

Nathan Lafferty

From: Richard Conte, *RD*
Sent: Monday, January 12, 2009 3:15 PM
To: Michael Modes; John Richmond; Doug Tiff
Subject: my upfront piece
Attachments: COVER LETTER Up Front Rev-1.doc

sEE ATTACHED

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Section 1 upfront for your consideration.

would appreciate if you just incorporate and we discuss as a group

200pm tomorrow till COB -

get it ready for external branch consumption late tuesday or early Wednesday morning.

Received: from R1CLSTR01.nrc.gov ([148.184.99.7]) by R1MS01.nrc.gov
([148.184.99.10]) with mapi; Mon, 12 Jan 2009 15:14:41 -0500
Content-Type: application/ms-tnef; name="winmail.dat"
Content-Transfer-Encoding: binary
From: Richard Conte <Richard.Conte@nrc.gov>
To: Michael Modes <Michael.Modes@nrc.gov>, John Richmond
<John.Richmond@nrc.gov>, Doug Tiff <Doug.Tiff@nrc.gov>
Date: Mon, 12 Jan 2009 15:14:41 -0500
Subject: my upfront piece
Thread-Topic: my upfront piece
Thread-Index: Acl08mchCfamkAn7TI6ipr4LkUd8LA==
Message-ID: <2856BC46F6A308418F033D973BB0EE72AA612C057A@R1CLSTR01.nrc.gov>
Accept-Language: en-US
Content-Language: en-US
X-MS-Has-Attach: yes
X-MS-Exchange-Organization-SCL: -1
X-MS-TNEF-Correlator:
<2856BC46F6A308418F033D973BB0EE72AA612C057A@R1CLSTR01.nrc.gov>
MIME-Version: 1.0

COVER LETTER

Mr. Charles G. Pardee
Chief Nuclear Officer (CNO) and Senior Vice President
Exelon Generation Company, LLC
200 Exelon Way
Kennett Square, PA 19348

SUBJECT: OYSTER CREEK GENERATING STATION - NRC LICENSE RENEWAL
FOLLOW-UP INSPECTION REPORT 05000219/2008007

Dear Mr. Pardee

On December 23, 2008, the U. S. Nuclear Regulatory Commission (NRC) completed an inspection at your Oyster Creek Generating Station. The enclosed report documents the inspection results, which were discussed on December 23, 2008, with Mr. T. Rausch, Site Vice President, Mr. M. Gallagher, Vice President License Renewal, and other members of your staff.

The inspection examined activities conducted under your license as they relate to safety and compliance with the Commission's rules and regulations and with the conditions of your license. Particular focus occurred on the inservice inspection of the drywell containment. Based on the results of the NRC's inspection, the NRC staff identified that there were no safety significant conditions with respect to the drywell containment that effected current operations.

With respect to 10 CFR 54 activities and the NRC staff's Final Safety Evaluation Report (SER) for License Renewal - NUREG 1845 (Volume 1 ml 071290023 & Volume 2 ml 071310246), we observed that you are implementing the proposed license conditions of that document and the associated regulatory commitments as though they were in effect. As you well know, an appeal of a licensing board decision regarding the Oyster Creek application for a renewed license is pending before the Commission related to the adequacy of the aging management program for the Oyster Creek drywell. [REDACTED]

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The NRC is conducting these inspections using the guidance of Inspection Procedure (IP) 71003 "Post-Approval Site Inspection for License Renewal" as a prudent measure in order to take the opportunity to make such observations of Oyster Creek license renewal activities during the last refuel outage prior to entering the period of extended operations.

The inspectors reviewed selected procedures and records, observed activities, and interviewed personnel. The enclosed report records the inspector's observations only. We are doing this because the proposed license conditions and associated regulatory commitments made as a part of the 10 CFR 54 application are not in effect. These conditions and commitments are not in effect because the application for a renewed license remains under Commission review for final decision, and a renewed license has not been approved for Oyster Creek

In accordance with 10 CFR 2.790 of the NRC's "Rules of Practice," a copy of this letter and its enclosure will be available electronically for public inspection in the NRC Public Document Room or from the Publicly Available Records (PARS) component of NRC's document system

EX 5

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(ADAMS). ADAMS is accessible from the NRC Web-site at
<http://www.nrc.gov/NRC/ADAMS/index.html> (the Public Electronic Reading Room).

