

COVER LETTER

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.

First, the inspection examined activities conducted under your current license as they relate to safety and compliance with the Commission's rules and regulations. This portion of the inspection focused on the inservice inspection of the drywell containment. Based on the results of the NRC's inspection, the NRC determined there were no safety significant conditions affecting current operations. The inspectors reviewed selected procedures and records, observed activities, and interviewed personnel.

Second, this inspection was also conducted using the guidance of Inspection Procedure (IP) 71003 "Post-Approval Site Inspection for License Renewal" as a prudent measure to observe Oyster Creek license renewal activities during the last planned refueling outage prior to entering the period of extended operation. The license renewal application had a hearing associated with it and the matter is before the Commission in appeal. Because a renewed license has not been issued, the proposed license conditions and associated regulatory commitments, made as a part of the license renewal application, are not in effect. Accordingly, the enclosed report records the inspector's observations only.

PURPOSE OF INSPECTION

An appeal of a licensing board decision about the Oyster Creek (OC) application for a renewed license is pending before the Commission. The NRC conducted this inspection, in part, using the guidance of Inspection Procedure (IP) 71003 "Post-Approval Site Inspection for License Renewal." This inspection was considered a prudent measure in order to make observations of Oyster Creek license renewal activities during the last refueling outage prior to entering the period of extended operation.

Inspection observations were made of license renewal commitments and license conditions selected from NUREG-1875, "Safety Evaluation Report (SER) Related to the License Renewal of Oyster Creek Generating Station" (ML071290023 & ML071310246). The inspection included observations of a number of license renewal commitments which were enhancements to exiting programs implemented under the current license. Performance of existing programs, absent of any associated license renewal enhancement, was evaluated using current licensing basis (CLB) criteria, based on ASME inservice inspection requirements.

For license renewal activities, within the context of 10 CFR 54, the report only documents the inspector observations, because the proposed license conditions and associated regulatory commitments 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.

G/73

ISSUES FOR FOLLOW-UP

As noted in the detailed observations of Sections 3.1, 3.2, 3.3, and 3.4 below, a number of CLB issues were observed for which Exelon has placed them into their corrective action program. The 10 CFR 50 CLB bases for any potential performance deficiencies was unclear to the inspectors, since the focus of the inspection preparation was on 10 CFR 54 activities and correspondence. The drywell corrosion issue dates back to the late 1980's and early 1990's. Because more information is required in order to determine whether the current issues are acceptable or are CLB performance deficiencies, an Unresolved Item (URI) is being opened for follow-up during the next inspection in this area (March 2009).