

February 23, 2000

Mr. Stephen E. Scace, Director
Nuclear Oversight and Regulatory Affairs
c/o Mr. D. A. Smith, Manager - Regulatory Affairs
Northeast Nuclear Energy Company (NNECO)
P.O. Box 128
Waterford, CT 06385

SUBJECT: NRC 40001 INSPECTION 05000336/00002; 05000423/00002

Dear Mr. Scace:

This letter transmits the results of an NRC inspection of programs and processes to resolve employee concerns and to evaluate the safety conscious work environment at Millstone. This inspection was performed onsite from January 10 to January 14, January 31 - February 4, and February 16 to February 17, 2000, using NRC Inspection Procedure 40001, "Resolution of Employee Concerns." We communicated the preliminary results of this inspection at an exit meeting conducted on January 14, 2000, and during a public meeting with the Connecticut Nuclear Energy Advisory Council (NEAC) on February 17, 2000. The inspection report appears in Enclosure 1 while the slides used during the NEAC meeting appear in Enclosure 2.

The inspectors observed a generally healthy safety conscious work environment at Millstone. You have appropriate programs and processes established to address employee concerns, and to monitor and evaluate the safety conscious work environment. Specifically, the Employee Concerns Program department, the Safety Conscious Work Environment department, and the Employee Concerns Oversight Panel were effective in performing these duties. The inspectors noted that overall performance has been maintained since the NRC's last inspection of this area in October 1999.

In accordance with 10 CFR 2.790 of the NRC's "Rules of Practice," a copy of this letter and the enclosures will be placed in the NRC Public Document Room (PDR).

Sincerely,

/RA/

James C. Linville, Director
Millstone Inspection Directorate

Docket Nos. 05000336; 05000423
License Nos. DPR-65; NPR-49

Mr. Stephen E. Scace

2

Enclosures: 1) Inspection Report No. 05000336/00002; 05000423/00002
2) Slides Used During NEAC Meeting on February 17, 2000

cc w/encls:

B. D. Kenyon, President and Chief Executive Officer - NNECO

R. P. Necci, Vice President - Nuclear Technical Services

L. J. Olivier, Senior Vice President and Chief Nuclear Officer - Millstone

M. H. Brothers, Vice President - Nuclear Operations

F. C. Rothen, Vice President - Nuclear Work Services

J. T. Carlin, Vice President - Human Services - Nuclear

G. D. Hicks, Director - Nuclear Training Services

C. J. Schwarz, Station Director

D. A. Smith, Manager - Regulatory Affairs

L. M. Cuoco, Senior Nuclear Counsel

J. R. Egan, Esquire

N. Burton, Esquire

V. Juliano, Waterford Library

J. Buckingham, Department of Public Utility Control

State of Connecticut SLO Designee

First Selectmen, Town of Waterford

D. Katz, Citizens Awareness Network (CAN)

T. Concannon, Co-Chair, NEAC

R. Bassilakis, CAN

J. M. Block, Attorney, CAN

G. Winslow, Citizens Regulatory Commission (CRC)

E. Woollacott, Co-Chair, NEAC

Mr. Stephen E. Scace

3

Distribution w/encls:

Region I Docket Room (with concurrences)

Nuclear Safety Information Center (NSIC)

PUBLIC

NRC Resident Inspector

H. Miller, RA, RI

J. Wiggins, DRA, RI

J. Linville, RI

D. Lew, RI

R. Urban, RI

K. Jenison, RI

M. Opredek, DRP

D. Screnci, PAO

Distribution w/encls <VIA E-MAIL>:

E. Adensam, NRR

J. Clifford, NRR

V. Nerses, PM, NRR

T. Madden, OCA

W. Scott, NRR

J. Shea, OEDO

J. Zimmerman, PM, NRR

Inspection Program Branch, NRR <IPAS>

DOCDESK

DOCUMENT NAME: G:\Branch6\00-02u23.wpd

To receive a copy of this document, indicate in the box: "C" = Copy without attachment/enclosure "E" = Copy with attachment/enclosure "N" = No copy

