

June 6, 2005

MEMORANDUM TO: Chairman Diaz
Commissioner McGaffigan
Commissioner Merrifield
Commissioner Jaczko
Commissioner Lyons

FROM: Luis A. Reyes */RA/*
Executive Director for Operations

SUBJECT: STATUS OF ALLEGATION PROGRAM - CALENDAR YEAR
2004 ANNUAL REPORT

In SECY-94-089, "Response to the Report of the Review Team for Reassessment of the NRC's Program for Protecting Allegers Against Retaliation," the staff committed to have the Agency Allegations Advisor provide an independent annual report to the Executive Director for Operations that assesses the conduct of the Allegation Program in each office and region. A copy the annual report for Calendar Year 2004 is attached for your information. The staff intends to place the report in the ADAMS public library five days from the date it is forwarded to the Commission unless you direct otherwise.

The report contains an assessment of the allegation program and a review of allegation data for adverse trends for reactor and materials licensees. This annual report does not specifically address activities concerning those allegations, because the Office of Investigations prepares an annual report covering the follow-up of allegations involving wrongdoing.

Overall, the allegation program has maintained excellent performance in most areas. The findings from audits completed in the last three years indicate excellent performance in reviewing, documenting, tracking, and completing evaluations of allegations. The timeliness goals were met in most cases. The quality rating goal was achieved each of the last three years. One inappropriate release of an allexer's identity was found in 2004 resulting from an administrative error in placing documents into ADAMS in 2002. Immediate and comprehensive actions were taken to prevent similar incidents.

The attached report addresses the staff's progress in carrying out the Commission's direction in several important areas including developing an Alternative Dispute Resolution process for cases of alleged discrimination and providing the industry guidance on creating and maintaining a Safety Conscious Work Environment. In addition, on August 30, 2004, the Commission, in a Staff Requirements Memorandum, directed the staff to enhance the Reactor Oversight Process to more fully address Safety Culture, while continuing to monitor industry and foreign efforts to assess Safety Culture. This report also briefly discusses the staff's efforts to address the Commission's direction in this area. Finally during 2004, the allegations staff has responded to guidance from the Commission regarding the release of security-related information to the public and that policy's potential impact on the Allegation Program is addressed in this report.

Attachment: Annual Report



STATUS
OF
ALLEGATION PROGRAM

CALENDAR YEAR 2004

ANNUAL REPORT

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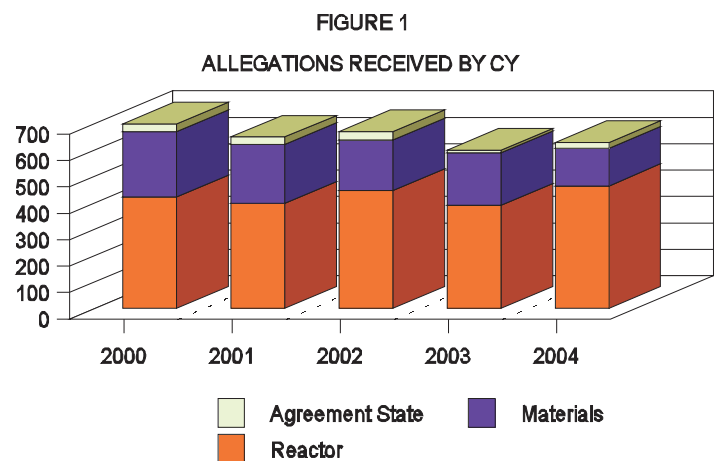
EXECUTIVE SUMMARY

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

This report addresses the staff's progress in carrying out the Commission's direction in several important areas including developing an Alternative Dispute Resolution process for cases of alleged discrimination and providing the industry guidance on creating and maintaining a Safety Conscious Work Environment. In addition, on August 30, 2004, the Commission, in a Staff Requirements Memorandum (SRM), directed the staff to enhance the Reactor Oversight Process to more fully address Safety Culture, while continuing to monitor industry and foreign efforts to assess Safety Culture. This report also discusses the staff's efforts to address the Commission's direction in this area. Finally during 2004, the allegations staff has responded to guidance from the Commission regarding the release of security-related information to the public and that policy's potential impact on the Allegation Program is addressed in this report.

Overall, the Allegation Program has maintained excellent performance in most areas in the last three years. The findings from audits completed during the last three years indicate excellent performance in reviewing, documenting, tracking, and completing evaluations of allegations. The timeliness goals for holding initial Allegation Review Boards to discuss appropriate disposition of issues and communications with alлегers were met in most cases. The quality rating goal was achieved in each of the last three years. However, one inappropriate release of an alлегer's identity was found in 2004. The release was the result of an administrative error in placing documents into ADAMS in 2002 and appropriate corrective actions have been taken. The details of this occurrence are included under the section entitled "Overview of the Allegation Program Performance."

As the figure to the right indicates, from calendar year (CY) 2000 through 2004 the number of allegations received by the NRC declined slightly. In 1996, the NRC published the Policy Statement, "Freedom of Employees in the Nuclear Industry to Raise Safety Concerns Without Fear of Retaliation," to focus the industry on the importance of creating and maintaining a Safety Conscious Work Environment. The NRC began other actions as well to communicate its expectations in this area including, posting allegation statistics on the NRC's web page, speaking at stakeholder forums, and



participating in training academies hosted by the Institute of Nuclear Power Operations. By the late 1990's the NRC's and industry's efforts began to have an impact, and in 1998 the rising allegation trend reversed significantly. These actions continue to date.

For their part, many licensees have used what information the NRC has shared as an opportunity to understand why licensee employees raise issues externally rather than using internal reporting processes. In general, licensees have been increasingly responsive in addressing employee concerns using internal processes and, as a consequence, more employees are using internal mechanisms and fewer issues are coming to the NRC.

However, for some licensees the NRC continues to receive allegations in numbers that warrant additional analysis. In preparing this report, a 5-year history of allegations was reviewed for reactor and material licensees and vendors to identify adverse trends. Given the Commission's continuing emphasis on establishing and maintaining a SCWE, the analysis focused on allegations that originated from onsite sources, either from licensee or contractor employees, former employees and contractors, or anonymous sources.¹ The staff identified 10 reactor sites for a more in-depth review: Indian Point 2 and 3, Browns Ferry 1, Salem/Hope Creek, Pilgrim, San Onofre 2 and 3, Susquehanna 1 and 2, Perry, Oconee 1,2, and 3, Beaver Valley 1 and 2, and Turkey Point 3 and 4. Allegation trends at each of these sites are discussed in the report. In summary, the trends either did not suggest a weakening SCWE or the licensee has taken steps to address trends and the NRC is monitoring those activities. No materials licensees or vendors were the subject of allegations at a level that warranted additional analysis.

The NRC staff has noted a significant increase in the number of generic security-related allegations since the terrorist attacks of September 2001. Because of these increases, on-going implementation of new and comprehensive security-related orders, rules and guidance, and the availability of the physical facilities needed to properly handle these sensitive materials, the Agency Allegations Advisor recommended in the 2003 Annual Report on the Status of the Allegation Program that the Office of Nuclear Security and Incident Response (NSIR) appoint an Office Allegation Coordinator (OAC) to serve as the administrative point of contact for processing and controlling allegations assigned to that office. NRC management reviewed this proposal, as well as other alternatives to the organization of the Allegation Program, and agreed that NSIR would assume responsibility for implementation of the Allegation Program for generic NSIR-related allegations (security, emergency preparedness, etc.). Rather than appoint an OAC however at this time, it was agreed that the NRR OAC would also act as NSIR's OAC and handle those administrative duties. The Agency Allegations Advisor and NSIR management will monitor the effectiveness of this arrangement and may revisit the appointment of an NSIR OAC in the future.

In summary, the staff continues to emphasize addressing each allegation fully in a timely manner and the program offices continue to demonstrate excellent performance in most areas in meeting the agency's goals for the program. The Office of Enforcement continues to address the Commission's direction in the areas of Alternative Dispute Resolution, Safety Conscious Work Environment, Safety Culture, and the control of security-related information.

¹The total number of allegations received concerning reactor licensees from all sources, as well as other information concerning the Allegation Program, can be found on the NRC's public website at <http://www.nrc.gov/what-we-do/regulatory/allegations-resp.html>.

OVERVIEW OF THE ALLEGATION PROGRAM PERFORMANCE

Significant Activities

A number of significant agency activities took place in 2004 that affect the Allegation Program and, therefore, warrant discussion in this report. The allegations staff continues to implement the agency sponsored Alternative Dispute Resolution process for discrimination allegations and prepare further Safety Conscious Work Environment guidance for the industry, as noted in the 2003 Annual Report. In addition, on August 30, 2004, the Commission, in SRM-SECY-04-0111, directed the staff to enhance the Reactor Oversight Process to more fully address Safety Culture, while continuing to monitor industry and foreign efforts in this area. The staff's efforts to address the Commission's direction in these areas are discussed below. Finally, the allegations staff has responded to guidance from the Commission regarding the release of security-related information to the public.

