

March 2, 2006

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

SUBJECT: ANNUAL ASSESSMENT LETTER - PERRY NUCLEAR POWER PLANT
(REPORT 05000440/2006001)

Dear Mr. Pearce:

On February 8, 2006, the NRC staff completed its performance review of the Perry Nuclear Power Plant. Our technical staff reviewed performance indicators (PIs) for the most recent quarter and inspection results for the period from January 1 through December 31, 2005. 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. While Perry met all cornerstone objectives, it remained within the Multiple/Repetitive Degraded Cornerstone column of the Action Matrix with longstanding issues or significant degradation in safety performance. The degraded cornerstones were based on two open White findings in the Mitigating Systems cornerstone and continuing performance deficiencies in Human Performance and Problem Identification and Resolution. FirstEnergy Nuclear Operating Company (FENOC) was initially notified that Perry had entered the Multiple/Repetitive Degraded Cornerstone column in our August 12, 2004, letter.

In response to Perry's transition to the Multiple/Repetitive Degraded Cornerstone column, the NRC conducted an Inspection Procedure (IP) 95003 supplemental inspection from January to May 2005. You responded to the IP 95003 inspection report by letters dated August 8 and August 17, 2005. These letters provided actions that FENOC committed to perform to address issues in the Corrective Action Program, Human Performance, IP 95002 Issue Followup, and Emergency Preparedness areas. The letter also provided information concerning your revised Performance Improvement Initiative (PII).

To confirm the agency's understanding of these and other specific actions that FENOC planned to take to improve and sustain performance at Perry, the NRC issued a Confirmatory Action Letter (CAL) on September 28, 2005. The NRC is in the process of conducting CAL followup inspections, in addition to the normal baseline inspection program, to assess the status and confirm the effectiveness of FENOC's commitments and action items outlined in the CAL and the IP 95003 response letters; primarily in the areas of Problem Identification and Resolution, and Human Performance.

Additionally, the staff has identified substantive cross-cutting issues in the areas of Problem Identification and Resolution, and Human Performance. Perry was first informed of these substantive cross-cutting issues in our mid-cycle assessment letter dated August 30, 2004, and our annual assessment letter dated March 2, 2005, respectively, and again in our mid-cycle assessment letter dated August 30, 2005. The two substantive cross-cutting issues were also reflected in the IP 95003 inspection report as well as the 2005 quarterly inspection reports, where examples of continuing problems in the areas of Problem Identification and Resolution, and Human Performance, were documented.

In the area of Problem Identification and Resolution, there continued to be numerous findings identified associated with weaknesses in the causal factor areas of corrective action, identification, and evaluation. These include the failure to quarantine equipment, the failure to identify and correct emergency diesel generator lube oil cooler packing leakage, and the failure to promptly correct an improperly placed thermocouple in a reactor water cleanup system valve room that led to an engineered safety feature (ESF) actuation.

In the area of Human Performance, there were numerous findings related to personnel performance associated with weaknesses in the causal factor areas of personnel and organization. Examples include the failure to develop appropriate procedures for the fill and vent of the engine driven fuel oil pump suction and discharge lines, personnel errors during the calibration of the containment/drywell purge exhaust radiation monitor that resulted in an ESF actuation, and an operator error that resulted in the draining of 8500 gallons of suppression pool water to a floor drain.

We note that Corrective Action Program implementation and overall Human Performance have been, and continue to be, focal points of your Performance Improvement Initiative; yet issues continue to be identified. Therefore, the substantive cross-cutting issues in Human Performance and Problem Identification and Resolution will remain open. We request that you discuss your actions planned and/or implemented to address these substantive cross-cutting issues at the end-of-cycle public meeting.

We will continue to assess your performance in these areas through the implementation of the baseline inspection program, which will include a Problem Identification and Resolution inspection, and the Confirmatory Action Letter followup inspection activities, which will be conducted as CAL action items are completed by your staff.

Additionally, on February 24, 2005, the staff issued a Severity Level III Notice of Violation in accordance with the NRC's Enforcement Policy to FENOC for employment discrimination by one of its contractors; Williams Industrial Services Group, LLC, formerly known as Williams Power Corporation. This action addressed a condition that occurred in March 2000. The NRC action also included two Severity Level III Notices of Violation issued to Williams Industrial Services Group for employee protection and deliberate misconduct, and an Order to the former Contract Site Superintendent prohibiting involvement in NRC-licensed activities for 3 years.

In accordance with IMC 0305, "Operating Reactor Assessment Program", your plant will be discussed at the upcoming Agency Action Review Meeting. We will notify you via separate correspondence if any agency actions change as an outcome of the meeting.

This letter advises you of our planned inspection effort resulting from the Perry end-of-cycle review. The enclosed inspection plan details the inspections, less those related to physical protection, through September 30, 2007. 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 inspection activities are not listed due to their ongoing and continuous nature. The inspections in the last 9 months of the inspection plan are tentative and may be revised at the mid-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).