OFFICE	ORA/MID		ORA/MID				
NAME	RUrban		JLinville				
DATE	02/22/00		02/23/00				

OFFICIAL RECORD COPY

U. S. NUCLEAR REGULATORY COMMISSION
REGION I

Docket Nos. 05000336; 05000423

License Nos. DPR-65; NPF-49

Report No. 05000336/00002; 05000423/00002

Licensee: Northeast Nuclear Energy Company (NNECO)

Facility: Millstone Units 2 & 3

Dates: January 10 - January 14, 2000
January 31 - February 4, 2000
February 15 - February 17, 2000

Inspectors: R. Urban, Sr. Project Engineer, Millstone Inspection Directorate, Region I
J. Cummins, Contractor

Approved By: James C. Linville, Director
Millstone Inspection Directorate

EXECUTIVE SUMMARY

Millstone Units 2 & 3
NRC Inspection Report 05000336/00002; 05000423/00002

During the weeks of January 10 - January 14, and January 31 - February 4, 2000, an NRC inspection assessed the effectiveness of programs and processes to resolve employee concerns and to evaluate the safety conscious work environment at Millstone using Inspection Procedure 40001, "Resolution of Employee Concerns." The preliminary inspection results were provided at an exit meeting conducted on January 14, 2000.

The Employee Concerns Program (ECP) department was adequately staffed and was effective in handling employee concerns. Generally, key performance indicators (KPIs) showed positive trends in performance in the ECP area. One KPI of interest that showed a negative trend, the average age of cases under investigation, increased to 43 days. Even though this KPI was still within the licensee's goal of 45 days, the licensee stated that they would remain diligent to keep this KPI within goal. The ECP department continued to perform thorough investigations. The ECP department was adequately defining the concerned individuals' issues, communications with the concerned individuals were acceptable and the ECP department was properly protecting identities. The quality of the ECP case files was high, and most files showed good investigative work, logical analysis, and sound conclusions. Some minor administrative deficiencies with corrective actions were found in two case files that were subsequently corrected by the licensee. Corrective actions to issues raised in the previous NRC inspection in October 1999 were effective.

The Safety Conscious Work Environment (SCWE) department has a number of effective assessment tools to monitor and evaluate the safety conscious work environment at Millstone. The SCWE department proactively responded to challenges to a safety conscious work environment. Site employees felt comfortable raising safety concerns and they believed that corrective actions were generally taken in a timely manner with satisfactory results achieved. SCWE case files were comprehensive, well maintained and contained good corrective action plans. The Employee Concerns Oversight Panel was effective in providing oversight of the safety conscious work environment. The "People Team" effectively focused on emerging issues and coordinated follow-up actions. The Executive Review Board process was thorough and functioned as designed to ensure upcoming personnel actions were appropriate, and not the result of harassment, intimidation, retaliation or discrimination. Nuclear Oversight initiated safety conscious work environment oversight activities, which will be conducted by personnel from the Independent Safety Engineering Group. The NRC also agreed with themes expressed by the licensee, both verbally and in reports, that upcoming changes such as the reorganization, downsizing, and the plant auction must be well managed and communicated to the workforce to minimize their impact on the safety conscious work environment at Millstone.

Little Harbor Consultants (LHC), the contractor hired by the licensee to periodically audit this area concluded that a safety conscious work environment continues to exist at Millstone. The intensity of the challenges facing the management and workforce of Millstone is not going to diminish in the foreseeable future. Enhanced management communications with the workforce is absolutely essential to success at Millstone, including maintenance of the safety conscious work environment.

The NRC's findings and LHC's findings were very similar. Both organizations noted that upcoming challenges must be well managed and communicated to the workforce to minimize their impact on the safety conscious work environment at Millstone.

TABLE OF CONTENTS

EXECUTIVE SUMMARY ii

TABLE OF CONTENTS iv

1.0 BACKGROUND 1

2.0 EMPLOYEE CONCERNS AND SAFETY CONSCIOUS WORK ENVIRONMENT 1

 2.1 Employee Concerns 2

 2.2 Safety Conscious Work Environment 4

3.0 THIRD PARTY ASSESSMENT 9

4.0 NRC FINDINGS VS. LITTLE HARBOR CONSULTANTS (LHC) FINDINGS 10

LIST OF ACRONYMS USED 11

1.0 BACKGROUND

From October 24, 1996, until March 11, 1999, the licensee was under an NRC Order to develop, implement and maintain a comprehensive plan for handling Millstone employee safety concerns. In addition, the Order required independent third party oversight of the employee concerns program and safety conscious work environment, which was provided by Little Harbor Consultants (LHC).

