

December 2, 2004

Mr. Michael H. Dworkin, Chairman
Vermont Public Service Board
112 State Street, Drawer 20
Montpelier, Vermont 05620-2701

Dear Mr. Dworkin:

I am writing on behalf of the U.S. Nuclear Regulatory Commission (NRC) regarding two inspections the NRC recently conducted at the Vermont Yankee Nuclear Power Station (Vermont Yankee). A special inspection to look into potentially missing spent fuel segments was conducted from April to August 2004. During the period of August 9 through September 3, 2004, the NRC conducted the engineering team inspection discussed in NRC Chairman Diaz's response to you, dated May 4, 2004.

On November 5, 2004, the NRC made public the preliminary results of the engineering inspection, including the preliminary findings and a characterization of the significance and a brief basis for each finding. This information was provided to the licensee and posted on the NRC website to enable interested stakeholders to access the information easily. The preliminary results were issued to allow stakeholders time to review them in preparation for a public meeting and to allow the licensee an opportunity to provide input before issuance of the final report in accordance with our normal reactor oversight process.

It is our normal practice to hold a scheduled exit meeting with the licensee following the completion of an inspection. Exit meetings are business meetings between the NRC and licensee that serve to communicate preliminary findings to licensee management so that they are informed, and can take prompt corrective action if necessary. For the engineering inspection recently conducted at Vermont Yankee, however, the objectives of the exit meeting have been accomplished through initial debriefs at the completion of the onsite inspection activities and by the issuance of the preliminary results of the inspection. In addition, a teleconference was held between the NRC and licensee management on November 23, 2004, to provide an opportunity for the licensee to provide additional information before a final inspection report is prepared. Because the objectives of the exit meeting have been accomplished, the NRC staff will not hold a formal exit meeting with the licensee for this inspection.

The final inspection report has been issued and made publicly available on the NRC web site. The Vermont State Nuclear Advisory Panel has scheduled a public meeting to discuss the inspection on December 16, 2004, in Brattleboro, Vermont. During this meeting, the NRC staff also plans to discuss the results of the special inspection that was conducted in response to the two misplaced spent fuel rod segments at Vermont Yankee. Members of the public will be able to ask questions and make statements to the NRC regarding both inspections. At this meeting, NRC staff will be able to discuss the review process for the Vermont Yankee power uprate application and how the results of the engineering inspection will

be considered in that process. Because the staff will not have completed its review of the Vermont Yankee power uprate application, it would be premature to engage in discussion of the power uprate proposal at this meeting. The staff expects to hold a separate meeting in the future to discuss the proposed power uprate.

I want to assure you that the NRC is making every effort to be open in dealing with our stakeholders regarding our activities at Vermont Yankee. If you have any comments or questions, please feel free to contact me.

Sincerely,

/RA/

Wayne D. Lanning, Director
Division of Reactor Safety

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