



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

January 29, 2004

Gregg R. Overbeck, Senior Vice  
President, Nuclear  
Arizona Public Service Company  
P.O. Box 52034  
Phoenix, Arizona 85072-2034

**SUBJECT: MEETING SUMMARY DISCUSSING PALO VERDE SAFETY CONSCIOUS WORK ENVIRONMENT**

Dear Mr. Overbeck:

This refers to the Safety Conscious Work Environment meeting conducted at the NRC Region IV Office, Arlington, Texas, on January 14, 2004. The meeting attendance list, the transcript, and a copy of the presentations are included as Enclosures 1, 2, and 3.

In accordance with Section 2.790 of the NRC's "Rules of Practice," Part 2, Title 10, Code of Federal Regulations, a copy of this letter and its enclosures will be available electronically for public inspection in the NRC's 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).

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

Sincerely,

Jeffrey Clark, Chief  
Project Branch D  
Division of Reactor Projects

Dockets: 50-528  
50-529  
50-530  
Licenses: NPF-41  
NPF-51  
NPF-74

Enclosures:

1. Attendance List
2. Transcript
3. Presentations

cc:

Steve Olea  
Arizona Corporation Commission  
1200 W. Washington Street  
Phoenix, AZ 85007

Douglas K. Porter, Senior Counsel  
Southern California Edison Company  
Law Department, Generation Resources  
P.O. Box 800  
Rosemead, CA 91770

Chairman  
Maricopa County Board of Supervisors  
301 W. Jefferson, 10th Floor  
Phoenix, AZ 85003

Aubrey V. Godwin, Director  
Arizona Radiation Regulatory Agency  
4814 South 40 Street  
Phoenix, AZ 85040

Craig K. Seaman, Director  
Regulatory Affairs/Nuclear Assurance  
Palo Verde Nuclear Generating Station  
Mail Station 7636  
P.O. Box 52034  
Phoenix, AZ 85072-2034

Hector R. Puente  
Vice President, Power Generation  
El Paso Electric Company  
340 E. Palm Lane, Suite 310  
Phoenix, AZ 85004

Terry Bassham, Esq.  
General Counsel  
El Paso Electric Company  
123 W. Mills  
El Paso, TX 79901

John W. Schumann  
Los Angeles Department of Water & Power

Arizona Public Service Company

-3-

Southern California Public Power Authority  
P.O. Box 51111, Room 1255-C  
Los Angeles, CA 90051-0100

John Taylor  
Public Service Company of New Mexico  
2401 Aztec NE, MS Z110  
Albuquerque, NM 87107-4224

Cheryl Adams  
Southern California Edison Company  
5000 Pacific Coast Hwy. Bldg. DIN  
San Clemente, CA 92672

Robert Henry  
Salt River Project  
6504 East Thomas Road  
Scottsdale, AZ 85251

Brian Almon  
Public Utility Commission  
William B. Travis Building  
P.O. Box 13326  
1701 North Congress Avenue  
Austin, TX 78701-3326

Electronic distribution by RIV:  
 Regional Administrator **(BSM1)**  
 DRP Director **(ATH)**  
 DRS Director **(DDC)**  
 Senior Resident Inspector **(NLS)**  
 Branch Chief, DRP/D **(LJS)**  
 Senior Project Engineer, DRP/D **(JAC)**  
 Staff Chief, DRP/TSS **(PHH)**  
 RITS Coordinator **(NBH)**

ADAMS:  Yes  No Initials: \_\_\_\_\_  
 Publicly Available  Non-Publicly Available  Sensitive  Non-Sensitive

R:\\_PV\2004\PV1-14-04MS-DRP.wpd

RIV:PEDRP/D	C:DRP/D			
DEdumbacher	JAClark			
01/ /04	01/ /04			

OFFICIAL RECORD COPY

T=Telephone

E=E-mail

F=Fax

## Enclosure 1

Meeting Date: January 14, 2004

Meeting Topic: Safety Conscious Work Environment

Name	Organization
Bruce Mallet	NRC Region IV - Regional Administrator
Thomas P. Gwynn	NRC Region IV - Deputy Regional Administrator
Dwight D. Chamberlain	NRC Region IV - Director - DRS
Mark A. Satorius	NRC Region IV - Deputy Director DRP
Linda Smith	NRC Region IV
Jeff Clark	NRC Region IV DRP PBD Branch Chief
Nancy Salgado	NRC Region IV Senior Resident Inspector @ PV
Harry Freeman	NRC Region IV
Russell Wise	NRC Region IV
David Dumbacher	Russell Wise
Robert Henry	Salt River Project
Fred L. Gowers	El Paso Electric Co.
John Audas	TXU Energy - Commanche Peak - Safe Team Manager
Michael Sontag	APS / Palo Verde
Terry L. Radtke	APS / Palo Verde
Michael Shea	APS / Palo Verde
Rusty Stroud	APS / Palo Verde
Barry R. Letts	Letts Investigative and Security Services
Gregg Overbeck	Sr. VP Nuclear - APS / Palo Verde

Enclosure

## Enclosure 2

1

1

2

3

USNRC REGION IV MEETING

4

5

6

MEETING TOPIC: SAFETY-CONSCIOUS WORK ENVIRONMENT

7

8

9

10

ARLINGTON, TEXAS

11

JANUARY 14, 2004

12

13

14

15

16

17

18

19

20

21

22

Enclosure

23

24

25

Enclosure

1            A P P E A R A N C E S

2

3

ATTENDEES:

4

NUCLEAR REGULATORY COMMISSION:

5 DR. BRUCE MALLETT

MR. MARK SATORIUS

6 MS. NANCY SALGADO

MS. LINDA SMITH

7 MR. RUSSELL WISE

MR. HARRY FREEMAN

8 MR. DAVID DUMBACHER

MR. JEFFREY CLARK

9 MR. THOMAS P. GWYNN

MR. DWIGHT CHAMBERLAIN

10

PALO VERDE NUCLEAR GENERATING SYSTEM:

11 MR. GREGG OVERBECK

MR. TERRY RADTKE

12 MR. MIKE SHEA

MR. MIKE SONTAG

13 MR. PETER RAIL

MR. RUSSELL STROUD

14 MR. BARRY LETTS

MS. JANET O'DELL

15

16

SALT RIVER PROJECT:

17 MR. ROBERT HENRY

18 EL PASO ELECTRIC CO:

MR. FRED L. GOWENS

19

20 TXU ENERGY:

MR. JOHN AUDAS

21

22

23



24

25

Enclosure

1 MR. SATORIUS: Good morning. Like to  
2 welcome you all to this public meeting here in  
3 Region IV. And I note that we have, I believe,  
4 three members of the public that are here.  
5 Welcome.

6 This is a Category 1 public meeting  
7 in accordance with the NRC public meeting policy.  
8 Under that policy, Category 1 meetings are open to  
9 public observation. The members of the public who  
10 are in attendance, for our three folks, now, you  
11 should be aware that this is a meeting between the  
12 Nuclear Regulatory Commission and Palo Verde  
13 Nuclear Generating Station.

14 MS. SMITH: Mark, these two gentlemen  
15 over there aren't actually members of the public.  
16 They are representing the owner's group for the  
17 utilities, so we actually only have one here.

18 MR. SATORIUS: Okay. Thanks for --  
19 thanks for that clarification.

20 Then for our one member of the public  
21 that is here, before we adjourn the meeting, we'll  
22 open the floor to questions from observers. In  
23 addition, if the meeting goes well beyond the two

24 hours that it's scheduled for, we'll consider

25 whether we'll open it for questions at that point

Enclosure

1 in time.

2           We're having this meeting  
3 transcribed. The transcription will be made  
4 available and be made public, and it will be  
5 available through our ADAMS system.

6           We've provided NRC public meeting  
7 feedback forms. I believe they're right over  
8 there. And if you wish, either provide comments to  
9 one of our staff members or complete the form and  
10 mail it or provide it to us. We would appreciate  
11 any feedback that you might want to give us.

12           I think we probably should go ahead  
13 and proceed with -- with introductions.

14           My name is Mark Satorius. I'm the  
15 Deputy Director of the Division of Reactor  
16 Projects. And I would ask the NRC staff to  
17 introduce themselves, and, then, Mr. Overbeck, if  
18 you would maybe take the lead to introduce your  
19 staff.

20           MR. MALLETT: And we'll go this way.  
21 I'm Bruce Mallett. I'm the Regional Administrator  
22 here in the Region IV office of the NRC.

23           MR. CHAMBERLAIN: I'm Dwight

24 Chamberlain, Director of the Division of Reactor

25 Safety.

Enclosure

1 MS. SALGADO: I'm Nancy Salgado,  
2 Senior Resident Inspector at Palo Verde.

3 MR. FREEMAN: Harry Freeman,  
4 Allegation Coordinator.

5 MR. CLARK: Jeff Clark, I'm the  
6 Branch Chief for the Palo Verde and the Nuclear One  
7 facilities.

8 MR. DUMBACHER: I am Dave Dumbacher.  
9 I am the Project Engineer for Project Branch D,  
10 Palo Verde.

11 MS. SMITH: I'm Linda Smith. I'm the  
12 Branch Chief responsible for problem identification  
13 and resolution in the safety-conscious work  
14 environment.

15 MR. GWYNN: And I'm Pat Gwynn. I'm  
16 the Deputy Regional Administrator for Region IV.

17 MR. OVERBECK: With me today is --  
18 I'm Gregg Overbeck, Senior Vice President for  
19 Nuclear for Arizona Public Service, Palo Verde.

20 And with me today, I brought here  
21 Mr. Barry Letts, an investigator that we have used  
22 on our project.

23 With me is Mike Shea, our Director of

24 Maintenance; Terry Radke, Director of Operations,  
25 formerly the Director of Maintenance; Mike Sontag,

Enclosure

1 he is in our -- Department Leader in our  
2 Performance Improvement group in Nuclear Assurance;  
3 and Rusty Stroud, Licensing Engineer in our  
4 Regulatory Affairs organization.

5 MR. SATORIUS: Okay. Thank you.

6 Bruce, I believe you have a few  
7 remarks that you wanted to make --

8 MR. MALLETT: Yeah.

9 MR. SATORIUS: -- before we got the  
10 meeting started.

11 MR. MALLETT: Thank you. We -- we  
12 appreciate your coming to this meeting and your  
13 willingness to have an open meeting with us to  
14 discuss the issues we're going to discuss today.

15 As you know, a key role of the NRC is  
16 to ensure that licensees operate within an  
17 environment that is conducive for promoting staff  
18 feeling free to bring up safety concerns.

19 Sometimes we refer to that as a safety-conscious  
20 work environment, so bear with me if we use that  
21 phrase today.

22 And it's difficult to discuss those  
23 issues, and so we do appreciate your willingness,



24 again, to come in and do that, especially to

25 address the concerns that we have raised with you

Enclosure

1 about your safety-conscious work environment at the  
2 Palo Verde plant.

3           You've indicated in a couple pieces  
4 of correspondence to us, Gregg, that you believe  
5 that you have a strong -- and I think the word you  
6 used -- robust safety-conscious work environment at  
7 this site, and the steps that you've taken to  
8 improve that at the site, and we recognize those  
9 comments.

10           And, overall, I think we would  
11 conclude that -- that these do support an  
12 environment at the site that is conducive to  
13 raising safety concerns.

14           Our reason for wanting to meet today  
15 is we continue to see indicators that might lead  
16 you in the direction to where it's no longer an  
17 environment where individuals can feel free to  
18 bring up safety concerns, and that we wanted to  
19 pick up on that early, as I know that you do, and  
20 discuss questions we have about your program to  
21 make sure our conclusion is correct. And so that's  
22 really the essence of us having the meeting today.

23           It is our desire to have an open

24 meeting. As Mark Satorius has indicated, it is a  
25 public meeting, however, so there may be some

Enclosure

1 subject matter I want to reiterate -- and I think  
2 Mark is going to talk about this further -- that as  
3 we get into it, we may say, well, we need to halt  
4 and consider whether that should be in a public  
5 forum. And that's matters that not only you as a  
6 licensee but we as a federal government protect,  
7 such as privacy information and that sort of thing.

8           So with that, I guess I'll turn it  
9 back to Mark unless, Gregg, you want to offer any  
10 opening remarks.

11           MR. OVERBECK: I have some opening  
12 remarks, but --

13           MR. SATORIUS: I had a few, too,  
14 if -- if you want me to go ahead. Then I'll just  
15 turn it over --

16           MR. OVERBECK: Yes, please.

17           MR. SATORIUS: -- to you and you guys  
18 can take it and go.

19           MR. OVERBECK: Yeah, we'll just go  
20 from there.

21           MR. SATORIUS: I just wanted to start  
22 with, in general, the staff believes that you have  
23 established an acceptable safety-conscious work

24 environment at your facility. However, as Bruce  
25 has mentioned, there are and have been several

Enclosure

1 early indicators of possible weaknesses in your  
2 program. And I think you understand that the NRC  
3 considers a safety-conscious work environment is  
4 important, and it supports the licensee's  
5 responsibility for safe operation of your facility  
6 as well as supports the NRC's mission in ensuring  
7 adequate protection of public health and safety.

8           Having a strong safety-conscious work  
9 environment with a correspondingly robust  
10 corrective action program where conditions adverse  
11 to quality are identified and corrected is a key  
12 foundation of the reactor oversight process.

13           During the spring of 2003, our staff  
14 noted that a number -- the number of allegations --  
15           (Cell phone interruption).

16           MR. SATORIUS: -- a number of  
17 allegations at your facility were turning up. We  
18 discussed this observation with you, and you  
19 responded by contracting with Mr. Letts to perform  
20 an independent survey of the work environment,  
21 especially focused on the instrument control  
22 department at your facility.

23           You provided us with results of that

24 review in August. You also hosted an independent

25 self-assessment of your integrated issues

Enclosure

1 resolution process and provided us a copy of that  
2 assessment as well.

3           After reviewing your letter and  
4 Mr. Letts' attached report, we wrote you in October  
5 with additional questions. We requested that you  
6 identify actions taken or plan regarding the  
7 concerns noted in the independent report. You  
8 responded in November to our inquiries.

9           During this meeting today, we're  
10 interested in your analysis of licensee concerns  
11 identified in the independent assessment,  
12 Mr. Letts' review, and the integrated issues  
13 resolution process self-assessment, and your  
14 analysis of their bearing on the safety-conscious  
15 work environment at Palo Verde.

16           As you know, in mid December our  
17 allegations coordinators performed an inspection at  
18 your site. Using the safety-conscious work  
19 environment portion of inspection procedure 71152,  
20 they interviewed a number of personnel from the  
21 instrument and controls division. Consistent with  
22 the guidance in the ROP, you were debriefed  
23 following that inspection on the results of those

Enclosure



24 energies. I believe that was over the telephone.

25           We're interested in your analysis of

Enclosure

1 human sites and concerns identified by the NRC  
2 allegations coordinators.

3           During this meeting, we're also  
4 interested in the scope, schedule and details of  
5 any actions taken or planned to confirm a  
6 satisfactory safety-conscious work environment at  
7 Palo Verde.

8           And, finally, as we've discussed  
9 before and Bruce alluded to, we're concerned that  
10 in matters involving allegations, that both the NRC  
11 and licensing personnel do not unnecessarily  
12 disclose information that could lead to the  
13 identification of an alleged.

14           Prior to this meeting, we verbally  
15 provided a more detailed list of suggested topics  
16 for this discussion, and we believe our discussions  
17 today can be conducted in broad enough terms that  
18 it will not identify an alleged.

19           We appreciate your support in this  
20 effort. And with that, Gregg, if you and your  
21 staff would -- can have the floor. Thank you.

22           MR. OVERBECK: Thank you, Mark. I  
23 appreciate it.

24            Bruce, thank you very much for the  
25 opportunity to meet with your staff today. At

Enclosure

1 Palo Verde, we recently have realigned many of our  
2 directors as part of a succession planning and  
3 development effort. Because of that, I brought the  
4 former maintenance director, which is Terry Radke,  
5 who is our Director of Operations today, effective  
6 January 1st, and Mike Shea. Mike Shea here is the  
7 Director of Maintenance, and he was formerly the  
8 Director of Nuclear Training.

9           We're here to discuss Palo Verde's  
10 employee issue resolution process. And our  
11 presentation will begin with an overview of our  
12 integrated resolution process itself. Then using a  
13 time line, we will outline Palo Verde's  
14 self-identification of an increase in the employee  
15 issues, specifically within the I&C department.

16           We will describe an independent  
17 assessment that we commissioned by the Palo Verde  
18 senior management team to determine the extent of  
19 the condition.

20           In addition, we will describe other  
21 Palo Verde employee interviews that have been  
22 conducted as a normal course of business over the  
23 year, our analysis of the allegations sent to us,

24 sent to the station, and our analysis of the health  
25 of the Palo Verde issue resolution process.

Enclosure

1           The presenters will discuss  
2 corrective actions taken and those that are in  
3 progress.

4           During the course of the  
5 presentations, we will cover your staff questions  
6 from their regions, the December inspection and the  
7 debrief. Our presentation is necessarily long, but  
8 we encourage your clarifying questions.

9           Let me assure you from the opening  
10 remarks that we do take the increased number of  
11 allegations to the NRC very seriously and are  
12 concerned. We did recognize early on that we had  
13 some growing numbers of concerns in I&C before we  
14 saw the increase in allegations.

15           We performed an assessment of the  
16 work environment in several organizations as well  
17 as site-wide.

18           We have identified through our -- our  
19 inspections or our assessments a fundamental  
20 distrust of management in the I&C organization.  
21 However, it's also evident that there is a strong  
22 site willingness to raise safety concerns, and that  
23 is even true in the I&C department itself.

24            We are taking action to address all  
25 these issues, and our goal is to maintain a strong

Enclosure

1 site-wide safety culture.

2           With that, I will turn over the  
3 presentations to Mike Sontag who will describe the  
4 issue resolution process so that we're all on the  
5 same page as far as talking about what it  
6 constitutes. Thank you.

7           MR. SONTAG: Good afternoon. As  
8 Gregg mentioned, I am Mike Sontag. I'm the  
9 department leader of the performance improvement  
10 department at Palo Verde, and what I'd like to do  
11 is start out by giving a framework or overview of  
12 the issues resolution process.

13           Palo Verde policy 301, titled  
14 Palo Verde Issue Resolution, establishes the  
15 guiding principals to achieve a work environment  
16 that protects employees' rights to raise any issue  
17 without fear of retaliation.

18           The vehicle that implements that is  
19 the Integrated Issues Resolution Process, and you  
20 hear it presented or viewed throughout this  
21 discussion as possibly IIRP program. It provides a  
22 process in the programs, or defines those programs  
23 to raise these issues.

Enclosure



24           The IIRP program is multiple  
25 processes for programs that address these issues.

Enclosure

1 It encourages prompt identification of concerns,  
2 open communications, chain of command or leadership  
3 involvement, and also allows for identification  
4 through the most comfortable means.

5           And as I proceed through this  
6 discussion, I'm going to talk about the four  
7 programs that actually define or implement those  
8 processes. But, again, we say identification to  
9 the most comparable mechanism. It also describes  
10 responsibility of the leaders and employees. And I  
11 would like to reference, as I brought along one  
12 copy, and I'll leave it and we can provide more  
13 copies as necessary.

14           This green pamphlet is what's used  
15 on-site to define to our employees and our leaders  
16 and through training the issue -- Integrated Issues  
17 Resolution Process.

18           As you open it up, it has breakdowns  
19 of the four programs, which I'll talk about, that  
20 define the program. And as I just mentioned, it  
21 also has four bullets for employee responsibilities  
22 and four bullets for leader responsibilities for  
23 dealing with employee concerns or issues.

24 MR. CHAMBERLAIN: Did you say you  
25 provide new employees that?

Enclosure

1 MR. SONTAG: This training, or this  
2 IIRP, is provided on initial general employee  
3 training. It is also part of our annual  
4 re-qualification for employee training, so that is  
5 correct.

6 MR. SATORIUS: I think I read your  
7 self-assessment that -- that it's also been a part  
8 of GET training, I believe, for some quite some  
9 time.

10 MR. SONTAG: That is -- that is  
11 correct.

12 MR. SATORIUS: Did you recently make  
13 it part of your refresher training, or has that  
14 always been in place?

15 MR. SONTAG: I have to check. I  
16 believe elements of it have always been part of it,  
17 but to say the entire brochure, I need to verify  
18 that. But in entirety, it's always been a part of  
19 the re-qualification.

20 The Integrated Issues Resolution  
21 Process provides four programs or methods which are  
22 raising concerns. The condition report disposition  
23 request program are referred to throughout the

24 presentation and by site employees as a CRDR

25 program was one element. Typically, that area is

Enclosure

1 managed by the oversight or the performance  
2 improvement department, my group.  
3           The Management Issues Tracking  
4 Resolution Program referred to as the MITR program,  
5 through acronym, that area is typically managed by  
6 the human resource issue.

7           The Differing Professional Opinion,  
8 or DPO process, and, again, that is managed  
9 typically by the performance improvement  
10 department, and each of these areas, I'll come back  
11 and talk on briefly on what they entail.

12           And the other area that we manage,  
13 issue resolution on-site, is the Employee Concerns  
14 Program, ECP, and that is a typical separate  
15 program, as most sites also maintain.

16           At any time, we stress through our  
17 employees that they can feel free to use any of the  
18 processes on-site or any time concerns can be  
19 raised directly to the NRC.

20           As I go down, I'm going to define  
21 briefly each of these programs. The first one I'll  
22 discuss is Condition Reporting/Disposition or the  
23 CRDR program. It's a mechanism used to identify,

24 resolve conditions typically of a technical safety

25 issue, and it's also a default program that people

Enclosure

1 don't know where else to go, you can initiate a  
2 CRDR.

3           It's flexible enough to be used for a  
4 site variety of issues. It compliments the work  
5 control process. What we mean by that is the CRDR  
6 program is one portion of Palo Verde's corrective  
7 action process. The work control program is  
8 another portion of the corrective action process.

9           CRDRs can be initiated by anyone,  
10 contractors or in-house employees. And, typically,  
11 on a CRDR, there is not provisions for  
12 confidentiality of the initiator. But I will tell  
13 you, in all cases, if somebody at site wants to  
14 have something identified confidentially, that can  
15 be taken care of. The program does not have us  
16 built into that.

17           MS. SMITH: Before you move on, what  
18 is the training that worker-type employees receive?  
19 They can -- anyone may initiate a CRDR, but are  
20 they trained normally to do it themselves or to ask  
21 help from their supervision?

22           MR. SONTAG: They're provided  
23 training on the process to initiate CRDRs. We also



24 tell all employees -- the most important thing

25 on-site is if you identify an issue, you need to

Enclosure

1 raise it and elevate it, and actually write a CRDR,  
2 enter it. We train employees how to do that. A  
3 lot of -- several employees may not be comfortable  
4 doing that. They may go to their leader or team  
5 lead to initiate a CRDR for them.

6 MS. SMITH: Thank you.

7 MR. OVERBECK: Yeah, Linda, let me  
8 just be clear. We train on the process, how the  
9 process works. And if you have a concern or issue,  
10 raise it to your supervisor. The supervisor is  
11 trained and can help the employee generate a  
12 corrective action document.

13 If you have in place simple -- more  
14 simplified things, we'll discuss a little later --  
15 that helps the employee enter an e-CRDR, e-CRDR --  
16 to help along the process and make it more  
17 simplified. So we made it as simple as we possibly  
18 can.

19 MR. SATORIUS: The fact that you've  
20 identified a number of employees who are not  
21 comfortable with using the CRDR program -- I  
22 believe that's what you said -- does that meet your  
23 expectations?

24 MR. SONTAG: Let me --

25 MR. OVERBECK: Let me -- let me just

Enclosure

1 answer that question. It would -- it would be --  
2 you know, it's our desire that, you know, all  
3 employees feel comfortable entering a corrective  
4 action document.

5           However, in order to make sure  
6 there's suspicion detail to know what the issue is,  
7 we encourage them to go to their supervisor and  
8 make sure it gets recorded that way so that we can  
9 get clarity around what the issue is and get it  
10 entered into the system.

11           Based on feedback that we have gotten  
12 from our employees, we have implemented a new  
13 process to make it easier. Web-based, an e-CRDR,  
14 we'll discuss that a little later, and the usage of  
15 that and show you that it has been increased.

16           MR. SATORIUS: So what I hear you  
17 say, Gregg, is that you have taken this initiative  
18 to develop an e-CRDR to make it more easy for some  
19 of those employees who may have had a lack of  
20 comfort in the past because it hasn't really met  
21 your expectations in the past?

22           MR. OVERBECK: That's correct.

23           MR. SATORIUS: Okay. Thank you.

24 MR. SONTAG: Still looking at the

25 Condition Reporting/Disposition Request of the CRDR

Enclosure

1 program, as we alluded to, CRDRs are initiated  
2 typically from the site work management system.  
3 It's a database. We have come back since we  
4 implemented the program in the 2001 time frame, and  
5 developed an e-CRDR program which can be  
6 implemented from any desktop in which you can  
7 receive e-mail.

8           We have installed, also as a result  
9 to improve or simplify the program, kiosks  
10 throughout the plant at which operators and workers  
11 can check their qualifications, look up procedures.  
12 It also has on that kiosk an e-CRDR program to  
13 allow any employee and contractor throughout the  
14 plant to initiate a CRDR, and always -- has always  
15 been built into the program, we've always accepted  
16 paper CRDRs.

17           And at this time, I would like to  
18 make a comment that in the last four years, we have  
19 not received a paper CRDR. Everything we've  
20 received has been electronic or SWMS. But it is  
21 available.

22           Feedback to the originator or the  
23 CRDR initiator is electronic. They're informed

24 after the CRDR has been assigned, so it's a signed

25 level of significance and an assignment to an

Enclosure

1 owner. They're also informed of when the  
2 evaluation has been completed, and at that time,  
3 when they're informed, they can look up the status  
4 of that CRDR, go to their leader for follow-up.

5           If they disagreed with the CRDR  
6 resolution, they have an option of appealing to the  
7 formal DPO process. Typically, what we see through  
8 the CRDR program, at most, if we have an  
9 disagreement or somebody feels there needs to be a  
10 clearer answer to the CRDR, they will go to their  
11 leader or go directly to the CRDR program owner,  
12 which is myself. And, typically, those issues are  
13 handled internally to the CRDR program. That's  
14 normally what we see.

15           MR. SATORIUS: I think your  
16 self-assessment kind of -- the DPO process is not  
17 used extensively; is that correct?

18           MR. SONTAG: Correct. That is  
19 correct.

20           MR. SATORIUS: Like a handful in the  
21 last year.

22           MR. SONTAG: We had two in 2003,  
23 correct.



24 MR. SATORIUS: Thank you.

25 MR. OVERBECK: I just want to, for

Enclosure

1 clarity, I believe the question here is not used  
2 extensively, that's true. The answer being  
3 provided is that we spend a lot of time while the  
4 CRDR, corrective action document, is being  
5 evaluated. It's possible for the employee that  
6 raised the concern to interface with different  
7 groups and get clarity around it or get the issue  
8 resolved so that a differing professional opinion  
9 is not needed.

10 MR. SATORIUS: So that any differing  
11 opinion they may have is resolved outside of the  
12 DPO process, which is --

13 MR. OVERBECK: Typically.

14 MR. SATORIUS: That's -- yeah.

15 MR. SONTAG: Typically, what we see  
16 and what we believe is us, due to the openness and  
17 willingness of our employees, to work with the CRDR  
18 program in the process.

19 MR. SHEA: Yeah, it's -- it's really  
20 not uncommon to have, you know, every once in a  
21 while, to have a CRDR closed and then someone will  
22 say, Well, I -- I got a question about that, and,  
23 Mike, they will actually go into the system, and

24 they can reopen the CRDR, and further evaluation

25 will take place.

Enclosure

1           MR. RADKE: I think the best example  
2 to illustrate it is one that Mike and I had occur  
3 in early December. We had an individual who had a  
4 question about a CRDR that was completed. They  
5 called Mike up and said they had a concern about  
6 the extent of transportability and did -- did --  
7 was training looked at on a particular issue.

8           Mike called me up and asked me some  
9 questions about it. From that aspect, I initiated  
10 a Management Issues Tracking Resolution form to get  
11 this looked at from the transportability and the  
12 training aspects. So, you know, we utilized the  
13 system, but because of the employee's familiarity  
14 with Mike, was able to call and say, Hey, I've got  
15 a question about this. And Mike and I were able to  
16 open it back up again, and we conducted an  
17 additional investigation on employees, two -- two  
18 comments.

19           MR. SATORIUS: Thanks.

20           MR. SONTAG: Continuing on with the  
21 elements of the Integrated Issues Resolution  
22 Process, the next one I would like to discuss is  
23 the Management Issues Tracking Resolution program,

24 MITR, typically used for human resource issues.

25 And you will typically see this under a pay-type

Enclosure

1 issues, equity-type issues.

2           Any APS employee may initiate a MITR.

3 Again, we're looking at our view and resource-type

4 issues. That's why we limit it to our APS

5 employees. That's the fit for that program. There

6 is provisions in the program for confidentiality.

7           MITRs are formally initiated, they're

8 tracked, and they're assigned to leaders for

9 evaluation resolution. If there is a disagreement

10 with the MITR outcome or disposition, it can be

11 appealed back through the area of vice president.

12           Along with the MITR, we will provide

13 some data later in the discussion on employee

14 issues resolution process or an informal process.

15 It is a lower-tiered process, if you will, and,

16 typically, when an employee wants to go to HR or

17 does go to HR and says, you know, I'm not real

18 happy with my job description, something minor of

19 that nature where it can be worked out just between

20 the HR staff and their leader, it's typically

21 tracked under a lower level issue called employee

22 issues resolution process and doesn't typically

23 reach the threshold of Management Issues Tracking

24 Resolution program.

25           So I just want to bring that up

Enclosure

1 because we are going to show some data later in the  
2 presentation on -- on that program.

