

APPENDIX

U.S. NUCLEAR REGULATORY COMMISSION
REGION IV

Inspection Report: 50-498/94-21
50-499/94-21

Licenses: NPF-76
NPF-80

Licensee: Houston Lighting & Power Company (HL&P)
P.O. Box 1700
Houston, Texas

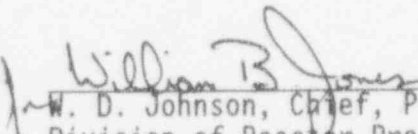
Facility Name: South Texas Project Electric Generating Station (STP), Units 1
and 2

Inspection At: Matagorda County, Texas

Inspection Conducted: May 10-13, 1994

Inspectors: F. R. Huey, Enforcement Officer, Walnut Creek Field Office
M. B. Blume, Regional Attorney, Walnut Creek Field Office

Approved


W. D. Johnson, Chief, Project Branch A
Division of Reactor Projects

6/3/94
Date

Inspection Summary

Areas Inspected: Announced, special inspection of the employee concerns program (ECP), program procedures, and program implementation.

Results:

- The licensee has defined and implemented a revised ECP which should correct the specific deficiencies identified in NRC Inspection Report 50-498/93-52; 50-499/93-52, dated January 21, 1994.
- The licensee has developed a well defined program for training supervisors about how to properly deal with employee concerns. However, the licensee has not yet implemented this program, nor has it implemented appropriate interim measures to ensure that all supervisors clearly understand senior management expectations and receive specific guidance on their role in preventing recurrence of employee concern problems at STP.
- The licensee has initiated several efforts to promote the revised ECP, such as video tapes, pamphlets, and periodic meetings with

groups of employees by senior managers. However, these efforts have not been fully effective in helping to restore employee confidence in the ECP. The licensee is encouraged to continue periodic meetings between senior managers and groups of employees. These meetings should focus more emphasis on specific actions which have been taken to improve employee confidence in the program and on recent successes which have resulted from the new ECP.

- The licensee has initiated several efforts to assess the effectiveness of recent ECP changes and to monitor overall ECP performance. However, additional effort is needed to define specific performance measures which will effectively identify and correct any remaining problems before they can erode emerging employee confidence in the new program. 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 correction of identified problems.

Attachment:

- Persons Contacted and Exit Meeting

DETAILS

1 PLANT STATUS

During this inspection, Unit 1 was in Mode 1 and Unit 2 was in Modes 5 and 4.

2 REVIEW OF ECP (92701)

2.1 BACKGROUND

NRC Inspection Report 50-498/93-52; 50-499/93-52, dated January 21, 1994, documented a special NRC team inspection of the ECP at STP. Overall, the inspection team concluded that the ECP was weak in regard to written guidance available to its staff, and the program was poorly implemented. During the inspection exit meeting, the licensee acknowledged the NRC concerns and committed to provide HL&P management's response to the specific concerns identified by the team and to provide a revised ECP procedure and training program. The HL&P commitment was fulfilled by its letter to the NRC, dated December 31, 1993.

In light of the significant ECP weaknesses noted by the 1993 NRC team inspection, and the extensive program changes committed to by HL&P, the NRC Region IV Regional Administrator requested a followup inspection to determine whether HL&P had fulfilled the commitments of its December 31, 1993, letter.

2.2 INSPECTION OBJECTIVES

This inspection was divided into three parts: (1) evaluate the adequacy of the licensee's revised ECP to correct the specific concerns noted during the December 1993 NRC team inspection; (2) evaluate licensee management's commitment to the new ECP and the adequacy of its efforts to establish appropriate program performance measures to realistically assess whether the new program is achieving its intended purpose; and (3) independently survey licensee personnel as to their knowledge of and confidence in the new program.

2.3 INSPECTION STRATEGIES

Recognizing the limited scope and duration of this inspection, the inspectors implemented an inspection plan which concentrated on review of recent ECP evaluation activities and interview of employees who were most likely to provide insightful and critical comments on recent licensee efforts to improve the ECP. Accordingly, the following specific inspection strategies were pursued:

- a. Review revised licensee ECP procedures and training program for correction of previously noted deficiencies.

