

February 10, 2006

CAL 3-04-001

Mr. Dennis L. Koehl
Site Vice President
Point Beach Nuclear Plant
Nuclear Management Company, LLC
6590 Nuclear Road
Two Rivers, WI 54241-9516

**SUBJECT: PUBLIC MEETING ON FEBRUARY 2, 2006, TO DISCUSS THE RESULTS OF
SELF-ASSESSMENTS AND FUTURE ACTIONS TO IMPROVE
PERFORMANCE AT POINT BEACH NUCLEAR PLANT**

Dear Mr. Koehl:

This letter refers to the public meeting conducted on February 2, 2006, at the Nuclear Regulatory Commission (NRC) Region III office in Lisle, Illinois. The purpose of the meeting was to discuss the results of current performance self-assessments in the areas of the engineering and corrective action programs and to discuss future actions to improve performance in these areas.

Mr. Mark Satorius, Director, Division of Reactor Projects at NRC Region III, opened the meeting and stated that we have noted recent improvements that you have made in the human performance area and that we are continuing our reviews of the engineering and corrective action program (CAP) areas. Mr. James Caldwell, Regional Administrator of the NRC Region III, reiterated Mr. Satorius' statements and discussed specific information that was desired by the NRC during your presentation.

You and your staff discussed continued improvement initiatives and you also presented your perspectives on current plant performance in the five regulatory areas of concern contained in the April 21, 2004, Confirmatory Action Letter (CAL).

In the CAP area, you and your staff discussed your recent analyses and assessment of the CAP, your methods to achieve consistent quality CAP evaluation, and the issues that continue to result in inconsistencies in CAP performance. Specifically, analyses were performed in January 2006 to evaluate what aspects of your CAP were not meeting your quality expectations. This assessment determined that areas for improvement included employee understanding of CAP importance, standards and expectations, procedures, and apparent

cause analyses. Because of the recent performance of this assessment, you and your staff outlined several interim actions to address these findings. Additionally, you and your staff discussed planned long-term actions to ensure consistent, predictable CAP performance including: causal analyses, Excellence Plan updates, and follow-up assessments. You and your staff also stated that, overall, identification and resolution of problems at Point Beach meet regulatory requirements; however, consistent quality evaluation of problems continues to be an area of focus for improvement.

In the engineering program area, you and your staff described your recent analyses and assessment to identify issues leading to inconsistencies in engineering products. Specifically, analyses were performed in January 2006 to evaluate engineering excellence attributes that were not being fully implemented. This assessment determined that areas for improvement included process barriers such as supervisory oversight and worker practices, manager/supervisor engagement, sustained improvement, and quality of work products. Similar to the CAP assessment, you described interim and long-term actions to address these findings. You and your staff also outlined methods that you plan to use to measure whether the actions are successful.

Finally, you stated that Point Beach has demonstrated sustained improvement and progress in all five CAL areas, and has met all NRC commitments.

Mr. Satorius stated that additional NRC inspection and review was necessary regarding your presentation conclusions and the statements made in the December 20, 2005, letter that you submitted to the NRC regarding the status of the 143 CAL commitment items. This follow-up will assist the NRC in determining the overall performance status in the CAL areas of engineering and the CAP.

Mr. Caldwell concluded the meeting with an acknowledgment of the information provided by you, Mr. Douglas Cooper, and other Nuclear Management Company (NMC) representatives. Mr. Caldwell stated that the information presented by you and your staff will be considered in the NRC's annual assessment of Point Beach.

A listing of principal NMC and NRC meeting attendees and a copy of the handout provided by NMC at the meeting are enclosed as Enclosures 1 and 2, respectively, to this letter.

In accordance with 10 CFR 2.390 of the NRC's "Rules of Practice," a copy of this letter and its enclosures 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 document system (ADAMS). ADAMS is accessible from the NRC Web site at <http://www.nrc.gov/reading-rm/adams.html> (the Public Electronic Reading Room).

If you have any questions regarding this meeting, please contact me at (630) 829-9627.

Sincerely,

/RA/

Patrick L. Loudon, Chief
Branch 5
Division of Reactor Projects

Docket Nos. 50-266; 50-301
License Nos. DPR-24; DPR-27

Enclosures: 1. List of Principal Attendees
2. Licensee Presentation Slides

cc w/encl: F. Kuester, President and Chief
Executive Officer, We Generation
J. Cowan, Executive Vice President
Chief Nuclear Officer
D. Cooper, Senior Vice President, Group Operations
J. McCarthy, Site Director of Operations
D. Weaver, Nuclear Asset Manager
Plant Manager
Regulatory Affairs Manager
Training Manager
Site Assessment Manager
Site Engineering Director
Emergency Planning Manager
J. Rogoff, Vice President, Counsel & Secretary
K. Duvneck, Town Chairman
Town of Two Creeks
Chairperson
Public Service Commission of Wisconsin
J. Kitsemel, Electric Division
Public Service Commission of Wisconsin
State Liaison Officer

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 - D. Cooper, Senior Vice President, Group Operations
 - J. McCarthy, Site Director of Operations
 - D. Weaver, Nuclear Asset Manager
Plant Manager
 - Regulatory Affairs Manager
 - Training Manager
 - Site Assessment Manager
 - Site Engineering Director
 - Emergency Planning Manager
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 - K. Duvencek, Town Chairman
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ROPreports@nrc.gov (inspection reports, final SDP letters, any letter with an IR number)

PUBLIC MEETING PRINCIPAL ATTENDEES
February 2, 2006

Nuclear Management Company

Douglas Cooper	Senior Vice President, NMC
Craig Lambert	Vice President - Engineering, NMC
Dennis Koehl	Site Vice President, Point Beach
James McCarthy	Director Site Operations, Point Beach
Michael Lorek	Plant Manager, Point Beach
Craig Butcher	Site Engineering Director, Point Beach
Robert Grazio	Compliance Manager, Point Beach

NRC

James Caldwell	Regional Administrator, Region III
Geoffrey Grant	Deputy Regional Administrator, Region III
Edwin Hackett	Deputy Director, Division of Operating Reactor Licensing, Office of Nuclear Reactor Regulation
Mark Satorius	Director, Division of Reactor Projects
Steven West	Deputy Director, Division of Reactor Projects
Cynthia Pederson	Director, Division of Reactor Safety
Anne Boland	Deputy Director, Division of Reactor Safety
Patrick Loudon	Chief, Branch 5, Division of Reactor Projects
David Hills	Chief, Engineering Branch 1, Division of Reactor Safety
Ann Marie Stone	Chief, Engineering Branch 2, Division of Reactor Safety
C. Fred Lyon	Project Manager, Office of Nuclear Reactor Regulation
Robert Krsek	Senior Resident Inspector, Point Beach
Michael Kunowski	Project Engineer, Division of Reactor Projects
Robert Daley	Senior Reactor Engineer, Division of Reactor Safety
Lucas Haeg	Reactor Engineer, Division of Reactor Projects

Public

Dan Horner	McGraw Hill Nuclear Publications (via telephone)
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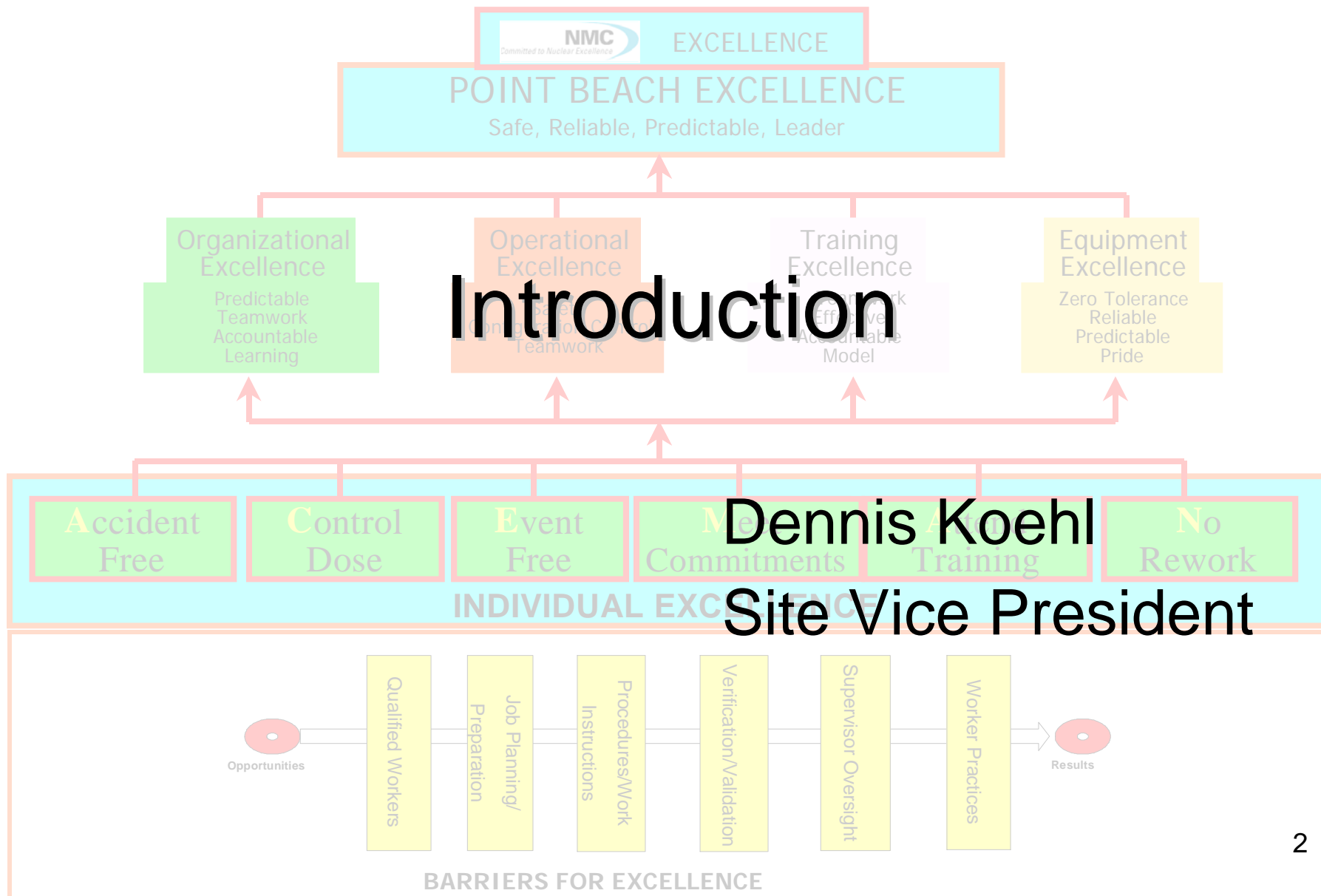
Point Beach Nuclear Plant