3           The other program, as briefly brought  
4 up, is the Differing Professional Opinion, the DPO  
5 program. It's the mechanism used to identify,  
6 resolve or appeal technically-based decisions or  
7 differences of opinion. We will sometimes see  
8 those on CRDRs. And the reason I say sometimes is  
9 they can also be on an engineering white paper or  
10 other technical issues. It does not have to come  
11 strictly out of the CRDR program. Anybody on-site  
12 can initiate a DPO. The DPOs are initiated,  
13 they're brought to my group, and then the director  
14 of the nuclear assurance or oversight organization  
15 presents that to senior management to best  
16 determine who will perform that evaluation and what  
17 the elements are or the needs are, properly  
18 evaluate that.

19           There is no provisions in this  
20 program for confidentiality. Again, it's much like  
21 a CRDR. It is typically a technical issue, so we  
22 do need the information, we do need to be able to  
23 discuss the issues with the people. Again, as I



24 mentioned, if there is ever a need for

25 confidentiality, we can make that happen.

Enclosure

1 Disagreement on DPO, again, if there  
2 is one, is appealed to the area vice president.

3 The last area I'd like to speak to  
4 that makes up the Integrated Issues Resolution  
5 Process is the Employee Concerns Program, ECP, and  
6 we call it our safety net for the employees, or  
7 it's available to all APS employees and contract  
8 personnel.

9 ECP works with the employees to find  
10 the best avenue or resolution of a concern. There  
11 are provisions for confidentiality within this  
12 program. And like the other programs, there is an  
13 appeals process through the area vice president.

14 At this point --

15 MR. CHAMBERLAIN: Let me ask it --  
16 maybe you're going to get into that later, but  
17 what's been your experience with the Employee  
18 Concerns Program? The trends? Is it trending up  
19 over the last year, or --

20 MR. OVERBECK: Dwight, we will cover  
21 later in the presentation --

22 MR. SONTAG: Right.

23 MR. OVERBECK: -- an answer to that.

24 MR. SONTAG: At this point, I'd like  
25 to turn the presentation over to Terry Radke to

Enclosure

1 discuss the independent assessment.

2           MR. MALLETT: I do have a question,  
3 and it may be answered -- actually, two questions,  
4 and it may be answered later on. And if they are  
5 so, tell me that.

6           And the first one is: Why do you  
7 feel you need four parts to this program of your  
8 Integrated Issues Resolution Process? The reason I  
9 ask that question is when I read your responses to  
10 us in your letters from your independent  
11 assessment, and the results so far of our review,  
12 you get mixed feelings on people's views about each  
13 of those pieces and parts. And so that's where I'm  
14 coming from.

15           Do you feel that you need all four  
16 parts and --

17           MR. OVERBECK: Let me try to answer  
18 that question. All four parts -- all four parts of  
19 this process have evolved over some period of time.  
20 The -- originally, we started with a corrective  
21 action document that was geared at plant problems,  
22 issues, design bases, procedures, things didn't  
23 work right, and we had a work order process where

24 things are broken and need to be fixed.

25           That is the bulk of our corrective

Enclosure

1 action documents, and mostly where most of the  
2 activity is. During the process of dealing with  
3 the CRDR, CRDRs, corrective action documents, we  
4 felt that there was a need for an employee to be  
5 able to document his professional opinion.

6           The -- and the DPO got its name  
7 exactly that way. There are oftentimes that an  
8 employee will end up with a different professional  
9 opinion than what is the final resolution of an  
10 issue by the site engineering or management team.  
11 And the DPO was put in place to allow the employee  
12 to -- to appeal that, get his professional opinion  
13 on paper, so that it was always there for history,  
14 to know why he or she felt that resolution was not  
15 correct.

16           However, the corrective action  
17 document was typically closed, so this is the  
18 agreed-to engineering position, design basis  
19 interpretation issue resolved. We subsequently  
20 have put as a vice president of appeal on top of  
21 that just to make sure that we are all aware of any  
22 of those kind of issues in which an employee really  
23 has a differing opinion.

24           Therefore, you know, there's a reason

25 why there's a few of them in this system.

Enclosure

1           In the area of human resources,  
2 typically -- and I'm sure the NRC has the same  
3 thing -- you have a number of employee issues that  
4 are dealing with pay, and job description, and  
5 compensation issues. And we have attempted on many  
6 occasions to handle those informally, and we'll  
7 talk just a little more about that.

8           However, every once in a while there  
9 are some of those that rise up to policy issues on  
10 how the business is run, and they impact more than  
11 just Palo Verde. They impact the rest of Arizona  
12 Public Service and our other power plants and how  
13 we do business.

14          But, nevertheless, we felt a need to  
15 have a way to take some of those issues, make sure  
16 that the concern is documented. They didn't fit  
17 very well in the corrective action documents. That  
18 was kind of Palo Verde's issues, design basis. And  
19 these are human resource-type issues, policy  
20 issues, and typically that's what a MITR issue is  
21 for, is to get those bigger policy issues surfaced,  
22 concerns about those, and answers to those, so  
23 there's consistency in application.



24            So we -- we have put in the MITR

25 process again because of -- we wanted to make sure

Enclosure

1 that the employees had an avenue to -- to get a  
2 second look at that. We put in the appeal process  
3 to the area vice president, and that's -- that's  
4 served us well.

5           So along the way -- and then employee  
6 concerns is typically independent, provides  
7 confidentiality, can address employment issues, in  
8 which case the employee concerned individual leader  
9 might try to direct the employee to human resources  
10 if they feel comfortable, or their leader, to open  
11 a MITR, to work it that way. They feel  
12 uncomfortable with that, then he can handle it  
13 within the employee concerns process, or he might  
14 guide them to a corrective action document and  
15 maybe even help write it, or talk to his leader  
16 about it, or find a leader, any of us, that can be  
17 his vehicle for informing us.

18           So, again, we had the four processes  
19 because they evolved over time, but we found that  
20 they really do help us in these unique areas for  
21 the station and provide everybody an opportunity to  
22 appeal, and actually gets issues documented.

23           MR. MALLETT: I know one of the

24 findings, if I read it correctly, was in your

25 letters to us, the two letters that you sent to us

Enclosure

1 so far. One, I believe, was in August time frame,  
2 and the other was in November time frame?

3 MR. OVERBECK: Possibly, yeah.

4 MR. MALLETT: In both those, I got  
5 the perception from your findings that people --  
6 not everyone understands those different pieces of  
7 that process. And are you going to talk about that  
8 further as you go through from your survey.

9 My interest really is that if you  
10 have these and you want an environment where they  
11 feel free to use them, part of that is that they  
12 understand that it's -- the system is not keeping  
13 you from using them, it's there, as you said,  
14 evolved to help them.

15 MR. OVERBECK: Yes, from our  
16 assessments and your inspection, it's clear to us  
17 that additional communications on these processes  
18 is needed, and that's part of our action plan. We  
19 will show you data that shows that they are being  
20 used, and -- but we would agree that additional  
21 communication would be beneficial on this process.

22 MR. MALLETT: This is not an abnormal  
23 problem to follow through?

24 MR. OVERBECK: Right.

25 MR. MALLETT: As you said, the NRC

Enclosure

1 has multiple systems and -- and we have that same  
2 issue to deal with.

3           MR. OVERBECK: I think every large  
4 organization ends up with several processes that  
5 fit a particular need, and it's -- it's on the  
6 management team here to make sure the employees  
7 understand what they're for, and additional  
8 communication in this area is helpful.

9           MR. CHAMBERLAIN: Do you have -- just  
10 one quick question on the management issue tracking  
11 system and the CRDR process. CRDR, you assign  
12 priorities, and if there's potential safety,  
13 nuclear safety gets a higher priority.

14           MR. SONTAG: Correct. They're  
15 assigned a significance level.

16           MR. CHAMBERLAIN: Do you have  
17 anything like that -- do you have anything like  
18 that for your management issue, tracking system?

19           MR. OVERBECK: The answer is no.

20           MR. RADKE: No, there is no --

21           MR. CHAMBERLAIN: The reason I ask  
22 that is because it looked like you were crossing  
23 the systems a little bit with the example you used.

24 MR. RADKE: Yeah.

25 MR. CHAMBERLAIN: There could be some

Enclosure

1 nuclear safety implications to the example you used  
2 about training and transportability. So the way  
3 you described it, it was only for human resource  
4 issues.

5 MR. OVERBECK: What -- Dwight, just  
6 to make clear, I believe what we talked about was  
7 reopen the CRDR, and we also open a management MITR  
8 to deal with the employee issue of -- of some  
9 discipline.

10 MR. CHAMBERLAIN: Oh, you did.

11 MR. RADKE: This particular case, the  
12 employee was not -- didn't have, I guess, the  
13 passion to open up a differentiating professional  
14 opinion on it. When Mike called me, it was in --  
15 this particular instance was in the weld area, and  
16 I felt on -- the significance issue, to me,  
17 potential for transportability on a CRDR that was  
18 closed, and some training questions, that I  
19 preferred just to open up a Management Issues  
20 Tracking Resolution so I could document the fact  
21 that we looked at all these things, we completed an  
22 investigation, and now I have something to sit down  
23 with the employee and go through what I found.



24 MR. CHAMBERLAIN: I think from the  
25 management perspective, in terms of how the process

Enclosure

1 worked --

2 MR. RADKE: Correct.

3 MR. CHAMBERLAIN: -- whether it

4 worked properly or not.

5 MR. RADKE: And we -- we sought

6 clarification from the employee as to, you know,

7 bracket the issue for us. What is it exactly? So

8 we came to clarity on that, and I opened the MITR

9 up to address those two issues, transportability

10 and training.

11 MR. OVERBECK: Terry?

12 MR. RADKE: All right. My name is

13 Terry Radke, and I am the Director of Operations

14 presently. From the period of August 1999 until

15 12-31-03, I was the maintenance director and was

16 responsible for all of the maintenance at the

17 facility and responsible for about 550 APS direct

18 employees and about 75 contract labor employees.

19 I'd like to take the opportunity to

20 illustrate for you, using a time line, our

21 understanding of the issues and concerns that we're

22 developing in the I&C area and the proactive

23 actions we were taking to address them.

24            We became aware early in the year of  
25 an issue associated with the transfer of two I&C

Enclosure

1 techs to a new group that was being formed. The  
2 individuals were concerned with how they were  
3 selected. Additionally, the majority of the shop  
4 was also concerned with how those two individuals  
5 were selected.

6           We initiated a MITR, Management Issue  
7 Tracking Resolution form, as a result of the  
8 concerns that were raised. At that point, we  
9 commissioned human resources and employee concerns  
10 to investigate the concerns that were raised. The  
11 investigation was completed and the concerns were  
12 resolved to the satisfaction of the concerned  
13 individuals.

14           Human resources, employee concerns,  
15 and myself debriefed the investigation results with  
16 the I&C leaders from a lessons learned perspective  
17 as well as the concerned employee. The employees  
18 seemed satisfied with the investigation results and  
19 the prompt actions that were taken.

20           Next line.

21           During this period of time, from the  
22 initial concern that was raised, through February  
23 and March, we continued to see concerns raised

24 associated with the issue that was raised in  
25 January. Several new issues and concerns were

Enclosure

1 being raised at that time as well. There were  
2 concerns that were raised by employees in the area  
3 from as far back as 1994 and 1995 during that  
4 two-month period.

5           The concerns were being raised to  
6 maintenance management, senior management, myself,  
7 Gregg. They were also being raised to executive  
8 APS management as well as the NRC at that time.

9           The next action we took is we met  
10 with Gregg Overbeck where we made the decision to  
11 bring in an individual external to the Palo Verde  
12 organization to perform an independent assessment.  
13 Our interest at that time was to fully understand  
14 the issues and concerns that existed in the I&C  
15 area, ensure ourselves the existence of a  
16 safety-conscious work environment, and ensure that  
17 our corrective action plans addressed all of the  
18 issues that were concerned, that were brought up,  
19 issues and concerns that were raised in the area.

20           The next item shows the refueling  
21 outage time frame, late March to early May. We  
22 made the decision to perform the independent  
23 assessment after the refueling outage, so prior to

24 the refueling outage, we made the decision to

25 perform the independent assessment, and we decided

Enclosure

1 to wait until after the outage, and we wanted to  
2 ensure that personnel were available to participate  
3 in the independent assessment, and then from a  
4 human performance point of view, we wanted to make  
5 sure that we maintained our focus on nuclear  
6 radiological and industrial safety during the  
7 refueling outage, and really tried to avoid any  
8 distractions or disruptions.

9           The next item shows in May we met  
10 with human resources, employee concerns, senior  
11 management, and we worked directly with Mr. Letts  
12 to develop an independent assessment charter. We  
13 gave Mr. Letts full authority and access to talk to  
14 as many and whoever he was interested in talking  
15 to.

16           We informed the I&C departments or  
17 the affected employees associated with I&C  
18 department, both inside and out, of the pending  
19 independent assessment to ensure that anyone who  
20 wanted to speak with Mr. Letts had the opportunity  
21 to do so.

22           We sent the charter also to the NRC  
23 for their review.



24            There were three primary focus areas  
25 in the independent assessment charter. They were

Enclosure

1 to assess the overall I&C work environment, to look  
2 at the I&C safety-conscious work environment, and  
3 to look at the effectiveness of I&C management in  
4 the resolving issues.

5 From May 21st to June 27th, Mr. Letts  
6 performed the field work associated with the  
7 independent assessment.

8 I'd like to turn over the  
9 presentation to Mr. Letts at this time to discuss  
10 his independent assessment with you.

11 MR. LETTS: Thank you, Terry. I'll  
12 stand up, if I may, since I'm sort of back here in  
13 the corner.

14 Good afternoon, everyone. Pleasure  
15 to be here at NRC Region IV.

16 My name is Barry Letts. I spent the  
17 last 19 years of my federal career with the NRC's  
18 office of investigations, serving the last 11  
19 years. I retired in December of 2002, serving the  
20 last 11 years as the field office director for the  
21 office of investigations in Region I, King of  
22 Prussia, Pennsylvania.

23 Also, along with those final duties,

24 at the end, I was one of seven agency managers

25 assigned to the agency's discrimination task force

Enclosure

1 which ran the last two years of my time with the  
2 agency, in which it looked at the agency's handling  
3 of whistle-blower discrimination complaints, and  
4 talked about them and made recommendations for  
5 changes.

6           And that two-year effort evolved  
7 considerable interface with stakeholders, both  
8 internal and external to the NRC, with numerous  
9 public meetings around the country.

10           Having said that, I'll talk a little  
11 bit about the assessment that I was asked to do.  
12 As you saw from the charter issues, the specific  
13 questions I was asked to answer. I was the primary  
14 means in which this assessment was going to be  
15 conducted. There was going to be interviews of all  
16 necessary I&C personnel, as many front line and  
17 leaders as deemed necessary, as well as any other  
18 personnel who may have relevant information to the  
19 environment within I&C, could shed light on issues  
20 within I&C.

21           Again, it was to interview as many as  
22 necessary to really answer the charter questions.

23           Prior to beginning the interviews, I

24 reviewed a considerable amount of documentation

25 provided by APS. That included some inspection

Enclosure

1 reports internally, APS assessments, various  
2 assessments. They conducted information of a  
3 historical nature that involved some religious  
4 discrimination issues that date back to the early  
5 '90s, sexual harassment, sexual discrimination  
6 issues, also information identified, issues raised,  
7 including various processes in the IIRP that came  
8 from the I&C department.

9           Ultimately, I conducted 53  
10 interviews. 36 were front line employees, 26 of  
11 whom were within the I&C department.

12           MR. CHAMBERLAIN: What does that  
13 represent in terms of population?

14           MR. LETTS: Approximately 50 percent  
15 of the -- of the I&C front line population.

16           The other -- the other 10 front lines  
17 comprise individuals from the maintenance planning  
18 departments, I&C planning and advising section.  
19 That is a separate and distinct entity from the I&C  
20 department.

21           Also, several individuals from work  
22 management scheduling function, as well as two  
23 individuals, I believe, was from the nuclear

24 assurance department who worked during outages and

25 oversight capacity of the I&C folks doing their

Enclosure

1 work.

2           Interviewed all I&C management to  
3 include eight I&C team leaders, two section  
4 leaders, and the department leader. I also  
5 interviewed several other section leaders from the  
6 departments that bump up against and worked with  
7 I&C on a regular basis, as well as two other  
8 department leaders and Mr. Radke as the maintenance  
9 director.

10           When we started to talk about the  
11 assessment before we kicked it off, APS was really  
12 of a mind set in thinking along the lines of  
13 100 percent interview of all front lines within the  
14 I&C department.

15           I, actually, in my professional  
16 judgment, I probably -- I know I dissuaded them,  
17 but did not think that would really be necessary to  
18 answer the questions asked in the charter. At all  
19 times throughout my effort, it was -- I made it  
20 clear through the individual interviews that  
21 everyone within I&C who wished to be interviewed by  
22 me would be afforded that opportunity.

23           As mentioned earlier, that was put



24 out to the affected front lines through written

25 communications, and I reinforced that during the

Enclosure

1 interview process.

2           At any time during the process, we  
3 could have and would have expanded the sample of  
4 front line I&C interviewees had the results been  
5 trended differently, had they not been so  
6 consistent as they were coming in.

7           And, again, it would have been -- and  
8 APS was fully willing to expand the sample and  
9 conduct more interviews if necessary.

10           MR. CHAMBERLAIN: How did you select  
11 who got interviewed?

12           MR. LETTS: Thank you. That's my  
13 next prompt.

14           Based on a review of the documents, I  
15 specifically selected some individuals who  
16 seemingly had been involved in different historical  
17 issues, whether they were 10 years ago or five  
18 years ago or a year or two ago. And I could  
19 identify them through review of the documentation.  
20 And that's really what kicked off the first week I  
21 was at the site, people I had identified from the  
22 documentation.

23           As the interviews progressed, other

24 people were pointed to by their peers saying that

25 perhaps you should speak to so-and-so or so-and-so,

Enclosure

1 so that they also got added into the mix. And then  
2 I also did some random sampling to ensure that we  
3 had a good cross-section of front lines from across  
4 the eight different I&C teams, knowing that each  
5 team leader is somewhat different in personality  
6 and management style.

7           So we made -- I wanted to make sure  
8 that we had enough, you know, representation, which  
9 ultimately resulted in anywhere from two to four  
10 front lines on each of the eight teams being  
11 interviewed, and that's really how we came up with  
12 the folks who ultimately were interviewed.

13           Also, the interviews themselves, they  
14 consistently ran an average of about two hours, so  
15 these were fairly extensive interviews. Again, I  
16 was brand new to the site. I have no history with  
17 the facility or, really, any individuals involved  
18 with Palo Verde. And, again, I had to establish --  
19 attempted to establish some rapport with the  
20 within, certainly as part of the due process, but  
21 they averaged two hours' duration across the board.

22           Next slide, please.

23           MR. CHAMBERLAIN: Let me ask you --

24 MR. LETTS: Yes, sir.

25 MR. CHAMBERLAIN: -- did you have

Enclosure

1 anybody that you wanted to interview that refused  
2 to interview with you?

3 MR. LETTS: Yes, one individual was  
4 asked to come in for an interview, refused to do  
5 so, did offer a proffer, a written statement, which  
6 he took the opportunity to read to me and then hand  
7 me the -- handed the written statement, and then he  
8 read approximately a two-page statement, and that  
9 was appended into the -- when I wrapped up all the  
10 documentation of all the individual interviews.

11 So there was one individual that did  
12 not choose to be interviewed.

13 MR. CHAMBERLAIN: Are you going to  
14 talk about your perception of -- during the  
15 interviews? Were people open and candid with you?

16 MR. LETTS: I certainly -- I  
17 certainly -- I mean, if you'd like to do that  
18 now -- let me -- let me go through my findings, and  
19 then if I don't quite answer it through that way,  
20 I'll come back and we'll pick that up, if I may.

21 As to the work environment, which is  
22 one of the charter questions -- and this is, again,  
23 specifically the work environment within the I&C

24 department -- it was not intended from the

25 beginning to -- to try to assess the work

Enclosure

1 environment and maintenance planning, I&C  
2 planner/advisor unit or section. So I want to make  
3 sure that that distinction is understood.

4           Generally speaking, out of the 26  
5 interviews, most of the folks, I believe it's  
6 actually 22 out of the 26, spoke of the work  
7 environment in I&C in generally positive terms.  
8 Some were extremely effusive of how good a working  
9 environment, and others less so. But, again, 22  
10 out of the 26 in generally positive terms.

11           However, notwithstanding that, there  
12 were certain issues that were identified that had  
13 the potential, or -- were either having or had the  
14 potential to have a negative impact on the work  
15 environment. And perhaps in the first bullet, as  
16 you see in your handouts and on the screen, is this  
17 question of trust or distrust of senior management.  
18 A number of reasons were cited by, again, a number  
19 of the front line interviewees for this distrust.

20           Some of them were historical issues  
21 in nature, which, by that, I'm referring to the  
22 religious discrimination matters and some sexual  
23 harassment discrimination matters. There was also



24 some of your typical labor management issues

25 involving benefits, bonuses, some statements that

Enclosure

1 have been made by managers over the years that, to  
2 some front lines, seemed to express a difference  
3 or -- towards them as individuals.

4           Sort of within the context of the  
5 trust issue, I also heard from a number of folks  
6 about not being involved in decisions that affected  
7 the department. I think a couple of examples are  
8 pretty good ones. One was approximately two years  
9 ago. The function of the I&C planner/advisors,  
10 they were formally part of the I&C teams within the  
11 I&C department.

12           Approximately two years ago, the  
13 middle part of 2001, I believe, they moved the I&C  
14 planner/advisors out of the I&C department into a  
15 separate department, i.e., maintenance plan. That,  
16 from a business standpoint, I'll let the management  
17 team talk about that. It probably had far greater  
18 ramifications than perhaps initially perceived from  
19 a morale standpoint.

20           Generally speaking, the current I&C  
21 technicians felt that basically they were perhaps  
22 more efficient and worked better the old way than  
23 the planner/advisor part of the teams. So there

24 was a morale issue there. And, again, they felt

25 not involved in that decision.

Enclosure

1           Also mentioned previously was the  
2 transfer -- and this is more recent phenomena -- of  
3 the air-operated valves function from the I&C  
4 department to the valve services department and the  
5 attendant transfer, or attempted transfer, of  
6 personnel along with the responsibility for that  
7 program. And that also had quite an impact,  
8 certainly on individuals who were involved in the  
9 transfer of -- and beyond that, though, of just a  
10 ripple effect throughout the department. And that  
11 was a pretty significant event at the beginning of  
12 this year, which I think brought things to a head.

13           I heard things about leader  
14 visibility. Not enough leader visibility by senior  
15 management, just not seen around in the plant,  
16 talking to people, things of that nature.

17           The independent assessment itself  
18 drew quite a bit of commentary, and it ranged sort  
19 of a broad spectrum, to include the fact that, why  
20 should I trust you, you've been hired by  
21 management, all you're going to do is you're going  
22 to come in here and tell management exactly what  
23 they want to hear. That ties, I think, as you can

24 see, back into this question of trust.

25 But, also, I heard comments and --

Enclosure

1 and they seemed sincere, so there was a hard  
2 feeling in this trust area to include some of the  
3 thoughts about the assessment itself. And I also  
4 heard from a number of people, both front lines and  
5 team leaders, about the feeling that this  
6 assessment is a negative in the sense that we've  
7 just gone through these types of things too many  
8 times before, and this is just the latest iteration  
9 of it.

10           We've been through assessments and  
11 reviews and interviews that are specifically  
12 designed and focused on the I&C department, and  
13 people were tired of it. So it's kind of a  
14 spectrum of why it was viewed as a negative.

15           There was issues about what -- well,  
16 concerns, I guess, raised by staff reductions.  
17 Work scheduling issues, things have changed  
18 somewhat again since the moving of the I&C planners  
19 out and scheduling management function. So there's  
20 some things there that are, you know, bumps in the  
21 road, I guess.

22           Interestingly also, both from some  
23 front lines as well as the team leaders, talked

24 about basically, I'll say, concern, perhaps, for

25 lack of a better word, concern, that supervisors be

Enclosure

1 able to discharge their supervisory  
2 responsibilities and not be afraid of doing, if  
3 it's discipline or whatever that it takes, of not  
4 being afraid to do because the words would be taken  
5 out of context, twisted around and somehow come  
6 back on them. And both front lines -- some front  
7 lines, not all of them -- but a number have spoke  
8 to that as well as some of the team leaders.

9           Next slide, please?

10           MR. GWYNN: Barry --

11           MR. LETTS: Yes, sir.

12           MR. GWYNN: -- could I just interject  
13 for a moment? Two things. When you talked about  
14 the AOV transfer, you said early this year, but  
15 this is early 2004.

16           MR. LETTS: I'm sorry. It would be  
17 early 2003.

18           MR. GWYNN: 2003. I just wanted to  
19 make sure that that was clear.

20           MR. LETTS: Thank you.

21           MR. GWYNN: I thought I understood  
22 you. And -- and with respect to the independent  
23 assessment and the people who left you with the



24 impression that perhaps you were wasting their

25 time -- I guess that that's the way that I would

Enclosure

1 feed back what I heard you say -- sometimes people  
2 give you that sort of feedback because people are  
3 coming in asking them questions where there's not a  
4 problem, and sometimes they -- they get that  
5 impression because they're coming asking them  
6 questions where we've answered the questions before  
7 and nothing was done with the problems that we  
8 identified before.

9           Can you give me a sense for which  
10 camp this was in? Or was it something different  
11 from what I described?

12           MR. LETTS: Multiple questions in  
13 there. They're tricky ones to answer. I think  
14 that there was a sense -- again, as I said, we've  
15 been through this too many times before. I did ask  
16 a number of people -- when we made it clear that  
17 everybody who wanted to get interviewed would be  
18 afforded that opportunity, we really had little  
19 walk-up business. In fact, I believe it was two  
20 who actually sought me out through the ECP's  
21 offices to say, I'd like to talk to you. I asked  
22 some people -- when I said the word -- I read every  
23 interview, as I mentioned, you know, please pass

24 the word, anybody who wants to will be afforded the

25 opportunity to be interviewed.

Enclosure

1           How do you think that will be  
2 received? And I got a mixture of answers on that,  
3 to include, if people had problems, they would be  
4 in here talking to you. The problems aren't as big  
5 as some people would like others to believe they  
6 are, so that you're not going to get a lot of  
7 business. That was -- that was the view shared by  
8 a number of front lines who really answered that.

9           Others are, they don't want to do it  
10 because they've already done all this stuff before  
11 and nothing ever changes, I think which perhaps  
12 goes to your question.

13           So I got both slants on why there  
14 might not be a lot of people just seeking me out  
15 and asking.

16           Yes, Linda?

17           MS. SMITH: When you say front lines,  
18 and when you say the other people, what you're  
19 meaning is the front line supervisor position, or  
20 are you -- I'm not sure.

21           MR. LETTS: Front lines would be the  
22 I&C techs.

23           MS. SMITH: The techs themselves?

24 MR. LETTS: I'm sorry, the I&C

25 technicians would be front lines.

Enclosure

1 MS. SMITH: So you had technicians in  
2 both camps, technicians that thought things were  
3 going well, and, really, we don't need this effort  
4 because --

5 MR. LETTS: Yes.

6 MS. SMITH: -- it's not a problem,  
7 and then you also had some who -- who continued to  
8 be frustrated?

9 MR. LETTS: Yes, correct. Did that  
10 answer the question?

11 MR. GWYNN: I think it did. Thank  
12 you.

13 MR. LETTS: As to the  
14 safety-conscious work environment, we looked at  
15 this from the context of the NRC's policy statement  
16 on the willingness of the employees to raise safety  
17 concerns, either through their management chain or  
18 externally through the NRC.

19 And, again, the responses -- and  
20 without fear of retaliation being a key clause in  
21 that policy statement -- 24 out of 26, they were  
22 overwhelmingly positive in their willingness and  
23 ability to raise concerns, again, whether it was

24 internally through the management or externally

25 through the NRC.

Enclosure

1           Only two spoke of any type of fear of  
2 retaliation. I think this is significant in the  
3 sense that notwithstanding this deep -- fairly  
4 deep-seated feeling about this question of  
5 management trust, and by considerable portion of  
6 those folks that I interviewed, they still, to --  
7 almost to a person, obviously, just talking about  
8 the numbers -- feel very strongly about their  
9 willingness and ability to raise -- to raise  
10 issues.

11           Consequently, my conclusion, that a  
12 fairly robust safety-conscious work environment  
13 does exist within the I&C department itself.

14           Issue resolutions. I asked  
15 specifically the front line or the I&C technicians'  
16 opinions on I&C management's willingness to  
17 address -- and effectiveness in addressing safety  
18 concerns, broadly -- broadly interpreted safety  
19 concerns. And, again, it was very overwhelming  
20 relative to that particular question as to both I&C  
21 management's willingness to and effectiveness in  
22 addressing those types of issues.

23           And, again, even some of the folks



24 who are very dug in on the question of management

25 trust gave management credit for, you know, being

Enclosure

1 willing to address and effective in addressing  
2 those issues, and said -- and they believed  
3 management is genuine in that regard. So some very  
4 dug-in folks on the trust issues still answered  
5 very positively, you know, in that regard.

6           Also parched the question a little  
7 bit different, and that is, what was the front  
8 line's opinion, view, of I&C management's  
9 willingness to an effectiveness in addressing other  
10 concerns that may be more of an administrative  
11 and/or human resources nature. And -- and that  
12 elicited very mixed reviews. A segment of the  
13 front line's interview felt that there was no  
14 difference in the way management approached and  
15 handled those types of issues.

