

STATUS
OF
ALLEGATION PROGRAM

CALENDAR YEAR 2002

ANNUAL REPORT

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EXECUTIVE SUMMARY

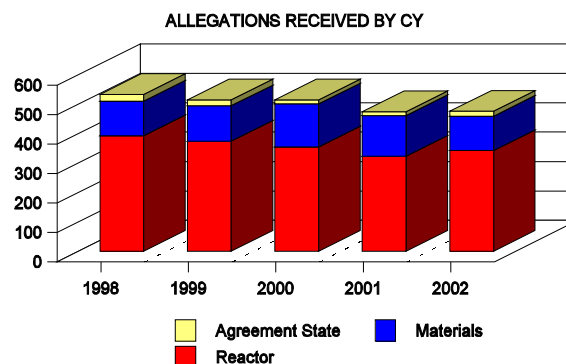
In SECY-94-089, "Response to the Report of the Review Team for Reassessment of the NRC's Program for Protecting Allegers Against Retaliation," the staff committed to have the Agency Allegations Advisor (AAA) prepare an annual report for the Executive Director for Operations (EDO) that assesses the conduct of the allegation program in each NRC office and region that routinely handles allegations. This annual report fulfills that commitment. In this report, the staff discusses allegation trends for reactor and materials licensees and vendors, and reviews the resources expended on following up on technical allegations. Because the Office of Investigations prepares an annual report covering the follow-up of allegations involving wrongdoing, this report does not specifically address activities concerning allegations of wrongdoing.

Overall, the allegation program has maintained the improvements realized in all areas in the last two years. The findings from the Fiscal Year (FY) 2002 audits and NRC's performance measures for the allegation program indicate the improvements made in reviewing, documenting, tracking, and completing evaluations of allegations continue. The quality of communications with allegers has also been maintained. Based on the FY 2002 audit of the allegation program, the program continues to achieve an outstanding effectiveness rating of 100%, similar to the ratings achieved in the last two years. Additionally, no inappropriate disclosures of the identity of allegers occurred in FY 2002, continuing the performance of the last two years. The timeliness goals for communications with allegers were met in all but a few cases.

As the figure to the right indicates, from 1998 through 2002 the number of allegations received by the NRC remained fairly stable. After receiving increasing numbers of allegations in 1996 and 1997, the trend reversed significantly in 1998, due to a) the emphasis the Commission and the staff have placed, and continue to place, on licensees

establishing and maintaining work environments that encourage employees to raise issues and b) the industry's effort to create and maintain such an environment. Through this period, the staff has increased the information available to licensees when appropriate by placing allegation statistics on the NRC's web page, referring more allegations to licensees for evaluation and

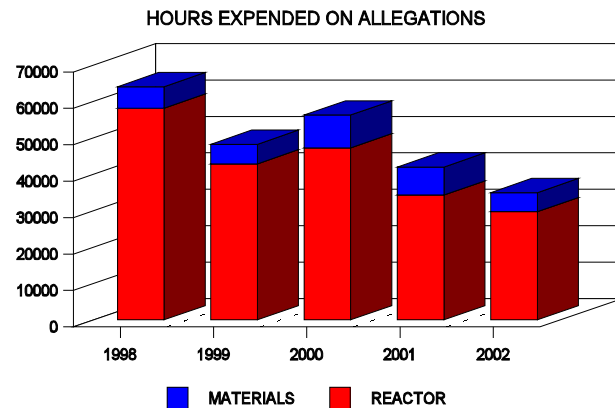
reply, and discussing trends that emerge with licensees. For their part, licensees have used the statistics on allegations and trend information provided by the staff as an opportunity to understand why licensee employees are raising issues externally rather than using internal reporting processes. In general, licensees have been responsive in addressing employee concerns using internal processes and, as a consequence, more employees are using internal mechanisms and fewer issues are coming to the NRC.



However, for some licensees the NRC continues to receive allegations in numbers that warrant additional analysis. In preparing this report, a 5-year history of allegations was reviewed for reactor and material licensees and vendors to identify adverse trends. Given the Commission's continuing emphasis on establishing and maintaining a safety conscious work environment, the analysis focused on allegations that originated from onsite sources, either from licensee or contractor employees, former employees, or anonymous sources. The staff identified eight reactor sites for a more in-depth review: Indian Point 2 & 3, Davis-Besse, D.C. Cook 1 & 2, San Onofre 2 & 3, Salem/Hope Creek, North Anna 1 & 2, Oyster Creek, and Palisades. Each of these sites is discussed in the report.

Only one materials licensee was the subject of allegations at a level that warranted additional analysis, the Paducah gaseous diffusion plant. On the basis of allegation statistics for 2002, the review did not identify any other materials licensees warranting additional review. Additionally, no vendors or contractors were the subject of allegations in sufficient number to warrant additional review.

Over the last five years, the trend in resources expended on the follow-up of technical allegations has generally followed the trend in allegations received. The hours expended on allegation follow-up decreased from approximately 64,000 in FY 1998 to approximately 32,500 in FY 2002. Declines can also be attributed to the continued effort to schedule allegation followup activities during planned inspections and refer more allegations to licensees for evaluation and response. The extent to which this can be done is limited by the NRC's goals for timely closure of allegations and alleged identity protection, as well as the willingness of licensees to conduct objective and complete reviews and provide candid results back to the NRC.



In summary, the staff continues to emphasize addressing each allegation fully in a timely manner and improvements seen in the implementation of the allegation program in the last two years continue.

OVERVIEW OF THE ALLEGATION PROGRAM PERFORMANCE

The Commission established the allegation program to provide a way for individuals working in NRC-regulated activities and members of the public to provide safety and regulatory concerns directly to the NRC. The program includes a database that allows the staff to track concerns submitted to the NRC to ensure that the concerns are evaluated and resolved in a timely manner, consistent with the associated safety or risk significance, and that the results of NRC's evaluation are communicated to the individual who submitted the concerns, when appropriate.

The performance of the allegation program is measured against goals for protecting the identity of allegeders and conducting an appropriate review of all concerns in a timely manner. The goal for protecting the identity of allegeders is no inappropriate release of an allegeder's identity. Timeliness goals have been established for various stages of the process, including the convening of an initial allegation review board (ARB) to evaluate the concerns, acknowledgment correspondence to the allegeder, and completion of the evaluation and closure with the allegeder. The quality of the staff's review and its correspondence with the allegeder are assessed during the annual audits.

Protecting the Identity of Allegers

One element of the allegation program that is essential to its credibility is protecting the identity of allegeders to the extent possible. The goal is to have no substantiated complaints of the inappropriate release of an allegeder's identity as determined by either the Office of Inspector General (OIG) or the staff. In 2002, neither the OIG nor the staff substantiated an inappropriate release of the identity of any allegeders.

Timeliness Goals

The initial ARB is conducted for the purpose of reviewing the allegation and assigning appropriate staff actions for followup. The program requires an initial ARB to be held within 30 days of receiving an allegation. Two of the 751 ARBs held in 2002 did not meet this goal. In the worst case, the metric was missed by 101 days. The allegation was sent by letter to a regional inspector who happened to be on a rotational assignment. Mistaken for a routine document change letter because of the envelope it arrived in, it was overlooked for prompt response, until the allegeder approached the resident inspectors and asked them if they had any knowledge of the information submitted. The agency has since apologized to the allegeder, and as a result of a lessons learned review, made changes to the handling of all incoming mail, especially for people who may be out of the office for extended periods of time. The second late ARB was missed by 5 days.

Initial correspondence with the allegeder acknowledges receipt of the allegation and documents the specific concerns as understood by the NRC staff to ensure agreement prior to the staff taking further action. The goals for issuing letters acknowledging receipt of allegations are 90 percent within 30 days and 100 percent within 45 days. The 45-day goal provides an opportunity to contact the allegeder by telephone to solicit additional information prior to sending a letter acknowledging receipt to ensure complete understanding of the allegeder's concerns. These goals were met in every case except for the one allegation discussed above.

