

August 31, 2006

Mr. L. William Pearce  
Vice President  
FirstEnergy Nuclear Operating Company  
Perry Nuclear Power Plant  
10 Center Road, A290  
Perry, OH 44081

SUBJECT: MID-CYCLE PERFORMANCE REVIEW AND INSPECTION PLAN -  
PERRY NUCLEAR POWER PLANT, UNIT 1

Dear Mr. Pearce:

On August 7, 2006, the NRC staff completed its performance review of Perry for the first half of the calendar year 2006 assessment cycle. Our technical staff reviewed performance indicators (PIs) for the most recent quarter and inspection results over the previous 12 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 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 resultant inspection plan.

Overall, Perry operated in a manner that preserved public health and safety and met all cornerstone objectives. Plant performance for the most recent quarter remained within the Multiple/Repetitive Degraded Cornerstone column of the Action Matrix. This is based on two White findings in the Mitigating Systems cornerstone that have been open since 2003. FirstEnergy Nuclear Operating Company (FENOC) was initially notified that Perry had entered the Multiple/Repetitive Degraded Cornerstone column in our August 12, 2004, letter. The NRC will continue to closely monitor Perry's performance consistent with the guidance in Inspection Manual Chapter 0305, "Operational Assessment Program."

In response to Perry's transition to the Multiple/Repetitive Degraded Cornerstone column, the NRC conducted an Inspection Procedure (IP) 95003 supplemental inspection, which you responded to by letters dated August 8 and August 17, 2005. These letters provided actions that FENOC committed to perform to address issues in the areas of Corrective Action Program Effectiveness, Human Performance, IP 95002 Issue Followup, and Emergency Preparedness, and described your Performance Improvement Initiative (PII). To confirm the agency's understanding of these and other specific improvement actions, the NRC issued a Confirmatory Action Letter (CAL) on September 28, 2005.

In addition to the routine NRC inspection and mid-cycle and end-of-cycle assessment activities, Perry performance is being evaluated quarterly. Consistent with IMC 0305, plants in the Multiple/Repetitive Degraded Cornerstone Column are given consideration at each quarterly performance assessment review for: (1) declaring plant performance to be unacceptable in accordance with the guidance in IMC 0305; (2) transferring to the IMC 0350 "Oversight of Operating Reactor Facilities in a Shutdown Condition with Performance Problems" process; and (3) taking additional regulatory actions, as appropriate. Our quarterly assessment results, to date, have concluded that Perry has been operated in a manner that preserved the public health and safety; therefore, the plant will remain in Column IV of the NRC Action Matrix.

The NRC is in the process of conducting CAL followup inspections, which began in November 2005, in addition to the normal Reactor Oversight Process (ROP) baseline inspection program. The purpose of these followup inspections is to assess the adequacy of your development of corrective actions in the four areas specified in the CAL, review the implementation of those corrective actions, and finally, review the effectiveness of those actions toward realizing sustained plant performance improvements. The NRC has previously reviewed the development and implementation of your corrective actions to address the four areas of the CAL and is currently in the process of assessing the effectiveness of those actions. We will continue to assess your performance in these areas through the implementation of the ROP baseline inspection program and CAL followup inspection activities.

In our end-of-cycle assessment letter, dated March 2, 2006, we advised you of the continuation of substantive cross-cutting issues in the areas of problem identification and resolution (PI&R), and human performance. During this assessment period, there were six inspection findings that were attributed to weaknesses in PI&R, and ten inspection findings that were attributed to weaknesses in human performance. Based on these findings satisfying the criteria for the continuance of a substantive cross-cutting issue as specified in Inspection Manual Chapter 0305, we have concluded that both substantive cross-cutting issues will remain open.

The enclosed inspection plan details the inspections, less those related to physical protection, scheduled through March 31, 2008. The inspection plan is provided to allow for the resolution of any scheduling conflicts and personnel availability issues well in advance of inspector arrival onsite. Routine resident inspections are not listed due to their ongoing and continuous nature. The inspections scheduled within the last 9 months of the inspection plan are tentative and may be revised at the end-of-cycle review.

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).

L. Pearce

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If circumstances arise which cause us to revise the inspection plan, we will contact you to discuss the change as soon as possible. Please contact Eric Duncan at (630) 829-9628 with any questions you may have regarding this letter or the inspection plan.