16           Another portion of those interviewed  
17 thought that they're still willing to do that, but  
18 they're much less effective, conceding that a lot  
19 of those types of issues may be outside the direct  
20 control of I&C management. And yet another portion  
21 of the I&C front lines felt that management maybe  
22 just doesn't seem to care as much about those types  
23 of issues and is not as effective in addressing

24 them.

25 Do I -- I guess back to the question

Enclosure

1 you asked me at the beginning, I felt that -- I  
2 felt some people weren't totally candid with me,  
3 but I spent a lot of time with these people, and  
4 I'd like to think that after 25 years in law  
5 enforcement, interviewing literally thousands of  
6 people in my career, I'm able to see through a lot  
7 of that and try to elicit comments, even from  
8 people who are reluctant to do so. I think I was  
9 able to do that, by and large.

10 I think there was some people who  
11 were playing it too cute with their responses and a  
12 little cagey, but I absolutely don't think that I  
13 was given any special dispensation and anybody was  
14 being particularly kind to me. I mean, right out  
15 of the block on a number of interviews, it was  
16 right in my face that, you know, I'm here because  
17 you asked me to be here, but you're just going to  
18 tell management exactly what they want to hear, and  
19 that's why they brought you here. And whose  
20 paying? Whose going to pay you? Management.

21 Well, what are you going to do?

22 So I don't believe I got handled with  
23 kid gloves, by any stretch of the imagination, and

24 yet I think that -- I feel very comfortable that we

25 got -- developed sufficient data in which to make,

Enclosure

1 you know, draw the conclusions that I drew in -- in  
2 this matter.

3           So with that, I'll turn it back over  
4 to Terry.

5           MR. MALLETT: Before you go on, I'd  
6 like to ask one question.

7           Do you believe that your effort was  
8 independent?

9           MR. LETTS: Yes.

10          MR. MALLETT: And why?

11          MR. LETTS: Well, nobody told me what  
12 they're expecting in the front end, in real simple  
13 terms, which is sort of what some of the rank --  
14 some of the front line sort of felt. I had no  
15 preconceptions going in. The background  
16 information was helpful. It stretched back to some  
17 10 years ago.

18          So there was -- I have no affiliation  
19 with APS or Palo Verde prior to this effort earlier  
20 this year. Again, I had no preconceptions about  
21 what I should find. No one tried to guide me in  
22 that regard. My conclusions are my conclusions.  
23 I've been out now one year, essentially, doing this

24 type of work for APS and other facilities.

25           What I like about it is, I like the

Enclosure

1 independence, because I get to say exactly what I  
2 think. And if somebody doesn't like that, they  
3 don't have to do anything with it. That --  
4 that's -- that's on the client, what they -- if  
5 they want to take any of my advice or any of my  
6 suggestions, that's up to them. But I get to say  
7 exactly what I say. They really don't like me,  
8 don't ever hire me again. And that -- that's the  
9 way this kind of business works. And I like the  
10 flexibility of the job. But I really like --

11           MR. MALLETT: We won't ask that  
12 question here.

13           MR. LETTS: But I feel totally  
14 independent, as I have so far this year on other  
15 issues.

16           MR. MALLETT: Did you feel that any  
17 of your findings or results were changed from what  
18 you felt was the true finding?

19           MR. LETTS: Absolutely not. I think  
20 a fair reading -- and, of course, flying back and  
21 forth this week, I've read the report over a few  
22 times, and I think a fair reading of it is, it's  
23 not exactly an overwhelming endorsement of how



24 management has done things. And this is -- this

25 trust issue is -- is out there. It's real.

Enclosure

1 Whether it's booked as fair or not is really  
2 immaterial because the feeling does exist. And  
3 then -- so you've got to deal with that, really.  
4 But -- but --

5 Yes?

6 MS. SALGADO: For the people that you  
7 selected for this interview, were any of these  
8 people you selected part of the new facing that you  
9 see in I&C? You know, there's a few people that  
10 are with other calls.

11 MR. RADKE: Apprentices?

12 MS. SALGADO: Right.

13 MR. LETTS: I spoke to two or three  
14 who were in the apprentice program. I think  
15 there's -- I'd have to check, but I think at least  
16 three who are apprentices and going through the  
17 qualifications, one of whom -- also, one of the two  
18 that sought me out specifically.

19 MS. SALGADO: Okay.

20 MR. LETTS: But I did -- I did try  
21 to -- and I also tried -- tried to mix a number of  
22 women in as well because of the historical sexual  
23 harassment discrimination matters that have

24 transpired over a number of years.

25 MR. MALLET: I had one other

Enclosure

1 question before you start --

2 MR. LETTS: Yes, sir.

3 MR. MALLETT: -- or before we go on.

4 And perhaps, Gregg, you'll want to answer this  
5 later. It has to do with how the staff and the I&C  
6 department, technicians and supervisors as well,  
7 felt about resolution of their issue that they  
8 brought forth. You mentioned issue resolution was  
9 a part of this program, and the feedback to  
10 individuals, was important to get back to them on  
11 how it was resolved.

12 And my question is related to that.  
13 It's how did they perceive? Did you get into that,  
14 as to how they perceived the -- very responded to?

15 MR. LETTS: Very favorable.

16 MR. MALLETT: Did they feel that it  
17 was --

18 MR. LETTS: Very favorable.

19 MR. MALLETT: -- addressed their  
20 issues, that sort of thing?

21 MR. LETTS: Very favorable on safety  
22 matters. They have safety meetings. We have  
23 weekly safety meetings. You have morning meetings.

24 And most of the testimony, overwhelming testimony,

25 spoke to the fact that when issues are brought up,

Enclosure

1 notes are made, actions are assigned, and there is  
2 an answer.

3           So relative to, again, safety issues  
4 broadly defined, very positive and very good.

5           When you broke it down into -- to --  
6 to administrative or human resource-type of issues,  
7 again, you had a mixed feeling. Some people  
8 thought management still did a fine job. Others,  
9 you know, for having had specific personal  
10 experience, felt otherwise on that. But on a  
11 safety matter, almost, not a hundred percent of the  
12 26 I&C front lines, but -- felt -- felt pretty good  
13 about that.

14           Also, the front lines also gave their  
15 team leaders very high marks as to across the  
16 board, if not being able to get them an answer,  
17 steering them in the direction in which they could  
18 get an answer. And that was -- that was really  
19 pretty uniform across the board.

20           MR. MALLETT: All right.

21           MR. OVERBECK: Let me just expand  
22 on that, on the answer a little bit. Barry  
23 described how the individual pieces of this

24 assessment, how the different groups felt about

25 different pieces of the assessment.

Enclosure

1 Overall, though, when we fed back the  
2 report to the employees, we gave them the entire  
3 report on a computer so they could read it. Some  
4 chose to read it. Some chose not to. We don't  
5 know who read it. I just know that some chose to  
6 and some chose not to. And I think that was some  
7 of the feedback that came out of yours.

8 And, you know, we did go back and  
9 subsequently -- and Terry is going to talk to this  
10 because we'll get through the details here -- of  
11 subsequent meetings with the staff, to feed some of  
12 that back. And the reactions were mixed, much the  
13 same as Barry has just described.

14 MR. LETTS: If I could add just two  
15 points before I close. On that issue, one of the  
16 statements made by -- by a number of folks who were  
17 speaking of the trust issue as stated, I won't  
18 believe what your -- what your results are unless I  
19 get to read them. If -- if management is going to  
20 walk in the room and just say, Oh, by the way, that  
21 assessment that we just did, here's what we found,  
22 that wasn't going to be good enough for -- for a  
23 certain percentage of the -- of the front lines.



24 They actually wanted to touch it or feel it or see

25 it themselves to believe it.

Enclosure

1           Also, on the question of satisfaction  
2 processes, I already mentioned about the feelings  
3 within I&C about the response -- responsiveness on  
4 safety issues. The interviews that I did, the  
5 handful that I did of I&C planner/advisors, it's in  
6 the report. It's on the last page or next to last  
7 page.

8           Clearly, those folks who  
9 apparently -- who appear to have been familiar with  
10 the process and issues, but they expressed some  
11 reservations about how issues are closed. And  
12 that's -- that's in their report, and I'm sure  
13 we're going to talk about that a little bit later  
14 as well. Thank you.

15           MR. OVERBECK: Terry?

16           MR. RADKE: Back to the time line,  
17 this shows that on August -- or excuse me -- yeah,  
18 August 6th -- Barry Letts issued the independent  
19 assessment report. On the next slide, it will show  
20 that on August 14th, the report was sent to the  
21 NRC.

22           The -- the next item here in the  
23 September time frame shows that, as Barry had

24 mentioned, we -- we took, we felt, an innovative

25 approach to make the independent assessment report

Enclosure

1 in its entirety available to all I&C and affected  
2 employees.

3 MR. SMITH: Terry?

4 MR. RADKE: Yes.

5 MS. SMITH: I was trying to  
6 understand why you chose to just put it on a  
7 computer as opposed to handing out, or what -- what  
8 was -- how did you see that affect the trust of the  
9 employees?

10 MR. RADKE: I think in -- in  
11 subsequent meetings that I'll talk about later,  
12 that was a comment from the front line, is that  
13 they felt the way we put the report out also  
14 alluded trust issues in that we did not provide a  
15 copy of the report.

16 And at that time, our thinking was it  
17 contains very sensitive information, material that  
18 we prefer would be read, digested, but not taken --  
19 printed and posted and moved around the site. So  
20 we looked at it from that aspect. It had some very  
21 sensitive information, you know, very frank, and it  
22 bridges into some confidentiality issues. So we --  
23 we felt that it would be best to make it available

24 in its entirety so that individuals could read it.

25 It's only 18 pages long, but we really didn't want

Enclosure

1 it to -- out in a printed fashion at all.

2           MR. OVERBECK: Let me just add to  
3 that. I mean, we had three choices. Leaders could  
4 have got up and talked to their report. We could  
5 have put it on a computer disk and provided it to  
6 employees, which we did over several weeks so they  
7 all could read it and they could read it several  
8 times if they so wanted to. Or we could have  
9 printed it and then passed it -- passed it out to  
10 everyone.

11           We chose -- you know, leaders getting  
12 up in front of people talking to it wouldn't have  
13 generated any trust. Sending it out in a written  
14 format, there was some sensitive information in it  
15 that might -- might be viewed negatively by other  
16 employees. And this was not something that was  
17 interviews across the site, but, rather, the I&C  
18 department. So we thought the best approach showed  
19 the best opportunity for success, plus to provide  
20 that in a computer format so they could all read  
21 it. So everybody that was interviewed had an  
22 opportunity to read what was the results of their  
23 interviews, unredacted, so that it was the complete

24 Barry Letts report.

25           The only other thing we could have

Enclosure

1 done was to have Barry come back, have the I&C  
2 meeting, and then read his report and answer any  
3 questions, which was another option, but we didn't  
4 consider it at the time. Maybe in hindsight, that  
5 may have been a better way to go. I don't know.

6 MS. SMITH: Thank you.

7 MR. RADKE: The -- I was going to go  
8 over the action that we took as the initial step to  
9 begin the process of -- this is the reason why we  
10 chose to provide the report to the I&C front line  
11 employees, and affected employees, was we were real  
12 interested at this point to, as our initial step,  
13 to begin the process of rebuilding trust and  
14 confidence with the front line employee, seeking to  
15 gain this common understanding of what the issues  
16 were, and we were also interested at that point in  
17 working together in the development of action plans  
18 to address the issue. So there's the piece on, you  
19 know, including the front line in the development  
20 of the action plans that we would put together and  
21 going forward.

22 The next item here shows a senior  
23 management meeting, and in early September we put



24 together, with all of the I&C leaders, so that

25 would be the department leader, the manger of the

Enclosure

1 department, his two section leaders, which are  
2 second line supervisors, and his eight team  
3 leaders, which is a foreman level and myself. We  
4 also included the planning/advising department  
5 leader and the planning/advising section leader in  
6 the I&C area.

7           The purpose of that meeting was to  
8 discuss the assessment results, so now it's just me  
9 talking with the I&C leadership team, and we're  
10 looking to -- I'm looking to obtain feedback and  
11 recommendations on how to begin the process of  
12 rebuilding trust and confidence, and, also,  
13 developing ownership with the I&C leadership team  
14 itself in the participation and the resolution of  
15 the concerns and issues.

16           I thought it was interesting that the  
17 I&C leaders themselves expressed the desire to me  
18 to meet with their teams themselves. So I thought  
19 that that showed the I&C front line leaders are  
20 comfortable in talking to their employees, and it  
21 bears out the Letts report findings that the I&C  
22 front line leaders enjoy a generally good working  
23 relationship with their employees.

24 We were looking to obtain I&C front  
25 line employee feedback to the assessment results,

Enclosure

1 so we wanted to talk directly to the front line  
2 about the assessment and the results. We were  
3 looking to solicit and document any additional  
4 issues that -- issues or concerns that were raised  
5 by I&C front line employees. So in those meetings,  
6 what we're interested in talking about, the Letts  
7 report and the responses and the reactions to that,  
8 as well as any other issues or concerns that --  
9 that they had that they'd like to raise.

10           And we provided a commitment to  
11 provide feedback and follow-up. We -- we would get  
12 back with them.

13           The team leader meetings, after the  
14 front line employees had the opportunity to review  
15 the report, we had the I&C front line leader  
16 meetings. And, again, that's at the foreman level.  
17 The meetings were conducted. The employees that I  
18 talked to, the team leaders that I spoke to in  
19 subsequent meetings, felt that the meetings with  
20 the front line were quite participative, they felt  
21 they were productive. People, for the most part,  
22 all participated and all provided feedback and  
23 additional issues and concerns which we documented.

24            Here's some of the feedback from  
25 those I&C front line meetings, so it's the team

Enclosure

1 leader's meeting with the front line, and the  
2 issues echo some of what Barry talked about, is the  
3 desire to see the management team, rebuild the  
4 trust and confidence in senior management. So  
5 they're -- they're looking for that trust and  
6 confidence to be restored.

7           They were looking for us to address  
8 resource utilization efficiencies in their work  
9 area, and those efficiencies are in the work  
10 scheduling process and in how we do work in the I&C  
11 area. Keeping open, honest and a consistent line  
12 of communications, open on decisions that affect  
13 the front line folks. So here's this -- this  
14 common theme, again, is they -- they want to be  
15 part of the resolution process.

16           Looking to resolve issues outside of  
17 the I&C department span of control. So as Barry  
18 said, it seemed we did real well on issues that we  
19 had total control of ourselves. Where we fell  
20 short, I think, is when we needed to go outside of  
21 our area of ownership, be it the I&C area or the  
22 maintenance area, or if I -- sometimes I believe  
23 I've not done as good a job as I could have in

Enclosure

24 maybe dealing with engineering on modification

25 issues that the planning/advising employees had

Enclosure

1 been raising to me.

2 MR. CHAMBERLAIN: When you use the  
3 term "senior management," what are you talking  
4 about?

5 MR. RADKE: At this point, I'm a  
6 senior manger, so --

7 MR. CHAMBERLAIN: So is that --

8 MR. RADKE: -- we're talking myself  
9 and -- and Gregg.

10 MR. CHAMBERLAIN: And anybody above  
11 you? Or is that --

12 MR. RADKE: Yeah, pretty much anybody  
13 above us.

14 The next bullet is to receive the  
15 respect of the management team for them and their  
16 contributions to the organization. And in this  
17 particular area, I feel like the I&C techs have had  
18 tremendous accomplishments to the success of our  
19 facility. They have been able to take their  
20 backlog numbers down from -- from levels of 150,  
21 175 items, down to as low as 45 and 40. So a  
22 tremendous effort they put forward in getting the  
23 backlogged items worked out, getting the Palo Verde



24 enunciator boards to blackboards all through units,

25 resolving corrective action deficiencies associated

Enclosure

1 with control and instrumentation. They've done a  
2 tremendous job.

3           And where I have not personally done  
4 a tremendous job is recognizing them for those  
5 achievements and -- and their contribution to the  
6 organization.

7           The planners/advisors, for example,  
8 have -- they planned three outages last year. They  
9 met every planning milestone that was in front of  
10 them. They did a tremendous job in preparing the  
11 facility for the success of the steam generator  
12 replacement outage, and from a procedural  
13 standpoint, and reviewing the reliability-centered  
14 maintenance information, the advising function in  
15 performing PM changes and honing our program to  
16 improve equipment reliability. These folks are --  
17 are the focal point in getting that done.

18           And, again, tremendous contributions.  
19 And I don't feel that I've done a very good job in  
20 recognizing those contributions over the last year.  
21 And, actually, in my tenure from 1999 on, I could  
22 have done a lot better job.

23           The last item is that common theme

24 which is, you know, make sure the group feels

25 included in the identification and the resolution

Enclosure

1 of the issues. And I'll -- I'll talk more about

2 that.

3           We conducted a follow-up meeting with  
4 the I&C leaders to ensure that we had all of the  
5 issues documented, issues and concerns, and we  
6 wanted to work together to develop the specific  
7 action plans addressing additional issues and  
8 concerns raised during the I&C front line meetings,  
9 which were independent of the Letts assessment. So  
10 we received a lot of good feedback on the Letts  
11 assessment. I think overall both groups felt that  
12 the assessment was an accurate depiction of current  
13 conditions, and we received a lot more information  
14 on other concerns and issues, and we documented  
15 those.

16           At this point, we're developing  
17 action plans to address the issues and concerns  
18 specific to both the I&C area and ones that were  
19 more global to Palo Verde.

20           Linda?

21           MS. SMITH: When you said you had  
22 the -- a whole list of issues now, have you had  
23 much success resolving those issues? Or are they

24 all still mostly open?

25 MR. RADKE: No, we're doing a real

Enclosure

1 good job on resolving them. Many of them were --  
2 we were able to get together pretty quickly and  
3 resolve them. I'll give you a good example. And  
4 one of them involved weld screens. As you walk to  
5 Unit 3 Admin building there, to get to the I&C  
6 shop, our welder's shop is right there. And many  
7 times they would walk up on the area, and where the  
8 residents are housed, and they would see welding in  
9 progress and make comments that they felt that  
10 there should be weld screens up for 50 feet prior  
11 to approaching the welders. And they were  
12 frustrated that -- that we had not taken some  
13 action on that.

14           So it was a fairly easy one to work  
15 with the weld leadership and take care of that. So  
16 many of them we've resolved. There are some large  
17 ones that are taking a lot more time and effort.

18           MS. SMITH: Thank you.

19           MR. RADKE: So the point I wanted to  
20 make, also, is that there -- there are two areas of  
21 focus here, the I&C action plans, proper and more  
22 global ones to all of Palo Verde.

23           MR. CHAMBERLAIN: Let me ask you a

24 question on the example you used about the weld

25 screens.

Enclosure

1           Had that been entered into a  
2 corrective action system previously and  
3 dispositioned?

4           MR. RADKE: Huh-uh, I'm not aware of  
5 that. I really can't answer.

6           MR. CHAMBERLAIN: You don't know if  
7 it's a new issue or --

8           MR. RADKE: To listen to the I&C  
9 front line, it sounds like an issue that had been  
10 raised a number of times, and they -- I think there  
11 were attempts to correct it, but the attempts were  
12 not successful. So I don't know at what level  
13 those attempts. From my aspect, it was quite easy  
14 to resolve.

15          MR. CHAMBERLAIN: The reason I asked  
16 that, because you've given us the impression that  
17 across the board, people are willing to enter  
18 things in the corrective action program. There's  
19 an example maybe that you could analyze to say,  
20 okay, we understand the issue, now we're fixing it,  
21 we think it's important to fix, why -- what  
22 happened to it in the past that it didn't get  
23 fixed?



24 MR. RADKE: And I don't know the  
25 answer. I -- we can look that up if you'd be

Enclosure

1 interested in follow-up.

2 MR. SONTAG: We're interested. We  
3 need to follow up on that.

4 MR. RADKE: The action specific to  
5 the I&C department -- I want to run through those  
6 pretty quickly here -- is that the maintenance and  
7 I&C department management have and will continue to  
8 attend various shop meetings in the I&C work areas.  
9 And the types of shop meetings I'm talking about  
10 are safety meetings. They have morning meetings at  
11 7:15. So there are plenty of opportunities for  
12 management to increase their visibility and  
13 accessibility to not only the I&C front line  
14 employees but the I&C leadership team as well. And  
15 that goes as well for senior management, client  
16 services, human resources representatives, and  
17 employee concerns department staff.

18 We're looking for them to -- and they  
19 have already started this, the periodic visits to  
20 the I&C work areas to increase accessibility.

21 I know that Gregg has been attending  
22 safety meetings fairly regularly. I've been to  
23 safety meetings and shop meetings in all of the

24 areas. So we're really trying to improve our  
25 management visibility and accessibility in that

Enclosure

1 area.

2           The third item there is to resolve  
3 I&C front line issues from the feedback meetings.  
4 So as you had commented, I gave you a -- what I  
5 thought was a relatively easy one to resolve. We  
6 did document all of the issues. One of the things  
7 that we did was put together an I&C advisory board,  
8 consisting of front line folks that volunteered to  
9 be on it, that wanted to make a difference, and  
10 wanted to have the ability to help resolve some of  
11 the longstanding issues. We did that to make sure  
12 that the group feels included in those  
13 identification or resolution of issues, and that  
14 they're working with us to help prioritize the  
15 items that we picked up from the front line  
16 meetings.

17           Kind of interesting, we've already  
18 had some real positive impact from that front line  
19 advisory group. Now, I'll give you a simple  
20 example, and it involved fire protection work that  
21 the I&C shop had picked up, primarily in the  
22 detection function of the fire protection on-site.

23           The management team was looking to --

Enclosure

24 and I&C has very well-defined teams that tackle  
25 particular equipment, so they have areas of

Enclosure

1 expertise where the team is responsible for plant  
2 protection or reactor protection systems. We  
3 thought that it would be best served to reduce the  
4 backlog in this particular fire protection area by  
5 putting together a team to focus on the work and  
6 get the work worked off.

7           We gave that to the advisory board.  
8 They came up with a very innovative approach that  
9 we have adopted, and they preferred not to take  
10 away from the existing I&C teams to form a fire  
11 protection team, but they preferred to divide up  
12 the fire protection work amongst the existing  
13 teams, allow them to qualify on that particular  
14 specialty, and then go after the work in that  
15 manner.

16           So I think we really saw the fruit of  
17 what that advisory team can do for us in, you know,  
18 helping resolve those issues, and then they own it  
19 from that point. So I thought that worked real  
20 well for us.

21           MR. SATORIUS: Sticking on the fire  
22 protection, if I recall from one of your  
23 assessments, either Barry's or it might have been

24 your own, wasn't particularly viewed as positive by

25 a number of I&C personnel. Isn't that right?

Enclosure

1 MR. RADKE: That's correct. And --  
2 but I think the reason why it wasn't viewed as  
3 positive was from the aspect that they thought  
4 that, I think to quote, that it was simple and  
5 mindless work.

6 MR. LETTS: Something along those  
7 lines.

8 MR. RADKE: It wasn't very  
9 complicated. And, you know, these folks are very  
10 skilled technicians, and I think they inherited  
11 this work and felt that, you know, it wasn't as  
12 exciting as some of the things that they do, so  
13 we're trying to spice it up a little bit for them.

14 MR. MALLETT: Have to give them some  
15 of our circuit analysis --

16 MR. OVERBECK: They would love that.

17 MR. RADKE: They're -- they're  
18 very --

19 MR. OVERBECK: They would love that.

20 MR. RADKE: -- very intelligent,  
21 professional employees.

22 The last item there I wanted to talk  
23 about was -- well, actually, you switched slides on



24 me here.

25 This senior management to meet with

Enclosure

1 the I&C leaders quarterly to access progress made  
2 and revise as necessary our action plans, you know,  
3 make sure that our action plan goals are being met.  
4 I've already had the first of those meetings. I  
5 have now included Mike in them. They're actually  
6 his meetings, but he's not going to quite let go of  
7 me, I think, on these, until he's comfortable.

8           We also have a monthly meeting with  
9 just myself and now Michael and the two managers  
10 from the departments, I&C and I&C  
11 planning/advising, again, just to kind of status,  
12 how are we doing.

13           The next slide is Palo Verde specific  
14 action plans. And these are more global in nature,  
15 and they're applicable to the entire Palo Verde  
16 organization. And items we came up with were  
17 managing employee concerns trading -- training --  
18 and we provided that to all Palo Verde leaders.  
19 And we really piloted it in the maintenance area.  
20 We really saw the value for all Palo Verde  
21 employees. And I think Harry and Russ might have  
22 got a chance to sit in on one of the classes. But  
23 we saw real benefit there to -- to get our leaders

24 back up to speed again on managing employee

25 concerns.

Enclosure

1           We've had an effort to increase the  
2 site-wide communications on the issues, Integrated  
3 Issues Resolution Program. We'll talk more about  
4 that a little bit later, but that we see that as --  
5 as something we need to keep getting out in front  
6 of people. The programs that we have, we need  
7 to -- they all need to be cognizant as to what they  
8 are.

9           Front line training on issues  
10 resolution and safety-conscious work environment  
11 will be conducted for our employees in 2004. And  
12 we've already -- and it's really answering one of  
13 your questions. We've had iterations of, we call  
14 it, Can We Talk training years ago, and a  
15 continuation of it was, Let's Keep Talking. And I  
16 don't know what our tag line for this particular  
17 front line training will be, but it's -- it's  
18 something that it's timed, it's due again to get it  
19 out in front of our employees again as to the  
20 programs that we have, how we expect them to be  
21 used, and a general knowledge of the -- of the  
22 entire program.

23           The last item is a site survey.

24 We'll complete that in 2005. And we're really

25 looking to gauge the work environment employee

Enclosure

1 willingness to raise safety concerns. So we --  
2 we're looking for some time there to allow the  
3 corrective actions that we've taken to take place,  
4 and then we'll perform an effectiveness review in  
5 2005.

6 MR. CHAMBERLAIN: I don't necessarily  
7 want a history, but on this site survey you're  
8 going to do in 2005, do you have a baseline to  
9 compare it against?

10 MR. OVERBECK: We do not have a  
11 baseline survey. This -- that will be the first  
12 survey in Palo Verde's history, probably for the  
13 last several years.

14 MR. CHAMBERLAIN: Okay.

15 MR. OVERBECK: Go ahead. I'm sorry.

16 MR. WISE: I was just going to ask,  
17 on a previous slide, you indicated that you were  
18 going to meet on a quarterly basis with the I&C  
19 team leaders to gauge progress. I guess I would,  
20 you know, wonder if there's any plans that  
21 management, whatever they happen to be or whoever  
22 they happen to be, is there going to be any  
23 attempts made to go below that and you meet with

24 the front line employees to find out how the I&C

25 team leaders are doing? Because some of the

Enclosure

1 information we got was, well, I'm not sure about my  
2 leader, and so they would be a -- that would be a  
3 good check for you to find out, are the things that  
4 you're expecting your team leader to communicate,  
5 are they, in fact, getting to that level.

6           MR. RADKE: And I think that's a good  
7 comment. We'll -- we'll have -- we typically have  
8 had all-hands meetings where, you know, it allows  
9 us the opportunity to -- to talk directly to the  
10 front line. I think you also will have your answer  
11 questioned -- or your question answered -- by Mike  
12 Shea here as well. I think you'll be happy with  
13 what you hear from him.

14           MR. OVERBECK: Well, Mike, that was  
15 you.

16           MR. SHEA: That was a great lead-in  
17 there. Thank you.

18           Good afternoon, ladies and gentlemen.  
19 As Gregg said, I took over maintenance January 1st  
20 of this year, 2004. I transferred from training.  
21 I spent over 20 years in radiation protection. I  
22 started as a traveling technician, working around  
23 the industry, several different plants in the



24 United States. So I do feel as though I still

25 carry a good perspective of the kind of issues that

Enclosure

1 our technicians deal with on a daily basis, so I --  
2 I plan to -- to make addressing the issues to the  
3 I&C techs and any other maintenance personnel, for  
4 that matter, bring out one of my highest  
5 priorities.

6 I also plan to make sure this is a  
7 priority of all the maintenance leaders as well.  
8 I've already stopped by -- in my week and a half in  
9 this position now, I've started stopping by the  
10 morning meetings in the shops just to introduce  
11 myself, make sure the front line folks know who I  
12 am. I've worked with a lot of them, but I don't  
13 know all of them, and I'm sure some of them don't  
14 all know me, so I'm making that a priority right  
15 off.

16 I'm currently gaining an  
17 understanding of the issues at hand. There's an  
18 awful lot of history here. I have reviewed the  
19 independent assessment report. I'm familiar with  
20 our action plan as we've gone over. I received  
21 turnover from Terry. Terry will be just down the  
22 hall as well, so I will -- I'm sure I will continue  
23 to have to ask him about stuff.

Enclosure

24 I'll continue to meet with the I&C

25 leaders. I'm going to meet with the I&C front line

Enclosure

1 as well as make myself accessible to them. You  
2 know, a little bit of what we've heard from --  
3 from -- from Barry's investigation is, to some  
4 extent, some people are a little bit tired of  
5 formal meetings on it, so I'm going to try to blend  
6 that where I make myself as accessible for maybe  
7 informal conversations off to the side kind of  
8 things as -- as much as I can.

9 I plan to discuss this meeting with  
10 the I&C staff. In a sense, we have the luxury of a  
11 transcript. I plan to get that to the I&C's staff  
12 as soon as I can, just to try to get them as much  
13 information and try to build as much trust about  
14 what we're doing going forward here as I can.

15 I believe I can bring a fresh  
16 perspective to addressing the employees' issues.  
17 I'm committed to implementing the action plan and  
18 then taking any additional actions that I need to  
19 going forward. I don't -- I don't fantasize  
20 that -- that we've identified absolutely everything  
21 we need to do as information. And, you know, Terry  
22 and I have already talked about that. As new  
23 things come forward -- we've already gotten those

24 things from the front line meeting -- I'll have to

25 adjust the action plan going forward.

