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

June 23, 2016

Mr. Steven D. Capps
Vice President
McGuire Nuclear Station
Duke Energy Carolinas, LLC
12700 Hagers Ferry Road
Huntersville, NC 28078-8985

SUBJECT: MCGUIRE NUCLEAR STATION, UNITS 1 AND 2 – EXEMPTION FROM THE REQUIREMENTS OF 10 CFR 74.19(c) (CAC NOS. MF6693 AND MF6694)

Dear Mr. Capps:

The U.S. Nuclear Regulatory Commission has approved the enclosed exemption from specific requirements of Title 10 of the *Code of Federal Regulations* Section 74.19(c), for the McGuire Nuclear Station, Units 1 and 2. This action is in response to your application dated August 17, 2015, as supplemented by letter dated October 6, 2015 (Agencywide Documents Access and Management System Accession Nos. ML15239B240 and ML15300A282, respectively), which requested an exemption that would allow an alternative to the physical inventory requirements for movable in-core detectors. These are non-public documents because they contain security-related information.

The information in the exemption is considered sensitive security-related information, official use only, and is marked accordingly. The exemption is designated as "non-public" and is being withheld from public disclosure pursuant 10 CFR 2.390. A summary of the exemption for publication in the *Federal Register* is enclosed and has been forwarded to the Office of the Federal Register for publication.

Sincerely,

A handwritten signature in black ink, appearing to read "G. Edward Miller" with a stylized flourish at the end.

G. Edward Miller, Project Manager
Plant Licensing Branch II-1
Division of Operating Reactor Licensing
Office of Nuclear Reactor Regulation

Docket Nos. 50-369 and 50-370

Enclosures:

1. FRN Exemption (public)
2. Exemption (non-public)

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ENCLOSURE 1

FEDERAL REGISTER NOTICE

NUCLEAR REGULATORY COMMISSION

[Docket Nos. 50-369 and 50-370; NRC-2016-0049]

Duke Energy Carolinas, LLC;

McGuire Nuclear Station, Units 1 and 2

Alternative to the Physical Inventory Requirements for Movable In-Core Detectors

AGENCY: Nuclear Regulatory Commission.

ACTION: Exemption; issuance.

SUMMARY: The U.S. Nuclear Regulatory Commission (NRC) is issuing an exemption for Renewed Facility Operating License Nos. NPF-9 and NPF-17, issued to Duke Energy Carolinas, LLC (the licensee) that would allow an alternative to the physical inventory requirements for movable in-core detectors for the McGuire Nuclear Station, Units 1 and 2 (McGuire).

DATES: [INSERT DATE OF PUBLICATION IN *FEDERAL REGISTER*].

ADDRESSES: Please refer to Docket ID NRC-2016-0049 when contacting the NRC about the availability of information regarding this document. You may obtain publicly-available information related to this document using any of the following methods:

- **Federal Rulemaking Web Site:** Go to <http://www.regulations.gov> and search for Docket ID NRC-2016-0049. Address questions about NRC dockets to Carol Gallagher; telephone: 301-415-3463; e-mail: Carol.Gallagher@nrc.gov. For technical questions, contact

the individual(s) listed in the FOR FURTHER INFORMATION CONTACT section of this document.

The exemption is being withheld from public disclosure pursuant title 10 of the *Code of Federal Regulations* (10 CFR) 2.390 because it contains official use only security-related information. A non-sensitive summary of the exemption is included in this notice.

FOR FURTHER INFORMATION CONTACT: G. Edward Miller, Office of Nuclear Reactor Regulation, U.S. Nuclear Regulatory Commission, Washington DC 20555-0001; telephone: 301-415-2481, email: Ed.Miller@nrc.gov.

SUPPLEMENTARY INFORMATION:

I. Background

Duke Energy Carolinas, LLC is the holder of Renewed Facility Operating License Nos. NPF- 9 and NPF-17, which authorize operation of McGuire. The license provides, among other things, that the facility is subject to all rules, regulations, and orders of the NRC now or hereafter in effect. The facility consists of two pressurized-water reactors located in Mecklenburg County, North Carolina.

