



**UNITED STATES  
NUCLEAR REGULATORY COMMISSION**

REGION IV  
1600 E. LAMAR BLVD.  
ARLINGTON, TX 76011-4511

December 14, 2015

EA-15-100

Mr. Michael R. Chisum  
Site Vice President  
Entergy Operations, Inc.  
17265 River Road  
Killona, LA 70057-0751

**SUBJECT: WATERFORD STEAM ELECTRIC STATION – NRC INSPECTION  
REPORT 05000382/2015011 AND NRC INVESTIGATION  
REPORT 4-2014-017**

Dear Mr. Chisum:

This letter refers to the investigation conducted at Entergy Operations, Inc.'s Waterford Steam Electric Station by the U.S. Nuclear Regulatory Commission's (NRC's) Office of Investigations. The purpose of the investigation was to determine if willful fire protection-related violations of NRC requirements occurred at the Waterford Steam Electric Station, Unit 3. The investigation was initiated on February 3, 2014, and completed on May 19, 2015. This issue was discussed with you and other members of your staff during a telephone conversation on November 24, 2015. A factual summary (Enclosure 1) provides a summary of the staff's review of the facts of the case. In addition to the details provided in the factual summary, the NRC determined that based on the preponderance of evidence obtained during interviews, an additional contract fire watch individual admitted to sleeping while assigned to perform fire watch rounds and missing an assigned inspection, which was shown as being completed.

The NRC investigators reviewed electronic key card reader records, training records, site procedural requirements, and conducted interviews with multiple contract individuals and licensee personnel. The NRC found instances in which seven contract individuals deliberately failed to conduct compensatory hourly fire watches, as required by site procedure, and falsified fire watch tour logs by initialing that fire watches were performed with knowledge that watches had not been performed. In addition, the NRC found that one Entergy Operations, Inc., supervisor deliberately failed to identify and take corrective actions upon being provided with information of suspected wrongdoing by contract fire watch individuals. The NRC also found that one contract manager deliberately provided incomplete and inaccurate information to an access authorization reviewing official regarding the trustworthiness and reliability of a contract fire watch individual.

Based on the staff's review of the results of the investigation by the Office of Investigations, three apparent violations of NRC requirements were identified and are being considered for escalated enforcement action in accordance with the Enforcement Policy, which can be found on the NRC's Web site at <http://www.nrc.gov/about-nrc/regulatory/enforcement/enforce-pol.html>.

Before the NRC makes its enforcement decision, we are providing you an opportunity to either (1) request a predecisional enforcement conference (PEC) or (2) request Alternative Dispute Resolution (ADR). If a PEC is held, the NRC may issue a press release to announce the time and date of the conference; however, the PEC will be closed to public observation since information related to an Office of Investigations report that has not been publicly disclosed will be discussed.

Please contact Gregory E. Werner, Chief, Engineering Branch 2, at 817-200-1137 within 10 days of the date of this letter to notify the NRC of your intended response. Note that a PEC should be held within 30 days and an ADR session within 45 days of the date of this letter. 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. In addition, please be advised that the number and characterization of apparent violations described in the enclosed inspection 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.

If you choose to request a PEC, the conference will afford you the opportunity to provide your perspective on this issue and any other information that you believe the NRC should take into consideration before making an enforcement decision. The decision to hold a conference does not mean that the NRC has determined that a violation has occurred or that enforcement action will be taken. This conference would be conducted to obtain information to assist the NRC in making an enforcement decision. The topics discussed during the conference may include information to determine whether a violation occurred, information to determine the significance of a violation, information related to the identification of a violation, and information related to any corrective actions taken or planned. In presenting your corrective actions, you should be aware that the promptness and comprehensiveness of your actions will be considered in assessing any civil penalty for the apparent violations.

In lieu of a PEC, you may request ADR with the NRC in an attempt to resolve this issue. Alternative Dispute Resolution is a general term encompassing various techniques for resolving conflicts using a neutral third party. The technique that the NRC has decided to employ is mediation. Mediation is a voluntary, informal process in which a trained neutral mediator works with parties to help them reach resolution. If the parties agree to use ADR, they select a mutually agreeable neutral mediator who has no stake in the outcome and no power to make decisions. Mediation gives parties an opportunity to discuss issues, clear up misunderstandings, be creative, find areas of agreement, and reach a final resolution of the issues.

