

From: Marc Ferdas, *RI*
To: Anne Passarelli; Daniel Collins; Daniel Orr; George Malone; Mel Gray; Scott Barber; Theodore Wingfield
Date: 5/24/04 7:16AM
Subject: PSEG Leadership Presentation on SCWE Results

Attached you will find the presentation being used by PSEG management to roll-out the results of their SCWE assessments.

On Friday, PSEG started to conduct group sessions w/ all levels of the organization. These meetings will continue over the next several days as the roll-out continues.

The presentation is honest and open, and provides an accurate description of the assessment results. It paints a picture that improvement is needed and Salem/Hope Creek performance is bottom quartile. The presentation also provides a list of the top 5 items PSEG will go after over the next several years to improve performance at the site. The five areas are: SCWE, Corrective Action, Work Management, Roles & Responsibilities of Supervision at all Levels, Facilities/Housekeeping.

The last page of the presentation provides a time line describing PSEG's plans going forward in rolling out this information. They are looking to have a **press release** once the information hits ADAMs and available to the public. We may need to coordinate w/ them on this.

-Marc S. Ferdas
Resident Inspector - Hope Creek

CC: A. Randolph Blough; Brian Holian; Daniel Holody; David Vito; Hubert J. Miller; James Wiggins; Richard Crlenjak; Wayne Lanning

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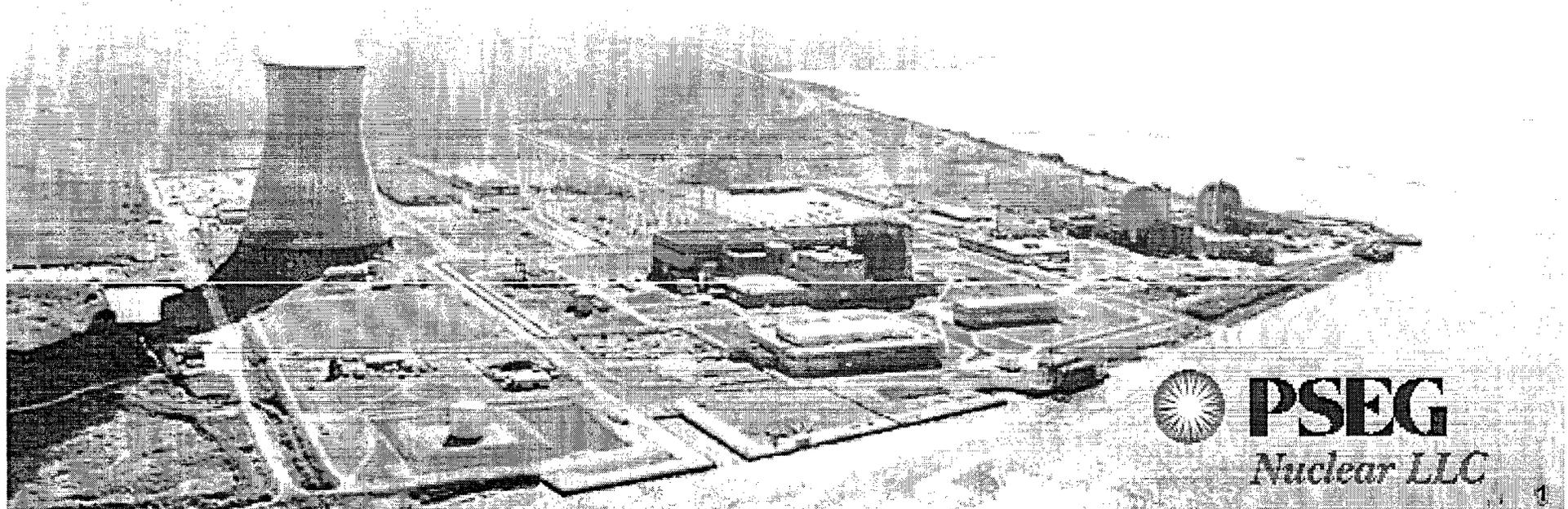
No
Standard

Management Assessment Rollout

Synergy Survey

USA Assessment

Independent Assessment Team (IAT)





