

LITTLE HARBOR CONSULTANTS'
INVOLVEMENT IN RESOLUTION OF
EMPLOYEE COMPLAINTS AT
MILLSTONE POWER STATION

CASE NO. 98-03S 11/27/98

**OFFICE OF THE INSPECTOR GENERAL
EVENT INQUIRY**



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MILLSTONE POWER STATION**

CASE NO. 98-03S

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BASIS & SCOPE

The Office of the Inspector General (OIG) initiated this inquiry based on information received from several current and former employees at Millstone Station, licensed by Northeast Nuclear Energy Company (NNECO). The employees alleged potential wrongdoing on the part of U.S. Nuclear Regulatory Commission (NRC) staff and Little Harbor Consultants Inc. (LHC), a consulting firm tasked with independent, third-party oversight of Millstone's Employee Concerns Program (ECP).

The NNECO employees alleged that an LHC team member inappropriately became personally and substantially involved in the resolution of the complaints between NNECO and several of its current and former employees. It was further alleged that NRC staff failed to provide sufficient regulation of LHC activities and allowed LHC to exceed its oversight role. As a result of concerns that the NRC staff was not properly regulating LHC activities, OIG initiated this inquiry.

This OIG inquiry consisted of a review of the interaction between the independent, third-party oversight program (ITPOP) organization at Millstone Station and NNECO employees. Specifically, OIG reviewed the ITPOP's involvement in four cases referred to it by Millstone Station employees dissatisfied with the licensee's ECP. In handling these specific matters, it was alleged that ITPOP personnel had acted improperly. The OIG review focused on the process of handling the complaints rather than the substantive merits of any of the employees' concerns.

The OIG efforts included, but were not limited to, the following:

1. Interviews of current and former NNECO and contractor employees assigned to Millstone Station.
2. Interviews of current senior-level management at Millstone Station.
3. Interviews of NRC staff assigned to the Special Projects Office (SPO), an organization within the Office of Nuclear Reactor Regulation (NRR) tasked with oversight of Millstone activities.
4. A review of the following documents:
 - NRC Order Requiring Independent, Third-Party Oversight of NNECO's Implementation of Resolution of Millstone Station Employee Safety Concerns, dated October 24, 1996.
 - ITPOP Oversight Plan (and Revision 1), approved July 14, 1997, and Revision 2 (submitted March 20, 1998).
 - LHC investigations, quarterly reports, and meeting summaries.
 - SECY-98-090, Subject: Selected Issues Related to Recovery of Millstone

Nuclear Power Station Unit 3, dated April 24, 1998, with attachments.

- Other NRC, NNECO and LHC documents relevant to the ITPOP.

BACKGROUND

NRC Requires Commission Approval for Restart of Millstone Units

Pursuant to Title 10 of the Code of Federal Regulation (CFR), Part 50, NRC issued Facility Operating License Nos. DPR-21, DPR-65, and NPF-49 to Northeast Nuclear Energy Company (NNECO or licensee) on October 31, 1986, September 26, 1975, and January 31, 1986, respectively, authorizing it to operate Millstone Units 1, 2, and 3 at its site in Waterford, Connecticut.

On November 4, 1995, NNECO shut down Millstone Unit 1 for a planned refueling outage. During the fall of 1995, the NRC had identified potential violations in the refueling practices and operation of the Millstone Unit 1 spent fuel pool cooling systems. Consequently, NRC issued a letter to the licensee on December 13, 1995, requiring them to inform the NRC before restarting Millstone Unit 1 of the actions taken to ensure that it would operate that facility according to the terms and conditions of the plant's operating license, the Commission's regulations, and the plant's Updated Final Safety Analysis Report (UFSAR).

In January 1996, the NRC designated the three units at Millstone as Category 2 plants on the NRC's watch list as having weaknesses that warranted increased NRC attention until the licensee demonstrated a period of improved performance. On February 20, 1996, the licensee shut down Millstone Unit 2, and on March 30, 1996, the licensee shut down Millstone Unit 3.

