

March 3, 2004

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

SUBJECT: ANNUAL ASSESSMENT LETTER - PEACH BOTTOM ATOMIC POWER
STATION (REPORT 05000277/2004001 AND 05000278/2004001)

Dear Mr. Crane:

On February 10, 2004, the NRC staff completed its end-of-cycle plant performance assessment of the Peach Bottom Atomic Power Station. The review involved the participation of all technical divisions in evaluating performance indicators (PIs) for the most recent calendar 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 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, both Peach Bottom units operated in a manner that preserved public health and safety and fully met all cornerstone objectives. Plant performance for Unit 2 for the most recent quarter was within the Regulatory Response Column of the NRC's Action Matrix, based on one safety significant inspection finding. In our letter dated February 3, 2004, we forwarded the final significance determination of a low to moderate safety significance (White) inspection finding related to the E2 emergency diesel generator (EDG). Plant performance for Unit 3 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).

During the first three quarters of the assessment cycle there was an additional safety significant inspection finding and also a safety significant performance indicator. In the first two quarters there was one White inspection finding affecting Units 2 and 3 in the Emergency Preparedness cornerstone involving improper use of Peach Bottom's emergency classification scheme. We conducted a supplemental inspection for this finding in June 2003 and determined that your response was acceptable. In the third quarter there was one White performance indicator in the Initiating Events cornerstone associated with Unit 2 Unplanned Scrams per 7,000 Critical Hours. We will perform a supplemental inspection for this White performance indicator as indicated in the enclosed inspection plan.

The NRC staff has 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 substantive cross-cutting issue is based on one White finding and five Green findings in which corrective action for a known equipment problem was either insufficient or delayed in implementation. These included instances of inadequate corrective action for known equipment problems related to the E2 EDG, a condenser hotwell level control instrument, a reactor core isolation cooling pump flow controller, main steam tunnel temperature control, safe shutdown emergency lights, and the EDG fire protection system. These findings highlight a need for Exelon to improve this area. We plan to evaluate this issue through our baseline inspection program, particularly in the periodic case reviews associated with our problem identification and resolution inspection efforts.

The enclosed inspection plan details the inspections scheduled through September 30, 2005. Our inspection plan includes two separate supplemental inspections using Inspection Procedure 95001. One inspection will address the White performance indicator for the Unit 2 unplanned scrams and the other will address the White inspection finding related to the E2 EDG. Our inspection plan also includes an inspection of your independent spent fuel storage installation in May 2004. 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).

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 Mohamed Shanbaky, Chief, Projects Branch 4 at (610-337-5209) with any questions you may have regarding this letter or the inspection plan.

Sincerely,

/RA/

A. Randolph Blough, Director
Division of Reactor Projects

Docket Nos. 50-277; 50-278
License Nos.: DPR-44, DPR-56

Enclosure: Peach Bottom Inspection/ Activity Plan

cc w/encl: Chief Operating Officer, Exelon Generation Company, LLC
Site Vice President, Peach Bottom Atomic Power Station
Plant Manager, Peach Bottom Atomic Power Station
Regulatory Assurance Manager - Peach Bottom
Senior Vice President, Nuclear Services
Vice President, Mid-Atlantic Operations
Vice President - Operations Support
Vice President - Licensing and Regulatory Affairs
Director, Licensing, Exelon Generation Company, LLC
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Mr. & Mrs. Dennis Hiebert, Peach Bottom Alliance
Mr. & Mrs. Kip Adams
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TMI - Alert (TMIA)
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OFFICE	RI /DRP	RI /DRP	RI /DRP				
NAME	DFlorek/DF	MShanbaky/MS	ABlough/AB				
DATE	03/2/04	03/2/04	03/2/04				

