



UNITED STATES
NUCLEAR REGULATORY COMMISSION
REGION IV
611 RYAN PLAZA DRIVE, SUITE 400
ARLINGTON, TEXAS 76011-8064

March 31, 2000

EA 00-064
EA 00-066

William T. Cottle, President and
Chief Executive Officer
STP Nuclear Operating Company
P.O. Box 289
Wadsworth, Texas 77483

SUBJECT: NRC INSPECTION REPORT NO. 50-498/00-03; 50-499/00-03

Dear Mr. Cottle:

This refers to the inspection conducted on March 6-10, 2000, at the South Texas Project Electric Generating Station, Units 1 and 2 facilities. The enclosed report presents the results of this inspection.

Areas examined during this inspection included portions of your access authorization and physical security programs. We determined that some areas of these programs were not properly implemented, as evidenced by the following two paragraphs.

Based on the results of this inspection, the NRC has determined that two violations were identified. The first violation, in the area of access authorization, identified failures by your staff to consider all derogatory information obtained during a background investigation. This action demonstrated that an individual, who would not have been granted unescorted access if a proper review and evaluation of derogatory information had been conducted, was instead improperly granted unescorted access (or allowed to retain unescorted access) on two separate occasions. This situation is similar to an example of a Severity Level III violation listed in Supplement III.C.(7) of the NRC's Enforcement Policy. However, the agency has determined that based upon its actual and potential safety consequences, the violation is more appropriately categorized at Severity Level IV. The violation is being treated as a noncited violation, consistent with Section VII.B.1.a of the Enforcement Policy (EA 00-066).

The second violation, in the area of access control, involved the entry of an unauthorized individual, a former janitorial contract employee, into the protected area. This event demonstrated that an unauthorized individual could have gained undetected access into a vital area from outside the protected area. This situation is similar to an example of a Severity Level III listed in Supplement III.C.(1) of the NRC's Enforcement Policy. However, the agency has determined that based upon its actual and potential safety consequences, the violation is more appropriately categorized at Severity Level IV. The violation is being treated as a noncited violation, consistent with Section VII.B.1.a of the Enforcement Policy (EA 00-064).

If you contest the violations or severity levels of the noncited violations, you should provide a response within 30 days of the date of this inspection report, with the basis for your denial, to the Nuclear Regulatory Commission, ATTN: Document Control Desk, Washington DC 20555-0001, with copies to the Regional Administrator, U.S. Nuclear Regulatory Commission, Region IV, 611 Ryan Plaza Drive, Suite 400, Arlington, Texas 76011, the Director, Office of Enforcement, United States Nuclear Regulatory Commission, Washington, DC 20555-0001; and the NRC Resident Inspector at the South Texas Project Electric Generating Station, Units 1 and 2 facilities.

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

Should you have any questions concerning this inspection, we will be pleased to discuss them with you.

Sincerely,

/RA/

Gail M. Good, Chief,
Plant Support Branch
Division of Reactor Safety

Docket Nos.: 50-498 and 50-499
License Nos.: NPF-76 and NPF-80

Enclosure:
NRC Inspection Report No. 50-498/00-03; 50-499/00-03

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U.S. NUCLEAR REGULATORY COMMISSION
REGION IV

Docket Nos.: 50-498
50-499

License Nos.: NPF-76
NPF-80

Report No.: 50-498/00-03
50-499/00-03

Licensee: STP Nuclear Operating Company

Facility: South Texas Project Electric Generating Station, Units 1 and 2

Location: FM 521 - 8 miles west of Wadsworth
Wadsworth, Texas

Dates: March 6-10, 2000

Inspector(s): D. Schaefer, Physical Security Inspector, Plant Support Branch

Approved By: Gail M. Good, Chief, Plant Support Branch
Division of Reactor Safety

Attachment: Supplemental Information

EXECUTIVE SUMMARY

South Texas Project Electric Generating Station, Units 1 and 2 NRC Inspection Report No. 50-498/00-03; 50-499/00-03

This was an announced inspection of the licensee's access authorization and physical security programs. The areas inspected included: access authorization; communications; protected area access of personnel, packages, and vehicles; security program plan and procedures; security event logs; management support; and miscellaneous security and safeguards issues.

