

The Light company

Houston Lighting & Power South Texas Project Electric Generating Station P. O. Box 289 Wadsworth, Texas 77483

May 21, 1993
ST-HL-AE-4466
File No.: G03.17
10CFR2
10CFR50.7

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

Attention: Mr. James L. Milhoan
Regional Administrator, Region IV

South Texas Project
Units 1 and 2

Docket Nos. STN 50-498; STN 50-499

Response to NRC Concerns Regarding Alleged Discrimination
Against Individual for Engaging in Protected Activity (93-ERA-2)

- References: 1. Letter from James L. Milhoan to William T. Cottle
dated April 22, 1993
2. HL&P's letter ST-HL-AE-4186 dated August 21, 1992

Dear Mr. Milhoan:

In the letter referenced above, the NRC requested HL&P provide,
within 30 days, a response which:

1. Provides the basis for the action regarding this individual and includes a copy of any investigation reports HL&P has regarding the circumstances of the actions; and
2. Describes the actions, if any, taken or planned to assure that this matter does not have a chilling effect in discouraging other licensee or contractor employees from raising perceived safety concerns.

With regard to Item 1, HL&P disagrees with the DOL conclusion and has appealed the Area Director's decision. The case is pending before a U.S. Department of Labor (DOL) Administrative Law judge, and is scheduled for hearing this fall.

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The allegations contained in the Case 93-ERA-02 complaint have been investigated by the South Texas Project SPEAKOUT program. The SPEAKOUT investigation did not substantiate the assertion that the employee was subjected to adverse action in retaliation for engaging in protected activity. However, the investigation report recommended the Integrated Planning and Scheduling (IPS) Department managers reconsider the disciplinary action taken against the individual in light of an apparent miscommunication between managers, and that IPS managers receive additional training on supervisory skills, the Company's Constructive Discipline Program and resolution of conflict situations. The SPEAKOUT recommendations have been implemented; recommended training was conducted or has been scheduled and the disciplinary action was reviewed and found to have been appropriate. A copy of the SPEAKOUT investigation report is attached (Attachment 1). Please note is not normal HL&P policy to provide these reports outside the company; however, in this instance I felt it was appropriate in order to ensure a full understanding of the circumstances of this matter.

Pursuant to 10 CFR 2.790, HL&P requests that Attachment 1 to this letter be withheld from public disclosure because it contains information provided in confidence during interviews with employees, and personnel information the disclosure of which would constitute an unwarranted invasion of personal privacy. The basis for withholding this information is more fully set forth in the attached affidavit.

With regard to Item 2, HL&P has taken a number of actions to assure that employees are aware of the importance of reporting safety concerns, the availability of various formal and informal methods for reporting to HL&P and NRC, and HL&P's strict prohibition against any retaliation for raising concerns. These actions were undertaken to assure that there is a free flow of safety information at STP, although they were not in response to this matter.

In a letter dated August 21, 1992 (Reference 2), Mr. Donald Hall described some of the many measures that HL&P had taken to encourage STP employees to report safety concerns to HL&P or the NRC. Since that time, HL&P has continued to review the efforts described in that letter and identified and implemented further actions described below to provide increased assurance that HL&P and contractor employees are not discouraged from raising safety concerns.

Management expectations, clearly described in Nuclear Group Policies and Station Work Practices, stress that employees are encouraged to identify concerns and, indeed, that each employee has an affirmative obligation to bring perceived safety concerns to the attention of responsible parties. This policy is discussed in the initial General Employee Training (GET) received by each employee and available for review during annual GET requalification. In addition to GET, since August 1991 new employees have received HL&P Employee Orientation, which includes a presentation by a company officer on "Professionalism and Standards of Performance," describing expectations regarding problem reporting. These presentations discuss the alternate methods available to station personnel for reporting problems, including bringing problems to the attention of SPEAKOUT or to the attention of the Nuclear Regulatory Commission. Employees are told that whichever method of reporting they choose, HL&P management expects them to ensure that their concerns are brought to the attention of someone in a position to see that they are addressed appropriately.

HL&P initiated the SPEAKOUT¹ Program in 1984 to provide an alternate mechanism for STP employees and contractors who, for any reason, were reluctant to utilize normal problem reporting systems for reporting safety concerns. SPEAKOUT has been well received by STP personnel who have utilized the program to make reports resulting in over two thousand investigations.

