

Williams Service Group, LLC



A Williams Group International Company

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Via FedEx

March 25, 2005

United States Nuclear Regulatory Commission
ATTN: Document Control Desk
Washington, DC 20555

RE: Reply to a Notice of Violation; (EA-01-082; EA-04-172)

To Whom It May Concern:

Williams Service Group, LLC, f/k/a Williams Power Corp. ("Williams"), has received your February 24, 2005 Notice of Violation (EA-01-082; EA-04-172) sent to Mr. Dan Daniels, who at the time of the occurrence five years ago, was a Vice-President of Williams Power Corp. The purpose of this letter is to reply to the two specific violations issued to Williams by the U.S. Nuclear Regulatory Commission (the "Commission" or "NRC"). Williams' Reply is attached hereto.

I trust that, after thoroughly reviewing the information in this Reply and the accompanying documentation, both of which underpin Williams' basis for disputing the violations and/or severity levels, the Commission will conclude that Williams' actions did not warrant either of the Severity Level III violations.

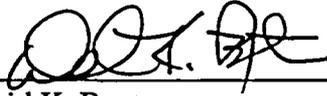
Additionally, Williams firmly believes that the corrective steps we have developed and implemented over the past several years since this matter arose are consistent with establishing a viable Safety Conscious Work Environment ("SCWE") policy and philosophy within our company. Further, this policy and practice clearly supports our position that Williams' actions have not had and will not promote or encourage a chilling effect on any employee's rights and obligations to raise safety concerns in the nuclear industry. Likewise, the development and ongoing implementation of these steps should help to avoid future allegations of violations, as well as actual violations. Williams' SCWE policies and practices are fully discussed in our Reply, and we trust that the Commission will find these satisfactory.

Please contact me, at 770-879-4136 if you have any questions or require further information regarding this response.

IE14

I HEREBY DO SOLEMNLY SWEAR THAT, UPON INFORMATION AND BELIEF,
ALL OF THE FOREGOING STATEMENTS AND THE STATEMENTS CONTAINED IN THE
ATTACHED REPLY ARE TRUE AND CORRECT.

SIGNED THIS 25th DAY OF MARCH, 2005.



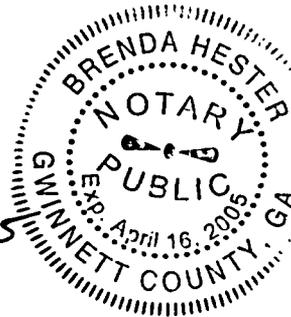
David K. Baxter
General Counsel and Secretary
Williams Service Group, LLC

Sworn to and subscribed before me
this 25th day of March, 2005.

Brenda Hester

Notary Public

My Commission Expires: April 16, 2005



(SEAL)

encls.

cc: NRC Regional Administrator, Region III
NRC Enforcement Officer, Region III
NRC Resident Inspector – Perry Nuclear Power Plant
Director, NRC Office of Enforcement
David W. Jenkins – FENOC General Counsel
Charles W. Whitney, Esq.
Roy P. Lessy, Esq.

WILLIAMS SERVICE GROUP, LLC (f/k/a WILLIAMS POWER CORPORATION) REPLY TO EA-01-082 and EA-04-172

In its February 24, 2005 letter, the Commission informed Williams that it had identified two Severity Level III Violations against Williams. Violation EA-01-082 was issued for Williams' alleged violation of 10 CFR 50.7, discrimination against an employee for engaging in certain protected activities. Violation EA-04-172 was issued for Williams' alleged violation of 10 CFR 50.5(a)(2), deliberate submission of inaccurate information to the NRC by a Williams employee. This Reply addresses each violation separately.

EA-01-082

Violation of 10 CFR 50.7

1. *Basis for Dispute.*

The Commission determined that Williams violated 10 CFR 50.7 that prohibits, in part, discrimination by a contractor against an employee for engaging in certain protected activities. Specifically, the Commission contends that this violation occurred in March 2000, when a Williams' Site Superintendent discriminated against three painters employed by Williams because they had engaged in protected activities. At that time, Williams was working for First Energy Nuclear Operating Company ("FENOC" or "licensee") as a coatings/painting maintenance contractor at its Perry Nuclear Power Plant in Perry, Ohio ("Perry").

The violation concluded that these painters had contacted a FENOC Maintenance Supervisor on March 8, 2000, and alleged that Williams' had violated certain FENOC coatings procedures. The violation later stated that, on March 9, 2000, these same painters met with the Perry Ombudsman to again discuss their concerns, which included allegations that a Williams General Foreman had instructed these painters not to follow FENOC surface preparation procedures before applying paint in the Perry Fuel Handling Building. According to the Commission's investigation, "[i]mmediately following the painters' meeting with the Perry Ombudsman, the Site Superintendent for [Williams] told the painters they could volunteer for layoff or be terminated. As a result, two painters were laid off on March 9, 2000, and the third painter resigned on March 10, 2000."

