



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

JUN 13 2000

Gregory M. Rueger, Senior Vice
President, Generation and Chief Nuclear Officer
Pacific Gas and Electric Company
Diablo Canyon Power Plant
P.O. Box 3
Avila Beach, CA 93424

SUBJECT: SUMMARY OF PUBLIC MEETING HELD ON MAY 19, 2000, TO DISCUSS
FOCUSED SITE SAFETY-CULTURE SURVEY RESULTS AND PLANNED
CORRECTIVE ACTIONS

Dear Mr. Rueger:

This refers to the meeting conducted with you at the Embassy Suites Hotel in San Luis Obispo on May 19, 2000. This public meeting was held to discuss the results of a focused site safety-culture survey and planned corrective actions. Your presentation slides are being docketed as Enclosure 2. The NRC had information describing our allegation process is included as Enclosure 3.

Following the meeting, some members of the public expressed concerns about the adequacy of the safety culture at Diablo Canyon and inadequacies in the legal processes for protecting individuals. Because of widespread interest about these issues at the Diablo Canyon facility, the meeting with your staff and the related questions and comments from the public were transcribed and are included as Enclosure 4. The NRC will review the transcript and assure that any Nuclear Safety Concerns raised by the public are resolved satisfactorily.

"In accordance with 10 CFR 2.790 of the NRC's "Rules of Practice," a copy of this letter and its enclosure will be 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/NRC/ADAMS/index.html> (the Public Electronic Reading Room)."

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

Sincerely,

Linda Joy Smith, Chief
Project Branch E
Division of Reactor Projects

Docket Nos.: 50-275

50-323

License Nos.: DPR-80

DPR-82

Enclosures:

1. Attendance List
2. Licensee Presentation
3. NRC Allegation Program Information
4. Meeting Transcript

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JUN 13 2000

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Enclosure 1

Attendance List

Licensee

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Dave Oatley, Vice President and Plant Manager
Jim Becker, Manager, Operations Services
Bill Crockett, Manager, Nuclear Quality Services
Steve Fridley, Manager, Site Services

NRC

Ellis Merschoff, Regional Administrator
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Dyle Acker, Resident Inspector, Division of Reactor Projects
Breck Henderson, Public Affairs Officer
Charles Hackney, State Liaison Officer
Ed Baker, Agency Allegation Advisor
Dennis Dambly, Office of General Council

Enclosure 2

Licensee Presentation

Diablo Canyon's Safety Culture

David Oatley
Vice-President Operations and Plant Manager



Safety Culture

- Recognized as an important element of operating a nuclear power plant
- Assessed periodically



Safety Culture in 1998

- SYNERGY determined it was “adequate to good” (just above industry median)
- Positive aspects
 - 96% would identify a potential nuclear safety concern
 - 89% would take concerns up the management chain if not satisfied
 - 91% believe nuclear safety is the over-riding priority



Safety Culture in 1998 (cont.)

- Areas to improve in the General Culture and Work Environment
 - trust in management
 - effective management of change
 - clarity of future for DCP
 - clearing the air concerning a shift foreman
 - management/supervisory practices
 - Employee Concerns Program



Actions Taken

Two strategies

- Site wide cultural changes
 - Cultural change takes at least 2-3 years
- Section specific plans for lowest quartile groups



Cultural Change

- Started with Officers and Managers in 8/98
 - Directors involved 3/99
 - Supervisors involved 12/99
- Objective is to improve:
 - trust
 - change management
 - management practices



Cultural Change (cont.)

- Focused on behaviors of:
 - Understanding others
 - Embrace feedback
 - Creating positive work environment
 - Supporting common goals
 - Face time



Section Plans

- ECP
 - Differing professional opinion process
 - Employee advocate
- Operations
 - Professional leadership development
- NSSS Maintenance
 - Staffing increased
 - Relocated to better surroundings
 - Improved supervisor knowledge



How did we do?

- Mini-survey performed 11/99 to:
 - Obtain input on success of strategies
 - Make any necessary mid-course corrections



SYNERGY Mini-Survey

Rich Cheney

Employee Concerns Program Supervisor



Outline

- Purpose
- Survey Administration
- Targeted Organizations
- Response Rate/Demographics
- Definitions
- Results
- Conclusions
- Summary
- Next Steps



Purpose

- To provide feedback on the Nuclear Safety Culture in a sampling of groups (most of which scored in lowest quartile in 1998 assessment) to:
- determine if progress is being made, and
 - determine what strategies for lowest quartile groups are working.
- This survey did NOT try to measure the overall safety culture at DCP. This will be measured with a comprehensive survey in late 2000.



Survey Administration

- The Survey tool was designed by SYNERGY to provide results that could be compared to the 1998 survey.
- PG&E administered the survey, however the survey forms were mailed directly to SYNERGY's accounting firm to preserve confidentiality and maintain independence.
- SYNERGY provided a set of reports which were used to analyze the results and draw conclusions. The analysis and conclusions were validated by SYNERGY and their comments incorporated into the final report.



Targeted Organizations

- The following organizations, which finished in the bottom quartile of the 1998 survey were included:
 - Shift Operations (Shift Ops)
 - NSSS Maintenance
 - Fire, Health, Safety (FH&S)
 - Radiation Protection (RP)
- Chemistry and Other Operations (1998 top quartile organizations) were included because they share employees with RP and Shift Operations, respectively.



Response Rate/Demographics

- Overall response for this survey was 18% higher than the 1998 survey for the targeted organizations.

Changes in the number/classifications of survey respondents (**demographics**) can influence the comparison of results. SYNERGY performed a detailed analysis and concluded:

- For Shift Ops, RP and FH&S, the results of the survey can be meaningfully compared to the 1998 survey.



Response Rate/Demographics (cont.)

SYNERGY Concluded:

- For NSSS Maintenance and Chemistry, changes in demographics impact the comparison of data. Were it not for the demographics change:
 - The magnitude of the positive change in NSSS Maintenance could have been larger.
 - The magnitude of the negative change in Chemistry could have been smaller.
- Significant changes in demographics between the two surveys for Other Operations makes trending comparisons questionable at best.
- 10 respondents in 1998 vs. 31 respondents in 1999
 - Breakdown by employee type (management or union) is significantly different between the two surveys.




Definitions


- Safety Conscious Work Environment (SCWE)
- Integrated Performance Indicator (IPI)
- Nuclear Safety Behaviors, Practices and Programs
- Employee Concerns Program (ECP)
- Nuclear Safety Culture (NSC)
- General Culture and Work Environment (GCWE)
- Leadership, Management & Supervisory Practices (LMS)





KEYS TO INTERPRETING TOPICAL SUMMARY TABLES 1,2 & 3


Color Coding Categories

 Significantly Less-than-Adequate (S-LTA)
Less-than-adequate (LTA)

 Nominally LTA (N-LTA)
Nominally Adequate (NA)

 Adequate (A)
Adequate-to-Good (A-G)
Good (G)

 Good-VG (G-VG)
Very Good (VG)

 VG-Excellent (VG-E)
Excellent (E)

Overall SCWE, NSC and GCWE/LMS Ratings and Trends

Overall ratings and trends are based on an analysis of the composite survey results, including question response distribution data (for overall ratings) and linked question response data (for trends).

Trends are characterized as:

- Mixed and Steady
- Mixed and Nominally Improving or Declining
- Significantly Improving or Declining
- Very Significantly Improving or Declining



1999 INTERIM CULTURAL SURVEY

Overall Results

Safety Conscious Work Environment, Nuclear Safety Culture, and General Culture & Work Environment/Leadership, Management & Supervisory

Topic	RP	Shift Ops	NSSS	FH&S	Chemistry	Other Ops
OVERALL SCWE RATING/TREND	VG Significant↑	G-VG Significant↑	VG-E Very Significant↑	VG-E Very Significant↑	VG Significant↓	VG
Integrated Performance Indicator (IPI)	A-G	NA	G	G	A-G	G
Nuclear Safety Behaviors, Practices & Programs	A	NA	G	G	A	A-G
Employee Concerns Program (ECP)	A-G		A	G-VG	A	A-G
OVERALL NSC RATING/TREND	A-G Significant↑	A Significant↑	G Very Significant↑	G-VG Very Significant↑	A-G Significant↓	G
OVERALL GCWE/LMS RATING/TREND	N-LTA Mixed & Steady		NA Very Significant↑	A-G Very Significant↑	NA Very Significant↓	NA

Conclusions

- Overall, there is a “good to excellent” SCWE in the targeted organizations.
- 99% of the respondents would write an Action Request; 88% would take the concern further up the management chain if dissatisfied with the outcome.
- 98% of the respondents agree that operations, maintenance and modifications are conducted in accordance with the licensing and design bases.
- Shift Ops showed significant improvement in Nuclear Safety Culture and Safety Conscious Work Environment. Improvement still needed in General Culture & Work Environment and their perception of ECP.



Conclusions (cont.)

- NSSS Maintenance showed very significant improvement in almost all areas. Improvement still needed in General Culture & Work Environment.
- RP showed significant improvement in Nuclear Safety Culture and Safety Conscious Work Environment. Improvement still needed in General Culture & Work Environment.
- FH&S showed very significant improvement in almost all areas.
- While Chemistry's SCWE is still "adequate to good" and Nuclear Safety Culture is "very good," this represents a significant decline from 1998.



Summary

Overall, we have a “good to excellent” Safety Conscious Work Environment and an “adequate to good” Nuclear Safety Culture with improvement noted since 1998 in the targeted organizations. Work is still needed in the area of General Culture and Work Environment.



Next Steps

- Communicate the results to the entire organization
- Continue with our Leadership/Cultural efforts
- Develop plans to understand and address issues within surveyed organizations



Next Steps

**Operations
Radiation Protection
Chemistry and Environmental Ops.**

Jim Becker

Operations Services Manager



Recommendations from Mini-Survey

- Communicate results
 - Directors met with Sections in January/February
- Continue with leadership cultural efforts
 - Supervisor meetings
 - Line of sight PMP's
- Develop plans to address issues



Identifying Issues

- Operations, CEO, and Radiation Protection took similar approaches
- Based on experience on NSSS maintenance and FH&S
- Supervisors held open meetings
- Input taken and compiled
- Vote taken
- Top issues selected



Identifying issues (cont.)

- Issues are largely actionable
- Issues are largely around General Culture
- Progress to be made in 2000
- Operations Services Manager is accountable for achieving significant improvement



Operations Top Issues

Improve Trust

- Improve communications
- Supervisory and leadership training
- Better communicate and plan for performance evaluations and pay decisions
- Develop a road map for personnel development and advancement
- Improve operator training programs



Ops Top Issues (cont.)

- Increase number of Reactor Operator Licenses
- Improve utilization of Senior Control Operators
- Develop Human Performance Policy



Radiation Protection Top Issues

- Improve communications of changes
- Implement proper level of supervisor involvement at Access Control
- Procure new RP tools and instruments as needed
- Optimize distribution of work among RP crews



RP Top Issues (cont.)

- Collectively establish goals and direction for each RP foreman team
- Formal training program for Decontamination Specialists
- Improve RP technicians work space
- Improve foreman implementation of key behaviors



Chemistry and Env. Ops.

Top Issues

- Reduce workload
- Resolve industrial safety issues
- Improve use of information technology
- Enhance procedures in a timely manner
- Improve training



Next Steps Site Wide

David Oatley

Vice-President Operations and Plant Manager



Next Steps

- Continue with cultural change efforts described earlier
 - Use this as an opportunity to improve management/supervisory practices
- Met with all supervisors to establish expectations concerning improvement
 - Managers and Directors are also expected to make necessary improvements
- Perform site wide survey late in 2000

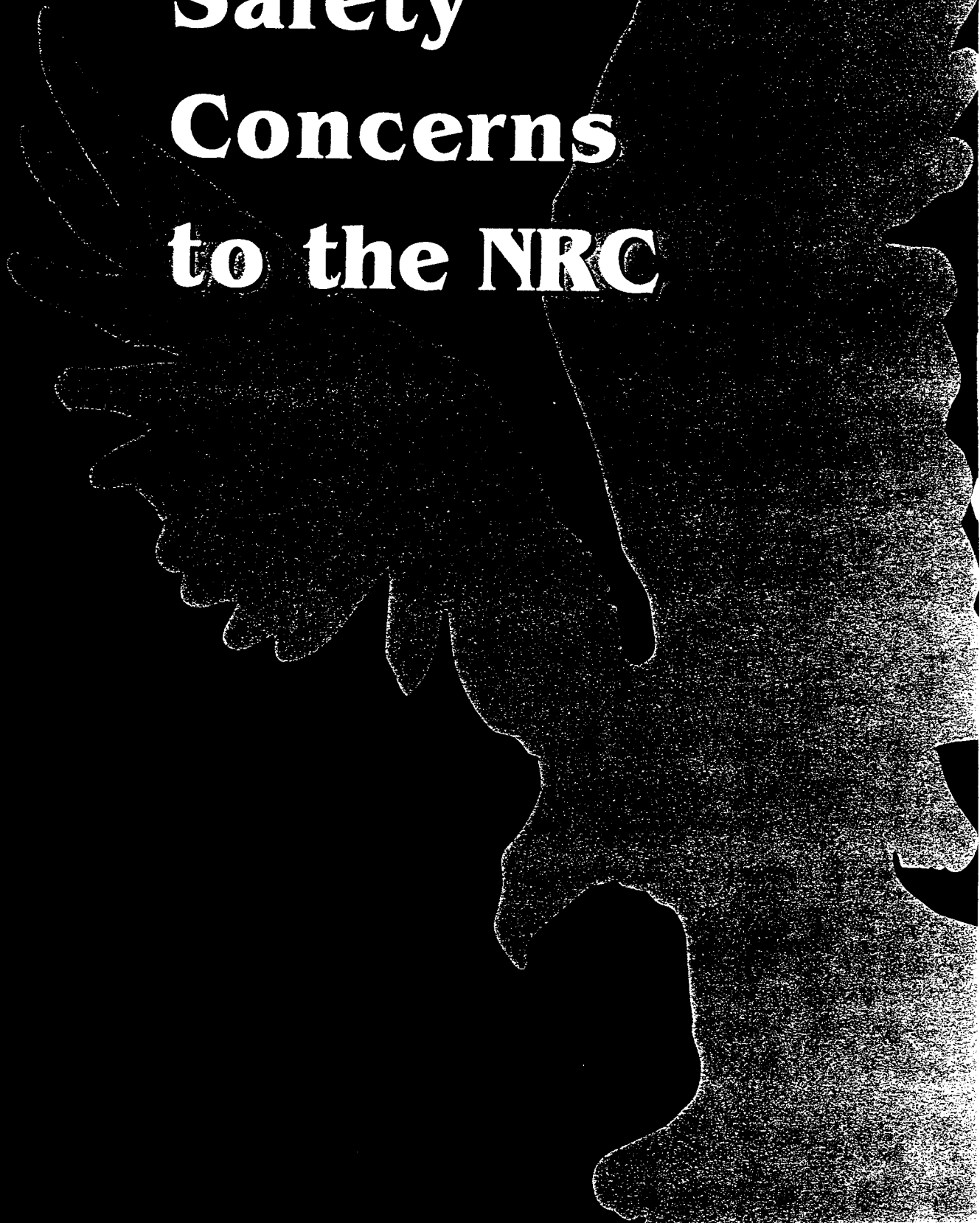


Enclosure 3

NRC Allegation Program Information



Reporting Safety Concerns to the NRC



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INTRODUCTION

All individuals should feel free to communicate to the Nuclear Regulatory Commission (NRC) any safety or wrongdoing concerns. It is the policy of the NRC to encourage workers at regulated nuclear facilities to take technical safety concerns to their own management first. However, workers can bring safety concerns directly to the NRC at any time. It is the agency's responsibility to respond to those concerns in a timely manner and to protect the identity of the individual to the greatest degree possible.

This brochure provides information on how nuclear workers - such as yourself - can report safety concerns to the NRC, what degree of protection can be afforded to a worker's identity, and the NRC process for handling a worker's allegation of discrimination that may result from reprisals by licensees, their contractors, or subcontractors.

In this brochure, safety concerns encompass potential safety issues, violations of NRC requirements, nonconformances with licensee or certificate holder requirements, harassment and intimidation, and a work environment that discourages workers from raising safety concerns.

