

February 23, 2005

Mr. T. Palmisano
Site Vice President
Monticello Nuclear Generating Plant
Nuclear Management Company, LLC
2807 West County Road 75
Monticello, MN 55362-9637

SUBJECT: MONTICELLO NUCLEAR GENERATING PLANT
NRC INSPECTION REPORT 05000263/2005007(DRS)

Dear Mr. Palmisano:

On February 4, 2005, the U.S. Nuclear Regulatory Commission (NRC) completed an inspection at your Monticello Nuclear Generating Plant. The enclosed report documents the inspection findings which were discussed with your on-site staff on January 12, with you on January 14, and with your corporate staff on February 4.

The inspection examined activities conducted under your license as they relate to safety and to compliance with the Commission's rules and regulations and with the conditions of your license. The inspectors reviewed selected procedures and records, observed activities, and interviewed personnel. Specifically, this inspection focused on the Alert and Notification System (ANS) performance indicator (PI).

On the basis of the results of this inspection, no findings of significance were identified.

An unresolved item (URI) was identified associated with the ANS PI data submitted by the licensee for the first calendar quarter of 2003. Specifically, your staff reported the subject PI as Green for the first calendar quarter of 2003 based on counting the results of weekly and monthly siren tests. However, the inspectors calculated a lower ANS PI value using only the monthly siren test results which would have potentially resulted in a White PI. At the end of the inspection period, NRC headquarters and regional personnel were reviewing your actions and procedures to determine if your activities were consistent with station procedures in effect at the time data was gathered, and to determine whether your ANS PI calculations associated with the first quarter 2003 data were consistent with guidance provided in Nuclear Energy Institute (NEI) Publication No. 99-02, "Regulatory Assessment Performance Indicator Guideline," Revision 2.

In accordance with 10 CFR 2.390 of the NRC's "Rules of Practice," a copy of this letter and its 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/

Kenneth R. Riemer, Chief
Security and Preparedness Branch
Division of Reactor Safety

Docket No. 50-263
License No. DPR-22

Enclosure: Inspection Report 05000263/2005007(DRS)

cc w/encl: J. Cowan, Executive Vice President
and Chief Nuclear Officer
Manager, Regulatory Affairs
J. Rogoff, Vice President, Counsel, and Secretary
Nuclear Asset Manager, Xcel Energy, Inc.
Commissioner, Minnesota Department of Health
R. Nelson, President
Minnesota Environmental Control Citizens
Association (MECCA)
Commissioner, Minnesota Pollution Control Agency
D. Gruber, Auditor/Treasurer,
Wright County Government Center
Commissioner, Minnesota Department of Commerce
Manager - Environmental Protection Division
Minnesota Attorney General's Office

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U.S. NUCLEAR REGULATORY COMMISSION

REGION III

Docket No: 50-263
License No: DPR-22

Report No: 05000263/2005007(DRS)

Licensee: Nuclear Management Company, LLC

Facility: Monticello Nuclear Generating Plant

Location: 2807 West Highway 75
Monticello, MN 55362

Dates: January 10 through 12, 2005 (on-site)
January 12, 2005, through February 4, 2005 (in-office)

Inspectors: R. Jickling, Emergency Preparedness Analyst
J. Laughlin, Emergency Preparedness Specialist,
Emergency Preparedness Directorate, Office of Nuclear
Security and Incident Response

Approved by: K. Riemer, Chief
Security and Preparedness Branch
Division of Reactor Safety (DRS)

Enclosure

SUMMARY OF FINDINGS

IR 05000263/2005007(DRS); 01/10/2005 - 01/12/2005; Monticello Nuclear Generating Plant; Performance Indicator Verification.

The inspection was a three-day on-site inspection, supplemented by further in-office review of the Alert and Notification System (ANS) siren performance indicator. The inspection was conducted by a regional emergency preparedness inspector and an emergency preparedness specialist from the Emergency Preparedness Directorate, Office of Nuclear Security and Incident Response. The significance of most findings is indicated by their color (Green, White, Yellow, Red) using Inspection Manual Chapter 0609, "Significance Determination Process (SDP)." Findings for which the SDP does not apply may be Green, or be assigned a severity level after NRC management review. The NRC's program for overseeing the safe operation of commercial nuclear power reactors is described in NUREG-1649, "Reactor Oversight Process," Revision 3, dated July 2000.

No findings of significance were identified.

