

August 30, 2004

Mr. Dennis L. Koehl  
Site-Vice President  
Point Beach Nuclear Plant  
Nuclear Management Company, LLC  
6610 Nuclear Road  
Two Rivers, WI 54241-9516

SUBJECT: MID-CYCLE PERFORMANCE REVIEW AND INSPECTION PLAN -  
POINT BEACH NUCLEAR PLANT (REPORT 50-266/04-01; 50-301/04-01)

Dear Mr. Koehl:

On August 11, 2004, the NRC staff completed its mid-cycle plant performance assessment of the Point Beach Nuclear Plant. The mid-cycle review for Point Beach Nuclear Plant involved the participation of all technical divisions in evaluating performance for the first half of calendar year 2004 assessment cycle. The process included a review of 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 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.

Plant performance for the most recent quarter was within the Multiple/Repetitive Degraded Cornerstone column of the NRC's Action Matrix based on a final Red finding in the mitigating systems cornerstone. While Point Beach met all cornerstone objectives, it remained within the Multiple/Repetitive Degraded cornerstone column of the Action Matrix with 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 AFW 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.

As a result of our evaluations, and to document your committed actions to make sustained improvement, a Confirmatory Action Letter (CAL) was 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, Design Control, Engineering/Operations Interface, Emergency Preparedness and the Corrective Action Program). We will be reviewing your actions to ensure the CAL commitments are met.

In addition to the routine NRC inspection and assessment 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 been operated in a manner that preserved the public health and safety and that 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 Annual Assessment Letter dated March 4, 2004, we advised you of substantive cross-cutting issues in the areas of Problem Identification and Resolution (PI&R), and human performance. These substantive cross-cutting issues were the result of several findings which involved failures to effectively implement corrective actions, and deficiencies in human performance throughout the station. In response to the identified cross-cutting issues, you included in your comprehensive site-wide improvement plan (the Point Beach Excellence Plan) specific Action Plans steps that you planned to take to correct the cross-cutting issue performance deficiencies.

During the first two quarters of this assessment period, the NRC continued to identify findings involving PI&R and human performance deficiencies as a principle or contributing cause. Aspects of human performance deficiencies included lack of supervisory oversight, maintaining a questioning attitude, personnel self-checking, conservative decision-making, attention-to-detail, and communications. Likewise, findings continued to occur which reflected deficiencies in the corrective action program to effectively correct identified problems. Therefore, during the recent mid-cycle assessment we determined that the two substantive cross-cutting issues continued to apply.

We are aware that you are in the process of implementing the Excellence Plan Action Plans to address these concerns and that many of these items are also commitments tied to the CAL. We have included as part of our routinely established public meetings which discuss CAL follow-up actions and accomplishments, discussions on your progress in addressing human performance and corrective action program deficiencies at the station. We will continue to ask you to discuss these areas during future public meeting until effective sustainable corrective actions have been implemented.

Additionally, on March 17, 2004 a Notice of Violation and Proposed Imposition of Civil Penalty (NOVCP) in the amount of \$60,000 was issued for a Severity Level III violation involving changes made to the Emergency Action Level scheme that reduced the effectiveness of the Emergency Plan without requesting and receiving prior NRC approval. On January 16, 2004 you informed us that compliance had been restored.

The enclosed inspection plan details the inspections scheduled through March 31, 2006. The enclosed 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, additional inspections will be conducted to ensure the actions committed to in CAL are completed and improving station performance. The inspections in the last 12 months of the inspection plan are tentative and may be revised at the end-of-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 the 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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*/RA/*

James L. Caldwell  
Regional Administrator

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Enclosure: Point Beach Inspection/Activity Plan

See Attached Distribution

DOCUMENT NAME: G:\Branch TSS\midcycle2004\Midcycle Ltrs\Poi.wpd  
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OFFICE	RIII		RIII		RIII		RIII		
NAME	JGiessner/rj		PLoudon		SReynolds		JCaldwell		
DATE	08/24/04		08/24/04		08/30/04		08/31/04		

**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  
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State Liaison Officer

ADAMS Distribution:

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Project Director, NRR

Project Mgr., NRR

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JLC1

GEG

HBC

RML2

SRI Point Beach

DRPIII

DRSIII

PLB1

JRK1

**Point Beach**  
**Inspection / Activity Plan**  
**09/01/2004 - 03/31/2006**

Unit Number	Inspection Activity	Title	No. of Staff on Site	Planned Dates Start	Planned Dates End	Inspection Type
	<b>LRI</b>	<b>- LICENSE RENEWAL INSPECTION - SCOPING</b>	<b>5</b>			
1, 2	IP 71002	License Renewal Inspection		01/10/2005	01/14/2005	License Renewal Insp
	<b>95003</b>	<b>- EP FOLLOW-UP ON 95003 ISSUES</b>	<b>2</b>			
1, 2	IP 95003	Inspection For Repetitive Degraded Cornerstones, Multiple Degraded Cornerstones, Multiple Yr		08/02/2004	09/24/2004	Supplemental Program
	<b>71152B</b>	<b>- PROBLEM ID &amp; RESOLUTION</b>	<b>7</b>			
1, 2	IP 71152B	Identification and Resolution of Problems		08/30/2004	09/17/2004	Baseline Inspections
	<b>ISFSI</b>	<b>- PREOP TESTING OS ISFSI</b>	<b>1</b>			
1, 2	IP 60854	Preoperational Testing Of An ISFSI		09/01/2004	10/31/2004	Other Routine
	<b>ISFSI</b>	<b>- OPERATION OF ISFSI</b>	<b>1</b>			
1, 2	IP 60855	Operation Of An ISFSI		10/01/2004	11/30/2004	Other Routine
	<b>IP 71121</b>	<b>- RP POST-OUTAGE ALARA &amp; ACCESS CTRL INSP</b>	<b>1</b>			
1, 2	IP 7112101	Access Control to Radiologically Significant Areas		10/18/2004	10/22/2004	Baseline Inspections
1, 2	IP 7112102	ALARA Planning and Controls		10/18/2004	10/22/2004	Baseline Inspections
1, 2	IP 71151	Performance Indicator Verification		10/18/2004	10/22/2004	Baseline Inspections
	<b>FPI</b>	<b>- TRIENNIAL FIRE PROTECTION</b>	<b>3</b>			
1, 2	IP 7111105T	Fire Protection		11/01/2004	11/19/2004	Baseline Inspections
	<b>71114</b>	<b>- BASELINE EP EXERCISE INSP</b>	<b>2</b>			
1, 2	IP 7111401	Exercise Evaluation		12/06/2004	12/10/2004	Baseline Inspections
1, 2	IP 71151	Performance Indicator Verification		12/06/2004	12/10/2004	Baseline Inspections
	<b>IP 71121</b>	<b>- RP INSTRUMENTATION/PROT EQUIP INSP</b>	<b>1</b>			
1, 2	IP 7112103	Radiation Monitoring Instrumentation and Protective Equipment		01/03/2005	01/07/2005	Baseline Inspections
1, 2	IP 71151	Performance Indicator Verification		01/03/2005	01/07/2005	Baseline Inspections
	<b>ISI</b>	<b>- HEAD FAB MODIFICATION INSPECTION</b>	<b>1</b>			
2	IP 71007	Reactor Vessel Head Replacement Inspection		01/24/2005	01/28/2005	Other Routine
2	IP 7111102	Evaluation of Changes, Tests, or Experiments		01/24/2005	01/28/2005	Baseline Inspections
2	IP 7111117B	Permanent Plant Modifications		01/24/2005	01/28/2005	Baseline Inspections
	<b>LRI</b>	<b>- LICENSE RENEWAL INSPECTION - AGING EVAL</b>	<b>5</b>			
1, 2	IP 71002	License Renewal Inspection		03/07/2005	03/25/2005	License Renewal Insp
	<b>ISI</b>	<b>- UNIT 2 ISI/RPV HEAD FAB REVIEW</b>	<b>1</b>			
2	IP 71007	Reactor Vessel Head Replacement Inspection		04/04/2005	05/06/2005	Other Routine
2	IP 7111108P	Inservice Inspection Activities - PWR		04/04/2005	05/06/2005	Baseline Inspections
	<b>IP 71121</b>	<b>- RP OUTAGE ACCESS CTRL/ALARA INSPECTION</b>	<b>1</b>			
1, 2	IP 7112101	Access Control to Radiologically Significant Areas		04/04/2005	04/08/2005	Baseline Inspections
1, 2	IP 7112102	ALARA Planning and Controls		04/04/2005	04/08/2005	Baseline Inspections

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This report shows only on-site and announced inspection procedures.

