

December 3, 2004

L-HU-04-045
10 CFR 50.54(a)(3)
10 CFR 50.54(a)(4)

U.S. Nuclear Regulatory Commission
ATTN: Document Control Desk
Washington, DC 20555

Duane Arnold Energy Center
Docket 50-331
License No. DPR-49

Palisades Nuclear Plant
Docket 50-255
License No. DPR-20

Kewaunee Nuclear Power Plant
Docket 50-305
License No. DPR-43

Point Beach Nuclear Plant
Units 1 and 2
Dockets 50-266 and 50-301
License Nos. DPR-24 and DPR-27

Monticello Nuclear Generating Plant
Docket 50-263
License No. DPR-22

Prairie Island Nuclear Generating
Plant Units 1 and 2
Dockets 50-282 and 50-306
License Nos. DPR-40 and DPR-60

Supplement 2 to Request for Approval of Nuclear Management Company Quality Assurance Topical Report

- References:
- 1) Letter from Nuclear Management Company, LLC to Document Control Desk, "Request for Approval of Nuclear Management Company Quality Assurance Topical Report," dated October 31, 2003.
 - 2) Letter from U.S. Nuclear Regulatory Commission to Nuclear Management Company, LLC, "Duane Arnold Energy Center, Kewaunee Nuclear Power Plant, Monticello Nuclear Generating Plant, Palisades Nuclear Plant, Point Beach Nuclear Plant, Units 1 and 2, Prairie Island Nuclear Generating Plant, Units 1 and 2 — Request for Additional Information Re: Request for Approval of Nuclear Management Company Quality Assurance Topical Report (TAC Nos. MB7157, MC1309, MC1310, MC1311, MC1312, MC1313, MC1314, MC1315 and MC1316)," dated June 20, 2004.

- 3) Letter from Nuclear Management Company, LLC to Document Control Desk, "Response to NRC Staff Request for Additional Information Re: Request for Approval of Nuclear Management Company Quality Assurance Topical Report, Dated June 20, 2004," (L-HU-04-030) dated July 23, 2004.
- 4) Letter from U.S. Nuclear Regulatory Commission to Nuclear Management Company, LLC, "Duane Arnold Energy Center, Kewaunee Nuclear Power Plant, Monticello Nuclear Generating Plant, Palisades Nuclear Plant, Point Beach Nuclear Plant, Units 1 and 2, Prairie Island Nuclear Generating Plant, Units 1 and 2 — Request for Additional Information Re: Request for Approval of Nuclear Management Company Quality Assurance Topical Report (TAC Nos. MB7157, MC1309, MC1310, MC1311, MC1312, MC1313, MC1314, MC1315 and MC1316)," dated August 18, 2004.
- 5) Letter from Nuclear Management Company, LLC to Document Control Desk, "Response to Request for Additional Information Re: Request for Approval of Nuclear Management Company Quality Assurance Topical Report, Dated August 18, 2004," (L-HU-04-039) September 22, 2004.
- 6) Letter from Nuclear Management Company, LLC to Document Control Desk, "Supplement 1 to Request for Approval of Nuclear Management Company Quality Assurance Topical Report," (L-HU-04-043) dated November 8, 2004.

On October 31, 2003, the Nuclear Management Company, LLC, (NMC) submitted a Quality Assurance Topical Report (QATR) for use at the NMC-operated nuclear plants to the U.S. Nuclear Regulatory Commission (NRC) for review and approval pursuant to 10 CFR 50.54(a)(4) (Reference 1). On June 20, 2004, the NRC issued a request for additional information (RAI) concerning a change involving the Offsite Review Committees (Reference 2). NMC provided the requested information in Reference 3. On August 18, 2004, (Reference 4) the NRC issued an RAI concerning various other changes in the proposed NMC QATR. In Reference 5, NMC provided the additional requested information. In Reference 6, NMC provided additional changes to the QATR resulting from discussions with NRC staff regarding independent reviews.

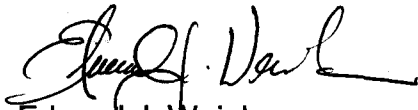
Based on continued discussions with the NRC Staff, NMC has determined that additional clarity regarding records related to the performance-based independent assessment elements of the QATR discussed in References 1 and 5, beyond that currently specified in the proposed QATR, is warranted. Therefore, the following

sentence will be added to the NMC QATR as the third to last sentence of the first paragraph under "Independent Assessment" (Subsection C.3) to clarify records requirements.

"Annual review documentation is retained as a quality record according to Section B.15, and will be available for NRC review."

Enclosure 1 provides revised text for Section C., "Assessment," in the NMC QATR that includes the above change. The revised Section C. replaces the text portion of Section C. provided in Reference 6.

This letter makes no new commitments or changes to any existing commitments.



