August 31, 2004

The Honorable George V. Voinovich, Chairman
Subcommittee on Clean Air, Climate Change,
and Nuclear Safety
Committee on Environment and Public Works
United States Senate
Washington, D.C. 20510

Dear Mr. Chairman:

The Fiscal Year (FY) 2004 Energy and Water Development Appropriations Act, House Report 108-212 and Senate Report 108-105, directed the Nuclear Regulatory Commission (NRC) to continue to provide a monthly report on the status of its licensing and regulatory duties. The initial reporting requirement arose in the FY 1999 Energy and Water Development Appropriations Act, Senate Report 105-206. On behalf of the Commission, I am pleased to transmit the sixty-eighth report, which covers the month of July 2004. I am also providing more recent information in this cover letter in order to keep you fully and currently informed of NRC's licensing and regulatory activities.

The previous report provided information on a number of significant activities. These activities included approving power uprates for two nuclear plant units, bringing the total number of power uprates approved since 1977 to 101, resulting in a combined increase of approximately 4183 MWe to the Nation's electric generating capacity; issuing the Augmented Inspection Team (AIT) report involving the Palo Verde Nuclear Generating Station on the causes of, and the plant response to, the loss of off-site power which resulted in the shutdown of three reactors at the site; and dispatched a special inspection team to the Clinton Nuclear Power Plant in order to understand better the circumstances surrounding an automatic reactor shutdown and unexpected response of some plant equipment to the shutdown.

The Commission recently decided that certain physical protection and security information formerly included in the Reactor Oversight Process will no longer be publicly available and will no longer be updated on the agency's web site. The Commission deliberated for many months on finding the balance between the NRC's commitment to openness and the concern that sensitive unclassified information might be used by a terrorist in a potential attack. The NRC will continue to vigorously inspect and assess physical protection and security of nuclear facilities, but the results and enforcement information associated with physical protection and security of nuclear facilities will no longer be made publicly available. The NRC will continue to provide this type of information to state officials, local law enforcement agencies, and other Federal agencies with a need to know. The staff plans to develop a publicly available report that would provide some general information about plant performance assessment in the physical protection and security area without revealing any site specific details and compromising security. Information on nuclear power plant safety will continue to be made available to the public. The NRC's public web site will continue to display performance indicators, inspection reports, and other information not related to plant security. The Commission's decision will enhance the protection of information related to the security of

licensed facilities, but will not diminish NRC's commitment to openness in carrying out our public health and safety responsibilities.

NRC started an engineering design inspection at the Vermont Yankee nuclear power plant in Vernon, Vermont, on August 9, 2004. A team of eight NRC inspectors, including three contractors, will spend three weeks at the plant. To help ensure objectivity of the review, none of the NRC employees on the team has been involved in Vermont Yankee oversight for at least the past two years, and none of the private contractors has been employed by Entergy Nuclear in at least the past two years. The inspection, part of an NRC effort to enhance the Reactor Oversight Process, will also provide information relevant to reviewing Entergy Nuclear's application to increase the plant's power output by 20 percent. The team will devote more than 700 inspection hours toward identifying any latent issues in the plant's design and focus on those components and systems important to safety, including some impacted by the proposed power uprate. The NRC expects to hold a public meeting in September to discuss the inspection results. The NRC is closely coordinating the inspection with the State of Vermont. A nuclear engineer employed by the State is observing the inspection.

In our May 2004 report, I informed you of ongoing NRC concerns regarding the thoroughness of the root cause analysis and corrective action program at Perry Nuclear Power Plant, located in Perry, Ohio, and operated by FirstEnergy Nuclear Operating Company. Since the May report, we have closely monitored the licensee's performance and recently concluded that the equipment problems that have occurred since late 2002 and the licensee' s failure to take sufficiently comprehensive corrective actions warrant increased scrutiny by the NRC under our reactor oversight program. The increased oversight will include an extensive NRC team inspection to assess the equipment problems and the licensee's corrective actions. The schedule and scope of the inspection are still being developed. In addition, FirstEnergy will be required to develop and implement a performance improvement program to address its performance issues. The issues which have led to the heightened NRC oversight were classified as "white" (low to moderate safety significance) under the NRC's system of determining safety significance. The NRC evaluations range from green for problems of minor safety significance through white and yellow to red, which indicates a problem of high safety significance.

In our June 2004 report, I informed you of a notification from the Pacific Gas and Electric Company (PG&E), the licensee for the permanently shut-down Humboldt Bay Nuclear Plant in Eureka, California, of the inability to locate three small fuel rod segments believed to be in the spent fuel pool. On August 16 and August 17 PG&E submitted additional reports indicating that the missing fuel rod segments had still not been located. PG&E is continuing to review records and search storage containers in the spent fuel pool. NRC inspectors have been at the plant periodically since mid-July to observe key search activities. The NRC has scheduled a management meeting with the licensee in late September to discuss the licensee's investigation into the missing fuel rod segments and the licensee's material control and accountability program in general. PG&E has found no evidence to support the possibility of theft or diversion of the fuel rod segments.

Recently, the Commission and the NRC staff also:

- continued to meet with the Federal Energy Regulatory Commission (FERC) and the North American Electric Reliability Council (NERC) as part of ongoing NRC activities to understand industry efforts and planned actions to maintain reliable off-site electrical power to nuclear power stations. The NRC staff is establishing a Memorandum of Agreement/Understanding between NRC and NERC to continue the interactions between the agencies on matters of mutual interest pertaining to electrical grid reliability, security, and integrity.

