



**UNITED STATES
NUCLEAR REGULATORY COMMISSION
REGION IV
611 RYAN PLAZA DRIVE, SUITE 400
ARLINGTON, TEXAS 76011-4005**

August 30, 2004

Garry L. Randolph, Senior Vice
President and Chief Nuclear Officer
Union Electric Company
P.O. Box 620
Fulton, MO 65251

**SUBJECT: MIDCYCLE PERFORMANCE REVIEW AND INSPECTION PLAN -
CALLAWAY PLANT**

Dear Mr. Randolph:

On August 5, 2004, the NRC staff completed its midcycle plant performance assessment of Callaway Plant. The midcycle review for Callaway Plant involved the participation of all technical divisions in evaluating performance for the first half of the calendar year 2004 assessment cycle. The process included a review of performance indicators (PIs) for the most recent quarter and inspection results over the previous 12 months. 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 inspection plan does 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.

Plant performance for the most recent quarter was within the Regulatory Response Column of the NRC's Action Matrix. During the second quarter of the assessment cycle, a performance indicator in the Initiating Events cornerstone for Unplanned Scrams per 7000 Critical Hours was White. When you have completed your evaluation of the issues that led to the performance indicator exceeding the White threshold, a supplemental inspection, performed in accordance with Inspection Procedure 95001, "Inspection for One or Two White Inputs in a Strategic Performance Area," will be conducted. In particular, we will focus on understanding whether the corrective actions for these reactor trips will be effective in preventing similar types of operator performance issues that were associated with these initiating events.

In our midcycle assessment letter dated August 27, 2002, we advised you of a substantive crosscutting issue in the area of Problem Identification and Resolution. Common themes identified in this and subsequent assessment letters included weaknesses with problem recognition and inadequate corrective actions for known problems. In our annual assessment letter dated March 3, 2004, we acknowledged the actions you had taken to address this issue. These actions included a number of organizational and programmatic changes, including

implementation of a Corrective Action Review Board and expanded training activities. Despite these improvements, we noted continuing instances of ineffective problem identification and corrective action effectiveness. As a result, we informed you of our plans to further monitor your actions to address this issue during the implementation of the baseline inspection program, including the conduct of a problem identification and resolution team inspection. We also requested that you discuss your actions to address this issue during the public meeting discussion of NRC's assessment of Callaway Plant performance.

At the public meeting, which was conducted on April 7, 2004, your staff discussed other actions taken in response to this substantive crosscutting issue, including the development of PIs. Your staff indicated that these improvements have resulted in more organizational involvement, reduced completion time with improved quality, reduced backlogs, and improved management oversight. A number of future areas of emphasis were also discussed. We agree that the actions you have taken have been effective in enhancing the overall effectiveness of your corrective action program. Therefore, we no longer have identified a substantive crosscutting issue in this area and will discontinue our increased oversight.

In a March 21, 2003, letter to NRC, you stated that you had contracted with a professional survey firm to conduct a nuclear safety cultural assessment at the Callaway Plant. On the basis of results of that survey, you implemented a number of actions to address the findings identified during the survey. Our inspection of your corrective action program, documented in NRC Inspection Report 05000483/2004006, dated April 2, 2004, noted that your corrective actions had not been completely effective in addressing some of the concerns raised in the independent survey. It is our understanding that a followup survey will be conducted in November 2004. We will review the results of the followup survey as part of the baseline inspection program in order to determine whether any further action is necessary.

The enclosed inspection plan details the inspections, except those related to physical protection, scheduled through March 31, 2006. In addition to the baseline inspection program, inspections focusing on steam generator replacement activities will be conducted in accordance with NRC Inspection Procedure 50001, "Steam Generator Replacement Inspection." As previously discussed, a supplemental inspection will also be conducted to review your evaluation associated with the Performance Indicator that crossed the White threshold. Also, we will conduct a followup inspection of the actions you have taken in response to a 2001 Notice of Violation and Civil Penalty (EA-01-05) involving a violation of 10 CFR 50.7, Employee Protection, requirements. 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 because of their ongoing and continuous nature. The inspections in the last 12 months of the inspection plan are tentative and may be revised at the end-of-cycle review meeting.

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).

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If circumstances arise which cause us to change the inspection plan, we will contact you to discuss the change as soon as possible. Please contact Mr. David N. Graves at 817-860-8141 with any questions you may have regarding this letter or the inspection plan.

