

March 3, 2004

Mr. David A. Christian
Sr. Vice President and Chief Nuclear Officer
Dominion Resources
5000 Dominion Boulevard
Glen Allen, VA 23060-6711

SUBJECT: ANNUAL ASSESSMENT LETTER - MILLSTONE POWER STATION
(REPORT 05000336/2004001 AND 05000423/2004001)

Dear Mr. Christian:

On February 5, 2004, the NRC staff completed its end-of-cycle plant performance assessment of Millstone Power Station. The end-of-cycle review involved the participation of all technical divisions in evaluating performance indicators (PIs) for the most recent quarter and inspection results for the period from January 1 through December 31, 2003. 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 that may conflict with your plant activities.

Overall, Millstone Power Station 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 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 reactor oversight process (ROP) baseline inspections at your facility through September 30, 2005.

In our mid-cycle assessment letter dated August 27, 2003, we advised you of a substantive cross-cutting issue at Millstone Unit 2 in the area of problem identification and resolution (PI&R). This issue involved lapses in the site engineering organization's effectiveness that resulted in weaknesses with the identification of problems, determination of root causes, and/or corrective actions. Your staff has implemented several actions to improve the quality of site engineering products. Our inspection activities have noted a decrease in the number of inspection findings in this area. As a result, the NRC no longer considers Millstone Power Station Unit 2's performance indicative of a substantive cross-cutting issue in the area of PI&R. Although the NRC plans no further focused review in this area, we will continue to monitor your progress through the baseline inspection program.

The enclosed inspection plan details the inspections scheduled through September 30, 2005. This plan includes several special inspection activities related to license renewal. 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 twelve 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 2.790 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 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 Mr. James Trapp, Chief, Reactor Projects Branch 6, at (610) 337-5186 with any questions you may have regarding this letter or the inspection plan.

Sincerely,

/RA/

A. Randolph Blough, Director
Division of Reactor Projects

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

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

cc w/encl:

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D. W. Dodson, Supervisor, Station Licensing
L. M. Cuoco, Senior Counsel
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)
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DATE	03/02/04	03/02/04	03/02/04			

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Millstone
Inspection / Activity Plan
01/01/2004 - 09/30/2005

Unit Number	Inspection Activity	Title	No. of Staff on Site	Planned Dates		Inspection Type
				Start	End	
	7112101	- OCC RAD SAFETY - ACCESS	1			
2, 3	IP 7112101	Access Control to Radiologically Significant Areas		01/26/2004	01/30/2004	Baseline Inspections
	71152B	- PROBLEM IDENTIFICATION AND RESOLUTION	4			
2, 3	IP 71152B	Identification and Resolution of Problems		02/09/2004	02/13/2004	Baseline Inspections
2, 3	IP 71152B	Identification and Resolution of Problems		02/23/2004	02/27/2004	Baseline Inspections
	7112102	- OCC RAD SAFETY - ALARA	1			
3	IP 7112102	ALARA Planning and Controls		04/05/2004	04/09/2004	Baseline Inspections
	7/19 EXM	- UNIT3 OPERATOR LICENSING INITIAL EXAM	6			
3	U01521	MILLSTONE UNIT 3 INITIAL EXAM (5/1-5/04)		06/28/2004	07/02/2004	Not Applicable
3	U01521	MILLSTONE UNIT 3 INITIAL EXAM (5/1-5/04)		07/19/2004	07/23/2004	Not Applicable
	7111108P	- INSERVICE INSPECTION - UNIT 3	3			
3	IP 2515/150	Reactor Pressure Vessel Head and Vessel Head Penetration Nozzles (NRC Bulletin 2002-02)		04/19/2004	04/23/2004	Safety Issues
3	IP 2515/152	Reactor Pressure Vessel Lower Head Penetration Nozzles (NRC Bulletin 2003-02)		04/19/2004	04/23/2004	Safety Issues
3	IP 7111108P	Inservice Inspection Activities - PWR		04/19/2004	04/23/2004	Baseline Inspections
	71130	- SECURITY	2			
2, 3	IP 7113001	Access Authorization		05/03/2004	05/07/2004	Baseline Inspections
2, 3	IP 7113002	Access Control		05/03/2004	05/07/2004	Baseline Inspections
2, 3	IP 7113008	Fitness For Duty Program		05/03/2004	05/07/2004	Baseline Inspections
2, 3	IP 71151	Performance Indicator Verification		05/03/2004	05/07/2004	Baseline Inspections
	7112202	- PUB RAD SAFETY - RADWASTE	1			
2, 3	IP 7112202	Radioactive Material Processing and Transportation		06/28/2004	07/02/2004	Baseline Inspections
	71111.05	- TRIENNIAL FIRE PROTECTION INSPECTION-U3	4			
3	IP 7111105T	Fire Protection		07/26/2004	07/30/2004	Baseline Inspections
3	IP 7111105T	Fire Protection		08/09/2004	08/13/2004	Baseline Inspections
	71002	- UNIT 2 LICENSE RENEWAL - SCOPING	4			
2	IP 71002	License Renewal Inspection		07/26/2004	07/30/2004	License Renewal Insp
	7111112B	- MAINTENANCE RULE	1			
2, 3	IP 7111112B	Maintenance Effectiveness		08/16/2004	08/20/2004	Baseline Inspections
	7111107B	- HEAT SINK U2	1			
2	IP 7111107B	Heat Sink Performance		08/30/2004	09/03/2004	Baseline Inspections
	7111401	- EXERCISE EVALUATION & EP PI VERIFICATION	6			
2, 3	IP 7111401	Exercise Evaluation		09/13/2004	09/17/2004	Baseline Inspections
2, 3	IP 71151	Performance Indicator Verification		09/13/2004	09/17/2004	Baseline Inspections

