March 3, 2008

Mr. James McCarthy
Site Vice-President
FPL Energy Point Beach, LLC
6610 Nuclear Road
Two Rivers, WI 54241

SUBJECT: ANNUAL ASSESSMENT LETTER - POINT BEACH NUCLEAR PLANT, UNITS 1 AND 2 (05000266/2008001; 05000301/2008001)

Dear Mr. McCarthy:

On February 12, 2008, the NRC staff completed its performance review of Point Beach Nuclear Plant, Units 1 and 2. Our technical staff reviewed performance indicators (PIs) for the most recent quarter and inspection results for the period from January 1 through December 31, 2007. 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 security information. A separate letter designated and marked as "Official Use Only – Security Related Information" will include the Security Cornerstone 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 fully met all cornerstone objectives. Plant performance for the most recent quarter, as well as for the first three quarters of the assessment cycle, was within the Licensee Response column of the NRC's Action Matrix, based on all inspection findings being classified as having very low safety significance (Green) and all PIs indicating performance at a level requiring no additional NRC oversight (Green). Therefore, we plan to conduct reactor oversight process (ROP) baseline inspections at your facility. Although plant performance was within the Licensee Response column, the significance of increased water in the oil of the outboard bearing of the Unit 2 turbine-driven auxiliary feedwater pump turbine is still under review as part of the Significance Determination Process, which, when finalized, may change our assessment of your plant's safety performance.

The staff has continued to identify a substantive cross-cutting issue in the area of human performance. This issue is a continuation of the substantive cross-cutting issue first opened in our Mid-Cycle Assessment letter dated August 31, 2007. At the time of the mid-cycle assessment, you had four findings that were associated with the aspect of not maintaining long-term plant safety (H.2(a)) and six findings that were associated with the aspect of not having complete, accurate, and up-to-date design documentation, procedures, and work packages (H.2(c)). A review of the findings for the current 12-month assessment period indicates that you have not received any additional findings with the aspect of not maintaining long-term plant safety (H.2(a)), for a total in the assessment period of one. Our review also shows that you did have an additional four findings with the same aspect of not having

complete, accurate, and up-to-date design documentation, procedures, and work packages (H.2(c)), for a total in the assessment period of nine. Although you have made progress at reducing the number of findings with an associated aspect of not maintaining long-term plant safety (H.2(a)), additional attention to the aspect of not having complete, accurate, and up-to-date design documentation, procedures, and work packages (H.2(c)) is needed. The NRC has a concern with your scope of efforts and progress in addressing the cross-cutting area performance deficiencies and has concluded that the substantive cross-cutting issue in human performance will remain open. It will remain open until the number of findings with the same cross-cutting aspect is reduced or when the NRC gains confidence in the performance of your corrective action program to evaluate and correct problems. Because this end-of-cycle assessment is the second consecutive assessment letter identifying a substantive cross-cutting issue in the human performance area, we request that you discuss your actions to address this issue at the 2007 end-of-cycle meeting. This meeting will be scheduled at a later date.

In the first quarter of 2006, the NRC closed a longstanding substantive cross-cutting issue in the problem identification and resolution (PI&R) area because you had demonstrated sustainable improvement. In 2005 and 2006, you continued to demonstrate sustainability in this area; however, since January 2007, we have noted a declining trend in the PI&R area. For this assessment period, we identified four findings in the PI&R area with the same aspect of appropriate and timely corrective actions (P.1(d)). Three of the four findings were identified in the last two quarters of the assessment period. Also, we have noted that your January 2007 Self-Assessment and your July 2007 Independent Assessment of the corrective action program both identified that continued improvement was needed with apparent cause evaluation quality and timeliness, and with corrective action timeliness. The number of findings exceeded the threshold of three, specified in NRC Inspection Manual Chapter (IMC) 0305, “Operating Reactor Assessment Program,” dated November 27, 2007, and involved the Initiating Events and Mitigating Systems Cornerstones. Because of the decline in the area of PI&R, the NRC has a concern with your scope of efforts and progress in addressing the cross-cutting area performance deficiencies and has concluded that a substantive cross-cutting issue exists in this area. This substantive cross-cutting issue will remain open until the number of findings with the same cross-cutting aspect is reduced or when the NRC gains confidence in the performance of your corrective action program to evaluate and correct problems.

