



**UNITED STATES
NUCLEAR REGULATORY COMMISSION
REGION IV
611 RYAN PLAZA DRIVE, SUITE 400
ARLINGTON, TEXAS 76011-8064**

February 9, 2001

EA-00-093

Charles M. Dugger, Vice President
Operations - Waterford 3
Entergy Operations, Inc.
17265 River Road
Killona, Louisiana 70066-0751

SUBJECT: NRC INSPECTION REPORT 50-382/2001-05

Dear Mr. Dugger:

On January 25, 2001, the NRC completed an inspection at your Waterford Steam Electric Station, Unit 3. The enclosed report documents the inspection findings which were discussed on January 11 and January 25, 2001, with you and other members of your staff.

On August 4, 2000, the NRC issued a Confirmatory Order Modifying License to confirm your commitments to resolve concerns identified with the physical security program at the Waterford-3 facility. On November 29, 2000, your letter to the NRC confirmed the completion of the actions that you had committed to take to improve your security program. The order also required you to demonstrate your ability to protect the plant against the design basis threat by conducting force-on-force exercises evaluated by the NRC. As documented in this inspection report, you have met that requirement.

In accordance with 10 CFR 2.790 of the NRC's "Rules of Practice," a copy of this letter, its enclosure, and your response will be made 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). ADAMS is accessible from the NRC Web site at <http://www.nrc.gov/NRC/ADAMS/index.html> (the Public Electronic Reading Room).

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

Sincerely,

Arthur T. Howell III, Director
Division of Reactor Safety

Entergy Operations, Inc.

-2-

Docket: 50-382
License: NPF-38

Enclosure:
NRC Inspection Report
50-382/01-05

cc w/enclosure:
Executive Vice President and
Chief Operating Officer
Entergy Operations, Inc.
P.O. Box 31995
Jackson, Mississippi 39286-1995

Vice President, Operations Support
Entergy Operations, Inc.
P.O. Box 31995
Jackson, Mississippi 39286-1995

Wise, Carter, Child & Caraway
P.O. Box 651
Jackson, Mississippi 39205

General Manager, Plant Operations
Waterford 3 SES
Entergy Operations, Inc.
17265 River Road
Killona, Louisiana 70066-0751

Manager - Licensing Manager
Waterford 3 SES
Entergy Operations, Inc.
17265 River Road
Killona, Louisiana 70066-0751

Chairman
Louisiana Public Service Commission
One American Place, Suite 1630
Baton Rouge, Louisiana 70825-1697
Director, Nuclear Safety &
Regulatory Affairs
Waterford 3 SES
Entergy Operations, Inc.
17265 River Road
Killona, Louisiana 70066-0751

Entergy Operations, Inc.

-3-

Ronald Wascom, Administrator
and State Liaison Officer
Louisiana Department of Environmental Quality
P.O. Box 82215
Baton Rouge, Louisiana 70884-2215

Parish President
St. Charles Parish
P.O. Box 302
Hahnville, Louisiana 70057

Winston & Strawn
1400 L Street, N.W.
Washington, D.C. 20005-3502

Electronic distribution from ADAMS by RIV:
 ADAMS Distribution Code (IE04)
 Regional Administrator (**EWM**)
 DRP Director (**KEB**)
 DRS Director (**ATH**)
 G. F. Sanborn, D:ACES (**GFS**)
 K. D. Smith, RC (**KDS1**)
 R. W. Borchardt, OE (**RWB1**)
 OE:EA File (**RidsOeMailCenter**)
 Senior Resident Inspector (**TRF**)
 Branch Chief, DRP/E (**WBJ**)
 Senior Project Engineer, DRP/E (**GAP**)
 Branch Chief, DRP/TSS (**PHH**)
 RITS Coordinator (**NBH**)

Only inspection reports to the following:
 Scott Morris (**SAM1**)
 NRR Event Tracking System (**IPAS**)
 WAT Site Secretary (**AHY**)

DOCUMENT NAME: R:_WAT\WT2001-05RP-ABE.WPD

RIV:PSB	C:DRS/PSB	NRR/DIPM/IOLB	NRR/DIPM/IOLB	C:DRS\E
ABEarnest:nh	GMGood	RAIbert	ZHsu	WBJones
/RA/	/RA/	/RA/ = T	/RA/ = T	/RA/
01/30/01	02/01/01	01/31/01	01/ /0	02/01/01
D:ACES	D:DRS			
GFSanborn	ATHowell III			
/RA/	/RA/			
02/07/01	02/09/01			

OFFICIAL RECORD COPY

T=Telephone

E=E-mail

F=Fax

ENCLOSURE

U.S. NUCLEAR REGULATORY COMMISSION
REGION IV

Docket(s): 50-382

License(s): NPF-38

Report No.: 50-382/2001-05

Licensee: Entergy Operations, Inc.