- published in the Federal Register on August 24, 2004 (69 FR 52040), a final policy statement on the Treatment of Environmental Justice Matters in NRC Regulatory and Licensing Actions. In the policy statement, the NRC recognizes that the impact of the agency's regulatory or licensing actions on certain populations may be different from those on the general population due to a community's distinct cultural characteristics. The policy statement reflects the view that the disproportionately high and adverse impacts of a proposed action that fall heavily on a particular community call for close scrutiny under the National Environmental Policy Act (NEPA). The policy statement reaffirms that the Commission is committed to full compliance with the requirements of NEPA in all of its regulatory and licensing actions.

- published in the Federal Register on August 13, 2004 (69 FR 50219), a revision to the NRC Enforcement Policy (NUREG-1600, "General Statement of Policy and Procedures for NRC Enforcement Action") to include an interim enforcement policy regarding the use of Alternative Dispute Resolution (ADR) in the enforcement program for discrimination and other wrongdoing cases. The Commission published a proposed pilot program to address the use of ADR in the enforcement program in the Federal Register (69 FR 21166) on April 20, 2004. Public comments in response to the Federal Register Notice were supportive of the pilot program.

- published in the Federal Register on August 4, 2004 (69 FR 47187), a notice of availability for comment of draft NUREG-1792, "Good Practices for Implementing Human Reliability Analysis (HRA), Draft Report for Public Comment." The purpose of the draft report is to provide guidance for performing HRA and reviewing HRAs to assess the quality of analyses. The draft report supports the NRC's activities for addressing probabilistic risk assessment (PRA) quality issues and supports the implementation of Regulatory Guide (RG) 1.200, "An Approach for Determining the Technical Adequacy of Probabilistic Risk Assessment Results For Risk-Informed Activities." NRC conducted a public meeting on August 16, 2004, at NRC headquarters to discuss the HRA good practices and to allow stakeholders to address issues needing clarification.

- dispatched a special inspection team to the Palo Verde Nuclear Generating Station to evaluate problems related to a system that can be used to supply water for emergency cooling in the unlikely event of an accident. The plant, located near Wintersburg, Arizona, is operated by Arizona Public Service Company. On July 29, operators at Palo Verde discovered air trapped in a section of piping that could interfere with the performance of pumps needed to supply water for emergency core cooling and containment spray during some accident conditions. The team will evaluate the

adequacy of the licensee's response to the situation, including its extent, its root cause, and corrective actions. Concurrently, the NRC also is conducting a follow-up to its augmented inspection of the shutdown of all three reactors at the site on June 14, following an electrical grid disturbance.

- published in the Federal Register on August 2, 2004 (69 FR 46110), a notice of availability of the draft rule language and conceptual basis to risk-inform a key power reactor regulation. The amended regulation would permit power reactor licensees to implement a voluntary risk-informed alternative to the current requirements for analysis of loss-of-coolant accidents and for emergency core cooling systems (ECCS) in 10 CFR 50.46. The availability of the draft rule conceptual basis and draft rule language is intended to inform stakeholders of the current status of the NRC's activities to risk-inform 10 CFR 50.46. The NRC conducted a public meeting on August 17, 2004, at which stakeholders were invited to inform the NRC of possible nuclear power plant modifications that might be sought under such a rule and their associated costs and benefits. The NRC plans to use this information in preparing the regulatory analysis for the rule.

- received on August 23, 2004, an application from USEC, Inc., for a gas centrifuge uranium enrichment facility to be known as the American Centrifuge Plant and sited at the Portsmouth Gaseous Diffusion Plant site in Piketon, Ohio. The application included an environmental report and a safety analysis report. The NRC staff is currently conducting an acceptance review of the application.

- received from Louisiana Energy Services (LES) on July 30, 2004, revision 2 of their license application for a proposed gas centrifuge uranium enrichment plant (National Enrichment Facility, or NEF) to be located in Eunice, New Mexico. This revision was due to the changes required as a result of the NRC staff's Requests for Additional Information, which were provided to LES in April 2004.

- received the decision from the Atomic Safety and Licensing Board (ASLB) on July 19 on what contentions would be admissible in the LES hearing related to the proposed NEF. Three parties (the New Mexico Environment Department, the New Mexico Attorney General, and the Nuclear Information and Resource Service/Public Citizen) had previously filed petitions to intervene in the hearing and all three had been previously granted standing. The ASLB decided that all three parties had submitted at least one admissible contention and should be admitted to the proceeding. Admissible contentions were in the areas of LES' proposed radiation protection program, disposal cost estimates, impacts on ground and surface water, impact on water supplies, depleted uranium storage and disposal, decommissioning costs, need for the facility, and natural gas pipeline accidents. Several contentions were referred to the Commission for further review.

- made available electronically, on July 30, the NRC documentary material concerning a possible future hearing on a potential application from the Department of Energy (DOE) for a high-level radioactive waste repository at Yucca Mountain, Nevada. NRC regulations require all potential participants in the Yucca Mountain proceeding to make their documents available to other potential participants and the public in electronic form.

