February 16, 2006

CAL 3-04-001

Mr. Dennis L. Koehl
Site Vice President
Point Beach Nuclear Plant
Nuclear Management Company, LLC
6590 Nuclear Road
Two Rivers, WI 54241-9516

SUBJECT: PUBLIC MEETING ON DECEMBER 21, 2005, TO DISCUSS THE STATUS OF IMPROVEMENT INITIATIVES FOR THE CORRECTIVE ACTION AND ENGINEERING PROGRAMS AT POINT BEACH NUCLEAR PLANT

Dear Mr. Koehl:

This letter refers to the public meeting conducted on December 21, 2005, at the Nuclear Regulatory Commission (NRC) Region III office in Lisle, Illinois. The purpose of the meeting was to discuss the status of improvement initiatives for the corrective action and engineering programs made by the Nuclear Management Company (NMC), as documented in the Confirmatory Action Letter (CAL), dated April 21, 2004.

At the meeting, Mr. Mark Satorius of the NRC indicated that the NRC planned no further inspection activities above the baseline program in the CAL areas of emergency preparedness and engineering/operations interface. This information was provided to you in a letter dated September 6, 2005. Mr. Satorius further stated that we have noted recent improvements that you have made in the human performance area and that we are continuing our reviews of the engineering and corrective action program (CAP) areas.

In the engineering area, you and your staff described the progress, results, and impact of improvements made to date. Specifically, you discussed measures taken by NMC to improve the engineering organization such as Operational Decision Making Index Processes, and interim Safety and Design Review Groups. You also discussed efforts taken to improve your probabilistic risk assessment model and explained calculation and design basis projects. Further discussion included training initiatives and system health status changes. Finally, you discussed future action that you would take to continue improvement in engineering.

In the CAP area, you and your staff described the effectiveness and progress of the CAP owner process, discussed improvements in CAP generation rates, CAP screening, and root cause evaluation quality. You also reviewed areas where continual improvement was needed, such as Apparent Cause Evaluation quality; CAP prioritization, scheduling, and extension quantity; and Department Roll Up Meeting implementation.

Mr. Satorius stated that additional NRC inspection and review was necessary regarding your presentation conclusions and the statements made in your December 20, 2005, letter to the NRC regarding your status of the 143 CAL commitment items. This follow-up will assist the NRC in determining the overall performance status in the CAL areas of engineering and the CAP.

Mr. James Caldwell of the NRC concluded the meeting with an acknowledgment of the information provided by you, Mr. Douglas Cooper, and other NMC representatives. Mr. Caldwell emphasized the necessity of Point Beach's continued focus on improvements in engineering and with the implementation of the CAP.

A listing of principal NMC, NRC, and public meeting attendees and a copy of the handout provided by NMC at the meeting are enclosed as Enclosures 1 and 2, respectively, to this letter.

In accordance with 10 CFR 2.390 of the NRC's "Rules of Practice," a copy of this letter and its enclosures will be available electronically for public inspection in the NRC Public Document Room or from the Publicly Available Records System (PARS) component of NRC's document system (ADAMS), accessible from the NRC Web site at http://www.nrc.gov/reading-rm/adams.html (the Public Electronic Reading Room).

If you have any questions regarding this meeting, please contact me at (630) 829-9627.

Sincerely,

/RA/

Patrick L. Louden, Chief
Branch 5
Division of Reactor Projects

Docket Nos. 50-266; 50-301
License Nos. DPR-24; DPR-27

Enclosures: 1. List of Principal Attendees
2. Licensee Presentation Slides

Distribution:
See next page

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OFFICE	RIII		RIII		RIII			
NAME	LHaeg:sls		PLouden		MSatorius			
DATE	2/16/06		2/16/06		2/16/06			

OFFICIAL RECORD COPY

cc w/encl: F. Kuester, President and Chief
Executive Officer, We Generation
D. Cooper, Senior Vice President, Group Operations
J. McCarthy, Site Director of Operations
D. Weaver, Nuclear Asset Manager
Plant Manager
Regulatory Affairs Manager
Training Manager
Site Assessment Manager
Site Engineering Director
Emergency Planning Manager
J. Rogoff, Vice President, Counsel & Secretary
K. Duveneck, Town Chairman
Town of Two Creeks
Chairperson
Public Service Commission of Wisconsin
J. Kitsembel, Electric Division
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PUBLIC MEETING PRINCIPAL ATTENDEES
December 21, 2005

NMC

Douglas Cooper	Senior Vice President, NMC
Craig Lambert	Vice President - Engineering, NMC
Dennis Koehl	Site Vice President, Point Beach
Jim McCarthy	Director Site Operations, Point Beach
Mike Lorek	Plant Manager, Point Beach
Craig Butcher	Site Engineering Director, Point Beach
Robert Grazio	Compliance Manager, Point Beach

NRC

James Caldwell	Regional Administrator, Region III
Mark Satorius	Director, Division of Reactor Projects
Cynthia Pederson	Director, Division of Reactor Safety
Patrick Louden	Chief, Branch 5, Division of Reactor Projects
Lakshminaras Raghavan	Section Chief - Office of Nuclear Reactor Regulation (via telephone)
Tim Kobetz	Acting Section Chief - Office of Nuclear Reactor Regulation
David Hills	Chief, Engineering Branch 1, Division of Reactor Safety
Ann Marie Stone	Chief, Engineering Branch 2, Division of Reactor Safety
Fred Lyon	Project Manager - Office of Nuclear Reactor Regulation
Rob Krsek	Senior Resident Inspector - Point Beach
Gregory Gibbs	Resident Inspector - Point Beach (via telephone)
Mike Kunowski	Project Engineer, Division of Reactor Projects
Lucas Haeg	Reactor Engineer, Division of Reactor Projects

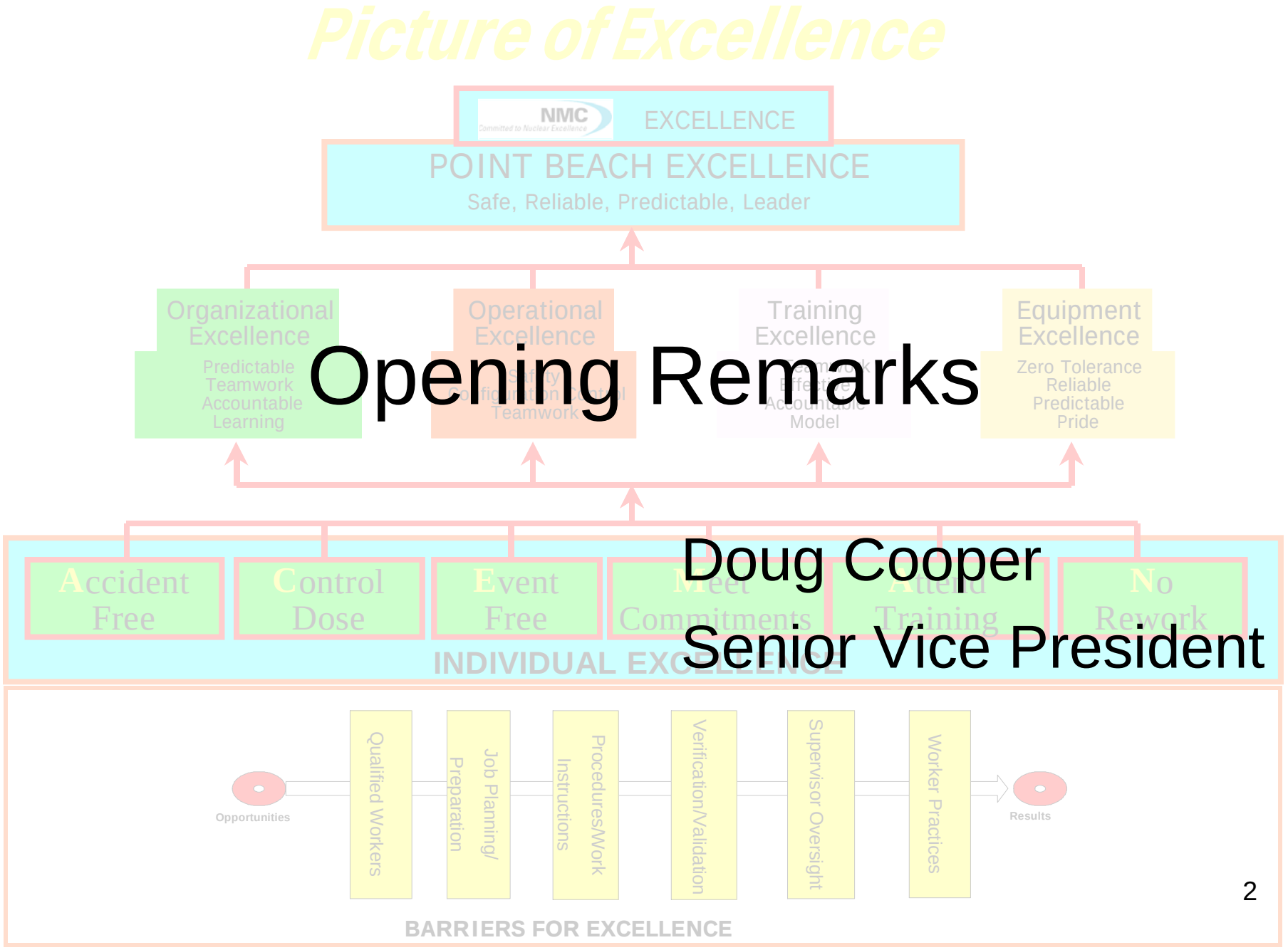
Public

Dan Horner	McGraw Hill Nuclear Publications (via telephone)
Jeff Kitsembel	Public Service Commission of Wisconsin (via telephone)

