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November 18, 2010

BW-JAH-2010-235

U.S. Nuclear Regulatory Commission (NRC)  
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Babcock & Wilcox Nuclear Energy, Inc. (B&W NE)  
Docket Number-PROJ0776  
Project Number-776

Subject: October 15, 2010 NRC Letter: "Preparations for Design Certification Reviews"

In view of the fact that the timing of generic industry white papers may not support our proposed schedule for design certification, we agree that it is imperative for us to provide to the NRC staff more design-specific information relative to those key technical and policy issues included in SECY 10-0034 as soon as practicable. That is why we have taken a two-pronged approach to addressing many of the SECY's issues. For those issues that are more design-specific in nature, such as the accident source term and the physical security/security force staffing, we already have efforts underway to address them independently with consultations from our mPower utility consortium partners. Also for those issues that are more generic in nature, such as annual NRC fees, decommissioning fees, and Price-Anderson, we are working closely with the NEI Small Module Reactor (SMR) Taskforce.

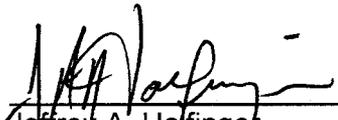
Specifically, in response to the subject letter, we are currently developing a source term strategy for the mPower Reactor design based on available NRC guidance. We plan to submit to the NRC staff a white paper in the second quarter of Calendar Year 2011 that will describe the methodology for calculating accident source term along with plans for additional pre-application submittals to reflect impacts of the source term in other areas of analysis and design.

Regarding the physical security and security force staffing issue, we plan to submit to the NRC a separate white paper in December of this year, as indicated in our October 28, 2010 letter. This paper will in part describe our strategy of incorporating security features into the plant design to achieve maximum efficiency and effectiveness in security force staffing. We have requested to meet with Office of New Reactors and Office of Nuclear Security and Incident Response staff to discuss this upcoming submittal at their earliest convenience, and we consider this meeting to be a very important first step in sharing information about our strategy and planning. Also, we submitted to the NRC our Safeguards Information Protection Plan in August and are awaiting NRC approval for implementation.

During the past year, we have made significant progress towards developing our design certification application. We appreciate the pre-application interface with the NRC staff, through numerous meetings and phone calls. In addition the NRC staff continues its review of seven licensing topical

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and technical reports we have submitted this year. We look forward to continued frequent and mutually beneficial interactions with NRC staff.



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