UNITED STATES
NUCLEAR REGULATORY COMMISSION
WASHINGTON, D. C. 20555

AB46-1
PDR

JAN 18 1985

MEMORANDUM FOR: Patricia G. Norry, Director
Office of Administration

C. J. Heltemes, Director
Office for Analysis and Evaluation of
Operational Data

Guy H. Cunningham
Executive Legal Director

Richard C. DeYoung, Director
Office of Inspection and Enforcement

Harold R. Denton, Director
Office of Nuclear Reactor Regulation

Joseph J. Fouchard, Director
Office of Public Affairs

Robert B. Minogue, Director
Office of Nuclear Regulatory Research

FROM: John G. Davis, Director
Office of Nuclear Material Safety
and Safeguards

SUBJECT: PROPOSED REVISIONS TO 10 CFR 73.71, REPORTING
REQUIREMENTS FOR SAFEGUARDS EVENTS

The subject proposed rulemaking, which you previously concurred upon, has been revised in response to Committee to Review Generic Requirements comment.

The revisions in part improve consistency with other reporting requirements and refine the regulatory analysis for the rulemaking. The format of the package has also been changed to reflect the determination that this rule may be published under Executive Director for Operations signature in accordance with 10 CFR 1.40(c) and (d).

Enclosed is an annotated copy of the rulemaking for your review with revisions highlighted. We believe that your previous concurrence will stand in view

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of the nature of the changes. Please confirm your concurrence or provide comments to Priscilla A. Dwyer, SGPR, x74773 by c.o.b. Friday, February 1, 1985.

John G. Davis, Director
Office of Nuclear Material Safety
and Safeguards

Enclosure:
Revised Rule Package

UNITED STATES
NUCLEAR REGULATORY COMMISSION
WASHINGTON, D. C. 20555

MEMORANDUM FOR: William J. Dircks
Executive Director for Operations

FROM: John G. Davis, Director
Office of Nuclear Material Safety and Safeguards

SUBJECT: PROPOSED REVISIONS TO 10 CFR 73.71 -- REPORTING OF SAFEGUARDS EVENTS

Enclosed for your signature is a Federal Register Notice that proposes amendments to § 73.71, Reporting Requirements for Safeguards Events, to improve the clarity and effectiveness of the present rule.

In summary, the revisions to § 73.71 will:

- clarify to licensees the safeguards events that must be reported,
- extend the period of time for submittal of licensee written reports,
- assure standardized and sufficient report-making to assist NRC data evaluation,
- eliminate telephonic notifications deemed unnecessary by the staff, and
- assure a consistent and comparable level of reporting for safety and safeguards events.

The proposed requirements of § 73.71 are consistent with those of §§ 50.72 and 50.73. Events reported under §§ 50.72 and 50.73 are safety-oriented in nature; those reported under § 73.71 are security-oriented. Proposed changes to § 73.71 would not alter commitments made in response to the requirements of Part 50. Events of a dual nature, having both safety and safeguards impact, would not require duplicate reports.

Notices: This proposed rulemaking will be distributed to affected licensees and other interested persons. A revised regulatory guide (Enclosure 2) will be issued concurrently with publication of this amendment. The Regulatory Analysis (Enclosure 3) will be placed in the NRC Public Document Room. A public announcement will be issued (Enclosure 4). The appropriate Congressional Committees will be advised of these actions (Enclosure 5). A notice to the Commission that the EDO has signed this proposed rule is enclosed for inclusion in the next Daily Staff Notes (Enclosure 6).

Coordination: The Office of the Executive Legal Director has no legal objection and the Offices of Administration, Analysis and Evaluation of Operational Data, Inspection and Enforcement, Nuclear Reactor Regulation, and Nuclear Regulatory Research concur in the proposed amendment to 10 CFR Part 73.71.

