

March 2, 2006

Mr. Dennis L. Koehl
Site Vice President
Point Beach Nuclear Plant
Nuclear Management Company, LLC
6590 Nuclear Road
Two Rivers, WI 54241-9516

SUBJECT: ANNUAL ASSESSMENT LETTER - POINT BEACH NUCLEAR PLANT
(REPORT 05000266/2006001; 05000301/2006001)

Dear Mr. Koehl:

On February 13, 2006, the NRC staff completed its performance review of Point Beach Nuclear Plant (PBNP). Our technical staff reviewed performance indicators for the most recent quarter and inspection results for the period from January 1 through December 31, 2005. 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 as "Exempt from Public Disclosure in accordance with 10 CFR 2.390," will include the physical protection review and resultant inspection plan.

Overall, PBNP Units 1 and 2 operated in a manner that preserved public health and safety. While Point Beach met all cornerstone objectives, it remained within the Multiple/Repetitive Degraded Cornerstone Column of the Action Matrix with longstanding issues or significant degradation in safety performance. The degraded cornerstones were based on two Red findings for Unit 1 and Unit 2 associated with the auxiliary feedwater and instrument air systems, and a Yellow finding for Unit 1 and a Red finding for Unit 2 associated with the potential failure of the auxiliary feedwater pumps due to plugging of recirculation line orifices. The NRC will continue to closely monitor Point Beach performance consistent with the guidance in Inspection Manual Chapter (IMC) 0305.

In our mid-cycle assessment letter, dated August 30, 2005, we advised you of the continuation of substantive cross-cutting issues in the areas of Problem Identification and Resolution (PI&R) and Human Performance. 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 to correct the substantive cross-cutting issues.

Regarding the Human Performance area, we have noted that the number and significance of Human Performance related events have declined during the assessment period. These results have been realized through the concerted effort Nuclear Management Company has applied toward the Human Performance area. Based on the number of findings identified in 2005 with cross-cutting Human Performance aspects and the lack of a common theme, we have concluded that the substantive cross-cutting issue in Human Performance is closed. We will monitor this area through the baseline inspection program.

In the PI&R area, we continued to identify weaknesses in causal evaluations and the implementation of corrective actions, as demonstrated by more than three Green findings with a common causal theme. However, based on our review of your progress in this area, the results of our November 2005 expanded PI&R inspection, and actions you have put in place for future self-assessments, the agency does not have a concern with your scope of efforts in the cross-cutting area of PI&R. Therefore, we have concluded that this substantive cross-cutting issue is closed.

Additionally, on December 16, 2005, the staff issued a White finding and Notice of Violation (NOV), and proposed imposition of a \$60,000 civil penalty, for violations of 10 CFR 50.47 and 10 CFR 50.9. The White finding was associated with the failure to self-identify the untimely declaration of an Alert classification during an August 2002 Emergency Preparedness (EP) drill. The violation of 10 CFR 50.9 involved inaccurate information provided to the NRC associated with a critique of the August 2002 EP drill. In a January 2006 telephone call, you were informed that the NRC would be taking a one-time deviation from the Action Matrix process. Normally, a supplemental 95001 inspection would be performed after a White finding is determined; however, in response to the concerns identified in the IP 95003 supplemental inspection conducted in 2003, the licensee initiated six EP Action Plans to upgrade its EP program, including measures to upgrade its capabilities to critique drills and exercises and to initiate, track, and resolve critique items. The effectiveness of the licensee's corrective actions to improve its capability to identify, track, and resolve critique items associated with EP drills and exercises has been demonstrated with no findings or Performance Indicators greater than Green identified by the NRC. A White finding will be input on the Reactor Oversight Program web page, but will not be considered indicative of current performance in the EP cornerstone, and will not be considered in formulating a regulatory course of action should a new White finding occur in the EP cornerstone.

Since PBNP remained in the Multiple/Repetitive Degraded Cornerstone Column of the Action Matrix, your plant will be discussed at the upcoming Agency Action Review Meeting in accordance with IMC 0305, "Operating Reactor Assessment Program." We will notify you via separate correspondence if any agency actions change as an outcome of the meeting.

This letter advises you of our planned inspection effort resulting from the PBNP end-of-cycle review. The enclosed plan details the inspections, less those related to physical protection, scheduled through September 30, 2007. 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 in the last 9 months of the inspection plan are tentative and may be revised at the mid-cycle review meeting.