- b. Review recently closed ECP files for how well new requirements are implemented.
- c. Interview recently hired STP employees to determine how they perceive the revised ECP and licensee management's commitment to that program.
- d. Interview selected STP supervisors (with emphasis on contractors, security, maintenance support, and instrumentation and control, which were previously identified problem areas) to determine their understanding of ECP requirements and management expectations for their roles as supervisors.
- e. Interview STP employees who have previously submitted discrimination complaints to determine their perception of the recent ECP initiatives.
- f. Interview STP employees whose ECP concerns have recently been closed (with emphasis on unsubstantiated concerns) to determine their satisfaction or concern with the adequacy of the licensee's evaluation and action on their concerns.
- g. Evaluate current licensee efforts to assess the effectiveness of its efforts to improve the ECP (e.g., use of independent consultants, quality assurance oversight audits, and establishment of definitive and meaningful performance measures).

2.4 INSPECTION RESULTS

2.4.1 Correction of Previously Identified NRC Concerns

The inspectors concluded that the licensee had defined and implemented a revised ECP which should effectively correct previously identified NRC concerns. In particular, the inspectors noted specific ECP improvements in the following areas:

- Independence: The licensee has implemented several measures to enhance the physical independence of the ECP. Most noteworthy was the hiring of an experienced ECP manager who reports directly to the Group Vice President, Nuclear. Also, the ECP interview offices have been moved from the Nuclear Support Center to the Central Processing Facility (CPF). Since all employees must routinely travel to the CPF for drug testing and badging, and since the CPF serves as a training facility as well, employees who wish to speak in person with ECP staffers may do so without seeming to have gone out of their way. Concernees who do not wish to be seen at the ECP office have other means to submit their concerns, including telephone

calls, ECP drop boxes, and regular mail. ECP evaluators were noted to normally evaluate ECP concerns themselves and seek assistance from line organizations only as necessary. ECP evaluators appeared to be sensitive to the issue of protecting concernee identity in that at least one file reviewed by the inspectors contained a note from the ECP evaluator to the effect that the line organization would not be consulted to resolve the concern because to do so might tend to identify the concernee.

- Emphasis on employee advocacy: The licensee has created an ECP Coordinator position with the specific role of serving as an employee advocate to help concerned employees feel more comfortable using the new ECP. This emphasis on personal involvement with concerned employees appears to be having a beneficial effect on employee acceptance of the new program. The licensee has also initiated a specific effort to solicit concerns from departing employees. During the period from November 1993 through February 1994, ECP representatives have attended all employee exit interviews, resulting in eight nuclear safety concerns (NSCs) expressed during 178 interviews, as opposed to one NSC from 1,000 interviews during the period of May to October 1993.
- Enhanced ECP personnel training: The licensee has initiated specific measures to enhance the formal training of ECP personnel. Each Access Authorization investigator (those ECP personnel who specifically investigate employee discrimination and wrongdoing concerns) has attended a 26-hour training program on investigatory techniques. Furthermore, each ECP evaluator of NSCs has received or is now attending 5 days of training on interview techniques. These employees were quite enthusiastic about the training and the increased resources and senior management support for the ECP.
- ECP oversight: The licensee has initiated an independent Employee Concerns Oversight Group to monitor and approve ECP activities. The committee is composed of senior licensee technical and administrative personnel appointed by the Group Vice President, Nuclear. The committee specifically reviews all completed ECP evaluations of NSCs and approves the final ECP correspondence to the concerned employee.
- Well detailed supervisor training: Although not yet fully implemented, the licensee has defined and documented what appears to be an excellent training program for licensee supervisory personnel (both direct and contractor). The program provides strong emphasis on the role of the individual supervisor in encouraging employees to raise concerns and on preventing any discrimination associated with the raising of those concerns. The program appeared particularly

strong with respect to providing specific workshop discussions of actual employee discrimination scenarios that have previously occurred at STP and other power reactor facilities.