John G. Davis, Director
Office of Nuclear Material Safety
and Safeguards

Enclosures:
1. FR Notice of Proposed Rulemaking
2. Revised Reg. Guide
3. Regulatory Analysis
4. Draft Public Announcement
5. Draft Congressional Ltr
6. Draft Daily Staff Notes Item

Approved for Publication

In a final rule published March 19, 1982 (47 FR 11816), the Commission delegated to the EDO (10 CFR 1.40(c) and (d)) the authority to develop and promulgate rules as defined in the APA (5 U.S.C. 551(4)) subject to the limitations in NRC Manual Chapter 0103, Organization and Functions, Office of the Executive Director for Operations, paragraphs 0213, 038, and 0310. The enclosed proposed rule entitled, "Report of Unaccounted for Shipments, Suspected Thefts, or Unlawful Diversions and Other Safeguards Events," amends 10 CFR Part 73 by revising 10 CFR 73.71 to improve the clarity and effectiveness of the present safeguards reporting requirements. In issuing this proposed rule, the EDO is acting in accordance with the general policy guidance provided by the NRC in a final rule establishing the Commission's policy on the reporting of safeguards events (47 FR 11511).

This proposed rule does not constitute a significant question of policy, nor does it amend regulations contained in 10 CFR Parts 0, 2, 7, 8, 9 Subpart C, or 110. I therefore find that this proposed rule is within the scope of my rule-making authority and am proceeding to issue it.

Date

William J. Dircks
Executive Director for Operations

ATTACHMENT 1

Federal Register Notice

[7590-01]

NUCLEAR REGULATORY COMMISSION

10 CFR Parts 70 and 73

Changes to Safeguards Reporting Requirements

Licensees who will be affected are power and nonpower reactors, fuel cycle facilities, and some transporters, importers and exporters of strategic special nuclear material

AGENCY: Nuclear Regulatory Commission.

ACTION: Proposed rule.

SUMMARY: The Nuclear Regulatory Commission proposes to amend its regulations for the reporting of safeguards events. The proposed rule would clarify the reporting requirements for NRC licensees and would improve the NRC safeguards event data base by requiring more uniform safeguards event reports. The NRC uses the reported information to respond to incidents and to identify potentially generic safeguards problems. The benefits to be derived from this action are (1) the elimination of unnecessary reporting (which will result in significant savings for affected licensees and the NRC) and (2) a more uniform and detailed reporting and data analysis system which will provide feedback to the industry for improving safeguards systems.

DATES: Submit comments by _____.* Comments received after this date will be considered if it is practical to do so, but assurance of consideration cannot be given unless comments are received on or before this date.

*Insert 90 days after date of publication in the Federal Register.

When this goes out, be sure to eliminate * material & leave a blank space above for a typed or stamped date. Also remove

Attachment 1

Secretary

ADDRESSES: Send comments to: U.S. Nuclear Regulatory Commission, Washington, DC 20555, Attention: Docketing and Service Branch. Deliver comments to: Room 1121, 1717 H Street NW., Washington, DC, between 8:15 am and 5:00 pm.

document regulatory

Examine comments received and the regulatory evaluation at: The NRC Public Document Room, 1717 H Street NW., Washington, DC.

FOR FURTHER INFORMATION CONTACT: Priscilla A. Dwyer, (301)427-4773 or Craig Flury, (301)427-4392, Regulatory Activities Section, Division of Safeguards, Office of Nuclear Material Safety and Safeguards, U.S. Nuclear Regulatory Commission, Washington, DC 20555.

SUPPLEMENTARY INFORMATION: 10 CFR 73.71 establishes an event reporting program to inform the Commission of safeguards events to permit timely response to incidents. The data from this reporting program allows the Commission to determine the significance of events to identify possible generic problems in safeguards systems.