Please do not hesitate to contact me if I may provide additional information.

Sincerely,

/RA/

Nils J. Diaz

Enclosure:
Monthly Report

cc: Senator Thomas R. Carper

Identical letter sent to:

The Honorable George V. Voinovich, Chairman
Subcommittee on Clean Air, Climate Change,
and Nuclear Safety
Committee on Environment and Public Works
United States Senate
Washington, D.C. 20510
cc: Senator Thomas R. Carper

The Honorable Ralph M. Hall, Chairman
Subcommittee on Energy and Air Quality
Committee on Energy and Commerce
United States House of Representatives
Washington, D.C. 20515
cc: Representative Rick Boucher

The Honorable Pete V. Domenici, Chairman
Subcommittee on Energy and Water Development
Committee on Appropriations
United States Senate
Washington, D.C. 20510
cc: Senator Harry Reid

The Honorable David L. Hobson, Chairman
Subcommittee on Energy and Water Development
Committee on Appropriations
United States House of Representatives
Washington, D.C. 20515
cc: Representative Peter Visclosky

The Honorable James M. Inhofe, Chairman
Committee on Environment and Public Works
United States Senate
Washington, D.C. 20510
cc: Senator James Jeffords

The Honorable Joe Barton, Chairman
Committee on Energy and Commerce
United States House of Representatives
Washington D.C. 20515
cc: Representative John D. Dingell

MONTHLY STATUS REPORT ON THE LICENSING ACTIVITIES AND REGULATORY DUTIES OF THE UNITED STATES NUCLEAR REGULATORY COMMISSION

JULY 2004

Enclosure

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[1]Note: The period of performance covered by this report includes activities occurring between the first and last day of July 2004. The transmittal letter to Congress accompanying this report may provide more recent information in order to keep Congress fully and currently informed of NRC's licensing and regulatory activities.

I Implementing Risk-Informed Regulations

The staff continues to make progress on tasks involving the use of probabilistic risk information in many areas; however, there were no reportable milestones scheduled or completed during the month of July 2004.

II Reactor Oversight Process

The NRC continues to implement the Reactor Oversight Process (ROP) at all nuclear power plants. The NRC continues to meet with interested stakeholders on a periodic basis to collect feedback on the efficacy of the process and consider the feedback in future ROP refinements. Recent activities include the following:

- On July 15, 2004, NRC staff met with representatives from the Federal Aviation Administration (FAA) at the NRC Headquarters Office. The staff received a detailed briefing on Resource Targeting, a process by which the FAA uses 21 key indicators to categorize parts suppliers according to their potential risk and then assigns inspection resources based on the assigned category.

- On July 21, 2004, NRC staff hosted the monthly Mitigating System Performance Index (MSPI) public meeting at the Headquarters Office to discuss the status of the nine unresolved open issues as documented in SECY 04-0053, Reactor Oversight Process Self-Assessment for Calendar Year 2003. During the meeting, staff stated that most of the nine issues were significantly reduced or eliminated with retention of the significance determination process (SDP). However, a number of items needed consensus agreement with industry, including the need to define the conditions on when to use a front stop (i.e., risk limiter) and the need for a probabilistic risk assessment (PRA) standard and guidelines. These issues among others were outlined in a staff position that was presented to industry during the meeting.

- On July 22, 2004, NRC staff hosted the monthly Reactor Oversight Process (ROP) Working Group meeting at the Headquarters Office. Major topics of discussion included Significance Determination Process (SDP) Timeliness Workshop logistics (tentative workshop date of September 16/17, 2004); safety system functional failures; reactor coolant system (RCS) Leakage Performance Indicator Improvement initiative; suggested improvements to the frequently asked question (FAQ) process; changes to NEI 99-02; Regulatory Assessment Performance Indicator Guidelines, rev 2; and open and new FAQs.

III Status of Issues in the Reactor Generic Issue Program

Resolution of the issues in the Reactor Generic Issue Program continues to be on track in accordance with the schedules previously submitted.

IV Licensing Actions and Other Licensing Tasks

Operating power reactor licensing actions are defined as orders, license amendments, exemptions from regulations, relief from inspection or surveillance requirements, topical reports

submitted on a plant-specific basis, notices of enforcement discretion, or other actions requiring NRC review and approval before they can be implemented by licensees. The FY 2004 NRC Performance Plan incorporates three output measures related to licensing actions -- number of licensing action completions per year, age of the licensing action inventory, and size of licensing action inventory.

Other licensing tasks for operating power reactors are defined as licensee responses to NRC requests for information through generic letters or bulletins, NRC responses to 2.206 petitions, NRC review of generic topical reports, NRR responses to regional requests for assistance, NRC review of licensee 10 CFR 50.59 analyses and FSAR updates, or other licensee requests not requiring NRC review and approval before they can be implemented by licensees. The FY 2004 NRC Performance Plan incorporates one output measure related to other licensing tasks -- the number of other licensing tasks completed.

Recently, several high priority activities, such as power grid reliability, changes to nuclear facility security plans, safeguards contingency plans, and guard force training and qualification plans, have resulted in the NRC reprogramming resources to accommodate the additional work. One of the programs affected by the reprogramming of resources is operating power reactor licensing actions. As a result, by the end of FY 2004, the size of the licensing action inventory will most likely exceed the goal of # 1000 and the goal of having at least 96 percent of the licensing action applications less than one year old will not be met. Nevertheless, we anticipate meeting our goal of completing more than 1500 licensing actions in FY2004. The NRC is working with the licensees on prioritizing the licensing action workload.

