

January 4, 2005

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 EVALUATION OF CHANGES, TESTS, OR EXPERIMENTS AND
PERMANENT PLANT MODIFICATIONS INSPECTION REPORT
NO. 05000255/2004013(DRS)

Dear Mr. Malone:

On December 17, 2004, the US Nuclear Regulatory Commission (NRC) completed a combined baseline inspection of Evaluation of Changes, Tests, or Experiments and Permanent Plant Modifications at the Palisades Nuclear Plant. The enclosed report documents the inspection findings, which were discussed on December 17, 2004, with you and other members of your staff at the completion of the inspection.

The inspectors examined activities conducted under your license as they relate to safety and compliance with the Commission's rules and regulations and with the conditions of your license. The inspectors reviewed selected procedures and records, observed activities, and interviewed personnel.

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

In accordance with 10 CFR 2.390 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/reading-rm/adams.html> (the Public Electronic Reading Room).

Sincerely,

/RA/

David E. Hills, Chief
Materials Engineering Branch
Division of Reactor Safety

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

Enclosure: Inspection Report 05000255/2004013(DRS)

See Attached Distribution

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and Chief Nuclear Officer
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Fossil and Hydro Operations
D. Cooper, Senior Vice President - Group Operations
Manager, Regulatory Affairs
J. Rogoff, Vice President, Counsel and Secretary
A. Udrys, Esquire, Consumers Energy Company
Director of Nuclear Assets, Consumers Energy Company
Supervisor, Covert Township
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Michigan Department of Environmental Quality -
Waste and Hazardous Materials Division
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U. S. NUCLEAR REGULATORY COMMISSION

REGION III

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

Report No: 05000255/2004013(DRS)

Licensee: Nuclear Management Company, LLC

Facility: Palisades Nuclear Plant

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

Dates: December 13 through 17, 2004

Inspectors: H. Walker, Engineering Inspector, Lead
C. Acosta-Acevedo, Engineering Inspector
S. Sheldon, Engineering Inspector

Approved by: D. Hills, Chief
Materials Engineering Branch
Division of Reactor Safety

Enclosure

SUMMARY OF FINDINGS

IR 05000255/2004013(DRS); 12/13/04 - 12/17/04; Palisades Nuclear Plant; Evaluation of Changes, Tests, or Experiments (10 CFR 50.59) and Permanent Plant Modifications.

The report covers a one-week announced baseline inspection on evaluations of changes, tests or experiments and permanent plant modifications. The inspection was conducted by three region based inspectors. No findings of significance were identified.

The NRC's Program for overseeing the safe operation of commercial nuclear power reactors is described in NUREG-1649, "Reactor Oversight Process," Revision 3, dated July 2000.

A. Inspector-Identified and Self-Revealed Findings

No findings of significance were identified.

B. Licensee-Identified Violations

None.

REPORT DETAILS

1. REACTOR SAFETY

Cornerstones: Initiating Events, Mitigating Systems, and Barrier Integrity

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

.1 Review of 10 CFR 50.59 Evaluations and Screenings

a. Inspection Scope

From December 13 through 17, 2004, the inspectors reviewed six 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 inspectors confirmed that the evaluations were thorough and that prior NRC approval was obtained as appropriate. The inspectors also reviewed 16 screenings where licensee personnel 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 inspectors verified that the changes did not meet the threshold to require a 10 CFR 50.59 evaluation. These evaluations and screenings were chosen based on risk significance of samples from the different cornerstones. The list of documents reviewed by the inspectors is included as an attachment to this report.

The inspectors used, in part, Nuclear Energy Institute (NEI) 96-07, "Guidelines for 10 CFR 50.59 Implementation," Revision 1, to determine acceptability of the completed evaluations and screenings. The NEI document was endorsed by the NRC in Regulatory Guide 1.187, "Guidance for Implementation of 10 CFR 50.59, Changes, Tests, and Experiments," dated November 2000. The inspectors also consulted Part 9900 of the NRC Inspection Manual, "10 CFR Guidance for 10 CFR 50.59, Changes, Tests, and Experiments."

b. Findings

No findings of significance were identified.

