

ORIGINAL
UNITED STATES OF AMERICA
NUCLEAR REGULATORY COMMISSION

Title: **MEETING WITH COMMONWEALTH EDISON ON
RESPONSE TO 10 CFR 50.54 (F) LETTER --
PUBLIC MEETING**

Location: **Rockville, Maryland**

Date: **Friday, April 25, 1997**

Pages: **1 - 123**

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1 UNITED STATES OF AMERICA
2 NUCLEAR REGULATORY COMMISSION

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4 MEETING WITH COMMONWEALTH EDISON
5 ON RESPONSE TO 10 CFR 50.54 (F) LETTER

6 ***

7 PUBLIC MEETING

8 ***

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10 Nuclear Regulatory Commission
11 One White Flint North
12 Rockville, Maryland
13 Friday, April 25, 1997

14
15 The Commission met in open session, pursuant to
16 notice, at 10:00 a.m., Shirley A. Jackson, Chairman,
17 presiding.

18 COMMISSIONERS PRESENT:

19 SHIRLEY A. JACKSON, Chairman of the Commission
20 KENNETH C. ROGERS, Commissioner
21 NILS J. DIAZ, Commissioner
22 EDWARD McGAFFIGAN, JR., Commissioner

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1 STAFF AND PRESENTERS SEATED AT THE COMMISSION TABLE:
2 JOHN C. HOYLE, Secretary
3 KAREN D. CYR, General Counsel
4 JAMES O'CONNOR, Chairman and Chief Executive
5 Officer, Commonwealth Edison
6 HAROLD KEISER, Vice President and Chief Nuclear
7 Operations Officer, Commonwealth Edison
8 SAMUEL SKINNER, President, Commonwealth Edison
9 L. MULLIN, Vice Chairman, Commonwealth Edison
10 THOMAS MAIMAN, Executive Vice President and Chief
11 Nuclear Officer, Commonwealth Edison
12 JOSEPH CALLAN, EDO
13 BILL BEACH, Region III Administrator
14 MARC DAPAS, Branch Chief, Division of Reactor
15 Projects, Region III
16 ROY ZIMMERMAN, Associate Director for Projects,
17 NRR
18 FRANK MIRAGLIA, Deputy Director, NRR
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1 P R O C E E D I N G S

2 [10:00 a.m.]

3 CHAIRMAN JACKSON: Good morning, ladies and
4 gentlemen.5 The purpose of today's meeting between the
6 Commission and senior executives of the Commonwealth Edison
7 company is to discuss Commonwealth Edison's response to the
8 Commission's request for information pursuant to 10 CFR
9 50.54(f) pertaining to safety performance at Commonwealth
10 Edison's nuclear stations.11 The Commission also will be briefed by the staff
12 regarding its assessment of the Commonwealth Edison response
13 to the Commission's request for information.14 The Commission remains concerned by the cyclic
15 nature of performance at several Commonwealth Edison nuclear
16 stations. At the January 1997 NRC senior management
17 meeting, the Commission placed two of Commonwealth Edison's
18 nuclear stations, LaSalle and Zion nuclear stations, back on
19 the NRC watch list. This Commission action within the
20 context of performance at other Commonwealth Edison nuclear
21 stations, raised serious questions regarding Commonwealth
22 Edison's ability to operate six nuclear stations while
23 sustaining performance improvements at each of the sites.24 In order to help address these questions, the
25 Commission issued a formal request for information pursuant

1 to 10 CFR 50.54(f). This letter requested information that
2 would explain why the NRC should have confidence in
3 Commonwealth Edison's ability to operate its nuclear
4 stations while sustaining performance improvements at each
5 site and to explain criteria that Commonwealth Edison has
6 established or plans to establish to measure performance in
7 light of the identified concerns.

8 By letter dated March 28, 1997, Commonwealth
9 Edison replied to the NRC's request for information.
10 Supplemental information regarding performance criteria was
11 submitted last week.

12 In order to conduct a thorough and timely review
13 of the Commonwealth Edison response, the NRC staff
14 established a multidisciplinary team consisting of senior
15 executive service managers and staff from Region III, the
16 Office of Nuclear Reactor Regulation, the Office for the
17 Analysis and Evaluation of Operational Data, the Office of
18 the General Counsel and the Office of the Executive Director
19 for Operation.

20 The Commission recognizes that there is a
21 significant range in performance among the Commonwealth
22 Edison nuclear stations. Recent events and problems, for
23 example, identified at the Zion and LaSalle facilities
24 indicate that substantial improvement is still needed.
25 However, the Commission also recognizes that performance at

1 other Commonwealth Edison facilities such as Byron currently
2 is good and that Commonwealth Edison is taking actions to
3 meet its current performance challenges. However, the
4 challenge, which is to maintain the Commission's confidence
5 in Commonwealth Edison's ability to operate six nuclear
6 plants while sustaining performance improvements is
7 substantial.

8 Given the cyclical nature of poor performance at
9 some Commonwealth Edison nuclear stations and the apparent
10 inability to effectively implement long-term corrective
11 actions, it appears that one fundamental question needs to
12 be answered: What is different this time?

13 The Commission looks forward to the discussion
14 with Commonwealth Edison executives and with the staff, the
15 NRC staff, regarding Commonwealth Edison's response to the
16 50.54(f) letter.

17 In particular, the Commission is interested in
18 first understanding how the activities articulated in the
19 50.54(f) response will be implemented and integrated across
20 sites to help ensure that poor performing plants improve and
21 that good performing plants remain good performers. And,
22 second, short-term and long-term actions that Commonwealth
23 Edison and the NRC staff believe are necessary to preclude
24 continued cyclic poor performance.

25 I understand that copies of the presentation are

1 available at the entrances to the meeting. Unless my fellow
2 commissioners have any opening comments, Mr. O'Connor,
3 please proceed.

4 MR. O'CONNOR: Good morning, Chairman Jackson and
5 Members of the Commission. My colleagues and I appreciate
6 the opportunity to appear before you and to respond to
7 questions that were raised in your letter of January 27,
8 1997, and most notably the questions of why should you have
9 confidence in our ability to operate six nuclear stations
10 while sustaining performance at each of our sites, what
11 criteria do we have to measure performance, and what actions
12 will we take if those performance criteria are not met.

13 On March 28, as you mentioned, we did submit a
14 detailed report that we believe is responsive to your
15 request. We recognize that you've only recently received
16 that report, and we'll try to capture the most important
17 points in the time that we have available today.

18 We do have some backup information and are willing
19 to discuss whatever level of detail you and the
20 Commissioners might desire.

21 Joining me at the table and participating in the
22 presentation this morning are Mr. Tom Maiman, executive
23 vice-president and chief nuclear officer, and Mr. Harry
24 Keiser, vice-president and chief nuclear operating officer.
25 Also at the table are vice-chairman Leo Mullin and president

1 Sam Skinner. And among the Commonwealth Edison
2 representatives who are here today also attending are our
3 corporate vice-president and general counsel, Pamela
4 Strobel, our corporate vice-president, Andrew Lynch, who has
5 recently assumed the responsibility as chief financial
6 officer for nuclear operations, corporate vice-president Jay
7 Stephen Perry, who also serves as a site vice-president for
8 Dresden Station, and the remainder of our nuclear executive
9 team, which includes the five site vice-presidents other
10 than Mr. Perry. Mr. William Starr, who is the president of
11 Local 15 of the IBEW, is also with us today. He represents
12 approximately 2,500 of our nuclear workers across our six
13 sites, and he also represents the entire ComEd union work
14 force in the State of Illinois.

15 The presence of these individuals reflects the
16 company-wide support that we are providing and the
17 seriousness that we place on our nuclear operations.

18 Your letter has had a profound impact on the
19 company and resulted in a detailed, exhaustive, and
20 self-critical review of all aspects of our nuclear
21 operations. We've appeared before this Commission in the
22 past, but what we will be discussing today is quite
23 different. You're not going to hear much about plans or
24 promises. We know how important implementation and
25 execution are. This morning you'll hear about measurable

1 actions that we have taken, results that have been achieved,
2 and what will be done if performance does not meet our
3 standards.

4 Our written response that was submitted to you was
5 intended to be as inclusive as possible in responding to
6 your questions. Today I want to emphasize four central
7 points, and these relate to the following: oversight,
8 assessment, and monitoring; our focus on safe operations;
9 the financial and human resources that we are applying; and
10 how we are taking advantage of our size to raise the
11 performance at all of our sites.

12 The first point I want to focus on is aggressive
13 assessment, oversight, and monitoring that we are providing
14 to our nuclear activities. The two individuals who are
15 seated on either side of me, Mr. Maiman and Mr. Keiser, are
16 charged with providing oversight in a consistent and
17 effective manner across each of our stations. Mr. Maiman
18 brings a wealth of experience in managing power production
19 within ComEd and a detailed knowledge of our support
20 systems. Mr. Keiser has substantial experience in managing
21 multiple nuclear stations. They will each describe changes
22 that we have made to ensure more aggressive oversight of our
23 nuclear activities.

24 The recent assessments that we have conducted have
25 been no-holds-barred initiatives designed to identify and

1 surface any weakness that might impact safety or
2 performance. The independent self-assessment teams at both
3 LaSalle and Zion were comprised of senior industry experts
4 and augmented by the Institute of Nuclear Power Operations
5 personnel along with our utility peers. The scope and
6 critical intensity of these self-initiated evaluations are
7 certainly different from anything that we've ever undertaken
8 before at ComEd. We felt that they would deliver incisive
9 and hard-hitting appraisals of what was needed to achieve
10 sustained improvement at those two sites, and we share the
11 results of the ISAT in a very public and open way.

12 The nuclear operations committee of our board has
13 been strengthened and is deeply engaged in our nuclear
14 activities. The committee now includes all of ComEd's
15 senior officers, myself, along with Mr. Mullin, Mr. Skinner,
16 as well as the former director of the Navy's nuclear
17 propulsion program who had responsibility for over 100
18 nuclear-powered vessels, and he now serves as chairman of
19 our committee. He is joined by three other nondirector
20 members who bring a strong and independent perspective to
21 the committee's deliberations.

22 The committee operates under a formal charter
23 which establishes its independence and directs the committee
24 to provide strong oversight of nuclear performance. The
25 committee has its own office and a full-time engineer

1 assigned to it as a liaison to the Nuclear Division.

2 Our safety review boards operate under a common
3 charter that directs them to keep the nuclear operations
4 committee informed of significant plant activities or
5 trends. Collectively I believe that these changes in
6 committee membership and responsibility will provide
7 effective oversight for the company's nuclear activities.
8 The committee keeps our board fully informed on progress,
9 and will ensure that line management is held accountable for
10 meeting targeted performance levels.

11 You requested information about the criteria that
12 we are using to measure performance. We selected a set of
13 25 indicators to track our progress. Seven of these
14 indicators will allow us to compare the performance of our
15 stations to those across the industry. We have an interim
16 goal that by the year 2000 we'll operate each one of our
17 stations better than the industry average, as determined by
18 these seven industry-wide indicators. This goal represents
19 an ambitious test of our ability to increase performance
20 across the entire Nuclear Division, and we've established a
21 range of actions to take in the event the trends indicate
22 that we're not moving in the right direction to reach that
23 goal. Mr. Keiser will discuss these indicators in more
24 detail in just a few moments.

25 Second, we've placed an uncompromising focus on

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1 safe nuclear operations. We recognize that operations, the
2 control room, and our operators are the foundation for
3 safety and reliability. Maintenance, engineering and
4 training, and the many support functions are keys to
5 assuring that our operators have a plant and processes which
6 will enable them to succeed. The operator must have the
7 knowledge, the skills, and the work environment to operate
8 the plant in an error-free manner. We have successful
9 models of safety and reliability at Byron and Braidwood, and
10 we've demonstrated improvement in operations at Dresden and
11 Quad Cities in recent years. The human performance of
12 operations has been the principal area of focus in our
13 turnaround efforts. Dresden and Quad Cities went through
14 extensive efforts to upgrade operations and improve the
15 standards. We simply took the time to do the job right, and
16 we've begun to see improvements in operational performance
17 at those two stations.

18 In August of 1994 we intensified our efforts at
19 Dresden by performing a critical systematic review to
20 determine the causes of Dresden performance problems and to
21 identify the means to correct them. This resulted in the
22 Dresden Plan, and this plan was implemented, begun in 1994
23 through late '96, and included actions to address the most
24 significant weaknesses in five key areas: management and
25 leadership, material condition, human performance,

1 performance monitoring, and radiation protection. The fact
2 is safety performance has improved at Dresden. Indeed, the
3 NRC ISI inspectors recently recognized that Dresden had
4 improved, and that the control room operations are among the
5 very best that they had observed.

6 Although we completed the Dresden Plan in 1996, we
7 are continuing to pursue improvements through our annual
8 operational plans. At Quad Cities we recruited a new site
9 vice-president in 1994, an individual who had previously had
10 successful turnaround experience. We acquired additional
11 talent and set new standards, and Quad Cities began
12 implementing a three-year course of action in 1994.
13 Performance improvement has been achieved in many areas, as
14 shown by several of the station's key performance
15 indicators. For example, operator personnel, error-related
16 LER's have steadily decreased from 11 in 1993 to zero in
17 1996, and there has been one thus far this year. The number
18 of automatic scrams, while critical, has decreased from five
19 in 1993 to zero in 1996, and we've had none thus far in
20 1997.

21 In recent years Quad Cities has also experienced a
22 significant reduction in engineered safety feature
23 actuations. I mention these improvements not to suggest
24 that we've completed our work at Quad Cities or that we're
25 satisfied with the status quo, because we're not. But they

1 do suggest, however, that we are on the right track and that
2 the foundation has been laid for further progress. Today we
3 are applying the lessons learned from Dresden and Quad
4 Cities to LaSalle and Zion. As before, our primary focus is
5 on improvement of plant operations. At Zion we implemented
6 a process for assessing all operations department personnel
7 in order to select those individuals who possess and
8 demonstrate the requisite high standards of performance and
9 professional behavior, that we are insisting upon in our
10 control rooms.

11 But beyond the operator issues, I want to
12 emphasize that the scope of our efforts is comprehensive and
13 includes material condition improvements, procedure and
14 process upgrades, and enhanced engineering activities.

15 Aggressive efforts are also underway at LaSalle.
16 For example, functional performance reviews are being
17 performed on systems that are important to safe operation to
18 ensure that deficiencies are identified and corrected prior
19 to start-up. Further, to reduce challenges to the
20 operators, we're reducing the number of operator
21 work-arounds, temporary alterations and control room
22 deficiencies. We are simply going to do the job right, and
23 we will not start LaSalle -- restart LaSalle or Zion until
24 we have addressed the underlying performance problems.

25 Third, we substantially increased the resources

1 for our nuclear program. In early 1996, the board increased
2 the original budget of \$802 million by more than \$70
3 million, and by late last year, we increased spending an
4 additional \$54 million, for a total of \$926 million for the
5 year.

6 In fiscal 1997, we expanded the support to reach a
7 billion twenty-eight-million-dollar budget, a 28 percent
8 increase over the original budgets for 1996.

9 We developed this budget using a process that
10 included industry benchmarks and detailed reviews of the
11 activities at each one of our sites to determine the
12 resources that were needed to make the necessary
13 improvements. We believe that these committed dollars will
14 permit us to achieve improved performance at each of the
15 sites and we intend to apply a comparable level of resources
16 in 1998.

17 Resources include more than just dollars, they
18 encompass both the way that we are spending the dollars and
19 the personnel to ensure that we are using our resources
20 wisely.

21 As Mr. Maiman will discuss, we have assembled a
22 strong and experienced nuclear management team. For
23 example, one of the more significant changes in the staffing
24 of our nuclear stations in recent years has occurred in the
25 engineering area. Three years ago, we hired an experienced

1 executive to take charge of our engineering, one who had
2 significant expertise in managing large-scale projects in
3 the commercial nuclear power industry. Under his
4 leadership, we substantially changed the way we perform
5 engineering activities at ComEd. The nuclear division is
6 directly providing engineering and design for our nuclear
7 plant rather than relying primarily on architectural
8 engineering firms as we have in the past.

9 In addition, we recruited a number of people with
10 strong reputations in their respective fields for the
11 nuclear organization. The position of chief financial
12 officer for nuclear operations was created to assist the
13 division by effectively monitoring spending. Our new CFO
14 has outstanding credentials and reports directly to Mr.
15 Maiman.

16 About a year ago, we assigned the top person in
17 our labor relations organization to work in the nuclear
18 division and she reports directly to Mr. Maiman on human
19 resource issues.

20 We've taken our company's chief security
21 administrator and made him directly responsible for nuclear
22 security, reporting to Mr. Keiser.

23 A number of specialists in supply management have
24 also been assigned to each of our sites to assure that the
25 right parts go the right place at the right time.

1 Quite simply, the message had gone out throughout
2 the organization that each area must recognize the
3 importance of nuclear operations and do whatever is
4 necessary to support it.

5 Finally, it is important to point out the efforts
6 we have taken to build a stronger relationship with our
7 union. Mr. Starr, who became the president of IBEW Local 15
8 within the last two years, has extensive experience at our
9 Byron station in the area of mechanical maintenance. He has
10 personally devoted a great deal of time, energy and effort
11 toward understanding the changes that all of us must make to
12 reach superior levels of performance at each of our sites.

13 Fourth, ComEd is fortunate to be the largest
14 nuclear utility in the United States. We can bring
15 significant resources to bear to increase the performance of
16 our nuclear stations. We can learn from the experiences and
17 challenges that we have overcome within our system and apply
18 these lessons learned to our improving stations.

19 We have experienced personnel, and we can take
20 advantages of the practices that have proved successful at
21 our successful stations, most notably Byron and Braidwood,
22 and these internal resources can provide us with a
23 significant advantage in reaching our corporate performance
24 goals.

