



**UNITED STATES
NUCLEAR REGULATORY COMMISSION**
WASHINGTON, D.C. 20555-0001

October 13, 2026

EAF-RIII-2026-0081

Fadi Diya, Senior Vice President
and Chief Nuclear Officer
Holtec International
Palisades Nuclear Plant
27780 Blue Star Memorial Hwy
Covert MI 49043-9530

**SUBJECT: PALISADES NUCLEAR PLANT – SAFETY-CONSCIOUS WORK
ENVIRONMENT ISSUE OF CONCERN FOLLOW-UP INSPECTION REPORT
05000255/2026010 AND CHILLED WORK ENVIRONMENT FOR RAISING AND
ADDRESSING SAFETY CONCERNS AT PALISADES NUCLEAR PLANT**

Dear Fadi Diya:

On July 20, 2026, the U.S. Nuclear Regulatory Commission (NRC) commenced an inspection at Palisades Nuclear Plant (Palisades) using Inspection Procedure 93100, "Safety-Conscious Work Environment Issue of Concern Follow-up." The NRC conducted this inspection in response to information obtained through our baseline inspection program and other avenues indicating possible concerns with the safety-conscious work environment (SCWE) at Palisades. The inspection team reviewed selected documents and records, observed activities, and interviewed personnel. On September 3, 2026, the NRC completed the inspection and discussed the results with you and members of your staff. The results of this inspection are documented in the enclosed report.

This inspection did not identify any violations of NRC requirements or other significant plant safety issues. Our inspection team also determined that Palisades maintained a SCWE where most personnel felt free to raise nuclear safety concerns without fear of retaliation. However, the NRC concluded that a Chilled Work Environment exists in two specific departments: supply chain and quality assurance. The NRC found indications that employees in these two work departments are hesitant to raise safety concerns using all available avenues without fear of retaliation. This letter and its enclosure describe the scope of our concerns and communicate specific requests for your response from Holtec International (Holtec) and Palisades.

Our reviews also found that information was available in the corrective action plan (CAP), the employee concerns program (ECP), and from other sources that provided Palisades leadership with opportunities to identify challenges in certain aspects of the site safety culture and SCWE. However, the NRC staff determined that actions taken to the point of this inspection had not been successful in addressing challenges with SCWE in those work departments.

While these concerns must be addressed promptly to prevent further cultural decline within the affected departments, the NRC recognizes that, although supply chain and quality assurance functions are vital to safe plant operations, there are existing mitigating measures in place that provide defense-in-depth and ensure plant safety is not compromised. These measures include independent verification of work activities, supervisory oversight, and collaboration across departments to ensure diverse viewpoints are considered. Furthermore, the NRC found that universally, Palisades plant personnel are committed to maintaining safe operations and that individuals adhere to established procedures and prescribed work processes and understand their responsibility to pause, seek clarification, and ask questions when faced with uncertainty. Given these mitigating factors, the NRC maintains confidence that the planned restart of the Palisades facility will not be adversely affected by the isolated SCWE issues identified during this inspection.

The NRC's Policy Statement entitled, "Freedom of Employees in the Nuclear Industry to Raise Safety Concerns without Fear of Retaliation" (Volume 61 of the Federal Register, page 24336; May 14, 1996), and the NRC Regulatory Issue Summary (RIS) 05-018, "Guidance for Establishing and Maintaining a Safety-Conscious Work Environment," dated August 25, 2005, (Agencywide Documents Access and Management System (ADAMS) Accession No. [ML052220239](#)) describe the NRC expectations in this area. A SCWE is, in part, an environment in which employees are encouraged and feel free to raise safety concerns without fear of retaliation. In contrast, a "chilled work environment" is defined as a work environment where the willingness of a group of employees to report safety or regulatory concerns is inhibited.

It is important for Holtec and Palisades to assess the culture for these work departments, address the causes that created and sustained the chilled work environment within these work groups, and take steps to ensure that all staff at Holtec and Palisades are willing to openly raise safety concerns at all levels.

