

UNITED STATES OF AMERICA
NUCLEAR REGULATORY COMMISSION

Title: **BRIEFING BY COMMONWEALTH EDISON -
PUBLIC MEETING**

Location: **Rockville, Maryland**

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1 UNITED STATES OF AMERICA
2 NUCLEAR REGULATORY COMMISSION

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4 BRIEFING BY COMMONWEALTH EDISON

5 ***

6 PUBLIC MEETING

7
8 Nuclear Regulatory Commission
9 Commissioners' Conference Room
10 One White Flint Plaza
11 11555 Rockville Pike
12 Rockville, Maryland
13

14 Thursday, November 16, 1995
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16 The Commission met in open session, pursuant to
17 notice, at 10:00 a.m., the Honorable SHIRLEY A. JACKSON,
18 Chairman of the Commission, presiding.
19

20 COMMISSIONERS PRESENT:

21 SHIRLEY A. JACKSON, Chairman of the Commission
22 KENNETH C. ROGERS, Member of the Commission
23
24
25

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1 STAFF AND PRESENTERS SEATED AT THE COMMISSION TABLE:

2 J. HOYLE, SECY/NRC

3 K. CYR, OGC/NRC

4 JAMES J. O'CONNOR, Commonwealth Edison Company:

5 MIKE WALLACE, Commonwealth Edison Company:

6 STEVE PERRY, Commonwealth Edison Company:

7 KEN STRAHM, Commonwealth Edison Company:

8 JOHN HOSMER, Commonwealth Edison Company:

9 TOM KOVACH, Commonwealth Edison Company:

10 JEAN PIERRE MERCIER, Commonwealth Edison Company:

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P R O C E E D I N G S

[10:00 a.m.]

CHAIRMAN JACKSON: Good morning, ladies and gentlemen.

The purpose of this meeting is for Commonwealth Edison to brief the Commission on the performance at each of its sites, and to provide its own perspective on issues that need to be addressed to improve performance.

I would like to welcome you, representatives from Commonwealth Edison, Mr. Wallace, Mr. O'Connor.

This topic is of particular interest, as you know, since performance at a number of Commonwealth Edison plants is of concern to both the Staff and the Commission.

Although Commonwealth Edison management has initiated significant changes to improve performance, the effectiveness of the changes still remains in question.

A number of your facilities continue to be challenged by both long-standing material condition, work control and human performance problems, and these are issues that the Commission would like to have addressed in this briefing.

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

Commissioner Rogers, do you have any comments?

COMMISSIONER ROGERS: Not at this point.

1 CHAIRMAN JACKSON: If not, Mr. O'Connor, you may
2 proceed.

3 MR. O'CONNOR: Thanks very much, Chairman Jackson
4 and Commissioner Rogers. We very much appreciate the
5 opportunity to appear before you this morning to discuss our
6 nuclear program at Commonwealth Edison.

7 I wish to say at the outset that we feel that
8 safe, reliable nuclear energy is absolutely essential to our
9 corporate strategy, and is the key to our future. It's
10 because of the way that we are configured. We are a nuclear
11 utility. We have 12 operating units. We have one that is
12 decommissioned, a very small unit. It was decommissioned in
13 the late 1970s. We have over \$13 billion invested in
14 nuclear power. It accounts for roughly three-quarters of
15 the total energy that we produce. It represents about
16 12,000 megawatts on our system, and involves some 6100
17 employees, approximately one-third of our total employee
18 complement.

19 You have seen that our company restructured in
20 1994. We went to a configuration that provides for the
21 opportunity for our company to become involved in
22 unregulated activities as well as in the vertically
23 integrated electric utility industry as well. It is
24 important for everyone to understand that this in no way
25 takes away from our commitment to provide a safe, reliable

1 nuclear operating company.

2 We intend to remain a nuclear company. The point
3 is that we are not a reluctant operator. The nuclear
4 operating division has a commitment to be among the best in
5 the nuclear industry, and it is clear that we have much to
6 do in order to get there consistently across all 12 of our
7 units and their performance.

8 Our nuclear program has the unqualified support of
9 our board of directors, as well as an aggressive and very
10 versatile group in our nuclear oversight committee of the
11 board, which is chaired by Dr. Edward Mason, a former
12 Nuclear Regulatory commissioner and former chairman of the
13 Department of Nuclear Engineering at MIT.