Facility: Waterford Steam Electric Station, Unit 3

Location: Hwy. 18
Killona, Louisiana

Dates: January 8-11 and January 22-25, 2001

Inspectors: A. B. Earnest, Senior Physical Security Inspector

Ronald Albert, Reactor Safeguards Specialist
Reactor Safeguards Section, Office of Nuclear Reactor Regulation

Zan-Shing Hsu, Reactor Safeguards Specialist
Reactor Safeguards Section, Office of Nuclear Reactor Regulation

Contractors (3)

Approved By: Gail M. Good, Chief, Plant Support Branch
Division of Reactor Safety

Attachments: 1. Supplemental Information
2. NRC's Revised Reactor Oversight Process

SUMMARY OF FINDINGS

Waterford Steam Electric Station, Unit 3
NRC Inspection Report 50-382/01-05

IR 05000382-01-05; on 01/08/01 through 01/11/01 and 01/22/01 through 01/25/01; Entergy Operations, Inc.; Waterford Steam Electric Station, Unit 3. The supplemental program inspection was conducted to verify the licensee's compliance with a Confirmatory Order Modifying License, dated August 4, 2000 (EA-00-093). The inspection utilized Physical Protection Baseline Inspection Procedure 71130, Attachment 3, and Inspection Procedure 81110, "Operational Safeguards Response Evaluation (OSRE)."

The inspection was conducted by regional and headquarters inspectors and contractors. Based on the results of this inspection, no findings of significance were identified.

Report Details

3. SAFEGUARDS Cornerstone - Physical Protection

3PP3 Response to Contingency Events (7113003)

a. Inspection Scope

Confirmatory Order Modifying Licensee (EA-00-093) required the licensee to:

- Perform independent assessments of the protective strategy to identify areas for improvement, and evaluate the results of the assessments for enhancing the protective strategy.
- Develop and implement an enhanced protective strategy for protection of target sets and document this strategy.
- Revise the Physical Security Plan, Safeguards Contingency, and Security Training and Qualifications plans to reflect the enhanced protective strategy.
- Train the current security force and other staff, as necessary, on the enhanced protective strategy.
- Implement modifications within and outside the plant, as necessary, to implement the enhanced protective strategy.

The inspectors completed the following inspection activities:

- Reviewed the licensee's independent assessments that covered the previous protective strategy and the areas identified for improvement.
- Reviewed the current Defensive Strategy Procedure PS-018-115, Revision 0, "Defensive Strategy and Tactical Deployment," to ensure that the strategy had been enhanced to include all appropriate target sets and that command and control had been improved.
- Reviewed target sets to ensure that the enhanced protective strategy protected all applicable vital equipment.
- Reviewed Security Procedure UNT-004-036, Revision 5, "Security Requirements for Penetrating Protected Area and Vital Area Barriers," to ensure that plant conditions would be evaluated to prevent the protective strategy assumptions from being invalidated.
- Reviewed training records and documentation to ensure that security and operations personnel were trained on the enhanced protective strategy.

- Reviewed the Physical Security Plan, Revision 20; Safeguards Contingency Plan, Revision 7; and the Security Training and Qualification Plan, Revision 7 to ensure that changes to the protective strategy were incorporated into the appropriate licensing documents.
- Reviewed the additions of bullet resistant defensive position enclosures, delay fencing, ballistic structures, concealment structures around ballistic structures, and ballistic fighting positions to verify the additions were as described in Engineering Requests 00-0348, 00-0071-03-01, 00-0350, 00-0362, and 00-035.
- Reviewed response training requirements and weapons firearm proficiency training requirements to verify that initial training requirements had been changed to incorporate changes to the enhanced protective strategy and that 40 hours of additional weapons training had been completed by all of the current members of the security force.
- Verified that the weapons training facility had been improved.
- Reviewed records of response drill performance to verify that quarterly force-on-force drills had been implemented.

b. Findings

No findings of significance were identified.

4. OTHER ACTIVITIES

4OA5 Other

Operational Safeguards Response Evaluation (OSRE) (81110)

a. Inspection Scope

Confirmatory Order Modifying Licensee (EA-00-093) required the licensee to:

- Demonstrate the ability to protect the plant against the design basis threat within 90 days after completion of the conditions set forth above in paragraph 3PP3. Such demonstration will be accomplished by conducting force-on-force exercises evaluated by the NRC.

The inspectors completed the following inspection activities:

- Reviewed contingency response weapons and equipment to ensure the weapons and equipment were appropriate to support the requirements of the protective strategy plan.
- Reviewed the increased security force staffing levels to ensure that the levels were sufficient to effectively implement the enhanced protective strategy.

- Reviewed the physical barriers and responder protection measures to ensure the barriers and measures were appropriate to support the requirements of the protective strategy plan.
- Conducted four table-top drills to determine if the protective strategy was of appropriate depth to protect target sets.
- Evaluated four contingency response (force-on-force) exercises (target sets 1,9,5, and 7, respectively).
- Evaluated weapons qualifications and the tactical courses of fire to verify that the response force was capable of utilizing weapons systems in support of the protective strategy.

b. Findings

No findings of significance were identified.