In March 2002, five months into the fiscal year, the NRC implemented new timeliness goals for closing technical, non-wrongdoing, allegations. The new goals are to close 70 percent of the allegations in 150 days or less; 90 percent of the allegations in 180 days or less; and 100 percent of the allegations in 360 days or less. As shown in the following table, of the 467 allegations closed in FY 2002, one remained open longer than 360 days. This allegation, however, was closed prior to the new metric being implemented.

Time to Close							
Metric (Days)	Total	NMSS	NRR	RI	RII	RIII	RIV
	467	10	28	98	93	145	93
70% ≤ 150	83%-389	80%-8	89%-25	90%-89	78%-73	82%-120	79%-74
151 ≤ 90% ≤ 180	96%-60	90%-1	96%-2	100%-9	100%-20	95%-18	90%-10
181 ≤ 100% ≤ 360	99.8%-17	100%-1	100%-1			100%-7	98.9%-8
0% > 360	1						1

Quality Goal

The staff instituted a quality or effectiveness goal for the allegation program in FY 1999. The goal is that staff follow-up of allegations appropriately captures and responds to each issue raised in 90 percent of the allegations reviewed during the annual audit. During the FY 2002 audits, the staff found that all of the 60 allegations reviewed achieved this goal, resulting in a quality or effectiveness rating of 100 percent for FY 2002. This is an improvement over last year's rating of 98.6 percent. This goal was also met in FY 1999 and FY 2000.

Alleger Feedback on Performance

On October 10, 2002, the Commission approved a recommendation by the staff to discontinue the practice of surveying allegers. The surveys had been used to solicit feedback from allegers on the performance of the allegation program. The response rate, however, had been historically low, and as the program matured, significant changes resulting from the feedback declined until little value was achieved. Closure correspondence continues to solicit feedback from allegers should they have questions about the response or believe their concerns were not adequately addressed.

Discrimination Task Group

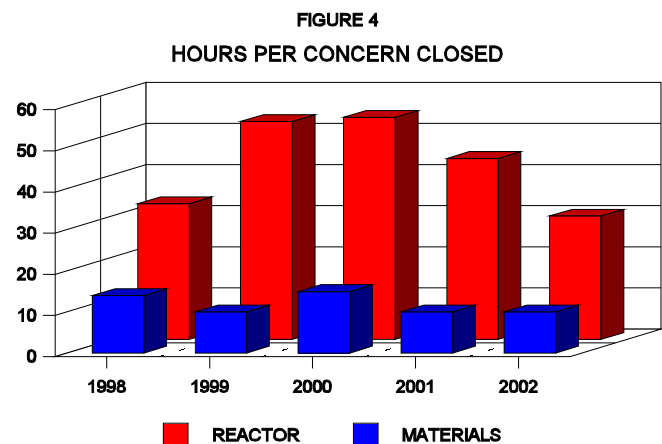
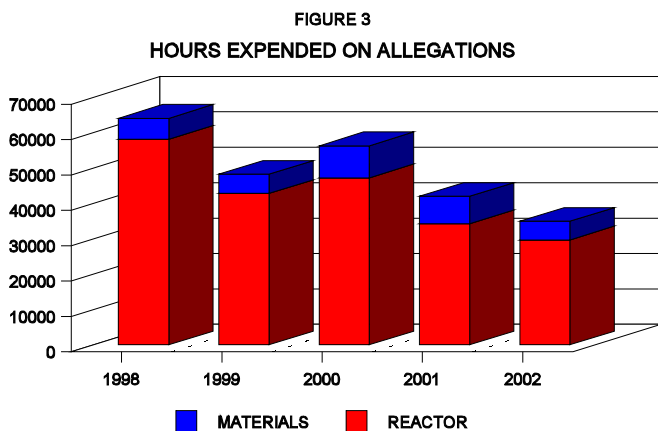
Commissioned in April 2000, the Discrimination Task Group (DTG) was chartered to evaluate the agency's handling of employee protection issues and propose recommendations for improvement. The group's final report in April 2002 addressed 5 basic policy questions ranging from, whether the NRC should be involved at all in whistleblowers concerns, to proposals for Safety Conscious Work Environment (SCWE) rulemaking, and ultimately proposed a number of improvements. A senior management review team (SMRT) was established to review the final

recommendations of the DTG and provide any additional perspectives that could enhance the DTG options. Prepared by the SMRT, SECY 02-0166, in September 2002 proposed to the Commission rulemaking which would require licensees to establish and maintain a SCWE. In that rulemaking would take two to three years, the SMRT team recommended adoption of most of the DTG's recommendations in the interim. In late March 2003, the Commission responded to the DTG and SMRT recommendations. The staff is in the process of implementing the Commission's guidance, which approved, in part, many of the recommendations of the DTG as revised by the SMRT, and disapproved SCWE rulemaking.

Resources Expended on Allegations

As part of this report, the resources expended on handling allegations were reviewed. Figure 3 shows the hours expended by the technical staff in handling allegations concerning reactor and materials licensees¹. The graph shows a gradual decrease in the hours expended on allegations from FY 1998 through FY 2002. As noted below, the changes are most heavily influenced by the decline in the number of reactor-related allegations received and the associated decline in the hours expended.

The number of hours expended per allegation can be greatly impacted by the number of issues in an allegation. To account for this, Figure 4 displays the hours expended on a concern basis. While the trend curve is similar, the number of hours expended per concern is a more accurate measure and is a more appropriate indicator of efficiency.



¹ Hours for materials allegations includes time spent by the regions and NMSS on allegations concerning agreement state licensees. Time spent on issues concerning agreement state licensees is not tracked separately.

Figure 5 breaks down the hours expended on allegations into the total hours expended by NRR and each region to ascertain each office's performance.

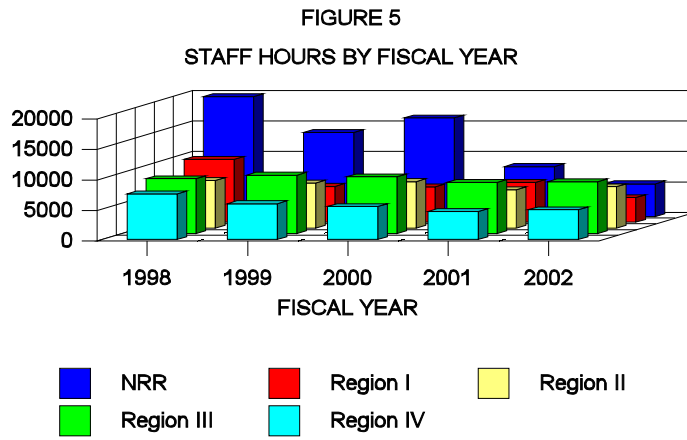
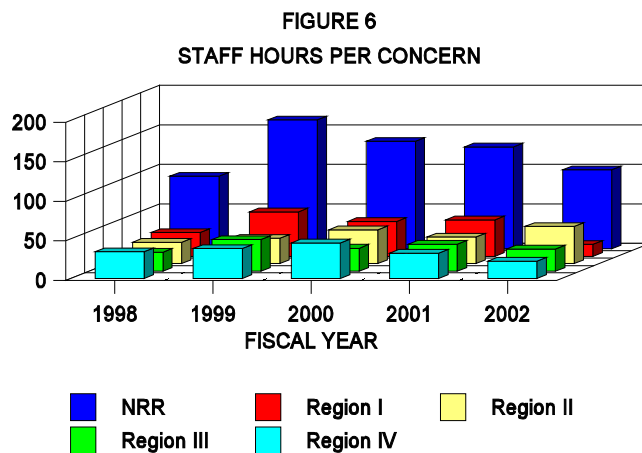


Figure 6 displays the labor rates for each office for FY 1998 through FY 2002.