Williams does not dispute that the painters' discussion with the FENOC Maintenance Supervisor and their subsequent meeting with the Perry Ombudsman constituted protected activities under the applicable regulation. However, Williams respectfully disagrees with the Commission's finding that there existed a "threat by the [Williams] Site Superintendent to layoff the painters and to the subsequent layoff of two painters and the resignation of the third painter." Analysis of the evidence made available during the Commission's investigation by its Office of Investigations ("OI") supports Williams' position. Likewise, testimony and documentary evidence offered by Williams at the Commission's September 26, 2001 Pre-decisional Enforcement

Conference (the "PEC") also supports Williams' position on this issue.² Williams concedes that a discrete portion of the testimony of its Site Superintendent was tainted. This is fully discussed in Williams' reply to the 50.5 violation, hereinbelow. Despite this unfortunate fact, the remaining testimony and evidence was truthful and, as such, the Commission should not disregard it. We believe that others can substantiate this supervisor's version of events leading up to the layoffs. Moreover, and as Williams has previously informed the Commission, had its former employee testified truthfully as to what he actually did with a missing payroll check, this testimony would have further substantiated Williams' position that its Site Superintendent did not force or otherwise coerce any of the three painters into the taking the layoffs.

The three Williams' employees who spoke with the FENOC Maintenance Supervisor and then met with the Perry Ombudsman were part of a larger group of employees, all of whom Williams solicited to voluntarily accept reduction-in-force layoffs. As previously testified to, these layoffs were necessitated by a declining workload on this particular project.

As Williams' Vice-President testified at the PEC, Williams had decided to implement this layoff at least a week and a half before March 9, 2000. Further, other crewmembers that were not involved in the underlying charge stated that they were fully aware of the impending layoff well before March 9, 2000. In this particular instance, even though Williams' former Site Superintendent may have contemplated laying off these three painters, as evidenced by the pre-drafted checks, he in fact did not act upon such contemplation and instead chose the non-discriminatory path of action. In fact, both of the painters who volunteered for these layoffs admitted that fact. Moreover, another government entity, the National Labor Relations Board, in dismissing an unfair labor practice charge against Williams for the same incident, indicated that the complaining party in the instant matter admitted to volunteering for the layoff. The third painter voluntarily terminated his employment at a later date, and was neither forced nor coerced by the Williams Site Superintendent to do so.

Generally speaking, this process, by which employees end their employment, routinely occurs, without incident, on maintenance projects similar to the one that Williams was performing at Perry. Williams normally engages in short-term maintenance or construction projects, and routinely employs temporary craft labor to perform its contractual work requirements. In this particular case, Williams hired painters from the local union. Before bringing them onto the Perry site, Williams screened, trained and oriented these persons on performing coatings work at a regulated nuclear facility, including Safety Conscious Work Environment ("SCWE") training.

² Periodically, throughout this Reply, Williams refers to testimony and/or evidence presented at the PEC. Williams has not cited to specific portions of the PEC transcript or evidence nor has it included relevant excerpts because the Commission should already have copies of this material. However, if the Commission so desires, Williams is prepared to supplement its Reply with such citations and to provide relevant excerpts of the PEC transcript and documentary evidence presented by Williams.

Reductions in force, layoffs and terminations on maintenance projects, such as this project, are routine, predictable and certain. As work increases, Williams will hire additional hands to perform the job. Likewise, as work slows down, Williams will reduce its craft forces through layoffs. Sometimes, workers will voluntarily terminate their employment and, as in this case, sometimes Williams will solicit volunteers for such reductions in force. All of this is done in the ordinary course of business.

In light of the foregoing information, all of which the Commission was aware during its nearly four year deliberation process, Williams respectfully requests that the Commission, in its discretion, withdraw the 50.7 violation against Williams.

2. Corrective Steps Taken.

While Williams still maintains that it did not violate 10 CFR 50.7, it nevertheless recognizes the need continually to apprise all of its personnel, and, in particular, its supervision on the applicable rules and regulations governing its work and employment practices at jobsites regulated by the Commission. To that end, Williams has adopted a specific SCWE policy. Williams has long had, and continues to enforce, an anti-discrimination/anti-harassment policy for its employment practices. Further, shortly after the PEC, Williams implemented a practice whereby it would periodically hold training sessions with its site managers and superintendents on SCWE and employment discrimination issues. As discussed in Item 3 below, Williams developed this enhanced SCWE policy and training shortly after the PEC. Williams continues to implement this policy routinely.

Additionally, as soon as Williams became aware that OI was investigating the discrimination charge, it fully cooperated with OI in such investigation. Williams made its employees available for interview and provided OI with all documents in its possession, custody and control that OI requested. Counsel for Williams, made himself available to answer the OI's questions and to facilitate Williams' part in the investigation.

After Williams learned of the OI's findings, and before the PEC, Williams conducted its own investigation into the matter. Williams interviewed then current and former Williams' employees, the licensee's maintenance supervisor, and a representative of the local painters' union. Williams also reviewed all actions taken by its on site personnel and relevant documentation. Williams presented all of its findings to the Commission staff at the PEC. Further, with regard to the allegations that a Williams general foreman was directing certain painters to violate licensee coating procedures, as previously stated at the PEC, Williams investigated and dealt with this issue promptly. This investigation resulted in a termination-for-cause of the general foreman. At all times, Williams has considered this matter extremely important, and dealt with the Commission and the OI in an open, honest and forthright manner.

