

September 26, 1997

EA 97-411

Duke Energy Corporation  
ATTN: Mr. B. Barron  
Vice President  
McGuire Site  
1270J Hagers Ferry Road  
Huntersville, NC 28078-8985

SUBJECT: NOTICE OF VIOLATION  
(NRC INSPECTION REPORT NOS. 50-369/97-13 AND 50-370/97-13)

Dear Mr. Barron:

This letter refers to an NRC security inspection conducted at Duke Energy Corporation's (DEC) McGuire Nuclear Station between July 21 and 24, 1997. The results of the inspection were formally transmitted to you by letter dated August 22, 1997. The apparent violations identified were discussed with members of your staff during an inspection exit conducted by telephone on August 28, 1997, and were provided to you in our letter dated September 11, 1997. An open predecisional enforcement conference was conducted in the Region II office on September 19, 1997, to discuss the apparent violations, the root causes, and your corrective actions to preclude recurrence. A list of conference attendees, NRC slides, and a copy of your presentation materials are enclosed.

Based on the information developed during the inspections and the information that you provided during the conference, the NRC has determined that violations of NRC requirements occurred. The violations are cited in the enclosed Notice of Violation (Notice), and the circumstances surrounding them are described in detail in the subject inspection report and our letter to you dated September 11, 1997.

Violation A involves the failure to notify McGuire security officers promptly of the termination of seven contractor employees, which resulted in a failure to remove their security badges from the badge rack. An April 19, 1996, event involved inadequate control of the access badges of three involuntarily terminated contractor employees. On April 8, 1997, a more serious event occurred. Two individuals, both with protected and vital area access, were terminated (one involuntarily). They subsequently retrieved their security badges and gained access to the protected area and could have accessed vital areas. The two individuals were located and escorted offsite within 10 minutes of their entry. In July 1997, two other contractor employees were terminated and McGuire security was not notified to ensure their security

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badges were restricted. The root cause of these events was the failure of the responsible contractor manager to make a timely notification to McGuire security officers such that the security badges were removed from the plant badge rack.

Violation B includes two examples of the failure to remove the security badges of individuals from the badge storage rack upon notification of their favorable termination or expiration of a temporary clearance. As a result, one individual, who should have been denied access due to an expired temporary clearance, entered the protected area on July 3, 7 and 8, 1997. This individual was subsequently granted a clearance and access to the site.

Although these access control problems were licensee-identified, the violations are of significant regulatory concern because the failure to control access of individuals no longer authorized entry into protected and vital areas of the plant could compromise overall plant security. The NRC is also concerned that the examples identified in Violations A and B indicate weaknesses in the area of access control for contractor employees. Stringent measures to control badges are critical for an effective Security Plan. Based on the above, Violations A and B have been classified in the aggregate in accordance with the "General Statement of Policy and Procedures for NRC Enforcement Actions" (Enforcement Policy), NUREG-1600, as a Severity Level III problem.

In accordance with the Enforcement Policy, a base civil penalty in the amount of \$55,000 is considered for a Severity Level III problem. Because your facility has been the subject of escalated enforcement actions within the last two years<sup>1</sup>, the NRC considered whether credit was warranted for Identification and Corrective Action in accordance with the civil penalty assessment process in Section VI.B.2 of the Enforcement Policy. Because you identified the access control events included in Violations A and B, the NRC determined that credit for the factor of Identification was appropriate. Your corrective actions for the two violations, as described at the predecisional enforcement conference and provided in detail in your handout, included review of each event, prompt correction of the discrepant condition, and counseling and retraining of the individuals involved to address individual performance failures and re-emphasize procedural requirements. In addition: (1) after the April 1997 event, you initiated formal training for site access control sponsors which was initiated on July 31, 1997; (2) in May 1997, you revised the contract employee termination checklist to add security notification requirements; and, (3) in June 1997, you established a more formal badge termination process including site-wide notification of the process and a dedicated security phone line for reporting employee terminations. You also

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<sup>1</sup> A Severity Level III violation was issued on August 22, 1995, concerning inadequate emergency diesel generator (EDG) turbocharger design control (EA 95-156). Two Severity Level III violations were issued on May 9, 1996 for inadequate procedures for monitoring of freeze protection equipment and design problems with the EDG (EA 96-080 and 96-100).

improved controls on computer monitoring of access authorization. Based on these facts, the NRC determined that credit was warranted for the factor of Corrective Action, resulting in no civil penalty for the Severity Level III problem.

Therefore, to encourage prompt identification and comprehensive correction of violations, I have been authorized, after consultation with the Office of Enforcement, not to propose a civil penalty in this case. However, significant violations in the future could result in a civil penalty.

Violation C involved ten examples of the loss of control of protected area badges. The badges were taken offsite by the badge holders when exiting the protected area. The NRC is concerned that these events were also repetitive and could have been prevented by appropriate corrective action for the initial occurrences. The safety significance of this violation was low because no unauthorized use of the badges occurred; therefore, Violation C has been characterized as a Severity Level IV violation.

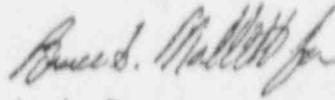
At the conference, an additional example of Violation B was discussed regarding an April 11, 1997, failure of security to properly remove an access badge from the storage rack following notification of a favorable termination. After consideration of the information you presented at the conference and documented in an event review, the example is being withdrawn. Specifically, although the badge was available for issuance to the individual, security immediately deleted the individual's access authorization in the security computer upon notification of the termination. This action restricted the individual's access to the station via the security badge.

You are required to respond to this letter and should follow the instructions specified in the enclosed Notice when preparing your response. In your response, you should document the specific actions taken and any additional actions you plan to prevent recurrence. After reviewing your response to this Notice, including your proposed corrective actions and the results of future inspections, the NRC will determine whether further NRC enforcement action is necessary to ensure compliance with NRC regulatory requirements.

In accordance with 10 CFR 2.790 of the NRC's "Rules of Practice," a copy of this letter, its enclosures, and your response will be placed in the NRC Public Document Room (PDR). To the extent possible, your response should not

include any personal privacy, proprietary, or safeguards information so that it can be placed in the PDR without redaction.

Sincerely,



Luis A. Reyes  
Regional Administrator

Docket Nos. 50-369, 50-370  
License Nos. NPF-9, NPF-17

Enclosures: 1. Notice of Violation  
2. List of Attendees  
3. NRC Slides  
4. Licensee Presentation Material

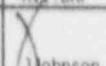
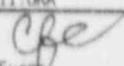
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