14 The division has provided vigorous leadership by
15 our chief nuclear operating official, Mike Wallace, a senior
16 vice president of the company, and he is supported in his
17 efforts by very experienced senior executives.

18 Byron clearly shows that we can have a safe plant,
19 a reliable plant, and an economically competitive plant at
20 the same time. That is our standard of excellence to which
21 we hope to bring all of our operating plants.

22 We recognize that the competition which is
23 appearing in our industry today should act as a spur to even
24 better performance. We recognize that we must and we will
25 deploy the resources that are necessary to bring all of our

1 plants to the level of operating excellence that we need to
2 have and will have.

3 Joining me today, in addition to Mike Wallace, are
4 several of our senior officials, and I would like them, if
5 they would, just to nod so you will know who they are, and
6 they would be prepared as well to answer any questions that
7 you might have.

8 Steve Perry, who is our vice president of BWR
9 Operations.

10 Ken Strahm, vice president of PWR Operations.

11 Jack Brons, vice president of Nuclear Support.

12 John Hosmer, vice president of Engineering.

13 Tom Kovach, Nuclear Oversight Manager.

14 And John Pierre Mercier, who is vice president of
15 Maintenance since January of this year, and formerly the
16 vice president of Operations and Maintenance Engineering at
17 EDF.

18 With that, Chairman Jackson, Commissioner Rogers,
19 I would like to ask Mike Wallace to please describe in great
20 detail what is happening at the Commonwealth Edison nuclear
21 plants.

22 MR. WALLACE: Good morning, Chairman Jackson and
23 Commissioner Rogers.

24 The thrust of my overall presentation this morning
25 will be to describe to you and discuss with you the approach

1 that we are taking to raise the level of performance of the
2 overall Commonwealth Edison nuclear program to one of solid
3 industry excellence. That is our objective. To discuss 12
4 operating units and one shut-down unit across six sites in a
5 very short period of time does not allow me to get into
6 great detail for each of our units.

7 We are very pleased when we have the opportunity
8 for the Staff and yourselves to visit our sites, and thereby
9 have the opportunity to in more detail brief you on the
10 performance of individual sites.

11 My thrust today will address site performance but
12 it will focus on the overall Commonwealth Edison nuclear
13 program, where we have been, where we are, and where we are
14 going in order to achieve industry excellence.

15 Slide 7.

16 The foundation to our moving our program to the
17 level of excellence is based solidly on leadership.
18 Establishing the right leadership core in order to move us
19 forward has been a principal area of focus for me personally
20 in the two years that I have been senior vice president and
21 chief nuclear officer. And if you wouldn't mind, I would
22 like to skip to Slide 11, and I will then return to Slide 8.

23 In order to move our overall program forward, we
24 have to address a number of issues dealing with standards,
25 accountability, leadership, culture, and to do that most

1 effectively, we have seen the need to approach our
2 leadership needs in three phases:

3 An immediate phase that involves bringing
4 individuals in from outside the company with diverse, broad
5 experiences, to allow us to quickly effect the culture and
6 the standards at Commonwealth Edison.

7 Most of the executives and senior managers in the
8 company today, including all of the individuals sitting
9 behind me, are new from outside the company and have joined
10 us in the past two years.

11 At the time of the last Commissioners' briefing in
12 February of 1994, none of these individuals were a part of
13 our program. In fact, we were in the process of recruiting
14 all of them at that very time.

15 One area that I would like to focus particularly
16 on is engineering and the steps we have taken to improve our
17 leadership in engineering.

18 John Hosmer, our Engineering Vice President,
19 joined us in June of '94 from Florida Power & Light. When
20 John came on board, his initial task was to help us build an
21 engineering organization that would be befitting of the task
22 that we have to move to overall industry excellence.

23 In setting about that task, over the past 12
24 months most of the managers and first line supervisors that
25 we have in engineering have been recruited from outside the

1 company. Five of the six engineering managers at our sites
2 are from outside the company.

3 Moreover, in June of this year we completed the
4 hiring of 200 engineers into our organization across all six
5 sites. Those individuals all came with experience, the
6 majority in excess of 10 years, and a great number of them
7 had been working on Commonwealth Edison projects for several
8 years, even more than a decade.

