

SAFEGUARDS INFORMATION

July 2, 2010

EA-10-101

Mr. James Morris
Vice President Operations
Catawba Nuclear Station
Duke Energy, Inc.
4830 Concord Rd.
York, SC 29745

SUBJECT: CATAWBA NUCLEAR STATION, UNITS 1 AND 2 – U.S. NUCLEAR
REGULATORY COMMISSION SECURITY INSPECTION REPORT
05000413/2010202 AND 05000414/2010202: PRELIMINARY GREATER THAN
GREEN FINDING

Dear Mr. Morris:

This letter transmits a finding that has preliminarily been determined to be Greater than Green – i.e., a finding of greater than very low security significance that may result in the need for further evaluation to determine significance, and therefore the need for additional U.S. Nuclear Regulatory Commission (NRC) action. The finding is described in the enclosed inspection report. This finding was assessed based on the best available information, using the Physical Security Significance Determination Process (PPSDP). Compensatory measures are in place while long-term corrective measures are being implemented.

The finding is also associated with an apparent violation of NRC requirements that is being considered for escalated enforcement action in accordance with NRC Enforcement Policy. The current Enforcement Policy is included on the NRC's Web site at <http://www.nrc.gov/reading-rm/doc-collections/enforcement>. The finding had a crossing-cutting aspect in the area of Problem Identification and Resolution because the licensee failed to thoroughly evaluate problems such that the resolution addresses causes and extent of conditions, as necessary. (P1.c)

In accordance with NRC Inspection Manual Chapter 0609, "Significance Determination Process," we intend to complete our evaluation using the best available information and issue our final determination of safety significance within 90 days of the date of this letter. The significance determination process encourages an open dialogue between the NRC staff and the licensee; however, the dialogue should not impact the timeliness of the staff's final determination.

Enclosure contains Safeguards Information. Upon removal this letter is decontrolled.
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Before we make a final decision on this matter, we are providing you an opportunity to: (1) present to the NRC your perspectives on the facts and assumptions, used by the NRC to arrive at the finding and its significance, at a Regulatory Conference; or (2) submit your position on the finding to the NRC in writing. If you request a Regulatory Conference, it should be held within 30 days of the receipt of this letter and we encourage you to submit supporting documentation at least one week prior to the conference in an effort to make the conference more efficient and effective.

If a Regulatory Conference is held, it will be closed to public observation because of the discussion of security-related information. If you decide to submit only a written response, such submittal should be sent to the NRC within 30 days of the receipt of this letter.

If you decline to request a Regulatory Conference or to submit a written response, you relinquish your right to appeal the final significance determination process decision, in that, by not doing either, you fail to meet the appeal requirements stated in the Prerequisite and Limitation sections of Attachment 2 of Inspection Manual Chapter 0609.

Please contact Mr. Clay Johnson, Chief, Security Performance Evaluation Branch, Division of Security Operations, at 301-415-6640 within 10 business days of the date of receipt of this letter to notify the NRC of your intentions. If we have not heard from you within 10 days, we will continue with our significance determination and enforcement decision. The final resolution of this matter will be conveyed in separate correspondence.

Because the NRC has not made a final determination in this matter, no Notice of Violation is being issued for the inspection finding at this time. In addition, please be advised that the number and characterization of the apparent violation described in the enclosed inspection report may change as a result of further NRC review.

In accordance with Title 10 of The *Code of Federal Regulations* (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 (PARS) component of NRC's Agencywide Document Access and Management System (ADAMS). ADAMS is 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 enclosure, and in accordance with 10 CFR 2.390, a copy of this letter's enclosures will not be available for public inspection.

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Because this issue involves security-related information, your response, should you choose to respond in writing, will not be made available electronically for public inspection in the NRC Public Document Room or from the NRC's document system, ADAMS accessible from the NRC Web site at <http://www.nrc.gov/reading-rm/adams.html>. If Safeguards Information is necessary to provide an acceptable response, please provide the level of protection described in 10 CFR 73.21. Otherwise, mark 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). In accordance with 10 CFR 2.390(b)(1)(II), the NRC is waiving the affidavit for your response.

Sincerely,

/RA/

Barry C. Westreich, Acting Director
Division of Security Operations
Office of Nuclear Security and Incident Response

Docket No.: 50-413; 50-414
License No.: NPF-35; NPF-52

Enclosure: NRC Inspection Report No. 05000413/2010202 and 05000414/2010202
w/Attachments: Supplemental Information, Table of Security Personnel,
Exercise One, Exercise Two, and Exercise Three (Safeguards)

cc w/ encl: R. Hart, Duke Power Company
L. Vaughn, Duke Energy Corporation
K. Nolan, Duke Energy Corporation
R. Gill, Jr., Energy Carolinas, LLC

cc w/o encl: D. Repka, Winston Strawn, LLP
S. Jenkins, S.C. Department of Health and Environmental Control
E. McMahon, Federal Emergency Management Agency
P. Force, State of North Carolina
S. Weatherman, North Carolina Electronic Membership Corp
V. Quinn, Federal Emergency Management Agency

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R. Gill, Jr., Energy Carolinas, LLC

cc w/o encl: D. Repka, Winston Strawn, LLP
S. Jenkins, S.C. Department of Health and Environmental Control
E. McMahon, Federal Emergency Management Agency
P. Force, State of North Carolina
S. Weatherman, North Carolina Electronic Membership Corp
V. Quinn, Federal Emergency Management Agency

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DATE	06/11/10	6/16/10	6/24/10	6/24/10	6/30/10	7/2/10

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