

July 12, 2004

MEMORANDUM TO: Chairman Diaz
Commissioner McGaffigan
Commissioner Merrifield

FROM: Luis A. Reyes /RA/
Executive Director for Operations

SUBJECT: STATUS OF ALLEGATION PROGRAM - CALENDAR YEAR
2003 ANNUAL REPORT

In SECY-94-089, "Response to the Report of the Review Team for Reassessment of the NRC's Program for Protecting Allegers Against Retaliation," the staff committed to have the Agency Allegations Advisor provide an independent annual report to the Executive Director for Operations that assesses the conduct of the allegation program in each office and region. A copy of the annual report for Calendar Year 2003 is attached for your information. The staff intends to place the report in the Agencywide Documents Access and Management System public library five days from the date of this memorandum.

The report contains an assessment of the allegation program, a review of allegation data for adverse trends for reactor and materials licensees and contractors, and a review of the resources expended on the follow-up of technical allegations. Because the Office of Investigations prepares an annual report covering the follow-up of allegations involving wrongdoing, this annual report does not specifically address activities concerning those allegations.

A number of significant agency activities took place last year that impact the Allegation Program and, therefore, warrant discussion in the report. On July 27, 2003, this office approved the transfer of allegations policy and program oversight from the Office of Nuclear Reactor Regulation to the Office of Enforcement. Additionally, the Commission directed the staff to develop an Alternative Dispute Resolution process and further guidance on creating and maintaining a safety conscious work environment. Both of those initiatives are also discussed in the attached report.

CONTACT: Lisamarie Jarriel, OE
(301) 415-8529

Overall, the allegation program has maintained the improvements realized in all areas in the last three years. The findings from the 2003 audits and NRC's performance measures for the Allegation Program indicate the improvements made in reviewing, documenting, tracking, and completing evaluations of allegations continue. The timeliness goals for communications with allegeders were met in all cases. The quality rating goal was achieved each of the last three years. Additionally, no inappropriate disclosures of the identity of allegeders occurred in the last three years.

To effectively address an increase in the number of generic security-related allegations and the on-going implementation of new and comprehensive security-related orders, rules, and guidance, the Agency Allegations Advisor recommended in the attached report that the Office of Nuclear Security and Incident Response (NSIR), appoint an Office Allegation Coordinator to serve as the administrative point of contact for processing and controlling allegations assigned to that office. The staff is examining the merits of this recommended approach and evaluating the degree to which it might enhance the effectiveness and efficiency of NRC's handling of allegations. The staff will provide its assessment of the approach recommended in the report and provide staff recommendations regarding implementation or alternatives by September 30, 2004.

Attachment: Annual Report

cc: SECY
OGC
OCA
OPA
CFO

STATUS
OF
ALLEGATION PROGRAM

CALENDAR YEAR 2003

ANNUAL REPORT

CONTENTS

EXECUTIVE SUMMARY	1
OVERVIEW OF THE ALLEGATION PROGRAM PERFORMANCE	3
Significant Activities	3
<u>Allegation Program Transfer</u>	3
<u>Alternative Dispute Resolution for Discrimination Allegations</u>	3
<u>Safety Conscious Work Environment Guidance</u>	3
Allegation Program Performance	4
<u>Protecting the Identity of Allegers</u>	4
<u>Timeliness Goals</u>	4
<u>Quality Goal</u>	5
<u>Resources Expended on Allegations</u>	5
TRENDS IN ALLEGATIONS	8
General Trends	8
Allegation Trends for Selected Reactor Sites	14
<u>St. Lucie 1 & 2</u>	14
<u>Indian Point 2 & 3</u>	15
<u>Palo Verde 1, 2, & 3</u>	16
<u>Oyster Creek</u>	17
<u>Davis-Besse</u>	17
<u>Byron 1 & 2</u>	19
<u>San Onofre 2 & 3</u>	19
<u>Point Beach 1 & 2</u>	20
<u>Fitzpatrick</u>	21
Allegation Trends for Selected Materials Licensees	21
<u>Paducah Gaseous Diffusion Plant</u>	22
<u>Nuclear Fuel Services</u>	22
Allegation Trends at Vendors	23
CONCLUSIONS	23
RECOMMENDATIONS	23
APPENDIX 1: ALLEGATIONS STATISTICS – OPERATING REACTORS	25
APPENDIX 2: DESCRIPTION OF THE ALLEGATION PROCESS	28

EXECUTIVE SUMMARY

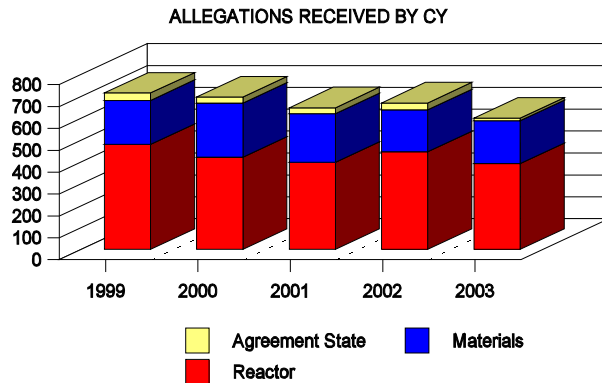
In SECY-94-089, "Response to the Report of the Review Team for Reassessment of the NRC's Program for Protecting Allegers Against Retaliation," the staff committed to have the Agency Allegations Advisor prepare an annual report for the Executive Director for Operations that assesses the conduct of the allegation program in each NRC office and region that routinely handles allegations. This annual report fulfills that commitment. In this report, the staff discusses allegation trends for reactor and materials licensees and vendors, and reviews the resources expended on following up on technical allegations. Because the Office of Investigations prepares an annual report covering the follow-up of allegations involving wrongdoing, this report does not specifically address activities concerning allegations of wrongdoing.

A number of significant agency activities took place last year that impact the Allegation Program and, therefore, warrant discussion in this report. On July 27, 2003, the Executive Director of Operations approved the transfer of allegations policy and program oversight from the Office of Nuclear Reactor Regulation to the Office of Enforcement. The Agency Allegations Advisor and Allegation Specialists now reside in the Office of Enforcement. Additionally, the direction from the Commission to develop an Alternative Dispute Resolution process and further guidance on creating and maintaining a Safety Conscious Work Environment is discussed in this report.

While the NRC is fully committed to our goal of increasing public confidence through communicating with the public, we must balance that goal with the more immediate need of ensuring the continued safety and secure operation of nuclear facilities in our country. Normally, general information concerning actions taken by the agency or licensee in the security area would be discussed in this report. However, to ensure that we are not unnecessarily releasing information that would reveal any potential security-related vulnerabilities, we have not included such a discussion. Nonetheless, in addition to enhancing the security of reactor licensees through the issuance of NRC orders in CY 2003, the NRC has taken all necessary actions to address potential security-related concerns that may have been identified during the course of the NRC's review of allegations.

Overall, the allegation program has maintained the improvements realized in all areas in the last three years. The findings from the 2003 audits and NRC's performance measures for the allegation program indicate the improvements made in reviewing, documenting, tracking, and completing evaluations of allegations continue. The timeliness goals for communications with allegers were met in all cases. The quality rating goal was achieved each of the last three years. Additionally, no inappropriate disclosures of the identity of allegers occurred in the last three calendar years.

As the figure to the right indicates, from calendar year (CY) 1999 through 2003 the number of allegations received by the NRC declined slightly. In 1996, the NRC published the Policy Statement, "Freedom of Employees in the Nuclear Industry to Raise Safety Concerns Without Fear of Retaliation," to focus the industry on the importance of creating and maintaining a safety conscious work environment. The NRC took other actions as well to communicate its expectations in this area including, posting allegation statistics on the NRC's web page, speaking at stakeholder forums, and participating in training academies hosted by the Institute of Nuclear Power Operations. By the late 1990's the NRC's and industry's efforts began to have an impact, and in 1998 the rising allegation trend reversed significantly.



For their part, many licensees have used what information the NRC has shared as an opportunity to understand why licensee employees raise issues externally rather than using internal reporting processes. In general, licensees have been increasingly responsive in addressing employee concerns using internal processes and, as a consequence, more employees are using internal mechanisms and fewer issues are coming to the NRC.

However, for some licensees the NRC continues to receive allegations in numbers that warrant additional analysis. In preparing this report, a 5-year history of allegations was reviewed for reactor and material licensees and vendors to identify adverse trends. Given the Commission's continuing emphasis on establishing and maintaining a safety conscious work environment, the analysis focused on allegations that originated from onsite sources, either from licensee or contractor employees, former employees and contractors, or anonymous sources. The staff identified nine reactor sites for a more in-depth review: St. Lucie, Indian Point, Palo Verde, Oyster Creek, Davis-Besse, Byron, San Onofre, Point Beach, and Fitzpatrick. Each of these sites is discussed in the report.

Two materials licensees were also the subject of allegations at a level that warranted additional analysis; the Paducah Gaseous Diffusion Plant, and the Nuclear Fuel Services fuel cycle facilities. No vendors or contractors were the subject of allegations in sufficient number to warrant additional review.

Regarding general trends in the Allegation Program, although the volume of allegations in general has declined from CY 2002 to CY 2003, the NRC received an increasing number of allegations in some specific areas. One area in particular where increases were seen is generic security-related allegations. Because of these increases, on-going implementation of new and comprehensive security-related orders, rules and guidance, and the availability of the physical facilities needed to properly handle these sensitive materials, the Agency Allegations Advisor recommends that the Office of Nuclear Security and Incident Response appoint an Office Allegation Coordinator to serve as the administrative point of contact for processing and controlling allegations assigned to that office.

In summary, the staff continues to emphasize addressing each allegation fully in a timely manner and improvements seen in the implementation of the allegation program in the last three years continue.

OVERVIEW OF THE ALLEGATION PROGRAM PERFORMANCE

Significant Activities

A number of significant agency activities took place in 2003 that affect the Allegation Program and, therefore, warrant discussion in this report. The transfer of the program to the Office of Enforcement, the implementation of an agency sponsored Alternative Dispute Resolution process for discrimination allegations, and the preparation of further Safety Conscious Work Environment guidance are each discussed below.

