

August 27, 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: MID-CYCLE ASSESSMENT LETTER - POINT BEACH NUCLEAR PLANT
(REPORT 50-266/04-01; 50-301/04-01)

Dear Mr. Cayia:

On July 30, 2003, the NRC staff completed its mid-cycle plant performance assessment of the Point Beach Nuclear Plant. The mid-cycle review for Point Beach Nuclear Plant 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 Multiple/Repetitive Degraded Cornerstone column of the NRC's Action Matrix based on a final Red finding in the mitigating systems cornerstone. Additionally, we have identified a preliminary Red finding associated with the potential common mode failure of the four auxiliary feedwater (AFW) pumps due to plugging of the recirculation line pressure reducing orifices. A Regulatory Conference to discuss the preliminary Red finding was completed on June 6, 2003. Our deliberations on the significance of this preliminary finding continue, in accordance with NRC Inspection Manual Chapter (IMC) 0609, "Significance Determination Process."

As a result of the final Red finding and the discussion at the annual Agency Action Review Meeting (AARM) on April 22, 2003, we are currently conducting inspection activities to accomplish Inspection Procedure (IP) 95003, "Supplemental Inspection for Repetitive Degraded Cornerstones, Multiple Degraded Cornerstones, Multiple Yellow Inputs, or One Red Input." The IP 95003 inspection began on July 28, 2003, and 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 ongoing NRC inspection activities includes 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 IP 95003 inspection will review your progress in addressing the substantive cross-cutting issue in the area of problem identification and resolution.

In addition to the routine NRC inspection and assessment activities, Point Beach performance is being evaluated quarterly as described in the May 9, 2003, Annual Assessment Follow-Up Letter - Point Beach Nuclear Plant. Consistent with 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. On May 22 and July 22, 2003, the NRC reviewed Point Beach operational performance, inspection findings, and performance indicators for the first and second quarters of 2003, respectively. During the July 22nd and mid-cycle reviews of Point Beach performance, we also reviewed recent 3rd quarter events, including the Unit 2 automatic trip due to a main feed pump failure on July 10, the manual safety injection signal and reactor trip on July 11, and the Unit 1 automatic trip on July 15 due to failure of a control rod drive power supply voltage regulator. From our initial review of these recent operational challenges and their apparent causes, we concluded that Point Beach performance, while not good, did not represent either significant degradation or unsafe operations. Based on the quarterly and mid-cycle reviews, we determined that the plant continues to be operated in a safe manner and that no additional regulatory actions are currently warranted. The NRC will continue to closely monitor Point Beach performance consistent with the guidance in IMC 0305.

In our Annual Assessment Letter dated March 4, 2003, we advised you of a substantive cross-cutting issue in the area of Problem Identification and Resolution. During the first two quarters of this assessment period, the NRC continued to identify issues involving problem identification and resolution implementation weakness. Specifically, in April 2003, we determined that your corrective actions to upgrade the safety function of an auxiliary feedwater system air-operated recirculation valve had failed to ensure that successful operation of the recirculation line air-operated valve was dependent only on safety-related support systems. Following the corrective actions, successful operation of the valve was still dependent upon nonsafety-related power to an interposing relay. Additionally, the corrective actions failed to discover a single failure mechanism involving a system orifice modification. Our review of your efforts to address this cross-cutting issue continues through our baseline and IP 95003 inspection activities.

The enclosed inspection plan details the inspections scheduled through September 30, 2004. Please note, that, in addition to baseline and ongoing IP 95003 inspections, Temporary Instruction (TI) TI 2515/150, "Reactor Pressure Vessel Head and Vessel Head Penetration Nozzles Inspection," is scheduled for October 6 - 25, 2003. The enclosed 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 the inspection plan, we will contact you to discuss the change as soon as possible. Please contact Mr. Anton Vogel at (630) 829-9620 with any questions you may have regarding this letter or the inspection plan.

Sincerely,

/RA by G. Grant acting for/

J. E. Dyer
Regional Administrator

Docket Nos. 50-266; 50-301
License Nos. DPR-24; DPR-27

Enclosure: Point Beach Inspection/Activity Plan

See Attached Distribution

The enclosed inspection plan details the inspections scheduled through September 30, 2004. Please note, that, in addition to baseline and ongoing IP 95003 inspections, Temporary Instruction (TI) TI 2515/150, "Reactor Pressure Vessel Head and Vessel Head Penetration Nozzles Inspection," is scheduled for October 6 - 25, 2003. The enclosed 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 the inspection plan, we will contact you to discuss the change as soon as possible. Please contact Mr. Anton Vogel at (630) 829-9620 with any questions you may have regarding this letter or the inspection plan.

Sincerely,

/RA by G. Grant acting for/

J. E. Dyer
Regional Administrator

Docket Nos. 50-266; 50-301
License Nos. DPR-24; DPR-27

Enclosure: Point Beach Inspection/Activity Plan

See Attached Distribution

DOCUMENT NAME: G:\Branch TSS\midcycle2003\Poi midcycle ltr 03.wpd

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

OFFICE	RIII		RIII		RIII		RIII		
NAME	JCameron/co		AVegel		GGrant		Ggrant for JDyer		
DATE	08/15/03		08/18/03		08/26/03		08/27/03		

