March 2, 2007

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

SUBJECT: ANNUAL ASSESSMENT LETTER - POINT BEACH NUCLEAR PLANT (REPORT 05000266/2007001; 05000301/2007001)

Dear Mr. Koehl:

On February 13, 2007, the Nuclear Regulatory Commission (NRC) staff completed its performance review of Point Beach Nuclear Plant (PBNP). Our technical staff reviewed performance indicators (PIs) for the most recent quarter and inspection results for the period from January 1 through December 31, 2006. 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 as "Exempt from Public Disclosure in Accordance with 10 CFR 2.390" and marked as "Official Use Only - Security-Related Information" will include the physical protection review and resultant inspection plan.

Overall, PBNP Units 1 and 2 operated in a manner that preserved public health and safety. While Point Beach met all cornerstone objectives and all inspection findings identified in 2006 and all PIs were of very low safety significance (Green), it remained within the Multiple/Repetitive Degraded Cornerstone Column of the Action Matrix. This was 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. The significance of these issues was first determined in 2003.

As discussed in our letter to you dated November 30, 2006 (ADAMS Accession Number ML063350059), based on results of NRC inspections, including special inspections in 2005 and 2006, and the routine inspections by the resident inspectors and an expanded-scope baseline Component Design Bases Inspection conducted in 2006, the NRC had reasonable assurance of the sustainability of your actions to address the Yellow and Red findings from 2003 and the associated Confirmatory Action Letter (CAL) from 2004. Consequently, the NRC closed the CAL as of November 30, 2006, and would no longer consider the one Yellow

finding and the three Red findings in the NRC's assessment process after the fourth quarter of 2006. Additionally, we informed you that NRC oversight of Point Beach would be reduced to a level consistent with Point Beach's current performance, which as of the first quarter of 2007 is the Licensee Response Column of the NRC's Action Matrix.

During our performance review, we evaluated using the three criteria in Inspection Manual Chapter (IMC) 0305, "Operating Reactor Assessment Program," dated January 25, 2007, whether a substantive cross-cutting issue existed in the area of safety-conscious work environment. We determined that the first criterion was met based on a Confirmatory Order issued on January 3, 2007 (ADAMS Accession Number ML063630336). This Order was issued for a finding by the NRC in August 2006 (ADAMS Accession Number ML070100138) that a senior reactor operator was discriminated against, in part, by Point Beach management for identifying potential technical specifications violations in a corrective action program document. Although this discrimination occurred in late 2004/early 2005, we considered it during the 2006 performance review because the issue was identified to you by the NRC in August 2006 and agreement on the appropriate corrective actions was not reached until a mediation session on October 31, 2006, as part of the NRC's Alternative Dispute Resolution (ADR) process.

We also determined that the second criterion was met. As discussed at the ADR mediation session, the NRC requested that the Nuclear Management Company (NMC) develop action plans to address significant issues identified as needing management attention in the NMC 2004 and 2006 Comprehensive Cultural Assessments at Point Beach. These surveys indicated that, in several departments, the perception of some plant employees of the safety conscious work environment and overall safety culture was notably less favorable than that of most employees. Actions agreed to at the ADR session and included in the Confirmatory Order were intended to address this issue.

We did not determine that the third criterion was met, and consequently, we have not identified a substantive cross-cutting issue in the safety-conscious work environment area. Because of the agreement reached at the October 2006 ADR session and documented in the Confirmatory Order, the NRC does not have a concern with the scope of your efforts in addressing both the specific discrimination issue and the less than favorable results of the culture surveys. During the 2007 assessment period, the NRC will review the progress of your efforts to address these issues and a determination will be made whether additional action by the NRC is warranted.

During our performance review, we also considered a non-Significance Determination Process Severity Level III violation issued on January 29, 2007, (ADAMS Accession Number ML070290711). This violation, which was identified during an inspection that was completed on October 27, 2006 (Inspection Report 05000266/2006011; 05000301/2006011, ADAMS Accession Number ML063250465), concerned the failure in 1983 to incorporate the results of a 1982 reactor head drop analysis into the Point Beach Final Safety Analysis Report. We concluded that this violation was not indicative of current Point Beach performance.

In accordance with IMC 0305, your plant will be discussed at the upcoming Agency Action Review Meeting. We will notify you via separate correspondence if any agency actions change as an outcome of the meeting.

