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September 2, 2007

EA-07-200

Mr. Christopher M. Crane
President and Chief Nuclear Officer
Exelon Nuclear
Exelon Generation Company, LLC
4300 Winfield Road
Warrenville, IL 60555

SUBJECT: DRESDEN NUCLEAR POWER STATION, UNITS 1, 2, AND 3, NRC
MATERIAL CONTROL & ACCOUNTING TEMPORARY INSTRUCTION
(TI) 2515/154 PHASE III INSPECTION REPORT 05000010/2007401;
05000237/2007401;05000249/2007401

Dear Mr. Crane:

On August 15, 2007, the U.S. Nuclear Regulatory Commission (NRC) completed an inspection of the Material Control and Accounting (MC&A) safeguards program at the Dresden Nuclear Power Station, Units 1, 2, and 3. The inspection was conducted under Phase III of TI 2515/154. The enclosed report documents the inspection results, which were discussed on June 28, 2007, and subsequently on August 15, 2007, with Mr. Bost and other members of your staff.

The inspection examined activities conducted under your license as they relate to safety and compliance with the Commission's rules and regulations and with the conditions of your license. The inspectors reviewed selected procedures and records, observed storage of Special Nuclear Material (SNM), and interviewed personnel. Areas examined during the inspection included physical inventory and accounting records.

EXEMPT FROM PUBLIC DISCLOSURE

May be exempt from public release under the Freedom of Information Act (5 U.S.C. 552)

Exemption number: 5
Nuclear Regulatory Commission review required before public release.

Christine A. Lipa, RIII/DRP/BR4
Name and organization of person making determination.

Date of determination: 08/13/2007

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One apparent violation, with four examples, of 10 CFR 74.19 was identified during the inspection and is being considered for escalated enforcement action in accordance with the NRC Enforcement Policy. The current Enforcement Policy is included on the NRC's Web site at www.nrc.gov; select **What We Do**, then **Enforcement**, then **Enforcement Policy**. The examples discussed in sections 4OA5.1, 4OA5.2 and 4OA5.6 of this report represent a potentially significant failure of the MC&A program designed to prevent or detect the theft, loss, or diversion of SNM. The circumstances surrounding the apparent violation, the significance of the issues, and the need for lasting and effective corrective action were discussed with members of your staff at the inspection exit meeting on August 15, 2007.

Before the NRC makes its enforcement decision, we are providing you an opportunity to either: (1) respond to the apparent violation addressed in this inspection report within 30 days of the date of this letter or (2) request a predecisional enforcement conference. If a conference is held, it will not be open for public observation. Therefore, the NRC will not issue a press release to announce the conference. Please contact Ms. Christine Lipa, of my staff, at (630) 829-9619, within seven days of the date of this letter to notify the NRC of your intended response.

If you chose to provide a written response, it should be clearly marked as a "Response to An Apparent Violation in Inspection Report 05000010/2007401; 05000237/2007401; 05000249/2007401; EA-07-200" and should include: (1) the reason for the apparent violation, or if contested, the basis for disputing the apparent violation; (2) the corrective steps that have been taken and the results achieved; (3) the corrective steps that will be taken to avoid further violations; and (4) the date when full compliance will be achieved. In particular, in your response, please discuss your corrective actions for the MC&A program and the delay in discovering the MC&A program deficiencies. Your response to these items may reference or include previous docketed correspondence, if the correspondence adequately addresses the required response. If an adequate response is not received within the time specified or an extension of time has not been granted by the NRC, the NRC will proceed with its enforcement decision or schedule a predecisional enforcement conference.

Please be advised that the number of examples and characterization of the apparent violation described in the enclosed inspection report may change as a result of further NRC review. You will be informed by separate correspondence of the results of our deliberations on this matter.

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In accordance with 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 document system (ADAMS), accessible from the NRC Web site at <http://www.nrc.gov/reading-rm/adams.html> (the Public Electronic Reading Room). However, because of the sensitive information contained in the enclosure, and in accordance with 10 CFR 2.390, a copy of this letter's enclosure will not be available for public inspection.

In accordance with 10 CFR 2.390(b)(1)(ii), the NRC is waiving the affidavit requirements for your response, if any. This practice will ensure that your response will not be made available electronically for public inspection in the NRC Public Document Room or from NRC's document system ADAMS. 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).

Sincerely,

/RA/

Cynthia D. Pederson, Director
Division of Reactor Projects

Docket Nos. 50-010; 50-237; 50-249
License Nos. DPR-02; DPR-19; DPR-25

Enclosure: Inspection Report 05000010/2007401;
05000237/2007401; 05000249/2007401
w/Attachment: Supplemental Information

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Cynthia D. Pederson, Director
Division of Reactor Projects

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Letter to Christopher M. Crane from C. Pederson dated September 2, 2007

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and 05000237/2007401; 05000249/2007401

cc w/o encl: Site Vice President - Dresden Nuclear Power Station
Dresden Nuclear Power Station Plant Manager
Regulatory Assurance Manager - Dresden
Chief Operating Officer
Senior Vice President - Nuclear Services
Senior Vice President - Mid-West Regional
Operating Group
Vice President - Mid-West Operations Support
Vice President - Licensing and Regulatory Affairs
Director Licensing - Mid-West Regional
Operating Group
Manager Licensing - Dresden and Quad Cities
Senior Counsel, Nuclear, Mid-West Regional
Operating Group
Document Control Desk - Licensing
Assistant Attorney General
Illinois Emergency Management Agency
State Liaison Officer
Chairman, Illinois Commerce Commission

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