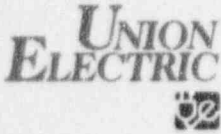


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August 27, 1996

Donald F. Schnell
Senior Vice President
Nuclear

U. S. Nuclear Regulatory Commission
Attn: Document Control Desk
Mail Stop P1-137
Washington, DC 20555-0001

ULNRC-3416

Gentlemen:

**REPLY TO NOTICE OF VIOLATION
AND UNRESOLVED ITEM
INSPECTION REPORT NO. 50-483/96004
CALLAWAY PLANT**

This responds to Mr. Thomas P. Gwynn's letter dated July 19, 1996, which transmitted a Notice of Violation for events discussed in Inspection Report 50-483/96004. A response was also requested to an unresolved item and is included with the response to the violations presented in the attachment. On August 15, 1996, Mr. William D. Johnson, Chief, Reactor Project Branch B authorized a revised due date of August 30, 1996.

None of the material in the response is considered proprietary by Union Electric.

If you have any questions regarding this response, or if additional information is required, please let me know.

Very truly yours,

A handwritten signature in dark ink, appearing to read "Donald F. Schnell".

Donald F. Schnell

DFS/tmw

Attachment: 1) Response to Violations and Unresolved Item

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PDR ADDCK 05000483
G PDR

030084

IED 1/1

cc: Mr. L. Joe Callan
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A. Statement of Violation

During an NRC inspection conducted on May 20-23, 1996, two violations of NRC requirements were identified. In accordance with the "General Statement of Policy and Procedure for NRC Enforcement Actions," NUREG-1600, the violations are listed below:

A. Physical Protection System Design

License Condition 2.E of the licensee's facility operating license requires, in part, that the licensee maintain in effect and fully implement all provisions of the Commission approved physical security plan, including amendments and changes made pursuant to the authority of 10 CFR 50.54(p) and 10 CFR 50.90.

Section 11.1 of the licensee's physical security plan requires, in part, that the physical security program meets the general performance requirements stated in 10 CFR 73.55(a). 10 CFR 73.55(a) requires, in part, that the licensee's physical protection system be designed to protect against the design basis threat of radiological sabotage as stated in 10 CFR 73.1(a).

10 CFR 73.1(a) states, in part, that the design basis threat of radiological sabotage at fixed (power reactor) sites is a determined violent external assault on the plant by several well trained persons, with inside assistance from a knowledgeable individual (insider), participating in an active role (e.g., facilitating entrance and exit).

Contrary to the above, on May 21, 1996, the inspectors determined that a portion of the licensee's physical protection system was not adequately designed to protect against the single insider in the design basis threat of radiological sabotage. Specifically, the licensee's system afforded a knowledgeable access authorization staff individual (insider) the opportunity to actively facilitate entrance and exit to the plant to unauthorized persons, by allowing this individual (insider) the opportunity to fabricate unauthorized photo identification security badges and the opportunity to approve bogus unverified access authorization data for entry into the security computer.

This is a Severity Level IV violation (Supplement III) (483/9604-01).

Reason for the Violation

Efforts have been made to optimize the badging process at Callaway Plant. However, we had not considered the vulnerability created by allowing a single individual to authorize unescorted access to the protected/vital areas of the Callaway Plant. A contributing factor to the oversight is the stability of the staff involved in the badging process. It should be noted that no unauthorized access has been permitted by this individual.

Corrective Steps Taken and Results Achieved:

On May 31, 1996, a memo was sent to affected parties which describes the concern. Actions were implemented to ensure at least two persons verify completion of the badging process (e.g., training, FFD, access authorization). A signature list of authorized approvers was also provided to the Security department to provide a means of authentication prior to activation of the security badge.

Corrective Steps to Avoid Further Violations:

The access authorization program procedure will be revised to incorporate the controls specified above and the badging process approvers list.

Date when Full Compliance will be Achieved:

Full compliance will be achieved by September 13, 1996.

B. Statement of Violation

B. Background Investigations

Section 6.8.1 of Technical Specifications for the Callaway Plant requires, in part, that written procedures be established, implemented and maintained for implementation of the plant security plan.

10 CFR 73.56(a) requires, in part, that licensees must follow an access authorization plan incorporated into their site physical security plan.

Paragraph 1.3.1.1 of the licensee's physical security plan states, in part, "All elements of Regulatory Guide 5.66 (June 1991) have been implemented to satisfy the requirements of 10 CFR 73.56."

Paragraph 6.2.1 (Employment History) of the Appendix to Regulatory Guide 5.66 (NUMARC 89-01) requires, in part, that activities during interruptions of employment in excess of 30 days be verified.

Paragraph 6.2.1.1 of licensee's Procedure APA-ZZ-01104, Revision 11, dated March 20, 1996, requires that activities during periods of unemployment in excess of 30 days must be verified.

Contrary to the above, the inspectors identified that one background investigation completed by the licensee and one additional background investigation completed by

a self-screening contractor failed to verify activities during interruptions of employment in excess of 30 days.

This is a Severity Level IV violation (Supplement III) (483/9604-03).

Reason for the Violation

Personnel error and a misunderstanding of the requirements of Union Electric - Callaway Plant Access Authorization Program appear to be the contributing factors which resulted in the violation.

Corrective Steps Taken and Results Achieved:

In discussions with the Region IV Inspector it was agreed that since the individual has been employed by UE for greater than two years, the continual behavior observation program would prevail over activities performed previous to employment. Therefore, no specific corrective actions are necessary. Additionally, the review conducted for the self-screening contractor's employee identified no derogatory information for the time period in question.

