

Public Service
Electric and Gas
Company

Leon R. Ellason

Chief Nuclear Officer & President
Nuclear Business Unit

Public Service Electric and Gas Company P.O. Box 236, Hancocks Bridge, NJ 08038 609-339-1100

MAY 10 1995

LR-N95076

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

Gentlemen:

RESPONSE TO NRC NOTICE OF VIOLATION
AND PROPOSED IMPOSITION OF CIVIL PENALTY
EA 94-239
DOCKET NOS. 50-272; 50-311

Attached is the Public Service Electric and Gas (PSE&G) response to the Notice of Violation and Proposed Imposition of Civil Penalty that resulted from Office of Investigations (OI) Report 1-93-021R. The letter informing PSE&G of the violation and proposed civil penalty was dated on April 11, 1995. Attachment I of this letter consists of the NRC's Notice of Violation and Proposed Imposition of Civil Penalty. Attachment II consists of PSE&G's response.

PSE&G does not dispute the violation, nor does it elect to request mitigation of the proposed civil penalty. An electronic transfer of funds payable to the Treasurer of the United States will be made on May 11, 1995.

Should you have any questions regarding this transmittal, please do not hesitate to contact me.

Sincerely,



Attachment (2)

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C Mr. T. T. Martin, Administrator - Region I
U.S. Nuclear Regulatory Commission
475 Allendale Road
King of Prussia, PA 19406

Mr. L. N. Olshan, Licensing Project Manager - Salem
U. S. Nuclear Regulatory Commission
One White Flint North
11555 Rockville Pike
Mail Stop 14E21
Rockville, MD 20852

Mr. C. S. Marschall (S09)
USNRC Senior Resident Inspector
Salem Generating Station

Mr. K. Tosch, Manager IV
NJ Department of Environmental Protection
Division of Environmental Protection
Bureau of Nuclear Engineering
CN 415
Trenton, NJ 08625

Mr. J. Lieberman, Director
U. S. Nuclear Regulatory Commission
One White Flint North
11555 Rockville Pike
Mail Stop 7H5
Rockville, MD 20852



NOTICE OF VIOLATION
AND
PROPOSED IMPOSITION OF CIVIL PENALTY

Public Service Electric and Gas Company

Docket Nos. 50-272
50-311Salem Nuclear Generating Station
Units 1 and 2License Nos. DPR-70
DPR-75

As a result of an NRC OI investigation at Salem, the report of which was issued on November 4, 1994, a violation of NRC requirements was identified. In accordance with the 'General Statement of Policy and Procedure for NRC Enforcement Actions,' 10 CFR Part 2, Appendix C, the Nuclear Regulatory Commission proposes to impose a civil penalty pursuant to Section 234 of the Atomic Energy Act of 1954, as amended (Act), 42 U.S.C. 2282, and 10 CFR 2.205. The particular violation and associated civil penalty are set forth below:

10 CFR 50.7, Employee Protection, subsection (a), prohibits discrimination by a Commission licensee against an employee for engaging in certain protected activities. Discrimination includes actions that relate to compensation, terms, conditions, or privileges of employment. Protected activities include, but are not limited to, providing information to an employer on potential violations or other matters within the NRC's regulatory responsibilities.

Contrary to the above, the licensee discriminated against two employees for engaging in protected activities. The employees, Mr. Bert Williams, and Mr. Paul Craig, who were Safety Review group (SRG) engineers, were engaged in a protected activity in that they raised safety concerns by attempting to file an incident report (IR) at Salem concerning whether commercial grade air supply pressure setpoint regulators, which control service water flow to the containment fan cooling units, were qualified seismically, properly classified in an information system as safety related, and properly configured. Beginning on December 3, 1992, the licensee through the then General Manager-Salem Operations (GM-SO), Mr. Calvin Vondra, and the then Operations Manager (OM), Mr. Vincent Polizzi, subjected Mr. Williams and Mr. Craig to discrete actions which created a hostile work environment affecting the conditions of employment, as evidenced by the following:

1. The OM, during his initial meetings with the two SRG engineers on December 3, 1992, angrily attempted to convince the SRG engineers that either the IR should not be issued, or should include information, that the OM believed existed, that would support operability of the components. The actions of the OM contributed to a hostile work environment directed to the two SRG engineers because his actions could have had a chilling effect on those employees (or other employees who may have become aware of or witnessed this event) raising safety concerns;
2. The GM-SO, during his meeting with the SRG engineers on December 3, 1992, was unsuccessful in convincing the SRG engineers to modify, amend or otherwise revise the IR. The GM-SO angrily told the SRG engineers to get out of his office after one of them indicated to the GM-SO that he would consider filing a safety concern report if an IR was not processed. The actions of the GM-SO contributed to a hostile work environment directed to the two SRG engineers because his actions could have had a chilling effect on those employees (or other employees who may have become aware of or witnessed this event) raising safety concerns;
3. The OM prepared a memorandum to the former General Manager-Quality Assurance and Nuclear Safety Review (GM-QA/NSR) at the direction, and for the signature, of the GM-SO requesting that the SRG engineers be removed from any further involvement at the site, and their aberrant behavior evaluated. The GM-SO signed the memorandum to the GM-QA/NSR on December 4, 1992, prior to taking vacation leave, and mailed the memorandum on December 14, 1992 upon return from vacation, even though, in the interim,
 - a. The then General Manager-Hope Creek, cautioned him about the sending of the memorandum; and
 - b. The OM did not mail the memorandum after the GM-SO signed it on December 4, 1992, but held it until the GM-SO returned on December 14, 1992, which provided an opportunity for reconsideration of the matter.

The memorandum contributed to the hostile work environment because it had the potential to inhibit the SRG engineers, and any other employees who may have become aware of the memorandum, from raising safety concerns; and

4. The memorandum was not withdrawn until February 8, 1993, after the Senior Vice President-Electric became aware of the issue and initiated an investigation even though the GM-QA/NSR had a number of meetings or telephone calls with the GM-SO during December 1992 and January 1993, in an effort to resolve the issue. (01012)

This is a Severity Level II Violation (Supplement VII).
Civil Penalty - \$80,000.

ATTACHMENT II

PSE&G RESPONSE

Response to Notice of Violation

Public Service Electric and Gas Company (PSE&G) does not dispute the Notice of Violation. As we indicated in our presentation during the Enforcement Conference, the Company had independently reviewed the incident and determined that two Safety Review Group (SRG) engineers were harassed and intimidated by the actions of the then Operations Manager (OM) and the then General Manager-Salem Operations (GM-SO). We also agree that the actions of the OM and GM-SO and the failure of other senior PSE&G managers to adequately respond to this situation resulted in the creation of a hostile work environment for the two SRG engineers.

Root Cause of the Violation

The root cause of this Violation was a failure on the part of PSE&G Nuclear Business Unit (NBU) Management to establish and enforce uniform standards of performance relative to the treatment of all individuals who raise safety/quality concerns.

As a result of our internal investigation, a number of contributing factors were identified. Our investigation determined that a confrontational environment had existed for some time between SRG personnel and some Salem managers, and that the OM and GM-SO clearly failed to follow established procedures for the processing of the identified safety concern. Additionally, the investigation determined that previous training of management personnel specific to the safeguards afforded personnel engaged in protected activities had been ineffective.

Corrective Actions Taken and Results Achieved

PSE&G conducted a comprehensive internal investigation into the circumstances surrounding this event in order to establish the root cause and to identify any underlying contributing issues. This investigation was conducted independently, under the direction of the Director - External Affairs (then General Manager - Information Systems and External Affairs) with senior management support. The charter for the investigation was developed by the Senior Vice President and General Counsel, with executive sponsorship provided by the Senior Vice President - Electric Business Unit. All charter issues were thoroughly investigated with results and recommended actions compiled in a separate report for management's use.

On February 11, and again on April 22, 1993, the then Vice President and Chief Nuclear Officer (CNO) met with the two SRG engineers to reinforce the appropriateness of their actions in escalating the issue to senior management's attention. The then General Manager - Quality Assurance/Nuclear Safety Review (QA/NSR) also met with the SRG engineers, and all QA/NSR employees, to emphasize that the actions of the SRG engineers to escalate the issue to senior management's attention fully met expectations and was consistent with established procedures for safety concerns processing. Letters were also provided by the CNO to both of the SRG engineers acknowledging that they acted in accordance with the expectations of the NBU in aggressively pursuing resolution of this potential safety concern. These letters have been incorporated into the permanent personnel records of the SRG engineers.

Upon completion of the investigation, management reviewed the final report and took appropriate and extensive corrective actions to address the root cause and contributing factors leading to the event. These actions included appropriate disciplinary action at all levels of management involved in the event, from the OM up to and including the CNO.

