

June 10, 2003

Mr. Rod Krich
Exelon Generation Company
4300 Winfield Road
Warrenville, IL 60555

SUBJECT: LOUISIANA ENERGY SERVICES INSPECTION REPORT
NO. 70-3103/2003-001(DNS)

Dear Mr. Krich:

The U.S. Nuclear Regulatory Commission (NRC) conducted a protection of classified matter inspection of the Louisiana Energy Services' contractor offices at the Lockwood Green Engineering and Construction facility in Spartanburg, South Carolina on February 27, 2003. The main objective of this inspection was to ensure that Lockwood Greene was in a position to comply with its NRC approved Standard Practice Procedures Plan for the Protection of Classified Matter (SPPP). The inspectors reviewed four core areas of the Lockwood Greene security program. Those areas were physical security, storage and control of classified matter, classification, and computer security. An exit meeting was also held on February 27, 2003, during which time the inspection observations and findings were discussed with members of your staff. No violations of NRC requirements were identified.

The inspection consisted of a review of Lockwood Greene's physical security posture and included interviews with personnel, observations of activities, tests, and review of the current SPPP. Throughout this inspection, observations were discussed with your managers and staff. Based on the inspection, the inspectors determined that the Lockwood Greene staff was in position to properly implement the physical security requirements contained in the Lockwood Greene SPPP.

In accordance with 10 CFR 2.790 of NRC's "Rules of Practice," this document may be accessed on the Internet through the NRC's public electronic reading room, Agency-Wide Document Access and Management System (ADAMS) at <http://www.nrc.gov/reading-rm/ADAMS.html>.

Rod Krich

- 2 -

If you have any questions concerning this report, please contact J. Keith Everly at (301) 415-7048 or Timothy C. Johnson at (301) 415-7200.

Sincerely,

/RA/

Kathy Gibson, Chief
Special Projects and Inspection Branch
Division of Fuel Cycle Safety and Safeguards
Office of Nuclear Material Safety and Safeguards

Docket No.: 70-3103

Enclosure: Inspection Report No. 70-3103/2003-001(DNS)

cc: William Szymanski/DOE
George Dials/LES
James Curtiss/W&S
Jerry Clift/Trousdale
Mario Robles/USEC
E. Nanney/State of Tennessee
Michael Marriotte/NIRS
T. Sweeton/CSC

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U.S. NUCLEAR REGULATORY COMMISSION

DIVISION OF NUCLEAR SECURITY

Docket No.: 70-3103

Report No: 70-3103/2003-001(DNS)

Facility Operator: Louisiana Energy Services

Facility Name: Lockwood Greene Engineering and Construction

Location: 1500 International Drive
Spartanburg, South Carolina 29303

Inspection Date: February 27, 2003

Inspectors: J. K. Everly, Senior Facilities Security Specialist
L. M. Numkin, Senior Computer Security Specialist

Approved By: A. Lynn Silvious, Chief
Information Security Section
Division of Nuclear Security
Office of Nuclear Security
and Incident Response

EXECUTIVE SUMMARY

Louisiana Energy Services
Lockwood Greene Engineering and Construction
NRC Inspection Report 70-3103/2003-001(DNS)

NRC performed a protection of classified matter inspection of the Louisiana Energy Services' contractor offices at the Lockwood Green Engineering and Construction facility in Spartanburg, South Carolina on February 27, 2003. The main objective of this inspection was to ensure that Lockwood Greene was in a position to comply with its NRC approved Standard Practice Procedures Plan for the Protection of Classified Matter (SPPP). The inspectors reviewed four core areas of the Lockwood Greene security program. Those areas were physical security, storage and control of classified matter, classification, and computer security. No violations of NRC requirements were identified.

This inspection was conducted through a review of selected documents, interviews with personnel, and direct observation of classified work areas and activities. The following observations were made:

- Proposed implementation of the SPPP for Lockwood Greene and associated procedures were in compliance with NRC criteria.
- Alarms to be utilized for the protection of SECRET-National Security Information were tested and verified to have remoted to a guard station on the first floor of the Lockwood Greene facility.
- The classification program was determined to meet NRC requirements except that the Facility Security Officer (FSO) had not yet received authorized derivative classifiers (ADCs) training.
- The classified computing system was reviewed and determined to be in compliance with NRC criteria.
- Lockwood Greene personnel were knowledgeable of their duties and responsibilities.

Report Details

01. Inspection Scope

Areas examined during the classified matter inspection covered the commitments contained in the Lockwood Greene SPPP. The inspection centered on detailed reviews of four core areas of the SPPP: physical security (e.g., exterior locks, access control, and visitor control procedures); storage and control of classified matter (e.g., intrusion alarm system and security containers); classification (e.g., use of classified cover sheets and marking stamps); and computer security.

02. Physical Security

a. Inspection Scope

The inspectors examined Lockwood Greene's physical security and access control procedures to ensure compliance with the requirements of the Lockwood Greene SPPP. The inspection included a review of exterior locks, access control, and the perimeter of the building.

b. Observations and Findings

A review of Lockwood Greene's physical security posture consisted of interviews with personnel, observations of activities, tests, and review of the current SPPP. The main entrance door to the Lockwood Greene facility was observed to be secured by a deadbolt lock equipped with alarm contacts between the hours of 6:00 pm and 7:30 am, and 24-hours a day on Saturday and Sunday. During regular business hours (7:30 am to 6:00 pm, Monday through Friday) the main entrance doors are unlocked and manned either by a receptionist or a member of the Lockwood Greene guard force. Access to the Lockwood Greene facility after-hours is through an alternate entrance located approximately 50 feet to the right of the main entrance door that is secured by an electronic lock with card reader and key pad. Each employee must insert their key card and enter a unique pass code to unlock the door entrance into the facility. The pass code shunts the alarm system before the door is opened. The key card system/pass code and perimeter alarms are not committed to in the Lockwood Greene SPPP because they are not required by NRC regulations for such a facility. However, these devices are being noted in this report because they enhance the protection of classified material at Lockwood Greene.