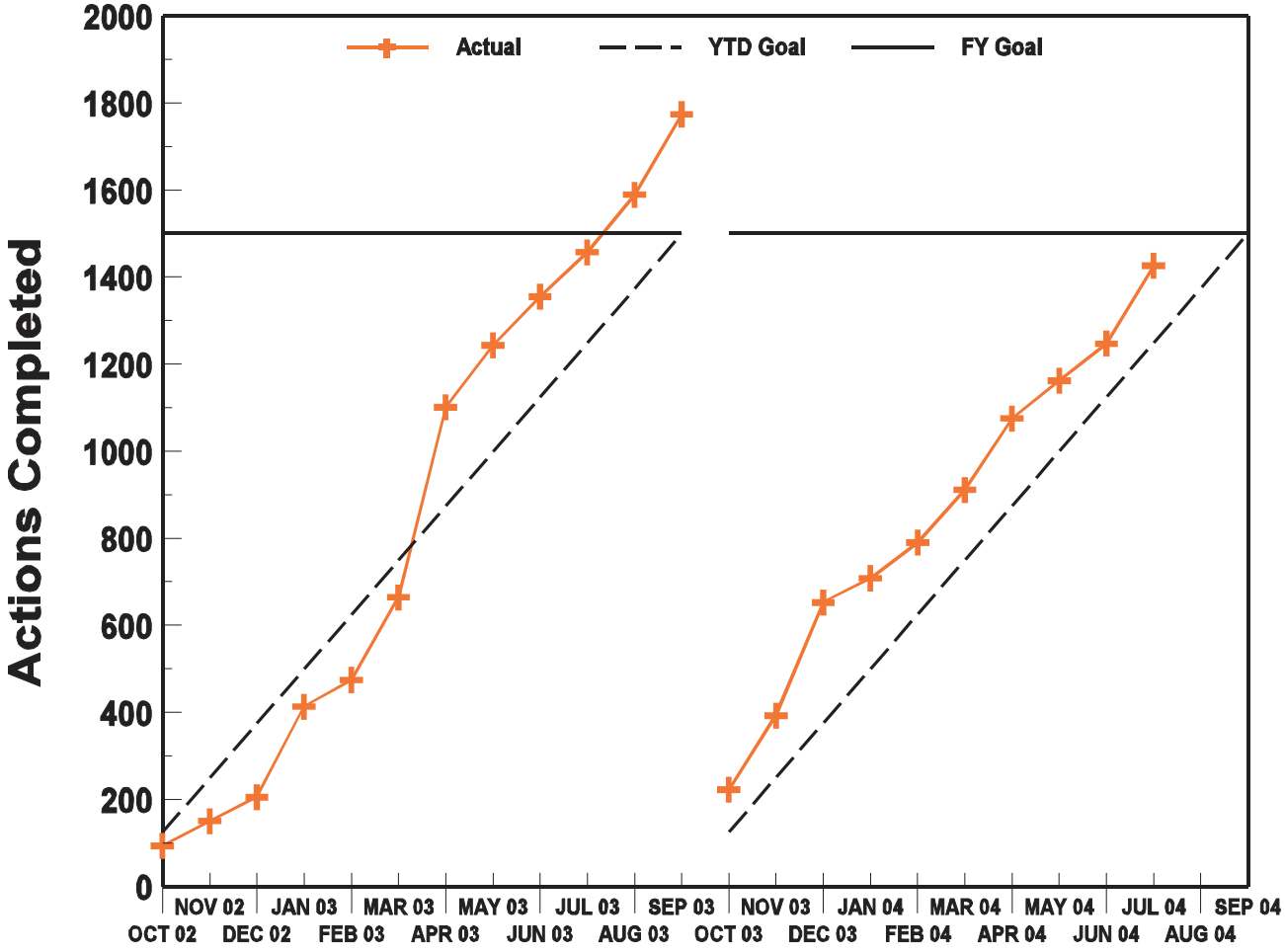
The actual FY 2002 and FY 2003 results, the FY 2004 goals, and the actual FY 2004 results, as of July 31, 2004, for the four NRC Performance Plan output measures for operating power reactor licensing actions and other licensing tasks are shown in the table below.

PERFORMANCE PLAN				
Output Measure	**FY 2002 Actual**	**FY 2003 Actual**	**FY 2004 Goals**	**FY 2004 Actual (thru 07/31/2004)**
Licensing actions completed/year	1560	1774	$ 1500	1426
Age of licensing action inventory	96.6% # 1 year; and 100% # 2 years	96%# 1 year; and 100% # 2 years	96% # 1 year and 100% # 2 years old	85.0% # 1 year; 99% # 2 years
Size of licensing action inventory	765	1296	# 1000	1216
Other licensing tasks completed/year	426	500	$ 350	574

The following charts demonstrate NRC's trends for the four operating power reactor licensing action and other licensing task output measure goals.

