


U. S. NUCLEAR REGULATORY COMMISSION

REGION V

Report Nos. 50-528/94-06, 50-529/94-06, and 50-530/94-06  
Docket Nos. 50-528, 50-529, and 50-530  
License Nos. NPF-41, NPF-51, and NPF-74  
Licensee: Arizona Public Service (APS) Company  
P.O. Box 53999, Station 9082  
Phoenix, Arizona 85072-3999  
Facility Name: Palo Verde Nuclear Generating Station, Units 1, 2 and 3  
Meeting at: NRC Region V Office, Walnut Creek, California  
Meeting Date: February 8, 1994  
Type of Meeting: Announced, Enforcement Conference  
Prepared By: D. Schaefer, Physical Security Inspector

Approved by:

  
Robert J. Pate, Chief, Safeguards, Emergency  
Preparedness, and Non-Power Reactor Branch

2/15/94  
Date Signed

Meeting Summary:

Enforcement Conference:

An enforcement conference was held on February 8, 1994, at the NRC Region V Office, Walnut Creek, California, to discuss the following: (1) Description of the violations associated with the December 15-17, 1993, on-site security inspection as documented in Inspection Report Nos. 50-528/93-54, 50-529/93-54, and 50-530/93-54, dated January 21, 1994; (2) NRC Concerns; and (3) Licensee corrective action planned and implemented.

## REPORT DETAILS

### 1. Enforcement Conference Participants

#### Arizona Public Service Company (APS)

E. Simpson, Vice President, Nuclear Support  
P. Caudill, Director, Services Division  
R. Fullmer, Manager, Quality Audits and Monitoring  
H. Bieling, Manager, Emergency Planning/Special Projects  
R. Fountain, Supervisor, Quality Audits and Monitoring  
A. Huttie, Supervisor, Security Training/Access Control  
J. Napier, Senior Engineer, Nuclear Regulatory Affairs  
M. Mahoney, Screening Analyst, Security Department  
F. Gowers, Site Representative, El Palo Electric  
R. Henry, Site Representative, Salt River Project

#### Nuclear Regulatory Commission (NRC)

K. Perkins, Acting Regional Administrator, Region V  
R. Scarano, Director, Division of Radiation Safety and Safeguards, Region V  
F. Wenslawski, Deputy Director, Division of Radiation Safety and Safeguards, Region V  
M. Blume, Regional Counsel, Region V  
F. Huey, Enforcement Officer, Region V  
R. Pate, Chief, Safeguards, Emergency Preparedness and Non-Power Reactor Branch, Region V  
\*L. Bush, Chief, Program Development and Review Section, Safeguards Branch, NRR  
\*R. Rosano, Senior Enforcement Specialist, OE  
\*L. Tran, Reactor Projects Division, NRR  
\*T. Polich, Reactor Projects Division, NRR  
\*H. McGurran, Senior Enforcement Attorney, OGC  
N. Ervin, Reactor Security Specialist, Program Development and Review Section, Safeguards Branch, NRR  
H. Wong, Chief, Section 2, Reactor Projects Branch, Region V  
F. Huey, Enforcement Officer, Region V  
R. Marsh, Office of Investigation, Region III Field Office  
L. Norderhaug, Security Inspector, Region V  
A. McQueen, Emergency Preparedness Analyst, Region V  
D. Schaefer, Security Inspector, Region V

#### Other

D. Napier, President, BWNT Resource Company

\* Participated by telephone

### 2. Enforcement Conference

On February 8, 1994, an enforcement conference was held at the NRC Region V Office, Walnut Creek, California with the individuals listed above participating. The conference related to apparent violations identified

in Inspection Report 50-528/93-54, 50-529/93-54 and 50-530/93-54, dated January 21, 1994. This report documented inspection findings from a special announced security inspection at PVNGS from December 15-17, 1993, December 27, 1993 - January 6, 1994, and January 11, 1994. This inspection included an examination of the circumstances surrounding Palo Verde's grant of unescorted site access to individuals based upon false and/or incomplete information.

