

March 4, 2002

Mr. J. Alan Price, Site Vice-President - Millstone  
c/o Mr. D. A. Smith, Manager - Licensing  
Dominion Nuclear Connecticut, Inc.  
Rope Ferry Road  
Waterford, Connecticut 06385

SUBJECT: ANNUAL ASSESSMENT LETTER - MILLSTONE UNITS 2 AND 3  
(REPORT NOS. 50-336/02-001 AND 50-423/02-001)

Dear Mr. Price:

On January 30, 2002, the NRC staff completed its end-of-cycle plant performance assessment of Millstone Power Station Units 2 and 3. The end-of-cycle review for Millstone Units 2 and 3 involved the participation of all technical divisions in evaluating performance indicators (PIs) for the most recent quarter and inspection results for the period April 1 through December 31, 2001. 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 facility so that you will have an opportunity to prepare for these inspections and to inform us of any planned inspections which may conflict with your plant activities.

As discussed in our previous annual assessment letter dated May 31, 2001, this inspection and assessment cycle consisted of three quarters (i.e., the second, third, and fourth calendar quarters of CY 2001) instead of the usual four quarters. This change was implemented in order to align the inspection and assessment cycle with the calendar year beginning on January 1, 2002.

Overall, Millstone Units 2 and 3 operated in a manner that preserved public health and safety and fully met all cornerstone objectives. Plant performance for Millstone Units 2 and 3 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 being at levels requiring no additional NRC oversight (GREEN). Therefore, we plan to conduct only baseline inspections at your facility through March 31, 2003.

While plant performance at Millstone Unit 2 is now within the Licensee Response Column of the Action Matrix, there were two safety significant issues, in the mitigating systems cornerstone, that had remained through the first quarter of this assessment cycle. These were based on issues that had been identified in the prior assessment period. Specifically, an inspection finding of low to moderate safety significance (WHITE) resulted from a lack of prompt corrective actions for a problem with a turbine-driven auxiliary feedwater pump. Also, a WHITE PI had resulted from the unavailability of the high pressure injection system. In January 2001, we conducted a 95002 supplemental inspection and determined that your staff sufficiently evaluated both of these issues and initiated appropriate corrective actions. The WHITE findings, your actions to address them, and our assessment of your actions were discussed in our previous annual assessment letter.

Millstone 3 remained in the Licensee Response Column of the NRC's Action Matrix for the entire assessment period.

In our last Annual Assessment Letter dated May 31, 2001, we had also advised you of potential adverse trends at Millstone Unit 2 in the crosscutting areas of Problem Identification and Resolution (PIR) and Human Performance (HP). Specifically, we had identified issues with your prioritization, evaluation, or effectiveness of corrective actions in the PIR area and management of risk during planned work activities. During inspections conducted early in this assessment period, we identified some additional findings related to these crosscutting areas. However, you made significant efforts to correct these concerns and implemented a Corrective Action Improvement Program and a Human Performance Improvement Plan. These measures along with your increased accountability for performance resulted in overall improvement in these areas.

Immediately following the terrorist attacks on the World Trade Center and the Pentagon, the NRC issued safeguards advisories recommending that nuclear power plant licensees go to the highest level of security, and all promptly did so. With continued uncertainty about the possibility of additional terrorist activities, the Nation's nuclear power plants, including Millstone Units 2 and 3, remain at a high level of security. On February 25, 2002, the NRC issued an Order to all nuclear power plant licensees, requiring them to take certain additional interim compensatory measures to address the generalized high-level threat environment. These additional compensatory requirements will provide the NRC with reasonable assurance that public health and safety and the common defense and security continue to be adequately protected in the current generalized high-level threat environment. These requirements will remain in effect pending notification from the Commission that a significant change in the threat environment occurs, or until the Commission determines that other changes are needed following a more comprehensive re-evaluation of current safeguards and security programs. To date, we have monitored Millstone's actions in response to the terrorist attacks through a series of audits. With the issuance of the Order, we will evaluate Millstone's compliance with these interim requirements.

The enclosed inspection plans detail the scheduled inspections that will occur at Millstone Units 2 and 3 through March 31, 2003. 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.

In accordance with 10 CFR 2.790 of the NRC's "Rules of Practice," a copy of this letter and its enclosures will be made 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.html> (the Public Electronic Reading Room).