If circumstances arise which cause us to change 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

See Attached Distribution

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Regional Administrator

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License No. NPF-58

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cc w/encl: G. Leidich, President - FENOC
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D. Pace, Senior Vice President Engineering and Services, FENOC
Director, Site Operations
Director, Regulatory Affairs
M. Wayland, Director, Maintenance Department
Manager, Regulatory Compliance
T. Lentz, Director, Performance Improvement
J. Shaw, Director, Nuclear Engineering Department
D. Jenkins, Attorney, FirstEnergy
Public Utilities Commission of Ohio
Ohio State Liaison Officer
R. Owen, Ohio Department of Health
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Executive Director, Department of Emergency Services
Gauga County Sheriff
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Management Agency
Mayor, Village of Genoa
Genoa Village Administrator
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RidsNrrDirslpab

JLC1

GEG

KGO

RML2

SRI Perry

DRPIII

DRSIII

PLB1

JRK1

ROPreports@nrc.gov (inspection reports, final SDP letters, any letter with an IR number)

Perry
Inspection / Activity Plan
03/01/2006 - 09/30/2007

Unit Number	Inspection Activity	Title	No. of Staff on Site	Planned Dates Start	Planned Dates End	Inspection Type
	CDBI	- COMPONENT DESIGN BASES INSPECTION	6			
1	IP 7111121	Component Design Bases Inspection		01/30/2006	03/03/2006	Baseline Inspections
	CAL EP	- EP IMPLEMENTATION/EFFECTIVENESS REVIEW	3			
1	IP 95003	Inspection For Repetitive Degraded Cornerstones, Multiple Degraded Cornerstones, Multiple		04/03/2006	04/07/2006	Supplemental Program
	CAL HP	- HUMAN PERFORMANCE-IMPLEMENTATION REVIEW	6			
1	IP 95003	Inspection For Repetitive Degraded Cornerstones, Multiple Degraded Cornerstones, Multiple		06/12/2006	06/23/2006	Supplemental Program
	IP 71122	- ACCESS CONTROL, REMP	1			
1	IP 7112101	Access Control to Radiologically Significant Areas		06/05/2006	06/09/2006	Baseline Inspections
1	IP 7112203	Radiological Environmental Monitoring Program (REMP) And Radioactive Material Control P		06/05/2006	06/09/2006	Baseline Inspections
	CAL 9500	- IP 95002 ISSUES - EFFECTIVENESS REVIEW	6			
1	IP 95003	Inspection For Repetitive Degraded Cornerstones, Multiple Degraded Cornerstones, Multiple		07/17/2006	07/28/2006	Supplemental Program
	PI&R	- PROBLEM IDENTIFICATION & RESOLUTION TEAM	5			
1	IP 71152B	Identification and Resolution of Problems		08/07/2006	08/25/2006	Baseline Inspections
	ROUTINE	- ACCESS CONTL, RADWASTE & TRANSPORTATION	1			
1	IP 7112101	Access Control to Radiologically Significant Areas		08/21/2006	08/25/2006	Baseline Inspections
1	IP 7112202	Radioactive Material Processing and Transportation		08/21/2006	08/25/2006	Baseline Inspections
	MAINRULE	- MAINTENANCE EFFECTIVENESS INSPECTION	1			
1	IP 7111112B	Maintenance Effectiveness		09/11/2006	09/15/2006	Baseline Inspections
	IP 71114	- EP EXERCISE BASELINE	2			
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
	CAL HP	- HUMAN PERFORMANCE-EFFECTIVENESS REVIEW	7			
1	IP 95003	Inspection For Repetitive Degraded Cornerstones, Multiple Degraded Cornerstones, Multiple		10/23/2006	11/03/2006	Supplemental Program
	CAL CAP	- CORRECTIVE ACTION PROGRAM/EFFECTIV. REV.	8			
1	IP 95003	Inspection For Repetitive Degraded Cornerstones, Multiple Degraded Cornerstones, Multiple		11/06/2006	11/17/2006	Supplemental Program
	FPI	- TRIENNIAL FIRE PROTECTION INSPECTION	3			
1	IP 7111105T	Fire Protection [Triennial]		11/27/2006	12/15/2006	Baseline Inspections
	ROUTINE	- ACCESS CONTROL, ALARA	1			
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
	71111.11	- LIC OPERATOR REQUAL PROGRAM EVALUATION	2			
1	IP 7111111B	Licensed Operator Requalification Program		12/11/2006	12/15/2006	Baseline Inspections
	FY 2007	- PERRY INIT PREP 01/2007	3			
1	W90151	OL - INITIAL EXAM - PERRY - JAN/FEB 2007		01/29/2007	02/02/2007	Not Applicable

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

Perry
Inspection / Activity Plan
03/01/2006 - 09/30/2007

Unit Number	Inspection Activity	Title	No. of Staff on Site	Planned Dates Start	Planned Dates End	Inspection Type
	FY 2007 - PERRY INIT EXAM 02/2007		3			
1	W90151	OL - INITIAL EXAM - PERRY - JAN/FEB 2007		02/19/2007	03/02/2007	Not Applicable
	7112102 - ACCESS CONTROL, ALARA		1			
1	IP 7112101	Access Control to Radiologically Significant Areas		04/02/2007	04/06/2007	Baseline Inspections
1	IP 7112102	ALARA Planning and Controls		04/02/2007	04/06/2007	Baseline Inspections
	HEATSINK - HEAT SINK INSPECTION		1			
1	IP 7111107B	Heat Sink Performance		05/14/2007	05/18/2007	Baseline Inspections
	7112201 - EFFLUENTS		1			
1	IP 7112201	Radioactive Gaseous and Liquid Effluent Treatment and Monitoring Systems		06/04/2007	06/08/2007	Baseline Inspections
	71121.03 - INSTRUMENTATION		1			
1	IP 7112103	Radiation Monitoring Instrumentation and Protective Equipment		08/06/2007	08/10/2007	Baseline Inspections
	MOD5059 - MODIFICATIONS/50.59 INSPECTION		2			
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
	7112101 - ACCESS CONTROL & ALARA		1			
1	IP 7112101	Access Control to Radiologically Significant Areas		09/24/2007	09/28/2007	Baseline Inspections
1	IP 7112102	ALARA Planning and Controls		09/24/2007	09/28/2007	Baseline Inspections
1	IP 71151	Performance Indicator Verification		09/24/2007	09/28/2007	Baseline Inspections