

Official Use Only - Security-Related Information

August 8, 2007

Mr. Timothy J. O'Connor
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 MATERIAL CONTROL AND ACCOUNTING, TI 2515/154 PHASE III, INSPECTION REPORT 05000263/2007402

Dear Mr. O'Connor:

From June 25 through June 29, 2007, the U.S. Nuclear Regulatory Commission (NRC) conducted a material control and accounting safeguards program inspection at your Monticello Nuclear Generating Plant. The inspection was conducted under Phase III of Temporary Instruction (TI) 2515/154. The enclosed report documents the inspection results, which were discussed with members of your staff during the exit on June 29, 2007.

This 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 storage of special nuclear material in the spent fuel pool, and interviewed personnel. Areas examined during the inspection included physical inventory and accounting records.

EXEMPT FROM PUBLIC DISCLOSURE

May be exempt from public release under the Freedom of Information Act (5 U.S.C. 552)

Exemption number: 5
Nuclear Regulatory Commission review required before public release.

Christine A. Lipa, RIII/DRP/BR4
Name and organization of person making determination.

Date of determination: 08/06/2007

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Based on the results of this inspection, there was one NRC-identified finding of very low safety significance, which involved a violation of NRC requirements. However, because this violation was of very low safety significance and because the issue was entered into the licensee's corrective action program, the NRC is treating the violation as a non-cited violation (NCV) in accordance with Section VI.A.1 of the NRC's Enforcement Policy. If you contest the subject or severity of the NCV, you should provide a response within 30 days of the date of this inspection report, with the basis for your denial, to the Nuclear Regulatory Commission, ATTN: Document Control Desk, Washington DC 20555-0001; with copies to the Regional Administrator, Region III; the Director, Office of Enforcement, United States Nuclear Regulatory Commission, Washington, DC 20555-0001; and the NRC Resident Inspector at the Monticello Nuclear Generating Plant.

In accordance with 10 CFR 2.390 of the NRC's "Rules of Practice," a copy of this letter 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), accessible from the NRC Web site at <http://www.nrc.gov/reading-rm/adams.html> (the Public Electronic Reading Room). However, because of the sensitive information contained in the enclosure, and in accordance with 10 CFR 2.390, a copy of this letter's enclosure will not be available for public inspection.

In accordance with 10 CFR 2.390(b)(1)(ii), the NRC is waiving the affidavit requirements for your response, if any. This practice will ensure that your response will not be made available electronically for public inspection in the NRC Public Document Room or from NRC's document system ADAMS. If Safeguards Information is necessary to provide an acceptable response, please provide the level of protection described in 10 CFR 73.21. Otherwise, mark your entire response "Security-Related Information - Withhold Under 10 CFR 2.390" and follow the instructions for withholding in 10 CFR 2.390(b)(1).

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Should you have any questions concerning this inspection, we will be pleased to discuss them with you.

Sincerely,

/RA/

Christine A. Lipa, Chief
Branch 4
Division of Reactor Projects

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

Enclosure: Inspection Report 05000263/2007402
w/Attachment: Supplemental Information

cc w/o encl: M. Sellman, President and Chief Executive Officer
D. Cooper, Senior Vice President and Chief
Nuclear Officer
Manager, Nuclear Safety Assessment
J. Rogoff, Vice President, Counsel, and Secretary
Nuclear Asset Manager, Xcel Energy, Inc.
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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Sincerely,

/RA/

Christine A. Lipa, Chief
Branch 4
Division of Reactor Projects

Docket No. 50-263
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Enclosure: Inspection Report 05000263/2007402
w/Attachment: Supplemental Information

cc w/o encl: M. Sellman, President and Chief Executive Officer
D. Cooper, Senior Vice President and Chief Nuclear Officer
Manager, Nuclear Safety Assessment
J. Rogoff, Vice President, Counsel, and Secretary
Nuclear Asset Manager, Xcel Energy, Inc.
State Liaison Officer, 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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Letter to T. O'Connor from C. Lipa dated August 8, 2007

SUBJECT: MONTICELLO NUCLEAR GENERATING PLANT, NRC MATERIAL
CONTROL AND ACCOUNTING, TI 2515/154 PHASE III,
INSPECTION REPORT 05000263/2007402

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