



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

August 30, 2004

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

**SUBJECT: MID-CYCLE PERFORMANCE REVIEW AND INSPECTION PLAN - OCONEE
NUCLEAR STATION**

Dear Mr. Jones:

On August 3, 2004, the NRC staff completed its mid-cycle plant performance assessment of the Oconee Nuclear Station. The mid-cycle review for Oconee involved the participation of all technical divisions in evaluating performance for the first half of the calendar year 2004 assessment cycle. The process included a review of performance indicators (PIs) for the most recent quarter and inspection results over the previous twelve months. 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. This will allow you an opportunity to prepare for these inspections and to inform us of any planned inspections that may conflict with your plant activities. This performance review and the enclosed inspection plan do not include physical protection information. A separate mid-cycle performance review letter, designated and marked as "Proprietary Information in accordance with 10 CFR 2.390(d)(1)," will include the physical protection review results and corresponding inspection plan.

Plant performance for Units 1, 2 and 3 for the most recent quarter was within the Regulatory Response Column of the NRC's Action Matrix due to a third quarter 2003 Mitigating Systems cornerstone finding of low to moderate safety significance (White) involving inadequate corrective actions to address a condition adverse to quality. The condition involved pressurizer ambient heat losses in all three Units that exceeded the capacity of heaters powered from the standby shutdown facility (SSF). The supplemental inspection required by the NRC's Action Matrix was conducted the week of August 9, 2004.

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.

- Licensee Event Report (LER) 50-269/02-03, Unresolved Item (URI) 50-269/02-02-03, and LER 50-287/01-03 (Reactor Pressure Boundary Leakage from Reactor Pressure Vessel Nozzle Penetrations During Operation)

- URI 50-269,270,287/02-05-05 (Improper Installation of Feedwater Line Whip-restraints)
- URI 050000269/2004003-01 (Inadequate Unit 1 Reactor Coolant Pump Seal Modification)
- URI 050000269,270,287/2004002-04 (Potential Failure to Maintain RB Coatings per GL 98-04 Commitments, Resulting in Potential Loss of RBES Recirculation)
- AV 050000269,270,287/2004012-01 (Failure to Maintain License Basis Commitment for Staffing the SSF in the Event of a Confirmed Plant Fire)

Additionally, on April 8, 2004, Oconee was assessed a \$60,000 civil penalty for violation of 10 CFR 50.59 requirements. Oconee revised a high energy line break (HELB) analysis in May 2001 without first obtaining NRC review and approval. The revised analysis postponed the initiation time of required safety systems (i.e., emergency feedwater and high pressure injection), for which the NRC determined that Oconee's review of the UFSAR changes did not adequately consider the impact to plant safety. A followup inspection of your corrective actions for this violation will be performed as part of baseline inspection program for identification and resolution of problems.

The enclosed inspection plan details the inspections, less those related to physical protection, scheduled through March 31, 2006. In addition to baseline inspection activities, the plan currently includes: (1) special inspection associated with steam generator replacement; (2) operator licensing examinations; (3) routine inspections of activities associated with your Independent Spent Fuel Storage Installation; and (4) safety issue inspections concerning the reactor pressure vessel lower head penetration nozzles (NRC Bulletin 2003-02). Also during the Fall 2004 refueling outage, an inspection of your response to NRC Bulletin 2004-01: Inspection of Alloy 82/182/600 Materials Used in the Fabrication of Pressurizer Penetrations and Steam Space Piping Connections at Pressurized-Water Reactors, will be conducted using a Temporary Instruction. The Temporary Instruction is currently in draft form. 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 last twelve months of the inspection plan is tentative and may be revised at the end-of-cycle review.

In accordance with 10 CFR 2.390 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 the inspection plan, we will contact you to discuss the change as soon as possible. Please contact Robert Haag at (404)562-4550 with any questions you may have regarding this letter or the inspection plan.

Sincerely

/RA/

Victor M. McCree, Director
Division of Reactor Projects

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

Enclosure: Oconee Inspection/ Activity Plan

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