

March 2, 2006

Mr. David A. Christian
Senior Vice President and
Chief Nuclear Officer
Innsbrook Technical Center
5000 Dominion Boulevard
Glen Allen, VA 23060-6711

SUBJECT: ANNUAL ASSESSMENT LETTER - KEWAUNEE POWER STATION
(REPORT 05000305/2006001)

Dear Mr. Christian:

On February 8, 2006, the NRC staff completed its performance review of Kewaunee Power Station. Our technical staff reviewed performance indicators (PIs) for the most recent quarter and inspection results for the period from January 1 through December 31, 2005. 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.

Overall, Kewaunee Power Station operated in a manner that preserved public health and safety and met all cornerstone objectives with moderate degradation in safety performance. Plant performance for the most recent quarter was within the Degraded Cornerstone Column of the NRC's Action Matrix based on one Yellow finding within the Mitigating Systems cornerstone. This Yellow finding involved the failure to provide adequate design control to ensure that Class I equipment was protected against damage from tornado or seismic-induced flooding of the turbine building.

On February 21, 2006, we were notified by your staff that your current reviews of corrective actions for the Yellow finding would be completed in the coming few weeks, which will support an NRC supplemental inspection to review your actions taken. Therefore, we plan to conduct supplemental inspection 95002 beginning on May 1, 2006. This supplemental inspection will also include a review of your actions taken as a result of a White finding associated with the design of the auxiliary feedwater system. You were previously informed of this White finding in a letter dated September 16, 2005.

While plant performance for the most recent quarter is within the Degraded Cornerstone column of the Action Matrix, there was an additional safety significant inspection finding affecting the first three quarters of the assessment cycle. This White finding within the Barrier Integrity cornerstone was associated with the inability to expeditiously close the containment hatch during reactor vessel head replacement activities during the refueling outage in the fall of 2004. A supplemental inspection 95001 was completed in September 2005, and the finding was considered closed as of October 1, 2005.

In our mid-cycle assessment letter dated August 30, 2005, we advised you of a substantive cross-cutting issue in the area of Problem Identification and Resolution (PI&R) involving weaknesses in the corrective action program. The NRC staff continued to identify issues in 2005 that had a common performance theme of ineffective corrective actions to resolve known deficiencies. Since the mid-cycle assessment letter, you submitted a November 14, 2005, revision to your previous March 18, 2005, commitment letter. In your November revision, you committed to take additional actions to improve the overall effectiveness of your corrective actions program. However, the effectiveness of these corrective actions is still indeterminate.

As a result of our inspections, we determined because the Yellow finding associated with the turbine building flooding contained PI&R cross-cutting issue elements and we continued to identify findings in the area of PI&R, the agency still considers corrective actions as an area of concern at Kewaunee Power Station. Because the substantive cross-cutting issue in the area of PI&R was previously identified in more than two consecutive assessment letters, we request that you discuss your actions to address the long-standing substantive PI&R cross-cutting issue at the 2005 end-of-cycle assessment meeting scheduled for March 22, 2006.

The NRC plans to follow-up the substantive PI&R cross-cutting issue during the upcoming supplemental inspection 95002, and by performing the maximum allowable inspection samples in accordance with IP 71152, "Identification and Resolution of Problems," Section 03.02, "Selected Issue Follow-up Inspection."

The enclosed inspection plan details the inspections, less those related to physical protection scheduled through September 30, 2007. In addition, we plan on conducting a Component Design Basis Inspection at your facility in early 2007. This inspection will also focus on the implementation of your corrective action program, along with routine baseline inspection activities. 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 assessment 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, and 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 this inspection plan, we will contact you to discuss the change as soon as possible. Please contact 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 No. 50-305
License No. DPR-43

Enclosure: Kewaunee Power Station Inspection/Activity Plan

cc w/encl: M. Gaffney, Site Vice President
C. Funderburk, Director, Nuclear Licensing
and Operations Support
T. Breene, Manager, Nuclear Licensing
L. Cuoco, Esq., Senior Counsel
D. Zellner, Chairman, Town of Carlton
J. Kitsembel, Public Service Commission of Wisconsin
Mayor of Kewaunee
City Council President
Chair, Manitowoc County Board
County Executive
Chair, Kewaunee County Board
Director, Manitowoc County Emergency
Management Agency
Director, Kewaunee County Emergency
Management Agency
City Manager
Village President
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City Council President
Chair, Manitowoc County Board
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City Manager
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Kewaunee
Inspection / Activity Plan
03/01/2006 - 09/30/2007

