

March 2, 2007

Mr. T. Palmisano  
Site Vice President  
Prairie Island Nuclear Generating Plant  
Nuclear Management Company, LLC  
1717 Wakonade Drive East  
Welch, MN 55089

SUBJECT: ANNUAL ASSESSMENT LETTER - PRAIRIE ISLAND NUCLEAR GENERATING STATION, UNITS 1 AND 2 (05000282/2007001; 05000306/2007001)

Dear Mr. Palmisano:

On February 14, 2007, the NRC staff completed its performance review of Prairie Island Nuclear Generating 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, 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, Prairie Island Nuclear Generating 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 are indicating performance at a level requiring no additional NRC oversight (Green). Therefore, we plan to conduct reactor oversight process baseline inspections at your facility.

Additionally, on September 28, 2006, the staff issued a Severity Level III Notice of Violation (NOV) in accordance with the NRC's Enforcement Policy. The NOV was for the licensee's failure to provide complete and accurate information regarding the proper crediting of reactivity manipulations for two applicants seeking a license and simulator testing requirements. We will review the station's corrective actions for this NOV during the week of October 15, 2007.

The enclosed inspection plan details the inspections, less those related to physical protection scheduled through June 30, 2008. Significant inspections planned for this year include an Independent Spent Fuel Storage Installation Inspection in June 2007.

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.

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 me at (630) 829-9620 with any questions you may have regarding this letter or the inspection plan.

Sincerely,

**/RA/**

Richard A. Skokowski, Chief  
Branch 3  
Division of Reactor Projects

Docket Nos. 50-282; 50-306  
License Nos. DPR-42; DPR-60

Enclosure: Prairie Island Nuclear Generating Plant Inspection/Activity Plan

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cc w/encl: D. Cooper, Senior Vice President, Group Operations  
M. Sellman, President and Chief Executive Officer  
Regulatory Affairs Manager  
J. Rogoff, Vice President, Counsel & Secretary  
Nuclear Asset Manager  
State Liaison Officer, Minnesota Department of Health  
Tribal Council, Prairie Island Indian Community  
Administrator, Goodhue County Courthouse  
Commissioner, Minnesota Department  
of Commerce  
Manager, Environmental Protection Division  
Office of the Attorney General of Minnesota  
Council Administrator  
President, Prairie Island Tribal Council  
Goodhue County Sheriff  
Director, Pierce County Emergency  
Management Agency  
Chair, Pierce County Board of Commissioners  
Chair, Dakota County Board of Commissioners  
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**Prairie Island**  
**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
	<b>EP BI</b>	<b>- BASELINE EP INSPECTION</b>	<b>1</b>			
1,2	IP 7111402	Alert and Notification System Testing		04/09/2007	04/13/2007	Baseline Inspections
1,2	IP 7111403	Emergency Response Organization Augmentation Testing		04/09/2007	04/13/2007	Baseline Inspections
1,2	IP 7111405	Correction of Emergency Preparedness Weaknesses and Deficiencies		04/09/2007	04/13/2007	Baseline Inspections
1,2	IP 71151-EP01	Drill/Exercise Performance		04/09/2007	04/13/2007	Baseline Inspections
1,2	IP 71151-EP02	ERO Drill Participation		04/09/2007	04/13/2007	Baseline Inspections
1,2	IP 71151-EP03	Alert & Notification System		04/09/2007	04/13/2007	Baseline Inspections
	<b>DESIGN</b>	<b>- CDBI INSPECTION</b>	<b>6</b>			
1,2	IP 7111121	Component Design Bases Inspection		05/21/2007	06/22/2007	Baseline Inspections
	<b>ISFSI</b>	<b>- ISFSI INSPECTIONS</b>	<b>1</b>			
1,2	IP 60855.1	Operation of an Independent Spent Fuel Storage Installation at Operating Plants		06/01/2007	06/30/2007	Other Routine
	<b>71122.03</b>	<b>- REMP AND RAM CONTROL</b>	<b>1</b>			
1,2	IP 7112203	Radiological Environmental Monitoring Program (REMP) And Radioactive Material Control P		06/25/2007	06/29/2007	Baseline Inspections
1,2	IP 71151	Performance Indicator Verification		06/25/2007	06/29/2007	Baseline Inspections
	<b>HEATSINK</b>	<b>- HEAT SINK INSPECTION</b>	<b>1</b>			
1,2	IP 7111107B	Heat Sink Performance		06/25/2007	07/02/2007	Baseline Inspections
	<b>FY 2007</b>	<b>- PRAIRIE ISLAND INIT PREP 07/2007</b>	<b>3</b>			
1	W90165	OL - INITIAL EXAM - PRAIRIE ISLAND - JUL/AUG 2007		07/09/2007	07/13/2007	Not Applicable
	<b>FY 2007</b>	<b>- PRAIRIE ISLAND INIT EXAM 07&amp;08/2007</b>	<b>3</b>			
1	W90165	OL - INITIAL EXAM - PRAIRIE ISLAND - JUL/AUG 2007		07/30/2007	08/10/2007	Not Applicable
	<b>7112101</b>	<b>- ACCESS CONTROL AND ALARA</b>	<b>1</b>			
1,2	IP 7112101	Access Control to Radiologically Significant Areas		09/10/2007	09/14/2007	Baseline Inspections
1,2	IP 7112102	ALARA Planning and Controls		09/10/2007	09/14/2007	Baseline Inspections
	<b>PI&amp;R</b>	<b>- PROBLEM IDENTIFICATION AND RESOLUTION</b>	<b>3</b>			
1,2	IP 71152B	Identification and Resolution of Problems		10/01/2007	10/19/2007	Baseline Inspections
	<b>7111111B</b>	<b>- LIC OPERATOR REQUAL PROGRAM EVALUATION</b>	<b>2</b>			
1,2	IP 7111111B	Licensed Operator Requalification Program		10/15/2007	10/19/2007	Baseline Inspections
	<b>71122.02</b>	<b>- TRANSPORTATION</b>	<b>1</b>			
1,2	IP 7112202	Radioactive Material Processing and Transportation		11/26/2007	11/30/2007	Baseline Inspections
	<b>ISI</b>	<b>- ISI &amp; TI-150 INSPECTION</b>	<b>1</b>			
1	IP 2515/150	Reactor Pressure Vessel Head and Vessel Head Penetration Nozzles (NRC ORDER EA-03-		01/14/2008	02/08/2008	Safety Issues
1	IP 7111108P	Inservice Inspection Activities - PWR		01/14/2008	02/08/2008	Baseline Inspections
	<b>7112101</b>	<b>- ACCESS CONTROL</b>	<b>1</b>			
1,2	IP 7112101	Access Control to Radiologically Significant Areas		01/21/2008	01/25/2008	Baseline Inspections

**Prairie Island**  
**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
<b>MOD/5059 - MODIFICATIONS/50.59 INSPECTION</b>			<b>2</b>			
1,2	IP 7111102	Evaluation of Changes, Tests, or Experiments		05/05/2008	05/23/2008	Baseline Inspections
1,2	IP 7111117B	Permanent Plant Modifications		05/05/2008	05/23/2008	Baseline Inspections
<b>7112201 - RADIOLOGICAL LIQUID AND GAS EFFLUENTS</b>			<b>1</b>			
1,2	IP 7112201	Radioactive Gaseous and Liquid Effluent Treatment and Monitoring Systems		06/23/2008	06/27/2008	Baseline Inspections