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Peach Bottom
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	
	7112201 - OCC RAD SAFETY - RETS		1			
2, 3	IP 7112201	Radioactive Gaseous and Liquid Effluent Treatment and Monitoring Systems		01/12/2004	01/16/2004	Baseline Inspections
	36801 - ORG, MAN, COST CONT		1			
1	IP 36801	Organization, Management, And Cost Controls At Permanently Shutdown Reactors		01/06/2004	02/06/2004	Other Routine
	37801 - SAF REV, DES CH, AND MODS		1			
1	IP 37801	Safety Reviews, Design Changes, And Modifications At Permanently Shutdown Reactors		01/06/2004	02/06/2004	Other Routine
	40801 - SELF-ASSESS, AUD, CAP		1			
1	IP 40801	Self-Assessment, Auditing, And Corrective Action At Permanently Shutdown Reactors		01/06/2004	02/06/2004	Other Routine
	81700 - PHYS SEC PROG		1			
1	IP 81700	Physical Security Program For Power Reactors		01/06/2004	02/06/2004	Other Routine
	83750 - OCC RAD EXP		1			
1	IP 83750	Occupational Radiation Exposure		01/06/2004	02/06/2004	Other Routine
	84750 - RAD WST TRMNT, EFF AND ENV MON		1			
1	IP 84750	Radioactive Waste Treatment, And Effluent And Environmental Monitoring		01/06/2004	02/06/2004	Other Routine
	84750 - RAD WST TRTMT, EFF AND ENV MON		1			
1	IP 84750	Radioactive Waste Treatment, And Effluent And Environmental Monitoring		01/06/2004	02/06/2004	Other Routine
	86750 - SOL RAD WST MANG AND TRAN OF RAD MAT		1			
1	IP 86750	Solid Radioactive Waste Management And Transportation Of Radioactive Materials		01/06/2004	02/06/2004	Other Routine
	71121 - OCC RAD SAFETY		1			
2, 3	IP 7112101	Access Control to Radiologically Significant Areas		02/02/2004	02/06/2004	Baseline Inspections
2, 3	IP 7112102	ALARA Planning and Controls		02/02/2004	02/06/2004	Baseline Inspections
2, 3	IP 7112103	Radiation Monitoring Instrumentation and Protective Equipment		02/02/2004	02/06/2004	Baseline Inspections
	ISFSI - ISFSI INSPECTION		1			
2, 3	IP 60855	Operation Of An ISFSI		05/03/2004	05/07/2004	Other Routine
2, 3	IP 60856	Review of 10 CFR 72.212(b) Evaluations		05/03/2004	05/07/2004	Other Routine
2, 3	IP 60857	Review of 10 CFR 72.48 Evaluations		05/03/2004	05/07/2004	Other Routine
	7112202 - PUB RAD SAFETY - RADWASTE		1			
2, 3	IP 7112101	Access Control to Radiologically Significant Areas		05/10/2004	05/14/2004	Baseline Inspections
2, 3	IP 7112102	ALARA Planning and Controls		05/10/2004	05/14/2004	Baseline Inspections
2, 3	IP 7112202	Radioactive Material Processing and Transportation		05/10/2004	05/14/2004	Baseline Inspections
	71130 - SECURITY		2			
2, 3	IP 7113001	Access Authorization		05/17/2004	05/21/2004	Baseline Inspections
2, 3	IP 7113002	Access Control		05/17/2004	05/21/2004	Baseline Inspections
2, 3	IP 7113008	Fitness For Duty Program		05/17/2004	05/21/2004	Baseline Inspections

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

Peach Bottom
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	
	71130	- SECURITY	2			
2, 3	IP 71151	Performance Indicator Verification		05/17/2004	05/21/2004	Baseline Inspections
	711121	- SSDI	6			
2, 3	IP 711121	Safety System Design and Performance Capability		06/14/2004	06/18/2004	Baseline Inspections
2, 3	IP 711121	Safety System Design and Performance Capability		06/28/2004	07/02/2004	Baseline Inspections
	7111401	- EXERCISE EVALUATION & EP PI VERIFICATION	8			
2, 3	IP 7111401	Exercise Evaluation		06/21/2004	06/25/2004	Baseline Inspections
2, 3	IP 71151	Performance Indicator Verification		06/21/2004	06/25/2004	Baseline Inspections
	711112B	- MAINTENANCE RULE	2			
2, 3	IP 711112B	Maintenance Effectiveness		07/12/2004	07/16/2004	Baseline Inspections
	95001	- EDG SUPPLEMENTAL-EXHAUST GAS IN COOLANT	1			
3	IP 95001	Supplemental Inspection For One Or Two White Inputs In A Strategic Performance Area		07/12/2004	07/16/2004	Supplemental Program
	71121	- OCC RAD SAFETY	1			
2, 3	IP 7112101	Access Control to Radiologically Significant Areas		08/09/2004	08/13/2004	Baseline Inspections
2, 3	IP 7112102	ALARA Planning and Controls		08/09/2004	08/13/2004	Baseline Inspections
2, 3	IP 7112103	Radiation Monitoring Instrumentation and Protective Equipment		08/09/2004	08/13/2004	Baseline Inspections
	711107B	- HEAT SINK	1			
2, 3	IP 711107B	Heat Sink Performance		08/16/2004	08/20/2004	Baseline Inspections
	SUPL-1	- SUPPLEMENTAL INSP WHITE SCRAM PI	2			
2	IP 95001	Supplemental Inspection For One Or Two White Inputs In A Strategic Performance Area		09/13/2004	09/17/2004	Supplemental Program
	711108G	- INSERVICE INSPECTION	2			
2	IP 711108G	Inservice Inspection Activities - BWR		09/27/2004	10/01/2004	Baseline Inspections
	71121	- OCC RAD SAFETY	1			
2, 3	IP 7112101	Access Control to Radiologically Significant Areas		09/27/2004	10/01/2004	Baseline Inspections
2, 3	IP 7112102	ALARA Planning and Controls		09/27/2004	10/01/2004	Baseline Inspections
2, 3	IP 7112103	Radiation Monitoring Instrumentation and Protective Equipment		09/27/2004	10/01/2004	Baseline Inspections
	71121	- OCC RAD SAFETY	1			
2, 3	IP 7112101	Access Control to Radiologically Significant Areas		11/15/2004	11/19/2004	Baseline Inspections
2, 3	IP 7112102	ALARA Planning and Controls		11/15/2004	11/19/2004	Baseline Inspections
2, 3	IP 71151	Performance Indicator Verification		11/15/2004	11/19/2004	Baseline Inspections
	2/7+EXM	- OPERATOR LICENSING INITIAL EXAMS	3			
2	U01527	PEACH BOTTOM UNITS 2&3 INITIAL EXAM (9/24-28/04)		12/13/2004	12/17/2004	Not Applicable
2	U01527	PEACH BOTTOM UNITS 2&3 INITIAL EXAM (9/24-28/04)		02/07/2005	02/18/2005	Not Applicable

