

DOD

JAN 29 1993

Docket Nos. 50-327, 50-328
License Nos. DPR-77, DPR-79
EA 92-251

Tennessee Valley Authority
ATTN: Dr. Mark O. Medford
Vice President, Nuclear
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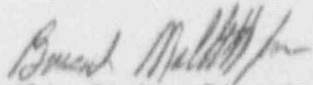
Gentlemen:

SUBJECT: ENFORCEMENT CONFERENCE SUMMARY
(NRC INSPECTION REPORT NOS. 50-327/92-37 AND 50-328/92-37)

This letter refers to the Enforcement Conference held at our request on January 13, 1993. This meeting concerned activities authorized for your Sequoyah facility. Your presentation was beneficial in clarifying the reasons for the continuing problems in your Safeguards Information Program and giving us an understanding of your commitments for corrective actions to preclude recurrence. A list of attendees, conference summary and a copy of your handout are enclosed. We are continuing our review of these issues to determine the appropriate enforcement action.

In accordance with Section 2.790 of the NRC's "Rule of Practice," Part 2, Title 10, Code of Federal Regulations, a copy of this letter and its enclosures will be placed in the NRC Public Document Room.

Sincerely,


J. Philip Stohr, Director
Division of Radiation Safety
and Safeguards

Enclosures:

1. List of Attendees
2. Conference Summary
3. Handout

cc w/encls:

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Knoxville, TN 37902

(cc w/encls cont'd - See page 2)

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Tennessee Valley Authority

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JAN 29 1993

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bcc: (See page 3)

JAN 29 1993

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J. Johnson, RII

P. J. Kellogg, RII

J. B. Brady, RII

B. Bordenick, OGC

D. E. LaBarge, NRR

G. Lainas, NRR

J. Lieberman, OE

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DMCollins

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BSMallett

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RII:DRP

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PKellogg

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RII:ORA

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GJenkins

/ /93

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CEvans

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(*) SEE PREVIOUS PAGE FOR CONCURRENCES

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RII:ORA

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1/21/93

RII:ROA

CEvans
1/21/93

Enclosure 1

List of Attendees

U.S. Nuclear Regulatory Commission

Region II

D. Collins, Chief, Nuclear Material Safety and Safeguards Branch
C. Evans, Regional Coordinator
G. Jenkins, Director, Enforcement and Investigation Coordination Staff
P. Kellogg, Chief, Division of Reactor Projects, Section 4A
O. Masnyk, Safeguards Specialist
D. McGuire, Chief, Safeguards Section
L. Reyes, Deputy Regional Administrator
J. Stohr, Director, Division of Radiation Safety and Safeguards
L. Stratton, Physical Security Specialist
D. Thompson, Physical Security Inspector
W. Tobin, Senior Safeguards Inspector
B. Uryc, Senior Enforcement Specialist
B. Wilson, Chief, Division of Reactor Projects, Branch 4

Office of Enforcement

R. Rosano, Senior Enforcement Specialist

Tennessee Valley Authority

J. Bynum, Vice President, Nuclear Operations
M. Burzynski, Corporate Licensing Manager
R. Fenech, Site Vice President, Sequoyah
T. Flippo, Site Quality Manager
C. Kelley, Corporate Security Manager
M. Medford, Vice President, Nuclear Assurance
J. Setliffe, Site Security Manager
R. Thompson, Compliance Licensing Manager

Enclosure 2

Enforcement Conference Summary

An Enforcement Conference was held on January 13, 1992, at the Region II office to discuss the recurring problems relating to the protection of Safeguards Information at the Sequoyah Nuclear Plant, and the licensee's failure to log all of these events in the Safeguards Quarterly log.

The Deputy Regional Administrator expressed concern with the continuing problems in the Safeguards Information Program and with the licensee's failure to recognize the problems and their significance. The Director of the Enforcement and Investigation Coordination Staff explained the enforcement process and those portions of the policy pertinent to this conference. The Director for the Division of Radiation Safety and Safeguards recapped the NRC's understanding of the apparent violations and the regulatory requirements.

Licensee officials provided a briefing outlining the causes for the apparent violations and the implemented and proposed corrective measures. This briefing is contained in Enclosure 3 to this report.

