

March 4, 2003

Mr. Mano Nazar
Site General Manager
Prairie Island Nuclear Generating Plant
Nuclear Management Company, LLC
1717 Wakonade Drive East
Welch, MN 55089

SUBJECT: ANNUAL ASSESSMENT LETTER - PRAIRIE ISLAND NUCLEAR GENERATING
PLANT (REPORT 50-282/03-01; 50-306/03-01)

Dear Mr. Nazar:

On February 12, 2003, the NRC staff completed its end-of-cycle plant performance assessment of Prairie Island Nuclear Generating Plant. The end-of-cycle review for Prairie Island Nuclear Generating Plant involved the participation of all technical divisions in evaluating performance indicators for the most recent quarter and inspection results for the period from January 1 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, Prairie Island Nuclear Generating Plant 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 performance indicators at a level requiring no additional NRC oversight (Green). Therefore, we plan to conduct only baseline inspections at your facility through March 31, 2004.

While plant performance for the most recent quarter is within the Licensee Response Column of the Action Matrix, there was one finding of low to moderate safety significance (White) in the Mitigating Systems cornerstone that put the plant in the Regulatory Response Column during the second quarter of the assessment cycle. This finding was associated with the lubrication water source for the safety-related cooling water pumps. Prairie Island was within the Licensee Response Column for the remainder of the assessment period.

Additionally, on December 13, 2002, the staff issued a Severity Level III Notice of Violation and a Proposed Imposition of Civil Penalty in accordance with the enforcement policy. This action was issued for incomplete and inaccurate information provided in April 2001 as part of a request for a Notice of Enforcement Discretion.

The enclosed inspection plan details the inspections scheduled through March 31, 2004. In addition to baseline inspections, there will be a safety issues inspection performed in June 2003 regarding security and a safety issues inspection performed in September 2003 regarding

M. Nazar

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circumferential cracking of reactor pressure vessel head penetration nozzles. 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 six 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 630-829-9757 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. 50-282; 50-306
License Nos. DPR-42; DPR-60

Enclosure: Prairie Island Nuclear Generating Plant Inspection/Activity Plan

See Attached Distribution

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Geoffrey E. Grant, Director
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| OFFICE | RIII | | RIII | | RIII | | | | |
| NAME | MCastanedo:co | | KRiemer | | GGrant | | | | |
| DATE | 03/ /03 | | 03/ /03 | | 03/ /03 | | | | |

OFFICIAL RECORD COPY

cc w/encl: Plant Manager, Prairie Island
R. Anderson, Executive Vice President and
Chief Nuclear Officer
Site Licensing Manager
Nuclear Asset Manager
J. Malcolm, Commissioner, Minnesota
Department of Health
State Liaison Officer, State of Wisconsin
Tribal Council, Prairie Island Dakota Community
J. Silberg, Esquire
Shawn, Pittman, Potts, and Trowbridge
A. Neblett, Assistant Attorney General
Office of Attorney General
S. Bloom, Administrator
Goodhue County Courthouse
Commissioner, Minnesota Department
of Commerce
K. Kuhlmann, Council Administrator
A. Kohnen, President, Prairie Island
Community Center
F. Wipperling, Goodhue County Sheriff
G. Brown, Emergency Management Director
R. Wilhelm, Chair, Pierce County Board
of Directors
D. Maher, Chair, Dakota County Board of
Commissioners
The Honorable V. Steffenhagen
G. Fried, Emergency Management Director
R. Mallon, Chair, Goodhue County
Board of Commissioners
J. Hines, Pierce County Sheriff
D. Gudmundson, Dakota County Sheriff
INPO

ADAMS Distribution:

WDR

DFT

H. Nieh, OEDO

THB

Project Director, NRR

Project Manager, NRR

RidsNrrDipmlipb

J. Caldwell, RIII

G. Grant, RIII

B. Clayton, RIII

R. Lickus, RIII

SRI Prairie Island

DRP III

DRSIII

PLB1

JRK1

Prairie Island
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 | |
| | SSDI | - SAFETY SYSTEM DESIGN | 5 | | | |
| 1, 2 | IP 711121 | Safety System Design and Performance Capability | | 03/24/2003 | 04/11/2003 | Baseline Inspections |
| | INSP | - REMP | 1 | | | |
| 1, 2 | IP 7112101 | Access Control to Radiologically Significant Areas | | 04/07/2003 | 04/11/2003 | Baseline Inspections |
| 1, 2 | IP 7112203 | Radiological Environmental Monitoring Program | | 04/07/2003 | 04/11/2003 | Baseline Inspections |
| | INSP | - EP NON-EXERCISE INSPECTION | 1 | | | |
| 1, 2 | IP 7111402 | Alert and Notification System Testing | | 03/31/2003 | 04/04/2003 | Baseline Inspections |
| 1, 2 | IP 7111403 | Emergency Response Organization Augmentation Testing | | 03/31/2003 | 04/04/2003 | Baseline Inspections |
| 1, 2 | IP 7111405 | Correction of Emergency Preparedness Weaknesses and Deficiencies | | 03/31/2003 | 04/04/2003 | Baseline Inspections |
| 1, 2 | IP 71151 | Performance Indicator Verification | | 03/31/2003 | 04/04/2003 | Baseline Inspections |
| | 7112102 | - NUCLEAR INSTRUMENTATION | 1 | | | |
| 1 | IP 7112101 | Access Control to Radiologically Significant Areas | | 06/02/2003 | 06/06/2003 | Baseline Inspections |
| 1, 2 | IP 7112103 | Radiation Monitoring Instrumentation and Protective Equipment | | 06/02/2003 | 06/06/2003 | Baseline Inspections |
| | TI 148 | - TI2515/148 SECURITY ICMS | 2 | | | |
| 1, 2 | IP 2515/148 | Inspection of Nuclear Reactor Safeguards - Interim Compensatory Measures | | 06/23/2003 | 06/27/2003 | Safety Issues |
| | 71111.11 | - LIC OPERATOR REQUAL PROGRAM EVALUATION | 2 | | | |
| 1, 2 | IP 7111111B | Licensed Operator Requalification | | 07/28/2003 | 08/01/2003 | Baseline Inspections |
| | FY 2003 | - PRAIRIE ISLAND INIT PREP 08/2003 | 3 | | | |
| 1 | W90083 | OL - INITIAL EXAM - PRAIRIE ISLAND - AUG/SEP 2003 | | 08/11/2003 | 08/15/2003 | Not Applicable |
| | DRPBR5 | - PI&R INSPECTION | 4 | | | |
| 1, 2 | IP 71152B | Identification and Resolution of Problems | | 08/18/2003 | 09/05/2003 | Baseline Inspections |
| | FY 2003 | - PRAIRIE ISLAND INIT EXAM 09/2003 | 3 | | | |
| 1 | W90083 | OL - INITIAL EXAM - PRAIRIE ISLAND - AUG/SEP 2003 | | 09/08/2003 | 09/19/2003 | Not Applicable |
| | 71111.08 | - ISI FOR UNIT 2 | 1 | | | |
| 2 | IP 7111108P | Inservice Inspection Activities - PWR | | 09/29/2003 | 10/13/2003 | Baseline Inspections |
| | INSP | - ALARA INSPECTION | 1 | | | |
| 1, 2 | IP 7112101 | Access Control to Radiologically Significant Areas | | 09/29/2003 | 10/03/2003 | Baseline Inspections |
| 1, 2 | IP 7112102 | ALARA Planning and Controls | | 09/29/2003 | 10/03/2003 | Baseline Inspections |
| 1, 2 | IP 71151 | Performance Indicator Verification | | 09/29/2003 | 10/03/2003 | Baseline Inspections |
| | TI-150 | - TI-150 FOR UNIT 2 | 1 | | | |
| 2 | IP 2515/145 | Circumferential Cracking of Reactor Pressure Vessel Head Penetration Nozzles (NRC Bulletin . | | 09/29/2003 | 10/13/2003 | Safety Issues |
| | HT SNK B | - HEAT SINK BIENNIAL (DRS) | 1 | | | |
| 1, 2 | IP 7111107B | Heat Sink Performance | | 12/08/2003 | 12/12/2003 | Baseline Inspections |
| | INSP | - RADIOACTIVE MATERIAL PROCESSING AND TRAN | 1 | | | |
| 1 | IP 7112101 | Access Control to Radiologically Significant Areas | | 01/12/2004 | 01/16/2004 | Baseline Inspections |

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

Prairie Island
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 | |
| | INSP | - RADIOACTIVE MATERIAL PROCESSING AND TRAN | 1 | | | |
| 1, 2 | IP 7112202 | Radioactive Material Processing and Transportation | | 01/12/2004 | 01/16/2004 | Baseline Inspections |
| | FPI | - TRIENNIAL FIRE PROTECTION | 3 | | | |
| 1, 2 | IP 7111105T | Fire Protection | | 01/26/2004 | 02/13/2004 | Baseline Inspections |
| | MR | - MAINTENANCE RULE BIENNIAL (DRS) | 1 | | | |
| 1, 2 | IP 7111112B | Maintenance Effectiveness | | 03/01/2004 | 03/05/2004 | Baseline Inspections |

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