Additional information concerning the NRC's program can be obtained at <http://www.nrc.gov/about-nrc/regulatory/enforcement/adr/post-investigation.html>. The Cornell University's Scheinman Institute on Conflict Resolution (Cornell) has agreed to facilitate the NRC's program as a neutral third party. Please contact Cornell at 877-733-9415 within 10 days of the date of this letter if you are interested in pursuing resolution of this issue through ADR.

M. Chisum

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In accordance with 10 CFR 2.390 of the NRC's "Agency Rules of Practice and Procedure," a copy of this letter will be made available electronically for public inspection in the NRC Public Document Room or from the NRC's Agencywide Documents Access and Management System (ADAMS), accessible from the NRC Web site at <http://www.nrc.gov/reading-rm/adams.html>.

For administrative purposes, this letter is issued as NRC Inspection Report 05000382/2015011 and the apparent violations will be issued as AV 05000382/2015011-01, 05000382/2015011-02 and 05000382/2015011-03, as described in the enclosure.

If you have any questions concerning this matter, please contact Gregory Werner of my staff at 817-200-1137.

Sincerely,

A handwritten signature in black ink, appearing to read 'AVegel', written over a faint, larger version of the same signature.

Anton Vegel, Director  
Division of Reactor Safety

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

Enclosures:

1. Factual Summary
2. NRC Inspection Report 05000382/2015011
3. NUREG/BR-0317 Post-Investigation  
ADR Program

cc w/enclosures: Electronic Distribution

ADAMS Accession Number: ML15350A197

**FACTUAL SUMMARY**  
**OFFICE OF INVESTIGATIONS REPORT 4-2014-017**

On January 21, 2014, the U.S. Nuclear Regulatory Commission (NRC) received information indicating an issue related to fire watch tours. Additional information was also received that a Waterford Steam Electric Station security officer questioned fire watch personnel about the absence of a door alarm that is usually received on a security door when rounds are conducted. The security officer's concern led to the licensee reviewing card reader information for the rounds which identified numerous instances of the fire watch tours not being conducted; although the surveillance records indicated that the tours had been completed. Then on January 28, 2014, the NRC requested that the Office of Investigations initiate an investigation to determine if contract fire watch personnel falsified fire protection surveillance records at the Waterford Steam Electric Station.

On February 3, 2014, the NRC's Office of Investigations initiated an investigation to determine if fire protection personnel at Entergy Operations, Inc.'s Waterford Steam Electric Station willfully falsified fire protection surveillance records. The investigation was completed on May 19, 2015. The investigation examined whether Entergy Operations, Inc.'s contract fire watch personnel employed at the Waterford Steam Electric Station deliberately falsified fire watch records and whether there was any managerial awareness with failure to identify and correct.

During the investigation, numerous individuals were interviewed. Three individuals that conducted fire watch tours acknowledged the standard for falsification and admitted to falsifying the records. Three other fire watch individuals denied any wrongdoing; however, records for the door alarms were examined and it was determined that the records verifiably depicted the instances of missed inspections by those three fire watch individuals accompanied by signed documentation that the inspections were done. Concerning the allegation that Entergy Operations, Inc.'s management was aware of wrongdoing and failed to identify and correct the issues, during an Office of Investigations interview, the supervisor admitted that the condition was not properly documented and addressed when the concern was brought to his attention.

During the investigation, it became apparent that another manager (contractor) failed to provide complete and accurate information to an access authorization reviewing official, associated with the reinstatement for one of the contract fire watch individuals. The manager was directly involved with disciplining the contract fire watch individual due to fire watch log discrepancies (prior potential falsification of fire watch tours), but failed to provide that level of detail to an access authorization reviewing official when questioned about the job performance issues recorded. In an OI interview, the manager did not admit to providing information that was incomplete and inaccurate to Waterford's access authorization staff.