Corrective Steps to Avoid Further Violations:

Each contractor/vendor with an approved screening program was notified by letter on June 14, 1996 of their responsibilities and Union Electric's requirements for verification of activities during conduct of background investigations. All recipients returned a signed commitment form or a revised program which incorporated the requirements. In addition, the requirements of the Callaway Plant Access Authorization Program, particularly the requirements for conduct of background investigations, have been clarified and accepted by responsible UE Human Resources personnel so that pre-employment screening will be completed in accordance with our program.

Date when Full Compliance will be Achieved:

Full compliance was achieved on August 19, 1996.

C. Statement of Unresolved Item

Regulatory Guide 5.66, "Industry Guidelines for Nuclear Power Plant Access Authorization Programs," the elements of which are required by the Callaway Physical Security Plan, states, that each individual granted unescorted access shall be subject to a continual behavior observation program. This program must include continual behavior observation of individuals by management/supervisory personnel who are trained to detect and report changes in behavior which adversely reflect upon the individual's

trustworthiness or reliability and to refer these individuals to licensee management for appropriate evaluation and action.

The inspectors determined through interviews and a review of access authorization program implementing procedures that the licensee failed to establish and maintain an access authorization program that provides high assurance that individuals granted unescorted access to plant protected and vital areas were subject to a continual behavior observation program and are trustworthy and reliable.

During this inspection, the licensee stated that their access authorization program did not identify licensee employees granted unescorted access to plant protected and vital areas who had been absent from the continual behavior observation program. Additionally, the licensee stated that their access authorization program did not require management and supervisory personnel to detect and report changes in behavior of these individuals, which adversely reflected upon their trustworthiness and reliability.

During the exit meeting on May 23, 1996, the inspectors identified this issue as a potential violation. The licensee disagreed with the potential violation and stated that it was their understanding that the requirements for continual behavior observation did not pertain to individuals whose continual unescorted access authorization and security badge had remained active. Additionally, the licensee stated that as long as licensee employees were badged for unescorted access, these employees were thereby subject to the behavior observation program regardless of how long the employees were away from the site and away from the day to day observation by supervisors and managers.

On June 10 and July 15, 1996, additional telephonic inspection was conducted to fully explore this potential violation. During the June 10, 1996, discussion, Region IV personnel informed the licensee that the potential violation would be discussed with the Office of Nuclear Reactor Regulation (NRR). On July 15, 1996, NRR provided a response indicating that the issue appeared to be a violation. However, to ensure that the licensee's position regarding this issue was clearly understood, a followup phone conversation was held on July 19, 1996 and the licensee was requested to provide a written statement regarding why they believe the issue was not a violation.

This matter is considered an unresolved issue pending review of the licensee response and further NRC review (483/9604-04).

Callaway Response

Union Electric believes the Callaway access authorization program provides high assurance that individuals granted unescorted access to plant protected and vital areas are trustworthy and reliable. The program includes provisions for behavior observation by supervisors and management personnel as required by 10CFR73.56. Further, we believe current practices for behavior observation comply with our commitments to Regulatory

Guide 5.66 and NUMARC 89-01. Therefore, we do not believe this issue constitutes a violation.

Discussion

Based on the NRC's statement of the unresolved item in the inspection report, there are misunderstandings that must be addressed to fully understand UE's program. Contrary to the description in this report, the Callaway access authorization program:

- Identifies licensee employees granted unescorted access who have been absent from the continuing behavior observation program,
- Requires management and supervisory personnel to detect and report changes in behavior of these individuals which may adversely reflect upon their trustworthiness and reliability, and
- Covers all individuals whose continuing unescorted access authorization and security badge remain active.

These requirements are clearly stated in procedure APA-ZZ-00906.

The only disagreement involves licensee personnel who are away from their normal work location for an extended period of time. With some exceptions, which depend on the circumstances of the absence, UE does not revoke the employee's unescorted access authorization or security badge during an absence. The employee remains subject to the behavior observation program even though the individual is not subjected to day-to-day observation. Our understanding of the inspector's concern as brought out in the inspection report, is the length of time an employee is away from day-to-day observation by supervisors and management. During the inspection, a 30-day time limit was proposed. To our knowledge, a 30-day limit and need for reinstatement are addressed in NUMARC 91-03 and NRC Inspection Procedure 2515/127, neither of which is a commitment for behavior observation of UE employees. Callaway is committed to Regulatory Guide 5.66 and NUMARC 89-01, which do not require revocation of unescorted access authorization for extended absences. As stated above, personnel are considered subject to continuing behavior observation whenever they have unescorted access to Callaway.

To further evaluate the NRC concern, we have reviewed employee absences from normal work locations of greater than 30 days which have occurred since January 1, 1995. Forty-nine cases were identified. Of these, 42 were approved medical leave. Others involved authorized absences such as FMLA, military leave and vacation. In two cases the employee's unescorted access was revoked and the provisions for reinstatement applied to assure evaluation of continued trustworthiness. In each case, the reason for the absence was known prior to the employee's absence. Additionally, every one of the

identified employees had a long-term relationship with UE. Therefore, changes in behavior following the absence would be readily apparent.

We believe this review provides evidence to support our past practice and provides high assurance of employee trustworthiness and reliability. To avoid future misunderstandings, however, procedure APA-ZZ-00906 will be revised to provide general guidance to supervisors for monitoring long-term employee absences. These enhancement provisions will be included in the next update of the procedure.

Conclusion

Based on thorough review of the regulations, our commitments, and a sample of employee absences, we believe the Callaway access authorization program provides high assurance of employee trustworthiness. Our behavior observation program complies with 10CFR73.56, Regulatory Guide 5.66 and NUMARC 89-01. Therefore, UE believes no violation exists and this unresolved issue should be closed.