A. Inspector-Identified and Self-Revealed Findings

Cornerstone: Emergency Preparedness

- TBD. An unresolved item (URI) was identified associated with the ANS Performance Indicator (PI) data submitted by the licensee for the first calendar quarter of 2003. Specifically, additional NRC review was required to determine if the Monticello staff's first quarter 2003 ANS PI results, as reported to the NRC, were consistent with procedures in effect at the time data was gathered. Also, additional NRC review was required to determine whether ANS PI calculations associated with the first quarter 2003 data were consistent with guidance provided in Nuclear Energy Institute (NEI) Publication No. 99-02, "Regulatory Assessment Performance Indicator Guideline," Revision 2.

B. Licensee-Identified Violations

None.

REPORT DETAILS

1. REACTOR SAFETY

Cornerstone: Emergency Preparedness

4. OTHER ACTIVITIES

4OA1 Performance Indicator (PI) Verification (71151)

a. Inspection Scope

The inspectors interviewed licensee personnel and reviewed the licensee's records related to the Alert and Notification System (ANS) to determine if the licensee's program was implemented consistent with the industry guidelines in Nuclear Energy Institute (NEI) Publication No. 99-02, "Regulatory Assessment Performance Indicator Guideline," Revision 2, and related licensee procedures. Specifically, licensee personnel were interviewed and licensee records related to the performance of the ANS were reviewed to assess the accuracy and completeness of the data submitted to the NRC for the period of January through March 2003.

b. Findings

1) Description

Revision 2 of EPWI-01.05, "Public Alert Notification System (PANS) Maintenance and Testing," dated September 27, 2002, Section 4.6.2, identified "Fixed sirens are tested on the following frequency: (A) Sherburne County - 1st Wednesday of the month at 1:00 p.m.; and (B) Wright County - 1st Wednesday of the month at 1:00 p.m." Section 4.6.1 identified "Fixed sirens are activated in accordance with the following procedures: (A) Test 1359 Weekly Cancel Test; and (B) Test 1409 Monthly and Quarterly Activation."

On November 10, 2002, Monticello Nuclear Generating Plant implemented Revision 1 to EPWI-01.06, "Emergency Plan Performance Indicator Program." This procedure stated, in part, "for the purposes of this indicator, the Monthly Siren Activation Test (Surveillance 1409) conducted on the first Wednesday of each month, will be the only test used in this calculation." The licensee had conducted weekly siren tests since the late 1980's. After the licensee's siren upgrade, which was completed in the Fall of 2002, the licensee tracked the results of these weekly tests. However, the results of the weekly testing were not included in the calculation of the PI.

During the first monthly test conducted on January 1, 2003, 81 of 81 sirens were successfully tested. However, on February 5 and March 5, 2003, the monthly siren tests resulted in 47 of 81 and 50 of 81, respectively, successful siren tests.

On March 31, 2003, the licensee implemented Revision 2 to EPWI-01.06. Revision 2 changed the ANS PI calculation from utilizing only the monthly test data results, to

calculating the PI indicator by also including the results from the weekly siren tests. Specifically, Revision 2 to EPWI-01.06 stated "...for the purposes of this indicator, the monthly siren activation test conducted on the first Wednesday of each month and the weekly cancel signal test (beginning January 1, 2003) will be the only tests used in this calculation."

The licensee's calculation for the first quarter 2003 ANS PI was based on the data from the monthly and weekly siren tests. On approximately April 21, 2003, the licensee submitted to the NRC the results of the first quarter of 2003 ANS PI data and reported the results as Green with a twelve month average of 96.2 percent which included 1008 successful siren tests out of 1073 siren tests for the first quarter. In comparison, the licensee reported the fourth quarter of 2002 ANS PI results as Green with a twelve month average of 99.5 percent which included 243 successful siren tests out of 243 siren tests for the fourth quarter of 2002.

The NRC endorsed guidance for licensee's PI program, NEI 99-02, Revision 02, states that the periodic ANS tests that are to be counted in the PI calculation are the "...regularly scheduled tests (documented in the licensee's test plan or guidelines)..."

2) Analysis

The NRC inspectors independently calculated Monticello's first quarter 2003 PIs, using only the monthly test results which resulted in a potentially White ANS PI. At the end of this inspection period, the inspectors, in consultation with NRC headquarters staff, were evaluating as to whether the licensee's approach to calculate the first quarter 2003 ANS PI was consistent with station procedures in effect at the time. The NRC was also evaluating whether the licensee's ANS PI results reported to the NRC for the first quarter 2003, were consistent with NEI guidance.