Additionally, in this assessment period, we evaluated whether a substantive cross-cutting issue existed in the area of safety-conscious work environment (SCWE) using the three criteria in IMC 0305. 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 an apparent violation identified by the NRC in August 2006 (ADAMS Accession Number ML070100138) that involved a reactor operator who was discriminated against. We also determined that the impact on SCWE was not isolated, thus meeting the second criterion. However, based on inspections conducted during this assessment period, we do not have a concern with your scope of efforts or progress in addressing the actions contained in the Confirmatory Order. Therefore, the final criterion was not met and we have determined that a substantive cross-cutting issue does not exist in SCWE. We will continue to assess your implementation of the Confirmatory Order actions in the 2008 assessment period.

On January 29, 2007, the staff issued a Severity Level III Notice of Violation (ADAMS Accession Number ML070290711) for the failure in 1983 to update the Final Safety Analysis Report with the results of an evaluation of a hypothetical drop of the reactor vessel head onto the vessel.

This failure was identified by NRC inspectors in 2005. No civil penalty was issued with this Notice of Violation because the statute of limitations had been exceeded. This violation was closed in the fourth quarter 2007 integrated inspection report.

The enclosed inspection plan details the inspections, including baseline and other infrequently conducted inspections, less those related to security, scheduled through June 30, 2009. 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 nine months of the inspection plan are tentative and may be revised at the mid-cycle review.

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 this inspection plan, we will contact you to discuss the change as soon as possible. Please contact Michael Kunowski at (630) 829-9618 with any questions you may have regarding this letter or the inspection plan.

Sincerely,

/RA/

Cynthia D. Pederson, Director
Division of Reactor Projects

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

Enclosure: Point Beach Inspection/Activity Plan

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See next page

Letter to J. McCarthy from C. Pederson dated March 3, 2008

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cc w/encl: M. Nazar, Senior Vice President and Nuclear
Chief Operating Officer
J. Stall, Senior Vice President and Chief Nuclear Officer
R. Kundalkar, Vice President, Nuclear Technical Services
Licensing Manager, Point Beach Nuclear Plant
M. Ross, Managing Attorney
A. Fernandez, Senior Attorney
K. Duveneck, Town Chairman.Town of Two Creeks
Chairperson, Public Service Commission of Wisconsin
J. Kitsembel, Electric Division
Public Service Commission of Wisconsin
P. Schmidt, State Liaison Officer
Chairman, Manitowoc County Board
County Executive, Manitowoc
Director, Manitowac County Emergency
Management Agency
Chairman, Kewaunee County Board
Mayor of Kewaunee
City Manager, Two Rivers
Director, Kewaunee County Emergency
Management Agency
President, Village of Mishicot
Chairman, Village of Two Creeks
INPO

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Sincerely,

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Cynthia D. Pederson, Director
Division of Reactor Projects

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Letter to J. McCarthy from C. Pederson dated March 3, 2008

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Point Beach
Inspection / Activity Plan
03/01/2008 - 06/30/2009

