



**UNITED STATES
NUCLEAR REGULATORY COMMISSION
REGION IV
611 RYAN PLAZA DRIVE, SUITE 400
ARLINGTON, TEXAS 76011-8064**

July 21, 2000

EA-00-093

Charles M. Dugger, Vice President
Operations - Waterford 3
Entergy Operations, Inc.
17265 River Road
Killona, Louisiana 70066-0751

**SUBJECT: COMMITMENTS TO BE CONFIRMED BY ORDER MODIFYING LICENSE
(NRC Inspection Report 50-382/00-03)**

Dear Mr. Dugger:

This refers to a July 21, 2000, telephone call between the two of us. The purpose of the call was to discuss a Confirmatory Order Modifying License (Order) that the NRC intends to issue to Waterford 3. The Order, which will be immediately effective upon issuance, will confirm commitments you have made to resolve concerns from a March 2000 NRC inspection in which the Waterford 3 facility was not able to demonstrate, with high assurance, the ability to protect the plant from radiological sabotage by a design basis threat team. Our concerns and your proposed corrective and remedial actions were discussed with you during a predecisional enforcement conference conducted in the Region IV office in Arlington, Texas, on May 30, 2000. Following the conference, the NRC requested additional information by letter dated June 8, 2000, to which you responded by letter dated June 23, 2000.

We note that prior to the completion of and immediately following the March 2000 inspection, you implemented both compensatory measures and short-term corrective actions, respectively, to address the ineffectiveness of your response capabilities. At the completion of the inspection, we found those interim actions adequate pending completion of your Security Improvement Plan. We will conduct an additional inspection to ensure that the compensatory measures remain adequate. The details of this future inspection will be provided separately.

Your June 23 reply stated that the Waterford 3 security organization will be ready to demonstrate the ability to protect the plant against the design basis threat using an enhanced protective strategy in November 2000 (reference your reply to Question 9), and provided a revised Security Improvement Plan.

Based on your June 23 response and the information you provided at the predecisional enforcement conference, we propose that the conditions stated below be incorporated in the Order. The conditions in Section A below are derived from your June 23 Security Improvement Plan. Our intent is to confirm by Order your commitments to fix the significant problems that were identified in a way that allows you the flexibility to make changes to your Security Improvement Plan without prior NRC approval, so long as certain improvements are completed by November 30, 2000. Although some of the actions in Section A may have been completed as of the date of this letter, we propose to include them in the Order for completeness. References to

the Security Improvement Plan's specific goals, strategies, and actions are provided in parentheses below for your convenience to relate the specific conditions in Section A with your Security Improvement Plan. However, the Order will not contain the parenthetical references to your Security Improvement Plan to allow you flexibility in implementing your plan. Most importantly, Section B will confirm by Order your commitment to demonstrate the ability to protect the plant against the design basis threat using the enhanced protective strategy. This would be conducted by force-on-force exercises in which the NRC would evaluate the effectiveness of your enhancements.

The Order will contain the following conditions:

- A. Entergy Operations, Inc., shall complete the following items by November 30, 2000:
 - 1. Protective Strategy Corrective Actions
 - a. Perform independent assessments of the protective strategy to identify areas for improvement, and evaluate the results of the assessments for enhancing the protective strategy. (Goal 1, Strategy B, Action 1)
 - b. Develop and implement an enhanced protective strategy for protection of target sets and document this strategy. (Goal 1, Strategy B, Actions 2, 4, 5, 6, and 7)
 - c. Revise the Physical Security Plan, Safeguards Contingency, and Security Training and Qualifications plans to reflect the enhanced protective strategy. (Goal 1, Strategy D, Actions 1-3; Goal 3, Strategy B, Action 1)
 - 2. Train the current security response force and other staff, as necessary, on the enhanced protective strategy. (Goal 1, Strategy C, Actions 1 and 2; Goal 2, Strategy B, Action 10; Goal 3, Strategy C, Action 3; Goal 4, Strategy A, Action 3)
 - 3. Implement modifications within and outside the plant, as necessary, to implement the enhanced protective strategy. (Goal 2, Strategy B, Actions 2-6)
- B. Entergy Operations, Inc., shall demonstrate the ability to protect the plant against the design basis threat within 90 days after completion of the conditions set forth above in A.1 through A.3. Such demonstration will be accomplished by conducting force-on-force exercises evaluated by the NRC.

Please inform us whether Entergy Operations, Inc., will consent to a Confirmatory Order with the above outlined conditions. Please provide your written response to me at NRC Region IV, 611 Ryan Plaza Drive, Suite 400, Arlington, Texas, 76011 within 5 working days of the date of this letter. If you consent to the Order, we request that you sign the enclosed Consent and Hearing Waiver Form and return it to me at the above address. Please note that consent to the Confirmatory Order will also indicate your agreement to waive your right to a hearing on the Order. After receiving your written consent, the NRC will issue the aforementioned Order. Issuance of the Order does not preclude the NRC from taking other enforcement actions in this matter.

Entergy Operations, Inc.
Waterford 3

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Should you have any questions or wish to schedule another meeting to discuss the above provisions, please call Mr. Arthur Howell III at (817) 860-8180.

In accordance with 10 CFR 2.790 of the NRC's "Rules of Practice," a copy of this letter and its enclosure will be available electronically for public inspection in the NRC Public Document Room or from the Publicly Available Records (PARS) component of NRC's document system (ADAMS). ADAMS is accessible from the NRC Web site at <http://www.nrc.gov/NRC/ADAMS/index.html> (the Public Electronic Reading Room).

Sincerely,

/RA/

Ellis W. Merschoff
Regional Administrator

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

Enclosure: As Stated

cc w/Enclosure:
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Entergy Operations, Inc.
Waterford 3

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*denotes previous concurrence

ENCLOSURE

CONSENT AND HEARING WAIVER FORM

Entergy Operations, Inc., hereby agrees to comply with the commitments described in this letter and agrees to incorporation of these commitments into a Confirmatory Order that will be immediately effective upon issuance. I recognize that by signing below, Entergy Operations, Inc., consents to the issuance of the Confirmatory Order, effective immediately, with the commitments described on page 2 of the NRC's letter dated July 21, 2000, and, by doing so, pursuant to 10 CFR 2.202(a)(3) and (d), Entergy Operations, Inc., waives the right to request a hearing on all or any part of the Order.

Name & Title

Date