Plant Support

- A violation of Paragraph 4.1.2 of the physical security plan and Paragraph 4.1 of the licensee Procedure OHRP01-ZA-0001 was identified for failure to consider all derogatory information obtained during a background investigation. As a result, an individual who would not have been granted unescorted access was improperly granted unescorted access (or allowed to retain unescorted access) on two separate occasions. A similar violation was identified in NRC Inspection Report 50-498;-499/99-12, dated September 14, 1999. This Severity Level IV violation is being treated as a noncited violation, consistent with Section VII.B.1.a of the NRC Enforcement Policy (EA 00-066). This violation was entered into the licensee's corrective action program as Condition Records 99-1763 and 00-4066 and Significant Condition Adverse to Quality Record 99-17363 (Section S1.1).
- An unresolved item was identified for failure to properly conduct an employment check for a contract employee granted "temporary" unescorted access authorization, as required by Paragraph 4.1.2 of the physical security plan. On multiple occasions, the licensee's contractor obtained employment history information from personal references, rather than from previous employers. This matter will remain unresolved pending further NRC review (Section S1.1).
- The security radio and telephone communication systems were reliable. An adequate number of portable radios were available for members of the security organization (Section S1.2).
- An effective program for searching personnel, packages, and vehicles was maintained. Equipment operators were efficient and well trained. A violation of Section 4.1 of the physical security plan and Paragraph 8.8 of Procedure OPGP09-ZA-0001 was identified for failure to revoke a former contract employee's unescorted plant access, when unescorted access was no longer required. The former employee returned to the protected area and could have obtained access to vital areas, but did not. As a result, an unauthorized individual could have easily gained undetected access into a vital area from outside the protected area. This Severity Level IV violation is being treated as a noncited violation, consistent with Section VII.B.1.a of the NRC Enforcement Policy (EA 00-064). This violation was entered into the licensee's corrective action program as Condition Record 99-13652. Additionally, an inconsistent manner of controlling unescorted access to a vital area was identified (Section S1.3).

- Changes to security plans were reported within the required time frame and properly implemented in accordance with 10 CFR 50.54(p). Implementing procedures met the performance requirements in the physical security plan (Section S3.1).
- An effective program for reporting security events was in place. The security staff was correctly reporting security events (Section S3.2).
- Senior management support for the security organization was effective. The security program was implemented by a well trained and highly qualified staff (Section S6.1).

Report Details

IV. Plant Support

S1 Conduct of Security and Safeguards Activities

S1.1 Access Authorization

a. Inspection Scope (81700 and 92700)

The access authorization program was inspected to determine compliance with the requirements of 10 CFR 73.56, the physical security plan, and Regulatory Guide 5.66. The areas inspected included a review of Licensee Event Report 50-498/499-S05-00 regarding the improper granting of unescorted access authorization to a contract employee. Additionally, a review of information concerning verification of employment history was performed.

b. Observations and Findings

10 CFR 73.56(b)(1) states, in part, that the licensee shall establish and maintain an access authorization program granting unescorted access to protected and vital areas with the objective of providing high assurance that individuals granted unescorted access are trustworthy and reliable. 10 CFR 73.56(a)(1) requires the licensee to incorporate the access authorization program into the site physical security plan and implement it.

Technical Specifications 6.8.1(Administrative Controls) of the licensee's facility operating licenses requires, in part, that written procedures for implementation of the security plan, be established, implemented, and maintained.

Paragraph 4.1.2 of the licensee's physical security plan committed to implementing all elements of Regulatory Guide 5.66, "Access Authorization Program for Nuclear Power Plants," in its entirety.

Paragraph 7.1 of the Appendix to Regulatory Guide 5.66 (NUMARC 89-01) stated, in part, that in its decision to grant unescorted access, the utility shall consider (all) information obtained during the background investigation. Paragraph 7.1 also stated, "In making a determination of trustworthiness and reliability, the following must be considered: . . . b. Illegal use or possession of a controlled substance or abuse of alcohol without adequate evidence of rehabilitation."

Paragraph 4.1 of South Texas Project Electric Generating Station (STPEGS) Procedure, OHRP01-ZA-0001, "Unescorted Access Evaluation Process," Revision 3, dated December 19, 1996, required, in part, that derogatory information discovered during a background investigation be submitted to the Access Program Director for a determination to grant or deny unescorted access. Addendum 1, Paragraph 2.0 to this procedure identified "Illegal use or possession of a controlled substance or abuse of alcohol without adequate evidence of rehabilitation" as evidenced by "violation of any

Fitness for duty policy within 3 years of the request for unescorted access," as criteria for denying unescorted site access at South Texas Project.

On January 5, 2000, the licensee submitted Licensee Event Report 50-498/499-S05-00, "Unescorted Access Inappropriately Granted." This report stated that on two separate occasions (September and November 1999) the licensee failed to properly evaluate derogatory (fitness-for-duty) information discovered during a background investigation. In September 1999, the licensee failed to revoke a contract employee's unescorted access after receipt of derogatory information. Later, in November 1999, the licensee failed to deny unescorted access for the same derogatory information it had previously received. Consequently, a contract welder/pipefitter had been inappropriately granted (or allowed to retain) unescorted access authorization to the protected area for two periods, each lasting several weeks. The licensee stated that in each of the two instances, if the derogatory information had been properly evaluated, the contract employee would not have been granted unescorted access to the plant. The licensee identified this event on December 7, 1999, following its second grant of unescorted access to the contract employee.

