

UNITED STATES OF AMERICA  
NUCLEAR REGULATORY COMMISSION

- - -  
BRIEFING ON MILLSTONE BY  
NORTHEAST UTILITIES AND NRC

- - -  
PUBLIC MEETING

Nuclear Regulatory Commission  
One White Flint North  
Rockville, Maryland

Thursday, January 30, 1997

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

COMMISSIONERS PRESENT:

- SHIRLEY A. JACKSON, Chairman of the Commission
- KENNETH C. ROGERS, Commissioner
- GRETA J. DICUS, Commissioner
- NILS J. DIAZ, Commissioner
- EDWARD McGAFFIGAN, JR., Commissioner

STAFF AND PRESENTERS SEATED AT THE COMMISSION TABLE:

- JOHN C. HOYLE, Secretary of the Commission
- KAREN D. CYR, General Counsel

NORTHEAST UTILITIES:

- BRUCE KENYON, President and CEO
- DAVE GOEBEL, VP, Nuclear Oversight
- JAY THAYER, Recovery Officer, Nuclear Engineering and Support
- JACK McELWAIN, Recovery Officer, Millstone Unit 1
- MARTIN BOWLING, Recovery Officer, Millstone Unit 2
- MIKE BROTHERS, VP and Recovery Officer, Millstone Unit 3

NRC STAFF:

- HUGH L. THOMPSON, JR., Acting EDO
- FRANK MIRAGLIA, Acting Director, NRR
- EUGENE IMBRO, Deputy Director for ICAVP, SPO, NRR
- WAYNE LANNING, Deputy Director for Inspections, SPO, NRR
- PHILLIP McKEE, Deputy Director for Licensing and Oversight, SPO, NRR

P R O C E E D I N G S

[10:00 a.m.]

CHAIRMAN JACKSON: Good morning, ladies and gentlemen. The purpose of this meeting is for the Commission to be briefed on the status of activities related to the three Millstone Nuclear Power Plants. The Commission will hear presentations today from both Northeast Utilities and the NRC staff.

Millstone Unit 1 has been shut down for approximately 15 months and Units 2 and 3 are approaching

being shut down for one year.

All three of the Millstone units were placed on the NRC's watch list in January 1966, and in fact the NRC has stated that this action in retrospect was late in occurring.

The units were recategorized as Category III plants in June of 1996. This action necessitates Commission approval for restart of each of the units.

The NRC in November of last year created a new organization, the Special Projects Office, to have responsibility for all licensing and inspection activities at Millstone to support an NRC decision on the restart of those units.

This Commission meeting is the first of what are planned to be quarterly meetings to assess the status of

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activities at the sites. The Commission is interested in the recovery process the licensee is employing, the root causes of the deficiencies and how these are being corrected, and indicators and measurement tools the licensee is using to verify progress.

The Commission has recently reviewed an NRC staff paper entitled the Millstone Restart Process, which is being made publicly available today.

The Commission looks forward to the staff's presentation in addition to the licensee's. We are particularly interested in hearing from the staff on their planned oversight process for restart of the Millstone units.

I understand that copies of the presentation materials are available at the entrance to the meeting.

Unless the Commissioners have any comments, Mr. Kenyon, please.

MR. KENYON: Thank you, Chairman Jackson, Commissioners. For the record, my name is Bruce Kenyon. I'm President and CEO of Northeast Nuclear. I have been in that position since September of 1996. Previously I was President and Chief Operating Officer of South Carolina Electric and Gas, which included responsibilities for the V.C. Summer Plant.

Prior to six years at SCE&G, I was 14 years at

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PP&L in various positions, including being Senior Vice President-Nuclear, and responsible for the Susquehanna units. I was previously with Northeast Utilities, six years there, senior license on both Millstone Unit 1 and Unit 2, and I have navy experience as well.

My current challenge obviously is to fix Northeast's nuclear program and recover the Millstone units.

Before discussing the status of the recovery efforts and a review of certain issues that we want to address today, I would like to make some introductions.

Seated with me is Jack McElwain from PECO. He has been Director of Outage Management, but he's with us as the Recovery Officer on Millstone Unit 1.

Marty Bowling. He's Virginia Power Manager of Nuclear Licensing, but he's here with us heading a team as Recovery Officer of Unit 2.

Mike Brothers is seated at the table. Mike is assuming the position of Recovery Officer of Millstone Unit 3. He succeeds John Paul Cowan, who is Vice President of Operations and Engineering Support. He has been loaned from CP&L. As I think you are aware, he's taking an officer position at Crystal River, but he is here in the audience.

Also seated at the table is Jay Thayer. Jay is on loan from Yankee Atomic, Vice President and Manager of Operations, and he's filling the position with us of Vice President of Engineering and Support.

Also seated at the table is Dave Goebel. He's a recently retired rear admiral and he is Vice President of Oversight.

We have a lot of others in the audience from Northeast Utilities, but I wish to point out that Bernie Fox is seated behind me; Chairman, President and CEO.

Also, George Davis chairs the advisory team to the Nuclear Committee of NU's Board of Trustees. George is a former navy vice admiral and previously CEO of Boston Edison.

[Slide.]

MR. KENYON: The agenda slide indicates what we would like to do for the first of what you've already indicated would be a series of quarterly presentations to the Commission regarding our efforts to recover the Millstone units.

For my portion of the agenda, and particularly since this is the first of several meetings to talk about where we are in our progress, I thought I would start by giving you my assessment of the root causes of the Millstone performance problems. I want to highlight the actions that have been taken to address root causes and indicate the progress we're making, and then as part of all that I want to discuss certain issues that I think are relevant for this particular meeting.

Other agenda topics will include Jay Thayer giving you a status of efforts to reestablish the licensing and design basis for each unit.

Dave Goebel, status of efforts to resolve employee concerns issues.

Jack McElwain, status of efforts to establish an effective corrective action program.

Clearly there are a number of other issues that we could talk about today, but in the interest of time those are the issues that we selected that we thought would be most relevant for this meeting. As we have other meetings, we will want to discuss other issues as well.

[Slide.]

MR. KENYON: Beginning with root causes, in my judgment the fundamental problem was leadership. This was manifested through four principal failures.

A failure to set and maintain high standards. By that I mean instead of seeking standards of excellence, the organization along the way defaulted to regulatory minimums. The organization stopped benchmarking other utilities. As I think we all understand, if the best you are doing is aiming for regulatory minimums, then at some point you fall short.

The second was a failure to establish clear accountabilities. The organization historically pursued a

highly centralized organization, more recently called the Power of Five concept. You can organize a lot of different ways, but this particular approach had the significant disadvantage of not establishing and enforcing in a good sense who was accountable for what.

As an example, if you are responsible for one of the Millstone units as a unit director, in my judgment that

individual did really not have the full accountability that that individual needed to have, did not have engineering resources, did not have licensing resources, did not have a lot of things to really make that person accountable. So what you wound up with was a situation where accountabilities did not truly come together until you got to the top of the organization, and that was just too far away from where the accountability needed to be.

There was also a failure to develop efficient processes. The organization sought to solve problems by developing additional controls as opposed to understanding what the real problem was and solving the real problem. They endeavored to prevent problems through controls on top of controls on top of controls. The effect of this was over time to make the processes by which you do work increasingly inefficient and harder to get things done. Over time there was a huge backlog of items not being accomplished, and this gave rise to quite a number of employee concerns, as you

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would understand.

Finally, there was a failure to identify true root causes. The fundamental problem was leadership. The leadership at that time didn't recognize that the fundamental problem was them, and thus they endeavored to pursue a lot of other things without the real problem being solved.

So the picture that I think characterized the Northeast Nuclear situation, particularly the Millstone situation, was one of deteriorating performance, low standards, falling further and further behind the industry, a growing backlog of important work not accomplished, unclear accountabilities as to who should fix what, a lack of understanding of the true problems, increase in employee concerns with some high profile cases not well handled, growing supervisor and manager frustration, and thus, in spite of many efforts and many programs to try and address that, the organization, at least at the time I arrived, was as close to a dysfunctional organization as I have ever encountered.

Correcting a leadership problem requires new leadership.

[Slide.]

MR. KENYON: By new leadership, I don't mean one or two individuals, but a substantial infusion. What we

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have is a new officer team. Every person at this table is new. We have two new hires, four loaned, shifting a little bit with one loaned individual leaving and Mike Brothers picking up that responsibility. As was announced last week, we have a new chief nuclear officer for Millstone, Buzz Carnes. He's coming from Wolf Creek. He spent a few days at the plant this week, but he really reports in halfway through next week and will be able to do a lot for us.

CHAIRMAN JACKSON: What's your current estimate of when these various recovery teams will hand off the baton, as it were, to permanent management teams?

MR. KENYON: It's coincidental, because we have been working on the agreements, but going out this morning is a press release indicating the following:

In the case of Unit 1, PECO has agreed to provide a recovery team to manage the activities on Unit 1 on a long-term basis, meaning through startup into operation for a period of time of at least two years with the opportunity to renew.

CHAIRMAN JACKSON: Two years from now or two years from startup?

MR. KENYON: Two years from March 1, to be precise. But again, options to renew. Thus, what I'm saying is that they've agreed to stay as long as we need them to stay. In both these cases what we have is a letter .

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of intent. We have some contractual details to work out, but we have a signed letter of intent.

Also, on Unit 2, with Virginia Power to do exactly the same thing. In other words, at least two years starting from March 1 provide the recovery team, the leadership team on Unit 2.

CHAIRMAN JACKSON: Does that involve the individuals who are sitting at the table?

MR. KENYON: Yes, it does. It will not necessarily involve every Virginia Power or PECO individual that is currently. We may shift some.

CHAIRMAN JACKSON: But the team leadership is not anticipated to change?

MR. KENYON: That's right. The team leadership that you see here sitting at the table is the team leadership that is going to take these units through start up and into operation. We are very pleased with that.

On Unit 3, we are transitioning from a CP&L led team to an NU led team, and that NU led team will be led by Mike Brothers. CP&L will be transitioning out. They are willing to leave a few people on a longer term basis but not a full team. Thus, we will supplement an NU led organization on Unit 3 with one or two or three CP&L individuals.

In addition, as is going on with the other two

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utilities that are supporting us, CP&L is going to continue the practice of sending a very senior nuclear individual to the site on a monthly basis to look at what is going on and be in a sense in an ongoing advisory capacity to us as to how they see things going.

Also, CP&L is willing to provide support in other ways, such as access to programs, such as a willingness to have our people continue the practice of going and visiting their plants so our folks can see how it's done somewhere else; access to programs and procedures.

I want to be sure that the impression is not left that CP&L is just walking away. They're not. I'm comfortable, but I concluded that the right thing to do was transition only one unit at this point and then transition the other two units after startup, well into operation, transition the units one at a time, not have on a Friday a whole team there and then on Monday a whole team gone, but gradually replace people so that both myself and obviously the NRC can be assured that we are going to make a very gradual and careful transition in leadership continuity.

CHAIRMAN JACKSON: What impact has this transition had on Millstone and your restart plans there on Unit 3?

MR. KENYON: On Unit 3, contrary to what some people have speculated -- they speculated that CP&L transitioning out will be a major setback. I don't see that

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at all. I think we've got a plan in place.

I need to remind you what the initial commitment was. It was to come in for six months. It's just John Cowan that's leaving at this point. The rest of the CP&L

team is there and will be there through the six months and then phased out after that. So we have a recovery plan in place that was put together by John and CP&L folks and Mike Brothers.

Mike is an individual who is highly regarded by employees, by the public that knows him, by the NRC folks, as I understand it, who know him, certainly by myself, and I think we can achieve a very smooth transition here. I don't see any significant loss of momentum, and thus I think we fully intend to just keep right on doing what we need to do.

CHAIRMAN JACKSON: Okay.

MR. KENYON: In responding to your question I gave a sense as to what the recovery teams are doing. What I was indicating was that what they do is a lot more than simply have a management team in place. By virtue of the fact that they are here, they provide access to their home companies' programs, their procedures, a working model of what standards should be and how they work.

So there is a lot more going on than simply having parachuted some folks in who are filling some leadership positions. There are Northeast Utilities folks, operators,

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shift supervisors, whatever, going back to those utilities and seeing how things work there. That has been a very important aspect.

As I mentioned earlier, the company had stopped benchmarking, but what is going on now is a lot of interaction. Not solely with these supporting utilities, but with others to get out and see how the industry really does things. That has just opened individual's eyes.

COMMISSIONER ROGERS: Roughly how many people from each of the units have actually gone off site to look?

MR. KENYON: One hundred.

COMMISSIONER ROGERS: All told or from each site?

MR. McELWAIN: A relative number. About 100 from a site.

COMMISSIONER ROGERS: From a site?

MR. McELWAIN: The whole site.

MR. KENYON: Millstone, yes. It's not a practice that, well, we did it, and that's the end of it. It's one that we do as we need to do.

CHAIRMAN JACKSON: You are going to march us through various things in terms of the higher order look, but the highest order look involves the board itself.

MR. KENYON: Yes.

CHAIRMAN JACKSON: What confidence do we have that the board is on board and fully supportive of what you are

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outlining here?

MR. KENYON: First of all, I would not have taken this position if I did not feel I had the full confidence and support of not just Bernie as CEO of Northeast Utilities, but also the board.

CHAIRMAN JACKSON: Can I get Mr. Fox to speak to that? I think it's important that the Commission hear from you.

