



UNITED STATES  
NUCLEAR REGULATORY COMMISSION

REGION IV  
1600 EAST LAMAR BOULEVARD  
ARLINGTON, TEXAS 76011-4511

September 9, 2020

EA-17-132  
EA-17-153

Mr. Pierre Paul Oneid, Senior Vice President  
and Chief Nuclear Officer  
Holtec International  
Krishna P. Singh Technology Campus  
1 Holtec Blvd.  
Camden, NJ 08104

Ms. Pamela B. Cowan, Senior Vice President  
and Chief Nuclear Officer  
Holtec Decommissioning International, LLC  
Krishna P. Singh Technology Campus  
1 Holtec Blvd.  
Camden, NJ 08104

SUBJECT: WITHDRAWAL OF PILGRIM NUCLEAR POWER STATION FROM THE  
REQUIREMENTS OF CONFIRMATORY ORDER EA-17-132 and EA-17-153

Dear Mr. Oneid and Ms. Cowan:

This letter documents the U.S. Nuclear Regulatory Commission (NRC) staff's response to the Holtec Decommissioning International, LLC (HDI) request to withdraw the Pilgrim Nuclear Power Station (Pilgrim) from the requirements of Confirmatory Order (Order) EA-17-132 and EA-17-153. As described in the enclosure to this letter, the NRC staff determined that HDI demonstrated good cause in its request to withdraw Pilgrim from the requirements of the Order. Therefore, the NRC is withdrawing Pilgrim from the requirements of Order EA-17-132 and EA-17-153.

On March 12, 2018, the NRC issued Order EA-17-132 and EA-17-153 to Entergy Operations, Inc., and Entergy Nuclear Operations, Inc. (collectively "Entergy"), available in the NRC Public Document Room and from the NRC's Agencywide Documents Access and Management System (ADAMS) Accession No. ML18072A191. The Order was issued following a successful alternative dispute resolution mediation session resulting in a settlement agreement related to apparent violations that occurred at the Grand Gulf Nuclear Station involving: (1) an examination proctor who deliberately compromised examinations by providing inappropriate assistance to trainees; and (2) non-licensed operators who deliberately failed to tour all required areas of their watch station and deliberately entered inaccurate information into the operator logs. The Order confirmed the commitments made by Entergy as part of the settlement agreement and was issued to all power reactor licensees owned and operated by Entergy, which at that time included Pilgrim.

Subsequently, by Order Approving Direct and Indirect Transfer of License and Conforming Amendment dated August 22, 2019 (ADAMS Accession No. ML19170A265), the NRC staff provided consent to the transfer of Pilgrim's license to HDI and Holtec International. On August 26, 2019, Entergy Nuclear Operations, Inc. informed the NRC that the transaction closed on that same day (ADAMS Accession No. ML19239A037). On August 27, 2019, the staff issued a conforming amendment to HDI and Holtec International to reflect the license transfer (ADAMS Accession No. ML19235A050).

As noted in Section V of the Order, the agreement is a modification of the license and is binding upon successors and assigns of Entergy. Therefore, as the licensed operator for Pilgrim decommissioning, HDI is required to comply with the Order and may request relaxation, withdrawal, or rescission with a demonstration of good cause. Such a request should provide, in sufficient detail, justification for how acceptable levels of quality and safety will be maintained and why the underlying purpose of the order is no longer necessary at Pilgrim.

By letter dated April 29, 2020, HDI requested Pilgrim be withdrawn from the requirements of the Order (ADAMS Accession No. ML20120A036). In the request letter, HDI provided justification for how acceptable levels of quality and safety would be maintained and why the underlying purpose of the Order is no longer necessary at Pilgrim. On July 27, 2020, following a July 14, 2020, teleconference to discuss the request, HDI made available supplemental information to demonstrate good cause in its request to withdraw the Order.

The NRC Enforcement Manual, Part I, Section 2.7.8 (ADAMS Accession No. ML19274C228), provides criteria that the staff should consider when assessing whether to withdraw an order. The NRC staff used these criteria and determined that HDI demonstrated good cause in its request to withdraw Pilgrim from the requirements of the Order.

In accordance with 10 CFR 2.390 of the NRC's "Agency Rules of Practice and Procedure," a copy of this letter, its enclosure, and your response, if you choose to submit one, will be made available electronically for public inspection in the NRC Public Document Room and in the NRC's ADAMS accessible from the Web site at <http://www.nrc.gov/reading-rm/adams.html>.

