

May 31, 2001

Mr. R. P. Necci, Vice President - Nuclear Technical Services
% Mr. D. A. Smith, Process Owner - Regulatory Affairs
Dominion Nuclear Connecticut, Inc.
Rope Ferry Road
Waterford, Connecticut 06385

SUBJECT: ANNUAL ASSESSMENT LETTER - MILLSTONE UNITS 2 AND 3 - REPORTS
05000336/2001-001 AND 05000423/2001-001

Dear Mr. Necci:

On May 9, 2001, the NRC staff completed its end-of-cycle plant performance assessment of Millstone Units 2 and 3. The end-of-cycle review for Millstone Units 2 and 3 involved the participation of all technical divisions in evaluating performance indicators (PIs) for the most recent quarter and inspection results for the period of April 1, 2000 to March 31, 2001. The purpose of this letter is to inform you of our assessment of your safety performance during this period and our plans for future inspections at your facility. We plan to discuss this assessment with you on July 17, 2001, in a meeting at the L. F. Sillin Jr. Nuclear Training Center that will be open for public observation.

Millstone Unit 2:

Overall, Millstone Unit 2 operated in manner that preserved public health and safety and met all cornerstone objectives with minimal reduction in safety margin. Plant performance for Millstone Unit 2 for the most recent quarter was within the degraded cornerstone column of the NRC's Action Matrix, based on a single White PI (unavailability of the high pressure safety injection (HPSI) system) and a single White inspection finding (ineffective corrective actions for the turbine-driven auxiliary feedwater (TDAFW) pump) in the mitigating systems cornerstone. The White PI was initially reported in the third quarter of 2000. While improvement in the availability of the HPSI system has been noted, this PI remained White in both the fourth quarter of 2000 and the first quarter of 2001. The White inspection finding was also initially identified in the third quarter of 2000, however that finding was not made final until December 6, 2000. Both White issues were subsequently discussed in an Assessment Follow-up Letter, issued December 15, 2000.

In our Assessment Follow-up Letter, the NRC notified you of our intent to perform a supplemental inspection based on your performance at Millstone Unit 2. The NRC conducted the supplemental inspection using Inspection Procedure 95002 during January 2001. The results of this inspection were acceptable overall. Regarding the conditions leading to the two White issues, the NRC found that, in general, your staff identified appropriate corrective actions for both the HPSI pump and TDAFW pump failures. Nonetheless, the NRC noted some problems with your staff's evaluation of the TDAFW issue and their implementation of the corrective actions for the HPSI issue.

During various inspections that involved review of the area of Problem Identification and Resolution, we identified issues with problem prioritization, evaluation, or effectiveness of associated corrective actions. Most notable was the White inspection finding involving your staff not promptly addressing the anomalous operation of the governor for the Unit 2 TDAFW pump in August 2000. Other examples included failure to implement complete, timely, or effective corrective actions to: (1) prevent recurrent lifting of relief valves in the reactor building closed cooling water and letdown systems; and (2) avoid a repeat occurrence of an improper voltage regulator setting of an emergency diesel generator. These findings represent a substantive cross-cutting issue with respect to effective implementation of your corrective action program.

Also, the NRC identified several examples of inadequate human performance in your identification of risk-significant aspects of planned work activities and your implementation of measures to manage the risk. Most notable was the cause of the HPSI pump failure, which was a significant contributor to the White PI for the HPSI system unavailability. In this case, the pump failed as a result of your staff not conducting appropriate post-maintenance functional testing or verification activities. Other examples included: (1) causing an undetected common cause failure of the vital DC switchgear cooling system; (2) removing a reactor coolant pump seal prior to establishing appropriate plant conditions; and (3) inadequately reviewing the likely effects of planned work on a feedwater regulating valve controller at full power. These findings represent a substantive cross-cutting issue with respect to Human Performance, particularly as it relates to managing risk associated with maintenance activities.

Further, the NRC held a Regulatory Performance Meeting with you on May 22, 2001, in accordance with the NRC's Action Matrix, to discuss your assessment of progress in addressing the corrective action program deficiencies that contributed to the above two White issues. At that meeting you presented your self assessment regarding these concerns and described continuing actions to improve performance. As a result of having successfully completed the supplemental inspection, we currently plan to conduct only baseline inspections at Millstone Unit 2 through May 31, 2002. The NRC will focus on the two cross-cutting areas of Problem Identification and Resolution and Human Performance during our baseline inspections.