9 In essence, the architect engineering support
10 personnel who have been assisting us for the past several
11 years we hired directly into the company in order to capture
12 not only the general experience that they have but also the
13 Commonwealth Edison specific plant engineering knowledge.
14 That was done in a very cooperative way with the architect
15 engineering firms involved. We're pleased to say that that
16 gives us a cadre of engineers at all six of our sites with a
17 great deal of experience and knowledge about our plants.

18 The second prong to our approach in building
19 leadership involves our Navy nuclear orientation program.

20 As I believe you know, we have been about a
21 program of hiring experienced Navy nuclear individuals and
22 we presently have 14 individuals in our program who have had
23 successful Navy command experiences. The leadership, the
24 standards and accountability that go with that experience
25 are what we found to be very valuable.

1 Those individuals are participating in a generally
2 12-month orientation program in order to become acclimated
3 to the industry and oriented to Commonwealth Edison.

4 The first individual we hired into that program,
5 Bill Fitzpatrick, had command twice, joined us a little over
6 a year ago, and he has since completed the orientation
7 program and is not our Operations Manager at Zion Station.
8 The path he has been down is comparable to what we expect to
9 do with the Navy nuclear individuals as they complete the
10 orientation program and assume Superintendent level
11 positions.

12 The first two steps address our immediate and
13 short-term needs but we are equally focused on the need to
14 build our leadership corps for the future from within
15 Commonwealth Edison so that we will have less reliance on
16 bringing leadership in from outside the company.

17 To that end we have focused efforts on our
18 accelerated development program with 50 candidates who are a
19 part of that program, individuals at less than the
20 Superintendent level presently, who we are targeting to
21 develop in order to be the future leaders of this division
22 three, four and five years into the future.

23 Specific processes to identify, assess and develop
24 those individuals are being implemented.

25 One particular feature that we have established we

1 are quite proud of and believe puts us in the elite of the
2 industry. In collaboration with Northwestern University's
3 Kellogg School of Business we have established a program
4 focused on allowing individuals to gain business and
5 leadership knowledge and skills in a mini-MBA setting,
6 customized to Commonwealth Edison's nuclear needs.

7 The program is one week a month for four
8 consecutive months in residence at Northwestern and we will
9 be putting 50 individuals every six months through that
10 program, 100 individuals a year. That is indicative of the
11 type of commitment we are making to develop our people so
12 that we will have the internally-generated leadership that
13 we need to fill positions in the future.

14 If I can go now to Slide 8.

15 [Slide.]

16 MR. WALLACE: Bringing in the individuals that we
17 have with very diverse and broad experiences, strong
18 personalities, high standards has presented, as you might
19 expect, a challenge in formulating an overall integrated
20 team at any given site as well as across the company. The
21 formulation of that team effort has also been a part of my
22 personal thrust over the course of the past 18 months.

23 We have accommodated moving in that direction by
24 the establishment of our line leadership committees, and I
25 would like to take just a minute to describe how they

1 function and what their purpose is.

2 The Nuclear Executive Committee is comprised of
3 myself, Steve Perry and Ken Strahm, Jack Brons and John
4 Hosmer. The five of us meet weekly in our nuclear corporate
5 offices in Downers Grove. In those meetings we assess
6 common issues across the sites that need our attention and
7 focus. We develop strategies and plans associated with
8 those issues, and we also review on occasion plant
9 performance to determine both what can be learned to be
10 shared to other sites as well as what challenges a site has
11 that can be best met drawing on the resources from the other
12 sites.

13 We find that to be a very effective forum for
14 establishing the synergy of the top leadership of the
15 Nuclear Division.

16 Monthly the Nuclear Operating Committee, comprised
17 of the individuals I just named and in addition the Site
18 Vice Presidents and other senior Managers who report
19 directly to me meet all day once a month.

20 The function of that committee likewise is to
21 establish the overall division framework, assure at the Site
22 V.P. level sharing of experiences, sharing of opportunities
23 to challenge each other, and how a given site is approaching
24 its problems, and also looking for opportunities where we
25 can share resources or personnel for the overall success of

1 the Division.

2 Those two efforts I believe have been successful
3 in blending the diverse experiences and personalities that
4 we have together to formulate an overall Commonwealth Edison
5 nuclear team.

6 The Site Vice President continues to be the
7 cornerstone position and the key individual in our
8 organization. In all of what we are doing we continually
9 emphasize that he has full and total accountability and
10 responsibility for everything that happens on that site.

