



**UNITED STATES
NUCLEAR REGULATORY COMMISSION**

REGION III
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LISLE, IL 60532-4352

January 20, 2015

Mr. Anthony Vitale
Vice President, Operations
Entergy Nuclear Operations, Inc.
Palisades Nuclear Plant
27780 Blue Star Memorial Highway
Covert, MI 49043-9530

**SUBJECT: PALISADES NUCLEAR PLANT–SAFETY CONSCIOUS WORK ENVIRONMENT
ISSUE OF CONCERN FOLLOW-UP NRC INSPECTION REPORT
05000255/2014011**

Dear Mr. Vitale:

On December 19, 2014, the U.S. Nuclear Regulatory Commission (NRC) completed a safety conscious work environment issue of concern follow-up inspection focused on assessment of the work environment in the Security Department at the Palisades Nuclear Plant. The enclosed report documents the results of this inspection, which the NRC discussed on December 19, 2014, with you and other members of your staff.

In December 2013, the NRC completed a limited scope Problem Identification and Resolution inspection focused on the completion and effectiveness of corrective actions to address NRC-identified deficiencies and safety conscious work environment (SCWE) aspects associated with two greater-than-green findings that were identified in 2011. The results of that inspection were documented in NRC Inspection Report 05000255/2014009, dated March 6, 2014, (ADAMS Accession Number ML14064A569) in which the NRC identified a chilled work environment in the Security Department. The NRC concluded that staff within the Security Department perceived that: (1) recent actions to terminate the employment of two supervisors was in retaliation for their raising of concerns, (2) the Corrective Action Program was ineffective at addressing equipment and other concerns raised by Security staff, (3) the Security management was unresponsive to employees' concerns, and (4) the Employee Concerns Program could not be relied upon to maintain employee confidentiality.

In June 2014, the NRC completed a routine biennial Problem Identification and Resolution inspection that included a review of the actions taken to implement the Security SCWE Action Plan, which you developed in response to the identification of a chilled work environment in the Security Department. The results of that inspection were documented in NRC Inspection Report 05000255/2014007, dated June 20, 2014, (ADAMS Accession Number ML1417A394) in

which the NRC concluded that the quality of the actions implemented was insufficient to assess and understand the cause of the chilled work environment and noted significant gaps in Security Officers' knowledge of actions being taken to address the chilled work environment. The NRC requested a response within 30 days that outlined additional actions taken or planned to enhance the effectiveness of the Security SCWE Action Plan. This response was received on July 18, 2014 (ADAMS Accession Number ML14199A559)

This inspection examined activities conducted under your license as they relate to safety and compliance with the Commission's rules and regulations and with the conditions of your license. The inspection focused on your progress in addressing the previously identified chilled work environment in the Security Department. The inspectors reviewed selected procedures, records and licensee responses, observed activities, and interviewed personnel.

The inspectors concluded that a chilled work environment in the Security Department currently does not exist. All of the individuals interviewed were willing to raise safety concerns and the vast majority of individuals were willing to do so without fear of retaliation. However, Security Officers generally felt there is still substantial morale and work environment concerns within the department, though they did not impact the willingness to raise safety concerns or rise to the level of a chilled work environment. Additionally, a small number of individuals indicated that they remain concerned about retaliation if they raise safety concerns due to the continued perception that certain licensee staffing decisions made in the 2013 human capital management program were retaliatory.

There has been a slight but noticeable improvement in the overall work environment in the Security Department. However, the work environment, while improved, remains vulnerable to events that could be perceived negatively by the security staff. Additionally, there is broad concern among the security staff that the improving trend would not continue if increased oversight and focus is removed from the Security Department work environment. No findings were identified during this inspection.

In accordance with Title 10, *Code of Federal Regulations* (CFR), Section 2.390 of the NRC's "Rules of Practice," a copy of this letter, its enclosure, and your response (if any), will be available electronically for public inspection in the NRC Public Document Room or from the Publicly Available Records System (PARS) component of NRC's Agencywide Documents Access and Management System (ADAMS), accessible from the NRC Web site at <http://www.nrc.gov/reading-rm/adams.html> (the Public Electronic Reading Room).

Sincerely,

/RA/

Jamnes L. Cameron, Chief
Branch 4
Division of Reactor Projects

Docket No. 50-255
License No. DPR-20

Enclosure:
Inspection Report 05000255/2014011
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U.S. NUCLEAR REGULATORY COMMISSION

REGION III

Docket No: 50-255
License No: DPR-20

Report No: 05000255/2014011

Licensee: Entergy Nuclear Operations, Inc.

