



Palo Verde Nuclear
Generating Station

David Mauldin
Vice President
Nuclear Engineering
and Support

10CFR73.71

TEL (623) 393-5553
FAX (623) 393-6077
192-01114-CDM/SAB/DFH
January 31, 2003

Mail Station 7605
P.O. Box 52034
Phoenix, AZ 85072-2034

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)
Units 1, 2, and 3
Dockets: STN 50-528, STN 50-529, STN 50-530
Licenses: NPF-41, NPF-51, NPF-74
Security Event Report 2003-S01-00**

Attached please find Security Event Report 50-528/2002-S01-00 that has been prepared and submitted pursuant to 10 CFR 73.71(d). This Security Event reports the discovery of uncontrolled Safeguards material in a PVNGS office complex outside of the protected area.

In accordance with 10 CFR 73.71 (a)(4) a copy of this Security Event Report is being forwarded to the NRC Region IV Office. Additionally, a copy has been sent to the PVNGS Senior Resident Inspector. 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. The corrective actions described in this Security Event Report are not necessary to maintain compliance with regulations.

Sincerely,

Angela K. Frank for CDMauldin

CDM/SAB/DFH/kg

cc: E. W. Merschoff
J. N. Donohew
N. L. Salgado

A member of the **STARS** (Strategic Teaming and Resource Sharing) Alliance
Callaway • Comanche Peak • Diablo Canyon • Palo Verde • South Texas Project • Wolf Creek

IE74

OK Per Bernard Stapleton

Estimated burden per response to comply with this mandatory information collection request: 50 hours. Reported lessons learned are incorporated into the licensing process and fed back to industry. Send comments regarding burden estimate to the Records Management Branch (T-6 E6), U.S. Nuclear Regulatory Commission, Washington, DC 20555-0001, or by internet e-mail to bjs1@nrc.gov, and to the Desk Officer, Office of Information and Regulatory Affairs, NEOB-10202 (3150-0104), Office of Management and Budget, Washington, DC 20503. If a means used to impose 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.

LICENSEE EVENT REPORT (LER)

(See reverse for required number of digits/characters for each block)

1. FACILITY NAME Palo Verde Nuclear Generating Station Unit 1	2. DOCKET NUMBER 05000528	3. PAGE 1 OF 5
---	-------------------------------------	--------------------------

4. TITLE
Safeguards Material Left Unattended

5. EVENT DATE			6. LER NUMBER			7. REPORT DATE			8. OTHER FACILITIES INVOLVED	
MONTH	DAY	YEAR	YEAR	SEQUENTIAL NUMBER	REV NO	MONTH	DAY	YEAR	FACILITY NAME	DOCKET NUMBER
01	10	2003	2003	S01	00	01	31	03	Palo Verde Unit 2	05000529
									Palo Verde Unit 3	05000530

9. OPERATING MODE	10. POWER LEVEL	11. THIS REPORT IS SUBMITTED PURSUANT TO THE REQUIREMENTS OF 10 CFR §: (Check all that apply)			
		20.2201(b)	20.2203(a)(3)(ii)	50.73(a)(2)(ii)(B)	50.73(a)(2)(ix)(A)
1	97.2	20.2201(d)	20.2203(a)(4)	50.73(a)(2)(iii)	50.73(a)(2)(x)
		20.2203(a)(1)	50.36(c)(1)(i)(A)	50.73(a)(2)(iv)(A)	X 73.71(a)(4)
		20.2203(a)(2)(i)	50.36(c)(1)(ii)(A)	50.73(a)(2)(v)(A)	73.71(a)(5)
		20.2203(a)(2)(ii)	50.36(c)(2)	50.73(a)(2)(v)(B)	OTHER Voluntary Specify in Abstract below or in NRC Form 366A
		20.2203(a)(2)(iii)	50.46(a)(3)(ii)	50.73(a)(2)(v)(C)	
		20.2203(a)(2)(iv)	50.73(a)(2)(i)(A)	50.73(a)(2)(v)(D)	
		20.2203(a)(2)(v)	50.73(a)(2)(i)(B)	50.73(a)(2)(vii)	
		20.2203(a)(2)(vi)	50.73(a)(2)(i)(C)	50.73(a)(2)(viii)(A)	
		20.2203(a)(3)(i)	50.73(a)(2)(ii)(A)	50.73(a)(2)(viii)(B)	

12. LICENSEE CONTACT FOR THIS LER

NAME Daniel G. Marks, Section Leader, Regulatory Affairs	TELEPHONE NUMBER (Include Area Code) 623-393-6492
--	---

13. COMPLETE ONE LINE FOR EACH COMPONENT FAILURE DESCRIBED IN THIS REPORT

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

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

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

On January 10, 2003 at approximately 0830 Mountain Standard Time (MST), while Units 1, 2, and 3 were in Mode 1, a Palo Verde worker self-reported a loss of control of safeguards material. At approximately 1420 on January 9, 2003, an unauthorized worker received and locked two safeguards documents in his desk for overnight storage. The worker was unaware of the content of the documents, but recognized it to be safeguards material the following day. Upon discovery, the worker gave the safeguards material to an authorized worker who immediately reported the event to Security. Following a determination by Security personnel that a 10 CFR 73.71 loss of control of safeguards information event had occurred, a one-hour notification was made to NRC headquarters (reference ENS number 39498). The total time that the Safeguard documents were left uncontrolled was approximately 18 hours and 10 minutes.

