

40-8027

December 11, 1990

AIRBORNE EXPRESS

Mr. Robert D. Martin
Regional Administrator
U.S. NUCLEAR REGULATORY COMMISSION
Region IV
611 Ryan Plaza Drive, Suite 1000
Arlington, Texas 76011

RE: SFC Employee Incentive Plan

Dear Mr. Martin:

Several times over the past few months NRC has raised the issue of the Sequoyah Fuels Corporation's (SFC's) Employee Incentive Plan, apparently questioning the desirability and potential effects of such a plan. I believe SFC's 1990 Plan is a well balanced approach, which considers accomplishments in the areas of safety, production, and environmental concerns. I have attached information on the final status of the 1990 Plan for your information. Please note that, even though production-related activities have suffered with the events of the past few months, safety and environmental concerns showed notable progress. This resulted in an average SFC employee bonus of approximately \$806, which will be distributed at the end of this week.

I plan to pursue a similar balanced approach in the 1991 Incentive Plan, although different areas within the principal categories may be emphasized in the coming year. Please feel free to contact me if you have questions or comments.

Sincerely,

Reau Graves, Jr.
President

RG:nv

Attachments

xc: Charles J. Haughney, NRC - NMSS
Ira Shapiro, Winthrop Stimson
Mike Synar

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1990 INCENTIVE PLAN STATUS

SAFETY

A. REDUCTION IN OSHA REPORTABLE LOST-TIME ACCIDENT RATE

AUG.	0		
SEPT.	5.48		
OCT.	0		
NOV.	0		
	AVG.	1.37 =	\$31,250

B. REDUCTION IN THE NUMBER OF AIRBORNE ACTIVITY INCIDENTS

	<u>>1.0</u> MPC	<u>>3.0</u> MPC	
AUG.	8	14	
SEPT.	1	0	
OCT.	15	7	
NOV.	10	6	
	AVG.	6.75	
CONSTANT	18	4	
% DECREASE	53%	0%	
	AVG. DECREASE	26.4% =	\$62,500

PRODUCTION

A. PRODUCTION GOAL 12/1/89--11/30/90	7929	
ACTUAL PRODUCTION 12/1/89--11/30/90	6920	
DIFF.	-1009	\$0

REDUCTION IN OLD STORED MATERIAL PROGRAM ENDING NOV. 30, 1990

B. YELLOWCAKE	\$7,450
C. MISCELLANEOUS DIGEST	\$0

ENVIRONMENTAL

A. REDUCTION IN THE NUMBER PERMIT EXCEEDENCES IN THE COMBINATION STREAM

	# EXCEEDENCES		
AUG.	0		
SEPT.	0		
OCT.	0		
NOV.	0		
	AVG.	0 =	\$20,000

B. REDUCTION OF TRACE URANIUM IN THE COMBINATION STREAM

1/1/90 THRU 7/31/90	AVG./MO.	193.76 KG U	
8/1/90 THRU 11/30/90	AVG./MO.	53.49 KG U	
	% DECREASE	72% =	\$20,000

C. REDUCTION OF RESTRICTED AREA INSIDE THE PERIMETER FENCE

AREA	INCREASE ACRES	DECREASE ACRES	
FL. POND #1		1.94	
S. YC. SUMP	0.15		
LIME PILE	0.52		
	<u>0.67</u>	<u>1.94</u>	
TOTAL REDUCTION =		1.27 X \$5000	\$6,350

D. ELIMINATION OF BONE YARD SCRAP MATERIAL

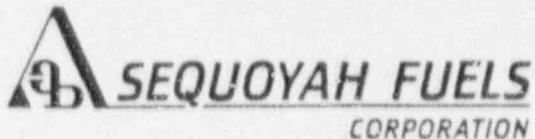
PROGRAM ENDS NOV. 30 \$0

FERTILIZER

A. THE 1990 FERTILIZER SPREADING GOAL OF 270,000 GALLONS/DAY WAS EXCEEDED

DAILY AVG. MET		\$25,000
195,000 OVER	X \$.03/GAL	\$5,850
		<u>\$30,850</u>

TOTAL FUND	\$178,400
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01-Aug-90

Dear Employee

It is time again to look at what we can do to improve our safety, productivity, profitability, and environmental surroundings. These areas will be the main objectives in our 1990 Incentive Program.

As with the 1989 program all Sequoyah Facility Employees will be eligible to participate, and will share in the final Incentive Fund Total. The Pool will be distributed according to the following formulas:

$\frac{\text{YOUR ANNUAL GROSS EARNINGS}}{\text{GROSS EARNINGS OF ALL ELIGIBLE EMPLOYEES}}$	$\frac{\text{TOTAL FUND \$}}{\text{X}} = \text{YOUR SHARE OF THE POOL}$
OR	
$\frac{\text{TOTAL FUND DOLLARS}}{\text{TOTAL NUMBER OF ELIGIBLE EMPLOYEES}}$	$= \text{YOUR SHARE OF THE POOL}$
WHICHEVER IS GREATER	

The Incentive Fund will consist of four main subfunds:

1. SAFETY

--Reduction in OSHA incident rate of lost time accidents occurring between Aug. 1 and Nov. 30, 1990.

0	incident rate	= \$50,000. added to the pool
.01 to 1.0		= \$37,500.
1.01 to 2.0		= \$31,250.
2.01 to 3.0		= \$25,000.
> 3.01		= \$0.

Our current rate for January thru June was 4.0. As you can see, we have plenty of room for improvement.

--Reduction in the number of airborne activity incidents occurring between Aug. 1 and Nov. 30. The current average number of incidents, February thru July, for air samples above 1 MPC is 18. Samples above 3 MPC average 4. If we reduce these amounts by:

5%	the pool increases by	\$25,000.
10%		= \$37,500.
15%		= \$50,000.
20%		= \$62,500.

2. PRODUCTION

Our Production goal for Dec. 1989 thru Nov. 1990 is 7,929 MTU. If we make our production goal, the fund total will be \$50,000. Any deviation, either up or down, affects the fund amount by \$500. per MTU.

\$10 per drum of yellowcake will be put into the pool for feeding of specified material. The material will be Anaconda, Union Carbide, and Westinghouse lots with over 6,000 drums or \$60,000 possible.

If there is no Miscellaneous Digest inventory to process as of Nov. 30, \$25,000 is added to the pool. (This does not include the ash receivers.)

3. ENVIRONMENTAL

In order for our plant to operate, we must comply with NRC, EPA, and State regulations concerning our Combination Stream effluent. If we have no exceedences of permits from August to the program end, the fund will be increased by \$20,000. If we can reduce the amount of Uranium loss in the Combination Stream by 20%, another \$20,000 will be added.

Another problem area that needs attention is the reduction of restricted area inside our perimeter fence. \$5,000 per acre will be paid for area that is surveyed, released, and the fence moved to exclude it from the restricted area.

If the Bone Yard and New Traffic Yard are "as clean as a hound's tooth" by Nov. 30, \$25,000 goes into the pool.

4. FERTILIZER PROGRAM

A goal of 40 million gallons of fertilizer has been set for the 1990 season. If this goal is met or if there is a daily average spread of 270,000 gallons, \$25,000 goes into the fund. This amount can be increased or decreased by 3 cents per gallon for deviation from the goal.

We will be publishing information in the near future on details and the current status in dollars of each fund. I estimate that if these areas are diligently pursued our Incentive Fund could exceed \$225,000 and add 3.3% or more to each employee's pay.

If we work as a team, these goals are attainable and the financial reward can be yours.

