



UNITED STATES  
NUCLEAR REGULATORY COMMISSION  
REGION I  
475 ALLENDALE ROAD  
KING OF PRUSSIA, PENNSYLVANIA 19406-1415

March 2, 2005

Mr. Christopher M. Crane  
President and CEO  
AmerGen Energy Company, LLC  
200 Exelon Way, KSA 3-E  
Kennett Square, PA 19348

SUBJECT: ANNUAL ASSESSMENT LETTER - OYSTER CREEK NUCLEAR GENERATING  
STATION (REPORT 05000219/2005001)

Dear Mr. Crane:

On February 10, 2005, the NRC staff completed its end-of-cycle plant performance assessment of the Oyster Creek Nuclear Generating Station. The end-of-cycle review involved the participation of the reactor technical divisions in evaluating performance indicators (PIs) for the most recent quarter and inspection results for the period from January 1 through December 31, 2004. 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.

This performance review and enclosed inspection plan do not include physical protection information. A separate letter designated and marked as "Exempt from Public Disclosure in accordance with 10 CFR 2.390" will include the physical protection review and resultant inspection plan.

Overall, Oyster Creek 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 Regulatory Response Column of the NRC's Action Matrix, based on one inspection finding being classified as having low-to-moderate safety significance (White) affecting the mitigating systems cornerstone in the first quarter of the assessment cycle and all PIs indicating performance at a level requiring no additional NRC oversight (Green). Also, a preliminary White finding affecting the Emergency Preparedness (EP) cornerstone was identified in our report dated January 11, 2005, for an inspection completed during the fourth quarter of the assessment cycle; the White finding was finalized on March 1, 2005. Thus, in addition to the reactor oversight process (ROP) baseline inspections, we will also schedule a supplemental inspection per inspection procedure 95001 to be conducted in the coming months.

The earlier White finding involved a failure of a 4160 Volt AC (VAC) vital cable in 2003, that was a result of ineffective corrective actions for prior similar failures. The NRC supplemental inspection September 2004, concluded that AmerGen's implemented and planned corrective actions were appropriate.

Additionally, the staff has identified a substantive cross-cutting issue in the area of Problem Identification and Resolution (PI&R) at Oyster Creek. The substantive cross-cutting issue is based on five NRC inspection findings in which your organization did not fully implement the corrective actions developed for identified problems. Several of the findings involved situations that led to plant transients. One finding, of low-to-moderate safety significance (i.e., White), involved the loss of 4160 VAC vital bus from a cable failure. Other relevant findings involved a low power scram due to an instrumentation failure, a recirculation pump trip caused by a problem in the control circuit, an operator requalification training program deficiency, and a main steam isolation valve problem. The White finding associated with an inadequate EP event classification procedure, identified late in the assessment cycle and finalized on March 1, 2005, was also causally related to these five findings.

We note that AmerGen has identified implementation of corrective actions as an area in need of improvement; however, the fact that events and NRC findings have continued to occur indicates a need for additional management emphasis on improving corrective action implementation and timeliness. As a result of this cross-cutting issue, the NRC will closely monitor your corrective actions during baseline inspection activities and PI&R sample inspections. We will also monitor your progress in this area during the supplemental inspection of the aforementioned White finding in the EP area. To support the removal of this cross-cutting issue, the NRC would expect to see more consistent performance in your organization's implementation of timely and effective corrective actions for known problems.

The enclosed inspection plan details the inspections, not including those related to physical protection, scheduled through September 30, 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 nine months of the inspection plan are tentative and may be revised at the mid-cycle review meeting. Lastly, the partially completed radwaste inspection discussed in our August 30, 2004, mid-cycle review letter was completed to the extent possible; this biennial inspection is scheduled to be completed in September 2005 upon your resumption of radwaste shipping activities.

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).

Mr. Christopher M. Crane

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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 Mr. Arthur Burritt of my staff at (610) 337-5069 with any questions you may have regarding this letter or the inspection plan.

Sincerely,

**/RA/**

A. Randolph Blough, Director  
Division of Reactor Projects, Region I

Docket No. 50-219  
License No. DPR-16

Enclosure: Oyster Creek Inspection/Activity Plan

cc w/encl:

Chief Operating Officer, AmerGen  
Site Vice President, Oyster Creek Nuclear Generating Station, AmerGen  
Plant Manager, Oyster Creek Generating Station, AmerGen  
Regulatory Assurance Manager Oyster Creek, AmerGen  
Senior Vice President - Nuclear Services, AmerGen  
Vice President - Mid-Atlantic Operations, AmerGen  
Vice President - Operations Support, AmerGen  
Vice President - Licensing and Regulatory Affairs, AmerGen  
Director Licensing, AmerGen  
Manager Licensing - Oyster Creek, AmerGen  
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**SISP Review Complete: ALB (Reviewer's Initials)**

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**Oyster Creek**  
**Inspection / Activity Plan**  
**03/01/2005 - 09/30/2006**

