

September 9, 2004

Mr. Edward J. Weinkam
Director, Regulatory Services
Nuclear Management Company, LLC
700 First Street
Hudson, WI 54016

SUBJECT: DUANE ARNOLD ENERGY CENTER, PALISADES NUCLEAR PLANT, POINT BEACH NUCLEAR PLANT, UNITS 1 AND 2, AND PRAIRIE ISLAND NUCLEAR GENERATING PLANT, UNITS 1 AND 2 RE: ADOPTION OF CONSOLIDATED LINE ITEM IMPROVEMENT PROCESS TECHNICAL SPECIFICATION (TS) CHANGE REGARDING TS TASK FORCE (TSTF)-359, REV. 9, "INCREASED FLEXIBILITY IN MODE RESTRAINTS (TAC NOS. MC1711, MC1712, MC1713, MC1714, MC1715, AND MC1716)

Enclosed is a copy of a "Notice of Consideration of Issuance of Amendment to Facility Operating License, Proposed No Significant Hazards Consideration Determination, and Opportunity for a Hearing," related to your application dated December 23, 2003. The proposed license amendments would allow entry into a mode or other specified condition in the applicability of a technical specification (TS), while in a condition statement and the associated required actions of the TS. This is permissible provided the licensee performs a risk assessment and manages risk consistent with the program in place for complying with the requirements of Title 10 of the *Code of Federal Regulations*, Part 50, Section 50.65(a)(4). Limiting Condition for Operation (LCO) 3.0.4 exceptions in individual TSs would be eliminated, and Surveillance Requirement 3.0.4 revised to reflect the LCO 3.0.4 allowance.

This notice has been forwarded to the Office of the *Federal Register* for publication.

Sincerely,

/RA/

L. Mark Padovan, Project Manager, Section 1
Project Directorate III
Division of Licensing Project Management
Office of Nuclear Reactor Regulation

Docket Nos. 50-331, 50-255, 50-266, 50-301, 50-282 and 50-306

Enclosure: Notice

cc w/encl: See next page

September 9, 2004

Mr. Edward J. Weinkam
Director, Regulatory Services
Nuclear Management Company, LLC
700 First Street
Hudson, WI 54016

SUBJECT: DUANE ARNOLD ENERGY CENTER, PALISADES NUCLEAR PLANT, POINT BEACH NUCLEAR PLANT, UNITS 1 AND 2, AND PRAIRIE ISLAND NUCLEAR GENERATING PLANT, UNITS 1 AND 2 RE: ADOPTION OF CONSOLIDATED LINE ITEM IMPROVEMENT PROCESS TECHNICAL SPECIFICATION (TS) CHANGE REGARDING TS TASK FORCE (TSTF)-359, REV. 9, "INCREASED FLEXIBILITY IN MODE RESTRAINTS (TAC NOS. MC1711, MC1712, MC1713, MC1714, MC1715, AND MC1716)

Enclosed is a copy of a "Notice of Consideration of Issuance of Amendment to Facility Operating License, Proposed No Significant Hazards Consideration Determination, and Opportunity for a Hearing," related to your application dated December 23, 2003. The proposed license amendments would allow entry into a mode or other specified condition in the applicability of a technical specification (TS), while in a condition statement and the associated required actions of the TS. This is permissible provided the licensee performs a risk assessment and manages risk consistent with the program in place for complying with the requirements of Title 10 of the *Code of Federal Regulations*, Part 50, Section 50.65(a)(4). Limiting Condition for Operation (LCO) 3.0.4 exceptions in individual TSs would be eliminated, and Surveillance Requirement 3.0.4 revised to reflect the LCO 3.0.4 allowance.

This notice has been forwarded to the Office of the *Federal Register* for publication.