Continued Performance Improvements



February 2, 2006

Picture of Excellence

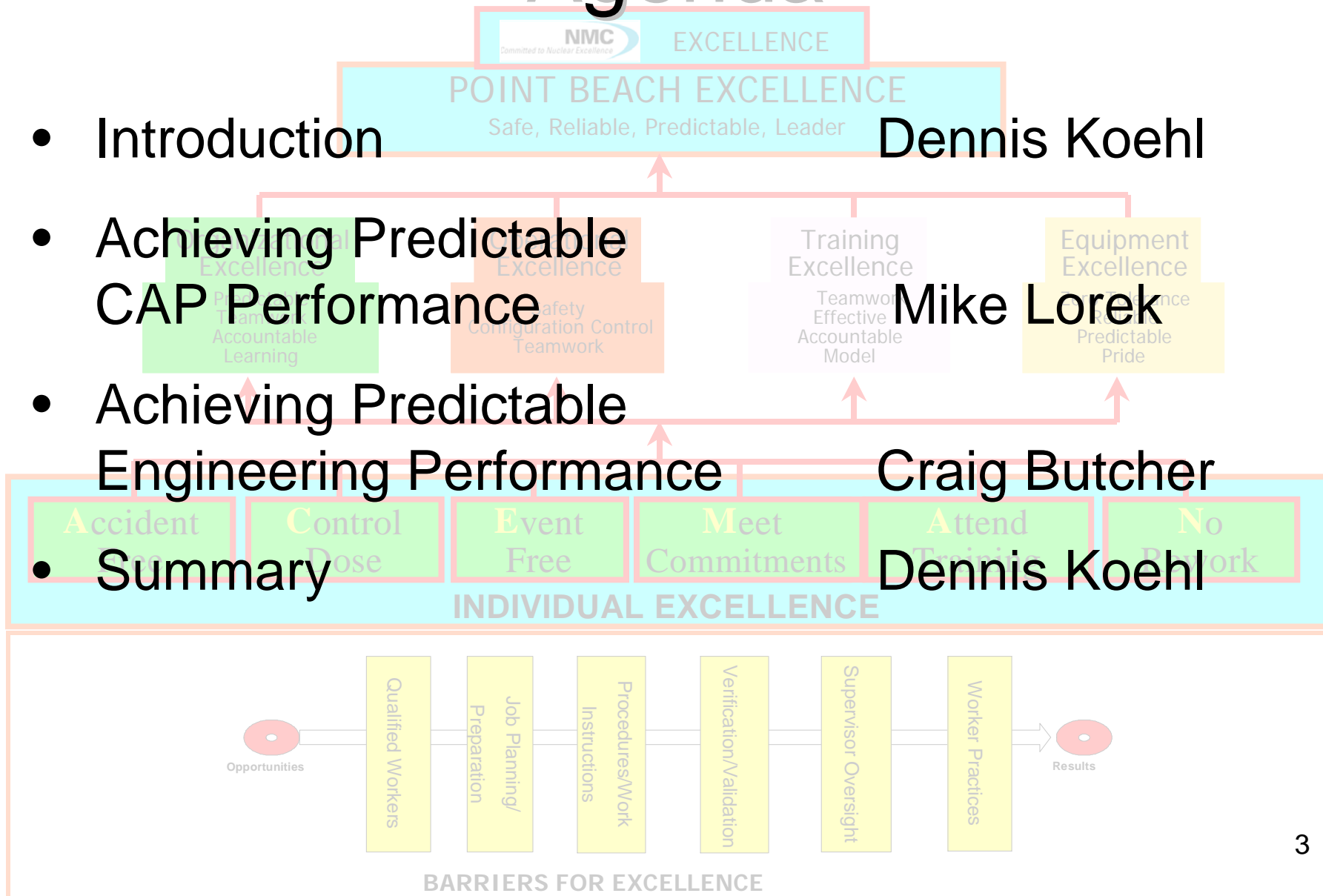


Introduction

Dennis Koehl
Site Vice President

Picture of Excellence Agenda

- Introduction **Dennis Koehl**
- Achieving Predictable CAP Performance **Mike Lorek**
- Achieving Predictable Engineering Performance **Craig Butcher**
- Summary **Dennis Koehl**



Picture of Excellence

Introduction

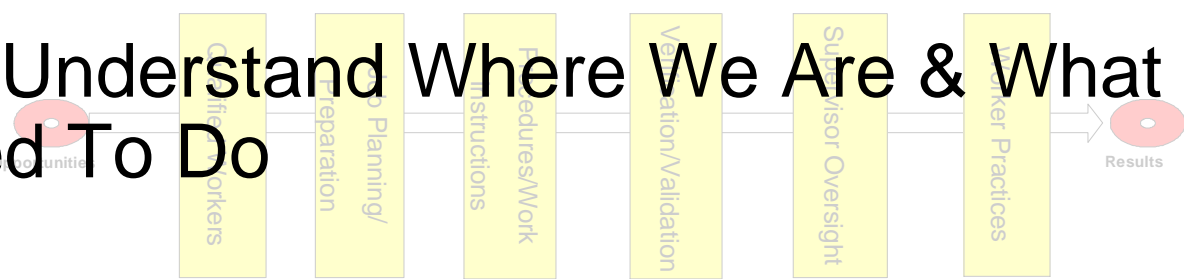
- Provide Information On Plans For Continued Improvement
- Consistent Pursuit Of Picture Of Excellence
- Actions To Continue Improving Performance

– Assessments of engineering and CAP

- Accident Free
- Leadership assessments completed
- No Dose
- Free
- Commitments
- Attend Training
- No Rework

