

Docket No. 50-341

March 15, 1989

Mr. Walter J. McCarthy, Jr.
Chairman and Chief Executive
Officer
Detroit Edison Company
2000 Second Avenue
Detroit, Michigan 48226

Dear Mr. McCarthy:

SUBJECT: DETROIT EDISON RESPONSE TO THE DIAGNOSTIC EVALUATION TEAM
REPORT ON FERMI 2

Our letter of November 16, 1988, forwarded the Diagnostic Evaluation Team (DET) report on Fermi 2 and requested that you provide integrated plans for improvement within 60 days. We also requested that you specify the actions needed to address the eight areas identified in the report as requiring additional management attention, giving due consideration to the evaluation results of Section 2 of the report.

We have reviewed your response of January 17, 1989, and have provided our comments and concerns about these eight areas in the enclosure. Please plan to respond to these comments and concerns at the meeting with senior NRC managers that Region III is scheduling, subject to your readiness to discuss the Fermi Five-Year Plan.

We will continue to monitor your progress in upgrading your performance in the eight major areas previously mentioned, and will monitor the actions you are taking to address the specific weakness detailed in Section 2 of the DET report.

Sincerely,

Original signed by
Victor Stello, Jr.
Victor Stello, Jr.
Executive Director for Operations

Enclosures: As stated

See Attached Distribution

*See previous concurrence

*RIII	*RIII	*RIII	*RIII	*AEOD	*NRR	*NRR
Cooper/jp	Knop	Greenman	Davis	Jordan	Holahan	Varga
2/24/89	2/24/89	2/24/89	2/27/89	3/8/89	3/7/89	3/9/89

*NRR
Mortey
3/10/89

DEOS
Taylor
3/12/89

EDO
Stello
3/14/89

8903240001 890315
PDR ADDOCK 05000341
P PDC

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Mr. Walter J. McCarthy

2

March 15, 1989

cc w/enclosure:

Patricia Anthony, Licensing

P. A. Marquardt, Corporate

Legal Department

Harry H. Voight, Esq.

March 15, 1989

Distribution

cc w/enclosure:
Patricia Anthony
P. A. Marquardt
Harry H. Voight, Esq.
Licensing Fee Management Branch
DCS
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JClifford
DOA R/F
ELJordan, AEOD
RLSpessard, AEOD
DAllison, AEOD
CWBurger, RII
MECashatt, TTC
RGFreeman, AEOD
LGarner, RII
SCGuthrie, NRR
EJLeeds, AEOD
ATHowell, RIV
WDLanning, NRR
RLLloyd, AEOD
TEMurley, NRR
RLPerch, AEOD
JPStewart, RIV
ABSutthoff, NRC Contractor
DJSullivan, AEOD
JMTaylor, EDO (w/o enclosure)
PThurmond, NRC Contractor
JMWert, NRC Contractor
KPWolley, AEOD
FIYoung, RI
MCalahan, CA
JFouchard, PA
WTRussell, Regional Administrator, RI
SEbnetter, Regional Administrator, RII
ABDavis, Regional Administrator, RIII
RDMartin, Regional Administrator, RIV
JBMartin, Regional Administrator, RV
PDR
EDO R/F
AEOD R/F
DEIIB R/F
CJHeltemes, AEOD
SDRubin, AEOD
HABailey, AEOD
Fermi-2 Service List
EDO-4200
VStello
HThompson

COMMENTS/CONCERNS

1. Organizational Stability

We are pleased to note that you are well on your way to achieving organizational stability. We recognize that since your letter was written, you have permanently filled the positions of outage manager and supervisor, systems engineering. We view these two positions as critical to your success in safely and efficiently accomplishing your first refueling outage, as well as strengthening and defining the role of system engineers in supporting plant organizations, particularly Operations. We encourage you to quickly fill the remaining system engineer positions with experienced individuals and aggressively pursue your qualification and certification program for these individuals.

