



UNITED STATES
NUCLEAR REGULATORY COMMISSION

REGION IV

611 RYAN PLAZA DRIVE, SUITE 400
ARLINGTON, TEXAS 76011-8064

JUN - 6 1994

Dockets: 50-498
50-499
Licenses: NPF-76
NPF-80

Houston Lighting & Power Company
ATTN: William T. Cottle, Group
Vice President, Nuclear
P.O. Box 289
Wadsworth, Texas 77483

SUBJECT: NRC INSPECTION REPORT 50-498/94-21; 50-499/94-21

This refers to the special inspection conducted by Messrs. F. R. Huey and M. B. Blume of this office on May 10-13, 1994. The inspection included a review of activities authorized for South Texas Project Electric Generating Station, Units 1 and 2.

The inspection evaluated your employee concerns program (ECP) and was performed as a followup to the NRC team inspection performed in December 1993. The inspection consisted of selective examinations of procedures and representative records, interviews with personnel, and observation of activities in progress. The results of the inspection are documented in the enclosed report and were discussed with you during the exit meeting held at the conclusion of the inspection.

Overall, the inspectors concluded that you have defined and implemented a revised employee concerns program which should correct the specific deficiencies identified during the December 1993 NRC team inspection. The inspectors considered that your primary remaining challenge involves regaining employee confidence in the ECP and promptly implementing effective program performance measures that will ensure a sustained level of high performance.

Although you have initiated some efforts in both of these areas, the inspectors concluded that additional effort is warranted to provide more immediate and better focused attention to these important tasks. In particular the inspectors noted that you have not yet implemented the formal supervisor training program which supplements your revised ECP. Furthermore, supervisors interviewed during this inspection stated that they had not received specific guidance as to their roles in facilitating the raising and resolution of employee concerns, or precluding recurrence of discrimination problems at South Texas Project.

The inspectors also noted that you have not yet formally defined specific performance measures that will effectively identify and correct any remaining

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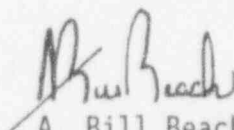
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ECP problems before they erode emerging employee confidence in the new ECP. To be fully effective, such performance measures must continuously solicit employee feedback on program performance, realistically evaluate that feedback, and quantitize evaluation results in the form of reports to key managers at a frequency that enables prompt corrective action for identified problems.

We recognize that the employee concern problems at South Texas Project developed over an extended period and that, even with proactive measures like those which you have recently implemented, some time will be required to fully correct the effect of past problems and regain employee confidence in your new ECP. It appears to the NRC that one of the most important factors in regaining employee confidence will involve your avoiding additional examples of past problems, and this is the primary thrust of the comments of this inspection. We consider that this can only be accomplished with sustained senior management attention.

In accordance with 10 CFR 2.790 of the NRC's "Rules of Practice," a copy of this letter and its enclosure will be placed in the NRC Public Document Room. Should you have any questions concerning this inspection, we will be pleased to discuss them with you.

Sincerely,



A. Bill Beach, Director
Division of Reactor Projects

Enclosure:
Appendix - NRC Inspection Report
50-498/94-21, 50-499/94-21 w/attachments

cc w/enclosure:
Houston Lighting & Power Company
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City of Austin
Electric Utility Department
ATTN: J. C. Lanier/M. B. Lee
721 Barton Springs Road
Austin, Texas 78704

City Public Service Board
ATTN: K. J. Fiedler/M. T. Hardt
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San Antonio, Texas 78296

Newman & Holtzinger, P. C.
ATTN: Jack R. Newman, Esq.
1615 L Street, NW
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Central Power and Light Company
ATTN: G. E. Vaughn/T. M. Puckett
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Corpus Christi, Texas 78403

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Judge, Matagorda County
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Bay City, Texas 77414

Licensing Representative
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Three Metro Center
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Houston Lighting & Power Company

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Houston Lighting & Power Company
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bcc to DMB (IE01)

bcc distrib. by RIV:

L. J. Callan

Branch Chief (DRP/A)

MIS System

RIV File

R. Bachmann, OGC, MS: 15-B-18

R. Wise, AC

Resident Inspector

Leah Tremper, OC/LFDCB, MS: MNBB 4503

DRSS-FIPB

Project Engineer (DRP/A)

Branch Chief (DRP/TSS)

<i>with tele</i> RIV:EO:WCFO	AC:WCFO	C:DRP/A	D:DRP	
RHuey	MBBume	WDJohnson	ABBach	
6/3/94	6/3/94	6/2/94	6/6/94	

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Resident Inspector
 Leah Tremper, OC/LFDCB, MS: MNBB 4503
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*with
 table*

RIV:EO:WCFO	AC:WCFO	C:DRP/A	D:DRP	
RHuey	MBBume	WDJohnson	ABBoren	
6/3/94	6/3/94	6/2/94	6/6/94	

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