11 Myself, the executives behind me, and the rest of
12 the division in Downers Grove Corporate are there to support
13 the Site V.P. in carrying out that heavy responsibility.

14 Slide 9.

15 [Slide.]

16 MR. WALLACE: In addition to strong oversight and
17 involvement of line management we have also assembled an
18 approach to oversight for the whole division that we think
19 also serves us very well.

20 We value self-assessment as a personal value, as a
21 group and a site value, and frankly as an overall Division
22 value and strong oversight groups we believe can be pivotal
23 in assuring a good self-assessment culture is active.

24 We have established the oversight with very
25 experienced individuals from outside the company to bring

1 the breadth of their experience to Commonwealth Edison and
2 to critically challenge us at a variety of levels as well as
3 advise in order to assure that we are moving toward the
4 overall industry excellence state that we seek to achieve.

5 Our Site Management Review Boards principally
6 advise each site vice president as there is a separate board
7 established for each site. The members of the boards,
8 outside members, would be, I suspect, familiar to you. Just
9 to give you an example of a few of the individuals who are
10 participating in this effort with us, Bill Conway formerly
11 of Arizona Public Service and Florida Power and Light is a
12 member of one of our boards. Bob Martin, former Regional
13 Administrator in Region IV, is a member of our board. Greg
14 Cain, former Station Manager at North Anna. Ed Moore,
15 several years in the Navy including command and most
16 recently nearly a decade of experience in charge of
17 maintenance at INPO is a part of our board.

18 Those individuals and others like them comprise
19 the generally three outside members for each of the six site
20 Management Review Boards to bring advice to the site vice
21 president and critical challenge to his senior managers.

22 The Nuclear Operations Overview Committee is also
23 comprised largely of outside members. One from each of the
24 six Management Review Boards meets three to four times a
25 year in a setting that I chair along with the key executives

1 behind me. The function of the Nuclear Operations Overview
2 Committee is to advise me and to challenge Ken Strahm, Steve
3 Perry, John Hosmer and Jack Brons in their responsibilities
4 as they exercise them to provide line direction to overall
5 plant performance.

6 Third level of oversight is our Nuclear Operating
7 Committee of the board assembled to advise Mr. O'Connor and
8 the Board of Directors and to challenge me and, again, the
9 executives behind me on how we are accomplishing performance
10 improvement at the sites. The members of that committee,
11 Mr. O'Connor has mentioned two new members of that
12 committee, Arden Bement, distinguished professor from Purdue
13 and Chief Technical Officer of TRW, formerly, and Admiral
14 Pete Heckman, a vice admiral from the Navy with broad Navy
15 experience bring technical knowledge and leadership
16 experience that proves quite valuable in challenging us as
17 we are in these dynamic times of moving our overall program
18 forward.

19 We have come to value this oversight and consider
20 it critical in challenging us to look in great detail at the
21 problems that we have, the challenges we face, the plans we
22 put in place but, most important, the results that we are
23 achieving. The outcome of the oversight by line managers
24 and the outside people reflected a bit in slide 10 but
25 reflected principally in the actual performance that we see

1 across our six sites which I will be addressing a little bit
2 later.

3 [Slide.]

4 MR. WALLACE: In slide 10, I would like to
5 identify just a couple of the outcomes of oversight that we
6 think have been particularly beneficial to us.

7 The conservative decisionmaking training grew out
8 of a series of meetings involving Steve Perry and the BWR
9 site vice presidents as they considered how we might best
10 implement the recommendations of the INPO SOER addressing
11 conservative decisionmaking. The nature of the interactive
12 discussion that they had with the culture that we were
13 facing at our BWRs resulted in their establishing a
14 conservative decisionmaking seminar process that has taken
15 place over the past several months. The conservative
16 decisionmaking seminar has been a full, two-day intensive
17 seminar that involves each of the off-shift operating crews
18 from our three BWRs, all three site vice presidents, all
19 three operations managers and Steve Perry meeting together
20 for two full days during which time the management discusses
21 their expectations for conservative decisionmaking and the
22 dialogue takes place with the operators as to how that can
23 really be practically implemented.