In June 1996, the NRC designated the three units at Millstone as Category 3 plants on the NRC's watch list. Plants in this category have significant weaknesses that warrant maintaining them in a shutdown condition until the licensee can demonstrate to the NRC that it has established and implemented adequate programs to ensure substantial improvement. Plants in this category require Commission authorization to resume operations.

NRC Issues Order Requiring Independent, Third-Party Oversight of NNECO's Resolution of Employee Safety Concerns at Millstone Station

On October 24, 1996, NRC issued an Order requiring NNECO to establish an independent third-party to oversee implementation of its resolution of employee safety concerns at Millstone Station. The Order cited numerous licensee assessments, audits, and internal task group studies that had been conducted to assess employee safety concerns programs at Millstone Station. Those reviews identified numerous weaknesses in the licensee's programs. Similarly, NRC had conducted several inspections and investigations that led to the conclusion that the licensee's handling of employee safety concerns and implementation of corrective actions for problems identified by employees remained ineffective.

As a result, the Order directed that prior to restart of any Millstone units, the licensee had to develop and submit to the NRC a comprehensive plan for reviewing and dispositioning safety issues raised by its employees and to ensure that employees who raised safety concerns could do so without fear of retaliation. The Order also directed NNECO to retain an independent third-party to oversee implementation of its comprehensive plan.

The Order required that the third-party organization chosen to oversee the conduct of the licensee's comprehensive plan had to be independent of the licensee, such that none of its members had any direct, previous involvement with the activities at Millstone Station that the organization would be overseeing. Finally, the Order required that the plan for the independent third-party, oversight must continue to be implemented until the licensee demonstrated by its performance that the conditions that led to the requirement of that oversight had been corrected to the satisfaction of the NRC.

NRC Approves ITPOP and Its Oversight Plan

On April 7, 1997, NRC approved Little Harbor Consultants, Inc. (LHC) as the independent, third-party oversight program (ITPOP) organization at Millstone Station. On May 2, 1997, LHC submitted for NRC approval its oversight plan (Plan) detailing activities to oversee NNECO's implementation of its comprehensive plan.

The Plan identified three primary activities. First, LHC was to assess Millstone's safety culture. Second, LHC was to conduct programmatic evaluations to verify that programs being used to correct existing problems at the site and to prevent recurrence of these problems have been properly designed and subsequently implemented. LHC's third responsibility was to communicate and report its observations, conclusions, and recommendations to the public, licensee management, and to the NRC.

The Plan specified that the ITPOP team would utilize several types of activities in the conduct of its evaluations:

- Structured interviews with members of employee and contractor populations.
 - Employee surveys.
 - Observations of day to day activities at the Millstone facilities.
 - The conduct of focus groups consisting of employees and contractor personnel.

Pursuant to the Plan, LHC's evaluations would focus on the licensee's efforts to correct and prevent repetition of past failures in its treatment of employee concerns; evaluate actions to create an environment in which employees and contractors are encouraged and feel free to raise concerns; determine if the concerns, once raised, are reviewed and resolved in a timely manner; and conduct assessments and evaluations of changes in the programs associated with employee concerns.

In June 1997, NRC interviewed and reviewed résumés of LHC personnel to confirm that they were assigned to tasks within their areas of expertise. On July 14, 1997, NRC approved the Plan

proposed by LHC to oversee the implementation of NNECO's employee safety concerns program (ESCP). NRC staff concluded that LHC's Plan had the scope and depth necessary to provide appropriate oversight for judging the effectiveness of NNECO's ESCP in resolving and disposing employee safety concerns.

DETAILS

OIG Reviews LHC Activities in Four Specific Matters

According to several current and former NNECO employees at Millstone Station, LHC personnel became substantially involved in resolving employee complaints against the licensee. They allege that, in doing so, LHC abdicated its role as an independent third-party observer. While the NNECO employees expressed their appreciation for the assistance LHC provided them, they were concerned that Millstone's Employee Concerns Program (ECP) had not improved and had remained ineffective. They alleged to OIG that LHC failed to remain neutral in its oversight of the ECP and instead assumed the duties and responsibilities of the ECP to ensure its success. The employees expressed concern that if or when NRC decided that LHC's "oversight" was no longer necessary at Millstone Station, the plant would be left with an ECP that was unable to resolve employee safety concerns in a manner consistent with NRC regulations.

