

SAFEGUARDS INFORMATION

October 28, 2004

Mr. Christopher M. Crane
President and Chief Nuclear Officer
Exelon Generation Company, LLC
AmerGen Energy Company, LLC
4300 Winfield Road
Warrenville, IL 60555

SUBJECT: PEACH BOTTOM ATOMIC POWER STATION, UNITS 2 AND 3 -
ADMINISTRATIVE CHANGE TO RENEWED FACILITY OPERATING
LICENSES IN CONJUNCTION WITH THE COMMISSION ORDER EA-03-086
REGARDING REVISED DESIGN BASIS THREAT (DBT); AND REVISIONS TO
PHYSICAL SECURITY PLAN, TRAINING AND QUALIFICATION PLAN, AND
SAFEGUARDS CONTINGENCY PLAN (TAC NOS. MC2961 AND MC2962)

Dear Mr. Crane:

By letter dated April 28, 2004, the Exelon Generation Company and AmerGen Energy Company submitted a supplemental response in accordance with Order EA-03-086, the Order requiring compliance with the revised design basis threat, dated April 29, 2003 (DBT Order), for Peach Bottom Atomic Power Station, Units 2 and 3 (Peach Bottom). Section III.A of the DBT Order required licensees to revise physical security plans (PSPs), training and qualification plans (T&Q Plans), and safeguards contingency plans (SCPs) in order to provide protection against the revised DBT set forth in Attachment 2 to the DBT Order. These revised plans, along with an implementation schedule, were required to be submitted to the Nuclear Regulatory Commission (NRC or the Commission) for review and approval no later than April 29, 2004.

In the revised security plans for Peach Bottom, you included information related to the independent spent fuel storage installation (ISFSI) co-located at the site. The DBT Order did not require this information to be included in the revised security plans for this site. However, Order EA-02-104, the Order requiring compensatory measures for dry independent spent fuel storage installation, dated October 16, 2002, required licensees to comply with the requirements, set forth in an attachment to the Order, that described the compensatory measures necessary to protect the ISFSI as a result of the heightened threat environment following the September 11, 2001, terrorist attacks. On September 10, 2004, the NRC staff requested that you clarify whether the information provided in the revised security plans for

NOTICE: Enclosure 2 contains Safeguards Information. Upon separation from Enclosure 2, this letter and Enclosure 1 are DECONTROLLED.

SAFEGUARDS INFORMATION

Peach Bottom related to the ISFSI, modified the response you provided to Order EA-02-104. By letter dated September 28, 2004, you indicated that the actions you have taken in response to Order EA-02-104 remain essentially unchanged and therefore, there is no decrease in effectiveness of the protective measure in place for the ISFSI. The effectiveness of these security provisions will continue to be the subject of NRC review and inspection.

The NRC staff's review of the Peach Bottom PSP, SCP, and T&Q Plan submitted in your letter dated April 28, 2004, as supplemented on July 6, July 9, July 23, August 4, August 12, September 9, and October 14, 2004, has focused on ensuring that the necessary programmatic elements are contained in these plans in order to provide high assurance that activities involving special nuclear material are not inimical to the common defense and security and do not constitute an unreasonable risk to the public health and safety.

The NRC staff has determined that, subject to subsequent inspection and evaluation, these plans contain the necessary programmatic elements that, when effectively implemented, will provide the high assurance that Peach Bottom will be protected against the revised DBT. The NRC staff, therefore, approves the PSP, SCP, and T&Q Plan for Peach Bottom. However, ultimately the effectiveness of these plans will be judged on your ability to meet regulatory requirements through facility implementing procedures and site practices. As such, your facility implementing procedures and practices will continue to be subject to future NRC review and inspection, including NRC-conducted force-on-force exercises.

