

March 13, 2006

MEMORANDUM TO: David Terao, Chief
Plant Licensing Branch IV
Division of Operating Reactor Licensing
Office of Nuclear Reactor Regulation

FROM: N. Kalyanam, Project Manager
Plant Licensing Branch IV /RA/
Division of Operating Reactor Licensing
Office of Nuclear Reactor Regulation

SUBJECT: SAN ONOFRE NUCLEAR GENERATING STATION, UNITS 2 AND 3 -
RE: PROPOSED CHANGE NUMBER (PCN)-548 BATTERY AND DC
SOURCES UPGRADES AND CROSS-TIE (TAC NOS. MC5447 AND
MC5448)

This is to document some of the incorrect billing that might have happened on the subject TAC numbers and suggested steps to correct the situation. It was recently found that certain portions or all of the work done on these TAC Numbers are "non-fee billable."

Some background information:

1. A memorandum dated November 19, 2003, from Jesse L. Funches (Agencywide Documents Access and Management System (ADAMS) Accession No. ML033570078 (non-publicly available)), grants a fee waiver for the expected six pilot applications of the approach proposed in draft regulatory guide DG-1122 and the associated draft standard review plan (SRP) section in accordance with paragraph 170.11(b)(1) of Title 10 of the *Code of Federal Regulations* (10 CFR).
2. A memorandum dated December 3, 2003, from Peter C. Wen (ADAMS Accession No. ML033370910), with the subject "Summary of November 20, 2003, Meeting with Nuclear Energy Institute (NEI) Regarding Probabilistic Risk Assessment [PRA] Quality Pilot Applications," identifies five utilities tentatively volunteering to participate in the pilot applications (SONGS 2 and 3 being one of the five) and states that the licensees will transmit a letter of intent to participate in the pilot phase and include a fee waiver.
3. By its letter dated March 17, 2004 (ADAMS Accession No. ML040820715), Southern California Edison (SCE) submits the letter of intent to participate in the Nuclear Regulatory Commission probabilistic risk assessment program and indicates that the review of pilot applications is eligible for a waiver of review fees.
4. SCE submits the subject amendment on December 17, 2004 (ADAMS Accession No. ML043570322), and TAC Nos. MC5447 and MC5448 were opened with an "Estimated Start Date" of 12-22-2004. However, the TACs did not recognize that some

portion of the work will be non-fee billable. All the work was termed as "fee-billable." The two major organizations involved in the review work were Electrical Engineering Branch (EEEB) and PRA Licensing Branch.

5. As per one of the attendees to the November 20, 2003, meeting, the entire scope of this review is to be completely non-fee billable (PRA and non-PRA portions). To suggest that some of it is billable is not consistent with any discussions with the licensee, NEI, or Jesse L. Funches' letter. The attendee's understanding and impression from the beginning, over 2 years ago when this was first discussed, is that the five pilot applications (Columbia - Emergency Diesel Generator (EDG) Allowed Outage Time (AOT), SONGS battery AOT, Surry 50.69, Limerick, and South Texas Project) reviews were to be completely non-fee-billable, which is why they were willing to be pilots.
6. We might have been incorrectly led to believe that the work done by the PRA group (and probably a few others) and, more specifically, the portion of work done along the approach proposed in DG-1122 and the associated draft SRP section in accordance with 10 CFR Part 170.11(b)(1) falls under the non-fee billable category and the rest will be termed fee-billable. It is not the case now.

By letter dated February 28, 2006 (ADAMS Accession No. ML060610185), SCE submitted a revised amendment, completely superceding its submittal of December 17, 2004, and later supplements. We plan to open one non-fee billable TAC for each unit. After transferring the expended hours from the old TACs (MC5447 and MC5448) into the new TACs, the old TACs will be closed. These details have been discussed with Ms. Mary King of PMAS/POEB and Ms. Brenda Davis of PMAS/PIMB/IT and they have been in general agreement with the approach.

The other three licensees identified in the memorandum of December 3, 2003, from Peter Wen, are Dominion (Surry plant), Exelon (Limerick plant) and South Texas Project. We do not have further information on these submittals.

Docket Nos. 50-361 and 50-362

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