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

July 11, 2003

EA-97-341

James J. Sheppard, President and
Chief Executive Officer
STP Nuclear Operating Company
P.O. Box 289
Wadsworth, Texas 77483

SUBJECT: SOUTH TEXAS PROJECT ELECTRIC GENERATING STATION - NRC INSPECTION REPORT 50-498/03-09 AND 50-499/03-09

Dear Mr. Sheppard:

On June 12, 2003, the US Nuclear Regulatory Commission (NRC) completed an inspection at your South Texas Project Electric Generating Station, Units 1 and 2 (STP). The enclosed inspection report documents the inspection findings which were discussed on June 12, 2003, with you and other members of your staff.

On June 9, 1998, the NRC issued a Confirmatory Order Modifying License - EA-97-341(Order) to confirm your commitments to enhance STP's process for addressing employee protection and safety concerns. The Order required you to perform several activities including comprehensive cultural assessments, use of a leadership assessment tool for managers, and continuing training for supervisors and managers.

On April 7, 2003, your letter to the NRC stated that you had met all of the requirements of the Order. On June 3, 2003, you briefed the NRC on the results of your 2003 comprehensive cultural assessment in a public meeting at NRC's Region IV office. In this meeting, you stated STP's continuing commitment to maintain a strong safety conscious work environment.

As documented in this inspection report, NRC has confirmed that you have met all of the requirements of the Order. The inspection concluded that a safety conscious work environment was in place at STP. Therefore, the Order dated June 9, 1998, is closed.

In accordance with 10 CFR 2.790 of the NRC's "Rules of Practice," a copy of this letter, its enclosure, and your response will be made available electronically for public inspection in the NRC Public Document Room or from the Publicly Available Records (PARS) component of

NRC's document system (ADAMS). ADAMS is accessible from the NRC Web site at http://www.nrc.gov/reading-rm/adams.html (the Public Electronic Reading Room).

Sincerely,

/RA/

Thomas P. Gwynn
Acting Regional Administrator

Dockets: 50-498; 50-499
Licenses: NPF-76; NPF-80

Enclosure:
Inspection Report 50-498/03-09; 50-499/03-09

cc w/Enclosure:

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Staff Chief, DRP/TSS **(PHH)**
RITS Coordinator **(NBH)**
OEMail
GSanborn (**GFS**)
JDixon-Herrity, OE
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FCongel, OE
Only inspection reports to the following:
Mel Fields **(MBF1)**
STP Site Secretary **(LAR)**

ADAMS: ■ Yes ☐ No Initials: _____
■ Publicly Available ☐ Non-Publicly Available ☐ Sensitive ■Non-Sensitive

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RIV:SRI	RIV:SRA	RC	D:ACES	DRP:BC:A
Thoeg*	Rwise*	Ksmith*	GFSanborn*	WJohnson*
/RA/	/RA/	/RA/	/RA/	/RA/
6/26/2003	6/25/2003	6/25/2003	6/27/2003	6/26/2003

A:DRA	D:OE	A:RA		
DChamberlain*	FCongel*	TGwynn		
/RA/	/N. Hilton Actg for/	/RA/		
7/1/2003	7/1/2003	7/ 11/2003		

OFFICIAL RECORD COPY T=Telephone E=E-mail F=Fax
*Previously concurred

ENCLOSURE

U.S. NUCLEAR REGULATORY COMMISSION

REGION IV

Dockets:	50-498; 50-499
Licenses:	NPF-76; NPF-80
Report No.:	50-498/03-09; 50-499/03-09
EA No.	EA-97-341
Licensee:	STP Nuclear Operating Company
Facility:	South Texas Project Electric Generating Station, Units 1 and 2
Location:	FM 521 - 8 miles west of Wadsworth Wadsworth, Texas
Dates:	June 9-12, 2003
Inspectors:	R. Wise, Senior Allegations Coordinator T. Hoeg, Senior Resident Inspector, Project Branch A
Approved By:	W. Johnson, Chief Branch A Division of Reactor Projects

SUMMARY OF FINDINGS

IR 05000498/03-09, 05000499/03-09; on June 6-12, 2003; South Texas Project Electric Generating Station, Units 1 & 2; inspection of the identification and resolution of problems associated with a safety conscious work environment and licensee response to the Order.

