

March 4, 2002

Mr. J. Forbes
Site Vice-President
Monticello Nuclear Generating Plant
Nuclear Management Company, LLC
2807 West County Road 75
Monticello, MN 55362-9637

SUBJECT: ANNUAL ASSESSMENT LETTER - MONTICELLO NUCLEAR GENERATING
PLANT (REPORT 50-263/02-01)

Dear Mr. Forbes:

On January 30, 2002, the NRC staff completed its end-of-cycle plant performance assessment of Monticello Nuclear Generating Plant. The end-of-cycle review for Monticello Nuclear Generating Plant 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. This letter is to inform you of our assessment of your safety performance during this period. In addition, we are providing 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 May 31, 2001 annual assessment letter, this inspection and assessment cycle consisted of three quarters (i.e. the second, third, and fourth calendar quarters of CY 2001) instead of the usual four quarters. This change was implemented to align the inspection and assessment cycle with the calendar year beginning on January 1, 2002.

Overall, Monticello Nuclear Generating Plant 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 PIs indicating performance at a level requiring no additional NRC oversight (Green). Therefore, we plan to conduct only baseline inspections at your facility through March 31, 2003.

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 last 6 months of the inspection are tentative and may be revised at the Mid-Cycle Review meeting.

In addition to the baseline inspection program, the NRC issued safeguards advisories recommending that nuclear power plant licensees go to the highest level of security immediately following the terrorist attacks on the World Trade Center and the Pentagon, and all promptly did so. With continued uncertainty about the possibility of additional terrorist activities, the Nation's nuclear power plants, including the Monticello Nuclear Generating Plant, 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 Monticello Nuclear Generating Plant's actions in response to the terrorist attacks through a series of audits. With the issuance of the Order, we will evaluate Monticello Nuclear Generating Plant's compliance with these interim requirements.

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).

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 630/829-9629 with any questions you may have regarding this letter or the inspection plan.

Sincerely,

/RA/

Bruce Burgess, Chief
Branch 2
Division of Reactor Projects

Docket No. 50-263
License No. DPR-22

Enclosure: Monticello Nuclear Generating Plant Inspection/ Activity Plan

See Attached Distribution

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| NAME | GWright/trn | | BBurgess | | | | | |
| DATE | 03/ /02 | | 03/ /02 | | | | | |

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cc w/encl: J. Purkis, Plant Manager
R. Anderson, Executive Vice President
and Chief Nuclear Officer
Nuclear Asset Manager
Site Licensing Manager
Commissioner, Minnesota Department of Health
J. Silberg, Esquire
Shaw, Pittman, Potts, and Trowbridge
R. Nelson, President
Minnesota Environmental Control Citizens
Association (MECCA)
Commissioner, Minnesota Pollution Control Agency
D. Gruber, Auditor/Treasurer
Wright County Government Center
Commissioner, Minnesota Department of Commerce
A. Neblett, Assistant Attorney General

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Monticello
Inspection / Activity Plan
03/04/2002 - 03/31/2003