Sincerely,

/RA/

L. Mark Padovan, Project Manager, Section 1
Project Directorate III
Division of Licensing Project Management
Office of Nuclear Reactor Regulation

Docket Nos. 50-331, 50-255, 50-266, 50-301, 50-282 and 50-306

Enclosure: Notice

cc w/encl: See next page

DISTRIBUTION:

PUBLIC	LPadovan	ACRS
PDIII-1 Reading	THarris	BBurgess, RGN-III
LRaghavan	OGC	DLPM DPR

ADAMS Accession No. ML042530658

OFFICE	PDIII-1/PM	PDIII-1/LA	OGC	PDIII-1/SC
NAME	LPadovan	THarris	Not required per C. Marco	JStang for LRaghavan
DATE	09/09/04	09/09/04	09/09/04	09/09/04

OFFICIAL RECORD COPY

Duane Arnold Energy Center

cc:

Mr. John Paul Cowan
Executive Vice President &
Chief Nuclear Officer
Nuclear Management Company, LLC
700 First Street
Hudson, MI 54016

John Bjorseth
Plant Manager
Duane Arnold Energy Center
3277 DAEC Road
Palo, IA 52324

Steven R. Catron
Manager, Regulatory Affairs
Duane Arnold Energy Center
3277 DAEC Road
Palo, IA 52324

U. S. Nuclear Regulatory Commission
Resident Inspector's Office
Rural Route #1
Palo, IA 52324

Regional Administrator, Region III
U. S. Nuclear Regulatory Commission
2443 Warrenville Road, Suite 210
Lisle, IL 60532-4352

Jonathan Rogoff
Vice President, Counsel & Secretary
Nuclear Management Company, LLC
700 First Street
Hudson, WI 54016

Bruce Lacy
Nuclear Asset Manager
Alliant Energy/Interstate Power
and Light Company
3277 DAEC Road
Palo, IA 52324

Daniel McGhee
Utilities Division
Iowa Department of Commerce
Lucas Office Buildings, 5th floor
Des Moines, IA 50319

Chairman, Linn County
Board of Supervisors
930 1st Street SW
Cedar Rapids, IA 52404

Craig G. Anderson
Senior Vice President, Group Operations
700 First Street
Hudson, WI 54016

Mark A. Peifer
Site Vice President
Duane Arnold Energy Center
Nuclear Management Company, LLC
3277 DAEC Road
Palo, IA 52324-0351

Palisades Plant

cc:

Robert A. Fenech, Senior Vice President
Nuclear, Fossil, and Hydro Operations
Consumers Energy Company
1945 Parnall Rd.
Jackson, MI 49201

Arunas T. Udry, Esquire
Consumers Energy Company
1 Energy Plaza
Jackson, MI 49201

Regional Administrator, Region III
U.S. Nuclear Regulatory Commission
801 Warrenville Road
Lisle, IL 60532-4351

Supervisor
Covert Township
P. O. Box 35
Covert, MI 49043

Office of the Governor
P. O. Box 30013
Lansing, MI 48909

U.S. Nuclear Regulatory Commission
Resident Inspector's Office
Palisades Plant
27782 Blue Star Memorial Highway
Covert, MI 49043

Michigan Department of Environmental Quality
Waste and Hazardous Materials Division
Hazardous Waste and Radiological
Protection Section
Nuclear Facilities Unit
Constitution Hall, Lower-Level North
525 West Allegan Street
P.O. Box 30241
Lansing, MI 48909-7741

Michigan Department of Attorney General
Special Litigation Division
525 West Ottawa St.
Sixth Floor, G. Mennen Williams Building
Lansing, MI 48913

Manager, Regulatory Affairs
Nuclear Management Company, LLC
27780 Blue Star Memorial Highway
Covert, MI 49043

Director of Nuclear Assets
Consumers Energy Company
Palisades Nuclear Plant
27780 Blue Star Memorial Highway
Covert, MI 49043

John Paul Cowan
Executive Vice President & Chief Nuclear
Officer
Nuclear Management Company, LLC
700 First Street
Hudson, WI 54016

Jonathan Rogoff, Esquire
Vice President, Counsel & Secretary
Nuclear Management Company, LLC
700 First Street
Hudson, WI 54016

Douglas E. Cooper
Senior Vice President - Group Operations
Palisades Nuclear Plant
Nuclear Management Company, LLC
27780 Blue Star Memorial Highway
Covert, MI 49043

Daniel J. Malone
Site Vice President
Palisades Nuclear Plant
Nuclear Management Company, LLC
27780 Blue Star Memorial Highway
Covert, MI 49043

October 2003

Point Beach Nuclear Plant, Units 1 and 2

cc:

Jonathan Rogoff, Esquire
Vice President, Counsel & Secretary
Nuclear Management Company, LLC
700 First Street
Hudson, WI 54016

Mr. F. D. Kuester
President & Chief Executive Officer
WE Generation
231 West Michigan Street
Milwaukee, WI 53201

Regulatory Affairs Manager
Point Beach Nuclear Plant
Nuclear Management Company, LLC
6610 Nuclear Road
Two Rivers, WI 54241

Mr. Ken Duveneck
Town Chairman
Town of Two Creeks
13017 State Highway 42
Mishicot, WI 54228

Chairman
Public Service Commission
of Wisconsin
P.O. Box 7854
Madison, WI 53707-7854

Regional Administrator, Region III
U.S. Nuclear Regulatory Commission
801 Warrenville Road
Lisle, IL 60532-4351

Resident Inspector's Office
U.S. Nuclear Regulatory Commission
6612 Nuclear Road
Two Rivers, WI 54241

Mr. Jeffery Kitsembel
Electric Division
Public Service Commission of Wisconsin
P.O. Box 7854
Madison, WI 53707-7854

Nuclear Asset Manager
Wisconsin Electric Power Company
231 West Michigan Street
Milwaukee, WI 53201

John Paul Cowan
Executive Vice President & Chief Nuclear
Officer
Nuclear Management Company, LLC
700 First Street
Hudson, WI 54016

Douglas E. Cooper
Senior Vice President - Group Operations
Palisades Nuclear Plant
Nuclear Management Company, LLC
27780 Blue Star Memorial Highway
Covert, MI 49043

Site Director of Operations
Nuclear Management Company, LLC
6610 Nuclear Road
Two Rivers, WI 54241

Dennis L. Koehl
Site Vice-President
Nuclear Management Company, LLC
6590 Nuclear Road
Two Rivers, WI 54241

July 2004

Prairie Island Nuclear Generating Plant,
Units 1 and 2

cc:

Jonathan Rogoff, Esquire
Vice President, Counsel & Secretary
Nuclear Management Company, LLC
700 First Street
Hudson, WI 54016

Manager, Regulatory Affairs
Prairie Island Nuclear Generating Plant
Nuclear Management Company, LLC
1717 Wakonade Drive East
Welch, MN 55089

Manager - Environmental Protection Division
Minnesota Attorney General's Office
445 Minnesota St., Suite 900
St. Paul, MN 55101-2127

U.S. Nuclear Regulatory Commission
Resident Inspector's Office
1719 Wakonade Drive East
Welch, MN 55089-9642

Regional Administrator, Region III
U.S. Nuclear Regulatory Commission
801 Warrenville Road
Lisle, IL 60532-4351

Administrator
Goodhue County Courthouse
Box 408
Red Wing, MN 55066-0408

Commissioner
Minnesota Department of Commerce
121 Seventh Place East
Suite 200
St. Paul, MN 55101-2145

Tribal Council
Prairie Island Indian Community
ATTN: Environmental Department
5636 Sturgeon Lake Road
Welch, MN 55089

Nuclear Asset Manager
Xcel Energy, Inc.
414 Nicollet Mall, R.S. 8
Minneapolis, MN 55401

John Paul Cowan
Executive Vice President & Chief Nuclear
Officer
Nuclear Management Company, LLC
700 First Street
Hudson, WI 54016

Craig G. Anderson
Senior Vice President, Group Operations
Nuclear Management Company, LLC
700 First Street
Hudson, WI 54016

Mr. Joseph M. Solymossy
Site Vice President
Prairie Island Nuclear Generating Plant
Nuclear Management Company, LLC
1717 Wakonade Drive East
Welch, MN 55089

November 2003

UNITED STATES NUCLEAR REGULATORY COMMISSION

NUCLEAR MANAGEMENT COMPANY, LLC

DOCKET NOS. 50-331, 50-255, 50-266, 50-301, 50-282 AND 50-306

NOTICE OF CONSIDERATION OF ISSUANCE OF AMENDMENTS TO
FACILITY OPERATING LICENSES, PROPOSED NO SIGNIFICANT HAZARDS
CONSIDERATION DETERMINATION, AND OPPORTUNITY FOR A HEARING