OIG reviewed four specific instances in which the NNECO employees alleged that LHC had acted improperly. These cases are referred to as follows and are summarized below:

- The Matter of a Former Quality Control Inspector (QCI)
- The Matter of Nine Quality Control Inspectors (QCI's)
- The Matter of Two Contractor Employees
- The Matter of the Female Nuclear Engineer

The Matter of a Former Quality Control Inspector

A Quality Control Inspector (QCI) formerly assigned to Millstone Station told OIG that he was originally one of ten QCIs who filed joint complaints against NNECO management over personnel matters. He said he became frustrated with NNECO's apparent inability to resolve the joint dispute, and he decided to negotiate separately with NNECO to resolve his complaint. According to the QCI, LHC team member Billie GARDE became substantially involved in the resolution of his complaint instead of simply observing the licensee's handling of the matter. Specifically, the QCI alleged that (1) GARDE assisted in drafting his settlement demand to NNECO, (2) that GARDE encouraged the QCI not to use his former legal counsel to review the proposed settlement, and (3) that once an agreement was reached, GARDE attempted to persuade the QCI not to seek modification of the settlement agreement.

The settlement agreement reached between the QCI and NNECO included a provision wherein the QCI agreed to accept a position with NU outside Millstone Station. The QCI told OIG that shortly after accepting a new position within NU, he returned to Millstone to interview for a job vacancy. The QCI stated that on his way to the interview he saw GARDE, who tried to persuade

him not to seek another position at Millstone.

Billie GARDE was interviewed by OIG, and she denied that she was substantially involved in the settlement of the QCI's case. GARDE told OIG there were numerous reasons she closely monitored NNECO's handling of the QCI's complaint. First, GARDE said the QCI's case had high visibility at the plant, and LHC wanted to ensure that NNECO treated the QCI fairly. GARDE explained that the QCI was negotiating a settlement directly with senior NU officials. Because the QCI was negotiating without the benefit of counsel, GARDE said LHC closely observed the process to ensure that a mutually satisfactory resolution was reached and that NNECO did not take advantage of the unrepresented employee.

GARDE said that while the QCI's initial list of settlement demands was drafted with his former attorney's assistance, the QCI released his attorney of record prior to reaching a settlement with NNECO. GARDE acknowledged that she helped the QCI rewrite his settlement demands at the QCI's request. GARDE said that she simply helped him to better articulate his thoughts in writing. Prior to submitting the list of demands to NNECO, GARDE said she recommended that the QCI allow his counsel to review it. GARDE said it was her understanding that the QCI's attorney retyped the final settlement demands, and he was fully aware of settlement negotiations between the QCI and NNECO.

GARDE said the QCI later asked her to review NNECO's proposed settlement offer, but she declined. GARDE said she clearly informed the QCI that she could not advise him on legal matters and that he needed to have his own attorney review the settlement offer. GARDE told OIG that she provided the QCI with the name of a second attorney only after the QCI told her he did not want to rehire his former counsel. GARDE denied that she told or encouraged the QCI not to use his former attorney to review the proposed settlement agreement and said she had no motive to do so. To the contrary, she stated it was in everyone's interest that the proposed settlement agreement be reviewed by the QCI's attorney prior to its signing so as to minimize possible disputes later. GARDE said there was no concern that the QCI's former attorney would obtain confidential settlement information.

