



UNITED STATES  
NUCLEAR REGULATORY COMMISSION  
WASHINGTON, DC 20555 - 0001

October 31, 2002

EA-02-230, EA-02-231, EA-02-232

Mr. J. A. Scalice  
Chief Nuclear Officer and  
Executive Vice President  
Tennessee Valley Authority  
6A Lookout Place  
1101 Market Street  
Chattanooga, TN 37402-2801

SUBJECT: FALSIFICATION OF BACKGROUND INVESTIGATIONS (INVESTIGATION REPORT NO. 2-2000-028) AND EXERCISE OF ENFORCEMENT DISCRETION

Dear Mr. Scalice:

This refers to an investigation completed by the Nuclear Regulatory Commission (NRC) Office of Investigations (OI) on May 13, 2002. The NRC has concluded that access authorization background checks conducted in the 1996 - 2000 time frame were falsified by a Cataract (now RCM Technologies, Incorporated) (Cataract/RCM) human resources coordinator. Enclosure 1 is the Synopsis of OI Report 2-2000-028. The NRC concludes that the human resources coordinator formerly employed by Cataract/RCM falsified background information for multiple individuals who were seeking unescorted access to the protected area at the Watts Bar, Sequoyah, Browns Ferry, Millstone, and Indian Point 2 nuclear facilities. We understand that you were previously informed of this condition through industry sponsored communication, and you initiated action to verify the integrity of your access authorization processes and decisions.

Based on the results of this investigation, the NRC has determined that a violation of the requirements of Title 10 of the *Code of Federal Regulations* (10 CFR), Section 50.5, "Deliberate Misconduct," has occurred. The NRC concluded that the deliberate misconduct on the part of the Cataract/RCM human resources coordinator caused multiple licensees to be in violation of 10 CFR 73.56, "Personnel access authorization requirements for nuclear power plants," in that information was deliberately submitted to NRC licensees that was known to be incomplete or inaccurate pertaining to required background investigations in support of granting unescorted access authorizations.

For the affected licensees, the NRC is exercising enforcement discretion pursuant to Section VII.B.6 of the "General Statement of Policy and Procedure for NRC Enforcement Actions," NUREG-1600, and no enforcement action will be taken. The NRC notes that the affected licensees are responsible for the acts of their contractors. In this case, the NRC is exercising enforcement discretion based on: (1) licensee corrective actions, including determination that no individual gained unescorted access authorization at any of the affected licensee facilities who would have otherwise been denied access had background checks been complete and accurate; (2) the fact that the violation was by a low-level employee of a contractor; (3) the apparent non-involvement on the part of Cataract/RCM management; and (4) the extent of separation of the affected licensees from the violation.

J. Scalice

- 2 -

As the employer, Cataract/RCM is responsible for acts of deliberate misconduct by its employees and, accordingly, the NRC concluded that Cataract/RCM violated 10 CFR 50.5 and 10 CFR 73.56. A Severity Level IV Notice of Violation (Notice) is being issued separately to Cataract/RCM. A copy of the Notice and accompanying letter to Cataract/RCM is included as Enclosure 2.

No action is required on your part. The NRC considers this matter closed and plans no further actions regarding your facility. If you have any questions on this matter, please contact me at 301-415-3036.

Sincerely,

**/RA/**

Stuart A. Richards, Director  
Project Directorate I  
Division of Licensing Project Management  
Office of Nuclear Reactor Regulation

Docket Nos. 50-259, 50-260, 50-296,  
50-327, 50-328, 50-390,  
and 50-391

Enclosures: 1. Synopsis of Office of Investigations Report 2-2000-028  
2. Notice of Violation to RCM Technologies, Inc.

cc w/encls: See next page

As the employer, Cataract/RCM is responsible for acts of deliberate misconduct by its employees and, accordingly, the NRC concluded that Cataract/RCM violated 10 CFR 50.5 and 10 CFR 73.56. A Severity Level IV Notice of Violation (Notice) is being issued separately to Cataract/RCM. A copy of the Notice and accompanying letter to Cataract/RCM is included as Enclosure 2.

No action is required on your part. The NRC considers this matter closed and plans no further actions regarding your facility. If you have any questions on this matter, please contact me at 301-415-3036.

Sincerely,  
**/RA/**  
 Stuart A. Richards, Director  
 Project Directorate I  
 Division of Licensing Project Management  
 Office of Nuclear Reactor Regulation

Docket Nos. 50-259, 50-260, 50-296,  
 50-327, 50-328, 50-390,  
 and 50-391

Enclosures: 1. Synopsis of Office of Investigations Report 2-2000-028  
 2. Notice of Violation to RCM Technologies, Inc.

cc w/encls: See next page

**DISTRIBUTION:**

PUBLIC	KJabbour	CEvans, RGN-II
PDII-2 Reading	MPadovan	PFredrickson, RGN-II
SRichards	SLittle	LDudes, DIPM
HBerkow	OGC	FCongel, OE
AHowe	ACRS	JLuehman, OE
RHernan	GGood, NSIR	DNelson, OE

ADAMS Accession Nos: ML022980051 (Letter)  
 ML022980021 (Enclosure 2)  
 ML023030397 (Package) \*See previous concurrence

OFFICE	PDI/PM	PDI/LA	NSIR*	Region II*	OE*
NAME	REnnis	SLittle	GGood	CEvans	DNelson
DATE	10/31/02	10/31/02	10/29/02	10/25/02	10/25/02
OFFICE	OGC*	PDI/D			
NAME	SLewis	SRichards			
DATE	10/25/02	10/31/02			

