

U. S. NUCLEAR REGULATORY COMMISSION

REGION III

Report No. 50-346/88033(DRP)

Docket No. 50-346

License No. NPF-3

Licensee: Toledo Edison Company
Edison Plaza
300 Madison Avenue
Toledo, OH 43652

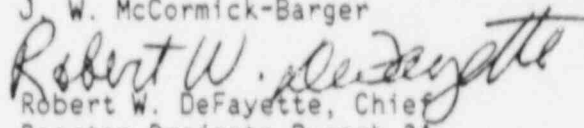
Facility Name: Davis-Besse Nuclear Power Station, Unit 1

Meeting At: NRC Region III Office, Glen Ellyn, Illinois

Meetings Conducted: September 26, and 28, 1988

Inspector: J. W. McCormick-Barger

Approved By: Robert W. DeFayette, Chief
Reactor Projects Branch 3A



9/29/88
Date

Meeting Summaries

Meetings on September 26, and 28, 1988 (Report No. 50-346/88033(DRP))
Subjects Discussed: 1) Potential violation of the requirements of 10 CFR 50.7 due to apparent employment discrimination as documented in Inspection Report 50-346/88027 and other managerial problems identified in the Quality Control (QC) and Quality Assurance (QA) areas at the Davis-Besse facility as documented in Inspection Report 50-346/88012. 2) Specific details of the inspection findings discussed in NRC Inspection Report 50-346/88027.

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DETAILS

1. Attendees

Toledo Edison Company (TED) Representatives

- *D. C. Shelton, Vice President, Nuclear
- *L. O. Ramsett, Director, Quality Assurance
- *T. J. Myers, Nuclear Licensing Director
- *M. E. O'Reilly, Corporate Attorney
- **E. Blake, TED Consultant

NRC Representatives

- *A. B. Davis, Regional Administrator
- *C. J. Paperiello, Deputy Regional Administrator
- *E. G. Greenman, Director, Division of Reactor Projects (DRP)
- *R. C. Knop, Chief, Branch 3, DRP
- **J. A. Grobe, Director, Enforcement and Investigation Coordination Staff
- **R. DeFayette, Chief, Section 3A, DRP
- *B. A. Berson, Regional Counsel, RIII
- **L. Dewey, Office of General Counsel, NRC
- **J. W. McCormick-Barger, Reactor Inspector, Branch 3, DRP
- *J. W. McMahon, Investigator, Office of Investigation
- *D. C. Kosloff, Resident Inspector, Davis-Besse
- **R. M. Perfetti, Office of Enforcement, NRC

*Denotes those persons present at the September 26, 1988 Enforcement Conference.

**Denotes those persons present or in attendance telephonically at both the September 26, 1988, Enforcement Conference and the September 28, 1988, meeting.

2. September 26, 1988 Meeting; Areas Discussed

Mr. A. Bert Davis, Region III Administrator, stated that the purpose of the meeting was for the NRC and licensee to discuss the potential employment discrimination violation identified in Inspection Report 50-346/88027(DRP), and to discuss other managerial problems identified in the QC and QA areas as identified in Inspection Report 50-346/88012(DRP).

Mr. McCormick-Barger, the Reactor Inspector primarily involved with the inspection resulting in the identification of the proposed violation, presented a description of the proposed violation and a brief chronological history of the events associated with the proposed violation as documented in Inspection Report 50-346/88027. Attachment 1 is a copy of the pertinent overhead slides which were used to make the presentation.

Mr. Shelton, TED's Vice President, Nuclear, described TED's actions taken subsequent to the September 1, 1988 NRC exit meeting concerning the potential employment discrimination violation. Attachment 2 is a copy of the overhead slide used by Mr. Shelton. At the time of the exit Mr. Shelton stated that TED did not consider the allegation leading to the potential violation to have been substantiated and proceeded to initiate a separate independent investigation. The preliminary TED investigation results were provided to Mr. Shelton on Wednesday, September 21, 1988, and concluded "that the NRC has substantial evidence for reaching its conclusion that Section 50.7 of the Commission's regulations was violated by premature layoff of a contract QC inspector by the QC Supervisor in the fall of 1986." Mr. Shelton also stated that there appeared to be some errors in the NRC's report and suggested that the NRC meet with his independent investigator after the meeting to identify and resolve these errors. (Note: A meeting was held on September 28, 1988 at Region III to discuss those errors and is described in Paragraph 3 of this report).

