

ENCLOSURE 2

U.S. NUCLEAR REGULATORY COMMISSION
REGION IV

Inspection Report: 50-382/95-18

License: NPF-38

Licensee: Entergy Operations, Inc.
P.O. Box B
Killona, Louisiana 70066

Facility Name: Waterford Steam Electric Station, Unit 3

Inspection At: Taft, Louisiana

Inspection Conducted: November 13-17, 1995

Inspectors: T. W. Dexter, Senior Physical Security Specialist
Plant Support Branch

D. W. Schaefer, Security Specialist
Plant Support Branch

Approved:

Blaine Murray
Blaine Murray, Chief, Plant Support Branch
Division of Reactor Safety

12/20/94
Date

Inspection Summary

Areas Inspected: A special, announced inspection of the licensee's access authorization program. The inspectors used NRC Temporary Instruction 2515/127, "Access Authorization," dated January 17, 1995.

Results:

Plant Support

- The performance of the plant and corporate security staff responsible for the access authorization program was excellent. There was very good management support for the program (Section 1.1).
- An inspection followup item was identified involving the practice of acquiring "developed" references by telephoning local unions. Background investigation screening files were complete and thorough (Section 1.2).

- A very good psychological evaluation program had been implemented. The psychologist had developed standards for use in reviewing test results and ensured these results were submitted in a timely manner. (Section 1.3).
- The behavioral observation program ensured that all applicable supervisors and managers were trained and retrained as appropriate. A violation was identified for personnel not under an approved continuous behavioral observation program for an extended period who continued to have unescorted access to protected and vital areas (Sections 1.4 and 2.1).
- The licensee had implemented a good program to grandfather, reinstate, and transfer access authorizations. The licensee also ensured that a full background investigation was normally completed within 180 days. A noncited violation was identified involving the granting of unescorted access to an individual, prior to that individual successfully passing a pre-access drug test.
- An excellent program for denying or revoking unescorted access was in place. The licensee had an appeal process, and personnel denied access were advised of their right to appeal that denial (Section 1.6).
- An excellent program was in place to protect personal information from unauthorized disclosure. Procedures addressed that information was only released to those staff members with a need for access (Section 1.7).
- The audits and self-screening assessments were excellent and a strength of the overall access authorization program (Section 1.8).
- An excellent records retention system and supporting procedures were in place to insure that the specified records were retained for the correct period of time (Section 1.9).

Summary of Inspection Findings:

- An Inspection Followup Item 382/9518-01 was opened (Section 1.2.2).
- Violation 382/9518-02 was opened and closed (Section 1.4).
- A non-cited violation was identified (Sections 1.5.1).
- Licensee Event Report 95-S01 was closed (Section 2.3).

Attachment:

- Attachment - Persons Contacted and Exit Meeting.

DETAILS

1 ACCESS AUTHORIZATION (TEMPORARY INSTRUCTION 2515/127)

On April 25, 1991, the Commission published the Personnel Access Authorization Requirements for Nuclear Power Plants, 10 CFR 73.56, which required that each licensee authorized, on that date, to operate a nuclear reactor implement an access authorization program by April 27, 1992, to comply with the requirements of the rule, and that such program be incorporated into the licensee's Physical Security Plan. The rule further required that licensees maintain that Access Authorization Program to provide high assurance that individuals granted unescorted access were trustworthy and reliable and did not constitute an unreasonable risk to the health and safety of the public, including a potential to commit radiological sabotage.

This inspection assessed the implementation of licensee's Access Authorization Program.

1.1 Access Authorization Program Administration and Organization

The licensee's access authorization program was conducted from an office located at the plant site outside of the protected area. Responsibility for overall management of the program was assigned to the corporate security department. The plant manager or his designee was responsible for making a final determination whether unescorted access would be granted.

The inspectors interviewed program administrators and site representatives and determined that they were performing their duties in an excellent manner. The inspectors reviewed the corporate access authorization procedures and plant directives. The inspectors noted that the procedures were concise and contained specific elements in the rules and specific guidance necessary to implement the program. The inspectors conducted interviews with corporate and plant security staff management and determined there was very good support for the program.

1.2 Background Investigations

The inspectors reviewed records and conducted interviews to determine the adequacy of the program. The inspectors also reviewed information concerning the licensee's verification of identity, employment history, educational history, credit history, criminal history, military service, and the character and reputation of the applicants, before granting individuals unescorted access to protected and vital areas.