3. *Corrective Steps Taken to Avoid Future Violations.*

Williams and its affiliates have worked in the nuclear industry, including nuclear power plants across the country, for the past three decades. Since 1984, Williams' employees have logged more than 26 million man-hours at nuclear sites. This represents an average of nearly 700 workers per year in the nuclear industry. Williams takes great pride in the fact that, given these significant numbers, there have been only a very few allegations of adverse employment action in violation of the Energy Reorganization Act (ERA). One primary reason for this is that Williams embraces and promotes a SCWE. We believe that Williams' actions in this case demonstrate this commitment. That said, Williams has fully implemented the corrective steps to which it committed at the September 26, 2001 PEC.

As relates to the conduct of its personnel, Williams has developed and adopted a specific SCWE policy. The current policy, which was drafted in early 2002, then approved by the Company's Board of Directors and enacted in August of 2002, is set forth in Section 7.2.11 of the Company's Policies and Procedures. A copy of Williams' SCWE Policy is attached as Exhibit "1" to this Response.

The basics of Williams' SCWE policy are four fold. First, Williams strives to provide the best and highest quality work and to maintain a safety conscious work environment. Second, Williams maintains an open door policy for communication of workplace quality and safety concerns. Third, Williams will not tolerate or condone any form of harassment towards or retaliation against an employee who raises a workplace quality or safety concern. Fourth, Williams recognizes the need, in certain instances, to keep and maintain such concerns confidentially.

Further, recognizing that this information needs to be disseminated to its employees, Williams has developed a memorandum to be distributed to all new hires at its nuclear site projects. Williams began disseminating this information to site-specific personnel in 2002, and has renewed its efforts in this regard. A "generic" copy of this memorandum is attached as Exhibit "2" to this Response.

Third, as you know, a crucial component of any SCWE policy is periodic training of supervisory personnel. Originally, Williams had relied primarily upon SCWE training conducted by its client/licensees. In the fall of 2002, Williams began conducting periodic in-house training of its supervisory personnel. Further, Williams has included SCWE issues in broader training/information sessions held at its periodic Site Managers' meetings.

To further this commitment, and in light of recent regulatory developments resulting in closer scrutiny of contractors who work at Commission regulated nuclear facilities, Williams has conducted a more detailed overview of its SCWE policy, as well the applicable laws and regulations. To that end, Williams has implemented more detailed and frequent training of its Foremen, General Foreman, and Superintendents.

Williams began this more detailed training in the fall of 2004 and is continuing with these efforts. By way of example, Williams' recently conducted such training for its personnel employed at Seabrook Station and Columbia Generating Station. Over 150 Williams' employees participated in these sessions facilitated by Williams' senior management. Moreover, Williams recently completed similar training for its employees at its FPL Energy St. Lucie project. A "generic" copy of Williams' Power Point SCWE presentation is attached as Exhibit "3" to this Response.

Williams remains committed to implementing and enforcing its SCWE policy. The program outlined above has been designed to supplement and support licensee programs already in place at sites where Williams is engaged. In addition to the steps outlined above, Williams engaged outside legal counsel to review Williams' SCWE program and to make recommendations regarding potential enhancements. Specifically, Williams asked outside counsel to review proposals from the NEI working group and from the latest Commission draft information notice regarding best practices and model programs and to assist us in ensuring that Williams' program incorporates all past lessons learned and is state of the current art. We expect that these enhancements will include increased focus on all aspects of our program, and the addition of major modification, potentially including a Williams' specific quality concerns program under separate Williams' management supporting the licensee effort, and an across the board cultural assessment of our supervisory personnel.

4. Date When Full Compliance Will Be Achieved.

Williams firmly believes that it and its affiliated organizations have at all times before and after this incident, fully complied with the Commission's Rules and Regulations governing SCWE, including those prohibiting employee discrimination at all levels. That said, Williams recognizes the need periodically to review and update its policies and practices. In this regard, please refer to Williams' statements in Section 3 above.

EA-04-172
Violation of 10 CFR 50.5

The Commission further determined that Williams violated 10 CFR 50.5 prohibiting, in part, an employee of a contractor of a licensee from deliberately submitting information to the Commission that the person submitting the information knows to be incomplete or inaccurate in some respect material to the Commission. The Commission found that Williams violated 10 CFR 50.5 when, "on November 2, 2000, and September 26, 2001, the Site Superintendent for [Williams] at the Perry Nuclear Power Plant deliberately provided materially inaccurate information to the [Commission]. Specifically, during a sworn transcribed interview with an [OI] Special Agent on November 2, 2000, and during a September 26, 2001, predecisional enforcement conference with the [Commission] staff, the Site Superintendent was questioned concerning a potential violation of 10 CFR 50.7 at the Perry Nuclear Power Plant ." The Commission deemed this information as material because it was "capable of influencing a decision whether a violation of 10 CFR 50.7 had occurred."

1. *Basis of Williams' Request for Discretion.*

As soon as Williams discovered that its employee had provided false and inaccurate information to the OI and to the Commission staff as relates to one discrete event in the underlying matter, Williams disclosed this to the Commission. This disclosure occurred just a few days after the PEC, and well before the Commission had acted upon the previously submitted false testimony. Further, Williams and its former employee provided follow up documentation to the Commission such that it had the correct information well before it ruled on the underlying allegations of unlawful discrimination. In fact, the Commission staff commended Williams over three and a half years ago on its prompt and full disclosure of this problem and Williams' efforts to timely correct the record.