Allegation Program Transfer

On July 27, 2003, the Executive Director of Operations approved the transfer of allegations policy and program oversight from the Office of Nuclear Reactor Regulation (NRR) to the Office of Enforcement (OE). The Agency Allegations Advisor and Allegation Specialists now reside in OE. Implementation of the Allegation Program continues to be carried out by the appropriate NRC program offices and regions. The transfer of the Allegation Program from NRR reflects the fact that the scope of the program is broader than just reactor-related allegations. Furthermore, this move aligns the headquarters enforcement and allegations functions as they are currently aligned in the regions.

Alternative Dispute Resolution for Discrimination Allegations

In late March 2003, the Commission directed the staff to implement many of the recommendations of an agency task group commissioned to improve the manner in which the NRC investigated allegations of discrimination. One recommendation, in particular, may significantly impact the Allegation Program. The Commission directed the staff to conduct a pilot Alternative Dispute Resolution (ADR) Program to allow additional opportunities for the parties to resolve their differences outside of the normal regulatory framework. ADR involves the use of a neutral third party to facilitate discussion and settlement of the concern being alleged. The pilot program will include the opportunity for using ADR early in the allegation process, before the NRC conducts its investigation of the allegation. Upon implementation of the program, alлегers will be asked if they are interested in entering into the pilot process. If agreeable, the NRC will offer to the licensee ADR, as well. The NRC will pay for the neutral during the early ADR process. At any time, either party can exit the ADR process and, if the alлегer still wants to pursue the issue, may request an investigation by the NRC through the normal allegation process. The staff is in the process of preparing guidance documentation and modifying its process to implement the pilot program as directed by the Commission.

Safety Conscious Work Environment Guidance

The Commission also directed the staff in March 2003 to prepare further guidance for licensees on establishing a Safety Conscious Work Environment (SCWE); that is, an environment where employees in the nuclear industry are encouraged to raise safety concerns to their employers or the NRC, and are protected from retaliation for doing so. The Commission's expectations

with regard to licensees establishing and maintaining a SCWE are outlined in a May 19, 1996, Policy Statement, "Freedom of Employees in the Nuclear Industry to Raise Safety Concerns Without Fear of Retaliation." However, the guidance provided by the policy is very broad. It was with that in mind that the Commission directed the staff to provide further guidance.

In the Fall of 2003 the staff formed a working group and drafted an outline of a SCWE guidance document based on the content of the 1996 Policy Statement. This outline was published in the Federal Register for comment and was the basis for discussion at a public meeting on February 19, 2004. While most of the stakeholders at the meeting, including representatives from the industry and whistleblower advocates, agreed on the content of such a document, there were many comments concerning the format and use of such guidance. The Nuclear Energy Institute proposed to make its own guidance document, "Nuclear Power Plant Personnel - Employee Concerns Program - Process Tools in a Safety Conscious Work Environment," publically available in lieu of the agency creating its own. The staff is both considering this proposal and preparing a draft SCWE guidance document to complement the Policy Statement, as directed by the Commission. Solicitation of further public comment is expected should the agency proceed with its development.

Allegation Program Performance

The Commission established the allegation program to provide a way for individuals working in NRC-regulated activities and members of the public to provide safety and regulatory concerns directly to the NRC. The program includes a database that allows the staff to track concerns submitted to the NRC to ensure that the concerns are evaluated and resolved in a timely manner, consistent with the associated safety or risk significance, and that the results of NRC's evaluation are communicated to the individual who submitted the concerns, when appropriate.

The performance of the allegation program is measured against goals for protecting the identity of allegers and conducting an appropriate review of all concerns in a timely manner. It is the goal of the agency that no allegers' identity is inappropriately released. Timeliness goals have been established for various stages of the process, including the convening of an initial allegation review board to evaluate the concerns, and correspondence with the allegers concerning both acknowledgment and closure of the concerns. The quality of the staff's review and its correspondence with the allegers are assessed during program audits.

Protecting the Identity of Allegers

One element of the allegation program that is essential to its credibility is protecting the identity of allegers to the extent possible. The agency's goal is to have no substantiated complaints of the inappropriate release of an allegers' identity as determined by either the Office of Inspector General (OIG) or the staff. In 2003, neither the OIG nor the staff substantiated an inappropriate release of the identity of any allegers.

Timeliness Goals

The initial allegation review board (ARB) is conducted for the purpose of reviewing the allegation and assigning appropriate staff actions for follow-up. The program requires an initial ARB to be held within 30 days of receiving an allegation. All of the 596 initial ARBs held in 2003 met this goal.

Initial correspondence with the allegor acknowledges receipt of the allegation and documents the specific concerns as understood by the NRC staff to ensure agreement prior to the staff taking further action. The goals for issuing letters acknowledging receipt of allegations are 90 percent within 30 days and 100 percent within 45 days. The 45-day goal provides an opportunity to contact the allegor by telephone to solicit additional information prior to sending a letter acknowledging receipt to ensure complete understanding of the allegor's concerns. These goals were met in every case. Ninety-seven percent of the allegations received in 2003 were acknowledged within 30 days, and 100% within 45 days.

Regarding timeliness goals for closing technical, non-wrongdoing, allegations; the agency's goals are to close 70 percent of the allegations in 150 days or less; 90 percent of the allegations in 180 days or less; and 100 percent of the allegations in 360 days or less. As shown in the table on the following page, all of the 374 allegations closed in CY 2003 were closed in 360 days or less.

Time to Close							
Metric (Days)	Total	NMSS	NRR	RI	RII	RIII	RIV
	374	9	33	95	74	97	66
0 ≤ 70% ≤ 150	89%-334	100%-9	85%-28	92%-87	96%-71	90%-87	79%-52
151 ≤ 90% ≤ 180	96%-27		94%-3	98%-6	100%-3	96%-6	92%-9
181 ≤ 100% ≤ 360	100%-13		100%-2	100%-2		100%-4	100%-5

Quality Goal

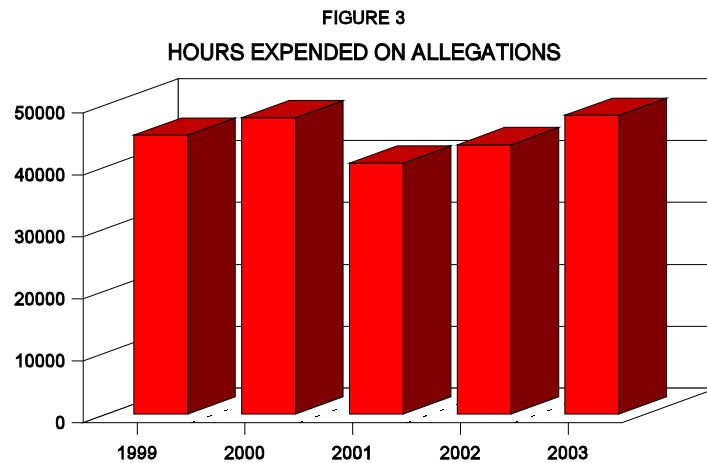
The staff instituted a quality goal for the Allegation Program in 1999. Although somewhat subjective in nature, as part of the routine program audits the auditors review, in detail, a sample of closed allegation files to assess their quality. Specifically, the files are reviewed to determine if staff follow-up of allegations appropriately captures and responds to each issue raised in 90 percent of the allegations reviewed. A ten percent smart sample of the allegations closed in 2003 was reviewed. In all, 52 files were reviewed, and although some observations were made to improve their overall quality, all were determined to adequately capture and respond to the issues raised.

Resources Expended on Allegations

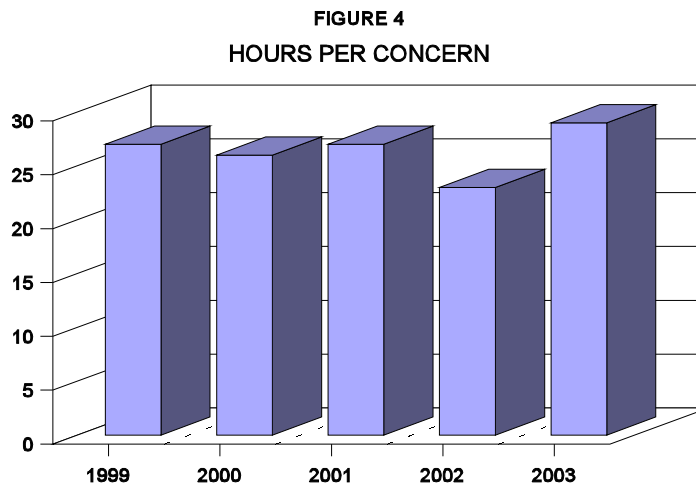
The resources expended on handling allegations were also reviewed for this report. To facilitate use of this data by the Commission, it is presented by fiscal year versus calendar year. It should be noted that there is some concern regarding the accuracy of these numbers. During past audits, it was determined that often inspections into allegations are accomplished during baseline inspections conducted under the ROP. This practice is helpful from an agency resources standpoint, as well as because of its ability to conceal the fact that the inspector is evaluating an allegation, thereby helping to protect the identity of the allegor. Nonetheless,

often the time spent by the inspector is recorded as baseline inspection activity alone and not captured as time spent on allegation follow-up. Senior management is taking steps to address this issue.

Figure 3 shows those hours recorded by the technical staff as time spent addressing allegations concerning reactor and materials licensees.¹ As reported, the hours expended on allegation follow-up by the staff remained relatively steady over the five year period reviewed, but increased each of the last three years.



The number of hours expended per allegation can be greatly affected by the number of issues in an allegation. To account for this, Figure 4 displays the hours expended on a concern basis. The number of hours expended per concern is a more accurate measure and is a more appropriate indicator of efficiency. As indicated below, the time spent by the staff following up on each concern remains relatively unchanged between 23 and 29 hours.