Historically, NRR's labor rate has been higher than the regions because the issues addressed in NRR are the generic, more complex, technical issues involving the design bases and/or licensing bases for nuclear power plants that sometimes involve a class of plants. Additionally, it is more difficult to refer these types of issues to licensees or their contractors for review. The regions refer a higher percentage of allegations to licensees which helps reduce their labor rate.

TRENDS IN ALLEGATIONS

The NRC monitors both technical and discrimination allegations to discern trends or sudden increases that might justify the NRC questioning the licensee as to the root causes of such changes or trends. In preparing this report, a 5-year history of allegations was reviewed for reactor and material licensees and vendors.

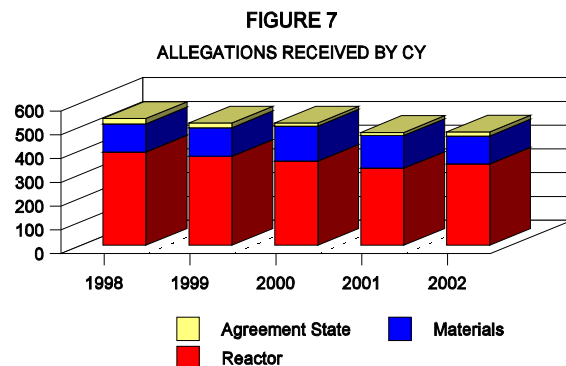
With the continuing emphasis on establishing and maintaining a safety-conscious work environment, the staff focused on those allegations that have the potential to provide insights into the environment. To achieve this goal, the staff selected only those allegations submitted by licensee or contractor employees or by former employees or by anonymous sources. The staff is currently performing the analysis twice a year; in the first quarter of the calendar year to support the Reactor Oversight Process (ROP) end-of-cycle assessments and this annual report and in the third quarter to support the ROP mid-cycle assessments. In addition, an analysis for a particular site or licensee may be performed whenever allegations or inspection findings indicate it is warranted. The discussions in the sections on trends concerning reactor and materials licensees and vendors or contractors are based on allegations from onsite sources and are calendar year trends, rather than fiscal year trends. Calendar year trends are used to be consistent with the ROP cycle.

The staff also reviews trends in allegations to identify national trends for reactor and materials allegations, shifts in users of the allegation program, and impact on the workload in the regions, NRR and NMSS. These trends are discussed in the next section on general trends.

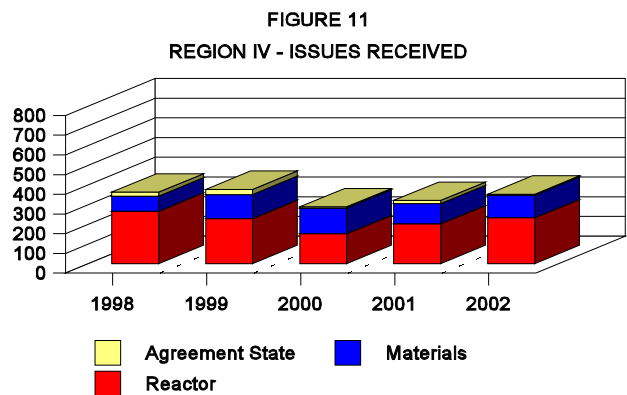
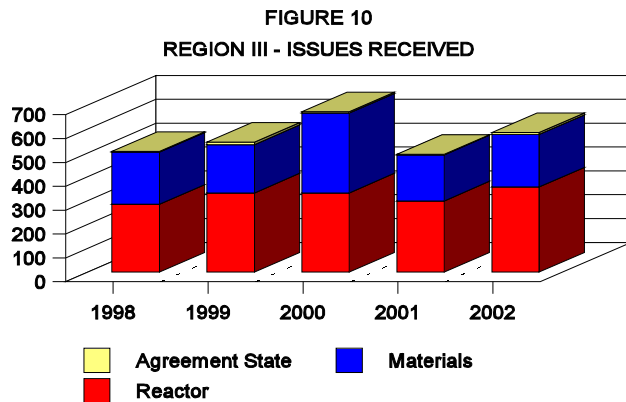
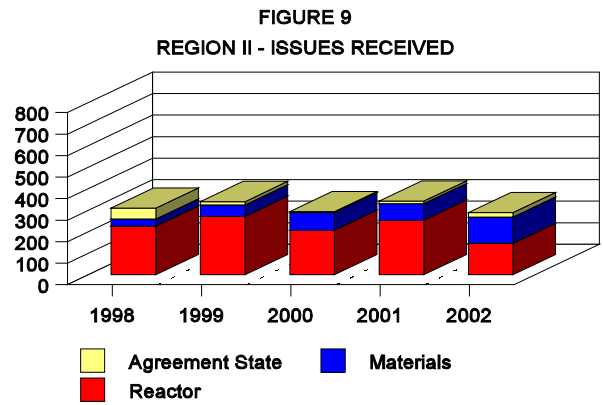
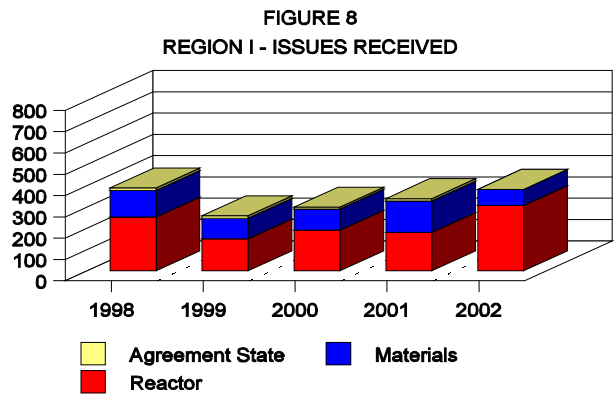
General Trends

National trends are of interest because they are used in developing budget assumptions, labor rates, and preparing operating plans. As the following graphs indicate, there can be significant changes in the number of allegations received due to internal and external influences. Figure 7 below shows the 5-year national trend. For CY 2002, it is evident from Figure 7 that allegations received by the NRC have remained fairly stable of the last five years.

As stated above, the staff also looks for trends in the workload by organization, disciplines or departments from which allegations originate, and the sources of allegations. The allegation tracking software that was deployed in October 1996 provides for tracking the source category for each allegation and the discipline for each concern. With five years of data available, the staff is analyzing and reporting statistics at the allegation level and at the concern level. The concern level analyses produce a better picture of the allegation workload and allow the staff to track whether individual concerns are substantiated.



Figures 8, 9, 10, and 11 show the shift of allegation workload in the regions at the concern or issue level. With the NRC's budget prepared two years in advance, budgeted resources may not reflect the actual workload in the organization when shifts in workload occur as happens with allegations.



While the number of issues or concerns received remained steady agency-wide from 2001 to 2002, Figures 8 - 11 show that impact is not evenly distributed across the regions. While most regions experienced small increases, the number of issues received by Region II declined, particularly in the reactor area. This decline can partly be attributed to resolved union issues at one reactor site. Increases in materials concerns in RII are a result of post September 11, 2001 fuel facility security issues. The drop in materials-related issues in Region I can be largely attributed to a drop in the number of issues received concerning decommissioned reactors.

To provide further insights into the areas in which the NRC is spending resources on reactor-related allegation followup, the following graphs depict the ten areas that represent approximately 80 percent of the issues received nationwide and the distribution of those issues in NRR and the four regions.

