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The Northeast Utilities System

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Docket Nos. 50-245

50-336

50-423

B18006

U.S. Nuclear Regulatory Commission  
Attention: Document Control Desk  
Washington, DC 20555

**Millstone Nuclear Power Station, Unit Nos. 1, 2, and 3  
Submittal of October 1999 and January 2000 Little Harbor Consultants  
Assessment of the Millstone Safety Conscious Work Environment**

In a Northeast Nuclear Energy Company (NNECO) letter dated March 2, 1999,<sup>(1)</sup> we outlined our plans to continue to retain the services of Little Harbor Consultants (LHC) Inc. following closure of the NRC Order<sup>(2)</sup> on independent oversight of the Millstone employee concerns program and safety conscious work environment (SCWE). Specifically, we indicated that LHC would be performing quarterly assessments of the Millstone SCWE during the one year period following closure of the Order. Additionally, we stated that the LHC assessment reports would be made available to the NRC and the public. Included as Attachment 1 is the LHC assessment report for the assessment performed October 4 to October 8, 1999, and January 3 to January 14, 2000. NNECO is taking appropriate actions to address the observations in the report.

There are no regulatory commitments contained within this letter.


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- (1) NNECO Letter B17679, "Scope of Services of Little Harbor Consultants, Inc. Following Closure of the October 24, 1996, NRC Order," dated March 2, 1999.
  - (2) NRC Order, dated October 24, 1996, Requiring Independent, Third-Party Oversight of NNECO's Implementation of Resolution of the Millstone Station Employees' Safety Concerns Issues. The Order was lifted on March 11, 1999.

*Public per  
G. Carline  
A001*

If there are any questions on the information provided in this letter, please contact Mr. John T. Carlin at (860) 437-5938.

Very truly yours,

NORTHEAST NUCLEAR ENERGY COMPANY

  
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Stephen E. Scace  
Director - Nuclear Oversight and  
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Attachment (1)

cc: H. J. Miller, Region I Administrator  
L. L. Wheeler, NRC Project Manager, Millstone Unit No. 1  
D. P. Beaulieu, Senior Resident Inspector, Millstone Unit No. 2  
J. I. Zimmerman, NRC Project Manager, Millstone Unit No. 2  
A. C. Cerne, Senior Resident Inspector, Millstone Unit No. 3  
V. Nerses, NRC Senior Project Manager, Millstone Unit No. 3  
P. C. Cataldo, NRC Inspector  
R. J. Urban, Millstone Inspections Directorate

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**Attachment 1**

**Millstone Nuclear Power Station, Unit Nos. 1, 2, and 3**

**October 1999 Interim Little Harbor Consultants Assessment of the Millstone  
Safety Conscious Work Environment**

**February 2000**

**Little Harbor Consultants, Inc. (LHC)**  
**Assessment of Millstone Safety Conscious Work Environment (SCWE)**  
**Performed October 4-8, 1999 and January 3-14, 2000**

**I. Background**

This is the second, in-depth assessment of the safety conscious work environment at the Millstone site performed by Little Harbor Consultants, Inc. (LHC) since the October, 1996 Nuclear Regulatory Commission (NRC) Order concerning the work environment was lifted in the spring of 1999. These assessments are being performed at the request of NNECo management as part of their efforts to continue to improve the safety conscious work environment at Millstone.

LHC based its assessment on the four Millstone strategic objectives that apply to the existence of a safety conscious work environment as the principal focus of our activities. The objectives set by NNECo and accepted by the NRC are that the company will:

- Establish and maintain high confidence that employees are willing to raise concerns.
- Establish and maintain high confidence that management is effective in evaluating, prioritizing, and resolving employee issues.
- Establish and maintain high confidence that the Millstone Employee Concerns Program (ECP) is continuously improving and effective in addressing issues raised by employees that are not resolved satisfactorily by other means within the organization.
- Establish and maintain high confidence that line management is effective in identifying, investigating and resolving areas of concern and 10 CFR 50.7 related events, where the attributes of a SCWE are challenged or lacking.

LHC also provided Millstone management with advice on the handling and resolution of a number of issues that were observed during our assessment, and has included in this report much of the advice provided about areas of concentration for future activities.

