

May 10, 2004

NRC 2004-0047

U. S. Nuclear Regulatory Commission
ATTN: Regional Administrator, Region III
2443 Warrenville Road
Lisle, IL 60532-4352

Point Beach Nuclear Plant, Units 1 and 2
Dockets 50-266 and 50-301
License Nos. DPR-24 and DPR 27
EA-04-038
Response to Request for Information
NRC Office of Investigations Report No. 3-2001-033

The Nuclear Regulatory Commission's (NRC's) April 1, 2004, letter to Nuclear Management Company, LLC (NMC) identified an apparent violation of NRC requirements prohibiting discrimination against employees who engage in protected activities. The apparent violation involves an alleged discriminatory action by Day & Zimmerman Nuclear Power Services (DZNPS) against one of its employees working at Point Beach Nuclear Plant (PBNP) for reporting a problem with a work package in March 2001. The employee, an electrician, was laid off by DZNPS on May 4, 2001.

The NRC letter required NMC to provide a written response by May 1, 2004, on the docket, containing all relevant information concerning the specific actions taken by NMC and DZNPS to correct the apparent violation and to prevent recurrence of the apparent violation, and specific details of the NMC and DZNPS assessments of the overall work environment. NMC was instructed that the response should fully describe any training, including but not limited to general employee training, provided to NMC employees, supervisors and managers, as well as the employees of NMC contractors, subcontractors, and vendors to fully implement and maintain a safety conscious work environment (SCWE) and avoid potential violations of 10 CFR 50.7. The response was also to include a description of the training provided to the DZNPS General Foremen on employee protection and SCWE and include copies of training materials, examinations and attendance sheets. Additionally, the response was to include the actions that NMC has taken or plans to take to prevent this issue from causing a chilling effect at the Point Beach Nuclear Plant. In addition, NMC was requested to address the criteria for applying enforcement discretion for an apparent violation of 10 CFR 50.7.

On April 6, 2004, a telephone conference was held between representatives of NMC and Mr. Julio Lara to clarify whether NRC requires information regarding the training programs of all NMC contractors, subcontractors and vendors, or if the information requested is

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specific to DZNPS. Mr. Lara indicated that the scope of the requested information is specific to DZNPS. On April 28, 2004, NMC determined that an extension of the May 1, 2004, response date was necessary. In the absence of Mr. Lara, Mr. Anthony Vegel of your staff was contacted by NMC to request an extension to May 10, 2004. This extension was granted.

As noted in the NRC letter dated April 1, 2004, NMC identified and investigated the issue through its Employee Concerns Program (ECP) and notified the NRC of the matter on July 6, 2001. NMC followed up on that notification by letter dated July 26, 2001. In that letter, NMC concluded the DZNPS electrician had been discriminated against for engaging in protected activities. The NMC letter dated July 26, 2001, provided NRC the independent investigation report of this issue dated July 1, 2001, and also informed NRC that the electrician had reached a settlement with DZNPS.

Immediate Actions

NMC's response to this issue was prompt and occurred as a self-initiated action prior to regulatory intervention. Upon being notified of a work package quality issue, NMC immediately initiated a condition report (CR 01-0129) and an ECP File (01-03) on March 27, 2001, to address the electrician's concern. Subsequently, and at the request of the electrician on April 4, 2001, a second condition report (CR 01-1073) addressing alleged retaliation against the electrician by his General Foreman and formal ECP file (01-04) were established as a result of continuing discussions with the electrician. The results of this investigation are documented in ECP file 01-04.

DZNPS issued a safety conscious work environment (SCWE) policy dated March 21, 2001. NMC has been unable to determine whether this policy had been rolled out to DZNPS employees by the time the incident occurred on March 27, 2001.

In preparation for the refueling outage that commenced during the first week of April 2001, an outage stand-down meeting was held on March 29, 2001. All plant employees, including contractors were required to attend this meeting. A portion of this all-hands meeting was devoted to employee concerns and SCWE. This all-hands meeting had been scheduled prior to the initial concern associated with this event having been received by the NMC ECP Manager; however, it may have, in part, contributed to the contractor electrician seeking out the ECP Manager regarding the work package deficiencies.