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

Millstone
Inspection / Activity Plan
01/01/2004 - 09/30/2005

Unit Number	Inspection Activity	Title	No. of Staff on Site	Planned Dates		Inspection Type
				Start	End	
	71002	- UNIT 2 LICENSE RENEWAL - AGING MGMT	5			
2	IP 71002	License Renewal Inspection		09/13/2004	09/17/2004	License Renewal Insp
2	IP 71002	License Renewal Inspection		09/27/2004	10/01/2004	License Renewal Insp
	7112203	- PUB RAD SAFETY - REMP	1			
2, 3	IP 7112203	Radiological Environmental Monitoring Program		09/27/2004	10/01/2004	Baseline Inspections
	7111111B	- LO REQUAL PROGRAM UNIT 2	2			
2	IP 7111111B	Licensed Operator Requalification Program		10/04/2004	10/08/2004	Baseline Inspections
	7111111B	- LO REQUAL INSPECTION MILLSTONE 3	2			
3	IP 7111111B	Licensed Operator Requalification Program		10/25/2004	10/29/2004	Baseline Inspections
	7111121	- U2 SSDI	6			
2	IP 7111121	Safety System Design and Performance Capability		11/01/2004	11/05/2004	Baseline Inspections
2	IP 7111121	Safety System Design and Performance Capability		11/15/2004	11/19/2004	Baseline Inspections
	7112103	- OCC RAD SAFETY	1			
2, 3	IP 7112103	Radiation Monitoring Instrumentation and Protective Equipment		12/06/2004	12/10/2004	Baseline Inspections
	7112101	- OCC RAD SAFETY - ACCESS	1			
2, 3	IP 7112101	Access Control to Radiologically Significant Areas		01/31/2005	02/04/2005	Baseline Inspections
	7111107B	- HEAT SINK	1			
2, 3	IP 7111107B	Heat Sink Performance		02/07/2005	02/11/2005	Baseline Inspections
	3/21 EXM	- UNIT 2 OPERATOR LICENSING INITIAL EXAM	5			
2	U01535	MILLSTONE, UNIT 2 INITIAL EXAM (12/1-5/04)		02/14/2005	02/18/2005	Not Applicable
2	U01535	MILLSTONE, UNIT 2 INITIAL EXAM (12/1-5/04)		03/21/2005	03/25/2005	Not Applicable
	7111108P	- INSERVICE INSPECTION - U2	1			
2	IP 7111108P	Inservice Inspection Activities - PWR		04/11/2005	04/15/2005	Baseline Inspections
	71111.05	- TRIENNIAL FIRE PROTECTION INSPECTION-U2	1			
2	IP 7111105T	Fire Protection		05/23/2005	05/27/2005	Baseline Inspections
2	IP 7111105T	Fire Protection		06/06/2005	06/10/2005	Baseline Inspections
	7112102	- OCC RAD SAFETY - ALARA	1			
2	IP 7112102	ALARA Planning and Controls		05/16/2005	05/20/2005	Baseline Inspections
	7112201	- PUB RAD SAFETY - RETS (UNIT 2 ONLY)	1			
2	IP 7112201	Radioactive Gaseous and Liquid Effluent Treatment and Monitoring Systems		07/11/2005	07/15/2005	Baseline Inspections
	7112201	- PUB RAD SAFETY - RETS (UNIT 3 ONLY)	1			
3	IP 7112201	Radioactive Gaseous and Liquid Effluent Treatment and Monitoring Systems		07/18/2005	07/22/2005	Baseline Inspections
	7112102	- OCC RAD SAFETY - ALARA	1			
2, 3	IP 7112102	ALARA Planning and Controls		08/08/2005	08/12/2005	Baseline Inspections

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01/01/2004 - 09/30/2005

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				Start	End	
	711117B - MODS & 50.59 U2/3		1			
2, 3	IP 7111102	Evaluation of Changes, Tests, or Experiments		08/15/2005	08/19/2005	Baseline Inspections
2, 3	IP 711117B	Permanent Plant Modifications		08/15/2005	08/19/2005	Baseline Inspections
	7111121 - SSDI - U3		6			
3	IP 7111121	Safety System Design and Performance Capability		08/29/2005	09/02/2005	Baseline Inspections
3	IP 7111121	Safety System Design and Performance Capability		09/12/2005	09/16/2005	Baseline Inspections
	71114 - EP PROGRAM INSP & PI VERIFICATION		1			
2, 3	IP 7111404	Emergency Action Level and Emergency Plan Changes		09/12/2005	09/12/2005	Baseline Inspections
2, 3	IP 7111405	Correction of Emergency Preparedness Weaknesses and Deficiencies		09/12/2005	09/12/2005	Baseline Inspections
2, 3	IP 71151	Performance Indicator Verification		09/12/2005	09/12/2005	Baseline Inspections
2, 3	IP 7111402	Alert and Notification System Testing		09/12/2005	09/16/2005	Baseline Inspections
2, 3	IP 7111403	Emergency Response Organization Augmentation Testing		09/12/2005	09/16/2005	Baseline Inspections