

Designated Original

Sharon Johns

Name

SEP 12 1988

DCS

Docket Nos. 50-277
50-278
EA No. 88-237

License Nos. DPR-44
DPR-56

Philadelphia Electric Company
ATTN: Mr. C. A. McNeill
Executive Vice President-Nuclear
2301 Market Street
Philadelphia, Pennsylvania 19101

Gentlemen:

Subject: Combined Inspection Nos. ~~50-277/88-26~~, 50-278/88-26 and ~~50-277/88-31~~
and 50-278/88-31

This refers to the two routine physical security inspections conducted by Mr. W. K. Lancaster of this office on July 25-29, 1988 and on August 27-29, 1988, at the Peach Bottom Atomic Power Station, Delta, Pennsylvania, of activities authorized by NRC License Nos. DPR-44 and DPR-56, and to the discussions of our findings at the conclusion of the inspections with Messrs. D. Smith and J. Franz, respectively, and with other members of your staff.

Areas examined during these inspections are described in the NRC Region I Inspection Reports which are enclosed with this letter. Within these areas, the inspections consisted of selective examinations of procedures and representative records, interviews with personnel, and observations by the inspectors.

The enclosed inspection reports identify five apparent violations of NRC requirements. In addition, although not cited as violations, several significant potential program weaknesses are identified in the reports. Further, seven security events reported to the NRC since May 29, 1987 were attributable to security force members sleeping or being inattentive while on duty. We are concerned about these matters because they are further indications of degradations in the implementation of your NRC-approved Physical Security Plan.

As arranged during a telephone conversation between Mr. D. M. Smith of your staff and Mr. J. Linville, of the NRC Region I staff on September 7, 1988, these matters are to be discussed at an Enforcement Conference at our office in King of Prussia, Pennsylvania at 11:00 a.m., on September 22, 1988. At that meeting you should be prepared to discuss these matters, their causal factors, as well as the corrective measures that you have taken or plan to take to prevent recurrence. Also, you should be prepared to discuss, with respect to the apparent violation involving a missing vital area key, the reasons why: (1) two previous vital area key inventories failed to detect the missing key; (2) compensatory measures were not instituted until approximately 30 minutes after

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the missing key was identified; and (3) compensatory measures, when implemented, were not as prescribed by your procedures. In addition, with respect to the apparent violations involving degraded vital area barriers, you should be prepared to discuss why security requirements were not integrated into relevant plant procedures to preclude the degradation of those vital area barriers.

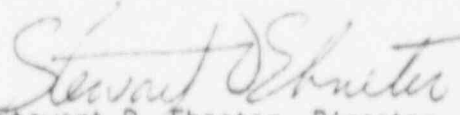
The NRC recognizes that security program upgrades have recently been undertaken at the Peach Bottom Atomic Power Station (PBAPS) and that two management meetings were held at our office in King of Prussia, Pennsylvania, on June 9, 1988 and July 20, 1988 with members of your staff to discuss the status of the PBAPS security program and the upgrading of that program. Nevertheless, the number and nature of those recent violations, some of which were identified by your staff, heighten our previous concerns. Therefore, you should also be prepared to address: (1) the status of the PBAPS security program upgrades, with particular emphasis on why these apparent violations and security events were not prevented; (2) your plans for preventing such occurrences in the future; and, (3) any additional actions taken or planned to correct the root causes of the security program problems that are identified in Mr. D. M. Smith's July 27, 1988 letter to Mr. W. T. Russell.

Our decision concerning enforcement action for these matters will be communicated to you by separate correspondence following the enforcement conference.

Certain paragraphs in the enclosed inspection reports contain details of your security program that have been determined to be exempt from public disclosure in accordance with 10 CFR 73.21 (Safeguards Information). Therefore, these paragraphs will not be placed in the NRC Public Document Room and will receive limited distribution. This letter and the remainder of the inspection reports will be placed in the Public Document Room, in accordance with 10 CFR 2.790(a).

Your cooperation with us is appreciated.

Sincerely,


Stewart D. Ebnetter, Director
Division of Radiation Safety and
Safeguards

Enclosures:

1. Combined Inspection Report Nos. (50-277/88-26 and 50-278/88-26 (Contains Safeguards Information (SGI) in paragraphs 3.a.(1), 3.a.(2), 3.a.(3), 3.b.(1), 3.b.(2), 3.b.(3), 4. and 5.)
2. Combined Inspection Report Nos. 50-277/88-31 and 50-278/88-31 (Contains Safeguards Information (SGI) in paragraphs 2.a., 2.b. and 2.c.)

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cc w/encls (w/o SGI):

John S. Kemper, Sr., Senior Vice President - Nuclear
 E. C. Kistner, Chairman, Nuclear Review Board
 J. W. Gallagher, Vice President, Nuclear Services
 Jack Urban, General Manager, Fuels Department, Delmarva Power & Light Co.
 Dickinson M. Smith, Vice President, Peach Bottom Atomic Power Station (w/SGI)
 John F. Franz, Plant Manager, Peach Bottom Atomic Power Station
 J. D. McGoldrick, Manager, Claims Division, Legal Department
 W. H. Hirst, Director, Joint Generative Projects Department, Atlantic Electric
 Bryan W. Gorman, Manager, External Affairs
 Troy B. Conner, Jr., Esquire
 Eugene J. Bradley, Esquire, Assistant General Counsel
 Raymond L. Hovis, Esquire
 Thomas Magette, Power Plant Siting, Nuclear Evaluation
 W. M. Alden, Director, Licensing Section
 Doris Poulsen, Secretary of Harford County Council
 Public Document Room (PDR)
 Local Public Document Room (LPDR)
 Nuclear Safety Information Center (NSIC)
 NRC Resident Inspector (w/SGI)
 Commonwealth of Pennsylvania

bcc w/encls (w/o SGI):

Region I Docket Room (with concurrences)
 Management Assistant, DRMA (w/o encl)
 Section Chief, DRP
 Robert J. Bores, DRSS
 Public Affairs Officer
 R. Erickson, NRR/RSGB (w/SGI)
 J. Lieberman, OE (w/SGI)
 J. Goldberg, OGC (w/SGI)
 B. Grimes, NRR (w/SGI)
 D. Holody, RI (w/SGI)

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