**Point Beach**  
**Inspection / Activity Plan**  
**09/01/2004 - 03/31/2006**

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				Start	End	
	<b>MAINTEFF - MAINTENANCE EFFECTIVENESS</b>		<b>1</b>			
1, 2	IP 711112B	Maintenance Effectiveness		09/12/2005	09/16/2005	Baseline Inspections
	<b>IP 71122 - RP REMP/RAM CTRL INSPECTION</b>		<b>1</b>			
1, 2	IP 7112203	Radiological Environmental Monitoring Program		08/01/2005	08/05/2005	Baseline Inspections
1, 2	IP 71151	Performance Indicator Verification		08/01/2005	08/05/2005	Baseline Inspections
	<b>71114 - BASELINE EP INSP</b>		<b>1</b>			
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
	<b>71111.11 - LIC OPERATOR REQUAL PROGRAM EVALUATION</b>		<b>2</b>			
1, 2	IP 7111111B	Licensed Operator Requalification Program		08/22/2005	08/26/2005	Baseline Inspections
	<b>BR7 - PI&amp;R</b>		<b>4</b>			
1, 2	IP 71152B	Identification and Resolution of Problems		09/12/2005	09/30/2005	Baseline Inspections
	<b>ISI - HEAD FAB MODIFICATION INSPECTION</b>		<b>1</b>			
1	IP 71007	Reactor Vessel Head Replacement Inspection		09/19/2005	09/23/2005	Other Routine
1	IP 7111102	Evaluation of Changes, Tests, or Experiments		09/19/2005	09/23/2005	Baseline Inspections
1	IP 711117B	Permanent Plant Modifications		09/19/2005	09/23/2005	Baseline Inspections
	<b>ISI - UNIT 1 ISI/RPV HEAD FAB REVIEW</b>		<b>1</b>			
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
	<b>FY 2006 - POINT BEACH INIT PREP 10/2005</b>		<b>3</b>			
1	W90127	OL - INITIAL EXAM - POINT BEACH - OCT/NOV 2005		10/17/2005	10/21/2005	Not Applicable
	<b>IP 71121 - RP OUTAGE ACCESS CTRL/ALARA INSPECTION</b>		<b>1</b>			
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
	<b>FY 2006 - POINT BEACH INIT EXAM 11/2005</b>		<b>3</b>			
1	W90127	OL - INITIAL EXAM - POINT BEACH - OCT/NOV 2005		11/07/2005	11/18/2005	Not Applicable
	<b>MOD/5059 - MODIFICATIONS/50.59 INSPECTION</b>		<b>3</b>			
1, 2	IP 7111102	Evaluation of Changes, Tests, or Experiments		12/05/2005	12/09/2005	Baseline Inspections
1, 2	IP 711117B	Permanent Plant Modifications		12/05/2005	12/09/2005	Baseline Inspections
	<b>IP 71122 - RP RADWASTE &amp; TRANSPORTATION INSP</b>		<b>1</b>			
1, 2	IP 7112202	Radioactive Material Processing and Transportation		12/19/2005	12/23/2005	Baseline Inspections
1, 2	IP 71151	Performance Indicator Verification		12/19/2005	12/23/2005	Baseline Inspections

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**Inspection / Activity Plan**  
**09/01/2004 - 03/31/2006**

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				Start	End	
	<b>IP 71121</b>	<b>- RP POST OUTAGE ACCESS CTRL &amp; ALARA INSP</b>	<b>1</b>			
1, 2	IP 7112101	Access Control to Radiologically Significant Areas		03/06/2006	03/10/2006	Baseline Inspections
1, 2	IP 7112102	ALARA Planning and Controls		03/06/2006	03/10/2006	Baseline Inspections

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