24 We have seen the results of that through the
25 performance of our operators in the control room, in the

1 case of visible demeanor and how they manage their boards
2 and in performance in the area of personnel error
3 reductions. We believe that to have been a very successful
4 activity. So much so that we are now extending the
5 conservative decisionmaking seminar approach to engineering
6 and maintenance people as well as to our pressurized water
7 reactors.

8 Fourth bullet, the adoption of plant operation
9 review committees. It was through an interaction with the
10 outside members of our Nuclear Operations Oversight
11 Committee that we recognized the value of PORCs as they were
12 being implemented at our boiling water reactors in
13 comparison to how we were accomplishing our required reviews
14 at our pressurized water reactors, which was done in a
15 different way not involving the same kind of critically
16 challenging setting that a PORC committee actually brings to
17 the party.

18 The recommendation from our outside advisors which
19 the executives and I considered and took was to establish
20 PORCs at all three of our pressurized water reactors as
21 well. Those two steps --

22 CHAIRMAN JACKSON: Since when?

23 MR. WALLACE: About the past month. Byron was the
24 last plant that we put that in place and it was earlier this
25 year at Braidwood and Zion that we put PORCs in place.

1 COMMISSIONER ROGERS: How does their function
2 differ from the site Management Review Boards? What is
3 different about what they do?

4 What does a PORC do that the Site Management
5 Review Board doesn't do?

6 MR. WALLACE: The Management Review Board does not
7 have a tech spec function that it carries out. That is why
8 it is specifically a management review board and not a
9 safety review board and we challenged the Management Review
10 Boards to look not just at technical issues but look very
11 broadly at how we are managing the entire site. The PORC
12 deals with the safety function required vis-a-vis tech
13 specs.

14 CHAIRMAN JACKSON: How these committees operate
15 from station to station is now aligned?

16 MR. WALLACE: Chairman Jackson, it is aligned in
17 terms of we have committees and that means that every site
18 has a critically challenging environment wherein this kind
19 of debate takes place.

20 Previously, at the pressurized water reactors, we
21 used a serial review that didn't involve the critically
22 challenging type of environment. So we have the same type
23 of approach now being taken at all six sites. In fact, it
24 is indicative of what we are also doing in a number of other
25 areas as we find advantage to a particular approach. We are

1 moving to do it uniformly across all six of our sites. That
2 is not something that in the recent past we have had as much
3 success at but we are doing a much better job at it today.

4 I believe what is critical to the success of that
5 effort has been the formulation of this team synergy with
6 the executives behind me and among the site vice presidents.

7 If I could go now to slide 12.

8 [Slide.]

9 MR. WALLACE: With the leadership foundation laid
10 today and still being built as we go forward, I would like
11 to address now some of the more critical issues which we
12 consider to be of paramount importance for us to attain a
13 state of industry excellence.

14 Slide 13.

15 [Slide.]

16 MR. WALLACE: In the Nuclear Division, we have
17 what we refer to as our big picture for overall Nuclear
18 Division performance improvement. It aligns our objectives
19 in areas of safety, reliability, cost competitiveness and a
20 number of other very specific areas.

21 What I will be doing in the next several slides is
22 touching on several of the key issues that are a part of our
23 overall big picture to move performance of the Nuclear
24 Division to a state that we will find reasonable in two
25 years and a state of industry excellence beyond that.

1 Our number one priority in all of our planning is
2 our BWR improvement strategy. We started to focus
3 specifically on the BWRs as a group in 1994. In that period
4 of time, we brought outside advisors in who had achieved
5 success with senior executives at other utilities in
6 turnaround situations to assist us in identifying problems,
7 challenging us to put the right plans in place, and then
8 challenging the implementation of those plans.

9 Coincidentally, we were also building the
10 leadership of the boiling water reactors throughout 1994.
11 Today, I can tell you, plans are all in place, and they
12 include a recognition of the problems and challenges that we
13 have, the steps that need to be taken to address them, and
14 we are beyond the process of beginning implementation, we
15 are well into implementation of the improvement plans for
16 each of our three boiling water reactors.

17 Getting the plans in place is important, but it is
18 far from being sufficient to achieve results. We are
19 focusing critically today on implementing those plans,
20 measuring the accomplishment, measuring the results they
21 obtain, and to the extent those results are not in line with
22 our expectations, we make adjustments to our plans, our
23 management, our staff or our priorities in order to continue
24 moving to meet our objective.

25 Slide 14.

1 [Slide.]