Alternative Dispute Resolution for Discrimination Allegations

In late March 2003, the Commission directed the staff to implement many of the recommendations of an agency task group chartered to improve the manner in which the NRC investigated allegations of discrimination. One of the Commission's recommendations was to conduct a pilot Alternative Dispute Resolution (ADR) program to allow additional opportunities for the parties to resolve their differences outside of the normal regulatory framework. The pilot program includes the opportunity for using ADR early in the allegation process, before the NRC conducts its investigation of the allegation. Early-ADR involves the use of a neutral third party to facilitate discussion and timely settlement of the discrimination concern in an effort to prevent negative impacts on the Safety Conscious Work Environment at the facility involved. On October 15, 2004, Office of Enforcement staff issued an Allegation Guidance Memorandum implementing the Early-ADR pilot program. Under the Early-ADR program, alлегers are asked if they are interested in entering into the pilot process. At any time, either party can exit the ADR process and, if the allegor still wants to pursue the issue, they may request an investigation by the NRC through the normal allegation process. The NRC staff's policy under the Early-ADR pilot program is not to pursue enforcement or an investigation of discrimination complaints which have been settled through this process. Since implementation of the pilot program, as of the end of May 2004, 15 alлегers of the 35 that were offered have entered into the Early-ADR process. Four of those completed resulted in settlement agreements between the allegor and the licensee. The OE staff is continuing to monitor this program with regard to the number of cases where ADR is accepted, the number of cases that settle, and indications of the effect of Early-ADR on the Safety Conscious Work Environment at the involved facilities.

Safety Conscious Work Environment and Safety Culture

The Commission also directed the staff in March 2003 to prepare further guidance for licensees on establishing a Safety Conscious Work Environment (SCWE); that is, an environment where employees in the nuclear industry are encouraged to raise safety concerns to their employers or the NRC without fear of retaliation, and concerns are effectively addressed. The Commission's expectations with regard to licensees establishing and maintaining a SCWE are outlined in a May 19, 1996, Policy Statement, "Freedom of Employees in the Nuclear Industry to Raise Safety Concerns Without Fear of Retaliation." However, the guidance provided by the policy is very broad, and, with the staff continuing to see SCWE concerns at a variety of

facilities, the Commission directed the staff to provide further guidance to the industry in this area.

In the Fall of 2003 the staff formed a working group and drafted an outline of a SCWE guidance document based on the content of the 1996 Policy Statement. This outline was published in the *Federal Register* for comment and was the basis for discussion at a public meeting on February 19, 2004. While most of the stakeholders at the meeting, including representatives from the industry and whistleblower advocates, agreed on the content of such a document, there were many comments concerning the format, potential inappropriate use of the guidance, and the appropriateness of the NRC issuing such guidance.

Coincident with these comments, the Commission requested that the staff provide recommended actions regarding agency guidance in the areas of SCWE and safety culture. In the SECY which addressed the Commission's request, the staff sought further guidance from the Commission on whether the guidance document should be issued, in light of the comments received. In SRM-SECY-04-0111, the Commission directed the staff to continue its efforts to issue the guidance, following a brief comment period. In October 2004, the OE staff published in the *Federal Register* for comment the full guidance document, which incorporated many of the suggestions made as a result of the first public comment period. The staff has reviewed all comments received and made significant revisions in response to comments that the guidance was too prescriptive and that much of the guidance was applicable only to larger facilities. The guidance document is currently in the final concurrence process.

Regarding the related area of Safety Culture, the Commission approved, in SRM-SECY-04-0111, the following actions to address this important area: (1) continue to monitor industry efforts to assess Safety Culture and ensure that the Commission remains informed of industry efforts and progress; (2) enhance the Reactor Oversight Process treatment of cross-cutting issues to more fully address Safety Culture; (3) include as part of enhanced inspection activities for plants in the degraded cornerstone column of the reactor oversight action matrix, a determination of the need for a specific evaluation of the licensee's Safety Culture and a method for conducting such an evaluation; and (4) continue to monitor developments by foreign regulators in this area. The Commission emphasized the need for inspector training in this area and stakeholder involvement in the process of enhancing the Reactor Oversight Process.

In order to address the Commission's direction, the OE staff have formed a working group comprised of members representing NRR, RES, NMSS, and OE who have expertise in human factors, SCWE, or inspection. The working group has been developing products including a Safety Culture Response Plan and a Stakeholder Coordination Activities Plan. The Response Plan describes the activities that will be conducted in response to the Commission's direction in the SRM. In addition, OE formed a Safety Culture Steering Committee which is comprised of Senior Manager representatives from OE, NRR, RES, NMSS, and Region II to provide policy direction to the Working Group and review Working Group draft products. Finally, a Safety Culture Working Group Support Team has been formed comprised of members representing NRR, RES, NMSS, NSIR, OE, and each of the regions. The Support Team assists by reviewing working group products and supports the Working Group with additional subject matter expert resources, particularly in the area of inspection.

The Working Group expects to make enhancements to the Reactor Oversight Process in this area. While some changes may take upwards of eighteen months to effect, the staff expects to incorporate a number of changes in the next 6-9 months and will keep the Commission informed of their progress through interim updates.

Implementation of Guidance from the Office of Nuclear Security and Incident Response Regarding Release of Security-Related Information

Because of recent concerns about the release of information related to potential safeguards vulnerabilities at licensed facilities, the Commission directed the staff, in SRM-SECY-04-0002 dated March 29, 2004, to no longer make certain types of security-related information available to the public. Although allegations correspondence is not normally made public, the potential does exist for correspondence with allegeders and licensees to unnecessarily release information that could reveal potential security-related vulnerabilities. Therefore, the OE staff provided interim guidance concerning the marking and control of security-related allegation documentation and continues to finalize an Allegation Guidance Memorandum on the issue. The guidance reflects that allegeders be informed that the amount of information which can be provided related to security issues is limited. In addition, the details of the staff's review of security issues, as well as whether the issue was substantiated, are no longer communicated to the allegeder. The Agency Allegations Advisor is monitoring the impact of this policy change on the willingness of individuals to bring security issues to the NRC and will make recommendations, as appropriate, to NRC management if it is determined that this policy has a negative effect on the viability of the Allegation Program with regard to security-related issues. To date, there have been a few complaints from allegeders regarding this policy change on the handling of security-related issues.

Allegation Program Performance

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

The performance of the Allegation Program is measured against goals for protecting the identity of allegeders and conducting an appropriate review of all concerns in a timely manner. It is the goal of the agency that no allegeder's identity is inappropriately released. Timeliness goals have been established for various stages of the process, including the convening of an initial Allegation Review Board to evaluate the concerns, and correspondence with the allegeder concerning both acknowledgment and closure of the concerns. The quality of the staff's review and its correspondence with the allegeder are assessed during program audits.

Protecting the Identity of Allegers

One element of the Allegation Program that is essential to its credibility is protecting the identity of allegeders to the extent possible. The agency's goal is to have no substantiated complaints of the inappropriate release of an allegeder's identity as determined by either the Office of Inspector General (OIG) or the staff. In May 2004, the staff identified one inappropriate release of the identity of an allegeder through ADAMS. The release occurred as the result of an administrative error in placing documents into ADAMS. In this instance, a letter to an allegeder with the individual's name and details of the concern accompanied a second letter to the licensee detailing the NRC's review into a complaint of discrimination for raising safety issues. Per Management Directive 8.8, "Management of Allegations," when the NRC staff concludes its review of issues which were subject to an investigation by the Office of Investigation, a closure

letter is sent both to the alleged and the licensee. In finalizing the documents, an administrative error occurred in which the letter to the alleged, rather than the letter to the licensee, was placed in ADAMS for public viewing.

In response to this finding, the program office immediately removed the document from ADAMS and completed a search to determine the number of times that the document had been accessed by members of the public. The ADAMS document properties indicated that last time it had been accessed through the publicly available retrieval system was about a year after the letter was issued to the alleged. The staff was not able to determine who accessed the letter or how many times, if any, it was accessed prior to that instance, since our computer monitoring system does not, by design, maintain a log of who reviewed an individual document. In addition, the program office attempted to notify the alleged of the release in accordance with Management Directive 8.8, but the alleged's contact information was no longer valid. There are several factors that helped to minimize the impact of this particular occurrence. The alleged had filed a discrimination complaint with both the NRC and the Department of Labor (DOL), a public process. As is their practice, the alleged's name was already made publically available on DOL's website, prior to the NRC inadvertently placing the letter in ADAMS. Additionally, the letter was addressed to a commercial facility, not the alleged's home, and the alleged is no longer receiving mail at that address. Nonetheless, the staff understands that public confidence in the Allegation Program can be impacted by such an event and actions have been taken to prevent its reoccurrence. The program office revised their office instructions for placing documents in ADAMS to require that each document is opened when profiling it into ADAMS to ensure that only the documents intended to be placed into ADAMS are made available. In addition, all Allegation Program offices reviewed their procedures for entry into ADAMS to ensure that adequate measures are implemented to verify that only authorized documents are placed into ADAMS. The OE allegation staff also completed an audit to determine whether any additional examples of inappropriate releases of the identities of alleged had occurred through ADAMS. None were identified.

