

August 30, 2005

Mr. R. Anderson
Vice President
FirstEnergy Nuclear Operating Company
Perry Nuclear Power Plant
10 Center Road, A290
Perry, OH 44081

SUBJECT: MID-CYCLE ASSESSMENT LETTER - PERRY NUCLEAR POWER PLANT
AND REQUEST FOR RESPONSE

Dear Mr. Anderson:

On August 9, 2005, the NRC staff completed its performance review of Perry Nuclear Power Plant for the first half of the calendar year 2005 assessment cycle. Our technical staff reviewed 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 performance review and the enclosed inspection plan do not include physical protection information. A separate 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.

Plant performance for the most recent quarter was within the Multiple/Repetitive Degraded Cornerstone (Column IV) of the NRC's Action Matrix based on continuing performance deficiencies in human performance, and the corrective action program in general and its application to the emergency service water pump failures. These are the same issues addressed in our March 2, 2005, Annual Assessment letter for calendar year 2004. Our March 2, 2005, letter also provided details of the White findings which caused Perry Nuclear Power Plant to enter the Multiple/Repetitive Degraded Cornerstone in the third quarter of 2004. FirstEnergy Nuclear Operating Company (FENOC) was initially notified that Perry had entered Column IV by our August 12, 2004, letter.

The NRC completed an Inspection Procedure (IP) 95003 inspection earlier this year. Overall, while some limited improvements may have been realized, the NRC concluded that there has been no substantial improvement in human performance or your implementation of the corrective action program since Perry entered the Multiple/Repetitive Degraded Cornerstone of the NRC's Action Matrix in August 2004. You responded to the IP 95003 inspection by letter dated August 8, 2005. Your August 8, 2005, letter provided actions that FENOC committed to perform to address the corrective action program, human performance, IP 95002 inspection, and emergency preparedness issues. The letter also provided information on Phase 2 of your Performance Improvement Initiative. The NRC is currently reviewing your response.

Additionally, the staff has identified substantive cross-cutting issues in the areas of Problem Identification and Resolution, and Human Performance. We informed you of the former area in our August 30, 2004, mid-cycle assessment letter and our March 2, 2005, annual assessment letter, with the latter being identified in the March 2, 2005, assessment letter. The two cross-cutting issues were also reflected in the IP 95003 inspection, where current examples of problems in the areas of human performance and problem identification and resolution were identified.

In the area of Problem Identification and Resolution, there continued to be numerous findings identified during the assessment period. These include, but were not limited to, the failure to identify inadequate thread engagement on a residual heat removal water leg pump discharge flange, to identify and correct containment deck grating that did not meet seismic requirements, to incorporate industry operating experience for the reactor recirculation system, to correct in a timely manner deficiencies in the use of error reduction tools, and acceptance of test results with identified likely erroneous or otherwise unexplainable data.

In the area of Human Performance, there were numerous findings related to personnel performance, with common themes of failure to follow procedures or inattention to detail. Examples include, but were not limited to, performing procedure steps out of sequence and continuing to perform the procedure without adequate review once the error was identified, installing a jumper in the wrong safety-related breaker cubicle, operator error resulting in draining 8500 gallons of suppression pool water to the floor drain, not quarantining equipment following down-shift of both reactor recirculation pumps, not following modification procedures for emergency diesel generator exhaust system, and failure to ensure room temperature monitoring devices had appropriate accuracy to maintain temperature.

We are concerned with your progress in addressing these cross-cutting deficiencies. The examples continued after we had notified you of these substantive cross-cutting issues in our August 30, 2004, and March 2, 2005, assessment letters, indicating that your efforts to address these areas have not been fully effective. Specifically, we note that addressing problems with your corrective action program has been a focal point of your performance improvement initiative, yet issues continue to be identified. Therefore, we are continuing the substantive cross-cutting issues in problem identification and resolution and human performance. We will continue to assess your performance in this area as part of the IP 95003 follow up inspection activities and the baseline inspection program, which includes a normally scheduled Problem Identification and Resolution Inspection to be performed in November 2005. We request that you inform us, within 30 days of the date of this letter, of any actions in addition to those already described in your August 8, 2005, letter, that are planned to address the two substantive cross-cutting issues. Further, we request that you discuss your views at a public meeting to be scheduled in the fourth quarter of 2005.

In addition to the issues discussed above, on February 24, 2005, the NRC issued a SL III Notice of Violation (NOV) and Proposed Imposition of Civil Penalty - \$55,000 to FENOC for employment discrimination by one of its contractors, Williams Power Corp. This action addressed an employment discrimination condition that occurred in March 2000. The NRC action also included SL III NOVs issued to Williams Power Corp. for employee protection and

deliberate misconduct and an Order to the former Contract Site Superintendent prohibiting involvement in NRC-licensed activities for three years.

The enclosed inspection plan details the inspections, less those related to physical protection, scheduled through March 31, 2007. The inspection plan is provided to minimize the resource impact on your staff and to allow for the resolution of any scheduling conflicts and personnel availability issues well in advance of inspector arrival onsite. Routine resident inspection activities are not listed due to their ongoing and continuous nature. The inspection in the last nine months of the inspection plan are tentative and may be revised at the end-of-cycle review meeting.

In addition to the routine inspection activities, we have scheduled an IP 95001 inspection in October 2005. The IP 95001 inspection will address an RHR unavailability PI reporting issue. Further, an emergency preparedness issue, involving your staffs' failure to follow the guidance in an emergency action level, will be open greater than four quarters because your staff has indicated that the facility is not ready to support our inspection activity. We will schedule an IP 95001 inspection once your review is complete and you indicate your readiness for the inspection. In addition, we will be conducting an IP 95003 follow up inspection to review unresolved items from inspection report 05000440/2005003.