### 3. Opening Remarks

Mr. Perkins opened the enforcement conference by stating that the purpose of the meeting was to provide NRC an opportunity to gain information and for NRC and APS to discuss the NRC Inspection Report dated January 21, 1994, which identified apparent violations of NRC's Access Authorization Rule (10 CFR 73.56). Additionally, Mr. Perkins stated that the requirements of the Access Authorization Rule are designed to ensure the trustworthiness of all licensee and contractor employees granted unescorted site access, and to assist the NRC in protecting the health and safety of the public at nuclear power facilities.

Mr. Simpson indicated that Palo Verde has an effective access control program; however, an APS investigation determined that BWNT did not meet all of the requirements imposed by 10 CFR 73.56 and by Palo Verde's security procedures. Mr. Simpson stated that APS's review of the NRC inspection report dated January 21, 1994, identified no discrepancies with the facts presented, except as noted at Attachment B. In response to licensee-identified concerns, Mr. Simpson indicated that APS's corrective actions were prompt and aggressive. Additionally, Mr. Simpson stated that he recognized the significance of improperly granting unescorted site access, but that an evaluation of work performed by the involved individuals indicated no apparent safety concerns. Further, Mr. Simpson stated that Palo Verde has discontinued utilizing BWNT background investigation services. However, if in the future similar BWNT services are required, the entire BWNT program will be carefully reviewed and also discussed with the NRC. Mr. Simpson noted that BWNT continues to provide (contract) background investigative services to other nuclear utilities.

### 4. NRC Discussion of Apparent Violations. During the enforcement conference, NRC discussed the following regulatory concerns and issues.

Mr. Pate summarized the two apparent violations as follows:

#### Access Authorization

On three occasions, Palo Verde granted an employee interim unescorted site access authorization without reviewing and evaluating all pertinent information developed. In all three cases, unescorted site access authorizations would have been denied had all developed information been properly evaluated.

### Completion of Audits

During a 12-month period beginning in August 1992, a period exceeding one year, Palo Verde failed to insure that several investigative agencies BWNT used to conduct background investigations had been audited as required by regulatory requirements and Palo Verde procedures.

Based upon an NRC request, the licensee indicated that it would attempt to notify the previous (nuclear power plant) employers of Employees R, M, and L (discussed in the Inspection Report) that their unescorted site access at Palo Verde had been revoked so that the previous employers could consider reviewing the quality of work performed by Employees R, M, and L.

During the Enforcement Conference, Region V noted that the second violation (the licensee's apparent failure to ensure that BWNT performed annual audits of its investigative agencies) was based in part on requirements imposed by Revision 6 (dated August 10, 1992) of APS Security Procedure 20AC-OSK07. It was noted that if BWNT utilized sub-contractors to collect information, the licensee is ultimately responsible to ensure that BWNT's audit of each sub-contractor included a review of the regulatory requirements for protection (and storage, if applicable) of personal information.

5. Licensee Discussion of Issues. Messrs. Caudill, Huttie, Fountain, Bieling and Ms. Fullmer presented the major portion of the licensee's briefing. The slides used in the Palo Verde presentation are included as Attachment A.

#### Attachments:

- A - Licensee slides for enforcement conference
- B - Licensee comments on Inspection Report 50-528/529/530/93-54, dtd 1/21/94

**ACCESS CONTROL  
ENFORCEMENT CONFERENCE  
FEBRUARY 8, 1994**

## ACCESS CONTROL EXPERIENCE

- APS EXPERIENCE PRIOR TO IN 91-59
  - CONTRACTOR PROGRAM PROBLEMS
  - DECISION TO CONDUCT IN-HOUSE INVESTIGATIONS AND SCREENING
  - CENTRAL PROCESSING FACILITY ESTABLISHED
  
- MARCH 6, 1990, ACCESS SCREENING PROCEDURE
  - REQUIRED APS ANNUAL AUDITS OF INVESTIGATIVE AGENCIES
  - REQUIRED APS REVERIFICATION OF REFERENCES
  