To address the licensee's progress, the NRC performed three team evaluations of this area in December/January 1997, August 1998, and October 1998. After the NRC and LHC determined that the licensee had made adequate progress in restoring a safety conscious work environment at Millstone, the Order was closed.

An NRC Staff Requirements Memorandum response dated May 25, 1999, required the NRC to continue to monitor and assess the employee concerns and safety conscious work environment areas at Millstone using regional initiative inspection procedure 40001. These inspections would coincide with quarterly, third-party assessments by LHC. The first NRC 40001 inspection was conducted as part of a 40500 Team Inspection at Millstone Unit 3 in June 1999, and the results were documented in NRC Inspection Report 05000423/99007, dated August 27, 1999. The second NRC 40001 inspection was conducted in October 1999, and the results were documented in NRC Inspection Report 05000336/99011; 05000423/99011, dated October 27, 1999.

2.0 EMPLOYEE CONCERNS AND SAFETY CONSCIOUS WORK ENVIRONMENT

The licensee has various departments to identify and resolve employee concerns, and to monitor and assess the safety conscious work environment at Millstone. Two key departments that fulfill these objectives are the Employee Concerns Program (ECP) department and the Safety Conscious Work Environment (SCWE) department, which are part of the Human Services organization. Another key contributor in this area is the Employee Concerns Oversight Panel (ECOP), an independent group that reports directly to the Senior Vice President & Chief Nuclear Officer - Millstone. The Independent Safety Engineering Group, within Nuclear Oversight (NO), also monitors the safety conscious work environment at Millstone.

Although the licensee stresses the preferred avenue for concern resolution is through immediate supervision, the ECP department provides a supplemental or alternative path for the receipt and resolution of employee concerns. The SCWE department provides direct and concentrated support for the Millstone station in its effort to enhance the quality of the work environment. The ECOP independently assesses and monitors the Millstone station employee workplace and the effectiveness of the licensee in facilitating a safety conscious work environment. The NO organization monitors safety conscious work environment attributes by direct observations of activities, interviews or document reviews.

2.1 Employee Concerns

a. Inspection Scope

The inspector evaluated the ECP department to determine whether it was adequately staffed and was effective in handling employee concerns. The inspector reviewed organization charts, interviewed ECP department managers and staff, and reviewed several monthly ECP reports. The inspector also reviewed ECP case files received between October 1 and December 31, 1999, to determine if the concerns were appropriately classified, and whether potential nuclear safety issues and harassment, intimidation, retaliation and discrimination (HIRD) issues were effectively addressed and resolved.

b. Observations and Findings

ECP Department Staffing and Performance

The ECP department was managed by the Director - Employee Concerns Program, who reported directly to the Vice President - Human Services. Two managers, the Manager of ECP Investigations and the Manager of ECP Programs, reported to the Director. Within the investigations section were eight licensee investigators. Since the previous NRC 40001 inspection in October 1999, the inspector noted that only one ECP investigator was on a rotational assignment, and the contract investigators were replaced with licensee employees. Within the programs section were two individuals who were responsible for entering, tracking and verifying completion of corrective actions, and developing and tracking key performance indicators (KPIs).

The inspector examined KPIs recently published in the September, October and November 1999 ECP Monthly Reports, including draft KPIs for December 1999. One KPI, the average number of concerns received per month from September 1999 through December 1999 decreased substantially (12) as compared to the first eight months of 1999 (20). Generally, about two-thirds of the concerns received involved human relations and management-type issues, with the rest involving HIRD issues. In comparison, the number of allegations received by the NRC during the first eight months of 1999 was 18, but only 4 were received during the last four months of 1999. Although the number of HIRD cases received by the NRC in Fiscal Year 1999 (11) as compared to Fiscal Year 1998 (7) increased, this trend was not considered significant because several concerns could be considered duplicative while another was four years old.