As a result of the follow-up contact by the DZNPS electrician on April 4, 2001, the NMC ECP Manager conducted a SCWE briefing of contractor supervisors, general foremen and foremen on April 5, 2001. Attendance was not taken at this meeting; however, it was NMC's expectation that all personnel in these job categories attend the briefing. The briefing provided industry operating experience as contained in NRC Information Notice (IN) 2000-04, with specific emphasis on 10 CFR 50.7, Employee Protection, and 10 CFR 50.5, Deliberate Misconduct, issues, as well as the reminder that the workplace be free of issues associated with harassment, intimidation, retaliation, and discrimination (HIRD). It also addressed management expectations for maintaining and fostering a

SCWE. The presentation also focused upon the roles and responsibilities of management to encourage reporting of problems and following up on issues.

DZNPS conducted an internal investigation of the electrician's work package concerns and perceived discrimination by the General Foreman. Via letter to NMC dated April 10, 2001, DZNPS concluded the issue was the result of misunderstandings and unresolved personality conflicts. DZNPS was notified by NMC on April 12, 2001, that the investigation was not adequate to support the conclusion that retaliation of the electrician by his General Foreman had not occurred. NMC directed DZNPS to reevaluate the matter.

The electrician who raised the safety concern was laid off on May 4, 2001. The electrician believed he had been wrongfully laid off by DZNPS and that the reason for his layoff was because he had raised safety concerns. NMC questioned DZNPS via letter dated May 17, 2001, in an attempt to determine whether the decision to lay off the electrician was influenced, even in part, by his prior involvement in a protected activity. DZNPS responded to the questions raised by NMC on May 21, 2001. In this reply, DZNPS stated that the employee had not been terminated for engaging in a protected activity but had been terminated because of performance problems, including excessive absenteeism.

NMC concluded that the second response by DZNPS was inadequate and self-initiated an independent investigation of the incident. The investigation was performed during the period June 6 through July 1, 2001. As noted previously, the results of this investigation were transmitted to the Commission on July 26, 2001.

The investigation concluded that DZNPS management (the General Foreman) had retaliated against the electrician and that the retaliation was due, in part, to the electrician's protected activity. Based upon the findings of the independent investigation, NMC caused DZNPS to take steps to remedy the discrimination against the electrician. The electrician was reinstated with back pay on July 23, 2001. The General Foreman's site access was denied by NMC on July 9, 2001. DZNPS terminated the General Foreman on July 23, 2001.

The electrician was laid off on or about August 31, 2001, when a general layoff of all contract electricians occurred. Also, as stated in the NRC April 1, 2004, letter, neither the NRC nor the NMC investigations substantiated that employment discrimination occurred for the August 31, 2001, lay off.

Short-Term Actions

During the week of July 15, 2001, at NMC's request, DZNPS conducted a SCWE self-assessment at PBNP. The self-assessment consisted of a series of interviews with all DZNPS employees (58) assigned to the site at that time. The self-assessment was announced via memo to all employees from the DZNPS Employee Advocate on July 16, 2003, and consisted of one-on-one interviews between employees and one of three senior DZNPS managers. This self-assessment was updated on October 4, 2001, and October 18, 2001.

In August 2001, at the direction of NMC to ensure future layoffs are nondiscriminatory, DZNPS issued formal guidance for reductions in force (RIF). This action was taken, in part, in response to the issues raised as a result of the Spring 2001 reduction in force issues that were associated with the lay off of the electrician. This guidance was utilized by DZNPS when a reduction in force was made in late August 2001, and all contract electricians were laid off.

On August 28 and 29, 2001, DZNPS conducted SCWE training for all employees assigned at PBNP. A total of 14 employees attended the training on August 28, and 21 employees attended this training on August 29, 2001. The names of the employees attending are being withheld from public disclosure in order to protect their personal privacy in accordance with 10 CFR 2.390(a)(6). The attendance list is available for inspection, along with other records referenced in this letter, at PBNP.

During the week of August 27, 2001, DZNPS conducted a SCWE self-assessment at Keewaunee Nuclear Power Plant (KNPP). The self-assessment consisted of interviews with all DZNPS employees (29) assigned to the site at that time.

In September 2001, the first of three scheduled NMC culture surveys was conducted. This survey concluded that PBNP has fostered and maintained a SCWE, but that there were improvements that could be made to the employee concern program. The survey did not disclose evidence of a chilled environment at PBNP and there were no specific references from any employees returning completed surveys that the discrimination incident that is the subject of this request for information resulted in a chilled environment.