25 It's very clear to us that ComEd will not be

1 judged only by our best performing plant, but also by our
2 weakest. At the same time, simply upgrading the performance
3 of the weakest plant, if it in any way disadvantages the
4 performance of our other plants, would be a disservice to
5 the company and to the industry. We have learned from
6 Dresden and Quad Cities. In recent years, we've established
7 at those two sites strong senior management teams and
8 insisted on high standards, with a focus on superior
9 operations.

10 Now it is not enough simply to turn our attention
11 to LaSalle and Zion to bring about better performance; it is
12 equally important that we continue to maintain and improve
13 the performance of Byron and Braidwood while continuing the
14 trends that we have seen at Dresden and Quad Cities in the
15 last couple of years. The same high standards must be
16 embraced by all sites. Indeed, these high standards are at
17 the heart of our efforts to eliminate cyclical performance.

18 The nuclear division must be treated as an
19 enterprise where the entire division contributes to
20 improvement of the weakest station, and that will come about
21 through a combination of taking advantage of lessons learned
22 to be applied from one site to the others, through peer
23 reviews, and from acceptance of uniformly high standards
24 across the entire division.

25 Mr. Maiman and Mr. Keiser will now discuss the

1 details of the actions we are taking to assure sustained
2 good performance at all of our plants.

3 CHAIRMAN JACKSON: Let me ask you a couple of
4 questions for a moment.

5 MR. O'CONNOR: Please.

6 CHAIRMAN JACKSON: And if it is more appropriate
7 for one of those two gentlemen to answer, that will be fine.

8 Given what you learned when you had the -- let's
9 call it assisted self-assessments done at LaSalle and Zion,
10 you mentioned strengthened oversight from your Board of
11 Directors.

12 Do you have plans to use independent or outside
13 organizations in addition to provide challenging assessments
14 of your nuclear operations -- a continuing plan for the
15 long-run?

16 MR. O'CONNOR: Yes, we do have at each of our
17 sites a management review board which is comprised of people
18 with expertise from around the industry or from academia who
19 bring great value in that area.

20 We presently do not have a plan to do an ISAT as
21 such at either Byron or Braidwood, but certainly in the
22 event that we saw an indication that the sort of problems
23 that we suspected were at Zion or LaSalle, we would not
24 hesitate to do the same sort of thing at any one of our
25 other plants.

1 CHAIRMAN JACKSON: Okay, so it would be done on a
2 basis that would be triggered by assessment --

3 MR. O'CONNOR: That's correct.

4 CHAIRMAN JACKSON: -- that you had already made.

5 In your response to the 5054(f) letter, you
6 indicate that you'll also monitor qualitative indicators
7 such as employee concerns and allegations.

8 Have you put into place a methodology for
9 monitoring, evaluation, and determining the appropriate
10 corporate response to the qualitative indicators?

11 MR. O'CONNOR: We have in a way, because as I
12 mentioned, Chairman Jackson, we are putting as much emphasis
13 on attitude as we are on technical skills, particularly in
14 the operations area. As a consequence of that in the last
15 several months, as you are aware, several licenses have been
16 taken away from individuals who we felt might have had the
17 technical skills but did not have the sort of attitude that
18 would help us in the area of teamwork and what we felt was
19 required in the control room and in the operating group.

20 Culture is the toughest challenge we face, as we
21 mentioned to you last year when we appeared before you. It
22 is happening, however. I think there is a belief that it is
23 essential that everybody be part of the team, and that is in
24 the qualitative area, if you will, but beyond that I will
25 let Tom or Harry chip in and comment.

1 MR. MAIMAN: We have an employee concerns program
2 which we call the Quality First Program. We did a survey
3 several months ago and determined that although that program
4 was in place and reasonably effective, it wasn't well-known,
5 and partly because of the name, so we have changed the name
6 to Employees Concerns, are heightening the awareness among
7 the employee group.

8 Part of what the survey showed however was that
9 for the most part, and there is always an outlier, that
10 people feel that they are able to communicate directly with
11 their supervisors and they do get a response.

12 MR. KEISER: Part of the new corrective action
13 program we are putting in place has a component of it where
14 we spend time assessing the culture at each of the
15 organizations and try to define our strengths and
16 weaknesses, and we are spending a considerable amount of
17 time, like Mr. O'Connor had mentioned, developing our
18 supervisors, making them more sensitive to the cultural
19 aspects of the business.

20 CHAIRMAN JACKSON: You mentioned the focus on safe
21 operations and applying lessons learned by Byron, Braidwood,
22 and what you have been doing at Dresden and Quad Cities to
23 LaSalle and Zion, and this is more of a background question
24 that I would like you to address as you go along and that is
25 how you would characterize the recent events at Zion and the

1 operator performance issues at LaSalle within the context of
2 a focus on safe operations. Tell us how you see that.

3 MR. MAIMAN: I will address that in my
4 presentation.

5 CHAIRMAN JACKSON: Okay, and you mentioned having
6 a CFO-4 in the Nuclear Operations area. You put that into
7 place to ensure that all of the nuclear sites and supporting
8 organizations have the necessary resources to sustain
9 improvement?

10 MR. O'CONNOR: That is correct -- that, as well as
11 to make certain that they are spent efficiently -- so it is
12 a combination of both.

13 CHAIRMAN JACKSON: You mentioned the people, the
14 human resources, particularly in Engineering. How many
15 vacancies -- or do you have vacancies at the present time in
16 the corporate as well as the site engineering?

17 MR. O'CONNOR: We have about 100 vacancies that we
18 will be filling but they are mainly to substitute for
19 contractors that we have on the property at the present
20 time, and they will be replacing the contractors.

21 CHAIRMAN JACKSON: Okay, so you are getting -- you
22 are moving out, what are they? -- seconded contractors?

23 MR. O'CONNOR: That's correct.

24 CHAIRMAN JACKSON: And putting in your own people.

25 MR. O'CONNOR: Yes.

1 CHAIRMAN JACKSON: Are there developments in your
2 state or region with respect to utility deregulation and
3 competition or movements on the part of -- what is it, the
4 Illinois Commerce --

5 MR. O'CONNOR: Illinois Commerce Commission, yes.

6 CHAIRMAN JACKSON: -- that will impact your
7 ability to carry out your plans?

8 MR. O'CONNOR: Not in my judgment.

9 There are definitely initiatives underway in
10 Illinois and it is likely that there will be a bill passed
11 this Spring session that will provide for a transition to a
12 deregulated environment, but notwithstanding that, we are
13 not going to be distracted in the operations of our nuclear
14 plants and we'll have the commitment to resource whatever
15 plants we wind up operating.

16 That is not to guarantee that we will always
17 operate 12 plants. We don't know that at this point in
18 time, but it is to suggest very firmly that whatever plants
19 we do operate will be fully resourced and will be operated
20 safely.

21 CHAIRMAN JACKSON: Will you have to go to your
22 Commerce Commission in the current context to get approval
23 for any of the initiatives or for any kind of relief?

24 MR. O'CONNOR: In the current context we would,
25 yes. In the future, depending on what the legislation is

1 that is passed, that remains to be seen how it would be set
2 up, but we suspect that we would not then have to go to the
3 Commerce Commission.

4 CHAIRMAN JACKSON: And at this point there's been
5 no difficulty in that regard in terms of getting the
6 approvals you need or any rate relief that you might need in
7 order to have the resources to focus on any of these areas
8 that you have been outlining?

9 MR. O'CONNOR: In the present context that is
10 correct.

11 We have a rate freeze in effect in Illinois right
12 now that went in in January of 1996 and that will go for a
13 five year period, so our activity on rates is very modest at
14 the present time before the Commission and we don't
15 anticipate that we would be returning to them, but we also
16 feel that, as I mentioned, our level of resources applied
17 this year at the billion-plus level, which we plan again to
18 have in 1998, is an indication of our willingness to devote
19 the resources that are required for safe operations.

20 CHAIRMAN JACKSON: Now I realize that I believe
21 there is a ISO proposal being put forth within the Midwest
22 Regional context that I believe involves Commonwealth
23 Edison.

24 MR. O'CONNOR: It does.

25 CHAIRMAN JACKSON: And that would involve

1 essentially then a disaggregation of the generation
2 facilities from the transmission, is that correct?

3 MR. O'CONNOR: Not necessarily. It might. In
4 fact, there was a meeting on this yesterday in Cincinnati
5 and a discussion involving a number of utilities and they
6 are still the formative stages of putting together an
7 organization that would provide overall monitoring and
8 oversight to how the transmission network would operate in
9 the Middle West, but it doesn't necessarily require at this
10 juncture the disaggregation.

11 In many respects it would function primarily as a
12 traffic cop, somebody who would kind of model in many
13 instances and then make certain that people don't do
14 something that they shouldn't in the way power is
15 transmitted across the region.

16 CHAIRMAN JACKSON: As things stand today, what
17 fraction of your net electrical generation is provided by
18 your nuclear facilities --

19 MR. O'CONNOR: 50 --

20 CHAIRMAN JACKSON: -- versus fossil facilities
21 that you have?

22 MR. O'CONNOR: Well, the capacity on our system is
23 50 percent fossil and 50 percent nuclear, but the output
24 historically has been between 65 and 75 percent from our
25 nuclear plants, because they are our base load plants.

1 CHAIRMAN JACKSON: And are any of the current
2 plans relative to industry restructuring oriented to having
3 the nuclear units being other than base-loaded?

4 MR. O'CONNOR: No.

5 CHAIRMAN JACKSON: They would still be, under any
6 of the scenarios currently --

7 MR. O'CONNOR: That is correct, that we would have
8 no intention of having them other than base-loaded.

9 CHAIRMAN JACKSON: Okay.

10 MR. O'CONNOR: Thank you.

11 MR. MAIMAN: Thank you.

12 My purpose is to tell you about how we are
13 managing our entire nuclear enterprise. I will discuss what
14 we've already done, what we are now doing and -- to assure
15 performance across all six sites.

16 CHAIRMAN JACKSON: Excuse me, Mr. Maiman.

17 MR. MAIMAN: Yes.

18 CHAIRMAN JACKSON: Let me ask Mr. O'Connor one
19 last question.

20 MR. O'CONNOR: Please.

21 CHAIRMAN JACKSON: You mentioned taking advantage
22 of your size and managing as a single enterprise, and it
23 turns out that one would argue that communication and
24 information are critical parts of an ability to do that.

25 Do you have a senior corporate manager designated

1 with responsibility in those areas with respect to
2 information technology and information management for either
3 the nuclear operations as a whole or is it a corporate-wide
4 --

5 MR. O'CONNOR: No, it's both. We have an active
6 information technology part of our nuclear operations, and
7 the best part of that is that it works very well with the
8 corporate IS function, Mr. Orloff, and that's been getting
9 an awful lot of attention from all of us seated across the
10 side of the table, including Messrs. Skinner and Mullin. We
11 have a series of meetings where we address five key support
12 functions for nuclear operations, and IS is one of them.

13 The second point on communications, they do have
14 an individual assigned to the nuclear operations, Mr. Ken
15 Ross, who is responsible for communications, and they have
16 communications people at each of the sites to work with them
17 to provide a coordinated and centralized communications
18 effort.

19 CHAIRMAN JACKSON: Could you reiterate what those
20 five key support functions are?

21 MR. O'CONNOR: Yes. The key support functions
22 that we've been meeting primarily on in recent months are
23 finance, information technology, security, human resources,
24 and supply management.

25 CHAIRMAN JACKSON: Supply management?

1 MR. O'CONNOR: Yes.
2 CHAIRMAN JACKSON: Now, by that, you mean --
3 MR. O'CONNOR: Supplies and materials.
4 CHAIRMAN JACKSON: Materials --
5 MR. O'CONNOR: Correct.
6 CHAIRMAN JACKSON: -- across the board.
7 MR. O'CONNOR: Parts.
8 CHAIRMAN JACKSON: Okay. Very good. Thank you.
9 MR. O'CONNOR: Thank you, Chairman.
10 CHAIRMAN JACKSON: Thank you.

11 MR. MAIMAN: In my comments, I would like to put
12 the emphasis on action and results and what's different. My
13 discussions will follow the four areas that Mr. O'Connor
14 addressed: oversight and assessment, safe operations,
15 resources, and taking advantage of size.

16 Let me begin with oversight and assessment, and I
17 would like to focus on those tools that help us predict and
18 detect adverse performance and then provide the opportunity
19 to take action. They include the indicators that Mr. Keiser
20 will be discussing next.

21 We believe that consistent use of the oversight
22 and assessment tools does help to raise standards of human
23 performance and accountability across the sites.

24 First of these tools is the management team. As
25 Mr. O'Connor indicated, from CEO and board of directors

1 through the nuclear division management, we have intensified
2 our senior management involvement in managing our large
3 nuclear enterprise.

4 Senior management is actively engaged in
5 overseeing and directing improvement. I have in place among
6 the best talent from both outside and within ComEd. This
7 team has high standards and turn-around experience. What is
8 different today is that the leadership team knows what
9 sustained improvement looks like, how to get there, and how
10 to intervene when adverse trends develop. We are taking
11 advantage of their collective experience across the entire
12 division. The team is in place, it is stable, and it will,
13 wherever possible, remain there to assure sustained
14 performance and continued improvement.

15 Next is nuclear oversight. As a result of a
16 division-wide assessment conducted of the oversight
17 function, I have increased resources and realigned the
18 organization. The team systematically collects, analyzes
19 performance data, and then provides monthly performance
20 trends. The division oversight team in turn assesses trends
21 across all sites and serves as a check and balance on the
22 site analysis. The results are reported to senior
23 management for review and action. As a result of these
24 actions, we have a much higher confidence in our ability to
25 detect degrading performance.

1 CHAIRMAN JACKSON: Let me ask you a question in
2 terms of oversight, and it relates to what you talked about,
3 Mr. O'Connor.

4 How does the board's oversight committee interface
5 with what Mr. Maiman is describing, and then how does that
6 play into the decisions that you make at the board level and
7 as the CEO, and in particular how does it influence these
8 key support areas?

9 MR. O'CONNOR: I think it's fair to say that the
10 nuclear oversight committee in recent months has become very
11 challenging, very intrusive, very present, both at the sites
12 and at the nuclear division headquarters, very demanding,
13 and really quite intolerant of shortcomings in performance.
14 And they have been there a lot of the time, a couple of days
15 a week, sometimes three days a week, and they have been
16 extremely effective --

17 CHAIRMAN JACKSON: What do they have the authority
18 to do or not do?

19 MR. O'CONNOR: They have the authority to just
20 about do anything with respect to nuclear operations, and
21 yet they will be the first to tell you they don't want to
22 manage the operations, they don't feel that that's their
23 role, and nor do we. But they do have vast authority in
24 their charter to advise, counsel and, where appropriate, to
25 direct.

1 The role that they play with our board, of course,
2 is to keep our board informed on their views of nuclear
3 performance, and I must tell you it's done in a very candid
4 way.

5 CHAIRMAN JACKSON: Do they have a specific
6 interface with the oversight organizations that Mr. Maiman
7 is describing?

8 MR. O'CONNOR: Yes. And Tom, you might --

9 MR. MAIMAN: Yes. They have a full-time
10 representative in our office who is the interface with them
11 when they're not there, of course, and also with Ron
12 Muldinger, who is my oversight manager for the division.

13 MR. KEISER: And they're tied to the SRBs.

14 MR. MAIMAN: Yes.

15 MR. O'CONNOR: As Mr. Keiser just said, they have
16 a very close tie and have recently proposed, which has been
17 accepted, a common charter of operations which has been
18 adopted by the safety review boards at each of the sites.
19 So they are in regular communication with them as well.

20 CHAIRMAN JACKSON: So the safety review boards at
21 each site have a common charter; is that the message here?

22 MR. O'CONNOR: Yes.

23 MR. MAIMAN: And that common charter was put
24 together through the board committee.

25 CHAIRMAN JACKSON: Okay. Thank you.

1 MR. MAIMAN: Next I would like to talk about
2 assessments. We are continuing an open and critical
3 approach to self-assessments like those conducted at LaSalle
4 and Zion. For example, we recently completed a critical
5 evaluation of the operational event that took place at Zion
6 and have shared the results with the NRC.

7 To make our assessments rigorous, we often compare
8 our performance against the best performing plants in the
9 industry. Identified site problems receive the necessary
10 visibility to ensure effective correction at all sites.

11 Next is the event-free clock. All sites have
12 adopted use of an indicator called the event-free clock.
13 Although it is not one of the selected division performance
14 indicators, we consider it quite useful. It tells us how
15 well we are doing in preventing events involving deficient
16 human performance. The number of event-free days is
17 measured and the results are conspicuously posted. Trending
18 helps to make it a predictive indicator and to keep us
19 focused on the importance of human performance in achieving
20 safe and reliable operation.

21 CHAIRMAN JACKSON: Mr. Maiman, why is it not a
22 division indicator?

23 MR. MAIMAN: We use this as a lower level, real
24 time indicator that's available to personnel as they enter
25 the station. So it's a living -- it tends to be more of a

1 short-term thing.

2 CHAIRMAN JACKSON: Okay.

3 MR. MAIMAN: But over time, it certainly can be of
4 benefit in correcting the human performance deficiencies.

5 MR. KEISER: We track the event-free clock on a
6 division-wide total daily, so we know what the total
7 consecutive days without an event has been at -- if you
8 total up the entire ComEd system.

9 CHAIRMAN JACKSON: Now are these focusing on
10 events that are strictly rooted in human performance?

11 MR. MAIMAN: Yes.

12 CHAIRMAN JACKSON: Okay.

13 MR. MAIMAN: Yes.

14 COMMISSIONER ROGERS: Just before you leave this
15 slide, I wonder if you could just mention what you have in
16 place to review root cause analyses, not root cause analyses
17 themselves but what do you have in place to review whatever
18 root cause analyses have already been done, because it has
19 been my experience in the past that very often it takes time
20 to really get at the real root cause of some of the problems
21 that have already been assessed on a root cause basis,
22 particularly for an LER and I wonder what you have to really
23 try to go over those reviews, those analyses and review them
24 to make sure you are really comfortable with having gotten
25 at the real root cause or causes.