- TECHNICAL DATA DEPARTMENT EVALUATION OF IN 91-59 (DATED 11/15/91)
  - REVIEWED PROCEDURES AND PROGRAM
  - REVIEWED 1990 WACKENHUT AUDIT
  - 1991 AUDIT COMPLETION NOTED
  - CONCLUSION: PROGRAM MEETS RECOMMENDATIONS OF IN 91-59
  
- BUSINESS DECISION TO UTILIZE BWNT PROGRAM
  - VIEWED AS EXCEPTION TO 1989 DECISION
  - RECOGNIZED CONTRACTOR PROGRAMS BEING UTILIZED ELSEWHERE IN THE INDUSTRY

## **APS REVIEW AND APPROVAL OF BWNT ACCESS AUTHORIZATION PROGRAM**

- JANUARY 29, 1992, APS AND BWNT ACCESS CONTROL PERSONNEL, SECURITY MANAGEMENT, AND CONTRACTS MEET
- MARCH 9, 1992, APS RECEIVES FP&L & CP&L AUDITS OF BWNT
- APS REVIEWS BWNT PROCEDURE
- MAY 6, 1992, BWNT ADOPTS ADDENDUM TO ADDRESS SPECIFIC APS REQUIREMENTS
- MAY 27-29, 1992, APS INSPECTS BWNT FACILITIES AND FILES AND INTERVIEWS ANALYSTS
- JUNE 8, 1992, APS ACCEPTS BWNT ACCESS AUTHORIZATION PROGRAM SUBJECT TO VERIFICATION

# BWNT ACCESS AUTHORIZATION

## APS' VERIFICATION OF BWNT'S PROGRAM

- APS REVIEWS BWNT FILES FOR FALL 1992 OUTAGE
  
- OCTOBER 5, 1992, APS LETTER TO BWNT IDENTIFIES ISSUES
  - ADMINISTRATIVE
  - APPARENT DEROGATORY INFORMATION IN ONE FILE
  
- NOVEMBER 11, 1992, BWNT RESPONDS TO ISSUES
  - DEROGATORY INFORMATION RESOLVED
  
- DECEMBER 11, 1992, APS AND BWNT MEET TO RESOLVE ISSUES
  - REFERRAL OF DEROGATORY INFORMATION
  - PROCEDURES TO BE FOLLOWED
  - USE OF CONTRACTORS/AUDITS
  - TEMPORARY ACCESS
  - LOCAL CRIMINAL CHECKS
  - REINSTATEMENT OF ACCESS
  - BWNT RESPONSE TO ISSUES (OCTOBER 5, 1992 LETTER)



# BWNT ACCESS AUTHORIZATION

## APS' VERIFICATION OF BWNT'S PROGRAM

MR. C

SEPTEMBER 1992

- APS REVIEW OF FILE IDENTIFIES CRIMINAL CHECK - SOUND ALIKE
- BWNT HAD INTERVIEWED MR. C
- NOT THE SAME INDIVIDUAL
  - UNESCORTED ACCESS GRANTED 9-18-92
  - APS PREVIEW AUDIT IDENTIFIES NEGATIVE INFORMATION 9-30-92
- APS CONFIRMS CONCLUSION USING FBI CHECK 10-27-92
- NO DOCUMENTATION ADDED TO FILE

NOVEMBER 1993 MONITORING TEAM

- APS AGAIN IDENTIFIES CRIMINAL CHECK - SOUND ALIKE
- APS VERIFIES WITH LOCAL LAW ENFORCEMENT
- COMPLAINT NOT PURSUED
- INDIVIDUAL HAD NO KNOWLEDGE

## BWNT ACCESS AUTHORIZATION

### APS' VERIFICATION OF BWNT'S PROGRAM (CONTINUED)

- JANUARY 26, 1993, APS ACCEPTS BWNT'S RESPONSE TO ISSUES FROM PREVIOUS AUDIT
- FEBRUARY 8, 1993, BWNT RECEIVES APS IMPLEMENTING PROCEDURES

