



UNITED STATES
NUCLEAR REGULATORY COMMISSION
REGION II
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August 27, 2010

Mr. Sean Fuller
Chief Operating Officer and Facility Manager
Global Nuclear Fuel - Americas, L.L.C.
P.O. Box 780, Mail Code J20
Wilmington, NC 28402

SUBJECT: INSPECTION REPORT NO. 70-1113/2010-004

Dear Mr. Fuller:

This refers to the inspection conducted from April 26 through July 29, 2010, at the Global Nuclear Fuels - Americas, L.L.C. facility in Wilmington, North Carolina. The purpose of the inspection was to review your programs for addressing employee concerns and maintaining a safety conscious work environment where employees are willing to raise safety concerns without fear of retaliation. The enclosed inspection report documents the inspection findings which were discussed on July 29, 2010, with Mr. Jack Fuller, and other senior facility managers.

The inspection consisted of focus groups of hourly and salaried staff and interviews of managers; a review of your license requirements; and documents related to raising safety concerns, including proposed corrective actions.

While some employees expressed concerns related to management communications, negative interactions with certain supervisors, confidentiality of the available programs and the effectiveness of the certain programs for raising concerns, all employees expressed a willingness to raise safety concerns to management via at least one of the available programs without fear of retaliation. However, if these concerns are left uncorrected, these issues may have an adverse impact on your facility's safety culture.

In accordance with Title 10 of the Code of Federal Regulations 2.390 of the NRC's "Rules of Practice," a copy of this letter and its enclosure will be made available electronically for public inspection in the NRC Public Document Room or from the NRC's document system (ADAMS), accessible from the NRC Web site at <http://www.nrc.gov/reading-rm/adams.html>.

S. Fuller

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If you have any questions, please call me at (404) 997-4629.

Sincerely,

/RA/

Marvin D. Sykes, Chief
Fuel Facility Inspection Branch 3
Division of Fuel Facility Inspection

Docket No. 70-1113
License No. SNM-1097

Enclosure: NRC Inspection Report
No. 70-1113/2010-004

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SIGNATURE	Via email	Via email	RG for 8/27/10	Via email	RG for 8/27/10	RG 8/27/10	MDS 8/27/10
NAME	JFoster	MCatts	LPitts	SSanchez	MThomas	RGibson	MSykes
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U. S. NUCLEAR REGULATORY COMMISSION
REGION II

Docket No.: 70-1113

License No.: SNM-1097

Report No.: 70-1113/2010-004

Licensee: Global Nuclear Fuel – Americas, L.L.C. (GNF-A)

Facility: General Electric (GE)

Location: Wilmington, North Carolina

Date: April 26 through July 29, 2010

Inspectors: M. Thomas, Senior Fuel Facility Inspector
M. Catts, Senior Resident Inspector
S. Sanchez, Resident Inspector
L. Pitts, Fuel Facility Inspector
J. Foster, Fuel Facility Inspector

Approved by: Marvin D. Sykes, Chief
Fuel Facility Inspection Branch 3
Division of Fuel Facility Inspection

Enclosure

EXECUTIVE SUMMARY

Global Nuclear Fuels - Americas, LLC.
Inspection Report No. 70-1113/2010-004
April 26, 2010 through July 29, 2010

The report covered a regional initiative inspection conducted at the Global Nuclear Fuels – Americas. The inspectors conducted in-office and onsite reviews of licensee guidance documents and facility records related to handling of employee concerns to develop an independent assessment of licensee performance in this area. The inspectors also conducted on-site interviews of a representative sample of plant employees from April 26 through July 29, 2010, to assess employee willingness to raise safety concerns to plant management without fear of retaliation.

No violations of regulatory requirements were identified. All employees interviewed stated that they would raise safety concerns to management via one or more processes without fear of retaliation.

However, the inspectors did note employee concerns related to management commitment to resolving concerns, negative interactions with certain supervisors, confidentiality of the available safety concerns programs, and the effectiveness of the certain programs for resolving issues.

Two inspector follow-up items were identified to monitor licensee implementation of corrective actions to complete special training for certain supervisors and to evaluate the circumstances associated with the termination of contract workers after they raised concerns at a widely attended meeting.

