

January 12, 1999

FOR: The Commissioners

FROM: William D. Travers /s/  
Executive Director for Operations

SUBJECT: CLOSURE OF ORDER REQUIRING INDEPENDENT, THIRD-PARTY OVERSIGHT OF NORTHEAST NUCLEAR ENERGY COMPANY'S  
IMPLEMENTATION OF RESOLUTION OF THE MILLSTONE STATION EMPLOYEES' SAFETY CONCERNS

## PURPOSE:

To provide the Commission with (1) the staff's assessment of Northeast Nuclear Energy Company's (NNECO's) activities related to its Employee Concerns Program (ECP) and safety conscious work environment (SCWE) since it issued [SECY-98-090](#), "Selected Issues Related to Recovery of Millstone Nuclear Power Station Unit 3," dated April 24, 1998, and (2) the staff's recommendation regarding closure of the October 24, 1996, Order (Order) which required that NNECO engage an independent, third-party organization to oversee its implementation of plans to improve the ECP and SCWE. This information is being provided to the Commission in advance of the meeting on this topic currently scheduled for January 19, 1999. A summary discussion of these issues is presented in this paper and, where appropriate, a more detailed discussion is attached.

## BACKGROUND:

SECY-98-090 provided the appropriate background on the issues surrounding the extended shutdown of the three Millstone Nuclear Station units, including major NRC and licensee activities. SECY-98-090 also provided the staff's assessment of the improvements made by NNECO in its ECP and SCWE and its recommendation that in this area, the licensee had made sufficient progress to warrant restart authorization. The staff also noted that it anticipated third-party oversight would be required at least six months beyond plant restart to evaluate the licensee's continuing performance in the ECP and SCWE areas.

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The staff has frequently communicated with the Commission on this issue through various Commission papers and status reports over the past two and a half years since Millstone Station was designated as a watch list Category 3 facility in June 1996. Between January 1997 and June 1998, the Commission has also received briefings on about a quarterly basis from the staff, the licensee, and pertinent contract organizations involved in oversight activities. During the May 1 and June 2, 1998 meetings, the Commission also heard from members of the public and state and local officials.

## DISCUSSION:

In its staff requirements memorandum (SRM) of March 18, 1998, the Commission gave guidance to the staff on the information it needed to make a restart decision on Millstone Unit 3. In the SRM, the Commission directed the staff to provide crisp, clear analyses of the restart-related issues with recommendations (where appropriate) and a summary of independent NRC actions supporting staff decision making on Millstone's restart. In developing this Commission Paper the staff has followed this guidance. An executive summary describing the basis for the staff's conclusions related to closure of the Order follows. In addition, a more detailed discussion of the licensee's and NRC's activities over the past seven months is contained in Attachment 1.

Following its review of [SECY-98-090](#) and the first Commission meeting on the restart readiness of Millstone Unit 3 on May 1, 1998, (there was a second meeting conducted June 2, 1998, to address restart issues that remained after the May 1 briefing) the Commission issued an SRM dated May 19, 1998. In this SRM, the Commission agreed with the staff's conclusion that the licensee had made appropriate improvements related to the ECP and SCWE that supported restart of Millstone Unit 3. One of the conditions noted in the SRM was that Little Harbor Consultants (LHC) would continue its third-party oversight of the ECP and SCWE until the Commission decided third-party oversight was no longer necessary. The Commission also noted that future briefings should include recommendations regarding continuation of the third-party oversight. In its SRM of June 15, 1998, in which it provided its restart authorization for Unit 3, the Commission noted that the third-party oversight of ECP/SCWE should be eliminated as soon as feasible.

On November 24, 1998, the staff conducted a public meeting with NNECO and LHC to discuss the results of the NRC's most recent evaluation (see [Attachment 1](#)) and the current status of ECP- and SCWE-related activities. In advance of this meeting, LHC issued its third quarter report ([Attachment 2](#)) documenting its observations of NNECO's performance. LHC discussed this report during the meeting and stated that it would support the NRC if it determined that LHC's independent third party oversight role was no longer required. During this meeting, NNECO discussed its ongoing performance in the ECP and SCWE areas, including results of its self-assessment activities and the continued positive trends reflected in its performance measures. NNECO noted that their current level of performance supports closure of the Order. The licensee provided this same conclusion in a letter ([Attachment 3](#)) dated December 9, 1998, which includes the bases for their conclusion.

