

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 2 had been previously classified as an agency-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 2 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 2 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 the licensee had taken corrective actions and demonstrated improved performance such that on April 29, 1999, the NRC authorized the restart of the facility. NRC inspections performed since the startup in May 1999, have found that the performance improvements that were implemented during the three-year extended shutdown have been sustained. On a few occasions, the staff determined that condition reports were not initiated for degraded safety systems and resolution of equipment problems was not effective. However, these concerns were not found to be pervasive and do not appear to be indicative of a reversal in performance since restart. While emergent equipment problems have resulted in three plant trips and a plant shutdown, Millstone 2 has had several periods of continuous operation since the startup. Operators responded well to emergent equipment problems and displayed a conservative approach to plant operations.

Since May 1999, the licensee has responded to several challenges to its safety conscious work environment and employee concerns programs. The licensee faces

several, significant, near term challenges relating to its transition to a competitive business environment and the sale of the unit. Such activities will be particularly challenging at Millstone as the licensee is still in transition from the very large recovery project and an organizational structure that was established during the extended shutdowns. This transition includes: reducing the number of staff and management positions; completing work associated with the backlog of corrective action issues emerging from the extended shutdown; addressing a number of equipment aging issues that were deferred during the shutdown; and installing modifications needed to separate Unit 1 from the operating units. Notwithstanding these challenges, the licensee has been successful in managing transition since the last SMM.

Although some areas for improvement remained, the senior managers concluded that the licensee had taken effective action to correct identified problems at Millstone 2 and to implement programs for improved performance. As a result, assessment activities for Millstone 2 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 2 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 No. 50-336
License No. DPR-65

cc: See Attached List

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Millstone Nuclear Power Station
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