

**CP&L**

**Carolina Power & Light Company**

P. O. Box 1551 • Raleigh, N. C. 27602  
(919) 836-6382

*Wike*  
JI EX 14

50-400 0 L

I-JL-14

June 29, 1984

9/6/84

SHERWOOD H. SMITH, JR.  
Chairman/President

DOCKETED  
USNRC

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North Carolina Utilities Commission  
Post Office Box 991  
Raleigh, NC 27602

OFFICE OF SECRETARY  
DOCKETING & SERVICE  
BRANCH

FILED  
JUN 29 1984  
CHIEF CLERK  
N.C. UTILITIES COMMISSION

Dear Commissioners:

RE: Docket No. E-2, Sub 428

We hereby submit the second semiannual report of Carolina Power & Light Company (the "Company") on the status of implementation of the recommendations made in the December 1982, management audit report rendered by Cresap, McCormick & Paget, Inc. ("Cresap"). The attached report, along with 32 copies, is submitted for filing pursuant to the Commission's Order in the above-referenced docket and conforms with the Company's February 14, 1983, filing entitled "Plan of Response to the Cresap, McCormick & Paget Management Audit."

Vigorous efforts are continuing throughout the Company to achieve, both promptly and efficiently, the improvements suggested in the recommendations made by Cresap. These efforts have led to the implementation of twenty-nine recommendations as of May 1, 1984, the date through which information was obtained from Company project managers to compile this report.

As indicated by the schedules and details of this status report, the Company is progressing in a highly satisfactory manner on the overall implementation of the Cresap recommendations. It has been, and will continue to be, our intent to obtain maximum benefits from the audit for our customers and our shareholders.

Sincerely,

*Sherwood H. Smith, Jr.*  
Sherwood H. Smith, Jr.

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PDR ADOCK 05000400  
G PDR

SHSjr/pjb

NUCLEAR REGULATORY COMMISSION

Attachment

Docket No. 50-400 Official Exh. No. JI #14  
 In the matter of Sherman Harris unit #1  
 Staff IDENTIFIED ✓  
 Applicant RECEIVED ✓  
 Intervener REJECTED ✓  
 Com'g Off'r \_\_\_\_\_  
 Contractor \_\_\_\_\_ DATE 9-6-84  
 Other \_\_\_\_\_ Witne \_\_\_\_\_  
 Re: WRB.

CAROLINA POWER & LIGHT COMPANY  
STATUS OF RECOMMENDATIONS FROM CRESAP, MCCORMICK & PAGET  
MANAGEMENT AUDIT

<u>Recommendation Number</u>	<u>Recommendation Description</u>	<u>Original Expected Completion Date</u>	<u>Current Expected Completion Date</u>	<u>Status As Of May 1, 1984</u>
1	The Company should consider adding one or more outside directors to its Board who are experienced in or knowledgeable about nuclear utility operations.	1983	1983	Completed.
2	The Information Management Department should develop and implement an office automation plan.	1984	1984	
3	CP&L should take further steps to reduce the time between meter reading and billing.	1984	1984	
4	The Company should strengthen its efforts to control energy diversion.	1984	1985	Expected completion has been extended due to preparation of more sophisticated estimates of energy diversion.
5	Reports generated by the Construction Management System and the Meter Reading Management System should put more emphasis on productivity.	1983	1983	Completed.
6	Line and service crews should be reduced in size, and crew location should be reassessed.	1983	1983	Completed.

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CAROLINA POWER & LIGHT COMPANY  
 STATUS OF RECOMMENDATIONS FROM CRESAP, MCCORMICK & PAGET  
 MANAGEMENT AUDIT

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7	The process for contracting distribution system construction and maintenance should be refined.	1984	1984	
8	The Company should review its approach to substation and transmission maintenance.	1983	1983	Completed.
9	The benefits of centralizing responsibility for fleet management should be determined.	1983	1983	Completed.
10	Customer Service Operations Support functional direction and oversight of Customer and Operating Services should be strengthened.	1984	1984	
11	Cash management policies in district and area offices should be reviewed.	1983	1984	Expected completion has been extended to allow time for the development of a more extensive review process to monitor cash management policies than originally planned.
12	The Company should continue to seek ways to strengthen its public relations and communications program.	1983	1983	Completed.