Agenda

Improvement Model

Synergy Assessment

USA Assessment

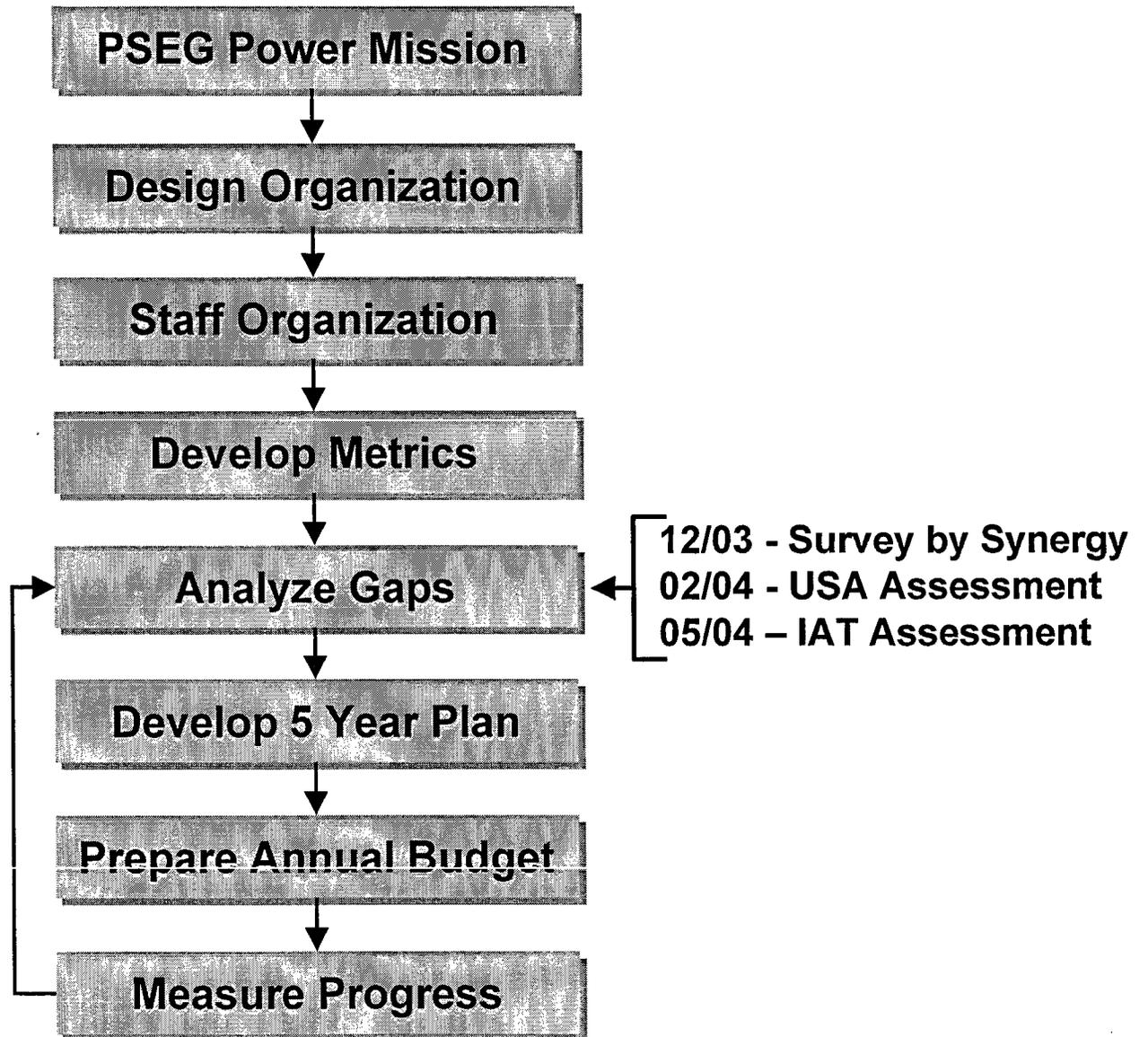
IAT Assessment

Issues from the Assessments

Focus Areas

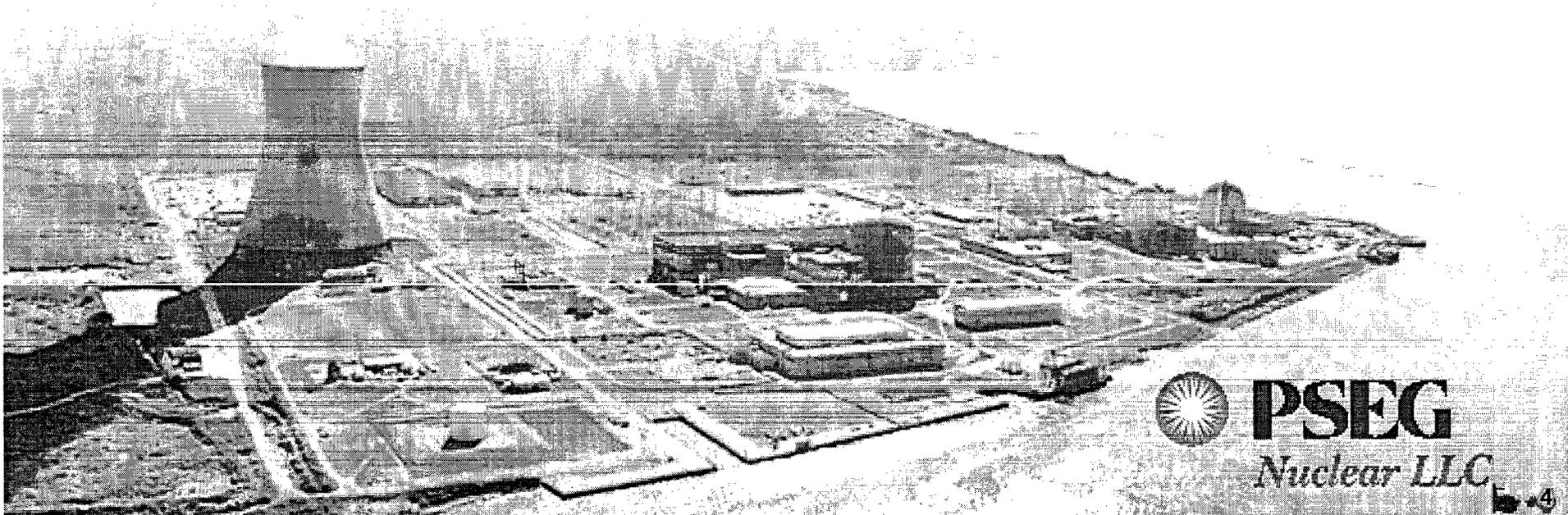
Next Steps

Improvement Model

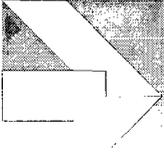


Synergy Survey

PSEG Nuclear Assessment Results



PSEG
Nuclear LLC



Key Issues

Plant appears to be in a degraded condition due to long-standing and recurring problems

Situation appears to be worsening

Contributors:

- Work management program ineffectiveness
- Corrective action program timeliness and ineffectiveness
- Communications ineffectiveness
- Perceived lack of commitment

Nuclear Safety Culture

Nuclear Safety Culture	Index	Rating	Industry %
Nuclear Safety Values, Behaviors, Practices	3.54	Good	11 th %
Safety Conscious Work Environment	4.31	Very Good to Excellent	11 th %
Employee Concerns Program	3.41	Adequate to Good	16 th %

CAP program effectiveness ratings particularly low

Confidence in employee concerns program needs improvement

Workload appears to have an impact on our ability to resolve concerns

Senior leadership commitment to resolve issues is not where it needs to be – “walking the talk”

General Culture / Work Environment

Area	Index	Rating	Industry %
General Culture/ Work Environment	3.40	Adequate to Good	26 %

Areas with lowest ratings

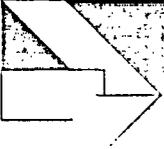
- Effectiveness of work management process
- General communications
- Change management
- Performance recognition
- Performance appraisal

Leadership / Management / Supervisory (LMS)

