



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

March 2, 2005

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 05000269/2005001, 05000270/2005001,  
AND 05000287/2005001)

Dear Mr. Jones:

On February 8, 2005, 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 for the most recent quarter and inspection results for the period from January 1 through December 31, 2004. 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. The following performance review and the enclosed inspection plan do not include physical protection information. A separate end-of-cycle performance review letter, designated and marked as "Exempt from Public Disclosure in accordance with 10 CFR 2.390," will include the physical protection review and a resultant inspection plan.

During the assessment period, Oconee Units 1, 2, and 3 operated in a manner that preserved public health and safety and met all cornerstone objectives with moderate degradation in safety performance. This moderate degradation was reflective of third quarter plant performance within the Degraded Cornerstone Column of the NRC's Action Matrix, which resulted from two Mitigating Systems cornerstone findings of low to moderate safety significance (White). The first of these, which was also the reason fourth quarter performance was within the Regulatory Response Column, was a third quarter 2004 White finding involving a failure to maintain the licensing basis commitment for staffing the standby shutdown facility (SSF) in the event of a confirmed plant fire. The other was a third quarter 2003 White finding involving inadequate corrective actions to address pressurizer ambient heat losses that exceeded the capacity of the pressurizer heaters powered from the SSF. This White SSF pressurizer heater finding also caused plant performance during the first and second quarters of the assessment period to be within the Regulatory Response Column of the NRC's Action Matrix.

In response to the Degraded Cornerstone performance in the third quarter of the assessment period, a supplemental inspection will be performed under Inspection Procedure 95002. We plan to perform this 95002 supplemental inspection in the May 2005 time frame. The satisfactory completion of this 95002 supplemental inspection is highly dependent on your

staff's efforts to assure adequate root cause/extent of condition reviews have been performed.

It should be noted that during the assessment period, Oconee Nuclear Station received a Severity Level III violation (with a \$60,000 civil penalty) for the failure to obtain NRC approval prior to making a change to the facility which involved unreviewed safety questions. The corrective actions for this Severity Level III violation, which was associated with the high energy line break analysis, will be reviewed during a future baseline inspection. Our end-of-cycle performance assessment also included an assessment of issues that are still under staff review to determine their safety significance. Although we recognize that you have assessed any operability concerns associated with the following issues, the results of our Significance Determination Process may warrant additional supplemental inspection for issues that are of greater than very low risk significance.

- Unresolved Item (URI) 050000269/2004003-01 (Inadequate Unit 1 Reactor Coolant Pump Seal Modification)
- URI 05000269,270,287/2004002-04 (Potential Failure to Maintain RB Coatings per GL 98-04 Commitments, Resulting in Potential Loss of RBES Recirculation)
- URI 05000287/2004003-02 and URI 05000287/2002007-02 (Unit 3 Control Room Wall not Tornado Protected)

In addition, the staff is also continuing its review of licensing basis issues associated with tornado mitigation and high energy line break analysis.

The enclosed inspection plan details the inspections (less those related to physical protection) scheduled through September 30, 2006. In addition to baseline inspection activities and the 95002 Supplemental Inspection discussed above, the plan currently includes: (1) operator licensing examinations; (2) routine inspections of activities associated with your Independent Spent Fuel Storage Installation; and (3) safety issue inspections concerning pressurizer penetration nozzles and steam space piping connections (NRC Bulletin 2004-01). 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 the inspectors arrival onsite. Routine resident inspections are not listed due to their ongoing and continuous nature. The inspections in the last nine months of the inspection plan are tentative and may be revised at the mid-cycle review meeting.

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).

DEC

3

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. Michael E. Ernstes at (404) 562-4540 with any questions you may have regarding this letter or the inspection plan.

Sincerely,

**//RA//**

William D. Travers  
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

cc w/encl:  
B. G. Davenport  
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

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

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

R. L. Gill, Jr., 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

DEC

5

Distribution w/encl:

L. Olshan, NRR

C. Evans

RidsNrrDipmlipb

PUBLIC

PUBLIC DOCUMENT (circle one):    YES       NO

OFFICE	RII:DRP	RII:DRP	RII:DRP				
SIGNATURE	REC1	MEE	VMM				
NAME	R. Carroll	M. Ernstes	V. McCree				
DATE	2/23/2005	2/23/2005	3/2/2005				
E-MAIL COPY?	YES   NO	YES   NO	YES   NO	YES   NO	YES   NO	YES   NO	YES   NO

OFFICIAL RECORD COPY

DOCUMENT NAME: E:\Filenet\ML050610766.wpd