While the frequent use of SPEAKOUT is a strong indication of its long term effectiveness in encouraging employees to identify their concerns, HL&P reviewed the number of employee SPEAKOUT contacts per month to determine if the program continues to be effective. As Attachment 2 shows, the number of contacts made with SPEAKOUT has not decreased since this matter arose.

While SPEAKOUT has had a prolonged record of effective performance, HL&P has continued its efforts to enhance the program. Recent examples have included:

- To facilitate the reporting of perceived safety concerns and provide an additional assurance of anonymity, HL&P installed fourteen SPEAKOUT Concern Deposit Boxes at various on-site locations in March 1993.
- On March 1, 1993, the SPEAKOUT offices were relocated to make them more readily accessible to employees.

¹Program was originally implemented as the SAFETEAM Program.

Since April 1991, HL&P has posted summaries of selected SPEAKOUT concerns describing investigation results and corrective actions. The summaries each express appreciation for the interest in Project enhancement demonstrated by the reporting of the concern to SPEAKOUT.

In April 1993, HL&P sponsored the development of a training seminar on "Nuclear Management Practices to Encourage the Free Flow of Nuclear Safety Information and Assure Employee Protection." The seminar, conducted by Human Resources personnel, an expert on human behavior, and nuclear regulatory attorneys, explains the importance of encouraging employees to raise safety concerns and being responsive to those concerns. In addition to explaining the legal requirements and providing practical suggestions on how to interact with employees regarding their safety concerns, the training includes role-playing of employee-supervisor interactions to stimulate discussion and awareness. The seminar is being presented to current supervisors and managers. One of the four sessions conducted in April was videotaped for possible use as manager training for individuals who may be unable to attend a scheduled seminar. A copy of the videotape is being transmitted to NRC Region IV under separate cover for NRC's review. Approximately half of the STP managers and supervisors participated in training sessions in April, and additional sessions are scheduled in May for the remainder.

"STP on-line", a weekly bulletin for STP personnel covers various topics of interest to site personnel, and is widely read by employees. In the past year numerous articles in "STP On-line" have encouraged problem reporting by employees and contractors. Attachment 3 provides a brief description of several recent articles aimed at promoting reporting of concerns. These articles have recognized individuals who identified and reported problems, announced program enhancements to facilitate problem resolution, and provided guidance on the use of STP programs to report problems. In addition, Attachment 4 is a copy of a recent edition of "STP on-line" that focused on the importance of reporting concerns.

Shortly after I relieved Mr. Hall as Group Vice President, Nuclear, I issued an open letter (Attachment 5) to all STP personnel. In that letter, I stated that one of my chief goals was to continue to develop an atmosphere of trust, openness and teamwork at STP. As a first step, I included a description of my policy on the reporting of perceived safety problems.

"Those who bring forward their concerns and suggestions for improvement make an especially valued contribution. I strongly believe that any safety concerns or suggestions for improvement raised by employees should be taken extremely seriously and should be responded to promptly and thoroughly. This is a standard that I will expect all of our management to adhere to. I strongly encourage you to bring any concerns you may have to the attention of your management, to the confidential SPEAKOUT Program, or directly to me. Those who wish to speak with the NRC on such matters also have my complete support."

In summary, the reporting of safety concerns is a high priority at STP, and we continue to emphasize to STP personnel that they have an obligation to timely report perceived safety problems to responsible parties. We are determined to assure that all managers and supervisors are responsive to employee concerns and that employees feel free to raise concerns. We recognize that to accomplish this, we must continually demonstrate our desire for such concerns to be raised and give positive feedback to employees who contribute to plant safety through their extra efforts to inform management of their concerns.

I have also implemented two initiatives to increase feedback to senior management on any developing "chilling effect" at STP. First, I directed the Manager of the SPEAKOUT program to provide me with weekly briefings on pending investigations, specifically highlighting concerns related to management actions that potentially create a "chilling effect." Second, I have commissioned a Security Force Management Assessment (SFMA) to be performed by an independent security management consultant that will, among other things, evaluate management's responsiveness to security force employee concerns.

Recently, HL&P conducted an employee survey which confirms that employees at the South Texas Project are not reluctant to report potential safety or quality concerns to the company. More than ninety-nine percent of over 2100 STP employees who responded to the survey reported they would first raise potential safety concerns inside the company; more than 95% feel no need to rely on the confidential "SPEAKOUT" program in doing so. I believe these results demonstrate that, with relatively few exceptions, our policy of openness is generally understood and trusted by site personnel.

