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PUBLIC MEETING
NUCLEAR REVIEW COMMITTEE REVIEW TEAM
ON PROTECTING ALLEGERS

September 21, 1993

Matagorda Hotel

Bay City, Texas

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OPENING REMARKS

BY CHAIRMAN LIEBERMAN

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SPEAKERS:

WILLIAM T. COTTLE

13

(Group Vice-president of Nuclear
for Houston Lighting and Power
and the Senior Officer of the
South Texas facility.)

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QUESTIONS BY DIRECTOR BRIAN GRIMES

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QUESTIONS BY CHAIRMAN LIEBERMAN

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QUESTIONS BY DIRECTOR JOHN GREEVES

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QUESTIONS BY CHAIRMAN LIEBERMAN

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BE IT REMEMBERED THAT, on September 21, 1993,
a public meeting was held before the Nuclear Review
Committee Review Team and James Lieberman, Chairman, at
the Matagorda Hotel, Bay City, Texas Deposition,
commencing at 9:00 a.m.:

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A P P E A R A N C E S :

UNITED STATES NUCLEAR REGULATORY COMMISSION
WASHINGTON, DC 20555

JAMES LIEBERMAN

Director, Office of Enforcement

JOHN GREEVES

Director, Division of Low Level
Waste, Office of Nuclear Materials,
Safety and Safeguards

BRIAN GRIMES

Director, Division of Operating
Reactor Support, Office of Nuclear
Reactor Regulation

WILLIAM D. HUTCHISON

Assistant to the Director
Office of Investigations

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A P P E A R A N C E S (Continued):

JEAN LEE

Office of Nuclear Reactor
Regulation

GARY SANDBORN

Region IV

JOSEPH GILLIAN

Region IV

DAVID LOVELACE,

Resident Inspector, South Texas

REPORTED BY:

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1 CHAIRMAN LIEBERMAN: Good morning.

2 Let me call this meeting to order.

3 I am Jim Lieberman, the Director of
4 the Nuclear Regulatory Commission's Office of
5 Enforcement and the Chairman of the Review
6 Team for the Reassessment of the NRC Program
7 for Protecting Allegers Against Retaliation.

8 With me today from the Review Team is
9 John Greeves, on my left. John is the
10 Director of Low Level Waste and he is also
11 from the Office of Nuclear Materials, Safety
12 and Safeguards.

13 On my right is Brian Grimes. Brian
14 is the Director of the Division of Operating
15 Reactor Support in the Office of Nuclear
16 Reactor Regulation.

17 Also with us today from the NRC is
18 Jean Lee, from the office of Nuclear Reactor
19 Regulation; Bill Hutchison, from the Office of
20 Investigations; Gary Sandborn, from Region IV
21 and Joe Gillian, also from Region IV.

22 David Lovelace, our resident
23 inspector from South Texas, is also here.

24 This is the second session of the
25 first of four public meetings to obtain

1 comments from interested persons, including
2 licensees and their contractors and their
3 employees. At each of these meetings, we are
4 having an evening session and a morning
5 session. The purpose of these meetings is to
6 obtain information to assist this review team
7 in evaluating current NRC activities and
8 making recommendations to improve the
9 regulatory process. The evening session was
10 provided to make it easier for workers to
11 provide us comments. This morning's meeting
12 will begin with a presentation from Houston
13 Lighting and Power to provide its comments and
14 its efforts to obtain employee concerns and
15 safety issues. Thereafter, we will listen to
16 comments from other persons.

17 The review team was formed at the
18 direction of the Commission to consider
19 whether NRC has taken sufficient steps within
20 its authority to create an atmosphere within
21 licensees' organizations where employees,
22 including contractor employees, feel free to
23 raise safety issues without fear of
24 retaliation. By way of background, there are
25 two federal agencies involved in this area:

1 The Department of Labor and the NRC. The
2 Department of Labor is responsible for doing
3 investigations and providing a personal remedy
4 for employees who believe that they may have
5 been subjected to discrimination for engaging
6 in protected activities, that is, raising a
7 safety issue to either the licensee or the
8 NRC. For that matter, communicating to the
9 NRC, for example, today, would be considered
10 protected activity. The NRC is responsible
11 for action against the licensee to assure that
12 workers are free to raise safety issues. The
13 Review Team is considering issues, such as:
14 One, whether the NRC has taken sufficient
15 steps through regulations, policy statements
16 and inspections to ensure that licensees
17 encourage their workers and contractors to
18 raise safety issues; two, whether the current
19 NRC process for handling allegations is
20 appropriate from the perspective of the
21 employee feeling free to raise safety issues;
22 three, whether NRC is sufficiently proactive
23 in cases where employees raise concerns or
24 express fears that they may become subject to
25 retaliation if they do raise safety issues;

1 and, four, whether the NRC policies are
2 appropriate when discrimination may have
3 occurred, including relations with the
4 Department of Labor, treating the potential
5 for chilling effects, performing
6 investigations, and taking enforcement action.
7 We are seeking comments from both workers and
8 licensees. We have published a Federal
9 Register Notice seeking public comments. A
10 copy of the Federal Register Notice is on the
11 back table. We are accepting public comments
12 through mid-October. We we have also met with
13 attorneys representing both workers and
14 licensees. These efforts, including the
15 meeting today, are intended for the purpose of
16 employees, licensees and other concerned
17 individuals like yourselves to bring forth
18 issues and ideas for our consideration.
19 Following completion of the public meetings,
20 we will be preparing a report to submit to the
21 Commissioners. We expect the report to be
22 completed in January 1994.

23 The issue before us is an important
24 one. NRC, even with its many inspectors, can
25 only observe a fraction of licensed

1 activities. We will never have the knowledge
2 possessed by the thousands of employees in the
3 nuclear industry. Employees in the nuclear
4 industry have clearly made contributions to
5 the public health and safety by coming forward
6 with concerns. Employees must feel free to
7 raise potential safety issues to the NRC.
8 However, in the Commission's view that is not
9 enough. Licensees have the first
10 responsibility for safety. Employees must
11 also feel free to raise safety issues to their
12 management. We recognize that there is
13 dissatisfaction with the current system.
14 Employees are not always comfortable in
15 raising issues. There are cases where
16 discrimination has occurred where employees
17 have engaged in protected activities. It
18 takes a lot of time for the DOL process to
19 take its course.

20 We are looking forward today to your
21 ideas and what actions NRC should consider to
22 cause licensees to foster an appropriate
23 atmosphere where individuals with potential
24 safety concerns are encouraged to come forward
25 with these concerns. I want to emphasize that

1 the purpose today is not to debate or resolve
2 specific cases, but rather to gain ideas on
3 how to change the current regulatory system.
4 The ground rules for this meeting today will
5 be that persons who desire to speak need to
6 check in with the table at the back of the
7 room. You need not provide your name. As I
8 said earlier, we will begin first with the
9 presentation from Houston Lighting & Power.
10 We have asked them to provide us with about a
11 30-minute presentation. I will call the
12 speakers to the microphone in the front of the
13 room here. As I call each speaker, I will
14 announce who the next speaker will be.
15 Speakers will be initially allocated ten
16 minutes and if we don't have enough speakers,
17 they can take essentially as long as they
18 desire. During or after each presentation, we
19 may ask questions to make sure we understand
20 the concern at issue. We do not intend to
21 debate the merits of the comments. Please do
22 not take our silence to mean that we either
23 disagree or agree with your comments. I
24 recognize that some people may not feel
25 comfortable in making public presentations. I

1 want to emphasize, again, that we will accept
2 comments. The Federal Register Notice in the
3 back has the address where comments can be
4 sent. We will also be pleased to receive any
5 written comments during the breaks for this
6 meeting today. Comments can be given to any
7 NRC employee here.

8 We welcome each of you here today and
9 appreciate you taking the time to meet with
10 us. This is a transcribed meeting. It would
11 be helpful if each speaker would provide some
12 background on their past involvement in the
13 industry.

14 With that, we will begin the
15 discussion and Mr. Bill Cottle will be making
16 the first presentation.

17 WILLIAM T. COTTLE: Thank you very
18 much, Mr. Lieberman.

19 I am Bill Cottle, the Group
20 Vice-president of Nuclear for Houston Lighting
21 and Power and the Senior Officer directly
22 responsible for the operation of the South
23 Texas facility. The issues this panel are
24 examining today are important to all of us.
25 The management and staff of South Texas

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welcome the opportunity for you to obtain a firsthand view of both the way we discuss and address safety issues and how we regard the individuals who make us aware of these issues. As I think you probably sensed last night, we have a very talented and dedicated work force at South Texas, a work force which cares deeply about the safety and reliability of the plant.

