

August 30, 2004

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

SUBJECT: MID-CYCLE PERFORMANCE REVIEW AND INSPECTION PLAN - PEACH
BOTTOM ATOMIC POWER STATION

Dear Mr. Crane:

On August 3, 2004, the NRC staff completed its mid-cycle plant performance assessment of the Peach Bottom Atomic Power Station Units 2 and 3. The mid-cycle review for Peach Bottom 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 calendar quarter and inspection results over the previous 12 months (July 1, 2003 to June 30, 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 "Proprietary Information in accordance with 10 CFR 2.390(d)(1)" will include the physical protection review and resultant inspection plan.

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 for an inspection finding of low to moderate safety significance (White). The finding was in the mitigating system cornerstone and involved inadequate maintenance of an emergency diesel generator (EDG). A supplemental inspection is scheduled to review EDG maintenance and associated issues. 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). Therefore, we plan to conduct only reactor oversight process (ROP) baseline inspections at Peach Bottom Unit 3 through March 31, 2006.

In the third quarter of 2003 and the first quarter of 2004 there were White performance indicators in the Initiating Events cornerstone associated with Unit 2 Unplanned Scrams per 7,000 Critical Hours. We will perform one supplemental inspection for these two White performance indicators as scheduled in the enclosed inspection plan.

In our end-of-cycle review letter dated March 3, 2004, we advised you of a substantive cross-cutting issue in the area of problem identification and resolution involving inadequate corrective action for known equipment problems. The substantive cross-cutting issue was based on several inspection findings in which corrective action for a known equipment problem was either insufficient or delayed in implementation.

The NRC staff has determined that a substantive cross-cutting issue still exists in the area of problem identification and resolution involving inadequate corrective action for known equipment problems. The continuation of the substantive cross-cutting issue was based on two additional Green findings, in the first half of the calendar year 2004 as well as one White and three Green findings from the second half of the calendar year 2003 in which corrective action for a known equipment problem was either insufficient or delayed in implementation. The most recent findings involved inadequate corrective action for problems related to the high pressure coolant injection oil system and high pressure service water valves. Findings from 2003 involved 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, and main steam tunnel temperature control. A common theme associated with these findings was inadequate troubleshooting, testing and engineering reviews to restore the equipment to a reliable condition. These findings highlight a need for Exelon to improve performance in this area, therefore, we request that you inform us in writing of your plans. Your letter should include the specific actions taken and planned to correct inadequacies that are causing or contributing to this cross-cutting issue. We plan to continue 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 inspection, less those related to physical protection, scheduled through March 31, 2006. As previously discussed, our inspection plan includes two separate supplemental inspections using Inspection Procedure 95001. One inspection will address the two instances of a White performance indicator for the Unit 2 unplanned scrams and the other will address the White inspection finding related to the E2 EDG. 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 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).

Mr. Christopher M. Crane

3

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 Dr. 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 and Regulatory Affairs, Exelon Generation Company, LLC
Manager, Licensing - Peach Bottom Atomic Power Station
Manager License Renewal
Vice President, General Counsel and Secretary
Associate General Counsel, Exelon Generation Company
J. Bradley Fewell, Assistant General Counsel, Exelon Nuclear
D. Quinlan, Manager, Financial Control, PSEG
R. McLean, Power Plant and Environmental Review Division
Director, Nuclear Training
Correspondence Control Desk
D. Allard, Director, Pennsylvania Bureau of Radiation Protection
R. Fletcher, Department of Environment, Radiological Health Program
Commonwealth of Pennsylvania (c/o R. Janati, Chief, Division of Nuclear Safety,
 Pennsylvania Bureau of Radiation Protection)
Public Service Commission of Maryland, Engineering Division
Board of Supervisors, Peach Bottom Township
D. Levin, Acting Secretary of Harford County Council
Mr. & Mrs. Dennis Hiebert, Peach Bottom Alliance
TMI - Alert (TMIA)
J. Johnsrud, National Energy Committee, Sierra Club
Mr. & Mrs. Kip Adams
T. Snyder, Director, Air and Radiation Management Administration,
 Maryland Department of the Environment (**SLO**)
Institute of Nuclear Power Operations (INPO)

Distribution w/encl:

- S. Collins, RA
- J. Wiggins, DRA
- A. Blough, DRP
- B. Holian, DRP
- M. Shanbaky, DRP
- W. Lanning, DRS
- R. Crlenjak, DRS
- DRS Branch Chiefs (5)
- A. Burritt, DRP
- C. Smith, DRP - NRC Senior Resident Inspector
- D. Schroeder, DRP - Resident Inspector
- C. Miller, OEDO
- J. Clifford, NRR
- G. Wunder, PM, NRR
- S. Wall, PM, NRR (Backup)
- D. Screnci, PAO
- N. Sheehan, PAO
- RidsNrrDipmLipb
- Region I Docket Room (with concurrences)

DOCUMENT NAME: S:\ROP5 Mid-Cycle Review\2004 Mid-Cycle Letters\Peach Bottom ROP-5 Mid Cycle Letter.wpd

After declaring this document "An Official Agency Record" it **will** be released to the Public.

