

November 28, 2001

EA-01-232

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: VERMONT YANKEE GENERATING STATION - NRC INSPECTION REPORT
50-271/01-010

Dear Mr. Balduzzi:

On August 23, 2001, the NRC completed an Operational Safeguards Response Evaluation (OSRE) at your Vermont Yankee power reactor facility. The enclosed report, which is considered as Safeguards Information, presents the preliminary results of that evaluation. The results of this inspection were discussed on August 23, 2001, with members of your staff. Subsequently, a final exit was conducted with Mr. Thomas Murphy and members of your staff by telephone conference on September 26, 2001.

The OSRE was an examination of activities conducted under your license as they relate to safety and compliance with the Commission's rules and regulations, and with the conditions of your license. Within these areas, the evaluation consisted of a selective examination of physical security plans, procedures and representative records; review and walkdown of selective portions of the Vermont Yankee facility; conduct of table-top exercises; examination and review of target sets; observations of force-on-force response exercises and exercise critiques; observation of firearms proficiency by security officers; and interviews with selected personnel. The most prominent aspect of the OSRE is the series of very challenging force-on-force exercise scenarios that are designed to identify potential vulnerabilities in your design basis threat response strategy, and areas where the security program may be strengthened to assure the continuing effectiveness of the physical protection system. Specifically, OSREs are designed to challenge the capability of the onsite security force to interdict a violent external assault by determined, well trained and dedicated intruders aided by a knowledgeable insider.

During the conduct of the force-on-force exercises, response strategy weaknesses were identified at Vermont Yankee. The enclosed report discusses our preliminary assessment of the performance of your security program, and includes a potential Yellow finding based on the

**SAFEGUARDS INFORMATION
DETERMINATION MADE BY
/RA/ G. C. SMITH, SEC. SPEC. DRS 11/28/01**

Interim Physical Protection Significance Determination Process. Upon identification of the finding, your staff established immediate compensatory measures. These were taken to assure the security program was adequate while necessary longer term corrective actions are implemented. Before leaving the site, our inspection staff determined that the security program at Vermont Yankee was sound, an important step given the current threat environment. The maintenance of the completed compensatory measures were confirmed by a NRC Security Specialist on September 27, 2001.

Elements of your security program, as at all other nuclear power plants, include a substantial security fencing system and associated intrusion detection, surveillance, and alarm systems around the plant site; a substantial armed guard force onsite at all times; background checks, extensive searches, and strict controls of personnel entering the plant; external vehicle barriers; and close examination of all materials and vehicles entering the plant. Notwithstanding deficiencies revealed by the Vermont Yankee OSRE that are categorized preliminarily under NRC Reactor Oversight Program as having "substantial safety significance", none of the response strategy defects were of a severity that could not be promptly addressed through compensatory measures taken at the time of the inspection. Furthermore, it is important to note that, on October 16, 2001, an NRC Security Specialist conducted an audit of Vermont Yankee's security posture relative to the NRC Safeguards Threat Advisories issued following the September terrorist attacks, and determined that the additional actions taken at the site, which included assistance of local law enforcement agencies, were appropriate. In a letter dated November 21, 2001, Vermont Yankee confirmed its commitment to continue these actions, and the compensatory measures addressing the weaknesses revealed from the OSRE, as described above. Your letter also described plans, schedules and commitments for the establishment of long-term corrective actions.

We believe we have sufficient information to make a final significance determination for this finding. However, before we make our decision, you may provide a written statement of your position on the significance of this finding, including any supporting information or reference to previously submitted material. Additionally, you may request a Regulatory Conference in order to provide your perspective on the finding, the associated safety significance, and the bases for your appraisal. If you chose to request a Regulatory Conference, we encourage you to submit your evaluation of the matter, including aspects that may differ with the facts described in the enclosed report. Any information that you chose to submit should be controlled as Safeguards Information and provided to our office at least a week before the conference. A Regulatory Conference on this matter would be closed to public observation since Safeguards Information may need to be discussed. All Safeguards Information is required to be protected in accordance with 10 CFR 73.21.

Please contact Mr. John R. White at (610) 337-5114 within 10 business days of the date of this letter to notify the NRC of your intentions. If we have not heard from you within 10 days, we will continue with our significance determination process and subsequently inform you of the results of our deliberations on this matter.

Mr. Michael A. Balduzzi

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In accordance with 10 CFR 2.790 of the NRC's "Rules of Practice," a copy of this letter without the Safeguards Information enclosure will be 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 Public Electronic Reading Room).