**U.S. NUCLEAR REGULATORY COMMISSION**

**REGION IV**

Docket No.: 05000382  
License No.: NPF-38  
Report No.: 05000382/2015011  
Licensee: Entergy Operations, Inc.  
Facility: Waterford Steam Electric Station, Unit 3  
Location: Killona, Louisiana  
Dates: July 6 through November 24, 2015  
Inspectors: E. Uribe, Reactor Inspector  
Approved By: Gregory E. Werner  
Chief, Engineering Branch 2  
Division of Reactor Safety

## **SUMMARY AND DESCRIPTION OF APPARENT VIOLATION**

Office of Investigation Report 4-2014-017

- A. Title 10 CFR 50.48, Fire Protection, requires that a licensee must have a fire protection plan that, in part, outlines the plans for fire protection, fire detection, suppression capability, and limitation of fire damage.

Waterford Steam Electric Station Technical Specification 6.8.1.f states, in part, that written procedures shall be established, implemented, and maintained covering fire protection program implementation.

1. Entergy Operations, Inc., Procedure FP-001-014, "Duties of a Fire Watch," requires, in part, that each fire watch shall be responsible for conducting an observation or inspection of an area or room to assess for indications of a fire, as applicable for the assigned watch. Section 6.4.9 of Procedure FP-001-014 states that Attachment 8.1, "Fire Watch Log," shall be completed and maintained by the assigned fire watch at all times during his/her patrol; and the fire watch should check Attachment 8.1 upon physical observation of the room or area and note fire hazards if applicable.
2. Entergy Operations, Inc., Procedure UNT-005-013, "Fire Protection Program," Section 5.8.8 requires, in part, that conditions adverse to quality relating to the Fire Protection Program will be identified and corrected in accordance with Procedure EN-LI-102, "Corrective Action Program." Procedure EN-LI-102, Section 5.2[3](a), requires, in part, that prompt/timely initiation of a condition report is required once an adverse condition has been identified. Procedure EN-LI-102, Attachment 9.2, Step 6, lists, in part, conditions that degrade the fire protection program, including degraded fire protection systems and barriers, as conditions adverse to quality.

Contrary to the above, on multiple occasions from July 2013 to April 2014, Entergy Operations, Inc., personnel failed to implement fire protection procedures required by technical specification. Specifically, seven fire watch personnel failed to conduct numerous observations and inspections of various fire areas to assess for indications of fires. Also, a supervisor failed to initiate a condition report for numerous missed fire watch tours that compensate for degraded fire protection systems and/or barriers, which are conditions adverse to quality, in accordance with the corrective action process.

The apparent violation is designated as AV 05000382/2015011-01, "Failure to Implement Proper Control of Fire Protection Impairments."

- B. Title 10 CFR 50.9 states, in part, that information required by the Commission's regulations, orders, or license conditions to be maintained shall be complete and accurate in all material respects.

Waterford Steam Electric Station Technical Specification 6.8.1.f states, in part, that written procedures shall be established, implemented, and maintained covering fire protection program implementation.

1. Entergy Operations, Inc., Procedure FP-001-014, "Duties of a Fire Watch," requires, in part, that each Fire Watch shall be responsible for conducting an observation or inspection of an area or room to assess for indications of a fire, as applicable for the assigned watch. Section 6.4.9 of Procedure FP-001-014 states that Attachment 8.1, "Fire Watch Log," shall be completed and maintained by the assigned Fire Watch at all times during his/her patrol; and the Fire Watch should check Attachment 8.1 upon physical observation of the room or area and note fire hazards if applicable.
2. Entergy Operations, Inc., Procedure UNT-005-013, "Fire Protection Program," Section 5.8.8, requires, in part, that conditions adverse to quality relating to the Fire Protection Program will be identified and corrected in accordance with Procedure EN-LI-102, "Corrective Action Program." Procedure EN-LI-102, Section 5.2[3](a) requires, in part, that prompt/timely initiation of a condition report is required once an adverse condition has been identified. Procedure EN-LI-102, Attachment 9.2, Step 6, lists, in part, conditions that degrade the fire protection program, including degraded fire protection systems and barriers, as conditions adverse to quality.

