

ENCLOSURE 2

U.S. NUCLEAR REGULATORY COMMISSION
REGION IV

Docket No.: 50-285
License No.: DPR-40
Report No.: 50-285/96-07
Licensee: Omaha Public Power District
Facility: Fort Calhoun Station
Location: Fort Calhoun Station FC-2-4 Adm.
P.O. Box 399, Hwy. 75 - North of Fort Calhoun
Fort Calhoun, Nebraska
Dates: August 19-26 and September 6, 1996
Inspectors: D. W. Schaefer, Physical Security Specialist
A. B. Earnest, Physical Security Specialist
Approved By: Blaine Murray, Chief, Plant Support Branch
Division of Reactor Safety

ATTACHMENT: Partial List of Persons Contacted
List of Inspection Procedures Used
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EXECUTIVE SUMMARY

Fort Calhoun Station NRC Inspection Report 50-285/96-07

This was a special, announced inspection of the licensee's access authorization program utilizing Temporary Instruction 2515/127, "Access Authorization," dated January 17, 1995.

Plant Support

- The Updated Final Safety Analysis Report wording, Section 12.7, was consistent with the observed plant access authorization practice and procedures (Section E2).
- The administration and implementation of the access authorization program was excellent. The staff were knowledgeable and performed their duties in an excellent manner. Management support for the program was excellent. A violation was identified involving the physical protection system which was not adequately designed to protect against the design basis threat of radiological sabotage (Section S1.1).
- The majority of the background investigations were completed in a comprehensive and thorough manner. An inspection followup item was identified involving the licensee's weak review and consideration of derogatory information. A violation was identified involving the licensee's failure to adequately review and consider criminal history information provided by the FBI, but willfully omitted and denied by an individual. The licensee committed to audit active background investigation files to insure that all criminal history information had been properly reviewed and considered (Section S1.2).
- Effective implementing procedures had been developed for the psychological evaluation program. The psychological evaluation program was excellent (Section S1.3).
- The revised continual behavior observation training program was comprehensive and included annual training to all employees. Individuals had been informed of their responsibility to report arrests that could affect their trustworthiness (Section S1.4).
- The grandfathering, reinstatement, updating, transfer, and temporary access program elements were generally administered in accordance with rule requirements (Section S1.5).

- An excellent program for denying or revoking unescorted access was in place. The criteria used by the licensee was appropriate. The licensee had implemented an appeal process and personnel denied access were advised of their right to appeal that denial (Section S1.6).
- An excellent program was in place to protect personal information from unauthorized disclosure. Effective procedures were in place to ensure that information was only released to those staff members with a need for access (Section S1.7).
- The audit of the site access authorization program was excellent. Audits were completed in a timely manner and thorough reviews were completed of audits conducted by other licensees (Section S1.8).
- An excellent records retention system and supporting procedures were in place to insure that the specified records were retained for the required period of time (Section S1.9).

Report Details

III. Engineering

E2 REVIEW OF COMMITMENTS IN THE UPDATED FINAL SAFETY ANALYSIS REPORT (UFSAR)

A recent discovery of a licensee operating their facility in a manner contrary to the UFSAR description highlighted the need for a special focused review that compares plant practices, procedures and/or parameters to the UFSAR descriptions. While performing the inspection discussed in this report, the inspectors reviewed the applicable portions of the UFSAR that related to the areas inspected. The inspectors verified that the UFSAR wording, Section 12.7, was consistent with the observed plant practices, procedures and/or parameters.

IV. Plant Support

ACCESS AUTHORIZATION (TEMPORARY INSTRUCTION 2515/127)

On April 25, 1991, the Commission published the "Personnel Access Authorization Requirements for Nuclear Power Plants," 10 CFR 73.56, requiring power reactor licensees to implement an access authorization program by April 27, 1992, and to incorporate this program into the licensee's physical security plan. The objective of the rule was to provide high assurance that individuals granted unescorted access were trustworthy and reliable, and did not constitute risk to health and safety of the public, including a potential to commit radiological sabotage.

This inspection, conducted in accordance with NRC Inspection Manual, Temporary Instruction 2515/127, "Access Authorization," dated January 17, 1995, assessed the implementation of the licensee's access authorization program.