Mr. J. A. Price

3

If circumstances arise which cause us to change this inspection plan, we will contact you to discuss the change as soon as possible. Please contact Curtis J. Cowgill, Chief, Reactor Projects Branch 6, at 610-337-5233 with any questions you may have regarding this letter or the inspection plans.

Sincerely,

***/RA James T. Wiggins for/***

Hubert J. Miller  
Regional Administrator

Docket Nos.: 50-336, 50-423  
License Nos.: DPR-65, NPF-49

Enclosures: 1. Millstone Unit 2 Inspection/Activity Plan  
2. Millstone Unit 3 Inspection/Activity Plan

cc w/encls: D. A. Christian, Senior Vice President - Nuclear Operations  
and Chief Nuclear Officer  
W. R. Matthews, Vice President and Senior Nuclear Executive - Millstone  
J. A. Price, Site Vice President - Millstone  
S. E. Scace, Director, Nuclear Engineering  
G. D. Hicks, Director, Nuclear Station Safety and Licensing  
C. J. Schwarz, Director, Nuclear Station Operations and Maintenance  
P. J. Parulis, Manager, Nuclear Oversight  
D. A. Smith, Manager, Licensing  
L. M. Cuoco, Senior Nuclear Counsel  
N. Burton, Esquire  
V. Juliano, Waterford Library  
S. Comley, We The People  
J. Buckingham, Department of Public Utility Control  
E. Wilds, Director, State of Connecticut SLO Designee  
First Selectmen, Town of Waterford  
D. Katz, Citizens Awareness Network (CAN)  
R. Bassilakis, CAN  
J. M. Block, Attorney, CAN  
J. Besade, Fish Unlimited  
G. Winslow, Citizens Regulatory Commission (CRC)  
E. Woollacott, Co-Chair, NEAC  
R. Shadis, New England Coalition Staff

Mr. J. A. Price

4

Distribution w/encl: H. Miller, ORAI/J. Wiggins, ORA  
<VIA E-MAIL>: E. Adensam, NRR (ridsnrrdipmlpdi)

- T. Madden, OCA
- T. Bergman, OEDO
- J. Harrison, PM, NRR
- V. Nerses, PM, NRR
- M. Schneider, SRI - Millstone Unit 2
- A. Cerne, SRI - Millstone Unit 3
- Director, DRS Region I
- Deputy Director, DRS, Region I
- DRS Branch Chiefs (5)
- R. Fuhrmeister, DRS
- T. Moslak, DRS
- G. Smith, DRS
- N. McNamara, DRS
- C. Cowgill, DRP
- K. Jenison, RI
- T. Haverkamp, DRP
- D. Screnci, PAO
- B. Platchek, DRP
- Region I Docket Room (with concurrences)

DOCUMENT NAME: G:\BRANCH6\Millstone\BMillEOCltr.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

<b>OFFICE</b>	<b>RI : DRP</b>	<b>RI : DRP</b>	<b>ORA</b>				
<b>NAME</b>	Cowgill/CJC1	Blough/ARB	Miller/JTW f/				
<b>DATE</b>	03/01/02	03/01/02	03/04/02				