Sincerely,

/RA/

Wayne D. Lanning, Director
Division of Reactor Safety

Docket No. 50-271
License Nos. DPR-28

Enclosure: NRC Inspection Report No. 50-271/01-010 (w/Safeguards Information)

cc w/encl w/o SGI: R. McCullough, Operating Experience Coordinator - Vermont Yankee
G. Sen, Licensing Manager, Vermont Yankee Nuclear Power Corporation
D. Rapaport, Director, Vermont Public Interest Research Group, Inc.
D. Tefft, Administrator, Bureau of Radiological Health, State of New Hampshire
Chief, Safety Unit, Office of the Attorney General, Commonwealth of Massachusetts
D. Lewis, Esquire
G. Bisbee, Esquire
J. Block, Esquire
T. Rapone, Massachusetts Executive Office of Public Safety
D. Katz, Citizens Awareness Network (CAN)
M. Daley, New England Coalition on Nuclear Pollution, Inc. (NECNP)
R. Shadis, New England Coalition Staff
State of New Hampshire, SLO Designee
State of Vermont, SLO Designee
Commonwealth of Massachusetts, SLO Designee

Mr. Michael A. Balduzzi

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NAME	GSmith		GMeyer CJA for		VOrdaz (Via Telephone)		JWhite		WLanning	
DATE	11/27/01		10/26/01		11/28/01		11/27/01		11/28/01	
OFFICE	RI/ORR		HQ/NRR							
NAME	DHolody		AMadison (Via Telephone)							
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Summary of Findings

IR 05000271-01-10; on 8/20-23/2001; Vermont Yankee Generating Station; Operational Safeguards Response Evaluation.

The inspection was conducted by two NRC Region I Safeguards/Security inspectors, one Nuclear Reactor Regulation Safeguards Specialist, and three contractors. The inspection identified one preliminary finding having substantial safety significance, i.e., Yellow. The significance of most findings is indicated by their color (Green, White, Yellow, Red) using IMC 0609 "Significance Determination Process" (SDP). Findings for which the SDP does not apply are indicated by "No Color" or by the severity level of the applicable violation. The NRC's program for overseeing the safe operation of commercial nuclear power reactors is described at its Reactor Oversight Process website at <http://www.nrc.gov/NRR/OVERSIGHT/index.html>.

A. Inspector Identified Findings

Cornerstone: Physical Protection

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U. S. NUCLEAR REGULATORY COMMISSION

REGION I

Docket No: 50-271

License No: DPR-28

Report No.: 50-271/01-010

Licensee: Vermont Yankee Nuclear Power Corporation

Facility: Vermont Yankee Generating Station

Dates: August 20 - 23, 2001

Inspectors: Gregory C. Smith, Sr. Physical Security Inspector (Team Leader)
Paul R. Frechette, Security Inspector
Ron Albert, Reactor Safeguards Specialist (NRR)
NRC Contractors (3)

Approved by: John R. White, Chief
Radiation Safety and Safeguards Branch
Division of Reactor Safety

Report Details

3. Safeguards

Cornerstone: Physical Protection

4OA5 Operational Safeguards Response Evaluation (81110)

.1 Management Overview of Protective Strategy (81110-02.01)

a. Inspection Scope

b. Findings

No findings of significance were identified.

.2 Preliminary and Onsite Target Analyses (81110-02.02)

a. Inspection Scope

b. Findings

No findings of significance were identified.

.3 Protected and Vital Area Tour (81110-02.03)

a. Inspection Scope

b. Findings

No findings of significance were identified.

.4 Table-Top Drills, Force-on-Force Exercises, and Licensee Exercise Critiques (81110-02.04)

a. Inspection Scope

b. Findings

.5 Tactical Training (81110-02.06)

a. Inspection Scope

b. Findings

No findings of significance were identified.

.6 Firearms Training (81110-02.07)

a. Inspection Scope

b. Findings

No findings of significance were identified.

4OA6 Management Meetings

.1 Exit Meeting Summary

The inspectors presented the preliminary inspection results to Mr. M. Balduzzi, Site Vice President and other members of licensee management at the conclusion of the inspection on August 23, 2001. A final exit was conducted telephonically, with Mr. Thomas Murphy and other members of licensee management, on September 26, 2001.

KEY POINTS OF CONTACT

Licensee

M. Balduzzi	Site Vice President
T. Murphy	Director
J. Moriarity	Manager, Nuclear Security
B. Copperthite	Security Operations

Contractor - The Wackenhutt Corporation

E. Wright	Project Manager
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NRC

B. McDermott	Senior Resident Inspector
E. Knutson	Resident Inspector
G. Smith	Senior Security Specialist
P. Frechette	Security Specialist
R. Albert	Reactor Safeguards Specialist

LIST OF ITEMS OPENED

Opened

50-271/01-010-01	FIN
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INSPECTION PROCEDURES USED

IP 81110	Operational Safeguards Response Evaluation
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LIST OF ACRONYMS USED

OSRE	Operational Safeguards Response Evaluation
EGM	Enforcement Guidance Memorandum
PARS	Publicly Available Records
SDP	Significance Determination Process
RCA	Radiological Control Area

DOCUMENTS REVIEWED

Vermont Yankee Physical Security Plan, Revision 32, June, 2001
Vermont Yankee Target Set listing, August, 2001