1R17 Permanent Plant Modifications (71111.17B)

a. Inspection Scope

From December 13 through 17, 2004, the inspectors reviewed eight permanent plant modifications that had been installed in the plant during the last two years. The modifications were chosen based upon their effect on systems that had high probabilistic risk analysis (PRA) significance in the licensee's Individual Plant Evaluation (IPE) or high maintenance rule safety significance. The inspectors reviewed the modifications to verify that the completed design changes were in accordance with the specified design requirements and the licensing bases and to confirm that the changes

did not affect any systems' safety function. Design and post-modification testing aspects were verified to ensure the functionality of the modification, its associated system, and any support systems. The inspectors also verified that the modifications performed did not place the plant in an increased risk configuration.

The inspectors also used applicable industry standards to evaluate acceptability of the modifications. The list of documents reviewed by the inspectors is included as an attachment to this report.

b. Findings

No findings of significance were identified.

4. OTHER ACTIVITIES (OA)

4OA2 Identification and Resolution of Problems

.1 Routine Review of Condition Reports

a. Inspection Scope

From December 13 through 17, 2004, the inspectors reviewed 21 Corrective Action Program documents (CAPs) that were written by licensee personnel to enter issues in the corrective action program. The inspectors reviewed these documents to verify an appropriate threshold for identifying issues and to evaluate the effectiveness of corrective actions related to permanent plant modifications and evaluations for changes, tests, or experiments issues. In addition, one CAP, written on issues identified during the inspection, was reviewed to verify adequate problem identification and incorporation of the problems into the corrective action system. The specific corrective action documents that were sampled and reviewed by the team are listed in the attachment to this report.

b. Findings

No findings of significance were identified.

4OA6 Meetings

.1 Exit Meeting

The inspectors presented the inspection results to Mr. D. Malone and other members of licensee management, on December 17, 2004. The licensee acknowledged the inspection results presented. Licensee personnel were asked to identify any documents, materials, or information provided during the inspection that were considered proprietary. No proprietary information was identified.

ATTACHMENT: SUPPLEMENTAL INFORMATION

SUPPLEMENTAL INFORMATION

KEY POINTS OF CONTACT

Licensee

D. Malone, Site Vice President
G. Hettel, Plant General Manager
M. Carlson, Engineering Director
J. Broschak, Design Engineering Manager
M. Nordin, Design Engineering
D. Malone, Regulatory Compliance Supervisor
B. Dotson, Regulatory Compliance

Nuclear Regulatory Commission

D. Hills, Chief, Engineering Materials Branch
J. Lennartz, Senior Resident Inspector

LIST OF ITEMS OPENED, CLOSED, AND DISCUSSED

Opened

None.

Closed

None.

Discussed

None.

LIST OF DOCUMENTS REVIEWED

The following is a list of documents that were selected and reviewed during the inspection. Inclusion on this list does not imply that the NRC inspectors reviewed the documents in their entirety, but that selected portions of the documents were evaluated as part of the overall inspection effort. Also inclusion on this list does not imply NRC acceptance of the documents, unless specifically stated in the body of the inspection report.

Corrective Action Program (CAPs) Documents Initiated as a Result of the Inspection

CAP045714; Minor Error in 10 CFR 50.59 Screen SDR-04-0846; dated December 14, 2004

Corrective Action Program (CAPs) Documents Reviewed

CAP032454; Evaluation from Potential AFW Pump Recirc Line Blockage; dated December 12, 2002

CAP033049; Modification Made to SW System Without Issuing a Procedure Change; dated January 23, 2003

CAP033059; Emergency Diesel Generator 1-1 Loading During Refueling Outages; dated January 23, 2003

CAP033264; CCW Design Temperatures of 140 Degrees; dated February 4, 2003

CAP033816; Component Cooling Water Pump Gasket Material Change Using TCN; dated March 7, 2003

CAP034116; Primary Coolant Pump P-50B Temporary Keyphasor Mod Installed Incorrectly; dated March 17, 2003

CAP034152; Uncertain P-55A Flow Rate at PCS Pressure Less Than Operating Pressure; dated March 18, 2003

CAP034622; Missed Opportunity to Update FSAR Text During SOP Procedure Revision; dated March 28, 2003

