



UNITED STATES
NUCLEAR REGULATORY COMMISSION
WASHINGTON, D.C. 20555-0001

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OFFICE OF GENERAL INVESTIGATION
FEDERAL BUREAU OF INVESTIGATION
ADJUTANT GENERAL

Ms. Deborah Katz, President
Citizens Awareness Network
P.O. Box 83
Shelburne Falls, MA 01370

Mr. Paul Gunter, Reactor Watchdog Project
Nuclear Information and Resource Service
1424 16th Street, 4th Floor, NW.
Washington, DC 20036

Dear Ms. Katz and Mr. Gunter:

The purpose of this letter is to inform you that the U.S. Nuclear Regulatory Commission (NRC) has completed its review of the Petition you filed pursuant to Section 2.206 of Title 10 of the Code of Federal Regulations (10 CFR 2.206) on November 25, 1996, as amended by letter dated December 23, 1996. These two submittals, hereinafter referred to as "the Petition," were submitted by you on behalf of the Citizens Awareness Network and the Nuclear Information and Resource Service. In accordance with 10 CFR 2.206, the Office of Nuclear Reactor Regulation was assigned to prepare a response to your requests. This review and the NRC's conclusions in the Final Director's Decision were discussed with Ms. Katz and Ms. Rosemary Bassilakis during a telephone call on February 14 and 15, 2000, respectively. Mr. Gunter was notified via a telephone call on February 14, 2000.

In your petition, you requested that the NRC take the following actions: (1) immediate suspension or revocation of Northeast Utilities' (NU's or the licensee's) licenses to operate its nuclear facilities in Connecticut; (2) investigation of possible NU material misrepresentations to the NRC; (3)[a] revoke the operating licenses for NU's nuclear facilities if an investigation determines that NU deliberately provided insufficient and/or misleading information to the NRC and, [b] if NRC chose not to revoke NU's licenses, continued shutdown of NU facilities until the Department of Justice completes its investigation and the results are reviewed by the NRC; (4) continued listing of the NU facilities on the NRC's Watch List should any facility resume operation; (5) continued shutdown of NU facilities until the NRC evaluates and approves NU's remedial actions; (6) prohibition of any predecommissioning or decommissioning activities at any NU nuclear facility in Connecticut until NU and the NRC take certain identified steps to assure that such activities can be safely conducted; (7) initiation of an investigation into how the NRC allowed the asserted illegal situation at NU's nuclear facilities in Connecticut to exist and continue for more than a decade; and (8) an immediate investigation of the need for enforcement action for alleged violation of 10 CFR Part 50, Appendix B.

The bases for your assertions were NU and NRC inspection findings and NU documents referred to in the Petition and a VHS videotape, Exhibit A, which accompanied your Petition. Specifically, you identified areas that included inadequate surveillance testing, operation outside the design basis, inadequate radiological controls, failed corrective action processes, and degraded material conditions.

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The NRC acknowledged receipt of your Petition in a letter dated January 23, 1997. In the acknowledgment letter, you were informed that your request for immediate action in Requests(1) and (8) above was denied. You were further informed that copies of the Petition and videotape were sent to the Office of the Inspector General in response to Requests (7) and parts of Requests (5), (6), and (8).

The NRC issued a Partial Director's Decision (DD-97-21) dated September 12, 1997, which addressed all of your requests, with one exception. Specifically, with respect to Request 3a of your petition, the NRC deferred a decision on your request that the NU operating licenses for the Millstone units be revoked if an investigation determined that NU deliberately provided insufficient and/or false or misleading information to the NRC. The decision on that request was deferred at the time the Partial Director's Decision was issued because several NRC investigations were underway. The Millstone facilities remained shutdown under NRC order until NRC management had been provided evidence that the licensee had fulfilled the intent of the two orders discussed in the following paragraphs. Request 3b of your petition, regarding the continued shutdown of NU facilities until the Department of Justice completed its investigation and the results were reviewed by the NRC, was denied in the Partial Director's Decision. Notwithstanding our 1997 denial of Request 3b, we conclude that, through the actions that we required the Millstone facilities to complete prior to restart, the intent of your request was met. The previously issued Partial Director's Decision is enclosed for your convenience.