FIGURE 12 - NATION WIDE

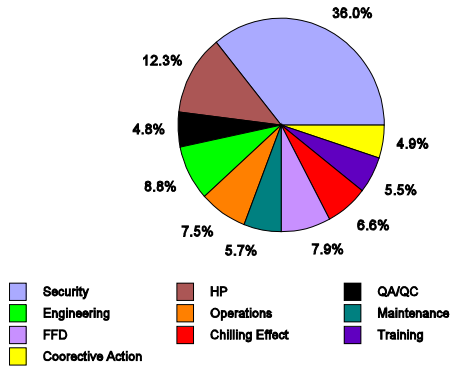


FIGURE 13 - NRR

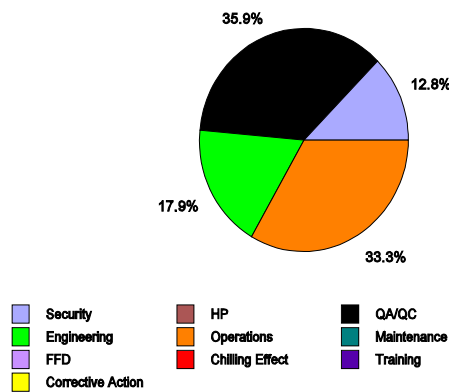


FIGURE 14 - REGION I

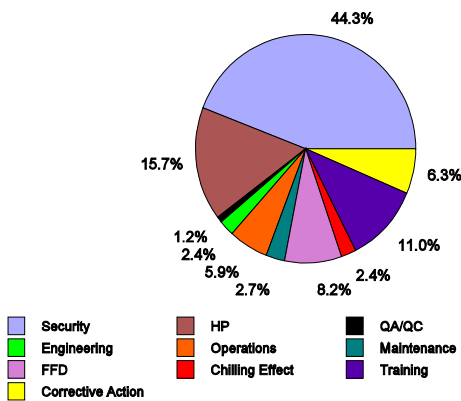


FIGURE 15 - REGION II

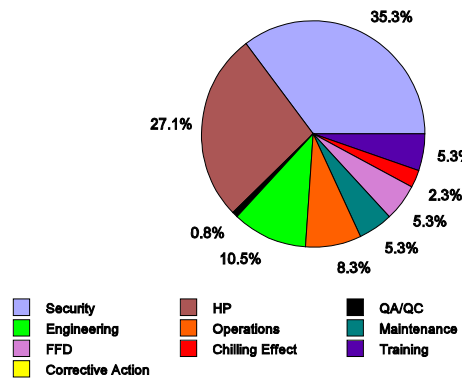


FIGURE 16 - REGION III

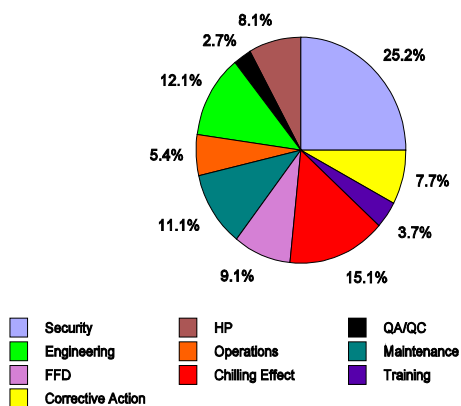
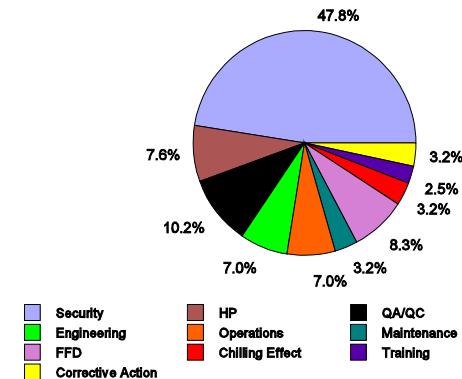


FIGURE 17 - REGION IV



HP - Health Physics or Radiation Protection, QA/QC - Quality Assurance/Quality Control, FFD - Fitness For Duty

Because the activities performed by materials licensees are not as homogeneous as those performed by reactor licensees, a comparison at the “Discipline” level doesn’t produce meaningful results. To provide further insights into the areas in which the NRC is spending resources on materials-related allegations, the following graphs depict the nine licensee categories that represent approximately 80 percent of the issues received nationwide and the distribution of those issues in NMSS and the four regions.

FIGURE 18 - NATION WIDE

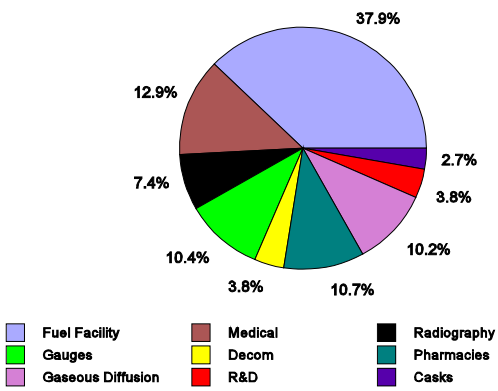


FIGURE 19 - NMSS

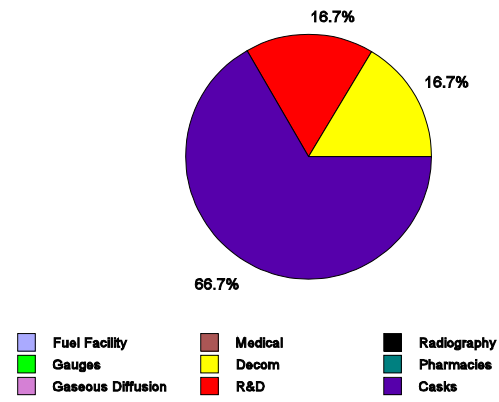


FIGURE 20 - REGION I

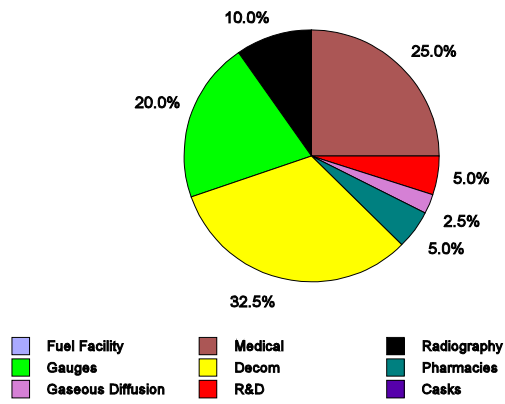


FIGURE 21 - REGION II

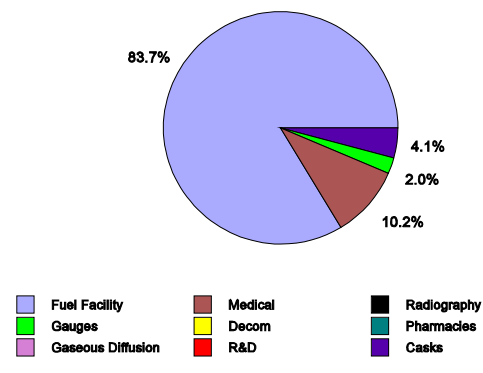


FIGURE 22 - REGION III

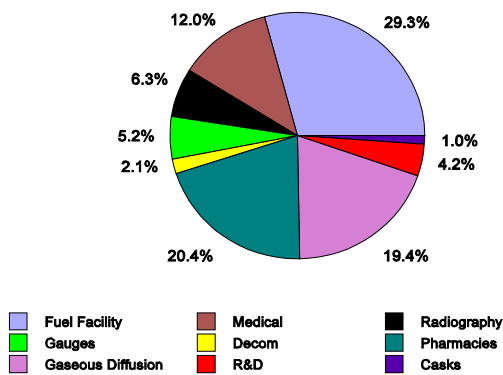
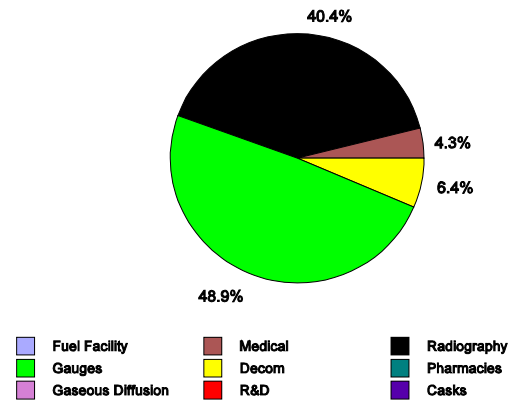


FIGURE 23 - REGION IV



Decom - Decommissioning Reactor or Materials Site, R&D - Research & Development Company

Figures 24 and 25 provide a breakdown of allegations received by categories of sources for the last three years for reactor and materials allegations. For reactor-related allegations, there has been a steady decline in allegations received from anonymous sources. Anecdotal information might suggest this is a result of improved safety conscious work environment initiatives.

