

ORIGINAL

**UNITED STATES OF AMERICA
NUCLEAR REGULATORY COMMISSION**

**Title: MEETING ON STATUS OF THIRD PARTY
OVERSIGHT OF MILLSTONE STATION'S
EMPLOYEE CONCERNS PROGRAM AND SAFETY
CONSCIOUS WORK ENVIRONMENT**

Location: Rockville, Maryland

Date: Tuesday, January 19, 1999

Pages: 1 - 159

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1025 Connecticut Avenue, NW, Suite 1014
Washington, D.C. 20036
(202) 842-0034

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CERTIFICATE

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

TITLE OF MEETING: MEETING ON STATUS OF THIRD PARTY
OVERSIGHT OF MILLSTONE STATION'S
EMPLOYEE AND CONCERNS PROGRAM

PLACE OF MEETING: Rockville, Maryland

DATE OF MEETING: Tuesday, January 19, 1999

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

Transcriber: Martha Brazil

Reporter: Mark Mahoney

1 UNITED STATES OF AMERICA
2 NUCLEAR REGULATORY COMMISSION

3 ***

4 OFFICE OF THE SECRETARY

5 ***

6 MEETING ON STATUS OF THIRD PARTY OVERSIGHT
7 OF MILLSTONE STATION'S EMPLOYEE CONCERNS PROGRAM
8 AND SAFETY CONSCIOUS WORK ENVIRONMENT

9 ***

10 PUBLIC MEETING

11 ***

12 Nuclear Regulatory Commission
13 Room 1F-16, Building 1
14 One White Flint North
15 11555 Rockville Pike
16 Rockville, Maryland

17
18 Tuesday, January 19, 1999

19 The Commission met in open session, pursuant to
20 notice, at 2:05 p.m., the Honorable SHIRLEY A. JACKSON,
21 Chairman of the Commission, presiding.
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23
24
25

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1 COMMISSIONERS PRESENT:

2 SHIRLEY A. JACKSON, Chairman of the Commission

3 NILS J. DIAZ, Member of the Commission

4 EDWARD McGAFFIGAN, JR., Member of the Commission

5 GRETA J. DICUS, Member of the Commission

6 JEFFREY MERRIFIELD, Member of the Commission

7

8 STAFF AND PRESENTERS:

9 STEPHEN G. BURNS, Deputy General Counsel, NRC

10 ANNETTE L. VIETTI-COOK, Secretary, NRC

11

12 MIKE MORRIS, Chairman and CEO, Northeast Utilities

13 BRUCE KENYON, President and CEO, Northeast Utilities

14 Generating Group

15 LEE OLIVIER, Senior Vice President & CNO, Millstone Station

16 JOHN CARLIN, Vice President-Human Services, Millstone

17 Station

18 MARTY BOWLING, Vice-President-Nuclear Operations, Millstone

19 Station

20 MIKE BROTHERS, Vice-President Nuclear Operations, Millstone

21 Station

22 RAY NECCI, Vice President-Nuclear Oversight and Regulatory

23 Affairs, Millstone Station

24 DAVE AMERINE, Vice President-Engineering Services, Millstone

25 Station

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1 STAFF AND PRESENTERS (Continued):

2
3 JOHN BECK, President, Little Harbor Consultants, Inc.4 JOHN GRIFFIN, Deputy Team Leader, Little Harbor Consultants,
5 Inc.

6 BILLIE GARDE, Consultant, Little Harbor Consultants, Inc.

7
8 WILLIAM TRAVERS, Executive Director for Operations, U.S.
9 Nuclear Regulatory Commission10 HUBERT MILLER, Administrator, Region I, U.S. Nuclear
11 Regulatory Commission

12 BILL DEAN, Director, PD 1-2, NRR

13 HELEN PASTIS, Project Manager, PD 1-2, NRR
14

15 JOHN MARKOWICZ, Nuclear Energy Advisory Council

16 JOSEPH AMARELLO, Millstone Ad-Hoc Employee Group

17 JERI DUEFRENE, Millstone Ad-Hoc Employee Group

18 ROBERT BARRON, Millstone Ad-Hoc Employee Group

19 THOMAS CLEARY, Millstone Ad-Hoc Employee Group
20

21 RONALD McKEOWN, Friends of a Safe Millstone

22 NANCY BURTON, Fish Unlimited
23
24
25

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P R O C E E D I N G S

[2:05 p.m.]

CHAIRMAN JACKSON: Good afternoon, everyone. I am pleased to welcome you today for a briefing of the Commission on the Status of Third Party Oversight of the Millstone Station's Employee Concerns Program and Safety Conscious Work Environment.

The Commission will be briefed by the NRC Staff, by Northeast Nuclear Energy Company, Little Harbor Consultants, the Nuclear Energy Advisory Council, the Ad-Hoc Millstone Station Employee Concerns Task Force, Friends of a Safe Millstone, and Fish Unlimited.

In the early to mid-1990s, numerous assessments, audits and internal task group studies were conducted by Northeast Nuclear Energy Company to assess Employee Concerns programs at the Millstone Station. Common findings arising from these studies indicated that licensee management lacked accountability, inadequately resolved identified problems, intended to punish rather than reward employees who raised safety concerns.

The recommendations from the studies were not implemented in a coordinated and effective manner resulting in persistent problems. A lack of commitment to and accountability in corrective actions resulted in continuing failures to resolve emerging issues.

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1 The three Millstone units were shut down by the
2 licensee in late 1995 and early 1996 because of design and
3 operational issues in addition to an order issued August
4 14th, 1996 relating to redressing corrective action program
5 issues at each Millstone unit.

6 On October 24th of that year the NRC issued an
7 order directing that before restarting any Millstone unit
8 the licensee develop and submit to the NRC a comprehensive
9 plan for handling safety issues raised by its employees and
10 ensuring that employees who raise safety concerns can do so
11 without fear of retaliation.

12 The second order also directed the licensee to
13 retain an independent third party to oversee implementation
14 of this comprehensive plan, which includes the Employee
15 Concerns Program and the Safety Conscious Work Environment.
16 The status of actions pursuant to this order is the subject
17 of today's briefing.

18 Northeast Nuclear Energy Company proposed and the
19 NRC approved the use of Little Harbor Consultants as the
20 independent third party to oversee the implementation of the
21 plan.

22 Since May, 1997, approximately a dozen meetings
23 have been held between Little Harbor Consultants, NRC Staff,
24 and Northeast Nuclear Energy Company to discuss the status
25 of the Employee Concerns Program and Safety Conscious Work

1 Environment. These meetings were held near the Millstone
2 site and were open to the public.

3 In addition, periodic meetings have been held in
4 Waterford, Connecticut specifically aimed at keeping the
5 public informed about progress made by these programs at
6 Millstone.

7 The NRC Staff assessed the licensee's progress to
8 establish an Employee Concerns Program and Safety Conscious
9 Work Environment in a paper entitled SECY 98-090, Selected
10 Issues Related to Recovery of Millstone Nuclear Power
11 Station Unit 3, dated April 24th, 1998.

12 The Staff concluded that progress made to that
13 point in establishing an Employee Concerns Program and a
14 Safety Conscious Work Environment was adequate to support
15 the restart of Millstone Unit 3 and that the Employee
16 Concerns Program and Safety Conscious Work Environment were
17 functioning effectively at Millstone.

18 The Commission agreed with the Staff's conclusion
19 subject to the condition that Little Harbor Consultants
20 continue third party oversight of the program until the
21 Commission could determine that such oversight was no longer
22 necessary.

23 The Staff recently forwarded for Commission
24 consideration a paper, 99-010, documenting first the Staff's
25 updated assessment of Northeast Nuclear Energy Company's

1 activities related to its Employee Concerns Program and
2 Safety Conscious Work Environment and, two, the Staff's
3 recommendation to close the October 24th, 1996 order.

4 I just should say for the record that on a related
5 matter the Commission recently received a report from the
6 NRC Inspector-General on the NRC Staff's handling of
7 employee harassment and intimidation complaints at
8 Millstone.

9 As a result of the potentially significant issues
10 identified, I directed the Executive Director for Operations
11 to review the report and to provide lessons learned,
12 recommendations for improvement, corrective actions
13 including dates for implementation, and any other
14 information that may be pertinent to this matter to the
15 Commission no latter than this Friday, January 22nd.

16 Some critics have asserted that the NRC is trying
17 to whitewash the issue of employee harassment and
18 intimidation and assurance of an effective Employee Concerns
19 Program and Safety Conscious Work Environment.

20 I hope that the actions that we have taken and
21 which I have just detailed demonstrate the depth of our
22 commitment to ensuring that employees at any nuclear
23 licensee can raise safety concerns without fear of
24 retaliation.

25 The purpose of today's briefing, however, is to

1 collect information which we will consider in deciding
2 whether to close the October, 1996 order.

3 As required by the order, the independent third
4 party oversight organization will continue at Millstone
5 until the licensee has demonstrated by its performance that
6 the conditions which led to the order have been corrected.

7 The Commission looks forward to further examining
8 this performance today, and I understand that copies of all
9 the viewgraphs and SECY 98-010 are available at the
10 entrances to this room.

11 So unless my colleagues have any opening comments,
12 we will proceed beginning with Northeast Nuclear Energy
13 Company, so Mr. Morris, please proceed.

14 MR. MORRIS: Thank you, Dr. Jackson, fellow
15 Commissioners.

16 We are happy to be back to give you this update on
17 the Employee Concerns Program and the Safety Conscious Work
18 Environment on a sitewide basis from the Millstone Station
19 and an update a bit more briefly on the readiness of Unit 2
20 for restart, and then I just want to take a moment to tell
21 you what my hope of today's program is, and that is that not
22 only will you see in the metrics solid information that
23 shows what we believe, that the Employee Concerns Program
24 and Safety Conscious Work Environment exists in the depth of
25 the people at Millstone Station, but I hope you also see the

1 intellectual and emotional commitment on this team to
2 continuing to ensure that we never fall backwards into the
3 environment that we once had at that station that is now, we
4 believe, gone and we'll continue to try to improve as we go
5 forward.

6 The commitment is way beyond me. It is from the
7 Trustees above to the management team sitting here with you
8 and most importantly to many if not all of the people who
9 work at that station I had the chance of being here last
10 week for a morning and had breakfast with some employees and
11 I can assure you they felt very comfortable to bring up any
12 issue they wanted with me.

13 I take that as an encouraging sign. I truly do.
14 So I hope you see that deep commitment and we will go
15 through the metrics and I am sure you will raise the issues
16 as you see fit to do with that.

17 If there are no questions of me, I will ask Bruce
18 to start our presentation.

19 MR. KENYON: Good afternoon, Chairman Jackson and
20 Commissioners. My introductory remarks will be brief in the
21 interest of addressing just two points.

22 First, although my responsibilities have been
23 expanded to include all of generation for Northeast
24 Utilities, both Nuclear and Non-Nuclear, the fundamental
25 philosophies which have guided Millstone's recovery and

1 operation have not changed.

2 This leadership team remains committed to safe,
3 reliable and efficient operation of our nuclear facilities
4 and we strongly believe that a robust Safety Conscious Work
5 Environment is essential to achieving these objectives, and
6 I remain personally committed and involved to ensure that my
7 expectations regarding Safety Conscious Work Environment at
8 Millstone continue to be met.

9 I believe that our performance clearly
10 demonstrates that an effective, safety-conscious work
11 environment exists at Millstone, that it is being maintained
12 and strengthened, that we have effective and well-tested
13 processes to detect and address any deteriorating
14 situations, and that from our perspective further continuous
15 monitoring by Little Harbor is not necessary to assure an
16 ongoing health Safety Conscious Work Environment, and we
17 will further address that in our presentation.

18 My second point is that it is the architect of the
19 recovery team concept which over the past nearly two and a
20 half years has provided a substantial infusion of leadership
21 of loaned industry individuals to the station.

22 I also have had the resulting subsequent challenge
23 of how and when to transition Millstone to a fully-NR led
24 organization, and you have questioned me on this on several
25 occasions.

1 I am now pleased to report that all of the
2 long-term Millstone officer positions have been filled with
3 very capable NU individuals, some hired from outside the
4 company and some promoted. I am pleased to recognize Lee
5 Olivier as the recruited new Chief Nuclear Officer. John
6 Carlin was recruited to be the new Vice President of Human
7 Services for Nuclear.

8 Our Ray Necci is the new Vice President of
9 Oversight. That was an internal promotion. Mike Brothers'
10 role has been expanded to include operational
11 responsibilities for all of the Millstone units.

12 Dave Amerine, who is not at the table but in the
13 audience is our Vice President of Engineering.

14 CHAIRMAN JACKSON: I think he is at the table.

15 MR. KENYON: Oh, there he is. Welcome, Dave.

16 Having discussed the officers, I am also pleased
17 to report that all but one of the going forward Directors
18 has been selected, and they are substantially in place.

19 Also, with only two exceptions, all of the
20 managers have been identified.

21 We have gone through a very careful, rigorous and
22 fair process to select these leaders. Almost all have been
23 part of the recovery and thus understand the challenges and
24 the culture of Millstone. They are talented, committed and
25 enthusiastic. These selections have been well-received by

1 the organization and we are developing and implementing a
2 transition plan for all affected positions.

3 We are now well positioned to phase out the
4 remaining members of the Recovery Teams in conjunction with
5 the startup of Unit 2, and thus I believe we now have the
6 essential internal leadership, NU leadership, necessary to
7 sustain and strengthen performance toward our long-term goal
8 of excellence.

9 In closing, I want to identify to the Commission
10 others in the audience whose role in the leadership and
11 governance of the station is very important.

12 Present are three members of the Board of Trustees
13 and Nuclear Committee, Elizabeth Cannon, our lead Trustee,
14 Cotton Cleveland and John Turner, and we also have two
15 members of the Advisory Team to the Nuclear Committee
16 including Phil Clark as Chairman.

17 If there are not any questions for me, I would now
18 like to call on Lee Olivier.

19 MR. OLIVIER: Good afternoon, Chairman Jackson and
20 Commissioners.

21 This slide shows our agenda for our portion of the
22 presentation. I will provide an overview of Millstone's
23 performance. John Carlin, our new Vice President of Human
24 Services will give us a detailed discussion on Safety
25 Conscious Work Environment and why we believe we have a

1 strong Safety Conscious Work Environment and how we will
2 sustain that in the future.

3 Marty Bowling and Mike Brothers will give us an
4 update on Unit 2 readiness, talk about the key milestones
5 and give you an overall status of Unit 2.

6 Ray Necci, who is our new Vice President of
7 Regulatory Affairs and Oversight, will give us Oversight's
8 independent assessment of Unit 2 readiness.

9 Also here, as Bruce mentioned, is Dave Amerine,
10 and if we have any questions in regards to engineering, Dave
11 will answer those for us.

12 I started as the Chief Nuclear Officer at
13 Millstone Station on October 19th of 1998 after about 29
14 years at Boston Edison. Twenty-four of those years were in
15 their nuclear program, and prior to coming here I was the
16 Chief Nuclear Officer at Pilgrim Station.

17 I also talked with Bruce prior to coming on board
18 extensively about the issues that led to Millstone's
19 decline, essentially review the fundamental cause analysis
20 team report, and was very interested in the issues about
21 leadership development and certainly the Safety Conscious
22 Work Environment.

23 I am very confident to tell you that after three
24 months, since I have been here, that I believe we have
25 sustained performance in two key areas that are critical to

1 nuclear safety and excellence and they are leadership and
2 the Safety Conscious Work Environment.

3 In regards to leadership development, first with
4 respect, we have continued to collect the assessment data,
5 the leadership assessment data that we collect every six
6 months, and the December, 1998 leadership assessment shows
7 ongoing improvement. Employees feel that their leadership
8 is effective, demonstrating a high integrity and has a
9 strong commitment to the core values that have been set at
10 Millstone Station.

11 Now the details of the leadership assessment are
12 in your briefing book and also will be covered by John
13 Carlin in his Safety Conscious Work Environment
14 presentation.

15 Moving on and moving toward its excellence, which
16 is where Millstone needs to go and wants to go, we are going
17 to further strengthen our leadership organization so that we
18 can sustain excellence in the future and bring Millstone to
19 best practice. We are moving away from the recovery
20 organization, as Bruce indicated, using loaned leadership
21 employees, to an operational-focused structure bringing
22 Millstone to best practice. When I say "best practice" I
23 mean best practice in every respect. This is a natural
24 transition and is essential to improve our overall long-term
25 performance.

1 We have looked at the industry leaders and these
2 first steps at reorganization will bring us closer to
3 restoring Millstone to a position of industry leadership, a
4 position that Millstone once held in the past.

5 During this process we have solicited input from
6 our employees using focus groups, and we have asked them
7 about the design, we have got their input on the design and
8 the process to ensure that the process is fair and
9 equitable.

10 The reorganization however will cause some
11 reductions in positions due to consolidations, but our focus
12 is to ensure that we have the most qualified candidates in
13 every leadership position.

14 Now I should note that the three most heavily
15 weighted criteria in the selection process are leadership
16 integrity and performance, the individual's performance, in
17 the Safety Conscious Work Environment.

18 Now we are working hard to avoid the disruptions
19 that come any time you do a reorganization in any business
20 environment. We have communicated to our workforce
21 repeatedly the reasons why we are going the reorganization,
22 telling them that it is really bound and necessary to
23 improve our performance and get us to best of best practice.

24 We have also told our workforce that the employees
25 not selected have the opportunity to stay with NU if they

1 choose to do so. Employees not selected for the management
2 positions will be available to work in our Millstone
3 Professional Resources Group. This is a concept that I used
4 at my previous company when we had excess people. Basically
5 what we will do is find meaningful work for these people at
6 the site. We will consult with them. They will review the
7 work that is available at the site and they will find where
8 the best fit is for them. Now I have met with most of the
9 individuals that have not been selected to date, and the
10 feedback on this concept has been reviewed and received as
11 very favorable across the site.

12 We have completed the Directors and Managers
13 selection so far. Our Supervisor selections will take place
14 later in this year.

15 We are very, very cautious about the
16 reorganization moving forward. We are going to carefully
17 phase in the reorganization. We will require detailed
18 transition plans before any position will be able to move.
19 Those transition plans will be approved up through and
20 including myself.

21 The feedback from the workforce so far on the
22 reorganization is positive. The individuals that have been
23 selected have been well received across the site and they
24 are known for their leadership ability.

25 In summary, we are further moving ahead to

1 strengthen our team, and this is an essential step in
2 achieving long-term excellence and sustaining high
3 performance at Millstone Station. We are going to carefully
4 phase out the recovery organization while we phase in our
5 new organization.

6 CHAIRMAN JACKSON: Let me ask you this question.
7 What impact, if any, will the reorganization have on the
8 Employee Concerns Program?

9 MR. OLIVIER: Well, we have seen some impact
10 already. We have approximately, we have generated
11 approximately nine concerns in December and one concern in
12 January associated with the reorganization. Most of the
13 concerns were related to the process and in many cases just
14 questions about the process that we use, the
15 competency-based collaborative process to select Directors,
16 Managers, and since Supervisors.

17 CHAIRMAN JACKSON: I guess what I am really asking
18 is maybe more of both an organizational question and a
19 question of having to do with what I assume must be some
20 fundamental principles in the Employee Concerns Program and
21 are they overlaid with any principles you are using relative
22 to reorganization.

23 MR. OLIVIER: In terms of the overlay, I think the
24 process is -- first of all, we got a lot of input to this
25 process in focus groups. Approximately 150 people

1 participated in the focus groups to make sure that the way
2 we were moving is in alignment with our values and in
3 alignment with where we are with the Concerns Program,
4 Safety Conscious Work Environment, but the process for
5 selection is an open process. It is collaborative. It has
6 a lot of reviews right up through the management chain. It
7 has a lot of oversight.

8 We have brought in an independent consultant to
9 help us work through that process to ensure that it has
10 integrity, and the employees have responded to that in a
11 very favorable fashion, by and large.

12 CHAIRMAN JACKSON: And will there be any
13 organizational impact on the Employee Concerns Program?

14 MR. OLIVIER: The organizational impact will be
15 that as we later move forward and consolidate various
16 functions there will be less managers. We had approximately
17 126 managers and now there will be approximately 58
18 managers, and so there will be some impact but that is the
19 chief reason why we started the Millstone Professional
20 Resources Group, to make sure that those people that are
21 impacted have an opportunity to contribute in a meaningful
22 way to add value to Millstone and when I met with them I
23 conveyed to them that they are still part of a team. They
24 are just serving in a different position at this time and
25 that also does not preclude them in the future for seeking

1 out supervisory manager and director positions.

2 CHAIRMAN JACKSON: May I ask the question again.

3 MR. OLIVIER: Okay.

4 CHAIRMAN JACKSON: I am just asking structurally
5 what is happening to the Employee Concerns Program as you
6 reorganize?

7 MR. OLIVIER: Structurally the Employee Concerns
8 Program essentially stays the same.

9 CHAIRMAN JACKSON: Okay.

10 MR. OLIVIER: It will have a new Manager but other
11 than that it stays the same.

12 CHAIRMAN JACKSON: Thank you.

13 MR. OLIVIER: Okay. I would like to take a brief
14 minute and talk about Safety Conscious Work Environment.

15 I want you to know that this is my highest
16 personal priority at Millstone Station, and while I am new
17 at Millstone Station I am not new to Safety Conscious Work
18 Environment, although we called it something different at my
19 previous plant.

20 Safety Conscious Work Environment is obviously the
21 foundation of building excellence at Millstone Station. It
22 is the cornerstone. It was the cornerstone also in my
23 previous company. My assessment to date from having many
24 discussions really across the site, and the way I do my
25 business is to spend as much time as I can with the

1 workforce in the process buildings, on back shifts, as much
2 as I can, and getting their feedback really in two areas --
3 it was on leadership and Safety Conscious Work
4 Environment -- but as it pertains to Safety Conscious Work
5 Environment the feedback that I have received across the
6 board is that the issues that Millstone had in the past are
7 over.

8 People want to move on. They know what their
9 rights are and that there is a widespread respect for the
10 Safety Conscious Work Environment.

11 I have also reviewed the assessment data and have
12 attending the training that all new people have at Millstone
13 Station when they start, the complete breadth of the Safety
14 Conscious Work Environment training, and in that process I
15 actually participated mostly with individual contributors
16 and new individuals in the company, and the feedback that I
17 have received so far on our Safety Conscious Work
18 Environment across the board is very solid and very
19 supportive of our goals.

20 I have come away believing that we have the
21 commitment, the desire, and the resources to maintain and
22 improve a strong Safety Conscious Work Environment at
23 Millstone Station.

24 John Carlin will provide further information that
25 supports this conclusion in his part of the presentation,

1 but before leaving Safety Conscious Work Environment, I want
2 to talk about our future plans in two key areas.

3 A key element in assessing our performance in
4 building a robust Safety Conscious Work Environment was the
5 use of Little Harbor Consultants and we plan to continue to
6 use Little Harbor Consultants into the future to perform
7 routine assessments.

8 Now as the result of the credibility that Little
9 Harbor has both on the site, right across the board, and
10 credibility in the community, we are going to make available
11 the results of the Little Harbor assessments to NRC and to
12 the public.

13 CHAIRMAN JACKSON: Are you making them available
14 to the public today?

15 MR. OLIVIER: Excuse me?

16 CHAIRMAN JACKSON: You are making them available
17 to the public today?

18 MR. OLIVIER: We will.

19 CHAIRMAN JACKSON: No, I am saying up to this
20 point?

21 MR. KENYON: These are future assessments.

22 MR. OLIVIER: These are future assessments.

23 CHAIRMAN JACKSON: I understand, but the
24 assessments that have been done to date?

25 MR. KENYON: Little Harbor has made it's --

1 MR. OLIVIER: Every one of those.

2 CHAIRMAN JACKSON: Every one them has been made
3 available?

4 MR. KENYON: Yes, ma'am.

5 MR. OLIVIER: We are also committed to continue to
6 improve our relationships in the community. In keeping with
7 the new spirit of openness and candor at Millstone Station
8 we will be actively engaged in the community. We seek a
9 continuous dialogue and we are interested in the community's
10 viewpoint on our performance.

11 Recently I have chaired a committee that Bruce
12 once chaired, the Millstone Advisory Committee, which meets
13 approximately every two months when we have citizens that
14 come in and give us feedback on our performance and we
15 review our overall performance with them and where we are
16 going in terms of improving our performance, and so far that
17 has I believe proved to be very constructive.

18 We are going to have that committee, our other
19 committees engaged as we move forward in our decommissioning
20 of Unit 1 so that we know citizens' concerns there.

21 Now I would like to move to Unit 3 operations.

22 In turning to Unit 3 operations, since our startup
23 in July and power ascension, we view those as very
24 deliberate, very safe, without significant events. Overall
25 operations reflected good conservative decision-making,

1 strong procedural adherence, and human performance.
2 However, I want to make it clear today that we are not
3 satisfied with our Unit 3 performance. It doesn't meet our
4 standards.

5 The operators have performed well during plant
6 transients but they have had too many opportunities to
7 perform. We are taking aggressive actions to improve the
8 performance of Unit 3.

9 CHAIRMAN JACKSON: Are there any common root
10 causes you have identified?

11 MR. OLIVIER: I think the common root causes that
12 we have identified so far is just that we have had some
13 backlog in the non-safety related systems, generally
14 speaking in the secondary side, but those issues can cause
15 plant challenges to operations so we are working very hard
16 and reprioritizing that backlog, looking at the items that
17 are risk-significant that cause reliability issues, and the
18 other issue is that we are working with the leadership of
19 Unit 3, especially our shift managers.

20 In fact, we had a recent two-day retreat with the
21 shift managers working through the leadership issues,
22 setting expectations and getting their buy-in on our
23 direction moving forward.

24 In the most recent outage we had, the MSIB outage,
25 we did kind of a top to bottom reanalysis of our material

1 condition backlog on Unit 3. We got broad involvement in
2 that from the Operations people right down to the plant
3 equipment operators as well as our staff, support staff, and
4 we made a lot of progress there.

5 We completed 180 corrective action maintenance
6 requests. Many of these were operator workarounds,
7 out-of-service annunciators and so forth. We have set clear
8 expectations and I have set that personally to all the shift
9 managers when I have met with them at our most recent
10 retreat about deficient conditions and not tolerating those.

11 We expect prompt action on deficient conditions,
12 especially those that have any risk-significant impact on
13 the plant. Our Operations people know that they have the
14 support, that they have the responsibility and the
15 accountability to do the right thing. I have conveyed that
16 to them and I have conveyed that my office as well as Mike
17 Brothers', who is our Vice President of Operations and our
18 new Station Director, is open to them at all times.

19 Finally, we really need to improve our
20 organizational effectiveness and streamline our processes.
21 It is still difficult to get work done at Millstone. There
22 are still many handoffs. The processes are cumbersome.
23 They are sound and conservative but they are somewhat
24 cumbersome, and this is the main reason now why we are doing
25 our reorganizational alignment.

1 We need to continue to build more flexibility into
2 the organization while raising the standards to bring
3 Millstone to best practice.

4 Our people tell us this in the surveys, especially
5 the culture survey that we have done. They have repeatedly
6 told us that they want process changes. This will be our
7 top priority in the second half of 1999 after the safe
8 refueling of Unit 6 --

9 MR. MORRIS: Unit 3.

10 MR. OLIVIER: Excuse me, Unit 3.

11 CHAIRMAN JACKSON: I was going to say you grew
12 three units.

13 [Laughter.]

14 MR. OLIVIER: I wish it was six.

15 MR. MORRIS: Refueling 6 of Unit 3.

16 MR. OLIVIER: Unit 3, refueling 6.

17 Now I would like to talk just briefly on Unit 2
18 recovery.

19 We think we are making significant progress on
20 Unit 2 and as you know we have moved the nuclear fuel back
21 into the Unit 2 reactor vessel. We are in reactor
22 reassembly now. That will complete this week on schedule,
23 and we believe that Unit 2 is on track for a late March
24 readiness.

25 Marty Bowling and Mike Brothers will cover this

1 area more specifically in their presentation.

2 Now unless there's any further questions for me, I
3 would like to turn the presentation over to John Carlin, our
4 Vice President of Human Services, who will discuss
5 Millstone's Safety Conscious Work Environment.

6 CHAIRMAN JACKSON: Okay.

7 MR. CARLIN: Thank you, Lee. Good afternoon. My
8 name is John Carlin and I am the Vice President for Human
9 Services. I am the Executive Sponsor for the area of Safety
10 Conscious Work Environment at Millstone Station.

11 Earlier this year we met our six, rigorous
12 high-level success criteria as listed on this slide. I will
13 be addressing each of them in my presentation today.
14 Overall we have sustained and improved upon these criteria
15 throughout the year and in doing so have demonstrated a
16 firmly-established Safety Conscious Work Environment.

17 We will continue to monitor and to evaluate these
18 criteria to assure that we improve on our work environment.

19 We have been measuring the progress of the first
20 four criteria. The fifth criterion, Employee Concerns
21 Oversight Panel Concurrence, which was met last March,
22 served as our internal review of the Safety Conscious Work
23 Environment. This review focused primarily on the strength
24 of the Employee Concerns Program.

25 The sixth and final criterion, Little Harbor

1 Concurrence, which was also met in March, is an independent
2 external verification of our environment and how we address
3 issues. Although Little Harbor has indicated that we have
4 met the criterion and support lifting the order, they
5 emphasized what they call the fragility of the Safety
6 Conscious Work Environment. We recognize that fragility and
7 are dedicated to continue improvement of our healthy work
8 environment at the station.

9 We remain firmly committed to ensure that there is
10 no erosion of the Safety Conscious Work Environment.

11 In addition to the Employee Concerns Oversight
12 Panel and Little Harbor Concurrence, Nuclear Oversight has
13 agreed that the conditions detailed in the order have been
14 met.