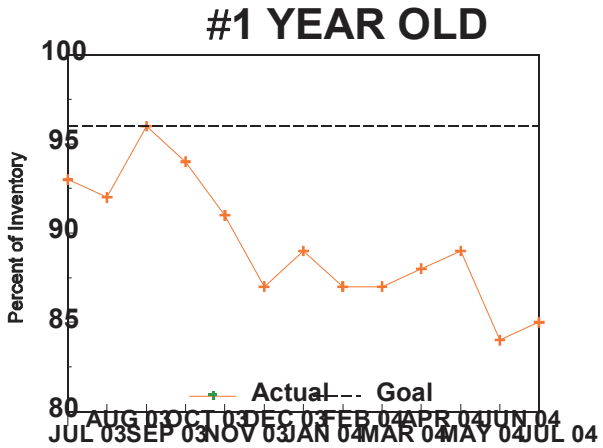
Nuclear Reactor Safety - Reactor Licensing

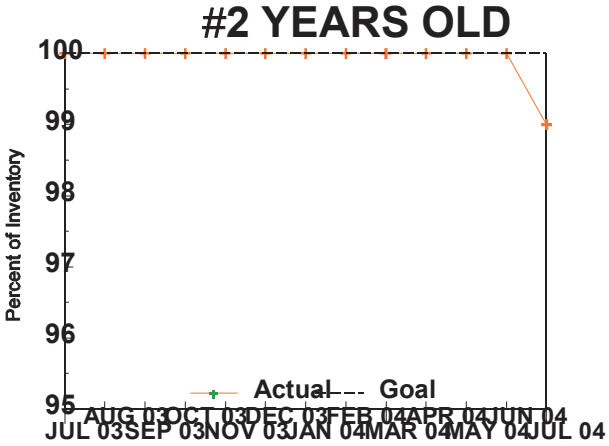
Performance Plan Target: Completed Licensing Actions



Nuclear Reactor Safety - Reac

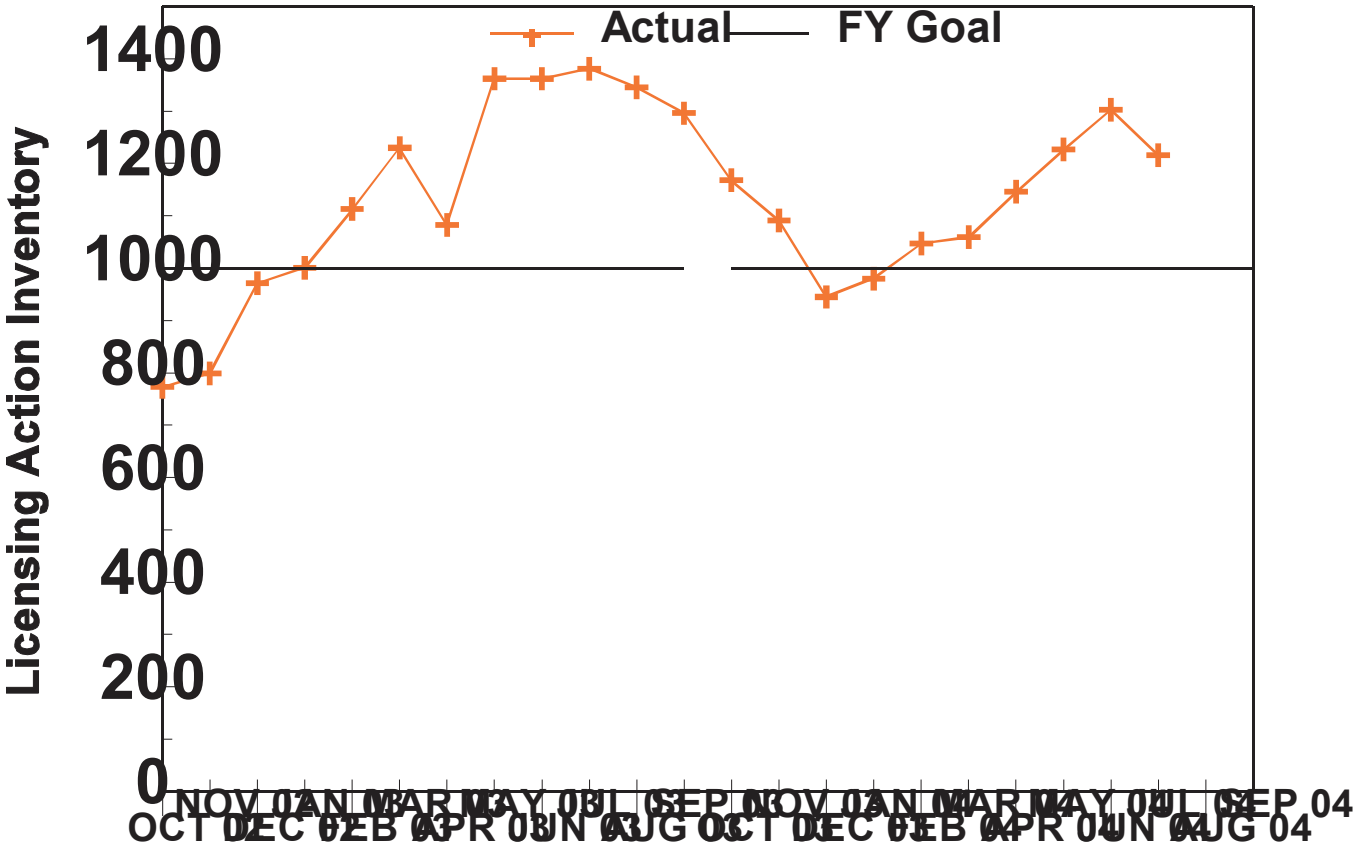
Performance Plan Target: Age of Licensing Action Inventory



