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Title: MEETING WITH COMMONWEALTH EDISON

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UNITED STATES OF AMERICA

NUCLEAR REGULATORY COMMISSION

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OFFICE OF THE SECRETARY

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MEETING WITH COMMONWEALTH EDISON

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PUBLIC MEETING

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Nuclear Regulatory Commission

Room 1F-16, Building 1

One White Flint North

11555 Rockville Pike

Rockville, Maryland

Tuesday, March 2, 1999

The Commission met in open session, pursuant to notice, at 9:33 a.m., the Honorable SHIRLEY A. JACKSON, Chairman of the Commission, presiding.

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NRC COMMISSIONERS PRESENT:

Nils J. Diaz, Commissioner

Greta J. Dicus, Commissioner

Jeffrey S. Merrifield, Commissioner

Edward McGaffigan, Jr.McGaffigan, Commissioner

INDUSTRY ATTENDEES PRESENT:

Oliver Kingsley, Commonwealth Edison

Christopher Crane, Commonwealth Edison

H. Gene Stanley, Commonwealth Edison

David Helwig, Commonwealth Edison

John Rowe, Unicom

NRC STAFF PRESENT:

William Travers, EDO

Roy Zimmerman, NRR

James Dyer, Region III

Geoffrey Grant, Division of Reactor Projects

ALSO PRESENT:

Annette Vietti-Cook, Secretary of the Commission

Karen D. Cyr, General Counsel of the Commission

P R O C E E D I N G S

[9:33 a.m.]

CHAIRMAN JACKSON: Good morning, ladies and gentlemen.

The purpose of today's meeting between the Commission, among the Commission, Commonwealth Edison Company and the NRC Staff, is to discuss the results today of Com Ed's efforts to address the cyclic performance of its nuclear facilities. Good morning, gentlemen.

And this is the -- it's not the fourth meeting overall, but it's the fourth in a series of meetings the Commission has held with the company to discuss progress and results of their actions to improve performance and put an end to cyclic up-and-down performance.

In January 1997, the NRC issued a formal request for information pursuant to 10 CFR 50.54(f) requiring Com Ed to explain why the NRC should have confidence in the company's ability to operate its nuclear stations safely, while sustaining performance improvements at each site. And the letter also required the company to describe criteria which would be used to measure performance at all of its nuclear stations.

Com Ed responded to that letter in March 1997, describing a combination of actions which it said would meet the challenges before the company.

In January 1998, the company transmitted to the NRC its strategic priorities and management processes; that is, strategic reform initiatives that were developed to improve the nuclear program. These initiatives were intended to support four overarching goals established by Com Ed: namely, operational and technical excellence; material condition; organizational alignment; and work force engagement and effective leadership and management.

The initiatives envelop the commitments made by Com Ed in their March 1997 response to the 50.54(f) letter. Com Ed recently provided the Commission with a brief assessment of the Quad Cities station.

During today's briefing, we hope to hear about those areas where actions taken under the auspices of the strategic reform initiatives have clearly addressed cyclic performance issues and how success has been measured in this area.

In addition, for areas where performance has not met established expectations, we would be interested in an honest discussion of the feedback mechanisms and management tools that will allow the efforts to be refocused.

After presentation by Com Ed, the NRC Staff will present its assessment of the performance of the company's nuclear plants, and I believe he is here -- we welcome Mr. Jim Dyer for his first Commission meeting, as regional

administrator for Region III. I ran into him this morning. Anybody who would move to Chicago in the winter is a good man.

[Laughter.]

MR. KINGSLEY: That's right. Excuse me.

CHAIRMAN JACKSON: You know yourself.

So I understand that copies of the briefing materials are available at the entrances to the room, and I welcome the representatives of Commonwealth Edison this morning, and unless my colleagues have any additional comments, Mr. Rowe, happy to have you here, and you may proceed.

MR. ROWE: Thank you very much, Chairman Jackson, members of the Commission.

If Brother Kingsley's wife were present, she would say that any man who moves to Chicago in the middle of the winter must have a very tolerant and patient spouse, and were she here, she could say that for herself, but I wouldn't wish to leave her unrepresented. Or perhaps even my own.

We are pleased to be here again. This is my second in this series of meetings. Whereas in June we could say that we had a few buds of progress in meeting the challenges of our operation and the challenges set forth in your 50.54(f) letter, I believe we can now claim substantial

and tangible progress. Yet it is only a beginning, I think now a very real beginning, but only a beginning, and the first obligation that I have as CEO of the company is to make it clear that I understand, that my board understands what you know, that Oliver Kingsley and his team understand, and that is that this is a never-ending, continuous improvement effort. The first day we come in and tell you that we have whipped all of these challenges is the day that you will probably start finding a whole lot of new problems again. So we don't intend to let that day happen.

My own role in this -- and this is both as CEO and to some extent as a representative of the board of directors -- has been first to emphasize the need for consistency in our commitment to superior performance in our nuclear fleet. It is very clear that some of Com Ed's past woes came from inconsistency in management and direction, and we must make it very clear that we will operate these units in a superior fashion, by your standards, by NRC standards but, perhaps most importantly of all, in a spirit of continuous improvement in our own house. I am doing my best to convey that attitude, and my colleagues who are here today are even better at it.

The second thing I can do is to try to make certain that Oliver Kingsley is backed by a strong and developing management team which can inculcate the

commitment to excellence down into the roots of the company. We have a long way yet to go in that regard, but the progress is real, as you will see from the group of people who are here with Oliver today.

We are making the commitments to have good people in all jobs. We are continuing to make changes where we have to, but we are trying to do that with people who have been with us a while where we can, and we are constantly holding people deeper and deeper to a higher sense of clarity and consistency.

Finally, it is my job to make certain that the flow of resources, both financial and managerial, is consistent with the needs of the operation. I have tried to balance my economic responsibility for the company with this need for a commitment to operational excellence, by laying down a broad standard of economic performance, which is simply if the units cannot be operated in a superior fashion at going-forward costs which are consistent with the market value of their output, they will be shut down. I have made that statement in virtually every set of remarks I make with employees.

Now within that broad competitive umbrella, I have made it very clear that our nuclear generation group will get the resources it needs. They are making their budget recommendations to us, and my finance people and I are

accepting them. It is not going the other way around. They are making it kind of easy because they are committed to productivity in a way that is at least as skillful as anyone else in our shop. But the important thing is that we have learned the lesson that disrupting nuclear planning cycles for annual budget requirements doesn't save you money, it costs you money and, therefore, we are committed to consistency in the flow of resources.

I have attempted over the past year, and it is now something like 50 weeks since I started at Com Ed, to add what I can to the nuclear operation without getting in the way, and sometimes a CEO has to pay a little attention to the Hippocratic oath and know that your first duty is to try to do no harm, since CEOs are usually having an impact whether they like it or not.

I have visited each of our nuclear stations at least twice, some three or four times. When I do, I meet with both management and union employees. I have seen a number of things getting better, particularly the commitment to improving material condition, the commitment to increasing attention to the operability of safety systems, and the operability of all plant systems, and in the detail of professionalism in planning.

On the other hand, we still have a long way to go in getting every employee, management and union, to

understand the importance of rigor all of the time. Oliver is working on that.

Our performance in the past eight months includes very successful refueling outages at Braidwood, Quad Cities, Byron and Dresden. It includes the successful start-up of LaSalle 1 in August, and both Quad Cities units in late May and June. It includes significant improvements in the indicators used by INPO and significant improvements in most of the other tangible things we can look at, particularly capacity factors. One that I know will be addressed here today, because it properly troubled the Commission when we were here last June, is the reductions we have had in scrams and in half-scram conditions, and my colleagues will emphasize those.

It is very clear that meeting the challenge the Commission laid out in the 50.54(f) letter required nothing less than a complete change in the management structure at Com Ed. It required a CEO who would seek at most to do no harm, at best to help. It required a new chief nuclear officer, and Oliver Kingsley, who is here with me, has filled that role superbly and without doubt deserves the lion's share of the credit for the turnaround that I really believe is beginning and yet, of course, it requires a team that is much broader and deeper than any one person.

One of the things that Oliver hopes to show you

today is that we are building a management that shares his values, and that decreasingly this will be a one-man show. It is terribly important that we get breadth and depth in all of this, and we are working on both.

Oliver is here with me to my right, as is David Helwig, our senior vice president of nuclear services, who will discuss our 13 strategic performance initiatives. Chris Crane, our relatively new vice president for BWR operations, will review those units, and Gene Stanley, who has been with the company a substantially longer period, will discuss the PWR operations, and Oliver will close.

We also have with us today Steve Perry, Jeff Benjamin, Rod Critch and Jennie Brown, each of whom is a vice president on the nuclear team and will be available to answer questions where needed.

We are fortunate that Bill Starr, who is president of the union that represents something like 9000 Commonwealth Edison employees, is here with us. Bill is willing to answer questions already.

CHAIRMAN JACKSON: Why don't you raise your hand? I think we know a number of people.

MR. ROWE: Bill is generally -- he's usually a little taller than most folks in the room. So it's one of his negotiating tactics, is to be very big.

CHAIRMAN JACKSON: I clearly failed then.

MR. ROWE: Me, too, but Bill is here to answer any questions you may have about the issues between labor and management in the company. Let me say that we do have issues, everyone does. We have more than some folks do. But Bill and his colleagues in the union leadership are keenly aware of the importance of high performance at the plants to the long-term jobs of their employees, and he and Oliver, and David Helwig, and Gene Stanley are working together more every month in an effort to find mutually beneficial ways of addressing them.

Finally, for my own part, I continue to be focused on setting high standards for sustained nuclear performance, for making it clear that the plants are economically accountable in the long run, but will not be jerked around on day-to-day or year-to-year basis, for providing the management talent that is needed, and for assuring stability in the flow of resources. With that, I will defer to Oliver unless the Commissioners have any questions of me at this time.

MR. KINGSLEY: Thank you, John. Good morning, Chairman Jackson, Commissioners.

May I have the first slide, please?

I want to share my perspective on what the ComEd team has accomplished since we were here last June. Let me start by saying that we are a significantly improved nuclear

program compared to performance of the past. We are going to show you a number of specific improvements that me measure throughout our presentation. This improvement has been achieved through focus on fundamentals and insistence on high performance standards.

But at the same time, I want to make sure that each of you clearly understands that we are not ready to declare victory, by no means finished. Much additional work remains to be done. We are going to outline this throughout our presentation, where improvements are needed and how these improvements are being made.

May I have the next slide?

COMMISSIONER MERRIFIELD: Chairman.

CHAIRMAN JACKSON: Yes, please.

COMMISSIONER MERRIFIELD: I have one question I would like to start off with. And I think you may want to follow through on this as you go through the presentation.

MR. KINGSLEY: Okay.

COMMISSIONER MERRIFIELD: You have a variety of plants, some of which are very good performers and some of which aren't. And one of the issues that you deal with, having that many plants, is making sure, as you say, to act as a team so that you won't have a series of nuclear islands. So, as you go through your discussion, I would be interested in learning about the communication and

cooperation that you have been able to develop throughout those plants, so that there is that cross-learning between the plants so that the lessons learned at your good performers are filtering down, as they should, to your --

MR. KINGSLEY: Let me just deal a little bit with that now. We have what we call peer teams, this would represent areas such as maintenance, operations, chemistry, rad con, work control, engineering, et cetera. There's around 15 of these and we have an executive sponsor. They meet monthly, they tackle issues.

We have a great deal of interactive communication with our plants on both a general basis. We have a 7:30 morning call where we go through in some detail performance on the plants. One of the questions we always ask is whether, if it is an issue at Dresden, is it an issue at Quad? If it is an issue by Byron, what about Braidwood?

We also deal with specific issues, and we have had several events which we are not satisfied with, even though not major, programmatic backdowns, and then we critique those and take those across all five sites. And it is encouraging to see the sites start to take these issues, and without being prompted by Oliver Kingsley or David Helwig, start addressing -- well, the people at Quad say we have already checked into that, Mr. Kingsley, when Dresden has an issue.

And then we also have a very structured oversight process out of our corporate office, and this is not just nuclear oversight, it is all the functional areas that David has and the area of training that Steve Perry has, where we take these areas and the oversight insures consistency.

We are still working very hard on putting in a number of fundamentals, I am going to talk to you about that, where we take these fundamentals and, say, where they are missing at a plant like Quad Cities, and ensure that they are in place on Byron to Braidwood, but we spare no one in this. So we will weave this in through our presentation today.

MR. ROWE: Oliver, if I could just add something. One of the kind of root cause issues that has haunted the ComEd nuclear program in the past has been that successes and good results have been largely the result of initiatives at individual stations which were inconsistent.

MR. KINGSLEY: Right.

MR. ROWE: And there was not a sense of respect for the nuclear generation group leadership and its contribution that allowed successes at one station to be generalized, or, indeed, problems at one station to be generalized and dealt with on an across the board basis.

It is very clear to everyone now that the center of gravity in the nuclear management is the NGG group

leadership, Oliver, David Helwig, Gene Stanley, Chris Crane, Steve Perry, and because these people have the standards and the commitment to excellence and the personal force, both through corporate authority and through genuine strength of character themselves, you know, we are slowly making NGG a real value added group in generalizing from these experiences instead of corporate seagulls, or whatever those kind of expressions are.

MR. KINGSLEY: Yeah, there are some more things with common staff meetings, we have monthly, we have quarterly business plan reviews. We have a common set of metrics now in all the plants that I brought, where we track the performance, so there are a number of things we are doing, because it is quite important, the question you asked.

I would like to have the next slide, please. And review with you -- it is also in your handout, it is a little difficult to see, the tangible results that we have achieved since we were here in June. These are four of the high level indicators that we track among many others. I mentioned the overall performance tracking we do. Our capacity factor is up to 71.2 percent, that is a full 22 percentage point improvement over 1997, a much higher percent than that.

Our average INPO index, and you can remember that

being released in the notes that INPO released, is not approximately '82. That is a weighted average of a number of indicators, whether it be a capacity factor, unplanned capability loss that track plant operations, safety system reliability, personnel and radiation safety, and is a common metric used on all the plants. We are at our best ever, first time over 80 on these plants.

I am going to show you later, in fact, you can see it on there, where the top quartile performance is on all of these, and the median.

CHAIRMAN JACKSON: Well, do you know, Mr. Kingsley, what is holding you back, what is going to get you that last?

MR. KINGSLEY: Oh, we got it, it is coming up right here in the -- we have got gap analysis. We are going to show you what the gaps are. I am going to take one example and then we will deal with that later in the presentation, Chairman Jackson.

CHAIRMAN JACKSON: Okay. And do you believe that improvements in material condition have led to your -- are linked to your improvements in capacity factor?

MR. KINGSLEY: Yes, absolutely.

CHAIRMAN JACKSON: Okay.

MR. KINGSLEY: A big improvement, particularly in the forced outage rate, which is on this chart. Unplanned

scrams, we talked about that at our last briefing. All of you know the 1998 total, particularly in the first half of the year, was not satisfactory. We have been actively implementing scram reduction initiatives on all five of our sites. We were behind the curve, but you can see that this work has proven to be fruitful and the results are bearing out. We have had one scram here in the last eight months.

COMMISSIONER McGAFFIGAN: Madame Chairman.

CHAIRMAN JACKSON: Yes, please.

COMMISSIONER McGAFFIGAN: Have you had manual scrams during this period? Because, I mean as you probably are aware, the performance indicator, the staff is recommending it --

MR. KINGSLEY: We had one manual scram on LaSalle Unit 1 during the startup test program. It involved a feedwater event, one that we are in the checkout process. The operators did exactly the right thing, and then we took a number of corrective actions, particularly with indication. But that is the only other scram that I am familiar with during that period of time.

COMMISSIONER McGAFFIGAN: Okay.

MR. KINGSLEY: Our forced outage rate that Chairman Jackson mentioned is down considerably, 1.7 percent. That is below the median of the industry, below the average. It is a result of material condition

improvements, and a number of improvements we made in general operating practices also, which has led to some of this.

Behind all this, we made specific improvements at each site. Each station surpassed its capacity factor goals. We completed the outages that John mentioned, and did a very good job with that. And we made a number of general improvements at each site.

And we are going to talk to you in detail about the plants. May I have the next slide?

Our assessment of the root causes of ComEd's cyclic performance show clearly that focusing on the fundamentals was essential and this was the basis of the SRIs. In addition, our management team was weak. We strengthened that management team and I am going to talk to you about that. We put a lot more talent in place.

Since I have come aboard we have hired in addition to myself some 29 new managers -- 11 senior managers. Each one has turn-around experience, which is important. We brought in 18 high level middle managers, the vast majority of whom have turn-around experience. Overall we have added well over 100 key people. This has resulted in much stronger, more cohesive leadership being demonstrated, both at the corporate office and even more importantly at the sites.

We are clearly focused on problem resolution and to resolve those problems we made a number of operating practice improvements which was missing. We made improvements in material condition. We have upgraded engineering and other essential programs. We have worked very hard on event investigation and associated corrective action. The strategic performance initiatives have helped us establish the fundamentals by defining standards and expectations. It's also put a rigor in the organization of having milestones -- we have to have this done by a certain time -- and it has helped us put in these "how tos." Dave is going to talk about that when he speaks later.

We have also worked very hard on standardizing programs and processes. This was missing. It was one thing at one plant, one at another. We did not have a best practice system and we have made considerable progress on that.

Common themes in all these improvements are clear. We defined standards and we set expectations with those standards. Results -- we focus on results. We monitor performance. We check it very carefully. We have accountability for results. I clearly tell the people well, it's good, it's one thing to work hard but you have got to get results. You have got to get to the bottom line here.

We have got strong leadership. Our corporate

office now provides support, helps the plants solve problems, and we have got correct oversight.

Collectively these actions effectively address the issues that led to our previous cyclic performance and we will continue to support sustained performance going forward.

May I have the next slide?

COMMISSIONER MERRIFIELD: Madam Chairman?

CHAIRMAN JACKSON: Please.

COMMISSIONER MERRIFIELD: I am a new Commissioner but I know that ComEd has come in before the Commission a number of times and frequently has talked about -- going back to this slide -- more effective leadership, problem resolution, performing strategic initiatives, process improvements. I mean these are not new concepts that have been discussed by ComEd, so it would be useful for me to understand how what you are doing in 1998 is truly different and the extent to which we can be confident that you will be able to follow through on this as the years move forward.

MR. KINGSLEY: Would you like me to talk about that now?

CHAIRMAN JACKSON: I think it would be better to allow them to talk about the results, because in the end that is where the confidence has to lie.