GARDE related to OIG that she briefly met with the QCI at Millstone a short time after he was reassigned from Millstone to another NU site. When she asked why he was at Millstone, the QCI responded that he returned to the plant for a job interview. GARDE said she told the QCI that it was not a good time to return to Millstone and recommended that he give his current position more of a chance. She told the QCI to "let the dust settle" and wait until Millstone Station got beyond restart activities before considering returning to the plant. GARDE said NU was very busy at the time with restart issues, and she did not believe they would carefully consider the QCI's request until restart activities were completed. GARDE's advice to the QCI was personal and was not based upon information she had received from NU.

The Senior Vice President and Chief Administrative Officer (CAO), NNECO, told OIG that she

personally handled settlement negotiations with the QCI. She told OIG that she had oversight responsibility for Millstone's Human Resources groups, and she became involved in the matter at the QCI's request when he alleged that Millstone personnel were unable to resolve his complaint. The CAO stated during the several settlement negotiation meetings she attended with the QCI, no counsel for NNECO was present. She stated that NNECO did not have counsel partly because the QCI was not represented by counsel. The CAO recalled that the QCI signed a letter withdrawing his counsel prior to their beginning settlement discussions.

The CAO also told OIG that GARDE did not become involved in the negotiation process and that GARDE maintained her role as an impartial observer. The CAO stated that GARDE told the QCI that she could not provide him legal advice. The NNECO official added that the QCI appeared to feel more comfortable with GARDE present during negotiations and that it was not until the first week in April 1998 when he wanted to return to Millstone did complaints about GARDE surface.

The Matter of Nine Quality Control Inspectors

It was alleged to OIG that GARDE abdicated her role as an impartial observer by participating in mediation and arbitration discussions between the NNECO and nine of its Quality Control Inspectors (QCIs) who had filed suit against NNECO over personnel matters. It was further alleged that during the course of those settlement discussions, GARDE provided NNECO management with confidential information pertaining to the amount of money the nine QCIs would accept as a settlement.

The attorney representing the nine QCIs told OIG that GARDE attended a mediation session between NNECO and the QCIs on January 30, 1998, and later attended an arbitration session on April 9, 1998. GARDE was present as an impartial LHC observer of the proceedings. The attorney explained that during the January 30, 1998, mediation session, most of the disputes between NNECO and the nine QCIs were resolved. During a private meeting attended by only the QCIs and their attorney, the QCIs decided upon a monetary amount that they would accept to settle the case. That amount was then written on a chalk board in their meeting room. By the end of the evening, however, the parties were unable to reach agreement on a monetary settlement, and they agreed to allow an arbitrator to decide the matter.

According to the QCIs' attorney, a dispute arose during the April 9, 1998, arbitration session over the amount of the QCIs' monetary settlement demand. The attorney told OIG that NNECO management was angry during the meeting that the nine QCIs were then seeking a settlement amount nearly double of what the QCIs were willing to accept on January 30, 1998. The QCIs' attorney stated to OIG that somehow NNECO management learned of the monetary amount the QCIs had privately agreed upon during the January 30, 1998, mediation session. The attorney suspected that GARDE learned of the QCIs' settlement range while she observed the January 30, 1998, mediation session and provided that information to NNECO management.

Despite his suspicion, the QCIs' attorney felt that GARDE's involvement in the settlement

process was valuable. He said GARDE was proactive in getting NNECO representatives who had a good rapport with the QCI group involved in the negotiations, and GARDE provided valuable insight during the mediation and arbitration sessions. The attorney commented that GARDE's involvement had been very positive for his clients, and he felt the process would not have proceeded as well had GARDE not been involved.

GARDE told OIG that she attended the January 30 and April 9, 1998, settlement meetings at the request of the QCIs' attorney, and that her presence was approved by all parties. GARDE said LHC was concerned over NNECO's lack of progress in resolving the QCIs' dispute and identified a need to oversee NNECO's handling of the settlement process.

GARDE said she spent much of her time at the January 1998 mediation meeting educating the mediator about how NRC operates. Also, each side requested GARDE's opinion on matters and she provided it.