In addition, the NRC staff noted that your PSP included alternatives to certain requirements of Title 10 of the *Code of Federal Regulations* (10 CFR) Section 73.55. In each case, the NRC staff found that the alternative measures provide an equivalent level of protection to that of the associated requirements and meets the high assurance objectives of 10 CFR 73.55(a). The NRC staff, therefore, approves the alternatives shown in the table below. The NRC staff's evaluation is discussed further in the enclosed Safety Evaluation (SE).

| Approved Alternatives to NRC Regulations | | | |
|---|--------------------|----------------------------------|---|
| SE Section | PSP Section | Alternative to 10 CFR | Description |
| 3.6.2 | 6.2 | 73.55(c)(2) | Protected Area (PA)/Vital Area (VA) barrier separation requirements |
| 3.6.2 | 6.2 | 73.55(c)(3) | Isolation zones |
| 3.9.4.3 | 9.4.3 | 73.55(d)(4) | PA vehicle search requirements |
| 3.9.4.4 | 9.4.4 | 73.55(d)(1) | PA personnel search requirements |
| 3.9.5.2 | 9.5 | 73.55(d)(4) | PA access control requirements |
| 3.9.6 | 9.6 | 73.55(d)(7)(i)(D) | VA barrier locking and alarming requirements |
| 3.10.1 | 10.1 | 73.55(c)(5) | PA illumination requirements |
| 3.13.1 | 14.1 | 73.55(c)(1) 73.55(d)(7)(i)(B) | Temporary reclassification of VAs to PA status (devitalization) |

Finally, consistent with the DBT Order, conforming administrative changes to Renewed Facility Operating Licenses (FOLs) are required to ensure implementation of DBT Order requirements. Therefore, administrative license changes to Renewed FOL Nos. DPR-44 and DPR-56 are being made to incorporate the reference to the revised PSP, SCP, and T&Q Plan required by the DBT Order. 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 the enclosed pages to your Renewed FOLs as indicated in Enclosure 1.

A copy of our SE with regard to your security plans (designated as Safeguards Information) is provided in Enclosure 2.

Sincerely,

/RA/

John A. Nakoski, Section Chief
Security Plan Review Team
Project Directorate II
Division of Licensing Project Management
Office of Nuclear Reactor Regulation

Docket Nos. 50-277 and 50-278

Enclosures: 1. Administrative Change to Renewed FOL Nos. DPR-44 and DPR-56
2. Safety Evaluation (**Safeguards Information**)

cc w/encl 1 only: See Mailing List 1

cc w/encls 1 and 2: Wayne Trump, Site Security Manager

Finally, consistent with the DBT Order, conforming administrative changes to Renewed Facility Operating Licenses (FOLs) are required to ensure implementation of DBT Order requirements. Therefore, administrative license changes to Renewed FOL Nos. DPR-44 and DPR-56 are being made to incorporate the reference to the revised PSP, SCP, and T&Q Plan required by the DBT Order. 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 the enclosed pages to your Renewed FOLs as indicated in Enclosure 1.

A copy of our SE with regard to your security plans (designated as Safeguards Information) is provided in Enclosure 2.

Sincerely,

/RA/

John A. Nakoski, Section Chief
Security Plan Review Team
Project Directorate II
Division of Licensing Project Management
Office of Nuclear Reactor Regulation

Docket Nos. 50-277 and 50-278

- Enclosures: 1. Administrative Change to Renewed FOL Nos. DPR-44 and DPR-56
- 2. Safety Evaluation (**Safeguards Information**)

cc w/encl 1 only: See Mailing List 1

cc w/encls 1 and 2: Wayne Trump, Site Security Manager

DISTRIBUTION (w/o Enclosure 2):

| | | | | | |
|--------------|----------|----------|-----------|----------|--------------|
| PUBLIC | SPRT R/F | OGC | ACRS | MO'Brien | GWunder |
| DCollins (A) | CHolden | DLPM DPR | GHill (4) | TBoyce | GMatakas, RI |

Accession No.: ML043120008

*See previous concurrence

| OFFICE | SPRT/TL* | SPRT/PM* | SPRT/LA | SPRT/PL* | OGC* | NSIR/SC* | NRR/SC* |
|--------|----------|----------|----------|----------|-------------|----------|----------|
| NAME | DHuyck | RFretz | CRaynor | JPeralta | BBerson NLO | SMorris | JNakoski |
| DATE | 10/25/04 | 10/25/04 | 10/25/04 | 10/25/04 | 10/21/04 | 10/28/04 | 10/26/04 |

OFFICIAL RECORD COPY

Peach Bottom Atomic Power Station, Unit Nos. 2 and 3

cc:

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EXELON GENERATION COMPANY, LLC