This letter also notes that if the Order is closed, NNECO intends to continue to utilize LHC to perform periodic independent assessments of its ECP and SCWE. This requires that NNECO alter its contract with LHC, which currently prohibits LHC from performing any future work at any Northeast Utility facility for 12 months after closure of the Order. The purpose of this contractual stipulation is to provide added assurance that LHC would maintain its independence and not provide NNECO with overly positive reports in the hopes of obtaining future work. The staff affirms that over the past 20 months, LHC's performance has been appropriately independent and critical of NNECO's activities, highly professional, and of excellent quality. The staff also believes that LHC has established credibility among the local stakeholders, a number of whom have expressed the opinion in recent meetings that LHC

should be retained in some capacity if the Order were to be closed. Therefore, the staff has no reservations about the continued use of LHC by NNECO and has no objections to NNECO changing its commitment regarding its contractual relationship with LHC.

### **(1) Employee Concerns Program**

In SECY-98-090, the staff noted that it had reviewed the licensee's comprehensive plan for reviewing and dispositioning safety issues raised by employees without fear of retaliation, reviewed and approved LHC as the third-party oversight organization, and reviewed and approved LHC's oversight plan. In SECY-98-090, the staff described its activities and provided its assessment that led to the conclusion that NNECO had made substantial improvements to its ECP and that it was functioning effectively at Millstone. It noted that employee concerns are prioritized based on safety significance, identities of individuals are protected, case resolution is timely, and there is appropriate follow up on corrective actions.

Since it issued SECY-98-090, the staff's observations regarding the ECP are unchanged. As described in more detail in Attachment 1, the licensee has continued to sustain an effective and well-functioning ECP. This assessment is supported by the staff's review of appropriate documentation, conduct of NRC team evaluations, and observation of LHC activities. There have been even further enhancements in some aspects of the ECP, such as improved communications with individuals raising concerns, better quality case files, and improved timeliness in closing outstanding cases.

### **(2) Safety Conscious Work Environment**

In SECY-98-090 the staff described its activities and provided an assessment that supported the conclusion that NNECO had made substantial improvements in establishing an SCWE and that the programs that were in place to foster an SCWE were functioning effectively at Millstone. Some of the programs that were established included the Executive Review Board, employee and manager training, leadership surveys, and Focus Area Plans. It was also noted that NNECO has devoted appropriate resources and management support to ensure that an SCWE was maintained and had developed adequate plans for monitoring the site's safety environment following restart of Unit 3. The staff also observed NNECO's response to several high visibility incidents involving the SCWE and ECP, including potential harassment, intimidation, retaliation, and discrimination (HIRD) issues. The staff determined that the licensee's response to these issues was prompt and thorough, and where appropriate, evinced management's willingness to admit problems with its processes and take effective corrective actions. This includes an issue that emerged during the summer of 1997 involving potential retaliation against employees engaged in protected activities (10 CFR 50.7) associated with the motor operated valve program. This issue, which was thoroughly reviewed by both the licensee and LHC, and for which effective remedial actions have been taken, is currently the subject of pending enforcement activities. The enforcement activity associated with this issue is expected to come to closure in the near future. However, it is not expected to be issued until after the Commission addresses the recommendations in this paper.

Since it issued SECY-98-090, the staff's observations regarding the SCWE are unchanged. As described in more detail in Attachment 1, the licensee has continued to sustain an SCWE. Although the ongoing management reorganization has the potential to add stress to the current work environment, the staff notes that the licensee has entered into this action with forethought and has proceeded in a well-organized manner through the first phases of the process. While the continued implementation of the process bears monitoring, the use of an outside organization in the planning and execution of the reorganization, as well as the licensee's response to the bottoms-up review of the proposed reorganization by its staff, has provided appropriate neutrality and organization buy-in to the process. Evidence that supports the staff's assessment that an SCWE has continued to be sustained includes a substantial decrease in the NRC's allegation rate over the past 4-5 months, the continued effectiveness of the SCWE staff, proactive efforts to resolve emerging issues in a timely manner, and sustained positive results out of the employee and leadership surveys.