Enclosure

1           That's -- I thank you very much.

2           Now, I -- get the next piece.

3           During 2003, through self-assessments  
4 and MITRs and contract -- and the contract exit  
5 process, over 380 employees were interviewed to  
6 confirm that an open environment exists for raising  
7 safety concerns without fear of retaliation. So  
8 what I'm going to do is similar to what Terry has  
9 been doing here, I'm going to cover a time line and  
10 give you some examples of different parts of our  
11 process that were used during 2003 and specifically  
12 where we've interviewed -- where we did  
13 face-to-face interviews with folks and talked about  
14 safety-conscious working environment.

15           First one you'll see there is --

16           Could you back up? I'm not quite  
17 there.

18           The water reclamation facility.  
19 Palo Verde is a little unique. Most of you-all  
20 know this, but I'll cover it anyway. Palo Verde is  
21 a little unique in that we use effluent from  
22 Phoenix, from the Phoenix area, to cool or supply  
23 of the water for our cooling towers. The water rec

24 facility is a very large water treatment plant

25 located adjacent to the three generating units.

Enclosure

1 Now you can flip.

2 A new plant manager went over there

3 in -- in the beginning of the year, I believe

4 actually late in 2002. And he had a few employees

5 bring up some concerns to him. Because of that, he

6 asked employee concerns and the human resources

7 department to do -- to interview some employees and

8 specifically about their willingness of the water

9 rec employees to bring up concerns.

10 As you see at the -- at the top of

11 the slide, we -- he used the manage -- the MITR

12 process to document that and get it started. The

13 results of those interviews, 100 employees were

14 interviewed. I believe there's 103 employees at

15 water rec.

16 MR. OVERBECK: There's a total of 126

17 employees. Five of those are contractors. About

18 130 front line employees.

19 MR. SHEA: Ah. Okay. Thank you for

20 that clarification.

21 26 percent felt they would be

22 retaliated against for raising concerns. Not a

23 good thing. Specifically, though, the



24 investigation found that this was -- was -- was

25 very focused on a leadership issue. Some

Enclosure

1 leadership changes were made as a result of this  
2 investigation. The follow-up, which I'll discuss  
3 later in the year, during our Integrated Issues  
4 Resolution Process self-assessment, as a follow-up,  
5 interviews were performed of water rec employees,  
6 and at that time, we found that there was an  
7 improved environment for raising concerns.

8           Next.

9           MR. MALLETT: Did you have a  
10 percentage of them that felt they would be  
11 retaliated against at that point in time for  
12 raising concerns?

13           MR. OVERBECK: Peter Rail might know  
14 the answer to that.

15           MR. MALLETT: I recognize --

16           MR. OVERBECK: When we -- when we did  
17 a follow-up, we followed up with six employees out  
18 of water rec, so it's a smaller sample size. So I  
19 don't believe that -- all six of those felt  
20 comfortable in raising concerns.

21           MR. MALLETT: Okay.

22           MR. SHEA: The next one you'll see in  
23 April of 2003, as part of the Davis-Bessie SOER

24 evaluation at Palo Verde, interviews were also  
25 performed.

Enclosure

1 Next slide.

2 The purpose of the interviews were to  
3 determine if a nuclear safety -- or if nuclear  
4 safety is compromised by production priorities.  
5 The scope of that was 123 Palo Verde employees  
6 interviewed. The results were 98 percent reported  
7 clear expectations from management regarding  
8 identification and elevation of concerns, and none  
9 of the employees expressed an unwillingness to  
10 raise nuclear safety concerns.

11 Next slide.

12 MR. MALLETT: That's the result we  
13 like to see.

14 MR. OVERBECK: That is a significant  
15 result, yeah.

16 MR. SHEA: Then in August of the year  
17 we did our integration -- our Integrated Issues  
18 Resolution Process interviews, or, I mean,  
19 assessments. The purpose of the interviews during  
20 that assessment were to determine employees' views  
21 of the IIRP process and as well as determine if we  
22 have a safety-conscious work environment. 76  
23 randomly selected employees interviewed were

24 interviewed by ECP and HR industry peers. And

25 these were not -- not Palo Verde employees but

Enclosure

1 peers that came in to help us with this.

2           The results, all interviewed  
3 employees were comfortable raising safety and  
4 quality concerns to their leaders without fear of  
5 retaliation. We have -- they felt we had a  
6 credible and effective IIRP process. But a theme  
7 we have already talked about a little bit here,  
8 they said there was a need to increase the  
9 awareness of the IIRP process.

10           Okay? In October of 2003, an issue  
11 was raised by an employee. An operations employee  
12 felt scheduled work assignments were too demanding,  
13 which could have safety ramifications. Again, the  
14 operations leadership took that and opened a MITR.  
15 They additionally went and asked HR and employee  
16 concerns to conduct interviews with reactor  
17 operators and auxiliary operators to ascertain if  
18 the other operators felt the work schedule was  
19 unrealistic and demanding.

20           The results were, of the 20 operators  
21 who were interviewed, none felt that the work  
22 schedule was unrealistic. This result was shared  
23 with the employee by office leadership, and an

24 action plan was developed.

25           During those interviews, it was also

Enclosure

1 verified, the operators felt comfortable raising  
2 safety concerns to their leaders.

3 MR. SATORIUS: Mike, what was the  
4 vehicle that permitted this office employee to  
5 articulate his concern within your process?

6 MR. OVERBECK: He communicated it to  
7 his ops leadership. My understanding is he  
8 communicated to his ops leadership. It rose up to  
9 a department leader for operations in Unit 3. He  
10 went to employee concerns and asked for their help  
11 in interviewing his other operators to make sure  
12 that he understood the scope of -- of his issue.

13 And the MITR was opened.

14 MR. SATORIUS: The MITR was opened by  
15 the management?

16 MR. OVERBECK: Management, to  
17 document the --

18 MR. SATORIUS: But just so I  
19 understand, make sure I've got it clear, there was  
20 no corrective action-type document or IIRP.

21 MR. OVERBECK: He went through what  
22 we would expect. He went to his leadership and  
23 raised it up that way.



24 MR. SATORIUS: Okay.

25 MR. OVERBECK: And they -- they took

Enclosure

1 it on from there and had some ownership with it and  
2 opened the management plan.

3 MS. SALGADO: Could you clarify that  
4 that scheduled work was during outages, or just  
5 normal --

6 MR. OVERBECK: I do not know, Nancy.  
7 We could find out for you. I do not know. Peter  
8 probably knows.

9 MR. STROUD: I'm sorry. What was the  
10 question specifically that you were --

11 MS. SALGADO: If the individual had  
12 issues with the scheduled work during outages or  
13 just normal work?

14 MR. STROUD: Okay.

15 MR. OVERBECK: My limited -- my  
16 limited understanding is that he was concerned  
17 about the work scope that he got on a particular  
18 day, and, subsequently, in conversations with him,  
19 that was -- was discussed with him, how he could  
20 ask for help from other operators who were willing  
21 to give it. So I'm not sure exactly where we stand  
22 today on that, but I believe it was associated with  
23 more of a date, sort of work-out activities.

24 MR. SHEA: Next slide, please.

25 In -- in December, you'll see, we

1 have contractor interviews there. The -- I'll  
2 cover that, contractor exit interviews. We put  
3 that at the end of the year since we had a large  
4 number of contractors for our fall outage, but  
5 these interviews, in fact, took place throughout  
6 the year.

7           And the reason for these contractor  
8 exit interviews is to provide -- or to get feedback  
9 to assess the environment for raising concerns.  
10 The scope -- the employee concerns department picks  
11 contractors randomly from the major contract  
12 companies, those employees who are exiting. During  
13 the year, they did 70 of those, and they have a  
14 pretty comprehensive questionnaire that they go  
15 through and talk to the folks and gather the data.  
16 And the results of that were they all -- all the  
17 contractors interviewed felt comfortable raising  
18 safety concerns without fear of retaliation.

19           MR. SATORIUS: Mike, just so I  
20 understand, these -- these -- I think you said  
21 these -- these are routinely done throughout the  
22 year, just you roll them up in December. Is  
23 that --

24 MR. OVERBECK: Yes.

25 MR. SHEA: Yes, sir.

Enclosure

1 MR. OVERBECK: Let me -- let me make  
2 sure it's clear. We do exit surveys so everybody  
3 gets -- everybody at least at Palo Verde gets a  
4 survey.

5 MR. SATORIUS: Irrespective of  
6 whether the contractor or --

7 MR. OVERBECK: A subset of those are  
8 selected for interviews, and this is that subset,  
9 during the course of the year.

10 MR. SHEA: And this is just kind of a  
11 summary table that goes through and shows you the  
12 different processes and dates during the year,  
13 organizations involved, and the number of folks  
14 that we interviewed.

15 MR. MALLETT: Before you go to your  
16 conclusion, when you look at the slide that you had  
17 on the IIRP interviews and you talked about  
18 increasing the awareness of the IIRP, was one of  
19 the results, that you needed to do that?

20 MR. SHEA: Yes, sir.

21 MR. MALLETT: My question is: How do  
22 the managers of each of these pieces -- I apologize  
23 for not having all the acronyms down -- but in the

24 IIRP process, how do those managers go out and

25 survey the staff to get their views on the process,

Enclosure

1 is it working, are they still wanting to use it, to  
2 answer those type of questions?

3 MR. OVERBECK: Let me just try to  
4 rephrase the question to make sure I got it right.

5 Out of our four processes, and the  
6 owners of each of those four processes, how do they  
7 go out and survey the other leaders to find out if  
8 the processes are being used?

9 MR. MALLETT: Right, and -- and/or to  
10 find out if people are aware of them, and there's  
11 an issue of training, and something like that.

12 MR. OVERBECK: Let me -- let me ask  
13 the question. The major program that we use is the  
14 corrective action document, the CRDR, and we do  
15 independent self-assessments and audits on the  
16 corrective action -- on that portion of the  
17 corrective action product.

18 The management, the MITR, and the  
19 employee concerns, we do a self-assessment  
20 during -- and we have done -- it used to be an  
21 audit every two years. Now we have done a  
22 self-assessment this year, and that's how we -- how  
23 we measure the effectiveness of that program.



24 MR. MALLETT: And when you do those  
25 self-assessments, does that include talking to

Enclosure

1 individuals that use the process?

2 MR. OVERBECK: Yes, it did. It

3 did -- it did -- one of --

4 You're going too fast for me now.

5 One of these -- that one right there

6 is an assessment, self-assessment, where we

7 interviewed employees and front line and leaders.

8 There's some leaders involved in that, I believe.

9 I can't tell you how many, but Peter probably

10 could. How is this program working? And that's

11 how he measured effectiveness.

12 MR. MALLETT: When they conduct --

13 I'm leading up to my final question.

14 MR. OVERBECK: Okay.

15 MR. MALLETT: When they conduct these

16 interviews, do they go out in the plant to do that,

17 to talk to the workers as they're in their work

18 environment?

19 MR. OVERBECK: Yes, they do. My --

20 my understanding is they actually go into the

21 plant. I would have to get that verified.

22 MR. MALLETT: The reason I asked is

23 one of the findings we had from our look was that

24 some of the people felt uncomfortable even knowing

25 who was responsible for what piece of the program

Enclosure

1 and who that person was.

2 MR. OVERBECK: I know that in the  
3 case of the water rec, Peter Rail and the HR folks  
4 went to the water rec facility and interviewed  
5 employees there rather than bringing them over  
6 somewhere else.

7 MR. MALLETT: Right.

8 MR. OVERBECK: I think there's a  
9 number of folks that do know who Peter Rail is in  
10 the employee concerns, but, evidently, not many of  
11 them know him that well in the I&C group, and we're  
12 going to correct that.

13 MR. MALLETT: Thank you.

14 MR. SHEA: All right. So in  
15 conclusion of that, we believe we have a sufficient  
16 sample of employees during 2003 that were  
17 interviewed across the site to confirm that an open  
18 environment exists for raising safety concerns.

19 Okay. Rusty?

20 MR. STROUD: Russell Stroud. I'm  
21 glad to be speaking. Thank you very much.

22 I'll be talking to you today about  
23 the inspection results from the inspections that

24 were conducted on-site at Palo Verde in mid

25 December, and which were mentioned earlier before

Enclosure

1 we started the presentation.

2           As we've talked through the various  
3 slides and aspects of our program, we've covered a  
4 great many of the questions that were raised  
5 subsequent to the inspection. We'd like to take a  
6 few moments here to talk about two areas of  
7 particular interest to us, and one of those being  
8 the potential for a degradation of the Integrated  
9 Issues Resolutions Process, and specifically the  
10 use or lack of use of CRDRs, and also speak to the  
11 increase in the number of issues being raised to  
12 the NRC.

13           As has been addressed, many of the  
14 findings from the inspection that was conducted in  
15 mid December have been confirmed, or at least we  
16 have data similar to those findings, which suggests  
17 that we're on the same page on quite a many of  
18 these issues. And so I'll speak just in terms of  
19 some of the information that we have from reviewing  
20 NRC allegations that have been referred back to us.

21           The most recent information we have,  
22 which was gathered from the NRC web page, was that  
23 there were 26 NRC allegations for Palo Verde for

24 the year 2003. Of those 26, 15 were referred back  
25 to APS for investigation. As we've looked at

Enclosure

1 those, we've looked at the areas that are  
2 mentioned, or the subject areas of the allegations  
3 that have been referred back to us, and in breaking  
4 those down, we see that the majority of those are  
5 relative to the I&C department. Three of them have  
6 been self-identified by APS and are the result to  
7 the access authorization order and information that  
8 we fed back to the region.

9           So three of them come from -- from  
10 that area. Two of them have been in the area of  
11 contractors, one in ops, and one in security. The  
12 main thing that we wanted to highlight with this  
13 slide, though, is that minus the self-identified  
14 issues, we do have the agreed-upon area of concern  
15 here, the I&C area, which is showing a great deal  
16 of activity as far as NRC allegations.

17           MR. MALLETT: Russ, before you go on,  
18 I wanted to make a statement. As Mark Satorius  
19 said in the beginning, we look at the programs and  
20 try to assure ourselves that you are conducting, or  
21 promoting, I guess is a better term, environmental  
22 people that can bring up safety concern. One of  
23 the indicators we used is the number of allegations



24 that we receive. And if you look at the web page,  
25 you'll see Palo Verde go along at a certain level,

Enclosure

1 and then you'll see a jump in that number. And  
2 that's one of the reasons we -- we started this  
3 process of asking you, Are you assured that your  
4 environmental people feel free to bring up safety  
5 concerns.

6 And I just wanted to make that  
7 statement. That's part of the basis for us  
8 starting our concern.

9 MR. OVERBECK: And, Bruce, I -- I do  
10 really -- I do understand that, and that's the  
11 reason why I opened my statements earlier with the  
12 fact that we understand that there's an increase in  
13 allegations and we are concerned about it.

14 MR. STROUD: With that being said, if  
15 there's no questions, I'm going to refer back to  
16 Michael now to -- he's going to talk through some  
17 of the condition report disposition request data  
18 that we have.

19 MR. SONTAG: And what I'd like to do  
20 at this time is kind of go over the elements of the  
21 IIRP program. A question came up earlier, what we  
22 saw as far as numbers, populations within those  
23 groups, so I'm going to go through and review data

24 for you, present data, the CRDR program, the DPO

25 program, the MITR program, and employee concerns.

Enclosure

1           What we'll look at is the typical  
2 numbers we saw for 2003 and the previous years, and  
3 then we'll also go from the site down to  
4 maintenance organization, and, if applicable, down  
5 to the two shops that we're also referring to here.

6           I'll start off with the CRDR program.  
7 Actually, before I get specific on the CRDR  
8 program, make sure everybody's baseline, the CRDR  
9 program is one of three elements of Palo Verde that  
10 makes up our corrective action program. This slide  
11 shows the CRDR program in the center, which is  
12 typically for plant program process human  
13 performance-type issues.

14           To the far left of the face of the  
15 slide, you'll see the work control or corrective  
16 maintenance work order process, and that's  
17 typically used for equipment-identified issues, and  
18 is, again, the corrective action documents you  
19 typically see the mechanics or the trades-type  
20 people work to.

21           On the far right -- and it's more of  
22 a minor population issue at Palo Verde -- is  
23 procurement vendor-type of area or issues

24 identified there.

25 Total population of these three

Enclosure

1 documents at Palo Verde is typically 10 to 11,000  
2 per year, which is very typical to other power  
3 plants.

4 Moving on, we'll talk specifically of  
5 CRDRs. What this slide shows us is --

6 MR. SATORIUS: Could I ask a question  
7 on the previous slide real quick? And I'll make it  
8 quick.

9 MR. OVERBECK: Please back up.

10 MR. SATORIUS: And that is --  
11 everybody -- there's more than one way to skin a  
12 cat.

13 MR. SONTAG: Correct.

14 MR. SATORIUS: So licensees, you  
15 know, develop whatever programs.

16 I want to go on the far left here.

17 And if you have hardware problems  
18 where you have a valve that fails three times in  
19 the course of a year such that there's something  
20 going on there, that there needs to be a recall,  
21 there needs to be an evaluation, there needs to be  
22 corrective action taken to replace the valve, or  
23 whether you need to maintain it any differently or

24 whatever, is there a vent process in there?

25 MR. SONTAG: Yes.

Enclosure

1 MR. OVERBECK: Yes. Let me answer  
2 that question. The -- you know, if it broke three  
3 times, it'd get three work orders to fix.

4 MR. SATORIUS: Right.

5 MR. OVERBECK: Probably on that  
6 second work order, it's either maintenance through  
7 a functional failure, or there is a negative trend  
8 identified, and a CRDR is written to get through  
9 costs.

10 MR. SATORIUS: Okay. So it kicks  
11 over to the CRDR program, because that's where your  
12 root cause counts are located, is in the CRDR  
13 process?

14 MR. SONTAG: There are two things  
15 that will get it there. Typically, what you see  
16 for equipment issues at Palo Verde, you'll see a  
17 work control document to correct the condition.  
18 You will also typically see a condition report  
19 written on that to evaluate the maintenance rule  
20 impact. Maintenance rule, functional failures and  
21 impacts are evaluated under the CRDR program, and  
22 it is deemed that it's not a maintenance rule  
23 failure and it's not a repeat failure or an



24 increasing trend that will be closed to the work

25 rule document to fix the component.

Enclosure

1           If it is a maintenance rule failure  
2 or a repeat failure or a trend, and any appropriate  
3 actions, whether it be an apparent cause or a root  
4 cause, will be conducted under the CRDR program.

5           MR. SATORIUS: Okay. Thanks.

6           MR. SONTAG: The CRDRs -- this slide  
7 indicates CRDRs issued from 1999 to 2003.

8           MS. SMITH: That's for all three  
9 units?

10          MR. SONTAG: This is for all three  
11 units. This is for the site. And as we can see  
12 for year 2003, we generated approximately -- the  
13 site generated approximately 3,922 CRDRs, which is  
14 a 28 percent increase from year 2002.

15          Now, we also note this year, or  
16 during the year 2003, we had a renewed management  
17 emphasis on reporting low threshold issues, as well  
18 as we implemented a more formal management  
19 observation program.

20          Taking this down to the maintenance  
21 organization -- next slide please.

22          MR. GWYNN: Just for my  
23 clarification, you also replaced steam generators

24 on Unit 2. Have you looked at what that

25 contributed to?

Enclosure

1 MR. SONTAG: Yeah, we saw -- when we  
2 looked across there, of course, we had two outages  
3 each year, fall and spring, and, typically, for  
4 each outage, each year to year, we also see an  
5 uptick in CRDRs generated during that period.

6 We did see a considerable uptick, but  
7 the contributions to the 28 percent was observed  
8 month-to-month, with the larger percentage being  
9 during those outage periods. But we did see an  
10 increase in CRDR generation every month of the  
11 year, and it also was focused at a higher  
12 percentage during the outage.

13 MR. OVERBECK: Does that answer your  
14 question? We saw an increase from month to month.

15 MR. GWYNN: That steam generator  
16 replacement took place over several years, and so  
17 for this year, where the activity really peaked, I  
18 understand that you did a lot of work related to  
19 those steam generators, and I was just curious as  
20 to whether you did anything to try to determine to  
21 what extent.

22 MR. SONTAG: Well, I understand your  
23 question. If you're looking at what total roll-up

24 for the year is, I don't have -- we have not

25 analyzed that, or I'm not aware of that data to

Enclosure

1 determine if, as a result of us preparing for the  
2 steam generator replacement project, that that was  
3 a result of the total increase. I don't have that  
4 data.

5 MR. OVERBECK: I mean, I think the  
6 salient point here -- we kind of anticipated your  
7 question -- and what we do know is that  
8 month-to-month, the -- there was an increase in  
9 2003.

10 MS. SALGADO: Mike --

11 MR. SONTAG: Yes.

12 MS. SALGADO: -- on this number for  
13 2003, you said that there was a low number of DPOs  
14 because people felt comfortable coming back to you  
15 and saying, you know, the resolution of this CRDR  
16 doesn't satisfy -- or let's reopen it and let's  
17 relook at things.

18 Can you tell me a percentage of how  
19 many you had to reopen?

20 MR. SONTAG: I don't formally track  
21 it with my program, but what I do have is I have  
22 metrics that we monitor each month where the  
23 oversight group and my group, performance

24 improvement, goes back and we sample a percentage

25 of the adverse condition reports along with

Enclosure

1 significant, and we sample them for effectiveness,

2 and do they do what they're supposed to do.

3           And some of the feedback that we pick  
4 for our samples come from the line organization, so  
5 while I don't track the percentage of feedback I  
6 get from the line, I do have a monthly performance  
7 indicator which tells me out of the percent I  
8 looked at, how many of them were accepted, and we  
9 do track that monthly, and that's provided through  
10 our management.

11           MR. OVERBECK: But we could probably  
12 get that number for you.

13           MS. SALGADO: Well, I was just  
14 curious on a monthly basis. Let's go that route.  
15 How many times does somebody come to you and say --

16           MR. SONTAG: Oh, we sample 10 percent  
17 of the average CRDRs every month. Again, when I  
18 say average CRDRs, this is random sample outside of  
19 audit CRDRs and outside of significant additional  
20 reports which are requirements by us to review.

21           We sample typically 23, 24 of those  
22 adverse CRDRs a month. I would say we get one to  
23 two calls, maybe -- sometimes three follow-ups with



24 requests to look at, further explore.

25           The next slide shows the CRDRs

Enclosure

1 initiated by the maintenance organization, and as  
2 with what we saw across for the site numbers, we  
3 did see an increase in CRDRs generated by the  
4 maintenance organization in 2003, and of note here  
5 is within the maintenance organization, we have  
6 seen an increase in trend in CRDRs generated over  
7 the last several years.

8           This next slide illustrates from the  
9 numbers of CRDRs generated by the maintenance  
10 organization, which was 874 for year 2003, of all  
11 the employees within maintenance, 36 percent of  
12 them had generated at least one or more of those  
13 CRDRs. So this indicates that they actually logged  
14 on the machine and entered that CRDR into the  
15 process themselves.

16           Again, what you see here, what's very  
17 notable to us, is the increase in the last several  
18 years of that comfort or that willingness to  
19 generate those CRDRs within that maintenance  
20 organization.

21           Now, what I'd like to do is this  
22 number, 36 -- I'm going to screen on down -- this  
23 is the maintenance organization, and I'm going to

24 screen down to the I&C technicians and the I&C

25 planner/advisors to compare and contrast what we're

Enclosure

1 seeing here as far as their willingness to generate  
2 the CRDRs.

3           Next slide, please.

4           This next slide shows us the percent  
5 of the I&C technicians in that shop that are  
6 generating the CRDRs for 2003. We see a number of  
7 58-1/2 percent. This is a very strong number. It  
8 shows a very positive trend. We see the increasing  
9 trend over the number of years within that shop, so  
10 it shows a very strong willingness of the I&C  
11 technicians. And, again, they stand out across  
12 from the maintenance organization as a whole,  
13 36 percent compared to this group of 58-1/2  
14 percent.

15           Now I'd like to show or discuss what  
16 we saw when we looked at the I&C planners and  
17 advisors.

18           For 2003, out of all the CRDRs  
19 initiated by that shop, the I&C planners and  
20 advisors, 83 percent of them had generated at least  
21 one if not more CRDRs. Not only is that high for  
22 the maintenance organization, it is one of the  
23 highest on-site, and indicates, one, that they're

24 very comfortable generating the CRDRs. They're not

25 shy about using the system. And we do show over

Enclosure

1 the last three or four, three years, or two years  
2 preceding this, very positive, upward trend in this  
3 arena.

4 MR. OVERBECK: Let me -- let me make  
5 a comment here. In 2000, we implemented a brand  
6 new site-wide work management system, computer  
7 system, and there was spin-up time to learn how to  
8 use that system. And I believe all these graphs  
9 will show that learn-up, spin-up time, and as  
10 employees become more comfortable with the computer  
11 program, it's easier to write -- for them to  
12 initiate the CRDR rather than have somebody else do  
13 it for them.

14 MR. SATORIUS: Couple questions.  
15 Wouldn't you expect your planners, just typically,  
16 your future planning staff, former craft that have  
17 moved on into planning --

18 MR. RADKE: That's correct.

19 MR. SATORIUS: So they're -- they're  
20 kind of your grave here, so to speak. Both the  
21 craft had been around a while and understand the  
22 system. I would -- wouldn't it be your expectation  
23 that your planners probably generate the majority

24 of your CRDRs --

25 MR. OVERBECK: Yes.

Enclosure

1 MR. SATORIUS: -- or at least are  
2 most proficient at it?

3 MR. OVERBECK: Let me try to answer  
4 your question. The answer is, yes, we would  
5 expect. And because our I&C technicians are highly  
6 skilled individuals, we expect a higher percentage  
7 out of them, so I don't think any of these numbers  
8 was surprising.

9 What we're responding to is -- is  
10 the -- during the debrief, what we heard was an  
11 unwillingness to use the CRDR process, or never  
12 have written, or would not write. And that's what  
13 we're responding to here with these slides, is that  
14 our indication is that they are writing CRDRs  
15 and -- and do know how to do that.

16 MS. SMITH: And toward that, I don't  
17 completely understand exactly what that 83 percent  
18 is.

19 Did you get all of the CRDRs that  
20 were written by the shop and then sort them into  
21 piles to see who wrote them?

22 MR. SONTAG: What I can do is, out of  
23 that shop, they generate 57 CRDRs for that year.



24 Now, they have 18 planners divided within that

25 group. And we did it, we took these 57 CRDRs which

Enclosure

1 put them by name, if you will, electronically, and  
2 we showed that out of the 18 advisors, 15 of those  
3 had written one or more of those 57 CRDRs.

4 MS. SMITH: Thank you.

5 MR. SATORIUS: Who's -- who's the  
6 real perspective -- where does the I&C stand with  
7 the other craft, like mechanical maintenance or  
8 electricians?

9 MR. SONTAG: The -- extremely high,  
10 again. Within the maintenance as a whole, we  
11 typically see 35, 36 percent initiation. So with  
12 the I&C technicians being at 58, approaching 60  
13 percent, they're high compared to the typical craft  
14 trade. And, again, I don't believe that number  
15 surprises anyone. It is typically what you would  
16 expect to see.

17 Again, the point I'd like to also  
18 make here is we're showing people that actually  
19 generate the CRDRs what we really focus on on-site.  
20 Can you identify an issue, or are you aware of an  
21 issue? You bring it -- you either generate it  
22 there or bring it to the attention of the leader or  
23 some other peer who will generate that CRDR, and

24 that's really what our focus is, to make sure the  
25 problems are promptly identified or resolved.

Enclosure

1 Harry?

2 MR. FREEMAN: If a technician has an  
3 issue and he goes and talks to his team leader, and  
4 the team leader actually initiates the CRDR, does  
5 it get -- are you counting him as having initiated  
6 a CRDR, or is he actually --

7 MR. SONTAG: No. On the computer,  
8 what we looked at is who signed on the computer and  
9 initiated under their employee I.D. That's what we  
10 had to look at.

11 MR. MALLETT: Let me ask you a  
12 question. You show a lot of statistics. And I  
13 recognize you have to have some indicator as to our  
14 people, and are they not using your process for  
15 raising concerns.

16 But if you look at this slide which  
17 shows the technicians, 58.5 percent, 2003, you used  
18 the, as you called it, CRDR process. That means  
19 41.5 percent, if my math is correct, didn't use it.

20 How do you assure yourselves that  
21 that 41.5 percent will raise the safety issue that  
22 you can resolve?

23 MR. SONTAG: What we do is -- of

24 course, when I initially looked at the numbers, I

25 want to make sure I understand them, and that shows

Enclosure

1 the people that we are seeing are actually logging  
2 on and entering or writing a CRDR. Through our  
3 assessments, our surveys, as well as each NRC  
4 baseline inspection, we get feedback on those,  
5 because 10 to 15 percent of those look at PI&R  
6 issues.

7           Our follow-up questions, our  
8 assessment interviews, we look to see if there are  
9 adverse conditions or quality issues and feel that  
10 are not being promptly identified and written in  
11 the proper corrective action document. So through  
12 our assessments, our interviews, our audits, as  
13 well as feedback from info and a regulator, that's  
14 how we assess the health of whether issues are  
15 being identified and promptly entered into an  
16 appropriate corrective action program.

17           MR. OVERBECK: Bruce, let me -- let  
18 me add that I believe that's, certainly looking at  
19 the charts here, a valid question. But the major  
20 focus is that an employee feels comfortable raising  
21 a concern, and that that then gets documented in  
22 our system. It can be documented -- and we asked  
23 them to raise their concerns, at least through

24 their leaders, and leaders can get those

25 documented.

Enclosure

1 Many of the CRDRs that we generate  
2 are generated by leaders. So the other 41 percent  
3 are probably -- Gregg's opinion was they're  
4 generated by leaders.