Timeliness Goals

The initial Allegation Review Board (ARB) is conducted for the purpose of reviewing the allegation and assigning appropriate staff actions for follow-up. The program requires an initial ARB to be held within 30 days of receiving an allegation in 100% of the cases. A total of 624 of 626, or 99%, of initial ARBs held in 2004 met this goal. In one case, a security issue was initially received in NSIR on December 3, 2003, but was not recognized as an allegation and forwarded to NRR until January 15, 2004, approximately 43 days after the allegation was received. While the timeliness goal for having an ARB was not met, NSIR took appropriate actions to follow-up on the issue before the ARB. NSIR has since appointed an individual to serve as the point of contact for the NSIR staff on allegation issues and, more recently, allegations have been forwarded to NRR from NSIR in a more timely manner. The other case in which this goal was not met involved a question from an individual regarding the accuracy of data provided by a licensee relative to occupational exposure which was initially considered to be a question that could be readily answered rather than an allegation. Subsequently, it was realized that an answer was not readily available and that additional follow-up was needed to understand the validity of the concern. However, once the staff determined that further information was needed to understand the validity of the concern, the issue still was not recognized as an allegation. Consequently, it was not until 41 days after receipt that the matter was brought to an ARB. In response to this issue, the region conducted a lessons learned assessment and communicated to the entire regional staff the need to provide further assurance that potential allegations are promptly identified and discussed at an ARB.

Initial correspondence with the allegor acknowledges receipt of the allegation and documents the specific concerns as understood by the NRC staff to ensure agreement prior to the staff taking further action. The goals for issuing letters acknowledging receipt of allegations are 90% within 30 days and 100% within 45 days. The 45-day goal provides an opportunity to contact the allegor by telephone to solicit additional information prior to sending a letter acknowledging receipt to ensure complete understanding of the allegor's concerns. Ninety-seven percent of the allegations received in 2004 were acknowledged within 30 days, and 100% within 45 days, such that the agency goal for issuing these letters was met.

Regarding timeliness goals for closing technical, non-wrongdoing, allegations; the agency's goals are to close 70 percent of the allegations in 150 days or less; 90% of the allegations in 180 days or less; and 100% of the allegations in 360 days or less. As shown in the table below, 408 of the 409 allegations closed in CY 2004 were closed in 360 days or less. As such, the goal for closing 100% of technical allegations within 360 days was not met. The one case which did not meet this goal involved an issue which remained open pending a necessary re-evaluation of an issue by the Federal Emergency Management Agency following the September 2001 terrorist attacks. As such, the timeliness of the agency's resolution of this issue was outside the control of the program office. As of January 2005, such issues are appropriately excluded from the timeliness metric for the resolution of technical issues.

Time to Close							
Metric (Days)	Total	NMSS	NRR	RI	RII	RIII	RIV
	409	18	42	110	77	91	71
0 # 70% # 150	93%-382	100%-18	83%-35	94%-103	96%-74	95%-86	93%-66
151 # 90% # 180	98%-399		90%-38	98%-108	99%-76	100%-91	95%-68
181 # 100% # 360	99%-408		99%-41	100%-110	100%-77		100%-71

Quality Goal

The staff instituted a quality goal for the Allegation Program in 1999. Although somewhat subjective in nature, as part of the routine program assessments the reviewers evaluate, in detail, a sample of closed allegation files to assess their quality. Specifically, the files are reviewed to determine if staff follow-up of allegations appropriately captures and responds to each issue raised in 90% of the allegations reviewed. A ten percent smart sample of the allegations closed in 2004 was reviewed during the program audits conducted to date; two additional audits are scheduled for the second calendar quarter of 2005. In all, 31 files have been reviewed, and although some observations were made to improve their overall quality, all were determined to adequately capture and respond to the issues raised.

In addition to the routine program assessments discussed above, assessments of specific case files are sometimes conducted at the request of the Inspector General or others. Such an assessment of six specific allegation files related to a particular Region IV plant was conducted in response to concerns raised by the allegors to the Office of the Inspector General and forwarded to the Agency Allegations Advisor. Although this assessment found that the region was properly implementing Management Directive 8.8, it also found that some responses lacked rigor and attention to detail. The region initiated comprehensive corrective actions to

address these findings, including reopening some of the allegations for additional work and/or documentation, improving management of the allegations process within the one branch responsible for responses to the subject allegations, and providing additional guidance and training for the regional staff.

Staff Response to Communication After Closure

On September 5, 2002, the Executive Director for Operations issued a Commission Paper that recommended the staff discontinue the Allegation Program survey of allegeders. The Commission approved the staff's recommendation as noted in SRM-SECY-02-0163 on October 4, 2002. The Commission stated that the staff should continue to monitor feedback received from allegeders, and reconsider the need for a survey if the feedback indicates problems. As a result, the Allegation Program assessments now include a review of feedback from allegeders. In all, 12 responses to the staff's closure of an allegation have been reviewed during 2004 program audits to date. Although some observations were made to improve their overall quality, all were determined to have adequately reviewed and responded to issues raised following closure of an allegation.

TRENDS IN ALLEGATIONS

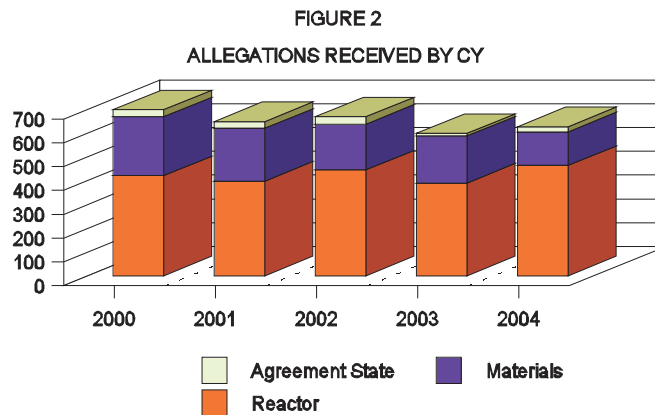
The NRC monitors both technical and discrimination allegations to discern trends or sudden increases that might justify the NRC questioning the licensee as to the root causes of such changes or trends. In preparing this report, a 5-year history of allegations was reviewed for reactor and material licensees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

With the continuing emphasis on establishing and maintaining a SCWE, the staff focused on those allegations that have the potential to provide insights into the SCWE, that is, those allegations submitted by current or former licensee or contractor employees or by anonymous sources. The staff performs an analysis of the allegations twice a year in support of the Reactor Oversight Process mid-cycle and end-of-cycle assessments. In addition, an analysis for a particular site or licensee may be performed whenever allegations or inspection findings indicate it is warranted.

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

General Trends

National trends are of interest because they provide general information to the staff concerning the impact of external factors, plant events, and the industry's efforts to improve the SCWE at NRC licensed facilities. In addition they are used in developing budget assumptions, labor rates, and in preparing operating plans. Figure 2 below shows that the 5-year national trend has declined slightly.



While the general trend in allegations has decreased in the last five years, the NRC staff did note a slight increase in the number of reactor allegations from 2003 to 2004. As noted below (see Figure 7), the most significant contributor to the number of allegations in 2004 was in the security area, and many of these allegations were received shortly before the NRC's new Security Orders were required to be implemented in October 2004. Implementation of these orders, combined with significant issues at a number of plants as discussed in the following section, "Allegation Trends for Selected Reactor Sites," likely contributed to this slight increase.

While the 5-year trend in the number of allegations received declined slightly on the national level, the figures below show that the impact of this decline is not evenly distributed across the regions. Figures 3, 4, 5, and 6 show the shift of allegation workload in the regions at the issue level. Each allegation can include multiple issues or concerns. With the NRC's budget prepared two years in advance, budgeted resources may not reflect the actual workload in the organization when shifts in workload occur as happens with allegations.