GARDE denied that she abdicated her role as an impartial observer by attending the mediation and arbitration discussions, and denied that she became substantially involved with the settlement negotiations. Further, GARDE denied revealing confidential settlement information, including the proposed monetary settlement amount, to NNECO management or anyone else. She stated that the settlement figure she allegedly revealed was openly displayed to all parties on the chalk board in a meeting room used by the QCIs during the January 30, 1998, session, and the specific amount was discussed by the parties (including NNECO) during negotiations.

During an OIG interview, Michael H. BROTHERS, Vice President for Operations, Millstone Station, stated that GARDE did not provide him or other NNECO officials with any confidential settlement information.

The Matter of Two Contractor Employees

It was alleged to OIG that GARDE became substantially involved with the resolution of the alleged wrongful termination of two contractor employees assigned to clerical duties at Millstone Station. According to the two fired individuals, GARDE pressured NNECO management into rehiring them.

The two contractor employees explained to OIG that they were terminated without notice on the afternoon of December 5, 1997. One of the fired clerks contacted a former NNECO employee who was familiar with various processes for raising employee concerns. During the weekend of December 6-7, 1997, the former NNECO employee contacted GARDE via telephone to voice concerns on behalf of the two terminated contractor employees.

GARDE confirmed to OIG that she had been contacted by telephone while at home during a weekend by a former NNECO employee. The former NNECO employee complained that the two clerical employees had been wrongfully fired by a contractor at Millstone Station, and he asked LHC to look into the matter. GARDE said she immediately contacted Millstone V.P.

BROTHERS and left a detailed message about the incident on his home telephone answering machine. She stated that by the time she spoke to BROTHERS on Monday, December 8, 1997, he had already arranged to have the clerks returned to the payroll pending NNECO's review of their terminations.

On January 22, 1998, the two contractor employees met with the contractor representative and BROTHERS to review the matter. Also present at the meeting were counsel for the contractor employees, counsel for NNECO, and GARDE. During the meeting, the contractor employees explained to BROTHERS the events leading up to their termination in December 1997, and complained that while they had been receiving pay, they had not been allowed to return to work at Millstone.

The two contractor employees told OIG that during the course of the meeting, it did not appear that NNECO would identify job positions for them. They said that during a break in the meeting, GARDE met privately with BROTHERS and NNECO counsel. Immediately after that break, they said BROTHERS instructed them to return to Millstone the following day, and he stated that NNECO would find them positions. The two contractor employees told OIG that they had the impression that GARDE pressured NNECO to resolve their complaint.

During an OIG interview, GARDE denied pressuring NNECO management to resolve the dispute between the two contractor employees and NNECO. To the contrary, GARDE told OIG that by the time she met with BROTHERS during the break of the January 22, 1998, meeting, BROTHERS had already decided to allow the two employees to return to Millstone.

BROTHERS told OIG that he attended the January 1998 meeting with the contractor employees because he had overall responsibility for Millstone's ECP. BROTHERS explained that during a break, GARDE asked to speak with him outside the meeting room. BROTHERS said GARDE asked him what he intended to do about the situation, and BROTHERS informed GARDE that he intended to have the two contractor employees immediately report to Millstone for work. BROTHERS said that he reached that conclusion prior to speaking with GARDE and that GARDE did not attempt to influence his decision.

The Matter of the Female Nuclear Engineer

It was alleged to OIG that GARDE became substantially involved with the resolution of a complaint raised by a female engineer assigned at Millstone Station. It was further alleged that GARDE threatened to sue NU if the employee's complaint was not favorably resolved.

The female employee told OIG that she initially brought her concern regarding inconsistent promotion policies within her division to NNECO management. She said that when it became apparent that her management chain would not resolve her concern, she reported the matter to Millstone's Department of Human Resources (HR), and she later brought her complaint to Millstone's ECP. When she became dissatisfied with ECP's progress, a coworker advised her to contact LHC.

According to the female engineer, she met with GARDE and explained her dissatisfaction with the ECP's handling of her complaint. The female engineer told OIG that GARDE recommended that she send a memorandum explaining the situation to the Senior Vice President (VP) and Chief Administrative Officer for NU. Within weeks of sending the memorandum, the female engineer was promoted.