5 Our assessment, Barry, Mr. Letts'  
6 assessment of I&C, is that they're very comfortable  
7 in raising safety concerns. They don't have any  
8 trouble telling us what's wrong. And I believe  
9 that -- that this just shows their comfort level  
10 with using the computer system and writing the  
11 CRDRs themselves. And it's improving.

12 MR. MALLETT: The reason this is not  
13 on our statistics -- and I understand your comment.  
14 But one of the indicators we look at is to see,  
15 right or wrong, are people using the processes you  
16 have in place, because if they start not using the  
17 processes you have in place, then it could lead to  
18 where they aren't raising the safety issues --

19 MR. OVERBECK: Exactly.

20 MR. MALLETT: -- and that's the  
21 reason I raised the question.

22 MR. OVERBECK: And we look at those  
23 numbers as we have presented them to you to make



24 that -- I'm very concerned that if I see my

25 corrective documents start falling off or my work

Enclosure

1 orders start falling off, and I don't have a  
2 reasonable explanation of why, then, I've got a  
3 problem. And that's the reason why we look at  
4 these as part of our audits. What's the numbers  
5 doing and why are they doing what they're doing?

6 MR. SONTAG: The other comment I'd  
7 like to make there, just before Gregg's discussion,  
8 is we have performance indicators we read every  
9 month. And we publish out a corrective action  
10 health report, which I can provide a copy of.

11 And in that health report, one of the  
12 things we do monitor is what we call the  
13 criticality index, which is broke down by each  
14 organization such as operations, engineering and  
15 division's engineering, maintenance, RP. And what  
16 we have is we have a two-year norm of what  
17 percentage of CRDRs within that shop. They have  
18 self-identified before it became self-revealing.

19 So we have a two-year norm, we have a  
20 one-year norm, and we monitor that monthly. And if  
21 we even see it on a monthly review, large decrease,  
22 we go back to that department leader, that  
23 director, and ask him, What's changed? Have you

24 changed the management? Have you changed

25 expectations?

Enclosure

1           So we do monitor this, and with our  
2 metrics, we have what we feel are very detailed  
3 metrics for corrective action program help, and we  
4 also provide those.

5           MR. MALLETT: The reason we're  
6 dwelling on this so much is when we interviewed  
7 individuals, we got the feeling that a lot of them  
8 would not raise the issue through the process.

9           MR. OVERBECK: When we heard that, we  
10 were surprised, and we went back and looked at our  
11 metrics and collected data through our database,  
12 trying to provide information there that shows that  
13 they are using the process.

14          MR. MALLETT: And we appreciate that.  
15 I recognize these are all samples, and you're  
16 trying to use an indicator to get it resolved. I  
17 would encourage you to keep looking at that area,  
18 to make sure that people are using the processes.

19          MR. OVERBECK: Yeah, we're duly  
20 alerted. It does appear they are using the  
21 process, and we will continue to try to improve.

22          MR. SONTAG: The comment that was on  
23 the telecom that I can add to now while we're

24 talking the topic here, is in March we have a

25 nuclear assurance oversight audit of corrective

Enclosure

1 action programs scheduled.

2 MR. SATORIUS: March '04?

3 MR. SONTAG: Yes, that is correct.

4 That's scheduled for a two-week period. The scope  
5 has not been set. Typically, through the scope, we  
6 will look at previous audit findings. Of course,  
7 we look at our licensing documents and permits. We  
8 will look at the industry operating experience as  
9 far as other plants that are having 71152  
10 inspections, typical like issues. We will look at  
11 our self-assessment findings. And, also, our scope  
12 is provided to all senior management, prior to the  
13 audit, for their input of areas they want to have  
14 evaluated.

15 So this is scheduled in March, and we  
16 will conduct an audit, and we will be able to  
17 assess, again, with that audit, to help our  
18 corrective action programs.

19 The next slide, leaving CRDRs, would  
20 be DPOs. And as we had mentioned earlier, as we  
21 already brought up, during 2003 we had two DPOs  
22 generated. I'd like to point out, the bulk of  
23 those DPOs did come out of the maintenance

24 organization. Just a fact I'd like to state.

25 Historically, we have not seen much

Enclosure

1 activity in DPOs, so year-to-year, the raise of  
2 four down to one is basically insignificant. We  
3 believe, or I believe, that historically we have  
4 not seen much activity in this area, through the  
5 willingness of our employees and their leaders to  
6 challenge, and with all these technical issues  
7 internal to the corrective action program.

8           So, typically, we do not -- or we  
9 don't believe they were all up to the DPO level  
10 under most cases.

11           What I'm going to do from this point  
12 is go through and show additional data from the  
13 other aspects of the IIRP programs. I did mention  
14 under the MITR program, we did have a lower  
15 threshold area for human resources, referred to as  
16 employee issues resolution comparison. And on each  
17 one of these slides I talk to here, you'll see that  
18 we have total site represented, and then the  
19 maintenance organization, and then we break it down  
20 and we have combined the I&C technicians and I&C  
21 planners.

22           We have not seen, across the site,  
23 within the maintenance organization, or within the



24 I&C planning technicians, a degradation of use or

25 reluctance for our numbers of use in the IR -- I --

Enclosure

1 excuse me -- EIR program.

2 MR. OVERBECK: Yeah, just to make  
3 sure we're clear on this, this is an informal  
4 process. I have an issue on pay. I go to an HR  
5 representative and ask him to look into my pay  
6 situation. That is an employee issue resolution.  
7 They'll look into the pay issue and hopefully get  
8 it resolved.

9 I either got paid correctly and  
10 you're going to explain it to me, or I got paid  
11 incorrectly and you'll revise the paycheck. That's  
12 a contact point. That's what's being measured  
13 here.

14 You do see a spike in human resource  
15 activity in 2003 from this chart, but you see no  
16 substantive change in maintenance or I&C. And,  
17 again, I was trying -- we were trying to make sure  
18 you see all the data for all of our programs. This  
19 is an informal process. If an issue here is large  
20 enough, the policy issue, then a MITR may be  
21 written at that point.

22 MR. SONTAG: Next slide, please.

23 Again, following along with the MITR

24 program, this is comparison of the MITRs issued by

25 the site within maintenance group and within I&C

Enclosure

1 planning over the last four or five years. And as  
2 we can see here, we have seen an increase in MITRs  
3 generated by the site within the maintenance  
4 organization, and you see a spike in 2003 for the  
5 specific I&C shop/planning.

6 But what I'd like to also point out  
7 here is we have renewed emphasis and focus with the  
8 management team specifically within that shop.

9 Out of those six MITRs initiated in  
10 2003, I would believe a large percentage of those  
11 were initiated by the management team to help  
12 document and help assure we have thorough  
13 resolution of problems.

14 MR. GWYNN: Do you have a list of the  
15 subjects that those MITRs were written in?

16 MR. OVERBECK: Yes, we do.

17 MR. GWYNN: Do you have -- can you  
18 give us a sense for the nature of the issues that  
19 were being addressed by management in those MITRs?

20 MR. OVERBECK: In the presentation,  
21 we have put the MITR number on top of the  
22 presentation, where, in the presentation material,  
23 we discussed one of those items. So, I mean, some

24 of them is what Terry discussed during his

25 presentation, some of the issues that he discussed.

Enclosure

1 Okay.

2           So we -- we tried to -- we tried to  
3 give you a feel for where they were -- MITRs --  
4 management MITRs probably were written.

5           MR. GWYNN: So of the six in I&C, you  
6 have addressed each of those in this presentation?

7           MR. OVERBECK: No, I didn't say that.

8           MR. RADKE: No, we haven't --

9           MR. SONTAG: Maybe two or three.

10          MR. RADKE: We'll have to provide you  
11 that information. Off the top of my head, the  
12 initial issue that I talked about in January, that  
13 was a MITR condition. Employee raised the concern  
14 to me. I documented it on a management issue  
15 tracking resolution, so I opened that one up. And  
16 as I mentioned, I did close that out with the  
17 employee.

18          There are several other situations  
19 that -- that arose during the year where we used it  
20 as our tool, the document, the issue. Another one  
21 involved a -- a rather heated discussion in the  
22 shop with the leader involved, and a couple of  
23 front line employees.

24            We asked some questions about whether  
25 that was chilling the rest of the folks that were

Enclosure

1 in the shop that overheard that, documented that on  
2 a Management Issues Tracking Resolution. So I  
3 think what we owe you is to be able to -- if I sat  
4 here long enough and went over them, I could get  
5 all six of them. More than likely, they're all in  
6 my name. But I think we'll owe you that  
7 information.

8           MR. OVERBECK: I believe I have one.  
9 I'm dealing with an I&C employee that was concerned  
10 about why he didn't get selected for a job  
11 position, and we're working with him on that.

12           MR. MALLETT: You raised an  
13 observation of another point on these -- you had  
14 indicated to us -- and that is, you saw an argument  
15 in the maintenance shop area, if I heard you right,  
16 and you raised the issue as to whether that was  
17 going to have a chilling effect on others in the  
18 shop, and that's the kind of information we don't  
19 see when we do our spot checks, but it's good data  
20 to have.

21           I want to raise another question.  
22 When you look at the MITR comparison chart between  
23 1999 and 2003 -- and I need to heed my own words.



24 In reading statistics, too much into them is

25 dangerous.

Enclosure

1           However, when you look at it, your  
2 totals at the site on MITRs prior to 2003 were a  
3 small percentage from the maintenance and I&C area.  
4 But in 2003, they're all from the maintenance and  
5 I&C area, if I'm reading the chart correctly. Is  
6 that correct?

7           MR. OVERBECK: That is what the chart  
8 probably is telling you, Bruce, but I think what  
9 we're trying to do is qualify that by saying,  
10 management is aware of issues in the I&C shop, and  
11 management is opening MITRs on some of the I&C  
12 issues to make sure that we properly track them and  
13 document them.

14           So some of that increase you're  
15 seeing is -- is as a result of -- a result of  
16 increased management awareness.

17           MR. RADKE: What I heard Bruce say,  
18 though, was that of the 17 we had in 2003, all but  
19 six of them came out of my area.

20           MR. MALLETT: Well, what I heard him  
21 say was different, I'd say. Out of the 17 total  
22 per site, if I'm reading this right, 17 came out of  
23 the maintenance area.

24 MR. RADKE: That's incorrect. 11 --

25 11 came out of maintenance. That included --

Enclosure

1 MR. MALLETT: Oh, I see. And that  
2 included the six.

3 MR. RADKE: Correct.

4 MR. MALLETT: Okay.

5 MR. SATORIUS: So the six is a subset  
6 of the 11?

7 MR. RADKE: That's correct.

8 MR. MALLETT: I'm glad you clarified  
9 that.

10 MR. OVERBECK: And the 11 is a subset  
11 of the 17.

12 MR. RADKE: That adds up to 17.

13 (Simultaneous speakers speaking).

14 MR. MALLETT: Because I was worried  
15 about the other departments and what happened in  
16 those departments.

17 OVERBECK: And it adds up to 17. I  
18 understand your question now.

19 MR. SONTAG: Moving on with the last  
20 life or ECP, or Employee Concern Program  
21 comparison. Again, the same comparison we looked  
22 at with the other two programs. We have not seen a  
23 degradation or decrease in use of the ECP program.

24 I mean, the site perspective or within maintenance

25 were relatively I&C. We just haven't seen that

Enclosure

1 much input to make a determination one way or the  
2 other.

3           So, again, our point is out of these  
4 IIRP programs, while we're truly sensitive to the  
5 usage on-site, continually monitoring, to date we  
6 have not seen an impact where it has had impact or  
7 showed as an impact to any of the four programs we  
8 discussed under the IIRP program.

9           MR. OVERBECK: Let me make a point  
10 here on this slide. The maroon color there  
11 indicates I&C, and it continues to show some low  
12 level of activity of I&C employees that have used  
13 employee concerns. So it is being used by the  
14 group, but it also does reinforce the -- the  
15 message that we heard, that maybe they don't know  
16 about the employee concerns program or who runs it.  
17 And additional communications is definitely needed,  
18 as indicated by this chart.

19           MR. CHAMBERLAIN: Yeah, the fact that  
20 NRC allegations are increasing and employee  
21 concerns are not, you know, tells me something,  
22 that either they don't know about it or they don't  
23 believe they'll get the kind of response they want

24 from employee concerns.

25 MR. LETTS: In my report, we talked

Enclosure

1 about that, and a number of folks would ask if  
2 they're able to reduce. And the answer is, not  
3 familiar with it. Well, not -- have never used it.  
4 I imagine I could, and knew of it, imagine I could,  
5 but couldn't really -- I think it's in the report  
6 itself, couldn't foresee the need to have to go  
7 that route because, historically, they've been able  
8 to get stuff dispositioned through their  
9 management.

10 MR. OVERBECK: Okay. I guess what  
11 I'd like to do at this point is kind of summarize.  
12 This afternoon we provided you lots of information.  
13 We are aware of the increased number of NRC  
14 allegations and are concerned about it.

15 In early 2003, before allegations  
16 started to increase, Palo Verde became aware of  
17 increased volume of employees issues in our I&C  
18 department through the internal processes,  
19 specifically, the IIRP.

20 Today we provided a time line that  
21 shows that we self-identified the issue and  
22 performed an independent assessment of the I&C  
23 area.



24           As a normal course of business, our  
25 time line also shows that we have conducted

Enclosure

1 interviews of hundreds of employees in various  
2 organizations and we shared those results with you.  
3 But they show a strong willingness to raise safety  
4 concerns.

5           We commissioned an independent  
6 investigator which told us that several employees  
7 in I&C have a -- that several employees, a number  
8 of -- better to say a number of employees -- had --  
9 in I&C, have a distrust for senior management and  
10 some felt undervalued, but in the end, they stated  
11 they would raise their safety concerns.

12           We took the unprecedented step to  
13 make the report available to I&C employees. And  
14 that was in the interest of being open and honest  
15 with them with the results.

16           We took immediate actions across the  
17 site to train leaders on issue resolution processes  
18 last year, so as a result of this, we have been  
19 training all leaders during the course of the year.  
20 I've also sent a letter to each employee from the  
21 desk of Gregg Overbeck and have had -- I've  
22 sponsored several Palo Verde news articles on the  
23 issue resolution process to try to improve the

24 communications of this process, which was one of  
25 your major points here today to us.

Enclosure

1           In parallel, we've conducted I&C and  
2 I&C planner leader-led issue meetings. We have  
3 attempted to increase senior management visibility  
4 and availability in the shops. I personally have  
5 gone to safety meetings. I've stopped into the  
6 shops to try to increase their availability to me  
7 to talk about issues, and they have.

8           We've also implemented and put in  
9 place an I&C front line advisory panel who will  
10 further help us understand. And we've had a lot of  
11 input in some of the issues affecting the shop.

12           In the December 2003 NRC inspection  
13 and debrief, NRC likewise concluded their employees  
14 would raise safety concerns, but the major issue  
15 was, again, mistrust of management that was  
16 identified. And we seem to be in sync with that  
17 finding.

18           In addition, your staff raised  
19 questions about the corrective action process and  
20 our integrated issue resolution process as a whole.  
21 We presented today our review and analysis of  
22 self-assessments, interviews and process data.

23           We conclude that the CRDR process is

24 not eroding but getting stronger. Our informal

25 processes and the IIRP process is used by hundreds

Enclosure

1 of employees. But more importantly, our process  
2 identified increased level employee use, and  
3 corrective action is underway.

4           Our analysis and your feedback  
5 indicates that further communication of this  
6 process, the integrated resolution process, would  
7 be beneficial, and we will take that as action.

8           As a matter of fact, in last week's  
9 all-hands meetings setting off the new year, I  
10 discussed the integrated resolution process and my  
11 desire that employees raise safety concerns through  
12 their leader, not comfortable with their leader,  
13 through human resources, if not comfortable with  
14 that, with senior management or employee concerns,  
15 using either the CRDR, the MITR, the DPO, or  
16 employee concerns process. And I also reminded  
17 them that they can always go to an outside agency,  
18 including the NRC. But we really wanted to hear  
19 their safety concerns.

20           In 2004, resolving employee issues  
21 will remain a top priority. We plan training for  
22 front line employees on the integrated resolution  
23 process in 2004. We will also conduct another

24 issue resolution process self-assessment again this

25 year to measure our success.

Enclosure

1           Following the -- this training and  
2 communication effort in 2004, we will conduct a  
3 site-wide survey in 2005.

4           We appreciate the opportunity to meet  
5 with you today and discuss our assessment, or  
6 actions, and thank you for your attention.

7           MR. SATORIUS: Okay. Thank you.  
8 There are -- I'm going to look to the NRC staff  
9 right now. There are, oftentimes, when -- after  
10 receiving as much information as we received, it is  
11 a necessity for maybe us to excuse ourselves and  
12 caucus to see if we have any questions. If not,  
13 we'll direct back to you. So I'll look -- I think,  
14 Bruce, you were okay.

15           Did any of the staff feel that we  
16 needed to caucus to determine whether we have  
17 further issues we wanted to -- I'm seeing no. I  
18 guess -- I don't see any need to caucus.

19           The next point would be to ask the  
20 one member of the public that is present, we've now  
21 come to the point of the meeting where if you have  
22 any questions that you have for either  
23 participants, we would hear from him at this point.



24 MR. AUDAS: No questions. I thought  
25 it was a very informative meeting, and gave me some

Enclosure

1 food for thought.

2 MR. SATORIUS: Well, thank you very  
3 much.

4 Before I go ahead and close, Bruce,  
5 you had a few comments you wanted to make in  
6 closing?

7 MR. MALLETT: I do have. First of  
8 all, we appreciate your coming in in view of the  
9 efforts we know it took to get here for the  
10 weather. And we think it was a very important  
11 meeting to have and to have today, so we appreciate  
12 those efforts.

13 As you can see by the number of  
14 individuals we have here and the level of  
15 individuals, that this is a very important subject  
16 for us to ensure, as I said in the opening remarks,  
17 that you promote an environment where individuals  
18 feel free to bring up safety concerns.

19 The information you have provided to  
20 us is invaluable, and we'll digest it not only from  
21 what we obtained at the site, but what we have  
22 received today.

23 And if we have any questions as to

24 whether you're continuing to promote a

25 safety-conscious work environment, we'll raise

Enclosure

1 those back to you.

2           There are a couple of things down the  
3 road that are going to occur communication-wise for  
4 most of you. We do owe you a response to your  
5 November letter to us, your latest letter. Part of  
6 that delay was to wait on this meeting to evaluate.  
7 Another part of it was to -- for us to do an  
8 independent look ourselves of your program.

9           We started that process by having  
10 Russ Wise and Harry Freeman come to the site. We  
11 are including that as part of our problem  
12 identification resolution inspection, which we'll  
13 continue to complete down the road. I'm not  
14 leaving this issue open, however. In the meantime,  
15 we'll get back to you on your November letter and  
16 the results of this meeting.

17           We will continue to look and ask  
18 ourselves the question whether you are continuing  
19 to promote a safety-conscious work environment,  
20 and, again, we'll have to see what that means,  
21 whether we come out next year and look at you, or  
22 is it a question we'll have to answer ourselves.  
23 But I don't want you to walk away from this meeting

Enclosure

24 thinking that the energy is not going to continue

25 on. It's important to us to do that. And you

Enclosure

1 should continue to look yourselves.

2           If at some point down the road you  
3 have a question as to where we are in that process,  
4 please feel free to ask us and call and we'll  
5 certainly feel free to ask you.

6           MR. SATORIUS: I really have nothing  
7 further that I wanted to close with.

8           MR. MALLETT: Does anyone else on our  
9 staff?

10          MR. GWYNN: I'd like to make an  
11 observation with respect to our own organization,  
12 and that is, that it has been our experience over  
13 time that our staff responds to management's  
14 admonition that we identify and act on safety  
15 issues in a timely fashion, that staff is much more  
16 receptive to that admonition when, in fact, we  
17 recognize them for having done what we asked them  
18 to do, and to the extent that they're comfortable  
19 with it, that we recognize them in a public way so  
20 that others can see that, in fact, management's  
21 words and actions are consistent.

22          And I just suggest to you that you  
23 look to see whether or not you're doing the same

24 type of a thing, because it's been a value to us

25 here to have that type of visibility where

Enclosure

1 employees are, in fact, comfortable with management

2 taking that sort of an action. Thank you.

3 MR. SATORIUS: Any other comments

4 from the staff?

5 Seeing none, I'll adjourn the

6 meeting. Thank you again.

7 We're off the record.

8 (Off the record at 4:11 p.m.)

9 -----

10

11

12

13

14

15

16

17

18

19

20

21

22

23



24

25

Enclosure



**Arizona Public Service**

# **Employee Issues**

**USNRC Region IV  
Arlington, Texas  
January 14, 2004**



# Introduction

**Gregg Overbeck, Sr. Vice President, Nuclear**

**Terry Radtke, Director, Operations**

**Mike Shea, Director, Maintenance**

**Scott Bauer, Dept. Leader, Regulatory Affairs**

**Michael Sontag, Dept. Leader, Perf. Improvement**

**Peter Rail, Dept. Leader, Employee Concerns**

**Ronald Fenex, Advisor Human Resources**

**Ken Manne, Sr. Attorney, Law Department**

**Russell Stroud, Sr. Consultant, Regulatory Affairs**

**Barry Letts, Letts Investigative & Security Svcs.**



# Agenda

- ◆ **Introduction**
- ◆ **Integrated Issues Resolution Process (IIRP) Overview**
- ◆ **Palo Verde Independent Assessment**
- ◆ **Independent Assessment Actions**
- ◆ **Interview Results**
- ◆ **NRC Inspection Feedback**
- ◆ **IIRP effectiveness**
- ◆ **Summary**



**Scott Bauer**  
**Department Leader, Regulatory**  
**Affairs**



# Issues Resolution

- ◆ **Palo Verde Policy 301, PVNGS Issue Resolution**
  - Establishes guiding principles to achieve a work environment that protects employee's rights to raise any issue without fear of retaliation
- ◆ **Integrated Issues Resolution Process (IIRP)**
  - Provides a process and programs for raising issues



# **Integrated Issues Resolution Process (IIRP)**

- ◆ **Process that provides multiple avenues for addressing issues**
- ◆ **Encourages:**
  - **Prompt Identification of Concerns**
  - **Open Communication**
  - **Chain of Command Involvement**
  - **Identification Through Most Comfortable Mechanism**
- ◆ **Describes responsibilities of leaders and employees**



# **Integrated Issues Resolution Process (IIRP)**

- ◆ **Provides four programs for raising concerns**
  - **Condition Report/Disposition Request (CRDR)**
  - **Management Issues Tracking Resolution Program (MITR)**
  - **Differing Professional Opinion (DPO)**
  - **Employee Concerns Program (ECP)**
- ◆ **Concerns can be raised to NRC at any time**





# **Condition Reporting/Disposition Request (CRDR)**

- ◆ **Mechanism to identify and resolve conditions/issues of a technical/safety nature**
- ◆ **Flexible enough to be used for a wide variety of issues**
- ◆ **Compliments the Work Control Process**
- ◆ **Initiated by anyone**
- ◆ **No provision for confidentiality**



# Condition Reporting/Disposition Request (CRDR)

## ◆ Initiated from:

- Site Work Management System (database)
- Desktops using eCRDR
- Kiosks in the plant using eCRDR
- Paper CRDRs

## ◆ Feedback to the Originator

- informed of CRDR assignment
- informed of evaluation completion

## ◆ Appealed through the DPO process



# **Management Issues Tracking Resolution (MITR) Program**

- ◆ **Used for Human Resources issues**
- ◆ **Any APS employee may request initiation of a MITR**
- ◆ **Provisions for confidentiality**
- ◆ **Assigned to a leader to evaluate and determine resolution**
- ◆ **Appealed through area Vice President**
- ◆ **Employee Issue Resolution (EIR) informal process**



# **Differing Professional Opinion (DPO)**

- ◆ **Mechanism to identify, resolve or appeal technically based differences of opinion**
- ◆ **Initiated by anyone**
- ◆ **DPO's are presented to senior management by the Nuclear Assurance Director to determine assignment**
- ◆ **No provision for confidentiality**
- ◆ **Appealed through the area Vice President**



# Employee Concerns Program (ECP)

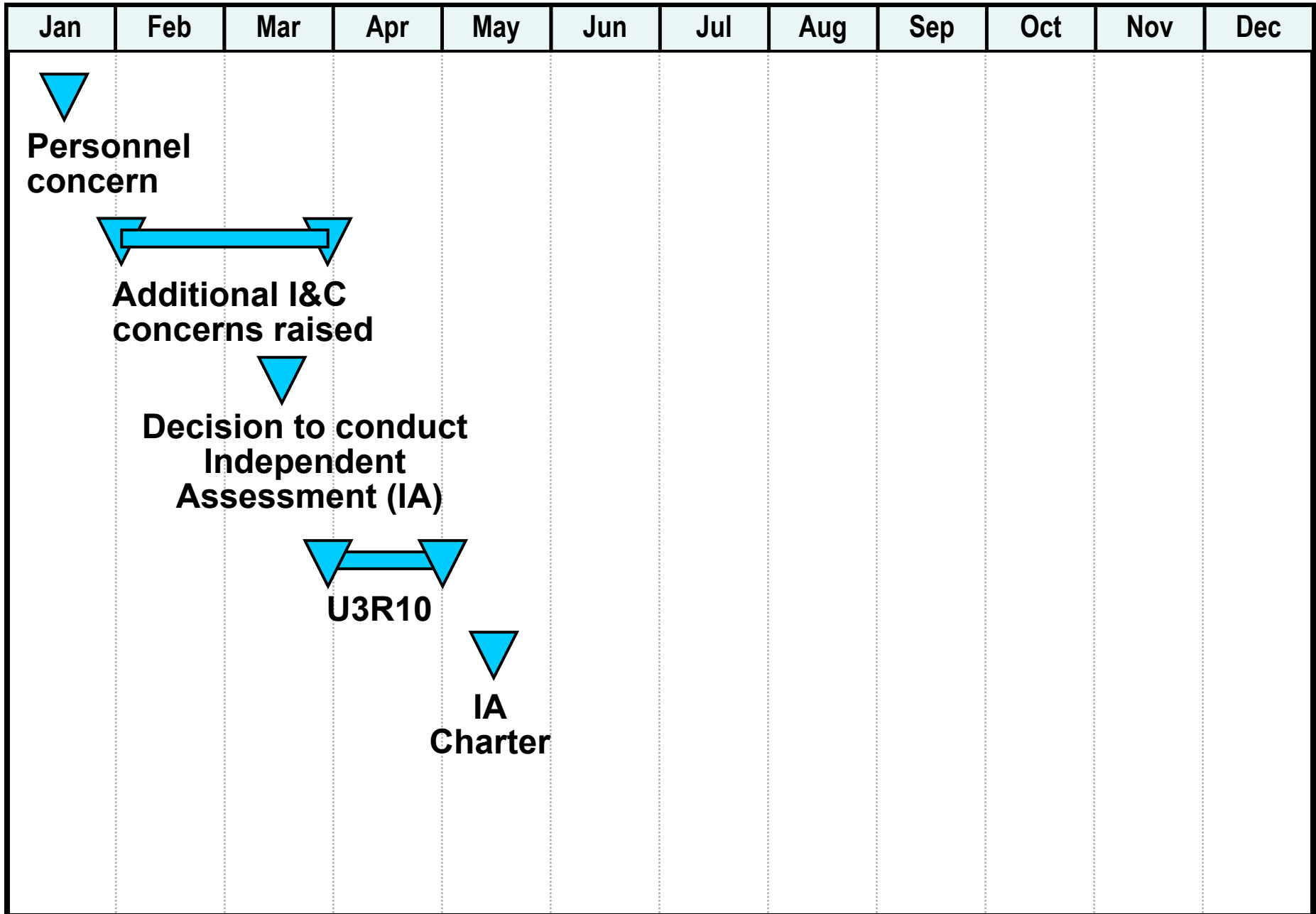
- ◆ **“Safety Net” available to all APS and contract personnel**
- ◆ **ECP works with the employee to find the best avenue for resolution of a concern**
- ◆ **Provision for confidentiality**
- ◆ **Appealed through the area Vice President**