After conceding that the employment discrimination occurred, Mr. Shelton emphasized that neither they nor the NRC has found that QC inspectors are hesitant to raise safety concerns. Actions taken by the licensee to date or planned included terminating the involved supervisor and removing his site access, issuing a site-wide notification expressing its "strongest disapproval of the discriminatory action described in the NRC report" (notification provided as Attachment 3 to this report), and providing specific issue awareness training to supervisory personnel.

Following the licensee's presentation of its actions associated with the potential employment discrimination violation, Mr. Greenman, the Director, Division of Reactor Project, expressed the NRC's concern with, and the need for the licensee to focus its attention on, apparent managerial problems identified in the QA/QC area at the Davis-Besse Facility and documented in Inspection Reports 50-346/88027 and 50-346/88012. These problems included:

1. Apparent Employment Discrimination (as identified earlier).
2. QC managements acceptance of QC procedural problems without making required changes.
3. QA/QC's managements improper invalidation of Potential Condition Adverse to Quality Reports (PCAQR).
4. QA/QC management not taking aggressive actions to comply with or change procedures (QC qualification procedure) and attempting to direct QC inspectors to violate procedures rather than change them (PCAQR QC close out based on issuance of seven prefix MWO's).

Mr. Shelton stated that in addition to the actions planned or taken to deal with the employment discrimination issue, as described above, several actions have been or will be initiated to address the other NRC concerns. Mr. Shelton provided a brief discussion of the circumstances

leading up to the problems identified above and described in general terms the actions being considered to resolve these concerns. Detailed information is expected to be identified in the licensee's response to the violations documented in Inspection Report 50-346/88012 and in followup inspections for the procedural issue identified and tracked as unresolved item 346/88012-03.

The meeting was concluded with Mr. Davis stating that the NRC would consider the information provided above, and inform them at a later date of the enforcement actions, if any, that the NRC would be taking regarding the potential 10 CFR 50.7 violation.

3. September 28, 1988 Meeting; Areas Discussed

On September 28, 1988, NRC staff met with a Davis-Besse consultant, hired by the licensee to perform an independent investigation of the potential employment discrimination violation, to discuss apparent inconsistencies between information contained in Inspection Report 50-346/88027 and the information identified during the consultants investigation. The licensee had stated during the September 26, 1988, enforcement conference that the inconsistencies identified by the consultant were minor and would not change the conclusions reached in the inspection report.

Although several sections of the inspection report were discussed, the staff concluded that the only item requiring change concerned the title of the individual found to have violated the requirements identified in 10 CFR 50.7. The title "QC Manager" should be replaced with "QC Supervisor." This individual's title was changed from QC Supervisor to QC Manager in August 1987, (after the apparent violation) at the same time that the Lead Inspectors' titles were changed to QC Supervisors in conjunction with a minor restructuring of the QC organization.

Attachments:

1. Copy of pertinent overhead slides used by the NRC to make presentation
2. Copy of the overhead slide used by Toledo Edison to present its actions
3. Copy of the Notification Toledo Edison provided to its staff concerning its disapproval of the apparent employment discrimination

DAVIS-BESSE
ENFORCEMENT CONFERENCE
EMPLOYMENT DISCRIMINATION
SEPTEMBER 26, 1988

A G E N D A

- INTRODUCTION : A. Bert Davis, Regional
Administrator
- CHRONOLOGY OF EVENTS : J. W. McCormick-Barger, DRP
- LICENSEE RESPONSE : Toledo Edison Company
- NRC CONCERNS : E. G. Greenman, Director, DRP
- CLOSING COMMENTS : A. Bert Davis

