

April 30, 2004

Mr. Christopher M. Crane
President and CNO
Exelon Nuclear
Exelon Generation Company, LLC
200 Exelon Way
Kennett Square, PA 19348

SUBJECT: ASSESSMENT FOLLOW-UP LETTER - PEACH BOTTOM ATOMIC POWER
STATION, UNIT 2

Dear Mr. Skolds:

On April 22, 2004, the NRC Staff completed a quarterly review of the safety performance of Peach Bottom Atomic Power Station Unit 2. The review evaluated performance indicators and inspection results. The purpose of this letter is to inform you of your safety performance during this period and our plans for a future inspection at your facility.

Our review of Peach Bottom Unit 2 identified that one of the plant performance indicators has crossed the threshold from Green to White for the "Unplanned Scrams per 7000 Critical Hours" performance indicator. For the first Quarter 2004, the numerical value of the performance indicator for Unit 2 was 3.3, which resulted in this performance indicator changing from Green to White. In the previous four calendar quarters, Unit 2 has experienced four unplanned reactor scrams from power. We also note that this performance indicator was White in the third Quarter 2003. Further, in our annual assessment letter dated March 3, 2004, we identified a substantive cross-cutting issue at Peach Bottom in the area of problem identification and resolution involving inadequate corrective action for known equipment problems. The continued challenge to plant operations as evidenced by the number of unplanned Unit 2 scrams and the equipment reliability issues highlight a need for Exelon to improve plant performance and material condition at the Peach Bottom facility.

As a result of the White performance indicator we have assessed Peach Bottom Unit 2 performance and determined that Unit 2 will remain in the Regulatory Response column of the NRC's Action Matrix. Unit 2 was already in the Regulatory Response column of the NRC's action matrix as a result of a White finding in the Mitigating Systems cornerstone.

We plan to conduct a supplemental inspection, on the White performance indicator, in accordance with Inspection Procedure 95001. This one inspection will cover both instances that the "Unplanned Scrams per 7000 Critical Hours" performance indicator changed from Green to White. This inspection procedure is conducted to provide assurance that the root causes and contributing causes of risk significant performance issues are understood, the extent of condition is identified, and the corrective actions are sufficient to prevent recurrence.

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Please inform Mohamed Shanbaky of my staff, within 20 days of receipt of this letter, of your schedule for completing any evaluations of the issues that led to this White performance indicator. We will use this information to schedule our inspection at an appropriate time mutually convenient to both parties.

In accordance with 10 CFR 2.790 of the NRC's "Rules and Practice," a copy of this letter will be made 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).

Please contact Mohamed Shanbaky at 610-337-5209 with any questions you may have regarding this letter.

Sincerely,

/RA/

A. Randolph Blough, Director
Division of Reactor Projects

Docket Nos.: 50-277
License Nos.: DPR-44

cc w/encl: Chief Operating Officer, Exelon Generation Company, LLC
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Mr. John L. Skolds

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