

August 30, 2004

Mr. Fred Dacimo
Site Vice President - Indian Point Entergy Nuclear
Northeast Energy Center
Entergy Nuclear Operations, Inc.
295 Broadway, Suite 1
Post Office Box 249
Buchanan, NY 10511-0249

SUBJECT: MID-CYCLE PERFORMANCE REVIEW AND INSPECTION PLAN - INDIAN POINT
NUCLEAR GENERATING UNIT NUMBERS 2 AND 3

Dear Mr. Dacimo:

On August 5, 2004, the NRC staff completed its mid-cycle plant performance assessment of the Indian Point Nuclear Generating Unit Nos. 2 and 3 (IP2 and IP3). The mid-cycle review for IP2 and IP3 involved the participation of all technical divisions in evaluating performance for the first half of the calendar year 2004 assessment cycle. The process included a review of performance indicators (PIs) for the most recent quarter and inspection results over the previous twelve months. The purpose of this letter is to inform you of our assessment of your safety performance during this period and our plans for future inspections at your facilities so that you will have an opportunity to prepare for these inspections and to inform us of any planned inspections that may conflict with your plant activities. This performance review and enclosed inspection plan do not include physical protection information. A separate letter designated and marked as "Proprietary Information in accordance with 10 CFR 2.390(d)(1)" will include the physical protection review and resultant inspection schedule.

Overall, performance at Indian Point has continued to improve. The operational performance of both units has been very good during this assessment period, as reflected in safety systems reliability and steady state operations. Progress was noted in Entergy's implementation of site-wide programs and procedures. Notwithstanding these achievements, some challenges associated with the full integration of the units remain, such as the large elective maintenance backlog at both units. We note that the total number of open corrective action items have been reduced at IP2, but the backlog remains relatively high, which is requiring continued Entergy management attention.

Plant performance at IP2 and IP3 for the most recent quarter was within the Licensee Response Column of the NRC's Action Matrix, based on all inspection findings being classified as having very low safety significance (Green) and all PIs indicating performance at a level requiring no additional NRC oversight (Green). Therefore, we plan to conduct reactor oversight process (ROP) baseline inspections at your facility through March 31, 2006. As part of the baseline inspections, we plan to review your progress on the multi-year Design Basis Initiative (DBI) project and associated corrective actions. The NRC will also maintain its heightened oversight for IP2, with higher levels of NRC management involvement and assessment than currently required at

IP2 by the Action Matrix. This deviation from the ROP was approved for the 2003 and 2004 assessment cycles by the NRC's Executive Director for Operations in memoranda dated March 18, 2003 and April 2, 2004, respectively (ADAMS Accession Nos. ML030730626 and ML040820964).

Indian Point 2 was in the Regulatory Response Column of the Action Matrix through the first quarter of 2004 due to an inspection finding for a degraded control room fire barrier classified as having low to moderate safety significance (White). Supplemental inspections to examine your corrective actions for this finding, and related aspects of your DBI project, were conducted in June 2003 and December 2003. Based on these inspections, we concluded that Entergy had made sufficient progress to close the 'White' finding and IP2 moved to the Licensee Response Column in the second quarter of 2004. IP3 was in the Regulatory Response Column at the beginning of the 2004 assessment cycle due to a 'White' Performance Indicator (PI) for Unplanned Scrams. IP3 returned to the Licensee Response Column in the first quarter of 2004, based on the results of a supplemental inspection conducted by the NRC in October 2003.

