

March 4, 2003

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

SUBJECT: ANNUAL ASSESSMENT LETTER - PALISADES NUCLEAR PLANT
(REPORT 50-255/03-01)

Dear Mr. Cooper:

On February 11, 2003, the NRC staff completed its end-of-cycle plant performance assessment of 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 from January 1, 2002, through 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 that 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).

While plant performance for the most recent two quarters was within the licensee response column of the Action Matrix, plant performance in the first two quarters (01/01/02 - 06/30/02) was in the Regulatory Response Column of the Action Matrix. This was based on a WHITE inspection finding in the Mitigating Systems Cornerstone that was identified in the third quarter of 2001, and based on a WHITE Drill/Exercise Performance Indicator in the first quarter of the assessment period (01/01/02 - 03/31/02). Regarding the White inspection finding, the NRC conducted a supplemental inspection in July 2002 and determined that your corrective actions appeared reasonable to prevent recurrence. In February 2003, the NRC conducted a supplemental inspection for the WHITE Drill/Exercise Performance Indicator. The results of this inspection will be transmitted to you by separate correspondence.

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. During this assessment period the NRC conducted inspections of your performance in these

areas and noted improvement. Regarding human performance, we noted that you have completed extensive corrective actions and no findings involving human performance as a
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cross-cutting issue have been identified since the first quarter of the assessment cycle. As a result, this area is no longer considered to be a substantive cross-cutting issue. However, problem identification and resolution will continue to be a substantive cross-cutting issue. Though some improvement has been observed in this performance area, we continue to identify findings involving corrective action implementation issues. Also, some corrective action program improvements have only recently been implemented and therefore their effectiveness could not be fully assessed.

The enclosed inspection plan details the inspections scheduled through March 31, 2004. In addition, we also plan to conduct inspections of your independent spent fuel storage facility. The specific dates of this inspection will be coordinated with your staff. 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 6 months of the inspection plan are tentative and may be revised at the mid-cycle review meeting.

As you are aware, since the terrorist attacks on September 11, 2001, the NRC has issued several Orders and threat advisories to enhance security capabilities and improve guard force readiness. 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 2003, we plan to continue these inspections, conduct portions of the security baseline inspection program, as well as perform additional inspections to evaluate your compliance with new requirements that may be ordered. Based on our final determinations in this regard, we will notify you of any inspection plan changes.

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 me at 630-829-9600 with any questions you may have regarding this letter or the inspection plan.

Sincerely,

/RA/

Geoffrey E. Grant, Director
Division of Reactor Projects

Docket Nos. 50-255
License Nos. DPR-20

Enclosure: Palisades Inspection/Activity Plan

cc w/encl: R. Fenech, Senior Vice President, Nuclear
Fossil and Hydro Operations
L. Lahti, Manager, Licensing
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)
The Honorable George Sink
L. Nielsen, City Manager of Bangor
The Honorable Ted Johnson
P. Munich, City Manager of Hartford
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
J. M. Henry, Berrien County Coordinator
L. P. Bailey, Berrien County Sheriff
M. Bradley, Berrien County Emergency
Management
D. Hanson, Van Buren County Board Chairman
D. R. Gribler, Van Buren County Sheriff
Sergeant Alaine 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
03/01/2003 - 03/31/2004

Unit Number	Inspection Activity	Title	No. of Staff on Site	Planned Dates		Inspection Type
				Start	End	
	ISI - ISI		1			
1	IP 7111108P	Inservice Inspection Activities - PWR		03/17/2003	03/28/2003	Baseline Inspections
	ISI - TI-150		1			
1	IP 2515/150	Reactor Pressure Vessel Head and Vessel Head Penetration Nozzles (NRC Bulletin 2002-02)		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
	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
	IP 71122 - 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
	IP 71121 - ALARA INSPECTION		1			
1	IP 7112101	Access Control to Radiologically Significant Areas		08/25/2003	08/29/2003	Baseline Inspections
1	IP 7112102	ALARA Planning and Controls		08/25/2003	08/29/2003	Baseline Inspections
1	IP 71151	Performance Indicator Verification		08/25/2003	08/29/2003	Baseline Inspections
	TI 148 - TI2515/148 SECURITY ICMS		2			
1	IP 2515/148	Inspection of Nuclear Reactor Safeguards - Interim Compensatory Measures		08/25/2003	08/29/2003	Safety Issues
	MR - MAINTENANCE RULE		1			
1	IP 7111112B	Maintenance Effectiveness		10/06/2003	10/10/2003	Baseline Inspections
	IP 71122 - LIQ/GAS EFFLUENTS INSPECTION		1			
1	IP 7112101	Access Control to Radiologically Significant Areas		10/20/2003	10/24/2003	Baseline Inspections
1	IP 7112201	Radioactive Gaseous and Liquid Effluent Treatment and Monitoring Systems		10/20/2003	10/24/2003	Baseline Inspections
1	IP 71151	Performance Indicator Verification		10/20/2003	10/24/2003	Baseline Inspections
	HT SNK B - HEAT SINK BIENNIAL (DRS)		1			
1	IP 7111107B	Heat Sink Performance		11/17/2003	11/21/2003	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
03/01/2003 - 03/31/2004

Unit Number	Inspection Activity	Title	No. of Staff on Site	Planned Dates		Inspection Type
				Start	End	
	71152	- PROBLEM ID AND RESOL	1			
1	IP 71152B	Identification and Resolution of Problems		11/16/2003	12/27/2003	Baseline Inspections
	IP 71122	- RP RAM PROCESS/TRANSPORTATION INSP	1			
1	IP 7112202	Radioactive Material Processing and Transportation		02/09/2004	02/13/2004	Baseline Inspections

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