Area	Index	Rating	Industry %
Composite - LMS Behaviors / Practices	3.32	Adequate to Good	33 %
Leadership Behaviors / Practices	3.19	Adequate	11 %
Business Management Behaviors / Practices	3.18	Adequate	11 %
Personnel Management Behaviors / Practices	3.51	Good	44 %

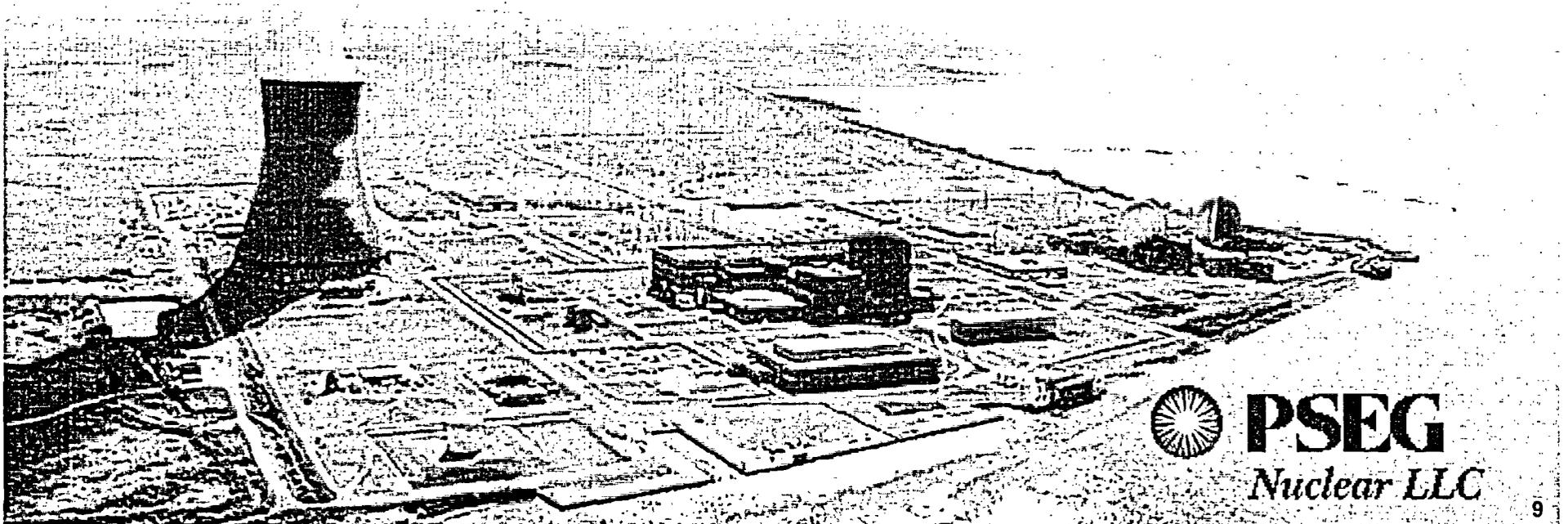
Areas with lowest ratings

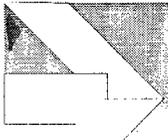
- Confidence in management
- Management of resources
- Management of systems and processes
- Management of change
- Ineffectiveness of leadership to provide clear direction



