



**UNITED STATES
NUCLEAR REGULATORY COMMISSION**

REGION III
2443 WARRENVILLE ROAD, SUITE 210
LISLE, IL 60532-4352

March 4, 2009

Mr. Larry Meyer
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 (05000266/2009001; 05000301/2009001)

Dear Mr. Meyer:

On February 11, 2009, 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, 2008. 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 at Point Beach Nuclear Plant, Units 1 and 2, 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. If you submit a license amendment for an extended power uprate for both units in 2009, we will also begin conducting inspections in accordance with Inspection Procedure 71004, "Power Uprate."

In our Mid-Cycle Performance Review letter, dated September 2, 2008 (ADAMS Accession Number ML082460289), we advised you of the continuation of a substantive cross-cutting issue in the area of human performance involving a cross-cutting theme in the aspect of inadequate procedures (H.2(c)), and a second theme in the aspect of non-conservative decision-making (H.1(b)). In this current assessment, we did not identify the continuation of the second theme in the aspect of non-conservative decision-making (H.1(b)). The actions you had taken to address this issue were demonstrated as sustainable as evidenced by no additional findings with this aspect identified in the last two quarters of this assessment period and by a successful Unit 2 refueling outage without incidents related to non-conservative decision-making.

For the first theme in the aspect of inadequate procedures (H.2(c)), we do recognize some progress has been made as a result of your remedial corrective actions but several long-term corrective actions, as discussed in your October 2, 2008, response (ADAMS Accession Number ML082770143) to the Mid-Cycle Performance Review letter, are scheduled for completion in the first half of 2009 and the effectiveness of those actions has not yet been assessed. Further, the

number of findings during the assessment period with an associated cross-cutting aspect of inadequate procedures has only nominally decreased, from eight to seven. The development of causal evaluations and implementation of corrective actions continue to be ineffective in demonstrating sustainable performance in the H.2(c) aspect. Therefore, the NRC has a continuing concern with your scope of efforts and progress in addressing this cross-cutting area and has concluded that the substantive cross-cutting issue in human performance will remain open. It will remain open until the NRC gains confidence in the effectiveness of your actions to address this issue. As part of our continuing review of this issue, we will assess your actions involving this cross-cutting aspect in the biennial Problem Identification and Resolution team inspection that begins on March 9, 2009.

Additionally, in our Mid-Cycle Performance Review letter of September 2, 2008, we advised you of a substantive cross-cutting issue in the area of problem identification and resolution involving a cross-cutting theme in the aspect of appropriate and timely corrective actions (P.1(d)). We again recognize that some progress has been as a result of your remedial corrective actions in this area, but six findings involving this theme were identified during the assessment period and several long-term corrective actions, as discussed in your October 2, 2008, letter, are scheduled for completion in the first half of 2009 and the effectiveness of those actions has not yet been assessed. Therefore, the NRC has a continuing concern with your scope of efforts and progress in addressing this cross-cutting area and has concluded that the substantive cross-cutting issue in problem identification and resolution will remain open. It will remain open until the NRC gains confidence in the effectiveness of your actions to evaluate and correct problems. As with the substantive cross-cutting issue in human performance, we will assess your actions involving this cross-cutting aspect in the upcoming biennial Problem Identification and Resolution team inspection that begins on March 9.

This Annual Assessment letter is the third consecutive assessment letter identifying a substantive cross-cutting issue in the problem identification and resolution area and the fourth consecutive assessment letter identifying a substantive cross-cutting issue in the human performance area. Inspection Manual Chapter (IMC) 0305, "Operating Reactor Assessment Program," dated January 8, 2009, specifies that the NRC would request licensees who have had three consecutive assessment letters identifying the same cross-cutting issue with the same cross-cutting aspect to perform an assessment of safety culture. Because you have already had an independent assessment of safety culture conducted in 2008--in response to Confirmatory Order EA-06-178, dated January 3, 2007 (ADAMS Accession Number ML063630336)--and provided to us an analysis of the assessment results and contemplated corrective actions in a letter dated December 22, 2008 (ADAMS Accession Number ML083660387), we will not be requesting that you conduct the assessment specified in IMC 0305. However, we would like to discuss at a public meeting the progress of your actions taken in response to the survey results and why you believe the actions proposed in your October 2, 2008, letter will be more effective than actions previously undertaken to address these longstanding substantive cross-cuttings issues. We will contact you separately to schedule this meeting.