Point Beach Nuclear Plant

Region III – Engineering Improvements

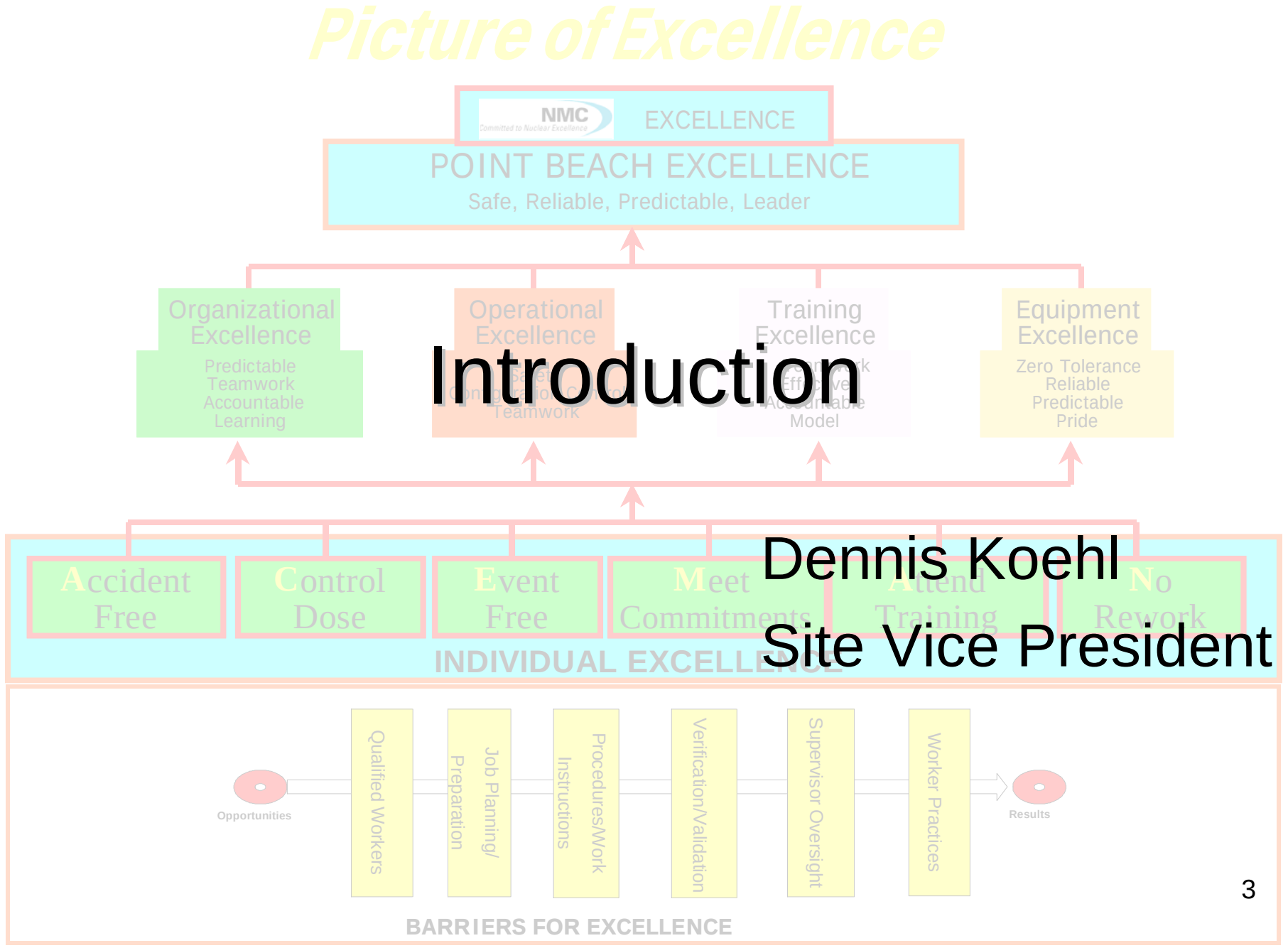
December 21, 2005



Opening Remarks

Doug Cooper

Senior Vice President


Picture of Excellence
NMC
EXCELLENCE
POINT BEACH EXCELLENCE
Safe, Reliable, Predictable, Leader
Organizational Excellence
Predictable
Teamwork
Accountable
Learning
Operational Excellence
Teamwork
Training Excellence
Model
Equipment Excellence
Zero Tolerance
Reliable
Predictable
Pride
Introduction
Accident Free
Control Dose
Event Free
Meet Commitments
Attend Training
No Rework
INDIVIDUAL EXCELLENCE
Dennis Koehl
Site Vice President
Opportunities
Qualified Workers
Job Planning/ Preparation
Procedures/Work Instructions
Verification/Validation
Supervisor Oversight
Worker Practices
Results
BARRIERS FOR EXCELLENCE

Agenda

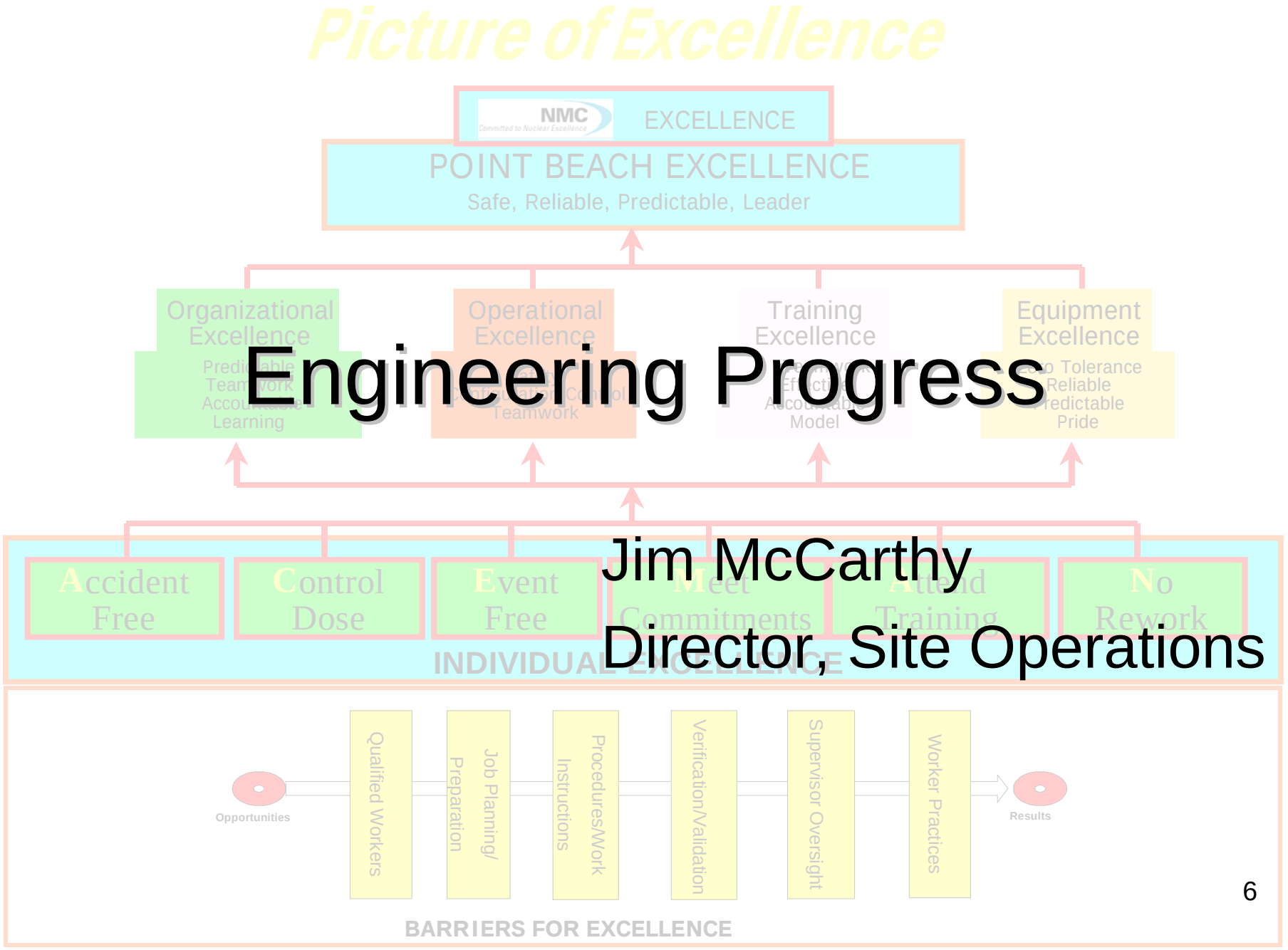
- Opening Remarks — Doug Cooper
- Introduction — Dennis Koehl
- Engineering Progress — Jim McCarthy
- Customer Perspective — Mike Lorek
- CAP Progress — Mike Lorek
- Ongoing Improvement — Craig Butcher
- Closing Remarks — Dennis Koehl

Introduction

- Plant Status
- Achieved Measurable Progress in Engineering Performance
- Capable of Adequately Identifying and Resolving Problems
- Committed to Engaging the Workforce
- Committed to Continued Improvement
- We Understand Where We Are & Where We Are Going