The licensee's investigation determined that the root cause of this event was less than adequate management oversight in multiple areas of the Access Authorization Program. Additionally, the licensee determined that human performance errors caused or contributed to this event and could have resulted in inappropriate granting of unauthorized access to other personnel meeting site access denial criteria and event recurrence, if uncorrected. Further, the licensee determined that corrective actions for a similar event, reported on June 28, 1999 (LER 99-S01), were narrowly focused, lacked substance, and were ineffective in preventing event recurrence. This previous event was documented in NRC Inspection Report 50-498;-499/99-12, dated September 14, 1999.

As a result, the licensee initiated the following corrective actions:

- Revocation of Unescorted Access. On December 7, 1999, the contract employee's protected area access was placed on hold, and on December 9, 1999, the licensee denied (revoked) the employee unescorted access to the plant. The inspector verified that this information was appropriately annotated in the Personnel Access Data System (PADS).
- Management Expectations. On December 28, 1999, management expectations for processing personnel for site access were clarified and documented. The inspector verified completion of this action.
- Memorandum to Access Coordinators. The inspector reviewed a December 30, 1999, licensee memorandum to all access coordinators. This memorandum emphasized the following requirements:
 - (1) All derogatory information shall be evaluated.
 - (2) Access coordinators are responsible to identify derogatory information.

- (3) Upon identification of derogatory information, the access program director/designees shall be immediately notified.
 - (4) All derogatory information will be reviewed and documented on an appropriate evaluation form, and no other memorandums or other written comments will be made in the background investigation file to document evaluation of derogatory information.
 - (5) There will be no exceptions to these requirements.
- Lessons Learned. The access authorization organization was notified of lessons learned from this event.
 - Disciplinary Action. Access Coordinator No. 1 was counseled in accordance with the Constructive Discipline Program.
 - Derogatory Information Form. A new form entitled, "Review of Derogatory Information" was developed to assist personnel in ensuring that derogatory information from all potential sources is identified. The form required two access coordinators to independently denote whether any derogatory information was identified during their review and required that derogatory information identified by either party to be brought to the attention of the access program director or designee.
 - Supervisor Oversight. On January 13, 2000, additional supervisory oversight personnel were provided to the Access Authorization Program.
 - Other Supervisor Responsibilities. On February 15, 2000, the Access Authorization Supervisor relinquished responsibilities for duties that did not pertain to the access authorization program.
 - Review Active Files. Action was initiated on January 6, 2000, with a due date of April 30, 2000, to review the active background investigation files for all individuals granted unescorted access after the Plant Refueling Outage 1RE08 (Spring 1999). This review was to verify that unescorted plant access had been appropriately granted. The results of this review will be used to determine whether a statistical sample of files for individuals granted unescorted access after 1RE08, and whose access has since been revoked, should also be reviewed.
 - Self Assessment. Access authorization will conduct a self assessment to include identifying all critical functions performed by the group, evaluating the adequacy of current processes for performing those functions, and identifying barriers and tools that will ensure such functions are correctly completed.
 - Revision of Procedures and/or Desktop Instructions. Access authorization procedures and/or desktop instructions will be revised to incorporate process changes identified during the above self assessment. Access authorization

personnel will be trained on changes to procedures and/or desktop instructions arising from corrective action.

- Program Assessment. An independent assessment of the access authorization program will be performed in order to evaluate the adequacy of corrective actions implemented in response to this event.

The inspector determined that the corrective actions were reasonable.

Significant Condition Adverse to Quality Report 99-17363 reviewed the event and identified, in part, that the event reported in LER 99-S05-00 was similar to the event reported in LER 99-S-01. NRC's review of the event addressed in LER 99-S01-00 was documented in NRC Inspection Report 50-498;-499/99-12, dated September 14, 1999. LER 99-S01-00 involved the licensee's failure to review and evaluate available derogatory information prior to granting unescorted access to the plant on three occasions; LER 99-S05-00 involved the licensee's failure to review derogatory information developed subsequent to, and prior to granting unescorted access on two occasions.

During this inspection, the inspector determined that the event occurred as reported in the licensee's event report. Through observations and interviews, the inspector verified the above corrective actions, as noted. The event was entered into the licensee's corrective action system as Condition Record 99-17363, and SCAQ Report 99-17363.

The inspector obtained all of the "working papers" associated with completion of the employee's background investigation from the licensee's contractor, Baley, Hinchy, Downes and Associates, Inc., (BHD). Based upon BHD's completed background investigation, the licensee had previously granted the employee "temporary" unescorted access to the plant protected area and to the majority of plant vital areas. Upon review of the "working papers," the inspector identified an Interview Sheet prepared by BHD that had not been provided to the licensee. The licensee agreed that this sheet better explained the derogatory information previously provided by BHD.