Paragraphs (a) and (b) of § 73.71 were first published in December 1973 (38 FR 35430). They require reports of unaccounted for shipments of special nuclear material, incidents or attempts of theft or unlawful diversion of special nuclear material, and incidents or attempts of sabotage. Subsequently, the Commission determined that it also needed reports of events which could be indicative of a loss of safeguards capability or circumstances which could be part of an overall plan to commit an act of theft or sabotage. In response to the Commission concern that a substantial public hazard could occur as a result of a deficiency in a given

licensee's safeguards program, an amendment to 10 CFR 73.71 was proposed in October 1979 (44 FR 60743) that requires reports of events that threaten certain nuclear activities or lessen the effectiveness of a safeguards system. This amendment was published in January 1981 (46 FR 4858) in final form, as a new paragraph (c) to § 73.71.

Since the promulgation of 10 CFR 73.71, the NRC staff has found that the requirements are frequently misinterpreted, that reports submitted pursuant to the regulation lack uniformity, and that insufficient detail is reported for NRC analysis. Unless these problems can be corrected, the usefulness of these reports in developing an adequate data base for generic analysis is limited. For these reasons, the Commission is proposing clarifying amendments to 10 CFR 70.52 and 73.71 and ADDED issuing revised guidance to assist licensees in determining which events should be reported and to provide a format for doing so.

For clarity, the distinction between an explicit and a potential threat has been removed. This distinction is now made clearer in the descriptions of reportable events. The categories of major and moderate losses have been eliminated and replaced by the descriptions of each type of loss. The losses are: "failures of the safeguards system that could allow unauthorized and undetected access" and "failures that degrade the effectiveness of the system." Events that must be reported are described in a new Appendix G to Part 73.

The primary impact of the revised reporting requirements on licensees will be an approximate 80% decrease in the number of telephonic and written reports to the NRC because the twenty-four hour telephonic notification and associated follow-up written report requirement has been deleted. This requirement can be deleted because the revised requirements will

ensure that all events requiring immediate NRC response will be reported within one hour and those pertinent to NRC analysis activities will be logged for quarterly submittal.

PRM-50-32

It is noted that this proposed rulemaking in part responds to a petition for rulemaking from the Nuclear Utility Backfitting and Reform Group (NUBARG). This petition suggests that written reports required by 10 CFR 73.71 be submitted by the licensee within 30 days of initial safeguards event notification. This suggestion is adopted in this rulemaking. ADDED

move to be done like note sample document enclosed

The requirements of § 73.71 are consistent with those of §§ 50.72 and 50.73. Events reported under §§ 50.72 and 50.73 are safety-oriented in nature; those reported under § 73.71 are security-oriented. Proposed changes to § 73.71 do not alter commitments made in response to the requirements of Part 50. Events of a dual nature, having both safety and safeguards impact, do not require duplicate reports.

This proposed rulemaking also contains a conforming amendment to 10 CFR 70.52 to provide further consistency among reporting requirements. ADDED

ENVIRONMENTAL IMPACT: CATEGORICAL EXCLUSION

The NRC has determined that this proposed rule is the type of action described in categorical exclusion 10 CFR 51.22(c)(3). Therefore neither an environmental impact statement nor an environmental assessment has been prepared for this proposed rule.

PAPERWORK REDUCTION STATEMENT

This proposed rule amends information collection requirements that are subject to the Paperwork Reduction Act of 1980 (44 U.S.C. 3501 et seq.). This rule has been submitted to the Office of Management and Budget for review and approval of the paperwork requirements.

REGULATORY ANALYSIS

Please insert attached suggested revision for Reg. Analysis

The net decrease in cost to the NRC due to the reduction in telephonic and written reports received is ~~$25.2K/yr~~ $25,200/year. The net decrease in cost to licensees due to the decrease in reports that must be made or submitted is ~~$658.2K/yr~~ $658,200/year, industry wide.

REVISED

REGULATORY FLEXIBILITY CERTIFICATION

Based on the information available at this stage of the rulemaking proceeding and in accordance with the Regulatory Flexibility Act of 1980, 5 U.S.C. 605(b), the Commission hereby certifies that if promulgated, this rule will not have a significant economic impact upon a substantial number of small entities and should result in a reduction in burden to affected licensees. ~~There is a possibility that~~ Some transporters, importers, and exporters of strategic special nuclear material (SSNM) and spent fuel ~~will~~ may be affected by this rule. The NRC invites comments from these parties. The proposed rule also affects licensees who operate nuclear power plants and fuel facilities under 10 CFR Parts 50 and 73.

