January 29, 2007

EA-06-274

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

SUBJECT: NOTICE OF VIOLATION [NRC SPECIAL INSPECTION REPORT 05000266/2006011; 050000301/2006011] POINT BEACH NUCLEAR PLANT, UNITS 1 AND 2

Dear Mr. Koehl:

This refers to the special inspection conducted by the U. S. Nuclear Regulatory Commission (NRC) from April 1 to October 27, 2006, at the Point Beach Nuclear Plant, Units 1 and 2, that is operated by the Nuclear Management Company, LLC (NMC). The inspection identified an apparent violation of 10 CFR 50.71(e) for failure to update the Point Beach Final Safety Analysis Report (FSAR) with the results of a 1982 reactor vessel head drop analysis. A copy of the inspection report was provided to you on November 21, 2006.

In the letter transmitting the inspection report, we provided you with the opportunity to address the apparent violation identified in the report by either attending a predecisional enforcement conference or by providing a written response before we made our final enforcement decision. In a letter dated December 19, 2006, you provided a response to the apparent violation.

Based on the information developed during the inspection and the information that you provided in your response dated December 19, 2006, the NRC has determined that a violation of NRC requirements occurred. The violation is cited in the enclosed Notice of Violation (Notice) and the circumstances surrounding it are described in detail in the subject inspection report. In summary, on April 6, 2005, NRC inspectors identified that the licensee (currently Nuclear Management Company (NMC)) had not considered the results of a 1982 reactor vessel head drop analysis for the original head, during preparations for the replacement of the Unit 2 reactor vessel head later in April 2005. The 1982 reactor vessel head drop analysis was performed in response to a request from the NRC (NRC Generic Letter (GL) 80-113, “Control of Heavy Loads,” dated December 20, 1980). Further review by the NRC inspectors revealed that Wisconsin Electric Power Company (the predecessor licensee) had not incorporated this

analysis into the FSAR in 1983, as required by 10 CFR 50.71(e) and as a result, may not have taken all of the appropriate contingencies and precautions when moving the original Unit 1 and Unit 2 heads during refueling outages since the analysis was completed in 1982. The NRC determined that the licensee had numerous opportunities since 1983 to incorporate this analysis into the FSAR but failed to identify and capitalize on these opportunities until the problem was identified and brought to its attention in 2005 by the NRC.

The licensee's failure to update the FSAR in 1983, combined with the licensee staff's continued failure to fully understand the facility's licensing and design basis since that time, impacted the licensee staff's ability in 2005 to understand the current Point Beach licensing and design basis, and resulted in a performance deficiency. The performance deficiency also impacted the NRC's ability to perform its regulatory function because the licensee staff's failure to update the FSAR and understand the facility's licensing and design basis represented a challenge to the regulatory envelope upon which certain activities were licensed, such as reactor vessel head lift activities. Therefore, this violation has been categorized in accordance with the NRC Enforcement Policy at Severity Level III.

In accordance with the NRC Enforcement Policy, a base civil penalty is normally considered for a Severity Level III violation. Since the violation occurred in 1983, the time frame permitted in the statute of limitations for applying civil sanctions has been exceeded and no civil penalty is proposed. However, I have been authorized, after consultation with the Director, Office of Enforcement, to issue the enclosed Notice of Violation.

The NRC has concluded that information regarding the reason for the violation, the corrective actions taken and planned to correct the violation and prevent recurrence and the date when full compliance was achieved is already adequately addressed on the docket in Inspection Report No 05000266/2006011; 050000301/2006011 (ADAMS Accession No. ML 063250465) and in a December 19, 2006, letter from the Nuclear Management Company, LLC (ADAMS Accession No. ML 063550037). Therefore, you are not required to respond to this letter unless the description therein does not accurately reflect your corrective actions or your position. In that case, or if you choose to provide additional information, you should follow the instructions specified in the enclosed Notice. Please contact Patrick Louden, Chief, Reactor Projects Branch 5, with questions. Mr. Louden can be reached at telephone number (630) 829-9627.

In accordance with 10 CFR 2.390 of the NRC's "Rules of Practice," a copy of this letter, its enclosure, and your response, if you choose to respond, will be made available electronically for public inspection in the NRC Public Document Room or from the NRC's document system (ADAMS), accessible from the NRC Web site at http://www.nrc.gov/reading-rm/adams.html. To the extent possible, your response should not include any personal privacy,

proprietary, or safeguards information so that it can be made available to the Public without redaction. The NRC also includes significant enforcement actions on its Web site at www.nrc.gov; select **What We Do**, **Enforcement**, then **Significant Enforcement Actions**.

