



**UNITED STATES
NUCLEAR REGULATORY COMMISSION
REGION II
SAM NUNN ATLANTA FEDERAL CENTER
61 FORSYTH STREET SW SUITE 23T85
ATLANTA, GEORGIA 30303-8931**

March 4, 2003

Duke Energy Corporation
ATTN: Mr. R. A. Jones
Site Vice President
Oconee Nuclear Station
7800 Rochester Highway
Seneca, SC 29672

**SUBJECT: ANNUAL ASSESSMENT LETTER - OCONEE NUCLEAR STATION
(NRC INSPECTION REPORT 50-269/03-01, 50-270/03-01, AND 50-287/03-01)**

Dear Mr. Jones:

On February 5, 2003, the NRC staff completed its end-of-cycle plant performance assessment of the Oconee Nuclear Station. The end-of-cycle review for Oconee 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 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, Oconee Units 2 and 3 operated in a manner that preserved public health and safety and fully met all cornerstone objectives. The performance of Unit 2 for the most recent quarter, as well as for the first three quarters of the 2002 assessment period, 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).

The performance of Unit 3 during the most recent quarter of the 2002 assessment period was within the Regulatory Response Column of the NRC's Action Matrix. This was the result of a fourth quarter 2002 Mitigating Systems cornerstone finding of low to moderate safety significance (White), which involved the inadequate installation of electrical connectors on the pre-staged Unit 3 high pressure injection (HPI) pump emergency power supply cable from the auxiliary service water switchgear. Unit 3 performance for the first three quarters of the 2002 assessment period was within the Licensee Response Column of the NRC's Action Matrix, based on all associated inspection findings and PIs being classified as Green. In response to the aforementioned Unit 3 HPI pump cable finding, a supplemental inspection will be performed under Inspection Procedure (IP) 95001.

During the third and fourth quarters of the 2002 assessment period, Oconee Unit 1 also operated in a manner that preserved public health and safety and fully met all cornerstone objectives. The performance of Unit 1 during these latter two quarters was within the Regulatory Response Column of the NRC's Action Matrix. This was due to a Mitigating Systems cornerstone PI that reflected performance at a level requiring increased regulatory

response (White) and a White Barrier Integrity cornerstone finding. The White PI involved the maintenance-induced unavailability of the 1B motor driven emergency feedwater (EFW) pump during the first and second quarters of 2001. The White finding, which was identified during the second quarter of 2002, involved a problem with the abnormal operating procedure for maintaining and/or restoring containment integrity during reduced reactor coolant system inventory conditions. Though both of these issues were closed out in a Supplemental Inspection conducted in the fourth quarter of 2002 under IP 95002, the White finding had only been in effect for three of the four requisite quarters; therefore, it will remain through the first quarter of 2003. The White PI returned to Green at the end of the fourth quarter 2002.

Although public health and safety was preserved and all cornerstone objectives were met, the performance of Oconee Unit 1 for the first two quarters of the 2002 assessment period was in the Multiple/Repetitive Degraded Cornerstone Column of the NRC's Action Matrix due to the Mitigating Systems cornerstone being degraded for five or more quarters. The following inputs caused the Unit 1 Mitigating Systems cornerstone to be degraded during the first two quarters of the 2002 assessment period: (1) a previously identified White finding, which was closed during the second quarter of 2002, that involved a tornado mitigation strategy utilizing the spent fuel pool as a suction source for the HPI pump; and (2) the aforementioned White PI which involved the maintenance-induced unavailability of the 1B motor driven EFW pump during the first and second quarter of 2001. Based on a one-time Action Matrix deviation approved by the Executive Director for Operations, a Supplemental Inspection (under IP 95002 in lieu of IP 95003) was performed during the fourth quarter of 2002.

