



UNITED STATES
NUCLEAR REGULATORY COMMISSION
REGION IV
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December 13, 2011

David J. Bannister, Vice President
and Chief Nuclear Officer
Omaha Public Power District
Fort Calhoun Station FC-2-4
P.O. Box 550
Fort Calhoun, NE 68023-0550

**SUBJECT: NOTIFICATION OF CHANGE TO REGULATORY OVERSIGHT OF
FORT CALHOUN STATION**

Dear Mr. Bannister:

As a result of the U.S. Nuclear Regulatory Commission's (NRC) continuous assessment of Fort Calhoun Station's (FCS) performance, Region IV, in consultation with the Office of Nuclear Reactor Regulation, has made a change in the regulatory oversight of FCS. Effective December 13, 2011, oversight of FCS will transition from Inspection Manual Chapter (IMC) 0305, "Operating Reactor Assessment Program," to IMC 0350, "Oversight of Reactor Facilities in a Shutdown Condition due to Significant Performance and/or Operational Concerns."

FCS initially shutdown in April 2011, for a scheduled refueling outage. The outage was extended due to the Missouri River flooding affecting the site from June through September 2011, and to address longstanding technical issues. During the shutdown, several performance issues were identified that will require additional NRC oversight.

The IMC 0350 process is implemented at facilities in an extended shutdown with significant performance concerns to: establish a regulatory oversight framework as a result of significant performance problems or where a significant operational event has occurred, ensure the NRC communicates a unified and consistent position in a clear and predictable manner, establish a record of actions taken and technical issues resolved, verify corrective actions are sufficient for restart, and to provide assurance that following restart the plant will be operated in a manner that provides adequate protection of public health and safety.

The NRC has determined that FCS met all of the entry criteria for IMC 0350. Specifically:

1. FCS performance was in the Repetitive Degraded (Column IV) Column for the mitigating systems cornerstone (MS) for two significant findings of NRC regulations and the occurrence of a significant operational event, specifically:

- A Yellow (substantial safety significance) finding identified by the NRC for inadequate strategies to protect the plant from flooding events was issued on October 6, 2010. For more information on the Yellow finding, see Inspection Reports 05000285/2010007 (ADAMS Accession No. ML102800342) and 05000285/2010008 (ADAMS Accession No. ML102800284). This finding has been open for more than four quarters.
 - A White (low to moderate safety significance) finding identified by the NRC for the failure of electrical components used to automatically shutdown the reactor was issued on July 18, 2011. For more information on this White finding, see Inspection Report 05000285/2011007 (ADAMS Accession No. ML111260664). This finding has been open for two quarters.
 - FCS transitioned to Column IV because the MS cornerstone was degraded for more than four consecutive quarters (Yellow finding), with an additional input to the action matrix (White finding).
 - A significant operational event occurred on June 7, 2011, involving a fire of safety related electrical switchgear.
2. Restart of the facility has been delayed by performance concerns involving the electrical fire and inadequate electrical train separation, and recovery actions associated with the flood (restoration of plant systems, security, and geotechnical/site restoration). After the plant shutdown for a scheduled refueling outage, several additional performance issues were identified (the risk significance of these issues has yet to be determined) that will require additional NRC oversight.
- FCS identified that analyses for high energy line breaks and environmental qualifications were incomplete.
 - On June 7, 2011, FCS declared an emergency (ALERT) for an electrical breaker fire that was caused by inadequate replacement breaker design or installation. The replacement breakers did not have adequate electrical bus engagement, leading to a high resistance condition that started the fire.
 - Following the declaration of the ALERT on June 7, 2011, state and local officials were not contacted within the required 15 minutes. Additionally, during an emergency drill FCS withdrew a Protective Action Recommendation after it had been communicated to emergency responders. Withdrawing recommendations after they have been communicated could impede the effectiveness of the offsite organizations.
3. The NRC placed a regulatory hold on restart of the facility. The NRC issued Confirmatory Action Letter (CAL) 4-11-003 (ADAMS Accession No. ML112490164) on September 2, 2011, to confirm the actions FCS plans to take in its submitted Post-Flooding Recovery Action Plan (ADAMS Accession No. ML112430102) and identify those actions the NRC has determined are necessary for review or inspection prior to restart of the plant. Specifically, the CAL focused on six areas: site restoration, plant systems and equipment, equipment reliability, design and licensing basis, emergency planning, and security.

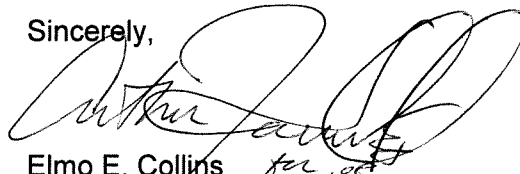
4. NRC Management has made a decision to place the plant in the IMC 0350 process. This decision, in part, was made due to the lack of a definitive plant startup date, the need to perform additional extent of cause and extent of condition reviews to fully understand the breadth of performance issues, and the need to develop and implement corrective actions for the performance issues described above.

Troy Pruett, the Region IV Deputy Director of the Division of Reactor Projects (DRP), has been assigned as the Chairman of the IMC 0350 Oversight Panel. The Oversight Panel, consisting of regional and headquarters personnel, is responsible for development and implementation of an oversight plan, restart checklist, inspection plan, and any necessary updates to CAL 4-11-03. The inspection program will be under the direction of the Oversight Panel, utilizing existing inspection guidance from the Reactor Oversight Process regulatory framework.

In accordance with 10 CFR 2.390 of the NRC's "Rules of Practice," a copy of this letter, its enclosure, and your response (if any) will be available electronically for public inspection in the NRC Public Document Room or from the Publicly Available Records (PARS) component of NRC's Agencywide Document Access and Management 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 you have any questions regarding the ongoing reviews at FCS, please contact me at 817-860-8225 or the Region IV DRP branch chief responsible for inspection program activities at FCS, Jeff Clark, at 817-860-8147 until December 16, 2011, and 817-200-1100 thereafter.

Sincerely,



Elmo E. Collins
Regional Administrator

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