MR. KENYON: Yes. Do you want me to give my answer?

CHAIRMAN JACKSON: I want both of your answers.

MR. KENYON: I'll answer and then I'll pass it.

I would not have taken the position if I didn't feel comfortable that I had the full support. I felt very comfortable. I had it from Bernie Fox. I wanted and did meet with a large number of the trustees prior to taking the

job, outlining what I thought the problems were, what I thought I needed to do, and were they supportive of the game plan. The response to that has been very positive.

As I think you are aware, the trustees formed a Nuclear Committee. The Nuclear Committee meets twice a month, which is quite unusual for this kind of thing. Once by phone, once in person. The Nuclear Committee periodically comes to the site.

As it happens, this was scheduled before this

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meeting was scheduled. You're smiling, but it's true. The Nuclear Committee met yesterday at Millstone, spent a full day, got briefings from all the recovery officers, took the time as part of their agenda to split up into teams, to go into each unit, talk to managers, meet with employees, get reactions, get their own direct impressions as to what is going on and how well it's going on.

In addition, the Nuclear Committee has input from George Davis and the Nuclear Committee advisory team. That's a strong group of consultants. They are critically looking at all of Northeast's nuclear plants on a regular basis and they are providing separate, independent reports to the committee as to what they see are the issues and whether or not George and his group feel that the appropriate actions are being taken.

The points I am making are, first of all, they are fully supportive. I've got a budget to do what needs to be done that is almost embarrassing in terms of the amount of money it involves, and they are very engaged in looking at what is happening, questioning what is going on, and receiving a lot of input. So I am extremely comfortable that the trustees as well as Bernie are fully supportive of doing what is necessary to get these units where they need to be, ready to operate, and that they can be carried forward in a safe and reliable fashion.

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I will pass.

CHAIRMAN JACKSON: Let me hear from Mr. Fox on behalf of himself and the board.

MR. FOX: Dr. Jackson, obviously I'm not going to repeat many of things that Bruce Kenyon just mentioned, but our very vigorous effort, both mine as the CEO and the board's in their role as fiduciaries and as leaders of the corporation, has been to demonstrated both by word and presence full engagement and full support of Bruce, full support demonstrated by the resources being made available. And you're fully aware and I'm sure everyone in this room is fully aware that that is a challenge, but it's a challenge that we are committed to rising to.

In addition to that presence, by not only double meetings of the board committee twice a month, but full briefings of the entire board by the committee chair as well as by Bruce on a monthly basis.

As he mentioned, it happened that our board committee had been scheduled to be at Millstone for a full day yesterday. And they were. Right now our plans call for the committee of the board to spend a full day at Seabrook next month. So we also recognize that although the high focus is on the challenges at Millstone that we have other nuclear facilities and we have to be sure that those nuclear facilities also have the proper level of attention.

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CHAIRMAN JACKSON: Thank you.

MR. KENYON: In bringing in a new leadership team -- this is really what is happening to address the fundamental problems -- what this leadership team needs to do. I just want to emphasize this. Part of the issue has been standards. So this team has to bring in what are the right standards, set those standards, enforce those standards. We have got to fix the processes that are not efficient.

With regard to incumbent NU nuclear leadership, we need to determine who are part of the solution -- in other words, a keeper -- and who are not, and act aggressively. We frankly do not have a lot of time for a whole bunch of folks to have a get-well program. Either they pretty much know what they need to do and can enforce the right standards and the right accountabilities and manage this well, or we've got to get folks who can.

We clearly need to create a proper climate for employee concerns, but our overall challenge is -- and this is really what is most important -- we need to fundamentally change how Northeast Nuclear functions.

I had intended to talk about the issue of leadership continuity. I think we have covered that on the basis of your question.

Another issue I wanted to address with you is the . 19  
issue of leadership consistency, a little bit different than the question of continuity.

In bringing in three teams, they are obviously coming from different utilities. There are some differences in how those utilities do business. Those differences have turned out not to be huge. They are very modest difference in cultures. I am not insisting on an identical approach for each unit, but I do want the differences to be differences that I can rationalize and feel comfortable with.

It has been a challenge to do that and a lot of the other things that I'm doing. As I already mentioned, hiring Buzz Carnes, bringing him in as Chief Nuclear Officer, having the three recovery officers as well as Jay Thayer and an officer who is responsible for some other support functions, really the Millstone leadership team at an officer level all reporting to Buzz Carnes. Dave Goebel as the Vice President of Oversight will continue to report to me because he has responsibilities for more than just Millstone.

The intention here is to have a strong senior level person that will assist in leading the recovery of these units, ensure that we have a reasonable consistency of standards across the units, and certainly pay very careful attention to the management transitions.

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I made the statement earlier that our most important challenge, in my judgment, is not so much the execution of the particular items in the recovery plan, but really the most important challenge is fundamentally changing how NU functions. We, the leadership team, have spent a fair amount of time talking about what are the most important objectives that we need to accomplish in order to make that fundamental change in how NU functions.

[Slide.]

MR. KENYON: We have identified seven success objectives as being the seven items that we believe are the most important. We're not saying there aren't others, but these are our top seven, so to speak.



We must be an organization with high standards and clear accountabilities. I'm going to elaborate on each of these. That means that we have incorporated maybe not all but many of the best practices from other utilities. It means that we are regularly benchmarking with other nuclear utilities. It means that we have indicators that show strong improvement toward excellence. I don't expect us to be at excellence by the time we are ready to start up, but we should be well on the way. And certainly we are meeting our commitments.

Second, we must have a strong nuclear safety philosophy, which means to me careful adherence to high

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safety standards and conservative decision-making.

We must have an effective self-assessment process. That is not just oversight. That is also line management being able to critically look at what is going on, identify and deal with problems. I think the fundamental measure there that I would want and I think you would want is to the extent that there are problems we find them, and you can have confidence that we know how to find problems and deal with them.

We must have an effective corrective action process, which means problems are prioritized and resolved in a timely manner, and that we have improved regulatory performance as demonstrated by decreasing violations and licensee event reports.

CHAIRMAN JACKSON: Let me ask you two questions.

One is, what is your assessment of plant personnel embracing the need for change?

Number one, so that we are not just talking philosophically, in the course of your discussion are you going to speak with any degree of specificity with respect to what evidence there is of progress with respect to self-assessment and effective corrective action?

MR. KENYON: Let me deal with the second question first. One of our additional presentations is corrective action. So we are going to talk about what we are doing and

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the progress there. We have another presentation on employee concerns and the progress we are making there. We flagged talking about the issue of oversight and we just concluded we didn't have time in the agenda, but certainly if you would like to talk more about that in deference to something else, Dave Goebel can address it.

As to your first question on employees and the extent to which they embrace change, certainly what you have in any employee population is a continuum of opinion from those who clearly embrace it and are enthusiastic and let's get on with it. I find at the worker level the employees want to get on with it: let's do what we need to do. If things haven't been right, they accept it. When you're on the watch list, when the plants are shut down, when you know you can't start up, when you know you can't be in this situation forever, I would say the workers are very enthusiastic.

The layer that I'm more concerned about is what I would characterize as middle management below this new leadership team, above the employees who basically want to get on and get things done. I think in that middle management layer we have a mixture of folks, some who are very good, committed to do it, some who need to be told, and we are telling them what's the standard, here's how we want

you to do business; we are going to hold you accountable to

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it.

I think we have some who are fairly entrenched in a historic way of doing business which we have to fix. Well, we'll fix it. The question is, do we fix it by teaching them how to do it or do we fix it by putting somebody else in the position?

I think we are making good progress in reaching the broader population. I don't think we have at this point as much of a sense of urgency as I think we need to have, and we are working on that. I don't think we have at this point all our employees fully understanding the game plan, and we are working hard at communicating that. But in general we are not meeting any substantial degree of resistance to the need to change. Employees know that Millstone isn't in good shape and it needs to be in good shape or they're not going to have jobs.

[Slide.]

MR. KENYON: Item five is reconstituted licensing and design bases with a process to ensure that they are properly maintained. We'll all know that on the basis of the ICAVP contractor determining that the bases have been restored. We also obviously have to demonstrate that we have implemented effective configuration control processes.

Six is an environment that supports the identification and effective resolution of employee

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concerns. This will be characterized by very open and candid communication with employees, timely resolution of employee safety concerns, and certainly, per your order, an independent review of the employee concerns program and whether or not it has reached a state of effectiveness.

Finally, number seven is a commitment to achieve excellence in nuclear operations. What this means to us is that we will have to find what excellence means to us. We will have a plan developed as to how we are going to achieve excellence. There will be demonstrated good progress, particularly on longstanding issues, and certainly issues important to startup have been resolved.

CHAIRMAN JACKSON: That progress is important, because every nuclear executive talks about commitment to excellence. Excellence is as excellence does.

MR. KENYON: That's right. I don't disagree at all.

Finally, we need to be able to show and demonstrate that we have the resource commitments that meet or exceed those of similar well run units.

I believe these seven objectives broadly capture the most important aspects of what needs to be done to fundamentally change how this organization functions.

[Slide.]

MR. KENYON: To talk briefly about the recovery

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plans, they consist of certain major elements. I want to link as I go through this the success objectives with the elements of the recovery plans. The recovery plans were developed on a unit by unit basis.

Recovery plans are laid out to achieve system readiness, which means the licensing and design bases are recovered. That's success objective number five, and that will be the subject of a presentation.

The necessary design changes have been made; system drawings are updated; operating, maintenance and test

procedures are where they ought to be and properly reflect the design basis; the material conditions of systems and equipment is proper, meaning corrective maintenance has been accomplished; preventive maintenance is current.

That's system readiness, but we all know there is a lot more to restart than simply the systems being ready.

The second item, and this captures a lot of these other objectives, is organizational readiness. This is to ensure that the broader aspects of the Millstone organization are ready to support safe and reliable operation. This means that we have set the appropriate standards.

We are holding individuals accountable. That's success objective number one.

We've established a strong nuclear safety

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philosophy and people can see it in the decisions that are made.

We have effective self-assessment.

We have an effective corrective action program.

We have the proper employee concerns environment, a long-range commitment to excellence.

A lot of these success objectives go into establishing that the organization is ready.

There also needs to be operational readiness.

This ensures that the systems and operating personnel are in a final state of readiness. We'll talk more about this in a future briefing. At a high level it means systems are operable; it means the personnel have been trained; their qualifications have been updated as appropriate; we've done some special things to compensate for the fact that the units have been shut down for a long time; we have the right staffing.

Regulatory readiness means that all the commitments that we made that are necessary to support startup have been met. There is a good track record in this regard, and it's characterized by extensive review and interaction with the NRC at many levels in order to support a rebuilding of regulatory confidence.

Finally, communications readiness. Here the objective is that, first of all, our employees have a good

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collective understanding of what we are doing and why, particularly our standards. We have clearly communicated in an open way.

There are a lot of ways you can look at this, but the fundamental measure is on the basis of face to face communication. I have the best sense of what is going on by going out in the organization and talking to people and looking at their attitudes, listening to their questions, seeing what they are concerned about. That's how I judge them.

CHAIRMAN JACKSON: Let me ask you this question, Mr. Kenyon. Since in many ways communications in that whole area are at the heart of how you deal with employee concerns, and we are going to hear about that, you have the face to face opportunity and you can have some comfort relative to what your organization's state of readiness is in that area. How are you going to communicate it to the public and to us relative to a restart decision?

MR. KENYON: First of all, with regard to the public, we are commencing a series of public meetings every four to six weeks. The first one is in February. I'm not

sure I'm remembering off the top of my head the date. In fact, I think we actually have two in February. A series of public meetings. They are going to be topic-based.

The first one is going to be employee concerns,

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but we are going to have other topics that we think would be of interest to the public. We are going to invite the whole world. We are going to have a leadership team; we are going to have employees, depending on what the topic is.

For example, we have had this employee concerns task force working on what is a good employee concerns program. At this meeting where we go through the employee concerns issues we are going to have members of the employee concerns task force participate in the communication of what we are doing and how we are doing it.

So with regard to the public, it's a series of meetings, and we'll do this for as long as it's productive. We just have to communicate, communicate, communicate.

CHAIRMAN JACKSON: Do you have metrics to measure success?

MR. KENYON: We have public opinion measures that we take on a monthly basis. I think these measures can be refined, but we do that.

This is more subjective. The reality is most of the public believes that there is a new leadership team in place. My interaction with the public has been very positive; my interaction with the media has been very positive; and thus the general public is quite supportive of "we want the units run well, we want the units run safely, demonstrate that you can do that, bring these units back."

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There is a smaller group in the public that is much more vocal, but even my interactions with them have been good. We are going to make sure to the extent that group has issues -- I've gone on their talk show. They have their own TV talk show. I've gone on their talk show. So we are going to have interactions with them.

Maybe I'm an idealist, but we are committed to do what is right. We are open and candid about what we are doing, and that is going to come across; it is coming across; and I think we sense it a lot in terms of just the nature of the interactions that are going on in addition to surveys that we take on a monthly basis.

With regard to the NRC, I think the key here is that we have regular meetings, formal and informal, where we just lay out what we are doing and how we are doing it, and we have good dialogue as to what the issues are.

Certainly I'm looking for input from all quarters, particularly including the NRC, and I think that if it isn't clear already, it will be clear that we are very open, we are very candid, and we're not trying to hide anything. We're just going to lay it out there and have lots of interactions. I think a quarterly meeting with the Commission is excellent, and we welcome this opportunity.

