

March 4, 2003

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

SUBJECT: ANNUAL ASSESSMENT LETTER - INDIAN POINT NUCLEAR
GENERATING UNIT 2 (REPORT 50-247/2003001)

Dear Mr. Dacimo:

On February 7, 2003, the NRC staff completed its end-of-cycle plant performance assessment of your Indian Point 2 facility. In accordance with NRC Inspection Manual Chapter 0305, "Operating Reactor Assessment Program," the end-of-cycle review involved the participation of all technical divisions in evaluating the performance of Indian Point 2 for the assessment cycle beginning January 1, 2002 and ending December 28, 2002. 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.

The NRC has maintained heightened oversight of Unit 2 over the past several years. Indian Point 2 operated in a manner that preserved public health and safety and was categorized in the Degraded Cornerstone Column of the Reactor Oversight Program (ROP) Action Matrix for the last quarter of the assessment period. Indian Point 2 began the assessment period in the Multiple Degraded Cornerstone column of the Action Matrix due to performance problems revealed during an August 1999 reactor trip and a February 2000 steam generator tube failure. Upon purchasing Unit 2 in September 2001, Entergy established a performance improvement program (Fundamentals Improvement Program- FIP) with metrics to measure their progress in addressing these long-standing performance issues. Entergy committed significant additional resources to improvement initiatives and the new management team brought higher standards of performance and accountability to the station. At the end of the third quarter 2002, we concluded that Indian Point 2 had made sufficient progress to move the facility from the Multiple Degraded Cornerstone column of the Action Matrix. While progress had been made, we maintained oversight above baseline levels, in accordance with the Degraded Cornerstone column of the Action Matrix, in light of several issues which indicated continued station improvement efforts were needed. These included problems in the areas of operator training, plant design control and corrective actions.

During this past assessment period, regulatory performance meetings were conducted in February, March, May, and September 2002, focusing on your FIP indicators and our quarterly assessments. We continued our heightened oversight through expanded inspection efforts throughout the assessment period. These included both supplemental and baseline inspections to review your efforts to improve licensed operator requalification training in April and October 2002, and inspections to assess your corrective action program in June/July and December 2002.

Overall, performance continued to improve at Indian Point 2 and margins of safety have been strengthened. Entergy completed important upgrades to the security program, some of which were mandated by the NRC's February 2002 Order. Management has continued to focus station efforts on priority work and, as a result, progress has been made in correcting important equipment problems, such as control room deficiencies. However, additional work is needed to reduce overall maintenance and corrective action backlogs which remain relatively high. Continued efforts are also needed to address human performance errors and plant design control legacy issues. There was one finding of low to moderate safety significance (White) identified during this assessment period. All other findings and all ROP performance indicators were of very low safety significance (Green).

Human performance improvements were noted during this assessment period. For example, operator response to plant events and the handling of plant shutdown and restart from the Fall 2002 outage were generally good. However, we continued to observe instances of licensed and non-licensed operator knowledge deficiencies and performance errors. The problems were observed primarily in the areas of familiarity with Technical Specifications, configuration control, and assessing safety system operability. The substantive cross-cutting issue in the area of human performance will remain open.

Progress has also been made in problem identification and resolution. Your corrective action program has a low threshold for problem identification and items are effectively prioritized. Substantial improvement has been made in the timeliness of evaluating problem reports. However, the total backlog of open problem reports remains relatively high and corrective actions have not been effective in some important instances. For example, weak corrective actions led to a White finding for a degraded control room firewall during this assessment cycle. Entergy has introduced some new process tools and increased management attention to work planning, but improved implementation of work management processes will be important to reducing work order backlogs. The cross-cutting issue in the area of corrective action will remain open.

Licensed operator training was reviewed closely during this period to assess corrective actions for previous crew examination failures in the Fall of 2001 that resulted in a Yellow finding. Progress was reflected in the fact that all operating crews successfully completed the requalification training cycle in the Fall of 2002. The NRC concludes, however, that observation of upcoming initial licensing examinations and completion of a training inspection scheduled for March-April are needed to confirm that your corrective actions have addressed issues in the training area. Completing these activities with successful results, as well as continued improved in-plant operator performance will permit closure of this finding within the next quarter.

As you are aware, since the terrorist attacks on September 11, 2001, the NRC has issued several Orders and threat advisories to enhance security capabilities and improve guard force readiness. We have conducted inspections to review implementation of these requirements at Indian Point and have monitored your actions in response to changing threat conditions. Our inspections have confirmed that the Security Plan and interim compensatory measures (ICMs) required by the NRC's February 2002 Order are being implemented adequately. Physical barriers, security equipment and response strategies have been strengthened; defensive strategies are appropriate to the current design basis threats; and the total number of security responders at Indian Point is significantly higher than exists at a typical single or dual-unit plant. Although significant security enhancements have been made, a number of concerns have been raised by the security officers. Also instances have occurred at the Indian Point station involving inattentive security officers, inappropriate handling of weapons by officers, and assignment of inappropriate collateral tasks to security responders. The security officer concerns and performance issues warrant continued Entergy attention, particularly as Entergy works to integrate the Unit 2 and 3 security forces.

