

August 30, 2004

Mr. Lew W. Myers
Chief Operating Officer
FirstEnergy Nuclear Operating Company
Perry Nuclear Power Plant
P. O. Box 97, A290
10 Center Road
Perry, OH 44081

SUBJECT: MID-CYCLE PERFORMANCE REVIEW AND INSPECTION PLAN
PERRY NUCLEAR POWER PLANT (REPORT 50-440/05-01)

Dear Mr. Myers:

On August 11, 2004, the U.S. Nuclear Regulatory Commission (NRC) staff completed its mid-cycle plant performance assessment of the Perry Nuclear Power Plant. The mid-cycle review involved the participation of all technical divisions in evaluating performance for the first half of the calendar year 2004 assessment cycle. The process included a review of performance indicators (PIs) for the most recent quarter and inspection results over the previous 12 months. 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.

Plant performance for the most recent quarter was within the Degraded Cornerstone column of the NRC's Action Matrix. However, early in the third quarter of 2004, Perry transitioned to the Multiple/Repetitive Degraded Cornerstone column based on the Mitigating Systems Cornerstone being degraded with multiple White findings for five consecutive quarters. You were formally notified of this transition in our letter dated August 12, 2004.

The first White finding involved the failure of the high pressure core spray (HPCS) pump to start on October 23, 2002. A supplemental inspection, conducted in July 2003 in accordance with Inspection Procedure (IP) 95001, identified significant deficiencies with regard to your extent of condition evaluation which resulted in the finding remaining open. A follow-up IP 95001 supplemental inspection conducted in December 2003 determined that the finding was adequately addressed. As a result, the finding was removed from the action matrix on December 31, 2003. The second White finding involved the failure of the Division 1 emergency service water pump on September 1, 2003. The third White finding involved air binding of the residual heat removal 'A' and low pressure core spray waterleg pump on August 14, 2003.

As a result of the first two White findings, a supplemental inspection of all three findings was conducted in June 2004 in accordance with IP 95002. Based on the inspection results, the NRC concluded that the last two White findings should remain open due to (1) your failure to take corrective action to prevent recurrence of a significant condition adverse to quality as

evidenced by the repetitive failure of the Division 1 emergency service water pump on May 21, 2004; and (2) the NRC's identification of three findings which confirmed the need for a thorough assessment of the common causes for the last two White findings.

In response to Perry's entry into the Multiple/Repetitive Degraded Cornerstone, a supplemental inspection will be conducted in accordance with IP 95003. The schedule for this inspection will be communicated via separate correspondence.

The staff also identified a substantive cross-cutting issue in the area of problem identification and resolution involving a number of findings. Examples include, but are not limited to, the repetitive failure of the Division 1 emergency service water pump, an inadequate extent of condition review following the failure of the HPCS pump to start, and missed opportunities to identify the low pressure core spray/residual heat removal system venting procedure deficiencies. Furthermore, the need to perform multiple revisions of root cause evaluations was considered to be indicative of significant organizational deficiencies. We will continue to assess your performance in this area as part of both the IP 95003 inspection and the baseline inspection program.

Additionally, on April 1, 2004, the staff issued a Severity Level III Notice of Violation in accordance with the NRC's Enforcement Policy. The violation concerned FirstEnergy management's failure to adequately oversee a contractor's work hours program in 2001.

The enclosed inspection plan details the inspections scheduled through March 31, 2006. 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 end-of-cycle review meeting.

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 the 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).

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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 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 No. 50-440
License No. NPF-58

Enclosure: Perry Inspection/Activity Plan

cc w/encl: G. Leidich, President - FENOC
J. Hagan, Senior Vice President Engineering
and Services, FENOC
W. O'Malley, Director, Maintenance Department
V. Higaki, Manager, Regulatory Affairs
J. Messina, Director, Nuclear
Services Department
T. Lentz, Director, Nuclear
Engineering Department
F. von Ahn, Plant Manager,
Nuclear Power Plant Department
M. O'Reilly, Attorney, FirstEnergy
Public Utilities Commission of Ohio
Ohio State Liaison Officer
R. Owen, Ohio Department of Health

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Perry
Inspection / Activity Plan
09/01/2004 - 03/31/2006

Unit Number	Inspection Activity	Title	No. of Staff on Site	Planned Dates		Inspection Type
				Start	End	
	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
	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
	71111.11	- LIC OPERATOR REQUAL PRPOGRAM EVALUATION	2			
1	IP 7111111B	Licensed Operator Requalification Program		11/15/2004	11/19/2004	Baseline Inspections
	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
	PI&R	- PROBLEM IDENTIFICATION AND RESOLUTION	3			
1	IP 71152B	Identification and Resolution of Problems		01/10/2005	01/28/2005	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
	71121.02	- ALARA AND ACCESS CONTROL	1			
1	IP 7112101	Access Control to Radiologically Significant Areas		10/17/2005	10/21/2005	Baseline Inspections
1	IP 7112102	ALARA Planning and Controls		10/17/2005	10/21/2005	Baseline Inspections
1	IP 71151	Performance Indicator Verification		10/17/2005	10/21/2005	Baseline Inspections
	71114	- BASELINE EP INSPECTION	1			
1	IP 7111402	Alert and Notification System Testing		12/05/2005	12/09/2005	Baseline Inspections
1	IP 7111403	Emergency Response Organization Augmentation Testing		12/05/2005	12/09/2005	Baseline Inspections

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

Perry
Inspection / Activity Plan
09/01/2004 - 03/31/2006

Unit Number	Inspection Activity	Title	No. of Staff on Site	Planned Dates Start End		Inspection Type
	71114	- BASELINE EP INSPECTION	1			
1	IP 7111405	Correction of Emergency Preparedness Weaknesses and Deficiencies		12/05/2005	12/09/2005	Baseline Inspections
1	IP 71151	Performance Indicator Verification		12/05/2005	12/09/2005	Baseline Inspections

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