



**UNITED STATES
NUCLEAR REGULATORY COMMISSION
REGION II
SAM NUNN ATLANTA FEDERAL CENTER
61 FORSYTH STREET SW SUITE 23T85
ATLANTA, GEORGIA 30303-8931**

March 3, 2004

Duke Energy Corporation
ATTN: Mr. G. R. Peterson
Vice President
McGuire Nuclear Station
12700 Hagers Ferry Road
Huntersville, NC 28078-8985

**SUBJECT: ANNUAL ASSESSMENT LETTER - MCGUIRE NUCLEAR STATION
(NRC INSPECTION REPORT 05000369/2004001 AND 05000370/2004001)**

Dear Mr. Peterson:

On February 3, 2004, the NRC staff completed its end-of-cycle plant performance assessment of the McGuire Nuclear Station. The end-of-cycle review for McGuire 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. This will allow you an opportunity to prepare for these inspections and to inform us of any planned inspections which may conflict with your plant activities.

Overall, McGuire 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). Therefore, we plan to conduct only reactor oversight process (ROP) baseline inspections at your facility through September 30, 2005, as well as the following non-reactor oversight program inspections: (1) routine inspections of activities associated with your Independent Spent Fuel Storage Installation; (2) safety issue inspections concerning the reactor pressure vessel lower head penetration nozzles (NRC Bulletin 2003-02) and the reactor containment sump (NRC Bulletin 2003-01); and (3) operator licensing examinations.

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 twelve 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 2.790 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 our inspection plan, we will contact you to discuss the change as soon as possible. Please contact me at (404) 562-4550 with any questions you may have regarding this letter or the inspection plan.

Sincerely,

/RA/

Robert C. Haag, Chief
Reactor Projects Branch 1
Division of Reactor Projects

Docket Nos.: 50-369, 50-370, 72-38
License Nos.: NPF-9, NPF-17

Enclosure: McGuire Inspection/Activity Plan

DEC

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McGuire
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
	PS-RP	- RP OCCUPATIONAL BASELINE ISFSI - WEEK 1	3			
1,2	IP 7112101	Access Control to Radiologically Significant Areas		03/08/2004	03/12/2004	Baseline Inspections
1,2	IP 7112102	ALARA Planning and Controls		03/08/2004	03/12/2004	Baseline Inspections
1,2	IP 7112202	Radioactive Material Processing and Transportation		03/08/2004	03/12/2004	Baseline Inspections
1,2	IP 71151	Performance Indicator Verification		03/08/2004	03/12/2004	Baseline Inspections
	EB2-ISI	- INSERVICE INSPECTION-U1	2			
1	IP 7111108P	Inservice Inspection Activities - PWR		03/15/2004	03/19/2004	Baseline Inspections
	2515/152	- U-1 2515/152: RPV LOWER HEAD PENETRATION	1			
1	IP 2515/152	Reactor Pressure Vessel Lower Head Penetration Nozzles (NRC Bulletin 2003-02)		03/22/2004	03/26/2004	Safety Issues
	2515/153	- TI 2515/153 RX CONTAINMT SUMP BLOCKAGE	1			
1,2	IP 2515/153	Reactor Containment Sump Blockage (NRC Bulletin 2003-01)		03/22/2004	03/26/2004	Safety Issues
	PS-RP	- RP OCCUPATIONAL BASELINE - ISFSI	2			
1,2	IP 7112101	Access Control to Radiologically Significant Areas		03/22/2004	03/26/2004	Baseline Inspections
1,2	IP 7112102	ALARA Planning and Controls		03/22/2004	03/26/2004	Baseline Inspections
1,2	IP 7112202	Radioactive Material Processing and Transportation		03/22/2004	03/26/2004	Baseline Inspections
1,2	IP 71151	Performance Indicator Verification		03/22/2004	03/26/2004	Baseline Inspections
	OL RQ	- REQUAL INSPECTION	2			
1,2	IP 7111111B	Licensed Operator Requalification Program		05/24/2004	05/28/2004	Baseline Inspections
	60853	- ISFSI DRY RUNS	4			
1,2	IP 60853	On-Site Fabrication Of Components And Construction On An ISFSI		06/28/2004	07/02/2004	Other Routine
1,2	IP 60854	Preoperational Testing Of An ISFSI		06/28/2004	07/02/2004	Other Routine
1,2	IP 60855	Operation Of An ISFSI		06/28/2004	07/02/2004	Other Routine
	OL EP	- EP INSPECTION	1			
1,2	IP 7111402	Alert and Notification System Testing		08/02/2004	08/06/2004	Baseline Inspections
1,2	IP 7111403	Emergency Response Organization Augmentation Testing		08/02/2004	08/06/2004	Baseline Inspections
1,2	IP 7111404	Emergency Action Level and Emergency Plan Changes		08/02/2004	08/06/2004	Baseline Inspections
1,2	IP 7111405	Correction of Emergency Preparedness Weaknesses and Deficiencies		08/02/2004	08/06/2004	Baseline Inspections
1,2	IP 71151	Performance Indicator Verification		08/02/2004	08/06/2004	Baseline Inspections
	PS-SEC	- SECURITY	2			
1,2	IP 7113001	Access Authorization		08/30/2004	09/03/2004	Baseline Inspections
1,2	IP 7113002	Access Control		08/30/2004	09/03/2004	Baseline Inspections
1,2	IP 71151	Performance Indicator Verification		08/30/2004	09/03/2004	Baseline Inspections
	PB1PIR	- PI&R INSPECTION	4			
1,2	IP 71152B	Identification and Resolution of Problems		10/18/2004	10/22/2004	Baseline Inspections