4OA6 Management Meetings

.1 Exit Meeting Summary

The inspectors presented the inspection results to Messrs. McGaha, President, EOI and Dugger, Vice President-Operations, and other members of licensee management at the conclusion of the inspection on January 25, 2001. The licensee acknowledged the findings presented. No proprietary information was identified.

ATTACHMENT 1

Supplemental Information

LIST OF CONTACTS

Licensee

J. McGaha, President, EOI
C. Dugger, Vice President, Operations
S. Anders, Supervisor, Security Operations
J. Baxter, Plant Operations
M. Brandon, Manager, Licensing
R. Douet, Manager, Operations
E. Ewing, General Manager, Plant Operations
B. Fron, Superintendent, Waterford Plant Security
C. Fugate, Operations Superintendent
J. Hunsaker, Manager, Site Support
C. Kelley, Director, Corporate Security
D. Madere, Licensing
E. Perkins, Director, Nuclear Safety Assurance
J. Signorelli, Operations

Contractor/Other

T. Barrios, Security Shift Supervisor, The Wackenhut Corporation
T. Duet, Training/KeyControl Coordinator, The Wackenhut Corporation
G. Ingrassia, Project Manager, The Wackenhut Corporation
J. Maher, Security Trainer, The Wackenhut Corporation

NRC

T. Farnholtz, Senior Resident Inspector
G. Good, Chief, Plant Support Branch
J. Keeton, Resident Inspector
G. Tracy, Chief, Operator Licensing, Human Performance, and Plant Support Branch, NRR

ITEMS OPENED, CLOSED, AND DISCUSSED

Opened

None.

Closed

50-382/0003-03 EEI Failure to Demonstrate a Capability to Protect Vital Equipment

Discussed

None.

DOCUMENTS REVIEWED

The following documents were selected and reviewed by the inspectors to accomplish the objectives and scope of the inspection:

Five security officer training files

Self assessments dated May 10, August 10, and November 7, 2000

Adversary and response force time-lines

Waterford 3 Corrective Action Closure Reports A25877, A25878, A25879, A25880, A25881, A25882, A25883, A 25884, A25889, A25890, A25891, A25992, A25893, A25897, P,25902, A25906, and A25909

Force-on-force exercise documentation for July through December 2000

ATTACHMENT 2

NRC'S REVISED REACTOR OVERSIGHT PROCESS

The federal Nuclear Regulatory Commission (NRC) revamped its inspection, assessment, and enforcement programs for commercial nuclear power plants. The new process takes into account improvements in the performance of the nuclear industry over the past 25 years and improved approaches of inspecting safety performance at NRC licensed plants.

The new process monitors licensee performance in three broad areas (called strategic performance areas): reactor safety (avoiding accidents and reducing the consequences of accidents if they occur), radiation safety (protecting plant employees and the public during routine operations), and safeguards (protecting the plant against sabotage or other security threats). The process focuses on licensee performance within each of seven cornerstones of safety in the three areas:

Reactor Safety

- Initiating Events
- Mitigating Systems
- Barrier Integrity
- Emergency Preparedness

Radiation Safety

- Occupational
- Public

Safeguards

- Physical Protection

To monitor these seven cornerstones of safety, the NRC used two processes that generate information about the safety significance of plant operations: inspections and performance indicators. Using the significance determination process, inspection findings will be evaluated according to their potential significance for safety and assigned colors of GREEN, WHITE, YELLOW, or RED. GREEN findings are indicative of issues that, while they may not be desirable, represent very low safety significance. WHITE findings indicate issues that are of low to moderate safety significance. YELLOW findings are issues that are of substantial safety significance. RED findings represent issues that are of high safety significance with a significant reduction in safety margin.

Performance indicator data will be compared to established criteria for measuring licensee performance in terms of potential safety. Based on prescribed thresholds, the indicators will be classified by color representing varying levels of performance and incremental degradation in safety: GREEN, WHITE, YELLOW, or RED. GREEN indicators represent performance at a level requiring no additional NRC oversight beyond the baseline inspections. WHITE corresponds to performance that may result in increased NRC oversight. YELLOW represents performance that minimally reduces safety margin and requires even more NRC oversight. RED indicates performance that represents a significant reduction in safety margin but still provides adequate protection to public health and safety.

The assessment process integrates performance indicators and the inspection so the agency can reach objective conclusions regarding overall plant performance. The agency will use an Action Matrix to determine in a systematic, predictable manner which regulatory actions should be taken based on a licensee's performance. The NRC's actions in response to the significance (as represented by the color) of issues will be the same for performance indicators as for inspection findings. As a licensee's safety performance degrades, the NRC will take more and increasingly significant action, which can include shutting down a plant, as described in the Action Matrix.

More information can be found at: <http://www.nrc.gov/NRR/OVERSIGHT/index.html>.