Mr. J. A. Scalice  
Tennessee Valley Authority

cc:

Mr. Karl W. Singer, Senior Vice President  
Nuclear Operations  
Tennessee Valley Authority  
6A Lookout Place  
Chattanooga, TN 37402-2801

Mr. James E. Maddox, Acting Vice President  
Engineering & Technical Services  
Tennessee Valley Authority  
6A Lookout Place  
1101 Market Street  
Chattanooga, TN 37402-2801

Mr. Pedro Salas, Manager  
Licensing and Industry Affairs  
Sequoyah Nuclear Plant  
Tennessee Valley Authority  
P.O. Box 2000  
Soddy Daisy, TN 37379

Mr. Lawrence E. Nanney, Director  
Division of Radiological Health  
Dept. of Environment & Conservation  
Third Floor, L and C Annex  
401 Church Street  
Nashville, TN 37243-1532

Senior Resident Inspector  
Sequoyah Nuclear Plant  
U.S. Nuclear Regulatory Commission  
2600 Igou Ferry Road  
Soddy Daisy, TN 37379

Mr. Robert J. Adney, General Manager  
Nuclear Assurance  
Tennessee Valley Authority  
6A Lookout Place  
1101 Market Street  
Chattanooga, TN 37402-2801

Mr. Mark J. Burzynski, Manager  
Nuclear Licensing  
Tennessee Valley Authority  
4X Blue Ridge  
1101 Market Street  
Chattanooga, TN 37402-2801

**BROWNS FERRY NUCLEAR PLANT  
SEQUOYAH NUCLEAR PLANT  
WATTS BAR NUCLEAR PLANT**

General Counsel  
Tennessee Valley Authority  
ET 11A  
400 West Summit Hill Drive  
Knoxville, TN 37902

Chairman  
Limestone County Commission  
310 West Washington Street  
Athens, AL 35611

State Health Officer  
Alabama Dept. of Public Health  
RSA Tower - Administration  
Suite 1552  
P.O. Box 303017  
Montgomery, AL 36130-3017

Mr. Robert G. Jones, Plant Manager  
Browns Ferry Nuclear Plant  
Tennessee Valley Authority  
P.O. Box 2000  
Decatur, AL 35609

Mr. Timothy E. Abney, Manager  
Licensing and Industry Affairs  
Browns Ferry Nuclear Plant  
Tennessee Valley Authority  
P.O. Box 2000  
Decatur, AL 35609

Senior Resident Inspector  
Browns Ferry Nuclear Plant  
U.S. Nuclear Regulatory Commission  
P.O. Box 149  
Athens, AL 35611

Mr. Ashok S. Bhatnagar, Site Vice President  
Browns Ferry Nuclear Plant  
Tennessee Valley Authority  
P.O. Box 2000  
Decatur, AL 35609

Mr. D. L. Koehl, Plant Manager  
Sequoyah Nuclear Plant  
Tennessee Valley Authority  
P.O. Box 2000  
Soddy Daisy, TN 37379

Mr. J. A. Scalice  
Tennessee Valley Authority

**BROWNS FERRY NUCLEAR PLANT  
SEQUOYAH NUCLEAR PLANT  
WATTS BAR NUCLEAR PLANT**

cc:  
County Executive  
Hamilton County Courthouse  
Chattanooga, TN 37402-2801

Mr. Richard T. Purcell  
Site Vice President  
Sequoyah Nuclear Plant  
Tennessee Valley Authority  
P.O. Box 2000  
Soddy Daisy, TN 37379

Mr. William R. Lagergren  
Site Vice President  
Watts Bar Nuclear Plant  
Tennessee Valley Authority  
P.O. Box 2000  
Spring City, TN 37381

Mr. Paul L. Pace, Manager  
Licensing and Industry Affairs  
Watts Bar Nuclear Plant  
Tennessee Valley Authority  
P.O. Box 2000  
Spring City, TN 37381

Mr. Larry S. Bryant Manager  
Watts Bar Nuclear Plant  
Tennessee Valley Authority  
P.O. Box 2000  
Spring City, TN 37381

Senior Resident Inspector  
Watts Bar Nuclear Plant  
U.S. Nuclear Regulatory Commission  
1260 Nuclear Plant Road  
Spring City, TN 37381

Rhea County Executive  
375 Church Street  
Suite 215  
Dayton, TN 37321

County Executive  
Meigs County Courthouse  
Decatur, TN 37322

Ms. Ann P. Harris  
341 Swing Loop Road  
Rockwood, Tennessee 37854

## SYNOPSIS

This investigation was initiated on September 29, 2000, by the U.S. Nuclear Regulatory Commission (NRC), Office of Investigations (OI), Region II (RII), to determine if a former human resources coordinator, employed by Cataract/RCM Technologies, Inc. (Cataract), a contractor to the Tennessee Valley Authority (TVA), deliberately falsified background information regarding unescorted access authorizations at TVA and other NRC licensee facilities.

Based on the evidence provided by the TVA Office of the Inspector General, testimony, and documentation developed by OI:RII, the allegation that a former Cataract human resources coordinator deliberately falsified background information regarding unescorted access authorizations at TVA and other NRC licensee facilities was substantiated.

Approved for release on October 31, 2002

~~NOT FOR PUBLIC DISCLOSURE WITHOUT APPROVAL OF  
FIELD OFFICE DIRECTOR, OFFICE OF INVESTIGATIONS, REGION II~~