



**UNITED STATES
NUCLEAR REGULATORY COMMISSION
REGION IV
611 RYAN PLAZA, SUITE 400
ARLINGTON, TEXAS 76011-4005**

July 24, 2003

Joseph E. Venable
Vice President Operations
Waterford 3
Entergy Operations, Inc.
17265 River Road
Killona, Louisiana 70066-0751

**SUBJECT: WATERFORD 3 - NRC SAFEGUARDS INSPECTION OF COMPLIANCE WITH
ORDER - INSPECTION REPORT 05000382/2003-002**

Dear Mr. Venable:

From June 16 to July 15, 2003, the NRC conducted an inspection of your Waterford 3 facility. The enclosed report documents the inspection findings that were discussed on June 19, 2003, during a pre-brief and on July 15, 2003, at a telephonic exit meeting with Ms. Parker, Security Manager, you and other members of your staff.

This inspection examined activities conducted under your license as they relate to safety and compliance with an Order issued on February 25, 2002, which required your site to implement specific measures related to the security of your facility. The inspection utilized Temporary Instruction 2515/148, "Inspection of Nuclear Reactor Safeguards Interim Compensatory Measures," to verify implementation of the Order as clarified in your responses dated March 15, May 8, June 13, and September 3, 2002. Within these areas, the inspection consisted of selected examination of procedures and representative records, observations of activities, and interviews with personnel.

The material enclosed herewith contains Safeguards Information as defined by 10 CFR 73.21, and its disclosure to unauthorized individuals is prohibited by Section 147 of the Atomic Energy Act of 1954, as amended. Therefore, the material will not be placed in the Public Document Room.

In accordance with 10 CFR 2.790 of the NRC's "Rules of Practice," a copy of the non Safeguards Information portions of this letter, its enclosure, and your response will be made available electronically for public inspection in the NRC Public Document Room or from the Publicly Available Records (PARS) component of NRC's document system (ADAMS). ADAMS is accessible from the NRC Web site at <http://www.nrc.gov/reading-rm/adams.html> (the Public

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

Sincerely,

//RAI//

Troy W. Pruett, Chief
Plant Support Branch
Division of Reactor Safety

Docket: 50-382
License: NPF-38

Enclosure:
NRC Inspection Report 05000382/2003-03
w/Attachment: Supplemental Information

cc without safeguards enclosure:

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Scott Morris (NSIR/DNS/RSS) (MS T4D8)
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ENCLOSURE

U.S. NUCLEAR REGULATORY COMMISSION
REGION IV

Docket: 50-382
License: NPF-38
Report No.: 05000382/2003-02
Licensee: Entergy Operations, Inc.
Facility: Waterford Steam Electric Station, Unit 3
Location: Hwy. 18
Killona, Louisiana
Dates: June 16 - July 15, 2003
Inspectors: Gregory A. Pick, Senior Physical Security Inspector
Frank L. Brush, Senior Resident Inspector
Joseph L. Taylor, Reactor Inspector
Accompanying Personnel: James Buchanan, Physical Security Inspector
Approved By: Troy W. Pruett, Chief, Plant Support Branch
Attachment: Supplemental Information

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SUMMARY OF FINDINGS

IR 05000382/2003-02; Entergy Operations, Inc; on 6/16-7/15/2003; Waterford Steam Electric Station, Unit 3; TI 2515/148, Verification of Compliance With Interim Compensatory Measures Order

The inspection was conducted by one senior physical security inspector, one senior resident inspector, and one reactor inspector.

Cornerstone: Physical Security

- On February 25, 2002, the NRC imposed by Order, Interim Compensatory Measures to enhance physical security. The inspectors determined that, overall, the licensee appropriately incorporated the Interim Compensatory Measures into the site protective strategy and access authorization program; developed and implemented relevant procedures; ensured that the emergency plan could be implemented; and established and effectively coordinated interface agreements with offsite organizations.
- The inspectors identified an unresolved item regarding loss of microwave intrusion detection system zones as required by Item B.2.a.(1) of the Order. This item remains open pending review by the Office of Nuclear Security and Incident Response (Section III.A.2).
- The inspectors identified an unresolved item related to availability of contingency equipment as required by Item B.4.f of the Order. This item remains open pending review by the Office of Nuclear Security and Incident Response (Section V.F.2).
- The inspectors identified an unresolved item related to evaluation of the effects of a large area fire as required by Item B.5.b of the Order. This item remains open pending review by the Officer of Nuclear Security and Incident Response (Section VI.B.2).

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ATTACHMENT

SUPPLEMENTAL INFORMATION

PARTIAL LIST OF PERSONS CONTACTED

Licensee

S. Anders, Superintendent, Plant Security
R. Bateman, Manager, Nuclear Computer and Information Services
L. Borel, Licensing Engineer
J. Dorsey, Supervisor, Security Operations
J. Douet, General Manager, Plant Operations
T. Gaudet, Director, Planning and Scheduling
M. Gutierrez, Senior Engineer - Civil
S. Lubinski, Emergency Planner
C. Parker, Manager, Security
K. Peters, Director, Nuclear Safety Assurance
B. Phillips, Nuclear Computer and Information Services
T. Tankersley, Manager, Training
J. Venable, Vice President, Operations
K. Walsh, Manager, Operations

NRC

J. Buchanan, Physical Security Inspector
M. Hay, Senior Resident Inspector

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ITEMS OPENED

- URI 05000382/2003002-01 Loss of microwave intrusion detection system zones
(Section III.A.2).
- URI 05000382/2003002-02 Availability of contingency response equipment
(Section V.F.2).
- URI 05000382/2003002-03 Failure to evaluate the effects of a large area fire
(Section VI.B.2).

PARTIAL LIST OF DOCUMENTS REVIEWED

Letter W3F1-2002-0024, "Entergy Operations, Inc. - Response to Issuance of Order for Interim Safeguards and Security Compensatory Measures," dated March 15, 2002

Letter W3F1-2002-0053, "Clarification of Response to Issuance of Order for Interim Safeguards and Security Compensatory Measures," dated May 8, 2002

Letter W3F1-2002-0058, "Entergy Operations, Inc. - Response to Issuance of Order for Interim Safeguards and Security Compensatory Measures," dated June 13, 2002

Letter W3F1-2002-0084, "Entergy Operations, Inc. - Final Response to Issuance of Order for Interim Safeguards and Security Compensatory Measures," dated September 3, 2002