As a result of the inspector's review of BHD "working papers" and the discovery of "new" derogatory information that BHD had not provided to the licensee, the licensee decided to conduct a vendor audit of BHD background investigation files. The licensee prepared Condition Record 00-4066 to reflect this action. During this audit, the licensee planned to review a sample of completed "temporary" background investigations for those individuals currently authorized temporary unescorted access to the plant. The licensee's audit will focus, in part, on determining if BHD had previously notified the licensee of all derogatory information obtained during the background investigations.

The inspector determined that the licensee's failure to consider all derogatory information obtained during a background investigation was a violation of Paragraph 4.1.2 of the physical security plan and Paragraph 4.1 of licensee Procedure OHRP01-ZA-0001, Revision 3. A similar violation was identified in NRC Inspection Report 50-498;-499/99-12, dated September 14, 1999. This Severity Level IV violation is being treated as a noncited violation, consistent with Section VII.B.1.a of the NRC Enforcement Policy. This violation was entered into the licensee's corrective action

program as Condition Records 99-17363 and 00-4066 and Significant Condition Adverse to Quality 99-17363 (50-498;-499/0003-01).

In a related, but separate matter, 10 CFR 73.56(b)(1) states, in part, that the licensee shall establish and maintain an access authorization program granting unescorted access to protected and vital areas with the objective of providing high assurance that individuals granted unescorted access are trustworthy and reliable. 10 CFR 73.56(a)(1) required the licensee to incorporate the access authorization program into the site physical security plan and implement it.

Paragraph 4.1.2 of the licensee's physical security plan committed to implementing all elements of Regulatory Guide 5.66, "Access Authorization Program for Nuclear Power Plants," in its entirety.

Paragraph 6.2.1 of the Appendix to Regulatory Guide 5.66 (NUMARC 89-01) stated, in part, that for a "full" unescorted access, employment history must be obtained for the past 5 years through contacts with previous employers by obtaining:

- verification of claimed periods of employment of 30 days or more,
- disciplinary history,
- reasons for termination and eligibility for rehire, and
- any other information that would adversely reflect upon the reliability and trustworthiness of the individual as it relates to the individual being permitted unescorted access.

Paragraph 6.4 of the Appendix to Regulatory Guide 5.66 (NUMARC 89-01) states in part, that for "temporary" unescorted access authorization, an employment check for the past year will be conducted. Elements of the employment "check" for the past year, include the same elements as the "full" (5 year) employment history, listed above.

Paragraph 6.2 of the Appendix to Regulatory Guide 5.66 (NUMARC 89-01) states in part, that each utility shall make a best effort to obtain required information from previous periods of employment (through contact with previous employers) and to document such attempts to address the applicant's employment history. In this regard, Part III.G(f) on Page 33 of NUMARC 91-03, states that during the conduct of an employment check for the past year, if after documented reasonable attempts to obtain an employer's information, it is clear that there will not be a prompt response (e.g., due to the employer's policies or practices), secondary sources (e.g., pay stubs, tax forms, etc.) may be sufficient to verify the employment record. While not formally endorsed by the NRC, NUMARC 91-03 provided the Industry's understanding of "best effort" in conducting an employment check.

Section 3.04 of the licensee's Purchase Order (Contract Services) with Baley, Hinchy, Downes, and Associates, Inc. (BHD), dated January 3, 2000, required that the scope for "temporary" (interim) background investigations include, in part, the verification of claimed periods of employment during the last 1-year period or since age 18, whichever

is shorter. Information collected relative to previous employment shall include at a minimum:

- dates of employment,
- reason for termination and eligibility for rehire,
- disciplinary history, and
- any other information that would adversely reflect upon the reliability and trustworthiness of the individual.

As discussed in LER 99-S05-00, the licensee had requested that BHD perform a routine background investigation for the purpose of granting temporary unescorted plant access to a contract employee. As part of this investigation, BHD was required to conduct an employment check for the past year.

During review of LER 99-S05-00, the inspector identified that BHD had verified the past year employment history (for three previous periods of employment) through information obtained from a personal reference. BHD's background investigation for "temporary" unescorted access authorization did not include any information from three previous employers.

BHD's completed "temporary" background investigation and BHD's working papers reflected the following sequence of events for Way Engineering. The contract employee had worked at Way Engineering during a portion of the previous 12 months.