II. Request/Action

The regulation in 10 CFR 74.19, "Recordkeeping," identifies recordkeeping requirements applicable to special nuclear material (SNM), and 10 CFR 74.19(c) requires, in part, that, "each licensee who is authorized to possess special nuclear material, at any one time and site

location, in a quantity greater than 350 grams of contained uranium-235, uranium-233, or plutonium, or any combination thereof, shall conduct a physical inventory of all special nuclear material in its possession under license at intervals not to exceed 12 months.”

The licensee requested an exemption from certain recordkeeping requirements in 10 CFR 74.19(c). The exemption would allow the licensee to seek relief from the physical inventory requirements only for movable incore nuclear detectors that have been removed from service and stored in a location that is not readily accessible and is subject to security modifications. The purpose of this request for exemption is to allow an alternative to the physical inventory-taking practices for these non-fuel SNM incore detectors.

III. Discussion

Pursuant to 10 CFR 74.7, “Specific exemptions,” the Commission may, upon application of any interested person or upon its own initiative, grant exemptions from the requirements of 10 CFR part 74 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.

A. The Exemption is Authorized by Law

This exemption allows the licensee to have an alternative to the physical inventory requirements of 10 CFR 74.19(c) only for movable incore nuclear detectors that have been removed from service. The NRC staff has determined that granting the licensee’s proposed exemption pursuant to 10 CFR 74.7 will not result in a violation of the Atomic Energy Act of

1954, as amended, or the Commission's regulations. Therefore, the exemption is authorized by law.

B. The Exemption Presents No Undue Risk to Public Health and Safety

The underlying purpose of 10 CFR 74.19(c) is to ensure SNM is properly accounted for, appropriately secured, and that authorities are informed of any theft, diversion, or loss. Based on the information provided, no new accident precursors are created by the description of actions the licensee has provided concerning the physical inventory for the incore nuclear detectors. Thus, the probability of postulated accidents is not increased. Also, the consequences of postulated accidents are not increased. Therefore, there is no undue risk to public health and safety.

C. The Exemption is Consistent with the Common Defense and Security

The proposed exemption would allow the licensee to address the physical inventory of the non-fuel SNM. The licensee indicated that the overall alternative approach will continue to meet the intent of the physical inventory requirements of 10 CFR 74.19(c). Therefore, the common defense and security are not impacted by this exemption.

IV. Conclusion

Accordingly, the Commission has determined that pursuant to 10 CFR 74.7, the exemption is authorized by law, will not present an undue risk to the public health and safety, and is consistent with the common defense and security. Therefore, the Commission hereby

grants Duke Energy Carolinas, LLC an exemption from the physical inventory requirements of 10 CFR 74.19(c) for McGuire.

Pursuant to 10 CFR 51.32, "Finding of no significant impact," the Commission has determined that the granting of this exemption will not have a significant effect on the quality of the human environment as published in the *Federal Register* on March 8, 2016 (81 FR 12132).

The exemption is effective upon issuance.

Dated at Rockville, Maryland, this 23rd day of June 2016.

For the Nuclear Regulatory Commission.

A handwritten signature in black ink, appearing to read "Anne T. Boland", with a long horizontal flourish extending to the right.

Anne T. Boland, Director,
Division of Operating Reactor Licensing,
Office of Nuclear Reactor Regulation.

June 23, 2016

Mr. Steven D. Capps
Vice President
McGuire Nuclear Station
Duke Energy Carolinas, LLC
12700 Hagers Ferry Road
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Sincerely,
/RA VSreenivas for/
G. Edward Miller, Project Manager
Plant Licensing Branch II-1
Division of Operating Reactor Licensing
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| NAME | BMizuno | MMarkley | ABoland | GEMiller (VSreenivas for) | |
| DATE | 6/10/2016 | 6/17/2016 | 6/23/2016 | 6/23/2016 | |