NMC
Committed to Nuclear Excellence

Duane Arnold Energy Center
Operated by Nuclear Management Company, LLC

SAFEGUARDS INFORMATION

May 27, 2005

NG-05-0301
EA-02-026

U.S. Nuclear Regulatory Commission
ATTN: Document Control Desk
11555 Rockville Pike
Rockville, Maryland 20852

Duane Arnold Energy Center
Dockets 50-331 and 72-32
License No. DPR-49

Response to NRC Guidance Regarding Mitigation Strategies

The Nuclear Regulatory Commission (NRC) issued Orders for Interim Safeguards and Security Compensatory Measures (Order EA-02-026 or ICM Order) dated February 25, 2002, for the Duane Arnold Energy Center (DAEC).

Order EA-02-026 imposed requirements on nuclear power plants licensed pursuant to the Atomic Energy Act of 1954 and Title 10 of the Code of Federal Regulations. Section III.A of the Order required licensees to implement certain changes in physical security plans and safeguards contingency plans on an interim basis until final requirements were established. Among other requirements, Nuclear Management Company, LLC (NMC) was required to complete implementation of the requirements of Section II.B.5.b of Order EA-02-026 by August 31, 2002.

Subsequently, the NRC issued Orders, dated April 29, 2003, "Requiring Compliance with Revised Design Basis Threat for Operating Power Reactors" (Order EA-03-086, or DBT Order) and other security-related Orders (collectively Orders) for the DAEC. In many ways, Order EA-03-086 complemented or superseded requirements of the interim measures imposed by Order EA-02-026.

As required by Order EA-03-086, the plans for the above licensed facility have been implemented. Subsequently, NMC was requested to respond to your letter dated February 25, 2005, "NRC Staff Guidance for Use in Achieving Satisfactory Compliance with February 25, 2002, Order Section B.5.b," (NRC B.5.b Guidance) by May 31, 2005, and to implement appropriate enhancement to current mitigation strategies by

NOTE: ENCLOSURE 1 TO THIS LETTER CONTAINS "SAFEGUARDS INFORMATION" AND MUST BE PROTECTED ACCORDINGLY. UPON REMOVAL OF ENCLOSURE 1, THIS LETTER IS "DECONTROLLED."

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August 31, 2005. Specifically, nuclear power plant licensees were requested by Enclosure 2, "Developing Mitigating Strategies/Guidance for Nuclear Power Plants to Respond to Loss of Large Areas of the Plant in Accordance with B.5.b of the February 25, 2002, Order," dated February 24, 2005, (NRC B.5.b Guidance) to the February 25, 2005 letter, to review the Areas of Consideration delineated in Attachment A to that Enclosure and evaluate additional considerations for potential inclusion in the licensees' mitigating strategies that licensees deemed appropriate in accordance to Attachment B to that Enclosure.

Subsequently, the Nuclear Energy Institute (NEI), in conjunction with the NEI Security Working Group, developed and issued guidance for licensee use (NEI Guidance) to assist licensees in responding to the February 25, 2005 letter.

As requested in the February 25, 2005 letter, NMC has reviewed the information in Attachments A and B in accordance with the NEI Guidance, and is submitting, as a Safeguards Information enclosure to this letter (Enclosure 1), NMC's evaluation of the information the NRC provided. Enclosure 1 reflects the results of a comprehensive and thorough review of the guidance and describes the considerations that NMC either has already or intends to implement at DAEC by August 31, 2005.

The primary guiding principles in the conduct of this evaluation were (1) whether or not equipment and resources were "readily available," and (2) if equipment is "readily available," can it be effectively utilized in a licensee's mitigating strategy. NMC considered "readily available" to mean that the equipment or resources were already licensee owned, under contract, or part of an existing Memorandum of Understanding. Further, even if equipment and resources are "readily available," the second criterion is to ensure that the equipment can be used in a mitigating strategy in an effective manner. Even if the equipment is "readily available," it is of no value if it cannot be effective in implementing the mitigating strategy.

In accordance with these principles, mitigating strategies are being implemented to address the NRC B.5.b Guidance. These actions are considered to be commitments for that purpose and will be managed in accordance with DAEC's commitment management system.

Enclosure 2 to this letter is the schedule that NMC has developed regarding the implementation of commitments resulting from the evaluations documented in Enclosure 1.

Mark A. Peifer
Site Vice President, Duane Arnold Energy Center
Nuclear Management Company, LLC

Enclosures (2)

CC: Regional Administrator, USNRC, Region III (w/all enclosures)
NRR Project Manager, DAEC, USNRC (w/all enclosures)
NRC Resident Inspector, DAEC, USNRC (w/o enclosures)