15 On March 31st of last year we submitted a letter
16 documenting the establishment of a Safety Conscious Work
17 Environment at Millstone. In our December 9th closure
18 letter submittal to the NRC, we stated that we are
19 sustaining and improving a Safety Conscious Work
20 Environment. This conclusion was based on many factors
21 including the strength of the People Team function.

22 The People Team is a work team consisting of Human
23 Resources, Employee Concerns Program, Safety Conscious Work
24 Environment, and legal personnel working with input and
25 advice from the Employee Concerns Oversight Panel and

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1 Nuclear Communications. This team as refined and
2 strengthened processes to assist line management in
3 nurturing the Safety Conscious Work Environment and we are
4 resolving challenges to it.

5 In 1998 the 2000 Work Environment Performance Plan
6 is being implemented. It is yielding positive results such
7 as improved consistency of the Employee Concerns Program
8 investigation. This was in part achieved by the
9 implementation of improved investigator training using an
10 acknowledged industry expert.

11 In addition, we have made process improvements
12 such as 10 CFR 50.7 case classification and the elements of
13 proof required.

14 The Safety Conscious Work Environment processes
15 have successfully incorporated lessons learned. For
16 example, in 1998, managers were individually tasked with
17 improving their leadership assessment with only limited
18 guidance. This self-directed process did not yield the
19 desired results. After a review of this process, a change
20 was made to require approved action plans. These actions
21 plans have been used effectively to implement the necessary
22 change.

23 As a result of the June, 1998 leadership
24 assessment, when eight of 298 leaders were identified to
25 have demonstrated significant weakness, eight of these --

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1 excuse me, five of eight of these managers had successfully
2 completed their remediation plans.

3 The final bullet indicates that our Safety
4 Conscious Work Environment self-assessment methodology is
5 well-defined. By maintaining a self-assessing mindset, we
6 have been able to make improvements such as establishing a
7 database of Northeast Utilities and contractor discipline to
8 ensure consistent application of policy.

9 This database supports the work of the Executive
10 Review Board in maintaining an equitable application of NU
11 and contractor personnel practices and policies.

12 CHAIRMAN JACKSON: Let me ask you a question.
13 Actually it goes back to Mr. Olivier, but also to you
14 because you are both new.

15 MR. CARLIN: Okay.

16 CHAIRMAN JACKSON: If you benchmark the process
17 improvements that you feel have been made at Millstone to
18 what you have seen elsewhere, how do they measure up?

19 MR. CARLIN: In my experience I think that what we
20 have in many cases is extraordinary processes. They are
21 very, very exacting, very detailed and in some cases they
22 are very complex because of the complexity of the situation
23 that they are used in, and they really are quite outside the
24 bounds of what I have seen at other utilities and I have
25 experience at four other utilities, so it certainly is -- in

1 that regard they are extraordinary.

2 CHAIRMAN JACKSON: Mr. Olivier?

3 MR. OLIVIER: Yes. I would just add that I think
4 they are effective but somewhat inefficient. They are
5 cumbersome. There are a lot of handoffs, and coming from a
6 previous plant where we did extensive process changes in
7 going through a whole master process design, I think what we
8 need here is to pick the processes that most affect
9 efficiency and productivity and go after those first, so we
10 are going to put together cross-functional teams to do that.
11 This will be a bottom-up change so we are going to have
12 people from across the organization involved in this, but
13 they are effective but they are cumbersome, so they are slow
14 to use.

15
16 CHAIRMAN JACKSON: What key things have your
17 safety conscious work environment self-assessment
18 identified?

19 MR. CARLIN: Well, we've found a number of things.
20 One which I talked to earlier is the examples on leadership
21 assessments and the use of the action plans to upgrade that.
22 There's some other ones that I'll talk to later on in the
23 presentation. If you'd like --

24 CHAIRMAN JACKSON: No, that's fine, I'll wait.

25 MR. CARLIN: Recalling that the first of our six

1 high-level success criteria was employee willingness to
2 raise concerns, this slide shows key performance data in
3 support of this area, first that the November leadership
4 assessment indicated that 96.6 of the leaders who received
5 survey results were rated as effective in resolving employee
6 concerns. Those not rated as effective are being
7 remediated.

8 Overall, Employee Concerns Oversight Panel and
9 Little Harbor data also showed that employees would raise
10 issues to their leadership.

11 The December '98 culture survey indicated that
12 84.7 percent of the respondents feel the site has an active
13 healthy safety-conscious work environment. This indicator
14 is an index measurement of the perceived effectiveness of
15 the interactions between employees and leadership and peers.

16 The survey indicates, over the last year, solid
17 and consistent results at near goal levels in the area of
18 the safety conscious work environment.

19 As part of our analysis, the recent culture survey
20 was sorted by the top 10 highest-scored questions. Seven
21 out of the top 10 questions related to the employees'
22 willingness to bring up concerns and management's
23 willingness to resolve those concerns.

24 CHAIRMAN JACKSON: How much of the leadership that
25 is being highly rated in these surveys to this point at the

1 same as the leadership that exists or will exist once you
2 reorganize?

3 MR. CARLIN: There are -- with few exceptions,
4 almost every leader was assessed. We have four individual
5 contributors that thus far were --

6 CHAIRMAN JACKSON: But the leaders that were
7 assessed are the leaders who will be in place once you've
8 reorganized?

9 MR. CARLIN: A smaller subset of 298, yes, ma'am.
10 The entire collection of survey data from both the
11 leadership assessments and the culture surveys confirm that
12 the workforce not only possesses the willingness to raise
13 concerns but also has the confidence that those concerns
14 will be addressed and the knowledge that raising of safety
15 concerns will not be met with retaliation.

16 We currently plan to conduct another culture
17 survey in July and our next leadership assessment in
18 December of 1999.

19 Another point that corroborates that our employees
20 are willing to raise concerns is our fourth-quarter ECOP
21 survey, which indicates that 89 percent of those surveyed
22 would use their leadership to raise a concern.

23 CHAIRMAN JACKSON: Yes.

24 COMMISSIONER MERRIFIELD: I have a question. You
25 talk a lot about focusing on the managers who are there and

1 getting some results back on the gauges of their
2 effectiveness.

3 Is the improvements that you've had in the
4 Employee Concerns Program and the safety conscious work
5 program -- are those people-driven or process-driven? And
6 by that, I mean, at some point, some of these folks are
7 going to move on.

8 Do you have the systems in place so that when they
9 move on you're going to get the same kind of results from
10 the future leadership that you have from the folks you have
11 on-board now?

12 MR. CARLIN: We have very well-defined processes
13 that are clearly articulated, they're documentable, they
14 flow-charted, and we follow them to a high degree of
15 confidence, at a very high confidence level. They're very
16 good processes.

17 But we also have a commitment of the people to
18 follow those processes for the value that they provide to
19 the organization. So, I think we have both.

20 MR. MORRIS: And that really was a requirement of
21 how this process began, Commissioner. There weren't the
22 tools there. Once we were satisfied with the tools, the
23 next question became would the people use them, both the
24 employees as well as the management team, and with the aid
25 of your colleagues who preceded you, we learned a lot about

1 learning, and that's why I think it's important to listen to
2 what John had to say about the -- the people believe it, as
3 well.

4 Then the next crew will have the tools, and we
5 will make sure they're educated, presuming there is a next
6 crew.

7 MR. CARLIN: One ancillary indicator of improved
8 environment at the station is shown on this graph, which
9 indicates the Millstone threshold for identifying problems
10 remains low.

11 In each of the past two years, the site has
12 generated more than 10,000 condition reports to document
13 physical, process, and performance problems. The site
14 recognizes that early identification of low-threshold or
15 precursor problems provides some of the necessary
16 information to mitigate potential larger problems that would
17 impact operations, or most importantly, personnel and
18 reactor safety.

19 The condition reports are initiated by any member
20 at the site, reviewed by responsible management, tracked to
21 closure or trended as part of the corrective action program.
22 The status of this program is carefully monitored by line
23 managers up to the executive level to ensure timely,
24 effective identification and resolution of identified
25 problems.

1 CHAIRMAN JACKSON: If you culled out of this --
2 presumably this is all condition reports.

3 MR. CARLIN: Yes, ma'am.

4 CHAIRMAN JACKSON: If you culled out of this what
5 you might call the safety significant ones, how do the
6 numbers track in that regard between '97, '98, or some
7 earlier date?

8 MR. BROTHERS: I think the best way to address
9 that would be how many are, in fact, level one CRs, and we
10 are running, at this time, about 10 percent level one. We
11 have a threshold, however, of identifying level ones that's
12 lower than other facilities. For instance, anything that's
13 reportable is automatically a level one. In terms of actual
14 safety significance, it's probably in the 4 to 5 percent.

15 CHAIRMAN JACKSON: If you did that, looking at
16 level ones, and you compared it between '97 and '98, what
17 would the trend be?

18 MR. BROTHERS: It's up in both numbers and
19 percentage.

20 CHAIRMAN JACKSON: So, it's a higher percentage
21 for '98 than it was in '97.

22 MR. BROTHERS: Correct.

23 CHAIRMAN JACKSON: And what about the average time
24 a condition report is open? How has that tracked over time
25 since '95?

1 MR. BROTHERS: It's remained essentially flat,
2 even with the increased throughput.

3 In both unit two, unit three, and the site, we
4 track open level ones and open level twos to indicate
5 whether or not we can keep up with throughput, but it's
6 essentially flat. We want to try to turn that downwards,
7 but it's flat at this point.

8 CHAIRMAN JACKSON: Is that because of the number
9 coming in?

10 MR. BROTHERS: Primarily.

11 CHAIRMAN JACKSON: Okay.

12 MR. CARLIN: The second success criterion, line
13 management handling of issues effectively, has been met.

14 The leadership team is sensitive to and supportive
15 of the safety conscious work environment, as we've just
16 discussed. Managers recognize the importance of maintaining
17 open communications with employees.

18 In the recent culture survey, 96 percent of the
19 respondents agreed that their immediate supervisor is
20 interested in listening to their safety concerns. The
21 survey also indicated that over 91 percent felt that safety
22 concerns were followed up in a prompt manner.

23 Senior management was also recognized in the
24 survey as being very supportive of the right of workers to
25 raise safety issues, at about 93 percent.

1 In order to ensure that the safety conscious work
2 environment is being nurtured across the site, an executive
3 review board was established. This board, which I chair,
4 has membership that includes management from contracts,
5 human resources, and safety conscious work environment, as
6 well as representatives from legal and the Employee Concerns
7 Oversight Panel.

8 It was established to ensure fair and consistent
9 approach to discipline and other adverse action for NU
10 employees and contractor personnel before it happens.

11 More than 734 cases were dispositioned by the
12 Executive Review Board in 1998.

13 CHAIRMAN JACKSON: Can you give one example of
14 where the board may have overturned a determination made at
15 a lower level in an employee's favor?

16 MR. CARLIN: Certainly. I certainly can.

17 We recently -- the Executive Review Board, which
18 met on Monday of this week, there was a situation where an
19 employee, when the contract manager for a specific scope of
20 work was deciding who was leaving the project, they did not
21 follow their established processes and went in and picked
22 different people, and what it led to was there wasn't a --
23 the rationale for who they picked and why they picked it
24 wasn't consistent with what the contract company had
25 established nor our NU processes.

1 We then asked their director to come in and
2 discuss it with us, and we reeducated the director and the
3 management team, and they have to go back and reevaluate how
4 they're going to handle the reduction based on the scope of
5 work.

6 Examples of other cases that the ERB might look at
7 are -- contract reductions, we've talked about -- personnel
8 reassignments, NU or even contract personnel, and contractor
9 or employee discipline.

10 As I said earlier, we actively encourage employees
11 to raise concerns through the corrective action program.
12 Our corrective action process has undergone multiple levels
13 of review and has shown consistently acceptable performance.

14 This week, the NRC is evaluating our corrective
15 action program to assess its implementation in support of
16 unit two restart.

17 To further support our assertion that line
18 management handles issues effectively, we've implemented a
19 comprehensive safety conscious work environment training
20 program.

21 More than 99 percent of the leadership team, which
22 includes all management, from the chief nuclear officer to
23 first-line supervisors, have completed all portions of the
24 safety conscious work environment training.

25 This training provides a leader with the

1 fundamental skills necessary to establish and maintain a
2 safety conscious work environment. He utilizes lecture and
3 case study instruction, and proficiency is assessed by
4 course exams.

5 Leaders must successfully pass an exam to
6 demonstrate their understanding and support of the
7 fundamental safety conscious work environment skills.

8 CHAIRMAN JACKSON: What happens if they don't
9 pass?

10 MR. CARLIN: They have to be remediated, and they
11 would be reexamined.

12 CHAIRMAN JACKSON: Are you making it a requirement
13 for the new managers in your reorganization, before they
14 become managers, before they become managers in that
15 organization?

16 MR. CARLIN: Well, for the new -- people that are
17 moving into this, the individuals, yes, Chairman, they would
18 be required to have that training prior to -- or within the
19 90-day window.

20 CHAIRMAN JACKSON: The 90 days?

21 MR. CARLIN: Yes.

22 MR. AMERINE: John, I might add one thing. One of
23 the things we've put in place.

24 If a new selected, appointed, or hired manager or
25 supervisor does not have that training, we've established

1 what's called quick start, which is to get them up on the
2 step in a hurry, and it has a couple of constituents that
3 they have to accomplish within seven days, and then the
4 formal training, which is a series of modules, has to be
5 accomplished within 90 days.

6 MR. CARLIN: The final bullet on this slide
7 indicates an improvement in the knowledge and skills of our
8 leadership team.

9 A key component of our training effort is the
10 course on management actions for detection of and response
11 to discrimination issues that greatly enhance the safety
12 conscious work environment knowledge, skills, and awareness
13 of the management team.

14 Refresher or continuing training for safety
15 conscious work environment has been developed for
16 implementation across the leadership team, beginning in
17 March of 1999. This training will consist of additional
18 safety conscious work environment case studies and lessons
19 learned.

20 Our third success criterion is the effectiveness
21 of our Employee Concerns Program and how well it contributes
22 to our safety conscious work environment.

23 The age of the concerns under investigation has
24 significantly improved over the last year. During the last
25 six months of 1998, we averaged fewer than 32 days versus an

1 average of more than 50 days for the first six months of
2 last year.

3 The measurement of people who had used the program
4 again has remained relatively constant at near 83 percent.
5 Employee Concerns Oversight Panel, Little Harbor, and NRC
6 inspections have all evaluated the Employee Concerns Program
7 as effective.

8 Today, our Employee Concerns Program is being
9 benchmarked by other utilities and companies outside of our
10 industry.

11 The next three slides will provide key performance
12 data on the three success criteria that I've just discussed.

13 This first indicator talks about the effectiveness
14 of our Employee Concerns Program.

15 The graph depicts a number of concerns received
16 each month by the Millstone Employee Concerns Program
17 relative to the number of allegations associated with
18 Millstone issues or problems which have been submitted to
19 the NRC during the same period.

20 Our performance has been satisfactory. The number
21 of allegations to the NRC remains at low level. We continue
22 to see that employees are willing to use the Employee
23 Concerns Program to bring forth their concerns.

24 The current leadership realignment process has
25 resulted in a modest increase in the number of concerns in

1 December, as Lee discussed. That's the nine that he talked
2 to earlier. Recognize that's out of 300-plus employees who
3 submitted 1,600 applications.

4 Because we expected some increase in concerns,
5 we've increased our level of investigative support by
6 bringing in third-party investigators to assist us in
7 addressing our case load, especially those concerns
8 regarding the leadership realignment.

9 This next graph is one indication of our
10 employees' willingness to bring forward issues. The
11 employee concern confidentiality trend remains relatively
12 low. The lower graph represents the number of anonymous or
13 confidential concerns received and also reflects the effect
14 of realignment.

15 However, the increase in requests for
16 confidentiality is really consistent with our expectations
17 with what's happening at the site.

18 This final key performance indicator helps
19 illustrate our two success criteria, the effectiveness of
20 the Employee Concerns Program and management's commitment to
21 handle concerns in a timely manner.

22 As discussed earlier, Employee Concern Program
23 management has aggressively worked to reduce the average
24 time to resolve an issue.

25 This improvement has been achieved through process

1 enhancements that increase the consistency and the accuracy
2 of the investigation and case file content while promoting
3 timely resolution.

4 So, we've worked on both sides of the picture. We
5 work on the speed and the quality.

6 CHAIRMAN JACKSON: Why do you think the
7 confidentiality trend went up if people felt comfortable, as
8 your earlier view-graphs suggested, in raising concerns and
9 taking it to their leadership? Why the increase in requests
10 for confidentiality?

11 MR. CARLIN: I think, again, this is a -- it's a
12 very personal matter, and I think people -- they feel like
13 -- because they recognize -- if you request confidentiality
14 and you were looking at a specific instance of an
15 individual, they understand that their name has to be used
16 or else you can't investigate it, but they really want that
17 restricted.

18 It's a very personal thing, they've gone through a
19 very difficult time. They weren't selected or they may not
20 have been successful, and I don't think that they -- they're
21 really looking for it to be kept as close to the vest as
22 possible and really just to observe their confidence in
23 looking at what happened to them individually. It's just, I
24 guess, a personal choice.

25 CHAIRMAN JACKSON: So, you think it has to do with

1 personnel action and their desire for privacy.

2 Now, I think that's something that you need to
3 keep the track on, because --

4 MR. CARLIN: Oh, we are.

5 CHAIRMAN JACKSON: -- it seems to fly in the face
6 -- I mean it's a slight pick-up, but it seems to fly in the
7 face of the earlier view-graphs that -- where you said
8 people have confidence in the leadership and they feel, you
9 know, they can raise the concerns without fear of
10 retaliation and so on.

11 So, what you're suggesting is that maybe it might
12 be related to some embarrassment relative to job assignment,
13 but I think it's something that you don't want to let go of.

14 MR. CARLIN: And we certainly won't. We
15 understand that, yes, ma'am.

16 MR. AMERINE: One thing it's important to know is
17 there's been a movement from anonymously submitted to ones
18 requesting confidentiality, and one of the things that
19 indicates is confidence in the system.

20 CHAIRMAN JACKSON: The system will keep it
21 confidential.

22 MR. CARLIN: Right.

23 CHAIRMAN JACKSON: Okay.

24 MR. CARLIN: Again, going back to our success
25 criteria, criterion four is management recognizes and

1 addresses problem areas.

2 A problem area is a group or event where those
3 involved are either unable or unwilling to raise or resolve
4 issues important to some stakeholder. These areas were
5 identified through surveys, employee concern cases, Little
6 Harbor structured interviews, management observations, and
7 just general employee input.

8 An action plan is developed for each area, and the
9 safety conscious work environment work assists line
10 management in overcoming the barriers to resolving the
11 issues within the group.

12 There have been 54 identified areas at Millstone.
13 These areas were interspersed in departments across the
14 site. With positive action of line managers working with
15 the support of the people team, we've been successful in
16 resolving issues with 47 of 54 of these groups.

17 We've verified that these groups have resolved
18 their issues by using effectiveness reviews supported by
19 interviews and survey data.

20 The seven remaining problem areas are receiving
21 close management attention. Each group continues to work
22 their respective action plans, and positive results are
23 being realized.

24 CHAIRMAN JACKSON: Let me ask you a question. You
25 have an employee concern resolution timeliness graph that we

1 received.

2 MR. CARLIN: Yes.

3 CHAIRMAN JACKSON: And you know, you've dropped it
4 down. Are there industry benchmarks with respect to the
5 average age?

6 MR. CARLIN: There are, but because of the
7 numbers, the low numbers of employee concerns, they really
8 don't hold, because we have a larger number. Our intake is
9 high. Those numbers don't necessarily parallel our numbers.

10 Our goal is to set it at, really, 30 days. What
11 we find is that gives us adequate time to do the
12 investigations, go in there and have a very complete review
13 after the investigation is complete, make sure that the
14 corrective actions marry up to what the concerns were and
15 what we found out, and that's a good throughput time that
16 we've found as a general rule of thumb, and that's what we
17 were striving for. Back in our March submittal, the
18 Employee Concerns Oversight Panel concurred that the safety
19 conscious work environment was established. Little Harbor
20 as recently as our last public meeting concerning the safety
21 conscious work environment, indicated they concurred that a
22 safety-conscious work environment was established at
23 Millstone. This closed the final two criteria.

24 Today, we're going forward using a comprehensive,
25 multi-layered approach to monitoring the effectiveness of

1 our safety-conscious work environment. First, I'd like to
2 talk to you about our internally human services assessments.
3 The multidisciplined people team provides a continuous
4 assessment and review of the effectiveness of the
5 safety-conscious work environment on site.

6 Each day, the team meets to assess current site
7 conditions and anticipate potential areas of concern. The
8 proactive nature of these assessments coupled with reactive
9 capabilities of the group help focus management attention on
10 areas that could without intervention undermine the
11 safety-conscious work environment at the station.

12 The previously mentioned tools such as key
13 performance indicators, culture surveys and leadership
14 assessments as well as the Executive Review Board and
15 Employee Concerns Program reports, peer reviews and common
16 threat assessments have been used to establish a
17 comprehensive internal monitoring system to assess the
18 health of our work environment.

19 These internal tools has yielded such positive
20 results as providing the basis to train and retrain the
21 people team and senior site management. In mid-December, we
22 conducted training for senior members of the people team as
23 well as Lee and I on the overarching issues as well as the
24 subtleties of the safety-conscious work environment. This
25 training resulted in an improved sensitivity and consistent

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1 understanding of potential SCWE areas. Reinforcing our
2 internal system is a supporting set of external assessments
3 provided by our Nuclear Oversight Group, the Nuclear Safety
4 Assessment Board which is our safety review board and the
5 Nuclear Committee Advisory Team which is an advisory group
6 for our board of trustees.

7 Nuclear Oversight will conduct reviews of our
8 processes while the Nuclear Safety Assessment Board and the
9 Nuclear Committee Advisory Team will continue to review key
10 indicators, reports and conduct periodic assessments of the
11 work environment.

12 Finally, we will also continue to conduct periodic
13 independent third-party assessments, as Lee described
14 earlier. This assessments will largely adopt many of the
15 processes and methodologies used by Little Harbor in the
16 past. Each of these assessments will be comprehensive, will
17 include a process review, case file review and an evaluation
18 of site feedback including interviews. And the first
19 third-party assessment's currently scheduled for late in the
20 second quarter of 1999.

21 As you have seen, there is a firm basis for order
22 of closure.

23 MR. MCGAFFIGAN: Let me just ask a quick question.
24 I want to go back to the addressing problem areas.

25 MR. CARLIN: Yes.

1 MR. MCGAFFIGAN: You indicated that you had
2 successfully closed 47 of 54 identified significant problem
3 areas. What does closure mean?

4 MR. CARLIN: Closure means the number -- we put
5 those action plans together, and they're very detailed
6 action plans. They regard the supervisor. They look at the
7 work group as well because sometimes the dynamic there is
8 not as good within the work group.

9 And we go through those action plans and ensure
10 that those are effectively implemented. All the actions in
11 there -- we go back and do assessments and interviews, meet
12 with the employees, meet with the supervisors to make a
13 determination of whether we think it's successful.

14 We also look at the survey data, the leadership
15 assessments, the ECOPs surveys, and the culture surveys, and
16 we draw a conclusion based on all that. And we continue to
17 monitor the effectiveness. Our SCWE group goes out, and
18 they're pulsing that area on a regular basis

19 So it isn't just, okay, you met all these, and
20 then we're going to walk away. You can't do that. It's a
21 dynamic there that we have to continue to assess and pulse
22 and check on.

23 MR. MCGAFFIGAN: What are the remaining seven
24 significant problem areas, and what kind of schedule do you
25 have for working those?

1 MR. CARLIN: Well, of those seven, we have five of
2 those areas have completed their action plans. But, again,
3 we don't declare victory just because you complete an action
4 plan. And so those are well under way, and we've seen very
5 positive results. And as a matter of fact, the survey data
6 supports their pending closure. But, again, until I have
7 everything and I can look at it in aggregate, I'm not going
8 to say that they're closing.

9 MR. MCGAFFIGAN: What are the two left?

10 MR. CARLIN: The other two that are left regard
11 frankly individuals in leadership roles and those are being
12 largely -- they will probably be handled largely based on
13 this realignment. It looks like as we transition those out,
14 that should take care of some of what has been in the past
15 one of the major barriers to successfully closing that.

16 MR. MCGAFFIGAN: So it has to do with leadership.

17 MR. CARLIN: In those last two areas, it's a
18 leadership issue. Now we have some other thing -- in the
19 most recent survey data, we have evaluated nine areas that
20 we're going back in to take a look at. So we constantly add
21 to this list based on all the input. So -- but we have nine
22 areas under review right now.

23 MR. MCGAFFIGAN: Okay.

24 MR. CARLIN: As you have seen, there is a firm
25 basis for order of closure. Over the last six months, we've

1 trained almost 2,000 employees and contractors about our
2 vision and values. We're committed to performing as one
3 station placing safety first in our pursuit of operational
4 excellence.

5 We actively benchmark searching for the best
6 practices in order to improve our processes across the site
7 with the goal of continuous improvement. We're promoting a
8 learning environment so that our employees can fulfill many
9 of their professional and personal goals and the site can
10 grow in the process.

11 You may have noticed that the "We's" in the slides
12 are capitalized. We're committed to be the we team. We can
13 no longer accept the barriers created by the terms us and
14 them. We just can't do it. I know and you know that we've
15 not found every problem or completely modified behaviors.
16 However, we recognize our shortfalls and are every vigilant
17 to the potential impact. We're committed to addressing
18 these issues by strong management intervention coupled with
19 well-founded processes and a genuine desire to sustain the
20 right kind of work environment at the station.

21 In summary, we've worked diligently to build,
22 maintain and improve the safety conscious work environment
23 at Millstone. Our environment today is healthy and very
24 sensitive to safety at all levels. There's a clearly
25 demonstrated track record of sustained achievement in our

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1 safety-conscious work environment. An empowered work force
2 coupled with concerned management are key elements to
3 continued success. We are committed to continue to assess
4 and improve that environment and have established a firm
5 basis for order of closure.

6 If there are no comments or questions, I'd like to
7 turn this over to Marty Bowling.

8 MR. MERRIFIELD: Mr. Chairman, I have a question.
9 It's my understanding that you're considering retaining
10 Little Harbor as a consultant at Millstone should the order
11 be lifted. Are there particular weaknesses in your safety
12 conscious work program or your employee concerns program
13 you're going to have Little Harbor focus on as part of that,
14 or is there a particular role that you see for them?

15 MR. CARLIN: Well, I think that there's always --
16 this is an oversight opportunity, and we've asked them to go
17 in and look at especially things like case file reviews and
18 some of those. Those are not because of the confidentiality
19 of the information that's in there, we limit the access to
20 those. It provides a good value-added resource to go in
21 there, look at the adequacy, the completeness of those
22 files, the resultant corrective actions, how well they tie
23 to the result. There's a value add to having that third
24 party look at that, and that's what we primarily will ask
25 them to do.

1 Now they'll look at other things, and they'll look
2 at the operation, the ECP Program and other elements. But
3 that's a particular area that I'd like them to look at in
4 the upcoming assessment.

5 MR. MERRIFIELD: Thank you.

6 MS. JACKSON: Thank you.

7 MR. CARLIN: Thank you.

8 MR. BOWLING: Good afternoon. Today, I would like
9 to provide a brief status update on Millstone Unit 2 ICAVP
10 and the corrective action effectiveness. Overall, Millstone
11 Unit 2 is demonstrating effective corrective actions to
12 restore compliance with the design and licensing bases, and
13 corrective actions are tracking to satisfactory for restart.

14 The ICAVP is now nearing completion for Unit 2.
15 Both Parsons and the NRC have completed the majority of the
16 review -- of their review at the Millstone Configuration
17 Management Project which was implemented to restore
18 compliance to the design and licensing basis.

19 In addition, we have responded to all of the
20 Parsons discrepancy reports, and they are now all closed.
21 Parsons' final report which was just recently issued
22 concludes that the Unit 2 ICAVP effort was effective.

23 Also, there were no confirmed level one or two
24 discrepancy reports or DRs, the highest safety significance.
25 However, both the Parsons reviews and the NRC inspections

1 did identify one program weakness which has been cited as an
2 apparent violation.

3 To address this issue in NUS both expanded the
4 scope of the configuration management reviews and initiated
5 comprehensive corrective actions.

6 MS. JACKSON: Tell me what that is.

7 MR. BOWLING: It has to do with the control safety
8 analysis inputs with other design changes or operating
9 changes to procedures in the plant. So the basic program
10 control of safety analysis input -- there were three or four
11 examples of weaknesses in this process. And as a result, we
12 looked at this from the extent of scope by expanding our
13 configuration management reviews and also addressing a
14 comprehensive corrective action which has been implemented.

15 MS. JACKSON: Let me ask you a question. What
16 lessons learned were there from the Unit 3 ICAVP, and how
17 have they been applied here?

18 MR. BOWLING: The Unit 3 ICAVP had a number of
19 areas where we expanded the reviews based on findings from
20 Sergeant Lundy or the NRC as well as a number of internal
21 self-assessments that we conducted.

22 Each one of those expanded reviews was applied to
23 Unit 2. So as you recall, we had issues with Unit 3 recirc
24 spray system and some of the weaknesses in the design change
25 -- design control process. So those lessons learned were

1 taken to Unit 2. In your issue book, we address engineering
2 quality now as a key issue. So a lot of corrective action
3 in that area.

4 There were probably ten areas that were expanded,
5 and all of them were applied to Unit 2.

6 MS. JACKSON: Okay.

7 MR. BOWLING: With respect to the confirmed level
8 three DRs, approximately 78 percent of the corrective
9 actions required for restart have been completed. We will
10 complete all of the level three DR corrective actions prior
11 to restart.

