

ORIGINAL

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NUCLEAR REGULATORY COMMISSION**

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1 UNITED STATES OF AMERICA
2 NUCLEAR REGULATORY COMMISSION

3 ***

4 BRIEFING ON THE STATUS OF PEACH BOTTOM

5 ***

6 PUBLIC MEETING

7 ***

8 Nuclear Regulatory Commission
9 Room 1130
10 1717 H Street, Northwest
11 Washington, D.C.

12
13 Monday, September 14, 1987
14

15 The Commission met in open session, pursuant to
16 notice, at 2:00 p.m., the Honorable LANDO W. ZECH, Chairman of
17 the Commission, presiding.

18
19 COMMISSIONERS PRESENT:

20 LANDO W. ZECH, Chairman of the Commission
21 FREDERICK M. BERNTHAL, Member of the Commission
22 KENNETH CARR, Member of the Commission
23 KENNETH C. ROGERS, Member of the Commission
24
25

1 STAFF AND PRESENTERS SEATED AT THE COMMISSION TABLE:

2

3

W. PARLER

4

S. CHILK

5

V. STELLO

6

T. MURLEY

7

W. KANE

8

W. RUSSELL

9

B. BOGER

10

11

J.L. EVERETT

12

J.H. AUSTIN, JR.

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J.S. KEMPER

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J.W. GALLAGHER

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D. SMITH

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P R O C E E D I N G S

1
2 CHAIRMAN ZECH: Good afternoon, ladies and gentlemen.
3 Commissioner Bernthal will be with us shortly. Commissioner
4 Roberts will not be present this afternoon. He is on extended
5 travel overseas.

6 The Nuclear Regulatory Commission Executive Director
7 for Operations issued an immediate effective order requiring
8 Philadelphia Electric Company to shut down the Peach Bottom
9 Atomic Power Station on March 31st of this year.

10 That order resulted from a specific safety
11 investigation that confirmed allegations of sleeping and
12 inattention to duty by licensed operators who were assigned to
13 monitor reactor operations in the Peach Bottom control room.

14 [Commissioner Bernthal entered the room at 2:03 p.m.]

15 The order also acknowledged a continuing pattern of
16 inadequate and ineffective management actions on NRC identified
17 deficiencies at the plant.

18 Since the time the order was issued, both
19 Philadelphia Electric Company and the Nuclear Regulatory
20 Commission have been investigating and reviewing the
21 circumstances surrounding the events that preceded the order to
22 determine what actions are necessary and sufficient to allow
23 re-start of the plant.

24 The purpose of today's meeting is for the
25 Philadelphia Electric Company and the NRC staff to brief the

1 Commission concerning the commitment to excellence action plan
2 for Peach Bottom and the status of staff actions concerning
3 Peach Bottom.

4 As I have stated repeatedly over the past several
5 years, I am convinced that people, both plant management and
6 licensed operators, are the key to safe operations of nuclear
7 power plants. I believe that the attitude of all people in a
8 work environment, in a nuclear power plant, is generally
9 reflective of the attitude of senior management.

10 I am anxious to hear from Philadelphia Electric
11 Company concerning the actions they have taken and additional
12 actions they have planned to restore NRC and public confidence
13 in their ability to safely operate the Peach Bottom Atomic
14 Power Station.

15 During the presentation from Philadelphia Electric, I
16 would ask that you specifically address how your commitment to
17 excellence action plan addresses the root causes of conditions
18 that led to the EDO's March 31st order.

19 I understand that copies of the slides to be used
20 during the presentation are available on the table in the back
21 of the room.

22 Do any of my fellow Commissioners have any opening
23 comments to make?

24 COMMISSIONER ROGERS: Yes, Mr. Chairman. I just want
25 to point out that for some time prior to my appointment and

1 confirmation as a Commissioner of the Nuclear Regulatory
2 Commission, I served as a Director for Public Service
3 Enterprise Group. That organization through their subsidiary,
4 Public Service Electric and Gas, holds operating licenses for
5 Hope Creek Generation Station Unit I and Salem Nuclear
6 Generation Station, Units I and II, and has a minority
7 ownership interest in Peach Bottom Atomic Power Station, Units
8 II and III.

9 As a result of such prior affiliation, I have agreed
10 that as of August 7, 1987, the date I assumed my present
11 position, and for a period of two years thereafter, I would
12 recuse myself from any Commission decision making with respect
13 to any matter affecting Public Service Enterprise Group.

14 In line with this commitment, I have recused myself
15 from participation in this matter before the Commission today.

16 MR. PARLER: Mr. Chairman, the General Counsel
17 concurs with Commissioner Rogers' statement.

18 CHAIRMAN ZECH: Fine. Are there any other comments
19 to make?

20 [No response.]

21 CHAIRMAN ZECH: I understand, General Counsel, in
22 view of Commissioner Rogers' statement, there is no objection
23 or no problem with him remaining here today for this meeting;
24 is that correct?

25 MR. PARLER: As long as he does not participate in

1 the decision making process.

2 CHAIRMAN ZECH: Thank you very much. Any other
3 comments from my fellow Commissioners?

4 [No response.]

5 CHAIRMAN ZECH: We would ask Philadelphia Electric
6 Company to please come to the table. Mr. Everett, you may
7 proceed and please introduce your colleagues.

8 MR. EVERETT: I certainly will. Thank you. We
9 appreciate the opportunity to meet with the Commission.

10 CHAIRMAN ZECH: Would you make sure the microphone
11 gets a little closer, if you can. Thank you very much.

12 MR. EVERETT: We appreciate very much this
13 opportunity to meet with the Commission on a matter of utmost
14 importance to us obviously.

15 On my right is Mr. John H. Austin. He is President
16 and Chief Operating Officer of our company. On my left is Mr.
17 Dickenson Smith, who is a relatively new Manager of our Peach
18 Bottom Station. On his left, Mr. Joseph Gallagher, the Vice
19 President for Nuclear Operations.

20 The three of us will make a brief presentation and at
21 your convenience, we will respond to your questions.

22 CHAIRMAN ZECH: Did you forget one of your
23 colleagues?

24 MR. EVERETT: Excuse me. I forgot John Kemper, most
25 important colleague. John is Senior Vice President for

1 Engineering and Production, and at one time held the title of
2 Manager of the Peach Bottom Atomic Power Station. He is one of
3 our most experienced nuclear managers.

4 CHAIRMAN ZECH: Thank you very much. You may
5 proceed.

6 MR. EVERETT: Thank you.

7 I've said on several occasions that the shutdown of
8 Peach Bottom was the most devastating event in my career with
9 the company. I feel that way totally. I think most of my
10 colleagues have taken this shutdown the same way. We are
11 determined to turn the entire situation around at Peach Bottom.

12 We immediately after the shutdown order, put in place
13 both inside and outside expertise to determine the root causes
14 of the problems at Peach Bottom and develop in detail the means
15 to eliminate those problems.

16 I might remind the Commission that we have another
17 plant, Limerick, which has been just the opposite of Peach
18 Bottom, in that it has received very high marks throughout its
19 history. One unit is in operation. One unit is about 75
20 percent complete in construction and it continues to be a star
21 performer.

22 Looking at the problem first under Mr. Austin, our
23 President, was an all Philadelphia Electric in-house team,
24 assisted by the Management Analysis Corporation of San Diego,
25 California, giving us an outside view. At my request, our

1 Board formed a special Board committee to oversee the entire
2 operations. They retained Admiral Dennis Wilkinson as a
3 consultant and we have retained a number of other specialists
4 throughout the process of determining the problems at Peach
5 Bottom, the causes and the best possible ways to address them.

6 You will hear in some detail from the others who will
7 speak today that the most serious problem that we have found is
8 the lack of leadership in the management of the plant. Higher
9 management did not recognize the weaknesses in the management
10 at the plant and the lack of good communications inside that
11 management process, and we did not take stern enough and soon
12 enough measures to correct the problem.

13 There was poor leadership that led to lack of
14 communications between plant management and corporate
15 management, as well as very poor communications among the
16 operating personnel at the plant itself. There are many other
17 contributing causes, which we are prepared to discuss.

18 The result was we have had poor morale at the plant;
19 lack of professional attitude on the part of some of the
20 operators, bordering at times on arrogance, and extremely poor
21 communications as to who was responsible precisely for what
22 operations.

23 Peach Bottom is an old plant but that is no excuse.
24 It has been a successful plant. We are determined to get it
25 back not only to success, but in today's modern world, to live

1 up to the title we have given this recovery plan.

2 We have done a number of things immediately and over
3 the period since shutdown. First of all, we have made a number
4 of management changes. Just three months prior to the Peach
5 Bottom shutdown order, we had made upper management changes in
6 the management of our nuclear operations. Prior to that time,
7 the management of our nuclear plants came under a Vice
8 President for Electric Production. He had both fossil as well
9 as nuclear responsibilities.

10 The management changes just prior to the shutdown
11 order, we placed Mr. Gallagher in a vice presidential position
12 for exclusively the jurisdiction over our operating nuclear
13 plants. His only job is to ensure they are operated safely,
14 successfully and excellently. He reported to a new Vice
15 President, a new position within our company, that John Kemper
16 holds, Senior Vice President for Engineering and Production.
17 We felt under John we were putting all of the resources of the
18 company as far as nuclear support as well as nuclear
19 operations, so that he would be the responsible official of the
20 company that could bring to bear everything that needed to be
21 done at either one of our nuclear installations.

22 That happened just prior to the shutdown. Since that
23 time, we have replaced the Plant Manager, the Assistant Manager
24 and the Engineer in charge of operations. Therefore, we have
25 had management changes between Mr. Austin and the shift

1 operators, which will include all of the shift superintendents
2 who were in charge of the shift of operators.

3 We have been undergoing operator evaluation screening
4 and re-training. Not all the operators who were at Peach
5 Bottom that held licenses will go back into operation,
6 obviously. We have been reviewing and updating all technical
7 procedures and administrative controls and they will be
8 incorporated in the re-start.

9 We have been putting on additional personnel for
10 training as licensed operators because we have learned that we
11 must have a surplus rather than just exactly enough licensed
12 operating personnel.

13 We have been addressing the various human relations
14 factors that contributed to the problems at Peach Bottom. We
15 have developed a new code of professional conduct with the help
16 of the men themselves who will operate the plant, backed by
17 stronger and better understood disciplinary code.

18 There is the requirement that each individual before
19 he goes back to operating Peach Bottom will make an individual
20 commitment to this code of professional conduct as a condition
21 of re-employment in the new Peach Bottom.

22 We have reviewed all past criticisms by the NRC and
23 INPO, of all the operations at Peach Bottom through the years,
24 which have resulted in two rather large programs to improve
25 those operations. One referred to is the Peach Bottom

1 improvement plan and the other referred to is the Peach Bottom
2 enhancement program, both of those plans have been completely
3 reviewed and are incorporated in our re-start plan.