This letter advises you of our planned inspection effort resulting from the PBNP end-of-cycle review. The enclosed inspection plan details the inspections, less those related to physical protection, scheduled through June 30, 2008. The inspection plan is provided 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 mid-cycle review meeting. In addition, we have not listed any non-baseline Inspection Procedure 95003 followup inspections, as discussed in Section 06.05.b.4 of IMC 0305. However, we intend to conduct a limited scope non-baseline followup inspection later in this calendar year. We will coordinate the scheduling of this activity with you through separate correspondence.

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 (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 this inspection plan, we will contact you to discuss the change as soon as possible. Please contact Mr. Patrick Louden 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 Nuclear Plant Inspection/Activity Plan

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/RA/

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County Executive, Manitowoc
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Point Beach
Inspection / Activity Plan
03/01/2007 - 06/30/2008

Unit Number	Inspection Activity	Title	No. of Staff on Site	Planned Dates Start	Planned Dates End	Inspection Type
	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		04/09/2007	04/13/2007	Baseline Inspections
1, 2	IP 7112102	ALARA Planning and Controls		04/09/2007	04/13/2007	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
	71121/22	**- ACCESS CONTROL & MISC EFFLUENTS**	**1**			
1, 2	IP 7112101	Access Control to Radiologically Significant Areas		07/30/2007	08/03/2007	Baseline Inspections
1, 2	IP 7112201	Radioactive Gaseous and Liquid Effluent Treatment and Monitoring Systems		07/30/2007	08/03/2007	Baseline Inspections
1, 2	IP 71151	Performance Indicator Verification		07/30/2007	08/03/2007	Baseline Inspections
	7112202	**- RADWASTE AND TRANSPORTATION**	**1**			
1, 2	IP 7112202	Radioactive Material Processing and Transportation		09/24/2007	09/28/2007	Baseline Inspections
1, 2	IP 71151	Performance Indicator Verification		09/24/2007	09/28/2007	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
	MAINRULE	**- MAINTENANCE EFFECTIVENESS INSPECTION**	**1**			
1, 2	IP 7111112B	Maintenance Effectiveness		10/29/2007	11/02/2007	Baseline Inspections
	MOD5059	**- MODIFICATIONS/50.59 INSPECTION**	**2**			
1, 2	IP 7111102	Evaluation of Changes, Tests, or Experiments		11/05/2007	11/30/2007	Baseline Inspections
1, 2	IP 7111117B	Permanent Plant Modifications		11/05/2007	11/30/2007	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
	BI	**- RAD INSTUMENTATION**	**1**			
1, 2	IP 7112103	Radiation Monitoring Instrumentation and Protective Equipment		12/10/2007	12/14/2007	Baseline Inspections
1, 2	IP 71151	Performance Indicator Verification		12/10/2007	12/14/2007	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
03/01/2007 - 06/30/2008

Unit Number	Inspection Activity	Title	No. of Staff on Site	Planned Dates Start	Planned Dates End	Inspection Type
	HEATSINK - HEAT SINK INSOECTION		**1**			
1, 2	IP 7111106	Flood Protection Measures		01/07/2008	01/11/2008	Baseline Inspections
	7112201 - RADIOLOGICAL LIQUID AND GAS EFFLUENTS		**1**			
1, 2	IP 7112201	Radioactive Gaseous and Liquid Effluent Treatment and Monitoring Systems		02/11/2008	02/15/2008	Baseline Inspections
1, 2	IP 71151	Performance Indicator Verification		02/11/2008	02/15/2008	Baseline Inspections
	7112102 - OUTAGE ALARA		**1**			
1, 2	IP 7112101	Access Control to Radiologically Significant Areas		04/07/2008	04/11/2008	Baseline Inspections
1, 2	IP 7112102	ALARA Planning and Controls		04/07/2008	04/11/2008	Baseline Inspections
1, 2	IP 71151	Performance Indicator Verification		04/07/2008	04/11/2008	Baseline Inspections
	ISI - ISI & TI-150 INSPECTION		**1**			
2	IP 2515/150	Reactor Pressure Vessel Head and Vessel Head Penetration Nozzles (NRC ORDER EA-03-		04/07/2008	05/02/2008	Safety Issues
2	IP 7111108P	Inservice Inspection Activities - PWR		04/07/2008	05/02/2008	Baseline Inspections
	CDBI - COMPONENT DESIGN BASES INSPECTION		**1**			
1, 2	IP 7111121	Component Design Bases Inspection		06/23/2008	07/25/2008	Baseline Inspections

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