**OFFICIAL RECORD COPY**

**Millstone 2**  
**Inspection / Activity Plan**  
**12/30/2001 - 03/31/2003**

Unit Number	Inspection Activity	Title	No. of Staff on Site	Planned Dates		Inspection Type
				Start	End	
	<b>71152B</b>	<b>- PROBLEM IDENTIFICATION &amp; RESOLUTION</b>	<b>8</b>			
2	IP 71152B	Identification and Resolution of Problems		01/14/2002	01/18/2002	Baseline Inspections
2	IP 71152B	Identification and Resolution of Problems		01/28/2002	02/01/2002	Baseline Inspections
	<b>7112102</b>	<b>- OCC RAD SAFETY - ACCESS</b>	<b>1</b>			
2	IP 7112101	Access Control to Radiologically Significant Areas		01/28/2002	02/01/2002	Baseline Inspections
	<b>7111108</b>	<b>- U2 INSERVICE INSPECTION</b>	<b>2</b>			
2	IP 2515/145	Circumferential Cracking of Reactor Pressure Vessel Head Penetration Nozzles (NRC Bulletin :		02/25/2002	03/01/2002	Safety Issues
2	IP 7111108	Inservice Inspection Activities		03/04/2002	03/08/2002	Baseline Inspections
	<b>7112102</b>	<b>- OCC RAD SAFETY - ALARA</b>	<b>1</b>			
2	IP 7112102	ALARA Planning and Controls		03/11/2002	03/15/2002	Baseline Inspections
	<b>7111105T</b>	<b>- FIRE PROTECTION - UNIT 2</b>	<b>3</b>			
2	IP 7111105T	Fire Protection		06/03/2002	06/07/2002	Baseline Inspections
2	IP 7111105T	Fire Protection		06/17/2002	06/22/2002	Baseline Inspections
	<b>7111107B</b>	<b>- HEAT SINK - UNIT 2</b>	<b>1</b>			
2	IP 7111107B	Heat Sink Performance		04/01/2002	04/05/2002	Baseline Inspections
	<b>7112202</b>	<b>- PUB RAD SAFETY - RADWASTE</b>	<b>1</b>			
2	IP 7112202	Radioactive Material Processing and Transportation		04/22/2002	04/26/2002	Baseline Inspections
	<b>7112203</b>	<b>- PUB RAD SAFETY - REMP</b>	<b>1</b>			
2	IP 7112203	Radiological Environmental Monitoring Program		04/22/2002	04/26/2002	Baseline Inspections
	<b>7111401</b>	<b>- EP EXERCISE &amp; EP PI VERIFICATION</b>	<b>2</b>			
2	IP 7111401	Exercise Evaluation		04/29/2002	05/03/2002	Baseline Inspections
2	IP 71151	Performance Indicator Verification		04/29/2002	05/03/2002	Baseline Inspections
	<b>71130</b>	<b>- SECURITY</b>	<b>2</b>			
2	IP 7113001	Access Authorization Program (Behavior Observation Only)		05/06/2002	05/10/2002	Baseline Inspections
2	IP 7113002	Access Control (Search of Personnel, Packages, and Vehicles: Identification and Authorizati		05/06/2002	05/10/2002	Baseline Inspections
	<b>7111112B</b>	<b>- MAINT RULE</b>	<b>2</b>			
2	IP 7111112B	Maintenance Rule Implementation		07/22/2002	07/26/2002	Baseline Inspections
	<b>7111121</b>	<b>- SSDI U2</b>	<b>6</b>			
2	IP 7111121	Safety System Design and Performance Capability		10/07/2002	10/11/2002	Baseline Inspections
2	IP 7111121	Safety System Design and Performance Capability		10/21/2002	10/25/2002	Baseline Inspections
	<b>11/12EXM</b>	<b>- U2 OPERATOR LICENSING INITIAL EXAMS</b>	<b>3</b>			
2	U01447	MILLSTONE 2 O/L INITIAL EXAM 11/12-23/2002		11/12/2002	11/16/2002	Not Applicable
2	U01447	MILLSTONE 2 O/L INITIAL EXAM 11/12-23/2002		12/16/2002	12/20/2002	Not Applicable
	<b>71151</b>	<b>- PUB RAD SAFETY PI VERIFICATION</b>	<b>1</b>			
2	IP 71151	Performance Indicator Verification		11/18/2002	11/22/2002	Baseline Inspections

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

**Millstone 2**  
**Inspection / Activity Plan**  
**12/30/2001 - 03/31/2003**

Unit Number	Inspection Activity	Title	No. of Staff on Site	Planned Dates		Inspection Type
				Start	End	
	<b>7111111B - L.O.REQUALIFICATION PROGRAM</b>		<b>4</b>			
2	IP 7111111B	Licensed Operator Requalification		12/02/2002	12/06/2002	Baseline Inspections
	<b>7112103 - OCC RAD SAFETY - INSTRUMENTATION</b>		<b>1</b>			
2	IP 7112103	Radiation Monitoring Instrumentation		12/09/2002	12/13/2002	Baseline Inspections
2	IP 71151	Performance Indicator Verification		12/09/2002	12/13/2002	Baseline Inspections
	<b>7112101 - OCC RAD SAFETY - ACCESS</b>		<b>1</b>			
2	IP 7112101	Access Control to Radiologically Significant Areas		01/27/2003	01/31/2003	Baseline Inspections
	<b>7112201 - PUB RAD SAFETY - RETS (UNIT 2 ONLY)</b>		<b>1</b>			
2	IP 7112201	Radioactive Gaseous and Liquid Effluent Treatment and Monitoring Systems		03/03/2003	03/07/2003	Baseline Inspections

