

August 23, 2006

Mr. John T. Conway
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 - AUDIT OF THE LICENSEE'S
MANAGEMENT OF REGULATORY COMMITMENTS (TAC NO. MD1361)

Dear Mr. Conway:

On September 7, 2004, the Office of Nuclear Reactor Regulation published Office Instruction LIC-105, "Managing Regulatory Commitments Made by Licensees to the NRC [Nuclear Regulatory Commission]," Revision 1. LIC-105, Rev. 1, which is publicly available electronically from the Agencywide Documents Access and Management Systems (ADAMS) Public Electronic Reading Room on the Internet at the NRC web site (Accession No. ML042320463), provides the NRC staff and its stakeholders with a common reference for handling regulatory commitments made by commercial nuclear reactor licensees to the NRC staff. The guidance is consistent with the industry guidance prepared by the Nuclear Energy Institute (NEI), NEI 99-04, "Guidance for Managing NRC Commitment Changes." LIC-105 specifies that once every 3 years, the NRC staff will audit a licensee's commitment management program.

An audit of Monticello's commitment management program was performed on site on July 18, 2006. Based on the audit, the NRC staff concludes that (1) the licensee had implemented or is tracking future implementation of regulatory commitments made to the NRC; and (2) the licensee had implemented an effective program to manage regulatory commitment changes.

Sincerely,

/RA/

Peter S. Tam, Senior Project Manager
Plant Licensing Branch III-1
Division of Operating Reactor Licensing
Office of Nuclear Reactor Regulation

Docket No. 50-263

Enclosure:
As stated

cc w/encl: See next page

Mr. John T. Conway
Site Vice President
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AUDIT REPORT BY THE OFFICE OF NUCLEAR REACTOR REGULATION (NRR)

REGULATORY COMMITMENTS MADE BY THE LICENSEE TO

THE NUCLEAR REGULATORY COMMISSION (NRC)

MONTICELLO NUCLEAR GENERATING PLANT (MNGP)

DOCKET NO. 50-263

1.0 INTRODUCTION AND BACKGROUND

On September 7, 2004, the Office of Nuclear Reactor Regulation Office Instruction LIC-105, "Managing Regulatory Commitments Made by Licensees to the NRC," Revision 1, was published. LIC-105, Rev. 1, which is publicly available electronically from the Agencywide Documents Access and Management Systems (ADAMS) Public Electronic Reading Room on the Internet at the NRC web site (Accession No. ML042320463), provides the NRC staff and its stakeholders with a common reference for handling regulatory commitments made by licensees for commercial nuclear reactors to the NRC staff. The guidance is consistent with the industry guidance prepared by the Nuclear Energy Institute (NEI), NEI 99-04, "Guidance for Managing NRC Commitment Changes."

According to LIC-105, Rev. 1, which cites the definition from NEI-99-04, a "regulatory commitment" is an explicit statement to take a specific action agreed to, or volunteered by, a licensee and submitted in writing on the docket to the NRC. LIC-105, Rev 1, further directs the NRR Project Manager to "audit the licensee's commitment management program by assessing the adequacy of the licensee's implementation of a sample of commitments made to the NRC in past licensing actions (amendments, reliefs, exemptions, etc.) and activities (bulletins, generic letters, etc.)." The audit is to be performed every 3 years.

2.0 AUDIT PROCEDURE AND RESULTS

Since no such audit was performed before the date of the subject audit, the NRC staff defined the period covered by this audit to go back approximately 3 years from the date of the audit. The audit was performed onsite at MNGP on July 18, 2006.

2.1 Verification of Licensee's Implementation of NRC Commitments

The primary focus of this part of the audit is to confirm that the licensee has implemented those commitments made to the NRC as part of past licensing actions/activities. For commitments that had not yet been implemented, the NRC staff aimed to ascertain that they have been captured in an effective program for future implementation.

ENCLOSURE

2.1.1 Audit Scope

Before the audit, the NRC staff searched ADAMS for the licensee's licensing action and licensing activity submittals dated in the last 3 years. Some of these submittals contain regulatory commitments, but the NRC staff found that commitments meeting the definition in LIC-105, Rev. 1, are few in number. Table 1 lists most, if not all, of the licensee's commitments.

MNGP commitments are tracked by multiple programs, e.g., Passport, and Team Action. The proliferation of tracking programs has to do principally with the change of ownership. The NRC staff, thus, aimed to ascertain that commitments had not "fallen thru the crack" because of multiple tracking programs. During the audit, the NRC staff reviewed reports generated by various tracking programs, and other documents related to the commitments.