The inspectors reviewed 27 background investigation files. The files reviewed included the following: 1 file for the grandfather rule, 1 file for a transfer from another utility, 5 files for reinstatement, 14 files for full 5-year background investigations, and 6 files for 180-day temporary access authorizations. Four of the above files resulted in denial of access. The files were complete and thorough except for the issues discussed below.

1.2.1 Processing of Employee Applicants

During this inspection, the inspectors identified, through a review of records, that the licensee had not recorded an employee applicant's failure of a fitness-for-duty test on the Integrated Nuclear Data Exchange record system. During initial processing, the fitness-for-duty test determined that the applicant's alcohol level was higher than 0.04%.

The licensee explained to the inspectors that, in preparation for a previous refueling outage, 75 employee applicants were processed in one day. Twenty-five applicants began their fitness-for-duty testing, while the remaining 50 applicants were equally divided between the training department and security badging. During the fitness-for-duty testing, one employee applicant tested positive for alcohol. The licensee stated that they had not recorded this applicant's fitness-for-duty test failure in the Integrated Nuclear Data Exchange record system because the applicant had not previously signed a form authorizing the release of this information. The inspectors determined that the licensee was not in violation of any regulatory requirements. However, because the individual did not sign the release form, all of the licensee's who are a part of Integrated Nuclear Data Exchange could not be notified of this individual being denied unescorted access to the plant. The licensee stated to the inspectors that during future outages, all employee applicants would sign the necessary release forms prior to the fitness-for-duty test.

1.2.2 Acquiring "Developed" References Through Union Halls

Paragraph 6.8 of Procedure W5.1, Revision 1, dated September 15, 1995, requires, in part, that temporary unescorted access authorization to the site include a (favorable) recommendation of one "developed" character reference with frequent and direct association with the applicant.

Information Notice 91-59, "Problems With Access Authorization Programs," dated September 23, 1991, identified that union business agents had previously certified false information to licensees conducting background investigations. This Notice discouraged the telephoning of union halls for personal references.

During this inspection, the inspectors reviewed the background investigation file for a contract employee granted temporary unescorted site access from September 6 through October 9, 1995. This file indicated that Equifax Services, Inc., had acquired a "developed" reference by telephoning the local union. There was no information in the file indicating why one of the four "listed" references was not contacted.

In response to this concern, the licensee reviewed 50 background investigation files and determined that in 14 instances, Equifax had first contacted union halls to identify "developed" references.

This concern was discussed during the exit meeting on November 17, 1995. The licensee's practice of acquiring "developed" references by telephoning local unions is considered to be an inspection followup item pending further inspection review of the program for obtaining developed references. This

matter will be reviewed during subsequent security inspections. (IFI 382/9518-01)

1.3 Psychological Assessments

The inspectors reviewed the licensee's program for administering psychological tests and the methodology of evaluating the results. Regulatory Guide 5.66 states, in part, that the tests must be evaluated by qualified and, if applicable, licensed psychologists or psychiatrists.

The licensee contracted with a psychologist in Jackson, Mississippi, to administer, control, and evaluate the tests of the employees seeking access. The contract psychologist developed standards for use in reviewing test results.

The licensee developed a very good procedure for the psychological evaluation portion of the program. The psychological tests were given at the site, and they were always proctored by licensee's staff to prevent compromise. Persons taking the tests were positively identified after being given the test. The licensee was aware of NRC Information Notices addressing access authorization concerns in the area of psychological testing. The licensee had provided their contractors with a copy of these Notices.

1.4 Behavioral Observation

The licensee's behavioral observation program was inspected to determine if the licensee had a training and retraining program in place to train supervisors and managers. The supervisors and managers are required to be trained regarding awareness and sensitivity to detect and report changes in behavior that could adversely affect trustworthiness and reliability and to refer those persons to appropriate licensee management for evaluation and action.

The inspectors reviewed procedures and interviewed employees on behavioral observation. The licensee recently developed and implemented a procedure specifically addressing the requirements of the continuous behavioral observation program. The procedure covered all the program elements in a clear and effective manner. In addition, the inspectors interviewed licensee supervisory and management level personnel. All the supervisory and management personnel interviewed were trained in behavioral observation. From the interviews, the inspectors determined that a very good behavioral observation program was being implemented and that training and annual retraining were on-going.

