

SAFEGUARDS INFORMATION

March 19, 2004

Mr. Daniel J. Malone
Site Vice President
Palisades Nuclear Plant
Nuclear Management Company, LLC
27780 Blue Star Memorial Highway
Covert, MI 49043-9530

SUBJECT: PALISADES NUCLEAR PLANT
NRC PHYSICAL SECURITY LIMITED BASELINE INSPECTION
REPORT 05000255/2004006(DRS)

Dear Mr. Malone:

On February 27, 2004, the NRC completed an inspection at your Palisades Nuclear Plant. The enclosed report documents the inspection findings which were discussed on February 27, 2004, with you and other members of your staff.

The inspection examined activities conducted under your license as they relate to public health and safety, the common defense and security, and to compliance with the Commission's regulations, orders, and the conditions of your license. The inspectors reviewed selected procedures and records, observed activities, and interviewed personnel.

The material enclosed herewith contains Safeguards Information as defined by 10 CFR 73.21 and its disclosure to unauthorized individuals is prohibited by Section 147 of the Atomic Energy Act of 1954, as amended. Therefore, the material will not be placed in the Public Document Room.

In accordance with 10 CFR 2.390 of the NRC's "Rules of Practice," a copy of this letter, without 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).

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D. Malone

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Should you have any questions concerning this inspection, we will be pleased to discuss them with you.

Sincerely,

/RA/

James R. Creed
Safeguards Program Manager
Division of Reactor Safety

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

Enclosure: Inspection Report 05000255/2004006(DRS);
(SAFEGUARDS INFORMATION)

cc w/encl **(SAFEGUARDS INFORMATION):**

B. Westreich (NSIR/DNS)
E. McNeil (NSIR/DNS/RSS)

cc w/o **(SAFEGUARDS INFORMATION):**

J. Cowan, Executive Vice President
and Chief Nuclear Officer
R. Fenech, Senior Vice President, Nuclear
Fossil and Hydro Operations
D. Cooper, Senior Vice President - Group Operations
Manager, Regulatory Affairs
J. Rogoff, Vice President, Counsel and Secretary
A. Udrys, Esquire, Consumers Energy Company
Director of Nuclear Assets, Consumers Energy Company
Supervisor, Covert Township
Office of the Governor
Michigan Department of Environmental Quality -
Waste and Hazardous Materials Division
Michigan Department of Attorney General

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Waste and Hazardous Materials Division
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