While progress continues, NRC intends to continue a heightened level of oversight at Indian Point at least through the end of the current assessment period (December 2003). We plan to follow-up on Entergy's progress through focused inspections by our resident inspection staff and region-based specialists and through periodic performance monitoring meetings. In addition to the operator examinations and inspection of your licensed operator training programs in March and April 2003, we will perform a supplemental inspection in May 2003, which will examine your response to the White finding associated with the degraded fire barrier and we will perform a corrective action inspection in the Fall. We also plan to continue our inspections of your implementation of security enhancements and response to changing threat conditions, conduct appropriate portions of the security baseline inspection program, as well as perform additional inspections to evaluate your compliance with new security requirements that may be ordered. Further, we expect to work closely with the Federal Emergency Management Agency, the State, the counties, and Entergy, as appropriate, to address offsite emergency planning and preparedness issues.

The enclosed inspection plan details the schedule for inspections through March 2004. 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 last six months of the inspection plan is tentative and may be revised at the mid-cycle review.

Indian Point 2 will be discussed at the upcoming Agency Action Review Meeting, in accordance with IMC 0305, "Operating Reactor Assessment Program." We will notify you via separate correspondence if any agency actions change as an outcome of the meeting.

Mr. Fred Dacimo

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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. We plan to further discuss this assessment of your performance at a regulatory performance meeting on April 7, 2003, at 7:00 p.m., location to be announced. Please contact Peter Eselgroth, Projects Branch Chief, at 610-337-5234 with any questions you may have regarding this letter or the inspection plan.

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/reading-rm/adams.html> (the Electronic Reading Room).

Sincerely,

/RA/

Hubert J. Miller
Regional Administrator

Docket No. 50-247
License No. DPR-26

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Indian Point 2
Inspection / Activity Plan
12/30/2002 - 03/27/2004

Unit Number	Inspection Activity	Title	No. of Staff on Site	Planned Dates		Inspection Type
				Start	End	
	7112201 - PUB RAD SAFETY - RETS		1			
2	IP 7112201	Radioactive Gaseous and Liquid Effluent Treatment and Monitoring Systems		01/06/2003	01/10/2003	Baseline Inspections
	7111404 - COMBINE EMERGENCY PLAN REVIEW		2			
2	IP 7111404	Emergency Action Level and Emergency Plan Changes		01/27/2003	01/31/2003	Baseline Inspections
	SEC - SPECIAL INSPECTION - SECURITY/SCWE		2			
2	IP 40001	Resolution Of Employee Concerns		01/13/2003	01/17/2003	Other Routine
2	IP 7113003	Response to Contingency Events (Protective Strategy and Implementation of Protective Strategy)		01/13/2003	01/17/2003	Baseline Inspections
2	IP 81018	Security Plan And Implementing Procedures		01/13/2003	01/17/2003	Other Routine
2	IP 81020	Management Effectiveness - Security Program		01/13/2003	01/17/2003	Other Routine
2	IP 81022	Security Organization		01/13/2003	01/17/2003	Other Routine
	7111121 - SSDI		7			
2	IP 7111121	Safety System Design and Performance Capability		01/27/2003	01/31/2003	Baseline Inspections
2	IP 7111121	Safety System Design and Performance Capability		02/10/2003	02/14/2003	Baseline Inspections
	T1148BC - SEC ICM		7			
2	IP 2515/148	Inspection of Nuclear Reactor Safeguards - Interim Compensatory Measures		01/27/2003	01/31/2003	Safety Issues
	3/10+EXM - U2 OPERATOR LICENSING INITIAL EXAMS		3			
2	U01495	INDIAN POINT 2 INITIAL EXAM (3/10/03)		02/09/2003	02/13/2003	Not Applicable
2	U01495	INDIAN POINT 2 INITIAL EXAM (3/10/03)		03/10/2003	03/14/2003	Not Applicable
	71121 - OCC RAD SAFETY		1			
2	IP 7112101	Access Control to Radiologically Significant Areas		02/24/2003	02/28/2003	Baseline Inspections
2	IP 7112102	ALARA Planning and Controls		02/24/2003	02/28/2003	Baseline Inspections
2	IP 7112103	Radiation Monitoring Instrumentation and Protective Equipment		02/24/2003	02/28/2003	Baseline Inspections
2	IP 71151	Performance Indicator Verification		02/24/2003	02/28/2003	Baseline Inspections
	41500 - FOLLOW-UP INSPECTION		1			
2	IP 41500	Training And Qualification Effectiveness		03/24/2003	03/28/2003	Other Routine
	71121 - OCC RAD SAFETY		1			
2	IP 7112101	Access Control to Radiologically Significant Areas		04/07/2003	04/11/2003	Baseline Inspections
2	IP 7112102	ALARA Planning and Controls		04/07/2003	04/11/2003	Baseline Inspections
2	IP 7112103	Radiation Monitoring Instrumentation and Protective Equipment		04/07/2003	04/11/2003	Baseline Inspections
2	IP 71151	Performance Indicator Verification		04/07/2003	04/11/2003	Baseline Inspections
	71121 - OCC RAD SAFETY		1			
2	IP 7112101	Access Control to Radiologically Significant Areas		05/19/2003	05/23/2003	Baseline Inspections
2	IP 7112102	ALARA Planning and Controls		05/19/2003	05/23/2003	Baseline Inspections
2	IP 7112103	Radiation Monitoring Instrumentation and Protective Equipment		05/19/2003	05/23/2003	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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12/30/2002 - 03/27/2004