LIC-105, Rev. 1, limits the audit of commitments to those made in writing to the NRC as a result of past licensing actions (amendments, exemptions, etc.) or licensing activities (bulletins, generic letters, etc.). Accordingly, the audit excluded the following types of commitments:

- (1) Commitments conveyed by Licensee Event Reports (LER)s - These commitments are controlled by the licensee's LER process, which is imposed by Title 10 of the *Code of Federal Regulations* (10 CFR) Section 50.73.
- (2) Commitments made on the licensee's own initiative among internal organizational components.
- (3) Commitments that pertain to milestones of licensing actions/activities (e.g., respond to an NRC request for additional information by a certain date). Fulfillment of these commitments was indicated by the fact that the subject licensing action/activity was completed.
- (4) Commitments made as an internal reminder to take actions to comply with existing regulatory requirements such as regulations, Technical Specifications, and Updated Final Safety Analysis Reports. Fulfillment of these commitments was indicated by the licensee having taken timely action in accordance with the subject requirements.

2.1.2 Audit Results

The NRC staff reviewed reports generated by one or more of the licensee's tracking programs for the commitments listed in Table 1 to evaluate the status of completion. The NRC staff found that the licensee's commitment tracking programs had captured all the regulatory commitments that were identified by the NRC staff before the audit. Table 1 summarizes what the NRC staff observed as the current status of licensee commitments.

2.2 Verification of the Licensee's Program for Managing NRC Commitment Changes

The NRC staff reviewed (1) the licensee's company-wide procedure FG-R-CM-01, "Regulatory Commitment Management," Revision 0, dated May 8, 2006; and (2) Monticello's procedure 4 AWI-02.09.01, "NRC Commitments," Revision 12. Both these procedures make extensive

references to NEI 99-04. In particular, Section 4.6 of the latter procedure specifically addresses the process to modify or retract existing NRC commit, citing Figure 5.1 of NEI 99-04 for details of the process. The associated form "NMC Commitment Change Evaluation" instructs the initiator of a commitment to provide needed information and an evaluation of the impacts of a proposed commitment change. The NRC staff concludes that the licensee's procedures follow closely the guidance of NEI-99-04 in that they set forth the need for identifying, tracking, and reporting commitments, and they provide a mechanism for changing commitments.

The effectiveness of a procedure can be indicated by the products that are produced by the procedure. As set forth in Section 2.1.1 and Table 1 of this report, the NRC staff found that the licensee had properly addressed each regulatory commitment selected for this audit. As a result of review of the licensee's information, as well as information from other sources, the NRC staff found no reason to differ from the licensee's reported status of the audited commitments. Thus, the NRC staff surmises that the procedure used by the licensee to manage commitments is appropriate and effective.

3.0 CONCLUSION

Based on the above audit, the NRC staff concludes that (1) the licensee had implemented or is tracking future implementation of regulatory commitments made to the NRC; and (2) the licensee had implemented an effective program to manage regulatory commitment changes.

4.0 LICENSEE PERSONNEL CONTACTED FOR THIS AUDIT

Gerald Holthaus
Rick Loeffler
Duwayne Wacha

Principal Contributor: P. S. Tam

Date: August 23, 2006

TABLE 1 (page 1 of 3)

MONTICELLO NUCLEAR GENERATING PLANT
 AUDIT OF WRITTEN LICENSEE COMMITMENTS
 2003 THROUGH 2006

MNGP Submittal	NRC TAC No.	NRC Issuance	Summary of Commitment	Licensee Implementation Status
3/19/03 L-MT-03-017 ML030920428	MB8063	Amend. No. 136, 6/17/03	Within 180 days after implementation of the amendment, the licensee will develop contingency plans for obtaining and analyzing highly radioactive samples from the reactor coolant system, the suppression pool, and the containment atmosphere. The contingency plans will be in the plant technical procedures.	Completed on 10/20/03. Commitment No. M03003A.
3/19/03 L-MT-03-017 ML030920428	MB8063	Amend. No. 136, 6/17/03	Within 180 days after implementation of the amendment, the licensee will establish capability for classifying fuel damage events at the Alert level threshold at radioactivity levels of 300 $\mu\text{Ci/gm}$ dose equivalent iodine. This capability will be described in the emergency plan implementing procedures.	Completed on 1/30/04. Commitment No. M03004A.
3/19/03 L-MT-03-017 ML030920428	MB8063	Amend. No. 136, 6/17/03	The licensee will develop an I-131 site survey detection capability, including an ability to assess radioactive iodine species released to offsite environs by using effluent monitoring systems of portable sampling equipment. This capability is maintained in the emergency implementing procedures.	Completed on 7/14/03. Commitment No. M03002A.
1/30/04 ML040330467	MC1902	Amend. No. 138	A hydrogen monitoring system capable of diagnosing beyond-design-basis accidents is installed. It will be included in the Commitment Tracking Program by the implementation date of the proposed amendment (i.e., 120 days).	Completed 5/28/04. Commitment No. M04001A.
1/30/04 ML040330467	MC1902	Amend. No. 138	An oxygen monitoring system capable of verifying the status of the inerted containment is installed. It will be included in the Commitment Tracking Program. By the implementation date of the proposed amendment (i.e., 120 days)	Completed 5/28/04. Commitment No. M04002A.

