

March 31, 2000

Mr. Thomas J. Palmisano
Site Vice President and General Manager
Palisades Nuclear Generating Plant
27780 Blue Star Memorial Highway
Covert, MI 49043-9530

SUBJECT: PLANT PERFORMANCE - PALISADES NUCLEAR POWER STATION

Dear Mr. Palmisano:

The purpose of this letter is to communicate our assessment of your performance and to inform you of our planned inspections at your facility. On March 6, 2000, we completed a Plant Performance Review (PPR) of Palisades. We conduct these reviews to develop an integrated overview of the safety performance of each operating nuclear power plant. We use the results of the PPR in planning and allocation of inspection resources and as inputs to our senior management meeting (SMM) process. This PPR evaluated inspection results and safety performance information for the period from February 1, 1999, through January 31, 2000, but emphasized the last 6 months to ensure that our assessment reflected your current performance. Our most recent summary of plant performance at Palisades was provided to you in a letter dated March 26, 1999, and was discussed with you in a public meeting on April 28, 1999.

The NRC has been developing a revised reactor oversight process that will replace our existing inspection and assessment processes, including the PPR, the SMM, and the Systematic Assessment of License Performance (SALP). We recently completed a pilot program for the revised reactor oversight process at nine participating sites and are making necessary adjustments based on feedback and lessons learned. We plan to begin initial implementation of the revised reactor oversight process industry-wide, including your facility, on April 2, 2000.

This PPR reflects continued process improvements as we make the transition into the revised reactor oversight process. You will notice that the following summary of plant performance is organized differently from our previous performance summaries. Instead of characterizing our assessment results by SALP functional area, we are organizing the results into the strategic performance areas embodied in the revised reactor oversight process. In addition, we have considered the historical performance indicator data that you submitted in January 2000 in conjunction with the inspection results in assessing your performance. The results of this PPR were used to establish the inspection plan in accordance with the new risk-informed inspection program (consisting of baseline and supplemental inspections). Although this letter incorporates some terms and concepts associated with the new oversight process, it does not reflect the much broader changes in inspection and assessment that will be evident after we have fully implemented our revised reactor oversight process.

During the last 6 months, Palisades operated at or near full power. One shutdown was made for a refueling outage. We have not identified any significant performance issues during this assessment period in the reactor safety, radiation safety, and safeguards strategic performance areas, and note that Palisades continues to operate in a safe manner. Therefore, we plan to conduct only baseline inspections at your facility as noted in the attached inspection plan.

We did, however, note a concern with your problem identification and resolution program which represents a substantial cross-cutting issue. Specifically, a number of corrective actions were narrowly focused and insufficient to preclude recurring equipment problems and continuing cyclic operator performance. The repetitive equipment problems presented several challenges to your plant staff as well as plant operations. Examples included recurring control rod drive seal housing defects, repeat primary coolant pump oil leaks and degraded shaft seals, and recurring boric acid leaks on safety-related components. We plan to focus on the adequacy of your corrective actions for identified problems during our problem identification and resolution inspection under our baseline inspection program.

Enclosure 1 contains a historical listing of plant issues, referred to as the Plant Issues Matrix (PIM), that were used during this PPR process to arrive at our integrated view of your performance trends. The PIM for this assessment is grouped by the prior SALP functional areas of operations, maintenance, engineering, and plant support, although the future PIM will be organized along the cornerstones of safety as described in the revised reactor oversight process. The attached PIM includes items summarized from inspection reports or other docketed correspondence between the NRC and Consumers Power regarding Palisades. We did not document all aspects of licensee programs and performance that may be functioning appropriately. Rather, we only documented issues that we believe warrant management attention or represent noteworthy aspects of performance. In addition, the PPR may also have considered some predecisional and draft material that does not appear in the attached PIM, including observations from events and inspections that had occurred since our last inspection report was issued, but had not yet received full review and consideration. We will make this material publically available as part of the normal issuance of our inspection reports and other correspondence.

Enclosure 2 lists our planned inspections for the period of April 2000 through March 2001 at Palisades to allow you to resolve scheduling conflicts and personnel availability in advance of our inspector arrival onsite. The inspection schedule for the latter half of the period is more tentative and may be adjusted in the future due to emerging performance issues at Palisades or other Region 3 facilities. Routine resident inspections are not listed due to their ongoing and continuous nature.

T. Palmisano

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We will inform you of any changes to the inspection plan. If you have any questions, please contact me at 630 829-9637.

Sincerely,

/RA/

Michael J. Jordan, Chief
Reactor Projects Branch 3
Division of Reactor Projects

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

- Enclosures:
- 1. Plant Issues Matrix
 - 2. Inspection Plan

See Attached Distribution

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The Honorable Daniel P. Schofield, Jr.
The Honorable Robert Wooley
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