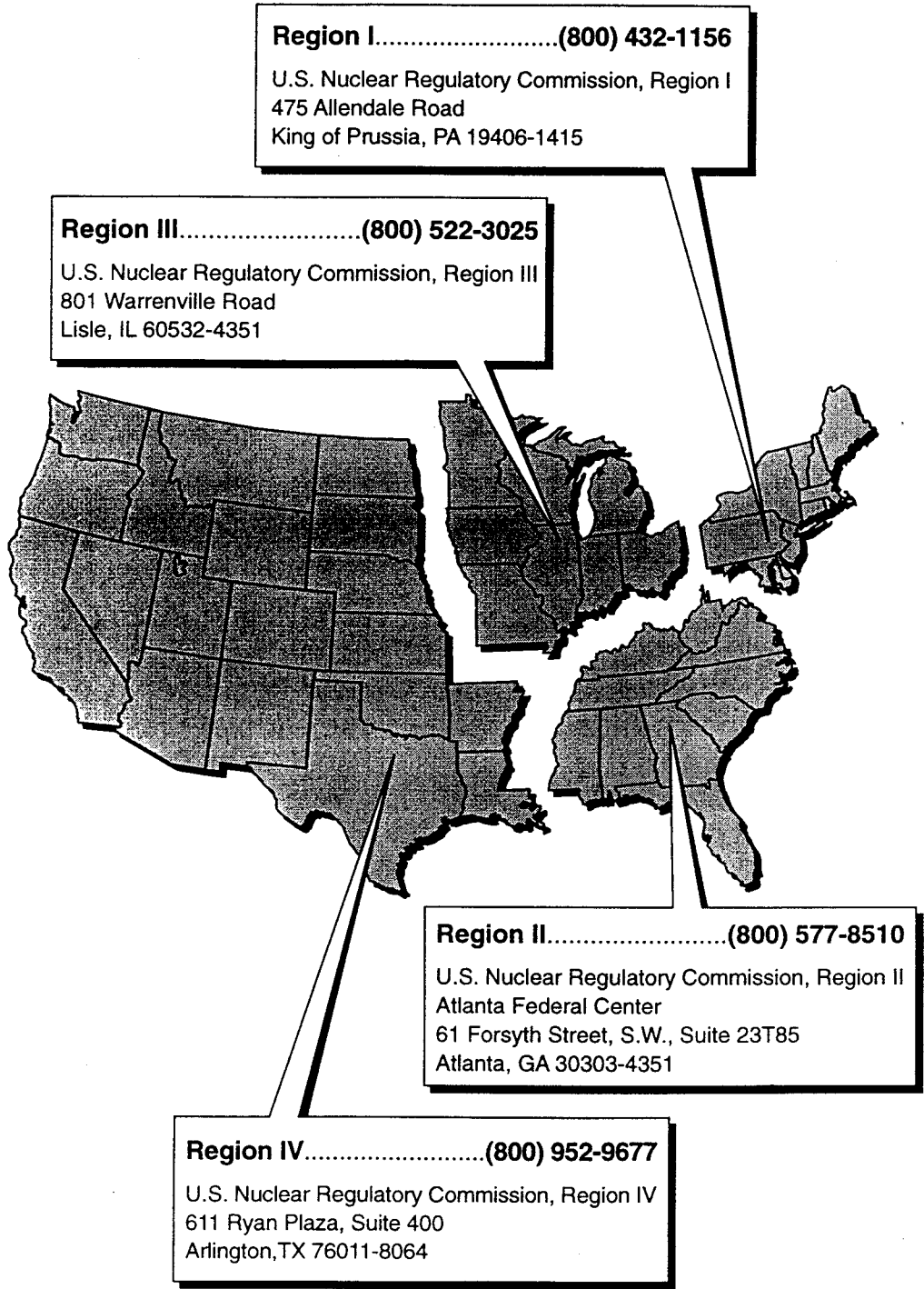
A WORKER'S ROLE IN NUCLEAR SAFETY

As a worker in the nuclear industry, you have an important role in ensuring safe operations and practices in handling nuclear materials. Protection of public health and safety begins with the Nuclear Regulatory Commission's licensing requirements for safe operation of nuclear facilities and continues with inspections to ensure that licensees comply with these requirements and their commitments. NRC considers licensee management ultimately responsible for regulatory compliance, and management relies on you, the worker, to assist them in this effort by identifying and reporting safety concerns.

NRC inspectors can observe only a small part of the day-to-day activities in nuclear facilities. Therefore, your every-day knowledge and operating experience can provide valuable insight in identifying safety concerns in the workplace to your employer and the NRC. Once nuclear facilities are licensed and operational, you become the first line of defense for preventing accidents and protecting public health and safety.

In the past, workers in NRC-regulated nuclear activities and concerned citizens have raised important safety issues and, as a result, public health and safety have benefitted. This vigilance must continue.

The NRC encourages nuclear workers to take safety concerns to their employer because licensees have primary responsibility for ensuring the safety of nuclear operations. They are in the best position to deal promptly and effectively with safety issues. Nuclear workers and concerned citizens may bring their concerns directly to the NRC at any time, but the NRC expects that employees normally will have raised their concerns with their employers either before or at the same time they come to the NRC.



HOW TO REPORT NUCLEAR SAFETY CONCERNS TO NRC

You may contact any NRC employee, including a resident inspector, or call the NRC's toll-free Safety Hotline, 1-800-695-7403. If you call during normal business hours, you will reach the NRC Allegations Coordinator for the NRC regional office serving your State. If you call after normal business hours, your call will be directed to the NRC's headquarters Operations Center, which is staffed 24 hours a day. In addition, you may reach an NRC Allegations Coordinator through a regional office by calling the appropriate number listed on the figure to the left.

If you submit your safety concern in writing to the NRC, we recommend you clearly state in the beginning that your letter is an allegation. This helps to ensure that your letter gets prompt attention and is not placed in the public domain. It also helps protect your identity.

To assist you in reporting a safety concern, the following questions are those the NRC typically asks:

- Date
- Facility Name; Unit
- Specific Area of Facility
- Name
- Address
- Telephone Number. This should be the number at which you desire NRC to contact you.
- What is your concern? Be as factual and detailed as possible.
- On what date did the event occur or the issue arise?
- Why do you believe this is a potential safety issue?
- Recognizing that every issue does not have the same degree of safety significance, do you believe that this concern merits immediate action to resolve it? If yes, why?
- Did you observe the underlying event yourself?
- If you did not witness the event, how did you find out about it? Please explain.
- Are there other individuals who can provide additional information related to your concern? If so, please identify those individuals so that we can contact them.

- If you do not want to identify them, have you asked them to contact NRC directly? If not, why?
- Are there any records we should review that may be relevant to your concern?
- Have you discussed this with your supervisor or other licensee official? If not, why? If so, what was the response?
- If you are not satisfied with the response, explain why.
- Have you discussed this with your Employee Concerns Program representative? If not, why? If so, what was the response?
- If you are not satisfied with the response, explain why.
- Why did you decide to bring your concerns to the NRC?

Although it will help NRC respond to your concerns if you can answer these questions, you do not need to have answers to all of them in order to raise a safety issue with the NRC.

ALLEGATION PROCESS

The NRC strives to review all allegations objectively to ensure the outcome is fair, sound, and timely. All allegations brought to the NRC are assigned to an employee designated as an Allegations Coordinator. The coordinator's job is to —

- Promptly contact you to confirm the details of the allegation and to confirm that the NRC has correctly interpreted and understood the information you provided. Normally, an acknowledgment letter is sent to you within 30 days of receipt of your allegation.
- Arrange for an evaluation of your concern by a group of NRC employees and managers designated as an Allegation Review Board. The Board will review the concern and make a preliminary determination of its safety significance. The Board will also determine whether the allegation will be referred to an NRC employee, the affected licensee, or another agency for further review and evaluation.
- Document NRC actions taken to resolve the allegation.
- Advise you periodically about the status of the allegation.
- Provide a final report to you upon resolution of the allegation.

The NRC's goal is to complete the review of technical concerns and provide you with a final report within 180 days. A complicated concern may take longer. If it does, you will receive a letter explaining the status of NRC's review.

CONCERNS OUTSIDE NRC'S JURISDICTION

Concerns outside the NRC's jurisdiction will be forwarded to the appropriate Federal or State agency and you will be notified of this referral action. Examples of these concerns include —

- Off-site emergency planning;
- Use of NRC-regulated materials in Agreement States;
- Control of exempt quantities of licensed material;
- Industrial or occupational safety; and
- Disposal of non-nuclear waste.

IDENTITY PROTECTION

Limitations

The NRC recognizes that some individuals will only come forward if they believe their identities will be protected from disclosure. If you are concerned about protecting your identity, representatives of the NRC will make arrangements to call you at your home or meet with you at a discreet location.

All reasonable efforts will be made by the NRC to not disclose the identity of such an individual outside the agency. Only NRC staff who have a need to know will be provided an individual's identity. This would happen, for example, when an inspector or investigator is assigned to interview the individual. Documents that contain the individual's identity will be stored in a secured area and will not be placed in NRC public document rooms.

However, the NRC may reveal your identity outside the agency under the following circumstances:

- (1) You clearly state that you have no objection to being identified;
- (2) Disclosure is necessary to protect the public because of an overriding safety issue identified in your allegation;
- (3) Disclosure is necessary to satisfy a request from Congress or from a State or Federal agency;
- (4) Disclosure is required to respond to a court order or NRC Licensing Board order;
- (5) You take an action that is inconsistent with protecting your identity such as notifying the news media or in some way publicly identify yourself with the issue; or
- (6) The NRC needs to pursue a wrongdoing investigation or support a hearing on an NRC enforcement action.

The NRC will make every effort to withhold your identity in response to Freedom of Information Act (FOIA) requests, unless you have been identified as having brought the concern to the NRC under one of the six circumstances outlined above.

Furthermore, if the NRC were investigating a claim that you were a victim of discrimination because you raised a safety concern, investigating the allegation without identifying you would be extremely difficult. Therefore, when investigating claims of discrimination, the NRC will disclose your name.

Confidentiality Agreements

If you are still concerned that your identity may be disclosed, the NRC can provide formal confidentiality. However, it is not granted routinely. The NRC requires you to explicitly request confidentiality. Confidentiality affords protection of information that directly or otherwise could identify you by name and the fact that you provided the information to the NRC.

In instances where confidentiality is granted by an authorized NRC official, you and the NRC would sign a written agreement. The agreement would explain the conditions under which the NRC will protect your identity. Your identity will be divulged to other NRC employees only on a need-to-know basis.

Limitations on Confidentiality

Even if confidentiality is granted, the NRC cannot protect your identity under all circumstances. There are specific situations where disclosure may be necessary because —

- (1) Immediate action is needed to protect public health and safety;
- (2) A Federal court order has been issued;
- (3) An NRC Licensing Board order has been issued during an adjudicatory proceeding;
- (4) A response is required by Congress; and
- (5) A response to a Federal or State agency is required to meet statutory responsibilities.

In the last case, the requesting agency must agree to provide the same protection to the confidential source that was promised by the NRC.

The sixth instance of disclosure may occur when the NRC's Office of Investigations (OI) and the Department of Justice are pursuing an investigation, or when OI is working with another law enforcement agency. It is essential that parties investigating and prosecuting wrongdoing know the identity of a confidential source to protect the source physically during the course of investigative activities.

On rare occasions, confidentiality may be revoked by the NRC, but only in the most extreme cases. This revocation may occur where the worker takes some personal action so inconsistent with the agreement that it overrides the purpose of granting confidentiality, such as discussing the matter with the news media and being publicly identified by the media. A decision to revoke confidentiality can only be made by the Commission itself, the NRC's Executive Director for Operations, or the OI Director.

LICENSEE RESPONSIBILITY

The NRC expects licensees, contractors, and their subcontractors to establish and maintain a "safety-conscious work environment" that encourages you and other employees to raise safety concerns to your management, free of any fear of reprisal for doing so. This environment is critical to a licensee's ability to safely carry out its responsibilities. In fact, often workers are hired

in order to satisfy NRC requirements for identifying deficiencies or safety issues in quality assurance, radiation protection, and security activities.

Licensees must post or otherwise make available to you a copy of NRC regulations, licenses, and operating procedures that apply to work in which you are engaged. All NRC-issued Notices of Violations involving radiological working conditions and proposed imposition of civil penalties and orders are also required to be posted.

Further, licensees are required by law to post NRC Form 3 that describes your protected activities and explains how allegations of licensee violations can be reported directly to the NRC. Protected activities include but are not limited to —

- Conferring privately with NRC inspectors about any past or present condition that you believe contributed to or caused a violation of NRC regulations;
- Refusal to engage in activities that violate NRC requirements;
- Request for NRC to enforce its rules against your employer;
- Testifying, helping or taking part in an NRC, Congressional, or any Federal or State proceeding;
- Posting of radiation caution signs and labels; and
- Recording and reporting worker exposure;

Form 3 must be posted at prominent locations that permit you to view it easily on your way to or from your normal place of work. A copy of NRC Form 3 is reproduced at the end of this brochure for your reference.

HANDLING DISCRIMINATION AGAINST WORKERS

Acts of discrimination by a licensee, contractor, or subcontractor taken against a worker for bringing safety concerns to the attention of licensee management or the NRC are against the law. Specific examples of discrimination include firing, reduction in pay, poor performance appraisals, and reassignment to a lower position or job (if it can be established that these actions were taken by the licensee because a worker raised safety concerns).

You should be aware that while the NRC will investigate some discrimination complaints, the Department of Labor (DOL) is the agency from which nuclear workers must seek personal remedies when discrimination has occurred for

reporting a concern. The NRC's authority is limited to taking an enforcement action against the licensee such as a fine, an order modifying an NRC license or, in criminal cases, referral to the Department of Justice for prosecution.

The NRC's Office of Investigation (OI) has the responsibility for investigating allegations of wrongdoing by NRC licensees, applicants, vendors, and contractors. The OI initiates investigations of allegations of discrimination in retaliation against a worker for having raised a safety concern. Normally, an investigator will interview you and review available documentation. Based on an evaluation, the NRC will determine whether to investigate your discrimination concern. An OI investigation of discrimination usually takes between 6 and 12 months.

The NRC, like all government agencies, must prioritize its work in order to best utilize its resources and conduct its mission. Factors that NRC considers in determining whether to investigate your concern include:

- Whether DOL is investigating your concern;
- Whether the alleged discrimination was the result of providing information directly to the NRC;
- What level of management is involved in the alleged discriminatory act;
- Whether there is a history of findings of discrimination against your employer or the responsible NRC licensee within the previous 24 months;
- Whether the alleged discriminatory act was particularly blatant or egregious.

If the NRC concludes that discrimination occurred, the NRC will consider taking an enforcement action against the licensee. For personal remedies, such as reinstatement to your job or back pay, you must file a written complaint with DOL within 180 days of your notification of the alleged discriminatory act, clearly outlining the facts and circumstances. The DOL has authority to investigate allegations of discrimination and provide a personal remedy when retaliatory practices are found.

The entire DOL complaint process may take several years to complete. It begins with an attempt by the local OSHA office to negotiate a settlement with your employer. If this fails, the local OSHA office will investigate to determine if discrimination occurred and provide its conclusions to you and your employer. Usually, this phase will be completed in 30 to 90 days.

At the request of you or your employer, the conclusions of the local OSHA office can be reviewed by a DOL Administrative Law Judge. The Judge will

hold a hearing and issue a recommended decision that will be reviewed by the DOL Administrative Review Board. The Board's decision becomes the Secretary of Labor's final decision. Lastly, the Secretary's decision may be appealed to the U.S. Court of Appeals.

Depending on the outcome in each step of this process, you will have to await decisions concerning reinstatement to your job, payment of back wages, and compensatory damages, including repayment of legal fees. To fully preserve your rights to a personal remedy, you will need to participate in each step of the process.

The NRC is working with DOL to make the process more efficient and less costly. These initiatives include the following:

- (1) Legislative changes to provide DOL adequate time to perform a more qualitative and realistic review (120 days to conduct the initial investigation, 30 days to request a hearing, 240 days to conduct a hearing and issue an Administrative Law Judge decision, 90 days for the Secretary of Labor to issue a decision); and
- (2) Legislation that would permit immediate reinstatement of allegeders following an initial investigation finding of discrimination.

Written complaints can be sent to the Occupational Safety and Health Administration at any of the Department of Labor's regional offices. To obtain the address of the correct regional office, you can either look it up in your local telephone directory or contact an NRC Allegations Coordinator who can also answer questions about how to file a complaint.

If you file a discrimination complaint with DOL and later find that you need NRC information, NRC's position on an issue, or NRC witnesses to pursue your complaint, you may contact the NRC by calling 1-800-368-5642 and asking for the Allegation Advisor at 415-8529.

SUMMARY

The NRC believes that all workers should feel free to raise concerns to their employers so that they can be dealt with quickly. At any time, however, employees have the option of bringing a safety concern directly to the NRC.

Workers who raise safety concerns serve a vital role in the protection of public health and safety. Retaliation against those who do so is unlawful and will not be tolerated by the NRC.

DEFINITIONS

Agency Allegation Advisor - A designated staff member who is responsible for monitoring the NRC's allegation program and providing advice and guidance to NRC management and staff on handling allegations.

Allegation - A declaration, statement, or assertion of improper or inadequate activity associated with NRC requirements.

Allegation Review Board - A group that consists of a chairman, an Allegations Coordinator, and one or more other individuals within an NRC office or region. The group determines the safety significance and action that should be taken to resolve each allegation.

Allegations Coordinator - A designated staff member who serves as the point of contact for an office or region in processing allegations.

Alleger - An individual or organization who has a potential safety concern. For example, a private citizen, a public interest group, the news media, a licensee, a current or former employee of a licensee, vendor, or a contractor, or a representative of a local, State, or Federal agency.

Confidentiality - Protection of information that directly or otherwise could identify a confidential source by name and the fact that the source provided information to the NRC.

Investigation - An activity conducted by the NRC's Office of Investigations to assist the staff, the NRC's Office of Enforcement, or the U.S. Department of Justice in resolving wrongdoing allegations.

Protected Activities - Activities that workers engage in when raising potential radiological, safety, and security concerns to their management or NRC.

Wrongdoing - Either (a) an intentional violation of regulatory requirements or (b) a violation resulting from careless disregard of or reckless indifference to regulatory requirements, or both.



NOTICE TO EMPLOYEES

STANDARDS FOR PROTECTION AGAINST RADIATION (PART 20); NOTICES, INSTRUCTIONS AND REPORTS TO WORKERS; INSPECTIONS (PART 19); EMPLOYEE PROTECTION

WHAT IS THE NUCLEAR REGULATORY COMMISSION?

The Nuclear Regulatory Commission is an independent Federal regulatory agency responsible for licensing and inspecting nuclear power plants and other commercial uses of radioactive materials.

WHAT DOES THE NRC DO?

The NRC's primary responsibility is to ensure that workers and the public are protected from unnecessary or excessive exposure to radiation and that nuclear facilities, including power plants, are constructed to high quality standards and operated in a safe manner. The NRC does this by establishing requirements in Title 10 of the Code of Federal Regulations (10 CFR) and in licenses issued to nuclear users.

WHAT RESPONSIBILITY DOES MY EMPLOYER HAVE?

Any company that conducts activities licensed by the NRC must comply with the NRC's requirements. If a company violates NRC requirements, it can be fined or have its license modified, suspended or revoked.

Your employer must tell you which NRC radiation requirements apply to your work and must post NRC Notices of Violation involving radiological working conditions.

WHAT IS MY RESPONSIBILITY?

For your own protection and the protection of your co-workers, you should know how NRC requirements relate to your work and should obey them. If you observe violations of the requirements or have a safety concern, you should report them.

WHAT IF I CAUSE A VIOLATION?

If you engaged in deliberate misconduct that may cause a violation of the NRC requirements, or would have caused a violation if it had not been detected, or deliberately provided inaccurate or incomplete information to either the NRC or to your employer, you may be subject to enforcement action. If you report such a violation, the NRC will consider the circumstances surrounding your reporting in determining the appropriate enforcement action, if any.

