

December 5, 2001

Southern Nuclear Operating Company
ATTN: Mr. H. L. Sumner, Jr.
Vice President, Hatch Project Support
40 Inverness Parkway
P.O. Box 1295
Birmingham, AL 35210-1295

Dear Mr. Sumner:

I am responding to your December 13, 2000, letter requesting that NRC grant a partial exemption from 10 CFR 170 fees for the NRC review of your license renewal application for Plant Hatch Units 1 and 2 (Hatch). As explained below, we have considered the bases for your request and concluded that a partial fee exemption is appropriate.

You requested a partial fee exemption based on Footnote 4 to 10 CFR 170.21, which provides that fees will not be assessed for requests or reports submitted to the NRC "as a means of exchanging information between industry organizations and the NRC for the purpose of supporting generic regulatory improvements or efforts." Footnote 4 applies only to Special Projects, 10 CFR 170.21, fee Category J. As defined in 10 CFR 170.3, Special Projects are those requests submitted to the Commission for review for which fees are not otherwise specified in 10 CFR 170. Fees for nuclear power reactor renewals are specified in 10 CFR 170.21, fee Category A. Therefore, Footnote 4 does not apply to the Hatch license renewal.

Although Footnote 4 is not applicable, the merits of your request have been fully considered for any applicable fee relief. The bases of the request presented in your December 13, 2000, letter were: 1) design differences between a boiling water reactor (BWR) and a pressurized water reactor (PWR); 2) generic issues being newly addressed in the Hatch license renewal application; and 3) Southern Nuclear Operating Company's (SNC's) contributions to the industry's efforts to standardize the license renewal process. Item 1 (design differences) and item 3 (contributions to industry efforts) do not provide a bases for a waiver. The NRC staff is very familiar with the design of BWR systems. While there are differences in the configuration of BWR systems and structures, the important aspects for the renewal reviews are the materials of construction and the associated environments. These aspects are very similar for PWR and BWR plants. With respect to your contributions to industry efforts, many utilities contributed to the development of and improvements to the license renewal process. In addition to the NEI License Renewal Task Force, other industry representatives and interested members of the public provided comments and suggestions on the proposed improvements to the license renewal process and associated guidance.

With respect to the generic issues being newly addressed in the Hatch license renewal application, we agree that a part of the staff's review of your application was also part of the staff's effort to improve its regulatory guidance and regulatory process. The review of Hatch

occurred during the development of improved regulatory guidance (e.g., Generic Aging Lessons Learned document, Standard Review Plan and Regulatory Guide). As the first BWR, a part of the safety review contributed to the development of these generic regulatory documents. For this reason, your request for a partial fee exemption is granted in accordance with 10 CFR 170.11(b). Based on our review of the costs associated with the safety evaluation for Hatch and earlier license renewal reviews, we have concluded that an exemption of \$764,000 from the total estimated cost of approximately \$3.6 million is appropriate. A refund for the exempted amount will be issued as soon as possible.

If you have any questions concerning this partial exemption, please contact Ellen Poteat at 301-415-6392.

Sincerely,

R/A
Jesse L. Funches
Chief Financial Officer

cc: See next page

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Sincerely,

Jesse L. Funches
Chief Financial Officer

cc: See next page

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