Two other KPIs of interest, the backlog of cases under investigation decreased to eight, and the number of open corrective actions from ECP investigations decreased to 25, both positive trends. Extra effort devoted to completing and verifying corrective actions led to a large number of case files being closed (103) during the last three months of 1999. However, possibly as a result of focusing resources on specific areas, another KPI of interest, the average age of cases under investigation increased to 43 days, a negative trend. The inspector did note that this KPI was still within the licensee's goal of 45 days.

As noted during the NRC's previous inspection in October 1999, the licensee was training an individual to become an ECP investigator to help reduce the backlog of cases under investigation, and site management attention was warranted to address the increasing backlog of ECP corrective actions. Apparently, actions taken by the licensee were effective as reflected by the KPIs.

ECP Case Files

The inspector reviewed a database description of all concerns received (35) by the ECP department from November through December 1999. Generally, the concerns were accurately described and appropriately classified by the ECP department as nuclear safety significant or potential HIRD issues.

Of the 35 concerns received, the inspector reviewed 7 case files. These case files were in various stages of completion (Investigation Complete or Resolved). The inspector determined that all the files were maintained in an officially designated secure location accessible only to ECP investigators and staff, or other authorized individuals. All concerns were formally documented in sufficient detail, and if appropriate, had well-designed plans for an investigation. The concerned individual could request confidentiality, if wanted. The concerns were screened and prioritized based on their significance. A formal acknowledgment letter of the receipt of the concern, including specific details, was sent to the concerned individual. Interim status was provided to concerned individuals on a regular basis. Records of pertinent conversations, interviews and meetings were included in the files. The inspector found that the quality of the case files remained high. Most files showed good investigative work, logical analysis, and sound conclusions.

With respect to two related case files (837 & 840), the inspector found some inconsistencies with the corrective actions in the files. Although the ECP investigator's report for case file 840 noted eleven corrective actions (5 completed, 6 planned), the corrective action section in the file failed to contain all the proper documentation needed to justify that the five corrective actions were complete. In addition, although the corrective actions for case file 837 were the same, there was no reference to any of the five completed corrective actions in the file. The licensee subsequently corrected these administrative deficiencies in both of the files. Also of note were communication difficulties encountered during the debrief between the ECP investigator and the concerned individual while discussing the results and the corrective actions from case file 837. The licensee was in the process of addressing this concern at the close of the inspection.

As noted during the NRC's previous inspection in October 1999, problems with 2 case files were noted. For case file 754, a questionable analysis was used to determine that a chilling effect did not exist. In a January 11, 2000 memorandum in the file, the licensee reassessed their conclusion. Based on interviews with the concerned individual and other personnel in the department, they all indicated that they felt free to raise concerns to their supervision. The inspector agreed that there now was adequate justification in the file to support the licensee's conclusion that there was no chilling effect. Also for case file 791, it was subject to an eight-week delay before a HIRD investigation was started. Although no elements of HIRD were subsequently found, the

licensee instituted some corrective actions to the ECP Processing Manual (Change 2 to Revision 4) to prevent future, similar delays in initiating HIRD investigations.

c. Conclusions

The inspector found that the ECP department was adequately staffed and was effective in handling employee concerns. Generally, KPIs showed positive trends in performance in the ECP area. One KPI of interest that showed a negative trend, the average age of cases under investigation, increased to 43 days. Even though this KPI was still within the licensee's goal of 45 days, the licensee stated that they would remain diligent to keep this KPI within goal. The inspector concluded that the ECP department continued to perform thorough investigations. The ECP department was adequately defining the concerned individuals' issues, communications with the concerned individuals were acceptable and the ECP department was properly protecting identities. The quality of the ECP case files was high, and most files showed good investigative work, logical analysis, and sound conclusions. Some minor administrative deficiencies with corrective actions were found in two case files that were subsequently corrected by the licensee. Corrective actions to issues raised in the previous NRC inspection in October 1999 were effective.

