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

March 1, 2001

Mr. James R. Morris
Site General Manager
Monticello Nuclear Generating Plant
Nuclear Management Company, LLC
2807 West County Road 75
Monticello, MN 55362-9637

SUBJECT: MONTICELLO NUCLEAR GENERATING PLANT - ISSUANCE OF AMENDMENT RE: RELOCATION OF INSERVICE INSPECTION REQUIREMENTS TO A LICENSEE PROGRAM (TAC NO. MB1113, NOED NO. 01-6-002)

Dear Mr. Morris:

The Commission has issued the enclosed Amendment No. 116 to Facility Operating License No. DPR-22 for the Monticello Nuclear Generating Plant. The amendment consists of changes to the Technical Specifications (TSs) in response to your application dated February 1, 2001. This amendment supercedes Notice of Enforcement Discretion (NOED) 01-6-002, dated February 5, 2001.

Before issuing NOED 01-6-002, the staff concluded that Criterion B.2.1.1.a and the applicable criteria in Section C.4 to NRC Inspection Manual Part 9900, "Technical Guidance, Operation - Notices of Enforcement Discretion," were met. Criterion B.2.1.1.a states that for an operating plant, the NOED is intended to avoid undesirable transients as a result of forcing compliance with the license condition and, thus, minimize potential safety consequences and operational risks. On February 25, 2001, you shut down Monticello due to a TS requirement unrelated to the condition for which the NOED was issued. The NOED was terminated at the time of shutdown, because Criterion B.2.1.1.a was no longer applicable to the plant.

The amendment removes the inservice inspection requirements of Section XI of the American Society of Mechanical Engineers *Boiler and Pressure Vessel Code* from the Monticello TSs and relocates them to a licensee-controlled program.

A copy of our related safety evaluation is also enclosed. The Notice of Issuance will be included in the Commission's biweekly *Federal Register* notice.

Sincerely,

/RA/

Carl F. Lyon, Project Manager, Section 1
Project Directorate III
Division of Licensing Project Management
Office of Nuclear Reactor Regulation

Docket No. 50-263

Enclosures: 1. Amendment No. 116 to DPR-22
2. Safety Evaluation

cc w/encls: See next page

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A copy of our related safety evaluation is also enclosed. The Notice of Issuance will be included in the Commission's biweekly *Federal Register* notice.

Sincerely,

CFLyon

Carl F. Lyon, Project Manager, Section 1
Project Directorate III
Division of Licensing Project Management
Office of Nuclear Reactor Regulation

Docket No. 50-263

Enclosures: 1. Amendment No. 116 to DPR-22
2. Safety Evaluation

cc w/encls: See next page

Monticello Nuclear Generating Plant

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

NUCLEAR MANAGEMENT COMPANY, LLC

DOCKET NO. 50-263

MONTICELLO NUCLEAR GENERATING PLANT

AMENDMENT TO FACILITY OPERATING LICENSE

Amendment No. 116
License No. DPR-22

1. The Nuclear Regulatory Commission (the Commission) has found that:

   A. The application for amendment by Nuclear Management Company, LLC (the licensee), dated February 1, 2001, complies with the standards and requirements of the Atomic Energy Act of 1954, as amended (the Act), and the Commission's rules and regulations set forth in 10 CFR Chapter I;

   B. The facility will operate in conformity with the application, the provisions of the Act, and the rules and regulations of the Commission;

   C. There is reasonable assurance (i) that the activities authorized by this amendment can be conducted without endangering the health and safety of the public, and (ii) that such activities will be conducted in compliance with the Commission's regulations;

   D. The issuance of this amendment will not be inimical to the common defense and security or to the health and safety of the public; and

   E. The issuance of this amendment is in accordance with 10 CFR Part 51 of the Commission's regulations and all applicable requirements have been satisfied.

2. Accordingly, the license is amended by changes to the Technical Specifications as indicated in the attachment to this license amendment, and paragraph 2.C.2 of Facility Operating License No. DPR-22 is hereby amended to read as follows:

Technical Specifications

The Technical Specifications contained in Appendix A, as revised through Amendment No. 116 , are hereby incorporated in the license. The licensee shall operate the facility in accordance with the Technical Specifications.