If you have any questions regarding this matter, you may contact Mr. Jeremy Groom of my staff at 817-200-1182.

Sincerely,

Scott A. Morris  
Regional Administrator

Docket No. 05000293  
License No. DPR-35

Enclosure: as stated

WITHDRAWAL OF PILGRIM NUCLEAR POWER STATION FROM THE REQUIREMENTS OF CONFIRMATORY ORDER EA-17-132 and EA-17-153 – DATED SEPTEMBER 9, 2020

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EVALUATION OF REQUEST TO WITHDRAW  
CONFIRMATORY ORDER EA-17-132 AND EA-17-153  
FOR THE PILGRIM NUCLEAR POWER STATION

The U.S. Nuclear Regulatory Commission (NRC) staff reviewed the Holtec Decommissioning International, LLC (HDI) April 29, 2020, request to withdraw the Pilgrim Nuclear Power Station (Pilgrim) from the requirements of Confirmatory Order (Order) EA-17-132 and EA-17-153. Following a July 14, 2020, teleconference to discuss the request, on July 27, 2020, HDI made available supplemental information to demonstrate good cause in its request to withdraw Pilgrim from the requirements of the Order.

As noted in Section V of the Order, the agreement is a modification of the license and is binding upon successors and assigns of Entergy. Therefore, as the licensed operator for Pilgrim decommissioning, HDI is required to comply with the Order and may request relaxation, withdrawal, or rescission with a demonstration of good cause. Such a request should provide, in sufficient detail, justification for how acceptable levels of quality and safety will be maintained and why the underlying purpose of the Order is no longer necessary at Pilgrim. The Order also states that the Regional Administrator, Region IV, may relax or rescind any of the Order conditions upon demonstration of good cause.

In reviewing HDI's request, the NRC staff noted that the purpose of the Order was to promote a strong nuclear safety culture at Entergy sites and deter individual instances of willful misconduct. The Order included several conditions that were comprised of one-time or discrete actions. However, the Order included the following conditions still applicable to Pilgrim:

- Order Condition B (in part): Starting in 2020, [HDI] will conduct annual training emphasizing its intolerance of willful misconduct.
- Order Condition D: [HDI] will identify specific criteria necessary to perform annual effectiveness reviews of the corrective actions. The annual effectiveness reviews will include insights from fleet and individual site performance. [HDI] will perform annual effectiveness reviews for 3 years. [HDI] will modify its corrective actions, as needed, based on the results of the annual effectiveness reviews.
- Order Condition H: A second organizational health survey will be conducted within 18 months of completion of the survey in Element G.
- Order Condition K: By December 31 of each calendar year from 2018 through 2020, [HDI] will provide in writing to the appropriate Regional Administrators a summary of the actions implemented across the fleet as a result of this Order and the results of any effectiveness reviews performed.
- Order Condition L: Upon completion, [HDI] will submit in writing to the Region IV Regional Administrator its basis for concluding that the terms of the Order have been completed.

The NRC staff developed the following conclusions regarding HDI's April 29, 2020, request using applicable criteria found in the NRC Enforcement Manual, Section 2.7.8.

1. *Acceptable level of quality and safety.* In its April 29, 2020, request to the NRC, HDI stated that the basis to withdraw the Order was, in part, that Pilgrim had entered the post zirconium fire spent fuel pool configuration which represents a period of lower overall risk for the station. The request also included references to measures in place to ensure acceptable levels of quality and safety including: (1) excerpts from the HDI Corporate Governance and Ethics Manual (CD-07), which provides expectations for integrity and ethics; (2) institutionalized discussions involving safety culture; and (3) confirmation of audit schedules that help ensure that appropriate levels of quality are maintained.

Regarding Order Conditions B, D and H, the NRC staff reviewed HDI's April 29, 2020, request letter to independently determine if acceptable levels of quality and safety would be maintained if Pilgrim was withdrawn from the requirements of Order EA-17-132 and EA-17-153. In reviewing the licensee's request, the NRC staff found that the HDI CD-07 manual provides appropriate guidance regarding integrity including expectations that staff actions are based on "absolute honesty and uncompromising ethics." The CD-07 manual also includes a "read and acknowledgment" document for HDI craftsman and their supervisors. In response to questions presented by the NRC during a July 27, 2020, teleconference, HDI made available its 2020 Corporate Governance Training which included references to the CD-07 manual demonstrating that the guidance on integrity and ethics is actively promoted by HDI management.