Millstone Unit 3:

Overall, Millstone Unit 3 operated in a manner that preserved public health and safety and fully met all cornerstone objectives. Plant performance for the most recent quarter was within the Licensee Response Column of the NRC's Action Matrix, based on all inspection findings being classified as having very low safety significance (Green) and all PIs indicating performance at a level requiring no additional NRC oversight (Green). Therefore, we currently plan to conduct only baseline inspections at Millstone Unit 3 through May 31, 2002.

For your information, the NRC is in the process of aligning the inspection and assessment cycle with the calendar year. In order to transition to a calendar year cycle (January 1- December 31), the next inspection and assessment cycle will consist of only three quarters (i.e. the second, third and fourth calendar quarters of CY 2001). As a result, a quarterly review will be conducted for the third calendar quarter (July 1- September 30) in lieu of a mid-cycle review. The impact on the inspection plans, which are included as enclosures 1 and 2, is minimal.

Enclosures 1 and 2 detail the scheduled inspections that will occur at Millstone Units 2 and 3, respectively, through May 31, 2002. The inspection plans are provided to minimize the resource impact on your staff and to allow for scheduling conflicts and personnel availability to be resolved in advance of inspector arrival onsite. Routine resident inspections are not listed due to their ongoing and continuous nature.

In accordance with 10 CFR 2.790 of the NRC's "Rules of Practice," a copy of this letter and its enclosures will be made available electronically for public inspection in the NRC Public Document Room or from the Publicly Available Records (PARS) component of NRC's document system (ADAMS). ADAMS is accessible from the NRC Web site at <http://www.nrc.gov/NRC/ADAMS/index.html> (the Public Electronic Reading Room). Our assessment process and terminology are further described in the NRC Reactor Oversight Process Web site at <http://www.nrc.gov/NRR/OVERSIGHT/index.html>

If circumstances arise which cause us to change this inspection plan, we will contact you to discuss the change as soon as possible. Please contact Curtis J. Cowgill, Chief, Projects Branch 6, at 610-337-5233 with any questions you may have regarding this letter or the inspection plans.

Sincerely,

/RA/

Hubert J. Miller
Regional Administrator

Docket Nos.: 05000336, 05000423

License Nos.: DPR-65, NPF-49

Enclosures: 1. Millstone Unit 2 Inspection/Activity Plan
2. Millstone Unit 3 Inspection/Activity Plan

cc w/encls:

D. A. Christian, Senior Vice President - Nuclear Operations and Chief Nuclear Officer
W. R. Matthews, Vice President and Senior Nuclear Executive - Millstone
E. S. Grecheck, Vice President - Nuclear Operations/Millstone
G. D. Hicks, Master Process Owner - Training
C. J. Schwarz, Master Process Owner - Operate the Asset
P. J. Parulis, Process Owner - Oversight
D. A. Smith, Process Owner - Regulatory Affairs
L. M. Cuoco, Senior Nuclear Counsel
J. R. Egan, Esquire
N. Burton, Esquire
V. Juliano, Waterford Library
S. Comley, We The People
J. Buckingham, Department of Public Utility Control
E. Wilds, Director, State of Connecticut SLO Designee
First Selectmen, Town of Waterford
D. Katz, Citizens Awareness Network (CAN)
T. Concannon, Co-Chair, NEAC
R. Bassilakis, CAN
J. M. Block, Attorney, CAN
J. Besade, Fish Unlimited
G. Winslow, Citizens Regulatory Commission (CRC)
E. Woollacott, Co-Chair, NEAC
R. Shadis, New England Coalition Staff
FEMA, Region I

Distribution w/encl: <VIA E-MAIL>:

- H. Miller, ORAI/J. Wiggins, ORA
- E. Adensam, NRR (ridsnrrdipmpldi)
- T. Madden, OCA
- P. Hiland, OEDO
- V. Nerses, PM, NRR
- D. Collins, PM, NRR
- S. Jones, SRI - Millstone Unit 2
- A. Cerne, SRI - Millstone Unit 3
- Director, DRS Region I
- Deputy Director, DRS, Region I
- DRS Branch Chiefs (5)
- R. Fuhrmeister, DRS
- T. Moslak, DRS
- G. Smith, DRS
- N. McNamara, DRS
- Director, DRP, - RII, RIII, RIV (IPAP Only)
- C. Cowgill, DRP
- R. Summers, DRP
- K. Jenison, RI
- T. Haverkamp, DRP
- D. Screnci, PAO
- D. Barss, NRR
- V. Ordaz, NRR (RidsNrrDipmRss)
- R. Pascarelli, NRR
- B. Platchek, DRP
- Region I Docket Room (with concurrences)
- RidsNrrDipmplipb

DOCUMENT NAME: G:\BRANCH6\EOC2001\MillstoneEOCLetter053001-rev1.wpd

After declaring this document "An Official Agency Record" it **will** be released to the Public.