**II. Methodology**

LHC conducted its assessment through interviews, observations and document reviews. The primary mode of gaining information was to interview individuals from all levels of management and across the workforce. We spoke directly with over 80 people, 41 of

whom requested the opportunity to speak with us, the remainder at our request. We attended numerous meetings during the three weeks of on-site activity, paying special attention to how management and the work force interacted. Examples include station leadership team meetings, ECP staff meetings, People Team meetings, Executive Review Board (ERB) meetings, Station Alignment Team (SAT) meetings, and the first Human Resources "In Touch" sessions.

In addition to observing and attending meetings, LHC reviewed the following items during the two site visits:

- Nineteen ECP files associated with 40 investigations completed since our last visit. These files included all those containing HIRD allegations and all of the potential 10CFR50.7 allegations;
- The revised ECP manual, incorporating program enhancements and revised guidelines;
- All ECP user responses and evaluations received since the October visit;
- All ECP monthly reports;
- New communications tools being used by the ECP, including an Operational Effectiveness bulletin containing a write-up of events elsewhere and lessons to be learned for Millstone employees, and a modified monthly report now sent to directors and managers;
- The latest ECP self-assessments performed by ECP staff and outside reviewers;
- The Normalization Strategy designed to assimilate extraordinary SCWE related measures;
- The Oversight organization SCWE action plan;
- Station performance indicators;
- SCWE quarterly reports and other documentation;
- ECOP 3<sup>rd</sup> and 4<sup>th</sup> Quarter reports;
- Culture Survey results from December, 1999, as they related to the safety conscious work environment.

In addition, LHC interviewed employees who used the ECP program and indicated dissatisfaction with the results of investigations, reviewed progress or activity taken to address previous observations, discussed ongoing activities at Millstone with other consultants and observers, and reviewed the handling of various incidents and events that have occurred at Millstone over the past quarter.

### **III. Observations and Responses**

The observations made during the assessment have been organized under the strategic objectives which are most relevant to the observations. In some cases issues could fall under more than one objective, but have not been repeated.

**Strategic Objective: Establish and maintain high confidence that employees are willing to raise concerns.**

*Nuclear Safety Concerns:*

Every individual with whom we spoke was asked at some point during their interview that if they had a nuclear safety concern, would they raise it by one of the avenues available to them. All employees voiced a willingness to raise concerns that impacted nuclear safety to one or more avenues. One individual indicated an unwillingness to raise a nuclear safety concern to his management, but indicated he would raise any such concern to either the ECP or the NRC.

*Non-Nuclear Safety Concerns:*

While there has been no change in the willingness of employees to raise nuclear safety concerns to resolution, there were a number of individuals from the workforce who expressed frustration about managements' response to other types of employee concerns and issues.

These employees described disappointment, and varying degrees of frustration, about not receiving acknowledgment or feedback to suggestions (even when solicited by management), complaints or disagreement with how their particular area of the business activity was being managed. In one department, there was a strong resentment that their ideas were being ignored and that many changes were being made without any consideration of the impact on personal lives. In other cases, change was being imposed in the name of efficiency when, in their view, there was just the opposite effect in the field, but management was not listening. A number of individuals were so frustrated that they were no longer willing to raise such concerns to their management because they had no confidence that anything would be done about them. There was significant input concerning pay and working hours policy. The bulk of this input came from the maintenance organization, although this was not the exclusive source.

Several employees reported specific examples of difficulty in pursuing matters of concern to them. In each instance LHC pursued the matter, with the permission of the involved employees, to reach a determination of cause of the conflict. It is LHC's observation that, once identified, NNECo management provided appropriate follow up in these cases, either resolving the issue to the satisfaction of the employee or handling the issue in an appropriate manner.

It has been LHC's observation that NNECo needs to continue to be vigilant about providing timely and effective responses to all employee issues, to communicate the handling and resolution of issues to the concerned employee and/or the workforce, and to

maintain the standards it set during recovery on this measure.

*Harassment, Intimidation, Retaliation and Discrimination issues:*

For the first time since the initiation of LHC's work at Millstone, no employee cited "fear of retaliation" as a reason for raising a concern to the ECP or LHC. This is a significant advancement for Millstone. This is made even more significant by the fact that there were two instances reported to LHC of harassment/retaliation by a new manager, but the issues were immediately objected to by employees, identified as inappropriate by peers of the manager, raised to the ECP, investigated in a timely manner, and appropriate actions taken to mitigate and resolve the events.