MR. KINGSLEY: Right.

CHAIRMAN JACKSON: And you know that I believe that management is as management does.

MR. KINGSLEY: That's right, and if we don't produce, all the talk in the world is not worth anything.

CHAIRMAN JACKSON: Absolutely.

COMMISSIONER MERRIFIELD: I would be happy to withhold that but I would like you to address it later on.

MR. KINGSLEY: All right, we will.

MR. HELWIG: It will come up in my remarks as well.

MR. KINGSLEY: It is different and we would like to explain that to you. The fact that we are talking about improvement does not imply that we think we are there. We are not close to declaring victory. We are not complacent with our achievements. We are just simply not there.

We have to achieve and sustain long-lasting improvement in many areas to reach top performance. One of our top responsibilities has been for ComEd to take responsibility for its own performance. We were not doing that.

We were not defining our own performance standards. In other words, we were relying on the Institute of Nuclear Power Operations and the NRC to kind of instill performance into an organization. That does not work.

We have discussed this with you many times before.

We talked about it. I can remember vividly at the November 4, 1997 meeting I had to talk about this in some detail, but I am now able to report specific progress on how we are putting action into this utility responsibility or ComEd responsibility.

We are focused on the rate of improvement. We call this Delta X and Delta T. Commissioner Merrifield, you weren't here -- that's just a rate -- and we are also focusing on closing the performance gap.

CHAIRMAN JACKSON: Delta X -- and Delta X?

MR. KINGSLEY: That's right. That's that Delta X.

We are working hard on continuing this positive route and we also have a definitive plan that we want to talk to you about where we are going to meet and surpass industry standards.

We continue to work on instilling standards throughout the organization. We are doing this in a number of ways -- through management oversight and support that I have talked about, so we are making our first-line supervisors more effective; through coaching and teaching at all levels; through accountability for performance; through more effective communication with employees, and I am quite proud of what we have been able to do here.

Bill Starr is here. We have worked very hard on improving the relationship with the International

Brotherhood of Electrical Workers and we are making progress, forging an effective partnership with the IBEW and achieving high performance. We cannot do it without having a good partnership.

CHAIRMAN JACKSON: Are you going to talk a little more about that, and are there site-to-site variations in terms of union relationships?

MR. KINGSLEY: Yes, there are.

CHAIRMAN JACKSON: And are there any particular hard spots?

MR. KINGSLEY: No, I don't know of any big hard spots we've had lack of consistency. We had I'd say a huge issue with lack of trust. We'd say one thing and do another. We've had -- I mentioned consistency, which bodes for problems. We'd do it one way at Dresden, we'd do another at Quad Cities. We're working very hard right now on an operations package that we're still negotiating of putting some consistency in and having this be a win-win. We have done an in-depth review of grievances, you know, what's behind those. We've settled a number of grievances such as at our Dresden plant. So we've put a number of issues behind us, but we still have work to do here.

CHAIRMAN JACKSON: You know, there have been reports in the trade press about, you know, there have been complaints of high overtime usage --

MR. KINGSLEY: Right.

CHAIRMAN JACKSON: And contentions --

MR. KINGSLEY: Um-hum.

CHAIRMAN JACKSON: That this impacts the operator's ability to operate safely. I mean, is there anything in your collective bargaining agreement that you'd be looking at that relative to whether it's forcing some -- number of hours?

MR. KINGSLEY: We are looking at it, and Gene Stanley is going to talk about it in detail. We are addressing some issues in the collective bargaining agreement. However, overall high overtime is down from '98 -- from '97. We don't see that as a big issue, but we're going to talk to you in detail about that.

CHAIRMAN JACKSON: But the real question I have is do your employees appreciate that fatigue impacts fitness for duty and that they can be excused if they're unfit due to fatigue?

MR. KINGSLEY: I think they do.

CHAIRMAN JACKSON: Okay.

MR. KINGSLEY: Just a little bit on priorities going forward. We're going to work -- continue to work on institutionalizing the fundamentals throughout the work force. We've got work to do, make these improved practices a way of life, continue to identify and correct problems and

take each of our sites to the next level of performance.

May I have the next slide.

This is also in your handout. As I stated earlier, we've got a lot of work to do, but we also know what this work is. And let me explain our workdown process.

This slide is fairly busy, and I want to talk to it in detail. There are some important concepts in it. First is we have defined annual performance targets for 1999, 2000, and 2001 in our business plan. And we do have a good business plan now. Each target has detailed action plans for each year in this business plan. We will be at top quartile performance or better by the year 2001. And I want to talk to you about how we're going to achieve that.

First step we've done is to benchmark ourselves against top industry performance, gap analysis. And the slide gives a specific example in one area. This is what we -- how we figure out what delta x is. We've talked about that. You wanted us to come back and show you that.

We've got this against the very best top quartile. We've done it in all areas, capacity factor. We've broken it down. INPO index, each nine elements. Cost, outage performance, and it goes on. So we've done some very good work there, but more importantly we've got action plans in place to close these gaps, action plans, and we do follow up and we do hold people accountable for implementing these

action plans.

CHAIRMAN JACKSON: Let me -- may I ask you a question? Let me ask you a question. By source-term reduction, do you mean contamination cleanup or cleanup from previous spills --

MR. KINGSLEY: Primarily in source term it's in decontamination, hot spots --

CHAIRMAN JACKSON: Right.

MR. KINGSLEY: In piping, hot spots in the reactor.

CHAIRMAN JACKSON: Right.

MR. KINGSLEY: We've got details today. We can talk about that.

CHAIRMAN JACKSON: Um-hum.

MR. KINGSLEY: And we've also done a great deal with kind of recovering the plant. I think at one time Quad Cities had 22 percent contaminated floor space. That means you just can't hardly go in areas. And we've got that down to less than 2 percent. In fact, I believe it's less than 1 right now. That's also in our indicators that we track.

CHAIRMAN JACKSON: Yes, because I remember once I guess it was visiting Dresden, you know, I don't often get, you know, a net dose from visiting nuclear plants.

MR. KINGSLEY: Um-hum.

CHAIRMAN JACKSON: And I did --

MR. KINGSLEY: Um-hum.

CHAIRMAN JACKSON: Visiting Dresden.

MR. KINGSLEY: Um-hum.

CHAIRMAN JACKSON: And so it's been a particular issue of mine with ComEd.

MR. KINGSLEY: Well, we've been an outlier.

CHAIRMAN JACKSON: Right.

MR. KINGSLEY: The bottom of the barrel. We are making big improvements.

CHAIRMAN JACKSON: And let me ask you one last question. Have you explored what a risk-informed in-service inspection might mean to collective radiation exposure for your plants?

MR. HELWIG: Yes, ma'am, we have. We've been following the pilots done on that at the other plants, and we'll be pursuing that subject in our business plans here in the next couple of years.

CHAIRMAN JACKSON: Okay. All right. Thank you.

MR. KINGSLEY: I'd like to illustrate on this chart real quickly. We just pick the INPO index. It is charted. On the left-hand side it shows the end of year 1998, and then it shows our target for the year 2001. This is above the top quartile in the industry. We've got the gaps broken down. And on the right-hand side we've picked an example. Sounds like we picked the right one in

radiation exposure for Quad Cities. It's an outlier.

We've broken this down into every aspect above the top quartile, and then we've got specific plans in place both on an annual basis, both on a refueling basis, both on a mid-cycle source-term reduction. Refueling outage duration. ISI program. And I won't go into all of those, but it's in there. And the sites are held accountable.

So I wanted to leave you with a message. We've got specific plans in place, and we are going to take these sites to the next level.

Now I'd like to have David Helwig, subject to any questions, move on and talk about the strategic reform initiatives.

David?

MR. HELWIG: Thank you very much.

As the Chairman and Oliver mentioned, the 13 SRIs were formulated to focus our efforts on breaking our historic pattern of cyclical performance. They also proved to provide an effective mechanism to communicate with our work force and other constituencies about what our focus is and what our priorities are.

Collectively the 13 SRIs were designed to arrest this cyclical performance by providing a focus on performance and results throughout the entire organization; by defining clear expectations and standards; by putting in

place the basic processes and fundamentals essential for improved performance; by establishing clear roles and responsibilities throughout all facets of the organization, and, lastly, ensuring more effective oversight.

The implementation of each specific action set forth under these SRIs has now been completed, but in truth we're really never done. These are really areas of management focus, and we have really just merely succeeded in laying the foundation for continuous improvement.

Next slide, please.

MR. KINGSLEY: This is one of the differences of what was not there and what's now in place that Commissioner Merrifield asked about.

MR. HELWIG: Could I have the next slide, please?

Upon completion of the action plans under each of these strategic reform initiatives, we have conducted what I call targeted and focused effectiveness reviews. The SRI owners, such as myself, were responsible to arrange for an assessment of what had been accomplished, given the variation in the topics that these SRIs covered, the means of performing the effectiveness reviews varied accordingly, but each represents a thorough self-assessment of what's been accomplished and what remains to be accomplished.

In each case, we validated that the original purpose of the SRI had been satisfied. In other words, the

fundamental processes were defined, were put in place, and were in use. We also identified areas requiring further improvement through these self-assessments.

CHAIRMAN JACKSON: What are some of the major areas for improvement that have been identified common to all the sites? Can you --

MR. HELWIG: Yes, ma'am, I've chosen two examples that I'll use in the next several slides --

CHAIRMAN JACKSON: Oh, okay. Then I'll wait. Fine.

MR. HELWIG: To illustrate that.

CHAIRMAN JACKSON: Fine. Um-hum.

MR. HELWIG: In addition to these targeted reviews for each of the specific SRIs, we will be performing an overall effectiveness review. We've now prepared an assessment plan for that. We've assembled four teams, and we'll be conducting this overall effectiveness review starting the end of March, latter part of March, and concluding in mid-April. Following the conclusion of that review, the findings will be presented to our senior management team and we'll disposition all those findings as input to our continuous improvement processes.

Can I have the next slide, please?

CHAIRMAN JACKSON: Where are your outside experts?

MR. HEWLING: They've been drawn from our nuclear

safety review boards that include outside participation -- Mr. Cain, Sylvia, Isanhan and Townsend -- all of whom are outside members of our nuclear safety review boards, which gives them intimate familiarity with our issues, our performance, and the areas that require attention.

Other team members have substantial experience, evaluation type experience, through assignments at the Institute of Nuclear Power Operations and assignments like that, experiences such as that. So we have a diverse background of people from within the organization, from the sites, from our corporate organization and from outside of the company.

I have selected two of what I consider to be the most important and fundamental of the SRIs to illustrate the results of our internal effectiveness reviews.

NGG-1 was our initiative to strengthen performance monitoring and management. Of course, it's absolutely fundamental to have the right measures in place and to pay attention to them as a management team and use them effectively.

Beginning with the accomplishments, out of our effectiveness review, we verified and validated that in fact we had established a set of comprehensive, consistent and integrated top-level and supporting performance measures. There are about 50 top-level performance indicators that we

use for all of the plants and compile them for an overall view of performance across all the sites within the NGG, and about 120 additional lower level and supporting indicators that are compiled behind this on a monthly basis for each and every one of the sites. I didn't bother to bring all five of those books -- it makes quite a volume of material when you line them up -- but it's a very valuable tool for us.

One of the things that I think has been exceptional about what we have accomplished here compared to what I've been able to be involved with elsewhere and accomplish is that all of these performance measures are lined up with our goals and the gap analysis and improvement initiatives that Oliver was describing that are imbedded in our business plan. So it's an integrated set of measures, goals, improvement initiatives to get us to the performance levels that we intend to get to over the next couple of years.

In fact, having set up our performance measures in this way, we do not need to have a separate management process for their use and implementation. They're inherent in the way we manage. As a result, we've got an integrated process where these are used for our day-to-day management, in our monthly review meetings, in our staff meetings, in our business plan performance review meetings to keep us

constantly focused on what our actual performance is and what progress we're making along our improvement initiatives in each and every area.

In this example of this SRI, the remaining focus area that we identified -- we called it focus area -- that means where we're supposed to continue to improve -- we identified that we were not as effective yet as we need to be in the use of this information for trending and analysis, requires at the moment -- it varies a bit from site to site, but I would characterize it requires a great deal of discussion to pursue the insights behind any measure that you want to understand its trend. That is the key area that we identified for further improvement. I personally believe that's a maturing process as we learn how to use these and install that throughout the organization.

The second example I've chosen for discussion is NGG-3, ensuring excellence in plant material condition, as you asked about earlier. I believe that our improvements in this area have most definitely contributed to the improved performance that we've been able to demonstrate within the past year.

This material condition issue is absolutely fundamental to plant reliability and, of course, to the degree of challenge that the operators face during day-to-day operations or when faced with a transient.

In terms of accomplishments here, we have, number one, adopted industry best practices for work planning and management. To your point, Commissioner Merrifield, there was very little done in terms of standardization across all of the sites. This is an area where we have done extensive work in identifying best practices from elsewhere, bringing them into the company and standardizing them across all of the plants.

We've also put in place a coherent system for measuring the health of our systems or the condition of our station systems. This includes but is not limited to maintenance rule considerations.

We have also developed a comprehensive model of the processes that support material condition improvement and have a complementary set of performance measures for all the important aspects of those processes. This again has been accomplished across all of the organization in a very highly organized and standard way.

Finally, we have established standard methods for reporting and communicating on our material condition and our progress on material condition improvements at each and every one of the sites.

To your question earlier on teamwork and cooperation amongst the sites directly related to material condition issues, as a matter of fact, on this morning's

conference call amongst all the sites going over issues and comparing notes, our Dresden plant indicated that they were having a problem with the feedwater heater level controls on a couple of feedwater heaters, and unprompted, the management from our LaSalle plant indicated that they would send over some of their engineers to that plant who had recent experience troubleshooting and solving problems with that very equipment.

So I believe it is noteworthy and we are definitely seeing on a day-to-day basis, as Oliver indicated, unprompted -- much more frequently unprompted than it was even six months ago -- help and cooperation and teamwork on solving plant performance and material condition issues.

To your historic question, Commissioner Merrifield, I would say that although there had been lots of general talk about teamwork and cooperation amongst the sites, in my observation, very little had actually been accomplished before in putting in place the standards, the consistent processes and then establishing the dialogue for cooperation.

Turning to the focus areas under material condition or the areas for improvement, we identified that we do need to improve the effectiveness of our work management process. Now, this is a very complicated

process. It's really the means by which you focus the entire organization, organize the whole site on what is being done in what order at what time and with what priority. So under any circumstances, it requires continuous management attention.

For us, we're still growing into this, and in fact, our sites are at I guess what I would call varying degrees of proficiency at the management of their work activities. There's a great deal of sharing amongst the sites in this regard that is going on. In fact, we held a workshop almost all day on Saturday bringing together the key site management from each of the sites and from Downers Grove, comparing notes, experiences, and techniques to improve in this area.

We've been holding a number of -- this was the second in a series of planned workshops, and I think this was quite effective by way of sharing. In fact, we had the different sites present different segments of the work management program to be the catalyst for discussion and the sharing of experiences.

The second item that we identified for further improvement here was that we do need to refine our long-term, multi-cycle improvement plans. These are the plans that identify which major undertakings we intend to accomplish over upcoming outages in upcoming years on the

plants. We did manage to put what would what would -- beyond rudimentary -- a pretty good long-term material condition plan in place this year but we believe it needs to be taken to a lower level of detail to further refine it.

Lastly, we also identified that we could use our system health program, what we call our SHIP program -- SHIP, System Health Indicator Program, more effectively as a leading indicator of conditions which warrant attention in order to anticipate areas that need attention before they consequentially reveal themselves.

CHAIRMAN JACKSON: Let me ask the gentleman from the region -- I mean from the union if he would answer this question. Do you agree that these accomplishments have been made and that these are the right focus areas and do you agree that having the work control planning process and the System Health Indicator Program actually helps you to do a better job in accomplishing the work and improving the plant material condition? You can go to the microphone, please.

MR. STARR: Madam Chairman, while I am hardly an expert on these subjects, or could I be expected to be, I can tell you that I think there's a much more positive attitude. I think there is a lot more confidence in Mr. Kingsley as the leader of the Nuclear Division. I believe that has shown through in recent times, but to speak to those subjects I would have a difficult time, so that's kind

of where we're at.

CHAIRMAN JACKSON: Okay.

COMMISSIONER McGAFFIGAN: Madam Chairman?

CHAIRMAN JACKSON: Please.

COMMISSIONER McGAFFIGAN: One area that I think you had performance indicators in, and I don't want you to unveil the whole book, but --

[Laughter.]

COMMISSIONER McGAFFIGAN: -- but this had to do with willingness of employees to raise safety issues and timeliness in resolving issues.

How has that been going in recent months? Aren't those indicators that are in your package of indicators?

MR. HELWIG: Yes. They are a little hard to measure, but we do have -- we call them "workforce measures" covering our training programs, covering what we call a human resource activity index, which encompasses many of those --

COMMISSIONER McGAFFIGAN: I have in mind more the -- other licensees come in and talk about just employees writing up slips in the plants and how many of those they use as an indicator.

MR. HELWIG: You are talking about our Problem Identification Forms --

COMMISSIONER McGAFFIGAN: How many of those --

self-identification?

MR. HELWIG: Yes.

COMMISSIONER McGAFFIGAN: And then the timeliness in resolving anything that gets self-identified by employees. Are those indicators you use or not?

MR. HELWIG: Yes, we do have measures of both the identification of problems and self-identification. That's a hard one to measure effectiveness on an absolute scale. I believe in every instance at every plant our percentage of self-identification has increased over the past year.

MR. KINGSLEY: The backlogs and the -- we call them Problem Identification Forms has decreased markedly. We made a number of changes in how top management is involved in this process. We have simplified this process. It had become quite bureaucratic. It is now much more workable.

COMMISSIONER McGAFFIGAN: It is a way, as I understand it from other plants, of building confidence with the workforce --

MR. KINGSLEY: Right.

COMMISSIONER McGAFFIGAN: -- and communicating between the workforce that you take the issues they find seriously and you encourage them to raise them.

MR. KINGSLEY: Right.

MR. HELWIG: If we act on them in a timely manner.

That's Oliver's point, that there was a great deal of process simplification to be done here. We have made progress there and have more to do.

CHAIRMAN JACKSON: I would just make a parenthetical remark, that an ultimate metric would be that if you have a work control planning process and a system health indicator program and a process model with reporting that is meant to improve how the work actually gets done that a metric is the extent to which someone who works in the plant is aware that such a thing exists.

MR. HELWIG: Yes, ma'am.