4 We bring to the problem significant assets. I don't
5 know of any utility that has more depth of technical competence
6 in the nuclear field. That has been the hallmark of our
7 company, one of the reasons why the shutdown was so
8 devastating, and we bring that to the problem in addressing it.

9 We have a plant that does not have serious hardware
10 deficiencies, that would prevent re-start. We have excellent
11 support both from our corporate staff and from outside
12 consultants and contractors with whom we have had many, many
13 years of experience.

14 Above all is our dedication to get this plant back to
15 operating excellence that we can be proud of, to reach
16 Limerick's excellence and go beyond.

17 While we are convinced that the programs that we are
18 outlining to you and that will be detailed in our action plan
19 will allow us and make certain that we can operate this plant
20 the way we want to with excellence, these are living documents.
21 If we can improve any of the programs in our interaction with
22 Commission staff or any of our outside consultants or anyone in
23 our own family comes up with a better way of doing it, we are
24 going to adopt it. Therefore, while we think we are on the
25 right track, this is a living document and we are open to

1 modification if we feel a change or addition is going to help.

2 With that introduction, I'd like to turn now to John
3 Austin, our President, who personally heads up the development
4 of the excellence plan and is leading it on a daily basis.

5 CHAIRMAN ZECH: Thank you very much. Proceed, Mr.
6 Austin.

7 MR. AUSTIN: Thank you.

8 I will review the investigations we made to determine
9 root causes and summarize briefly some of the actions taken and
10 then I will ask Dick Smith to talk to you specifically on his
11 activities at the plant.

12 Lee has outlined the multi-pronged approach to the
13 Peach Bottom shutdown. I would like to comment specifically in
14 elaborating that the retention of Management Analysis Company
15 was specifically to have an independent consultant assist us in
16 investigations to determine root causes. Their investigation
17 was specifically to find out in a non-threatening atmosphere
18 what the root cause was and how to fix it.

19 You have their report as an attachment in the filed
20 CTE plan.

21 In addition, we used our own internal corporate
22 security force to interrogate and conduct its own investigation
23 for all personnel who were working in the control room or
24 associated with the control room during the period in question.
25 This is not to be confused with the plant security force. Our

1 Security Division is a corporate resource headed by an ex-FBI
2 agent, and staffed with investigators who come to us with
3 police backgrounds and who are professionals in making
4 investigations.

5 These interrogations included broad questions beyond
6 the specific item in question leading to the shutdown to give
7 us assurance that there were not other aspects of control room
8 behavior that we needed to follow up on. All of the statements
9 from that investigation have been turned over to the NRC staff
10 so they have a complete record.

11 Let me turn now to the conclusions that we reached
12 from all of our investigations and studies including the
13 assistance we have had from consultants.

14 The company has concluded that the cause of declining
15 performance at Peach Bottom and the development of unacceptable
16 patterns of behavior that led to the shutdown order was
17 management deficiencies at the plant. Specifically, poor
18 leadership by the plant management team; failure to initiate a
19 timely licensed operator replacement training program; a
20 station structure and culture with pre-TMI roots, which did not
21 adapt to changes in the nuclear industry since TMI; that
22 corporate management was slow to recognize the developing
23 severity of these problems.

24 These deficiencies identified are site specific at
25 Peach Bottom and are directly attributable to the age and the

1 history of the plant. It has and has had a technically
2 competent staff but they failed to change with the developing
3 nuclear industry standards after TMI and on occasion, resisted
4 this change.

5 Our consultant's independent investigation of the
6 root cause confirms the site specific conclusion we have
7 reached and in the most recent SALP report for Peach Bottom
8 Station, a finding of the NRC staff further confirms this root
9 cause analysis, stating the central reason for this
10 unacceptable performance was that plant management was unable
11 or unwilling to correct known deficiencies.

12 We therefore focused primary corrective actions at
13 the plant, but I hasten to add that the lessons we learned at
14 Peach Bottom will indeed be applied to Limerick to prevent
15 development of similar problems later at that plant and as I
16 will mention in a moment, further strengthening of our
17 corporate support structure for nuclear plant operations'
18 support.

19 Many of the problems at Peach Bottom that were
20 identified in the root cause analysis had in fact been
21 recognized over the last two or three years as the result of
22 management's own work, SALPs, INPO inspections, and interaction
23 with NRC inspectors. Lee has identified several of the
24 correction items that have in fact been put in place as far
25 back as 1985 and leading to significant senior management

1 changes in 1986.

2 What then are the corrective actions initially at the
3 plant and then more broadly, that we have put in place as a
4 result of this root cause analysis?

5 Since the root cause is a management problem, and I
6 particularly was responsive to your comments, Mr. Chairman, at
7 the beginning, that we are equally convinced that the secret to
8 excellence in nuclear plants is people and their management, we
9 therefore focused our primary corrective actions on management
10 and people programs.

11 We have exercised accountability for unacceptable
12 performance. We have made management changes and we will go
13 back with a higher level of management presence on shift.

14 Lee has outlined that all levels of operating
15 management at the plant, from the Plant Manager down to the
16 licensed operators, have already been replaced or will be
17 replaced as soon as their replacements have been licensed or
18 trained. That includes the Manager, Superintendent, and Senior
19 Engineer of Operations at the time of the shutdown, and all
20 shift superintendents, who in our prior organizational
21 structure were the senior management persons on shift 24 hours
22 a day in the plant.

23 Lee has outlined the changes that we made in 1986 in
24 our corporate management structure, to bring together under a
25 Senior Vice President, all of the components of nuclear power

1 support; engineering; instrument and control and testing;
2 maintenance and construction as well as operations. This is
3 important because it has put in one place the entire nuclear
4 envelope for corporate and management support. We have gone
5 further and have recently created within both the maintenance
6 operations and the testing operations specific groups assigned
7 to nuclear maintenance.

8 We have in maintenance a group that maintains nuclear
9 plant separate from fossil. Obviously, on some of the special
10 skills like turbines, we have mobile gangs that do the same in
11 both plants.

12 In testing, we have a specific nuclear testing
13 organization. The Plant Manager's responsibility has been re-
14 defined, that he has responsibility and control over all work
15 on the site. We are addressing questions raised in the MAC
16 Report looking at the number of layers and further
17 consolidation of nuclear support activities. We do think it is
18 prudent to move slowly and not to upset in this case the Peach
19 Bottom re-start and not to upset the final year of construction
20 and licensing at Limerick II.

21 This is another address to the root cause. I would
22 submit that the corporate culture has already been changed,
23 that the plant management in place is truly a new team and that
24 its culture and those of the operators have in fact changed and
25 that there is a corporate management commitment absolutely to

1 further organizational evolutionary change, whatever it takes
2 to do the job.

3 Upon re-start, our plan proposes that a higher level
4 of management will be present on every shift. We are calling
5 that the Shift Manager and Dick Smith in a moment will go into
6 detail on our plans for that organizational restructure of the
7 actual shift operation to increase management's presence.

8 We also, as Dick will outline, will have a round the
9 clock QA presence for operational QA on all shifts, 24 hours a
10 day. We have strengthened management site authority in the
11 area of discipline, grievances and selection for promotion, and
12 we are in a carefully screened program for re-training
13 operators, that Dick will also go into in more detail.

14 In summary, of the 36 people at the time of the
15 shutdown who were in direct line operations, from the Plant
16 Manager down to the licensed reactor operators, 12 will not
17 return to their jobs. This is truly a comprehensive and
18 integrated program of dealing with the people portion of the
19 root cause, through strict management accountability,
20 strengthening on shift management and re-training of the
21 operators, and it is the cornerstone of our plan to re-start.

22 A few final comments on the plan as filed. We have
23 labeled it "Commitment to Excellence," because we want our
24 entire operation to understand that we are not embarked on a
25 program simply to re-start a plant, but to commit it to

1 permanent excellence.

2 This plan, the initial draft of it, was filed with
3 Region I on August 7th and on August 26th, we had a meeting
4 with your staff and received a number of requests for
5 additional information and we are hard at work on those and
6 should finish them in the next ten days to two weeks.

7 The plan that was filed is the result of a total
8 review of all plant deficiencies and needs for improvement, not
9 just the incidents that caused the shutdown. However, we
10 remain convinced, as I said before, that people and the plant
11 management are indeed the root cause and therefore, that
12 portion of the plan that deals with management change, attitude
13 change, the culture change at the plant, providing new
14 leadership to the plant itself, operator re-training and an
15 aggressive program for training a new cadre of licensed
16 operators with higher entrance level requirements are the
17 direct attack to the root cause.

18 There are almost 300 tasks in the filing and many of
19 them have only indirectly to do with the cause of the shutdown
20 but are critical to the achieving of excellence, and when we
21 look at the plan, we must recognize there is those portions of
22 the tasks that go to the people root cause and lots of other
23 tasks that go to long run excellence.

24 The plan is over 100 pages long and represents three
25 months' work of full time, almost 100 people, consultants and

1 on our staff and part time for another 200 more. It is an
2 ambitious undertaking and probably will take on the order of
3 4,000 man months over several years to bring all these
4 improvements into place for the long run excellence for which
5 we strive.

6 The schedule contemplates completion of the initial
7 licensed operator re-training around the first of October,
8 completing the training for the shift managers on the 20th of
9 October and completion of Category I tasks to be done before
10 re-start in the middle of November.

11 I want to second what Lee said, that we will indeed
12 be responsive to staff comments and feedback that we receive
13 from the NRC and will specifically address the concerns that
14 you have and will raise the plan in a living document.

15 In summary, it is a people problem. People are the
16 secret to the safe and excellent operation of a plant. The
17 issues, I believe, that have emerged in the discussion of our
18 filing so far very properly focus on the self identification of
19 problems and a culture of excellence.

20 We have made the necessary management and leadership,
21 more important, leadership change, at the plant, to create a
22 climate that will be conducive, both for identifying problems
23 and the willingness and ability to follow through on their
24 solution as your SALP report so correctly observes.

25 The operator re-training is key and will continue

1 throughout the plant including non-licensed operators and
2 support personnel. We have provided full operator career paths
3 that will not dead end them in the operating room and an
4 aggressive program of new operators.

5 We are strengthening our nuclear support at the
6 corporate level and I repeat my commitment that this also will
7 be a continuing process.

8 The plan is a living document. We appreciate your
9 feedback. We will incorporate your recommendations. We will
10 not stop after the plant gets re-started and we will see that
11 the job is done right and that every resource of our
12 corporation is committed to doing it.

13 Now I will ask Dick Smith if he will pick up from
14 there and tell us what he has been involved in at the plant.

15 MR. SMITH: Thank you, Mr. Austin.

16 Mr. Chairman, Commissioners, I've been with
17 Philadelphia Electric now for just over four months. I have
18 used that time to try to ensure that we fully understand the
19 extent of the situation at Peach Bottom. Obviously, the
20 problem is not confined to the three dozen licensed operators
21 nor should corrective action be limited to those operators.