2 MR. WALLACE: A focus on standards and
3 accountability have been key for us to lay another important
4 foundation block in order to assure performance improvement
5 to an industry standard of excellence. This has been a very
6 dynamic process for us, bringing outside talent in and
7 developing standards from internal operators and maintenance
8 and engineering folks under the guidance of outside new
9 leadership has been pivotal to getting a line of sight to
10 how we expect our people to operate, and then being able to
11 communicate that to them.

12 The dynamics is such that corrective action is
13 very much a part of our followup to the standards that are
14 set and a followup to the accountability that we exercise.
15 When we are not getting the results, we need our corrective
16 actions to address those issues that we consider to be
17 important, whether that is personnel or a refocus of our
18 plants.

19 COMMISSIONER ROGERS: Excuse me, if I could ask
20 you just on the standards and accountability, how have those
21 standards been developed using your new management team? To
22 what extent have they been involved in the development of
23 those standards and to what extent have those standards, in
24 fact, become something that the individuals in the plants
25 feel that they have a piece of, that they feel they own them

1 as well?

2 MR. WALLACE: With the example I have mentioned,
3 there are several, but maybe to maintain continuity I will
4 go back to the conservative decisionmaking seminar that I
5 discussed earlier on. It was the outside leadership that
6 helped bring in the vision of what our standards need to be
7 in the area of operations, consistent with conservative
8 decisionmaking, it was the seminars that brought the
9 operators themselves into the process and created the
10 dialogue about not only what the standard has to be but why
11 that needs to be the standard, and then ultimately how we
12 operationalize that standard.

13 Involving the workforce in how the standard is to
14 be implemented is key. The outside individuals have been
15 very critical in helping us establish what that standard is.
16 We have done that not only in operations but as well in a
17 number of other areas.

18 Material condition is across all six of our sites
19 an area that is getting continuous focus. We clearly relate
20 material condition to plant reliability and competitive
21 performance as well as increasing the margin of safety for
22 operating at all of our plants.

23 Even our best plant, Byron, is an area that is
24 putting strong focus on material condition so that we
25 further improve even the state that we are at today.

1 CHAIRMAN JACKSON: I was going to wait until
2 perhaps you had the plant specific discussions, but I must
3 ask a question in terms of your maintaining standards,
4 material condition and others, as you focus on plants that
5 have had difficulty, and I note your Braidwood station,
6 which is relatively new, and there has been a noticeable
7 degradation, particularly in the material condition area.
8 So what are you doing to ensure that there isn't
9 deterioration where there hadn't been before as you are
10 moving forward? I mean, it is one thing to say it broadly,
11 but when one looks at the actual situation in a given
12 facility, and one notices that kind of a fall off, then
13 there has to be a concern.

14 MR. WALLACE: Indeed there is, and in the case of
15 Braidwood, perhaps to be addressed later, we have developed
16 a material condition strategy focused on the condition that
17 exists there today and what we need to do to improve it.
18 Our view is that in Braidwood's case, it is a strong
19 performer to day, but the standard of excellence of the
20 industry has widened, and the gap that we see therefore from
21 where we are today is larger than it was perhaps a year or
22 two ago. The strategy that we put in place under the
23 leadership of Karl Kaup we believe is going to be successful
24 in dealing with material condition improvement at Braidwood.

25 To answer the question more generally for the

1 other sites, we continually go back to the areas that we
2 have worked on to assure that the material condition
3 improvement remains. I think most recently of some of the
4 efforts we have made at Zion where progress has been
5 substantial but significant work remains yet to be done.
6 Our key effort is to assure that we maintain the progress in
7 the areas that have improved even while we move forward in
8 additional areas.

9 Frankly, the management review boards at the sites
10 help us by critically challenging site managers through
11 their intrusive involvement in overview of plant conditions,
12 and the executives behind me challenge the sites as Ken
13 Strahm scans across the PWRs, Steve Perry the BWRs, in
14 assuring that we are maintaining the process we make even
15 while we are continuing to move forward in other areas.

16 When we have seen that the progress has not been
17 what we have expected, cases of Zion and Braidwood come to
18 mind, we have taken steps to address that dealing with
19 people or focus or priorities or plants, it is a little bit
20 different at each site.

21 CHAIRMAN JACKSON: I will come back to that.

22 MR. WALLACE: Thank you.

23 Going to Slide 15.

24 [Slide.]