On November 28, 2001, as a result of exit interviews held with departing DZNPS employees from PBNP and Kewaunee Nuclear Power Plant (KNPP), NMC formally notified DZNPS there was a general dissatisfaction among employees regarding the responsiveness of DZNPS management to safety concerns. The issues raised were both of a technical nature associated with the qualification and adequacy of documentation of safety-related work activities, and also associated with apparent misconduct and unprofessional behavior on the part of DZNPS foremen and supervisors. DZNPS was requested to assess the safety culture and responsiveness of its supervision and management that supports the PBNP and KNPP sites.

Via letter to NMC dated December 20, 2001, DZNPS identified four issues that need immediate and ongoing correction and enhancement in response to NMC's expectation that DZNPS charter and investigate the events at PBNP and KNPP. These areas were:

- That an environment existed at PBNP and KNPP where DZNPS employees are not comfortable bringing their concerns and issues to DZNPS management.
- That productivity of the work needed improvement.
- That job planning resource estimates were not accurate.

- That there was some dissatisfaction with the DZNPS management team.

As a result, an action item list containing 31 action items was developed by DZNPS as a basis for short-term and long-term corrective actions to improve performance.

Via letter dated December 21, 2001, DZNPS informed NMC management that two separate initiatives had been launched to address the issues noted above. The first initiative consisted of an independent review of DZNPS SCWE management and an evaluation of the issues and culture at KNPP regarding SCWE. The review was performed by an independent consultant, and is dated January 31, 2002. The report was presented to the executive management teams of NMC and DZNPS on February 22, 2002. The report is proprietary and is available for NRC inspection at PBNP.

The January 31, 2002, consultant's report states that a SCWE seminar for DZNPS management personnel was conducted in December 2001, entitled, "Participating in a Safety Conscious Work Environment," Craft personnel who were assigned to PBNP attended a similar presentation during January 2002. There was no examination of the material presented at these seminars, nor was attendance documented in the consultant's report.

The second initiative consisted of a DZNPS internal critical review of SCWE management and environment, project controls, labor management and productivity, communications processes and DZNPS/NMC relationship interfaces and effectiveness.

As a result of the two initiatives, the following actions were taken by DZNPS

- An Employee Advocate Program was established. The Employee Advocate Program provides a confidential, impartial investigator and problem-solver for work-related concerns and problems.
- DZNPS has stabilized site management since 2001. During 2001, there were five DZNPS site managers assigned to PBNP. It was determined that the lack of consistent leadership was a significant contributor to the less than adequate SCWE in this work group.
- At the end of a refueling outage or major project, prior to release of craft personnel, DZNPS conducts exit interviews. During these exit interviews, employees are encouraged to raise concerns. During 2002, approximately 179 exit forms were completed, with only one concern being raised. During 2003, approximately 101 forms were collected, with only one concern being raised regarding quality of scaffolding materials. The PBNP ECP Manager stated this concern was resolved and the exiting employee was formally notified of the resolution.

The NMC "PEACH" program was implemented on February 4, 2002. The program is documented in NMC Corporate Policy 0068, entitled, "PEACH – Employee Issues

Resolution Process." The PEACH process is a method used to clarify the processes that employees have available to them to raise concerns. The elements of the PEACH process are as follows:

- Professional Opinions (Differing)
- Employee Concerns Program (ECP)
- Action Requests
- Code of Conduct Issues
- Human Resource Issues

The PEACH process was rolled out throughout the NMC fleet during Spring of 2002. Brochures outlining the program are distributed in prominent locations at each of the NMC plants, the program is also documented electronically on the *NMCNet* for those employees with access to computers. There have been several NMC newsletters discussing this program as well as updates in *NMCOnline* since the program's inception, the most recent of which was the March/April 2004 edition, published on April 26, 2004. The PEACH process emphasizes that there is a process customized for any issue that might be raised.

Long-Term and Continuing Actions

NMC performed an independent safety culture survey in September 2001. Contract labor was specifically demographically isolated in this survey in order to assess its safety culture. The survey results indicate there is not a SCWE concern at PBNP. Another independent safety culture survey will be conducted in late 2004. PBNP Excellence Plan OR-03-001, previously submitted on the docket, documents the continuing programmatic improvements that have been made and continue to be made in the PBNP ECP.

At the end of a refueling outage, or following completion of major work activities where DZNPS employees are hired, DZNPS conducts exit interviews with departing employees to identify issues that the employees feel should be addressed. A review of 101 exit forms collected during the period August 8 through December 31, 2003, identified a single issue, which was not associated with SCWE. This issue recommended that new scaffold materials be procured. There is no evidence, based upon the results of the exit interviews that the 2001 discrimination against a DZNPS employee for raising a safety concern has resulted in a chilling effect.