Contrary to the above, on multiple occasions from July 2013 to April 2014, Entergy Operations, Inc., personnel failed to maintain complete and accurate records of hourly fire watch patrols. Specifically, fire watch log records required by Procedure FP-001-014 certified that observation or inspection of an area or room to assess for indications of a fire were completed; however, many fire watches were not performed. In addition, Procedures UNT-005-013 and EN-LI-102 require that conditions adverse to quality relating to the fire watch program be identified. Known examples of missed fire watch logs, which are conditions adverse to quality, were not identified in accordance with the corrective action process. The fire watch logs and associated corrective action documents are material to the NRC because it provides evidence of compliance with NRC safety requirements.

The apparent violation is designated as AV 05000382/2015011-02, "Failure to Maintain Complete and Accurate Information for the Fire Protection Program."

- C. Title 10 CFR 50.9 states, in part, that information required by the Commission's regulations, orders, or license conditions to be maintained shall be complete and accurate in all material respects.

Title 10 CFR 73.56(f)(3) requires, in part, that concerns related to questionable behavior patterns be reported to an individual's supervisor, or other management personnel, and that the recipient of the report shall, if other than the reviewing official, promptly convey the report to the reviewing official, who shall reassess the reported individual's unescorted access

Entergy Operations, Inc., Procedure EN-NS-101, "Unescorted Access Authorization Program," Section 4.11, "Supervisors/Escorts," requires, in part, that any employee, contractor, or vendor who is performing supervisory duties is responsible for notifying the supervisor of access authorization of any changes in behavior of those individuals being supervised, including any activity that adversely reflects upon an individual's trustworthiness or reliability.

Contrary to the above, on January 13, 2014, a manager failed to provide complete and accurate information in all material respects regarding the trustworthiness and reliability of an individual applying for unescorted access to Waterford Steam Electric Station. Specifically, a GCA Nuclear Facility Services regional fire watch manager provided incomplete information to the Waterford Steam Electric Station access authorization reviewing official regarding the reason a contract fire watch individual's unescorted access had been put on hold. Subsequently, the fire watch individual's unescorted access was reinstated, when access would not have been reinstated because prior fire watch activities had adversely reflected on the individual's trustworthiness and reliability.

The apparent violation is designated as AV 05000382/2015011-03, "Failure to Maintain Complete and Accurate Information for the Access Authorization Program."



## Mediation Location and Duration

The parties usually hold the mediation at, or in the vicinity of, one of the NRC's offices. However, the parties may mutually agree upon any alternate location. Mediation sessions are usually no longer than 1 day. In some cases, the mediation may take longer than 1 day with the mutual consent of the parties.

## The NRC Mediation Team

The responsible Regional Administrator or his or her designee will serve as the principal negotiator for the NRC in cases that involve wrongdoing and related technical issues, if any. When a case involves discrimination, the Director of the Office of Enforcement will normally serve as the principal negotiator. The other members of the NRC mediation team typically include an enforcement specialist, an attorney, and a staff representative who is familiar with the technical issues under discussion.

## The Confirmatory Order

A CO is a legally binding document that includes the terms of the AIP. For a licensee, a CO serves as an amendment to its NRC license. Regardless of the type of entity, a CO has the same legal force against any party to which it is issued.

The NRC will only issue a CO with the prior written consent of the other party, and with a waiver of the right to a hearing. After the entity or the individual, as applicable, has completed the terms of the CO, the NRC will conduct verification activities to ensure that the terms of the CO have been satisfied in a timely manner. Because the CO is legally binding, failing to comply with its terms exposes the entity or individual to additional enforcement action.

Although the substance of the mediation session remains confidential, the details of the settlement will normally be made public via a press release and the publication of the CO in the *Federal Register*.

## Timeliness Goals

The timely resolution of issues is one of the goals of the post-investigation ADR program. Accordingly, the NRC expects a timely progression of a case at each stage of the mediation process. In cases where the parties achieve settlement, the NRC expects to issue a CO within 90 calendar days of the date of the agency's letter offering the ADR option to an entity the other party.