2. Effectiveness of First and Second Line Supervisors

Because of the relative newness of the supervisory initiatives that you are implementing with the exception of the PRIDE program, we reserve judgment on the success of these initiatives until they have been implemented for a period of time in which supervisory performance improvements are evident. We note that the PRIDE program, although it appears to be an effective tool in concept, has been in place since 1986 and appears to have been only partially effective in upgrading operator performance based on multiple and significant events attributed to operator error and control of operations evolutions, as well as the relatively slow progress in operator performance improvements. This, as well as the other initiatives that you are taking to upgrade the performance of first and second line supervisors, will only be successful if you establish feedback mechanisms and performance measures and review these periodically to assess program effectiveness. Furthermore, you should establish an accelerated schedule for implementation of these initiatives to enable the benefit of these programs to be effected as soon as possible.

Although not specifically applicable to the training of first and second line supervisors, the team noted in subsection 2.1.1.11 of the report that you have no plans in place for training of intermediate (middle) and executive management. Although we agree that training to upgrade the effectiveness of first and second line supervisors merits a high priority, you should, nevertheless, be working to develop, schedule, and implement training for higher level management positions.

3. Organizational Climate

Although we recognize that initiatives you are taking to increase management attention in the eight major areas cited in the DET report will improve the organizational climate, we found your response to this area weak and lacking in detail. We expected that your response would particularly address some of the pertinent weaknesses identified by the team in Section 2.1.1 of the report. Specifically, you did not address the actions that you will take to:

- ° Improve upward communication in the organization (Paragraph 2.1.1.2.)
- ° Utilize the Corporate Employee Relations group to communicate management programs and personnel policies (Paragraph 2.1.1.3.)
- ° Improve the regularity of feedback to employees concerning their performance against Annual Work Plans (Paragraph 2.1.1.6.)
- ° Extend Fermi plant operating knowledge into organizational units outside of Operations (Paragraph 2.1.1.10.)
- ° Resolve the micro-management of day-to-day business matters by upper managers and increase the downward delegation of responsibility and authority throughout the organization (Paragraph 2.1.1.14.)

In our view, your success in satisfactorily resolving these and other similar issues will be a significant factor in improving the organizational climate at Fermi.

4. Fragmented/Overlapping Engineering Support

Although we are encouraged that the Nuclear Engineering/Nuclear Production Task Force is progressing in its efforts to clearly define the interface responsibilities between Nuclear Engineering and the Technical Engineering Group as well as explore areas within the Technical Engineering function where design control activities might be shared, your response was lacking in a discussion of the actions you are taking to achieve these objectives. Since it appears that at the time of the development of your letter response these objectives were, on the average, 80% complete, we expected your response to include a discussion of the possible alternatives that might be implemented to achieve the stated objectives, as well as a schedule for implementation.

5. Fix Known Equipment Problems

The strategies discussed appear reasonable, but aggressive implementation and management followup will be key factors in achieving timely identification and fixes for equipment problems. Also key to your success in this area is the resolution of the division of responsibilities between Nuclear and Technical Engineering; the development of a strong systems engineering organization; the improvement of communications among the Maintenance, Engineering, and Operations organizations; the improvement in the availability of spare parts; the improvement of the planning and scheduling process to integrate surveillance, maintenance, and modification activities on a given system or component to minimize the frequent unavailability of safety systems; and the identification and dedication of maintenance resources appropriate to the effort.

6. Set Priorities According to Plant Needs/Effective Use of Resources

Although we recognize that your Five Year Plan will set priorities according to plant needs and will be resource-loaded, we are also aware of your poor past performance in implementing what appeared to be well

developed and targeted plans and programs. Therefore, we encourage you to develop and implement a performance-based monitoring system to ensure the success of the implementation of the Five Year Plan. This system should involve all levels of management and be periodically reviewed by the highest levels of Fermi management to ensure that attention is focused on the success of the implementation of the Five Year Plan.

