

March 25, 2002

EA-01-232

Mr. Michael A. Balduzzi
Senior Vice President
and Chief Nuclear Officer
Vermont Yankee Nuclear Power Corporation
185 Old Ferry Road
P.O. Box 7002
Brattleboro, Vermont 05302-7002

SUBJECT: FINAL SIGNIFICANCE DETERMINATION FOR A YELLOW FINDING AT THE
VERMONT YANKEE GENERATING STATION (NRC INSPECTION REPORT
50-271/01-010)

Dear Mr. Balduzzi:

The purpose of this letter is to provide you with the results of our final significance determination for the preliminary Yellow finding that was identified in the subject inspection report sent to you on November 28, 2001. After careful consideration, we have determined that the inspection finding is appropriately characterized as Yellow. The enclosure to this letter provides our detailed bases for this conclusion.

The finding was assessed using the significance determination process and was preliminarily characterized as Yellow, an issue with substantial importance to safety that will result in additional NRC inspection and potentially other NRC action. The finding was identified during an Operational Safeguards Response Evaluation (OSRE) at Vermont Yankee between August 20 - 23, 2001, the results of which were discussed with members of your staff during a final exit meeting on September 26, 2001. The OSRE consisted of observations of several aspects of the security program, table-top drills to assess tactics and response strategy, assessment of tactical training and firearms proficiency, and the conduct of four challenging force-on-force exercise scenarios designed to identify potential vulnerabilities in your response strategy, and areas where the security program may be strengthened.

As noted in our inspection report, the finding was considered preliminarily Yellow because response strategy weaknesses found during the conduct of the OSRE were considered generally predictable, repeatable and indicative of a broad programmatic problem. This determination was based on potential response strategy vulnerabilities that were identified during the conduct of table-top drills, and subsequently confirmed by the results of two of the four force-on-force exercises.

At your request, a closed regulatory conference was held on January 18, 2002. The conference was closed because it included a discussion of Safeguards Information, which must be protected against unauthorized disclosure in accordance with 10 CFR 73.21. In support of the regulatory conference, you provided a written evaluation dated January 14, 2002, which also contained Safeguards Information.

At the conference and in your written evaluation, you disagreed with the preliminary Yellow finding contending that two failures during the force-on-force exercises were inconclusive because of various artificialities that adversely affected the outcome of both exercises. Accordingly, you proposed that Vermont Yankee's performance should not be considered a Yellow finding.

After carefully considering the bases for your contentions, we determined that the inspection finding is appropriately characterized as Yellow within the context of the NRC's Reactor Oversight Process. In making this determination, we considered the exercise artificialities and controller decisions that occurred during the exercises. As discussed in the enclosure to this letter, we acknowledge that the exercise artificialities and controller's decisions may have had a degree of influence in the exercises, however, it would not be practical to rerun the exercises to further assess the issues. Nonetheless, the scenarios adequately served to confirm the vulnerabilities (i.e., response strategy deficiencies) identified during the table-top portion of the OSRE.

You have 10 business days from the date of this letter to appeal the staff's determination of significance for the identified Yellow finding. Such appeals will be considered to have merit only if they meet the criteria given in NRC Inspection Manual Chapter (IMC) 0609, Attachment 2.

Per the Action Matrix associated with the NRC's Assessment Process (IMC 0305), any single Yellow issue, such as this finding, would place Vermont Yankee in the Degraded Cornerstone Column. Therefore, we will use the NRC Action Matrix to determine the most appropriate NRC response. We will notify you by separate correspondence of that determination, including any adjustments to the NRC inspection plan.

As previously acknowledged in our referenced inspection report, your letter, dated November 21, 2001, confirmed that compensatory measures have been taken to address the weaknesses identified during the OSRE. Your letter also described plans, schedules, and commitments for the establishment of long-term corrective actions, which will include improved internal and external strategies and organizational improvements.

You are not required to respond to this letter. In accordance with 10 CFR 2.790 of the NRC's "Rules of Practice," a copy of this letter without the Safeguards Information enclosure will be 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/reading-rm/ADAMS.html> (the Public Electronic Reading Room).

Sincerely,

/RA by J. T. Wiggins for/

Hubert J. Miller
Regional Administrator
Region I

Docket No. 50-271
License Nos. DPR-28

Enclosure: Assessment of Vermont Yankee's Contentions and Final Significance Determination (**Contains Safeguards Information**)

cc w/o encl: M. Hamer, Operating Experience Coordinator - Vermont Yankee
G. Sen, Licensing Manager, Vermont Yankee Nuclear Power Corporation
D. Tefft, Administrator, Bureau of Radiological Health, State of New Hampshire
Chief, Safety Unit, Office of the Attorney General, Commonwealth of Massachusetts
D. Lewis, Esquire
G. Bisbee, Esquire
J. Block, Esquire
T. Rapone, Massachusetts Executive Office of Public Safety
D. Katz, Citizens Awareness Network (CAN)
M. Daley, New England Coalition on Nuclear Pollution, Inc. (NECNP)
R. Shadis, New England Coalition Staff
State of New Hampshire, SLO Designee
State of Vermont, SLO Designee
Commonwealth of Massachusetts, SLO Designee

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Mr. Michael A. Balduzzi

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