

March 3, 2004

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 - THREE MILE ISLAND NUCLEAR POWER  
STATION UNIT 1 (REPORT 05000289/2004001)

Dear Mr. Crane:

On February 5, 2004, the NRC staff completed its end-of-cycle plant performance assessment of Three Mile Island Unit 1 (TMI-1). 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, 2003 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, TMI-1 operated in a manner that preserved public health and safety and fully met all cornerstone objectives. Plant performance for the most recent quarter 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 baseline inspections at your facility through September 30, 2005.

The staff identified a substantive cross-cutting issue in the area of problem identification and resolution (PI&R) at TMI. Eight NRC inspection findings, each of very low safety significance, involved instances where the organization either did not question or did not sufficiently evaluate plant equipment problems. Examples of these findings involved identification and evaluation of conditions such as containment debris, reactor coolant system leakage from a pressurizer diaphragm, and containment liner corrosion and coating deficiencies. During our baseline inspections, we will evaluate your progress in addressing this PI&R cross-cutting issue.

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.

Mr. Christopher M. Crane

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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 this inspection plan, we will contact you to discuss the change as soon as possible. Please contact Mr. Peter Eselgroth of my staff at (610) 337-5234 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. 50-289  
License No. DPR- 50

Enclosure: TMI Unit 1 Inspection/ Activity Plan

cc w/encl:

Chief Operating Officer, AmerGen

Site Vice President - TMI Unit 1, AmerGen

Plant Manager - TMI, Unit 1, AmerGen

Regulatory Assurance Manager - TMI, Unit 1, 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 - TMI, AmerGen

Vice President - General Counsel and Secretary, AmerGen

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Chairman, Board of Supervisors of Londonderry Township

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M. Schoppman, Framatome ANP

J. Johnsrud, National Energy Committee

E. Epstein, TMI-Alert (TMIA)

D. Allard, PADER

Institute of Nuclear Power Operations

**Distribution w/encl: (VIA E-MAIL)**

Region I Docket Room (with concurrences)

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OFFICE	RI/DRP	RI/DRP	RI/DRP	RI/DRP
NAME	RBarkley/ <b>RSB</b>	DKern/ <b>RSB for</b>	PEselgroth/ <b>PWE</b>	ABlough/ <b>ARB</b>
DATE	03/02/04	03/02/04	03/02/04	03/02/04

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**Three Mile Island**  
**Inspection / Activity Plan**  
**01/01/2004 - 09/30/2005**

Unit Number	Inspection Activity	Title	No. of Staff on Site	Planned Dates		Inspection Type
				Start	End	
	<b>71121</b>	<b>- OCC RAD SAFETY</b>	<b>1</b>			
1	IP 7112101	Access Control to Radiologically Significant Areas		02/23/2004	02/27/2004	Baseline Inspections
1	IP 7112102	ALARA Planning and Controls		02/23/2004	02/27/2004	Baseline Inspections
1	IP 7112103	Radiation Monitoring Instrumentation and Protective Equipment		02/23/2004	02/27/2004	Baseline Inspections
	<b>7111111B</b>	<b>- LO REQUALIFICATION PROGRAM</b>	<b>3</b>			
1	IP 7111111B	Licensed Operator Requalification Program		02/23/2004	02/27/2004	Baseline Inspections
	<b>71152B</b>	<b>- PROBLEM IDENTIFICATION AND RESOLUTION</b>	<b>4</b>			
1	IP 71152B	Identification and Resolution of Problems		03/08/2004	03/12/2004	Baseline Inspections
1	IP 71152B	Identification and Resolution of Problems		03/22/2004	03/26/2004	Baseline Inspections
	<b>7112201</b>	<b>- PUB RAD SAFETY - RETS</b>	<b>1</b>			
1	IP 7112201	Radioactive Gaseous and Liquid Effluent Treatment and Monitoring Systems		04/26/2004	04/30/2004	Baseline Inspections
	<b>7111117B</b>	<b>- MODS &amp; 50.59</b>	<b>3</b>			
1	IP 7111102	Evaluation of Changes, Tests, or Experiments		06/14/2004	06/18/2004	Baseline Inspections
1	IP 7111117B	Permanent Plant Modifications		06/14/2004	06/18/2004	Baseline Inspections
	<b>71130</b>	<b>- SECURITY</b>	<b>2</b>			
1	IP 7113001	Access Authorization		07/06/2004	07/09/2004	Baseline Inspections
1	IP 7113002	Access Control		07/06/2004	07/09/2004	Baseline Inspections
1	IP 7113008	Fitness For Duty Program		07/06/2004	07/09/2004	Baseline Inspections
1	IP 71151	Performance Indicator Verification		07/06/2004	07/09/2004	Baseline Inspections
	<b>7112202</b>	<b>- PUB RAD SAFETY - RADWASTE</b>	<b>1</b>			
1	IP 7112101	Access Control to Radiologically Significant Areas		08/30/2004	09/03/2004	Baseline Inspections
1	IP 7112102	ALARA Planning and Controls		08/30/2004	09/03/2004	Baseline Inspections
1	IP 7112202	Radioactive Material Processing and Transportation		08/30/2004	09/03/2004	Baseline Inspections
	<b>71121</b>	<b>- OCC RAD SAFETY</b>	<b>1</b>			
1	IP 7112101	Access Control to Radiologically Significant Areas		11/01/2004	11/05/2004	Baseline Inspections
1	IP 7112102	ALARA Planning and Controls		11/01/2004	11/05/2004	Baseline Inspections
1	IP 7112103	Radiation Monitoring Instrumentation and Protective Equipment		11/01/2004	11/05/2004	Baseline Inspections
	<b>71121</b>	<b>- OCC RAD SAFETY</b>	<b>1</b>			
1	IP 7112101	Access Control to Radiologically Significant Areas		11/29/2004	12/03/2004	Baseline Inspections
1	IP 7112102	ALARA Planning and Controls		11/29/2004	12/03/2004	Baseline Inspections
1	IP 7112103	Radiation Monitoring Instrumentation and Protective Equipment		11/29/2004	12/03/2004	Baseline Inspections
1	IP 71151	Performance Indicator Verification		11/29/2004	12/03/2004	Baseline Inspections
	<b>71114</b>	<b>- EP PROGRAM INSP &amp; PI VERIF.</b>	<b>1</b>			
1	IP 7111402	Alert and Notification System Testing		12/06/2004	12/10/2004	Baseline Inspections