**BWNT ACCESS AUTHORIZATION  
APS AUDIT OF BWNT PROGRAM**

- **AUDIT TEAM: TWO WITH AUDIT EXPERIENCE, THREE SUBJECT MATTER EXPERTS (SME)**
  
- **AUDIT CHECKLIST**
  - **REG GUIDE 5.66/NUMARC 89-01 ATTACHMENT A CRITERIA**
  - **10 CFR 73.56**
  
- **PERSONNEL INTERVIEWS**
  
- **AUDIT TEAM REVIEWED 87 PERSONNEL FILES**

# BWNT ACCESS AUTHORIZATION

## APS ANNUAL AUDIT OF BWNT PROGRAM (CONTINUED)

### AUDIT CRITERIA:

- NAME/ALIAS OF INDIVIDUAL
- SOCIAL SECURITY NUMBER
- ISSUE AND TERMINATION DATE
- MMPI DATE
- CRIMINAL ACTIVITY
- CREDIT CHECK
- DMV CHECK
- MILITARY VERIFICATION CHECK
- EMPLOYMENT HISTORY
- FITNESS FOR DUTY/SUITABLE INQUIRY
- CHARACTER/REPUTATION REFERENCES
- DEVELOPED REFERENCES
- EDUCATION
- PROGRAM ELEMENTS TO INCLUDE REG GUIDE 5.66

## BWNT ACCESS AUTHORIZATION

### APS AUDIT OF BWNT PROGRAM (CONTINUED)

JUNE 17, 1993, APS SECURITY REPORT OF BWNT AUDIT:

- INDIVIDUAL LISTED ARREST AND CONVICTION FAILED TO LIST CONDITIONAL PROBATION
- NOTED IMPROVEMENT IN FILES
- RECOMMENDATIONS FOR BWNT AUDIT PROCESS OF CONTRACTORS

JULY 1993, APS QA REVIEW OF SECURITY AUDIT REPORT OF BWNT

- LACK OF FOLLOW-UP ON VAGUE FINDINGS
- QA TO PERFORM ANNUAL AUDITS
- FINDINGS ENTERED INTO QA CORRECTIVE ACTION TRACKING PROGRAM

## BWNT ACCESS AUTHORIZATION

### APS ANNUAL AUDIT OF BWNT PROGRAM, MAY 1993 (CONTINUED)

MR. W

- FAILED TO LIST PROBATION
- 73.71 EVENT FOR OMISSION OF NEGATIVE INFORMATION
- BWNT RESPONDED IN WRITING
- BWNT RESPONSE DID NOT ADDRESS ROOT CAUSE
- NO FORMAL CORRECTIVE ACTION PROGRAM

# BWNT ACCESS AUTHORIZATION

## SUMMARY

### BASIS FOR ACCEPTANCE OF BWNT PROGRAM:

- REVIEW OF AUDITS OF BWNT
- REVIEW OF BWNT PROCEDURE AND ADDENDUM
- INSPECTION OF BWNT FACILITIES AND FILES AND INTERVIEWS

### VERIFICATION PROGRAM IMPLEMENTATION:

- APS REVIEW OF BWNT FILES
- OCTOBER 5, 1992, LETTER IDENTIFIES ISSUES
- NOVEMBER 11, 1992, BWNT RESPONSE
- DECEMBER 11, 1992, APS AND BWNT MEETING
- JANUARY 26, 1993, APS ACCEPTS BWNT'S RESPONSE TO ISSUES
- FEBRUARY 8, 1993, BWNT RECEIVES APS PROCEDURES

### APS ANNUAL AUDIT OF BWNT PROGRAM:

- JUNE 17 1993, AUDIT REPORT
- JULY 1993, APS QA REVIEW OF AUDIT REPORT

## EVENTS AND PROMPT ACTIONS

- OCTOBER 28, 1993, BWNT NOTIFIED APS  
APS SUSPENDED ACCESS FOR MR. R
  
- NOVEMBER 1, 1993, BWNT NOTIFIED APS  
APS SUSPENDED ACCESS FOR MR. M
  
- APS IDENTIFIED NEED FOR FURTHER REVIEW OF GENERIC  
IMPLICATIONS
  
- NOVEMBER 4, 1993, APS MET WITH BWNT
  - TIMELY NOTIFICATION OF DEROGATORY INFORMATION
  - BWNT USE OF PHILLIPS RELIANCE
  - PHILLIPS RELIANCE NOT AUDITED
  