3. This license amendment is effective as of its date of issuance and shall be implemented within 45 days.

FOR THE NUCLEAR REGULATORY COMMISSION

for

Claudia M. Craig, Chief, Section 1
Project Directorate III
Division of Licensing Project Management
Office of Nuclear Reactor Regulation

Attachment: Changes to the Technical Specifications

Date of Issuance: March 1, 2001

ATTACHMENT TO LICENSE AMENDMENT NO. 116

FACILITY OPERATING LICENSE NO. DPR-22

DOCKET NO. 50-263

Replace the following pages of the Appendix A Technical Specifications with the attached revised pages. The revised pages are identified by amendment number and contain marginal lines indicating the areas of change.

REMOVE	INSERT
iv	iv
229f	229f
229g	229g

TABLE OF CONTENTS (Cont'd)

3.0 LIMITING CONDITIONS FOR OPERATION

3.15 INSERVICE TESTING

Applicability:

Applies to safety-related pumps and valves.

Objective:

To assure the integrity and operational readiness of safety-related pumps and valves.

Specification:

A. (Deleted)

4.0 SURVEILLANCE REQUIREMENTS

4.15 INSERVICE TESTING

Applicability:

Applies to the periodic testing of safety-related pumps and valves.

Objective:

To verify the integrity and operational readiness of safety-related pumps and valves.

Specification:

A. (Deleted)

Bases 3.15/4.15:

A program of inservice testing of Quality Group A, B, and C pumps and valves is in effect at the Monticello plant that conforms to the requirements contained in Section XI of the ASME Boiler and Pressure Vessel Code or where alternate testing is justified in accordance with Generic Letter 89-04. If a Code required inspection is impractical for the Monticello facility, a request for a deviation from that requirement is submitted to the Commission in accordance with 10 CFR 50, Section 50.55a(g)(6)(i).

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

SAFETY EVALUATION BY THE OFFICE OF NUCLEAR REACTOR REGULATION

RELATED TO AMENDMENT NO. 116 TO FACILITY OPERATING LICENSE NO. DPR-22

NUCLEAR MANAGEMENT COMPANY, LLC

MONTICELLO NUCLEAR GENERATING PLANT

DOCKET NO. 50-263

1.0 INTRODUCTION

By application dated February 1, 2001, the Nuclear Management Company, LLC (NMC or the licensee), requested changes to the Technical Specifications (TSs) for Monticello Nuclear Generating Plant. The proposed amendment would remove the inservice inspection (ISI) requirements of Section XI of the American Society of Mechanical Engineers (ASME) *Boiler and Pressure Vessel Code* (the Code) from the Monticello TSs and relocate them to a licensee-controlled program.

2.0 BACKGROUND

On January 29, 2001, the licensee determined that it was not in compliance with TS 3.6.E.1, which states that, "During power operating conditions and whenever reactor coolant pressure is greater than 110 psig and temperature is greater than 345°F the safety valve function (self actuation) of seven safety/relief valves shall be operable. . . ." The licensee declared the safety/relief valves (SRVs) inoperable because it was not in compliance with TS 3.15.A.1, which requires that, "To be considered operable, Quality Group A, B, and C components shall satisfy the requirements contained in Section XI of the ASME *Boiler and Pressure Vessel Code* and applicable Addenda for continued service of ASME Code Class 1, 2, and 3 components, respectively, except where relief has been granted by the Commission pursuant to 10 CFR 50, Section 50.55a(g)(6)(i)." Since NMC was not in compliance with TS 3.6.E.1, it had commenced a plant shutdown in accordance with TS 3.6.E.2, which requires that, "If Specification 3.6.E.1 is not met, initiate an orderly shutdown and have reactor coolant pressure and temperature reduced to 110 psig or less and 345°F or less within 24 hours." NMC requested that a Notice of Enforcement Discretion (NOED) be issued pursuant to the NRC's policy regarding exercise of discretion for an operating facility, set out in Section VII.C of the "General Statement of Policy and Procedures for NRC Enforcement Actions" (Enforcement Policy), NUREG-1600, and be effective until an exigent license amendment request that would remove ISI requirements from the TSs to a licensee-controlled program is processed by the NRC.

