

August 30, 2005

Mr. Dennis L. Koehl  
Site Vice-President  
Point Beach Nuclear Plant  
Nuclear Management Company, LLC  
6610 Nuclear Road  
Two Rivers, WI 54241-9516

SUBJECT: MID-CYCLE PERFORMANCE REVIEW AND INSPECTION PLAN -  
POINT BEACH NUCLEAR PLANT (REPORT 50-266/05-01; 50-301/05-01)

Dear Mr. Koehl:

On August 9, 2005, the NRC staff completed its performance review of the Point Beach Nuclear Plant for the first half of the calendar year 2005 assessment cycle. Our technical staff reviewed performance indicators (PIs) for the most recent quarter and inspection results over the previous 12 months. 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 "Exempt from Public Disclosure in Accordance with 10 CFR 2.390" will include the physical protection review and resultant inspection plan.

Plant performance for the most recent quarter at Point Beach Nuclear Plant Units 1 and 2 was within the Multiple/Repetitive Degraded Cornerstone column (Column IV) of the NRC's Action Matrix based on a final Red finding in the mitigating systems cornerstone. Point Beach was placed in this column during the first quarter of 2003 as a result of a Red finding for Unit 1 and Unit 2 associated with the auxiliary feedwater and instrument air systems and the Yellow finding for Unit 1 and the Red finding for Unit 2 associated with the potential failure of the auxiliary feedwater pumps because of plugging of recirculation line orifices.

As a result of our evaluations, and to document your committed actions to make sustained improvement, a Confirmatory Action Letter (CAL) was issued on April 21, 2004. This CAL will remain open until the NRC has concluded that your actions have resulted in demonstrated improved performance in the five areas listed in the CAL (Human Performance, Engineering Design Control, Engineering/Operations Interface, Emergency Preparedness, and the Corrective Action Program).

In addition to the routine NRC inspection and assessment activities, Point Beach performance is being evaluated quarterly. Consistent with Inspection Manual Chapter (IMC) 0305, plants in the Multiple/Repetitive Degraded Cornerstone column of the Action Matrix are given consideration at each quarterly performance assessment review for: (1) declaring plant performance to be unacceptable in accordance with the guidance in IMC 0305; (2) transferring to the IMC 0350 "Oversight of Operating Reactor Facilities in a Shutdown Condition with Performance Problems" process; and (3) taking additional regulatory actions, as appropriate. Our assessment results to date have concluded that Point Beach has been operated in a manner that preserved the public health and safety and that the plant will remain in Column IV of the NRC Action Matrix. The NRC will continue to closely monitor Point Beach performance consistent with the guidance in IMC 0305.

In our Annual Assessment Letter dated March 2, 2005, we advised you of substantive cross-cutting issues in the areas of Human Performance and Problem Identification and Resolution (PI&R). These substantive cross-cutting issues were the result of several findings which involved failures to effectively implement corrective actions and deficiencies in human performance throughout the station. In response to the identified cross-cutting issues, you included in your comprehensive site-wide improvement plan (the Point Beach Excellence Plan) specific Action Plan steps that you planned to take to correct the cross-cutting issue performance deficiencies.

Regarding the Human Performance area, we have noted that the number and significance of Human Performance related events have declined in recent quarters. These results have been mainly attributed to the concerted effort NMC has applied toward the Human Performance area. Notwithstanding the recent performance improvements, we will continue to leave the substantive cross-cutting issue in Human Performance open at this time pending further assessment in this area to determine the sustainability of your actions. Likewise, the Human Performance area of regulatory concern in the CAL will continue to remain open.

In the Problem Identification and Resolution area, we continued to identify instances where your corrective action program was not fully implemented in an effective manner. The substantive cross-cutting issue in this area will remain open, as will the corrective action program area within the CAL. We will continue to review the progress and effectiveness of actions that you have taken in this area.

The enclosed inspection plan details the inspections scheduled through March 2007. The enclosed inspection plan is provided to minimize the resource impact on your staff and 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 nine months of the inspection plan are tentative and may be revised at the end-of-cycle review meeting.