Regular communications and monthly meetings are conducted between DZNPS site management and the PBNP ECP Manager. A monthly meeting is held with the PBNP ECP Manager. Monthly reports are provided to NMC management. These reports contain a specific section devoted to employee concerns that have been raised.

The PBNP ECP Manager conducts an NMC employee concerns program briefing to newly arriving NMC and contractor employees. There are no examinations associated with this orientation nor is attendance documented. The briefing focuses upon NMC's ten SCWE expectations. These expectations are:

- Individuals at all levels within NMC must consider safety their overriding priority. This is a threshold issue, below which we will not operate our facilities.
- Individuals at all levels of NMC must exercise a questioning attitude and those in supervisory and management positions must constantly encourage reporting of safety concerns.
- NMC does not tolerate harassment, intimidation, retaliation, or discrimination for raising safety concerns. This includes behaviors exhibited by managers, supervisors, subordinates, and peers.
- Safety concerns should always be responded to in a timely, effective and respectful manner.
- Always make legitimate, defensible employment decisions that are free from any improper ties, even in part, to protected activities.
- Employees are encouraged to use company resources to investigate and reconcile concerns. If the individual is unable to bring issues to the attention of his/her supervisor, they are encouraged to use the ECP program. Employees are specifically informed, however, they have the right to raise their concern to the ECP and/or the NRC at any time.
- Facilitate timely and effective resolution of issues an employee becomes aware of.
- Self-monitor behavior to assure that each employee remains approachable, accessible and effective when raising and reconciling concerns.
- Provide coaching and feedback to those persons who fail to display appropriate behaviors.
- Provide timely feedback to individuals during the course of reconciling issues.

As noted above, the orientation sessions are not documented via attendance sheets or formal examination. A review of the PBNP ECP Manager's calendar, however, disclosed that these orientations and monthly ECP update briefings were specifically conducted during 2003 with DZNPS on February 27, March 12, March 13, March 20, April 3, April 10, May 9, June 10, June 25, July 9, August 8, September 4, November 7, November 12, 2003, and April 2, 2004. Unfortunately, records are no longer available that provide documentation of the meetings held during 2002.

Since a number of DZNPS employees work at both PBNP and KNPP, it is important to note that during 2003, DZNPS ECP orientations were conducted by the PBNP ECP Manager prior to the start of the KNPP refueling outage on April 2 and 3, 2003.

A second independent safety culture survey was conducted in early 2003. As with the 2001 survey, contractor labor was isolated demographically. This survey confirmed that PBNP continues to maintain a SCWE; however, the survey revealed that additional ECP programmatic improvements could be made. These improvements are documented in PBNP Excellence Plan OR-03-001.

Key elements of Excellence Plan OR-03-001 (which continue to be implemented) include:

- Increasing ECP communications to the site, with the ECP Manager typically attending important site meetings, including the Plan of the Day (POD) meeting, NRC exit meetings, industry assist visit exit meetings, etc.

An example of the increased communications with the site regarding ECP, the January 30, 2004, edition of *NMC Today – Team Notes for Point Beach*, contains an article prepared by the PBNP ECP Manager that defines and addresses nuclear safety concerns. The article differentiates between nuclear safety and workplace concerns.

Coincidentally, this edition of *NMC Today* also describes the new employee orientation program that supplements General Access Training (GAT). The purpose of the program is to supplement GAT to help better define roles and responsibilities of new NMC employees. The program takes between five and eight days, depending on each individual employee training needs. The program description includes indoctrination into PEACH, including SCWE training, as described earlier in this response.

- Appointing individual ECP Managers for PBNP and KNPP in 2003. In the past, there was one person assigned as ECP Manager for the 3-unit site. It was determined that the position should be site-specific to best support the needs of each site.
- Strengthening the referral process and refocusing ECP back to nuclear safety issues. The culture survey indicated that some employees did not fully understand that it was not the purview of ECP to address human resource or industrial safety issues.

It was determined that strengthening the referral process, improving communications, improving the implementation of the PEACH process, and refocusing ECP to nuclear safety issues, the needs of the plant staff (NMC employees and contractors) would better serve the needs of site employees.

- Conducting a follow-up safety culture survey in late 2004.

It should be noted that Excellence Plan OR-03-001 is a "living document." As such, it will be revised or a new Excellence Plan developed if it is determined that the objectives of this plan are not fully met or that additional work is required.

