

August 31, 2006

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

SUBJECT: MID-CYCLE PERFORMANCE REVIEW AND INSPECTION PLAN -
POINT BEACH NUCLEAR PLANT

Dear Mr. Koehl:

On August 7, 2006, the NRC staff completed its performance review of the Point Beach Nuclear Plant for the first half of the calendar year 2006 assessment cycle. Our technical staff reviewed performance indicators (PIs) for the most recent quarter and inspection results over the previous 12 months. 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.

This performance review and enclosed inspection plan do not include physical protection information. A separate letter, designated and marked "Exempt from Public Disclosure in Accordance with 10 CFR 2.390," will include the physical protection review and resultant inspection plan.

Overall, Point Beach Nuclear Plant Units 1 and 2 operated in a manner that preserved public health and safety and met all cornerstone objectives. Plant performance for the most recent quarter remained within the Multiple/Repetitive Degraded Cornerstone Column of the Action Matrix. This is based on two Red findings for Unit 1 and Unit 2 associated with the auxiliary feedwater and instrument air systems, and a Yellow finding for Unit 1 and a Red finding for Unit 2 associated with the potential failure of the auxiliary feedwater pumps due to plugging of recirculation line orifices. All of these findings were in the Mitigating Systems cornerstone. The Nuclear Management Company (NMC) was initially notified that Point Beach Nuclear Plant had entered the Multiple/Repetitive Degraded Cornerstone Column in a letter dated April 2, 2003. The NRC will continue to closely monitor Point Beach performance consistent with the guidance in Inspection Manual Chapter (IMC) 0305, "Operating Reactor Assessment Program."

In addition to the routine NRC inspection and mid-cycle and end-of-cycle assessment activities, Point Beach performance is being evaluated quarterly. Consistent with IMC 0305, plants in the Multiple/Repetitive Degraded Cornerstone Column are given consideration at each quarterly performance assessment review for: (1) declaring plant performance to be unacceptable in accordance with the guidance in IMC 0305; (2) transferring to the IMC 0350 "Oversight of Operating Reactor Facilities in a Shutdown Condition with Performance Problems" process; and (3) taking additional regulatory actions, as appropriate. Our quarterly assessment results, to date, have concluded that Point Beach has been operated in a manner that preserved the public health and safety; therefore, the plant will remain in Column IV of the NRC Action Matrix.

On April 21, 2004, a Confirmatory Action Letter (CAL) 3-04-001 was issued to document your commitments to address the Red inspection findings and implement other improvement initiatives. The CAL listed five areas of regulatory concern: Human Performance, Engineering Design Control, Engineering/Operations Interface, Emergency Preparedness, and the Corrective Action Program. On April 14, 2006, the CAL was revised after NRC inspections had shown that adequate progress had been made in addressing four of the five areas. The remaining area, Engineering Design Control, will remain open pending a satisfactory review by the NRC of, at least, the initial implementation of the engineering assessment commitments, continued progress in the calculation upgrade project, and effectiveness of previous improvement initiatives and corrective actions in engineering. Specifically, the NMC needs to continue to demonstrate the ability to understand and recognize complex engineering questions/problems at Point Beach. These matters then need to be dispositioned in an accurate and comprehensive manner, taking into account all relevant design and licensing basis information and reaching a sound, justified conclusion without the need for extensive NRC involvement. As we determined in the Inspection Procedure 95003 inspection in 2003, engineering and design control weaknesses were found to be the root causes of the Red finding associated with the auxiliary feedwater and instrument air. As a result, it will be necessary for NMC to demonstrate sustained improvements in the Engineering Design Control area prior to the NRC closing these two Red findings.

In our Annual Assessment Letter dated March 2, 2006, we advised you that we had closed the substantive cross-cutting issues in the areas of Human Performance and Problem Identification and Resolution (PI&R). For the Human Performance area, this was based on a low number of findings and the lack of a common causal theme. For the PI&R area, where the number of findings exceeded our threshold, this was based on the NRC's assurance with the scope of your efforts in addressing the problems. Our 2006 Mid-Cycle Assessment concluded that your successful efforts in the Human Performance area continue. In the PI&R area, the number of problems with the same cross-cutting aspect again exceeded our threshold; however, the number of problems identified in the past 6 months of the assessment period has declined from the first 6 months, giving us assurance with your progress and the scope of your efforts to address these problems. Consequently, the substantive cross-cutting issues in the Human Performance and PI&R areas will remain closed.