The inspection was conducted by the Region IV Senior Allegations Coordinator and the Senior Resident Inspector from Grand Gulf Nuclear Station. No findings of significance were identified.

Identification and Resolution of Problems

The licensee's actions to enhance employee protection and reporting of safety concerns were determined to be in compliance with the terms and conditions of the Order. Licensee audits, surveys, and assessments were found to be adequate. A safety conscious work environment at STP was found to be in place, maintained, and accepted by licensee personnel. The inspectors found workers at the site felt free to identify concerns to their supervision and to input safety findings into their corrective action program or Employee Concerns Program without fear of retaliation. The licensee's compliance with the terms and conditions of the Order were verified through direct inspection and documentation reviews.

Report Details

4 OTHER ACTIVITIES (OA)

4OA2 Problem Identification and Resolution

1. Background

The NRC Office of Investigations had previously concluded that the licensee had subjected four employees to a hostile work environment in retaliation for the employees' having engaged in protected activities (i.e., raising safety concerns). On June 9, 1998, the NRC issued the Order and Exercise of Discretion to the South Texas Project Nuclear Operating Company (STPNOC). The Order was issued to confirm STP's commitments to enhance STP's process for addressing employee protection and safety concerns. As a result, the licensee committed to conduct comprehensive and mini-cultural assessments, perform employee ratings of supervisors via a "Leadership Assessment Tool," and implement a mandatory continuing training program for all supervisors and managers.

By letter dated April 7, 2003, the STPNOC notified the Region IV Regional Administrator of their completion of actions to meet the requirements of the Order. On June 3, 2003, STPNOC management met with Region IV management to review actions taken by STPNOC to demonstrate compliance with the Order.

2. Assessment of Safety-Conscious Work Environment

a. Inspection Scope

The inspection team verified and validated licensee actions taken to comply with the Order. The specific commitments reviewed were Item No. 1, "Comprehensive Cultural Assessment Program," Item No. 2, "Leadership Assessment Tool Implementation," Item No. 3, "Continuing Training Program for Supervisors and Managers," and Item No. 4, "Site Wide Publication of the Confirmatory Order and Rights to Raise Safety Concerns." The team evaluated the licensee's 1998, 1999, 2000, 2001, 2002, and 2003 Action Plans against the requirements set forth in the Order. The Action Plans included but were not limited to condition reports, NRC correspondence, comprehensive cultural assessments, surveys, training lesson plans, training attendance records, and various statistical scoring documentation related to cultural assessments.

The team met with 62 randomly chosen licensee and contractor employees from departments representing union and management personnel. Included in the interviews were personnel who had been in the division that was the focus of the Order. The interviews discussed the safety conscious work environment using a fixed set of questions focused on management actions, personal experience with reporting safety concerns and worker protection, freedom to voice safety concerns to plant management, training of supervisors and managers, and management communication of survey results.

b. Findings and Observations

Comprehensive Cultural Assessment Program

The inspectors determined that STPNOC established a comprehensive cultural assessment program with the use of written surveys and confidential interviews of selected individuals. Licensee employees, contractors, supervisors, and managers participated in the process. The first comprehensive cultural assessment survey was performed in June 1998 followed by 3 additional comprehensive surveys performed in June 2000, December 2001, and January 2003.

The June 1998 survey identified 6 organizations which scored lower than most and were given a mini-survey in December 1999 which showed improvement in 5 out of 6 organizations. Overall, the nuclear safety culture was determined to be strong. The general culture and work environment ranged from acceptable to good. The inspectors determined that during the period from 1998 through 2003, the survey results showed improvement and indicated an acceptable safety conscious work environment.

The final comprehensive cultural assessment performed in January 2003 was reviewed by the inspectors and found to be timely, comprehensive, well documented, and well communicated. The survey indicated that the workforce at the South Texas Project Electric Generating Station was willing to take the appropriate actions to raise safety concerns without the fear of retaliation and felt that the Employee Concerns Program was an acceptable alternative path to report concerns.

