



SMUD

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MPC&D 08-083

October 8, 2008

U.S. Nuclear Regulatory Commission
Attn.: Document Control Desk
Washington, DC 20555

Docket No. 72-11

Rancho Seco Independent Spent Fuel Storage Installation
License No. SNM-2510

**SPECIAL REPORT REGARDING UNAUTHORIZED UNESCORTED ACCESS
INTO THE ISFSI PROTECTED AREA**

Attention: Randy Hall

On August 6, 2008, a Rancho Seco Security Specialist (SS) discovered that a SMUD Security Officer's Independent Spent Fuel Storage Installation (ISFSI) Protected Area (PA) access authorization record was incomplete. Although the security officer was never given unescorted access into the ISFSI PA, she had completed training and was assigned duties as a Primary Alarm Station (PAS) Operator, Secondary Alarm Station (SAS) Operator, and ISFSI Patrol Officer without the required access authorization.

Based on a more thorough review of the access authorization records, it was determined that other security officers who should not have been granted unescorted PA access had entered the PA unescorted.

Appendix G to 10 CFR Part 73 provides the requirements for reporting safeguards events. Appendix G, Paragraph I (b) states that an actual entry of an unauthorized person into a protected area is required to be reported within one hour of discovery followed by a written report within 60 days. Accordingly, we notified the NRC Operations Center on August 13, 2008, and are submitting the attached special report.

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HUS

If you, or members of your staff, have questions requiring additional information or clarification, please contact Bob Jones at (916) 732-4843.

Sincerely,

A handwritten signature in black ink, appearing to read "Steve Redeker". The signature is written in a cursive style with a large initial "S".

Steve Redeker
Manager, Plant Closure & Decommissioning

Cc: NRC, Region IV

Attachment

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THE ISFSI PROTECTED AREA

Discovery of Incident & Description

On August 6, 2008, a Rancho Seco Security Specialist (SS) discovered that a SMUD Security Officer's Protected Area (PA) access authorization record was incomplete. Although the security officer was never given unescorted access into the Independent Spent Fuel Storage Installation (ISFSI) PA, she had completed training and was assigned duties as a Primary Alarm Station (PAS) Operator, Secondary Alarm Station (SAS) Operator, and ISFSI Patrol Officer without the required access authorization.

Based on this discrepancy a second security specialist began reviewing additional PA access authorization records. Of 79 records reviewed, eighteen records were found to have discrepancies that required administrative termination of those individual's unescorted access authorization. The discrepancies found were such that unescorted PA access should not have been authorized.

On August 13, 2008, the second security specialist cross referenced the ISFSI Protected Area access logs with the individuals who should not have been granted unescorted PA access and determined that a security officer who should not have been granted unescorted PA access had entered the PA unescorted.

This discovery prompted a One-Hour notification to the Nuclear Regulatory Commission (NRC) as required by 10 CFR 73, Appendix G, Reportable Safeguards Events, Section I (b) due to an unauthorized person entering the protected area. This call was made by the second security specialist at 1340 hours. The NRC assigned Event Report Number 14440 to this incident. Security also initiated a Potential Deviation from Quality (PDQ), which is part of the Rancho Seco corrective action program.

Security subsequently discovered six additional security officers who had entered the PA while having PA access authorization records deficient in the elements needed for unescorted PA access. These unauthorized entries were reported to the NRC on August 14, 2008, using the NRC Event Report Number 14440.

Individuals who had inadequate permanent unescorted access authorization were initially removed from access but were later provided access under a provision of the access authorization procedure. Subsequently it was discovered that the access authorization procedure that was used was non-compliant with the NRC access authorization order and access for those individuals was again removed until permanent access can be granted.

Cause

There are several factors that led to unauthorized entries to the PA and improper granting of access including:

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- A decreased depth of supervision
- A decrease in knowledge and inadequate training
- The use of incorrect forms
- Inadequate revision to procedures

Decreased Depth of Supervision

Rancho Seco shut down permanently in June 1989. The nuclear security staffing, organization, and reporting relationships within SMUD changed as the plant transitioned from an operating plant, to a decommissioning plant with a spent fuel pool, to a dry storage ISFSI. Each change resulted in a decrease in the number of knowledgeable supervisory and administrative personnel, as well as security officers. Although commensurate with the reduced requirements, these changes resulted in decreased focus on nuclear security and decreased effective management oversight.

At the time of plant shutdown in 1989, the nuclear security was the responsibility of the Rancho Seco plant manager and was supported by a dedicated management and on shift security staff and was independent of corporate security. Over time and by 1998, nuclear security had become fully integrated with corporate security. Initially upon integration the nuclear security manager was assigned as the corporate security manager. By the spring of 2007 this individual had been reassigned and retirements and other staff changes further reduced the depth of expertise in nuclear security supervision. This left a single security specialist assigned at Rancho Seco (the Rancho Security Specialist) as the only subject matter expert with regards to nuclear security within the Security organization.

Decrease in Knowledge & Inadequate Training

The reduction in staff with nuclear security experience has lead to a corresponding reduction in corporate nuclear security knowledge. As staff with nuclear security experience left Security Operations employment, through retirement or reassignment, the knowledge lost has not been replaced by developing this knowledge in current Security Operations personnel. This lead to inadequate implementation of the access authorization procedures as well as inadequate revisions to supporting procedures.

In addition, the security clerical person at Rancho Seco changed and the new employee was not properly trained in the access authorization procedures. This lead directly to the use of incorrect forms as discussed below. This individual initiates and tracks the elements of the access authorization program.

Use of Incorrect Forms

1. The checklist for Industrial Area Access Authorization was used to grant Protected Area Access Authorization. The form used lacked the required elements necessary to grant Protected Area Access Authorization.