12 Before leaving this slide, I want to make note of
13 the fact that Unit 2 did have 75 confirmed level three DRs.
14 As you know, this result is greater than at 22 at level
15 three Drs confirmed for Unit 3. The reason, I believe, for
16 the higher number on Unit 2 relative to Unit 3 are
17 threefold. First, Unit 2 is an older vintage plant with a
18 less well-documented design and licensing basis.

19 Second, the NU internal configuration management
20 reviews on Unit 2 were graded based on safety and risk
21 significance. However, the ICAVP reviews went deeper,
22 resulting in more low safety significant findings.

23 And finally, because of our focus and priority
24 initially on the Unit 3 ICAVP, we started the Unit 2 ICAVP
25 prematurely, resulting in Parsons finding items before our

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1 own reviews were fully completed.

2 MS. JACKSON: Okay, thank you.

3 MR. BOWLING: Another good measure of the Unit 2
4 configuration management review effectiveness is the ratio
5 of self-identified to ICAVP-identified items as well as the
6 safety significance of the ICAVP identified items. Based on
7 these criteria, the Unit 2 configuration management reviews
8 did identify most of the safety significant issues.

9 During the past two years, we have submitted 110
10 licensee event reports of LERs. Of these, 105 or 97 percent
11 were self identified. With respect to safety significance,
12 we have utilized risk informed insight to classify these
13 LERs as low, moderate or high safety significance. Most
14 were of low to essentially no safety significance. Also,
15 there were no LERs identified during the ICAVP reviews that
16 were of high safety significance. My last slide provides
17 our overall assessment of Unit 2 corrective action
18 effectiveness for restart.

19 Overall, we are on track for restart, and the NRC
20 40500 inspection which specifically looks at corrective
21 action effectiveness is in progress. The principal reason
22 for the yellow ratings at this time is the restart backlogs
23 which Mike Brothers will speak to in his presentation.

24 More details on corrective action effectiveness
25 are provided in our January 8th Unit 2 progress toward

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1 restart submittal. If there are no further questions, I
2 would like to turn the presentation over to Mike.

3 MR. BROTHERS: Thank you, Marty. Good afternoon.
4 Before I get into my presentation, I'd like to speak about
5 an issue that occurred on Friday of last week on mostly Unit
6 3. And let me put that in context. I took over operations
7 responsibility for mostly Unit 2 in December of 1998. I
8 will be taking over operational responsibility for mostly
9 Unit 1 after the transitional plan is approved by Lee
10 Olivier. The priorities we've given the station are very
11 clear. There are three top priorities.

12 The first priority is the safe, event-free
13 operation of Millstone Unit 3. The second is the recovery
14 restart of Millstone Unit 2. And the third is the
15 preparation and conduct of refueling Lodge No. 6 from
16 Millstone Unit 3. In the context of that, I'd like to talk
17 about an operational issue which occurred on Friday briefly.

18 On Friday at about 1800 -- 6:00 p.m. on Friday
19 evening, a plant equipment operator was out doing some
20 preparations from a job task standpoint in the carbon
21 dioxide system. And what he was doing was he had a
22 procedure in hand and was walking down the system in
23 preparation for the job requirements as he becomes a
24 qualified operator.

25 He went to the -- at Millstone Unit 3, we still

1 have a few systems which still have auto operation of carbon
2 dioxide, and we'll be evaluating that based upon this issue
3 and also lessons learned from the Idaho event which occurred
4 last year.

5 The plant equipment operator went out, opened a
6 panel, a Chemtron panel, and was looking at it with a
7 procedure in hand as to what switch would he manipulate in
8 that if he were in fact asked to perform the task of
9 isolating carbon dioxide to what we call the cable strutting
10 area.

11 There were two cards there. Each one of them had
12 a switch on it. He didn't know which one he was to operate.
13 And at that point, he had dust on one of the cards. He blew
14 on the card. That effectively just blew. That caused an
15 actuation -- a manual actuation of the carbon dioxide system
16 into the cable spreading area motion on Unit 3. That event
17 was from 1800 until about 0400 the next morning before it
18 was completely resolved.

19 As it went to the perching activity, we identified
20 some other problems which has caused us to lock out --
21 manually lock out carbon dioxide at the entire Millstone
22 site until we understand the implications of carbon dioxide.
23 Effectively what we have is a system at this point in which
24 the benefits from a fire suppression standpoint are
25 questionable from the possibilities of personnel damage or

1 inaccessibility to equipment.

2 So I wanted to talk first based upon the
3 priorities I gave you with an operation issue which occurred
4 on mostly Unit 3. I'd like then to --

5 MS. DICUS: I understand that some of the
6 operators were not SCBA qualified. Can you explain that a
7 little bit -- how that happened, and what you're doing about
8 it.

9 MR. BROTHERS: Yes. That's the reason carbon
10 dioxide is locked out at this point. At this point, it
11 appears to be clear that it wasn't assumed that the carbon
12 dioxide manipulating into the control room envelope was a
13 possibility in reality.

14 The combination of filter recirc control and then
15 purge on the switch gears created a DP which forced the
16 carbon dioxide in. The operators were given the option
17 based upon radionucleides to either be respirator or SCBA
18 qualified. Some of them were respirator qualified but on a
19 CBA. Until we re-evaluate CO2, we'll keep it locked out.
20 And if it needs to be SCBA qualified, everybody in fact will
21 be.

22 MS. JACKSON: So your training requirements were
23 predicated on your understanding that what happened couldn't
24 happen?

25 MR. BROTHERS: Essentially. I want to make clear,

1 however, that the dawning of the SCBA in the control room,
2 we never reached NIOSH or National Institute of Occupational
3 Safety and Health limits of 40,000 PPM. We were
4 significantly below that, but they were dawned nonetheless.

5 Today, after I pass that discussion, I'll be
6 discussing the progress we've made toward returning most of
7 Unit 2 to service. This slide shows the items remaining in
8 seven broad categories as of December 31st, 1998.

9 The left hand column shows the items remaining.
10 To put it in context, the right hand column shows the
11 numbers completed in each category since most of Unit 2 was
12 shut down in early 1996. Although a challenge, particularly
13 with regard to transitioning the mode 4, we believe that we
14 will achieve range for restarting it, as Lee Olivier said,
15 in March of 1999.

16 As I step through each category, I will indicate
17 the percentage of remaining items which are tied to key mode
18 milestones. What you will quickly see is that the majority
19 of remaining items are tied to mode 4. As of December 31st,
20 we had a total of 1,385 restart tasks remaining to support
21 our return to power operation. Of those, 81 percent were
22 tied to mode 4.

23 As of yesterday, that number of restart tasks has
24 been reduced to 1,256. We have two remaining license
25 amendments out of a total of 28 which have not yet been

1 submitted to the NRC. They are through our approval and
2 Nuclear Safety Assessment Board are in the process of being
3 processed out. Those two remaining license amendment
4 requests are an elimination of our requirement for hydrogen
5 purge and technical specifications and a change to the basis
6 of the enclosure building infiltration bypass linkage.

7 Both of these amendments are currently tied to
8 mode 4, although it is possible that their provisions
9 described in NRC Administrative Letter 98-10 may allow this
10 mode tie to be broken. As of December 31st, we had 62
11 modifications required to be completed prior to resuming
12 power operations. As of yesterday, we have 55 remaining.

13 Since shut down in 1996, we have completed 173
14 modifications. As of December 31st, we had 690 restart
15 automated work orders which were required to be completed.
16 An automated work order is simply our vehicle for performing
17 physical work. As of yesterday, that number's now 671, and,
18 of the 671, 69 percent applied to mode 4.

19 Of the 671 remaining, 327 are tied to a remaining
20 55 modifications. The remaining 344 automated work orders
21 break down into the typical percentages between physical
22 work disciplines and the Millstone Unit 2 power baud. Also
23 as of December 31st, we have 16 temporary modes and 16
24 operator work arounds. The goal for start up for both of
25 these categories is less than or equal to ten. We're on

1 track to meet both of these goals prior to mode 4. In fact,
2 the projection right now is to have seven operator work
3 arounds and eight temporary modes open, all of which will be
4 reviewed for applicability and shared with the inspectors
5 and the staff.

6 Finally, as of December 31st, we had 565 procedure
7 revisions required to support unit restart. As of
8 yesterday, that number is now down to 369. Of the remaining
9 procedural revisions, 87 percent are tied to mode 4.

10 As I indicated when I went through each category
11 on this side, the challenges to transition to mode 4 which
12 is react cool system temperature between 200 degrees and 350
13 degrees. Of the seven categories, the three areas which
14 represent the greatest challenge to our schedule are restart
15 task, restart modifications and restart procedures.

16 During this three-year shutdown and independent of
17 the ICAVP peer process, we have accomplished upgrades which
18 have enhanced the overall safety of Millstone Unit 2. In
19 the interest of time, I'm not going to cover all of the
20 items on this slide. I would like, however, to talk briefly
21 about the reactor vessel head penetration inspection.

22 This inspection was performed in response to
23 indications found in the reactor vessel to patrol rod drive
24 mechanism wells in some European plants. Millstone Unit 2
25 was the first domestic combustion engineering plant to

1 complete this inspection, and it was initially felt that it
2 was the most susceptible to this condition.

3 The good news for both Millstone Unit 2 and the
4 industry is that no indications were found in the Millstone
5 Unit 2 inspection. This slide and the next slide offer
6 quantifiable evidence that our level of human performance is
7 satisfactory for safely restart of Millstone Unit 2.

8 This slide shows the improvement obtained in our
9 level of procedure compliance. The horizontal line is our
10 goal which is consistent with industry standards of less
11 than or equal to .5 errors per 1,000 hours worked. So it's
12 good to be below the horizontal line.

13 We have met our goal on Millstone Unit 2 since
14 April of last year. This slide shows the percentage of low
15 significance or precursor events of all human error events.
16 It is desirable to have a high percentage of low
17 significance of errors to total hours to allow for the
18 implementation of corrective actions to occur at a lower
19 threshold, thereby preventing more significant events.

20 An example of a precursor event is a tagging error
21 caught by the second checker of the tag. A higher level
22 event or what's called a near miss is when that tagging
23 error is missed by the second checker but caught by the
24 worker who's performing the work itself. What we call a
25 break through event is when it's missed by the person who

1 hung it, the second checker, the worker and work actually
2 occurs on an uncorrected tag component. That would be a
3 break through event.

4 We've set an extremely high percentage going in
5 this area of greater or equal to 95 percent of all human
6 errors to be classified as low significance errors. We have
7 met or exceeded our goal for the last four months, and
8 during that same time there have been no break through
9 events in which all the barriers failed and significant
10 consequences have occurred.

11 This slide gives our current schedule for the
12 major milestones to restore Millstone Unit 2 to power
13 operations. We're currently in mode 6 which is a mode in
14 which fuels and the reactor vessel, but the reactor vessel
15 head is not fully tensioned. Mode 5 is cold shut down, and
16 we're scheduled to go into that on January 22nd when the
17 reactor vessel head is fully tensioned, and the reactor coil
18 system is less than 200 degrees.

19 Mode 4 is hot shutdown in which you have fallen
20 system temperatures between 200 and 350 degrees. Mode 3 is
21 hot stand by in which the reactor coil system temperature is
22 between 350 and normal operating temperature. Mode 2 is
23 start up, and mode 1 is power operations. We're in 5
24 percent.

25 Prior to discussing a range for each of the

1 milestones, I want to briefly discuss Millstone Unit 2's
2 readiness to resume power operation with respect to the year
3 2000 computer problem. Generic Letter 98-01 requires a
4 submittal to the NRC on or before July 1st to describe the
5 status regarding identification, remediation and testing.
6 We are on track to meet this requirement at Millstone
7 station.

8 We also have an internal goal to complete
9 identification, remediation and testing prior to unit
10 restart. This goal was set to preclude the necessity of a
11 shutdown prior to December 31st, 1999, to correct the
12 potential year 2000 problem. This is because the next
13 scheduled shutdown for Millstone Unit 2 is not to be until
14 mid-2000.

15 As Ray Necci will discuss following my
16 presentation, this internal goal which is more aggressive
17 than the NRC requirements, is challenged. Simply put, we
18 will comply with the NRC requirements with regard to the
19 year 2000 problem. Ray's assessment is regard to
20 performance against our internal goal -- not Generic Letter
21 98-01. Similarly, in Millstone Unit 2, the challenge here
22 is the transition to mode 4. As stated earlier, mode 4 is
23 when reactor coil system temperatures between 200 and 350
24 degrees.

25 Virtually all of the technical specification

1 requirements become effective upon entry into mode 4.
2 Therefore, in order to move into mode 4, the plant must be
3 essentially physically ready and administratively ready. At
4 that point, the emphasis will shift to operations and the
5 heat up sequence and required inspections can be undertaken
6 to certify that Millstone Unit 2 can safely resume power
7 operation.

8 That concludes my presentation. If there are no
9 further questions, I'll turn it over to Ray Necci to discuss
10 oversight assessment on Millstone Unit 2's performance.

11 MR. NECCI: Thanks, Mike. Good afternoon. My
12 presentation will provide nuclear --

13 MS. JACKSON: Excuse me, Mr. Necci.

14 MR. MCGAFFIGAN: This is actually on Mr. Necci's
15 title, Nuclear Resite and Regulatory Affairs. Is this part
16 of the consolidation that two things have been brought
17 under, or has this always been the title of oversight vice
18 president at the site?

19 MR. NECCI: Oversight previously was a unique
20 position. And in figuring our reorganization, we
21 contemplated -- I contemplated going to a situation that
22 would be typical of the rest of the nuclear industry where
23 oversight is not a site level officer position.

24 In assessing this, in talking particularly with
25 oversight employees, there was an agreement that that's the

1 right place to end up, but that neither oversight nor
2 Millstone was quite ready for it at this particular time.
3 So I compromised on that by using an example that does exist
4 at a few other sites in the industry where oversight and
5 regulatory affairs are a combined position. So we're moving
6 in the direction we want to go.

7 MR. MCGAFFIGAN: Is there a possibility that you
8 could have a conflict -- that in your role as head of
9 regulatory affairs, you're trying to push a license
10 amendment through the NRC which oversight is saying it's our
11 job to find it. But oversight is saying isn't adequately
12 justified, and we shouldn't be pushing it through? By
13 having two hats, does the oversight person have two jobs to
14 fulfill?

15 MR. NECCI: My position on that, Commissioner,
16 would be is that there's not a conflict there. Both
17 organizations provide an oversight role -- one in a
18 regulatory space and one in a quality program space. We do
19 maintain a director of nuclear oversight essentially
20 contained in higher oversight program underneath that
21 director. So I don't foresee that type of conflict
22 happening. This is an organization that exists in several
23 stations around the country also.

24 My presentation will provide nuclear oversights
25 independent assessment of Millstone Unit 2's readiness for a

1 safe entry restart and continued safe operations. The
2 results of a nuclear oversight verification plan -- what we
3 call NOVP -- review confirms that progress is being made in
4 meeting the restart break area for the six key issues and
5 the 12 general and site issues.

6 Specific elements of each of these issues success
7 criteria that has not been achieved at this time are being
8 tracked for successful completion by the oversight mode
9 issues list. Emerging issues are assessed by oversight for
10 impact and significance and then tracked to completion.

11 Oversight considers these issues to be constraints
12 to entry into the applicable mode. Oversight has continued
13 to participate with line management in holding the work
14 force accountable to high performance standards. By closely
15 monitoring work activities, the regular nuclear oversight
16 verification plan meetings, and by reinforcing performance
17 expectations, we have contributed to progress towards
18 achieving a satisfactory level for restart.

19 This slide shows the NOVP performance from July,
20 1998, up through January 7th, 1999, which was the date of
21 our last meeting. You have seen this type of evaluation
22 used during the restart reviews for Millstone Unit 3. The
23 process involves a panel review for each of the issues
24 listed for each unit.

25 The panel review's input from audits,

1 surveillances and observations for each of these areas to
2 determine a rating and the line is also invited to
3 participate in these meetings. As shown on our assessment,
4 the Millstone Unit 2 area's of operations, work control,
5 self assessment, maintenance, health, physics and chemistry
6 are rated satisfactory for restart or green on this slide.

7 The site wide programs of security, emergency
8 planning, training and environmental monitoring were also
9 rated satisfactory for restart. Also oversight performed
10 their own assessment of the readiness for the 40500
11 corrective action inspection provided our concurrence on
12 readiness for that inspection, and that's also shown to be
13 green.

14 I want to specifically mention that while there
15 are several operational areas that need additional focus,
16 operations has worked to set high standards for the unit.
17 Oversight's assessment of recent operational performance
18 during the loss of normal power test and the core reload
19 showed operation's performance to be good.

20 I will now focus on the nuclear oversight
21 verification plan results as they relate to areas on this
22 slide that are either yellow or red. Oversight believes
23 that engineering's tracking is satisfactory. Based on
24 recent observations, engineering's performance is showing an
25 improvement.

1 The engineering department's use of a quality
2 review board is providing the appropriate management review
3 in setting standards for engineering products. Recent
4 engineering support of the fuel reload in the loss of normal
5 power test was good. Because of the issues related to the
6 quality of engineering products, oversight will continue to
7 follow key engineering activities through the restart.

8 MS. JACKSON: Since we have the engineering vice
9 president here, what would you like to speak to relative to
10 what he says about particularly the quality of the
11 engineering products?

12 MR. AMERINE: I agree with his assessment. I've
13 been back in the engineering leadership role for just about
14 a quarter now, and I'm not satisfied with our product, nor
15 am I satisfied with that our relationship is strong enough
16 with out client, principally Mike Brothers. And we're
17 taking actions to change that.

18 Quality Review Board is a good stop gap, but it's
19 not the answer. And what I'm doing to address that issue,
20 for example, to strengthen our product is I'm shifting the
21 emphasis of accountability and responsibility from the
22 initiator or creator of the changed packages or
23 modifications to the reviewer -- the peer reviewer or
24 independent reviewer. That's where it resides in most other
25 places in the nuclear industry, and that's where I want it

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1 to reside in engineering.

2 The other things that we're doing is going back
3 with lessons learned and informing -- actually demonstrating
4 to the engineers where there needs to be product
5 improvement. The Quality Review Board has brought it down
6 from where it was to about right now something less than
7 between 50 and 25 percent rejection rate on the products.
8 That's just absolutely not satisfactory.

9 But it does show that we have gone abroad in the
10 right direction. Now what we need to do is go the rest of
11 the way by setting those standards and expectations,
12 training the employees, shifting that responsibility from
13 initiator to the reviewer, and addressing the issues that
14 the Nuclear Oversight people are bringing to us.

15 I do have to point out that most of those
16 rejections are what you would call in the administrative
17 area. But in my mind, that's attention to detail, and
18 that's a sloppiness -- I'll use that word -- that could
19 eventually manifest itself in the actual technical aspects
20 of the product.

21 To date, that has not happened with only a few
22 occasions, and then that's gotten caught in some of the
23 senior review boards like PORC or NASB -- plant review
24 committees that exist to look at these engineering products,
25 particularly as they affect safety.

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1 So we've got a ways to go. But you know, it's a
2 big ship. You've got the rudder over hard, and it's
3 beginning to turn, as Ray has seen in our assessment, and
4 we're working closely with the oversight people to make sure
5 that we listen to what they have to say.

6 MR. NECCI: Oversight's review of the Millstone
7 2's implementation of the corrective action program shows a
8 program that has recently moved to a satisfactory level of
9 performance. Due to the fact that we have not seen
10 sustained performance, we have not yet changed our indicator
11 window to green. We normally would expect to see a level of
12 performance for two months or more before we changed the
13 indicator to green.

14 MS. JACKSON: Can that slide be moved up, please.
15 No? Well, try anyway. Go on.

16 MR. NECCI: Oversight's review of Millstone 2
17 procedural issues show a good performance in the area of
18 procedure compliance. Oversight's primary concern deals
19 with the procedure, development and upgrade backlog and the
20 potential that this has for impacting procedure quality.
21 The line is addressing the backlog issue, and oversight will
22 continue to monitor their performance in this area.

23 Nuclear oversight's review of the Millstone 2 fire
24 protection program indicates that issue discovery is
25 essentially complete. There remains a large amount of work

1 to fully restore the unit to compliance with the fire
2 protection program and Appendix R programs.

3 MS. JACKSON: What are some of the issues you've
4 uncovered?

5 MR. NECCI: The issues on fire protection, there
6 are issues with safety and lights, Appendix R lighting,
7 issues with fire protection typing inspections that remain
8 to be done, and then the ongoing issues with fire stops and
9 seals -- the penetration seals that we've talked about
10 amongst some -- there's some programmatic elements that also
11 remain to be done, Chairman, that affect what they call the
12 fire hazards analysis report and their compliance report.
13 Those are engineering products which are on schedule to be
14 completed at the end of January -- by the end of January.

15 The next area I would like to discuss is the year
16 2000 computer readiness issue that Mike Brothers discussed.

17 MS. JACKSON: Who owns that operation? Who owns
18 the Y2K --

19 MR. NECCI: The Y2K operation's Mike's.

20 MS. JACKSON: So it's your responsibility also?

21 MR. BROTHERS: I own the embedded systems and the
22 power block. Frank Wilson, our vice president of work
23 services, has the group that's actually implementing the ID
24 remediation, but I own the product.

25 MS. JACKSON: Uh-um. Okay.

1 MR. NECCI: This issue, like the organizational
2 realignment issue, which is right above it on the slide, are
3 different in that they are not strictly considered necessary
4 for unit restart. They are issues, though, that we in
5 oversight feel are significant enough to warrant management
6 attention.

7 Our review of the Y2K work at the Millstone 2 show
8 the need for improvement in order to meet Y2K project goals
9 of not having to shut the unit down for remediated Y2K
10 issue. Additional line involvement in the Y2K project
11 activities is required, and, as Mike Brothers addressed, is
12 being handled.

13 In conclusion, I would like to restate that
14 oversight believes Millstone 2 is tracking satisfactorily
15 towards meeting the restart success criteria. Elements of
16 that criteria that have not yet been met are being closely
17 tracked to completion by oversight. These items are added
18 to our mode issues which must be completed before we give
19 our final approval to proceed first into mode 4 and then
20 into mode 2.

21 Finally, oversight will concur in the mode and
22 power level change decisions as we proceed in the start up
23 and power ascension program. If there are no additional
24 questions, I'd like to turn it back to Lee Olivier.

25 MR. OLIVIER: Well, we certainly would like to say

1 thank you, Chairman Jackson and Commissioners, for providing
2 the opportunity to come here and brief you on Millstone's
3 progress and our performance. And briefly in closing, I
4 want to make a commitment to you in two areas.

5 First, we are going to improve our operational
6 performance on Unit 3. We're going to take the lessons
7 learned in Unit 3, and we're going to apply those to the
8 Unit 2 activities. We are going to get on with improving
9 our organizational effectiveness and streamlining our
10 processes, as I mentioned earlier, in the second half of the
11 year.

12 Second and most important, I want to restate my
13 commitment to you that we are going to maintain and improve
14 our safety conscious work environment and Millstone Station.
15 The people of Millstone Point have changed. They realize
16 that the future success, future excellence is based upon a
17 strong safety conscious work environment.

18 We believe it's the right thing to do for our
19 people, and it's the right thing to do for any business.
20 And you have my commitment that we will meet a strong safety
21 conscious work environment.

22 MS. JACKSON: Any other comments? Thank you very
23 much.

24 MR. OLIVIER: Thank you.

25 MS. JACKSON: We'll now hear from our Little

1 Harbor consultants. Mr. Beck?

2 MR. BECK: Good afternoon, Chairman Jackson,
3 Commissioners. I am John Beck, President of Little Harbor
4 Consultants and team leader for the independent third party
5 oversight program at Millstone

6 With me this afternoon is my colleague, Billie
7 Garde, a principal on the oversight team. Billie's
8 expertise, skills and passion for her work provided an
9 invaluable contribution to our efforts at Millstone and
10 deserves special mention, I think.

11 I'd like to take a few minutes for this afternoon
12 to review with you what we have done at Millstone since we
13 were approved by your staff to implement the mandated third
14 party oversight role.

15 Our first order of business was to develop the
16 required oversight plan and submit that plan to the staff
17 for public review and subsequent staff approval. The
18 oversight plan was a delineation of those activities
19 required by the order and how they intended to accomplish
20 them. We actually began our oversight activities on at-risk
21 basis while the plan was being reviewed and approved,
22 subject to the requirement that any activities undertaken
23 prior to final approval might have to be done differently
24 should the final approved plan so indicate. So rework was
25 required.

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1 Our work proceeded in three phases -- programmatic
2 review of the Northeast Utility's recovery plan, oversight
3 of Northeast's implementation of their recovery plan, and
4 evaluation or measurement of success of Northeast's
5 implementation.

6 Throughout our work, we had an open door and made
7 ourselves available to anyone who desired to speak with us.
8 We initially got a lot of business. Our goal, of course,
9 was not to serve as another mechanism for resolving the
10 concerns of the employees or contractors, but rather to be a
11 good listener and encourage those who came to us to first
12 use their line management.

13 If for some reason that was not a viable option
14 for the concerned individual, we encouraged them to use the
15 Northeast Utility's Employee Concerns Program, or, if
16 necessary, to go to the NRC with their concerns. In any
17 event, we promised to oversee the treatment of concerns by
18 whichever avenue the employee or contractor chose to pursue
19 and to keep them informed regarding progress from our
20 oversight perspective.

21 Our work required by the very nature of it
22 frequent contact with not only those who brought us
23 concerns, but management and other workers at Millstone as
24 well. We were present at many different periodic as well as
25 specially scheduled meetings on a variety of subjects which

1 were relevant to our oversight responsibilities.

2 In other words, we were where we needed to be to
3 get our job done.

4 I would point out that never were we denied access
5 to information or permission to attend meetings or speak
6 with anyone. We had truly unfettered access to management
7 and to whomever we needed to do our job. This degree of
8 cooperation is a credit to Northeast management and was
9 essential to our work.

10 As required by the plan, we reached out to members
11 of the community and made ourselves available to interested
12 members of the public. We provided reports, both verbally,
13 in public meetings, as well as written quarterly reports.
14 We also provided special reports dictated by circumstances,
15 requiring more immediate dissemination of findings or
16 recommendations. We also appeared before the Commission, as
17 we are here today, to brief you and respond to your
18 questions.

19 Our reports include, of course, evaluation of
20 progress by Northeast in their recovery efforts,
21 specifically with respect to their readiness for restart of
22 Unit 3. Most recently, we provided our views regarding
23 lifting of the original order which required, among other
24 things, the independent third party oversight.

25 We do support lifting the order. First, because

1 we have finished all the activities required by our
2 oversight plan. We are satisfied that Northeast management
3 has in place processes and organizational entities such as
4 their employee concern program, the people team which you
5 heard about earlier, and the safety conscious work
6 environment organization.

7 We're satisfied that they have demonstrated that
8 they are capable of doing what is needed to maintain the
9 safety conscious work environment. Second, as some will
10 recall, we once stated that one of the measures which could
11 be used in making the determination of when the order should
12 be lifted was when our third party oversight no longer made
13 a difference. We have reached that point.

14 We genuinely feel that we are no longer needed on
15 a full time basis to assure that Millstone management does
16 the right thing when challenged by those events which occur
17 in everyone's work place. We further believe that Millstone
18 management is committed to keeping it that way in the
19 future. Certainly, they have some unique challenges today,
20 as you've heard at Millstone, and will be faced with other
21 very stressful times in the future. But we believe they
22 have the mechanisms and the people in place to deal with
23 those future challenges.

24 We also think they have the will and desire to be
25 successful. And above all, they have an enlightened work

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1 force which will never let the sins of the past repeat
2 themselves at Millstone.

3 We also think that concerned members of the local
4 community who have spent untold hours of their time pushing
5 and probing to see that their concerns are responded to will
6 never let their guards down. This will serve as another
7 level of assurance that the abusive practices of the past
8 will not be repeated, and that the hard earned progress
9 toward a safety conscious work environment will be
10 maintained at Millstone.

11 Finally, Northeast management has told you today
12 that they intend to capitalize on their investments in the
13 third party oversight program by asking Little Harbor to
14 visit Millstone for a vigorous quarterly assessment of their
15 safety conscious work environment status.

16 We have agreed to do that provided our timely
17 reports to their management are made simultaneously
18 available to the public and the NRC staff. They were
19 completely supportive of that measure of openness. We have
20 also committed to provide a toll-free number for the use of
21 anyone who wishes to directly contact Little Harbor with any
22 concerns regarding Millstone. We will maintain that
23 toll-free number for as long as we're engaged to perform the
24 periodic assessments.

25 Those assessments will be characterized by

1 evaluating the attributes of the safety conscious work
2 environment which we use as a foundation of our work at
3 Millstone over the past two years. The plan is to have the
4 principles of the Millstone team perform the assessments,
5 specifically myself, Ms. Garde and Mr. John Griffin who
6 incidently could not be with us today because of prior
7 commitments, and he sends his regrets. Ms. Garde or I will
8 be pleased to respond to any questions the Commission may
9 have.

10 MS. JACKSON: You know, when Little Harbor was
11 brought in as an independent third party to provide
12 independent third party oversight, how do we assure
13 ourselves of the objectivity going forward if you're
14 involved of your assessments? Is it because of what you
15 said about the promulgation of your reports to the NRC and
16 to the public?

17 MR. BECK: I think that is a measure that gives
18 absolute assurance that whatever we have to say to
19 management is heard as it has been throughout our
20 independent status by the public and by the NRC staff.
21 There would be no reason to doubt that you're not hearing --
22 everyone's not hearing it at the same time. That's been a
23 very easy thing to do and a very high degree of assurance
24 that what we're saying is objective and for everyone's ears.