S1 Conduct of Access Authorization Program Activities

S1.1 Access Authorization Program Administration and Organization

a. Inspection Scope (TI 2515/127)

The inspectors evaluated the access authorization program administration and implementation through the assessment of management involvement, oversight and support of the program, structure and interfaces of the organization, the authorities and responsibilities assigned, and the specialized training and work experience of key program personnel. The licensee's program to determine if a single insider could grant and allow unescorted access into the protected and vital areas was also reviewed.

b. Observations and Findings

Responsibility for overall management of the Access Authorization Program (Personnel Reliability Program) was assigned to the Manager, Security Services. The Manager, Security Services had the authority to grant, deny, or revoke unescorted access authorization. The Supervisor, Access Authorization Programs was responsible for the day to day administration and implementation of the Access Authorization Program to include granting unescorted access authorization and recommending denial or revocation to the Manager, Security Services.

The inspectors conducted interviews with access authorization program staff and determined there was excellent management support for the program.

The inspectors interviewed program administrators and site representatives and determined that they were very knowledgeable of program responsibilities and performed their duties in an excellent manner. The inspectors reviewed the utility's access authorization program procedures and noted that they were concise and contained the guidance necessary to implement the program.

- Physical Protection System Design

License Condition 2.C 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).

Section 2.0 of the licensee's physical security plan states, in part, that "The physical security program for the FCS has been designed to protect against the design basis threat contained in 10 CFR 73.1(a)(1).

10 CFR 73.1(a) states, in part, that the design basis threat of radiological sabotage at plants 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).

In a June 10, 1996, memorandum to Region IV, the Office of Nuclear Reactor Regulation (NRR) stated, in part, that "The Access Authorization Program (along with fingerprinting and fitness-for-duty) is intended to reduce the probability of an insider threat, but it does **not** (emphasis added) relieve the licensee of the requirement to protect against the insider in any position."

On August 20, 1996, the inspectors determined through interviews and a review of records that either of the two Security Screening Technician could **individually** approve bogus unverified access authorization data for entry into the security computer. The inspectors also verified through interviews that the bogus unverified information would be automatically processed by one of the security alarm stations

and entered into the security computer's data base. The licensee confirmed that security officers in either alarm station were unable to accurately verify any of the access authorization information. As a result, unverified bogus access authorization information could be used to actively facilitate entrance and exit to unauthorized persons determined to damage the plant. During the exit meeting on August 23, 1996, the inspectors discussed the need that prior to sending access authorization information to the security alarm stations, a minimum of two persons must be involved in reviewing and approving unescorted access authorization.

The licensee's inadequate design of the physical protection system to protect against the single insider in the design basis threat of radiological sabotage, by allowing each of two individuals (insider) an opportunity to fabricate a bogus security badge and also cause bogus unverified access authorization data to be entered into the security computer, is a violation of Section 2.0 of the physical security plan (VIO 285/9607-01).

The inspectors verified that proper corrective actions had been completed by the licensee. On August 22, 1996, the licensee published a change to revision 6 to Security Administrative Procedure SAP-18, "Security Badge Processing, Control and Accountability." As revised, paragraph 2.1.4 of this procedure states, in part that, "Part III of the SDF-72 (Badge Activation/Deactivation Form) will be signed/dated by an individual other than the individual making the ACE and Security Computer entries."

c. Conclusions

The administration and implementation of the access authorization program was excellent. The staff were knowledgeable and performed their duties in an excellent manner, and management support for the program was excellent. A violation identified that the physical protection system was not adequately designed to protect against the design basis threat of radiological sabotage.

S1.2 Background Investigations Elements

a. Inspection Scope (TI2515/127)

The inspectors reviewed records and conducted interviews to determine the adequacy of the program. The inspectors also reviewed information concerning the licensee's verification of identity, employment history, educational history, credit history, criminal history, military service, and the character and reputation of the applicants, before granting individuals unescorted access to protected and vital areas.

b. Observations and Findings

10 CFR 73.56 (b)(2)(i) requires, in part, that the licensee provide high assurance that individuals granted unescorted access to protected and vital areas are trustworthy and reliable. In this regard, the licensee's program for granting unescorted access authorization to the plants' protected and vital areas must include a background investigation, including information concerning an individual's criminal history.

