



**UNITED STATES  
NUCLEAR REGULATORY COMMISSION**

REGION III  
2443 WARRENVILLE RD. SUITE 210  
LISLE, IL 60532-4352

October 14, 2015

Mr. Anthony Vitale  
Vice President, Operations  
Entergy Nuclear Operations, Inc.  
Palisades Nuclear Plant  
27780 Blue Star Memorial Highway  
Covert, MI 49043-9530

SUBJECT: PALISADES NUCLEAR PLANT, UNIT 1 - INSPECTION OF TEMPORARY  
INSTRUCTION 2201/004, "INSPECTION OF IMPLEMENTATION OF INTERIM  
CYBER SECURITY MILESTONES 1 – 7" INSPECTION  
REPORT 05000255/2015407

Dear Mr. Vitale:

On September 17, 2015, the U.S. Nuclear Regulatory Commission (NRC) completed an inspection at your Palisades Nuclear Plant. The inspection covered the interim cyber security Milestones 1 – 7 of the security cornerstone. The enclosed inspection report documents the inspection results, which were discussed on September 17, 2015, with Mr. P. Russell and other members of your staff.

The inspection examined activities conducted under your license as they relate to cyber security and compliance with the Commission's rules and regulations, and with the conditions of your license. The inspectors reviewed selected procedures and records, observed activities, and interviewed personnel.

One NRC-identified finding of very low significance (Green) was identified during this inspection. The finding was determined to involve violation of NRC requirements. Further, two licensee-identified violations which were determined to be of very low significance (Green) are listed in Section 4OA7 of this report. The NRC is treating these violations as Non-Cited Violations (NCVs) consistent with Section 2.3.2 of the Enforcement Policy. However, "In accordance with the Security Issues Forum (SIF) Charter, the NRC can exercise enforcement discretion during inspection of interim cyber security measures for licensees who demonstrate a "good-faith interpretation and attempt to implement" Milestones 1 – 7. This discretion applies to licensees who have tried to implement the new requirements, but failed to be in full compliance. Before discretion is considered or granted for any issue, licensees must accept the finding, put the finding into their Corrective Action Program, and take appropriate corrective action once identified."

These issues were discussed and reviewed during the SIF Meeting conducted on September 30, 2015. The results of the SIF Panel review concluded that although these issues constituted violations of your facility operating license, and Title 10, *Code of Federal Regulations* (CFR), Part 73, Section 54, "Protection of Digital Computer and Communication Systems and Networks," the NRC is exercising enforcement discretion. The NRC is not taking enforcement action for these violations because they meet the criteria established in an NRC

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A. Vitale

-2-

memorandum from Barry C. Westreich, Director, Cyber Security Directorate, Office of Nuclear Security and Incident Response, to each regional office and Director, Division of Reactor Safety, Subject: “Enhanced Guidance for Licensee Near-Term Corrective Actions to Address Cyber Security Inspection Findings and Licensee Eligibility for “Good-Faith” Attempt Discretion,” dated July 1, 2013 (Agencywide Documents Access and Management System (ADAMS) Accession Number ML13178A203). Consistent with the NRC Memorandum, upon completion of all corrective actions, you are requested to provide written notification to the NRC’s regional office as to the method and date of closure for the identified issue(s).

In accordance with 10 CFR 2.390, “Public Inspections, Exemptions, Requests for Withholding,” of the NRC’s “Rules of Practice,” a copy of this letter will be available electronically for public inspection in the NRC’s Public Document Room or from the Publicly Available Records (PARS) component of the NRC’s ADAMS. ADAMS is accessible from the NRC Web site at <http://www.nrc.gov/reading-rm/adams.html> (the Public Electronic Reading Room).

However, the material enclosed herewith contains Security-Related Information in accordance with 10 CFR 2.390(d)(1) and its disclosure to unauthorized individuals could present a security vulnerability. Therefore, the material in the enclosure will not be made available electronically for public inspection in the NRC Public Document Room or from the PARS component of NRC’s ADAMS. If you choose to provide a response and Security-Related Information is necessary to provide an acceptable response, please mark your entire response “Security-Related Information – Withhold from public disclosure under 10 CFR 2.390” in accordance with 10 CFR 2.390(d)(1) 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 requirements for your response.

Sincerely,

/RA/

Robert C. Daley, Chief  
Engineering Branch 3  
Division of Reactor Safety

Docket No. 50–255  
License No. DPR–20

Nonpublic Enclosure:  
IR 05000255/2015407

cc w/encl: K. Yale, State Liaison Officer, State of Michigan

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