HOW DO I REPORT VIOLATIONS AND SAFETY CONCERNS?

If you believe that violations of NRC rules or the terms of the license have occurred, or if you have a safety concern, you should report them immediately

to your supervisor. You may report violations or safety concerns directly to the NRC. However, the NRC encourages you to raise your concerns with the licensee since it is the licensee who has the primary responsibility for, and is most able to ensure, safe operation of nuclear facilities. If you choose to report your concern directly to the NRC, you may report this to an NRC inspector or call or write to the NRC Regional Office serving your area. If you send your concern in writing, it will assist the NRC in protecting your identity if you clearly state in the beginning of your letter that you have a safety concern or that you are submitting an allegation. The NRC's toll-free SAFETY HOTLINE for reporting safety concerns is listed below. The addresses for the NRC Regional Offices and the toll-free telephone numbers are also listed below.

WHAT IF I WORK WITH RADIOACTIVE MATERIAL OR IN THE VICINITY OF A RADIOACTIVE SOURCE?

If you work with radioactive materials or near a radiation source, the amount of radiation exposure that you are permitted to receive may be limited by NRC regulations. The limits on your exposure are contained in sections 20.1201, 20.1207, and 20.1208 of Title 10 of the Code of Federal Regulations (10 CFR 20) depending on the part of the regulations to which your employer is subject. While these are the maximum allowable limits, your employer should also keep your radiation exposure as far below those limits as "reasonably achievable."

MAY I GET A RECORD OF MY RADIATION EXPOSURE?

Yes. Your employer is required to advise you of your dose annually if you are exposed to radiation for which monitoring was required by NRC. In addition, you may request a written report of your exposure when you leave your job.

HOW ARE VIOLATIONS OF NRC REQUIREMENTS IDENTIFIED?

NRC conducts regular inspections at licensed facilities to assure compliance with NRC requirements. In addition, your employer and site contractors conduct their own inspections to assure compliance. All inspectors are protected by Federal law. Interference with them may result in criminal prosecution for a Federal offense.

MAY I TALK WITH AN NRC INSPECTOR?

Yes. NRC inspectors want to talk to you if you are worried about radiation safety or have other safety concerns about licensed activities, such as the quality of construction or operations at your facility. Your employer may not prevent you from talking with an inspector. The NRC will make all reasonable efforts to protect your identity where appropriate and possible.

MAY I REQUEST AN INSPECTION?

Yes. If you believe that your employer has not corrected violations involving radiological working conditions, you may request an inspection. Your request should be addressed to the nearest NRC Regional Office and must describe the alleged violation in detail. It must be signed by you or your representative.

HOW DO I CONTACT THE NRC?

Talk to an NRC inspector on-site or call or write to the nearest NRC Regional Office in your geographical area (see map below). If you call the NRC's toll-free SAFETY HOTLINE during normal business hours, your call will automatically be directed to the NRC Regional Office for your geographical area. If you call after normal business hours, your call will be directed to the NRC's Headquarters Operations Center, which is manned 24 hours a day.

CAN I BE FIRED FOR RAISING A SAFETY CONCERN?

Federal law prohibits an employer from firing or otherwise discriminating against you for bringing safety concerns to the attention of your employer or the NRC. You may not be fired or discriminated against because you:

- ask the NRC to enforce its rules against your employer;
- refuse to engage in activities which violate NRC requirements;
- provide information or are about to provide information to the NRC or your employer about violations of requirements or safety concerns;
- are about to ask for, or testify, help, or take part in an NRC, Congressional, or any Federal or State proceeding.

WHAT FORMS OF DISCRIMINATION ARE PROHIBITED?

It is unlawful for an employer to fire you or discriminate against you with respect to pay, benefits, or working conditions because you help the NRC or raise a safety issue or otherwise discourage you from engaging in protected activities. Violations of Section 211 of the Energy Reorganization Act (ERA) of 1974 (42 U.S.C. 5851) include the harassment and intimidation by employers of (i) employees who bring safety concerns directly to their employers or to the NRC; (ii) employees who have refused to engage in an unlawful practice, provided that the employee has identified the illegality to the employer; (iii) employees who have testified or are about to testify before Congress or in any Federal or State proceeding regarding any provision (or proposed provision) of the ERA or the Atomic Energy Act (AEA) of 1954; (iv) employees who have commenced or caused to be commenced a proceeding for the administration or enforcement of any requirement imposed under the ERA or AEA or who have, or are about to, testify, assist, or participate in such a proceeding.

HOW DO I FILE A DISCRIMINATION COMPLAINT?

If you believe that you have been discriminated against for bringing violations or safety concerns to the NRC or your employer, you may file a complaint with the U.S. Department of Labor (DOL) pursuant to Section 211 of the ERA. Your complaint must describe the firing or discrimination and must be filed within 180 days of the occurrence. Filing an allegation, complaint, or request for action with the NRC does not extend the requirement to file a complaint with the DOL within 180 days. You must file the complaint with the DOL. To do so, you may contact the Allegation Coordinator in the appropriate NRC Region, as listed below, who will provide you with the address and telephone number of the correct OSHA Regional office to receive your complaint. You may also check your local telephone directory under the U.S. Government listings for the address and telephone number of the appropriate OSHA Regional office.

WHAT CAN THE DEPARTMENT OF LABOR DO?

If your complaint involves a violation of Section 211 of the ERA by your employer, it is the DOL, NOT THE NRC, that provides the process for obtaining a personal remedy. The DOL will notify your employer that a complaint has been filed and will investigate your complaint.

If the DOL finds that your employer has unlawfully discriminated against you, it may order that you be reinstated, receive back pay, or be compensated for any injury suffered as a result of the discrimination.

WHAT WILL THE NRC DO?

The NRC will evaluate each allegation of harassment, intimidation, or discrimination. Following this evaluation, an investigator from the NRC's Office of Investigations may interview you and review available documentation. Based on the evaluation, and, if applicable, the interview, the NRC will assign a priority and a decision will be made whether to pursue the matter further through an investigation. The assigned priority is based on the specifics of the case and its significance relative to other ongoing investigations. The NRC may not pursue an investigation to the point that a conclusion can be made whether the harassment, intimidation, or discrimination actually occurred. Even if NRC decides not to pursue an investigation, if you have filed a complaint with DOL, the NRC will monitor the results of the DOL investigation.

If the NRC or DOL finds that unlawful discrimination has occurred, the NRC may issue a Notice of Violation to your employer, impose a fine, or suspend, modify, or revoke your employer's NRC license.

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UNITED STATES NUCLEAR REGULATORY COMMISSION REGIONAL OFFICE LOCATIONS

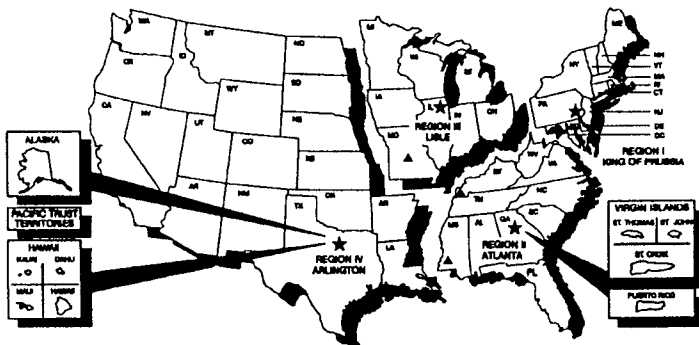
A representative of the Nuclear Regulatory Commission can be contacted by employees who wish to register complaints or concerns about radiological working conditions or other matters regarding compliance with Commission rules and regulations at the following addresses and telephone numbers.

REGIONAL OFFICES

REGION	ADDRESS	TELEPHONE
I	U.S. Nuclear Regulatory Commission, Region I 475 Allendale Road King of Prussia, PA 19406-1415	(800) 432-1156
II	U.S. Nuclear Regulatory Commission, Region II Atlanta Federal Center 61 Forsyth Street, S.W., Suite 237B5 Atlanta, GA 30303-3415	(800) 577-8510
III	U.S. Nuclear Regulatory Commission, Region III 801 Warrenville Road Lisle, IL 60532-4351	(800) 522-3025
IV	U.S. Nuclear Regulatory Commission, Region IV 611 Ryan Plaza Drive, Suite 400 Arlington, TX 76011-8064	(800) 952-9677

To report safety concerns or violations of NRC requirements by your employer,
telephone:
NRC SAFETY HOTLINE
1-800-695-7403

To report incidents involving fraud, waste, or abuse by an NRC employee or NRC contractor,
telephone:
OFFICE OF THE INSPECTOR GENERAL HOTLINE
1-800-233-3497



▲ - Callaway Plant Site in Missouri and Grand Gulf Plant Site in Mississippi are under the purview of Region IV. The Paducah Gaseous Diffusion Plant in Kentucky is under the purview of Region III.

U.S. Nuclear Regulatory Commission

Washington, DC 20555-0001

Office of Public Affairs

NUREG/BR-0240, Revision 1
September 1998



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

NRC Statement Regarding Diablo Canyon Discrimination Case

This statement summarizes the NRC's involvement in a recent case involving alleged discrimination at the Diablo Canyon nuclear plant. Although this statement is being disseminated at a May 19, 2000, meeting between the NRC and Pacific Gas & Electric Company, the purpose of the meeting is not to discuss the details of this case, but to discuss actions PG&E is taking to prevent this case from having a negative effect on the willingness of employees to raise safety or compliance concerns.

In June 1998, Neil J. Aiken, a shift foreman at the Diablo Canyon Nuclear Power Plant, alleged to the NRC that Pacific Gas & Electric Company (PG&E) had suspended his access to the plant in retaliation for raising safety concerns. Since early 1996, Mr. Aiken had expressed concerns about Diablo Canyon operations to the company, the NRC and other organizations, and had often done so publicly. NRC's Office of Investigations opened an investigation to determine whether PG&E had violated NRC regulations (10 C.F.R. § 50.7) which prohibit retaliation for raising safety or compliance concerns. In November 1998, Mr. Aiken filed a similar complaint with the U.S. Department of Labor (DOL), alleging that PG&E violated Section 211 of the Energy Reorganization Act, which also prohibits such retaliation.*

In May 1999, NRC's Office of Investigations, having interviewed more than 80 individuals and having compiled more than 3,000 pages of evidence, completed its investigation into Mr. Aiken's complaint. The investigation concluded that PG&E's decision to have Mr. Aiken's fitness for duty evaluated and its revocation of Mr. Aiken's unescorted access to the plant were not motivated by retaliation for his having raised concerns. The investigative evidence was independently reviewed by the NRC's Office of the General Counsel, which in August 1999 concluded that no violation of 10 C.F.R. § 50.7 had occurred.

The NRC carefully weighed the evidence in this case in light of two pertinent regulatory requirements -- the right of employees to raise safety and compliance concerns free from retaliation and the requirement that nuclear utilities consider the fitness for duty of employees with unescorted access to the plant. In sum, the NRC did not identify objective evidence that would indicate PG&E's motives in having Mr. Aiken's fitness for duty evaluated and in rescinding his unescorted access authorization were retaliatory. The NRC believes that once the evaluations were completed, the actions taken by PG&E to comply with NRC access and fitness-for-duty requirements were not discriminatory.

In November 1999, the DOL Regional Administrator concluded, based upon an investigation conducted by that region, that Mr. Aiken's suspension was retaliatory, basing this conclusion in part on the assertion that PG&E provided biased and incomplete evidence to a series of medical professionals in its effort to remove Mr. Aiken from the plant. Following a review of the DOL report, the NRC reaffirmed its conclusion that PG&E's revocation of Mr. Aiken's access was not

Enclosure 4

Meeting Transcript

UNITED STATES OF AMERICA
NUCLEAR REGULATORY COMMISSION

PUBLIC MEETING

Embassy Suites

333 Madonna Road

San Luis Obispo, CA

Friday, May 19, 2000

The above-entitled meeting commenced, pursuant to notice, at 6:32 p.m.

PARTICIPANTS:

DENNIS DAMBLY

ELLIS MERSCHOFF

ED BAKER

LINDA JAY SMITH

DAVID PROULX

GREG RUEGER

DAVE OATLEY

RICHARD CHENEY

JIM BECKER

CAL GILLIES

GREG HENDERSON

GARY PETERSON

PARTICIPANTS: [Continued]

PAUL BLANCH

KATHY DEPERI

SHEILA BAKER

JILL ZAMEK

PROCEEDINGS

[6:32 p.m.]

MR. MERSCHOFF: We thought we'd get off to a little exciting start with the equipment.

My name is Ellis Merschoff. I'm the Regional Administrator for NRC's Region 4. I apologize for my voice. I'm sure it will hold out for the meeting. If not, I'm ably assisted here by folks that understand the issues.

This is a public meeting between Pacific Gas & Electric and the NRC to discuss the results of PG&E's focused safety culture survey and the planned corrective actions for that survey.

The meeting is open for public observation, and will be followed at 7:30 by an opportunity for public comment and questions on the meeting.

I'd like to start with introductions on both sides of the table for the benefit of the folks who came to listen. As I said, I'm Ellis Merschoff, Regional Administrator.

MS. SMITH: My name is Linda Smith. I'm the Projects Branch Chief for NRC. I'm responsible for supervising the resident inspectors at the site.

MR. MERSCHOFF: Since that won't reach, I'll continue. On Linda's right is David Proulx. David is the Senior Resident Inspector assigned for oversight of Diablo Canyon. On my left is Mr. Ed Baker. Mr. Baker works in Washington at the headquarters office, and his responsibility is the NRC's Allegation Advisor. On Mr. Baker's left is Mr. Dennis Dambly. Mr. Dambly is the Assistant General Counsel for materials enforcement and litigation.

Mr. Rueger?

MR. RUEGER: Yes. I'm Greg Rueger, Senior Vice President, General and Chief Nuclear Officer for Pacific Gas & Electric. On my right is Cal Gillies, who's the Director of Chemistry and Environmental Operations. On my left is Dave Oatley, our Vice President and Plant Manager of Diablo Canyon. On his left is Dick Cheney, who's our Supervisor of the Employee Concerns Program. And then at the end of the table is Jim Becker, who is our Manager of Operations Services.

MR. MERSCHOFF: Thank you.

This meeting is being recorded by a court reporter, Mr. William Ryherd. Both meetings -- both this one and the follow-up meeting, the opportunity for the public to make comments and ask questions, will be recorded. And, as such, I'd like to remind all the speakers to state their name when they interject with a question or prior to a presentation, such that the proceedings will be complete and we'll know who was speaking when an entry is made.

By way of those opening remarks, Mr. Rueger, let me turn it over to you for discussion of the survey results.

MR. RUEGER: As you requested, we'll be going over the survey results of the survey we took towards the end of last year, a mini-survey. As you recall, we last met after the 1998 survey that we had. And also talk about some of the actions we've been taking prior, but in particular, also, after the survey with the results we have.

I wanted to have our Vice President and Plant Manager, Dave Oatley, go through the approach we're taking and kind of a lead-in, basically, to talking about the specific results from the survey.

MR. OATLEY: Good evening. My name is David Oatley, I'm the Vice President of Diablo Canyon Operations and Plant Manager. Could I have the first slide, Lisa? No, the second slide.

We're here tonight to talk about Diablo Canyon's safety culture, and PG&E recognizes that having a healthy safety culture is imperative in operating a nuclear power plant. We assess our safety culture periodically and the last time we did one site-wide was in 1998.

Can I have the next slide, please?

I'd like to walk you briefly through the findings in 1998, and then Rich Cheney will discuss the findings of last fall.

In 1998, Synergy determined that our safety culture was adequate to good, and it was just above the industry median. Some of the positive aspects found were that 96 percent of our employees would identify potential nuclear concern and bring it up to their supervisor or write an action request. Eight-nine percent would take the concerns up the management chain if they were not satisfied with the answer, and 91 percent of our employees believe nuclear safety is the overriding priority.

Underlying our safety culture, Synergy also assessed our general culture and work environment, and their belief is that changes in general culture and work environment can affect safety culture over time. Some of the areas they felt we needed to improve in our general culture and work environment were the items of trust in management, effective management of change, clarity of the future for Diablo Canyon, clearing the air concerning a shift foreman, our management/supervisory practices, and our Employee Concerns Program.

To improve in our general culture and work environment, we undertook a two-pronged approach. First, we decided to make some site-wide cultural changes. We recognize, however, that cultural changes take at least two to three years to become fully effective. And we challenged the groups and sections that were in the lowest scoring quartile to have specific plans to address issues within their groups.

With respect to our cultural change, we decided to start at the top and work out in the organization from there. And so we started with the officers and managers in August of '98, and have subsequently involved directors and supervisors throughout 1999. Our objective in this effort is to improve our trust, change management, and the management supervisory practices that I mentioned previously.

In this area, we're focusing on five specific behaviors. Those are: understanding others, embracing feedback, creating a positive work environment, supporting common goals across the organization, along with increasing our face time in the plant.

As mentioned, the groups that have scored in the lowest quartile were also asked to develop specific plans for their sections. In the Employee Concerns Program, we developed a differing professional opinion process, so that if individuals are not satisfied with the answer, there's a vehicle that they can employ to get an objective evaluation. It was also suggested by Synergy that we develop an employee advocate program, which was employed in the Employee Concerns Program.

In operations, after some investigation, we decided to undertake a professional leadership development, to handle the concerns in operations.

And in Nuclear Steam Supply System Maintenance, we listened to the employees and did things such as staffing increasing -- staffing increased, relocation to better surroundings, along with improving our supervisor knowledge.

Now, how did we do? We decided to do a -- what's called a mini-survey in November of 1999. We did not do the site-wide cultural survey, because it takes two to three years to see site-wide changes. But we did want to do a survey targeted to the groups that scored the lowest to, one, obtain input on success of strategies, to see if we're doing the right things, and that would allow us to make any mid-course corrections prior to future cultural surveys.

And with that, I'd like to turn it over to Rich Cheney, who will go over the survey of 1999.

