



FirstEnergy Nuclear Operating Company

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Mr. James L. Caldwell
Regional Administrator, Region III
United States Nuclear Regulatory Commission
2443 Warrenville Road, Suite 210
Lisle, Ill 60532-4352

Subject: Response to Annual Assessment Letter (Report 05000440/200501)

Dear Mr. Caldwell,

This letter provides the FirstEnergy Nuclear Operating Company (FENOC) response to the problem identification and resolution significant cross-cutting issue identified in the Annual Assessment Letter for the Perry Nuclear Power Plant (PNPP) dated March 2, 2005.

As discussed at the April 4, 2005 Public Meeting, FENOC is committed to improving the overall health of the Corrective Action Program (CAP) at Perry Nuclear Power Plant (PNPP). Although we believe the CAP is adequate, ineffective program implementation has limited its effectiveness.

In 2004, PNPP initiated the development of the CAP Performance Improvement Initiative (PII) to address the implementation issues identified during internal and external assessments. The CAP PII currently documents the plan for improving CAP performance through use of intervention actions, strengthening CAP performance monitoring capability, and improving the skills of CAP investigators and Corrective Action Review Board (CARB) members.

Some of the intervention actions taken to date include:

- Senior Management Team (SMT) review of corrective action due date extensions associated with conditions adverse to quality,
- CARB review of apparent cause evaluations ,
- SMT review of open untimely corrective actions,
- Root cause evaluation mentoring,
- Periodic review of Operability Determinations at the Management Alignment and Ownership Meeting,
- Implementation of the Corrective Action Closure Board (CACB) to assure rigorous corrective action implementation and issue resolution.

Some of the performance monitoring capability improvements implemented include:

- Implementation of crossing average (trend change) for performance indicators to better predict adverse trends in performance,

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- Implementation of quality indexes for cause evaluations and operating experience evaluations,
- Monitoring of the CAP improvement initiative and performance indicators by CARB.

Some of the skill improvements completed include:

- CARB training on effective CAP oversight,
- Advanced root cause training provided by industry experts,
- Apparent cause training provided by industry experts.

The results achieved to date demonstrate steady improvement in some areas of CAP performance, while others have not yet realized substantial improvement.

Positive results achieved to date include:

- Timeliness of corrective action implementation has improved and is now within goals,
- Apparent cause evaluation quality is consistently improving.

Also, during the recent refueling outage, priorities were re-focused to address some of the long-standing plant issues that required an outage for implementation. These long-standing issues were driven through the CAP. They include:

- A modification to Emergency Service Water "C" pump assembly to increase the margin through installation of upgraded materials,
- A modification to address the Emergency Diesel Generator Testable Rupture Disc,
- A modification to install Digital Feedwater Control system to eliminate single point vulnerabilities,
- Closure of open operability determinations (i.e., open prior to Refueling Outage 10).

As a result of recent external and internal evaluations, PNPP has initiated cause evaluations to further assess the effectiveness of the corrective action implementation. Additionally, a plan is in place to perform a self-assessment of the CAP PII in June 2005. The results of these evaluations and the self-assessment will be used to assess the current health of CAP effectiveness and to determine whether additional actions are required.

In May 2005, a special meeting with the site managers was held to discuss the current state of CAP health. Based on this meeting, three themes were selected that require immediate attention, i.e., ineffective prioritization of CAP activities, ineffective monitoring of CAP performance by management, and the failure to identify conditions adverse to quality.)

The following interim actions are being implemented until the completed evaluations establish appropriate long-term actions to achieve sustainable CAP performance:

- Improve prioritization of CAP activities
 - The recent refueling outage has increased the CR backlog therefore, a backlog reduction effort will take place.
 - CAP performance will be identified as a standing agenda item at SMT meetings.
 - The number of qualified CAP analysts and cause investigators will be re-evaluated to assure adequate resources are available for timely CAP implementation.

- Management (through CARB) will take on a significantly more intrusive role in monitoring CAP health
 - The CARB will be engaged in review of the condition report evaluations (e.g., root causes) from the beginning. For example, CARB will review the charter for the root cause evaluations, review proposed corrective actions as necessary, and periodically monitor progress of the evaluation. This will provide for improved oversight of the product and also provide for an opportunity to make adjustment during the evaluation phase.
 - CARB will assess the CAP performance indicators on a real time basis to review trends, assess whether the expectations are being met, and be more engaged with the line organization by assuring appropriate resources are assigned to apparent/root cause evaluations.
 - On a periodic basis, non-quorum CARB members (i.e., other managers) will be scheduled to attend CARB meetings so that other managers will understand expectations and standards established by the CARB.

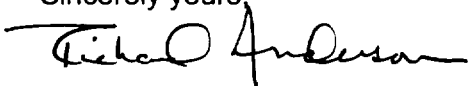
- Improve problem identification through observation activities
 - Paired duty team observations (with direct reports) will be used during walk downs of plant structures, systems, and components, and during review of work products.
 - Additionally, the management observation program at PNPP will be enhanced to provide clear expectation for executing and documenting the observations. The observations will include interaction with employees while providing immediate feedback on observed behaviors. Trending will be performed from the data collected to assess whether improvements are seen.

We will be increasing communication to site personnel on the current state of CAP effectiveness and reinforce expectations going forward to improve the overall health of CAP effectiveness.

The actions described herein are intended to refocus the organization on the CAP as a core business activity and to improve management monitoring of the CAP performance. Additionally, on an on-going basis, self-assessments and effectiveness reviews will be used to monitor (and modify as necessary) the CAP PII to assure its objectives are met and continuous CAP improvement is being achieved.

Any actions described in this letter are provided for information only and are not considered regulatory commitments. If you have questions or require additional information, please contact Mr. Jeffrey Lausberg – Manager, Regulatory Compliance at (440) 280-5940.

Sincerely yours,



cc: NRC Project Manager
NRC Resident Inspector
Document Control Desk