

July 6, 2006

Mr. Paul A. Harden
Site Vice President
Nuclear Management Company, LLC
Palisades Nuclear Plant
27780 Blue Star Memorial Highway
Covert, MI 49043-9530

SUBJECT: PALISADES PLANT - ISSUANCE OF AMENDMENT RE: STEAM GENERATOR
TUBE INTEGRITY TECHNICAL SPECIFICATIONS (TAC NO. MD0196)

Dear Mr. Harden:

The U.S. Nuclear Regulatory Commission has issued the enclosed Amendment No. 223 to Facility Operating License No. DPR-20 for the Palisades Plant. The amendment consists of changes to the Technical Specifications (TSs) in response to your application of February 16, 2006.

The amendment revises the steam generator (SG) tube-integrity TSs to make the existing SG tube surveillance program consistent with the Commission's approved Technical Specification Task Force (TSTF) Standard Technical Specification Change Traveler, TSTF-449, "Steam Generator Tube Integrity," Revision 4.

A copy of our related safety evaluation is also enclosed. The Notice of Issuance will be included in the Commission's biweekly *Federal Register* notice.

Sincerely,

/RA/

L. Mark Padovan, Project Manager
Plant Licensing Branch III-1
Division of Operating Reactor Licensing
Office of Nuclear Reactor Regulation

Docket No. 50-255

Enclosures:

1. Amendment No. 223 to DPR-20
2. Safety Evaluation

cc w/encls: See next page

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NUCLEAR MANAGEMENT COMPANY, LLC

DOCKET NO. 50-255

PALISADES PLANT

AMENDMENT TO FACILITY OPERATING LICENSE

Amendment No. 223
License No. DPR-20

1. The Nuclear Regulatory Commission (the Commission) has found that:
 - A. The application for amendment by Nuclear Management Company, LLC (the licensee), dated February 16, 2006, complies with the standards and requirements of the Atomic Energy Act of 1954, as amended (the Act), and the Commission's rules and regulations set forth in 10 CFR Chapter I;
 - B. The facility will operate in conformity with the application, the provisions of the Act, and the rules and regulations of the Commission;
 - C. There is reasonable assurance (i) that the activities authorized by this amendment can be conducted without endangering the health and safety of the public; and (ii) that such activities will be conducted in compliance with the Commission's regulations;
 - D. The issuance of this amendment will not be inimical to the common defense and security or to the health and safety of the public;
 - E. The issuance of this amendment is in accordance with 10 CFR Part 51 of the Commission's regulations and all applicable requirements have been satisfied.

2. Accordingly, the license is amended by changes to the Technical Specifications as indicated in the attachment to the license amendment and Paragraph 2.C.(2) of Facility Operating License No. DPR-20 is hereby amended to read as follows:

The Technical Specifications contained in Appendix A, as revised through Amendment No. 223, and the Environmental Protection Plan contained in Appendix B are hereby incorporated in the license. NMC shall operate the facility in accordance with the Technical Specifications and the Environmental Protection Plan.

3. This license amendment is effective as of the date of issuance and shall be implemented within 90 days.

FOR THE NUCLEAR REGULATORY COMMISSION

/RA/

L. Raghavan, Chief
Plant Licensing Branch III-1
Division of Operating Reactor Licensing
Office of Nuclear Reactor Regulation

Attachment: Changes to the Facility Operating License
and Technical Specifications

Date of Issuance: July 6, 2006

ATTACHMENT TO LICENSE AMENDMENT NO. 223

FACILITY OPERATING LICENSE NO. DPR-20

DOCKET NO. 50-255

Replace the following page of Facility Operating License No. DPR-20 with the attached revised page. The changed area is identified by a marginal line.

REMOVE

INSERT

3

3

Replace the following pages of the Appendix A Technical Specifications with the attached revised pages. The revised pages are identified by amendment number and contain marginal lines indicating the areas of change.

REMOVE

INSERT

1.1-4

1.1-4

3.4.13-1

3.4.13-1

3.4.13-2

3.4.13-2

3.4.17-1

3.4.17-1

3.4.17-2

3.4.17-2

5.0-11

5.0-11

5.0-12

5.0-12

5.0-13

5.0-13

5.0-14

5.0-14

5.0-15

5.0-15

5.0-16

5.0-16

5.0-28

5.0-28

SAFETY EVALUATION BY THE OFFICE OF NUCLEAR REACTOR REGULATION
RELATED TO AMENDMENT NO. 223 TO FACILITY OPERATING LICENSE NO. DPR-20
NUCLEAR MANAGEMENT COMPANY, LLC
PALISADES PLANT
DOCKET NO. 50-255

1.0 INTRODUCTION

Nuclear Management Company, LLC's (NMC's), application of February 16, 2006, requested changes to the Technical Specifications (TSs) for the Palisades Plant. The proposed changes would revise the existing steam generator (SG) tube surveillance program to be consistent with TS Task Force (TSTF) Change TSTF-449, Revision 4, "Steam Generator Tube Integrity." The model safety evaluation (SE) prepared by the Nuclear Regulatory Commission (NRC) was published in the *Federal Register* on March 2, 2005 (70 FR 10298) under the consolidated line item improvement process. In this regard, the scope of the application includes changes to the definition of leakage, changes to the primary-to-secondary leakage requirements, changes to the SG tube surveillance program (SG tube integrity), changes to the SG reporting requirements, and associated changes to the TS Bases.