In the last five years, the volume of concerns in Regions II and IV remained fairly stable. However, the volume of concerns received in Region III and Region I declined and increased, respectively. The decline in the number of concerns received in Region III can partly be attributed to resolved union/strike issues at the Paducah Gaseous Diffusion Plant and the end of the extended shutdown of the Davis-Besse Nuclear Power Station in March 2004. A transfer

FIGURE 3
REGION I - ISSUES RECEIVED

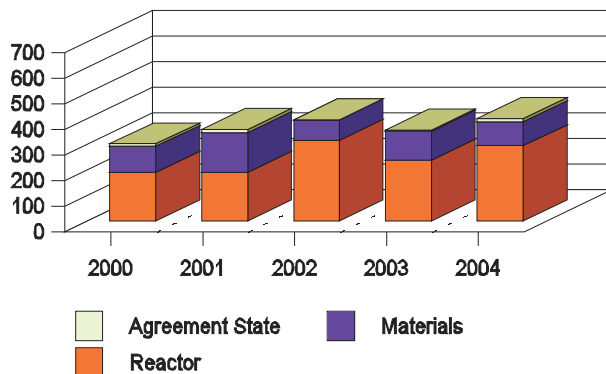


FIGURE 4
REGION II - ISSUES RECEIVED

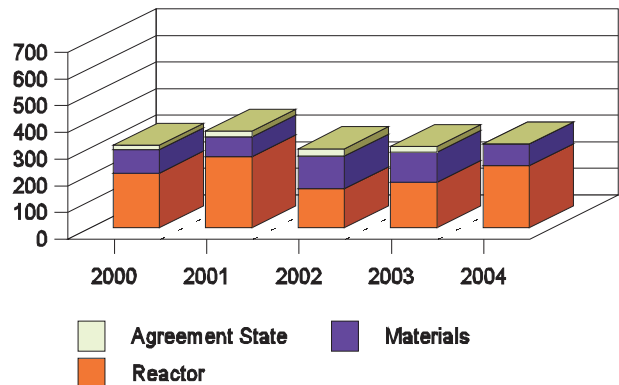


FIGURE 5
REGION III - ISSUES RECEIVED

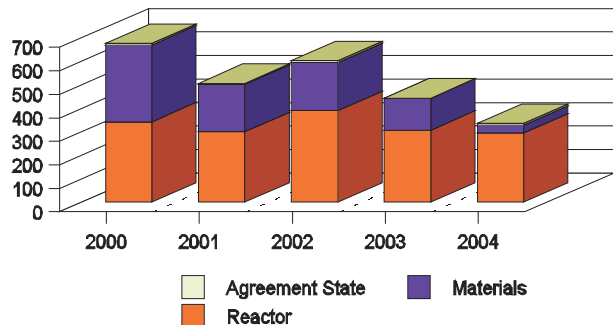
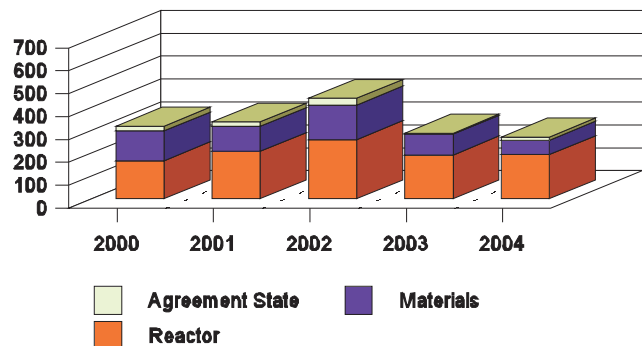


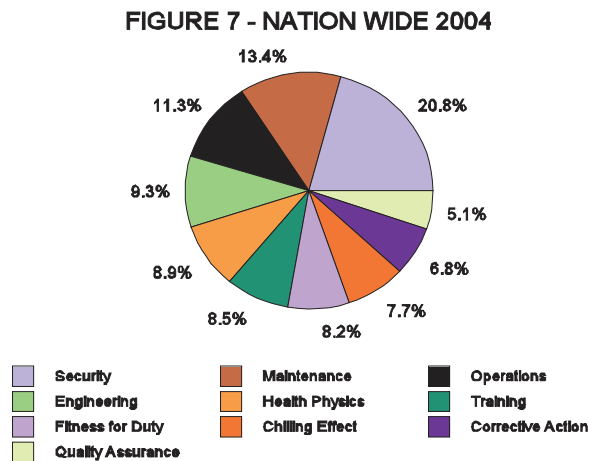
FIGURE 6
REGION IV - ISSUES RECEIVED



of licensees between regions also occurred in late 2003 which impacted the number of allegations received in Region III; two large fuel cycle facilities were transferred from Region III to Region II in late 2003. In addition, one state in Region III entered into an Agreement with the NRC in 2003 whereby the licensed activities are regulated by the State with NRC oversight. As a result, many of the individuals who may have filed an allegation with the NRC regarding a licensee in this State now report such concerns to the State. Regarding Region I, the increase from 2003 to 2004 can partially be attributed to an identified significant SCWE concern at a

Region I site. Finally, several of the plants in Region I underwent contract negotiations or reorganizations in 2004.

To provide further insights into the areas in which the NRC is spending resources on reactor-related allegation follow-up, Figure 7 depicts the twelve areas that represent approximately 80% of the issues received nationwide in 2004.



Security-related concerns continue to represent the greatest percentage of concerns received in the NRC’s Allegation Program. This was expected following the terrorist attacks of September 11, 2001. While security concerns represent the largest percentage of issues received, the percentage of security concerns has decreased from 36% in 2002. However, there was a slight increase in the percentage of security issues received from 2003 to 2004 (from 18% to almost 21%). A review of the timing of concerns received indicates that the slight increase may have been due to preparation for the NRC’s requirement that implementation of security orders be complete by October 2004.

The significant increase in the number of allegations concerning a “chilling effect,” noted in 2003, indicating weaknesses in the licensees’ SCWE programs, was reversed in 2004. In fact, the number of chilling effect concerns received in 2004 was approximately half of those received in 2003. This may indicate positive accomplishments in the area of SCWE in the industry.

Another notable change in the issues received involved maintenance issues, which almost doubled in number from 2003 to 2004. A review of the data regarding maintenance issues indicates that this increase may be attributed to the continued maintenance issues at Salem/ Hope Creek and at Browns Ferry 1, a site under construction.

Figures 8 through 12 depict the CY 2004 distribution in NRR and the four regions of the same twelve areas illustrated in Figure 7. Notable changes from 2003 to 2004 include: (1) a shift in the primary type of concern received in NRR from emergency preparedness to security; (2) a substantial increase in the percentage of quality assurance issues received in NRR; (3) increases in the percentage of security issues in Region III and Region IV; (4) an increase in

the percentage of operations, training, and health physics issues in Region IV; and (5) and a decrease in the percentage of security and health physics issues in Region II. An analysis of the specific cases received indicated no notable reason for the trends in the data.

FIGURE 8 - NRR

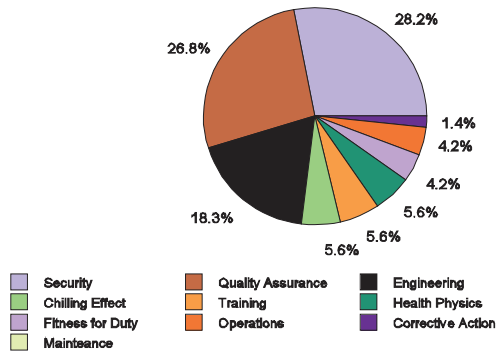


FIGURE 9 - REGION I

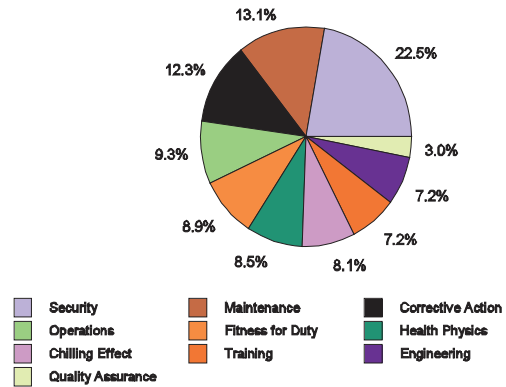


FIGURE 10- REGION II

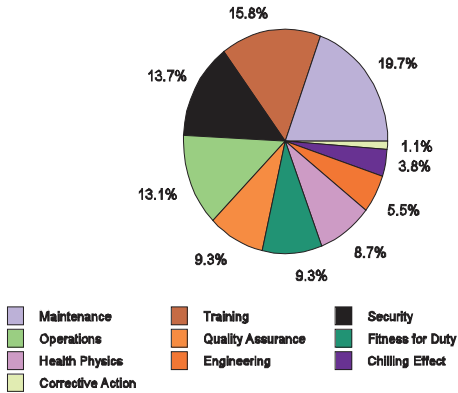


FIGURE 11 - REGION III

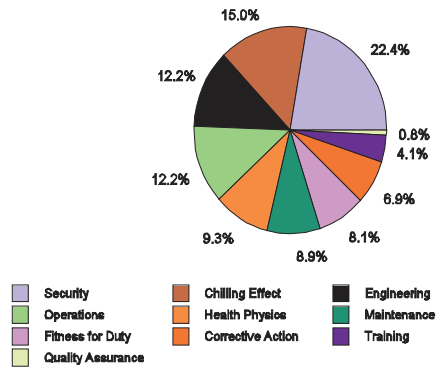
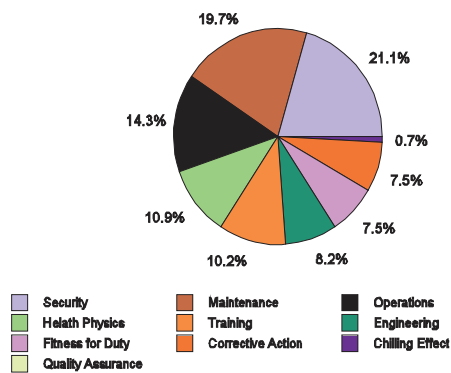