License Condition 2.C 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).

Section 6.0 of the licensee's physical security plan states, in part, that, "Individuals requiring unescorted access to the protected and vital areas of Fort Calhoun Station shall be authorized such access in accordance with Regulatory Guide 5.66, June 1991, and its appendix, which satisfies the requirements of 10 CFR 73.56."

Paragraph 7.1 of the Appendix to Regulatory Guide 5.66 dated June 1991 (NUMARC 89-01) requires, in part, that a licensee **review and consider** all information obtained during a background investigation and base its decision to grant unescorted access authorization upon the results of this review.

During this inspection, the inspectors reviewed approximately 40 background investigation files for individuals granted unescorted access authorization and determined that all elements of a successful background investigation were completed in accordance with the above requirements, except as identified below.

- Review of Derogatory Information

The inspectors' review of background investigation files identified examples in which the licensee was unable to adequately demonstrate its review and consideration of all derogatory information. For example, in several background investigation files the licensee documented its review of derogatory information by placing a "check" or the reviewers initials adjacent to the derogatory information. Additionally, in other background investigation files, no marks were placed adjacent to the derogatory information. The inspectors were unable to determine if the licensee had previously considered all derogatory information prior to granting unescorted access authorization.

During the exit meeting on August 23, 1996, the inspectors stated that often times a licensee will document their required review (adjudication) by providing a summary file-listing of all derogatory information, followed by a recommendation to either grant or deny unescorted site access.

The licensee's lack of documentation to adequately demonstrate its review and consideration of all derogatory information is considered an inspection followup item and will be reviewed during subsequent security inspections (IFI 285/9607-02).

- Incomplete Review of Derogatory Information

Paragraph 7.1a of the Appendix to Regulatory Guide 5.66 dated June 1991 (NUMARC 89-01) requires, in part, that in making a determination of trustworthiness and reliability, that the licensee consider the willful omission or falsification of material information submitted in support of a request for unescorted access authorization.

During this inspection, the inspectors reviewed several background investigation files. The inspectors identified several issues with an individual (Employee B) background investigation file. The file indicated that on March 29, 1993, Employee B had stated on his Personal Security Questionnaire that since his 18th birthday he had no ("none") criminal convictions or pending charges for violations of any laws, regulations, or ordinances. Later on March 29, 1993, upon completion of necessary background investigation requirements and submission of Employee B's fingerprints (through the NRC) to the FBI, the licensee appropriately granted Employee B **temporary** unescorted site access to protected and vital areas at Fort Calhoun Station.

On approximately May 10, 1993, the licensee received FBI fingerprint results which indicated that in May 1991 Employee B had been charged with misdemeanor theft of personal property. On May 11, 1993, the licensee contacted (via fax) the Ventura County Sheriff's office, Ventura, California, for information regarding the disposition of this criminal charge. Later on May 11, 1993, Ventura County, California, provided the licensee (via fax) Sheriff's Department records and Valencia County Court Records indicating that Employee B had been charged and convicted in 1991 of theft of personal property, and had served 48 hours in the Ventura County Jail.

On May 11, 1993, the licensee interviewed Employee B regarding the May 1991 conviction of theft of personal property (California Penal Code 484A). During the interview, Employee B stated to the licensee that in May 1991 he had only been convicted of speeding and that he knew nothing about the misdemeanor theft charge. Based upon a review of the above documents and Employee B's denial of the theft charge, the licensee allowed Employee B to retain his temporary unescorted site access.

On July 20, 1993, the licensee granted Employee B **final** unescorted access to protected and vital areas. The licensee's records indicate that since the theft charge was a misdemeanor, i.e., an offense that would not have

resulted in access denial, the 1993 adjudication was favorable and Employee B was granted unescorted access authorization without further resolution (adjudication) of the above criminal history charge.