2.2 Safety Conscious Work Environment

a. Inspection Scope

The inspectors evaluated various plans and processes used by the licensee to monitor, assess and coordinate safety conscious work environment activities at Millstone. Areas reviewed included the SCWE department, the state of the safety conscious work environment through employee interviews, the People Team, the Executive Review Board (ERB), the Employee Concerns Oversight Panel (ECOP), and Nuclear Oversight (NO). The inspectors reviewed various procedures, the Safety Conscious Work Environment Assessment Plan and Handbook, SCWE department Case Files, survey results, and departmental reports. The inspectors also attended meetings and interviewed licensee managers and staff.

b. Observations and Findings

SCWE Department Activities

The SCWE Assessment Plan delineates a number of assessment tools to be used to monitor and assess the safety conscious work environment at Millstone. The use of multiple tools, some of which are discussed below, is intended to provide both oversight and early detection of precursors that could challenge a safety conscious work environment.

The inspector reviewed the Core Group Workplace Survey Report - Third Quarter 1999. This survey was administered in October 1999 to a core group of 80 people distributed throughout Millstone. Participation of the core group in this survey has declined from 75% in the first quarter of 1999 to 50% in the third quarter of 1999. As a result of

declining survey participation and scores, the licensee decided to delay issuance of the report and gather additional information that would provide a more comprehensive picture of the health of the Millstone workplace. The additional information was gathered primarily through two focus group sessions with the core group. The cumulative data from the survey scores and focus groups showed that there was a positive safety culture at Millstone. However, the data also indicated some decline in morale, personal sense of value, confidence in co-workers, and trust in management, all fueled by a changing environment and uncertainties that lie ahead (i.e., reorganization, downsizing and plant auction). These negative feelings were compounded by a perceived lack of an inclusive change management strategy and less than adequate communications. Two actions recommended in the report were to proactively build and nurture the relationship between the workforce and first line supervision, and to develop and utilize an integrated change management strategy that is inclusive and emphasizes the value of the individual. Although the workplace survey was administered in October 1999, the report was not issued until January 14, 2000. While recognizing the need to evaluate declining survey participation and scores, the inspector felt that the licensee should have issued these survey results in a more timely manner to promote earlier problem identification.

In December 1999, the licensee administered a Millstone Culture Study to all Millstone employees and contractors. As noted during the October 1999 inspection, this was a newly developed survey specifically designed to address Millstone's vision, mission and goals. The inspector reviewed a preliminary analysis of the results from this survey and discussed the results with licensee personnel. The preliminary results were based on responses from approximately 1126 people (a 41% response rate). Responses to twelve specific questions in the survey were used to judge the general health of the safety conscious work environment at Millstone, as had been the past practice for four culture surveys done in 1997 and 1998. Although the answers to these twelve questions were slightly more negative than they had been in 1997 and 1998, the licensee stated that these preliminary results validated the continued existence of a safety conscious work environment at Millstone. The preliminary analysis attributed the slight decline in the survey results to several significant changes pending at Millstone, including a reorganization, downsizing and plant auction. The preliminary analysis stated that management needed to continue to emphasize and improve change management and communications. Since this survey is new, the licensee is evaluating how to most effectively use the results from the Millstone Culture Study. On February 2, 2000, the inspector attended a meeting at which the preliminary results of the culture survey were presented to Millstone managers.

Another tool used by the SCWE department to evaluate the safety conscious work environment was a daily review of condition reports (CRs). The SCWE department evaluated the information in the CRs, and if warranted, got involved in resolving any challenges to a safety conscious work environment. The inspector considered this to be an effective tool and indicated that the SCWE department was proactive when challenges to the safety conscious work environment were identified.

On a quarterly basis, the SCWE department provided a written report discussing the health of the workplace environment. The inspector reviewed the SCWE Quarterly Assessment Report - Third Quarter 1999. The report concluded that the safety

conscious work environment was being maintained. No examples of workers being reluctant to voice negative opinions in order not to be seen as a non-team player were identified. There was evidence that a safety conscious work environment was ingrained and that it was essentially free of HIRD. One indicator of this observation was that the majority of issues being raised revolved around traditional management matters. Another indicator was the decline in the number of issues being brought to non-line departments such as ECP and SCWE for resolution. However, a recent work schedule change was not well communicated prior to the change, which did not instill confidence in the workforce that management can effectively communicate and manage change. The report concluded that management's effectiveness in managing changes, and communicating with the workforce will be the primary challenge to the work environment and employee morale.

