

September 11, 2000

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

SUBJECT: PALISADES - NRC INSPECTION REPORT 50-255/2000015(DRS)

Dear Mr. Palmisano:

On August 24, 2000, the NRC completed the baseline annual inspection of evaluations of changes, tests, or experiments (10 CFR 50.59) at your Palisades Nuclear Power Plant. The results of this inspection were discussed on August 24, 2000, with Ms. J. Ford and other members of your staff.

This inspection was an examination of activities conducted under your license as they relate to changes to facility structures, systems, and components, normal and emergency procedures, and the updated final safety analysis report in accordance with the requirements of 10 CFR 50.59. Within these areas, the inspection consisted of selected examination of procedures and representative records, and interviews with personnel.

There were no findings identified during this inspection.

In accordance with 10 CFR 2.790 of the NRC's "Rules of Practice," a copy of this letter and its enclosure will be 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/NRC/ADAMS/index.html> (the Public Electronic Reading Room).*

Sincerely,

/RA/

John M. Jacobson, Chief
Mechanical Engineering Branch
Division of Reactor Safety

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

Enclosure: Inspection Report 50-255/2000015(DRS)

See Attached Distribution

cc w/encl: R. Fenech, Senior Vice President, Nuclear
Fossil and Hydro Operations
N. Haskell, Director, Licensing and Performance Assessment
R. Whale, Michigan Public Service Commission
Michigan Department of Environmental Quality
Department of Attorney General (MI)
Emergency Management Division, MI Department
of State Police

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DATE	09/05/00	09/11/00	09/05/00		

OFFICIAL RECORD COPY

cc w/encl: R. Fenech, Senior Vice President, Nuclear
Fossil and Hydro Operations
N. Haskell, Director, Licensing and Performance Assessment
R. Whale, Michigan Public Service Commission
Michigan Department of Environmental Quality
Department of Attorney General (MI)
Emergency Management Division, MI Department
of State Police

ADAMS Distribution:

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DFT

DSH (Project Mgr.)

J. Caldwell, RIII

B. Clayton, RIII

SRI Palisades

DRP

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U. S. NUCLEAR REGULATORY COMMISSION

REGION III

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

Report No: 50-255/2000015(DRS)

Licensee: Consumers Energy Company

Facility: Palisades Nuclear Generating Plant

Location: 27780 Blue Star Memorial Highway
Covert, MI 49043-9530

Dates: August 21 through 24, 2000

Inspector: Don Jones, Reactor Engineer

Approved by: John M. Jacobson, Chief
Mechanical Engineering Branch
Division of Reactor Safety

NRC's REVISED REACTOR OVERSIGHT PROCESS

The federal Nuclear Regulatory Commission (NRC) recently revamped its inspection, assessment, and enforcement programs for commercial nuclear power plants. The new process takes into account improvements in the performance of the nuclear industry over the past 25 years and improved approaches of inspecting and assessing safety performance at NRC licensed plants.

The new process monitors licensee performance in three broad areas (called strategic performance areas) reactor safety (avoiding accidents and reducing the consequences of accidents if they occur), radiation safety (protecting plant employees and the public during routine operations), and safeguards (protecting the plant against sabotage or other security threats). The process focuses on licensee performance within each of seven cornerstones of safety in the three areas:

Reactor Safety

- Initiating Events
- Mitigating Systems
- Barrier Integrity
- Emergency Preparedness

Radiation Safety

- Occupational
- Public

Safeguards

- Physical Protection

To monitor these seven cornerstones of safety, the NRC uses two processes that generate information about the safety significance of plant operations: inspections and performance indicators. Inspection findings will be evaluated according to their potential significance for safety, using the Significance Determination Process, and assigned colors of GREEN, WHITE, YELLOW or RED. GREEN findings are indicative of issues that, while they may not be desirable, represent very low safety significance. WHITE findings indicate issues that are of low to moderate safety significance. YELLOW findings are issues that are of substantial safety significance. RED findings represent issues that are of high safety significance with a significant reduction in safety margin.