Obviously the fundamental measure is performance, and we intend to demonstrate that performance and then

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communicate that performance.

To comment on schedules, first, we are committed to do what's right. Standards are first; schedules are secondary.

I have indicated that our most important challenge is not so much the schedules as laid out in the recovery plan but to fundamentally change how the organization

functions. That is not something that can be readily scheduled. Thus it's our belief, although subjective, that we can accomplish these fundamental changes in the organization within the time frames that are laid out in the schedule. But that's an assumption.

I have stated that standards are first and foremost. A companion statement is that I need to convey at least on our part a sense of urgency. Having three units down for an extended period of time is a significant financial drain on the company, and we really do need to restart at least one unit this year. We just cannot keep spending like this indefinitely.

My fourth point is that it's much easier to create a schedule when the scope of the work is fully known, and we don't know the full scope of the work because we are going through a lot of reviews to see what needs to be done. We have made allowances in our schedule for a reasonable number of identified problems. We've made assumptions. We don't

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know, for example, the sample size that is going to be required by you of the ICAVP contractor. So whatever you have determined in that regard obviously can significantly influence the schedule.

My fifth point goes to the issue --

CHAIRMAN JACKSON: Let me talk to you before you go off of schedules. By what date do you foresee having a workable restart issues list for each unit?

MR. KENYON: We have a workable restart issues list now. It's just that as we find new things we add to it. As we close things we take items off. So we have a listing of items required for startup now.

I want to talk a little bit about the strategy of endeavoring to restart the three units in parallel, which is a significant change from what was being done before I arrived.

I think it's obvious to everyone that the most efficient way to restart three units is to work all three in parallel rather than one at a time. But I also fully realize that there are potential interferences both within NU and externally as to can you really do all three at once. At the moment what we are trying to do is each unit working what it needs to do, working those units in parallel, and at some point there may be some interferences.

What I'm working to do and what the leadership

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team is working to do is, as we see pinch points, we endeavor to solve those: Can one ICAVP contractor do its review of three units almost on top of each other? We've concluded no.

So we've submitted the contractor for Unit 3. We will be submitting contractors for Unit 1 and 2 and we're going to be adding one additional contractor so we have a greater assurance that this workload can be accomplished.

We also know that there are challenges to NRC inspection resources: Can the NRC do what it needs to do with three units coming back in parallel?

I want you to know this. I acknowledge that we may get to a point where it's necessary to select a lead unit, but my desire is to not do that any sooner than we have to. I'd like to work three units in parallel as long as we can work them.

I realize that it is an impractical reality to have three units arrive on your desk seeking permission to

restart at the same time, and that is not quite what the schedules show anyway. They are not that far apart, but things are going to happen. We are going to encounter this issue that we don't know about today or that issue that we don't know about today.

I'd like to work these in parallel for as long as we can work them. What we are asking of ourselves is, if we

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ever get to a point that we've got to make some choices, we'll make some choices. All things being equal, we'll pick the largest unit. The reality is all things are probably not going to be equal, and then we would endeavor to pick the unit with the greatest state of readiness, the highest probability of success, and at some point it will be one unit at a time going across the goal line.

We are sensitive to the challenges that we are creating for the NRC and its inspection resources. Our commitment is to work with you and try and figure out ways that we could be supportive and cooperative of the regulatory challenges that you and the staff have.

CHAIRMAN JACKSON: Do the schedules that you have developed for each site include all the important milestones?

MR. KENYON: Yes.

[Slide.]

MR. KENYON: To wrap up, just quickly indicating progress, a lot has happened in the last three or four months.

We have established and communicated the root causes of our nuclear problems.

We have brought in a new leadership team.

We have reorganized the nuclear organization to a unitized concept with much clearer responsibilities.

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We have established a recovery team for each Millstone unit.

We have developed a recovery plan for each unit and a recovery plan for oversight.

We have begun the process of raising standards and improving processes.

[Slide.]

MR. KENYON: The ICAVP contractor has been selected for Unit 3 and we will be communicating shortly the recommendation for Units 1 and 2.

We've established a virtually new oversight leadership team, and that includes a new director of employee concerns.

We have selected the employee concerns oversight contractor.

We have a new employee concerns program developed by the team. As I indicated, a lot of employee input on this, and because we wanted to get the employee input and because they really wrestled with how this program needed to be established, it took a little longer than we hoped, but that submittal will be made tomorrow, and Dave Goebel will talk more about the employee concerns program.

[Slide.]

MR. KENYON: We have approved a significantly improved corrective action program. Jack McElwain will talk

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about that in more detail.

We have addressed the issue of leadership continuity through startup. I've talked about that.

I haven't mentioned this up to now. We have

conducted a leadership assessment. In other words, employees assessing their leadership on leadership characteristics, not technical skills. We just have the results of that being communicated, but that's important input to us on this question of who is part of the solution.

CHAIRMAN JACKSON: Are you going to talk to us about the results?

MR. KENYON: No, because I have not personally been briefed on the results yet. Some of these folks have. If you'd like, they can. It's just that my briefing hasn't taken place yet.

CHAIRMAN JACKSON: I think it would be interesting for us to hear to the extent you are prepared to talk about it. You don't have to take a lot of time.

MR. KENYON: Marty.

MR. BOWLING: For Millstone Unit 2, as Bruce has indicated, all employees who were invited, that is, voluntarily, could rate their immediate supervisor and any level up in the organization all the way to Bruce.

We have the results back on that. They have just been received this week and we are just looking at them.

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The rating scale was between one and eight. On Unit 2 the aggregate score for all supervisors was around a five.

CHAIRMAN JACKSON: What does one mean?

MR. BOWLING: One was the lowest.

MR. KENYON: One means strongly disagree. In other words, we asked 26 or 28 leadership questions. This is a variation on what we did at South Carolina Electric and Gas, a very important tool for us. There are questions on leadership attributes and each employee basically has boxes to check that range from strongly agree, because the leadership characteristic is stated in a positive way, to strongly disagree, meaning my supervisor doesn't do that. If you get a score of one, that means you've got strongly disagree on everything. The other end of the scale is strongly agree on everything.

MR. BOWLING: So it basically came out on the average, but you can see for individuals deviations one way or the other.

Another good feature of this, for each low rating the employee was asked to provide the major reason for that, and there were three or four possibilities. The two most prevailing reasons coming out for a low score is that the supervisor doesn't have time or the supervisor doesn't perceive this area that I'm working in as important.

CHAIRMAN JACKSON: What do you intend to do with

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the results?

MR. KENYON: I'm going to sit down with each of the officers. We've solved the leadership problem at the top of the organization. The next layer down for us is directors. We have changed out over half the directors. The next layer down is managers and supervisors and so forth.

A critical issue for us is we need to understand who is clearly part of the solution, who clearly doesn't get it, in which case they go, and then to the extent that there is a question mark there and the leadership assessment is input, then we have to decide how bad is the problem and do we think we can fix it in a short period of time or not. If we think it's fixable, there is a decent chance of fixing it in a short period of time, we'll hang in with the

individual. If we conclude it's not fixable in a short period of time, then we are not going to hang in with the individual.

CHAIRMAN JACKSON: How are you defining short period of time?

MR. KENYON: A couple months. We are going to do a leadership assessment again in six months. Our objective is a significant improvement in the leadership scores. For whatever it is we got this time we want to see a significant improvement next time.

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COMMISSIONER ROGERS: Before we leave this progress topic, could you say just a little bit more about your unitized concept? What activities are unit-specific and what are shared by the whole site? For example, to what extent is engineering unit-specific and maintenance unit-specific?

MR. KENYON: I will give you some examples. I'm going to ask the other folks on the leadership team to throw in some more.

For example, on engineering, there is a centralized organization that sets the engineering standards, that sets the programs, but the accomplishment of the engineering is on a unit by unit basis.

Similarly with license. We have a centralized organization that is going to set overall policy and strategy, but to the extent a regulatory commitment is made, it is almost always a unit-specific commitment.

This has been a problem in the past, because a centralized organization made a commitment that really the unit had to carry out, but the unit didn't own the commitment because they didn't make it. So we've had a lot of problems with this outfit doing this and that outfit not living up to it. So regulatory commitments are going to be managed on a unit by unit basis, and thus if a commitment is not met, it's very clear who is accountable.

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We have a centralized training organization, but the units have to be satisfied that they are getting what they need. So training is support.

Jump in with some other examples.

MR. McELWAIN: A further example on the programs, like the motor operated valve program, the erosion/corrosion program, those things are managed out of Jay's organization and implemented at the units. A different program is the corrective action program that I'll talk about. It's a site-wide program. So everything that we can now determine still makes sense to be one program for everybody, like MOVs and like corrective action, that's the approach we are taking with that.

Each of the units where the central group will take a lead in trying to enhance the particular program, for example, corrective action, was a three-unit operation to get it where it is today, but I get to talk about it because I was assigned the sponsorship for that program.

That's how we have taken things that were very cumbersome to do and were universal, if you will, and sometimes we have unitized them and sometimes we've not. The critical aspect is, if it applies to all units, we'll at least pilot it on one unit and then make it common across the three. It makes sense from a practical standpoint rather than have three organizations trying to do the same

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thing to have somebody pilot it, input from the other two



units, make it common, and then manage it from there.

COMMISSIONER ROGERS: The engineering design basis reconstitution, I'd like to hear about that. Not necessarily now but at some point.

MR. KENYON: That is a presentation

COMMISSIONER ROGERS: I'd like to hear how unitized that is and how general it is.

CHAIRMAN JACKSON: Mr. Bowling, you were going to say something?

MR. BOWLING: Yes. I think the approach is for the unit to have those organizations in it which it needs to provide the conduct and support of operations and maintenance. From the engineering perspective with the unit are three key areas:

Design engineering for any modifications required to the plant.

The technical support area, which is basically system engineering, and also regulatory and technical programs.

The third is the configuration management restoration under 50.54(f).

MR. KENYON: At this point I would like to call on Dave Goebel on employee concerns.

MR. GOEBEL: Thank you, Bruce.

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Just a short introduction of myself. My name is Dave Goebel and I'm a 34-year navy veteran, having spent 25 years of that in the Naval Nuclear Propulsion Program either at sea or ashore. Eight of those years were in shipyard periods doing major reactor plant maintenance, refuelings, training for restart, and that sort of thing. And I had two years as a senior member of the Naval Nuclear Propulsion Board doing examinations on reactor plants.

The remainder of my career was either in school or working on national policy issues. I was fortunate to have had the opportunity to work with General Powell in concluding the START Treaty at the assistant secretary level, and most recently have worked with DOE and the national labs and DP on sustainment of the nation's nuclear weapons stockpile without the benefit of underground nuclear testing.

I was part of the navy's original retention program that started back in the early and mid-1960s, and throughout my navy commands the retention of my organizations has always improved.

And I've been with Northeast Utilities for four months now.

[Slide.]

MR. GOEBEL: The subject that I'm going to talk about today is the employee concerns program.

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The fundamental objective is the number six objective which Bruce has just given you. We want to establish an environment that supports the identification and effective resolution of employee concerns.

[Slide.]

MR. GOEBEL: There are two prongs to that, the first of which is the preparation of the comprehensive plan.

That plan was written with the assistance of the employee volunteers. As Bruce has said, we put a call out for volunteers, for people who would be interested in doing that. We had 20 people come forward. We made no selections.

We took those who sincerely wanted to work on it and set them down for what started out as a month and then ended up a little over two months with no real bounds on them. They were free to suggest anything they wanted to suggest, and it was done with the employee group essentially with no oversight. They had the opportunity to say what they felt and to line out a program.

We had two facilitators which we hired to bring in to try and facilitate the discussion so that they would have an idea of what good programs were in other utilities, and they provided a program which has been the foundation for what, as Bruce has said, we will be submitting tomorrow.

That plan provides for increased training for  
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members of the work force as well as members of management.

It works to improve the effectiveness of the ECP, that is, the employee concerns program, through a series of process improvements.

We will be increasing the accountability of individual behaviors of management. As part of that we will have a system where we will do hot spot analysis. The leadership survey will certainly help us in that regard, to identify those managers who harass or intimidate.

Likewise, confidentiality is extremely important to us, and this program helps set in place the protocols to ensure we sustain confidentiality for those folks who have concerns and who want to have confidentiality.

A key part of the program is the establishment of an employee concerns oversight panel. The function of that panel will be to oversee the employee concerns program itself. That panel will consist of members from the work force. They will additionally monitor for chilling effect; they will monitor for harassment.

At the end of the day, when an employee has had his concern dealt with in the best way in which the program thinks is appropriate and everyone has had their say, if the employee is still dissatisfied, there will be a provision to have a third party reviewer to come in, take a look at it, and give judgment on the employee's issue.

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So we think that this particular employee concerns oversight panel will go a long way towards helping ensure that the concerns are properly handled.

COMMISSIONER ROGERS: How many people are on it and do they stay on there? Or do they rotate?

MR. GOEBEL: We are currently planning seven with a full time administrator. There will be some sort of a rotation plan, maybe after a year and a half to two years, but it's going to be a reasonable period of time.

There is some question as to whether the panel should have outside members on it similar to a nuclear safety assessment board. Those are being weighed now to try and sort out what gives a fair, impartial effective panel to take on the issue that may or may not come up.

CHAIRMAN JACKSON: Have you done any comparison of your proposed program to programs in other industries or in other companies?