D. Koehl

-3-

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 System (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 the inspection plan, we will contact you to discuss the change as soon as possible. Please contact Mr. 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 Nos. 50-266; 50-301  
License Nos. DPR-24; DPR-27

Enclosure: Point Beach Inspection/Activity Plan

See Attached Distribution

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| OFFICE | RIII          |  | RIII     |  | RIII      |  | RIII      |  |
| NAME   | MKunowski:ntp |  | PLouden  |  | MSatorius |  | JCaldwell |  |
| DATE   | 08/16/05      |  | 08/16/05 |  | 08/17/05  |  | 08/18/05  |  |

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Chief Nuclear Officer  
D. Cooper, Senior Vice President, Group Operations  
J. McCarthy, Site Director of Operations  
D. Weaver, Nuclear Asset Manager  
Plant Manager  
Regulatory Affairs Manager  
Training Manager  
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Site Engineering Director  
Emergency Planning Manager  
J. Rogoff, Vice President, Counsel & Secretary  
K. Duvencek, Town Chairman  
Town of Two Creeks  
Chairperson  
Public Service Commission of Wisconsin  
J. Kitsembel, Electric Division  
Public Service Commission of Wisconsin  
State Liaison Officer  
Chairman, Manitowoc County Board  
County Executive, Manitowoc  
Director, Manitowac Emergency  
Management Agency  
Chairman, Kewaunee County Board  
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**Point Beach**  
**Inspection / Activity Plan**  
**09/01/2005 - 03/31/2007**

| Unit Number | Inspection Activity                                      | Title   | No. of Staff on Site | Planned Dates Start | Planned Dates End | Inspection Type      |
|-------------|--|---|----------------------|---------------------|-------------------|----------------------|
|             | <b>MAINTEFF - MAINTENANCE EFFECTIVENESS</b>              |   | <b>1</b>             |                     |                   |                      |
| 1,2         | IP 7111112B  | Maintenance Effectiveness   |                      | 09/12/2005          | 09/16/2005        | Baseline Inspections |
|             | <b>71111.11 - LIC OPERATOR REQUAL PROGRAM EVALUATION</b> |   | <b>2</b>             |                     |                   |                      |
| 1,2         | IP 7111111B  | Licensed Operator Requalification Program   |                      | 08/29/2005          | 09/02/2005        | Baseline Inspections |
|             | <b>BR5 - PI&amp;R</b>                                    |   | <b>6</b>             |                     |                   |                      |
| 1,2         | IP 71152B  | Identification and Resolution of Problems   |                      | 09/12/2005          | 09/30/2005        | Baseline Inspections |
|             | <b>DESIGN - HEAD REPLCMT MODIFICATION INSPECTION</b>     |   | <b>3</b>             |                     |                   |                      |
| 1           | IP 71007   | Reactor Vessel Head Replacement Inspection  |                      | 09/12/2005          | 11/18/2005        | Other Routine        |
| 1           | IP 7111102   | Evaluation of Changes, Tests, or Experiments  |                      | 09/12/2005          | 11/18/2005        | Baseline Inspections |
| 1           | IP 7111117B  | Permanent Plant Modifications   |                      | 09/12/2005          | 11/18/2005        | Baseline Inspections |
|             | <b>ISI - UNIT 1 ISI/RPV HEAD PRESERVICE REVIEW</b>       |   | <b>3</b>             |                     |                   |                      |
| 1           | IP 71007   | Reactor Vessel Head Replacement Inspection  |                      | 10/10/2005          | 11/18/2005        | Other Routine        |
| 1           | IP 7111108P  | Inservice Inspection Activities - PWR   |                      | 10/10/2005          | 11/18/2005        | Baseline Inspections |
|             | <b>FY 2006 - POINT BEACH INIT PREP 10/2005</b>           |   | <b>3</b>             |                     |                   |                      |
| 1           | W90127   | OL - INITIAL EXAM - POINT BEACH - OCT/NOV 2005  |                      | 10/17/2005          | 10/21/2005        | Not Applicable       |
|             | <b>IP 71121 - OUTAGE ALARA PLUS REMP</b>                 |   | <b>3</b>             |                     |                   |                      |
| 1,2         | IP 7112101   | Access Control to Radiologically Significant Areas                                      |                      | 10/17/2005          | 10/21/2005        | Baseline Inspections |
| 1,2         | IP 7112102   | ALARA Planning and Controls   |                      | 10/17/2005          | 10/21/2005        | Baseline Inspections |
| 1,2         | IP 7112203   | Radiological Environmental Monitoring Program (REMP) And Radioactive Material Control P |                      | 10/17/2005          | 10/21/2005        | Baseline Inspections |
| 1,2         | IP 71151   | Performance Indicator Verification  |                      | 10/17/2005          | 10/21/2005        | Baseline Inspections |
|             | <b>FY 2006 - POINT BEACH INIT EXAM 11/2005</b>           |   | <b>3</b>             |                     |                   |                      |
| 1           | W90127   | OL - INITIAL EXAM - POINT BEACH - OCT/NOV 2005  |                      | 11/07/2005          | 11/18/2005        | Not Applicable       |
|             | <b>IP 71122 - RAM SHIPPING</b>                           |   | <b>2</b>             |                     |                   |                      |
| 1,2         | IP 2515/161  | Transportation of Reactor Control Rod Drives in Type A Packages                         |                      | 12/05/2005          | 12/16/2005        | Safety Issues        |
| 1,2         | IP 7112202   | Radioactive Material Processing and Transportation                                      |                      | 12/05/2005          | 12/16/2005        | Baseline Inspections |
|             | <b>MOD/5059 - MODIFICATIONS/50.59 INSPECTION</b>         |   | <b>3</b>             |                     |                   |                      |
| 1,2         | IP 7111102   | Evaluation of Changes, Tests, or Experiments  |                      | 12/12/2005          | 12/16/2005        | Baseline Inspections |
| 1,2         | IP 7111117B  | Permanent Plant Modifications   |                      | 12/12/2005          | 12/16/2005        | Baseline Inspections |
|             | <b>HS - HEAT SINK INSPECTION</b>                         |   | <b>1</b>             |                     |                   |                      |
| 1,2         | IP 7111107B  | Heat Sink Performance   |                      | 02/06/2006          | 02/10/2006        | Baseline Inspections |
|             | <b>ISFSI - OPERATION OF AN ISFSI</b>                     |   | <b>1</b>             |                     |                   |                      |
| 1,2         | IP 60855.1   | Operation of an Independent Spent Fuel Storage Installation at Operating Plants         |                      | 02/01/2006          | 03/31/2006        | Other Routine        |
|             | <b>INSPECTI - ISFSI INSPECTION</b>                       |   | <b>2</b>             |                     |                   |                      |
| 1           | IP 60855.1   | Operation of an Independent Spent Fuel Storage Installation at Operating Plants         |                      | 03/01/2006          | 06/30/2006        | Other Routine        |