In our annual assessment letter, dated March 3, 2004, (ADAMS Accession No. ML040630555) we noted mixed results in the implementation of your corrective action program. Our 2004 mid-cycle assessment reviewed nine Problem Identification and Resolution (PI&R) related findings of very low safety significance (Green) that impacted the initiating events, mitigating systems, and emergency preparedness cornerstones. These findings indicate that there are some continuing issues with the consistency and thoroughness of technical evaluations and timeliness of corrective actions. Examples of these issues include corrective actions related to determining the operability of the 13.8 kV electrical supply system during testing and resolving repetitive surveillance test failures of the plant noble gas effluent monitor. Consequently, the substantive cross-cutting issue in the area of PI&R for IP2 remains open. The inspection findings for IP3 in this area did not reach the threshold for a substantive cross-cutting issue. However, since the Corrective Action Program is now a site-wide process, and the IP2 cross-cutting issue has existed for several assessment cycles, we plan to sample corrective action activities at both IP2 and IP3 during the September 2004 IP3 PI&R team inspection. A focus area for the team will be Entergy's progress associated with the performance improvement initiatives outlined in your letter dated April 1, 2004 (ADAMS Accession No. ML042400374).

The enclosed inspection plan details the inspections, less those related to physical protection, scheduled through March 31, 2006. As mentioned previously, we will continue our oversight of your DBI program through routine inspections and we will re-evaluate the IP2 substantive cross-cutting issue in the area of PI&R during the upcoming team inspection of your corrective action program at IP3. The inspection plans are provided to minimize the resource impact on your staff and to allow for scheduling conflicts and personnel availability to be resolved in advance of inspector arrival onsite. Routine resident inspections are not listed due to their ongoing and continuous nature. The last six months of the inspection plans are tentative and may be revised at the annual assessment review in early 2005. If circumstances arise which cause us to change this inspection plan, we will contact you to discuss the change as soon as possible.

In accordance with 10 CFR 2.390 of the NRC's "Rules of Practice," a copy of this letter and its enclosure will be made available electronically for public inspection in the NRC Public Document Room or from the Publicly Available Records component of NRC's document system (ADAMS).

Mr. Fred Dacimo

3

ADAMS is accessible from the NRC Web site at <http://www.nrc.gov/reading-rm/adams.html> (the Electronic Reading Room).

Please contact Brian McDermott, Chief, Projects Branch 2, at (610)337-5233 with any questions you may have regarding this letter or the enclosed inspection plan.

Sincerely,

/RA/

Samuel J. Collins
Regional Administrator

Docket Nos. 50-247 and 50-286
License No. DPR-26 and DPR-64

Enclosures: Indian Point Nuclear Generating Unit 2 and Unit 3 Inspection/Activity Plans

cc w/encl:

G. J. Taylor, Chief Executive Officer, Entergy Operations, Inc.
M. R. Kansler, President - Entergy Nuclear Operations, Inc.
J. T. Herron, Senior Vice President and Chief Operating Officer
C. Schwarz, General Manager - Plant Operations
D. L. Pace, Vice President, Engineering
B. O'Grady, Vice President, Operations Support
J. McCann, Director, Licensing
C. D. Faison, Manager, Licensing, Entergy Nuclear Operations, Inc.
P. Conroy, Manager, Licensing, Entergy Nuclear Operations, Inc.
M. Colomb, Director of Oversight, Entergy Nuclear Operations, Inc.
J. Comiotes, Director, Nuclear Safety Assurance
J. M. Fulton, Assistant General Counsel, Entergy Nuclear Operations, Inc.
P. R. Smith, President, New York State Energy, Research
and Development Authority
J. Spath, Program Director, New York State Energy Research and Development Authority
P. Eddy, Electric Division, New York State Department of Public Service
C. Donaldson, Esquire, Assistant Attorney General, New York Department of Law
T. Walsh, Secretary, NFSC, Entergy Nuclear Operations, Inc.
D. O'Neill, Mayor, Village of Buchanan
J. G. Testa, Mayor, City of Peekskill
R. Albanese, Executive Chair, Four County Nuclear Safety Committee
S. Lousteau, Treasury Department, Entergy Services, Inc.
Chairman, Standing Committee on Energy, NYS Assembly
Chairman, Standing Committee on Environmental Conservation, NYS Assembly
Chairman, Committee on Corporations, Authorities, and Commissions
M. Slobodien, Director, Emergency Planning
B. Brandenburg, Assistant General Counsel