CAP034699; Required 50.59 Reviews Not Identified in Procedure GOP-14; dated March 30, 2003

CAP034960; FM-2031 Permanently Removed from Service without Approved Modification Package; dated April 7, 2003

CAP035310; TCN O-03-005 Used for Procedure ARP-8 Alarm Setpoint Change Affecting RIA-2307; dated April 19, 2003

CAP036138; Palisades Has No Process for Affecting Fire Protection Program Changes; dated June 12, 2003

CAP036828; Temporary Fire Water Connection Supporting Traveling Screen Sprays; dated July 29, 2003

CAP037658; Temporary Modification Package Administrative Deficiencies; dated September 19, 2003

CAP039415; Failure to Incorporate Two DBD Change Requests Into a DBD Revision; dated January 12, 2004

CAP039943; Modification Packages Did Not Meet Palisades Engineering Expectations; dated February 11, 2004

CAP040193; Seal Oil Relief Valve Configuration Discrepancy; dated February 25, 2004

CAP040794; Missing Documentation for Procedurally Controlled Temporary Modification; dated March 26, 2004

CAP041954; Treatment of the Methods of Evaluation Question In 50.59 Screenings; dated June 9, 2004

CAP042222; Potential Adverse Trend Related to Documents not being Identified/Updated; dated June 25, 2004

CAP042403; Control Relay In C-2C, Instrument Air Compressor, Different Model Than Expected; dated July 8, 2004

CAP042619; Special Test Procedure T-368 for Low Pressure Motor Operated Valves; dated July 21, 2004

CAP042970; Procedure Changed by Temporary Change Notice (TCN) Instead of Revision; dated August 13, 2004

CAP044859; Tech Spec 3.4.3 Cooldown Limits May Not Support Vessel Head Repair; dated October 26, 2004

CAP045335; Lack of Modification Package and 50.59 Review for S/G Tuber Plugging; dated November 18, 2004

CAP045589; Modification Does Not Clearly Indicate That All Design Inputs Have Been Considered; dated December 7, 2004

CAP045590; 50.59 Evaluation Content for GOTHIC Software's SQA, LOCA and MSLB Analysis; dated December 7, 2004

CAP045591; 50.59 Screen for SIRW Tank T-58 SQUG Outlier Resolution; dated December 7, 2004

CAP045592; Containment Liner Plate Configuration Description Used in 50.59 Evaluation; dated December 7, 2004

CAP045593; FSAR Change Made Without a 50.59 Review (Self-Assessment); dated December 7, 2004

CAP045605; Corrective Action Didn't Address Apparent Cause; dated December 7, 2004

CAP045606; Modification Checklist for Appendix R Doesn't Identify PCP Oil Collection; dated December 7, 2004

CAP045622; Course Prerequisites Lost During Conversion to NMC Course Description; dated December 8, 2004

CAP045623; Core Reload 50.59 Evaluation Doesn't Clearly Describe Necessary Details; dated December 8, 2004

CAP045643; Potential Weakness in Quality of Engineering Products; dated December 9, 2004

Modifications (Design Changes)

EAR-2000-0239; Containment Spray Pump/Motor Base Repair; Revision 2

EAR-2000-0336; Installation of Keyed Switch to Enable/disable the Safety Injection System; Revision 0

EAR-2001-0338; Replace Check Valve in AFW Vent Line With Pipe Cap; Revision 0

EAR-2002-0281; Rx Vessel Closure Head Thermosleeve Removal; Revision 0

EAR-2002-0395; RPS Low Steam Generator Level Reactor Trip Setpoint; Revision 0

EAR-2003-0044; Replacement of Charging Pump (P-55A/B/C) Common Discharge Header Isolation Valve, MV-CVC2195 and Sister Letdown [Heat Exchanger E-58] Orifice Bypass Isolation Valve MV-CVC2225; Revision 0

EAR-2003-0077; PC/0218B Equivalency Replacement; Revision 0

EAR-2003-0078; Generator Grounding Transformer; Revision 0

EAR-2003-0117; Approve Use of Non Carbon Steel Piping for the Service Water System; dated May 8, 2003