Attachment

Persons Contacted

Inspection Procedure Used

List of Items Opened, Closed, and Discussed

Report Details

Management Organization and Controls (IP 88005)/Identification and Resolution of Problems (IP 71152)

1. Safety Conscious Work Environment (SCWE)

a. Inspection Scope

The scope of the inspection was to determine whether employee concerns related to a potential chilled work environment indicated an adverse safety conscious work environment. The inspectors reviewed documents related to these concerns, including any corrective actions, paying particular attention to personnel corrective actions at Global Nuclear Fuel – Americas, L.L.C. (GNF-A). The inspectors also conducted focus groups.

Methodology

The inspectors randomly selected a large cross-section of employees from the organization to participate in focus group discussions on the safety conscious work environment of GNF-A, which involved approximately 100 employees. Each focus group consisted of four to ten participants. The focus groups were organized to include salaried, hourly, and contractor employees in separate groups. Some focus groups were organized to isolate departments while other groups were designed to integrate employees from multiple departments in the organization.

The discussion groups provided information related to the various programs available for raising safety concerns and shared opinions and perceptions related to work environment and the overall plant safety culture. The groups were not asked to come to a consensus and agreements and disagreements amongst the groups were simply noted. The comments and opinions of the group participants were systematically compiled and analyzed and the assembled comments were used in the development of the overall conclusions.

Questions asked during each of the focus groups are listed below. Additional questions were posed to clarify responses, when appropriate.

- What does safety culture mean to you?
- When was the last time you participated in a safety culture survey?
- How would you characterize the safety culture at this facility?
- What are the strengths or positive aspects of safety culture?
- What are the weaknesses or negatives aspects of safety culture?
- Where would you go to raise a safety concern?
- Which program for raising concerns would you use the most frequently? Which program results in effective corrective actions?
 - Raising concerns to management
 - Worker Concern Program
 - Safety Council
 - Ombudsman

- Corrective Action Program (Quality)
 - Near Miss Program
 - Part 21
 - Reporting to NRC
- Do you receive feedback or follow-up after you have reported a concern?
 - How comfortable are people at your level with raising a safety concern?
 - What types of negative reactions have occurred from raising safety concerns?
 - If you could be the plant manager for a day, what is the first change you would make to improve the safety culture?
 - What are the key lessons we should take away from this discussion?
 - Is there anything else we should have asked you?

b. Observations and Findings

Through team interviews of plant employees and reviews of numerous corrective action records, guidance documents, and the plant license, the team determined that employees were willing to raise safety concerns to plant management via at least one of the available programs without fear of retaliation. However, during the reviews, the inspectors learned of recent plant events and activities involving certain plant supervisors and plant contractors that may have created perceptions among some employees that licensee management may not be aggressively pursuing corrective actions to address employee concerns. Specific examples are addressed in subsequent sections of this report.

The group interviews also indicated that plant employees were not familiar with options for raising safety concerns and confidentiality associated with each of the available programs. Although information on each of the available programs may have been provided to the staff in initial site training, the team noted that a large percentage of the interview group was not aware of all programs available for raising safety concerns. Refresher training and periodic management communications were not utilized to ensure staff remained aware of the available programs for raising concerns.

Licensee management has acknowledged that more could be done to strengthen and maintain a healthy work environment, including enhancing management sensitivity to situations and actions that could unintentionally effect employee perceptions and improving communications that will help reinforce management's commitment in this area.

c. Identity Protection

With regard to identity protection and the availability of processes to submit anonymous concerns, only one program, Worker Concerns Program, was available at the onset of the inspection and a large percentage of plant employees had very little knowledge that the program existed and where the program office was located. According to the interview groups, licensee management had not been active in communicating to the

employees that this was an available option for raising concerns. A very small percentage of staff interviewed felt that concerns provided via this process would not be handled confidentially but no actual examples were provided.

Two additional processes, the computer-based Raise a Concern program and the installation of Concerns Drop Boxes, for submitting anonymous concerns were recently implemented by the licensee. Due to their recent implementation, little information is available to assess the effectiveness of these new tools for raising concerns.

d. Corrective Action Implementation and Tracking

The team reviewed corrective action documentation to assess the quality of licensee initiated reviews to resolve employees concerns. A large percentage of participants indicated that obtaining feedback on problem resolution had been difficult, and some stated that some concerns may have been overlooked. Nonetheless the group participants stated that if the concern was a true safety concern, they would continue to raise the concern until it was resolved to their satisfaction. Overall, the team determined that corrective actions developed and implemented for issues were effective in correcting the problems.