### **CONCLUSION**

The licensee has sustained the level of performance in its ECP and SCWE noted in SECY-98-090, and in some areas, made further improvements while transitioning to a less-resource intensive organization. The only issue described in the Order that remains to be satisfied before the Order can be closed is the demonstration by NNECO that the conditions which led to the requirement of the independent, third-party oversight have been corrected to the satisfaction of the NRC. The staff's conclusion is that the sustained performance by NNECO in implementing its ECP and in maintaining a SCWE with minimal involvement by LHC over the past 7 months indicates that the third-party oversight is no longer required and the Order can be closed.

### **RECOMMENDATION**

That the Commission agree with the staff's conclusion that the licensee has demonstrated by its sustained performance in executing its ECP and in establishing an SCWE that the conditions that led to the requirement of having a third-party oversight organization have been corrected to the satisfaction of the NRC. Therefore LHC's presence is no longer required and the Order can be closed. A proposed letter to the licensee closing the order is provided in Attachment 4 for the Commission's consideration if it concurs with the staff's recommendation.

The staff conducted a public meeting on December 14, 1998, in Waterford, Connecticut, to solicit comments from the local stakeholders regarding the status of the ECP and SCWE at Millstone and whether the Order should be closed and the independent third-party oversight discontinued. By January 14, 1999, the staff will provide the Commission with a memorandum which will summarize the substantive comments and recommendations obtained from local stakeholders during this meeting.

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2. LHC's Third Quarter Report
3. NNECO's December 9, 1998, Letter Recommending Closure of Order
4. Draft Letter Closing Order

EVALUATION OF  
NORTHEAST NUCLEAR ENERGY COMPANY'S  
SAFETY-CONSCIOUS WORK ENVIRONMENT AND  
EMPLOYEE CONCERNS PROGRAM  
SINCE THE RESTART OF MILLSTONE UNIT 3

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## I. INTRODUCTION

In [SECY 98-090](#), "Selected Issues Related to Recovery of Millstone Nuclear Power Station, Unit 3," dated April 24, 1998, and in a Commission meeting on May 1, 1998, the staff concluded that Northeast Nuclear Energy Company (NNECO), the licensee for Millstone, had improved its Employee Concerns Program (ECP) and had established a safety-conscious work environment (SCWE) that would support restart of Unit 3. However, the staff also anticipated that the third-party oversight by Little Harbor Consultants (LHC) must be continued for 6 months beyond restart to allow for evaluation of the licensee's performance in the ECP and SCWE areas. This report covers the period from the staff's recommendation to the Commission in [SECY 98-090](#) through November 1998. It also documents the status and the results of NRC's assessment of NNECO's efforts to sustain the improvements it made to its programs and processes for handling safety issues raised by employees and for ensuring that there is no discrimination against employees who raise safety concerns. It also contains the staff's recommendations to discontinue LHC's independent third-party oversight and to terminate the Order dated October 24, 1998.

## II. DISCUSSION

### A. BACKGROUND

On October 24, 1996, the Director of NRR issued an Order to NNECO, requiring (1) the development of a comprehensive plan for handling the Millstone Station employees' safety concerns, (2) independent third-party oversight, and (3) development of a plan by the independent third-party organization for overseeing NNECO's implementation of the comprehensive plan.

Before restart of Unit 3, the NRC staff performed the following activities to ensure effective implementation of NNECO's programs for handling safety concerns and the independent third-party oversight program (ITPOP):

- **Reviewed** the comprehensive plan for reviewing and dispositioning safety issues raised by employees of NNECO.
- **Approved** the selection of the independent third-party oversight organization to ensure that it was composed of qualified individuals who would conduct the review adequately and independently of NNECO.
- **Approved** the ITPOP plan, which was used to audit the implementation of the Millstone ECP.

In [SECY 98-090](#), the staff concluded that NNECO had sufficiently improved its ECP and established an SCWE to support restart of Unit 3. This recommendation was based on an evaluation conducted by the NRC during December 1997 and January 1998, and the observations of LHC as well as the staff's assessment of subsequent improvements made by NNECO. The Commission authorized restart on June 15, 1998, and Unit 3 was restarted in July 1998.

### B. NRC ASSESSMENT ACTIVITIES

Since May 1, 1998, the NRC staff has continued to monitor NNECO's programs and has visited the Millstone site about every 3 weeks to conduct onsite reviews of ongoing activities. In addition, the NRC staff has conducted two, week-long evaluations. The staff has continued its participation in periodic meetings involving NNECO, NRC, and LHC that are open to the public and during which the results of LHC's ongoing assessment and the status of the Millstone SCWE program and the ECP have been covered. The staff has also continued to periodically review NNECO's programs, procedures, and performance data and to evaluate the program success criteria, performance measures, and quantitative performance metrics established by NNECO.

