

March 4, 2003

Mr. John Skolds
Chairman and CEO
AmerGen Energy Company, LLC
4300 Winfield Road
5th Floor
Warrenville, IL 60555

SUBJECT: ANNUAL ASSESSMENT LETTER - THREE MILE ISLAND, UNIT 1
(REPORT 50-289/2003-001)

Dear Mr. Skolds:

On February 10, 2003, the NRC staff completed its end-of-cycle plant performance assessment of your Three Mile Island facility, Unit 1 (TMI). The end-of-cycle review for Three Mile Island 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 through December 31, 2002. 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 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 March 31, 2004.

While plant performance for the most recent quarter was within the Licensee Response Column of the Action Matrix, the performance had been within the Regulatory Response Column during the first quarter of the current assessment period based on a single inspection finding of low to moderate safety significance (White) in the mitigating systems cornerstone. This finding related to inadequate corrective actions and an inadequate operability assessment for an emergency feedwater pump oil leak. Since TMI corrective actions for this finding were completed and the results of the supplemental inspection were satisfactory, the finding was removed from the assessment process on March 31, 2002.

In our mid-cycle assessment letter dated August 26, 2002, we determined that a substantive cross-cutting issue continued from the prior assessment period. This issue was in the area of human performance in duties related to equipment performance monitoring. During the current assessment period, this cross-cutting issue was inspected through the baseline inspection

program, which included the biennial Problem Identification and Resolution inspection. Although we identified several minor issues regarding equipment performance monitoring, no recent significant findings have occurred. We conclude that you have adequately addressed this cross-cutting issue. We encourage your continued attention in this area to ensure lasting improvements in equipment performance monitoring.

The enclosed inspection plan details the inspections scheduled through March 31, 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. In addition to the inspections listed in the plan, we will be conducting an inspection related to the replacement of the TMI reactor vessel head scheduled during the Fall 2003 refueling outage. Routine resident inspections are not listed due to their ongoing and continuous nature. The last six months of the inspection plan is tentative and may be revised at the mid-cycle review meeting.

As you are aware, since the terrorist attacks on September 11, 2001, the NRC has issued several Orders and threat advisories to enhance security capabilities and improve guard force readiness. 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 2003, we plan to continue these inspections, conduct portions of the security baseline inspection program, as well as perform additional inspections to evaluate your compliance with new requirements that may be ordered. Based on our final determinations in this regard, we will notify you of any inspection plan changes.

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 Robert Summers at (610) 337-5109 with any questions you may have regarding this letter or the inspection plan.

Sincerely,

/RA/

A. Randolph Blough, Director
Division of Reactor Projects, Region 1

Docket No: 50-289
License No: DPR-50

Enclosure: Three Mile Island Station, Unit 1 Inspection / Activity Plan

Mr. John Skolds

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cc w/encl:

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Vice President, Mid-Atlantic Operations Support
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Mr. John Skolds

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DATE	2/27/03	03/03/03	03/03/03		

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Three Mile Island
Inspection / Activity Plan
12/29/2002 - 03/27/2004

Unit Number	Inspection Activity	Title	No. of Staff on Site	Planned Dates		Inspection Type
				Start	End	
	T1148BC - SEC ICM		6			
1	IP 2515/148	Inspection of Nuclear Reactor Safeguards - Interim Compensatory Measures		03/24/2003	03/28/2003	Safety Issues
	5/12 EXM - OPERATOR LICENSING INITIAL EXAMS		3			
1	U01493	TMI INITIAL EXAM (2/23/03)		04/07/2003	04/11/2003	Not Applicable
1	U01493	TMI INITIAL EXAM (2/23/03)		05/12/2003	05/16/2003	Not Applicable
	7111401 - EP EXERCISE & PI VERIFICATION		6			
1	IP 7111401	Exercise Evaluation		04/21/2003	04/25/2003	Baseline Inspections
1	IP 71151	Performance Indicator Verification		04/21/2003	04/25/2003	Baseline Inspections
	71121 - OCC RAD SAFETY		1			
1	IP 7112101	Access Control to Radiologically Significant Areas		05/12/2003	05/16/2003	Baseline Inspections
1	IP 7112102	ALARA Planning and Controls		05/12/2003	05/16/2003	Baseline Inspections
1	IP 7112103	Radiation Monitoring Instrumentation and Protective Equipment		05/12/2003	05/16/2003	Baseline Inspections
	71122.03 - REMP		1			
1	IP 7112203	Radiological Environmental Monitoring Program		05/26/2003	05/30/2003	Baseline Inspections
	7111121 - SSDI		6			
1	IP 7111121	Safety System Design and Performance Capability		06/23/2003	06/27/2003	Baseline Inspections
1	IP 7111121	Safety System Design and Performance Capability		07/07/2003	07/11/2003	Baseline Inspections
	71122.02 - RADWASTE		1			
1	IP 7112202	Radioactive Material Processing and Transportation		07/14/2003	07/18/2003	Baseline Inspections
	71121 - OCC RAD SAFETY		1			
1	IP 7112101	Access Control to Radiologically Significant Areas		09/15/2003	09/19/2003	Baseline Inspections
1	IP 7112102	ALARA Planning and Controls		09/15/2003	09/19/2003	Baseline Inspections
1	IP 7112103	Radiation Monitoring Instrumentation and Protective Equipment		09/15/2003	09/19/2003	Baseline Inspections
	7111107B - HEAT SINK		1			
1	IP 7111107B	Heat Sink Performance		09/29/2003	10/03/2003	Baseline Inspections
	71121 - OCC RAD SAFETY		1			
1	IP 7112101	Access Control to Radiologically Significant Areas		10/20/2003	10/24/2003	Baseline Inspections
1	IP 7112102	ALARA Planning and Controls		10/20/2003	10/24/2003	Baseline Inspections
1	IP 7112103	Radiation Monitoring Instrumentation and Protective Equipment		10/20/2003	10/24/2003	Baseline Inspections
1	IP 71151	Performance Indicator Verification		10/20/2003	10/24/2003	Baseline Inspections
	7111108 - INSERVICE INSPECTION		1			
1	IP 7111108P	Inservice Inspection Activities - PWR		10/27/2003	10/31/2003	Baseline Inspections
	7111111B - L.O. REQUALIFICATION PROGRAM		2			
1	IP 7111111B	Licensed Operator Requalification		02/09/2004	02/13/2004	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
12/29/2002 - 03/27/2004

Unit Number	Inspection Activity	Title	No. of Staff on Site	Planned Dates		Inspection Type
				Start	End	
	71152B	- PROBLEM IDENTIFICATION AND RESOLUTION	3			
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
	4/19 EXM	- OPERATOR LICENSING INITIAL EXAMS	3			
1	U01513	TMI UNIT 1 INITIAL EXAM (10/6-11/03)		03/22/2004	03/26/2004	Not Applicable