**Millstone 3**  
**Inspection / Activity Plan**  
**12/30/2001 - 03/31/2003**

Unit Number	Inspection Activity	Title	No. of Staff on Site	Planned Dates		Inspection Type
				Start	End	
	<b>1/7 EXAM - UNIT 3 INITIAL OPERATOR LICENSING EXAM</b>		<b>3</b>			
3	U01459	MS-3 O/L INITIAL EXAM 01/07/02 TO 01/18/02		01/07/2002	01/11/2002	Not Applicable
	<b>71152B - PROBLEM IDENTIFICATION &amp; RESOLUTION</b>		<b>8</b>			
3	IP 71152B	Identification and Resolution of Problems		01/14/2002	01/18/2002	Baseline Inspections
3	IP 71152B	Identification and Resolution of Problems		01/28/2002	02/01/2002	Baseline Inspections
	<b>7112102 - OCC RAD SAFETY - ACCESS</b>		<b>1</b>			
3	IP 7112101	Access Control to Radiologically Significant Areas		01/28/2002	02/01/2002	Baseline Inspections
	<b>7112202 - PUB RAD SAFETY - RADWASTE</b>		<b>1</b>			
3	IP 7112202	Radioactive Material Processing and Transportation		04/22/2002	04/26/2002	Baseline Inspections
	<b>7112203 - PUB RAD SAFETY - REMP</b>		<b>1</b>			
3	IP 7112203	Radiological Environmental Monitoring Program		04/22/2002	04/26/2002	Baseline Inspections
	<b>7111401 - EP EXERCISE &amp; EP PI VERIFICATION</b>		<b>2</b>			
3	IP 7111401	Exercise Evaluation		04/29/2002	05/03/2002	Baseline Inspections
3	IP 71151	Performance Indicator Verification		04/29/2002	05/03/2002	Baseline Inspections
	<b>71130 - SECURITY</b>		<b>2</b>			
3	IP 7113001	Access Authorization Program (Behavior Observation Only)		05/06/2002	05/10/2002	Baseline Inspections
3	IP 7113002	Access Control (Search of Personnel, Packages, and Vehicles: Identification and Authorizator		05/06/2002	05/10/2002	Baseline Inspections
	<b>8/12 EXM - UNIT3 UPGRADE INITIAL OPER.LIC.EXAM</b>		<b>2</b>			
3	U01459	MS-3 O/L INITIAL EXAM 01/07/02 TO 01/18/02		07/29/2002	08/02/2002	Not Applicable
3	U01459	MS-3 O/L INITIAL EXAM 01/07/02 TO 01/18/02		08/12/2002	08/16/2002	Not Applicable
	<b>711112B - MAINT RULE</b>		<b>2</b>			
3	IP 711112B	Maintenance Rule Implementation		07/22/2002	07/26/2002	Baseline Inspections
	<b>711117B - U3 - PERMANENT PLANT MODS &amp; 50.59</b>		<b>3</b>			
3	IP 7111102	Evaluation of Changes, Tests, or Experiments		08/12/2002	08/16/2002	Baseline Inspections
3	IP 711117B	Permanent Plant Modifications		08/12/2002	08/16/2002	Baseline Inspections
	<b>7112102 - U3 OCC RAD SAFETY - ALARA</b>		<b>1</b>			
3	IP 7112102	ALARA Planning and Controls		09/23/2002	09/27/2002	Baseline Inspections
	<b>71151 - PUB RAD SAFETY PI VERIFICATION</b>		<b>1</b>			
3	IP 71151	Performance Indicator Verification		11/18/2002	11/22/2002	Baseline Inspections
	<b>711111B - L.O.REQUALIFICATION PROGRAM</b>		<b>4</b>			
3	IP 711111B	Licensed Operator Requalification		12/02/2002	12/06/2002	Baseline Inspections
	<b>7112103 - OCC RAD SAFETY - INSTRUMENTATION</b>		<b>1</b>			
3	IP 7112103	Radiation Monitoring Instrumentation		12/09/2002	12/13/2002	Baseline Inspections
3	IP 71151	Performance Indicator Verification		12/09/2002	12/13/2002	Baseline Inspections

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

**Millstone 3**  
**Inspection / Activity Plan**  
**12/30/2001 - 03/31/2003**

Unit Number	Inspection Activity	Title	No. of Staff on Site	Planned Dates Start End		Inspection Type
	7112101	- OCC RAD SAFETY - ACCESS	1			
3	IP 7112101	Access Control to Radiologically Significant Areas		01/27/2003	01/31/2003	Baseline Inspections

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