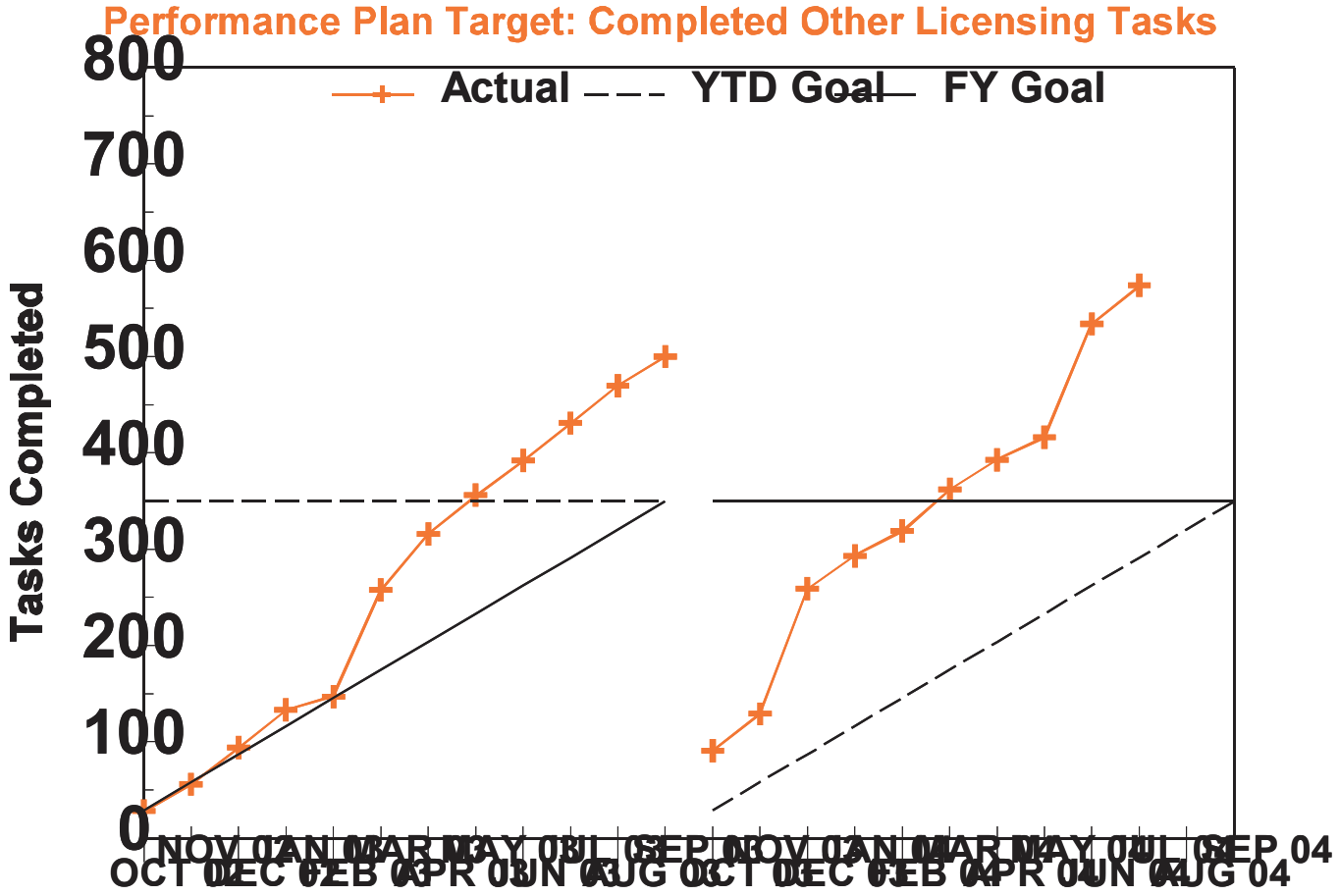


Nuclear Reactor Safety - Reac

Performance Plan: Size of Licensing Action Inventory



Nuclear Reactor Safety - Reac



V Status of License Renewal Activities

Dresden, Units 2 and 3, and Quad Cities, Units 1 and 2, Combined License Renewal Application

The staff issued the final supplemental environmental impact statement (SEIS) for both Dresden and Quad Cities in June 2004 and the safety evaluation report for both sites in July 2004. The staff is completing activities to support a decision in November 2004 on renewing the licenses.

Farley, Units 1 and 2, License Renewal Application

The Farley license renewal application is currently under review, and the staff is preparing requests for additional information. The draft SEIS is scheduled to be issued in August 2004, and the safety evaluation report, identifying any remaining open items, is scheduled to be issued in October 2004.

Arkansas Nuclear One, Unit 2, License Renewal Application

The Arkansas Unit 2 license renewal application is currently under review, and the staff is preparing requests for additional information. The draft SEIS is scheduled to be issued in September 2004, and the safety evaluation report, identifying any remaining open items, is scheduled to be issued in November 2004.