¹ Hours include time spent by the regions and NMSS on allegations concerning agreement state licensees. Time spent on issues concerning agreement state licensees is not tracked separately.

Figure 5 breaks down the hours expended on allegations into the total hours expended by NRR and each region to ascertain each office's performance.

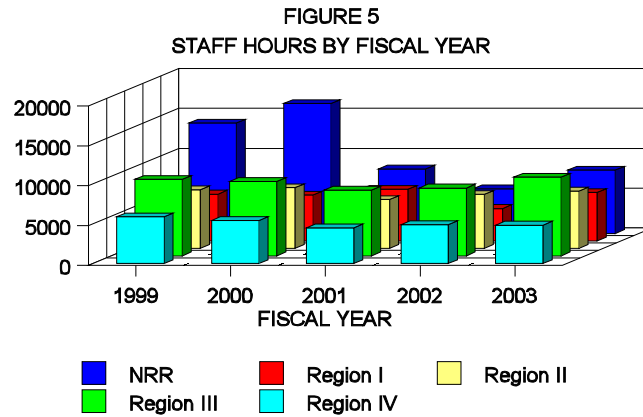
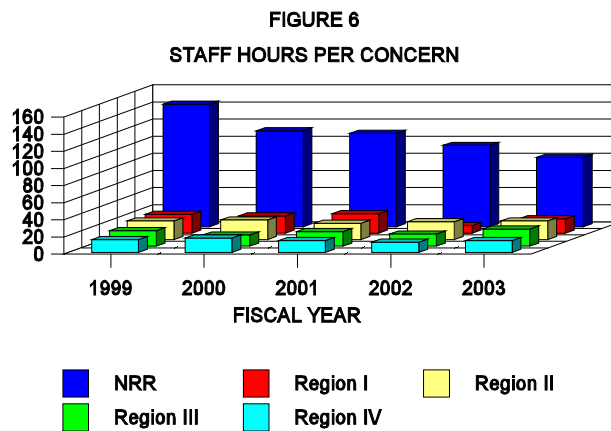


Figure 6 displays the hours per concern for each office for FY 1999 through FY 2003.



Historically, NRR's labor rate has been higher than the regions because the issues addressed in NRR are the generic, more complex, technical issues involving the design bases and/or licensing bases for nuclear power plants that sometimes involve a class of plants. Additionally, it is more difficult to refer these types of issues to licensees or their contractors for review. The regions refer a higher percentage of allegations to licensees which helps reduce their hours.

TRENDS IN ALLEGATIONS

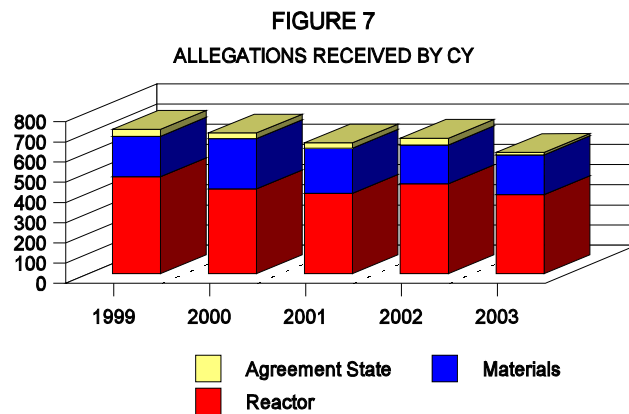
The NRC monitors both technical and discrimination allegations to discern trends or sudden increases that might justify the NRC questioning the licensee as to the root causes of such changes or trends. In preparing this report, a 5-year history of allegations was reviewed for reactor and material licensees and vendors.

With the continuing emphasis on establishing and maintaining a safety-conscious work environment, the staff focused on those allegations that have the potential to provide insights into the SCWE, that is, those allegations submitted by current or former licensee or contractor employees or by anonymous sources. The staff performs an analysis of the allegations twice a year in support of the Reactor Oversight Process (ROP) mid-cycle and end-of-cycle assessments. In addition, an analysis for a particular site or licensee may be performed whenever allegations or inspection findings indicate it is warranted.

The staff also conducts reviews to identify national trends for reactor and materials allegations, shifts in users of the allegation program, and impact on the workload in the regions, NRR and NMSS. These trends are discussed in the next section on general trends.

General Trends

National trends are of interest because they are used in developing budget assumptions, labor rates, and in preparing operating plans. Figure 7 below shows that the 5-year national trend has declined slightly.



While the number of issues or concerns received declined slightly on the national level, the figures on the following page show that impact is not evenly distributed across the regions. Figures 8, 9, 10, and 11 show the shift of allegation workload in the regions at the concern level. With the NRC's budget prepared two years in advance, budgeted resources may not reflect the actual workload in the organization when shifts in workload occur as happens with allegations.

While the volume of concerns received in most regions remained steady, the number of issues received by Region III declined in both the reactor and materials areas. This decline can partly be attributed to resolved union/strike issues at the Paducah Gaseous Diffusion Plant and improvements to Davis-Besse's SCWE during the 0350 Panel oversight process. A transfer of licensees between regions also occurred in 2003. Two large fuel cycle facilities were transferred from Region III to Region II, and all of the materials licensees in Region II were transferred to Region I.

FIGURE 8
REGION I - ISSUES RECEIVED

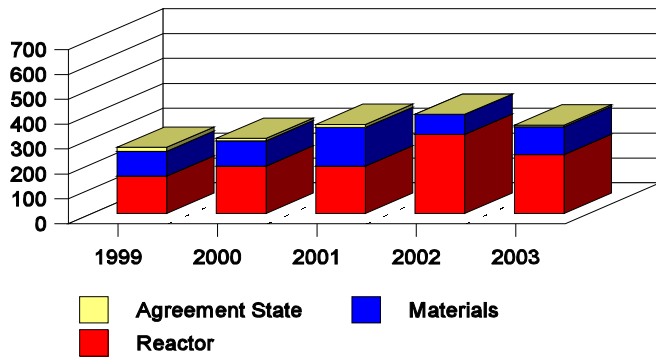


FIGURE 9
REGION II - ISSUES RECEIVED

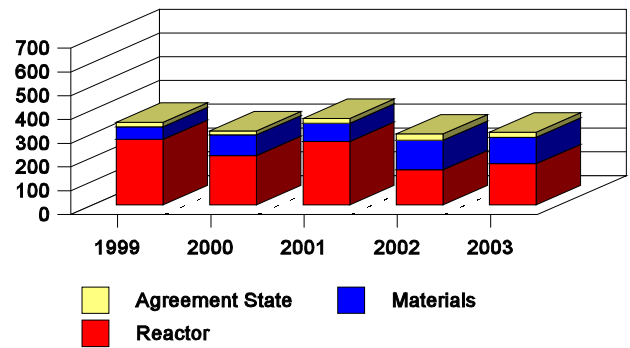


FIGURE 10
REGION III - ISSUES RECEIVED

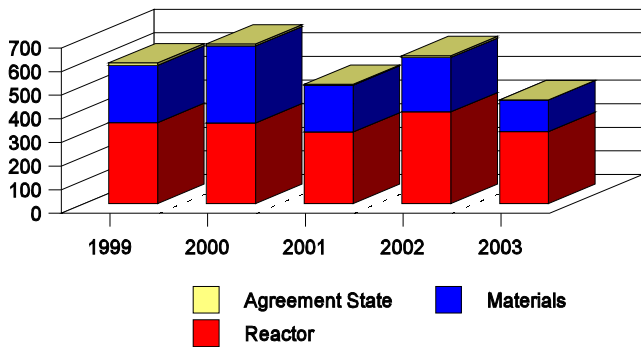
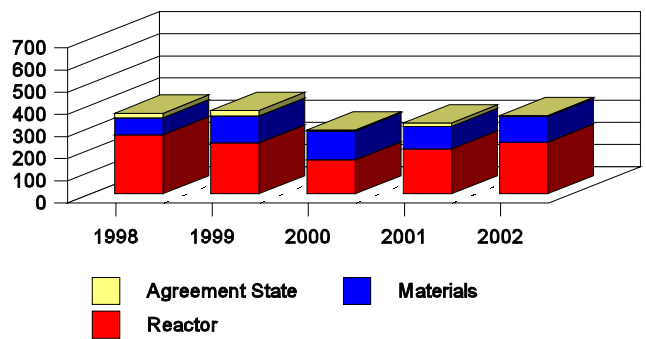
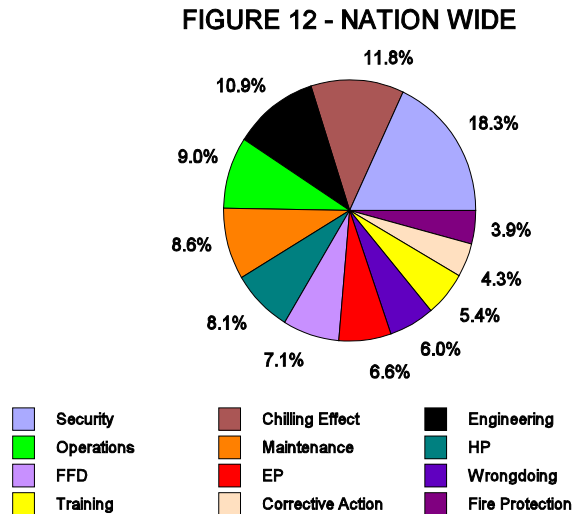


FIGURE 11
REGION IV - ISSUES RECEIVED



To provide further insights into the areas in which the NRC is spending resources on reactor-related allegation follow-up, Figure 12 depicts the twelve areas that represent approximately 80 percent of the issues received nationwide in 2003.



HP - Health Physics or Radiation Protection, FFD - Fitness For Duty, EP - Emergency Preparedness

It should be noted that there has been a significant increase in the number of allegations concerning a “chilling effect,” indicating weaknesses in the licensee’s SCWE. Furthermore, security-related concerns continue to represent the greatest percentage of concerns received in the NRC’s Allegation Program.