CHAIRMAN JACKSON: And that it actually has an impact on his or her work, and so that is why I asked the gentleman -- not to put him on the spot, but until and unless there is evidence that people understand this and that it affects them where they live, then one could argue that you haven't completely succeeded.

MR. HELWIG: Your point is well-taken. I think given the breadth of Bill's responsibilities across the entire corporation, he doesn't have the opportunity to be as exposed to this as someone from the plant would be.

At each of our plants the health indicators on the system performance are very well known and very broadly published as are the productivity numbers on what work is being accomplished against the plan.

CHAIRMAN JACKSON: Okay. I accept that, so then it would be helpful then to hear that from someone who actually works in the plant.

MR. HELWIG: Yes, ma'am. I think one of the real tangible measures of the benefit of everything we have done in the material condition process areas is the amount of work that we are able to do with the same workforce or actually a reduced workforce, which is much less dependent upon contractors, within a period of time, whether it is a week or a month, and our productivity in that regard is up substantially and maps directly to the material condition and plant reliability.

CHAIRMAN JACKSON: Okay.

MR. HELWIG: On a going-forward basis, I would like to reiterate that through our SRI efforts we have in fact been able to achieve tangible performance in each of these areas. However, we do recognize that in order to improve our -- to continue our improvement trend and ultimately to sustain the desired level of performance, those require continued vigilance on our part. Nothing works on automatic.

The SRIs have managed to serve as focuses for the key areas of performance that we need to be continually attentive to. We recognize that to ultimately be successful the standards defined in these SRIs need to be embraced

throughout the organization, just as you have indicated and that we need to involve the whole team in the process of continuous improvement.

We have made a major step in this direction just within the last several months by establishing an incentive program that includes all NGG employees -- management and hourly workforce -- in an incentive-based program based on the accomplishments of our improvement goals and the improvements in performance that we actually will achieve.

That is a significant accomplishment, we believe. Nevertheless, we do recognize that there's much more to do.

We understand that workforce engagement and continuous improvement must be a way of life, and we are committed to making that happen.

COMMISSIONER DIAZ: Madam Chair?

CHAIRMAN JACKSON: Please.

COMMISSIONER DIAZ: Yes. In the last briefing you commented that in the recent years in reality you have been trying to use or living up to NRC performance standards and that you intended to take this activity and make it Commonwealth Edison's.

MR. HELWIG: Right.

COMMISSIONER DIAZ: To what degree have you succeeded in -- because I think this is a good performance indicator -- you stand on your own feet and do it.

MR. HELWIG: Right. It's a difficult one to actually measure but a very fundamental issue.

I personally believe that we have made a substantial shift there. I think just the discussions that we have with our management team -- I can't think of occasions recently where issues are discussed in terms of satisfying the NRC instead of satisfying us. If we have an incident, if we have something that needs to be investigated, it is prompted by us. It is in fact pursued I think pretty effectively at this point in terms of the learning opportunity that it represents for us to learn the fundamental issues that underlie a problem that we encounter and then share it across the sites, so I really believe that the feel of how things are conducted has changed substantially in that regard.

I think we are setting the standards.

MR. KINGSLEY: Let me give you an example. We have has some radiation protection deficiencies at LaSalle County. We identified that. Our corporate oversight plan identified the issues and I was talking to the Regional Administrator and he pointed that out. NRC also identified it. We had already asked for a meeting with the NRC to come in and explain what we were doing without being prompted in that area, so I think it is taking hold.

It still needs more work but we have made

substantial progress in taking accountability for what these standards are and actually saying that they are ours versus what someone else is imposing upon us, Commissioner Diaz.

COMMISSIONER DIAZ: So you are more in control of your destiny, is that how you --

MR. KINGSLEY: Yes, yes.

COMMISSIONER DIAZ: Thank you.

CHAIRMAN JACKSON: Please.

MR. HELWIG: I will now turn the presentation over to Chris Crane, who will discuss the BWRs.

MR. CRANE: Thank you, David. Good morning. I am Chris Crane, the Vice President responsible for the BWRs and I will be reviewing their accomplishments and current performance.

Each of the BWRs has taken significant steps forward in their performance but we do have a clear recognition that there is more work to be performed to reach that top quartile performance.

First, I will start with Quad Cities. Throughout 1998 and into 1999 Quad Cities continues to be engaged in systematic improvement efforts. We have addressed long-standing material condition issues and we are also improving work practices in raising the performance standards.

The results have been measurable in the current

performance improvements in comparison to the past station performance.

Overall we believe that the decline in performance at Quad Cities has been arrested and the performance continues to improve. However, we do have challenges remaining and our attention is on sustaining this improving trend.

These charts that are up right now provide the high level Quad Cities performance indicators. Since the units restarted in June of '98, the capacity factor has been at 87.2 percent. The INPO performance indicator has been remaining steadily the same. Some of those are related to the long-term shutdown. As it works off the two year average the performance indicators will improve.

Clearly the number of automatic scrams is still high. This reflects three scrams that occurred soon after restart between June and September of '98. Like I mentioned, they were soon after restart. We have since implemented scram reduction efforts. These efforts have been effective and we are expanding their scope.

Finally, the last -- on the bottom of the chart -- is the forced outage rate, which has steadily decreased in an improving direction.

CHAIRMAN JACKSON: Let me ask you two questions. Can you speak a little bit to the more recent draindown

event, inadvertent draindown?

MR. CRANE: Yes. I was going to talk to that. We were last week performing a nine-day surveillance outage at Quad Cities. In the evolution of the outage we did have a lapse of performance in the operations area which is below our standards, and it is below what we have seen in past performance from Quad Cities. We took the opportunity to capitalize on the event. We assembled from Downers Grove, from the corporate organization, an event team that went in. We had our support vice president, operations support. We had other members from the corporate organization. And we also took an SRO shift manager and event analysis individuals from the other stations, and went in to start to do the root cause analysis.

At this point, the final root cause analysis is still underway and we expect that to be complete by Friday, but some of the preliminary indicators and some of the interim actions that we have taken are directly focused in the execution and work management oversight in the operations area. Some coordination of in control room and in remote location field communications are needing to be strengthened to avoid these lapses. So we will continue to evaluate the event and also be spreading these lessons learned out to the other stations through the shift supervisors and the other team members that were evaluating

the event.

CHAIRMAN JACKSON: And what did you learn from the December issue related to assessing the risk significance of the lack of availability of the station blackout diesel generator?

MR. CRANE: Again, it ties into work management and oversight. We are rolling the September scram from Quad Cities in with the station blackout event, the diesel that was taken out of service, in this recent event, and doing an analysis on the aggregate. That specific event, we had the programs and processes in place to perform the risk analysis to take out multiple fire protection detection in tending equipment systems.

There was a change in the scheduling process. There was not the proper impact evaluation of that work management window after the change had taken place. Previously analyzed, understood what was going to come out of service, was by the matrix, and allowed to be performed. Emergent work came in and was not properly impact-reviewed by the shift personnel.

CHAIRMAN JACKSON: Well, the question then for me becomes if I go back to the earlier slides, which were more generic, having to do with work control process, what does this tell you in that regard?

MR. CRANE: It's in the process of peeling back

the onion. First there was a process, a very good process put in place that controls the activities. There are cycle plans that tell us what we have to do over the year; there's 12-week rolling windows that tell us what we are doing. There are divisionalized or train set-up so we would not be taking out redundant equipment at the same time. Each part of that process or phase is being trained on and each of the -- as we get into this event evaluation, we are finding that we need to strengthen the operations interface and oversight, not in the pre-planning, but in the execution and in some potential changes that can occur during the execution. So it is continuing to drive down on the focus on the implementation.

CHAIRMAN JACKSON: Okay. Yes.

COMMISSIONER McGAFFIGAN: Madam Chairman. The event that you are talking about, the station blackout diesel generator being out, one problem was that we found, as I understand it, it was our inspector in the, you know, the significant reactor finding that was written up about it says initial licensee corrective actions were poor, problem identification form was first closed as a data point without identification of where the on-line risk assessment process broke down, et cetera. It took a while, a couple days, as I understand it, before the issue was finally understood, and so there's -- it was an inspector from the NRC finally,

which I am sure Mr. Kingsley does encourage, and then not promptly figuring out that there was a significant risk situation, that the inspector was basically right. And so I don't know whether you want to comment about the slowness of corrective action in that case -- or not -- of figuring out what state you were in.

CHAIRMAN JACKSON: It raises two issues. One has to do with work control, and the actual execution, and the other has to do with having an overall, you know, effective corrective action that's predicated on the awareness of the risk significance of -- and since where we are going in our regulatory program will give increased emphasis, you know, to these kinds of things, it is a significant issue from that point of view.

MR. CRANE: We are continuing to evaluate, as I said, in the aggregate some of the immediate recognition or the immediate recognition that we have on this is there was a new planning process put in place, risk planning for the Appendix R and the fire protection issues. There was not the sensitivity to that through self-identification or the immediate evaluation, and there was prompting, which is well below our standards. That is not acceptable. What I can tell you is we have capitalized on the event, used it to train and emphasize that there is some significance, and this is the process that you follow.

The initial review was as it was identified, we need to have some barriers in place to not let this happen. The answer was very shallow, the barriers are in place and, as I said, it is below our standards and we did learn from the event.

MR. HELWIG: If I could add a comment or two on this. We do have the standard methodology in use at all of the sites to consider risk during on-line activities. The only thing that is unique at Quad Cities is there are some special considerations that have been put in place limiting fire protection equipment. That standard methodology has been serving us quite well at all of the sites, including Com Ed -- including Quad Cities. In fact, we have received recognition of the strengths of that program in evaluations at LaSalle performed both by the NRC Staff and by INPO in just recent months.

So the basic process, we believe, is quite strong, is quite robust, is as good as any in the industry. As I indicated, there was this uniqueness at Quad Cities and, as Chris indicated, the recognition of the deficiency in implementation and its import to us was below our expectations.

CHAIRMAN JACKSON: And ours.

MR. HELWIG: Yes, ma'am.

MR. CRANE: I understand.

Since the restart in June '98, the station has accomplished sustained dual unit operation. The station did complete a well executed 28-day refueling outage on unit 1 with no significant events, and an improved material condition of the plant.

As mentioned, we completed a short surveillance outage on unit 2 last week. Over the weekend we brought the unit back up, taking the opportunity to again improve the material condition while we are performing the required surveillances.

The oversight function performed by the onsite and the corporate organizations has been significantly strengthened. The station has implemented improvements to enhance the quality of the engineering products, including the calculations, plant modifications in the 50.59 evaluation, safety evaluations.

Engineering support of operations in technical programs has continued to improve. The backlog of our engineering requests has been reduced by more than half.

Next slide, please.

As I mentioned a moment ago, we are correcting longstanding equipment issues at Quad Cities. A number of longstanding material condition issues were corrected in the refueling outages and the shutdown in '97, '98. For example, there's the feedwater heater level control system

and the standby liquid control system. The operator challenges have been reduced. For example, operator work-arounds have been reduced by about half, and control room distractions have been reduced by more than a half. We lowered the non-corrective maintenance backlog by about 65 percent.

Other accomplishments and results include the fire protection program improvements. We are making -- we made our commitments and we are meeting our dates. The fire-related core damage frequency has been better defined to be in line with other BWRs, and we have specific plans for further improvements.

Significant human error events decreased by 88 percent from the first half of 1998 to the second half of 1998. Operator errors related to out-of-service has improved, but we still continue to use that as a focus area in the operations department.

The chemistry performance index is within the industry's top quartile.

CHAIRMAN JACKSON: Let me ask you one question, this is going back to the Unit 2 reactor vessel drain down event. Is that considered a significant event vis-a-vis INPO significant events?

MR. CRANE: We have not heard from the evaluation of the screening from INPO. We were in contact with INPO

over the event. We actually had an INPO assist individual that came up and worked on our event investigation team. I think it would be premature to judge that. Other instances similar to this that we have reviewed as we are doing our OPEX or operating experience through the INPO database where depicted as noteworthy, which is one threshold lower, but they were not significant events. But that will be up to INPO, and we will be watching to see that come out.

CHAIRMAN JACKSON: Right, because the Quad Cities performance assessment that you sent to us said there were no INPO significant events for 1998.

MR. CRANE: Right.

CHAIRMAN JACKSON: And this occurred this year, and I was just curious as to whether this would cross the threshold of an INPO significant event. I mean it went down by 40 inches and 6,000 gallons, right?

MR. CRANE: Right. In the OPEX database there are more significant drain downs that would relate to noteworthy.

CHAIRMAN JACKSON: Right. Okay.

MR. CRANE: Our focus areas, as I mentioned, the declining trend in Quad Cities performance has been arrested and performance is improving overall. Continued efforts in a number of areas are necessary to achieve the top level of performance. We have set our goals, specifically,

operations, to continue in the ascension in the leadership role. We will continue to focus on improving the human performance, attaining the highest level of control room performance standards and eliminating these configuration control errors.

Management is supporting the improvements in the work control process. The station plans and work schedules include specific material condition improvement plans to eliminate repetitive equipment failures, reduce operator challenges and also enhance the equipment reliability.

We are focusing on reducing a number of maintenance rule systems. We were at 60, we are currently down to 25 and, by the end of the year, our plans have us at eight. As Oliver previously described, we are taking actions in the area of radiation exposure.

Therefore, in summary, the decline in the performance has been arrested. The performance trend is improving and our goal is to sustain this improving trend.

CHAIRMAN JACKSON: Should capacity factor be relevant to us as regulators? What is the safety tie?

MR. CRANE: The capacity factor is an indicator of material condition and challenges to the operations department. It has its business connotations, but as far as our review in this context, it is how well the plan is maintained and operated.

Without anything else, I will move on to LaSalle. Since the last update, we have restarted LaSalle.

MR. ROWE: Excuse me. I would just like to add something to that response. Obviously, capacity factor cannot be a prime focus of the Commission's attention, we understand that. And, yet, it seems to me that, increasingly, operating, learning suggests that safety factors and productivity factors are more often part of a mutually reinforcing web than they are tradeoffs. We all worry about the situation where they can become a tradeoff. As you said on a number of occasions, you have no doubt about where your obligations are if that tradeoff exists.

But it seems to me that the chronic problems at ComEd, and I think this goes back a bit to Commissioner Merrifield's question, you know, have shown up both in performance under regulation and standards, they have shown up in capacity factors. They have also, strangely enough, shown up in the economics of the operation. And getting at them from both a material condition level and from an operating professionalism level turns out to be a unified effort. I wouldn't contend that to you capacity factor is anything more than a secondary indicator, but I don't think it is a meaningless one.

CHAIRMAN JACKSON: No, I ask because in each of the unit presentations, you lead with capacity factor. And,

of course, I have a background question for each of those viewgraphs, which is, -- how does that improvement relate to those things that are of significance to us as the regulators, and how do you tie the two together?

MR. HELWIG: In fact, as we have mapped out the material condition processes, we consider the capacity factor, scram frequency and unplanned capability loss factor top level indicators of overall plant performance, based on the theory that they could not be achieved without superior material condition. So we have mapped out the underlying processes, and we use that because it is overall representative of what we believe to be a number of supportive processes that need to be effective in order to achieve those outcomes. Your point is well taken, it is not everything.

CHAIRMAN JACKSON: Okay.

COMMISSIONER DIAZ: But, in fact, it is an integral factor.

MR. KINGSLEY: Absolutely.

COMMISSIONER DIAZ: It represents all of the things that are happening in the plant.

MR. KINGSLEY: It is also a very --

COMMISSIONER DIAZ: It might be a little gray or a little blah, but it is an integral factor.

MR. KINGSLEY: I totally agree, it is an indicator

of -- Are you doing it right? Do you put material condition? Do you have scrams, operating events while you are operating? Do you do your surveillances? Do you have your act together? So it is a clear indicator of nuclear safety to me. It is not the only one.

CHAIRMAN JACKSON: You have to lift the blanket to be sure you understand to what extent it is an indicator of nuclear safety, that is the only point I wanted to make.

MR. KINGSLEY: Absolutely. Yes, ma'am.

CHAIRMAN JACKSON: And if you don't lift the blanket --

MR. KINGSLEY: And not be a steamer, you know, and just operate your plant at all costs.

CHAIRMAN JACKSON: That is the point.

MR. KINGSLEY: We have told you -- right.

CHAIRMAN JACKSON: Because capacity factor can be high either way. And so if you don't life that blanket, you don't necessarily see that.

COMMISSIONER MERRIFIELD: Chairman?

CHAIRMAN JACKSON: Please.

COMMISSIONER MERRIFIELD: Following along that same line, and I am getting ahead of you, but if you look at, for LaSalle, the difference between the capacity factors, which are very high, and your average performance index, which is not where I think you want it to be, and

part of my problem in understanding this and being somewhat new, I am not really clear of the inputs that go into that performance index.

CHAIRMAN JACKSON: Right. And this is the furthest away from that meeting, that INPO standard of all the plants, and so that was --

MR. CRANE: I will be covering that.

MR. KINGSLEY: We are going to cover that. It is a two year average. It takes -- all the shutdown is figured in that, and so that is the reason those numbers are down.

COMMISSIONER MERRIFIELD: Okay.

MR. KINGSLEY: If it reinitialized when we restarted on Unit 1 --

CHAIRMAN JACKSON: Yes, it is a lagging indicator, is what you are saying.

MR. KINGSLEY: It is very lagging, right.

COMMISSIONER MERRIFIELD: It's two year. Okay.

MR. KINGSLEY: Chris.

MR. CRANE: Okay. The LaSalle Station, since the last update, we have restarted Unit 1 at LaSalle. Startup went very well. Subsequent operations have been solid. We are transferring the lessons learned from that startup into the recovery of Unit 2, and we expect Unit 2's restart to be much smoother.

Proactive involvement in oversight by the

corporate organization has helped in addressing the issues that came up during the Unit 1 startup. We expect the corporate organization to continue to help the Unit 2 startup effort, but we now have a stronger team in place at the site.

Looking at the Unit 1 performance since restart, the capacity factor is 91.5 percent. The INPO index has steadily improved, but, as we discussed, the value will be held down by the long shutdown period till it rolls off. There have been no automatic scrams or forced outages since the retest program was completed.

And, finally, our mid-cycle outage was well planned and executed, event-free, and we took the opportunity to do some fine-tuning and calibrations on systems that were identified during the startup process.

Next slide, please.