**Terry Radtke**  
**Director, Operations**



# Timeline



# Independent Assessment Charter

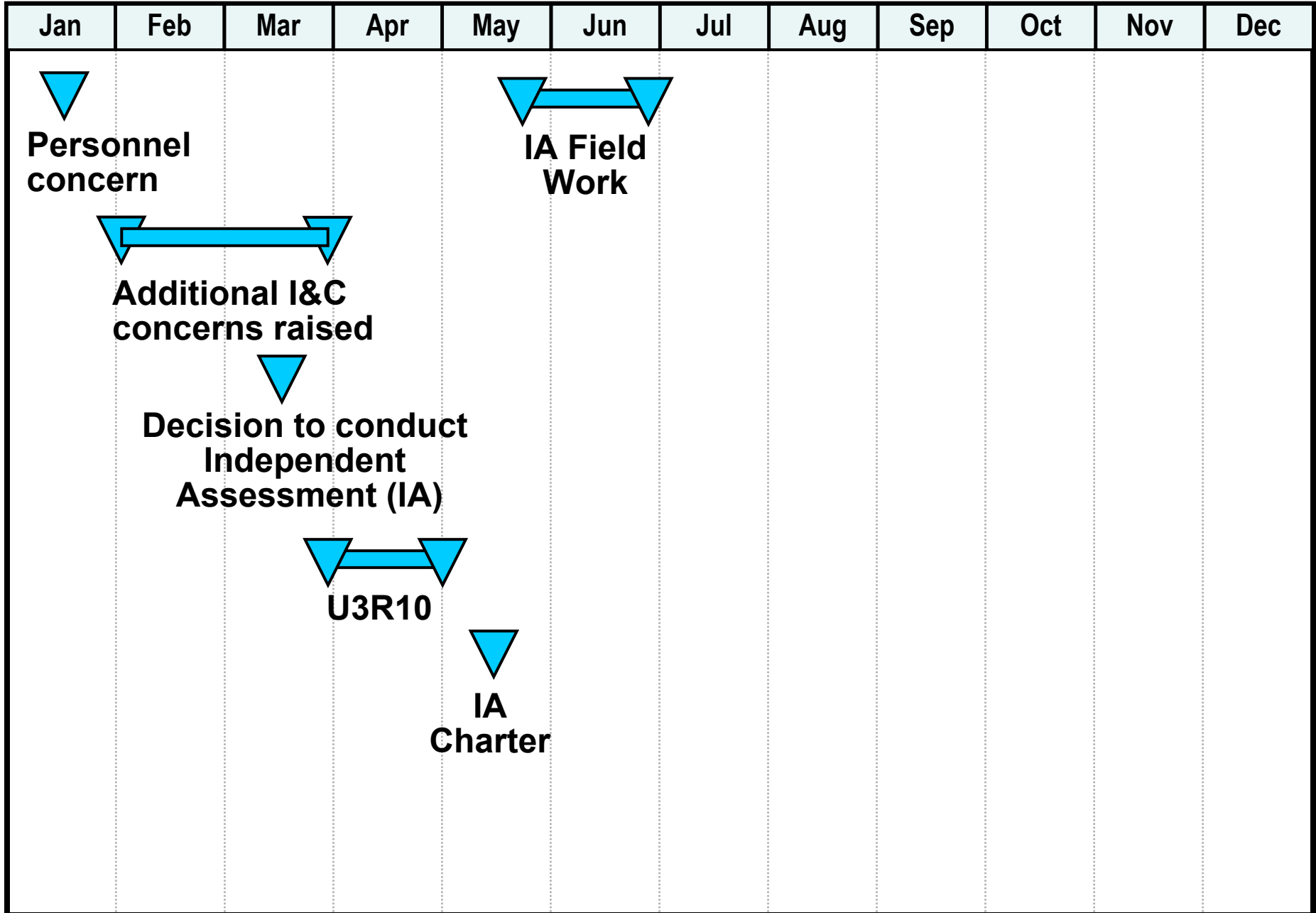
## ◆ To assess:

- Overall I&C work environment
- I&C Safety Conscious Work Environment (SCWE)
- Effectiveness of I&C Management in resolving issues





# Timeline



**Barry Letts**  
**Letts Investigative & Security**  
**Services**



# Independent Assessment Method

- ◆ **Conduct interviews of I&C and any other personnel necessary to answer charter questions**
- ◆ **Review of documentation**
- ◆ **Conducted interviews (53)**
  - 36 front-line (26 I&C)
  - 8 I&C team leaders (foreman)
  - 5 section leaders (supervisor)
  - 3 department leaders (manager)
  - Maintenance Director
- ◆ **Sample size**



# Independent Assessment Findings

## ◆ Work Environment

– Mostly positive views

– Negative themes

- **Distrust of senior management (e.g., historical issues: benefits, bonuses, statements by management)**
  - Not being involved in decisions
    - » Transfer of I&C planners
    - » AOV transfer
  - Leader visibility
  - Independent Assessment
- **Staffing reductions and work scheduling**
- **I&C leaders discharging their supervisory responsibilities**



# Independent Assessment Findings

## ◆ SCWE

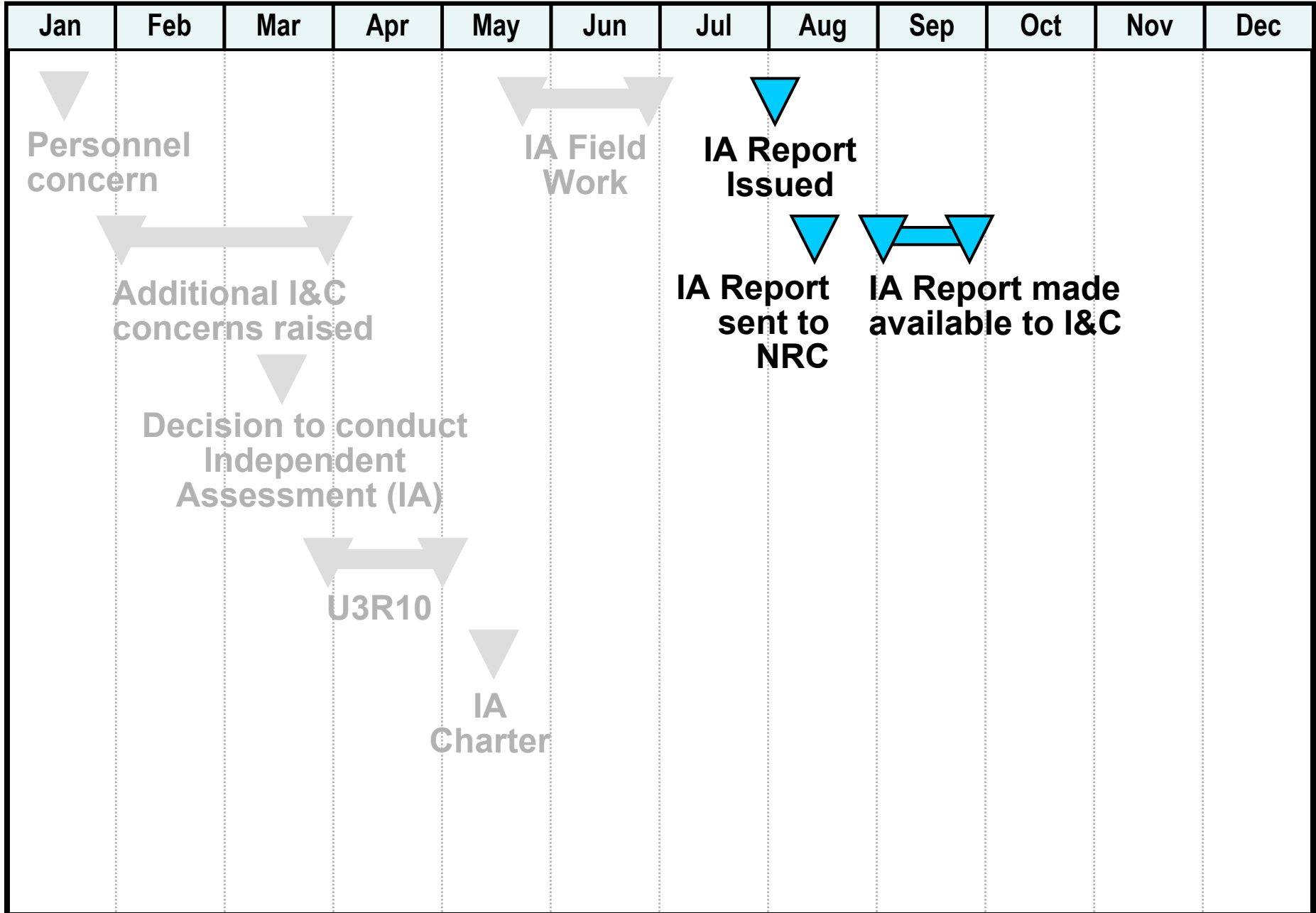
- Overwhelmingly positive willingness to raise safety concerns, without fear of retaliation
- Fairly robust SCWE exists

## ◆ Issue Resolution

- Very responsive & fairly effective at addressing safety issues
- Mixed reviews and somewhat less effective in dealing with administrative/personnel issues



# Timeline



Jan

Feb

Mar

Apr

May

Jun

Jul

Aug

Sep

Oct

Nov

Dec

Personnel concern

Additional I&C concerns raised

Decision to conduct Independent Assessment (IA)

U3R10

IA Charter

IA Field Work

IA Report Issued

IA Report sent to NRC

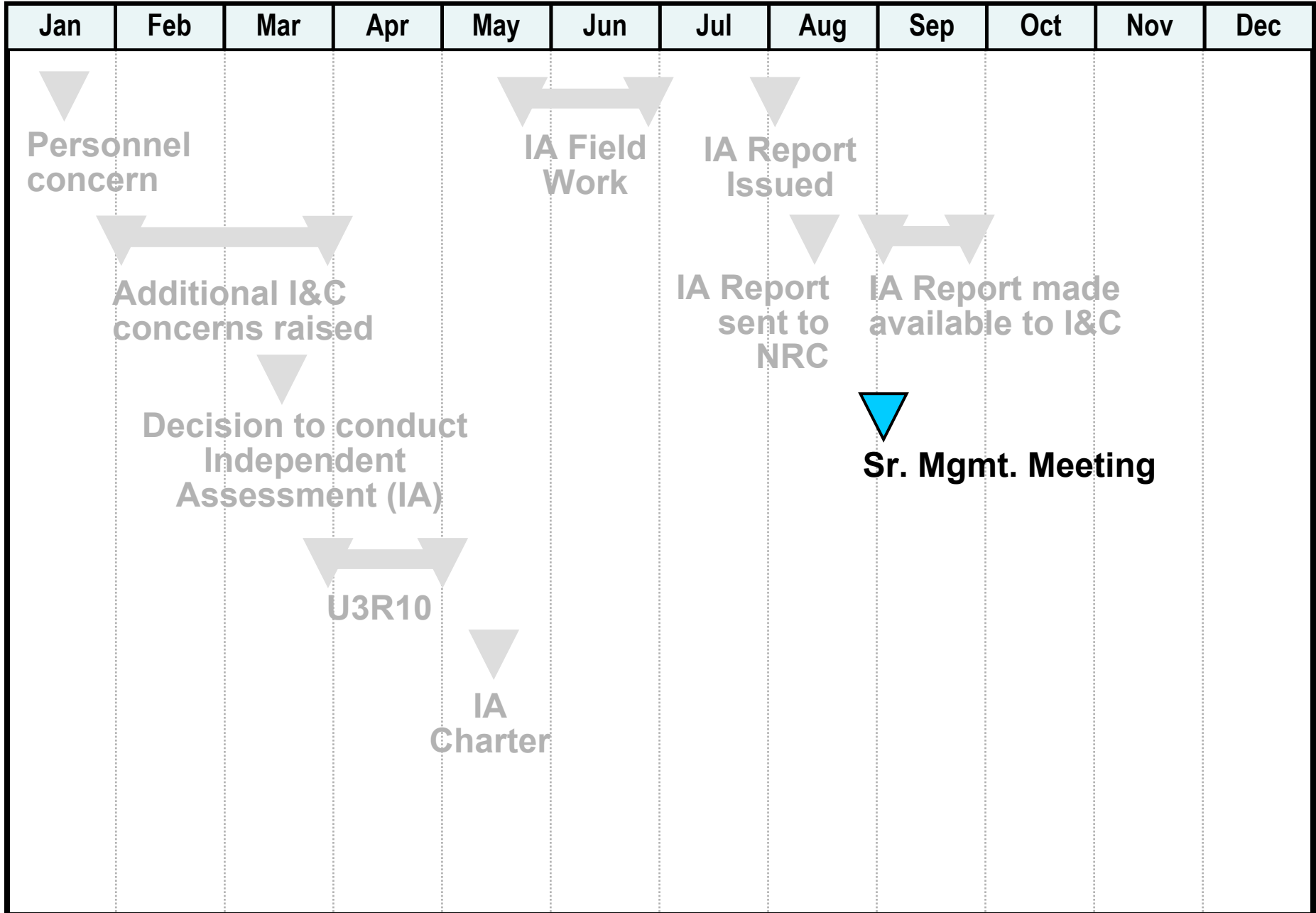
IA Report made available to I&C

# Palo Verde Action Plan

- ◆ **Report made available to all I&C employees**
  - **Promote management trust**
  - **Common understanding of issues**
  - **Work together in developing action plans**



# Timeline



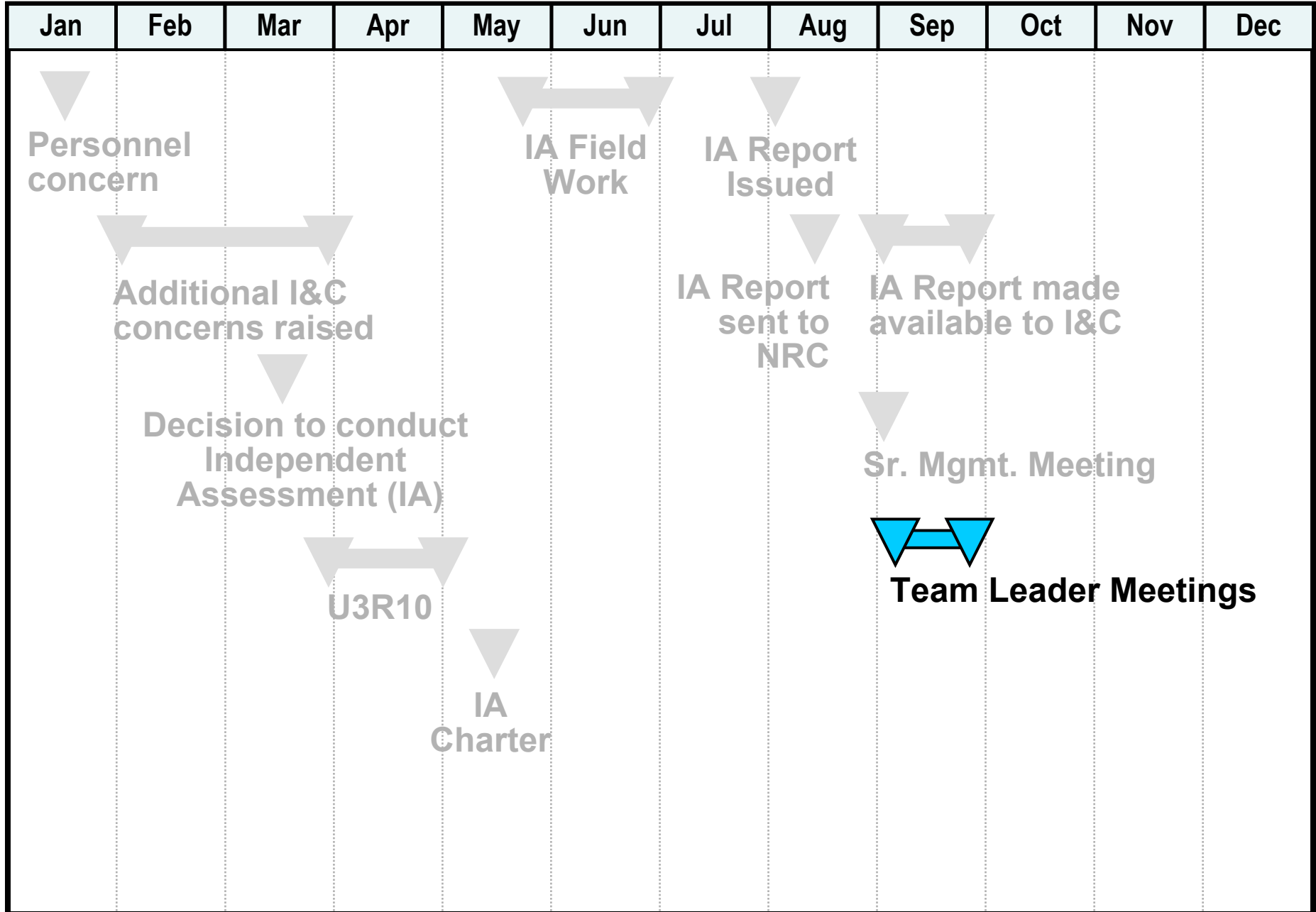


# Independent Assessment Actions

- ◆ **Senior management meet with I&C leaders**
  - Discuss assessment results
  - Obtain feedback and recommendations to rebuild trust and confidence
  - Develop ownership of issues through I&C leadership participation
- ◆ **I&C frontline leaders desire to meet with their teams themselves**
  - Obtain I&C frontline employee feedback to assessment results
  - Solicit and document any additional issues and concerns raised by the I&C frontline employees
  - Commitment to provide feedback and follow-up



# Timeline



# Feedback From I&C Frontline Meetings

- ◆ **Rebuild trust and confidence in senior management**
- ◆ **Address resource utilization efficiencies in their work area**
- ◆ **Keep open, honest, and consistent line of communications open on decisions that effect I&C frontline folks**
- ◆ **Resolve issues outside of the I&C departments span of control**
- ◆ **Receive the respect from the management team for them and their contributions to the organization**
- ◆ **Make sure that the group feels included in the identification and resolution of issues**

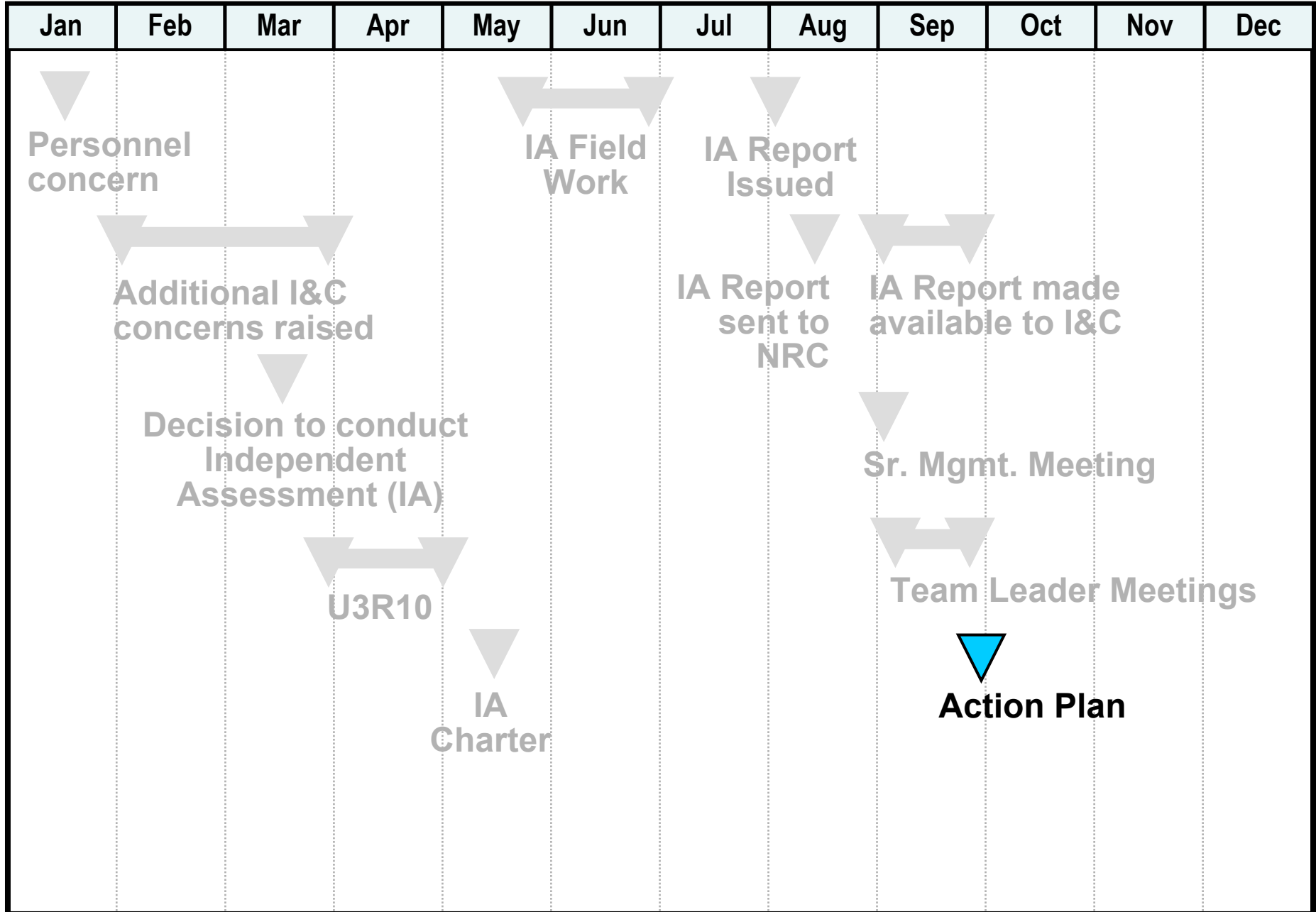


# I&C Leader Follow-up Meeting

- ◆ **Document issues and concerns**
- ◆ **Develop specific action plans addressing additional issues and concerns raised during I&C frontline meetings**



# Timeline



# Palo Verde Action Plan

## ◆ I&C Department Actions

- **Maintenance and I&C department management have and will continue to attend various “shop meetings” in the I&C work areas**
  - **Increase management visibility and accessibility**
- **Senior management, client services and employee concerns department staff periodically visit the I&C work areas to increase accessibility**
- **Resolve I&C frontline issues from feedback meetings**
  - **Formation of frontline I&C Advisory Board**
- **Senior management meet with I&C leaders quarterly to assess progress made and revise as necessary to ensure action plan goals are being met**



# Palo Verde Action Plan

## ◆ Site Action Plan

- **“Managing Employee Concerns Training” was provided to all Palo Verde leaders**
- **Site-wide communications published on the Integrated Issues Resolution Process**
- **Frontline employee training on issues resolution and safety conscience work environment to be conducted for all employees in 2004**
- **A site survey will be completed in 2005 to gauge the work environment and employee willingness to raise safety issues**



**Mike Shea**  
**Director, Maintenance**





# **Peter Rail**

## **Department Leader, Employee Concerns**

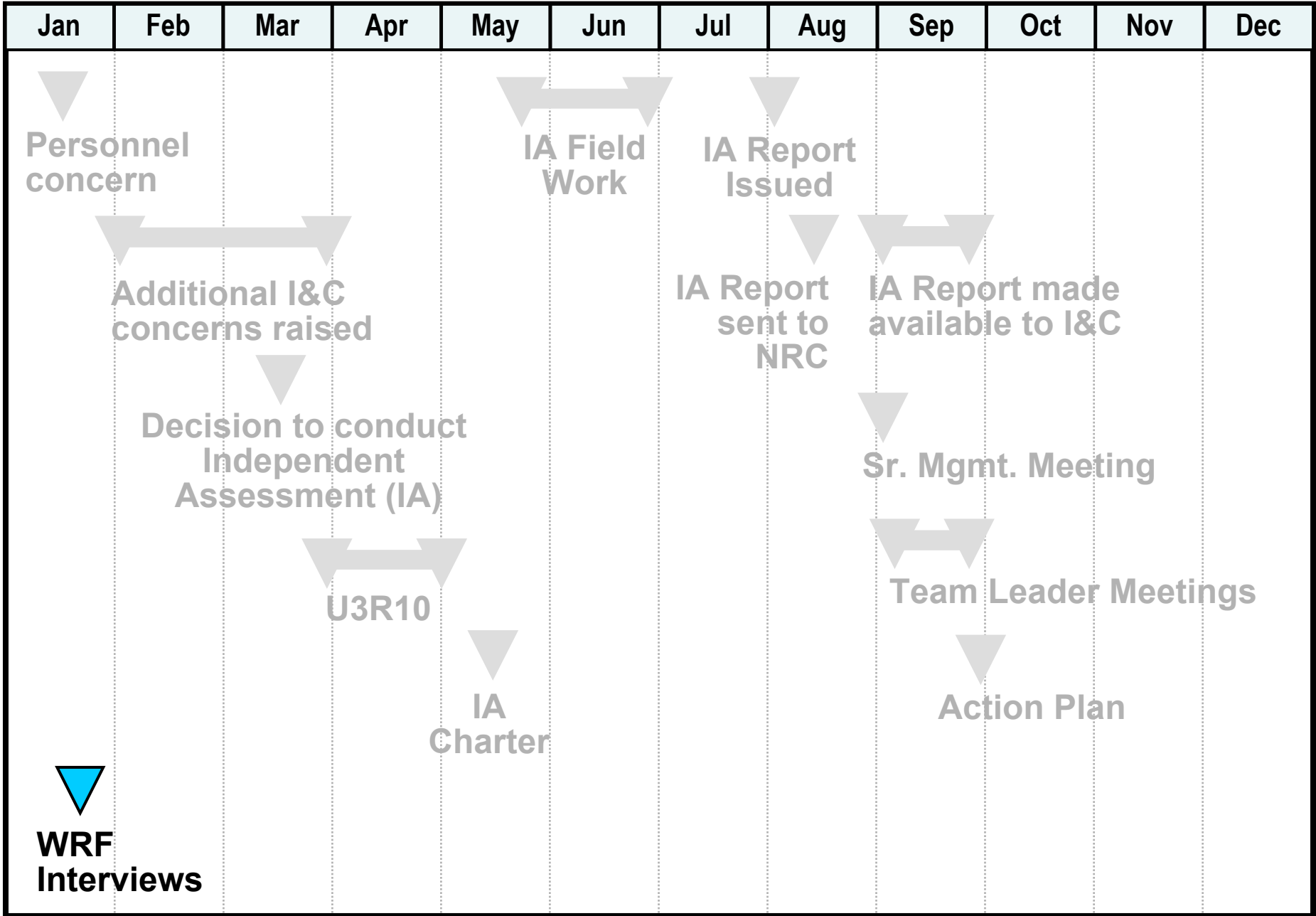


# **2003 Palo Verde Interviews**

**During calendar year 2003 over 380 Palo Verde employees (including contractors) were interviewed**



# Timeline



# WRF Interviews (MITR 03-01)

- ◆ **Purpose: Willingness of WRF employees to raise concerns**
- ◆ **Scope: New WRF manager requested ECP/HR to interview employees**
- ◆ **Results:**
  - 100 employees interviewed
  - 26% felt they would be retaliated against for raising concerns
  - leadership problem identified
  - leadership change
- ◆ **Follow-up: interviews of six WRF employees during IIRP self-assessment indicated an improved environment for raising concerns**



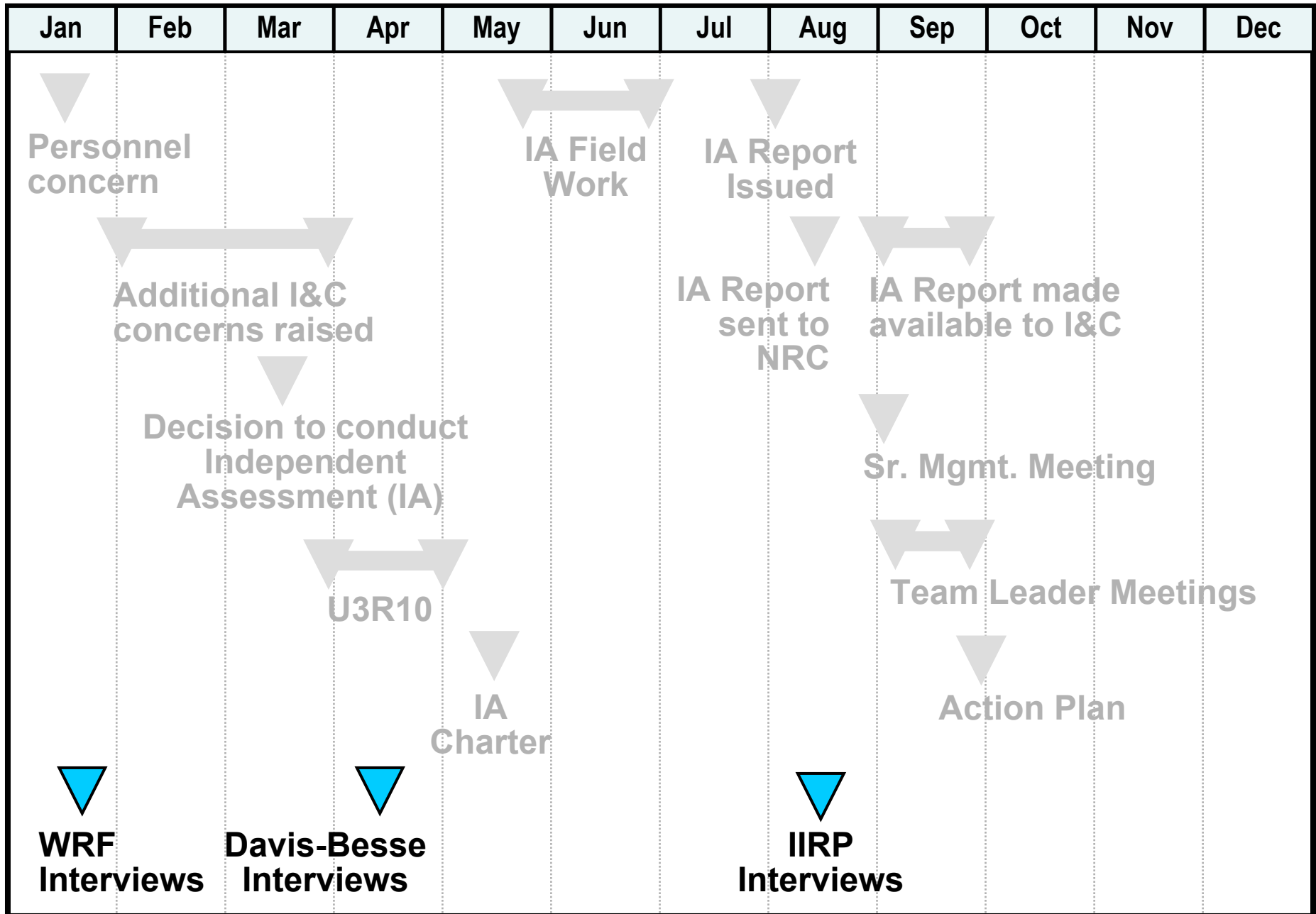


# Davis-Besse SOER Interviews

- ◆ **Purpose:** Palo Verde employees were interviewed to determine if nuclear safety is compromised by production priorities.
- ◆ **Scope:** 123 Palo Verde employees interviewed
- ◆ **Results:**
  - 98% reported clear expectations from management regarding identification and elevation of concerns
  - None of the employees expressed unwillingness to raise nuclear safety concerns



