

May 31, 2001

Mr. John Paul Cowan
Site Vice President
Palisades Nuclear Generating Plant
27780 Blue Star Memorial Highway
Covert, MI 49043-9530

SUBJECT: ANNUAL ASSESSMENT LETTER - PALISADES NUCLEAR PLANT
(REPORT 50-255/01-01)

Dear Mr. Cowan:

On May 2, 2001, the NRC staff completed its End-of-Cycle plant performance assessment of the Palisades Nuclear Generating Plant. The End-of-Cycle review for Palisades involved the participation of all technical divisions in evaluating performance indicators (PIs) for the most recent quarter and inspection results for the period April 1, 2000 to March 31, 2001. 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 which may conflict with your plant activities.

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 only baseline inspections at your facility through May 31, 2002.

While plant performance for the most recent quarter was within the Licensee Response Column of the Action Matrix, the unplanned power changes per 7,000 hours PI was White in the 3rd Quarter 2000. Therefore, Palisades was in the Regulatory Response Column of the Action Matrix during the third quarter of the assessment cycle. The PI returned to Green in the 4th Quarter 2000. A supplemental inspection (NRC Inspection Report 50-255/01-03(DRP)) was conducted and concluded that you performed an adequate evaluation, that the root and contributing causes were understood, and reasonable corrective actions were planned or completed to prevent recurrence of the problems.

The enclosure details the scheduled inspections that will occur through May 31, 2002. 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.

For your information, the NRC is in the process of aligning the inspection and assessment cycle with the calendar year. In order to transition to a calendar year cycle (January 1 - December 31), the next inspection and assessment cycle will consist of only three quarters (i.e., the second, third and fourth calendar quarters of CY 2001). As a result, a quarterly review will be conducted for the third calendar quarter (July 1 - September 30) in lieu of a mid-cycle review. The impact on the inspection plan, which is included as an enclosure, is minimal. Activities planned for the transition cycle represent only 60-80 percent of those activities that would be accomplished during a typical 12-month inspection and assessment cycle.

In accordance with 10 CFR 2.790 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/NRC/ADAMS/index.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 me at (630) 829-9620 with any questions you may have regarding this letter or the inspection plan.

Sincerely,

/RA/

Anton Vegel, Chief
Branch 6
Division of Reactor Projects

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

Enclosure: Palisades Inspection/Activity Plan

cc w/encl: R. Fenech, Senior Vice President, Nuclear
Fossil and Hydro Operations
N. Haskell, Director, Licensing and Performance Assessment
R. Anderson, Chief Nuclear Officer, NMC
A. Udrys, Esquire, Consumers Energy Company
S. Wawro, Nuclear Asset Director, Consumers Energy Company
W. Rendell, Supervisor, Covert Township
Office of the Governor
Michigan Department of Environmental Quality
Department of Attorney General (MI)

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Palisades
Inspection / Activity Plan
06/01/2001 - 05/31/2002