The NRC requests that you notify members of the Palisades workforce of the issuance of this letter, evaluate the environment for raising concerns, and determine what actions are necessary to ensure that all employees are free and feel free to raise safety concerns and regulatory issues without fear of retaliation. This evaluation should be conducted by an independent organization experienced in performing nuclear SCWE assessments and should ensure that the number and cross-section of individuals interviewed or surveyed, and the scope of those interviews and surveys, are sufficient to support meaningful conclusions. Prior to initiating the evaluation, we request that you develop a plan that outlines how you intend to address the following: 1) any immediate/short term actions which provide reassurance of acceptable performance during completion of the evaluation; 2) how the evaluators are independent of the organizations affected; 3) how you will address potential extent of condition in organizations outside of supply chain and quality assurance; 4) any associated corrective actions and how you will measure the effectiveness of any corrective actions; and 5) describe how you will address effectiveness of your corrective action program and ECP.

The NRC requests a copy of your plan for conducting this evaluation within 30 days of the date of this letter. Approximately 2 weeks after receipt, the NRC would like to meet with you to ensure we have a common understanding of the plan.

This letter, its enclosure, and your response will be made available for public inspection and copying at <http://www.nrc.gov/reading-rm/adams.html> and at the NRC Public Document Room in accordance with Title 10 of the *Code of Federal Regulations* (10 CFR) 2.390, "Public Inspections, Exemptions, Requests for Withholding," and 10 CFR 2.790 of the NRC's "Rules of Practice." To the extent possible, your response should not include any personal privacy, proprietary, or safeguards information so that it can be made available to the Public without redaction. If personal privacy information is necessary to provide an acceptable response, then please provide a bracketed copy of your response that identifies the personal privacy-related information and a redacted copy of your response that deletes the personal privacy-related information. Identify the particular portions of the response in question which, if disclosed, would create an unwarranted invasion of personal privacy, identify the individual whose privacy would be invaded in each instance, describe the nature of the privacy invasion, and indicate why, considering the public interest in the matter, the invasion of privacy is unwarranted.

If you request withholding on any other grounds, you must specifically identify the portions of your response that you seek to have withheld and provide in detail the bases for your claim of withholding (e.g., provide the information required by 10 CFR 2.790(b) to support a request for withholding confidential commercial or financial information). If safeguards information is necessary to provide an acceptable response, please provide the level of protection described in 10 CFR 73.21.

Sincerely,



Signed by Jeremy Groom on 10/13/26

Jeremy R. Groom, Acting Director
Office of the Chief Nuclear Reactor Inspector

Docket No. 05000255
License No. DPR-20

Enclosure:
As stated

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Letter to Fadi Diya from Jeremy R. Groom dated October 13, 2026.

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U.S. NUCLEAR REGULATORY COMMISSION
Inspection Report

Docket Number: 05000255

License Number: DPR-20

Report Number: 05000255/2026010

Enterprise Identifier: I-2026-010-0057

Licensee: Palisades Energy, LLC

Facility: Palisades Nuclear Plant

Location: Covert, Michigan

Inspection Dates: July 20, 2026 to September 03, 2026

Inspectors: Molly Keefe-Forsyth, Safety Culture Program Manager
Jared Nadel, Reactor Inspector (RTR)
Anthony Smallwood, Senior Resident Inspector

Approved By: Jeremy R. Groom, Acting Director
Office of the Chief Nuclear Reactor Inspector

Enclosure

SUMMARY

The U.S. Nuclear Regulatory Commission (NRC) continued monitoring the licensee's performance by conducting a Safety-Conscious Work Environment Issue of Concern Follow-Up at Palisades Nuclear Plant (Palisades), in accordance with the Reactor Oversight Process. The Reactor Oversight Process is the NRC's program for overseeing the safe operation of commercial nuclear power reactors. Refer to <https://www.nrc.gov/reactors/operating/oversight.html> for more information.

List of Findings and Violations

No findings or violations of more-than-Minor significance were identified.

Additional Tracking Items

None.