Williams does not dispute that its former employee provided inaccurate information to the Commission during his OI interview and during the PEC, nor does Williams dispute that the testimony was material to the Commission. As a result of his unauthorized conduct: this individual's employment with Williams was terminated, he was convicted of a criminal charge, and, as we understand, he is subject to serious sanctions by the Commission, including a separate 50.5 violation and debarment from working at nuclear facilities for three years.

That said, Williams believes that the Commission should not penalize Williams for the unauthorized and unknown acts of this employee. Williams also believes that the Commission should reconsider the critical fact that Williams, on its own initiative, corrected this problem with the testimony by fully disclosing accurate information on the missing check as soon as it became aware of the former employee's tainted testimony. The time frame was very shortly after the PEC and well before the Commission ruled on this matter some 3-1/2 years later. Williams did this knowing full well that its ability to

defend the discrimination charge could be compromised, even though it believed the evidence presented clearly supported its case.

Most importantly, the Commission seems to overlook the fact that an accurate portrayal of events surrounding the missing check further supports Williams' position that it did not unlawfully discriminate against these employees. The fact that the Site Superintendent actually destroyed the final paycheck of a painter who did not volunteer for a layoff is evidence of his decision not to "pre-select" these employees but to actively solicit volunteers, which was likely a better way to address the already planned and necessary layoffs.

According to the Commission's General Statement of Policy and Procedure for NRC Enforcement Actions (the "General Policy Statement"), when the regulated entity has "corrected inaccurate or incomplete information, the decision to issue a Notice of Violation for the initial inaccurate or incomplete information normally will be dependent upon the circumstances," including, among other things, "timeliness" of the correction, who identified the problem with the incorrect information, and whether the Commission relied upon the incorrect information. "Generally, if the matter was promptly identified and corrected by the [regulated entity] prior to reliance by the [Commission], or before the [Commission] raised a question about the information, no enforcement action will be taken for the initial inaccurate or incomplete information." Williams concedes that the Commission members at the PEC had inquired about the status of a missing final paycheck. From this inquiry, Williams committed to investigate the matter further, which it did. Williams' further investigation determined that its Site Superintendent had not truthfully disclosed the status of a final check to one of the three painters, and Williams promptly disclosed this fact, well before the Commission staff had the opportunity to or did, in fact, rely upon the previously incorrect statements. Williams believes that the facts, and its conduct, in the instant case fall squarely within the foregoing parameters that argue against issuance of the 10 CFR 50.5 violation to Williams.

Williams understands that, in certain circumstances, it is responsible for the acts of its employees in furtherance of the company's business. However, the instant matter presents a different set of circumstances. According to the General Policy Statement, in deciding whether to take this action against Williams, the Commission should consider the following mitigating factors:

- A. **The level of the individual within the organization.** The Site Superintendent was a low level employee within the organization.
- B. **The individual's training and experience as well as the potential consequences of the wrongdoing.** The former employee had received SCWE training from Williams and the licensee.
- C. **The safety consequences of the misconduct.** This misconduct, although serious, was not related to nuclear safety.

- D. **The benefit to the wrongdoer.** Neither Williams nor its former employee benefited in any way from this conduct.
- E. **The degree of supervision of the individual.** The former employee was supervised by Williams' management not on site.
- F. **The employer's response.** At all times, Williams has responded timely, fully, frankly and truthfully to the Commission, its staff and the OI.
- G. **The attitude of the individuals:** The Site Superintendent accepted full responsibility for his actions and has been punished and sanctioned appropriately.
- H. **The degree of management responsibility or culpability.** Williams' senior management had no prior knowledge of the misconduct.
- I. **Who identified the misconduct.** Williams identified and promptly disclosed the misconduct to the Commission before it had ruled.

The instant matter and the Commission's corresponding imposition of a separate 50.5 violation against Williams severely penalizes Williams for the unknown, unauthorized and illegal actions of one of its former employees. Williams does not believe that, in this case, the Commission is justified in imposing "strict liability" upon the Company where it had no prior knowledge of, nor did it in anyway condone the Site Superintendent's inaccurate testimony. Moreover, Williams had in place, and still maintains, an express policy forbidding such conduct by its employees.

The former employee's conduct clearly violated Williams' policy. Exhibits "4" and "5" to this Reply contain the June 1, 1999 and August 1, 2002 copies of Williams' Code of Conduct, respectively, which are set forth in Section 7.2.1 of its Policies and Procedures. Policy 7.2.1 expressly states that "lying or dishonesty" are "unacceptable activities" by Williams employees. Williams promptly enforced this Code of Conduct against its Site Superintendent by first suspending him pending an internal investigation and then terminating his employment for cause.

Moreover, Williams fully cooperated with the Commission and the OI in its ensuing investigation of this matter. As soon as Williams' senior management and legal counsel became aware of this, it was immediately disclosed to the Commission. Also, Williams made both its in-house counsel and its outside regulatory compliance counsel available for OI interviews. Williams further provided additional documentation to the Commission staff on the underlying issue. Williams believes that the Commission should credit Williams for promptly and decisively acting on this employee matter and for immediately disclosing the inaccuracies to the Commission and fully cooperating in the ensuing OI investigation well before the Commission had ruled or formed a basis for ruling on the underlying charge of discrimination.

