



UNITED STATES
NUCLEAR REGULATORY COMMISSION
REGION I
475 ALLENDALE ROAD
KING OF PRUSSIA, PENNSYLVANIA 19406-1415

February 3, 1997

EA 96-144
96-243

Mr. D. M. Smith, President
PECO Nuclear
Nuclear Group Headquarters
Correspondence Control Desk
Post Office Box 195
Wayne, Pennsylvania 19087-0195

SUBJECT: NOTICE OF VIOLATION
(NRC Inspection Report Nos. 50-352/96-03 and 96-08; 50-353/96-03 and
96-08; 50-277/96-11, and 50-278/96-11)

Dear Mr. Smith:

This letter refers to the two NRC inspections conducted between March 5 and May 6, 1996, and between October 3 and November 27, 1996, at your Limerick Generating Station (LGS) as well as at your Chesterbrook Engineering Information Center facilities. The purpose of the inspections was to review the circumstances associated with your failure to control Safeguards Information (SGI) at your facilities. The findings of the inspections were discussed with members of your staff during exit meetings on May 6 and November 27, 1996. The inspection reports were sent to you on June 13, 1996, and December 19, 1996, respectively. Both letters provided you with an opportunity to attend a predecisional enforcement conference to discuss these findings. In your response letters, dated July 15, 1996, and January 21, 1997, you indicated that a predecisional enforcement conference would not be necessary.

Based on the information developed during the inspections, and information contained in your July 15, 1996, and January 21, 1997, responses to the inspection reports, two violations are being cited involving the failure to control SGI in accordance with the requirements in 10 CFR 73.21. The violations are set forth in the enclosed Notice of Violation.

The first violation of failure to protect SGI occurred at the Limerick station in March 1996 when an individual working on a computer to make revisions to the Limerick Physical Security Plan (a document containing SGI), inadvertently saved the plan on the PECO Local Area Network (LAN) computer hard drive. As a result, access to the Plan was not controlled until a licensed operator discovered the condition on April 11, 1996. The NRC commends the licensed operator who identified this condition and immediately notified your security department. As a result, your computer specialists were promptly contacted to delete the document from the LAN. However, the NRC is concerned that this vulnerability created the opportunity for unauthorized individuals to gain access to the SGI. The NRC recognizes your contention that the name of the file on the LAN did not indicate any relationship to SGI, and such access was unlikely.

The second violation of failure to control SGI was also discovered by your staff and was documented in your investigation report on October 17, 1996. Your report documented separate instances of failure to control SGI information (affecting both Limerick and Peach Bottom) at several locations, including your offices in Chesterbrook, Pennsylvania. In these cases, the SGI primarily consisted of aperture cards (of equipment drawings) which had been stored in an uncontrolled manner at five different locations for periods of up to eight years. While the NRC similarly commends your effort in (1) investigating and identifying the magnitude of this problem, and (2) including your vendors as part of this review, the NRC is concerned that a breakdown in the control of SGI existed for an extended period, because of organizational changes, unclear roles, and a lack of assigned responsibility, as you found during your investigation.

Although your staff determined that the uncontrolled SGI did not constitute the potential to significantly assist an individual in an act of radiological sabotage, these failures to protect SGI, represent a significant regulatory concern. Therefore, the violations have been categorized in the aggregate at Severity Level III in accordance with the "General Statement of Policy and Procedure for NRC Enforcement Actions," (Enforcement Policy), NUREG-1600.

In accordance with the Enforcement Policy, a base civil penalty in the amount of \$50,000 is considered for a Severity Level III violation or problem. You have been the subject of escalated enforcement actions within the last two years. For example, a Severity Level III violation without a civil penalty issued on October 17, 1996, failure to have an appropriate foreign material exclusion program for the suppression pool at Limerick Unit 1 (EA 96-209). Therefore, the NRC considered whether credit was warranted for *Identification and Corrective Action* in accordance with the civil penalty assessment process in Section VI.B.2 of the Enforcement Policy. Credit is warranted for identification since you identified all of the examples of this violation of 10 CFR 73.21. Credit is also warranted for your corrective action because those actions were considered both prompt and comprehensive once the violation was identified in 1996. Your corrective actions included, but were not limited to (1) promptly deleting the computer file containing the copy of the Physical Security Plan at Limerick; (2) performing a comprehensive review to determine whether other SGI was stored on the LAN; (3) designating a stand-alone computer that is controlled by the LGS Security Section for generation and revisions to safeguards information; (4) retraining the LGS Security Secretary on the procedures for control of SGI; (5) temporary suspension of duplication, filing, and distribution of SGI while your investigation was in progress; (6) recall of SGI from various sites to restrict the number of access locations; (7) establishing a single supervisory point of contact for approving access to SGI; (8) training of individuals involved with SGI; (9) planned revision of the procedure for control of SGI to upgrade expectations for handling SGI.

Therefore, to encourage prompt and comprehensive identification and correction of violations, I have been authorized, after consultation with the Director, Office of Enforcement, not to propose a civil penalty in this case. However, significant violations in the future could result in a civil penalty.

You are required to respond to this letter and should follow the instructions specified in the enclosed Notice when preparing your response. In your response, you may reference, as appropriate, your prior submittals to the NRC. The NRC will use your response, in part, to determine whether further enforcement action is necessary to ensure compliance with regulatory requirements.

In accordance with 10 CFR 2.790 of the NRC's "Rules of Practice," a copy of this letter, and its enclosure, and your response will be placed in the NRC Public Document Room (PDR).

Sincerely,

A handwritten signature in dark ink, appearing to read "Hubert J. Miller", is written over the typed name.

Hubert J. Miller
Regional Administrator

Docket Nos. 50-352; 50-353; 50-277; 50-278
License Nos. NPF-39; NPF-85; DPR-44; DPR-56

Enclosure: Notice of Violation

cc w/encl:

G. Hunger, Jr., Chairman, Nuclear Review Board and Director - Licensing
W. MacFarland, Vice President - Limerick Generating Station
J. Kantner, Regulatory Engineer - Limerick Generating Station
T. Mitchell, Vice President, Peach Bottom Atomic Power Station
G. Rainey, Senior Vice President, Nuclear Operations
D. Fетters, Vice President, Nuclear Station Support
T. Niessen, Director, Nuclear Quality Assurance
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G. Edwards, Plant Manager, Peach Bottom Atomic Power Station
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J. Vannoy, Acting Secretary of Harford County Council
R. Ochs, Maryland Safe Energy Coalition
J. Walter, Chief Engineer, Public Service Commission of Maryland
L. Jacobson, Peach Bottom Alliance
Secretary, Nuclear Committee of the Board
Commonwealth of Pennsylvania
State of Maryland
TMI - Alert (TMIA)

PECO Nuclear

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