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RS-03-161

August 11, 2003

U. S. Nuclear Regulatory Commission
ATTN: Document Control Desk
Washington, DC 20555-0001

Quad Cities Nuclear Power Station, Unit 2
Facility Operating License No. DPR-30
NRC Docket No. 50-265

Subject: Transmittal of General Electric Technical Assessment Regarding Quad Cities
Nuclear Power Station Unit 2 Steam Dryer Failure

On July 25, 2003, Exelon Generation Company, LLC (EGC) met with the NRC to discuss the results of the root cause and extent of condition evaluations related to the dryer failure at Quad Cities Nuclear Power Station (QCNPS) Unit 2. During the meeting, the NRC requested EGC to submit the General Electric (GE) technical assessment report that documents the root cause and extent of condition evaluations for the dryer failure.

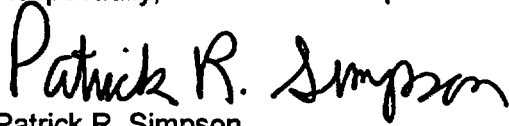
The requested information is provided as Attachment 1. Attachment 1 contains proprietary information of the type that GE maintains in confidence and withholds from public disclosure. The information has been handled and classified as proprietary to GE as indicated in the affidavit included as Attachment 2. EGC hereby requests that Attachment 1 be withheld from public disclosure in accordance with the provisions of 10 CFR 2.790, "Public inspections, exemptions, requests for withholding," and 10 CFR 9.17, "Agency records exempt from public disclosure." Attachment 3 provides a non-proprietary version of the information contained in Attachment 1.

In addition, GE requests that the NRC return to GE or destroy all copies of the previous version of the proprietary report (i.e., Revision 0).

APD1

If you have any questions regarding this letter, please contact Mr. Kenneth M. Nicely at (630) 657-2803.

Respectfully,

A handwritten signature in black ink that reads "Patrick R. Simpson". The signature is written in a cursive, flowing style.

Patrick R. Simpson
Manager – Licensing
Mid-West Regional Operating Group

Attachments:

1. GENE-0000-0018-3359-P, "Technical Assessment, Quad Cities Unit 2 Steam Dryer Failure – Determination of Root Cause and Extent of Condition," Revision 1, dated August 2003 **[PROPRIETARY VERSION]**
2. General Electric Affidavit
3. GENE-0000-0018-3359-NP, "Technical Assessment, Quad Cities Unit 2 Steam Dryer Failure – Determination of Root Cause and Extent of Condition," Revision 0, dated August 2003 **[NON-PROPRIETARY VERSION]**

cc: Regional Administrator – NRC Region III
NRC Senior Resident Inspector – Quad Cities Nuclear Power Station

ATTACHMENT 2

General Electric Affidavit

General Electric Company

AFFIDAVIT

I, George B. Stramback, state as follows:

- (1) I am Manager, Regulatory Services, General Electric Company ("GE") and have been delegated the function of reviewing the information described in paragraph (2) which is sought to be withheld, and have been authorized to apply for its withholding.
- (2) The information sought to be withheld is contained in the GE proprietary report GENE-0000-0018-3359-P, *Quad Cities Unit 2 Technical Assessment*, Revision 1, Class III (GE Proprietary Information), dated August 2003. The proprietary information is delineated by a double underline inside double square brackets. Figures and large equation objects are identified with double square brackets before and after the object. In each case, the superscript notation⁽³⁾ refers to Paragraph (3) of this affidavit, which provides the basis for the proprietary determination.
- (3) In making this application for withholding of proprietary information of which it is the owner, GE relies upon the exemption from disclosure set forth in the Freedom of Information Act ("FOIA"), 5 USC Sec. 552(b)(4), and the Trade Secrets Act, 18 USC Sec. 1905, and NRC regulations 10 CFR 9.17(a)(4), and 2.790(a)(4) for "trade secrets" (Exemption 4). The material for which exemption from disclosure is here sought also qualify under the narrower definition of "trade secret", within the meanings assigned to those terms for purposes of FOIA Exemption 4 in, respectively, Critical Mass Energy Project v. Nuclear Regulatory Commission, 975F2d871 (DC Cir. 1992), and Public Citizen Health Research Group v. FDA, 704F2d1280 (DC Cir. 1983).
- (4) Some examples of categories of information which fit into the definition of proprietary information are:
 - a. Information that discloses a process, method, or apparatus, including supporting data and analyses, where prevention of its use by General Electric's competitors without license from General Electric constitutes a competitive economic advantage over other companies;
 - b. Information which, if used by a competitor, would reduce his expenditure of resources or improve his competitive position in the design, manufacture, shipment, installation, assurance of quality, or licensing of a similar product;
 - c. Information which reveals aspects of past, present, or future General Electric customer-funded development plans and programs, resulting in potential products to General Electric;