Williams believes that the exercise of discretion by the Commission in dismissing the 50.5 violation would avoid the chilling effect that a Severity Level III or higher violation would have on employers contemplating response to an employee's independent unlawful acts. By taking the action that it has, the Commission is severely punishing

Williams for doing the right thing. This action directly contravenes the fundamental premise and spirit of the applicable regulations, which is for those working in a nuclear setting to feel free to bring issues to the Commission without fear of reprisal.

2. Corrective Steps Taken.

With respect to the actions taken against the Site Superintendent, please see Williams' reply in Section 1 of its response to this violation. Simply put, Williams enforced company policies in dealing with this employee's violation of the Company's Code of Conduct.

However, since Williams did not expect the Commission to issue a 50.5 violation, Williams has not implemented any further corrective steps to date. Williams was surprised and disappointed to read that the Commission considered that company's prior actions constituted a separate and distinct violation of this provision. Williams simply does not understand how the Commission could reach such a conclusion. That said, Williams obviously does not condone nor will it ever condone its employees giving false and inaccurate testimony to government authorities. Williams' policies and procedures clearly reflect this. Finally, even though the Commission's specific finding in this case might tend to deter some employers from disclosing information about unauthorized and previously unknown unlawful conduct of one of its employees to the Commission, at risk of being penalized unfairly for such action, Williams remains committed to this policy and will continue to enforce it without fail. We did, and will continue to do the right thing.

3. Corrective Steps Taken to Avoid Future Violations.

Williams refers the Commission to Section 3 of its Reply to the 50.7 Violation herein. In this preceding section, Williams fully sets out such corrective steps.

4. Date When Full Compliance Will Be Achieved.

Williams believes that, at all times relevant to this matter, it has fully complied with 10 CFR Section 50.5, as relates to this matter, because it notified the Commission as soon as it became aware of the inaccurate statements of its Site Superintendent. Moreover, Williams fully cooperated with the Commission and OI in the ensuing investigation. Williams had no prior knowledge of the Site Superintendent's false testimony, and his actions in providing such testimony, in addition to being unlawful, violated express Company policy. As soon as Williams discovered this transgression, and after it had notified the Commission, Williams took prompt action against this individual by first suspending him, then terminating his employment for cause.

7.2.11 WORK QUALITY AND SAFETY CONSCIOUS WORK ENVIRONMENT

1. **Policy** - The Company strives to provide the best, highest quality work and to maintain a safety conscious work environment. To that end, all employees are encouraged and expected to be aware of and, if necessary, report issues involving poor quality work, unsafe or suspect work conditions.
2. **Open Door Communications** - The Company maintains an open door policy for communication of workplace quality and safety concerns. Every employee is encouraged to first report any such concerns to his immediate supervisor. Each employee also has other alternatives for reporting such concerns including, Company management, the corporate Legal or Human Resources Department, the Site Manager for the project to which the employee may be assigned, the customer, and/or government authorities with regulatory control over the project, if applicable.
3. **Harassment** - The Company does not condone and will not tolerate any harassment towards or retaliation against an employee who raises a workplace quality or safety concern. Any such action is a violation of the Company's Code of Conduct and any employee participating in such action will be subject to discipline in accordance with applicable policies and procedures.
4. **Confidentiality** - In certain workplace settings, the employee has the right, under applicable law, to raise quality concerns confidentially. The Company will provide specific information about such rights and obligations to those employees who will be assigned to such projects. In such cases, the supervisor, Company management, the project owner/operator, and/or the authorized government authority, will all maintain the employee's confidence regarding any such concern, and will not release any such information to an employee's co-workers regarding the fact that the employee raised a concern.

Revision: 0

Policy 7.2.11

Date: 08/01/02

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EXHIBIT "2" TO WILLIAMS' REPLY

WILLIAMS INDUSTRIAL SERVICES GROUP

**2076 West Park Place
Stone Mountain, Georgia 30087**

**Williams Plant Services, LLC
Williams Specialty Services, LLC
Williams Industrial Services, LLC**

FROM: Dan Daniels, President of Williams Plant Services
Doug Page, President of Williams Specialty Services
Dave Harley, Vice President of Operations, Williams Plant Services

TO: All Williams Industrial Services Group Employees Working in Nuclear Environment

DATE: October 27, 2004

RE: Your Role in Nuclear Safety

Welcome to the Williams Industrial Services Group team, of which you are now an integral member. As part of that team, we will depend on you to do critical things, including:

- (1) Do the best, high-quality work possible; and
- (2) Immediately report any poor quality, unsafe or suspect work or condition.

You are an experienced professional, you know your job, and you know how to do the type of high-quality work that we expect. However, if you have not worked in a nuclear environment in the past, you may not be aware of your obligations to report poor quality, unsafe or suspect work. Our policy in this area, and your obligations are **CRITICAL**. Make sure you read the following and understand it before beginning work:

- If you see any work that is of poor quality, in violation of procedure, or suspect, you must report it immediately.