For your information, the following issues are still under staff review as part of the Significance Determination Process and may warrant additional supplemental inspection if they are determined to be of greater than very low risk significance:

- Unresolved Item (URI) 50-269,270,287/00-08-01 (potential high temperatures in the low pressure injection and high pressure injection pump rooms following loss of coolant accident scenarios)
- Licensee Event Report (LER) 50-269/02-02 (potential fire induced flooding of the standby reactor coolant makeup pumps)
- LER 50-287/01-03 and URI 50-269/02-02-03 (reactor pressure boundary leakage from reactor pressure vessel nozzle penetrations during operation)
- URI 50-269,270,287/02-03-01 (fire protection issue regarding standby shutdown facility manning delay)
- URI 50-269,270,287/02-06-01 and LER 50-269/02-01 (insufficient number of PZR heaters controlled from standby shutdown facility to maintain pressurizer steam bubble)
- URI 50-269,270,287/02-05-04 (improper installation of feedwater line whip-restraints)
- LER 50-269/02-04 (potential loss of safety function from alternate boron dilution flowpath)

In accordance with IMC 0305, "Operating Reactor Assessment Program", your plant will be discussed at the upcoming Agency Action Review Meeting. We will notify you via separate correspondence if any agency actions change as an outcome of the meeting.

The enclosed inspection plan details the inspections scheduled through March 31, 2004. In addition to baseline inspection activities, the plan currently includes: (1) the 95001 Supplemental Inspection discussed above; (2) special inspection activities associated with planned reactor vessel head and steam generator replacements; (3) a review of the implementation of the Interim Compensatory Measures required by the NRC Security Order dated February 25, 2002; (4) operator licensing examinations; (5) routine inspections of activities associated with your Independent Spent Fuel Storage Installation; and (6) an additional problem identification and resolution (PI&R) inspection as allowed by Inspection Manual Chapter 0305 for plants in the Degraded Cornerstone Column of the NRC's Action Matrix. The additional PI&R inspection is being conducted because of corrective action problems that have been associated with a number of previous inspections findings. 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 six months of the inspection plan are 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 our inspection plan, we will contact you to discuss the change as soon as possible. Please contact Mr. Robert Haag at (404) 562-4550 with any questions you may have regarding this letter or the inspection plan.

Sincerely,

/RA/

Luis A. Reyes
Regional Administrator

Docket Nos.: 50-269, 50-270, 50-287, 72-04
License Nos.: DPR-38, DPR-47, DPR-55

Enclosure: Oconee Inspection/Activity Plan

DEC

4

cc w/encl:
L. E. Nicholson
Compliance Manager (ONS)
Duke Energy Corporation
Electronic Mail Distribution

Lisa Vaughn
Legal Department (PB05E)
Duke Energy Corporation
422 South Church Street
Charlotte, NC 28242

Anne Cottingham
Winston and Strawn
Electronic Mail Distribution

Beverly Hall, Acting Director
Division of Radiation Protection
N. C. Department of Environmental
Health & Natural Resources
Electronic Mail Distribution

Henry J. Porter, Director
Div. of Radioactive Waste Mgmt.
S. C. Department of Health and
Environmental Control
Electronic Mail Distribution

R. Mike Gandy
Division of Radioactive Waste Mgmt.
S. C. Department of Health and
Environmental Control
Electronic Mail Distribution

County Supervisor of
Oconee County
415 S. Pine Street
Walhalla, SC 29691-2145

Lyle Graber, LIS
NUS Corporation
Electronic Mail Distribution

M. T. Cash, Manager
Nuclear Regulatory Licensing
Duke Energy Corporation
526 S. Church Street
Charlotte, NC 28201-0006

Peggy Force
Assistant Attorney General
N. C. Department of Justice
Electronic Mail Distribution

Institute of Nuclear Power Operations
700 Galleria Parkway SE
Atlanta, GA 30339-5943

Distribution w/encl:
L. Olshan, NRR
L. Slack
RIDSNRRDIPMLIPB
PUBLIC

PUBLIC DOCUMENT (circle one): YES NO

OFFICE	RII:DRP	RII:DRP	RII:DRP				
SIGNATURE	RCH for	RCH	VMC for				
NAME	R. Carroll	R. Haag	L. Plisco				
DATE	2/28/2003	2/28/2003	3/03/2003				
E-MAIL COPY?	YES NO	YES NO	YES NO	YES NO	YES NO	YES NO	YES NO