MR. CHENEY: Good evening. My name's Rich Cheney, I'm the Employee Concerns Program Supervisor. And what I'd like to talk about this evening is to present you with the overall results of our 1999 mini-survey that was conducted in November of 1999. I'm going to talk a little bit about the purpose of the survey, how we administer the survey, the organizations that were targeted, a little bit of information on response rate and demographics, provide you a little information on some terms that are used in the results, and then give you some conclusions, a summary, and talk a little bit about the next steps as an introduction to Jim Becker.

The purpose: Why did we conduct this survey? Well, we wanted to provide feedback on the nuclear safety culture on a sampling of groups, most of which scored in the lower quartile in the 1998 assessment, to determine if progress is being made and to determine what strategies for the lowest quartile groups are working. And you'll see when Jim Becker talks, that that's one of the things that they did, is they looked at the groups that had very significant improvement, and based on some of the corrective actions that they've taken, they tried to adapt them to their organizations.

One thing this survey didn't try to do is we did not try to measure the overall safety culture at Diablo Canyon. This will be measured with a comprehensive survey that we'll be conducting late in the year 2000.

To talk about how we administered the survey, the survey tool was designed by Synergy to provide results that could be compared to the 1998 survey. Now, PG&E administered the survey, however, the survey forms were mailed directly to Synergy's accounting firm to preserve confidentiality and maintain independence. So each of the surveys were provided with a self-addressed envelope, and the surveys were sealed in the envelope after the employees

completed them, and they were collected and either taken to the mail room and sent off on a daily shipment or the employees were given the option of mailing it themselves -- taking it off-site and mailing it.

Once Synergy tabulated the results, they went ahead and provided us with a set of reports which were used to analyze the results and draw conclusions. The analysis and conclusions were then validated by Synergy and their comments were incorporated into the final report. So what we did was once we came up with a draft report, we went ahead and sent that report back to Synergy, and Synergy reviewed that report and offered some comments on making some revisions, mainly in the area of characterizing things in the same way that they would characterize them, and then they sent it back to us. We incorporated their comments and Synergy fully supports the results.

MR. MERSCHOFF: Let me ask a question here, if I may, Mr. Cheney.

MR. CHENEY: Yes, sir?

MR. MERSCHOFF: By analyzing the results, can I infer from that that it was the ECP that selected the categories of response? For example, you have 11 different noun name -- or adjective descriptions of ranges of the response, that range from excellent to significantly less than adequate. Are those bins that Synergy provided for you to use or ones that you selected?

MR. CHENEY: That's correct. That scoring criteria was provided to us by Synergy, and it's the same scoring criteria that they used in the 1998 survey.

MR. MERSCHOFF: Does that criteria strike you as being biased to the positive? When I look at it, there were 11, eight of which are good. I struggle a little bit understanding what "nominally adequate" means, as less than adequate. "Nominally" has meant to be approximate or average, and I don't understand how you can have adequate, less than that, nominally adequate, less than that, nominally less than adequate.

But it strikes me that if you take adequate and above as being good and not even consider the nominally adequate, of your 11 categories, seven -- or arguably eight of them -- are positive. And so it strikes me as being somewhat biased in that direction, but I'd be interested in your opinion.

MR. CHENEY: Well, Synergy -- they designed their survey around the center point of three, with three being considered adequate. So, yes, they do have -- three, four, and five are all considered positive responses. So there are three positive responses and two negative responses. Based on that, that's where they came up with their criteria for whether it's the nominally adequate and above. And I don't have with me what the scoring criteria was that they chose, but I believe that the nominally adequate comes in just slightly under the three criteria. And everything above that is in the adequate and up range.

I think that -- I mean the survey provides the opportunity to score appropriately in either direction, so that's what we have used.

MS. SMITH: This is Linda Smith. I just had a related question. I know that overall you end up comparing the Synergy results to the industry norms. Do you know or do you have available to you information as to whether or not the three, four, and five puts you in the top quartile of performance, or is three still a lower quartile? You know, how do the one, two, three, four and five on the average relate to quartile performance? Do you know how that spread works?

MR. CHENEY: I don't have that information, and we did not get the comparison to the industry quartile in this survey.

MS. SMITH: Okay, thank you.

MR. RUEGER: Let me answer part of that, too. When we did the original survey in 1998, when it was the entire organization, we did have some information that Synergy provided us at that time which compared how we did to the -- oh, I guess, around 70 percent of the industry

that they've done surveys of this sort at, on the various factors they have. So we got some comparison there.

They did not actually break it down, because they don't have the data or haven't collected it to break down by types of groups. So when we say "lowest quartile" here, it is not the lowest quartile in the industry. It is those organizations that among the scores we had at Diablo Canyon in 1998, have the lowest among our own organizations.

Because we didn't do a full survey here, we don't have any comparison data that they could give us to compare it to other plants on that. Really, what we were looking at is for the same scores that those same groups got in 1998, did they show improvement and how much improvement did they show?

And so we did utilize the raw score they got to categorize it the way Synergy does in their normal reports when they do a full report. They gave us the categorization and exactly which score fit into what description they wanted us to use. We also categorized the improvement or decline as significant or not significant on a percentage basis that they told us we should be using, as what they believe are statistically significant or not. And that's how we approached it.

MR. OATLEY: And using the same names, the ratings of significantly less than adequate to excellent, those are the same that were used in 1998. What we're looking for here, this year, was a relative change in each one of those sections from 1998 to 1999, regardless of how you want to characterize the eight various categories.

MR. RUEGER: Even though we can draw some conclusions outside of strictly the groups that we analyzed here, we've got to be very careful to do that, because we didn't look at the whole organization. In fact, one of the things I think you will note, and we'll be talking about later, is though we focused on the lowest quartile organizations that we did the survey with, there were also a few that we surveyed this time that were not in the lowest quartile in the first. The reason

being that they share some employees and they rotate between the groups. So we felt that they had to be included here. And some of those actually showed some declines. And so because we showed improvements in every one of the lowest quartile groups doesn't necessarily mean we got improvement overall. And that's one of the things we're looking at to see, did we focus too much in one area now? As we saw some of the results that we had.

It really won't be until the survey at the end of this year, where we do the entire organization again, that you can get some real measure in terms of how you are overall. There were some good positive things in this one, but I think we have to be careful in terms of how much we project that to the entire organization.

MR. CHENEY: So, the following organizations, those that finished in bottom quartile of the 1998 survey were shift operations, NSSS maintenance, fire, health and safety, and radiation protection.

Now, as Dave was saying, we also included chemistry and other operations in this survey, because they share employees with radiation protection and shift operations, respectively.

Talking about the response rate: For this survey, overall the response was 18 percent higher than the 1998 survey for the targeted organizations.

Now, we also need to talk some about the demographics. And for this survey when we talk about demographics, it includes both the number of respondents and the make-up of the respondents, such as whether they're bargaining unit, management, or contractor, and whether they're a manager, first line supervisor, technical staff, or craft.

And what Synergy has found is that generally speaking salaried personnel will provide a more favorable response than your hourly or bargaining unit personnel. By position, employees tend to provide a most to least favorable response from -- as follows: The managers

tend to provide the most favorable. First line supervisors, technical staff, support craft staff, and then craft providing the lowest response.

And so what they found was that by looking at the demographics between the 1998 survey and the 1999 survey, Synergy did a very detailed analysis, and they found that for shift operations, radiation protection, and fire, health and safety, the results of the survey can be meaningfully compared. In other words, the demographics between the two surveys was similar enough that the two survey results can be meaningfully compared.

However, Synergy also concluded that in the case of NSSS maintenance and chemistry, there were some significant changes in the demographics that impact the comparison of the data. Were it not for the demographics change in the case of NSSS maintenance, the magnitude of the positive change could have been larger. What you'll see is that we had very significant improvement in NSSS maintenance. And what Synergy is saying is that improvement could have been even larger if it were not for the change in demographics.

In the case of chemistry, the magnitude of the negative change in chemistry could have been smaller. We had significant decline in most areas for chemistry. And so Synergy is saying that in their case, the decline could have been less if it were not for the change in demographics.

And then as far as other operations, which is your day shift operations staff, there were very significant changes in the demographics between the two surveys that makes drawing any kind of comparison between the 1998 results and the 1999 results questionable, at best. In 1998, we only had 10 respondents for other operations, and in 1999 we had 31. And then the breakdown by employee type, whether they're management or union, was significantly different. So really what we're looking at in other operations is apples and oranges between 1998 and 1999.

So what you'll see is when we look at the results slide, we do present overall scores for other operations, but we don't try to draw trend conclusions on that slide.

Now, we need to talk about a few terms here, because you're going to see these on the overall results slide. So the first one is safety conscious work environment. And there's a number of different definitions of "safety conscious work environment." I chose the one that NEI uses. And because a safety conscious work environment is one where all employees maintain a strong commitment to nuclear plant safety issues and demonstrate a questioning attitude.

Furthermore, this work environment requires that management behavior is such that each employee is treated respectfully when a safety concern is raised. And so questions in the area of safety conscious work environment were related to the receptivity of management and the openness of the environment to raising safety issues, and also questions related to the willingness of workers to identify potential safety issues.

Examples of questions in this area are: My immediate supervisor is receptive to workers who raise potential nuclear safety or quality issues and concerns. Or, if I identified a potential nuclear safety concern, I would inform my supervisor and/or write an action request, which is our problem reporting mechanism.

The next one I want to talk about is integrated performance indicator. Synergy's developed the integrated performance indicator, and it serves as a measure of the overall nuclear safety culture. And what it is is it's based on a set of 14 questions. And, really, it's seven two-part questions that touch on each of the different areas related to nuclear safety culture. And it's particularly suitable for use in evaluating trends for interim cultural surveys, because the integrated -- the questions for the integrated performance indicator are used on all surveys. And so it provides kind of a baseline that can be compared from survey to survey, and can also be compared across the industry.

Then the next category you'll see is in the area of nuclear safety behaviors, practices, and programs. And these are questions related to our behaviors, practices, and programs consistently reflecting the nuclear safety as a top priority. For example, the effective allocation of resources in proportion to the significance and need. And also that we have effective work processes and programs, like our corrective action program.

An example of a question in this area is: With regard to nuclear safety or quality issues and concerns, supervisors and management in my organization value and recognize workers who identify potential nuclear safety issues and concerns.

The next category was for our Employee Concerns Program, and these were questions related to employees' trust and confidence in the Employee Concerns Program, visibility, and the cultural acceptance of the program, and then a track record of the responsiveness to this program. And an example of a question in this area would be: The Employee Concerns Program is an acceptable alternative path to pursue resolution of potential nuclear safety concerns.

And then what we have is the overall nuclear safety culture. And what that is is it provides a score that weights each of those above areas and comes up with an overall rating of our nuclear safety culture. So it's a combination of each of those above categories.

Then we have questions in general culture and work environment, and these are questions related to issues like trust in management, openness, receptivity and listening skills of management, general communications, team work, and change management. And an example of a question here would be: Management in my organization is straightforward, honest, and truthful, when dealing with others, and discusses the bases for decisions and the reasons for change.

And then the last category is leadership management and supervisory practices. And these are questions related to leadership skills and practices, business management skills and

practices, personnel management and development skills practices, and then quality of supervision. And an example of a question in this area would be: My immediate supervisor has earned my trust.

This next slide provides the key to interpreting the results chart, and what you can see is that -- as Mr. Merschoff commented -- we have scores from significantly less than adequate all the way up to excellent. And essentially the green -- and I believe that's a Siam color -- and the dark blue are all of your positive results, and then the yellow and the red are the less than positive results.

These criteria, as we said, are based on criteria that Synergy provided us. So these are not arbitrary criteria. They are qualitative -- quantitative in nature. They're based on Synergy's scores that they developed of the results.

Okay. This next slide is our results slide, and what we really tried to do here is we're showing an awful lot of information in a fairly small space. So it can be somewhat of a confusing slide. But basically if you look, the first four groups -- radiation protection, shift operations, NSSS, and fire, health and safety, were our four targeted organizations for this survey. And then the next two organizations, chemistry and other operations, were the other organizations that were included on this because of the fact that they share resources.

Starting out with the overall safety conscious work environment, what you'll see is we have anywhere from a good to an excellent safety conscious work environment in the targeted organizations. And we have significant to very significant improvement in this area.

In the case of chemistry, we saw a significant decline in this area. However, they still do have a very good safety conscious work environment in this area.

And then in the case of other operations, they have a very good safety conscious work environment.

Then the next three categories are the categories that I described. You have your integrated performance indicator, nuclear safety behaviors, practices, and programs, and the Employee Concerns Program. And in general, with the exception of shift operations, what you see is we have anywhere from an adequate to very good scores in these areas. In the case of operations, we're nominally adequate for integrated performance indicator and nuclear safety behaviors, practices, and programs. And then less than adequate in the area of employee concerns. And this is -- of course, this is a concern to me, as the owner of the Employee Concerns Program. And we recognize that there's a lot of history in operations related to the Employee Concerns Program. And we're not where we want to be yet in the case of re-establishing the trust and the confidence.

One of the things that was interesting was as corrective action to the 1998 survey, one of the things we did was we established an employee concerns website. And the two lowest scoring questions on this survey across the board for all the organizations were related to the employees' knowledge of this website and how effective they thought it was as a communications tool. So it's quite obvious that we've not done a very good job of publicizing this website and/or making it available to the employees.

MR. BAKER: Richard Baker, Agency Allegation Advisor. I noticed in those three -- I'll call them indicators -- there are no arrows in any of those. Does that mean there's no change in those areas?

MR. CHENEY: No, it doesn't mean that. There were changes. However, these -- because these categories don't necessarily match up exactly with the 1998 survey, they didn't provide trends.

What we did was we get the trend for the overall nuclear safety culture, because these go into making up that overall nuclear safety culture. But Synergy didn't provide us with actual trends in those particular areas.

MR. BAKER: So, for example, on the Employee Concerns Program, I thought I read in the actual report that there were trends.

MR. RUEGER: Let me mention, we do have some trends in the report, and we sent the report to you, and it's on the public docket. Page 8 is an example of an area where we have some trends. And, in fact, employee concerns -- one part of it, confidence in employee concerns, we do show a trend.

We broke it down by different categories that Synergy provided us in terms of where we can look at the trends for those types of things. We just didn't put it in when you add them up to the indicator.

But like in confidence in employee concerns, for the four target groups, they all showed improvement -- statistically significant improvement. With radiation protection and shift operations, showing improvement, but at a lower level. Whereas we had very large improvement in NSSS, maintenance and fire, health and safety in that particular measure and their confidence in the Employee Concerns Program.

MR. MERSCHOFF: Thank you. I'm struggling a little bit, as well, in that your categories don't seem to match up with those that are reported in the report. For example, trust and confidence in management is in your report with very negative results. And I can't see -- or I don't understand where that appears on the chart that you've displayed.

MR. CHENEY: What we did was -- the trust and confidence in management is one of the several criteria that go into making up the overall general culture work environment and the leadership, management, and supervisory skill.

Like I said, what we did try to do is we tried to put a lot of information on a single slide. And so -- to try to keep the presentation a little bit brief, I didn't give you the slide that breaks out each of the individual categories in the area of general culture work environment and leadership, management, and supervisory.

I do have here -- and actually in the case of trust in management, there is anywhere from improvement to significant improvement, to very significant improvement, in the four targeted organizations.

MR. MERSCHOFF: Yeah, I note that in shift operations, where it was less than adequate, is your smallest improvement.

MR. CHENEY: Yes, that's correct.

MR. MERSCHOFF: How did you select the colors, then? When you have a bin that's a mixture of bins, did you take the worst finding from any constituent part to assign the color or did you average them somehow?

MR. CHENEY: Actually, Synergy provided us with these charts. And what they did was they -- to some extent, there is a little bit of a -- what's the word I want? It's not strictly quantitative in nature, because when comparing '98 to '99, in '98 they used complete, comprehensive cultural assessments in each of these areas. In '99, we don't exactly match up, and so they had to do some weighting and some comparison. And so -- in fact, I just talked to John Gibear the other day with regards to this. And he said basically, yes, to some extent it was qualitative in nature, in that he had to look at them and say, "Well, we have this many categories with improvement up, this many categories with improvement down." And he weighted them, depending on how they compared to the '98 survey. And that's how he came up with that.

So, yes, it is an overall average of all of the inputs to them.

MR. MERSCHOFF: Thank you. I understand. What would help, though, is to understand this particular graphic. It's not in the report.

MR. CHENEY: No, it's not.

MR. MERSCHOFF: Was it one that was generated for this presentation or is there a part of this report that we haven't seen?

MR. CHENEY: No, this particular graphic was generated for the presentation, and what it does is it draws together many different parts of the report into a single graphic, so that we can try to present the overall results in a concise manner.

MR. MERSCHOFF: And Synergy did this work for you?

MR. CHENEY: Yes, they did.

MR. MERSCHOFF: Thank you.

MR. CHENEY: So going back to this -- and I guess I should have looked further on my notes. I did have trends related to --

MS. SMITH: Rich, could you wait just a second?

MR. CHENEY: Yes, Ma'am?

MS. SMITH: Hi, this is Linda again.

What exactly did the Employee Concerns Program bring to the table in terms of analyzing the data? It seems like as you go through the conversation, you keep going back to Synergy provided this and Synergy provided that. What aspects of the analysis were actually provided by your group?

MR. CHENEY: What we did was -- and actually when we say the employee concerns, it was myself and Cal Gillies who did this. Cal was in charge of the cultural transformation.

What we did is we took the large binder of information that was provided to us by Synergy, and we went through it, organization-by-organization. We looked at the results. We looked at the areas that scored, where they scored low, where they scored high. And so a lot of the -- in fact, I'd say the bulk of -- when you read through the report, the bulk of the narrative information that's in the report came from us.

What Synergy did was they took our narrative and since we didn't necessarily have all of the criteria that Synergy used, where we might have said -- what we did is we looked at their scoring chart and we said, okay, if the score was three point something, that's an adequate on the survey form. So we said that it was adequate in this area.

What they did was they added the appropriate characterization based on their scoring criteria. So they went through, they corrected any misconceptions that we had in that particular area, and validated what we had, and then provided some additional insights in some of the areas.

MR. RUEGER: You can't hear? Now can you hear? Okay.

This is Greg Rueger speaking. When we were originally going to be doing a mini-survey part way through, we were going to do our own design of a survey, using what Synergy had, and produce our own survey to use here with using Synergy next year, when they told us that we really need to look at things about every two years as far as a large survey. That was our original intent.