Each year out of approximately 600 reported events, about 3 come from this group which includes small entities.

The companies that own these plants and facilities do not fall within the scope of the definition of "small entities" set forth in § 605(b) of the Regulatory Flexibility Act of 1980, or within the definition of Small Business Size Standards set out in regulations issued by the Small Business Administration in 13 CFR Part 121.

LIST OF SUBJECTS IN 10 CFR PARTS 70 AND 73

Part 70 - Hazardous materials transportation, Nuclear materials, Packaging and containers, Penalty, Radiation protection, Reporting and recordkeeping requirements, Scientific equipment, Security measures, Special nuclear material.

Part 73 - Hazardous materials transportation, Incorporation by reference, Nuclear materials, Nuclear power plants and reactors, Penalty, Reporting and recordkeeping requirements, Security measures.

For the reasons set out in the preamble and under the authority of the Atomic Energy Act of 1954, as amended, the Energy Reorganization Act of 1974, as amended, and 5 U.S.C. 553, notice is hereby given that adoption of the following amendments to 10 CFR Parts 70 and 73 is contemplated.

PART 70 - DOMESTIC LICENSING OF SPECIAL NUCLEAR MATERIAL

NEW SECTION ADDED

1. The authority citation for Part 70 is revised to read as follows:

AUTHORITY: Secs. 51, 53, 161, 182, 183, 68 Stat. 929, 930, 948, 953, 954, as amended, sec. 234, 83 Stat. 444, as amended (42 U.S.C. 2071,

2073, 2201, 2232, 2233, 2282); secs. 201, as amended, 202, 204, 206, 88 Stat. 1242, as amended, 1244, 1245, 1246 (42 U.S.C. 5841, 5842, 5845, 5846).

Section 70.7 also issued under Pub. L. 95-601, sec. 10, 92 Stat. 2951 (42 U.S.C. 5851), Section 70.21(g) also issued under sec. 122, 68 Stat. 939 (42 U.S.C. 2152). Section 70.31 also issued under sec. 57d, Pub. L. 93-377, 88 Stat. 475 (42 U.S.C. 2077). Sections 70.36 and 70.44 also issued under sec. 184, 68 Stat. 954, as amended (42 U.S.C. 2234). Section 70.61 also issued under secs. 186, 187, 68 Stat. 955 (42 U.S.C. 2236, 2237). Section 70.62 also issued under sec. 108, 68 Stat. 939, as amended (42 U.S.C. 2138).

For the purposes of sec. 223, 68 Stat. 958, as amended (42 U.S.C. 2273); §§ 70.3, 70.19(c), 70.21(c), 70.22(a), (b), (d)-(k), 70.24(a) and (b), 70.32(a)(3), (5), (6), (d), and (i), 70.36, 70.39(b) and (c), 70.41(a), 70.42(a) and (c), 70.56, 70.57(b), (c), and (d), 70.58(a)-(g)(3), and (h)-(j) are issued under sec. 161b, 68 Stat. 948, as amended (42 U.S.C. 2201(b)); §§ 70.7, 70.20a(a), and (d) 70.20b (c), and (e), 70.21(c), 70.24(b), 70.32(a)(6), (c), (d), (e), and (g), 70.36, 70.51(c)-(g), 70.56, 70.57(b) and (d), 70.58(a)-(g)(3) and (h)-(j) are issued under sec. 161i, 68 Stat. 949, as amended (42 U.S.C. 2201(i)); and §§ 70.20b(d) and (e), 70.38, 70.51(b) and (i), 70.52, 70.53, 70.54, 70.55, 70.58(g)(4), (k), and (l), 70.59, and 70.60(b) and (c) are issued under sec. 161o, 68 Stat. 950, as amended (42 U.S.C. 2201(o)).

