

March 4, 2002

Mr. Michael A. Balduzzi  
Senior Vice President  
and Chief Nuclear Officer  
Vermont Yankee Nuclear Power Corporation  
185 Old Ferry Road  
P.O. Box 7002  
Brattleboro, Vermont 05302-7002

SUBJECT: ANNUAL ASSESSMENT LETTER - VERMONT YANKEE  
(REPORT 50-271/02-001)

Dear Mr. Balduzzi:

On January 30, 2002, the NRC staff completed its end-of-cycle plant performance assessment of Vermont Yankee. The end-of-cycle review for Vermont Yankee involved the participation of all technical divisions in evaluating performance indicators (PIs) for the most recent quarter and inspection results for the period from 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 calendar year 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, Vermont Yankee operated in a manner that preserved public health and safety and fully met all cornerstone objectives. Plant performance for the most recent quarter, as well as the first two 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 Performance Indicators being at levels requiring no additional NRC oversight (Green). However, the significance of an inspection finding associated with an Operational Safeguards Response Evaluation (OSRE) conducted during the week of August 20, 2001, is still under review as part of the Significance Determination Process. Specifically, on November 28, 2001, the NRC provided its preliminary assessment of the OSRE results, which indicated that response strategy weaknesses discovered during the conduct of force-on-force exercises had "substantial safety significance" (Yellow).

In a letter dated November 21, 2001, you confirmed your commitment to continue the compensatory measures that had been taken promptly during the OSRE to address the weaknesses, as well as additional actions taken in response to NRC Safeguards Threat Advisories issued following the September 11 terrorist attacks. When a final significance determination is completed for this finding, a change to our performance assessment, as well as the need for scheduling supplemental inspections or other NRC actions, may be warranted. If so, an Assessment Follow-Up Letter will forward our assessment results and necessary changes to the inspection plans. Therefore, until that determination is made, we plan to conduct only baseline inspections at your facility through March 31, 2003.

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 Vermont Yankee, 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 Vermont Yankee actions in response to the terrorist attacks through a series of audits. With the issuance of the Order, we will evaluate Vermont Yankee's compliance with these interim requirements.

The enclosed inspection plan details the inspections scheduled through March 31, 2003. 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 schedule for the last six months of the inspection plan is tentative and may be revised at the Mid-Cycle Review meeting.

In accordance with 10 CFR 2.790 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/NRC/ADAMS/index.html> (the Public Electronic Reading Room).

Michael A. Balduzzi

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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 (610) 337-5227 with any questions you may have regarding this letter or the inspection plan.

Sincerely,

/RA/

Clifford Anderson, Chief  
Projects Branch 5  
Division of Reactor Projects

Docket No. 50-271  
Licensee No. DPR-28

Enclosure: Vermont Yankee Inspection/Activity Plan

cc w/encl:

M. Hamer, Operating Experience Coordinator - Vermont Yankee  
G. Sen, Licensing Manager, Vermont Yankee Nuclear Power Corporation  
D. Tefft, Administrator, Bureau of Radiological Health, State of New Hampshire  
Chief, Safety Unit, Office of the Attorney General, Commonwealth of Massachusetts  
D. Lewis, Esquire  
G. Bisbee, Esquire  
J. Block, Esquire  
T. Rapone, Massachusetts Executive Office of Public Safety  
D. Katz, Citizens Awareness Network (CAN)  
M. Daley, New England Coalition on Nuclear Pollution, Inc. (NECNP)  
R. Shadis, New England Coalition Staff  
State of New Hampshire, SLO Designee  
State of Vermont, SLO Designee  
Commonwealth of Massachusetts, SLO Designee

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DATE	03/ /02		03/1/02		03/1/02	