Paragraph 9.0 of the appendix to Regulatory Guide 5.66 (NUMARC 89-01) states, in part, individuals with unescorted access authorization must be notified of his/her responsibility to report any arrest that may impact upon his/her trustworthiness. The inspectors determined from interviewing personnel that the licensee had notified individuals of their responsibility to report all arrests that could affect their trustworthiness.

10 CFR 73.56(a) requires, in part, that licensees must follow an access authorization plan incorporated into their site Physical Security Plan.

Waterford 3 Physical Security Plan, Revision 13, Change 3, dated September 28, 1994, Paragraph 2.4.1 "Personnel Screening and Access Authorization," states, in part, "Entergy Operations, Inc., Waterford 3, commits to Regulatory Guide 5.66, Access Authorization Program for Nuclear Power Plants, dated June 1991. All regulatory elements have been implemented to satisfy the requirements of 10 CFR 73.56.

Paragraph 5.2.1 of the Physical Security Plan states, in part, "A list of personnel authorized unescorted access to the protected and vital areas is located at the PAP (primary access point) for use by the Security Department and is reviewed by cognizant supervisors and managers every 31 days and updated as applicable.

Appendix (NUMARC 89-01) to Regulatory Guide 5.65, dated June 1991, Guideline 9.0, requires that each individual granted unescorted access shall be subject to a continual behavior observation program.

Regulatory Guide 5.66, dated June 1991, paragraph B.3, states: "The NUMARC Guidelines allow reinstatement of unescorted access authorization within 365 days of its termination if the authorization was terminated under favorable conditions. Requiring a complete psychological assessment and background investigation after every break of 365 or less in the behavioral observation program is not feasible. However, there is information available to the licensee from other sources. For example, if an authorization lapses because an employee took a leave of absence, it is reasonable to assume that the licensee has some indication of the intended activities of the employee during such leave. Furthermore, prior to reinstatement of the access authorization, it is reasonable to expect that the licensee will ascertain what activities the employee engaged in during this or her absence would not have the potential to affect the employee's trustworthiness and reliability."

In a letter to Mr. Thomas E. Tipton, Vice President and Director Operations, Management, and Support Services Division, Nuclear Energy Institute, Mr. R. Lee Spessard, Director, Division of Technical Support, Office of Nuclear Reactor Regulation, dated October 24, 1994, paragraph 13 of attachment, states, in part, "...access is considered interrupted when an individual is away from a licensee or licensee-approved behavioral observation program for more than 30 days, regardless of whether the unescorted access is active or has been terminated and that the licensee must ascertain that the activities the individual engaged in during the absence did not have the potential to affect his or her trustworthiness and reliability. Industry proposed, in NUMARC 91-03, "Nuclear Power Plant Personnel Access Authorization Data Exchange Guidelines", paragraph III.B.4, that this action should only have to be taken if the break is more than 30 days. The NRC subsequently agreed with that time frame when it advised NUMARC that the guidelines met the intent of 10 CFR 73.56 and Regulatory Guide 5.66.

During NRC Inspection 50-382/95-12 which was conducted January 30-February 2, 1995, the inspector identified that eight individuals with valid keycards may not have been under the licensee's continuous behavioral observation program for a period in excess of 30 days. The inspector requested that the licensee verify the status of the eight individuals and identified this matter as an unresolved item. The licensee subsequently determined that the eight individuals were not under the licensee's continuous behavioral observation program. Some individuals had not been on site for several months. The individuals no longer had a right or need to enter the protected area. These eight individuals could have entered the plant at anytime even though their trustworthiness and reliability were in question.

The licensee began corrective actions on February 9, 1995, when the eight badges were inactivated. On March 29, 1995, the acting general plant manager issued a letter to all supervisory personnel directing them to review the access status of all contractor/vendors reporting to them under the continuous behavioral observation program. If the supervisor could not attest to the individual being in the protected area within the past 30 days, the badge was to be pulled. On March 30, 1995, security began annotating their monthly access levels review letter with a statement that ensured supervisors consider the continuous behavioral observation program requirements before allowing individuals to continue to have unescorted access into the protected area. The licensee also published a procedure, "Continual Behavioral Observation Program," OM-110, Revision 0, dated March 31, 1995, that standardized, within Entergy Operations, the Continual Behavioral Observation Program as required by both the access authorization and fitness-for-duty rules. The inspectors further verified, by interviews, that supervisors had been trained and were aware of the procedure.