Management Directive 8.8, “Management of Allegations,” directs NRC offices to appoint an Office Allegation Coordinator (OAC) and establish an Allegation Review Board if their mission and the possibility of serving as an action office so requires. Currently, the offices of Nuclear Reactor Regulation, Nuclear Material Safety and Safeguards, State and Tribal Programs, and each region has appointed an OAC to serve as the administrative point of contact for processing and controlling allegations assigned to that office or region. The Office of Nuclear Security and Incident Response (NSIR), responsible for developing agency policy and providing management direction for assessment of security-related issues and incidents at nuclear facilities, has not yet appointed an OAC. Because of the increasing number of generic security-related allegations (i.e., one third of all allegations currently managed by NRR fall within NSIR’s responsibility), on-going implementation of new and comprehensive security-related orders, rules and guidance, and the availability of the physical facilities needed to properly handle these sensitive materials (e.g., secure phones, safes, and fax machines), the Agency Allegations Advisor recommends that the Office of Nuclear Security and Incident Response appoint an OAC.

Figures 13 through 17 depict the distribution in NRR and the four regions of the same twelve areas illustrated in Figure 12.

FIGURE 13 - NRR

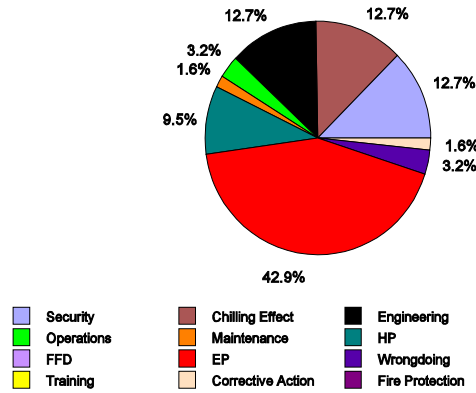


FIGURE 14 - REGION I

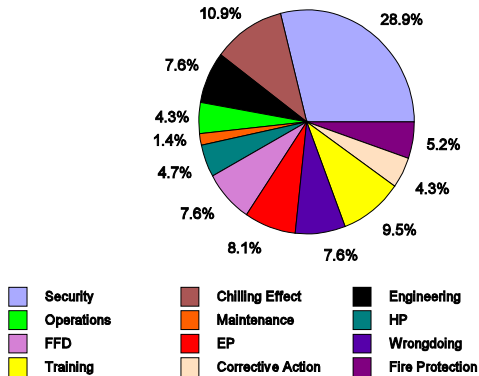


FIGURE 15 - REGION II

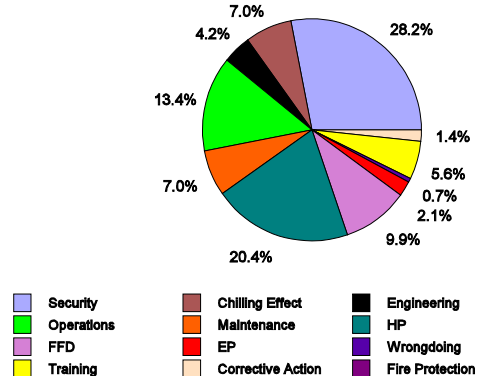


FIGURE 16 - REGION III

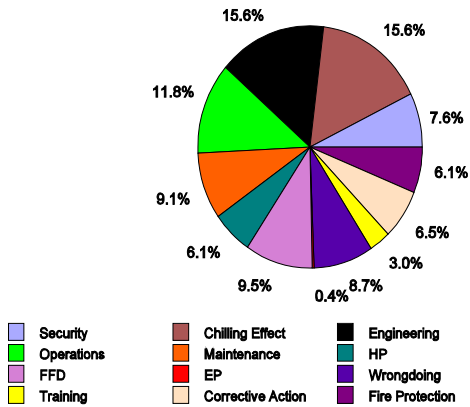
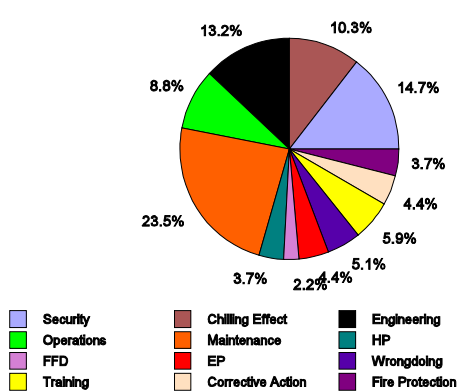


FIGURE 17 - REGION IV



HP - Health Physics or Radiation Protection, FFD - Fitness For Duty, EP - Emergency Preparedness

Because the activities performed by materials licensees are not as homogeneous as those performed by reactor licensees, a comparison at the “Discipline” level doesn’t produce meaningful results. To provide further insights into the areas in which the NRC is spending resources on materials-related allegations, the following graphs depict the nine licensee categories that represent approximately 80 percent of the issues received nationwide and the distribution of those issues in NMSS and the four regions.

FIGURE 18 - NATION WIDE

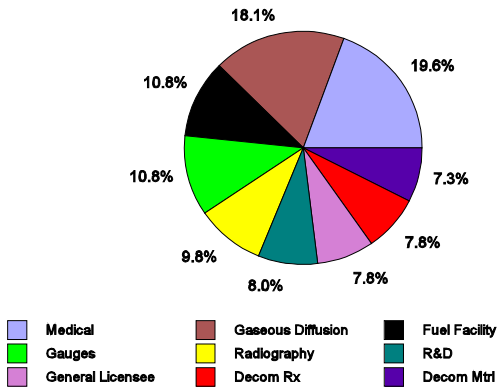


FIGURE 19 - NMSS

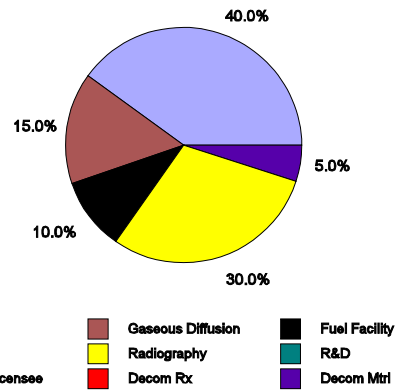


FIGURE 20 - REGION I

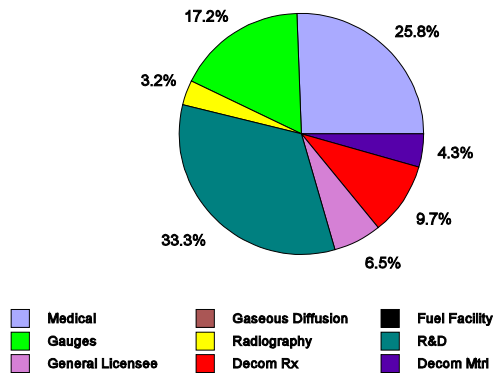


FIGURE 21 - REGION II

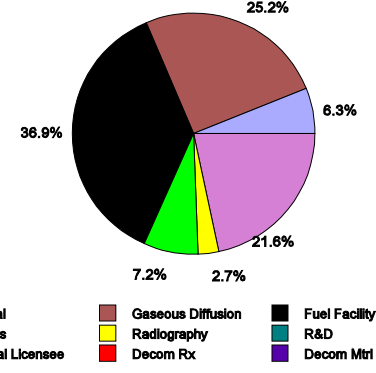


FIGURE 22 - REGION III

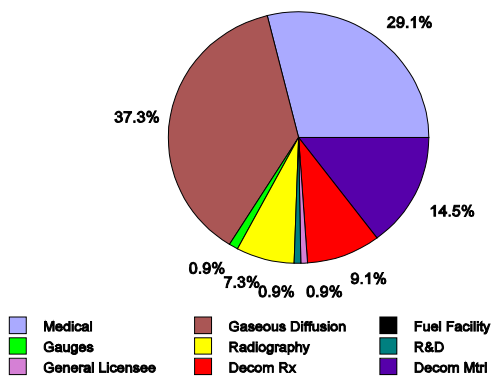
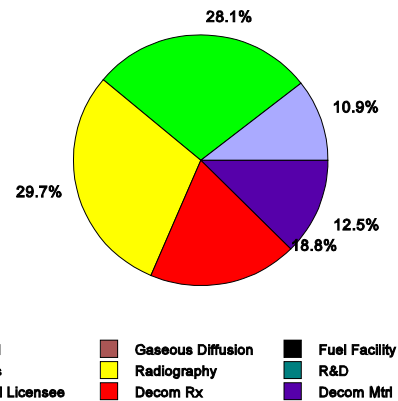


FIGURE 23 - REGION IV



Decom - Decommissioning Reactor or Materials Site, R&D - Research & Development Company

Figures 24 and 25 provide a breakdown of allegations received by categories of sources for the last three years for reactor and materials allegations. For reactor-related allegations, there has been a steady decline in allegations received from anonymous sources. Anecdotal information might suggest this is a result of improved safety conscious work environment initiatives.