On August 21, 1996, upon reviewing the background investigation file, the inspectors determined that apparently the licensee's adjudication of Employee B's criminal history information did not consider his possible omission (or falsification) of this information from his Personal Security Questionnaire. As a result, on August 22, 1996, the licensee again questioned Employee B regarding the 1991 theft conviction. Again, Employee B stated that he knew nothing about the 1991 misdemeanor theft conviction.

On August 22, 1996, the licensee and the inspectors telephonically verified with California law enforcement authorities that on May 15, 1991, Employee B had been arrested and charged with theft of personal property. As a result of this arrest, the law enforcement authorities stated that Employee B had been convicted and sentenced to two days in jail.

On August 23, 1996, based upon the premise that Employee B may have lied to an NRC inspector during the above interview, the licensee suspended Employee B's unescorted access authorization and requested that Employee B provide documented evidence that he had not been previously convicted of theft of personal property.

On August 26, 1996, the Manager, Security Services telephonically notified Region IV that Employee B stated that the FBI criminal history records were correct and that in 1991 he had been charged and convicted of misdemeanor theft, and that he had served two days in jail in lieu of payment of fine. The licensee's failure to adequately review and consider all information obtained during Employee B's background investigation and to grant unescorted access authorization to the protected and vital areas, without determining if criminal history information reported by the FBI, had been willfully omitted from Employee B's personnel history questionnaire, is a violation of the physical security plan (VIO 285/9607-03).

During the exit meeting on August 23, 1996, the inspectors identified the above violation as an unresolved item. On September 6, 1996, Mr. D. Schaefer (NRC inspector) telephonically notified Mr. G. Cavanaugh at Fort Calhoun Station, licensing engineer that based upon further review by Region IV, the unresolved item had been reclassified as a violation.

During the exit meeting on August 23, 1996, the Manager, Nuclear Services committed to audit the background investigation files for all individuals granted unescorted access authorization at the Fort Calhoun Station.

c. Conclusions

The majority of the background investigations were completed in a comprehensive and thorough manner in accordance with regulations, the physical security plan, and procedural requirements. An inspection followup item was identified involving the licensee's weak review and consideration of derogatory information. A violation was identified involving the licensee's failure to review and consider criminal history information reported by the FBI, but omitted by an employee. The licensee committed to audit active background investigation files to insure that all criminal history information had been properly reviewed and considered.

S1.3 Psychological Evaluations

a. Inspection Scope (TI 2515/127)

The inspectors reviewed the licensee's program for administering psychological tests and the methodology for evaluating the results prior to granting individuals unescorted access authorization.

b. Observations and Findings

The licensee administered psychological tests to all individuals requesting unescorted access into the protected area. The inspectors confirmed by interviews that personnel taking the test were positively identified and that the test was proctored to prevent compromise. The licensee had contracted for evaluation of the tests. The inspectors determined through interviews that the psychologist had developed proper standards for use in reviewing test results.

The licensee was aware of NRC information notices addressing access authorization concerns in the area of psychological testing.

c. Conclusions

The licensee's psychological evaluation program was excellent. Effective implementing procedures had been developed for the psychological evaluation program.

S1.4 Behavioral Observation Program

a. Inspection Scope (TI 2515/127)

The licensee's behavioral observation program was inspected to determine whether supervisors and managers were trained to detect and report changes in behavior that could adversely affect trustworthiness and reliability; and that employees were aware of their responsibility to report all arrests to the licensee.

b. Observations and Findings

The inspectors interviewed supervisors concerning their training and knowledge of the continual behavior observation program (CBOP). Additionally, the inspectors reviewed a portion of the licensee's training program and the examination questions for this program.

The licensee stated that the behavior observation program was in transition between the former and the new training program. Under the former training program all supervisors and managers received training in the area of continual behavior observation, whereas in the new program, the licensee provided this training to all personnel.

The licensee also stated that its new program was the standard CBOP program designed for all Utility Services Alliance (USA) member plants, however, at Fort Calhoun Station, this basic program had been supplemented with a 45-minute video and handbook program titled: Continual Behavior Observation Program. The licensee stated that all personnel received this required CBOP training as part of the annual General Employee Training program.

During the exit meeting on August 23, 1996, the inspectors noted that the licensee's inclusion of the 45-minute CBOP video and handbook had strengthened the standard USA CBOP training program.