On August 24-28, 1998, the NRC staff evaluated the Millstone ECP and the SCWE program to ascertain if the improvements that had been made in support of restart of Unit 3 had been sustained. The team found the ECP and the SCWE program had maintained the improved level of performance; however, it concluded that it needed to conduct another evaluation to monitor the following eight issues:

1. An emerging personnel issue that developed within the ECP organization during the week of its evaluation
2. Implementation of plans for, as well as the ability of, Human Resources (HR) to assume some of the ECP workload, as outlined in NNECO's Transition Plan
3. The Employee Concerns Oversight Panel's (ECOP's) new role to assess ECP's effectiveness and how some of the other ECOP functions will be incorporated within the SCWE and HR function
4. The effect on the SCWE of the transition of the site from a recovery organization to an operating organization
5. The effect on the organization's effectiveness of the recent transition to a new Vice-President of Human Services
6. The pending Millstone site-wide management reorganization
7. Plans for oversight of the SCWE to replace the role of the third-party oversight organization
8. Long-term plans for the SCWE training program that had not yet been finalized

On October 26-30, 1998, the NRC conducted another evaluation to assess NNECO's progress in these eight areas. The team determined that overall, adequate progress had been made in each of these areas. The results of the staff's last two evaluations are incorporated into the more detailed discussions of key areas that follow. In addition to a description of the staff's assessment of each of the above-mentioned eight areas, the following assessments also briefly summarize the NRC's previous assessment of the licensee's performance in these areas, which are described in more detail in [SECY 98-090](#).

### III. ASSESSMENT OF MILLSTONE'S ECP AND ITS SCWE PROGRAM

In response to the Order, NNECO initiated several programs and actions to correct the problems identified by both the NRC and its own staff. Some of the more significant actions and the staff's assessment of recent activities in these areas follow.

#### A. EMPLOYEE CONCERNS PROGRAM

As noted in [SECY 98-090](#), NNECO restructured the ECP to resolve any concern raised by an employee or by a contractor. This restructuring included three fundamental steps: intake, triage, and investigation. NNECO increased the number of people assigned to the ECP to more effectively address emerging issues and the backlog of cases that existed. In May 1998, the staff concluded that the ECP was established and functioning effectively at Millstone.

Since May 1998, the staff's observations of the ECP indicate that it has continued to improve, and the quality and thoroughness of its investigations are a particular strength. The ECP organization continues to possess the independence, resources, and management support necessary to perform thorough, unbiased investigations. The conclusions of the ECP cases were properly supported by the licensee's investigations, corrective actions were appropriate to resolve the issues, and communications with the concerned individuals were adequate. The ECP was adequately defining the issues of the concerned individuals and was protecting the identities of those individuals bringing concerns to the ECP. NNECO's program for training Millstone staff for the ECP continues to be informative and effective.

Aside from the NRC's and LHC's observations, there are other independent assessments that support the staff's conclusions. An external assessment of the ECP organization conducted by GPU Nuclear personnel was very positive. Also, the employee survey results continue to rate the ECP highly and affirm that the ECP continues to function well.

Two of the eight followup areas were associated with the ECP.

#### **Issue No. 1: Personnel issues that developed within the ECP organization**

In the August 1998 evaluation, the team noted that it was going to continue to monitor personnel issues that developed in the ECP organization during the week of its evaluation and any other issues that may emerge in the near term. During the October 1998 evaluation, the team noted that the ECP handled these issues well, including not only the issues that emerged within the ECP organization itself but also another site-wide issue involving NNECO management.

#### **Issue No. 2: Human Resources to assume some of the ECP workload**

In August 1998, the NRC staff noted that the interface between the ECP and the HR organizations continued to be effective. The two organizations worked together closely and shared information to the benefit of both. The team stated that it will continue to monitor the plans for, and the ability of, HR to assume some of the ECP workload.

