

March 4, 2004

Mr. William R. Kanda
Vice President - Nuclear
FirstEnergy Nuclear Operating Company
P. O. Box 97, A200
Perry, OH 44081

SUBJECT: ANNUAL ASSESSMENT LETTER - PERRY NUCLEAR POWER STATION
(REPORT 50-440/04-01)

Dear Mr. Kanda:

On February 11, 2004, the NRC staff completed its end-of-cycle plant performance assessment of the Perry Nuclear Power Station. The end-of-cycle review 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 through December 31, 2003. 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 so that you will have an opportunity to prepare for these inspections and to inform us of any planned inspections that may conflict with your plant activities.

Overall, Perry operated in a manner that preserved public health and safety and met all cornerstone objectives with moderate degradation in safety performance. Plant performance for the most recent quarter was within the Degraded Cornerstone Column of the NRC's Action Matrix, based on two White findings in the mitigating systems cornerstone and one White finding in the emergency preparedness cornerstone. One White finding involved the failure of the high pressure core spray pump to start on October 23, 2002. A supplemental inspection was conducted in July 2003 which identified significant deficiencies with regard to your extent of condition evaluation which resulted in the issue remaining open. A follow-up supplemental inspection conducted in December 2003 determined that the issue was adequately addressed. As a result, the finding was removed from the action matrix on December 31, 2003. A second White finding involved the failure of the Division 1 emergency service water pump on September 1, 2003. A third White finding involved the failure on April 24, 2003, to declare an Alert in a timely manner following damage to irradiated fuel. Because the emergency preparedness White finding has few similarities with, and is in a different cornerstone than the first two White findings, supplemental inspection 95002 will be conducted for the mitigating systems cornerstone and supplemental inspection 95001 will be conducted for the emergency preparedness cornerstone. Both inspections are scheduled for May 2004.

While plant performance for the most recent quarter was within the Degraded Cornerstone Column of the Action Matrix, there was an additional safety significant PI during the first three quarters of the assessment cycle. The PI for Occupational Exposure was reported as White in the second quarter of 2003. A supplemental inspection was conducted in January 2004 which concluded that adequate root cause evaluations had been completed.

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.

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 Mark Ring at 630/829-9703 with any questions you may have regarding this letter or the inspection plan.

Sincerely,

/RA/

James L. Caldwell
Regional Administrator

Docket Nos. 50-440
License Nos. NPF-58

Enclosure: Perry Inspection/Activity Plan

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James L. Caldwell
Regional Administrator

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DATE	03/02/04		03/02/04		03/02/04		03/04/04		

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SRI Perry

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Perry
Inspection / Activity Plan
03/01/2004 - 09/30/2005

