

January 6, 2005

Mr. Craig Lambert
Vice President - Engineering
Prairie Island Nuclear Generating Plant
Nuclear Management Company, LLC
1717 Wakonade Drive East
Welch, MN 55089-9642

Dear Mr. Lambert:

I am responding to your July 16, 2004, letter recently provided to the NRC's Office of the Chief Financial Officer (OCFO). In this letter, Nuclear Management Company (NMC) volunteered the Prairie Island Nuclear Generating Plant (PINGP) as a pilot plant and requested a fee waiver under 10 CFR 170.11. Specifically, this fee waiver is for the license amendment request and the supporting probabilistic risk analysis directly related to proposed Risk Management Technical Specifications (RMTS) Initiative 4b on risk-informed completion time extensions. For the reasons below, I am granting a fee waiver for the technical staff's review of the aforementioned submittals directly related to RMTS Initiative 4b in accordance with the applicable criteria of 10 CFR 170.11, subject to the provisions described herein.

Consistent with Commission policy statements on both technical specifications (TS) and use of probabilistic risk analysis, the staff and the industry are developing risk-informed improvements to TS. These improvements are intended to maintain or improve safety while improving alignment between the TS and other NRC risk-informed regulatory requirements, in particular, the risk management requirements associated with 10 CFR 50.65(a)(4) of the maintenance rule. The overall objective of this initiative is to modify the TS to reflect a configuration risk management approach. This effort is known as RMTS Initiative 4b.

NMC has requested, in accordance with 10 CFR 170.11(a)(1)(ii) and (iii), a waiver of fees for the PINGP pilot application of the proposed RMTS Initiative 4b on risk-informed completion time extensions. Initiative 4b would permit, contingent upon the results of a plant configuration risk assessment, temporary extension of the existing completion time within an LCO using a quantitative implementation of 10 CFR 50.65(a)(4). PINGP, a Westinghouse Plant, has adopted the improved standard TS, and the technical staff encourages their participation as a pilot for RMTS Initiative 4b. The technical staff intends to utilize the plant-specific pilot proposal to evaluate the industry's proposed risk management guidance, and develop an NRC risk management regulatory guide and related TS improvements. Therefore, in accordance with 10 CFR 170.11(a)(1)(iii), the technical staff has determined this submittal supports the NRC's generic regulatory improvement program (i.e., certain risk informing portions of TS) and I am granting the fee waiver contingent upon the following:

- 1) NMC's probabilistic risk analyses (PRA) scope must be found acceptable by the NRC staff for application to RMTS Initiative 4b. Specifically, the staff believes that implementation of RMTS Initiative 4b relies on a full-scope PRA that exceeds current Regulatory Guide 1.200 standards. The staff will make

a determination as part of the license amendment request acceptance review. If the NRC staff determines that the PINGP PRA is inadequate to support the RMTS Initiative 4b efforts without substantial upgrade, this fee waiver approval will be rescinded, and you would then be responsible for fees associated with any further reviews of the PINGP PRA.

- 2) There must not be significant slippage of NMC's schedule to submit a license amendment request in the last quarter of calendar year 2005.

To expedite review of future fee waiver requests, please submit directly to the OCFO with a copy furnished to the NRC's Office of Nuclear Reactor Regulation (NRR), in accordance with 10 CFR 170.5.

If you have any technical questions regarding this matter, please contact the NRR Licensing Project Manager, Mahesh Chawla at (301) 415-8371. For any fee-waiver related questions, please contact Renu Suri of my staff at (301) 415-0161.

Sincerely,

/RA/

Jesse L. Funches
Chief Financial Officer

cc: J. Solymossy, NMC

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Jesse L. Funches
Chief Financial Officer

cc: J. Solymossy, NMC

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