INSPECTION SCOPES

Inspections were conducted using the appropriate portions of the inspection procedures (IPs) in effect at the beginning of the inspection unless otherwise noted. Currently approved IPs with their attached revision histories are located on the public website at <http://www.nrc.gov/reading-rm/doc-collections/insp-manual/inspection-procedure/index.html>. Samples were declared complete when the IP requirements most appropriate to the inspection activity were met consistent with Inspection Manual Chapter (IMC) 2515, "Light-Water Reactor Inspection Program - Operations Phase." The inspectors reviewed selected procedures and records, observed activities, and interviewed personnel to assess licensee performance and compliance with Commission rules and regulations, license conditions, site procedures, and standards.

OTHER ACTIVITIES - TEMPORARY INSTRUCTIONS, INFREQUENT AND ABNORMAL

93100 - Safety-Conscious Work Environment Issue of Concern Follow-Up

NRC Inspectors and qualified safety culture assessors performed an assessment of the safety-conscious work environment (SCWE) using inspection report IP 93100 "Safety-Conscious Work Environment Issue of Concern Follow-Up." This assessment was completed to follow up on issues of concern related to SCWE observed from 2025 to present. The Palisades SCWE was most recently assessed by the NRC in June 2025 during the Biennial Problem Identification and Resolution (PI&R) inspection, which was documented in Inspection Report 05000255/2025009 ([ML25203A098](#)). That inspection found that, based upon interviews with licensee staff and review of documents, Palisades maintained a SCWE where personnel felt free to raise concerns without fear of retaliation, intimidation, harassment, or discrimination. While the 2025 inspection generally concluded that Palisades maintained a healthy SCWE, the inspection team noted that some licensee staff viewed work planning, coordination, and communication as the biggest challenges impacting the work environment.

Since the previous PI&R inspection, Palisades experienced multiple schedule and work scope changes, senior manager changes, and communications challenges associated with the restart of the unit that could have contributed to potential concerns associated with safety culture and SCWE. In addition, during the first half of 2026, the inspectors noted an increase in the number of anonymously submitted condition reports in the licensee's corrective action program (CAP). Based on these factors, the NRC authorized the performance of IP 93100.

The purpose of the 93100 inspection was to inspect the SCWE at Palisades and determine if indications of a chilled work environment exist; if employees were reluctant to raise safety or regulatory issues; and if employees were discouraged from raising safety or regulatory issues. The inspection consisted primarily of reviewing licensee SCWE assessments, reviewing SCWE-related issues documented in the licensee's CAP, and conducting interviews with plant workers. During this inspection, the team conducted focus groups and interviews with more than 120 individuals from operations, security, maintenance, radiation protection, contract organizations, supply chain, planning and procurement, chemistry, quality assurance, training, and engineering. The inspection team also interviewed first-line supervisors and conducted interviews with senior managers at Palisades and Holtec.

Safety-Conscious Work Environment Issue of Concern Follow-Up (1 Sample)

- (1) Review of licensee Safety-Conscious Work Environment under IP 93100

INSPECTION RESULTS

Observation: Review of Palisades Safety Conscious Work Environment	93100
<u>Overall Assessment of SCWE</u> Overall, based on interviews conducted during focus groups and individually, the team determined that Palisades maintained a SCWE where most personnel feel free to raise nuclear safety concerns without fear of retaliation, intimidation, harassment, or discrimination. Most staff interviewed stated that they would not hesitate to raise nuclear safety and security concerns through multiple avenues including supervisors and managers, the employee concerns program (ECP), and the corrective action program (CAP). The Palisades ECP was viewed favorably by most employees on-site. Specifically, most personnel interviewed expressed that safety is the overriding priority for the Palisades management team and the staff. When faced with schedule pressure, or emergent work, the staff stated that management conveyed the importance of completing work correctly and safely, even if it takes extra time. While there is schedule pressure because of the upcoming restart, the staff perceive that management expects staff to take the time they need to do work correctly, stop and ask questions when unsure, and put safety first. The inspection team asked if personnel believed this safety-first philosophy would continue after restart, and those interviewed said they believed that it would continue. <u>Willingness and Encouragement to Raise Safety or Regulatory Issues</u> In a few organizations, some people expressed hesitancy to raise concerns because of a perception that management emphasizes production and do not want to hear about safety concerns unless they impact ongoing restart work. There is also hesitancy to raise concerns about issues that are directed or controlled beyond the site's immediate control. The inspection team found that most line staff trust their first level of supervision and usually do not need to raise concerns to progressive levels of management. However, some personnel expressed hesitation to elevate concerns beyond their first-level supervisor, noting that turnover and organizational changes have left them uncertain about who to approach at higher levels. The inspection team substantiated the presence of a chilled work environment within the supply chain and quality assurance departments at Palisades. Through interviews with the majority of personnel in these organizations, the team consistently heard that employees were hesitant to raise concerns through various avenues, including, in some cases, bringing concerns directly to the NRC. This reluctance was driven largely by a perceived fear of retaliation, including the possibility of termination. The current environment has also negatively affected, for these two departments, the use of established processes for raising safety issues, such as the corrective action program (CAP) and the employee concerns program (ECP). Information obtained during the inspection further indicated that managers at multiple levels may not always be receptive to employees' safety concerns, heightening the NRC's concern. Employees identified several areas where they felt unable to raise issues or believed their concerns were not being adequately addressed, including work processes related to procuring and qualifying equipment and procedures governing work control and execution. Additionally, concerns were raised about the quality assurance department's ability to operate independently.	