Facility: Palisades Nuclear Plant

Location: Covert, MI

Dates: December 8-19, 2014

Inspectors: A. Garmoe, Senior Resident Inspector (Team Lead)
C. Bickett, Senior Project Engineer, Region I
S. Morrow, Human Factors Analyst, Office of Research
C. Thompson, Program Manager, Office of Enforcement

Approved by: J. Cameron, Chief
Branch 4
Division of Reactor Projects

Enclosure

SUMMARY OF FINDINGS

Inspection Report 05000255/2014011; 12/08/2014–12/19/2014; Palisades Nuclear Plant; Safety Conscious Work Environment Issue of Concern Follow-up.

The NRC conducted a safety conscious work environment inspection to assess the licensee's progress in addressing a previously identified chilled work environment in the Security Department. The inspection consisted of the Palisades Senior Resident Inspector and safety culture specialists from Region I and Headquarters. No violations of NRC requirements were identified.

The NRC's program for overseeing the safe operation of commercial nuclear power reactors is described in NUREG–1649, "Reactor Oversight Process," Revision 5, dated February 2014. The NRC's Regulatory Issue Summary 2005–18, "Guidance for Establishing and Maintaining a Safety Conscious Work Environment," dated August 25, 2005, provides guidance for establishing and maintaining a SCWE at commercial nuclear plants.

Safety Conscious Work Environment

The inspectors determined that a chilled work environment currently does not exist and there has been improvement in the overall Security Department work environment. All of the individuals interviewed were willing to raise safety concerns and the vast majority of individuals were willing to do so without fear of retaliation. In addition, individuals were not being discouraged from raising safety issues. However, improvements in the Security Department work environment remain vulnerable to events that could be perceived negatively by the Security Officers. Additional effort is necessary to ensure sustainability of safety culture improvements achieved to date.

NRC-Identified and Self-Revealed Findings

No findings were identified.

Licensee-Identified Violations

No violations were identified.

REPORT DETAILS

4. OTHER ACTIVITIES

4OA5 Other Activities

.1 Assessment of Safety Conscious Work Environment

Background

In September 2012, the NRC conducted a Supplemental Inspection in accordance with Inspection Procedure (IP) 95002 (documented in Nuclear Regulatory Commission (NRC) Inspection Report 05000255/2012011, ADAMS Accession Number ML12314A304) for two Greater-than-Green findings identified in 2011 at Palisades. As documented in the inspection report, safety culture deficiencies were a contributing factor to those findings. Issues brought to the NRC's attention in 2013 led to questions about progress in addressing specific aspects of the site's safety culture, particularly the SCWE. In general, safety culture continued on a stable or improving trend for most departments, but the NRC identified weaknesses that needed to be addressed within the Mechanical Maintenance Work Group, Chemistry Department, and Security Department. In Calendar Year (CY) 2013, the number of concerns raised to the NRC from onsite sources increased considerably over the number of concerns received in CY 2012. A majority of these concerns included safety culture or safety conscious work environment (SCWE) aspects, and some directly alleged a chilled work environment.

As a result, the NRC performed a limited scope PI&R inspection in December 2013 (documented in NRC Inspection Report 05000255/2014009, ADAMS Accession Number ML14064A569) that assessed the SCWE at Palisades. The inspection team included SCWE specialists from Region III and the Office of Nuclear Reactor Regulation. The inspection determined that the work environment in the Mechanical Maintenance Work Group and Chemistry Department was acceptable but identified a chilled work environment in the Security Department. As a result, the licensee developed a Security SCWE Action Plan (Action Plan) to address the chilled work environment.

In May 2014, the NRC conducted a routine biennial PI&R inspection (documented in NRC Inspection Report 05000255/2014007, ADAMS Accession Number ML1417A394) that included a review of implementation of the Action Plan. The inspection determined that the site had completed all actions in the Action Plan but the quality of implementation was not sufficient to assess and understand the cause of the chilled work environment such that it could be adequately addressed. Based on the results of the inspection, the licensee enhanced the implementation of some Action Plan items and added new items.

a. Inspection Scope

This inspection was performed in accordance with IP 93100, "Safety Conscious Work Environment Issue of Concern Followup," and other IPs as referenced by IP 93100. The objectives of the inspection were to determine whether there were indications of a chilled work environment in the Security Department and whether Security Department employees were reluctant or discouraged from raising safety or regulatory issues. A

SCWE, as defined in Inspection Manual Chapter 0305, Section 4, is a work environment where employees feel free to raise safety concerns and where concerns are promptly reviewed, given the proper priority based on their potential safety significance, and appropriately resolved with timely feedback to the originator of the concerns and to other employees. In this case, a safety or regulatory concern is considered a condition adverse to quality that is within the NRC's jurisdiction. A condition adverse to quality is defined in licensee procedure EN-LI-102, "Corrective Action Program."