Performance indicator data will be compared to established criteria for measuring licensee performance in terms of potential safety. Based on prescribed thresholds, the indicators will be classified by color representing varying levels of performance and incremental degradation in safety: GREEN, WHITE, YELLOW, and RED. GREEN indicators represent performance at a level requiring no additional NRC oversight beyond the baseline inspections. WHITE corresponds to performance that may result in increased NRC oversight. YELLOW represents performance that minimally reduces safety margin and requires even more NRC oversight. And RED indicates performance that represents a significant reduction in safety margin but still provides adequate protection to public health and safety.

The assessment process integrates performance indicators and inspection so the agency can reach objective conclusions regarding overall plant performance. The agency will use an Action Matrix to determine in a systematic, predictable manner which regulatory actions should be taken based on a licensee's performance. The NRC's actions in response to the significance (as represented by the color) of issues will be the same for performance indicators as for inspection findings. As a licensee's safety performance degrades, the NRC will take more and increasingly significant action, which can include shutting down a plant, as described in the Action Matrix.

More information can be found at: <http://www.nrc.gov/NRR/OVERSIGHT/index.html>.

SUMMARY OF FINDINGS

IR 50-255/2000015(DRS); Consumers Energy Company; Palisades Nuclear Power Plant; Reactor Safety Specialist report.

This report covers the initial annual baseline inspection on evaluations of changes, tests, or experiments (10 CFR 50.59 screenings and evaluations) and corrective actions relating to 10 CFR 50.59 discrepancies. This was a four day inspection by a Region III specialist engineer. No findings were identified during this inspection.

Report Details

1. REACTOR SAFETY

Cornerstones: Initiating Events, Mitigating Systems and Barrier Integrity

1R02 Evaluations of Changes, Tests or Experiments (Inspection Procedure 71111.02)

.1 Review of 10 CFR 50.59 Evaluations and Screenings for Changes, Tests or Experiments

a. Inspection Scope

The inspector reviewed nine evaluations performed pursuant to 10 CFR 50.59. The evaluations related to permanent plant modifications, setpoint changes, procedure changes, conditions adverse to quality, and changes to the updated final safety analysis report. The inspector confirmed that the evaluations were thorough and that prior NRC approval was obtained as appropriate. The inspector also reviewed 14 screenings where the licensee had determined that a 10 CFR 50.59 evaluation was not necessary. In regard to the changes reviewed where no 10 CFR 50.59 evaluation was performed, the inspector verified that the changes were minor and did not require a 10 CFR 50.59 evaluation. These evaluations and applicability checks were chosen based on risk significance of samples from the different cornerstones.

b. Findings

No findings were identified.

4. OTHER ACTIVITIES

4OA2 Identification and Resolution of Problems

a. Inspection Scope

The inspector reviewed condition reports concerning 10 CFR 50.59 evaluations and screenings to verify that the licensee had an appropriate threshold for identifying issues. The inspector evaluated the effectiveness of the corrective actions for the identified issues.

b. Findings

No findings were identified.

4OA6 Management Meetings

Exit Meeting Summary

The inspector presented the inspection results to Ms. J. Ford, Acting Engineering Director, and other members of licensee management at the exit meeting held on August 24, 2000. The licensee acknowledged the results of the inspection. No proprietary information was identified.

PARTIAL LIST OF PERSONS CONTACTED

Licensee

T. Palmisano, Site Vice-President and General Manager
G. Baustian, Nuclear Engineering Manager
J. Ford, Acting Engineering Director
D. Malone, Licensing Manager
P. Harden, Design Engineering Manager
G. Goralski, Safety & Design Review Supervisor
S. King, Licensing

NRC

R. Krsek, Palisades Resident Inspector

PARTIAL LIST OF DOCUMENTS REVIEWED

The following is a list of licensee documents reviewed during the inspection, including documents prepared by others for the licensee. Inclusion on this list does not imply that NRC inspectors reviewed the documents in their entirety, but rather that selected sections or portions of the documents were evaluated as part of the overall inspection effort.