Inspection Activity	Title	No. of Staff on Site	Planned Dates Start	Planned Dates End	Inspection Type
BI RP	**- RADIATION PROTECTION BASELINE INSPECTION**	**1**			
IP 7112101	Access Control to Radiologically Significant Areas		04/07/2008	04/11/2008	Baseline Inspections
IP 7112102	ALARA Planning and Controls		04/07/2008	04/11/2008	Baseline Inspections
IP 71151-OR01	Occupational Exposure Control Effectiveness		04/07/2008	04/11/2008	Baseline Inspections
2515/166	**- TI 2515/166 PWR SUMP INSPECTION**	**2**			
IP 2515/166	Pressurized Water Reactor Containment Sump Blockage [NRC GENERIC LETTER 2004-02]		04/07/2008	04/18/2008	Safety Issues
BI ENG	**- ENG INSERVICE INSPECTION/ TI-150/TI-172**	**2**			
IP 2515/150	Reactor Pressure Vessel Head and Vessel Head Penetration Nozzles (NRC ORDER EA-03-009)		04/07/2008	05/02/2008	Safety Issues
IP 2515/172	Reactor Coolant System Dissimiliar Metal Butt Welds		04/07/2008	05/02/2008	Generic Safety Inspectio
IP 7111108P	Inservice Inspection Activities - PWR		04/07/2008	05/02/2008	Baseline Inspections
BI ENG	**- COMPONENT DESIGN BASES INSPECTION**	**5**			
IP 7111121	Component Design Bases Inspection		06/23/2008	07/25/2008	Baseline Inspections
BI RP	**- RADIATION PROTECTION BASELINE INSPECTION**	**1**			
IP 7112203	Radiological Environmental Monitoring Program (REMP) And Radioactive Material Control Program		07/07/2008	07/11/2008	Baseline Inspections
IP 71151-PR01	RETS/ODCM Radiological Effluent		07/07/2008	07/11/2008	Baseline Inspections
2515/172	**- TI 2515/172 RCS WELD INSPECTION**	**1**			
IP 2515/172	Reactor Coolant System Dissimiliar Metal Butt Welds		08/25/2008	08/29/2008	Generic Safety Inspectio
BI RP	**- RADIATION PROTECTION BASELINE INSPECTION**	**2**			
IP 7112101	Access Control to Radiologically Significant Areas		09/29/2008	10/03/2008	Baseline Inspections
IP 7112102	ALARA Planning and Controls		09/29/2008	10/03/2008	Baseline Inspections
IP 7112201	Radioactive Gaseous and Liquid Effluent Treatment and Monitoring Systems		09/29/2008	10/03/2008	Baseline Inspections
BI ENG	**- ENGINEERING INSERVICE INSPECTION/TI 172**	**2**			
IP 2515/172	Reactor Coolant System Dissimiliar Metal Butt Welds		10/06/2008	11/07/2008	Generic Safety Inspectio
IP 7111108P	Inservice Inspection Activities - PWR		10/06/2008	11/07/2008	Baseline Inspections
RENEWAL	**- POST-APPROVAL SITE INSP. FOR LR**	**1**			
IP 71003	Post-Approval Site Inspection for License Renewal		10/06/2008	11/07/2008	License Renewal Inspec
BI PI&R	**- BIENNIAL PI&R INSPECTION**	**3**			
IP 71152B	Identification and Resolution of Problems		11/03/2008	11/21/2008	Baseline Inspections
BI EP	**- EP EXERCISE INSPECTION / PI VERIFICATION**	**3**			
IP 7111401	Exercise Evaluation		12/08/2008	12/12/2008	EP Baseline Inspection
IP 71151-EP01	Drill/Exercise Performance		12/08/2008	12/12/2008	Baseline Inspections
IP 71151-EP02	ERO Drill Participation		12/08/2008	12/12/2008	Baseline Inspections
IP 71151-EP03	Alert & Notification System		12/08/2008	12/12/2008	Baseline Inspections
2515/171	**- TI 2515/171 B5B PHASE 2 AND 3**	**2**			
IP 2515/171	VERIFICATION OF SITE SPECIFIC IMPLEMENTATION OF B.5.B PHASE 2 & 3 MITIGATING STRATEGIES		12/15/2008	12/19/2008	Generic Safety Inspectio

Point Beach

Inspection / Activity Plan

03/01/2008 - 06/30/2009

Inspection Activity	Title	No. of Staff on Site	Planned Dates Start	Planned Dates End	Inspection Type
BI RP - RADIATION PROTECTION BASELINE INSPECTION		**1**			
IP 7112103	Radiation Monitoring Instrumentation and Protective Equipment		01/12/2009	01/16/2009	Baseline Inspections
BI ENG - TRIENNIAL HEAT SINK INSPECTION		**1**			
IP 7111107B	Heat Sink Performance		02/23/2009	02/27/2009	Baseline Inspections
BI PI&R - BIENNIAL PI&R INSPECTION		**4**			
IP 71152B	Identification and Resolution of Problems		03/09/2009	03/27/2009	Baseline Inspections
BI RP - RADIATION PROTECTION BASELINE INSPECTION		**1**			
IP 7112101	Access Control to Radiologically Significant Areas		04/06/2009	04/10/2009	Baseline Inspections
IP 7112102	ALARA Planning and Controls		04/06/2009	04/10/2009	Baseline Inspections
IP 71151-OR01	Occupational Exposure Control Effectiveness		04/06/2009	04/10/2009	Baseline Inspections
OL EXAM - OPERATOR LICENSING EXAM		**3**			
W90209	OL - INITIAL EXAM - MAY 2009 - POIN		04/13/2009	04/17/2009	Not Applicable
W90209	OL - INITIAL EXAM - MAY 2009 - POIN		05/04/2009	05/15/2009	Not Applicable
TI - TEMPORARY INSTRUCTION 2515/172		**1**			
IP 2515/172	Reactor Coolant System Dissimiliar Metal Butt Welds		05/25/2009	05/29/2009	Generic Safety Inspecti