

March 3, 2003

Mr. John L. Skolds
President and CNO
Exelon Nuclear
Exelon Generation Company, LLC
4300 Winfield Road
Warrenville, IL 60555

SUBJECT: ANNUAL ASSESSMENT LETTER - PEACH BOTTOM ATOMIC POWER
STATION (REPORT 50-277/03-01, 50-278/03-01)

Dear Mr. Skolds:

On February 11, 2003, the NRC staff completed its end-of-cycle plant performance assessment of the Peach Bottom Atomic Power Station Units 2 and 3. The end-of-cycle review for Peach Bottom involved the participation of all technical divisions in evaluating performance indicators (PIs) for the most recent quarter and inspection results for the period from January 1 through December 31, 2002. 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 so that you will have an opportunity to prepare for these inspections and to inform us of any planned inspections that may conflict with your plant activities.

Overall, both units at the Peach Bottom Atomic Power Station operated in a manner that preserved public health and safety and fully met all cornerstone objectives. Plant performance for the two most recent quarters was within the Regulatory Response Column of NRC's Action Matrix based on one safety significant inspection finding that affected both units. The finding of low to moderate safety significance (White), in the Emergency Preparedness cornerstone, had been identified in a letter dated July 19, 2002. The finding involved not properly using the emergency classification scheme during an Alert, when carbon dioxide was discharged into an emergency diesel generator room. We plan to conduct a supplemental inspection of this finding using supplemental inspection procedure 95001 as delineated in the enclosed inspection plan.

Performance was also within the Regulatory Response Column, during the first two quarters of the assessment cycle, because of another safety significant inspection finding. This finding of low to moderate safety significance (White), in Emergency Preparedness cornerstone, had been identified in a letter dated August 3, 2001. The inspection finding involved inadequate maintenance of the on-site public address/evacuation alarm system and affected both units. On October 26, 2001, we satisfactorily completed a supplemental inspection of this finding and determined that Exelon's actions relative to root cause determination, extent of condition, and corrective action were appropriate. This item was closed at the end of the second quarter of 2002.

The enclosed inspection plan details the inspections scheduled through March 31, 2004. The inspection plan is provided to minimize the resource impact on your staff and to allow for scheduling conflicts and personnel availability to be resolved in advance of inspector arrival onsite. Routine resident inspections are not listed due to their ongoing and continuous nature. The schedule for the last six months of the inspection plan is tentative and may be revised at the Mid-Cycle Review meeting.

As you are aware, since the terrorist attacks on September 11, 2001, the NRC has issued several Orders and threat advisories to enhance security capabilities and improve guard force readiness. We have conducted inspections to review your implementation of these requirements and have monitored your actions in response to changing threat conditions. For calendar year 2003, we plan to continue these inspections, conduct portions of the security baseline inspection program, as well as perform additional inspections to evaluate your compliance with new requirements that may be ordered. Based on our final determinations in this regard, we will notify you of any inspection plan changes.

In accordance with 10 CFR 2.790 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 this inspection plan, we will contact you to discuss the change as soon as possible. Please contact Dr. Mohamed Shanbaky of my staff at 610-337-5209 with any questions you may have regarding this letter or the inspection plan.

