



UNITED STATES
NUCLEAR REGULATORY COMMISSION

REGION IV

611 RYAN PLAZA DRIVE, SUITE 400
ARLINGTON, TEXAS 76011-8064

October 27, 1998

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EA 98-479

Charles M. Dugger, Vice President
Operations - Waterford 3
Entergy Operations, Inc.
P.O. Box B
Killona, Louisiana 70066

SUBJECT: NRC INSPECTION REPORT 50-382/98-16 AND NOTICE OF VIOLATION

Dear Mr. Dugger:

From September 14-18, 1998, a physical security inspection was conducted at your Waterford Steam Electric Station, Unit 3 reactor facility. The enclosed report presents the scope and results of that inspection.

During this inspection, one violation of NRC requirements involving inadequate protected area detection aids was identified. The NRC has concluded that information regarding the reason for the violation (Inadequate Protected Area Detection Aids) cited in this report, the corrective actions taken and planned to correct the violation and prevent recurrence is already adequately addressed on the docket in the enclosed inspection report. Therefore, you are not required to respond to this violation unless the description therein does not accurately reflect your corrective actions or your position. In that case, or if you choose to provide additional information, you should follow the instructions specified in the enclosed Notice.

In addition, based on the results of the inspection, one apparent violation was identified and is being considered for escalated enforcement action in accordance with the "General Statement of Policy and Procedure for NRC Enforcement Actions" (Enforcement Policy), NUREG-1600. The violation involved the failure to adequately protect and control safeguards information considered to be significant while the information was outside the protected area and accessible to those not authorized access to the protected area (Section S8.1 of the enclosed report). Entergy reported this event to the NRC in Security Incident Report 98-S01 dated August 17, 1998. The circumstances surrounding the apparent violation, the significance of the issue, and the need for lasting and effective corrective actions were discussed with Mr. Greg Scott during a followup telephone exit briefing on October 27, 1998. As a result, it may not be necessary to conduct a predecisional enforcement conference in order to enable the NRC to make an enforcement decision.

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Before the NRC makes its enforcement decision, we are providing you an opportunity to either (1) respond to the apparent violation addressed in the enclosed inspection report within 30 days of the date of this letter or (2) request a predecisional enforcement conference. Due to safeguards information, the predecisional enforcement conference would not be open to the public or the press. Please contact Mr. Blaine Murray at (817) 860-8126 within 7 days of the date of this letter to notify the NRC of your intended response.

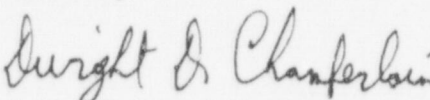
Your response to the apparent violation for failure to protect safeguards information should be clearly marked as a "Response to An Apparent Violation in Inspection Report No. 50-382/98-16" and should include for the violation: (1) the reason for the violation, or, if contested, the basis for disputing the apparent violation, (2) the corrective steps that have been taken and the results achieved, (3) the corrective steps that will be taken to avoid further violations, (4) and the date when full compliance will be achieved. Your response should be submitted under oath or affirmation and may reference or include previous docketed correspondence, if the correspondence adequately addresses the required response. If an adequate response is not received within the time specified or an extension of time has not been granted by the NRC, the NRC will proceed with its enforcement decision or schedule a predecisional enforcement conference.

In addition, please be advised that the characterization of the apparent violation described in the enclosed report may change as a result of further NRC review. You will be advised by separate correspondence of the results of our deliberations on this matter.

The material enclosed herewith contains Safeguards Information as defined by 10 CFR 73.21 and its disclosure to unauthorized individuals is prohibited by Section 147 of the Atomic Energy Act of 1954, as amended. Therefore, the material will not be placed in the Public Document Room.

Should you have any questions concerning this inspection, we will be pleased to discuss them with you.

Sincerely,


Arthur T. Howell III, Director
Division of Reactor Safety

Docket No.: 50-382
License No.: NPF-38

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Enclosures:

1. Notice of Violation
2. NRC Inspection Report
50-382/98-16

cc w/enclosures:

Executive Vice President and
Chief Operating Officer
Entergy Operations, Inc.
P.O. Box 31995
Jackson, Mississippi 39286-1995

Vice President, Operations Support
Entergy Operations, Inc.
P.O. Box 31995
Jackson, Mississippi 39286-1995

Wise, Carter, Child & Caraway
P.O. Box 651
Jackson, Mississippi 39205

General Manager, Plant Operations
Waterford 3 SES
Entergy Operations, Inc.
P.O. Box B
Killona, Louisiana 70066

Manager - Licensing Manager
Waterford 3 SES
Entergy Operations, Inc.
P.O. Box B
Killona, Louisiana 70066

Chairman
Louisiana Public Service Commission
One American Place, Suite 1630
Baton Rouge, Louisiana 70825-1697

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Director, Nuclear Safety &
Regulatory Affairs
Waterford 3 SES
Entergy Operations, Inc.
P.O. Box B
Killona, Louisiana 70066

William H. Spell, Administrator
Louisiana Radiation Protection Division
P.O. Box 82135
Baton Rouge, Louisiana 70884-2135

Parish President
St. Charles Parish
P.O. Box 302
Hahnville, Louisiana 70057

Mr. William A. Cross
Bethesda Licensing Office
3 Metro Center
Suite 610
Bethesda, Maryland 20814

Winston & Strawn
1400 L Street, N.W.
Washington, D.C. 20005-3502

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DISTRIBUTION with copy of entire SAFEGUARDS report:

Elaine Koup, NRR/DRPM/PSGB, (MS 011-E22)
 RIV Docket File
 DRS/PSB Security File (Hodges)
 Security Inspector (Earnest)
 Waterford-3 Resident Inspector

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 E-Mail - D. Lange (DJL)
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 DRP Director
 Branch Chief (DRP/Waterford-3)
 Project Engineer (DRP/Waterford-3)
 Branch Chief (DRP/TSS)
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Elaine Koup, NRR/DRPM/PSGB, (MS 011-E22)
RIV Docket File
DRS/PSB Security File (Hodges)
Security Inspector (Earnest)
Waterford-3 Resident Inspector

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Regional Administrator
DRS Director
DRS Deputy Director
DRP Director
Branch Chief (DRP/Waterford-3)
Project Engineer (DRP/Waterford-3)
Branch Chief (DRP/TSS)
Branch Chief, DRS/PSB
Ellen Poteat, OCFO/LFARB (MS TWFN 9310)
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