

March 4, 2004

Mr. T. Palmisano
Site Vice President
Monticello Nuclear Generating Plant
Nuclear Management Company, LLC
2807 West County Road 75
Monticello, MN 55362-9637

SUBJECT: ANNUAL ASSESSMENT LETTER - MONTICELLO NUCLEAR POWER PLANT
(REPORT 50-263/04-01)

Dear Mr. Palmisano:

On February 11, 2004, the NRC staff completed its End-of-Cycle plant performance assessment of the Monticello Nuclear Power Plant. The End-of-Cycle review for Monticello involved the participation of all technical divisions in evaluating performance indicators (PIs) for the most recent quarter and inspection results for the period January 1, 2003, through December 31, 2003. This letter is to inform you of our assessment of your safety performance during this period. In addition, we are providing 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.

Overall, the Monticello Nuclear Power Plant operated in a manner that preserved public health and safety. Plant performance for the most recent quarter, as well as for the first three quarters of the assessment cycle, 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 only baseline inspections at your facility through September 30, 2005.

The enclosed inspection plan details the inspections scheduled through September 30, 2005. The inspection plan is 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 inspections in the last 12 months of the inspection plan are tentative and may be revised at the mid-cycle review meeting. As you are aware, the NRC has issued several Orders and threat advisories to enhance security capabilities and improve guard force readiness since the terrorist attacks on September 11, 2001. We have conducted inspections to review your implementation of these requirements and have monitored your actions in response to changing threat conditions. For calendar year 2004, we plan to continue inspections of Order implementation combined with newly developed portions of the security baseline inspection program.

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 (PARS) component of NRC's document system (ADAMS). ADAMS is accessible from the NRC Web site at <http://www.nrc.gov/reading-rm/adams.html> (the Public Electronic Reading Room).

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 me at (630) 829-9757 with any questions you may have regarding this letter or the inspection plan.

Sincerely,

/RA/

Bruce Burgess, Chief
Reactor Projects Branch 2
Division of Reactor Projects

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

Enclosure: Monticello Inspection/Activity Plan

See Attached Distribution

T. Palmisano

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cc w/encl: J. Cowan, Executive Vice President
and Chief Nuclear Officer
Manager, Regulatory Affairs
J. Rogoff, Esquire, Vice President, Counsel & Secretary
Nuclear Asset Manager,
Xcel Energy, Inc.
Commissioner, 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
E. Eichelberg, Chairman, Wright County Board
The Honorable Bruce Thielen
A. Engstrom, Chairperson, Sherburne County
R. Wolfsteller, Administrator, City of Monticello
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Monticello
Inspection / Activity Plan
03/01/2004 - 09/30/2005

