

March 2, 2007

Mr. Gary Van Middlesworth
Vice-President
Duane Arnold Energy Center
3277 DAEC Road
Palo, IA 52324-9785

SUBJECT: ANNUAL ASSESSMENT LETTER - DUANE ARNOLD ENERGY CENTER
(REPORT 05000331/2007001)

Dear Mr. Van Middlesworth:

On February 14, 2007, the Nuclear Regulatory Commission (NRC) staff completed its performance review of the Duane Arnold Energy Center. Our technical staff reviewed performance indicators (PIs) for the most recent quarter and inspection results for the period from January 1 through December 31, 2006. 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.

This performance review and enclosed inspection plan do not include physical protection information. A separate letter designated as "Exempt from Public Disclosure in Accordance with 10 CFR 2.390" and marked as "Official Use Only - Security-Related Information" will include the physical protection review and resultant inspection plan.

Overall, the Duane Arnold Energy Center operated in a manner that preserved public health and safety and fully met all cornerstone objectives. 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). Although plant performance was within the Licensee Response column, the significance of a preliminary White finding identified in NRC Emergency Preparedness Inspection Report 05000331/2006009(DRS) is still under review as part of the Significance Determination Process which, when finalized, may change our assessment of your plant's safety performance. Therefore, we plan to conduct reactor oversight process baseline inspections at your facility.

Additionally, on May 1, 2006, the staff issued two Severity Level III Notices of Violation in accordance with the NRC's Enforcement Policy. The first was for a willful violation, of a procedure required by DAEC Technical Specification 5.4.1 by a refueling floor supervisor on July, 23, 2003. The second was for a willful violation, demonstrating at least careless disregard of a procedure required by DAEC Technical Specification 5.4.1 by a refueling floor supervisor on November 9, 2004.

The enclosed inspection plan details the inspections, less those related to physical protection scheduled through June 30, 2008. The inspection plan is provided to allow for the resolution of any scheduling conflicts and personnel availability issues well in advance of inspector arrival onsite. Routine resident inspections are not listed due to their ongoing and continuous nature. The inspections in the last 9 months of the inspection plan are tentative and may be revised at the end-of-cycle review.

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), 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 me at (630) 829-9629 with any questions you may have regarding this letter or the inspection plan.

Sincerely,

/RA/

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

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

Enclosure: Duane Arnold Energy Center Inspection/Activity Plan

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Duane Arnold
Inspection / Activity Plan
03/01/2007 - 06/30/2008

Unit Number	Inspection Activity	Title	No. of Staff on Site	Planned Dates Start	Planned Dates End	Inspection Type
	PI&R - PI&R BIENNIAL		5			
1	IP 71152B	Identification and Resolution of Problems		04/02/2007	04/20/2007	Baseline Inspections
	HEATSINK - HEAT SINK INSPECTION		1			
1	IP 7111107B	Heat Sink Performance		04/23/2007	04/27/2007	Baseline Inspections
	7112202 - RADWASTE AND TRANSPORT		1			
1	IP 7112202	Radioactive Material Processing and Transportation		05/21/2007	05/25/2007	Baseline Inspections
	EP BI - BASELINE EP INSPECTION		1			
1	IP 7111402	Alert and Notification System Testing		07/09/2007	07/13/2007	Baseline Inspections
1	IP 7111403	Emergency Response Organization Augmentation Testing		07/09/2007	07/13/2007	Baseline Inspections
1	IP 7111405	Correction of Emergency Preparedness Weaknesses and Deficiencies		07/09/2007	07/13/2007	Baseline Inspections
1	IP 71151-EP01	Drill/Exercise Performance		07/09/2007	07/13/2007	Baseline Inspections
1	IP 71151-EP02	ERO Drill Participation		07/09/2007	07/13/2007	Baseline Inspections
1	IP 71151-EP03	Alert & Notification System		07/09/2007	07/13/2007	Baseline Inspections
	7112203 - REMP AND PI VERIFICATION		2			
1	IP 7112203	Radiological Environmental Monitoring Program (REMP) And Radioactive Material Control P		09/10/2007	09/14/2007	Baseline Inspections
1	IP 71151	Performance Indicator Verification		09/10/2007	09/14/2007	Baseline Inspections
	MAINRULE - MAINTENANCE RULE INSPECTION		1			
1	IP 7111112B	Maintenance Effectiveness		09/10/2007	09/14/2007	Baseline Inspections
	MOD5059 - MODIFICATIONS/50.59 INSPECTION		3			
1	IP 7111102	Evaluation of Changes, Tests, or Experiments		09/24/2007	10/19/2007	Baseline Inspections
1	IP 711117B	Permanent Plant Modifications		09/24/2007	10/19/2007	Baseline Inspections
	ISFSI - ISFSI INSPECTION		1			
1	IP 60855.1	Operation of an Independent Spent Fuel Storage Installation at Operating Plants		10/01/2007	10/05/2007	Other Routine
	7112101 - ACCESS CONTROL, ALARA & PI VERIFICATION		1			
1	IP 7112101	Access Control to Radiologically Significant Areas		10/29/2007	11/02/2007	Baseline Inspections
1	IP 7112102	ALARA Planning and Controls		10/29/2007	11/02/2007	Baseline Inspections
1	IP 71151	Performance Indicator Verification		10/29/2007	11/02/2007	Baseline Inspections
	FY 2008 - DUANE ARNOLD INIT PREP 11/2007		3			
1	W90144	OL - INITIAL EXAM - DUANE ARNOLD - NOV/DEC 2007		11/26/2007	11/30/2007	Not Applicable
	FY 2008 - DUANE ARNOLD INIT EXAM 12/2007		3			
1	W90144	OL - INITIAL EXAM - DUANE ARNOLD - NOV/DEC 2007		12/10/2007	12/14/2007	Not Applicable
	7112101 - ACCESS CONTROL		1			
1	IP 7112101	Access Control to Radiologically Significant Areas		02/04/2008	02/08/2008	Baseline Inspections
	CDBI - COMPONENT DESIGN BASES INSPECTION		4			
1	IP 7111121	Component Design Bases Inspection		02/11/2008	03/14/2008	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
03/01/2007 - 06/30/2008

Unit Number	Inspection Activity	Title	No. of Staff on Site	Planned Dates Start End	Inspection Type
	7112201	- GASEOUS AND LIQUID EFFLUENT	1		
1	IP 7112201	Radioactive Gaseous and Liquid Effluent Treatment and Monitoring Systems		03/31/2008 04/04/2008	Baseline Inspections

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