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MAR 11 1996

James Lieberman, Director
Office of Enforcement
U.S. Nuclear Regulatory Commission
One White Flint North
11555 Rockville Pike
Rockville, MD 20852-2738

SUSQUEHANNA STEAM ELECTRIC STATION
REPLY TO A NOTICE OF VIOLATION
PLA-4431 **FILES A17-12/R41-2**

Docket Nos. 50-387
and 50-388

- References:
1. Letter, T. T. Martin to R. G. Byram, "Notice of Violation and Proposed Imposition of Civil Penalty - \$100,000 (Secretary of Labor's Decision and Order of Remand - 94-ERA-032)", dated February 9, 1996.
 2. Letter, R. W. Cooper, II to R. G. Byram, dated July 14, 1995.

Dear Mr. Lieberman:

The purpose of this letter is to provide the required response to the referenced February 9, 1996 Notice of Violation. Our formal reply is provided as Enclosure 1 to this letter.

The letter accompanying the Notice also requested that PP&L address the concerns documented in the July 14, 1995 letter (Reference 2), as well as additional plans "...to eliminate any chilling effect at the facility, as well as the actions you have taken or plan to take to assist first-line supervisors in dealing with conflicts in the workplace." Our response to these issues is provided in Enclosure 2 to this letter.

PP&L is committed to open and honest communication in our workplace, and we are therefore taking seriously the broader potential implications of the interactions between supervisors and employees on personnel matters that were identified in our Security organization. Although the specific concerns identified within Security were personnel-oriented and not directly related to nuclear safety, we recognize that the existence of these types of concerns could ultimately lead to questions regarding employee willingness to identify safety issues.

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In mid-1995, prior to NRC transmittal of their July 14 letter to PP&L, we commissioned an independent follow-up assessment of our Nuclear Safety Concerns Program as part of ongoing maintenance of this program. The independent consultant that was utilized evaluated program procedures, practices, and records, and also interviewed fifty employees representing a cross-section of the workforce. The assessment concluded that PP&L had maintained a strong nuclear safety culture within the department, and in particular, that employees and contractors are comfortable raising safety issues directly with their management or through alternate means such as the Nuclear Safety Concerns Program. Of the employees and contractors interviewed, 95% rated the environment for raising nuclear safety concerns as adequate to excellent. 98% said that they would be willing to come forward and state a nuclear safety concern if they had the need to do so. Other significant recommendations based on the interviews reflected the need for improved two-way, interactive communications between employees and management, and the need for enhancements in the Human Resources & Development area to address the special issues facing nuclear employees. These recommendations reflected the challenges faced by a workforce that is acutely aware of the potential impacts of their company's transition in the changing electric utility industry.

Although the results showed a favorable improvement in our Nuclear Safety Concerns Program, our focus is to address the issues raised by the remaining 2-5% and to ensure that their concerns are identified and acted upon. We have developed a department-wide action plan that includes initiatives in four key areas: Communications, Training, Assessment, and Human Resources & Development. A summary of our current plan in each of these areas is provided below:

Communications - Our longer term objective is to continuously communicate the importance of fostering a working environment that supports the airing of employee concerns. We are currently focusing on several areas:

- **Senior Management / Supervisor Interaction** - Senior Management briefings of supervisory personnel on employee protection issues, including recent lessons learned from this violation, are ongoing and nearing completion. The Plant Manager is personally conducting Employee Concerns Training (MA111, see discussion under Training, below) and is reviewing his expectations on the Susquehanna work environment with all Supervisors on site, first-line up to Manager.
- **Broad-Based Employee Input** - An ongoing department communications forum between employees and Senior Management has recently begun. Small discussion groups will meet periodically to facilitate direct employee-management interaction on any issues of interest to the employees. Issues raised will receive further analysis and action as appropriate.

- Continuous Reinforcement - The Nuclear Department uses a wide array of communication vehicles and forums. An effort to enhance the use of these tools through more closely managing them to meet specific objectives is under development.