Leadership Assessment Tool Implementation

The inspectors determined that STPNOC developed a Leadership Assessment Tool to measure performance of individual supervisors and managers during the period of 1998 through 2003. The tool utilized an annual survey taken by employees to rate their supervisors and managers relating to their communication styles, leadership styles, recognition abilities, and coaching abilities. The inspectors determined the survey information to be well documented and utilized. Those individual supervisors and managers who scored low were given action plans, developmental training, and feedback sessions to improve their leadership capabilities.

Continuing Training Program for Supervisors and Managers

The inspectors determined that STPNOC developed and implemented mandatory training for supervisors and managers designed to build positive working relationships, a safety conscious work environment, and reinforce the requirements set forth in 10 CFR 50.7, “Employee Protection.” The inspectors reviewed training attendance sheets and training course lesson plans to verify employee participation and the quality of the training materials. The inspectors determined that all STPNOC employees were trained annually. However, contractor personnel were considered exempt from this continuing training and did not receive it on an annual basis.

Site-Wide Publication of the Confirmatory Order and Rights to Raise Safety Concerns

The inspectors determined that STPNOC issued a site-wide publication on bulletin boards and via the internal electronic mail from the President and CEO to all employees and contractors. The publication informed the site staff of the Order and employee rights to raise safety concerns without the fear of retaliation.

Random Interviews and Discussions

The inspectors interviewed 62 South Texas Project Generating Station employees to discuss their experience and knowledge of the Order and their willingness to raise safety concerns without fear of retaliation. The inspectors questioned the employees to gain a general understanding of their individual perceptions of the safety conscious work environment at the South Texas Project Generating Station. The inspectors chose the employees at random as they walked around the site covering easily accessible areas of the plant. The employees selected included company employees, contractors, union members, supervisors, and managers. The employees represented a large cross section of departments including operations, maintenance, engineering, plant support, and security.

During interviews with the NRC, employees stated they understood they were free to contact the NRC and most indicated they had received training that encouraged contact with the NRC should they want to report safety issues and chose not to use the internal processes. Some stated that they had been provided the 800 number for contacting the NRC when they believed the licensee had not addressed their concerns or if they had additional questions they wanted to be answered. Overall, the inspectors received positive responses from the employees related to the safety conscious work environment at the station. In general, the employees were aware of the 1998 Order; participated in and received feedback on cultural surveys and supervisor assessments; felt free to express safety concerns without fear of retaliation; and possessed confidence in the Employee Concerns Program. The inspectors concluded that a safety conscious work environment at the South Texas Project Generating Station was in place and employees felt free to express their safety concerns openly and deliberately without fear of retaliation or a lack of response from their management.

4OA6 Meetings, including Exit

On June 12, 2003, the inspectors presented the inspection results to Mr. J. Sheppard, President and CEO, and other members of his staff. The inspectors confirmed that one proprietary document, Management Insight Technologies STP Focused Culture Assessment - October 2002, was reviewed by the inspectors and was not documented in this report.

ATTACHMENT

KEY POINTS OF CONTACT

Licensee personnel

J. Sheppard, President and CEO
G. Parkey, Vice President, Generation
R. Piggot, Licensing Engineer
D. Cobb, Employee Concerns Program Coordinator

NRC personnel

C. O'Keefe, Senior Resident Inspector
G. Guerra, Resident Inspector

ITEMS OPENED, CLOSED, AND DISCUSSED

Closed

50-498; 50-499/0309-01	ORDER EA-97-341	Confirmatory Order Modifying License (EA 97-341) and Exercise of Discretion, dated June 9, 1998.