On March 23, 2006, the NRC held a public meeting with NMC to discuss the actions taken or planned based on the results of a safety culture survey conducted at the plant in late 2004. A similar survey is planned for August 2006. The results of this survey, which should be indicative of the overall effectiveness of the actions taken in response to the 2004 survey, will be reviewed during the NRC's baseline Problem Identification and Resolution inspection scheduled for December 2006.

The enclosed inspection plan details the inspections scheduled through March 2008. The enclosed inspection plan is provided to minimize the resource impact on your staff and to allow for the resolution of any scheduling conflicts and personnel availability issues well in advance of inspector arrival onsite. Routine resident inspections are not listed due to their ongoing and continuous nature. The inspections in the last 9 months of the inspection plan are tentative and may be revised at the end-of-cycle review meeting.

D. Koehl

-3-

In accordance with 10 CFR 2.390 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 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 circumstances arise which cause us to change the inspection plan, we will contact you to discuss the change as soon as possible. Please contact Patrick Loudon at (630) 829-9627 with any questions you may have regarding this letter or the inspection plan.

Sincerely,

/RA/

James L. Caldwell
Regional Administrator

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

Enclosure:
Point Beach Inspection/Activity Plan

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Regional Administrator

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DATE	08/21/2006	08/21/2006	08/25/2006	08/29/2006

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D. Koehl

-4-

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
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State Liaison Officer
Chairman, Manitowoc County Board
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Chairman, Kewaunee County Board
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Point Beach
Inspection / Activity Plan
09/01/2006 - 03/31/2008

Unit Number	Inspection Activity	Title	No. of Staff on Site	Planned Dates		Inspection Type
				Start	End	
	HEAD	- SPECIAL INSPECTION OF HEAD DROP ANALYSIS	3			
1,2	IP 93812	Special Inspection		04/01/2006	12/31/2006	Event Response Insp
	CDBI	- COMPONENT DESIGN BASES INSPECTION	7			
1,2	IP 95003	Inspection For Repetitive Degraded Cornerstones, Multiple Degraded Cornerstones, Multiple		06/01/2006	09/29/2006	Supplemental Program
1,2	IP 7111121	Component Design Bases Inspection		08/28/2006	09/29/2006	Baseline Inspections
	ISI	- POINT BEACH UNIT 2 ISI INSPECTION	1			
2	IP 7111108P	Inservice Inspection Activities - PWR		10/23/2006	11/03/2006	Baseline Inspections
	BI	- OUTAGE ACCESS CONTROL (ALARA)	1			
1,2	IP 7112101	Access Control to Radiologically Significant Areas		10/23/2006	11/03/2006	Baseline Inspections
1,2	IP 7112102	ALARA Planning and Controls		10/23/2006	11/03/2006	Baseline Inspections
	71114	- BIENNIAL EP EXERCISE	1			
1,2	IP 7111401	Exercise Evaluation		12/04/2006	12/08/2006	Baseline Inspections
1,2	IP 71151	Performance Indicator Verification		12/04/2006	12/08/2006	Baseline Inspections
	PI&R	- PI&R TEAM INSPECTION	5			
1,2	IP 71152B	Identification and Resolution of Problems		11/20/2006	12/15/2006	Baseline Inspections
	7112102	- POST OUTAGE ALARA (ACCESS CONTROL)	1			
1,2	IP 7112101	Access Control to Radiologically Significant Areas		12/04/2006	12/08/2006	Baseline Inspections
1,2	IP 7112102	ALARA Planning and Controls		12/04/2006	12/08/2006	Baseline Inspections
1,2	IP 71151	Performance Indicator Verification		12/04/2006	12/08/2006	Baseline Inspections
	BI	- RAD INSTRUMENTATION	1			
1,2	IP 7112103	Radiation Monitoring Instrumentation and Protective Equipment		03/12/2007	03/16/2007	Baseline Inspections
	ISI	- ISI BASELINE INSPECTION	1			
1	IP 7111108P	Inservice Inspection Activities - PWR		04/02/2007	04/27/2007	Baseline Inspections
	7112101	- OUTAGE ACCESS CONTROL AND ALARA	2			
1,2	IP 7112101	Access Control to Radiologically Significant Areas		04/16/2007	04/27/2007	Baseline Inspections
1,2	IP 7112102	ALARA Planning and Controls		04/16/2007	04/27/2007	Baseline Inspections
	FY 2007	- POINT BEACH INIT PREP 06/2007	3			
1	W90164	OL - INITIAL EXAM - POINT BEACH - JUN/JUL 2007		06/18/2007	06/22/2007	Not Applicable
	FPI	- FIRE PROTECTION INSPECTION - TRIENNIAL	3			
1,2	IP 7111105T	Fire Protection [Triennial]		06/25/2007	07/13/2007	Baseline Inspections
	FY 2007	- POINT BEACH INIT EXAM 07/2007	3			
1	W90164	OL - INITIAL EXAM - POINT BEACH - JUN/JUL 2007		07/09/2007	07/20/2007	Not Applicable
	7112102	- POST OUTAGE ALARA AND ACCESS CONTROL	1			
1,2	IP 7112101	Access Control to Radiologically Significant Areas		08/20/2007	08/24/2007	Baseline Inspections
1,2	IP 7112102	ALARA Planning and Controls		08/20/2007	08/24/2007	Baseline Inspections