Site Employee Interviews

As part of the NRC's 40500 Corrective Action Team Inspection conducted at Millstone between January 31 and February 4, 2000, team members used a standard set of questions to interview 22 site employees about raising safety concerns. Based on this survey, the employees indicated that they felt comfortable raising safety concerns and would generally write a condition report or notify their supervisor. Most of the employees interviewed had raised safety concerns in the past, and stated that their concerns were entered into an appropriate process for corrective action, and they were involved in or were kept informed of the corrective actions. Corrective actions were generally taken in a timely manner and the results were satisfactory, although some concerns had to be escalated to upper management for resolution and some concerns have been open for a long period of time.

SCWE Case Files

The purpose of the SCWE case process is to ensure significant challenges to a safety conscious work environment are identified, documented, and resolved. The SCWE Case Process Guideline has established criteria for opening a SCWE case file, which appeared to be conservatively applied. The inspector reviewed all of the open SCWE case files, including four that were closed. All were developed and implemented in accordance with the SCWE Case Process Guideline. They were comprehensive, well maintained, and contained good action plans designed to improve the safety conscious work environment in the affected area. Approximately 80% of the SCWE case files reviewed were initiated from culture survey results and leadership assessment results. The number of open SCWE case files has decreased by approximately 20% since November 1999.

During the NRC's previous inspection in October 1999, discrepancies were identified in the documentation and tracking of actions and assessment activities in the SCWE case files. As a result, the licensee conducted SCWE department self-assessment 99-4 to review SCWE case files for discrepancies and to evaluate the effectiveness of the SCWE case process. The findings from the self-assessment were tracked and closed via a condition report.

Employee Concerns Oversight Panel (ECOP)

One of ECOP's primary functions was to monitor the health of the Millstone workplace environment. The ECOP also monitored and assessed the activities, performance and effectiveness of the ECP department, the Human Relations department, and the SCWE department. The ECOP Charter was recently revised to reflect that the Manager - ECOP now reported to the Senior Vice President & Chief Nuclear Officer - Millstone, instead of to the President & Chief Executive Officer - Northeast Nuclear Energy Company. The ECOP consisted of a manager, two non-exempt employees, and two exempt employees.

The inspector reviewed the ECOP quarterly report from the third quarter of 1999. The report, which provided insights and recommendations to the Senior Vice President & Chief Nuclear Officer, was comprehensive and provided an overview of many SCWE-related activities at Millstone. Based on a review of this ECOP report and on discussions with ECOP personnel, the inspector determined that ECOP was satisfied that a safety conscious work environment existed and was being maintained at Millstone.

People Team

The People Team, led by the Vice President - Human Services, and consisting of directors and managers from SCWE, ECP, ECOP, Human Relations, and the Legal Department, met daily to discuss and coordinate safety conscious work environment activities. Daily People Team meetings were effective in discussing emerging issues and coordinating follow-up actions. The inspector attended two People Team meetings and noted good discussion of various emerging issues. Some examples of note were a canceled job posting, receipt of NRC choice letters for a predecisional enforcement conference, and use of overtime during the upcoming Unit 2 outage. Open issues were being tracked in a database and were discussed at least weekly.

Executive Review Board

The inspector reviewed the ERB Charter, Revision 12, dated December 12, 1999. Revision 12 was a major rewrite of the ERB Charter and involved extensive formatting changes. Some key changes were: provided guidance on conflict of interest cases; defined the interface with the Legal Department; defined exclusions to the ERB process; modified and expanded screening attributes; and provided a form to record ERB actions. The inspector determined that Revision 12 improved the ERB process.

The inspector attended two ERB meetings. At both meetings, each case for personnel action was presented and the ERB members asked questions to clarify specifics before a decision was made. The inspector determined that the ERB functioned in accordance with its Charter and actions decided by the ERB were appropriate for the circumstances.

As noted during the NRC's previous inspection in October 1999, a number of recommendations from a self-assessment for improving and streamlining the ERB process had not yet been entered into the Action Item Tracking and Trending System (AITTS). The recommendations were subsequently entered in AITTS, which led to improvements in the ERB process noted above.

