

March 2, 2007

Mr. Paul A. Harden
Site Vice President
Nuclear Management Company, LLC
Palisades Nuclear Plant
27780 Blue Star Memorial Highway
Covert, MI 49043-9530

SUBJECT: ANNUAL ASSESSMENT LETTER - PALISADES NUCLEAR PLANT
(REPORT 05000255/2007001)

Dear Mr. Harden:

On February 14, 2007, the Nuclear Regulatory Commission (NRC) staff completed its performance review of the Palisades Nuclear Plant for the calendar year 2006 assessment cycle. Our technical staff reviewed performance indicators (PIs) for the most recent quarter and inspection results for the period from January 1 through December 31, 2006. 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 as "Exempt from Public Disclosure in Accordance with 10 CFR 2.390" and marked as "Official Use Only - Security-Related Information" will include the physical protection review and resultant inspection plan.

Overall, 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). Therefore, we plan to conduct reactor oversight process baseline inspections at your facility.

While plant performance for the most recent quarter was within the Licensee Response column of the Action Matrix, there was a safety significant performance indicator affecting the second quarter of the assessment cycle. Specifically, there was one White PI in the High Pressure Safety Injection Mitigating Systems Performance Index area of the Mitigating Systems Cornerstone that returned to Green after the second quarter of calendar year 2006. Although outside the assessment period, we did complete a supplemental inspection per inspection procedure 95001 in February 2007. The results of that inspection will be issued in a separate report.

The enclosed inspection plan details the inspections, less those related to physical protection, scheduled through June 30, 2008. 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 scheduled within the last 9 months of the inspection plan are tentative and may be revised at the next mid-cycle 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 (ADAMS), 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 Christine Lipa at (630) 829-9619 with any questions you may have regarding this letter or the inspection plan.

Sincerely,

/RA/

Mark A. Satorius, Director
Division of Reactor Projects

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

Enclosure: Palisades Nuclear Plant Inspection/Activity Plan

DISTRIBUTION:
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P. Harden

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Palisades
Inspection / Activity Plan
03/01/2007 - 06/30/2008

Unit Number	Inspection Activity	Title	No. of Staff on Site	Planned Dates Start	Planned Dates End	Inspection Type
	HD REPL	- RPV HEAD REPLACEMENT - HEAD DROP CALC	1			
1	IP 71007	Reactor Vessel Head Replacement Inspection		03/19/2007	04/06/2007	Other Routine
	EP BI	- BASELINE EP INSPECTION	1			
1	IP 7111402	Alert and Notification System Testing		04/23/2007	04/27/2007	Baseline Inspections
1	IP 7111403	Emergency Response Organization Augmentation Testing		04/23/2007	04/27/2007	Baseline Inspections
1	IP 7111405	Correction of Emergency Preparedness Weaknesses and Deficiencies		04/23/2007	04/27/2007	Baseline Inspections
1	IP 71151-EP01	Drill/Exercise Performance		04/23/2007	04/27/2007	Baseline Inspections
1	IP 71151-EP02	ERO Drill Participation		04/23/2007	04/27/2007	Baseline Inspections
1	IP 71151-EP03	Alert & Notification System		04/23/2007	04/27/2007	Baseline Inspections
	FPI	- FIRE PROTECTION INSPECTION - TRIENNIAL	3			
1	IP 7111105T	Fire Protection [Triennial]		05/07/2007	05/25/2007	Baseline Inspections
	71122.03	- REMP AND RAM CONTROL	1			
1	IP 7112203	Radiological Environmental Monitoring Program (REMP) And Radioactive Material Control P		05/21/2007	05/25/2007	Baseline Inspections
	71121.01	- ACCESS CONTROL	1			
1	IP 7112101	Access Control to Radiologically Significant Areas		07/23/2007	07/27/2007	Baseline Inspections
	FY 2007	- PALISADES INIT PREP 08/2007	3			
1	W90163	OL - INITIAL EXAM - PALISADES - AUG/SEP 2007		08/20/2007	08/24/2007	Not Applicable
	FY 2007	- PALISADES INIT EXAM 09/2007	3			
1	W90163	OL - INITIAL EXAM - PALISADES - AUG/SEP 2007		09/10/2007	09/14/2007	Not Applicable
	71121.02	- ALARA - OUTAGE	1			
1	IP 7112102	ALARA Planning and Controls		09/10/2007	09/21/2007	Baseline Inspections
	ISI	- ISI BASELINE INSPECTION	2			
1	IP 7111108P	Inservice Inspection Activities - PWR		09/10/2007	10/05/2007	Baseline Inspections
	HEATSINK	- HEAT SINK INSPECTION	1			
1	IP 7111107B	Heat Sink Performance		10/29/2007	11/02/2007	Baseline Inspections
	7112103	- INSTRUMENTATION	1			
1	IP 7112103	Radiation Monitoring Instrumentation and Protective Equipment		11/13/2007	11/16/2007	Baseline Inspections
	MOD5059	- MODIFICATIONS/50.59 INSPECTION	2			
1	IP 7111102	Evaluation of Changes, Tests, or Experiments		11/26/2007	12/14/2007	Baseline Inspections
1	IP 7111117B	Permanent Plant Modifications		11/26/2007	12/14/2007	Baseline Inspections
	ISFSI	- ISFSI	1			
1	IP 60855.1	Operation of an Independent Spent Fuel Storage Installation at Operating Plants		01/10/2008	02/29/2008	Other Routine
	7112102	- POST OUTAGE ALARA	1			
1	IP 7112102	ALARA Planning and Controls		01/14/2008	01/18/2008	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
03/01/2007 - 06/30/2008

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	711111B	- LICENSED OPERATOR REQUAL PROGRAM INSP	4			
1	IP 711111B	Licensed Operator Requalification Program		02/04/2008	02/08/2008	Baseline Inspections
	CDBI	- COMPONENT DESIGN BASES INSPECTION	1			
1	IP 7111121	Component Design Bases Inspection		01/28/2008	02/29/2008	Baseline Inspections
	PI&R	- PROBLEM ID AND RESOLUTION	3			
1	IP 71152B	Identification and Resolution of Problems		03/31/2008	04/18/2008	Baseline Inspections
	7112202	- TRANSPORTATION	1			
1	IP 7112202	Radioactive Material Processing and Transportation		05/19/2008	05/23/2008	Baseline Inspections
	MAINRULE	- MAINTENANCE EFFECTIVENESS INSPECTION	1			
1	IP 7111112B	Maintenance Effectiveness		06/16/2008	06/20/2008	Baseline Inspections