Unit Number	Inspection Activity	Title	No. of Staff on Site	Planned Dates Start	Planned Dates End	Inspection Type
	71114	- BASELINE EP INSPECTION	1			
1	IP 7111402	Alert and Notification System Testing		04/17/2006	04/21/2006	Baseline Inspections
1	IP 7111403	Emergency Response Organization Augmentation Testing		04/17/2006	04/21/2006	Baseline Inspections
1	IP 7111405	Correction of Emergency Preparedness Weaknesses and Deficiencies		04/17/2006	04/21/2006	Baseline Inspections
1	IP 71151	Performance Indicator Verification		04/17/2006	04/21/2006	Baseline Inspections
	IP 71122	- GAS AND LIQUID EFFLUENT	2			
1	IP 7112201	Radioactive Gaseous and Liquid Effluent Treatment and Monitoring Systems		04/24/2006	04/28/2006	Baseline Inspections
	95002	- SPECIAL INSPECTION 95002	4			
1	IP 95002	Inspection For One Degraded Cornerstone Or Any Three White Inputs In A Strategic Perform		05/01/2006	05/19/2006	Supplemental Program
	BI	- ACCESS CONTROL	1			
1	IP 7112101	Access Control to Radiologically Significant Areas		07/10/2006	07/14/2006	Baseline Inspections
	HEATSINK	- BIENNIAL HEAT SINK INSPECTION	1			
1	IP 7111107B	Heat Sink Performance		08/07/2006	08/11/2006	Baseline Inspections
	71111.11	- LIC OPERATOR REQUAL PROGRAM EVALUATION	2			
1	IP 7111111B	Licensed Operator Requalification Program		07/24/2006	07/28/2006	Baseline Inspections
	ISI	- INSERVICE INSPECTION	1			
1	IP 7111108P	Inservice Inspection Activities - PWR		09/04/2006	09/29/2006	Baseline Inspections
	BI	- ALARA & ACCESS CONTROL	1			
1	IP 7112102	ALARA Planning and Controls		09/11/2006	09/15/2006	Baseline Inspections
	7112103	- INSTRUMENTATION AND SCBA	1			
1	IP 7112103	Radiation Monitoring Instrumentation and Protective Equipment		10/09/2006	10/13/2006	Baseline Inspections
	MOD5059	- MODIFICATIONS/50.59 INSPECTION	2			
1	IP 7111102	Evaluation of Changes, Tests, or Experiments		10/30/2006	11/17/2006	Baseline Inspections
1	IP 7111117B	Permanent Plant Modifications		10/30/2006	11/17/2006	Baseline Inspections
	7112101	- ACCESS CONTROL & ALARA	1			
1	IP 7112101	Access Control to Radiologically Significant Areas		01/08/2007	01/12/2007	Baseline Inspections
1	IP 7112102	ALARA Planning and Controls		01/08/2007	01/12/2007	Baseline Inspections
	CDBI	- COMPONENT DESIGN BASES INSPECTION	6			
1	IP 7111121	Component Design Bases Inspection		01/29/2007	03/02/2007	Baseline Inspections
	7112202	- RADWASTE AND TRANSPORTATION	1			
1	IP 7112202	Radioactive Material Processing and Transportation		03/05/2007	03/09/2007	Baseline Inspections
	7112203	- REMP	1			
1	IP 7112203	Radiological Environmental Monitoring Program (REMP) And Radioactive Material Control P		06/25/2007	06/29/2007	Baseline Inspections
	MAINRULE	- MAINTENANCE EFFECTIVENESS INSPECTION	1			
1	IP 7111112B	Maintenance Effectiveness		07/16/2007	07/20/2007	Baseline Inspections

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

Kewaunee
Inspection / Activity Plan
03/01/2006 - 09/30/2007

Unit Number	Inspection Activity	Title	No. of Staff on Site	Planned Dates Start	Planned Dates End	Inspection Type
	FY 2007 - KEWAUNEE INIT PREP 09/2007		3			
1	W90162	OL - INITIAL EXAM - KEWAUNEE - SEP/OCT 2007		09/10/2007	09/14/2007	Not Applicable
	7112102 - ACCESS CONTROL & ALARA		1			
1	IP 7112101	Access Control to Radiologically Significant Areas		09/17/2007	09/21/2007	Baseline Inspections
1	IP 7112102	ALARA Planning and Controls		09/17/2007	09/21/2007	Baseline Inspections