

November 30, 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: CLOSURE OF CONFIRMATORY ACTION LETTER CAL 3-04-001, REVISION 1

Dear Mr. Koehl:

The Point Beach Nuclear Plant was placed in the Multiple/Repetitive Degraded Cornerstone column (Column IV) of the Nuclear Regulatory Commission's (NRC) Action Matrix during the first quarter of 2003 as a result of a Red finding 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 recirculation line orifice plugging. As a result of these findings, the NRC performed an Inspection Procedure (IP) 95003 Supplemental Inspection in 2003. Following that inspection, the Nuclear Management Company (NMC) developed actions to improve station performance to address the original Red and Yellow findings and other performance issues identified during the IP 95003 inspection. These actions were incorporated in the Point Beach Excellence Plan. On April 21, 2004, the NRC issued Confirmatory Action Letter (CAL) 3-04-001 to document NMC's commitments regarding these actions and the intent of the NRC to conduct periodic special inspections, in addition to the normal baseline program inspections, to assess the effectiveness of these efforts (ADAMS Accession Number ML041130447).

Through these special and routine inspections and from information provided by you and your staff at periodic public meetings, we concluded earlier in 2006 that sufficient progress had been made in improving certain areas of station performance and, consequently, on April 14, 2006, we revised CAL 3-04-001 (ADAMS Accession Number ML061070061). In that CAL revision, we closed all of the CAL areas with the exception of the engineering design control area. In addition, in the CAL revision, we discussed the need for further NRC review of the engineering design control area to assure that your actions were effectively implemented and a reasonable assurance of sustainability could be demonstrated. As we determined in the IP 95003 inspection, engineering and design control weaknesses were found to be the root causes of the Red findings associated with the auxiliary feedwater and instrument air systems. We also discussed in the CAL revision, our intention to review your initial efforts to meet commitments to incorporate into the Excellence Plan long-term improvement actions from your recent engineering self-assessment and your initiation of a 2-year program of alternating independent assessments and self assessments of engineering.

Since the revised CAL was issued, we have conducted baseline inspections, a special review of your engineering assessment activities, management meetings, and an expanded-scope Component Design Bases team inspection, which included two members of the original IP 95003 inspection team. The overall results of these activities have been satisfactory. You continue to make progress in your calculation upgrade project, which has required the accurate and comprehensive disposition of complex engineering questions, and your previous improvement initiatives and corrective actions in engineering have demonstrated effectiveness and sustainability. Because of these results, the NRC has concluded that your actions in the engineering design control area have established reasonable assurance of sustainability and that this area, the last of the five areas from the CAL, is closed. Consequently, we have concluded that your actions have been effective in addressing the specific performance issues and that you have completed the commitments of CAL 3-04-001. Therefore, all commitments documented in CAL 3-04-001, originally issued April 21, 2004, and revised April 14, 2006, are closed.

In the revised CAL, we indicated that when the Engineering Design Control Area of Regulatory Concern was closed we would evaluate whether the Red findings associated with the auxiliary feedwater system could be closed and whether Point Beach would remain in Column IV of the NRC's Action Matrix. With the closure of this area and in consideration of our determination during a special inspection in August 2005 (Inspection Report 05000266/2005011; 05000301/2005001, ADAMS Accession Number ML052690183) that adequate actions had been taken to prevent recurrence of the specific auxiliary feedwater system problems that resulted in the Red findings, the NRC has concluded that these three Red findings and one Yellow finding identified in 2003 will no longer be considered in the NRC's assessment process after the 4th quarter of calendar year 2006. As a result, NRC oversight of Point Beach will be reduced to a level consistent with the licensee's current performance, which at this time is the Licensee Response Column (Column I) of the NRC Action Matrix.

In accordance with 10 CFR 2.390 of the NRC's "Rules of Practice," a copy of this letter and any response you provide 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).

Sincerely,

/RA/

James L. Caldwell
Regional Administrator

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

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D. Koehl

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Sincerely,
 /RA/
 James L. Caldwell
 Regional Administrator

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