On November 11, 2002, the Institute of Nuclear Power Operations (INPO) issued SOER 02-04, "Reactor Pressure Vessel Head Degradation at Davis-Besse Nuclear Power Station." This SOER, along with the 2002 culture survey, drove a review of the safety

culture at PBNP. The results of this review were also factored into the development of Excellence Plan OR-03-001, as well as being the subject of an individual Excellence Plan, OR-07-002, SOER 02-04, Recommendation 2.

Excellence Plan OR-07-002 requires that assessments be performed to determine whether there is an appropriate focus on nuclear safety at PBNP. The action steps contained in this plan were accomplished approximately one year ago; and the plan is scheduled for closure reviews in the near future.

An ECP program snapshot self-assessment was conducted in accordance with corrective action program (CAP) AR 051718 as action OTH053817. The self-assessment was performed December 1-15, 2003. The scope of the self-assessment was to determine whether the ECP improvements undertaken via Excellence Plan OR-03-001 had been effective. The self-assessment covered a representative sampling of a cross-section of the organization.

The conclusions of the self-assessment were that the program improvements were generally effective. Most employees indicated an awareness of the program; however, many of the employees interviewed still believed the ECP is for all types of concerns. It was determined that in addition to the routine face-to-face meetings (e.g., all-hands briefings and group meetings on a sporadic basis), NMC Today (on the Intranet) is the most effective communications mechanism, with posters and brochures being marginally effective.

Several suggestions for improvement were provided. These included, but were not limited to providing ECP training during Auxiliary Operator (non-licensed operator) training in accordance with RFT011391, publish new ECP posters in *NMC Today*, remind personnel of the difference between nuclear safety and workplace concerns in an NMC Today article (see the above described January 30, 2004 article), and continue the annual face-to-face briefings for all site personnel. These suggestions are being evaluated.

In addition to the above, SCWE training is a key element of NMC's training and requalification programs. All NMC new employees and contractor employees receive general orientation training in accordance with NMC fleet training procedure NGA01L001H, "Plant Access Training," prior to being permitted unescorted access to the PBNP protected area. An examination is given prior to permitting new employees unescorted access to NMC facilities. Training records, including examinations and results for individual NMC employees and contractor employees can be retrieved upon request at PBNP. Submittal of the examinations on the docket poses the potential of compromising the integrity of the examinations.

Annual refresher training using this same training module is required in order for an individual to continue to receive unescorted access at NMC facilities. Individual retraining and requalification records for NMC and contractor employees can be retrieved upon request at PBNP.

In addition to general access training, additional training is provided to supervisors and managers through the NMC fleet training program. The NMC fleet leadership training program includes a SCWE module, "Taking Action." While the training program module is copyrighted, the following description is provided:

"This course focuses on developing the managerial skills necessary for ensuring an environment open to employee concerns. Taking Action informs participants about employee rights and responsibilities with regard to raising safety-related concerns. Through video simulations and exercises, managers learn methods of:

- Handling employees who raise concerns
- Monitoring their own conduct
- Separating safety discussions from performance management
- Preventing a chilled environment in their work area
- Detecting signs of a hostile work environment
- Managing contractor issues"

The training module is four hours in length. NMC managers are required to participate in the training. The copyrighted student participation manual is available for inspection at PBNP. The document is being withheld from public disclosure in accordance with 10 CFR 2.390(a)(4)(6).

On June 5, 2003, an ECP awareness briefing was conducted and PEACH information was shared at all-hands meetings. As a standing practice, prior to the start of each refueling outage, the ECP Manager conducts an ECP briefing of contractor employees. The Fall 2003 pre-outage briefings for DZNPS were conducted on August 30 and September 9, 2003; while the Spring 2004 pre-outage briefings for DZNPS were conducted on April 2, 2004.

In addition to the ECP programmatic improvements and training programs that are in place at PBNP, the following NMC policies pertain to employee concerns:

- NMC Policy CP 0003, Equal Employment Opportunity/Non-Harassment
- NMC Policy CP 0017, Safety Culture
- NMC Policy CP 0021, Employee Concerns Program
- NMC Policy CP 0068, PEACH – Employee Issues Resolution Process

The NRC letter dated April 1, 2001, requested NMC to address the criteria for discretion for an apparent violation of 10 CFR 50.7 as described in Section VII of the Enforcement Policy. The following information is provided in support of enforcement discretion as described in Section B.5 of Section VII of the Enforcement Policy.