With respect to badging and visitor control, the inspectors noted that all Lockwood Greene employees (approximately 350 to 400) are badged. NRC regulations require facilities with 30 or more employees to institute a badging program. Also, at the beginning of the inspection, the inspectors were instructed to sign a visitor log, wear a visitors badge, and were escorted at all times while within Lockwood Greene space.

The inspector's reviewed Lockwood Greene's interior intrusion detection system that will be used to protect classified material stored within their "classified workroom." The alarm system consisted of several intrusion motion sensors and a local audible

annunciator. A review of the alarm system's function ability is discussed in the "Storage and Control of Classified Matter" section of this report.

c. Conclusions

The inspectors determined that the Lockwood Greene staff was in position to properly implement the physical security requirements contained in the Lockwood Greene SPPP.

03. Storage and Control of Classified Matter

a. Inspection Scope (81820)

The inspectors examined the way Lockwood Greene intends to store and control classified matter to ensure compliance with the requirements contained in the Lockwood Greene SPPP. The inspection included a review of the construction features of the classified workroom; documentation involving the security containers within the classified workroom; and intrusion alarms.

b. Observations and Findings

Storage of classified matter at Lockwood Greene will be limited to one classified security container within the classified workroom and the workroom itself, which is approved for open storage of classified material. While examining the workroom construction features the inspectors were able to confirm that a record of the names of the persons having knowledge of the combinations to the workroom door and the security container within the workroom were properly posted on the inside of the workroom door and the container, as required. Further, it was noted that a record was in place to record the end of the day checks for the classified workroom door and the security container. The inspectors were also able to confirm that the intrusion alarm system for the classified workroom was functioning properly. An alarm test was conducted during the inspection and it was confirmed that the alarm remotored to a display unit in the Lockwood Greene guard station. It should also be noted that the local audible annunciator at the classified workroom entrance and the guard station activated during the alarm test as well.

c. Conclusions

The inspectors determined that the Lockwood Greene staff was in position to properly implement the storage and control of classified matter requirements contained in the Lockwood Greene SPPP.

04. Classification

a. Inspection Scope

The inspectors examined Lockwood Greene's proposed methods for classifying and marking information to ensure compliance with the commitments contained in the approved SPPP and appropriate Executive Order (EO). The inspectors specifically reviewed the procedures for classifying information, cover sheets, classification guidance to be used, and classified marking stamps.

b. Observations and Findings

Through discussions and observations, the inspectors were able to confirm that Lockwood Greene was equipped with the proper document cover sheets and marking stamps required for the preparation and handling of classified documents. However, the inspectors were also able to determine that the Lockwood Greene FSO had not yet received ADC training and was not familiar with the requirements of EO 12958, "Classified National Security Information, as Amended." After discussing these findings with the Lockwood Greene staff, Lockwood Greene committed to initiating action to have their FSO trained as an ADC as soon as practicable. The inspectors also informed the Lockwood Greene FSO of the EO 12958, as Amended, site on the Internet.

c. Conclusions

The inspectors determined that the Lockwood Greene staff was in position to properly implement the classification requirements contained in the Lockwood Greene SPPP, provided that the FSO completes ADC training and becomes familiar with the requirements of EO 12958, as Amended.

05. Computer Security

a. Inspection Scope

The inspectors examined Lockwood Greene's proposed methods for processing classified data on a designated stand-alone personal computer to ensure that data being processed was protected in accordance with SPPP commitments.

b. Observations and Findings

The inspectors reviewed Lockwood Greene's proposed Computer Security Program to ensure that there are measures in place to control access to their classified stand-alone computer and protect the classified data to be processed on it. Lockwood Greene currently has one stand-alone microcomputer system ready for use. The inspectors confirmed that the system's hardware (e.g., CPU, monitor and removable hard drive) were properly labeled with the highest level and category of classified information authorized to be processed on the system. It was also confirmed that the removable hard drive could be stored in the approved security container within the classified workroom. Further, the system met the 6-inch separation requirement of classified computers from unclassified systems/equipment (e.g., telephone jacks, FAX machines, modems, etc.). The system configuration appeared to meet the computer security requirements contained in the Lockwood Greene SPPP.

c. Conclusions

The inspectors determined that the Lockwood Greene staff was in position to properly implement the computer security requirements contained in the Lockwood Greene SPPP.

06. Exit Meeting Summary

The inspectors presented the inspection results to members of the Lockwood Greene staff at the conclusion of the inspection on February 27, 2003. The Lockwood Greene staff acknowledged the findings presented.

PARTIAL LIST OF PERSONS CONTACTED

A. Ruff, Facility Maintenance Engineer
D. Rush, Manager, Document and Facilities Management, Lockwood Greene
J. Shaw, Project Manager, Lockwood Greene

INSPECTION PROCEDURES USED

IP 81820: Physical Protection Facility Approval and Safeguarding of National Security
Information and Restricted Data

LIST OF ACRONYMS USED

| | |
|------|-----------------------------------|
| ADC | Authorized Derivative Classifier |
| EO | Executive Order |
| FSO | Facility Security Officer |
| NRC | Nuclear Regulatory Commission |
| SPPP | Standard Practice Procedures Plan |