- On September 23, 1999, at approximately 1116 hours, the licensee faxed a request to BHD to conduct an employment check (as part of a background investigation for "temporary" unescorted access) for the contract employee. The licensee stated to the inspector that BHD had not been asked to "rush" or to "expedite" this action.
- On September 23, 1999, at approximately 12:24 p.m., BHD faxed a Previous Employment Questionnaire to Way Engineering. The questionnaire was to be completed and returned to BHD. In turn, BHD would then use information from the questionnaire to complete the background investigation.
- On September 24, 1999, at 10:56 a.m. (approximately 24 hours after receiving the faxed request to conduct a background investigation), BHD faxed a completed background investigation to the licensee. A portion of the background investigation included the following statement: "Fitness-for-Duty investigation revealed no adverse information about subject." No derogatory information was identified in the completed background investigation. In the synopsis of the background investigation, BHD stated as follows:

Way Engineering Co., Inc. requires a FAX for verification. A FAX has been sent and follow-up calls have been made. To date, no response has been received; therefore, reference (name) was contacted and was aware of Subject's employment for the time period submitted. Employers verification will be included in the FULL report.

- On September 28, 1999, at approximately 12:04 p.m., Way Engineering faxed the completed questionnaire to BHD. This questionnaire provided derogatory information and indicated that the contract employee had previously "failed one or the other or both drug and alcohol pre-employment screening."
- On September 29, 1999, at approximately 1:12 p.m., BHD faxed this derogatory information to the licensee.

Further, when obtaining employment history, for two additional periods of employment during the past 12 months, BHD relied upon information provided by the same personal reference. BHD did not use any secondary sources (pay stubs, tax forms, etc., as discussed above) to verify employment history.

On March 7, 2000, the inspector contacted the personal reference listed in the employee's background investigation and verified that the reference was a friend of the contract employee and confirmed that the reference had been previously contacted by BHD. The personal reference stated to the inspector that when he spoke with a BHD representative, he was able to verify the employee's previous places of employment, because: "I spoke with him every two weeks and he told me where he was working."

Based upon the above information, the inspector determined that BHD's background investigation had based the required employment (history) check for three previous employers, upon information obtained solely from a personal reference. No information had been obtained from the three previous employers. Additionally, BHD had completed the background investigation prior to receipt of information from the three previous employers. Subsequently, after completion of the background investigation, all three previous employers provided the requested employment history information to BHD.

Through a sample-review of background investigations, the inspector determined that BHD had completed similar employment (history) checks in approximately 30 percent of the current 319 employees granted "temporary" unescorted access authorization.

During the inspection, the licensee stated that BHD was presently contracted with other nuclear power plants to provide background investigations. Additionally, the licensee stated that previous Nuclear Energy Institute (NEI) audits of BHD had not identified similar concerns with the manner in which BHD completed employment history checks.

During the exit meeting, the licensee noted that Part III.G(f) on Page 33 of NUMARC 91-03, allowed for secondary sources such as "pay stubs, tax forms, **etc.**" to be sufficient to verify employment records. In providing a "best effort," the licensee interpreted use of

the above term "**etc.**" to mean that BHD could verify employment records through contact with a personal reference. The inspector noted that Industry guidance in NUMARC 91-03 had not been formally endorsed by the NRC. Additionally, secondary employment sources such as "pay stubs, tax forms, etc." did not include bypassing information from the previous employers and obtaining "employment history" from a personal reference. Further, the inspector identified that, by formal (licensee) contract, BHD was required to collect information relative to previous employment, including: dates of employment, reason for termination and eligibility for rehire, disciplinary history, and any other information that would adversely reflect upon the reliability and trustworthiness of the individual. It did not appear that BHD had obtained this information.

The licensee's failure to properly conduct an employment check for a contract employee granted "temporary" unescorted access authorization was identified as an unresolved item pending further NRC review (50-498;-499/0003-02).

c. Conclusions

A violation of Paragraph 4.1.2 of the physical security plan and Paragraph 4.1 of the licensee Procedure OHRP01-ZA-0001 was identified for failure to consider all derogatory information obtained during a background investigation. As a result, an individual who would not have been granted unescorted access was improperly granted unescorted access (or allowed to retain unescorted access) on two separate occasions. A similar violation was identified in NRC Inspection Report 50-498;-499/99-12, dated September 14, 1999. This Severity Level IV violation is being treated as a noncited violation, consistent with Section VII.B.1.a of the NRC Enforcement Policy. This violation was entered into the licensee's corrective action program as Condition Records 99-1763 and 00-4066 and Significant Condition Adverse to Quality Record 99-17363.

An unresolved item was identified for failure to properly conduct an employment check for a contract employee granted "temporary" unescorted access authorization, as required by Paragraph 4.1.2 of the physical security plan. On multiple occasions, the licensee's contractor obtained employment history information from personal references, rather than from previous employers. This matter will remain unresolved pending further NRC review.

S1.2 Communications

a. Inspection Scope (81700)

The communication capabilities were inspected to determine compliance with the requirements of the security plan. The areas inspected included the operability of radio and telephone systems and the capability to effectively communicate with the local law enforcement agencies through both of the systems.

b. Observations and Findings

The inspector verified that the licensee had adequate radio and telephone systems capable of meeting all communication requirements of the security organization. The licensee maintained an adequate number of portable radios and batteries for use by members of the security organization.

c. Conclusions

The security radio and telephone communication systems were reliable. An adequate number of portable radios were available for members of the security organization.