- d. Information which discloses patentable subject matter for which it may be desirable to obtain patent protection.

The information sought to be withheld is considered to be proprietary for the reasons set forth in paragraphs (4)a., and (4)b, above.

- (5) To address 10 CFR 2.790 (b) (4), the information sought to be withheld is being submitted to NRC in confidence. The information is of a sort customarily held in confidence by GE, and is in fact so held. The information sought to be withheld has, to the best of my knowledge and belief, consistently been held in confidence by GE, no public disclosure has been made, and it is not available in public sources. All disclosures to third parties including any required transmittals to NRC, have been made, or must be made, pursuant to regulatory provisions or proprietary agreements which provide for maintenance of the information in confidence. Its initial designation as proprietary information, and the subsequent steps taken to prevent its unauthorized disclosure, are as set forth in paragraphs (6) and (7) following.
- (6) Initial approval of proprietary treatment of a document is made by the manager of the originating component, the person most likely to be acquainted with the value and sensitivity of the information in relation to industry knowledge. Access to such documents within GE is limited on a "need to know" basis.
- (7) The procedure for approval of external release of such a document typically requires review by the staff manager, project manager, principal scientist or other equivalent authority, by the manager of the cognizant marketing function (or his delegate), and by the Legal Operation, for technical content, competitive effect, and determination of the accuracy of the proprietary designation. Disclosures outside GE are limited to regulatory bodies, customers, and potential customers, and their agents, suppliers, and licensees, and others with a legitimate need for the information, and then only in accordance with appropriate regulatory provisions or proprietary agreements.
- (8) The information identified in paragraph (2), above, is classified as proprietary because it contains detailed results and conclusions of failure modes and effects analyses of the Steam Dryer which encompass and take into account analyses and repairs utilizing inspection techniques, testing, analytical models and methods, including computer codes, which GE has developed. The development of these models and computer codes was achieved at a significant cost to GE, on the order of a few hundred thousand dollars.

The development of the evaluation process along with the interpretation and application of the inspection and analytical results is derived from the extensive experience database that constitutes a major GE asset.

- (9) Public disclosure of the information sought to be withheld is likely to cause substantial harm to GE's competitive position and foreclose or reduce the availability of profit-making opportunities. The information is part of GE's

comprehensive BWR safety and technology base, and its commercial value extends beyond the original development cost. The value of the technology base goes beyond the extensive physical database and analytical methodology and includes development of the expertise to determine and apply the appropriate evaluation process. In addition, the technology base includes the value derived from providing analyses done with NRC-approved methods.

The research, development, engineering, analytical and NRC review costs comprise a substantial investment of time and money by GE.

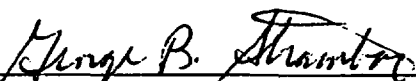
The precise value of the expertise to devise an evaluation process and apply the correct analytical methodology is difficult to quantify, but it clearly is substantial.

GE's competitive advantage will be lost if its competitors are able to use the results of the GE experience to normalize or verify their own process or if they are able to claim an equivalent understanding by demonstrating that they can arrive at the same or similar conclusions.

The value of this information to GE would be lost if the information were disclosed to the public. Making such information available to competitors without their having been required to undertake a similar expenditure of resources would unfairly provide competitors with a windfall, and deprive GE of the opportunity to exercise its competitive advantage to seek an adequate return on its large investment in developing these very valuable analytical tools.

I declare under penalty of perjury that the foregoing affidavit and the matters stated therein are true and correct to the best of my knowledge, information, and belief.

Executed on this 8th day of August 2003.


George B. Stramback
General Electric Company