

Exelon State of the Fleet Assessment Summary

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February 7, 2001
NRC Headquarters
Rockville, MD

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Agenda

- Opening Remarks
- Assessment Overview
- Conduct of Assessment and Results
- Nuclear Oversight
- Next Steps
- Closing Remarks
- O. D. Kingsley, Jr.
- J. L. Skolds
- J. B. Cotton
- E.A. Broccolo
- J. L. Skolds
- O. D. Kingsley, Jr.

Introduction/Opening Remarks

O. D. Kingsley, Jr.

Assessment Objectives



- Determine baseline organizational performance against Nuclear standards of excellence
 - Identify fleet-wide issues
 - Identify gaps at individual plants
 - Identify threats to meeting performance goals
 - Standardize performance measures across fleet
- Reinforce roles and responsibilities between Corporate organizations and sites
- Engage site management, corporate functional area managers, Nuclear Oversight, and NSRB
- Validate existing performance monitoring and reporting methods and tools
- Input to 2001-2003 Business Plan

Assessment Overview

J. L. Skolds

Assessment Overview



- Performed with Exelon resources -- internal assessments and Nuclear Safety Review Board (NSRB)
- Performance-Based -- Measured against Business Plan goals, standards of excellence, and Exelon Nuclear Management Model
- Results used to confirm or modify improvement plans
- Issue resolution follow-up consistent with Exelon Nuclear Management Model

- All plants operating safely
- Reinforced previous observations and assessment results
- Found wide range of results as expected - common themes also identified
- Station self-assessments were appropriately self-critical
- Fleet has adequate resources to support excellent operations
 - Further material condition improvements needed
- More improvements needed in each functional area
- Improvements in personnel development have led to deeper bench strength
- Accelerated improvement initiatives necessary at Clinton and Oyster Creek to meet highest levels of performance

Conduct of Assessment and Results

J. B. Cotton

Conduct of Assessment

- Team Composition
- Evaluation Criteria
- Evaluation Process
- Results

Team Composition

- Jack Skolds, Executive Sponsor
- John Cotton, Senior Executive Team Lead
- Senior Evaluation Team comprised of experienced senior nuclear managers, internal and external to the company
 - distilled results into actionable findings and conclusions

Functional Areas Reviewed



Nuclear

- 26 areas reviewed across the Fleet

- Primary areas to support safe, reliable plant operation

- Engineering

- Maintenance

- Operations

- Emergency Preparedness

- Nuclear Oversight

- Outage Management

- Radiation Protection

- Site Reactor Engineering/Fuel Management

- Chemistry

- Low Level Radioactive Waste

- Support Functions

- Business Operations

- Human Resources

- Industrial Safety

- Information Services

- Labor Relations

- Licensing

- Projects

- Records Management

- Work Management

- Security

- Supply

- Training

- Cross Cutting

- Corrective Action

- Self-Assessment

- Safety Culture

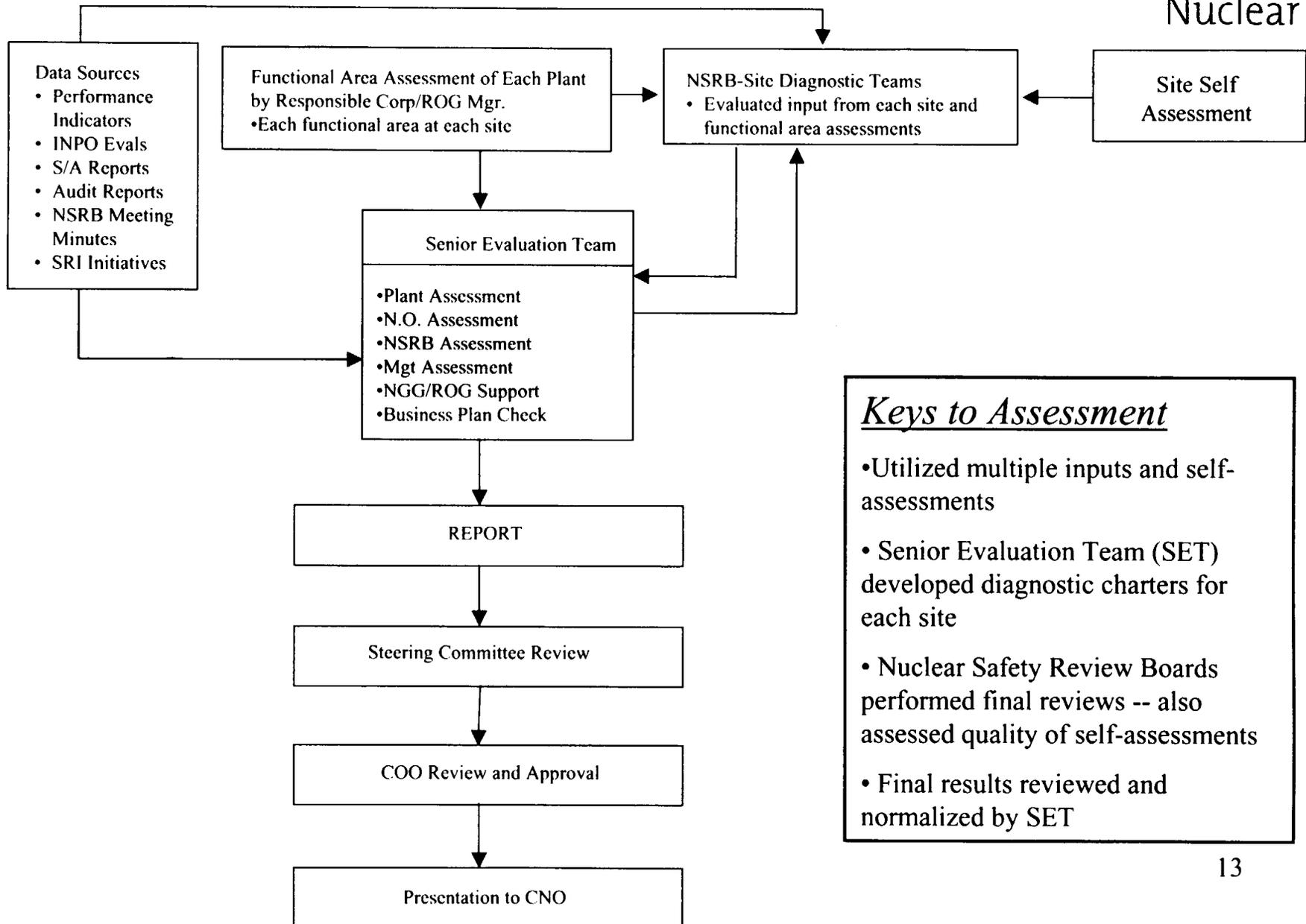
- Performance Management and Assessing Results

