

**SAFEGUARDS INFORMATION**

January 14, 2008

EA-07-255

Mr. Christopher J. Schwarz  
Site Vice President  
Entergy Nuclear Operations  
Palisades Nuclear Plant  
27780 Blue Star Memorial Highway  
Covert, MI 49043-9530

SUBJECT: FINAL SIGNIFICANCE DETERMINATION FOR A SECURITY-RELATED  
GREATER THAN GREEN FINDING AND NOTICE OF VIOLATION; NRC  
SECURITY BASELINE INSPECTION REPORT NO. 05000255/2007404(DRS)  
FOR PALISADES NUCLEAR PLANT

Dear Mr. Schwarz:

The purpose of this letter is to provide you the final results of our significance determination of the Greater than Green finding identified in the subject inspection report. The inspection finding was assessed using the Physical Protection Significance Determination Process and was preliminarily characterized as more than very low security significance. Specific details of the NRC's decision are included in the enclosures to this letter.

In a telephone conversation with Mr. E. Duncan of NRC, Region III, on November 19, 2007, Ms. L. Lahti of your staff indicated that Palisades Nuclear Plant did not contest the characterization of the significance of these findings and that you declined your opportunity to discuss these issues in a Regulatory Conference or to provide a written response.

After considering the information developed during the inspection, the NRC has concluded that the inspection finding is appropriately characterized as Greater than Green (i.e., more than very low security significance), which may require additional NRC inspections.

**EXEMPT FROM PUBLIC DISCLOSURE**

May be exempt from public release under the Freedom of Information Act (5 U.S.C. 552)

Exemption number: 5  
Nuclear Regulatory Commission review required before public release.

Gregory Hansen, RIII/DRS/PSB  
Name and organization of person making determination.

Date of determination: 11/26/2007

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You have 30 calendar days from the date of this letter to appeal the staff's determination of significance for the identified finding. Such appeals will be considered to have merit only if they meet the criteria given in Attachment 2 to NRC Inspection Manual Chapter 0609.

The NRC has also determined that the finding is associated with violations of certain NRC requirements, as cited in the enclosed Notice of Violation (Notice). The circumstances surrounding the violations are described in detail in the subject inspection report. In accordance with the NRC Enforcement Policy, the Notice is considered escalated enforcement action because it is associated with a Greater than Green finding.

You are required to respond to this letter and should follow the instructions specified in the enclosed Notice when preparing your response.

Because plant performance for this issue has been determined to be beyond the licensee response band, we will use the NRC's Security Action Matrix to determine the most appropriate NRC response for this issue. We will notify you, by separate correspondence, of that determination.

In accordance with 10 CFR 2.390 of the NRC's "Rules of Practice," a copy of this letter will be available electronically for public inspection in the NRC Public Document Room or from the Publicly Available Records System (PARS) component of NRC's Agencywide Documents Access and Management System (ADAMS), accessible from the NRC Web site at <http://www.nrc.gov/reading-rm/adams.html> (the Public Electronic Reading Room). However, because of the security-related concerns contained in the enclosures, and in accordance with 10 CFR 2.390, a copy of this letter's enclosures will not be available for public inspection.

In accordance with 10 CFR 2.390(b)(1)(ii), the NRC is waiving the affidavit requirements for your response, if any. This practice will ensure that your response will not be made available electronically for public inspection in the NRC Public Document Room or from the NRC's document system, ADAMS. If Safeguards Information is necessary to provide an acceptable response, please provide the level of protection described in 10 CFR 73.21. Otherwise, mark

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your entire response "Security-Related Information – Withhold Under 10 CFR 2.390" and follow the instructions for withholding in 10 CFR 2.390(b)(1).

Sincerely,

*/RA/*

James L. Caldwell  
Regional Administrator

Docket Nos. 50-255  
License Nos. DPR-20

Nonpublic Enclosures (**SAFEGUARDS INFORMATION**):

1. Final Determination of Significance
2. Notice of Violation

cc w/encls (**SAFEGUARDS INFORMATION**):

D. Riffle, NSIR/DSO/DDSO  
State Liaison Officer, State of Michigan

cc w/o encls (**SAFEGUARDS INFORMATION**):

M. Kansler, President and Chief  
Executive Officer/ Chief Nuclear  
Officer  
J. Herron, Senior Vice President  
Senior Vice President, Engineering and  
Technical Services  
M. Balduzzi, Senior Vice President and  
Chief Operating Officer, Regional  
Operations, NE  
O. Limpas, Vice President, Engineering  
J. Ventosa, General Manager,  
Engineering  
J. DeRoy, Vice President, Operations  
Support Director, NSA  
J. McCann, Director, Nuclear Safety &  
Licensing  
E. Harkness, Director of Oversight

General Manager, Plant Operations  
C. Faison, Manager, Licensing  
L. Lahti, Manager, Licensing  
W. Dennis, Assistant General Counsel  
W. DiProfio  
W. Russell  
G. Randolph  
Supervisor, Covert Township  
Office of the Governor  
Michigan Department of Environmental  
Quality - Waste and Hazardous  
Materials Division  
Michigan Dept of Attorney General

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your entire response "Security-Related Information-Withhold Under 10 CFR 2.390" and follow the instructions for withholding in 10 CFR 2.390(b)(1).

Sincerely,  
James L. Caldwell  
Regional Administrator

Docket Nos. 50-255  
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- 2. Notice of Violation

**cc w/encls (SAFEGUARDS INFORMATION):**

D. Riffle, NSIR/DSO/DDSO  
State Liaison Officer, State of Michigan

**cc w/o encls (SAFEGUARDS INFORMATION):**

M. Kansler, President and Chief Executive Officer/ Chief Nuclear Officer  
 J. Herron, Senior Vice President Senior Vice President, Engineering and Technical Services  
 M. Balduzzi, Senior Vice President and Chief Operating Officer, Regional Operations, NE  
 O. Limpas, Vice President, Engineering  
 J. Ventosa, General Manager, Engineering  
 J. DeRoy, Vice President, Operations Support Director, NSA  
 J. McCann, Director, Nuclear Safety & Licensing

E. Harkness, Director of Oversight General Manager, Plant Operations  
 C. Faison, Manager, Licensing  
 L. Lahti, Manager, Licensing  
 W. Dennis, Assistant General Counsel  
 W. DiProffio  
 W. Russell  
 G. Randolph  
 Supervisor, Covert Township Office of the Governor  
 Michigan Department of Environmental Quality - Waste and Hazardous Materials Division  
 Michigan Dept of Attorney General

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DOCUMENT NAME: G:\EICS\ENFORCEMENT\Enforcement Cases 2007\EA-07-255 Palisades Safeguards\EA-07-255 Final Significance Determination Ltr.doc

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OFFICE	RIII	RIII	OE	RIII	RIII
NAME	Lougheed	West	Burrell <sup>1</sup> for Carpenter	Heck	Caldwell
DATE	1/07/08	1/08/08	1/03/08	1/10/08	1/14/08

**OFFICIAL RECORD COPY**

<sup>1</sup>HQ concurrence received on January 3, 2008, from Michael Burrell, OE.

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Letter to Christopher J. Schwarz from James Caldwell dated January 14, 2008.

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