The U.S. Nuclear Regulatory Commission (the Commission) is considering issuance of amendments to Facility Operating License Nos. DPR-49, DPR-20, DPR-24, DPR-27, DPR-42 and DPR-60 issued to Nuclear Management Company, LLC, (the licensee) for operation of the Duane Arnold Energy Center located in Linn County, Iowa; the Palisades Plant located in Van Buren County, Michigan; the Point Beach Nuclear Plant, Units 1 and 2, located in Town of Two Creeks, Manitowoc County, Wisconsin; and the Prairie Island Nuclear Generating Plant, Units 1 and 2, located in Goodhue County, Minnesota, respectively.

The proposed amendments allow entry into a mode or other specified condition in the applicability of a technical specification (TS), while in a condition statement and the associated required actions of the TS, provided the licensee performs a risk assessment and manages risk consistent with the program in place for complying with the requirements of Title 10 of the *Code of Federal Regulations* (10 CFR), Part 50, Section 50.65(a)(4). Limiting Condition for Operation (LCO) 3.0.4 exceptions in individual TSs would be eliminated, and Surveillance Requirement (SR) 3.0.4 revised to reflect the LCO 3.0.4 allowance.

This change was proposed by the industry's Technical Specification Task Force (TSTF) and is designated TSTF-359. The NRC staff issued a notice of opportunity for comment in the *Federal Register* on August 2, 2002 (67 FR 50475), on possible amendments concerning

TSTF-359, including a model safety evaluation and model no significant hazards consideration (NSHC) determination, using the consolidated line item improvement process. The NRC staff subsequently issued a notice of availability of the models for referencing in license amendment applications in the *Federal Register* on April 4, 2003 (68 FR 16579). The licensee affirmed the applicability of the following NSHC determination in its application dated December 23, 2003.

Before issuance of the proposed license amendments, the Commission will have made findings required by the Atomic Energy Act of 1954, as amended (the Act), and the Commission's regulations.

The Commission has made a proposed determination that the amendment requests involve no significant hazards consideration. Under the Commission's regulations in 10 CFR 50.92, this means that operation of the facilities in accordance with the proposed amendments would not (1) involve a significant increase in the probability or consequences of an accident previously evaluated; or (2) create the possibility of a new or different kind of accident from any accident previously evaluated; or (3) involve a significant reduction in a margin of safety. As required by 10 CFR 50.91(a), the licensee has provided its analysis of the issue of no significant hazards consideration, which is presented below:

Criterion 1- The Proposed Change Does Not Involve a Significant Increase in the Probability or Consequences of an Accident Previously Evaluated.

The proposed change allows entry into a mode or other specified condition in the applicability of a TS, while in a TS condition statement and the associated required actions of the TS. Being in a TS condition and the associated required actions is not an initiator of any accident previously evaluated. Therefore, the probability of an accident previously evaluated is not significantly increased. The consequences of an accident while relying on required actions as allowed by proposed LCO 3.0.4, are no different than the consequences of an accident while entering and relying on the required actions while starting in a condition of applicability of the TS. Therefore, the consequences of an accident previously evaluated are not significantly affected by this change. The addition of a requirement to assess and manage the risk introduced by this change will further minimize possible concerns. Therefore, this change does not involve a significant increase in the probability or consequences of an accident previously evaluated.

Criterion 2- The Proposed Change Does Not Create the Possibility of a New or Different Kind of Accident from any Previously Evaluated.

The proposed change does not involve a physical alteration of the plant (no new or different type of equipment will be installed). Entering into a mode or other specified condition in the applicability of a TS, while in a TS condition statement and the associated required actions of the TS, will not introduce new failure modes or effects and will not, in the absence of other unrelated failures, lead to an accident whose consequences exceed the consequences of accidents previously evaluated. The addition of a requirement to assess and manage the risk introduced by this change will further minimize possible concerns. Thus, this change does not create the possibility of a new or different kind of accident from an accident previously evaluated.

Criterion 3- The Proposed Change Does Not Involve a Significant Reduction in a Margin of Safety.