EAR-2003-0133; Study to Replace Plant Air Compressors; dated May 13, 2003

EAR-2003-0215; Perform Necessary Engineering to Allow Installation of a New Circuit Breaker Into Cubicle 52-1205 (P-55A); Revision 0

EAR-2003-0280; Replacement of Emergency Diesel Generator 1-1 (K-6A) and 1-2 (K-6B) Crankcase Exhauster Flexible Joint/Hose; Revision 0

FES-95-224; Replacement of Containment Air Cooler VHX-4 Outlet Check Valve CK-SW410; dated July 17, 1995

10 CFR 50.59 Evaluations

SDR-03-0605; Temporary Modification to Remove the Failed Static Line from the Plant Output Transmission Lines; dated March 29, 2003

SDR-04-0777; Software Classification for GOTHIC 7.1 (PATCH 1); dated September 2, 2004

SDR-04-1438; Containment Response to a LOCA Using GOTHIC 7.1 (PATCH 1); dated September 30, 2004

SDR-04-1439; Containment Response to a MSLB Using Gothic 7.1 (PATCH 1); dated September 30, 2004

SDR-04-1628; Evaluate Current Mechanical Stop on New Fuel Elevator for Design Function; dated November 1, 2004

SDR-04-1461; Disconnect Reactor Side Fuel Transfer Carriage Position Switch; dated October 2, 2004

10 CFR 50.59 Screenings

SDR-03-0036; Seismic Evaluation of Instrument Tubing; dated January 13, 2003

SDR-03-0185; Reactor Control System; dated January 27, 2003

SDR-03-0583; Replacement of Blown Fuse FUZ/B2239-1 with a Different Make and Model Number; dated March 26, 2003

SDR-03-0610; Restore Offsite Power Relaying Schemes; dated March 31, 2003

SDR-03-1122; Addition of Section 9.12, Ultimate Heat Sink to the FSAR; dated July 29, 2003

SDR-03-1156; Delete the Auto-Start (Standby) Function for LPSI Pumps P-67 A and B and Make Necessary Wiring Changes to Support Addition of "Springs Charged" Indication in Panel C03; dated August 5, 2003

SDR-03-1164; Service Water System; dated August 8, 2004

SDR-03-1268; Instrument Air System; dated September 18, 2003

SDR-04-0235; LCO 3.6.3 Bases (Containment Isolation Valves) and LCO 3.6.6 Bases (Containment Cooling Systems); dated February 13, 2004

SDR-04-0583; Replacement Masoneilon From 77/80 Series to 78 Series for Various CV/VOP's; dated April 8, 2004

SDR-04-0600; Use of NUCK Software Program at Palisades; dated April 15, 2004

SDR-04-0616; Diesel Generator 1-1 and 1-2 Low Air Starting Pressure Alarm Set Point Change; dated May 25, 2003

SDR-04-0847; Software Classification for EDSA Electrical Power System Design Software; dated June 21, 2004

SDR-04-1198; 345 Switchyard; dated August 3, 2004

SDR-04-1609; Reactor Vessel Head CRDM Penetration Repair Project; dated October 26, 2004

SDR-04-1643; Diesel Generator 1-2 Scheme EK-30; dated November 2, 2004

Miscellaneous Documents

SA S04-69; Modification and 50.59 Processes; dated December 9, 2004

LIST OF ACRONYMS USED

ADAMS	Agencywide Documents Access and Management System
AFW	Auxiliary Feedwater
CAP	Corrective Action Program
CCW	Component Cooling Water
CFR	Code of Federal Regulations
CRDM	Control Rod Drive Mechanism
DBD	Design Basis Document
DRS	Division of Reactor Safety
FSAR	Final Safety Analysis Report
IP	Inspection Procedure
IPE	Individual Plant Evaluation
IR	Inspection Report
LOCA	Loss of Coolant Accident
LPSI	Low Pressure Safety Injection
MSLB	Main Steam Line Break
NEI	Nuclear Energy Institute
NMC	Nuclear Management Company
NRC	United States Nuclear Regulatory Commission
PCS	Primary Coolant System
PRA	Probabilistic Risk Analysis
SDP	Significance Determination Process
SW	Service Water
TCN	Temporary Change Notice