Nuclear Oversight (NO)

Revision 3 of the SCWE Assessment Plan, Section 4.1, "Nuclear Oversight," stated that the Nuclear Oversight Verification Plan will verify that the eighteen safety conscious work environment attributes are demonstrated throughout Millstone by direct observations, interviews or document reviews. NO has taken the following actions to monitor the safety conscious work environment. The Independent Safety Engineering Group (ISEG) was assigned responsibility for overseeing and monitoring safety conscious work environment activities. ISEG personnel attended safety conscious work environment training to enhance their assessment capability. ISEG conducted an assessment of safety conscious work environment data documented in NO Field Observations (FOs) that were written between July through October 1999. ISEG concluded that no evidence of an adverse work environment was identified. In addition to the field observations noted above, ISEG was conducting a self-assessment of the NO organization to determine how well NO was maintaining and nurturing the values of a safety conscious work environment. The self-assessment was ongoing at the time of this inspection and no results were available. The licensee stated that in the future, NO findings in the safety conscious work environment area will be documented in quarterly Nuclear Oversight Performance Summary Reports.

c. Conclusions

The inspectors concluded that the SCWE department has a number of effective assessment tools to monitor and evaluate the safety conscious work environment at Millstone. The SCWE department proactively responded to challenges to a safety conscious work environment. Site employees felt comfortable raising safety concerns and believed that corrective actions were generally taken in a timely manner with satisfactory results achieved. SCWE case files were comprehensive, well maintained and contained good corrective plans. The ECOP was effective in providing oversight of the safety conscious work environment. The "People Team" effectively focused on emerging issues and coordinated follow-up actions. The ERB process was thorough and functioned as designed to ensure upcoming personnel actions were appropriate, and not the result of harassment, intimidation, retaliation or discrimination. NO initiated safety conscious work environment oversight activities, which will be conducted by personnel from the ISEG. The inspectors also agreed with themes expressed by the licensee, both verbally and in reports, that upcoming changes such as the reorganization, downsizing, and the plant auction must be well managed and communicated to the workforce to minimize their impact on the safety conscious work environment at Millstone.

3.0 THIRD PARTY ASSESSMENT

a. Inspection Scope

The inspector reviewed Little Harbor Consultants' (LHC) plan to assess the safety conscious work environment at Millstone from January 3 through January 14, 2000. The inspector interacted with members of the LHC assessment team. The inspector attended LHC's debrief with licensee management on January 14, 2000, and reviewed LHC's assessment report dated February 15, 2000.

b. Observations and Findings

The purpose of LHC's assessment was to evaluate the existence of a safety conscious work environment at Millstone. LHC conducted its assessment through interviews, observations, and document reviews. LHC interviewed individuals from all levels of management and across the workforce, and attended numerous meetings, including ECP staff meetings, People Team meetings, and ERB meetings.

For the first time since LHC has been evaluating the ECP department at Millstone, there were no programmatic findings or observations. The quality of the ECP investigations improved, and the ECP case files were more detailed. Excellent analytical work was done on some very difficult cases. However, LHC noted poor documentation of corrective actions in an ECP case file, and those corrective actions were not well communicated by the ECP investigator to the concerned individual during the debriefing. This caused the concerned individual to be dissatisfied with the outcome of the investigation. LHC also found that the ECOP continued to develop into a very effective and responsible oversight activity, identifying issues and reviewing ECP case files and activities in a proactive manner.

LHC interviewed over 80 site employees. All interviewees stated that if they had a nuclear safety concern, they would raise it through one of the avenues available to them. However, there were a number of site employees who expressed frustration about managements' response to other types of employee concerns such as pay, working hours, feedback to suggestions and business activities. The bulk of these concerns came from the Maintenance organization. LHC concluded that licensee management needs to be vigilant about providing timely and effective responses to these types of employee issues.

Responses to the December 1999 Millstone Culture Study indicated a decline in the employees' view of managements' communication effectiveness. LHC concluded that the Culture Study results were consistent with their observation that there is a need to improve timely communication between management and the workforce.

c. Conclusions

LHC concluded that a safety conscious work environment continues to exist at Millstone. The intensity of the challenges facing the management and workforce of Millstone is not going to diminish in the foreseeable future. Enhanced management communications with the workforce is absolutely essential to success at Millstone, including maintenance of the safety conscious work environment.

