

September 28, 2005

CAL 3-05-001

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

SUBJECT: PERRY NUCLEAR POWER PLANT CONFIRMATORY ACTION LETTER

Dear Mr. Anderson:

I am writing this letter to confirm our understanding of actions FirstEnergy Nuclear Operating Company (FENOC) is taking to improve the performance at its Perry Nuclear Power Plant.

In the third quarter of 2004, Perry Nuclear Power Plant entered the Multiple/Repetitive Degraded Cornerstone column (Column IV) of the Action Matrix in NRC's Inspection Manual Chapter (IMC) 0305, "Operating Reactor Assessment Program," as a result of multiple White findings for five consecutive quarters. Between October 2002 and September 2003 three White findings were identified: high pressure core spray pump failure to start, an emergency service water pump failure, and a residual heat removal and low pressure core spray waterleg pump air binding. The high pressure core spray pump issue was evaluated using Inspection Procedure (IP) 95001. Although the initial inspection determined FENOC's evaluation of the event was not complete, the issue was closed through a second IP 95001 inspection in December 2003. The second and third White findings were evaluated using IP 95002 in June 2004. The results of the IP 95002 inspection caused the emergency service water pump and air binding findings to remain open resulting in multiple White findings for five consecutive quarters. In accordance with the NRC IMC 0305, the NRC concluded that an IP 95003 supplemental inspection should be performed.

The NRC performed the IP 95003 supplemental inspection in three phases. The supplemental inspection was designed to allow the NRC to obtain a comprehensive understanding of the depth and breadth of safety, organizational, and performance issues at facilities where data indicates the potential for serious performance degradation. The results of the inspection were discussed with you during a public exit meeting held on May 26, 2005, and were documented in Inspection Report 05000440/2005003, dated July 8, 2005.

As described in IMC 0305, due to the depth and breadth of performance issues reflected by a plant being in Column IV of the Action Matrix, it is prudent for the NRC to ensure that actual performance improvements (which typically take longer than several quarters to achieve) have been made prior to closing out the inspection findings and removing a plant from Column IV. In making that determination, the NRC will consider whether:

- New plant events or findings reveal similar significant performance weaknesses.
- NRC and FENOC performance indicators indicate similar significant performance weaknesses that have not been adequately addressed.
- FENOC's performance improvement program has resulted in demonstrated sustained facility performance.
- NRC inspections show progress in the principal areas of weakness.
- There are issues that lead the NRC to take additional regulatory actions beyond those listed in Column IV of the Action Matrix. Additionally, whether FENOC has completed all regulatory actions which were imposed (i.e., Confirmatory Action Letters, Orders, 50.54(f) letters) because of performance deficiencies that led to the Column IV designation.

In a September 30, 2004, letter, FENOC advised the NRC that actions were underway to improve plant performance and to facilitate improvements through the development of the Performance Improvement Initiative (PII). In the September 30 letter, FENOC stated that the PII was designed to identify the specific issues that contributed to the declining performance, implement immediate compensatory measures, and identify necessary longer-term corrective actions. Notwithstanding FENOC's efforts to improve performance through the PII, the NRC concluded, based upon the IP 95003 inspection results, that while FENOC may have realized some limited performance improvements, it had not realized substantial improvement in human performance or implementation of the corrective action program since Perry entered Column IV of the NRC's Action Matrix in August 2004. Following the IP 95003 inspection, FENOC developed and submitted to the NRC a letter (ML052280244), dated August 8, 2005, which described the actions that FENOC would take to address performance issues identified by the NRC and through internal assessments. A subsequent letter (ML052370357) was submitted on August 17, 2005, which made some corrections to the August 8, 2005, letter. The letters contained specific line item actions that FENOC was planning and a number of commitments to the NRC of actions FENOC would take to improve and sustain Perry Nuclear Power Plant performance. The letters included mechanisms for monitoring the effectiveness of the actions to improve performance. Further, the letters provided a description of Phase 2 of the PII.

In your August 8, 2005, and August 17, 2005, letters, FENOC committed to make sustained improvement to address issues in the following areas:

- (1) IP 95002 Inspection Follow-up Issues: Issues dealing with the quality of maintenance procedures including quality control inspection hold points. Revision of the Quality Control Inspection Program to focus additional attention on items that have experienced repeat failures.
- (2) Corrective Action Program: Develop and train site staff on expectations for successful corrective action program (CAP) implementation. Implement management controls to improve line ownership and accountability for successful CAP implementation. Establish a management process to routinely monitor CAP performance at the site and department/section levels (e.g., operations, electrical maintenance, plant engineering, etc.). Perform a self-assessment that evaluates the overall health of the CAP following implementation of specific improvement initiatives.
- (3) Human Performance: Define and communicate the Site Leadership Team's roles and responsibilities in implementing the human performance program. Focus Site Training Advisory Committee and department/section Training Review Committee meetings on human performance. The Human Performance Program purpose and key activities will be communicated to all site personnel. Group-specific needs analyses will be performed to identify the scope and content of human performance fundamentals and error prevention tool training.
- (4) Emergency Preparedness: Expand the population of qualified EP responders to increase the emergency response organization's depth and conduct additional drills to demonstrate appropriate emergency response times.

The NRC will conduct periodic inspections, in addition to the normal Reactor Oversight Process baseline program inspections, to assess the status and confirm the effectiveness of FENOC's specific commitments as documented in the referenced correspondence. Our actions will include enhanced corrective action program and human performance inspections, and inspections to assess improvements in emergency preparedness response times and corrective actions associated with the previous IP 95002 inspection issues. In addition to the inspection activities, the NRC will hold frequent public meetings to keep the public informed regarding FENOC's progress in making improvements at the Perry Nuclear Power Plant.

This Confirmatory Action Letter will remain open until the NRC has concluded that FENOC's actions have demonstrated sustained improved performance in the four areas listed above. Based on Perry Nuclear Power Plant's performance, we will evaluate once per quarter whether Perry will remain in Column IV of the Action Matrix or further regulatory action is warranted.

Pursuant to Section 182 of the Atomic Energy Act, 42 U.S.C. 2232, you are required to:

- (1) Notify me immediately if your understanding differs from that set forth above;
- (2) Notify me in writing, if for any reason, FENOC cannot complete the actions within the specified schedule in Attachment 3 of your August 8, 2005, and August 17, 2005, letters, and advise me in writing of FENOC's modified schedule and the bases for the modification in advance of the change;
- (3) Notify me in writing if you intend to change, deviate from, or not complete any of the actions documented in Attachment 3 of your August 8, 2005, and August 17, 2005, letters, and advise me of the bases for any changes or deviations prior to implementation of the change or deviation; and
- (4) Notify me in writing each quarter regarding any actions addressed in Attachment 3 of your August 8, 2005, and August 17, 2005, letters, that have been completed.

Issuance of this Confirmatory Action Letter does not preclude issuance of an Order formalizing the above commitments or requiring other actions on the part of FENOC, nor does it preclude the NRC from taking enforcement action for violations of NRC requirements that may have prompted the issuance of this letter. In addition, failure to take the actions addressed in the Confirmatory Action Letter may result in enforcement action.

In accordance with 10 CFR 2.390 of the NRC's "Rules of Practice," a copy of this letter, its enclosure, and any responses you provide will be made available electronically for public inspection in the NRC Public Document Room or from the Publicly Available Records System (PARS) component of NRC's document system (ADAMS). The NRC's document system is accessible from the NRC Web site at <http://www.nrc.gov/reading-rm/adams.html> (The Public Electronic Reading Room).

Sincerely,

/RA/

James L. Caldwell  
Regional Administrator

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R. Anderson

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