CHRONOLOGY OF EVENTS

- * JULY 10, 1986 - QC INSPECTOR WROTE PCAQR

- * JULY 15, 1986 - PCAQR IMPROPERLY INVALIDATED

- * SEPTEMBER or EARLY OCTOBER 1986 - QC
MANAGER ASKED LEADS FOR LAYOFF LIST.
LIST PROVIDED WITH THE QC INSPECTOR
DESIGNATED TO BE RETAINED IF POSSIBLE

CHRONOLOGY OF EVENTS (cont)

- * EARLY OCTOBER 1986 - QC MANAGER ASKED QC INSPECTOR TO CLOSE OUT THE ISSUE

- * OCTOBER 8, 1986 - QC INSPECTOR REFUSED TO CLOSE OUT THE ISSUE AND ISSUED A SURVEILLANCE REPORT WITH THE INVALIDATED PCAQR ATTACHED

- * OCTOBER 9, 1986 - QC MANAGER ISSUED MEMO TO QC INSPECTOR REQUESTING CLARIFICATION OF ISSUE

CHRONOLOGY OF EVENTS (cont)

- * OCTOBER 10, 1986 -- QC INSPECTOR RESPONDED TO QC MANAGER IN MEMO (VICE PRESIDENT AND QA DIRECTOR PROVIDED COPIES)
- * OCTOBER 10-12, 1986 -- QC INSPECTOR MET WITH QC MANAGER AND QA DIRECTOR TO DISCUSS ISSUE
- * OCTOBER 12, 1986 -- QC INSPECTOR INSTRUCTED TO PREPARE NEW PCAQR

CHRONOLOGY OF EVENTS (cont)

- * MID OCTOBER, 1986 - QC MANAGER INFORMED THE INSPECTOR'S IMMEDIATE SUPERVISOR (LEAD) OF HIS INTENT TO LAYOFF THE QC INSPECTOR

- * OCTOBER 29, 1986 - QA DIRECTOR ISSUED MEMO TO QC MANAGER CRITICIZING HANDLING OF THE ISSUE

- * OCTOBER 31, 1986 - QC INSPECTOR WAS TERMINATED

ADDITIONAL INFORMATION

- * QC INSPECTOR WAS THE FIRST INSPECTOR TO BE TERMINATED FROM SAIC CONTRACT & QC SECTION DURING THIS TIMEFRAME.
- * QC INSPECTOR WAS REPLACED WITHIN TWO WEEKS
- * QA AND QC MANAGEMENT STATED THAT THE QC INSPECTOR WAS A GOOD PERFORMER