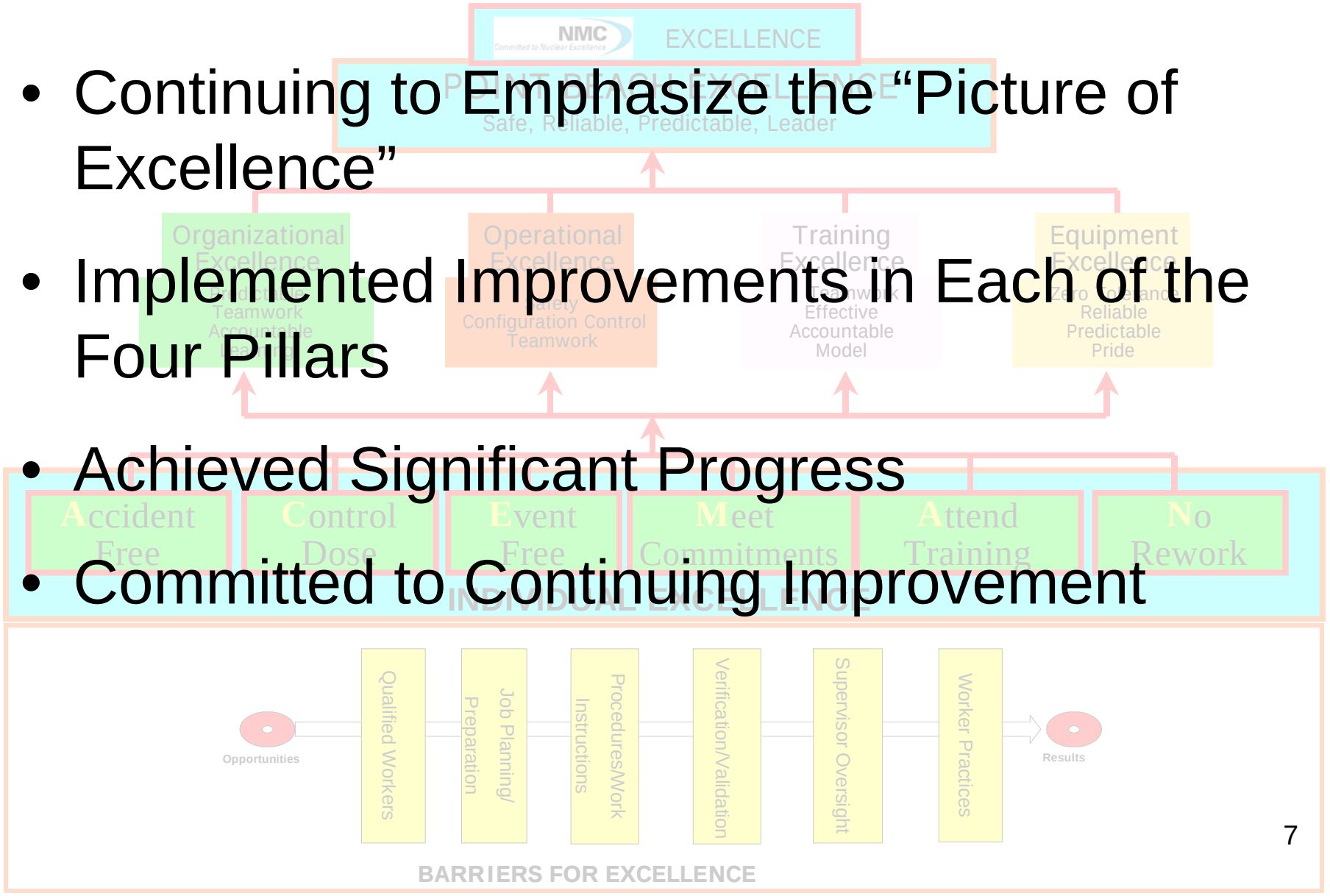
Engineering Progress

Jim McCarthy
Director, Site Operations



Engineering Progress

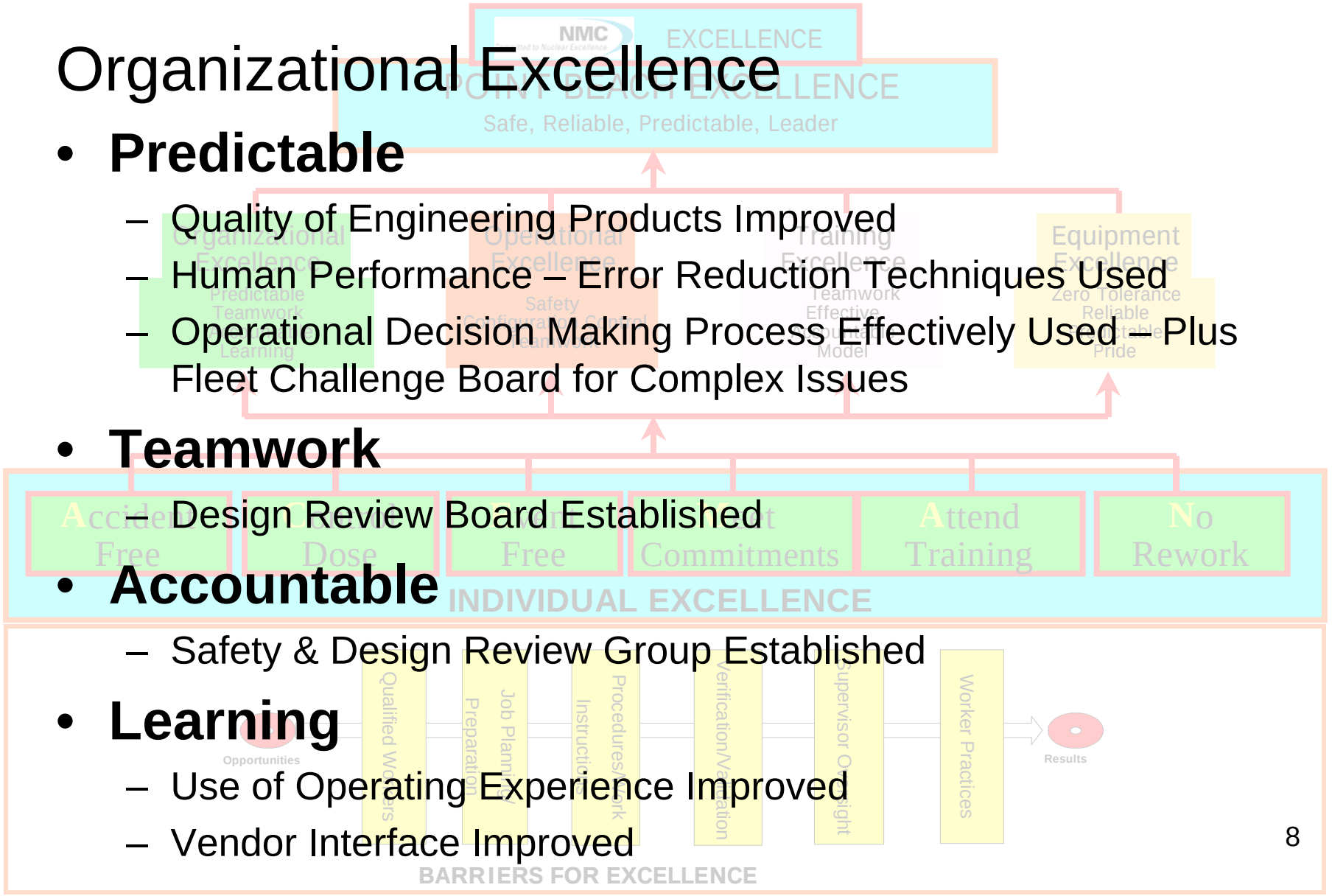
- Continuing to Emphasize the “Picture of Excellence”
- Implemented Improvements in Each of the Four Pillars
- Achieved Significant Progress
- Committed to Continuing Improvement



Engineering Progress

Organizational Excellence

- **Predictable**
  - Quality of Engineering Products Improved
  - Human Performance – Error Reduction Techniques Used
  - Operational Decision Making Process Effectively Used – Plus Fleet Challenge Board for Complex Issues
- **Teamwork**
  - Design Review Board Established
- **Accountable**
  - Safety & Design Review Group Established
- **Learning**
  - Use of Operating Experience Improved
  - Vendor Interface Improved



Engineering Progress

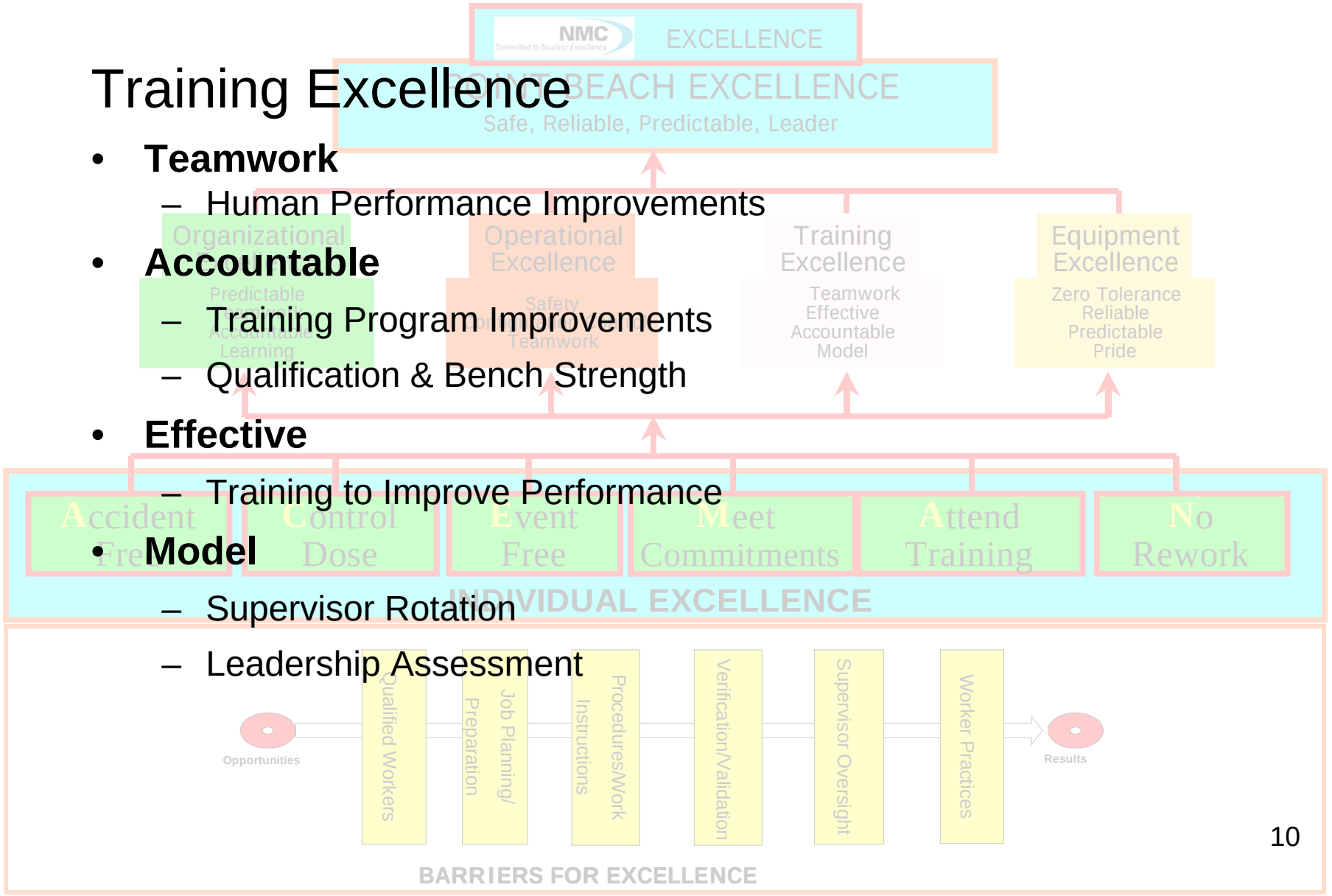
Operational Excellence

- **Safety**
  - AFW Margin Improvement Initiated
  - PRA Upgraded
- **Configuration Control**
  - Operator Burden Reduction Sustained with Engineering Support
  - Calculation Project Initiated
  - Operability Determination – Reduced Long-standing & Improved Quality
  - Configuration Management Improved
  - Design Basis Document Upgrade Initiated
- **Teamwork**
  - Outage Preparation and Support Improved
  - Successful Modification Implementation During 2005
  - CAP Performance Improved

