



Palo Verde Nuclear
Generating Station

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10CFR73.71

192-01069-CDM/AKK/RAS
August 25, 2000

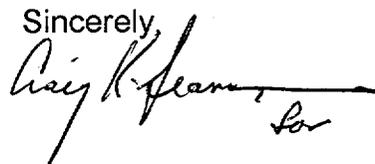
U. S. Nuclear Regulatory Commission
ATTN: Document Control Desk
Mail Station P1-37
Washington, DC 20555-0001

Dear Sirs:

**Subject: Palo Verde Nuclear Generating Station (PVNGS)
Unit 1
Docket No. STN 50-528
License No. NPF-41
Licensee Event Report 2000-S01-00**

Attached please find Licensee Event Report (LER) 50-528/2000-S01-00 that has been prepared and submitted pursuant to 10CFR73.71(a)(4) and (d). This LER reports the discovery of uncontrolled safeguards documents in an office complex outside of the PVNGS protected area.

In accordance with 10CFR73.71(a)(4), a copy of this LER is being forwarded to the NRC Regional Office, NRC Region IV. If you have questions regarding this submittal, please contact Daniel G. Marks, Section Leader, Regulatory Affairs, at (623) 393-6492. Arizona Public Service Company makes no commitments in this letter.

Sincerely,

for

CDM/AKK/RAS/kg

Attachment

cc: E. W. Merschoff (all with attachment)
J. H. Moorman
M. B. Fields
INPO Records Center

IE74

NRC FORM 366 (6-1998)	U.S. NUCLEAR REGULATORY COMMISSION	APPROVED BY OMB NO. 3150-0104 EXPIRES 06/30/2001 <small>Estimated burden per response to comply with this mandatory information collection request: 50 hrs. Reported lessons learned are incorporated into the licensing process and fed back to industry. Forward comments regarding burden estimate to the Records Management Branch (T-6 F33), U.S. Nuclear Regulatory Commission, Washington, DC 20555-0001, and to the Paperwork Reduction Project (3150-0104), Office of Management and Budget, Washington, DC 20503. If an information collection does not display a currently valid OMB control number, the NRC may not conduct or sponsor, and a person is not required to respond to, the information collection.</small>
LICENSEE EVENT REPORT (LER) (See reverse for required number of digits/characters for each block)		

FACILITY NAME (1) Palo Verde Nuclear Generating Station-Unit 1	DOCKET NUMBER (2) 05000528	PAGE (3) 1 OF 6
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TITLE (4)
Safeguards Material Found in Office Complex Outside of the Protected Area

EVENT DATE (5)			LER NUMBER (6)			REPORT DATE (7)			OTHER FACILITIES INVOLVED (8)	
MONTH	DAY	YEAR	YEAR	SEQUENTIAL NUMBER	REVISION NUMBER	MONTH	DAY	YEAR	FACILITY NAME	DOCKET NUMBER
07	28	2000	2000	S01	00	08		2000	Palo Verde Unit 2	05000529
									FACILITY NAME	DOCKET NUMBER
									Palo Verde Unit 3	05000530

OPERATING MODE (9)	1	THIS REPORT IS SUBMITTED PURSUANT TO THE REQUIREMENTS OF 10 CFR §: (Check one or more) (11)								
POWER LEVEL (10)	100	20.2201(b)			20.2203(a)(2)(v)			50.73(a)(2)(i)		50.73(a)(2)(viii)
		20.2203(a)(1)			20.2203(a)(3)(i)			50.73(a)(2)(ii)		50.73(a)(2)(x)
		20.2203(a)(2)(i)			20.2203(a)(3)(ii)			50.73(a)(2)(iii)		X 73.71
		20.2203(a)(2)(ii)			20.2203(a)(4)			50.73(a)(2)(iv)		OTHER
		20.2203(a)(2)(iii)			50.36(c)(1)			50.73(a)(2)(v)		Specify in Abstract below or in NRC Form 366A
20.2203(a)(2)(iv)			50.36(c)(2)			50.73(a)(2)(vii)				

LICENSEE CONTACT FOR THIS LER (12)

NAME Daniel G. Marks, Section Leader, Nuclear Regulatory Affairs	TELEPHONE NUMBER (Include Area Code) 623-393-6492
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COMPLETE ONE LINE FOR EACH COMPONENT FAILURE DESCRIBED IN THIS REPORT (13)

