



UNITED STATES
NUCLEAR REGULATORY COMMISSION
OFFICE OF INVESTIGATIONS FIELD OFFICE, REGION III

799 ROOSEVELT ROAD
GLEN ELLYN, ILLINOIS 60137

REPORT OF INTERVIEW

Interviewee
Joseph KORTE

Location
Detroit, Michigan

On June 24 and October 2, 1986, Investigator Richard C. Kazmar interviewed Joseph KORTE regarding the use of an automatic data processing system at Detroit Edison Company's (DECo) Fermi 2 Power Plant for handling Safeguards Information. Also present on the June 24 interview was Investigator James N. Kalkman, and during the October 2 interview, Investigator John W. McMahon was present along with John FLYNN and Peter MARQUARDT, DECo attorneys, and J. Patrick HICKEY, attorney from Shaw, Pittman, Potts and Trowbridge.

In September 1978, KORTE stated that he was hired by DECo as a Security Officer and underwent about eight weeks of training, during which a short session was given in regards to Safeguards Information and its proper handling. In about June 1985, KORTE assumed the duties of Nuclear Security Coordinator and was also a work leader for Kate LARY, a Nuclear Security Specialist. At this time, the Director of Nuclear Security was Stuart LEACH.

Sometime in June 1985, KORTE recalled that LARY brought to his attention some of the concerns she had regarding the use of a DECo automatic data processing system known under the acronym "CEO" (Comprehensive Electronic Office) for Safeguards Information. Sam THOMPSON, Assistant Director of Security, was briefed by KORTE and LARY, and THOMPSON subsequently addressed the issue to LEACH. According to KORTE, LEACH requested a memo which KORTE recalled writing, possibly assisted by LARY. The memo was dated July 1, 1985, and sent to James PIANA, the Director of Nuclear Administration, under the signature of LEACH (Attachment A), and a copy "cc'd" to Wayne HASTINGS. According to KORTE, the memo indicated that deficiencies may exist in the CEO system which would inadequately protect Safeguards Information. KORTE did not recall any response to the memo by management persons in either the Nuclear Administration or Nuclear Security departments, and could offer no explanation as to why the memo was also sent to HASTINGS. KORTE did state that he believes that HASTINGS was a contract administrator in the Nuclear Administration department at the time the memo was written and probably had contacts with the CEO vendor, Data General, and should have been somewhat acquainted with its capabilities.

In early September 1985, HASTINGS replaced LEACH as Director of Nuclear Security, and shortly thereafter requested KORTE to check into the use of CEO for Safeguards Information. KORTE stated that he researched the matter, which included talking with NRC Safeguards Inspectors T. MADEDA and J. CREEB, and subsequently sent a memo (Attachment B) to HASTINGS via CEO dated September 30, 1986 (about 12:22 p.m.), listing the reasons why the CEO should not be used for Safeguards Information. KORTE stated that he sent Attachment B requiring a certified response. KORTE identified Attachment C as the certified response that HASTINGS or someone using HASTINGS' codeword had viewed Attachment B at about 5:09 p.m. on September 30. Attachment D

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EXHIBIT 5

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was identified by KORTE as a record that Attachment C, the response, was filed in KORTE's account for future access. KORTE identified Attachment E as a document header created at the time Attachment B was sent to HASTINGS, and the letters "SSTTSB" as his codeword for the CEO.

In early November 1985, KORTE stated that he became involved in the preparation of a five day letter required by the NRC relating to a security incident at the Fermi 2 plant. KORTE recalls talking with THOMPSON in THOMPSON's office along with Joseph CONEN, a DECo engineer with the Licensing Department. KORTE continued saying that as they were discussing the draft of the letter, HASTINGS walked into THOMPSON's office. KORTE could not recall specific movements, but did recall that they all started to walk out of THOMPSON's office towards HASTINGS' office. During that time, KORTE stated he remembers HASTINGS saying that he would dictate the letter to this secretary, Cindy CODY and use the CEO. KORTE further stated that THOMPSON cautioned HASTINGS that the CEO should not be used for Safeguards Information, and KORTE recalled that HASTINGS replied that he had taken precautionary measures by changing his codeword.

KORTE stated that the CEO was used in drafting the letter and that the final copy was printed from the CEO.

Date: July 1, 1985
JNS-85-0096

To: James L. Piana
Director-Nuclear Administration

From: Stuart B. Leach *Stuart B. Leach*
Director-Nuclear Security

Subject: CEO - Protection of Safeguards Information

Certain members of my staff have expressed a concern over the possibility of Safeguards Information and other confidential material being inputted into the CEO System. Preliminary research by my staff has uncovered certain facts which may reflect deficiencies in adequately protecting material of this nature.