The team did identify one notable example of untimely implementation of corrective actions for an issue that occurred in October 2009, where a specific manager, on at least two occasions, responded negatively to individuals for raising safety concerns. The licensee had developed a comprehensive plan to address the situation which included counseling and special training on the handling of safety issues and not allowing production demands production.

Corrective actions were assigned by the licensee on November 16, 2009, to provide this manager with special training regarding safety issues and production needs. The special training for the manager had not been conducted at the time of the inspection five months later. The licensee informed the NRC that this manager had received special training and had accepted another position within General Electric that is not involved in the nuclear industry. The inspectors opened an inspector follow-up item (IFI) to track the corrective actions proposed by the licensee and to review the training material used in the special training, IFI 07001113/2010004-001.

e. Retaliation

A small percentage of the participants provided information regarding three recent plant events that had the potential for creating the perception that management may have responded negatively to individuals raising safety concerns. The inspectors evaluated two potential examples of retaliation. Each of the instances discussed occurred during routine plant meetings. The first was a small shift meeting while the other was a widely attended monthly meeting.

In the first instance, a licensee manager used an aggressive tone after an employee raised a safety concern during a shift meeting. According to the interview group members that were familiar with the incident, the negative interaction made others hesitant to raise safety concerns in that setting; however, the employees expressed that

they would still raise safety concerns to the manager outside of the meeting. The attendance at the meeting was small which limited the general staff knowledge of the event. Group participants familiar with this incident stated that this interaction did not impact their willingness to freely to raise safety concerns without a fear of retaliation.

In the second case, the inspectors were told of an instance where licensee management may have retaliated against two contractors for raising safety concerns in a monthly Integrity Safety Quality Output (ISQO) meeting. The contractors raised a concern during the meeting and were fired shortly thereafter. This event created the perception that an individual could be risking their job by raising a concern in this forum. The concerned participants stated that they would continue to raise safety concerns to their supervisors, but not during large group meetings.

The focus group participants familiar with this meeting described company actions taken to address this event; however, they stated that these actions were largely ineffective and actions to address the perception of retaliation had been unsuccessful. Nonetheless, these participants continued to attend the annual meeting and most found the meeting to be useful. The team identified IFI 07001113/2010004-002 to further review the circumstances of this event and track the licensee actions to address the employee perceptions.

f. Production over Safety

A small percentage of employees interviewed indicated that licensee management reluctance to shut down equipment for proper maintenance and repairs placing strong emphasis on production and associated schedule pressures could create the perception that production goals are more important than safety goals which could, if left unchecked, have an adverse effect on the work environment.

Plant employees also expressed some concern that contract workers did not demonstrate the same level of commitment to safety since they could be easily terminated. Employees stated that if directed by their management for increased production, contractors would perform tasks outside of approved procedures that were not safe. Through focus group interviews with the contractors, the inspectors did not substantiate these perceptions.

Based on the NRC inspector's review of work activities, no work prioritization issues were identified.

g. Programs for Raising Concerns

The inspectors verified that GNF-A has many programs for raising safety concerns such as supervisors and managers; Corrective Action Programs; Safety Concerns/Near Miss Program; Safety Evaluation Part 21 Program; Annual Environment, Health, and Safety Survey; Annual "Bottoms Up" Compliance Review; Spirit & Letter/Ombudsman; and the Worker Concerns Program. During the interviews, nearly all participants stated that they

were familiar with at least three of the programs for raising safety concerns and they would continue to use the programs which they were most familiar or comfortable to raise safety concerns.

i. Management Involvement

A large percentage of the hourly participants stated that they would not hesitate to raise a safety concern to their direct supervisor. Others stated that they would raise the concern with another supervisor or manager, or would consider bringing the concern to the Safety Council.

