

September 22, 2006

Mr. John T. Conway  
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 (MNGP) - ADMINISTRATIVE CHANGE TO FACILITY OPERATING LICENSE IN CONJUNCTION WITH THE COMMISSION ORDER EA-06-037 REGARDING UPDATED DESIGN-BASIS THREAT AND REVISIONS TO PHYSICAL SECURITY PLAN, TRAINING AND QUALIFICATION PLAN, AND SAFEGUARDS CONTINGENCY PLAN (TAC NO. MD2246)

Dear Mr. Conway:

By letters to the Nuclear Regulatory Commission (NRC) dated May 12 and May 30, 2006, Nuclear Management Company (NMC), submitted its revised plans and confirmed the full implementation at MNGP of Order EA-06-037 regarding an updated adversary characteristic in the design-basis threat (DBT). In addition to the changes required under the Order, NMC reported other security plan changes made in accordance with 10 CFR 50.54(p)(2) in its letters dated December 1, 2005, and February 2, 2006.

The NRC staff has completed its review of the changes related to implementation of Order EA-06-037 along with the changes reported under 10 CFR 50.54(p)(2). As discussed in the enclosed safeguards evaluation (Enclosure 2), the NRC staff has determined that NMC's changes to the security plans meet the requirements of the NRC Order and 10 CFR Part 73 requirements and are, therefore, acceptable. In addition, the NRC staff determined that NMC properly concluded that the other changes to its security plans, as described in its letters dated December 1, 2005, and February 2, 2006, did not result in a decrease in safeguards effectiveness. The effectiveness of these security provisions will continue to be the subject of NRC review and inspection.

Consistent with the Order, a conforming administrative change to the Facility Operating License is required to ensure implementation of the Updated DBT Order EA-06-037 requirements.

**NOTICE:** Enclosure 2 contains Security-Related Information. Upon separation from Enclosure 2, this letter and Enclosure 1 are DECONTROLLED.

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Therefore, an administrative license change to Facility Operating License No. DPR-22 is being made to incorporate the reference to the revised Physical Security Plan, Safeguards Contingency Plan, and Training and Qualification Plan. These changes comply with the standards and requirements of the Atomic Energy Act of 1954, as amended, and the Commission's rules and regulations set forth in 10 CFR Chapter I. Please replace Page 3 of the MNGP Facility Operating License with the enclosed page (Enclosure 1).

If you have any questions, please contact me at (301) 415-1451.

Sincerely,

**/RA/**

Peter S. Tam, Senior Project Manager  
Plant Licensing Branch III-1  
Division of Operating Reactor Licensing  
Office of Nuclear Reactor Regulation

Docket No. 50-263

Enclosures:

1. Revised Page 3 of License
2. Safeguards Evaluation

cc w/encls 1 and 2: T. Gallagher, Site Security Manager

cc w/encl 1 only: See next page

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cc w/encls 1 and 2: T. Gallagher, Site Security Manager

cc w/encl 1 only: See next page

DISTRIBUTION:

**PUBLIC (letter and Enclosure 1 only)**

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RidsRgn3MailCenter	P. S. Lee, NSIR	
A. Frazier, NSIR	G. Hill, OIS	
P. Milano	RidsNsirLAKGrimes	

ADAMS Accession No. - Package: **ML062680023**

ADAMS Accession No. - Letter and Enclosure 1: **ML062080050**

ADAMS Accession No. - Enclosure 2: **ML062080060**

OFFIC E	LPL3-1/PM	LPL3-1/LA	NSIR/RSB	NSIR/RSB	NSIR/RSB/BC	OGC	LPL3-1/BC(A)
NAME	P. Tam	T. Harris	P. Lee	K. Grimes	S. Morris	BJones	M. Murphy
DATE	8/31/06	8/30/06	8/31/06	9/6/06	9/6/06	9/14/06	9/22/06

**OFFICIAL RECORD COPY**

4. Pursuant to the Act and 10 CFR Parts 30, 40 and 70, NMC to receive, possess, and use in amounts as required any byproduct, source or special nuclear material without restriction to chemical or physical form, for sample analysis or instrument calibration or associated with radioactive apparatus or components; and
  5. Pursuant to the Act and 10 CFR Parts 30 and 70, NMC to possess, but not separate, such byproduct and special nuclear material as may be produced by operation of the facility.
- C. This license shall be deemed to contain and is subject to the conditions specified in the Commission's regulations in 10 CFR Chapter I and is subject to all applicable provisions of the Act and to the rules, regulations, and orders of the Commission, now or hereafter in effect, and is subject to the additional conditions specified or incorporated below:
1. Maximum Power Level  
  
NMC is authorized to operate the facility at steady state reactor core power levels not in excess of 1775 megawatts (thermal).
  2. Technical Specifications  
  
The Technical Specifications contained in Appendix A, as revised through Amendment No. 147, are hereby incorporated in the license. NMC shall operate the facility in accordance with the Technical Specifications.
  3. Physical Protection  
  
NMC shall implement and maintain in effect all provisions of the Commission-approved physical security, guard training and qualification, and safeguards contingency plans including amendments made pursuant to provisions of the Miscellaneous Amendments and Search Requirements revisions to 10 CFR 73.55 (51 FR 27817 and 27822) and to the authority of 10 CFR 50.90 and 10 CFR 50.54(p)(2). The combined set of plans, which contain Safeguards Information protected under 10 CFR 73.21, are entitled: "Monticello Nuclear Generating Plant Physical Security, Training and Qualification, and Safeguards Contingency Plan," with revisions submitted through May 12, 2006.

Monticello Nuclear Generating Plant

cc:

Jonathan Rogoff, Esquire  
Vice President, Counsel & Secretary  
Nuclear Management Company, LLC  
700 First Street  
Hudson, WI 54016

U.S. Nuclear Regulatory Commission  
Resident Inspector's Office  
2807 W. County Road 75  
Monticello, MN 55362

Manager, Nuclear Safety Assessment  
Monticello Nuclear Generating Plant  
Nuclear Management Company, LLC  
2807 West County Road 75  
Monticello, MN 55362-9637

Commissioner  
Minnesota Pollution Control Agency  
520 Lafayette Road  
St. Paul, MN 55155-4194

Regional Administrator, Region III  
U.S. Nuclear Regulatory Commission  
Suite 210  
2443 Warrenville Road  
Lisle, IL 60532-4351

Commissioner  
Minnesota Department of Health  
717 Delaware Street, S. E.  
Minneapolis, MN 55440

Douglas M. Gruber, Auditor/Treasurer  
Wright County Government Center  
10 NW Second Street  
Buffalo, MN 55313

Commissioner  
Minnesota Department of Commerce  
85 7th Place East, Suite 500  
St. Paul, MN 55101-2198

Manager - Environmental Protection Division  
Minnesota Attorney General's Office  
445 Minnesota St., Suite 900  
St. Paul, MN 55101-2127

Michael B. Sellman  
President and Chief Executive Officer  
Nuclear Management Company, LLC  
700 First Street  
Hudson, MI 54016

Nuclear Asset Manager  
Xcel Energy, Inc.  
414 Nicollet Mall, R.S. 8  
Minneapolis, MN 55401

November 2005