Cook, Units 1 and 2, License Renewal Application

The Cook license renewal application is currently under review, and the staff is preparing requests for additional information. The draft SEIS is scheduled to be issued in September 2004, and the safety evaluation report, identifying any remaining open items, is scheduled to be issued in December 2004.

Browns Ferry, Units 1, 2, and 3, License Renewal Application

The Browns Ferry license renewal application is currently under review, and the staff is preparing requests for additional information. The draft SEIS is scheduled to be issued in December 2004, and the safety evaluation report, identifying any remaining open items, is scheduled to be issued in August 2005.

Millstone, Units 2 and 3, License Renewal Application

The Millstone license renewal application is currently under review, and the staff is preparing requests for additional information. The draft SEIS is scheduled to be issued in December 2004, and the safety evaluation report, identifying any remaining open items, is scheduled to be issued in February 2005. A request for hearing has been received in response to the NRC's notice of opportunity for hearing, and an Atomic Safety and Licensing Board has been established.

Point Beach, Units 1 and 2, License Renewal Application

The Point Beach license renewal application is currently under review, and the staff is preparing requests for additional information. The draft SEIS is scheduled to be issued in January 2005, and the safety evaluation report, identifying any remaining open items, is scheduled to be issued in May 2005. A request for hearing was received in response to the NRC's notice of opportunity for hearing. The requestor did not specify the contentions for litigation as required by the regulations. By letter dated June 25, 2004, the NRC returned the request for hearing as not acceptable for docketing in an adjudicatory hearing.

Nine Mile Point, Units 1 and 2, License Renewal Application

On May 27, 2004, the NRC received an application for renewal of the operating licenses for Nine Mile Point, Units 1 and 2. The staff has completed its acceptance review and found the application acceptable for docketing and review. Until it is determined whether a hearing will be conducted, a 30-month review schedule has been established with a final decision on issuance of the renewed license scheduled for November 2006.

VI Status of Review of Private Fuel Storage, Limited Liability Corporation's Application for a License to Operate an Independent Spent Fuel Storage Installation on the Reservation of the Skull Valley Band of Goshute Indians

Litigation continues on the application by Private Fuel Storage, L.L.C. (PFS) for a license to construct and operate an independent spent fuel storage installation (ISFSI) on the Reservation of the Skull Valley Band of Goshute Indians in Skull Valley, Utah. As noted in previous monthly updates, one issue concerning the consequences of an F-16 aircraft crash at the proposed facility remains to be litigated before the Atomic Safety and Licensing Board (ASLB).

During this reporting period, NRC, PFS, and the State of Utah provided written testimony from its expert witnesses to the ASLB. Hearings will begin in August 2004. The ASLB will likely issue its decision on crash consequences no later than January 2005.

Finally, the Commission currently has under consideration certain matters raised on appeal from prior ASLB decisions. These involve PFS's petition for review of an ASLB ruling on a financial assurance contention, the State of Utah's petition for review of the ASLB's rulings on the redaction of proprietary information, and the State of Utah's petitions for review of the ASLB's decisions on three environmental contentions.

VII Enforcement Process and Summary of Reactor Enforcement by Region

Reactor Enforcement by Region

Reactor Enforcement Actions*						
		Region I	Region II	Region III	Region IV	TOTAL
Severity Level I	July 2004	0	0	0	0	0
	FY 04 YTD	0	0	0	0	0
	FY 03 Total	0	0	0	0	0
	FY 02 Total	0	0	0	0	0
Severity Level II	July 2004	0	0	0	0	0
	FY 04 YTD	0	1	0	0	1
	FY 03 Total	0	0	0	0	0
	FY 02 Total	1	0	0	0	1
Severity Level III	July 2004	0	0	0	0	0
	FY 04 YTD	1	2	4	0	7
	FY 03 Total	2	0	4	0	6
	FY 02 Total	2	0	0	0	2
Severity Level IV or Green	July 2004	0	0	0	1	1
	FY 04 YTD	1	0	2	2	5
	FY 03 Total	1	0	2	1	4
	FY 02 Total	0	0	2	0	2
Non-Cited Severity Level IV or Green	July 2004	43	41	41	28	153
	FY 04 YTD	229**	173	255**	232	889**
	FY 03 Total	211	164	253**	184	812**
	FY 02 Total	207	89	207**	151	654**

* Numbers of violations are based on enforcement action tracking system (EATS) data that may be subject to minor changes following verification. The numbers shown as Severity Level I, II, or III refer to the number of Severity Level I, II, and III violations or problems. The monthly totals generally lag by 30 days due to inspection report and enforcement development.

** Includes corrected amounts determined in July 2004.

Escalated Reactor Enforcement Actions Associated with the Reactor Oversight Process						
		Region I	Region II	Region III	Region IV	Total
Notices of Violation Related to White, Yellow or Red Findings	July 04 Red	0	0	0	0	0
	July 04 Yellow	0	0	0	0	0
	July 04 White	0	0	0	0	0
	FY 04 YTD	3	2	7	5	17
	FY 03 Total	6	1	7	1	15
	FY 02 Total	5	4	6	8	23

Description of Significant Actions taken in July 2004*

None taken.