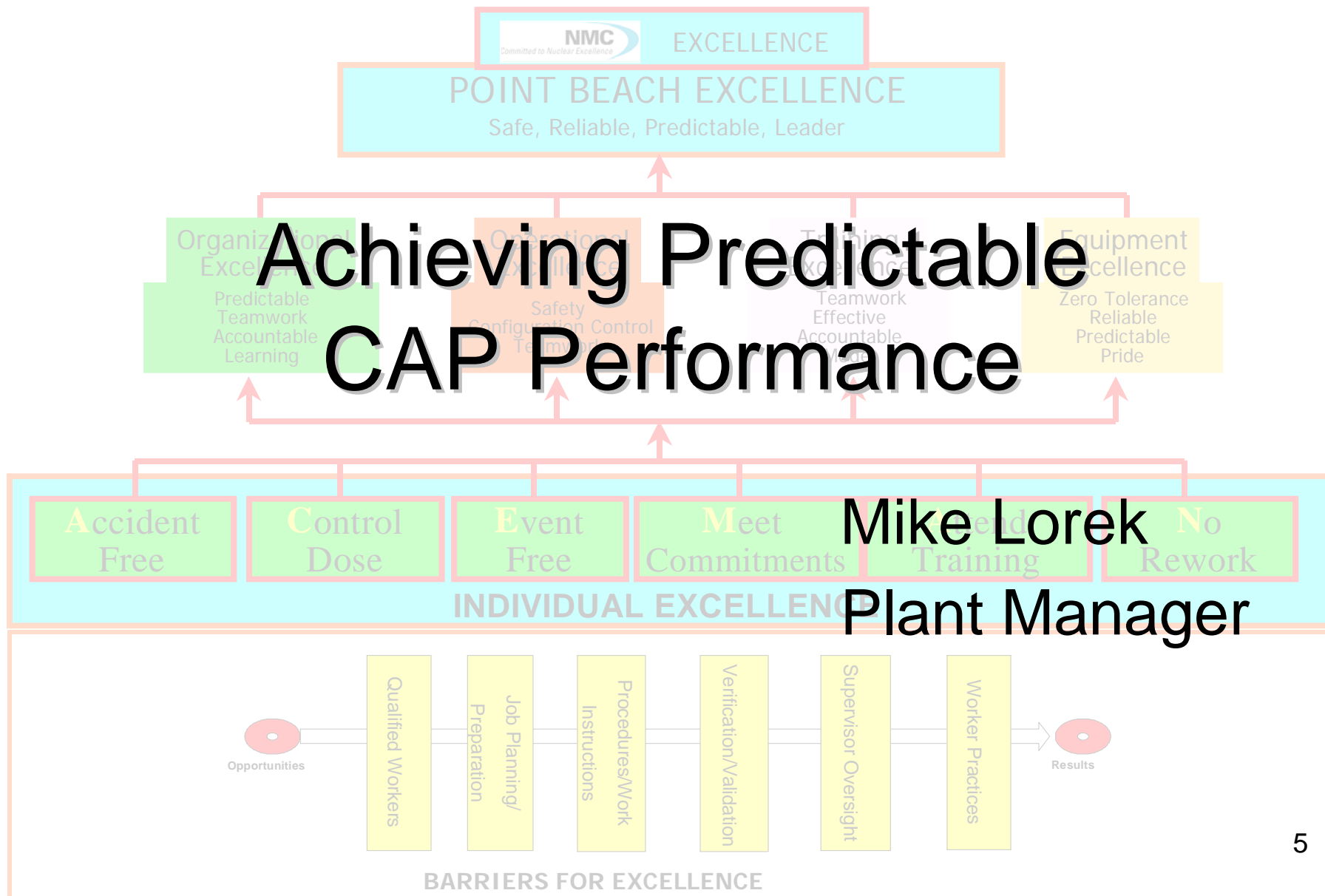
– Need to demonstrate sustainability

- We Understand Where We Are & What We Need To Do

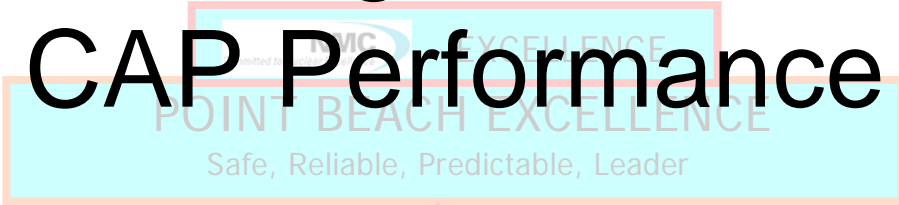


BARRIERS FOR EXCELLENCE

Picture of Excellence



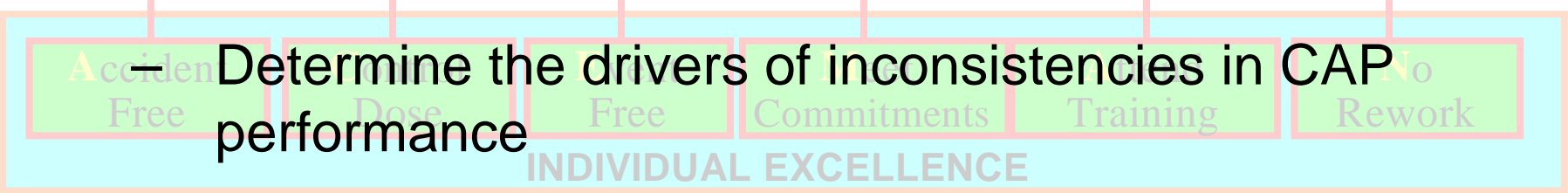
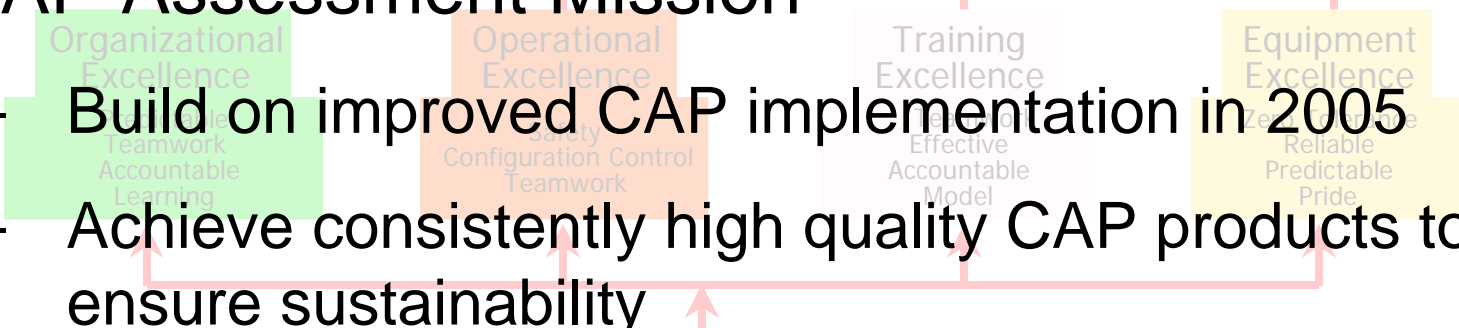
Achieving Predictable CAP Performance



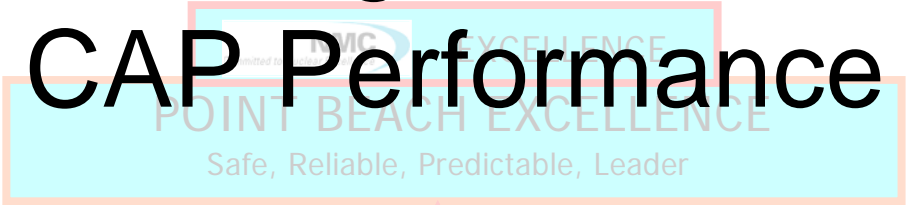
- CAP Assessment Mission

- Build on improved CAP implementation in 2005
- Achieve consistently high quality CAP products to ensure sustainability

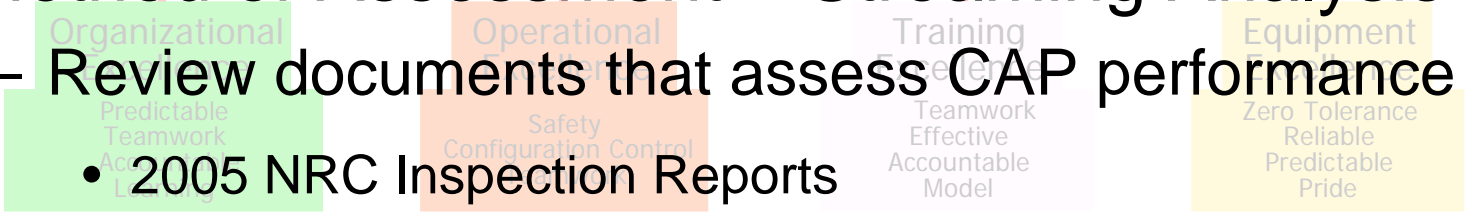
- Determine the drivers of inconsistencies in CAP performance



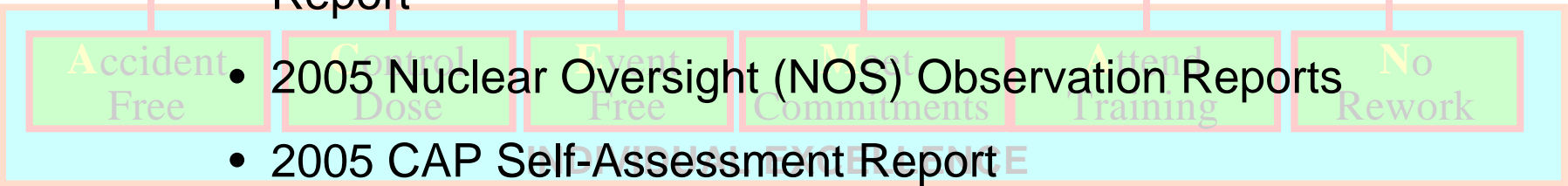
Achieving Predictable CAP Performance



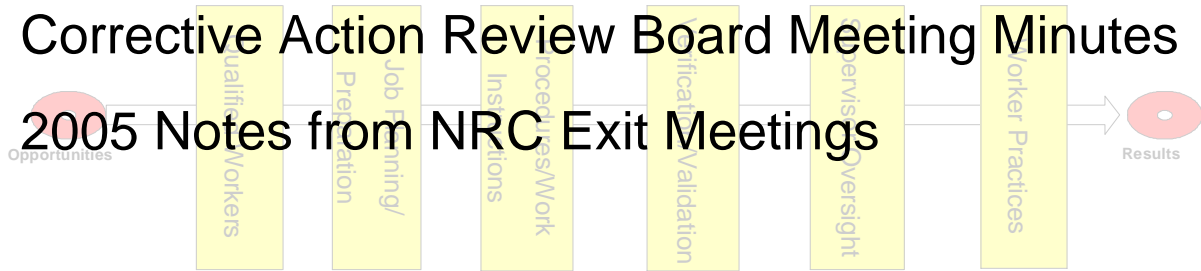
- Method of Assessment – Streaming Analysis
 - Review documents that assess CAP performance



- 2005 NRC Inspection Reports
- 2004 NRC Problem Identification & Resolution Inspection Report



- Corrective Action Review Board Meeting Minutes
- 2005 Notes from NRC Exit Meetings



BARRIERS FOR EXCELLENCE

Achieving Predictable CAP Performance

• Issues Evaluated During Streaming

- Causal Analysis determination for Level "B" CAPs
- Consistency of root causes and apparent causes
- Standards and expectations for the Corrective Action Program

- Scope of some apparent cause analyses
- Follow-through of corrective actions

- Point Beach employees' understanding of the benefits of the Corrective Action Program
- Corrective Action Program Procedure compliance