FIGURE 24 - REACTOR ALLEGATIONS BY SOURCE CATEGORY

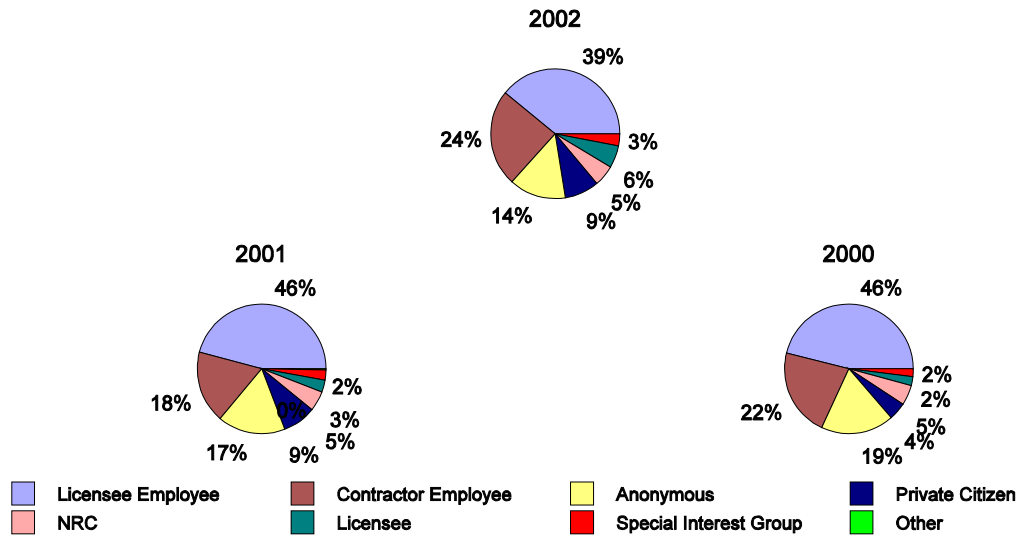
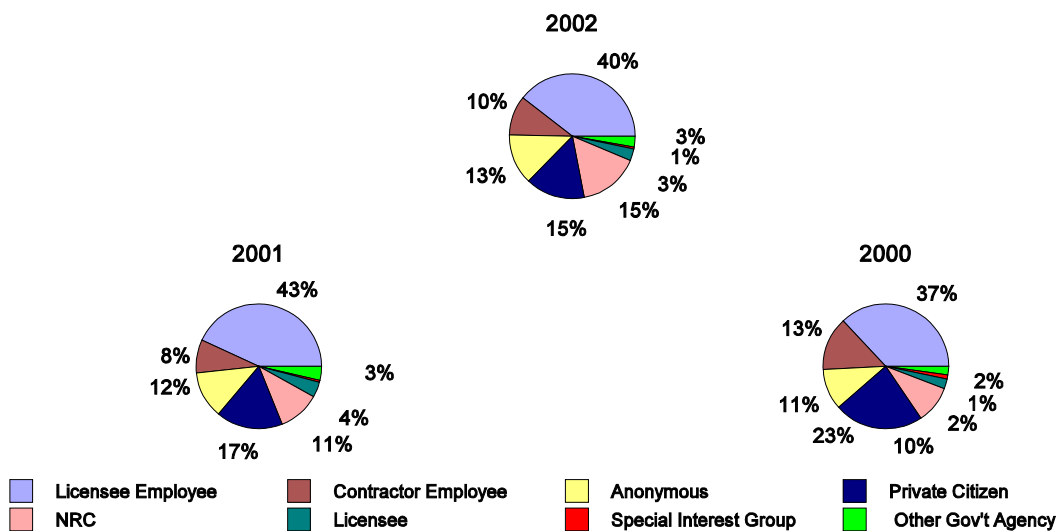


FIGURE 25 - MATERIALS ALLEGATIONS BY SOURCE CATEGORY



In comparing the sources for materials vs. reactor-related allegations, private citizens are a more prevalent source for materials-related allegations and contractor employees are less prevalent. This is logical because materials licensees' activities are more visible to the public and involve fewer contractors.

Two of the categories deserve some explanation. The source category “NRC” is used for when the NRC staff suspects a violation of requirements is deliberate or due to careless disregard and the Office of Investigations opens an investigation. The category “Licensee” is used for the same kinds of issues that are reported by a licensee to the NRC. An allegation number is used to track the followup on the technical and wrongdoing aspects of the issue.

Allegation Trends for Selected Reactor Sites

As noted previously, the trending of allegations received concerning individual reactor sites is one method the NRC staff uses to monitor the work environment at reactor sites. Statistics on allegations received concerning all operating reactor sites are given in the table in Appendix 1. The table covers the period January 1998 through December 2002 and includes statistics on onsite allegations received.

In determining which reactor sites should receive a more in-depth review, the staff applied the following criteria:

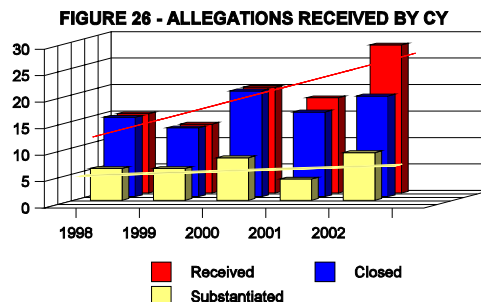
- 1) The number of allegations received exceeds 2 times the median value for the industry, but does not exceed three times the median, and there is a 50 percent increase in the number of allegations received over the previous year, or;
- 2) The number of allegations received exceeds 3 times the median value.

For CY 2002, the median number of allegations per reactor site was four. The eight reactor sites that met one of these criteria are Indian Point 2 & 3 (28), Davis-Besse (27), D.C. Cook 1 & 2 (14), San Onofre 2 & 3 (12), Salem/Hope Creek (11), North Anna 1 & 2 (10), Oyster Creek (9), and Palisades (9). The first three sites exceeded 3 times the industry median of four allegations. The remaining five sites exceeded 2 times the median and experienced more than a 50 percent increase in the number of allegations concerning the site. A more detailed discussion of each of these sites follows.

Indian Point 2 & 3

As illustrated by Figure 26, allegations at the Indian Point site have notably increased. Approximately 75% of the allegations received at Indian Point 2 & 3 were in the security area. While most plants across the country have received a general increase in security-related allegations since the September 11, 2001 terrorism attacks, Indian Point’s increase has been pronounced.

Entergy, the current owner and operator of both Indian Point units, purchased the Indian Point 2 facility from Consolidated Edison Company, and the Indian Point 3 facility from New York Power Authority in the fall of 2001. At the time of the purchase, security at Indian Point 2 was provided by Wackenhut, a contract guard force. Security at Indian Point 3 was provided by a



utility guard force. The guard forces at each unit remained under separate bargaining units until the guard forces were consolidated in March 2003.

