



**UNITED STATES
NUCLEAR REGULATORY COMMISSION
REGION II
SAM NUNN ATLANTA FEDERAL CENTER
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May 31, 2001

Southern Nuclear Operating Company, Inc.
ATTN: Mr. D. N. Morey
Vice President
P. O. Box 1295
Birmingham, AL 35201-1295

**SUBJECT: ANNUAL ASSESSMENT LETTER - FARLEY NUCLEAR PLANT-
REPORT 50-250/2001-01 AND 50-251/2001-01**

Dear Mr. Morey:

On April 30, 2001, the NRC staff completed its end-of-cycle plant performance assessment of the Farley Nuclear Plant. The end-of-cycle review for Farley involved the participation of all technical divisions in evaluating performance indicators (PIs) and inspection results for the period of April 2, 2000, to March 31, 2001. 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 which may conflict with your plant activities.

Overall, Farley operated in a manner that preserved public health and safety and fully met all cornerstone objectives. While plant performance for the most recent quarter is within the Licensee Response Column of the NRC's Action Matrix, plant performance for the prior three quarters (April 2, 2000, through December 31, 2000) was within the Regulatory Response Column of the NRC's Action Matrix for Unit 1. For Unit 2, plant performance varied between the Regulatory Response and Degraded Cornerstone Columns of the Action Matrix. This was based on low to moderate safety significant (White) performance of several Performance Indicators in different cornerstones.

Under the Mitigating Systems Cornerstone, the Emergency AC Power Performance Indicator for both Unit 1 and Unit 2 crossed the White threshold in the data submitted for the first quarter of 2000. Safety-related breaker failures, and issues with preventive maintenance and operations knowledge, resulted in excessive fault exposure hours for both units' shared 'A' train emergency diesel generators. The NRC completed Supplemental Inspection Procedure 95001 in this area and concluded that your root cause investigation and planned corrective actions adequately addressed the maintenance and system engineering oversight problems that caused the failures.

Subsequently for Unit 1, under the Initiating Events Cornerstone, the Unplanned Power Changes Performance Indicator crossed the White threshold during the third quarter of 2000. Six unplanned power changes occurred during the year, four of which were due to cooling tower structural problems and distribution header leaks. The NRC performed another Supplemental Inspection Procedure 95001 in this area. The commonalities of the transient

initiators were aging and end-of-service-life equipment. The NRC concluded that your root cause investigation and planned corrective actions were acceptable.

Unit 2 transitioned to the Degraded Cornerstone Response Column of the NRC's action matrix during the third quarter of 2000, based on a second Performance Indicator in the Mitigating Systems Cornerstone, Heat Removal System Unavailability (auxiliary feed water), crossing the White threshold. Safety-related breaker failures, and issues with post-maintenance testing and Maintenance Rule implementation, resulted in excessive system out of service time and fault exposure hours. In response, the NRC completed Supplemental Inspection Procedure 95002 to better understand your declining performance in the Mitigating System Cornerstone, and to focus on the specific areas which were attributed as causes of the performance problems. The NRC concluded that your performance to address the root causes and develop corrective actions was acceptable.

Since all supplemental inspection efforts for the above problems have been completed, and since Farley operated in a manner that preserved public health and safety and fully met all cornerstone objectives, we plan to conduct only baseline inspections at your facility. However, as you are aware, we do have a Security Operational Safeguards Response Evaluation (OSRE) scheduled for September 2001. The following issues remain open from the last OSRE in July 2000 and are still under review as part of the Significance Determination Process. Supplemental inspections may be warranted if these issues are determined to be of greater than very low safety significance (Green):

- Unresolved Item (URI) 50-348, 364/2000-09-01 (Failure to Consider all Safety Significant Equipment in Determining a Target Set to Protect Against the Design Basis Threat)
- URI 50-348, 364/2000-09-02 (Failure to Prevent Mock Adversaries From Gaining Access to Three Target Sets)
- URI 50-348, 364/2000-09-03 (Five Physical Security Plan Changes Submitted That Decreased the Plan's Effectiveness Without Commission Approval)

The enclosed inspection plan details the scheduled inspections that will occur through May 31, 2002. This 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.

For your information, the NRC is in the process of aligning the inspection and assessment cycle with the calendar year (CY). In order to transition to a CY cycle (January 1 - December 31), the current inspection and assessment cycle will consist of only three quarters (i.e., the second, third, and fourth calendar quarters of CY 2001). As a result, for this transition period, the number of inspection activities have been modified accordingly and a mid-cycle review letter and accompanying inspection plan will not be issued.

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

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3

document system (ADAMS). ADAMS is accessible from the NRC Web site at <http://www.nrc.gov/NRC/ADAMS/index.html> (the Public Electronic Reading Room).

If circumstances arise which cause us to change our inspection plan, we will contact you to discuss the change as soon as possible. Please contact me at (404) 562-4410 with any questions you may have regarding this letter or the inspection plan.

Sincerely,

/RA/

Luis A. Reyes
Regional Administrator

Docket Nos. 50-348, 50-364
License Nos. NPF-2, NPF-8

Enclosure: Inspection Activity Plan

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4

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5

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