

October 31, 2006

Mr. John P. Kelly
Director of Law and Public Safety
The Board of Chosen Freeholders
P.O. Box 2191
Administration Building
Toms River, NJ 08754-2191

Dear Mr. Kelly:

I am responding to your letter of September 27, 2006, in which you identify concerns related to the safe operation of the Oyster Creek Nuclear Generating Station (Oyster Creek). We believe that the Nuclear Regulatory Commission's (NRC's) inspection regimen implemented through our Reactor Oversight Process (ROP), coupled with the NRC's license renewal process, provides the strong oversight necessary to ensure nuclear safety.

The NRC's mission is to protect public health and safety. The NRC routinely inspects operating reactor maintenance programs to ensure active components and systems continue to function as designed.

The Oyster Creek licensee identified water leakage into the drywell sand bed region during refueling outages in the mid-1980s. The licensee's corrective actions included removing sand from the sand bed region and identifying drywell shell corrosion by visual inspections and approximately 1000 ultrasonic testing (UT) measurements. Further corrective actions in the early 1990s included modeling the thickness of the drywell shell to establish a criteria for shell thickness, repeating UT measurement of the most corroded areas every two years, coating the drywell shell in the sand bed region to prevent further corrosion, and implementing inspection programs. In 1996, the licensee determined that the corrosion rate had been arrested and decided that UT measurements would be performed in another 10 years. The NRC reviewed and approved the licensee's decision.

The licensee plans to perform UT measurements on the drywell shell in the sand bed area during a refueling outage in October 2006. NRC staff will inspect the UT measurements and the related analysis as part of the ROP for operating reactors and take regulatory action, if necessary.

The NRC conducts a thorough review of each license renewal application and prepares a safety evaluation report and environmental impact statement to document the results of each review. The NRC also conducts an inspection program to verify that applicants meet these regulations and have implemented activities consistent with their application for license renewal. In addition, the Advisory Committee on Reactor Safeguards (ACRS), a body of experts that reports directly to the Commission, conducts an independent review of each safety evaluation report before making a recommendation to the Commission.

The NRC reviews license renewal applications to ensure that aging of passive long-lived components and structures, which are not included in maintenance programs, will be adequately managed for an additional 20 years beyond the present license. The drywell shell is one of the passive long-lived structures that requires an aging management program. As part of its review of the Oyster Creek license renewal application, the NRC staff is evaluating the current condition of the Oyster Creek drywell as well as Amergen Energy Company, LLC's (the applicant) plans for monitoring the integrity of the containment structure into the future.

The applicant provided eleven commitments which form an integrated aging management program to identify, evaluate, and resolve issues associated with the drywell shell. The NRC's review results and the applicant's commitments are contained in the Safety Evaluation Report (SER) with Open Items that was issued on August 18, 2006. The open items relate to the drywell. NRC staff plans to issue a final Safety Evaluation Report in December 2006.

With respect to your request that the ACRS conduct an analysis of the containment structure, please be advised that the ACRS License Renewal Subcommittee held a meeting on October 3, 2006, concerning the Oyster Creek SER with Open Items and raised questions concerning drywell integrity. Members of the public were provided the opportunity to address the ACRS. A transcript of the meeting is available on the NRC website at <http://www.nrc.gov/reading-rm/doc-collections/acrs/tr/subcommittee/2006/pl100306.pdf>. The ACRS License Renewal Subcommittee plans to hold another meeting concerning drywell integrity in the next few months.

Questions have been raised concerning the integrity of the sand bed region of the drywell before the Atomic Safety and Licensing Board (ASLB). On October 10, 2006, the ASLB issued LBP-06-22, a decision that admitted a contention that challenges the sufficiency of the scheduled ultrasonic monitoring frequency in the sand bed region to maintain an adequate safety margin. The LBP-06-22 is available in NRC's Agencywide Documents Access and Management Systems (ADAMS) under Accession Number ML062830381.

I appreciate your interest in the safety of the Oyster Creek plant. Please contact me if I can be of further assistance.

Sincerely,

/RA/

J. E. Dyer, Director
Office of Nuclear Reactor Regulation

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