

February 12, 2008

EA-07-296

Mr. Charles G. Pardee
Chief Nuclear Officer and Senior Vice President
Exelon Generation Company, LLC
4300 Winfield Rd.
Warrenville, IL 60555

SUBJECT: FINAL SIGNIFICANCE DETERMINATION FOR A WHITE FINDING; NRC
INSPECTION REPORT NO. 05000277/2007405 AND 05000278/2007405 -
PEACH BOTTOM ATOMIC POWER STATION

Dear Mr. Pardee:

The purpose of this letter is to provide you the final results of our significance determination for the preliminary "Greater than Green" finding identified in the subject inspection report, for which an exit meeting was held on December 3, 2007. The inspection finding was assessed using the Significance Determination Process and was preliminarily characterized as a finding of at least low to moderate security significance resulting in the need for further evaluation to determine significance and therefore the need for additional NRC action. This finding involved inattentive security officers and an ineffective behavior observation program at the Exelon Generation Company, LLC (Exelon) Peach Bottom Atomic Power Station (Peach Bottom). Specific details of the issue and its preliminary significance determination were provided to you in an NRC letter dated December 21, 2007. Attachment C to the referenced letter, which contained sensitive security-related information and was not made publicly available, provided the results of the NRC Physical Protection Significance Determination Process.

Our December 21, 2007, letter also offered you the opportunity to attend a Regulatory Conference or reply in writing to provide your position on the facts and assumptions the NRC used to arrive at the findings and assess its significance. In a telephone conversation with Mr. Paul Krohn of NRC Region I, on January 7, 2008, Ms. Pamela Cowan of your staff indicated that Exelon did not contest the characterization of the risk significance of this finding and that you declined your opportunity to discuss this issue in a Regulatory Conference or provide a written response.

After considering the information developed during the inspection, as discussed in Attachment C to the December 21, 2007, letter, the NRC has concluded that the inspection finding is appropriately characterized as White, (i.e., of low to moderate security significance), which will require additional NRC inspections.

You have 30 calendar days from the date of this letter to appeal the staff's determination of significance for the identified White finding. Such appeals will be considered to have merit only if they meet the criteria given in the NRC Inspection Manual Chapter 0609, Attachment 2.

Because plant performance for this issue has been determined to be beyond the licensee response band, we will use the NRC Security Action Matrix to determine the most appropriate NRC response for this issue. We will notify you of the resulting NRC performance assessment of the physical protection cornerstone in accordance with the Reactor Oversight Program by separate correspondence.

The NRC continues to provide extensive oversight of the Peach Bottom security organization, including the transition from a contracted (Wackenhut) security force to an Exelon managed force. On November 23, 2007, the NRC issued a Deviation Memorandum that outlined the heightened NRC oversight of the Peach Bottom security organization. Previously, on October 19, 2007, a Confirmatory Action Letter (CAL) was issued to Exelon to document Exelon's commitment to complete actions agreed upon as a result of the Augmented Inspection Team findings, in a timely and effective manner. The CAL also confirmed Exelon's commitments to assess any potential adverse impact on the safety conscious work environment at Peach Bottom and other Exelon sites. This White finding will result in additional oversight activities, as described in the Reactor Oversight Program Action Matrix, above and beyond those activities documented in the Deviation Memorandum and CAL. The NRC will continue to review and assess your progress in completing the actions to address this issue.

Enforcement action for any violations related to this performance deficiency is still under NRC review and will be handled by separate correspondence at a later date. This White finding is being issued at this time in support of the NRC assessment process.

In accordance with 10 CFR 2.390 of the NRC's "Rules of Practice," a copy of this letter will be made available electronically for public inspection in the NRC Public Document Room or from the NRC's document system (ADAMS), accessible from the NRC Web site at www.nrc.gov/reading-rm/pdr.html or www.nrc.gov/reading-rm/adams.html.

In accordance with 10 CFR 2.390(b)(1)(ii), the NRC is waiving the affidavit requirements for your response, if any. This practice will ensure that your response, if you choose to provide one, will not be made available electronically for public inspection in the NRC Public Document Room or from the NRC's document system, ADAMS. If Safeguards Information is necessary to provide an acceptable response, please provide the level of protection described in 10 CFR 73.21. Otherwise, mark your entire response "Security-Related Information - Withhold Under 10 CFR 2.390" and follow the instructions for withholding in 10 CFR 2.390(b)(1).

Sincerely,

/RA/

Samuel J. Collins
Regional Administrator

Docket Nos. 50-277, 50-278
License Nos. DPR-44, DPR-56

cc w/encl:

Chief Operating Officer, Exelon Generation Company, LLC
Site Vice President, Peach Bottom Atomic Power Station
Plant Manager, Peach Bottom Atomic Power Station
Regulatory Assurance Manager - Peach Bottom
Manager, Financial Control & Co-Owner Affairs
R. DeGregorio, Senior Vice President, Mid-Atlantic
Senior Vice President - Operations Support
Director, Licensing and Regulatory Affairs
J. Bradley Fewell, Assistant General Counsel, Exelon Nuclear
Manager Licensing, PBAPS
Director, Training
Correspondence Control Desk
D. Allard, Bureau of Radiation Protection, Department of Environmental Protection
R. McLean, Power Plant and Environmental Review Division (MD)
S. Pattison, Maryland Department of Environment
A. Lauland, Maryland Department of Environment
T. Snyder, Maryland Department of Environment
Public Service Commission of Maryland, Engineering Division
Board of Supervisors, Peach Bottom Township
B. Ruth, Council Administrator of Harford County Council
R. Ayers, Harford County Emergency Management
E. Christ, Harford County Emergency Management
L. Ploener, Harford County Emergency Management
Chief R. K. Brooks, Cecil County Emergency Management
Mr & Mrs Dennis Hiebert, Peach Bottom Alliance
E. Epstein, TMI - Alert
J. Johnsrud, National Energy Committee, Sierra Club
Mr. & Mrs. Kip Adams
R. Fletcher, Department of Environment, Radiological Health Program
J. Powers, Director, PA Office of Homeland Security
R. French, Dir, PA Emergency Management Agency
D. Lockbaum, Union of Concerned Scientists

Mr. Charles G. Pardee

2

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Sincerely,

/RA/

Samuel J. Collins
Regional Administrator

Docket Nos. 50-277, 50-278
License Nos. DPR-44, DPR-56

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SUNSI Review Complete: ris (Reviewer's Initials)

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DATE	01/21/08		01/17/08		02/06/08		02/06/08		02/06/08
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