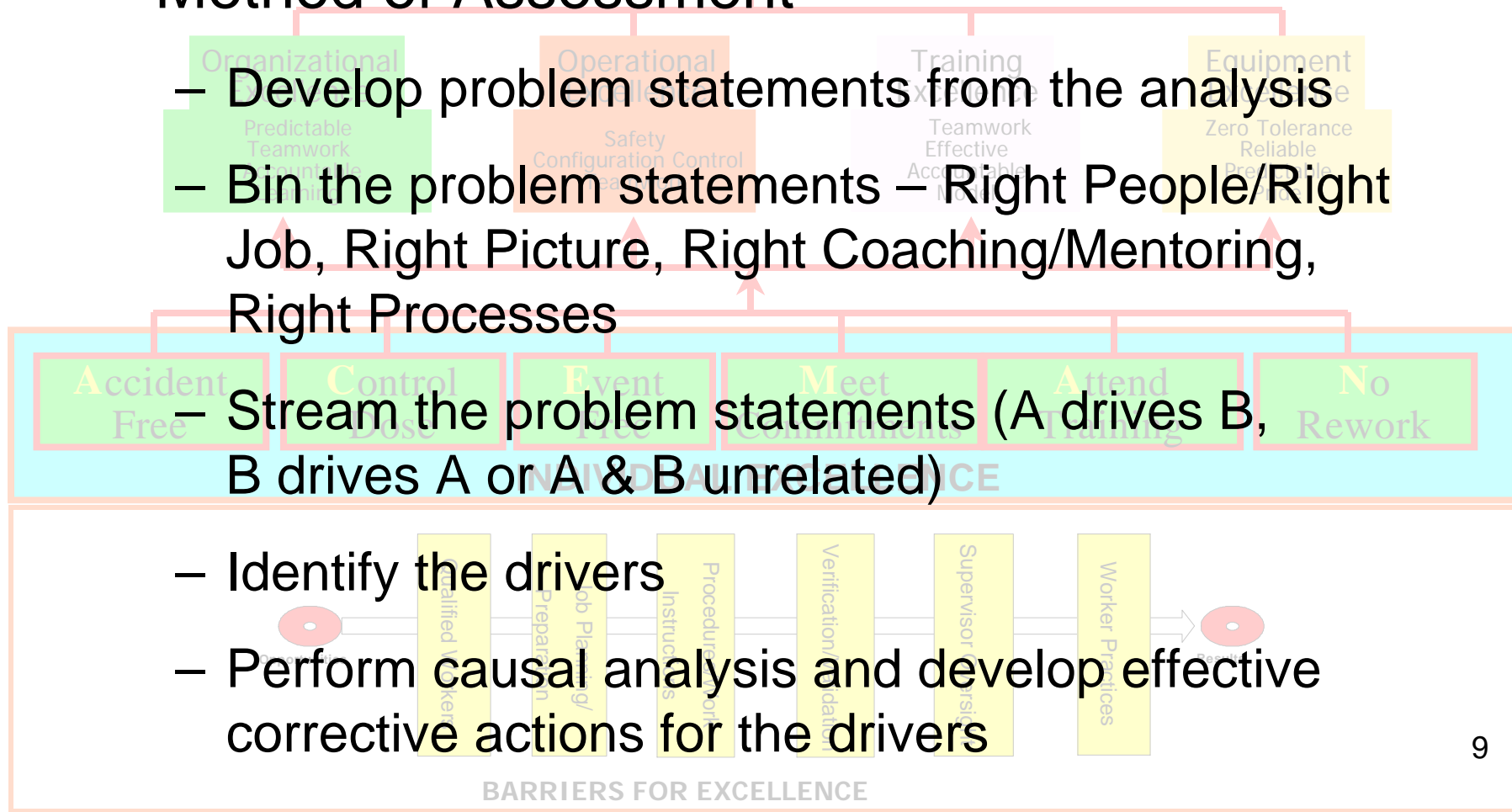
Achieving Predictable CAP Performance

- Method of Assessment

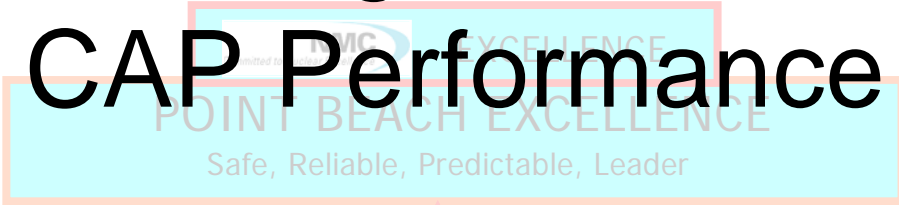
- Develop problem statements from the analysis
- Bin the problem statements – Right People/Right Job, Right Picture, Right Coaching/Mentoring, Right Processes

- Stream the problem statements (A drives B, B drives A or A & B unrelated)

- Identify the drivers
- Perform causal analysis and develop effective corrective actions for the drivers



Achieving Predictable CAP Performance

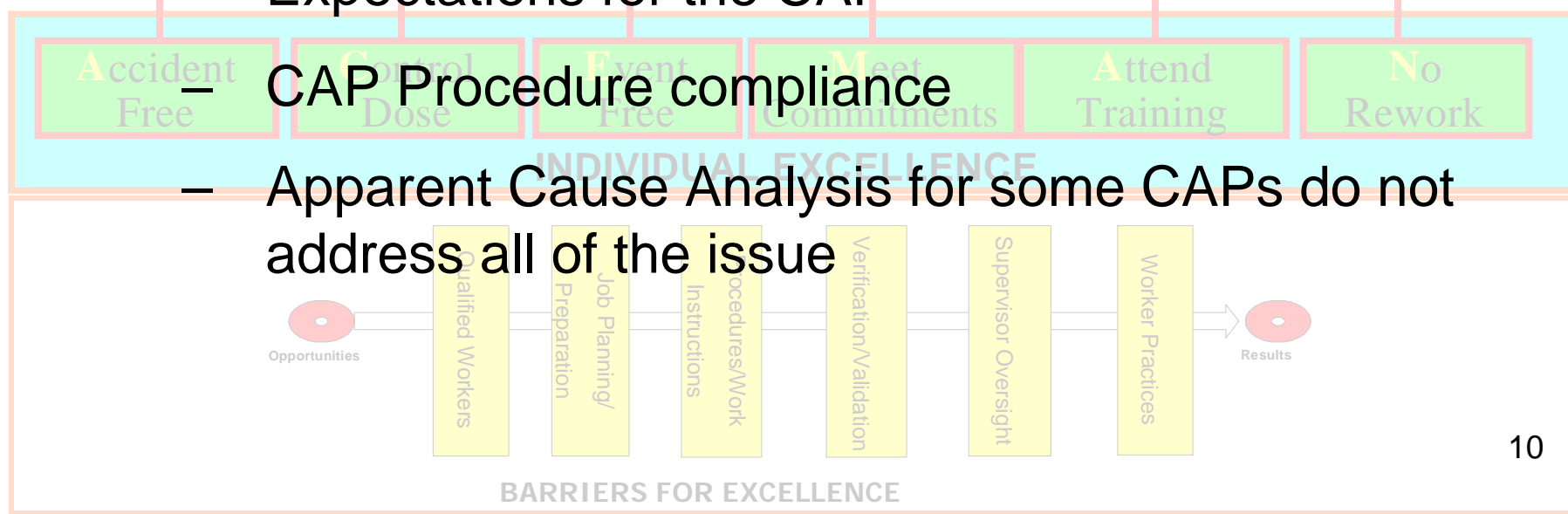


- Results

- Point Beach employees' understanding of the benefit of the CAP
- Consistent internalization of the Standards and Expectations for the CAP

- CAP Procedure compliance

- Apparent Cause Analysis for some CAPs do not address all of the issue



Achieving Predictable CAP Performance

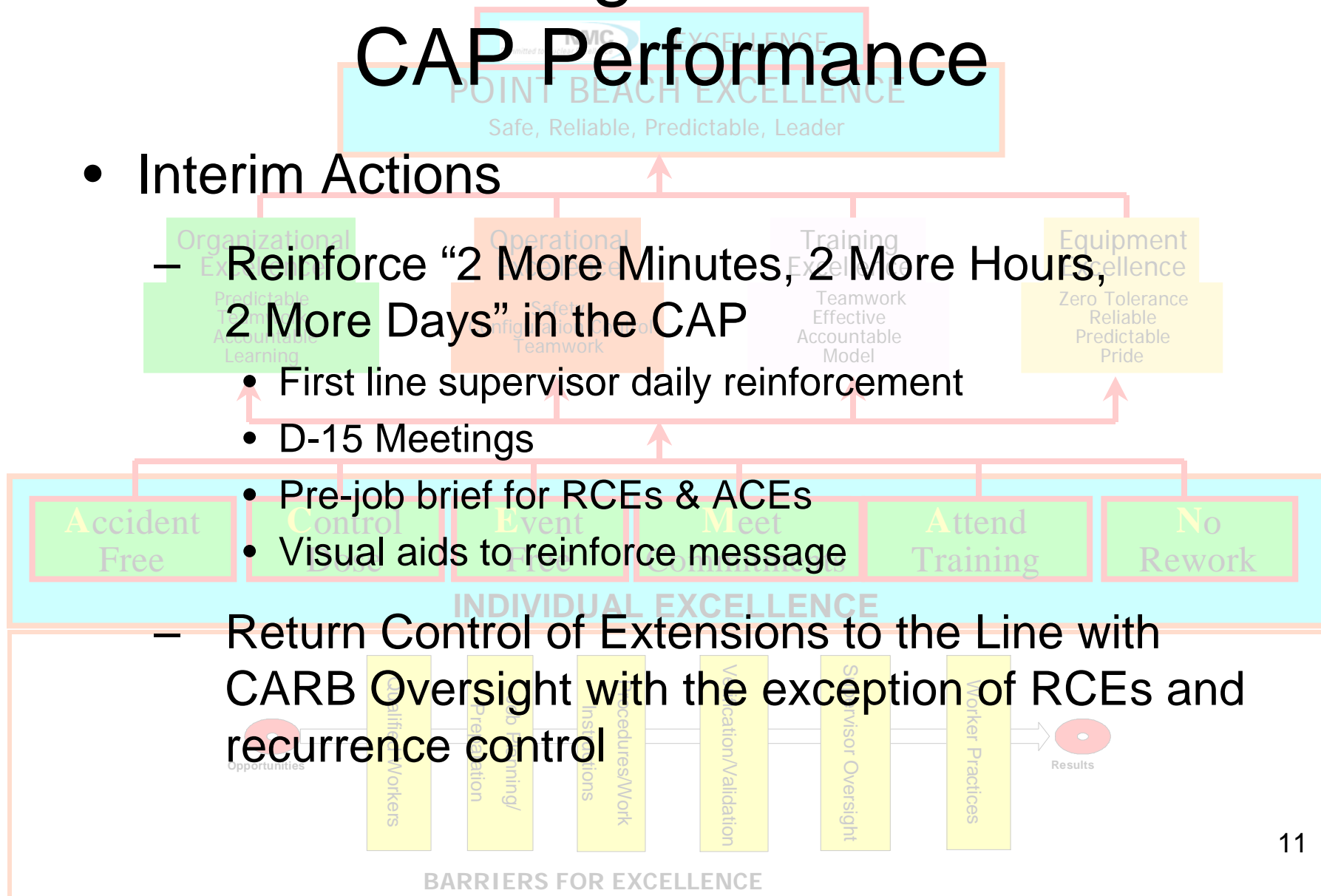
- Interim Actions

- Reinforce “2 More Minutes, 2 More Hours, 2 More Days” in the CAP

- First line supervisor daily reinforcement
 - D-15 Meetings

- Pre-job brief for RCEs & ACEs
 - Visual aids to reinforce message

- Return Control of Extensions to the Line with CARB Oversight with the exception of RCEs and recurrence control



