

SAFEGUARDS INFORMATION

August 11, 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: MONTICELLO NUCLEAR GENERATING PLANT
INSPECTION REPORT NO. 05000263/2004006(DRS)

Dear Mr. Palmisano:

This refers to the inspection conducted between April 6 and July 1, 2004, at the Nuclear Management Company Corporate Headquarters and the Monticello Nuclear Generating Plant. The purpose of the inspection was to complete a security baseline inspection. The enclosed report presents the results of this inspection, which were discussed on April 8, 2004, with Mr. C. Campbell and other members of the NMC Corporate staff and on July 1, 2004, with Mr. B. Mackissock and other members of your staff.

This inspection examined activities conducted under your licenses as they relate to public health and safety, the common defense and security, and to compliance with the Commission's rules and regulations, orders, and with the conditions of your license. Within these areas, the inspection consisted of selected examination of procedures and representative records, observations of activities, and interviews with personnel.

Based on the results of this inspection, the NRC has identified three issues that were evaluated under the risk significance determination process as having very low safety significance (Green). The NRC has also determined that a violation is associated with each of these issues. The violations are being treated as Non-Cited Violations (NCV), consistent with Section VI.A of the Enforcement Policy. The NCVs are described in the subject inspection report.

PROPRIETARY INFORMATION

May be exempt from public release under the Freedom of Information Act (5 U.S.C.552).

Exemption Number 5

Name and Organization of person making determination:

G. Pirtle/RIII/DRS/SG

Date of Determination August 9, 2002

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If you contest the violations or significance of the NCV, you should provide a response within 30 days of the date of this inspection report, with the basis for your denial, to the U.S. Nuclear Regulatory Commission, ATTN: Document Control Desk, Washington, DC 20555-0001, with a copy to the Regional Administrator, Region III, and the Director, Office of Enforcement, United States Nuclear Regulatory Commission, Washington, DC 20555-0001; and the Resident Inspector at the Monticello Nuclear Generating Plant. Because these issues involve security-related information, your response will not be made available electronically for public inspection in the NRC Public Document Room or from the NRC's document system (ADAMS), accessible from the NRC Web site at <http://www.nrc.gov/reading-rm/adams.html>. If Safeguards Information is necessary to provide an acceptable response, please provide the level of protection described in 10 CFR 73.21. Otherwise, mark your entire response "Proprietary Information in accordance with 10 CFR 2.390(d)(1)" and follow the instruction for withholding in 10 CFR 2.390 (b)(1). In accordance with 10 CFR 2.390(b)(1)(ii), the NRC is waiving the affidavit requirements for your response.

The material enclosed herewith contains Safeguards Information as defined by 10 CFR 73.21 and its disclosure to unauthorized individuals is prohibited by Section 147 of the Atomic Energy Act of 1954, as amended. Therefore, the material will not be made available electronically for public inspection in the NRC Public Document Room or from the NRC's document system (ADAMS), accessible from the NRC Web site at <http://www.nrc.gov/reading-rm/adams.html>.

Sincerely,

/RA by Terry Madeda Acting for/

James R. Creed
Safeguards Program Manager
Division of Reactor Safety

Docket Nos. 50-263
License Nos. DPR-22

Enclosure: Inspection Report 05000263/2004006;
w/Attachment: Supplemental Information
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See Attached Distribution

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cc w/encl: **(SAFEGUARDS INFORMATION)**

E. McNeil (NSIR/DNS/RSS)

B. Westreich (NSIR/DNS)

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James R. Creed
Safeguards Program Manager
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E. McNeil (NSIR/DNS/RSS)

B. Westreich (NSIR/DNS)

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