- CONCERNS LIMITED TO PHILLIPS RELIANCE
  
- NOVEMBER 4, 1993, ACCESS SUSPENDED FOR NINE EMPLOYEES
  
- NOVEMBER 4, 1993, NRC NOTIFIED



## EVENTS AND PROMPT ACTIONS (CONTINUED)

- NOVEMBER 5, 1993, APS DECIDES TO DO A MORE INDEPTH INVESTIGATION AT BWNT
- INVESTIGATION CONDUCTED AT BWNT NOVEMBER 8-12, 1993
- NOVEMBER 16, 1993, APS MANAGEMENT REVIEWED MONITORING TEAM FINDINGS
- NOVEMBER 16, 1993, APS MANAGEMENT SUSPENDED UNESCORTED ACCESS FOR REMAINING PERSONNEL CERTIFIED UNDER BWNT ACCESS AUTHORIZATION PROGRAM
- SUSPENDED USE OF BWNT LETTERS OF CERTIFICATION
- NOVEMBER 16, 1993, VICE PRESIDENT NUCLEAR SUPPORT ESTABLISHED ACCESS CONTROL TASK FORCE
  - NOTIFIED INDEX USERS
  - NOTIFIED UTILITIES VIA INPO NUCLEAR NETWORK
  - EVALUATE WORK CONDUCTED BY EMPLOYEES WITH DEROGATORY INFORMATION
  - ISSUE VENDOR CORRECTIVE ACTION REPORT
  - ESTABLISH INCIDENT INVESTIGATION TEAM
- NOVEMBER 17, 1993, CONFERENCE CALL WITH NRC

## ROOT CAUSES

### BWNT: MANAGERIAL METHODS AND CHANGE MANAGEMENT

- INADEQUATE PROGRAM MONITORING
- INADEQUATE INTERNAL (BWNT) AUDITS & CORRECTIVE ACTION PROGRAM
- EXCESSIVE WORKLOAD/DISORGANIZED FILES
- LACK OF STEP BY STEP INSTRUCTIONS
- LACK OF FORMAL TRAINING
- INADEQUATE CONTROL OF BWNT CONTRACTORS

### APS MISSED OPPORTUNITIES

- INSUFFICIENT AUDIT DEPTH - MAY, 1993
  - SAMPLE SIZE TOO LARGE
  - DID NOT VERIFY ACCURACY OF ALL INFORMATION
  - AUDIT FINDINGS VAGUE

## ROOT CAUSES (CONTINUED)

- APS DID NOT FOLLOW-UP ON ISOLATED FINDING
  - 1992 PREVIEW AUDIT
    - 1 INSTANCE OF DEROGATORY INFORMATION NOT PROPERLY RESOLVED
    - BWNT DID NOT NOTIFY APS
  - 1993 MAY AUDIT
    - 1 INSTANCE OF POTENTIAL FALSIFICATION OF ESQ
    - BWNT DID NOT NOTIFY APS
  
- FORMAL CORRECTIVE ACTION PROGRAM NOT USED
  - BWNT RESPONSE DID NOT IDENTIFY ROOT CAUSE
  - CORRECTIVE ACTION NOT VERIFIED AT BWNT

## VIOLATIONS

### VIOLATION 1: FAILURE TO REVIEW AND EVALUATE ALL DEVELOPED INFORMATION

MR. R

- APS/BWNT WERE NOT AWARE OF DEROGATORY INFORMATION
- BWNT DID NOT IMPOSE REQUIREMENTS ON PHILLIPS RELIANCE
- TEMPORARY ANALYST WAS NOT PROPERLY TRAINED
- BWNT CONTRACTOR DID NOT REVIEW COMPLETE FILE

MR. M

- APS/BWNT WERE NOT AWARE OF DEROGATORY INFORMATION
- BWNT DID NOT IMPOSE REQUIREMENTS ON WELLS FARGO

MR. L

- APS WAS NOT AWARE OF DEROGATORY INFORMATION
- PERSONNEL ERRORS, INDIVIDUALS WERE AWARE OF REQUIREMENTS TO PROVIDE DEROGATORY INFORMATION