P. Rubin, Manager of Planning, Scheduling & Outage Services
Assemblywoman Sandra Galef, NYS Assembly
County Clerk, Westchester County Legislature
A. Spano, Westchester County Executive
R. Bondi, Putnam County Executive
C. Vanderhoef, Rockland County Executive
E. A. Diana, Orange County Executive
T. Judson, Central NY Citizens Awareness Network
M. Elie, Citizens Awareness Network
D. Lochbaum, Nuclear Safety Engineer, Union of Concerned Scientists
Public Citizen's Critical Mass Energy Project
M. Mariotte, Nuclear Information & Resources Service
F. Zalcmán, Pace Law School, Energy Project
L. Puglisi, Supervisor, Town of Cortlandt
Congresswoman Sue W. Kelly
Congresswoman Nita Lowey
Senator Hillary Rodham Clinton
Senator Charles Schumer
J. Riccio, Greenpeace
A. Matthiessen, Executive Director, Riverkeeper, Inc.
M. Kapowitz, Chairman of County Environment & Health Committee
A. Reynolds, Environmental Advocates
M. Jacobs, Director, Longview School
D. Katz, Executive Director, Citizens Awareness Network
P. Gunter, Nuclear Information & Resource Service
P. Leventhal, The Nuclear Control Institute
K. Coplan, Pace Environmental Litigation Clinic
R. Witherspoon, The Journal News
W. DiProfio, PWR SRC Consultant
D. C. Poole, PWR SRC Consultant
W. Russell, PWR SRC Consultant
W. Little, Associate Attorney, NYSDEC

Mr. Fred Dacimo

5

Distribution w/encl: **(via E-mail)**

- S. Collins, RA
- J. Wiggins, DRA
- C. Miller, RI EDO Coordinator
- R. Laufer, NRR
- P. Milano, PM, NRR
- D. Skay, PM, NRR (Backup)
- RidsNrrDipmLipb
- A. Blough, DRP
- W. Lanning, DRS
- B. Holian, DRP
- R. Crlenjak, DRS
- DRS Branch Chiefs
- D. Screnci, PAO
- N. Sheehan, PAO
- B. McDermott, DRP
- W. Cook, DRP
- C. Long, DRP
- P. Habighorst, DRP, Senior Resident Inspector - Indian Point 2
- T. Hipschman, DRP, Senior Resident Inspector - Indian Point 3
- M. Cox, DRP, Resident Inspector - Indian Point 2
- R. Berryman, DRP, Resident Inspector - Indian Point 3
- R. Martin, DRP, Resident OA
- Region I Docket Room (w/concurrences)

DOCUMENT NAME: S:\ROP5 Mid-Cycle Review\2004 Mid-Cycle Letters\IP 2&3 ROP5 Mid-Cycle Letter - Rev 4.wpd

After declaring this document "An Official Agency Record" it **will** be released to the Public.

To receive a copy of this document, indicate in the box: "C" = Copy without attachment/enclosure "E" = Copy with attachment/enclosure "N" = No copy

OFFICE	RI /DRP		RI /DRP		RI /RA				
NAME	BmcDermott/WAC <i>for</i>		ABlough/ARB		SCollins/SJC				
DATE	08/27/04		08/27/04		08/30/04				