As we proceeded through the year, we decided it would be to our advantage to try to use Synergy in the mini-survey, as well, to give us some independence and to use their knowledge in terms of putting this together. When we did that, one of the issues I faced was budget for it, because we hadn't budgeted for using Synergy. They're not inexpensive in putting that together.

One of the things we decided to do in working with them is they helped us to actually design the specific survey, what kind of questions should we ask in a mini-survey to target to these groups. We administered it, but it was all sent to them. They did all of the analysis as far as putting together the raw data, so that we could not see what people's comments were or anything of that directly. It's all filtered through Synergy to provide it to us.

We then had two of our folks -- Rich and Cal here -- who acted as staff to Synergy to actually take that raw data, write up the first draft of the report. But it was turned over to Synergy with the instructions to them that they would review that, they would change whatever they felt they needed to. So it really did reflect what they felt was a good representation of the results. And that was what the final report was that was sent to you.

MR. CHENEY: All right. So then what you see is, like I said, the four categories -- overall safety culture work environment, integrated performance indicator, nuclear safety behaviors, practices, and programs, and Employee Concerns Program -- are all combined to make up the overall nuclear safety culture rating and trend.

And as you can see in the four targeted organizations, we end up with an adequate to very good overall nuclear safety culture. And we have significant to very significant improvement in those four organizations.

Once again, in chemistry we saw a significant decline. However, they still had an adequate to good nuclear safety culture. And in the case of other operations, they had a good nuclear safety culture.

MR. MERSCHOFF: Ellis Merschoff. If you're going to get to this, I'll wait, but while I would agree chemistry started out with positive findings in each of the areas, the significant decline in virtually every area must concern you and you probably have plans to address that. Are you going to deal with that?

MR. CHENEY: Yes.

MR. MERSCHOFF: I'll wait.

MR. CHENEY: I'll talk about it briefly, and then Jim Becker will be talking about it more in detail.

MR. RUEGER: That's one of the reasons why Cal Gillies is here. Partially because his organization and his reputation was so strong, we selected him and took him out of chemistry for the last year to run our cultural change activities. Unfortunately, the organization that he left did decline over this time. He's back in chemistry now resolving some of those. So we asked him to come here to talk about not only what he's doing, but what he's found as far as some of the, perhaps, underlying reasons for the reduction that we saw in chemistry.

MR. CHENEY: Thank you. And then the last area is our overall general culture and work environment and our leadership, management, and supervisory skills. And, as is obvious from the color, that is the area where we still have the most work to do. And I guess I look at it from the standpoint -- I mean we have an adequate to very good nuclear safety culture, a good to excellent safety conscious work environment, but when you get to the overall general culture work environment, we're down in the nominally adequate up to good.

And, you know, we can have -- I think you can have a good safety conscious work environment and nuclear safety culture and a lower general culture and work environment, but you can't have a good general culture and work environment and a poor safety conscious work environment, I don't think. That's my feeling on it.

And what I believe happens is over time is if our general culture and work environment is deteriorating, it's going to impact our safety conscious work environment and our nuclear safety culture. And so what you'll see is a lot of our focused efforts are in the area of general culture and work environment. And I believe that as we are able to affect the general

culture and bring up scores in that area, then I think we're going to see our nuclear safety culture scores and our safety conscious work environment scores come up along with it.

Next slide?

So based on this slide and using Synergy's scoring criteria, we came up with some conclusions. Overall, there's good to excellent safety conscious work environment in the targeted organizations.

What we found is that 99 percent of the respondents would write an action request, which, again, is our problem reporting vehicle, and 88 percent would take the concern further up the management chain if dissatisfied with the outcome.

And what you saw was, I believe that Dave, when he presented his results in '98 for the entire site-wide organization, these are better scores than what we had for the entire site-wide organization. So this was for the lowest quartile organization, so that's a good sign that we're showing improvement in those areas.

Ninety-eight percent of the respondents agree that operations, maintenance, and modifications are conducted in accordance with the licensing and design basis.

In the case of shift operations, they showed significant improvement in the nuclear safety culture and safety conscious work environment. Improvement is still needed in general culture and work environment and in their perception of the Employee Concerns Program. And that's a common thread -- the improvement in general culture and work environment -- that's going to run through almost all of these organizations.

In the case of NSSS maintenance, we showed very significant improvement in almost all areas. However, their scores were still lower in the area of general culture and work environment. So while there's very significant improvement there, we recognize that there still needs to be more improvement in that area.

Radiation protection showed significant improvement in the nuclear safety culture and safety conscious work environment, much like shift operations. However, improvement is still needed in general culture and work environment.

And then fire, health and safety showed very significant improvement in all areas. We're pleased with the results that we saw in fire, health and safety.

And then while chemistry's safety conscious work environment is still adequate to good and the nuclear safety culture is very good, this does represent a significant decline from 1998, and we are taking actions to try to understand the reason for this decline and to address the issues associated with that.

So, in summary, we do have an overall good to excellent safety conscious work environment and adequate to good nuclear safety culture with improvements noted since 1998 in the targeted organizations. However, work is still needed in the area of general culture and work environment. And that's where a lot of our efforts are going to be targeted, and have been targeted here.

Real briefly, as kind of an introduction to Jim Becker talking about the next steps, one of the things that we've essentially completed is communicating the results to the entire organization. We've presented much the same presentation as you're getting here in both small groups and large groups to pretty much everybody in the organization thus far. And we're going to be continuing with our leadership and cultural efforts. And, finally, we're developing plans to understand and address the issues within the surveyed organizations.

Thank you.

MR. BECKER: Hi. I'm Jim Becker. I'm the Operations Services Manager. And I'm going to speak with you briefly about the next steps we are taking as a result of this Synergy

mini-survey in the organizations that report to me. And that is operations, radiation protection, and chemistry and environmental operations.

As Rich said, the mini -- as a result of the mini-survey, there were three broad categories of recommendations. The first broad recommendation was to communicate the results of the mini-survey. We did that in the operations services department. Again, that's operations, chemistry, and radiation protection. Our directors met with their sections in January and February to present the results of the Synergy mini-survey with their people.

The second broad recommendation was to continue with our leadership cultural efforts. Dave Oatley talked about the behaviors that we have developed for our staff. This year, as he said, we had supervisor meetings where those behaviors are talked about, developed, and practiced. So our supervisors are attending those meetings. And we have what we call line-of-sight PMPs.

PMPs are the performance evaluations that our management personnel get several times a year. And one of the items which has been added to the PMPs are those five behaviors that Dave discussed. It's discussed with the employee, he's given feedback as to how he's doing on those behaviors.

And then finally the last recommendation from the mini-survey was to develop plans to address issues raised by the survey. And that's what I'm going to be talking to you about in the remainder of my slides.

MR. MERSCHOFF: Jim, this is Ellis Merschoff. I may be -- have been confusing two things when I read your response, but in terms of communicating the results, there is a part in your response that talks about cascading leadership. And what I got from that was that the results were talked one step down in your management chain until ultimately the first line supervisors would be talking to the folks that really do the work.

And I'm wondering is there something else in this process that gives a more direct access of the working level person to the highest levels in the organization, so that they understand the expectations and the fact that the management team is 100 percent behind the safety conscious work environment?

MR. BECKER: Yes. There were several ways it was communicating. There was a cascade, for one thing, that -- you know, the way you discussed. But in addition to that, I can give you some examples.

At supervisor workshops where I get to meet with the supervisors in my department, I talk about these things. The directors did hold meetings. For instance, the operations director did talk about this with the crews, the CDEO director, Cal Gillies, talked about it with the technicians and the engineers in his organization. So it was a cascade, and it was also other ways of communication. There were also written communications around it.

MR. RUEGER: Another activity we have that ties into this same realm -- and we've been doing this for some time now -- is there's a different type of cascade we've had when it comes to developing the type of leadership behaviors we want to see. There the cascade started back in 1998 with the officers and managers working very hard at identifying what kind of changes we want to make in how we react with people and interact with people, practice and then measuring ourselves, putting our bonuses on the line for doing well on that and how we're scored by people that rate us on how well we're doing with other folks.

We then cascaded that to the next level and last year for the majority of last year we involved all the directors working with the managers and officers doing the same type of thing. And now, starting towards the end of last year and into this year, we're working with all first line supervisors. So that we decided -- when you're talking leadership change, you can't ask people to do it unless you're doing it yourself. So we started at the top and worked down through the

organization. There, we've got a ways to go to go through the whole organization. That's really focusing on that culture overall, the bottom part, that we still need to show some real improvement in what we're doing.

With regard to immediately communicating with folks on things like these results, but also getting the top levels of our organization talking to everybody in the organization, one thing we started over a year ago now with all the officers and managers, as an example, is we have what we call connection events, where we will take a cross-section of employees -- it's a different group each time -- and every one of the managers and every officer has at least one meeting per month -- more often it's more than that -- with these groups. So you get, let's say, 15 employees together from a cross-section and you spend an hour to two hours talking about issues. Sometimes they'll be directed, like we could talk about results of the surveys, and then other times it's completely free-form, what's on the minds of the employees and being able to talk to them directly.

In addition to one of our behaviors we're talking about is face time. And that's really getting myself and others out into the organization to be where they are, rather than in your office, or whatever, and being able to be accessible to talk to them about issues and keeping them informed about what's happening.

MR. BECKER: Okay. So the next step, after communicating the results, we needed to identify the issues that we were going to go after. And so this slide talks about how we went about identifying the issues.

The three organizations took similar approaches in identifying the issues. And as Rich mentioned in his presentation, the approach we took was based on the good experience of the NSSF maintenance and fire, health, and safety organizations. So we took a similar approach to what they did in 1999.

And the supervisors held open meetings. Again, this is part of what you were talking about, Ellis, to discuss the results of the mini-survey and to ask the question of their people, "So what does this mean to us? What sorts of things should we be doing about it?"

Input was taken from those meetings and compiled. Then a vote was taken among all the personnel about, you know, what were, in their opinion, the most important issues. And based on the results of that vote, the top issues were selected.

I'm going to get into the issues on the next slide. When I do that, you'll see that the issues are largely actionable. They're defined in such a way that we can take action on them. They are largely around general culture. And I think there's a couple of reasons for that.

As Rich said in his presentation of the results, where our lowest scores were were in the general culture and work environment area. So it stands to reason that when people come up with issues and vote on them, those are going to tend to be the top vote getters, and that's what we saw.

Also, we believe strongly that if we improve our general culture and work environment, that will cause a further improvement in our nuclear safety culture. And if you had declines in general culture and work environment, that could lead to more problems in your safety culture. So we think they are definitely related.

We must make progress on these issues in the year 2000. And as the Manager of Operations Services, I'm held personally accountable to making sure that we have significant improvement this year.

So now I'm going to go through each section and I'm going to briefly discuss the issues that were identified and we're going after in each section.

MR. PROULX: Dave Proulx, I'm the Senior Resident Inspector. I had a question for you, Jim.

A lot of handwritten comments were provided with the survey. And I'm just wondering how those were input into the issues and how much weight they carried in deciding which issues to go after?

MR. BECKER: Yes, there were a lot of handwritten comments, and I read all of those comments, as did the directors in my organization. They were given all the comments to read.

However, in identifying the issues, we did not make an effort to bring those written comments from the mini-survey into the issues. They showed up anyway, because, again, the way we did this is our supervisors met with their people, discussed the results of the mini-survey in somewhat the same fashion as Rich just did, and then they asked for input from their folks as to, "So what issues does this bring up for you? What are the sorts of things we should be going after?"

And so by doing that you're going to tend to get, I think, a lot of the same sorts of issues that people were writing in when they did the mini-survey.

MR. RUEGER: One of the things we were trying to do here is learn from the results we just received from the mini-survey. And the two organizations -- fire, health and safety and NSSF maintenance -- that had very, very significant improvements almost across the board, they did some very simple things that we didn't do in some of the other organizations. One of the first is you sit down with all of the people in the organization and find out what are the things that really are bothering you, that you want us to address and to work with you to address. And a lot of them were fairly simple things that they did that people really appreciated, that really got to the heart of what was bothering them that resulted in some of the lower scores to start with. And I think that's why it improved.

So even though we're trying to utilize the specific information in the survey here and make sure our folks read that and utilize that, what we did hear -- in the case of operations and the other groups that Jim has -- is he decided to go back and spend time asking his people directly, "What are the things -- actionable things we need to be working on together that are the most important for you?" And those are the ones he's going to be focusing on here.

They tend to coincide in many places, but there was some new ones that didn't come out in the questions, perhaps by the way the opportunity for questions were worded in the survey. Maybe they just didn't come to the person's mind. But some of them do fit in very well from what you see in some of the specific written comments that came back from the survey.

Okay. So, starting off in operations, there were -- some of the top vote getters and also a lot of the written comments we saw in the mini-survey were all around trust and the need to improve trust within operations. And so I think you'll see as we go through the issues several of them, if we make good progress on them this year, should go toward improving trust within the organization.

The first one is to improve communications in the organization. This is communications of changes. The supervisors have a role to play here. Communications about our performance plan and how we're doing, those sorts of communications we need to step up.

Supervisory and leadership training. We have an operations foreman who's been tasked with setting up a supervisory and leadership training program for all of the people in operations who are in supervisory roles. And we will implement that and start giving that training this year.

We need to better communicate and plan for our performance evaluations and pay decisions. We need to improve people's understanding of our performance evaluation process and our pay raise process. And we need to not -- we need to better communicate what the

expectations are around that process and how it links to pay raises. So we will be doing that starting this summer.

One of our shift managers is going to develop a road map for personnel development and advancement. So this will give people a better understanding of what sorts of assignments, what sorts of activities will tend to facilitate their advancement within the operations section.

We want to improve our operator training programs. And this is specifically around the initial programs: the initial license class program and the initial operator training program.

We want to increase the number of reactor operator licenses. This will better allow us to grant vacation to people, because there will be more RO licenses to backfill for folks when they're on vacation, and also to better able us to man the shifts the way we'd like to.

So we have a reactor -- we have an RO class starting late this year and we intend to send 10 RO candidates to that class.

We want to improve our utilization of senior control operators. As you're probably aware, we've made some changes over the past few years to our control room manning, and as a result of that we need to better define the role of the senior control operators. And a lot of this will be around training and supervision of the nuclear operators in the plant. A shift manager has taken the lead on doing this.

And finally we are developing a human performance policy for use not just in operations, but throughout Diablo Canyon. And the intent here is when a human performance error has occurred, we will have a standard, very fair way of looking at that event and investigating it. And by doing so it will -- first of all, it will make sure that people are treated fairly. And it should also encourage them to identify issues, because they'll have more confidence in how we're going to investigate that issue.

Now I'm going to go through the radiation protection top issues. You'll see some similarities here to operations.

The first one is certainly similar. This is to improve communication of changes in the organization. Again, this would be organizational changes or changes to methods in RP.

We want to implement the proper level of supervisory involvement at access control. This is a key area of the plant for the RP organization. It's where they interface with other organizations a great deal. So the two crews -- RP crews that staff access control are identifying what they feel is the proper level of supervisory involvement there.

We will be procuring new RP tools and instruments. We have money in the budget this year for some new survey instruments in RP. And we will make the budget decision for next year to buy new personal electronic dosimeters.

We want to optimize the distribution of work among the various RP crews. So to do this, the crews right now are identifying work that they feel can be shared between the crews or be considered common work.

We want to collectively establish goals and direction for each RP foreman team. Now, these teams are fairly new. They were put in last year and the teams consist of techs, foremen, and engineers within the RP section. And it's an attempt to better -- to improve the coordination within the section.

So we want to take it a step further this year and establish joint goals and direction.

One of the classifications in RP is that of decontamination specialist. So we want to develop a formal training program for the decon specialist. The first step of that this year will be to form a steering committee of decon specialists for the purpose of training programs.

We want to improve the RP technician's work space. This consists both of computer work stations and also the environment where they work. And so one of the RP foremen has been

tasked with this, and we anticipate some moves of RP foremen to make more room for the techs in their work space.

And, finally, we want to improve the foremen implementation of the key behaviors. Again, these are the five behaviors that Dave talked about in his presentation. And as I mentioned earlier, in the PMPs that our foremen get, they're given feedback on how they're doing on those behaviors.

And then the last area I want to talk about is the top issues in the chemistry and environmental operations organization.

You'll see the first issue here is to reduce work load. The CEO organization has gone down in size over the last few years, and their work load has, if anything, increased. This is a result of taking on new initiatives to improve our chemical control of our plant systems and our chemistry performance. But a down side of it is that we have a very high work load for our folks. This has been worked on throughout the section, and one of the chemistry foremen has come up with a list -- and it looks like a very doable list -- of things we can do to reduce work load within the section.

The second item is to resolve industrial safety issues in C&EO. We have had some industrial safety issues specifically around the ventilation systems that we need to make more progress on resolving. We resolved one of them late last year. We will have more resolved by the middle of this year. We have specific plans in place and are making progress on resolving those issues.

We want to improve the use of information technology. This is an organization that deals with a great amount of data, transmits a great amount of data, and we are not making the use of information technology to streamline that and make it more operator-friendly -- if we could

call it that -- as we could. And so if we make progress in this area, it will also help to reduce the work load.

We want to enhance our procedures in a more timely manner. And, finally, we want to improve training in the section.

So that's the conclusion of my presentation. If you have any more questions for me?

MR. OATLEY: Okay, this is David Oatley again. I'd like to walk you through some of the next steps, site-wide, on how we want to improve our culture. Hopefully, you're getting a picture of a lot of the concerns of our employees don't directly relate to safety conscious work environment, but do relate to how they feel about coming to work and how they interrelate with the supervisors and managers there.

So we do want to continue with our cultural change efforts described earlier. We believe that some of the changes, if not many of the changes, we saw between '98 and '99 are related to those cultural change efforts we've been undertaking. And we also want to use this as an opportunity to have some learnings and some teachings around good management and supervisory practices, which is one of the weaknesses we've seen.

We did meet with all the supervisors at Diablo Canyon to establish expectations concerning improvement around safety conscious work environment. And, of course, we also expect the leadership on site to be making the necessary improvements, like Jim talked about.