CHART 1

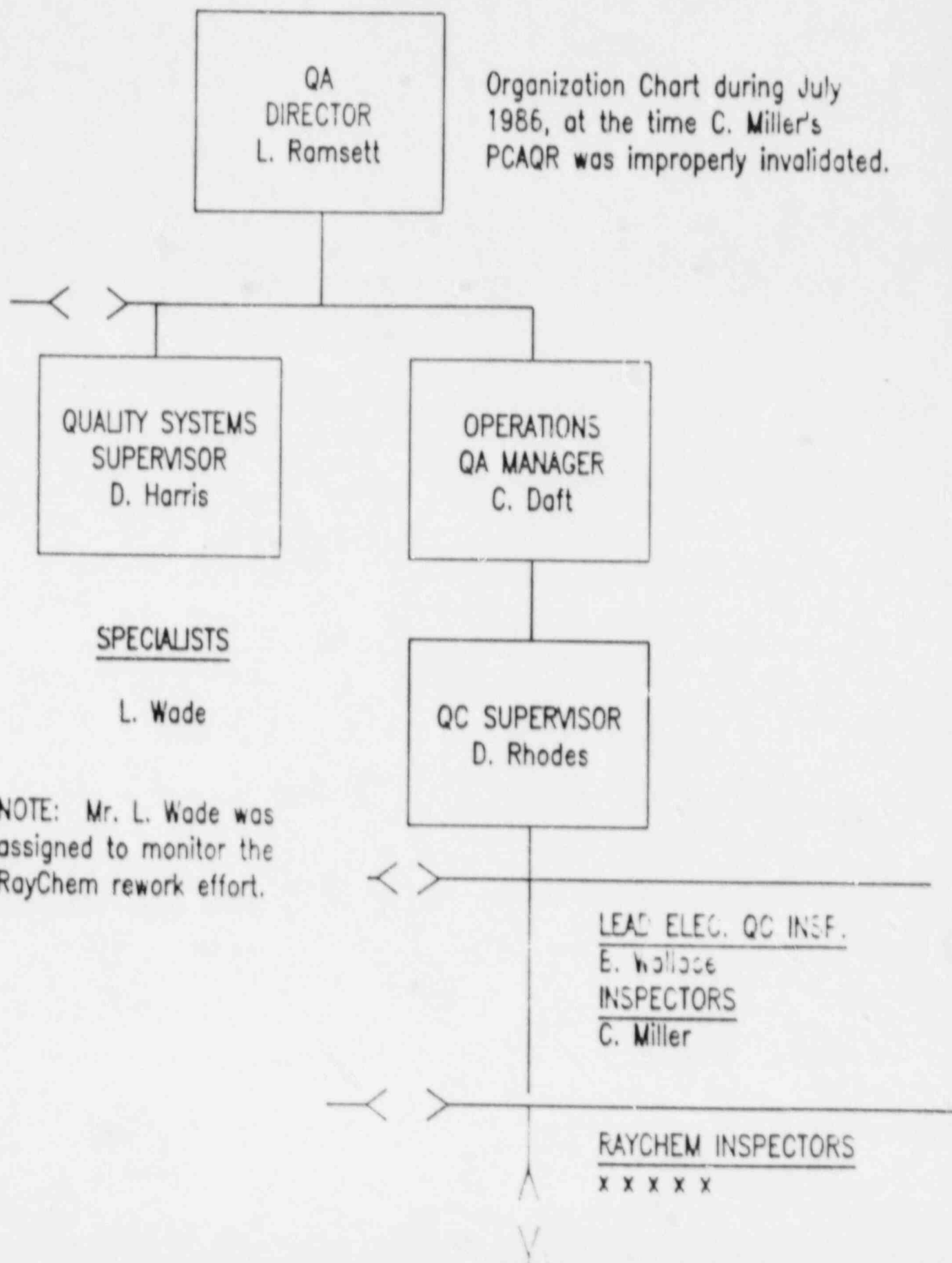


CHART 2