COMMISSIONER MERRIFIELD: Let me -- Chairman, I don't want to focus too much on the average performance index, but just so I understand, do you think that will naturally without further changes reach the industry median, or are there additional changes that you will need to make from where that will naturally go to the point where you need to be? I mean, I guess that's -- I understand the issue of two-year averaging, but if we come back in two years, are you going to be at the median? And I guess

that's -- are you doing what is necessary to be there?

MR. CRANE: The goal is for top-level, top-quartile performance by 2001. If you look at the attributes of the index as mentioned there, lagging indicators, approximately 30 percent is based on if the unit's running or not. So there is a major penalty factor on that. Just operating a unit will take a jump in that performance.

The other is implementing the processes and the standards that are being incorporated at the other sites. Reduction of radiation exposure, the plans for that. Reduction of radwaste, the plans that are in place for that. The human performance issues also have a strong contribution. So there is a gap analysis that's laid out for each of the attributes within the index and there are plans in place to bring it to top-quartile performance.

MR. KINGSLEY: Yes. Let me -- I've got the direct indicator right here. And there's nine of these. On all the areas where we can count the data, and it's absent capacity factor and unplanned capability loss factor, which we get no points for those, we're a couple points off from the max values on those. So we're doing everything we can on LaSalle 1 right now under our control. Then we have to operate a little bit, and we're almost there on these. I said a couple points off. So absent the -- we're moving

this history, we're going to not only come to the industry meeting, we're going to surpass it.

COMMISSIONER MERRIFIELD: Thank you.

MR. CRANE: Okay. Accomplishments contributing to the performance results have included the maturity, and as I mentioned before, the strength of the management team that's in place. The team is working efficiently and effectively together.

Together with the site management team we're implementing the operating fundamentals within the site organization such as improved troubleshooting techniques and a heightened attention to critical and sensitive evolutions.

Since these accomplishments we've achieved significant results which include material condition improvements. The corrective maintenance backlog for Unit 1 has been reduced by 40 percent since restart.

The engineering request backlog for Unit 1 has been reduced by 90 percent. All the backlogs are defined in their being tracked and trending in the correct direction. We also resolved a number of longstanding design issues including the control-room ventilation system and the feedwater heater drain system, allowing those systems to operate in auto and perform as designed.

Next slide, please.

On to the next steps. The LaSalle Unit 2 restart

is on track. Our time frame for fuel load is in April, scheduled for a May startup. But we are conducting all the necessary reviews and challenges as was done for Unit 1 to ensure the readiness for Unit 2 restart and successful dual-unit operation.

In this regard we have a thorough restart plan. The Unit 2 restart plan has been enhanced by the Unit 1 lessons learned. For example, we have better defined the engineering work scope and completed the initial work scope prior to the field work starting.

CHAIRMAN JACKSON: Are there major license amendments that relate to that?

MR. CRANE: No, there are no major license -- I think we had a couple ISI that are still outstanding, and I'd have to go back to the project plan. We do review the project plan monthly, and there's no major issues outstanding right now.

MR. HELWIG: Actually I don't think there are any, Commissioner.

CHAIRMAN JACKSON: Okay.

MR. CRANE: In addition the restart work scope is defined and scheduled, the system readiness reviews have taken place in the system testing, and turnover schedules are being followed and are well under way.

Furthermore, in preparation for the dual-unit

organization we've merged the two units' resources into one site organization. We established a single outage control center and a single work control center. We've also put back in place the Unit 2 control room supervisor for overseeing the operations, and the crew training for operations for the restart is scheduled to be completed in April. We're in that training cycle currently.

Our readiness reviews and assessments are focused on dual-unit operation. The reviews involve assessments by all levels of management up to and including Mr. Kingsley, our chief nuclear officer, as well as our independent offsite safety review board.

Next slide, please.

On to our focus areas. In terms of continued improvement across the station, we're focused on work management, human performance, configuration control, chemistry, and radiation protection.

With respect to the radiation protection, we recognize we have issues to be addressed in this area. We have discussed as previously mentioned these steps with the regional personnel, and the corrective actions are well under way. We have, however, achieved some improvements in this area. For an example, we've reduced the contaminated square footage in the unit by 35,000 square feet. Currently we're at approximately 4 percent contaminated square footage

with the outage activities going on. That will improve as the Unit 2 is restarted.

In summary, we're working towards a solid, safe, dual-unit operation at LaSalle Station.

No other questions on that, I'll turn to the Dresden Station.

Dresden's a leader in many of our areas of improvement at ComEd. They include work management operation standards and outage management. The Dresden plant performance has been strong. The capacity factor in 1998, 85.3 percent, was the best ever for the site. The INPO performance index has improved to 87.2. The number of automatic scrams is decreasing and the forced outage rates is improving.

We did set a site record for dual-unit run. It was 173 days, which ended when Unit 3 shut down in January for its refueling outage.

Finally, the Unit 3 refueling outage was completed, well executed, in a planned 26 days.

Next slide, please.

There are a number of factors contributing to this level of performance. As we told you in the last meeting, we have implemented a number of the scram-reduction initiatives, including some from the industry. We have reviewed 24 risk-significant systems identified,

prioritized, and are working through the plans. The actions are incorporated into our one and three-year material condition plans.

Some examples of the initiatives, the reduction of time in half-scrams at the Dresden station, we went from a previous 5 hours per month to 10 minutes per month, reducing the frequency of entering into the half-scrams from 200 to about 10 per month. Those same improvements have been incorporated also at Quad Cities and Dresden -- LaSalle and Dresden.

We also have substantially improved the site material condition, which is evident by the reduction in the backlogs. At Dresden the nonoutage corrective maintenance backlog has been reduced by 60 percent, and the engineering request backlog has been reduced by about 60 percent.

Operations also is better at Dresden. Not only has operations management assumed the leadership role, but the human performance has greatly improved. From the first half of 1998 to the second half of 1998, the operational human performance errors have been reduced by 55 percent. We've had significant improvement in the effectiveness of operations being supported by the engineering department. And finally, we've reduced the radiation exposure at Dresden by some 30 man-rem per person per unit.

CHAIRMAN JACKSON: Now late last year there seemed

to be some issues, minitrend anyway, with respect to operators not identifying applicable tech spec requirements. Where do things stand in that regard, since you've mentioned better operations?

MR. CRANE: In the latter part of the summer there were multiple cases of that that occurred. The steps were put in place. There was an assessment done, evaluation of what the gaps were. There needed to be some more training performed, a heightened awareness. We had some shift sponsors and mentors placed on shift with the operating staff to coach them through, and since that time we've had flawless performance. I believe it's on five months now without an issue.

Moving Dresden to the next level of performance we'll be continuing to focus on our material condition improvement plans, further human error reduction initiatives. We're also ongoing with our engineering program improvements. Finally, we'll continue to reduce our radiation exposure.

In summary, Dresden has had solid, event-free performance since we were last here. We've had a significant accomplishment, including the highest capacity factors ever, the longest dual-unit run, and a significant backlog reduction, and we're focused on sustaining these improvements.

Without any other questions, I'll turn the presentation over to Gene Stanley.

MR. STANLEY: Thank you. Chris, I am Gene Stanley, the Vice President responsible for pressurized water reactors. We are bringing a new, more rigorous level of scrutiny to the PWR operations to ensure they maintain and improve their performance.

Specifically, we are comparing ourselves to the best industry performance. We have identified some low-level issues. As we do this, I am going to talk to you about them today as well as our accomplishments. Next slide, please.

Byron Station -- Byron plant performance when viewed by top-level measures has been good. The capacity factor of 85.6 percent -- this includes part of steam generator replacement outage and a Unit 2 refuelling outage.

The INPO performance index has continued to improve -- to 92.3 -- the highest ever for the station. The number of automatic scrams for the last 7000 hours critical is zero. The last scram was in October of 1997.

The forced outage rate for the year of 1998 and this year is zero.

This station has historically received high marks, both form INPO and from the NRC. Byron continues to do many things well. For example, the implementation of improved

tech specs, improvements in the out of service errors since June of last year. In general, they do a good job of problem-solving. They handle equipment problems well.

Overall Byron currently is at its highest level of performance. Even with this good performance, however, we have identified some low-level issues in need of improvement to reach top level performance. These issues have revealed themselves in the area of material condition, especially in condenser tube leaks, which affects many things including chemistry performance:

Radiation protection practices during the steam generator replacement outage as well as refueling outages were weak;

Human performance errors, some of which are related to configuration control events and procedural adherence issues;

Consistent application of the fundamentals needs greater emphasis by the management team at Byron Station.

These issues, identified as a result of management applying a higher level of rigor and intrusiveness, these are longstanding, not new issues, at Byron Station.

We also are addressing the issue of overtime at Byron Station. This has been a subject of management attention since last fall. We have had and continue to have adequate staffing. As far as the Operating Department is

concerned, from 1995 to 1998 the number of Operations personnel at Byron Station has increased from 152 to 172 personnel. Therefore, this is not a resource issue.

With respect to the use of overtime, although we are continuing to review the issue, our preliminary results indicate that overtime is not being used excessively or routinely at Byron Station. Between 1997 and 1998 we reduced the use of overtime at Byron despite back-to-back outages, the completion of the steam generator replacement outage, and the refueling outage by some 16 percent.

Nevertheless, from our perspective the fact that this issue is being raised is very important to us. We are continuing to review the issue at all of our stations as well as Byron.

CHAIRMAN JACKSON: Mr. Stanley, given what you have said in terms of the actual statistics --

MR. STANLEY: Right --

CHAIRMAN JACKSON: -- what then from what you can discern is the genesis of the complaint?

MR. STANLEY: As probably Mr. Starr would tell you, we have people that want to work all the overtime that they can possibly get, and we have people that want to work no overtime, and we do work overtime at the stations to support refueling outages and on times when people are absent on vacation, et cetera.

I think there's a very small number of individuals that have a concern about the amount of overtime and we are concerned about the amount of overtime.

CHAIRMAN JACKSON: Well, I guess -- I mean I want to understand it because, you know, this is the kind of thing that down the line ends up becoming allegations --

MR. STANLEY: Yes.

CHAIRMAN JACKSON: -- coming to us, and so I need to really understand precisely how you are getting at the root of the issue.

MR. STANLEY: I understand. It is an issue that is in front of us now relative to allegation space.

CHAIRMAN JACKSON: So what more can you tell me?

MR. STANLEY: I think we need to make sure that when these issues are raised at the stations they are addressed and addressed responsively and doing that quickly back to the individual, so that the individual understands that we are concerned also and we are taking action.

COMMISSIONER McGAFFIGAN: Madam Chairman, could I just get some factual data?

Overall overtime went down, but there are these tech spec limits that come out of TMI experience that are in everybody's tech specs and there are exceptional circumstances, exceptions, where you can go beyond those limits.

Do you go beyond those limits and -- you know, the 72 hours per week, the no more than, what is it, 12 hours or 16 hours in a day -- I forget -- they are in the Dingell letter, but what are the, how often do you exceed these limits? Is it routine or is it very, very --

MR. STANLEY: There was in the Operations Department during 1998 there was 45 deviations from those limits filled out during the year, so we went outside of those limits 45 times.

The issue then becomes most of which of all of the deviations focus around outage time. During this timeframe we spent 105 days in outage during 1998.

COMMISSIONER MERRIFIELD: Just to clarify, when you say 45 deviations, do you mean that there were 45 individuals whose hours deviated --

MR. STANLEY: No.

COMMISSIONER MERRIFIELD: Explain what -- does deviation --

MR. STANLEY: When you exceed any of the criteria that is identified in 82.12 then you are required to pre-approve in a deviation format. That occurred 45 times during 1998.

CHAIRMAN JACKSON: It doesn't necessarily track to number of individuals?

MR. STANLEY: Right.

CHAIRMAN JACKSON: It's instances.

MR. KINGSLEY: 45 times, 45 approvals of time prior to use is what it means. It doesn't necessarily tie to an individual. It is an individual occurrence against those --

COMMISSIONER McGAFFIGAN: So it could be multiple individuals on each recurrence?

CHAIRMAN JACKSON: Right.

MR. KINGSLEY: No. Not true at all.

COMMISSIONER McGAFFIGAN: No?

MR. STANLEY: That's what the --

COMMISSIONER McGAFFIGAN: -- my question was.

MR. STANLEY: -- the Commissioner's question was. No -- not.

MR. KINGSLEY: Single. Single occurrence.

COMMISSIONER MERRIFIELD: So it is per individual they're referring to.

CHAIRMAN JACKSON: It doesn't necessarily equal 45 individuals --

MR. STANLEY: No.

CHAIRMAN JACKSON: It could be one individual more than once.

MR. STANLEY: Right.

MR. KINGSLEY: Absolutely.

COMMISSIONER MERRIFIELD: Okay. I was

inarticulate. I meant 45 individual excedences. Okay, that explains it.

COMMISSIONER McGAFFIGAN: In some of the limits I have now in front of me from 82.12 the 16 hours in any 24 hour period --

CHAIRMAN JACKSON: Right.

COMMISSIONER McGAFFIGAN: -- is one that -- 24 hours in any 48 hour period and no more than 72 in a week -- of all of those, the 72 in a week might be the one that raises the least safety concerns because a lot of people do that in their lives, but the not more than 16 in the 24-hour period, you know, that's sort of like the medical profession where they do that to themselves, but I'd hate to be treated in the 23rd hour of somebody's shift --

[Laughter.]

COMMISSIONER McGAFFIGAN: So of the 45, do you know how they broke down between the 72 hour limit --

MR. STANLEY: The majority were in the 72 hour limit.

COMMISSIONER McGAFFIGAN: Okay.

CHAIRMAN JACKSON: Does the gentleman from the union have any comment to make?

MR. STARR: Madam Chairman, I guess I would have to concur with what Mr. Stanley said. To my knowledge, my members have direct access to me through e-mail, all the

normal means. I have not been personally contacted by a represented member of Byron to complain directly about overtime. That's not to say that someone has not talked to the management in person.

CHAIRMAN JACKSON: Okay.

COMMISSIONER McGAFFIGAN: Just again, in '97 do you have the data --

CHAIRMAN JACKSON: Thank you.

COMMISSIONER McGAFFIGAN: -- as to how many of these exceptions were asked for?

MR. STANLEY: No.

COMMISSIONER McGAFFIGAN: You don't know? You will probably end up generating all that.

CHAIRMAN JACKSON: Right.

MR. STANLEY: We'll continue to investigate.

CHAIRMAN JACKSON: Okay.

MR. STANLEY: In addressing these low-level issues and the pre-existing situation that allowed them to persist, we are applying the same level of management intrusiveness to Byron as we are at all of our stations.

More intrusive management oversight includes weekly management meetings conducted by myself and the management team at Byron Station. We are holding site personnel to high standards across all levels.

We are holding the individuals accountable for the

results, instilling a more intense drive in the work force to meet the expectations. This is how we avoid cyclical performance.

In summary, Byron Station has performed very well, even though there is need to emphasize the fundamentals. Solid performance, when viewed at top level measures, we are correcting the low level issues. We are continuing to institutionalize the fundamentals. We are striving to move Byron Station to a higher level of performance.

Braidwood Station. Next slide, please.

Overall good sustained performance, the capacity factor of 89 and 1/2 percent, this is the best ever for the station.

The INPO performance index has continued to increase to 94.8. It is in the industry's top quartile, and the best ever for the station.

Braidwood had one scram in 1998, that was in January, on unit 2. The forced outage rate is 1.6 percent. The only contributors is the scram I mentioned and a three-day heater drain tank rupture disk repair. This was an embarrassing incident for Braidwood Station. We continued to learn from this incident, and we shared with the remaining four stations on the lessons learned.

Next slide, please.

Some key accomplishments and results achieved at

Braidwood. Material condition has improved. The non-outage corrective backlog was reduced by about 40 percent. A breaker-to-breaker operation of some 467 days for unit 1. Reduction in maintenance for A-1 systems and reduction in operator work-arounds from 42 to 5 during 1998.

Braidwood established a world record, 70-day steam generator replacement outage.

Engineering improvements include the engineering request backlog has been reduced by about 90 percent. We had an excellent architect-engineer and maintenance rule inspection by your agency.

The engineering work management process has been put in place and it's in its initial stages of implementation. However, we are self-critical and, as a result, have found that we still need to improve the standards to reach top level performance.

For example, we are working to further improve human performance and refine the work management process. We have the tools needed to detect any performance decline, and we will address any deficiencies identified.

In summary --

CHAIRMAN JACKSON: Please go ahead.

MR. STANLEY: Continue strong plant performance. Nevertheless, we continue to strive to achieve consistent high level performance across the board and to

institutionalize the fundamentals. We are applying the same level of intrusiveness to Braidwood as we do all of our plants, to ensure all potential issues are identified and corrected.

I will now turn the presentation back to Oliver.

MR. KINGSLEY: The Chairman has a question.

CHAIRMAN JACKSON: Before you go, tell me what long term and short term benefits you hope to derive from the conversion to the improved standard tech specs for Byron and Braidwood.

MR. STANLEY: I think in many situations it simplifies the tech specs in general. In the long term, it prevents you from doing I'll say unneeded or unnecessary surveillances. It's sort of like having a good PM program. It's constantly fed by the system itself and improves as you go on. And I believe the improved tech specs will help in both areas.

CHAIRMAN JACKSON: All right. Because, you know, in some sense you could argue that your operational performance is such that -- you know. So I'm just wondering from your point of view what you think the benefit is.

MR. STANLEY: In this time frame there was a tremendous number of tech spec requirements and surveillances that was put in place for this time frame units.

CHAIRMAN JACKSON: Okay.

MR. HELWIG: I might add that we are also very interested in pursuing some further improvements in the tech spec arena, making them risk-informed, if you will.

CHAIRMAN JACKSON: Sure. So am I.

[Laughter.]

MR. KINGSLEY: I'll tell you what else we got out of this, too. You asked about Dresden and some of the missed surveillances. We had implemented kind of a quasi-proof tech specs not very well. You go back on Quad Cities, we had done a very poor job -- this was at the nexus also, and we put an absolute process in that we are going to do this right, and so knock on wood, so far they have done an outstanding job with putting this in, and it took a lot more than everyone thought. We, in fact, even had to delay it to make sure we did it right. So we have gotten a lot out of this. Plus the LCO extensions that we did.

MR. HELWIG: It's been tremendous.

CHAIRMAN JACKSON: Okay.

MR. KINGSLEY: Thank you, Gene.

I'd like to have the last slide here and wrap up.

I am confident that the results we are achieving today clearly validate our improvement plan. We have not achieved the high performance we are targeting. We have set expectations for ourselves that far exceed regulatory

standards. Clearly our performance slope is moving in the right direction. However, we are not there.

