



UNITED STATES
NUCLEAR REGULATORY COMMISSION
WASHINGTON, D.C. 20555-0001

March 19, 2010

Mr. Timothy S. Rausch
Senior Vice President and Chief Nuclear Officer
PPL Susquehanna, LLC
769 Salem Boulevard
Berwick, PA 18603-0467

SUBJECT: SUSQUEHANNA STEAM ELECTRIC STATION, UNITS 1 AND 2 - EXEMPTION
FROM THE REQUIREMENTS OF 10 CFR PART 73, SECTION 73.55
IMPLEMENTATION DEADLINE FOR PHYSICAL SECURITY PLANS (TAC NOS.
ME2839 AND ME2840)

Dear Mr. Rausch:

The Commission has approved the enclosed exemption from specific requirements of Title 10 of the *Code of Federal Regulations* (10 CFR), Part 73, Section 73.55, for the Susquehanna Steam Electric Station, Units 1 And 2. This action is in response to your application dated December 3, 2009, as supplemented by letters dated January 8 and 29, 2010.

PPL Susquehanna, LLC (PPL, or the licensee) requested U.S. Nuclear Regulatory Commission (NRC) approval for an exemption from March 31, 2010, implementation date for certain security requirements of 10 CFR Part 73, "PHYSICAL PROTECTION OF PLANTS AND MATERIALS," for Susquehanna Steam Electric Station (SSES) Units 1 and 2, issued by NRC in a Final Rule dated March 27, 2009 (74 FR 13926). The proposed exemption would allow an extension from the March 31, 2010, implementation date for some specific requirements, until October 29, 2010, for two requirements and until July 31, 2011, for one other requirement.

A copy of the exemption is enclosed. The exemption has been forwarded to the Office of the Federal Register for publication.

Sincerely,

A handwritten signature in black ink, appearing to read "Bk Vaidya".

Bhalchandra K. Vaidya, Project Manager
Plant Licensing Branch I-1
Division of Operating Reactor Licensing
Office of Nuclear Reactor Regulation

Docket Nos. 50-387 and 50-388

Enclosure:
Exemption

cc w/encl: Distribution via Listserv

UNITED STATES NUCLEAR REGULATORY COMMISSION
PPL SUSQUEHANNA, LLC.
DOCKET NOS. 50-387 AND 50-388
SUSQUEHANNA STEAM ELECTRIC STATION, UNITS 1 AND 2
EXEMPTION

1.0 BACKGROUND

PPL Susquehanna, LLC (PPL or the licensee) is the holder of Renewed Facility Operating License Nos. NPF-14 and NPF-22, which authorize operation of the Susquehanna Steam Electric Station (SSES), Units 1 and 2. The licenses provide, among other things, that the facility is subject to all rules, regulations, and orders of the U.S. Nuclear Regulatory Commission (NRC, the Commission) now or hereafter in effect.

The facility consists of two boiling-water reactors located in Luzerne County, Commonwealth of Pennsylvania.

2.0 REQUEST/ACTION

Title 10 of the *Code of Federal Regulations* (10 CFR) Part 73, "PHYSICAL PROTECTION OF PLANTS AND MATERIALS," Section 73.55, "Requirements for physical protection of licensed activities in nuclear power reactors against radiological sabotage," published March 27, 2009, effective May 26, 2009, with a full implementation date of March 31, 2010, requires licensees to protect, with high assurance, against radiological sabotage by designing and implementing comprehensive site security programs. The amendments to 10 CFR 73.55 published on March 27, 2009, establish and update generically applicable security requirements similar to those previously imposed by Commission orders issued after the terrorist attacks of September 11, 2001, and implemented by licensees. In addition, the amendments to 10 CFR 73.55 include additional requirements to further enhance site security

based upon insights gained from implementation of the post-September 11, 2001, security orders. It is from three of these new requirements that PPL now seeks an exemption from the March 31, 2010, implementation date. All other physical security requirements established by this recent rulemaking have already been or will be implemented by the licensee by March 31, 2010.