25 MR. WALLACE: Technical excellence for us, we

1 believe, is another very critical issue in order to assure
2 our long-term ability to attain industry excellence. I have
3 mentioned what we have done with our engineering
4 organization, that is a part of our building technical
5 excellence. That engineering group which is now onboard is
6 critical to helping us resolve long-standing equipment
7 problems and put in place solutions that will assure
8 improvement in equipment reliability and material condition
9 as we go forward.

10 Our labor strategy is also critical for us as we
11 go forward. Our thrust with out bargaining unit is to
12 establish a collaborative, cooperative environment within
13 which to work to improve overall plant performance. A part
14 of that includes setting higher standards and expectations
15 for our entire workforce in how they perform their work, and
16 in a number of areas upgrading our training efforts so that
17 we can improve the skill level of our craft to help them
18 perform work in a more effective and efficient manner in the
19 future than they can today.

20 CHAIRMAN JACKSON: What specifically are you
21 doing? I mean, you have had your own proficiency testing as
22 well as the performance of equipment that people that worked
23 on, you have had rework, you have had some plant events, so
24 that appears to be a real issue in terms of the actual skill
25 of the craft. So can you speak more specifically about what

1 you are doing in the training area to address that specific
2 issue?

3 MR. WALLACE: I can. I'll specifically focus on
4 Dresden to get down to something specific that I can talk
5 directly to.

6 What we have done at Dresden as the key example is
7 surveyed the industry, benchmarked, literally, the best
8 performers in the industry in the areas of maintenance and
9 chemical training, chemistry, radiation protection.

10 Limerick, Susquehanna, Peach Bottom are some of
11 the plants that we have specifically drawn on to upgrade our
12 training program at Dresden. The training program upgrade,
13 actually started in the review process about four months
14 ago, is now in the implementation stage. Across the entire
15 site, we are implementing upgrade and retraining in
16 fundamentals, followed by upgrading and training in
17 technical skills.

18 In both instances, individuals have to pass tests
19 and demonstrate their qualification before they are then
20 allowed to continue working in the plant. That process --

21 CHAIRMAN JACKSON: This didn't exist before?

22 MR. WALLACE: That's correct, it did not. This is
23 a retraining upgrade of all of the technical people at the
24 site, the operators being separated from this because of
25 operator training being a bit different. We didn't have

1 that before. We are putting that in place right now at
2 Dresden, and it will go through 1996 as individuals go
3 through what is a rather intensive and detailed training
4 program.

5 What is most significant about it is lack of
6 success in coming through the program means individuals will
7 not do work once they have been put into the program back in
8 the plant.

9 A third step of the labor strategy that we have
10 very recently made available to our entire bargaining unit
11 work force is the opportunity for voluntary separation from
12 the company, and we think that is important, as individuals
13 look at where we are taking the nuclear division standard of
14 excellence, and what our expectations are for the future,
15 and what will be required of them to improve their skills,
16 and what the performance expectations are going to be for
17 them. Should they choose not to be a part of the ongoing
18 team, this affords them an opportunity to leave the company.
19 And yet I might say that the size of the work force we
20 presently have among the bargaining unit tradesmen is about
21 what we need, and therefore, should -- as people will choose
22 to leave, we will be bringing experienced people in, and
23 thereby effect the overall makeup of our overall work force.

24 CHAIRMAN JACKSON: Let me pin you down on
25 something that I understand you to say. That with your

1 training upgrade -- and I am not going to get into a lot of
2 detail about what you mean by upgrade, although I would
3 invite you to make a comment. If the people do not pass, or
4 perform at a certain proficiency level, that you are not
5 going to let them work in the plant?

6 MR. WALLACE: Let me be very specific in response
7 to your question, Chairman Jackson. If they don't pass the
8 first time, we will work with them to remediate. If they
9 cannot remediate and pass, they will not work in the plant.

10 CHAIRMAN JACKSON: Okay.

11 COMMISSIONER ROGERS: How is the cooperation with
12 the unions on this approach? Are you getting good
13 cooperation? Is it mixed? What is the situation there?
14 That's been a problem that you have had over the years from
15 site to site, and how well are they supporting this
16 strategy?

