

March 2, 2005

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

SUBJECT: ANNUAL ASSESSMENT LETTER - PALISADES NUCLEAR POWER PLANT
(REPORT 05000255/200501)

Dear Mr. Malone:

On February 8, 2005, the NRC staff completed its end-of-cycle plant performance assessment of the Palisades Nuclear Power Plant. The end-of-cycle review for Palisades involved the participation of the reactor technical divisions in evaluating performance indicators (PIs) for the most recent quarter and inspection results for the period from January 1 through December 31, 2004. 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.

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, the Palisades operated in a manner that preserved public health and safety and fully met all cornerstone objectives. Plant performance for the most recent quarter was within the Licensee Response Column of the NRC's Action Matrix, based on all inspection findings being classified as having very low safety significance (Green) and all PIs indicating performance at a level requiring no additional NRC oversight (Green).

While plant performance for the most recent three quarters was within the licensee response column of the Action Matrix, plant performance for the first quarter (01/01/04 - 03/31/04) was in the Regulatory Response Column of the Action Matrix. This was based on one White inspection finding in the Initiating Events Cornerstone that was identified in the second quarter of 2003. The White inspection finding was closed based upon a satisfactory completion of Inspection Procedure (IP) 95001 Supplemental Inspection, "Inspection For One Or Two White Inputs In A Strategic Performance Area," in March 2004.

The enclosed inspection plan details the inspections, less those related to physical protection, scheduled through September 30, 2006, including inspection of your independent spent fuel storage facility. The specific dates of these inspections will be coordinated with your staff.

The 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. The inspections in the last nine months of the inspection plan are tentative and may be revised at the mid-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 this inspection plan, we will contact you to discuss the change as soon as possible. Please contact Eric Duncan, Chief, Reactor Projects Branch 6 at (630) 829-9628 with any questions you may have regarding this letter or the inspection plan.

Sincerely,

/RA/

Robert M. Lerch, Acting Chief
Reactor Projects Branch 6
Division of Reactor Projects

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

Enclosure: Palisades Inspection/Activity Plan

cc w/encl: 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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Michigan Department of Environmental Quality -
Waste and Hazardous Materials Division
Michigan Department of Attorney General

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Institute of Nuclear Power Operations (INPO)

Palisades
Inspection / Activity Plan
03/01/2005 - 09/30/2006

Unit Number	Inspection Activity	Title	No. of Staff on Site	Planned Dates Start	Planned Dates End	Inspection Type
	IP 71121 - RP ACCESS CTRL/ALARA INSPECTION		1			
1	IP 7112101	Access Control to Radiologically Significant Areas		04/11/2005	04/15/2005	Baseline Inspections
1	IP 7112102	ALARA Planning and Controls		04/11/2005	04/15/2005	Baseline Inspections
1	IP 71151	Performance Indicator Verification		04/11/2005	04/15/2005	Baseline Inspections
	FY 2005 - PALISADES INIT PREP 04/2005		4			
1	W90126	OL - INITIAL EXAM - PALISADES - APR/MAY 2005		04/25/2005	04/29/2005	Not Applicable
	FY 2005 - PALISADES INIT EXAM 05/2005		4			
1	W90126	OL - INITIAL EXAM - PALISADES - APR/MAY 2005		05/23/2005	06/03/2005	Not Applicable
	71114 - BASELINE EP INSPECTION		1			
1	IP 7111402	Alert and Notification System Testing		06/27/2005	07/01/2005	Baseline Inspections
1	IP 7111403	Emergency Response Organization Augmentation Testing		06/27/2005	07/01/2005	Baseline Inspections
1	IP 7111405	Correction of Emergency Preparedness Weaknesses and Deficiencies		06/27/2005	07/01/2005	Baseline Inspections
1	IP 71151	Performance Indicator Verification		06/27/2005	07/01/2005	Baseline Inspections
	MAINT - BIENNIAL MAINTENANCE RULE INSPECTION		1			
1	IP 7111112B	Maintenance Effectiveness		08/29/2005	09/02/2005	Baseline Inspections
	ISFI - OPERATION OF AN ISFSI		1			
1	IP 60855	Operation Of An ISFSI		10/01/2005	12/31/2005	Other Routine
	ROUTINE - EFFLUENTS, REMP, PI VERIFICATION		1			
1	IP 7112101	Access Control to Radiologically Significant Areas		10/31/2005	11/04/2005	Baseline Inspections
1	IP 7112201	Radioactive Gaseous and Liquid Effluent Treatment and Monitoring Systems		10/31/2005	11/04/2005	Baseline Inspections
1	IP 7112203	Radiological Environmental Monitoring Program		10/31/2005	11/04/2005	Baseline Inspections
1	IP 71151	Performance Indicator Verification		10/31/2005	11/04/2005	Baseline Inspections
	HEATSKB - BIENNIAL HEAT SINK INSPECTION		1			
1	IP 7111107B	Heat Sink Performance		11/28/2005	12/02/2005	Baseline Inspections
	PI&R - PROBLEM IDENTIFICATION AND RESOLUTION		3			
1	IP 71152B	Identification and Resolution of Problems		02/20/2006	03/10/2006	Baseline Inspections
	IP 71122 - RADWASTE PROCESSING & TRANSPORTATION		1			
1	IP 7112202	Radioactive Material Processing and Transportation		03/06/2006	03/10/2006	Baseline Inspections
	ISI - PALISADES ISI INSPECTION		1			
1	IP 7111108P	Inservice Inspection Activities - PWR		04/10/2006	04/14/2006	Baseline Inspections
	IP 71121 - RP OUTAGE ACCESS CTRL & ALARA INSP		1			
1	IP 7112101	Access Control to Radiologically Significant Areas		04/10/2006	04/14/2006	Baseline Inspections
1	IP 7112102	ALARA Planning and Controls		04/10/2006	04/14/2006	Baseline Inspections
	MOD/5059 - MODIFICATION/50.59 INSPECTION		2			
1	IP 7111102	Evaluation of Changes, Tests, or Experiments		05/22/2006	06/09/2006	Baseline Inspections

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

Palisades
Inspection / Activity Plan
03/01/2005 - 09/30/2006

Unit Number	Inspection Activity	Title	No. of Staff on Site	Planned Dates Start	Planned Dates End	Inspection Type
	MOD/5059 - MODIFICATION/50.59 INSPECTION		2			
1	IP 7111117B	Permanent Plant Modifications		05/22/2006	06/09/2006	Baseline Inspections
	IP 71121 - RP INSTRUMENTATION & PPE INSP		1			
1	IP 7112103	Radiation Monitoring Instrumentation and Protective Equipment		06/12/2006	06/16/2006	Baseline Inspections
1	IP 71151	Performance Indicator Verification		06/12/2006	06/16/2006	Baseline Inspections
	SSDPC - SAFETY SYSTEM DESIGN AND PERFORMANCE		5			
1	IP 7111121	Safety System Design and Performance Capability		08/28/2006	09/01/2006	Baseline Inspections
	IP 71114 - EP EXERCISE BASELINE		2			
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