OFFICIAL RECORD COPY

cc w/encl: R. Grigg, President and Chief
Operating Officer, WEPCo
John Paul Cowan, Chief Nuclear Officer
Licensing Manager
D. Weaver, Nuclear Asset Manager
Joseph Jensen, Plant Manager
Gordon P. Arent, Manager, Regulatory Affairs
Jonathan Rogoff, Esquire General Counsel
Mano K. Nazar, Senior Vice President
J. O'Neill, Jr., Shaw, Pittman,
Potts & Trowbridge
K. Duveneck, Town Chairman
Town of Two Creeks
D. Graham, Director
Bureau of Field Operations
A. Bie, Chairperson, Wisconsin
Public Service Commission
S. Jenkins, Electric Division
Wisconsin Public Service Commission
State Liaison Officer
D. Markwardt, Manitowac County
Board Chairman
N. Crowley, Director, Manitowac
Emergency Management
G. Novickis, Chairman, Kewaunee
County Board
The Honorable Darin A. Jeanquart
G. Buckley, Two Rivers City Manager
L. Hucek, Director, Kewaunee
Emergency Management
C. Meyer, President, Village of Mishicot
INPO

ADAMS Distribution:

WDR

DFT

DWS

H. Nieh (HKN), OEDO

Project Director, NRR

Project Mgr., NRR

RidsNrrDipmlipb

JLC1

GEG

HBC

RML2

SRI Point Beach

DRPIII

DRSIII

PLB1

JRK1

Point Beach
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
	BR7 - 95003--ENGINEERING, OPS, AND MAINT		5			
1, 2	IP 95003	Inspection For Repetitive Degraded Cornerstones, Multiple Degraded Cornerstones, Multiple		09/08/2003	10/15/2003	Supplemental Progra
	FY 2004 - POINT BEACH INIT EXAM 10/2003		3			
1	W90082	OL - INITIAL EXAM - POINT BEACH - SEP/OCT 2003		09/29/2003	10/03/2003	Not Applicable
	71111.08 - ISI AND TI-150 FOR UNIT 2		1			
2	IP 2515/150	Reactor Pressure Vessel Head and Vessel Head Penetration Nozzles (NRC Bulletin 2002-0		10/06/2003	10/25/2003	Safety Issues
2	IP 7111108P	Inservice Inspection Activities - PWR		10/06/2003	10/25/2003	Baseline Inspections
	7112102 - RP ALARA INSPECTION (OUTAGE)		1			
1, 2	IP 7112101	Access Control to Radiologically Significant Areas		10/20/2003	10/24/2003	Baseline Inspections
1, 2	IP 7112102	ALARA Planning and Controls		10/20/2003	10/24/2003	Baseline Inspections
	71114 - BASELINE EP INSPECTION		1			
1, 2	IP 7111402	Alert and Notification System Testing		10/27/2003	10/31/2003	Baseline Inspections
1, 2	IP 7111403	Emergency Response Organization Augmentation Testing		10/27/2003	10/31/2003	Baseline Inspections
1, 2	IP 7111405	Correction of Emergency Preparedness Weaknesses and Deficiencies		10/27/2003	10/31/2003	Baseline Inspections
1, 2	IP 71151	Performance Indicator Verification		10/27/2003	10/31/2003	Baseline Inspections
	7112202 - RP RAD MAT'L TRANSPORTATION INSPECTION		1			
1, 2	IP 7112202	Radioactive Material Processing and Transportation		12/15/2003	12/19/2003	Baseline Inspections
	MOD50.59 - MODIFICATIONS & 50.59		3			
1, 2	IP 7111102	Evaluation of Changes, Tests, or Experiments		12/15/2003	12/19/2003	Baseline Inspections
1, 2	IP 7111117B	Permanent Plant Modifications		12/15/2003	12/19/2003	Baseline Inspections
	IP 71121 - RP PRE-OUTAGE ALARA PLANNING AND CONTROL		1			
1, 2	IP 7112101	Access Control to Radiologically Significant Areas		01/26/2004	01/30/2004	Baseline Inspections
1, 2	IP 7112102	ALARA Planning and Controls		01/26/2004	01/30/2004	Baseline Inspections
1, 2	IP 71151	Performance Indicator Verification		01/26/2004	01/30/2004	Baseline Inspections
	IP 71121 - RP OUTAGE ALARA & ACCESS CONTROL INSP		1			
1, 2	IP 7112101	Access Control to Radiologically Significant Areas		04/12/2004	04/16/2004	Baseline Inspections
1, 2	IP 7112102	ALARA Planning and Controls		04/12/2004	04/16/2004	Baseline Inspections
	ISI/TI 1 - INSERVICE INSPECTION & TI-150 UNIT 1		2			
1, 2	IP 2515/150	Reactor Pressure Vessel Head and Vessel Head Penetration Nozzles (NRC Bulletin 2002-0		05/03/2004	05/14/2004	Safety Issues
1, 2	IP 7111108P	Inservice Inspection Activities - PWR		05/03/2004	05/14/2004	Baseline Inspections
	SSDI - SAFETY SYSTEM DESIGN INSPECTION		5			
1, 2	IP 7111121	Safety System Design and Performance Capability		06/28/2004	07/16/2004	Baseline Inspections
	IP 71122 - RP LIQ/GAS EFFLUENTS INSPECTION		1			
1, 2	IP 7112201	Radioactive Gaseous and Liquid Effluent Treatment and Monitoring Systems		07/26/2004	07/30/2004	Baseline Inspections
1, 2	IP 71151	Performance Indicator Verification		07/26/2004	07/30/2004	Baseline Inspections

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

Point Beach
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
	HTSNKB - HEAT SINK BIENNIAL (DRS)		1			
1, 2	IP 7111107B	Heat Sink Performance		09/13/2004	09/17/2004	Baseline Inspections
	71114 - BASELINE EP EXERCISE INSP		2			
1, 2	IP 7111401	Exercise Evaluation		09/13/2004	09/17/2004	Baseline Inspections
1, 2	IP 71151	Performance Indicator Verification		09/13/2004	09/17/2004	Baseline Inspections