1 MR. MAIMAN: Yes, that is a difficult situation.

2 I will address that in a few minutes in our corrective
3 action program. But, in fact, we are doing that.

4 CHAIRMAN JACKSON: Why don't we wait for that.

5 MR. MAIMAN: Turning now to safe operations, we
6 are placing strong emphasis on strengthening control of
7 operations and improving human performance across all the
8 sites and I would like to highlight some of the major
9 actions we have taken to accelerate the pace of improvement.

10 First, a nuclear operations information display
11 center has been established in the division office. The
12 center provides a structured and formal presentation of
13 up-to-date information to senior division management and to
14 the office of the nuclear committee of the board. Current
15 information is displayed on performance measures, plant
16 status, LCO entries and other data. We use this information
17 in the timely oversight command and management of the
18 nuclear enterprise.

19 Next is control room monitoring. I have directed
20 the site vice presidents and selected division vice
21 presidents, nine in all, to spend time each month performing
22 cross-site control room monitoring. This is one way that we
23 are using senior management experience across all the sites.
24 It also gives each site vice president a first hand
25 opportunity to judge his own control room's performance

1 against the others. They go to a different site each month
2 and use standard check lists covering such matters as
3 command and control, procedure use, three-way communications
4 and shift turnovers. A monthly reporting cycle has been
5 established and results trending will follow. I will be
6 immediately notified of important adverse findings or
7 trends.

8 The operations peer group will also review this
9 information and take action as appropriate. These actions
10 serve to reinforce the importance of formality and strict
11 adherence to command and control principles in the control
12 room.

13 CHAIRMAN JACKSON: Now, will you talk to the
14 Commission about the Zion events and the operator
15 performance at LaSalle within the context of what you have
16 done and how you -- why you feel that what you are
17 describing speaks to what those events and those situations
18 show?

19 MR. MAIMAN: I will do that next.

20 CHAIRMAN JACKSON: Okay.

21 MR. MAIMAN: Next is oversight plant evolutions.
22 To do this, we are using the operations center and the other
23 oversight mechanisms, such as Mr. Keiser's six-site monthly
24 management review meetings. A leading example would be the
25 restart readiness plans for both LaSalle and Zion.

1 In that regard, we have slowed the rate of restart
2 plan implementation at both sites and are extending the
3 schedule for return to service of these units. This change
4 does effect some of the actions described in our 50.54(f)
5 response relating to LaSalle and we will provide updated
6 information. Our new schedules will allow us to, one, more
7 carefully and deliberately manage work activities; two, to
8 structure the application of our resources and; three, take
9 the time to do it right.

10 We would have been trying to crowd a lot of work
11 into a very short time. The senior management team and I
12 will make sure that we have strong human performance and
13 are, indeed, ready for safe, reliable operations.
14 Additionally, I will have a formal restart readiness
15 assessment conducted at each site. As the responsible
16 officer, I will not authorize a site vice president to
17 restart unless I have the confidence that the plant is ready
18 to proceed with a safe, deliberate and disciplined startup.

19 Next is the operations standards which you asked
20 about.

21 Following the LaSalle and Zion events, we
22 performed special assessments of the operations at the other
23 four sites. This confirmed the need to formalize common
24 standards across all the sites. I have issued new
25 operations directives that define practices for approaching

1 LCOs, withdrawing rods, supervisory oversight and other
2 essential practices for disciplined control room operations.

3 For example, I have directed that operators may
4 withdraw rods only in the immediate presence and with the
5 specific direction of the unit supervisor. I have directed
6 that each license holder have a face-to-face discussion with
7 the site vice president, the plant manager or the operations
8 manager to specifically review the Zion reactivity event and
9 the newly issued operations directives.

10 This action is intended to test operator
11 understanding and enhance control room formality and
12 discipline. Additionally and in direct response to the Zion
13 and LaSalle events, specific training has been implemented
14 to improve operator performance in areas of apparent and
15 demonstrated weakness.

16 Does that answer your question, or would you
17 like --

18 CHAIRMAN JACKSON: Well, it would just be easier
19 if you just said these events shows us these problems, and
20 this is what we're doing and why we think it's addressing
21 the problem.

22 MR. MAIMAN: These events did show some pretty
23 clear problems. At LaSalle it was our work control process,
24 and I will address that in a few minutes. At Zion it was
25 command and control. At LaSalle it was command and control.

1 At Zion it was ineffective corrective action. And at both
2 plants it in fact was operator skills and knowledge to some
3 degree.

4 What we have done -- I talked about the things to
5 improve command and control in the control room. We have
6 instituted aggressive training specifically for the
7 knowledge and skills and for the corrective action program,
8 I will talk about what we're doing in that in just a minute.

9 Let me now address resources. Mr. O'Connor noted
10 that we have substantially increased the applied resources.
11 Equally important are the steps taken to ensure that the
12 increased resources get results. We have put in place an
13 improved business planning process tied to the budget
14 process. The resulting plans defined the improvement
15 actions to be implemented in the coming year. These plans
16 also include specific schedules and goals to help gauge
17 progress and measure resource effectiveness.

18 This is a simple concept, but indeed it has been
19 difficult to effectively put in place across our six sites.

20 We are beginning monthly line-item spending
21 reviews for each site. The review meetings include the site
22 vice-president, the site financial controller, Mr. Keiser,
23 the chief nuclear operating officer, Mr. Lynch, our new
24 chief nuclear financial officer, and myself. This process
25 provides a further mechanism for senior management to

1 measure resource effectiveness and sufficiency. The
2 extended schedules for restarts of the LaSalle and Zion
3 units are examples of the kinds of actions we are taking to
4 ensure that resources are adequately and effectively
5 applied. Each site does have adequate resources. However,
6 the slower pace of the restart plans reflects a reasoned and
7 reasonable decision regarding resource application.

8 I'd now like to address taking advantage of size.
9 ComEd is a substantial company with opportunities for taking
10 advantage of its size. We have the responsibility and the
11 flexibility of 12 units, along with the ability to marshal
12 resources. Used properly, this is a great strength. Taking
13 advantage of size is both a business and a performance
14 imperative. We are therefore acting to capitalize on this
15 strength. As examples I would like to tell you about our
16 peer groups. Peer groups are teams led by a site or
17 corporate vice-president with members from each of the six
18 sites and a seventh permanent member from the division. The
19 teams were established in 1996. They are empowered to
20 develop and assist in implementing across the sites the best
21 practices that we can find within the division and the
22 industry. The output of the peer groups provides the basis
23 for setting division-wide policies, standards, and
24 practices. Peer groups provide a powerful forcing function
25 for raising standards and improving performance across the

1 sites. They are also a valuable resource for quickly
2 receiving, defining, and disseminating lessons learned.
3 Among the peer group initiatives are these. First, we have
4 developed a division-wide standard corrective-action
5 program. This program includes standard root-cause training
6 for groups of individuals at each site and in the division
7 offices. We have established common cause-coding systems
8 for the whole division. The benefit is a much-strengthened
9 ability to analyze problems consistently at all sites, to
10 identify common problems and trends, and to fix what is
11 broken. The new corrective-action process is currently in
12 place at Byron and Dresden, and will be in use at all sites
13 by year-end. Other peer-group efforts are under way to
14 raise standards and develop best practices for work control,
15 training, maintenance, and surveillance, configuration
16 control, and operations. We know that the peer-group
17 process is effective because it is a well-proven technique
18 used in industry. We intend to have additional process
19 improvements implemented by the end of this year. Two of
20 these involve out-of-service and work control. A common
21 out-of-service or tag-out process will, among other
22 benefits, allow us to move people from site to site without
23 retraining. This process, which is electronically tied into
24 our work control system, has been developed and tested. It
25 is scheduled to be implemented at five sites in June, and I

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1 expect it to be in use at all sites by year-end.

2 A standard work-control process has been developed
3 to ensure proper review and authorization of work items.
4 This process will strengthen our ability to plan, schedule,
5 and execute work in a controlled and efficient manner. The
6 prototype process has been implemented at Braidwood and is
7 now being tested. The finished product will be implemented
8 at all sites this year. These and other peer-group efforts
9 are under way. In all there are nine peer groups, and more
10 than 30 initiatives. All are aimed at producing common site
11 processes based on best practices and achieving performance
12 benefits derived from ComEd Nuclear's large size.

13 I now turn to engineering. Engineering is clearly
14 an area where our size can help. The movement of
15 engineering capability in-house began in 1994. It is a
16 major step on the road to technical self-sufficiency. We
17 have established a common set of engineering initiatives
18 applicable to all sites, and currently have over 800 ComEd
19 engineers employed. As outlined in my November and January
20 letters to the NRC, we have made major commitments to the
21 conduct of functional inspections and design basis
22 verifications at all sites.

23 A significant change that has strengthened the
24 in-process quality of our engineering work is the
25 establishment of engineering assurance groups at each site.

1 This effort takes time and requires more work, but it is
2 also significantly enhancing the quality of the final
3 engineering packages. It is the right thing to do.

4 To recap my remarks, let me emphasize that we are
5 acting to bring around sustained improvement through
6 markedly better human performance and personal
7 accountability. We have a strong management team and the
8 right mechanisms in place to help detect problems and
9 provide the opportunity to take action. We have conducted
10 critical assessments of our performance, and are placing
11 heavy emphasis on control and oversight of operations. We
12 have put in place a business planning process --

13 CHAIRMAN JACKSON: Let me stop you.

14 MR. MAIMAN: Yes.

15 CHAIRMAN JACKSON: Before you go. You mentioned
16 the peer groups, and you have the number of areas outlined,
17 including corrective action. As you know, I visited LaSalle
18 last month, and at that time I was told and noted that there
19 were failings in the corrective action program, and so much
20 so that at that point as it was expressed to me that to some
21 extent employees had lost confidence and were not
22 identifying problems. And you've described various issues
23 and things that you've put into place such as the
24 division-wide standard corrective action program and
25 common-cause coding. I guess the real question for me is,

1 can you give us a brief delineation of what the failings are
2 or were in the corrective-action program, and how what
3 you've described is meant to address those problems, and how
4 you will know that you've been effective in doing so?

5 MR. MAIMAN: The failings of the implementation of
6 past corrective action are many. They begin with, in some
7 cases, ineffective root cause analysis, fixing the symptoms
8 instead of really going after the root cause.

9 I think the other part of the corrective action
10 program that has been difficult is each site did it somewhat
11 differently. One of the values of the peer groups is to get
12 the sites together with an empowered member who can make
13 decisions for the site and then go back to the site with the
14 consensus agreed-to new corrective action plan, and it does
15 include root-cause-trained people, groups at each site, it
16 does include this common cause coding, and it does include
17 the consistent application of a proceduralized corrective
18 action program that is the same across all sites.

19 CHAIRMAN JACKSON: Okay. But is proceduralization
20 your metric for success?

21 MR. MAIMAN: No. It can't be, but you have to
22 start with a plan, you have to start with a process, you
23 have to start with --

24 CHAIRMAN JACKSON: That's how you go along the
25 path.

1 MR. MAIMAN: Yes.

2 CHAIRMAN JACKSON: But what is your metric or what
3 are your metrics for success? How will you judge that
4 you've been effective?

5 MR. MAIMAN: We have several metrics. Just to
6 repeat some of the items that Tom was talking about, some of
7 the failings of the system were lack of accountability. So
8 the process has built into it now accountability. There are
9 metrics, that we can see it. We're looking at the metrics
10 -- are they being written, in a sense who are they being
11 written by, not by the individual, but is engineering
12 writing them, is maintenance writing them, or are they not
13 writing them? So our metrics allow identification of the
14 utilization of this system by classification, if you will.

15 There was a lack of belief in the system on the
16 employees' part which doubles back to the lack of training
17 and understanding what is the corrective action program all
18 about? Is it a punitive system or is it a system that's
19 really put in place so we can significantly improve the
20 performance of the system? And so these training programs
21 we're putting on come at those particular issues.

22 To respond to Commissioner Rogers' question
23 earlier, it's not so much the identification of the problem;
24 now one must get to the root cause. So we're effecting a
25 significant amount of training, common training across the

1 sites so that we get better root cause analysis, if you
2 will.

3 Having come up with the root cause analysis,
4 there's a presentation to management at each of the sites
5 trying to align and make sure that the cause, if you will,
6 is indicative of the event and not it's a training error or
7 something like that. I mean, it is a challenging dialogue
8 that takes place at the sites looking at the root cause
9 evaluation, looking at the actions taken to prevent
10 recurrence. Do they match what you said the root cause was,
11 if you will.

12 Then we have indicators that deal with repeat
13 events. That is to say, having implemented the root cause
14 over a 24-month period of time, we're looking back and
15 seeing do we have repeat events, and that's a measurement of
16 the effectiveness, if you will, of the action taken, and
17 then in the meantime, there are also effectiveness reviews
18 by the what we refer to as our RSQV organization.

19 CHAIRMAN JACKSON: Okay. Because that's what I
20 wanted to hear, because you can put the programs into place,
21 but if you have repetitive problems, if you have
22 equipment-induced transients or events, if you find that the
23 fixes are only partial fixes and, therefore, that goes back
24 to Commissioner Rogers' comments that you haven't done
25 adequate root cause to understand what your problem is.

1 That's when I meant when I say a metric.

2 MR. MAIMAN: Sure.

3 CHAIRMAN JACKSON: What's your metric for knowing
4 that you've fixed the problem. The metric is not -- and I
5 know you're describing what you're doing --

6 MR. MAIMAN: Yes.

7 CHAIRMAN JACKSON: -- to fix the problem, but the
8 issue is how do you know when you've fixed the problem.

9 MR. MAIMAN: And there are a number of metrics:
10 failed surveillances, rework and repeat events.

11 CHAIRMAN JACKSON: Okay.

12 MR. MAIMAN: We have put in place a business
13 planning process to assure continued spending at the right
14 levels for the right things. We are taking advantage of
15 size by capturing the best practices and processes from the
16 sites in the industry and then applying them at all sites,
17 and the peer group process, as we discussed, is a powerful
18 forcing function to do this.

19 In sum, I am convinced that we have the right
20 combination of people, resources, and actions to sustain
21 performance at all sites. I do not want to leave the
22 impression that any of us think that managing our
23 twelve-unit enterprise is easy. It is not. We have a tough
24 challenge ahead, but we can do the job and we will do it.

25 The last segment of our presentation will address

1 how we expect to measure performance, hold ourselves
2 accountable, and take appropriate actions; and I will direct
3 your attention to Mr. Keiser for that discussion.

4 MR. KEISER: Thank you.

5 Good morning. As Mr. Maiman noted, I am pleased
6 to have the opportunity to discuss performance indicators
7 and the central role they have in managing the nuclear
8 division at each of our sites.

9 Performance indicators are fundamentally important
10 to our improvement efforts. My personal belief is that in
11 order to change performance, you must measure the
12 performance, set a performance standard, and then hold
13 people accountable to meet that performance standard.

14 Indicators are useful to both detect and
15 anticipate where problems may be developing so that
16 management can prioritize attention and resources to that
17 area. There is an old saying that what management measures
18 gets done, so it is very important that we measure the right
19 parameters and use indicators carefully.

20 Obviously performance indicators are not new to
21 Commonwealth Edison. What has changed is how we are using
22 them to achieve accountability. We now have a formal
23 management process for evaluating and responding to the
24 indicators and a process to obtain uniform indicators across
25 the six sites.

1 Last year, we initiated efforts to develop a
2 better set of indicators and a process for using them. Your
3 50.54(f) letter has caused us to accelerate those efforts.
4 The entire Commonwealth Edison senior management team has
5 carefully reviewed and rethought our indicators to ensure
6 that they provide us the information we need to successfully
7 manage our nuclear program.

8 We have made many changes. Today, we are actively
9 using indicators to achieve accountability. We are using
10 consistent indicators to communicate from the lowest levels
11 of the organization all the way up to the board of
12 directors. This allows the whole nuclear organization to
13 have a common understanding of standards of performance,
14 expectations and what is important.

15 This common set of indicators we have selected is
16 based upon industry experience and the experience of our
17 management team. These indicators have been reviewed and
18 agreed to by all our sites, the nuclear division and our
19 corporate offices. Overall, they paint a picture of a good
20 plan. That is to say if we meet our performance criteria
21 for the indicators, we know we will have a safe, reliable,
22 well running plant.

23 But performance indicators are just a tool and
24 thus have limitations. Consequently, we are using them
25 carefully in conjunction with analysis and our other

1 performance monitoring tools in order to determine our
2 performance. There are several features of our indicated
3 process that provide confidence that our indicators will
4 help us sustain the performance improvements at all our
5 sites.

6 First, the indicated parameters ought to be
7 measured consistently across each site. We will compare
8 apples to apples and not apples to oranges. Whether it is
9 for a Department Manager or the Nuclear Committee of the
10 Board, we'll be using and comparing consistent information.

11 This philosophy of consistency in all we do is
12 something that Mr. Maiman and I are trying to implement
13 throughout the Nuclear Division. We have struggled with
14 this in the past. We are not consistent yet but these
15 indicators are a giant step forward.

16 This approach of consistency allows our senior
17 management and Board oversight to be much more meaningful.

18 Second, our indicators make clear how well we are
19 doing compared to our peers and our goals. We have two
20 subset of indicators. One utilizes existing standard NRC or
21 standard WANO indicators and will allow us to compare our
22 performance against that of the industry.

23 The second subset consists of Commonwealth Edison
24 internally-developed indicators that we will use to compare
25 our six nuclear stations against each other. The standard

1 NRC and WANO indicators will directly tell us whether we are
2 on track to meet our overall goals. These indicators will
3 not allow us to fool ourselves about how well we are really
4 performing.

5 Third, we know that having indicators alone is not
6 enough. To ensure good performance, they must be properly
7 used. We have structured our management process to take
8 maximum advantage of the information these indicators give
9 us.

10 Senior Nuclear Division and site executives are
11 directly involved in conducting a formal review and analysis
12 of these indicators each month. In addition, the Nuclear
13 Committee of the Board will receive these indicators.