FIGURE 12- REGION IV



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

FIGURE 13 - NATION WIDE

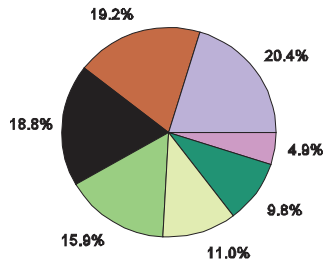


FIGURE 14- NMSS

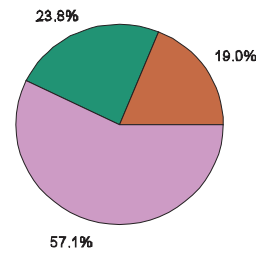


FIGURE 15 - REGION I

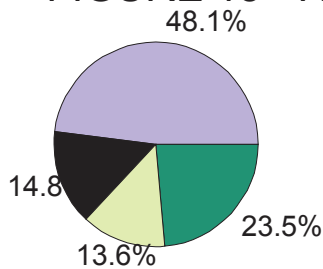


FIGURE 16 - REGION II

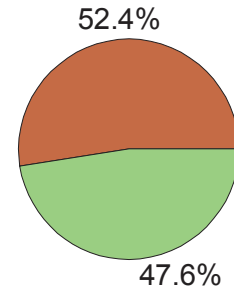


FIGURE 17 - REGION III

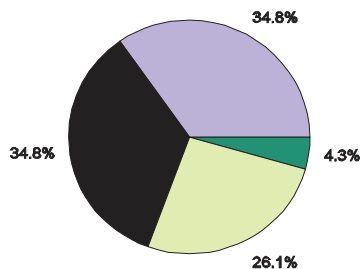
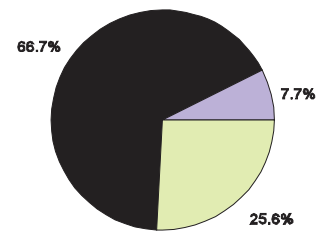


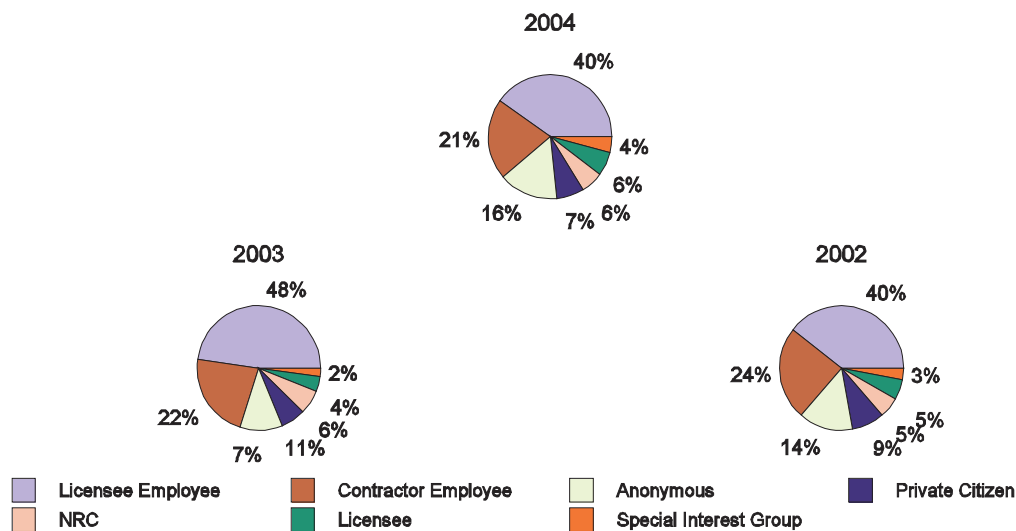
FIGURE 18 - REGION IV



Notable changes in the distribution of the types of materials issues received in the regions and program offices include a switch in the primary contributor to NMSS issues from medical in 2003 to casks in 2004 and an increase in the percentage of allegations regarding radiography in Region IV. The changes in the types of issues received in Regions I, II, and III (an increase in medical and radiography issues in Region I, gaseous diffusion and fuel facilities being the only types of issues received in Region II, and a shift in Region III issues from the fuel facilities to radiography and nuclear gauges), are likely a result of the transfer of responsibility for all materials licenses from Region II to Region I and the transfer of the fuel facilities from Region III to Region II.

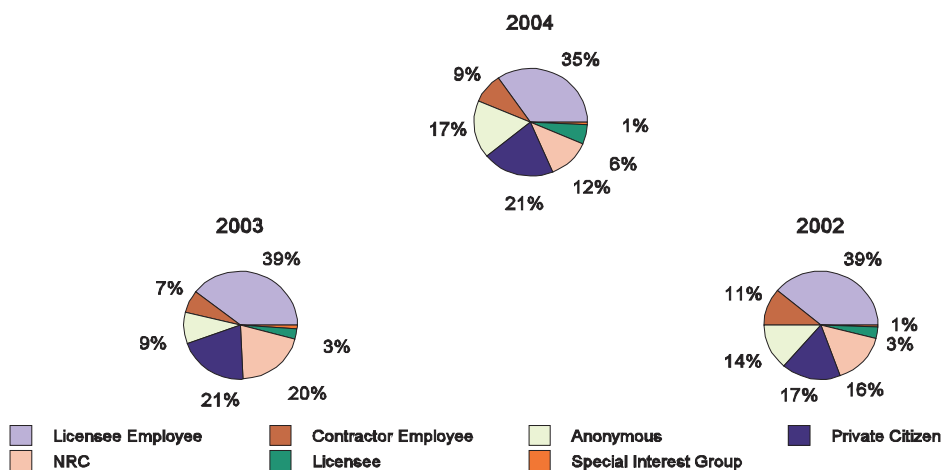
Figure 19 below and Figure 20 on the following page, provide a breakdown of allegations received by categories of sources for which comprise about 99% of the concerns received during the last three years for reactor and materials allegations. The data indicates that the distribution of source categories has remained steady in the last 3 years. That is, the primary sources of allegations continue to be licensee and contractor employees. Anonymous alлегers are, most likely, also from these on-site sources.

FIGURE 19 - REACTOR ALLEGATIONS BY SOURCE CATEGORY



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

FIGURE 20 - MATERIALS ALLEGATIONS BY SOURCE CATEGORY



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

Allegation Trends for Selected Reactor Sites

As noted previously, the trending of allegations received concerning individual reactor sites is one method the NRC staff uses to monitor the safety conscious work environment at reactor sites. Statistics on allegations received concerning all operating reactor sites are given in the table in Appendix 1. The allegations in the table cover the 5-year period January 2000 through December 2004 and include allegations received from onsite sources only; that is, allegations from current or former licensee employees, current or former contractor employees, or anonymous alлегers. For the purpose of this analysis, the NRC assumes anonymous allegations are from onsite personnel.

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

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

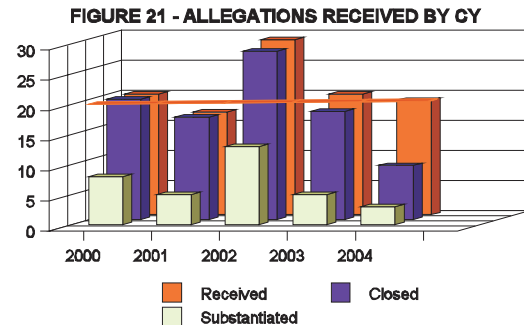
For CY 2004, the median number of onsite allegations per reactor site was four. The ten reactor sites that met one of these criteria are Indian Point (19), Browns Ferry (18), Salem/Hope Creek (17), Pilgrim (14), San Onofre (13), Susquehanna (13), Perry (12), Oconee (11), Turkey Point (9), and Beaver Valley (9). The first six sites listed exceeded 3 times the industry median while the remaining sites exceeded 2 times the median and experienced more than a 50% increase in the number of allegations concerning the site. A more detailed discussion of each of these sites follows.

Indian Point 2 & 3

With the exception of CY 2002 when there was a notable increase, the number of allegations received concerning the Indian Point site over the past five years has remained steady. Many of the concerns received in 2004 were in the security area. Similarly, the licensee, in discussions with the NRC, confirmed that they too had seen the same trend in the concerns raised internally by their employees.