MR. GOEBEL: We have in other companies. The team was encouraged to go out and sample other utilities, and they have done that. They went out as part of their preliminary work, found out what other utilities had done, and our two facilitators for the group had come from a background of very heavy involvement in employee concerns programs. So they could provide some of that insight on

what were good programs, what were not good programs, what

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really made sense to do and what didn't.

The team embraced them. They felt very comfortable with the two folks that came in. As I said, we stayed out of it. It was their process.

CHAIRMAN JACKSON: You've laid out the comprehensive plan objectives, but I'm always performance oriented. What are your metrics for knowing that you've accomplished it?

MR. GOEBEL: "Show me."

CHAIRMAN JACKSON: But how are you going to know you've accomplished those objectives and how will more than Dave Goebel know that you've accomplished those objectives?

[Slide.]

MR. GOEBEL: This slide and the next slide are ten objectives, and I won't bother reading them.

First off, it might help to understand where the objectives came from. The objectives came from those deficiencies that were outlined to us in two fundamental reports, the FCAT report, fundamental cause assessment team report, which had been commissioned by the company, and the Hanan report. Those reports went through and delineated in some detail where historically we had failed to meet the mark.

The program sets its objectives, and these were the objectives that the team set out to satisfy, to look at

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these things and to say, what does it take, what are inputs that if we did certain fundamental actions would lead to a correction of that deficiency. So they have devised a series of 110 or 120 different types of things which should be looked at in order to go through.

Those have been formulated into concrete packages to lay out a process in which we will address each one of those. When the plan is submitted, it will be submitted with these objectives in it, and next to those objectives will be elements which we carried out in order to satisfy or meet those objectives.

Measurements will come in probably three ways.

One is the standard KPIs that will come out of it and measure a number of concerns, how long they are open. Just those types of things that show effectiveness of the program.

A second measurement method will be through the third-party oversight panel which has been directed by order, and I'll talk to that in a minute.

The third way is you go around and ask. Bruce has plainly said this. We have got to establish the rapport with the work force that management is interested in their issues. We want to hear them, we want them to bring them forward, and we will accept them and work with them in order to solve the issues that they have. Whether they be safety

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issues, personnel issues that affect the performance of their job, we will help them see that those types of issues get solved.

Although the fundamental focus of the program may be safety issues, we recognize there are a lot of other issues out there that the work force also has, and we will facilitate getting those to the right section of the organization.

CHAIRMAN JACKSON: Will the effectiveness of the

line managers in dealing with employee concerns all the way up the line be part of the performance appraisal for those individuals?

MR. GOEBEL: It will. One of the taskings that will go out to the human resources development process is to go back and modify job descriptions to make it a consideration when hiring individuals, and it will go into our internal evaluation system. So when you evaluate an individual there will be a box there that says how does he or she do in relation to handling employee issues, employee concerns, or whatever. So every time your annual review comes up you will be graded on that assessment to make a determination as to how you as an individual have done.

CHAIRMAN JACKSON: Relative to the objectives that you've laid out in this overall comprehensive plan?

MR. GOEBEL: There will be guidance that lays out

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how they should do that process. Yes, ma'am.

[Slide.]

MR. GOEBEL: Unless there is interest, I won't read those ten items. It's still line management's responsibility to make this program work. They have got to demonstrate that they have the willingness to talk to their employees.

They have got to demonstrate that they have established an environment where safety questions are welcomed.

Additionally, the line is responsible for championing zero tolerance for harassment, intimidation and discrimination.

COMMISSIONER ROGERS: What does zero mean? What does that really mean?

MR. GOEBEL: What it means is that, one, it is not a tolerated management precept that if you harass a fellow employee that that's an accepted mode of behavior, and they must work to root those out, have systems that help them identify that through their own management chain.

Some of it will be feedback from the employee concerns program, either through this concerns oversight panel which we have established or through just the handling of the concerns themselves that will come out of the process.

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But they have got to champion that and they've got to make their people understand that in the course of doing their business they will not tolerate that behavior in their own organization. So in that sense it's zero tolerance. I do not allow that here.

MR. KENYON: It means if we find it, we're going to deal with it severely, up to and including firing the individual.

[Slide.]

MR. GOEBEL: The ECP program then becomes a safety net for the line.

The ECP program will assist the line in handling the concerns, acting fundamentally as a facilitator.

In those cases where that doesn't work, then the ECP program provides an alternate path. Today that path is necessary. The trust of some of the employees remains low. We've got to regain that trust, and this program is one way to do that.

CHAIRMAN JACKSON: Do you find there are new hot spots emerging?

MR. GOEBEL: Not right now.

CHAIRMAN JACKSON: Have the old ones been resolved?

MR. GOEBEL: There has been such a shift in management that we have not seen new ones develop, and the

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old ones that might have existed have not risen up.

As we go through this process of evaluating members of the management team at all levels for leadership characteristics and people are forced to walk the talk, we are going to find out very quickly those that are on the team and those that are not on the team, and if we have a hot spot, it's clearly because we will have found in an organization an area where there is not someone on the team.

[Slide.]

MR. GOEBEL: In addition to the plan, we have submitted the name of a third-party oversight team, Little Harbor Consultants. That's a ten-person team. In so doing we have received inputs from over 20 different companies or individuals who wanted to be a part of the process as we went through this. We asked eight companies for RFPs and ultimately interviewed six, and the selectee out of that process became the Little Harbor Consultants.

Their function is clearly outlined in the order:  
Provide an independent assessment.

The need to evaluate for improvement.

And they need to determine what the needs are for additional change.

After reviewing their qualifications, they came in and briefed us, told us how they intend to conduct business, how they intend to work to involve all the stakeholders,

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including the public in the process. I think they've got what it takes to do this job.

COMMISSIONER DIAZ: Excuse me. I have a question on that. I'm sure when you evaluated Little Harbor you were very concerned with their experience in handling employee concerns. Was it clearly established that they had the capability of correlating safety concerns with safety issues in a manner that will be clearly and promptly identified?

MR. GOEBEL: Yes. I believe they have five engineers who are specifically skilled in the areas. If there is a safety concern and we fail to recognize it, they certainly should be able to.

COMMISSIONER DIAZ: Thank you.

[Slide.]

MR. GOEBEL: The final thing I wanted to say is we have had some successes in the recent past. So we are making progress.

I cite on the slide that on the first of December we had 44 concerns which were under investigation and the oldest was up to four years old. In the previous two or three years or four years our average closure time was over 200 days. Very long. Things just sat; they festered; there was no satisfaction really given to the employee when he or she had a concern that anybody cared. It's clear from the statistics.

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As of the 24th of January, a little less than two months, we had 22 open concerns that were under investigation. The oldest was about 22 months old, and that includes what was a holdover from the previous number. But those received since the first of December through the 24th of January the average closure time was about 18 days.

So clearly there has been a prompt change in the process. That I attribute to two things. One is a very senior level involvement on the part of the units. The unit recovery officers and the unit directors are personally taking an interest in resolving these concerns.

That is filtering down through the organization. The organization then starts to see at the middle level the concerns which Bruce has talked about. That is going to go a long way towards improving the overall handling of these issues and the restoration of the employee trust in management.

I will say also that the submission rate of concerns to the employee concerns program has increased. Frankly, I don't take that as all bad. I want them to say the stuff. I don't want them to be out there allowing these things to fester and not come forward. We are trying to generate an atmosphere where they truly know that we want the concerns that they see; we want them to bring them forward; and we want to get them no matter how we get them; .

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we don't want them to sit there and fester.

If there are no other questions, that concludes the briefing.

COMMISSIONER DIAZ: I just wanted to make a comment that since this deals with employee concerns and how they are doing their jobs and you have changed from the military to the civilian, we will not hold against you your distinguished military career.

[Laughter.]

MR. GOEBEL: Thank you very much. I appreciate that. No further comment.

CHAIRMAN JACKSON: Commissioner Rogers.

COMMISSIONER ROGERS: Not on this. Thank you.

CHAIRMAN JACKSON: Okay.

MR. KENYON: Jay.

MR. THAYER: Good morning. I'm Jay Thayer. I'm an electrical engineer by training. I spent 23 years in various technical and managerial positions in the commercial nuclear power industry in both engineering and operations areas of responsibility. I've been in executive management for the last six years, most recently serving as the Vice President of Engineering at Vermont Yankee Nuclear Power Corporation.

[Slide.]

MR. THAYER: The purpose of my presentation this morning is to cover what Bruce outlined as objective number five, and the measurement of that is we must have by restart restored licensing and design basis with processes to ensure that they are properly maintained.

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We are currently implementing our configuration management plan to restore the design and licensing basis for the three Millstone units, and the effectiveness of our efforts will be independently confirmed by the ICAVP contractor.

A little bit about my role. As discussed before, my organization is a standard setting organization. In addition to some of the engineering programs that we manage, we run the 50.59 procedure; the design control program is under my organization; the configuration management program and technical programs as mentioned before, such as the MOV program.

We have moved into a more active role in the configuration management program. As the three units

developed the programs last summer and last fall, in the last several weeks, since about the first of the year, we have moved into a role of overseeing and trying to levelize that effort.

One of the first accomplishments that we made was we performed a self-assessment of the three-unit configuration management plans, looking for consistency. We . 55 understood going in that they would not be identical, but we also understood we wanted some level, some standard set so that when the ICAVP contractor came in or when your inspection people came in there would be some common understanding of what had been done to restore both the licensing and the design processes.

Furthermore, as of about a week ago I've initiated under the direction of Bruce Kenyon an independent assessment as to the degree of consistency that will be needed for the units in implementing the CMP.

My current plan is to bring in some of the outside senior review people who have been engaged in reviewing the 50.54(f) responses for the industry. I feel that the knowledge that has been gained by those folks in the last few months will be vital to us, number one, to benchmark our efforts against the industry efforts, and also to achieve this consistency goal that we are looking for on the Millstone site between our three units.

[Slide.]

MR. THAYER: The stated purpose of our configuration management plan is very simple. It's to provide a reasonable assurance that the future operation of each unit will be conducted as specified in the terms and conditions of the unit's operating license, NRC regulations, and the unit's updated FSAR.

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[Slide.]

MR. THAYER: Getting back to the configuration management plan, this is our guidance document. It's simply to tie our actions that we take in configuration management to the requirements of the 50.54(f) letters, the various letters that have been issued for the three Millstone units.

[Slide.]

MR. THAYER: This configuration management plan is a high level document.

It applies to all three units.

It is implemented by a series of project instructions. Over the past month the effort has been to update the project instructions to more accurately reflect what is going on on the three sites and to look for consistency.

CHAIRMAN JACKSON: Could you describe the availability of the design and licensing basis information at each site?

MR. THAYER: It varies and it varies primarily, as you would expect, by the vintage of the plan, the vintage of the license, the type of the NSSS, and also, quite frankly, the time that the various configuration management teams have been in place.

The level of investigation on Unit 3, for example, is ahead, primarily for two reasons. One, because the team . 57 has been in place longer; two, because the vintage of that unit is such that a lot more of the design basis is more readily recoverable.

On Unit 1, for example, the FSAR is simpler. The backup to that, the calculations, the design, the drawings, there are fewer in number of them. So even though it is an older unit, the amount of information to recover is less. That has held true.

There are other idiosyncracies. We find pockets of where certain parts of the design and licensing basis have been particularly well maintained. For example, the incidence of findings on the Unit 2 FSAR is lower for some reason than the other two units. We don't understand that yet; we don't want to attempt to explain it; but it's just a finding as we have marched through the various design documents and licensing documents.

CHAIRMAN JACKSON: Are you saying that you will or you won't have a large reconstitution effort to do?

MR. THAYER: The reconstitution of information will be taken on a case by case basis and it will be decided based on the safety significance or on the ability for us to prove the function of a particular system or the function of a particular component. If it is deemed necessary to be able to prove a design basis fact to reconstitute, then we will reconstitute.

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[Slide.]

MR. THAYER: We also understand that design basis and licensing basis recovery involves ongoing processes. These processes have not been done well in the past at Northeast Utilities, and we understand that the configuration management plan is not a one-time effort. In recovering, reconstituting, documenting, collecting the design basis and licensing basis we also have to put into place robust programs which will ensure that these processes continue on or after restart and for the remaining life of these plants.

[Slide.]

MR. THAYER: To wrap up, the engineering programs and the documents that are being assessed. We will have by the start of the ICAVP a significant amount of that information corrected and updated. We provided the remaining updates to the information prior to restart, an update of all the engineering programs and the processes to support the updating of those that I mentioned a minute ago, well developed and implemented and validated prior to restart.

CHAIRMAN JACKSON: Let me ask you this question. You talked about a review of NRC commitments. What has your early sampling told you? Where do you stand with respect to that?

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MR. THAYER: From the standpoint of access to the commitments, on Unit 1, for example, we have completed a 100 percent review of the commitments. So the first point is they are easily retrievable.

The second point is we feel that that is the discovery retrieval. We are going through the validation: Have those commitments been carried out in the practices and procedures on site?

CHAIRMAN JACKSON: That's what I'm interested in.

MR. THAYER: I don't have a good feel for that at this point. That is the validation process that we are currently going through.

MR. BOWLING: I would add, Jay, that that's the effort that is about to be undertaken on a large scale. So over the next three to five months they will be validated



and results will be in.

CHAIRMAN JACKSON: So I should ask you again at the next meeting?

MR. BOWLING: Yes.