The licensee's granting of unescorted plant access to eight individuals, not subject to a continuous behavior observation program, represents a violation of the Physical Security Plan and Regulatory Guide 5.66. (VIO 382/9518-02) A reply to this violation is not required based upon the inspectors' verification of the corrective actions completed by the licensee.

1.5 Grandfathering, Reinstatement, Transfer, and Temporary Access Authorization

Records were reviewed to determine if the licensee was correctly grandfathering, reinstating, transferring, and granting temporary access authorizations.

The licensee's grandfathering and reinstatement programs were very good. The inspectors reviewed several examples of access authorization transfers. The licensee had implemented a form that was used to record the required information. The transfer files reviewed were well maintained.

The inspectors reviewed the temporary access authorization files on several employees. The licensee had a system in place to prevent temporary unescorted access in excess of 180 days. The licensee also ensured that a full

background investigation was normally completed within that 180 days. All other elements of the access authorization program were met except for the issue discussed below.

1.5.1 Fitness-For-Duty Testing Prior to Granting Unescorted Access

10 CFR 26.20 requires, in part, that the licensee establish and implement written procedures designed to meet the general performance objective and specific requirements of 10 CFR Part 26.

10 CFR 26.27(a) requires, in part, that individuals granted temporary unescorted access pass a fitness-for-duty chemical test conducted in accordance with requirements of 10 CFR 26.24(a)(1).

10 CFR 26.24(a)(1) and Waterford Security Procedure W5.1, "Unescorted Access Authorization Program," Revision 1, Paragraph 6.7.9, requires, in part, that before the initial granting of unescorted access authorization or unescorted access to the protected and vital areas, fitness-for-duty testing of individuals be conducted within 60 days before the initial granting of unescorted access.

On November 14, 1995, the inspectors reviewed Licensee Condition Report 95-980. The report identified that on October 2, 1995, a contract employee was granted unescorted access without completing the requirements of 10 CFR Part 26, a fitness-for-duty drug screening test. The individual arrived on site as part of the INPO evaluation team on October 2, 1995, and remained through October 6, 1995. Although the individual was part of the INPO team, he was a sub-contractor to the team and, therefore, not subject to INPO's fitness-for-duty screening requirements. At the time the licensee discovered the failure to conduct a fitness-for-duty screening test, the individual was no longer working at the plant site and a screening test could not be conducted.

Following the discovery of this event, the licensee conducted a search of records of pending and presumptive positive drug tests. No other instance of personnel being released for unescorted access before completion of all applicable tests and disposition of results was found. The licensee's corrective actions included counseling the personnel involved and a review of lessons learned with applicable personnel.

During this inspection, the inspectors reviewed the results of the licensee's investigation of this event, interviewed fitness-for-duty personnel, and reviewed the licensee's completed corrective actions. The inspectors determined that the licensee's completed corrective actions were comprehensive and agreed with the licensee's root cause analysis of this event.

The licensee's granting of unescorted access to an individual, before that individual successfully passing a pre-access drug test, is a violation of paragraph 6.7.9 of Waterford Security Procedure W5.1 and 10 CFR 26.27(a).

This violation is being treated as a noncited violation consistent with Section IV of the NRC Enforcement Policy and upon the inspectors verification of the prompt and effective corrective actions taken to correct the problem.

1.6 Denial or Revocation of Unescorted Access

The licensee's general manager for plant operations, or his designee, was responsible for making a final determination whether unescorted access would be granted.

The inspectors reviewed files in which fingerprint submittals were returned with a criminal record. The inspectors reviewed the rationale used by the licensee in its decision in each instance for denial. The criteria used by the licensee was consistent and fair. The persons denied access were notified of the denial of access and of their right to review and reply to anything in the records used as a reason for the access denial. These persons were also provided with information on the appeal process that was available to them.

1.7 Protection of Personal Information

The inspectors interviewed the licensee's staff and management to ascertain that personal information was protected from disclosure to anyone without a need to know and authority to have access to that information. The background information files were kept in locked containers in a secure area with access limited to only those staff members with a need for access. Procedures were in place to insure that information was only released to those staff members with a need for access.