On January 24, 2001, in response to questions raised by the NRC resident inspectors, NMC had determined that it was not in compliance with TS 3.15.A.1 regarding certain safety-related snubbers. Section XI of the Code requires that the services of an Authorized Inspection Agency be used when making a repair or replacement of certain components, including notifying the agency prior to beginning the work and keeping the authorized nuclear inservice

inspector (ANII) informed of the progress of the work so that necessary inspections may be performed. The Code also requires that certain reports and records of the work be maintained, including the completed Owner's Report for Repairs or Replacements, Form NIS-2. NMC determined that it had not involved an ANII or maintained NIS-2 forms for certain past snubber work. NMC subsequently established snubber operability in accordance with TS 3.6.H.2.b. In the course of NMC's extent-of-condition review of the snubber issue, it determined on January 29, 2001, that it had not involved an ANII or maintained NIS-2 forms for certain past work on the SRVs, specifically, replacement of the SRV topworks. Therefore, NMC concluded that the SRVs did not meet TS 3.15.A.1 and were inoperable.

NMC requested an NOED after evaluation and conclusion that, while appropriate ANII involvement had not been obtained for the SRV topworks replacements, the SRVs remained operable in all other respects. NMC tentatively concluded that the apparent root cause of the situation was a misunderstanding of the requirements of the Code in the Monticello maintenance processes. Review of the associated documentation to date indicated that all required testing, inspection, and surveillance requirements had been met, with the exception of the ANII requirements. Further, the evaluation to date showed that Monticello's work control, quality control, and quality assurance programs provide assurance that the SRVs will adequately perform their functions such that they may be considered operable when evaluated in accordance with NRC Generic Letter (GL) 91-18. The ANII involvement provides and documents third party review of technical and quality requirements of the Code. The Monticello quality assurance, quality control, and work control processes provide a certain level of assurance of the quality of the work despite the lack of ANII involvement in the repairs.

Based on the above, NMC concluded that there was a very low safety significance and there were very low potential consequences associated with the NOED. NMC also performed a bounding quantitative risk assessment as a sensitivity study to show that the potential increase in risk associated with failure to involve the ANII as required by the Code was small, amounting to less than a 1.5-percent increase in core damage frequency due to an exaggerated degradation in reliability of the SRVs to perform their safety function. As compensatory measures, (1) NMC performed an operability determination of the SRVs and concluded that they are operable; (2) root cause and extent-of-condition investigations regarding ASME Section XI compliance are in progress; and (3) future ASME Section XI nonconformances will be evaluated under the Monticello corrective action program, including prompt operability determinations in accordance with GL 91-18.

The NRC staff verbally granted an NOED at 2:26 a.m. (EST) on January 30, 2001. By letter dated February 5, 2001, the staff documented its issuance of the NOED. The licensee requested this exigent license amendment to relocate the requirements of TS 3.15.A.1 to a licensee-controlled program.

3.0 EVALUATION

3.1 Relocation of ISI Requirements

TS 3.15.A.1 requires that, "To be considered operable, Quality Group A, B, and C components shall satisfy the requirements contained in Section XI of the ASME *Boiler and Pressure Vessel Code* and applicable Addenda for continued service of ASME Code Class 1, 2, and 3 components, respectively, except where relief has been granted by the Commission pursuant to

10 CFR 50, Section 50.55a(g)(6)(i)." The licensee proposes to delete TS 3.15.A.1 and relocate the ISI requirements to a licensee-controlled program.

Section 182a of the Atomic Energy Act (the "Act") requires applicants for nuclear power plant operating licenses to state TSs to be included as part of the license. The Commission's regulatory requirements related to the content of TSs are set forth in Title 10, *Code of Federal Regulations* (CFR), Section 50.36. The regulation at 10 CFR 50.36 requires that the TSs include items in the following five specific categories: (1) safety limits, limiting safety system settings, and limiting control settings; (2) limiting conditions for operation (LCOs); (3) surveillance requirements (SRs); (4) design features; and (5) administrative controls. However, the regulation does not specify the particular requirements to be included in a plant's TSs.

The Commission has provided guidance for the contents of TSs in its "Final Policy Statement on Technical Specifications Improvements for Nuclear Power Plants" (Final Policy Statement), 58 FR 39132 (July 22, 1993), in which the Commission indicated that compliance with the Final Policy Statement satisfies Section 182a of the Act. In particular, the Commission indicated that certain items could be relocated from the TSs to licensee-controlled documents, consistent with the standard enunciated in Portland General Electric Co. (Trojan Nuclear Plant), ALAB-531, 9 NRC 263, 273 (1979). In that case, the Atomic Safety and Licensing Appeal Board indicated that "technical specifications are to be reserved for those matters as to which the imposition of rigid conditions or limitations upon reactor operation is deemed necessary to obviate the possibility of an abnormal situation or event giving rise to an immediate threat to the public health and safety." The criteria set forth in the policy statement have been incorporated into 10 CFR 50.36 (60 FR 36593).