FIGURE 24 - REACTOR ALLEGATIONS BY SOURCE CATEGORY

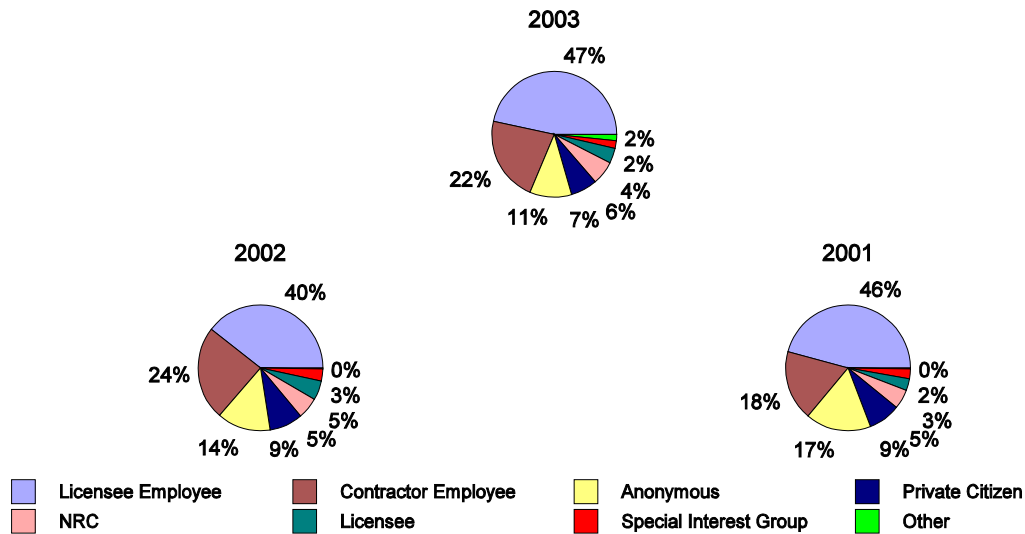
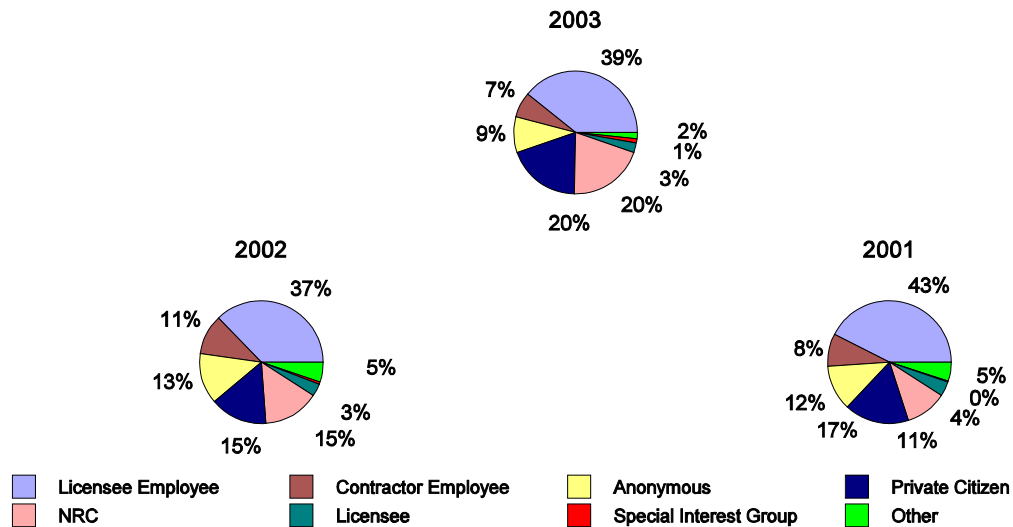


FIGURE 25 - MATERIALS ALLEGATIONS BY SOURCE CATEGORY



In comparing the sources for materials vs. reactor-related allegations, private citizens are a more prevalent source for materials-related allegations and contractor employees are less prevalent. This is logical because materials licensees' activities are more visible to the public and involve fewer contractors.

Two of the categories deserve some explanation. The source category “NRC” is used for when the NRC staff suspects a violation of requirements is deliberate or due to careless disregard and the Office of Investigations opens an investigation. The category “Licensee” is used for the same kinds of issues that are reported by a licensee to the NRC. An allegation number is used to track the follow-up on the technical and wrongdoing aspects of the issue.

Allegation Trends for Selected Reactor Sites

As noted previously, the trending of allegations received concerning individual reactor sites is one method the NRC staff uses to monitor the safety conscious work environment at reactor sites. Statistics on allegations received concerning all operating reactor sites are given in the table in Appendix 1. The allegations in the table cover the five-year period January 1999 through December 2003 and include allegations received from onsite sources only; that is, allegations from current or former licensee employees, current or former contractor employees, or anonymous alлегers. For the purpose of this analysis, the NRC assumes anonymous allegations are from onsite personnel.

In determining which reactor sites should receive a more in-depth review, the staff applied the following criteria:

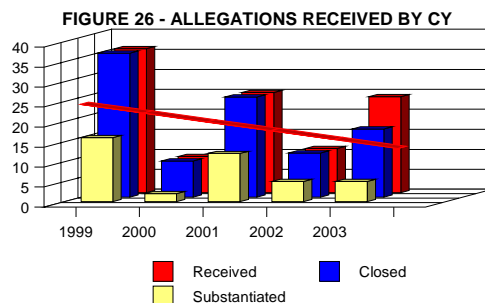
- 1) The number of onsite allegations received exceeds 2 times the median value for the reactor industry, but does not exceed three times the median, and there is a 50 percent increase in the number of allegations received over the previous year; or;
- 2) The number of onsite allegations received exceeds 3 times the median value.

For CY 2003, the median number of onsite allegations per reactor site was three. The nine reactor sites that met one of these criteria are St. Lucie (24), Indian Point (20), Palo Verde (19), Oyster Creek (18), Davis-Besse (17), Byron (11), San Onofre (11), Point Beach (10), and Fitzpatrick (7). All exceeded 3 times the industry median, with the exception of Fitzpatrick, which exceeded 2 times the median and experienced more than a 50 percent increase in the number of allegations concerning the site. A more detailed discussion of each of these sites follows.

St. Lucie 1 & 2

Although St. Lucie’s allegation trend over the past five years is down, the number of allegations from the site increased in 2003 over the previous year. As illustrated by Figure 26, in fact, the volume of allegations has been cyclic in nature, rising then falling, then rising again, indicating the licensee’s difficulty maintaining a sustainable SCWE.

In October 2003, the NRC indicated to the licensee that the number of “chilling effect” and SCWE concerns received from the site had notably increased and requested a review of the environment and any actions planned to address the situation.



In response to the NRC's letter, Florida Power & Light indicated that they also had observed an increase in anonymous concerns raised internally from 2002 to 2003 and had, in fact, begun a reorganization of supervisors prior to receiving the October 2003 letter. Some supervisors were relieved of their supervisory duties, others moved between organizations, while others were terminated.

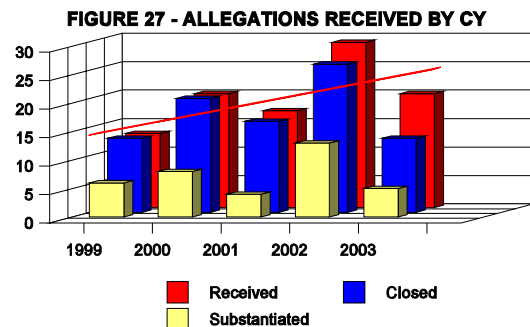
Subsequent to receiving the NRC's letter, the licensee identified additional corrective actions including, enhanced training of plant staff and supervisors, more frequent employee information meetings to discuss objectives of planned actions, and a re-review of the results of a mid-year SCWE survey. The review of survey findings identified specific organizations where the SCWE was challenged. Actions were taken to address weaknesses in those organizations, including training and counseling the supervision concerning SCWE principles and management expectations. The licensee has indicated that they plan to conduct another SCWE survey in 2004 which will help evaluate the effectiveness of the actions they have taken to date. In December 2003, the NRC also identified weaknesses with the manner in which the Corrective Action Program addressed safety conscious work environment concerns. The licensee subsequently initiated an evaluation of those concerns.

There have been four allegations of discrimination filed in the last three years; two in 2003 and two in 2001. All were investigated and closed unsubstantiated. The NRC will continue to monitor the work environment at the St. Lucie site to assess the effectiveness of the licensee's recent actions.

Indian Point 2 & 3

As illustrated by Figure 27, allegations at the Indian Point site have decreased after a notable increase last year. The majority of the concerns received in 2003 were in the security and training areas.

Issues with regard to operator training at Indian Point date back several years. As a result of an inspection conducted in October 2001, the NRC issued a Yellow finding on operator requalification training, resulting in increased NRC observations of control room activities, individual operational evaluations, and review of several corrective actions taken by the licensee. In March and April 2003, the NRC performed a Special Team inspection at Indian Point of selected operational events and training issues, including issues raised by allegers. The NRC inspection team determined that the training issues were primarily prevalent from 2001 into 2002 and have been substantially corrected. The team also noted that the Entergy Training Department is actively engaged in identifying and resolving operational events and performance issues and addressing long-standing problems in the training program. Accordingly, the NRC Yellow finding was closed in May 2003. The NRC has concluded, based on numerous reviews conducted, that the current staff of licensed operators are competent to safely operate Indian Point Units 2 & 3.

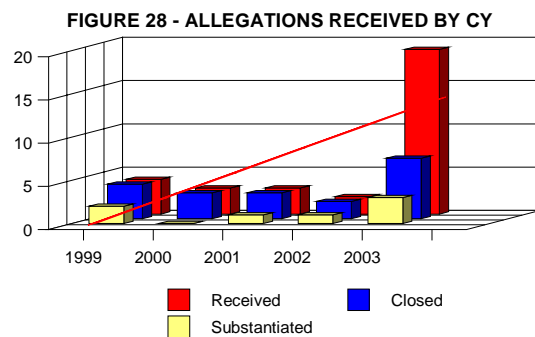


With regard to allegations of discrimination, there were four raised in 2003. One did not meet the requirements for initiation of an investigation. In order for the NRC to pursue a matter of

potential discrimination, pursuant to 10 CFR 50.7, a certain pattern of facts, called a prima-facie showing, must be articulated. Specifically, it must be initially established that an employee has engaged in a protected activity, that an adverse personnel action was taken against the employee, that management knew that the employee had engaged in the protected activity, and that the protected activity was, in part, the reason for the adverse personnel action. The other three allegations of discrimination raised in 2003 are still under investigation. Of the seven discrimination allegations raised at Indian Point in 2002, a prima-facie showing of potential discrimination was not articulated for four of them and these allegations have been closed. Two were investigated, not substantiated, and closed, while one remains open and under investigation. Of the four allegations of discrimination raised in 2001, two made a prima-facie showing and were investigated, but neither was substantiated. The NRC has not substantiated an allegation of discrimination at the Indian Point site in the past five years. The NRC staff will continue to monitor the open allegations of discrimination, as well as the general allegation trends at the Indian Point site.