The quality of the work force was one of the first things I recognized when I came on board at South Texas in April of this year. These people represent South Texas' greatest asset. One of my highest priorities has been to strive to continuously improve open, clear and candid communication among all of us at the South Texas site, a task which requires constant effort at all levels of the organization and a task which is never really completed. I believe that such openness is the only way to realize the full benefits of both the knowledge and the skills that South Texas people bring to their work. I also believe that this openness is absolutely essential to the safe, reliable and efficient

1 operation of the facility. Because of the
2 size and complexity involved in the operation
3 of any nuclear power plant, the identification
4 and resolution of safety and quality concerns
5 is necessarily at the heart of our day to day
6 business. It is part of the job of every
7 person on the site to promptly identify and
8 report any condition which could adversely
9 affect safety, quality or the reliability of
10 the facility. This is necessary not only to
11 protect the public health and safety, but also
12 to protect the investment in the plant and its
13 related equipment. Our employees have a
14 critical role in this because they have the
15 knowledge and the skills to recognize problems
16 and because they are the individuals that are
17 closest to the work and in the best position
18 to initiate prompt and effective corrective
19 actions. Our site policies and training not
20 only encourage employees to bring forward any
21 safety or quality concerns; they explicitly
22 require them to do so. We have specific
23 procedures that require that any safety and
24 quality problem be documented, evaluated and
25 addressed. Again, this is a routine part of

1 our day to day business at South Texas and
2 like other nuclear stations, we have teams of
3 people who are charged with the responsibility
4 to evaluate problems and make sure they are
5 properly corrected. For the most part, this
6 system works well. Employees do understand
7 their responsibility to report safety
8 concerns. They do so conscientiously, and
9 supervisors respond appropriately. Of course,
10 with so many people involved, much depends on
11 successful interactions between these
12 individuals. At times, there are legitimate
13 disagreements over the validity of a concern
14 and sometimes the particular personalities and
15 relationships involved can lead people to
16 inflate or to minimize the real significance
17 of an issue. We also recognize that from time
18 to time there may be specific individuals or
19 groups which do not perform up to our
20 expectations with respect to either
21 identifying or responding to a concern and in
22 these cases special action may be needed.

23 Because of this, while we emphasis
24 and place primary reliance on direct
25 communications between employees and

1 supervisors at all levels, we also make
2 available other means by which employees can
3 raise concerns if for any reason they do not
4 feel comfortable doing so through normal
5 channels. The South Texas Project Speak Out
6 Program affords employees an opportunity to
7 raise issues in confidence and even
8 anonymously. In the past three years, some
9 350 employees have used Speak Out to raise
10 approximately 700 concerns. Speak Out
11 investigators take an average of 30 days to
12 investigate a concern and close out the matter
13 with feedback to the employee. Recently, we
14 initiated an independent review of the Speak
15 Out Program to strengthen its ability to
16 fulfill its objectives. Outside consultants
17 experienced in the evaluation of similar
18 programs at other nuclear power plants have
19 been retained to conduct an evaluation of the
20 effectiveness of the Speak Out Program and how
21 it stacks up against the best practices of
22 some of the well regarded programs at other
23 sites in the industry. This study began about
24 two weeks ago and should be complete within
25 the next four weeks. We will share the

1 results and the actions we plan to take in
2 response to this evaluation with both site
3 personnel and the NRC staff.

4 A strong program like Speak Out is
5 important and I fully support it, but it is
6 really a safety valve and is not a substitute
7 for having an environment where there is a
8 genuine sense of openness, employees who feel
9 free to express their views, and supervisors
10 who are truly receptive to hearing from the
11 people who work for them. The starting point
12 for creating this environment is sensitizing
13 supervisors to their critical positions as
14 listeners and communicators. I stress the
15 role of supervisors because they are really at
16 the front line of the interaction between the
17 employees and the company. In fact, for many
18 employees, their supervisors are the company.
19 Management is responsible for setting the tone
20 of that relationship through its policies and
21 communications, and most of all by the example
22 that it sets, but once that tone is set and
23 communicated it is up to our supervisors to
24 convey their willingness and interest to
25 listen to the concerns of our employees to see

1 that they are addressed by the right person or
2 organization and to be sure that the employee
3 receives appropriate feedback.

4 This is one of the most important of
5 all supervisory tasks. Supervisors vary
6 widely in their natural ability to make people
7 feel at ease and communicating their concerns.
8 But these skills, I believe, can be sharpened
9 in almost all cases through training. I do
10 not believe, however, that this is an area
11 which can be improved through regulation or
12 new laws. Instead, it is a question of day by
13 day effort by professional managers and
14 supervisors working to create an environment
15 which encourages constructive and open
16 communication. It is something to which we
17 have dedicated ourselves at South Texas.

18 Since my arrival at South Texas, we
19 have worked hard to ensure that site personnel
20 understand their responsibility to report
21 concerns, to ensure that they know that such
22 action will not result in any retaliation
23 against them and that supervisory and
24 management personnel understand and accept the
25 need to respond receptively when concerns are

1 raised. Based on interviews we have done and
2 our own management experience at the plant, we
3 believe that openness and willingness to raise
4 issues generally is the norm among site
5 personnel and that when such issues are
6 raised, in the overwhelming majority of the
7 cases they are dealt with properly.

8 In a survey taken at the beginning of
9 this year, 98.9 percent of the employees
10 indicated that if they had a nuclear safety or
11 quality concern they would take it to their
12 supervisor, to a colleague, to their
13 management or to Speak Out. This represented
14 over 2100 respondents from the total survey
15 sent out, a return rate of some 97 percent.
16 Nevertheless, we do recognize a constant need
17 for vigilance and improvement.

18 I would like to outline some of the
19 particular actions we have taken. We have
20 promulgated and upgraded site policy regarding
21 the obligation to bring forward concerns and
22 ensure an appropriate response. This policy
23 emphasizes the positive role that those who
24 identify concerns perform and reinforces the
25 fact that any retaliation based on the raising

1 of a concern will not be tolerated. We have
2 provided site supervisors and managers with
3 training on their responsibility to properly
4 address concerns and how to avoid any action
5 that might create even a perception that
6 concerns should not be raised. This training
7 is particularly stressed that concerns are to
8 be responded to properly regardless of the
9 source of the concern or the matter in which
10 it is raised and it provided specific examples
11 of how difficult personnel relation situations
12 can be handled to ensure that open
13 communication is not discouraged.

14 I personally conducted a seminar for
15 site supervisors and managers to reinforce
16 Houston Lighting and Power policies regarding
17 responsiveness to concerns and to stress the
18 absolute need to avoid even the potential for
19 any chilling effects on those individuals who
20 might bring issues forward. We have
21 communicated with the site work force through
22 site newspaper articles and through videotapes
23 sent to employees' homes. In these, we
24 communicated HL&P's policy that those who
25 bring forward safety concerns are contributors

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and have the full support of both site and corporate management.

In particular, we have used the site newspaper to publicly commend individuals who have helped us by bringing forward significant or hard to spot issues. I personally am conducting a series of what we call compliments and concerned meetings with site employees to discuss their suggestions for improvement of things we could do better at the site, as well as to hear what they think we do well. These meetings typically involve from 12 to 15 individuals randomly selected from the work force. On the day of these meetings, these people spend the morning coming to a consensus on a list of compliments and concerns they wish to discuss. I hold these meetings at about two-week intervals and thus far have held four such meetings at the site and I can assure you there has been no hesitancy of these groups to spell out their concerns for me. We spend the afternoon on each day from about 1:00 p.m. until 4:00 or 4:30 p.m. discussing the issues they have raised. As I previously mentioned, we are

1 also performing the third party assessment of
2 the South Texas Project Employee Concern
3 Program or Speak Out Program to determine
4 where improvements might be made to make the
5 program more effective, particularly in the
6 eyes of the employees who might choose to use
7 the program. We will continue communication
8 and training efforts to reinforce our policies
9 with respect to raising and responding to
10 safety concerns. This issue is also one that
11 is being specifically addressed in our
12 business plan that we are currently developing
13 to guide our priorities over the long term.
14 In addition, we will be reviewing our existing
15 contracts with our major vendors and personnel
16 suppliers to similarly strengthen our efforts
17 with our contract work force.

18 Before turning to some closing
19 remarks, I would like to briefly address some
20 of the questions that were specifically in the
21 Federal Register Notice, announcing the
22 creation of your review team. I mentioned our
23 Speak Out Program. It has features which
24 provide for both confidentiality and even
25 anonymity for employees who wish to use it.