Training - As noted by the NRC, training of first-line supervisors on dealing with conflict in the workplace is a critical issue. PP&L's objective is to ensure that our people have the tools to create and maintain a proper working environment. Our current plans include:

Short Term

- Short term training is provided in two sessions. The first session, MA111, is taught by the Plant Manager to on site supervisors. It covers management expectations concerning encouragement of raising concerns and dealing with people who raise concerns. Also included are employee protection regulations and lessons learned from the notice of violation and other management reviews. This training began in February, 1996.
- The second session, MA112, develops the necessary behaviors to deal with conflict in the workplace and to support employees in raising concerns. It reviews the reasons for encouraging employees to raise concerns. Nuclear safety, legal, and business reasons for encouraging and properly dealing with concerns are reviewed. The course was taught to selected Security personnel in December 1995; after review and evaluation improvements were made. The course is being provided to all managers and supervisors in the Nuclear Department beginning in March 1996.

Long Term

- The aforementioned Nuclear Safety Concerns Program assessment identified the need for improvement in PP&L's overall supervisory development program. We are presently developing enhancements to our training program for all supervisors to reinforce the importance and understanding of interactions with employees relative to their raising nuclear safety and other concerns. Training will also be provided to non-supervisory personnel regarding employee protection regulations, as well as the importance of raising concerns and their avenues for doing so.
- In parallel with these activities, a PP&L task force is reviewing corporate policy on Employee Protection. A key objective of this effort is to institutionalize this important topic within PP&L supervisory training and development programs.

Assessment - Periodic assessments of the Nuclear Safety Concerns Program will continue to occur. We plan to supplement these department-wide assessments with more focused efforts in specific functional areas, both proactively and in response to evidence that problems may exist.

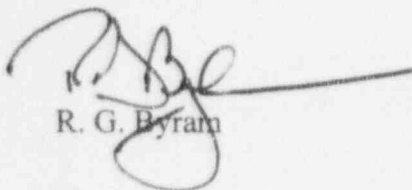
We are also developing means to increase the effectiveness of our existing assessment activities, i.e. QA audits, QA and ISEG surveillances, QC inspections, and process assessments, to be vigilant for symptoms which may be adverse to an environment which is conducive to raising nuclear safety concerns. All appropriate personnel in our Nuclear Assessment Services organization will be involved in this activity. We are also examining data gathered by our Condition Report corrective action program to evaluate whether such symptoms exist. Adverse symptoms are communicated promptly to appropriate line management, and action is taken accordingly.

Human Resources & Development - PP&L is currently evaluating ways to enhance the independent corporate human resource function at the Susquehanna site in support of the Nuclear Department's emerging needs. Our objectives are:

- To visibly strengthen this avenue for employees to resolve personnel concerns, and
- To provide a readily available facilitation capability when the need arises within or between work groups.

PP&L firmly believes that our evaluations, corrective actions and future plans are thorough, objective, and of sufficient scope and depth to detect and resolve any potential for an inappropriate working environment in the Nuclear Department. We also recognize, however, that management of these dynamic issues will require continuous reevaluation in order for our actions to result in long term solutions. We will keep the NRC Resident Inspectors informed of our progress on a regular basis, and are available to discuss these actions in greater detail at NRC request.

Very truly yours,



R. G. Byram

Enclosures: 1. "Reply to a Notice of Violation"
2. Response to NRC Concerns Regarding Chilling Effects

copy: NRC Region I
Mr. C. Poslusny, Jr., NRC Sr. Project Manager - OWFN
Ms. M. Banerjee, NRC Sr. Resident Inspector - SSES
Mr. W. P. Dornsife - PA DEP

REPLY TO A NOTICE OF VIOLATION

Statement of Violation:

"10 CFR 50.7 (a), in part, prohibits discrimination by a Commission licensee against an employee for engaging in certain protected activities. Discrimination includes discharge and other actions that relate to compensation, terms, conditions, or privileges of employment. The protected activities are established in Section 211 of the Energy Reorganization Act (ERA) of 1974, as amended, and in general are related to the administration or enforcement of a requirement imposed under the Atomic Energy Act (AEA) or the Energy Reorganization Act. The protected activities include but are not limited to providing the Commission information about alleged violations of the ERA or the AEA or possible violations of requirements imposed under either of these statutes.