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Peach Bottom
Inspection / Activity Plan
01/01/2004 - 09/30/2005

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	7112203 - PUB RAD SAFETY - REMP		1			
2, 3	IP 7112203	Radiological Environmental Monitoring Program		12/13/2004	12/17/2004	Baseline Inspections
	71121 - OCC RAD SAFETY		1			
2, 3	IP 7112101	Access Control to Radiologically Significant Areas		02/07/2005	02/11/2005	Baseline Inspections
2, 3	IP 7112102	ALARA Planning and Controls		02/07/2005	02/11/2005	Baseline Inspections
2, 3	IP 7112103	Radiation Monitoring Instrumentation and Protective Equipment		02/07/2005	02/11/2005	Baseline Inspections
	7111111B - LO REQUAL PROGRAM INSPECTION		2			
2, 3	IP 7111111B	Licensed Operator Requalification Program		03/14/2005	03/14/2005	Baseline Inspections
	7111117B - MODS & 50.59		1			
2, 3	IP 7111102	Evaluation of Changes, Tests, or Experiments		03/14/2005	03/18/2005	Baseline Inspections
2, 3	IP 7111117B	Permanent Plant Modifications		03/14/2005	03/18/2005	Baseline Inspections
	71121 - OCC RAD SAFETY		1			
2, 3	IP 7112101	Access Control to Radiologically Significant Areas		04/25/2005	04/29/2005	Baseline Inspections
2, 3	IP 7112102	ALARA Planning and Controls		04/25/2005	04/29/2005	Baseline Inspections
2, 3	IP 7112103	Radiation Monitoring Instrumentation and Protective Equipment		04/25/2005	04/29/2005	Baseline Inspections
	6/6 EXM - PB/LM (LSRO) O.L. INITIAL EXAM		2			
2	U01574	LIMERICK/PEACH BOTTOM LSRO EXAM (6/5-10/05)		05/16/2005	05/20/2005	Not Applicable
2	U01574	LIMERICK/PEACH BOTTOM LSRO EXAM (6/5-10/05)		06/13/2005	06/24/2005	Not Applicable
	71152B - PROBLEM IDENTIFICATION AND RESOLUTION		1			
2, 3	IP 71152B	Identification and Resolution of Problems		07/11/2005	07/15/2005	Baseline Inspections
2, 3	IP 71152B	Identification and Resolution of Problems		07/25/2005	07/29/2005	Baseline Inspections
	71114 - EP PROGRAM INSP & PI VERIFICATION		1			
2, 3	IP 7111402	Alert and Notification System Testing		07/25/2005	07/29/2005	Baseline Inspections
2, 3	IP 7111403	Emergency Response Organization Augmentation Testing		07/25/2005	07/29/2005	Baseline Inspections
2, 3	IP 7111404	Emergency Action Level and Emergency Plan Changes		07/25/2005	07/29/2005	Baseline Inspections
2, 3	IP 7111405	Correction of Emergency Preparedness Weaknesses and Deficiencies		07/25/2005	07/29/2005	Baseline Inspections
2, 3	IP 71151	Performance Indicator Verification		07/25/2005	07/29/2005	Baseline Inspections
	71121 - OCC RAD SAFETY		1			
2, 3	IP 7112101	Access Control to Radiologically Significant Areas		08/08/2005	08/12/2005	Baseline Inspections
2, 3	IP 7112102	ALARA Planning and Controls		08/08/2005	08/12/2005	Baseline Inspections
2, 3	IP 7112202	Radioactive Material Processing and Transportation		08/08/2005	08/12/2005	Baseline Inspections
	71121 - OCC RAD SAFETY		1			
2, 3	IP 7112101	Access Control to Radiologically Significant Areas		09/19/2005	09/23/2005	Baseline Inspections
2, 3	IP 7112102	ALARA Planning and Controls		09/19/2005	09/23/2005	Baseline Inspections

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