Palo Verde 1, 2, & 3

In the early 1990's Palo Verde's work environment was severely challenged. The large number of allegations going to the NRC then involved a variety of organizations in the plant. In response to that challenge, the licensee brought senior management attention to the issue and made a number of changes, including training the workforce in SCWE principles and making several enhancements to the avenues available to the workforce to raise issues. These changes succeeded in vastly improving the overall SCWE. As Figure 28 indicates, the Arizona Public Service Company is again facing a challenge. However, this time it primarily involves one organization on site. The majority of the allegations received at the NRC concern issues in the Instrumentation & Control Department.



It is the NRC's policy to refer certain allegations to the licensee for assessment. Referrals are generally made to expedite an assessment of a safety concern only after discussing the possibility of referral with the allegor. The licensee is required to assure the assessment is conducted by qualified personnel, independent of the issue or organization in question, and complete and accurate. In response to allegations referred to the licensee early in the year, Arizona Public Service Company contracted an independent investigator in May 2003 to evaluate the SCWE in the Instrumentation & Control Department. The NRC also conducted its own review in December 2003. Both the licensee's assessment and the NRC's independent review concluded that, in general, the workforce feels free to raise safety issues. However, issues were identified by the NRC concerning employee awareness, familiarity, and perceived effectiveness of the processes used to raise and resolve concerns. The licensee has initiated several actions, including additional SCWE training for managers and supervisors and training for the employees on the various processes available to them to raise concerns. The NRC will continue to monitor actions being taken by the licensee in these areas to ensure appropriate

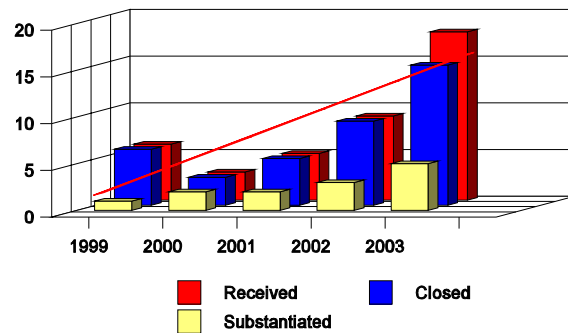
management attention is maintained to sustain a healthy SCWE at the Palo Verde Nuclear Station.

With regard to allegations of discrimination for raising safety issues and engaging in other protected activity, there have been four allegations raised in the past three years. All were investigated by the NRC and none of the four were substantiated.

Oyster Creek

The volume of allegations concerning the Oyster Creek site continues to increase. A review of the individual issues found no pattern or trend in the disciplines involved. Significant staff reductions in 2002, major contract negotiations in 2003, and, ultimately, a three-month strike in the summer of 2003 most likely contributed to the volume of concerns going externally. The licensee confirmed that in the Spring of last year, the bargaining unit stopped coming to the Employee Concerns Program with their issues, opting instead to take their issues to the NRC or local news outlets. After the strike ended, the licensee conducted a survey of returning personnel to identify any lingering work environment concerns. Among those identified, were issues concerning a 2002 fish kill which left employees feeling that their concerns were not being addressed.

FIGURE 29 - ALLEGATIONS RECEIVED BY CY



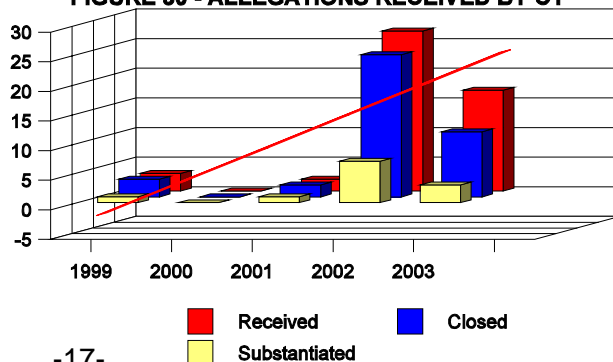
In the past two years, the NRC received seven allegations of discrimination, after receiving only one each of the previous four years. Five of the seven were closed because a prima-facie showing of potential discrimination was not articulated. The other two were investigated and, based on the evidence developed during the investigation, not substantiated.

The NRC will continue to monitor the safety conscious work environment, actions the licensee takes to improve it, and the general allegation trend at the Oyster Creek site.

Davis-Besse

After a significant rise in allegations after the March 2002 discovery of the degraded reactor vessel head and subsequent shutdown, the volume of allegations concerning the Davis-Besse site declined in 2003. The licensee's analyses of the degraded vessel head identified weaknesses in its safety culture. During the course of the long-term shutdown, weaknesses were identified in the SCWE and Employee Concerns Program (ECP), as well, and the licensee initiated corrective actions in those areas. The agency's oversight

FIGURE 30 - ALLEGATIONS RECEIVED BY CY



of those actions was accomplished by an Oversight Panel under NRC Inspection Manual Chapter 0350, "Oversight of Operating Reactor Facilities in a Shutdown Condition with Performance Problems." Throughout 2003, the NRC interviewed licensee employees and management, observed management behavior, reviewed documentation, inspected ECP adequacy, and evaluated allegation and ECP trends to assess the effectiveness of the licensee's corrective actions.

One trend exhibited by the allegation data is consistent with other plants that have been through an extended shutdown; namely in the Maintenance area. Not surprisingly, considering the attention paid on the reactor vessel head issue, pockets of concern were also indicated in Engineering and the Corrective Action Program.

There were six allegations of discrimination in 2003 concerning activities at the Davis-Besse site. One of the six was not raised by the person who was the subject of the alleged discrimination and was therefore not investigated and closed. Two of the six were closed because a prima-facie showing of potential discrimination was not articulated. One allegation was investigated and not substantiated. The remaining two allegations of discrimination raised in 2003 are still under investigation. Of the nine raised in 2002, three were closed because a prima-facie showing of potential discrimination was not articulated, one withdrawn at the request of the allexer, and the others investigated and not substantiated. In mid-2001, the NRC issued one Severity Level IV Notice of Violation for an act of discrimination. There have been no enforcement actions for discrimination since that time.

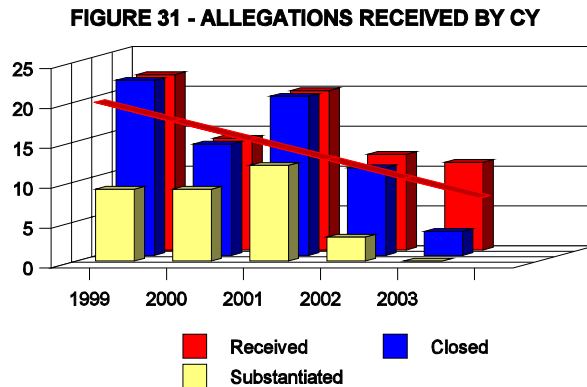
By the end of 2003, an NRC special inspection team had concluded that the tools the licensee had developed to monitor the effectiveness of its safety culture and SCWE corrective actions were appropriate and provided valuable insights. The team also concluded that the actions taken had an overall positive effect on the environment at Davis-Besse, however, there were indications that some managers did not fully embrace or understand the concepts of a SCWE. Finally, the results of a survey conducted in November of 2003 raised questions regarding the continuing effectiveness of the actions implemented to improve the safety culture and SCWE at Davis-Besse. The survey identified key organizations where responses were less positive in specific areas when compared to the same survey given in March 2003. These findings resulted in additional inspection and assessment by the Oversight Panel in early 2004 and the NRC concluded that the licensee's corrective actions were effective.

As part of the restart authorization, the NRC issued a Confirmatory Order to ensure licensee self-assessments are effective and improvements realized during the extended outage remain in place and are further built upon to improve performance in the future. The Confirmatory Order required that the licensee contract with independent organizations to conduct comprehensive assessments of the Davis-Besse operations performance, organizational safety culture, including safety conscious work environment, the corrective action program implementation, and the engineering program effectiveness. The licensee is required to inform the NRC of the identity and qualifications of the outside assessment organizations, as well as the scope and depth of the assessment plans. The assessments are required before the end of the fourth quarter of 2004 and annually thereafter for four more years and the licensee must submit the results to the NRC, including any action plans necessary to address issues identified.

The staff will continue to monitor Davis-Besse closely. Three resident inspectors are currently assigned to the site and the Oversight Panel will continue to oversee the plant until operating performance is such that Davis-Besse can be returned to the normal reactor oversight process. The staff will also monitor the general trend of allegations and trends in the licensee's internal reporting programs.

Byron 1 & 2

As indicated in Figure 31, the volume of allegations received concerning the Byron site is trending down, particularly in the past two years. In 2001, the NRC's substantiation of an allegation of discrimination resulted in the issuance of a Confirmatory Order to the licensee. The Confirmatory Order included an admission by Exelon of the violation of 10 CFR 50.7, Employee Protection, and required comprehensive corrective actions to prevent recurrence and improve the SCWE. The corrective actions included training of management personnel on creating and maintaining a work environment where employees and contractors feel free to raise safety issues, and extended beyond the Byron site to the twenty-one reactor licenses held by Exelon.

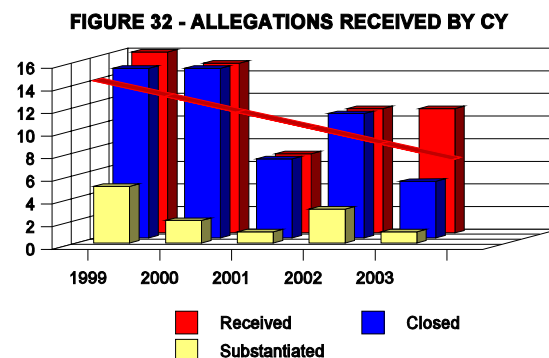


The majority of the 2003 allegations received from Byron involved concerns associated with operations and fitness-for-duty; in particular, fatigue issues. While allegations to the NRC decreased in the last two years, the number of concerns being brought internally to the licensee's Employee Concerns Program increased, and also included issues in these two areas. The licensee has addressed concerns in both these areas. Changes to the licensee's policy on forced overtime in January 2004 are expected to address fatigue issues.