2. Section 70.52 is revised to read as follows:

§ 70.52 Reports of accidential criticality or loss or theft or attempted theft of special nuclear material.

(a) Each licensee shall report immediately to the [~~appropriate NRC Regional Office listed in Appendix A of Part 73 of this chapter~~] NRC Operations Center listed in Appendix A of Part 73 of this chapter by telephone and telegraph, mailgram or facsimile any case of accidential criticality and any loss, other than normal operating loss, of special nuclear material.

(b) Each licensee who possesses 1 gram or more of contained uranium-235, uranium-233, or plutonium shall report immediately to the [~~appropriate NRC Regional Office listed in Appendix A of Part 73 of this chapter~~] NRC Operations Center listed in Appendix A of Part 73 of this chapter, by telephone and telegraph, mailgram or facsimile any theft or other unlawful diversion of special nuclear material which ~~he~~ the licensee is licensed to possess, or any incident in which an attempt has been made or is believed to have been made to commit a theft or unlawful diversion of ~~such~~ this material in accordance with the procedures in § 73.71 of this chapter.

PART 73 - PHYSICAL PROTECTION OF PLANTS AND MATERIALS

1. The authority citation for 10 CFR Part 73 is revised to read as follows:

AUTHORITY: Secs. 53, 161, 68 Stat. 930, 948, as amended, sec. 147, 94 Stat. 780 (42 U.S.C. 2073, 2167, 2201); sec. 201, 88 Stat. 1242, as amended, sec. 204, 88 Stat. 1245 (42 U.S.C. 5841, 5844).

Section 73.37(f) is also issued under sec. 301, Pub. L. 96-295, 94 Stat. 789 (42 U.S.C. 5841 note).

For the purposes of sec. 223, 68 Stat. 958, as amended (42 U.S.C. 2273); §§ 73.21, 73.37(g), 73.55 are issued under sec.161b, 68 Stat. 948, as amended (42 U.S.C. 2201(b)); §§ 73.20, 73.24, 73.25, 73.26, 73.27, 73.37, 73.40, 73.45, 73.46, 73.50, 73.55, 73.67 are issued under sec.

161i, 68 Stat. 949, as amended (42 U.S.C. 2201(i)); and §§ 73.20(c)(1), 73.24(b)(1), 73.26(b)(3), (h)(6), and (k)(4), 73.27(a) and (b), 73.37(f), 73.40(b) and (d), 73.46(g)(6) and (h)(2), 73.50(g)(2), (3)(iii)(B) and (h), 73.55(h)(2), and (4)(iii)(B), 73.70, 73.71, 73.72 are issued under sec. 161o, 68 Stat. 950, as amended (42 U.S.C. 2201(o)).

2. Section 73.71 is revised to read as follows:

* * * * *

§ 73.71 Reports of unaccounted for shipments, suspected thefts, or unlawful diversions [~~radiological-sabotage-or-events---which-significantly threaten-or-lessen-the-effectiveness-of-safeguards~~] and other safeguards events.*

[~~(a)--Each-licensee-who-conducts-a-trace-investigation-of-a-lost-or unaccounted-for-shipment-pursuant-to-§-73.27(c)-shall-notify-the-NRC Operations-Center-via-the-Emergency-Notification-System-as-soon-as possible;-and-in-all-cases-within-one-hour;-of-the-details-and-results of-its-trace-investigation.--If-the-Emergency-Notification-System-is inoperative-or-unavailable;-the-licensee-shall-make-the-required-notifications-via-commercial-telephone-service;-other-dedicated-telephone systems;-or-any-other-method-which-will-ensure-a-report-being-made promptly-to-the-NRC-Operations-Center.--Each-licensee-who-conduct-a trace-investigation-of-a-lost-or-unaccounted-for-shipment-pursuant-to §-73.67(e)(3)(vi)-or-§-73.67(g)(3)(iii)-shall-notify-the-NRC-Operations Center-via-commercial-telephone-using-the-number-provided-in-Appendix-A~~

*Comparative text: additions to existing regulations are underlined and deletions are dashed through and enclosed in brackets.