USA Assessment Results

PSEG Nuclear Assessment Results





USA Assessment Results

Overall – NO STRENGTHS

Ratings given on a scale of 1 to 5

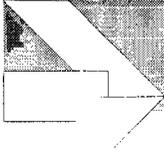
1 = Needs much improvement

2 = Needs some improvement

3 = Competent

4 = Strength

5 = Exceptional

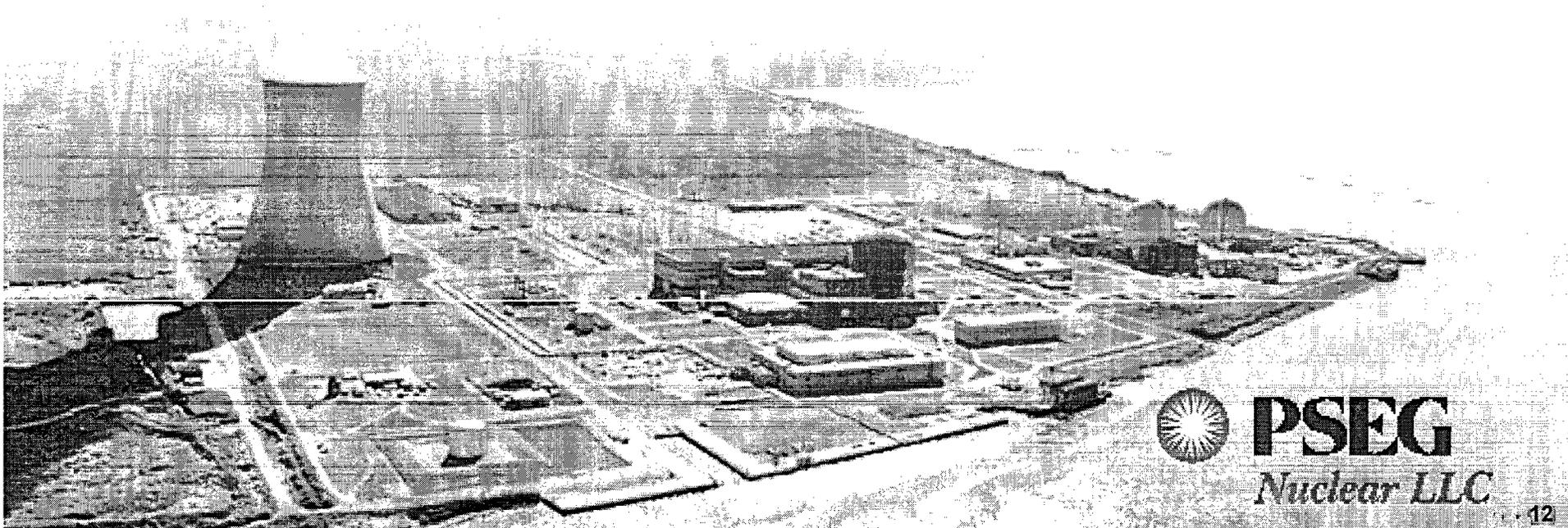


USA Assessment Results

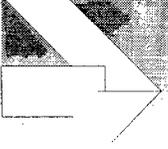
- 2.19 Plant Control**
- 2.33 Equipment Reliability**
- 2.40 Corrective Action Program**
- 2.46 Monitoring / Trending**
- 2.48 Work Management Process**
- 2.60 Resource / Schedule**
- 2.61 Management Involvement**
- 2.61 Problem Identification – Questioning Attitude**
- 2.70 Staff Capability**
- 2.84 Safety Over Production**
- 2.85 Oversight Capability**
- 2.96 Operating Experience**

Independent Assessment Team - IAT

PSEG Nuclear Assessment Results



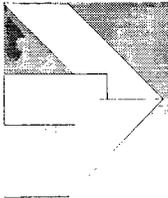
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Independent Assessment Team Review

Reviewed SCWE implications

- NRC's inspection record
- Corporate / site interface
- Events involving operational decision making



NRC Inspection Reports

Reviewed 20 Hope Creek & 28 Salem reports

Conclusions – record reflects failure to

- Consistently translate engineering information into work documents
- Consistently take prompt and effective corrective action
- Adequately identify and properly classify procedural violations



Corporate / Site Interface

Conclusions

- Perceived pressure from corporate to place production over conservative decision making
- Roles and responsibilities in the areas of HR, labor relations, budget, and financial planning are not clear
- Employees perceive the incentive compensation process places a greater emphasis on production than on conservative decision-making

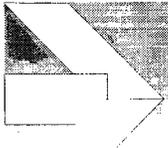
Events Involving Operational Decision Making

No events in the report involved reactor operations putting either the plant or public at risk

14 events identified sent mixed message to workforce regarding raising and addressing issues

Events demonstrate some in management and the workforce:

- Place greater emphasis on production than conservative decision making
- Tolerate degraded equipment conditions
- Tolerate procedural non-adherence