22 I've read the reports of the Nuclear Regulatory
23 Commission, the Institute of Nuclear Power Operation, the
24 American Nuclear Insurers and the other agencies. I've studied
25 the plant organization and the existing improvement programs in

1 place at Peach Bottom and I've walked the plant. Above all, I
2 have talked to people, corporate officials and the management
3 and workers at Peach Bottom.

4 Based on my observations of the conditions at the
5 station, I believe the commitment to excellence action plan is
6 comprehensive and will be the vehicle for great improvement at
7 Peach Bottom.

8 I found at Peach Bottom a physical plant in
9 satisfactory condition, with ongoing programs for improvement.
10 With the exception of people and procedures, I believe all the
11 trends are positive. I found at Peach Bottom a workforce who
12 was somewhat demoralized and defensive. They often did not
13 work well together and the various groups sometimes did not
14 cooperate. I found a satisfactory level of competence and an
15 eagerness to start moving forward. They were ready to be told
16 what directions to take.

17 Talking to the operators, I found a worried group
18 with a sense of helplessness, who felt management was
19 abandoning them. I again found quality and a great desire to
20 be allowed to show their readiness to meet any standards set
21 and enforced by management.

22 Based on my interviews with each licensed operator
23 and my reading of the company's investigation, I fully support
24 the decision to replace the operations management down through
25 the shift superintendents and to train the other operators

1 prior to re-start.

2 There is no doubt in my mind that all the operators
3 we use when re-starting will be fully knowledgeable of the high
4 standards they must meet and will be enthusiastic in meeting
5 them.

6 While I have been heavily involved, Mr. Chairman,
7 with our procedures upgrade program, our radiation protection
8 program, and our radwaste program, which are three major areas
9 that need improvement before re-start, and I have been
10 monitoring our programs in all other areas, my primary emphasis
11 has been on people, the organization and communications.

12 In the area of communications, I think Peach Bottom
13 lacked the mechanisms and attitudes necessary to encourage
14 workers to bring problems to management's attention. We were
15 not only resistant to changes brought in by outside influences,
16 as Mr. Austin has said, but also did not encourage change from
17 within.

18 This lack of communication channels and resistance to
19 change led, I believe, to the NRC opinion of Peach Bottom being
20 unable to identify problems internally. I think we are making
21 progress to turn this around.

22 I meet weekly with the shift operators and also
23 weekly with the senior station's staff, just to keep them
24 informed and to listen to their comments and suggestions.

25 I've had a "tell it to the manager" system in effect

1 since early July, wherein I receive about 50 comments a week.
2 These range from petty individual complaints to very perceptive
3 and helpful comments on the way we do business. A few have
4 reported situations which could affect safety. These I have
5 shared with the resident inspector.

6 We have just formed a plant committee to meet
7 regularly and advise me of improvements we should be
8 considering. I see this as a valuable early step in a program
9 of greater employee involvement.

10 We have tried to be more proactive with newly formed
11 or revitalized problem solving groups in such areas as plant
12 housekeeping, radiation protection and radioactive waste.

13 I think we now have open lines of communication at
14 all levels at Peach Bottom and are working much more as an
15 unit, whether we are a vendor or Philadelphia Electric, plant
16 staff or corporate staff.

17 Turning now to the operators and the operations
18 organization, there have been many changes made or planned at
19 Peach Bottom which should have a positive effect on
20 performance. Foremost among these, as mentioned, is the
21 planned replacement of the shift superintendents with shift
22 managers. Each shift will be headed by a degreed engineer with
23 a senior license. The experience level of the candidates we
24 are planning to assign ranges from 6 to 13 years at Peach
25 Bottom. In concept, the shift manager will remain on shift 3

1 to 5 years and will therefore not be dependent upon the shift
2 hierarchy for his progressions. The shift manager will be
3 truly in charge of the station after hours and on weekends.
4 This will be understood by everyone at the station.

5 The individuals will receive a three week tailored
6 management course prior to taking over their shifts. This
7 course is scheduled to be completed on October 17th.

8 The licensed operators who will be assigned as shift
9 supervisors and reactor operators will each have completed a 27
10 day course which we have entitled "People, the Foundation of
11 Excellence." This course is non-technical and is intended to
12 help the students better understand themselves and their
13 relationships with others. The roles of outside agencies and
14 the importance of procedural compliance are also covered.

15 Twelve licensed operators and three shift technical
16 advisors have completed that course. Another group of 12
17 operators and 3 STAs are now in attendance. The course will be
18 conducted a third time for 7 operators who are presently in
19 training for their NRC license examination in October. All
20 Peach Bottom operators who are used for re-start will have
21 completed the course before being assigned shift duties.

22 The operators who entered the course were selected by
23 me based upon my interviews with them, my observations of them
24 on duty, reports of psychological interviews, reports of their
25 previous performance, my review of the company investigation

1 and their willingness to volunteer to work for excellence.
2 They have been closely evaluated during the course by both
3 management and the trainers.

4 We think the course has been successful in improving
5 the operators' attitudes, such that they will willingly meet
6 management's expectations. The operators are enthusiastic and
7 only wonder why they were not helped this way before.

8 Your staff will be conducting an inspection of that
9 training next week.

10 On completion of the operator and shift manager
11 training, we will form the operating teams to be used for re-
12 start. We are presently determining whether we will be on five
13 or six shifts. We would prefer six shifts for flexibility, but
14 we may have to go to five for some months. In either case, the
15 operating teams will train on the Limerick simulator and will
16 be observed in daily pre-start up testing in the plant. When
17 we request authority to re-start, we will have trained teams
18 that meet all technical specifications. As the number of
19 licensed operators permit, we intend to assign an extra reactor
20 operator and an extra senior reactor operator to each shift for
21 greater flexibility.

22 To move to this goal, we have recently hired 15 new
23 helpers, all of whom met higher qualification standards than
24 previously required. 14 were ex-nuclear Navy and one had two
25 years of college and one year at Peach Bottom. We began a

1 class for 16 reactor operator candidates on August 3rd from
2 among our non-licensed operators. We have also contracted with
3 General Electric for the services of four reactor operators who
4 are presently scheduled for an NRC examination in January.

5 Additionally, our co-owner has provided three reactor
6 operators from Hope Creek to assist us in the area of work
7 control. That is writing work permits and tagging systems for
8 maintenance.

9 In the past, Peach Bottom has been short of both
10 licensed and non-licensed operators. This will not be the case
11 in the future, but it will be several months before we can
12 produce the desired number of licensed operators. This
13 shortage of operators had led to the view of the operators that
14 there was no way for off-shift work and increased their
15 separation from management.

16 In the organization changes we are proposing for
17 Peach Bottom, there will be several lateral off-shift positions
18 for licensed operators for periods ranging from months to
19 years. There will also be permanent promotional positions off-
20 shift for the best performers. These positions will serve to
21 bring the operators into management. Again, it will be some
22 time before these positions can be fully staffed.

23 Other significant organizational changes being
24 planned in operations are the assignment of an operations
25 support group and assignment of floor foremen. The support

1 group will be headed by a senior engineer who will have a
2 technical staff. Their function will be to reduce the
3 administrative burden on the operators and to assist in overall
4 work planning. The floor foremen will provide leadership to
5 the non-licensed operators that has been missing previously.

6 Overall, Mr. Chairman, we believe that the
7 organizational changes we envision will help us ensure high
8 standards of performance at Peach Bottom.

9 I have dwelled on the licensed operator training and
10 on the organizational changes in operations. We fully realize
11 the problem is not isolated to the operators. We will also
12 conduct training for the others and are looking at other
13 organizational changes beyond operations.

14 In addition, there are many areas not touched upon at
15 all this afternoon such as security, which are being looked
16 into and improved as part of the commitment to excellence
17 action plan.

18 As Mr. Austin said in his comments, this plan is not
19 a re-start plan. It is Philadelphia Electric Company's
20 commitment to excellence.

21 Thank you.

22 CHAIRMAN ZECH: Thank you very much.

23 MR. EVERETT: That completes our presentation, Mr.
24 Chairman.

25 CHAIRMAN ZECH: Thank you very much. Questions from

1 my fellow Commissioners? Commissioner Bernthal?

2 COMMISSIONER BERNTHAL: Let me ask a question or two
3 about the re-start plan that you submitted, since you ended
4 your presentation discussing the number of shifts and the
5 manning of shifts, I'd like to touch on that first. I agree
6 with you that is a key issue here.

7 Assuming that you were permitted to proceed to re-
8 start any time in the near future, the next few weeks, what is
9 the exact status of your manpower situation? I seem to recall
10 there was a question of some long standing of a great deal of
11 overtime by shift operators, by the plant operators. Is there
12 any prospect that problem will be redressed before you re-start
13 or are you going to go through another period of some months of
14 the same stuff, with people being asked to work large numbers
15 of hours, perhaps shift rotations not being what they should
16 be?

17 Can you elaborate a little bit on that?

18 MR. SMITH: Let me talk about the specific numbers,
19 Commissioner. We have presently 15 reactor operators in the
20 re-training program, that have either completed it or are going
21 through the training program. If we go back and start up with
22 five shifts, that would be the required three operators per
23 shift with no excess, but would indeed be the required number
24 per shift.

25 We have nine senior reactor operators that are going

1 through the re-training program. Again, if we went back on
2 with the required number of senior licenses, that would be one
3 per shift required. We would have in excess of that. We would
4 hope to be able to man two per shift. This, of course, is in
5 addition to the shift manager.

6 We have seven operators in training at the present
7 time to take the examinations in October. Three candidates for
8 senior reactor operators and four candidates for reactor
9 operators. That would be the nearest relief for more
10 operators.

11 General Electric's four candidates for reactor
12 operators will take their examinations in January. That would
13 be the next relief.

14 Assisting us even now are three operators from Hope
15 Creek, who are of course not plant licensed and cannot stand
16 watch on the plant, but are assisting us in the administrative
17 areas that have drained time from people before, and for which
18 we have used a large amount of overtime to man those
19 administrative positions.

20 We will not be totally relieved of the situation that
21 has led to use of overtime until we have an excess number of
22 operators. We will have more than the technical specification
23 requirements. We should be able to control overtime better.

24 I believe a review of the overtime used by the
25 licensed operators over the past several months would show you

1 that the average used by a routine watch standing operator is
2 in the neighborhood of 50 to 53 hours a week. However, the
3 problem is more that some of them are very high and some are
4 lower than that. We need to take control of this and manage
5 the overtime. I think we can do that.

6 MR. EVERETT: One additional factor. When we go back
7 to operations, we will have one unit shut down for a long
8 reactor piping replacement. We will only be talking about one
9 operating unit and one unit in cold shutdown, which changes the
10 figures of the people that we would like to have on shift.

11 MR. AUSTIN: For almost a year.

12 COMMISSIONER BERNTHAL: It sounds like what you are
13 saying, perhaps because of the last point here, is the
14 situation from the time of start up will be better than it had
15 been historically.