14 This monthly review is done on both a
15 division-wide and a site-wide basis. On a division-wide
16 basis, the site vice presidents, the other vice presidents
17 and I, hold a senior leadership meeting to assess both
18 individual site performance and division performance.
19 During these meetings we review our performance indicators
20 in conjunction with review of events, violations and
21 assessment results to identify early indications of
22 declining performance.

23 We also assessed the indicators and performance as
24 a whole to see if any broader trends are emerging. This
25 forum allows the senior management team to identify emerging

1 weaknesses and common problems and to work on common
2 solutions.

3 We also have a site-specific process. Each month
4 I conduct formal management review meetings at each site.
5 During these meetings we cover site performance measures,
6 events, assessment results, accomplishments and plans.

7 Through these meetings I maintain strong oversight
8 and direction of each nuclear station.

9 Finally, as I will discuss in a moment, we have
10 established a formal process for responsive action in cases
11 where our performance criteria are not met. This structure
12 and formality ensures that when something significant
13 develops it gets proper attention and prioritization. This
14 is an important change for the organization.

15 The indicators are not just developed and
16 monitored by the site, thus leaving the site to hold itself
17 accountable for its performance. Senior Nuclear Division
18 management is intrusive in challenging, helping, and
19 improving the performance of the units.

20 In the 5054(f) letter you asked us to define the
21 action we would propose to take in the event that our
22 performance criteria are not met. We have established a
23 formal process for this and our process is defined by a
24 procedure we issued earlier this month and specifies the
25 reporting evaluation and definition of actions that we will

1 undertake whenever we fail to meet a criterion.

2 Each of the site vice presidents currently
3 provides me with a monthly letter identifying their issues
4 of concern. Beginning in May this letter will be modified
5 to also provide me with the status of the station's
6 performance indicators including identifying and explaining
7 performance variances from our established criteria. This
8 would be Step One of the process.

9 Step Two of the process occurs at the site monthly
10 management review meeting. Here the reason for the variance
11 will be discussed along with the responsive action and
12 future expectations for performance.

13 If the indicator continues in variance for a
14 second month we enter Step Three. The site must submit a
15 detailed action plan that will correct the performance
16 trend. This plan will be reviewed at the site monthly
17 management review meeting and discussed at the Division
18 Senior Leadership Meeting.

19 If the variance continues for a third month, a
20 team will be assembled consisting of personnel from the
21 affected site as well as others. This team reporting
22 directly to me will assess the causes and provide
23 recommendations to correct performance.

24 Taken together, these steps ensure that problems
25 are promptly reported and analyzed and we take strong and

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1 prompt action whenever our indicators tell us that
2 performance is moving in the wrong direction. This process
3 will keep us on track to meet our performance goals.

4 In summary, as I told you at the start of my talk,
5 my personal philosophy is that in order to change
6 performance you must measure that performance, set
7 performance standards, and then hold people accountable to
8 meet those performance standards. The indicators and the
9 management processes we are using are a cornerstone in our
10 efforts to improve performance at all our nuclear plants.

11 Our indicators are consistent. They are carefully
12 reviewed and formally responded to. They provide additional
13 confidence that we will get results and we will safely
14 operate our six nuclear units while sustaining performance
15 improvements at each of the sites. Thank you.

16 CHAIRMAN JACKSON: Let me ask you a couple of
17 questions. This has to do with your structure and use of
18 indicators.

19 In your response you talk about performance
20 criteria and you talk about goals. What is the difference?

21 MR. KEISER: We have established goals for each of
22 the sites for each of the matrix performance we want to meet
23 at the end of the year. They are challenging goals. That
24 means that we may or may not meet all of them.

25 Our expectations aren't to meet all of them.

1 With respect to that goals, we have both monthly
2 and yearly indicators we are looking at and if there is a
3 variance that occurs, we want the variance described and
4 explained to the organization.

5 Some of the goals may need to be changed because
6 they weren't set properly or events unfold that would
7 prevent us from meeting them.

8 CHAIRMAN JACKSON: I guess I am asking what is the
9 difference between performance criteria and goals. They are
10 one and the same in this context?

11 Let me give you an example. You had criteria for
12 safety system performance. You have a criterion,
13 "unavailability exceeds two times the industry goal for any
14 system"

15 MR. KEISER: Right.

16 CHAIRMAN JACKSON: First of all, I am interested
17 in what the rationale is in terms of how you went about
18 establishing the various criteria.

19 Are these industry benchmarks? Are they what
20 other nuclear organizations have used? How do you arrive at
21 these?

22 MR. KEISER: We arrived at them using our
23 collective judgments -- that is to say, the organizations,
24 the site vice presidents, their quality organizations, et
25 cetera, in looking at performance indicators they have found

1 useful in the past.

2 Each of the sites themselves had performance
3 indicators before we embarked on this common set of
4 indicators to measure Department performance, and so we
5 collectively looked at what would be the best of each,
6 right? -- and made a determination of what would a good
7 performing plant look like.

8 That is why the parameters cover maintenance,
9 engineering, operations, et cetera.

10 We set goals out, and you are quite correct, some
11 of the goals are the industry goals for performance in the
12 future and around that goal we established the performance
13 criteria, which is to say we think that the parameter is
14 trending in the wrong direction if it falls outside of our
15 performance criteria.

16 That is just a flag to management to go take a
17 further detailed look at what is going on. Obviously, when
18 one sets the criteria for scrams of one automatic scram per
19 year at a station, we, having 12 stations, I would
20 anticipate having one scram a year if you will.

21 What we need to do is find out the reason for the
22 scram and take prompt corrective action so that in some
23 cases the goal meets the performance criteria that we expect
24 to achieve.

25 CHAIRMAN JACKSON: I am interested in hearing a

1 little bit more about what you are doing with your people.
2 You started with the assessment, assessments that you were
3 doing at Zion. There are some activities at LaSalle. I
4 think it is important that the Commission hear from you and
5 understand it because, in the many ways, what you have
6 talked about so far is a plan and you have kind of laid out
7 some things up here, your performance indicators and all the
8 new managers you brought in, et cetera.

9 I am sure you have seen and read enough about the
10 way I tend to look at things that it is good that you have
11 the right people at these high levels. But in the end it is
12 your work force that is going to make or break what happens
13 at these plants. And so I think it is important for the
14 Commission to hear and understand more about what you are
15 doing with the work force beginning with, you know, what you
16 have been doing at Zion, what you are doing at LaSalle, what
17 your plans are relative to your other stations, how this
18 plays into what is going on.

19 I don't know, whoever would like to speak to this.

20 MR. MAIMAN: Let me start by just saying a lot of
21 it is about changing culture and, as you can imagine, there
22 is slightly different culture at each one of the plants and
23 so there are different levels of intenseness in that culture
24 change that we are dealing with.

25 This is not an easy thing to do and it generally

1 takes a long period of time to be truly effective in it.
2 But we are, in fact, making progress. We have instituted
3 some specific training courses such as the mark training,
4 which --

5 CHAIRMAN JACKSON: I guess what I wanted to know,
6 tell us about the assessment you are making of people at
7 Zion. Give us a little more detail and then tell us what
8 you are doing at LaSalle and tell us how this propagates
9 across the other sites.

10 MR. MAIMAN: The assessments at Zion was a very
11 aggressive move on our part that we informed Bill Starr and
12 the local 15 people about what we were going to do. But
13 after the event that took place up at Zion and given the
14 longstanding history about concerns about control room
15 demeanor and command and control and so forth, we undertook
16 an assessment of all of our 180 operating personnel within
17 the plant. Given that perhaps there are some of us in life
18 that are just plain not meant to be operators and so forth
19 and so on, but we also wanted to test the knowledge and
20 skill level.

21 We went through this assessment. It was a very
22 detailed assessment. We brought in an outside consulting
23 HR, human resources firm to help us put this kind of
24 assessment together. I had participated in this kind of
25 assessment in the commercial division and also in our fossil

1 division and so I was familiar with this process.

2 We went through the assessment and made a judgment
3 that a number of people were not fully prepared to perform
4 their operating responsibilities. Fifteen of those people
5 will be remediated. They are good, capable people and we
6 are going to put them through mediation courses.

7 Four of those people, it was determined through
8 the assessment, should not really be in the operating
9 department, yet they were good employees. So they will be
10 retrained and offered other positions within the plant.

11 Eight of those people it was determined should not
12 be at Zion station, have been assigned elsewhere outside of
13 the plant. This is a dramatic move for the company to
14 undertake. It does violate some of the labor agreements
15 that we have and although we do not have full agreement with
16 our labor union as to what we are doing, we are talking and
17 we are resolving the difficulties.

18 At LaSalle, we have taken a slightly different
19 approach. We are, in fact, going through the operators in a
20 testing way to find out where the deficiencies are and what
21 we have to do and we are running some of the people through
22 retraining programs and some will no longer be in the
23 operating department. But, again, this is a very aggressive
24 process that we have instituted this year and if it needs to
25 be applied at the other sites, we will do that.

1 MR. KEISER: As a matter of fact, we need to raise
2 the performance level, raise the performance standard for
3 all 6,000 nuclear employees within the Commonwealth Edison
4 system and we are setting out to put in place the
5 development process to improve that performance. Part and
6 parcel of it is the training department. We are
7 strengthening the training departments at each of the sites
8 and at corporate to raise the level of our mechanical skills
9 and operator skills and managerial skills.

10 Each of our first line supervisors is being put
11 through a management development process. We have done some
12 assessments of our managers, identified common weaknesses,
13 if you will, or areas where we want to focus --

14 CHAIRMAN JACKSON: This is across the nuclear
15 enterprise?

16 MR. KEISER: This is across the nuclear
17 enterprise.

18 We have identified what competencies we think are
19 most important to us that we need to act upon and so we have
20 developed two two-day sessions of training for all the
21 supervisors. It may take us two years to get through it
22 because there are over 600 supervisors involved. Part of
23 the process is an assessment center on the individuals'
24 competencies. We utilize that assessment center to feed
25 back to the employee and the employees' supervisors, here

1 are your strengths, here are your weaknesses, put in place a
2 development program.

3 It is possible that all of our supervisors may not
4 want to be supervisors in the future, may not have those
5 skills. That's fine. We've got a lot of work that needs to
6 be done.

7 So we are out training the first line supervisors.
8 Our initial first line supervisors, we have changed the
9 selection process. It consists of a formal assessment
10 center, consists of four weeks of training paced over time
11 so you train, go to work, train, go to work, to implement
12 some of the techniques. We have changed the selection
13 process through our promotional sequence so it is referred
14 to as a targeted selection interview process so there is
15 more than one input to the selection of an individual for
16 promotion.

17 So we are hard at work developing all of our
18 employees and focusing on our managerial skills. We are
19 changing the environment, developing reward and recognition
20 programs so we reward individuals and teams for their
21 superior performance. We have changed the compensation
22 structure so, again, we can reward and recognize our highest
23 performing individuals. So it is not -- the way we see it,
24 LaSalle and Dresden are some quick action to, if you will,
25 make a step change in performance in those areas. But we

1 are addressing the performance level across all the six
2 sites uniformly.

3 CHAIRMAN JACKSON: Why not have step
4 change assessments on the operational side or other parts of
5 the organization at the other sites, particularly at Dresden
6 and Quad Cities?

7 MR. MAIMAN: Dresden has --

8 MR. KEISER: They have done that. That has taken
9 place. They have kind of shown us the way at the rest of
10 the plants. I mean, in essence, that is the model of both
11 Steve and Mr. Perry and Mr. Kraft in their turnaround at the
12 Quad Cities and Dresden station, right, focus on operations
13 and assessment of the capabilities. It is raising the
14 performance standing but it is raising the training so the
15 individuals can --

16 CHAIRMAN JACKSON: So you are basically saying you
17 are taking that and propagating it across. It takes
18 slightly different form depending on what you see at the
19 different plants; is that what you are telling us?

20 MR. MAIMAN: Exactly. And it is really important
21 to understand that the long term effort applies to all six
22 but the short, aggressive efforts are focused actions.

23 MR. O'CONNOR: I just might add, there is a lot of
24 communication between the senior management of nuclear and
25 the leadership of the union. Mr. Keiser meets every other

1 week with Mr. Starr and his team and a joint leadership
2 group. That communication has helped immensely, I think, in
3 understanding what is required to get to the levels that we
4 need to get to, has been very helpful.

5 CHAIRMAN JACKSON: Mr. O'Connor did you have some
6 summary remarks?

7 MR. O'CONNOR: Yes, thank you, Chairman.

8 The fundamental purpose for us being here today is
9 to provide you with the information that you have requested,
10 information that hopefully will give you confidence in our
11 ability to operate each of our sites with sustained
12 performance improvement. Before you are representatives
13 from across our entire corporation who are committed to
14 restoring your confidence, as well as the confidence of our
15 customers and our shareholders.

16 We do understand accountability and have strong
17 reasons to believe that we are prepared to meet our
18 obligations. First, we clearly know where our plants stand
19 today. Byron and Braidwood by most measures have
20 consistently demonstrated overall good performance. Dresden
21 and Quad Cities have shown steady improvement over the last
22 couple of years. We do understand the depth of the issues
23 at both LaSalle and Zion as a result of the unprecedented
24 independent self-assessments we conducted.

25 More than ever before, we know what our current

1 performance issues are and we have put in place standards
2 that will be applied across all of our sites. As Mr. Maiman
3 and Mr. Keiser have stated, we have established formal
4 oversight structures that will provide us with the
5 measurements needed for effective oversight and
6 accountability.

7 Our performance tracking systems will give us
8 early indications of weakness and we have a process that
9 will trigger formal actions if we see any adverse trends
10 surface.

11 The Nuclear Operations Committee and senior ComEd
12 management are highly involved in the oversight of nuclear
13 activities and there is a clearly defined process for the
14 reporting and monitoring of performance indicators. We
15 intend to continue to conduct aggressive self-assessments of
16 our performance. Last, and this goes to a point that you
17 mentioned and most important are our people. We are
18 providing the best talent available for key positions of
19 leadership for the division, whether they come from within
20 the company or from outside. Our people are demonstrating a
21 willingness and an ability to learn and to implement new
22 approaches to managing our plants.

23 Throughout all levels of operations, we are
24 focused on improving the work practices and the working
25 environment so that our employees can concentrate on safe

1 operations and I am confident that our people at each one of
2 our stations will perform at increasingly higher levels.

3 I would like to close, and Mr. Maiman has already
4 mentioned this, that we are operating in a very demanding
5 and challenging period. In the past, the pace and
6 consistency of our improvement efforts has not always been
7 what we intended or expected. No doubt that there will be
8 more challenges as we move forward but we are determined to
9 succeed.

10 Our entire industry is going through the greatest
11 change that it has ever seen in its history. I can assure
12 you that these changes will not distract us from the focus
13 we have placed on safe nuclear operations.

14 As I sit before you today, I firmly believe that
15 we are doing the right things to produce the results that we
16 need and that you, we and the public expect.

17 Thank you very much.

18 CHAIRMAN JACKSON: Thank you, Mr. O'Connor. I
19 have one follow-up question for you.

20 Can you tell the Commission a little about your
21 recent decision with respect to the early closing of the
22 Zion station? What impact that is having on your overall
23 corporate planning, your resource expenditure at the site
24 and on your work force, the impact on your work force?

25 MR. O'CONNOR: First, it was an economic decision

1 alone. We looked forward to determine whether or not by
2 extending the life to the year 2013 there was an economic
3 advantage to doing so and we decided that beyond the year
4 2005 that it was not there. And we have been very faithful,
5 I believe, with our employees of pointing out to them that
6 we would have to justify our assets going forward.

7 We had a similar situation with two of our fossil
8 plants that we recently sold. So our employees clearly, you
9 know, don't like the fact that we may be shortening the life
10 of that plant but they, hopefully, are beginning to
11 understand why we did what we did in canceling those steam
12 generators.

13 The steam generators represented an expenditure of
14 \$400 million off into the future. It was not in the budget
15 for this year, for that plant. So the only question was
16 whether or not we would make the commitment going forward
17 now which we had to do by April 30 to determine whether
18 those steam generators should be completed. We decided that
19 was kind of the drop dead date for us. We decided not to do
20 that.

21 In talking to Mr. Muller who was the site vice
22 president and to Mr. Maiman who did an all-hands review on
23 four separate -- an all-day session with all the employees
24 at Zion station, the mood is clearly very somber. People
25 had expected that that plant would be there for a longer

1 period than it is going to be. But, in talking to
2 Mr. Muller very recently, he indicates to me that the
3 employees accept the fact that the life of that plant may be
4 shortened and that they are going to do the very best that
5 they can to operate it as well as they can. But, clearly,
6 it was a shock to them.

7 CHAIRMAN JACKSON: In terms of your corporate
8 planning and resource expenditure, is this changing any of
9 your -- I mean, how does this affect what other capital
10 improvements, material condition, changes, et cetera, that
11 you might --

12 MR. O'CONNOR: Nothing. It will have at the
13 present time no impact whatsoever on any of the other
14 proposed capital expenditures that we have.

15 CHAIRMAN JACKSON: Commissioner Rogers.

16 COMMISSIONER ROGERS: I would like to just go back
17 to the advantages-of-size slide, the two bullets on there
18 having to do with peer groups and engineering. I have a
19 couple of questions, maybe the engineering first.

20 How many engineers do you have at each site? You
21 mentioned 800 engineers. How are they deployed, how many at
22 corporate headquarters versus how many are onsite? And you
23 have engineering assurance groups at each site, and how
24 large are they?

25 MR. KEISER: First let me address the number at

1 each site. We're around 120 or so in the division, and the
2 rest are spread almost equally among the sites.

3 I need to tell you, though, that our full
4 complement of engineering people is about 1,500; 800 of
5 those are Commonwealth Edison employees; we're going to
6 about 900. The other 700 are brought in on temporary basis.
7 Number 1, we have the design-basis effort that we're working
8 on over the next couple of years. Number 2, we have these
9 assurance groups that we put in place. Number 3, and this
10 is a big one, we have the steam generator replacement effort
11 for Byron and Braidwood. So those require short-term but
12 large numbers of engineers.