The NRC Office of Investigations (OI) conducted numerous investigations from 1996 to the present regarding NU submitting inaccurate or incomplete information to the NRC. OI found instances in which inaccurate and incomplete information had been submitted to the NRC. Most notably, investigations conducted in conjunction with the U.S. Attorney's Office (Department of Justice), determined that the licensee deliberately provided inaccurate and incomplete information to the NRC regarding the qualifications of candidates for operator licenses. On September 27, 1999, the licensee pleaded guilty in Federal Court to 19 violations of the Atomic Energy Act and 6 violations of the Clean Water Act and agreed to pay \$10 million in fines and other compensations, in part, for false statements made to the NRC concerning the qualifications of candidates for operator licenses. The fines were of historic proportion and sent a very clear and distinct message that the NRC does not tolerate false statements or inaccurate information from licensees.

The NRC has carefully evaluated Request 3a of your petition and determined that revocation of the Millstone licenses is not warranted for several reasons. First, the NRC issued two Orders (August 14 and October 24, 1996) to the licensee that required, in part, that the licensee (1) contract with a third party to verify the adequacy of its efforts to establish adequate design bases and controls and (2) retain an independent third party to oversee implementation of its plan for reviewing and dispositioning safety issues raised by employees. Both Orders were closed by letters dated March 11 and April 28, 1999, respectively, based on the licensee's

satisfactory completion of the terms of the Orders. Second, the licensee has made significant changes in the management and operation of the facility since the 1996 timeframe. Third, the NRC provided significant oversight of the changes that occurred at Millstone and has found them to be acceptable as documented in various NRC inspection reports. That oversight included the creation of a Special Projects Office for the Millstone facility; augmentation of the resident inspector staff at the site; and conduct of several restart inspections, multidisciplined team inspections, and Independent Corrective Action Verification Program inspections. The results of these inspection efforts, as well as information from the then-ongoing and completed investigations, were considered by the Commission in its decision to authorize restart of Millstone Units 2 and 3. Millstone Unit 3 was restarted in July 1998 and Millstone Unit 2 in May 1999. Fourth, significant enforcement action has been taken against NU (1) to reinforce the importance of operating the plants in accordance with the regulations and the terms of its licenses and (2) to emphasize the importance of ensuring that information submitted to the NRC is complete and accurate. In addition to the two referenced Orders and the \$10 million penalty assessed in conjunction with the criminal proceeding, the NRC also issued a \$2.1 million penalty in December 1997 for programmatic deficiencies, issues related to technical specifications, and recurring problems of inadequate procedures and failure to follow procedures, as well as other penalties and Notices of Violation.

The staff has concluded that the issues you raised had merit. However, based on the above actions taken, the staff does not find the revocation of the Millstone licenses appropriate and as such is not able to grant this final portion of your petition. The NRC is currently continuing to closely monitor the Millstone facilities as agency and regional focus plants. The enclosed Final Director's Decision (DD-00-01) addresses Request 3a of your petition.

A copy of the Final Director's Decision will be filed with the Secretary of the Commission for the Commission's review in accordance with 10 CFR 2.206(c). As provided by this regulation, the Decision will constitute the final action of the Commission (for Petitioners' Request 3a) 25 days after its issuance, unless the Commission, on its own motion, institutes review of the Decision within that time.

I have enclosed a copy of the notice of "Issuance of Final Director's Decision Under 10 CFR 2.206" that has been filed with the Office of the Federal Register for publication.

We appreciate your efforts to bring this issue to our attention and your ongoing interest in and concern for ensuring public health and safety and the continued operational safety of nuclear power reactors. We also appreciate your patience during our extensive investigations of the Millstone facilities and trust that our regulatory actions stemming from the two NRC orders, significant oversight which included the creation of the Special Projects Office for the Millstone facilities, extensive inspections, and the licensee's subsequent corrective actions, address your concerns. Please feel free to contact Jacob Zimmerman, Petition Manager, at 301-415-2426 (e-mail<jiz@nrc.gov>) to discuss these or any future concerns you may have regarding NU or Millstone.

Sincerely,


Samuel J. Collins, Director
Office of Nuclear Reactor Regulation

Docket Nos. 50-245, 50-336, and 50-423 (2.206)

Enclosures: 1. Director's Decision DD-00-01
2. *Federal Register* Notice
3. Partial Director's Decision DD-97-21

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Sincerely,

/RA/

Samuel J. Collins, Director
Office of Nuclear Reactor Regulation

Docket Nos. 50-245, 50-336, and 50-423

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- 3. Partial Director's Decision DD-97-21

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