



**UNITED STATES
NUCLEAR REGULATORY COMMISSION
REGION II
SAM NUNN ATLANTA FEDERAL CENTER
61 FORSYTH STREET SW SUITE 23T85
ATLANTA, GEORGIA 30303-8931**

August 17, 2001

EA-01-116
EA-01-118

Southern Nuclear Operating Company, Inc.
ATTN: Mr. D. N. Morey
Vice President
P. O. Box 1295
Birmingham, AL 35201-1295

**SUBJECT: FINAL SIGNIFICANCE DETERMINATION FOR A WHITE FINDING (FARLEY
NUCLEAR PLANT - NRC INSPECTION REPORT 50-348/01-07 AND
50-364/01-07)**

Dear Mr. Morey:

The purpose of this letter is to provide you with the final results of our significance determination of the preliminary Yellow finding and with our conclusions related to the significance of five apparent violations of 10 CFR 50.54(p). These issues were documented in the subject inspection report and were the subject of closed regulatory and predecisional enforcement conferences, respectively, as discussed below. The conferences were closed to the public because of the necessity to discuss sensitive information which must be protected against unauthorized disclosure in accordance with 10 CFR 73.21

The inspection finding was assessed using the significance determination process and was preliminarily characterized as Yellow (i.e., an issue with substantial importance to safety that will result in additional NRC inspection and potentially other NRC action). This finding involved the failure of your protective strategy to prevent mock adversaries from gaining access to certain target sets during force-on-force exercises. The force-on-force exercises were conducted at Southern Nuclear Operating Company's (SNOC) Farley Nuclear Plant (FNP) in July 2000, as part of the NRC's Operational Safeguards Response Evaluation (OSRE). At your request, a regulatory conference was conducted with you and members of your staff on July 23, 2001, to discuss your views on this issue. Enclosure 1 lists the attendees at the regulatory and predecisional enforcement conferences. Enclosure 2 includes the material presented by the NRC at the predecisional enforcement conference.

During the meeting, you described SNOC's assessment of the significance of the finding and stated that the results of the force-on-force exercises were inconclusive in assessing the capability of the FNP staff to respond to an external threat. Your position was based largely on the NRC's use of certain equipment and tactics during the exercises, which you stated was beyond the designed or required capability of your protective strategy. In addition, you highlighted several exercise controller problems and exercise artificialities that, in your view, invalidated the outcome of the exercises and any assessments that could be derived. You also stated that, for the exercises conducted, your facility's security and operational response would have precluded the release of radioactivity. Finally, you concluded that those exercises in

which target sets were simulated to be damaged were not indicative of a generally predictable, repeatable, and broad programmatic problem with your protective strategy.

After considering the information developed during the inspection and the information you provided at the conference, the NRC has concluded that the inspection finding is appropriately characterized as White (i.e., an issue with low to moderate increased importance to safety, which may require additional NRC inspections). This determination was based on reevaluation of the exercises, principally Exercises #2 and #4. For Exercise #2, the staff determined that the equipment and tactics used by the NRC, the controller problems, and artificialities, did not invalidate the NRC's conclusion that a target set had been achieved for this exercise. In particular, the NRC does not agree with your assertion that a harsh environment would have been created during the exercise which would have delayed the advance of the adversaries, thereby allowing responders additional time to interpose themselves to protect target sets. In addition, the NRC was unable to conclusively validate your assertion that the time line for Exercise #2 demonstrated that responders would have positioned themselves to neutralize the adversary prior to his reaching the next target. Controller problems and drill artificialities are largely within your control and are not a basis for voiding the results of an exercise in most cases.

The staff agreed to consider the results of Exercise #4 to be inconclusive in determining the adequacy of your protective strategy. Although the NRC's adversary tactics used during the exercise revealed weaknesses in your response strategy, the staff concluded that the tactics used were not included in the current OSRE Adversary Characteristics, which were finalized shortly after the Farley OSRE.

Based on the above, the NRC concluded that your performance during the force-on-force exercises resulted in a failure of a limited portion of your protective strategy and the loss of a complete target set during one exercise. The NRC considered the finding to be potentially predictable or occasionally repeatable, but could not conclude that your performance represented a broad, programmatic problem. Therefore, in accordance with the NRC's Interim Physical Protection Significance Determination Process, this finding is appropriately characterized as White.