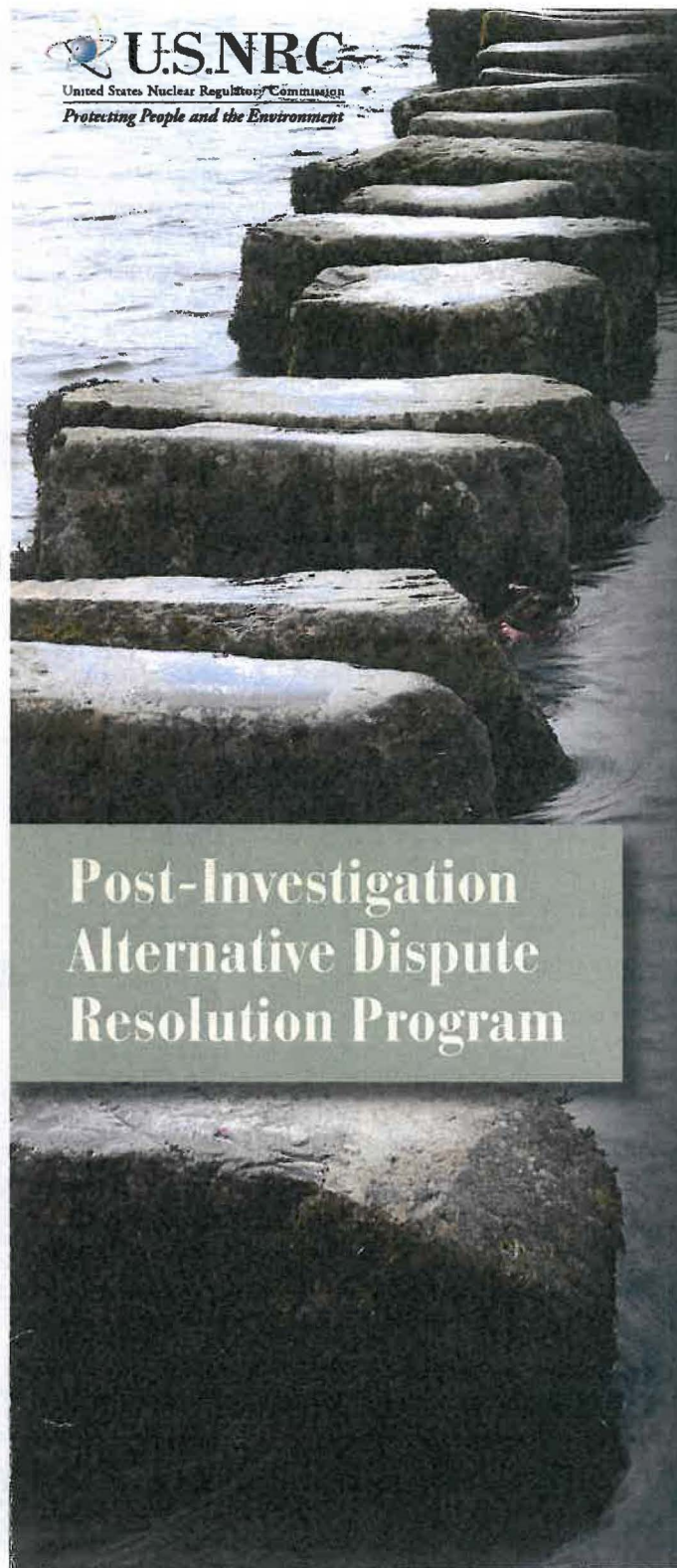
## Additional Sources of Information

Further information about the NRC's ADR program is available from the following:

- Cornell toll free at (877) 733-9145
- NRC ADR Program Manager in the Office of Enforcement toll free at (800) 368-5642 or (301) 415-2741
- NRC enforcement ADR program on the agency's Web site at [www.nrc.gov/about-nrc/regulatory/enforcement/adr.html](http://www.nrc.gov/about-nrc/regulatory/enforcement/adr.html)



NUREG/BR-0317 Rev. 1  
July 2011



## The Program

The U.S. Nuclear Regulatory Commission's (NRC's) post-investigation alternative dispute resolution (ADR) program provides an amicable process to resolve enforcement matters. It may produce more timely and effective outcomes for the NRC and an entity (e.g., an NRC licensee, certificate holder, or contractor of an NRC licensee or certificate holder) or an individual who is subject to an enforcement action. Following the congressional endorsement of the use of ADR by Federal agencies, the NRC established the post-investigation ADR program in 2004. Post-investigation ADR offers the opportunity to resolve discrimination cases or other wrongdoing and related matters through mediation rather than through the NRC's traditional enforcement process.