Sincerely,

/RA by Geoffrey E. Grant Acting for/

James L. Caldwell
Regional Administrator

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

Enclosure: Notice of Violation

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
Public Service Commission of Wisconsin
State Liaison Officer

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Sincerely,
/RA by Geoffrey E. Grant/
James L. Caldwell
Regional Administrator

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

Enclosure: Notice of Violation

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
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Site Assessment Manager
Site Engineering Director
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J. Rogoff, Vice President, Counsel & Secretary
K. Duveneck, Town Chairman
Town of Two Creeks
Chairperson
Public Service Commission of Wisconsin
J. Kitsembel, Electric Division
Public Service Commission of Wisconsin
State Liaison Officer

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DATE	01/25/07		01/25/07		01/26/07		01/26/07		01/29/07	

OFFICIAL RECORD COPY

[1] HQ concurrence received on January 25, 2007, from D. Solario, OE

Letter from J. Caldwell to D. Koehl dated January 29, 2007

SUBJECT: NOTICE OF VIOLATION [NRC SPECIAL INSPECTION REPORT 05000266/2006011; 050000301/2006011] POINT BEACH NUCLEAR PLANT, UNITS 1 AND 2

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NOTICE OF VIOLATION

Nuclear Management Company, LLC
Point Beach Nuclear Plant
Units 1 and 2

Docket Nos. 50-266; 50-301
License Nos. DPR-24; DPR-27
EA-06-274

During an NRC inspection conducted from April 1 to October 27, 2006, a violation of NRC requirements was identified. In accordance with the NRC Enforcement Policy, the violation is listed below:

10 CFR 50.71(e), states, in part, that each person licensed to operate a nuclear power reactor shall update periodically, as provided in paragraphs 10 CFR 50.71(e)(3) and (4), the final safety analysis report (FSAR) originally submitted as part of the application for the operating license, to assure that the information included in the FSAR contains the latest material developed. This submittal shall contain all the changes necessary to reflect information and analyses submitted to the Commission by the licensee or prepared by the licensee pursuant to Commission requirement since the submission of the original FSAR or, as appropriate, the last updated FSAR. The updated FSAR shall be revised to include the effects of: all changes made in the facility or procedures as described in the FSAR; all safety evaluations performed by the licensee either in support of requested license amendments or in support of conclusions that changes did not involve an unreviewed safety question; and all analyses of new safety issues performed by or on behalf of the licensee at Commission request. The updated information shall be appropriately located within the FSAR.

10 CFR 50.71(e)(4) further provides that all revisions shall be filed no less frequently than annually and shall reflect all changes up to a maximum of six months prior to the date of filing.

Contrary to the above, on July 18, 1983, the licensee updated the FSAR but did not include all of the latest material developed. Specifically, on November 22, 1982, the predecessor licensee, Wisconsin Electric Power Company, submitted the results of a reactor vessel head drop analysis to the NRC in response to Generic Letter 80-113, “Control Of Heavy Loads,” dated December 20, 1980, and the licensee’s July 18, 1983 FSAR update did not include the 1982 analysis. As a result of the failure to update the FSAR in 1983, an evaluation conducted by the licensee in 2005, pursuant to 10 CFR 50.59 and as part of the Point Beach Unit 2 reactor vessel head replacement project, did not consider the results of the 1982 head drop analysis.

This is a Severity Level III violation (Supplement I).

The NRC has concluded that information regarding the reason for the violation, the corrective actions taken and planned to correct the violation and prevent recurrence and the date when full compliance was achieved is already adequately addressed on the docket in Inspection Report No. 05000266/2006011; 050000301/2006011 (ADAMS Accession No. ML 063250465) and in a December 19, 2006, letter from the Nuclear Management Company, LLC (ADAMS Accession No. ML 063550037). However, you are required to submit a written statement or explanation pursuant to 10 CFR 2.201 if the description therein does not accurately reflect your corrective actions or your position. In that case, or if you choose to respond, clearly mark your

response as a "Reply to a Notice of Violation, EA-06-274," and send it to the U.S. Nuclear Regulatory Commission, ATTN: Document Control Desk, Washington, DC 20555-0001, with a copy to the Regional Administrator and the Enforcement Officer, Region III, and a copy to the NRC Resident Inspector at the Point Beach Nuclear Plant, within 30 days of the date of the letter transmitting this Notice of Violation (Notice).

If you contest this enforcement action, you should also provide a copy of your response, with the basis for your denial, to the Director, Office of Enforcement, U. S. Nuclear Regulatory Commission, Washington, DC 20555-0001.

If you choose to respond, your response will be made available electronically for public inspection in the NRC Public Document Room or from the NRC's document system (ADAMS), accessible from the NRC Web site at http://www.nrc.gov/reading-rm/adams.html. Therefore, to the extent possible, the response should not include any personal privacy, proprietary, or safeguards information so that it can be made available to the Public without redaction.

In accordance with 10 CFR 19.11, you may be required to post this Notice within two working days.

Dated this 29th day of January 2007