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2. The Personal History Questionnaire form, used to conducted background checks, was missing several pages thus some steps of the background checks were missed.

Inadequate Procedure Revision

In 2002, the NRC unescorted access authorization requirements changed by Order to, among other things, prohibit a previously allowed access provision. The District in its May 23, 2002, response to the Order stated that the District complied. Although the District's practice was in compliance, the procedure contained an incorrect, non-compliant provision until it was removed on June 10, 2003. However, due to what appears to be an administrative error, that provision was re-instituted in a subsequent revision of January 11, 2005. It was that incorrect procedure that was used to grant access for the individuals with inadequate access screening information for permanent unescorted access. Review of the procedure revision records did not indicate that the intent of the January 11, 2005, revision was to restore the deleted provision: it appears that the revision was based not on the most current version of the procedure but rather on a prior version that included the disallowed access provisions. The procedure has been corrected.

Adequacy of Quality Assurance Audits

QA audits of the security program did not uncover the issues associated with errors in implementing the requirements of the access authorization program. The audit checklist was general in nature.

Extent

Protected Area access authorization records were reviewed for all individuals with current unescorted access authorization. The records with significant discrepancies were cross-referenced against the ISFSI Access Authorization Log to see if any of the individuals who should have been denied access had entered the PA. The ISFSI Access Authorization Logs were reviewed for the period of the July 1, 2005, through August 23, 2008.

Seventy-nine PA access authorization records were reviewed. Of those, eighteen were found to have discrepancies. Seven individuals were found to have entered the PA while having records with discrepancies in program elements necessary for the granting of unescorted PA access. The individuals were all Security Officers. The types of discrepancies included:

1. Missing photo ID
2. Missing alcohol breath test result
3. Missing MMPI results (i.e., an Exhibit A or B in file)

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4. MMPI Exhibit B in file but no psychological interview with results
5. Missing Personal History Questionnaire
6. Missing Final Background Investigation
7. Missing Credit History Check
8. Missing completed Badging Authorization Form

Eleven other records were found with discrepancies; however, a review of the ISFSI Access Authorization Log indicated that these individuals did not enter the Protected Area.

Minor record discrepancies were not used to deny unescorted access. These elements included the alcohol breath test and the proof of identity. The alcohol breath test was not used for access denial because it is a requirement for employment. Proof of true identity is a government issued photo ID card used by the reviewing officer to establish identity when the new hire is not known. The proof of true identity was not used to deny unescorted access since the identity of employees with this discrepancy was established during the hiring process through criminal history checks and background investigations.

Due to the nature of the causes of situation, issues could extend into other areas. Security is conducting a thorough review of the nuclear security program.

Significance of the Event

There was no actual degradation in the level of security at the ISFSI and there were no unauthorized activities performed at the ISFSI.

1. The seven individuals (all Security Officers) who had entered the Protected Area with record discrepancies have established reasonable trustworthiness by:
 - a. Successfully completing Criminal History Checks with the Federal Bureau of Investigation and the California Department of Justice.
 - b. Successfully completing a Criminal History Check with the California Department of Consumer Affairs and Bureau of Security and Investigative Services on a bi-annual basis.
2. Five of the seven Security Officers who had entered the Protected Area with record discrepancies have successfully completed an extensive background investigation by the California Department of Justice, Firearms Division and have been issued a Dangerous Weapons Permit. Through this background investigation the State of California, by virtue of having issued a Dangerous Weapons Permit, has determined that these Security Officers have established good character, reliability, and trustworthiness. The remaining two Security Officers are in the process of completing their background investigation by the California Department of Justice, Firearms Division.

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3. Additional Security Officers had oversight of the Protected Area any time a Security Officer was allowed access to the ISFSI. An ISFSI Patrol Officer was posted at access control. The Primary and Secondary Alarm Station Officers have oversight of the ISFSI by CCTV Cameras. Anyone of the officers stationed at these posts had the ability to observe and prevent suspicious activities.
4. Subsequent patrols of the ISFSI Protected Area have been made by various Security Officers. No abnormal conditions were reported as a result of the discrepant Security Officers entry to the Protected Area.

Corrective Actions

1. Unescorted PA access has been denied for individuals with PA access authorization significant record discrepancies.
2. The access screening requirements procedure has been revised to delete the provision that was inconsistent with NRC requirements.
3. Individuals currently involved in completing access authorization records performed a reading assignment for site administrative procedures for Access Screening Requirements and Access Authorization.
4. A memo was sent to all Security Operations Management personnel notifying them that all Security Operations Personnel with significant Protected Area Access Authorization Record discrepancies are restricted from working the Primary Alarm Station, Secondary Alarm Station, and ISFSI Patrol posts until their access issues are resolved.

Actions Taken to Prevent Recurrence

1. All Security Operations personnel with deficient records will go through the initial PA access authorization process prior to being assigned nuclear security duties.
2. Quality Assurance is conducting an audit of security program implementation, including PA access authorization records, using an independent contractor (A former NRC inspector).
3. The Security Specialist assigned to Rancho Seco nuclear security has been replaced. His replacement is conducting a thorough review of nuclear security program procedures, processes, and implementation and will develop an improvement plan to address his findings as well as findings and

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recommendations of the QA Audits. The plan will include a management development plan and will be in place by February 14, 2009.

4. The Training and Qualification Plan will be revised to include PA access authorization prior the start of initial training. This will be complete prior to starting the next initial training program.
5. The annual Quality Assurance audit of security will be improved to include more detail in the audit checklist. This will be complete before the next performance of the annual audit.
6. In addition to the annual audit, Quality Assurance will perform additional surveillances of security for at least one year and until it is verified that the security program is being adequately implemented.