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Sincerely,

Darrell Roberts, Director
Division of Reactor Safety

BC Input to OC 2008-07

SUMMARY OF FINDINGS

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IR 05000219/2008007; 10/27/2008 - 12/23/2008; Exelon, LLC, Oyster Creek
Generating Station; License Renewal Follow-up

The report covers a multi-week inspection of license renewal follow-up items. It was conducted by five region based engineering inspectors and the Oyster Creek resident inspector. The inspection was conducted in accordance with Inspection Procedure 71003 "Post-Approval Site Inspection for License Renewal."

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In accordance with the NRC's agreement with the State of New Jersey, state engineers observed portions of the NRC's staff review. The report documents inspection observations only.????

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BODY OF REPORT -- SAMPLE SELECTION PROCESS

1. Purpose of Inspection and Sample Selection Process

Background and Purpose

An appeal of a licensing board decision regarding the Oyster Creek application for a renewed license is pending before the Commission related to the adequacy of the aging management program for the Oyster Creek drywell. The NRC's Reactor Oversight Process mid-cycle letter of September 2, 2008 indicated that we would be conducting inspections (outage and non-outage) related to license renewal prior to the period of extended operations. The NRC is conducting these inspections using the guidance of Inspection Procedure (IP) 71003 "Post-Approval Site Inspection for License Renewal" as a prudent measure in order to take the opportunity to make such observations of Oyster Creek license renewal activities during the last refuel outage prior to entering the period of extended operations.

Inspection observations were considered, in light of pending 10 CFR 54 license renewal commitments and license conditions, as documented in NUREG-1875, "Safety Evaluation Report (SER) Related to the License Renewal of Oyster Creek Generating Station," (Volume 1 ml 071290023 & Volume 2 ml 071310246) as well as programmatic performance under on-going implementation of 10 CFR 50 current licensing basis (CLB) requirements.

Normally IP 71003 verifies that license renewal activities are implemented in accordance with Title 10 of the Code of Federal Regulations (CFR) Part 54, "Requirements for the Renewal of Operating Licenses for Nuclear Power Plants." The license renewal activities are generally related to: 1) license conditions added as part of a renewed license and the associated license renewal commitments; 2) selected aging management programs and implementing procedures; 3) license renewal commitments revised after the renewed license was granted; 4) need to revise the updated Safety Analysis Report; and, 5) newly identified structures, systems and components. What was not completed in this inspection for the reasons stated below was the implementation of guidance sections 03.01.b.1 and 03.01.b.3 of the procedure which calls for a review of appropriate actions and evaluation for enforcement and significance. Also items 4) and 5) above were not applicable for this inspection.

For 10 CFR 54 activities, the report records the inspector's observations only. We are doing this because the proposed license conditions and associated regulatory commitments made as a part of the 10 CFR 54 application are not in effect. These conditions and commitments are not in effect because the application for a renewed license remains under Commission review for final decision, and a renewed license has not been approved for Oyster Creek.

At the time of the inspection, AmerGen Energy Company, LLC was the licensee for Oyster Creek Generating Station. As of January 8, 2009, the OC license was transferred to Exelon Generating Company, LLC by license amendment No. 271 (ML082750072).

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Sample Selection Process

The reviewed SER proposed commitments and license conditions were selected based on several attributes including: the risk significance using insights gained from sources such as the NRC's "Significance Determination Process Risk Informed Inspection Notebooks," revision 2; the extent and results of previous license renewal audits and inspections of aging management programs; the extent or complexity of a commitment; and the extent that baseline inspection programs will inspect a system, structure, or component (SSC), or commodity group.

For each commitment and on a sampling basis, the inspectors reviewed supporting documents including completed surveillances, conducted interviews, performed visual inspection of structures and components including those not accessible during power operation, and observed selected activities described below. The inspectors also reviewed selected corrective actions taken as a consequence of previous license renewal inspections.