With regard to the security concerns, as we have indicated in the past, while the NRC is fully committed to our goal of increasing public confidence through communicating with the public, we must balance that goal with the more immediate need of ensuring the continued

safety and secure operation of nuclear facilities in our country. Normally, general information concerning actions taken by the agency or licensee in the security area would be discussed in this report. However, to ensure that we are not unnecessarily releasing information that would reveal any potential security-related vulnerabilities, the Commission has instituted a new policy regarding public release of security-related information and, in accordance with this policy, we have not included such a discussion in this report. Nonetheless, in addition to enhancing the security of reactor licensees through the implementation of new NRC orders in 2004, the NRC has taken all necessary actions to address potential security-related concerns that may have been identified during the course of the NRC's review of allegations.



Significant labor relation achievements were realized in 2004, when the licensee reached agreement with both the utility workers union and security bargaining unit personnel. Site integration also continued in 2004. Licensee management continues to focus on addressing cultural differences within various departments.

With regard to allegations of discrimination, there were five raised in 2004. Investigations were initiated in all five cases. In one case the agency did not find sufficient evidence to support a finding that a violation of employee protection regulations had taken place, and closed the investigation. The other four allegations of discrimination raised in 2004 were still under investigation at the time of this report. In the previous four years a total of 24 discrimination allegations were raised at the site, four in 2003, seven in 2002, four in 2001, and nine in 2000. Of the 24, only one remains open. Eleven claims were investigated, not substantiated, and closed, one was withdrawn by the allexer, and eleven did not meet the requirements for initiation of an investigation. In order for the NRC to pursue a matter of potential discrimination, pursuant to 10 CFR 50.7, a certain pattern of facts, called a prima-facie showing, must be articulated. Specifically, it must be initially established that an employee has engaged in a protected activity, that an adverse personnel action was taken against the employee, that management knew that the employee had engaged in the protected activity, and that the protected activity was, in part, the reason for the adverse personnel action. The NRC has not substantiated an allegation of discrimination at the Indian Point site during this five year review period.

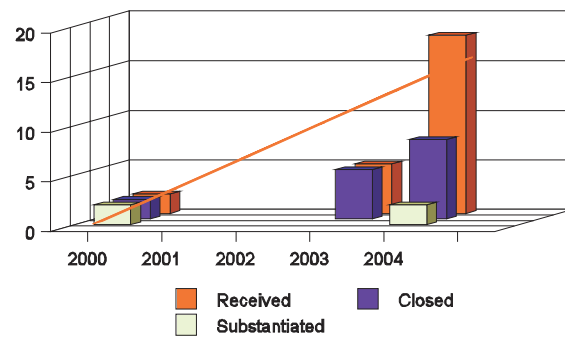
Although Indian Point has a relatively high number of allegations, the volume is characteristic of this site, and the results of investigations completed and inspection findings do not suggest a weakening SCWE. The licensee continues to monitor their work environment using survey

tools. The NRC staff will also continue to monitor the open allegations of discrimination, as well as the general allegation trends at the Indian Point site.

Browns Ferry 1

Unit 1 of the Browns Ferry site is under construction, have a significant number of contractors on site, and the allegations received at the NRC reflect that. The majority of concerns received involve maintenance issues and the quality of work being performed. The licensee verified that the numerous major construction activities on site in 2004 (including torus repairs, painting/coating, cross over/under piping, and general welding issues) contributed to a substantial increase in employee concerns being raised internally to the licensee as well. To address these increases, the licensee has taken a number of steps, including SCWE training, assessments, and program improvements. A major contractor on site also established a program to address employee concerns in 2004.

FIGURE 22 - ALLEGATIONS RECEIVED BY CY



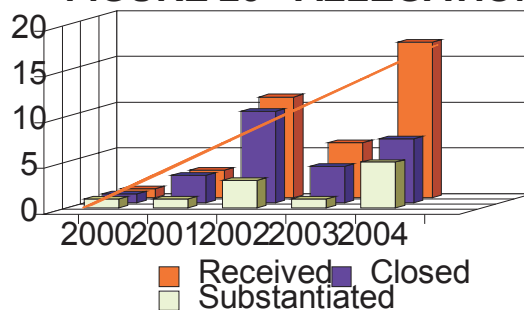
In the past two years, the NRC received five allegations of discrimination, four of those in 2004. Three of the five were investigated and based on the evidence developed during the investigation, not substantiated, one was withdrawn by the alleger, and one had to be closed when the NRC was unable, after several attempts, to reach the alleger for further needed information.

The nature of allegations received and the volume of concerns being raised internally do not indicate a weakening SCWE. However, the NRC will continue to monitor the work environment through normal inspection activities, including a review of the actions the licensee takes to improve it, and the general allegation trend at the Browns Ferry Unit 1 site.

Salem/Hope Creek

A special NRC review of the SCWE was initiated in late 2003 at the Salem and Hope Creek site to assess concerns raised in allegations and identified by the NRC through inspection. Interim results of the special review were provided to the licensee in a letter dated January 28, 2004 and the NRC met with the licensee in public meetings in March and June to discuss their assessments and planned actions in this regard.

FIGURE 23 - ALLEGATION



On July 30, 2004, the regional office issued a letter to the licensee that provided the final results of the NRC special review. This in-depth review confirmed NRC interim results previously provided and generally agreed with the results of the licensee's self-assessments.

Specifically, while the special assessment did not identify any serious safety violations, the NRC concluded that there were numerous

indications of weaknesses in corrective actions and management efforts to establish an environment where employees are consistently willing to raise safety concerns. Examples identified both by the licensee and the NRC indicated an underlying frustration by both staff and management with poor equipment reliability. The equipment issues stemmed, in part, from weaknesses in implementation of station processes such as work management and corrective action. Consistent with this finding, clear trends in the areas of Maintenance and Corrective Actions were identified in the volume of allegations received in 2004 from the site.

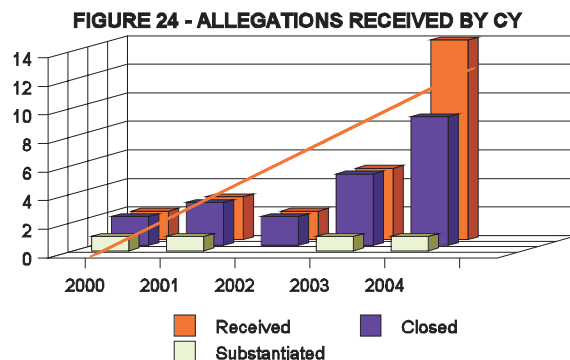
On August 23, 2004, the NRC's Executive Director of Operations approved a deviation from the NRC's Reactor Oversight Program Action Matrix to provide a greater level of regulatory oversight of the Salem and Hope Creek plants than would typically be called for by the program. This deviation included augmented inspection of SCWE-related areas. The NRC has established an internal NRC coordination team, involving regional and headquarters experts in reactor oversight and SCWE to help coordinate NRC review efforts. Also, in the mid-cycle assessment issued on August 30, 2004, the NRC identified a "substantive cross-cutting issue" in SCWE at the Salem and Hope Creek site.

With regard to allegations of discrimination, there have been no substantiated cases during the five year review period. Three cases were alleged in 2004 and all three are under investigation. Of the six discrimination concerns raised in the previous four years, four were investigated, not substantiated and closed, and two did not make a prima-facie showing.

The NRC is in the process of reviewing detailed SCWE improvement plans and performance metrics developed by the licensee and additional SCWE inspections are planned for 2005. Increased oversight under the deviation memo will continue until the licensee demonstrates that substantial and sustainable progress has been made to correct the weaknesses in the SCWE.

Pilgrim

There was a significant increase in allegations concerning the Pilgrim plant in 2004, primarily in the area of security. Again, to ensure that we are not unnecessarily releasing information that would reveal any potential security-related vulnerabilities, the NRC staff is not at liberty to discuss specific information concerning actions taken by the agency or licensee in the security area. The NRC and licensee have taken all necessary actions to address potential security-related concerns that may have been identified during the course of the NRC's review of these allegations. The licensee, in discussions with the NRC, confirmed that they too had seen a notable increase in the volume of concerns raised internally by their employees.



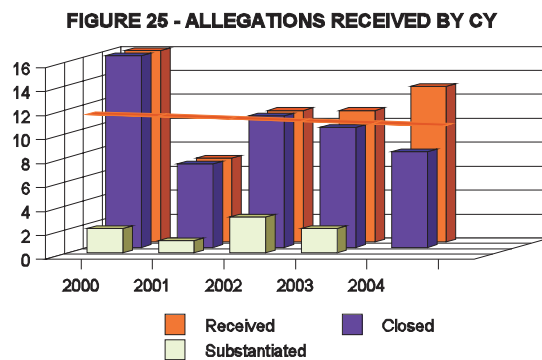
There were four allegations of discrimination in 2004 concerning activities at the Pilgrim plant. One of the four was closed because a prima-facie showing of potential discrimination was not articulated, and three allegations raised in 2004 are still under investigation. In 2004, after NRC review of a Department of Labor Administrative Law Judge finding of discrimination at another utility, and a potential connection to the Pilgrim facility, the NRC sent a "Chilling Effect Letter" to Pilgrim as well as the other utility and a contractor requesting information on any actions the

licensee planned to take to mitigate potential impacts of this finding on their SCWE. The licensee's response indicated that they did not find this event had impacted their SCWE negatively and they continue to provide ongoing SCWE training, reemphasize SCWE expectations annually, and conduct annual SCWE surveys. Three allegations of discrimination were raised between 2000 and 2003. Of those three, two were investigated, not substantiated and closed, and one was raised anonymously and could not be investigated without further specific information.