This issue was considered an unresolved item (URI) pending additional review by the NRC. Pending completion of this activity, the issue is considered an URI **(URI 50-263/05-07-01)**. The licensee entered this issue into their corrective action program as CAP 036648, "Potential Violation Discussed at EP Exit."

4OA6 Meetings, Including Exits

.1 Exit Meeting

The inspectors presented the inspection results to Mr. B. Sawatzke and other members of the licensee's management and staff at the conclusion of the inspection on January 12, 2005. A telephone exit was held on January 14, 2004, with Mr. T. Palmisano, Site Vice President. A final telephone exit was conducted on February 4, 2005, with Mr. E. Weinkam, Corporate Regulatory Affairs Manager, and other members of the licensee's corporate and station staff. No proprietary information was identified.

ATTACHMENT: SUPPLEMENTAL INFORMATION

SUPPLEMENTAL INFORMATION

KEY POINTS OF CONTACT

Licensee

T. Palmisano, Site Vice President
R. Baumer, Compliance Engineer
J. Conway, Site Director of Operations
G. Holthaus, Senior Emergency Preparedness Coordinator
K. Jepson, Radiation Protection and Chemistry Manager
D. Miller, ECP Manager, Duane Arnold Energy Center
J. Mestad, ECP Manager, Monticello Nuclear Generating Plant
D. Neve, Regulatory Affairs Manager
D. Pedersen, Emergency Preparedness Manager
B. Sawatzke, Acting Plant Manager
E. Weinkam, Regulatory Affairs Manager, Corporate
A. Williams, Projects Manager

Nuclear Regulatory Commission

R. Orlikowski, Resident Inspector

ITEMS OPENED, CLOSED, AND DISCUSSED

Opened

05000263/2005007-01	URI	NRC Review to Determine Whether Submittal of First Quarter 2003 ANS PI Data Was Consistent With Procedures, Guidance, and Requirements In Effect at the Time
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Closed

None.

Discussed

None.

LIST OF DOCUMENTS REVIEWED

The following is a list of licensee documents reviewed during the inspection, including documents prepared by others for the licensee. Inclusion on this list does not imply that NRC inspectors reviewed the documents in their entirety, but rather that selected sections or portions of the documents were evaluated as part of the overall inspection effort. Inclusion of a document in this list does not imply NRC acceptance of the document, unless specifically stated in the inspection report.

EPWI-01.06; Emergency Plan Performance Indicator Program; dated March 31, 2003

EPWI-01.06; Emergency Plan Performance Indicator Program; dated November 10, 2002

Surveillance 1359; Public Alert Notification Systems (PANS) Weekly Cancel Signal Test; dated September 23, 2003

Surveillance 1359; Public Alert Notification Systems (PANS) Weekly Cancel Signal Test; dated September 12, 2002

Letter from G. Van Middlesworth; Response to Request for Information 04-A-0086; dated October 21, 2004

Letter from FEMA; Approval for Monticello's Public Alert and Notification System Update and Replacement; dated March 13, 2003

Memorandum from D. Pedersen; Documentation of Changes to the Monticello Alert and Notification System Reliability Performance Indicator; dated March 31, 2003

Monticello Plant Siren Test Failures On February 5, 2003, Summary; dated March 7, 2003

CAP026246(3003450); Changes to the Alert and Notification System Testing Program; dated April 14, 2003

CAP025877(3002467); Wright County Sirens 31 of 47 Indicated Failure During Monthly Test; dated March 5, 2003

CAP013467(3001335); Sherburne County Sirens Activated 15-20 Minutes Later than Regularly Scheduled Test Time; dated February 6, 2003

Monthly ANS Test Results January 2003 through March 2003

LIST OF ACRONYMS USED

ADAMS	Agencywide Documents Access and Management System
ANS	Alert and Notification System
CAP	Corrective Action Program
CFR	Code of Federal Regulations
DRS	Division of Reactor Safety
NEI	Nuclear Energy Institute
NRC	Nuclear Regulatory Commission
PI	Performance Indicator
SDP	Significance Determination Process
TS	Technical Specifications
URI	Unresolved Item
USAR	Updated Safety Analysis Report