Houston Lighting & Power Company
South Texas Project Electric Generating Station

ST-HL-AE-4466
File: G03.17
Page 6

Should you have any questions regarding this response, please contact Mr. S. M. Head at (512) 972-7136 or me at (512) 972-8434.

W T Cottle

Mr. William T. Cottle
Group Vice President,
Nuclear

HRP/sr

Attachments: Affidavit
Attachment 1 Speakout Investigation Report
(To Region IV, J. L. Milhoan ONLY)
Attachment 2 Speakout Contacts
Attachment 3 STP On-line Summary
Attachment 4 STP On-line Special Edition,
March 31, 1993
Attachment 5 Open Letter to STP Employees for
W. T. Cottle

C:

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* NOTE: The above copies distributed without the Attachment 1, except
as noted by asterisk (*).

UNITED STATES OF AMERICA
NUCLEAR REGULATORY COMMISSION

In the Matter)	
)	
Houston Lighting & Power)	Docket Nos. 50-498
Company, et al.,)	50-499
)	
South Texas Project)	
Units 1 and 2)	

AFFIDAVIT

William T. Cottle, being duly sworn, hereby deposes and says that he is Group Vice President, Nuclear, of Houston Lighting & Power Company (HL&P); and that he is duly authorized to review the information in the attached Response and apply for the withholding information from disclosure pursuant to 10CFR2.790. In addition:

- 1) Much of the information in this submittal has been held in confidence by HL&P. In particular, information obtained through interviews with working level personnel has been held in confidence.
- 2) Substantial portions of the information discussed in this submittal have been obtained through HL&P's SPEAKOUT program, a confidential employee safety concern program, and are not otherwise available. Under the SPEAKOUT program, HL&P and contractor employees provide information with the understanding that their identities will not be revealed. Due to the nature of some of the information discussed in this submittal, it is possible to determine the identity of an individual who provided information to SPEAKOUT. The identity of employees who provide information to SPEAKOUT is customarily held in confidence by HL&P.
- 3) As I understand it, the NRC's policy is also to protect the identity of persons who provide information in confidence, and this submittal is being made with this understanding.
- 4) The information gained through interviews with employees is not available through public sources.

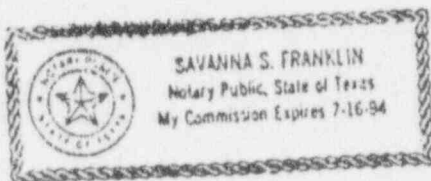
- 5) Public disclosure of this information could cause harm to HL&P and the public. In order to operate the South Texas Project Electrical Generating Station (STPEGS) safely, HL&P relies upon employees to come forward with safety concerns. These concerns cannot be addressed unless they are made known, and in many cases employees are more comfortable bringing forward concerns on a confidential basis so that their identities are protected. Without such protection, many concerns might go unreported. This could adversely affect safety and also HL&P's commercial position.