25 MS. JACKSON: What are the remaining soft areas?

1 MR. BECK: I think the hardest challenge
2 management faces is to deal effectively with their
3 reorganization, and you've heard a lot today about how they
4 have dealt with those members of the work force who did not
5 get chosen to stay on as part of the management team. Early
6 in their choice of directors, we watched this very carefully
7 and were impressed with the fact that they spent a lot of
8 time with those who didn't make the cut, and that kind of
9 faithful adherence to caring for individuals is a very
10 strong demonstration of the respect for individuals I think
11 management has at Millstone today that didn't necessarily
12 exist before.

13 So respect for the individuals and maintaining
14 that is of highest priority in my mind. The rest of it
15 almost follows with all the lessons they've learned over the
16 last couple of years. Billie might add to that.

17 MS. GARDE: I think it's important that all
18 parties recognize that trust is not rebuilt on the basis of
19 NRC mandate. Trust is going to be rebuilt on the basis of
20 performance over time and commitment to the goals that the
21 company has identified for itself.

22 As they reach the time when the order is under
23 consideration for being lifted, their performance and doing
24 what they said they would do is going to be under even more
25 scrutiny from a work force that has not completely recovered

1 all trust that things won't go back. So I think their
2 commitment -- management's commitment to following through
3 on their previous standards or previous behaviors, the
4 policies and procedures they've put in place is critical.
5 And as John has said and as I agree, this is a very
6 empowered, enlightened work force. They won't go quietly
7 backwards.

8 And so you will know that. You will know if
9 there's backsliding both by allegations to the NRC and
10 public allegations and Department of Labor complaints. The
11 external checks and balances will rattle.

12 But I think it's important to recognize that it's
13 going to take time, and it's going to take renewed
14 commitment once the order is lifted to show that they were
15 serious.

16 MS. JACKSON: How strong are the licensee's self
17 assessments in these areas in your estimation?

18 MS. GARDE: I have more familiarity with the ECP
19 self assessments, the ECP Program self assessments, and they
20 have been very good. They have been a combination of
21 internal self assessments, benchmarking where they have
22 invited actually other utilities into to review their
23 program and also use external attorneys to review their
24 program. All three of those were very vigorous scrubs. All
25 three of those, by the time we got through the last quarter,

1 identified at least as many problems as Little Harbor and
2 pretty much all of the same problems that we saw, they had
3 already self-identified.

4 So I was very pleased with those self assessments.

5 MS. JACKSON: My colleague raised a question about
6 processes, you know, what happens is a play off between
7 people and infrastructure here. You're convinced that in
8 this area they have the right infrastructure and processes
9 put into place?

10 MS. GARDE: Right now, they have an incredible
11 infrastructure, an extraordinary infrastructure which was
12 established over the past year -- well, two years when they
13 began to realize that their management team had not
14 developed, or they could not rely upon their management team
15 having developed all of the right skills and responses to
16 deal with these problems. I would hope that that
17 infrastructure over the next two years begins to be
18 dismantled as they have trained their supervisors and
19 managers, reinstill those instincts so that managers are
20 able to take care of these problems at the lowest common
21 level.

22 I think frankly much like Little Harbor, that
23 infrastructure will become unnecessary. They will sit
24 around, having meetings, and not have anything to talk
25 about. And so it will become self evident when it's time

1 for those things to be dismantled.

2 Right now as they go through this difficult time
3 period with the reorganization and certainly through the
4 first outage, I think it's critical to keep those in place.

5 MS. JACKSON: Thank you. Commissioner?

6 MR. MERRIFIELD: When you're an attorney, as I am,
7 you are cautioned that you should not ask questions that you
8 don't have some inkling as to what the answer will be.

9 MS. JACKSON: But you're a commissioner. He asks
10 those questions all the time.

11 MR. MERRIFIELD: Throw that caution to the wind.
12 The events at Millstone have been a challenge to the
13 confidence and trust of Northeast Utility's by its
14 employees, by the NRC and by others.

15 The events at Millstone have also brought into
16 challenge the confidence and trust of the NRC by some. And
17 so I'm wondering, given the exposure you've had at the
18 facility and the interaction with the company and its
19 employees and with other outside stakeholders and citizens,
20 what lessons do you think the NRC has to learn from this
21 episode, and are there any suggestions you have for areas
22 where we can help build on our confidence and trust?

23 MS. GARDE: You're not going to want me to not
24 answer this question.

25 MR. BECK: Well, I'll let you answer that

1 question.

2 MS. JACKSON: We will let you answer that
3 question.

4 MR. BECK: That I know, too. My reaction, if I
5 take off my independent third party oversight hat for a
6 moment as having been associated with this business for over
7 30 years now, I guess, is timeliness of response is very,
8 very important. And I don't mean to say lack of
9 thoroughness, but timely response to issues are in my view
10 one of the NRC's biggest problems. And it --

11 MS. JACKSON: Still persists?

12 MR. BECK: Still persists. Billie?

13 MS. GARDE: Well, I have watched the NRC's
14 handling of harassment, intimidation allegations for 15
15 years. And during that time, I have, as many of you know,
16 often criticized the agency's inability to get their hands
17 around or arms around the proper handling and the timely
18 handling of allegations of harassment and intimidation. It
19 was less than five years ago that chilling effect issues
20 were really not even thought through very well in terms of a
21 Department of Labor decision that six years later you were
22 going to look at chilling effect, and it was way, way too
23 late.

24 I celebrated that October, 1996, order as an
25 incredibly insightful step forward for the agency. And

1 although I know the industry was often critical of the
2 degree with which the NRC imposed standards on Northeast
3 Utilities, I still think that was an incredibly important
4 step to take.

5 Along the way, I think what has been learned by
6 both the agency and the industry is exactly what John just
7 said which is timely and effective response to employees who
8 have questions often eliminates those questions becoming the
9 concerns, those concerns becoming allegations, the
10 allegations becoming essentially a life change for the
11 people who continue to have to make choices about the risk
12 of bringing issues forward.

13 And I guess to be candid with the agency, I think
14 the agency still has a ways to go if you're going to hold
15 yourself out to investigate harassment and intimidation,
16 retaliation and discrimination issues and assume that
17 responsibility. You must learn to be more timely because if
18 you're not, employees will go elsewhere -- and elsewhere
19 from you is Congress and the press. And then everyone is in
20 a reactive mold, and people who took risks to bring those
21 issues forward lives are forever altered.

22 And I think the goal for everyone on this issue is
23 to keep employee questions which get answered and people can
24 go on with their lives. And so I think that what John said
25 is right. Timely and effective response.

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1 MS. JACKSON: Mr. Beck, since you said that the
2 issue of timeliness and also Ms. Garde still is an issue,
3 can you give us a recent example?

4 MR. BECK: The most recent example that came to my
5 mind was the report that was issued that came out from IG
6 and the turn around and just the nature, and that's a good
7 example of lack of timely response, if I may.

8 MS. JACKSON: Well, some might argue it's lack of
9 follow through.

10 MR. BECK: Well, it had a little of that, too, it
11 would seem.

12 MS. JACKSON: Okay, thank you very much. Now
13 we'll hear from the NRC staff.

14 [Pause]

15 MS. JACKSON: Dr. Travers?

16 MR. TRAVERS: Good afternoon. Chairman, in your
17 introductory remarks, you outlined and highlighted the
18 problems that existed in the past at Millstone, problems
19 with the safety culture that led the agency to take an
20 extraordinary action -- that being the issuance of an order
21 that established the third party oversight effort that has
22 now been underway for over two years.

23 In my experience, this issue of safety culture is
24 the single most important issue that has led to the problems
25 at Millstone. The safety culture issue, the failure of

1 emphasizing a questioning attitude by workers, the failure
2 of a culture to highlight and encourage employees to ask and
3 raise safety issues is by far, in my estimation, the most
4 significant issue that led to the many problems that were at
5 Millstone and led to the extended shutdowns.

6 As I mentioned, we have had some considerable
7 period of time to assess the improvements or the attempts at
8 improvements by the new management team at Millstone. Our
9 presentation today will address the staff's conclusions and
10 recommendations relative to closing the October, 1996, order
11 regarding employee concerns program and safety conscious
12 work environment.

13 Let me point out that with me today at the table
14 are Hub Miller, the regional administrator, Region 1; Bill
15 Dean, the NRR project director responsible for the agency's
16 oversight of Millstone's effort to improve its employee
17 concerns program and safety conscious work environment; and
18 Helen Pastis, the senior NRR program manager who has been
19 the key staff member responsible for coordinating the
20 agency's efforts in this area.

21 Let me now point out again that we would like to
22 address the question of whether the improvements at
23 Millstone are sufficient to warrant lifting the order and
24 removing the requirement for a third party oversight
25 organization. As you will hear in short, the staff believes

1 that the improvements that the utility has implemented are
2 sufficient to have us recommend to that this order be
3 lifted.

4 By now, let me turn to Bill Dean who's going to
5 begin our presentation.

6 MR. DEAN: Thank you, Bill. Good afternoon,
7 Chairman, Commissioners. Our presentation this afternoon is
8 basically going to cover the four items that are noted on
9 the overview slide.

10 I'm just going to spend a few minutes covering
11 some of the historical issues that led to the issuance of
12 the order and just a few minutes to discuss the performance
13 of the licensee that led to the May 1st commission meeting
14 where we talked about performance of ECP and safety
15 conscious work environmen as it applied to restart
16 authorization. However, the main focus of the presentation
17 will be the last two items which will be the licensee's
18 efforts to sustain an improve its employees' concern program
19 and safety conscious work environment since that May 1st
20 commission meeting. Next slide, please.

21 As you know, historically there have been H&I
22 issues at Millstone since the mid to late 1980's. This
23 included several significant civil penalties as well as
24 quite a bit of work between the region and the licensee to
25 try and get to the root cause of why the employee issues

1 continued to arise at Millstone.

2 In 1996, there were three separate reports that
3 were issued that dealt with this issue that tried to get to
4 the root cause of the work environment at Millstone. One of
5 these, of course, was the NRC's MIRG or Millstone
6 Independent Review Group which was issued in September of
7 1996.

8 In addition to that, in January of 1996, the
9 licensee had their own employees concern assessment team
10 report as well as the fundamental cause assessment report
11 that was issued in July of 1996. The main finding of all
12 these reports indicated that the environment -- the work
13 environment at Millstone was a significant contributor to
14 the problems that led to their performance decline.

15 Significant issues that were raised in these
16 reports included the culture of Millstone was not conducive
17 to the existence of a safety conscious work environment.
18 That there was a lack of management support to the nuclear
19 safety concerns program which was deemed to be ineffective,
20 and the nuclear organization did not establish and maintain
21 high standards and expectations from senior management on
22 down.

23 The evidence that the work environment at
24 Millstone was a major contributor to the performance
25 problems led the NRC to take the unprecedented action to

1 issue an order which Billie Garde just discussed her
2 reaction to that order which consisted of four elements here
3 listed on the bottom bullet.

4 The first three elements of this order were
5 essentially met within the first year that this order was in
6 place. It was the final element of the order determining
7 when the oversight provided by Little Harbor was no longer
8 needed which has remained open since that May 1st Commission
9 meeting. Next slide, please.

10 At that May 1st Commission meeting and in the
11 associated Commission paper, SECY 98-090, the staff provided
12 the status of Northeast Utility's efforts to improve its
13 employee concerns program and safety conscious work
14 environment. The Commission had been kept apprised on an
15 ongoing basis through Commission papers and approximately
16 quarterly briefings since early 1997. At this May 1st
17 meeting, the staff summarized the results of its ongoing
18 observations at both Northeast Utilities and Little Harbor
19 Consultants and made the recommendation that the
20 improvements made to the employee concerns program and
21 safety conscious work environment were adequate to support
22 Unit 3 restart.

23 The bullets on the slide capture the major aspects
24 of the staff's assessment, and this assessment was based on
25 a variety of evaluation methods. For example, we had an

1 evaluation team that conducted a two-week evaluation in
2 December of 1997 and January of 1998 which was led by Helen
3 here to my right.

4 Of course, there was Little Harbor's ongoing and
5 very close monitoring and assessments of activities at
6 Millstone which we kept apprised of in weekly phone calls as
7 well as periodic meetings at the site. We had public
8 meetings with Little Harbor Consultants and Northeast
9 Utilities to provide us the status of activities from both
10 Little Harbor Consultants and Northeast Utilities'
11 perspective. We also monitored very closely the performance
12 matrix developed by Northeast Utilities associated with the
13 safety conscious work environment and employee concerns
14 program as well as frequent onsite observations by our own
15 team.

16 MS. JACKSON: Tell us specifically what
17 inspections and assessments you've done since the Commission
18 decision on the restart of Unit 3.

19 MR. TRAVERS: The inspections in which we
20 developed evaluation reports. We did the first team
21 inspection was conducted in December, 1997 and January,
22 1998. Since that time, since May 1st, we did an evaluation
23 in late August with an evaluation, and again that team
24 revisited the site in late October to basically review the
25 open areas out of that August --

1 MS. JACKSON: Well, I want to know more of what
2 the team did. That's what I'm asking for the record.

3 MR. TRAVERS: Helen, would you like to address
4 that?

5 MS. PASTIS: Certainly. In our December and
6 January evaluation that you also heard about in May that was
7 the basis in terms of the Unit 3 restart, we have looked at
8 the employee concerns program, the employee concerns
9 oversight panel, and the safety conscious work environment.
10 Those are the three broad areas.

11 And the fourth area, we also looked at the
12 performance and effectiveness of Little Harbor Consultants.
13 Since that evaluation, we conducted -- our second one was in
14 August of 1998, and there we looked at the same three areas,
15 the employee concerns program, the safety conscious work
16 environment and the employee concerns oversight panel. And
17 there were certain issues -- there were eight issues that
18 came from that evaluation, and we followed that up in
19 October, and we followed up specifically those eight issues,
20 and then we did an programmatic evaluation overall also.

21 MS. JACKSON: What criteria did you use in
22 examining and evaluating the employee concerns program, the
23 safety conscious work environment and the employee concerns
24 oversight panel? What criteria did you actually use?

25 MS. PASTIS: We used Northeast Utilities. They

1 had their full criteria that they talked about previously in
2 looking at the employee concerns program. We looked at
3 timeliness. We looked at their self assessments. We looked
4 at any backlog, the confidentiality issue. We looked at
5 their matrix.

6 In terms of the employee concerns oversight panel,
7 some things we looked at there were some of their surveys.
8 They were very effective in looking at doing pocket surveys.
9 We looked at focus areas. We looked and talked frequently
10 with Little Harbor Consultants and their 12 attributes that
11 they have been using all along.

12 So we were consistent in looking at with Northeast
13 Utilities and what Little Harbor were using in providing
14 oversight of those areas.

15 MS. JACKSON: Did you do any independent
16 questioning or discussions with employees?

17 MS. PASTIS: We talked to employees, but we did
18 not do rigorous interviews because the resources that Little
19 Harbor brought on in doing their interviews. Little Harbor
20 did two sets of interviews with their whole team of about --
21 they had anywhere from three to 12 people present. They had
22 a very rigorous interview process where they brought
23 employees that were picked randomly from all levels of the
24 organization that took several weeks.

25 Also Northeast brought in experts that did these

1 leadership assessments and culture surveys.

2 MS. JACKSON: So in the end you didn't do any
3 independent verification?

4 MS. PASTIS: Interviews of talking one on one with
5 employees. We did some, but not statistically that we could
6 say.

7 MR. TRAVERS: Chairman, the other thing I might
8 add is that we had a contract employee that Helen was the
9 contract manager for that was on site about every three
10 weeks, and he served the role of doing a lot of independent
11 oversight for us at the Millstone site and would follow in
12 behind things that Little Harbor would do as well as pursue
13 his own independent areas that he would discuss with us.

14 MS. JACKSON: Is he here?

15 MR. TRAVERS: No ma'am. As a matter of fact, he's
16 on site right now as part of the 4500 inspection team.

17 MS. DICUS: Of the eight issues that you said you
18 identified in the inspection reviews that were done in the
19 fall of 1998, were any of those issues tied either directly
20 or perhaps to some extent indirectly to the fact that Unit 3
21 was now operating?

22 MS. PASTIS: Most of the issues were tied on a
23 broader basis. No, they were not in terms of Unit 3. Most
24 of the issues were on a broad basis, programmatic basis.
25 Some of the issues were like the pending reorganization that

1 was mentioned, and some specific areas in the employee
2 concerns program, some personnel issues that came up, but
3 not specifically with Unit 3 because this is a site wide
4 program, and we tried to keep it at a broad level.

5 MS. JACKSON: Even though it's site wide, have you
6 noticed any differences unit to unit?

7 MS. PASTIS: Originally, we had in terms of when
8 we first started in this area, we noticed between Unit 1,
9 Unit 2 and Unit 3 some of the things we noticed were like a
10 silo effect. A certain competitiveness amongst the units.
11 And now over time, we're starting to see where the units are
12 starting to merge, and they're all trying to contribute on a
13 more site basis, and that's been one of the conscious
14 decisions on Northeast's part, and we acknowledge that. And
15 that's provided more team work environment that we've seen.

16 MR. TRAVERS: I would add, though, that with the
17 decision to decommission Unit 1 and the fact that there is
18 still a cadre of employees that are assigned to Unit 1 and
19 questioning what their future is and so on and so forth that
20 there are some issues with Unit 1 -- certain staffs on Unit
21 1 that the licensee is still addressing.

22 MS. JACKSON: What does your contract employee do?

23 MS. PASTIS: What does he do? He is an
24 independent consultant, and his expertise -- previously, he
25 was a former employee of the NRC in Region 3 for allegations

1 and enforcement, and he also has some technical expertise.
2 And he retired, and now he has for us been working on
3 Millstone for about a year and a half. And he goes
4 periodically and does anything from very detailed looks at
5 specific issues that may come up to a programmatic overview.
6 So he's looked at specific personnel issues. He's looked at
7 problem areas anywhere from the charter for the employee
8 concerns oversight panel, specific cases that are under the
9 employee concerns program, the whole spectrum of anything
10 that covers the employee concerns program and safety
11 conscious work environment.

12 And also provides to us reports and also call. He
13 keeps in touch with us on the latest --

14 MR. TRAVERS: We've used this individual in
15 addition to some of the team evaluations we've done to give
16 us a greater onsite presence in the longer term, as Helen
17 mentioned, to run down specific issues, to be accessible to
18 interact with employees. And so it's given us an additional
19 resource, if you will, to keep on top of what has been
20 viewed as very sensitive issue and one that we felt that in
21 addition to the team evaluations that happened from time to
22 time and periodically a little bit more of a continuum in
23 our ability to assess this area of improvement or not.

24 MS. JACKSON: Okay.

25 MR. DEAN: In getting back to the May 1st

1 Commission meeting, one of the recommendations that the
2 staff made was that Little Harbor Consultants be retained
3 for approximately six months to provide assurance that there
4 was no degradation or backsliding once Unit 3 recommenced
5 operations.

6 The Commission concurred in this recommendation
7 regarding third party oversight and asked the staff to
8 continue to assess the need for this oversight organization.
9 Next slide, please.

10 MS. JACKSON: I noted that in your paper to the
11 Commission, you say that the staff affirms that over the
12 past 20 months, Little Harbor Consultants' performance has
13 been appropriately independent and critical of Northeast
14 Nuclear Energy Company's activities, highly professional and
15 of excellent quality. How do you make that judgment?

16 MR. DEAN: Well, we make that judgment based on a
17 number of criteria. One would be obviously our daily
18 interactions with Little Harbor Consultants and how they've
19 conducted themselves in the meetings, the types of issues
20 that they have been involved with. The way that they have
21 observed and monitored high profile events, how they have
22 been critical of the licensee when warranted, and how they
23 have been -- earlier, I think you heard Mr. Beck discuss the
24 progress that Little Harbor made starting out from a very
25 high level of involvement with the licensee, coaching and

1 guiding and the transition that they've made from that type
2 of perspective and basically guiding the licensee to deal
3 with issues while still maintaining the ability to be
4 critical of their performance.

5 MR. TRAVERS: I think to add to that, we also did
6 an informal evaluation written up in an evaluation report
7 that addressed not only end use efforts, but our views and
8 perspective on Little Harbor's performance and independence
9 which was issued and discussed prior to the Millstone Unit 3
10 restart.

11 MS. PASTIS: And originally very early on, as part
12 of the order, we were required to approve the organization.
13 And the staff at the time in approving Little Harbor, did a
14 very rigorous review in terms of the backgrounds of the
15 individuals and what kind of work they did previously and
16 their association with Millstone.

17 MR. TRAVERS: I think they did an extraordinary
18 job. I haven't had a chance to share this with you. But we
19 have had the opportunity over the time period that I was
20 director of special projects -- had the opportunity not only
21 to interact with Little Harbor in private on the assessments
22 that they did and evaluations they did, but to observe their
23 interactions in a public forum.

24 And I can tell you that they took hard positions
25 at times. They made very candid assessments in public about

1 what they were seeing. They took on issues that were
2 important and needed to be resolved. And my overall
3 assessment is just what we wrote in that paper, and that is
4 that they were there. The idea of the order was a good one
5 in this instance, and I think they implemented their role as
6 we envisioned it very well.

7 MS. JACKSON: What has the 4500 inspection
8 specifically looked at and evaluated in this regard?

9 MR. MILLER: The one that's ongoing right now just
10 started, Chairman, and so we have no results.

11 MS. JACKSON: What are you looking at? I mean,
12 how are you evaluating this area?

13 MR. MILLER: Well, I think we do several things in
14 an inspection like this. One, we're looking at corrective
15 actions. I think it's important to understand that in this
16 whole business of safety conscious work environment, there
17 are two parts. One is getting the issues raised, and I
18 think the numbers that you saw before are very large.
19 That's positive.

20 The second part of it is that you have to be able
21 to correct those issues because if you don't, it becomes a
22 self censorship of sort that sets in where people don't feel
23 as though it pays to raise issues because they don't get
24 fixed. So the first thing we're looking at in a very
25 straightforward way is the corrective action, the success

1 and the viability of the corrective action process.

2 The other aspect of it is looking at the safety
3 conscious work environment, employee concerns program from a
4 perspective very similar to the way that it was looked at in
5 the previous inspections from a programmatic point of view,
6 but also to look at cases and to examine cases to ensure
7 that this progress that you've heard about is being
8 maintained.

9 MS. JACKSON: I note that on page 11 of your SECY,
10 the staff notes that some fragility in the various programs
11 that make up the safety conscious work environment, and that
12 the staff believes that future inspections or evaluations of
13 the Millstone safety conscious work environment would be
14 beneficial.

15 And I guess I'm interested in what specifically
16 you plan to do, and is it above what an average plant would
17 receive, and what triggers would there be for either
18 significant staff action or Commission involvement.

19 MR. MILLER: I could answer the first thing is the
20 4500 inspection that we're talking about. But secondly and
21 very importantly, I think we're sensitized in all of the
22 inspections we do to any situation which gives evidence of
23 back sliding.

24 And I agree with Ms. Garde that if there is back
25 sliding, much of it should be sensed early on. It's a

1 number of things, Chairman. I have been over to the site
2 three times since the responsibility for oversight has been
3 shifted to the region. That's more than normal. It's only
4 been several months, and I've spent time -- typically a day
5 and a half to two days so that I could not only meet with
6 licensee and management but also, along with my colleagues
7 from the region and from program office, go into the plant
8 and talk directly to people in the control room and in the
9 shops, go into where the engineers work first hand, get a
10 feeling for what the environment is.

11 And then I think, Bill, isn't there another
12 inspection planned later in the year as well?

13 MR. DEAN: There's another 4500 later in the year,
14 plus we're looking at conducting perhaps within the year a
15 4001 inspection which is the one that's basically designed
16 and had been recently created regarding looking at employee
17 concerns programs and safety conscious work environment.
18 That's when we'll work with the region in our PPR process to
19 schedule that.

20 MS. JACKSON: Yeah, we know what the bottom line
21 conclusion is in the staff paper. And as I question you,
22 you in a certain sense are essentially talking about how
23 much you really have relied either on Little Harbor
24 Consultants or the licensee itself.

25 At the same time, you know, pursuant to a question

1 that Commissioner Merrifield had asked earlier -- asked of
2 Little Harbor, there's some at least perceived softness in
3 NRC's ability and commitment in terms of follow up. And as
4 I've probed you, I'm not hearing -- I know when you go
5 through and you look at engineering or corrective actions,
6 you have very specific plans, a very rigorous process that
7 you go through, and I'm not hearing that.

8 You aren't going to have Little Harbor Consultants
9 other than as they work for the licensee as an independent
10 party whose judgments that you would then rely on. And so I
11 think in asking the Commission to go this way, you have an
12 obligation to do a better job in terms of having as much
13 rigor in terms of how you inspect and make an assessment in
14 these areas as in any technical areas because that's how we
15 got to where we are.

16 And so I think it's important that the Commission
17 understand this 4001 inspection that you're talking about,
18 at least, you know, from my perspective.

19 MR. MILLER: Madam Chairman, just following up on
20 that and on Commissioner Merrifield's point that what we
21 heard earlier was some concern about timeliness of one of
22 the impressive things about the paper before us that the
23 report in the time period that ended October 31st is Little
24 Harbor filed by -- was filed by November 13th, and it's
25 cogent, it's on point, it's -- there's lots of attachments.

1 And I guess they intend, if the order is terminated, they
2 just concluded this for the consultant. Doer our contractor
3 at the site provide public quarterly reports reasonably
4 promptly after the end of the quarter that would give the
5 public, the Commission the latest assessment, or does it
6 take six to 12 months to massage it until such point, or is
7 it not written at all? I'm just trying to understand what
8 we might look for from ourselves.

9 MR. DEAN: The individual who is a contract has
10 recently terminated. But he will provide us internal
11 reports within about a week of his time on site that were
12 fairly -- a quick look, a snap shot.

13 MR. MILLER: Are they for the public, or are they
14 internal -- that they just go to you all and get -- how does
15 the public know what we're thinking? There's an 11-page
16 attachment that the Chairman has referred to that says what
17 you've done. But on an ongoing basis for inspection
18 reports, if that's what he was producing, are they publicly
19 available?

20 MR. DEAN: No, the information he provided to us
21 was basically used in our process of ongoing monitoring of
22 the situation at Millstone and how they were doing in
23 dealing with employee concerns programs and safety conscious
24 work environment issues, and not incorporated into an
25 inspection report per se.

1 The issues that he gathered and worked on were
2 basically rolled into our inspection planning when we did
3 our major team evaluation which he was a part of. And so
4 issues that he had been following that were worthy of
5 following up on and monitoring as part of that evaluation
6 process were put in the inspection reports.

7 MS. JACKSON: But you say his contract has been
8 terminated?

9 MR. DEAN: The contract expired the end of 1998.

10 MS. JACKSON: But he's on site now?

11 MR. DEAN: It's a different contract. We
12 referred, you know --

13 MR. MILLER: How long does the new contract go on?

14 MR. DEAN: This is a task specific contract to
15 participate in the 4500 inspection.

16 MR. MILLER: Okay.

17 MR. MERRIFIELD: We've taken -- and I direct this
18 to Mr. Travers. We've taken a lot of time, as we should,
19 and the program is saying we want to focus on license
20 renewals, license transfers, and doing those in a timely
21 manner.

22 And I would assert we need to spend some time
23 thinking about how we can also look at the allegation
24 process so we do that in a timely manner as well to provide
25 a real balance. There's a saying in the law that justice

1 delayed is justice denied. And ultimately, if we drag these
2 things out and there's a loss of confidence in our ability
3 to do these things in a timely manner, somebody gets hurt
4 either way. Either it's the employee who has an allegation
5 that we ultimately determine is truthful and needs to go
6 forward, or the company, when we find out that that
7 allegation is unfounded. Someone in the end has a problem.

8 And so I guess my question -- and I know you have
9 a significant number of tasks from the Chairman that you
10 need to answer in a relatively timely way, are you in your
11 thought at some point to prepare a paper to the Commission
12 about the lessons to be learned for the NRC from the process
13 that we've been talking about at Millstone, and --

14 MS. JACKSON: Part of which this tasking was meant
15 to elicit.

16 MR. MERRIFIELD: Okay, are you going to have some
17 suggestions in that responding to the Chairman about how we
18 can improve the timeliness of our responsiveness to these
19 employee allegations?

20 MR. TRAVERS: Well, I think the answer's yes. The
21 Chairman's tasking now has some very specific questions that
22 we need to respond to, and we'll do that, Chairman, as you
23 pointed out by the end of this week.

24 More broadly, the issue of allegations and how we
25 interface with people who make them is an important one. And

1 there are a number of initiatives, I know, that are underway
2 in NRR to look at that. We now I guess within the last year
3 plus have an agency allegation coordinator who is an SLS
4 member.

5 And so you're right on point in saying that a
6 fundamental component, I think, of public confidence, you
7 know, if you want to take public confidence in what we do in
8 trying to bolster that. How we deal with allegations, the
9 timeliness of how we deal with allegations is something that
10 we need to strive to improve on. And I'm sure that we'll be
11 interfacing with the Commission on aspects of that as we go
12 forward.

13 MS. JACKSON: Some might argue maybe we need
14 independent third party oversight.

15 MR. MILLER: A distinction that we should make is
16 our timeliness on normal allegations is pretty good right
17 now. It's the INH -- it's those that involve -- that
18 require investigation that we're talking about here, I
19 believe, and that's the part where it's clear we need to
20 focus.

21 MR. MCGAFFIGAN: Again, I might just pile on.
22 When Ms. Garde talked about our process and timeliness, one
23 of the points I think she made -- and she can correct me if
24 I'm wrong -- is that dealing promptly prevents something
25 from becoming a concern and from becoming an allegation and

1 escalating up the chain. Is our process flexible enough to
2 allow that, or is everything an allegation from the moment
3 it's heard?

