

August 27, 2003

Mr. Douglas E. Cooper  
Site Vice President  
Palisades Nuclear Plant  
Nuclear Management Company, LLC  
27780 Blue Star Memorial Highway  
Covert, MI 49043-9530

SUBJECT: MID-CYCLE PERFORMANCE REVIEW AND INSPECTION PLAN  
PALISADES NUCLEAR POWER PLANT (REPORT 50-255/04-01)

Dear Mr. Cooper:

On July 30, 2003, the NRC staff completed its mid-cycle plant performance assessment of the Palisades Nuclear Power Plant. The mid-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 first half of the current assessment cycle, January 1 - December 31, 2003. 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 that may conflict with your plant activities.

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 oversight (Green). However, the significance of a failure to take effective corrective actions to address a series of events involving digging and excavating between the protected area and the switchyard which resulted in a loss of offsite power and an Alert emergency declaration is still under review as part of the Significance Determination Process. Therefore, at this point, we plan to conduct only baseline inspections at your facility through September 30, 2004.

In our Annual Assessment Letter dated March 4, 2003, we discussed a substantive cross-cutting issue in the area of Problem Identification and Resolution. During the first two quarters of the 2003 assessment period, there continued to be examples where your corrective action program failed to promptly identify and correct conditions adverse to quality. Therefore, during the course of routine baseline inspection activities, the inspectors will closely monitor problem identification and resolution to more thoroughly assess this area at the 2003 end-of-cycle assessment.

The enclosed inspection plan details the inspections scheduled through September 30, 2004. 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.

The inspections in the last 6 months of the inspection plan are tentative and may be revised at the end-of-cycle review meeting.

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/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 Eric Duncan at (630) 829-9628 with any questions you may have regarding this letter or the inspection plan.

Sincerely,

***/RA by Steve A. Reynolds acting for/***

Geoffrey E. Grant, Director  
Division of Reactor Projects

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

Enclosure: Palisades Inspection/Activity Plan

See Attached Distribution

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cc w/encl: R. Fenech, Senior Vice President, Nuclear  
Fossil and Hydro Operations  
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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)  
The Honorable George Sink  
L. Nielsen, City Manager of Bangor  
The Honorable Ted Johnson  
P. Muinch, City Manager of Hartford  
The Honorable David Paull  
A. Vanderberg, City Manager of South Haven  
K. Higgs, Administrator, Allegan County Courthouse  
B. Koops, Allegan County Sheriff  
B. Brunett, Allegan County Emergency  
Management Coordinator  
J. M. Henry, Berrien County Coordinator  
L. P. Bailey, Berrien County Sheriff  
M. Bradley, Berrien County Emergency  
Management  
D. Hanson, Van Buren County Board Chairman  
D. R. Gribler, Van Buren County Sheriff  
Sergeant Alaine Svilpe, Van Buren County  
Emergency Preparedness Coordinator  
The Honorable Daniel P. Schofield, Jr.  
The Honorable Patricia Beezley  
INPO

ADAMS Distribution:

