

SAFEGUARDS INFORMATION

October 14, 2003

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

SUBJECT: PALISADES NUCLEAR PLANT
NRC SAFEGUARDS INSPECTION OF COMPLIANCE WITH ORDER
INSPECTION REPORT 50-255/03-07

Dear Mr. Cooper:

On August 29, 2003, the NRC completed an inspection at your Palisades Nuclear Generating Plant. The enclosed report documents the inspection findings which were discussed on August 29, 2003, with you and other members of your staff.

The inspection examined activities conducted under your license as they relate to safety and compliance with an Order issued on February 25, 2002, which required your site to implement specific measures related to the security of your facility. The inspection utilized Temporary Instruction 2515/148, "Inspection of Nuclear Reactor Safeguards Interim Compensatory Measures," to verify implementation of the Order as clarified in your responses dated March 18, 2002, and June 11, 2002. Within these areas, the inspection consisted of selected examination of procedures and representative records, observations of activities, and interviews with personnel.

On the basis of the results of this inspection, no findings of significance were identified.

The material enclosed herewith contains Safeguards Information as defined by 10 CFR 73.21 and its disclosure to unauthorized individuals is prohibited by Section 147 of the Atomic Energy Act of 1954, as amended. Therefore, the material will not be placed in the Public Document Room.

In accordance with 10 CFR 2.790 of the NRC's "Rules of Practice," a copy of this letter, without 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).

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D. Malone

Should you have any questions concerning this inspection, we will be pleased to discuss them with you.

Sincerely,

/RA/

James R. Creed
Safeguards Program Manager
Division of Reactor Safety

Docket Nos. 50-255
License Nos. DPR-20

Enclosure: Inspection Report 50-255/03-07(DRS)
(SAFEGUARDS INFORMATION)

cc w/encl

w/ **SAFEGUARDS INFORMATION:**

J. Cowan, Executive Vice President
and Chief Nuclear Officer
R. Fenech, Senior Vice President, Nuclear
Fossil and Hydro Operations
L. Lahti, Manager, Regulatory Affairs
J. Rogoff, Esquire, Nuclear Management Company, LLC
A. Udrys, Esquire, Consumers Energy Company
R. Remus, Plant Manager
P. Harden, Site Director
S. Wawro, Nuclear Asset Director, Consumers Energy Company
B. Westreich (NSIR/DNS)
E. McNeil (NSIR/DNS/RSS)

cc w/encl

w/o **SAFEGUARDS INFORMATION:**

W. Rendell, Supervisor, Covert Township
Office of the Governor
L. Brandon, Michigan Department of Environmental Quality -
Waste and Hazardous Materials Division
Department of Attorney General (MI)

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D. Malone

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Should you have any questions concerning this inspection, we will be pleased to discuss them with you.

Sincerely,

/RA/

James Creed
Safeguards Program Manager
Division of Reactor Safety

Docket Nos. 50-255
License Nos. DPR-20

Enclosure: Inspection Report 50-255/03-007(DRS)
(SAFEGUARDS INFORMATION)

cc w/encl

w/ **SAFEGUARDS INFORMATION:**

- J. Cowan, Executive Vice President
and Chief Nuclear Officer
- R. Fenech, Senior Vice President, Nuclear
Fossil and Hydro Operations
- L. Lahti, Manager, Regulatory Affairs
- J. Rogoff, Esquire, Nuclear Management Company, LLC
- A. Udrys, Esquire, Consumers Energy Company
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U. S. NUCLEAR REGULATORY COMMISSION

REGION III

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

Report No: 50-255/03-07

Licensee: Nuclear Management Company, LLC

Facility: Palisades Nuclear Generating Plant

Location: 27780 Blue Star Memorial Highway
Covert, MI 49043-9539

Dates: August 25 through 29, 2003

Inspectors: J. Belanger, Senior Physical Security Inspector
J. Maynen, Physical Security Inspector
D. Funk, Physical Security Inspector
R. Jickling, Emergency Preparedness Inspector

Approved by: James R. Creed
Safeguards Program Manager
Division of Reactor Safety

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SUMMARY OF FINDINGS

IR 05000255/2003-007(DRS); Nuclear Management Company, LLC; 08/25/03 - 08/29/03; Palisades Nuclear Generating Station. TI 2515/148; Verification of Compliance with Interim Compensatory Measures Order.

The inspection was conducted by three regional physical security inspectors and one regional emergency preparedness inspector.

Cornerstone: Physical Security and Emergency Preparedness

- On February 25, 2002, the NRC imposed by Order, Interim Compensatory Measures to enhance physical security. The inspectors determined that the licensee appropriately incorporated the Interim Compensatory Measures into the site protective strategy and access authorization program; developed and implemented relevant procedures; ensured that the emergency plan could be implemented; and established and effectively coordinated interface agreements with offsite organizations.

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