

March 2, 2005

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 05000266/200501; 05000301/200501)

Dear Mr. Koehl:

On February 8, 2005, the NRC staff completed its end-of-cycle plant performance assessment of Point Beach Nuclear Plant. The end-of-cycle review for Point Beach involved the participation of all reactor technical divisions in evaluating performance indicators (PIs) for the most recent quarter and inspection results for the period from January 1 through December 31, 2004. 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 so that you will have an opportunity to prepare for these inspections and to inform us of any planned inspections that may conflict with your plant activities.

This performance review and enclosed inspection plan do not include physical protection information. A separate letter designated and marked as "Exempt from Public Disclosure in accordance with 10 CFR 2.390" will include the physical protection review and resultant inspection plan.

Overall, Point Beach operated in a manner that preserved public health and safety. While Point Beach met all cornerstone objectives, it remained within the Multiple/Repetitive Degraded Cornerstone Column of the Action Matrix with longstanding issues or significant degradation in safety performance. Point Beach was placed in this column during the first quarter of 2003. Placement of Point Beach in this column was based on the Red finding for Unit 1 and Unit 2 associated with the auxiliary feedwater and instrument air systems and the Yellow finding for Unit 1 and the Red finding for Unit 2 associated with the potential failure of the auxiliary feedwater pumps because of plugging of recirculation line orifices. Details of these findings were provided in NRC Inspection Reports (IRs) 50-266/01-17(DRS); 50-301/01-17(DRS), dated April 3, 2002, and 50-266/02-15(DRP); 50-301/02-15(DRP), dated April 2, 2003, and in Final Significance Determination letters dated July 12, 2002, and December 11, 2003.

To address these findings and other identified station performance deficiencies, the Nuclear Management Company (the licensee for Point Beach) committed to take specific actions that have been incorporated into a Confirmatory Action Letter (CAL), issued on April 21, 2004. This CAL will remain open until the NRC has concluded that your actions have resulted in

demonstrated improved performance in the five areas listed in the CAL (Human Performance, Engineering Design Control, Engineering/Operations Interface, Emergency Preparedness, and Corrective Action Program).

In addition to our review of station performance during routine NRC inspection activities, Point Beach performance is being evaluated quarterly. Consistent with Inspection Manual Chapter (IMC) 0305, plants in the Multiple/Repetitive Degraded Cornerstone column of the Action Matrix are given consideration at each quarterly performance assessment review for: (1) declaring plant performance to be unacceptable in accordance with the guidance in IMC 0305; (2) transferring to the IMC 0350, "Oversight of Operating Reactor Facilities in a Shutdown Condition with Performance Problems," process; and (3) taking additional regulatory actions, as appropriate. Our assessment results to date have concluded that Point Beach has operated in a manner that preserved the public health and safety. The plant will remain in Column IV of the NRC Action Matrix. The NRC will continue to closely monitor Point Beach performance consistent with the guidance in IMC 0305.

In our 2003 Annual Assessment Letter, dated March 4, 2004, and in our 2004 Mid-Cycle Performance Review Letter, dated August 30, 2004, we advised you of substantive cross-cutting issues in the areas of problem identification and resolution (PI&R) and human performance. For PI&R, this was based on several findings that involved failures to effectively implement corrective actions. For human performance, this was based on findings involving lack of supervisory oversight, maintaining a questioning attitude, personnel self-checking, conservative decision-making, attention-to-detail, and communications. In response to the identified cross-cutting issues, you incorporated corrective actions in specific Action Plan steps in your comprehensive site-wide improvement plan (the Point Beach Excellence Plan). These steps are included in the commitments of the CAL.

Although we have noted improvement in the human performance area during the 3rd and 4th quarters of this assessment period, sustained improvement performance remains to be demonstrated. In addition, in the PI&R area, we continued to identify findings in the 3rd and 4th quarters of the assessment period. Consequently, we have determined that the two substantive cross-cutting issues continue to apply for the 2004 assessment period. We will continue to review your progress in addressing the cross-cutting issues during our baseline and CAL-followup inspections. We request that you discuss your efforts to address the cross-cutting issues at the public end-of-cycle review meeting, scheduled for April 19, 2005. In addition, we would like to discuss these issues during our routine public CAL progress meetings.

Additionally, on March 17, 2004, a Notice of Violation and Civil Penalty of \$60,000 was issued for a Severity Level III violation involving unapproved changes to the Emergency Action Level scheme. As discussed in our 2003 Annual Assessment Letter, dated March 4, 2004, and in our 2004 Mid-Cycle Performance Review Letter, dated August 30, 2004, Point Beach management had stated that immediate corrective actions were taken. These actions have been verified by our inspectors. Implementation of longer-term corrective action to update the scheme to an industry standard will be reviewed during a future inspection.