Sincerely,

***/RA/***

James L. Caldwell  
Regional Administrator

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

Enclosure:  
Perry Inspection/Activity Plan

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L. Pearce

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Sincerely,

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Operating Officer - FENOC  
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**Perry**  
**Inspection / Activity Plan**  
**09/01/2006 - 03/31/2008**

Unit Number	Inspection Activity	Title	No. of Staff on Site	Planned Dates		Inspection Type
				Start	End	
	<b>MAINRULE - MAINTENANCE EFFECTIVENESS INSPECTION</b>		<b>1</b>			
1	IP 7111112B	Maintenance Effectiveness		09/11/2006	09/15/2006	Baseline Inspections
	<b>IP 71114 - EP EXERCISE BASELINE</b>		<b>2</b>			
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
	<b>CAL HP - HUMAN PERFORMANCE-EFFECTIVENESS REVIEW</b>		<b>7</b>			
1	IP 95003	Inspection For Repetitive Degraded Cornerstones, Multiple Degraded Cornerstones, Multiple		10/23/2006	11/03/2006	Supplemental Program
	<b>CAL-CAP - CAP EFFECTIVENESS REVIEW</b>		<b>4</b>			
1	IP 95003	Inspection For Repetitive Degraded Cornerstones, Multiple Degraded Cornerstones, Multiple		11/06/2006	11/17/2006	Supplemental Program
	<b>FPI - TRIENNIAL FIRE PROTECTION INSPECTION</b>		<b>3</b>			
1	IP 7111105T	Fire Protection [Triennial]		11/27/2006	12/15/2006	Baseline Inspections
	<b>ROUTINE - ACCESS CONTROL, ALARA</b>		<b>1</b>			
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
	<b>7111.11 - LIC OPERATOR REQUAL PROGRAM EVALUATION</b>		<b>2</b>			
1	IP 7111111B	Licensed Operator Requalification Program		12/04/2006	12/08/2006	Baseline Inspections
	<b>FY 2007 - PERRY INIT PREP 01/2007</b>		<b>3</b>			
1	W90151	OL - INITIAL EXAM - PERRY - JAN/FEB 2007		01/29/2007	02/02/2007	Not Applicable
	<b>FY 2007 - PERRY INIT EXAM 02/2007</b>		<b>3</b>			
1	W90151	OL - INITIAL EXAM - PERRY - JAN/FEB 2007		02/19/2007	03/02/2007	Not Applicable
	<b>HEATSINK - HEAT SINK INSPECTION</b>		<b>1</b>			
1	IP 7111107B	Heat Sink Performance		02/26/2007	03/02/2007	Baseline Inspections
	<b>7112102 - ALARA OUTAGE</b>		<b>2</b>			
1	IP 7112101	Access Control to Radiologically Significant Areas		03/26/2007	03/30/2007	Baseline Inspections
1	IP 7112102	ALARA Planning and Controls		03/26/2007	03/30/2007	Baseline Inspections
	<b>ISI - ISI BASELINE INSPECTION</b>		<b>1</b>			
1	IP 7111108G	Inservice Inspection Activities - BWR		04/02/2007	04/06/2007	Baseline Inspections
	<b>7112201 - EFFLUENTS</b>		<b>1</b>			
1	IP 7112201	Radioactive Gaseous and Liquid Effluent Treatment and Monitoring Systems		06/04/2007	06/08/2007	Baseline Inspections
1	IP 71151	Performance Indicator Verification		06/04/2007	06/08/2007	Baseline Inspections
	<b>71121.03 - INSTRUMENTATION</b>		<b>1</b>			
1	IP 7112103	Radiation Monitoring Instrumentation and Protective Equipment		07/30/2007	08/03/2007	Baseline Inspections
1	IP 71151	Performance Indicator Verification		07/30/2007	08/03/2007	Baseline Inspections

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

**Perry**  
**Inspection / Activity Plan**  
**09/01/2006 - 03/31/2008**

Unit Number	Inspection Activity	Title	No. of Staff on Site	Planned Dates Start	Planned Dates End	Inspection Type
	<b>MOD5059 - MODIFICATIONS/50.59 INSPECTION</b>		<b>2</b>			
1	IP 7111102	Evaluation of Changes, Tests, or Experiments		09/10/2007	09/28/2007	Baseline Inspections
1	IP 7111117B	Permanent Plant Modifications		09/10/2007	09/28/2007	Baseline Inspections
	<b>EP BI - BASELINE EP INSPECTION</b>		<b>1</b>			
1	IP 7111402	Alert and Notification System Testing		10/16/2007	10/20/2007	Baseline Inspections
1	IP 7111403	Emergency Response Organization Augmentation Testing		10/16/2007	10/20/2007	Baseline Inspections
1	IP 7111405	Correction of Emergency Preparedness Weaknesses and Deficiencies		10/16/2007	10/20/2007	Baseline Inspections
1	IP 71151-EP01	Drill/Exercise Performance		10/16/2007	10/20/2007	Baseline Inspections
1	IP 71151-EP02	ERO Drill Participation		10/16/2007	10/20/2007	Baseline Inspections
1	IP 71151-EP03	Alert & Notification System		10/16/2007	10/20/2007	Baseline Inspections
	<b>7112101 - ACCESS CONTROL</b>		<b>1</b>			
1	IP 7112101	Access Control to Radiologically Significant Areas		09/24/2007	09/28/2007	Baseline Inspections
1	IP 71151	Performance Indicator Verification		09/24/2007	09/28/2007	Baseline Inspections
	<b>71122.02 - TRANSPORTATION &amp; RADWASTE</b>		<b>1</b>			
1	IP 7112202	Radioactive Material Processing and Transportation		01/14/2008	01/18/2008	Baseline Inspections