Achieving Predictable CAP Performance

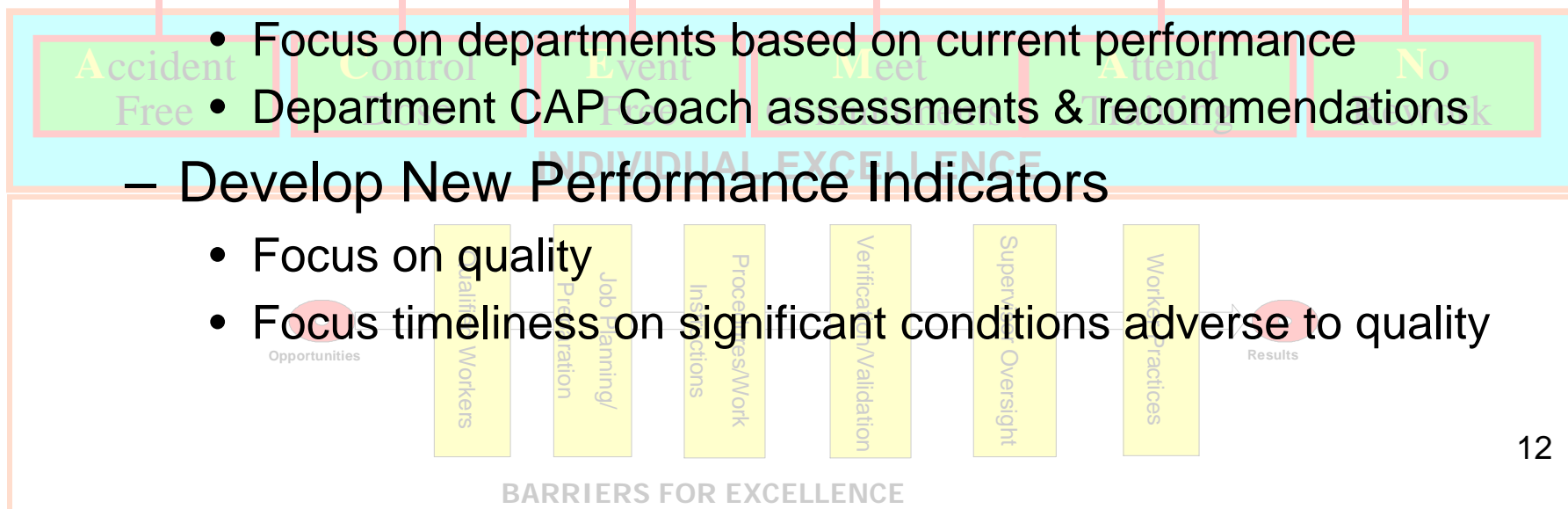
- Interim Actions (cont.)

- Assign a CAP Coach For Departments With Performance Challenges
- Focus CARB on Department Manager/CAP Coach Presentations of the Health of their Department's CAP

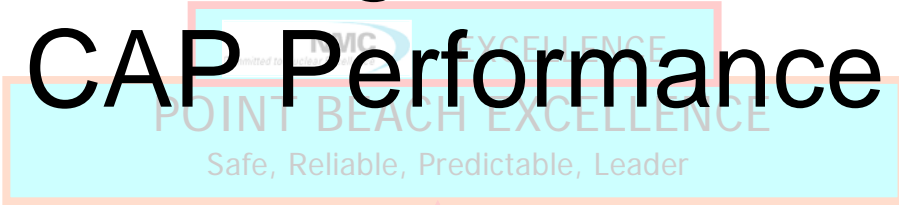
- Focus on departments based on current performance
- Department CAP Coach assessments & recommendations

- Develop New Performance Indicators

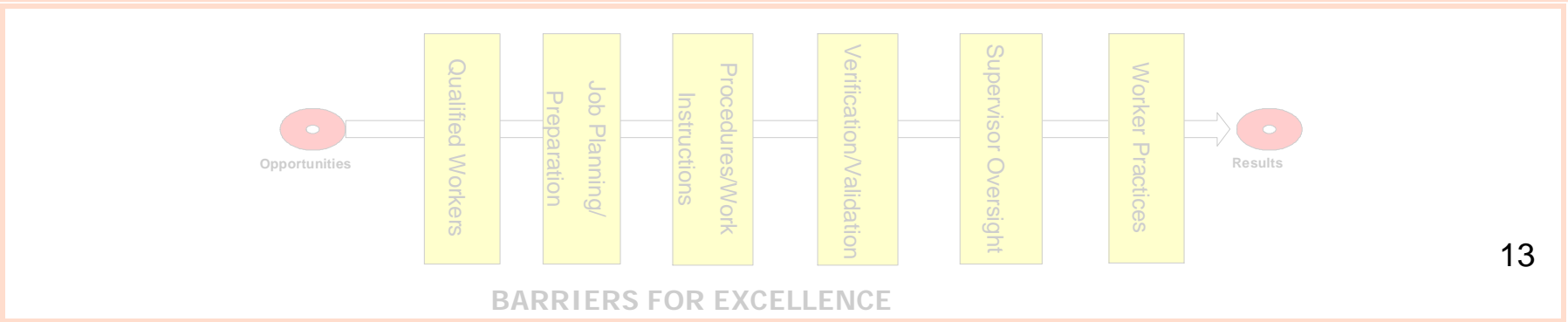
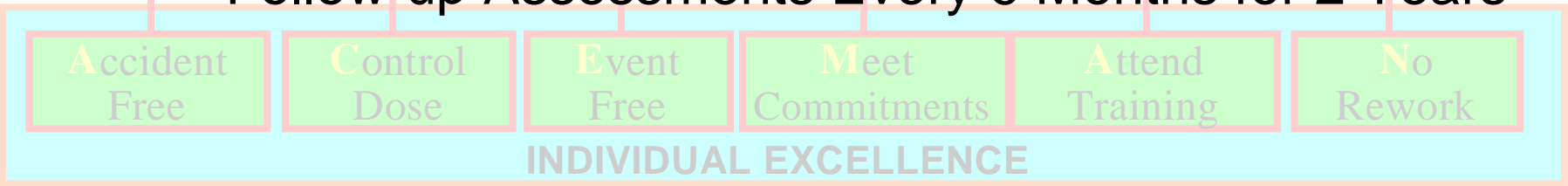
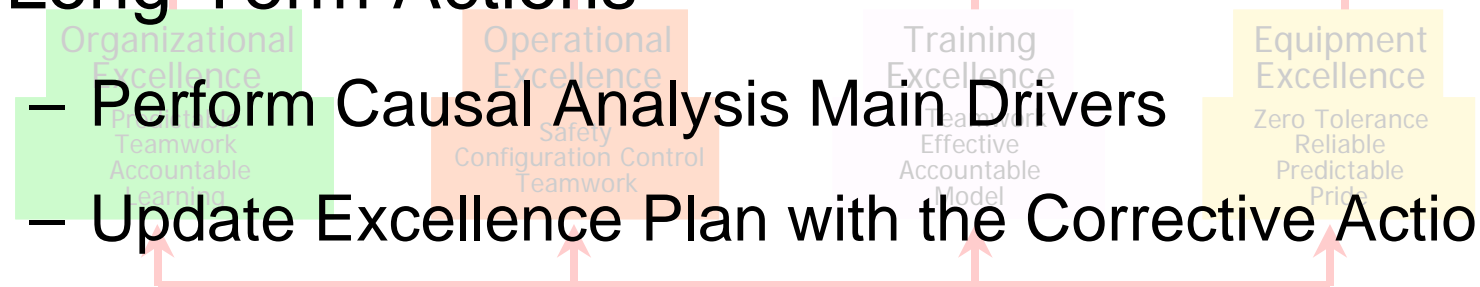
- Focus on quality
- Focus timeliness on significant conditions adverse to quality



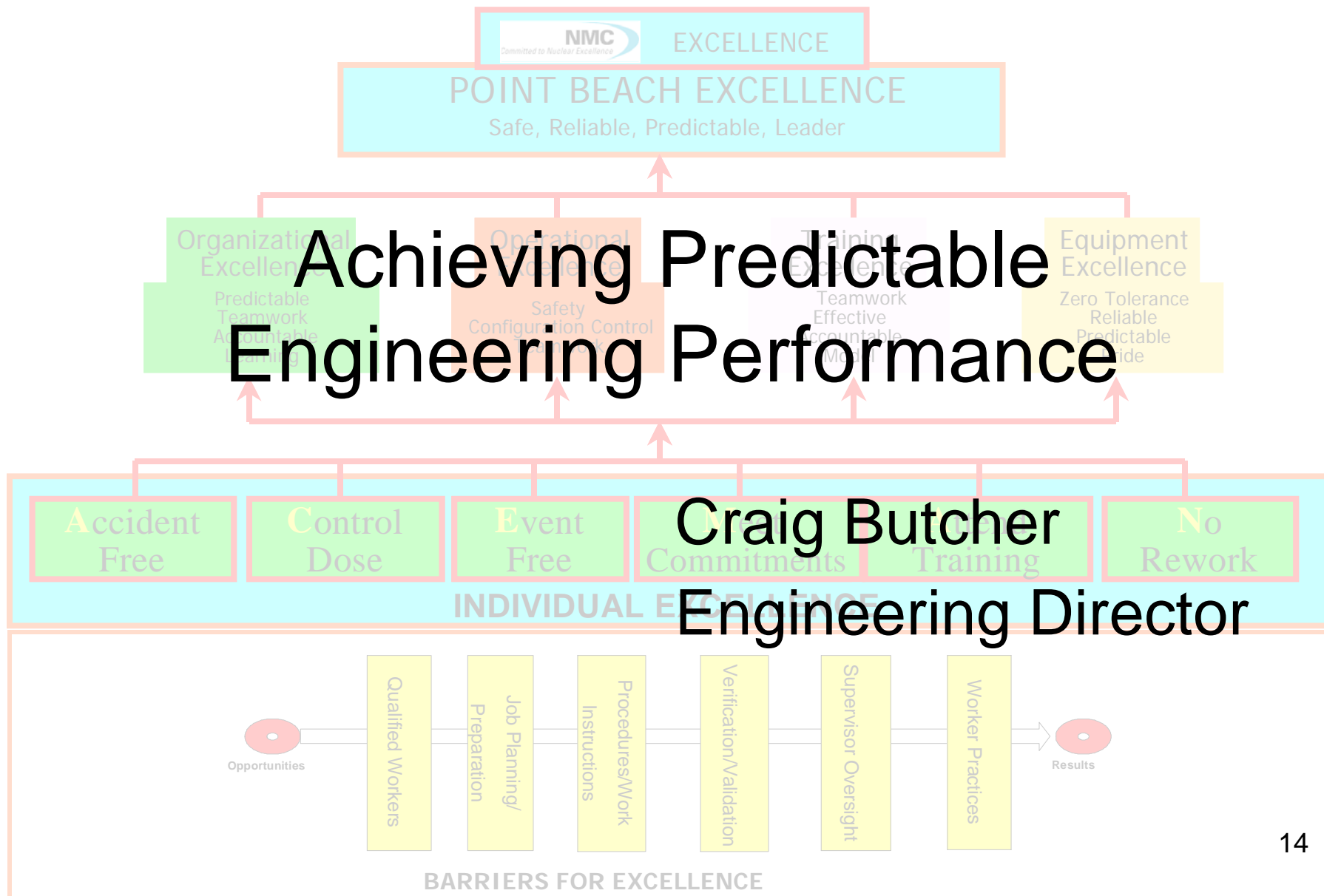
Achieving Predictable CAP Performance



- Long-Term Actions
 - Perform Causal Analysis Main Drivers
 - Update Excellence Plan with the Corrective Actions
 - Follow-up Assessments Every 6 Months for 2 Years