- Performance measured against standards of excellence and Business Plan goals -- 4 categories
 - “Strength” - Consistent good performance
 - “Satisfactory” - Overall acceptable performance with minor issues, improvement initiatives in place; meeting or on track to meet goals
 - “Improvement needed” - Inconsistent performance, adverse trend, or process weaknesses noted; possible improvement plan revisions necessary
 - “Significant improvement required” - Performance issues noted requiring additional senior management attention; improvement plan revisions and executive follow-up necessary

STATE OF THE FLEET ASSESSMENT PLAN OVERVIEW



Nuclear



Keys to Assessment

- Utilized multiple inputs and self-assessments
- Senior Evaluation Team (SET) developed diagnostic charters for each site
- Nuclear Safety Review Boards performed final reviews -- also assessed quality of self-assessments
- Final results reviewed and normalized by SET

Overall Assessment Results

- Fleet-wide issues
- Overall Plant Results
- Functional Area Results
- Cross-cutting Areas

Fleet-wide Issues

- Existing Monitoring Results Confirmed
 - all plants operating safely with proper safety culture
- Corrective Action Program Implementation
 - improvements needed for root cause determination, corrective action determination and timeliness, and effectiveness reviews
- Event-free Performance
 - improve worker consistency in implementing Fundamentals and adherence to management expectations
 - improve supervisor reinforcement and coaching
- Industrial Safety Performance
 - improve worker adherence to safe work practices and management expectations
 - supervisors not consistently correcting unsafe acts or failures to utilize proper protective equipment
 - additional management attention warranted for improvement initiatives
- Change Management
 - not consistently and thoroughly used for organizational and program changes

Plant Results Overall

- Solid Performance -- Braidwood, Byron, Dresden, LaSalle, Limerick, Peach Bottom
- Some Concerns Noted -- Quad Cities, Three Mile Island
- Additional Management Attention -- Clinton, Oyster Creek

Functional Area Results

- Functional areas include:
 - Operations
 - Maintenance
 - Engineering
 - Plant Support
 - Cross-cutting
- Overall, solid performance noted at most sites
- Assessment report focuses on areas for improvement and requiring additional management attention
- Corrective action and follow-up requirements described in Next Steps

- Configuration control weaknesses, including Out of Service program, persist
- Operations procedure and documentation quality
 - inconsistent procedure understanding and usage
 - labeling, log keeping, equipment status need improvement
- Human performance improvements needed
 - worker accountability to use error-free behaviors and fundamentals not fully internalized
 - less than adequate supervisor involvement in field operator activities is reflected in inconsistent operator standards
 - several scrams due to ineffective application of fundamentals
 - inconsistent use of error prevention techniques
- Overall Operations leadership adequate, but continued management involvement necessary to drive improvement