4 If it's -- and there's a tremendous degree of
5 formality. They may have an advantage in Little Harbor.
6 But my recollection of our allegation process is that
7 formality kicks in from the moment that an allegation is
8 recognized.

9 MR. MILLER: Yeah.

10 MR. MCGAFFIGAN: And you don't then deal with it
11 by just saying, gosh, let's plop over to Joe and handle
12 this. It's, gosh, I just heard an allegation. I have to
13 find out -- I have to put it into the system and do we have
14 enough flexibility.

15 MR. TRAVERS: Not always. For example, the
16 process can include the need for an investigation. Sometimes
17 that takes time, and these issues are somewhat netty at
18 times. But additionally, particularly in this case at
19 Millstone where another government organization is involved,
20 we are really prohibited from moving forward at a pace that
21 would provide this kind of confidence in our process in
22 terms of timeliness.

23 I used to attend public meetings up there on a
24 six-week or so basis, and I sympathize with the frustration
25 of people who, when we are asked about issues of this sort,

1 our response is we really can't tell you much because the
2 issues are being addressed by Justice, for example.

3 And that is tremendously frustrating not only to
4 hear but to say. So it is a process that at times can not be
5 as flexible as we would like to support the kind of
6 timeliness goals that I think Mr. Merrifield is alluding to.
7 But where we can, we need to strive to do as well as we
8 possibly can to enhance the processes and make it work in
9 favor of providing that kind of confidence and timeliness.

10 MR. MILLER: If I may interrupt, I mean that may
11 very well support the Chairman's assertion that we need a
12 third party to take a look at this for ourselves. There may
13 be a better way of doing this.

14 MS. JACKSON: Two of my three questions are still
15 on the table in terms of the future inspections. Is what
16 you're contemplating above what the average plant would
17 receive?

18 MR. MILLER: I would say yes, and I think there
19 are three things. There's the two specific inspections that
20 have been planned. There's the facet of every inspection,
21 that is, assessment of sorts, not necessarily as a specific
22 line item, but it is important direct contact with a lot of
23 people at the facilities, and there's a lot of insight to be
24 gotten from those inspections, and I wouldn't minimize that.

25 The third thing is the assessment of the

1 allegations that are, you know, produced. And then really
2 there's a fourth thing and that's the integration of all of
3 that which we do at the periodic, as a minimum, at the
4 periodic plant performance review meetings.

5 But there's another facet, and that is that the
6 Millstone project remains in a non-normal alignment that it
7 reports directly to me in the inspection effort. The
8 oversight effort is not in the normal line, and a lot of
9 that is so that there is senior management -- continued
10 senior management focus on all issues at the station, not
11 the least of which is this area of safety conscious work
12 environment.

13 So I am confident in saying to you that this and
14 the level of attention being given to this and planned in
15 the future at Millstone is significantly different from what
16 we are giving to other plants.

17 MS. JACKSON: What's the 4001 inspection or
18 procedure you're talking about?

19 MR. MILLER: That was the procedure that was
20 developed several years ago in an effort to provide more
21 specific guidance to the inspection staff on how to go about
22 looking at an employee concerns program and the health of
23 the safety conscious work environment.

24 MR. TRAVERS: It's a team inspection, and it's one
25 that we carried out at Millstone prior to recommending

1 restart of Millstone Unit 3.

2 MS. JACKSON: And when were you planning to do
3 that again?

4 MR. DEAN: Well, that will be one of the things
5 that we'll discuss in the plant performance review that's
6 forthcoming in Region 1. But the Millstone restart
7 assessment panel anticipated sometime within a year or so
8 that it would be worthwhile to perform that inspection.

9 MS. JACKSON: And finally, what triggers do you
10 have that would prompt more significant staff action or
11 Commission involvement?

12 MR. DEAN: I can speak to several. I think Bill
13 and Hub might have some to add. At the lowest level, we
14 would look at the influx of things like allegations.
15 Historically, Millstone had a chronically high allegation
16 where you were talking 40-50 allegations per year that we
17 were receiving just because the licensee was not effective
18 in addressing and dealing with employee concerns.

19 I would over the last six or seven months we've
20 been averaging less than one allegation a month over the
21 last six or seven months. If we were to see a change in
22 that number, I'm sure that would be something that would
23 trigger us.

24 MS. JACKSON: I guess really what I'm interested
25 in, if what you're basically proposing is a migration of

1 Millstone Station to a module of this higher level of
2 oversight and reporting to something that is "more a normal
3 oversight," but recognizing that a safety conscious work
4 environment and employee concerns are areas of continuing
5 focus generally, but presumably not just of this licensee,
6 what's your checklist? I mean, what's your checklist?

7 MR. DEAN: The checklist is allegations would be
8 one thing.

9 MS. JACKSON: Why don't you send that to the
10 Commission? I think we need to understand what is it that
11 you inspect against. What is it that you review against,
12 okay. Obviously, it may have more tension in one area than
13 another for a given licensee. But you know, not in an ad
14 hoc way, but what is your list? What are the criteria you
15 use. What are the triggers that you use -- not the kind of
16 hip pocket, but what do you actually use.

17 MR. TRAVERS: I'll just mention another, and it's
18 the ongoing corrective action inspection. One of the things
19 that --

20 MS. JACKSON: That doesn't matter. All I'm trying
21 to say is here is just whatever it is.

22 MR. TRAVERS: I just wanted to add to what Bill
23 said.

24 MS. JACKSON: Okay.

25 MR. DEAN: Okay, I just wanted to pick up with the

1 last slide which is our conclusions and recommendations.
2 And before I get to that, I wanted to just spend a couple
3 minutes talking about our public interaction. We recently
4 had a meeting -- a public meeting in the Waterford area on
5 December the 14th to solicit public comments specifically on
6 the issue of closure of this order and get a feel for where
7 the public stood on this. And basically, there was a
8 transcript that we provided to the Commission, I believe,
9 late last week to summarize the issues.

10 I would say there were two main issues that the
11 public raised or members of the public raised at this
12 meeting. The first issue was that they had a certain
13 discomfort level about Little Harbor Consultants leaving at
14 this time. They believed with the management reorganization
15 going on, the Unit 2 recovery, the Unit 3 refueling outage
16 scheduled for later in the year -- all of those things
17 combined to provide a certain level of turmoil and
18 turbulence at the site. And they felt that it would be
19 worthwhile to keep Little Harbor in place just to monitor
20 activities at the site and to assure that there's not any
21 back sliding or issues that might emerge. So that was one
22 of the main concerns raised by many members of the public.

23 A second issue that was raised by a smaller group
24 of perhaps a little bit more technical in nature was the
25 actual action of closing the order. The recommendation was

1 made to -- could there be some way that we could, say,
2 suspend the order.

3 In which case, the Commission would perhaps be
4 more likely to reintegrate Little Harbor Consultants back
5 into the fabric of the activities at Millstone, as opposed
6 to if we had closed the order, where it would take perhaps a
7 more substantial effort to reestablish and order and get
8 Little Harbor back on site.

9 So those were probably the two main issues that
10 were raised by the public at this meeting.

11 COMMISSIONER MCGAFFIGAN: Madame Chairman.

12 CHAIRMAN JACKSON: Please.

13 COMMISSIONER MCGAFFIGAN: Could we get legal
14 counsel to clarify whether that perception is accurate,
15 whether the standard -- I am not sure whether suspending
16 orders is part of our lexicon, but if you suspend an order,
17 is there a lower standard to reinstate it than the original
18 standard in establishing the order?

19 MR. BURNS: Well, we actually usually talk in
20 terms of rescinding the order, since sometimes the order is
21 a suspension in and of itself. Really, the question about
22 the order's status, as the staff has indicated, there are
23 four main things that it did, three of those have been
24 accomplished, and the fourth ongoing obligation pending some
25 satisfactory demonstration to the agency that that part of

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1 the remedy is no longer required.

2 It could be -- it is really matter, if you decided
3 now to rescind the final provisions and say that the order
4 has been satisfied in all respects and that remedy need not
5 be continued, that order is over. That would not preclude
6 the agency from imposing such an order at a future time.

7 By the same token, I am sure the staff could
8 fashion a way that it could be left open for a longer period
9 of time, albeit in some more, you know, a different kind of
10 suspended animation, if you will. It is really a question
11 of what type of finality does the agency want to have with
12 respect to the order, and I think either way, we could
13 assist the staff in coming up with that result.

14 COMMISSIONER MCGAFFIGAN: Okay.

15 CHAIRMAN JACKSON: Let's cut to the chase.

16 MR. DEAN: Cut to the case. You know, in making
17 our recommendation, the staff fully considered the state of
18 the affairs that the licensee finds themselves in with the
19 management reorganization, Unit 2 recovery and so on, but
20 this has been an organization that has been under a
21 considerable amount of stress over the last several years
22 and they have been able during that time to establish an
23 effective Employee Concerns Program and effect improvements
24 in their work environment such that there is a Safety
25 Conscious Work Environment at that site.

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1 Going to things like their cultural surveys and
2 their leadership assessments where they measure those types
3 of things across the wide spectrum of employees at the site
4 indicates a very high percentage of employees feel
5 comfortable in raising issues with their management and feel
6 that the Employee Concerns Program is effective.

7 So, just based on those two gross measurements,
8 which I believe are still very insightful as to the progress
9 the licensee has made, the staff believes that the Northeast
10 Utilities has satisfied the conditions of the order to the
11 NRC staff's satisfaction and that we recommend cessation of
12 the third party oversight and closure of the order, and,
13 basically, that is our bottom line.

14 CHAIRMAN JACKSON: Thank you. Commissioners.

15 COMMISSIONER MCGAFFIGAN: Madame Chairman, one of
16 the people who may be about to testify is going to raise the
17 issue of credibility and whether that should affect the
18 termination of the order. Mr. Markowicz, Chairman of the
19 NEAC, or Vice Chairman of the NEAC, says in his written
20 testimony that in the fragile environment at the site, which
21 quotes their own report, particularly among current
22 Millstone employees, the employees who are still reluctant
23 to bring issues to the ECP may now be similarly reluctant to
24 bring them to the NRC. And so he is actually arguing that
25 the IG report and --

1 CHAIRMAN JACKSON: Can you speak into the
2 microphone?

3 COMMISSIONER McGAFFIGAN: And our relative lack of
4 credibility warrants us keeping Little Harbor on and not
5 suspending the order.

6 Do you have a response to that? I will give you a
7 chance, it is going to be said, to respond now.

8 DR. TRAVERS: Well, I think it is obvious that a
9 report like that has an impact on our credibility. We are
10 preparing a response to both the Chairman's tasking
11 memorandum and the report that we think will provide
12 additional information, a more complete record, if you will,
13 of the event inquiry that was described in the IG report.
14 Nevertheless, in the face of credibility concerns, I mean
15 this is sort of a logical question that could be raised.

16 We think that in the long-term, we have working
17 very hard to reestablish our credibility at Millstone. We
18 have provided, almost without parallel, I think, an effort
19 of regulatory oversight designed to not only scrutinize the
20 safety culture issues, but the other issues that have
21 plagued Millstone in terms of design basis issues and so
22 forth. We have provided an extraordinary effort at outreach
23 in terms of public meetings and public openness in the area
24 of Millstone. I forget how many meetings I attended myself,
25 but the thrust of each and every one of them was to bolster

1 not just information, but our credibility in terms of what
2 we were doing to address issues and how we were going about
3 the business of resolving these important issues to the
4 satisfaction of the agency before we recommended any
5 restart.

6 It is hard for me to assess the credibility that
7 we have or don't have up there, but I expect that we will,
8 and I know Hub will continue to do everything we can to
9 assure our public stakeholders that what we are about in
10 conducting our oversight activities is thorough and fair,
11 and I don't see a strong case myself for associating the
12 need for Little Harbor with a credibility issue that affects
13 us, but I understand it. I wouldn't argue in favor of that
14 as winning the day in this argument of whether or not Little
15 Harbor ought to be retained.

16 I think the more important aspect of what we need
17 to do is to continue to work hard to reestablish our
18 credibility. We are going to do that in a number of forums.
19 We are going to do that in responding to the Chairman's
20 tasking memo and responding to the report, but, more
21 importantly, I mean that is almost a defense, that is an
22 explanation of where we can do better, and perhaps where we
23 have done well enough, but we need to continue to strive in
24 this realm to bolster our credibility. It is not something
25 that you can do today and expect results tomorrow, it is a

1 continuing struggle that we need to be about, and we will
2 be.

3 CHAIRMAN JACKSON: Thank you very much. I am
4 going to call as one panel, the following: Mr. Markowicz,
5 from the Nuclear Energy Advisory Council; Ms. Duefrene and
6 others from the Millstone Ad-Hoc Employee Group; Mr. Ronald
7 McKeown of the Friends of a Safe Millstone; and Ms. Nancy
8 Burton of Fish Unlimited. Nuclear Energy Advisory Council.

9 MR. MARKOWICZ: Thank you. Chairman Jackson, NRC
10 Commissioners, thank you for this opportunity to again
11 participate in this public meeting on selected issues
12 related to the Millstone site. My name is John Markowicz, I
13 am a resident of Waterford, Connecticut and I am the Vice
14 Chairman of the State of Connecticut Nuclear Energy Advisory
15 Council, NEAC.

16 At prior meetings and in written statements, NEAC
17 Co-Chair Terry Concannon and I have described the statutory
18 basis charter and the activities of NEAC, and unless you
19 require additional informational, I will proceed directly to
20 comments applicable to the Safety Conscious Work Environment
21 and Employee Concerns Programs at Millstone.

22 I would like to begin by relating to you a short
23 -- to you, a January 11th, 1999 experience related to me by
24 Co-Chairman Terry Concannon. It occurred at restaurant in
25 Niantic, Connecticut, a short distance from Millstone.

1 Co-Chairman Concannon attended a meeting earlier in the day
2 at the site. She went to dinner at a local restaurant and,
3 while there, she was approached by a group of Millstone
4 employees, quite by chance, and without their knowledge of
5 who she was and her association with NEAC, they proceeded to
6 engage her in conversation and made the following points,
7 and these are extracts from the comments that Co-Chairman
8 Concannon sent to me.

9 The work force realignment, this is at Millstone,
10 is being taken in a positive manner. The fact that it is
11 being implemented from the top-down makes it more credible.
12 It is not the little guys who are taking the hit first. She
13 noted that one of the participants in this conversation had
14 recently lost his management position in the realignment.
15 All the participants, they were all upbeat about Millstone
16 and uttered statements such as, and I am now quoting, "If we
17 are going to do something, we are going to do it right. We
18 are winners, the ECP is the greatest thing."

19 They also conveyed their feelings that ECP tends
20 to get bogged down in non-nuclear issues and that they are
21 learning to sort them out. Those present preferred going to
22 ECP rather than to Human Resources. They made several
23 statements that weren't complimentary of the NRC. They
24 appreciate that citizens groups are interested in what they
25 are doing. They want the public to know that they are

1 excellent workers, while aware of the public's welfare and
2 they would like to get the support and the respect they
3 believe they have earned.

4 Co-Chairman Concannon asked that this information
5 be submitted to note that this was a positive random
6 experience that still indicates that the Safety Conscious
7 Work Environment and Employee Concerns Program at Millstone,
8 while making progress, may still be fragile.

9 COMMISSIONER McGAFFIGAN: Madame Chairman.

10 CHAIRMAN JACKSON: Yes, please

11 COMMISSIONER McGAFFIGAN: The negative comments
12 with regard -- or the uncomplimentary comments with regard
13 to NRC, did she -- it is not in your written statement.
14 Could you tell us the nature of those?

15 MR. MARKOWICZ: She didn't specifically pass them
16 to me and I didn't specifically ask. I am sure that if you
17 would ask, she would pass them along. We heard enough the
18 night of the meeting that Bill was talking about.

19 COMMISSIONER McGAFFIGAN: Okay.

20 MR. MARKOWICZ: That meeting occurred after the
21 OIG report had hit the press. And I would also like to say
22 that your staff, Bill and his staff at SP, and other Region
23 I staff, they take a lot of real hits when they go to these
24 meetings. A lot of people that say some very nasty things
25 at them, and they maintain their composure and they act very

1 professional, and they deserve a lot of credit for that.

2 I concur with Co-Chairman Concannon's
3 observations, and on several occasions at public meetings
4 hosted by your staff in Waterford, I have suggested, and I
5 will get back to your comments earlier, have suggested at
6 those public meetings that the Third Party Oversight
7 Program, TPOP, not be lifted. I didn't put the small "i" in
8 either, and I will explain that a little bit later.

9 I agree with the observations by Little Harbor
10 Consultants, Northeast Utilities and your staff that there
11 is no need for Little Harbor Consultants to maintain a
12 full-time oversight presence at Millstone. However, I
13 initially suggested, and this was more than a month ago,
14 that the NRC relax or modify -- I used the word "suspend" I
15 think also, but one time -- the order that requires Little
16 Harbor Consultants to continue in its role on an on-call
17 basis until some short time after both the Millstone work
18 force realignment had been completed and Millstone 2 had
19 been successfully restarted. These were our position I made
20 a month ago.

21 At the last management, again, which was January
22 11th, 1999, I modified this recommendation in view of the
23 significant concern generated in the community regarding the
24 recently released OIG report regarding the discharge of the
25 104 Millstone employees in January 1996. I have, on the

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1 fight down, now read that report.

2 NEAC now suggests, in addition to the foregoing
3 criteria, which were the on-call criteria relative to
4 Millstone 2 being restarted and the Millstone work force
5 realignment being completed, that Little Harbor remain
6 active, and by that I mean in an on-call capacity as the
7 third party oversight contractor, until there is some level
8 of closure to the issues raised in the OIG report.

9 I understand the staff is preparing a response to
10 your direction, Chairman. There was certainly the
11 implication at the meeting on the 11th that there were other
12 factors perhaps that ought to be publicly aired relative to
13 the substance of the facts that were in that report and,
14 certainly, we look forward to that.

15 NEAC now suggests that in addition to the
16 foregoing criteria, that a third party contractor, until
17 there is some level of closure of the issues. NEAC is
18 concerned about the loss in trust that has occurred with the
19 NRC. I saw it on the 11th, your staff saw it on the 11th.
20 The people that were in the past at those public meetings
21 that had developed, while Bill and the SPO were down, kind
22 of a level of maybe discomfort, but perhaps grudging trust
23 and respect for the NRC, they were tossing big spitballs
24 that night. They were very unhappy.

25 And there was at least one member of the -- an

1 employee of the company, knowing that there were management
2 personnel from the company present, that stood up and
3 indicated some of his concerns relative to the Employee
4 Concerns Program. And that is an alarm bell to me, an
5 individual who still works for a company is willing to
6 publicly stand up in front of his peers, in front of the
7 press, in front of your staff, and in front of his
8 management and say, you know, I have got some problems, I
9 have got some concerns, and I don't think they have been
10 addressed. The program is healthy, but I don't think it is
11 cured.

12 In the fragile environment at the site, those
13 employees who are still reluctant to bring issues to the
14 Employee Concerns Program may now be similarly reluctant to
15 bring them to the NRC. Again, the trust issue. By
16 maintaining Little Harbor Consultants' presence, even in an
17 on-call capacity, it provides these individuals -- and I
18 know that there are not a lot of them -- maybe 5 percent,
19 based on the survey, 5 to 6 percent, they are in these focus
20 groups, too, so they are in -- it is not isolated to one
21 individual, it is probably a couple, these individuals have
22 this relief path, and they can have that path until such
23 time as their confidence in the NRC is reestablished. In
24 view of the current circumstances, this would appear to be a
25 prudent course of action.

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1 I think, and I agree with the comments, sir, and
2 Bill's comments, Little Harbor has been a very effective
3 third party contractor. They have done a remarkable job,
4 better than I would have expected. They got trusted by the
5 work force, but they are not independent of the work force.
6 That process was set up so that there was a regular
7 dialogue, there had to be for the third party contractor to
8 oversee what was going on. Were they relatively independent
9 of management? Yes. And I think there were objective, and
10 I think the things they did and the things they recommended
11 were in fact semi-independent.

12 But in building up this trust with the work force,
13 you have got an unrealized benefit. You have got an
14 opportunity now, while this trust perhaps with the NRC is
15 being questioned, and while there are a couple of more
16 stressful events on the horizon on the site, to keep a
17 trusted element of the program within the program on an
18 on-call basis.

19 COMMISSIONER McGAFFIGAN: A question for you, you
20 heard the terms under which Little Harbor is proposing to
21 terminate the order. First, that they maintain this 800
22 number that presumably would be available for workers. And,
23 second, that they do public quarterly reports of the sort
24 that they have been doing, now paid, as they always have
25 been, but now working for the licensee, but maintaining

1 independence, to the degree one can maintain independence of
2 the person paying your check. But is that enough, the 800
3 number and this ongoing quarterly report that the licensee
4 intends to continue to fund?

5 MR. MARKOWICZ: I think it is perception issue. I
6 think it would be better to maintain the same regime as it
7 is currently established with a relaxed order that has this
8 one element left for this maintenance, while at the same
9 time there is this transition, complete the two key events,
10 work on reestablishing trust, come to closure on this OIG
11 report, and then phase into what is being proposed, but
12 start the clock whenever you want. You know, I will note
13 that in the proposal that was sent to the Commission from
14 the utility, one of their commitments is to relax one of the
15 prereqs to keeping them independent, which was that they
16 couldn't do work on-site for some 12-month or 24-month
17 period of time. You have to relax that to allow them to do
18 what they are proposing. It kind of sounds like maybe we
19 ought to keep doing what we are doing until they are ready
20 to go away, and they go away.

21 CHAIRMAN JACKSON: So at what point would you be
22 recommending bringing this to some point of closure?

23 MR. MARKOWICZ: Event driven, not data driven.
24 Some period of time -- and I can't define closure because I
25 don't know what your staff is preparing. I read this OIG

1 report. That case 7 -- 97 -- 96-7 begs for an explanation.
2 How something can happen in December and be changed in June,
3 and you have a report in the interim and nothing happens.
4 There has got to be more to it than that, but it does beg an
5 explanation. And I am sure the persons that are in that
6 report know who they were, and they were probably
7 represented at that meeting on the 11th by the people that
8 were very upset.

9 Finally, to answer your question about the NRC, if
10 you had asked me the question about timeliness, I think what
11 works, works. You wrote an order. You hired a third party
12 independent contractor, and now you have got a utility that
13 is closing cases in 35 days. There is a lesson in that.
14 Thank you. Does that answer your questions?

15 CHAIRMAN JACKSON: Thank you. We will hear from
16 the Millstone Employee Group.

17 MS. HARRINGTON-BURNS: Good afternoon, Chairman
18 Jackson and Commissioners. We appreciate the opportunity to
19 speak again before you. My name is Donna Harrington-Burns,
20 I am an employee at Millstone, and I here today with my
21 co-workers, Jeri Duefrene and Bob Barron. We are members of
22 the employees, the Millstone Employees Ad-Hoc Group.

23 As you know, we have been before you before. We
24 were a group that was formed approximately 11 months ago to
25 provide a means by which employees could comment on what we

1 saw in our work environment. Rather than letting others
2 speak for us, we wanted to have an opportunity to let people
3 know, both internal and external stakeholders, what we saw
4 as changes in the Millstone Station in the areas of
5 leadership, employee attitudes and the Safety Conscious Work
6 Environment.

7 I think the last time we were here, we were
8 anticipating the restart of Unit 3. I am proud to say that
9 in July of 1998, the employees of Millstone Station
10 restarted Unit 3. And I say it that way because I want it
11 known, I believe it is true, that the employees have
12 ownership over the operation of our plants. They have
13 ownership over the quality of our work environment, and we
14 also own the results of what happens. It is not just about
15 management here, it is about us, we own it.

16 Since Unit 3, our efforts continue. We understand
17 that the safe, conservative operation of our nuclear units
18 in an environment that welcomes concerns is key to our
19 success, and we are committed to working for that.

20 I would now like to introduce my fellow employee,
21 Bob Barron, who is going to comment on his perspectives.

22 MR. BARRON: Good afternoon, Chairman Jackson,
23 Commissioners. My name is Robert Barron and presently I am
24 a shift manager at Millstone Unit 2. I have just been
25 offered and accepted a manager of online maintenance for

1 Millstone site position and, shortly, I will be
2 transitioning into that position. But I am here today as a
3 member of the Millstone Employees Ad-Hoc Group, so,
4 therefore, I am here today as a private individual.

5 We would like to thank you for the opportunity to
6 address you this afternoon. And while I certainly speak for
7 myself to some degree, I also feel that I represent the many
8 other employees at Millstone, and, for that matter,
9 Northeast Utilities as a whole, who could not be here today.

10 In the past there have been some problems at
11 Millstone that led to our units being placed on the Nuclear
12 Regulatory Commission watch plant list. And while I do not
13 wish to take the time to list all of our old problems, I
14 certainly want to take the opportunity to talk about what we
15 have done and where we are going.

16 We have put the Safety Conscious Work Environment
17 in place, an environment where safety and quality come
18 first, where each employee is treated fairly and with
19 respect. I believe the employees trust management. They
20 trust management to do what is right and to listen to their
21 concerns, and may I add, not only to listen to their
22 concerns, but to resolve their concerns. Their culture
23 surveys and leadership surveys taken on a regular basis over
24 the last two years demonstrate this. Additionally, outside
25 consultants have confirmed this.

1 We are presently going through a strategic
2 realignment leadership selection process. The company is
3 making every effort to ensure that a consistent and
4 objective selection process is used. During a direct level
5 cascade, I was selected for an interview for the director of
6 work management position, and while I did not get the job, I
7 did get valuable personal feedback. During the management
8 level cascade, I was selected for three interviews and was
9 subsequently offered and accepted the manager of online
10 maintenance position.

11 We have established an effective corrective action
12 program. As an example, on Millstone 2, all of the classic
13 measures of effectiveness, including number of personal
14 error -- LERs generated, repeat occurrence of minor events
15 and number of personal error events all indicate that the
16 corrective action program is being effective.

17 The self-assessments being performed by the line
18 departments indicate that the corrective actions that have
19 been determined by the line, approved by the line, and
20 implemented by the line are being effective in improving
21 performance. Recent performance with respect to the loss of
22 normal power tasks and refueling activities on Millstone 2
23 indicates that management and the employees are serious
24 about error-free operation and performance. The procedure
25 reviews, the briefings, the field walkdowns, and management

1 oversight during the performance of these activities all
2 point to a significant cultural change that has been brought
3 on in large part by the effective implementation of the
4 corrective action program.

5 Commissioner, Chairman Jackson, based on a
6 question you raised earlier, let me offer just the following
7 to provide a sense of where we are today. Three years ago
8 we had nearly 1,000 condition reports on Unit 2 with ages
9 between 30 and 270 days that had not yet been investigated.
10 Today, the average age of CRs open for investigation is less
11 than 30 days, and our population is in the order of those
12 generated in one month.

13 We had virtually no line ownership of corrective
14 actions beyond occasional activity, or recover from overdue
15 items. Today, the line organization provides support and a
16 management review team, the Plant Operational Review
17 Committee, and by strong leadership and little or no support
18 and -- excuse me -- and providing corrective action
19 coordinators by each department. The corrective action
20 department had no strong leadership and little or no support
21 from line or upper management. Today, the alignment between
22 the corrective action department and upper management is
23 very strong and very effective. We did not use the
24 corrective action process to document bizarre discrepancies,
25 drawing errors, procedural glitches or personal error three

1 years ago. We didn't even use the corrective action process
2 to report audit deficiencies or findings. Today, we
3 generate on the order of 10,000 condition reports per year
4 on the station, almost 4,000 on Unit 2 alone, reporting
5 everything from minor procedural errors to significant
6 conditions adverse to quality.

7 The Millstone organization is focused on a
8 Millstone 2 recovery and start-up, while continuing to
9 support our operation of Millstone Unit 3. We have taken
10 lessons learned from the Millstone 3 recovery and start-up
11 and have applied them to Millstone 2. Meetings have taken
12 place with our counterparts at Millstone 3 so that we
13 demonstrate the best possible performance during the
14 recovery and start-up of Millstone 2. Where needed, some
15 reorganization and reallocation of resources have taken
16 place and that will continue.

17 A few months ago I was taken off shift as a shift
18 manager and placed in the unit coordinator position to
19 develop the 12-week online maintenance schedule for
20 Millstone 2. Other resources within the operations
21 department have been shifted to support movement of the
22 plant towards power operation. A work support center was
23 developed on Millstone 2 to coordinate work and provide
24 problem resolution to assure that there were no schedule
25 impacts that could safely and conservatively be resolved.

1 All of these items were performed to support the plant as we
2 move from discovery towards operation.

3 While I was on-shift, I had the best people in the
4 industry working for me and with me. These individuals are
5 highly dedicated professional operators who care about doing
6 and being the best. I counted on them for their questioning
7 attitude, because as a shift manager I could not perform my
8 job without that. Millstone site is full of the best of the
9 best employees in the nuclear industry in all levels of our
10 Millstone team. From the officers to the hourly employees
11 we have people who could go anywhere in this industry to
12 work, but they stay at Millstone because they know we will
13 soon become one of the best nuclear sites in the country.
14 They have pride in the accomplishments that they are making
15 as a team, with a unified vision and common goals. They are
16 dedicated to the tasks of the recovery and start-up of
17 Millstone 2, with continued support of Millstone 3's power
18 operation.

19 I am proud to work at Millstone. I am proud to
20 work with one of the most talented groups of employees
21 anywhere in the industry. They are certainly making a
22 difference both at Millstone and in our communities.

23 At this time I would like to introduce Jeri
24 Duefrene.

25 MS. DUEFRENE: Good afternoon, Chairman Jackson

1 and Commission Members. My name is Jeri Duefrene, I am an
2 employee of Northeast Utilities. At Northeast Utilities, I
3 am an admin. secretary on Unit 3. I am a member of the
4 Ad-Hoc Group for Millstone Station and I do appreciate you
5 inviting us to come back and speak.