**Strategic Objective: Establish and maintain high confidence that management is effective in evaluating, prioritizing and resolving employee issues.**

Our assessment in the summer of 1999 observed a lack of timely feedback to employees on issues and concerns, a degraded Human Resources presence in responding to HR issues, and a growing lack of confidence in management of people related issues. These issues were not nuclear safety related concerns, but management, work planning, human resource and personnel issues resulting largely from the reorganization and realignment of the station. NNECo management responded to LHC's observations by restoring the People Team process to its previous format of handling emerging issues and monitoring people related events. In addition, the HR organization was changed and a renewed focus on customer service initiated within the organization. The Station Alignment Team meeting has added a standing item on their agenda which addresses Employee/People Issues. Recently, management has initiated "In Touch" sessions with small groups of employees which we observed to be very good at addressing the topics considered. It is also hoped that these sessions will be effective in communicating with the larger population as the content is discussed among the workforce.

While these processes have improved since summer of 1999, management did not do an adequate job of anticipating or preventing the issues in the maintenance organization from developing to the point of requiring significant intervention. While management was aware of the issues, and often working to resolve the matters, there had been ineffective communications about these actions to the workforce. A similar situation was identified in other cases, i.e., the issues had been resolved, or there was an explanation regarding the response that was reasonable and appropriate, but had not been communicated to the employee.

LHC did not attempt to determine the reason for each of these incidents, but notes that there are many new managers across the site with a lack of experience in addressing employee issues and applying the principles of management established during recovery. While these managers are being provided additional training, coaching and mentoring,

some situations are not being anticipated and prevented as they may have in the past. As a result of this situation, there remains a “wait and see” attitude among some members of the workforce about whether the new management team is effective in evaluating, prioritizing and resolving employee issues.

Executive management has been very clear in its expectations and has reinforced those expectations over the past two months with renewed initiatives, including the “Imagine 21” program being provided to all employees and their families. It will be critical that implementation and accountability of these expectations result in better communications to concerned employees on all matters that affect their lives, and specifically in response to any expressed concerns.

**Strategic Objective: Establish and maintain high confidence that the Millstone Employee Concerns Program (ECP) is continuously improving and effective in addressing issues raised by employees that are not resolved satisfactorily by other means within the organization.**

For the first time since Little Harbor has been evaluating the Employee Concerns Program at Millstone, there are no programmatic findings or observations. The enhanced program guidelines are very good, the quality of the investigations has improved, and case files are more detailed. There was some excellent analytical work done on several very difficult cases. The program continues to grow and mature, as does the experience and capability of the investigators.

With respect to the staff, the ECP is now entirely NNECo employees. The morale of the staff is high, and LHC observed very good rapport between the investigative staff and ECP management.

LHC observed two areas that need attention and enhancement to assure continued growth toward normalization:

- The ECP-HR working relationship to address allegations that are essentially issues of poor management, poor communications of management prerogative or personality conflicts.
- Better verification or documentation of corrective actions.

Little Harbor is continuing to review and seek answers to questions concerning the handling of an NRC referred case. This case had particularly poor documentation in the file with respect to the corrective action, which was also not well communicated by the ECP investigator to the concerned individual at the debriefing. The poor debriefing and lack of careful attention to the roll out of the corrective action has resulted in a very dissatisfied concerned individual. This has, in turn, led to additional investigations,



regulatory scrutiny, and undermined the original investigation. It is our view that the ECP Director should have given the case debriefing in this case regardless of other obligations, that the ECP file should have had absolutely clear, indisputable, and verifiable information about the corrective actions. Additionally, the roll-out of the corrective actions to the organization should have been reviewed ahead of time by the ECP Director and/or others to insure that it was completely accurate. All of these mistakes could have and should have been avoided. However, these mistakes in the communication of the results of the investigation, do not undermine the quality of the underlying investigation which was thorough, well documented, fully investigated and analytically sound in its conclusion.

It should be noted that the role of the Employee Concerns Oversight Panel (ECOP) continues to develop into a very effective and responsible oversight activity, identifying issues and reviewing ECP files and activities in a proactive manner. Both the quarterly reports reviewed during this assessment were excellent reports, expressing responsible and candid observations to management of the issues it reviewed. Management should continue to utilize and rely upon the ECOP observations as indicators of a safety conscious work environment.