# Timeline



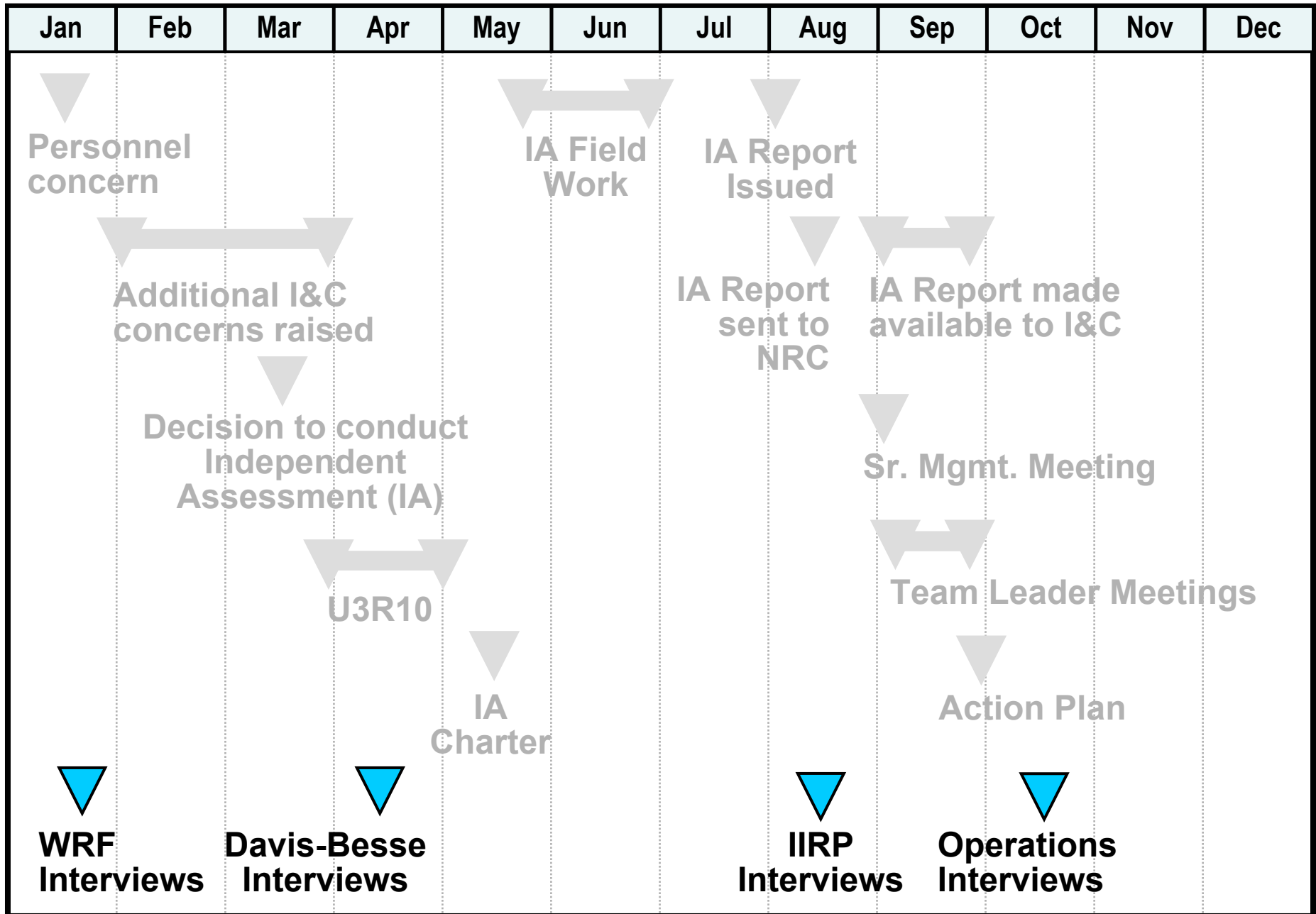
# IIRP Self Assessment Interviews

- ◆ **Purpose: Employee views on the IIRP and SCWE**
- ◆ **Scope: 76 randomly selected employees interviewed by ECP/HR industry peers**
- ◆ **Results:**
  - all interviewed employees comfortable raising safety and quality concerns to their leaders without fear of retaliation
  - credible and effective IIRP
  - need to increase awareness of IIRP





# Timeline

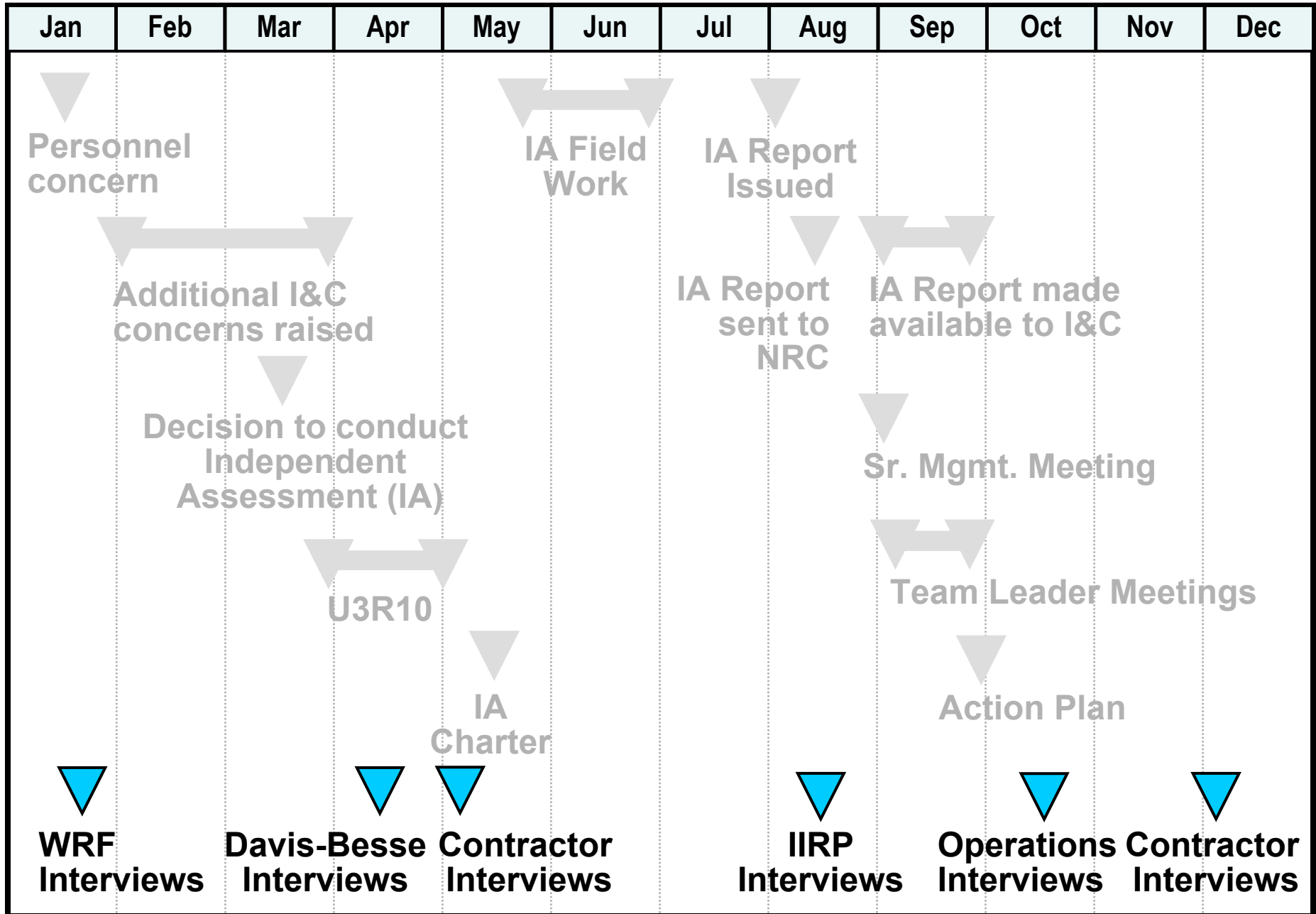


# Operations Interviews (MITR 03-10)

- ◆ **Purpose:** An Operations employee felt scheduled work assignments were too demanding which could have safety ramifications
- ◆ **Scope:** Operations management asked HR and ECP to conduct interviews with reactor and auxiliary operators to ascertain if other operators felt the work schedule was unrealistic and demanding
- ◆ **Results:** 20 operators were interviewed none felt the work schedule was unrealistic. This result was shared with the employee by Operations leadership and an action plan was developed to address the employee's issues.
  - also verified that the operators felt comfortable raising safety concerns to their leaders



# Timeline



# Contractor Exit Interviews

- ◆ **Purpose: Evaluate exit survey feedback to assess the environment for raising concerns**
- ◆ **Scope:**
  - Major contract companies
  - 70 randomly selected for interviews
- ◆ **Results:**
  - All contractor interviewees felt comfortable raising safety concerns without fear of retaliation



# 2003 Palo Verde Interviews

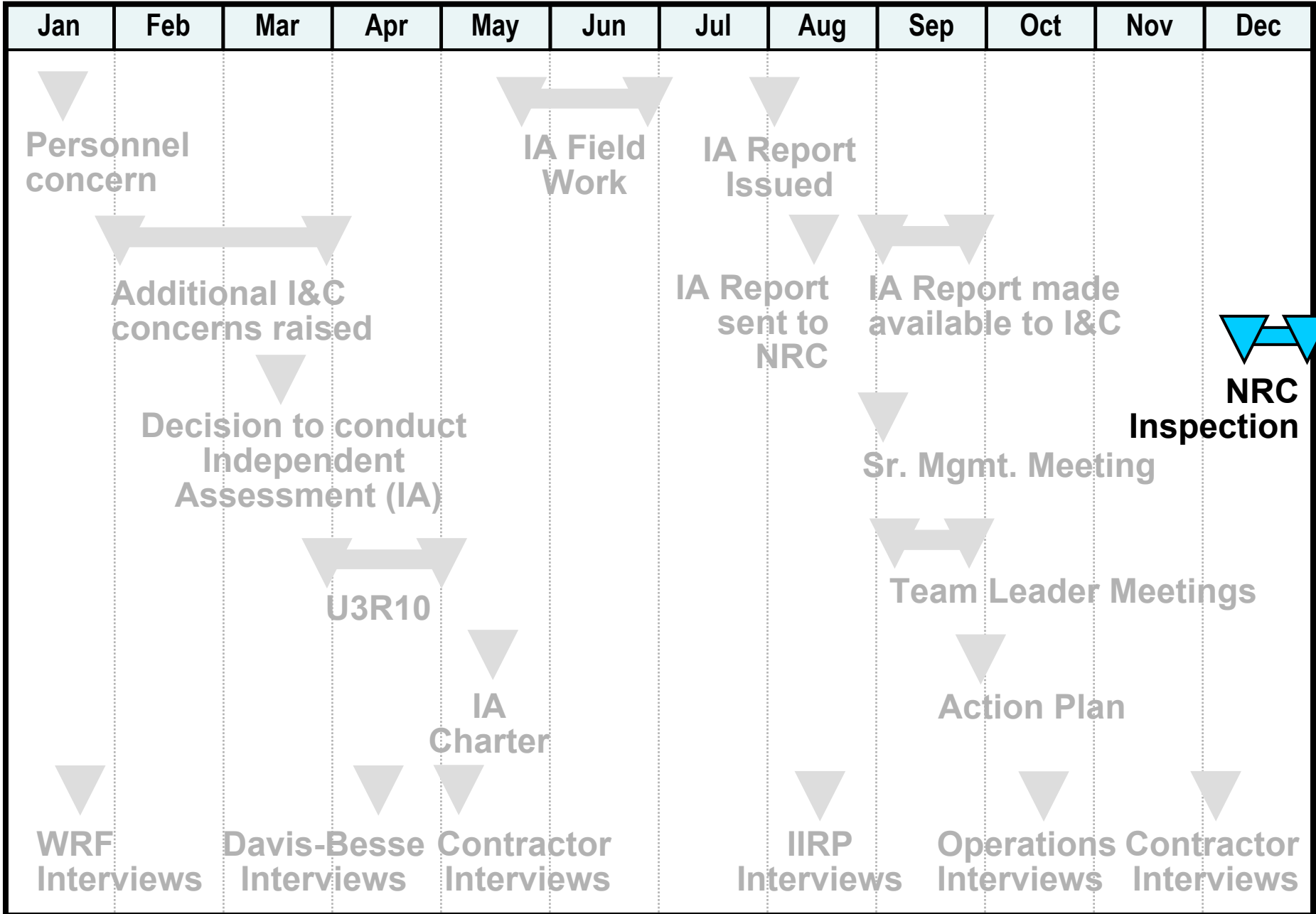
<b>Interviews</b>	<b>Date</b>	<b>Organization</b>	<b>Respondents</b>
<b>MITR 03-01</b>	<b>January</b>	<b>WRF</b>	<b>100</b>
<b>D-B SOER</b>	<b>April</b>	<b>Various</b>	<b>123</b>
<b>IIRP S/A</b>	<b>August</b>	<b>Various</b>	<b>76</b>
<b>MITR 03-10</b>	<b>October</b>	<b>Operations</b>	<b>20</b>
<b>Exiting Employees</b>	<b>Various</b>	<b>Contractors</b>	<b>70</b>

# 2003 Interview Conclusion

**A sufficient sample of employees were interviewed across the site to confirm that an open environment exists for raising safety concerns**



# Timeline



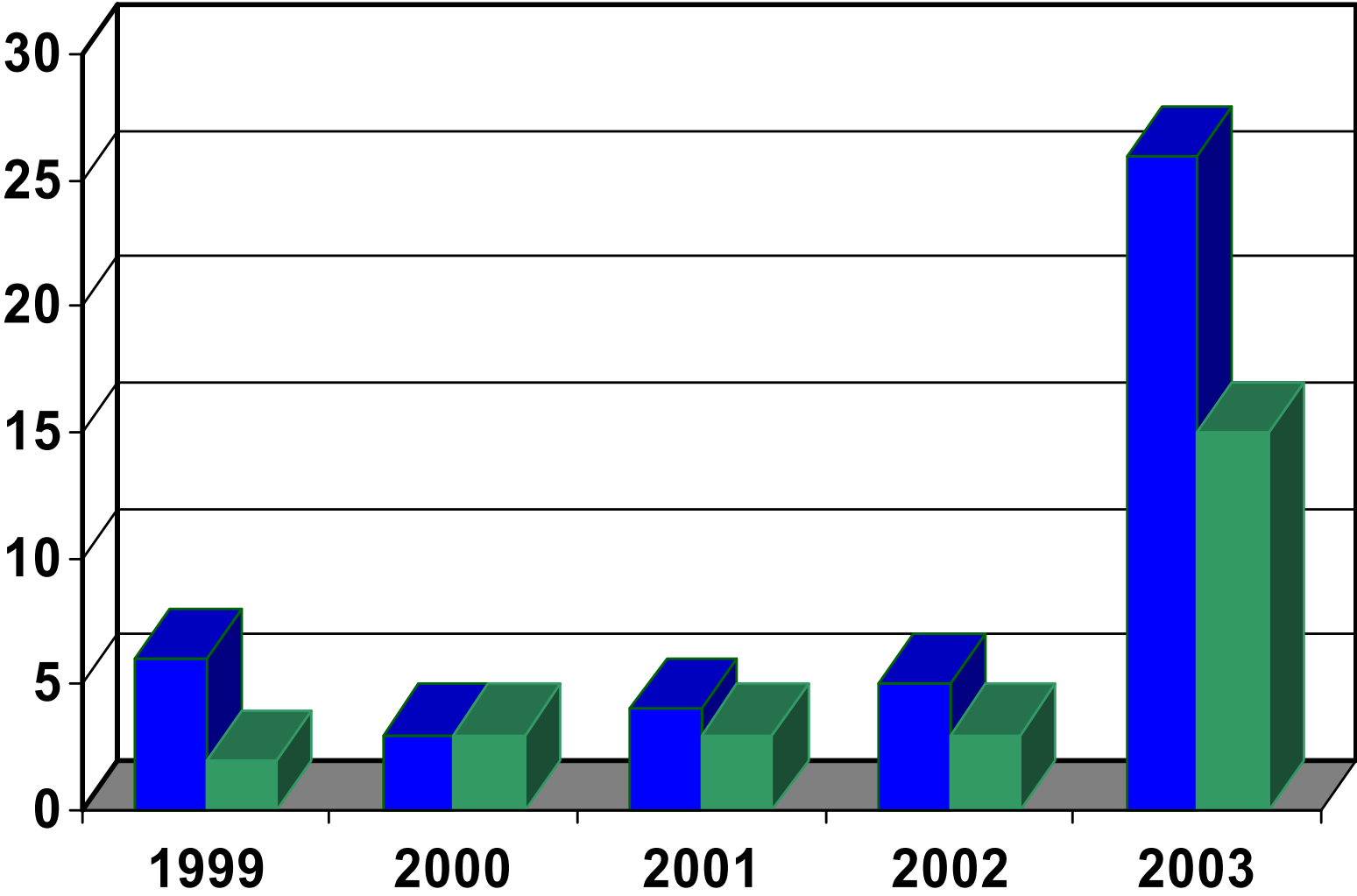
# NRC Inspection Feedback

- ◆ **Potential Degradation of the IIRP**
  - **lack of CRDR use**
- ◆ **Increase in the number of issues being raised to NRC**





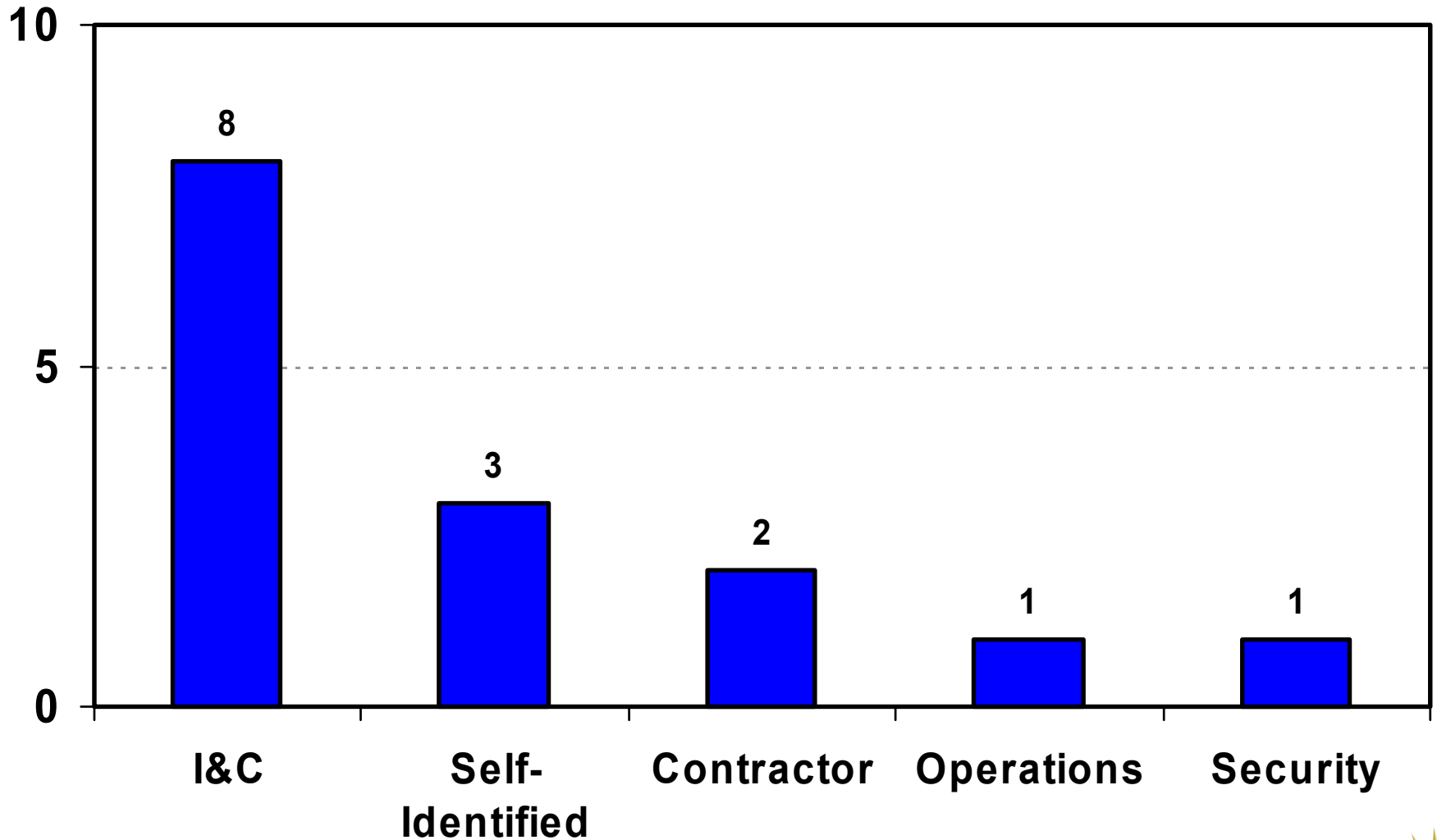
# NRC Allegations



**PV NRC Allegations**  
**Allegations Referred to APS**



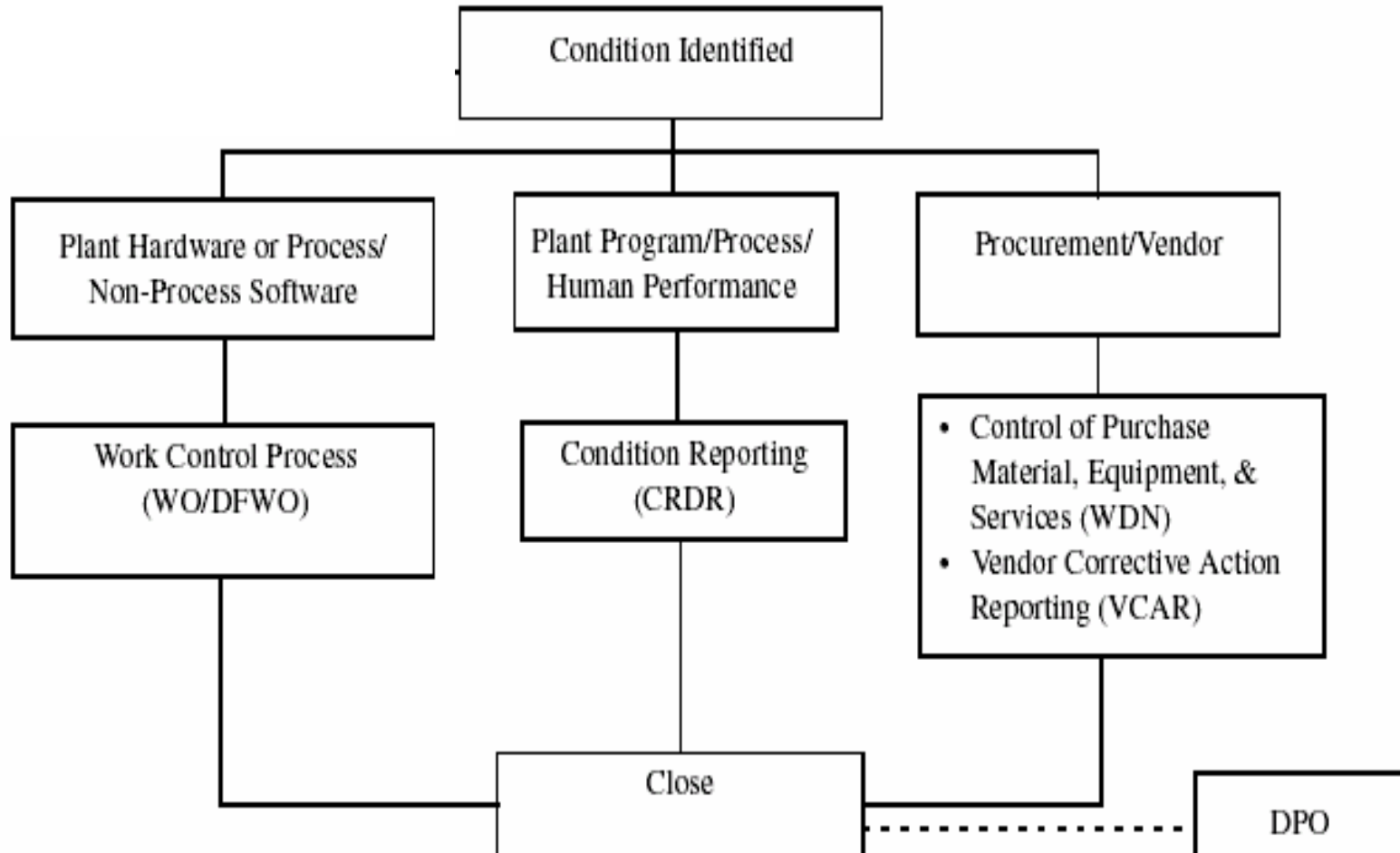
# 2003 NRC Issue Distribution by Related Organization



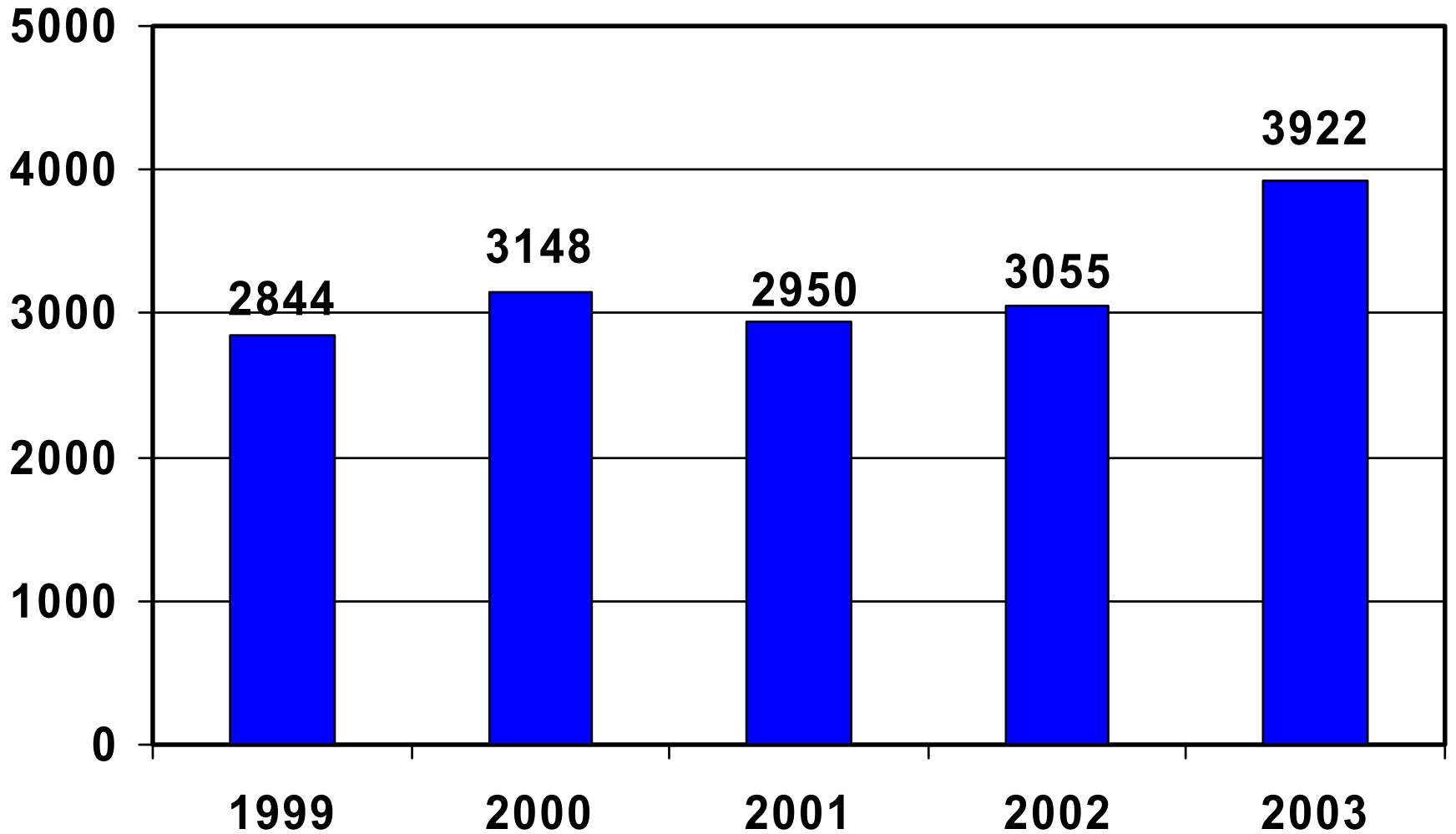
**Michael Sontag**  
**Department Leader,**  
**Performance Improvement**