In accordance with IMC 0305, "Operating Reactor Assessment Program," 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 Point Beach end-of-cycle review. The enclosed plan details the inspections, less those related to physical protection, scheduled through September 30, 2006. The inspection plan is provided to minimize the resource impact on your staff and to allow for scheduling conflicts and personnel availability to be resolved in advance of inspector arrival onsite. Routine resident inspections are not listed due to their ongoing and continuous nature. Please note, that in addition to baseline inspections, inspections will be conducted to ensure the actions committed to in the CAL are completed and station performance is improving. The inspections in the last nine months of the inspection plan are tentative and may be revised at the mid-cycle review meeting.

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). ADAMS is 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 Loudon 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 Inspection/Activity Plan

See Attached Distribution

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James L. Caldwell
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Enclosure: Point Beach Inspection/Activity Plan

See Attached Distribution

***SEE PREVIOUS CONCURRENCES**

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OFFICE	RIII	RIII	RIII	NRR
NAME	JGiessner/cco* (via phone)	MKunowski* (via email)	PLouden*	LRaghavan* (via telecon)
DATE	02/15/05	02/16/05	02/16/05	02/24/05
OFFICE	RIII	RIII	RIII	
NAME	RCaniano for CPederson*	SReynolds*	JCaldwell	
DATE	02/16/05	02/24/05	02/ /05	

OFFICIAL RECORD COPY

cc w/encl: F. Kuester, President and Chief
Executive Officer, We Generation
J. Cowan, Executive Vice President
Chief Nuclear Officer
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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ROPreports@nrc.gov (inspection reports, final SDP letters, any letter with an IR number)

Institute of Nuclear Power Operations (INPO)

Point Beach
Inspection / Activity Plan
03/01/2005 - 09/30/2006

Unit Number	Inspection Activity	Title	No. of Staff on Site	Planned Dates Start	Planned Dates End	Inspection Type
	LRI	- LICENSE RENEWAL INSPECTION - AGING EVAL	5			
1,2	IP 71002	License Renewal Inspection		03/07/2005	04/01/2005	License Renewal Insp
	ISI	- UNIT 2 ISI/RPV HEAD FAB REVIEW	2			
2	IP 71007	Reactor Vessel Head Replacement Inspection		04/04/2005	05/29/2005	Other Routine
2	IP 7111102	Evaluation of Changes, Tests, or Experiments		04/04/2005	05/29/2005	Baseline Inspections
2	IP 7111108P	Inservice Inspection Activities - PWR		04/04/2005	05/29/2005	Baseline Inspections
	IP 71121	- RP OUTAGE ACCESS CTRL/ALARA INSPECTION	1			
1,2	IP 7112101	Access Control to Radiologically Significant Areas		04/11/2005	04/15/2005	Baseline Inspections
1,2	IP 7112102	ALARA Planning and Controls		04/11/2005	04/15/2005	Baseline Inspections
1,2	IP 7112202	Radioactive Material Processing and Transportation		04/11/2005	04/15/2005	Baseline Inspections
	BR5	- CAL--ENGINEERING CLOSEOUT	3			
1,2	IP 95003	Inspection For Repetitive Degraded Cornerstones, Multiple Degraded Cornerstones, Multiple		07/18/2005	08/19/2005	Supplemental Progra
	MAINTEFF	- MAINTENANCE EFFECTIVENESS	1			
1,2	IP 7111112B	Maintenance Effectiveness		09/12/2005	09/16/2005	Baseline Inspections
	71114	- BASELINE EP INSP	1			
1,2	IP 7111402	Alert and Notification System Testing		08/08/2005	08/12/2005	Baseline Inspections
1,2	IP 7111403	Emergency Response Organization Augmentation Testing		08/08/2005	08/12/2005	Baseline Inspections
1,2	IP 7111405	Correction of Emergency Preparedness Weaknesses and Deficiencies		08/08/2005	08/12/2005	Baseline Inspections
1,2	IP 71151	Performance Indicator Verification		08/08/2005	08/12/2005	Baseline Inspections
	71111.11	- LIC OPERATOR REQUAL PROGRAM EVALUATION	2			
1,2	IP 7111111B	Licensed Operator Requalification Program		08/22/2005	08/26/2005	Baseline Inspections
	BR7	- PI&R	4			
1,2	IP 71152B	Identification and Resolution of Problems		09/12/2005	09/30/2005	Baseline Inspections
	DESIGN	- HEAD REPLCMT MODIFICATION INSPECTION	3			
1	IP 71007	Reactor Vessel Head Replacement Inspection		10/03/2005	11/18/2005	Other Routine
1	IP 7111102	Evaluation of Changes, Tests, or Experiments		10/03/2005	11/18/2005	Baseline Inspections
1	IP 7111117B	Permanent Plant Modifications		10/03/2005	11/18/2005	Baseline Inspections
	ISI	- UNIT 1 ISI/RPV HEAD PRESERVICE REVIEW	3			
1	IP 71007	Reactor Vessel Head Replacement Inspection		10/10/2005	11/18/2005	Other Routine
1	IP 7111108P	Inservice Inspection Activities - PWR		10/10/2005	11/18/2005	Baseline Inspections
	FY 2006	- POINT BEACH INIT PREP 10/2005	3			
1	W90127	OL - INITIAL EXAM - POINT BEACH - OCT/NOV 2005		10/17/2005	10/21/2005	Not Applicable
	IP 71121	- OUTAGE ALARA PLUS REMP & TRANSP	3			
1,2	IP 7112101	Access Control to Radiologically Significant Areas		10/17/2005	10/21/2005	Baseline Inspections
1,2	IP 7112102	ALARA Planning and Controls		10/17/2005	10/21/2005	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
03/01/2005 - 09/30/2006