1 In view of the fact that it is undergoing an
2 evaluation presently, I think it would be best
3 to withhold further comment. I would only
4 make one observation in this regard: My
5 experience at South Texas and other nuclear
6 sites I have served at suggest that these
7 types of programs must reflect the special
8 characteristics and culture of the individual
9 site. I believe it would be a mistake to
10 define by regulation or policy anything which
11 attempts to define a good or ideal program. I
12 would remind you that in the final analysis we
13 are dealing with a personnel relations issue
14 which is probably best handled on a local
15 basis. As to referring allegations to the
16 licensee, we would suggest that that be done
17 whenever possible. Licensees are ultimately
18 responsible for the safety of the plant. In
19 fact, in almost all circumstances, the
20 employee should understand the prompt
21 notification of the employer is a solemn
22 obligation of every person involved in the
23 nuclear industry. The employee always has the
24 option, of course, of going first to the
25 Nuclear Regulatory Commission, but I do not

1 think that that should be encouraged as a
2 normal means of resolving safety or quality
3 issues. It can result in the initiation of
4 governmental processes. It may be less
5 effective than direct licensee action. Also,
6 as a practical matter, issues pursued by the
7 Nuclear Regulatory Commission receive the
8 highest licensee priority regardless of their
9 actual significance from a safety standpoint.
10 In those special cases where the employee is
11 concerned about a retaliatory response, I
12 believe that the NRC and other governmental
13 agencies have ample authority to provide
14 necessary protection to the individual.
15 Protection of the public health and safety
16 remains a direct responsibility of the
17 licensee and, in most cases, we feel it is
18 best served by timely notice to the
19 responsible licensee.

20 On the question of the relationship
21 between the Nuclear Regulatory Commission and
22 the Department of Labor, I believe that the
23 system is defined under the present Memorandum
24 of Understanding works reasonably well. I
25 think it would be a mistake to interject the

1 NRC investigative function before the
2 Department of Labor investigative and
3 mediation process has had a chance to work
4 unless there is evidence of a pervasive
5 pattern of discriminatory conduct on the part
6 of a licensee or a contractor. Allowing the
7 Department of Labor to proceed without
8 simultaneous NRC actions that essentially
9 duplicate the Department of Labor fact finding
10 process is obviously more efficient from a
11 resource standpoint and permits all parties to
12 avail themselves of the processes provided by
13 Congress in the employee protection statutes
14 without the potential for prejudicial and
15 legal complications that may result from
16 simultaneous, separate investigations.

17 A brief word on the Nuclear
18 Regulatory Commission chilling effect letters
19 and other enforcement action. First, let me
20 assure this panel that these letters, at least
21 at South Texas, are treated very seriously.
22 They are reviewed carefully at the highest
23 levels of management and arrangements are in
24 place to be sure that every commitment made in
25 a response to these letters is fulfilled.

1 They serve a good, statutory purpose. As to
2 stiffer civil penalties, which some have
3 proposed, I have doubts that substantial
4 increases in the amounts of the penalties
5 would make any differences in terms of the
6 objectives of either the licensee or the
7 Nuclear Regulatory Commission. An environment
8 in which people do not feel free to raise
9 safety concerns does not serve anyone's
10 interest. The negative reinforcement provided
11 by more severe civil penalty is relatively
12 minor in relation to the negative impact of
13 the adverse publicity associated with any
14 enforcement action. Instead, I would
15 concentrate as, perhaps, Chairman Sullivan has
16 suggested, on the positive steps that can be
17 taken to promote a constructive atmosphere in
18 which good communications may thrive. That
19 brings me to just a few closing thoughts.

20 We have come to the conclusion that
21 establishing an atmosphere conducive to open
22 communications is at the heart of the issue
23 that this panel has reviewed. Our Chief
24 Executive Officer, Don Jordan, and I, in the
25 Revised Policy Statement in response to

1 employee concerns that we issued about six
2 weeks ago and in a recent videotape sent to
3 the home of every HL&P employee at the site,
4 stressed that those who raise concerns are
5 contributors, contributors who are willing to
6 assure the safety and responsibility and
7 reliability of South Texas. My task and the
8 task of my management team is to communicate
9 that attitude to all of our employees,
10 supervisors, managers and contractors and to
11 see to it that that is exactly how people who
12 notice problems or raise concerns are treated.
13 I have told you about several of the specific
14 ways in which we have been trying to reinforce
15 this, but all of us recognize that ongoing
16 efforts are necessary. The feedback you got
17 last night, I believe, shows you that the
18 great majority of people at South Texas, both
19 employees and supervisors, are on board with
20 our philosophy, but I want to assure you that
21 we will not become complacent. The issue is
22 simply too important.

23 And I appreciate the opportunity to
24 present these remarks and I would be happy to
25 answer any questions the panel may have at

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this time.

CHAIRMAN LIEBERMAN: Thank you, Mr. Cottle.

One question I have is that you have noted what you are doing with your employees and supervisors and you noted that you are starting to look at contract language for your contractors. I have observed in reviewing the comments that I have gotten from cross-country and reviewing DOL complaints filed with DOL that frequently it is the contract employee and the contractor supervisor where these issues start arising, so my question is what has the company done or is the company doing to stress the openness and receptiveness of employee concerns, raising employee concerns to the contractor supervisors and employees?

WILLIAM T. COTTLE: Okay. As I indicated in my remarks, Jim, most of our efforts have been geared toward towards the HL&P work force to this point. We have targeted some areas of contractors where we know we have ongoing difficulties. For example, I believe copies of the videotapes were made -- were sent directly to a segment

1 of our contractor work force. As we continue
2 forward, we have three primary thrusts that we
3 will be concentrating on in this area.
4 Sometime ago, several years ago, the Project
5 went back and reviewed its existing contracts
6 and satisfied itself that the language was
7 appropriate, that contractors were put on
8 proper notice of the protection
9 responsibilities they have for employees and
10 the responsibilities they have to the Project,
11 as a licensee. We will be both reviewing
12 those contracts again to make sure that that
13 is still appropriate in today's framework and
14 that it hasn't gotten out of date. We will
15 also be looking at the potential for
16 additional language in those contracts, even
17 in terms of incentives, in communications
18 efforts with employees and potentially in
19 terms of incentives or requirements for
20 training of contract supervisors. Where we
21 don't feel that a contractor maybe has a
22 capability to provide the training or we could
23 do it more effectively, we will be working
24 with our major contractors. I think the key
25 to our efforts thus far has been the training

1 we have provided to our supervisors and I feel
2 that's necessary to continue with the contract
3 supervisors, particularly those contractors
4 who are basically in permanent residence at
5 STP. Our security contractor, for example, is
6 not just an outage function. He is there
7 around the clock. Similarly with Ebasco, we
8 have a baseline work force that is pretty much
9 there year in and year out. And some other
10 plants that I have been at and participated
11 with, we handled outage situations in many
12 respects by doing a preoutage seminar where we
13 require contract employee supervisor personnel
14 to go through some basic training over and
15 above the normal general employee training and
16 a part of that was the emphasis on employee
17 issues and responsiveness.

18 So we will be undertaking those same
19 types of initiatives geared now toward our
20 contract work force as we are reasonably well
21 complete with the efforts of our internal work
22 force.

23 CHAIRMAN LIEBERMAN: Okay. John.

24 DIRECTOR JOHN GREEVES: You mentioned
25 a third party review process. Is that for

1 your employees or does that include the
2 contractor employees also? Could you just
3 give us a little background on it.

4 WILLIAM T. COTTLE: The evaluation is
5 a third party evaluation for our Speak Out
6 Program, John. It's geared towards the
7 processes that exist in the program, comparing
8 those processes and the protections they
9 provide, whomever uses the program, whether it
10 is the contract employee or Houston Lighting
11 and Power employee, comparing those against
12 what we consider to be some of the best
13 practices in the industries at the other
14 sites, so it's really geared towards the
15 process and the program itself, not towards
16 the particular part of the work force. Now, I
17 know that we are scheduling personnel
18 interviews as a part of that and I haven't
19 seen the interview schedule, but the intent
20 will be to have a healthy representation of
21 all of the parts of the work force within the
22 personnel interviews and getting input from
23 the working line people as a part of the
24 evaluation.

25 DIRECTOR JOHN GREEVES: A lot of the

1 concerns that we bump into is "How can" --
2 whoever the individual is -- "my concern be
3 brought forward in an anonymous way?" Are
4 there any efforts you have looked into that
5 here and how does it work? Does it work? The
6 typical concern we get is "My claim is
7 supposed to be anonymous, but my supervisor
8 knows about it the next day." Have you run
9 into this and do you have any guards against
10 this?

11 WILLIAM T. COTTLE: We have received
12 comments back from employees and, in fact,
13 received one last night at the meeting. The
14 Speak Out Program, as it exists now, has
15 several means for an employee to raise an
16 issue, one of which is simply you pick up a
17 suggestion form -- and there are boxes
18 scattered around the site throughout the work
19 area -- you can fill out the form at home, you
20 can mail it in from off site, you can deposit
21 it at a suggestion box at the site. That
22 would get your concern in with no name or
23 no -- the example last night was "If I take
24 time off from my job and go, my supervisor
25 asks me where I have been." That can pretty

1 well handle that type of issue. One of the
2 specific things I have asked the evaluators to
3 look at are methods that other employees use
4 or other licensees use in their program. We
5 have -- we take concerns over the phone
6 anonymously. That is a second method in
7 addition to the form, but maybe there are some
8 other things we ought to be looking at. Some
9 companies I know have a office off site. I
10 don't know whether that would be appropriate
11 in our circumstances, but we will be looking
12 at those types of issues.