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, and 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 this 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 Nuclear Plant Inspection/Activity Plan

See Attached Distribution

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, and 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 this 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 Nuclear Plant Inspection/Activity Plan

See Attached Distribution

DOCUMENT NAME: G:\1-Secy\Point Beach.wpd

***See previous concurrence**

To receive a copy of this document, indicate in the box: "C" = Copy without enclosure "E" = Copy with enclosure "N" = No copy

OFFICE	RIII		RIII		RIII		RIII		RIII		N
NAME	PLouden for LHaeg*:sls		MKunowski		RKrsek by phone*		PLouden*		KRiemer*		
DATE	02/28/2006		03/02/2006		02/28/2006		02/28/2006		02/28/2006		
OFFICE	RIII		RIII		RIII		RIII		RIII		
NAME	AMStone*		LRaghavan		CPederson*		MSatorius*		JCaldwell		
DATE	02/28/2006		Non-concurrence		03/01/2006		03/01/2006		03/02/2006		

OFFICIAL RECORD COPY

D. Koehl

-4-

cc w/encl: F. Kuester, President and Chief
Executive Officer, We Generation
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
Site Assessment Manager
Site Engineering Director
Emergency Planning Manager
J. Rogoff, Vice President, Counsel & Secretary
K. Duveneck, 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, Manitowoc Emergency
Management Agency
Chairman, Kewaunee County Board
Mayor of Kewaunee
City Manager, Two Rivers
Director, Kewaunee County Emergency
Management Agency
President, Village of Mishicot
Chairman, Village of Two Creeks
INPO

ADAMS Distribution:

EMH1

LXR1

CFL

DWW

RidsNrrDirslpab

JLC1

GEG

KGO

RML2

SRI Point Beach

DRPIII

DRSIII

PLB1

JRK1

ROPreports@nrc.gov (inspection reports, final SDP letters, any letter with an IR number)

Point Beach
Inspection / Activity Plan
03/01/2006 - 09/30/2007

Unit Number	Inspection Activity	Title	No. of Staff on Site	Planned Dates Start	Planned Dates End	Inspection Type
	INSPECTI - ISFSI INSPECTION		2			
1	IP 60855.1	Operation of an Independent Spent Fuel Storage Installation at Operating Plants		02/01/2006	05/30/2006	Other Routine
	IP 71122 - GAS AND LIQUID EFFLUENT		2			
1,2	IP 7112201	Radioactive Gaseous and Liquid Effluent Treatment and Monitoring Systems		05/08/2006	05/12/2006	Baseline Inspections
	CDBI - COMPONENT DESIGN BASES INSPECTION		6			
1,2	IP 7111121	Component Design Bases Inspection		08/28/2006	09/29/2006	Baseline Inspections
	BI - RAD INSTRUMENTATION		1			
1,2	IP 7112103	Radiation Monitoring Instrumentation and Protective Equipment		08/07/2006	08/11/2006	Baseline Inspections
	ISI - POINT BEACH UNIT 2 ISI INSPECTION		1			
2	IP 7111108P	Inservice Inspection Activities - PWR		10/23/2006	11/03/2006	Baseline Inspections
	BI - ACCESS CONTROL AND ALARA		1			
1,2	IP 7112101	Access Control to Radiologically Significant Areas		10/23/2006	11/03/2006	Baseline Inspections
1,2	IP 7112102	ALARA Planning and Controls		10/23/2006	11/03/2006	Baseline Inspections
	PI&R - PI&R TEAM INSPECTION		2			
1,2	IP 71152B	Identification and Resolution of Problems		11/20/2006	12/15/2006	Baseline Inspections
	71114 - BIENNIAL EP EXERCISE		1			
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
	7112102 - ALARA AND ACCESS CONTROL		1			
1,2	IP 7112101	Access Control to Radiologically Significant Areas		12/04/2006	12/08/2006	Baseline Inspections
1,2	IP 7112102	ALARA Planning and Controls		12/04/2006	12/08/2006	Baseline Inspections
	7112101 - ACCESS CONTROL & ALARA		2			
1,2	IP 7112101	Access Control to Radiologically Significant Areas		04/02/2007	04/13/2007	Baseline Inspections
1,2	IP 7112102	ALARA Planning and Controls		04/02/2007	04/13/2007	Baseline Inspections
	7112203 - REMP AND RAD MATERIAL CONTROL		1			
1,2	IP 7112203	Radiological Environmental Monitoring Program (REMP) And Radioactive Material Control P		06/04/2007	06/04/2007	Baseline Inspections
	FY 2007 - POINT BEACH INIT PREP 06/2007		3			
1	W90164	OL - INITIAL EXAM - POINT BEACH - JUN/JUL 2007		06/18/2007	06/22/2007	Not Applicable
	FPI - FIRE PROTECTION INSPECTION - TRIENNIAL		3			
1,2	IP 7111105T	Fire Protection [Triennial]		06/25/2007	07/13/2007	Baseline Inspections
	FY 2007 - POINT BEACH INIT EXAM 07/2007		3			
1	W90164	OL - INITIAL EXAM - POINT BEACH - JUN/JUL 2007		07/09/2007	07/20/2007	Not Applicable
	7112202 - RADWASTE AND TRANSPORTATION		1			
1,2	IP 7112202	Radioactive Material Processing and Transportation		08/20/2007	08/24/2007	Baseline Inspections