Sincerely,

/RA/

A. Randolph Blough, Director
Division of Reactor Projects

Docket Nos. 50-277, 50-278
License Nos. DPR-44, DPR-56

Enclosure: Peach Bottom Inspection/Activity Plan

cc w/encl: Senior Vice President, Mid-Atlantic Regional Operating Group
Senior Vice President and CNO, Exelon Generation Company, LLC
Senior Vice President, Operations Support
Vice President, Mid-Atlantic Operations Support
Senior Vice President, Nuclear Services
Site Vice President, Peach Bottom Atomic Power Station
Plant Manager, Peach Bottom Atomic Power Station
Vice President - Licensing
Director, Licensing, Mid-Atlantic Regional Operating Group
Director, Nuclear Oversight
Regulatory Assurance Manager - Exelon Generation Company, LLC
Vice President and General Counsel
D. Quinlan, Manager, Financial Control, PSEG
R. McLean, Power Plant Siting, Nuclear Evaluations
D. Levin, Acting Secretary of Harford County Council
R. Ochs, Maryland Safe Energy Coalition
Mr. & Mrs. Dennis Hiebert, Peach Bottom Alliance
Mr. & Mrs. Kip Adams
D. Allard, Director, Pennsylvania Bureau of Radiation Protection
R. Janati, Chief, Division of Nuclear Safety, Pennsylvania Bureau of
Radiation Protection
Correspondence Control Desk
Commonwealth of Pennsylvania
State of Maryland
TMI - Alert (TMIA)
Board of Supervisors, Peach Bottom Township
R. Fletcher, Department of Environment, Radiological Health Program
J. Johnsrud, National Energy Committee, Sierra Club
Public Service Commission of Maryland, Engineering Division
Manager, Licensing - Limerick and Peach Bottom
Manager, License Renewal

Distribution w/encl: H. Miller, RA/J. Wiggins, DRA (1)
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 M. Shanbaky, DRP
 D. Florek, DRP
 S. Iyer, DRP
 A. McMurtray, DRP - NRC Senior Resident Inspector
 DRS Branch Chiefs (5)
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 R. Nimitz, DRS
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 N. McNamara, DRS
 D. Screnci, ORA
 N. Sheehan, ORA
 B. Platchek, DRP
 T. McGinty, RI EDO Coordinator
 RidsNrrDipmlipb
 Institute of Nuclear Power Operations (INPO)
 J. Clifford, NRR
 J. Boska, PM, NRR
 S. Wall, PM, NRR (Backup)
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OFFICE	RI/DRP	RI/DRP	RI/DRP
NAME	DFlorek/MS	MShanbaky/MS	ABlough/AB
DATE	03/03/03	03/03/03	03/03/03

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Peach Bottom
Inspection / Activity Plan
12/29/2002 - 03/27/2004

Unit Number	Inspection Activity	Title	No. of Staff on Site	Planned Dates		Inspection Type
				Start	End	
	711111B - L.O. REQUALIFICATION PROGRAM		3			
2, 3	IP 711111B	Licensed Operator Requalification		03/03/2003	03/07/2003	Baseline Inspections
	36801 - QUARTERLY PB-1		2			
1	IP 36801	Organization, Management, And Cost Controls At Permanently Shutdown Reactors		01/03/2003	02/03/2003	Other Routine
1	IP 40801	Self-Assessment, Auditing, And Corrective Action At Permanently Shutdown Reactors		01/03/2003	02/03/2003	Other Routine
1	IP 62801	Maintenance And Surveillance At Permanently Shutdown Reactors		01/03/2003	02/03/2003	Other Routine
1	IP 71801	Decommissioning Performance And Status Review At Permanently Shutdown Reactors		01/03/2003	02/03/2003	Other Routine
1	IP 83750	Occupational Radiation Exposure		01/03/2003	02/03/2003	Other Routine
	SIT01 - SPECIAL TEAM INSPECTION		4			
3	IP 93812	Special Inspection		01/13/2003	01/17/2003	Event Response Insp
	711117B - PERMANENT PLANT MODS		3			
2, 3	IP 7111102	Evaluation of Changes, Tests, or Experiments		02/10/2003	02/14/2003	Baseline Inspections
2, 3	IP 711117B	Permanent Plant Modifications		02/10/2003	02/14/2003	Baseline Inspections
	71121 - OCC RAD SAFETY		1			
2, 3	IP 7112101	Access Control to Radiologically Significant Areas		03/17/2003	03/21/2003	Baseline Inspections
2, 3	IP 7112102	ALARA Planning and Controls		03/17/2003	03/21/2003	Baseline Inspections
2, 3	IP 7112103	Radiation Monitoring Instrumentation and Protective Equipment		03/17/2003	03/21/2003	Baseline Inspections
	711105T - FIRE PROTECTION		5			
2, 3	IP 711105T	Fire Protection		04/07/2003	04/11/2003	Baseline Inspections
2, 3	IP 711105T	Fire Protection		04/21/2003	04/25/2003	Baseline Inspections
	71152B - PROBLEM IDENTIFICATION AND RESOLUTION		4			
2, 3	IP 71152B	Identification and Resolution of Problems		06/09/2003	06/13/2003	Baseline Inspections
2, 3	IP 71152B	Identification and Resolution of Problems		06/23/2003	06/27/2003	Baseline Inspections
	95001 - F/U ON WHITE - CLASSIFICATION SCHEME		1			
2, 3	IP 95001	Supplemental Inspection For One Or Two White Inputs In A Strategic Performance Area		06/02/2003	06/06/2003	Supplemental Program
	T1148BC - SEC ICM		6			
2, 3	IP 2515/148	Inspection of Nuclear Reactor Safeguards - Interim Compensatory Measures		06/09/2003	06/13/2003	Safety Issues
	71151 - EP PI VERIFICATION		1			
2, 3	IP 71151	Performance Indicator Verification		06/10/2003	06/14/2003	Baseline Inspections
	71114 - EP PROGRAM INSP		1			
2, 3	IP 7111402	Alert and Notification System Testing		07/07/2003	07/11/2003	Baseline Inspections
2, 3	IP 7111403	Emergency Response Organization Augmentation Testing		07/07/2003	07/11/2003	Baseline Inspections
2, 3	IP 7111404	Emergency Action Level and Emergency Plan Changes		07/07/2003	07/11/2003	Baseline Inspections
2, 3	IP 7111405	Correction of Emergency Preparedness Weaknesses and Deficiencies		07/07/2003	07/11/2003	Baseline Inspections

