



**UNITED STATES
NUCLEAR REGULATORY COMMISSION
REGION II
SAM NUNN ATLANTA FEDERAL CENTER
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ATLANTA, GEORGIA 30303-8931**

March 4, 2003

Southern Nuclear Operating Company, Inc.
ATTN: Mr. J. B. Beasley, Jr.
Vice President
P. O. Box 1295
Birmingham, AL 35201-1295

**SUBJECT: ANNUAL ASSESSMENT LETTER - JOSEPH M. FARLEY NUCLEAR PLANT
(REPORT 50-348/03-01 AND 50-364/03-01)**

Dear Mr. Beasley:

On February 4, 2003, the NRC staff completed its end-of-cycle plant performance assessment of the Joseph M. Farley Nuclear Plant. The end-of-cycle review for Farley involved the participation of all technical divisions in evaluating performance indicators (PIs) for the most recent quarter and inspection results for the period January 1, 2002 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, Farley operated in a manner that preserved public health and safety and fully met all cornerstone objectives. Plant performance for the most recent quarter, as well as for the first three quarters of the assessment cycle 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 through March 31, 2004. We also plan to review your activities in response to NRC Bulletin 2002-02, "Reactor Pressure Vessel (RPV) Head and Vessel Head Penetration (VHP) Nozzle Inspection Programs." Additionally, as we noted in our last Annual Assessment letter dated March 4, 2002, we had planned to conduct an Operational Security Response Evaluation in September 2001. That effort was postponed due to the terrorist attacks on the World Trade Center and the Pentagon, but we plan to re-schedule it at the next available opportunity.

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. 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 this inspection plan, we will contact you to discuss the change as soon as possible. Please contact me at (404) 562-4540 with any questions you may have regarding this letter or the inspection plan.

Sincerely,

/RA/

Brian R. Bonser, Chief
Reactor Projects Branch 2
Division of Reactor Projects

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

Enclosure: Farley Inspection/Activity Plan

cc w/encl: (See page 3)

cc w/encl:

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