~~as soon as possible, and in all cases within one hour of the details and results of its trace investigation. The licensee shall also file within a period of fifteen (15) days a written report to the appropriate NRC Regional Office setting forth the details and results of the trace investigation. A copy of this written report must be sent to the Director, Office of Inspection and Enforcement, U.S. Nuclear Regulatory Commission, Washington, DC 20555.]~~

~~[(b) Each licensee shall notify the NRC Operations Center via the Emergency Notification System as soon as possible, and in all cases within one hour, of any incident in which an attempt has been made, or is believed to have been made, to commit a theft or unlawful diversion of special nuclear material which it is licensed to possess, or to commit an act of radiological sabotage against its plant or transportation system. If the Emergency Notification System is inoperative or unavailable, the licensee shall make the required notifications via commercial telephone service, other dedicated telephone systems, or any other method which will ensure a report being made promptly to the NRC Operations Center. The initial notification must be followed within a period of fifteen (15) days by a written report, submitted to the appropriate NRC Regional Office shown in Appendix A of this part setting forth the details of the incident. Copies of the written report are to be sent to the Director of Inspection and Enforcement, U.S. Nuclear Regulatory Commission, Washington, DC 20555. After the submission of the written report required by this paragraph, a licensee shall immediately inform the appropriate Regional Office by means of a written report of any substantive additional information which becomes available to the licensee concerning the incident.]~~

[(c)--Each licensee under either a specific or general license shall notify the NRC Operations Center via the Emergency Notification System as soon as possible, and all cases within one hour, of any event which significantly threatens or lessens the effectiveness of a physical security system as established by regulations in this chapter, or by the licensee's approved physical security, contingency, and security personnel qualification and training plans, or by both. If the Emergency Notification System is inoperative or unavailable, the licensee shall make the required notifications via commercial telephone service, other dedicated telephone systems, or any other method which will ensure a report being made promptly to the NRC Operations Center. This notification must be made within the time period specified below. The time period begins upon discovery of the event by any member of the security organization or any other employee of the licensee. The licensee shall submit a written report to the appropriate NRC Regional Office, listed in Appendix A of this part, describing the event in detail within 5 days of the time of discovery. A copy of this written report must be sent to the Director of Inspection and Enforcement, U.S. Nuclear Regulatory Commission, Washington, DC 20555. This notification and these reports satisfy both the notification requirements of Part 21 of this chapter, if the event is also reportable under Part 21, and § 50.72(a)(4) of this chapter, if applicable. A separate log must be maintained to record events reportable under § 73.71. Licensees need not report any event which is designated as not reportable in their security or contingency plans.]

Reporting of Physical Security Events

Note.—This Table should be used in conjunction with the Responsibility Matrix developed under the requirements of 10 CFR Part 73, Appendix C—Licensee Safeguards Contingency Plans.

Event	Reporting time to NRC
Exploit threat [1]	Within 1 hour.
Major loss of physical security effectiveness [2].	Within 1 hour.
Potential threat [3]	Within 24 hours.
Major loss of physical security effectiveness which has been properly compensated [4].	Within 24 hours.
Moderate loss of physical security effectiveness [5].	Within 24 hours.
Moderate loss of physical security effectiveness which has been properly compensated.	No requirement, log in licensee's records.

[1] Exploit Threat. An exploit threat is information received by a security organization that an act of theft or radiological sabotage will be attempted. All licensees may be subject to this event.

46 FR 4858

[2] Major Loss of Physical Security Effectiveness. A major loss of physical security effectiveness occurs (1) when security features break down without proper compensation allowing unauthorized or undetected access to material access or vital areas, to shipments of formula quantities of SSNM or irradiated reactor fuel, or at facilities licensed to possess formula quantities of SSNM, or (2) when the communication systems used to summon offsite response become inoperative without proper compensation. Licensees which are required to meet the requirements of 10 CFR 73.20, 73.37, 73.50, and 73.55 may be subject to this event.