PSEG NUCLEAR, LLC

PEACH BOTTOM ATOMIC POWER STATION, UNIT 2

DOCKET NO. 50-277

ADMINISTRATIVE LICENSE CHANGE TO RENEWED FACILITY OPERATING LICENSE

Renewed License No. DPR-44

1. The Nuclear Regulatory Commission (the Commission) has found that:
 - A. Consistent with Order EA-03-086, the Order requiring compliance with the revised design basis threat, (DBT Order) issued on April 29, 2003, conforming administrative changes to Facility Operating Licenses (FOLs) are required to ensure implementation of DBT Order requirements. Therefore, an administrative license change to Renewed FOL No. DPR-44 is being made to incorporate the reference to the revised Physical Security Plan, Safeguards Contingency Plan, and Training and Qualification Plan required by the DBT Order. These changes comply with the standards and requirements of the Atomic Energy Act of 1954, as amended (the Act), and the Commission's rules and regulations set forth in 10 CFR Chapter I;
 - B. The facility will operate in conformity with the application, the provisions of the Act, and the rules and regulations of the Commission;
 - C. There is reasonable assurance (i) that the activities authorized by this administrative license change can be conducted without endangering the health and safety of the public, and (ii) that such activities will be conducted in compliance with the Commission's regulations;
 - D. The issuance of this administrative license change will not be inimical to the common defense and security or to the health and safety of the public; and
 - E. The issuance of this administrative license change is in accordance with 10 CFR Part 51 of the Commission's regulations and all applicable requirements have been satisfied.

Enclosure 1

2. Accordingly, the Renewed FOL is changed, as indicated in the attachment.
3. This administrative license change is effective as of its date of issuance and shall be implemented on or before October 29, 2004.

FOR THE NUCLEAR REGULATORY COMMISSION

/RA/

John A. Nakoski, Section Chief
Security Plan Review Team
Project Directorate II
Division of Licensing Project Management
Office of Nuclear Reactor Regulation

Attachment: Changes to the Renewed FOL

Date of Issuance: October 28, 2004

CHANGES TO RENEWED FACILITY OPERATING LICENSE NO. DPR-44

DOCKET NO. 50-277

Replace the following page of Renewed Facility Operating License DPR-44 with the attached revised page as indicated. The revised page is identified by revision date and contains marginal lines indicating the area of change.

Remove Page

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Insert Page

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- (5) Exelon Generation Company, pursuant to the Act and 10 CFR Parts 30 and 70, to possess, but not to separate, such byproduct and special nuclear material as may be produced by operation of the facility.

C. This renewed license shall be deemed to contain and is subject to the conditions specified in the following Commission regulations in 10 CFR Chapter I: Part 20, Section 30.34 of Part 30, Section 40.41 of Part 40, Section 50.54 of Part 50, and Section 70.32 of Part 70; all applicable provisions of the Act and the rules, regulations, and orders of the Commission now or hereafter in effect; and is subject to the additional conditions specified below:

- (1) Maximum Power Level

Exelon Generation Company is authorized to operate the Peach Bottom Atomic Power Station, Unit 2, at steady state reactor core power levels not in excess of 3514 megawatts thermal.

- (2) Technical Specifications

The Technical Specifications contained in Appendices A and B, as revised through Amendment No. 250, are hereby incorporated in the license. Exelon Generation Company shall operate the facility in accordance with the Technical Specifications.

- (3) Physical Protection

Exelon Generation Company shall fully implement and maintain in effect all provisions of the Commission-approved physical security, 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 the authority of 10 CFR 50.90 and 10 CFR 50.54(p). The combined set of plans¹, which contain Safeguards Information protected under 10 CFR 73.21, is entitled: "Peach Bottom Atomic Power Station Security Plan, Training and Qualification Plan, Safeguards Contingency Plan, and Independent Spent Fuel Storage Installation Security Program, Revision 0," submitted by letter dated October 21, 2004.

- (4) Fire Protection

The Exelon Generation Company shall implement and maintain in effect all provisions of the approved fire protection program as described in the Updated Final Safety Analysis Report for the facility, and as approved in the NRC Safety Evaluation Report (SER) dated May 23, 1979, and Supplements dated August 14, September 15, October 10 and November 24, 1980, and in the NRC SERs dated September 16, 1993, and August 24, 1994, subject to the following provision:

The Exelon Generation Company may make changes to the approved

¹ The Training and Qualification Plan and Safeguards Contingency Plan are Appendices to the Security Plan.