Post-investigation ADR refers to the use of mediation *after* the completion of an investigation by the NRC Office of Investigations and the staff's conclusion that pursuit of an enforcement action appears warranted. As long as the enforcement matter is within the scope of the program, the NRC normally offers post-investigation ADR at each of the following stages of the enforcement process: (1) before an initial enforcement action, (2) after the initial enforcement action is taken, typically upon issuance of a notice of violation, and (3) when a civil penalty is imposed but before a hearing request.

Mediation is an informal process in which a trained and experienced mediator works with the parties to help them reach a resolution. The parties are the NRC and the entity or an individual, as applicable, in the mediation. The mediator focuses the attention of the parties on their needs and interests rather than on their stated positions. Mediation gives the parties an opportunity to discuss issues, clear up misunderstandings, identify creative ways to address issues, find areas of agreement, and resolve their dispute.

Participation in the program is entirely voluntary. The NRC and the entity or the individual, as applicable, may withdraw from the mediation process at any time.

## The Program Administrator

The NRC has a contract with the Cornell University Scheinman Institute on Conflict Resolution (Cornell) to serve as the program administrator for the post-investigation ADR program. Cornell administers the program's day-to-day operations, including handling the logistical matters and working with the parties to select a mediator from Cornell's roster of mediators. Cornell uses a network of independent and experienced mediators who help the parties find areas of agreement and help them settle their dispute.

## The Mediator

The mediator is an experienced neutral individual who is mutually selected by the parties. He or she has no stake in the outcome of the mediation or any power to make decisions that may bind either party. The role of the mediator is to facilitate communication between the parties and to provide an environment where the parties have an opportunity to address their differences. The mediator uses consensus building skills and knowledge of negotiation to help the parties find ways to overcome any misunderstandings and attempt to find areas of agreement. The mediator does not act as legal counsel or provide legal advice to any party. Each party should consult an attorney for legal advice as such party deems appropriate.

## The Mediation Process

Historically, most post-investigation ADR mediations have occurred at the first stage of the enforcement process (i.e., before an initial enforcement action). In those cases, the NRC presents the entity or an individual, as applicable, with the opportunity to engage in mediation with the agency before it makes an enforcement decision. If the entity or the individual elects ADR, Cornell will help the NRC and the entity or the individual, as applicable, to jointly select a mediator. After the parties select a mediator, the parties, in coordination with the mediator, set a date and place for the mediation. Typically, the mediator holds a pre-mediation teleconference with the parties to discuss logistical matters or any special needs of either party.

During the mediation, the mediator will give the parties an opportunity to discuss their views on the issue. Often, the mediator will meet privately with each party to develop a clear understanding of the party's perspective and explore and assess options. Although the mediator does not have any power to make decisions that may bind either party, he or she may ask questions intended to help the parties assess the merits of their positions, help them converse in a respectful atmosphere, and identify potential settlement options.

If the parties reach a settlement agreement during the mediation session, they will typically document the terms of their agreement in writing by developing an agreement in principle (AIP) document. The AIP is not enforceable by either party against the other, but it is the basis on which the NRC drafts a confirmatory order (CO), which is a legally binding document used to confirm the commitments made in the AIP.

However, if the parties do not reach a settlement agreement, the traditional enforcement process resumes—that is, the enforcement process continues as it would have, had the parties not engaged in ADR.

## Confidentiality

Although the terms of an ADR settlement become publically available through the issuance of the CO, with certain exceptions, the substance of the discussions during the mediation session is confidential regardless of the mediation outcome. The mediator is prohibited from discussing the mediation proceedings, testifying on anyone's behalf concerning the mediation, or submitting a report on the substance of the discussions.

## Cost

The NRC and the entity or individual, as applicable, equally share the fees and travel expenses of the mediator and any meeting room fees. However, each party is responsible for its own expenses, such as travel, lodging, and legal representation.