OFFICIAL RECORD COPY

Indian Point
Inspection / Activity Plan
07/01/2004 - 03/31/2006

Unit Number	Inspection Activity	Title	No. of Staff on Site	Planned Dates		Inspection Type
				Start	End	
	7112201 - PUB RAD SAFETY - REST		1			
2	IP 7112201	Radioactive Gaseous and Liquid Effluent Treatment and Monitoring Systems		08/09/2004	08/13/2004	Baseline Inspections
	71121 - OCC RAD SAFETY		1			
2	IP 7112101	Access Control to Radiologically Significant Areas		08/16/2004	08/20/2004	Baseline Inspections
2	IP 7112102	ALARA Planning and Controls		08/16/2004	08/20/2004	Baseline Inspections
2	IP 7112103	Radiation Monitoring Instrumentation and Protective Equipment		08/16/2004	08/20/2004	Baseline Inspections
	7112203 - PUB RAD SAFETY - REMP		1			
2	IP 7112203	Radiological Environmental Monitoring Program		08/16/2004	08/20/2004	Baseline Inspections
	10/11EXM - UNIT 2 OPERATOR LICENSING INITIAL EXAM		4			
2	U01566	INDIAN POINT, UNIT 2 INITIAL EXAM (11/1-5/04)		09/26/2004	09/30/2004	Not Applicable
2	U01566	INDIAN POINT, UNIT 2 INITIAL EXAM (11/1-5/04)		10/11/2004	10/22/2004	Not Applicable
	7112102 - OCC RAD SAFETY - ALARA		1			
2	IP 7112102	ALARA Planning and Controls		10/18/2004	10/20/2004	Baseline Inspections
	7111108P - INSERVICE INSPECTION		2			
2	IP 7111108P	Inservice Inspection Activities - PWR		10/22/2004	11/23/2004	Baseline Inspections
2	IP 2515/150	Reactor Pressure Vessel Head and Vessel Head Penetration Nozzles (NRC Bulletin 2002-02)		10/25/2004	10/29/2004	Safety Issues
2	IP 2515/152	Reactor Pressure Vessel Lower Head Penetration Nozzles (NRC Bulletin 2003-02)		10/25/2004	10/29/2004	Safety Issues
	71121 - OCC RAD SAFETY		1			
2	IP 7112101	Access Control to Radiologically Significant Areas		11/15/2004	11/19/2004	Baseline Inspections
2	IP 7112102	ALARA Planning and Controls		11/15/2004	11/19/2004	Baseline Inspections
2	IP 71151	Performance Indicator Verification		11/15/2004	11/19/2004	Baseline Inspections
	71121 - OCC RAD SAFETY		1			
2	IP 7112101	Access Control to Radiologically Significant Areas		01/31/2005	02/04/2005	Baseline Inspections
2	IP 7112102	ALARA Planning and Controls		01/31/2005	02/04/2005	Baseline Inspections
	7111121 - SSDI		7			
2	IP 7111121	Safety System Design and Performance Capability		02/14/2005	02/18/2005	Baseline Inspections
2	IP 7111121	Safety System Design and Performance Capability		02/28/2005	03/04/2005	Baseline Inspections
	71121 - OCC RAD SAFETY		1			
2	IP 7112101	Access Control to Radiologically Significant Areas		04/11/2005	04/15/2005	Baseline Inspections
2	IP 7112102	ALARA Planning and Controls		04/11/2005	04/15/2005	Baseline Inspections
	71152B - PROBLEM IDENTIFICATION AND RESOLUTION		5			
2	IP 71152B	Identification and Resolution of Problems		06/06/2005	06/10/2005	Baseline Inspections
2	IP 71152B	Identification and Resolution of Problems		06/20/2005	06/24/2005	Baseline Inspections

This report does not include INPO and OUTAGE activities.
This report shows only on-site and announced inspection procedures.