With respect to the OM and GM-SO, a number of actions were completed to address their particular roles in the event. This included issuing a letter of apology to each of the SRG engineers. Additionally, the OM and GM-SO made personal presentations to NBU managers at a Managers Dialogue meeting on April 23, 1993. These presentations included an overall review of the event, including the investigation conclusions and significant lessons learned, and acknowledgement of the inappropriateness of their actions.

A number of additional actions were taken during the April 23, 1993 Managers Dialogue meeting to address this event. These included a presentation by the CNO emphasizing NBU management's commitment to maintaining a work environment conducive to the identification of safety concerns. Additionally, the then Vice President - Nuclear Operations (VPNO) reinforced his expectation for adherence to established procedures for Incident Report processing, and the Manager - Licensing and Regulation provided additional information regarding personnel rights and responsibilities with regard to protected activities. Managers in attendance were directed to roll-down information presented during this meeting to their respective organizations. This information roll-down was confirmed by one-on-one follow-up meetings between the VPNO and his direct reports at which the elements of intimidation were also discussed. To further assure that all employees were aware of management's support for safety concerns reporting, the CNO issued a letter to all personnel on April 26, 1993 reemphasizing the expectation that employees continue to pursue safety concerns through established programs.

To address the issue of training, additional guidance has been incorporated into the General Employee Training program to bring about improved awareness of all employees as to the rights and responsibilities associated with reporting of safety concerns. Additional guidance material relating to compliance with the provisions of 10 CFR 50.7, has been developed and is being distributed on an annual basis to all Managers for roll-down to their employees. Additionally, a management model addressing the expected behaviors supportive of safety concern identification has been developed and incorporated into our Business Leadership Development course.

PSE&G believes that the actions taken to date have resulted in an improved environment and a high level of confidence in management's support of safety concerns reporting. This is evidenced by the results of the latest cultural survey, and the results of one-on-one interviews conducted by the present GM-SO and the present Director - QA/NSR. These latter interviews were conducted just prior to the February 8, 1995 Enforcement Conference. Interviews conducted by the GM-SO with his direct reports identified improvement in the working relationship between their staff and the SRG group. Interviews conducted by the Director - QA/NSR with SRG personnel regarding their perceptions of the receptiveness of management to accepting safety concerns identified that while some reluctance remained, any reluctance to bring forth issues has been lessened.

Date When Full Compliance Will be Achieved

Considering the corrective actions described above, PSE&G believes that full compliance has been achieved.

Additional Ongoing Actions for Continued Improvement

The NBU has undertaken additional actions directed at achieving continued improvement in the safety concerns reporting environment at Salem and Hope Creek. These actions focus on the following areas: improved communication and feedback, the formation of an employee concerns group, and management/supervisory training.

With respect to improved communications and feedback, the present CNO has communicated his nuclear safety philosophy as well as his expectations in regards to the role of the independent oversight organizations to NBU personnel. An Ask the CNO program has also been established which allows individuals to communicate issues to the CNO anonymously, and receive feedback through the Nuclear Today newsletter. Additionally, discussion of recent incident reports (IR) filed with the Senior Nuclear Shift Supervisor has been incorporated into the plan-of-the-day meeting.

The Employee Concerns Department has been established within the QA/NSR organization to provide a direct focus on investigation and resolution of reported safety concerns. This group has its own investigative staff and Manager who reports directly to the Director - QA/NSR. The Employee Concerns Department will be conducting training for supervisory personnel on roles and responsibilities for handling and responding to employee concerns, including safety concerns and protected activities.

The Business Leadership Development course will continue to be the vehicle used for communicating the desired behaviors supportive of safety concerns reporting.

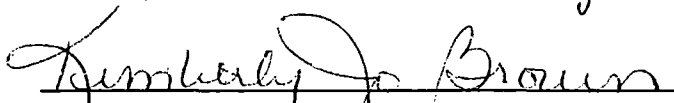
STATE OF NEW JERSEY)
) SS.
COUNTY OF SALEM)

L. Eliason, being duly sworn according to law deposes and says:

I am Chief Nuclear Officer & President - Nuclear Business Unit of Public Service Electric and Gas Company, and as such, I find the matters set forth in the above referenced letter, concerning the Salem Generating Station, Unit Nos. 1 and 2, are true to the best of my knowledge, information and belief.



Subscribed and Sworn to before me
this 10th day of May, 1995


Notary Public of New Jersey

My Commission expires on _____
KIMBERLY JO BROWN
NOTARY PUBLIC OF NEW JERSEY
My Commission Expires April 21, 1998