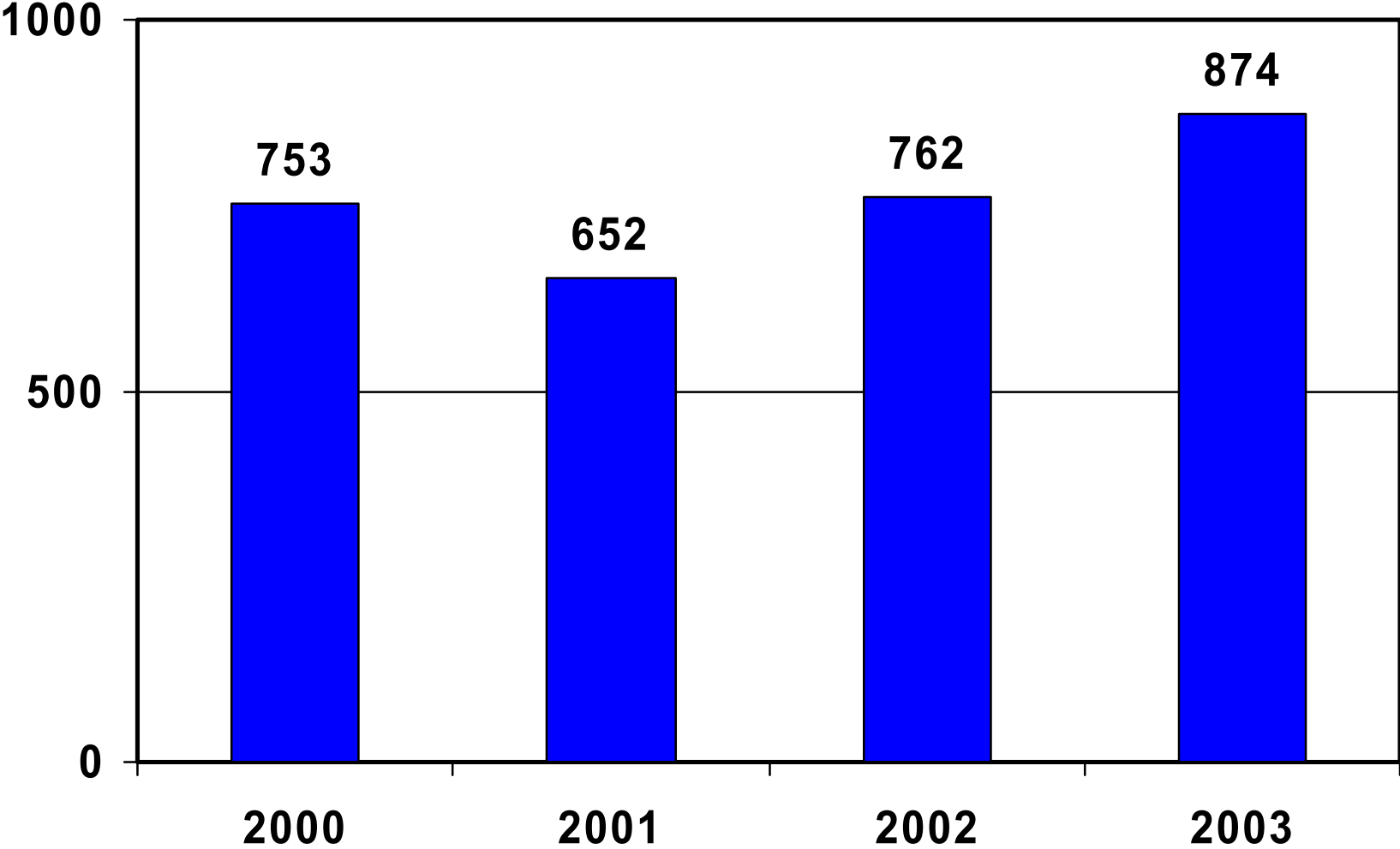
# Palo Verde Corrective Action Process Overview



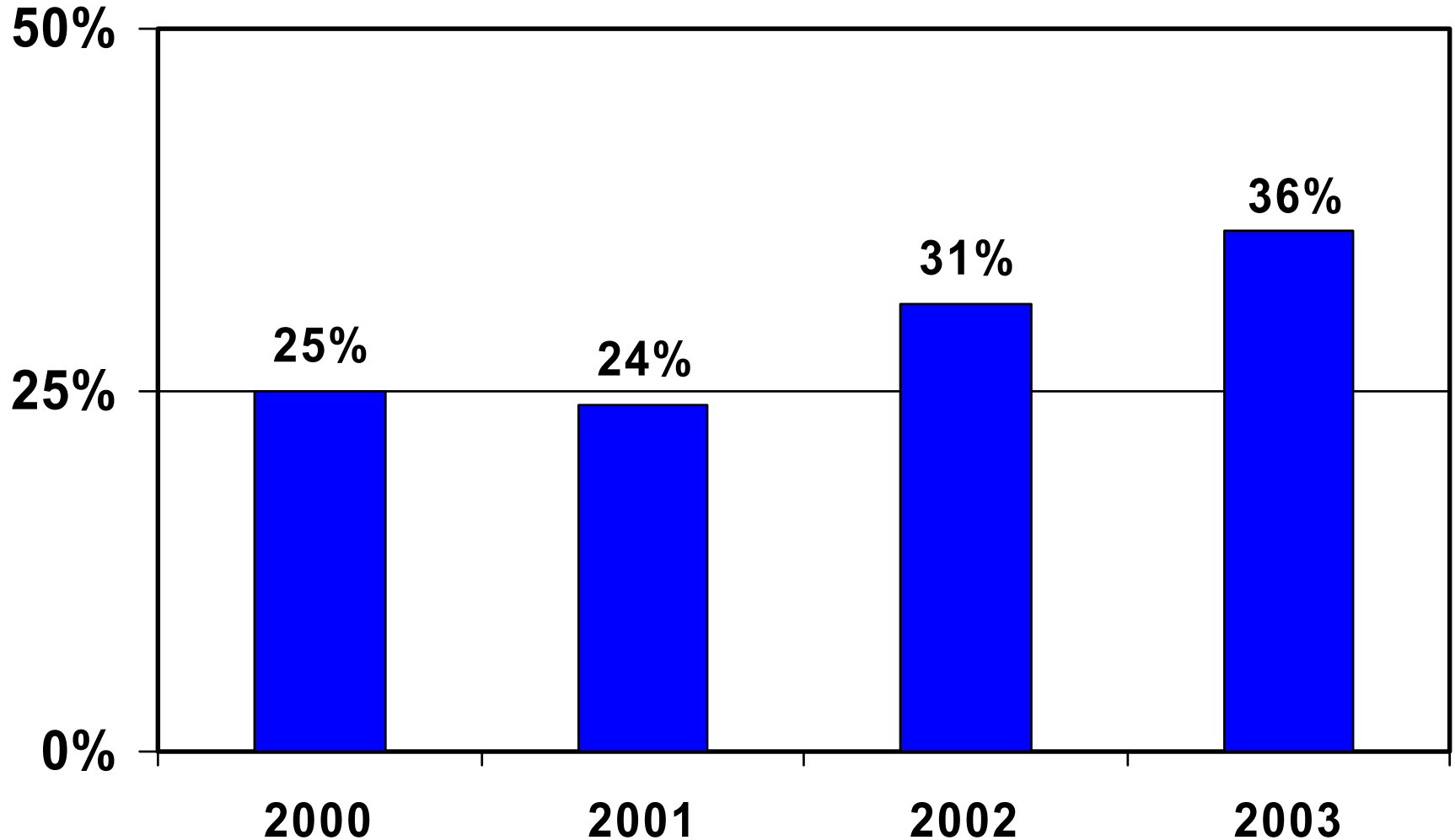
# CRDRs Issued from 1999 to 2003



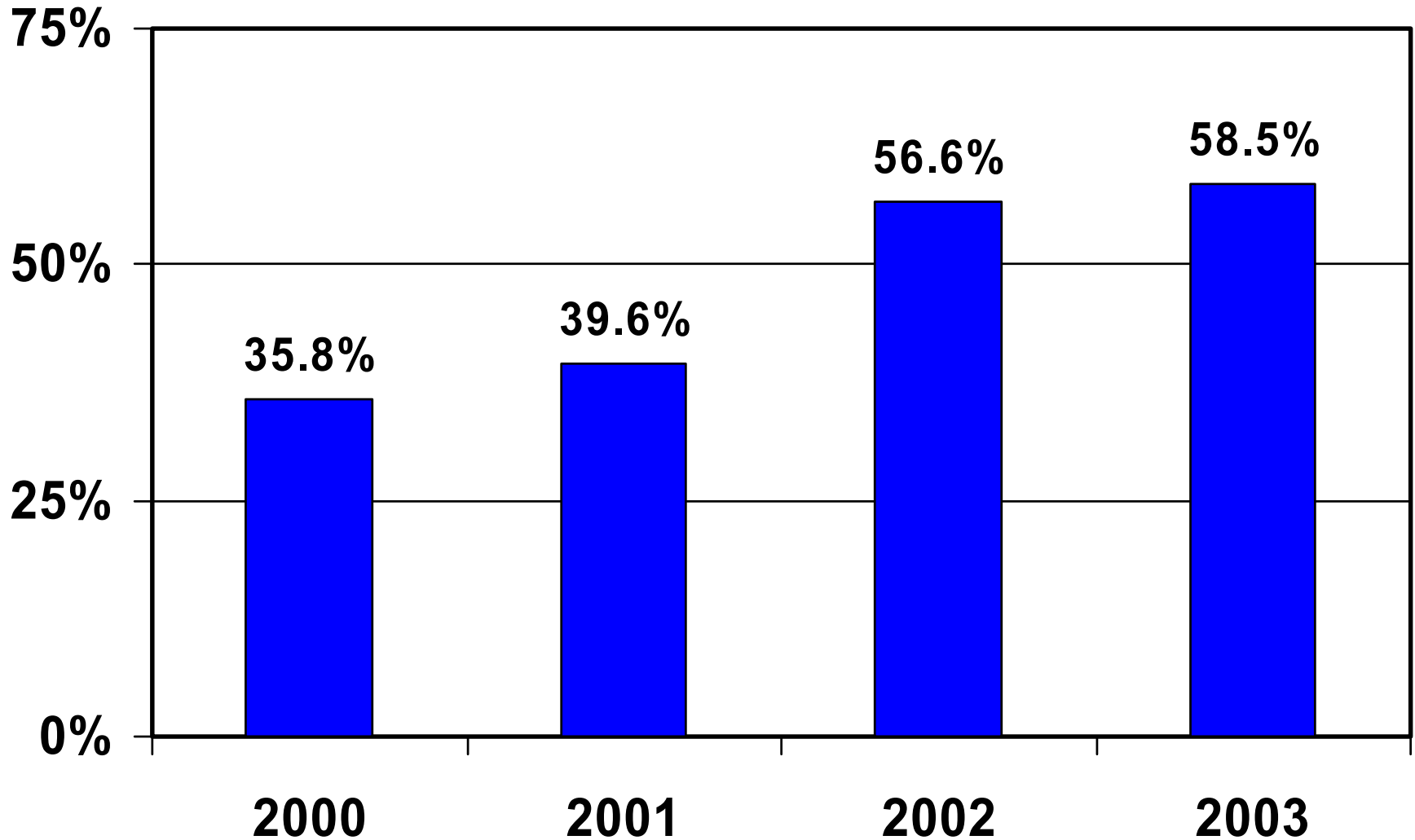
# CRDRs Initiated by Maintenance from 2000 to 2003



# Percent of Maintenance Employees Initiating CRDRs

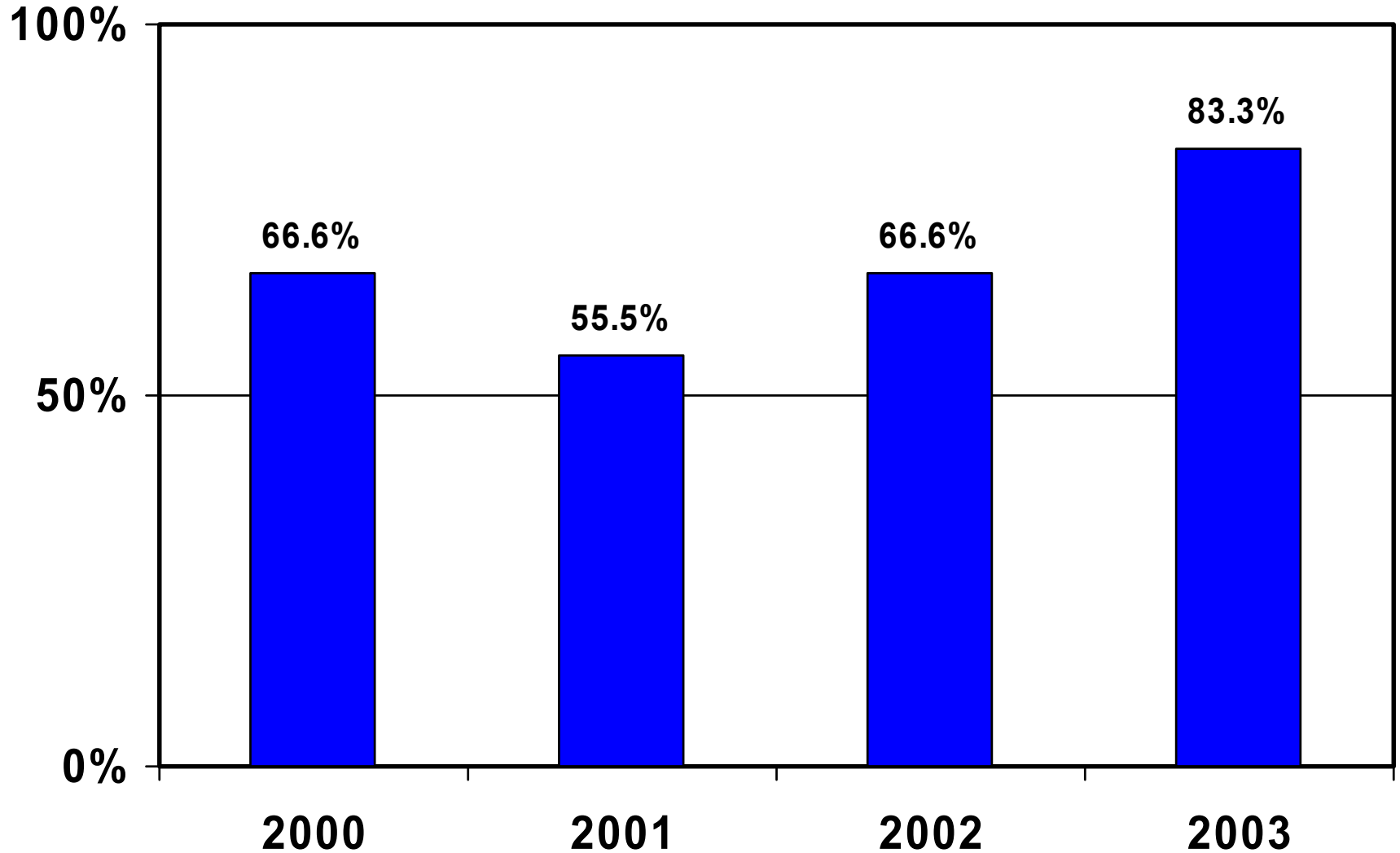


# Percent of I&C Technicians Initiating CRDRs

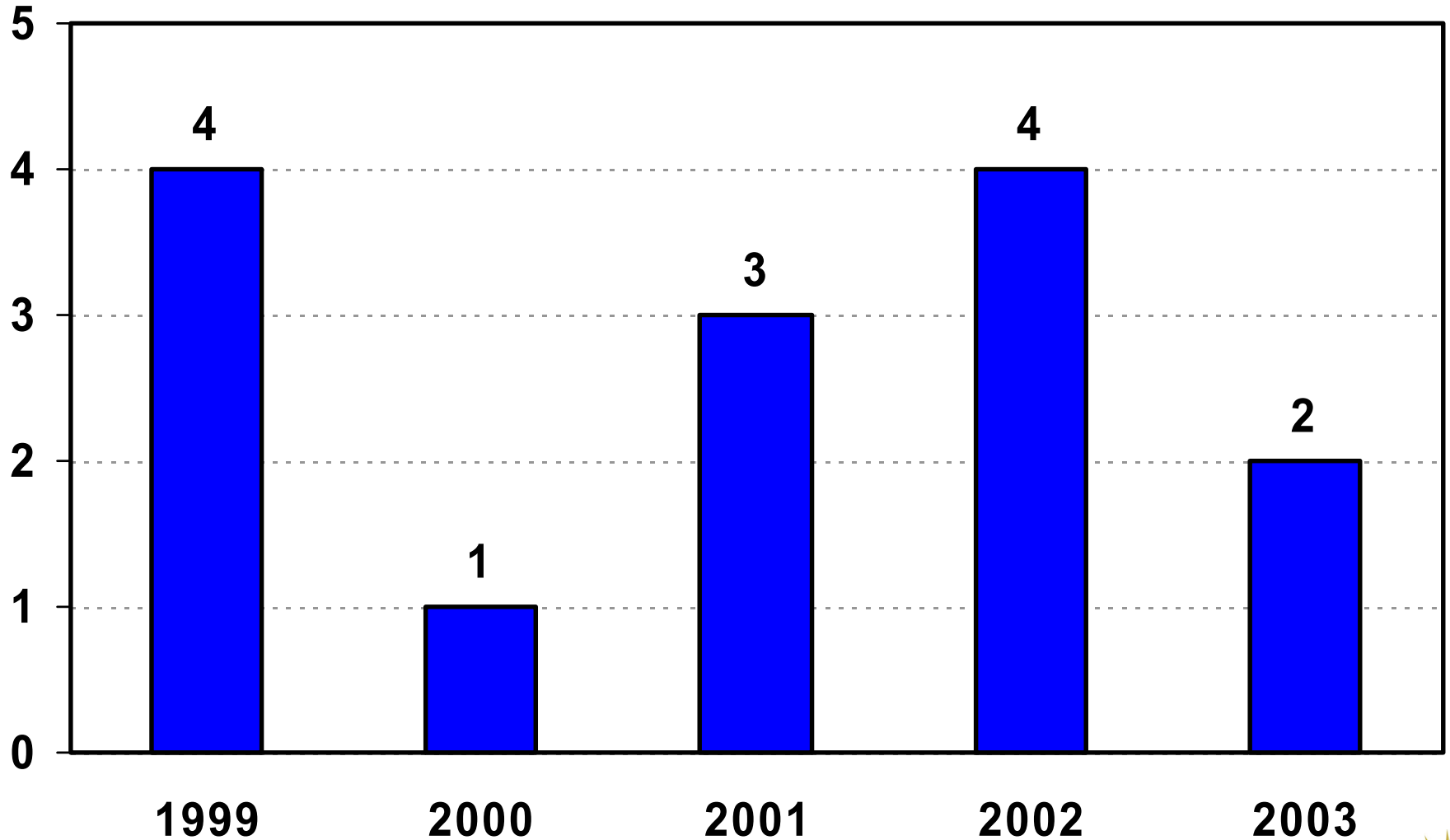




# Percent of I&C Planners Initiating CRDRs



# Total DPOs from 1999 to 2003

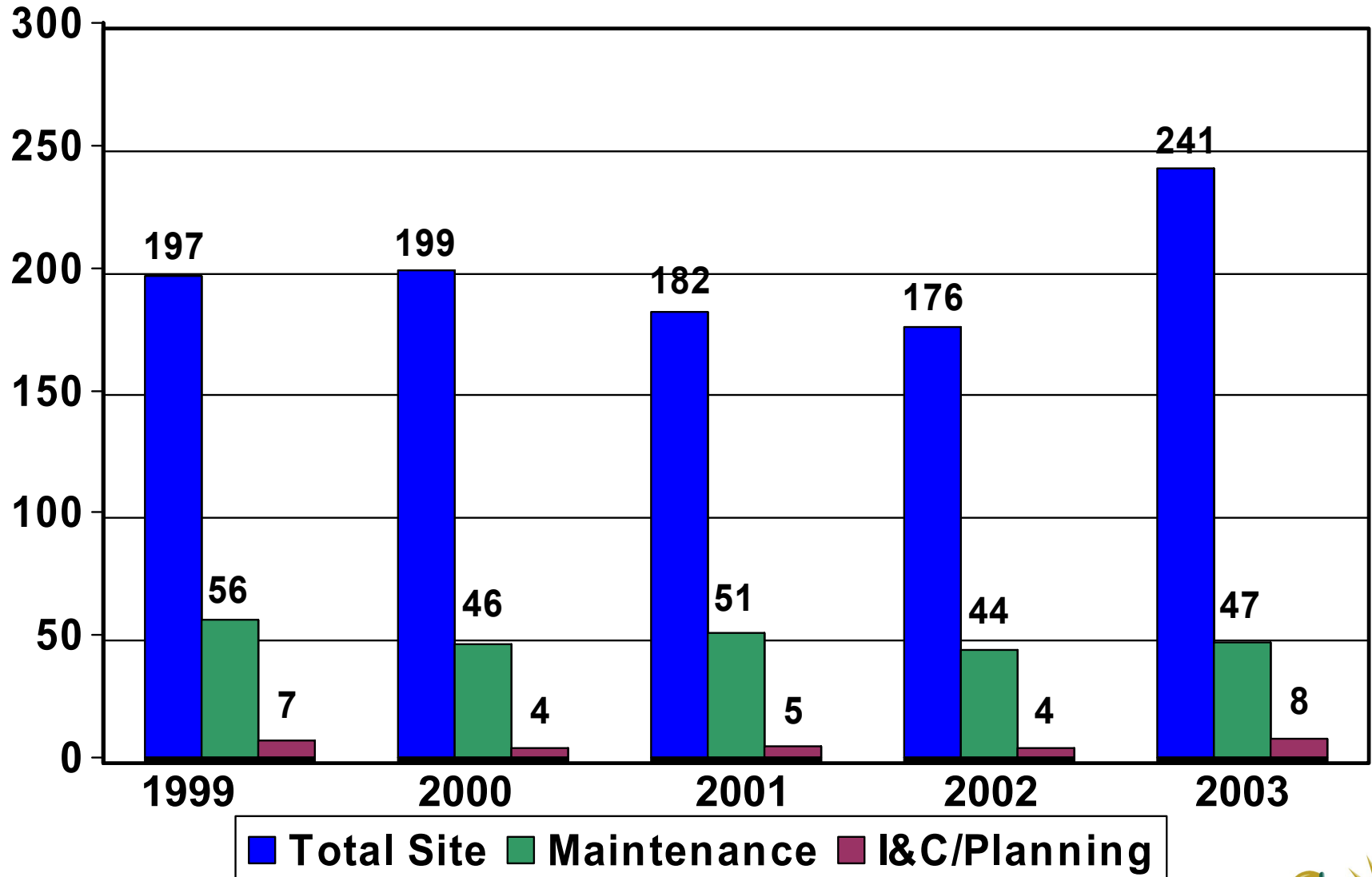


# **Ronald Fenex**

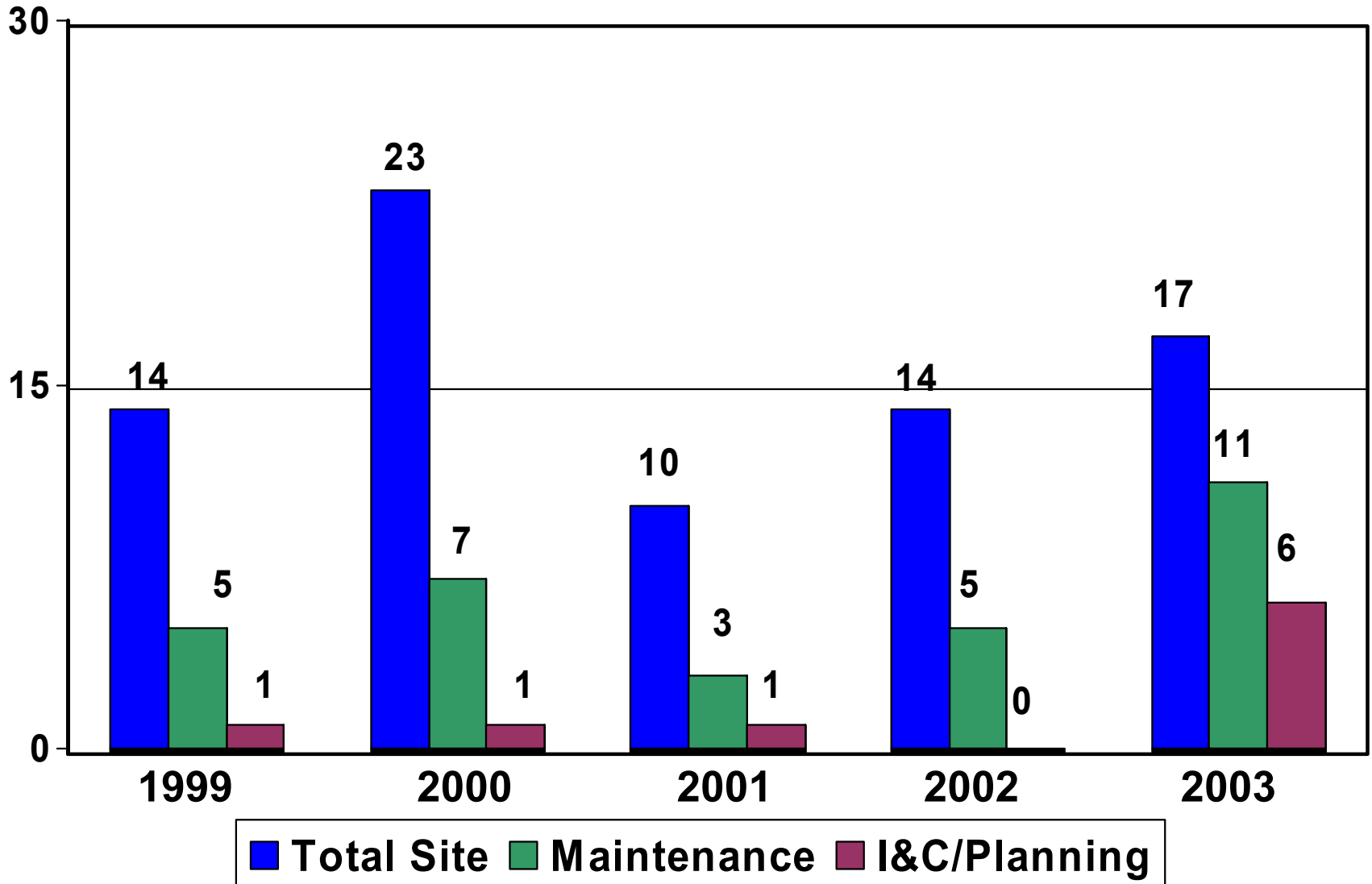
## **Advisor, Human Resources**



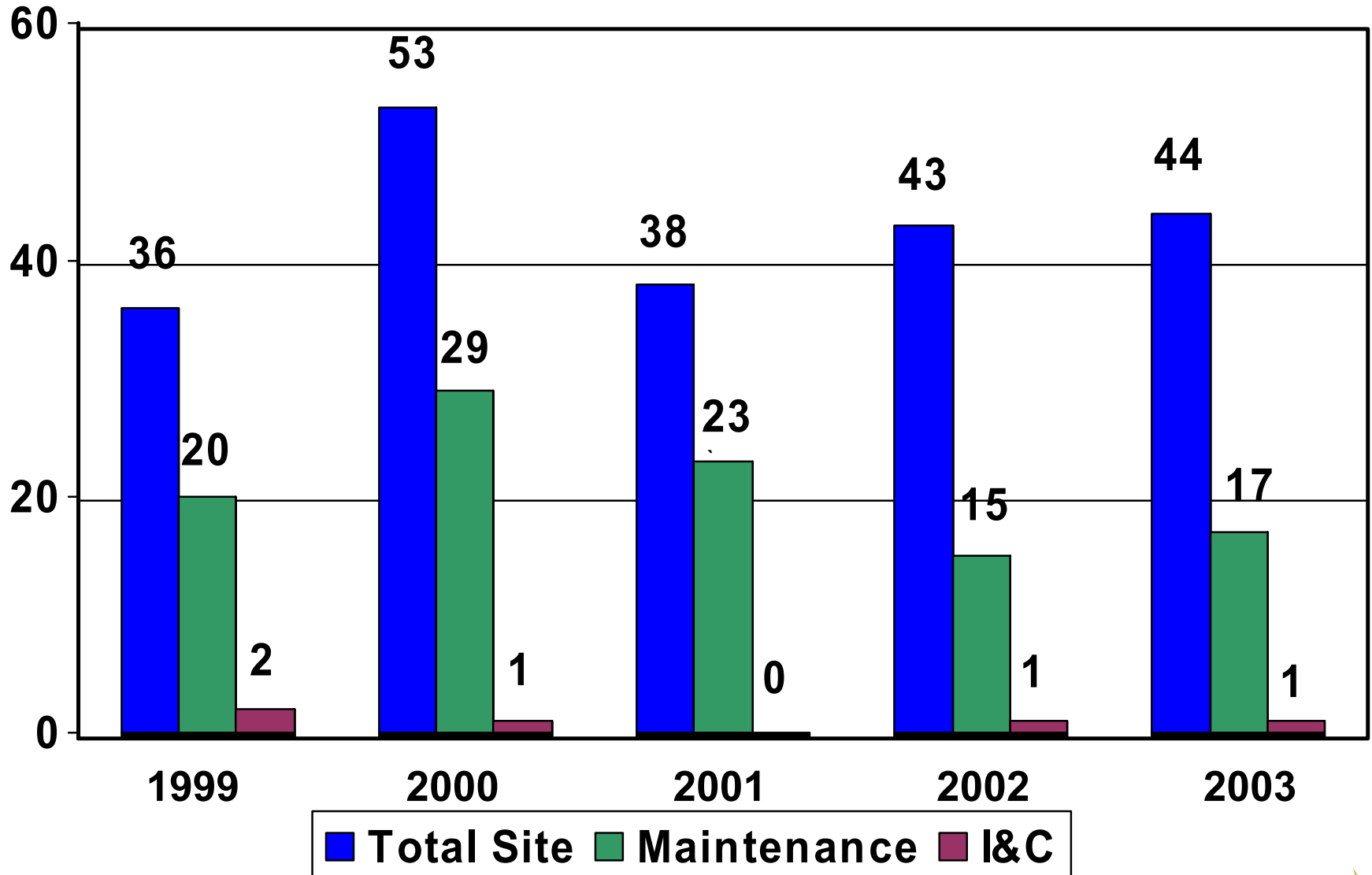
# Employee Issue Resolution (EIR) Comparison 1999-2003



# MITR Comparison 1999-2003



# ECP Comparison 1999-2003



# Summary



# Timeline