### CORRECTIVE ACTIONS:

- UNESCORTED ACCESS REVOKED
- BWNT ACCESS AUTHORIZATION PROGRAM SUSPENDED
- NO APPARENT SAFETY SIGNIFICANCE

## ROOT CAUSES (CONTINUED)

### VIOLATION 2: FAILURE TO AUDIT CONTRACTORS

#### BWNT INTERPRETATION OF REGULATORY REQUIREMENTS

- BWNT DOES NOT CONSIDER THAT THEIR SUBVENDORS PERFORM ACCESS AUTHORIZATION; THEREFORE, THEIR SUBVENDORS ARE NOT REQUIRED TO BE AUDITED

#### BWNT FAILURE TO FOLLOW CONTRACT

- AN OVERSIGHT ON THE PART OF BWNT MANAGEMENT

## SAFETY SIGNIFICANCE

### UNESCORTED ACCESS WAS GRANTED AS FOLLOWS:

- MR. R FROM 10/15/93 THROUGH 10/29/93
- MR. M FROM 10/19/93 THROUGH 11/01/93
- MR. L FROM 4/14/93 THROUGH 8/6/93 AND FROM 9/13/93 THROUGH 11/16/93

### WORK ASSIGNMENTS:

- MR. R AND MR. M SG PLATFORM WORKERS IN UNIT 1 REFUELING OUTAGE
- MR. L SG PLATFORM WORKER AND INSTRUCTOR IN UNITS 1 AND 2 REFUELING OUTAGES

### BWNT SITE REPRESENTATIVE INVESTIGATED WORK PERFORMANCE:

- MR. R AND MR. M NOVEMBER 11, 1993
- MR. L DECEMBER 20, 1993
- NO ADVERSE INFORMATION WAS DEVELOPED

## SAFETY SIGNIFICANCE (CONTINUED)

APS QA&M PERFORMED AN INDEPENDENT REVIEW OF WORK AND ACTIVITIES OF MESSRS. R, M, AND L

- REVIEWED SECURITY TRANSACTION LOGS
- REVIEWED WORK DOCUMENTS
- REVIEWED QUALITY CONTROL INSPECTION REPORTS
- INTERVIEWED WORK GROUP SUPERVISORS
- APS QA REVIEW REVEALED NO ADVERSE INFORMATION

### UNIT 1 OUTAGE INCIDENTS:

- MR. R AND MR. M NOT PRESENT DURING UNIT 1 EVENTS
- MR. L ENTERED UNIT 1 CONTAINMENT ON 9/21/93  
SIX OTHER INCIDENTS OCCURRED WHEN BWNT EMPLOYEE L WAS NOT IN CONTAINMENT  
NO BASIS TO CONCLUDE THAT HE WAS RESPONSIBLE
- NO LEADS OR SUSPECTS FROM INVESTIGATION

## SAFETY SIGNIFICANCE (CONTINUED)

### CONCLUSION:

- NO EVIDENCE OF UNSATISFACTORY OR UNACCEPTABLE PERFORMANCE
- NO EVIDENCE OF ANY ADVERSE IMPACT ON THE SAFE OPERATION OF PVNGS UNITS 1 AND 2



## MONITORING TEAM

- NOVEMBER 8, 1993, FIVE PERSON MONITORING TEAM
  - QA SUPERVISOR, LEAD AUDITOR, AND SUBJECT MATTER EXPERTS
  - DEPLOYED FOR FIVE DAYS AT BWNT FACILITY
  - REVIEWED 21 FILES

### MONITORING TEAM FOCUS/OBJECTIVES:

- INTRODUCTION: MONITORING VS AUDIT SCOPE
- DETERMINE THE NUMBER OF PERSONNEL BWNT CERTIFIED FOR ACCESS AT PVNGS
- DETERMINE NUMBER OF PERSONNEL CERTIFIED BASED ON PHILLIPS RELIANCE FILES
- DETERMINE THE TRANSPORTABILITY OF PVNGS CONCERNS TO OTHER BWNT CONTRACTORS.
- RE-ESTABLISH ASSURANCE THAT BWNT IS CONDUCTING EMPLOYEE BACKGROUND SCREENING ACTIVITIES TO PVNGS EXPECTATIONS.
- ENSURE THAT BWNT PERSONNEL UNDERSTAND 73.71 REPORTING REQUIREMENTS AND THE REQUIREMENT TO PROVIDE DEROGATORY INFORMATION TO APS