MNGP Submittal	NRC TAC No.	NRC Issuance	Summary of Commitment	Licensee Implementation Status
10/5/04 ML042880508	MC4622	Amend. No 142	Using an industry database, the licensee will provide the NRC the operating data (for each calendar month) that is described in GL 97-02, "Revised Contents of the Monthly Operating Report," by the last day of the month following the end of each calendar quarter. The commitment will be based on the use of an industry database (e.g., the industry's Consolidated Data Entry (CDE) program, currently being developed by the Institute of Nuclear Power Operations). This regulatory commitment will be implemented to prevent any gaps in the monthly statistics and shutdown experience provided to the NRC (i.e., data for all months will be provided using one or both systems (monthly operating reports and CDE).	Completed on 4/18/05. Commitment No. M04007A.
6/30/04 L-MT-04-036 ML042040166	MC3692	Amend. No. 143, 144	The licensee will implement a trending program to address setpoints for TS calibration intervals extended to 24 months. Setpoint found to exceed the expected drift for the instruments would require an additional evaluation to ensure the instrument's performance is still enveloped by the assumptions in the drift or setpoint analysis. The trending program will also plot setpoint or transmitter As-Found/As-Left values to verify that the performance of the instruments is within expected boundaries and that adverse trends are detected and evaluated.	Completed on 12/22/05. Commitment No. M04005A.
4/29/04 L-MT-04023 ML041450022	MC7596	Amend. No. 145	The licensee will revise guidelines for assessing systems removed from service during handling of irradiated fuel assemblies or core alterations to implement the provisions of Section 11.3.6.5 of NUMARC 93-01, "Industry Guideline for Monitoring the Effectiveness of Maintenance at Nuclear Power Plants," Revision 3.	Pending, under GAR00870521. Commitment No. M04003A.
4/29/04 L-MT-04023 ML041450022	MC7596	Amend. No. 145	The licensee will revise refueling procedure(s) to require a minimum of 23 feet of water above stored fuel in the Spent Fuel Pool during irradiated fuel movement.	This commitment had been superseded by a change to the proposed TS (licensee's letter of 4/12/05). The corresponding requirement has been implemented by Amend. No. 145.

MNGP Submittal	NRC TAC No.	NRC Issuance	Summary of Commitment	Licensee Implementation Status
11/25/03 ML033300162	MB9824	(pending, regarding control room habitability)	By 8/04, the licensee will perform the ASTM E741 testing and provide the requested response to GL 2003-01 Item 1(a).	Completed per letter of 11/18/04. Commitment No. M03008A.
11/25/03 ML033300162	MB9824	(pending, regarding control room habitability)	By 2/23/04, the licensee will perform smoke assessment (GL 2003-01 Item 1(b) Part 2)	Completed per letter of 2/23/04. Commitment No. M03010A.
11/18/04 L-MT-04-049 ML043240240	MB9824	(pending, regarding control room habitability)	The licensee will restore full compliance with GDC 19 (e.g., removing reliance on manual actions and ensuring control room envelope inleakage assumptions are met) following the adoption of an alternative source term methodology.	Pending. Commitment No. M04008A.
4/13/06 L-MT-06-028 ML061310408	MC8971	(pending)	As part of Improved Technical Specification implementation, the licensee will relocate the control room radiation surveillances from the TS to the Technical Requirements Manual.	Completed on 1/5/06. Commitment No. M06030A.

Monticello Nuclear Generating Plant

cc:

Jonathan Rogoff, Esquire
Vice President, Counsel & Secretary
Nuclear Management Company, LLC
700 First Street
Hudson, WI 54016

U.S. Nuclear Regulatory Commission
Resident Inspector's Office
2807 W. County Road 75
Monticello, MN 55362

Manager, Nuclear Safety Assessment
Monticello Nuclear Generating Plant
Nuclear Management Company, LLC
2807 West County Road 75
Monticello, MN 55362-9637

Robert Nelson, President
Minnesota Environmental Control
Citizens Association (MECCA)
1051 South McKnight Road
St. Paul, MN 55119

Commissioner
Minnesota Pollution Control Agency
520 Lafayette Road
St. Paul, MN 55155-4194

Regional Administrator, Region III
U.S. Nuclear Regulatory Commission
Suite 210
2443 Warrenville Road
Lisle, IL 60532-4351

Commissioner
Minnesota Department of Health
717 Delaware Street, S. E.
Minneapolis, MN 55440

Douglas M. Gruber, Auditor/Treasurer
Wright County Government Center
10 NW Second Street
Buffalo, MN 55313

Commissioner
Minnesota Department of Commerce
85 7th Place East, Suite 500
St. Paul, MN 55101-2198

Manager - Environmental Protection Division
Minnesota Attorney General's Office
445 Minnesota St., Suite 900
St. Paul, MN 55101-2127

Michael B. Sellman
President and Chief Executive Officer
Nuclear Management Company, LLC
700 First Street
Hudson, MI 54016

Nuclear Asset Manager
Xcel Energy, Inc.
414 Nicollet Mall, R.S. 8
Minneapolis, MN 55401

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