Areas for Improvement - Maintenance



Nuclear

- Craft performance of work to standards and expectations is inconsistent
- Supervisor oversight and engagement shortcomings
- Some sites need to implement fleet standard work control and planning processes
- Contractor control weaknesses have led to events in both regional operating groups
- Some backlogs higher than desired due to low productivity, inefficient work management and unresolved chronic material condition issues
- Improvements were noted with planning, preparation, and conduct of outages across the fleet -- similar emphasis needed in areas noted for improvement

Areas for Improvement - Engineering

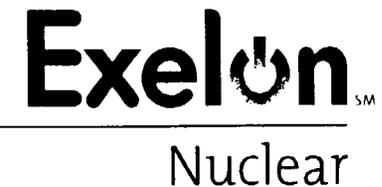


Nuclear

- Material Condition issues affect each plant and contributed to downpowers and several scrams in 2000
 - Ineffective resolution of some chronic component or system design weaknesses (e.g., switchyards, electronic components, control systems)
 - Inconsistent application of design and system engineering processes to improve system or component health in concert with the work management process
 - Need to fully implement Plant Health Committee and Material Condition Improvement Plan at some sites
- Improvements needed in execution of various engineering programs
- Inconsistent worker performance and supervisory oversight have contributed to work products with variable quality and some performance errors
- Several sites have engineering backlogs larger than our standards

- Chemistry program improvements are needed at several sites
- Improved radiation worker practices and source term reduction are needed at several sites
- Nuclear Oversight did not fully identify or appropriately highlight several issues noted in this assessment (discussed later)
- Information Services issues need management attention
 - Effective transition to fleet-wide systems
 - Life cycle and infrastructure obsolescence planning
 - Software validation and verification (V&V)
- Business Operations improvements needed to support accountability, monitoring, and improvement
 - Improved business management tools in Mid-Atlantic ROG
 - Improved budgeting and cost accounting guidance
 - More efficient performance reporting

Areas for Improvement - Cross-Cutting Functional Areas



- Improvements needed in implementing and standardizing Corrective Action Program (discussed earlier)
- Employees need to internalize event-free and safe worker behaviors and consistently execute the fundamentals
- Inconsistent first line supervisor performance
 - Greater presence in the work place coupled with more consistent reinforcement of proper behaviors and results needed
 - Improved guidance, coaching, and discipline when behaviors and results do not meet expectations
- Improved Human Resource support needed at all sites
 - Act on a fully developed labor strategy (union and non-union)
 - Support completion of staffing and succession plans
 - Continue development plans for each manager and supervisor
- Change management not fully effective in Emergency Planning duty realignments, Information Services site support transitions, and some AmerGen integration activities
- Although self-assessments to support this effort were good, emphasis still needed to implement standard self-assessment program fleet-wide

Nuclear Oversight

Tony Broccolo

- Conducted additional independent assessment of Nuclear Oversight
 - conclusions consistent with State of the Fleet Assessment
 - Nuclear Oversight meets regulatory standards
 - continuing improvement underway
- Improve the proactive identification of issues
 - improve trending capabilities
 - increase fleet-wide reviews
- Improve the effective communication of issues
 - improve clarity, focus
- Strengthen the qualifications and line experience of N.O. personnel

Next Steps

J. L. Skolds

Next Steps

- Continue existing improvement initiatives
 - Worker fundamentals
 - Instilling worker accountability for behaviors and results
 - Standard conduct of operations procedures
 - Material condition improvement Initiatives
 - Elimination of scrams, derates, and challenges to reliability
 - System health program and associated monitoring
 - Management and leadership development
 - Corrective Action Program improvements
 - Standardized engineering programs
 - Work Control improvements

Next Steps (cont'd.)

- Functional areas with improvement required
 - Develop or revise improvement plans by February 2001
 - Perform effectiveness review following completion of corrective actions
- Functional areas with significant improvement required
 - Determine full scope of necessary improvements by March 2001
 - Review / approve improvement plans by April 2001
 - Perform interim focused-area self-assessments
 - Perform effectiveness review following completion of corrective actions
- Clinton and Oyster Creek
 - Integrated improvement plans developed by March 2, 2001
- Performance improvements monitored through Exelon Nuclear Management Model processes

- Defines how Exelon operates, manages, and provides oversight of the fleet through:
 - Process standardization utilizing best practices
 - Defined governance, support and oversight roles for corporate organizations and functional area peer groups
 - Business planning processes
 - Execution of fundamentals
- Performance monitoring and results reporting methods defined
 - Day-to-day performance monitoring
 - Regular management meetings, including Corporate executives
 - Periodic performance reports
 - Independent oversight, including Nuclear Oversight and NSRB
- Provides context for implementing, monitoring, and assessing ongoing improvements

Closing Remarks

O. D. Kingsley, Jr.

- Assessment met our objectives
 - Performance baseline defined; common understanding established
 - Gaps and issues identified
 - Sound basis for improvement plans
- Assessment is not a stand-alone activity
 - Continuing self-assessments
 - Corporate evaluations, oversight
 - INPO assist visits, evaluations
- Periodic meetings with NRC going forward