In October 1998, the NRC team found the plan to have HR assume responsibility for investigating all HR-related concerns still in the early stages of development. A draft plan was developed and has received some review by management, but the transfer of most of the pertinent responsibilities is not

planned to take place until after the restart of Millstone Unit 2. Because the licensee has not significantly progressed in this area since the last evaluation, the team was unable to conclusively assess this area.

The team found some inconsistency in the level of cooperation between the HR and ECP staffs relating to the sharing of information since the previous evaluation. The ECP and the HR directors stated that they would meet to discuss the issue and to work on a long-term solution that would include developing written guidance on the type of information to be shared between the staffs. Because the transfer of responsibilities is not imminent and the ECP and the HR directors are working together to address the issues, the team believed that the licensee's actions were appropriate.

#### B. EMPLOYEE CONCERNS OVERSIGHT PANEL

The ECOP, which reports to NNECO's President/CEO-Nuclear, is composed of Millstone employees whose function is to monitor the employee workplace environment and to provide independent assessment of the ECP. The Administrator is assigned to the ECOP full-time. In SECY 98-090, the ECOP was noted to have provided some valuable insights. However, it was also noted that the ECOP had some difficulty in carving out an appropriate role. Since May 1998, the staff's observations of the ECOP indicate that it was necessary to better define ECOP's roles and responsibilities. During the August 1998 evaluation, the ECOP was determined to be functioning effectively but appeared overtaxed in its ability to perform all of its activities. Also, some documentation weaknesses were noted. Since that evaluation, NNECO determined that the ECOP would be restructured to better serve the needs of the future Millstone organization.

The ECOP is in a state of flux and will be reorganized soon. The President/CEO-Nuclear believes that, in the future, the ECOP should focus on assessing the climate of the site organization. It appears that the initial role of the ECOP was too broadly based to serve the site effectively. Although not yet finalized, one of the more valuable aspects of the ECOP (the employee surveys) will be moved to the SCWE organization and other appropriate functions will remain with the new ECOP (e.g., SCWE/ECP oversight, review of harassment cases, and focus group reports).

The ECOP focus group reports and the quarterly reports are useful products which provide management valuable insights on the work environment. The focus group reports are real-time summaries of specific, work-environment units within the organization, which allow management to be aware of and to handle problems before they escalate further, thus promoting an SCWE. Also, by virtue of providing site employees with an alternate method of resolving their concerns, the ECOP promotes an SCWE.

#### **Issue No.3: ECOP's new role**

As of August 1998, specific duties for the new ECOP were not yet formalized, but NNECO intended the new ECOP to be operational by November 1, 1998. This was one of the followup issues from the August evaluation. However, NNECO was slow to develop the new ECOP charter. It was not until November 17, 1998, that the new ECOP charter was signed. Those aspects of the ECOP which promote an SCWE are being maintained in the new charter. Also, the selection of the new ECOP chairman was recently announced.

The new ECOP Panel may not be fully in place until the end of the year. If this Panel receives full support from upper management, the new ECOP shall continue to provide site employees with an alternate method to resolve their concerns and contribute to an SCWE. The staff's observations are that NNECO has made measured progress addressing this issue and has the components in place to ensure an effective advisory panel is formed.

#### C. SAFETY-CONSCIOUS WORK ENVIRONMENT

An SCWE is an environment in which employees feel comfortable raising any issues important to them without fear of retaliation or discrimination. NNECO formed an official SCWE organization with a full-time staff. The group was responsible for coordinating SCWE activities for NNECO. The group consisted of about 15 people, including an SCWE Issue Manager, a Director of the ECP, and a Director of Nuclear Human Resources, all reporting to the Vice President of Human Services. With the pending reorganization, many of the SCWE functions will be retained, although they may be located elsewhere within the new organization. The various activities NNECO has performed to foster an SCWE include the following:

1. SCWE staffing and organizational support
2. Management surveys
3. Identification and resolution of focus (problem) areas
4. Lessons learned reviews
5. Self-assessment
6. Executive review board
7. Site response to LHC recommendations
8. SCWE training

Since May 1998, the staff's observations of the SCWE indicate that it has continued to improve. Management has shown it is willing and capable of immediately becoming involved to resolve problems and concerns as they arise indicating that the programs in place are working. Management has handled SCWE-related perturbations, promptly and decisively at all levels of the organization. Although SCWE-related programs and the management itself continue to evolve and mature, an SCWE has made substantial progress in becoming firmly established into the Millstone consciousness.

