

August 4, 2000

EA-00-093

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

SUBJECT: CONFIRMATORY ORDER MODIFYING LICENSE (EFFECTIVE  
IMMEDIATELY) - - WATERFORD 3

Dear Mr. Dugger:

The enclosed Order is being issued to confirm your commitments to resolve concerns identified with the physical security program at the Waterford 3 facility (reference NRC Inspection Report 50-382/00-03). Although you have taken interim compensatory measures to address these concerns, the NRC believes this Order is necessary to assure that corrective actions are effectively implemented over the long term. The attached Order requires you to make specified improvements to the physical security program and its implementation (reference Section IV.A of the attached Order). The specific improvements have been derived from your Security Improvement Plan dated June 2000, and are necessary for you to maintain compliance with 10 CFR 73.55(a). In addition, the Order requires you to demonstrate your ability to protect the plant against the design basis threat by conducting force-on-force exercises that will be evaluated by the NRC (reference Section IV.B of the attached Order).

Pursuant to Section 223 of the Atomic Energy Act of 1954, as amended, any person who willfully violates, attempts to violate, or conspires to violate, any provision of this Order shall be subject to criminal prosecution as set forth in that section. Violation of this order may also subject the person to civil monetary penalty.

Questions concerning this Order should be addressed to Mr. R. W. Borchardt, Director, Office of Enforcement, who can be reached at (301) 415-2741.

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/

R. W. Borchardt, Director  
Office of Enforcement

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

Enclosure: As Stated

cc:  
Executive Vice President and  
Chief Operating Officer  
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Entergy Operations, Inc.  
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UNITED STATES  
NUCLEAR REGULATORY COMMISSION

In the Matter of	)	
	)	Docket No. 50-382
Entergy Operations, Inc.	)	License No. NPF-38
Waterford 3	)	EA-00-093

CONFIRMATORY ORDER MODIFYING LICENSE  
(EFFECTIVE IMMEDIATELY)

I

Entergy Operations, Inc. (Licensee) is the holder of Facility Operating License No. NPF-38 issued by the Nuclear Regulatory Commission (NRC or Commission) pursuant to 10 CFR Part 50 on March 16, 1985. The license authorizes the operation of Waterford 3 (facility) in accordance with conditions specified therein. The facility is located on the Licensee's site in Taft, Louisiana.

II

10 CFR 73.55(a) states, in part, that the Licensee shall establish and maintain an onsite physical protection system and security organization which will have as its objective to provide high assurance that activities involving special nuclear material are not inimical to the common defense and security and do not constitute an unreasonable risk to the public health and safety. The physical protection system shall be designed to protect against the design basis threat as stated in Paragraph 73.1(a).

Paragraph 1.3.3 of the Waterford 3 Safeguards Contingency Plan states, in part, that the security concept of operations was based on response to unauthorized entry or activity, and delay of intruders short of the vital areas by barriers and the security/response force. Further,

that these basic functions are the responsibility of the security organization in order to assure protection of the plant against hostile acts of sabotage.

On October 4-7, 1999, the NRC conducted an inspection at the Waterford Steam Electric Station, Unit 3 facility to review the Licensee's compliance with 10 CFR Part 73 and its physical security plan (reference NRC Inspection Report 50-382/99-17). Based on the conduct of tabletop exercises, weaknesses were identified with the Licensee's capabilities to respond adequately to a design basis threat intrusion. Specific information about the inspection findings has been classified as Safeguards Information and is not available to the public.

As a result of these October 1999 inspection findings, the Licensee attended a management meeting in the NRC Region IV office on November 10, 1999, to discuss the identified weaknesses. During that meeting, the Licensee indicated that corrective actions would be taken to improve weapons deployment, defensive strategy, and hardened barriers, and that additional training would be conducted as appropriate. The Licensee indicated its belief that, although there were problems, its physical security plan was capable of meeting its intended function, and invited the NRC to assess its program during the conduct of force-on-force exercises. Subsequently, it was agreed that an inspection of the conduct of force-on-force exercises would occur in March 2000.

On March 20-23, 2000, the NRC conducted the follow-up inspection at the Waterford facility, which included tabletop and force-on-force exercises (reference NRC Inspection Report 50-382/00-03). In addition to identifying findings which were similar to those identified during the October 1999 inspection, the NRC identified additional significant weaknesses. Problem areas included target sets, defensive positions, armed responder staffing levels, response time

calculations, operations/security interface particularly with respect to drill/target set development and participation, command and control, guidance on the use of protective masks by the armed responders, response weapon proficiency, and administrative controls to ensure that plant conditions are evaluated to ensure protective strategy assumptions remain valid. More specific information about the inspection findings has been classified as Safeguards Information, and is not available to the public. During the exit briefing, the NRC identified an apparent violation of 10 CFR 73.55(a) and the safeguards contingency plan for the failure to demonstrate a capability to protect vital equipment by locating and stopping adversaries during force-on-force exercises. The Licensee implemented immediate interim corrective actions and compensatory measures which were satisfactory to the NRC.