We are systematically going about this improvement, and I hope we have answered your question, Commissioner Merrifield.

The strategic reform initiatives have defined our expectations and fundamental programs. We still have work to do to make sure they are in the fabric.

We do have in place metrics and systems to track performance at all levels, and we are using them. We are building a much stronger management team that's active, involved, supports the plants, both from a corporate standpoint and at the sites. You have to have that leadership support and oversight in order to be successful.

We are going to continue to be self-critical, aggressively addressing any performance shortfall or slip that we might have on the way, and we have talked to you about some of those today.

We are going to continue to follow through on every issue, both at that site and across the board, and I'll give you my word on that. These problems we have seen as on Quad Cities, where we had taken previous action, we are going to take more previous -- I mean more additional action to correct these problems and make sure people clearly understand how you handle critical sensitive

evolutions, how you monitor work control, et cetera.

We are going to work on involving the work force, making sure that they understand and buy into these standards, and explain the reason that we are doing this, and we are going to have to some more teaching, because these basics just weren't in place at Commonwealth Edison.

This management method is not just for turn-around, but it is a good prescription for curing cyclic performance and ensuring long term success.

We told you what we did in '98. We did make tangible progress. It is taking hold, but it's not there. In 1999 and 2000 are the years we are going to work on continuing to institutionalize these fundamentals. We have got work to do.

We are going to work on sustaining this positive ramp and take each site up to the next level. We have not reached the high level, but we did outline very specifically the performance gaps or performance plans, and we do have them in place and they are a rigor, and we do follow up on that, from the reporting of monthly management meetings that we have, both at the sites and in corporate and the quarterly business plan reviews, where people are actually put on the spot and have to stand before us and explain what their performance shortfalls are and what they are actually doing about them, and where we can assist them from our

corporate office in Downers Grove.

Our plan for 2001 is very simple. It's to the best. Are we there? No, we are not. Are we moving in the right direction? Absolutely. Will there be bumps along the way? Certainly. We are going to be very candid with you, very open, call a spade a spade, and tell you where we need to improve. You won't have to call us to find out.

I think we have got the infrastructure in place to withstand these bumps and make these improvements. We are very proud of what we have done, but we are not satisfied. We are going to stay the course, we are making these improvements, we have had a good start, but we have got a lot of work to do.

This now concludes our presentation and we would be happy to answer any questions.

CHAIRMAN JACKSON: Thank you. Before we call the staff, I will just go down the line. Do you have any questions?

COMMISSIONER DICUS: Yes, I have a question, or maybe a comment. Illinois is clearly moving along with deregulation and you have long-range plans as well. Do Illinois' plans and your plans track pretty well, or do you see some problems that could impact where you want to go with the plants?

MR. KINGSLEY: Let me say just something before

the Chairman talks about the restructuring. I don't see any detrimental effect from the restructuring on how we operate these plants. We are going to set the standards. We have got sufficient money to operate the plants.

I do have a job to not let our people get mesmerized by what might happen out there, and that's why it is important to focus on dollars per megawatt hour, but it is more important to focus on material condition, having the right engineering programs in place, operating correctly, these operating practices. So I don't see any. Now, I would like to have John talk about the overall restructuring and how that is effecting the company, because there are some effects.

MR. ROWE: I think there are two questions in your point, Commissioner Dicus. The first is, you know, how do restructuring and competition generally effect the nuclear plant operation? In the long run, there is no doubt that in Illinois or any state where there is competition, it brings the requirement that the incremental or going forward costs of nuclear plants be below the market value of the power, or else the plants will be shut down. And what we have tried to do with that reality is simply to state it and restate it, and restate it again, because the employees need to know that the plants must be economical, again, on an incremental basis, or they cannot continue to be run.

But at the same time we have said, again and again, that they won't be economical, and they won't run unless they are run to higher standards of operating efficiency and NRC standards than they have been in the past. We have made that message equally unequivocal.

In the short run, there is a counter-intuitive benefit. What is going on is that restructuring imposes upon ComEd all of the costs of improving its nuclear fleet because there is no fuel clause and the like anymore, but at the same time it gives ComEd all of the economic benefit of improving its nuclear fleet. This is a change from a classical regulatory structure. And since the benefits of increased productivity are five or six times as large as the benefits of cost saving, the message is very clear, do what is necessary to run these things well. And, indeed, the short run, that is much the largest financial upside available to the company.

So, I think we have that square. The somewhat more amorphous aspect of your question is, how do the state's plans match or mingle with ComEd's plans? Well, that is very difficult because both the state's plans and our own are somewhat inchoate, but the essence of it is that Illinois' Restructuring Act is less ideologically concrete than are those in California or New England.

There is a general sense in the legislature and in

the Commission in Illinois that competition is a good thing and that rate reductions are a good thing, and the statute was designed to bring about those objectives with a minimum amount of specificity as to what the structures of the future would look like. This leaves ComEd, in some ways, more opportunities, but clearly more risk than might be the case in a state where the restructuring legislation was ideologically more rigid.

It also leaves us with the continuing task of working out where we go with the Illinois Commerce Commission. I think as time goes along, you will see Illinois restructuring look a little more like the Northeast or California than the Act may have looked at the outset.

But what it has done for ComEd's plans, it has caused us to look at our system as five business units, fossil generation, nuclear generation, transmission, distribution, and competitive or unregulated enterprises. We have decided to sell the fossil generation and have that underway. We have renewed our commitment to the nuclear fleet. We hope to run the four remaining business units successfully as a collective organization. But we have the obligation to succeed at all of them or, else, find a better structure. So we know where we want to go, but we will be learning like other folks where we can go as time goes on.

Again, though, I would come back to your first,

and the narrower part of your question, except that this imposes a clear overall economic obligation on the fleet, I think it increases our focus and commitment, rather than decreases it.

CHAIRMAN JACKSON: Commissioner Diaz.

COMMISSIONER DIAZ: No questions.

CHAIRMAN JACKSON: Commissioner McGaffigan.

COMMISSIONER McGAFFIGAN: Just a question on the one plant that didn't come up today, Zion. Where are you in the decommissioning process? Have you decided on SAFSTOR versus decon, or is there a process for making that decision, if you haven't already made it?

MR. STANLEY: Yes, the decision has been made that we will go into a safe nuclear island, SAFSTOR nuclear island concept. That construction has actually started. It will be completed by the end of this year, and it will meet our dates, our original dates of the middle of 2000 that we committed.

COMMISSIONER McGAFFIGAN: And the exemption processes for insurance, security, emergency planning, et cetera, those are underway or finished, or where are you?

MR. STANLEY: They are underway and they will be submitted by the end of the year as on schedule.

COMMISSIONER McGAFFIGAN: Okay.

CHAIRMAN JACKSON: Commissioner Merrifield.

COMMISSIONER MERRIFIELD: I have a little different question. I am wondering whether, in retrospect, our oversight, performance oversight panel process has enhanced or detracted from the communication consistency and predictability in our regulatory process. I am asking somewhat of a criticism or justification, what we are doing.

MR. KINGSLEY: Let me answer that. It has helped. One, it has provided focus. It has provided opportunity for dialogue. It has provided a clear understanding of what the issues are. When I came there, we were absent basic process. We had some metrics, they were the wrong ones. In a lot of cases, we did put together the strategic reform initiatives. We did not have a business plan. We put that in place. So I think it has provided a great opportunity to have some face to face dialogue and let us go report performance and actual results to the NRC.

Now, long-term, I am not in favor of this, but it has provided significant help.

COMMISSIONER MERRIFIELD: Thank you.

CHAIRMAN JACKSON: Thank you very much. I appreciate it.

Let me hear from the NRC staff.

MR. TRAVERS: Good morning. As you know, Chairman, the NRC staff has been continuing its oversight of comments, safety performance and its initiatives to improve

its performance. Specifically, we have been continuing the Commonwealth Performance Oversight Panel that Commissioner Merrifield mentioned. That panel was established to provide an integrated NRC assessment of ComEd's nuclear safety performance, and to specifically identify any discrepancies between ComEd's assessment of its performance and our own.

In order to help me with the presentation today, I brought two good men from Chicago, --

CHAIRMAN JACKSON: Well, Jeff has been there, so, you know, we know he's insane. He's been in Chicago for a while.

[Laughter.]

MR. TRAVERS: Well, I thought I would give him a plug.

And one good man from Montgomery County, Maryland. Jim Dyer, as you pointed out is the Region 3 regional administrator, and Jeff Grant is the director of the Division of Reactor Projects, and of course, Roy Zimmerman is the deputy director of the Office of --

CHAIRMAN JACKSON: Oh, that's the Rockville --

MR. TRAVERS: That's right.

CHAIRMAN JACKSON: Okay. Not yourself.

MR. TRAVERS: No, I just -- I wouldn't give myself a plug.

CHAIRMAN JACKSON: All right.

MR. TRAVERS: But in any case, we would like to begin the briefing, and Jim is going to start us off.

CHAIRMAN JACKSON: Thank you.

MR. DYER: Good morning, Chairman, Commissioners. Today, we're here to brief you on the -- for the fourth time. This is my first. That's why I brought Jeff, so that there's a little historical context for the Commonwealth Edison Performance Oversight Panel reviews.

We plan to focus our review on the last six months' performance since you were last briefed on June 30th, 1988.

Next slide, please.

As you heard from Commonwealth Edison, there's been a number of significant activities in our resultant inspections as have occurred at the ComEd site since this last meeting in June. Essentially, Dresden has operated well since removed from a watch list. Braidwood, Quad Cities and Dresden successfully conducted refueling outages with major work activities.

LaSalle Unit 1 successfully restarted and has operated well after their extended outage and completed a short maintenance outage. LaSalle Unit 2 appears to be ready to -- on schedule for their startup in May.

The NRC staff completed a review of the ComEd strategic reform initiatives and determined that the SRIs

were responsive to the original 10 CFR 54F request for information. And we conducted three CPOP public meetings and three corresponding internal NRC meetings attended only by the NRC staff.

Next slide, please.

CHAIRMAN JACKSON: Let me ask you a question. One of the duties of the ComEd Oversight Panel was to assess allegations in the aggregate to determine if there were any broad-based concerns or issues.

Are there any conclusions? I mean, have you done that kind of aggregated look and is there any particular insight that you gleaned from that?

MR. DYER: Yes. I think, as part of the CPOP process, and again, Jeff can add more, but I participated in one meeting so far, is we review the allegations in aggregate, we get a briefing from our allegation coordinator on the nature and extent of the various allegations, both across ComEd sites as well as focused at the individual sites, and then we merry that up with other information from the inspection reports, from the ComEd performance indicators and any other information we may have on the performance in ComEd, and tie that to the feedback from our SRI inspections and then try to get it integrated together.

I think from the Agency allegation report, you know, Byron is identified as an outlier within ComEd in

that, and we have taken some actions in that arena and we're still looking at it.

CHAIRMAN JACKSON: Okay.

MR. DYER: Let's see. Slide 3.

The regional NRR attention at the individual ComEd sites and the corporate offices have continued at elevated levels. The CPOP developed a strategy for the review and inspection of the SRI implementation, and region 3 has completed the inspections that were identified at all sites as well as two inspections at the corporate offices.

The feedback to ComEd -- feedback was provided to ComEd during the inspection activities as well as during the public CPOP meetings, and we had an exchange of where they were on the implementation.

Additionally, as directed by the PPR in the senior management meetings, we conducted enhanced inspections at all the sites significantly above the core program at the BWR sites and the Braidwood -- with and Braidwood steam generator replacement inspection.

We also continued our public oversight meetings at the three BWR facilities where we focused specifically on the BWR performance improvements at those sites, and as part of our normal PPR process, we had -- at the end of our individual site reviews, we conducted an integrated review of the ComEd sites, again looking for common issues or

outliers from the normal ComEd performance in that they would provide us an input to our CPOP process.

Next slide.

Yes.

CHAIRMAN JACKSON: You know, following the LaSalle Unit 1 restart, emergent -- or equipment problems led to two shutdowns and one reduction in power. Can you say what current indicators suggest about equipment problems today, you know, or over the --

MR. DYER: The equipment problems, I don't remember the details that caused the actual LaSalle shutdown. But during the extended outage, LaSalle I think conducted over 200 modifications. It was, you know --

CHAIRMAN JACKSON: Right, but these were post shutdown equipment problems.

MR. DYER: And coming out of an outage, we would expect to have some -- we wouldn't be surprised if there was some sort of material problem. I think Jeff --

MR. GRANT: I think given the fact that I think there's actually close to 300 modifications and thousands of work activities that were done during the two years that Unit 1 was shut down, there were a couple of hiccups, I guess, during the startup. One was a failed card in a feedwater control system that had been tested previously, and I forget exactly what component failed in the circuit

card, but that caused a feedwater transient that resulted in a manual scram being put in.

But looking at that and there were some problems with the RCSI system also, of course, both LaSalle and we would have liked to have seen a completely flawless startup and run, but given the amount of activities that had taken place for that two years, it looked very reasonable.

CHAIRMAN JACKSON: So nothing that was unusual, nothing that they should have not missed and nothing that was risk significant?

MR. GRANT: No.

CHAIRMAN JACKSON: Okay.

MR. DYER: Next slide, please.

The results of our CPOP efforts and based on our review of the activities now, we've concluded that ComEd has implemented their strategic reform initiative work plans as they committed to us in their February and January letters, and that the performance of the BWR facilities has continued to improve without the detriment to Braidwood and Byron stations.

Our assessment also is that these improvements to date have been driven by the ComEd management team, and with extremely large involvement by the corporate office and site executives.

The changes that occur -- have occurred so far

appear to be effective but are not institutionalized or, as Mr. Kingsley said, in the fabric of the organization to the extent that the senior management -- enhanced senior management oversight could be stopped.

There are also no --

CHAIRMAN JACKSON: So you're saying that your judgment is that you mean -- when you say senior management, you mean their senior management?

MR. DYER: Yes, ma'am. Yes. Their senior managers are intimately involved with a high level of detail going on at all the sites --

CHAIRMAN JACKSON: I see.

MR. DYER: -- and all the activities.

There also has been what I would call a significant turnover in the number of managers at the sites. Again, the CPOP -- as part of our CPOP charter, we are focused on management turnover at the department head level and greater at the sites or within the corporate office, and there has been a lot of movement among the various managers in that. And while this wouldn't be unexpected given ComEd's rapid pace of change as well as the rapid pace of change in the industry and other opportunities for some of the managers, we don't think it's conductive to preventing a cyclic performance. There's this high reliance on the individual senior managers still, and these managers are

changing, and so collectively, that does not lead us -- we have some concerns still about the cyclic performance until it does get into the fabric, if you would, as Mr. Kingsley said.

CHAIRMAN JACKSON: How will you know that, that it's in the fabric?

MR. DYER: Well, I think one of the things, as we go through it in our CPOP meetings and our overview meetings, is the amount of management involvement at the senior level for routine activities. You know, in the one at the Dresden, I was surprised at the Dresden oversight meeting that we had where they were talking about they were -- you know, operations were going on and online maintenance activities, and they were going well, but the operations manager was calling in from home to participate in pre-shift briefs.

That's the kind of ongoing activities that, you know, they decided they needed to have that level of oversight to ensure that they were done correctly. Ongoing, that just puts an awful strain on the managers within the organization.

MR. GRANT: I would just add one thing on that, that we recently had a LaSalle oversight meeting, and one of the issues there that I was pleased to see that they brought up was ensuring that the first-line supervisors, who I think

they've looked at and seen that the message, as Mr. Kingsley said, hasn't been inculcated yet, they understand the expectations, but it's not part of the fabric yet, it's not instinctive, and I believe that they understand that and the meetings that we have with ComEd and the individual sites, they bring these issues up. So it's clearly on their radar screen. I don't think there's a performance indicator, though, that will tell us, you know, when that transition has been made.

CHAIRMAN JACKSON: Okay.

MR. DYER: Okay. Lastly, we've also seen value added by the ComEd -- to ComEd safety performance by the corporate assessments in the oversight group, particularly in the diagnostic capability when responding to a performance indicator or after an event or an inspection finding, getting to the root cause and implementing the corrective actions has been a strength.

Now, this value added hasn't always been consistent at all the sites; it appears to be -- in our assessment, it's always thorough; it's a question of timeliness in that.

In some of the issues, the NRC is -- when we raise an issue, we find that the comment has been there before us, but it hasn't percolated up through the system for corrective actions in that. So I think it's more of a

timing issue than as far as thoroughness goes.

CHAIRMAN JACKSON: You indicated that you inspected selected Strategic Reform Initiatives. What are some of those?

MR. DYER: Well, what we did is the CPOP went through and did a review of the work plans for the 13 SRIs and we really targeted for efficiency. Part of the, I guess -- this actually happened before my time, but a lessons learned we have learned from the past is we have gotten wrapped up too close to the licensee's process, as opposed to reviewing the effectiveness of their process.

We chose just to observe the implementation, to target things that our normal inspection program could do in the conduct of business. So, for the most part, if it was a work control process being improved, we would review what the SRI -- have the inspector brief, you know, review what the SRI was and then go look at how it was being implemented in the field.

CHAIRMAN JACKSON: So when you have gotten too wrapped up in the licensee's processes in the past, as opposed to looking at what they accomplished, what do you mean by that?

MR. DYER: Well, in my previous jobs back in 1992, I was part of the design and review team and the Dresden oversight team when I worked for NRR, and we were almost

totally process oriented.

CHAIRMAN JACKSON: As opposed to results.

MR. DYER: And we didn't focus on the results.

CHAIRMAN JACKSON: I see. I understand. Okay.

MR. DYER: And our strategy, the CPOP strategy for implementation of the SRIs is, again, to do -- where we can, do the checks on implementation, but then, also, the second part is to review the effectiveness, and that is the part on our oversight program where we have the branch chiefs review us on inspection results that are ongoing and, say, you know, tie that performance, improved performance to -- are they meeting their SRI objectives? We do that through the CPOP process.

Additionally, the licensee was built into their SRI closure process an effectiveness review. And under CPOP, we hope to review with the licensee their effectiveness reviews for improvements.

Next slide, please.

Our future activities will largely be dictated by the senior management meeting process and that, which is where a lot of the oversight program originated. But for the near term, we expect to continue with our periodic meetings, again, focusing on SRI effectiveness as our implementation inspections are complete. And we were going to perform augmented coverage of the LaSalle Unit 2 startup

that is scheduled next -- or in a couple of months, and continue our plant inspections and periodic management meetings with the BWR facilities. That concludes my presentation.