In addition, because your 2008 survey indicated only nominal improvement in the plant safety culture from similar surveys in 2004 and 2006, we request that by the end of the second quarter of 2009 you have an independent assessment conducted of the effectiveness of the corrective actions taken in response to these three surveys. This assessment should include

consideration of why the planned and completed actions to address the 2008 survey will be more effective than actions taken for the earlier surveys, which to date have produced only nominal improvements. Following completion of this assessment, we plan on conducting Inspection Procedure 92702, "Follow-up on Traditional Enforcement Actions Including Violations, and Alternative Dispute Resolution Confirmatory Orders," as part of our review of the January 2007 Confirmatory Order EA-06-178. At that time, we will also review the results of your independent assessment.

The enclosed inspection plan details the inspections, including baseline and other infrequently conducted inspections, less those related to security, scheduled through June 30, 2010. 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

DISTRIBUTION:
See next page

Letter to L. Meyer from C. Pederson dated March 4, 2009

SUBJECT: ANNUAL ASSESSMENT LETTER - POINT BEACH NUCLEAR PLANT,
UNITS 1 AND 2 (05000266/2009001; 05000301/2009001)

cc w/encl: M. Nazar, Senior Vice President and
Chief Nuclear Officer
J. Stall, Executive Vice President, Nuclear and
Chief Nuclear Officer
A. Khanpour, Vice President, Engineering Support
Licensing Manager, Point Beach Nuclear Plant
M. Warner, Vice President, Nuclear Plant Support
M. Ross, Managing Attorney
A. Fernandez, Senior Attorney
M. Gettler, Vice President, New Nuclear Projects
W. Maher, Licensing Director, New Nuclear Projects
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P. Wells, (Acting) Vice President, Nuclear
Training and Performance Improvement
J. McCarthy, Vice President, Point Beach Recovery
J. Bjorseth, Plant General Manager
R. Hughes, Director, Licensing and Performance Improvement
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, Manitowoc 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
G. Mortensen, INPO

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Cynthia D. Pederson, Director
Division of Reactor Projects

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*See prior concurrence

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OFFICE	RIII		RIII						
NAME	MKunowski:mb*		CPederson						
DATE	02/26/09		02/27/09						

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Letter to L. Meyer from C. Pederson dated March 4, 2009

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UNITS 1 AND 2 (05000266/2009001; 05000301/2009001)

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RidsNrrDorLpl3-1

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**Point Beach
Inspection / Activity Plan
03/01/2009 - 06/30/2010**