47 FR 15511

[3] Potential Threat. A potential threat is information received by a security organization which supports a belief that an act of theft or radiological sabotage will be attempted. All licensees may be subject to this event.

[4] Properly Compensated. Properly compensated means measures as specified in a security or contingency plan or, if the event is not specified in either of these plans, it means measures implemented within 10 minutes of an event's occurrence that provide a level of security equivalent to that existing before the event. Licensees which are required to meet the requirements of 10 CFR §73.20, §73.37 and §73.50 may be subject to the event.

[5] Moderate Loss of Physical Security Effectiveness. A moderate loss of physical security effectiveness occurs when: (1) a major loss of effectiveness occurs but is properly compensated, (2) security features breakdown which allow unauthorized or undetected access to protected or controlled access areas or shipments of moderate strategic significance nuclear material, (3) a breakdown in security features protecting material access or vital areas occurs which leaves those areas under the protection of only one security system. (The malicious loss of either such system.) All licensees may be subject to this event.

46 FR 4858

a very clean copy should be inserted for EDO's review.

NOTE: The above table is deleted in its entirety.

73.71(a)(1) Each licensee subject to the provisions of §§ 73.25, 73.26, 73.27(c), 73.37, 73.67(e), or 73.67(g) shall notify the NRC Operations Center within one hour after discovery of the loss of any shipment of SNM or spent fuel, and within one hour after recovery of or accountability for such lost shipment. REVISED

(2) This notification ~~shall~~ must be made to the NRC Operations Center via the Emergency Notification System, if the licensee is party to that system. If the Emergency Notification System is inoperative or unavailable, the licensee shall make the required notification via commercial telephonic service or other dedicated telephonic systems or any other method that will ensure that a report is received by the NRC Operations Center within one hour. The exemption of § 73.21(g)(3) applies to all telephonic reports required by this section.

(3) The licensee shall, upon request of the NRC, maintain an open and continuous communications channel with the NRC Operations Center.

(4) The initial telephonic notification must be followed within a period of thirty (30) days by a written report submitted to the U.S. Nuclear Regulatory Commission, NMSS Docket Room, Washington, DC 20555. The licensee shall also submit one copy each to the appropriate NRC Regional Office listed in Appendix A to this part and the appropriate NRC Resident Inspector, if applicable. ADDED

(5) Significant supplemental information which becomes available after the submission of the written report ~~shall~~ must be telephonically reported to the NRC Operations Center and also reported in a revised written report to the Regional Office, the NMSS Docket Room and Resident Inspector, if applicable. Errors discovered in a written report should be corrected in a revised report. The revised report should replace the ADDED

Unless this is redundant to NRC Operations Center in App. Appendix A to Part 13, we recommend including it here or in § 70.52 as well.

previous report; therefore, the update should be a complete entity and not contain only supplementary or revised information.

(b)(1) Each licensee subject to the provisions of §§ 73.20, 73.37, 73.50, 73.55, and 73.60 shall notify the NRC Operations Center within one hour of discovery of the safeguards events described in paragraphs I.(a), (b), and (c) of Appendix G to this part. Licensees subject to the provisions of § 73.67(d), (e), (f), and (g) shall notify the NRC Operations Center within one hour of the safeguards events described in paragraph I(a) only of Appendix G to this part.

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(2) This notification ~~shall~~ MUST be made in accordance with the requirements of paragraphs (a)(2), (3), (4), and (5) of this section with the exception that licensees subject to the provisions of § 73.55 shall submit one copy of their safeguards event written reports and any revised reports to the U.S. Nuclear Regulatory Commission, Document Control Desk, Washington, DC 20555, one copy to the appropriate Regional Office listed in Appendix A to this part, and one copy to the appropriate NRC Resident Inspector, if applicable.

ADDED

(c)(1) Each licensee subject to the provisions of §§ 73.20, 73.37, 73.50, 73.55, 73.60, 73.67(d), and 73.67(f) shall maintain a current log and record the safeguards events described in paragraphs II.(a) and (b) of Appendix G to this part within 24 hours of discovery by a licensee employee or member of the licensee security organization. Licensees need not report any event that is designated as not reportable in their security or contingency plans. The licensee shall retain the log of events reported under this section as a record for two years after the last entry is made in each log.