An analysis of the trends in allegations does not suggest a SCWE problem. The licensee continues to monitor their work environment using survey tools. The staff will continue to monitor the general trend of allegations and trends in the licensee's internal reporting programs, as well as the open discrimination case files.

San Onofre 2 & 3

The number of allegations received from onsite sources at the San Onofre site increased slightly in 2004, but the 5-year period analyzed shows a steady trend as indicated by Figure 25. Trends in particular disciplines were identified in the allegations. Similarly, the licensee, in discussions with the NRC, confirmed that they too had seen trends in the concerns raised internally by their employees. The similarity of the information indicates that licensee employees were willing to raise issues internally as well as to the NRC.

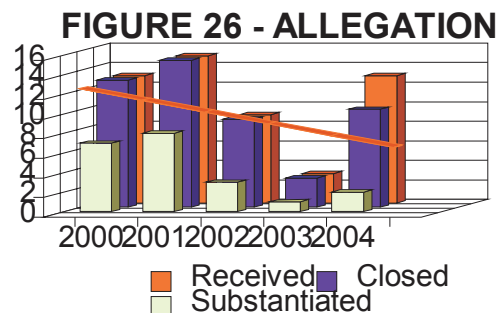


The number of allegations of discrimination declined in 2004 after doubling each of the past two years. Of the two raised in 2004, one was investigated but the agency did not find sufficient evidence to support the complaint as alleged, and the other was not investigated because a prima-facie showing of potential discrimination was not articulated. Ten allegations of discrimination were raised in the prior four years evaluated. All ten were investigated, but none substantiated.

The licensee confirmed that they continue to provide refresher SCWE training to supervisors and monitor their work environment using survey tools. Although the number of allegations received increased in 2004, because the increase was not substantial and the volume is characteristic of this site, they do not suggest a weakening SCWE.

Susquehanna 1 & 2

Although Susquehanna's allegation trend over the past five years is down, the number of allegations from the site more than quadrupled in 2004 from the previous year. A review of the individual issues found no pattern or trend in the disciplines involved. Nor were there any significant events that might explain the sudden increase in the volume of concerns being raised externally.



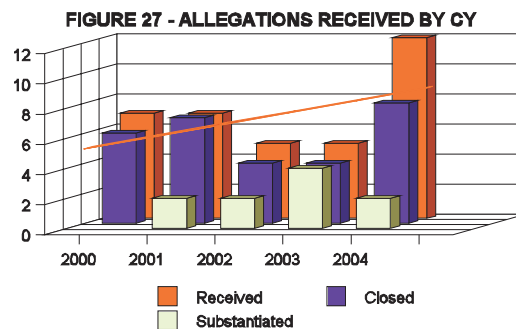
In the Fall of 2004, the licensee conducted an independent review of the effectiveness of their Employee Concerns Program. The contractor found that although the program effectively addresses employee concerns, it does not always recognize the potential impact management actions may have on the work environment and recommended a number of enhancements. The licensee is in the process of addressing those recommendations, including developing better metrics and tools such as employee surveys to assess the SCWE. The NRC will continue to monitor their progress with interest to assess the effectiveness of these and other actions resulting from their internal assessments.

There were four allegations of discrimination filed in 2004; two were closed because a prima-facie showing of potential discrimination was not articulated, and two were investigated and closed as unsubstantiated. In the previous four years, seven allegations of discrimination were raised; three did not make a prima-facie showing, one was withdrawn by the individual, and although the remaining three were investigated, none were substantiated.

Perry

As indicated in Figure 27, the volume of allegations received concerning the Perry plant has been relatively steady over the past several years, and, until the past year, was even trending down slightly. In 2004, however, the number of allegations more than doubled and the trend reversed itself.

There are a number of issues that may have contributed to this increase. The licensee initiated organizational changes at Perry in 2004. This reorganization resulted in both new management expectations and some staff reductions. The licensee indicated that they also saw an increase in concerns brought to the Employee Concerns Program, particularly in the area of “management issues.” A licensee initiated independent Safety Culture assessment in the Fall of 2004, identified that a lack of effective communications concerning the reorganization contributed to weaknesses in the licensee’s SCWE. The licensee has developed an action plan to validate and address this and other findings from that assessment. The NRC will continue to monitor these efforts as a part of our routine inspection program.



The NRC conducted a special inspection in accordance with Inspection Procedure 95003 in early 2005 that included an assessment of the licensee’s Employee Concerns Program and SCWE. At the time of this report, the NRC’s observations were still pre-decisional, but are expected to be documented in an inspection report in the near future.

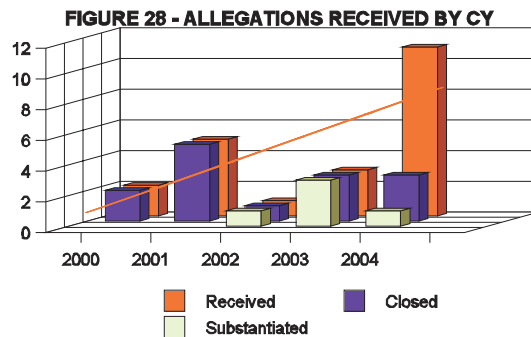
With regard to allegations of discrimination, two were raised in 2004, neither of which were investigated by the NRC; one because a prima-facie showing of potential discrimination was not articulated and the other because it involved a third party. The NRC does not pursue third-party complaints of discrimination both because specific information is needed as well as permission from the individual to release his name to the licensee. Of the six allegations of discrimination raised between 2000 and 2003, three were withdrawn at the request of the individuals, one was investigated, not substantiated and closed, one is still open, and one, raised in 2000, was investigated, substantiated, and enforcement taken against the licensee. The NRC will continue to monitor the open allegation of discrimination and general allegation trends at the

Perry plant, as well as the effectiveness of the actions taken in response to the licensee's assessment of their Safety Culture and SCWE as part of our routine inspection program.

Oconee 1, 2, & 3

The volume of allegations received at the NRC from the Oconee site continues to increase. A review of the individual issues found no pattern or trend in the disciplines involved suggesting a weakening SCWE in any one particular area.

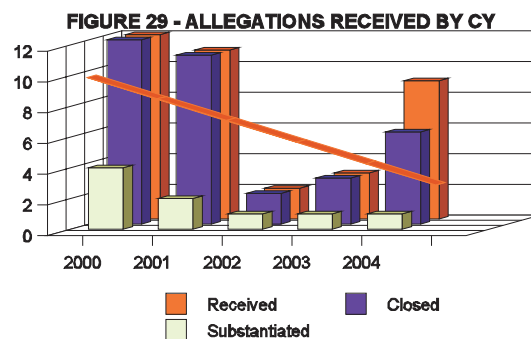
Similarly, the licensee indicated that no trends were identified in the few concerns raised internally to the Employee Concerns Program. Allegations of discrimination have also increased in 2004. Of the four received, three are still being investigated, and one did not articulate a prima-facie showing of potential discrimination and was closed. In the previous four years of this review period only one discrimination allegation was raised. That concern was investigated, but the agency did not find sufficient evidence to support a finding that a violation of employee protection regulations had taken place.



The licensee informed the staff that SCWE training of all supervisors fleet-wide has been conducted in recent years. The NRC will continue to monitor allegation trends, open investigations of discrimination, and any impact the licensee's training has on its SCWE.

Turkey Point 3 & 4

Although allegations concerning the Turkey Point plant are, over the five year period analyzed, trending down, last year there was a notable increase. Many of the allegations received involved training. The licensee confirmed that they also received concerns internally concerning the same discipline and by the end of 2003 had intervened. Supervisory personnel changes were made and the work environment is being monitored. The licensee plans to conduct a site-wide SCWE survey in the third quarter of 2005.

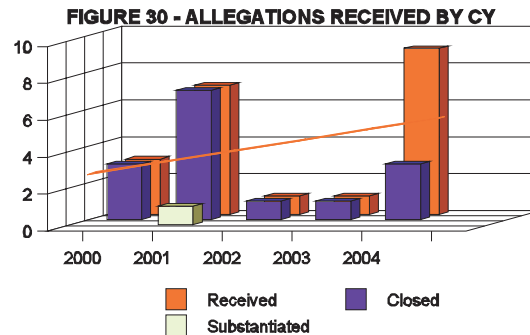


With regard to allegations of discrimination, two allegations were received in 2004, the first since 2002. One was investigated but the NRC did not find enough evidence to substantiate the claim, while the other did not make a prima-facie showing of potential discrimination and was closed. One allegation was raised in 2002, but did not make a prima-facie showing. And one was raised in 2000, but was withdrawn by the allegor and closed.