16 MR. SMITH: Yes, sir.

17 COMMISSIONER BERNTHAL: You will not have the large
18 amount of overtime being worked by the operators. Is that a
19 fair statement?

20 MR. AUSTIN: But not where we want to be, not where
21 we want to ultimately be when we complete the program of
22 operator re-training to get reserve operators.

23 COMMISSIONER BERNTHAL: I would encourage you to do
24 everything you can to expedite that. I think it should be a
25 six shift operation, as quickly as you can manage that.

1 I was concerned a little bit about the fact that your
2 plan here lists as Category III, "Changes in Organizational
3 Structure for Senior Management," and how they fit into the
4 organizational chain and how they report.

5 I would have thought by now that would have been a
6 major issue that would have been resolved. Has it been
7 resolved and why is that considered Category III?

8 MR. SMITH: I think Mr. Austin commented on that in
9 his opening remarks.

10 MR. AUSTIN: Let me elaborate. First of all, our
11 finding was that the immediate root cause, as I mentioned
12 earlier, is people. That is the immediate thrust.

13 With respect to organization, we made a major change
14 just three months before the shutdown, and I would submit to
15 you that it was too soon to have really shown its full effect
16 but as I watch it day by day, it is having increasing effect.
17 That is why I went into some detail to point out that the
18 structural changes we made in the latter part of 1986, bringing
19 all nuclear operations, engineering and support under a single
20 executive, breaking down the maintenance, instrument, test and
21 construction groups so that the nuclear resources are committed
22 full time to a nuclear plant or plants or specialty.

23 Those have all been done. They are things that if we
24 hadn't done back last year, would be at the top of the pile.

25 COMMISSIONER BERNTHAL: The point I would focus on

1 and perhaps I didn't quite get the point when you summarized
2 earlier, is that the question of whether you need additional
3 personnel, additional management in the chain of command, I
4 would assume, since you have addressed the people questions as
5 opposed to organizational chart questions, that has been looked
6 at carefully.

7 MR. AUSTIN: That is a good question. Let me say yes
8 and no. One of the items that is on the task list on the MAC
9 Report and a recommendation to us is that longer run, that is
10 what Category III is, we should look further at the
11 organizational structured number of layers between senior
12 management and the plant. We are committed to do that. That
13 is a Category III task.

14 In fact, it does not find any fault with the basic
15 structure, other than maybe we need less layers. On the other
16 side of the coin, which is near term at the plant, which is
17 both the number of people and the structured organization at
18 the plant that Dick Smith has, that is very much at the top of
19 the plate today.

20 MR. SMITH: I think those specific items are labeled
21 Category II in that we may not be able to fully implement them
22 by the time of re-start, but those key positions will be
23 identified and we will have hired or be hiring the key players.

24 COMMISSIONER BERNTHAL: On the management question,
25 this is not an easy question to answer, I'm sure, and it is

1 difficult even in hindsight, can somebody give me an estimate
2 of how you found yourselves in this situation to begin with?

3 You and some of our people have looked rather
4 carefully by now at how you got in this spot. How does it
5 happen that an operation where we already knew there were some
6 management difficulties before this incident, and I think you
7 were aware of that, continues onward to the point where frankly
8 it is an embarrassment and endangerment to the entire nuclear
9 enterprise in this country, let alone to the particular
10 interests of your utility. How did you get there? Who was it
11 that wasn't talking to subordinates or to superiors?

12 MR. EVERETT: Good question. John?

13 MR. AUSTIN: It is tough. I think calling a spade a
14 spade, you have to start with the Plant Manager at the time.
15 Having been a superintendent, out in a power plant myself, I
16 think one of the primary requirements of the commanding officer
17 or the manager of the plant is to know what is going on in his
18 plant. That wasn't happening. We weren't hearing about it.

19 I would also have to say and in this shoulder some of
20 the blame myself, that I was becoming increasingly aware that
21 the management team at the plant from a people management
22 standpoint was not coming up to the standards we thought was
23 necessary and had begun to make some management changes.

24 In the year before the shutdown, we had an
25 opportunity to make a swap, taking an experienced person from

1 Limerick into Peach Bottom and get some cross fertilization,
2 which remember, up until just a year or two ago, this was the
3 only plant on the system and with plant specific licenses
4 required, you couldn't do rotation, which is the way you cross
5 fertilize to prevent ingrown bad habits. We did that.

6 We also took the manager from the Limerick Power
7 Plant after it was re-started and brought him into the direct
8 line of generation management, to help this manager try to
9 overcome some of the problems.

10 I would have to say I saw problems there. I did not
11 perceive the severity or conceive the severity of them.

12 MR. EVERETT: There are some other circumstances that
13 are very difficult to say how important they were, the morale,
14 the attitude of the personnel at the plant, but one of them is
15 the fact that the plant is an old plant, by comparison to
16 Limerick. Limerick, obviously being a high population density
17 plant, got an awful lot of attention. When you are the first
18 child and the second one is getting all the attention, you kind
19 of feel second class. It shouldn't have been, but I'm sure
20 that played some part in the attitude change in the personnel.

21 We moved a number of people from Peach Bottom,
22 operating personnel, to Limerick, to staff that plant. That
23 meant faster promotion. Some of the people who were not
24 selected to go to Limerick were a bit disgruntled. They felt
25 they had been promised an opportunity to go to Limerick and it

1 was being denied to them.

2 How big a factor that was, I don't know. There were
3 a number of those kinds of factors. The feeling of
4 particularly the shift superintendents, that there was no way
5 off-shift. These are very senior operators, highly technically
6 competent, who have studied all their lives, passed their tests
7 with flying colors every time, and they could see no way off-
8 shift. That was a deficiency in the management of our
9 operation and we are going to correct that.

10 There are many contributing factors to a morale
11 situation that perhaps you can't quantify by the numbers, but
12 they do play a contributing role.

13 COMMISSIONER BERNTHAL: I would agree all of those
14 things must have contributed. I would hope that the program
15 you have outlined is going to be more than aggressive in
16 effecting some change. Particularly on the issue of the dead
17 end status for plant operators. If there is one thing that has
18 come out increasingly, just in the time I've been on this
19 Commission, it is how detrimental that can be to the attitudes
20 of the operators.

21 These are some of the most valuable people, as you
22 know, people with plant operations experience, and they ought
23 to be the people you are looking to when you start searching
24 for utility leadership in the years ago.

25 MR. AUSTIN: There are two critical things you need

1 there and I totally agree. Number one is you need a carefully
2 structured program so that you have jobs to move these people
3 to, but you better also have in place a continuing training
4 program for a supply of fresh, new operators coming up to
5 replace them, or you are never going to remove them. Both of
6 those are key elements as Dick Smith outlined, in approaching
7 the people problem at the plant.

8 COMMISSIONER BERNTHAL: Let me ask one other question
9 that is off the personnel issue, and then I will give my
10 colleagues a crack.

11 You have been shut down now for several months, I
12 guess. I would assume that there are lots of things, even
13 though the plant, as you say, the plant hardware is in good
14 condition, that there is a great deal of maintenance activity
15 that could have been carried out profitably during that period.

16 Would you care to outline what the status of your
17 maintenance program is right now, what have you been doing in
18 the last several months in the maintenance area?

19 MR. KEMPER: As an overview, as a result of being
20 shut down, we looked at our preventive maintenance program. We
21 had started one and as you know, most of the industry, because
22 of the way things are, the preventive maintenance programs do
23 not get the full attention they should. Here was a golden
24 opportunity for us to launch our preventive maintenance
25 program. We are doing that. We are looking at where the rest

1 of the industry is and trying to get us to be better than the
2 industry.

3 We looked at the limit-torque motor operated valves.
4 There is a generic problem and then there is a thing called
5 MOVATING. We are doing more now than is required. All those
6 valves that are in the containment, that we wouldn't get a
7 chance to do, we are doing those now while we are shut down.

8 One of the most aggressive things we are doing is a
9 campaign to recapture those parts of the plant that became
10 contaminated during our long outages. We are trying to get
11 those areas cleaned up, get those areas that are low level
12 contamination but contaminated, clean them up, paint them, get
13 them ready and recapture that area so we try to enhance and
14 improve our ALARA program.

15 While we were down, it was a golden opportunity to do
16 our human factors work on the Unit II control boards. This has
17 been an evolutionary program looking at how to improve the
18 operator/man-machine interface. As you know, we have the new
19 human factors standards. We are now incorporating them on Unit
20 II where we would not have done that until the next re-fueling
21 outage. We will have that when we go back.

22 We are looking all across the board to try to
23 incorporate all those changes. One of the most important
24 programs we have is to one, establish a very firm, limited
25 discipline policy for what goes into the areas to limit the

1 radwaste, but the other thing we are doing is going through
2 enhancing and improving our radwaste handling to reduce the
3 amount of radwaste the barrels we have around the place. We
4 have a very, very strong commitment to have that down to an
5 established level that I have said we will be down below before
6 we go back.

7 Here is a golden opportunity when we are not
8 generating that much radwaste to clean up that radwaste and get
9 it down to a level. On-site, we are doing things about oil,
10 water evaporation and compaction. We also have now installed a
11 new de-watering system so we will be able to have better
12 radwaste and radioactive shipment of our resin.

13 Those are a few of the highlights of the things we
14 are doing. Yes, we stepped back, we looked at everything we
15 could get while this operator training program was going on,
16 what are all the things we can do to try to enhance and improve
17 the plant, so we have the best plant we can in the time period
18 allowed to get back.

19 All of these plans, the training and the retrofit,
20 recapture and what not, all fit into a time period, say by mid-
21 November, we would be in a position to be in darn good shape to
22 go back.

23 COMMISSIONER BERNTHAL: How many open maintenance
24 items do you have at this point?

25 MR. KEMPER: The overall program, I think it is

1 something like 1,500.

2 COMMISSIONER BERNTHAL: How many would you expect to
3 have when you would be prepared for re-start?

4 MR. KEMPER: We are shooting for down below 1,000.
5 One of the things that is happening to us is we are doing this
6 paint, clean up, sparkle plenty, this positive approach, we are
7 generating a lot more problems that the fellows see now that
8 they would like to have incorporated. In the last several
9 weeks, we have generated 500 more what we call MRS, maintenance
10 request forms, that have come through.

11 We were capturing it very well. Now we have a new
12 intensity, a new interest, let's clean it up, let's get it
13 really right, let's go on with the maintenance program, let's
14 expand it into a greater area, and we are generating more.

15 I think it is a good sign. We are shooting for that
16 target. I meet with the fellows on a periodic basis to see
17 where we are, what our program is and what our target is. I am
18 very pleased with the way we are moving.

19 COMMISSIONER BERNTHAL: I'm not surprised you are
20 generating more. Have you categorized this list of 1,500
21 items?