Unit Number	Inspection Activity	Title	No. of Staff on Site	Planned Dates Start	Planned Dates End	Inspection Type
	<b>7112201 - PUB RAD SAFETY - RETS</b>		<b>1</b>			
1	IP 7112201	Radioactive Gaseous and Liquid Effluent Treatment and Monitoring Systems		03/07/2005	03/11/2005	Baseline Inspections
	<b>7111111B - LO REQUAL PROG. &amp; PASS/FAIL RESULTS</b>		<b>3</b>			
1	IP 7111111B	Licensed Operator Requalification Program		06/12/2005	06/17/2005	Baseline Inspections
1	IP 7111111B	Licensed Operator Requalification Program		06/20/2005	06/24/2005	Baseline Inspections
	<b>7111121 - SSDI</b>		<b>6</b>			
1	IP 7111121	Safety System Design and Performance Capability		05/09/2005	05/13/2005	Baseline Inspections
1	IP 7111121	Safety System Design and Performance Capability		05/23/2005	05/27/2005	Baseline Inspections
	<b>71121 - OCC RAD SAFETY</b>		<b>1</b>			
1	IP 7112101	Access Control to Radiologically Significant Areas		06/06/2005	06/10/2005	Baseline Inspections
1	IP 7112102	ALARA Planning and Controls		06/06/2005	06/10/2005	Baseline Inspections
1	IP 7112103	Radiation Monitoring Instrumentation and Protective Equipment		06/06/2005	06/10/2005	Baseline Inspections
1	IP 7112202	Radioactive Material Processing and Transportation		06/06/2005	06/10/2005	Baseline Inspections
	<b>7112202 - OCC AND PUB RAD SAFETY (RADWASTE)</b>		<b>1</b>			
1	IP 7112101	Access Control to Radiologically Significant Areas		09/06/2005	09/09/2005	Baseline Inspections
1	IP 7112102	ALARA Planning and Controls		09/06/2005	09/09/2005	Baseline Inspections
1	IP 7112103	Radiation Monitoring Instrumentation and Protective Equipment		09/06/2005	09/09/2005	Baseline Inspections
1	IP 7112202	Radioactive Material Processing and Transportation		09/06/2005	09/09/2005	Baseline Inspections
	<b>7111107B - HEAT SINK</b>		<b>1</b>			
1	IP 7111107B	Heat Sink Performance		09/19/2005	09/23/2005	Baseline Inspections
	<b>71121 - OCC RAD SAFETY</b>		<b>1</b>			
1	IP 7112101	Access Control to Radiologically Significant Areas		10/03/2005	10/07/2005	Baseline Inspections
1	IP 7112102	ALARA Planning and Controls		10/03/2005	10/07/2005	Baseline Inspections
1	IP 7112103	Radiation Monitoring Instrumentation and Protective Equipment		10/03/2005	10/07/2005	Baseline Inspections
	<b>TRI FIRE - TRIENNIAL FIRE PROTECTION INSPECTION</b>		<b>3</b>			
1	IP 7111105T	Fire Protection		10/17/2005	10/21/2005	Baseline Inspections
1	IP 7111105T	Fire Protection		10/31/2005	11/04/2005	Baseline Inspections
	<b>7111401 - EXERCISE EVALUATION &amp; EP PI VERIFICATION</b>		<b>3</b>			
1	IP 7111401	Exercise Evaluation		10/17/2005	10/21/2005	Baseline Inspections
1	IP 71151	Performance Indicator Verification		10/17/2005	10/21/2005	Baseline Inspections
	<b>71121 - OCC RAD SAFETY</b>		<b>1</b>			
1	IP 7112101	Access Control to Radiologically Significant Areas		12/05/2005	12/09/2005	Baseline Inspections
1	IP 7112102	ALARA Planning and Controls		12/05/2005	12/09/2005	Baseline Inspections
1	IP 7112103	Radiation Monitoring Instrumentation and Protective Equipment		12/05/2005	12/09/2005	Baseline Inspections
1	IP 71151	Performance Indicator Verification		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.

Oyster Creek  
 Inspection / Activity Plan  
 03/01/2005 - 09/30/2006

Unit Number	Inspection Activity	Title	No. of Staff on Site	Planned Dates Start	Planned Dates End	Inspection Type
	<b>MODS - MODS AND 50.59</b>		<b>3</b>			
1	IP 7111102	Evaluation of Changes, Tests, or Experiments		04/10/2006	04/14/2006	Baseline Inspections
1	IP 7111117B	Permanent Plant Modifications		04/10/2006	04/14/2006	Baseline Inspections
	<b>6/5 EXM - OPERATOR LICENSING INITIAL EXAMS</b>		<b>3</b>			
1	U01537	OYSTER CREEK INITIAL EXAM (3/1-5/05)		05/08/2006	05/12/2006	Not Applicable
1	U01537	OYSTER CREEK INITIAL EXAM (3/1-5/05)		06/05/2006	06/16/2006	Not Applicable
	<b>71002 - LICENSE RENEWAL - AGING MGMT</b>		<b>2</b>			
1	IP 71002	License Renewal Inspection		05/08/2006	05/12/2006	License Renewal Ins
1	IP 71002	License Renewal Inspection		05/22/2006	05/26/2006	License Renewal Ins
	<b>71152B - PI&amp;R</b>		<b>4</b>			
1	IP 71152B	Identification and Resolution of Problems		05/01/2006	05/05/2006	Baseline Inspections
1	IP 71152B	Identification and Resolution of Problems		05/15/2006	05/19/2006	Baseline Inspections
	<b>71114 - EP PRGM INSP &amp; PI VERIFICATION</b>		<b>1</b>			
1	IP 7111402	Alert and Notification System Testing		08/07/2006	08/11/2006	Baseline Inspections
1	IP 7111403	Emergency Response Organization Augmentation Testing		08/07/2006	08/11/2006	Baseline Inspections
1	IP 7111404	Emergency Action Level and Emergency Plan Changes		08/07/2006	08/11/2006	Baseline Inspections
1	IP 7111405	Correction of Emergency Preparedness Weaknesses and Deficiencies		08/07/2006	08/11/2006	Baseline Inspections
1	IP 71151	Performance Indicator Verification		08/07/2006	08/11/2006	Baseline Inspections

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