- Clear 10 CFR 50.7 emphasis in contract boilerplate: The licensee has implemented specific language into its contracts with other support organizations, such as EBASCO, which clearly identifies the contractor's responsibilities and culpability for compliance with the nondiscrimination requirements of 10 CFR 50.7.
- Emphasis on understanding why an employee decided to use the ECP versus other methods for addressing his concern: The licensee has incorporated a specific effort to solicit employee feedback on use of the ECP into its ECP interview process. In a nonintimidating manner, the licensee is making an effort to more clearly understand the motivation of employees to use the ECP, rather than other more direct methods for addressing their concerns (e.g., discussion with immediate supervisor or use of a Station Problem Report). The licensee plans to use this information to better identify areas and situations where employees are reluctant to express concerns to their supervision or to use more routine plant problem reporting systems.

Overall, the licensee's revised ECP procedures were considered to be a significant strength. However, the inspectors noted several areas where additional guidance appeared to be warranted. For example:

- a. ECP procedures do not establish any specific guidance for the circumstances under which concerns may be referred to the line organization for evaluation input. Furthermore, there is no written guidance addressing the potential risk that seeking such input might have on protection of employee identity, or how to minimize that risk.
- b. ECP procedures do not incorporate any specific timeliness goals for completing evaluation of employee concerns. Furthermore, there is no written guidance for required actions when those goals are exceeded (e.g., specific approval, trending, interim status response to the concerned employee, etc.).
- c. ECP procedures do not incorporate sufficiently specific requirements for ensuring that ECP evaluations fully address the root cause, as well as the broad implications associated with any substantiated concern. In this regard, a detailed check list for ECP file closure may be helpful.

- d. ECP procedures do not incorporate sufficiently specific requirements and criteria for periodic program performance assessment. In this regard, it appeared that such performance measures should concentrate on assessing employee confidence and satisfaction with the new ECP.
- e. ECP procedures do not provide for verbal followup of closed ECP concerns. Verbal followup may prove to be especially beneficial for closure of concerns which rely on evaluation input from the line organization.

2.4.2 Management Commitment to New ECP

The HL&P Group Vice President, Nuclear has clearly established himself as a driving force in implementing and promoting the new ECP. He has hired an experienced and independent ECP manager who reports directly to him. He has communicated clear ECP expectations to his staff, and he has personally met with groups of STP employees to explain his commitment to establishment of an effective and discrimination-free ECP, as well as making two video tapes for distribution to all STP employees. He has also directed that the ECP manager continue to reinforce management's commitment to the new program with periodic personal meetings with groups of employees and periodic promotion of the program in the site newsletter. The licensee has also developed and will soon implement an employee cash award program ("Class Act"), which will recognize employees who identify significant and/or difficult to identify nuclear safety concerns.

Several recent efforts by senior managers appear to have had significant impact on both working level employees and their supervisors. For example, several employees commented favorably about personal talks by senior managers with groups of employees about the new ECP. Some employees also commented on improved supervisor responsiveness to employee comments and suggestions. One employee noted that the security department had initiated its own employee suggestion initiative which appeared to improve communication between security employees and their supervisors. Several employees also provided favorable comments about increased senior management approachability and presence in the plant.

Licensee management has initiated several specific efforts to assess the progress of ECP improvements. For example, in early 1993, and as followup in early 1994, the licensee hired Behavioral Consultant Services (BCS) to survey licensee employees about the ECP. The inspectors reviewed the 1993 BCS report, which was based on the response of 97% of all STP employees to a distributed survey. BCS also conducted document reviews, and interviewed 128 employees, with emphasis on employees from perceived problem areas. The survey results indicated that over 70% of employees thought that communications between employees and management had improved during the period from 1990 to 1993; about 20% thought that communications were worse; and about

10% saw no change. Also, when the employees were asked who they would go to with a nuclear safety or quality-related concern, 83.5% said they would first go to their supervisors, 3% would go to ECP, 1% would go to the NRC, and 12% would go to a colleague.