22 MR. KEMPER: Yes; we have. I can't do it for you
23 here, but we have categorized them.

24 COMMISSIONER BERNTHAL: How many of them are
25 essential in your judgment before re-start?

1 MR. KEMPER: The ones that are essential, we have
2 already captured them. Now, it is staying current. We are
3 categorizing them and everybody today puts everything into a
4 computer tracking system. Now, we have a computer tracking
5 maintenance program, preventive maintenance program, where we
6 can stay on top of it. We have a managed goal and target to
7 stay on, not just go and catch it as you can because that
8 system is out of service.

9 COMMISSIONER BERNTHAL: The computer managed system
10 is new as of when?

11 MR. KEMPER: We have been developing it for the last
12 year or so.

13 COMMISSIONER BERNTHAL: I would just comment. I
14 don't know, because you haven't said what the categories of
15 maintenance items are, in many respects, I would view you now
16 as we might a new plant about to start. We don't have 1,000
17 items when we allow a new plant to start up. If anything, you
18 should be better than a new plant because your maintenance
19 should have been ongoing.

20 I would urge before you consider re-start, that list
21 be whittled down considerably.

22 I think right now, that is all I have. I may have
23 one or two more before we stop.

24 CHAIRMAN ZECH: Commissioner Carr?

25 COMMISSIONER CARR: I need a little more explanation

1 on your 27 day attitudinal change program. My experience is it
2 is pretty hard to change attitudes in 27 days.

3 MR. SMITH: I fully agree, Commissioner. We are
4 trying to help the people see where the attitudes could be
5 changed, trying to help them understand themselves and
6 understand their working relationships with other people,
7 understand the importance of the NRC, INPO, the outside
8 organizations. It is going to take some time to determine
9 whether the attitudes have really changed.

10 COMMISSIONER CARR: Have any of you audited this to
11 see what it is we are teaching?

12 MR. SMITH: Yes.

13 MR. EVERETT: Let me make one comment, which I think
14 is indicative of the kind of people that we have. We talked to
15 former Peach Bottom operators who operate Limerick and they say
16 that Peach Bottom is Peach Bottom and Limerick is Limerick and
17 the move from Peach Bottom to Limerick was like moving from
18 night to day. In other words, they didn't have any trouble
19 changing their attitudes, from a Peach Bottom attitude to a
20 Limerick attitude, if they had the proper leadership. If they
21 understood what was required of them and that they were held
22 accountable. I've heard that more than once.

23 COMMISSIONER CARR: Maybe we ought to rename the
24 plant.

25 MR. EVERETT: I wish it were that simple.

1 COMMISSIONER CARR: The second question is on your QA
2 program. You didn't mention much about an emphasis on QA and
3 that is a big part of the plan. I'm not aware of what went on
4 in that area.

5 MR. SMITH: I really haven't been working on the QA
6 aspects. I think Mr. Gallagher could speak to that.

7 [Commissioner Bernthal left the room at 3:02 p.m.]

8 MR. GALLAGHER: We did not have QA people assigned to
9 the shift before the shutdown. We are in the process of
10 training people now to be on shift so there will be a QA
11 presence there reporting back to the superintendent who reports
12 directly to me. They will have a specific program of
13 monitoring to do in the operation as well as the rest of the
14 plant. This is something we have not had in the past. It is
15 an overview of areas of the plant operation we just never had
16 before.

17 COMMISSIONER CARR: Is he QA'ing the people as well
18 as the machinery and equipment?

19 MR. GALLAGHER: Yes, sir.

20 COMMISSIONER CARR: Kind of an on shift policeman?

21 MR. GALLAGHER: He's an on shift reviewer of what is
22 going on.

23 MR. KEMPER: An on shift referee. In the past, our
24 QA programs of operation have been on an audit basis, not on
25 line, watching the performance basis. This is going to be like

1 the referee on the playing field, seeing that the performance
2 and procedures and everything are being followed. It is not
3 going to be a continuous basis. There will be areas of
4 radwaste that he will observe, areas of chemistry in the
5 control room, it will be across the plant. The fellows will be
6 on shift and they will have a planned program that they will
7 know and they will go and do their auditing.

8 I don't know --

9 COMMISSIONER CARR: Must be what I know as a monitor
10 watch.

11 MR. SMITH: It looks like an extended monitor watch.

12 COMMISSIONER CARR: I understand that.

13 CHAIRMAN ZECH: Let me just say from my standpoint,
14 this is one of the most serious meetings we have had since I
15 have been on this Commission for this past three years. It is
16 troubling; very troubling, at least to me, to realize that we
17 could have such a breakdown in discipline and the respect for
18 authority and understanding of their commitment to safety as
19 you have had, Mr. Everett, at your Peach Bottom plant.

20 [Commissioner Bernthal entered the room at 3:05 p.m.]

21 CHAIRMAN ZECH: I have visited a lot of plants in our
22 country, more than 80 of them. I have visited a lot of plants
23 overseas. Whenever I visit the plants, I spend some time with
24 the plant management. I spend some time with the operators.
25 In my view, most of our operators are good across the country.

1 If there is any difference in the operators, it has
2 been my experience it is because of management. When a plant
3 is managed properly from the top down, your operators are
4 generally pretty good, maybe a little better. When you have
5 management problems, the operators have morale problems, there
6 are problems of their understanding of their position in the
7 organization. The operators reflect the management.

8 You are here today, in my view -- you have told us
9 about your problems, quote, "at the plant," unquote. I
10 understand that. But I would submit that your corporate
11 management problems are just as serious. I think that the fact
12 that you didn't know what was going on is very serious. Either
13 you knew it and you condoned it, which apparently you didn't,
14 or you didn't know it at all. In any case, either one is
15 serious.

16 The fact that we could have a situation like this
17 existing in one of our plants in our country is very, very
18 serious.

19 Now what are we going to do about it? What are you
20 going to do about it?

21 You've told us here today some of your Commitment to
22 Excellence Plan. You've told us about a lot of things. I
23 agree the root causes, you look at people and you look at
24 management, but what does that really mean? You've got to get
25 the next layer. What does that mean? What are your real

1 commitments to excellence? What are your real commitments to
2 turning this around?

3 Just because it's an old plant, that doesn't impress
4 me. We have old plants that operate very well. We have new
5 plants that operate some better than others. But the old plant
6 has nothing to do with it.

7 You've had an attitudinal problem there, it looks
8 like, for a long time, and you didn't know anything about it.
9 To me, it really is serious, and I don't know what to say here
10 at this table today, except that we need to look at it very,
11 very carefully. You need to convince this Commission, give us
12 the confidence that you, as a CEO, and your organization and
13 your whole team should be able to operate this plant.

14 We are responsible to the American people, this
15 Commission, and I intend to carry out my responsibilities, and
16 I know my fellow Commissioners do, too. The public trusts us.
17 We are their servants, and we're going to be the best servants
18 to those people that we can.

19 And it seems to me that you, when we issue you a
20 license, you accept the trust and confidence of the American
21 people to operate that plant properly. You haven't done so.
22 It's a very serious situation as far as I'm concerned, and I
23 just don't know what else to say to you here today, except that
24 I need personally to hear from you more than I've heard today.
25 I need results.

1 You've got a Commitment to Excellence Plan.
2 Certainly some of the things you've told us appear to be the
3 right things to do. But we need to see results. I need to see
4 results. I'm not going to accept what you've told me today and
5 be anywhere near authorizing your plant to restart. I don't
6 know about my fellow Commissioners, but I'm not ready to. I
7 need results.

8 Part of the problem, as far as I can see, is
9 leadership, right from the top down. I mean that. You've had
10 a serious situation go on for a number of years, it looks like.
11 There has been a concern about it, and now we find complete
12 inattention to duty, as you have acknowledged yourself. It's
13 just not acceptable.

14 There is no secret to much of this nuclear business,
15 except for hard work, discipline, attention to duty, competent
16 performance, follow procedures, a real honest-to-God commitment
17 to safety. Those are the things that are kind of basic
18 characteristics, as far as I can understand, a real interest in
19 technical competence and following out your duties.

20 So just at the plant is not good enough for me. Your
21 operators certainly made mistakes; there's no question about
22 that. And they have licenses by us, too, and I want to hear
23 from our Staff as to how they're going to handle that
24 situation.

25 But you have a license, your company has a license

1 from this Commission on behalf of the American Government and
2 the American people, and we have a right, an obligation, a
3 responsibility, to be confident that you will carry out that
4 responsibility that you have. You are the plant operator;
5 we're the regulator. We provide the framework of rules and
6 regulations and do the best we can to provide protection of the
7 public health and safety.

8 You operate the plant; you constructed it; you
9 maintain it; you operate the plant. And we can't have plants
10 where there is this much inattentiveness to anything.

11 So what confidence do we have that it's going to
12 change? That's what I need to know.

13 Your Shift Manager Program, we've talked about that
14 at this table many times. It just depends on how you execute
15 it. Maybe it's all right; maybe it isn't. It doesn't impress
16 me too much.

17 Is he going to have an SRO license?

18 MR. EVERETT: Yes, sir.

19 CHAIRMAN ZECH: What kind of experience is he really
20 going to have? Is he going to be one of your competent people
21 that really knows that plant, or is he just going to be a
22 management person going through the phase of checking off a
23 box?

24 That's up to you. You can tell me all kinds of
25 things about the Shift Management thing. I've looked into it

1 myself before, too. Maybe it's fine, and maybe it isn't. It
2 depends on how you execute the plan. It depends on how you
3 really use that manager. Is he going to be respected by the
4 operators or not? If he can't communicate with them, it
5 doesn't work, in my judgment.

6 So that's up to you. But I've heard a lot of your
7 thoughts today on things you're going to do, and I guess I'm
8 just going to have to wait and see what the results are. But
9 you've got a long way to go, in my judgment.

10 MR. EVERETT: May I respond?

11 CHAIRMAN ZECH: Please.

12 MR. EVERETT: We accept your criticism. It isn't
13 easy to look at a plant like Peach Bottom and a plant like
14 Limerick and explain to yourself why one is so good and one has
15 deteriorated. Peach Bottom wasn't always bad. It's gone
16 downhill in the last several years. And our problem was not
17 seeing the severity of that sliding and doing something about
18 it. We thought we were addressing the problem.

19 We had two extensive programs that we spent many,
20 many thousands of hours on.

21 CHAIRMAN ZECH: But you didn't get down to the root
22 causes.

23 MR. EVERETT: But we really didn't get to the root
24 causes, which was the leadership of people, and we have --

25 CHAIRMAN ZECH: Well, it's a breakdown. It's not

1 just those people at the plant.

2 MR. EVERETT: I understand that.

3 CHAIRMAN ZECH: Something happened that you didn't
4 know about. That's the important thing.

5 MR. EVERETT: Entirely for other reasons, we've had a
6 complete change, as I described, between the President of the
7 company all the way down to the operators on shift.