CHAIRMAN JACKSON: Thank you. Geoff, do you have any additional comments you want to make?

MR. GRANT: No, ma'am.

CHAIRMAN JACKSON: Okay. Thank you. Commissioner.

COMMISSIONER DICUS: Do you have any criteria that you will use to make a decision on the recommendation when the CPOP can end?

MR. DYER: As part of the last CPOP meeting, the group came in and had worked out, I think, seven or eight criteria for doing it, and as the brand new Regional Administrator, they decided that my first decision wasn't going to be to try to end the program, I am trying to find out exactly what it is. But there have been -- we are developing criteria. It involves eight criteria, of which I think two have been completed so far.

CHAIRMAN JACKSON: Commissioner Diaz.

COMMISSIONER DIAZ: I am going to follow up on that part, but let me start on the last slide, continuing house inspections and periodic management. I understand that we have putting 13 to 14 FTEs every year additional to

what we normally would put, you know, for inspection and assessment. What is the level now?

MR. DYER: Can I have the -- I have a slide on that. Can I see backup slide 1, please? I hope they have it.

CHAIRMAN JACKSON: Do you have backup slide 1, please? There it is.

MR. DYER: This is -- I asked to get the run off of the inspection results that we have had for the last six, seven months, I believe. And as opposed -- Carl Paperiello did it last time, had an average inspection -- our inspection at the ComEd sites has significantly decreased. The numbers I think that Carl was showing last year was 7500 hours per year. The numbers, the amount that we are looking at now is 5500 -- 5,000, and it is continually coming down. And so it is -- the specific inspections, we have had a lot of work at Quad Cities with the engineering and tech support inspection follow-up to the AE inspection and that.

But I don't have the -- Geoff, I don't know if you have the numbers. We just went through the PPR process and looking forward, but we considerably back from where we were.

COMMISSIONER DIAZ: Okay. Let me tie that to Commissioner Dicus' question. You know, you said, looking at the CPOP, and you are looking at some criteria, I hope

that the criteria will focus on the added health and safety benefits from the panel, I mean because that is really what the bottom line is. And so when you develop those criteria, the Commission will be knowing how -- what is the added value, from this point on. I think we need to look forward. I think we realize the value of the panels in the past. But from this point forward, what is the added and health and safety value of it?

MR. DYER: Okay.

CHAIRMAN JACKSON: I think you should probably tie that into what you were working off of relative to the 5054(f) letter, since that is really what triggered this in the first place.

MR. DYER: Yes.

CHAIRMAN JACKSON: Commissioner McGaffigan.

COMMISSIONER McGAFFIGAN: A general question about overtime. We have the letter in, you are going to answer it. But do our inspectors look at these exceptions to the Generic Letter 8202 tech spec limits as a routine thing when they are -- is it part of the resident core inspection program to just monitor how many deviations the licensee has approved? Do we regard as a useful indicator?

MR. DYER: I will defer to Geoff.

MR. GRANT: No, I don't believe it is part of the core. I mean you could envelope it under the core if you

thought that there was an issue there, but it is not routinely looked at. However, they will look at it if it looks likes, to the inspector, that there is an issue brewing there.

COMMISSIONER McGAFFIGAN: But it strikes me there is an indicator, I mean Mr. Stanley talked about it earlier, you know, he knows there are 45, he knows they are mostly on the 72 hour, et cetera, and it wouldn't -- I assume that date is available to us, so we would -- the way the inspector could find out whether there is an issue brewing is to know whether 45 is a big number or a small number compared to industry practice more broadly, and then, presumably, if it is a big number, they would pay to some attention to it. If it is a small number, they wouldn't. I am just trying to find out, is this a valuable indicator or not.

MR. TRAVERS: It has not been an issue, a significant issue in the past.

COMMISSIONER McGAFFIGAN: Okay.

MR. TRAVERS: And, frankly, we are certainly looking at it as part of the allegation process. And we certainly won't comment on the details of any specific allegation here, but even -- the tech spec I think even allows for an administrative pre-approval in some instances for overtime. But we have not faced this issue in any

significant measure before.

COMMISSIONER McGAFFIGAN: Congress Dingell --

MR. TRAVERS: So it is not part of the routine inspection program.

CHAIRMAN JACKSON: It hasn't been enough of an issue that you thought that it needed to be routine examined.

MR. TRAVERS: But we are always at the ready to further evaluate issues.

COMMISSIONER McGAFFIGAN: But the data that they are requesting that this letter, you know, how many exceptions there were, for what purpose, et cetera, for across the fleet, is that readily available? No?

MR. ZIMMERMAN: I think licensees keep records like that. I don't recall this area being in the core inspection, but I know that from my time in the field at the sites, you gravitate toward the areas during the outages, when are talking to staff that are doing work, and you get a pretty good feel for whether they have a sense that there may be a problem with regard to the hours that they are working, and then go pull the records. We can look at those records at any time. But I think the residents do have a good feel.

MR. DYER: But we wouldn't generally have that data.

COMMISSIONER McGAFFIGAN: Okay.

CHAIRMAN JACKSON: Commissioner Merrifield.

COMMISSIONER MERRIFIELD: No further questions.

CHAIRMAN JACKSON: Well, I would like to thank both Commonwealth Edison and the NRC staff for a very informative meeting on the safety performance of the ComEd nuclear facilities, and the progress made to date in addressing and resolving cyclic performance issues.

The Strategic Reform Initiatives of ComEd appear to have contributed, and you say so, to the improved performance of the ComEd nuclear facilities, but through the heavy involvement of the ComEd management team.

Now, in the past Commission meetings with ComEd, we have called for results and sustained results, and it would appear that at least we are beginning to see them. And, as you have heard, there have been, and you have told us, challenges and events, and an integrated assessment of the ComEd facilities, -- such as that envisioned in the new NRC reactor, proposed reactor oversight process, and of which I would note that Quad Cities has been selected as a pilot plant, -- which could provide real world insight into their performance and foster more informed decision making in, first, the allocation of inspection resources on activities where the potential risks are greater. Secondly, applying greater regulatory attention to the facilities with

performance problems. Third, using objective measurements of performance. And, fourth, providing the nuclear industry and the public with timely and understandable assessments of plant performance.

But, for the time being, the NRC continues to rely upon existing mechanisms, including the plant performance review, and the senior management meeting processes, to evaluate the nuclear safety performance of the ComEd facilities and the under things under that umbrella, and determine when sufficient information exists to determine if that cyclic performance has been arrested in a sustained way.

And I would just encourage ComEd to continue to strive for continuing and sustained improvement at all of your installations, and to continue the healthy interactions and information sharing that you have been providing, and that you have had with the NRC staff.

So, unless there are any further questions or remarks, we are adjourned. We will have an affirmation session, however. Thanks.

[Whereupon, at 12:02 p.m., the meeting adjourned.]

CERTIFICATE

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

TITLE OF MEETING: MEETING WITH COMMONWEALTH EDISON PUBLIC MEETING

PLACE OF MEETING: Rockville, Maryland

DATE OF MEETING: Tuesday, March 2, 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

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NUCLEAR GENERATION GROUP (NGG) PERFORMANCE STATUS MEETING

MARCH 2, 1999

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OPENING REMARKS

John W. Rowe

Chief Executive Officer

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AGENDA

• Opening Remarks	J. W. Rowe
• Nuclear Generation Group Overview	O. D. Kingsley, Jr.
• Strategic Reform Initiatives	D. R. Helwig
• BWR Performance	C. M. Crane
• PWR Performance	H. G. Stanley
• Closing Remarks	O. D. Kingsley, Jr.

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NUCLEAR GENERATION GROUP OVERVIEW

Oliver D. Kingsley, Jr.

Chief Nuclear Officer and President, NGG

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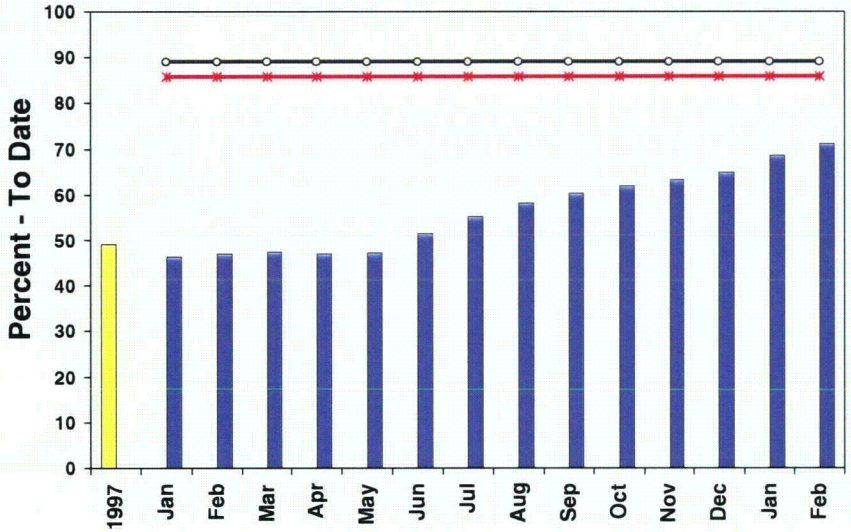
NGG PERFORMANCE SIGNIFICANTLY IMPROVED

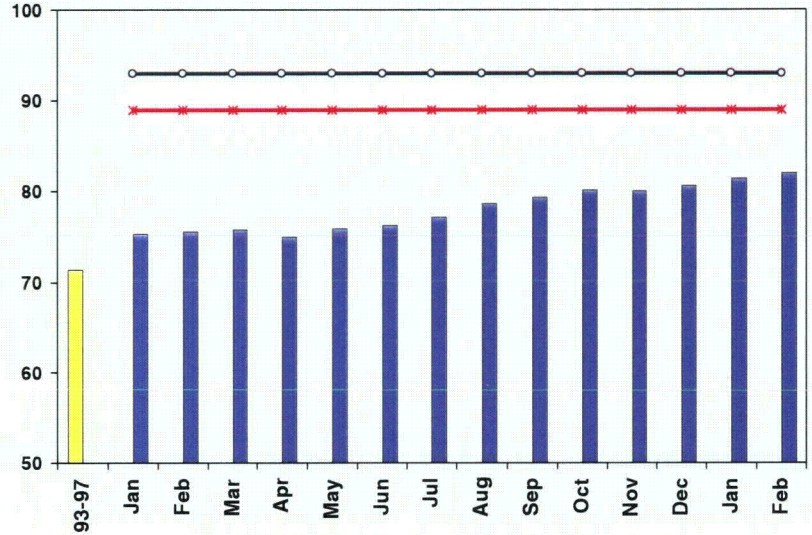
- **Higher Performance Standards Established**
- **Results Being Achieved**
- **Additional Work Remains**

NGG PERFORMANCE IMPROVEMENTS

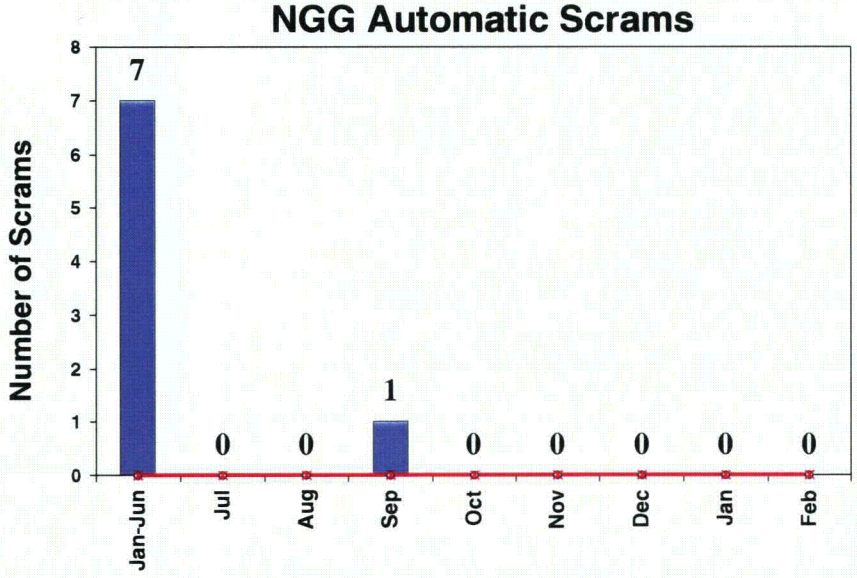
NGG Capacity Factor *



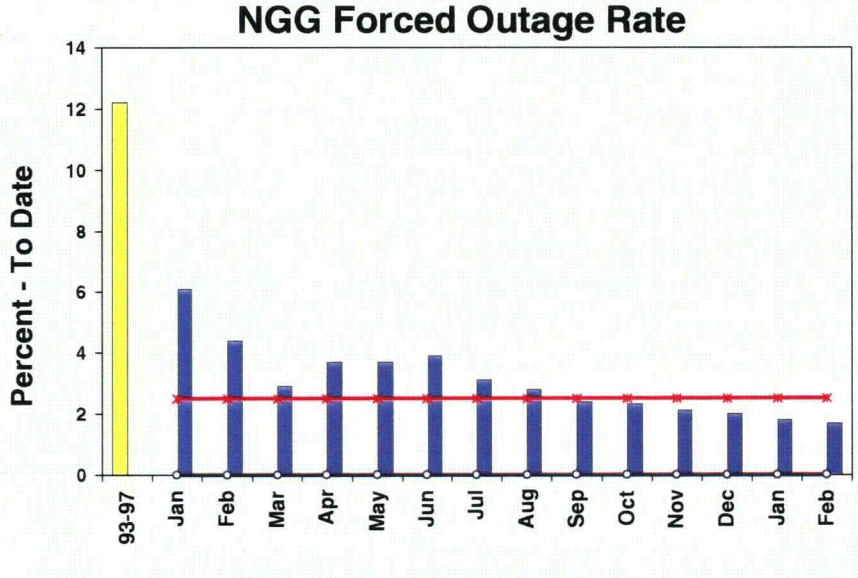
Average INPO Performance Index



NGG Automatic Scrams



NGG Forced Outage Rate



1993-1997 Average | 1998 Actual | Industry Top Quartile | Industry Median | * Jan/Feb 99 are 12 Month Rolling Averages

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1998 -- DEFINED FUNDAMENTALS AND IMPROVED PROCESSES

- More Effective Leadership
- Focus On Problem Resolution
- Strategic Reform Initiatives (SRIs)
  - Completing Initial Implementation
  - Continue As Governing Principles
- Process and Program Improvements
- Effectively Address Cyclic Performance

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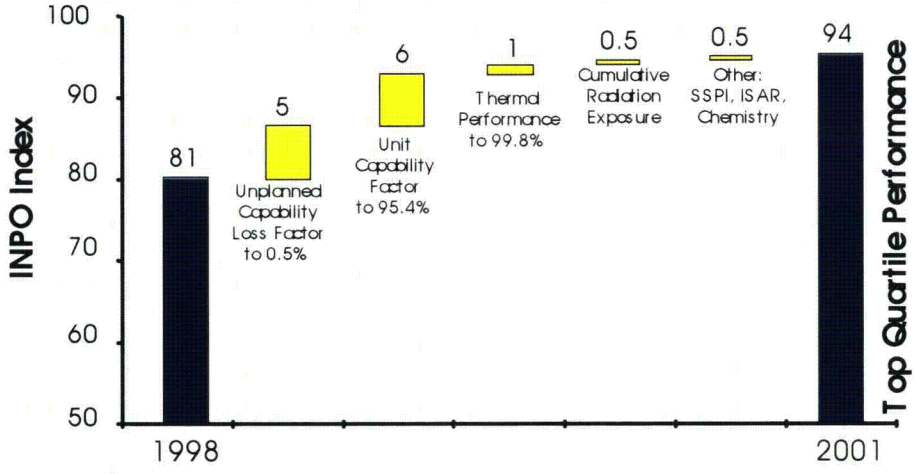
NGG ACTIONS CONTINUING AND GOING FORWARD

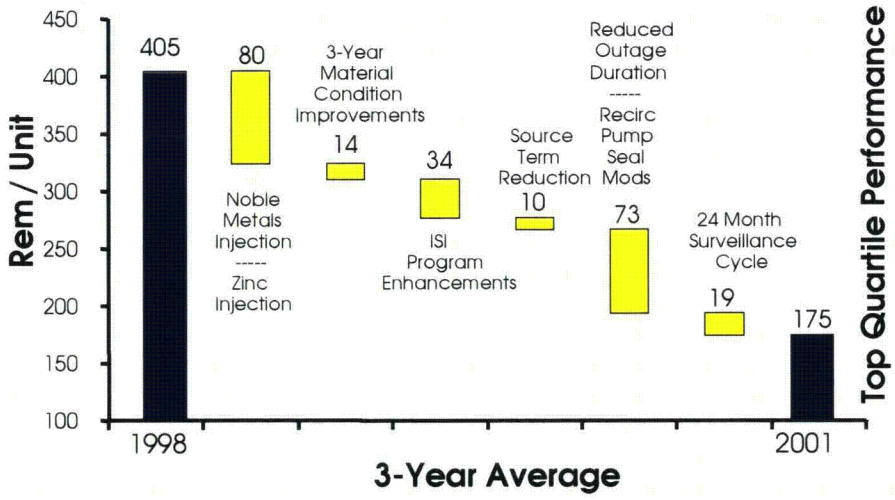
- NGG Continues to Focus on:
  - Magnitude and Rate of Improvement
  - Comparison to Industry Best
- Instill Performance Standards Into Organization
  - Management Oversight
  - Accountability
  - Employee Communication and Engagement
  - Identify and Correct Problems
- Take Each Site to Next Level of Performance

ANALYSIS OF PERFORMANCE GAPS

NGG INPO Performance Index Gap Analysis



Quad Cities Radiation Exposure Gap Analysis



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STRATEGIC REFORM INITIATIVES

David R. Helwig
Senior Vice President Nuclear Services

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STRATEGIC REFORM INITIATIVES (SRIs)

- Designed to Arrest Cyclic Performance
  - Focus on Performance and Results
  - Defined Expectations and Standards
  - Basic Processes and Fundamentals
  - Clear Roles and Responsibilities
  - Effective Oversight
- Implementation Complete
- Foundation for Continuous Improvement

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EFFECTIVENESS REVIEWS

- Effectiveness Reviews Completed
  - Original Purpose Satisfied
    - Accomplishments
  - Areas for Improvement Identified
    - Focus Areas

- Overall Effectiveness Review
  - Scheduled To Begin End Of March
  - Teams Include Outside Experts