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J. Caldwell, RIII

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R. Lickus, RIII

SRI Palisades

DRPIII

DRSIII

PLB1

JRK1

**Palisades**  
**Inspection / Activity Plan**  
**09/01/2003 - 09/30/2004**

Unit Number	Inspection Activity	Title	No. of Staff on Site	Planned Dates Start	Planned Dates End	Inspection Type
	<b>DRY CASK - ISFSI INSPECTION</b>		<b>1</b>			
1	IP 60853	On-Site Fabrication Of Components And Construction On An ISFSI		10/01/2003	12/31/2003	Other Routine
	<b>IP 71122 - REMP INSPECTION</b>		<b>1</b>			
1	IP 7112101	Access Control to Radiologically Significant Areas		10/20/2003	10/24/2003	Baseline Inspections
1	IP 7112203	Radiological Environmental Monitoring Program		10/20/2003	10/24/2003	Baseline Inspections
1	IP 71151	Performance Indicator Verification		10/20/2003	10/24/2003	Baseline Inspections
	<b>HT SNK B - HEAT SINK BIENNIAL (DRS)</b>		<b>1</b>			
1	IP 7111107B	Heat Sink Performance		11/17/2003	11/21/2003	Baseline Inspections
	<b>IP 71122 - LIQ/GAS EFFLUENTS INSPECTION</b>		<b>1</b>			
1	IP 7112101	Access Control to Radiologically Significant Areas		12/15/2003	12/19/2003	Baseline Inspections
1	IP 7112201	Radioactive Gaseous and Liquid Effluent Treatment and Monitoring Systems		12/15/2003	12/19/2003	Baseline Inspections
1	IP 71151	Performance Indicator Verification		12/15/2003	12/19/2003	Baseline Inspections
	<b>IP 71122 - RP RAM PROCESS/TRANSPORTATION INSP</b>		<b>1</b>			
1	IP 7112202	Radioactive Material Processing and Transportation		03/01/2004	03/05/2004	Baseline Inspections
	<b>71111.11 - LIC OPERATOR REQUAL PROGRAM EVALUATION</b>		<b>2</b>			
1	IP 7111111B	Licensed Operator Requalification		03/22/2004	03/26/2004	Baseline Inspections
	<b>SSDI - SAFETY SYSTEM DESIGN</b>		<b>5</b>			
1	IP 7111102	Evaluation of Changes, Tests, or Experiments		05/10/2004	05/28/2004	Baseline Inspections
1	IP 7111117B	Permanent Plant Modifications		05/10/2004	05/28/2004	Baseline Inspections
1	IP 7111121	Safety System Design and Performance Capability		05/10/2004	05/28/2004	Baseline Inspections
	<b>IP 71121 - RP INSTRUMENTATION INSPECTION</b>		<b>1</b>			
1	IP 7112101	Access Control to Radiologically Significant Areas		05/17/2004	05/21/2004	Baseline Inspections
1	IP 7112103	Radiation Monitoring Instrumentation and Protective Equipment		05/17/2004	05/21/2004	Baseline Inspections
	<b>FPI - TRIENNIAL FIRE PROTECTION</b>		<b>3</b>			
1	IP 7111105T	Fire Protection		07/12/2004	07/30/2004	Baseline Inspections
	<b>IP 71121 - RP INSTRUM/PROT EQUIP INSPECTION</b>		<b>1</b>			
1	IP 7112101	Access Control to Radiologically Significant Areas		07/12/2004	07/16/2004	Baseline Inspections
1	IP 7112102	ALARA Planning and Controls		07/12/2004	07/16/2004	Baseline Inspections
1	IP 7112103	Radiation Monitoring Instrumentation and Protective Equipment		07/12/2004	07/16/2004	Baseline Inspections
1	IP 71151	Performance Indicator Verification		07/12/2004	07/16/2004	Baseline Inspections
	<b>71114 - BASELINE EP EXERCISE INSP</b>		<b>4</b>			
1	IP 7111401	Exercise Evaluation		08/16/2004	08/20/2004	Baseline Inspections
1	IP 71151	Performance Indicator Verification		08/16/2004	08/20/2004	Baseline Inspections
	<b>ISI/TI - INSERVICE INSPECTION &amp; TI-150</b>		<b>1</b>			
1	IP 2515/150	Reactor Pressure Vessel Head and Vessel Head Penetration Nozzles (NRC Bulletin 2002-0		09/20/2004	10/15/2004	Safety Issues

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

**Palisades**  
**Inspection / Activity Plan**  
**09/01/2003 - 09/30/2004**

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	<b>ISI/TI</b>	<b>- INSERVICE INSPECTION &amp; TI-150</b>	<b>1</b>			
1	IP 7111108P	Inservice Inspection Activities - PWR		09/20/2004	10/15/2004	Baseline Inspections
	<b>IP 71121</b>	<b>- RP OUTAGE ALARA &amp; ACCESS CONTROL INSP</b>	<b>1</b>			
1	IP 7112101	Access Control to Radiologically Significant Areas		09/27/2004	10/01/2004	Baseline Inspections
1	IP 7112102	ALARA Planning and Controls		09/27/2004	10/01/2004	Baseline Inspections