And finally we're going to perform a site-wide cultural survey late in 2000 -- either the November, December time period. There we will be able to see how much improvement we've made from '98 to '99 on a site-wide basis.

I would like to say that in improving the culture like this it's something that takes time, but it's also something you must work at continuously. As we saw with chemistry, in a blink

of an eye, employees can get discouraged and the numbers can change. So it's something you must always work at, even though you think you may be doing well.

And with that, I'll turn it over to Greg Rueger for any closing comments.

MR. RUEGER: Yeah, I don't have much to add at this point.

MR. MERSCHOFF: Greg?

MR. RUEGER: Yeah?

MR. MERSCHOFF: Before you do that, the presentation you went through tended to focus vertically on each organization, the problems you saw, and what you intend to do about it. If you take a look horizontally at this survey, the areas that most commonly show a decline are management and/or supervision effective in managing conflicts and disagreement, supervisor obtains buy-in before implementing significant change, supervision effective in coaching, and supervisors and management effective at holding people accountable.

MR. OATLEY: That's correct.

MR. MERSCHOFF: Is there something in general that you intend to do to address these management challenges?

MR. OATLEY: Absolutely. In my next-up slide, I talked about continuing the culture change efforts, and use this as an opportunity to improve management supervisory practices, which is a roll-up of all of those you talked about: objective and accurate use of accountability, human performance management -- those types of things.

Where -- we meet monthly with all of our supervisors on site in groups of, you know, 30 to 80 people, and we're putting strategies together to address each one of those issues you mentioned. We saw that as cross-cutting across the whole organization. True not only in this mini-survey of '99, but also in '98. And we haven't made enough progress in those areas.

MR. MERSCHOFF: Thank you.

MR. RUEGER: I don't have a lot of closing comments to mention. I think it may be best if we answer your questions and make sure we have done that thoroughly.

What I do want to mention, though, is, you know, this is a step in a journey. As we mentioned, we're going to be doing an overall survey of the entire organization towards the end of this year with results coming out the beginning of next year. Synergy tells us that that's about as little time as you would expect to have between surveys to really be able to show some results in our entire organization basis. That's why we're doing it on a two-year basis.

We did get some good information from the mini-survey. Some of the key things that it tells me is that we are making some progress, certainly among the four groups that were in the lowest quartile of our organization in the 1998 survey. That progress, though, is not across the board. It is much higher in two organizations, and what they tended to do was to really focus on what people said were the real issues they had, and really did do a good job of addressing those issues. And as a result the entire morale and the entire culture came up for that.

So we're trying to do the same kind of thing in some of the other areas.

The other thing that survey told me is even though we had a strategy of addressing some issues, as you mentioned across the board, and a cross-sense with our leadership, we really did just focus on the main organizations that were in the lowest quartile as far as specific issues there. And what we did see is one of the groups that was not included in that group fell down in some of their scores. And we just happened to see that, because they were included in this survey.

So one of the things we are doing is looking at going broader and making sure our directors in each of the areas are aware of that result, are dealing with their folks, trying to identify the issues that they have, to make sure that we retain high scores in those groups that had high scores and that we don't have the morale change in those areas. So those are the things that we're focusing on.

I fully do expect that we're going to see some good strong results when we take the overall survey across the organization. But this is something you have to keep up with as you go forward.

One of the other things that I think is going to help us a lot is as an organization we've been through some very difficult changes that we've had to make. Changes that are brought about by what's happening in the industry with the deregulation, with California being, in essence, in the forefront. We will be fully in a competitive market by probably the first quarter of next year in how we operate as a plant in the energy marketplace.

We've had changes before that time that we've been working with. That's required us to look at how we do everything. Our people have responded marvelously. We are very competitive as an organization in terms of, you know, where our cost is now to go into that market. And our performance during what's been a very major transition has maintained -- you know, been quite high. But that does take a toll on morale. There are things we'd probably do differently if we were doing it over again in terms of how we dealt with folks, how much communication we have, and things of that sort. But we're learning from that and trying to make those changes now.

But I do see -- and I can see it on a day-to-day basis -- that for the most part, the morale is coming up. The organization is getting stronger, people are excited about what they're doing. And probably the most important thing that I think has helped a lot is people are seeing success. We had a lot of nervous people in terms of what's going to happen to this plant in five years when we started into this change, when we knew we had a drop-dead date as far as going into the market. And now they're seeing that this plant is very successful. And it's going to be successful in the future, and it's going to be successful for many, many years in the future.

That, by itself, I think is adding to positive change in terms of how people's perspective is on the facility and the work that they do.

MR. BAKER: This is Ed Baker. I have a question going back to the response that you sent to the NRC based on the chilling effect letter. Part of the logic you went through in presenting the results of that and indicating that you felt the environment at least was as good as it was in '98 was that you looked at the corrective action trends and the number of issues coming into that.

My question to you is: That what you compared was up to '98 and then from '98 -- October of '98 to October of '99. What are you seeing in your current trends?

MR. OATLEY: We also looked at the first quarter of the year 2000, and that's something we'll be doing quarterly as a rough indicator of how things are going. If you compare the first quarter of 2000 with the first quarter of 1999, there are actually a greater number of action requests written for that time period and there are fewer employees on site, too.

We have a lower level of identification called event trend records for low-level mistakes, to trend those. We saw a similar type of trend in that area for the first quarter of 2000, compared to 1999.

MR. BAKER: In addition to the corrective action program, what do your ECP trends look like in terms of people coming to the Employee Concerns Program?

MR. CHENEY: Well, basically, what we're seeing is that one of the things that we just recently started doing is keeping track. We started in 1999. We're keeping track of not just formal concerns, but we're also keeping track of contacts.

So far this year we've had one concern. However, we've had -- I believe I'm at 14 contacts now, which is comparable to what we saw last year. And the distribution of those contacts by organization are similar to the distribution we've seen before.

MR. BAKER: Thank you.

MS. SMITH: Hi, this is Linda.

You mentioned that one of the major things you were doing to improve the employees' perception of the Employee Concerns Program was to focus on the website and the accessibility of the website. And I know that that will help, but I'm trying to understand what you're doing to help the employees just have more trust. You know, that was your red area. So it -- at least from the way you presented the colors -- it seems to be something that you ought to have the most attention on.

Could you give me a little more detail on -- you don't have the same opportunities. Like if you were in operations, you could say, "What can I do to make your life in operations better?" If you're in employee concerns, you're a customer organization. It's different. What is it that you can do -- or that you plan to do to make people trust the Employee Concerns Program?

MR. CHENEY: That's right. Actually, the website, I would not say, was a major part of trying to improve trust. It was an opportunity for us to try to increase the visibility.

But one of the things that I recognized is that we have definitely fallen short in the area of working specifically -- I know that in shift operations -- with improving the trust. And so one of the things that we are doing, we're going to start doing within this next month, is that myself and the guys who work for me, we're going to just start getting out in the plant. We're going to spend time with the employees. We're going to spend time with the operators on shift. We're going to spend time with the workers. My guys have already started attending some of the tail boards and just getting out there, talking to people, saying, "Hi. I'm Rich Cheney. I'm part of the Employee Concerns Program."

And my goal, especially in the area of shift operations, is to just spend some time with the operators. I'm an ex-operator myself, so I know a lot of the operations people. I think or I hope that I have some credibility with them. And I want to be able to sit down, talk to them, give them an opportunity to talk to me, just very informally what's going on, what are your issues, and

hopefully at the same time be seen as a conduit where they can talk to me and I, in turn, can pass on issues to management, not necessarily in a formal concerned investigation or anything like that, but just some of the things that I keep hearing over and over in talking with people.

I recognize I'm going to have to win over people one at a time. There's definitely some history and it's going to take time to convince people that the Employee Concerns Program is a viable alternative.

I believe that the Employee Concerns Program is a good program. That's why I've taken the position as the Supervisor, and, you know, I hope that by being out there and talking to people, that they'll recognize that I'm sincere and that they can come to us and use us and trust us.

MR. RUEGER: There's something I'd like to add. One of the things we have to recognize that when we took the survey back in 1998, even though we had some areas we wanted to improve in employee concerns, overall we were told by Synergy our Employee Concerns Program was perceived by employees from the scores they got in the best quartile of the industry. Apparently, in general Employee Concerns Programs can all improve in some ways.

We did take some major actions, including the employee advocate program and other things we've put into place, but we do have some pockets. And one of those pockets is certainly shift operations, where the scores we got there and continue to get are nowhere near what we'd like to have. And those are the areas where we identified red. It's not red all across all of our organizations, even the ones that were on that chart, what you had there, in terms of that area.

We do have some real challenges right now, though, that we need to face. Some of that, unfortunately, was associated with the federal government. And as I know you're aware, we had the Department of Labor investigation report released, unredacted. It got distributed

around the plant, that came in on a shift foreman issue that we had. And that's something the Department of Labor says should never have been done. But it somehow got out.

Part of what was in there were interviews with -- as an example -- our previous employee concerns supervisor. Who was asked, I guess under oath, to testify, basically, in the investigation that was done. And then information comes out attributed to him that some employees are asking, "Gee, I go talk to employee concerns, and guess what? It gets in a report that's now throughout the plant."

That's why I think it's wrong when those things get distributed. It's nothing that any of us would have wanted to happen, but it did happen, and now we need to build credibility back in our Employee Concerns Program. That hasn't helped, unfortunately.

So Rich is doing a lot to try to build up that trust again. But we do have an issue as a result of that.

MR. MERSCHOFF: Well, thank you.

I'd like to -- in closing this part of the meeting, recognize that the actions you've taken here are voluntary in terms of this survey. You started in '98, and that wasn't a requirement, but something you took on your own initiative. This mini-survey is your own initiative. And the site survey you plan in 2000, as well.

I think it's an excellent initiative. I applaud your efforts to do this and encourage you to continue.

I also would encourage you to continue focusing on the change. The absolute numbers results in these can vary widely geographically and other reasons. And some of yours -- although they say adequate, are really quite low, and I know are of concern to you. But probably more important is to keep the consistency of the groups in it, so that you can see the change.

And just like our PRA numbers, while the precise number is arguable, the change is something that we have confidence in.

I'd also like to thank you for supporting this meeting late on a Friday, so that it could be done in the public's eye.

If there are no other questions or comments, I'd like to end this part of the meeting, take -- or, let's go off the record now.

[Whereupon, the meeting was concluded and the audience participation convened.]

MR. MERSCHOFF: Well, good evening. I'd like to thank everyone for coming, and apologize for the late start. We introduced ourselves at the beginning of the last meeting, but I'd like to start back -- or to go through the introductions again.

On my extreme right is Dave Proulx. Dave is the Senior Resident Inspector assigned to Diablo Canyon. He lives here in the community and spends most work days at Diablo Canyon, overseeing their operations for the NRC.

Dave's boss is in Arlington, Texas, and that's Linda Smith, on my direct right.

I'm -- as I said -- Ellis Merschoff. I'm the Regional Administrator for NRC's Region 4. We have responsibility for oversight of the reactors and the use of radioactive materials pretty much west of the Mississippi, including Alaska and Hawaii.

On my left again is Ed Baker. Ed's from the Washington office. He has responsibility for the oversight of the entire NRC's allegation program to ensure that it's implemented consistency among the four regions and fairly.

And on Ed's left is Dennis Dambly. Dennis Dambly is the Assistant General Counsel responsible for materials litigation and enforcement.

You may ask yourself why are we here. I can answer that question on several levels. The first would be that we're the federal agency with responsibility for oversight of Diablo Canyon. We're here every day. That's Dave Proulx's job.

Or I could say we came to discuss the potential for PG&E employees to be willing to voice concerns considering what's occurred in a recent case involving one of their colleagues.

Or I could give you the complete answer. And that is we're here as part of a process. Is that better?

I have a cold and I'm a little stuffed up and I'm not hearing real well, so if there's feedback or problems, waive your arms and I'll adjust for it.

But in terms of why we're here, the complete answer is we're here as part of a process. When an employee of a nuclear power plant comes to the NRC with concerns, with safety concerns, the NRC inspects and investigates that concern. We have engineers that are trained and qualified and look into each and every one of these concerns we receive. Sometimes those concerns or allegations are true; sometimes they're not. Sometimes they're violations of federal law. Sometimes they're not violations, but they're weaknesses and things that should be corrected. Sometimes they're true, but they're neither violations nor weaknesses. They just happen to be true.

When an employee feels -- that's brought a concern to us feels that he or she has been retaliated against for bringing that concern forward, that's a violation of federal law. Each concern such as that is investigated by the NRC's Office of Investigations. That office is staffed with professional investigators who have experience in the Naval Investigative Service, in the Secret Service -- in various areas that constitute professional investigative services.

Those investigations are done, and the NRC's responsibility is to hold the licensee accountable to federal law. There are sanctions associated with violations of that law: fines, orders that modify a license, et cetera.

The employee can seek compensation for retaliation through the Department of Labor. There are two government agencies -- the NRC, whose primary focus is to assure that the plant is run safely and that a safety conscious work environment exists within that plant. And we hold the plant, the licensee responsible for safe operation of that plant. And then you have a separate federal agency, the Department of Labor, whose primary focus is to assure that the individuals are treated fairly and made whole if they are retaliated against or discriminated against.

So why are we here? We're here in the final steps of the process that I outlined. Even if we find in a specific case that a licensee didn't retaliate against a work for bringing a concern forward, circumstances may leave a widespread impression that retaliation occurred which could dissuade other workers from bringing concerns forward.

The meeting that we just had with PG&E was part of our continuing attempt to assure that Diablo Canyon maintains a safety conscious work environment without fear of retaliation for bringing forward safety concerns from their employees.

A particular case that brought us here -- or the particular case that brought us here is an interesting one. A person raised many issues with the NRC and with Pacific Gas & Electric over the years, and as stated in step one, as I said, each and every one of those concerns that were brought forward were reviewed by an engineer. In fact, there were 13 engineers involved in reviewing these concerns that were brought forward. And if you added the time together that the engineers spent reviewing those concerns, it would be about a full year's worth of effort.

Many of the concerns that were brought forward were valid and needed to be corrected. This case presented what could be seen as a conflict between two pertinent regulatory

requirements: the right of employees to raise safety concerns without fear of retaliation and the requirement that utilities assure that only those people who are fit for duty are granted unescorted access to the facility.

However, I'd submit that this is a good example of both sides of this current conflict being satisfied. On the one hand, the NRC expects and requires sound, conservative decisions regarding the safe operation of the plant to assure public health and safety is protected. In this case, that was done. The individual's access was revoked. An extensive investigation showed that it was not done for retaliatory reasons.

On the other hand, the Department of Labor -- the same company, the federal government, different division -- the Department of Labor assured that the rights of the individual were protected, facilitating a settlement that was satisfactory to all parties.

Which brings us to once again, why are we here? It's to continue to work to assure that actions in this case are not misinterpreted to be anything less than a complete commitment to ensuring a safety conscious work environment at Diablo Canyon.

Additionally, we're here -- as we were in January 1999 -- to hear your views and concerns on this or any other topic related to Diablo Canyon. And with that, let me ask my public affairs officer, Greg Henderson, to introduce the first member of the public.

MR. HENDERSON: Okay. We're just going to take these in the order in which people signed up here. So the first name on the list is Gary Peterson from Operations at Diablo Canyon.

MR. PETERSON: Good evening. My name is Gary Peterson. I'm a nuclear operator at the Diablo Canyon Power Plant. I work in shift operations. I've worked there for 12 years. I have superior evaluations covering the entire 12-year period.

I thought I'd say a couple of things right off the bat, to clear any confusion. I'm not facing any discipline currently from Pacific Gas & Electric. I have no record of discipline from Pacific Gas & Electric. I have no plans for a severance. I have no plans to get laid off. I have received no notice of such. But I have concerns that I wanted to voice tonight, that I knew would not be said. That I speak clearly, as a matter of conscience. There is a price to pay for raising concerns. It can be career limiting, and it can be industry limiting.

I was sitting in the work place last week. I got a trade industry magazine. I thought it was very interesting, so I thought I'd thumb through it. I like to keep up with what's going on in the industry. I get to the first page, it says, "PG&E calls worker mad." That's my introduction to the industry.

Neil Aiken, who's served PG&E for more than two decades, who did an incredible job as an employee, is now limited, regardless of the settlement, regardless of his state of mind, in this industry.

It's interesting, I was reading another e-mail to the plant manager, it's to Dave Oatley and Jim Becker, who are Plant Manager and who are Operations Department Managers. It's regarding an im-po-managers' meeting. For those that aren't familiar with the im-po process, it's an industry-set up program that helps in agency -- or the industry kind of regulate itself. Hopefully keep you out of hot water with the NRC.

It's interesting reading minutes from this im-po-managers' meeting. It says the theme of the meeting was emphasis on human performance. It says, "Nobody is willing to hire operators who have worked at Zion. The thinking was, 'How could you justify taking the chance?'" It was recognized that there probably are some very good operators who we're missing out on, but no one could reasonably provide a justification for potentially exposing their plant to the attitude and operating practices that were prevalent at the plant.

It's important to note Zion had operators that were like Neil Aiken. They did a wonderful job, they had decades in the industry. Here we are at an industry group, where management concedes although there are excellent operators who will contribute to our facility, we will not expose our facility to the incidents that happened at Zion.

And, for the record, what happened at Zion was a lack of confidence in shift operations and the NRC and management. And I think that's very clear.

On April 6th, I contacted Dave Proulx, who's the recite resident at Diablo Canyon. I had a copy of the Department of Labor study that was released, 21 pages long in narrative detail that was referenced to earlier tonight. I told him my name was in there. I said, "I'm very concerned about my name in a federal document." I said, "I fear retaliation for my job."

And his response to me was, "Gary, the NRC is planning on taking no action regarding the Neil Aiken issue, regarding the Department of Labor issue. Your recourse is through the Department of Labor, if you fear retaliation for your job."

Now, if I understand the process right, I go to the Department of Labor, as Neil Aiken did. I sit there for a year. They find in my favor, but it can be appealed to an Administrative Law Judge. And in that time, you don't have to honor any of the findings, so I can get fired, anyway. And then hopefully they'll settle before it gets complicated.