By letter dated December 3, 2009, as supplemented by letters dated January 8 and 29, 2010, the licensee requested an exemption in accordance with 10 CFR 73.5, "Specific exemptions." The portions of the licensee's letters dated December 3, 2009, as supplemented by letters dated January 8 and 29, 2010, contain sensitive security information and accordingly are withheld from public disclosure in accordance with 10 CFR 2.390. The licensee has requested an exemption from the March 31, 2010, compliance date stating that it must complete a number of significant modifications to the current site security configuration before all requirements can be met. Specifically, the request is to extend the compliance date for one specific requirement to October 29, 2010, and until July 31, 2011, for two other requirements from the current March 31, 2010, deadline. Being granted this exemption for the three items would allow the licensee to complete the modifications designed to update aging equipment and incorporate state-of-the-art technology to meet or exceed the noted regulatory requirements.

3.0 DISCUSSION OF PART 73 SCHEDULE EXEMPTIONS FROM THE MARCH 31, 2010, FULL IMPLEMENTATION DATE

Pursuant to 10 CFR 73.55(a)(1), "By March 31, 2010, each nuclear power reactor licensee, licensed under 10 CFR Part 50, shall implement the requirements of this section through its Commission-approved Physical Security Plan, Training and Qualification Plan, Safeguards Contingency Plan, and Cyber Security Plan referred to collectively hereafter as 'security plans.'" Pursuant to 10 CFR 73.5, the Commission may, upon application by any

interested person or upon its own initiative, grant exemptions from the requirements of 10 CFR Part 73 when the exemptions are authorized by law, and will not endanger life or property or the common defense and security, and are otherwise in the public interest.

This NRC approval of the exemption as noted above, would allow an extension of implementation date in the new rule from March 31, 2010, to October 29, 2010, for one specific requirement and until July 31, 2011, for two other requirements. As stated above, 10 CFR 73.5 allows the NRC to grant exemptions from the requirements of 10 CFR 73. The NRC staff has determined that granting of the licensee's proposed exemption would not result in a violation of the Atomic Energy Act of 1954, as amended or the Commission's regulations. Therefore, the NRC approval of the licensee's exemption request is authorized by law.

In the draft final power reactor security rule provided to the Commission, the NRC staff proposed that the requirements of the new regulation be met within 180 days. The Commission directed a change from 180 days to approximately 1 year for licensees to fully implement the new requirements. This change was incorporated into the final rule. From this, it is clear that the Commission wanted to provide a reasonable timeframe for licensees to achieve full compliance.

As noted in the final rule, the Commission also anticipated that licensees would have to conduct site-specific analyses to determine what changes were necessary to implement the rule's requirements, and that changes could be accomplished through a variety of licensing mechanisms, including exemptions. Since issuance of the final rule, the Commission has rejected a generic industry request to extend the rule's compliance date for all operating nuclear power plants, but noted that the Commission's regulations provide mechanisms for individual licensees, with good cause, to apply for relief from the compliance date (Reference: letter dated June 4, 2009, from R. W. Borchardt, NRC, to M. S. Fertel, Nuclear Energy Institute, Agencywide

Documents Access and Management System (ADAMS) Accession Number ML091410309).

The licensee's request for an exemption is, therefore, consistent with the approach set forth by the Commission and discussed in the letter dated June 4, 2009.