Please contact me as I would appreciate your assistance in researching this matter more extensively.

SHL/amw

cc: L. Wayne Hastings

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Enclosure 3
DTT-ELR-0069

EXHIBIT 5
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ATTACHMENT A

WAYNE, PER YOUR REQUEST KATE AND I HAVE INVESTIGATED THE POSSIBLE USE OF CEO FOR HANDLING SAFEGUARDS INFORMATION (S.I.). WE TOOK INFORMATION FROM NUREG-8794, PROTECTION OF UNCLASSIFIED SAFEGUARDS INFORMATION, NRC INSPECTION AND ENFORCEMENT INSPECTION PROCEDURE 81810, PHYSICAL PROTECTION SAFEGUARDS INFORMATION, AND NOIP 11.000.114. WE HAD A CONVERSATION WITH J. CREED AND T. MADEDA CONCERNING THE MATTER, AND TALKED WITH COMPUTER SERVICES PERSONNEL.

AFTER RESEARCHING THESE SOURCES AND TALKING WITH THE NRC, WE HAVE THE FOLLOWING REASONS WHY WE COULD NOT USE CEO FOR HANDLING SAFEGUARDS INFORMATION.

1. THE SYSTEM IS NOT SELF-CONTAINED WITHIN THE FACILITY. WE HAVE FOUR LINES THAT GO DOWNTOWN.
2. THE LINES ARE UNPROTECTED PHONE LINES BECAUSE THEY ARE NOT PROTECTED BY ANY KIND OF ENCRYPTION DEVICE.
3. PERSONNEL, "SUPER USERS" HAVE THE AVAILABILITY TO GAIN ACCESS TO ACCOUNTS OTHER THAN THEIR OWN.
4. DOCUMENTS DISCARDED INTO THE WASTEBASKET ARE STILL AVAILABLE TO ANYONE GAINING ACCESS TO THE ACCOUNT UNTIL THE JANITOR CLEANS THE ACCOUNT.
5. THE POSSIBILITY OF CREATING A SAFEGUARDS DOCUMENT ON CEO WAS RESEARCHED. THE ONLY SAFE WAY TO DISPOSE OF THE INFORMATION CONTAINED IN THE DOCUMENT IS TO DELETE THE DOCUMENT ONE LINE AT A TIME. KATE SURVEYED LAURA SIMPSON, KAREN HARBAUGH, DOROTHY BALENT, AND JAN SYPE, EACH OF THEM STATED THAT IT WOULD TAKE MORE TIME TO CREATE THE DOCUMENT IN ORDER TO PRINT IT AND THEN HAVE TO DELETE EACH LINE THAN IT WOULD TAKE TO TYPE THE DOCUMENT ON THE TYPEWRITER.
6. IN CONJUNCTION WITH NUMBER 5, IF THE DOCUMENT HAD TO BE EDITED AND WAS STORED FOR A PERIOD OF TIME DURING PROOF READING, THE DOCUMENT WOULD BE ACCESSIBLE FOR THIS PERIOD.

~~SAFEGUARDS INFORMATION~~

~~SAFEGUARDS INFORMATION~~
jll

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ATTACHMENT B

Korte, Joe

From: Hastings, Wayne
Date: Sep 30, 85 5:09 PM
Status: Previously read
Text: Hastings, Wayne has seen, SAFEGUARDS AND CEO

Re: The above message which you sent Sep 30, 85 12:23 PM
was seen by Hastings, Wayne

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ATTACHMENT C

DOCUMENT HOLDER

c

Document name: CEO WAYNE HAS SEEN Document type: WRD
Folder: TRANSMITTALS
Received from: Hastings, Wayne
Modified on Sep 30, 85 5:09 PM by SSTTSB
Author: Hastings, Wayne Typist: Hastings, Wayne
Sent on: Sep 30, 85 5:19 PM Message attached
Subject: Hastings, Wayne has seen, SAFEGUARDS AND CEO

Remarks:
The above message which you sent Sep 30, 85 12:23 PM
was seen by Hastings, Wayne

Comments:

DOCUMENT HEADER

Document name: CEO

Document type: WRD

Drawer: SAFEGUARDS

Folder: TRANSMITTALS

Last modified on Sep 30, 85 12:22 PM by SSTTSB

Author: Korte, Joe

Typist: Korte, Joe

Subject: CEO - TRANSMITTING SAFEGUARDS

Summary:

THE ATTACHED IS A REPORT ON THE AVAILABILITY OF CEO FOR HANDLING SAFEGUARDS INFORMATION.

Comments:

Mailed to:

EASTINGS, WAYNE

THOMPSON, SAM

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ATTACHMENT E