The proposed change allows entry into a mode or other specified condition in the applicability of a TS, while in a TS condition statement and the associated required actions of the TS. The TS allow operation of the plant without the full complement of equipment through the conditions for not meeting the TS LCO. The risk associated with this allowance is managed by the imposition of required actions that must be performed within the prescribed completion times. The net effect of being in a TS condition on the margin of safety is not considered significant. The proposed change does not alter the required actions or completion times of the TS. The proposed change allows TS conditions to be entered, and the associated required actions and completion times to be used in new circumstances. This use is predicated upon the licensee's performance of a risk assessment and the management of plant risk. The change also eliminates current allowances for utilizing required actions and completion times in similar circumstances, without assessing and managing risk. The net change to the margin of safety is insignificant. Therefore, this change does not involve a significant reduction in a margin of safety.

The NRC staff has reviewed the licensee's analysis and, based on this review, it appears that the three standards of 10 CFR 50.92(c) are satisfied. Therefore, the NRC staff proposes to determine that the amendment requests involve no significant hazards consideration.

The Commission is seeking public comments on this proposed determination. Any comments received within 30 days after the date of publication of this notice will be considered in making any final determination.

Normally, the Commission will not issue the amendment until the expiration of 60 days after the date of publication of this notice. The Commission may issue the license amendments

before expiration of the 60-day period provided that its final determination is that the amendments involve no significant hazards consideration. In addition, the Commission may issue the amendments prior to the expiration of the 30-day comment period should circumstances change during the 30-day comment period such that failure to act in a timely way would result, for example in derating or shutdown of a facility. Should the Commission take action prior to the expiration of either the comment period or the notice period, it will publish in the *Federal Register* a notice of issuance. Should the Commission make a final No Significant Hazards Consideration Determination, any hearing will take place after issuance. The Commission expects that the need to take this action will occur very infrequently.

Written comments may be submitted by mail to the Chief, Rules and Directives Branch, Division of Administrative Services, Office of Administration, U.S. Nuclear Regulatory Commission, Washington, DC 20555-0001, and should cite the publication date and page number of this *Federal Register* notice. Written comments may also be delivered to Room 6D59, Two White Flint North, 11545 Rockville Pike, Rockville, Maryland, from 7:30 a.m. to 4:15 p.m. Federal workdays. Documents may be examined, and/or copied for a fee, at the NRC's Public Document Room, located at One White Flint North, Public File Area O1 F21, 11555 Rockville Pike (first floor), Rockville, Maryland.

The filing of requests for hearing and petitions for leave to intervene is discussed below.

Within 60 days after the date of publication of this notice, the licensee may file a request for a hearing with respect to issuance of the amendments to the subject facility operating licenses and any person whose interest may be affected by this proceeding and who wishes to participate as a party in the proceeding must file a written request for a hearing and a petition for leave to intervene. Requests for a hearing and a petition for leave to intervene shall be filed in accordance with the Commission's "Rules of Practice for Domestic Licensing Proceedings" in 10 CFR Part 2. Interested persons should consult a current copy of

10 CFR 2.309, which is available at the Commission's PDR, located at One White Flint North, Public File Area 01F21, 11555 Rockville Pike (first floor), Rockville, Maryland. Publicly available records will be accessible from the Agencywide Documents Access and Management System's (ADAMS) Public Electronic Reading Room on the Internet at the NRC Web site, <http://www.nrc.gov/reading-rm/doc-collections/cfr/>. If a request for a hearing or petition for leave to intervene is filed by the above date, the Commission or a presiding officer designated by the Commission or by the Chief Administrative Judge of the Atomic Safety and Licensing Board Panel, will rule on the request and/or petition; and the Secretary or the Chief Administrative Judge of the Atomic Safety and Licensing Board will issue a notice of a hearing or an appropriate order.

As required by 10 CFR 2.309, a petition for leave to intervene shall set forth with particularity the interest of the petitioner in the proceeding, and how that interest may be affected by the results of the proceeding. The petition should specifically explain the reasons why intervention should be permitted with particular reference to the following general requirements: 1) the name, address and telephone number of the requestor or petitioner; 2) the nature of the requestor's/petitioner's right under the Act to be made a party to the proceeding; 3) the nature and extent of the requestor's/petitioner's property, financial, or other interest in the proceeding; and 4) the possible effect of any decision or order which may be entered in the proceeding on the requestors/petitioner's interest. The petition must also identify the specific contentions which the petitioner/requestor seeks to have litigated at the proceeding.