A similar unattended safeguards material event was reported in Security Event Report 50-528/2002-S01.

LICENSEE EVENT REPORT (LER)

1. FACILITY NAME	2. DOCKET	6. LER NUMBER			3. PAGE
Palo Verde Nuclear Generating Station Unit 1	05000528	YEAR	SEQUENTIAL NUMBER	REVISION NUMBER	2 OF 5
		2003	- S01	- 00	

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

DISCUSSION

On January 10, 2003 at approximately 0830 MST a Palo Verde worker reported a loss of control of safeguards material. A contract worker gave two safeguards documents to an unauthorized person for storage overnight because an employee who had the combination to the safeguard storage container could not be located.

At approximately 1420 MST on January 9, 2003, a safeguards authorized individual gave safeguards information to an unauthorized individual for storage. The unauthorized individual locked the documents in his desk overnight in an office complex outside the PVNGS Protected Area. The individual who received the safeguard information was unaware of its content and did not review the information. When the non-compliance was discovered the following day, the safeguards information was immediately secured by a safeguards authorized individual who promptly reported the event to Security.

At approximately 0950 MST, Security personnel determined that a 10CFR73.71 loss of control of safeguards information event had occurred. At 1045 MST, a one-hour report was made pursuant to 10CFR73 Appendix (G)(I)(c) via the emergency notification system (ENS) (reference ENS number 39498).

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

At approximately 1420 on January 9, 2003, a Palo Verde worker received and locked two safeguards documents in his desk. The uncontrolled safeguard material was discovered on January 10, 2003 at approximately 0830 MST. At 0950 MST, Security personnel determined that a 10CFR73.71 loss of control of safeguards information event had occurred. At 1045 MST an ENS report was made to NRC headquarters. The total time that the safeguard documents were left uncontrolled was approximately 18 hours and 10 minutes.

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 the office complex where the event occurred, which is located in the owner controlled area.

LICENSEE EVENT REPORT (LER)

1. FACILITY NAME	2. DOCKET	6. LER NUMBER			3. PAGE
Palo Verde Nuclear Generating Station Unit 1	05000528	YEAR	SEQUENTIAL NUMBER	REVISION NUMBER	3 OF 5
		2003	-- S01	-- 00	

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

3. FOR POWER REACTORS, THE OPERATING PHASE, E.G., SHUTDOWN, OPERATING.

At the time of discovery, Units 1, 2 and 3 were in Mode 1 (Power Operations) operating at approximately 97, 98, and 99 percent power, respectively.

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).

Two non-licensed workers were involved with the event. One contract employee who had safeguards authorization and one direct APS employee without authorization.

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

The loss of control of safeguards material was self-identified and self-reported by the individual who was storing the material in his locked desk for the contract employee.

8. PROCEDURAL ERRORS INVOLVED, IF APPLICABLE.

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

LICENSEE EVENT REPORT (LER)

1. FACILITY NAME	2. DOCKET	6. LER NUMBER			3. PAGE
Palo Verde Nuclear Generating Station Unit 1	05000528	YEAR	SEQUENTIAL NUMBER	REVISION NUMBER	4 OF 5
		2003	- S01	- 00	

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

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

The responsible contract individual was approved to have safeguards access, but did not follow the procedure requirements for maintaining control of safeguards documents.

9. IMMEDIATE ACTIONS TAKEN IN RESPONSE TO EVENT.

The Palo Verde worker who discovered the unattended safeguards material immediately secured the safeguards material and notified a safeguards authorized person who then verified that all safeguards material left out was accounted for, and notified Security. Security personnel evaluated the event for reportability and made a 10CFR73.71 Safeguards Event Log entry (03-01-003). A one-hour report was then made pursuant to 10CFR73 Appendix (G)(I)(c) via the ENS (reference ENS number 39498).

10. CORRECTIVE ACTIONS TAKEN OR PLANNED.

The worker responsible for leaving the safeguards material with an unauthorized person was coached by her Department Leader about her responsibilities concerning the handling and storage of safeguards material and her safeguards access was terminated. Additionally, a "standdown" was held for the contract group responsible for this incident to discuss the importance of strict compliance with all aspects of safeguard information control. A Condition Report/Disposition Request (CRDR) was generated to document and evaluate the event.

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.

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.

LICENSEE EVENT REPORT (LER)

1. FACILITY NAME	2. DOCKET	6. LER NUMBER			3. PAGE
Palo Verde Nuclear Generating Station Unit 1	05000528	YEAR	SEQUENTIAL NUMBER	REVISION NUMBER	5 OF 5
		2003	-- S01	-- 00	

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

13. INDICATION OF PREVIOUS SIMILAR EVENTS.

One previous similar event was reported in the past two years in July 2002 (Security Event Report 50-528/2002-S01-00) where safeguards material was found unlocked and unattended. The corrective actions taken for Security Event Report 50-528/2002-S01-00 would not have prevented this event.

14. KNOWLEDGEABLE CONTACT.

Daniel G. Marks, Section Leader, Nuclear Regulatory Affairs, (623) 393-6492