**TVA/NRC
ENFORCEMENT
CONFERENCE**

**SGI CONTROL EVENTS
IR 327, 328/92-37**

JANUARY 13, 1993

TENNESSEE VALLEY AUTHORITY

SEQUOYAH NUCLEAR PLANT

ENFORCEMENT CONFERENCE PRESENTATION

SGI CONTROL EVENTS

JANUARY 13, 1993

AGENDA

I. INTRODUCTION

R. FENECH
(Site V.P.)

II. DISCUSSION OF SAFEGUARDS EVENTS

C. KELLEY
(Corp. Sec. Mgr.)

- SUMMARY OF EVENTS
- REPORTABILITY
- TRENDING & SELF-ASSESSMENT
- ROOT CAUSES
- CORRECTIVE ACTIONS
- DISCUSSION OF SPECIFIC EVENTS

III. QA INVOLVEMENT

T. FLIPPO
(QA Mgr.)

IV. REGULATORY PERSPECTIVE

M. BURZYNSKI
(Corp. Lic. Mgr.)

V. CLOSING REMARKS/CONCLUSIONS

R. FENECH

DISCUSSION OF SAFEGUARDS EVENTS

SUMMARY OF EVENTS

TIME FRAME

- 8 EVENTS IN 1991
- 10 EVENTS IN 1992

18 EVENTS FALL INTO 6 CATEGORIES

- 6 UNSECURED CABINETS
- 2 FAULTY STORAGE EQUIPMENT
- 1 FAILURE TO PROPERLY MARK
- 7 FAILURE TO ADEQUATELY PROTECT
- 1 FAILURE TO UPDATE SGI ACCESS LIST
- 1 LATE LOG ENTRIES

DISCUSSION OF SAFEGUARDS EVENTS

REPORTABILITY

DEVELOPMENT OF TVA REPORTING STANDARDS

- PARTICIPATION IN SOUTH EAST NUCLEAR SECURITY ASSOCIATION (SENSA)
- NRC GUIDANCE -- GENERIC LETTER 91-03

HOW REPORTABILITY STANDARDS OPERATE

- SIGNIFICANT SGI
(LOST/COMPROMISED) = 1 Hr CALL
- SIGNIFICANT SGI
(NOT LOST/NOT COMPROMISED) = LOGGED
- NON-SIGNIFICANT SGI
(LOST/COMPROMISED) = LOGGED
- NON-SIGNIFICANT SGI
(NOT LOST/NOT COMPROMISED) = NON-EVENT

REPORTABILITY OF EVENTS

- BASED ON ABOVE, ORIGINAL DETERMINATION -- 5 EVENTS LOGGABLE
- REPORTABLE & NON-REPORTABLE EVENTS RECORDED IN INTERNAL SECURITY LOG
- TVA's REPORTABILITY DETERMINATIONS WERE DIRECTLY RELATED TO OVERALL SIGNIFICANCE

DISCUSSION OF SAFEGUARDS EVENTS

REPORTABILITY

(CONTINUED)

SOME TYPICAL FACTORS USED IN SIGNIFICANCE DETERMINATION

- COMPROMISE OR LOST SGI
- IMPORTANCE OF INFORMATION
- DURATION
- LOCATION
- COULD INFORMATION BE DECLASSIFIED
- ACCESSIBILITY BY UNAUTHORIZED PERSONS

DISCUSSION OF SAFEGUARDS EVENTS

REPORTABILITY

(CONTINUED)

5 LOGGED EVENTS

<u>DATE</u>	<u>DESCRIPTION</u>	<u>COMPROMISE</u>	<u>IMPORTANCE</u>	<u>DURATION</u>	<u>LOCATION</u>	<u>DECLASSIFIED</u>	<u>ACCESSIBILITY</u>
01/16/91	UNSECURED CABINET	N	N	≤ 4 Hrs	SECURED LOCATION	N	N
04/21/91	STORED IN UNAPPROVED CABINET	N	N	≥ 24 Hrs	SECURED LOCATION	N	N
10/23/91	UNSECURED CABINET	N	Y	≤ 16 Hrs	SECURED LOCATION	N	N
04/10/92	LOST SGI	N	N	2 Yrs	N/A	N	UNK
09/18/92	FAILURE TO CONTROL SGI	N	Y	7 Mos	OUTSIDE PA	N	LIMITED POTENTIAL

DISCUSSION OF SAFEGUARDS EVENTS

TRENDING/SELF-ASSESSMENT

MONTHLY REPORTS

- SELF-AUDIT REDUCED THE NUMBER OF SGI CONTAINERS
- ERCW BADGING PROCESS CHANGED
- PHYSICAL SECURITY UPGRADE PROJECT INITIATED

ROOT CAUSE ANALYSIS COMMITTEE

- CHANGED PA BADGE ISSUE PROCESS

QUALITY IMPROVEMENT TEAM (QIT)