13 COMMISSIONER ROGERS: The assurance groups at each
14 site, how many engineers are there in each of those groups
15 for those sites?

16 MR. MAIMAN: Do you know, Harry? It's about four?

17 MR. KEISER: About three.

18 COMMISSIONER ROGERS: About three people?

19 MR. MAIMAN: Right, full-time equivalent, yes.

20 COMMISSIONER ROGERS: The peer groups, I have a
21 couple of questions there. You mentioned you have nine
22 teams.

23 MR. MAIMAN: Yes.

24 COMMISSIONER ROGERS: What was the basis for
25 defining those teams to be nine? I mean, what are they,

1 roughly? What do they cover.

2 MR. O'CONNOR: If we could have slide L-1, please?

3 MR. MAIMAN: Those are the peer groups that we
4 have in place. The focus of the peer groups is to provide
5 the common processes that we talked about. If we truly --
6 let me back up. I do have, I believe, the best people in
7 the industry running these plants, and if I just sent them
8 off, I have no doubt that they would be able to make each
9 one of those plants perform very well. But if we're going
10 to compete going forward, we've got to do better than just
11 individual performance, and so we need to be able to share
12 and use the best practices, standards, policies, processes.
13 And that's what the peer groups are all about, to put
14 together the best from each one of our sites, the best from
15 across the country, wherever we get the best practice, and
16 this is the division that we decided to break it up into so
17 that we could focus on those processes.

18 MR. KEISER: The management administration, work
19 management, equipment reliability, configuration control,
20 and materials and services come from the advanced light
21 water reactor program and in essence where the industry got
22 together and defined these as the critical processes within
23 the powerplant. So they are truly process-oriented. The
24 other ones are activities upon which we want focus and step
25 change and improvement. Thus it's outage performance, it's

1 operations and training. So we establish peer groups for
2 process orientation and then for functionality orientation
3 in addition to these peer groups we have approximately 55
4 peer groups within engineering that we're utilizing to set
5 the standards seismic calculations, if you will,
6 heat-transfer fluid flow, within a specific area, so there
7 are technically oriented peer groups of the 55 engineering
8 ones process oriented management administration, et cetera,
9 and then function-oriented operations, outages.

10 COMMISSIONER ROGERS: Well, you mentioned that
11 each one of these is led by a corporate vice-president level
12 person.

13 MR. KEISER: As a sponsor; yes, sir.

14 COMMISSIONER ROGERS: Yes. Now what's the lowest
15 level of person on any of the peer groups? In other words,
16 for instance, do you have any people on a peer group that
17 come from the union?

18 MR. KEISER: The peer groups spawn what we call
19 win teams, and there can be union representation on the WIN
20 teams. In addition to these peer-group efforts, we have an
21 issue referred to as engage the work force. And those areas
22 cross-functional multidiscipline teams, and at some of the
23 sites they are led by our craft employees, particularly I
24 want to mention the Quad Cities one that we're focusing on
25 industrial safety. That is being led by an individual from

1 the craft.

2 COMMISSIONER ROGERS: There's a whole concept, the
3 peer concept, it seems to me, has to in some way embrace
4 everybody.

5 MR. KEISER: Absolutely correct.

6 MR. O'CONNOR: We would agree.

7 CHAIRMAN JACKSON: Commissioner Diaz.

8 COMMISSIONER DIAZ: I believe that you firmly
9 believe that you're doing the right thing, and I believe you
10 presented here your philosophy and some major details of a
11 plan that you're trying to implement or are implementing,
12 and you also provide a lots of information to the staff.

13 But I do have a problem, and the problem is that
14 we are seeing each and every one of these things as major
15 commitments, and I understand that, but I fail to see
16 details, even at the level of the Commission, like
17 Commissioner Rogers was just pointing out, you are doing
18 some very good things trying to assemble a peer group. In
19 the entire discussion we went -- repeated many things, and I
20 believe that's a good philosophy. I think you have -- those
21 are limits in there.

22 But I don't know whether it is my lack of
23 capability is because it's Friday, but I am seeing the
24 second level of details that would allow the Commission to
25 really be satisfied that you're doing what you say that

1 you're doing. And I have the same problem with Millstone
2 very recently. And I am concerned that maybe we're not
3 asking the right questions. Maybe we should specifically
4 say if you have a model in how you're going to do these
5 things, present the model, give us the, you know, not the
6 little, tiny details, but what is the model that we're using
7 to make this change. And show in there, if you're using
8 indicators, how indicators are being used. Show us an
9 example of how that is being used. I think we need to know
10 at what level are you penetrating the organization, at what
11 level are you effecting these changes, and I am sorry, I'm
12 not seeing that.

13 There's a lot of information in here, but at the
14 Commission meeting I believe an additional level of
15 information is needed beyond that what you presented, and I
16 think it's very important to us. We want you to give us
17 your views. We need to know what you think. We need to
18 know what are you actually doing. And we go through this
19 document and we can see all kinds of things going different
20 ways. But you have the knowledge to put them together into
21 models, charts, graphs, things that actually indicate what
22 your trends are. If they are not completed, tell us they're
23 not completed. If you get a preliminary indication, that's
24 fine, but I need to see how they interact. Maybe it is the
25 serious problem that I am, you know, an engineer, and I need

1 to see how these things function, but I am not seeing how
2 they function. I am really totally baffled that we have
3 this many philosophical statements and this many
4 commitments, but I don't see where they fit, and I am
5 disappointed in it.

6 MR. KEISER: We would appreciate the opportunity
7 to either return to the Commission, meet with yourself --

8 CHAIRMAN JACKSON: You will have the opportunity
9 to return.

10 MR. KEISER: There is a lot of detail. There is a
11 lot of detail.

12 COMMISSIONER DIAZ: But I want to be clear, we
13 don't need detail that you provide the staff, but we need,
14 when you say we're making this major commitment and we're
15 making a new model in how to do peer review, you presented
16 in there a graph. We need to know how that is working.
17 That is information that would allow us to know how you're
18 impacting your human resources. If you're doing something
19 in requalification training, okay, you'll say this is what
20 we're doing, this is the emphasis that we're taking. If
21 you're redoing your operator training, okay, I mean this is
22 the concept, this is what we do. Very simple at policy
23 level, but something that gives us something to hang our hat
24 on. And I don't have it. I'm sorry. I've come out of
25 today's meeting incomplete and baffled, and I don't think

1 that is right. I think you have the ability of providing
2 that information, and I will respectfully request that you
3 do so.

4 MR. O'CONNOR: Commissioner, we'll try to be as
5 responsive as we can to that request. We had thought that
6 in our submittal to you with the information that was
7 contained in there that it formed a baseline that would give
8 everyone an opportunity to judge, assess the performance,
9 the trends of improvement that we expect to achieve. We
10 thought that was here. As you noted, I am certain many of
11 the performance indicators that we selected are not yet
12 perfected because, as we indicated, we wanted some more
13 trial and testing experience over the next few months to get
14 them there. But we will provide for you more detail.

15 CHAIRMAN JACKSON: I think what we're talking
16 about, Mr. O'Connor, is really a presentational issue. I
17 don't think -- I mean, the real issue is, of course, that
18 document is a compendium. The issue of course whenever you
19 come to a public Commission meeting is what you choose to
20 publicly present or not. I think what the Commissioner is
21 saying is that there's an opportunity going forward to
22 extract from the voluminous detail that may be in the
23 document that's submitted through the formal channels some
24 key information that should be presented in the public
25 arena, and --

1 MR. O'CONNOR: We understand that.

2 CHAIRMAN JACKSON: And a lot of that has to do
3 with some of the kinds of questions that I've been asking
4 you, that Commissioner Rogers has asked, that Commissioner
5 McGaffigan in about 30 seconds will have the opportunity to
6 ask. But it is a lot easier and it allows for more coherent
7 understanding if, in fact, you do that instead of our having
8 to draw it out.

9 COMMISSIONER ROGERS: Excuse me. Could I just
10 jump on that little bit?

11 CHAIRMAN JACKSON: Sure.

12 COMMISSIONER ROGERS: You already said the right
13 words. You said, you know, what management measures,
14 management gets. Well, you know, we're looking for the
15 measures. You've said what the measures are, but you
16 haven't said what the, you know, the data are that go along
17 with those measures, what you're going to measure, and even
18 in a preliminary way something that begins to show that
19 there are quantitative determinations of some of these
20 measures if they're available. And I think that's a bit
21 what I'm --

22 CHAIRMAN JACKSON: Right. I'll just say, for
23 instance, I think you missed an opportunity, for instance,
24 to talk about in more detail what you're doing at Zion with
25 the assessments, with the -- and LaSalle -- with the

1 intensified training, what that means, because we're faced
2 with an issue having to do with operator actions relative to
3 the reactivity -- I mean the criticality control, however
4 you want to talk about it, movement of rods at Zion. That's
5 an issue, that reveals problems.

6 What were these assessments? Why were you doing
7 them? How is that going to allow us to understand that you,
8 you know, clearly are focused on safe operations and that
9 what you're doing is aimed to get at that? It's 11:47, so
10 we're not going to redo it today, but that's the kind of
11 thing I think the Commission would like to hear.

12 You know, each one of us may focus in different
13 areas, but there's an opportunity to say what are the
14 problems and show us that you've clearly understood them,
15 this is what you're doing specifically and why you -- that
16 -- what you're doing is meant to address, you know, and you
17 think is going to address, and what metrics do you have to
18 show that success or not? I mean, I think that's what we're
19 talking about.

20 Do you have --

21 COMMISSIONER DIAZ: Yes, I have just a very brief
22 thing. I know that you might be concerned that your things
23 are not finished, but the fact that they are there and
24 evolving is important.

25 Borrowing from the wisdom of Commissioner Rogers,

1 as he said, it is important that there be an error to
2 control a process, and we know that. If you don't have an
3 error, you don't have process variables that you can use.
4 So, you know, even if your indicator is not perfect or is in
5 error, at least it is trending, it is important.

6 CHAIRMAN JACKSON: Let's give Commissioner
7 McGaffigan an opportunity.

8 COMMISSIONER MCGAFFIGAN: On this issue of
9 performance indicators, Mr. O'Connor, you said that your
10 goal is to be above the industry average in the seven
11 comparative indicators by the year 2000. An example of
12 something -- if you have it, please tell me -- but an
13 example of something that would be useful is to track that
14 now and to tell us where you stand today at the twelve
15 plants and on the seven indicators and then we could sort of
16 track going forward how you're making progress. If you
17 don't have that today, maybe that's something for next time.

18 MR. O'CONNOR: We will provide that.

19 COMMISSIONER MCGAFFIGAN: Okay.

20 MR. O'CONNOR: That's a good suggestion.

21 COMMISSIONER MCGAFFIGAN: One of the fundamental
22 issues that it strikes me, you know -- and you do have the
23 advantage or the disadvantage of being here the same week as
24 Millstone, but Mr. Kenyon, when he testified to us in
25 January and then again this week, he talked about inheriting

1 a dysfunctional organization, inheriting an -- and bringing
2 in a lot of senior managers, as you have done, over the last
3 couple of years, and discovering that people below them, the
4 next level of management, really wasn't very good in some
5 respects. I'm not going to put words in his mouth; we have
6 the exact transcript.

7 What they instituted at that institution, feeling
8 that they might have fundamental management problems, was a
9 look bottom-up at their managers, not the union folks, but
10 the managers one step or two steps below the folks here at
11 the table and behind you, and in fairly brutal fashion, in
12 January and two days ago, he described a process where, you
13 know, the bottom 10 percent, a lot of them are no longer
14 with Northeast Utilities.

15 So my question goes to, you know, do you have
16 dysfunctional management below the senior level as he
17 recognized and his senior folks he brought in recognized was
18 the case at Northeast Utilities? And I haven't heard
19 anything -- I heard stuff about the union folks and the
20 operators and whatever, but I haven't heard -- what about,
21 you know, the problem of getting the sort of expectations
22 and performance out of the next level managers in our
23 organization?

24 CHAIRMAN JACKSON: Well, I'm interested down to
25 the first-level supervision.

1 COMMISSIONER MCGAFFIGAN: Right.

2 CHAIRMAN JACKSON: Because that's where the rubber
3 meets the road.

4 MR. MAIMAN: I think Mr. Keiser and I would like
5 to talk about this a little bit. We've already done the 10
6 percent thing. We didn't perhaps publicize it as much as we
7 should have, but that's behind us.

8 MR. O'CONNOR: Why don't you describe what that
9 is.

10 MR. MAIMAN: Well, when we went through our
11 ranking process -- no matter what kind of an organization,
12 there's always the broad middle and there are some that are
13 the top and some that are at the bottom, and those at the
14 bottom were identified and some are no longer with us,
15 others are in different locations and so forth.

16 But the process that Harry described also, Mr.
17 Keiser described, about the assessments and the feedback and
18 the opportunities to enhance efficient skills, if you will,
19 is a longer term effort. I mean, you don't train people in
20 just a few weeks where there are deficiencies in management
21 skills and so forth.

22 So we are about that, and maybe we haven't
23 publicized it as aggressively as we should have, but indeed
24 we recognize that as an important adjunct to simply bringing
25 in people from the outside who already possess those skills.

1 COMMISSIONER MCGAFFIGAN: But are you doing --
2 his process is going to continue. They're going to have
3 another round where employees -- is there any employee
4 evaluation from the bottom up as to who's an effective
5 manager and who isn't? Not that that's, you know, that that
6 is, you know, everything; you may end up having a different
7 judgment and you all have to use your judgment. But, I
8 mean, they have an iterative process going at Millstone to
9 try to fix what they thought was a dysfunctional management
10 team, and the question for you all is is that continuous
11 process necessary.

12 MR. KEISER: One major difference between
13 Northeast Utilities and Commonwealth Edison is we are
14 operating six different sites that have different levels of
15 performance and different cultures within it. So it would
16 not be fair to characterize Commonwealth Edison as a
17 dysfunctional organization. The approach that Tom and I
18 have been taking is to -- along with Mr. O'Connor and the
19 rest of the team -- is to maximize our economies of scale.
20 That's where our great strength is, that's what our hidden
21 weapon is, if you will.

22 As I mentioned earlier, we've attempted to set out
23 a program to change the culture of the organization,
24 recognizing the importance of first-line supervisors; and so
25 we did change the compensation system to one of pay for

1 performance to encourage superior performance on the part of
2 individuals; did come out with reward and recognition
3 programs, again to change the culture.

4 We did come out with a new performance appraisal
5 process that entailed the ranking of the individuals,
6 identification of our 15 top performers because we want to
7 know who they are so we can advance them through the
8 organization and provide them the development that's needed.

9 We also did have the opportunity to identify those
10 non-performers and put them all on accelerated development
11 programs so we could take the appropriate action as
12 required. We did focus on the assessment centers, taking
13 all of the first-line supervisors, and we're in the process
14 of that, and putting them through an assessment center to
15 find their strengths and weaknesses and who should or should
16 not be a supervisor, if you will.

17 Part and parcel of that assessment center is an
18 assessment document, I'll say a validated process for their
19 supervisor to fill out an appraisal on the individual, the
20 peers to fill out an appraisal on the individual and
21 subordinates. So it's a true 360 form, if you will, to
22 provide all this information back to the individual's
23 supervisor and, of course, to the individual so we can
24 develop their strengths and weaknesses and come up with
25 programs. So I mean we just have a significant amount of

1 activities ongoing to change the culture, to change the
2 performance of the first-line, second-line, third-line
3 individuals.

4 One of the strengths of having a large
5 organization is that we have a strong need for technical and
6 staff work, so for those who are incompatible as first-line
7 supervisors or supervisors of employees, we can move them
8 off and use their, you know, technical expertise in staff
9 work, et cetera.

10 So, I mean, I think we are utilizing all of the
11 attributes that Mr. Kenyon will be utilizing at Northeast.
12 He and I have had some conversations about it.

13 MR. O'CONNOR: Having said all that, we will take
14 a look at what they do in their programs to see if it's
15 applicable to any of our operations.

16 CHAIRMAN JACKSON: We're waiting for their
17 results, too.

18 COMMISSIONER MCGAFFIGAN: Yes, we're waiting for
19 their results. But I'll tell you, the fundamental issue,
20 when I have people from the industry in talking to me, they
21 honestly think you have substantial management problems and,
22 you know, I don't know quite how that gets conveyed to you
23 all, but in the privacy of my office, just asking your
24 peers, they still think you have substantial management
25 problems as of the last few weeks. Now, they haven't read

1 your 50.54(f) report, but I just -- you know, I know it's
2 important, and Mr. Maiman said earlier, we have the best
3 people and it's important to motivate the work force, and I
4 know from personal experience, having worked, you know, it's
5 important to motivate the work force by rewarding those who
6 are doing well and not necessarily rewarding or getting rid
7 of the folks who aren't. So if there is a -- I would
8 honestly suggest that you get some frank peer review. You
9 shouldn't get it through me at the -- you know, just talk to
10 your colleagues as to whether they think you're on track
11 yet.

12 CHAIRMAN JACKSON: I think we need to move along
13 and so I will thank you for now.

14 We will hear from the staff.

15 Last is not least but we want to try to be
16 efficient.

17 MR. CALLAN: Yes, Chairman.

18 I will say at the outset during Commonwealth
19 Edison's presentation, Bill Beach and I were steadily
20 editing out material so you are going to get a pared down
21 version. But we have a lot of backup material if you have
22 questions.

23 With me at the table are Bill Beach, to my left,
24 who is the regional administrator for Region III located
25 just outside of Chicago.

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1 To his left, a recent addition to the table,
2 that's why he has a handwritten name tag, is Marc Dapas who
3 is a branch chief in the Division of Reactor Projects in
4 Region III and he has direct oversight responsibility for
5 the Zion and LaSalle stations in Region III. And I made the
6 decision to include him with us because of the pivotal role
7 he plays in the agency's oversight of Commonwealth Edison.