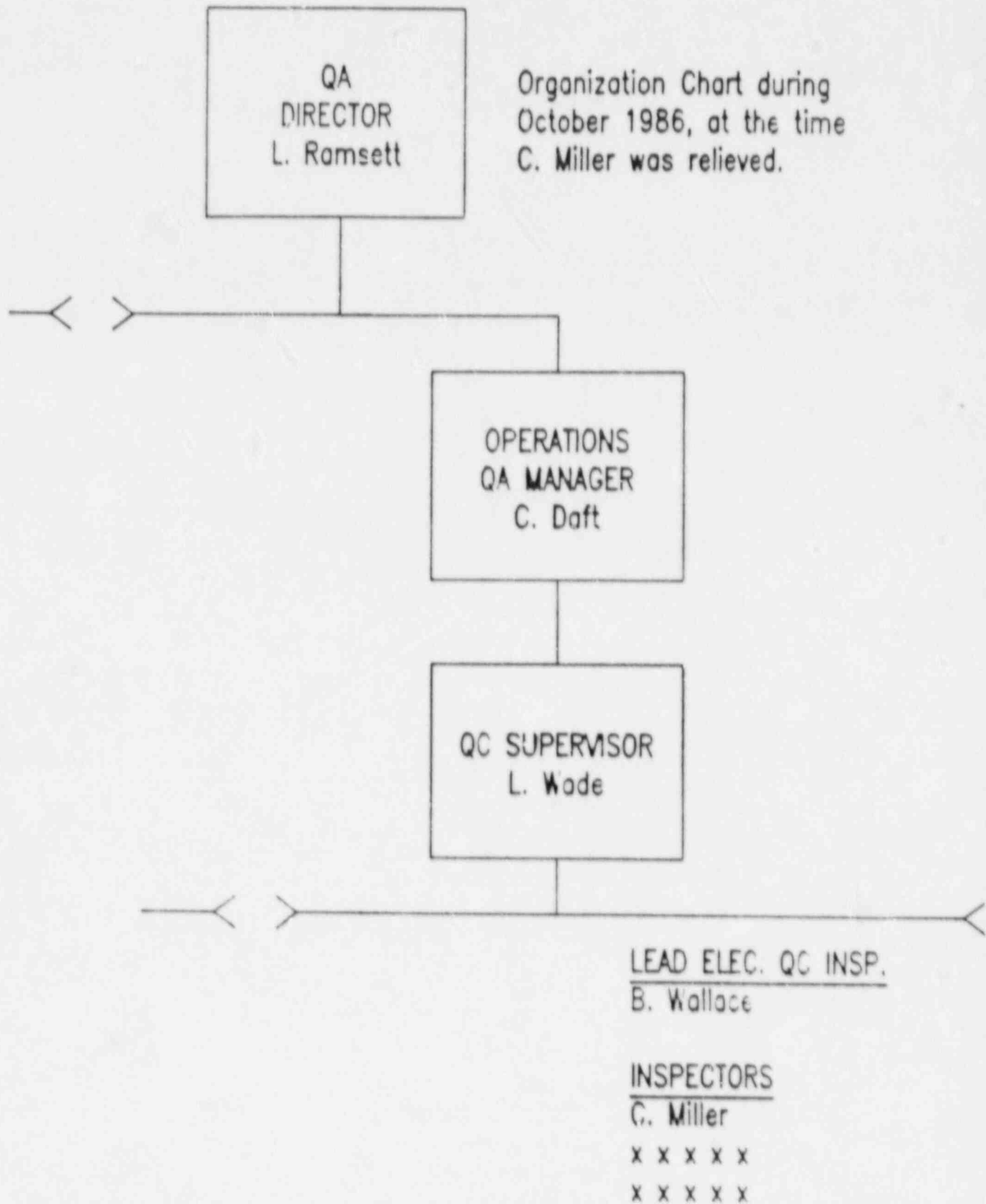
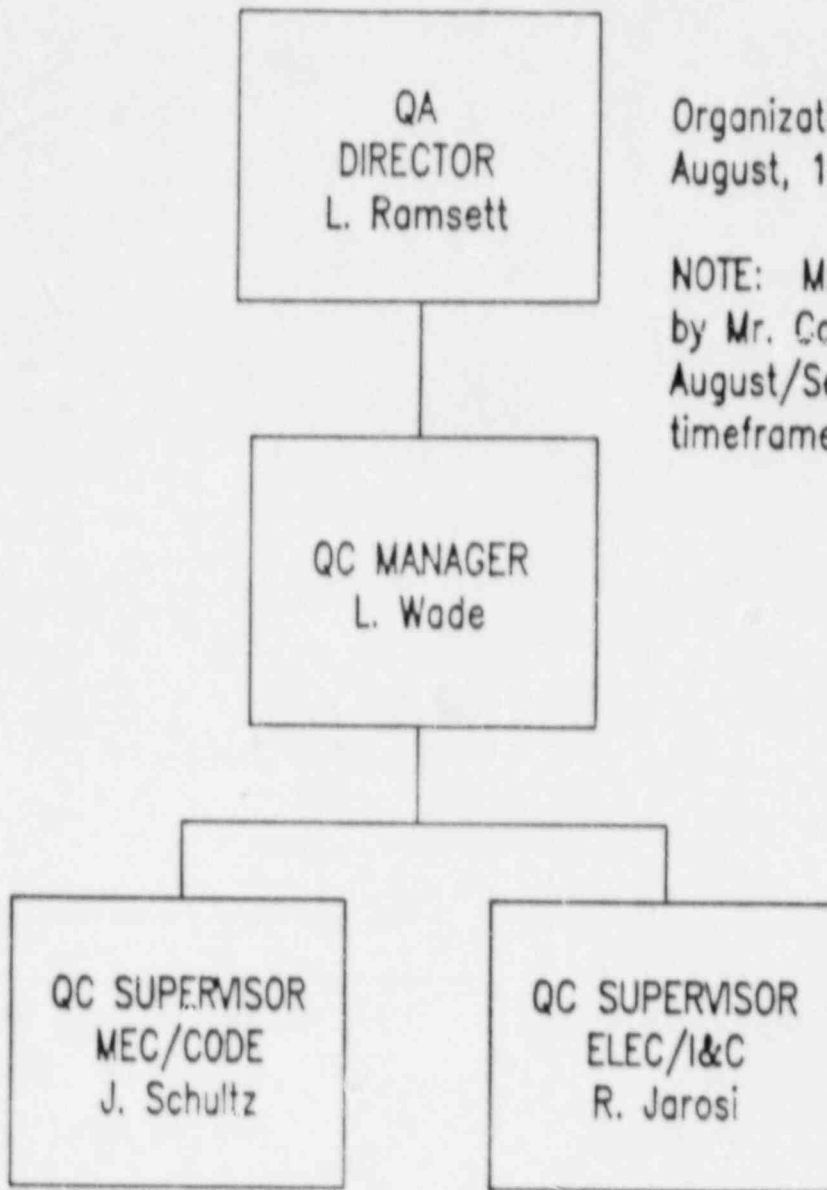