- REDUCED VOLUME OF SGI
- REDUCED NUMBER OF SGI CONTAINERS
- REDUCED NUMBER OF SGI CUSTODIANS

DISCUSSION OF SAFEGUARDS EVENTS

ROOT CAUSES

- TVA REPORTING STANDARD RESULTED IN NON-LOGGED EVENTS
- INATTENTION TO DETAIL RESULTED IN FAILURE TO ADEQUATELY CONTROL SGI
- NOT INCLUDING "EXTENT OF CONDITION" AND/OR "PRIOR SIMILAR EVENTS" IN REVIEW OF ROUTINE INCIDENTS LED TO LACK OF RECOGNITION OF POTENTIAL ADVERSE TRENDS

PRINCIPAL CONTRIBUTING FACTORS

- TOO MUCH SGI
- TOO MANY PEOPLE
- TOO MANY LOCATIONS

DISCUSSION OF SAFEGUARDS EVENTS

CORRECTIVE ACTIONS

CONTRIBUTING CAUSES

- QIT EFFORT

REPORTING STANDARD

- FOUR EVENTS LOGGED ON NRC 24 Hr LOG TO BE INCLUDED ON QUARTERLY SAFEGUARDS EVENT
- SAFEGUARDS EVENTS NOT REPORTED IN PREVIOUS QUARTERS BACK TO 3/6/91 WERE LOGGED INTO THE 24 Hr LOG AS A SINGLE ENTRY
- LETTER ISSUED TO SITE SECURITY SUPERVISORS REQUIRING ALL SGI EVENTS TO BE LOGGED ON THE 24 Hr EVENT LOG
- THRESHOLD FOR REPORTING OF SAFEGUARDS EVENTS HAS BEEN CHANGED AT OTHER TVA NUCLEAR SITES

DISCUSSION OF SAFEGUARDS EVENTS

CORRECTIVE ACTIONS

INATTENTION TO DETAIL

- ISSUED LETTER TO SQN SAFEGUARDS CUSTODIANS REQUIRING USE OF SIGNS AND ACCOUNTABILITY LOGS
- PROVIDED UPGRADED TRAINING TO CUSTODIANS ON SGI CONTROL
- VERIFIED USE OF CONTAINER SIGNS AND ACCOUNTABILITY
- REVISED PROCEDURE REQUIRING USE OF LOGS AND ACCOUNTABILITY LOGS

NARROWLY FOCUSED INCIDENT REVIEWS

- REVISED PROCEDURE TO ENSURE SECURITY EVENT INVESTIGATIONS INCLUDE: (1) EXTENT OF CONDITION; (2) SEARCH FOR PRIOR SIMILAR EVENTS; (3) DETERMINATION OF "REAL" ROOT CAUSE; AND (4) FORMAL TRACKING OF EVENT ACTIONS
- PERFORMED TREND ANALYSIS OF OTHER SECURITY EVENTS AND INITIATED APPROPRIATE ACTIONS, WHERE NEEDED
- REVISED PROCEDURE TO ENSURE AT LEAST ONE MEMBER OF SECURITY EVENT INVESTIGATION TEAM IS TRAINED IN ROOT CAUSE ANALYSIS METHODS
- REVISED PROCEDURE TO REQUIRE INCLUSION OF SECURITY EVENTS IDENTIFIED AS ADVERSE TRENDS INTO NER PROGRAM

DISCUSSION OF SAFEGUARDS EVENTS

SALE OF SGI CONTAINER

OVERVIEW OF EVENT

- UNAUTHORIZED CONTAINER -- ISOLATED OCCURRENCE
- OLD EVENT -- SIGNIFICANT PROGRAM ENHANCEMENTS HAVE OCCURRED SINCE THEN
- IN DEPTH INVESTIGATION SHOWED LIMITED POTENTIAL FOR COMPROMISE

REPORTABILITY

- NO COMPROMISE, ALTHOUGH INFORMATION CONSIDERED SIGNIFICANT
- INCIDENT DISCUSSED WITH NRC STAFF

ROOT CAUSE

- UNAUTHORIZED CONTAINER NOT ON APPROVED SAFEGUARDS CONTAINER LIST

CORRECTIVE ACTIONS

- NOW ONLY SECURITY CAN ESTABLISH CONTAINERS
- EXTRA S&G LOCKS NOW UNDER SECURITY CONTROL
- RETRAINED CORP. ENG. SGI HANDLERS
- INTERVIEWED CORP. ENG. CUSTODIANS TO ASSURE NO ADDITIONAL UNAUTHORIZED CONTAINERS
- PERSONNEL SENSITIZED THAT LOCKED CONTAINERS ARE NOT TO BE MOVED UNTIL SECURITY INVENTORIES CONTENTS