Paragraph 9.0 of the appendix to Regulatory Guide 5.66 (NUMARC 89-01) states, in part, individuals with unescorted access authorization must be notified of his/her responsibility to report any arrest that may impact upon his/her trustworthiness. The inspectors also determined by interviews of individuals with unescorted access into the protected area that the licensee had notified individuals of their responsibility to report all arrests that could affect their trustworthiness.

c. Conclusions

The licensee's revised continual behavior observation program was comprehensive and provided annual training to all employees. Individuals had been informed of their responsibility to report arrests that could affect their trustworthiness.

SI.5 Grandfathering, Reinstatement, Updating, Transfer and Temporary Unescorted Access Authorization

a. Inspection Scope (TI 2515/127)

The inspectors reviewed the licensee's program for grandfathering, reinstatement, updating, transfer, and temporary unescorted access, to insure compliance with requirements.

b. Observations and Findings

As part of the review activities for the files discussed in Section S1.2 above, the inspectors determined that employees were generally granted access in accordance with the regulatory requirements and applicable NRC guidance.

c. Conclusions

The grandfathering, reinstatement, updating, transfer, and temporary access program elements were generally administered in accordance with rule requirements.

SI.6 Denial or Revocation of Unescorted Access

a. Inspection Scope TI 2515/127)

The inspectors reviewed the licensee's system for denial or revocation of unescorted access authorization to determine if the licensee had implemented a proper procedure for the review, at the request of the affected individual, of a denial or revocation by the licensee of unescorted access of an employee of the licensee, contractor or vendor.

b. Observations and Findings

The inspectors reviewed six files in which fingerprint submittals had been returned with a criminal record or other derogatory information that had been developed during the investigation. The inspectors verified that the rationale used by the licensee in its decision for denial was appropriate. The persons denied access were notified of the denial of access and of their right to review and reply to information in the records used as a reason for the access denial. These persons were also provided with information on the appeal process that was available to them.

c. Conclusions

An excellent program for denying or revoking unescorted access was in place. The criteria used by the licensee was appropriate. The licensee had implemented an appeal process and personnel denied access were advised of their right to appeal that denial.

SI.7 Protection of Personal Information

a. Inspection Scope TI 2515/127)

The inspectors reviewed the licensee's file system and procedures to determine whether personal information was disclosed to unauthorized persons. File maintenance and access control was also reviewed.

b. Observations and Findings

The inspectors interviewed licensee personnel to determine that personal information was protected from disclosure to anyone without a need to know and the authority to have access to that information. The background information files were kept in locked containers in a secure area with access limited to only those staff members with a need for access. Procedures were in place to ensure that information was only released to those staff members with a need for access.

c. Conclusions

An excellent program was in place to protect personal information from unauthorized disclosure. Effective procedures were in place to ensure that information was only released to those staff members with a need for access.

S1.8 Audits

a. Inspection Scope TI 2515/127

The inspectors reviewed the licensee audit program to determine if audits of the access authorization program were timely and of sufficient depth to detect problems.

b. Observations and Findings

The inspectors determined that the licensee had completed an excellent audit of their access authorization program and that the audit had been completed in a timely manner. The licensee's records included copies of Security Department Surveillance Reports and several audits of contractor programs. Some of the audits were performed by other licensees and, according to the regulations, were accepted by the licensee to satisfy their own audit requirements.

c. Conclusions

The licensee's audit of the site access authorization program was excellent. Audits were completed in a timely manner and thorough reviews were completed of audits conducted by other licensees.

S1.9 Records

a. Inspection Scope TI 2515/127

The inspectors reviewed the licensee's records to insure that adequate access authorization records were retained for the appropriate time.

b. Observations and Findings

The inspectors determined that the licensee's procedure for record retention correctly identified the required records and retention times for the records. All required documents supporting the final granting of unescorted access to an individual were in the file.

c. Conclusions

An excellent records retention system and supporting procedures were in place to insure that the specified records are retained for the correct period of time.