Unit Number	Inspection Activity	Title	No. of Staff on Site	Planned Dates		Inspection Type
				Start	End	
	INSP	- RADIOACTIVE MATERIAL PROCESSING AND TRAN	1			
1	IP 7112101	Access Control to Radiologically Significant Areas		04/05/2004	04/09/2004	Baseline Inspections
1	IP 7112202	Radioactive Material Processing and Transportation		04/05/2004	04/09/2004	Baseline Inspections
1	IP 71151	Performance Indicator Verification		04/05/2004	04/09/2004	Baseline Inspections
	INSP	- EMER. PREP. INSPECTION	1			
1	IP 7111402	Alert and Notification System Testing		05/03/2004	05/07/2004	Baseline Inspections
1	IP 7111403	Emergency Response Organization Augmentation Testing		05/03/2004	05/07/2004	Baseline Inspections
1	IP 7111405	Correction of Emergency Preparedness Weaknesses and Deficiencies		05/03/2004	05/07/2004	Baseline Inspections
1	IP 71151	Performance Indicator Verification		05/03/2004	05/07/2004	Baseline Inspections
	PUBLIC	- GASEOUS AND LIQUID EFFLUENTS	1			
1	IP 7112101	Access Control to Radiologically Significant Areas		06/07/2004	06/11/2004	Baseline Inspections
1	IP 7112201	Radioactive Gaseous and Liquid Effluent Treatment and Monitoring Systems		06/07/2004	06/11/2004	Baseline Inspections
	HT SNK B	- MONTICELLO BIENNEAL HEAT SINK INSPECTION	1			
1	IP 7111107B	Heat Sink Performance		08/16/2004	08/20/2004	Baseline Inspections
	INSTRUM	- RADIATION PROTECTION INSTRUMENTATION	1			
1	IP 7112103	Radiation Monitoring Instrumentation and Protective Equipment		08/30/2004	09/03/2004	Baseline Inspections
	SSDI	- MONTICELLO SSDI	6			
1	IP 7111121	Safety System Design and Performance Capability		10/18/2004	11/05/2004	Baseline Inspections
	SG BASE	- SG BASELINE 2004	2			
1	IP 7113001	Access Authorization		10/18/2004	10/22/2004	Baseline Inspections
1	IP 7113002	Access Control		10/18/2004	10/22/2004	Baseline Inspections
1	IP 7113008	Fitness For Duty Program		10/18/2004	10/22/2004	Baseline Inspections
1	IP 71151	Performance Indicator Verification		10/18/2004	10/22/2004	Baseline Inspections
	ALARA	- OUTAGE ALARA ACCESS CONTROL	1			
1	IP 2515/149	Mitigating Systems Performance Index Pilot Verification		11/08/2004	11/12/2004	Safety Issues
1	IP 7112101	Access Control to Radiologically Significant Areas		11/08/2004	11/12/2004	Baseline Inspections
1	IP 71151	Performance Indicator Verification		11/08/2004	11/12/2004	Baseline Inspections
	ISI	- ISI INSPECTION	1			
1	IP 7111108G	Inservice Inspection Activities - BWR		11/15/2004	11/19/2004	Baseline Inspections
	71111.11	- LIC OPERATOR REQUAL PROGRAM EVALUATION	2			
1	IP 7111111B	Licensed Operator Requalification Program		01/24/2005	01/28/2005	Baseline Inspections
	MOD/5059	- MODIFICATIONS/50.59 INSPECTION	3			
1	IP 7111102	Evaluation of Changes, Tests, or Experiments		01/31/2005	02/04/2005	Baseline Inspections
1	IP 7111117B	Permanent Plant Modifications		01/31/2005	02/04/2005	Baseline Inspections

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

Monticello
Inspection / Activity Plan
03/01/2004 - 09/30/2005

Unit Number	Inspection Activity	Title	No. of Staff on Site	Planned Dates		Inspection Type
				Start	End	
	PI&R - PI&R BIENNIAL		1			
1	IP 71152B	Identification and Resolution of Problems		02/07/2005	02/25/2005	Baseline Inspections
	ISI - ISI INSPECTION		1			
1	IP 7111108G	Inservice Inspection Activities - BWR		03/14/2005	03/18/2005	Baseline Inspections
	INSPECT - ACCESS CONTROL AND ALARA		1			
1	IP 7112101	Access Control to Radiologically Significant Areas		03/14/2005	03/18/2005	Baseline Inspections
	FY 2005 - MONTICELLO INIT PREP 04/2005		3			
1	W90115	OL - INITIAL EXAM - MONTICELLO - MAR/APR 2005		04/11/2005	04/15/2005	Not Applicable
	FY 2005 - MONTICELLO INIT EXAM 05/2005		3			
1	W90115	OL - INITIAL EXAM - MONTICELLO - MAR/APR 2005		05/02/2005	05/13/2005	Not Applicable
	INSPECT - REMP		1			
1	IP 7112101	Access Control to Radiologically Significant Areas		07/18/2005	07/22/2005	Baseline Inspections
1	IP 7112203	Radiological Environmental Monitoring Program		07/18/2005	07/22/2005	Baseline Inspections
	71114 - EP EXERCISE & EP PI INSP		2			
1	IP 7111401	Exercise Evaluation		08/29/2005	09/02/2005	Baseline Inspections
1	IP 71151	Performance Indicator Verification		08/29/2005	09/02/2005	Baseline Inspections