The salaried participants stated that they were comfortable bringing safety concerns to their supervisors and stated that it was an effective way to get concerns resolved.

ii. Near Miss Program

The Near Miss Program, as described in licensee procedure B-05, "Accident Investigation and Reporting," was to be utilized for any personnel injuries, illnesses, or near-misses that occur at the General Electric-Nuclear Energy [GE:NE]-Wilmington facilities.

A large portion of the hourly and salaried participants stated that the Near Miss Program was effective and would raise a concern through the program. They also viewed the Pictograms, a visual display for workers to view near misses, in a positive light and as an effective way in which management communicates attention to safety.

A small number of the salaried participants stated that the Near Miss program was cumbersome and time-consuming although still stated that they used the program.

iii. Concerns Drop Box

The Concerns Drop Box program was recently developed to allow a more anonymous method for employees to raise a concern by strategically placing Drop Boxes around the site.

A large percentage of the hourly participants had a good understanding of the purpose of the drop boxes and stated that they would not hesitate to use them to raise safety concerns. Since the program has only been in effect for a short time, the inspectors were unable to assess the effectiveness of this program.

iv. Raise a Concern Icon

The desktop icon is a newly developed action to assist workers with raising concerns to the correct program. A large percentage of the participants that use computers are aware of the new icon; however, most had not used it. Those knowledgeable of this new program stated that the only communication on the icon was through a mass-distributed email without any formal training

A large percentage of the hourly participants do not have convenient computer access for the computer-based concern programs. Since there are often several workers assigned to use a single computer and some workers were only allowed to use business-related computer during break time to enter concerns.

Despite being portrayed as an anonymous method of raising concerns, a large percentage of the participants stated that the Raise a Concern icon was not truly anonymous if the user has to have a Personal Identification Number for use. The licensee indicated that the user Personal Identification Number cannot be used to identify the worker using the Raise a Concern icon.

v. Corrective Action Program (Quality)

The Corrective Action Program/Process, as described in licensee procedure CP-16-01, "Common Procedure – Corrective Action Process," implements the requirements contained within NEDO 11209-04A, "GE Nuclear Energy Quality Assurance Program" description, and covers GE and GNF. This procedure covers the activities for documenting, evaluating and reporting conditions adverse to quality as required by 10 CFR 50, Appendix B.

A small percentage of the participants expressed frustration with having two separate programs, one for safety concerns for the frontline workers and one for quality-related concerns. The participants indicated that having two separate programs makes it more difficult to trend data and ensure that all issues were adequately captured and resolved.

vi. Spirit and Letter/Ombudsman

The Ombudsman Program is part of the Spirit and Letter Policies, which serves as the licensee's Code of Conduct for employees, and is another program for raising safety concerns.

A large percentage of the staff stated that the Ombudsman was not the appropriate program for raising safety concerns but was an appropriate method to raise concerns related to Human Resource issues. Additionally, a large percentage of the salaried staff participants stated that they were comfortable raising concerns to the Ombudsman, while a large percentage of the hourly staff participants did not feel comfortable raising concerns to the Ombudsman because they stated that the Ombudsman position was not independent and was too closely involved with management.

vii. Worker Concerns Program

The Worker Concerns Program, a management measure as described in ISA Summary Section 1.6.11 and Licensee Procedure 70-60, "Worker Concerns Program," should be utilized when an employee, contractor, or subcontractor has a safety concern that they feel was not adequately addressed by or are not comfortable reporting to their supervision/management. This program does not apply to nuclear safety concerns that are addressed under Part 21, or to non-safety related activities (i.e., compensation, labor relations, sexual harassment, and sex, age, or racial discrimination).

A large percentage of the participants were unaware the Worker Concerns Program existed, how to use it, and where the Worker Concerns office was located. All of the participants indicated the program was not well advertised.

The team noted that the Worker Concerns Program Manager had collateral duties, which may limit the program's effectiveness since the manager was not able to focus solely on worker concerns. Furthermore, for reporting concerns in person, the office location is difficult to find.

viii. Integrity Safety Quality Output (ISQO) Monthly/ISQO Morning Meetings

A large percentage of the salaried and hourly participants stated that safety was discussed at the appropriate level and given the appropriate focus at the ISQO meetings. The participants stated that positive communication was developed from the meetings; some noted that the level of attention and focus varied and was dependent on the individual conducting the meeting.

