

October 3, 2006

Mr. Paul A. Harden
Site Vice President
Nuclear Management Company, LLC
Palisades Nuclear Plant
27780 Blue Star Memorial Highway
Covert, MI 49043-9530

SUBJECT: PALISADES NUCLEAR PLANT
NRC EMERGENCY PREPAREDNESS INSPECTION REPORT
05000255/2006007(DRS)

Dear Mr. Harden:

On September 22, 2006, the NRC completed an inspection at your Palisades Nuclear Plant. The enclosed report documents the inspection findings, which were discussed on September 22, 2006, with you and members of your staff.

The inspection examined activities conducted under your license, as they relate to safety, and compliance with the Commission's rules and regulations, and with the conditions of your license. The inspectors reviewed selected procedures and records, observed activities, and interviewed personnel. Specifically, this inspection focused on emergency preparedness, including your staff's determinations of performance indicators for the Emergency Preparedness Cornerstone.

On the basis of the results of this inspection, no findings of significance were identified.

In accordance with 10 CFR Part 2.390 of the NRC's "Rules of Practice," a copy of this letter and its enclosure will be available electronically for public inspection in the NRC Public

P. Harden

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Sincerely,

/RA/

Kenneth Riemer, Chief
Plant Support Branch
Division of Reactor Safety

Docket No. 50-255
License No. DPR-20

Enclosure: Inspection Report 05000255/2006007(DRS)
w/Attachment: Supplemental Information

cc w/encl: J. Cowan, Executive Vice President
and Chief Nuclear Officer
R. Fenech, Senior Vice President, Nuclear
Fossil and Hydro Operations
D. Cooper, Senior Vice President - Group Operations
L. Lahti, Manager, Regulatory Affairs
J. Rogoff, Vice President, Counsel and Secretary
A. Udrys, Esquire, Consumers Energy Company
S. Wawro, Director of Nuclear Assets, Consumers Energy Company
Supervisor, Covert Township
Office of the Governor
State Liaison Office, State of Michigan
L. Brandon, Michigan Department of Environmental Quality -
Waste and Hazardous Materials Division
W. King, DHS, Region V

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U.S. NUCLEAR REGULATORY COMMISSION

REGION III

Docket No: 50-255
License No: DPR-20

Report No: 05000255/2006007(DRS)

Licensee: Nuclear Management Company, LLC

Facility: Palisades Nuclear Plant

Location: Covert, MI

Dates: September 18 through September 22, 2006

Inspectors: T. Ploski, Senior Emergency Preparedness Inspector
R. Jickling, Senior Emergency Preparedness Inspector
J. Ellegood, Senior Resident Inspector
C. Zoia, Licensed Operator Examiner
J. Cassidy, Radiation Protection Inspector

Observers: D. Ditto, Senior Management Analyst
P. Rades, Senior Management Analyst
B. Serepca, Senior Management Analyst

Approved by: K. Riemer, Chief
Plant Support Branch
Division of Reactor Safety

Enclosure

SUMMARY OF FINDINGS

IR 05000255/2006007(DRS); 09/18/2006 - 09/22/2006; Palisades Nuclear Plant; Emergency Preparedness Specialist Report.

The report covers a 1 week baseline inspection by two regional emergency preparedness inspectors, a senior resident inspector, a licensed operator examiner, and a radiation protection inspector. The inspection focused on the Emergency Preparedness cornerstone in the Reactor Safety strategic performance area during the biennial emergency preparedness exercise. This inspection also included a review of records related to the three emergency preparedness performance indicators for the period April 1, 2005, through June 30, 2006.

The NRC's program for overseeing the safe operation of commercial nuclear power reactors is described in NUREG-1649, "Reactor Oversight Process," Revision 3, dated July 2000.

A. Inspector-Identified and Self-Revealed Findings

None.

B. Licensee-Identified Violations

None.

REPORT DETAILS

1. REACTOR SAFETY

Cornerstone: Emergency Preparedness

1EP1 Exercise Evaluation (71114.01)

a. Inspection Scope

The inspectors reviewed the September 19, 2006, biennial emergency preparedness exercise's objectives and scenario to ensure that the exercise would acceptably test major elements of the licensee's emergency plan, and to verify that the exercise's simulated problems provided an acceptable framework to support demonstration of the licensee's capability to implement its plan. The inspectors also reviewed records of a sample of emergency preparedness drills, which were conducted between August 2004 and August 2006, to verify that those drills' scenarios were sufficiently different from the scenario used in the September 2006 exercise.

The inspectors evaluated the licensee's exercise performance, focusing on the risk-significant activities of emergency classification, notification, and protective action decision making, as well as implementation of accident mitigation strategies in the following emergency response facilities:

- Control Room Simulator (CRS);
- Technical Support Center (TSC);
- Operations Support Center (OSC); and
- Emergency Operations Facility (EOF).

The inspectors also assessed the licensee's recognition of abnormal plant conditions, transfer of responsibilities between facilities, internal communications, interfaces with offsite officials, readiness of emergency facilities and related equipment, and overall implementation of the licensee's emergency plan.

The inspectors attended post-exercise critiques in the CRS, TSC, OSC, and EOF to evaluate the licensee's initial self-assessment of its exercise performance. The inspectors later met with the licensee's lead exercise evaluators to obtain the licensee's refined assessments of its exercise participants' performances. These self-assessments were then compared with the inspectors' independent observations and assessments to assess the licensee's ability to adequately critique its exercise performance.

These activities completed one inspection sample.

b. Findings

No findings of significance were identified.