Edward J. Weinkam
Director of Regulatory Services
Nuclear Management Company, LLC

Enclosure

cc: Administrator, Region III, USNRC
Project Managers, Duane Arnold Energy Center, Kewaunee Nuclear Power Plant, Monticello Nuclear Generating Plant, Palisades Nuclear Plant, Point Beach Nuclear Plant, Prairie Island Nuclear Generating Plant, USNRC
NRC Resident Inspectors, Duane Arnold Energy Center, Kewaunee Nuclear Power Plant, Monticello Nuclear Generating Plant, Palisades Nuclear Plant, Point Beach Nuclear Plant, Prairie Island Nuclear Generating Plant, USNRC

ENCLOSURE 1

**REVISED NMC QATR SECTION C. REPLACING THIS SECTION WITHIN
ENCLOSURE 3 OF THE NOVEMBER 8, 2004 NMC LETTER PROVIDING THE
RESPONSE TO THE NRC REQUEST FOR ADDITIONAL INFORMATION
CONCERNING THE NMC QA TOPICAL REPORT**

2 pages follow

C. ASSESSMENT

C.1 Methodology

NMC establishes programs for reviews and assessments to verify that activities covered by this QATR are performed in conformance with the requirements established, review significant proposed plant changes or tests, verify that reportable events are promptly investigated and corrected, and detect trends which may not be apparent to the day-to-day observer. These programs are, themselves, reviewed for effectiveness as part of the overall assessment process, as described herein.

NMC uses self-assessment (performed by or for the group responsible for the activity being assessed) and independent assessment (performed by the Nuclear Oversight organization) to monitor overall performance, identify anomalous performance and precursors of potential problems, and verify satisfactory resolution of problems. Persons responsible for carrying out these assessments are cognizant of day-to-day activities such that they can act in a management advisory function with respect to the scope of the assessment. Both self-assessments and independent assessments are accomplished using instructions or procedures that provide detail commensurate with the assessed activity's complexity and importance to safety.

NMC plants maintain plant operating review committees to review overall plant performance, and advise site Management on matters related to nuclear safety. Appendix A establishes the requirements for these committees.

NMC periodically performs independent reviews of matters involving the safe operation of its fleet of nuclear power plants, with a minimum of one such review being conducted for each generating site each year. The review addresses matters that plant and corporate management determine warrant special attention, such as plant programs, performance trends, employee concerns, or other matters related to safe plant operations. The review is performed by a team consisting of personnel with experience and competence in the activities being reviewed, but independent (from cost and schedule considerations) from the organizations responsible for those activities. The review is supplemented by outside consultants or organizations as necessary to ensure the team has the requisite expertise and competence. Results are documented and reported to responsible management.

In establishing the independent assessment program, NMC commits to compliance with NQA-1, 1994, Basic Requirement 18 and Supplement 18S-1, with the following clarification:

- In lieu of the term "audit," substitute "independent assessment(s)."

C.2 Self-assessment

NMC uses self-assessments performed by or for the group responsible for the activity being assessed to identify anomalous performance and precursors of potential problems. When line organizations perform self-assessments, their approach is technically and performance oriented with focus on the quality of the end product as well as on compliance with procedures and processes. The objective of self-assessment is to verify compliance, improve performance and achieve excellence. Results of self-assessments are reported in an understandable form and in a timely fashion to a level of management having the authority to effect corrective action and verify satisfactory resolution of problems.

C.3 Independent Assessment

NMC has established a program of planned and periodic performance-based independent assessments to monitor overall performance and confirm that activities affecting quality comply with the QAP and that the QAP is effectively implemented. The organization performing independent assessment (Nuclear Oversight) is technically and performance oriented, with its focus on the quality of the end product and the effective implementation of procedures and processes. Persons performing independent assessments do not have direct responsibility for any area being assessed, and do not report to a management position with immediate responsibility for the activity being assessed. NMC assessment resources may be supplemented with technical specialists as needed. The independent assessment program provides comprehensive independent evaluations of activities and procedures. Planning for independent assessments identifies the characteristics and activities to be assessed and the relevant performance and/or acceptance criteria. As appropriate to the scope of an assessment, these criteria include related plant Technical Specification requirements. Independent assessments are then conducted using these predetermined criteria. Scheduling and resource allocation for independent assessments are based on the status, performance, and effect on safety of the activity or process (topic) being assessed. Scheduling is dynamic to provide for response to developing performance issues and resources are supplemented as necessary when QAP effectiveness is in question. Activities having immediate effect on safety, such as Operations or Maintenance, are independently assessed on a continuing basis. Other topics, as identified in Table 1, where performance metrics, corrective action history and effectiveness, process/personnel stability, self-assessments, and response to operating experience provide sufficient evidence of satisfactory performance, may receive less frequent independent assessment attention, while topics with recent process/personnel changes or unsatisfactory or declining performance trends receive more frequent assessments. A Nuclear Oversight expert panel documents the bases for its decisions regarding which topics (from Table 1) receive independent assessments at what frequency, such that the topics identified in Table 1 are reviewed annually as candidates for independent assessment. Annual review documentation is retained as a quality record according to Section B.15, and will be available for NRC review. Certain activities, as identified in Table 2, receive independent assessments at frequencies established by related NRC rules. In addition, independent assessments include examination of selected procedures to verify that the procedure review and revision controls of section B.14 are effectively implemented.

Results of independent assessments are reported in an understandable form and in a timely fashion to a level of management having the authority to effect corrective action. Nuclear Oversight conducts timely follow-up action, including re-assessment of deficient areas, as necessary to establish adequacy of corrective actions.

Independent assessment results are documented and reviewed by Nuclear Oversight management and by management having responsibility for the area assessed. In addition, Nuclear Oversight activities are periodically assessed for effectiveness. Results are documented and reported to responsible management.

Nuclear Oversight provides for assessment of work carried out under the requirements of the QAP that is delegated to other (non-NMC) entities.