Indian Point
Inspection / Activity Plan
07/01/2004 - 03/31/2006

Unit Number	Inspection Activity	Title	No. of Staff on Site	Planned Dates		Inspection Type
				Start	End	
	71114	- EP PROGRAM AND EP PI INSPECTION	1			
2	IP 7111402	Alert and Notification System Testing		07/11/2005	07/15/2005	Baseline Inspections
2	IP 7111403	Emergency Response Organization Augmentation Testing		07/11/2005	07/15/2005	Baseline Inspections
2	IP 7111404	Emergency Action Level and Emergency Plan Changes		07/11/2005	07/15/2005	Baseline Inspections
2	IP 7111405	Correction of Emergency Preparedness Weaknesses and Deficiencies		07/11/2005	07/15/2005	Baseline Inspections
2	IP 711151	Performance Indicator Verification		07/11/2005	07/15/2005	Baseline Inspections
	71121	- OCC RAD SAFETY	1			
2	IP 7112101	Access Control to Radiologically Significant Areas		07/18/2005	07/22/2005	Baseline Inspections
2	IP 7112102	ALARA Planning and Controls		07/18/2005	07/22/2005	Baseline Inspections
	7112202	- PUB RAD SAFETY - RADWASTE	1			
2	IP 7112202	Radioactive Material Processing and Transportation		09/19/2005	09/23/2005	Baseline Inspections
	71151	- PI VERIFICATION	1			
2	IP 71151	Performance Indicator Verification		11/21/2005	11/22/2005	Baseline Inspections
	711112B	- MAINTENANCE RULE	1			
2	IP 711112B	Maintenance Effectiveness		11/28/2005	12/02/2005	Baseline Inspections
	3/1+EXM	- U2 OPERATOR LICENSING INITIAL EXAM	1			
2	U01583	INDIAN POINT, UNIT 2 INITIAL EXAM (3/06)		01/30/2006	02/03/2006	Not Applicable
2	U01583	INDIAN POINT, UNIT 2 INITIAL EXAM (3/06)		02/27/2006	03/03/2006	Not Applicable
	MODS	- MODS & 50.59	3			
2	IP 7111102	Evaluation of Changes, Tests, or Experiments		02/06/2006	02/10/2006	Baseline Inspections
2	IP 7111117B	Permanent Plant Modifications		02/06/2006	02/10/2006	Baseline Inspections
	71121	- OCC RADIATION SAFETY	1			
2	IP 7112103	Radiation Monitoring Instrumentation and Protective Equipment		03/06/2006	03/10/2006	Baseline Inspections

Indian Point 3
Inspection / Activity Plan
07/01/2004 - 03/31/2006

Unit Number	Inspection Activity	Title	No. of Staff on Site	Planned Dates		Inspection Type
				Start	End	
	7112201	- PUB RAD SAFETY - RETS	1			
3	IP 7112201	Radioactive Gaseous and Liquid Effluent Treatment and Monitoring Systems		07/26/2004	07/30/2004	Baseline Inspections
	71121	- OCC RAD SAFETY	1			
3	IP 7112101	Access Control to Radiologically Significant Areas		08/16/2004	08/20/2004	Baseline Inspections
3	IP 7112102	ALARA Planning and Controls		08/16/2004	08/20/2004	Baseline Inspections
3	IP 7112103	Radiation Monitoring Instrumentation and Protective Equipment		08/16/2004	08/20/2004	Baseline Inspections
	7112203	- PUB RAD SAFETY - REMP	1			
3	IP 7112203	Radiological Environmental Monitoring Program		08/16/2004	08/20/2004	Baseline Inspections
	71152B	- PROBLEM IDENTIFICATION AND RESOLUTION	7			
3	IP 71152B	Identification and Resolution of Problems		09/13/2004	09/17/2004	Baseline Inspections
3	IP 71152B	Identification and Resolution of Problems		09/27/2004	10/01/2004	Baseline Inspections
	7112102	- OCC RAD SAFETY - ALARA	1			
3	IP 7112102	ALARA Planning and Controls		10/18/2004	10/20/2004	Baseline Inspections
	711117B	- MODS & 50.59	4			
3	IP 7111102	Evaluation of Changes, Tests, or Experiments		10/25/2004	10/29/2004	Baseline Inspections
3	IP 711117B	Permanent Plant Modifications		10/25/2004	10/29/2004	Baseline Inspections
	71121	- OCC RAD SAFETY	1			
3	IP 7112101	Access Control to Radiologically Significant Areas		11/15/2004	11/19/2004	Baseline Inspections
3	IP 7112102	ALARA Planning and Controls		11/15/2004	11/19/2004	Baseline Inspections
3	IP 71151	Performance Indicator Verification		11/15/2004	11/19/2004	Baseline Inspections
	71111.05	- TRIENNIAL FIRE PROTECTION INSPECTION	5			
3	IP 7111105T	Fire Protection		01/10/2005	01/14/2005	Baseline Inspections
3	IP 7111105T	Fire Protection		01/24/2005	01/28/2005	Baseline Inspections
	71121	- OCC RAD SAFETY	1			
3	IP 7112101	Access Control to Radiologically Significant Areas		01/31/2005	02/04/2005	Baseline Inspections
3	IP 7112102	ALARA Planning and Controls		01/31/2005	02/04/2005	Baseline Inspections
	7111108P	- INSERVICE INSPECTION	2			
3	IP 2515/150	Reactor Pressure Vessel Head and Vessel Head Penetration Nozzles (NRC Bulletin 2002-02)		04/11/2005	04/15/2005	Safety Issues
3	IP 2515/152	Reactor Pressure Vessel Lower Head Penetration Nozzles (NRC Bulletin 2003-02)		04/11/2005	04/15/2005	Safety Issues
3	IP 7111108P	Inservice Inspection Activities - PWR		04/11/2005	04/15/2005	Baseline Inspections
	71121	- OCC RAD SAFETY	1			
3	IP 7112101	Access Control to Radiologically Significant Areas		04/11/2005	04/15/2005	Baseline Inspections
3	IP 7112102	ALARA Planning and Controls		04/11/2005	04/15/2005	Baseline Inspections