**Strategic Objective: Establish and maintain high confidence that line management is effective in identifying, investigating and resolving areas of concerns and 10CFR50.7 related events, where the attributes of a SCWE are challenged or lacking.**

Some employees who had previous, high profile dissatisfaction with the company or organization report excellent progress and are quite pleased with the current leadership and how they are handling issues. Good use has recently been made of leadership assessment to assist in growth training and development of managers in at least one department. Similar use of the leadership tools should be made in other departments.

There is a concern about the timing of implementing the training and behavioral expectations for new managers. Every day that passes without this training is a day of unnecessary risk of unintended error that could have been avoided had the training been timely.

One event that occurred during the past quarter is notable. A supervisor new to Millstone delivered a series of messages to his organization that some believed were intimidating and inappropriate. His peers identified and objected to the behavior, and an employee raised the issue with the ECP and the NRC. The issue was investigated, substantiated in relevant part, and appropriate corrective action was taken with the supervisor. While the initiating event is disappointing, it is clear that the organization itself did not tolerate inappropriate management behavior and vigorously pursued its resolution.

In addition to the specific events discussed, there were a number of SCWE related questions in the December, 1999, Millstone Culture Study that LHC reviewed. The answers to some of these questions indicated that those responding did not rate management as well as they had in previous studies. Specifically there was a decline in the respondents view of management's communication and clarification of decisions, management being held accountable for handling of responses to safety concerns, promptness of dealing with a safety concern and efficient follow-up of a safety concern. These Culture Study results are consistent with our earlier observations that there is a need to improve timely communication between management and the workforce. Management should assure themselves that the corrective measures taken to address our earlier concerns regarding communication weaknesses are also effective in reversing the response decline noted above.

The biggest challenge facing Millstone management over the next year will be the successful transition of the responsibility for identifying, anticipating, preventing and/or mitigating events from the extraordinary resources, i.e., the People Team and ERB processes, back to line management. LHC has reviewed several versions of a transition plan, which continues to improve, but has not yet been finalized to reflect success attributes and performance indicators for completion of this critical activity.

#### **IV Conclusions**

The intensity of the challenges facing the management and workforce at Millstone is not going to diminish in the foreseeable future. The challenges are complex and the time frames in which they must be met are compressed when compared to those at other nuclear sites in this country. Effective and constant communication is essential. The recent initiatives management has undertaken to enhance communication with the workforce and within its own ranks appear to us to be absolutely essential to success at Millstone and maintenance of the safety conscious work environment.

It should be recognized that management has had in place a strategy which is dedicated to employee involvement in the process changes which Millstone must make to increase their probability of success in the competitive electricity market in New England. This strategy involves the formation of teams which draw on the experience within the workforce for ideas as to how improvement can be achieved in the processes used to do work at Millstone.

As this report is being written, management is taking additional, significant steps, both organizationally and functionally, to address the issue of employee involvement in the formulation of strategy and tactics needed to assure achievement of the goals set for the year 2000 and beyond at Millstone. These steps are being taken because management believes that without the timely and creative input from all employees, the probability of

success is severely diminished. These changes in the philosophy of management from a “command and control” environment to a “participative and inclusive” environment are fundamental, and require new ways of thinking and behaving by all employees and managers. More is expected of employees, who are now being utilized in the development of the best ways to manage and operate Millstone. More is expected of managers as coaches and mentors of their employees. The inclusion of the Imagine 21 empowerment training and additional tools and resources to strengthen employee leadership is upgrading the quality of leadership at all levels of the organization, both formal and informal.

It is clear that not all organizations are incorporating these changes at the same pace or with the same degree of enthusiasm. Millstone executive management has not done as good a job as it should in helping all managers make a successful transition and has permitted issues to develop that could have been avoided.

LHC will continue to monitor these changes, and actions, to ensure that the goal of a safety conscious work environment in which employees feel free to raise nuclear safety concerns without fear of reprisal does not get lost or overshadowed. In addition, LHC will continue to pay close attention to the ECP program, the HR services, the transition of the People Team processes to line management and HR, and the training and development of leadership and communication skills. These observations will include close observation of the reorganization of the maintenance department and handling of the ongoing issues in that department, the response to employee issues and the functioning of the corrective action program during the outage, and the transition of the Safety Conscious Work Environment processes to the HR and ECOP organizations, the development of the HR department customer oriented services, and the continued activities of the ECP under a new management team.