13 DIRECTOR BRIAN GRIMES: Just to
14 follow up on that particular point, one
15 variation that we have seen in employee
16 concern programs is to have a totally
17 independent contractor for this sort of thing
18 which sometimes provides the advantage of
19 being able to have the employees known to
20 Speak Out or employee concern program for
21 follow up of more details of the concern with
22 some assurance that the individual's name can
23 be withheld if that is what he desires or she
24 desires. Could you -- do you have any
25 experience in those types of programs in your

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other --

WILLIAM T. COTTLE: I have had some experiences with those programs and, quite honestly, they have been both good experiences and bad experiences. That, again, is something we will consider as we go forward with the assessment at whatever level. And most of the complaints or concerns that I have heard on confidentiality is not that "My name gets out as a part of my contact with them," with Speak Out. It's that "It's noticed that I am away from my job site and my supervisor wants to know where I have been and I feel obligated to tell him" or it's been that in doing a follow up on the investigation maybe there are significantly better ways we could go look at a particular issue and maybe we use some of the ways that the NRC does in the allegation program. If the allegation relates to a specific surveillance test, for example, maybe we need to do a broader look and I am not sure exactly what our mechanism is right now, but if we are going out and looking at that one surveillance test, then perhaps that does point out or certainly narrow it down to

1 raise that concern. I think we need to be
2 smarter in how we go out and do our look.

3 DIRECTOR BRIAN GRIMES: You mentioned
4 this Speak Out Program as a safety valve.
5 Could you put it in context a little bit, the
6 numbers for the normal identification process?
7 You mentioned 700 concerns in Speak Out
8 Program over a three-year period. Can you say
9 a little bit about the normal quality program?

10 WILLIAM T. COTTLE: Yes. I will
11 allow Ken to correct me if our manager of our
12 Speak Out Program is here. Let me give some
13 general statistics and then if I miss the boat
14 I will ask him to jump in.

15 Over three years, we went back and
16 asked the program personnel to do a review and
17 they identified approximately 350 employees
18 who had raised about 700 issues. I didn't
19 look at the breakdown of those issues, but I
20 have looked over these last six months at how
21 are -- what types of issues are we getting.
22 The program is designed primarily to handle
23 nuclear safety or quality related issues. For
24 the past six months or so something on the
25 order of ten percent of the issues that we

1 actually get addressed to the Speak Out
2 Program involve nuclear safety quality. The
3 others tend to involve human resources or
4 consistent application of policies or
5 differences with specific management personnel
6 or supervisors, so -- is that ten percent
7 number approximately right?

8 KEN: Ten to 15, yes, sir.

9 WILLIAM T. COTTLE: Ten to 15
10 percent. So out of that 700 concerns that we
11 have got, you know, some 70 to 90 would
12 potentially be in nuclear safety or quality
13 related types of concern. In contrast, the
14 two primary methods we have of identifying
15 issues on site -- and we don't normally think
16 of them as identifying safety issues, but it's
17 certainly what they are there for -- and
18 that's any service request that is initiated
19 on a piece of equipment which points out a
20 deficiency with that piece of equipment or an
21 oil leak or abnormal noise or whatever, is
22 really the identification of, you know, an
23 existing discrepancy of an issue, if you will,
24 and we would average some in excess of 8,000
25 of those per year on the site.

1 The second major site program is a
2 station problem report. A station problem
3 report might address anything from "We had a
4 near miss," an industrial safety type of
5 accident, or "We had an event occur that isn't
6 reportable as an LER," but it was only because
7 of the circumstances that the plant was in;
8 otherwise, it could have been reportable, or
9 it may question an engineering calculation or
10 an engineering evaluation or it may question
11 the basic way we operate some equipment, those
12 kind of engineering evaluation issues. And we
13 don't run quite as high on station problem
14 reports as they do on SRs, for example, but
15 they number probably on the order of 4,000 a
16 year, so we -- you know, our routine processes
17 bring up -- you know, bring up numerous
18 identification of issues and that is without
19 going into some of the more focused efforts of
20 quality assurance, audits or surveillances or
21 et cetera, so literally we deal every day, you
22 know, with tens or hundreds of issues.

23 DIRECTOR BRIAN GRIMES: Would you --
24 would you say that the issues, the quality
25 issues, identified in the Speak Out Program

1 could have been identified under one of these
2 other programs if people had felt comfortable
3 in doing so? Would they fit readily in the
4 programs?

5 WILLIAM T. COTTLE: At least in my
6 experience of looking at the detailed ones
7 over the last six months, most of them have,
8 in fact, been identified and maybe the quality
9 issue is a continuing disagreement on the
10 resolution or maybe the individual wasn't
11 aware that it had been addressed in some other
12 manner.

13 DIRECTOR BRIAN GRIMES: A question on
14 the independent evaluation of the Speak Out
15 Program. Is that just focusing on the
16 mechanisms of the Speak Out Program or does it
17 go back and say "Why aren't the normal quality
18 programs handling these issues?"

19 WILLIAM T. COTTLE: This aspect of
20 the review is just functioning on the
21 processes of the Speak Out, trying to ensure
22 that it is credible to look for ways to
23 improve it, both in my eyes and in the eyes of
24 the employees who use it. Part of our overall
25 corrective action looks in terms of

1 performance deficiencies that we have had at
2 South Texas involve, you know, "Why haven't
3 general issues been more promptly identified
4 or actually more accurately characterized?
5 Why hasn't the identified issues been more
6 promptly responded to?"

7 CHAIRMAN LIEBERMAN: As a follow up
8 on the review of the Speak Out Program, have
9 you considered having an outsider interview
10 the people who use the Speak Out Program to
11 get their reactions to its effectiveness and
12 whether they are protected and the company's
13 response, et cetera?

14 WILLIAM T. COTTLE: Yeah. I know a
15 significant part of their input is going to be
16 with members of the site work force. I
17 honestly don't know whether they have
18 specifically targeted people who have come
19 forward and used the Speak Out Program or not.
20 We will take a look at that and take it into
21 consideration.

22 DIRECTOR BRIAN GRIMES: Let me get
23 into another part of your discussion on the
24 NRC role, and you remarked that you didn't
25 think new regulations or laws were needed. I

1 guess if we could turn the subject to a
2 national perspective, now, instead of just
3 South Texas, you know, how does the NRC
4 interact in this area? Is everything perfect
5 or should we be -- how should we be getting
6 the attention of the utilities that perhaps
7 need to have their consciousness raised in
8 this area?

9 WILLIAM T. COTTLE: Well, I have had
10 more experience with having my attention
11 gotten in the last six months than maybe in
12 the last five years, but I think the
13 mechanisms, particularly as they are applied
14 in Region IV particularly in the circumstances
15 where an allegation is being referred to the
16 licensee for a preliminary evaluation and a
17 report back to the NRC is very effectively
18 handled. That call typically comes from the
19 regional administrator to myself or in maybe
20 the case of Mr. Millhomes' absence, from his
21 deputy to either myself or the vice-president
22 of generation at the site. We initiate an
23 investigation immediately in those types of
24 circumstances and then they follow up with a
25 formal letter. As soon as we have reached our

1 conclusions, we get back to the Region with
2 our conclusions and our actions and the region
3 typically and very promptly follows up at the
4 site with the details of the type of
5 investigation that we did. I think that's
6 very effective way to follow up. It's a time
7 consuming process. It makes an issue
8 regardless of what the safety significance of
9 the issue might be. It escalates that issue
10 in priority and that is really the reason, the
11 only reason, that I don't think that should be
12 the preferred method for handling of
13 allegations, but I think from my experiences,
14 particularly since the first part of this
15 year, that interfaces, completely businesslike
16 and it is completely formal and I think it
17 represents an effective way to get those
18 allegations looked at promptly and completely.

19 DIRECTOR BRIAN GRIMES: I was
20 thinking about more of the situation where the
21 NRC may have sent, perhaps, a series of
22 chilling effect letters, what interaction is
23 constructive in terms of really trying to
24 change or get the utility to take a series
25 look at the culture underlying the --

1 WILLIAM T. COTTLE: I think chilling
2 effect letters, as I indicated in my remarks,
3 are certainly taken very seriously. I
4 discussed each of those with our CEO and our
5 Board Nuclear Committee. I think one of the
6 more effective interactions that has occurred,
7 NRC's Executive Director of Operations, as you
8 are aware, visited the site and spoke with the
9 members of my management team and then briefed
10 my board of directors in the same visit. I
11 think that was an extremely effective
12 mechanism for my board, which is a little more
13 removed from day to day and from nuclear
14 matters, with the exception of a couple of
15 board members, was extremely effective in
16 bringing them up to the same level of
17 understanding of both the NRC seriousness of
18 the issue, as well as the seriousness of our
19 own efforts to address that issue.