6 I would like to address the issue of the Safety
7 Conscious Work Environment. For the last six months I have
8 attended and facilitated the day-long Setting the Winning
9 Standard Workshop, which Mr. Carr referred to earlier as the
10 Vision and Values Workshop. All of our employees have been
11 or will go through this workshop before February, and that
12 has been done in the last six months.

13 I have learned a lot from the experience of
14 facilitating, although I was a bit nervous to do that. I
15 hadn't ever facilitated or taught before. Having had the
16 opportunity to do so, it was great to see and hear firsthand
17 from the workers how they felt about the class, what their
18 ideas were. And I know some people came in thinking it was
19 just another class they had to attend, and those same
20 employees left saying, thanks, I am glad I came. I came in
21 with no so great expectations, but they left, and I hear
22 people talking about it now, and it is very positive, and I
23 appreciated the opportunity to facilitate after I finished.
24 It was a very positive experience for me.

25 This workshop's three high level objectives are --

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1 to understand Millstone's vision of the future; to embrace
2 our core values and their associated, desired behavior
3 traits; and to learn core team skills to help us achieve our
4 vision. Our vision is Setting the Winning Standard. It
5 encompasses our vision picture, our 1998 to 2000 performance
6 plan, and our business imperative, as well as the objectives
7 mentioned above.

8 The following are a couple of items from the
9 performance plan and our business imperative. Our mission
10 is to safely and competitively serve our customers with
11 nuclear-generated electricity. Our work values are -- do
12 what is right; respect and care for every individual; commit
13 to and practice teamwork; and to be customer-focused.

14 In order for us to achieve success with this
15 performance plan, we have to address the challenges which we
16 face at Millstone Station. Some of those challenges are the
17 major organizational change which you have heard about
18 today; transition to a deregulated environment; and prepare
19 for the auctioning of our nuclear-generation facilities by
20 2004; and to generate a healthy bottom line that will make
21 us competitive, while continuing to put safety and quality
22 first.

23 I do understand that, just hearing this from me,
24 it is difficult to understand how the workshop does impact
25 the work force. These are a few comments from some of those

1 who have attended the workshop. One persons said, "It gave
2 me a better understanding of the normal response to change.
3 Currently, we are in the throes of major changes to the site
4 and this will help me deal with it. Understanding it is the
5 first step in dealing with it."

6 Another one said, "Allows us to see not only the
7 vision, but the tools to get there. I feel it is critical
8 for us to use this as a tool to get empowered for the
9 future."

10 Another one is, "I am starting to believe that
11 this company is really serious about balancing our lives
12 with work and outside of work." And to invest the same of
13 detail to the whole work force, each individual needs to be
14 exposed to the message and to recognize that we can and will
15 be a leader in the nuclear industry.

16 I do believe in this workshop or I would not have
17 been a facilitator for it. I also believe in the commitment
18 of the workers at Millstone Station. Together, we can and
19 will go the distance.

20 The performance plan redefines the standards of
21 excellence to which we hold ourselves accountable. With
22 that, we will sustain and continue to improve our Safety
23 Conscious Work Environment. We will get Unit 2 back online
24 and achieve and achieve operational and cost effective
25 targets.

1 Once again, I would like to thank you for the
2 opportunity to speak today. I appreciate it very much. And
3 I would like to turn it over to Joe Amarello.

4 MR. AMARELLO: Good afternoon, Chairman Jackson
5 and Commissioners of the Nuclear Regulatory Commission. My
6 name is Joe Amarello and I am an instructor at Northeast
7 Utilities in the nuclear training department.

8 The Employee Ad-Hoc Group does not have any new
9 major initiatives to present to you today such as signed
10 statements or newspapers ads, as we did in the past. Our
11 message today is on the Safety Conscious Work Environment,
12 and our message is that the Safety Conscious Work
13 Environment is strong, healthy and effective.

14 The importance of a strong Safety Conscious Work
15 Environment, and the responsibility each individual has in
16 keeping it strong, is known to all the employees at
17 Millstone Station. Millstone workers know their rights and
18 they know their responsibilities for safety.

19 On a personal note, I would like to tell you about
20 the Safety Conscious Work Environment that I work in. I
21 started work at Millstone Station in May of 1997, almost two
22 years ago, and from the very first day on the job, through
23 today, I have had complete confidence in my supervisor and
24 my manager to support me on a safety issue I encounter. The
25 biggest difference I see today from when I first started

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1 work is the high visibility that -- and the importance that
2 everyone at Millstone Station places on Safety Conscious
3 Work Environment.

4 A healthy Safety Conscious Work Environment is
5 much more than an effective program. What it is, is it
6 really a way of life for us in Millstone Station. I know
7 that safety, nuclear safety, public safety and personal
8 safety are my most important responsibilities every day at
9 work. More importantly, from a Safety Conscious Work
10 Environment perspective, I know that my management is
11 absolutely committed to support me in this area.

12 I would like to thank you very much for your time
13 today. We look forward to any questions you might have.

14 CHAIRMAN JACKSON: Thank you. We will hear from
15 Mr. McKeown.

16 MR. McKEOWN: Good afternoon. As with all
17 statements which FOSM has made to the Commission, this
18 submittal is made after much reflection and soul-searching
19 related to the feedback we have received from employees and
20 non-Millstone-related residents. We have been very careful
21 not to overstate that which we have seen, what others have
22 said to us, and we take great care in explaining the logical
23 conclusions one can derive from the available facts. We
24 have included in these observations and issues which are
25 good news, as well as those which we disagree with the NRC

1 and Millstone Station.

2 First, our methodology of review. FOSM receives
3 between 14 and 22 e-mail, faxes and phone calls daily. Of
4 that, about 75 percent are from employees, the balance from
5 Southeastern Connecticut residents, non-employees. Most of
6 the local residents who contact FOSM are those who have
7 contacted us in the past, with about two new interested,
8 non-affiliated, not being associated with any group,
9 residents contacting us a month.

10 Although FOSM is not soliciting new members and
11 supporters, members and supporters of FOSM have held
12 relatively strong and stable at 4,040 Southeastern
13 Connecticut residents, with one membership -- one person
14 having withdrawn in the last six months, and 15 new members
15 have been added since we last reported to you in June. As
16 previously reported in June, we also have approximately
17 2,025 Millstone family members and workers who have signed
18 up in support of FOSM, which are not included in the
19 afore-referenced numbers.

20 The activism of various organizations in the
21 region has continued, with a noticeable and understandable
22 wane after Unit 3 restart. Excluding FOSM, which does not
23 take positions on restart, instead leaves the decision and
24 responsibility to the NRC to do its job and make sure that
25 we are safe, all community -- all involved community groups

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1 are either overtly anti-nuclear or have openly gone on
2 record as demanding and supporting the closure of Millstone
3 on a permanent basis regardless of restart readiness.

4 Involved entities, the press, activists,
5 anti-nuclear organizations, and community groups seem to be
6 much more careful about using inappropriate and blatantly
7 untrue scientific and medical facts related to nuclear
8 power. The sense of responsible public discussion has
9 always been a major goal of FOSM. Of special note, FOSM has
10 seen a genuine open-mindedness by the editors and writers of
11 the daily newspaper in New London to discuss differences and
12 to help diminish the dissemination of irresponsible
13 statements and data which can cause the public harm and do
14 confusion and needless anxiety.

15 FOSM would suggest that the only true indicator of
16 the mainstream public's concerns about Millstone and the NRC
17 are those who show their concern by attending public
18 meetings and/or making their opinions known via the media,
19 as history has shown that they will do when they are highly
20 concerned.

21 The beaches of Niantic Bay adjacent to Millstone
22 Station are still used with high frequency, with no
23 discernible public concern. The Waterford Shellfish
24 Commission is considering expanding the clam (quahog) beds
25 in Jordan Cove due to the ever-increasing healthiness of the

1 aquatic environment, and a sense of normalcy, comfort and
2 security is returning to the region.

3 As we will discuss in a few moments, it is very
4 apparent that the mainstream public is very cognizant of the
5 NRC's \$2.1 million fine, and the Connecticut DEP's \$1.2
6 million fine, both levied against NU for past violations, as
7 well as the extended closure. It is very apparent that the
8 mainstream public sees these actions as a sign of the firm
9 hand of the NRC, the Connecticut DEP and the Attorney
10 General of Connecticut.

11 The areas of our testimony to you today will be in
12 the following areas -- behavior by employees contributing to
13 Safety Conscious Work Environment; acceptance of the
14 employees of the ongoing organizational realignment;
15 perception of employees of Unit 2 leadership; key indicators
16 of the public's perception of Millstone's progress, safety
17 and the NRC itself; and FOSM's problems and concerns.

18 CHAIRMAN JACKSON: And you can do all of this in
19 the next --

20 MR. McKEOWN: Couple of minutes. In June 1998, we
21 indicated to you that a year prior we had had major -- we
22 had heard, throughout the entire community, major concerns
23 about the safety training. In June of 1998 I indicated to
24 you that those concerns had ceased. Now, I can say to you
25 that it has come to a much higher level. The employees seem

1 to enjoy trying to find the safest way to do things. They
2 go out of their way to discuss, to make sure that people are
3 not intimidated.

4 Another sign that was seen is something that I
5 think is a major sign because I have heard about it for
6 years in the community, the industry itself, some in the
7 nuclear industry seem as if the heavy goals are getting
8 plaques and trophies about continuous days of operation. It
9 seems as if in the last year, in the last six months, Mr.
10 Kenyon has done what he said he would do. He promised over
11 multiple months to hundreds of community leaders, religious
12 leaders, civic leaders, government leaders, that he would
13 close the plant to make sure that it was conservative if
14 there was any hitch at all. He has done that, and people
15 are pleased that he has done that.

16 In addition to that, he promised the NRC that he
17 would close the plants whenever anything remotely
18 approaching a safety issue came up. The employees and the
19 people in the public, by and large, are very pleased with
20 the fact that the promises have been kept.

21 More importantly, what the employees tell me are
22 that they are pleased that the company is doing the right
23 thing, that it is a very simple, ethical issue, we promised
24 to do something, we are doing it.

25 The reorganization process, when companies go

1 through a reorganization as much as NU has done in the
2 recent period, and is presently doing so, industrial
3 corporations and corporations all over America at times have
4 havoc. I think just the simple numbers of how many
5 employees have participated in the process, and come back
6 for the next round of participation, stands by itself, and
7 the level of faith, trust on the openness, fairness and
8 balance of the process that they are going through.

9 We have heard very, very, very little comment
10 about unhappiness with this reorganization. I find it
11 amazing.

12 Unit 2 leadership, we have seen that -- in the
13 last four months FOSM has received no complaints or voices
14 of concern from any Millstone employee related to any Unit 2
15 leader. The comments have said that there is a coming
16 together that they are extremely pleased with.

17 Public meetings. As I indicated when I was here
18 last June, we in Southeastern Connecticut love our children
19 and our families just as much as you all do. There has been
20 a tremendous diminishment in the level of participation and
21 attendance at NRC hearing meetings. If you take out people
22 associated with one group or another, you take away the NU
23 management, you take away the NRC, there is a massive
24 diminishment in participation and attendance. That is not a
25 sign that the people are concerned, they believe that you --

1 you, the NRC, have a firm hand on what is going on. They
2 believe the process is being handled and it is being handled
3 responsibly.

4 This past -- two weeks ago in the town of East
5 Lyme, there was a town meeting about the future of
6 education. Eighty people showed up in that town who were
7 concerned about education. I assure you, if they were
8 concerned about the safety and process that you are leading,
9 there would be more than 80 people showing up.

10 There has been a tremendous diminishment in op ed
11 pieces that people have written in concern about the NRC and
12 Millstone in the past four or five months, as well as
13 letters to the editor.

14 Problems and disappointments that we have.
15 Recently, there was an out of permit discharge of 840
16 gallons into Niantic Bay. There can be no acceptable
17 position other than 100 percent compliance with every state
18 and federal permit. The public expects and deserves full
19 and absolute compliance. Only 100 percent is a passing
20 grade and anything less must be considered a failure.

21 The good news is that it is clear to FOSM that Mr.
22 Kenyon's environmental stewardship pledge is becoming the
23 undeniable mantra of the employees, and that the Millstone
24 environmental and the Connecticut DEP are monitoring at the
25 highest possible professional level any impact on our

1 environment.

2 However, a discharge out of permit, though, is
3 cause for the public to lose faith and confidence. FOSM is
4 disappointed does not show publicly the ire and angst that
5 it shows internally over any violation of a permit and the
6 public's trust. It would sit well with the public and FOSM
7 if Millstone apologized for violating any DEP permit and
8 gave assurances of it not happening again, and the remedial
9 actions it has taken.

10 Little Harbor Consultants. We agree with NEAC
11 that it may be wise not to totally discharge Little Harbor.
12 All local groups, NEAC, CRC and FOSM, all seem to have a
13 concern with the impact of reorganization of the employees.
14 Therefore, it would seem prudent to have a third party, or a
15 Little Harbor, available, on-call, as needed, or for a
16 period of time.

17 The Inspector General's report. We do not dive
18 into the details of it, however, it has caused a public
19 rift, concern and lack of faith and trust in the NRC. We
20 believe that a great sign of the leadership of the NRC would
21 be to address this issue very clearly to the public and
22 notify the public with the greatest of clarity as the
23 outcome and the basis, to make it very clear. It is not
24 very clear now, however, what is very clear is that entities
25 of enormous respect in the region, from the Hartford

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1 Current, to the Day, to the Congressional delegation, are
2 concerned, and that gives the public concern and anxiety.

3 Our neighbors across the sound. There is
4 obviously concerns about the emergency planning to our
5 neighbors across in Long Island. We would suggest that the
6 NRC escalate the level of communication with Long Islanders.
7 It appears that much of the concerns can be addressed with a
8 healthy and a more frequent dialogue. Thank you.

9 CHAIRMAN JACKSON: Thank you very much. Ms.
10 Burton.

11 MS. BURTON: Yes. Good afternoon.

12 CHAIRMAN JACKSON: Good afternoon.

13 MS. BURTON: Madame Chairman and Commissioners, I
14 am Nancy Burton. I am hear today representing Fish
15 Unlimited, which is an organization of 8,000-and-then-some
16 individuals interested in fisheries conservation. It is
17 based in New York, it has a chapter in Waterford,
18 Connecticut, and I have a statement to submit to you from
19 Fish.

20 I also have a statement which I am courier with
21 today from the Citizens Awareness Network -- you know that
22 group, they have appeared here previously -- over the
23 signature of Rosemary Bassilakis and Debbie Katz. In the
24 brief time I won't read the statements. I will leave them
25 with you. But I do want to say that both of these

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1 statements express and shock and deep chagrin at what they
2 have reviewed, what the groups have reviewed in the Office
3 of the Inspector General's report, and call for a suspension
4 of the license of Millstone and a shut down.

5 You have heard -- excuse me. I want to borrow a
6 remark that Rosemary Bassilakis made to me. She couldn't be
7 here today, sends her apologies, she wishes that she could
8 be here. But she said that what the OIG report seemed to
9 come down to was that the NRC seems to rely on its
10 defense-in-depth protection of the public, that the public
11 will look after itself, and, in fact, Time magazine will
12 provide the defense-in-depth, or the public, speaking to
13 their Senatorial delegation and their Congressmen, will
14 provide the defense-in-depth because they will be the ones
15 who will hold this agency to accountability.

16 It was misstated to you earlier by a member of the
17 staff, I believe, that -- excuse me, I want to take that
18 back. There wasn't a complete statement by a member of your
19 staff with respect to comments that were made in the
20 resident community concerning the Safety Conscious Work
21 Environment. There was a meeting in December, but you have
22 not been updated today, in what I have heard, and what I
23 have heard, one iota with respect to the most recent meeting
24 that took place, which Mr. Markowicz has referred to, which
25 was last week, January 11th, in Waterford.

1 There was a delegation of people from the NRC,
2 including Mr. Miller, including Mr. Lanning, including Mr.
3 Dean, and it was an extraordinary session. Unfortunately,
4 there was no reporter present for the NRC and, therefore, no
5 recording was made to be provided to the members of the
6 Commission so that you could review it, so that you could
7 hear firsthand what was being said, what the comments were.
8 Members of the public were extremely troubled by that.

9 And, in fact, it wasn't spitballs that were being
10 hurled, it was Zeus himself who was present in that room
11 hurling thunderbolts at the representatives of the NRC. And
12 individuals who have previously appeared here and spoken to
13 you, and tend to exercise restraint in their public
14 expression, were among those hurling thunderbolts, and they
15 demanded, among other actions, the resignation of Dr.
16 Travers, based on what they have observed, what they have
17 seen, and what they have evaluated in this report.

18 It strikes them as extraordinary that, in light of
19 this report by the OIG, which didn't happen except for the
20 intervention of the two Senators and one Congressman from
21 the State of Connecticut, that there was an investigation of
22 what seems to have gone terribly wrong -- in the midst of
23 all of this, between December and June, what happened to Dr.
24 Travers, who was the representative of this Commission,
25 looking out for the public health and safety in Waterford,

1 but that he was promoted in April, during this period of
2 time. He has since been promoted again, as you know, and
3 he, himself, has been put to the task of investigating the
4 investigation for this Commission. That is absolutely
5 nonsensical. We --

6 CHAIRMAN JACKSON: Let me make a correction for
7 you. What Dr. Travers has been asked to do is to respond to
8 a tasking memo to certain questions. In terms of any review
9 on behalf of the Commission of the actual facts of the case,
10 that, in fact, may be structured differently. So, let's be
11 clear on that. What Mr. Travers has been asked to do is to
12 answer the questions that I have put in the tasking memo.

13 MS. BURTON: I understand that, but we were
14 certainly struck by the response of this Commission to the
15 OIG report, which was to go to Dr. Travers, who himself was
16 a subject of it, to evaluate it. What we would call for
17 would be an independent evaluation, and, in fact, we are
18 calling for a Congressional investigation to study this
19 matter because it is so fundamentally disturbing, not simply
20 for this resident community in Connecticut, but, certainly,
21 it has implications for the entire country.

22 I want to point out, also with respect to the
23 January 11 meeting, that, as Mr. Markowicz noted, there was
24 an individual who came forward, speaking in strong terms
25 about the environment at Millstone, quite apart from the NRC

1 and he, himself, presented allegations that I believe would
2 qualify as allegations that have to be seriously considered.

3 Now, I would have thought that the delegation from
4 the NRC would have reported that to you, because his
5 allegations were serious, and, in fact, this individual -- I
6 will give his name, Dave Collins, he, in fact, was here last
7 June. He was one of the individuals who was fired in that
8 wave of 102 firings, some of which were retaliatory. I have
9 the transcript of June 2, and if you would look to page 76
10 and for the about the next 10 pages, you will see that he
11 came here and he spoke in glowing terms, as you have heard
12 others along the table here, of the progress that Northeast
13 Utilities has made in achieving a Safety Conscious Work
14 Environment. He didn't sing that tune on January 11th in
15 Waterford, and I am surprised that that wasn't reported to
16 you and that there has been no discussion of it. And I see
17 that Dr. Travers submitted a report dated the next day,
18 January 12th, 1999, calling for a cessation of Little
19 Harbor, and his report doesn't mention that testimony
20 either. That is shocking and troubling.

21 That was not the only new allegation that came out
22 at that meeting. I would suggest that this Commission might
23 give good consideration to inviting present and former
24 workers from the Millstone facility to come here and
25 personally address this Commission, because there seems to

1 be a barrier to communication, and it may well be that in
2 some degree that barrier is barriers erected by the very
3 delegates of this Commission, who go there presumably to
4 serve as your representatives in the community, to report
5 back and communicate. Something here is terribly wrong, it
6 needs to be addressed.

7 And when the Hartford Current, which is our very
8 important statewide newspaper in Connecticut, calls your
9 conduct a scandal of inaction, and when the New London Day
10 says this Commission has committed a whopper of a lie, a
11 huge lie, and lied to whistleblowers, you can please try to
12 imagine the effect in this community and across the Long
13 Island Sound. In fact, Congressman Forbes, as you may have
14 read, has called for the permanent shutdown of Millstone,
15 and that was before this report came out.

16 It appears to the community, from reading this
17 report and analyzing and reading it again, because it gets
18 worse with each reading, that the process that led to the
19 restart of Millstone 3 seems to have been affected by errors
20 which need to be investigated. The public expressed shame
21 and outrage at the Commission and the concept that Millstone
22 3 would have been readied for restart sooner, and this
23 retaliatory firing would have gone covered up and unnoticed
24 simply to get the plan just does not sit well.

25 And that goes to a question of -- the larger

1 question of credibility of the plant. I will point to one
2 example you may have seen, I hope you did, a New York Times
3 article which appeared this past Sunday on Millstone. And
4 there was a statement there from a public affairs officer of
5 the NRC to the effect that of the five outages at Millstone
6 3 since the plant restarted in July, none of them took place
7 when the plant was at 100 percent power. Well, at least
8 with respect to one of those outages, that is completely
9 wrong. I have the license event report that says that on
10 December 11th, 1998, when the plant went into a three-week
11 outage, it was operating at 100 percent power. I don't
12 understand how your public affairs officer would have
13 mislead the New York Times when the information was readily
14 at hand. That doesn't build confidence.

15 I also want to be sure, and I will leave you a
16 copy of a letter that Mr. Wayne Lanning submitted to
17 Northeast Utilities on July 20th, 1998. This was after the
18 investigation was closed out, this was after the complaints
19 were dismissed with respect to the retaliatory firings, and
20 this is after Millstone 3 was up and running again. And in
21 this letter, he said, "Based upon its review of this matter,
22 the NRC staff concluded that there was not sufficient
23 evidence to substantiate the allegations of discrimination."

24 This is outrageous. And it is outrageous that you
25 have representatives going to this community, supposedly to

1 address the concerns of a neighborhood that is stuck with
2 living with these dangerous behemoths, and being part of
3 what appears to the community as being an illegal game of
4 cover-up.

5 I just want to say that some of the -- I am coming
6 to a conclusion here, I really have so much to say. But
7 with respect to the OIG report, what seemed to be among the
8 most glaring problems that are brought out are that there
9 was no report in writing, therefore, there was no
10 accountability. The very investigator who was tracking all
11 of this information and making a recommendation for serious
12 penalties, for the most serious types of violations,
13 resigned just a month before restart when the decision was
14 being made to dismiss these complaints. These are such
15 serious issues that they do cause the public to worry about
16 why it is bearing the full risk of plants, of these plants,
17 without economic benefit, because they are much more -- much
18 cheaper when they are producing electricity -- when they
19 don't produce it, because they buy it so much cheaper.

20 So I have made some suggestions and some
21 recommendations. We hope that you will listen to us because
22 we are not sure that you did before. We said all these
23 things before. We said that we wanted to be assured that
24 serious allegations were addressed and resolved. Chairman
25 Jackson, in your March 18th, 1998 tasking memo, you directed

1 the staff, i.e., Dr. Travers to come back and report on the
2 status in a crisp way of these serious investigations that
3 were going on, and that was not done. We look to you to do
4 this and please invite us back before you do anything else
5 with respect to Millstone. Thank you.

6 CHAIRMAN JACKSON: Thank you very much.
7 Commissioner Dicus? Commissioner McGaffigan?

8 MR. MARKOWICZ: Since I was referred to just
9 briefly in the comments, --

10 CHAIRMAN JACKSON: Yes.

11 MR. MARKOWICZ: -- I would like to point out that
12 Bill Travers was not the only person that some folks asked
13 to resign at that meeting.

14 COMMISSIONER MERRIFIELD: I would like to make a
15 comment. I appreciate the comments that Ms. Burton has made
16 about the credibility of the NRC. I have only been a member
17 of this Commission for nine weeks, so many of these issues
18 are new to me. As you can tell, I personally asked some
19 questions, as did other Commissioners today, where I think
20 we do have an interest in trying to get to the bottom of
21 some of the accusations that have been leveled against us.
22 I think we are all treating the IG report very seriously. I
23 know I have personally spoken with all of the Commissioners
24 about that. And so I think we as a whole will look into
25 those issues, because they are serious.

1 I cannot leave untouched the accusations against
2 Mr. Travers. The fact is we need to look into what has
3 occurred here. Mr. Travers is a credible and honored member
4 of this staff. He has worked on the Nuclear Regulatory
5 Commission, I don't know how long, but probably 15 to 20
6 years. I think we have a great deal of trust in the work
7 that he does here, and I am somewhat disappointed that
8 personal attacks have been leveled against him.

9 Were there actions that he took that were not
10 appropriate? We will look into that. But that is something
11 that the Commission is going to have to take a look at.
12 And, like I said, this is someone that I think that the
13 Commission has a great deal of trust in, and I didn't want
14 to go left untouched the comments against him.

15 COMMISSIONER McGAFFIGAN: Madame Chairman, maybe
16 we do need from our junior members. I second that. The IG
17 report, which I have read at least as many times as you
18 have, and which caused, obviously, chagrin in the
19 Commission, led to the Chairman's memo, does not make
20 allegations about Dr. Travers' conduct. It makes
21 allegations about our process being quite flawed, and we
22 recognize that and we are working on it. And it raises real
23 questions about what our standard is for concluding a
24 preponderance of evidence in a harassment and intimidation
25 case, and about timeliness and about a lot of other things

1 we have talked about today.

2 But I second Commissioner Merrifield, and I would
3 also say that taking the additional leap in your testimony,
4 that this should then impact Millstone and lead to a
5 shutdown, is quite a leap from the IG report, as well, I
6 think, because what he is documenting, what the IG has
7 documented, and documented well, is some flaws in our
8 process for dealing with H&I cases.

9 I think the report did make clear that I am one of
10 the people he obviously talked to. The case involved did
11 not involve -- it would not have affected my restart
12 decision, and I will state that again for the record today.
13 I was here and I did not know the facts, it is clear from --
14 but I did know that we were -- that any cases that were
15 active involved people who had long since left the site, at
16 Mr. Kenyon's request, or otherwise.

17 So I probably should give you a chance --

18 MS. BURTON: I am not so sure that is correct, but
19 I don't know that we should get into the specifics. What I
20 think is important in terms of the issue of restart, in
21 terms of what we are here today to do and what it is up to
22 the Commission to do, is on this issue of Safety Conscious
23 Work Environment, people were so upset and frustrated, and
24 there were more than -- there was more than one individual
25 presently at Millstone who expressed very great outrage.

1 I hope that you will have an opportunity to be
2 informed as to what was said. Another individual was Gary
3 Verdun. He was one of those laid off in the retaliatory
4 discharge. He raised very serious, fundamental issues
5 concerning Millstone 1 and the spent fuel pool, and he was
6 fired. He came -- was rehired, came here, spoke, said
7 Millstone is doing a fabulous job. But on January 11th, he
8 was -- he couldn't contain himself for his outrage against
9 this Commission, because it was like being shot in the back.
10 It is -- it was -- because it is a message to everybody
11 there today that there seems to be -- there is a problem
12 with how the NRC concerns itself with whistleblowers. And
13 are we here -- is this a travesty that we are going through?
14 Is this a mere exercise? Is this a public relations game?
15 Or is it for real?

16 CHAIRMAN JACKSON: Let me thank NRC staff,
17 Northeast Nuclear Energy Company, Little Harbor Consultants,
18 the Nuclear Energy Advisory Council, the Ad-Hoc Millstone
19 Station Employee Group, the Friends of a Safe Millstone, and
20 Fish Unlimited for briefing the Commission and providing
21 your perspectives on the status of third party oversight of
22 the Millstone Station's Employee Concerns Program and Safety
23 Conscious Work Environment.

24 As I stated in my opening remarks, the Commission
25 will consider all of the information and views presented by

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1 all of the parties in deciding whether to close the October
2 1996 order requiring independent third party oversight.

3 Simply stated, the Commission will decide whether
4 the licensee's current performance warrants a lifting of the
5 order, but in the overall context within which we have to
6 make that decision. However, no matter whether this order
7 is lifted, I do remind the public, the licensee and the NRC
8 staff that the proper handling of employee safety concerns
9 and maintaining a Safety Conscious Work Environment is
10 fundamental, not only to the effective operation of nuclear
11 facilities, but to the effective regulation of nuclear
12 facilities. And, as such, it will -- it is and will be
13 continually assessed at Millstone Station, and at all of our
14 licensees and at the NRC.

15 I think, clearly, we have a case for improvements
16 at the NRC, but I start from the point of view of
17 fundamentally believing in the integrity of Dr. Travers and
18 we will do lessons learned and probably a review of the
19 overall situation, but not from the point of view of
20 impugning at the outset the integrity of a key manager at
21 NRC.

22 And so unless any of my colleagues have any
23 further comments, we are adjourned.

24 [Whereupon, at 5:43 p.m., the meeting was
25 adjourned.]

**STATEMENT BY FRIENDS OF A SAFE MILLSTONE
(FOSM)**

TO THE

**NUCLEAR REGULATORY COMMISSION (NRC)
Rockville, Maryland**

January 19, 1999

**OBSERVATIONS, PERCEPTIONS & COMMENTS
OF
"READINESS" OF
MILLSTONE STATION, UNIT 2, & RELATED ISSUES**

As with all statements which FOSM has made to the Commission, this submittal is made after much reflection and soul searching related to the feedback FOSM has received from employees and non-Millstone related residents of the region. We have been very careful not to overstate what we have seen, what others have said to us, and we take great care in explaining the logical conclusions one can derive from the available facts. We have included those observations and issues which are good news, as well as those with which we disagree with the NRC and Millstone Station.

