

March 4, 2004

Mr. Mark Peifer
Site Vice-President
Duane Arnold Energy Center
Nuclear Management Company, LLC
3277 DAEC Road
Palo, IA 52324

SUBJECT: ANNUAL ASSESSMENT LETTER - DUANE ARNOLD ENERGY CENTER
(REPORT 50-331/04-01)

Dear Mr. Peifer:

On February 12, 2004, the NRC staff completed its End-of-Cycle plant performance assessment of Duane Arnold Energy Center. The End-of-Cycle review for Duane Arnold Energy Center involved the participation of all technical divisions in evaluating performance indicators (PIs) for the most recent quarter and inspection results for the period from January 1, 2003, through December 31, 2003. This letter is to inform you of our assessment of your safety performance during this period. In addition, we are providing 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 which may conflict with your plant activities.

Overall, Duane Arnold Energy Center operated in a manner that preserved public health and safety. Plant performance for the most recent quarter, as well as for the first three quarters of the assessment cycle, 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 NRC oversight (Green). Therefore, we plan to conduct only baseline inspections at your facility through September 30, 2005.

The enclosed inspection plan details the inspections scheduled through September 30, 2005. 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 12 months of the inspection plan are tentative and may be revised at the mid-cycle review meeting. As you are aware, the NRC has issued several Orders and threat advisories to enhance security capabilities and improve guard force readiness since the terrorist attacks on September 11, 2001. We have conducted inspections to review your implementation of these requirements and have monitored your actions in response to changing threat conditions. For calendar year 2004, we plan to continue inspections of Order implementation combined with newly developed portions of the security baseline inspection program.

M. Peifer

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In accordance with 10 CFR 2.390 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 me at 630/829-9629 with any questions you may have regarding this letter or the inspection plan.

Sincerely,

/RA/

Bruce Burgess, Chief
Reactor Projects Branch 2
Division of Reactor Projects

Docket No. 50-331
License No. DPR-49

Enclosure: Duane Arnold Energy Center Inspection/Activity Plan

See Attached Distribution

M. Peifer

-2-

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Bruce Burgess, Chief
Reactor Projects Branch 2
Division of Reactor Projects

Docket No. 50-331
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Enclosure: Duane Arnold Energy Center Inspection/Activity Plan

See Attached Distribution

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cc w/encl: E. Protsch, Executive Vice President -
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J. Cowan, Executive Vice President and Chief Nuclear Officer
J. Bjorseth, Plant Manager
S. Catron, Manager, Regulatory Affairs
J. Rogoff, Esquire General Counsel
B. Lacy, Nuclear Asset Manager
D. McGhee, Iowa Department of Public Health
Chairman, Linn County Board of Supervisors
Chairperson, Iowa Utilities Board
The Honorable Charles W. Larson, Jr.
Iowa State Senator
R. Buch, Chairman, Benton County Supervisors
K. Popenhagen, Benton County Sheriff
S. Hansen, Coordinator of Emergency Services
The Honorable Shawn Steffen
The Honorable Rick Grimm
The Honorable Lloyd Benson
J. Houser, Board of Supervisors
L. Langston, Linn County Supervisor
D. Zeller, Linn County Sheriff
L. Barron, Chairman, Board of Supervisors
R. Foubert, Linn County Safety Director
W. Wright, Linn County Emergency
Management Coordinator
The Honorable Randy Fouts
The Honorable Tom Svoboda
The Honorable Paul Pate
The Honorable Thomas Patterson
The Honorable Victor Klopfenstein
J. Schott, City Manager, Marion
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The Honorable Larry Dauenbaugh
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Duane Arnold
Inspection / Activity Plan
03/01/2004 - 09/30/2005