20 DIRECTOR BRIAN GRIMES: You mentioned
21 that at the beginning of this year, you did a
22 survey. I guess I am interested, not from the
23 standpoint so much of your specific results,
24 but in the methodology of that survey and how
25 it was done. Is that available to the task

1 force?

2 WILLIAM T. COTTLE: Yes. And I
3 believe part of the NRC staff has, in fact,
4 taken a look at the survey in their visits to
5 the site. We used an independent type
6 contractor who has, in fact, worked with
7 numerous industrial and nuclear sites. They
8 administered the survey completely separately
9 from the management chain at STP. I believe
10 the survey was sent to every member of the
11 work force at that point in time. They
12 received something like 2138 individual
13 replies back to the company, not through
14 management, to the survey, and at that point
15 in time that represented about 97 percent
16 response rate, which is extremely high --

17 DIRECTOR BRIAN GRIMES: That is very
18 high.

19 WILLIAM T. COTTLE: -- for any kind
20 of survey. Then they did the data analysis
21 independently and the survey was not just to
22 to look at regular safety issues or
23 communications. It was a more broad-based
24 attitude and organizational interface type
25 survey, but it was structured such that we

1 could get some individual cuts on those type
2 of data points, both sitewide and by major
3 department within the organization and by
4 major contractor within the organization and
5 it's the type of survey, for example, that we
6 will repeat probably at the end of this year,
7 the first of next year, and look at the
8 progress that we are making or lack of
9 progress that we may be making in specific
10 areas.

11 DIRECTOR BRIAN GRIMES: I think to
12 the extent that you could share the survey,
13 itself, with the task force --

14 WILLIAM T. COTTLE: We wouldn't have
15 any reason not to share that. As I say, we
16 have shared it with the regional staff and we
17 would be happy both to provide you with a copy
18 and have an individual brief the panel on it.

19 DIRECTOR BRIAN GRIMES: Thank you.
20 One last question, I guess. You commented you
21 didn't think the higher civil penalties would
22 be effective, that the adverse publicity is
23 very significant and that positive steps were
24 more important. Could you comment on what the
25 NRC role might be in these positive steps,

1 what sort of encouragement in a positive way
2 can the NRC give not just to South Texas, but
3 across the country?

4 WILLIAM T. COTTLE: I think
5 industrywide in some respects the NRC uses
6 some positive encouragement in response, for
7 example, to SAMP ratings or maybe a reduced
8 inspection effort. I don't think the NRC
9 should be hesitant if they think that a
10 particular site or a particular licensee does
11 an exceptionally good job in internal
12 identification of issues and does a
13 particularly good job in directly responding
14 to employees, of making that known to
15 employees and encouraging it. I am not being
16 an advocate for the licensee but, you know,
17 you do those types of evaluation in other
18 areas and in terms of the civil penalty, you
19 know, the publicity that surrounds any type of
20 violation in this area and the impact of that
21 publicity on even individual members of the
22 work force is -- I just don't think you can
23 overestimate that type of impact.

24 CHAIRMAN LIEBERMAN: If I could
25 follow up on that last point, what type of

1 impact does the panel have on the individual
2 work force?

3 WILLIAM T. COTTLE: I think in a
4 couple of regards, it's the questions they get
5 from neighbors, even though they may have had
6 no involvement, you know, "What is going on
7 out there?" and "What kind of Draconian
8 organization are you running?" There is an
9 absolutely chilling effect on employee-
10 supervisor relationships in terms of
11 individual supervisors being willing to take
12 some of the necessary personnel actions that
13 supervisors are called upon to take in the
14 normal course of his job. Every performance
15 appraisal, every potential disciplinary
16 action, every selection for promotion or
17 potentially every selection of a contract
18 employee for retention during an outage, you
19 know, becomes a potential 211 issue and that
20 certainly, you know, has an effect on every
21 level of supervision in this plant.

22 CHAIRMAN LIEBERMAN: You mentioned
23 that retaliation just can't be tolerated for a
24 number of reasons. What are the policies of
25 the company to respond to cases of

11 1 retaliation? What is your response to
2 supervisors who have been involved in a
3 retaliation?

4 WILLIAM T. COTTLE: If it's an overt
5 case, you know, a blatant case of obviously
6 intentional retaliation, my policy is "You
7 will no longer be a part of this
8 organization." Very few cases are that black
9 and white and actions taken may vary
10 tremendously, down to counseling or additional
11 training, but at the other end of the
12 spectrum, we have taken steps to separate
13 managers from the organization.

14 DIRECTOR JOHN GREEVES: This is sort
15 of a bottom-line issue that we are looking at
16 and that is the length of time it takes to get
17 through these 211-type activities through the
18 DOL process. Some of these things take
19 literally years, up to five years, and that
20 alone has its own chilling effect on people
21 when they are hung out there for that length
22 of time. I mean, do you have any thoughts or
23 observations that you have bumped into across
24 the industry about the impact of that and any
25 ways to improve it? It is one of the hardest

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issues that have confronted the team.

WILLIAM T. COTTLE: I think one of the most difficult questions that this panel may have wrestling with and certainly wrestles with today is the fact is back to your Commission, I think some of the NRC actions, in and of themselves, take away one of the most valuable opportunities, the timely resolution of the case, and that is the mediation with DOL on the front end. I think most licensees, like individuals who raise concerns, you know, have no desire to get embroiled in a proceeding that can drag out for two three or four years, with a continuing adverse publicity. On the other hand, I think most licensees are reluctant to reach mitigation settlements, maybe in some cases, because of an apprehension or just failing to understand what the NRC's response would be to a case where maybe there is no -- you don't feel like there was blatant intimidation or an harrassment or discrimination, but maybe the employee is just certainly personally convinced that it occurred and a resolution might be best for all concerned. The need for

11 1 the NRC to identify a bad guy or not based on
2 an absolute finding, I think, you know, has an
3 adverse effect on that.

4 CHAIRMAN LIEBERMAN: Would you
5 recommend, then, if a settlement is reached
6 that NRC does nothing more?

7 WILLIAM T. COTTLE: I don't think I
8 could make that generic a statement, Jim. I
9 think that if it did constitute blatant
10 harrassment, I don't think the NRC or the
11 licensee could, you know, necessarily just
12 wash their hands of that with a dollar
13 settlement to the employee, but in those cases
14 where it is less than black and white, and I
15 think the great majority of cases are
16 certainly in that grayer-type area, then I
17 think maybe if it is resolved to the
18 satisfaction of the employee and to the
19 licensee and the NRC is able to determine that
20 there is not a chilling type of effect on the
21 rest of the organization, after doing a
22 follow-up inspection or a review or whatever,
23 then I think maybe no action might be an
24 appropriate approach in this case.

25 CHAIRMAN LIEBERMAN: Should that be a

11 1 function, also, of when in this process
2 settlement might be reached, for example,
3 before the area office make makes a finding or
4 before a hearing is requested or before
5 litigation actually begins with the AOJ or
6 after an AOJ decision? There are various
7 steps in this process.

8 WILLIAM T. COTTLE: I guess I would
9 like to think about that and maybe get back to
10 you or write you a letter based on that.

11 CHAIRMAN LIEBERMAN: I would
12 appreciate it.

13 WILLIAM T. COTTLE: I haven't taken
14 it that far in the thought process.

15 CHAIRMAN LIEBERMAN: Any other
16 questions?

17 I thank you very much for your
18 comments.

19 WILLIAM T. COTTLE: Thank you.

20 CHAIRMAN LIEBERMAN: We will consider
21 them.

22 Now, we have a number of individuals
23 who are interested in speaking. The first one
24 is Ted Riccio, and then following Ted will be
25 Geo Holst.

11 1 TED RICHIO: Can I speak a little
2 later?

3 CHAIRMAN LIEBERMAN: And you are Ted?

4 TED RICHIO: Yes.

5 CHAIRMAN LIEBERMAN: Fine. And then
6 Geo Holst, and then Chet Oberg.

7 GEORGE HOLST: George Holst.

8 CHAIRMAN LIEBERMAN: George. Can you
9 come to the microphone, George?

10 GEORGE HOLST: I think Chevrolet took
11 my abbreviation of my name.

12 I am George Holst. I am from the
13 Palacios community in the southwest part of
14 the county. I want to give you a little
15 background as to what I want to say. I have
12 served in this county for about 46 years. I
16 have served as school superintendent, as the
17 Mayor, City Councilman and interim for a
18 couple of county offices.