W T Cottle

William T. Cottle
Group Vice President,
Nuclear

STATE OF TEXAS)
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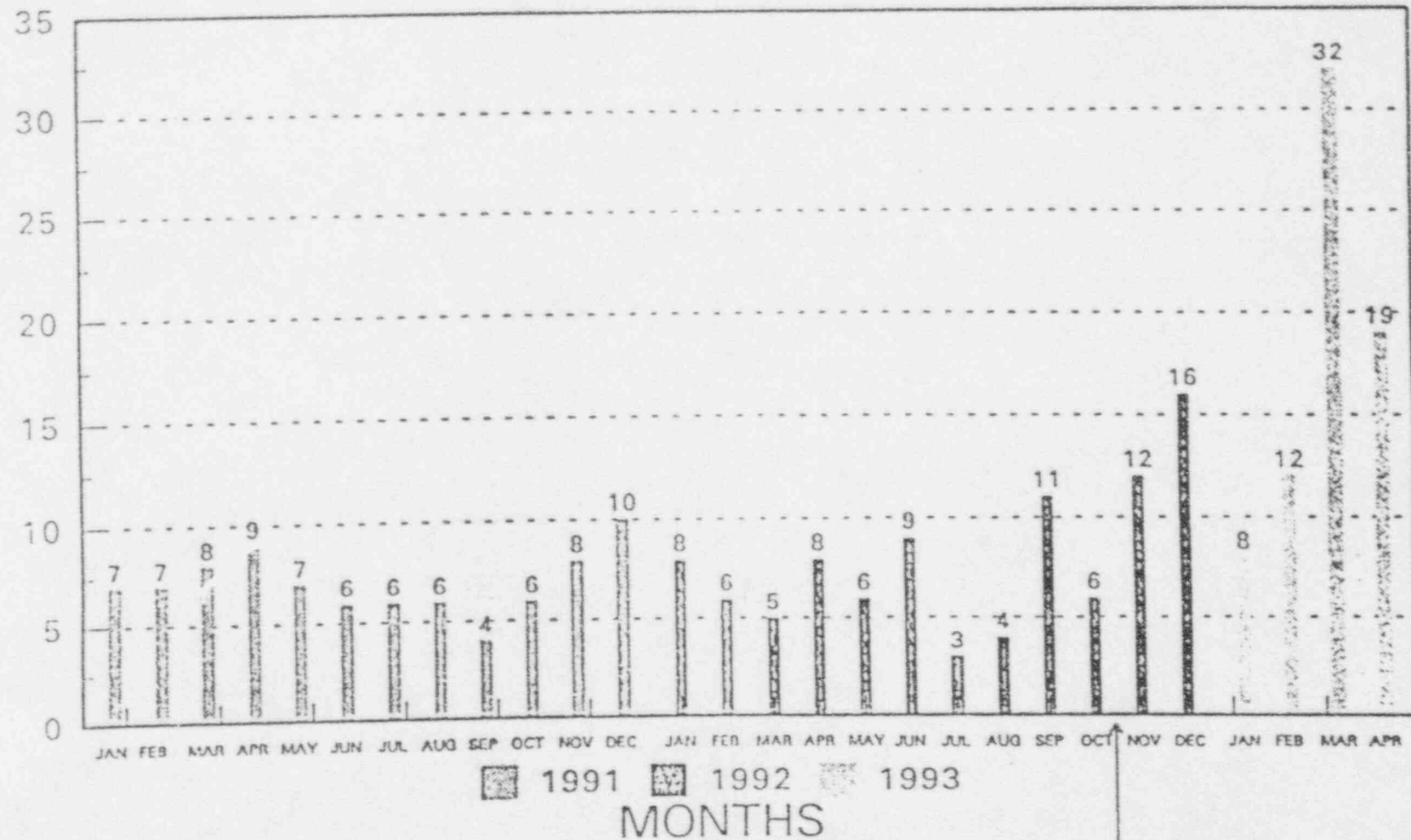
Subscribed and sworn to before me, a Notary Public in and for the State of Texas, this 21st day of May, 1993.



Savanna S. Franklin
Notary Public in and for the
State of Texas

SPEAKOUT CONTACTS

NUMBERS



ATTACHMENT 2

District Director's
Decision, Oct. 14, 1992

STP On-line

June 1, 1992	Recognized a System Engineer for technical competence displayed during recent biennial procedure review.
July 6, 1992	Plant Bulletin #196, "Station Problem Reporting" discussed the need for employees to document problems and inform the Control Room.
August 17, 1992	Reviewed the August Employee Status meeting, where Mr. Hall commented on the increased number of SPRs being issued, which he viewed as positive. He encouraged resolving the issues in a timely manner, as well as examining and implementing ways to prevent future recurrence.
August 24, 1992	Announced new Corrective Action Process which consolidated several "satellite" deficiency reporting mechanisms into one program. The announcement explained the new process and the need to report even non-consequential events.
September 21, 1992	Reviewed the September Employee Status meeting, where Mr. Hall discussed the need to ensure the support Operations and Maintenance needs to operate the plant safely and reliably.
	Recapped Plant Bulletin #203 which discussed use of new Corrective Action Program.
October 5, 1992	The "Communication Update" on the revision to Nuclear Group Policy, NGP-130, "Reporting Safety Related Concerns or Problems", outlined responsibilities, and noted that Supervisors have the responsibility to ensure unresolved concerns affecting system operability that are brought to their attention are promptly forwarded to the SS.
October 12, 1992	Announced "Powerline", a new HL&P employee information hot-line. Company employees can call "Powerline" to ask questions or comment about company issues of concern.