The inspectors assessed the licensee's SCWE in the Security Department through a variety of activities, including a review of implementing procedures and a sample of case files for licensee programs for raising safety concerns, including the Employee Concerns Program (ECP), Corrective Action Program (CAP), and Entergy Ethics Hotline. The inspectors reviewed SCWE-related training materials and communications that had been provided to site personnel. Results from licensee-facilitated and third-party safety culture surveys were also reviewed. In addition, the inspectors reviewed the licensee's progress in implementing the Action Plan, including actions that were added to the plan following the NRC Problem Identification and Resolution inspection in May 2014.

The inspectors interviewed approximately one-third of the Security Department personnel, either through focus groups or individually. Approximately forty-five percent of Security personnel assigned on-shift duties were included in the interview and focus group process. The focus groups included one for each security shift and one for Security Shift Supervisors. The inspectors' individual interviews included several additional Security Officers; Security Shift Supervisors; Security Operations Supervisors; the Security Manager; the mentor assigned to the Security Department as part of the Action Plan; the ECP Manager; and the Director of Performance Improvement. Security Officers interviewed included Security Department liaisons, a voluntary position that the licensee created as part of the Action Plan to provide another avenue for raising work environment concerns.

b. Assessment

All of the individuals interviewed were willing to raise safety concerns and the vast majority of individuals were willing to do so without fear of retaliation. Individuals interviewed were aware of the definitions of SCWE and chilling effect and were aware of, and used, the various methods to raise potential safety concerns. However, Security Officers generally felt there were still substantial morale and work environment concerns within the department, though these issues did not impact the willingness to raise safety concerns or rise to the level of a chilled work environment. Additionally, a small number of individuals indicated that they remain concerned about retaliation if they raise safety concerns due to the continued perception that certain licensee staffing decisions made in the 2013 human capital management program were retaliatory.

The inspectors concluded that a chilled work environment in the Security Department currently does not exist. There has been a slight but noticeable improvement in the overall work environment in the Security Department. However, the work environment, while improved, remained vulnerable to events that could be perceived negatively by the security staff. Additionally, there was broad concern among the security staff that the improving trend would not continue if increased oversight and focus is removed from the Security Department work environment.

c. Observations

The inspectors reviewed implementing procedures, data, and selected case files from the licensee's CAP to determine whether safety concerns were being raised via that method. The number of condition reports (CRs) related to security issues was generally consistent between CYs 2013 and 2014 and the number of anonymously initiated security-related CRs decreased starting around June 2014. The inspectors confirmed through focus groups and individual interviews that Security Officers were aware of how to initiate CRs and were willing to do so. Computers with access to the CAP for initiating CRs were observed by the inspectors in the security break room.

The inspectors reviewed implementing procedures, data, and selected case files from the licensee's ECP to determine whether safety concerns were being raised via that method. Between CYs 2013 and 2014, the number of ECP cases overall, the number that involved security concerns, and the number raised anonymously were stable. The inspectors determined through focus groups and interviews that Security Department personnel were generally willing to use the ECP to raise safety concerns and were aware of the identity of the ECP Manager. The Action Plan included an action item for routine discussions between the ECP Manager and security shift personnel, and Security Officers confirmed these were occurring. In reviewing the case files, however, the inspectors noted that substantially more concerns in 2014 were resolved using an abbreviated "rapid resolution" method versus more in-depth investigation. The licensee indicated this was a result of lower level concerns being raised. The inspectors could not assess whether rapid resolution was an appropriate method for resolving the cases since very limited documentation is generated with that method of resolution, but the method of resolution of ECP cases was not raised as an area of concern in focus groups or interviews. Nonetheless, it is important to ensure individuals bringing issues to the ECP remain confident that their concerns will be sufficiently investigated and are comfortable if rapid resolution is used. In addition, focus groups and interviews revealed a small number of individuals who expressed some hesitancy regarding the use of ECP based on two prior instances where they believed confidentiality of information provided to the ECP was breached. Licensee management was aware of these instances and has taken actions to rebuild trust as a result, but it is apparent that actions to date have not yet restored confidence for some Security Officers.