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NGG-1, STRENGTHEN PERFORMANCE MONITORING AND MANAGEMENT

- Accomplishments
  - Consistent Implementation of Measures
  - Measures Aligned With Goals and Business Plan Actions
  - Integrated Process Supporting Management Review and Attention
- Focus Area
  - Use for Trending and Analysis

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NGG-3, ENSURE EXCELLENCE IN PLANT MATERIAL CONDITION

- **Accomplishments**
  - **Work Control Planning Process**
  - **System Health Indicator Program (SHIP)**
  - **Comprehensive Process Model and Reporting**

- **Focus Areas**
  - **Improve Execution of Work Management**
  - **Refinement of Long-Term Planning Process**
  - **Proactive Use of SHIP**

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GOING FORWARD

- **Tangible Performance Improvements Achieved**
- **Sustained Performance Requires Continued Vigilance**
- **SRIs Define Key Areas of Performance**
- **Workforce Engagement and Continuous Improvement Must be a Way Of Life**

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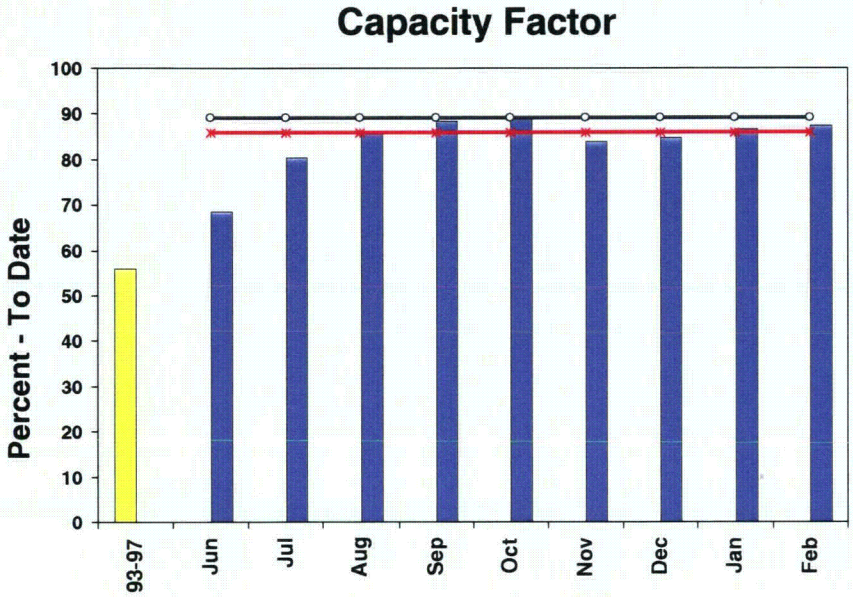
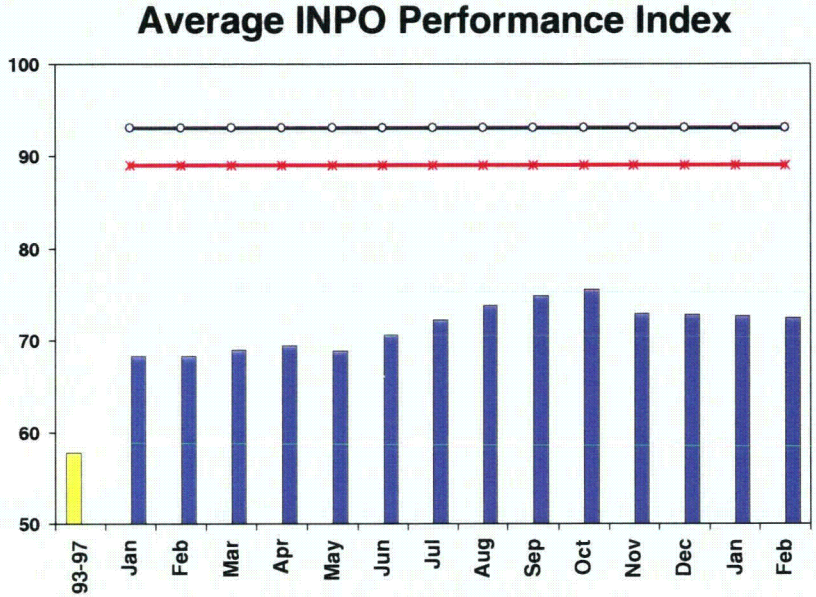
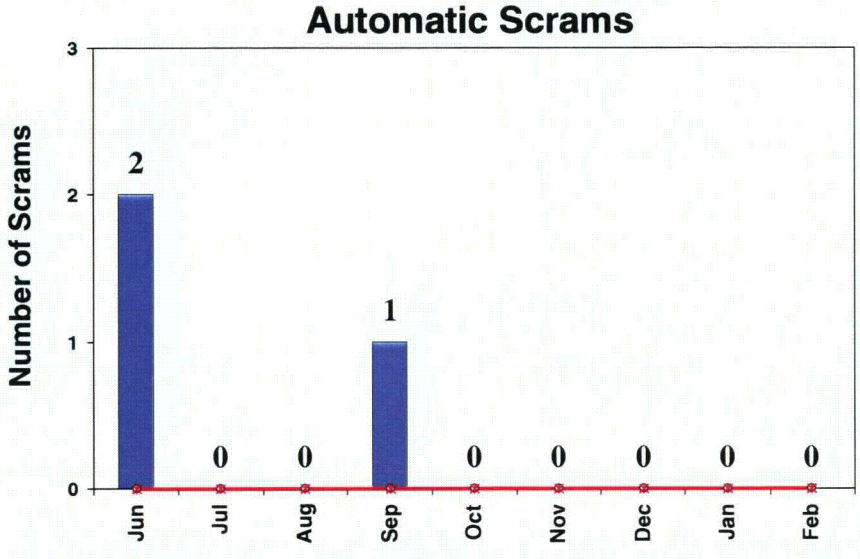
BWR PERFORMANCE

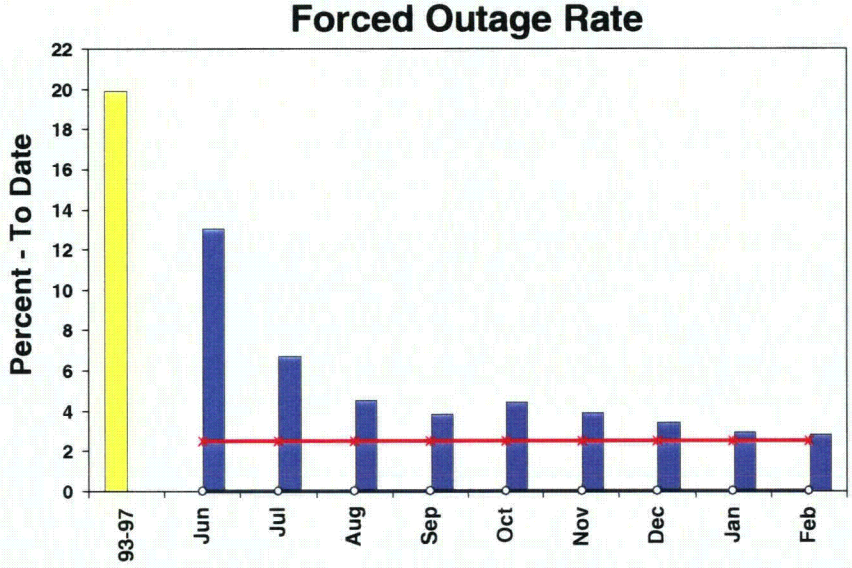
Christopher M. Crane
BWR Vice President

QUAD CITIES STATION PERFORMANCE IMPROVEMENTS









1993-1997 Average | 1998 Actual | Industry Top Quartile | Industry Median

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QUAD CITIES STATION ACCOMPLISHMENTS AND RESULTS

- **Since Restart, Sustained Dual Unit Operation**
- **Well-Executed 28-Day Unit 1 Refueling Outage**
- **Strengthened On-Site And Corporate Oversight**
- **Engineering Improvements**

ComEd
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QUAD CITIES STATION ACCOMPLISHMENTS AND RESULTS

- Long-Standing Material Condition Issues Addressed
  - Operator Challenges Reduced
  - Corrective Maintenance Backlog Reduced
- Fire Protection Program Improvements
- Decrease In Human Error Events
- Improved Trend In Operator Configuration Control Errors
- Chemistry Performance

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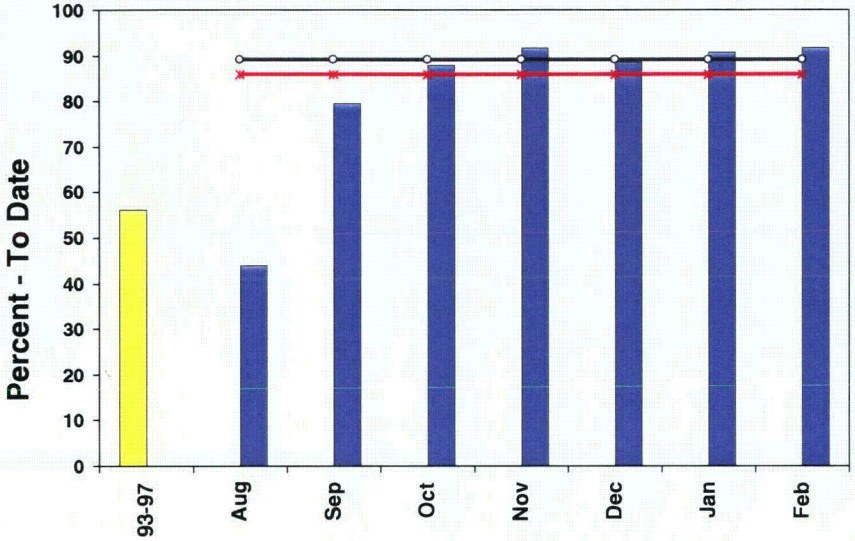
PERFORMANCE DECLINE ARRESTED, TREND IMPROVING

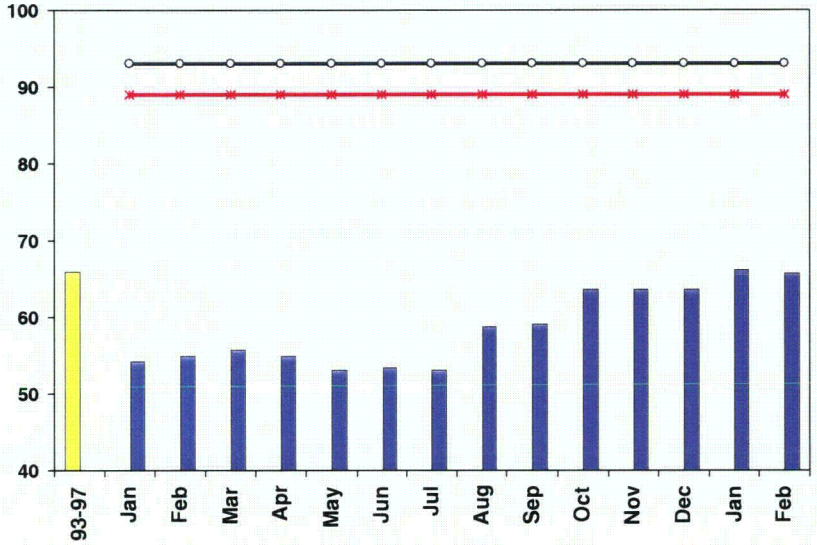
- Focus Areas
  - Operations Leadership Role
  - Configuration Control Errors
  - Work Control Process
  - Equipment Reliability
  - Repetitive Equipment Problems
  - Reduce Number of Maintenance Rule (a)(1) Systems
  - Radiation Exposure

LASALLE UNIT 1
PERFORMANCE IMPROVEMENTS

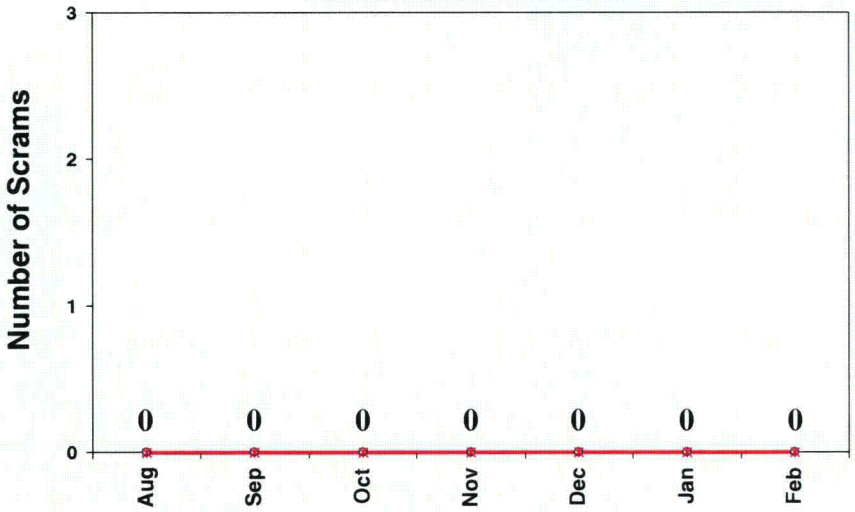
Capacity Factor



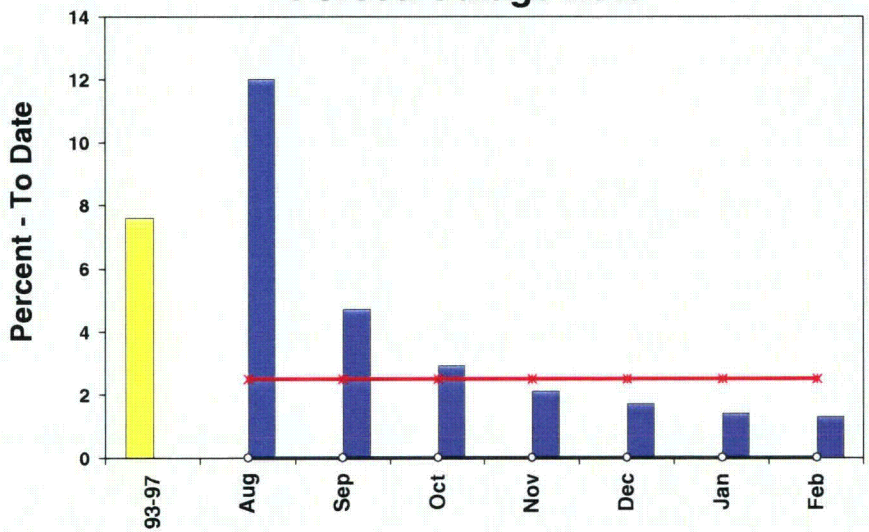
Average INPO Performance Index



Automatic Scrams



Forced Outage Rate



1993-1997 Average | 1998 Actual | Industry Top Quartile | Industry Median

ComEd
A Unicom Company

LASALLE UNIT 1
ACCOMPLISHMENTS AND RESULTS

- **Management Team In Place and Engaged**
- **Operating Fundamentals Improvements**
- **Material Condition Improvements**
- **Long-Standing Design Issues Resolved**

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NEXT STEPS

- **Unit 2 Restart**
  - **Original Engineering Complete**
  - **Detailed Plan, Enhanced By Unit 1 Lessons-Learned**
  - **Comprehensive Assessment Of Restart Readiness**

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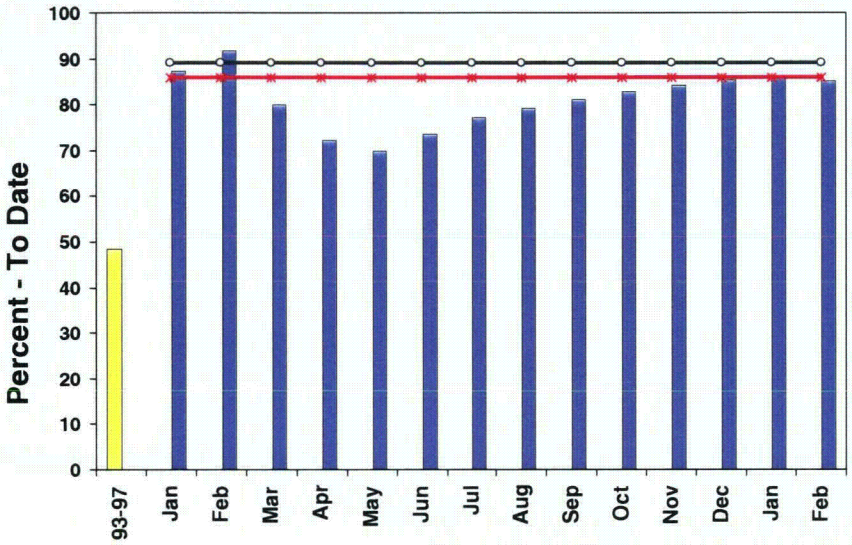
FOCUS AREAS

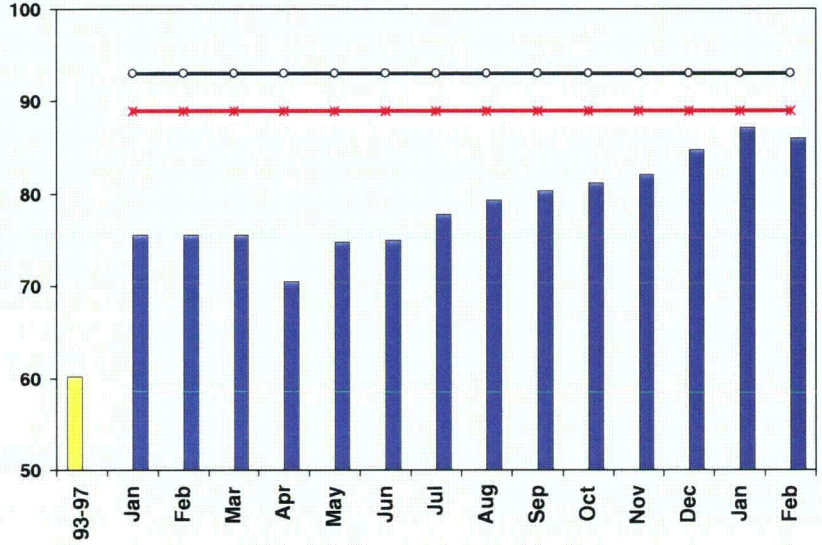
- **Work Management**
- **Human Performance**
- **Configuration Control**
- **Chemistry**
- **Radiation Protection**