1. NMC initiated prompt actions in response to the work package concern raised on March 27, 2001.

2. When the electrician first raised retaliation concerns on April 4, 2001, NMC again initiated prompt actions to resolve the concern and directed DZNPS to initiate an investigation.
3. When NMC learned that the electrician had been laid off in early May 2001, possibly in part, as a result of engaging in a protected activity, NMC immediately communicated with DZNPS to determine the specific circumstances associated with the lay-off.
4. When the DZNPS response to the NMC request for information was determined to be inadequate, NMC promptly initiated an independent investigation of the matter. The independent investigation was conducted during the period June 6, 2001 through July 1, 2001. The report documenting this investigation was promptly sent to the Commission on July 26, 2001.
5. At the time the results of the investigation were transmitted to NRC on July 26, 2001, at NMC's direction, the electrician had reached a settlement with DZNPS, and had returned to work. To the best of NMC's knowledge, the electrician did not file a complaint with the Department of Labor regarding this issue because settlement with DZNPS had been reached. In addition, at the time the results of the investigation were transmitted to the NRC on July 26, 2001, the General Foreman's site access had been denied by NMC and the General Foreman's employment had been terminated by DZNPS.
6. All actions to investigate and respond to this issue were taken by NMC as a result of self-initiated actions prior to regulatory investigation or intervention.
7. The actions taken by NMC were prompt. At NMC's direction, the electrician reached a settlement with DZNPS and returned to work on July 23, 2001. The General Foreman's employment was terminated on July 23, 2001. The NMC actions, as discussed in this letter, demonstrate NMC's continuing commitment to fostering and maintaining a SCWE at PBNP.
8. A review of corrective action program action request data shows that individuals assigned to PBNP are willing to raise concerns. In 2001, 3814 ARs were initiated. In 2002, 4803 ARs were initiated. In 2003, 7551 ARs were initiated. As of April 2004, 3541 ARs have been initiated. It is estimated that by the end of 2004, in excess of 10,000 ARs will be initiated at PBNP. Thus, the increase in the number of ARs initiated since the time this incident occurred demonstrates that NMC and contractor personnel assigned to PBNP understand that the corrective action process can be used to document concerns. The sustained and increasing AR initiation rate objectively supports the conclusion that this incident did not cause a chilling effect upon the employees of NMC or its contractors, subcontractors or vendors.
9. During 2003 there were three issues associated with DZNPS that were referred to the PBNP ECP. The first was associated with scaffold construction and procedural concerns. The second dealt with a sexual harassment complaint. The third issue was

received from a training instructor who said that a DZNPS employee had stated he would not raise issues after a co-worker had been disciplined for breaking a forklift window. All three issues were resolved.

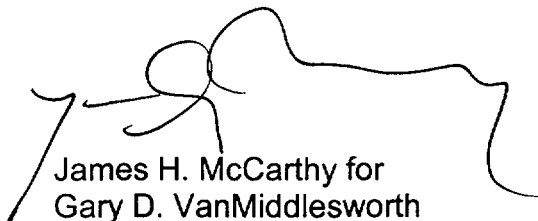
In 2004 to date, there have been three issues raised by DZNPS employees that were referred to the PBNP ECP. The first dealt with an individual who had been denied access to PBNP and questioned whether appropriate procedures had been followed in the denial of access. The concern was resolved. The second identified a potential concern regarding use of the corrective action program to take sanctions against DZNPS. This concern was evaluated but not substantiated. The third concern surrounded two separate and distinct issues. The first part of this concern raised questions about needed scaffolding tools; which were obtained. The second issue questioned why an employee had been terminated. The second part of this concern was addressed during discussion with the concerned individual to the point practicable without divulging confidential, personnel-related information.

10. As part of the supplemental inspection for an unrelated Red Finding at PBNP, the NRC evaluated whether PBNP had a SCWE. The results of this inspection concluded that PBNP found no evidence of SCWE problems at PBNP. These inspection results are documented in a February 4, 2004, inspection report; 50-266 & 301-03-07.

NMC believes that the policies and procedures administered by NMC and by DZNPS, coupled with the significant improvements made by DZNPS, have established and maintained a work environment that includes an effective process for the identification of problems, where employees feel free to raise concerns without fear of retaliation. These policies include clear prohibitions against retaliatory conduct, and an avenue for addressing concerns of this nature. There is no current evidence that the action taken by DZNPS against the electrician adversely impacted the broader SCWE that NMC has established, monitors and maintains.

Summary of Commitments

There are no new commitments in this letter.



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Gary D. VanMiddlesworth
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