- We expect and hope that you will report any work related issues to your immediate supervisor so that we can take immediate corrective action. Your supervisor will have your concerns promptly investigated, and respond to you as quickly as possible. However, if you do not get a response, or if you do not want to go to your immediate supervisor, you can and should report your concern to any or all of the following:

- (1) Williams Site Manager [Insert Name] at _____, OR
- (2) Williams designated Quality/Performance Engineer _____
at _____, OR

- (3) The utility/owner's [quality concern program] by contacting _____ at _____, OR
- (4) You can contact me by telephone at Williams' Stone Mountain, Georgia headquarters at 800-892-0992, OR
- (5) The Nuclear Regulatory Commission's resident inspectors at the plant, _____ and _____ at _____.

Remember, reporting quality concerns is an important part of your job, and a part of your job that we expect you to perform. No one at Williams, or anywhere else, will retaliate against you, in any way, for reporting concerns. That is the law, and it is Williams' Policy. If you believe that you have been retaliated against, in any way, by anyone, for raising a quality-related concern, contact anyone on the list above immediately. Williams will not tolerate retaliation, in any form, and, if retaliation takes place, strong disciplinary action will follow.

Also, it is important that you understand that you have the right to raise quality concerns confidentially. Your supervisor, Williams' management, the utility, and/or the NRC will all maintain your confidence regarding such concerns, and will not release any information to your co-workers regarding either the fact that you raised a concern, or the nature of your concern.

If you have any questions regarding your obligations or your rights under this Policy, please let us know. We have appointed a nationwide coordinator to make sure that all Williams' employees, on all nuclear sites, are aware of and abide by this Policy. Our coordinator is Scott Walters, General Counsel for the Williams Industrial Services Group. He can be reached at 770 879-4138. If you have questions regarding your rights or obligations under this Policy, or if you experience any difficulties in raising quality concerns and having those concerns resolved, please contact him directly.

Again, welcome to the Williams team. We sincerely hope that your experience with us will be productive and rewarding.

I HAVE READ, AND I UNDERSTAND AND AGREE WITH THE ABOVE POLICY STATEMENT OF WILLIAMS INDUSTRIAL SERVICES GROUP.

THIS ____ DAY OF _____, 20__.

By: _____

Printed Name: _____

**Orientation Session
Williams Industrial Services Group**

[Client Facility]

December 2, 2004

EXHIBIT "3" TO WILLIAMS' REPLY

**Williams Industrial Services Group
Policy and Practices for a
Safety Conscious Work Environment**



Work Quality and Safety Conscious Work Environment

WHAT IS SCWE?

A SCWE is an environment in which employees feel free to raise issues both to their own management and the NRC without fear of retaliation and in which those issues are prioritized and promptly resolved with feedback to the employee

Work Quality and Safety Conscious Work Environment

Company Policy (7.2.11)

Williams Industrial Services Group strives to provide the best, highest quality work and to maintain a safety conscious work environment. To that end, all employees are encouraged and expected to be aware of and, if necessary, report issues involving poor quality work, unsafe or suspect work conditions.

CLIENT/LICENSEE'S SCWE PROGRAM

- **Name of Concerns Program**
- **Applies to all Licensee employees, contractor and subcontractor personnel (this includes WPS)**
- **[Client/Licensee] Training conducted as part of General Employee Training**

WPS' OBLIGATIONS UNDER THE [Client's Program]

- ④ MUST IMMEDIATELY NOTIFY [Licensee] OF:
 - NUCLEAR SAFETY CONCERNS RAISED BY EMPLOYEES OR SUBCONTRACTORS WHEN i) WPS has also notified the NRC; or ii) WPS Senior Management knows that employee brought concern to NRC

And

- EMPLOYEE CLAIMS OR HARASSMENT OR DISCRIMINATION ASSOCIATED WITH RAISING SAFETY CONCERN

Regulatory Enforcement of SCWE

- ⊗ Operative Statutes
 - Atomic Energy Act
 - Energy Reorganization Act

- ⊗ Operative Regulations
 - 10 C.F.R. § 50.7

- ⊗ Regulatory Agencies with Overview Authority
 - Nuclear Regulatory Commission (NRC)
 - Occupational Safety & Health Administration (OSHA)



WHAT THE LAW SAYS

Section 50.7 of Title 10 of the Code of Federal Regulations Prohibits a NRC Licensee *or Contractor* at a nuclear power plant from discharging or otherwise discriminating against an employee because the employee engages in a "Protected Activity."

Work Quality and Safety Conscious Work Environment

WHAT IS A "PROTECTED ACTIVITY"?

- **Raising a Nuclear Safety Concern with the Company, the Customer, or the NRC**
- **Refusing to Engage in an Illegal Activity After Identifying the Alleged Illegal Activity to the Employer**
- **Testifying in a NRC, state or other federal proceedings or in Congress about nuclear safety requirements**
- **Requesting the Enforcement of any NRC Requirement, or *making a complaint to the U.S. Department of Labor* (DOL) about alleged unlawful discrimination**
- **Testifying about the enforcement of any NRC Requirements, including as a witness or a complainant in NRC or DOL proceedings**

Work Quality and Safety Conscious Work Environment In the Nuclear Power Plant Setting

What Are Nuclear Safety Issues?

1. Maintenance/Operation of the Reactor and Associated Safety Systems and Components;
2. Radiological Exposure (public and occupational);
3. Plant Security Issues (e.g. barrier and access requirements);
4. Appropriate Safeguard Controls

Multiple Avenues for Raising Concerns

- The Supervisor: "An employee's immediate supervisor can usually bring to bear the resources necessary to timely address the employee's concern."
- Condition Reports: Low Threshold for reporting conditions with potential safety significance.
- The Licensee's Management
- The NRC
- Corporate Liaison: Designated management within the Company to discuss and address concerns.