EXELON GENERATION COMPANY, LLC

PSEG NUCLEAR, LLC

PEACH BOTTOM ATOMIC POWER STATION, UNIT 3

DOCKET NO. 50-278

ADMINISTRATIVE LICENSE CHANGE TO RENEWED FACILITY OPERATING LICENSE

Renewed License No. DPR-56

1. The Nuclear Regulatory Commission (the Commission) has found that:
 - A. Consistent with Order EA-03-086, the Order requiring compliance with the revised design basis threat, (DBT Order) issued on April 29, 2003, conforming administrative changes to Facility Operating Licenses (FOLs) are required to ensure implementation of DBT Order requirements. Therefore, an administrative license change to Renewed FOL No. DPR-56 is being made to incorporate the reference to the revised Physical Security Plan, Safeguards Contingency Plan, and Training and Qualification Plan required by the DBT Order. These changes comply with the standards and requirements of the Atomic Energy Act of 1954, as amended (the Act), and the Commission's rules and regulations set forth in 10 CFR Chapter I;
 - B. The facility will operate in conformity with the application, the provisions of the Act, and the rules and regulations of the Commission;
 - C. There is reasonable assurance (i) that the activities authorized by this administrative license change can be conducted without endangering the health and safety of the public, and (ii) that such activities will be conducted in compliance with the Commission's regulations;
 - D. The issuance of this administrative license change will not be inimical to the common defense and security or to the health and safety of the public; and
 - E. The issuance of this administrative license change is in accordance with 10 CFR Part 51 of the Commission's regulations and all applicable requirements have been satisfied.

2. Accordingly, the Renewed FOL is changed, as indicated in the attachment.
3. This administrative license change is effective as of its date of issuance and shall be implemented on or before October 29, 2004.

FOR THE NUCLEAR REGULATORY COMMISSION

/RA/

John A. Nakoski, Section Chief
Security Plan Review Team
Project Directorate II
Division of Licensing Project Management
Office of Nuclear Reactor Regulation

Attachment: Changes to the Renewed FOL

Date of Issuance: October 28, 2004

CHANGES TO RENEWED FACILITY OPERATING LICENSE NO. DPR-56

DOCKET NO. 50-278

Replace the following page of Renewed Facility Operating License DPR-56 with the attached revised page as indicated. The revised page is identified by revision date and contains marginal lines indicating the area of change.

Remove Page

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Insert Page

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- (5) Exelon Generation Company, pursuant to the Act and 10 CFR Parts 30 and 70, to possess, but not to separate, such byproduct and special nuclear material as may be produced by operation of the facility.

C. This renewed license shall be deemed to contain and is subject to the conditions specified in the following Commission regulations in 10 CFR Chapter I: Part 20, Section 30.34 of Part 30, Section 40.41 of Part 40, Section 50-54 of Part 50, and Section 70.32 of Part 70; all applicable provisions of the Act and the rules, regulations, and orders of the Commission now or hereafter in effect; and is subject to the additional conditions specified below:

- (1) Maximum Power Level

Exelon Generation Company is authorized to operate the Peach Bottom Atomic Power Station, Unit No. 3, at steady state reactor core power levels not in excess of 3514 megawatts thermal.

- (2) Technical Specifications

The Technical Specifications contained in Appendices A and B, as revised through Amendment No. 252, are hereby incorporate in the license. Exelon Generation Company shall operate the facility in accordance with the Technical Specifications.¹

- (3) Physical Protection

Exelon Generation Company shall fully implement and maintain in effect all provisions of the Commission-approved physical security, 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 the authority of 10 CFR 50.90 and 10 CFR 50.54(p). The combined set of plans², which contain Safeguards Information protected under 10 CFR 73.21, is entitled: "Peach Bottom Atomic Power Station Security Plan, Training and Qualification Plan, Safeguards Contingency Plan, and Independent Spent Fuel Storage Installation Security Program, Revision 0," submitted by letter dated October 21, 2004.

- (4) Fire Protection

The Exelon Generation Company shall implement and maintain in effect all provisions of the approved fire protection program as described in the Updated Final Safety Analysis Report for the facility, and as approved in

¹Licensed power level was revised by Amendment No. 250, November 22, 2002, and will be implemented following the outage currently scheduled for Fall 2003.

²The Training and Qualification Plan and Safeguards Contingency Plan are Appendices to the Security Plan.