In 2002, a consultant completed an independent assessment for Entergy of guard force issues raised internally at Unit 2. After a number of security concerns were raised to the NRC and the media late in 2002, Entergy also completed an internal assessment in 2003 of guard force concerns at both units. Entergy evaluated the security concerns and initiated actions to address them.

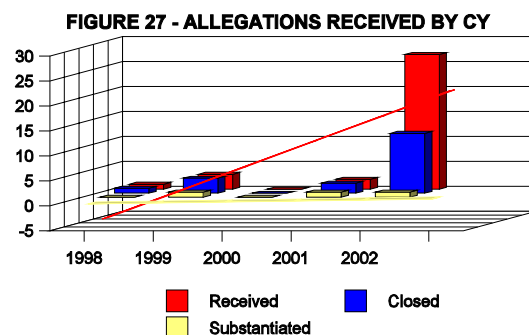
Since the terrorist attacks, the NRC has issued several Orders and threat advisories to Entergy and all other nuclear utilities to enhance security capabilities and improve guard force readiness. These orders required enhancements to the security programs at all nuclear power reactors. The enhancements required by those orders addressed many of the issues that have been raised regarding the security program at Indian Point.

The NRC conducted inspections of Entergy's implementation of the requirements in the orders, monitored Entergy's actions, and confirmed that the enhancements were being effectively implemented and security has been strengthened. Additional actions by the licensee have been taken recently in response to some substantiated allegations in this area. The NRC plans to continue inspections of the security program and maintain a heightened level of oversight at Indian Point.

With regard to allegations of discrimination, of the eight raised in 2002, a prima-facie showing of potential discrimination was not articulated for five of them and these allegations have been closed. Three, however, were open as of January 1, 2003 and under investigation. Of the four allegations of discrimination raised in 2001, one remained open at the time of this report. The NRC did not substantiate any allegation of discrimination at either Indian Point facility in 2001 or 2002. The NRC staff will continue to monitor the open allegations of discrimination, as well as the general allegation trend at the Indian Point site.

Davis-Besse

As indicated in Figure 27, there has been a significant rise in the number of allegations since the March 2002 discovery of the degraded reactor vessel head and subsequent shutdown. The licensee's analyses of this event identified weaknesses in its safety culture. The licensee also identified a lack of employee confidence in their Employee Concerns Program. The licensee has initiated corrective action in both these areas.



The NRC issued a Confirmatory Action Letter documenting the licensee's commitment to not return the plant to service without NRC authorization. The agency's continuing oversight of Davis-Besse performance is being accomplished by an Oversight Panel under NRC Inspection Manual Chapter 0350, "Oversight of Operating Reactor Facilities in a Shutdown Condition with Performance Problems." That oversight includes consideration of allegation

trends and the licensee's initiatives to address weaknesses in the safety culture and safety conscious work environment (SCWE).

Similar to other sites reviewed, a review of the disciplines that were the subject of the allegations received in 2002 showed an increasing trend in Security. Not surprisingly, considering the attention paid on the reactor vessel head issue, increasing trends were also indicated in Engineering and Health Physics. Lastly, the allegation data supported the licensee's concern with their SCWE.

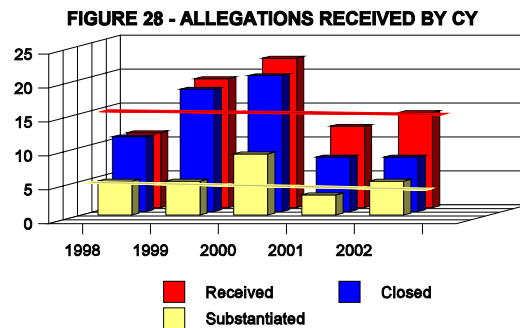
There were fourteen allegations of discrimination in 2002 concerning activities at the Davis-Besse site. As of January 1, 2003, ten of the fourteen were closed because a prima-facie showing of potential discrimination was not articulated and four remained open and were being investigated by the agency. Since mid-2001, the NRC has issued one Severity Level IV Notice of Violation (NOV) for an act of discrimination that occurred in 2001.

The staff will continue to monitor the general trend of allegations, trends in the licensee's internal reporting programs, and the outcome of investigations into the allegations of discrimination.

D. C. Cook 1 & 2

Figure 28 displays a trend that is consistent with trends exhibited by other plants that have been through extended shutdowns. The increase in allegations from 1998 to 2000 was indicative of the effects of an increased workforce and subsequent workforce reductions.

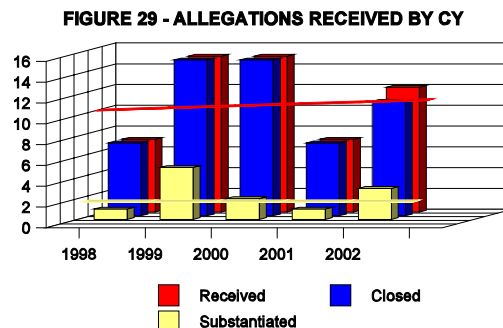
No discipline trends are evident in the allegation data for 2002. However, the NRC continues to receive a high number of allegations of discrimination compared to other reactor sites; six in 1999, six in 2000, five in 2001, and seven in 2002. Since mid-2000, the NRC has issued two NOVs for discriminatory acts by contractors that occurred in 1998 and 1999. In both cases the staff did not issue a civil penalty because of the broad and/or prompt corrective actions taken by the licensee. Of the seven allegations of discrimination received in 2002, one remained open as of January 1, 2003 pending completion of an NRC investigation and the remaining allegations either did not make a prima-facie showing for potential discrimination and were closed or were investigated and insufficient evidence was found to substantiate the allegation.



At the time of this report, the NRC had three allegations of discrimination under investigation. The staff will continue to monitor the outcome of the open discrimination allegations and the general allegation trend.

San Onofre 2 & 3

Although the number of allegations received from onsite sources at the San Onofre site have notably increased from 2001 to 2002, over the 5-year period analyzed (1998 through 2002) the trend is relatively flat. The number of allegations of discrimination remained fairly steady (one to three) over this same period. Of the two allegations of discrimination received by the NRC in 2002, one remained open at the time of this report pending completion of the NRC's investigation, while the other was investigated and closed after insufficient evidence was found to substantiate the allegation.

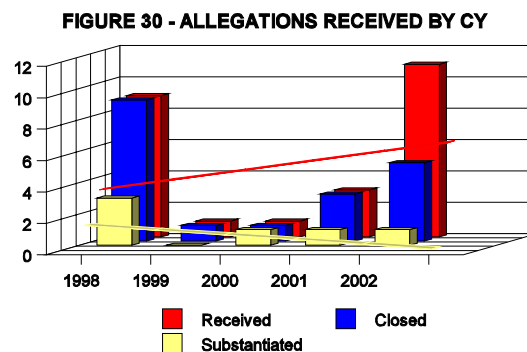


A review of the subject disciplines of the allegations received in 2002 revealed no trend, other than in the area of security. As with other sites around the country, security issues continue to be raised in response to heightened concerns at the plants after the terrorism attacks of September 11, 2001.

The licensee continues to take actions to assess and improve their work environment, including surveys of the safety culture and safety conscious work environment. The NRC will continue to monitor the licensee's initiatives to assess their impact on the general allegation trends as well as monitor resolution of the one open allegation of discrimination.