8 To my right is Frank Miraglia who is the deputy
9 director of the Office of Nuclear Reactor Regulation and
10 then to his right is Roy Zimmerman who is the associate
11 director for projects.

12 As you said, Chairman, in your opening remarks,
13 our purpose this morning or this afternoon is to briefly
14 provide our assessment of Commonwealth Edison's response to
15 the 10 CFR 50.54(f) letter.

16 I think it is important to note before I turn the
17 discussion over to Bill Beach that the agency has and
18 continues to invest substantial inspection and oversight
19 resources to the Commonwealth Edison sites. For example, in
20 the 12-month period ending this week, Zion, Dresden and
21 LaSalle stations have each received almost 10,000 hours of
22 direct inspection time and that does not include time spent
23 preparing for inspection or documenting. That is hours on
24 site in the plant by inspectors. That is roughly twice the
25 inspection effort that average two-unit facilities would be

1 receiving. We have every expectation to continue that level
2 of expenditure and maybe even increase it as we go forward.

3 So the staff has a solid foundation for developing
4 its own independent perspective on Commonwealth Edison's
5 performance. And, with that, I will turn the discussion
6 over to Bill Beach.

7 MR. BEACH: Good morning, Chairman, Commissioners.
8 I am here today to present the Staff's assessment of the
9 Commonwealth Edison response to our January 27, 1997, letter
10 requesting information pursuant to 10 CFR Part 50.54(f) to
11 determine what actions if any should be taken to assure
12 Commonwealth Edison company can safely operate its six
13 nuclear stations while sustaining improvement at each of the
14 sites.

15 Next slide, please.

16 The Commission requested this information because
17 of the historic and relatively recent cyclic performance of
18 Commonwealth Edison's nuclear sites. As discussed in a
19 previous Commission paper, SECY 92-228 dated June 25, 1992,
20 Commonwealth Edison has developed many improvement programs
21 over the years that have not been fully effective and much
22 of that was discussed in their presentation this morning. I
23 think the important point there is the failure to
24 effectively deal with emerging problems and take lasting
25 corrective actions resulted in cyclic performance.

1 This performance has been a function of, one, lack
2 of effective management attention and application of
3 resources, weak corporate oversight of nuclear operations,
4 poor problem recognition and the failure to ensure lasting
5 corrective actions, a lack of adequate engineering support
6 and an inability or reluctance to learn from experiences
7 within Commonwealth Edison and at other utilities.

8 Next slide, please.

9 CHAIRMAN JACKSON: Before you go, let me just ask
10 you three questions. Given the cyclic performance and given
11 that we are hearing from our own staff, can you discuss the
12 effectiveness of the NRC inspection program and our
13 enforcement policy in identifying and taking appropriate
14 regulatory action concerning the cyclical performance of
15 Commonwealth Edison? That is one question.

16 The related question is, can our process be
17 improved relative to identifying and preventing cyclical or
18 declining performance?

19 And then the third question which plays directly
20 off of Mr. Callan's comments about the number of inspection
21 hours, is it additional NRC resources that if focused on
22 Commonwealth Edison any earlier or on a continuing basis
23 have helped to mitigate or change the declining or cyclic
24 performance? Because what we need to understand is both
25 your assessment of where they are today but, since we are

1 coming off of a history, depending upon the given station
2 one wants to focus on, of over a decade of a certain kind of
3 weak performance, it does beg the question of the
4 effectiveness of our inspection and enforcement policy in
5 addressing these sorts of issues.

6 MR. CALLAN: Chairman, let me take a stab at that.
7 Actually, it was that line of questioning that was the
8 genesis, in my view, of the staff's decision to issue the 10
9 CFR 50.54(f) letter. I think if you look at the history of
10 Commonwealth Edison and just look at specific plants, I
11 would argue that the NRC inspection and enforcement programs
12 worked reasonably well. In other words, as individual
13 stations' performance declined to an unacceptable level, the
14 NRC would focus resources, utilize enforcement and then that
15 station's performance would, in fact, improve slightly. But
16 at a cost, a cost of a corresponding decline at another
17 station.

18 What our inspection and enforcement programs were
19 not and are not equipped to do well is to step back and look
20 at several stations simultaneously and look at a corporate
21 performance and the issuance of this letter to Commonwealth
22 is perhaps maybe the first time that we have systematically
23 done that with the licensee, with a corporate entity.

24 CHAIRMAN JACKSON: Okay. Mr. Beach.

25 MR. BEACH: Where are we --

1 CHAIRMAN JACKSON: The second slide, Evaluation
2 Process.

3 MR. BEACH: Good, that's the one I want to be on.

4 As the Chairman stated in the introduction this
5 morning, a multidisciplinary team of senior managers and
6 Staff was assembled to review the response.

7 The major point we wanted to make in this area,
8 that plays off Joe's answer, is that prior to receiving the
9 response the review team developed assessment criteria for
10 reviewing the content and quality of the response and the
11 assessment criteria were not used to make a pass-fail
12 determination on the quality of the response but rather
13 criteria were developed for those areas that the NRC would
14 expect Commonwealth Edison to address based on the NRC's
15 assessment of the past and current cyclic performance
16 problems.

17 CHAIRMAN JACKSON: Are those criteria the review
18 criteria for the Commonwealth Edison response available for
19 public scrutiny?

20 MR. ZIMMERMAN: I can best answer that. That is
21 the first phase. We'll be going over those items on the
22 next slide.

23 CHAIRMAN JACKSON: Okay.

24 MR. ZIMMERMAN: In a tiered approach from there
25 the Staff prior to receipt of the letter from Commonwealth

1 developed a significant number of sub-tier items from which
2 they spun off with questions in each of those areas and I
3 would be glad to talk about that more perhaps when we get to
4 the next slide.

5 MR. MIRAGLIA: But I think the answer to your
6 question, Madam Chairman, is the Staff's evaluation of the
7 5054 against the criteria used to come to that judgment, our
8 plans were as indicated in the package we sent to you, which
9 we sent along with a letter to Commonwealth.

10 CHAIRMAN JACKSON: Put it into the public record?

11 MR. MIRAGLIA: Put it into the public record.

12 CHAIRMAN JACKSON: Public record -- that is what I
13 wanted to know.

14 MR. MIRAGLIA: This is what the Staff did, the
15 criteria used --

16 CHAIRMAN JACKSON: Fine.

17 MR. MIRAGLIA: This is the basis for the judgment
18 reflected in a proposed response --

19 CHAIRMAN JACKSON: Fine. I just want it on the
20 record today.

21 MR. MIRAGLIA: Yes. Yes, ma'am.

22 CHAIRMAN JACKSON: Okay.

23 MR. BEACH: Next slide, please.

24 The Staff recognizes that the key to avoiding
25 future cyclic performance at the nuclear stations is

1 effective implementation of sound programs designed to
2 correct the fundamental root causes of performance problems.

3 Therefore, the Staff reviewed the response to
4 determine if the Licensee, one, recognized and acknowledged
5 the previous and recent cyclic performance weaknesses; two,
6 evaluated the root causes of cyclic performance; three,
7 developed programs or initiatives designed to correct those
8 root causes; four, established goals and standards to
9 measure operational performance; five, developed the
10 self-assessment tools necessary to measure operational
11 performance; and six, specified the actions needed if
12 performance at each station did not meet established goals
13 and standards.

14 CHAIRMAN JACKSON: And are you telling us there is
15 a check-off on each of these areas?

16 MR. BEACH: Yes, ma'am.

17 CHAIRMAN JACKSON: Okay.

18 MR. BEACH: Next slide, please.

19 This morning Commonwealth Edison discussed a
20 number of differences in its plans today versus previous
21 plans.

22 The Staff sees three initiatives discussed in the
23 response that are considered to be improvements over plans
24 developed in the past.

25 First, the actions taken by the Board of Directors

1 of Commonwealth Edison, or Board, to increase independent
2 oversight of the Nuclear Program and to increase the
3 financial resources for improving initiatives is a
4 difference.

5 As indicated in the Commonwealth presentation, the
6 necessary resources were benchmarked against industry good
7 performers and budgets were increased based upon the
8 performance issues facing each plant and the identified
9 needs of the sites for operating safely and sustaining
10 performance improvement.

11 Second, also fully described in the earlier
12 presentation, actions are being taken by Commonwealth Edison
13 to enhance the oversight of its Nuclear Program at all
14 levels of the organization.

15 Several specific actions are being taken at the
16 corporate level, division level, and at the site level.

17 At the corporate level the Board has recently
18 taken a much more direct and active role in ensuring
19 performance improvement in the Nuclear Program and has
20 strengthened the membership in and role of the Nuclear
21 Operations Committee.

22 The Board has directed the committee to report on
23 the results of its periodic independent assessments of the
24 effectiveness of the improvement plans initiated by
25 Commonwealth Edison management.

1 At the division level, the Nuclear Operations
2 Division oversight staffing levels have been increased, and
3 the assessment and audit programs are being formalized and
4 expanded.

5 As Mr. Maiman indicated, the oversight and site
6 quality verification organizations are establishing a
7 division-wide standard analysis and reporting process that
8 is very similar to our integrated performance assessment
9 process, and finally at the site level safety or management
10 review boards are being implemented at each site.

11 The third initiative considered to be an
12 improvement from those improvement plans in the past
13 involved the formal development of an integrated structure
14 of performance measures and actions that will be taken if
15 the measures are not met. This was discussed in detail by
16 Mr. Keiser and I would point out a meeting is being
17 scheduled for Commonwealth Edison to brief the Staff in more
18 detail regarding these performance measures in the near
19 future.

20 CHAIRMAN JACKSON: Before you go on, what
21 improvements or activities are missing from the plan or
22 should be further enhanced, from your perspective, and what
23 areas will the Staff emphasize going forward in its
24 monitoring, ongoing monitoring of Commonwealth?

25 MR. BEACH: I think overall we see very few things

1 in the response that we wouldn't have put in the response.

2 I think the problem, as you discussed in the
3 previous presentation, they are at various levels of
4 implementation and whether or not they will work if
5 implemented, you know, is the question of whether or not
6 they are the right ones.

7 CHAIRMAN JACKSON: Are there particular areas that
8 the Staff is planning to itself emphasize?

9 MR. ZIMMERMAN: Perhaps there are a few areas that
10 I can mention that came from the review team's efforts.

11 One of those had to do with the Engineering
12 Assurance Group that was discussed with Commonwealth Edison
13 in terms of understanding how that function will be
14 integrated with the routine engineering efforts that are
15 ongoing at the site and how it will strengthen safety
16 performance.

17 In our review of their submittal, that was an area
18 that we wanted to carry on additional dialogue with them on.

19 There was discussion also with CommEd about their
20 communications with the industry at large and between their
21 sites, but didn't see discussion between departments, and
22 they have had some difficulties -- interdepartment dialogue
23 between Operations and Maintenance or Operations and
24 Engineering, and we wanted to discuss that as well.

25 The lead teams or the peer teams, in understanding

1 how they will work to get volume from the organization
2 because of the importance of the role of individuals to
3 carry out the work was another area that we wanted to
4 explore.

5 The initiatives in the maintenance work control
6 area, although there was substance to those, it wasn't clear
7 to us how productivity was going to be improved, how they
8 were going to be able to get more work done through their
9 work control process. We wanted to understand that better
10 as well.

11 They were silent in the area of improving
12 licensing submittals. That is an area that has been
13 developing recently, and we recognized that some of the
14 areas where we feel there have been shortcomings in the area
15 of licensing it is important for us to bring those forward
16 and discuss that with Commonwealth. We have not done that
17 much in the past but we will be doing it during that meeting
18 as well.

19 CHAIRMAN JACKSON: You mentioned discussing it
20 with a meeting, so do you anticipate requesting additional
21 information pursuant to 5054?

22 MR. ZIMMERMAN: Not sure at this point --

23 CHAIRMAN JACKSON: Okay.

24 MR. ZIMMERMAN: -- whether that would be needed or
25 not.

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1 MR. MIRAGLIA: I think the characterization in the
2 evaluation that was provided to the Commission, Madam
3 Chairman, indicated that these are areas that the Staff
4 wanted further dialogue, understanding, and discussion on,
5 but I don't think it was characterized in the evaluation
6 that this would constitute an unacceptable response.

7 This is information that we can get by meeting and
8 having further understanding and then take appropriate
9 actions following those kinds of discussions and dialogue.

10 CHAIRMAN JACKSON: Okay.

11 MR. BEACH: I'll get more into detail on that.

12 CHAIRMAN JACKSON: Okay, very good.

13 MR. BEACH: Next slide, please.

14 CHAIRMAN JACKSON: Yes, I'm sorry -- Commissioner
15 McGaffigan?

16 COMMISSIONER MCGAFFIGAN: On the last slide you
17 skipped over one of the -- you know, you said there were
18 three areas for improvement and then you didn't mention this
19 benchmarking financial resources, et cetera, point.

20 Have you decided that is not an area of
21 improvement, or why did you skip over it? Improvements over
22 previous plans.

23 MR. BEACH: I did mention it.

24 COMMISSIONER MCGAFFIGAN: Did you?

25 CHAIRMAN JACKSON: Okay.

1 MR. BEACH: Yes, sir.

2 COMMISSIONER MCGAFFIGAN: That was part of one?

3 CHAIRMAN JACKSON: I thought he had talked about
4 it.

5 MR. BEACH: I am now on the adequacy of response
6 slide.

7 CHAIRMAN JACKSON: Yes.

8 MR. BEACH: The staff concluded that the response
9 describes a broadly based and reasonable set of accents
10 which, if effectively implemented, should enhance
11 Commonwealth Edison's capability to operate, monitor and
12 assess its six nuclear stations while sustaining performance
13 improvement at each station. As such, the staff concludes
14 that Commonwealth Edison satisfied the NRC's request for
15 information pursuant to 10 CFR Part 50.54(f).

16 In reaching this conclusion, the staff determined
17 that the response addressed each of the review objectives
18 discussed earlier. Of particular importance is Commonwealth
19 Edison's initiatives to establish a set of performance
20 measures for assessing and monitoring performance at each
21 station in its proposed actions if these measures are not
22 met. The measures have been established in large part from
23 Commonwealth Edison's assessment of the root causes for its
24 failure to achieve sustained performance improvement that
25 was discussed earlier.

1 The assessment considered the fundamental causes
2 for performance problems identified in the independent
3 self-assessment team evaluations conducted at LaSalle and
4 Zion. The NRC's 50.54(f) letter requesting information
5 pertaining to the maintenance of the plant engineering and
6 design basis at all six of its sites and the Dresden
7 independent safety inspection.

8 With respect to the independent self-assessment
9 team evaluations, staff considered these evaluations to be a
10 significant positive initiative because of the independence
11 of these assessments and that they were performed by
12 industry peers.

13 The staff also recognizes that many actions have
14 already been implemented and other improvement programs and
15 initiatives outlined in the response are new and in
16 different stages of development as we were discussing.
17 However, long-term success is highly dependent on the
18 ability to effectively implement these improvement programs
19 and initiatives.

20 CHAIRMAN JACKSON: Let me ask you a question about
21 that.

22 What criteria will the staff use to assess whether
23 the Commonwealth Edison plan is effectively implemented?

24 MR. MIRAGLIA: I think Bill was prepared to
25 address that in a later slide but, basically, they have

1 specified criteria and action levels and actions that would
2 be taken to determine the responsiveness of that. So that
3 will -- we are monitoring their response in terms of the
4 overall plan.

5 With respect to the individual sites, we will
6 continue to monitor and inspect and evaluate each of the
7 sites through our own processes, as we have in the past, as
8 Mr. Callan and Bill have indicated that have been
9 substantially augmented.

10 Bill might want to add to that.

11 CHAIRMAN JACKSON: Well, if you are going to speak
12 to it later, we can wait.

13 MR. BEACH: I am not sure I have the detail you
14 want but there is an opportunity to raise that question and
15 also the current issues at the sites.

16 CHAIRMAN JACKSON: Okay, very good.

17 MR. BEACH: Next slide, please.

18 I would like to take a few moments to discuss the
19 current assessment of performance, our assessment of
20 performance at the six Commonwealth Edison nuclear stations.
21 Obviously, there is a range in performance among the six
22 Commonwealth Edison sites.

23 At Zion, performance was considered adequate prior
24 to the recent reactivity management event. The event served
25 to highlight the depth of the problems in operational

1 performance and indicated that improvement is still needed.
2 At LaSalle, problems continue to exist in a number of areas,
3 despite implementation of nearly half of the restart action
4 plan.

5 Overall performance at Dresden continues to
6 improve. Performance at Quad Cities has been improving over
7 the last six months with both units at power operation for
8 an extended period of time. Overall performance at
9 Braidwood is considered good with noted improvements in
10 material condition. Byron's overall improvement has been
11 good to excellent but there are indications that performance
12 in the areas of maintenance and engineering may have
13 slightly declined, given a recent silting event where some
14 design problems, untimely corrective actions and inadequate
15 surveillance testing collectively may have resulted in a
16 degraded ultimate heat sink under certain design conditions.
17 There has been a consistent level of good performance in the
18 area of operations.

19 At Zion, both units are currently shut down. In
20 September 1996, Unit Two was shut down and in February of
21 1997, during a shutdown because of a containment spray pump
22 problem, an operator attempted to return the reactor to a
23 critical state by continuously withdrawing control rods
24 contrary to procedural instructions.

25 An augmented inspection team identified a number

1 of human performance deficiencies involving both the
2 operating crew and licensee management. The NRC issued a
3 confirmatory action letter to formalize the licensee's
4 corrective action commitments for the identified performance
5 problems.

6 The licensee initiated a number of actions to
7 address the identified operator performance problems that
8 included restructuring of the operations department and the
9 implementation of a training upgrade program for licensed
10 operators. As part of the initiative to restructure the
11 operations department, 141 of these employees were selected
12 to undergo a three-week training program aimed at improving
13 performance standards.