Unit Number	Inspection Activity	Title	No. of Staff on Site	Planned Dates Start	Planned Dates End	Inspection Type
	IP 71121	- OUTAGE ALARA PLUS REMP & TRANSP	3			
1,2	IP 7112202	Radioactive Material Processing and Transportation		10/17/2005	10/21/2005	Baseline Inspections
1,2	IP 7112203	Radiological Environmental Monitoring Program		10/17/2005	10/21/2005	Baseline Inspections
1,2	IP 71151	Performance Indicator Verification		10/17/2005	10/21/2005	Baseline Inspections
	FY 2006	- POINT BEACH INIT EXAM 11/2005	3			
1	W90127	OL - INITIAL EXAM - POINT BEACH - OCT/NOV 2005		11/07/2005	11/18/2005	Not Applicable
	MOD/5059	- MODIFICATIONS/50.59 INSPECTION	3			
1,2	IP 7111102	Evaluation of Changes, Tests, or Experiments		12/05/2005	12/09/2005	Baseline Inspections
1,2	IP 7111117B	Permanent Plant Modifications		12/05/2005	12/09/2005	Baseline Inspections
	HS	- HEAT SINK INSPECTION	1			
1,2	IP 7111107B	Heat Sink Performance		02/06/2006	02/10/2006	Baseline Inspections
	ISFSI	- OPERATION OF AN ISFSI	1			
1,2	IP 60855.1	Operation of an Independent Spent Fuel Storage Installation at Operating Plants		02/01/2006	03/31/2006	Other Routine
	IP 71121	- RP POST OUTAGE ACCESS CTRL & ALARA INSP	1			
1,2	IP 7112101	Access Control to Radiologically Significant Areas		03/20/2006	03/24/2006	Baseline Inspections
1,2	IP 7112102	ALARA Planning and Controls		03/20/2006	03/24/2006	Baseline Inspections
1,2	IP 71151	Performance Indicator Verification		03/20/2006	03/24/2006	Baseline Inspections
	SSDPC	- SSDPC INSPECTION	6			
1	IP 7111121	Safety System Design and Performance Capability		05/08/2006	05/26/2006	Baseline Inspections
	IP 71121	- RP INSTRUMENTATION & PPE INSPECTION	1			
1,2	IP 7112103	Radiation Monitoring Instrumentation and Protective Equipment		06/26/2006	06/30/2006	Baseline Inspections
	IP 71122	- RP LIQ/GAS EFFLUENTS INSPECTION	1			
1,2	IP 7112201	Radioactive Gaseous and Liquid Effluent Treatment and Monitoring Systems		07/31/2006	08/04/2006	Baseline Inspections
1,2	IP 71151	Performance Indicator Verification		07/31/2006	08/04/2006	Baseline Inspections
	ISI	- POINT BEACH UNIT 2 ISI INSPECTION	1			
2	IP 7111108P	Inservice Inspection Activities - PWR		09/18/2006	10/14/2006	Baseline Inspections
	IP 71121	- RP OUTAGE ACCESS CTRL/ALARA INSPECTION	1			
1,2	IP 7112101	Access Control to Radiologically Significant Areas		09/25/2006	09/29/2006	Baseline Inspections
1,2	IP 7112102	ALARA Planning and Controls		09/25/2006	09/29/2006	Baseline Inspections