Contrary to the above, as determined in the SOL's Order and Remand dated October 20, 1995, Pennsylvania Power & Light Company (PP&L) discriminated against a senior security officer (SSO) after he raised concerns to the NRC in 1992 regarding the administration of a security requalification examination. Specifically, after the SSO called into question the manner in which a PP&L supervisor had proctored an examination: (1) the supervisor gave the SSO lower fractional ratings on his annual appraisals of March 1993 and March 1994 than were given to two other SSOs, which led to a lower salary increase, and (2) there was a marked change in the supervisors' attitude towards the SSO and the SSO was subjected to adverse working conditions as a result of his engaging in protected activities."

Response:

1. Admission or Denial of the Alleged Violation:

PP&L admits the violation.

2. The Reasons for the Violation if Admitted:

It is our belief that the overriding reason for the violation was the existence of weaknesses in supervisory capability to deal with personal interactions within the Security section. These weaknesses adversely impacted personnel morale and employees' willingness to question management practices or personnel matters. Other significant factors included:

- The limited internal assessment of the Security organization due to their strong performance record; this supported the development of the problems and the lack of their early identification.

- The lack of timeliness and independence in our investigation of the concerns raised; this effectively prevented PP&L from realizing an opportunity for early intervention.
- The lack of sufficient training afforded to our Security supervisors regarding Employee Protection regulations and dealing with conflict in the workplace.

PP&L's causal factors evaluation of the events associated with this violation was presented at the January 4, 1996 predecisional enforcement conference. This evaluation provided the basis for the above conclusions, as well as for many of the corrective actions described below.

3. The Corrective Steps that have been Taken and the Results Achieved:

a. Independent Assessment of Security

The perspective provided by the July 14, 1995 NRC letter highlighted the significance of certain non safety-related personnel issues in the Security organization. By nature and mission, the Security organization requires a high degree of command and control. PP&L's Security organization has been found to be extremely effective in past reviews, in large part due to this attribute. However, this same attribute is now recognized to have desensitized management to the adverse impacts that can occur when a balance between it and the need for an open working environment that supports the airing of employee concerns is not achieved. A Senior Manager independent of the Security organization was placed in charge of corrective actions, and an independent assessment of Security was initiated.

The initiative within Security focused on self-assessment by the employees, supervision, and management, including identification/validation of issues, assignment of priorities, and recommendations for action. Approximately one-fourth of the Security organization contributed by providing input either through interviews, participation at workshops, or participation on an "issues team." These activities were facilitated by independent consultants, but the employees themselves identified and validated a set of issues regarding their work environment. In accordance with the designed process that elicited these issues, a "Security Issues Team" led by and comprised of Security personnel was formed and is currently meeting on a regular basis; see further discussion under 4.c. below.

b. Independent Assessment of PP&L's Nuclear Safety Concerns Program

In 1993, and again in 1995, independent assessments of the Nuclear Safety Concerns Program were performed. Although the 1995 assessment was not performed directly as a result of the issues in Security, its results were relevant, in that they confirmed that the

reluctance of employees in the Security organization to raise non safety-related personnel concerns was not indicative of a broader employee reluctance to raise nuclear safety concerns.

c. Direct Management Communication with Security Personnel

Senior Management has held open dialogue sessions with each Security shift. These sessions provided a forum for management to discuss lessons learned and answer questions related to the events that have occurred in the Security organization, thereby facilitating future communications.

d. Security Management Changes, Personnel Actions, and Disciplinary Actions

The following actions have been taken:

- The Manager - Nuclear Security at the time of the events of concern has retired and has been replaced. The current Manager - Nuclear Security reports to the Manager - Nuclear Plant Services.
- The former Manager - Nuclear Plant Services, who was placed in charge of the corrective actions associated with this violation, has been promoted to the new position of Plant Manager, and reports directly to the Vice President - Nuclear Operations. The new Manager - Nuclear Plant Services has been placed in the position from outside the site organization, and reports directly to the new Plant Manager. These changes, coupled with a reduction in the number of groups reporting to the Manager - Nuclear Plant Services, will assure greater management oversight of the Security organization.
- The Security Shift Supervisor involved in the violation has been transferred out of the Nuclear Department to another, non-supervisory position within PP&L.
- The Senior Security Officer impacted by the violation has been offered alternate positions both within the department and the company, but has chosen for the time being to remain in his current position.
- Three Security supervisors have been disciplined for witnessing and not taking sufficient action to correct the unacceptable working environment.

Collectively, these actions have: 1) provided stronger Security management oversight that is focused on accelerating the development of the proper working environment as an integral part of continuous improvement in Security, and 2) demonstrated to personnel that management will not tolerate the behaviors that allowed this violation to occur.

- e. Initial Training of Security Personnel in the Nuclear Safety Concerns Program and Employee Protection Requirements

This training (MA111) provided a working knowledge of employee protection regulations and employee options related to raising employee safety concerns; it afforded management an opportunity to reemphasize that inappropriate behaviors would not be tolerated.

4. *The Corrective Steps that will be Taken to Avoid Further Violations:*

- a. Assessment

Further assessments of Security will occur until PP&L is satisfied that the issues that created the unacceptable working environment are resolved. We will continue to evaluate ways to enhance assessment techniques given the lessons learned from the events in the Security organization. Periodic assessments of the Nuclear Safety Concerns Program will continue to occur.

- b. Management Guidance

Management guidance regarding the internal process for identifying, initiating, and facilitating the actions necessary to ensure an appropriate response to significant regulatory interactions will be finalized by May 1, 1996. It will require consideration of the need for independent investigation on a case-by-case basis.

- c. Security Issues Team

This ongoing team was established directly from the Independent Assessment of Security (see 3.a. above) and is led by and comprised of Security officers. Its charter is to review each of the issues identified by the assessment, and to provide recommended actions directed at improving the overall work environment in Security. We are currently assessing the effectiveness of this team, and will make enhancements where necessary to ensure that all issues are being identified and progress is being made. We will keep the NRC Resident Inspectors informed of the team's progress.

- d. Supervisory Training

In addition to the interactions with management and the training already completed as described in 3.c and 3.e above, supervisors in Security are currently receiving formal training (MA112) on employee protection requirements as well as on techniques for dealing with conflicts in the workplace. This training will be completed by April 10, 1996.

5. *The Date by which Full Compliance will be Achieved:*

PP&L is in full compliance with the requirements of 10 CFR 50.7. The commitments above are in recognition of the need to mitigate the potential for future concerns in this area.

RESPONSE TO NRC CONCERNS REGARDING CHILLING EFFECTS

The February 9, 1996 NRC Notice of Violation requested that PP&L:

1. "address the concerns raised in the NRC's July 14, 1995 letter regarding the perceived chilling effect of the supervisor's actions," and
2. "address additional plans developed subsequent to the conference to eliminate any chilling effect at the facility, as well as the actions you have taken or plan to take to assist first-line supervisors in dealing with conflicts in the workplace."

Responses to each of these items are provided below.

July 14, 1995 NRC Letter

This letter requested the results of PP&L's review and disposition of an internal PP&L newsletter article that "may have had a chilling effect on the willingness of the affected licensee personnel to raise future safety concerns."