8 Now we have two new Vice Presidents, who are very
9 experienced in this business. They realize the problem they've
10 got at Peach Bottom, and they're going to bend every effort to
11 correct the kind of leadership that we have throughout the
12 corporation.

13 CHAIRMAN ZECH: I hear you, and as I say, I need
14 results. I mean, you know, I've got to see results, and you
15 mean to show me them. Next week would not be good enough for
16 me. I need to see what you're really doing and be confident
17 that you're on track.

18 MR. EVERETT: We hope to be able to do that.

19 CHAIRMAN ZECH: All right. I hope so, too.

20 COMMISSIONER CARR: Well, I share the Chairman's
21 concern in that I don't see a mechanism that's going to tell
22 you when Limerick starts bad yet. I see that you're changing
23 to fix Peach Bottom, but somewhere there's got to be a
24 mechanism, so that when Limerick starts downhill, you'll know
25 it first.

1 MR. EVERETT: Yes, you're right, and we are looking
2 very hard at how others in the nuclear business manage all of
3 their affairs and what checks and balances they have in to
4 ferret out when leadership is weak, and that's what we're
5 talking about, wherever it's weak. And we're not going to rest
6 with this plan to restart Limerick. We're going to change
7 eventually the way we manage our whole nuclear operation.

8 Now I can't tell you when or how we're going to do
9 that. We're going to study every system we can find that has
10 merit and come up with our own plan that hopefully will prevent
11 any recurrence either at Peach Bottom or at Limerick of the
12 problems.

13 We know we can manage something well. It's just a
14 matter of making sure that we're on top of it, so that it
15 doesn't get out of kilter as this one did.

16 CHAIRMAN ZECH: Well, we'll certainly want to hear
17 from you again before we're ready for restart.

18 MR. EVERETT: Very good, sir.

19 CHAIRMAN ZECH: And then I would ask the Staff to
20 come forward, unless my fellow Commissioners have anything
21 else.

22 COMMISSIONER BERNTHAL: I just want to second what
23 the Chairman has said. He has stressed the point and I would
24 restress it that -- in fact, he stressed it earlier in the day
25 -- that in this business more than ever before, when you get a

1 license and when the individuals in your plant get a license,
2 you've made a kind of compact and commitment here with the
3 American people, and at that point, particularly today, I don't
4 much care about the utility; we all care about the safety of
5 this enterprise and the larger public good and seeing this
6 enterprise succeed safely, if that's possible, and I think the
7 experience we've had in your plant has been to the detriment of
8 that overall public effort.

9 I would just again stress two or three particulars
10 from what I've heard here today, and the Staff will tell us
11 more, I think. It's clear to me that you need to place special
12 emphasis on retraining people and on training people, and it's
13 not clear to me that you're going to be there yet in the month
14 of October or November.

15 I'm concerned about shift staffing, as I mentioned
16 earlier, and whether you really do have an adequate staff. It
17 seems to me you ought to be somewhere above adequacy before you
18 come in for a restart.

19 I'm also concerned about maintenance. A year ago,
20 you put into process a program of maintenance, particularly for
21 a plant as old, as you point out, as this one and for a company
22 with the tradition and the expertise that your company has.
23 You're one of the first in this business, and I would have
24 thought would have been there a long time ago.

25 So I would urge that you take a very hard look while

1 you have this period of grace -- you may not see it that way --
2 of being down on an extended shutdown to put into place one of
3 the best maintenance programs, look at things like maintenance
4 on the back shifts. A well-run and well-operated plant these
5 days doesn't just mean operators that are well trained, well
6 staffed. It means maintenance staff that are well trained as
7 well.

8 There seems to be a strange sort of tradition in this
9 business that the earliest in the business of nuclear power
10 plant generation can go one of two ways. They can either
11 become some of the best, or they can become some of the worst,
12 and we've had a very painful lesson on that score some few
13 hundred miles to your south in the not too distant past, which
14 continues to this day.

15 I would just urge that you not allow the tradition
16 and the early effort in your company to stand in the way of
17 progress and to breed the kind of complacency that seems to
18 have led to this Peach Bottom debacle. You are capable of
19 better, and I agree with the Chairman; I hope to see better.

20 CHAIRMAN ZECH: Any other comments?

21 [No response.]

22 CHAIRMAN ZECH: All right. Thank you very much, Mr.
23 Everett.

24 Would the Staff come forward, please?

25 [Pause.]

1 CHAIRMAN ZECH: Please proceed, Mr. Stello.

2 MR. STELLO: Thank you, Mr. Chairman.

3 I have with me on my right Dr. Murley, Director of
4 the Office of NRR, and Mr. Russell, the Region I Administrator,
5 and they will brief you on the status of our review of the
6 problems, as we see them and understand them, the corrective
7 programs that you've heard described from the Licensee, where
8 we are with respect to them, but let me begin by saying we're
9 certainly not finished. There is more to do.

10 What I thought, listening to the discussion you just
11 had with the Licensee, I concur fully, and we have got to be
12 persuaded that there will be a mechanism for the Licensee to
13 understand when he has a problem again, he will find it; he
14 will find it early, not just at Peach Bottom but at Limerick as
15 well, so that we have confidence that that management team will
16 be able to do that.

17 It's a difficult problem that we face. We clearly
18 have licensed operators, and as you already have pointed out,
19 since they have the licenses, they have the responsibility to
20 our agency and the American people. It will be a difficult
21 task.

22 I do not want to dwell today, but we have to also ask
23 ourselves, since as I recall a year ago, just a little over a
24 year ago, we were telling you that we were concerned about
25 problems that we had seen at Peach Bottom. We clearly were not

1 able to understand them the way we understand them to day. We
2 must ask ourselves what can we do better when the licensee is
3 not identifying it; what about us, what we at the NRC can do to
4 make sure that we can put our finger more directly on the real
5 nature of the problem?

6 I met with Mr. Everett and some of his principal
7 staff just about a year ago in August and made clear to them
8 that we were concerned that there was a problem there, but we
9 did not truly understand it, as we now understand it today, and
10 indeed they had programs that were treating some of the
11 symptoms of problems that we had, but never really getting to
12 the very nature of the problem.

13 So the concern that we had last year was one that was
14 real, and we're going to have to examine for ourselves very
15 hard what we can do to not correct the problem, but make sure
16 that we understand it. We're committed to do that, and I'm not
17 going to sit here today and tell you we clearly know how to
18 bring that about. But these next several years, we're going to
19 be putting a great deal of effort and attention to trying to do
20 what we can to identify problems far earlier and when they are
21 far less serious than they are now at Peach Bottom.

22 With that, let me turn first to Dr. Murley for some
23 comments and then immediately to Mr. Russell to get on with
24 describing very briefly the status of where we are.

25 CHAIRMAN ZECH: Thank you. Proceed, please.

1 MR. MURLEY: In judging Philadelphia Electric's
2 overall corrective actions, we can break it down into two
3 parts: changes at one site and changes in company policies.
4 They have mentioned some of the management changes that they're
5 making at the site: the new Plant Manager, new Operations
6 Superintendent, new Operations Engineer, and six new Shift
7 Superintendents, and the fact that they're going to bring in
8 degreed Shift Managers. These are all in a positive direction,
9 we believe, with regard to the site changes.

10 Still, the Staff has many questions about the details
11 of how these are going to be implemented. It is very difficult
12 to change attitudes, as you mentioned, and this is not done
13 overnight. It's not done perhaps in a few weeks or even a few
14 months.

15 Bill Russell and Bill Kane and Bruce Boger, who is on
16 my right, will talk about some of the questions we have about
17 the site.

18 With regard to the company policies and the changes
19 beyond Peach Bottom, we have even broader questions there.
20 Many of these same corrective actions and words we heard today,
21 we heard a year ago when Vic Stello talked with the company.
22 So now, I agree, Mr. Chairman, we have to see real results and
23 not be -- not listen to just mere words.

24 After the shutdown order, Philadelphia Electric hired
25 an independent management consultant to do a root-cause

1 assessment. This assessment found many of the Peach Bottom
2 problems were rooted in poor company practices and policies.

3 One particular finding was that there was a potential
4 for some of the same Peach Bottom attitudinal problems to
5 develop at Limerick, if there is not substantive changes in
6 management philosophy and the approach to nuclear operations.

7 And, Commissioner Carr, I think your question was
8 exactly right. We have not yet seen a system that would allow
9 them to see very early on if Limerick were starting to turn to
10 these same problems.

11 So those are some of the questions that we'll be
12 looking at. Do they have a system for conducting self-critical
13 analyses and looking for root causes up at the company level?
14 Do they bring in outside views of their operations? Are they
15 bringing in new people?

16 Very few so far. It's a very highly in-grown,
17 paternalistic company, and perhaps they need some more outside
18 views.

19 We are systematically reviewing the correction plan,
20 as well as the overall approach of the company, and our plan,
21 after we receive answers to some of the questions that we've
22 given them in the next week or two, our plan is to reach a
23 conclusion on these broader questions of their overall approach
24 in the next few weeks and then discuss our conclusions with
25 Philadelphia Electric then.

1 So Bill Russell will discuss the status of our review
2 now.

3 CHAIRMAN ZECH: All right, thank you. Proceed.

4 MR. RUSSELL: I'd like to first brief the Commission
5 on the approach that we're using to managing the review, and
6 the reason is that this is a very difficult review, and the
7 process is similar to the review process we're also using on
8 Pilgrim, and that is essentially a panel, which is a joint
9 activity between NRR and Region I, and within the panel, we
10 have the expertise to identify issues, identify information
11 needs, and bring issues to senior management for early
12 resolution. The same panel is interacting with both states,
13 Maryland and Pennsylvania, gathering information from them, and
14 Bill Kane, who is the Panel Chairman from Region I, will
15 discuss that in some detail. Bruce Boger, the Assistant
16 Director for Region I Projects, is the Vice-Chairman of the
17 panel.

18 This panel meets frequently among themselves to
19 decide on management aspects of pursuing the review, as well as
20 meeting with the utility, and those meetings have been public
21 meetings to understand essentially what the utility is telling
22 us.

23 There are two points I'd like to make with respect to
24 the status of our review of the plan, and I think the plan
25 right now has serious questions as to its completeness. And

1 the reason we feel that it has serious questions is, it appears
2 to be missing a fifth root cause, and that's the ability to
3 self-assess and identify their own problems. We identified
4 this at our last panel meeting with the company and, in fact,
5 it is contained in my September 11th letter to the utility, and
6 you've heard quite a bit of discussion on this issue earlier,
7 both in your own questions to the company and earlier Staff
8 discussion.

9 The second problem that we're having in reviewing the
10 plan is that it is a collection of some 300-odd tasks, and we
11 don't see a good correlation between what it is they're trying
12 to accomplish and those tasks and the relationship between
13 tasks. So we have also asked the company to identify how those
14 tasks relate to the root cause, what it is that they're trying
15 to fix with each one, so that we can understand better what it
16 is they're going to do, and we have to understand that first
17 and then establish our own plans for reviewing how well they've
18 done it.