CHAIRMAN JACKSON: With respect to the FSAR review and update, what is your progress in that area and how would you categorize the findings to date? If you could give a few examples and talk about their risk significance.

MR. THAYER: The FSAR was one of the first areas of review and discovery in the configuration management

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plan. Mike might want to talk about the Unit 3 progress in that area because it's further along. But we have a significant number of findings on all three of the FSARs. Like I said, Unit 2 being less for some reason.

Right now we are going through a process of prioritizing those findings: What is the impact? I won't trivialize it by a typographical error. Does it impact the ability for the system to satisfy the design basis fact in question? Does it misrepresent a system design basis fact? Does it not capture a critical licensing commitment?

These are being prioritized and screened right now, and they will also be prioritized as far as which one of those will go into our FSAR updates which will be submitted prior to startup.

CHAIRMAN JACKSON: What improvements are you looking to make in your 50.59 program?

MR. THAYER: We have made quite a bit of progress in 50.59 already. In one of the early efforts last fall we had an initiative by Unit 1 to perhaps adopt one of the PECO 50.59 processes. We put a team together, some of my folks, the Unit 1 folks.

We looked at the existing Northeast 50.59 process and came to the conclusion that the process of performing the safety evaluations was fairly current; it was fairly rugged; it stood the test against an industry benchmark; but

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what we found was our screening process for when we should be performing 50.59s was terrible.

In other words, the 50.59s that we were doing, most of those have been pretty good safety evaluations, but we weren't performing safety evaluations on changes and issues that came up on operability determinations as were others in the industry. So our screening process to tell an individual when a 50.59 was necessary was broken.

That has been the major focus of the procedure upgrade. That procedure has been revised, and training is going on right now with personnel to implement that procedure.

CHAIRMAN JACKSON: When you speak of meeting the 50.54(f) letters prior to restart, what do you mean by that? And in order to have time for the NRC staff to review, you have to resolve what prior needs in that regard?

MR. THAYER: We understand that. It's my understanding that the formal letters have a seven-day prior to restart commitment in them or request in them. That obviously is not enough time to assure compliance with all the requirements of these letters. We have built in various time frames in our recovery schedules for inspection activities which would come after the ICAVP which would monitor progress prior to restart. I don't have the exact time frame, but there is a considerable --

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CHAIRMAN JACKSON: You've built in and resolved those milestones with the NRC staff?

MR. THAYER: I wouldn't go so far as to say they've been resolved yet. However, we have acknowledged that it will take a finite amount of time and not seven days to resolve those kinds of issues.

MR. BROTHERS: Chairman Jackson, Mike Brothers. In terms of the official schedule that we are putting on the units, our schedule goes up to the point of when we are in fact ready for restart. In other words, when we submit that letter to you. After that there is no formal schedule.

CHAIRMAN JACKSON: Okay.

MR. McELWAIN: Good morning, my name is Jack McElwain. I'll keep the intro short. I've been with PECO Energy since 1968 and I've spent since 1984 at Peach Bottom. I've been here since October.

[Slide.]

MR. McELWAIN: I'd like to talk a little bit this morning about the corrective action program.

We saw a need and the need has been obvious over time that the corrective action program did not work.

The first slide tells you the things that were lacking in the corrective action process, i.e. accountability, quality and timeliness of the evaluations.

We didn't have an effective issue and commitment tracking,

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and we didn't do very much trending at all.

CHAIRMAN JACKSON: Was the QA involved in that? What is the QA organization? Have they looked at this area of issue trending recently, and what definition is there to effectiveness in this context?

MR. McELWAIN: It's easier to say the opposite, that they weren't effective because we didn't really do it.

CHAIRMAN JACKSON: That's ineffective.

MR. McELWAIN: That's just the way we were in the fall. But the oversight organization did do a corrective action audit in November while we were in the process of changing it, and they did validate that the things that were happening in the past were still not fixed.

CHAIRMAN JACKSON: Does this mean your QA organization needs reconstitution, or is there something else, some other way?

MR. McELWAIN: I think the QA organization from the past is being reconstituted, and that is one of the recovery organizations that is happening in parallel with us. So I don't think that is something new.

CHAIRMAN JACKSON: The first role is with the line, but the role of the QA organization is important on a going-forward basis. You have the corrective action program. It's important, at least in my mind, that we understand how that reconstituted QA organization and your

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handling the corrective action program coalesce.

MR. KENYON: We had targeted that as a future presentation. I think coming into this it's obvious that oversight, meaning QA and other things, was not right. Dave has done a lot to fix that. I feel much better about the audit reports that we have today versus what we had a month or six weeks ago. We do plan on a future presentation to give you.

CHAIRMAN JACKSON: So you want to talk to us today about overall where you are planning to go in corrective action but this is a commitment that you are going to talk to us specifically about the QA organization and how it fits

into this.

MR. KENYON: Absolutely.

CHAIRMAN JACKSON: Okay.

MR. McELWAIN: We did revise the corrective action program to address these issues. But more importantly, we took a management perspective at each of the units. We had a management review team that looks at every adverse condition report that is generated, and it used to be a different process than it is now.

The process now is the management team looks at it every day. We determine the significance level of it. We assign it to a certain individual. We have established commitments, had people own up to those commitments and own that particular ACR and follow through to completion.

Historically you could have an adverse condition report closed without all the corrective actions being complete. We stopped that. No adverse condition report -- in the new model it's going to be condition report -- will be closed without the corrective actions being complete. It's a lot harder to lose track of things that you said you were going to do versus did you do them.

That same cross-discipline team looks at all the corrective actions and root causes on the adverse condition reports to determine if they really meet the description of the incident or the adverse condition itself.

We also look at the proposed corrective actions and the timeliness of them to see if they fit where we think they should be in the grander scheme of things.

[Slide.]

MR. McELWAIN: We have upgraded root cause analysis capability. It comes with the change in the process. For example, Unit 3. A whole lot of people have been trained. What they are using is a vendor FPI process on causal analysis trending, how to do those particular issues. That's captured in the procedure.

Unit 2 has a lot of people trained in that. Unit 1 has less people in that, but we're all going down the same path. This is one program across the units, and that's how we are going to make sure that we really do the right root cause analysis of the right causal factors.

A key to go hand in hand with a good corrective action program is two issues.

One is a self-assessment. I don't mean necessarily formal self-assessment as prescribed on a bi-yearly basis like most utilities have. It has got to be a constant way of looking at how you do business, whether it's how you did the performance that week or it's how an operator evolution went. It's constantly being critical in figuring out how to do things. Even if you did them well, how to do them better. That's what I'm looking at as the self-assessment piece. It has to become generic to the site and the way we normally do business on a daily basis.

The other part of that is a worker observation program. What this implies is that management can't be sitting in a different building. They have to be out in the plant. They have to be observing the work activities. If they see something that is not correct, they have to take immediate intervention on it, even if it's something as simple as earplugs required.

You talk to the people about what they're doing, look at the procedures, see how they are doing the work to

make sure that you do a one on one immediate intervention.  
Raising the standards is an easy way to do that. You get

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out there. People become more engaged in the bigger picture of how the power plant works if they are not stuck in their particular office looking at paperwork, ACRs or AITTS, which are the computer systems that track these issues. I think those two things are going to be important in allowing us to have a better corrective action program going forward.

[Slide.]

MR. McELWAIN: The corrective action formal program change is effective the middle of February. We instituted from a management perspective the things that are in there back in November, but this formalizes that and gives us time to train the people that have to do different evolutionary steps in the process to allow it to be done in a controlled, efficiency manner.

We also have established strong line management ownership and accountability for the corrective action process. It's one of the issues that I am the sponsor for and the other unit recovery officers as well as Jay have issues that they are sponsoring.

It shows mainly if people understand that management has an interest in it, they are the things that they are going to be interested in. This will also help with employee concerns. If somebody identifies something, we can fix it right and don't have it happen again. It doesn't have to wait and fester and turn into a concern

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sometime down the road. That also will help that program.

We have performance indicators presently for each unit, by each organization to trend issues coming in at significance levels, whether they are overdue or not overdue; corrective action is being developed as well as completed. It's a whole series of indicators that we go over in house on a normal basis. Actually on a weekly basis at Unit 1.

[Slide.]

MR. McELWAIN: The indicator I attached was just to give you an idea. This is just raw data on the adverse condition history since September of those that have come in, which is the dotted line, and those which have been closed out, which is the solid line.

As you can see there is a screaming up the hill, which is what we would expect it to do. The threshold is very, very low. We get some things that could appear to be nonsensical in a certain environment. We don't treat them that way. We don't say that can't be an ACR. We make it an ACR. We go along with it. We give it the significant level it needs. If it's something we can trend, something we use in the trending bin, something that requires immediate action, we try to take that action.

In the solid line rising you see to match the input there is a real time lag. There is a big backlog of

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ACRs historically. When the recovery teams first got here we set up with each individual who had responsibility for these actions: When are you going to be done? We need your commitment to do it. Tell us what resources you need and we'll get them for you.

Most of them, as you can see, kind of focused on the end of the year, because we were asking this question in early November. That rise in the closeout rate is based on people starting to meet those commitments that they made to

close those ACRs out. That's really all that graph is indicative of.

CHAIRMAN JACKSON: Commissioner Rogers.

COMMISSIONER ROGERS: The correction action program, of course, is very important. But it's sort of implies that it's corrective, that something didn't go right and it has to be fixed. In this worker observation program you focused on management participation. Have you given any thought to actually using workers to help to identify better ways of doing things so that you avoid something that has to be corrected?

MR. McELWAIN: Yes. In the new program there are three levels. There used to be four. They used to be A, B, C and D. Now they are 1, 2, 3. One and two are the real issues that are corrective actions.

Category 3 is enhancements. You want to improve a . 70

procedure that you don't have control of, that you can't improve yourself. A work process you want to improve; something you think could be an enhancement no matter what it is. That's what the level 3's are going to be for.

That's the formal avenue for doing that. That's why we have to have everybody understand what that process is for and why it's necessary to have these issues come out. Even if they are enhancements and improvements, you capture them, you assign some actions to them, and you track them to completion.

The thought going into the change was the first two are significant, could be plant, could even be people issues, but the third is really for enhancements and improvements.

MR. BOWLING: I would add something. The way that we are getting at this is to bring from our utilities people up on a temporary basis. For example, licensed operators that then can observe what shift operations is and make those type of observations to the right standards.

CHAIRMAN JACKSON: Mr. Kenyon.

MR. KENYON: Chairman Jackson, in the interest of time I'm going to be very brief in my closing comments.

I think we have indicated that we believe the fundamental problem that has plagued Northeast and particularly Millstone for quite a number of years has been . 71

leadership. We have fundamentally changed out the leadership at high levels and we are still working down in the organization.

This team is committed. This team is enthusiastic. This team clearly understands the standards that need to be set. There is no doubt in my mind we can do what needs to be done. The issue is execution and how long it is going to take.

We are working hard. We know that the key issue here is demonstration of performance, and that's what we intend to do. We also know that a key issue is communication, communication with the public, communication with you, the regulator.

You asked me an earlier question regarding do we know what needs to be done. We do think we know what needs to be done. We have not at this point fully communicated that to the NRC. There are requests for what are your action lists and that kind of thing. We will be responding to those.

We do seek a couple of things that are maybe

obvious. One is an acceptance of this leadership team on its merits. We know that there is a lot of regulatory history that represents how NU has behaved historically. NU has been rather defensive, rather contentious, rather legalistic, and that behavior produced understandable and

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corresponding reactions by the NRC, and thus I think the regulatory relationships when I arrived were not good.

That's the company's fault.

I want you to know that that is clearly not what this leadership wants. We intend to be fully open, fully candid, not defensive. We will share the information. We know that there are regulatory challenges that need to be met, and we intend to fully work with you. So certainly we want to be judged on the basis of what we do and the performance we achieve and not be judged on a history that at least this team did not create.

Second, we are hopeful and believe it's important that there be a sufficient commitment of resources to support the inspection and regulatory resources to support the recovery of these units.

Certainly, based on the actions you took yesterday in putting quite a number of plants on the watch list, we know we're not the only ones with problems, and I'm not suggesting that misery loves company. We have been down for a while. We need for a lot of reasons to get these units back and we know that is going to take a commitment of resources from the Commission. We want to work with you to be as supportive on that as we can.

We believe that this may constitute the largest management turnaround in the history of the nuclear

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industry. Maybe that's an arguable point, but that's what we've got to do and that's what we are committed to do.

This concludes our remarks.

CHAIRMAN JACKSON: Thank you, Mr. Kenyon.

Let me make a couple of comments to you.

Obviously everyone is aware of how long the units have been down, what it costs for every month they're down. It can't be more important to anyone than the company itself, its shareholders, those who work at the company, as well as those in the community that have a stake. You're the ones who are going to have to rebuild the trust of that community. We have our own job with respect to regulatory confidence, but in the end you're the ones who own and operate those plants. So the stakes are highest for you.

I don't think there is any question but that the Commission will accept the team on its merits, but what that means is that the focus is on what you do, not what you have been.

We all like to feel that if we come at something with good reputations that we want people to believe that we are going to do what we say we are going to do, but in many ways how we got ourselves to here is taking promissory notes. One should take what you say at face value, but in the end, as we work our way along, what we are looking for is measurable progress in each of the areas, particularly

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the ones that had gotten to points where we felt we had to issue orders with respect to.