14 To facilitate improvement at Zion, the licensee
15 established a new management team which has communicated
16 goals and expectations to all levels of the organization.
17 However, based on performance to date, it is not apparent
18 that all levels of the organization have fully committed to
19 the new expectations and standards.

20 We have recently revised the original confirmatory
21 action letter to include specific commitments by the
22 licensee to address the human performance problems and
23 operations, some material condition issues affecting startup
24 and weaknesses in engineering support to operations that
25 have been identified by the NRC and the licensee.

1 At LaSalle, both units have been shut down since
2 September 1996 to address a variety of human performance
3 deficiencies and hardware problems. A comprehensive restart
4 action plan has been developed. To date, nearly half of the
5 actions in the plan have been completed, however problems
6 involving operator performance, corrective actions and
7 maintenance of the plant's design basis continue to surface.

8 Licensee has identified weaknesses in command and
9 control, communications and control panel awareness problems
10 exhibited by operators during evaluations of operator
11 performance and simulator exercises.

12 Depending upon the specific performance deficiency
13 exhibited by an operator, corrective actions consist of
14 either short-term or long-term remediation and reevaluation.
15 As with Zion, a new station management team appears to be
16 providing the station staff with appropriate direction and
17 both plan and corporate management have communicated goals
18 and expectations to all levels of the organization in many
19 different forms.

20 Although there currently appears to be
21 considerably more commitment of the staff to these standards
22 at LaSalle than at Zion, the licensee's organization still
23 has not yet fully committed to these management expectations
24 and standards. We have issued a confirmatory action letter
25 at LaSalle also to formalize the licensee's corrective

1 action commitments for identified performance deficiencies
2 addressed in the restart action plan.

3 Moving on to Dresden, overall performance
4 continues to improve with a consistent level of performance
5 observed in plant operations. Maintenance work activities
6 of the past six months have generally been performed well.
7 Over the last six months, the licensee has focused attention
8 on a number of issues identified last fall during the
9 independent safety inspection.

10 The NRC issued a confirmatory action letter on
11 November 21, 1996, to confirm the actions the licensee has
12 taken to address the engineering deficiencies identified
13 during the ISI. These actions include the establishment of
14 an engineering assurance group to provide oversight of
15 engineering activities and validation of selected aspects of
16 the design basis for the 12 most risk-significant systems.

17 At Quad Cities, overall performance over the last
18 six months has been improving. In general, the conduct of
19 operations has improved with relatively few operator errors.
20 The reorganization of maintenance into a number of multi
21 disciplined teams has enhanced teamwork and initiatives in
22 work control have resulted in improving the quality and
23 efficiency of the maintenance activities.

24 In engineering, the licensee is focused on efforts
25 on improving resource tracking and use with root cause

1 training and problem identification and resolution. A
2 recent problem with auxiliary switch contacts and 4 kV
3 breakers was satisfactorily resolved with good engineering
4 support to operations and communications between the
5 engineering staffs both at Dresden and Quad Cities where the
6 same problem had occurred.

7 At Braidwood, Braidwood continues to be viewed as
8 good and has remained generally consistent with the SALP
9 assessment conducted in September 1995. Improvements in a
10 number of areas including a decrease in personnel errors by
11 nonlicensed operators and plant material condition have been
12 observed. Some problems with procedural compliance,
13 particularly in the areas of operations and maintenance,
14 however, are being identified.

15 Finally, at Byron, while overall performance has
16 been good to excellent, some slight decline in performance
17 has been noted relative to that observed during the last
18 assessment which ended in August 1996. Performance in
19 operations has remained good. Some problems with consistent
20 operational practices between licensed and nonlicensed
21 operators have existed. Operator performance during recent
22 startups and shutdowns has been good.

23 And that is all I have with respect to the current
24 status of the plants.

25 CHAIRMAN JACKSON: Let me ask you a couple of

1 questions, Mr. Beach.

2 How would you characterize Commonwealth Edison's
3 response to the recent events at Zion and the operator
4 performance issues at LaSalle within the context of this new
5 plan?

6 MR. BEACH: I think the response to the issues at
7 Zion have been rather aggressive. The actions taken are
8 something that you wouldn't normally see a licensee make
9 these kind of decisions, particularly in deciding to
10 revocate licensed operators, licenses from operators.

11 The training at LaSalle issues, we have reviewed a
12 number of tapes from when you were there. Many of those
13 deficiencies that are being considered for remediation are
14 management expectations and would not necessarily be things
15 that we would consider failures with respect to an operator
16 licensing examination. So the bottom line, I think, is that
17 the actions that they are taking with respect to operations
18 are aggressive and with fairly high expectations.

19 CHAIRMAN JACKSON: Can you give us a brief rundown
20 of the status of the various confirmatory action letters
21 that are still in effect that have been issued? You
22 mentioned them. But in terms of where they are relative to
23 the issues in those letters?

24 MR. BEACH: I am going to repeat them again. But
25 they are at LaSalle, Zion and Dresden.

1 CHAIRMAN JACKSON: Okay, and can you give us some
2 substance of the letters, you know, what they address and
3 what the status is relative to --

4 MR. BEACH: Yes, Chairman.

5 The confirmatory action letter at LaSalle
6 addresses the operator deficiencies, the material condition
7 deficiencies and the engineering issues that aren't specific
8 but are enumerated in the licensee's restart plan.
9 Basically, the confirmatory action letter ties to the
10 restart action plan.

11 At Zion, most of the commitments tie to the issues
12 with respect to the operator and operator problems that were
13 experienced as a result of the AIT. There are some material
14 condition problems that need to be corrected prior to
15 startup and there are some engineering issues, specifically
16 tied to operability evaluations that need to be corrected
17 prior to startup. That is not -- the CAL there is not as
18 extensive as the one at LaSalle.

19 The confirmatory action letter at Dresden relates
20 to the engineering issues that were brought up as a result
21 of the independent safety inspection at Dresden and is tied
22 specifically to engineering and also relates corporate wide
23 as to the deficiencies that involve, may involve the
24 potential of being a problem at all six sites.

25 CHAIRMAN JACKSON: You had a comment?

1 MR. DAPAS: I was just going to mention that one
2 of the other areas that is addressed in the confirmatory
3 action letter at Zion which we issued as a supplement to the
4 original which we issued for the reactivity management event
5 discusses the results of their training initiatives to
6 address some of the operator performance deficiencies and it
7 also elaborates on having periodic meetings with the NRC to
8 discuss the results of their restart plan implementation so
9 that we can monitor and assess that.

10 Then we are requesting them to discuss with us the
11 basis for their conclusion that they are ready to restart
12 one of the units at Zion.

13 CHAIRMAN JACKSON: Are you going to talk about
14 your future actions.

15 MR. BEACH: Next slide.

16 Last slide, please.

17 Given this assessment of performance at each of
18 the six Commonwealth Edison stations, the NRC Staff
19 formulated plans to monitor current performance.

20 Regarding Zion and LaSalle, the Staff's plan for
21 monitoring licensee performance consists of the following
22 actions: one, Agency resources will continue to be used to
23 augment the region-based inspection program as necessary to
24 address performance issues; and two, the NRC will continue
25 to monitor performance improvement at LaSalle and Zion

1 stations through the use of the joint Region III - NRR
2 Oversight Panels.

3 Designated senior oversight managers from NRR and
4 Region III will continue to provide leadership and direction
5 for these multidiscipline panels. The panels will assess
6 the restart action plans for both Zion and LaSalle and
7 monitor Commonwealth Edison's implementation of those plans.

8 In performing this monitoring and assessment
9 function, the panels will use resources from other NRC
10 offices as necessary. The Staff is using Inspection Manual
11 Chapter 0350, Staff Guidelines for Restart Approval, in its
12 assessment efforts at these plants.

13 The panels will also monitor and assess
14 Commonwealth Edison's corrective actions associated with
15 commitments in the confirmatory action letters issued to
16 each licensee.

17 Regarding Dresden, the NRC is continuing to
18 validate and assess licensee corrective actions associated
19 with commitments in the confirmatory action letter. This
20 includes evaluating the effectiveness of the Engineering
21 Assurance Group and the quality of the licensee's design
22 basis validation effort.

23 We are currently conducting monthly meetings with
24 the licensee to discuss progress on confirmatory action
25 letter commitments.

1 In addition, an independent safety inspection
2 follow-up outage maintenance team inspection comprised of
3 inspectors from Region III, Region IV and NRR as well as the
4 Illinois State Resident Inspector is scheduled for
5 completion today.

6 This performance-based inspection focused on
7 observing ongoing maintenance activities and evaluating the
8 control of emergent work planning and radiation protection
9 practices in connection with work activities.

10 Next week the team will convene to collectively
11 assess the findings and will discuss the results with the
12 licensee at an exit meeting scheduled for May 12th, 1997.

13 I would also like to point out that the Resident
14 Inspection Program at Zion, LaSalle, and Dresden has been
15 augmented with a full-time region-based Engineering
16 Inspector including and additional region-based Inspector
17 for the review of corporate engineering issues at
18 Commonwealth.

19 The plans for monitoring Commonwealth Edison
20 performance is centered around the premise that the Agency's
21 inspection and assessment programs must monitor plant
22 performance individually and collectively, such that
23 improvement initiatives at each station can be evaluated and
24 negative performance trends can be identified as early as
25 possible.

1 In implementing plans, the Staff will assess
2 whether the licensee's actions in response to plant events
3 or issues at one facility are impacting performance at the
4 other Commonwealth Edison sites.

5 The ability to manage improvement initiatives at
6 one station and not reduce good performance at another
7 station is critical to arresting the previous cyclic
8 performance and the ability to sustain performance
9 improvement. This sustained improvement may only be
10 demonstrated after a significant time period.

11 Significant Staff and senior management resources
12 continue to be committed to support the augmented inspection
13 and assessment programs associated with Commonwealth Edison
14 facilities. More communication and coordination between
15 regional and headquarters staffs and effective use of Agency
16 processes such as confirmatory action letters, Inspection
17 Manual Chapter 0350, and the plant performance review
18 process have and should continue to facilitate a more
19 comprehensive assessment effort.

20 As I previously discussed in connection with Zion
21 and LaSalle, the Staff's current strategy for monitoring
22 Commonwealth Edison performance is composed of Agency
23 resources that will continue to be used to augment the
24 region-based inspection program as necessary to address
25 emergent performance issues and the NRC will continue to

1 monitor performance improvement at LaSalle and Zion through
2 the use of joint oversight panels.

3 These panels, chaired by senior managers, will
4 assist implementation of the restart action plan and
5 corrective actions associated with the confirmatory action
6 letter commitments at each site.

7 In addition, Region III and the Office of Nuclear
8 Reactor Regulation will continue to monitor and assess
9 corrective actions associated with the confirmatory action
10 letter issued to Dresden. Staff will also continue to
11 evaluate and close out the independent safety inspection
12 findings at Dresden as appropriate.

13 The plan performance review process will be used
14 to integrate performance observations from each station to
15 identify any common areas of marginal or unsatisfactory
16 performance.

17 Quarterly management meetings will be conducted
18 between NRC and Commonwealth Edison senior management to
19 discuss performance at the plants and the effectiveness of
20 corporate and site-specific corrective actions as described
21 in the Licensee's response to the 5054(f) letter.

22 Further, the NRC will continue to provide
23 increased senior management presence at the facilities to
24 enhance the Agency's understanding of plant performance and
25 provide valuable insights regarding the Staff's assessment

1 efforts.

2 Finally, the Staff will continue to keep the
3 Commission informed about performance and will maintain a
4 low threshold for Commission involvement should adverse
5 performance trends be identified.

6 Consequently, the Staff concludes that
7 Commonwealth Edison satisfied the NRC's request for
8 information pursuant to 5054(f).

9 CHAIRMAN JACKSON: Let me just say the following.
10 The Commission sent Commonwealth Edison the 50.54(f) letter
11 and requested information, but it was requesting information
12 pursuant to the following question, and that is why the NRC
13 should have confidence in Commonwealth Edison's ability to
14 operate its nuclear station while sustaining performance
15 improvements at each site, and secondly to explain the
16 criteria that Commonwealth Edison has established or plans
17 to establish to measure performance in light of the
18 identified concerns.

19 Now, it strikes me that in many ways, a lot of the
20 focus of what we've talked about this morning relates in
21 some sense to the second part of that question, namely to
22 explain criteria that they've established or plan to
23 establish to measure performance. But at a certain level,
24 strung through all of this but not explicitly addressed is
25 what is the answer to the first question, and that is why

1 the NRC should have confidence in Commonwealth Edison's
2 ability to operate its nuclear stations while sustaining
3 performance improvement at each site. And that's really the
4 question I want you in sum to address for the Commission.

5 As I look over your plans for actions for future
6 assessment of their -- of ComEd's performance, you mentioned
7 various dedicated managers, et cetera; but it seems that our
8 very processes are ones that are hinged on site by site
9 looks, namely looking at restart action plan and how to
10 implement it, looking at confirmatory action letters that
11 have specified things in them relative to the given station
12 to which they were issued, and third the manual chapter 0350
13 process is specifically station by station or reactor by
14 reactor oriented.

15 So the real question is, how is the staff going to
16 review and integrate the site-specific assessment finding to
17 reach an overall conclusion as to whether Commonwealth
18 Edison has effectively implemented its performance
19 improvement plan but in a way where they sustain performance
20 at all of the sites? Because that, in the end -- it's not
21 the narrow issue of did they specifically address what they
22 were asked to address in the 50.54(f) letter, and what
23 you've told us is that yes, they have specifically addressed
24 what they were asked to address in the 50.54(f) letter, but
25 inherent in that is why the NRC should have confidence in

1 ComEd's ability to operate its nuclear stations while
2 sustaining performance improvement at each site.

3 So I want you to tell me how the various things
4 you've outlined, which seem very site specific, okay, is
5 going to allow an assessment corporate-wide. That's number
6 one. And number two, what is it today that's giving us
7 confidence their ability to do that?

8 MR. CALLAN: Madam Chairman, I'm going to let NRR
9 respond first, and then let the region follow up.

10 MR. MIRAGLIA: I think I'm going to answer that in
11 two parts. In terms -- the individual assessments need to
12 be done --

13 CHAIRMAN JACKSON: Absolutely. Absolutely.

14 MR. MIRAGLIA: What Bill indicated is that the
15 collective management groups that are looking at those
16 individual assessments are also going to look for
17 commonality between performance issues at the plants to
18 determine the linkage in an integrated type way, and perhaps
19 he went over that too quickly.

20 So the teams that are looking at the individual
21 sites are not only looking at the sites, but taking a step
22 back and saying the issues at this site, how are they
23 reflected and do they have some common trends to other site,
24 number one; and number two, is the response to those kinds
25 of activities or events changing and do we see a shift in

1 performance at the other site as a result of that? So
2 that's an independent, based upon our own inspection
3 program, getting that look.

4 In addition, we'll monitor the commitments and the
5 overall trending that the utility has explained here today.
6 I think the real proof is going to be in the pudding, so to
7 speak, and I think this is the issue that the Commission,
8 Chairman Jackson and Commission Diaz raised. We need to see
9 the positive trends against those types of indicators. So I
10 think it's a combination of those activities by which that's
11 going to be --

12 CHAIRMAN JACKSON: Well, are you saying that
13 Commonwealth Edison's response to the letter has given you
14 confidence so that you want to give us confidence in
15 Commonwealth Edison's ability to operate its nuclear station
16 while sustaining performance improvement?

17 MR. MIRAGLIA: I think the answer to that is yes,
18 we've said that they've established measures in a program
19 which, if effectively implemented, will give us that basis
20 to be able to have concrete evidence and indicators that
21 demonstrate that, and I think the utility indicated today
22 that its effectiveness is varied at each of the sites, and
23 it has to be demonstrated across all of the sites. So it is
24 in some respects a commitment and a promise for the future,
25 and to have a plan and a program by which it can be

1 monitored. We have our own independent inspection findings
2 that will overlay on that, that combination.

3 CHAIRMAN JACKSON: Remember, this goes back to my
4 original question in terms of the question of the
5 effectiveness of NRC's inspection program and enforcement
6 policy and other regulatory actions in identifying and
7 taking the appropriate regulatory action concerning the
8 performance. You're going to monitor it, and you say you
9 have a methodology to look at it and to integrate what you
10 find, but presumably we've been, you know, monitoring on an
11 overall basis all the time. So have you identified the
12 thresholds for regulatory -- further regulatory action? I
13 mean, I'm interested in, you know, where do we go from here?

14 MR. CALLAN: Well, Chairman, I think the
15 regulatory thresholds are constant. We're not devising new
16 ones for Commonwealth. We're not going to hesitate at all
17 to apply our various processes.

18 One perspective, just to follow up with what Frank
19 said, the types of things that the utility, Commonwealth
20 Edison, is proposing, that they presented today and in their
21 submittal, are variations on processes that have worked at
22 other facilities over the years, and we've been associated,
23 all of us at this table, with a fairly large number of
24 facilities that have improved their performance, in some
25 cases dramatically, using some similar types of programs.

1 So the programs, we have a relatively high
2 confidence level that the programs themselves are solid.
3 They have worked at other facilities. The issue, again, the
4 issue that Bill in his slide underlined, is the
5 implementation aspects of the program, and if we just go on
6 history, then we shouldn't have much confidence, quite
7 frankly. The performance of Commonwealth Edison over the
8 years in implementing programs has been fairly dismal.

9 And so -- and I think, in their submittal, the
10 licensee made that point themselves, that there is very
11 little that they can point to themselves to give us
12 confidence that this time, these programs that, as I said,
13 that have worked elsewhere will work at Commonwealth. And I
14 think the staff will go forward with a high level of
15 skepticism, the same skepticism that you're reflecting,
16 Chairman, in your questioning; but we have very little to
17 find fault with in the programs because, as I said, they
18 have worked, variations of them have worked elsewhere.

19 CHAIRMAN JACKSON: Is there a regulatory window
20 within which they're operating that's going to close at any
21 point?