There was one allegation of discrimination raised in 2003 that is still under investigation. In 2001, two allegations were raised; one was substantiated and resulted in the Confirmatory Order discussed above and the second was investigated, not substantiated and closed. The NRC will continue to monitor the open allegation of discrimination and general allegation trends at the Byron site, as well as the effectiveness of the actions taken in response to the Confirmatory Order.

San Onofre 2 & 3

The number of allegations received from onsite sources at the San Onofre site has remained steady over the past two years, although the 5-year period analyzed shows a declining trend as indicated by Figure 32. The number of allegations of discrimination, however, has doubled each of the past two years. Of the seven allegations of discrimination received by the NRC in the past three years (one in 2001, two in 2002, and four in 2003), all made a prima-facie showing,



were investigated, but closed after insufficient evidence was found to substantiate the allegation.

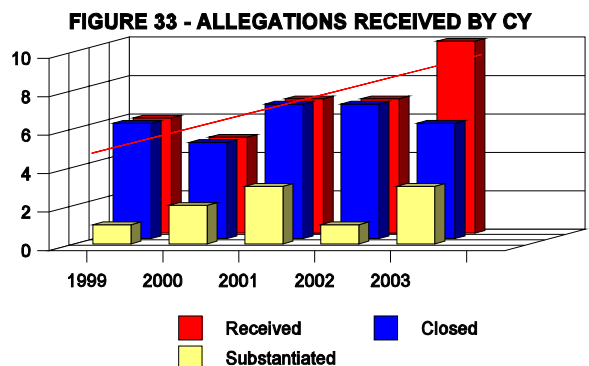
In April 2003, the licensee contracted an outside organization to assess the safety culture, including the SCWE, at the San Onofre site. The 2003 Nuclear Safety Cultural Assessment included a site-wide survey of the employees in April 2003, with 62% of the workforce participating. The survey found the overall SCWE was healthy, however, some organizations did indicate concerns about negative reactions from management for raising concerns and corrective actions are being taken in those organizations. Additionally, the licensee recently conducted additional SCWE training for managers and supervisors. While the survey found that the Employee Concern Program was a viable alternative avenue for employees and contractors to raise concerns, it identified concerns with the effectiveness of the primary avenue; the corrective action program. The licensee has initiated actions to address these issues.

A review of the subject disciplines of the allegations received in 2003 revealed a trend in the area of Maintenance. Maintenance was also identified as an organization for management attention by the Nuclear Safety Cultural Assessment.

The licensee continues to take actions to assess and improve their work environment, including surveys of the safety culture and safety conscious work environment, training, and process enhancements. The NRC will continue to monitor the licensee's initiatives to assess their impact on the general allegation and discrimination allegation trends.

Point Beach 1 & 2

The volume of allegations received at the NRC from the Point Beach site continues to increase. A review of the individual issues found no pattern or trend in the disciplines involved. In the beginning of 2003, the licensee conducted an independent assessment of their work environment. A similar assessment was conducted in 2001. The assessments included surveys of the workforce concerning their perception of the SCWE and the effectiveness of the various avenues available to them to report safety concerns. Approximately 80% of the workforce participated in the surveys. The report concluded that, in general, the workforce believed their work environment was healthy. Although perceived as adequate, the workforce's perception of the Employee Concerns Program, however, declined somewhat from 2001. The licensee took a number of actions to address the report's findings, including creating a corporate position to oversee the Employee Concerns Program at each of the licensee's sites, providing a dedicated ECP manager at each site, improving the marketing of the programs, and refocusing the program on safety-related concerns.



With regard to allegations of discrimination, two allegations were received in 2001, two in 2002 and two in 2003. One did not make a prima-facie showing of potential discrimination and was closed. The remaining allegations of discrimination were all investigated and not substantiated.

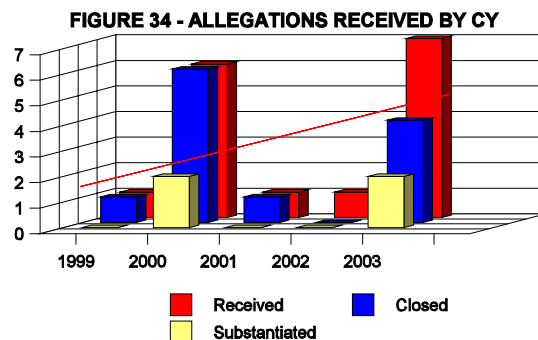
In mid-2003, the NRC inspected a licensee-identified safety issue concerning plugging of the auxiliary circulation water system and, late in the year, issued a finding of high significance. Senior licensee management demonstrated their support for raising concerns by appropriately recognizing and rewarding the employee who identified the issue. Because the NRC's finding negatively impacted the licensee's incentive program, however, it also had the potential to challenge the SCWE. Nonetheless, the licensee's handling of this event appears to have been appropriate.

The NRC will continue to monitor the safety conscious work environment, actions the licensee takes to maintain it, and the general allegation trend at the Point Beach site.

Fitzpatrick

In the last two years, the NRC has received few allegations concerning Fitzpatrick. In 2003, however, the number of allegations notably increased. The majority of the allegations received involved security-related issues.

The licensee confirmed that not all of the employees are comfortable using the Employee Concerns Program on site. The NRC has engaged the licensee regarding this increasing trend and they have taken a number of actions to encourage their employees to raise concerns internally. Personnel from outside Fitzpatrick were brought in to review the situation and determined that some personnel did not have easy access to, nor were they effectively trained in using, the Corrective Action Program. More computers were installed and training conducted to facilitate raising concerns via that avenue.



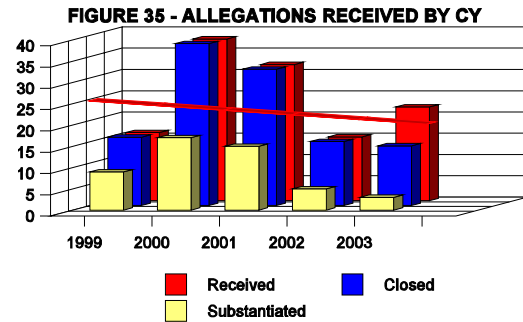
With regard to allegations of discrimination, two allegations were received in 2003, and one each of the past two years. One of the allegations received in 2003 is still under investigation while the other did not make a prima-facie showing of potential discrimination and was closed. The allegations received in 2001 and 2002 were investigated by the NRC and not substantiated. The NRC will continue to monitor the open allegation of discrimination and the licensee's safety conscious work environment.

Allegation Trends for Selected Materials Licensees

Because of the small number of allegations received concerning individual materials licensees and because of the potential for a licensee or contractor to identify an allexer, tables of statistics on allegations concerning these two categories have not been included in this report. Only two materials licensees received a sufficient number of allegations in CY 2003 to discern an adverse trend or pattern. Those facilities were the Paducah Gaseous Diffusion Plant and Nuclear Fuel Services fuel cycle facilities and are discussed in more detail below.

Paducah Gaseous Diffusion Plant

Several years ago, after the NRC received a large number of technical and discrimination allegations from the Paducah facility, the certificatee took a number of actions to improve the SCWE, including surveying the workforce to identify issues and concerns, improving the Employee Concerns and Corrective Action Programs to make them viable avenues for raising concerns, and conducting SCWE training for all supervisors/managers and employees. As indicated in Figure 35, these efforts appeared to have had a positive effect and from 2000 to through 2002 the number of concerns being raised externally declined. In fact, the number of allegations in 2002 was less than half the number received in 2000. However, last year, the number of allegations began to increase.



A review of the individual issues found no trend in the disciplines involved, but rather a clear pattern of strike-related concerns. Prolonged contract negotiations and ultimately, a five-month strike between February and June of 2003 clearly contributed to the volume of concerns coming to the NRC.

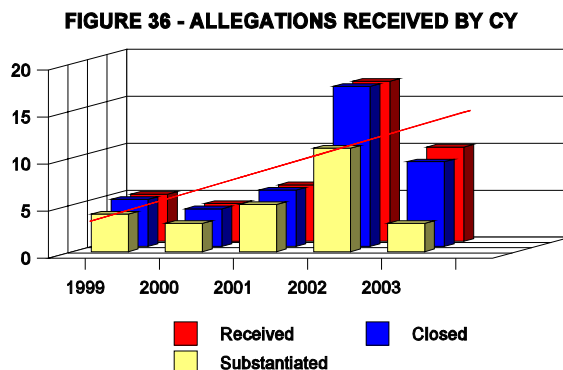
The number of allegations of discrimination has declined to 1 in 2003 dropping from 15 in 2000. That one concern was inspected and closed after it was determined upon further evaluation to not fall within NRC jurisdiction.

The certificatee continues to focus on enhancing the SCWE. Actions were taken after the strike to assist managers in handling returning worker issues. Continuous training is provided to the management team on SCWE principles, expected behaviors, and retaliation recognition/prevention. The SCWE is now a routine topic in plant safety meetings. And specific actions have been taken within challenged organizations, including restructuring group areas, redefining job descriptions, and revising compensation policies.

The NRC will continue to monitor the general allegation trend and actions the licensee takes to monitor and address challenges to the SCWE.

Nuclear Fuel Services

As illustrated in Figure 36, the volume of allegations concerning the Nuclear Fuel Services facility fell last year after several years of increased activity. No allegations of discrimination have been filed with the NRC in the past three years. In response to a variety of issues, the licensee took a number of actions to enhance the safety culture on site. These efforts are also expected to positively impact the SCWE. Specifically, the licensee initiated training which includes management's expectations that employees report safety



issues. A new problem reporting program was implemented in January 2003, to provide a more user-friendly and transparent program for issue identification and resolution. A new position was established, the duties of which include promoting a SCWE on site, bringing focus to the issue. And finally, an assessment of the work environment was contracted to provide a clear picture of the health of the SCWE and effectiveness of the actions taken to date.