Planned Dates		Inspection Activity	Title	No. of Staff on Site
Start	End			
		ISFSI - ISFSI INSPECTION - ON HOLD		2
02/01/2009	05/31/2009	IP 60855.1	Operation of an Independent Spent Fuel Storage Installation at Operating Plants	
		BI PI&R - BIENNIAL PI&R INSPECTION		4
03/09/2009	03/27/2009	IP 71152B	Identification and Resolution of Problems	
		BI RP - RADIATION PROTECTION BASELINE INSPECTION		1
04/06/2009	04/10/2009	IP 7112101	Access Control to Radiologically Significant Areas	
04/06/2009	04/10/2009	IP 7112102	ALARA Planning and Controls	
04/06/2009	04/10/2009	IP 71151-OR01	Occupational Exposure Control Effectiveness	
		FY 09 - POINT BEACH INITIAL PREP - APRIL 2009		3
04/13/2009	04/17/2009	W90209	OL - INITIAL EXAM - MAY 2009 - POIN	
		FY 09 - POINT BEACH INIT EXAM 05/09		3
05/11/2009	05/15/2009	W90209	OL - INITIAL EXAM - MAY 2009 - POIN	
		BI RP - RADIATION PROTECTION BASELINE INSPECTION		1
07/06/2009	07/10/2009	IP 7112202	Radioactive Material Processing and Transportation	
07/06/2009	07/10/2009	IP 71151-BI01	Reactor Coolant System Activity	
		BI OL - BIENNIAL REQUAL. PROGRAM INSPECTION		2
08/31/2009	09/04/2009	IP 7111111B	Licensed Operator Requalification Program	
		BI ENG - INSERVICE INSPECTION & TI-172 REVISION 1		2
10/05/2009	10/30/2009	IP 2515/172	Reactor Coolant System Dissimilar Metal Butt Welds	
10/05/2009	10/30/2009	IP 7111108P	Inservice Inspection Activities - PWR	
		BI RP - RADIATION PROTECTION BASELINE INSPECTION		1
10/26/2009	10/30/2009	IP 7112101	Access Control to Radiologically Significant Areas	
10/26/2009	10/30/2009	IP 7112102	ALARA Planning and Controls	
10/26/2009	10/30/2009	IP 71151-PR01	RETS/ODCM Radiological Effluent	
		BI ENG - ENGINEERING MODIFICATIONS / 50.59 INSP.		3
11/16/2009	12/04/2009	IP 7111117B	Evaluations of Changes, Tests, or Experiments & Permanent Plant Modifications	
		BI EP - EP ROUTINE INSPECTION / PI VERIFICATION		1
12/07/2009	12/11/2009	IP 2515/175	Emergency Response Organization, Drill/Exercise Performance Indicator, Program Review	
12/07/2009	12/11/2009	IP 7111402	Alert and Notification System Testing	
12/07/2009	12/11/2009	IP 7111403	Emergency Response Organization Augmentation Testing	
12/07/2009	12/11/2009	IP 7111405	Correction of Emergency Preparedness Weaknesses and Deficiencies	
12/07/2009	12/11/2009	IP 71151-EP01	Drill/Exercise Performance	
12/07/2009	12/11/2009	IP 71151-EP02	ERO Drill Participation	
12/07/2009	12/11/2009	IP 71151-EP03	Alert & Notification System	

**Point Beach
Inspection / Activity Plan
03/01/2009 - 06/30/2010**

Planned Dates		Inspection Activity	Title	No. of Staff on Site
Start	End			
BI RP - RADIATION PROTECTION BASELINE INSPECTION				
01/11/2010	01/15/2010	IP 7112101	Access Control to Radiologically Significant Areas	1
01/11/2010	01/15/2010	IP 71151-OR01	Occupational Exposure Control Effectiveness	
BI ENG - ENGINEERING INSERVICE INSPECTION				
03/01/2010	04/09/2010	IP 2515/172	Reactor Coolant System Dissimilar Metal Butt Welds	1
03/01/2010	04/09/2010	IP 7111108P	Inservice Inspection Activities - PWR	
RENEWAL - DURING OUTAGE LICENSE RENEWAL 71003				
03/01/2010	03/26/2010	IP 71003	Post-Approval Site Inspection for License Renewal	2
BI RP - RADIATION PROTECTION BASELINE INSPECTION				
03/08/2010	03/12/2010	IP 7112101	Access Control to Radiologically Significant Areas	1
03/08/2010	03/12/2010	IP 7112102	ALARA Planning and Controls	
BI ENG - TRIENNIAL FIRE PROTECTION INSPECTION				
06/07/2010	06/25/2010	IP 7111105T	Fire Protection [Triennial]	3
BI ENG - TRIENNIAL FIRE INS INFO GATHERING TRIP				
05/24/2010	05/28/2010	IP 7111105T	Fire Protection [Triennial]	3
BI ENG - HEAD DROP ANALYSES				
06/28/2010	07/16/2010	IP 7111120	Refueling and Other Outage Activities	1