4. OTHER ACTIVITIES

4OA1 Performance Indicator (PI) Verification (71151)

Cornerstone: Emergency Preparedness

.1 Reactor Safety Strategic Area

a. Inspection Scope

The inspectors reviewed the licensee's records associated with each of the three emergency preparedness PIs to verify that the licensee's program was implemented consistent with the industry guidelines in Nuclear Energy Institute Publication No. 99-02, "Regulatory Assessment Performance Indicator Guideline," and related licensee procedures. Specifically, licensee records related to the performance of the Alert and Notification System (ANS), key Emergency Response Organization (ERO) members' drill participation, and Drill and Exercise Performance (DEP) were reviewed to verify the accuracy and completeness of the PI data submitted to NRC for the period from April 1, 2005, through June 30, 2006. The following three PIs were reviewed:

- ANS;
- ERO Drill Participation; and
- DEP.

These activities completed three PI samples.

b. Findings

No findings of significance were identified.

4OA2 Identification and Resolution of Problems

The following performance concern, which could have adversely impacted response activities had exercise events been real, was independently identified by the inspectors and the licensee during the September 2006 exercise and was added to the licensee's corrective action program:

- Degraded plant conditions associated with the third and fourth emergency declarations were not adequately provided in the associated press releases, while the initial emergency declaration was not mentioned in any press release.

4OA6 Meetings

.1 Exit Meeting

An exit meeting was conducted for:

- Emergency Preparedness with Mr. P. Harden and other members of licensee management and staff at the conclusion of the inspection on September 22,

2006. The licensee acknowledged the information presented. No proprietary information was identified.

.2 Public and Media Briefing

- On September 22, 2006, an inspector summarized NRC's preliminary exercise inspection conclusions at a public and media briefing hosted by Department of Homeland Security Region V Field Office staff in Paw Paw, Michigan.

ATTACHMENT: SUPPLEMENTAL INFORMATION

SUPPLEMENTAL INFORMATION

KEY POINTS OF CONTACT

Licensee

P. Harden, Site Vice President
D. Mims, Site Director
G. Hettel, Plant General Manager
J. Broschak, Engineering Director
L. Blocker, Operations Manager
G. Higgs, Maintenance Manager
T. Blake, Nuclear Safety Assessment Manager
J. Ford, Emergency Preparedness Manager
B. Patrick, Chemistry and Radiation Protection Manager
G. Baustian, Training Manager
D. Rogers, Fleet Optimization Manager
S. Wawro, Consumers Energy/Asset Manager
M. Vonk, Corporate Senior Emergency Preparedness Specialist
C. Morgan, Corporate Emergency Preparedness Specialist
B. Dotson, Regulatory Compliance Specialist

LIST OF ITEMS OPENED, CLOSED, AND DISCUSSED

Opened, Closed, and Discussed

None.

LIST OF DOCUMENTS REVIEWED

The following is a list of documents reviewed during the inspection. Inclusion on this list does not imply that the NRC inspectors reviewed the documents in their entirety but rather that selected sections or portions of the documents were evaluated as part of the overall inspection effort. Inclusion of a document on this list does not imply NRC acceptance of the document or any part of it, unless this is stated in the body of the inspection report.

1EP1 Exercise Evaluation

Palisades Plant September 2006 Exercise Scenario Manual

Palisades Plant August 2006 Integrated Drill Report; undated

Palisades Plant September 2005 Final Drill Report; undated

Emergency Action Level Technical Bases Document; Revision 0

Slide Presentation; September 2006 Palisades Exercise Critique Conclusions; dated September 21, 2006

Draft Report; September 2006 Palisades Exercise Critique Report; undated

EI-1; Emergency Classification and Actions; Revision 47

EI-2.1; Site Emergency Director; Revision 26

EI-3; Communications and Notifications; Revision 24

EI-4.1; TSC Activation; Revision 18

EI-4.2; OSC Activation; Revision 18

EI-4.3; EOF Activation; Revision 17

EI-5.0; Re-Entry; Revision 5

EI 5.1; Recovery; Revision 3

EI-6.0; Offsite Dose Calculation and Recommendations for Protective Actions; Revision 9

EI-6.1; Release Rate Determination from Stack Gas Monitors; Revision 7

EI-6.7; Plant Site Meteorological System; Revision 6

EI-6.8; Backup and Supplemental Meteorology; Revision 6

EI-6.13; Protective Action Recommendations for Offsite Population; Revision 14

EI-11; Determination of Extent of Core Damage; Revision 6

EI-12.1; Personnel Accountability and Assembly; Revision 12

EI-13; Evacuation/Re-Assembly; Revision 10

4OA1 Performance Indicator Verification

Sample of Palisades Plant ERO Participation PI Records from April 2005 through June 2006

Sample of Palisades Plant DEP Performance Indicator Data from April 2005 through June 2006

Sample of Palisades Plant Emergency Planning Zone Sirens' Test Reports and Associated Records from April 2005 through June 2006

LIST OF ACRONYMS USED

ADAMS	Agencywide Documents Access and Management System
ANS	Alert and Notification System
CFR	Code of Federal Regulations
CRS	Control Room Simulator
DEP	Drill and Exercise Performance
EI	Emergency Implementing (procedure)
EOF	Emergency Operations Facility
ERO	Emergency Response Organization
IR	Inspection Report
NRC	United States Nuclear Regulatory Commission
NUREG	Nuclear Regulatory Guide
OSC	Operations Support Center
PARS	Publicly Available Records
PI	Performance Indicator
TSC	Technical Support Center