The remaining five followup issues are associated with SCWE-related activities.

#### **Issue No. 4: SCWE Long-Range Plan**

Since May 1, 1998, NNECO has been implementing its SCWE long-range plan; however, it has been slow in its transition from a recovery organization to an operating organization. The licensee's long-term vision of the work environment emphasizes, among other things, the following:

- Leadership that is strong and continually improving

- Establishment of clear standards for performance and accountability
- A healthy SCWE in which all employees feel comfortable that any issues they raise will be addressed with commitment, respect, and timeliness
- An ECP that is effective, continually improving, and held in high regard by employees
- A work force that is motivated, respectful, and takes pride in personal, team, and organizational accomplishments

The long-range plan states that the licensee will maintain the current structure of the SCWE organization through restart of the Millstone units. NNECO had previously committed in the March 31 submittal that "[t]he Human Services organization will be maintained as currently structured until Unit 2 is restarted. Any change to the SCWE area will be based on performance." Based on progress to date, and the upcoming site restructuring, Human Services will be restructured based on performance and assessment as part of the strategic organizational realignment at Millstone. Self-assessment will be used to verify that performance expectations are being met. The objectives, measures, and targets to assess performance are stated in the SCWE segment of the plan, along with specific action items to support each objective. These action plans are assigned to specific individuals and are given specific target dates for completion. Each action item is also tracked in the Action Item Tracking and Trending System (AITTS).

#### **Issue No. 5: The New Vice-President of Human Services**

Since May 1998, the individual assigned to the position of the Vice-President of Human Services has changed. In August 1998, the Vice-President of Human Services was reassigned to the position of Vice-President of Engineering Services, the position he was originally hired for in 1997. The team believes that he had been effective and instrumental in ensuring that the SCWE staff remained focused on improving the safety culture at Millstone. In August 1998, the NRC noted that it was going to continue to monitor the SCWE program for any signs of degradation as a result of this management change. In October 1998, the staff noted little, if any, change. The team interviewed the new Vice-President of Human

Services in both August and October 1998 and found that he has extensive experience in the nuclear industry and has an excellent attitude regarding maintaining an SCWE. He indicated that he intends to devote much time to meeting the staff and learning their concerns firsthand. He believes that one of his highest priorities is to unify the site in those areas that can be unified and to minimize the "silo" effect resulting from each of the three units operating as independent entities rather than as a unified site. He believes that these goals will improve the SCWE. He also indicated that the site must strive for organizational stability as soon as possible because the current instability and uncertainties are not healthy or conducive to good employee morale and raise the potential for SCWE problems. On the basis of LHC's and the NRC's observations, the new Vice-President has made a good effort to pursue his vision of an SCWE and is a positive addition to the SCWE organization at Millstone.

#### **Issue No. 6: The Pending Millstone Site-Wide Management Reorganization**

In August 1998, the team became aware of the pending management reorganization. The team noted that a lot of thought has been given to the pending reorganization and that NNECO had acquired professional assistance in formulating its reorganization plan. The staff indicated that the potential for substantial organizational stress existed and that it would continue to monitor the reorganization activities. Since August, NNECO solicited comments from its employees on the proposed reorganization and made some substantive changes in response to the concerns that were raised. NNECO has devoted much effort to this reorganization to minimize potential problems and to apply lessons learned from previous reorganization efforts to improve the proposed reorganization process. Currently, the reorganization has taken place only at the Director's level. Efforts to staff the Manager level positions are ongoing.

In August, the team commented that no communication concerning the reorganization occurred between management and the employees. Subsequently, the team has observed that NNECO has effectively communicated the status of the reorganization to its employees through various means, including a web page.

#### **Issue No. 7: Plans for Oversight of the SCWE to Replace the Role of the Third-Party Oversight Organization**

One long-term issue directly related to the SCWE that had not yet been resolved during the staff's August evaluation was oversight of the SCWE organization after LHC departs. During the team's August and October evaluations, NNECO had not finalized its plans on how this oversight would be accomplished. The Recovery Officer for Nuclear Oversight told the team that this issue had priority and that he intended to resolve it as soon as possible. Following its October site visit, NNECO provided the team its SCWE assessment plan which describes the activities that will be executed by organizations both internal and external to NNECO. In addition to a number of internal oversight and assessment activities, NNECO also plans periodic third-party assessments. The team reviewed this Plan and found it adequate. The Plan is comprehensive and broad in scope. However, the Plan could be improved in describing areas of responsibility and methods of assessment.