19 So what I'm describing is a sequential step, and we
20 are not yet at the point of concluding that the fundamental
21 approach is one that we're ready to agree with. We don't know
22 whether the plan itself, with modification, is going to address
23 our concerns, and we hope to answer that more fundamental
24 question within the next few weeks, as Dr. Murley indicated.

25 But we certainly agree with the premise that we've

1 seen programs and had descriptions and well-intentioned words,
2 and we need to see results. That is going to come after we
3 understand what it is they're going to do, and then we'll
4 measure them as to how well they do what they say they're going
5 to do, and that's why we've chosen this panel process. We do
6 break it up into teams. There are individual assignments,
7 whether it be in the human factors area or, as was mentioned
8 earlier, the evaluation of the training programs that are going
9 to be going on onsite, so that we can divide the work effort
10 and more effectively manage this very important review.

11 With that, I'd like to turn it over to Bill Kane, the
12 Panel Chairman, and have him describe what the history of the
13 review to date has been and essentially where we're going from
14 here.

15 CHAIRMAN ZECH: Thank you. Proceed.

16 MR. KANE: Thank you. Could I have the first slide,
17 please?

18 [Slide.]

19 What I would like to review with you is the principal
20 Staff activities that have taken place since the shutdown
21 order, and as you know, we last brief you here on April 10th.
22 But I would like to focus on three aspects.

23 One is the fact that we've had public meetings with
24 the Licensee. All of our meetings have been public except the
25 May 5th meeting, which was a closed meeting because it dealt

1 with the handling of the investigation, although a transcript
2 was taken of that meeting, and it was subsequently released.

3 The last meeting that we had with the Licensee was on
4 August 26th, and that was really our first meeting on the
5 Commitment to Excellence Plan. The three meetings that
6 occurred in May and June and July were basically to allow the
7 Staff to understand what was going on in the development of the
8 plan.

9 The second point I would like to make with this slide
10 is the fact that we have been in close communication with the
11 states and local governments. In the case of the first
12 briefing, it was the State of Maryland in April in Annapolis.
13 In May, we briefed the Commonwealth of Pennsylvania, and in
14 June, we briefed Hartford County in Bel Air, Maryland.

15 The third point I'd like to make is, from July 24th
16 on, we have issued biweekly public status reports of the
17 activities associated with Peach Bottom to keep the public
18 informed of basically what's going on.

19 Next slide, please.

20 [Slide.]

21 I'd like to discuss the Peach Bottom Restart
22 Assessment Panel activities. Bill said the panel was formed on
23 August 11th, and its principal functions are to coordinate the
24 evaluation of the Licensee plan, develop the plan for the
25 review and inspections that are to take place -- it's a

1 combination of both -- and to make recommendations to senior
2 management when we have completed our review.

3 The initial panel meeting was on August 13th, and on
4 August 24th, the first round of questions were developed and
5 sent to the Licensee. Of significance -- I know you've looked
6 at the plan -- it is a collection of tasks, and it is devoid of
7 the detail that we would need to complete a review. So part of
8 the first request was to obtain the additional information for
9 the specific tasks.

10 On August 26th, we met with the Licensee to discuss
11 the plan, and there were three aspects to that review, the
12 first one to test the completeness of the root causes, of which
13 you've heard a great deal here today. The one which Bill
14 Russell described is the one that the panel focused on that you
15 picked up on during the meeting earlier, is really the ability
16 of the organization to understand what's going on, to identify
17 its problems, and to fix those problems at an early stage,
18 rather than to have third parties develop the problems and
19 identify them to the Licensee.

20 The second major undertaking at that first meeting
21 was to try to understand the completeness of the restart tasks.
22 If you've seen the plan, there are three categories of tasks of
23 the 300-odd tasks. The Category 1 tasks are required, in the
24 Licensee's view, for restart. The Category 2 tasks are to be
25 completed over some intermediate timeframe, and finally the

1 Category 3 tasks are longer-term activities.

2 Our particular focus at that meeting was to try to
3 understand why some of the tasks in Category 2 and Category 3
4 which would seem logical for restart were not restart tasks.
5 You've discussed some of them today in your questions: shift
6 rotation over time, disciplinary policy, and the levels of
7 management in the organization. Those are some of them.

8 And then finally, as Bill said, to test the logic for
9 these category assignments by relating them back to the root
10 causes through a process that these are the root causes, and
11 these are the problems that we're trying to solve, and these
12 are the tasks that solve those problems.

13 So that's the way that we're proceeding. As a result
14 of that meeting, we developed some additional requests for
15 information which were issued on September 11th.

16 The next slide.

17 [Slide.]

18 On the next slide, I'd like to explain where we're
19 going from here. As I said earlier, it will be a combination
20 of review of material and inspections which will center around
21 the completion of the review of the action plan. Assessment of
22 the Licensed Operator Attitude and Performance Improvement
23 Program, which the first inspection is scheduled for next week
24 on that, and to verify completion of the Category 1 tasks, that
25 that is a necessary and sufficient set of tasks to -- necessary

1 for restart of the plant.

2 We will continue to involve the public and the
3 states. We have set up public meetings in the area of the
4 plant in both Maryland and Pennsylvania for September 24th.
5 The purpose of those public meetings, which have been
6 announced, is to obtain comments from the public on the
7 adequacy of the plan. We have also issued letters last week to
8 the States of Maryland and Pennsylvania, asking for their input
9 into the process, questions that they may have concerning the
10 adequacy of the plan.

11 The panel is charged with the responsibility of
12 making a recommendation to senior NRC management for restart,
13 and the final step is to brief the Commission on the readiness
14 for restart.

15 That completes my --

16 CHAIRMAN ZECH: All right, thank you very much. Does
17 that conclude the presentation of the Staff?

18 MR. KANE: Yes.

19 CHAIRMAN ZECH: Questions from my fellow
20 Commissioners? Commissioner Bernthal?

21 COMMISSIONER BERNTHAL: I don't want to beat the
22 horse too long here, but let me ask a question about
23 maintenance of the Staff here. One of the hardest things to
24 assess, as we've heard many times, as everyone here knows, is
25 management effectiveness, attitudes, when they've changed.

1 It's not easy to change attitudes, as someone here has pointed
2 out, and we'll have to do the best we can.

3 But maybe we can get a clue as to whether attitudes
4 have changed, and there is a fundamental change going on here
5 from what the utility is doing and is learning and what
6 advantage they are taking of this outage period with respect to
7 maintenance.

8 Have you had a chance to look at that carefully? It
9 sounds like they are behind the curve in getting to a modern,
10 aggressive, preventive maintenance program. I don't know what
11 kind of maintenance shift set-up they have, but maybe if we
12 take a look at something rather different that might not have
13 occurred over the last few months as being a central issue, we
14 might get some idea of what's been going on there.

15 Can you comment on that?

16 MR. KANE: Well, in terms of -- not just in terms of
17 maintenance, but really what we're looking at is all activities
18 that are taking place at the plant, going beyond particularly
19 the operations area.

20 COMMISSIONER BERNTHAL: That's right.

21 MR. KANE: And that is a significant input into the
22 process in determining this utility's readiness for restart of
23 the plant. That, of course, is something that continues with
24 our onsite program, as well as scheduled inspections which the
25 panel is coordinating to get feedback into all areas. But I

1 wouldn't limit it to just --

2 COMMISSIONER BERNTHAL: Yes, but I want an
3 assessment. Can you give me an assessment of what has
4 happened, what they're doing?

5 MR. RUSSELL: Let me give you a snapshot of what, at
6 least from direct observation I had in going through the plant
7 in the last month, and Jim Taylor and I went through
8 specifically to get an understanding of the status of the
9 material condition and conditions at the plant, and I was
10 somewhat disappointed in what I observed from the standpoint of
11 what I would characterize as attention to detail of first line
12 supervisors in how some of the work practices were being
13 conducted.

14 I went through the facility with senior management
15 from the company, and the meeting that we had following, I
16 would characterize that they agreed with some of those concerns
17 and that they, themselves, had identified some of them in going
18 through the facility.

19 The extremely high levels of contamination in some
20 areas of the facility, I think, significantly detract from the
21 ability to do maintenance. I was particularly disappointed in
22 the reactor water cleanup pump rooms and in the outside MSIV
23 room. Those areas were acknowledged by the company, and I will
24 be making a return visit, and the Staff will be looking at
25 these issues to see whether we are, indeed, getting results in

1 some of these areas, such that the operators don't have to go
2 in in respirators and double sets of protective clothing in
3 order to do routine maintenance type activities.

4 In some areas, the contamination levels are so high
5 that it's difficult to justify on a man rem basis going in.
6 They need to clean some of that stuff up first, so that they
7 can get access. But there is a long ways to go. I've been to
8 29 plants now, since assuming the position of Regional
9 Administrator, and this facility material-condition-wise is
10 lower middle. So I think they can take advantage of some of
11 this time and address some of these issues.

12 COMMISSIONER BERNTHAL: What about this 1000-odd
13 items of maintenance? Have you had a chance to do a crosscut
14 at that list and get some idea of how serious the list is and
15 how far behind they are?

16 MR. KANE: I don't have that at this point for you,
17 but it's one of the issues, of course, that is on our program
18 to make sure that we thoroughly understand that everything that
19 should be completed will be prior to any decision on restart.

20 COMMISSIONER BERNTHAL: What about the structure of
21 the personnel, the adequacy of staffing on maintenance?

22 MR. KANE: That has not been a problem in the past,
23 and I don't think there's a problem there.

24 COMMISSIONER BERNTHAL: How many maintenance shifts
25 do they have? One shift?

1 MR. KANE: My understanding is that it's one.

2 COMMISSIONER BERNTHAL: There are no maintenance
3 personnel on duty other than on the one shift?

4 MR. RUSSELL: Recall that, I guess it was
5 approximately a year and a half ago or so that we briefed you
6 on maintenance programs. Philadelphia Electric's maintenance
7 program was not one of the ones we studied, but it was one we
8 had quite a bit of information on.

9 They have an organization which has some maintenance
10 activities reporting through a central group, which is not
11 reporting directly to the plant, that they typically use for
12 outage type work or big-ticket items such as pipe replacement.
13 Those activities we found to be managed relatively well.

14 When you got to the types of maintenance that were
15 done at the plant level, there were some concerns that they
16 were not being done as well, and so you had this distribution.
17 Those issues are being looked at. We've identified some
18 concerns in the SALF reports and in other areas, and clearly
19 we're going to be looking at them. But the specifics as to
20 characterizing the current maintenance backlog and how
21 significant it is and that prioritization, the company is doing
22 that now, and we have not completed our review of it.

23 MR. MURLEY: I don't know if that was made clear,
24 Commissioner, but the maintenance people report to a different
25 Vice President from Nuclear Operations.