Confidentiality

**The Employee has the Right to Raise
Concerns in Confidential Manner When
Appropriate**



Company Policy on Harassment/Retaliation

~~Harassment/Retaliation Against Employee Raising
Safety-Concern WILL NOT be tolerated.~~

Such Action is Violation of Company Code of Conduct
Grounds for Immediate Discipline, up to and including
TERMINATION

Work Quality and Safety Conscious Work Environment

The Customer's and the Contractor's Obligations

1. **QUALITY ASSURANCE: Identify and Resolve
Conditions Adverse to Safety**
2. **Retaliation Against Employees Raising Nuclear
Safety Concerns Will Not Be Tolerated**

Work Quality and Safety Conscious Work Environment

NRC and OSHA Expectations

1. Employees should feel free to raise concerns directly to their supervisor
2. No Method of Raising Concerns Should be Discouraged by Licensee/Contractor
3. Retaliation Against Employees Raising Nuclear Safety Concerns Will Not Be Tolerated

Key Components of Employee Concerns Program

- Know and Understand the Customer's Program
- Know and Communicate How Concerns are Identified and Resolved
 - Drop Box; Walk-in; Phone Call; Alert Line
 - Formal Documentation of Safety Concerns
 - Prioritization and Reporting
 - Professional and Thorough Investigation
 - Corrective Action Taken
 - **FEEDBACK AND CLOSURE**
- NO RETALIATION/DISCRIMINATION FOR USE OF THE CONCERNS PROGRAM!

SUMMARY: EMPLOYEE CONCERNS ISSUES

- MULTIPLE AVENUES FOR RAISING CONCERNS
- OPERATIVE EMPLOYEE CONCERNS PROGRAM
- KEEP AN OPEN MIND – LISTEN, ASK, EXPLAIN
- KNOW AND USE ESTABLISHED PROCEDURES
- REVIEW THE MATTER FAIRLY
- OFFER TIMELY FEEDBACK AND RESOLUTION

QUESTIONS

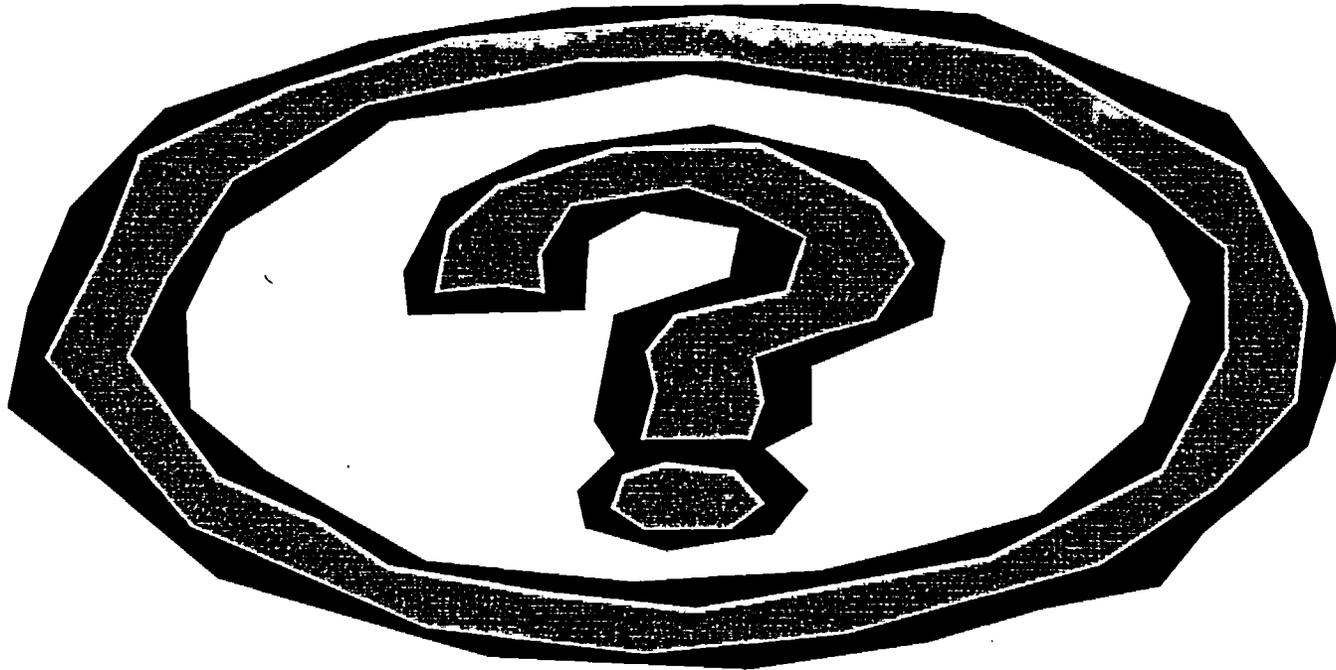


Exhibit "4" to Williams' Reply

7.2.1 STANDARDS OF CONDUCT

1. **General Guidelines** – By accepting employment, each employee incurs a responsibility to the Company and to his/her fellow employees to adhere to certain rules of behavior and conduct during work hours and while off-duty if the actions affect the Company, its employees, or its business. Generally, the Company expects its employees to act in a mature and responsible way at all times.

