

ENCLOSURE 1

U.S. NUCLEAR REGULATORY COMMISSION
REGION IV

Docket Nos.: 50-275, 50-323

License Nos.: DPR-80, DPR-82

Report No.: 50-275/96-22, 50-323/96-22

Licensee: Pacific Gas and Electric Company

Facility: Diablo Canyon Nuclear Power Plant, Units 1 and 2

Location: 7 1/2 miles NW of Avila Beach
Avila Beach, California

Dates: September 9 through 17, 1996

Inspector: F. R. Huey, Chief, Branch E
Division of Reactor Projects

Approved By: F. R. Huey, Chief, Branch E
Division of Reactor Projects

ATTACHMENT: Partial List of Persons Contacted
List of Inspection Procedures Used
List of Items Opened, Closed, and Discussed



EXECUTIVE SUMMARY

Diablo Canyon Power Plant Units 1 and 2 NRC Inspection Report 50-275/323/96-22

This special inspection reviewed licensee programs for addressing and resolving employee safety concerns.

Operations

- The licensee's employee concerns program procedures and files appeared satisfactory, and incorporated previous NRC comments. However, interviews with involved employees identified several potential areas for improvement, including: providing clearly documented consensus on the scope and character of identified concerns; providing clearly documented resolution of concerns to involved employees; providing for third party review of sensitive issues; and ensuring thorough correction of identified problems.
- The licensee was encouraged to expedite plans to provide additional discrimination sensitivity training to supervisors and managers.
- The licensee was encouraged to expedite plans to implement peer review of the employee concerns program.
- Although Diablo Canyon has recently experienced increased activity in the employee concerns area, the program remains staffed by only one individual. It appeared prudent to anticipate the likely need for expanded resources in that area.
- The inspector noted several examples of missed opportunities for the licensee to have corrected additional problems associated with identified employee concerns. One example, involving failure to properly document an identified quality problem, was treated as a noncited Violation. Other examples included the need for additional effort to identify potential supervisory problems, and to critique employee concerns program responses that did not satisfy the involved employees. A final example involved unresolved differences of technical opinion that were found to exist among General Office engineering personnel.



Report Details

Summary of Plant Status

During this inspection both Diablo Canyon Units 1 and 2 operated at 100% reactor power.

I. Operations

08 Miscellaneous Operations Issues

08.1 Background and Purpose (40001)

The Diablo Canyon employee concerns program (ECP) was last reviewed by the NRC in October 1993. The review concluded that the licensee had implemented a nominal program that was unique in its emphasis on total anonymity of employees using the program. The NRC found that the program was very infrequently used, and associated files provided limited information on the specifics of the licensee's evaluation or conclusions related to the identified concerns. It was noted, however, that these findings were not inconsistent with a general NRC conclusion that the licensee had implemented a well functioning problem identification and corrective actions program that appeared to be founded on wide-spread employee confidence and satisfaction with the established supervisory chain and routine problem correction methods.

In response to significant NRC insights gained during recent reviews of employee concern problems at other facilities, and recognition of the potential impact of ongoing reorganization initiatives on employees at the Diablo Canyon plant, the NRC determined that a followup review of the licensee's ECP was warranted.

08.2 Review Strategy

The review was organized into three parts. The first part included a review of the current licensee procedures and organization for its employee concerns program. The second part included a review of recent employee concern files which were initiated by employees available for followup interview by the NRC inspector. These interviews were focussed on assessment of employee satisfaction with the employee concerns process, and probed for insights into the employee's motivation for use of that process. The third part involved interview of selected licensee employees to probe their attitudes about raising nuclear safety problems, and to establish their confidence with licensee processes for documenting, evaluating, and resolving those problems. Employee interviews were focussed into three areas: operations personnel involved in significant recent plant operational events; technical maintenance personnel affected by recent reorganization of their work groups and reporting structure; and engineering personnel involved in significant, and protracted evaluation of problems which potentially affected operability of significant plant equipment.



08.3 Observations and Findings

Procedures and Files: The licensee's employee concerns program is implemented by Inter-Departmental Administrative Procedure OM3.ID3, "Employee Concerns Program (Quality Hotline)." The procedure had been significantly improved from that last reviewed by the NRC in October 1993, and incorporated all NRC comments provided during that review. Likewise, the licensee's employee concern files were found to be well organized, and consistently appeared to clearly document a thorough evaluation of the employee's concerns. However, several additional areas for improvement were noted during this review. It was also found that recent changes in organizational stability at Diablo Canyon have created new challenges for the employee concerns program, as well as affecting the environment for employees raising concerns.

