July 15, 2005

Mr. Tom Gurdziel
[ADDRESS DELETED
UNDER 10 CFR 2.79(a)]

Dear Mr. Gurdziel,

This letter is in response to an email message dated May 24, 2005, you forwarded to Chairman Diaz regarding the Perry Nuclear Power Plant. As you know, Perry is presently in the Multiple/Repetitive Degraded Cornerstone Column (Column IV) of the NRC's Action Matrix, which has placed them under a very high level of NRC oversight afforded by the Reactor Oversight Process (ROP). A detailed description of the NRC's Action Matrix can be found in Inspection Manual Chapter (IMC) 0305. Since January of this year, more than twenty NRC inspectors have been on site reviewing plant performance in various areas including but not limited to operations, engineering, radiation protection, emergency preparedness, corrective actions, and root cause analysis as a part of the supplemental Inspection Procedure (IP) 95003 and the normal baseline inspection program.

The inspection program for plants in Column IV is meant to be diagnostic in nature and is specifically used to provide the NRC with supplemental information regarding licensee performance, as necessary to determine the breadth and depth of safety, organizational, and programmatic issues. I can assure you the NRC performed this inspection with the utmost rigor and intrusiveness to provide the agency with the information it needed regarding Perry's ability to maintain a margin of safety necessary to preserve the public health and safety. I include this information because I believe it is very important for the public to understand that even as our licensees are required by federal law to be truthful and accurate in all of their correspondence with the NRC, we as an agency remain proactive in gathering the information necessary to independently verify licensee provided information in order to make an informed assessment of plant performance. This is manifested in the daily presence that our resident inspectors provide us, and can be clearly seen in the agency wide effort that goes into performing IP 95003.

To address the specific issue of Perry's inoperable Intermediate Range Monitoring (IRM) system instruments, it is important to note that Perry's Technical Specifications permit plant start-up and operation with 1 IRM inoperable in each Reactor Protection System (RPS) Bus. This was the line-up Perry was configured during its January 30, 2005, start-up. The plant's Technical Specifications are a part of the plant's license to operate and are thus legally binding. As you know, the NRC holds all plants in the United States accountable to their Technical Specifications in order to provide for the public health and safety. The Technical Specifications have been reviewed and approved by the NRC with safe operation of the facility as the prime objective. With this in mind, the Technical Specifications do allow for plant operation with certain equipment inoperable. In this instance Perry was not operating contrary to license requirements. The NRC Resident Inspectors were in the control room observing the plant

start-up, which enabled them to closely monitor plant conditions and review the licensee's assessment of the situation once the additional IRM became inoperable. Perry performed the plant procedure required shutdown once it was discovered that an additional IRM was inoperable. Plant shutdown was observed by the Resident Inspectors from the control room.

Sincerely,

/RA/

Mark A. Satorius, Director
Division of Reactor Projects

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***See previous concurrence**

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