

March 9, 2004

Mr. Daniel J. Malone
Site Vice President
Palisades Nuclear Plant
Nuclear Management Company, LLC
27780 Blue Star Memorial Highway
Covert, MI 49043-9530

SUBJECT: PALISADES NUCLEAR GENERATING PLANT
NRC INSPECTION REPORT 07200007/2004-001(DNMS)

Dear Mr. Malone:

On March 2, 2004, the NRC completed an inspection at your Palisades Nuclear Generating Plant. The purpose of the inspection was to evaluate horizontal storage module fabrication work being performed to construct a new independent spent fuel storage installation. At the conclusion of the inspection on March 2, 2004, the inspector discussed the findings with members of your staff.

This inspection consisted of an examination of independent spent fuel storage construction activities at the Palisades Nuclear Plant as they relate to safety and compliance with the Commission's rules and regulations and with the conditions of your license. Areas examined during the inspection are identified in the enclosed report. Within these areas, the inspection consisted of a selective examination of procedures and representative records, observations of activities in progress, and interviews with personnel.

Based on the results of this inspection, the NRC did not identify any violations. The construction activities reviewed were being conducted in accordance with applicable regulations and license conditions.

In accordance with 10 CFR 2.390 of the NRC's "Rules of Practice," a copy of this letter and its enclosure will be 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). The ADAMS system is accessible from the NRC Web site at <http://www.nrc.gov/reading-rm/adams.html> (the Public Electronic Reading Room).

We will gladly discuss any questions you may have regarding this inspection.

Sincerely,

/RA/

Christopher G. Miller, Chief
Decommissioning Branch

Docket No. 07200007

License No. DPR-20

Enclosure: Inspection Report 07200007/2004-001

cc w/encl: J. Cowan, Executive Vice President
and Chief Nuclear Officer
R. Fenech, Senior Vice President, Nuclear
Fossil and Hydro Operations
D. Cooper, Senior Vice President - Group Operations
L. Lahti, Manager, Regulatory Affairs
J. Rogoff, Vice President, Counsel and Secretary,
A. Udrys, Esquire, Consumers Energy Company
S. Wawro, Director of Nuclear Assets, Consumers Energy Company
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U.S. NUCLEAR REGULATORY COMMISSION

REGION III

Docket No. 07200007
License No. DPR-20

Report No. 07200007/2004-001(DNMS)

Licensee: Nuclear Management Company, LLC

Facility: Palisades Nuclear Generating Plant

Location: 27780 Blue Star Memorial Highway
Covert, MI 49043-9530

Dates: March 1-2, 2004

Inspector: Ross B. Landsman, Project Engineer

Approved by: Christopher G. Miller, Chief
Decommissioning Branch
Division of Nuclear Materials Safety

EXECUTIVE SUMMARY

Palisades Nuclear Generating Plant NRC Inspection Report 07200007/2004-001(DNMS)

The purpose of this inspection was to evaluate horizontal storage module fabrication work being performed to construct the new independent spent fuel storage installation at the Palisades Nuclear Generating Plant.

Fabrication of Horizontal Storage Modules

- The inspector determined that the licensee staff conducted appropriate receipt inspection and properly completed the onsite fabrication of the last four horizontal storage modules. (Section 1.0)

Report Details¹

1.0 New Dry Cask Storage Pad Construction Activities (60853)

a. Inspection Scope

The inspector evaluated the horizontal storage module fabrication work being performed for the new independent spent fuel storage installation (ISFSI) to verify compliance with 10 CFR Part 72 and the Certificate of Compliance conditions. This included direct observation of the following licensee activities: inspecting components for damage during shipments, removing the roof module components from the shipping trucks, and placing the roof units in the correct location on the base portion of the storage modules. The inspector reviewed procedures related to the fabrication activities to ensure the licensee met procedural requirements and licensee commitments. These procedures are listed at the end of the report.

b. Observations and Findings

The inspector observed the licensee conduct receipt inspection of the roof module components. The licensee's inspections were focused on identifying damage that may have occurred during transit of the components. The licensee staff stated to the inspector that further receipt inspection reviews were unnecessary due to the cask licensee, Transnuclear, having a full-time inspector conducting manufacturing inspections at Bayshore Concrete's facilities in Port Charles, Virginia. The licensee staff further stated that the licensee routinely dispatched quality assurance auditors to the Bayshore facility to witness and verify activities that were previously designated using hold points in the fabrication process.

The inspector observed the licensee staff complete onsite fabrication of the last four modules, out of eleven constructed. The work was done properly and in accordance with the governing procedures.

c. Conclusions

The inspector determined that the licensee staff conducted appropriate receipt inspection and properly completed the onsite fabrication of the last four horizontal storage modules.

2.0 Exit Meeting

The inspector presented inspection results to members of licensee management at the conclusion of the on-site portion of the inspection on March 2, 2004. The licensee acknowledged the findings presented. The licensee did not identify any documents or processes reviewed by the inspector as proprietary.

PARTIAL LIST OF PERSONS CONTACTED

¹NOTE: A list of acronyms used in the report is included at the end of the Report Details.

P. Harden, Director of Site Operations
M. Carlson, Engineering Director
L. Lahti, Regulatory Affairs Manager
E. Weinkan, Director, Regulator Services
B. Rice, Dry Fuel Project Manager
D. G. Malone, Regulatory Compliance Supervisor
B. Dotson, Regulatory Compliance

INSPECTION PROCEDURE USED

IP 60853: Construction of an Independent Spent Fuel Storage Installation

LIST OF DOCUMENTS REVIEWED

<u>Procedure No.</u>	<u>Procedure Title</u>	<u>Revision</u>	<u>Date</u>
E-19231	Transnuclear Specifications - "Field Erection of NUHOMS Precast HSM Array"	2	9/22/03
FHS-M-37	Palisades Procedure - "Horizontal Storage Module Assembly and Erection Procedure"	3	12/09/03

ITEMS OPENED, CLOSED, AND DISCUSSED

<u>Opened</u>	<u>Type</u>	<u>Summary</u>
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None

Closed

None

Discussed

None

ACRONYMS and INITIALISMS

ADAMS	Agencywide Documents Access and Management System
CFR	Code of Federal Regulations
ISFSI	Independent Spent Fuel Storage Installation
NRC	Nuclear Regulatory Commission