S1.3 Protected Area Access Control of Personnel, Packages, and Vehicles

a. Inspection Scope (81700)

The access control program for personnel, packages, and vehicles was inspected to determine compliance with the requirements of the security plan. The areas inspected included a review of Licensee Event Report 50-498-SO4-00 regarding entry of an unauthorized individual into the protected area, and a review of Unresolved Item 50-498/499-9806-03 regarding the computer transfer of a security badge "onsite" without first verifying identity of the badge holder.

b. Observations and Findings

The inspector determined through observations at the East and West Gate House, the vehicle sallyports, and the warehouse that the licensee properly controlled access of personnel, packages, and vehicles to the protected area. The protected area access control equipment was functional and well maintained. The inspector also observed use of the X-ray machine and search of packages and material at the warehouse. The operators were efficient and well trained.

License Condition 2.F of the licensee's facility operating licenses (NPF-76 and NPF-80) requires, in part, that the licensee fully implement and maintain in effect all provisions of the physical security plan previously approved by the Commission and all amendments and revisions made pursuant to the authority under 10 CFR 50.90 and 10 CFR 50.54(p).

Technical Specifications 6.8.1(Administrative Controls) of licensee's facility operating licenses (NPF-76 and NPF-80) requires, in part, that written procedures for implementation of the security plan be established, implemented, and maintained.

Section 4.1 of the licensee physical security plan requires, in part, that admission to protected and vital areas of the plant be restricted to those persons needed to perform work assignments.

Paragraph 8.8 of South Texas Project Electric Generating Station (STPEGS) Procedure OPGP09-ZA-0001, "Plant Access Authorization Program," Revision 9, requires, in part, that unescorted access be revoked when an individual no longer requires unescorted access.

On November 1, 1999, the licensee submitted Licensee Event Report 50-498; -499/99-S04-00, "Unauthorized Entry into the Protected Area." This report stated that on September 15, 1999, a contract janitorial employee notified the employer via a "Voluntary Resignation Form" of resignation effective September 23, 1999. On September 16, 1999, the contract employee's manager turned the resignation form over to an administrative technician for processing, along with unclear verbal instructions regarding notification of security. At that time, the administrative technician mistakenly believed that the contract employee had accepted employment with another on-site contract firm and, therefore, had a need to retain the security badge. On September 22, 1999, when the contract employee terminated employment, the administrative technician did not complete an Employee Check-Out Form. This form was designed to notify the security department of departing employees. In turn, upon receipt of this form, the security department removed authorization for employee unescorted site access. As a result, the employee's security badge remained active in the security computer.

The licensee's report further stated that on September 30, 1999, the former contract employee entered the protected area to pick up the final pay check and to speak to the plant manger. In response to questions, the former employee told the plant manger's secretary of voluntarily termination seven days earlier and had not turned in the security badge upon leaving site. The secretary had the former contract employee immediately escorted off site and reported the event to the security force supervisor. The former contract employee's security badge was placed on hold and later revoked. The former contract employee had remained on site for approximately 13 minutes.

The licensee investigation determined that the root cause of this event was lack of clear direction by the contract manager to the administrative technician to take specific action with the contract employee's badge. Instead, based on poorly communicated facts, the contract manager assumed the administrative technician would perform a series of actions to "out process" the contract employee.

The licensee's contributing causes to this event included:

- (1) Procedure OPGP09-ZA-0001, "Plant Access Authorization Program," Revision 9, allowed the practice of transferring the protected area unescorted access of a terminated employee from one company to another company without positive action by the releasing employer. As a result, there was no clearly defined responsibility to terminate the contract employee's unescorted access.
- (2) The contract manager ineffectively monitored termination of the contract employee.
- (3) The administrative technician did not followup to ensure that the terminated employee had actually gained employment with another site contract company and that the receiving company had processed an Unescorted Access/Badge Transaction Form.
- (4) The resigning contract employee omitted the reason for resignation on the "Voluntary Resignation Form."

The licensee's corrective action for this event included a requirement for contract companies to ensure that, on the effective date of termination, unescorted access for each terminated employee is either placed on hold, or is revoked, regardless of the circumstances.

Through interviews, the inspector determined that, while inside the protected area, the (terminated) contract employee could have used the security badge to gain unescorted access to the majority of the plant vital areas. The licensee stated that during this event, the (terminated) contract employee did not enter any vital areas.

The inspector determined that the failure to revoke an individual's unescorted access was a violation of Section 4.1 of the physical security plan and Paragraph 8.8 of Procedure OPGP09-ZA-0001, Revision 9. This Severity Level IV violation is being treated as a noncited violation, consistent with Appendix Section VII.B.1.a of the NRC Enforcement Policy. This violation is in the licensee's corrective action program as Condition Record 99-13652 (50-498;-499/0003-03).