22 MR. CALLAN: Chairman, could you please ask that
23 again? I didn't understand.

24 CHAIRMAN JACKSON: Is there a regulatory window
25 within which they are operating that will close at any given

1 point -- window of time?

2 MR. CALLAN: I'm still not sure I quite understand
3 the question.

4 CHAIRMAN JACKSON: How long do they have to have,
5 you know, before we expect to see sustained improvement?

6 MR. CALLAN: Well, if you'll be patient, I will
7 answer it in the negative. If we see declining performance,
8 we'll act promptly. As was said with the type of oversight
9 we have, I would hope that we would be relatively quick in
10 picking up declining performance, and we'll deal with that
11 aggressively.

12 If we don't see the kind of sustained improvement
13 that we would hope to see, that's a different issue, and I
14 think before we would act in that instance we would want to
15 interact with the Commission.

16 CHAIRMAN JACKSON: Okay.

17 MR. BEACH: I just want to add that these panels,
18 one of the things that they give us the ability to do is
19 rise above the day-to-day inspection issues, and I think one
20 of the things that maybe has been done in the past is that
21 the inspection, the routine inspection has also gotten
22 focused in the improvement plan, and so we've all marched
23 together.

24 We have to keep the inspection program focused on
25 what it's supposed to be focused on, and hopefully that will

1 detect a declining trend, and if we have indicators that are
2 different than what the indicators that they have developed,
3 will be beneficial to both of us. What we can't do is fully
4 believe their indicators at the expense of the inspection
5 program.

6 CHAIRMAN JACKSON: Okay.

7 You mention augmented region-based inspection.
8 Where are those resources coming from? Are you
9 resource-strained?

10 MR. BEACH: If you're in a region, you're always
11 resource-strained, but --

12 CHAIRMAN JACKSON: Don't pay any attention to the
13 fact that --

14 [Laughter.]

15 MR. BEACH: We're to the point where we're cutting
16 in on some of the initiatives that maybe we would have done
17 at some of the other sites, but we're doing well at what we
18 have to do right now.

19 MR. CALLAN: Chairman, let me provide more of an
20 agency perspective. When we invest resources like we're
21 investing at Commonwealth, and as we're investing at
22 Millstone and some other places, there's not only the
23 immediate cost to the region, but those resources come from
24 resources that could be used looking at other facilities
25 that maybe have declining trends that we haven't detected

1 yet. It's the unknown that as a regulator you worry about
2 almost as much as the known. Our inspection programs are
3 designed largely to ferret out the unknown, and that's where
4 I think this resource expenditure is hurting us. We don't
5 have the resources that I'd like to have to spread out over
6 the other facilities in the country.

7 CHAIRMAN JACKSON: That actually relates, and it
8 doesn't presuppose any decision, so let me just say that for
9 the record, but that relates to the question I ask,
10 namely -- well really there are two embedded questions. One
11 could argue well, if they don't improve, then just shut them
12 down under an order and they stay there will they get it
13 together. The other has to do with how long do you continue
14 in the mode of the quote unquote intensive inspection
15 application when you do have other things that have to be
16 done?

17 That's why it is not a -- it's a nontrivial
18 question that I think we have to address, and I think the
19 Commission has to think about, because in a certain sense if
20 one is just kind of helping in coaching or pushing along or
21 limping along, there's a question as to where, you know,
22 there's a cutoff point just because of our own -- the
23 finiteness of our own resources, and the fact that we have a
24 wide range of other nuclear activities that we're
25 responsible for.

1 Commissioner Rogers.

2 COMMISSIONER ROGERS: Well, just on that
3 observation, I have to differ with you a little bit in that
4 I think that it's not realistic to say that we shut them
5 down until they get it --

6 CHAIRMAN JACKSON: I didn't say that.

7 COMMISSIONER ROGERS: No, no, no, no. I didn't --

8 CHAIRMAN JACKSON: I didn't say that. I didn't
9 say that.

10 COMMISSIONER ROGERS: I'm just saying --

11 CHAIRMAN JACKSON: I'm saying to you the agency
12 has finite resources.

13 COMMISSIONER ROGERS: I understand that, and if
14 you just let me finish my point, please, that the notion
15 that an option might be shut them down until they get it
16 together does not allow you to not spend those resources to
17 determine if they've got it together. So I don't think that
18 one can simply couch that in quite that simple a term, that
19 the kinds of resources that we need to apply to determine if
20 they have got their act together is exactly what we're doing
21 right now.

22 So I think that one has to think that at some
23 point those resources are going to have to be directed to
24 determine whether they in fact have gotten their act
25 together. And it is going to take a lot. So I don't quite

1 see that, you know, a realistic option is -- or the
2 consideration that you shut them down and they come up
3 again. If you shut them down, they won't come up again.

4 CHAIRMAN JACKSON: The real point has to do with
5 the licensee itself developing the appropriate sense of
6 urgency relative to its own need to improve its performance,
7 and that we ensure that we don't play into, as has been the
8 case, an unduly dragging out sustained improvement in
9 performance, so that things go on and on and on and on.
10 That's what we're talking about here, and that's what we're
11 talking about in terms of not only fairness to the licensee,
12 but fairness to our own staff. And that's all we're really
13 talking about.

14 Commissioner Diaz.

15 COMMISSIONER DIAZ: I just want to comment that I
16 believe the staff did an excellent job in putting this part
17 together and I want to congratulate you.

18 I think that we saw in the discussion it is
19 important that the staff determines if not a threshold
20 level, some level of indication in which it can provide
21 assurance to the Commission that Commonwealth Edison has
22 satisfied those requirements that meet adequate protection
23 of health and safety.

24 CHAIRMAN JACKSON: Commissioner McGaffigan.

25 COMMISSIONER MCGAFFIGAN: You heard Mr. O'Connor

1 say that one of his goals in the year 2000 is to have all 12
2 units above the industry average on these seven performance
3 indicators and I don't expect you all to, as some of these
4 are INPO indicators, to know where they are today but
5 is -- where are they today in our indicators? How many of
6 the plants would be in terms of SALP scores or whatever in
7 the top half of the industry? You know, of the 12 at the
8 moment, would Byron and Braidwood be in the top half?

9 MR. BEACH: I would think Byron and Braidwood
10 would be in the top half. Quad Cities and Dresden are still
11 lagging. They are at the 2.2 to 2.3 threshold but they are
12 moving into the 2 --

13 COMMISSIONER MCGAFFIGAN: You are talking SALP
14 scores?

15 MR. BEACH: Right, SALP scores. But that would
16 probably be in the lower half. And, of course, Zion and
17 LaSalle are in the lower half.

18 COMMISSIONER MCGAFFIGAN: I averaged the SALP
19 scores and I got 2.21 across the -- for the latest period,
20 knowing that it is hard to compare over time. Zion is
21 actually better in the SALP because it is an older SALP than
22 some of the others.

23 How many of their plants would be top quartile?
24 Have Byron or Braidwood been in top quartile country at
25 times in their existence?

1 MR. BEACH: Byron has. There are currently two
2 1's and two 2's and I am not sure that that is top quartile
3 performance but it's close.

4 COMMISSIONER MCGAFFIGAN: It's close.

5 Has there ever been a ComEd plant that is strait
6 SALP 1?

7 MR. BEACH: Byron was. In the previous SALP it
8 was also.

9 COMMISSIONER MCGAFFIGAN: The reason I asked the
10 question is, what is the right goal? You know, Turkey Point
11 went from watch list to getting a superior performer letter
12 this January in three-and-a-half years and I am, you know,
13 it's really -- this discussion is really for ComEd but what
14 is the right goal? Is it to get them all into the top half?
15 Is it to get some into the truly, truly excellent and keep
16 them there category? So does that help pull the others up?

17 It is the jack-in-the-box issue that the Chairman
18 has been talking about. But sometimes it is good to get
19 someone on a straight SALP 1. Then you really have a
20 benchmark right there and, you know, you can get them all
21 clearly into the top half in our regime and many of them in
22 the top quartile.

23 It seems like to me that the utilities that
24 succeed, a lot of them, are in this virtuous space where
25 they are both low cost and high safety and everything

1 is -- all the engines are clicking and it would be
2 delightful if ComEd someday were in that class with their
3 enduring plants.

4 CHAIRMAN JACKSON: It depends on ComEd.

5 Are there any closing comments? If not, I would
6 like to thank the Commonwealth Edison representatives for
7 briefing the Commission regarding ongoing activities to
8 improve safety performance at its nuclear stations and I
9 would also like to thank the NRC staff for providing a good
10 overall assessment, their assessment of the Commonwealth
11 Edison response and its strategy for the assessment of
12 Commonwealth Edison performance.

13 Commonwealth Edison's response to the Commission
14 request for information was broadly based and the staff
15 believes, as presented to us, provided a reasonable set of
16 actions and satisfied the request for information contained
17 in the 50.54(f) letter. And the strategy to improve
18 performance that Commonwealth Edison has outlined appears to
19 be sound.

20 However, as all of us have said, actions in the
21 end will speak louder than words and one of the most
22 important factors in maintaining the Commission's confidence
23 in Commonwealth Edison's ability to operate the six nuclear
24 sites will be in assuring the effective, as you have
25 indicated, implementation of the actions and programs

1 described in their response and, as such, the Commission and
2 the Staff will continue to maintain an active interest in
3 Commonwealth Edison's activities and as such we would expect
4 to hear from you on a regularized basis.

5 Unless there are any further comments, we are
6 adjourned.

7 [Whereupon, at 12:55 p.m., the public meeting was
8 concluded.]

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CERTIFICATE

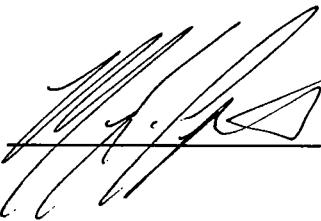
This is to certify that the attached description of a meeting of the U.S. Nuclear Regulatory Commission entitled:

TITLE OF MEETING: MEETING WITH COMMONWEALTH EDISON ON
RESPONSE TO 10 CFR 50.54 (F) LETTER
-- PUBLIC MEETING

PLACE OF MEETING: Rockville, Maryland

DATE OF MEETING: Friday, April 25, 1997

was held as herein appears, is a true and accurate record of the meeting, and that this is the original transcript thereof taken stenographically by me, thereafter reduced to typewriting by me or under the direction of the court reporting company.

Transcriber: 

Reporter: Michael G. Paulus

AGENDA

**INTRODUCTION AND
KEY ACTIONS**

J. J. O'CONNOR

**NUCLEAR OPERATIONS
DIVISION ACTIONS**

T. J. MAIMAN

PERFORMANCE MEASURES

H. W. KEISER

CONCLUSIONS

J. J. O'CONNOR

**J. J. O'CONNOR
CHAIRMAN OF THE BOARD &
CHIEF EXECUTIVE OFFICER**

INTRODUCTION AND KEY ACTIONS

- OVERSIGHT, ASSESSMENT & MONITORING
- FOCUS ON SAFE OPERATIONS
- FINANCIAL AND HUMAN RESOURCES
- ADVANTAGES OF SIZE

OVERSIGHT, ASSESSMENT, AND MONITORING

- RECENT AGGRESSIVE SELF-ASSESSMENTS
- STRENGTHENED BOARD OF DIRECTORS
OVERSIGHT
- PERFORMANCE INDICATORS

FOCUS ON SAFE OPERATIONS

- BYRON AND BRAIDWOOD
- DRESDEN AND QUAD CITIES
- APPLYING LESSONS LEARNED TO LASALLE AND ZION
- NO RESTART WITHOUT FULL CONFIDENCE

FINANCIAL AND HUMAN RESOURCES

- **FINANCIAL**
 - BUDGET INCREASES
 - BUDGET PROCESS
- **PEOPLE**
 - NOD MANAGEMENT TEAM
 - ENGINEERING
 - SUPPORT FUNCTIONS
 - ENGAGING THE WORKFORCE

ADVANTAGES OF SIZE

- LESSONS LEARNED
- RAISING STANDARDS DIVISION-WIDE
- MANAGING AS A SINGLE ENTERPRISE

T. J. MAIMAN
EXECUTIVE VICE PRESIDENT &
CHIEF NUCLEAR OFFICER

NUCLEAR OPERATIONS DIVISION (NOD) ACTIONS

OVERVIEW

- OVERSIGHT, ASSESSMENT AND MONITORING**
- FOCUS ON SAFE OPERATIONS**
- FINANCIAL AND HUMAN RESOURCES**
- ADVANTAGES OF SIZE**

OVERSIGHT, ASSESSMENT, AND MONITORING

- **STRONG SENIOR MANAGEMENT**
- **STRENGTHENED NUCLEAR OVERSIGHT**
- **AGGRESSIVE ASSESSMENT**
- **EVENT-FREE CLOCK**

FOCUS ON SAFE OPERATIONS

- NUCLEAR OPERATIONS INFORMATION CENTER
- CONTROL ROOM MONITORING
- OVERSIGHT OF MAJOR EVOLUTIONS
- OPERATIONS STANDARDS AND MEASURES

FINANCIAL AND HUMAN RESOURCES

- ENSURING RESOURCES GET RESULTS
- BUSINESS PLANNING PROCESS
- MONTHLY RESOURCE APPLICATION REVIEWS

ADVANTAGES OF SIZE

- PEER GROUPS
 - CORRECTIVE ACTION
 - OUT-OF-SERVICE
 - WORK CONTROL
 - OTHERS
- ENGINEERING

SUMMARY

- DETECT ADVERSE PERFORMANCE AND INTERVENE
- CRITICAL ASSESSMENTS
- SUFFICIENCY AND PRIORITY OF RESOURCES
- CAPTURE AND IMPLEMENT BEST PRACTICES
- SUSTAIN PERFORMANCE IMPROVEMENTS

**H. W. KEISER
VICE PRESIDENT &
CHIEF NUCLEAR OPERATING OFFICER**

PERFORMANCE MEASURES

- MEASUREMENT NECESSARY FOR IMPROVEMENT
- ENFORCING ACCOUNTABILITY
- ESTABLISHMENT OF COMMON INDICATORS
- PICTURE OF GOOD PLANT
- CAREFUL USE OF INDICATORS

STRUCTURE AND USE OF INDICATORS

- CONSISTENCY AND OVERSIGHT
- TRACKING PROGRESS TOWARD GOALS
- FORMAL REVIEW AND ANALYSIS
- REGULAR REPORTING INCLUDES THE NOC
- COLLECTIVE REVIEW
- FORMAL RESPONSE PROCESS

RESPONSE PROCESS

- STEP 1 - VARIANCE ANALYSIS**
- STEP 2 - MANAGEMENT REVIEW MEETING**
- STEP 3 - DETAILED ACTION PLAN**
- STEP 4 - ANALYSIS/ACTION TEAM
REPORTING TO CNOO**



NRC STAFF'S ASSESSMENT OF COMMONWEALTH EDISON'S 10 CFR 50.54(F) RESPONSE

**A. Bill Beach
Region III
April 25, 1997**

BACKGROUND

- **ComEd has developed many improvement programs over the years that have not been totally effective**
- **Past programs did not address the appropriate root causes or the programs were ineffectively implemented**
- **Tendency to develop new programs to address problems rather than focus on implementation of existing programs**
- **Narrowly focused corrective actions that addressed only symptoms due to failure to identify underlying root causes**

EVALUATION PROCESS

- **Assembled multidisciplinary team of managers and staff from several NRC offices**
- **Developed a set of assessment criteria for reviewing ComEd response**
- **Criteria based upon NRC assessment of past and current performance problems**
- **ComEd response contained sufficient information for NRC to reach conclusions regarding adequacy of response**

OBJECTIVES OF REVIEW

- **Key to avoiding cyclic performance - effective implementation of programs designed to correct fundamental root causes**
- **NRC staff reviewed ComEd response to determine if it:**
 - **Recognized and acknowledged performance weaknesses**
 - **Evaluated the root causes of cyclic performance**
 - **Developed programs or initiatives designed to correct root causes**
 - **Established performance goals and standards**
 - **Developed self-assessment tools to measure performance**
 - **Specified actions if performance did not meet established goals**

IMPROVEMENTS OVER PREVIOUS PLANS

- **Increased independent oversight of nuclear program by Board Of Directors**
- **Benchmarked financial resources to provide additional resources to Nuclear Operations Department for each site**
- **Enhanced oversight of nuclear program at all levels of organization**
- **Development of performance measures, criteria, and actions to be taken if performance criteria not met**

ADEQUACY OF RESPONSE

- Response provides a broadly based and reasonable set of actions and satisfies the 50.54(f) letter
- ComEd has established a set of performance measures for its assessment and monitoring of performance and proposed actions if criteria are not met
- **IF EFFECTIVELY IMPLEMENTED**, actions should enhance capability to operate, monitor, and assess six nuclear stations and sustain improvement at each site

CURRENT PERFORMANCE

ZION/LASALLE

- **Both units at each site shutdown**
- **Recent initiatives to address operator performance deficiencies and hardware problems**
- **Monitoring Restart Action Plan implementation**
- **Confirmatory Action Letters issued**
- **Inspection Manual Chapter 0350, “Staff Guidelines for Restart Approval” process implemented**
- **Designated SES oversight managers**
- **Augmented region-based inspection program**
- **Increased NRC senior management focus and presence**

CURRENT PERFORMANCE

DRESDEN

- Continued performance improvement**
- Confirmatory Action Letter issued following NRC Independent Safety Inspection**

QUAD CITIES

- Improving overall performance during last six months**

BRAIDWOOD/BYRON

- Overall good performance**

NRC ACTIONS FOR FUTURE ASSESSMENT OF COMED'S PERFORMANCE

- As discussed:
 - Monitoring Restart Action Plan implementation
 - Confirmatory Action Letters issued
 - Inspection Manual Chapter 0350, "Staff Guidelines for Restart Approval" process implemented
 - Designated SES oversight managers
 - Augmented region-based inspection program
 - Increased NRC senior management focus and presence
- In addition:
 - Conduct periodic management meetings with ComEd management to assess performance of all 6 stations per 50.54(f) letter
 - Lower threshold for Commission involvement