ADDED

The currently proposed record retention standard for the agency is 3, 5, 10 or life of plant or facility. When this rule goes final, you will probably have to conform w/ one of the alternatives

(2) Every three months, each licensee shall submit to the NRC copies of all safeguards event log entries not previously submitted. Licensees subject to the provisions of §§ 73.20, 73.37, 73.50, 73.60, 73.67(d) and 73.67(f) shall submit copies of their log entries to the U.S. Nuclear Regulatory Commission, NMSS Docket Room, Washington, DC 20555. Licensees subject to the provisions of § 73.55 shall submit copies of their log entries to U.S. Nuclear Regulatory Commission, Document Control Desk, Washington, DC 20555. All licensees shall also submit one copy of their log entries to the appropriate Regional Office listed in Appendix A to this part, and one copy to the appropriate NRC Resident Inspector, if applicable. ADDED ADDED

(d) Each licensee shall submit to the Commission the written reports and copies of the safeguards event log entries required under the provisions of this section that are of a quality which will permit legible reproduction and micrographic processing. If the facility is subject to § 50.73 of this chapter, the licensee shall prepare the written report on NRC Forms 366 and 366A. If the facility is not subject to § 50.73 of this chapter, the licensee shall not use these forms but shall prepare the written report in letter format. In either case the report ~~shall~~ must include sufficient information for NRC analysis and evaluation.

(e) Duplicate reports are not required for events that are also reportable in accordance with §§ 50.72 and 50.73 of this chapter.

3. A new Appendix G is added to read as follows:

Appendix G - Reportable Safeguards Events

Pursuant to the provisions of 10 CFR § 73.71(b) and (c), licensees

subject to the provisions of 10 CFR §§ 73.20, 73.37, 73.50, 73.55, 73.60, 73.67(d) and 73.67(f) shall report or log, as appropriate, the following safeguards events. ADDED

I. Items to be reported within one hour

(a) Any event in which there is reason to believe that a person has committed or caused, or attempted to commit or cause, or has made a credible threat to commit or cause:

(1) A theft or unlawful diversion of special nuclear material or spent fuel; or

(2) Physical damage to any licensed facility or its equipment or carrier equipment transporting nuclear fuel or spent nuclear fuel, or to the nuclear fuel or spent nuclear fuel the facilities or carriers are licensed to possess; or

Dime-colon should be used in the latter case

(3) Interruption of normal operation of a licensed nuclear power reactor through the unauthorized use of or tampering with its machinery, components, or controls including the security system.

(b) Any failure of the safeguards system or discovered vulnerability in that system that could allow unauthorized and undetected access to a protected area, material access area, controlled access area, or vital area, or to spent nuclear fuel or formula quantities of SSNM in transit, for which proper compensatory measures have not been established.

(c) All unauthorized entries through a required barrier whether or not the breach is properly compensated.

(d) A "proper compensatory measure" for a particular safeguards event as used in this Appendix means a measure that is specified in a

security or contingency plan or security procedure. If the particular safeguards event is not described in a plan or procedure, then a "proper compensatory measure" means a measure implemented within 10 minutes of an event's discovery that provides a level of security essentially equivalent to that existing before the event.

II. Items to be recorded in quarterly-submitted log

(a) Any failure of the safeguards system or discovered vulnerability in that system that could allow unauthorized and undetected access to a protected area, material access area, controlled access area, or vital area, or to spent nuclear fuel or formula quantities of SSNM in transit, for which proper compensatory measures have been established.

(b) Any failure of the physical protection plan not included in paragraph II.(a) of this appendix if the failure degrades the effectiveness of the system.

Dated at Bethesda, Maryland this _____ day of _____, 1985

For the Nuclear Regulatory Commission.

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William J. Dircks
Executive Director for Operations