I think if we all understand that and you're working with the staff and you're working with those in the State of Connecticut who are involved in good faith and openness and with measurable progress, then we don't have a

problem. If it doesn't go that way, then you all have stellar reputations, but in the end when we come to make our decision it's going to be on the basis of what we see and what we see has been done.

Unless there are any further comments from the Commission, I think we will hear from the NRC staff, who will be given equal opportunity.

MR. KENYON: Thank you, Chairman Jackson. I couldn't agree more with your closing comments.

CHAIRMAN JACKSON: Mr. Thompson, you can begin. Would you begin, though, by introducing the members at the table with you, please.

MR. THOMPSON: I would be delighted to, Chairman Jackson.

To my left is Wayne Lanning, who is the Deputy Director for Inspections for the Special Projects Office.

To my immediate right is Phil McKee, who is the Deputy Director for Licensing, the Special Projects Office. He will be giving the briefing this morning. Unfortunately,

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Dr. Travers had a death in the family and is not able to be with us this morning.

To Mr. McKee's right is Frank Miraglia, who is the Acting Director of the Office of Nuclear Reactor Regulations.

To his right is Mr. Gene Imbro, who is the Deputy Director of Independent Corrective Action Programs.

They will be prepared to respond to any questions that we may have today. Phil McKee will actually lead us through the staff's briefing.

As you know, in November of 1996 this new organization, the Special Projects Office, was established within the Office of NRR with responsibilities to include all licensing and inspection activities required to support an NRC decision on the readiness to restart each of the three Millstone units. I was pleased by Bruce Kenyon's recognition that their approach to move in parallel will add a significant and a real workload challenge to the NRC staff.

I think with that I will just turn it over to Phil.

MR. McKEE: Thank you.

[Slide.]

MR. McKEE: As mentioned by Hugh Thompson, the primary reason the Special Projects Office was created is to

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provide a specific management focus on future NRC activities associated with the Millstone units.

The new organization serves a primary function of integrated Headquarters and Region I resources for inspection, licensing and oversight.

As Hugh mentioned, Bill Travers is unfortunately not able to be here with us today. He's the Director of Special Projects Office.

Reporting to him are the three deputies here at the table. We are responsible for the key oversight activities.

CHAIRMAN JACKSON: So the director assumes the role of both the regional administrator and the associate director of the projects?

MR. McKEE: That's correct, the region, and the projects are integrated and focused to the Special Projects Office director.

The regional arm of the Special Projects Office includes a branch chief, resident inspectors, and the region project engineer.

In January of 1996 each Millstone unit was allocated a senior resident and resident inspector position. Since then two new resident inspectors have been assigned for Units 1 and 3 and we are in the process of selecting the senior resident for Unit 2.

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I might mention that two of the residents are here today, and also the branch chief, Jack Durer, and also the resident for Millstone Unit 3, who is Tony Cerni, and the resident for Millstone Unit 1, who is Ted Eastly.

CHAIRMAN JACKSON: Are you telling us that each of the senior residents are new?

MR. McKEE: That's correct, since January. By the time we select the third senior resident, which should be shortly, they will all be new senior residents.

Special Projects Office is utilizing a minimum number of full-time staff. However, the staff will be supplemented, depending on ongoing activities by regional inspectors, headquarter technical staff, and contractors.

[Slide.]

CHAIRMAN JACKSON: Let me ask you a question. Go back to your first slide.

[Slide.]

CHAIRMAN JACKSON: You have there that you will be using contractor resources. They are going to be used in what areas?

MR. McKEE: We are kind of bloating, depending on license activity resources, but contractor resources are going to be needed for a number of functions.

We are looking at contractor support for our staff and for the independent corrective action verification

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program activities that the NRC will do on our oversight of that program.

Also contractor support is needed for inspection areas and maybe follow-up on some of the allegations that the NRC receives.

Further, we are looking at some contractor support even in the employee concerns program area to support some follow-up activities and monitoring activities we have planned there.

CHAIRMAN JACKSON: And they are going to be independent of any organization or contractors that the licensee uses in those same functions?

MR. McKEE: Definitely. We will be independent of those organizations.

Back to the second slide, please.

[Slide.]

MR. McKEE: Although my presentation will focus on staff activities to establish NRC's programs for assessing the licensee's corrective actions and restart readiness, I want to first emphasize that our primary responsibility at Millstone continues to be the day to day assessment of the licensee's safety performance. Most important, given the status of the facilities, is our continuing assessment of the licensee's safe shutdown operations.

As you heard from the licensee's presentation,

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there have been a significant number of recent management changes at the Millstone station. Staff has not had sufficient time to assess the effects of all the changes



being implemented by this new organization.

Further, the licensee is still in a period of discovery related to many issues, and in particular those related to design and licensing basis.

Although it is premature to comment in any depth on the recent performance, I would like to mention that our inspection activities have identified improvements in control of site work. Most significantly, schedules, although some may be ambitious in our estimation, and prioritization for major work activities have been developed for all three units.

However, one area which continues to be an issue and which has been identified in recent NRC inspection reports is the licensee's follow-up in correcting identified issues. Since corrective action processes is a very important and critical issue, we plan to closely follow licensee progress in this area.

[Slide.]

MR. McKEE: The staff is structuring our oversight program in accordance with Inspection Manual Chapter 0350. That manual chapter provides a process, including check lists covering most every contingency, for assessing restart

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readiness of plants which are shut down for complex events, significant hardware issues, or significant management weaknesses.

The elements that I have listed on the slide include some major activities and they are customized for the Millstone review. I will just discuss a few here briefly.

Consistent with the manual chapter's guidance, we have established a restart panel and restart assessment plan focused on Unit 3.

The restart evaluation process specifically includes Commission involvement. At Millstone that involvement is substantial and encompasses periodic status reports, including a quarterly briefing of the Commission and restart authorization.

Regarding ACRS review, plants shut down for longer than one year are typically considered for review by ACRS. However, ACRS at their option can be involved to the extent that they think is appropriate.

Public participation is a very important aspect. In most all of our oversight processes, including employee concerns area and the ICAVP -- I'll keep using ICAVP. That's one acronym I'll use, because it shortens it quite a bit -- multiple means are available for public participation.

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CHAIRMAN JACKSON: Do you have a long-range time line formulated as yet that in some sense schedules, at least in a relative sense, each of the milestones associated with each of these pieces and that has some logical methodology for picking locations for public meetings?

MR. McKEE: The processes for ICAVP and employee concerns identifies specific times. In those processes public participation is specified. Our goal is every six weeks or so to have a public meeting if it's not held for some other reason.

As we mention here and the licensee mentioned, schedules are fairly open and haven't been well established yet. So we really try to use those periodic meetings that we have to pick up the issues of the time. In February we

are having a meeting with the public to discuss the ICAVP and employee concerns. We are also including another issue that we are discussing there.

I think our interaction with the public is quite substantial and fairly well laid out.

MR. IMBRO: Further, on the ICAVP we are also planning to solicit public comments on the audit plan or get public input on the audit plan when it's submitted by the licensee. We will take those public comments into evaluation in our approval process.

CHAIRMAN JACKSON: Are you doing that through  
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public meetings?

MR. IMBRO: Meetings with the public, Dr. Jackson. We usually meet with the public in the evening and solicit their input.

Also, we have committed to have periodic status meetings on the conduct of the ICAVP or progress of the ICAVP with the public. We want to keep them apprised of the status.

MR. MCKEE: Getting back to the assessment plan, the plan also provides for coordination with other agencies as appropriate, and organizations. This may include FEMA, Department of Justice, and the state as necessary.

Most importantly, the process results in a documented basis for NRC's restart readiness evaluation. This basis is to be used by the NRC senior management and the Commission in making decisions regarding the restart of any of the Millstone units.

[Slide.]

MR. MCKEE: The core of our planning is documented in the restart assessment plan. In particular, the plan identifies areas where regulatory emphasis is needed. The plan is a living document and will be revised periodically as we go along.

The first two items listed, the ICAVP and employee concerns, are major elements of the plan, and I will discuss  
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these later in a little more detail.

However, it needs to be emphasized that the employee concerns and ICAVP elements, as important as they may be, are only elements of a much larger plan. Many of the other elements, such as corrective action -- and I think that was discussed by the licensee here -- work planning and controls and quality assurance and oversight, are equally important.

The plan also includes a significant issues list that specifies individual items. These items are typically identified in inspection reports which the restart assessment panel has determined require documented verification prior to restart of any of the units.

Like the plan, we expect this list to evolve as the discovery process continues.

CHAIRMAN JACKSON: Is that going to be made publicly available?

MR. MCKEE: The significant issues list, the ones we have identified at least for Unit 3, is publicly available in our restart. It's an attachment to our restart assessment plan.

CHAIRMAN JACKSON: That will be true for all of the --

MR. MCKEE: Right, and it will be true for the other two units.

CHAIRMAN JACKSON: Let me make sure I understand. Are all of the significant issues restart issues?

MR. McKEE: All of the significant issues require certain resolution, our inspection, the NRC follow-up prior to restart. So they do involve restart issues, yes. Some are like corrective action plans. You won't be able to resolve necessarily every aspect that might be included.

MR. MIRAGLIA: It will at least articulate the scope of the issue for restart and would could remain for later.

CHAIRMAN JACKSON: I guess all I'm really asking is relative to a point of clarity. Since I have confusion, and I think about the public, I think it's very important that we're clear if we have what we call a significant issues list what the overlap of that list is relative to what are the issues that have to be addressed before restart so that there is no confusion.

MR. LANNING: Let's clarify it to make sure we all have the same common understanding. The significant issues list are those issues that the staff has identified as the minimum required that the licensee must address and complete to our satisfaction prior to restart.

There is an additional list that the licensee has which is much larger than that, which is also a source of confusion. We only have completed this activity for Unit 3 . 85 to date, because that's the only list that we have received from the licensee concerning restart.

CHAIRMAN JACKSON: Let me make sure I understand. The licensee has its restart list.

MR. LANNING: That's correct.

CHAIRMAN JACKSON: Is our significant issues list a subset of that, or it could be but it goes beyond it?

MR. LANNING: Our list is a subset of the licensee's list.

CHAIRMAN JACKSON: I'm sorry to belabor the point, but every issue that is on our significant issues list by definition is on the licensee's restart list?

MR. LANNING: That's correct.

CHAIRMAN JACKSON: Commissioner McGaffigan.

COMMISSIONER MCGAFFIGAN: In the inspection report, how quickly does the licensee get to start working on coming up with a way to resolve the issues? Do they have to wait for us to write the report, or is it orally communicated at the time? How does that work just in general?

MR. MIRAGLIA: Wayne.

MR. LANNING: The significant issues list is articulated in the restart assessment plan. That has been published; it's available to the licensee to start work on immediately.

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COMMISSIONER MCGAFFIGAN: You also said earlier it's an evolving document; you are going to come up with additional issues, and as they said, they are going to come up in discovery. I think that was the word used. How are additions made?

I'm just trying to understand the process so that's it's a prompt process, that it doesn't wait for an every three month Commission meeting or something in order that they know what they have to fix.

MR. MIRAGLIA: The issues are identified. In the course of inspections there are usually exits. So the

information in terms of the issue is identified to the licensee at the conclusion of the inspection.

The licensee will make its evaluation as to is this a restart item or not, share that with the staff, and we either agree or say it needs to go even further.

That's the process that is done by the 0350 restart panel. There are periodic meetings of those. They are done in public meetings. Those lists are shared with the utility on a fairly frequent basis.

I don't know what your current meeting schedule is right now.

MR. LANNING: We're averaging about one a month. As they have made progress we can have more frequent meetings.

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COMMISSIONER MCGAFFIGAN: And it's up to the licensee to propose how to resolve the issue once it's identified? Then it's up to the panel to decide whether that resolution is acceptable?

MR. LANNING: Absolutely. They have to list each of the issues and provide us a package certifying essentially that they have completed the actions that they think are necessary for the NRC to close that issue. They provide that to us so that we can inspect it.

CHAIRMAN JACKSON: Okay.

MR. MCKEE: If we can go back to slide four.

[Slide.]

MR. MCKEE: One item listed is the operational safety team inspection. It's an intensive independent evaluation to be performed just prior to the restart of each of the Millstone units. The inspection focuses on licensee's capability to safely operate the facility. It involves eight or more inspectors who will be on site two or three weeks to perform the inspection.

I need to point out that prior to December 1996 the licensee had been focusing on Unit 3 as the lead plant for restart. For that reason, the NRC restart action plan is directed at Unit 3 activities. Now it appears, I think as was discussed and you heard today, that the licensee is focusing restart activities for all three units on a

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parallel path. This revised approach could have considerable resource impacts on the NRC, particularly in considering the scope and depth of NRC activities associated with the restart assessment for each of the facilities.

Also, there are many actions and milestones required by the licensee to be completed prior to NRC conducting its review and assessments. I know the licensee spoke to this issue a little bit in their presentation, including the many assumptions that they have made in doing their things. I think they reflected that they are not certain on some what NRC may require in certain areas. So there is a little interchange that needs to go on here.

Given the licensee's ambitious schedules and parallel effort for the units, the staff questions the licensee's capability to meet all the necessary milestones for providing staff with necessary submittal packages and the information to support NRC activities.

It is very important that the licensee prepare supportable and integrated schedules with clear intermediate milestones for the three units. I heard some of that today, but that needs to be very carefully done so that we can proceed with our work also.