#### **Issue No. 8: Long-Term Plans for the SCWE Training Program**

The team found that during the August evaluation, NNECO had plans for revising its long-term SCWE training program based on lessons-learned reviews. This included programs such as the SCWE refresher training for supervisors and managers and SCWE continuing training. Since that evaluation, the licensee introduced a "quick start" process, which ensures that new supervisors and new managers receive initial SCWE training within a short time of being selected for a supervisory position. In October 1998, the staff found that long-term plans for the SCWE training program had been developed. An SCWE refresher training class was scheduled to begin at the end of the first quarter in 1999. NNECO was already tracking recommendations to improve current training and to develop continuing training. The SCWE training program continues to be a key element in fostering a SCWE.

### **IV. CLOSING OF THE ORDER REQUIRING THIRD-PARTY OVERSIGHT**

The actions required by the Order of October 24, 1996, which were to be accomplished before the restart of any Millstone units, have been completed. NNECO developed, submitted for NRC review, and implemented a comprehensive plan for reviewing and dispositioning safety issues raised by its employees and ensuring that employees who raise safety concerns are not subject to discrimination. NNECO proposed for NRC's approval an

independent third-party organization, LHC, to oversee implementation of NNECO's comprehensive plan. LHC submitted for NRC's approval its plan to oversee NNECO's implementation of its comprehensive plan. As specified in the Order, third-party oversight will continue until NNECO demonstrates by its performance that the conditions that led to the requirement for that oversight have been corrected to the satisfaction of the NRC.

On the basis of the review of documentation, NRC team evaluations, and, in some instances, monitoring of LHC activities, the NRC staff concludes that NNECO improved the ECP and the SCWE at Millstone. Employee surveys and interviews indicate that the overwhelming majority of employees are willing to raise concerns, and of those who have used the ECP, a strong majority stated that they would use the program again. These attitudes were verified not only by the licensee through various surveys and questionnaires at its disposal, but by LHC as well.

On the basis of the review of documentation, monitoring of NNECO activities, NRC team evaluations, and LHC findings, the NRC staff concludes that NNECO's ECP and SCWE are established and functioning effectively at Millstone. Employee concerns are prioritized on the basis of safety significance, identities are protected, case resolution is timely, and there is appropriate followup on the adequacy of corrective actions. Further, significant improvements have been made in the training provided to employees and contractors regarding the SCWE and the ECP. In addition, NNECO has established effective supplemental measures (e.g., the Executive Review Board, focus area plans, and leadership surveys) that support the maintenance of an SCWE. The staff also concludes that NNECO has developed adequate plans for monitoring the site's safety environment, addressing problems as they arise, and applying necessary resources to support the ECP and the SCWE program.

Additionally, the key performance indicators used by NNECO to track its performance have shown no evidence of backsliding. Some of the key performance indicators include the ECP backlog, the number of harassment, intimidation, retaliation, and discrimination (HIRD) cases, the number of allegations received by the NRC, and the timeliness of ECP investigations.

Management has shown it is willing and capable of immediately becoming involved to resolve problems and concerns as they arise. There continues to be issues raised through the ECP, but relatively few allegations to the NRC. Those issues that do arise are typically lacking in safety significance and support the observation that the programs in place are working. Further evidence of this progress is the fact that LHC has stated that although it is still involved in assisting the licensee in responding to and resolving concerns, it functions only in an advisory capacity. LHC has already substantially reduced its involvement in site issues.

Nevertheless, there is still some fragility in the various programs that make up an SCWE. Given the potential problems that could arise from any number of areas, such as the impending reorganization and recent managerial changes the staff believes that future inspections or evaluations of the Millstone SCWE would be beneficial, as well as the independent, third-party audits contained in NNECO's long-range oversight plans.

The staff concludes that NNECO's programs for handling safety issues raised by employees and in ensuring that the employees who raise safety concerns are not discriminated against have significantly improved. The staff finds that as required by the NRC's Order of October 24, 1996, NNECO has demonstrated by its performance that the conditions that led to the requirement for oversight have been corrected to the satisfaction of the NRC. Therefore, the staff believes that independent, third-party oversight is no longer needed and recommends that the Order be closed.