SSES Units 1 and 2 Schedule Exemption Request

The licensee provided detailed information in its submissions dated December 3, 2009, as supplemented by letters dated January 8 and 29, 2010, requesting an exemption. In its submissions, PPL stated that implementation of specific parts of the new requirements will require more time to implement since they involve significant physical modifications requiring: (1) specific parts that are proving to be long lead time items, (2) specialized industry expertise whose availability is being challenged by the significant demand for a limited resource, or (3) a major interface with the plant for installation that must be carefully planned and implemented to avoid impact to the plant protective strategy. The licensee provided a timeline for achieving full compliance with the new regulation. The licensee's submissions dated December 3, 2009, as supplemented by letters dated January 8 and 29, 2010, contain sensitive security information regarding (1) the site security plan, (2) details of the specific requirements of the regulation for which the site cannot be in compliance by the March 31, 2010, deadline and justification for the same, (3) the required changes to the site's security configuration, and (4) a timeline with critical path activities that will bring the licensee into full compliance by July 31, 2011, for all the regulatory requirements of 10 CFR 73.55, as issued on March 27, 2009 (by October 29, 2010, for one specific requirement, by July 31, 2011, for two other requirements, and by March 31, 2010, for all other requirements). The timeline provides dates indicating when (1) construction will begin on various phases of the project (e.g., new roads, buildings, and fences), (2) outages are scheduled for each unit, and (3) critical equipment will be ordered, installed, tested and become operational.

Notwithstanding the schedule exemptions for these limited requirements, the licensee stated that it will continue to be in compliance with all other applicable physical security requirements as described in 10 CFR 73.55 and reflected in its current NRC-approved physical security program. By July 31, 2011, SSES, Units 1 and 2 will be in full compliance with all the regulatory requirements of 10 CFR 73.55, as issued on March 27, 2009.

4.0 CONCLUSION FOR PART 73 SCHEDULE EXEMPTION REQUEST

The staff has reviewed the licensee's submittals and concludes that the licensee has provided adequate justification for its request for an extension of the compliance date to July 31, 2011, with regard to three specified requirements of 10 CFR 73.55.

Accordingly, the Commission has determined that pursuant to 10 CFR 73.5, "Specific exemptions," an exemption from the March 31, 2010, compliance date is authorized by law and will not endanger life or property or the common defense and security, and is otherwise in the public interest. Therefore, the Commission hereby grants the requested exemption.

The NRC staff has determined that the long-term benefits that will be realized when the modifications described in PPL's letter dated December 3, 2009, as supplemented by letters dated January 8 and 29, 2010, are complete, justifies exceeding the full compliance date in the case of this particular licensee. The security measures PPL needs additional time to implement are new requirements imposed by March 27, 2009, amendments to 10 CFR 73.55, and are in addition to those required by the security orders issued in response to the events of September 11, 2001. Therefore, the NRC concludes that the licensee's actions are in the best interest of protecting the public health and safety through the security changes that will result from granting this exemption.

As per the licensee's request and the NRC's regulatory authority to grant an exemption from the March 31, 2010, implementation deadline for the three items specified in its letter dated

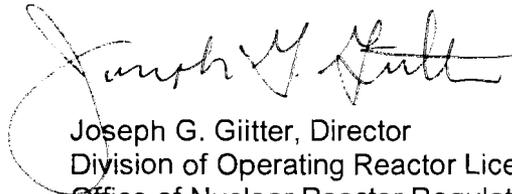
December 3, 2009, as supplemented by letter dated January 8 and January 29, 2010, the licensee is required to be in full compliance July 31, 2011 (by October 29, 2010, for one specific requirement, by July 31, 2011, for two other requirements, and by March 31, 2010, for all other requirements.) In achieving compliance, the licensee is reminded that it is responsible for determining the appropriate licensing mechanism (i.e., 10 CFR 50.54(p) or 10 CFR 50.90) for incorporation of all necessary changes to its security plans.

Pursuant to 10 CFR 51.32, "Finding of no significant impact," the Commission has previously determined that the granting of this exemption will not have a significant effect on the quality of the human environment 75 FR 13322; dated March 19, 2010.

This exemption is effective upon issuance.

Dated at Rockville, Maryland, this 22nd day of March 2010.

FOR THE NUCLEAR REGULATORY COMMISSION



Joseph G. Giitter, Director
Division of Operating Reactor Licensing
Office of Nuclear Reactor Regulation

March 19, 2010

Mr. Timothy S. Rausch
Senior Vice President and Chief Nuclear Officer
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/RA/

Bhalchandra K. Vaidya, Project Manager
Plant Licensing Branch I-1
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