First, our methodology of review. FOSM receives between 14 and 22 email, faxes and phone call messages a day; ca. 75% are from employees, the balance being from Southeastern Connecticut residents (non-employees). Most of the local residents who contact FOSM are those who have contacted us before, with only about 2 "new" interested non-affiliated (not associated with an anti-nuclear, activist, or Millstone group) residents contacting us a month.

Although FOSM is not soliciting new members/supporters, membership/supporters of FOSM has held relatively strong and stable at 4,040 Southeastern Connecticut residents, with 1 membership withdrawal, and 15 new members, since we last reported to you. <As previously

reported, we also have approximately 2,025 Millstone workers/family members signed up, which are not included in the aforereferenced numbers>

The activism of various organizations in the region has continued, with a noticeable (and understandable) wane after the Unit 3 restart. Excluding FOSM (which does not take positions on restart, instead leaves the decision and responsibility up to the NRC to do it's job and make sure Millstone is safe), all involved community groups are either overtly anti-nuclear, or have openly gone on record as demanding/supporting the closure of Millstone forever (regardless of the facts related to its readiness). < Sources: Fish Unlimited: "We will petition the NRC to permanently close the Millstone Reactors" (Bill Smith, The Day, 1/12/99, B1); STAR: "The reactors should not be allowed to operate" (Dr. Helen Caldicott, The Day, 12/31/98, B8); CRC and CAN: Millstone must be closed forever!! (CAN/CRC Rally Flyer, 1998).

Involved entities (the press, activist/anti-nuclear organizations and community groups) seem to be much more careful about using inappropriate and blatantly untrue scientific and medical "facts" related to nuclear power. This sense of responsible public discussion has always been a major goal of FOSM. Of special note, FOSM has seen a genuine open mindedness by the editors and writers of The Day newspaper in New London (CT) to discuss differences, and to help diminish the dissemination of irresponsible statements/data which can cause the public harm, undo confusion, and needless anxiety.

FOSM would suggest that the only true indicator of the mainstream public's concerns about Millstone and the NRC are those who show their concern by attending public meetings, and/or making their opinions known via the media (as history has shown they will do when highly concerned). The beaches on Niantic Bay adjacent to Millstone Station are used with a high frequency, with no discernible public concern. The Waterford Shellfish Commission is considering expanding the clam (quahog) beds in Jordan Cove due the ever-increasing healthiness of the aquatic environment. A enhanced sense of normalcy, comfort and security is returning to the region.

As we will discuss in a few moments, it is very apparent that the mainstream public is very cognizant of the NRC's \$2.1 Million fine, the Connecticut DEP's \$1.2 Million fine, both levied against NU for past violations, as well as the extended closure. It is very apparent that the mainstream public sees these actions as a sign of the "firm hand" of the NRC, as well as Connecticut's DEP and Attorney General.

The areas of our testimony to you today will be in the following areas: Behavior by employees contributing to a Safety Conscious Work Environment (SCWE); Acceptance of the employees of the ongoing organizational realignment; Perception of employees of Unit 2 leadership; Key indicators of the public's perception of Millstone's progress, safety and the NRC itself; and FOSM's Problems and Concerns.

1. Behavior by employees contributing to a Safety Conscious Work Environment (SCWE).

*** Safety training is no longer questioned by employees, nor does it cause employee anxieties.** In June of 1998 FOSM informed the Commission that a safety consciousness (had then) reached an "accepted" norm at Millstone. Today, in January of 1999, according to the scores of contacts by Millstone employees to FOSM, safety consciousness has risen to a new level, as it is now a source of professional pride, with employees now routinely striving to analyze situations to enhance safety, and openly actually enjoying discussions to assure people can bring concerns forward without anxiety.

*** Have Left Behind Long Standing Industry Goals Driven By Profit.** Some in the nuclear industry have inappropriately aspired to goals such as the most "continuous days of operation". Last June Mr. Kenyon promised the NRC that he would shut down the plant for repair if called for to reflect conservative decision making. He repeatedly made that pledge to hundreds of Southeastern Connecticut business, community and civic leaders at "community breakfasts". He has done that which he has promised. Unit 3 has been temporarily shut down on several occasions. More importantly Bruce Kenyon did not personally direct the shutdown. Rather his expectations were clearly communicated so that those in operational control took the proper action. Employees are proud of a company for "doing the right thing", and keeping promises made. What better sign of safety than leadership not driven by profits, but driven by an expectation of a safe and conservative operation.

2. Acceptance by the employees of the ongoing organizational changes within Unit 2.

*** Employee Participation in Reorganization Process.** Industrial companies throughout America have seen major employee unrest, work stoppage, and strife when faced with comprehensive reorganization. The current Millstone reorganization has been accepted as a fair and needed process by Unit 2 employees. At an unprecedented level, employees have watched the process, and decided to take part in the application, screening, and interview process. Transitions can be problematic and painful, this one is stable, fair, and balanced. <On a more global basis, the decision by Mr. Kenyon to appoint Mr. Lee Olivier as Senior V.P. and Chief Nuclear Officer has been widely accepted by the workforce, and is enhancing the professional environment. FOSM has only heard very positive statements related to Mr. Olivier.>

3. Perception of employees of the Unit 2 leadership. In the last 4 months, FOSM has received no complaints, or voices of concern from any Millstone employee related to any Unit 2 leader. Recent comments from Millstone employees suggest that there is a positive coming-together, that did not exist previously at this substantive level.

4. Key indicators of the public's perception of Millstone's progress, overall safety and the NRC itself.

* **Public Meetings.** The number of "non-affiliated" (not affiliated with any active community, activist, or anti-nuclear group, or NU) Southeastern Connecticut residents who attend Millstone-related NRC public hearings, has dramatically declined, with an average of between 3-5 per meeting in the last 6 months. As previously discussed, this is a clear indication of an absence of citizen concern, and an active increase of support for NRC-driven rectification process. This is especially true in "Yankee-esque" New England. A good example of how concern would be evident is a recent Town Meeting in East Lyme where the expansion of the schools was discussed. Over 80 residents attended who were not affiliated with the Board of Education or school expansion program. Let us assure you that our residents, like yourselves, would raise the roof in protest, should Southeastern Connecticut residents seriously think there was a crisis, process out of control, or our children's health in jeopardy.

* **Letters to the Editors.** The number of Millstone and NRC-related letters to the editor in local newspapers written by non-affiliated members of the public has dramatically diminished over the last 6 months. Likewise, OP-ED pieces written by the public (or even concerned groups) critical or concerned relative to Millstone and/or the NRC, have been next to zero.

5. Problems/Disappointments. As stated, FOSM does not take positions on restart, leaving that responsibility to the NRC. In addition, FOSM leaves inspection-related issues and concerns to the internationally accepted (and respected) outside independent inspection teams to advise and consult the NRC and Millstone Station. We do however make comments on the feelings and thoughts on employee and public perceptions of important programs and actions.

* **Permits and Discharges.** Recently there was an out-of-permit discharge of 840 gallons into Niantic Bay. There can be no acceptable position other than 100% compliance with every State and Federal permit. The public expects, and deserves full and absolute compliance. Only 100% is a passing grade, and anything less must be considered a failure.

The good news is that it is clear to FOSM that Mr. Kenyon's "Environmental Stewardship" pledge is becoming the undeniable mantra of Millstone employees, and that the Millstone Environmental Lab and the Connecticut DEP continue to monitor at the highest possible professional level, any impact on our environment and health, and there is no negative impact.

A discharge out-of-permit though is a cause for the public to lose faith and confidence. FOSM is disappointed that Millstone does not show publicly the ire and angst that it shows internally over any violation of a permit/the public's trust. It would sit well with the public

and FOSM, if Millstone apologized for violating any DEP permit, gave assurances of it not happening again, and the remedial actions it has taken.

* Little Harbor Consultants. FOSM agrees with NEAC (Nuclear Energy Advisory Council) that it may be wise not to totally discharge Little Harbor (or a similar independent consulting company). All local groups (NEAC, CRC and FOSM) all seem to have a concern with the impact of a reorganization on the employees. Therefore it would seem prudent to have a third party (or LHC) available on call/as needed. FOSM believes that the NRC should err on the side of public confidence.

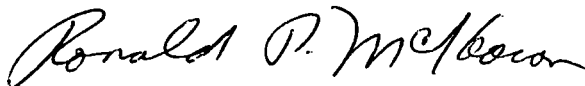
* Inspector General's Report. The whole issue (and the recent report) seems convoluted and confusing. FOSM has a renewed and deep respect for the women and men of the NRC, as professionals who have a high standard, an open mind, and a desire for excellence. Yet, the extensive disappointment related to this report taints the NRC and indeed the industry. FOSM has a high regard for the Connecticut Congressional Delegation and the public, as well as the editorial boards of the Hartford Courant, The Day (New London), the Norwich Bulletin. When all of these respected entities find such a report deeply problematic, something is wrong. The NRC can and must do better. A great sign of leadership would be addressing this issue and notifying the public of the outcome, and it's basis..

* Our Neighbor's Across The Sound. FOSM is aware that the issues of emergency planning are complex and costly, and that there are many differing views on the subject. FOSM suggests that the NRC escalate the level of communication with Long Islanders. It appears that much of the concerns could be addressed with a healthy and more frequent dialogue.

May God give you wisdom and strength in your mission of protecting the public.

Respectfully submitted,

FRIENDS OF A SAFE MILLSTONE



Ronald P. McKeown
Director/Founder



MILLSTONE

January 19, 1999

OVERVIEW

- **Issues that led to Order**
- **Status of ECP/SCWE During Unit 3 Restart Activities**
- **Observations Since Unit 3 Restart Authorization**
- **Conclusions and Recommendations**

Issues That Led to Order

- **Historical Issues with Harassment, Intimidation, Retaliation, and Discrimination**
- **NRC Millstone Independent Review Group Findings, NNECO's "Millstone Employees Concerns Assessment Team," and the "Fundamental Assessment Team" Reports**
- **NRC October 24, 1996, Order**
 - ▶ **NNECO Submittal of Comprehensive Plan for NRC Review**
 - ▶ **NNECO Submittal of Proposed Third-Party Organization for NRC Approval**
 - ▶ **Third-Party Submittal of Oversight Plan**
 - ▶ **Determination of Cessation of Third-Party Oversight**

STATUS OF ECP/SCWE DURING UNIT 3 RESTART ACTIVITIES

- **LHC Oversight Processes and Activities Were Effective and Provided Valid Independent Assessment of NNECO Performance**
- **NNECO's ECP Significantly Improved and Operated Effectively**
- **Safety Culture (SCWE) at Millstone Improved**
- **Major Elements of Order Met and ECP and SCWE Programs Adequate**
- **Recommended Continued Oversight by LHC**

OBSERVATIONS SINCE UNIT 3 RESTART AUTHORIZATION

- **Assessment Based on LHC Continued Monitoring and NRC Evaluations**
- **NNECO's ECP Continues to Function Well**
- **SCWE at Millstone Continues to Improve**
- **NNECO Developed Plans for Continued Self-Assessments by Organizations Both Internal and External to the Company**

CONCLUSIONS AND RECOMMENDATIONS

- **NNECO's ECP and SCWE Continue to Function Well**
- **Conditions Which Led to Third-Party Oversight Have Been "Corrected to the Satisfaction of the NRC"**
- **NRC Staff Recommends Cessation of Third-Party Oversight**
- **NRC Staff Recommends Closure of the Order**

Progress at Millstone Station

**Northeast Utilities Presentation
for the
U.S. Nuclear Regulatory Commission**

***NRC Headquarters
Rockville, Maryland
January 19, 1999***

Mike Morris

Chairman, President & CEO
Northeast Utilities

Bruce Kenyon

President & CEO
Northeast Nuclear
President
Northeast Utilities Generating Group

Lee Olivier

Senior Vice President & CNO
Millstone Station

Agenda

- ◆ **Millstone Readiness Overview** *Lee Olivier*
- ◆ **Millstone's Safety Conscious Work Environment** *John Carlin*
- ◆ **Unit 2 ICAVP and Corrective Action Status** *Marty Bowling*
- ◆ **Unit 2 Readiness** *Mike Brothers*
- ◆ **Nuclear Oversight Assessment** *Ray Necci*
- ◆ **Closing Remarks** *Lee Olivier*

Millstone is Demonstrating Sustained Performance

- ◆ **Leadership is effective, with careful transition underway to phase out the Recovery Teams**
- ◆ **Safety Conscious Work Environment is being sustained**
- ◆ **Unit 3 Operations are characterized by conservative decision making, and backlogs are being addressed**
- ◆ **Unit 2 recovery is on track for readiness-for-restart in March 1999**

Millstone's Safety Conscious Work Environment

John Carlin
Vice President - Human Services

We Have Met Our Rigorous Success Criteria for SCWE

- 1. Employee willingness to raise concerns**
- 2. Management handles issues effectively**
- 3. Employee Concerns Program effective**
- 4. We recognize and address “problem areas”**
- 5. ECOP concurs**
- 6. LHC concurs**

We Are Sustaining and Improving Our SCWE Performance

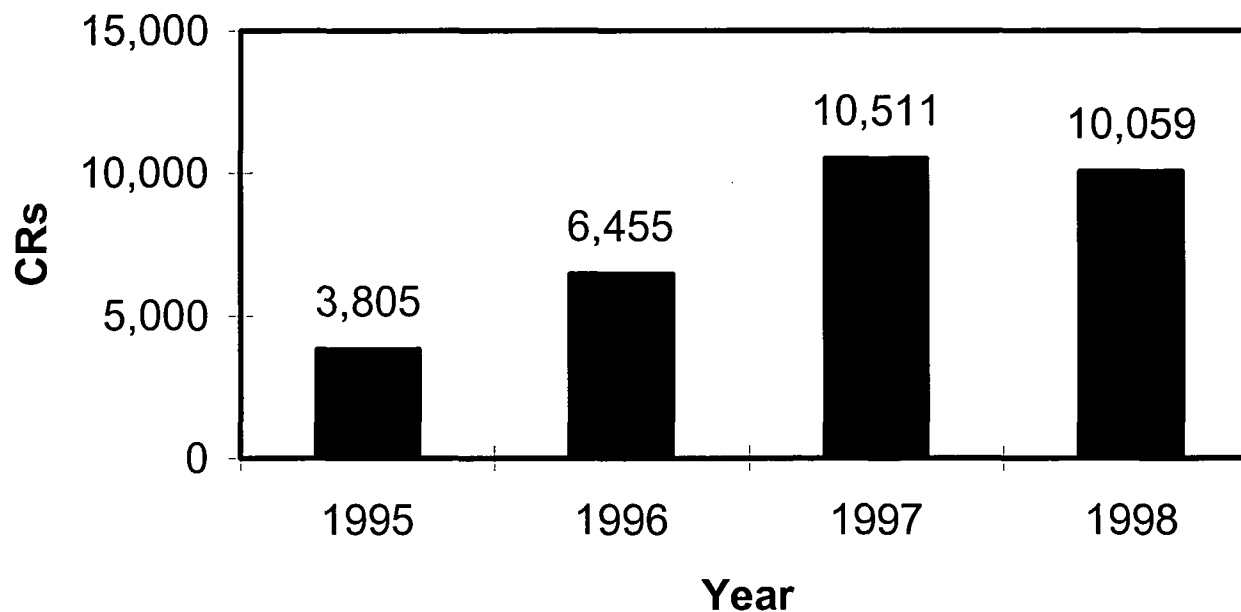
- ◆ **People Team functions are effective**
- ◆ **1998-2000 Work Environment Performance Plan being implemented**
- ◆ **SCWE processes refined by lessons learned**
- ◆ **SCWE self-assessment methodology is well-defined**

Employees Willing To Raise Concerns

- ♦ **November Leadership Assessment**
 - *96.6% leaders rated effective*
- ♦ **December Culture Survey**
 - *84.7% believe we have an active, healthy SCWE*
- ♦ **4th Quarter ECOP survey**
 - *89% would use their leadership*

Millstone Threshold for Identifying Problems Remains Low

Condition Reports Initiated



Management Handles Issues Effectively

- ♦ **Management at all levels is sensitive to, and supportive of, the SCWE**
- ♦ **Executive Review Board ensures fair and consistent approach to discipline and other adverse personnel action**
- ♦ **Corrective action program is effective in supporting SCWE issue resolution**

Management Has Been Trained

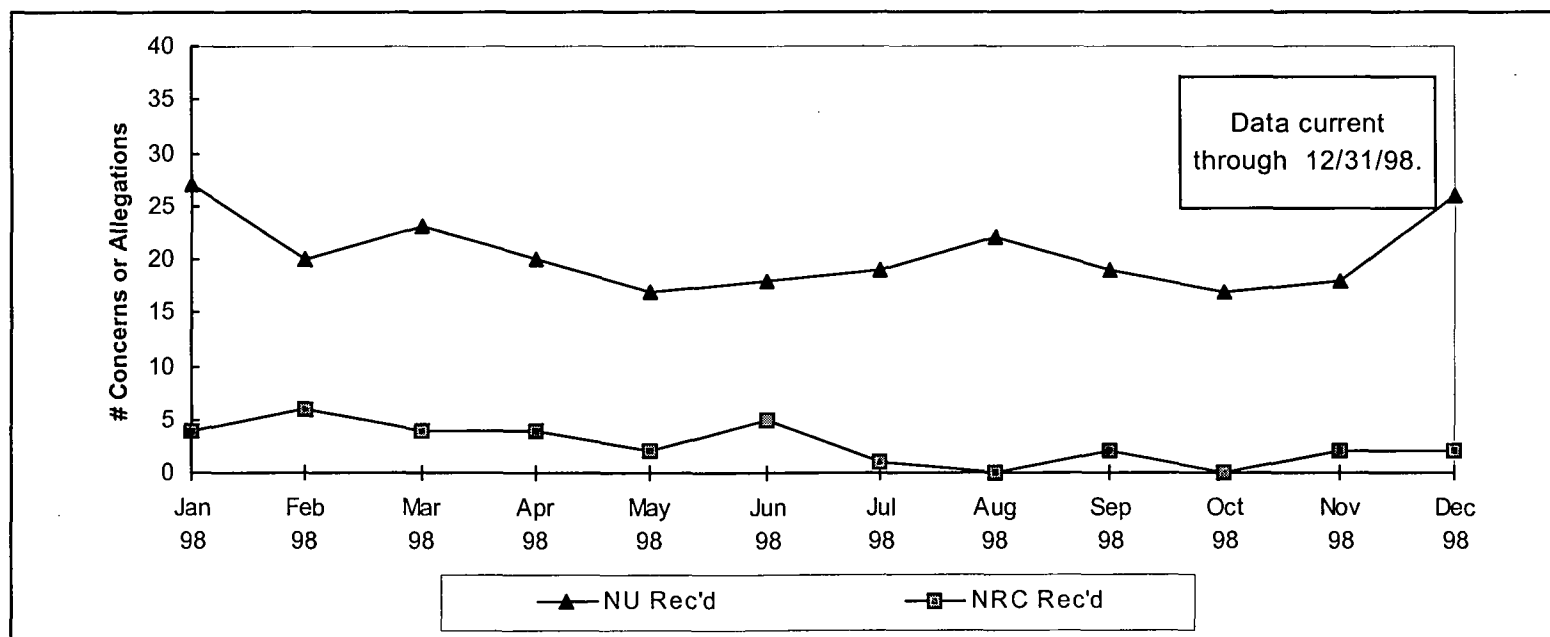
- ◆ **More than 99% of established leaders have been to SCWE training**
- ◆ **We have a “quick start” program for new leaders**
- ◆ **Improvement in knowledge and skills:**
 - **comprehensive training on nuclear safety, civil treatment, and 10CFR50.7**
 - **proficiency assessed through testing**
 - **ongoing SCWE training to be provided**

Employee Concerns Program Is Effective

- ♦ **Age of concerns under investigation --
*32 days***
- ♦ **People who would use program again --
*83.3%***
- ♦ **ECOP judged program as effective**
- ♦ **LHC judged program as effective**
- ♦ **NRC inspections evaluated program as
effective**

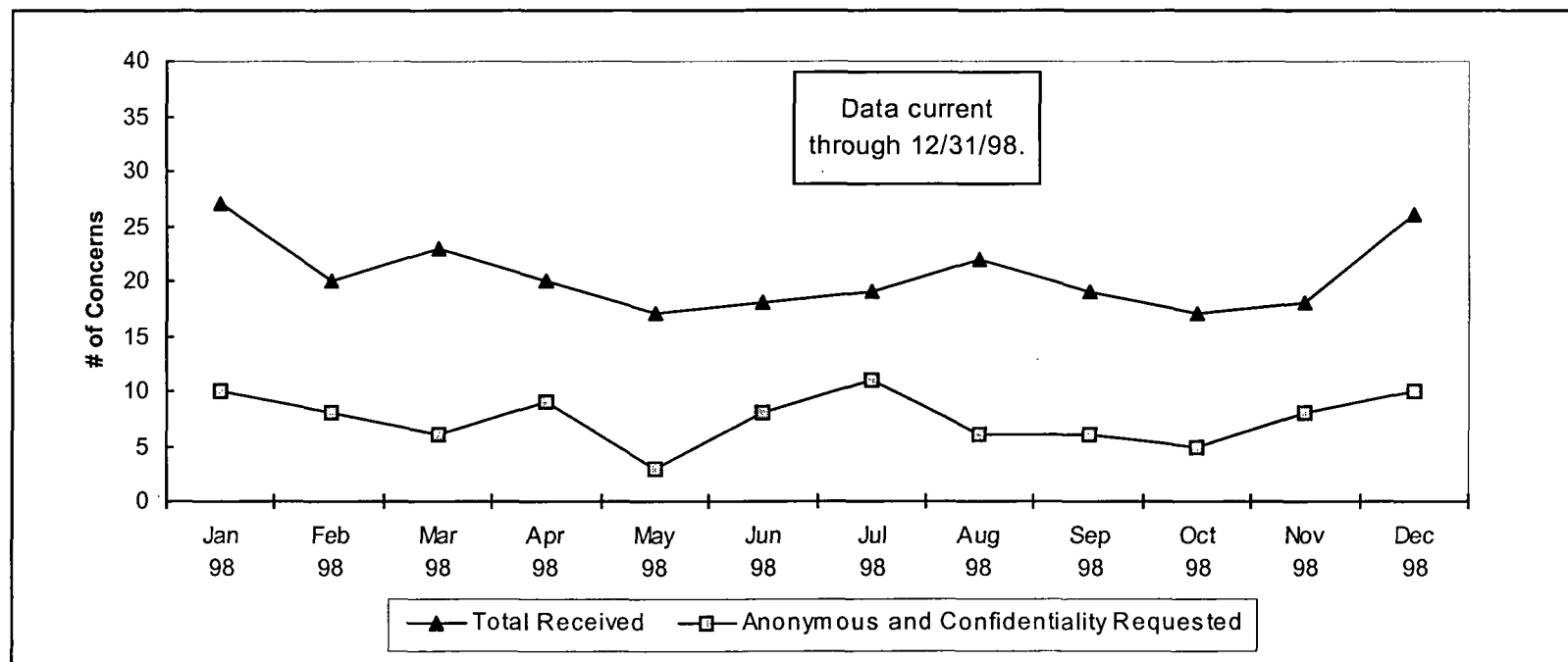
NU Concerns and NRC Allegations Received

Progress: Performance is satisfactory. The number of allegations to the NRC remains at a low level while the number of concerns received by ECP remains high.



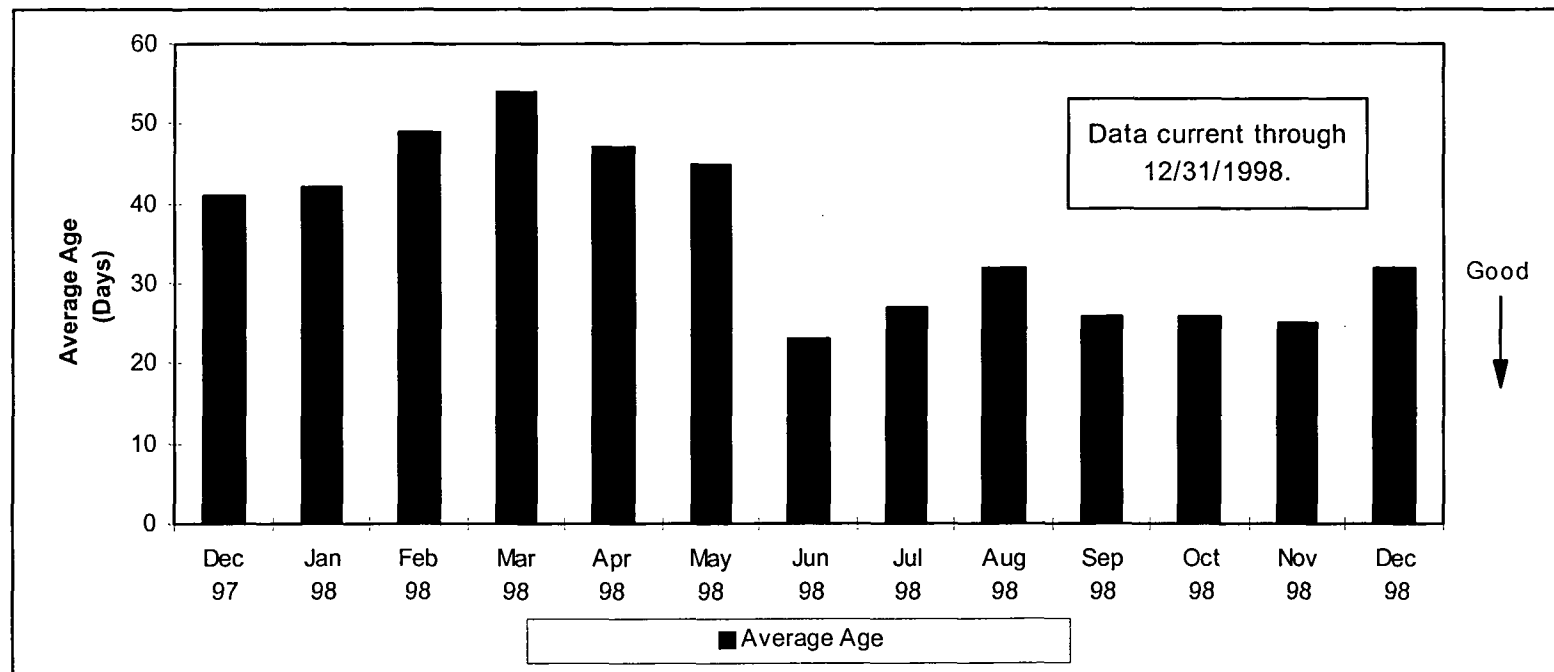
Millstone Employee Concerns Confidentiality Trend

Progress: Performance is satisfactory. The percentage of concerns requesting confidentiality/anonymity remains low.



Employee Concern Resolution Timeliness

Progress: Performance is satisfactory. The average time to resolve an issue remains about 30 days.