To receive a copy of this document, indicate in the box: "C" = Copy without attachment/enclosure "E" = Copy with attachment/enclosure "N" = No copy

OFFICE	RI /DRP	RI /DRP	RI /DRP	
NAME	ABurritt/ALB	MShanbaky/MMS	ABlough/ARB	
DATE	08/27/04	08/27/04	08/27/04	

OFFICIAL RECORD COPY

Peach Bottom
Inspection / Activity Plan
07/01/2004 - 03/31/2006

Unit Number	Inspection Activity	Title	No. of Staff on Site	Planned Dates		Inspection Type
				Start	End	
	7111121 - SSDI		7			
2, 3	IP 7111121	Safety System Design and Performance Capability		06/28/2004	07/02/2004	Baseline Inspections
	711112B - MAINTENANCE RULE		1			
2, 3	IP 711112B	Maintenance Effectiveness		07/12/2004	07/16/2004	Baseline Inspections
	7112202 - RAD MATL PROCESSING AND TRANSPORT		1			
2, 3	IP 7112202	Radioactive Material Processing and Transportation		07/22/2004	07/22/2004	Baseline Inspections
	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
	7111107B - HEAT SINK		1			
2, 3	IP 7111107B	Heat Sink Performance		08/09/2004	08/13/2004	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		09/13/2004	09/17/2004	Supplemental Program
	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
	71121 - OCC RAD SAFETY		1			
2, 3	IP 7112101	Access Control to Radiologically Significant Areas		09/20/2004	09/24/2004	Baseline Inspections
2, 3	IP 7112102	ALARA Planning and Controls		09/20/2004	09/24/2004	Baseline Inspections
2, 3	IP 7112103	Radiation Monitoring Instrumentation and Protective Equipment		09/20/2004	09/24/2004	Baseline Inspections
	7111108G - INSERVICE INSPECTION		2			
2	IP 7111108G	Inservice Inspection Activities - BWR		09/22/2004	09/28/2004	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 (2/21/05-3/4/05)		12/13/2004	12/17/2004	Not Applicable
2	U01527	PEACH BOTTOM UNITS 2&3 INITIAL EXAM (2/21/05-3/4/05)		02/07/2005	02/18/2005	Not Applicable
	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

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

Peach Bottom
Inspection / Activity Plan
07/01/2004 - 03/31/2006

Unit Number	Inspection Activity	Title	No. of Staff on Site	Planned Dates		Inspection Type
				Start	End	
	71121 - OCC RAD SAFETY		1			
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		3			
2, 3	IP 7111102	Evaluation of Changes, Tests, or Experiments		03/14/2005	03/18/2005	Baseline Inspections
2, 3	IP 711117B	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
	7111108G - INSERVICE INSPECTION - U3		1			
3	IP 7111108G	Inservice Inspection Activities - BWR		09/26/2005	09/30/2005	Baseline Inspections
	71121 - OCC RAD SAFETY		1			
2, 3	IP 7112101	Access Control to Radiologically Significant Areas		10/24/2005	10/28/2005	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
07/01/2004 - 03/31/2006

Unit Number	Inspection Activity	Title	No. of Staff on Site	Planned Dates		Inspection Type
				Start	End	
71121 - OCC RAD SAFETY			1			
2, 3	IP 7112102	ALARA Planning and Controls		10/24/2005	10/28/2005	Baseline Inspections
2, 3	IP 7112103	Radiation Monitoring Instrumentation and Protective Equipment		10/24/2005	10/28/2005	Baseline Inspections
2, 3	IP 71151	Performance Indicator Verification		10/24/2005	10/28/2005	Baseline Inspections
7111111B - LSRO INSPECTION			1			
2, 3	IP 7111111B	Licensed Operator Requalification Program		11/15/2005	11/19/2005	Baseline Inspections
71121 - OCC RADIATION SAFETY			1			
2, 3	IP 7112101	Access Control to Radiologically Significant Areas		02/13/2006	02/17/2006	Baseline Inspections
2, 3	IP 7112102	ALARA Planning and Controls		02/13/2006	02/17/2006	Baseline Inspections
2, 3	IP 7112103	Radiation Monitoring Instrumentation and Protective Equipment		02/13/2006	02/17/2006	Baseline Inspections
2, 3	IP 71151	Performance Indicator Verification		02/13/2006	02/17/2006	Baseline Inspections
7111105T - TRIENNIAL FIRE PROTECTION INSPECTION			3			
2, 3	IP 7111105T	Fire Protection		03/13/2006	03/18/2006	Baseline Inspections
2, 3	IP 7111105T	Fire Protection		03/27/2006	03/31/2006	Baseline Inspections