Engineering Progress

Training Excellence

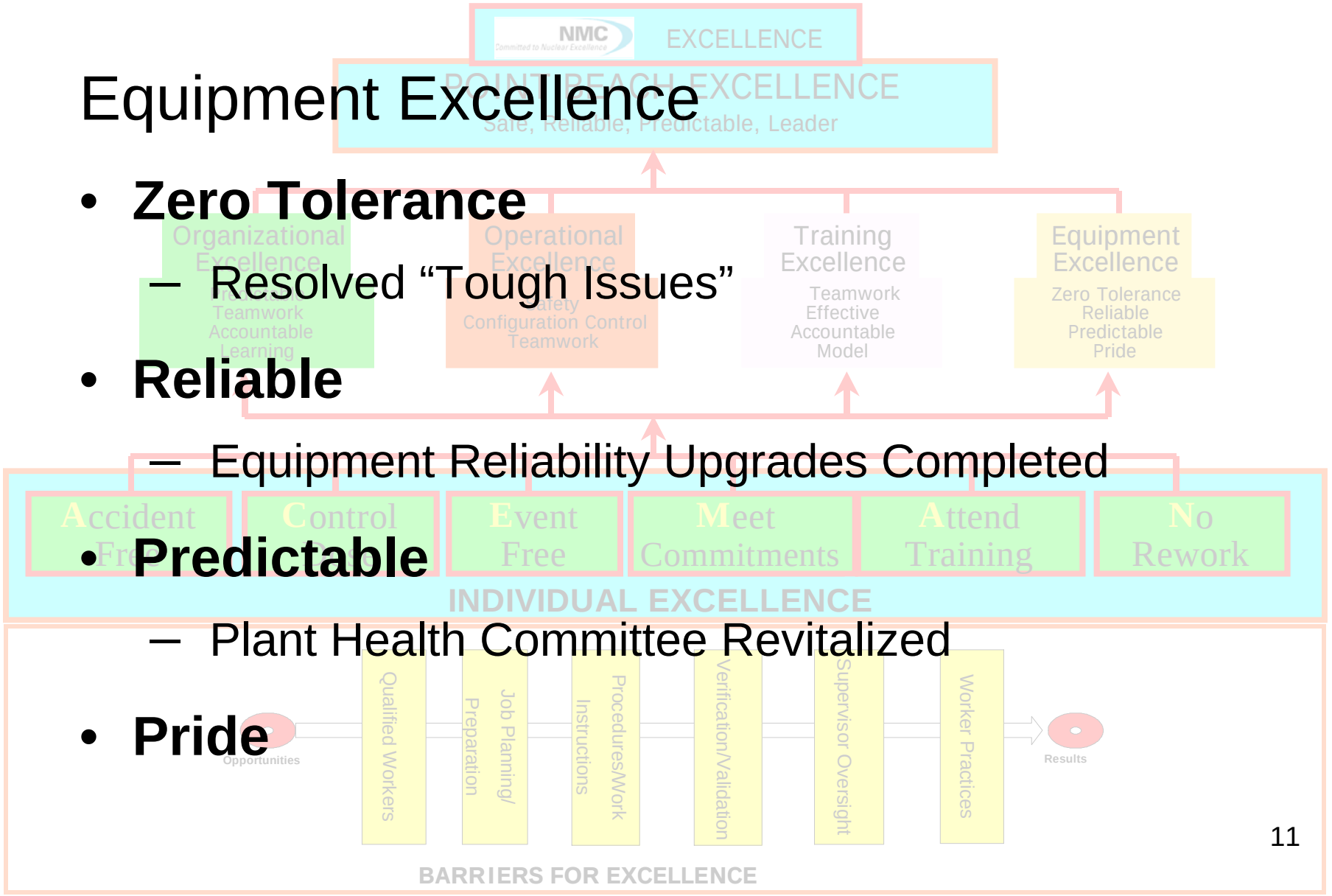
- **Teamwork**
  - Human Performance Improvements
- **Accountable**
  - Training Program Improvements
  - Qualification & Bench Strength
- **Effective**
  - Training to Improve Performance
- **Model**
  - Supervisor Rotation
  - Leadership Assessment



Engineering Progress

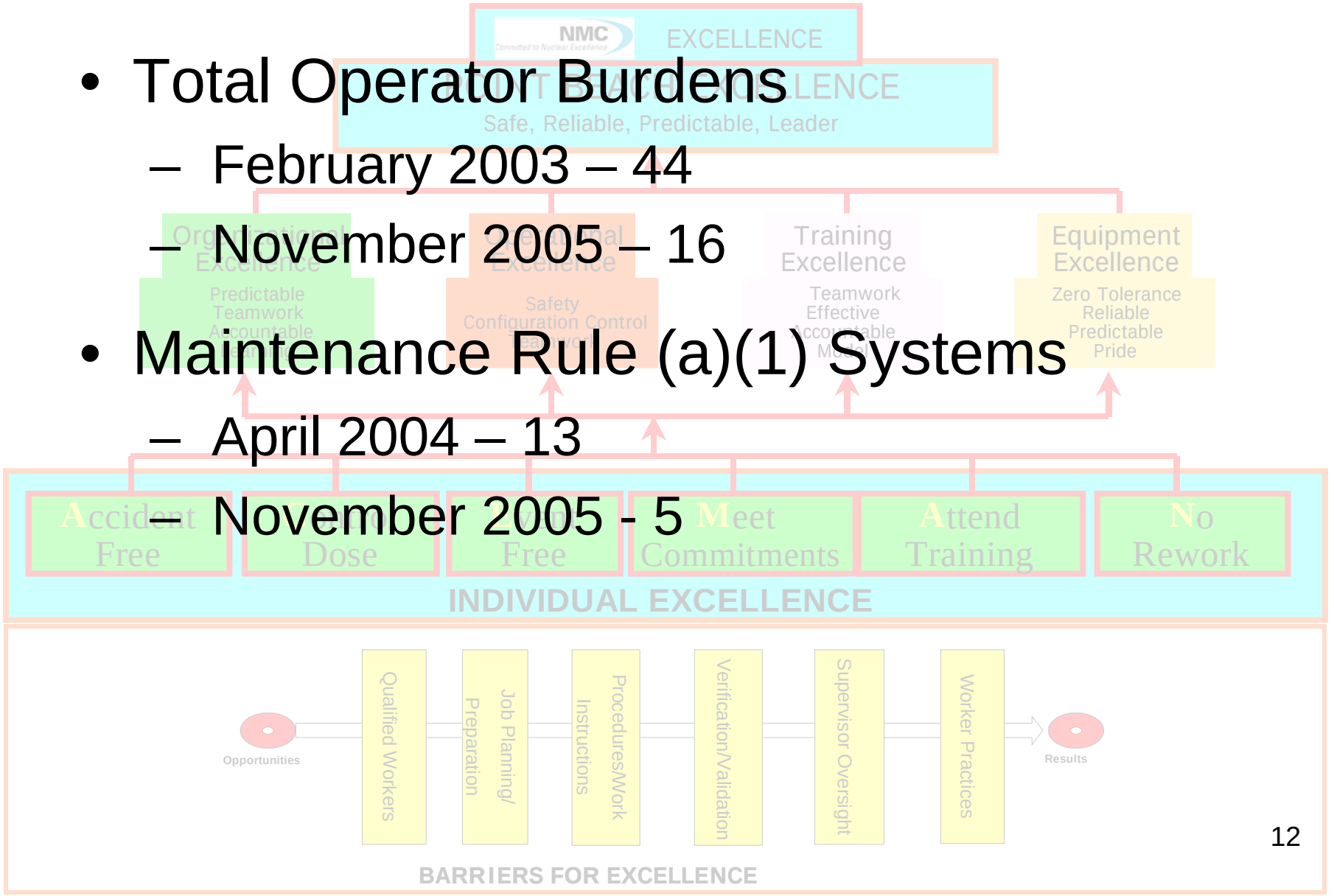
Equipment Excellence

- **Zero Tolerance**
  - Resolved “Tough Issues”
- **Reliable**
  - Equipment Reliability Upgrades Completed
- **Predictable**
  - Plant Health Committee Revitalized
- **Pride**



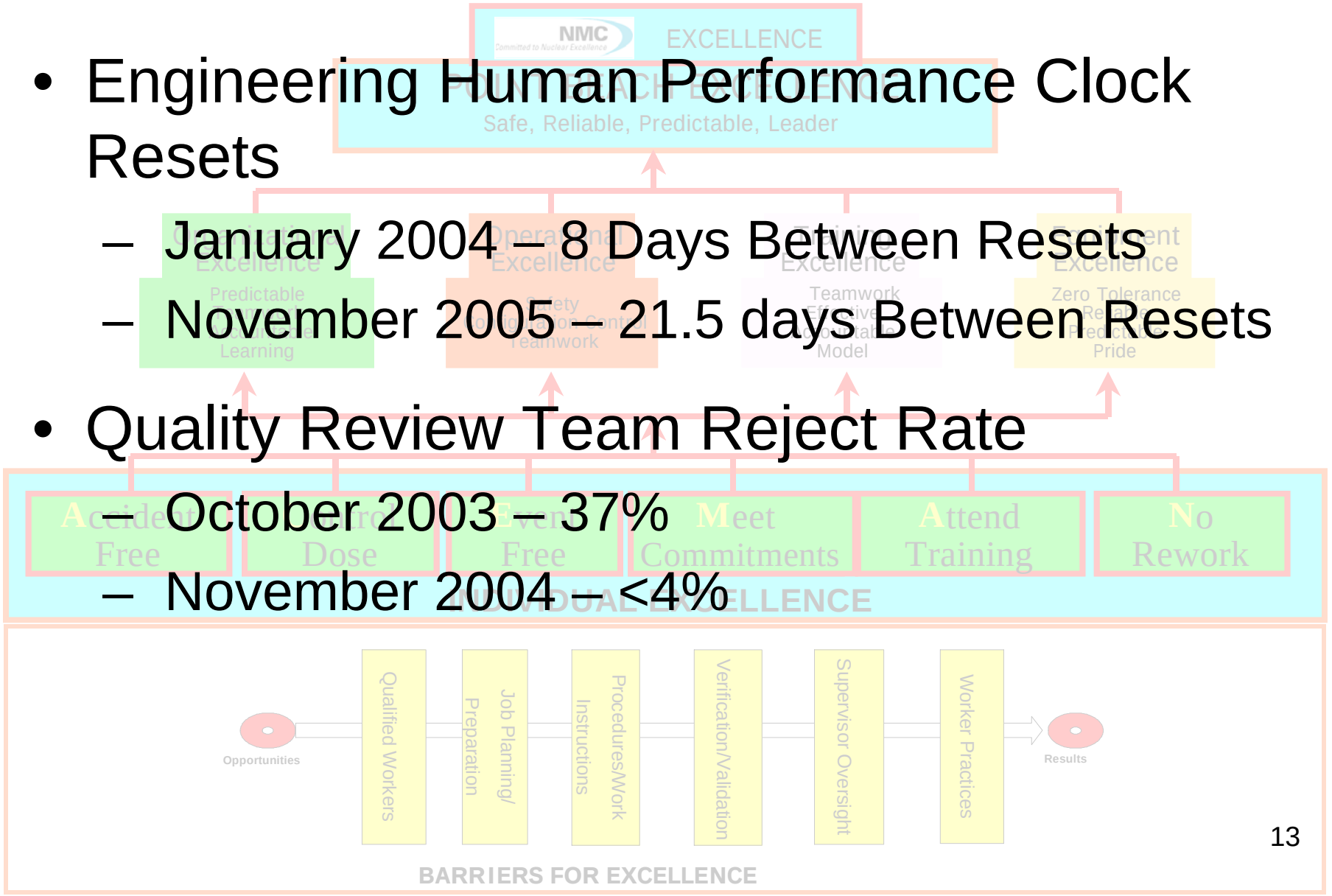
Results

- Total Operator Burdens
  - February 2003 – 44
  - November 2005 – 16
- Maintenance Rule (a)(1) Systems
  - April 2004 – 13
  - November 2005 - 5