Based on interviews with involved employees, the inspector noted several areas for potential procedure enhancement:

- a. The current program emphasizes direct verbal contact with employees about their concerns, both during initial problem identification and final problem resolution. However, employees were not routinely provided with a clearly documented statement of their concerns, nor were they routinely provided with a clearly documented resolution of their concerns. The NRC has found that it is important to clearly document the character and scope of identified concerns, and to promptly solicit employee concurrence that concerns have been properly captured prior to expending resources to evaluate the concerns. The NRC has also found that a clearly documented record of the licensee's evaluation and resolution of an employee's concerns can make a significant positive impact on the employee.
- b. The inspector observed that several of the employee concern files had been closed prior to completion of final corrective action for the identified concerns. The inspector noted that pre-mature file closure, and failure to appropriately follow-through on necessary corrective actions may result in negative reinforcement of the employee concern process with affected employees, and those with whom they interact.
- c. The inspector found that one employee had been specifically denied a copy of the licensee's report of its evaluation and resolution of his concerns. The inspector noted that this did not appear to establish an appropriate environment for dealing with employee concerns, and cautioned the licensee to keep legal advice in proper perspective when dealing with concerned employees.
- d. The inspector noted that the licensee's program did not specifically recognize the potential need for independent third party review of discrimination concerns, or other types of concerns about licensee processes which may



warrant independent evaluation. The NRC has found that licensees can establish good faith and credibility by promptly initiating reviews of discrimination concerns by knowledgeable parties that are totally independent of the licensee's organization.

Supervisor/Manager Sensitivity Training: The inspector noted that the licensee had initiated plans to provide additional training for managers and supervisors. The inspector encouraged the licensee to expedite these plans, and to promptly emphasize additional discrimination sensitivity training for supervisors and managers. This was noted as being particularly important during the current period of heightened stress at Diablo Canyon associated with reorganization initiatives. The inspector also noted the need to improve lines of communication to better ensure employee understanding and support of planned changes, management priority for problem resolution, and to avoid potential misunderstandings associated with new supervisory reporting structures. For example, interviews associated with review of employee concern 96-05 indicated that planned changes to the program for auditing of controlled documents had not been effectively communicated to involved employees.

Peer Review: The inspector also noted that the licensee had initiated plans to provide peer review of the Diablo Canyon employee concerns program, and encouraged the licensee to expedite these plans. The inspector pointed out that some Region IV licensees have gained valuable, hard-earned experience and insights on potential pitfalls associated with management and implementation of effective programs.

Expanded Resources: The inspector found that Diablo Canyon has recently experienced increased activity in the employee concerns area, yet the program remains staffed by only one individual. It appeared prudent to anticipate the likely need for expanded resources in that area.

Opportunities for Additional Corrective Actions: The inspector noted that the licensee did not appear to have taken full advantage of opportunities afforded by the employee concerns process to more thoroughly address associated problems.

The inspector also noted at least one instance of the need for additional management attention to employee problems that have not yet been effectively addressed by the normal supervisory chain. The inspector emphasized that it is particularly important to take prompt advantage of opportunities to recognize and resolve these types of problems before the involved employees feel the need to resort to other means to resolve their concerns. The NRC has found that good employees are often reluctant to make a big deal of perceived supervisory or management problems until the problem becomes so frustrating as to demand attention. Accordingly, it is important for licensee supervisors and managers to be skilled at recognizing and promptly acting on symptoms when they occur.



The inspector noted the following specific examples:

- a. During review of employee concern File 96-05, the inspector found that the licensee had identified that a controlled copy of the plant manual had not received an annual audit, as required by Administrative Procedure AD1.DC2 (now AD3.ID5), "Procedure Distribution and Control." The inspector further noted that the licensee did not appear to have appropriately initiated an Action Request to document and correct the problem, as required by Administrative Procedure OM7.ID1, "Problem Identification and Resolution-Action Requests." In response to the inspector's concern, the licensee subsequently confirmed that an Action Request had not been properly initiated, and action was taken to initiate the required documents. This violation is considered to be of minor safety significance, and is being treated as a noncited Violation, consistent with Section IV of the NRC Enforcement Policy. (50-275/96022-01)
- b. The inspector noted that the licensee's process did not appear to attempt to understand why employees chose to utilize the employee concerns process rather than using more routine methods. Although it is important to ensure that employees are not discouraged from using the employee concerns program, it is also important to understand whether the reasons for choosing that process involve other problems which need to be recognized and resolved. During interviews with selected employees, the inspector identified some potential problems which may warrant additional licensee followup. For example, review of employee concern 96-05 indicated potential supervisory concerns (e.g., supervisor perceived as being too busy, or lacking understanding, or lacking ownership for the employee's concern).
- c. The inspector found that the licensee's process did not appear to ensure a formal means to understand the reasons for unsuccessful resolution of an employee's concern. In this regard, employee concern Files 95-15, 96-10, and 96-11 appear to represent situations in which concerns have not been resolved to the employee's satisfaction. The inspector emphasized the importance of prompt identification of lessons to be learned from such situations. Significant experience at other facilities has demonstrated that failure to promptly assess and correct these situations, before they are repeated, can result in significant degradation of employee morale, confidence, and trust. Furthermore, these situations are frequently the result of simple, inter-personal deficiencies that are readily corrected, if promptly identified and communicated to involved parties. The inspector also emphasized that, although it may not always be possible to achieve full employee satisfaction, it is important to understand the extent of employee disenfranchisement, and to minimize the potential impact on the overall work environment.
- d. The inspector interviewed several engineers at the General Office about the licensee's process for evaluating plant engineering issues which potentially



impact plant equipment operability. These interviews focussed on the difficulties of communicating complex technical issues among several levels within the licensee's organization. The inspector noted that the licensee appeared to have instilled a work environment which contributed to the candor with which these employees responded to the NRC's questions.

The interviews involved two working-level engineers, an engineering supervisor, and an engineering director associated with evaluation of a component cooling water flashing issue. The interviews were noteworthy, in that they consistently identified similar concerns and frustrations of inability to effectively communicate differing opinions about the appropriateness of management decisions to resolve this issue. Although the inspector did not attempt to independently evaluate the bases for or appropriateness of the involved decisions, it was apparent that licensee management had not effectively communicated the bases for those decisions to the involved engineers.

Failure by management to communicate to the involved engineers the basis for a decision on an issue where there were diverse opinions can result in frustration, mistrust, and a reluctance to raise diverse opinions in the future. Left un-evaluated and uncorrected, these problems can quickly undermine an organization's rigor and effectiveness. Licensee management appears to recognize the value of differing opinions similar to those involved in this issue. It is equally important to properly follow-through with employees who offer those opinions, both to ensure appropriate technical decisions, and to ensure the continued understanding and support of those employees.

08.4 Conclusions

Past performance has indicated a generally healthy work environment for identification and resolution of employee concerns at Diablo Canyon, and the employee concerns program appeared adequate to the environment that existed. However, recent reorganization initiatives have introduced potential challenges to continuation of that healthy environment. There have been several recent indications that routine problem resolution and communication processes are not working as effectively as in the past, requiring additional attention to effective employee concerns program implementation, and improvement of supervisory skills in dealing with employee concerns.

It is important for licensee top management to promptly, and effectively communicate expectations for maintaining excellent performance in this area, and to provide the additional skills and insights to all levels of plant management and supervision necessary to ensure that, as future challenges arise, a healthy environment exists for employees to raise their concerns and have them resolved.



V. Management Meetings

X1 Exit Meeting Summary

The inspector presented the inspection results to members of licensee management at the conclusion of the inspection on September 13 and 17, 1996. The licensee acknowledged the findings presented.

The inspectors asked the licensee whether any materials examined during the inspection should be considered proprietary. No proprietary information was identified.



PARTIAL LIST OF PERSONS CONTACTED

Licensee

J. Becker, Director, Operations
W. Crockett, Manager, Nuclear Quality Systems
T. Grebel, Manager, Regulatory Services
M. Jacobson, Supervisor, Nuclear Quality Systems
D. Oatley, Manager, Maintenance
R. Powers, Vice President and Plant Manager
G. Rueger, Senior Vice President and General Manager *
D. Stetson, Employee Concerns Program Engineer, Nuclear Quality Systems
D. Taggart, Director, Nuclear Quality Systems

* By telephone on September 18, 1996



INSPECTION PROCEDURES USED

IP 40001: Resolution of Employee Concerns

ITEMS OPENED AND CLOSED

Opened and Closed

50-275/96022-01

NCV

Failure to document identified quality problem