HDI also made available relevant portions of the Pilgrim Generic Plant Access Training that includes a dedicated slide reminding staff of the importance of not engaging in willful misconduct. The training includes the definition of willful misconduct with examples of behaviors that would be construed as wrongdoing. The training also includes appropriate warnings regarding the possible sanctions that could be imposed on individuals for engaging in willful misconduct. Further, the NRC determined that the licensee institutionalized discussions involving safety culture into daily staff meetings with specific modules on integrity along with other safety culture topics which are rotated on a monthly basis. To demonstrate the effectiveness of the aforementioned training and safety culture discussions, HDI made available to the NRC staff, the results of an employee survey that showed a high level of understanding of the NRC's deliberate misconduct rule.

The NRC determined that the guidance provided by HDI that included the Corporate Governance and Ethics Manual combined with the general employee training on willful misconduct included in the Pilgrim Generic Plant Access Training provides near equivalent levels of quality and safety when compared to an annual training assignment required by Order Condition B. The NRC staff determined that the frequency of training and safety culture discussions, including modules on integrity, coupled with a robust audit program, provide reasonable assurance of the effectiveness of the licensee's processes for deterring deliberate misconduct and eliminate the need for Order Conditions D and H to ensure appropriate levels of quality and safety.

The NRC determined that the administrative reporting requirements (Order Conditions K and L) were included to aid the NRC in understanding the completion status of the various conditions included in the Order and are therefore no longer necessary to maintain acceptable levels of quality and safety.

Based on the above, the NRC staff concluded that HDI implements adequate programmatic and oversight controls to deter deliberate misconduct which in turn

provides an acceptable level of quality and safety such that Order EA-17-132 and EA-17-153 is unnecessary for Pilgrim.

2. *Temporary relief.* The NRC staff determined that this criteria from the Enforcement Manual is not applicable to HDI's April 29, 2020, request as HDI is not seeking temporary relief.
3. *Subsequent rulemaking.* The NRC staff determined that this criteria from the Enforcement Manual is not applicable to HDI's April 29, 2020, request as the Order has not been rendered unnecessary by subsequent rulemaking.
4. *Underlying purpose.* The underlying purpose of the Order was to ensure compliance with the NRC's regulations regarding deliberate misconduct, with additional actions to assess the effectiveness of corrective actions and assess the overall safety culture at Pilgrim. Measures to stress compliance with NRC requirements were included in Order Condition B, such as annual training emphasizing the licensee's intolerance of willful misconduct. Order Condition D included requirements to assess the effectiveness of the site's corrective actions in addressing deliberate misconduct. Order Condition H required an Organizational Health Survey to assess the safety culture at the site. Additional Order Conditions (Conditions K and L) contained administrative reporting requirements to provide the NRC an annual update and a final notification that the terms of the Order have been completed.

As described in Item 1 above, the NRC staff determined that HDI's April 29, 2020, request included alternative proposals that will maintain an acceptable level of quality and safety to deter individual instances of deliberate misconduct.

Therefore, the NRC staff determined that the underlying purpose of Order EA-17-132 and EA-17-153 would continue to be met using the alternative proposals provided by HDI at Pilgrim.

5. *Material circumstance change.* The original intent in issuing the Order was to promote a strong nuclear safety culture within the Entergy Fleet to deter individual instances of willful misconduct. The NRC determined that a material circumstance change associated with a transfer in ownership from Entergy to HDI warrants consideration of the request to withdraw Pilgrim from the requirements of the Order because the station is no longer associated with the Entergy Fleet. Further, the NRC staff determined that Pilgrim's permanent cessation of operations and transition to the post zirconium fire period as of March 31, 2020, represented a material circumstance change that lowers the overall risk profile for the station that warrants consideration on whether the Order continues to be necessary for HDI's Pilgrim site.

The NRC staff determined that because HDI maintains appropriate measures to deter deliberate misconduct that will maintain acceptable levels of quality and safety as discussed in Item 1 above, the Order is unnecessary for HDI's Pilgrim site.

In conclusion, the NRC staff determined that HDI demonstrated good cause in its request to withdraw Pilgrim from the requirements of the Order. Therefore, the NRC is withdrawing Pilgrim from the requirements of Order EA-17-132 and EA-17-153.