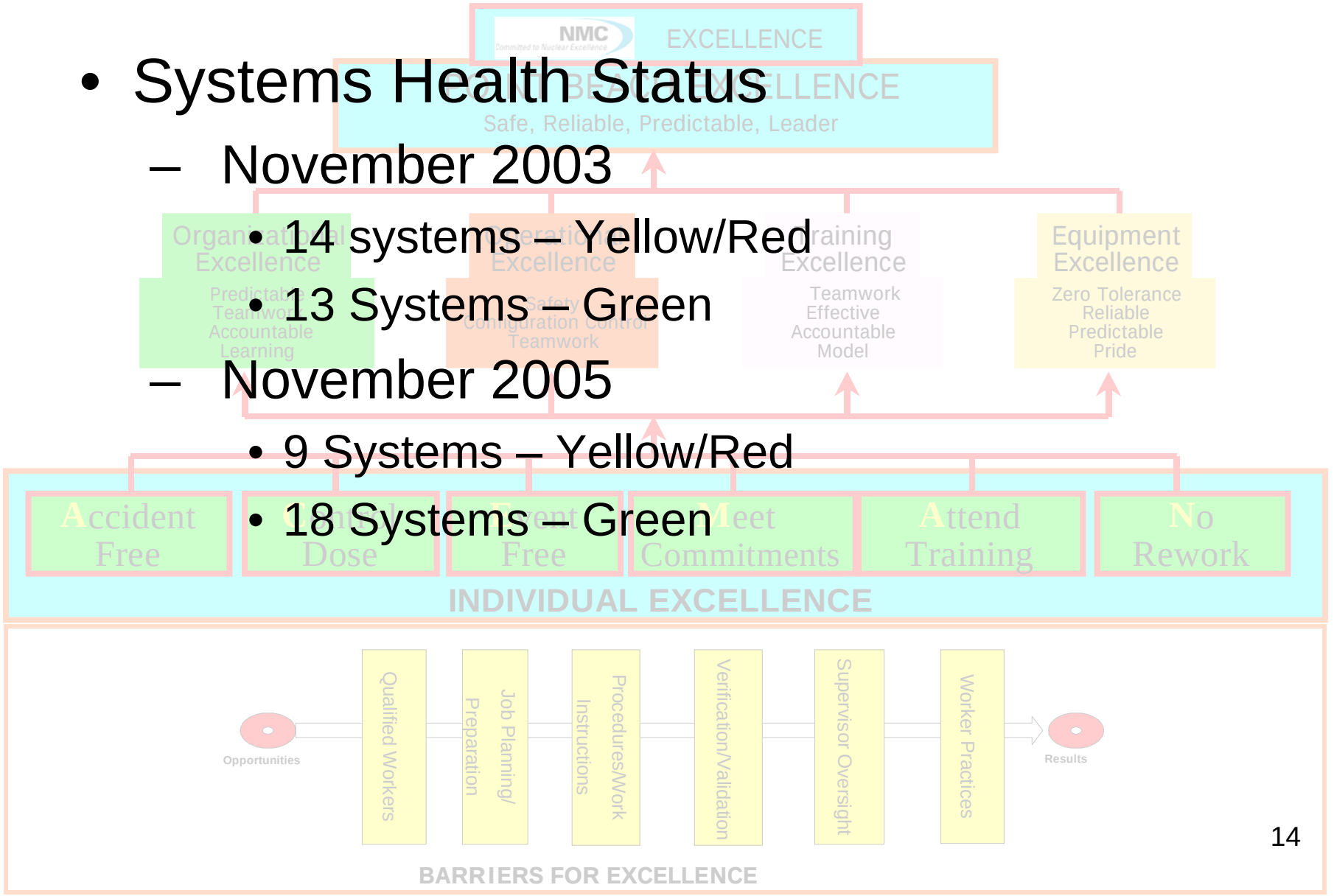
Results

- Engineering Human Performance Clock Resets
  - January 2004 – 8 Days Between Resets
  - November 2005 – 21.5 days Between Resets
- Quality Review Team Reject Rate
  - October 2003 – 37%
  - November 2004 – <4%



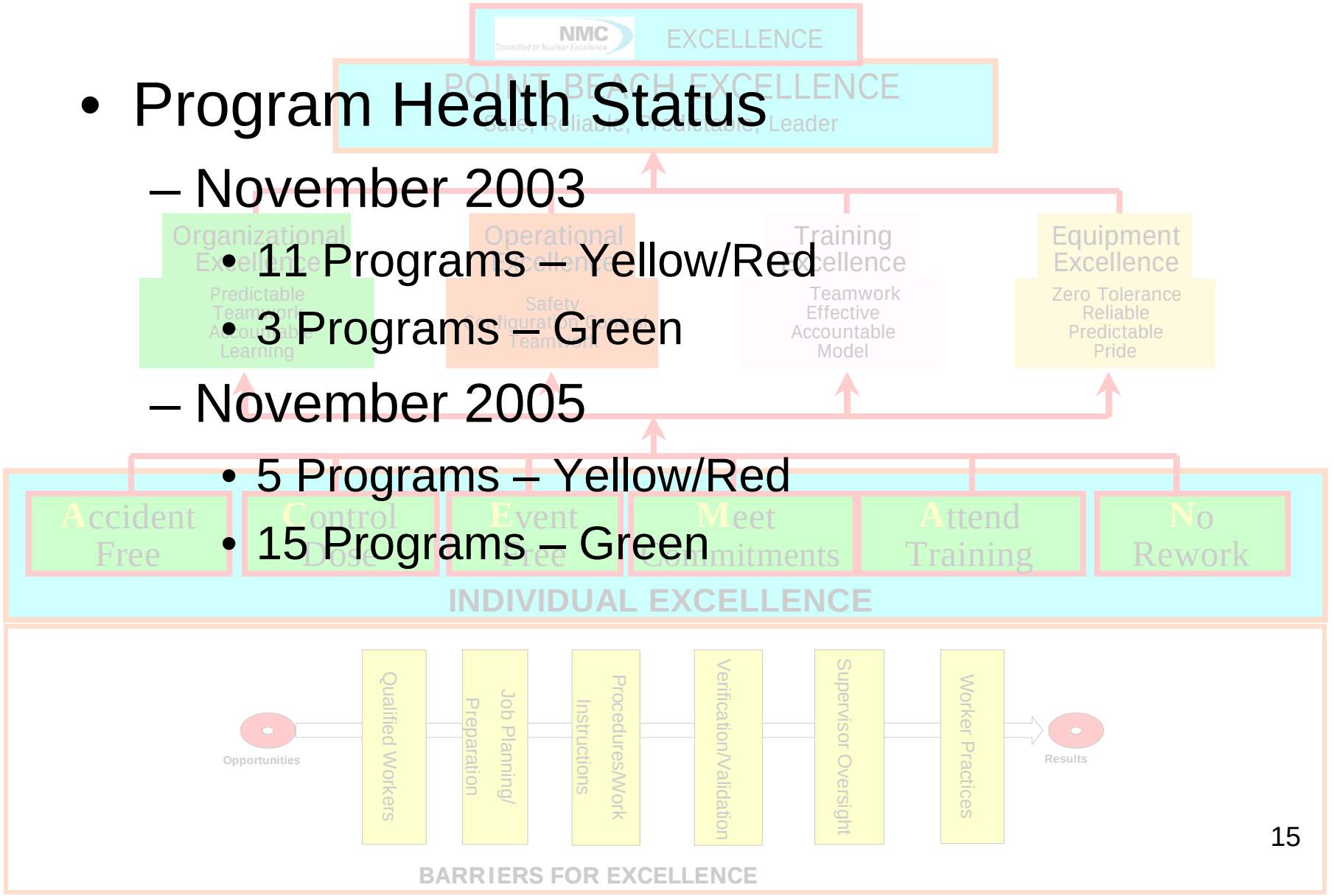
Results

- Systems Health Status
  - November 2003
    - 14 systems – Yellow/Red
    - 13 Systems – Green
  - November 2005
    - 9 Systems – Yellow/Red
    - 18 Systems – Green



Results

- Program Health Status
  - November 2003
    - 11 Programs – Yellow/Red
    - 3 Programs – Green
  - November 2005
    - 5 Programs – Yellow/Red
    - 15 Programs – Green



Point Beach Equipment Excellence

November 2003

SYSTEM HEALTH STATUS

System Health Rating Status - November 2003

Maintenance Rule Risk Significant Systems

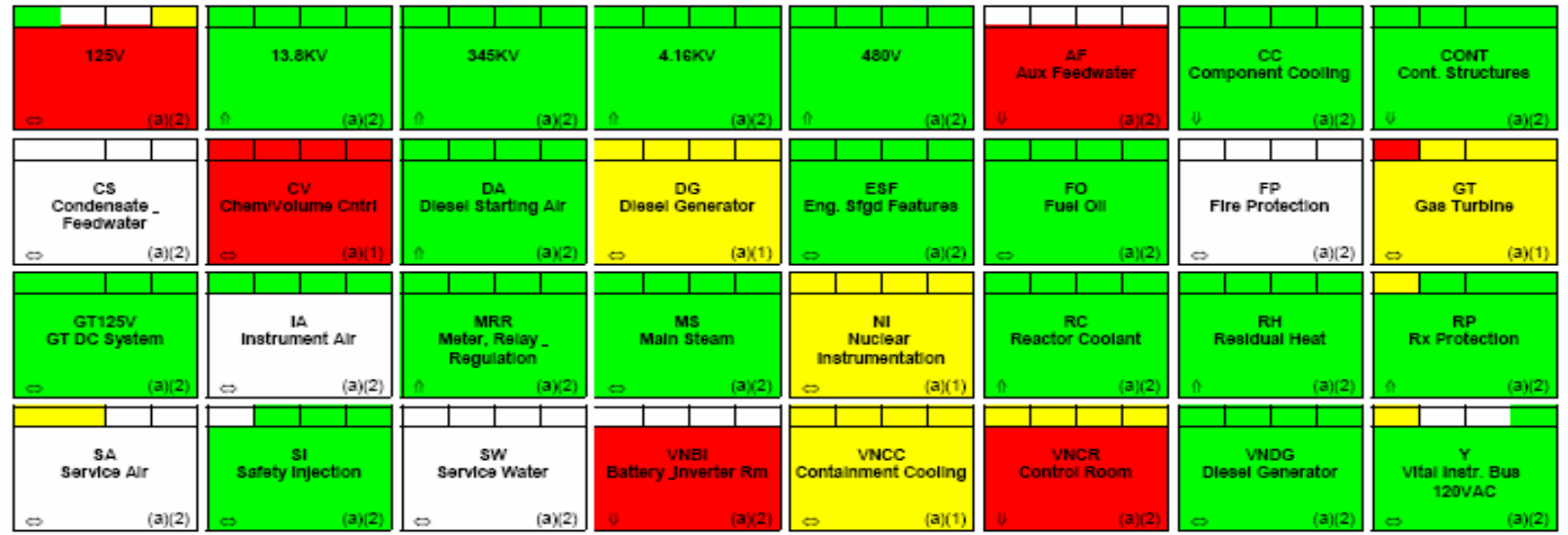
EXEMPLARY	Currently Requires No Additional Action
SATISFACTORY	Current Performance/Activities Appropriate
MARGINAL	Needs Additional Attention
NEEDS IMPROVEMENT	Problems Exist in One or More Areas
– Containment Integrity (CI) and Containment Penetrations (CP) are covered under CONT -- – VNCOMP (Computer Room tracked in VNCR) –	