V. Management Meetings

X1 Exit Summary

The inspectors presented the inspection results to members of the licensee management at the conclusion of the inspection on August 23, 1996. The licensee acknowledged the findings presented. The licensee committed to audit active background investigation files to insure that all criminal history information had been properly reviewed and considered. No proprietary information was identified.

ATTACHMENT

PARTIAL LIST OF PERSONS CONTACTED

Licensee

R. Andrews, Manager, Nuclear Services Division
G. Cavanaugh, Station Licensing Engineer
R. Connor, Manager, Training
G. Cook, Supervisor, Station Licensing
J. Gasper, Manager, Nuclear Projects
D. Gross, Supervisor, Security Training
T. Herman, Lead Auditor (Security), Quality Assurance
B. Kindred, Supervisor, Security Operations
L. Kusek, Acting Manager, Quality Assurance/Quality Control
D. Leiber, Supervisor, Security Support Services
T. Patterson, Manager, Nuclear Operations Division
M. Roberts, Supervisor, Access Authorization Programs
H. Sefick, Manager, Security Services
J. Tills, Manager, Nuclear Licensing

NRC

T. Andrews, Radiation Specialist
V. Gaddy, Resident Inspector
W. Walker, Senior Resident Inspector

INSPECTION PROCEDURES USED

TI 2515/127 Access Authorization

ITEMS OPENED, CLOSED, AND DISCUSSED

Opened

50-285/9607-01	VIO	Physical Protection System Design
50-285/9607-02	IFI	Weak Review of Derogatory Information
50-285/9607-03	VIO	Incomplete Review of Derogatory Information and Licensee Audit of Active Background Investigation Files

LIST OF ACRONYMS USED

CBOP	Continual Behavior Observation Program
FBI	Federal Bureau of Investigation
FCS	Fort Calhoun Station
NRC	Nuclear Regulatory Commission
NRR	Nuclear Reactor Regulation
USA	Utility Service Alliance

LIST OF DOCUMENTATION REVIEWED

Selected Background Investigation Files

CMI Question Bank dated May 22, 1996

Plant Access Training - GEN001-02-01, Revision 13.00, Student Text

Licensee Procedures

Personnel Reliability Program, PRP-100

Nuclear Contractor Access Authorization Program, PRP-100-1

Security Administrative Procedure, SAP-18, Security Badge Processing, Control and Accountability

Security Administrative Procedure, SAP-24, Fort Calhoun Station Denied Access List

Security Administrative Procedure, SAP-30, Conducting Background Investigations

Security Administrative Procedure, SAP-31, Nuclear Contractor Access Authorization Procedure

Security Administrative Procedure, SAP-32, Denied Access Review Process and Procedure

Security Administrative Procedure SAP-35, Reporting of Safeguards Events

Audit Reports

Security Screening Audit Report 94-S-004, March 1994

SARC Audit Report #6, Site Security Plan and Contingency Plan, dated August 11, 1994

Audit Report No. 70, March 1995

SARC Audit Report #6, Site Security Plan and Contingency Plan, dated August 11, 1995

Confidential Services Inc., NEI Audit, June 1995

Surveillance Reports

Badging Records, January 1995

Access Authorization Terminations, April 1995

Access Authorization Personnel Badging Records, June 1995

Access Authorization Terminations, August 1995

Employee Terminations, January 1996

Badging Records, January 1996

Access Authorization Lists, January 1996

Contractor Procedures

ABB Combustion Engineering Nuclear Operations, Access Screening Procedure Manual OP-33, Revision 2

Bartlett Nuclear Inc., Unescorted Access Authorization Program

Hartford Steam Boiler Inspection and Insurance Company, Personnel Security Clearance Requirements for Operating Nuclear Power Plant, Revision 4

INPO Administrative Practice and Procedure No. A-3, Unescorted Access Program, Revision 24

PER MAR Services, Nuclear Security Division, NSD-AP-02, Background Investigations, dated 6/11/96

Raytheon Engineers and Constructors, Security Clearance Program, Revision 7/94

Stone and Webster Personnel Screening, Fitness For Duty and Continual Behavior Observation Programs, Revision 1

Xerox Inc., Administrative Practice and Procedure No. X-9, Unescorted Access Program, Revision 0