DRESDEN STATION PERFORMANCE IMPROVEMENTS

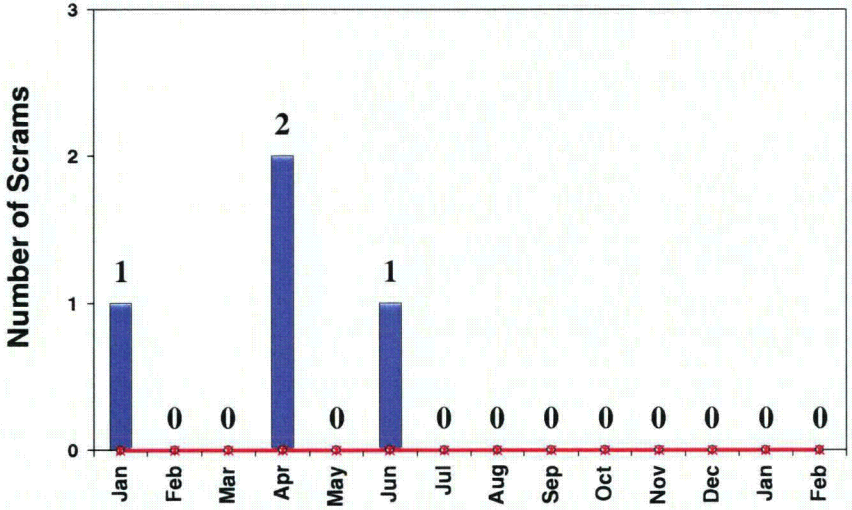
Capacity Factor



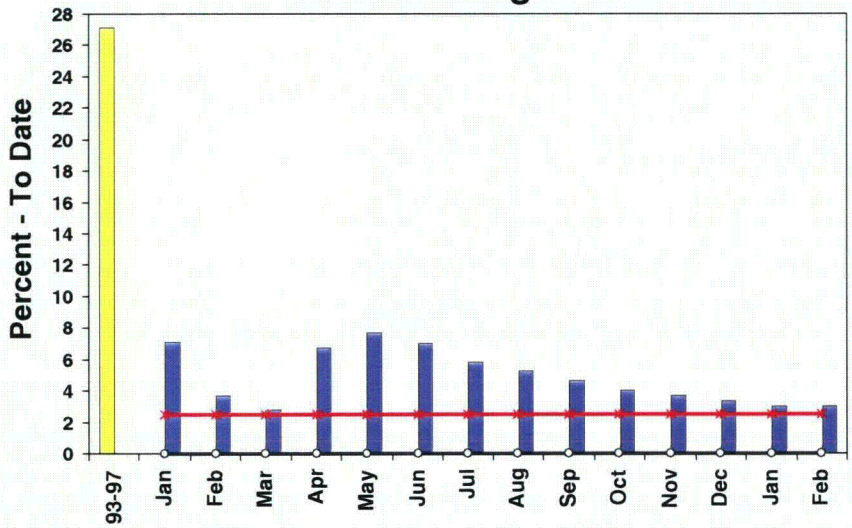
Average INPO Performance Index



Automatic Scrams



Forced Outage Rate



1993-1997 Average | 1998 Actual | Industry Top Quartile | Industry Median

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DRESDEN STATION ACCOMPLISHMENTS AND RESULTS

- Scram Reduction
- Material Condition Improvements
- Better Operation
- Improved Engineering
- Reduced Overall Radiation Exposure

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MOVING DRESDEN TO NEXT LEVEL OF PERFORMANCE

- **Complete Identified Material Condition Improvements**
- **Further Improve Human Performance**
- **Engineering Program Improvements**
- **Additional Radiation Exposure Reduction**

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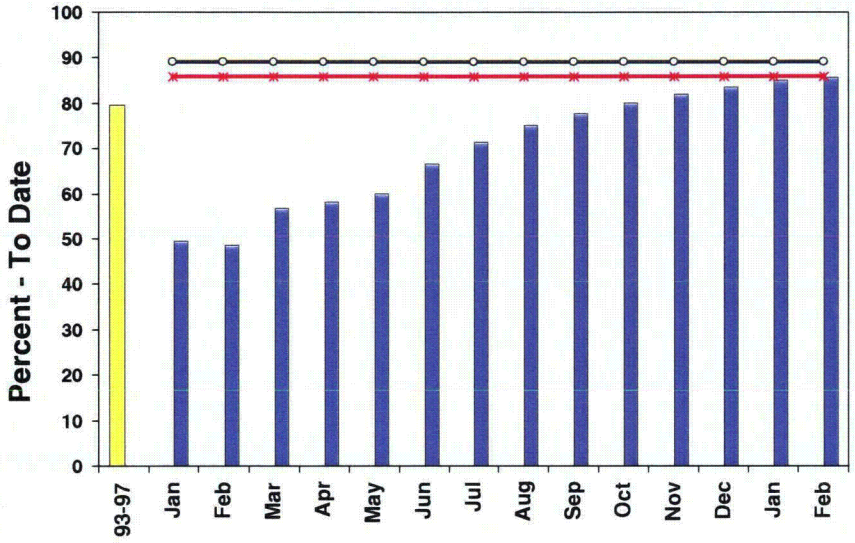
PWR PERFORMANCE

H. Gene Stanley

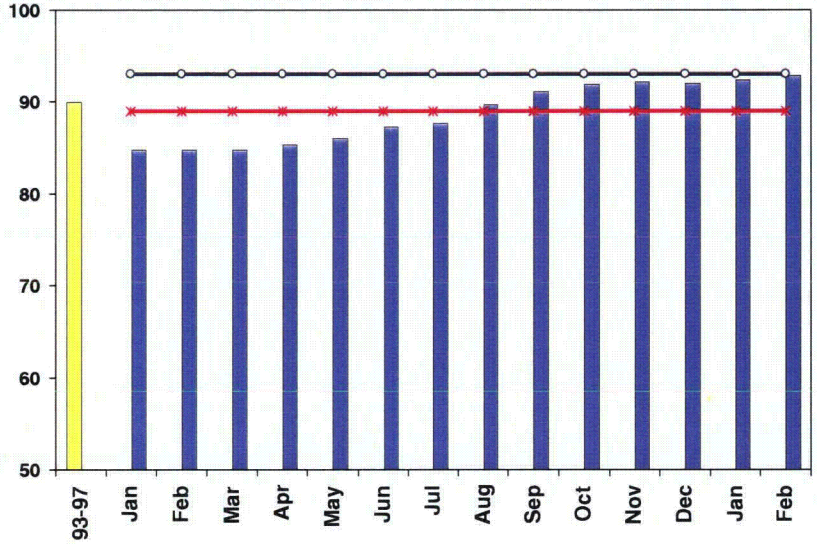
PWR Vice President

BYRON STATION
PERFORMANCE IMPROVEMENTS

Capacity Factor



Average INPO Performance Index



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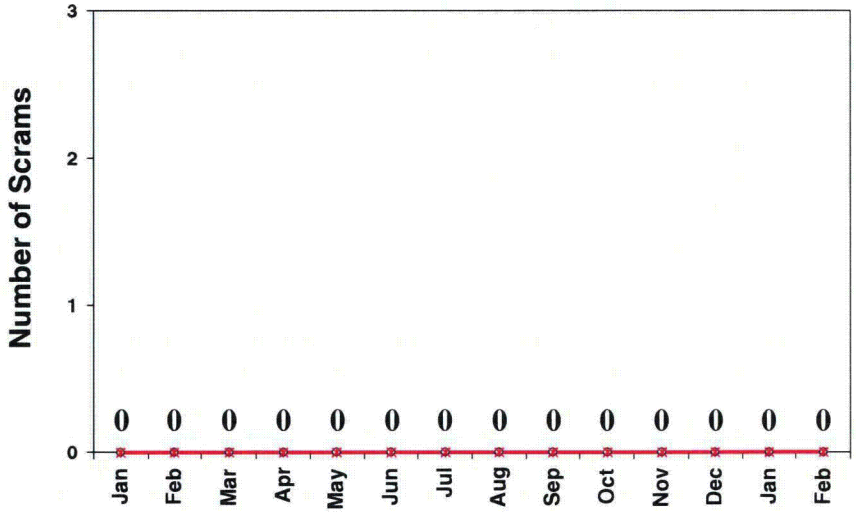

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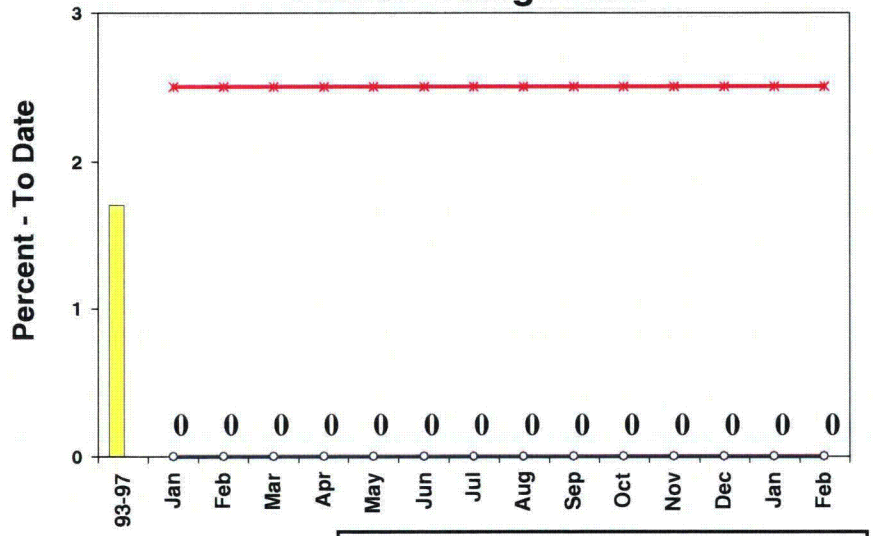

1993-1997 Average | 1998 Actual | Industry Top Quartile | Industry Median

Data Include S/G Replacement and Refuel Outages

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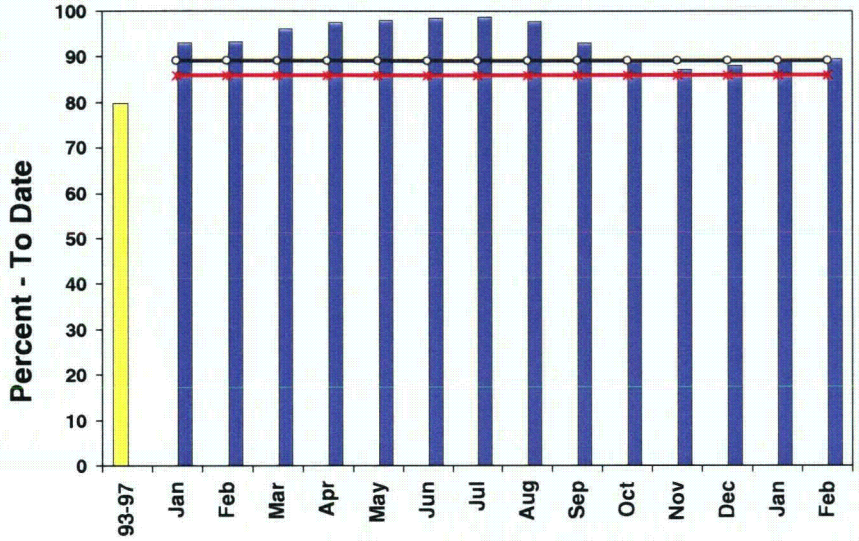
BYRON STATION PERFORMANCE

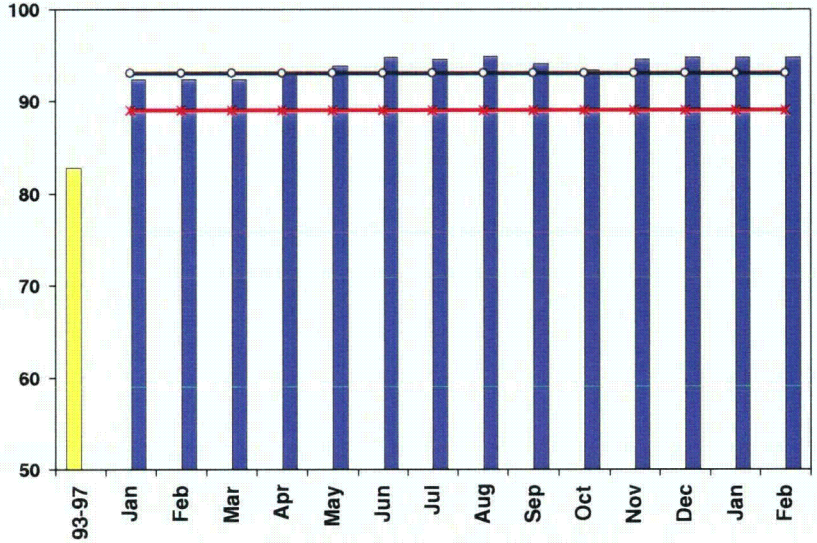
- **Top Level Plant Performance is Good**
- **NGG's Higher Performance Standards and More Effective Oversight Have Surfaced Low-Level Issues**
- **NGG and Site Management Addressing Low-Level Issues To Prevent Cyclical Performance**

BRAIDWOOD STATION PERFORMANCE IMPROVEMENTS

Capacity Factor



Average INPO Performance Index



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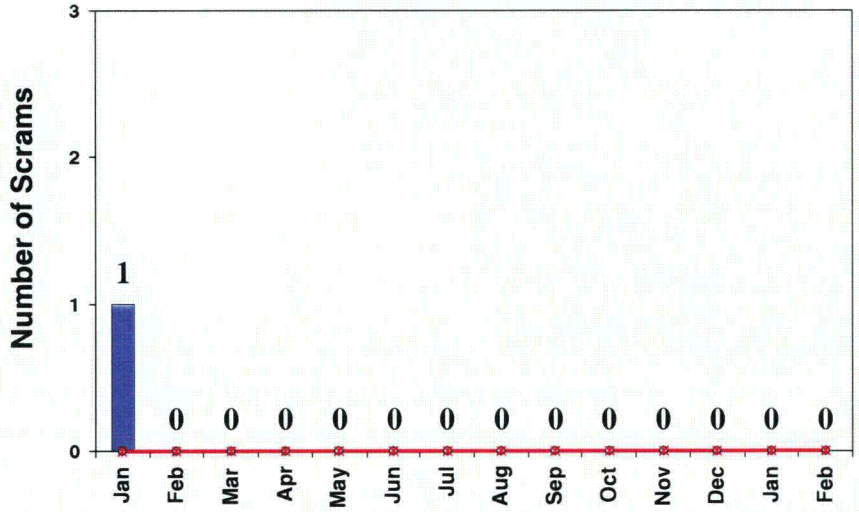

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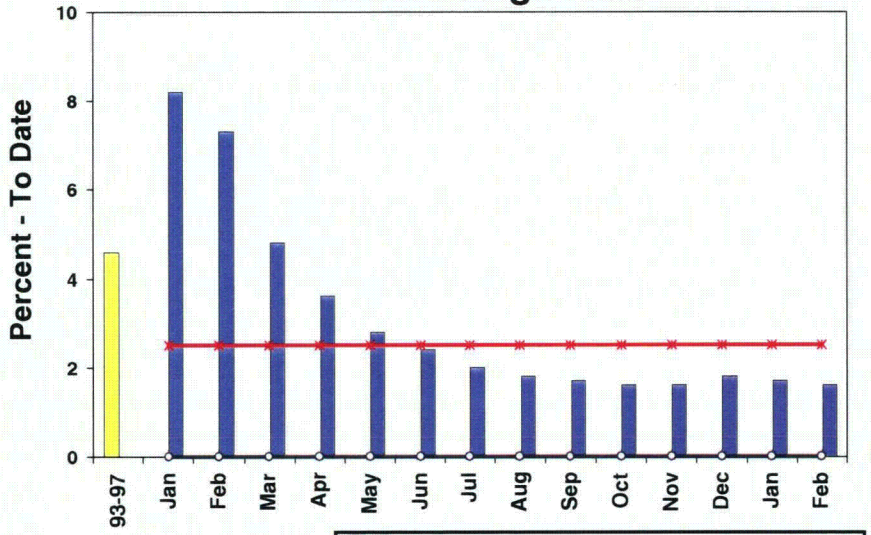

1993-1997 Average | 1998 Actual | Industry Top Quartile | Industry Median

Data Include S/G Replacement Outage

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BRAIDWOOD STATION ACCOMPLISHMENTS AND RESULTS

- Improved Material Condition
- Breaker-to-Breaker Operation
  - 467-Day Run For Unit 1
- World Record 70-Day Steam Generator Replacement
- Engineering Improvements

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CLOSING REMARKS

Oliver D. Kingsley, Jr.
Chief Nuclear Officer and President, NGG

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ONGOING APPROACH TO IMPROVEMENT

- **Results to Date Validate Improvement Plan**
  - **Setting Expectations That Exceed Regulatory Standards**
- **Method for Continuous Improvement**
  - **Standards and Programs**
  - **Performance Monitoring**
  - **Strong Management Team**
  - **Intervention As Required**
- **1999: Sustain and Improve Performance**
- **2001: Achieve Top Quartile Performance**

NRC STAFF'S ASSESSMENT OF COMMONWEALTH EDISON'S PERFORMANCE

Jim Dyer
Region III
March 2, 1999

CHRONOLOGY

• Commission Meeting	06/30/98
• Dresden removed from watch list	07/29/98
• LaSalle Unit 1 startup	08/01/98
• SRI Acknowledgment Letter	08/05/98
• Additional ComEd Oversight Panel Meetings	09/14/98
	11/17/98
	01/28/99
• Braidwood Unit 1 completes S/G outage	11/12/98
• Quad Cities Unit 1 completes 28 day outage	12/05/98
• Dresden Unit 3 outage on schedule	02/25/99

REGIONAL ACTION

- Completed corporate review of selected Strategic Reform Initiatives
- Completed resident and regional inspection of selected Strategic Reform Initiatives
- Continued enhanced inspection and assessment of ComEd
- Continued public oversight meetings with Dresden, LaSalle, Quad Cities, and ComEd senior management
- Conducted PPRs and SMM screening meetings

RESULTS

- Concluded that ComEd has implemented Strategic Reform Initiatives
- Performance improved at Dresden, LaSalle, Quad Cities
- Performance remained constant at Byron and Braidwood
- Improvements driven by ComEd management team
- Corporate assessment/oversight added value to improvement programs and processes

FUTURE ACTIVITIES

- **Continue ComEd Performance Oversight Panels (CPOP)**
- **Continue augmented coverage through LaSalle Unit 2 startup**
- **Continue enhanced inspections and periodic management meetings - Dresden, LaSalle, and Quad Cities**