2.0 REGULATORY EVALUATION

The background, description, and applicability of the proposed changes associated with the SG tube integrity issue, and the applicable regulatory requirements, were included in the NRC staff's model SE published in the *Federal Register*. The "Notice of Availability of Model Application Concerning Technical Specification; Improvement To Modify Requirements Regarding Steam Generator Tube Integrity; Using the Consolidated Line Item Improvement Process," published in the *Federal Register* on May 6, 2005 (70 FR 24126), made the model SE available to utilities for use.

3.0 TECHNICAL EVALUATION

3.1 Overview

In its February 16, 2006, application, NMC proposed changes to the TSs that are consistent with the proposed changes approved in TSTF-449. The NRC's model SE provides a detailed evaluation of the proposed changes that are requested by NMC in its application. Consistent with TSTF-449, the proposed TS changes include the following:

ENCLOSURE

- (1) a revised definition of LEAKAGE in TS 1.1
- (2) a revised TS 3.4.13, "PCS [Primary Coolant System] Operational LEAKAGE"
- (3) a new TS 3.4.17, "Steam Generator (SG) Tube Integrity"
- (4) a revised TS 5.5.8, "Steam Generator (SG) Program"
- (5) a revised TS 5.6.8, "Steam Generator Tube Inspection Report"
- (6) revised Table of Content pages to reflect the proposed changes

3.2 Conclusion

The proposed TS changes establish a programmatic, largely performance-based regulatory framework for ensuring SG tube integrity is maintained. The NRC staff finds that it addresses key shortcomings of the current framework by ensuring that SG programs are focused on accomplishing the overall objective of maintaining tube integrity. It incorporates performance criteria for evaluating tube integrity that the NRC staff finds consistent with the structural margins and the degree of leak tightness assumed in the current plant licensing basis. The NRC staff finds that maintaining these performance criteria provides reasonable assurance that the SGs can be operated safely without increase in risk.

The revised TSs will contain limited, specific details on how the SG Program is to achieve the required objective of maintaining tube integrity. The intent of this is for NMC to have the flexibility to determine the specific strategy for meeting this objective. However, the NRC staff finds that the revised TSs include sufficient regulatory constraints on the establishment and implementation of the SG Program such as to provide reasonable assurance that tube integrity will be maintained.

Failure to meet the performance criteria will be reportable pursuant to the requirements in Parts 50.72 and 50.73 of Title 10 of the *Code of Federal Regulations* (10 CFR). The NRC reactor oversight process provides a process by which the NRC staff can verify that NMC has identified any SG Program deficiencies that may have contributed to such an occurrence, and that appropriate corrective actions have been implemented.

In conclusion, the NRC staff finds that the TS changes proposed by NMC in its February 16, 2006, application conform to the requirements of 10 CFR 50.36, and establish a TS framework that will provide reasonable assurance that SG tube integrity is maintained without undue risk to public health and safety.

4.0 STATE CONSULTATION

In accordance with the Commission's regulations, the Michigan State official was notified of the proposed issuance of the amendment. The Michigan State official had no comments.

5.0 ENVIRONMENTAL CONSIDERATION

The amendment changes a requirement with respect to the installation or use of a facility component located within the restricted area as defined in 10 CFR Part 20. The staff has determined that the amendment involves no significant increase in the amounts, and no significant change in the types, of any effluents that may be released offsite, and that there is no significant increase in individual or cumulative occupational radiation exposure.

The Commission has previously issued a proposed finding that the amendment involves no significant hazards consideration and there has been no public comment on such finding (71 FR 29679). Accordingly, the amendment meets the eligibility criteria for categorical exclusion set forth in 10 CFR 51.22(c)(9). Pursuant to 10 CFR 51.22(b), no environmental impact statement or environmental assessment need be prepared in connection with the issuance of the amendment.

6.0 CONCLUSION

The Commission has concluded, based on the considerations discussed above, that: (1) there is reasonable assurance that the health and safety of the public will not be endangered by operation in the proposed manner, (2) such activities will be conducted in compliance with the Commission's regulations, and (3) the issuance of the amendment will not be inimical to the common defense and security or to the health and safety of the public.

Principal Contributor: E. Thomas, NRR

Date: July 6, 2006

Palisades Plant

cc:

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