Previous Rolling Qtrs	3 Qtrs Ago	2 Qtrs Ago	1 Qtr Ago	3 Mo. Avg.
Current Month	System Designator System Name Trend MRule Status			

NMC
Committed to Nuclear Excellence

System Health Rating Status-November 2005

Maintenance Rule Risk Significant Systems



EXEMPLARY	Currently Requires No Additional Action
SATISFACTORY	Current Performance/Activities Appropriate
MARGINAL	Needs Additional Attention
NEEDS IMPROVEMENT	Problems Exist in One or More Areas
-- Systems not Listed are Exempt -- (IST, MMS)	

Previous Rolling Qtrs	3Qtrs Ago	2Qtrs Ago	1Qtr Ago	3 Mo. Avg.
Current Month	System Designator System Name Trend MRule Status			

11/22/2005

Point Beach Program Health Status November 2003

AOV	APPENDIX R	BORIC ACID	CHECKVALVES	EQ	FAC
FIRE PROTECTION	HX/ET	HX/GL 89-13	ISI	IST	MOV
M-RULE	NDE	PdM-OIL	PdM-THERMOGRAPHY	PdM-VIBRATION	PM
PRA/PSA	RELIEF VALVES	SG	SNUBBERS	SW/MIC	THERMAL PERFORMANCE
WELDING					

Rating Color	Performance	Action
Green	Acceptable +	Current performance and/or activities are acceptable
White	Acceptable	Current performance and/or activities are acceptable; however, program improvements or enhancements are outstanding.
Yellow	Needs Improvement	Need additional attention and / or self-assessment.
Red	Not Acceptable	Risks high and/or requires excessive resources to maintain or develop.
Gray	Not Rated	Not yet rated.

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Committed to Nuclear Excellence

Point Beach Program Health Status – November 2005

AOV	APPENDIX R	BORIC ACID	CHECKVALVES	EQ	FAC
FIRE PROTECTION	HX/ET	HX/GL 89-13	ISI	IST	MOV
M-RULE	NDE	PdM-OIL	PdM-THERMOGRAPHY	PdM-VIBRATION	PM
PRA/PSA	REACTOR VESSEL	RELIEF VALVES	SG	SNUBBERS	SW/MIC
THERMAL PERFORMANCE	WELDING				

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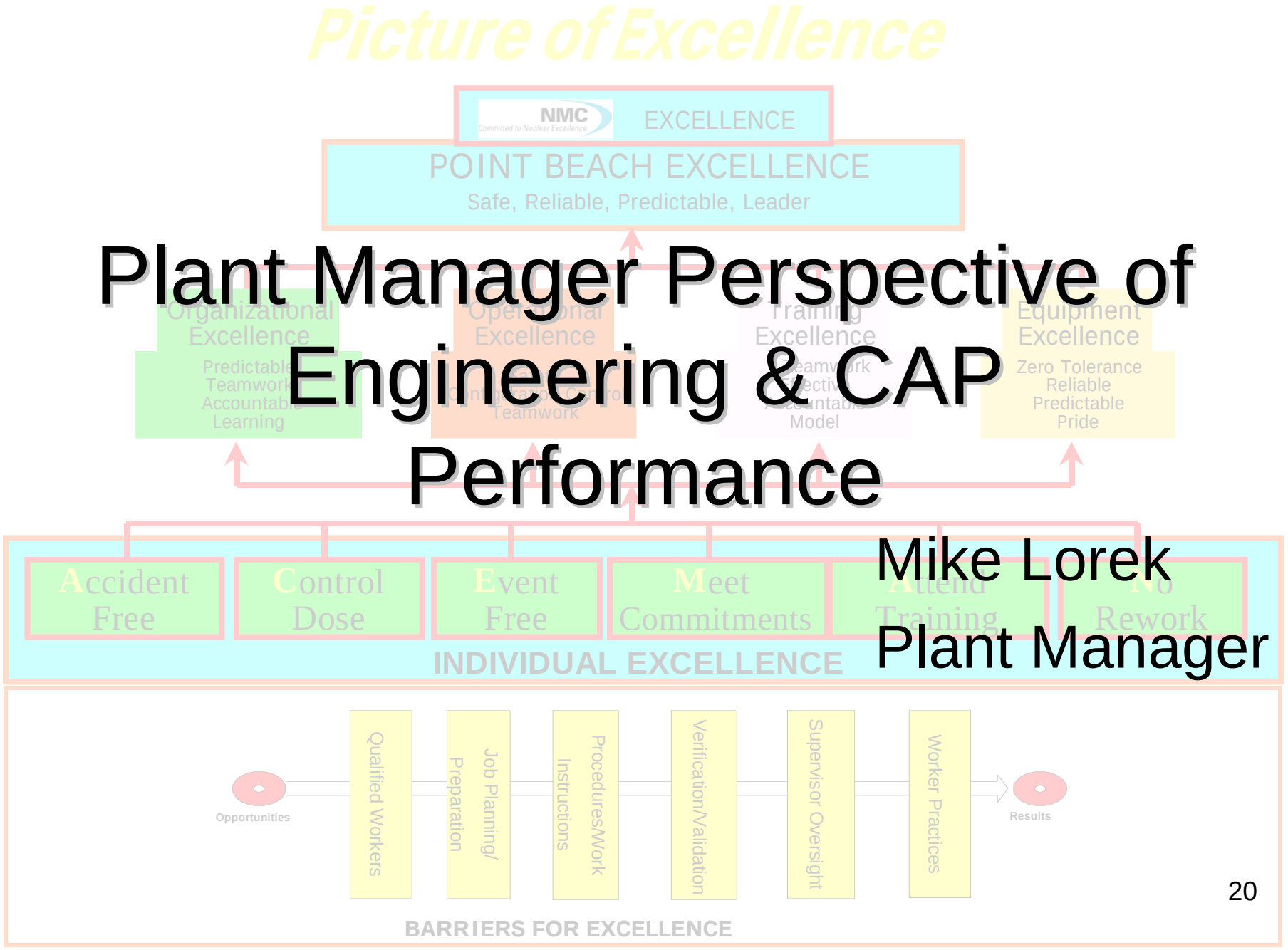


Plant Manager Perspective of Engineering & CAP Performance

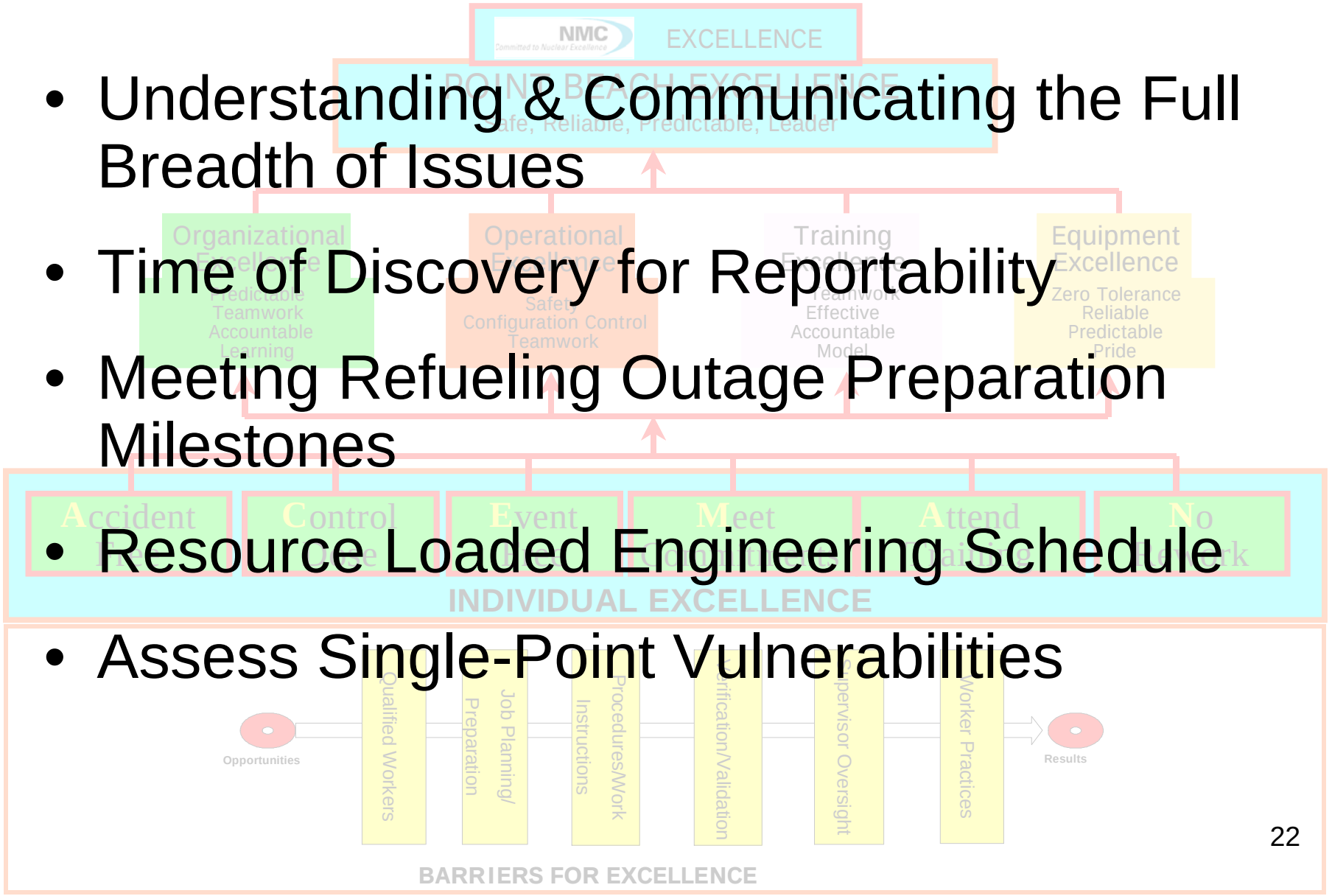
Mike Lorek
Plant Manager

Impact of Engineering Improvements

- Plant Health Committee
- Reliability of Plant Systems
- Support for Refueling Outage U1R29
- Participation in ODMI Process
- Operator Burden Reduction
- Progress in Resolving Long-standing Issues
- Improved Formality of Interface in OPR Process

Areas for Further Improvement

- Understanding & Communicating the Full Breadth of Issues
- Time of Discovery for Reportability
- Meeting Refueling Outage Preparation Milestones
- Resource Loaded Engineering Schedule
- Assess Single-Point Vulnerabilities