## MONITORING TEAM (CONTINUED)

### METHODS:

- REVIEW SCREENING FILES CONTAINING DATA FROM PHILLIPS RELIANCE
  
- INTERVIEW BWNT MANAGEMENT AND ANALYSTS
  
- INSPECT BWNT ACCESS CONTROL FACILITY
  
- REVIEW AUDITS OF BWNT'S CONTRACTORS

## MONITORING TEAM (CONTINUED)

### FINDINGS:

- REQUIREMENTS OF 10 CFR 73.56 AND REG GUIDE 5.66 WERE NOT IMPOSED ON BWNT CONTRACTORS
  
- BWNT QA PLACED CONTRACTOR ON ADMINISTRATIVE HOLD (MAY AUDIT)  
  
BWNT ACCESS CONTROL CONTINUED USE OF CONTRACTOR
  
- BWNT PROCEDURES DID NOT REQUIRE ANNUAL AUDITS OF THEIR CONTRACTORS
  
- PROCEDURAL COMPLIANCE DEFICIENCIES WERE IDENTIFIED
  
- BWNT ANALYSTS DID NOT UNDERSTAND NOTIFICATION REQUIREMENTS
  
- QUESTIONABLE METHODS AND CONDITIONS FOR STORAGE OF SCREENING RECORDS
  
- SIX REPORTABLE EVENTS IDENTIFIED  
  
ONE IMMEDIATE NOTIFICATION AND FIVE LOGGABLE
  
- FINDINGS DOCUMENTED IN VCAR 93-031, DECEMBER 7, 1993

## MONITORING TEAM (CONTINUED)

### CONCLUSION:

- ACCESS CONTROL PROBLEMS INCLUDED BWNT'S PROGRAM
- LACK OF ATTENTION TO DETAIL
- LACK OF BWNT MANAGEMENT INVOLVEMENT
- BWNT PERSONNEL NOT FORMALLY TRAINED

## RESPONSE ACTIONS

- NOVEMBER 16, 1993, APS MANAGEMENT REVIEWED MONITORING TEAM FINDINGS
- NOVEMBER 16, 1993, APS MANAGEMENT SUSPENDED UNESCORTED ACCESS FOR REMAINING BWNT PERSONNEL
- NOVEMBER 16, 1993, VICE PRESIDENT NUCLEAR SUPPORT ESTABLISHED ACCESS CONTROL TASK FORCE
- TASK FORCE DEVELOPS ACTION PLAN
- APS MANAGEMENT DIRECTS QUALITY OVER SCHEDULE
- CONTINGENCY PLAN FOR APS ESCORTS

## RESPONSE ACTIONS (CONTINUED)

### TASK FORCE ACTION PLAN:

- SUSPENDED BWNT LETTERS OF CERTIFICATION
- NOTIFIED APS SCREENING ANALYSTS
- NOTIFIED INDEX USERS
- NOTIFIED UTILITIES VIA INPO NUCLEAR NETWORK
- NOTIFIED MESSRS. R, M, R, & C
- MAINTAINED CONTACT WITH NRC
- PROCESSING ACCESS AUTHORIZATION
  - PRIORITIZE PERSONNEL
  - DEVELOP TRACKING SYSTEM FOR FILE DEFICIENCIES
  - QA REVIEW/VERIFICATION

## RESPONSE ACTIONS (CONTINUED)

- EVALUATE WORK CONDUCTED BY MESSRS. R, M, R & C
- REVIEW PREVIOUS AUDITS OF BWNT
- AUDIT BWNT MMPI PROGRAM
- ISSUE VENDOR CAR
- IDENTIFY AND AUDIT OTHER VENDORS PROVIDING BACKGROUND INFORMATION FOR PVNGS
- ESTABLISH INCIDENT INVESTIGATION TEAM