Salem/Hope Creek

As indicated in Figure 30, there has been a significant rise in the number of allegations at the Salem/Hope Creek site in 2002. Similar to other sites across the country, and particularly in the northeast, there is an uptrend in security-related allegations. Nearly 25% of allegations received at the NRC concerning the Salem/Hope Creek site were security-related. No other trends were noted in the NRC data. Discussions with the licensee indicate that security concerns were also the focus of their internal program's increased activity. Additional training is being conducted to address the concerns in this area.

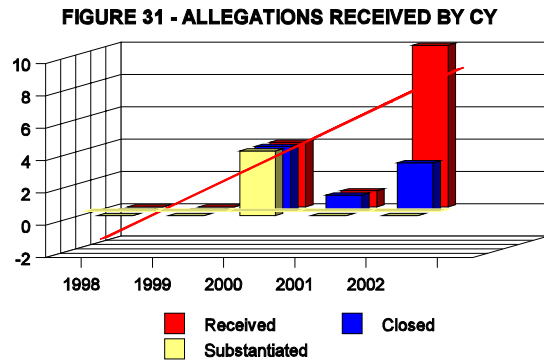


The NRC issued one Notice of Violation in the last five years for a discriminatory act that occurred in 1998. Three allegations of discrimination were received by the NRC in 2002 and, as of January 1, 2003, all were still being investigated by the agency. The licensee conducted quarterly surveys of their safety conscious work environment in 2002 and got generally positive responses from the workforce. In the fourth quarter the ratings worsened somewhat, in response, the licensee believes, to increased safety performance expectations.

The NRC will continue to monitor the resolution of the open allegations of discrimination, their impact on the safety conscious work environment and the general trend of allegations.

North Anna 1 & 2

The majority of the allegations received by the agency in 2002 from North Anna involve concerns associated with their reactor vessel head replacement. An increase in concerns associated with such a significant event is not unexpected and the licensee has also seen an increase in concerns going to their internal employee concerns program. The licensee also suspects that the purchase of Millstone in mid-2001 and subsequent integration of processes and cultures in 2002 may also have contributed to increased concerns in 2002.

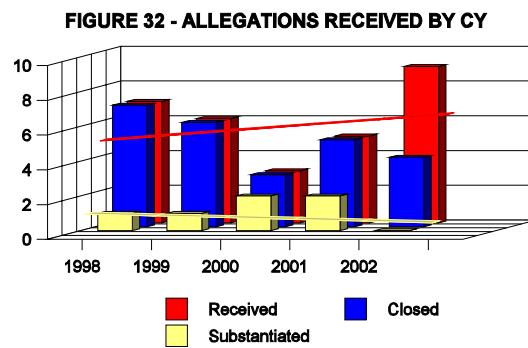


There has only been one allegation of discrimination raised in the five-year period reviewed, and it was received in 2002. This allegation was not raised by the person who was the subject of the alleged discrimination and therefore was not investigated further by the NRC and was closed.

The NRC will continue to monitor general allegation trends at the North Anna site.

Oyster Creek

After declining for several years, the volume of allegations concerning the Oyster Creek site has increased each of the last two years. A review of the individual issues found no pattern or trend in the disciplines involved. However, with regard to allegations of discrimination, there has been a notable increase from one each of the last four years to four in 2002. The licensee underwent significant staff reductions in 2002 and concerns regarding the selection process may have contributed to the higher number of allegations of discrimination last year.

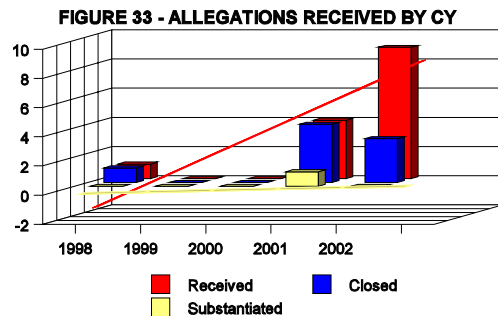


There has not been a substantiated allegation of discrimination in the last five years at Oyster Creek. However, in March 2002, the NRC found that an Exelon corporate manager deliberately discriminated against an employee of their Byron Station. The NRC exercised enforcement discretion with regard to issuing an NOV and civil penalty, however, on October 3, 2002 the agency issued a Confirmatory Order that impacted all of the licensee's operating facilities, including Oyster Creek. That order required, among other things, training for all levels of management on the provisions of employee protection regulations. Two allegations of discrimination concerning Oyster Creek specifically were filed with the NRC in 2002. As of January 1, 2003, both remained open and under investigation.

The NRC will continue to monitor the open allegations of discrimination, their impact on the safety conscious work environment, and the general allegation trend.

Palisades

In the last five years, the NRC has received few allegations concerning Palisades. In 2002, the number of allegations increased substantially. The majority of the allegations received involved security-related issues. The concerns primarily involved security guard force working hours and related Fitness-for-Duty concerns. These concerns were precipitated by increased demands on the plant security workforce coupled with recent security management changes. The NRC has engaged the licensee regarding this increasing trend in security concerns. In late 2002, the number of allegations regarding plant security subsided. Increased licensee management involvement in resolving security-related concerns appears to have been effective in the short term. The NRC will continue to monitor the open security allegations and the general allegations trend.



With regard to allegations of discrimination, only two allegations were received during the five years reviewed and those were received in 2002. At the time of this report, the NRC continued to review one of those allegations, while the other did not make a prima-facie showing of potential discrimination and was closed. The NRC will monitor the outcome of the open investigation on the licensee's safety conscious work environment.

Allegation Trends at Materials Licensees

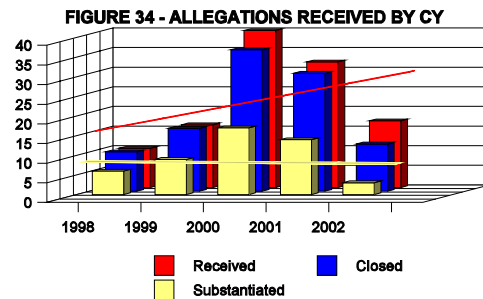
Because of the small number of allegations received concerning individual materials licensees and because of the potential for a licensee or contractor to identify an allexer, tables of statistics on allegations concerning these two categories have not been included in this report. With the exception of the Paducah gaseous diffusion plant, none of the contractors or licensees received a sufficient number of allegations in FY 2002 to discern an adverse trend or pattern.

On December 20, 1999, the staff issued a Severity Level II Notice of Violation and an \$88,000 civil penalty to the licensee for a substantiated allegation of discrimination at the Paducah facility. Although, the licensee denied that it had discriminated against the allexer, the licensee initiated extensive actions to address the issue. The U. S. Enrichment Corporation (USEC) hired a consulting firm to perform a site-wide survey of the work environment at both its Paducah and Portsmouth facilities. At a subsequent public meeting, USEC presented a summary of the results of the survey and committed to address issues identified as needing improvement. During the meeting, USEC requested additional time to develop specific corrective actions and the staff granted USEC's request.

The actions USEC took included (1) improvements to the Employee Concerns Program, (2) training for supervisors and managers in how to deal with employees who raise issues in a constructive manner, (3) training for employees in how to raise issues and their rights and

responsibilities, and (4) training for senior management in detecting and preventing retaliation. To assess the effectiveness of these actions, in May 2000, USEC conducted another assessment of the work environment using the same independent consultant. Employee responses to the May 2000 assessment provided very good ratings for nuclear safety culture and safety conscious work environment. Both ratings had improved 5 percent from the previous rating.

As displayed in Figure 34, since 2000 there continues to be a decline in the number of allegations at Paducah. The number of allegations in calendar 2002 was less than half the number received in 2000. The number of allegations of discrimination has declined to 5 in 2002 dropping from 14 in 2000. Two of the five remained open and under investigation at the time of this report, while the others did not make a prima-facie showing for potential discrimination and were closed.