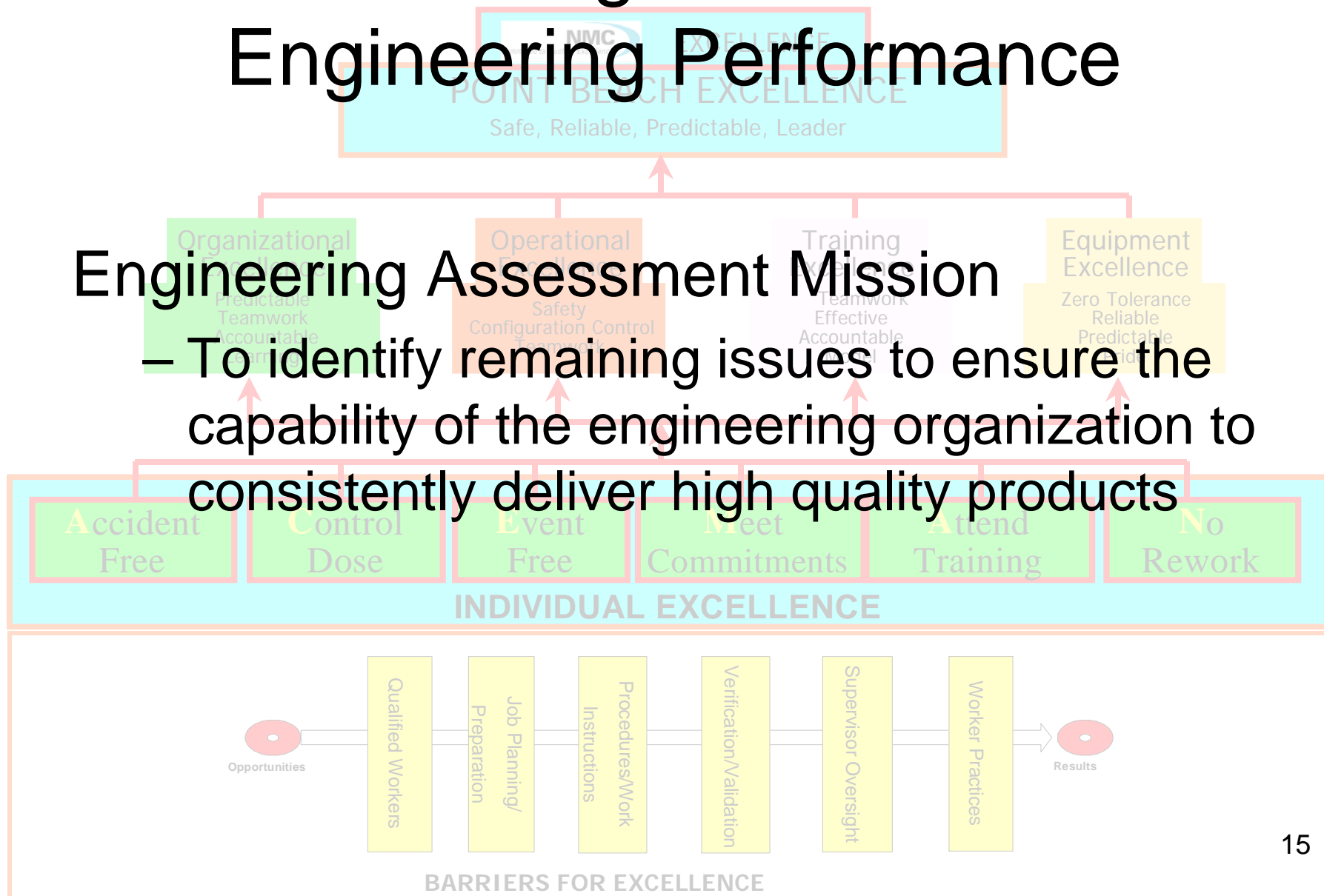
Picture of Excellence



Achieving Predictable Engineering Performance

Engineering Assessment Mission

- To identify remaining issues to ensure the capability of the engineering organization to consistently deliver high quality products



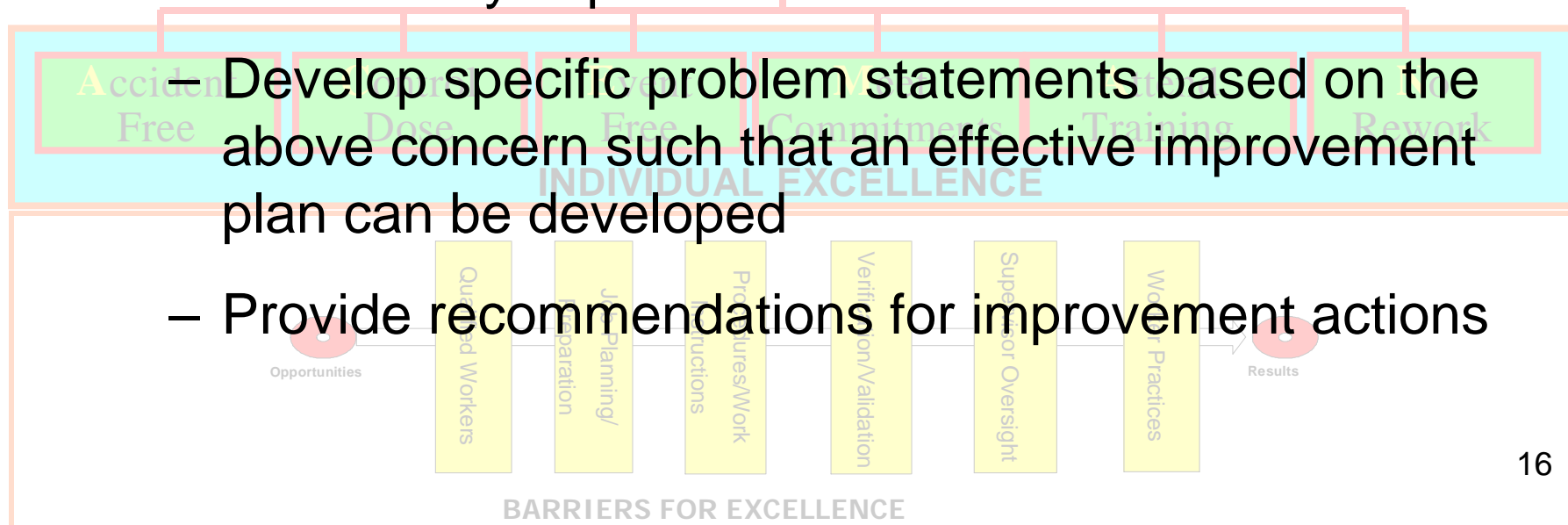
Achieving Predictable Engineering Performance

- Engineering Assessment Objectives

- Address the concern that some Engineering products and activities are not consistently adequate and Attributes of Engineering Excellence are not fully implemented

- Develop specific problem statements based on the above concern such that an effective improvement plan can be developed

- Provide recommendations for improvement actions



Achieving Predictable Engineering Performance

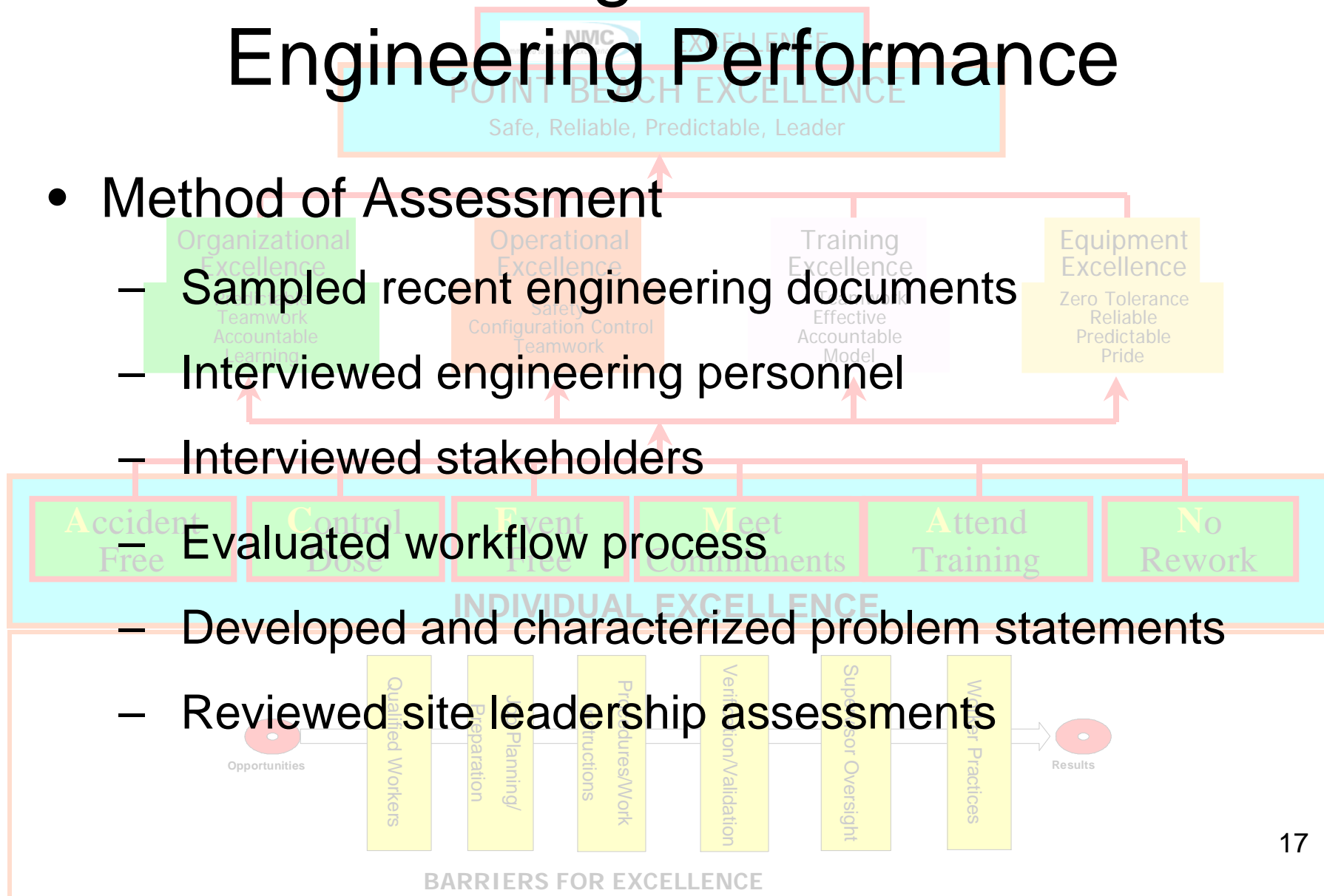
- Method of Assessment

- Sampled recent engineering documents
- Interviewed engineering personnel
- Interviewed stakeholders

