

September 15, 1999

NOTE TO: File

FROM: Thomas G. Hiltz

SUBJECT: **SUMMARY OF NORTHEAST NUCLEAR ENERGY COMPANY
COURTESY VISIT ON SEPTEMBER 13, 1999**

On September 13, 1999, representatives from the Northeast Nuclear Energy Company (NNECO) Board of Directors met with the Chairman. With the Chairman at the meeting were Cotton Cleveland, John F. Turner, Philip R. Clark, William F. Conway, Elizabeth Kennan from NNECO and Tom Hiltz from the Chairman's staff. The main topics of discussion included nuclear committee oversight post restart, communications with the Commission, near-term plans for Millstone and Seabrook stations, and the Millstone Safety Conscious Work Environment.

NNECO Trustees indicated that they have an active role in providing oversight of activities at NNECO facilities. They indicated that they are sensitive to the difference between "manage" and "oversight" and emphasized that their role is to provide oversight - not manage the facilities. The current plant senior management teams, in their opinion, are doing well and they are pleased with their performance. The Chairman emphasized that their "oversight" role is of principal importance for the enduring success of performance improvements.

In order to provide that oversight role, the Trustees indicated that they use several tools including monitoring of performance indicators, touring the facilities, and convening frequent meetings. Board members indicated that they have considered lessons learned from other utility organizations such as Commonwealth Edison. In addition, they are aware and concerned about the potential impact of recent downsizing and lower-level management personnel decision and about some remaining issues associated with the employee concerns program.

With regard to new reactor oversight process, Board members expressed their support for the direction the Agency is proceeding. However, they indicated that, in their opinion, the performance indicators associated with the pilot program may not be sufficient to help identify declining trends in performance. One Trustee indicated that, through informal feedback, he understood that the NRC performance indicators, in general, cover only about 20% of the plant risk. After some discussion, several Board members concluded that there was not a "magic" performance indicator and that performance indicators could not substitute for appropriate oversight - at all levels in the organization. One Trustee suggested that the new oversight program should place a greater emphasis on licensee oversight programs - similar to the emphasis it places on an adequate corrective action program. Finally, several Trustees expressed concern in the perceived reduced role for the Resident Inspection staff under the new reactor oversight process. They viewed the independent approach provided by the Resident staff as an important element of the overall "oversight" framework.

The Chairman encouraged continued dialogue at the Commission-level and suggest that, at some time in the future, Board members may want to consider accompanying senior management on their courtesy visits to Commission offices.

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