

August 31, 2006

Mr. Paul A. Harden  
Site Vice President  
Nuclear Management Company, LLC  
Palisades Nuclear Plant  
27780 Blue Star Memorial Highway  
Covert, MI 49043-9530

SUBJECT: MID-CYCLE PERFORMANCE REVIEW AND INSPECTION PLAN -  
PALISADES NUCLEAR PLANT

Dear Mr. Harden:

On August 7, 2006, the NRC staff completed its performance review of Palisades Nuclear Plant for the first half of the calendar year 2006 assessment cycle. Our technical staff reviewed performance indicators (PIs) for the most recent quarter and inspection results over the previous 12 months. 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 and marked as "Exempt from Public Disclosure in accordance with 10 CFR 2.390" will include the physical protection review and resultant inspection plan.

Plant performance for the most recent quarter was within the Regulatory Response column of the NRC's Action Matrix. This conclusion is based on the fact that the first submittal of Mitigating Systems Performance Index (MSPI) result for High Pressure Safety Injection was White during the second quarter of CY 2006.

We plan to conduct reactor oversight process (ROP) baseline inspections at your facility. Also, based on the one White performance indicator in the mitigating systems cornerstone, we plan to conduct a supplemental inspection using Inspection Procedure 95001, "Inspection for One or Two White Inputs in a Strategic Performance Area."

The enclosed inspection plan details the inspections, less those related to physical protection scheduled through March 31, 2008. We plan on conducting a triennial fire protection inspection, a component design basis inspection, and inspections associated with the potential for containment sump blockage. 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 end-of-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 the inspection plan, we will contact you to discuss the change as soon as possible. Please contact Christine Lipa at 630/829-9619 with any questions you may have regarding this letter or the inspection plan.

Sincerely,

*/RA/*

Mark A. Satorius, Director  
Division of Reactor Projects

Docket No. 50-255  
License No. DPR-20

Enclosure:  
Palisades Inspection Activity Plan

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P. Harden

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Fossil and Hydro Operations  
D. Cooper, Senior Vice President - Group Operations  
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**Palisades**  
**Inspection / Activity Plan**  
**09/01/2006 - 03/31/2008**

Unit Number	Inspection Activity	Title	No. of Staff on Site	Planned Dates Start	Planned Dates End	Inspection Type
	<b>IP 71114 - EP EXERCISE BASELINE</b>		<b>2</b>			
1	IP 7111401	Exercise Evaluation		09/18/2006	09/22/2006	Baseline Inspections
1	IP 71151	Performance Indicator Verification		09/18/2006	09/22/2006	Baseline Inspections
	<b>IP 71121 - RP POST-OUTAGE ACCESS CTRL/ALARA INSP</b>		<b>1</b>			
1	IP 7112102	ALARA Planning and Controls		09/25/2006	09/29/2006	Baseline Inspections
1	IP 71151	Performance Indicator Verification		09/25/2006	09/29/2006	Baseline Inspections
	<b>CDBI - COMPONENT DESIGN BASES INSPECTION</b>		<b>6</b>			
1	IP 7111121	Component Design Bases Inspection		11/13/2006	12/15/2006	Baseline Inspections
	<b>71122.02 - RAM SHIPPING</b>		<b>1</b>			
1	IP 7112202	Radioactive Material Processing and Transportation		11/27/2006	12/01/2006	Baseline Inspections
	<b>71122.01 - RAD EFFLUENTS</b>		<b>1</b>			
1	IP 7112201	Radioactive Gaseous and Liquid Effluent Treatment and Monitoring Systems		01/08/2007	01/12/2007	Baseline Inspections
1	IP 71151	Performance Indicator Verification		01/08/2007	01/12/2007	Baseline Inspections
	<b>EP BI - BASELINE EP INSPECTION</b>		<b>1</b>			
1	IP 7111402	Alert and Notification System Testing		04/23/2007	04/27/2007	Baseline Inspections
1	IP 7111403	Emergency Response Organization Augmentation Testing		04/23/2007	04/27/2007	Baseline Inspections
1	IP 7111405	Correction of Emergency Preparedness Weaknesses and Deficiencies		04/23/2007	04/27/2007	Baseline Inspections
1	IP 71151-EP01	Drill/Exercise Performance		04/23/2007	04/27/2007	Baseline Inspections
1	IP 71151-EP02	ERO Drill Participation		04/23/2007	04/27/2007	Baseline Inspections
1	IP 71151-EP03	Alert & Notification System		04/23/2007	04/27/2007	Baseline Inspections
	<b>FPI - FIRE PROTECTION INSPECTION - TRIENNIAL</b>		<b>3</b>			
1	IP 7111105T	Fire Protection [Triennial]		05/07/2007	05/25/2007	Baseline Inspections
	<b>HEATSINK - HEAT SINK INSPECTION</b>		<b>1</b>			
1	IP 7111107B	Heat Sink Performance		05/14/2007	05/18/2007	Baseline Inspections
	<b>MAINRULE - MAINTENANCE EFFECTIVENESS INSPECTION</b>		<b>1</b>			
1	IP 7111112B	Maintenance Effectiveness		05/14/2007	05/18/2007	Baseline Inspections
	<b>71122.03 - REMP AND RAM CONTROL</b>		<b>1</b>			
1	IP 7112203	Radiological Environmental Monitoring Program (REMP) And Radioactive Material Control P		05/21/2007	05/25/2007	Baseline Inspections
	<b>71121.01 - ACCESS CONTROL</b>		<b>1</b>			
1	IP 7112101	Access Control to Radiologically Significant Areas		07/23/2007	07/27/2007	Baseline Inspections
	<b>ISI - HEAD REPLACEMENT</b>		<b>1</b>			
1	IP 71007	Reactor Vessel Head Replacement Inspection		07/23/2007	08/10/2007	Other Routine
	<b>ISI - HEAD REPLACEMENT</b>		<b>1</b>			
1	IP 71007	Reactor Vessel Head Replacement Inspection		08/06/2007	08/24/2007	Other Routine

This report does not include INPO and OUTAGE activities.  
This report shows only on-site and announced inspection procedures.

**Palisades**  
**Inspection / Activity Plan**  
**09/01/2006 - 03/31/2008**

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	<b>FY 2007 - PALISADES INIT PREP 08/2007</b>		<b>1</b>			
1	W90163	OL - INITIAL EXAM - PALISADES - AUG/SEP 2007		08/20/2007	08/24/2007	Not Applicable
	<b>FY 2007 - PALISADES INIT EXAM 09/2007</b>		<b>2</b>			
1	W90163	OL - INITIAL EXAM - PALISADES - AUG/SEP 2007		09/10/2007	09/14/2007	Not Applicable
	<b>71121.02 - ALARA - OUTAGE</b>		<b>1</b>			
1	IP 7112102	ALARA Planning and Controls		09/10/2007	09/21/2007	Baseline Inspections
	<b>ISI - ISI BASELINE INSPECTION</b>		<b>1</b>			
1	IP 7111108P	Inservice Inspection Activities - PWR		09/10/2007	10/05/2007	Baseline Inspections
	<b>MOD5059 - MODIFICATIONS/50.59 INSPECTION</b>		<b>2</b>			
1	IP 7111102	Evaluation of Changes, Tests, or Experiments		11/26/2007	12/14/2007	Baseline Inspections
1	IP 7111117B	Permanent Plant Modifications		11/26/2007	12/14/2007	Baseline Inspections