The inspectors also reviewed preliminary results from the 1994 BCS survey, which appeared to indicate a continuing improvement of employee perceptions of management's attitude toward employee concerns, but far from total comfort with expression of NSCs to management and far from utmost confidence that those concerns would receive proper treatment. For example, in 1994, 88% said they would first express concerns to their supervisors (an increase from 1993), 2% to other management, 2.8% using SPRs, 4.3% to the ECP, and 2.8% to the NRC. When asked whether they would be comfortable taking safety concerns to their supervisors, 62% of employees responded "almost always," 20% "often," 11% "sometimes," 5% rarely, and 3% "almost never." Further, the survey results did not indicate overwhelming confidence in the ECP. In response to a question asked for the first time in 1994, "If I brought a concern to the ECP, I believe that my concern would receive proper attention," 25% responded "almost always," 29% "often," 29% "sometimes," 11% "rarely," and 6% "almost never."

At the time of this inspection, the licensee was in the process of evaluating and assessing the significance of the BCS survey results. The inspectors also noted that licensee management had directed the Quality Assurance department to conduct an independent audit of the adequacy of correction of concerns noted during previous NRC and consultant evaluations of the HL&P ECP, however, this audit was still in progress and results were not yet available.

Based on the several audits of ECP performance that had been already performed, those that were in progress, and those scheduled for future performance, the inspectors concluded that the licensee was intent on achieving a realistic assessment of ECP performance. The inspectors also noted that licensee management is actively promoting the new program and appears to clearly recognize the difficult task of rebuilding employee confidence. However, the inspectors observed that more specific focus of these efforts appears to be warranted. In particular:

- a. Licensee managers are encouraged to continue periodic personal discussions with groups of employees. However, to date, the licensee's promotion of the new program appears to have focused excessively on the format of the program, rather than on the reasons why employees should be confident that the new program will better resolve their concerns and free them from discrimination worries. It is not sufficient to merely state that the new program will be confidential, without explaining why. This is considered to be especially important for contract employees, who experience a higher turnover rate than direct employees.

- b. The licensee has not yet implemented its formal ECP training program for supervisors. Furthermore, in the interim, licensee management has not effectively communicated its expectations to current supervisors as to their specific role in establishing employee confidence in the revised program. The licensee is encouraged to promptly ensure that current supervisors clearly understand specific management expectations with regard to their performance in the ECP area. The licensee is also encouraged to consider whether specific ECP performance criteria are appropriate for supervisor job descriptions and appraisals.
- c. Although licensee management has initiated several specific efforts to assess and periodically report the progress of ECP improvements, to date, these efforts have been more focused on reporting the volume and backlog of concerns, rather than on the more pressing issue of employee confidence. It appeared to the inspectors that additional effort is needed to promptly establish broader and more useful measures for reporting program performance feedback to cognizant managers. For example, performance measures should help to establish: how clearly workers and supervisors (both new and old) understand current management expectations; whether employees with previous discrimination concerns see any improvement in work environment and supervisory attitudes; and whether concerned employees are satisfied with their recently closed ECP concerns.

2.4.3 Independent Survey of Licensee Employees

The inspectors interviewed approximately 30 STP employees, with emphasis on employees who had previously submitted nuclear safety concerns, including discrimination, to the ECP. These interviews tended to confirm the conclusions of previous licensee and contractor evaluations. In particular, the consensus of employees interviewed by the inspectors was that the senior managers onsite since April 1993 were genuinely interested in employee safety concerns and were successfully changing the old management culture that was perceived as not being receptive to such concerns. Further, virtually all of the employees interviewed stated that they would submit nuclear safety concerns either to their supervisors or to the ECP, though not uniformly without fear of retaliation. In particular, some of the employees who have previously submitted discrimination concerns to DOL and/or the licensee remained to be convinced that management attitudes, especially those of middle management, have changed significantly. In contrast, some of the interviewed employees observed that there had been changes for the better in the attitudes and practices of first line supervisors. For example, some of the craft employees interviewed praised the practice of some first line craft supervisors who have begun to conduct daily meetings with their employees to discuss the day's work, encouraging employees to voice their concerns. According to some of the employees, this practice obviated the need to use

formal problem resolution processes such as Station Problem Reports or the ECP.