The female engineer told OIG that she did not believe GARDE became personally involved in the resolution of her complaint, and she said GARDE did not threaten to sue NU on her behalf. The female engineer opined that GARDE acted as a coach to her. She told OIG that GARDE never gave her legal advice.

The Senior VP provided OIG with information consistent with the female engineer. The Senior VP explained that the female engineer's complaint had been left unresolved for months, and because of the validity of the female engineer's concern, the Senior VP resolved the issue in a week. The Senior VP told OIG that GARDE did not threaten NU or its personnel with a lawsuit or otherwise act inappropriately. The Senior VP stated that GARDE's only involvement in this case was her speaking to the female engineer at some point.

GARDE denied to OIG that she threatened to sue NU on behalf of the female engineer if her case was not resolved. GARDE stated that she may have commented to the engineer and her coworker that if she could have brought only one case against NU, she would have selected the female engineer's. GARDE said her comment was intended to reflect her opinion as to the merits and validity of the concern; it was not intended to convey a personal desire to sue NU.

NNECO Senior Management Provides Views on LHC Activity

As the Vice President of Operations at Millstone Station, BROTHERS had overall responsibility for Millstone's ECP and had numerous dealings with LHC and GARDE. BROTHERS described GARDE to OIG as being balanced and fair. He told OIG that he never thought she acted as anything other than an independent observer. BROTHERS stated GARDE never proposed specific settlements for cases NNECO was attempting to resolve, although GARDE did provide information related to the size of monetary awards or other settlements awarded in similar unrelated cases. BROTHERS thought GARDE was a magnet for personnel issues of all types and said employees sought her for guidance. BROTHERS never observed or received reports of GARDE acting as counsel for any employees.

According to BROTHERS, LHC performed well at Millstone, and under its charter LHC was allowed to intervene as a last resort in order to prevent harm. BROTHERS noted that when LHC initially became the ITPOP, it was more actively involved in handling employee concerns. Subsequently, LHC has moved more to an oversight role as NU has become more proficient in handling employee concerns.

OIG Reviews NRC Order and LHC Oversight Plan

NRC's Order of October 24, 1996, required NNECO to establish an ITPOP. The Order also contained the following specific directives relating to the ITPOP's oversight responsibilities:

- The independent third-party shall monitor and oversee the Licensee's efforts to correct and prevent repetition of its past failures in its treatment of employee concerns and of those employees who raise such concerns.
- The oversight plan shall include observation and monitoring of the Licensee's activities, performance of technical and audit reviews, investigation of concerns, and assessment of changes in the Licensee's treatment of employee concerns as compared to past practices.
- Recommendations are to be made to address the handling of specific concerns as well as the Licensee's programs and processes for handling concerns.

Additionally, the ITPOP was directed to report concurrently to the NRC and NNECO the results of its oversight activities, including all findings and recommendations, on at least a quarterly basis.

OIG noted that the ITPOP team fully anticipated becoming involved in employee concerns. The Plan contained the following language:

The independent team recognizes that, due to its role in the licensee's recovery efforts and its independent status, it is possible that an individual or a group may bring a nuclear safety, harassment, intimidation, or discrimination issue directly to the team.

OIG determined that the Plan also detailed the steps it would take to resolve such concerns. As previously noted, LHC's Plan was reviewed by NRC staff and approved on July 14, 1997.

NRC Oversight of LHC Activities

On November 3, 1996, the NRC created a new organization, the Special Projects Office (SPO), within NRC's Office of Nuclear Reactor Regulation (NRR), to provide a specific management focus on future NRC activities associated with the Millstone units. As part of the SPO's responsibilities, it conducted a team evaluation of LHC oversight activities in December 1997 and January 1998. In addition, the SPO independently assessed LHC's performance through onsite observation and monitoring of LHC activities and during periodic meetings open to the public between NNECO, NRC, and LHC.