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

**Three Mile Island**  
**Inspection / Activity Plan**  
**01/01/2004 - 09/30/2005**

Unit Number	Inspection Activity	Title	No. of Staff on Site	Planned Dates		Inspection Type
				Start	End	
	<b>71114</b>	<b>- EP PROGRAM INSP &amp; PI VERIF.</b>	<b>1</b>			
1	IP 7111403	Emergency Response Organization Augmentation Testing		12/06/2004	12/10/2004	Baseline Inspections
1	IP 7111404	Emergency Action Level and Emergency Plan Changes		12/06/2004	12/10/2004	Baseline Inspections
1	IP 7111405	Correction of Emergency Preparedness Weaknesses and Deficiencies		12/06/2004	12/10/2004	Baseline Inspections
1	IP 71151	Performance Indicator Verification		12/06/2004	12/10/2004	Baseline Inspections
	<b>711112B</b>	<b>- MAINTENANCE RULE</b>	<b>1</b>			
1	IP 711112B	Maintenance Effectiveness		01/10/2005	01/14/2005	Baseline Inspections
	<b>71121</b>	<b>- OCC RAD SAFETY</b>	<b>1</b>			
1	IP 7112101	Access Control to Radiologically Significant Areas		03/07/2005	03/11/2005	Baseline Inspections
1	IP 7112102	ALARA Planning and Controls		03/07/2005	03/11/2005	Baseline Inspections
1	IP 7112103	Radiation Monitoring Instrumentation and Protective Equipment		03/07/2005	03/11/2005	Baseline Inspections
	<b>5/9 EXM</b>	<b>- OPERATOR LICENSING INITIAL EXAMS</b>	<b>3</b>			
1	U01536	TMI, UNIT 1 INITIAL EXAM (11/1-5/04)		04/11/2005	04/15/2005	Not Applicable
1	U01536	TMI, UNIT 1 INITIAL EXAM (11/1-5/04)		05/09/2005	05/13/2005	Not Applicable
	<b>7111401</b>	<b>- EXERCISE EVALUATION AND PI VERIFICATION</b>	<b>1</b>			
1	IP 7111401	Exercise Evaluation		05/02/2005	05/06/2005	Baseline Inspections
1	IP 71151	Performance Indicator Verification		05/02/2005	05/06/2005	Baseline Inspections
	<b>7112203</b>	<b>- PUB RAD SAFETY - REMP</b>	<b>1</b>			
1	IP 7112203	Radiological Environmental Monitoring Program		05/16/2005	05/20/2005	Baseline Inspections
	<b>71121</b>	<b>- OCC RAD SAFETY</b>	<b>1</b>			
1	IP 7112101	Access Control to Radiologically Significant Areas		05/23/2005	05/27/2005	Baseline Inspections
1	IP 7112102	ALARA Planning and Controls		05/23/2005	05/27/2005	Baseline Inspections
1	IP 7112103	Radiation Monitoring Instrumentation and Protective Equipment		05/23/2005	05/27/2005	Baseline Inspections
	<b>7111121</b>	<b>- SSDI</b>	<b>6</b>			
1	IP 7111121	Safety System Design and Performance Capability		07/11/2005	07/15/2005	Baseline Inspections
1	IP 7111121	Safety System Design and Performance Capability		07/25/2005	07/29/2005	Baseline Inspections
	<b>71121</b>	<b>- OCC RAD SAFETY</b>	<b>1</b>			
1	IP 7112101	Access Control to Radiologically Significant Areas		08/22/2005	08/26/2005	Baseline Inspections
1	IP 7112102	ALARA Planning and Controls		08/22/2005	08/26/2005	Baseline Inspections
1	IP 7112103	Radiation Monitoring Instrumentation and Protective Equipment		08/22/2005	08/26/2005	Baseline Inspections