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

**Point Beach**  
**Inspection / Activity Plan**  
**09/01/2005 - 03/31/2007**

| Unit Number | Inspection Activity                             | Title   | No. of Staff on Site | Planned Dates Start | Planned Dates End | Inspection Type      |
|-------------|---|---|----------------------|---------------------|-------------------|----------------------|
|             | <b>SSDPC - SSDPC INSPECTION</b>                 |   | <b>5</b>             |                     |                   |                      |
| 1           | IP 7111121                                      | Safety System Design and Performance Capability   |                      | 04/24/2006          | 05/26/2006        | Baseline Inspections |
|             | <b>IP 71122 - GAS AND LIQUID EFFLUENT</b>       |   | <b>2</b>             |                     |                   |                      |
| 1,2         | IP 7112201                                      | Radioactive Gaseous and Liquid Effluent Treatment and Monitoring Systems                |                      | 06/05/2006          | 06/09/2006        | Baseline Inspections |
|             | <b>BI - REMP AND RAD MATERIAL CONTROL</b>       |   | <b>1</b>             |                     |                   |                      |
| 1,2         | IP 7112203                                      | Radiological Environmental Monitoring Program (REMP) And Radioactive Material Control P |                      | 08/07/2006          | 08/11/2006        | Baseline Inspections |
|             | <b>ISI - POINT BEACH UNIT 2 ISI INSPECTION</b>  |   | <b>1</b>             |                     |                   |                      |
| 2           | IP 7111108P                                     | Inservice Inspection Activities - PWR   |                      | 09/18/2006          | 10/14/2006        | Baseline Inspections |
|             | <b>BI - ACCESS CONTROL AND ALARA</b>            |   | <b>1</b>             |                     |                   |                      |
| 1,2         | IP 7112101                                      | Access Control to Radiologically Significant Areas                                      |                      | 09/25/2006          | 09/29/2006        | Baseline Inspections |
| 1,2         | IP 7112102                                      | ALARA Planning and Controls   |                      | 09/25/2006          | 09/29/2006        | Baseline Inspections |
|             | <b>71114 - BIENNIAL EP EXERCISE</b>             |   | <b>1</b>             |                     |                   |                      |
| 1,2         | IP 7111401                                      | Exercise Evaluation   |                      | 12/04/2006          | 12/08/2006        | Baseline Inspections |
| 1,2         | IP 71151  | Performance Indicator Verification  |                      | 12/04/2006          | 12/08/2006        | Baseline Inspections |
|             | <b>BI - RAD MATERIAL TRANSPORT AND PI VERIF</b> |   | <b>1</b>             |                     |                   |                      |
| 1,2         | IP 7112202                                      | Radioactive Material Processing and Transportation                                      |                      | 12/04/2006          | 12/08/2006        | Baseline Inspections |
|             | <b>71121.03 - INSTRUMENTATION</b>               |   | <b>1</b>             |                     |                   |                      |
| 1,2         | IP 7112103                                      | Radiation Monitoring Instrumentation and Protective Equipment                           |                      | 03/12/2007          | 03/16/2007        | Baseline Inspections |