2. **Specific Guidelines** – Unacceptable activities include, but are not limited to:
 - a. the violation of any Company policy or procedure or any action that could be detrimental to the Company's business, including, but not limited to the Company's policy on substance abuse (see Policy 7.2.6);
 - b. negligence or any careless action that endangers the life or safety of the employee or another person;
 - c. unauthorized possession of dangerous or illegal firearms, weapons or explosives on Company or customer property or while on duty;
 - d. engaging in criminal conduct or acts of violence, or making threats of violence toward anyone on Company or customer premises or while on duty;
 - e. any disorderly or antagonistic conduct on Company or customer premises or while on duty;
 - f. fighting, horseplay or provoking a fight on Company or customer property or while on duty;
 - g. insubordination or refusing to obey instructions properly issued by a supervisor pertaining to work;
 - h. refusal to help out on a special assignment;
 - i. threatening, intimidating or coercing fellow employees on or off the Company or customer premises, at any time, for any purpose;
 - j. engaging in any act of sabotage;
 - k. willfully, recklessly or negligently causing the destruction or damage of Company property, or the property of fellow employees, customers, suppliers, or visitors in any manner;
 - l. theft of Company property or the property of fellow employees, customers, suppliers or visitors;
 - m. unauthorized possession or removal of any Company property, including documents, from the premises without prior permission from a supervisor;
 - n. unauthorized use of Company equipment or property for personal reasons;
 - o. using Company equipment for personal profit;
 - p. falsification, misrepresentation or alteration of an application for employment or other Company records or documents;
 - q. lying or dishonesty;

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Exhibit "4" to Williams' Reply

- r. violating a non-disclosure agreement or giving confidential or proprietary Company information to competitors or other organizations or to unauthorized Company employees;
- s. breaching the confidentiality of personnel information;
- t. working for a competing business while a Company employee;
- u. spreading malicious gossip or rumors;
- v. engaging in behavior designed or likely to create discord and lack of harmony;
- w. interfering with another employee on the job;
- x. willfully restricting work output or encouraging others to do the same;
- y. immoral conduct or indecency on Company or customer premises or while on duty;
- z. conducting a lottery or gambling on Company or customer premises or while on duty;
- aa. smoking in designated non-smoking areas;
- bb. unsatisfactory or careless work;
- cc. failure to meet production or quality standards as explained to the employee by his/her supervisor;
- dd. mistakes due to carelessness or failure to get necessary instructions;
- ee. any act of harassment, sexual, racial or other;
- ff. leaving work before the end of a workday or not being ready to work at the start of a workday without approval of the employee's supervisor;
- gg. stopping work before time specified for such purposes;
- hh. sleeping on the job or loitering or loafing during working hours;
- ii. excessive use of Company telephone for personal calls;
- jj. creating or contributing to unsanitary conditions;
- kk. posting, removing or altering notices on any bulletin board on Company or customer property without permission of a supervisor;
- ll. failure to report an absence or late arrival;
- mm. excessive absences or lateness;
- nn. obscene or abusive language toward any manager, employee, customer or any other person with whom the Company has a business relationship;
- oo. indifference or rudeness towards a manager, employee, customer or any other person with whom the Company has a business relationship;
- pp. soliciting during working hours or in working areas;
- qq. selling merchandise or collecting funds of any kind for charities or others without authorization from a supervisor, or at a time or place that interferes with the work of another employee on Company or customer premises;
- rr. failure to maintain a neat and clean appearance in terms of the standards established by a supervisor; any departure from accepted conventional modes of dress or personal grooming; and
- ss. wearing improper or unsafe clothing.

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Exhibit "4" to Williams' Reply

3. **Off Duty Conduct** – The Company reserves the right to take appropriate action when the off-duty conduct of an employee impacts the Company, its employees, or its business. Generally, such off-duty conduct will involve violations of the policies or procedures of the Company or illegal activities.
4. **Questions** – An employee should direct any questions to his/her immediate supervisor or to WGI's Legal Department.

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Exhibit "5" to Williams' Reply

7.2.1 STANDARDS OF CONDUCT

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 - h. refusal to help out on a special assignment;
 - i. threatening, intimidating or coercing fellow employees on or off the Company or customer premises, at any time, for any purpose;
 - j. engaging in any act of sabotage;
 - k. willfully, recklessly or negligently causing the destruction or damage of Company property, or the property of fellow employees, customers, suppliers, or visitors in any manner;
 - l. theft of Company property or the property of fellow employees, customers, suppliers or visitors;
 - m. unauthorized possession or removal of any Company property, including documents, from the premises without prior permission from a supervisor;
 - n. unauthorized use of Company equipment or property for personal reasons;
 - o. using Company equipment for personal profit;
 - p. falsification, misrepresentation or alteration of an application for employment or other Company records or documents;
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Exhibit "5" to Williams' Reply

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- s. breaching the confidentiality of personnel information;
- t. working for a competing business while a Company employee;
- u. spreading malicious gossip or rumors;
- v. engaging in behavior designed or likely to create discord and lack of harmony;
- w. interfering with another employee on the job;
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Exhibit "5" to Williams' Reply

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