VIII Power Reactor Security Regulations

In response to the terrorist attacks on September 11, 2001, the NRC and the nuclear industry have taken many actions to ensure the security at nuclear power plants. A series of Advisories, Orders, and Regulatory Issue Summaries have been issued to strengthen further the security of NRC-licensed facilities and control of nuclear materials.

Orders were issued on April 29, 2003, to revise the threat against which individual power reactor licensees and category I fuel cycle facilities must be able to defend (design basis threat [DBT]), limit the number of hours that security personnel can work, and enhance training and qualification requirements for security personnel. Licensees are required to implement the Orders no later than October 29, 2004. Implementation of these Orders will include employing revised security plans, revised safeguards contingency plans, and revised guard training and qualification plans, and completing any necessary plant modifications. The NRC staff has endorsed appropriate implementing guidance and provided it to the industry so plant and program changes can be completed on schedule. All licensees submitted the required plans by the April 29, 2004 scheduled date, and the NRC staff is implementing the review and approval process.

Orders were issued on October 23, 2003, to all nuclear reactor licensees and research reactor licensees that transport spent nuclear fuel. The licensees subject to the Order have been issued a specific license by NRC authorizing the possession of spent nuclear fuel and a general license authorizing the transportation of spent nuclear fuel in a transport package approved by the Commission in accordance with the Atomic Energy Act of 1954, as amended, and 10 CFR Parts 50 and 71.

*Security related enforcement actions are not included in the statistics in the above Tables or in the Description of Significant Action due to the sensitive nature of security findings.

In March 2003, the NRC initiated a pilot program for full force-on-force exercises, which used expanded adversary characteristics that were developed as a result of the increased post 9/11 threat. The purposes of the force-on-force exercises are to assess and improve, as necessary, performance of defensive strategies at licensed facilities. Pilot force-on-force exercises were completed at fifteen plants in 2003. The staff has provided a paper to the Commission summarizing lessons learned from the force-on-force pilot program and how these lessons can be factored into the full implementation of the force-on-force program. In the interim, the NRC plans to continue to conduct force-on-force exercises at a rate of approximately two per month through October 2004. Following implementation of the revised Design Basis Threat (DBT) on October 29, 2004, the NRC will implement triennial force-on-force testing at each nuclear power plant site.

During 2003, the staff suspended the physical protection portion of the baseline inspections in the Reactor Oversight Process. Instead, NRC inspections in the reactor security area were focused on licensee implementation of compensatory measures to address the post-9/11 threat environment. These compensatory measures were required by the Commission's February 25, 2002 Order. In late 2003, the staff developed a revised baseline inspection program for reactor security, taking into consideration the enhanced requirements and the higher threat environment. The staff began implementation of the revised baseline inspection program during the first week of March 2004. Until the DBT Orders are fully implemented, the inspections will focus on those elements of the program that have been fully implemented under previous orders, such as access authorization and security force work hour limits. During FY 2005, inspection efforts will focus on verifying implementation of the DBT. Routine implementation of all elements of the baseline inspection program will commence in 2006.

IX Power Uprates

The staff has assigned power uprate license amendment reviews a high priority. The staff considers power uprate applications among the most significant licensing actions and is therefore conducting power uprate reviews on accelerated schedules.

There are three types of power uprates. Measurement uncertainty recapture (MUR) power uprates are power uprates of less than 2 percent and are based on the use of more accurate feedwater flow measurement techniques. Stretch power uprates are power uprates that are typically on the order of less than 7 percent and are within the design capacity of the plant. Stretch power uprates require only minor plant modification. Extended power uprates (EPUs) are power uprates beyond the design capacity of the plant and, thus, require major plant modification.

Licensees have been applying for and implementing power uprates since the 1970s as a way to increase the power output of their plants. The staff has been conducting power uprate reviews since then and to date has completed 101 such reviews. Approximately 12,548 megawatts-thermal (4183 megawatts-electric) or an equivalent of about four nuclear power plant units has been gained through implementation of power uprates at existing plants. The staff currently has 10 plant-specific applications under review. On June 25, 2004, the NRC staff received an application for a 15 percent power uprate at the Browns Ferry Units 2 and 3 in Alabama. This proposed power uprate will increase the generating capacity of each plant from 3458 to 3952 megawatts-thermal, resulting in an output of 1317 megawatts-electric. On June 28, 2004, the

NRC staff received an application for a 20 percent power uprate at the Browns Ferry Unit 1 in Alabama. This proposed power uprate will increase the generating capacity of the plant from 3293 to 3952 megawatts-thermal, resulting in an output of 1317 megawatts-electric. On July 9, 2004, the NRC staff received an application for a 2.94 percent power uprate at the Palo Verde Units 1 and 3 in Arizona. This proposed power uprate will increase the generating capacity of each plant from 3876 to 3990 megawatts-thermal, resulting in an output of 1330 megawatts-electric.

In July 2004, the staff completed a survey of nuclear power plant licensees to obtain information regarding industry's plans related to power uprate applications. Based on this survey, licensees plan to submit power uprate applications for 18 nuclear power plant units in the next 5 years. These include 7 measurement uncertainty recapture power uprates, 1 stretch power uprate, and 10 extended power uprates. Planned power uprates are expected to result in an increase of about 2841 megawatts-thermal (947 megawatts-electric).

X Status of Davis-Besse Nuclear Power Station

Interim reports to be provided in September 2004, March 2005, and September 2005.