LIST OF DOCUMENTS REVIEWED

Condition Reports

98-17986	98-17956	98-17958	99-02594	01-02389	02-09069
00-00195	98-17959	99-00924	99-12634	00-16844	02-08467
98-17989	98-17962	98-17963	00-06238	02-04234	02-00203
98-17935	98-17960	98-17961	00-04018	98-09180	

Correspondence

Memo, D. R . Keating to M. A. McBurnett, "Completion of Safely Speaking Commitment," July 1, 1998

Memo, D. R . Keating to M. A. McBurnett, "Confirmatory Order Training," March 22, 1999

Memo, S. J. Tanner to File, "10 CFR 50.7 Annual Training," December 28, 2000

Memo, S. J. Tanner to File, "10 CFR 50.7 Annual Training," January 15, 2002

Memo, S. J. Tanner to File, "10 CFR 50.7 Annual Training," December 16, 2002

Letter, A. A. Thadani to W.T. Cottle, “Confirmatory Order Modifying License and Exercise of Discretion,” (EA 97-341), June 9, 1998

Letter, E. W. Merschoff to W.T. Cottle, “Request for Partial Relaxation of Confirmatory Order,” November 24, 1999 (“Mini-Surveys not performed in the same year as CCAs)

Letter, E. W. Merschoff to W.T. Cottle, “Relaxation of Confirmatory Order Modifying License,” November 24, 1999 (Focus Groups in lieu of surveys)

Letter, W. T. Cottle to E. W. Merschoff, “South Texas Project Comprehensive Cultural Assessment,” September 15, 1998, ST-NOC-AE-000300 (Results of 1998 CCA)

Letter, W. T. Cottle to E. W. Merschoff, “South Texas Project Comprehensive Cultural Assessment,” November 2, 1998, ST-NOC-AE-000347 (Action Plan for issues from the 1998 CCA)

Letter, W. T. Cottle to E. W. Merschoff, “South Texas Project Comprehensive Cultural Assessment,” November 1, 1998, ST-NOC-AE-000691 (Requested change of schedule/notified of survey groups)

Letter, W. T. Cottle to E. W. Merschoff, “South Texas Project Comprehensive Cultural Assessment,” March 14, 2000, ST-NOC-AE-000769 (Results of 1999 mini-survey)

Letter, W. T. Cottle to E. W. Merschoff, “South Texas Project Comprehensive Cultural Assessment,” October 26, 2000, ST-NOC-AE-000949 (2000 survey results)

Letter, W. T. Cottle to E. W. Merschoff, “South Texas Project Comprehensive Cultural Assessment,” April 17, 2002, ST-NOC-AE-02001277 (2001 survey results, focus groups in lieu of surveys, notified of survey groups)

Letter, J. J. Sheppard to E. W. Merschoff, “South Texas Project Comprehensive Cultural Assessment,” October 30, 2002, ST-NOC-AE-02001411 (2002 Focus groups results)

Letter, J. J. Sheppard to E. W. Merschoff, “South Texas Project Comprehensive Cultural Assessment,” August 5, 2002, ST-NOC-AE-02001370 (Use Management Insights/Schedule for 2003)

Other Documents Reviewed

Maintenance Improvement Team Progress Report, October 1, 2002
1998 “Safely Speaking” Course Attendance Sheets
1999 Annual 10 CFR 50.7 Training Attendance Sheets
2000 Annual 10 CFR 50.7 Training Attendance Sheets
2001 Annual 10 CFR 50.7 Training Attendance Sheets
2002 Annual 10 CFR 50.7 Training Attendance Sheets
1998 President and CEO Bulletin - Issuance of Confirmatory Order, dated June 9, 1998
1998 President and CEO Bulletin - Electronic Bulletin Board Notice, dated June 11, 1998
1998 STP On-Line Bulletin - Cultural Survey Results, dated October 5, 1998

Lesson Plan, SCT600.00.LP, “Annual 10 CFR 50.7 Training,” Rev 0
Lesson Plan, SCT600.00.LP, “Annual 10 CFR 50.7 Training,” Rev 1

LIST OF ACRONYMS

STPNOC	South Texas Project Nuclear Operating Company
STP	South Texas Project
PARS	Publicly Available Records
EA	Enforcement Action
CEO	Chief Executive Officer
NRC	Nuclear Regulatory Commission
CFR	Code of Federal Regulations