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				Start	End	
	71121	- OCC RAD SAFETY	1			
2	IP 71151	Performance Indicator Verification		05/19/2003	05/23/2003	Baseline Inspections
	95001	- SUPPLEMENTAL FOR FIRE WALL ISSUE	1			
2	IP 95001	Supplemental Inspection For One Or Two White Inputs In A Strategic Performance Area		05/19/2003	05/23/2003	Supplemental Program
	71121	- OCC RAD SAFETY	1			
2	IP 7112101	Access Control to Radiologically Significant Areas		07/07/2003	07/11/2003	Baseline Inspections
2	IP 7112102	ALARA Planning and Controls		07/07/2003	07/11/2003	Baseline Inspections
2	IP 7112103	Radiation Monitoring Instrumentation and Protective Equipment		07/07/2003	07/11/2003	Baseline Inspections
2	IP 71151	Performance Indicator Verification		07/07/2003	07/11/2003	Baseline Inspections
	71114	- EP PRGM REVIEW AND EP PI VERF	1			
2	IP 7111402	Alert and Notification System Testing		07/14/2003	07/18/2003	Baseline Inspections
2	IP 7111403	Emergency Response Organization Augmentation Testing		07/14/2003	07/18/2003	Baseline Inspections
2	IP 7111404	Emergency Action Level and Emergency Plan Changes		07/14/2003	07/18/2003	Baseline Inspections
2	IP 7111405	Correction of Emergency Preparedness Weaknesses and Deficiencies		07/14/2003	07/18/2003	Baseline Inspections
2	IP 71151	Performance Indicator Verification		07/14/2003	07/18/2003	Baseline Inspections
	71122.02	- RADWASTE	1			
2	IP 7112202	Radioactive Material Processing and Transportation		08/18/2003	08/22/2003	Baseline Inspections
	71121	- OCC RAD SAFETY	1			
2	IP 7112101	Access Control to Radiologically Significant Areas		09/08/2003	09/12/2003	Baseline Inspections
2	IP 7112102	ALARA Planning and Controls		09/08/2003	09/12/2003	Baseline Inspections
2	IP 7112103	Radiation Monitoring Instrumentation and Protective Equipment		09/08/2003	09/12/2003	Baseline Inspections
2	IP 71151	Performance Indicator Verification		09/08/2003	09/12/2003	Baseline Inspections
	71152B	- PROBLEM IDENTIFICATION AND RESOLUTION	4			
2	IP 71152B	Identification and Resolution of Problems		11/17/2003	11/21/2003	Baseline Inspections
2	IP 71152B	Identification and Resolution of Problems		12/08/2003	12/12/2003	Baseline Inspections
2	IP 95001	Supplemental Inspection For One Or Two White Inputs In A Strategic Performance Area		12/08/2003	12/12/2003	Supplemental Program
	71121	- OCC RAD SAFETY	1			
2	IP 7112101	Access Control to Radiologically Significant Areas		11/17/2003	11/21/2003	Baseline Inspections
2	IP 7112102	ALARA Planning and Controls		11/17/2003	11/21/2003	Baseline Inspections
2	IP 7112103	Radiation Monitoring Instrumentation and Protective Equipment		11/17/2003	11/21/2003	Baseline Inspections
2	IP 71151	Performance Indicator Verification		11/17/2003	11/21/2003	Baseline Inspections
	711112B	- MAINTENANCE RULE	1			
2	IP 711112B	Maintenance Effectiveness		12/15/2003	12/19/2003	Baseline Inspections

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				Start	End	
	71121	- OCC RAD SAFETY	1			
2	IP 7112101	Access Control to Radiologically Significant Areas		01/26/2004	01/30/2004	Baseline Inspections
2	IP 7112102	ALARA Planning and Controls		01/26/2004	01/30/2004	Baseline Inspections
2	IP 7112103	Radiation Monitoring Instrumentation and Protective Equipment		01/26/2004	01/30/2004	Baseline Inspections
2	IP 71151	Performance Indicator Verification		01/26/2004	01/30/2004	Baseline Inspections
	711117B	- PERMANENT PLANT MODS	3			
2	IP 7111102	Evaluation of Changes, Tests, or Experiments		02/16/2004	02/20/2004	Baseline Inspections
2	IP 711117B	Permanent Plant Modifications		02/16/2004	02/20/2004	Baseline Inspections
	INSPECT	- TRIENNIAL FIRE PROTECTION	1			
2	IP 7111105T	Fire Protection		03/01/2004	03/05/2004	Baseline Inspections
2	IP 7111105T	Fire Protection		03/15/2004	03/19/2004	Baseline Inspections