Additional Observations

When asked by the inspection team what was the biggest challenge impacting the work environment, most of those interviewed stated that work planning, coordination, and communication were still challenged. Schedule planning and adherence have not completely transitioned from the project-based system used during decommissioning and early in the restart to an operating plant system. This has resulted in unpredictable schedule changes and, in some cases, inadequate organizational support for work activities as scheduled. This is causing concern and frustration for those directly involved with planning and executing work in the field.

No findings or violations were identified during this inspection.

EXIT MEETINGS AND DEBRIEFS

The inspectors verified that no proprietary information was retained or documented in this report.

- On September 3, 2026, the inspectors presented the Safety-Conscious Work Environment Issue of Concern Follow-Up results to Fadi Diya, Chief Nuclear Officer, and other members of the licensee staff.

DOCUMENTS REVIEWED

Inspection Procedure	Type	Designation	Description or Title	Revision or Date
93100	Corrective Action Documents	25010703	Anonymous CRs Not Anonymous	07/28/2025
		25011224	Toxic Leadership and SCWE Concerns in PCC	08/13/2025
		25011439	Anonymous CR: Senior Leadership Priorities	08/20/2025
		25011456	Senior Leadership Priorities	08/21/2025
		25013621	Safety Not Being Prioritized over Production	10/21/2025
		25013622	Chilling Effect	10/21/2025
		25013791	Ineffective Management	10/27/2025
		26010796	Word and Actions for Safety Culture do not Align	01/24/2026
		26011741	Unprofessional Behavior in Engineering Department	02/20/2026
		26011783	Startup Pressure	02/23/2026
		26011929	Asbestos Concerns	02/25/2026
		26012272	Violation of INPO Principles and SCWE Concern	03/05/2026
		26012563	Working out of Process and Schedule	03/12/2026
		26012571	Issues Regarding QNS	03/12/2026
		26013572	Is It Ok for Supervisors to Violate Rules but Not Workers Here at Palisades?	04/08/2026
		26013623	Poor Morale in Engineering Department	04/09/2026
		26013835	Review of Engineering Night Support	04/15/2026
		26014450	Significant Impact to Safety Culture, SCWE, and Nuclear Safety Performance	05/01/2026
		26015078	Perceived Inequitable Pay Practices and Workforce Moral Concerns	05/19/2026
		26015294	Ineffective Staffing and Fatigue Due to Misaligned Shift Coverage	05/24/2026
		26015295	Worker Fatigue and Scheduling Concerns	05/24/2026
	Miscellaneous		Palisades Organization Chart	04/27/2026
			Nuclear Safety Culture Survey	06/20/2026
			Nuclear Safety Culture Monitoring Panel (NSCMP) Agenda	05/11/2026
		2026-1	Nuclear Safety Culture Monitoring Report	06/10/2026

		PNP 2026-036	One-Time Request for Exemption from Requirements of 10 CFR 26.3(a), "Fitness for Duty Programs – Scope"	05/27/2026
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