The NRC believes these efforts have improved the SCWE at the Nuclear Fuel Services facility. However, there are some aspects of the initiatives which may challenge their long-term effectiveness. The training provided to management does not appear to include some key SCWE concepts, such as management's expectations that supervisory behaviors be such that employees are encouraged to raise concerns without fear of reprisal. It is unclear that the new problem identification process is effective. It does not allow employees to raise concerns anonymously, nor is there another avenue available for employees, other than the NRC's Allegation Program, by which they can remain anonymous or otherwise receive some level of identity protection. And the problem identification process is only currently available to Nuclear Fuel Services employees, and not contractors, such as the unionized guard force.

Nonetheless, the NRC is encouraged by the initiatives taken to date, believes they have had a positive impact on the SCWE, and will continue to monitor the allegation trends and the licensee's efforts to identify areas for further improvement.

Allegation Trends at Vendors

Because none of the vendors or contractors received a sufficient number of allegations to discern a trend or pattern, or provide insights into the work environment, more in-depth reviews were not performed. Statistics by contractor or vendor are not given in this report because publishing the number of allegations received has the potential of identifying the allegor.

CONCLUSIONS

Overall, the allegation program has maintained the improvements realized in all areas in the last three years. The findings from the 2003 audits and NRC's performance measures for the allegation program indicate the improvements made in reviewing, documenting, tracking, and completing evaluations of allegations continue. The timeliness goals for communications with allegors were met in all cases. The quality rating goal was achieved each of the last three years. Additionally, no inappropriate disclosures of the identity of allegors occurred in the last three years.

As noted in the previous discussions of specific licensees, the analysis of allegations has provided insights into the work environment at several facilities. The staff continues to take a deliberately measured approach in addressing work environment issues with licensees, including the preparation of additional guidance in this area. As this report indicates, the staff continues to monitor work environment issues at several facilities.

RECOMMENDATIONS

Management Directive 8.8, "Management of Allegations," directs NRC offices to appoint an Office Allegation Coordinator and establish an Allegation Review Board if their mission and the possibility of serving as an action office so requires. Currently, the offices of Nuclear Reactor Regulation, Nuclear Material Safety and Safeguards, State and Tribal Programs, and each

region has appointed an Office Allegation Coordinator to serve as the administrative point of contact for processing and controlling allegations assigned to that office or region. The Office of Nuclear Security and Incident Response, responsible for developing agency policy and providing management direction for assessment of security-related issues and incidents at nuclear facilities, has not yet appointed an Office Allegation Coordinator. Because of the increasing number of generic security-related allegations (one third of all allegations currently managed by NRR fall within NSIR's responsibility), on-going implementation of new security-related orders and rules, and new guidance concerning the handling and treatment of physical protection information, the Agency Allegations Advisor recommends that the Office of Nuclear Security and Incident Response appoint an Office Allegation Coordinator.

APPENDIX 1

ALLEGATIONS STATISTICS – OPERATING REACTORS

Allegations Received from Onsite Sources

Site	1999	2000	2001	2002	2003
ARKANSAS 1 & 2	2	5	2	3	4
BEAVER VALLEY 1 & 2	4	3	7	1	1
BRAIDWOOD 1 & 2	13	14	5	5	1
BROWNS FERRY 2 & 3	4	4	2	2	0
BRUNSWICK 1 & 2	1	1	1	1	3
BYRON 1 & 2	22	14	20	12	11
CALLAWAY	6	9	6	7	3
CALVERT CLIFFS 1 & 2	6	3	2	3	4
CATAWBA 1 & 2	3	0	7	0	2
CLINTON	9	10	1	3	2
COLUMBIA PLANT	4	0	13	5	4
COMANCHE PEAK 1 & 2	5	5	5	2	1
COOK 1 & 2	19	22	12	14	9
COOPER	2	1	8	6	8
CRYSTAL RIVER	3	4	2	2	3
DAVIS-BESSE	3	0	2	27	17
DIABLO CANYON 1 & 2	4	6	6	3	2
DRESDEN 2 & 3	3	12	32	11	3
DUANE ARNOLD	4	2	3	2	2
FARLEY 1 & 2	3	8	3	1	3
FERMI	1	4	3	4	2
FITZPATRICK	1	6	1	1	7
FORT CALHOUN	1	1	2	2	3
GINNA	2	1	0	1	2
GRAND GULF	2	3	6	6	0
HARRIS 1 & 2	3	1	1	6	1
HATCH 1 & 2	6	12	2	3	2
INDIAN POINT 2 & 3	13	20	17	29	20
KEWAUNEE	1	0	4	3	4
LASALLE 1 & 2	11	4	2	1	2
LIMERICK 1 & 2	1	2	2	7	4
MCGUIRE 1 & 2	0	1	0	0	2
MILLSTONE 2 & 3	22	8	2	7	6

Site	1999	2000	2001	2002	2003
MONTICELLO	3	1	0	0	1
NINE MILE POINT 1 & 2	7	11	4	5	2
NORTH ANNA 1 & 2	0	4	1	10	1
OCONEE 1, 2, & 3	4	2	5	1	3
OYSTER CREEK	6	3	5	9	18
PALISADES	0	0	4	9	7
PALO VERDE 1, 2, & 3	4	3	3	2	19
PEACH BOTTOM 2 & 3	1	4	2	1	2
PERRY	4	7	7	5	5
PILGRIM	5	2	3	2	5
POINT BEACH 1 & 2	6	5	7	7	10
PRAIRIE ISLAND 1 & 2	3	0	0	5	2
QUAD CITIES 1 & 2	5	6	1	3	1
RIVER BEND	9	2	1	1	4
ROBINSON	1	0	1	0	0
SALEM/HOPE CREEK	1	1	3	11	6
SAN ONOFRE 2 & 3	16	15	7	11	11
SEABROOK	2	3	3	6	3
SEQUOYAH 1 & 2	4	7	2	5	7
SOUTH TEXAS 1 & 2	13	10	4	6	2
ST LUCIE 1 & 2	36	9	25	11	24
SUMMER	1	3	3	2	4
SURRY 1 & 2	0	4	2	4	2
SUSQUEHANNA 1 & 2	8	13	15	9	3
THREE MILE ISLAND	0	1	5	5	1
TURKEY POINT 3 & 4	11	12	11	2	3
VERMONT YANKEE	0	2	0	4	0
VOGTLE 1 & 2	3	0	1	3	1
WATERFORD	4	2	2	7	0
WATTS BAR	6	4	4	8	2
WOLF CREEK	6	6	4	1	0

APPENDIX 2

DESCRIPTION OF THE ALLEGATION PROCESS

DESCRIPTION OF THE ALLEGATION PROCESS

All of the regions and offices generally follow the same process in receiving, processing, and evaluating allegations. The Allegation Coordinator is the focal point for receiving, processing, and closing allegations and communicating with alлегers. All incoming written allegations are forwarded to the Allegation Coordinator and calls to the toll-free safety hotline are directed automatically to the regional Allegation Coordinators according to the geographical location of the caller, i.e., an alлегer's call is directed to the region that covers the alлегer's location.

The Allegation Coordinator reviews the incoming allegations to determine whether the issues involve reactor, material, or vendor issues and the immediacy of safety issues. An Allegation Review Board (ARB) is scheduled on the basis of this review. The Allegation Coordinator prepares the material for the ARBs, guides the ARB members on implementing the allegation process, and keeps the minutes for the ARB meetings. ARBs normally meet once a week and allegations are usually discussed within 2 weeks of receipt. Following the ARB meeting, the Allegation Coordinator notes the directions to the staff in the allegation tracking system. The responsible division director or a designee chairs the ARB. Other ARB participants include technical staff and managers and, in cases involving wrongdoing, the regional counsel and a representative from the Office of Investigations (OI) field office. Letters acknowledging receipt of the allegation are usually sent to alлегers after the ARB meets.

The assignment of allegations for evaluation and closure varies slightly between the regions and offices. Generally, the technical staff evaluates technical allegations and sends a copy of an inspection report or a memorandum to the Allegation Coordinator with the result of the evaluation. The Allegation Coordinator reviews the information and, if all of the issues have been sufficiently addressed, prepares a closure letter to the alлегer based on the information provided. If the issues have not been addressed, the allegation and the evaluation are usually discussed at a subsequent ARB meeting to determine what additional actions are necessary to complete the evaluation and close the allegation.

For wrongdoing issues for which OI completes an investigation and determines whether the allegation was substantiated, the report of investigation serves as a basis for responding to the alлегer. The responsible technical division will review the OI report and will either provide input to or prepare a draft closure letter to the alлегer. If OI does not complete the investigation to the point at which OI can determine if wrongdoing occurred, the Allegation Coordinator prepares a closure letter informing the alлегer that because of limited resources and the relative safety significance of the issue, the investigation was terminated without reaching a conclusion about whether wrongdoing occurred.

Overall, the allegation program has maintained the improvements realized in all areas in the last three years. The findings from the 2003 audits and NRC's performance measures for the Allegation Program indicate the improvements made in reviewing, documenting, tracking, and completing evaluations of allegations continue. The timeliness goals for communications with allegeders were met in all cases. The quality rating goal was achieved each of the last three years. Additionally, no inappropriate disclosures of the identity of allegeders occurred in the last three years.

To effectively address an increase in the number of generic security-related allegations and the on-going implementation of new and comprehensive security-related orders, rules, and guidance, the Agency Allegations Advisor recommended in the attached report that the Office of Nuclear Security and Incident Response (NSIR), appoint an Office Allegation Coordinator to serve as the administrative point of contact for processing and controlling allegations assigned to that office. Given the current workload and a number of more pressing priorities, it was decided that the Office of Nuclear Reactor Regulation's Allegation Coordinator will continue to carry out these functions for NSIR. During future budget cycles, and in close consultation with NSIR, this recommendation will be re-evaluated.

Attachment: Annual Report

cc: SECY
OGC
OCA
OPA
CFO