Events Involving Operational Decision Making

Some management personnel

- Do not clearly communicate standards or the rationale behind decisions
- Take actions or fail to take actions, causing a chilling effect on the willingness of certain employees to raise concerns
- Become involved in decisions more appropriately the responsibility of operations

Unresolved Conflict Events - Salem

	Mgmt-Labor Interface	Non-conservative Decision Making	Inappropriate Decision Level	Untimely Decisions	Decision Unduly Challenged	Differing Views of Performance	Procedure Adherence	Communication of Issue	Schedule & Production Issues	Inappropriate Behavior	Chilling Effect	Potential Retaliation
22MS42 Steam Leak	X	X	X			X		X	X			
Circ Water System Level Instrumentation	X	X					X	X	X		X	
Start-up Without Five Circ Water Pumps		X	X		X	X		X	X	X	X	
Feedwater Regulating Valve	X	X	X	X		X		X	X			
Early Lifting of Power Operated Relief Valve	X		X	X		X	X	X			X	
Reactor Head Vent Procedure Change		X	X		X		X		X	X		

Unresolved Conflict Events – Hope Creek

	Mgmt-Labor Interface	Non-conservative Decision Making	Inappropriate Decision Level	Untimely Decisions	Decision Unduly Challenged	Differing Views of Performance	Procedure Adherence	Communication of Issue	Schedule & Production Issues	Inappropriate Behavior	Chilling Effect	Potential Retaliation
Subcriticality		X				X	X					
Feedwater Pump High Vibration		X	X	X			X	X	X			
B Diesel Generator Exhaust leak	X	X		X				X	X	X	X	
High Off Gas Flow	X	X		X		X	X	X	X	X	X	
Reactivity Event	X	X				X	X	X	X	X		
Turbine Bypass Valve		X	X	X	X			X	X	X		
Loss of Core Monitoring System	X	X	X			X		X	X	X	X	
Lightning Strike & Runback		X	X			X		X		X		

Identifying our Issues

#	Issue
1	Reactivity Management
2	Work Management
3	Corrective Action Program
4	Safety Conscious Work Environment
5	Employee Concerns Program
6	Rewards / Recognizing Behaviors
7	Eng. Work Management / Eng. Rigor / Design Control
8	Long standing equipment reliability
9	Facilities (Housekeeping / Material Condition)
10	Role / Effectiveness of Supervision at all levels
11	Operations Department doesn't trust Mgmt.
12	Communication (decision making and "Why's")
13	No accountability for not following processes

Identifying our Issues

#	Issue
14	Production takes precedence over safety
15	Lack of individual accountability for outcomes
16	Too much turnover in Management
17	Reluctance to identify non safety issues
18	Don't have a Strategic Plan for workforce of future
19	HR related topics
20	Relationship as opposed to a process driven culture
21	Tolerance for low standards
22	Contractor oversight and control
23	Corporate / Site interface
24	Lack of visible Human Perf. Improvement Strategy
25	Perception that we don't have adequate resources
26	Ineffective use of "Change Management"
27	Attitude toward QA

Our Focus Areas

Synergy Survey

USA Assessment

IAT Assessment

27 Issues

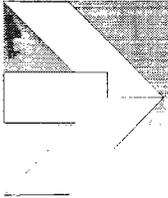
SCWE

Corrective Action

Work Management

**Roles and
Responsibilities of
Supervision at all levels**

**Facilities/
Housekeeping**



Timeline of Events

May 21	Employee Rollouts
May 21	Letter from Roy Anderson
May 21	Assessment Documents on SCWE Web Page
May 24	Hub Miller Visit / Interviews
May 25	Operational Excellence Review (OER)
May 25 (TBD)	Reports Posted on NRC Web Site on ADAMS
May 25 (TBD)	Cover Statement for Press
May 25 (TBD)	Local Officials Communications
June 8	Bi-Weekly Manager's Communication Meeting
June 15	Board of Directors Meeting at Nuclear
June 16	All-Hands Meetings
June 16	NRC Public Meeting
June 21 (TBD)	Submit NRC Commitment Letter