That's the big picture for me as an operator. Those are my rights by the federal government. I have the right to go to the Department of Labor, sit at home for a year, be fired -- despite the findings that specifically say you are not to terminate Neil Aiken -- and then hold out for a settlement, hold out for another year of litigation. It's very complicated. I'll move on. I don't want to take too much time.

I sat here, January of last year, in this room under the microphone in Mr. Merschhoff's statement directly to me was, "Thank you, Gary. Let me make one comment. Your concerns are

heard and noted. You wanted a signal from the NRC, and you have it loud and clear. You and we have a common interest, and that interest is safety. Your concerns will be heard and they will be heard seriously."

I was not asking for my concerns to be heard. I was asking for operations personnel who raise safety concerns, that they be listened to by OI, that they be listened to by the site resident, and that they be resolved.

I'll move on.

In March of 1999 I sent you a letter, that would be to Ellis Merschoff, restricted delivery. It was certified mail, in which I outlined my concerns of the Diablo Canyon Power Plant. I specifically outlined the issue mentioned in the OI report. I mentioned it to Russ Wise, I mentioned it in direct correspondence to you. I mentioned it to the employee concerns supervisor. I mentioned it to my supervision. I asked each individual the same thing. "I want that statement rescinded or I want the clinical evidence that PG&E has to support it put out there." It was not a difficult question, I never got it done.

Now I have a federal document released that says PG&E found I had a compulsive disorder reporting safety concerns at the plant.

It was interesting, in that letter I sent you, in the certified correspondence, I outlined a life-threatening position at the plant during an outage that PG&E had denied had existed. The NRC contacted PG&E and asked specifically to find out what the story is and get a resolution to it.

To the credit of the department -- operations department director, he initiated an independent review of the allegation. That review found in entirety my allegation was exactly as I had said it was, and the events happened as I said they did.

When I asked the initiating evaluator why didn't he interview the people I told him to, he said, "Gary, the evidence was overwhelming. It was not necessary to talk to each individual involved."

The bottom line is it was the same concern I raised in January, that when you raise a concern, it's documented, that it's followed through, and it's resolved. In this case, after the resolution, I was called in to meet with ops manager, who simply said, "You know why you're here. We've resolved it, and we're ready to move forward." That was not the resolution -- that was not my concern with the issue.

The US Department of Labor in their findings said, "The evidence indicates that while Mr. Aiken claimed -- or PG&E had claimed to have concerns about Mr. Aiken's state of mind, based on its interpretations of its protected written and verbal complaints and beliefs, the respondent provided" -- meaning PG&E -- "provided biased and incomplete evidence through a series of medical professionals in its effort to remove Mr. Aiken from the plant and stop his engagement in activities."

I realize your findings are contrary, but I disagree with them. When I look at who OI talked to when they came to the plant site, they specifically did not talk to the individuals who had direct evidence related to Mr. Aiken. And they sent out investigators who were well known to operators who did not trust them in the first place, due to previous depositions.

In the memorandum issued under the US Department of Labor ruling, there's two key things in there that need to be addressed that is I feel the responsibility of the Nuclear Regulatory Commission to resolve. The incidents on page 11, where an acting shift manager was told that she should fear for her safety or her job for raising concerns at the plant. That needs to be resolved. Either it happened or it didn't.

The incident on the next page. It's, "Peterson suffered from a compulsive disorder, exhibited by his propensity to file safety concerns at the plant." That doesn't happen. I haven't filed a concern at Pacific Gas & Electric since my last meeting with the NRC in April of 1998.

In the deposition -- or in the 21-page DOL case where it clearly outlines corporate PG&E's attorneys' plans with Dr. Dietz, "What is the plan for Neil Aiken?" It clearly lays out, "Promote him to a job where he's ineffective or give him a buy-out. He won't take either? Fire him, get medical evidence against him, and pay him off." It's written in the record. I don't see how the NRC could have overseen it or not attached the significance to it.

On page 21 of the record, the concern I have is that the second to the last paragraph, when it says, "The medical evidence PG&E used against Neil Aiken was 20 years old." Yet in the meantime, the NRC licensed him as a reactor operator, a senior reactor operator, promoted him to shift foreman, and had him supervising people the entire time.

In January of this year after Neil Aiken was fired following the Synergy survey, I was asked by employees in the operations department to assist with a raffle to help raise funds for Neil, seeing as how he had been terminated and he needed the money. We sold 4,000 tickets on site in 30 days, and the raffle went well. But the raffle didn't go very well for people who were selling tickets. The site resident was well aware that there were comments made by licensed individuals and senior licensed individuals, "Be careful, you need to feed your family. Don't do it, you can't take the chance. I can't protect you." That speaks for itself.

In January of this year, PG&E sent you correspondence -- excuse me, it's February 25th -- regarding the Synergy results and the plan of attack for their action. It is dated February 25th, 2000. It says, "PG&E agrees with the NRC determination that Mr. Aiken's discrimination complaint cannot be substantiated and is confident that the hearings we've requested before the

Department of Labor will result in the same conclusion." The buy-out was well underway when they told you -- or my impression -- when they told you they were actively working to resolve that issue.

They give you four reasons -- or four things that they're working on at Diablo Canyon to resolve the problems in shift operations. They explain them very clearly. First, plant management held a meeting with operations department shift managers on December 17th, 1999, after the OSHA determination became public and after he had been terminated. I've spoken to both of my supervisors, and neither one of the shift managers attended that meeting. There's only five at the plant. It says "plant management held a meeting with shift managers." It does not say the plant manager, it doesn't say senior management personnel. All of my management said, "Gary, I wasn't there. I don't have any idea what happened."

The second meeting, the middle of the second page, says, "On January 7th, 2000, the plant manager held a meeting with the operations supervision to discuss actions that would promote trust in the organization." The plant manager held a meeting with operations supervision. Once again, I asked all of my supervision. I said, "Did you go to the meeting?" They said, "Gary, I didn't hear anything about it. Don't have any feedback to give you."

It's interesting, the next section, it says, "Based on this discussion with the plant manager and operations supervision, operations management will continue to work on various issues of concerned operators." And they give the NRC two concerns: Watch station responsibility and material condition of your work areas. I can tell you, neither one of those are concerns to shift operators on a high priority.

MR. MERSCHOFF: Excuse me, Gary. We have a time keeper.

MR. PETERSON: Could I ask somebody to relinquish additional time from the audience?

MR. MERSCHOFF: Might I suggest that we'll let the others go through and then you can join at the end, so that all of the -- all of your neighbors that have come out to speak will have their opportunity, as well?

AUDIENCE: I move to relinquish my time to speak to Gary.

MR. MERSCHOFF: Fine. Gary?

MR. PETERSON: So, based on the discussion, operations management is working on two concerns: watch station responsibility and material condition. You will not find those a priority. You will find them on the list, they are valid concerns, but they are not a priority to shift operators.

Third, at the bottom of page two, it says, "Evaluation about Employee Concerns Program was made regarding trends in the corrective action program. The evaluation concluded that the number of action requests and trend records written by plant employees over two periods remained unchanged." I would question that data.

It says, "There was a decrease in the event trend records by operations department personnel, but employee concerns believes the decrease was attributable to improved operating performance and refueling outages, rather than any other factor."

I have the data with me, and I'm not at liberty to release it. The records recorded by operators of concerns and violations at the plant were in excess of 1,000 in 1997. In 1998, encompassing the entire year, there were 623. In 1999, encompassing the entire year, you're down to 507. And in the year 2000, year to date, you have 116.

The reality is your data consistently continues to drop. The reason that data continues to drop is because there was a punitive effort on the part of management associated with documenting problems at the plant. That has been aggressively pursued by the current operations

Department of Labor will result in the same conclusion." The buy-out was well underway when they told you -- or my impression -- when they told you they were actively working to resolve that issue.

They give you four reasons -- or four things that they're working on at Diablo Canyon to resolve the problems in shift operations. They explain them very clearly. First, plant management held a meeting with operations department shift managers on December 17th, 1999, after the OSHA determination became public and after he had been terminated. I've spoken to both of my supervisors, and neither one of the shift managers attended that meeting. There's only five at the plant. It says "plant management held a meeting with shift managers." It does not say the plant manager, it doesn't say senior management personnel. All of my management said, "Gary, I wasn't there. I don't have any idea what happened."

The second meeting, the middle of the second page, says, "On January 7th, 2000, the plant manager held a meeting with the operations supervision to discuss actions that would promote trust in the organization." The plant manager held a meeting with operations supervision. Once again, I asked all of my supervision. I said, "Did you go to the meeting?" They said, "Gary, I didn't hear anything about it. Don't have any feedback to give you."

It's interesting, the next section, it says, "Based on this discussion with the plant manager and operations supervision, operations management will continue to work on various issues of concerned operators." And they give the NRC two concerns: Watch station responsibility and material condition of your work areas. I can tell you, neither one of those are concerns to shift operators on a high priority.

MR. MERSCHOFF: Excuse me, Gary. We have a time keeper.

MR. PETERSON: Could I ask somebody to relinquish additional time from the audience?

MR. MERSCHOFF: Might I suggest that we'll let the others go through and then you can join at the end, so that all of the -- all of your neighbors that have come out to speak will have their opportunity, as well?

AUDIENCE: I move to relinquish my time to speak to Gary.

MR. MERSCHOFF: Fine. Gary?

MR. PETERSON: So, based on the discussion, operations management is working on two concerns: watch station responsibility and material condition. You will not find those a priority. You will find them on the list, they are valid concerns, but they are not a priority to shift operators.

Third, at the bottom of page two, it says, "Evaluation about Employee Concerns Program was made regarding trends in the corrective action program. The evaluation concluded that the number of action requests and trend records written by plant employees over two periods remained unchanged." I would question that data.

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director. He has a plan he's going to put in place that I believe will fix the problem. But to not mention it in the report, that that's the basis of the conclusion, I think was an error.

The top of page three: The employee concerns investigations and employee contacts through Diablo Canyon's Employee Concerns Program implies an improving, rather than declining, trend.

It's interesting, we had one employee concern this year. We're five months into the year, there's one concern. But there's 14 contacts.

If I come into your office and say, "Hey, how's it going?" That's a contact? That's not a valid concern. Historically, look at the number of employee concerns in '97, '98, '99 and 2000. I believe the trend will show otherwise regarding shift operations.

I had an opportunity to talk to somebody who initiated a concern through the Employee Concerns Program in the last year. After I told him -- he asked me and I said, "Go ahead, use the program." I said, "Things change, give them the benefit of the doubt. Go ahead and try it."

I had the opportunity to talk to him two weeks ago. I said, "How did it work?" He said, "Gary, it was worthless." He says, "They validated the position of management and did not put forth the effort to validate my concern. It was more solidifying management's position than it was actively looking at it." I said, "I share the same concern on the specific topic you issued." I said, "Will you go to the NRC and discuss it?" He said, "Absolutely not."

And I believe it is an issue that will directly impact public health and safety in the long run, and the safe operation of the plant. Will he bring it to your attention? No, he won't. Will I? Probably not. Because I -- in rationalizing in my own mind, saying when I'm there, I make a difference. When I'm not there, I don't make a difference. It's his concern, he'll pursue it. I don't have the confidence that it would be resolved.

Fourth, the bottom of page three says that the OSHA preliminary determination letter concerning Mr. Aiken's issues was read by PG&E and was common plant knowledge two weeks prior to the response period closing. That's a true statement. The OSHA determination came out while we were filling out surveys. The majority of people had filled out their surveys long before the closing period, and it did not take into account that PG&E openly fired him in violation of that standard after the closing period stopped. Had the survey been taken after that firing, I can assure you from shift operations it would have been different.

When I talked to senior licensed control operators, they tell me, they say, "Gary, we gave the company the benefit of the doubt. But in reading the Department of Labor findings, the 21-page finding, there was no doubt in our mind what happened to Neil Aiken."

It says, "The evidence presented in the letter and enclosures supports our conclusion that the recent events involving Mr. Aiken have not adversely affected the safety culture at the plant." I don't think that is an accurate statement.

Earlier we saw a slide regarding shift operations with the SCW -- excuse me for acronyms, I can't pronounce -- I can't remember anything -- SCWE, on the top. That was the safety culture. And on the bottom we had a general work culture. Both of them showed -- or the overall nuclear safety culture. In shift operations it shows "good, very good." And then on the bottom it says, "average with a significant increase." I have to ask you, how can you have adequate, adequate, less than adequate, and less than adequate on all the questions, and things are going "very good" in the plant?

In identifying the issues, I actually sent -- commend PG&E -- or at least my department, operations, the director did a very good job in addressing the issues that are a concern to operators. They came out with a list. They said, "I don't care what it says. I don't care if you

offend me. You write down what's on your mind." So we wrote down a lot of things, and it did offend a lot of people.

The input, though, was specifically said, up front from the shift manager to all the workers, they said, "You are not to include your concerns about Neil Aiken." Well, that is a primary concern amongst the operations people. We did decide to include it, anyway.

As a matter of fact, several people included it. It was No. 31 on the list, it was No. 13 in priority at the plant, of the issues they want to discuss. They want an open hearing on the agreements.

Shift operations came out. Of the things that we compiled -- I'll give you an example. It says, "Upper management's ear. It used to be as an operator if I had a concern, I went to my shift foreman and talked things over with him. He either said, 'I'll move on this,' or it was looked into and he said, 'You're wrong.' Now, the shift foremen have very little authority and the shift manager has pressure from above to tow the line. We as workers have no voice in management. There are too many layers of management to sift through. Ops front line management does not, will not push back against the overpowering multiple levels of administration. When they come in for face time, our opinions fall on polite, but deaf ears." That is not my comment. None of these are my comments.

There's a real difficulty with licensed operators believing newly-licensed shift foremen will make the right decisions during casualties at the plant due to their lack of experience as operators. You always want to feel that your supervisor's more knowledgeable than you are and can provide guidance and make the right calls during casualties. We're at the lowest point of shift foreman experience ever and going lower all the time.

The next comment: During a weekend ramp down on both units, it was done with no help, other than a short-handed crew and no call-out people. Procedures were not used,

because we don't have time. And, as expected, we're just to get it done. We're busy for 12 hours a day, for three days, adding for potential of mistakes. Fortunately, none were made. But if we had broken anything, we'd have to address the fact we didn't use procedures. If upper management were observing these practices in the field, I don't think it would go hand-in-hand with management expectations. If what we're really told is true: safety first, do it right the first time, don't make mistakes.

And the other issues regarding Neil Aiken, I will not address. They've been addressed in adequate detail.

Two comments and then I'll close. I wrote a letter to a friend who I highly regard in this department, who I consider on the management fast track. I consider him a role model for people in management who want to do the right thing, who will make the right decisions. I wrote him a letter and I said, "Mr. O. Mezeno (phonetic) refers to, and it has not been made easier by some accounts of what has happened or by those who want to see the issue prolonged" -- meaning the DOL release -- "or anybody who questions actions regarding Neil Aiken."

It says: "While I have known to be involved with many issues on site" --
-- this is me speaking in the letter -- "the issue about Neil Aiken the man and the issues he raised and how he was treated are different. I honestly believe criminal activity took place to silence him at any cost. There was never any action on behalf of PG&E to find him help for his proposed problems, only efforts to silence him. Compromise is not an option when moral issue are involved. PG&E slandered him in the community and in the media as a whacko, knowing it to be false. They exerted unbearable pressure until they broke him and his family. Think about Neil tonight kneeling in prayer, asking for strength to overcome the stinging pain of a community questioning your integrity as an individual, your mental state of mind, and now paying the price for standing your

ground, not being able to respond. It cost him his job, his career, health and stress on his family having time and spending money to go fishing will not ease the pain.

"I have talked to him twice since the settlement. I can assure you he's not California's newest millionaire, high-living his friends. I will not be an accessory to crime. Neil Aiken has a sound mind. He was passionate in what he believed, and his family has paid a horrendous price for the truth. I think about wickedness in the world and the steady decline of morales in society, and I see an overwhelming majority of people who profess beliefs in doing what's right and then caving in to conform when the going gets tough.

"In your next life when you're counseling somebody and they say, "I know I'm right. I believe the community's at risk and my employer's threatening me, what do I do? Oatley's message was clear, 'Fall in line. You're either with us or you're against us.'

"Each of us has to figure out for ourselves whether we will be wheat or chaff, caught in the winds of political correctness and the things of this world. I would hope I always pick wheat."

His response:

"Gary, I'm not sure what precipitated the letter, but I would like to respond to some of your points. I understand your passion in the issue. What I do not understand is where you think you can go with the new information that we have. As I read DOL's report, I agree criminal activity may have occurred. The fact that PG&E lost the case and that DOL recommended reinstatement is enough to substantiate the criminal activity accusation. The fact that they were willing to pay any amount to settle is another verification of their guilt in my opinion. The innocent do not pay out.

"Did PG&E slander him? Absolutely. Knowingly? Yes, without a doubt. Is it contemptible? Yes. Regardless if I think this is corporate America or not is beside the point.

PG&E has made it clear on many occasions the scale is not quite level when profits and safety are side by side. So the question is: What do I do about it?

"What is curious is how long into this process Neil was willing to accept reinstatement to PG&E. If anyone knew how low management was stooped, it was Neil. Yet he only wanted to return to work throughout most of the process. I only point that out, because I believe you have an unrealistic expectation that now -- to now believe that the rest of the department will band together in outrage and put their livelihood at risk to ensure this kind of manipulation will never happen again.

"Does our lack of solidarity make us an accessory to crime? I do not think so. PG&E has already plea bargained their way out of the case. Had it gone to trial and those of us called did not partake in the process, then we would be an accessory. The fact that PG&E does not admit guilt in public forum does not make them any less guilty. Can the President think we do not believe in guilty after he paid thousands to keep out of court?

"So Oatley has written an e-mail and made it clear that he wants to put the issue behind Diablo Canyon. He is a fool if he thinks wishing it will make it happen. The plant will not be the same for many people for many years. And until management has a track record of doing the right thing without a gun to their heads they will have to discuss the issue.

