

April 12, 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: ASSESSMENT FOLLOW-UP LETTER - VERMONT YANKEE

Dear Mr. Balduzzi:

On March 25, 2002, the NRC staff forwarded a letter regarding the final significance determination of a Yellow inspection finding in the physical protection cornerstone. The purpose of this letter is to inform you of our current assessment of your safety performance during this period and a resultant change to our inspection schedule at your facility.

In our letter dated March 4, 2002, forwarding the results of our annual assessment of safety performance, we concluded that Vermont Yankee fully met all cornerstone objectives noting that there were no significant inspection findings and all performance indicators were at a level requiring no additional NRC oversight (Green). In that letter we also discussed the fact that the Operational Safeguards Response Evaluation (OSRE) finding was not yet final. Our letter of March 25, 2002, finalized the significance determination for this finding, concluding the issue had "substantial safety significance" (Yellow) as categorized under the Reactor Oversight Program. As a result of the OSRE finding final significance being completed, we have assessed Vermont Yankee performance to be in the Degraded Cornerstone column of the NRC's Action Matrix in accordance with the Operating Reactor Assessment Program described in NRC Inspection Manual Chapter 0305.

We note that you previously confirmed your commitment to continue compensatory measures addressing the weaknesses revealed during the OSRE, as well as additional actions taken in response to NRC Safeguards Threat Advisories issued following the September 11 terrorist attacks. Additionally, at the January 18, 2002 Regulatory Conference you provided additional information relative to your analysis of the OSRE findings, as well as discussed your long-term corrective actions for weaknesses revealed during the OSRE.

Also, the NRC has taken a number of actions to confirm the effectiveness of your compensatory measures since the OSRE inspection. These actions included direct inspections or audits involving NRC security specialists from both the regional and headquarters offices on September 27, October 16, November 7, and December 11, 2001. These activities concluded that your compensatory measures remained appropriate. In addition, a physical protection baseline inspection was conducted on March 24, 2002, which also confirmed the improved security measures taken by Vermont Yankee.

As a result of the change in the NRC assessment of safety performance, we plan to conduct a supplemental inspection, using Inspection Procedure 95002, during the week of September 23, 2002. This inspection will be conducted to provide additional assurance that the long-term corrective actions are appropriately responsive to the root and contributing causes for the performance issues. Additionally, this inspection will assess the extent of condition for the performance issues. Finally, in addition to this specific inspection, the NRC will continue to monitor your progress as you address the security measures prescribed in the Order issued on February 25, 2002, to all reactor licensees.

In accordance with 10 CFR 2.790 of the NRC's "Rules of Practice," a copy of this letter 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).

Please contact Mr. Clifford J. Anderson at (610) 337-5227 with any questions you may have regarding this letter.

Sincerely,

/RA/

Hubert J. Miller
Regional Administrator

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

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