1.8 Audits

The inspectors reviewed the audit program to determine if audits of sufficient depth were conducted. The licensee's records included copies of several audits of contractor programs. Some of the audits were performed by other licensees and, according to the regulations, were accepted by the licensee to satisfy their own audit requirements. In addition, the licensee had copies of audits they had conducted of contractor programs. The licensee retained responsibility for the effectiveness of the contractors' programs and for the implementation of appropriate corrective actions by the contractors.

The inspectors determined that the licensee had conducted a review of the audits completed by other licensees. The inspectors also reviewed the audits of the licensee's access authorization program and self-screening contractor assessments conducted by the corporate security office. The audits of the access authorization program were completed in a timely manner and were very thorough. The 24-month program audit was completed by utilizing experienced Entergy resources. The 12-month audit of self-screening contractors was completed by Entergy resources in conjunction with outside resources. The audit of the overall access authorization program is a strength.

1.9 Record Retention

The inspectors reviewed the licensee's records retention activities in order to ensure that records on access authorization were retained for the appropriate time.

The inspectors determined that the licensee's procedure for records retention correctly identified the required records and times for the records retained. The licensee maintained an excellent records retention system at the plant site.

2 FOLLOWUP (92904)

2.1 (Closed) Unresolved Item 9512-02 and Violation 9518-02: Implementation of the Continuous Behavioral Observation Program

During NRC inspection 50-382/95-12, conducted January 30-February 2, 1995, the inspector determined that eight individuals with valid keycards may not have been under the licensee's continuous behavioral observation program for a period in excess of 30 days. See paragraph 1.4 above for a discussion of this item.

2.2 (Closed) Licensee Event Report 95-S01: Contraband Discovered in the Protected Area

On September 23, 1995, a whiskey bottle containing less than 2 ounces of alcohol was discovered in a file cabinet in the electrical maintenance shop located inside the protected area. Upon discovery, an expanded search of the area was conducted by security personnel and no additional contraband was found.

Investigation by the licensee determined that the bottle may have been in the cabinet for over three years. The bottle was heavily covered with dust and the cabinet was placed in the shop area approximately three years prior. In addition, the tax stamp on the bottle was dated 1979 making it possible that the bottle was in the area during construction and prior to the protected area security controls being implemented.

The licensee's corrective actions included re-emphasizing proper search techniques during annual requalification training, discussing this event during security roll calls, and discussing the event with electrical maintenance shop personnel emphasizing management's expectation of keeping contraband out of the protected area. The inspectors determined that the licensee's actions were adequate to prevent recurrence.

ATTACHMENT

1 PERSONS CONTACTED

1.1 Licensee Personnel

R. Amato, Access Specialist
*E. Beckendorf, Senior Security Coordinator, Corporate Security
*R. Burski, Director, Nuclear Safety
*H. Cooper, Manager Corporate Security
*G. Davie, Manager, Quality Assurance
*F. Drummond, Director, Site Support
*G. Fey, Supervisor, Corrective Actions, Quality Assurance
*J. Fields, Senior Coordinator, Nuclear Security (Badging and Compliance)
*T. Gaudet, Supervisor, Licensing
*J. Gremillion, Senior Security Coordinator, Plant Security
*J. Hoffpauir, Supervisor, Maintenance
*J. Houghtaling, Manager, Technical Services
*J. Kieff, Coordinator, Personnel Assurance, Nuclear Security
*R. Killian, Technical Specialist, Quality Assurance
*J. Ledet, Superintendent, Security
*T. Murphy, Manager, Site Business Services
*J. O'Hern, Manager, Training
J. Peyton, Administrative Badging Specialist
*O. Pipins, Licensing Engineer
J. Prejean, Administrative Specialist
*R. Sears, Senior Lead Security Coordinator, Corporate Security
*G. Scott, Engineer, Licensing
*D. Vinci, Manager, Licensing
*G. Zetsch, Supervisor, Security Operations

1.2 NRC Personnel

*W. Smith, Senior Resident Inspector
*P. Qualls, Region IV (WCFO)

*Denotes those that attended the exit meeting.

In addition to the personnel listed above, the inspectors contacted other personnel during this inspection period. Those employees included members of the licensee's technical and management staff and members of the security organization.

2 EXIT INTERVIEW

An exit meeting was conducted on November 17, 1995. During this meeting, the inspectors reviewed the scope and findings of the report. The licensee discussed and furnished proprietary and safeguards information to the inspectors during the course of this inspection.