| Unit Number | Inspection Activity | Title | No. of Staff on Site | Planned Dates | | Inspection Type |
|----------------|---------------------|--|-------------------------|---------------|------------|----------------------|
| | | | | Start | End | |
| | 71130 | - SAFEGUARDS INSPECTION-AA/AC/PI/PC | 1 | | | |
| 1 | IP 7113001 | Access Authorization Program (Behavior Observation Only) | | 03/04/2002 | 03/08/2002 | Baseline Inspections |
| 1 | IP 7113002 | Access Control (Search of Personnel, Packages, and Vehicles: Identification and Authorizator | | 03/04/2002 | 03/08/2002 | Baseline Inspections |
| 1 | IP 7113004 | Security Plan Changes | | 03/04/2002 | 03/08/2002 | Baseline Inspections |
| 1 | IP 71151 | Performance Indicator Verification | | 03/04/2002 | 03/08/2002 | Baseline Inspections |
| | IP 71122 | - RAM PROCESSING/SHIPPING INSPECTION | 1 | | | |
| 1 | IP 7112101 | Access Control to Radiologically Significant Areas | | 03/18/2002 | 03/22/2002 | Baseline Inspections |
| 1 | IP 7112202 | Radioactive Material Processing and Transportation | | 03/18/2002 | 03/22/2002 | Baseline Inspections |
| | FPI | - TRIENNIAL FIRE PROTECTION | 3 | | | |
| 1 | IP 7111105T | Fire Protection | | 06/03/2002 | 06/21/2002 | Baseline Inspections |
| | IP 71121 | - RP ACCESS CONTROLS & ALARA INSPECTION | 1 | | | |
| 1 | IP 7112101 | Access Control to Radiologically Significant Areas | | 06/17/2002 | 06/21/2002 | Baseline Inspections |
| 1 | IP 7112102 | ALARA Planning and Controls | | 06/17/2002 | 06/21/2002 | Baseline Inspections |
| 1 | IP 71151 | Performance Indicator Verification | | 06/17/2002 | 06/21/2002 | Baseline Inspections |
| | FY 2002 | - MONTICELLO INIT PREP 07&08/2002 | 3 | | | |
| 1 | W90058 | OL - INITIAL EXAM - MONTICELLO - JUL/SEP 2002 | | 07/29/2002 | 08/02/2002 | Not Applicable |
| | IP 71114 | - EP BASELINE INSPECTION (NON-EXERCISE) | 1 | | | |
| 1 | IP 7111402 | Alert and Notification System Testing | | 08/12/2002 | 08/16/2002 | Baseline Inspections |
| 1 | IP 7111403 | Emergency Response Organization Augmentation Testing | | 08/12/2002 | 08/16/2002 | Baseline Inspections |
| 1 | IP 7111405 | Correction of Emergency Preparedness Weaknesses and Deficiencies | | 08/12/2002 | 08/16/2002 | Baseline Inspections |
| 1 | IP 71151 | Performance Indicator Verification | | 08/12/2002 | 08/16/2002 | Baseline Inspections |
| | HTSINK B | - BIENNIAL HEAT SINK | 1 | | | |
| 1 | IP 7111107B | Heat Sink Performance | | 08/19/2002 | 08/23/2002 | Baseline Inspections |
| | IP 71122 | - LIQ/GAS RADIOACTIVE EFFL INSP | 1 | | | |
| 1 | IP 7112101 | Access Control to Radiologically Significant Areas | | 08/19/2002 | 08/23/2002 | Baseline Inspections |
| 1 | IP 7112201 | Radioactive Gaseous and Liquid Effluent Treatment and Monitoring Systems | | 08/19/2002 | 08/23/2002 | Baseline Inspections |
| 1 | IP 71151 | Performance Indicator Verification | | 08/19/2002 | 08/23/2002 | Baseline Inspections |
| | FY 2002 | - MONTICELLO INIT EXAM 09/2002 | 3 | | | |
| 1 | W90058 | OL - INITIAL EXAM - MONTICELLO - JUL/SEP 2002 | | 09/02/2002 | 09/06/2002 | Not Applicable |
| | MOD50.59 | - BIENNIAL PLANT MODS AND 50.59 | 4 | | | |
| 1 | IP 7111102 | Evaluation of Changes, Tests, or Experiments | | 09/23/2002 | 09/27/2002 | Baseline Inspections |
| 1 | IP 711117B | Permanent Plant Modifications | | 09/23/2002 | 09/27/2002 | Baseline Inspections |
| | CONT A+B | - SAFEGUARDS INSPECTION-RESPONSE ADMN+TEST | 2 | | | |
| 1 | IP 7113003 | Response to Contingency Events (Protective Strategy and Implementation of Protective Strategie | | 10/21/2002 | 10/25/2002 | Baseline Inspections |

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

Monticello
Inspection / Activity Plan
03/04/2002 - 03/31/2003

| Unit Number | Inspection Activity | Title | No. of Staff on Site | Planned Dates | | Inspection Type |
|----------------|---------------------|--|-------------------------|---------------|------------|----------------------|
| | | | | Start | End | |
| | MAINT B | - BIENNIAL MAINTENANCE RULE | 1 | | | |
| 1 | IP 711112B | Maintenance Rule Implementation | | 12/02/2002 | 12/06/2002 | Baseline Inspections |
| | IP 71121 | - RAD INSTRUMENTATION INSPECTION | 1 | | | |
| 1 | IP 7112101 | Access Control to Radiologically Significant Areas | | 12/16/2002 | 12/20/2002 | Baseline Inspections |
| 1 | IP 7112103 | Radiation Monitoring Instrumentation | | 12/16/2002 | 12/20/2002 | Baseline Inspections |
| | 71111.11 | - LIC OPERATOR REQUAL PROGRAM EVALUATION | 2 | | | |
| 1 | IP 711111B | Licensed Operator Requalification | | 02/24/2003 | 02/28/2003 | Baseline Inspections |
| | IP 71121 | - OUTAGE ALARA INSPECTION | 1 | | | |
| 1 | IP 7112101 | Access Control to Radiologically Significant Areas | | 03/10/2003 | 03/14/2003 | Baseline Inspections |
| 1 | IP 7112102 | ALARA Planning and Controls | | 03/10/2003 | 03/14/2003 | Baseline Inspections |