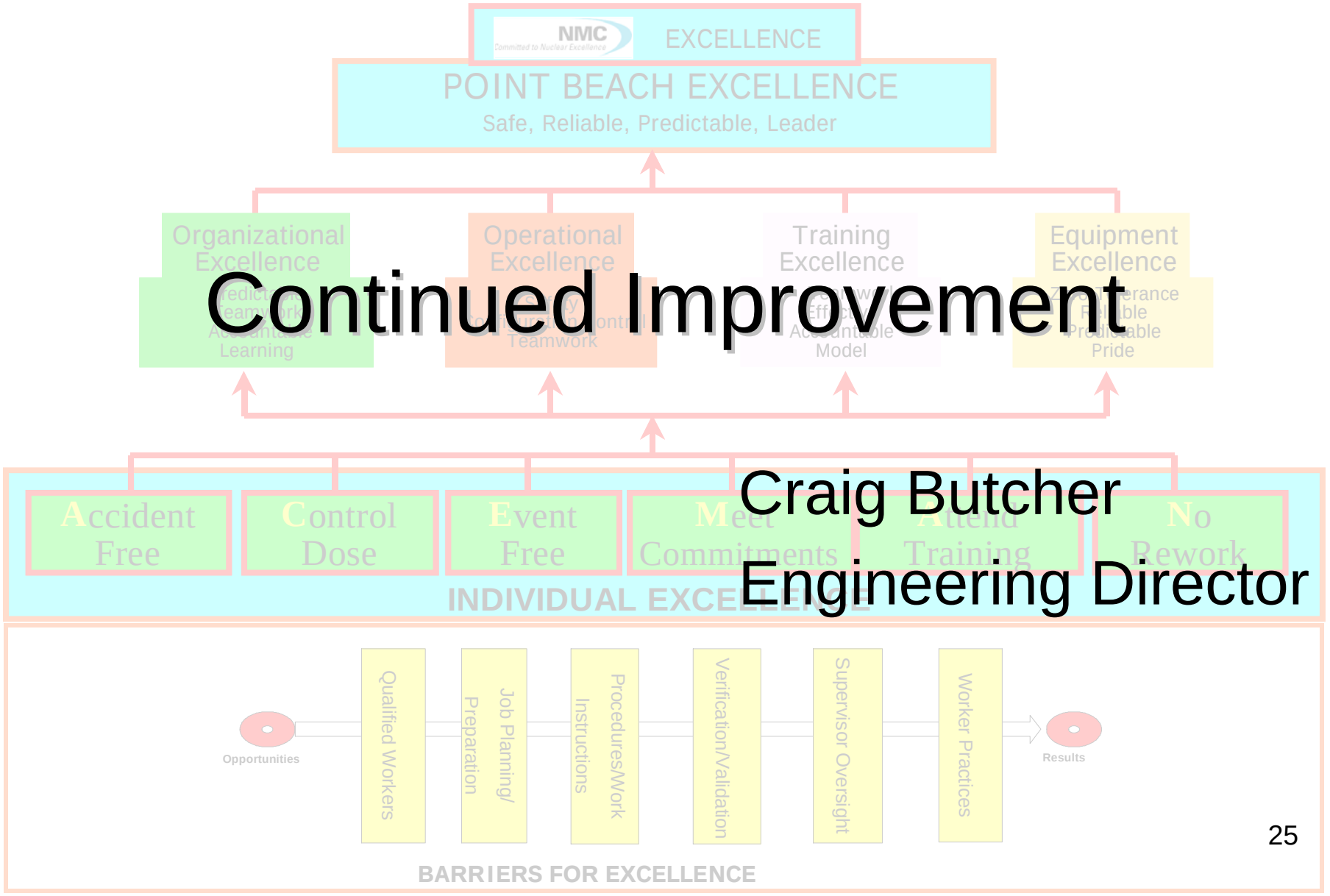
Corrective Action Program Progress

- Appropriate Generation Rate and Threshold
- Engagement and Ownership in Screening
- Improved Root Cause Quality
  - CARB Mentors
  - Improved Review of Charter
  - Greater Care in Selecting Team Members
- CAP Owner Process
  - Improved Quality of CAP Closure Reviews

Corrective Action Program Progress

- Improve ACE Quality
  - Apparent Cause Determination
  - Extent of Condition
- Reduce Number of Extensions/Proper Prioritization and Scheduling of Work
- Improve DRUM Implementation
  - Timely Coding of Action Requests
  - Identification of Adverse Trends

Picture of Excellence



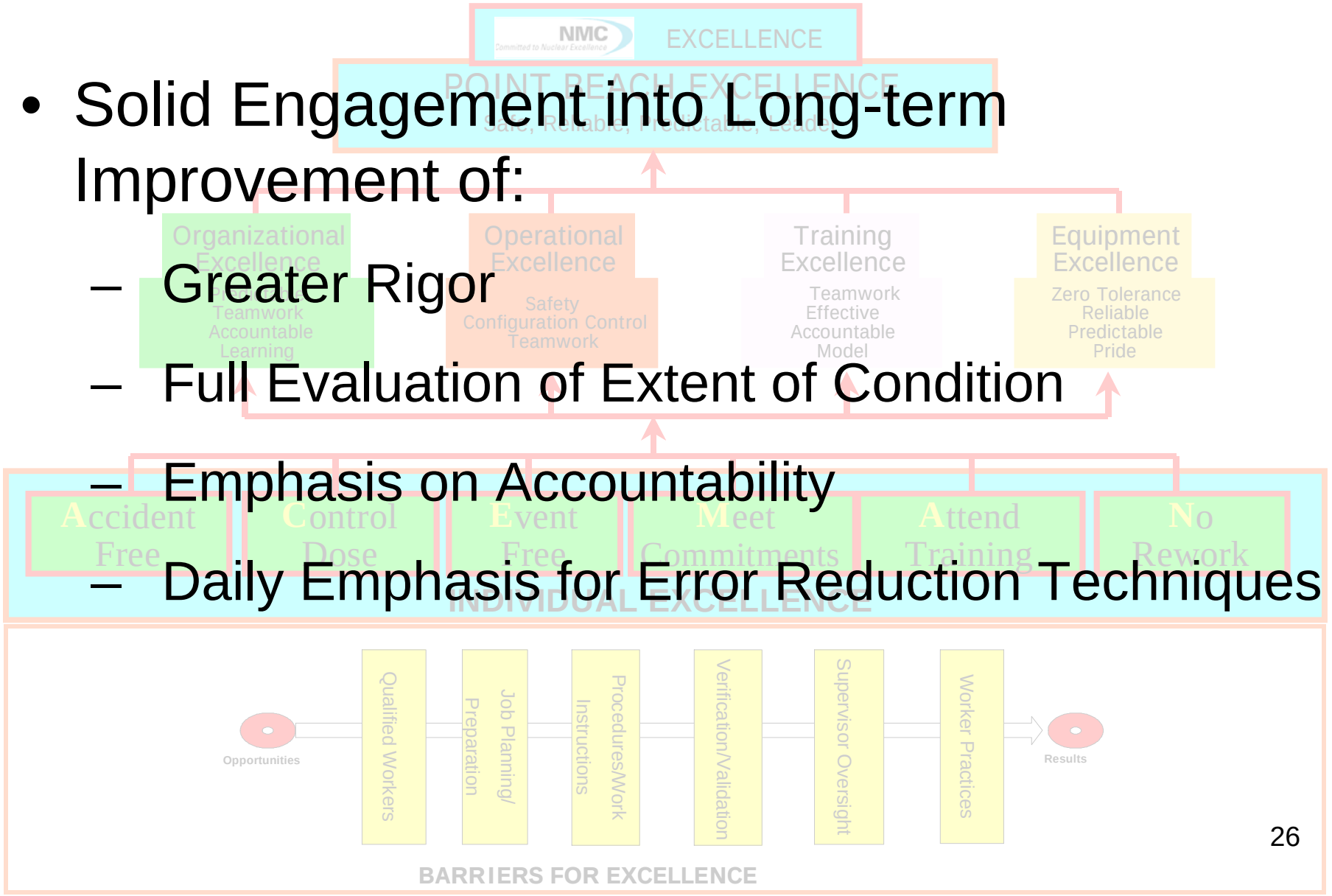
Continued Improvement

Craig Butcher

Engineering Director

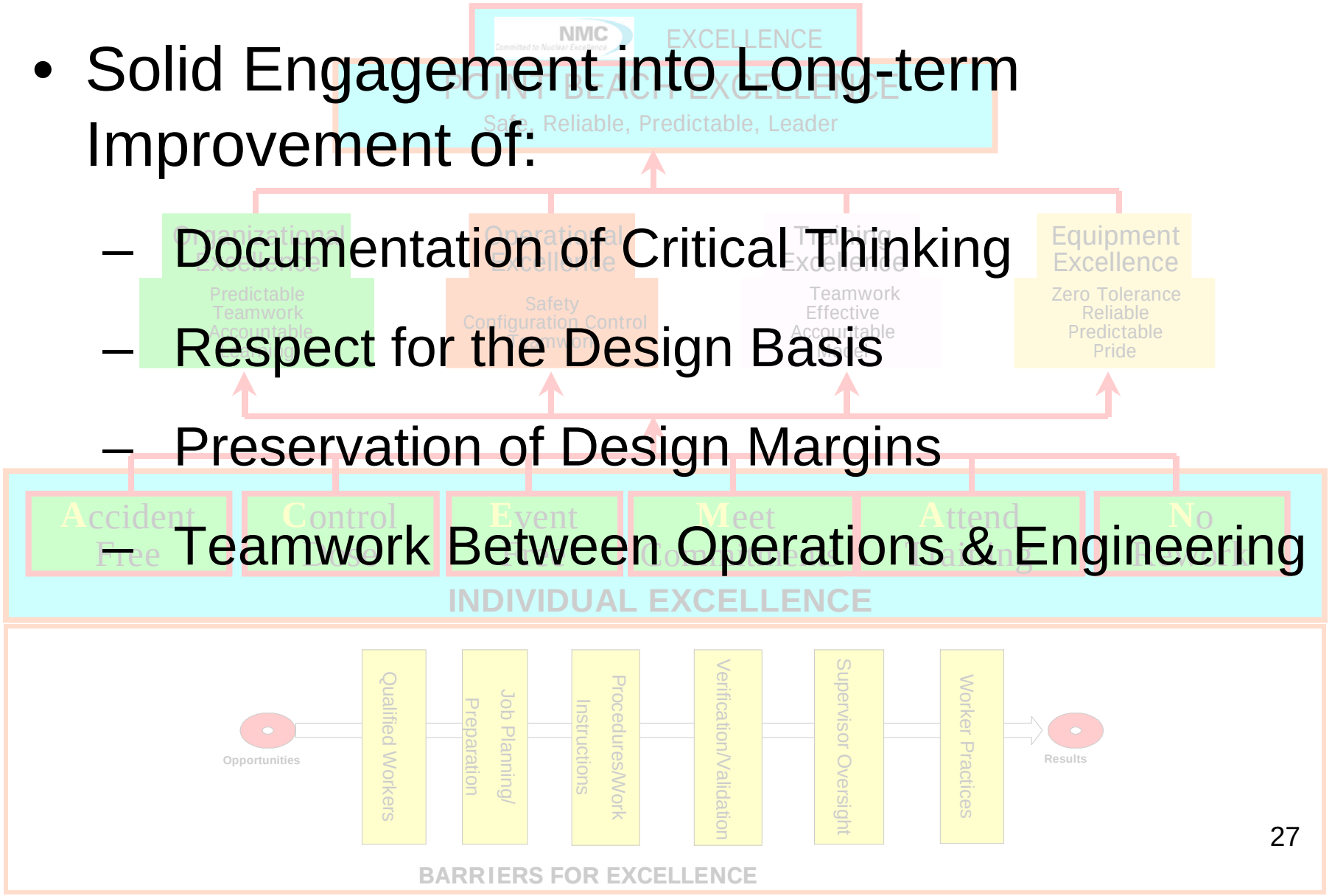
Moving Forward

- Solid Engagement into Long-term Improvement of:
  - Greater Rigor
  - Full Evaluation of Extent of Condition
  - Emphasis on Accountability
  - Daily Emphasis for Error Reduction Techniques