- Evaluated workflow process

- Developed and characterized problem statements

- Reviewed site leadership assessments



Picture of Excellence

Achieving Predictable Engineering Performance

- Results

- Areas for improvement were noted predominantly in the following Picture of Excellence barriers

- Supervisor oversight

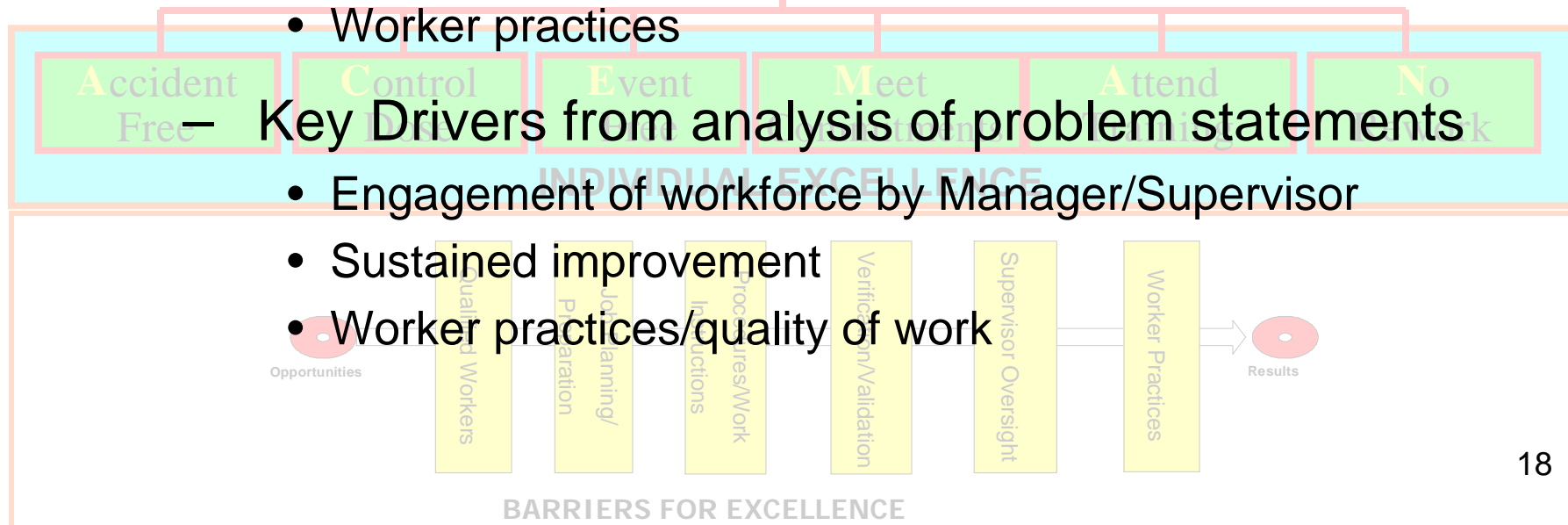
- Worker practices

- Key Drivers from analysis of problem statements

- Engagement of workforce by Manager/Supervisor

- Sustained improvement

- Worker practices/quality of work



Achieving Predictable Engineering Performance

- Actions Taken

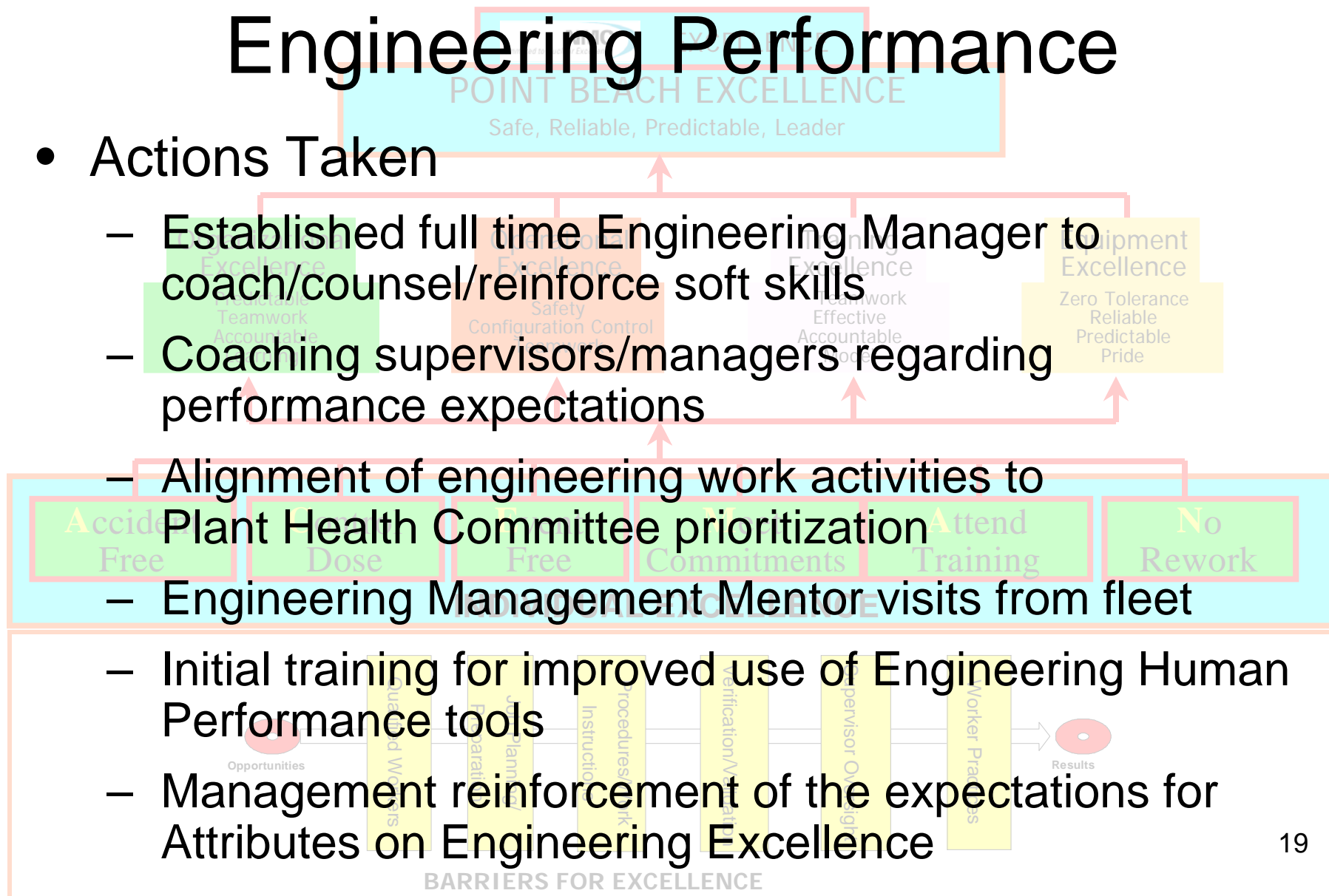
- Established full time Engineering Manager to coach/counsel/reinforce soft skills
- Coaching supervisors/managers regarding performance expectations

- Alignment of engineering work activities to Plant Health Committee prioritization

- Engineering Management Mentor visits from fleet

- Initial training for improved use of Engineering Human Performance tools

- Management reinforcement of the expectations for Attributes on Engineering Excellence



Achieving Predictable Engineering Performance

- Interim Actions Planned by 2/17/06

- Raise accountability of supervisors and managers
- Reevaluate scheduled NOS assessments to review Engineering Products
- Expand the scope of DRB to provide Engineering Expert review of other Engineering Products

- Review work scope at Engineering Management meeting to ensure work alignment and cradle to grave accountability

- Management expectations for pre-job briefs
- Expand the use of, and improve effectiveness of, Engineering Observations