A closed, predecisional enforcement conference was conducted on May 30, 2000, with the Licensee. During the conference, the Licensee identified as the root cause of its weaknesses in the physical security program a breakdown in management controls; specifically that: responsibility and accountability had not been clearly defined; repetitive management changes had resulted in a lack of organization; reduced staffing levels had affected security force training; change management practices had not been applied to a changing environment; a lack of accountability had resulted in a failure to act on available information; and Entergy Operations had not exercised adequate oversight of several critical functions being conducted by contractors. The Licensee identified several contributing causes for its deficiencies as well, including: inadequate design of the security program; poor security program implementation; a complacent culture; and inadequate training. In addition, the Licensee identified several missed opportunities to identify these problems.

During the conference, the Licensee noted the interim compensatory measures it had taken to address these problems and discussed its Security Improvement Plan (SIP) which would provide more permanent improvements. By letter dated June 8, 2000, the NRC requested additional information regarding the SIP. The Licensee responded by letter dated June 23, 2000, and revised the SIP to reflect its response. While acknowledging the interim compensatory measures the Licensee has taken, the NRC believes issuance of this Order is necessary to ensure corrective actions are effectively implemented over the long term. By letter and telephone call dated July 21, 2000, the NRC proposed that specified commitments be confirmed by Order, and that the Order require the Licensee to demonstrate the ability to protect the plant from the design basis threat. By letter dated July 27, 2000, the Licensee agreed to confirming the identified commitments by Order, and the Licensee waived its right to request a hearing on all or part of the Order.

### III

By letter dated July 27, 2000, the Licensee has agreed to 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.



- b. Develop and implement an enhanced protective strategy for protection of target sets and document this strategy.
    - c. Revise the Physical Security Plan, Safeguards Contingency, and Security Training and Qualifications plans to reflect the enhanced protective strategy.
  - 2. Train the current security response force and other staff, as necessary, on the enhanced protective strategy.
  - 3. Implement modifications within and outside the plant, as necessary, to implement the enhanced protective strategy.
- 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.

On July 27, 2000, the Licensee consented to issuing this Order with the commitments, as described in Section IV below. The Licensee further agreed in its July 27, 2000, letter that this Order is to be effective upon issuance and that it has waived its right to a hearing.

Implementation of these commitments will provide enhanced assurance that the Licensee will be capable of protecting the plant from the design basis threat.

I find that the Licensee's commitments as set forth in Section IV are acceptable and necessary and conclude that with these commitments the plant's safety is reasonably assured. In view of

the foregoing, I have determined that public health and safety require that the Licensee's commitments be confirmed by this Order. Based on the above and Licensee's consent, this Order is immediately effective upon issuance.

#### IV

Accordingly, pursuant to Sections 103, 161b, 161i, 161o, 182 and 186 of the Atomic Energy Act of 1954, as amended, and the Commission's regulations in 10 CFR 2.202 and 10 CFR Part 50, IT IS HEREBY ORDERED, EFFECTIVE IMMEDIATELY, THAT LICENSE NO. NPF-38 IS MODIFIED AS FOLLOWS:

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.
- b. Develop and implement an enhanced protective strategy for protection of target sets and document this strategy.
- c. Revise the Physical Security Plan, Safeguards Contingency, and Security Training and Qualifications plans to reflect the enhanced protective strategy.

2. Train the current security response force and other staff, as necessary, on the enhanced protective strategy.
  3. Implement modifications within and outside the plant, as necessary, to implement the enhanced protective strategy.
- 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.

The Regional Administrator, Region IV, may relax or rescind, in writing, any of the above conditions upon a showing by the Licensee of good cause.

Any person adversely affected by this Confirmatory Order, other than the Licensee, may request a hearing within 20 days of its issuance. Where good cause is shown, consideration will be given to extending the time to request a hearing. A request for extension of time must be made in writing to the Director, Office of Enforcement, U.S. Nuclear Regulatory Commission, Washington, DC 20555, and include a statement of good cause for the extension. Any request for a hearing shall be submitted to the Secretary, U.S. Nuclear Regulatory Commission, ATTN: Chief, Rulemakings and Adjudications Staff, Washington, DC 20555. Copies of the hearing request shall also be sent to the Director, Office of Enforcement, U.S. Nuclear Regulatory Commission, Washington, DC 20555, to the Associate General Counsel for Hearings, Enforcement & Administration at the same address, to the Regional Administrator, NRC Region IV, 611 Ryan Plaza Drive, Suite 400, Arlington, Texas 76011, and to the Licensee. If such a person requests a hearing, that person shall set forth with particularity the manner in which his interest is adversely affected by this Order and shall address the criteria set forth in 10 CFR 2.714(d).

If the hearing is requested by a person whose interest is adversely affected, the Commission will issue an Order designating the time and place of any hearing. If a hearing is held, the issue to be considered at such hearing shall be whether this Confirmatory Order should be sustained.

In the absence of any request for hearing, or written approval of an extension of time in which to request a hearing, the provisions specified in Section IV above shall be final 20 days from the date of this Order without further order or proceedings. If an extension of time for requesting a

hearing has been approved, the provisions specified in Section IV shall be final when the extension expires if a hearing request has not been received. AN ANSWER OR A REQUEST FOR HEARING SHALL NOT STAY THE IMMEDIATE EFFECTIVENESS OF THIS ORDER.

FOR THE NUCLEAR REGULATORY COMMISSION

/RA/

R. W. Borchardt, Director

Office of Enforcement

Dated this 4th day of August 2000