

April 26, 2001

The Honorable Joseph I. Lieberman
United States Senate
Washington, DC 20510-0703

Dear Senator Lieberman:

I am responding to your letter of April 2, 2001, in which you requested us to address an issue raised by your constituent, Leslie Latham, who contacted you to express support for decommissioning the Millstone power plant.

The issue raised by your constituent is very general. We discussed the issue with your staff on April 9, 2001. Having learned no additional details of your constituent's concerns, we believe that your constituent was seeking permanent shutdown of all three Millstone Nuclear Power Station units. The following information updates the information we provided to you in our letter dated October 27, 2000, regarding another constituent's concerns. We trust that this information will be responsive to this constituent's concerns as well.

Millstone Unit 1 was permanently shut down on November 4, 1995, and was defueled on November 19, 1995. The licensee has performed limited decontamination and dismantlement of Unit 1 and plans to leave the remaining portions of this unit in a safe storage condition until the Unit 2 operating license expires. The licensee's current plans call for dismantling the remaining portions of Unit 1 when they dismantle Unit 2. During a period of safe storage prior to being dismantled, a nuclear facility is left intact with no fuel in the reactor vessel, and no radioactive liquid in the systems or components. Radioactive decay of any activated plant components occurs during the safe storage period, thus reducing the quantity of contaminated and radioactive material that must be disposed of during decontamination and dismantlement.

Units 2 and 3 are currently operating at full power and providing electricity to the Connecticut Valley Exchange power pool. The operating license for Millstone 2 is currently set to expire on July 31, 2015, and the operating license for Millstone Unit 3 will expire on November 25, 2025.

The U.S. Nuclear Regulatory Commission (NRC) authorized Millstone Units 2 and 3 to resume power operation in 1999 and 1998, respectively, after an extended shutdown to evaluate concerns about safety, management, and safety-conscious work environment. For several years in the 1990's, the NRC was concerned about the performance of the Millstone plants. In 1996, we issued two orders requiring Northeast Nuclear Energy Company (NNECO) and its co-licensees to address our concerns. During this period, U.S. Government agencies repeatedly investigated Millstone and fined NNECO unprecedented sums. We established a special oversight organization in the NRC Region I office and at NRC headquarters to oversee the licensee's progress in correcting the management and technical problems our inspectors had discovered. We lifted the orders only after determining that the terms of the orders had been carried out. Members of the public had the opportunity to address the Commission directly during an April 14, 1999, briefing of the Commission on the readiness of Millstone Unit 2 to restart. I assure you that we did not authorize the Millstone units to restart until we were satisfied, through extensive and concentrated inspections, that the facilities conformed to their

licensing bases and that NNECO had established an adequate corrective action program and demonstrated its readiness to resume power operation. Since returning to operation, NRC inspections of Millstone Units 2 and 3 have found that NNECO has sustained the performance improvements implemented during the extended shutdowns.

Although the licensee is ultimately responsible for the continued safe operation of the Millstone plants, the NRC maintains its regulatory oversight consistent with the revised NRC Reactor Oversight Process (ROP). After the May 2000 NRC Senior Management Meeting, the NRC reclassified Millstone Units 2 and 3 as "routine oversight plants," which means that the NRC baseline inspection program will be used to verify that the licensee is operating the plants in accordance with NRC regulations. The baseline inspection program has at least 2300 hours of targeted inspections, per site, per year; we are currently treating the Millstone 2 and 3 units as separate sites in this regard. NRC inspectors will continue to be stationed at Millstone to provide daily oversight. The reclassification was consistent with the most recent Plant Performance Review of Millstone (documented in NRC letters dated March 31, 2000). Thus the staff considers the licensee is operating the plants safely, and we will continue our oversight of Millstone under the revised ROP. The NRC Web site at www.nrc.gov contains the status of the 18 performance indicators tracked for Millstone and for all other nuclear power stations in the United States.

On March 31, 2001, the owners of Millstone Units 1, 2, and 3, except for Central Vermont Public Services Corporation and Massachusetts Municipal Wholesale Electric Company, sold their ownership interests in the plants to Dominion Nuclear Connecticut, Inc. (DNC). Central Vermont Public Services Corporation and Massachusetts Municipal Wholesale Electric Company still hold minority ownership interests in Unit 3. This sale and transfer was approved by the NRC on March 9, 2001, after a thorough review by the NRC staff. DNC is an indirect wholly owned subsidiary of Dominion Energy, which is in turn owned by Dominion Resources, Inc. (DRI). DRI is also the owner of Virginia Power, which is the licensed owner and operator of the North Anna and Surry nuclear power stations. The NRC's review of the license transfer evaluated DNC's technical and financial qualifications.

In reviewing technical qualifications in license transfer applications, we focus on whether or not the proposed transferee has the technical expertise to continue to operate the plant safely. For direct transfers in which the company operating a plant would change (as happened with Millstone Units 1, 2, and 3), the scope of our review depends on how the transfer would affect existing plant personnel and plant organizations.

We also evaluate a proposed transferee's financial qualifications to operate and to decommission the nuclear plant whose license is to be transferred. The NRC reviews a transferee's financial qualifications to ensure that the transferee has the necessary funds to cover estimated operation costs for the period of the license. The NRC conducts decommissioning funding assurance reviews to determine whether the proposed transferee has demonstrated reasonable assurance of funds for the eventual decommissioning of the facility in conformance with NRC regulations.

The NRC staff's review concluded that DNC is both technically and financially qualified to own and maintain Millstone Nuclear Power Station, Unit 1, and to own and operate Millstone Nuclear

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Power Station, Units 2 and 3. The review also concluded that the decommissioning funding assurance for the units is adequate.

I trust I have adequately addressed your constituent's concerns. If you have more questions or need further information, please do not hesitate to contact me.

Sincerely,

/RA/

William D. Travers
Executive Director
for Operations

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