The internal article was written in response to a local area newspaper article about a PP&L employee who had received a Notice of Violation from the NRC as a result of the February 23, 1995 enforcement conference. The PP&L article was written with an insufficient understanding of pertinent facts, and therefore resulted in an unanticipated employee reaction. The root cause of the unforeseen consequences of the article was the lack of independence in our investigation of the circumstances that led to the subject violation.

The July 14 letter provided new information that confirmed the weaknesses in our investigative efforts. Upon further review of this information, PP&L first determined that no issues of immediate concern to the safety or security of Susquehanna SES had been identified, and then initiated the independent assessment of the Security organization discussed in Enclosure 1. This assessment determined the following relative to the NRC concerns:

- *A substandard environment for raising non safety-related personnel concerns did exist within the Security organization at Susquehanna SES. As outlined in Enclosure 1 to this letter, PP&L is acting aggressively to resolve the issues identified by the assessment.*
- *The internal PP&L newsletter article inadvertently exacerbated this environment. Although well-intentioned, these communications were based on an inadequate investigation. During open dialogue sessions held with each Security shift, senior management discussed their intentions for the article and their lessons learned based on the inadvertent misrepresentations it created.*

- *The department-wide willingness to raise nuclear safety concerns remains strong.* A recent independent review of the Nuclear Safety Concerns Program indicates no significant reluctance by our workers to raise safety concerns through the processes provided by PP&L.

These conclusions indicate that despite the existence of non safety-related personnel concerns within the Security organization, no substantial adverse impact on the raising of nuclear safety concerns occurred. However, given the somewhat subjective nature of these conclusions, PP&L is taking further measures to promote our employees' willingness to raise their concerns within the Nuclear Department, as discussed below.

Additional Plans to Eliminate the Potential for a Chilling Effect at SSES

The February 9, 1996 Notice of Violation to PP&L asserted that since the time of the enforcement conference, several PP&L employees have expressed concern regarding a chilling effect continuing to exist at Susquehanna. Although we are not familiar with the specifics of these communications, we would expect that some employees may feel reluctance based on long-standing unresolved personnel issues within the Security organization.

As noted in Enclosure 1, the Security Issues Team is an ongoing effort that has as its charter to provide recommendations aimed at improving their work environment; PP&L recognizes this need and supports their taking the necessary time to do so. We are currently reviewing the team's effectiveness, and if necessary, we will take appropriate steps to ensure its success.

PP&L also recognizes the importance of mitigating the potential for the environment that was fostered in Security to continue to exist there, or to develop in other parts of the Nuclear Department. In response to that objective, we have undertaken additional department-wide initiatives in communications, training, assessment, and human resources and development, as outlined in the cover letter of this transmittal.

PP&L is firmly committed to open and honest communication in our workplace. We believe that our evaluations, corrective actions, and future plans are thorough, objective, and of sufficient scope and depth to detect and resolve any potential for a "chilling effect" in the Nuclear Department. We also recognize, however, that management of these dynamic issues will require continuous reevaluation in order for our actions to result in long term solutions. We will continue to keep the NRC informed of our progress in this important endeavor.

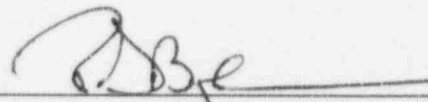
AFFIDAVIT

COMMONWEALTH OF PENNSYLVANIA)

: SS

COUNTY OF LEHIGH)

I, ROBERT G. BYRAM, being duly sworn according to law, state that I am Senior Vice President - Nuclear of Pennsylvania Power & Light Company and that the facts set forth on the attached Reply To A Notice Of Violation issued pursuant to 10CFR2.201 are true and correct to the best of my knowledge, information and belief.



Robert G. Byram
Senior Vice President - Nuclear

Sworn to and subscribed
before me this 11th day
of March, 1996.



Notary Public

NOTARIAL SEAL
FRANCINE A. GREENZWEIG, Notary Public
City of Allentown, Lehigh County, PA
My Commission Expires Oct. 29, 1998