Procedures

3.03, "Corrective Action Process," Revision 23, 8/2/00
3.04, "Reporting Requirements," Revision 9, 6/29/00
3.07, "Safety Evaluations," Revision 10, 8/18/00
3.12, "FSAR and VSC Licensing Basis Book Control and Maintenance," Revision 9, 12/10/99
9.03, "Facility Change," Revision 17, 10/30/98
10.41, "Procedure Initiation and Revision," Revision 30, 8/9/00

10 CFR 50.59 Evaluations

SDR No. 98-0059, "Replace Diesel Generator MOP With a Digital Reference Unit," 3/20/98
SDR No. 98-1550, "FSAR Section 9.7-Auxiliary Feedwater System," 8/31/98
SDR No. 99-0295, "Install Air Bypass Around High Pressure Air Compressor C-6C Air Dryer — 9C," 3/14/99
SDR No. 99-0630, "Provide Alternate Sources of Power for Selected Circuits Fed by DC Panel D21-1 During Breaker Testing," 5/26/99
SDR No. 99-0646, "Material Change for Service Water Pump Line Shaft," 6/1/99
SDR No. 99-0954, "Installation of Pre-Filter Lube Oil Sample Tap On Diesel Generator 1-1/1-2," 8/31/99
SDR No. 00-0070, "Air Dryers for High Pressure Air System-Replacement of Refrigerant Air Dryer M-9C," 1/24/00
SDR No. 00-0170, "Isolation of the Auxiliary Feedwater (AFW) Pump Turbine Steam Supply From Pressure Control Valve CV-0522A," 3/7/00
SDR No. 00-0840, "Installation of Freeze Seal for HPSI Pump Miniflow Check Valve CK-ES3340 Work," 7/2/00

10 CFR 50.59 Screenings

SDR No. 99-0098, "Removal of High Pressure Air to the Shutdown Cooling Heat Exchanger Inlet and Outlet Valves," 1/25/99

SDR No. 99-0978, "HPSI Loop Isolation MOV's MO-3007, 3009, 3011, 3013 Differential Pressure Test," 8/12/99

SDR No. 99-1017, "Auxiliary Feedwater Low Suction Pressure Switch Calibration," 8/16/99

SDR No. 99-1648, "Battery Sizing for the Palisades Class 1E Station Batteries D01 and D02," 1/20/99

SDR No. 00-0063, "Replacement of Diesel Generator Jacket Water (JW) and Lube Oil (LO) System Temperature Control Valve (TCV) Bonnet Gaskets, and Provision of Suitable General- Use JW/LO System Gasket Material," 1/22/00

SDR No. 00-0118, "Auxiliary Feedwater System-18 Month Test Procedure," 2/31/00

SDR No. 00-0256, "Auxiliary Feedwater System Logic Test," 3/27/00

SDR No. 00-0269, "Service Water Discharge Monitor RIA-0833 Calibration," 3/27/00

SDR No. 00-0290, "ED-01 & ED-02 Battery Checks-Quarterly," 3/21/00

SDR No. 00-0370, "High Pressure Control Air System," 3/29/00

SDR No. 00-0425, "Auxiliary Feedwater Pump P-8B Automatic Start On Low Flow," 4/14/00

SDR No. 00-0450, "Inspection and Troubleshooting of HPSI Subcooling Valve Operators VOP-3070 and VOP-3071," 4/6/00

SDR No. 00-0476, "Auxiliary Feedwater Turbine Maintenance," 4/20/00

SDR No. 00-0515, "Service Water System Inspection and Maintenance Monitoring Program," 4/24/00

Condition Reports

CPAL9800715, "Insufficient Justification for Unreviewed Safety Questions Evaluation," 4/27/98

CPAL9800884, "Improper Use of a TCN (CV-3055)," 5/6/98

CPAL9900857, "Admin Procedure 9.28 for EAR's has an Incomplete Requirement for Performing 50.59 Reviews," 6/9/99

CPAL9901495, "Incorrect Referencing of Superseded EAS," 9/16/99

CPAL 0000584, "TM-00-002 Installed and Removed Without a Full 10CFR50.59 Review," 2/18/00

CPAL0001687, "Potential Post-LOCA Engineering/Safety Evaluation Deficiencies for EARS 98-0174, 98-0351, 98-0610," 5/30/00

Miscellaneous Documents

Palisades Plant 1998 Annual Report of Facility Changes, Tests, and Experiments, 6/29/99

Palisades Plant 1999 Annual Report of Facility Changes, Tests, and Experiments, 6/14/00