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**Vermont Yankee**  
**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>71121</b>	<b>- OCC RAD SAFETY</b>	<b>1</b>			
1	IP 7112101	Access Control to Radiologically Significant Areas		01/07/2002	01/11/2002	Baseline Inspections
1	IP 7112102	ALARA Planning and Controls		01/07/2002	01/11/2002	Baseline Inspections
1	IP 7112103	Radiation Monitoring Instrumentation		01/07/2002	01/11/2002	Baseline Inspections
	<b>71130</b>	<b>- SECURITY</b>	<b>1</b>			
1	IP 7113001	Access Authorization Program (Behavior Observation Only)		03/25/2002	03/29/2002	Baseline Inspections
1	IP 7113002	Access Control (Search of Personnel, Packages, and Vehicles: Identification and Authorizatio		03/25/2002	03/29/2002	Baseline Inspections
	<b>71114</b>	<b>- EP PRG REVIEW &amp; EP PI VERIFICATION</b>	<b>1</b>			
1	IP 7111402	Alert and Notification System Testing		04/08/2002	04/12/2002	Baseline Inspections
1	IP 7111403	Emergency Response Organization Augmentation Testing		04/08/2002	04/12/2002	Baseline Inspections
1	IP 7111404	Emergency Action Level and Emergency Plan Changes		04/08/2002	04/12/2002	Baseline Inspections
1	IP 7111405	Correction of Emergency Preparedness Weaknesses and Deficiencies		04/08/2002	04/12/2002	Baseline Inspections
1	IP 711151	Performance Indicator Verification		04/08/2002	04/12/2002	Baseline Inspections
	<b>71121</b>	<b>- OCC RAD SAFETY</b>	<b>1</b>			
1	IP 7112101	Access Control to Radiologically Significant Areas		04/22/2002	04/26/2002	Baseline Inspections
1	IP 7112102	ALARA Planning and Controls		04/22/2002	04/26/2002	Baseline Inspections
1	IP 7112103	Radiation Monitoring Instrumentation		04/22/2002	04/26/2002	Baseline Inspections
	<b>7111121</b>	<b>- SSDI</b>	<b>6</b>			
1	IP 7111121	Safety System Design and Performance Capability		05/20/2002	05/24/2002	Baseline Inspections
1	IP 7111121	Safety System Design and Performance Capability		06/03/2002	06/07/2002	Baseline Inspections
	<b>7111111B</b>	<b>- L.O. REQUALIFICATION PROGRAM</b>	<b>2</b>			
1	IP 7111111B	Licensed Operator Requalification		06/16/2002	06/20/2002	Baseline Inspections
1	IP 7111111B	Licensed Operator Requalification		07/15/2002	07/19/2002	Baseline Inspections
	<b>8/12 EXM</b>	<b>- OPERATOR LICENSING INITIAL EXAMS</b>	<b>3</b>			
1	U01490	VERMONT YANKEE, INITIAL EXAM (8/12-16/02)		07/17/2002	07/19/2002	Not Applicable
1	U01490	VERMONT YANKEE, INITIAL EXAM (8/12-16/02)		08/12/2002	08/16/2002	Not Applicable
	<b>71121</b>	<b>- OCC RAD SAFETY</b>	<b>1</b>			
1	IP 7112101	Access Control to Radiologically Significant Areas		08/26/2002	08/30/2002	Baseline Inspections
1	IP 7112102	ALARA Planning and Controls		08/26/2002	08/30/2002	Baseline Inspections
1	IP 7112103	Radiation Monitoring Instrumentation		08/26/2002	08/30/2002	Baseline Inspections
1	IP 711151	Performance Indicator Verification		08/26/2002	08/30/2002	Baseline Inspections
	<b>7112201</b>	<b>- PUB RAD SAFETY - RETS</b>	<b>1</b>			
1	IP 7112201	Radioactive Gaseous and Liquid Effluent Treatment and Monitoring Systems		09/30/2002	10/04/2002	Baseline Inspections

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

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Unit Number	Inspection Activity	Title	No. of Staff on Site	Planned Dates		Inspection Type
				Start	End	
	<b>71121</b>	<b>- OCC RAD SAFETY</b>	<b>1</b>			
1	IP 7112101	Access Control to Radiologically Significant Areas		10/14/2002	10/18/2002	Baseline Inspections
1	IP 7112102	ALARA Planning and Controls		10/14/2002	10/18/2002	Baseline Inspections
1	IP 7112103	Radiation Monitoring Instrumentation		10/14/2002	10/18/2002	Baseline Inspections
	<b>7111108</b>	<b>- INSERVICE INSPECTION</b>	<b>1</b>			
1	IP 7111108	Inservice Inspection Activities		10/14/2002	10/18/2002	Baseline Inspections
	<b>7111107B</b>	<b>- HEAT SINK</b>	<b>1</b>			
1	IP 7111107B	Heat Sink Performance		11/19/2002	11/23/2002	Baseline Inspections
	<b>71121</b>	<b>- OCC RAD SAFETY</b>	<b>1</b>			
1	IP 7112101	Access Control to Radiologically Significant Areas		01/27/2003	01/31/2003	Baseline Inspections
1	IP 7112102	ALARA Planning and Controls		01/27/2003	01/31/2003	Baseline Inspections
1	IP 7112103	Radiation Monitoring Instrumentation		01/27/2003	01/31/2003	Baseline Inspections
	<b>71130</b>	<b>- SECURITY</b>	<b>1</b>			
1	IP 7113001	Access Authorization Program (Behavior Observation Only)		03/10/2003	03/14/2003	Baseline Inspections
1	IP 7113002	Access Control (Search of Personnel, Packages, and Vehicles: Identification and Authorizatio		03/10/2003	03/14/2003	Baseline Inspections