This report does not include INPO and OUTAGE activities.
This report shows only on-site and announced inspection procedures.

Indian Point 3
Inspection / Activity Plan
07/01/2004 - 03/31/2006

Unit Number	Inspection Activity	Title	No. of Staff on Site	Planned Dates		Inspection Type
				Start	End	
	711112B - MAINTENANCE RULE		1			
3	IP 711112B	Maintenance Effectiveness		05/16/2005	05/20/2005	Baseline Inspections
	711111B - LO REQUALIFICATION PROGRAM		2			
3	IP 711111B	Licensed Operator Requalification Program		06/20/2005	06/24/2005	Baseline Inspections
	71114 - EP PROGRAM & EP PI VERIFICATION		1			
3	IP 7111404	Emergency Action Level and Emergency Plan Changes		07/11/2005	07/15/2005	Baseline Inspections
	71121 - OCC RAD SAFETY		1			
3	IP 7112101	Access Control to Radiologically Significant Areas		07/18/2005	07/22/2005	Baseline Inspections
3	IP 7112102	ALARA Planning and Controls		07/18/2005	07/22/2005	Baseline Inspections
	711107B - HEAT SINK		2			
3	IP 711107B	Heat Sink Performance		08/08/2005	08/12/2005	Baseline Inspections
	7112202 - PUB RAD SAFETY - RADWASTE		1			
3	IP 7112202	Radioactive Material Processing and Transportation		09/19/2005	09/23/2005	Baseline Inspections
	7111121 - SSDI		7			
3	IP 7111121	Safety System Design and Performance Capability		10/31/2005	11/04/2005	Baseline Inspections
3	IP 7111121	Safety System Design and Performance Capability		11/14/2005	11/18/2005	Baseline Inspections
	71151 - PI VERIFICATION		1			
3	IP 71151	Performance Indicator Verification		11/21/2005	11/22/2005	Baseline Inspections
	2/27+EXM - U3 OPERATING LICENSING INITIAL EXAM		1			
3	U01584	INDIAN POINT, UNIT 3 INITIAL EXAM (3/06)		01/30/2006	02/03/2006	Not Applicable
3	U01584	INDIAN POINT, UNIT 3 INITIAL EXAM (3/06)		02/27/2006	03/03/2006	Not Applicable
	71121 - OCC RADIATION SAFETY		1			
3	IP 7112103	Radiation Monitoring Instrumentation and Protective Equipment		03/06/2006	03/10/2006	Baseline Inspections