Beside the one trend identified by the NRC which the licensee appears to have addressed, there is no indication that the SCWE is weakening. The NRC will continue under the normal inspection and oversight processes to monitor allegation trends and the work environment.

Beaver Valley 1 & 2

In 2004 the number of allegations at the Beaver Valley site increased significantly. As with Perry, organizational changes were made at the Beaver Valley site in 2004. This reorganization resulted in both new management expectations and some staff reductions, which may have contributed to the increase in allegations. The licensee stated that they saw some improvement in a SCWE survey conducted in late 2004; however, an independent Safety Culture assessment conducted in early 2005, after the reorganization, identified some weaknesses in the SCWE-related processes, such as the Employee Concerns Program and the willingness of some groups on site to use it. The licensee has developed an action plan to validate and address this and other findings from that assessment.



With regard to allegations of discrimination, there was also a sharp increase in 2004. Six allegations were received in 2004, five of which are still under investigation, and one in which the individual did not make a prima-facie showing of discrimination and therefore, was closed. In the previous four years, five discrimination allegations were received. In 2002 one was received, investigated, and not substantiated. In 2001, three were received, two of which were investigated, but not substantiated, and one in which the individual did not make a prima-facie showing. And in 2000, one allegation of discrimination was investigated but the agency did not find sufficient evidence to support the claim of employment discrimination as alleged. There has been no finding of discrimination at the Beaver Valley site during this five year review period. The NRC will continue to monitor the open allegations of discrimination and the licensee's efforts to improve the Employee Concerns Program and other tools used to maintain their SCWE.

Allegation Trends for Selected Materials Licensees

Because of the small number of allegations received concerning individual materials licensees and because of the potential for a licensee or contractor to identify an allegor, tables of statistics on allegations concerning these two categories have not been included in this report. None of the material licensees received a sufficient number of allegations to discern a trend or pattern, or provide insights into the work environment, therefore, more in-depth reviews were not performed.

Allegation Trends at Vendors

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

CONCLUSIONS

Overall, the allegation program has maintained excellent performance in most areas. The findings from audits completed in the last three years indicate excellent performance in reviewing, documenting, tracking, and completing evaluations of allegations. The timeliness goals for a) holding initial Allegation Review Boards to assign appropriate staff actions for follow-up, b) communications with allegeders, and c) closing allegations were met in most cases. The quality rating goal was achieved each of the last three years. One inappropriate release of an allegeder's identity was found in 2004 resulting from an administrative error in placing documents into ADAMS in 2002. Immediate and comprehensive actions were taken to prevent similar incidents.

As noted in the previous discussions of specific licensees, the analysis of allegations has provided insights into the work environment at several facilities. The staff continues to take a deliberately measured approach in addressing work environment issues with licensees, including the preparation of additional guidance for the NRC staff in this area. As this report indicates, the staff continues to monitor work environment issues at several facilities.

RECOMMENDATIONS

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

APPENDIX 1

ALLEGATIONS STATISTICS – OPERATING REACTORS

Allegations Received from Onsite Sources					
Site	2000	2001	2002	2003	2004
ARKANSAS 1 & 2	5	2	3	4	6
BEAVER VALLEY 1 & 2	3	7	1	1	9
BRAIDWOOD 1 & 2	14	5	5	1	3
BROWNS FERRY 2 & 3	4	2	2		6
BRUNSWICK 1 & 2	1	1	1	3	2
BYRON 1 & 2	14	20	12	11	6
CALLAWAY	9	6	7	3	1
CALVERT CLIFFS 1 & 2	3	2	3	4	5
CATAWBA 1 & 2		7		2	2
CLINTON	10	1	3	2	4
COLUMBIA PLANT		13	5	4	6
COMANCHE PEAK 1 & 2	5	5	2	1	2
COOK 1 & 2	22	12	14	9	12
COOPER	1	8	6	8	10
CRYSTAL RIVER	4	2	2	3	4
DAVIS-BESSE		2	27	14	12
DIABLO CANYON 1 & 2	6	6	3	2	2
DRESDEN 2 & 3	12	32	11	3	3
DUANE ARNOLD	2	3	2	2	8
FARLEY 1 & 2	8	3	1	3	1
FERMI	4	3	4	2	1
FITZPATRICK	6	1	1	7	
FORT CALHOUN	1	2	2	3	1
GINNA	1		1	2	
GRAND GULF	3	5	6		6
HARRIS 1 & 2	1	1	6	1	
HATCH 1 & 2	12	2	3	2	1
INDIAN POINT 2 & 3	20	17	29	20	19
KEWAUNEE		4	3	4	3
LASALLE 1 & 2	4	2	1	2	
LIMERICK 1 & 2	2	2	7	4	4
MCGUIRE 1 & 2	1			2	2
MILLSTONE 2 & 3	8	2	7	6	1

Allegations Received from Onsite Sources					
Site	2000	2001	2002	2003	2004
MONTICELLO	1			1	
NINE MILE POINT 1 & 2	11	4	5	2	4
NORTH ANNA 1 & 2	4	1	10	1	4
OCONEE 1, 2, & 3	2	5	1	3	11
OYSTER CREEK	3	5	9	18	8
PALISADES		4	9	7	10
PALO VERDE 1, 2, & 3	3	3	2	19	8
PEACH BOTTOM 2 & 3	4	2	1	2	1
PERRY	7	7	5	5	12
PILGRIM	2	3	2	5	14
POINT BEACH 1 & 2	5	7	7	10	11
PRAIRIE ISLAND 1 & 2			5	2	4
QUAD CITIES 1 & 2	6	1	3	1	1
RIVER BEND	2	1	1	4	3
ROBINSON		1			
SALEM/HOPE CREEK	1	3	11	6	17
SAN ONOFRE 2 & 3	16	7	11	11	13
SEABROOK	3	3	6	3	3
SEQUOYAH 1 & 2	7	2	5	7	4
SOUTH TEXAS 1 & 2	10	4	6	2	6
ST LUCIE 1 & 2	9	25	11	24	4
SUMMER	3	3	2	4	3
SURRY 1 & 2	4	2	4	2	1
SUSQUEHANNA 1 & 2	13	15	9	3	13
THREE MILE ISLAND	1	5	5	1	6
TURKEY POINT 3 & 4	12	11	2	3	9
VERMONT YANKEE	2		4		3
VOGTLE 1 & 2		1	3	1	1
WATERFORD	2	2	7		1
WATTS BAR	4	4	8	2	4
WOLF CREEK	6	4	1		

June 6, 2005

MEMORANDUM TO: Chairman Diaz
Commissioner McGaffigan
Commissioner Jaczko
Commissioner Lyons

FROM: Luis A. Reyes */RA/*
Executive Director for Operations

SUBJECT: STATUS OF ALLEGATION PROGRAM - CALENDAR YEAR
2004 ANNUAL REPORT

In SECY-94-089, "Response to the Report of the Review Team for Reassessment of the NRC's Program for Protecting Allegers Against Retaliation," the staff committed to have the Agency Allegations Advisor provide an independent annual report to the Executive Director for Operations that assesses the conduct of the Allegation Program in each office and region. A copy the annual report for Calendar Year 2004 is attached for your information. The staff intends to place the report in the ADAMS public library five days from the date it is forwarded to the Commission unless you direct otherwise.

The report contains an assessment of the allegation program and a review of allegation data for adverse trends for reactor and materials licensees. This annual report does not specifically address activities concerning those allegations, because the Office of Investigations prepares an annual report covering the follow-up of allegations involving wrongdoing,.

Overall, the allegation program has maintained excellent performance in most areas. The findings from audits completed in the last three years indicate excellent performance in reviewing, documenting, tracking, and completing evaluations of allegations. The timeliness goals were met in most cases. The quality rating goal was achieved each of the last three years. One inappropriate release of an allexer's identity was found in 2004 resulting from an administrative error in placing documents into ADAMS in 2002. Immediate and comprehensive actions were taken to prevent similar incidents.

The attached report addresses the staff's progress in carrying out the Commission's direction in several important areas including developing an Alternative Dispute Resolution process for cases of alleged discrimination and providing the industry guidance on creating and maintaining a Safety Conscious Work Environment. In addition, on August 30, 2004, the Commission, in a Staff Requirements Memorandum, directed the staff to enhance the Reactor Oversight Process to more fully address Safety Culture, while continuing to monitor industry and foreign efforts to assess Safety Culture. This report also briefly discusses the staff's efforts to address the Commission's direction in this area. Finally during 2004, the allegations staff has responded to guidance from the Commission regarding the release of security-related information to the public and that policy's potential impact on the Allegation Program is addressed in this report.

Attachment: Annual Report

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OFC	OE:AAA	OE:D	DEDMRS	EDO
NAME	LJarriel	MJohnson	C. Paperiello for MVirgilio	LReyes
DATE	6/01/05	6/01/05	6/06/05	6/06/05

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