The four criteria set forth in 10 CFR 50.36 to be used in determining whether a particular matter is required to be included in an LCO, are as follows: (1) Installed instrumentation that is used to detect, and indicate in the control room, a significant abnormal degradation of the reactor coolant pressure boundary; (2) a process variable, design feature, or operating restriction that is an initial condition of a design-basis accident or transient analysis that either assumes the failure of or presents a challenge to the integrity of a fission product barrier; (3) a structure, system, or component that is part of the primary success path and which functions or actuates to mitigate a design-basis accident or transient that either assumes the failure of or presents a challenge to the integrity of a fission product barrier; or (4) a structure, system, or component which operating experience or probabilistic safety assessment has shown to be significant to public health and safety. LCOs and related requirements that fall within or satisfy any of the criteria in the regulation must be retained in the TSs, while those requirements that do not fall within or satisfy these criteria may be relocated to licensee-controlled documents.

The staff has compared the ISI program requirements to the criteria of 10 CFR 50.36 and concluded that they do not meet the criteria for inclusion in the TSs. Further, the ISI program does not depend on a TS citation to make it a requirement. The ISI program is required by 10 CFR 50.55a to be performed in accordance with Section XI of the Code. Compliance with 10 CFR Part 50 is required by the Monticello Operating License. The Monticello ISI program implements the applicable provisions of the Code. Changes to the Monticello ISI program are controlled in accordance with the provisions of 10 CFR 50.55a. The Monticello ISI requirements do not meet the 10 CFR 50.36 criteria, are redundant to other regulations, and thus can be relocated to a licensee-controlled document. The proper relationship of the TS to

the ISI program is through the operability assessment, as the licensee explains. The licensee states that no reduction in any previous commitments to 10 CFR 50.55a or the Code is proposed as a result of the relocation of ISI requirements from the TSs to the licensee-controlled ISI program. The proposed change is also consistent with Standard Technical Specifications (STS), NUREG-1433. Therefore, the proposed change is acceptable.

3.2 Other Proposed Changes

The licensee proposes the following additional changes, consistent with the removal of ISI requirements from the TSs.

a. The licensee proposes to revise the Table of Contents to reflect the deletion of ISI requirements from TS 3.15 and TS 4.15. The proposed change to the Table of Contents is consistent with the proposed TSs changes and is acceptable.

b. The licensee proposes to reword TS 3.15 and TS 4.15, "Inservice Inspection and Testing," titles, applicability, and objectives to be specific to inservice testing requirements. TS 3.15.A and TS 4.15.A are proposed to be deleted since they are specific to ISI. The proposed changes are consistent with STS and with the relocation of ISI requirements to a licensee-controlled program and are acceptable.

c. The licensee proposes to revise TS Bases Section 3.15/4.15 to reflect the above deletion of ISI requirements from the TSs. The staff has no objection to the proposed changes to the Bases.

4.0 EXIGENT CIRCUMSTANCES

The Commission's regulations at 10 CFR 50.91 contain provisions for issuance of amendments where the Commission finds that exigent circumstances exist, in that a licensee and the Commission must act quickly and that time does not permit the Commission to publish a *Federal Register* notice allowing 30 days for prior public comment before issuance of an amendment. The exigency exists in this case in that the proposed amendment is needed because Monticello is operating under an NOED, and time does not permit the Commission to publish a notice allowing 30 days for prior public comment.

In its application, the licensee explained why it could not have foreseen the need for this amendment. Compliance with the current wording of TS 3.15.A requires full compliance with the Code as a condition for considering Section XI-required equipment operable. Application of TS 3.15.A requires declaring equipment inoperable and following the specified limiting conditions for operation when a Code non-compliance is discovered. This may require an unnecessary plant shutdown when the equipment is fully operable in all other respects. This exigent situation occurred because the potential for TS 3.15.A.1 to cause unnecessary operational evolutions was not previously recognized. Code nonconformances were recently identified during the course of inspections conducted by NRC staff. TS 3.15.A.1 directs that affected components be declared inoperable without regard for actual impact on operability. The need for a license amendment that would allow such nonconformances to be evaluated for their effect on equipment operability, thus preventing unnecessary operational evolutions, was subsequently identified. In accordance with the procedures described in NRC Inspection Manual, Part 9900, "Technical Guidance, Operation - Notices of Enforcement Discretion," dated

December 12, 2000, the licensee applied for this license amendment within 2 working days after the NRC staff verbally issued the NOED on January 30, 2001.