DISCUSSION OF SAFEGUARDS EVENTS

IMPROPER MARKING OF CHANGE NOTICE

OVERVIEW OF EVENT

- INVOLVED PARTIAL WIRING DIAGRAM
- SHORT DURATION

REPORTABILITY

- NO COMPROMISE
- ALTHOUGH APPROPRIATELY MARKED AS SAFEGUARDS, BY ITSELF, NOT AN IMPORTANT DOCUMENT

ROOT CAUSE

- ISOLATED -- PERSONNEL ERROR

CORRECTIVE ACTIONS

- COUNSELED INDIVIDUAL

DISCUSSION OF SAFEGUARDS EVENTS

INCIDENT CONCERNING UPDATE OF SGI ACCESS LIST

OVERVIEW OF EVENT

- INVOLVED INPO CONTRACTOR
- ISOLATED OCCURRENCE

REPORTABILITY

- HAD NO ACCESS TO SGI

ROOT CAUSE

- FAILURE TO PERIODICALLY UPDATE ACCESS LIST

CORRECTIVE ACTION

- ADDITIONAL MANAGEMENT REVIEW REQUIRED

QA OVERSIGHT EFFORTS DURING 1991-92

- TWO ANNUAL NUCLEAR POWER WIDE PERFORMANCE BASED AUDITS
 - AUDITS ADDRESSED SGI CONTROLS
 - SECURITY EVENT LOGS WERE EVALUATED
 - NO ADVERSE TRENDS IDENTIFIED
- PERFORMANCE BASED ASSESSMENTS
 - (5/91) INITIATED FIR ADDRESSING INADEQUATE TREND ANALYSIS FOR SGERs
 - (4/92) QA IDENTIFIED SGI CONTROL EVENT
 - (10/92) QA IDENTIFIED SGI CONTROL EVENT
- QUARTERLY TREND REPORTS
 - NO SIGNIFICANT ADVERSE TRENDS WERE IDENTIFIED

CONCLUSION: SIGNIFICANT ADVERSE TRENDS WERE NOT APPARENT BASED ON QA's OVERSIGHT EFFORTS

FUTURE ACTIONS: (1) LOOK AT SECURITY EVENTS OVER A BROADER TIME FRAME & (2) STRENGTHEN TREND ANALYSIS TO EVALUATE NON-REPORTABLE SAFEGUARDS EVENTS

REGULATORY PERSPECTIVE

- BASED ON REVISED ENFORCEMENT POLICY (2/92) INCREASES THRESHOLD FOR SIGNIFICANT SECURITY VIOLATIONS
- RELEVANT ENFORCEMENT PRECEDENT SUPPORTS NON-ESCALATED ACTION
- INDIVIDUALLY, EVENTS OF MINIMAL SAFEGUARDS SIGNIFICANCE
- AS A WHOLE, EVENTS DO NOT REPRESENT A BREAKDOWN IN OVERALL SECURITY PROGRAM EFFECTIVENESS
- PROMPT & EFFECTIVE CORRECTIVE ACTIONS FOR NRC's CURRENT CONCERNS HAVE BEEN TAKEN

REGULATORY PERSPECTIVE

(CONTINUED)

- SALP 1 FOR TWO PERIODS -- SHOWS SECURITY PROGRAM REMAINS EFFECTIVE
- NRC REVIEW OF SECURITY PROGRAM EFFORTS

AUGUST 1992 INSPECTION REPORT No. 92-23

"The licensee has instituted a Root Cause Analysis committee to investigate self identified failures of personnel and equipment Safeguards Event Logs (10 CFR 73.71) are reviewed and analyzed as part of this self-audit/self-corrected effort."

OCTOBER 1992 SALP REPORT No. 92-26

"Self-assessments were superior Additional compliance audits from Corporate Nuclear Security and site security organizations provided extensive self-assessment. Root Cause analysis and human performance evaluations assure corrective actions were effective. Trending of Safeguards Event Logs by security management resulted in pro-active measures"

- GOOD FAITH EFFORT ON REPORTING CRITERIA MADE THROUGH SENSA PARTICIPATION

OVERALL CONCLUSION: ESCALATED ENFORCEMENT IS NOT WARRANTED

FINAL REMARKS

- SUMMARY OF TVA POSITION
- CONCLUSIONS