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

Peach Bottom
Inspection / Activity Plan
12/29/2002 - 03/27/2004

Unit Number	Inspection Activity	Title	No. of Staff on Site	Planned Dates		Inspection Type
				Start	End	
	71121	- OCC RAD SAFETY	1			
2, 3	IP 7112101	Access Control to Radiologically Significant Areas		08/11/2003	08/15/2003	Baseline Inspections
2, 3	IP 7112102	ALARA Planning and Controls		08/11/2003	08/15/2003	Baseline Inspections
2, 3	IP 7112103	Radiation Monitoring Instrumentation and Protective Equipment		08/11/2003	08/15/2003	Baseline Inspections
	7111108	- INSERVICE INSPECTION - UNIT 3	1			
3	IP 7111108G	Inservice Inspection Activities - BWR		09/22/2003	09/26/2003	Baseline Inspections
	71121	- OCC RAD SAFETY	1			
2, 3	IP 7112101	Access Control to Radiologically Significant Areas		09/29/2003	10/03/2003	Baseline Inspections
2, 3	IP 7112102	ALARA Planning and Controls		09/29/2003	10/03/2003	Baseline Inspections
2, 3	IP 7112103	Radiation Monitoring Instrumentation and Protective Equipment		09/29/2003	10/03/2003	Baseline Inspections
	71121	- OCC RAD SAFETY	1			
2, 3	IP 7112101	Access Control to Radiologically Significant Areas		11/17/2003	11/21/2003	Baseline Inspections
2, 3	IP 7112102	ALARA Planning and Controls		11/17/2003	11/21/2003	Baseline Inspections
2, 3	IP 7112103	Radiation Monitoring Instrumentation and Protective Equipment		11/17/2003	11/21/2003	Baseline Inspections
	711112B	- MAINTENANCE RULE	1			
2, 3	IP 711112B	Maintenance Effectiveness		12/08/2003	12/12/2003	Baseline Inspections
	7112201	- OCC RAD SAFETY - RETS	1			
2, 3	IP 7112201	Radioactive Gaseous and Liquid Effluent Treatment and Monitoring Systems		01/12/2004	01/16/2004	Baseline Inspections
	4/5+EXM	- OPERATOR LICENSING INITIAL EXAMS	3			
2	U01527	PEACH BOTTOM UNITS 2&3 INITIAL EXAM (9/24-28/04)		03/08/2004	03/12/2004	Not Applicable