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20 Over this period of time, I have had
21 observations that a lot of people don't get.
22 In 1973, when the plant was first announced,
23 myself and several other individuals from
24 Palacios took it upon ourselves, with our own
25 expense, to visit the plants at Brunswick and

1 Hartsville. We did this to gain information
2 to help us prepare for the plant and to
3 understand and to try to know what to react to
4 at that time. Now, this is the background,
5 bringing it to a community statement I would
6 like to make and I feel like this statement
7 would be basically for the City of Palacios in
8 this area and, in some concerns, for the
9 county. We find that the management of the
10 South Texas Project has always cooperated with
11 us in many different ways and one of those is
12 in safety and the safety concerns that I feel
13 in the Palacios community and in the county,
14 in general, are very good. In other words,
15 people have the utmost confidence in the
16 management to keep us safe, as in all of the
17 various areas of the plant. I feel this
18 because of the various community activities
19 that the management of South Texas Project
20 brings to us from meetings that they called --
21 in fact, we had one in Palacios a week or so
22 ago to voice any concerns we had or to gain
23 any information that they might want to give
24 us. Also, the visits they make to our clubs,
25 and there is always a question and answer

12 1 session that gives us an opportunity to
2 express any concerns that we might have. And
3 this is generally my comments for the morning
4 and I would be happy to respond to any
5 questions you might have.

6 CHAIRMAN LIEBERMAN: Thank you.

7 GEORGE HOLST: Thank you, sir.

8 CHAIRMAN LIEBERMAN: The next speaker
9 is Chet Oberg, followed by Richard Knapik.

10 CHET OBERG: Good morning, Gentlemen.
11 I appreciate the opportunity to talk to you
12 this morning concerning the quality concerns
13 programs in the nuclear industry. Currently,
14 I am employed by the Public Utility Commission
15 of the grand and glorious State of Texas and I
16 have worked for them approximately five and a
17 half years. I have also spent some time as a
18 private contractor working in the allegation
19 resolution area at three different
20 construction sites, at Clinton, Seabrook and
21 Beaver Valley II. I also have 12 years of NRC
22 experience as an inspector of various plants,
23 both in Region I and Region IV. I am speaking
24 this morning, however, not as a member of the
25 PUC, but as a private citizen. The utility

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1 programs that I have been involved with, both
2 in looking at the NRC, I did investigate
3 allegations and problems identified by
4 individuals to us directly and then later, as
5 allegation resolution resolver and as a
6 director of a program. It brought out several
7 factors. Perhaps the most important one is to
8 clearly identify the objective of any program
9 in any utility and I believe that the
10 objective is to create a climate and a
11 mechanism for identifying quality and utility,
12 quality concerns, and to effect adequate
13 resolution of those problems. To manage and
14 foster this, you need a clear policy statement
15 by management. This is essential.

16 Now, the quality speak out program or
17 a quality concern program is not a substitute
18 for a quality assurance program or the
19 functional utility organization. Any program
20 should promote the normal resolution of
21 problems through the management chain. A very
22 important part of this program is independence
23 of the program. Perception here is very
24 important and, therefore, it is important to
25 have the quality concern resolution program

1 report at a high level. This will not only
2 stress the importance of the program to the
3 utility and to the workers, but also -- but
4 also show that -- to give it adequate
5 visibility to the rest of the world, as well
6 as internally. To foster independence of the
7 program, it is important to choose whether it
8 should be an independent contractor or a
9 member of the utility and this is a very
10 difficult choice and they are -- I believe
11 that this, of course, should be left up to the
12 utility to decide this and not be mandated by
13 the NRC that they have an independent
14 contractor. To foster the independence, there
15 perhaps should be periodic replacement of the
16 personnel within the program, so that there is
17 a rotation through there and will not have
18 somebody involved in the program for a long
19 period of time. The program should apply to
20 all personnel about the craft personnel and
21 professional personnel. Protection of
22 personnel and identification of them is very
23 important. I don't believe that there is any
24 guarantee that can be made to any allegor that
25 his or her name is going to be withheld

1 forever. There are always, perhaps, legal
2 necessities for revealing the name of a person
3 who identified a concern. However, this
4 should be released only upon the highest level
5 and the circumstances under which a name could
6 be released should be part of the program and
7 in writing.

8 I believe that the programs should be
9 proactive. Now, by doing this, by being
10 rather aggressive in identifying the problems,
11 you will have some frivolous allegations come
12 up, but those should be expected and handled
13 in the normal chain of events. I believe a
14 proactive program should have interviews
15 scheduled with the organizational units, not
16 just lay back and wait for people to come in,
17 but periodically and the frequency could be
18 annually or perhaps semi-annually. An
19 organizational unit should be allowed to
20 identify problems where they might not
21 normally come up because a person might not
22 feel it is important enough.

23 Another important part of a proactive
24 program should be training. Training should
25 be applied at the entrance to employment.

1 They should have specific supervisor training
2 for the objectives of the program and there
3 should be training applied both to the utility
4 personnel, as well as the contractor
5 personnel. Exit interviews should be
6 scheduled with the program for each individual
7 who is going to leave employment for both the
8 utility and the contractors and when the
9 contractor leaves a site at the end of an
10 outage, those contractor personnel should be
11 given the exit interview. Backshift coverage
12 should be provided so that you can identify
13 those people or talk to those people on the
14 backshifts. There should be a variety of ways
15 to identify problems. Hotlines and a lot of
16 these things, of course, are being done, but a
17 hotline should be installed. There should be
18 dropboxes. There should be surveys conducted.

19 Another important part of the program
20 should be records. To protect the personnel,
21 the records of those who identify the problem
22 should be kept separate from the actual
23 resolution of the problem. An important part
24 of the personnel involved in the actual speak
25 out or quality concern program should be the

1 character of the people there. They should
2 have training in interviewing and they should,
3 of course, have technical competence, but they
4 should have the intestinal fortitude to stand
5 up to management in identifying the problems
6 and also in protecting the personnel who have
7 identified concerns. My experience has shown
8 that the majority of the problems emerge from
9 contractor personnel because contractors do
10 not like to identify problems to the utility
11 management. They tend to show that their work
12 is perfect and they don't have any particular
13 problems with their work, but when a
14 contractor personnel person does identify a
15 problem, these contractors are prone to take
16 more drastic action. That is why it is
17 important for the contractors and the
18 contractors' supervisors to receive adequate
19 training in these programs.

20 What should the NRC be looking at in
21 their inspections concerning these programs?
22 I think they should look at the program
23 elements as outlined in the procedure that
24 would be issued by the utility to see that the
25 independence is there and then to be ready to

1 identify the conduct of the program in the
2 SALP report, and perhaps there should be
3 specific comments in the SALP report that
4 would evaluate the Quality Concerns Program.

5 I think that often -- I shouldn't say
6 often -- sometimes when alleged came to the
7 NRC, they did not choose to remain anonymous.
8 That, of course, should be a choice of the
9 alleged, whether or not he or she wants to
10 remain unknown. It is important to satisfy
11 the alleged that action has been taken.
12 Therefore, feedback should be given to the
13 alleged, both in the utility program and the
14 NRC program. My experience has shown that it
15 would be better to routinely turn over all
16 allegations to the licensee for technical
17 investigation and follow up. This would tend
18 to protect the alleged in one aspect that all
19 allegations that are fed into a common and
20 routine program.

21 I also feel that the NRC should take
22 stern action on proven discrimination cases.
23 The DOL process, as now imposed, provides
24 independent review and I think that that
25 should continue. I don't believe that these

1 programs are formed for disgruntled employees.
2 Now, it is difficult to sort this out
3 sometimes, but that is necessary. You are
4 going to get disgruntled employees making
14 5 allegations. Some of the criteria for
6 assessing the program would be whether or not
7 it has balance, whether or not it is fair,
8 both to the utility and to the individual, and
9 to have the program be open. You won't find
10 any perfect program so, therefore, management
11 and the NRC must be alert to needed changes in
12 the program.

13 If you have any questions, I will be
14 glad to answer.

15 CHAIRMAN LIEBERMAN: I appreciate
16 those comments, sir and I think we do have a
17 few questions. You noted that it is important
18 to have the employees concern type program
19 report to a higher level in the organization?

20 CHET OBERG: Yes.

21 CHAIRMAN LIEBERMAN: How high is
22 high?

23 CHET OBERG: Well, if I were in the
24 position of a group vice-president nuclear, I
25 would have them reporting directly to me.

1 CHAIRMAN LIEBERMAN: Would you also
2 have them reporting to a level higher than the
3 QC in the organization reports to, the same
4 level?