## RESPONSE ACTIONS (CONTINUED)

### INCIDENT INVESTIGATION TEAM:

- IIT TEAM COMPOSITION
  - QA
  - SECURITY
  - SOED
  - NUCLEAR REGULATORY AFFAIRS
  
- INVESTIGATION METHODOLOGY
  - DEVELOP LIST OF CONCERNS
    - PROCEDURAL/PROGRAMMATIC
    - CONTRACTUAL
    - EVALUATE WORK
  - EVENT AND CAUSAL FACTORS
  - ROOT CAUSE
  - CORRECTIVE ACTIONS



## APS CONTRACTORS

- CORPORATE RESEARCH:
  - EMPLOYMENT
  - REFERENCES
  - EDUCATION
  - CRIMINAL/CREDIT CHECKS
  
- TRANSUNION - CREDIT CHECKS
  
- EQUIFAX - DMV CHECKS

(1) Employee R. On October 14, 1993, BWNT requested interim site access and certified to the licensee that Employee R had "successfully completed the psychological evaluation and the screening process comparable with PVNGS requirements which meets 10 CFR 73.56...." On October 15, 1993, the licensee granted Employee R interim unescorted site access to Palo Verde. On October 28, 1993, BWNT notified the licensee that it had derogatory employment information concerning Employee R ~~(that it should have forwarded to APS on October 14, but did not)~~. On October 29, 1993, the licensee interviewed Employee R, confirmed that he had intentionally omitted listing previous employment in which he had been terminated for cause, and revoked his unescorted site access at Palo Verde.

BWNT WAS NOT IN POSSESSION OF THE DEROGATORY INFORMATION ON OCTOBER 14

Investigation by the licensee and by BWNT determined that on July 26, 1993, a BWNT sub-contractor had completed a full 5-year background investigation, and Employee R was granted full unescorted access at Davis-Besse. On March 2, 1993, an employment verification completed by a BWNT sub-contractor documented that while previously employed for a construction company in 1988 (later determined to be 3/6/89 - 5/23/89), Employee R had failed to meet security standards and his employment was terminated.

BWNT HAS MISTAKENLY BELIEVED THAT A FULL BI HAD BEEN COMPLETED. IN FACT, THE SUB-CONTRACTOR HAD NOT SENT THE FULL BI TO BWNT UNTIL OCTOBER 15.

A BWNT memorandum indicated that on September 29, 1993, BWNT discovered that Employee R's full 5-year background investigation file was discovered missing from BWNT files. On October 15, 1993, the sub-contractor ~~again~~ forwarded to BWNT Employee R's full 5-year background investigation. However, BWNT was later unsure when it received this investigation file and did not recognize that this file contained the above referenced March 2, 1993, employment verification which disclosed derogatory employment information. (Note: The licensee determined that there was no documented evidence that the sub-contractor had properly evaluated this derogatory information.) On October 28, 1993, while auditing BWNT files, a Davis-Besse employee confirmed with Employee R's previous employer that Employee R had been terminated for cause because he had used a company credit card to pay a personal \$150.00 bar bill. Davis-Besse notified BWNT of this information, who in turn notified Palo Verde.

AS NOTED ABOVE, BWNT WAS NOT IN POSSESSION OF THE DEROGATORY INFORMATION ON OCTOBER 14

THE SUB-CONTRACTOR FOR

After reviewing appropriate documents, it appeared to the inspector that when BWNT requested interim unescorted site access at Palo Verde on October 14, 1993, BWNT possessed Employee R's prior derogatory employment history (identified on the employment verification form dated March 2, 1993); however, ~~BWNT~~ failed to advise the licensee of this information until October 28, 1993. The licensee stated to the inspector that Employee R would not have been granted

SUB-CONTRACTOR

BWNT

OCTOBER 15

ATTACHMENT B

Region V Note: On 2/4/94, the licensee provided the above corrections to the Region V Jan 21, 9- inspection report. This information is supported by the licensee's 100-page investigation report.