It appeared to the inspectors that the licensee has made some progress in convincing employees that their safety concerns will be appropriately considered and will not lead to retaliation. However, many employees, particularly those who feel that they have suffered retaliation in the past, are taking a wait and see attitude. Based on employee interviews, the inspectors noted several areas for potential improvement:

- a. According to some of those interviewed by the inspectors, the failure of management to post safety concerns and their resolutions under the current ECP, as was done more frequently under the previous program (SPEAKOUT), deprives employees of evidence that the current ECP evaluates concerns any better than did the prior program. Since some employees are not concerned with the dissemination of their concerns, the licensee may wish to consider asking concernees whether they would be willing to have their concerns and response letters posted so as to familiarize plant employees with the types of concerns being submitted to the ECP and with the licensee's treatment of those concerns.
- b. The inspectors interviewed several concernees to determine their degree of satisfaction with the treatment of their concerns. The general consensus of those interviewed was that the ECP treatment of their concerns had been fair and thorough. However, the inspectors cautioned that referral of concerns for evaluation by the cognizant line organization, although efficient and appropriate under some circumstances, may involve a conflict of interest in asking that organization to criticize itself. If an evaluation is performed by the cognizant line organization, ECP personnel should be particularly careful to solicit the concernees' satisfaction with the evaluation.
- c. The length of time to complete access authorization investigations (e.g., often in excess of several months) has contributed to dissatisfaction of some employees with the responsiveness of the ECP for discrimination and wrongdoing concerns. While the NRC recognizes the difficulties involved with timely completion of these types of investigations with limited resources, the licensee is encouraged to consider reasonable measures for improving timeliness in this area and to at least ensure that concerned employees are kept adequately informed of progress on their concerns.

ATTACHMENT

1 PERSONS CONTACTED

1.1 Licensee Personnel

- * W. Baer, Attorney
- * D. Bednarczyk, Consulting Engineer, Quality Assurance
- * D. Bohner, Senior Evaluator, Nuclear Safety Quality Programs
- * J. Calloway, Senior Staff Consultant
- * T. Cloninger, Vice President, Nuclear Engineering
- * W. Cottle, Group Vice President, Nuclear
- * M. Coughlin Licensing Engineer
- * R. Englmeier, Manager, Nuclear Safety Quality Programs
- * R. Garriss, Manager, Human Resources/Access Authorization
- * J. Groth, Vice President, Nuclear Generation
- * W. Harrison, Supervisory Engineer, Nuclear Licensing
- * J. Hinson, Manager, Access Authorization
- * J. Johnson, Supervisor, Quality Assurance
- * R. Masse, General Manager, Generation Support
- R. Mumme, Evaluator, Nuclear Safety Quality Programs
- * R. McRae, Manager, Safety and Health
- * P. Parrish, Senior Licensing Specialist
- * E. Rivera, Manager, Human Resource Services
- * J. Sheppard, General Manager, Nuclear Licensing

1.2 Other Personnel

- * P. Gold, Manager, Joint Projects, City of Austin
- * M. Hardt, Director, City Public Service Board, San Antonio

1.3 NRC Personnel

D. Loveless, Senior Resident Inspector

In addition to the personnel listed above, the inspectors contacted other personnel during this inspection period.

* Denotes personnel that attended the exit meeting.

2 EXIT MEETING

An exit meeting was conducted on May 13, 1994. During this meeting, the inspectors reviewed the scope and findings of this report. The licensee did not express a position on the inspection findings documented in this report. The licensee did not identify as proprietary any information provided to, or reviewed by, the inspectors.