October 19, 1992

Reviewed the October Employee Status meeting, where Mr. Hall discussed recent revisions to Nuclear Group Policies and Administrative Procedures addressing the reporting of safety concerns.

January 14, 1993

A "Special Edition" issued on the shutdown of both units due to procedural deficiencies related to safety system instrument setpoints. Management publicly praised the employees who identified the problem:

"Although we are not happy with the procedure deficiencies that led to the shutdown, there are several positive factors to be noted:

- 1. the quality of the engineering review which identified the problem..."*

January 18, 1993

Reviewed the January Employee Status meeting, including where Mr. Hall discussed "Where do we want to be in 1993." In closing, Mr. Hall stressed the need for managers and supervisors to listen to the issues/concerns brought to their attention by the work force, accept that input, and address the concerns in a timely manner.

In summing up 1992, Mr. Hall stated that in the coming year, employees need to focus on quality performance... One of the keys to quality performance is listening to and recognizing "signals" in the working environment and responding to them in a timely manner. Managers and supervisors must listen and respond to questions and issues from the field.

February 15, 1993

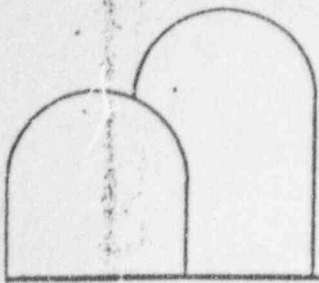
Announced "STP Connection", a new STP employee hotline established for STP employees to ask questions concerning site-related issues or make suggestions. Suggestions will be transcribed, reviewed and assigned to an appropriate individual, department, committee or task force.

Reminded employees that the SPEAKOUT program was available to address nuclear safety or quality related issues.

March 31, 1993

Issued a "Special Edition" "STP Online" in response to several articles in the Houston Chronicle.

March 31, 1993



S·T·P on line

South Texas Project Electric Generating Station

HL&P RESPONDS TO CHRONICLE ARTICLES

The Houston Chronicle this week ran a series of stories about "whistleblowers" at nuclear power plants, including the South Texas Project. The stories covered allegations by two former Security Department employees who claim they were fired for pointing out weaknesses in the Department. They alleged that employees who report problems to management are somehow punished or penalized. "These allegations are entirely unsupported and are being vigorously challenged by HL&P," said Don Hall, Group Vice President, Nuclear.

The terminations were the result of a planned reduction in force based on an analysis and reorganization of the Department. Employment decisions at STP are based on the need for employees' services and on how well they perform their jobs. These decisions have no relation to whether employees have raised safety concerns. In fact, employees who have pointed out concerns or areas for improvement have often been recognized on site through bonus awards and/or personal commendation by senior management.

HL&P has been able to confirm that these matters have been referred by the NRC to the Justice Department for consideration of further action. This is not unusual, nor - as the Chronicle implies - "unprecedented." There have been hundreds of "referrals" to the Justice Department. There is a long-standing Memorandum of Understanding between the NRC and the Justice Department providing for such referrals. The determination to prosecute is made by the Justice Department. HL&P has no information, as alleged by the Chronicle (based on unidentified "sources"), that the NRC has "urged prosecution" in these cases.

HL&P management recognizes these articles have caused concerns and raised questions among employees at the site. "This may be the first time that some of our employees have heard about the issues discussed in the Chronicle articles," Mr. Hall said, "because employee concerns are handled in confidence to encourage our employees to feel free to raise any concern they may have with management, either directly or through our SPEAKOUT program."

STP is, in every respect, an "open site" where employees are not only free, but are encouraged, to raise safety concerns in any of several ways. STP Nuclear Group Policy states:

If an employee identifies...conditions not in accordance with...NRC regulations or the Operating License, it is the employee's responsibility to report the condition.

(NGP-130)

Employees who wish to report concerns to other than site management on a confidential basis may do so by contacting the SPEAKOUT organization. The availability of SPEAKOUT is widely publicized on the site and concerns may be reported in writing, through a personal interview or by telephone. Every concern is investigated and if requested, the results are reported back to the employee. The employee's identity is kept in confidence.

The SPEAKOUT program was described by the NRC in October, 1991 as a

"very effective process that had produced several substantiated concerns and had provided licensee management with a better understanding of employee performance and the needs for improved management guidance in select areas."