Sincerely,

/RA/

Arthur T. Howell III, Director
Division of Reactor Projects

Dockets: 50-483
Licenses: NPF-30

Enclosure:
Callaway Plant Inspection/Activity Plan

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ADAMS: Yes No Initials: _____

Publicly Available Non-Publicly Available Sensitive Non-Sensitive

S:\DRP\DRPDIR\MIDCYCLE 2004\CWY

RIV:DRP:C\B	D:DRS	D:DRP	DRA	RA
DNGGraves;mjs;dlf	DDChamberlain	ATHowell	TPGwynn	BSMallett
/RA/	VLOrdaz for	/RA/	/RA/	/RA/
8/13/04	8/25/04	8/28/04	8/27/04	8/27/04

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E=E-mail

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Callaway
Inspection / Activity Plan
08/01/2004 - 03/31/2006

Unit Number	Inspection Activity	Title	No. of Staff on Site	Planned Dates		Inspection Type
				Start	End	
	EB-21/02 - SSD&PCI AND 50.59		7			
1	IP 7111102	Evaluation of Changes, Tests, or Experiments		08/30/2004	09/03/2004	Baseline Inspections
1	IP 7111121	Safety System Design and Performance Capability		08/30/2004	09/03/2004	Baseline Inspections
1	IP 7111121	Safety System Design and Performance Capability		09/13/2004	09/17/2004	Baseline Inspections
	ALARA1 - ALARA PLANNING AND CONTROLS		1			
1	IP 7112102	ALARA Planning and Controls		10/04/2004	10/08/2004	Baseline Inspections
	SUP01 - 95001 SUPPLEMENTAL INSPECTION		1			
1	IP 95001	Supplemental Inspection For One Or Two White Inputs In A Strategic Performance Area		10/25/2004	10/29/2004	Supplemental Progra
	PEB-07B - HX PERFORMANCE		1			
1	IP 7111107B	Heat Sink Performance		03/07/2005	03/11/2005	Baseline Inspections
	PEB-12B - MAINTENANCE EFFECTIVENESS REVIEW		1			
1	IP 7111112B	Maintenance Effectiveness		03/07/2005	03/11/2005	Baseline Inspections
	ALARA2 - ALARA PLANNING AND CONTROLS		1			
1	IP 7112102	ALARA Planning and Controls		04/25/2005	04/29/2005	Baseline Inspections
	OB-EP EX - EMERGENCY PREPAREDNESS EXERCISE		3			
1	IP 7111401	Exercise Evaluation		05/02/2005	05/06/2005	Baseline Inspections
1	IP 7111404	Emergency Action Level and Emergency Plan Changes		05/02/2005	05/06/2005	Baseline Inspections
1	IP 71151	Performance Indicator Verification		05/02/2005	05/06/2005	Baseline Inspections
	RP TEAM - RADIATION SAFETY TEAM INSPECTION		4			
1	IP 7112103	Radiation Monitoring Instrumentation and Protective Equipment		05/16/2005	05/20/2005	Baseline Inspections
1	IP 7112201	Radioactive Gaseous and Liquid Effluent Treatment and Monitoring Systems		05/16/2005	05/20/2005	Baseline Inspections
1	IP 7112202	Radioactive Material Processing and Transportation		05/16/2005	05/20/2005	Baseline Inspections
1	IP 7112203	Radiological Environmental Monitoring Program		05/16/2005	05/20/2005	Baseline Inspections
	OB-INIT - INITIAL EXAM		4			
1	X02286	CALLAWAY (05/05) - INITIAL EXAM		08/01/2005	08/05/2005	Not Applicable
1	X02286	CALLAWAY (05/05) - INITIAL EXAM		08/22/2005	08/26/2005	Not Applicable
	OB-RQ - REQUAL INSPECTION		2			
1	IP 7111111B	Licensed Operator Requalification Program		08/01/2005	08/05/2005	Baseline Inspections
	EB02/17B - 50.59 & PERM PLANT MODS		2			
1	IP 7111102	Evaluation of Changes, Tests, or Experiments		08/22/2005	08/26/2005	Baseline Inspections
1	IP 7111117B	Permanent Plant Modifications		08/22/2005	08/26/2005	Baseline Inspections
	EB08P - ISI - INCL VHP VOL (TI 150) AS REQ		1			
1	IP 7111108P	Inservice Inspection Activities - PWR		10/03/2005	10/07/2005	Baseline Inspections
1	IP 7111108P	Inservice Inspection Activities - PWR		10/17/2005	10/21/2005	Baseline Inspections

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

Callaway
Inspection / Activity Plan
08/01/2004 - 03/31/2006

Unit Number	Inspection Activity	Title	No. of Staff on Site	Planned Dates		Inspection Type
				Start	End	
	ACRSA	- ACCESS CONTROL TO RAD SIGNIFICANT AREAS	1			
1	IP 7112101	Access Control to Radiologically Significant Areas		10/17/2005	10/21/2005	Baseline Inspections
	ALARA3	- ALARA PLANNING AND CONTROLS	1			
1	IP 7112102	ALARA Planning and Controls		12/05/2005	12/09/2005	Baseline Inspections

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This report shows only on-site and announced inspection procedures.