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13	The Company should reevaluate its compensation practices for senior management.	1983	1983	Completed.
14	CP&L should develop a system for publicizing position openings more widely.	1984	1984	
15	Changes should be made in documenting performance appraisals.	1984	1984	
16	The Craft and Technical Development Unit should provide stronger oversight of program development and implementation.	1984	1984	
17	The Performance Review and Audit Services Department should adopt its draft method for evaluating relative engagement audit risk and develop objective standards for evaluating risk variables.	1984	1984	
18	The organization placement of the Information Systems Audit Unit should be reassessed.	1983	1983	Completed.
19	The Company should accelerate preparations for the expanded operational audits of the Harris Project.	1983	1983	Completed.

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20	Some aspects of CP&L's uranium procurement policy should be reevaluated.	1983	1983	Completed.
21	The Company should revise its fuel oil policy and establish one for propane.	1983	1983	Completed.
22	CP&L should aggressively continue to reduce the financial liability of its captive coal operations.	**	**	
23	The Company should strengthen inventory control in conjunction with implementation of the Corporate Materials Management System.	1985	1985	
24	The Company's approach to implementing the Corporate Materials Management System should be refined to facilitate management control.	1984	1984	
25	CP&L should continue to expand its stores management training.	1984	1984	
26	The costs and benefits of the later phases of the Corporate Materials Management System should be monitored and overall cost/benefit analyses updated as required.	1986	1986	

\*\*Completion date cannot be determined until a buyer for coal mines is identified.

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27	CP&L should enhance and formalize vendor analysis.	1985	1985	
28	CP&L should provide additional information to the North Carolina Utilities Commission on the status of the Company's major construction projects.	1983	1983	Completed.
29	CP&L should expand and formalize its cost assurance program to document causes of budget and schedule changes for major construction projects.	1983	1983	Completed.
30	Estimating and budgeting for major projects should be enhanced.	1984	1985	Expected completion has been extended due to changes resulting from the cancellation of Harris Unit 2.
31	Budget reporting for major projects should be enhanced through additional information and analysis.	1984	1984	
32	The Company's project control systems at the Harris Project should be strengthened.	1983	1983	Completed.
33	Regular inspections should be conducted to verify installed quantities of key bulk materials at the Harris Project.	1983	1983	Completed.

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34	The Harris Project's document control process should be examined for practical ways to eliminate existing redundancy.	-	-	Recommendation not accepted.
35	The Company's Cost Analysis and Reporting System should be modified to fully exploit its capabilities.	1984	1984	Completed.
36	The Company should develop a formal program for assessing intangible considerations in bid valuations.	1985	1985	
37	The framework for evaluating establishment of an in-house transmission line construction crew should be expanded.	1982	1982	Completed.
38	CP&L should commit additional time of senior plant personnel to the Power Plant Reliability Program.	1983	1983	Completed.
39	A formal predictive maintenance program should be developed and implemented.	1984	1984	
40	The Company should periodically review the overall deployment of power plant and maintenance support manpower.	1983	1984	Completed.
41	The Company should increase its use of competitive bidding in selecting contractors for plant maintenance work.	1983	1984	Completed.

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42	Bonus/penalty provisions should be used with selected maintenance contracts.	1983	1984	Completed.
43	The plants should expand the use of work sampling and other industrial engineering techniques.	1983	1984	Completed.
44	The Company should further develop responsibility accounting controls over generation maintenance expenditures.	1983	1984	Completed.
45	The Company should expedite its schedule for developing a professional work management system in the power plant engineering subunits.	1983	1984	Expected completion has been extended to reevaluate the final action plans for implementing work management systems in plant engineering subunits.
46	CP&L should reexamine the organization and reporting relationships of the Generation Operation and Maintenance Section and the Assistant to the Vice President - Fossil Operations.	1983	1984	Completed.
47	Methods for planning, scheduling and controlling nuclear outages should be refined and enhanced.	1985	1985	



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48	The organization arrangements for executing planned outages should be strengthened.	1984	1984	
49	A more comprehensive framework should be established for controlling outage performance.	1985	1985	
50	Eliminating the shortages of operating personnel at the Brunswick Plant should continue to be a senior management priority.	1984	1983	Completed.
51	Better monitoring and reporting mechanisms should be installed for the construction backlog at Brunswick.	1984	1984	Completed.
52	Information available from the Nuclear Plant Reliability Data System (NPRDS) should be fully integrated into the Company's preventive maintenance program and recommended predictive maintenance program.	1983	1983	Completed.
53	The approach to outage planning and scheduling at the fossil plants should be further refined.	1983	1984	Completed.

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54	The work force management systems for transmission substation maintenance and transmission line maintenance should be further developed.	1984	1984	
55	The Quality Assurance Trending Analysis Program should reflect efficiency measures and provide for wider report distribution.	1983	1983	Completed.