30/2003

Unit Number	Inspection Activity	Title	No. of Staff on Site	Planned Dates Start End		Inspection Type
INSP - ALARA INSPECTION			1			
1	IP 7112101	Access Control to Radiologically Significant Areas		09/08/2003	09/12/2003	Baseline Inspections
1	IP 7112102	ALARA Planning and Controls		09/08/2003	09/12/2003	Baseline Inspections
1	IP 71151	Performance Indicator Verification		09/08/2003	09/12/2003	Baseline Inspections