Each contention must consist of a specific statement of the issue of law or fact to be raised or controverted. In addition, the petitioner/requestor shall provide a brief explanation of the bases for the contention and a concise statement of the alleged facts or expert opinion which support the contention and on which the petitioner intends to rely in proving the contention at the hearing. The petitioner/requestor must also provide references to those

specific sources and documents of which the petitioner is aware and on which the petitioner intends to rely to establish those facts or expert opinion. The petition must include sufficient information to show that a genuine dispute exists with the applicant on a material issue of law or fact. Contentions shall be limited to matters within the scope of the amendment under consideration. The contention must be one which, if proven, would entitle the petitioner to relief. A petitioner/requestor who fails to satisfy these requirements with respect to at least one contention will not be permitted to participate as a party.

Those permitted to intervene become parties to the proceeding, subject to any limitations in the order granting leave to intervene, and have the opportunity to participate fully in the conduct of the hearing.

If a hearing is requested, the Commission will make a final determination on the issue of no significant hazards consideration. The final determination will serve to decide when the hearing is held. If the final determination is that the amendment requests involve no significant hazards consideration, the Commission may issue the amendments and make them immediately effective, notwithstanding the request for a hearing. Any hearing held would take place after issuance of the amendments. If the final determination is that the amendment requests involve a significant hazards consideration, any hearing held would take place before the issuance of any amendment.

Nontimely requests and/or petitions and contentions will not be entertained absent a determination by the Commission or the presiding officer of the Atomic Safety and Licensing Board that the petition, request and/or the contentions should be granted based on a balancing of the factors specified in 10 CFR 2.309(a)(1)(i)-(viii).

A request for a hearing or a petition for leave to intervene must be filed by: 1) first class mail addressed to the Office of the Secretary of the Commission, U.S. Nuclear Regulatory Commission, Washington, DC 20555-0001, Attention: Rulemaking and Adjudications Staff; 2)

courier, express mail, and expedited delivery services: Office of the Secretary, Sixteenth Floor, One White Flint North, 11555 Rockville Pike, Rockville, Maryland, 20852, Attention: Rulemaking and Adjudications Staff; 3) E-mail addressed to the Office of the Secretary, U.S. Nuclear Regulatory Commission, HEARINGDOCKET@NRC.GOV; or 4) facsimile transmission addressed to the Office of the Secretary, U.S. Nuclear Regulatory Commission, Washington, DC, Attention: Rulemakings and Adjudications Staff at (301) 415-1101, verification number is (301) 415-1966. A copy of the request for hearing and petition for leave to intervene should also be sent to the Office of the General Counsel, U.S. Nuclear Regulatory Commission, Washington, DC 20555-0001, and it is requested that copies be transmitted either by means of facsimile transmission to 301-415-3725 or by email to OGCMailCenter@nrc.gov. A copy of the request for hearing and petition for leave to intervene should also be sent to Jonathan Rogoff, Esquire, Vice President, Counsel & Secretary, Nuclear Management Company, LLC, 700 First Street, Hudson, WI 54016, the attorney for the licensee.

For further details with respect to this action, see the application for amendments dated December 23, 2003, which is available for public inspection at the Commission's PDR, located at One White Flint North, File Public Area O1 F21, 11555 Rockville Pike (first floor), Rockville, Maryland. Publicly available records will be accessible from the Agencywide Documents Access and Management System's (ADAMS) Public Electronic Reading Room on the Internet at the NRC Web site, <http://www.nrc.gov/reading-rm/adams.html>. Persons who do not have access to ADAMS or who encounter problems in accessing the documents located in ADAMS, should contact the NRC PDR Reference staff by telephone at 1-800-397-4209, 301-415-4737, or by e-mail to pdr@nrc.gov.

Dated at Rockville, Maryland, this 9th day of September 2004.

FOR THE NUCLEAR REGULATORY COMMISSION

/RA/

L. Mark Padovan, Project Manager, Section 1
Project Directorate III
Division of Licensing Project Management
Office of Nuclear Reactor Regulation