

VERMONT YANKEE -NUCLEAR POWER CORPORATION

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January 14, 2002
BVY 02-04

SAFEGUARDS INFORMATION

U.S. Nuclear Regulatory Commission
ATTN: Document Control Desk
Washington, DC 20555

Reference: Letter, USNRC to VYNPC, "Vermont Yankee Generating Station - NRC
Inspection Report 50-271/01-010," NVY 01-114, dated November 28, 2001

Subject: **Vermont Yankee Nuclear Power Station**
License No. DPR-28 (Docket No. 50-271)
NRC Inspection Report 50-271/01-010
Operational Safeguards Response Evaluation

The referenced letter provided NRC's Inspection Report and preliminary results from an Operational Safeguards Response Evaluation (OSRE) conducted at the Vermont Yankee Nuclear Power Station (VYNPS) during the week of August 20, 2001. In this matter, Vermont Yankee (VY) requested a Regulatory Conference (to be held on January 18, 2002), during which VY will provide its perspective on the OSRE.

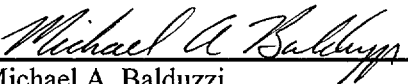
The attached (Safeguards Information) represents VY's evaluation of the OSRE and includes aspects that differ from the findings and conclusions contained in the referenced inspection report. Foremost, VY's evaluation of the first two force-on-force drills, which were conducted on the evening of August 21, determined that those drills were entirely inconclusive because of significant artificialities in the exercises and controller errors.

VY acknowledges that there were some valuable lessons learned from the OSRE. In this regard, VY immediately established compensatory measures which NRC inspectors confirmed were adequate. In addition, VY has initiated substantial efforts to upgrade and strengthen overall physical security capability at VYNPS.

We look forward to discussing this matter with you during the Regulatory Conference.

Sincerely,

VERMONT YANKEE NUCLEAR POWER CORPORATION



Michael A. Balduzzi
Senior Vice President and Chief Nuclear Officer

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cc: (with attachment, via Federal Express only)

Mr. John R. White, Chief, Radiation Safety and Safeguards Branch, Region I
Mr. Glenn M. Tracy, Chief, Operator Licensing, Human Performance and
Plant Support Branch, NRR (mailstop 06 H16)

(without attachment)

USNRC Region I Administrator
USNRC Resident Inspector – VYNPS
USNRC Project Manager – VYNPS
Vermont Department of Public Service

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