This is essential for the staff to plan and muster necessary resources to evaluate licensee programs.

As an aside, I want to mention last October the

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staff did request some information, more details on the operational readiness plan and schedules of important milestones for Unit 3. Although we received some information, we really haven't yet even received docketed information on that request. So we are still waiting for certain information for us to proceed.

CHAIRMAN JACKSON: Let me take you back for a quick minute. You mentioned that the Manual Chapter 0350 process explicitly provides for your interface with other appropriate agencies and organizations, and you mentioned FEMA, DOJ, and state agencies. The question I have relative to the state is, have you in fact articulated what your interface is going to be with either state agencies or state organizations or state groups? Have you in fact articulated that?

MR. IMBRO: I can answer that, Dr. Jackson. For the ICAVP we have solicited observation of the process by the NEAC, Nuclear Energy Advisory Council, I believe it is, and that organization is constituted by the Connecticut state legislature. We have memorandums of understanding from four of the individuals, the two chair people plus two alternates, and they will be involved in keeping abreast of the ICAVP and our status so they will understand the process and know what is going on. So to that extent the state has been involved with the ICAVP.

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MR. MIRAGLIA: In terms of the public meetings, I believe there has been conversation with Dr. Travers and the state that they would like to be kept informed of briefings. If they need more than they would get at public meetings, we've even arranged for opportunities to be briefed in that regard as well.

MR. LANNING: That's right. We have committed to brief the state representatives monthly on the status.

MR. MIRAGLIA: So there has been contact at a number of levels.

MR. McKEE: If I could have the fifth slide.

[Slide.]

MR. McKEE: The independent corrective action verification program has been required for each Millstone unit by order issued in September of 1996.

The ICAVP is intended to provide independent confirmation that the licensee has identified and addressed design and licensing basis deficiencies.

The ICAVP will also confirm that the licensee has processes in place that will ensure continued conformance with their license basis.

The order requires the licensee to contract for an independent organization to carry out the ICAVP.

The order specifies that NRC review and approval is required for several of the elements.

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NRC staff will review and approve the independence and technical qualifications of the proposed ICAVP organization.

Individual member's independence and their technical qualifications.

And the audit plan which must be submitted by the ICAVP organization.

As part of our review of the ICAVP audit plan, the staff will determine the scope and depth of the ICAVP audit, including which systems are to be evaluated.

CHAIRMAN JACKSON: What criteria are you using to ensure an adequate sampling of systems?

MR. MIRAGLIA: As described in the Commission paper that was referenced early in your remarks, Chairman Jackson, which will be made public today, the licensee has the primary responsibility to look at all systems within the context of the 0350 process and conduct the problem identification phase, resolve issues, and then institute corrective actions. The ICAVP will also then select a number of systems.

In early meetings with the utility in August preceding the order relative to this, we talked in terms of looking at risk-significant systems, those that would be covered by the maintenance rule, and at a point in the process where the utility has completed its problem

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identification and instituted corrective actions propose a number of systems that are ready for ICAVP review. Then, within the context of the process the ICAVP will decide a number of systems to be looked at, and then that plan will be submitted for the staff to review and audit.

CHAIRMAN JACKSON: So the number of systems and the basis on which they are to be chosen will come to the NRC for approval?

MR. MIRAGLIA: Yes.

MR. IMBRO: We will specify the number of systems. I think the next slide really addresses the scope of the ICAVP in terms of the multi-tiered effect not only to review four systems as was stated in the Commission paper, but also the fact that we need to look at the accident analyses to make sure the other systems that get engaged to mitigate accidents function the way they are supposed to, and then also to look at the change processes that have resulted in plant configuration getting to where it is since OL to make sure that those have not introduced any modifications.

CHAIRMAN JACKSON: Have you begun your discussion of the ICAVP? You're up next, right?

MR. IMBRO: No. Mr. McKee was going to handle the whole presentation. I was trying to respond to your question.

[Slide.]

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MR. MCKEE: On the next slide we are going to talk about conduct of the ICAVP.

As I mentioned before, the staff is required to approve it. We have given a lot of consideration to those elements of what we think should be considered in the ICAVP.

In general, staff has determined that the ICAVP should include a three-tier review.

Tier 1. This is the plan for Unit 1 as we have identified in the paper, but likely will apply a similar process to the other units. The contractor would perform an extensive vertical slice evaluation of design and operation aspects of a sample of safety-related and risk-significant systems. I think the original thought was four, as Gene mentioned.

In tier 2 other safety-related or risk-significant systems would be evaluated and the focus would be on critical active functional attributes necessary to mitigate postulated accidents analyzed in the FSAR.

In tier 3 design change processes such as those

involving procedural changes, calculation changes, drawing changes, tech spec changes would be sampled.

CHAIRMAN JACKSON: So when we are looking at tier 1, tier 2 and tier 3, how many systems, at least at this stage of the game, are you talking about looking at?

MR. IMBRO: It's a little bit hard to answer. For

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tier 1 it clearly is four systems. The four-system review is a vertical review looking at all design aspects and making sure that the systems conform to the licensing basis but also that the design requirements flow through to the operating, maintenance, surveillance procedures, testing, et cetera. So there is a complete top to bottom review of four systems.

Tier 2 I wouldn't necessarily look at on a system basis but more on an analyzed accident basis. In other words, we are going to start with the Chapter 15 accidents and the FSAR and go through each accident and look at what has been taken credit for in terms of performance of all the systems and make sure that those functions can be performed by the systems by going back to look at the design bases for those particular attributes.

So the tier 2 is not necessarily a system review but an accident analysis review focusing on the critical attributes of the systems that need to come into play to mitigate the consequences of the accident.

And tier 3 is not a system review at all but is a broad review of processes.

MR. MIRAGLIA: And it's the results of all of these and the outcomes of these that will say is that enough. You have to put those together and make the judgments that those three processes have provided the

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information to say and to make the inference that the ICAVP is going to have to say that the licensee has done enough and independently verified corrective action.

MR. McKEE: Finally, on that slide, the ICAVP would not begin until the licensee has completed the problem identification phase of the configuration management program for at least one half of the risk-significant systems.

If I could have slide seven, please.

[Slide.]

MR. McKEE: This provides a little more information on the tier 1 evaluation. We may have covered some of this already.

The tier 1 scope as identified by the staff for Unit 3 includes a multi-discipline vertical slice review for several systems comparable to an integrated design inspection. Licensee review includes approximately 80 safety-related or risk-significant systems.

Tier 1 will encompass the adequacy of original design for the unmodified portions of the selected systems as well as all the modifications since issuance of the operating license.

CHAIRMAN JACKSON: Let me ask you a question. I just want to make sure I'm clear. Did you say the licensee has identified 80 systems?

MR. McKEE: I think 80 represents the full scope

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of all the systems that the licensee is looking at, not ones that necessarily will come under the ICAVP.

CHAIRMAN JACKSON: I understood that. I'm asking you a question. You said 80 systems, right, and you said 80

risk-significant systems?

MR. MIRAGLIA: It's the 80 systems that would fall under the criteria as they are implementing the maintenance rule.

CHAIRMAN JACKSON: The ICAVP at this point will look at four in this tier 1 process?

MR. IMBRO: That's correct.

MR. MIRAGLIA: And the 80 is applicable just to Unit 3.

CHAIRMAN JACKSON: Is the 80 for one unit or for all three?

MR. IMBRO: The 80 is for Unit 3.

CHAIRMAN JACKSON: So the four is for Unit 3?

MR. IMBRO: Exactly, yes.

COMMISSIONER ROGERS: What is the thinking here of your focus on the original design for unmodified systems? What are you looking for there?

MR. IMBRO: What we are looking for, Commissioner Rogers, is, starting with the reality of the system as installed in the plant, making sure that that is in conformance with its licensing basis. For the unmodified

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portions of the system the supporting documentation is the original design. For the parts of the system that have been modified, it's the supporting documentation of the modification packages. We want to look at the total design package that supports the system as it exists today to make sure that's in compliance with its licensing and design basis.

COMMISSIONER ROGERS: The problem I have here is just understanding what sort of things you think you might turn up there. It looks to me as if what you may find or the purpose of this would be to see whether the original design complied with the original FSAR. Is that right?

MR. IMBRO: That's right.

COMMISSIONER ROGERS: This would go back to your one then.

MR. IMBRO: Exactly.

MR. MIRAGLIA: The second thing is that given the modifications --

COMMISSIONER ROGERS: I understand the modifications. It's the unmodified portions.

MR. IMBRO: There have been examples where original design problems have been uncovered. Therefore we felt like we needed to go back and look at the adequacy of the original design. That is something that is a little bit unusual in terms of how we review things, but we felt for

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Millstone this was necessary.

COMMISSIONER ROGERS: But then this is sort of a sampling process in a certain sense of the original design conformance with the FSAR for the four systems. That's how you are taking the sample in a sense. It really doesn't relate to the modifications; it relates to the original design and FSAR conformance.

CHAIRMAN JACKSON: Let me make sure I understand, because now I'm confused. My perspective was that there were these four systems that you were picking based on some set of criteria, risk significance included.

MR. IMBRO: That's right.

CHAIRMAN JACKSON: Having picked those, some portions of the systems may have been unmodified since the beginning and some portions may have been modified.

MR. IMBRO: That's correct.



CHAIRMAN JACKSON: In taking this vertical slice you are doing both things. You are not picking the four systems based on never having been modified or having been modified. You're picking them on some other criteria, and in taking this slice you have to do both of these.

MR. IMBRO: That's right. One of our criteria would be also to look at the number of modifications and the complexity of modifications that are made to a particular system.

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CHAIRMAN JACKSON: To make sure that we are touching base with what his question is and mine, within a given complicated system there are aspects of both.

MR. IMBRO: Exactly.

MR. MIRAGLIA: You're picking a system and you're saying did it meet the original design as modified. The answer is yes.

CHAIRMAN JACKSON: Commissioner McGaffigan.

COMMISSIONER MCGAFFIGAN: This is just a language question and perhaps everybody who went through the maintenance rule knows. When you use safety-related or risk-significant, are they the same, or is risk-significant systems that are not safety-related?

MR. MIRAGLIA: Within the context of the maintenance rule, it is risk-significant and it would include safety.

COMMISSIONER MCGAFFIGAN: So risk-significant includes safety systems?

MR. MIRAGLIA: In terms of the maintenance rule, it would be the broader context.

MR. IMBRO: Some of the safety-related systems are not really risk-significant. It gets complicated.

CHAIRMAN JACKSON: We don't want to go off the map, but there are at least four operative phrases that come up that I think actually need clarification at some point.

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They are safety-related; we say safety-significant; we say important to safety; and we say risk-significant. And they don't all mean the same thing. Am I correct?

MR. IMBRO: That's correct.

MR. MIRAGLIA: That's right.

CHAIRMAN JACKSON: For the purposes of Commissioner McGaffigan's question, what are you saying?

[Laughter.]

COMMISSIONER MCGAFFIGAN: They've been very good about using the terms safety-related or risk-significant all through the briefing. So I've been very impressed.

MR. IMBRO: From my knowledge of Unit 3, the licensee has approximately 220 or 230 systems total in the plant. They have divided those into four categories. I will focus on the first two because I'm not sure I know the definitions for the other two. The first two comprises the 80 systems that we just discussed or made reference to.

The group one systems are risk-significant and safety-related, and I think the total number is something like 39, more or less.

The group two systems are safety-related or risk-significant. In that category there are approximately 42 systems, I believe. Some of those are safety-related but not risk-significant, and others, one or two systems, are risk-significant but not safety-related. I think the two

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non-safety-related systems that are risk-significant have to

do with availability of offsite power kind of things that are not typically safety-related.

CHAIRMAN JACKSON: Maybe you could just give a quick definition of safety-related.

MR. IMBRO: Safety-related would be those systems that -- I guess as a first cut, those systems that are necessary to mitigate the consequences of an accident or to prevent accidents such as the primary pressure boundary.

CHAIRMAN JACKSON: Just for the record.

COMMISSIONER MCGAFFIGAN: Sorry.

CHAIRMAN JACKSON: No. That was a good question.

MR. McKEE: To finish on this slide, I was going to mention something about our selection process, but I think we've already covered that. It's based on a number of factors. So let's move to the next slide, please.

[Slide.]

MR. McKEE: As far as NRC oversight of the ICAVP, staff will provide oversight of that process by reviewing on a sampling basis the ICAVP processes and findings and conducting separate design-related inspections of a couple systems.

CHAIRMAN JACKSON: Those systems are different than the four the ICAVP will cover?

MR. IMBRO: No, not totally. One will be within

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the scope of the ICAVP. So one of the systems that was used to do a vertical slice on ourselves will be within the scope of the ICAVP and would be one of the four systems. The other would be not be within the scope of the ICAVP but one of the remaining of the 80 systems that is done by the licensee but not necessarily addressed by the ICAVP.

CHAIRMAN JACKSON: And that's one of the things that we are going to end up using contractors for?

MR. IMBRO: Exactly, yes.

MR. McKEE: Staff intends to keep the state and public well informed on ongoing activities, including invitation to the state representative to observe NRC inspections. We are going to have multiple meetings with the licensee which will be open to the public. And we're going to have specific meetings with the public on this topic.

[Slide.]

MR. McKEE: Just to give you a quick status of where we are on ICAVP.

