

April 2, 1999

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

**DOCKET 50-255 - LICENSE DPR-20 - PALISADES PLANT**  
REPLY TO CONCERN DISCUSSED IN THE COVER LETTER OF INSPECTION  
REPORT 50-255/98006(DRS)

The cover letter of NRC Inspection Report 50-255/98006 noted that the Inservice Inspection (ISI) Program audits conducted by the Nuclear Performance Assessment Department (NPAD) were weak and not consistent with performance-based auditing. Specifically, the NPAD audits of ISI activities did not include direct observation of Code ISI activities with qualified personnel.

NPAD has reviewed these observations and agrees that field observations by qualified personnel are an important aspect of the assessment program, and this element did not meet management's expectations for assessments of the ISI area.

We have taken this opportunity to self assess the overall audit program to ensure sufficient field observations of work activities are occurring either through the audit, surveillance or field monitoring programs. The NPAD audit procedure, NPAP-03, was strengthened to assure adequate observations of work activities are accomplished during the audit or supplementary assessments. In addition, the ISI/IST audit frequency has been revised so that audits are performed every refueling outage when most of the physical work is in progress. These audits will be performed using appropriately qualified personnel.

Should you have any questions regarding this matter, please contact my office.

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