Unit Number	Inspection Activity	Title	No. of Staff on Site	Planned Dates Start	Planned Dates End	Inspection Type
	71122	- EFFLUENTS, ACCESS CONTROL, ALARA	2			
1	IP 7112101	Access Control to Radiologically Significant Areas		03/29/2004	04/02/2004	Baseline Inspections
1	IP 7112102	ALARA Planning and Controls		03/29/2004	04/02/2004	Baseline Inspections
1	IP 7112201	Radioactive Gaseous and Liquid Effluent Treatment and Monitoring Systems		03/29/2004	04/02/2004	Baseline Inspections
	SG BASE	- SG BASELINE 2004	2			
1	IP 7113001	Access Authorization		04/19/2004	04/23/2004	Baseline Inspections
1	IP 7113002	Access Control		04/19/2004	04/23/2004	Baseline Inspections
1	IP 7113008	Fitness For Duty Program		04/19/2004	04/23/2004	Baseline Inspections
1	IP 71151	Performance Indicator Verification		04/19/2004	04/23/2004	Baseline Inspections
	95002	- SUPPLEMENTAL INSP - DEGRADED CORNERSTONE	4			
1	IP 95002	Inspection For One Degraded Cornerstone Or Any Three White Inputs In A Strategic Perform		05/10/2004	05/21/2004	Supplemental Progra
	95001	- EP SUPPLEMENTAL INSPECTION	2			
1	IP 95001	Supplemental Inspection For One Or Two White Inputs In A Strategic Performance Area		05/24/2004	05/28/2004	Supplemental Progra
	7112203	- REMP, ACCESS CONTROL	1			
1	IP 7112101	Access Control to Radiologically Significant Areas		06/28/2004	07/02/2004	Baseline Inspections
1	IP 7112203	Radiological Environmental Monitoring Program		06/28/2004	07/02/2004	Baseline Inspections
	SSDI	- SAFETY SYSTEM DESIGN INSPECTION	6			
1	IP 7111121	Safety System Design and Performance Capability		08/09/2004	08/27/2004	Baseline Inspections
	7112103	- INSTRUMENTATION, ACCESS CONTROL	1			
1	IP 7112101	Access Control to Radiologically Significant Areas		09/13/2004	09/17/2004	Baseline Inspections
1	IP 7112103	Radiation Monitoring Instrumentation and Protective Equipment		09/13/2004	09/17/2004	Baseline Inspections
1	IP 71151	Performance Indicator Verification		09/13/2004	09/17/2004	Baseline Inspections
	MR	- MAINTENANCE RULE BIENNIAL (DRS)	1			
1	IP 71111.EP	Equipment Availability and Functional Capability		10/04/2004	10/08/2004	Baseline Inspections
	71111.11	- LIC OPERATOR REQUAL PRPROGRAM EVALUATION	2			
1	IP 7111111B	Licensed Operator Requalification Program		10/04/2004	10/08/2004	Baseline Inspections
	71114	- BASELINE EP EXERCISE INSP	2			
1	IP 7111401	Exercise Evaluation		10/04/2004	10/08/2004	Baseline Inspections
1	IP 71151	Performance Indicator Verification		10/04/2004	10/08/2004	Baseline Inspections
	FY 2005	- PERRY INIT PREP 11/2004	4			
1	W90111	OL - INITIAL EXAM - PERRY - NOV/DEC 2004		11/01/2004	11/05/2004	Not Applicable
	FY 2005	- PERRY INIT EXAM 11/12/2004	4			
1	W90111	OL - INITIAL EXAM - PERRY - NOV/DEC 2004		11/29/2004	12/10/2004	Not Applicable

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

Perry
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	
	PI&R	- PROBLEM IDENTIFICATION AND RESOLUTION	3			
1	IP 71152B	Identification and Resolution of Problems		01/10/2005	01/28/2005	Baseline Inspections
	MOD5059	- MODIFICATIONS/50.59 INSPECTION	2			
1	IP 7111102	Evaluation of Changes, Tests, or Experiments		01/17/2005	02/04/2005	Baseline Inspections
1	IP 7111117B	Permanent Plant Modifications		01/17/2005	02/04/2005	Baseline Inspections
	ISI	- ISI INSPECTION	1			
1	IP 7111108G	Inservice Inspection Activities - BWR		02/28/2005	03/04/2005	Baseline Inspections
	OUTAGE	- ALARA AND ACCESS CONTROL	1			
1	IP 7112101	Access Control to Radiologically Significant Areas		02/22/2005	02/28/2005	Baseline Inspections
1	IP 7112102	ALARA Planning and Controls		02/22/2005	02/28/2005	Baseline Inspections
	HEATSKB	- BIENNIAL HEAT SINK INSPECTION	1			
1	IP 7111107B	Heat Sink Performance		04/18/2005	04/22/2005	Baseline Inspections
	71122.02	- TRANSPORTATION AND ACCESS CONTROL	1			
1	IP 7112101	Access Control to Radiologically Significant Areas		07/25/2005	07/29/2005	Baseline Inspections
1	IP 7112202	Radioactive Material Processing and Transportation		07/25/2005	07/29/2005	Baseline Inspections