

May 23, 2000

Mr. Bruce Kenyon
President, Generation Group
Northeast Utilities
P. O. Box 270
Hartford, CT 06140-0270

Dear Mr. Kenyon:

As you are aware, the NRC is in the initial implementation phase of its new Reactor Oversight Process (ROP) which was proposed to the Commission on February 24, 2000 in SECY-00-0049. During our transition to this process, we have continued to adhere to the revisions in the Senior Management Meeting (SMM) process that were first implemented for the April 1999 SMM. The NRC senior managers conducted this meeting on May 10 and 11, 2000, to determine if the safety performance of various licensees exhibits sufficient weaknesses to warrant increased NRC attention.

Millstone Unit 3 had been previously classified as a regional-focus plant as a result of the April 1999 SMM. As a result of the May 2000 SMM, and consistent with the assessment and agency actions as described in the Plant Performance Review letter dated March 31, 2000, the NRC senior managers determined that Millstone Unit 3 should be classified as a routine oversight plant. Under the new ROP, this term will not be used and the level of regulatory oversight and agency actions to monitor plant performance will be commensurate with the ROP Action Matrix.

A summary of NRC discussions related to Millstone Unit 3 follows:

The senior managers considered an evaluation matrix that analyzes current licensee performance in determining the appropriate agency response to the identified performance concerns. All evaluation factors were considered to have been met. The senior managers noted that since the beginning of 1999, and in contrast to the many plant trips and power reductions over the last half of 1998, Millstone 3 sustained power operations with the exception of a planned refueling outage. Licensee management's emphasis on an operational focus has been successful in reducing the number of challenges to operations, including unplanned entries into technical specification limiting conditions for operation. Routine and planned work activities are being performed acceptably without an excessive diversion of resources to unexpected, emergent problems.

Since the previous SMM, Millstone 3 has reduced the number of operational challenges, and the licensee has responded well to the few weather and equipment problems. The renewed operational focus has provided direction to the unit staff to maintain safe and reliable operations, while reducing backlogs and responding to emerging work. Performance improvements in the areas of the licensee's safety conscious work environment and employee concerns programs have been demonstrated. Millstone 3

faces several challenges relating to the transition to a competitive business environment and the sale of the units. Notwithstanding these challenges, the licensee has been successful in managing transition over the past year.

Although some areas for improvement remained, the senior managers concluded that the licensee had taken effective action to correct their identified problems at Millstone 3 and to implement programs for improved performance. As a result, assessment activities for Millstone 3 will be conducted using the NRC ROP as described in Inspection Manual Chapter 0305, "Operating Reactor Assessment Program."

Hubert J. Miller, the Region I Administrator, has discussed the bases for our conclusions with regard to Millstone Unit 3 with members of your staff. An NRC Commission meeting, open to the public, is scheduled to be held in the Commissioners' Conference Room in Rockville, Maryland, on May 25, 2000, to review the results of the latest meeting of the NRC senior managers.

If you have any questions regarding this matter, do not hesitate to call me.

Sincerely,

/RA/

William D. Travers
Executive Director for Operations

Docket Nos. 50-423
License Nos. NPF-49

cc: See Attached List

Mr. Bruce Kenyon

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