1 COMMISSIONER BERNTHAL: That's one of the reasons I
2 asked.

3 MR. MURLEY: I always felt that that was a problem.
4 But they claimed it wasn't, and they went to great lengths to
5 argue that it wasn't. But I guess if I were a Plant Manager,
6 I'd want everybody on the site reporting to me, but that's not
7 the case there.

8 COMMISSIONER BERNTHAL: Okay.

9 CHAIRMAN ZECH: Commissioner Carr?

10 COMMISSIONER CARR: I've got one small problem, and
11 it looks like Dr. Murley is beginning to attack it, and that's
12 why our Resident Inspectors don't turn up the problem of
13 sleeping on watch and some means of getting them into the plant
14 at all hours of the shifts and so forth. I see he's taking
15 some action on his deep back shift coverage. I like that. But
16 I think we've got to solve one problem of having some way those
17 men can be in the plant without the public address system
18 passing the word that they're on the way.

19 MR. STELLO: We're looking at the feasibility of
20 modifying one of our rules that would make it easier to do
21 that. I think that's a very serious question, because the
22 routine for our Residents or anyone else coming to the plant is
23 a general awareness and an announcement, and not just,
24 incidentally, for our own people, but even plant people.

25 COMMISSIONER CARR: Oh, I certainly agree. I don't

1 think the owners of the company could walk into the plant
2 unannounced either. I don't think they could catch them
3 sleeping. But there ought to be a means by which you can walk
4 around those plants, if you've got a responsibility to be an
5 inspector.

6 MR. STELLO: Yes. We're working on that.

7 COMMISSIONER CARR: And I'd like to see us do
8 something about that.

9 MR. STELLO: We are.

10 MR. PARLER: Is that the draft rule?

11 MR. STELLO: That's what we're working on.

12 MR. PARLER: A personal observation on my part, which
13 is not worth too much in this area, is that although we are
14 working on the rule, et cetera, it seems to me that there has
15 to be some other understanding at different levels for people
16 that have a common objective to get things like that worked
17 out, and I don't see how, if it can't be worked out there, it
18 would automatically be worked out by the best rule that good
19 minds could draft.

20 CHAIRMAN ZECH: I agree with the General Counsel.
21 It's not just rules; we need real attitudinal cooperation and
22 changes to make sure that the intent is carried through.

23 Anything else, Commissioner Carr?

24 COMMISSIONER BERNTHAL: I would hate to think, if I
25 were a member of upper level management, that I couldn't take a

1 look at my control room at 3:00 a.m. without having it
2 announced on the PA system. I hope that's not the case.

3 CHAIRMAN ZECH: Oh, I'm sure you'd have it announced
4 somewhere or another. That's been my experience. You know,
5 it's the way business -- most people, you know, have the word
6 to let them know when the boss comes around, and that's just
7 kind of a part of this business and many others, I think, too.

8 But the EDO is going to work on that, and we'll see
9 if we can --

10 MR. STELLO: We'll do our best.

11 CHAIRMAN ZECH: Let me just make one brief comment.
12 First of all, as far as I'm concerned, we're dealing here with
13 really a breakdown of management control, which essentially
14 resulted in inattentive operators, which results in unsafe
15 operational conditions at the plant. It's as simple as that.

16 Now to the Staff, I hear what you're doing. I think
17 you're doing the right thing. I would just submit that you
18 carefully review the program, which you're doing. You must be
19 satisfied that it is an adequate program in order to satisfy
20 the Commission. I'd say you must continually monitor the
21 performance as you look at the program. You should continue
22 monitoring the performance of the plant to see if there are any
23 signs of changes of not only competence, but attitudinal
24 changes and other changes.

25 In other words, you should watch for results. Is it

1 changing or not? Are we just talking words, or do you really
2 see actions?

3 There is need for improvement. I mean a real need
4 for improvement. Something has got to change in that
5 organization, and there has got to be a commitment to continue
6 improvement on the part of the Licensee and the people. It's a
7 real challenge that he has, the Licensee has, and that we have
8 to monitor that and provide our advice and counsel, as well as
9 our own assurance that our regulations are being followed.

10 So we have a challenge as well as the Licensee, and
11 it's -- again it's performance that we cannot tolerate. It's
12 got to change. It must change before, I'm sure, this
13 Commission will be satisfied that that plant can restart.

14 Are there any other comments?

15 [No response.]

16 CHAIRMAN ZECH: All right, thank you very much. If
17 not, we stand adjourned.

18 [Whereupon, at 3:50 o'clock, p.m., the Commission
19 meeting was adjourned.]

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1
2 REPORTER'S CERTIFICATE
3


4 This is to certify that the attached events of a
5 meeting of the U.S. Nuclear Regulatory Commission entitled:
6

7 TITLE OF MEETING: Briefing on the Status of Peach Bottom

8 PLACE OF MEETING: Washington, D.C.

9 DATE OF MEETING: Monday, September 14, 1987
10

11 were held as herein appears, and that this is the original
12 transcript thereof for the file of the Commission taken
13 stenographically by me, thereafter reduced to typewriting by
14 me or under the direction of the court reporting company, and
15 that the transcript is a true and accurate record of the
16 foregoing events.
17

18 

19 Ann Riley
20

21
22 Ann Riley & Associates, Ltd.
23
24
25

9/14/87

SCHEDULING NOTES

TITLE: BRIEFING ON THE STATUS OF PEACH BOTTOM

SCHEDULED: 2:00 P.M., MONDAY, SEPTEMBER 14, 1987 (OPEN)

DURATION: APPROX 1-1/2 HRS

PARTICIPANTS: PHILADELPHIA ELECTRIC COMPANY (LICENSEE) 30 MINS

- J.H. AUSTIN, JR.
PRESIDENT AND CHIEF OPERATING OFFICER

- J.S. KEMPER
SENIOR VICE PRESIDENT
ENGINEERING & PRODUCTION

- J.S. GALLAGHER
VICE PRESIDENT
NUCLEAR OPERATIONS

- D. SMITH, MANAGER
PEACH BOTTOM ATOMIC POWER STATION

NRC STAFF 30 MINS

- VICTOR STELLO, JR.
EXECUTIVE DIRECTOR FOR OPERATIONS

- THOMAS MURLEY, DIRECTOR
OFFICE OF NUCLEAR REACTOR REGULATION

- WILLIAM KANE, DIRECTOR
DIVISION OF REACTOR PROJECTS (REGION I)

BRIEFING ON THE STATUS OF PEACH BOTTOM

SEPTEMBER 14, 1987

W. KANE, REGION I

FTS 488-1127

NRC STAFF ACTIVITIES SINCE SHUTDOWN ORDER

- APRIL 10 BRIEFED COMMISSION ON STATUS OF PEACH BOTTOM
- APRIL 14 BRIEFED STATE OF MARYLAND ON STATUS OF PEACH BOTTOM
- MAY 5 CLOSED MEETING WITH LICENSEE ON STATUS OF THEIR
INVESTIGATION (TRANSCRIBED)
- MAY 6 BRIEFED COMMONWEALTH OF PENNSYLVANIA ON
STATUS OF PEACH BOTTOM
- MAY 15 PUBLIC MEETINGS WITH LICENSEE ON
JUNE 17 STATUS OF THEIR INVESTIGATION
JULY 15 (ATTENDED BY STATES)
- JUNE 23 BRIEFED HARFORD COUNTY ON STATUS REPORTS OF
PEACH BOTTOM
- JULY 24 - ISSUED BIWEEKLY PUBLIC STATUS REPORTS
PRESENT ON PEACH BOTTOM ACTIVITIES
- AUGUST 26 PUBLIC MEETING WITH LICENSEE TO DISCUSS ACTION
PLAN (TRANSCRIBED)

PEACH BOTTOM RESTART
ASSESSMENT PANEL ACTIVITIES

AUGUST 11 RESTART ASSESSMENT PANEL ESTABLISHED
 - EVALUATE LICENSEE PLAN
 - COORDINATE REVIEWS/INSPECTIONS
 - MAKE RECOMMENDATIONS

AUGUST 13 INITIAL PANEL MEETING

AUGUST 17 - ISSUE WEEKLY LIST OF ACTIVITIES
PRESENT BRIEF OE, OI, NRR EXECUTIVE TEAM PERIODICALLY

AUGUST 24 COORDINATED FIRST ROUND OF REQUESTS FOR
 INFORMATION FROM LICENSEE

AUGUST 26 MET WITH LICENSEE TO DISCUSS REQUEST
 FOR INFORMATION
 - TEST ROOT CAUSES
 - TEST COMPLETENESS OF RESTART TASKS
 - TEST LOGIC FOR TASK CATEGORY ASSIGNMENTS

SEPT. 11 COORDINATED SECOND ROUND OF REQUESTS
 FOR INFORMATION FROM LICENSEE

PLANNED RESTART REVIEW ACTIVITIES

STAFF REVIEW AND INSPECTION ACTIVITIES

- COMPLETE ACTION PLAN REVIEW PROCESS
- ASSESS LICENSED OPERATOR ATTITUDE AND PERFORMANCE IMPROVEMENT PROGRAM
- VERIFY COMPLETION OF CATEGORY 1 TASKS

INVOLVEMENT WITH PUBLIC AND STATES

- RECEIVE PUBLIC COMMENTS AT MEETINGS IN MARYLAND AND PENNSYLVANIA
- OBTAIN WRITTEN COMMENTS FROM MARYLAND AND PENNSYLVANIA

PANEL RECOMMENDATION FOR RESTART

BRIEF COMMISSION ON READINESS FOR RESTART

PEACH BOTTOM RESTART REVIEW PANEL

CHAIRMAN

WILLIAM KANE, DIRECTOR, DIVISION OF REACTOR
PROJECTS, REGION I

VICE CHAIRMAN

BRUCE BOGER, ASSISTANT DIRECTOR, REGION I
REACTORS, NRR

MEMBERS

WILLIAM REGAN, CHIEF, HUMAN FACTORS
ASSESSMENT BRANCH, NRR

EDWARD WENZINGER, CHIEF, PROJECTS BRANCH 2,
REGION I

ROBERT GALLO, CHIEF, OPERATIONS BRANCH,
REGION I

RONALD BELLAMY, CHIEF, RADIOLOGICAL
PROTECTION AND EMERGENCY PREPAREDNESS
BRANCH, REGION I

JAMES LINVILLE, CHIEF, PROJECTS SECTION 2A,
REGION I

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Meeting Title: Briefing on the Status of
Peach Bottom

Meeting Date: 9/14/87 Open Closed

Item Description*	Copies Advanced to PDR	DCS Copy
1. TRANSCRIPT <u>w/ scheduling notes</u> <u>& mimeographs</u>	<u>1</u>	<u>1</u>
2. <u>Letter Russell to</u> <u>Austin dtd 9/11/87</u>	<u>1</u>	<u>1</u>
3. _____	_____	_____
4. _____	_____	_____
5. _____	_____	_____
6. _____	_____	_____

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