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 Christine Lipa at (630) 829-9619 with any questions you may have regarding this letter or the inspection plan.

Sincerely,

/RA by G. Grant Acting for/

James L. Caldwell
Regional Administrator

Docket No. 50-440
License No. NPF-58

Enclosure: Perry Nuclear Power Plant Inspection/Activity Plan

See Attached Distribution

DOCUMENT NAME:G:\Branch TSS\ALL MOC\midcycle 2004 to 2005\MOC letters\perr.wpd

***See previous concurrence**

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DATE	08/26/05	08/26/05	08/26/05	08/26/05	08/29/05	08/30/05

OFFICIAL RECORD COPY

R. Anderson

-4-

cc w/encl: G. Leidich, President - FENOC
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D. Pace, Senior Vice President Engineering and Services, FENOC
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Director, Regulatory Affairs
M. Wayland, Director, Maintenance Department
Manager, Regulatory Compliance
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Perry
Inspection / Activity Plan
09/01/2005 - 03/31/2007

Unit Number	Inspection Activity	Title	No. of Staff on Site	Planned Dates Start	Planned Dates End	Inspection Type
	71121.02	- ALARA AND ACCESS CONTROL	1			
1	IP 7112102	ALARA Planning and Controls		09/12/2005	09/16/2005	Baseline Inspections
1	IP 7112103	Radiation Monitoring Instrumentation and Protective Equipment		09/12/2005	09/16/2005	Baseline Inspections
1	IP 71151	Performance Indicator Verification		09/12/2005	09/16/2005	Baseline Inspections
	PI&R	- PROBLEM IDENTIFICATION AND RESOLUTION	3			
1	IP 71152B	Identification and Resolution of Problems		11/28/2005	12/16/2005	Baseline Inspections
	71114	- BASELINE EP INSPECTION	1			
1	IP 7111402	Alert and Notification System Testing		12/05/2005	12/09/2005	Baseline Inspections
1	IP 7111403	Emergency Response Organization Augmentation Testing		12/05/2005	12/09/2005	Baseline Inspections
1	IP 7111405	Correction of Emergency Preparedness Weaknesses and Deficiencies		12/05/2005	12/09/2005	Baseline Inspections
1	IP 71151	Performance Indicator Verification		12/05/2005	12/09/2005	Baseline Inspections
	SSDPC	- SAFETY SYS DESIGN&PERFORMANCE CAPABILITY	5			
1	IP 7111121	Safety System Design and Performance Capability		01/30/2006	03/03/2006	Baseline Inspections
	IP 71122	- EFFLUENTS, ACCESS CONTROL	2			
1	IP 7112101	Access Control to Radiologically Significant Areas		01/09/2006	01/13/2006	Baseline Inspections
1	IP 7112201	Radioactive Gaseous and Liquid Effluent Treatment and Monitoring Systems		01/09/2006	01/13/2006	Baseline Inspections
	IP 71122	- ACCESS CONTROL, REMP	1			
1	IP 7112101	Access Control to Radiologically Significant Areas		06/05/2006	06/09/2006	Baseline Inspections
1	IP 7112203	Radiological Environmental Monitoring Program (REMP) And Radioactive Material Control P		06/05/2006	06/09/2006	Baseline Inspections
	ROUTINE	- ACCESS CONTL, RADWASTE & TRANSPORTATION	1			
1	IP 7112101	Access Control to Radiologically Significant Areas		08/21/2006	08/25/2006	Baseline Inspections
1	IP 7112202	Radioactive Material Processing and Transportation		08/21/2006	08/25/2006	Baseline Inspections
	MAINRULE	- MAINTENANCE EFFECTIVENESS INSPECTION	1			
1	IP 7111112B	Maintenance Effectiveness		09/11/2006	09/15/2006	Baseline Inspections
	MOD50.59	- MOD/ 50.59 INSPECTION	2			
1	IP 7111102	Evaluation of Changes, Tests, or Experiments		10/02/2006	10/20/2006	Baseline Inspections
1	IP 711117B	Permanent Plant Modifications		10/02/2006	10/20/2006	Baseline Inspections
	IP 71114	- EP EXERCISE BASELINE	2			
1	IP 7111401	Exercise Evaluation		10/23/2006	10/27/2006	Baseline Inspections
1	IP 71151	Performance Indicator Verification		10/23/2006	10/27/2006	Baseline Inspections
	ROUTINE	- ACCESS CONTROL, ALARA	1			
1	IP 7112101	Access Control to Radiologically Significant Areas		11/06/2006	11/10/2006	Baseline Inspections
1	IP 7112102	ALARA Planning and Controls		11/06/2006	11/10/2006	Baseline Inspections
1	IP 71151	Performance Indicator Verification		11/06/2006	11/10/2006	Baseline Inspections

Perry
Inspection / Activity Plan
09/01/2005 - 03/31/2007

Unit Number	Inspection Activity	Title	No. of Staff on Site	Planned Dates Start	Planned Dates End	Inspection Type
	FPI	- TRIENNIAL FIRE PROTECTION INSPECTION	3			
1	IP 7111105T	Fire Protection [Triennial]		11/27/2006	12/15/2006	Baseline Inspections
	71111.11	- LIC OPERATOR REQUAL PROGRAM EVALUATION	2			
1	IP 7111111B	Licensed Operator Requalification Program		12/11/2006	12/15/2006	Baseline Inspections
	71121.03	- INSTRUMENTATION	1			
1	IP 7112103	Radiation Monitoring Instrumentation and Protective Equipment		01/29/2007	02/02/2007	Baseline Inspections

This report does not include INPO and OUTAGE activities.
This report shows only on-site and announced inspection procedures.