

May 9, 2003

Mr. Alfred J. Cayia
Site-Vice President
Point Beach Nuclear Plant
Nuclear Management Company, LLC
6610 Nuclear Road
Two Rivers, WI 54241-9516

SUBJECT: ANNUAL ASSESSMENT FOLLOW-UP LETTER - POINT BEACH NUCLEAR
PLANT

Dear Mr. Cayia:

You were informed in our letter of April 2, 2003, that the NRC would be discussing the safety performance of the Point Beach Nuclear Power Plant in accordance with NRC Inspection Manual Chapter 0305 (IMC 0305) "Operating Reactor Assessment Program," at the annual Agency Action Review Meeting (AARM) on April 22, 2003. The purpose of this letter is to provide you with the results of our discussion and to update our inspection plan that was enclosed with the annual assessment letter dated March 4, 2003.

On April 2, 2003, we notified you of our final determination regarding a finding associated with the potential common mode failure of the auxiliary feedwater (AFW) system due to a loss of instrument air. This determination indicated that plant performance at Point Beach Nuclear Plant is within the multiple/repetitive degraded cornerstone column of the Action Matrix (as defined in IMC 0305) based on a Red finding in the mitigating systems cornerstone. Additionally, our letter discussed a preliminary Red finding associated with the potential common mode failure of the four AFW pumps due to plugging of the recirculation line pressure reducing orifices. A Regulatory Conference is currently being scheduled to discuss this issue.

As a result of the final Red finding and the discussion at the AARM, we are planning inspection activities to accomplish Inspection Procedure (IP) 95003, "Supplemental Inspection for Repetitive Degraded Cornerstones, Multiple Degraded Cornerstones, Multiple Yellow Inputs, or One Red Input," during the second half of this year. The IP 95003 inspection will be conducted in addition to the baseline inspections currently scheduled. The intent of IP 95003 is to allow the NRC to obtain a comprehensive understanding of the depth and breadth of safety, organizational, and performance issues at facilities where data indicates the potential for serious performance degradation. The objectives of this inspection are to: (1) provide additional information to be used in deciding whether the continued operation of the facility is acceptable and whether additional regulatory actions are necessary to arrest declining performance; (2) provide an independent assessment of the extent of risk significant issues to aid in the determination of whether an acceptable margin of safety exists; (3) independently evaluate the adequacy of your programs and processes used to identify, evaluate, and correct performance issues; (4) independently evaluate the adequacy of programs and processes in

the affected strategic performance areas; and (5) provide insight into the overall root and contributing causes of identified performance deficiencies.

As prescribed by IP 95003 the scope of NRC inspection activities will include the assessment of performance in the Reactor Safety Strategic Performance Area, including the inspection of key attributes such as design, human performance, procedure quality, configuration control, and emergency response organization readiness. Also, the 95003 inspection will review the control systems for identifying, assessing, and correcting performance deficiencies to evaluate whether programs are sufficient to prevent further declines in safety that could result in unsafe operation. In developing the scope of this inspection, the NRC will consider the results of your ongoing self-assessment, the disposition of the preliminary Red finding and an unresolved item from the emergency preparedness drill of August 2002, and our evaluation of your progress in addressing the substantive cross-cutting issue in the area of problem identification and resolution.

As explained in IMC 0305, plants in the multiple/repetitive degraded cornerstone column of the Action Matrix are given consideration at each quarterly performance assessment review for (1) declaring plant performance to be unacceptable in accordance with the guidance in IMC 0305; (2) transferring to the IMC 0350 "Oversight of Operating Reactor Facilities in a Shutdown Condition with Performance Problems" process; and (3) taking additional regulatory actions, as appropriate. We will notify you via separate correspondence if any of these actions are taken by the agency.

In accordance with 10 CFR 2.790 of the NRC's "Rules of Practice," a copy of this letter will be made available electronically for public inspection in the NRC Public Document Room or from the 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).

If circumstances arise which cause us to change the inspection plan, we will contact you to discuss the change as soon as possible. Please contact Tony Vogel at 630-829-9620 with any questions that you may have regarding this letter or the inspection plan.

Sincerely,

/ RA /

J. E. Dyer
Regional Administrator

Docket Nos. 50-266; 50-301
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