



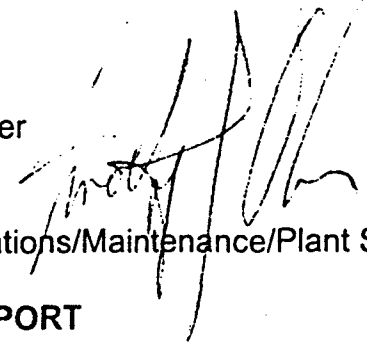
VPNO-2003-006

TO: H. W. Keiser
President & Chief Nuclear Officer

FROM: T. J. O'Connor
Vice President – Nuclear Operations/Maintenance/Plant Support

SUBJECT: **MONTHLY ASSESSMENT REPORT
MAINTENANCE/PLANT SUPPORT**

DATE: January 27, 2003



Please find attached the Monthly Maintenance/Work Management Performance Package with my overall assessment. My report will include perspectives from my previous job and new insights now that I hold accountability for Production and Operations. This will be the last package in this format. January will be a combined Operations/Production Package. It will be more comprehensive with improved ties to the Business Plan with trends on our action effectiveness.

I would summarize the last couple of months of 2002 to finish up the year as surprising. Areas I thought were improving turned out to be incorrect and a couple of areas showed progress that to me I thought we had to go back to the drawing board. Our data analysis and self-assessments proved to be more accurate than we thought. They had the right findings but we failed to take them a few steps further and if we had, very different outcomes could have been achieved. The Excellence Plan had us pointing the right way but after the outage we let it set on a shelf and failed to use it as our accountability leverage for focus and alignment. Finally, we had a rash of events combined with a quick loss of 5 Maintenance Supervisors causing a wave of emotional tremors which affected the site.

The PR-2 valve event had tremendous impacts and surfaced more issues than just those surrounding the valve. Pre-Job Briefs, Defense-In-Depth Decision-Making, and the philosophy behind the task to qualification training matrix revealed that my managers assumed some basic fundamentals existed and that communication was effective. I found personally the reality to be troubling because looking hindsight at the data and the self-assessment issues, it is clear that's what was being communicated all along but we didn't see it. The shortcomings here caused us only one choice and that

B-198

was to stop work. I am extraordinarily disappointed. I used that as a last resort to get others to see the magnitude of the changes needed and as the method to get corrective action. It demonstrates the gap in our leadership accountability towards achieving results is still quite large.

On a balanced note, the recognition that change is necessary and the alignment around that from the top managers to the technicians has been made. Many corrective actions have been initiated to cover communication between organizations, training, human performance at the point of contact, standards of performance, and the thinking necessary to organize/integrate work for event free operations. However, we are not yet integrated for a common objective and more action is necessary.

The first action I am taking going forward is to get Mark Schimmel to generate his Maintenance Excellence Plan to establish current performance against the gap to excellence. The second action is to surround Maintenance with the support of the Safety and Human Performance managers as active resources to improve performance. The third action is to be more aggressive in filling the wholes in key staffing areas in Maintenance. I see this as causing a strain on the existing management. It has an unintended outcome of them to operate at lower levels thus sustaining short-term decisions and a more reactive management approach. The fourth action is to get Larry to cause teamwork through work management. We are directing it and that isn't working. Only through the recent approach to the INPO responses do we now see what and how teamwork can be caused. The first step was to get Larry to see it and he has. The second is to get his management team to create that as their action plan to improve getting work done. This is the expectation I have of the directors. The plan of the day meeting is one of the vehicles being used to establish who is the team. This is working, now we can move to solving some issues.

Now that I have been in this new job for a bit, I see things entirely different. I haven't really owned the whole even though I thought I did. I see what the real job is, accountability of others to produce results. I am confident I can do that and the organizational changes allow me that as my sole job. This change was necessary regardless of who sits in the chair. The next few paragraphs just provide some observations and the actions I am taking to cause improvement.

I don't understand how and why I sign stuff. Some of our approval processes have institutionalized in various procedures to have the "janitor" initiate and I am the only approval. How can there be accountability in this model? The corrective action I am taking is to read and change every procedure that has me required to sign by creating accountability in the management team before it gets to me. So far I have changed the O.E. Procedure, the Procedure Usage Procedure, Effluent Release Procedure, and the

Training Qualification Exemption Procedure. No wonder people might say everything goes to the top or we have no authority, etc. This is the example I am using to teach the managers to do with their approvals.

I see that coming from safety as a defense in depth philosophy is not well understood nor applied in any rigorous manner outside of a very narrow operation on shift usage. The management team doesn't think this way collectively and it is weak inside of any functional area. My frustration is, it is so clear to me but I find it personally difficult to get my directs to see this wisdom.

My corrective action here is to take this as my stand for excellence and keep this as the standard by establishing continuous repetition of that philosophy through my communication. Second is to focus the Safety Manager and the Human Performance Manager to this approach. I have to spend a lot of time here. Third action is to create Quality Assurance as one of the boxes of defense. I am working with Neil and my directors currently to achieve that result. Fourth is to really look at SORC and CARB effectiveness and my instincts tell me this area is not working--I have to put a plan together here. Fifth is to establish a Performance Indicator Package which reinforces the results attitude and philosophy, then safety. I am in progress with this and will have my first report out in February. It will be an evolving product I am sure.

The final observation is, how big the effort is in keeping a continuous focus on the same priorities. It is the Business Plan but establishing the controls and the structure for that to me is through the PRB and work management. That's conceptually my thinking and my action is to work with the Vice Presidents, Directors and Rob DeNight for that to be a true occurrence.

TJO:dh
Attachments

C N. Bergh
J. Carlin
M. Friedlander
C. Fricker
K. Krueger
D. Garchow
Maint. /Plant Support Direct Reports
NRB