The licensee developed a security liaison program as part of the Action Plan as another method for Officers to raise work environment or safety concerns. A Security Officer from each shift volunteered to serve as the liaison for that shift. Routine meetings between the liaisons occur in which they prioritize issues that have been raised and provide the concerns to the Security Manager. Feedback on the program from focus groups and interviews was mixed, with some individuals expressing optimism with the program and others skeptical that it will improve the perceived work environment, though there was general support for keeping and improving the program. The inspectors requested a list of issues brought to the security liaisons for review and the licensee was only able to create a partial list based on hand-written notes. The inspectors also noted that liaisons were provided with a one-page sheet that contained duties and responsibilities but were not provided with formal training. The liaison program as implemented at the time of the inspection appeared to lack formality and process, which was a likely contributor to the subdued response to the program among security staff.

The inspectors reviewed data and case files from the NRC Allegation Program to determine whether safety concerns were being raised via that method. The number of Allegation cases that involved Palisades was above the national average and in general related to the work environment in the Security Department. Overall, the information reviewed was either related to situations that were previously known and considered by the inspectors or did not reveal any new information that would indicate the presence of a chilled work environment.

The inspectors reviewed various licensee policy documents, training materials, and site communications related to SCWE. The documents correctly identified the definition and indications of a healthy SCWE and training was conducted in accordance with action items included in the Action Plan. Individuals in focus groups and interviews recalled receiving training on the use of CAP and, on numerous occasions, receiving training related to SCWE. As discussed in NRC Inspection Report 05000255/2014009, Security Officers had previously expressed a lack of trust in Security Department supervision and a resulting fear of retaliation for raising issues. The inspectors reviewed documentation from supervisory training and mentoring that the licensee had conducted, in accordance with the Action Plan, to improve supervisory skills and communication. The inspectors also interviewed the individual identified as the mentor for the Security Department. Based on the initial training, mentoring, and field observations, the licensee identified additional training needs and opportunities. Feedback from focus groups and interviews revealed improving trust and communication between Security Officers and supervisors, though the level of trust and rapport varied among the security shifts. There was still some hesitancy by numerous Security Officers to bring concerns to certain supervisors, in which case the Officers indicated they would either raise the concerns to another supervisor or via another method.

The inspectors conducted focus groups and individual interviews with participants from all levels and shifts within the Security Department. All of the individuals interviewed were willing to raise safety concerns and the vast majority of individuals were willing to do so without fear of retaliation. A small number of individuals indicated that they remain concerned about retaliation if they raise safety concerns due to the continued perception that certain staffing decisions made in the 2013 human capital management program were retaliatory. Security Officers have noticed increased management visibility, better overall communication within the department, and improved response to low level concerns; all of which have contributed to a slight but noticeable improvement in the overall work environment in the Security Department. However, Security Officers felt there were still substantial morale and work environment concerns within the department, but those concerns did not impact their willingness to raise safety concerns or rise to the level of a chilled work environment. There was also broad concern among the focus groups and individual interviews that the improving trend would not continue if the increased oversight and focus is removed from the security work environment.

The licensee's quarterly Security Department safety culture pulsing surveys were reviewed along with a third-party Security Department safety culture assessment conducted in the summer of 2014. The response rate to quarterly surveys was reasonable and consistent. A slight decline in the overall survey results from June through October was seen, though the answers to key questions regarding the willingness to raise safety concerns without the fear of retaliation saw slight increases. A number of write-in comments were included with the surveys that were associated with

issues of which the inspectors were previously aware. The third-party safety culture assessment conducted in the summer of 2014 included interviews of approximately 30 percent of Security Officers and determined that all of the officers were willing to raise safety concerns to their supervision without fear of retaliation. Through focus groups and individual interviews conducted during this inspection, the inspectors confirmed that the results of the assessment were communicated to the Security Officers, who generally agreed with the assessment results.