To receive a copy of this document, indicate in the box: "C" = Copy without attachment/enclosure "E" = Copy with attachment/enclosure "N" = No copy

OFFICE	RI : DRP	RI : DRP	RI : DRP	RI : DRP	RI : RA
NAME	Sj ones/RJS f/	Acerne/RJS f/	Ccowgi l l /CJC1	Abl ough/ARB	Hmi l l er/HJM1
DATE	05/31/01	05/31/01	05/31/01	05/31/01	05/31/01

OFFICIAL RECORD COPY

Millstone 2
Inspection / Activity Plan
06/01/2001 - 05/31/2002

Unit Number	Inspection Activity	Title	No. of Staff on Site	Planned Dates		Inspection Type
				Start	End	
	71130	- SECURITY	1			
2	IP 7113001	Access Authorization Program (Behavior Observation Only)		07/09/2001	07/13/2001	Baseline Inspections
2	IP 7113002	Access Control (Search of Personnel, Packages, and Vehicles: Identification and Authorizatio		07/09/2001	07/13/2001	Baseline Inspections
	71114	- EP PRGM REVIEW & PI	1			
2	IP 7111402	Alert and Notification System Testing		08/20/2001	08/24/2001	Baseline Inspections
2	IP 7111403	Emergency Response Organization Augmentation Testing		08/20/2001	08/24/2001	Baseline Inspections
2	IP 7111404	Emergency Action Level and Emergency Plan Changes		08/20/2001	08/24/2001	Baseline Inspections
2	IP 7111405	Correction of Emergency Preparedness Weaknesses and Deficiencies		08/20/2001	08/24/2001	Baseline Inspections
2	IP 71151	Performance Indicator Verification		08/20/2001	08/24/2001	Baseline Inspections
	711117B	- U2 - MODS & 50.59	2			
2	IP 7111102	Evaluation of Changes, Tests, or Experiments		09/17/2001	09/21/2001	Baseline Inspections
2	IP 711117B	Permanent Plant Modifications		09/17/2001	09/21/2001	Baseline Inspections
	7112102	- OCC RAD SAFETY - ALARA	1			
2	IP 7112101	Access Control to Radiologically Significant Areas		10/15/2001	10/19/2001	Baseline Inspections
2	IP 7112102	ALARA Planning and Controls		10/15/2001	10/19/2001	Baseline Inspections
	7112103	- OCC RAD SAFETY - CALIBRATION	1			
2	IP 7112103	Radiation Monitoring Instrumentation		12/10/2001	12/14/2001	Baseline Inspections
	71152	- PROBLEM IDENTIFICATION & RESOLUTION	6			
2	IP 71152	Identification and Resolution of Problems		01/14/2002	01/18/2002	Baseline Inspections
2	IP 71152	Identification and Resolution of Problems		01/28/2002	02/01/2002	Baseline Inspections
	7111108	- INSERVICE INSPECTION	1			
2	IP 7111108	Inservice Inspection Activities		02/25/2002	03/01/2002	Baseline Inspections
	7112102	- U2 OCC RAD SAFETY - ALARA	1			
2	IP 7112102	ALARA Planning and Controls		03/11/2002	03/15/2002	Baseline Inspections
	711112B	- MAINT RULE	1			
2	IP 711112B	Maintenance Rule Implementation		04/08/2002	04/12/2002	Baseline Inspections
	7112203	- PUB RAD SAFETY - REMP	1			
2	IP 7112203	Radiological Environmental Monitoring Program		04/22/2002	04/26/2002	Baseline Inspections
	7111401	- EP EXERCISE & EP PI VERIFICATION	2			
2	IP 7111401	Exercise Evaluation		04/29/2002	05/03/2002	Baseline Inspections
2	IP 71151	Performance Indicator Verification		04/29/2002	05/03/2002	Baseline Inspections
	71130	- SECURITY	2			
2	IP 7113001	Access Authorization Program (Behavior Observation Only)		05/06/2002	05/10/2002	Baseline Inspections
2	IP 7113002	Access Control (Search of Personnel, Packages, and Vehicles: Identification and Authorizatio		05/06/2002	05/10/2002	Baseline Inspections

This report does not include INPO and OUTAGE activities.
This report shows only on-site and announced inspection procedures.