On May 27, 1998, while responding to an emergency preparedness drill, an NRC inspectors' security badge failed to unlock vital area door No. 1M2119 leading to the electrical auxiliary building. Assuming that the card reader had been deactivated, the inspector then attempted to unlock vital area door No. 1M3267 leading to the mechanical auxiliary room with the same result. Upon telephoning the central alarm station, the inspector was advised by the alarm station operator that the security computer showed the status of the security badge as being "offsite and inactive." As such, the inspector's security badge was not capable of unlocking any vital area doors. Following a telephone discussion with the inspector, the alarm station operator changed the inspector's badge to an "on-site and active" status. The identity of the badge holder was not verified prior to activating the security badge. The inspector questioned the validity of this action. The licensee initiated Condition Record 98-8394 to document the occurrence.

The licensee's investigation of the occurrence determined that the alarm station operator had improperly activated the inspector's security badge prior to personal identification of the individual. Additionally, the licensee determined that during this event, the actions of the alarm station operator were inconsistent with the established manner of granting unescorted access to vital areas.

Through interviews, the inspector determined that, during this event, each time the alarm station operator received an "offsite and inactive" advisory alarm, a security officer had been dispatched to investigate the cause of the alarm. When the officer arrived at door No. 1M2119, no one was present. Upon annunciation of the second alarm at door No. 1M3267, an officer was again immediately dispatched. However, the alarm station operator changed the inspector's badge to an "on-site and active" status prior to arrival of the responding security officer. A short time later, the responding security officer verified the identity of the badge holder as being an NRC inspector.

As a result of this event, the licensee issued a nuclear training bulletin to all alarm station operators and security supervisors emphasizing the importance of continually following security procedures.

This event identified an inconsistent manner of controlling unescorted access to a vital area. The situation has been corrected.

c. Conclusions

An effective program for searching personnel, packages, and vehicles was maintained. Equipment operators were efficient and well trained. A violation of Section 4.1 of the physical security plan and Paragraph 8.8 of Procedure OPGP09-ZA-0001 was identified for a failure to revoke a former contract employee's unescorted plant access, when unescorted access was no longer required. When the former employee returned to the protected area, access to vital areas could have been obtained, but was not. As a result, an unauthorized individual could have easily gained undetected access into a vital area from outside the protected area. This Severity Level IV violation is being treated as a noncited violation, consistent with Section VII.B.1.a of the NRC Enforcement Policy. This violation was entered into the licensee's corrective action program as Condition Record 99-13652. Additionally, an inconsistent manner of controlling unescorted access to a vital area was identified.

S3 Security and Safeguards Procedures and Documentation

S3.1 Security Program Plans and Procedures

a. Inspection Scope (81700)

The physical security plan and the implementing procedures were inspected to determine compliance with the requirements of 10 CFR 50.54(p) and the physical security plan.

b. Observations and Findings

The inspector determined that previous plan changes were submitted to the NRC within the required time frame, and the changes did not reduce the effectiveness of the plan. The inspector reviewed one implementing procedure for adequacy, verified that the licensee maintained an effective management system for the development and administration of procedures, and verified that changes to the procedures did not reduce the effectiveness of the security program.

c. Conclusions

Changes to security plans were reported within the required time frame and properly implemented in accordance with 10 CFR 50.54(p). Implementing procedures met the performance requirements in the physical security plan.

S3.2 Security Event Logs

a. Inspection Scope (81700)

The inspector reviewed safeguards event logs and security incident reports to determine compliance with the requirements of 10 CFR 73.21(b) and (c), 10 CFR 26.73, and the physical security plan.

b. Observations and Findings

The inspector reviewed the safeguards event logs from August 1, 1999, through March 5, 2000. The condition records were available for review and maintained as required by regulations. The inspector determined that the licensee had properly reported security events. The inspector reviewed eight condition records. The logs and supporting condition records were accurate. The licensee's records included trending and analysis of events.

c. Conclusions

An effective program for reporting security events was in place. The security staff was correctly reporting security events.

S6 Security Organization and Administration

S6.1 Management Support

a. Inspection Scope (81700)

The effectiveness and adequacy of management support were inspected to determine the degree of management support for the physical security program.

b. Observations and Findings

Through discussions with security force personnel, the inspector determined that the security program received very good support from senior management as demonstrated by good morale of the security organization and continued funding for replacement of security equipment. The inspector determined that the security program was implemented by a trained and qualified security staff. All members of the security organization had a clear understanding of assigned duties and responsibilities.

c. Conclusions

Senior management support for the security organization was very effective. The security program was implemented by a well trained and highly qualified staff.