CAUSE	SYSTEM	COMPONENT	MANUFACTURER	REPORTABLE TO EPIX	CAUSE	SYSTEM	COMPONENT	MANUFACTURER	REPORTABLE TO EPIX

SUPPLEMENTAL REPORT EXPECTED (14)				EXPECTED SUBMISSION DATE (15)		MONTH	DAY	YEAR
YES <small>(If yes, complete EXPECTED SUBMISSION DATE).</small>	X	NO						

ABSTRACT (Limit to 1400 spaces, i.e., approximately 15 single-spaced typewritten lines) (16)

On July 28, 2000, at approximately 1015 mountain standard time (MST), Units 1, 2 and 3 were in Mode 1, operating at approximately 100 percent power when safeguards documents were found in an unsecured (i.e., closed, but not locked) safeguards container (safe) in an office complex outside of the PVNGS Protected Area. The unsecured safe was discovered during a periodic walkdown of safeguards containers. The unsecured safe contained the PVNGS Security Plan and procedures related to physical protection of the facility.

Although APS has discovered no evidence to suggest that the safeguards documents were obtained or used by unauthorized personnel, it was determined that had the information been used, it could have significantly assisted an individual in an act of radiological sabotage.

Upon discovery, the safeguards documents were secured and security personnel were placed in a condition of heightened awareness.

No previous similar have been reported in last three years.

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TEXT (If more space is required, use additional copies of NRC Form 366A) (17)

DISCUSSION

On July 28, 2000, at approximately 1015 MST, safeguards material was found in an unsecured safeguards container outside of the Protected Area. The safe was located in a area which is controlled by the safe owner and the area is locked at night when records management and document reproduction personnel are not present. The safeguards approved container (safe) was closed but the locking mechanism had not been engaged. The unlocked safe was discovered by an APS employee who was performing a periodic safeguards container walkdown.

The safeguards material in the unlocked safe included both paper copies and computer diskettes of the PVNGS Security Plan and procedures related to protection of the facility. Specifically, the safe contained:

a computer diskette with revision 07 of cancelled procedure 20SP-OSK07 "CAS/SAS Operations Procedure" (this procedure is no longer a safeguards document);

computer diskettes with revisions 08 and 20 (current revision) and a paper copy of revision 14 of procedure 20SP-OSK08 "Compensatory Measures for Loss of Security Equipment/Effectiveness;"

computer diskettes with revisions 00, 02, and 07 and a paper copy of revision 05 of procedure 20SP-OSK11, "Security Contingencies,"

a computer diskette with previous Amendments (37, 38 and 39) of the PVNGS Physical Security Plan;

two removable computer data storage devices (hard drives) with various superceded versions of the above listed procedures and plans and various blank computer diskettes.

and, a computer diskette with a previous revision (11) of the Security Training and Qualification Plan.

Upon discovery, APS performed a preliminary review of the safeguards information contained in the unsecured safeguards container to determine if the information could have "significantly assisted" an individual in an act of radiological sabotage. At approximately 1107 MST, APS determined the reporting threshold had been reached and an NRC emergency notification system report was made (reference ENS# 37198) pursuant to 10CFR73 Appendix G (l)(a).

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APS immediately took action to secure the material and security personnel were placed in a condition of heightened awareness due to this incident. Appropriate management personnel were notified and an investigation has been initiated to determine the cause the event.

Although APS determined the event is reportable pursuant to 10 CFR 73, Appendix G (l)(a), PVNGS drills, operational security response evaluations and regional assist inspections have demonstrated an adversary possessing the information contained in the unlocked safe would not be successful in endangering public health and safety through an act of radiological sabotage.

APS is continuing to investigate this event and will supplement this report if substantial information is identified that would significantly change a reader's perception of the course or consequences of the event, or if there are substantial changes in the planned corrective actions.

1. DATE AND TIME OF EVENT (START AND END TIME).

The uncontrolled safeguards information was discovered on July 28, 2000 at approximately 1015 mountain standard time (MST). Upon discovery, the documents and computer media were immediately secured by safeguards authorized individuals and have been maintained in accordance with safeguard controls since discovery. At approximately 1107 MST, APS determined that the information contained in the safe could have "significantly assisted" an individual in an act of radiological sabotage and an ENS notification was made.