Unit Number	Inspection Activity	Title	No. of Staff on Site	Planned Dates Start	Planned Dates End	Inspection Type
	RI INSP - ADVERSE WEATHER PROTECTION (RI)		1			
1	IP 7111101	Adverse Weather Protection		05/20/2001	06/30/2001	Baseline Inspections
	IP 71114 - ROUTINE EP BASELINE INSP		1			
1	IP 7111402	Alert and Notification System Testing		06/18/2001	06/22/2001	Baseline Inspections
1	IP 7111403	Emergency Response Organization Augmentation Testing		06/18/2001	06/22/2001	Baseline Inspections
1	IP 7111405	Correction of Emergency Preparedness Weaknesses and Deficiencies		06/18/2001	06/22/2001	Baseline Inspections
1	IP 711151	Performance Indicator Verification		06/18/2001	06/22/2001	Baseline Inspections
	IP 71122 - LIQ/GAS RAD EFFLUENTS		1			
1	IP 7112101	Access Control to Radiologically Significant Areas		06/25/2001	06/29/2001	Baseline Inspections
1	IP 7112201	Radioactive Gaseous and Liquid Effluent Treatment and Monitoring Systems		06/25/2001	06/29/2001	Baseline Inspections
1	IP 711151	Performance Indicator Verification		06/25/2001	06/29/2001	Baseline Inspections
	71130 - SAFEGUARDS INSPECTION-AA/AC/PI/SP		1			
1	IP 7113001	Access Authorization Program (Behavior Observation Only)		07/08/2001	07/12/2001	Baseline Inspections
1	IP 7113002	Access Control (Search of Personnel, Packages, and Vehicles: Identification and Authorizator		07/08/2001	07/12/2001	Baseline Inspections
1	IP 711151	Performance Indicator Verification		07/08/2001	07/12/2001	Baseline Inspections
	FPI - TRIENNIAL FIRE PROTECTION		4			
1	IP 7111105T	Fire Protection		07/09/2001	07/27/2001	Baseline Inspections
	IP 71122 - REMP & UNCONDITIONAL RELEASE INSP		1			
1	IP 7112101	Access Control to Radiologically Significant Areas		08/27/2001	08/31/2001	Baseline Inspections
1	IP 7112203	Radiological Environmental Monitoring Program		08/27/2001	08/31/2001	Baseline Inspections
1	IP 711151	Performance Indicator Verification		08/27/2001	08/31/2001	Baseline Inspections
	MOD/50.5 - BIENNIAL PLANT MODS AND ANNUAL 50.59		3			
1	IP 7111102	Evaluation of Changes, Tests, or Experiments		08/27/2001	08/31/2001	Baseline Inspections
1	IP 7111117B	Permanent Plant Modifications		08/27/2001	08/31/2001	Baseline Inspections
	PI&R - PROBLEM IDENTIFICATION AND RESOLUTION		3			
1	IP 711152	Identification and Resolution of Problems		09/17/2001	09/28/2001	Baseline Inspections
	RI INSP - FLOOD PROTECTION MEASURES (RI)		1			
1	IP 7111106	Flood Protection Measures		10/01/2001	11/10/2001	Baseline Inspections
	RI INSP - ADVERSE WEATHER PROTECTION (RI)		1			
1	IP 7111101	Adverse Weather Protection		11/11/2001	12/29/2001	Baseline Inspections
	MR - BIENNIAL MAINTENANCE RULE		1			
1	IP 7111112B	Maintenance Rule Implementation		11/12/2001	11/16/2001	Baseline Inspections
	FY 2002 - PALISADES INIT PREP 11/2001		3			
1	W90034	OL - INITIAL EXAM - PALISADES - 2001		11/26/2001	11/30/2001	Not Applicable

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

Palisades
Inspection / Activity Plan
06/01/2001 - 05/31/2002

Unit Number	Inspection Activity	Title	No. of Staff on Site	Planned Dates		Inspection Type
				Start	End	
	IP 71121	- RP ACCESS CTRL & INSTRUMENTATION INSP	1			
1	IP 7112101	Access Control to Radiologically Significant Areas		11/26/2001	11/30/2001	Baseline Inspections
1	IP 7112103	Radiation Monitoring Instrumentation		11/26/2001	11/30/2001	Baseline Inspections
	HTSINK B	- BIENNIAL HEAT SINK	1			
1	IP 7111107B	Heat Sink Performance		12/10/2001	12/14/2001	Baseline Inspections
	FY 2002	- PALISADES INIT EXAM 12/2001	3			
1	W90034	OL - INITIAL EXAM - PALISADES - 2001		12/17/2001	12/21/2001	Not Applicable
	IP 71122	- RAM PROCESSING/SHIPPING INSPECTION	1			
1	IP 7112202	Radioactive Material Processing and Transportation		01/28/2002	02/01/2002	Baseline Inspections
	71111.11	- LIC OPERATOR REQUAL PROGRAM EVALUATION	2			
1	IP 7111111B	Licensed Operator Requalification		03/04/2002	03/08/2002	Baseline Inspections
	IP 71121	- RP ACCESS CONTROLS & ALARA INSPECTION	1			
1	IP 7112101	Access Control to Radiologically Significant Areas		03/18/2002	03/22/2002	Baseline Inspections
1	IP 7112102	ALARA Planning and Controls		03/18/2002	03/22/2002	Baseline Inspections
	SSDI	- SAFETY SYSTEM DESIGN INSPECTION	6			
1	IP 7111121	Safety System Design and Performance Capability		04/29/2002	05/17/2002	Baseline Inspections