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

McGuire
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	
	PB1PIR - PI&R INSPECTION		4			
1, 2	IP 71152B	Identification and Resolution of Problems		11/01/2004	11/05/2004	Baseline Inspections
	OL PREP - INITIAL EXAM PREP		3			
1	V23208	MCGUIRE/EXAMS AT POWER FACILITIES		01/10/2005	01/14/2005	Not Applicable
	EB2-MODS - MODIFICATIONS/10CFR50.59		3			
1, 2	IP 7111102	Evaluation of Changes, Tests, or Experiments		01/24/2005	01/28/2005	Baseline Inspections
1, 2	IP 711117B	Permanent Plant Modifications		01/24/2005	01/28/2005	Baseline Inspections
	OL EXAM - INITIAL EXAM		3			
1	V23208	MCGUIRE/EXAMS AT POWER FACILITIES		01/31/2005	02/04/2005	Not Applicable
	PS-RP - RP PUBLIC BASELINE		3			
1, 2	IP 7112101	Access Control to Radiologically Significant Areas		01/31/2005	02/04/2005	Baseline Inspections
1, 2	IP 7112103	Radiation Monitoring Instrumentation and Protective Equipment		01/31/2005	02/04/2005	Baseline Inspections
1, 2	IP 7112201	Radioactive Gaseous and Liquid Effluent Treatment and Monitoring Systems		01/31/2005	02/04/2005	Baseline Inspections
1, 2	IP 7112203	Radiological Environmental Monitoring Program		01/31/2005	02/04/2005	Baseline Inspections
1, 2	IP 71151	Performance Indicator Verification		01/31/2005	02/04/2005	Baseline Inspections
	OL EXAM - INITIAL EXAM		3			
1	V23208	MCGUIRE/EXAMS AT POWER FACILITIES		02/14/2005	02/18/2005	Not Applicable
	EB2-ISI - INSERVICE INSPECTION-U2		1			
2	IP 7111108P	Inservice Inspection Activities - PWR		03/14/2005	03/18/2005	Baseline Inspections
	EB2-HS - HEAT SINK		1			
1, 2	IP 7111107B	Heat Sink Performance		04/25/2005	04/29/2005	Baseline Inspections
	EB2-MR - MAINTENANCE RULE		1			
1, 2	IP 7111112B	Maintenance Effectiveness		06/06/2005	06/10/2005	Baseline Inspections
	OL EP - EMERGENCY EXERCISE		2			
1, 2	IP 7111401	Exercise Evaluation		08/08/2005	08/12/2005	Baseline Inspections
1, 2	IP 7111404	Emergency Action Level and Emergency Plan Changes		08/08/2005	08/12/2005	Baseline Inspections
1, 2	IP 71151	Performance Indicator Verification		08/08/2005	08/12/2005	Baseline Inspections
	EB2-ISI - INSERVICE INSPECTION-U1		1			
1	IP 7111108P	Inservice Inspection Activities - PWR		09/12/2005	09/16/2005	Baseline Inspections