Based upon investigative results available at this time, it appears that the safe was left in an unlocked condition on May 10, 2000, after the safe's combination had been changed as part of an annual preventive maintenance activity.

2. LOCATION OF ACTUAL OR THREATENED EVENT IN A PROTECTED AREA, MATERIAL ACCESS AREA, CONTROLLED ACCESS AREA, VITAL AREA, OR OTHER (SPECIFY AREA).

There was no actual or threatened event in the protected area, material access area, controlled access area, vital area or other owner controlled area.

3. FOR POWER REACTORS, THE OPERATING PHASE, E.G., SHUT-DOWN, OPERATING.

At the time of discovery, Units 1, 2 and 3 were in Mode 1 at approximately 100 percent power.

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4. SAFETY SYSTEMS AFFECTED OR THREATENED, DIRECTLY OR INDIRECTLY.

There were no systems affected or threatened, directly or indirectly during this event.

5. TYPE OF SECURITY FORCE ONSITE (PROPRIETARY OR CONTRACT).

APS employs proprietary security personnel.

6. NUMBER AND TYPE OF PERSONNEL INVOLVED, E.G., CONTRACTORS, SECURITY, VISITORS, NRC PERSONNEL, OTHER (SPECIFY).

Due to conflicting information regarding the turnover of the safe after the safe's combination was changed, APS cannot conclusively determine the number of individuals involved. However, it is likely that two APS employees were involved in this event.

7. METHOD OF DISCOVERY OF INCIDENT, E.G., ROUTINE INSPECTION, TEST, MAINTENANCE, ALARM, CHANCE, INFORMANT, COMMUNICATED THREAT, UNUSUAL CIRCUMSTANCES (GIVE DETAILS).

The unsecured safe was discovered during periodic walkdowns of safeguards containers.

8. PROCEDURAL ERRORS INVOLVED, IF APPLICABLE.

PVNGS has continuously maintained procedures to administratively protect against unauthorized disclosure of safeguards documents. The current procedure number is 20DP-0SK43, "Control of Safeguards Documents."

This procedure clearly identifies the requirements for maintaining control of safeguards documents and clearly specifies that while in use, materials containing safeguards information shall be under the control of an authorized individual. Further, while unattended, materials containing safeguards information shall be stored in an approved locked Safeguards Storage Container.

The responsible individuals, although approved to have safeguards access, did not follow the procedure requirements for maintaining control of safeguards documents.

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9. IMMEDIATE ACTIONS TAKEN IN RESPONSE TO EVENT.

The safeguards documents were immediately secured by a safeguards authorized individual and have been maintained in accordance with applicable procedures since discovery.

The appropriate site personnel were notified.

The NRC was notified of the event via the Event Notification System (ENS# 37198).

Other safeguards containers outside the protected area were inspected, and no additional uncontrolled safeguards containers were identified.

Security condition yellow was entered at 1128 MST on July 28, 2000 and continuous patrols around the perimeter and three units (sweeps) were implemented ensuring no unauthorized personnel were in the protected area. Upon completion of perimeter and unit patrols at 1351 MST, the security condition was downgraded to white (heightened awareness) which remains in effect while the investigation is ongoing.

The safeguards material was removed from the area and the safe was declassified.

A corrective action document was generated and entered into the Palo Verde corrective action system.

10. CORRECTIVE ACTIONS TAKEN OR PLANNED.

APS plans to relocate non-essential safeguard containers that are outside the protected area to one of two approved safeguards repositories.

APS is reviewing current administrative requirements for changing the combinations to safeguards containers.

11. LOCAL, STATE, OR FEDERAL LAW ENFORCEMENT AGENCIES CONTACTED.

No local, state or federal law enforcement agencies were notified as a result of this event.

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12. DESCRIPTION OF MEDIA INTEREST AND PRESS RELEASE.

There has been no media interest in this event and a press release related to this event is not planned.

13. INDICATION OF PREVIOUS SIMILAR EVENTS.

Although there have been previous logged events at PVNGS where safeguards documents have been left unattended, the content of the safeguards documents from the previous events did not disclose information which would have "significantly assisted" in acts of radiological sabotage or unauthorized or undetected access and they were not reported in an LER. Therefore, the term "previous similar events" is not considered to be applicable to the other events as they did not reach the same level of significance.

14. KNOWLEDGEABLE CONTACT.

Daniel G. Marks, Section Leader, Nuclear Regulatory Affairs, PVNGS.