Management Recognizes and Addresses “Problem Areas”

- ♦ **Key screening mechanisms:**
 - **Daily People Team site assessment**
 - **Leadership Assessments**
 - **Culture Surveys**
 - **ECP and ECOP Reports**
 - **Third-Party Reviews**
- ♦ **Successfully closed 47 of 54 identified significant problem areas**

We Have a Multi-Layered Approach to Monitor the Effectiveness of Our SCWE

- ◆ **“Internal” Human Services Assessments**
- ◆ **Company “External” Assessments**
- ◆ **Independent Third-Party Assessments**

There is a Firm Basis for Order Closure

- ♦ **WE have established a Safety Conscious Work Environment**
- ♦ **WE have demonstrated sustainability of a Safety Conscious Work Environment**
- ♦ **WE will continue to assess and improve our Safety Conscious Work Environment**

Millstone Unit 2 Corrective Actions Effectiveness

Marty Bowling
Recovery Officer

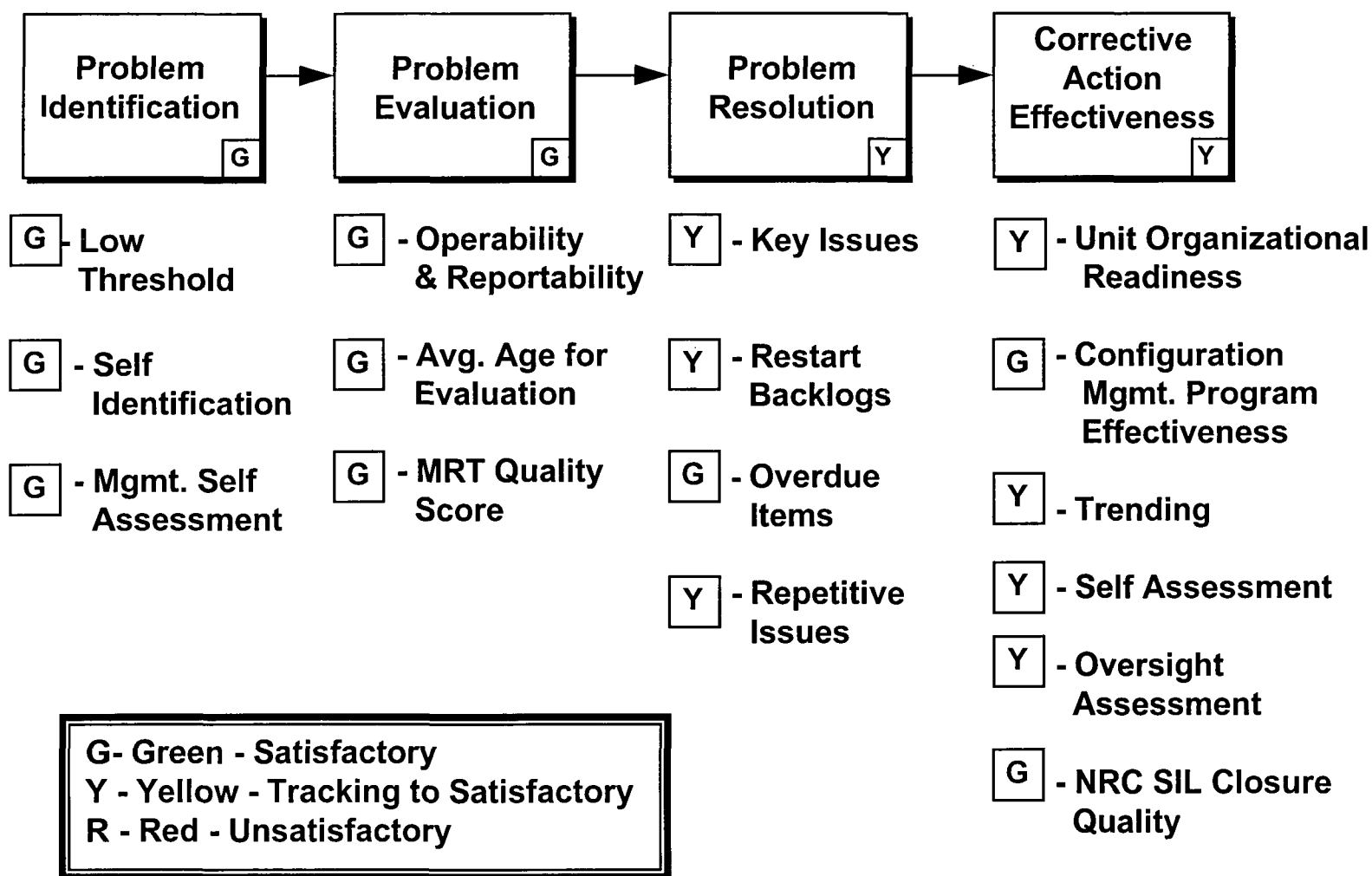
MP2 ICAVP is Nearing Completion

- ◆ **ICAVP reviews are confirming effectiveness of MP2 effort to restore DB / LB compliance**
- ◆ **No confirmed Level 1 or 2 DRs**
- ◆ **ICAVP results used by MP2 to expand scope of DB / LB reviews and to make program enhancements**
- ◆ **78% of the 75 Level 3 DR corrective action assignments are complete**

MP2 Identified the Safety Significant Items (1/96-12/98)

<u>Safety Significance</u>	<u>LERs Submitted</u>
♦ <u>Self-identified</u>	<u>105</u>
– <i>low</i>	91
– <i>moderate</i>	9
– <i>high</i>	5
♦ <u>ICAVP-Identified</u>	<u>5</u>
– <i>resulting from NRC</i>	1
– <i>from DRs</i>	4
– <i>high safety significance</i>	0

MP2 Corrective Actions are Tracking to Satisfactory for Restart



Millstone Unit 2 Readiness

Mike Brothers
Vice President - Nuclear Operations

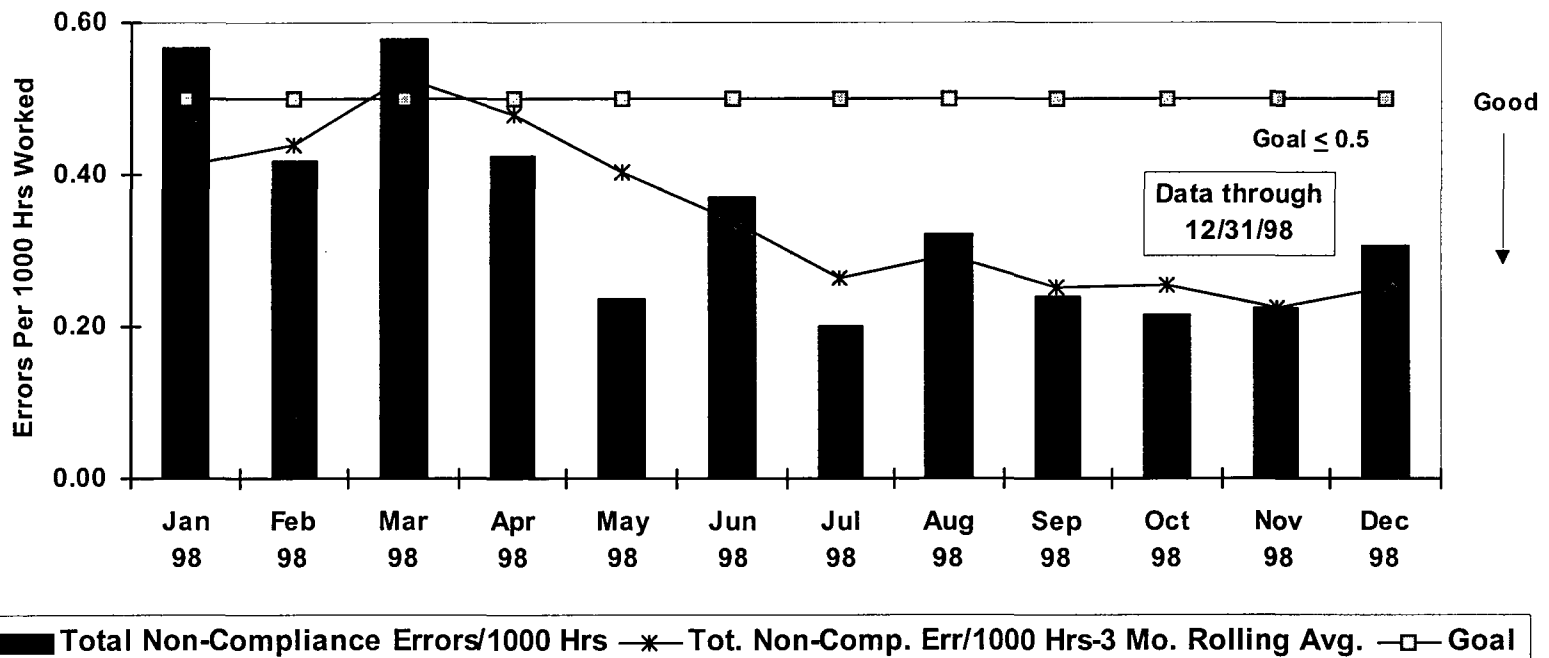
Millstone 2 Restart Readiness is Currently Projected for March 1999

	<u>Items Remaining</u> <u>12/31/98</u>
♦ Restart Tasks	1385
♦ License Amendments	2
♦ Restart Modifications	62
♦ Restart AWOs	690
♦ Temporary Modifications	0
♦ Operator Work Arounds	6
♦ Restart Procedure Revisions	565

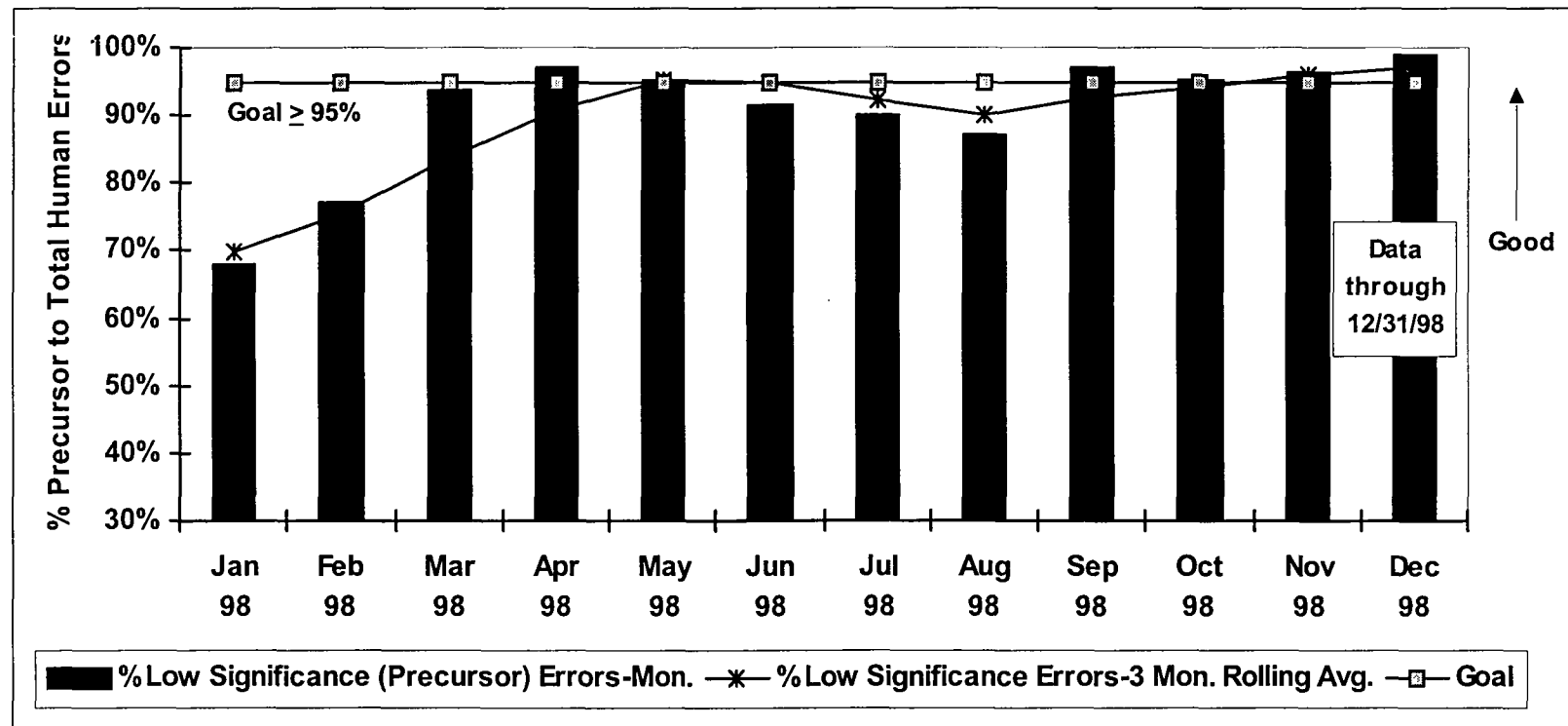
Significant Nuclear Safety Enhancements Have Been Completed During the MP2 Recovery

- ◆ **Motor-Operated Valve Upgrade**
- ◆ **Steam Generator Eddy Current Inspections**
- ◆ **Reactor Vessel Head Penetration Inspections**
- ◆ **Service Water Pipe Coatings**
- ◆ **Turbine Building Batteries and Chargers**
- ◆ **Main Steam Safety Valve Inlet Piping**
- ◆ **RBCCW and ECCS Flow Testing**

MP2 Procedure Compliance is Satisfactory for Restart



MP2 Human Performance is Satisfactory for Restart



Unit 2 Milestone Schedule

◆ Mode 6	12/31/98
◆ Mode 5	1/22/99
◆ Mode 4	2/18/99
◆ Mode 3	2/26/99
◆ Mode 2	3/24/99

Nuclear Oversight Assessment

Ray Necci
***Vice President - Nuclear Oversight and
Regulatory Affairs***

Overall Oversight Assessment:

MP2 is Tracking Towards Restart

- ◆ **Nuclear Oversight Verification Plan (NOVP) assesses Key Issues for both Unit 2 and the Site**
- ◆ **Emerging issues are assessed by Oversight for impact and significance**

Nuclear Oversight Verification Plan Results

Millstone 2 Restart Readiness

	7/10/98	8/6/98	9/11/98	10/9/98	11/6/98	12/8/98	1/7/99			
Key Issues										
Operations	G	G	G	G	G	G	G			
Work Control	G	G	Y	Y	Y	Y	G			
Engineering	G	Y	R	Y	Y	Y	Y			
Corrective Action	B	B	Y	Y	Y	Y	Y			
Self Assessment	B	B	G	G	G	G	G			
Procedural Quality/Adherence	B	B	Y	Y	Y	Y	Y			
Other Issues										
Maintenance	G	G	G	G	G	G	G			
Health Physics	Y	Y	G	G	G	G	G			
Chemistry	G	G	G	G	G	G	G			
Fire Protection	B	Y	Y	Y	Y	Y	Y			
40500 Inspection Readiness	B	B	B	B	Y	Y	G			
OSTI Readiness	B	B	B	B	B	B	B	Evaluation has not begun.		
Power Ascension/Mode Change	B	Y	Y	Y	Y	Y	G			
Common Site Programs										
Security		G	G	G	G	G	G			
Emergency Plan		G	G	G	G	G	G			
Training		G	G	G	G	G	G			
Environmental Monitoring		G	G	G	G	G	G			
Organizational Realignment		B	B	B	B	B	B	Evaluation has not begun.		
Year 2K Readiness		B	B	B	B	B	R			

G Satisfactory

R Significant Weakness

Y Tracking to Satisfactory

B Not Assessed

Concluding Remarks

Lee Olivier

**WRITTEN STATEMENT OF JOHN MARKOWICZ, VICE CHAIRMAN
STATE OF CONNECTICUT
NUCLEAR ENERGY ADVISORY COUNCIL (NEAC)**

Chairman Jackson and NRC Commissioners. Thank you for this opportunity to again participate in this public meeting on selected issues related to the Millstone site.

My name is John Markowicz. I am a resident of Waterford, CT, and Vice Chairman of the State of Connecticut Nuclear Energy Advisory Council (NEAC). At prior meetings and in written statements, NEAC Co-chair Terry Concannon and I have described the statutory basis, charter, and activities of NEAC, and unless you require additional information, I will proceed directly to comments applicable to the Safety Conscious Work Environment (SCWE) and Employee Concerns Program (ECP) at Millstone.

I would like to begin by relaying to you a January 11, 1999 experience of Co-chair Terry Concannon at a restaurant in Niantic, CT, a short distance from Millstone. She was approached by a group of Millstone employees, quite by chance and without their knowledge of her association with NEAC. They proceeded to engage her in conversation and made the following points:

1. The workforce realignment is being taken in a positive manner. The fact that it is being implemented from the top down makes it more credible. It is not the little guys who are taking the hit first. (One of the participants in this conversation had recently lost his management position in the realignment.)
2. They were all up beat about Millstone and uttered statements such as: "If we are going to do something, we are going to do it right." "We are winners." and "The ECP is the greatest thing." They also conveyed their feelings that ECP tends to get bogged down in "non-nuclear" issues, but they are "learning to sort them out". Those present preferred going to ECP rather than Human Resources.
3. They made several statements that were uncomplimentary to the NRC.
4. They appreciate that citizens' groups are interested in what they are doing. They want the public to know that they are excellent workers who are aware of the public's welfare, and they would like to get the support and respect that they believe they have earned.

Co-chair Concannon asked that this information be submitted to note that though this was a positive random experience, it indicates that the SCWE and ECP at Millstone while making progress may still be fragile.

I concur with her observations, and on several occasions at public meetings hosted by your staff in Waterford, I have suggested that the order to establish the Third Party Oversight Program (TPOP) not be lifted. I agree with observations by Little Harbor Consultants (LHC), Northeast Utilities (NU), and your staff that there is no need for LHC to maintain full time oversight at Millstone. However, I initially suggested that the NRC relax or modify the order to require LHC to continue in its role, on an on-call basis, until some short time after both the Millstone workforce realignment has been completed and Millstone 2 had been successfully restarted. At the January 11, 1999, public meeting in Waterford, CT, I modified this recommendation in view of the significant concern generated in the community regarding the recently released Office of Inspector General (OIG) Report regarding the discharge of 104 Millstone employees in January 1996. NEAC now suggests, in addition to the foregoing criteria, that LHC remain active as the Third Party Oversight contractor until there is some level of closure to the issues raised in the OIG report. NEAC is concerned about the loss in trust that has occurred with the NRC, particularly among current Millstone employees. In the fragile environment at the site, those employees who are still reluctant to bring issues to the ECP may now be similarly reluctant to bring them to the NRC. Maintaining a LHC presence, even in an on-call capacity, provides these individuals with a relief path, until such time as their confidence in the NRC has been reestablished. In view of the current circumstances, this would appear to be a prudent course of action.

On behalf of NEAC, thank you for this opportunity to address you, and subject to your questions, this completes my prepared remarks.

Very respectfully submitted,

John Markowicz

Jeri Duefrene
28 Lincoln Road
Niantic, CT 06357

January 14, 1999

Dear Dr. Jackson, Dr. Diaz, Ms. Dicus, Mr. McGaffigan and Mr. Merrifield:

I am a proud employee of Northeast Utilities and I am a member of the Ad-Hoc group from Millstone Station. I would like to address the issue of the Safety Conscious Work Environment.

In this past 6 months, I have attended and facilitated the day-long Setting the Winning Standard Workshop which has been given to the workforce and will continue in to February which is when the entire workforce will have attended. I have learned a lot from this experience and have thoroughly enjoyed it, although I was a bit nervous about facilitating. However, having had the opportunity to facilitate the class, it was great to see and hear, first-hand, what the people attending the class thought about it and what their ideas were. It was a very positive experience for me.

This workshop's three high level objectives are: To Understand Millstone's vision of the future, To Embrace our core values and their associated desired behavior traits and To Learn core team skills to help us achieve the vision. Our vision is, "Setting the Winning Standard". It encompasses our Vision Picture, 1998-2000 Performance Plan and our Business Imperative as well as the objectives mentioned above.

The following are a couple of items from the Performance Plan and our Business Imperative. Our Mission is to "Safely and Competitively Serve our Customers with Nuclear Generated Electricity". Our Core Values are: Do What is Right, Respect and Care for Every Individual, Commit To and Practice Teamwork and to Be Customer Focused.

In order for us to achieve success with this Performance Plan we have to address the challenges which we face here at Millstone. Some of those challenges are: Major organizational change, Transition to a deregulated environment and prepare for the auctioning of our nuclear generation facilities by 2004. To Generate a healthy bottom line that will make us competitive while continuing to put safety and quality first.

I understand that in just reading this, it is difficult to understand how the workshop impacts the workforce. I would like to add a few comments from some of those who have attended the workshop:

- ◆ "It gave me a better understanding of the normal response to change. Currently we are in the throws of major changes to the site and this will help me deal with it. Understanding it is the first step in dealing with it."
- ◆ "Allows us to see not only the vision but tools to get there."
- ◆ "I feel it is critical for us all to use this as a tool to get "empowered" for the future."
- ◆ "I am starting to believe that this company is really serious about balance in our lives"
- ◆ "Invest the same level of detail to the whole workforce. Each individual needs to be exposed to the message and to recognize that we can and will be a leader in the Nuclear Industry again."

I do believe in this workshop and the commitment of the workers at Millstone Station. Together we can and will go the distance. The Performance Plan redefines the standards of excellence to which we hold ourselves accountable. With that, we will sustain and continue to improve our Safety Conscious Work Environment, get Unit 2 back on line, and achieve operational and cost effective targets.

Sincerely,



Jeri Duefrene

January 14, 1999

Joseph M. Amarello
20 Bow Lane
Griswold, CT 06351

Dear Commissioners,

My name is Joe Amarello, I work in the Nuclear Training Department at Northeast Utilities and am a member of the Millstone Employees Ad Hoc Group. I am writing to tell you about the strong, positive Safety Conscious Work Environment (SCWE) that I work in everyday at Millstone Station. I started work at Millstone Station in May of 1997 and from the very first day on the job through today I have had complete confidence in my supervisor and manager to support me on any safety issue that I may encounter.

The biggest difference that I see today as compared to when I first started work here is the high visibility and importance that everyone at Millstone Station places on our SCWE. A healthy SCWE is much more than an effective program, it is really more of a way of life here at Millstone Station. I know that safety; nuclear safety, public safety, and personnel safety are my most important responsibilities everyday. More importantly, from a SCWE perspective, I know that my management is absolutely committed to support me in this area.

Sincerely,

Joseph M. Amarello

Attention: Secretary
United States Nuclear Regulatory Commission
Washington DC 20555-0001

Robert E. Barron
1 Old Switch Rd
Hope Valley, RI 02832

Dear Commissioners,

I am Robert E. Barron, Shift Manager Millstone 2 and a Member of the Millstone Employees Ad Hoc Group. I would like to thank you for the opportunity to send this letter to the commission. While I certainly speak for myself, to some degree I also feel that I represent the many other employees at Millstone, and for that matter, Northeast Utilities, who did not have the opportunity to send a letter to this commission.

In the past there have been some problems at Millstone that led to our units being placed on the NRC Watch Plant List. And while I do not wish to take the time to list all of our old problems, I certainly want to take the opportunity to talk about what we have done and where we are going.

We have put in place a Safety Conscious Work Environment. An environment where safety and quality come first! Where each employee is treated fairly and with respect.

I believe that the employees trust management!

They trust management to do what is right and to listen to there concerns. May I add, not just listen to their concerns, but resolve their concerns. The culture surveys and leadership surveys taken on a regular basis over the last two years demonstrate this. Additionally, outside consultants have confirmed this.

We continue to demonstrate Standards of Conservatism. In February 1996 Millstone 2 Shutdown based on a design concern with our HPSI Injection Valves and the Containment Sump Screen size. Millstone 3 shutdown a few months ago to fix a secondary system valve leak. These are only a couple of examples of the many conservative decisions that have been made both at Millstone 2 and Millstone 3. We recognize that doing the right thing, conservative decision making and placing safety and quality as our first priorities will make us a better utility. The Millstone organization is focused on the Millstone 2 recovery and startup, while continuing to support Millstone 3 power operation. We, Millstone 2, have taken lessons learned from the Millstone 3 Recovery and startup and have and continue to apply them to Millstone 2. Meetings have taken place with our counterparts at Millstone 3 so that we demonstrate the best possible performance.

Where needed, some re-organization and re-allocation of resources have taken place and that will continue. A few months ago I was taken off shift and placed in the Unit Coordinator position to develop the 12 week on-line maintenance schedule for Millstone 2. Other resources within the

Millstone 2 Operations Department have been shifted to support movement of the plant toward power operation. Millstone 2 developed a Work Support Center to coordinate work and provide problem resolution to assure that there were no schedule impacts that could safely and conservatively be resolved. All of these items were performed to support the plant as we move from discovery toward power operation

While I was on shift I had the best people in the industry working for me! These individuals are highly dedicated professional Operators who care about doing and being the best. Millstone site is full of the best of the best employees in the nuclear industry, in all levels on our Millstone Team. From the Officer ranks to the hourly employees we have people who could go anywhere in this industry to work but they stay at Millstone because they know we will soon become one of the best Nuclear Units in the country and that applies to all of the Millstone Site. Based on the extensive benchmarking of our industry (went to 6 different plants over the last 4 years) that I have been involved in allows me to make this statement.

They have pride in the accomplishments that we are making as a team, with a unified vision and common goals! They are dedicated to the task of the recovery and startup of Millstone 2 with continued support of Millstone 3's Power Operation. I am proud to work at Millstone! I am proud to work with one of the most talented groups of employees anywhere in this industry.

They are certainly making a difference, both at Millstone and in our communities. The pride and dedication that the Millstone employees bring to work each day is demonstrated through out the Northeast Utilities organization. Each of us works to make Millstone 2 and Millstone 3 the best nuclear plants in the industry.

Sincerely,

A handwritten signature in black ink, appearing to read 'Robert E. Barron', written over a horizontal line.

Robert E. Barron

Thomas Cleary
524 Old Hartford Road
Colchester, CT
06415

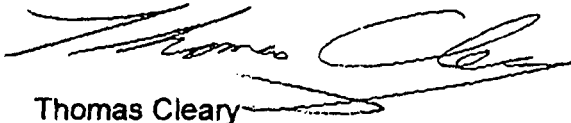
January 14, 1999

Nuclear Regulatory Commission
One White Flint North
11555 Rockville Pike
Rockville, Maryland 20852

Dear Dr. Jackson, Dr. Diaz, Ms. Dicus, Mr. McGaffigan, and Mr. Merrifield:

I am a Senior Engineer and have worked at Millstone Station for over (15) years. I am proud that I work in a field and at a location where professionalism and responsibility are core values. I have witnessed the successes and failures at this station. It is my opinion that Millstone Station today exemplifies the best in Safety Conscious Work Environment, not only in our industry, but perhaps in any industry. This station no longer resembles the station which deserved and received the order regarding treatment of workers raising safety concerns. I respectfully ask that the order on this matter be lifted.

Sincerely,



Thomas Cleary

MA: Box 83 Shelburne Falls, MA 01370

P/F: 413-339-5781/8768

CT: 54 Old Turnpike Road, Haddam, CT 06438 P/F: 860-346-2157

VT: C/O Box 566 Putney, VT 05348 P/F: 802-387-4060

NH: 9 Evens Road, Madbury, NH 03820 P/F 603-742-4261

NY: 924 Burnet Ave, Syracuse, NY 13203 315-472-8478/7923

CITIZENS AWARENESS NETWORK

January 19, 1999

Dr. Shirley Jackson and Commissioners
US Nuclear Regulatory Commission
Washington, DC 20555

Re: CAN'S COMMENTS TO BE READ INTO THE RECORD DURING THE JANUARY 19, 1999
NRC COMMISSION MEETING REGARDING MILLSTONE'S RECOVERY.

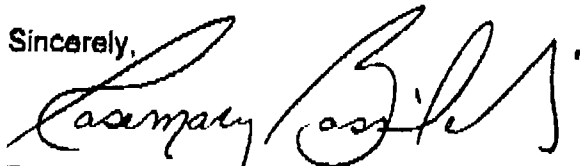
Dear Dr. Jackson and Commissioners:

We are concerned by the findings in the recent Office of Inspector General Report 99-01S dated December 31, 1998. Your agency's decisions not to take enforcement action for a Severity Level 1 violation and to dismiss claims of discrimination by a number of Millstone employees when no investigation was conducted, leads us to conclude that your agency continues to be incapable of enforcing its own rules and regulations. It also leads us to conclude that the decisions your agency has made to date, including the decision to permit the restart of Unit 3, are suspect. We have no reason to believe that the future offers any change.

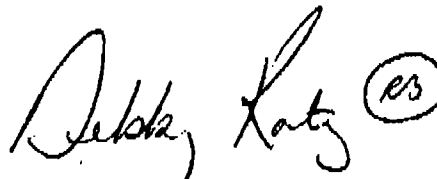
CAN pointed out in our November 25, 1996, 2.206 petition to the Executive Director of Operations, "...the Commission must confront its own chronic, systemic failure to enforce its regulations". Again, at the June 2, 1998 Commission meeting, we stated that your agency's failure to regulate at New England reactors did not begin on your watch, but it was found on your watch. The question was whether or not you would act to rectify your regulatory deficiencies. Your lack of corrective action within your own agency is unacceptable to us. You have failed not only reactor workers, but you have failed the people living in reactor communities. We can no longer afford your agency the time to become an effective regulator of this inherently dangerous industry because our very lives are at stake in this process.

We therefore request the immediate shutdown of Millstone Unit 3 and that Millstone Unit 2 remain shutdown until a congressional investigation of your agency has been conducted and we have sufficient reason to believe that you are capable of protecting the health and safety of reactor workers, the public and the environment.

Sincerely,



Rosemary Bassilekis
Researcher
54 Old Turnpike Road
Haddam, CT 06438



Debby Katz
President
P.O. Box 83
Shelburne Falls, MA 01370

FISH UNLIMITED, Inc.
P.O. Box 1073
Shelter Island, NY 11965



Phone: (516) 749-3474
Fax: (516) 749-3476

The Leader in Fisheries Conservation
Established in 1989

Dr Shirley Jackson
Nuclear Regulatory Commission
Washington, DC 20555

Dear Dr Jackson and Commissioners:

Fish Unlimited has reviewed the Office of Inspector General Report #99-01S dated December 31, 1998. The report documents an extremely troublesome cover up by NRC of Northeast Utilities retaliatory dismissals of whistle blowers at the Millstone Nuclear Reactor Complex. It is clear from reading this document that the NRC lied to whistle blowers and public the retaliatory firings were illegally swept under the rug to speed the start up of the Millstone 3 reactor.

Your personal misconduct in this matter has placed the public at a heighten risk of nuclear catastrophe, and furthermore your misconduct has swept away any pretension of credibility with the public

Based upon the findings of the Office of Inspector General Fish Unlimited calls upon the NRC to suspend Northeast Utilities license to operate Unit 3 and to shut the facility down permanently.

Sincerely,

Bill Smith, Executive Director

FISH UNLIMITED, Inc.
P.O. Box 1073
Shelter Island, NY 11965



Phone: (516) 749-3474
Fax: (516) 749-3476

The Leader in Fisheries Conservation
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January 18, 1999

FOR IMMEDIATE RELEASE

5 BILLION FLOUNDER KILLED AT MILLSTONE OVER 10 YEAR PERIOD

NUMBER MAY BE MUCH HIGHER

Shelter Island, NY – Fish Unlimited – *The Global Leader in Fisheries Conservation* announced today that as a result of their investigative efforts, they have confirmed that the three nuclear reactors at Millstone killed at least 5 BILLION juvenile flounder between 1986 and 1996. These fish were killed with hundreds of millions of others, as well as shrimp, crabs, lobsters, plankton and other sealife including striped bass, bluefish and weakfish, by becoming trapped in the water intakes in Niantic Bay used to keep the reactors from melting down.

“This is an alarming finding, and one that we will be looking into much more,” said Bill Smith, executive director of Fish Unlimited. “These reactors have been perpetuating a carnage on the marine life of Long Island Sound for decades and no one has done anything about it until now. Where has Connecticut’s Department of Environmental Protection (DEP) and other agencies charged with protecting our environment been?”

Through Annual Reports issued by Northeast Utilities and Connecticut DEP Fish Unlimited was able to obtain and confirm these alarming figures.

"This massacre of juvenile flounder may very well play a role in the collapse of the fishery throughout the area, and this will be the focus of our efforts now." Smith continued "We will be closely looking at this and other effects these reactors have on Long Island Sound, and holding Northeast Utilities responsible for all that we find."

For more information contact Fish Unlimited at 516-749-3474.

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