A small percentage of the hourly participants did not feel comfortable raising a safety concern at the ISQO monthly meetings; but stated that they would raise a safety concern at the ISQO meetings held amongst their shift. The NRC attended an ISQO monthly meeting and observed a safety training seminar, feedback on corrective actions, and the introduction of the new drop boxes. The NRC team did not identify any issues or concerns during the meeting.

ix. Annual Bottoms Up Compliance Review

A large percentage of the salaried participants stated that they were comfortable raising concerns in the Annual Bottoms Up meetings and stated that this tool was successful because all employees were required to participate in the meetings. The licensee considers this to be a best practice for the industry. The hourly participants had mixed reviews on the effectiveness of the Annual Bottoms Up meetings. A small percentage of the hourly participants thought this tool was useful for raising concerns; however, due to its annual nature, other hourly participants did not view it as a useful tool for raising safety concerns.

x. Annual Environment, Health, and Safety (EH&S) Survey

A large percentage of the salaried participants completed the survey and viewed the survey as a positive tool, but most of them were unaware of the survey results and did not know how to locate this information.

The hourly participants had mixed reviews on the Annual EH&S Survey. A small percentage of the participants viewed the survey negatively, a paperwork exercise, as they had raised concerns during past surveys which were not addressed. A small percentage of the hourly participants stated that they were not given time while on duty to complete the survey. The feedback from the survey appeared to be sporadic with some groups discussing the results in their shift's ISQO meetings while others did not. Contractors were not invited to participate in this EH&S survey.

The NRC reviewed the 2009 GNF-A EH&S Survey for Safety Culture Assessment and noted just over half of the workforce took the survey. The negative survey results were attributed to management issues. A mandatory interim EH&S survey was given to staff in June 2010 to determine if corrective actions from the 2009 survey were effective, with the full survey to be completed in Fall 2010. The June results were not available for the inspectors to assess trends.

xi. Safety Council

The Safety Council program is comprised of hourly employees within all the various work groups that regularly meet to discuss safety concerns and issues brought to their attention. The information is then presented to the different work groups so that each work group employee is aware of the issues and concerns for their group.

A large percentage of the hourly participants felt comfortable approaching the Safety Council staff members with their safety concerns and some stated that they would take their concerns to a Safety Council member if their immediate supervisor did not address the concern.

The inspectors reviewed Safety Council meeting minutes and determined that the majority of concerns discussed during Safety Council meetings were resolved.

xii. Part 21 Program

The Part 21 Program, as described in licensee procedure 70-42, "Reporting of Defects and Noncompliance" Under 10 CFR Part 21, should be utilized when there is a concern that a condition associated with a basic component may: have the potential to create a substantial safety hazard or performance degradation; could contribute to exceeding a Technical Specification Safety Limit; have generic safety implications; or result in reporting safety implications to a customer, the NRC, or other regulatory agency. The salaried participants were comfortable using the Part 21 program.

2. Exit Meeting

The inspection scope and results were presented to members of the licensee's staff on July 29, 2010, with the licensee's management. No dissenting comments were received from the licensee. Proprietary information was discussed but not included in the report.

ATTACHMENT

1. PERSONS CONTACTED

Partial List of Licensee's Persons Contacted

J. Reynolds, GNFA EH&S Manager
A. Vexler, Plant Manager
H. Neems, GEH General Counsel
T. Orr, GLE CEO President
A. Mulligan, GNFA Quality Leader
N. Clark, GEH Ombudsman
K. Walsh, CEO GNF
R. Bastyr, GEH Nuclear QA Manager
C. Bough, GNFA MSO
G. Dickman, GNFA MSO
L. Butler, GEH EH&S Manager

2. INSPECTION PROCEDURES USED

IP 88005 Management Organization and Controls
IP 71152 Identification and Resolution of Problems

3. LIST OF ITEMS OPENED, CLOSED, AND DISCUSSED

<u>Item Number</u>	<u>Status</u>	<u>Type/Description</u>
70-1113/2010-04-02	Open	IFI – Corrective actions proposed by the licensee and to review the training material used in the special training
70-1113/2010-04-02	Open	IFI – Review the circumstances of this event and track the licensee actions to address the employee perceptions.