

SAFEGUARDS INFORMATION

September 5, 2008

EA-08-232

Mr. David A. Christian
President and Chief Nuclear Officer
Virginia Electric and Power Company
Innsbrook Technical Center
5000 Dominion Boulevard
Glen Allen, VA 23060-6711

SUBJECT: NRC INSPECTION REPORT 05000305/2008201; PRELIMINARY GREATER THAN GREEN FINDING FOR KEWAUNEE POWER STATION

Dear Mr. Christian:

On July 11, 2008, the U.S. Nuclear Regulatory Commission (NRC) completed a security baseline inspection at the Kewaunee Power Station. The inspection covered one or more of the key attributes of the security cornerstone of the NRC's Reactor Oversight Process. The enclosed inspection report documents the inspection results, which were discussed during a preliminary exit meeting on July 11, 2008, with Mr. Stephen Scace, Site Vice President, and other members of your staff. A final exit briefing was conducted on August 21, 2008, with Mr. Clarence Gum, Protective Services Manager, who acknowledged the results.

The inspection examined activities conducted under your license as they relate to 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.

This letter discusses a finding that appears to have greater than green security significance, as described in Section 3.26 of this report. This finding was assessed based on the best available information, including influential assumptions, using the Physical Protection Significance Determination Process. The final resolution of this finding will convey the increment in the importance to security by assigning the corresponding color, which may require additional NRC inspection. The licensee promptly implemented compensatory measures for the deficiency, and the site was in compliance with applicable physical protection and security requirements within the scope of the inspection before the inspectors left the site. The finding also had a cross-cutting aspect in the area of Human Performance (H.1(b)) because personnel failed to conduct an adequate effectiveness review.

The finding is also associated with a violation of the NRC requirements that are 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/adams.html>.

Enclosure contains **Safeguards Information**. Upon removal, this letter is decontrolled.

SAFEGUARDS INFORMATION

SAFEGUARDS INFORMATION

D. Christian

-2-

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 1 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 due to 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.

Please contact Mr. Ronald J. Albert, Chief, Security Performance Evaluation Branch on 301-415-6986 within 10 business days of the date of your receipt of this letter to notify the NRC of your intentions.

Since 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 any 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) Section 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 System (PARS) component of NRC's Agencywide Documents Access and Management System (ADAMS), accessible from the NRC Website 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 enclosure will not be available for public inspection.

Should you have any questions concerning this inspection, we will be pleased to discuss them with you.

Sincerely,

/RA/
Barry C. Westreich
Deputy Director for Security Oversight
Division of Security Operations
Office of Nuclear Security and Incident Response

Docket No.: 50-305
License No.: DPR-43

Enclosure: NRC Inspection Report No. 05000305/2008201 (SGI)

SAFEGUARDS INFORMATION

SAFEGUARDS INFORMATION

D. Christian

-3-

cc w/encl: **(SAFEGUARDS INFORMATION)**

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-3-

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Accession No.: ML082560590

* See previous concurrence

OFC:	DSO/SPEB	DSO/SPEB	SRI Kewaunee	Region III	DSO/SPEB
NAME:	*C. Grigsby	*A. Rayland	*S. Burton	*E. Duncan	R. Albert
DATE:	08/19/08	08/21/08	08/19/08	08/20/08	08/26/08

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