While it appears the actions taken by the certificatee are having a positive effect, the NRC staff continues to receive allegations that some Paducah employees are reluctant to use the certificatee's internal process to raise safety concerns. In August 2002 the NRC staff held a public meeting with the certificatee to discuss its efforts to maintain a safety conscious work environment. The certificatee's analysis, presented at the meeting, confirmed an overall improvement in the safety conscious work environment at Paducah with a need for a continued management focus in at least one area. Based on the current downward trend in the number of allegations at Paducah and the certificatee's efforts to improve the safety conscious work environment, the NRC plans no additional actions other than continuing to monitor the open allegations of discrimination and the general allegation trend.

Allegation Trends at Vendors

Because none of the vendors or contractors received a sufficient number of allegations to discern a trend or pattern, or provide insights into the work environment, more in-depth reviews were not performed. Statistics by contractor or vendor are not given in this report because publishing the number of allegations received has the potential of identifying the allogger.

CONCLUSIONS

Overall, the implementation of the allegation program has maintained the improvements made in recent years. The findings from the audits and NRC's performance measures for the allegation program indicate improvements continue in receiving, documenting, tracking, and completing evaluations of allegations. The quality of communications with alloggers has also improved. Although there has been a general improvement in the handling of allegations, the timeliness goals have not been met in all cases. In the most egregious of issues, corrective actions have been taken to address the cause of the untimely actions.

As noted in the previous discussions of specific licensees, the analysis of allegations has provided insights into the work environment at several facilities. The staff continues to take a deliberately measured approach in addressing work environment issues with licensees. To

date, licensees have been responsive to this approach and have taken action to address the staff's concerns. As this report indicates, the staff continues to monitor work environment issues at several facilities.

RECOMMENDATIONS

The staff has no recommendations for program changes at this time.

APPENDIX 1

ALLEGATIONS STATISTICS – OPERATING REACTORS

ALLEGATIONS RECEIVED FROM ONSITE SOURCES

Site	1998	1999	2000	2001	2002
ARKANSAS 1 & 2	2	2	5	3	3
BEAVER VALLEY 1 & 2	2	4	3	7	1
BRAIDWOOD 1 & 2	4	13	14	5	5
BROWNS FERRY 2 & 3	6	4	4	2	2
BRUNSWICK 1 & 2	9	1	1	1	1
BYRON 1 & 2	16	22	14	20	12
CALLAWAY	3	5	9	6	7
CALVERT CLIFFS 1 & 2	1	6	3	2	3
CATAWBA 1 & 2	1	3	0	7	0
CLINTON	12	9	10	1	3
COLUMBIA PLANT	6	4	0	13	5
COMANCHE PEAK 1 & 2	4	5	5	5	2
COOK 1 & 2	11	19	22	12	14
COOPER	4	2	1	8	6
CRYSTAL RIVER	3	3	4	2	2
DAVIS-BESSE	1	3	0	2	27
DIABLO CANYON 1 & 2	17	4	6	6	3
DRESDEN 2 & 3	7	3	12	32	11
DUANE ARNOLD	1	4	2	3	2
FARLEY 1 & 2	5	3	8	3	1
FERMI	2	1	4	3	4
FITZPATRICK	3	1	6	1	1
FORT CALHOUN	5	1	1	2	2
GINNA	0	2	1	0	1
GRAND GULF	4	2	3	5	6
HARRIS 1 & 2	6	3	1	1	6
HATCH 1 & 2	8	6	12	2	3
INDIAN POINT 2 & 3	15	13	20	18	28
KEWAUNEE	0	1	0	4	3
LASALLE 1 & 2	7	11	4	2	1
LIMERICK 1 & 2	2	1	2	2	7
MCGUIRE 1 & 2	1	0	1	0	0

MILLSTONE 2 & 3	23	22	8	2	7
MONTICELLO	0	3	1	0	0
NINE MILE POINT 1 & 2	16	7	11	4	5
NORTH ANNA 1 & 2	0	0	4	1	10
OCONEE 1, 2, & 3	5	4	2	5	1
OYSTER CREEK	7	6	3	5	9
PALISADES	1	0	0	4	9
PALO VERDE 1, 2, & 3	4	4	3	3	1
PEACH BOTTOM 2 & 3	1	1	4	2	1
PERRY	3	4	7	7	5
PILGRIM	3	5	2	3	2
POINT BEACH 1 & 2	5	6	5	7	7
PRAIRIE ISLAND 1 & 2	1	3	0	0	5
QUAD CITIES 1 & 2	9	5	6	1	3
RIVER BEND	1	9	2	1	1
ROBINSON	0	1	0	1	0
SALEM/HOPE CREEK	9	1	1	3	11
SAN ONOFRE 2 & 3	7	15	15	7	12
SEABROOK	4	2	3	3	6
SEQUOYAH 1 & 2	4	4	7	2	5
SOUTH TEXAS 1 & 2	10	13	10	4	6
ST LUCIE 1 & 2	27	36	9	25	11
SUMMER	0	1	3	3	2
SURRY 1 & 2	1	0	4	2	4
SUSQUEHANNA 1 & 2	8	8	13	15	9
THREE MILE ISLAND	0	0	1	5	5
TURKEY POINT 3 & 4	12	11	12	11	2
VERMONT YANKEE	9	0	2	0	4
VOGTLE 1 & 2	2	3	0	1	3
WATERFORD	4	4	2	2	7
WATTS BAR	6	6	4	4	8
WOLF CREEK	8	6	6	4	1

APPENDIX 2

DESCRIPTION OF THE ALLEGATION PROCESS

DESCRIPTION OF THE ALLEGATION PROCESS

All of the regions and offices generally follow the same basic process in receiving, processing, and evaluating allegations. The Allegation Coordinator is the focal point for receiving, processing, and closing allegations and communicating with alлегers. All incoming written allegations are forwarded to the Allegation Coordinator and calls to the toll-free safety hotline are directed automatically to the regional Allegation Coordinators according to the geographical location of the caller, i.e., an alлегer's call is directed to the region that covers the alлегer's location.

The Allegation Coordinator reviews the incoming allegations to determine whether the issues involve reactor, material, or vendor issues and the immediacy of safety issues. An Allegation Review Board (ARB) is scheduled on the basis of this review. The Allegation Coordinator prepares the material for the ARBs, guides the ARB members on implementing the allegation process, and keeps the minutes for the ARB meetings. ARBs normally meet once a week and allegations are usually discussed within 2 weeks of receipt. Following the ARB meeting, the Allegation Coordinator notes the directions to the staff in the allegation tracking system. The responsible division director or a designee chairs the ARB. Other ARB participants include technical staff and managers and, in cases involving wrongdoing, the regional counsel and a representative from the Office of Investigations (OI) field office. Letters acknowledging receipt of the allegation are usually sent to alлегers after the ARB meets.

The assignment of allegations for evaluation and closure varies slightly between the regions and offices. Generally, the technical staff evaluates technical allegations and sends a copy of an inspection report or a memorandum to the Allegation Coordinator with the result of the evaluation. The Allegation Coordinator reviews the information and, if all of the issues have been sufficiently addressed, prepares a closure letter to the alлегer based on the information provided. If the issues have not been addressed, the allegation and the evaluation are usually discussed at a subsequent ARB meeting to determine what additional actions are necessary to complete the evaluation and close the allegation.

For wrongdoing issues for which OI completes an investigation and determines whether the allegation was substantiated, the report of investigation serves as a basis for responding to the alлегer. The responsible technical division will review the OI report and will either provide input to or prepare a draft closure letter to the alлегer. If OI does not complete the investigation to the point at which OI can determine if wrongdoing occurred, the Allegation Coordinator prepares a closure letter informing the alлегer that because of limited resources and the relative safety significance of the issue, the investigation was terminated without reaching a conclusion about whether wrongdoing occurred.