S8 Miscellaneous Security and Safeguards Issues (92700 and 92904)

S8.1 (Closed) Licensee Event Report 50-498;-499/99-S04-00: Entry of an Unauthorized Individual into the Protected Area

In accordance with 10 CFR 73.71, the licensee telephonically reported to the NRC on September 30, 1999 (Event 36246) that an unauthorized individual had been allowed to enter the protected area. See Section S1.3 of this report for discussion of this event.

S8.2 (Closed) Licensee Event Report 50-498;-499/99-S05-00: Failure to Consider (Derogatory) Information Obtained During a Background Investigation

In accordance with 10 CFR 73.71, the licensee telephonically reported to the NRC on December 9, 1999 (Event 36496), that unescorted access had been inappropriately granted to a contract employee. See Section S1.1 of this report for discussion of this event.

S8.3 (Closed) Unresolved Item 50-498;-499/9806-03: Computer Transfer of a Security Badge "Onsite" Without First Verifying Identity of Badge Holder

On May 27, 1998, during an emergency preparedness drill, an alarm station operator improperly transferred an individual's security badge to an "Onsite" status. See Section S1.3 of this report for discussion of this item.

V. Management Meetings

XI Exit Meeting Summary

The inspector presented the inspection results to members of licensee management at the conclusion of the inspection on March 10, 2000. The licensee acknowledged the findings presented. During the exit meeting the licensee discussed its interpretation of a portion of Part III.G(f) on Page 33 of NUMARC 91-03, as discussed in Section S1.1 of this report.

ATTACHMENT

SUPPLEMENTAL INFORMATION

PARTIAL LIST OF PERSONS CONTACTED

Licensee

J. Sheppard, Vice President, Engineering and Technical Services
J. Drymiller, Superintendent, Security
M. Hall, Senior Security Operations Coordinator
S. Head, Supervisor, Licensing
M. Johnson, Senior Specialist, Licensing
T. Jordan, Manager, Nuclear Engineering
W. Meier, Manager, Nuclear Information System
R. Mumme, Quality Auditor
P. Serra, Manager, Plant Protection
T. Walker, Manager, Procurement Quality
M. Woodard-Hall, Supervisor, Access Authorization

Contractors

D. Bilski, Lead Security Instructor, Protection Technology Inc. (PTI) Security
F. Durham, Project Manager, PTI Security
L. Knox, Supervisor, Security Force

NRC

N. O'Keefe, Senior Resident Inspector

INSPECTION PROCEDURES USED

IP 81700	Physical Security Program for Power Reactors
IP 92700	On-site Followup of Written Reports of Nonroutine Events at Power Reactor Facilities
IP 92904	Followup - Plant Support

LIST OF ITEMS OPENED CLOSED AND DISCUSSED

Items Opened

50-498;-499/0003-01	NCV	Failure to Consider all Derogatory Information Obtained During a Background Investigation
50-498;-499/0003-02	URI	Failure to properly conduct an employment check for a contract employee granted "temporary" unescorted access authorization
50-498;-499/0003-03	NCV	Failure to Revoke an Individual's Unescorted Access When No Longer Required

Items Closed

50-498;-499/0003-01	NCV	Failure to Consider all Derogatory Information Obtained During a Background Investigation
50-498;-499/0003-03	NCV	Failure to Revoke an Individual's Unescorted Access When No Longer Required
50-498;-499/99-S04-00	LER	Unauthorized Entry Into the Protected Area
50-498;-499/99-S05-00	LER	Unescorted Access Inappropriately Granted
50-498;-499/9806-03	URI	Computer Transfer of a Security Badge "Onsite" Without First Verifying Identity of Badge Holder

Items Discussed

None

LIST OF DOCUMENTATION REVIEWED

Safeguards Event Logs from August 1, 1999 to March 5, 2000

Licensee Event Report 99-S04-00, "Unauthorized Entry Into The Protected Area," dated November 1, 1999

Licensee Event Report 99-S05-00, "Unescorted Access Inappropriately Granted," dated January 5, 2000

Significant Condition Adverse to Quality (SCAQ) Report 99-17363

Licensee Purchase Order (Contract Services) with Baley, Hinchy, Downes, and Associates, Inc.

Condition Records 98-8394, 99-11353, 99-11363, 99-11365, 99-13652, 99-17363, 00-3784, and 00-4066

Quality Audit 99-17 (SE), Physical Security/Fitness-for-Duty Program/Access Authorization dated September 13, 1999

Assessment of Access Authorization Program, by T.W. Dexter, dated February 5, 2000

South Texas Procedure OHRP01-ZA-0001, Revision 3, "Unescorted Access Evaluation Process" (partial)

South Texas Procedure OPGP03-ZS-0001, Revision 24, "Vehicle, Material and Personnel Access Control"

South Texas Procedure OPGP09-ZA-0001, Revision 9, "Plant Access Authorization Program" (partial)

South Texas Procedure OPGP09-ZA-0007, Revision 0, "Unescorted Access Evaluation Process" (partial)