In brief, the current status of the program is the staff is reviewing the proposals by the licensee to use Sargent & Lundy at Units 1 and 3. We have requested some additional information from the licensee and we plan separate meetings with the licensee and the public in the near future. February 5, I think, is when we planned those.

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The meeting with the licensee, which will be open to the public, will be to discuss their proposal and selection process.

In our meeting with the public we plan to solicit the public's comments on the contractor selection.

CHAIRMAN JACKSON: Will the comments that you get from the meeting be addressed prior to or as part of the decision-making process?

MR. IMBRO: It will be part of the decision-making process.

COMMISSIONER MCGAFFIGAN: Could I ask one question?

CHAIRMAN JACKSON: Sure.

COMMISSIONER MCGAFFIGAN: Perhaps Mr. Kenyon can answer. His chart read the same way, that there was a contractor for Unit 1 and 3, but in his oral presentation he said that they had chosen an ICAVP contractor for 3 and they were soon going to do 1 and 2. I guess I should have asked it at the time. I'm just wondering whether you have chosen the Unit 1 ICAVP contractor and submitted it yet or whether your oral remarks were right and you are still working on that.

MR. KENYON: We have chosen but not submitted.

COMMISSIONER MCGAFFIGAN: Chosen but not submitted the number 1?

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MR. KENYON: That's right.

CHAIRMAN JACKSON: Where does the thing stand for Unit 2?

MR. KENYON: The same. We have internally chosen both and we will shortly be submitting them.

CHAIRMAN JACKSON: So the only one that has been submitted is Unit 3 at this stage?

MR. KENYON: That's correct.

I'm sorry. I'm out of date. Unit 1 has been submitted also.

MR. IMBRO: There is a difference in date. Submittal on the Unit 1 was the 15th of January.

MR. McKEE: That completes the ICAVP. I want to shift over to employee concerns. If I could have slide 10, please.

[Slide.]

MR. McKEE: As a result of past failures in the licensee's programs for the handling of safety issues raised by its employees and NRC concerns about the treatment of employees who brought safety concerns to management's attention, NRC issued an order in October of 1996 requiring the licensee to take a number of actions. The licensee did discuss some of these and I'll kind of cover those briefly again.

The principal actions specified by the order

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include licensee submittal for NRC review their own comprehensive plan for reviewing and disposition of safety issues raised by their employees.

The order also requires the licensee to propose an independent organization to oversee the comprehensive plan.

Once the NRC approves an independent organization, that organization will develop and provide for NRC approval an oversight plan. All these actions are required prior to the restart of any of the Millstone units.

Once in place, the independent organization would provide reports at least quarterly to the NRC. These reports would be made available to the public. We are still considering how we might discuss that, and that would be presented quarterly, including participation by the public.

CHAIRMAN JACKSON: So at this point you don't necessarily require any progress relative to the plan before restart. You just said that the plan has to be approved prior to restart.

MR. McKEE: That's correct. The oversight plan has to be approved. That's the independent group. That plan has to be approved prior to restart. As far as implementation of their comprehensive plan the oversight group will be doing, that's one purpose of that function, and then of course the NRC would be doing, also similar to

the ICAVP, some other higher tier level oversight and

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assessment of employee concerns.

CHAIRMAN JACKSON: I'm just trying to clarify those. Whereas with ICAVP there are certain things that specifically have to have been done before restart, you are not putting in any requirement that there are specific things that have to have been done in the employee concerns areas.

MR. McKEE: You're correct. The order does not specify. The order specifies that they have to have the oversight plan in and we approve it prior to restart.

CHAIRMAN JACKSON: But you have to bring it to us and convince us.

MR. McKEE: That's correct, yes.

MR. LANNING: But as a practical matter, the licensee will have to demonstrate that they've made progress in dealing with employee concerns prior to restart. That is a startup issue.

CHAIRMAN JACKSON: That's something you should keep in mind in coming to the Commission.

MR. McKEE: My last point was that the NRC plans to assess the effectiveness of this plan and bring that to the Commission and discuss that with the Commission prior to restart.

Next slide, please.

[Slide.]

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MR. McKEE: The status of the employee concerns order activities is similar to the status for the ICAVP. Of course we don't have three separate programs. The employee concerns is a station program rather than an individual unit program.

The licensee has submitted a proposed organization, Little Harbor Consultants, and we are reviewing the qualifications and independence aspects of the organization and individuals.

Similar to the ICAVP contractor selection process, we have requested some additional information from the licensee. A letter just went out today on that.

CHAIRMAN JACKSON: Are there any particular issues that are you requesting information about?

MR. McKEE: We're requesting some further information on Little Harbor Consultants, some further information on some of the individuals, assurance of their independence from Millstone, and financial independence from Northeast Utilities.

We are also curious about some of the construction of that organization, how the people will be placed at site, what will be their availability and kind of their dedication of time, since it looks like a specially formed organization for this purpose.

Again, we are having a meeting with the licensee

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concurrent with the ICAVP meeting on February 5, and that meeting will be open to the public for them to discuss the issues that we have asked them and the additional questions. Also that evening we are having a meeting with the public to receive their comments or any input on the proposed organization.

CHAIRMAN JACKSON: Let me make sure I understand. This meeting to receive comments on the proposals relative to the ICAVP, is that a meeting that the NRC is holding on February 5?

MR. McKEE: On February 5 we actually have two meetings. We have one meeting that the NRC is holding, and it's a meeting with the licensee. That meeting will be in the afternoon of the 5th.

CHAIRMAN JACKSON: Is that going to be open to the public?

MR. McKEE: That will be open to the public. That meeting will include discussions of both the ICAVP and the employee concerns.

CHAIRMAN JACKSON: Then separately the NRC is having a public meeting on February 5th in the evening?

MR. McKEE: Correct. In the evening we are having a meeting with the public off the site. I guess in the Waterford Town Hall. A meeting with the public to discuss both those programs.

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CHAIRMAN JACKSON: When do you foresee a decision being made relative to the ICAVP and our acceptance?

MR. McKEE: If I could have the next slide.

[Slide.]

MR. McKEE: But that won't provide a definitive answer. Actually the next slide we tried to identify some milestones that we expect or anticipate will be accomplished prior to our next briefing to the Commission.

We anticipate after this meeting, if we get additional information that progress will be made and subject to meeting the criteria that we are looking for, approval of the ICAVP organizations as well as the employee concerns organization.

If that's true in the next three months the order, at least in employee concerns, which I know a little bit better, after approval of the organization, they have 30 days to submit their oversight plan. If that works out and we select within the next several weeks the employee concern contractor, we should be at a point even three months from now for looking at an approval well in the process of that oversight plan.

I think the same is true also for the submittal of the ICAVP plan.

MR. IMBRO: For the ICAVP, we hope that within several weeks after we have our meeting on the 5th and we

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evaluate the information as presented and consider the public comments that we receive from the evening meeting, then we would be in a position to provide feedback back to the licensee.

MR. LANNING: And to help the public provide meaningful feedback, we have provided copies of the correspondence between Northeast Utilities and NRC in the local public document room, which is the Waterford library, such that the public can get copies of that documentation and prepare themselves for the evening meeting.

CHAIRMAN JACKSON: Okay.

MR. McKEE: We've really covered most of the items that we have on there that I will call the near term, the next three months.

The last item. Of course we plan to keep the Commission informed, and we will work our agenda and see what we need to talk about at the next meeting.

That concludes my remarks.

CHAIRMAN JACKSON: Thank you.

MR. THOMPSON: That concludes the staff's presentation. We would be prepared to answer any questions.

CHAIRMAN JACKSON: Commissioner Rogers.

COMMISSIONER ROGERS: I have no additional questions. I thought it was very excellent.

CHAIRMAN JACKSON: Commissioner Dicus.

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COMMISSIONER DICUS: No, thank you.

CHAIRMAN JACKSON: Commissioner Diaz.

COMMISSIONER DIAZ: I do have a couple of little questions. Again, you're going to have to excuse me, because they were very simple, but when the discussion on safety-significant and risk came in they got a little more complicated. So I had to write something down quickly just to make sure that my question comes out clearly.

You go through this entire document. I am certain that in every one of the staff actions safety is behind it. Paraphrasing Chairman Jackson when she finished her remarks, we do not manage utilities; we regulate utilities regarding their safety significance. I think that is an important issue.

And we know we have this major massive effort on the design basis reconstitution, which I guess constitutes a significant portion of the efforts.

However, in going through all of these documents, and I'm sure I missed not only this but all the others, I wonder if I could ask the staff.

In all of these vertical, horizontal and diagonal slices we have taken have you identified an individual, independent, very safety-significant, risk-significant issue at Millstone which would have had or could have impaired the capability of the systems to perform its intended safety

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function?

MR. MIRAGLIA: I think what led up to and prior to the 50.54(f) letters on each of the units there were special inspections. In fact, there was a self-assessment by the licensee relative to concerns that led to technical specification shutdowns because they could not meet the licensing basis. I believe Unit 1 was the first unit to be shut down.

As a result of those concerns, we had a special inspection team sent to the Millstone station with a focus on Unit 1. Then we looked at Unit 2 and 3 as concerns were identified based upon the licensee's own self-assessment. And also within the context of Haddam Neck. So we had a 20-plus-person team looking at the safety and operation within the licensing basis for the facility. And other issues were identified where they couldn't make the appropriate operability call, so it led to the shutdown of the other units.

Those reports are on the docket, in the public document room, and form the basis. It was the licensee's own judgment based upon their assessments and our inspection results that led to the shutdown of those units and the need for a reconfiguration to assure operation.

COMMISSIONER DIAZ: I couldn't agree more with the need for reconstitution of the design basis. Being

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simpleminded, that really was not my question. My question was, have we identified an independent issue?

MR. MIRAGLIA: I believe we can identify from the findings in the special inspection at least two or three significant safety issues at the units that led to the shutdown, and we can provide that and highlight those reports for you.

COMMISSIONER DIAZ: Would you, please. I will ask the staff to do likewise.

MR. THOMPSON: We will be glad to provide that to the Commission.

MR. MCKEE: We had an enforcement conference with the licensee in December. That enforcement conference included a number of the issues that were identified at the inspection we were talking about plus issues that were identified by the regional inspection program. So what we provide will probably include a lot of that. That included a number of significant issues.

COMMISSIONER DIAZ: I have gone to the significant issues list. I don't see many of them that I would call really safety-significant and risk-significant.

MR. MIRAGLIA: Mr. Imbro can give one example.

MR. IMBRO: One issue that comes to mind, I believe on Unit 2, was the size of the containment sump screen mesh. That was larger than the orifice size for the  
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high pressure injection throttle valves and created a potential for blockage of high pressure injection because debris could pass through the sump screens that was larger than the orifice size. That is one issue that comes off the top of my head.

MR. LANNING: An additional issue is Unit 2 concerning the turbine driven auxiliary feedwater pump. They had disabled that pump at certain times contrary to tech specs, which is a very significant finding by this team.

COMMISSIONER DIAZ: I remember that one clearly.

But I think it would be important that we identify those significant issues clearly and separate; all of the issues dealing with design basis and with everything else is something that we need to have up front.

MR. MIRAGLIA: It's already documented within the reports. We could highlight those. I think it's those issues that indicated that we had to do an extensive fix.

CHAIRMAN JACKSON: Why don't you just take what you have and highlight it and provide it to Commissioner Diaz.

MR. MIRAGLIA: Yes. We'll do that.

CHAIRMAN JACKSON: Are there any further questions or comments?

[No response.]

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CHAIRMAN JACKSON: I would like to thank both Northeast Utilities and the staff for briefing the Commission on the processes being used to address readiness for restart of the Millstone units.

The Commission recognizes that much effort has been expended by the licensee and the NRC staff in determining what the deficiencies are, analyzing them for root cause and categorizing them for safety significance. Clearly, however, there is a lot of work yet to be done.

To reiterate, from the NRC's perspective the decision-making process has been formalized by the following things.

First, issuing orders related to an independent corrective action verification program and the establishment of a third-party oversight of the employee concerns program.

Secondly, creating the Special Projects Office to oversee all licensing and inspection activities.

Third, updating the NRC's staff guidelines for

restart approval, namely, the Manual Chapter 0350 process, specifically for the Millstone units.

Fourth, formalizing Commission involvement by necessitating a vote for final restart approval and in the interim conducting routine meetings to track progress which at this point are scheduled on a quarterly basis.

However, the plan is dependent also on the

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licensee's schedule, and so I encourage the licensee to work closely with the staff in establishing a schedule however draft a schedule that may be and as promptly as possible finalizing a list of restart issues.

NRC resource allocations, as we have all spoken to, must be planned accordingly. And although the licensee has indicated the desire to work all three units in parallel, I believe the Commission would greatly benefit by having a draft time line with significant milestones annotated for each of the three units.

The Commission does not presuppose that any of the plants will restart by a certain date or not restart by a certain date. However, the Commission must be prepared to ensure that adequate resources are employed to ensure adequate review in a timely manner and to ensure that the public health and safety concerns are addressed.

The Commission looks forward then to more detail, more meat on the skeletons of these plans and these processes at each subsequent Commission meeting.

As an aside, with respect to the regulatory lessons learned from this process, I note that the NRC continues to study improvements to be made in its processes and to have those processes reflect appropriately risk and safety significance. The Commission is currently scheduled to be briefed on Millstone and Maine Yankee's lessons

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learned on February 19.

Unless any of the Commissioners have any closing comments, we stand adjourned.

[Whereupon, at 12:40 p.m., the briefing was adjourned.]