The SPEAKOUT program continues to be an effective means for bringing safety issues to light. In June, 1992, NRC stated:

"The licensee's SPEAKOUT program was found to be an effective factor in resolving employee concerns. Employees are well aware of the program and several indicated that they had provided safety concerns to SPEAKOUT. Most of the licensee's staff and contractors stated that they were generally confident of their freedom from reprisal, when taking concerns to SPEAKOUT."

HL&P policy prohibits discriminatory action against employees who report to HL&P or to the NRC their concerns about nuclear safety and quality. Employees subjected to real or perceived discrimination have direct access to the Group Vice President, Nuclear.

HL&P's programs for handling employee concerns are comprehensive and effective. An overwhelming majority of employees have expressed confidence about bringing their concerns to the attention of HL&P. A finding by an independent consultant noted: "Without exception those interviewed understood the process for raising safety-related concerns, and indicated that they would take such concerns to whatever level within the HL&P management chain or if ever necessary, outside (NRC) to receive a satisfactory resolution. There was no indication of a fear of retribution for raising safety concerns."

The Chronicle also attempted to raise questions about the effectiveness of the Security force, citing comments by former employees and an internal memo which indicated mock intruders were able to reach vital areas of the plant. The fact is, the Security function at STP is one of the best in the industry. Drills and exercises are scheduled regularly to test and challenge the security force and its attendant systems; and the intrusion teams, on occasion, have identified places where modifications were necessary. That's why the exercises are held. Security has received good marks during the NRC's last three Systematic Assessment of Licensee Performance (SALP) Reports. STP Security received two grades of 1 (the highest score possible) and one 2, also a strong score.

In particular, the Chronicle's assessment of the effectiveness of STP Security is wrong. An Operational Safeguards Response Evaluation (OSRE), conducted by the NRC in January of this year, evaluated the Station's response to security events by reviewing a spectrum of potential threats and target combinations. Various drill scenarios were observed by the NRC. Upon completion of this security evaluation, the OSRE found STP to have a sound protective strategy, as well as skilled security officers, and the program was described as "outstanding."

"Contrary to the impression left by the Chronicle articles," said HL&P Chairman Don Jordan, "STP is a place where hard working men and women are doing a good job operating the nuclear plant safely and reliably in an environment of open communication. Their success is due, in part, to the fact that they have helped identify where improvements to plant operation can be made. We will continue to work toward excellence in every area of plant operations, and we continue to ask every employee's support in this task."

The Light company

Houston Lighting & Power

South Texas Project Electric Generating Station P. O. Box 289 Wadsworth, Texas 77482

OPEN LETTER TO SOUTH TEXAS PROJECT PERSONNEL

As most of you know, I have become the Group Vice President, Nuclear upon the announcement of the retirement of Mr. Donald P. Hall who will remain in an advisory capacity until the end of the year. I am sure many of you are curious about who I am and how I will approach my responsibilities, so I wanted to share a few thoughts with you.

First, I recognize the highly skilled team of dedicated men and women here at South Texas as our most valuable asset. Working together, I believe we can continue to build on the impressive accomplishments you have already achieved. One of my chief goals will be to continue to develop an atmosphere of trust, openness and teamwork among all of us here at the site.

Second, safe and reliable operation of the South Texas Project is the result toward which we all strive. Those who bring forward their concerns and suggestions for improvement make an especially valued contribution. I strongly believe that any safety concerns or suggestions for improvement raised by employees should be taken extremely seriously and should be responded to promptly and thoroughly. This is a standard that I will expect all of our management to adhere to. I strongly encourage you to bring any concerns you may have to the attention of your management, to the confidential SPEAKOUT Program, or directly to me. Those who wish to speak with the NRC on such matters also have my complete support.

Finally, I want you to know that Mr. Don Jordan, Houston Lighting & Power Company's Chairman and CEO, shares this commitment to openness, trust, and responsiveness. He and the other members of HL&P's corporate management team are also committed to providing the financial and personnel resources to fully support safe and reliable operation of STP.

I very much look forward to getting to know all of you better and working with you. Together, I am confident that we can overcome the present challenges we face and establish a foundation for the achievement of excellence as we move ahead.

W T Cottle 4/12/83
William T. Cottle
Group Vice President, Nuclear

Project Manager on Behalf of the Participants in the South Texas Project