According to a senior manager within SPO, NRC staff was well aware of LHC activities. The SPO official told OIG that while the activities specified in the NRC approved LHC Oversight Plan went beyond the requirements set forth in the Order, NRC did not object to LHC performing those activities. The SPO official noted that the Order requiring an independent third-party overseer was intended to preclude members of the ITPOP from having any personal or financial

interest in Millstone. As such, ITPOP members were precluded from having significant past experience at Millstone or with NU. The SPO official told OIG that NRC did not envision the ITPOP remaining independent in terms of having no interaction with NNECO during the course of its daily oversight activities. The SPO official noted that the NRC Order required the ITPOP to make recommendations to address the handling of specific concerns. Consequently, while the ITPOP was not supposed to manage or direct NNECO's employee concerns program, NRC expected that the ITPOP would have close involvement and interaction with NNECO. The SPO official said NRC did not expect the ITPOP to be a passive observer, and the ITPOP was expected to intervene to "prevent repetition of past failures" (citing pages 7-8 of the NRC Order) in situations where it determined that NNECO was improperly handling matters.

OIG was told that the SPO was aware that LHC conducted several comprehensive, independent investigations and evaluations of alleged discriminatory employment practices and intimidation at Millstone. The SPO official pointed out to OIG that LHC findings associated with those events were discussed at meetings attended by NRC, LHC, and NNECO. On the basis of a review of the reports, monitoring of LHC's conduct of the investigation, and LHC's presentation of its findings, the NRC staff considered LHC's investigations to have been well conducted and documented. LHC also monitored and conducted independent assessments of other incidents at the site, including a deteriorating situation in the Oversight Quality Control Group. The NRC staff determined that LHC's investigative findings helped NNECO to understand weaknesses in its processes associated with the events and contributed to the licensee's development or confirmation of corrective actions. The SPO official told OIG that NRC staff was not aware of any LHC activities that were improper with respect to its involvement in specific employee concerns or with LHC's role as the ITPOP.

OIG reviewed numerous investigative reports, quarterly activity reports, and periodic meeting summaries issued by LHC. Those documents described LHC's high level of involvement in resolving personnel concerns at Millstone and demonstrated that NRC staff was provided with detailed information about LHC's involvement in specific personnel matters.

On April 24, 1998, the NRC Executive Director for Operations (EDO) informed the Commission that based on review of documentation, monitoring of LHC activities, and NRC team evaluations, the NRC staff concluded that LHC effectively carried out its oversight functions. The report also noted that LHC was particularly thorough and detailed in its oversight efforts of licensee's activities to improve its ECP.

FINDINGS

OIG determined that LHC became substantially involved in resolving personnel disputes between NNECO employees and management. NNECO employees who lacked confidence in Millstone's Employee Concerns Program (ECP) raised concerns directly to LHC. OIG found that LHC counseled NNECO employees on employment issues. Similarly, LHC provided guidance and recommendations to NNECO management on resolving specific employee complaints. However, OIG concluded that LHC's actions were allowed by the NRC Order establishing the independent third-party oversight program (ITPOP) and the NRC-approved ITPOP Oversight Plan. OIG also found that NRC staff was aware of LHC activities through discussions at meetings, reviews of documentation, onsite observation and monitoring of LHC activities, and NRC team evaluations. The NRC staff considered LHC's involvement with NNECO regarding employee concern matters to be appropriate.

LIST OF ACRONYMS

CAO	Chief Administrative Officer
CFR	Code of Federal Regulations
EDO	Executive Director for Operations
ECP	Employee Concerns Program
ESCP	Employee Safety Concerns Program
HR	Department of Human Resources
ITPOP	Independent Third-Party Oversight Program
LHC	Little Harbor Consultants, Inc.
NNECO	Northeast Nuclear Energy Company
NRC	U.S. Nuclear Regulatory Commission
NRR	Office of Nuclear Reactor Regulation
NU	Northeast Utilities
OIG	Office of the Inspector General
QCI	Quality Control Inspector
SPO	Special Projects Office
SCWE	Safety Conscious Work Environment