Accordingly, the Commission has determined that exigent circumstances exist pursuant to 10 CFR 50.91(a)(6), the submittal of information was timely, and the licensee did not create the exigency.

5.0 FINAL NO SIGNIFICANT HAZARDS CONSIDERATIONS DETERMINATION

The Commission's regulations in 10 CFR 50.92(c) state that the Commission may make a final determination that a license amendment involves no significant hazards consideration if operation of the facility in accordance with the proposed amendment would not (1) involve a significant increase in the probability or consequences of an accident previously evaluated, (2) create the possibility of a new or different kind of accident from any accident previously evaluated, or (3) result in a significant reduction in the margin of safety. The NRC staff has made a final determination that no significant hazards consideration is involved for the proposed amendment and that the amendment should be issued as allowed by the criteria contained in 10 CFR 50.91. The NRC staff's final determination is presented below.

1. The proposed amendment will not involve a significant increase in the probability or consequences of an accident previously evaluated.

   The requested changes are administrative in nature in that they relocate ISI requirements from the TSs to the Monticello ISI program. The requested changes will not revise previous commitments to 10 CFR 50.55a or ISI requirements contained in Section XI of the ASME Code. The proposed changes do not involve a change to the configuration or method of operation of any plant equipment that is used to mitigate the consequences of an accident, nor do they affect any assumptions or conditions in any of the accident analyses. Since the accident analyses remain bounding, their radiological consequences are not adversely affected. Therefore, the probability or consequences of an accident previously evaluated are not affected.

2. The proposed amendment will not create the possibility of a new or different kind of accident from any accident previously evaluated.

   The requested changes are administrative in nature in that they relocate ISI requirements from the TSs to the Monticello ISI program. The requested changes will not revise previous commitments to 10 CFR 50.55a or ISI requirements contained in Section XI of the ASME Code. The proposed changes do not involve a change to the configuration or method of operation of any plant equipment that is used to mitigate the consequences of an accident, nor do they affect any assumptions or conditions in any of the accident analyses. Accordingly, no new failure modes have been defined for any plant system or component important to safety nor has any new limiting single failure been identified as a result of the proposed changes. Therefore, the possibility of a new or different kind of accident from any accident previously evaluated is not created.

3. The proposed amendment will not involve a significant reduction in the margin of safety.

The requested changes are administrative in nature in that they relocate ISI requirements from the TSs to the Monticello ISI program. The requested changes will not revise previous commitments to 10 CFR 50.55a or ISI requirements contained in Section XI of the ASME Code. Program requirements will ensure that Code requirements are met. Therefore, a significant reduction in the margin of safety is not involved.

6.0 STATE CONSULTATION

In accordance with the Commission's regulations, the Minnesota State official was notified of the proposed issuance of the amendment. The State official had no comments.

7.0 ENVIRONMENTAL CONSIDERATION

The amendment changes administrative requirements, or a requirement with respect to the installation or use of a facility component located within the restricted area as defined in 10 CFR Part 20, and changes surveillance requirements. The staff has determined that the amendment involves no significant increase in the amounts, and no significant change in the types, of any effluents that may be released offsite, and that there is no significant increase in individual or cumulative occupational radiation exposure. The Commission has made a final finding that the amendment involves no significant hazards consideration. Accordingly, the amendment meets the eligibility criteria for categorical exclusion set forth in 10 CFR 51.22(c)(9) and (c)(10). Pursuant to 10 CFR 51.22(b), no environmental impact statement or environmental assessment need be prepared in connection with the issuance of the amendment.

8.0 CONCLUSION

The Commission has concluded, based on the considerations discussed above, that: (1) there is reasonable assurance that the health and safety of the public will not be endangered by operation in the proposed manner, (2) such activities will be conducted in compliance with the Commission's regulations, and (3) the issuance of the amendment will not be inimical to the common defense and security or to the health and safety of the public.

Principal Contributor: F. Lyon

Date: March 1, 2001