4.0 NRC FINDINGS VS. LITTLE HARBOR CONSULTANTS (LHC) FINDINGS

The NRC's findings and LHC's findings were very similar. Both noted that licensee performance was maintained in most areas since the previous assessment in October 1999. The quality of ECP case files was high, although both organizations noted some problems with the documentation and communication of the corrective actions to the

concerned individual. Although LHC noted that individuals from the Maintenance organization voiced concerns over non-safety related issues, both LHC and the NRC found that all individuals interviewed would raise nuclear safety concerns if necessary. Both organizations also noted that upcoming challenges must be well managed and communicated to minimize their impact on the safety conscious work environment at Millstone.

LIST OF ACRONYMS USED

AITTS	Action Item Tracking and Trending System
CFR	Code of Federal Regulations
CR	Condition Report
ECOP	Employee Concerns Oversight Panel
ECP	Employee Concerns Program
ERB	Executive Review Board
HIRD	Harassment, Intimidation, Retaliation and Discrimination
ISEG	Independent Safety Engineering Group
KPI	Key Performance Indicator
LHC	Little Harbor Consultants
NNECO	Northeast Nuclear Energy Company
NO	Nuclear Oversight
NRC	Nuclear Regulatory Commission
SCWE	Safety Conscious Work Environment

MILLSTONE STATION

**EMPLOYEE CONCERNS
AND
SAFETY CONSCIOUS WORK ENVIRONMENT INSPECTION**

PRELIMINARY CONCLUSIONS

- **A GENERALLY HEALTHY SAFETY CONSCIOUS WORK ENVIRONMENT HAS BEEN MAINTAINED AT MILLSTONE**
- **OVERALL PERFORMANCE HAS BEEN MAINTAINED SINCE THE NRC'S PREVIOUS INSPECTION IN OCTOBER 1999**

EMPLOYEE CONCERNS

- **EMPLOYEE CONCERNS INVESTIGATION CASE FILES GENERALLY SHOWED GOOD INVESTIGATIVE WORK, LOGICAL ANALYSIS, AND SOUND CONCLUSIONS**
- **SEVERAL KEY PERFORMANCE INDICATORS HAVE IMPROVED**
- **CORRECTIVE ACTIONS TAKEN IN RESPONSE TO PREVIOUS NRC ISSUES RAISED IN OCTOBER 1999 WERE EFFECTIVE**

SAFETY CONSCIOUS WORK ENVIRONMENT

- **CASE FILES FOR IDENTIFIED PROBLEM AREAS WERE COMPREHENSIVE, WELL MAINTAINED AND CONTAINED GOOD CORRECTIVE ACTION PLANS**
- **THE SAFETY CONSCIOUS WORK ENVIRONMENT DEPARTMENT WAS PROACTIVE WHEN PROBLEM AREAS WERE IDENTIFIED**
- **SITE EMPLOYEES FELT COMFORTABLE RAISING SAFETY CONCERNS**
- **THE EMPLOYEE CONCERNS OVERSIGHT PANEL CONTINUES TO EFFECTIVELY MONITOR THE SAFETY CONSCIOUS WORK ENVIRONMENT**
- **DAILY PEOPLE TEAM MEETINGS WERE EFFECTIVE IN DISCUSSING EMERGING ISSUES AND COORDINATING REQUIRED ACTIONS**

SAFETY CONSCIOUS WORK ENVIRONMENT (CONT.)

- **THE EXECUTIVE REVIEW BOARD WAS EFFECTIVE IN REVIEWING PERSONNEL DISCIPLINARY ACTIONS TO ENSURE THESE ACTIONS WERE APPROPRIATE**

FUTURE ISSUES

- **ALTHOUGH THE LICENSEE HAS EFFECTIVELY HANDLED PREVIOUS CHANGES AT MILLSTONE, FUTURE PLANNED CHANGES REQUIRE CONTINUED MANAGEMENT ATTENTION TO MINIMIZE IMPACTS ON THE SAFETY CONSCIOUS WORK ENVIRONMENT**