You have 10 business days from the date of this letter to appeal the staff's determination of significance for the identified White finding. Such appeals will be considered to have merit only if they meet the criteria given in NRC Inspection Manual Chapter 0609, Supplement 2.

Because the issues involving the apparent violations of 10 CR 50.54(p) may have impacted the NRC's ability for oversight of licensed activities, a predecisional enforcement conference was conducted at the NRC's Region II office in Atlanta, Georgia, on July 23, 2001. The purpose of this conference was to discuss the apparent violations, the root causes, and your corrective actions.

Based on the information developed during the inspection and the information that you presented at the conference, the NRC has determined that a violation of NRC requirements occurred. The circumstances surrounding the violation are described in detail in the subject inspection report. The violation involves five changes made to the Physical Security Plan (PSP) that were not in accordance with regulatory requirements. In particular, 10 CFR 50.54(p)(1) states that licensees may make no change which would decrease the effectiveness of a

security plan without prior approval of the Commission. Contrary to this requirement, the NRC concluded that your staff made changes to the PSP, without prior Commission approval, that decreased the effectiveness of the PSP, by: (1) changing the response strategy to not engage an adversary prior to entrance into Vital Areas; (2) not preventing acts intended to cause a significant release of radioactivity; (3) reducing search requirements which provided a potential pathway for unauthorized items to be introduced into the protected area; (4) replacing an automatic switch over capability in the power supply for the two-way radio system and implementing a manual action for switch over; and (5) replacing supervision of alarm security data lines with cross monitoring. Because you stated that your response strategies and implementing procedures had not been revised substantively as a result of the PSP changes and the short duration that some of the changes were in effect, the impact of the above changes to your PSP was minimal. Based on this, the NRC concluded that this violation with five examples should be characterized at Severity Level IV. Because of the low safety significance of the violation, your PSP revisions already implemented or approved to restore compliance, and placement of the issue into your corrective action program (Farley Condition Report 22000005326), the NRC is characterizing this violation as a non-cited violation, in accordance with Section VI.A.1 of the NRC's Enforcement Policy. If you deny this non-cited violation, you should provide a response with the basis for your denial, within 30 days of the date of this letter, to the Nuclear Regulatory Commission, ATTN: Document Control Desk, Washington DC 20555-0001; with copies to the Regional Administrator, Region II; the Director, Office of Enforcement, United States Nuclear Regulatory Commission, Washington DC 20555-0001; and the NRC Resident Inspector at the Farley facility.

In accordance with 10 CFR 2.790 of the NRC's "Rules of Practice," a copy of this letter and its enclosures will be available electronically for public inspection in the NRC Public Document Room (PDR) 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). Although SNOC provided information at the Regulatory Conference and Predecisional Enforcement Conference, this information will not be placed in the PDR or PARS because of the sensitive nature of the material.

Sincerely,

/RA/

Luis A. Reyes
Regional Administrator

Docket Nos.: 50-348 and 50-364
License Nos.: NPF-2 and NPF-8

Enclosures: 1. List of Attendees
2. Material presented by NRC

SNOC

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LIST OF CLOSED REGULATORY CONFERENCE AND
PREDECISIONAL ENFORCEMENT CONFERENCE ATTENDEES

NUCLEAR REGULATORY COMMISSION:

L. Reyes, Regional Administrator, Region II (RII)
B. Mallett, Deputy Regional Administrator, RII
H. Christensen, Deputy Director, Division of Reactor Safety (DRS), RII
K. Barr, Chief, Plant Support Branch, DRS, RII
A. Boland, Enforcement Officer, RII
S. Cahill, Branch Chief, Division of Reactor Projects (DRP), RII
T. Johnson, Senior Resident Inspector, DRP, RII
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J. Wallo, Security Inspector, DRS, RII
D. Holman, Security Inspector, DRS, RII
J. Dixon-Herrity, Enforcement Specialist, Office of Enforcement
R. Albert, Safeguards Specialist, Office of Nuclear Reactor Regulation (NRR)
T. Reis, Senior Program Manager, Physical Security, NRR

SOUTHERN NUCLEAR OPERATING COMPANY, INC. (SNOG):

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D. Morey, Vice President, SNOG
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M. Ajluni, Licensing Manager, Farley Nuclear Plant
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B. Badham, Administrative Manager, Farley Nuclear Plant
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J. Sims, Project Engineer, Farley Nuclear Plant
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