



UNITED STATES
NUCLEAR REGULATORY COMMISSION
WASHINGTON D.C. 20555-0001

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PDR

June 11, 1997

EA 97-104

Mr. Bruce D. Kenyon
President and Chief Executive Officer
Northeast Nuclear Energy Company
Post Office Box 128
Waterford, Connecticut 06385-0128

SUBJECT: NOTICE OF VIOLATION AND PROPOSED IMPOSITION OF CIVIL PENALTY -
\$55,000
(NRC Inspection Reports No. 50-245/97-03; 50-336/97-03;
50-423/97-03)

Dear Mr. Kenyon:

This letter refers to the NRC security inspection conducted at the Millstone facilities on February 3-7, 1997. During the inspection, three apparent violations of NRC requirements were identified, as noted in the inspection report sent to you on March 26, 1997. On April 7, 1997, a predecisional enforcement conference was conducted with Mr. Frank Rothen and other members of your staff to discuss the apparent violations identified during the inspection, their causes, and your corrective actions.

Based on our review of the inspection findings, and information provided during the conference, two violations are being cited and are described in Section I of the enclosed Notice of Violation and Proposed Imposition of Civil Penalty (Notice). The violations involve (1) multiple examples of the failure to control Safeguards Information (SGI) at your facility; and (2) multiple examples of failure to control vehicles in the protected area (keys were left in the ignition in unlocked/unattended vehicles).

Although these violations were identified by your staff, the NRC is particularly concerned with the frequency with which these two violations have occurred, as well as the fact that the violations are repetitive of violations previously cited by the NRC based on inspections conducted in October 1994 and May 1996, respectively. For example, since February 1995 until the time of the February 1997 inspection, your staff identified 37 incidents where keys were found in unattended vehicles in the protected area, contrary to your security plan that requires vehicles to be immobilized with keys controlled (ignition locked) when not in use. In addition, since May 1996, your staff identified seven incidents where material containing Safeguards Information was not controlled. Although these findings clearly indicated an adverse performance trend regarding adherence to security requirements, your management and staff were not effective in ensuring that prompt and aggressive corrective actions were taken to correct these problems. After each occurrence, corrective actions taken appeared to focus solely on the specific occurrence, rather than the broader problem indicated by the number of incidents which have occurred.

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These violations represent a significant lack of attention to security responsibilities by not only your security staff and supervision, but also, and more importantly, by those site employees and contractor employees who did not follow security requirements. At the enforcement conference, your staff acknowledged that site personnel did not consistently assume appropriate individual responsibility of security requirements, and that corrective actions for previous occurrences of the same violations have been ineffective. Given the repetitive and continuing nature of these two violations, they represent a significant regulatory concern with respect to degradation of the security program at the facility. Therefore, the violations have been categorized in the aggregate as a Severity Level III problem 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 \$55,000 is considered for a Severity Level III problem or violation. Base civil penalties for Severity Level III problems were increased from \$50,000 to \$55,000 effective November 12, 1996 (61CFR 53553, October 11, 1996). The higher base penalty is warranted in this case since a substantial number of the noncompliances occurred after November 12, 1996. Your facilities have been the subject of escalated enforcement actions within the last 2 years, for example, a \$100,000 civil penalty was issued on June 4, 1996, for a Severity Level III violation involving the discrimination against an individual who engaged in protected activities (Reference: EA 96-059). Given this enforcement history, in accordance with Section VI.B.2 of the Enforcement Policy, 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* because the violations involving control of safeguards information and control of vehicles were identified by your staff. The NRC also considered your corrective actions as described at the enforcement conference. These actions included, but were not limited to: (1) clearly defining expectations at the officer level regarding control of vehicles and communicating those expectations to the entire Millstone site; (2) denial of unescorted access to individuals who violate security requirements, with the requirement that prior to reinstatement, the violator's supervisor must certify that the offender understands the rules and will comply in the future; (3) posting of signs in vehicles indicating that if an individual leaves keys unattended in an unlocked vehicle, the individual will lose unescorted access; (4) incorporation of vehicle control into plant access training; (5) publishing and discussing expectations for control of SGI at shift briefings; and (6) reduction in SGI repositories not located in security spaces with the assignment of a responsible custodian for each repository. Although these actions appear comprehensive, the NRC concluded credit is not warranted for *Corrective Action* because the corrective actions taken for the violations involving control of safeguards information and control of vehicles were not prompt. In addition, corrective actions taken for earlier occurrences were not fully effective as demonstrated by the fact that multiple, subsequent violations continued to recur over an extended period of time.

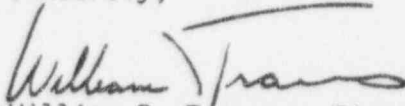
Therefore, to emphasize the importance of both adherence to security plan requirements and prompt and effective correction of violations, I have been authorized, after consultation with the Director, Office of Enforcement, to propose a civil penalty of \$55,000 for this Severity Level III problem.

In addition to the Severity Level III problem, Section II of the Notice describes the failure to perform a hand search of an individual granted access to the protected area after the individual caused an alarm while being checked with a hand held metal detector. This violation has been classified at Severity Level IV, in accordance with the Enforcement Policy.

You are required to respond to this letter and should follow the instructions specified in the enclosed Notice when preparing your response. 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, its enclosure, and your response will be placed in the NRC Public Document Room (PDR).

Sincerely,



William D. Travers, Director
Special Projects Office
Office of Nuclear Reactor Regulation

Docket Nos. 50-245, 50-336, 50-423
License Nos. DPR-21, DPR-65, NPF-49

Enclosure: Notice of Violation and Proposed Imposition of
Civil Penalty

cc w/encl: See Next Page

cc w/encl:

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M. Brothers, Vice President - Millstone, Unit 3
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