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

Point Beach
Inspection / Activity Plan
09/01/2006 - 03/31/2008

Unit Number	Inspection Activity	Title	No. of Staff on Site	Planned Dates		Inspection Type
				Start	End	
	7112102	- POST OUTAGE ALARA AND ACCESS CONTROL	1			
1,2	IP 71151	Performance Indicator Verification		08/20/2007	08/24/2007	Baseline Inspections
	EP BI	- BASELINE EP INSPECTION	1			
1,2	IP 7111402	Alert and Notification System Testing		11/05/2007	11/09/2007	Baseline Inspections
1,2	IP 7111403	Emergency Response Organization Augmentation Testing		11/05/2007	11/09/2007	Baseline Inspections
1,2	IP 7111405	Correction of Emergency Preparedness Weaknesses and Deficiencies		11/05/2007	11/09/2007	Baseline Inspections
1,2	IP 71151-EP01	Drill/Exercise Performance		11/05/2007	11/09/2007	Baseline Inspections
1,2	IP 71151-EP02	ERO Drill Participation		11/05/2007	11/09/2007	Baseline Inspections
1,2	IP 71151-EP03	Alert & Notification System		11/05/2007	11/09/2007	Baseline Inspections
	7112202	- RADWASTE AND TRANSPORTATION	1			
1,2	IP 7112202	Radioactive Material Processing and Transportation		10/22/2007	10/26/2007	Baseline Inspections
1,2	IP 71151	Performance Indicator Verification		10/22/2007	10/26/2007	Baseline Inspections
	MAINRULE	- MAINTENANCE EFFECTIVENESS INSPECTION	2			
1,2	IP 7111112B	Maintenance Effectiveness		10/29/2007	11/02/2007	Baseline Inspections
	71111.11	- LIC OPERATOR REQUAL PROGRAM EVALUATION	2			
1,2	IP 7111111B	Licensed Operator Requalification Program		11/12/2007	11/16/2007	Baseline Inspections
	MOD5059	- MODIFICATIONS/50.59 INSPECTION	2			
1,2	IP 7111102	Evaluation of Changes, Tests, or Experiments		11/26/2007	12/14/2007	Baseline Inspections
1,2	IP 7111117B	Permanent Plant Modifications		11/26/2007	12/14/2007	Baseline Inspections
	HEATSINK	- HEAT SINK INSPECTION	1			
1,2	IP 7111106	Flood Protection Measures		02/11/2008	02/15/2008	Baseline Inspections