"So what do they do? What do we do? When I told my wife about the DOL report, she looked at me and said there will always be people in our organization that will not stand in the gap for what is right. We in operations have been there, had more than our share in the last few years. To stand in the gap, you have to be in the game. Neil stayed in the game. It is one of the things that made him credible. I note that it is not my game or my rules. I know that PG&E can take all the pieces and go home. I think that Neil wanted to be reinstated because he enjoyed the challenge of being in the game. You're right, he is not California's newest millionaire. He was

winning the game, but PG&E got tired of playing. That does not make you feel like a winner. But everyone in the industry that matters should consider him a winner.

"So I have decided to stay in the game when an opportunity presents itself to stand in the gap. If any operations management had stood in the gap, Neil would still be here. If Neil had remembered that he did not control the game, he would still be here. He would still be able to make a difference in this organization. The DOL report will serve as documentation of who in management will do the right thing and who will not. This is already very apparent. Does it make me wheat or chaff? I have an obligation to do all things to the best of my ability. I do not intend to allow Diablo Canyon to be a place where my life runs askew of that desire."

Then he closes his letter out.

I think both letters are a very clear indication of my position, a balanced indication of your average operator at the plant's position. We work at PG&E, we do an exceptional job, as evidenced by the shutdown this week. Trying to maintain control of the plant, trying to restore the plant back to a condition where we can get it back on line. We do our job well, but we have concerns. Each operator has a concern. "Will management hear that concern or do I have to go to a regulatory agency to be heard," is the key question. What you'll find from the operators who met with OI, and they told OI under oath, they said, "I fear for my job. I fear for retaliation from the company. I will never report a safety concern at the plant."

For OI to leave the site and not send so much as a postcard to those individuals has sent a very clear message to the operators of the plant, and I'd close with those remarks. I recognize the balance of the time.

Thank you for your time.

MR. MERSCHOFF: Thank you, Gary.

That's a lot to respond to.

MR. PETERSON: I'm not looking for a response. I simply wanted it part of the record, and I don't trust that, based on my previous --

MR. MERSCHOFF: Wait, Gary. You've had a lot of time and --

MR. PETERSON: Thank you, I appreciate it.

MR. MERSCHOFF: That was 15 minutes, and he's used 25.

I'll be happy to let you talk again at the end, Gary, but --

MR. PETERSON: It's not necessary. Thank you.

MR. MERSCHOFF: Let me -- because there are other people that want to be heard, but I'd like to respond to just a couple of points before we move on to the next one.

And that is, I stand by my statements of January '99, and repeat them in terms of you and I, Gary, have a common interest, and that's safety at Diablo Canyon. We have and will continue to look at every concern that comes forward to us.

I'm glad that we transcribed this, because you were going a little faster than I could take notes, and I know some of my staff was taking notes. But we'll look at any concerns that come up on the record here or at other times.

And we may not agree in how those concerns are ultimately resolved. But you have my absolute word that we'll do the best job that we're able to look hard at any concerns and assure that they're resolved.

There were a number of references to the DOL report, and unfortunately that's not our work. And I really can't speak to that. DOL can.

We took a hard look at this case, we interviewed a lot of people -- around 80. We generated a lot of pages of documentation, about 3,000. And feel that with that degree of effort, we understood the situation and made the decisions we did.

This was a very difficult case. And, as I said in my opening remarks, I think safety was served on both ends. A conservative decision made relative to the plant to assure that the health and safety of the public is protected, and a process that assures that an individual who has the courage to come forward with concerns is treated fairly.

I personally have great regard for Mr. Aiken, in particular, and any person who will come forward to the NRC or to the licensee or to any forum to voice concerns.

I think Ed Baker had something he wanted to address.

MR. BAKER: I just wanted to address one comment you made, Gary, about what's available for protection from the Department of Labor and how long you wait.

Both we and DOL recognize that sometimes that process takes too long. And, in fact, the two agencies together have submitted legislation to Congress, because Congress is what controls that process, to have people reinstated after the initial decision if it goes in their favor. And that legislation is now before Congress.

We can't change that, either us or DOL, but we have asked Congress to change that. So I just wanted to respond to that particular part.

MR. MERSCHOFF: Greg, next speaker?

MR. HENDERSON: Next on the list here is Mr. Paul Blanch.

MR. BLANCH: Thank you and good evening.

One thing I can say is that Mr. Peterson is not chilled.

A little bit of introduction, for those of you who don't know me. I have over 30 years of nuclear experience. Twenty-one years as an employee and a supervisor in engineering at Millstone, and since 1997, I've worked for Millstone as a contractor to help them recover from their safety conscious work environment problems, among other things.

I, like Neil Aiken, was a whistle blower. And like Neil Aiken, the Department of Labor found in my favor. Like Mr. Aiken -- or in contrast to Mr. Aiken, I was not fired. NUC elected to settle with me in 1993 with a settlement. And I, again, am not a millionaire in Connecticut.

I've also testified before the United States Senate, testified about whistle blower problems before the Nuclear Regulatory Commissioners. A couple of months ago, I participated in a panel discussion with Mr. Baker and Mr. Dambly. And now we see the same problems -- or similar problems that I went through at Millstone repeated again at Diablo Canyon, where PG&E fires and settles with an employee, and like NUC, believes that the problem goes away. The problem did not go away at Millstone. The problem has to be addressed at Diablo. We cannot stick our head in the sand and hope the problem will go away.

With my departure from Millstone in 1993, the culture at Millstone continued to decline until the problem surfaced on the cover of Time Magazine. I'm in total disagreement with the NRC's no findings of wrongdoing at Diablo Canyon, just as I was appalled by the NRC's total inaction after my harassment at Millstone and settlement.

Millstone's problems finally peaked when our story appeared on the cover of Time Magazine in 1996. It was only after that that the NRC took any meaningful action to quell the chilling effect that existed at Millstone.

The residents of this area should not have to wait until a cover story of Time Magazine, but they are entitled to the same degree of safety and nuclear oversight as the residents of Millstone are. And that was an extreme oversight.

Tonight I'm speaking for some of the employees of Diablo Canyon who have been in contact with me, reiterating essentially what Mr. Peterson said. However, many of those are so chilled they cannot come forward, or are reluctant to come to the meeting because they have been

chilled by Diablo management, who has said to them, when they do attend meetings, "Why are you here?" Whether they realize it or not, that has a chilling effect.

Some employees have stated to me that they're afraid after the Neil Aiken DOL decision. There is a severe cultural problem here at Diablo, one that has chilled many employees, especially those from Mr. Aiken's former operations department. Many of these people have communicated to me their fear for their jobs should they disagree with Diablo Canyon management.

On a positive note, when these individuals contact me, I specifically ask them, "Would you raise a safety concern if you saw one?" The response has been, "Yes, I will raise a safety concern. I will raise it to management. I will raise it to the NRC. But if the NRC disagrees with my safety concern, or management disagrees with my safety concern, as they did with Mr. Aiken, I will not pursue it any further."

They are chilled. It's one of the few places where I've seen an environment as chilled as exists here at Diablo.

There are many similarities between Millstone and Diablo Canyon. A repressive environment for those employees who pursue safety concerns, involuntary termination of employees. We saw it at Millstone. Management's concern for producing power. And, finally, the perception of the NRC looking the other way when significant events occur.

Some brief comments about management's survey. And, again, some of these were already mentioned by Mr. Peterson. Again, the survey, I believe, was done before the termination of Mr. Aiken, which has created a very severe chilling effect.

From my experience at Millstone, surveys are really not that meaningful, as evident by our surveys at Millstone. People -- either they don't ask the right questions or they're not evaluated properly. Response numbers are typically fairly low. People might say to themselves,

"I'm not going to respond to that survey." We've had survey results down in the 41 percent response. I don't know what the results were of the response rate at Diablo.

The plans presented by Diablo management sound almost identical to the plans presented by Millstone management around 1995 and 1996, when the NRC and the public recognized there was a severe cultural problem at Millstone. I've never seen a plan I didn't like. The plans look great, except they are not dealing with the Neil Aiken situation.

After saying all of this, the question is how does the NRC and Diablo Canyon management regain the trust of the public and the employees it has lost?

We could wait for the NRC to take action and issue an order like they did at Millstone to establish a safety conscious work environment. That was a good order. It was needed at Millstone at the time. It was drastic. It was expensive. Tens of millions of dollars to implement that program.

We could wait for another cover story on Time Magazine. I don't think anyone wants that to happen. The industry, the NRC, and I don't even think the members of the public would like to see another cover story on Time Magazine. Or, thirdly, Diablo Canyon management could voluntarily embark on a program to recover -- to recover in a manner similar to Millstone.

This concept that I've put forth on the recovery is supported by most stakeholders, including the NRC. It has been endorsed by management of another utility, which I'll discuss briefly. And some of the public interest groups, such as Project Law, Public Citizen, and UCS, and, lastly, myself.

There was a problem or there is a problem at another nuclear power station in Region 3, and that's the Byron Nuclear Station. It's very similar: mistrust, corrective action program, problems.

We had the opportunity to meet with one of the concerned individuals, the primary concerned individual, and when we met with members of UCS, Public Citizen, Project Law, we asked the employee what he wanted. And his response was probably similar to one that Gary Peterson would give me. "I want to fix the problem."

We approached Commonwealth Edison management at the highest level and said, "They want to fix the problem." Commonwealth Edison stated, "We also want to fix the problem. How can you help?" We are working together to fix the problem at Byron. It's a start. It's a first step. I would encourage that Diablo and the NRC consider a similar approach. I'm very optimistic that the approach that's being taken at Byron and endorsed by all diverse interests can work. And that is to, first of all, evaluate what is the problem and make recommendations to management and work together to solve the problem.

Once we identify the problem, we need to work on reestablishing trust and communications. From my experience and the phone calls and the e-mails that I get from the Diablo employees, that has severely degraded. Communication breakdown and the lack of trust. And I'm not saying it's station-wide. It's certainly centered around the operations and some in the chemistry department, whom I've had conversations with.

Again, I think we all need to look forward, try to recover, try to regain a trust -- however we do that. I just don't see where the program presented by Diablo management is going to regain the trust of people like Gary Peterson and some of his co-workers.

And that concludes my remarks. I could respond to any questions you may have.

MR. MERSCHOFF: Thank you, Paul.

MR. BLANCH: Thank you.

MR. HENDERSON: That's all we have, these two. Unless you wanted to stay a little later, the two ladies here from -- representing Mothers of Peace yielded their time.

MR. MERSCHOFF: You can have your time back.

MR. HENDERSON: Okay. This is Kathy Dipen,

D-i-p-e-n.

Excuse me?

MS. DIPERI: Deperi, D-i-p-e-r-i.

MR. HENDERSON: Oh, I'm sorry.

MS. DIPERI: That's okay.

I just -- I just want to say as a member of the public that -- thank you for your integrity, Gary. I don't have much faith in PG&E, nor do I have much faith in the NRC. As a member of the public, I think there's a lot of safety concerns we have. And after reading through a lot of license evaluation reports up at Cal Poly for a number of years, and seeing all the events and things that happened, I'm thankful that there are employees with integrity that are concerned about safety at Diablo Canyon. And like Paul said, I hope to God that it doesn't take an article in Time Magazine to -- for some people to take the issue seriously.

And I think it's so simple to look at the problem and try to solve the problem, instead of trying to ignore the problem of safety and trying to cut costs. And I have a question. I feel like lots of times PG&E can buy their way out of things. They can buy their way out of having to deal with safety issues. Neil Aiken got paid off. I want to know if the problems out there have been resolved, the safety issue problems. As a member of the public, I want to know whether -- whether things are safe. And I don't -- and I really, after a number of years, have lost a lot of faith in the organizations that are regulating the different things.

Because we see on TV all the time, oh, there's a fire, there's an explosion, but there's no risk to the public. Well, there's a lot of people in this community that don't believe that any more. And there's a lot of people that don't trust the regulating agencies, especially when

employees from PG&E come up and say that there's possible criminal activity going on. And I think that that's something that the public needs to look into, because I don't think that -- I'm tired of their hands just being slapped. What needs to happen is some of these people need to be tried as criminals, then maybe they'll stop doing the things that they're doing to cover things up, and try to take care of the problems, so that the people can really feel that they are safe.

MR. MERSCHOFF: Thank you. I, too, am thankful for employees with integrity. And I mean that seriously. The NRC has a big program in terms of allegations and reviewing allegations. About a third of all the people that have the courage -- all the people who have the courage to come forward have my utmost respect. And about a third of the issues they bring forward are real issues that need to be corrected. It's an extremely valuable source of information to the NRC to effectively oversee these plants and assure problems are being addressed.

I have great respect for Mr. Peterson. And one of the things that lets me sleep at night is knowing that there are people like him that will come forward if there are problems there. I have an inspector, Dave Prouxl, and Gile Akker, that are there and are excellent, qualified inspectors. But they can't be everywhere and see everything.

Employees have a right and a responsibility to bring those issues forward. And as long as the NRC is here, they'll have an ear and there will be a rigorous investigation done.

I can understand your frustration and I can understand Gary's frustration when sometimes we don't come to the same conclusion that an employee does. But each one of those cases is looked at carefully. And, as I said, we have the same interest: To fix those problems.

Thank you.

Any --

MR. HENDERSON: All right. This is Sheila Baker.

MR. MERSCHOFF: When you give up time, you just go to the end of the line. You don't lose it forever.

MS. BAKER: Thank you for allowing me to speak. I'm Sheila Baker. And I would just like to bring up the fact that PG&E has spent hundreds of millions of dollars throughout the state of California and elsewhere, lots of time and money in this community, to promote themselves and to assure people that they are nice, giving people and everything from the society of save the sweet bunnies to literacy council, or whatever.

And yet I'm concerned that really high quality workers are afraid. And that I have full confidence in the workers, and I want to see -- I want to feel that they're being taken care of and that they can come forward and identify problems.

The fact that you are going to do formal training program for decontamination specialists and that I'm wondering why this hasn't been done before. I'm wondering where the money is spent for the health and welfare of these workers. And also the fact that you have such -- excuse me, not "you." You have such low marks on your chemistry and environmental operations.

I think I would like to see something -- some questions answered or some concerns about Neil Aiken's case. I don't think that that's been resolved. And I think for the sake of the workers and for the sake of the general public, we need to do a lot better for the workers of Diablo.

Thank you.

MR. MERSCHOFF: Thank you, Sheila. The issue with Mr. Aiken is a delicate one, because of the privacy concerns. And a number of speakers -- Gary was one -- indicated a desire that this be dealt with more openly. And we're endeavoring to deal with it as openly as we can, considering the privacy rights of the individuals involved.

But thank you for your comments.

Any -- Mr. Blanch?

MR. BLANCH: Yeah, I just have one brief question. Ed Baker told me that the investigation was complete and that OI and the powers above OI came to the conclusion of no findings. But a Region 4 individual made a statement in the New York Times saying we didn't want to waste taxpayer money to continue the investigation.

Which is the correct answer? Those seem to be a little bit diverse. Was the investigation completed? I mean, I believe that the investigation was completed before Neil Aiken was fired. Is that a true statement?

MR. MERSCHOFF: Yes. The statement you referred to was made by my deputy, Mr. Pat Gwenn. And after an extensive discussion with the reporter, he summed up the answer to one question with -- of, "Would there be more investigations?" That that wouldn't be appropriate husbanding of resources, or words to that effect.

The thought he was attempting to convey, but didn't do it very well, was that we had done a complete investigation, and that we're satisfied that the questions have been answered. So that there is no further investigation needed. Not that it wouldn't -- if we were not satisfied with the results, we would do more investigation. It's not a question of money. Rather, we felt that the work done was sufficient to understand the problem.

MR. BLANCH: But it still puzzles me how the NRC could conclude an investigation prior to the adverse action, which is forbidden by 50.7 -- prior to the adverse action being taken. And that's what I'm hearing. That's a little bit strange.

I'll sit down and listen to this one.

MR. MERSCHOFF: The reason that we could conclude an investigation before what you think was the adverse action was because the investigation was done into the issue of whether revoking Mr. Aiken's unescorted access, which would be an adverse action -- and when they did

that, that was the issue that was looked into. And the same issues that were investigated there would have applied to it later. So the investigation was not into the removal, because that occurred after the investigation. The investigation was whether they violated his discrimination rights, if you will, at the time that they yanked his access.

MR. BLANCH: So the investigation was completed after his access was revoked?

MR. MERSCHOFF: Yes, after.

Any other questions?

I have one for the group, then. This is the second time I've come out here as the Regional Administrator and held a meeting like this. And before each one, we have a raging debate in the region as to what time of the day and what day of the week a meeting like this should be held.

One camp says you'll never get anyone to come out on a Friday evening, late at night, and you're not to do it Wednesday morning. The other camp argues that if you really want people to come, make it late enough so they can get a little bit of dinner and pick it on a night that most people don't have to work the next day, although some do.

And I'd be interested in some thoughts from the group, or maybe a show of hands. How many people think that this time on a Friday is the appropriate time to hold a meeting like this?

No one. Yes?

MS. ZAMEK: My name is Jill Zamek, Z-a-m-e-k. And the problem, I think, is the notice. I don't really know that it matters when it is for people who really want to be here. They can probably make it happen. But it was a tiny, little article in -- I'm with the Mothers for Peace, so I happened to know about it. But in terms of the general public, it was this really tiny thing in, I think, yesterday's paper.

And so how -- I don't know how -- most people wouldn't even see it.

MR. MERSCHOFF: Where should I advertise?

MS. ZAMEK: I think it needs to be bigger. It was just a little, tiny article. And I don't know -- I don't know. It needs to be bigger. Maybe on the radio, maybe on the TV. It just needs to be out there, and sooner than that.

MR. MERSCHOFF: Bigger, sooner, and other places. Okay. I appreciate that.

And let me ask for a show of hands. There were a few that said Friday okay. What about during working hours through the week? How many people would think during working hours would be a better time to hold it?

No one.

So everyone agrees the evening. This is about the right time of day. How many people think that a week day, Monday through Thursday, would be better than a Friday?

One, two, three -- about six.

So how many people think Friday is a better time?

Two. And the rest, it just doesn't matter. All right.

Well, thank you. And with that, it's 9:00. I appreciate everyone's patience. I really do appreciate your coming out to share your views and we'll read the transcript. We'll act on them and endeavor to be good stewards in the future of assuring safety at Diablo Canyon.

Thank you.

[Whereupon, at 9:00 p.m., the meeting was concluded.]