BARRIERS FOR EXCELLENCE

Achieving Predictable Engineering Performance

- Long Term Actions

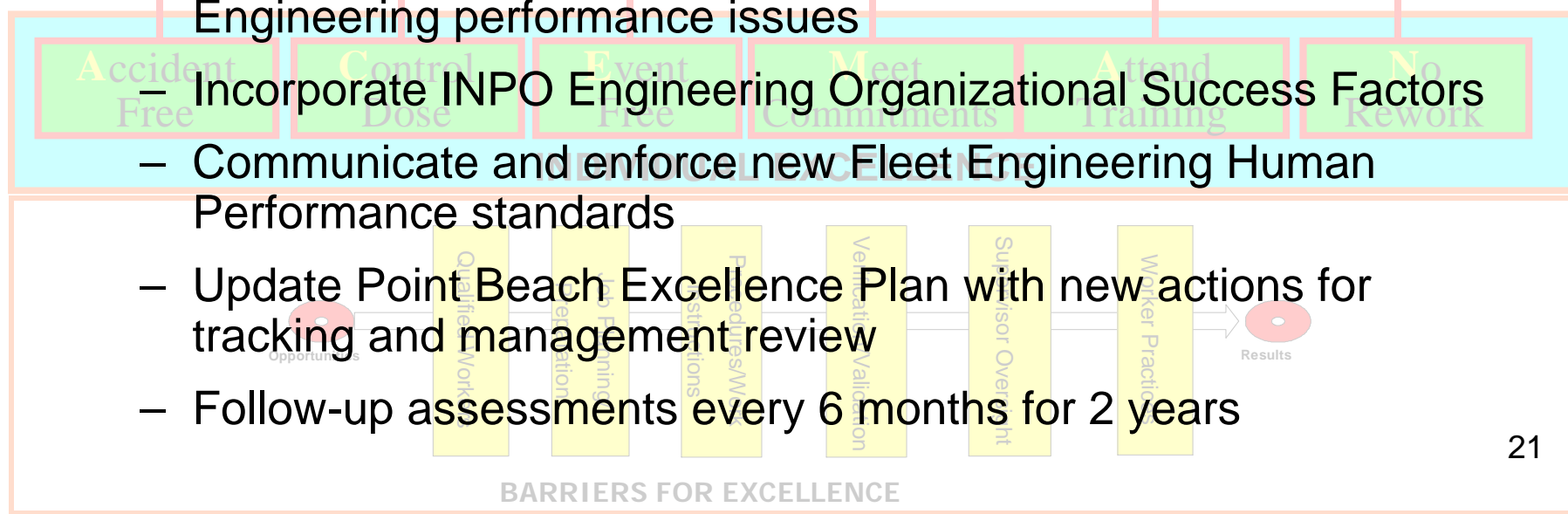
- Implement Engineering Work Management module interfacing with Passport
- Expand critical knowledge capabilities to reduce dependence on selected experts
- Trend in-process errors to identify leading indicators of Engineering performance issues

- Incorporate INPO Engineering Organizational Success Factors

- Communicate and enforce new Fleet Engineering Human Performance standards

- Update Point Beach Excellence Plan with new actions for tracking and management review

- Follow-up assessments every 6 months for 2 years



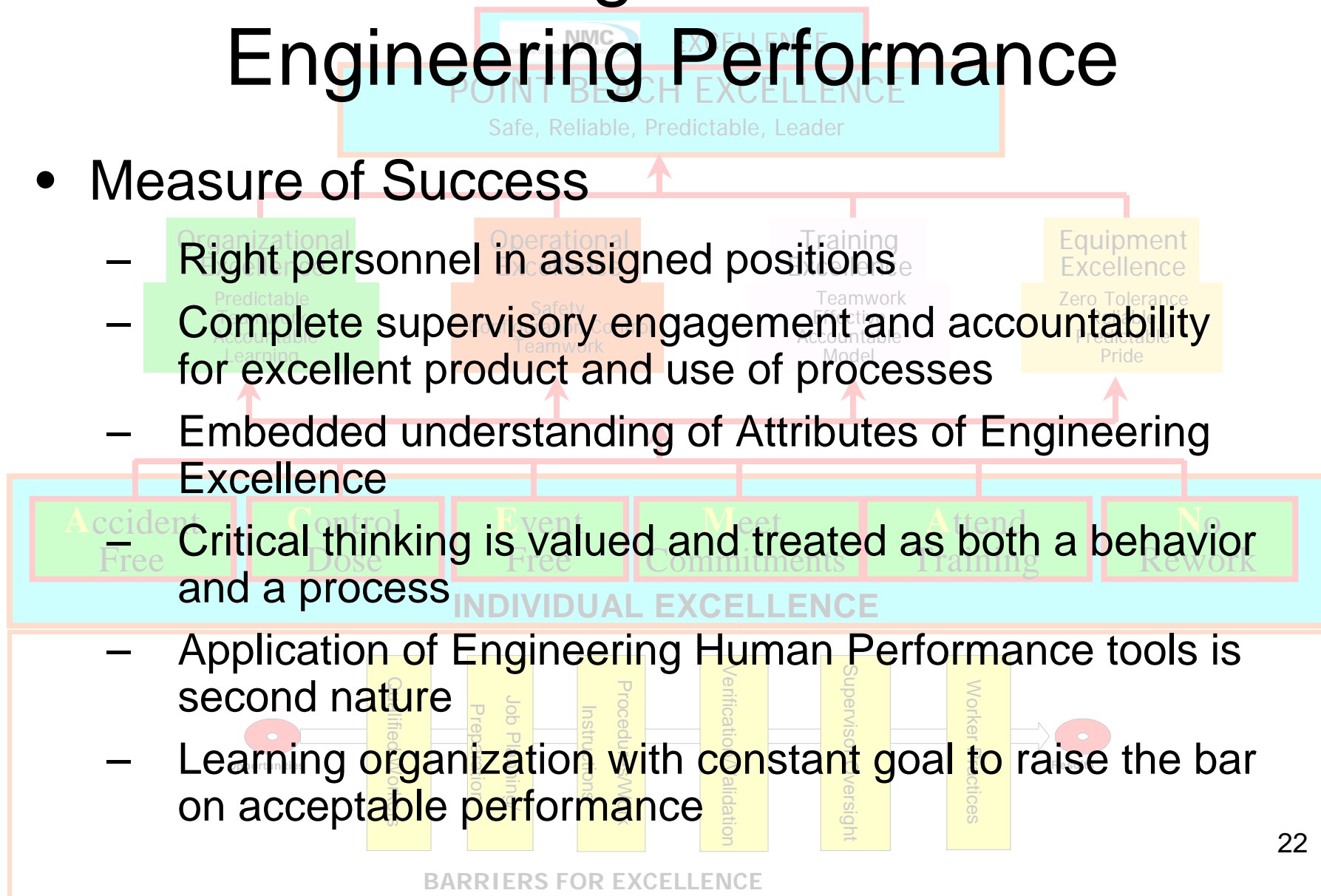
Achieving Predictable Engineering Performance

• Measure of Success

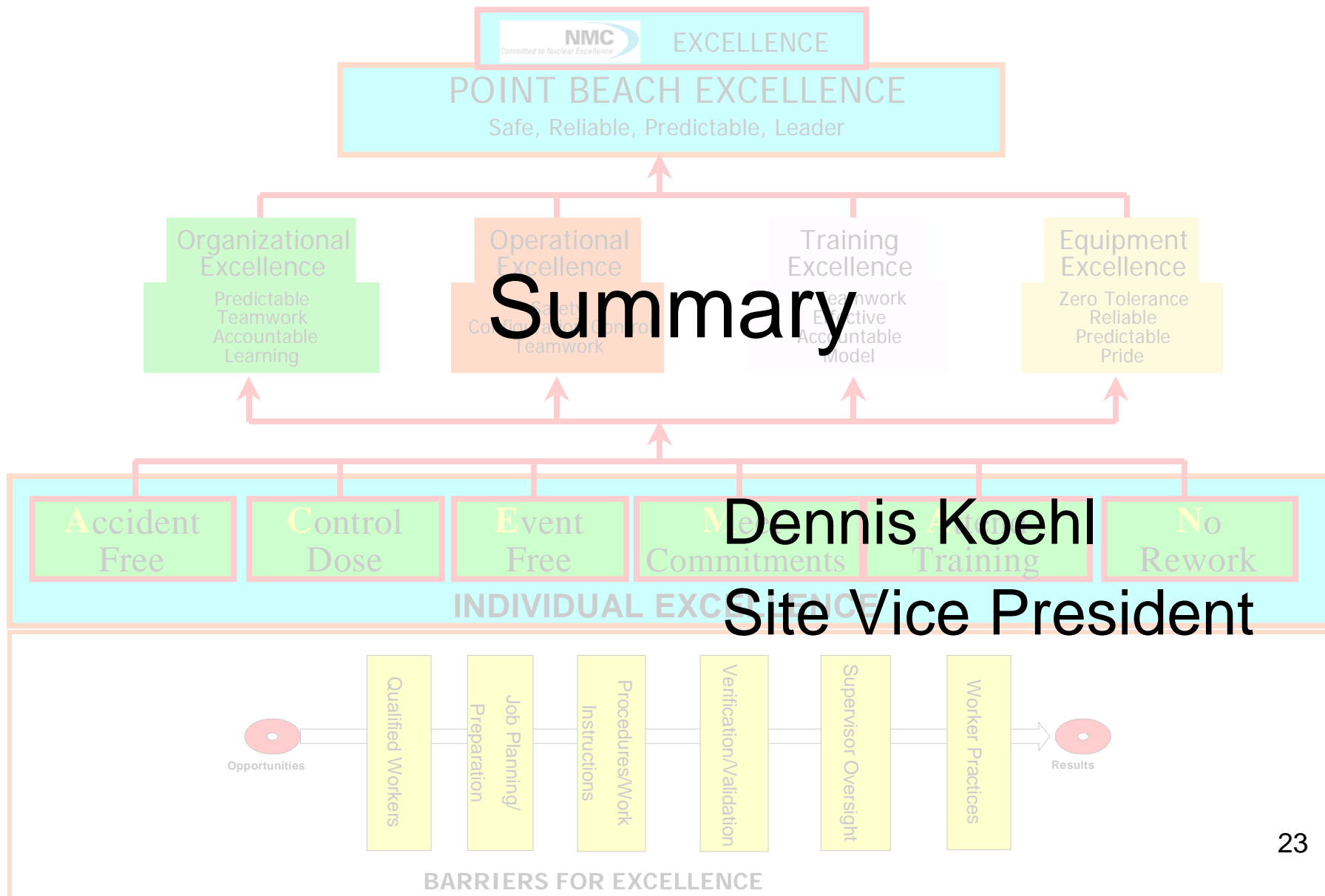
- Right personnel in assigned positions
- Complete supervisory engagement and accountability for excellent product and use of processes
- Embedded understanding of Attributes of Engineering Excellence

- Critical thinking is valued and treated as both a behavior and a process

- Application of Engineering Human Performance tools is second nature
- Learning organization with constant goal to raise the bar on acceptable performance



Picture of Excellence



Picture of Excellence

Summary

- Committed to Continued Improvement
- CAP Improvements Enable Improvement in the Entire Organization
- Consistent High Quality Performance in Engineering Will Be Achieved By Focusing on Continuous Improvement