Unit Number	Inspection Activity	Title	No. of Staff on Site	Planned Dates		Inspection Type
				Start	End	
	ALARA	- NONOUTAGE ALARA AND ACCESS CONTROL	1			
1	IP 7112101	Access Control to Radiologically Significant Areas		03/08/2004	03/12/2004	Baseline Inspections
1	IP 7112102	ALARA Planning and Controls		03/08/2004	03/12/2004	Baseline Inspections
	INSPECT	- LIQUID AND GAS EFFLUENT INSPECTION	1			
1	IP 7112201	Radioactive Gaseous and Liquid Effluent Treatment and Monitoring Systems		03/08/2004	03/12/2004	Baseline Inspections
	INSPECT	- RADWASTE AND TRANSPORTATION	1			
1	IP 7112202	Radioactive Material Processing and Transportation		03/08/2004	03/12/2004	Baseline Inspections
	SG BASE	- SG BASELINE 2004	2			
1	IP 7113001	Access Authorization		06/07/2004	06/11/2004	Baseline Inspections
1	IP 7113002	Access Control		06/07/2004	06/11/2004	Baseline Inspections
1	IP 7113008	Fitness For Duty Program		06/07/2004	06/11/2004	Baseline Inspections
1	IP 71151	Performance Indicator Verification		06/07/2004	06/11/2004	Baseline Inspections
	INSTR	- RADIATION PROTECTION INSTRUMENTATION	1			
1	IP 7112101	Access Control to Radiologically Significant Areas		07/12/2004	07/19/2004	Baseline Inspections
1	IP 7112103	Radiation Monitoring Instrumentation and Protective Equipment		07/12/2004	07/19/2004	Baseline Inspections
	71114	- BASELINE EP EXERCISE INSP	2			
1	IP 7111401	Exercise Evaluation		10/18/2004	10/22/2004	Baseline Inspections
1	IP 71151	Performance Indicator Verification		10/18/2004	10/22/2004	Baseline Inspections
	INSPECT	- REMP	1			
1	IP 7112203	Radiological Environmental Monitoring Program		10/18/2004	10/22/2004	Baseline Inspections
	71111.11	- LIC OPERATOR REQUAL PROGRAM EVALUATION	2			
1	IP 7111111B	Licensed Operator Requalification Program		11/01/2004	11/05/2004	Baseline Inspections
	FY 2005	- DUANE ARNOLD INIT PREP 01/2005	3			
1	W90113	OL - INITIAL EXAM - DUANE ARNOLD - JAN/FEB 2005		01/10/2005	01/14/2005	Not Applicable
	INSPECT	- PRE OUTAGE ACCESS CONTROL AND ALARA	1			
1	IP 7112102	ALARA Planning and Controls		01/10/2005	01/14/2005	Baseline Inspections
1	IP 7112201	Radioactive Gaseous and Liquid Effluent Treatment and Monitoring Systems		01/10/2005	01/14/2005	Baseline Inspections
	FY 2005	- DUANE ARNOLD INIT EXAM 01/02/2005	3			
1	W90113	OL - INITIAL EXAM - DUANE ARNOLD - JAN/FEB 2005		01/31/2005	02/04/2005	Not Applicable
	ISI	- ISI INSPECTION	1			
1	IP 7111108G	Inservice Inspection Activities - BWR		02/21/2005	02/25/2005	Baseline Inspections
	MAINT	- BIENNIAL MAINTENANCE RULE INSPECTION	1			
1	IP 7111112B	Maintenance Effectiveness		03/28/2005	04/01/2005	Baseline Inspections
	INSPECT	- ACCESS CONTROL AND ALARA	1			
1	IP 7112101	Access Control to Radiologically Significant Areas		04/04/2005	04/08/2005	Baseline Inspections

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

Duane Arnold
Inspection / Activity Plan
03/01/2004 - 09/30/2005

Unit Number	Inspection Activity	Title	No. of Staff on Site	Planned Dates		Inspection Type
				Start	End	
	INSPECT - ACCESS CONTROL AND ALARA		1			
1	IP 7112102	ALARA Planning and Controls		04/04/2005	04/08/2005	Baseline Inspections
	71114 - BASELINE EP INSP		1			
1	IP 7111402	Alert and Notification System Testing		04/25/2005	04/29/2005	Baseline Inspections
1	IP 7111403	Emergency Response Organization Augmentation Testing		04/25/2005	04/29/2005	Baseline Inspections
1	IP 7111405	Correction of Emergency Preparedness Weaknesses and Deficiencies		04/25/2005	04/29/2005	Baseline Inspections
1	IP 71151	Performance Indicator Verification		04/25/2005	04/29/2005	Baseline Inspections
	PI&R - BIENNIAL PI&R		1			
1	IP 71152B	Identification and Resolution of Problems		05/16/2005	06/03/2005	Baseline Inspections
	HEATSKB - BIENNIAL HEAT SINK INSPECTION		1			
1	IP 7111107B	Heat Sink Performance		06/13/2005	06/17/2005	Baseline Inspections