5 CHET OBERG: Yes, I would.

6 CHAIRMAN LIEBERMAN: So you would
7 have it higher?

8 CHET OBERG: Higher.

9 CHAIRMAN LIEBERMAN: You noted that
10 allegations should be returned to the licensee
11 so that they can deal with the issue. Should
12 allegations involving harassment and
13 intimidation also be returned to the licensee
14 or should NRC do those separately?

15 CHET OBERG: Those should be
16 forwarded to the Department of Labor if they
17 are not known about.

18 CHAIRMAN LIEBERMAN: Okay. Though,
19 normally, the Department of Labor -- or not
20 normally. The Department of Labor only
21 reviews a matter if an individual files a
22 complaint and we have a number of situations
23 where individuals come to NRC and for whatever
24 reason, they choose not to go to the
25 Department of Labor.

1 CHET OBERG: Well, that would be
2 their choice.

3 CHAIRMAN LIEBERMAN: And so my
4 question is --

5 CHET OBERG: Well, there has to be a
6 mechanism for resolving those and I think the
7 Department of Labor is the one to resolve it.
8 If the individual is not willing to go forward
9 to identify that problem to the Department of
10 Labor, perhaps he is not sure of his concern
11 or he is not sure of the discrimination. I
12 think that there has to be a threshold to sort
13 of screen out those who are not sincere.

14 CHAIRMAN LIEBERMAN: Okay. I have
15 heard some employees tell me that it is their
16 view or their perception that employee concern
17 programs are only a substitute for management
18 to identify the type people who raise issues.
19 Based on your experiences at various sites,
20 how would you respond to that type of a
21 statement?

22 CHET OBERG: I don't think that's
23 correct. My experience has shown that the
24 upper management are -- they promote
25 identification of these quality concerns.

1 It's not substitute or not a way of
2 identifying people, problems, or to take
3 retaliation. I think it would be foolish for
4 anybody in that position to even attempt to
5 take personnel action based on that type of
6 program.

7 CHAIRMAN LIEBERMAN: You used the
8 phrase "upper management." Do you think that
9 same view is held throughout supervisory
10 management organizations?

11 CHET OBERG: Past experience has
12 shown that it's -- my experience has shown
13 that it was not always held by personnel.
14 That is where the training of supervision and
15 middle management must take place and I am
16 certain that any nuclear vice-president worth
17 his salt will make his policy well known.

18 CHAIRMAN LIEBERMAN: Okay. Brian, do
19 you have some questions?

20 DIRECTOR BRIAN GRIMES: I just had
21 one clarification. It wasn't clear to me
22 whether you were advocating that the NRC
23 mandate the existence of an employee concerned
24 program or certain characteristics of that
25 program or just evaluate the programs that are

1 in place?

2 CHET OBERG: No. I think that you
3 should establish some criteria for employee
4 concerned programs and that that should be
5 inspected, both the substance of it, the
6 organization, and how it is set up, and then
7 to look at how it is implemented. I have had
8 NRC personnel look at my programs in the past
9 and they had no criteria to evaluate it, but I
10 think that it's appropriate to look at it.

11 DIRECTOR BRIAN GRIMES: Thank you.

12 CHAIRMAN LIEBERMAN: Thank you, Chet.
13 I appreciate your thoughts.

14 The next speaker is Richard Knapik,
15 followed by William Bell.

16 RICHARD KNAPIK: My name is Richard
17 Knapik. I am the Executive Director of the
18 Bay City Chamber of Commerce and Agriculture
19 here in Bay City. I want to thank you for the
20 opportunity to speak.

21 I can only echo what Mr. Holst said
22 earlier. Back in 1973, when HL&P announced
23 the coming of the South Texas Plant, they made
24 a commitment. HL&P is still making a
25 commitment to Bay City and the surrounding

1 Matagorda County area. When the plant became
2 operational, they brought families to the Bay
3 City and Matagorda County area. I believe
4 without a commitment to safety and progress,
5 these people are still here and they have
6 become active, viable members of our
7 community. They have chosen to serve on our
8 schoo boards, our city council and they serve
9 on various other boards and do various other
10 types of community activities. There is a
11 definite commitment to safety here and I think
12 because they have become friends and neighbors
13 to other people who have lived in the area,
14 they continue to do well for our community.

15 Just on a personal note, I have had
16 several opportunities to visit the plant and
17 safety and security are always foremost when
18 it has been brought to my attention and it has
19 always been a pleasure to bring other
20 individuals out there to show them the concern
21 that HL&P does have. I look forward to a long
22 and rewarding relationship with HL&P. Thank
23 you.

24 CHAIRMAN LIEBERMAN: Thank you. The
25 next speaker is Mr. Bell, followed by Mr.

1 Deshotels and, hopefully, I pronounced that
2 right.

3 WILLIAM M. BELL: I am Bill Bell, and
4 I am here as a private citizen today. I have
5 been on the City Council of Bay City from 1972
6 to 1976. During the inception of this
7 project, we took a trip to Zion, Illinois to
8 view works, nuclear works, at that plant and
9 we were well pleased with that. We have had a
10 nuclear advocates organization ongoing from
11 that time to just this past year. We still
12 meet once in a while. And I think if you
13 check around Matagorda County that you will
14 find that there are very few people that are
15 anti-STP operations.

16 I have been Mayor of Bay City from
17 1985 to '89. During this time was a start up
18 and everything went smooth. We helped in the
19 emergency preparedness operations and as far
20 as I am concerned, we have a good project out
21 here. I do remember back during the Brown &
22 Root days when we went from Brown & Root to
23 Ebasco and Bechtel, we had some labor problems
24 then, and I have to be frank with you, I think
25 it was labor, non-union and union problems. I

1 think you might keep this in mind today as you
2 check into these problems you have today, that
3 it could back up to this situation again. I
4 am not making any exact -- I think it needs to
5 be guarded against, so I want to go on record
6 as saying we favor STP. We like to see them
7 operate. We like to see them make money, but
8 they can't make money unless they operate, and
9 this is as far as I will go. Thank you.

10 CHAIRMAN LIEBERMAN: Thank you. Next
11 speaker is Mr. Deshotels, and then following
12 that, Mr. Riccio.

13 COMMISSIONER GEORGE W. DESHOTELS: My
14 name is George Deshotels and I am a County
15 Commissioner of Matagorda County. Don't
16 worry. There has been a lot more people --

17 CHAIRMAN LIEBERMAN: I apologize.

18 COMMISSIONER GEORGE W. DESHOTELS: --
19 there have been a lot worse pronunciations of
20 that name, let me tell you, and I think some
21 of them on purpose, too.

22 But I am a County Commissioner in
23 Matagorda County. My precinct does not
24 include the nuclear plant. It includes the
25 Matagorda, Wadsworth, roughly one fourth of

1 Bay City and the Sergeant area, which is
2 adjacent to the nuclear plant. And I came
3 into this office through the nuclear plant.
4 In fact, I worked ten years out there. I
5 started in November of 1976 and I worked there
6 until I took office in January of 1987 and
7 it's always been my experience through the
8 three years I spent in the survey department
9 and the seven years I spent in the cost
10 scheduling department developing the schedules
11 and reviewing and developing unit rates and
12 cost figures mostly for the mechanical
13 auxilliary building and the fuel handling
14 buildings, that HL&P has always demonstrated a
15 concern for the safety and addressing any
16 concern that any employees had. I have still
17 kept up many contacts through a lot of
18 friends, a lot of constituents out there at
19 HL&P and it's always been my feeling and my
20 observation that this attitude has prevailed
21 over the years. We have had different
22 vice-presidents, different management, but
23 it's always been that if there was a concern
24 of an employee, they felt like they could
25 bring it forward, they felt like they could

1 bring it to the attention of management and
2 their supervisors without reprisal and I still
3 feel it's that way. I live within site of the
4 nuclear plant. I feel very comfortable living
5 that close to it. My neighbors do and, in
6 fact, there is a feeling that whenever a
7 concern was brought forward there may have
8 been an overkill toward correcting it of maybe
9 too much money was spent or too much time was
10 spent on it, but they have always been real
11 attentive to the safety of the project and
12 they are good neighbors. You know, I have a
13 lot of friends out there. I have got a lot of
14 friends that are neighbors that work out
15 there. And I will answer any questions you
16 all might have, that you might have for me.

17 CHAIRMAN LIEBERMAN: Thank you very
18 much.

19 COMMISSIONER GEORGE W. DESHOTELS:
20 Okay. Thank you.

21 CHAIRMAN LIEBERMAN: Next speaker is
22 Mr. Riccio, followed by Mr. Maxwell.

23 TED RICCIO: My name is Ted Riccio.
24 I work in the Engineering Department at the
25 South Texas Plant. I came to tell you about

1 the responses of the company when safety
2 concerns are raised. I have been there since
3 1985 and over the years, I have raised a
4 number of safety concerns. Many of them or
5 most of them were direct reactor safety
6 concerns. I may have raised more than any
7 other single individual and in every case, I
8 have had the complete, positive, swift
9 response from management. I have never had
10 any problems and we have always resolved the
11 problems swiftly. Most of the times I have
12 been directly involved in the resolution of
13 the problems. In some cases, I have had
14 rewards for bringing the problems to the
15 attention of management. In addition, before
16 I came here, I worked 17 years at Northeast
17 Utilities and found a couple of problems there
18 and in the same situation, I have not had any
19 problems there. That was a number of years
20 ago. We have had swift response in taking
21 care of this is problems at Northeast
22 Utilities, as well.