Although your response touched on the resource issue and specifically addressed resources in the outage management and engineering areas, it did not address your plans for dealing with your strained maintenance resources, as evidenced by your inability to accomplish balance-of-plant preventive maintenance activities. We are aware that you are taking some initiatives to review and revise your preventive maintenance program to retain necessary and technically justifiable preventive maintenance activities and discontinue those that are apparently excessive, redundant, or unnecessary. While it is conceivable that this effort may result in an overall reduction of preventive maintenance activities such that your current maintenance complement could provide resources sufficient to accomplish all scheduled maintenance activities, nevertheless, we encourage you to review your maintenance resources to ensure that you are able to maintain the availability and reliability of necessary plant systems and equipment, both now and as you transition to the revised preventive maintenance program.

7. Effectiveness of Operator Training Programs

The following are comments specific to individual line item responses that you provided in your discussion of initiatives to improve this area:

- ° Item (a) under 1988 actions concerns updating the "systems" student text for operator training. It did not appear to the team that you were applying sufficient resources to this task, nor was it evident that you have a plan to periodically effect future updates as necessary.
- ° Item (a) under 1989 actions concerns the improvement of simulator instructors' skills, but does not specify what you are doing to effect the improvement.
- ° Item (c)(iii) under 1989 actions concerns the addition of a third person at the instructor's station at the simulator. The team found that a second person was already required to be utilized at the instructor's station, but was frequently not present during unannounced visits. This would imply that you should conduct a review of the division of responsibilities among these individuals to ascertain their effectiveness, as well as monitor their performance to achieve expected results.
- ° Item (h) under 1989 actions concerns the addition of time for earlier classroom presentation preparation to facilitate more effective use of Technical Specification case studies. The DET report identified in Section 3.2.7.3, three specific weaknesses in the implementation of the Technical Specification Training program that you did not address in your response.

- ° Item (e) under 1987 actions concerns strengthening of administrative controls for training material. Based on the findings of the team in this area, your 1987 initiative appears to have been ineffective; therefore, your list of actions you have planned for 1989 should address how you intend to improve this area.

In our review of your response against the weaknesses identified in Section 2.1.2 of the report, we find your response lacking in addressing two areas involved with non-technical operator deficiencies that require training to upgrade performance.

- ° Paragraph 2.1.2.3 identified a problem with the top-down style of on-shift management stifling the initiative of the Nuclear Supervising Operator and disengaging the Nuclear Shift Supervisor and his assistant from the decision-making process.
- ° Paragraph 2.1.2.7 identified a communications problem between Operations and the Engineering and Licensing organizations such that operators look inward to resolve problems rather than to these support organizations.

We note that in your terminating the Control Room Evolution Evaluation Program, you were considering ways to assess operator/shift performance on an ongoing basis within the Operations organization as a carryover of the Program into normal shift routine. Although you don't specifically address the results of your deliberations in this area in your response to the DET report, we are encouraged that you have seen fit to incorporate some important ongoing aspects of the Program into Operations Practice Standard 108 pursuant to your January 28, 1989 letter to the Region III Administrator.



UNITED STATES
NUCLEAR REGULATORY COMMISSION
WASHINGTON, D. C. 20555

EDO Principal Correspondence Control

FROM:

DUE:

EDO CONTROL: 0004200
DOC DT: 01/17/89
FINAL REPLY:

B. Ralph Sylvia
Detroit Edison

TO:

Victor Stello

FOR SIGNATURE OF:

** GRN **

CRC NO:

DESC:

RESPONSE TO DIAGNOSTIC EVALUATION TEAM REPORT

DATE: 01/19/89

ASSIGNED TO: *R III*
AEOD

CONTACT: *Davis*
Jordan

ROUTING:

Stello
Taylor
Blaha
Murley
Davis, RIII

SPECIAL INSTRUCTIONS OR REMARKS:
For Appropriate Action

OBTAIN INPUT FROM NRR & AEOD.

ACB