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UNITED STATES  
NUCLEAR REGULATORY COMMISSION  
WASHINGTON, D.C. 20555-0001

April 3, 1998

Mr. Martin L. Bowling  
Recovery Officer - Millstone Unit 2  
c/o Mr. Harry Miller  
Northeast Nuclear Energy Company  
P.O. Box 128  
Waterford, CT 06385

SUBJECT: NOTICE OF VIOLATION AND INDEPENDENT CORRECTIVE ACTION  
VERIFICATION PROGRAM FUNCTIONAL INSPECTION OF MILLSTONE  
UNIT 3 (NRC INSPECTION REPORT NO. 50-423/97-210)

Dear Mr. Bowling:

During the periods from January 5 -16 and January 26 - February 6, 1998, a team from the U.S. Nuclear Regulatory Commission's (NRC's) Special Projects Office, Office of Nuclear Reactor Regulation, in accordance with SECY-97-003 "Millstone Restart Review Process," performed a Tier 1 in-scope inspection of your Unit 3 facility. This inspection was one part of an ongoing, multifaceted, NRC effort to evaluate Sargent and Lundy's (S&L) conduct of the Independent Corrective Action Verification Program (ICAVP) and the effectiveness of your configuration management plan (CMP). The results of the ICAVP will provide insights that will be used by the NRC in assessing the effectiveness of your CMP and to determine your readiness for the restart of Unit 3. The inspection team assessed the capability of the quench and recirculation spray systems, the emergency diesel sequencer, and a portion of the plant emergency ventilation system to perform the safety functions required by their design bases. Adherence of the systems to their design and licensing bases, the consistency of the as-built configurations with the Final Safety Analysis Report, and the consistency of system operations with the plant technical specifications, were also evaluated.

The NRC determined that S&L successfully implemented the Tier 1 review of the systems selected for this inspection. Based on observations by the inspection team, S&L expanded their review efforts in the following areas: evaluating single failure vulnerabilities of electrical control circuits, temporary modifications and structural calculations.

The inspection findings were presented to you and your staff during a public meeting on February 24, 1998. The issues identified by the team, both individually and in aggregate, were considered minor and of low safety significance. However, when the team departed the site there was still a significant amount of work and operator training outstanding on the recirculation spray system (RSS). A number of modifications were still in the review or implementation processes. In accordance with the ICAVP scope, S&L will evaluate recently completed RSS-related modifications that make substantial changes to the system.

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Although there were modifications ongoing in the RSS system, the team was able to review a substantial portion of the RSS design including some of the modifications completed during this outage. Based on the results of the team's independent design review, the team's assessment of the S&L implementation of Tier 1, and the relatively small number of confirmed level 3 discrepancy reports identified to date by S&L, preliminary indications are that the NNECO's configuration management plan (CMP) was generally effective in identifying and correcting nonconformances with the plant's design and licensing bases. While the team identified issues not discovered by your CMP or by S&L, the safety significance of these findings was low. This provides confidence that other issues, should any be discovered, would likely be of low significance.

During the onsite inspection the team identified two inadequate procedures, two design discrepancies, and a failure to take adequate corrective actions. These findings have been cited as violations in the enclosed Notice of Violation. Please note that you are required to respond to the Notice of Violation and should follow the instructions specified when preparing your response.

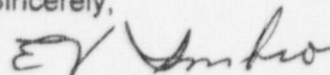
The violations contained in this report have been categorized as being equivalent to ICAVP significance level 3 findings. ICAVP level 3 findings have been defined by the NRC to occur if a system is outside its licensing and design bases but is still able to perform its intended function. In a January 30, 1998, letter to you from the Director of the Special Projects Office, the NRC's criteria for determining whether to expand the scope of the ICAVP was described. An important factor in making this determination is the NRC's assessment of the effectiveness of the corrective actions taken to address the findings. Your corrective actions taken in response to these findings will be assessed by the NRC as part of our review of the implementation of ICAVP-related corrective actions.

As noted earlier, this inspection was part of the NRC's ongoing assessment of the effectiveness of your CMP and S&L's ICAVP. The findings of this inspection will be combined with the results of other NRC inspections to make an overall determination of the restart readiness of Unit 3 and your configuration management practices.

In accordance with Title 10 of the *Code of Federal Regulations*, Section 2.790(a), a copy of this letter and the enclosures will be placed in the NRC Public Document Room.

Should you have any questions concerning the enclosed inspection report, please contact the project manager, Mr. J. Andersen at (301) 415-1437, or the inspection team leader, Mr. J. Luehman, at (301) 415-3150.

Sincerely,



Eugene V. Imbro, Deputy Director  
ICAVP Oversight  
Special Projects Office  
Office of Nuclear Reactor Regulation

Docket No. 50-423

Enclosures:

1. Notice of Violation
2. Inspection Report 50-423/97-210

cc w/enclosures: See next page

Inspection Report 50-423/97-210

cc w/enclosures:

M. Brothers, Vice President - Operations  
J. Streeter, Vice President, Nuclear Oversight  
D. Hicks, Unit Director - Millstone Unit 3  
D. Amerine, Vice President for Engineering and Support Services  
F. R. then, Vice President, Work Services  
S. Sherman, Audits and Evaluation  
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L. Cuoco, Esquire  
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V. Juliano, Waterford Library  
J. Buckingham, Department of Public Utility Control  
S. Comley, WE THE PEOPLE  
State of Connecticut SLO Designee  
D. Katz, Citizens Awareness Network (CAN)  
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J. Block, Esquire, CAN  
S. Luxton, Citizens Regulatory Commission (CRC)  
Representative T. Concannon  
E. Woollacott, Co-Chairman, Nuclear Energy Advisory Council