23 And, finally, I want you to know that
24 I came here on my own choosing. I am not a
25 public speaker, but I came here so that you

1 would know that there are people who
2 appreciate that the company does and that you
3 would know that some of the more significant
4 safety concerns that were raised, issues were
5 taken care of promptly and that is all I have
6 unless you have any questions.

7 CHAIRMAN LIEBERMAN: Given your
8 experience in raising concerns, do you have
9 any thoughts on how NRC could do the job
10 better in this area?

11 TED RICCIO: I would have to think
12 about that, but I will do that.

13 CHAIRMAN LIEBERMAN: And please feel
14 free to send us a letter, if you so desire.

15 TED RICCIO: Okay.

16 CHAIRMAN LIEBERMAN: Thank you. The
17 next speaker is Mr. Maxwell.

18 RANDALL MAXWELL: Good morning,
19 Gentlemen. My name is Randy Maxwell. I have
20 been employed at the South Texas Project for a
21 little over 14 years now. I began work at
22 South Texas back in 1978 with Brown & Root.
23 Excuse me. With Brown & Root, I was employed
24 as a quality control inspector working in
25 fabrication and construction of the plant. I

1 began working with HL&P in 1983 and in the
2 Operations Department as a reactor plant
3 operator. I filled that position for a little
4 over three years, at which time I transferred
5 into the Operations Quality Control Department
6 and was involved in inspection during start up
7 and maintenance. Approximately 1991, I began
8 working with the Speak Out Program, then
9 transferred over into Speak Out in 1992 and
10 was employed there for about 14 months doing
11 investigations of all concerns dealing with
12 quality and safety; also, some NRC
13 allegations. I also did investigations for
14 the company to investigate Department of Labor
15 complaints which we had received, 210s.

16 Currently, I am involved in Quality
17 Performance Program, accepted this position in
18 February of 1993; as part of that job, have
19 developed and managed a employee hotline
20 program set up for employees to call in with
21 any suggestions or questions they would have
22 dealing with the operations of the plant,
23 ideas that might improve efficiency. It is
24 sort of like another route or opening for them
25 to voice their opinions, if they would like

1 for things other than quality or safety
2 concerns which still should go to the Speak
3 Out Program.

4 During all of my time at South Texas
5 Project, I have always felt free to discuss
6 any concerns I had with either my direct
7 supervision all the way up through executive
8 management. I have been on a first-name basis
9 with most of the executive management at South
10 Texas Project for many years. I feel that
11 they are very personable individuals. They
12 make themselves available for discussion. I
13 have never seen any discrimination against any
14 employees for raising concerns. I have never
15 seen management try to identify who the
16 employees are while involved in the Speak Out
17 Program. They strictly are concerned with the
18 issues and trying to identify the issues and
19 reach a resolution just to correct them that
20 they are substantiated. That is all I have,
21 unless you all have any questions.

22 CHAIRMAN LIEBERMAN: Just a few.
23 When you were an investigator, as part of the
24 Speak Out Program had you received any special
25 training on performing investigations and

1 interviewing people?

2 RANDALL MAXWELL: Yes, s'r. I
3 started working with the Speak Out Program
4 when I was still in the Quality Control
5 Section and I worked directly with the Speak
6 Out Manager and he trained me on how to
7 interview people, how to do investigations,
8 how to develop an investigation plan, how to
9 develop the investigation. From him, I went
10 to work in the Speak Out Department under a
11 senior investigator who gave me on-the-job
12 training and developed the skills that were
13 needed.

14 CHAIRMAN LIEBERMAN: Based on your
15 experience, do you have any thoughts on how we
16 can do our job better?

17 RANDALL MAXWELL: I believe the
18 program works well. I believe management's
19 responsiveness to the program works well.
20 While I was involved in the Speak Out Program,
21 there were opportunities where management was
22 out and we had safety concerns came in in
23 which I would take the issues to the resident
24 NRC and discuss it, so I felt that the NRC was
25 very responsive and it worked well with HL&P

1 in trying to resolve these issues. There are
2 no deficiencies in the program that I am aware
3 of. I think it's a good program.

4 CHAIRMAN LIEBERMAN: John.

5 DIRECTOR JOHN GREEVES: Yes. You
6 mentioned that you worked for the contractor a
7 number of years ago, and now you work for
8 HL&P, correct?

9 RANDALL MAXWELL: Yes, sir.

10 DIRECTOR JOHN GREEVES: Do you think
11 that the people working for the contractors
12 now currently share the type of feeling you
13 have about openness? I -- a number of the
14 comments we have received is that life is
15 somewhat different when you are working for
16 the contractor. It has been a while since you
17 worked for the contractor, but did you see
18 differences and could you characterize those?

19 RANDALL MAXWELL: There are two
20 different sides to the table and one is while
21 I was involved as a contractor and during my
22 quality control and operations periods I was
23 involved in investigations as a person who was
24 interviewed and asked questions on situations.
25 There is always that sense of apprehension

1 when you are being questioned. As far as a
2 sense of people feeling unsafe in talking to a
3 Speak Out, I don't believe that is there. If
4 there is, that is misguided. I think the
5 management at South Texas tries to promote
6 that there is an open door policy to
7 management and especially their own management
8 and Speak Out Program is a last resort if you
9 don't feel you can take your concern anywhere
10 else. Like I say, it's been awhile since I
11 was involved in the contractor area much, but
12 during involvement with Speak Out, I have met
13 with very little apprehension for the
14 individuals to come in and meet with me and
15 discuss freely their concerns.

16 CHAIRMAN LIEBERMAN: Thank you very
17 much.

18 That concludes the listing of
19 speakers we have. Is there anyone else who
20 would like to make a presentation to us? If
21 not, we will take a recess until 11:15 to see
22 if anyone else comes in who desires to make a
23 comment.

24 Again, let me just say that if you
25 wanted to bring us written comments, either

17
1 today or in writing in accordance with the
2 Federal Register Notice, we would be happy to
3 receive them.

4 Thank you.

5 (At this time the
6 proceedings were held in recess from
7 10:30 a.m. until 11:15 a.m., at which
8 time the following proceedings
9 occurred.)

10 CHAIRMAN LIEBERMAN: It is now 11:15.
11 Do I have any more speakers? If not, we are
12 going to stay here until noontime with the
13 court reporter.

14 If anyone else shows up, we will
15 listen to their views; otherwise we will just
16 conclude the meeting at 12:00. You folks can
17 stay if you desire. It is up to you.

18 (At this time the
19 proceedings were held in recess from
20 11:15 a.m. until 12:00 p.m. at which
21 time the following proceedings
22 occurred.)

23 CHAIRMAN LIEBERMAN: We will resume
24 now. Mr. Cottle would like to make a few
25 comments concerning his presentation this

17
1 morning.

2 After that, if we still don't have
3 any more speakers, then we will just continue
4 to stay here until noontime.

5 Mr. Cottle.

6 WILLIAM T. COTTLE: Thank you, Jim.

7 In response to, I believe, a question from Mr.
8 Grimes on the various mechanisms we had to
9 identify problems, I quoted some rates and a
10 member of my staff pointed out to me I was in
11 error. I believe I quoted a number of like
12 4,000 station problem reports a year and those
13 are the items that are used to identify
14 primarily engineering issues and other
15 discrepancies and the number should have been
16 more like 800, so I just wanted to correct
17 that for the record.

18 CHAIRMAN LIEBERMAN: I appreciate the
19 correction.

20 Any other last comments from people?

21 Okay. Not having any more people
22 interested in making comments, this meeting is
23 over.

24 Thank you.
25

PUBLIC MEETING

NUCLEAR REVIEW COMMITTEE REVIEW TEAM

ON PROTECTING ALLEGERS

I, ERNIE J. AMBORT, JR., Certified Shorthand Reporter in and for the State of Texas, hereby certify that the foregoing 79 pages are a true and correct transcript of the proceedings had before the Nuclear Regulatory Commission Review Team, James Lieberman, Chairman on September 21, 1993, at the Matagorda Hotel, Bay City, Texas, which was held from 9:00 a.m. until 12:00 p.m.

Given under my hand and seal of office on this the 22nd day of September, 1993.



ERNIE J. AMBORT, JR., CSR

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