CHART 3



Organization Chart prior to August, 1988.

NOTE: Mr. Wade was replaced by Mr. Campbell during the August/September, 1988 timeframe.

INSPECTORS

B. Wallace

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X X X X X

EMPLOYEE DISCRIMINATION

- NRC Exit with VP Nuclear on 9/1/88
- Did Not Consider the Allegation Substantiated
- Initiated a Separate Investigation (Mr. E. Blake - SPPT)
- Preliminary TE Investigation Results Provided Wednesday, September 21, 1988
- Conclusion

Based on review of documents and interviews with one contractor and a number of Toledo Edison employees, the Company concludes that the NRC has substantial evidence for reaching its conclusion that Section 50.7 of the Commission's regulations was violated by premature layoff of a contract QC Inspector by the QC Supervisor in the fall of 1986. Although there appear to be some errors in the NRC report and other information in the report has not been substantiated in the time available to the Company, our conclusion obtains.

- No Indication Has Been Found That QC Inspectors Are Hesitant to Raise Safety Concerns
- Actions
 - Involved Supervisor Terminated and Site Access Removed
 - Site-wide Notification by Toledo Edison President
 - Specific Issue Awareness Training Planned for Supervisory Personnel

INTRA-COMPANY MEMORANDUM

ED 6214-2

DATE

September 23, 1988

TO

All Davis-Besse Personnel

FROM

Murray R. Edelman, President, Toledo Edison

SUBJECT

Employee Discrimination

NVP 88-00137

Toledo Edison recently received from the Nuclear Regulatory Commission an inspection report which concludes that a QC inspector at Davis-Besse was discriminated against for (1) identifying a violation of Company procedure and (2) raising potential safety concerns to management.

Since receiving the report, we have investigated the facts reported by NRC. Our efforts confirm that NRC's conclusion is based on substantial evidence.

Mr. Shelton, Vice President, Nuclear, joins me in expressing the strongest disapproval of the discriminatory action described in the NRC report. This conduct is contrary to Toledo Edison policy, practice, and procedure. All employees must feel free -- indeed responsible -- to identify safety concerns to the Company. It is central to the success we all want to attain at Davis-Besse.

We are attending an enforcement conference NRC has scheduled for this subject in Chicago on September 26, 1988. I urge each of you to take those steps necessary to assure Toledo Edison management never attends another one. To this end, I will be scheduling shortly sessions for management personnel specifically to sensitize everyone to the area of potential employee discrimination for raising safety concerns. As these sessions will confirm, inappropriate discriminatory decisions or actions by supervision or management will be met with prompt, stiff personnel action. In this instance, the involved supervisor is being terminated.

DCS/dav