Millstone 3
Inspection / Activity Plan
06/01/2001 - 05/31/2002

Unit Number	Inspection Activity	Title	No. of Staff on Site	Planned Dates		Inspection Type
				Start	End	
	7112101 - U3 OCC RAD SAFETY - ACCESS		1			
3	IP 7112101	Access Control to Radiologically Significant Areas		06/11/2001	06/15/2001	Baseline Inspections
	711105T - FIRE PROTECTION - UNIT 3		4			
3	IP 711105T	Fire Protection		10/15/2001	10/19/2001	Baseline Inspections
3	IP 711105T	Fire Protection		10/29/2001	11/02/2001	Baseline Inspections
	71130 - SECURITY		1			
3	IP 7113001	Access Authorization Program (Behavior Observation Only)		07/09/2001	07/13/2001	Baseline Inspections
3	IP 7113002	Access Control (Search of Personnel, Packages, and Vehicles: Identification and Authorizator		07/09/2001	07/13/2001	Baseline Inspections
	7111121 - U3 SSDI		5			
3	IP 7111102	Evaluation of Changes, Tests, or Experiments		08/13/2001	08/17/2001	Baseline Inspections
3	IP 7111121	Safety System Design and Performance Capability		08/13/2001	08/17/2001	Baseline Inspections
3	IP 7111121	Safety System Design and Performance Capability		08/27/2001	08/31/2001	Baseline Inspections
	71114 - EP PRGM REVIEW & PI		1			
3	IP 7111402	Alert and Notification System Testing		08/20/2001	08/24/2001	Baseline Inspections
3	IP 7111403	Emergency Response Organization Augmentation Testing		08/20/2001	08/24/2001	Baseline Inspections
3	IP 7111404	Emergency Action Level and Emergency Plan Changes		08/20/2001	08/24/2001	Baseline Inspections
3	IP 7111405	Correction of Emergency Preparedness Weaknesses and Deficiencies		08/20/2001	08/24/2001	Baseline Inspections
3	IP 71151	Performance Indicator Verification		08/20/2001	08/24/2001	Baseline Inspections
	7112201 - U3 - RETS		1			
3	IP 7112201	Radioactive Gaseous and Liquid Effluent Treatment and Monitoring Systems		09/10/2001	09/14/2001	Baseline Inspections
	7112102 - OCC RAD SAFETY - ALARA		1			
3	IP 7112102	ALARA Planning and Controls		10/15/2001	10/19/2001	Baseline Inspections
	7111107B - U3 HEAT SINK		1			
3	IP 7111107B	Heat Sink Performance		10/22/2001	10/26/2001	Baseline Inspections
	1/7 EXAM - INIT OPER LIC EXAM		3			
3	U01459	MS-3 O/L INITIAL EXAM 01/07/02 TO 01/18/02		12/10/2001	12/14/2001	Not Applicable
3	U01459	MS-3 O/L INITIAL EXAM 01/07/02 TO 01/18/02		01/07/2002	01/18/2002	Not Applicable
	7112103 - OCC RAD SAFETY - CALIBRATION		1			
3	IP 7112103	Radiation Monitoring Instrumentation		12/10/2001	12/14/2001	Baseline Inspections
	71152 - PROBLEM IDENTIFICATION & RESOLUTION		6			
3	IP 71152	Identification and Resolution of Problems		01/14/2002	01/18/2002	Baseline Inspections
3	IP 71152	Identification and Resolution of Problems		01/28/2002	02/01/2002	Baseline Inspections
	7111112B - MAINT RULE		1			
3	IP 7111112B	Maintenance Rule Implementation		04/08/2002	04/12/2002	Baseline Inspections

This report does not include INPO and OUTAGE activities.
This report shows only on-site and announced inspection procedures.

Millstone 3
Inspection / Activity Plan
06/01/2001 - 05/31/2002

Unit Number	Inspection Activity	Title	No. of Staff on Site	Planned Dates		Inspection Type
				Start	End	
	7112203	- PUB RAD SAFETY - REMP	1			
3	IP 7112203	Radiological Environmental Monitoring Program		04/22/2002	04/26/2002	Baseline Inspections
	7111401	- EP EXERCISE & EP PI VERIFICATION	2			
3	IP 7111401	Exercise Evaluation		04/29/2002	05/03/2002	Baseline Inspections
3	IP 71151	Performance Indicator Verification		04/29/2002	05/03/2002	Baseline Inspections
	71130	- SECURITY	2			
3	IP 7113001	Access Authorization Program (Behavior Observation Only)		05/06/2002	05/10/2002	Baseline Inspections
3	IP 7113002	Access Control (Search of Personnel, Packages, and Vehicles: Identification and Authorizator		05/06/2002	05/10/2002	Baseline Inspections