The inspectors reviewed a sample of action items from the Action Plan and discussed the Action Plan during focus groups and individual interviews to assess whether the actions were being implemented in a manner that would be expected to improve the security work environment. Security Officers stated in focus groups and individual interviews that they noticed increased management visibility in the field, increased training on SCWE and harassment issues, improvements in the amount of overtime being worked, and expressed positive reactions to Security Operations Supervisors being staffed with their shifts. Security Officers were aware of the Action Plan in general but were typically not able to attribute observed improvements to specific Action Plan items; this was not unexpected given the complexity of the Action Plan but it was an indicator that improved Action Plan implementation has been having a noticeable effect. Overall, the inspectors did not have significant concerns with implementation of the Action Plan, particularly given the generally improving work environment. However, the work environment in security, while improved, remained vulnerable to events that could be perceived negatively by the Security Officers. Given concerns about the sustainability of the improving trend in the security work environment that were expressed during focus groups and individual interviews, negative perceptions and associated challenges to continued work environment improvement could arise if the many actions implemented through the Action Plan are not sustained and do not become a part of permanent processes and culture. The NRC will follow up on these items as part of the Reactor Oversight Process baseline inspection program.

4OA6 Management Meeting

.1 Exit Meeting Summary

On December 19, 2014, the inspectors presented the inspection results to Mr. A. Vitale and other members of his staff. The licensee acknowledged the issues presented. The inspectors confirmed that none of the potential report input discussed was considered proprietary.

SUPPLEMENTAL INFORMATION

KEY POINTS OF CONTACT

Licensee

A. Vitale, Site Vice-President

A. Williams, General Manager Plant Operations

O. Gustafson, Director of Regulatory and Performance Improvement

Nuclear Regulatory Commission

J. Cameron, Chief, Division of Reactor Projects, Branch 4

LIST OF ITEMS OPENED, CLOSED AND DISCUSSED

None

LIST OF DOCUMENTS REVIEWED

The following is a list of documents reviewed during the inspection. Inclusion on this list does not imply that the NRC inspectors reviewed the documents in their entirety, but rather, that selected sections of portions of the documents were evaluated as part of the overall inspection effort. Inclusion of a document on this list does not imply NRC acceptance of the document or any part of it, unless this is stated in the body of the inspection report.

40A5 Other Activities

- Corrective Action Program Fundamentals Training Material
- CR-PLP-2014-00589, Discovered that Required Security Compensatory Measures Were Not in Place for Plant Equipment Located in the Turbine Building, January 24, 2014
- CR-PLP-2014-00673, Officers Questioned Supervision About the Need for Work Instructions, January 26, 2014
- CR-PLP-2014-02917, Safety Concern Regarding New Supplemental Vehicle Barrier System, May 7, 2014
- CR-PLP-2014-04108, Early Warning System Zone Placed Out of Service, August 15, 2014
- Employee Concerns Program Case List and Selected Case Files
- EN-EC-100, Guidelines for Implementation of the Employee Concerns Program, Revision 8
- EN-LI-102, Corrective Action Program, Revision 24
- EN-LI-102-02, CR Closeout Review, Revision 9
- EN-LI-104, Self-Assessment and Benchmark Process, Revision 10
- EN-LI-118, Cause Evaluation Process, Revision 21
- EN-LI-121, Trending and Performance Review Process, Revision 17
- EN-LI-121-01, Trend Codes, Revision 6
- EN-LI-121-02, Trend Analysis, Revision 1
- EN-QV-134, Employee Survey Response Protocol, Revision 1
- Nuclear Safety Culture Monitoring Panel Meeting Minutes, dated April 25, 2014
- Nuclear Safety Culture Monitoring Panel Meeting Minutes, dated January 16, 2014
- Nuclear Safety Culture Monitoring Panel Meeting Minutes, dated July 17, 2014
- Nuclear Safety Culture Monitoring Panel Meeting Minutes, dated October 20, 2014
- Organizational Effectiveness Survey, September 2014
- Palisades Leadership Code of Professionalism in Addressing Safety Concerns Letter
- Palisades Security Newsletter, April 2014 Edition
- Palisades Security Newsletter, June 2014 Edition
- Palisades Security Newsletter, July 2014 Edition
- Palisades Security Newsletter, September 2014 Edition
- Safety Culture Tailgate, September 2014
- Safety Culture Tailgate, November 2014
- Security Department Third Party Safety Culture Assessment, July 2014
- Security Department Quarterly Safety Culture Assessment, June 2014
- Security Department Quarterly Safety Culture Assessment, October 2014
- Security Equipment Backlog
- Security Safety Conscious Work Environment Action Plan Effectiveness Review
- Security Safety Conscious Work Environment Training Plan
- Security Supervisor Training Material
- WT-PLP-2014-00022, Security Safety Conscious Work Environment Action Plan, January 15, 2014

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Sincerely,

/RA/

Jamnes L. Cameron, Chief
Branch 4
Division of Reactor Projects

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