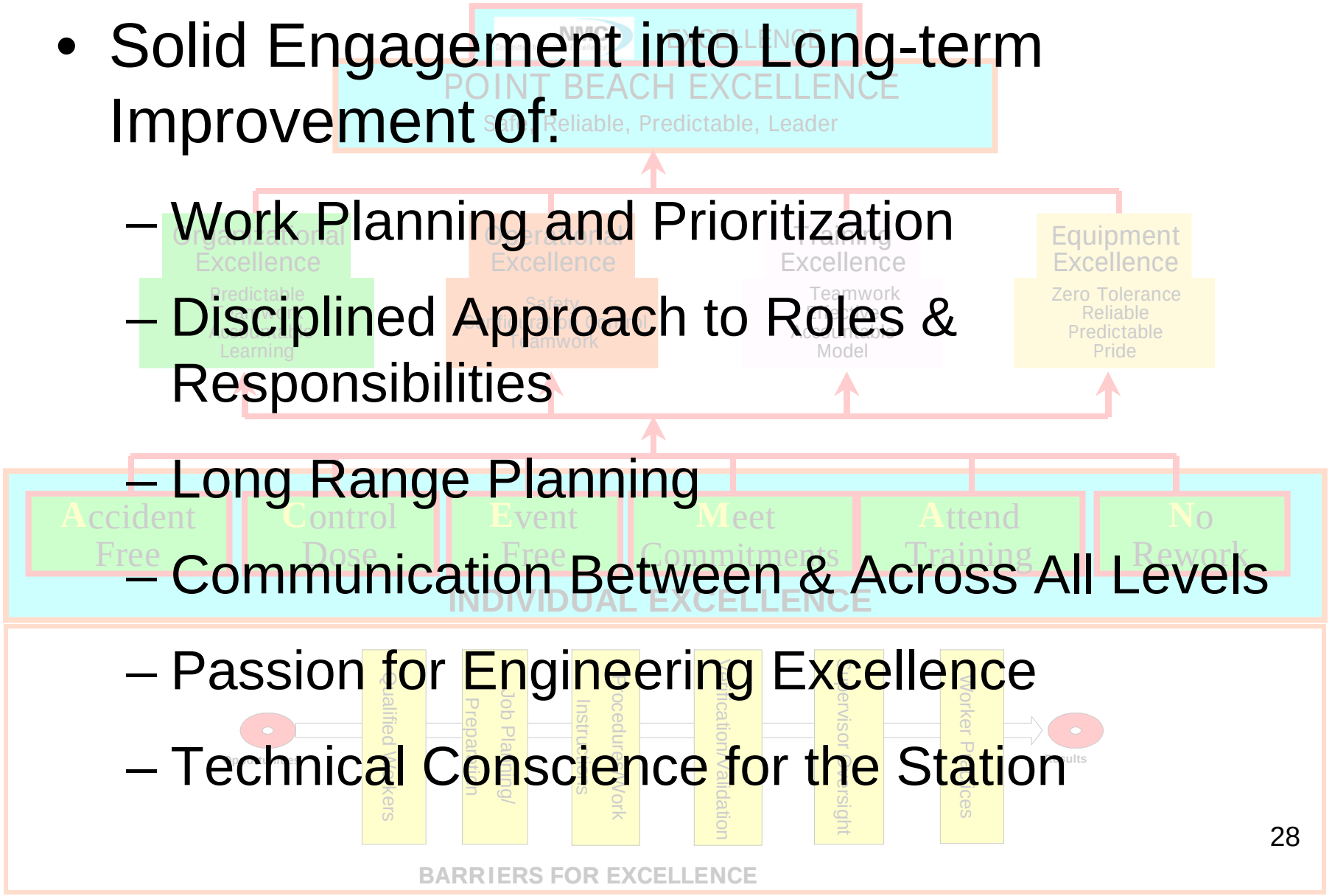
Moving Forward

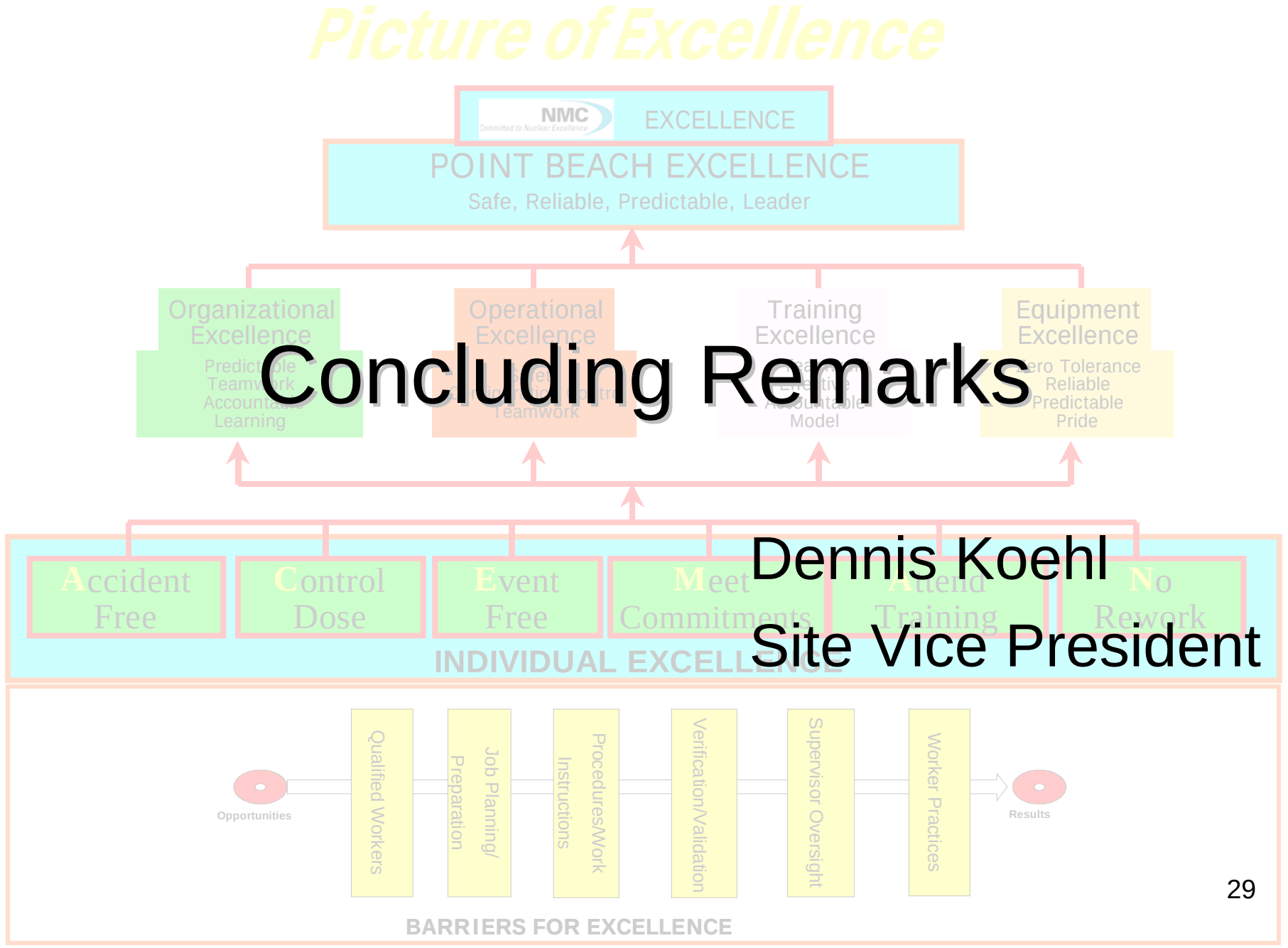
- Solid Engagement into Long-term Improvement of:
  - Documentation of Critical Thinking
  - Respect for the Design Basis
  - Preservation of Design Margins
  - Teamwork Between Operations & Engineering



Moving Forward

- Solid Engagement into Long-term Improvement of:
  - Work Planning and Prioritization
  - Disciplined Approach to Roles & Responsibilities
  - Long Range Planning
  - Communication Between & Across All Levels
  - Passion for Engineering Excellence
  - Technical Conscience for the Station




Picture of Excellence
NMC
EXCELLENCE
POINT BEACH EXCELLENCE
Safe, Reliable, Predictable, Leader
Organizational Excellence
Predictable
Teamwork
Accountable
Learning
Operational Excellence
Teamwork
Training Excellence
Model
Equipment Excellence
ero Tolerance
Reliable
Predictable
Pride
Concluding Remarks
Dennis Koehl
Site Vice President
Accident Free
Control Dose
Event Free
Meet Commitments
Attend Training
No Rework
INDIVIDUAL EXCELLENCE
Opportunities
Qualified Workers
Job Planning/ Preparation
Procedures/Work Instructions
Verification/Validation
Supervisor Oversight
Worker Practices
Results
BARRIERS FOR EXCELLENCE

Summary

- 143 of 143 CAL Commitments Completed in a Quality Manner
- CAL Focus Areas Improved by Corrective Action That Are and Continue to Be Effective and Lasting
- PBNP Has Achieved Measurable Improvement in the Five CAL Focus Areas
- Continued Improvement and Learning Key to Success of Any Nuclear Plant in Today's Environment
- Management Team is in Place that Has Demonstrated the Commitment to Change Behavior and Will Continue to Drive Improved Performance
- We have Provided Reasonable Assurance of Sustainability and Will Continue to Pursue the "Picture of Excellence"