17 MR. WALLACE: We started discussions with union
18 leadership about the training, on the training issue, about
19 May or June of this year, and I will tell you candidly,
20 those discussions were very cooperative and collaborative.
21 The union work force fundamentally wants to be able to do
22 the job, and they were quite pleased to hear that we were
23 putting the type of attention and resources and focus into
24 training that we were, and the opportunities that we are
25 affording people who really want to improve their skill

1 level.

2 So it actually has been quite positive and, in
3 fact, again going to Dresden, those individuals who have
4 already been through the training, have demonstrated a real
5 resolve to benefit from it. There is a bit of
6 competitiveness in passing the tests that they now have to
7 deal with, and so they are gaining from the effort, and we
8 have really seen quite a cooperative environment.

9 MR. O'CONNOR: I should mention that we are
10 presently operating without a contract with our union. We
11 reached impasse a few weeks ago. Discussions may pick up
12 again at some point. There are some very tough issues
13 involved, but I think the important thing to point out is
14 that there have been no instances of abuse or problems
15 associated with the rank and file since that time. We had a
16 program yesterday involving our quality effort, where we
17 recognized the contributions of 30 teams from across our
18 system, many of whom came from the nuclear division, and all
19 of whom had representation from the bargaining unit or the
20 union on those teams, notwithstanding the fact that there is
21 some tension at this moment between the management and the
22 union.

23 So it is a very good sign, in my judgment, of the
24 willingness of the rank and file to continue to work with us
25 and to support our programs overall.

1 MR. WALLACE: The message that is being sent --
2 and I know it is being received in discussions I have had
3 with the union leadership -- is that we are going to take
4 the Commonwealth Edison nuclear program to a level of
5 industry excellence, and to do that, we need to raise
6 standards and we need to improve the skill level of the work
7 force, and we are more than eager to work with those who
8 want to work with us in being a part of a team that is going
9 to go to that level of performance. Those who do not, we
10 are more than willing to offer the opportunity for them to
11 do what seems appropriate. But we are going to move the
12 program forward, and we have achieved, we think, some
13 already early successes at Dresden.

14 In the next several sections, I would like to
15 quickly step through the performance of each of our
16 stations. Some aspects of this I have touched on a bit
17 already, but I will specifically highlight each station,
18 going to page 17, and give you a perspective on where we see
19 that station today.

20 Dresden continues to improve gradually, but
21 frankly we must accelerate the improvement level
22 particularly in areas that are presently below our
23 expectations. And those two areas that I will mention a bit
24 about are personnel performance and work control.

25 Before I go into the details further on Dresden,

1 though, I would like to identify that the most recent
2 startup on Dresden Unit 3 just last month we believe to be a
3 rather important event for Dresden station. The startup
4 following a short forced outage was done in a very slow,
5 deliberate fashion, it was error free, and as the unit came
6 online and up to power, the response we received from many
7 of the operators is never have they had a situation where
8 virtually all of the equipment they expected to have
9 available was available for the operation of that unit.

10 The actions speak louder than words adage came
11 very much into play in management demonstrating our efforts
12 to fix the equipment and our efforts to be slow and
13 deliberate about the startup of that unit. That was an
14 important success in a standards setting event at Dresden.

15 CHAIRMAN JACKSON: What performance metrics and
16 schedule milestones are you putting into place at Dresden?

17 MR. WALLACE: I will get ahead of myself, but I
18 will address the question, work control has been a
19 particular area of focus for us at Dresden. We have brought
20 onboard an outside contractor who has successfully advised
21 several other utilities and plants working in turnaround
22 situations. The work control changes that he has helping us
23 put in place, both how we get the work done and how the
24 schedule is assembled and adhered to, we think, are going to
25 be very important.

1 The output of that process gives us the day-to-
2 day measures that we use for schedule performance. We look
3 at work that starts as scheduled and work that finishes as
4 scheduled. We are also putting in place metrics that we
5 expect will help us measure the amount of rework that we
6 have to deal with.

7 CHAIRMAN JACKSON: Have you put into place key
8 step changes that you would like to accomplish by certain
9 dates?

10 MR. WALLACE: Chairman Jackson, I might ask Steve
11 Perry if for Dresden he would like to address that question
12 because the management team that we have assembled there is
13 working under Steve's direction, specifically to improve the
14 work control process.

15 MR. PERRY: I will go back to metrics. We have a
16 ton of metrics that we mentioned there. We are particularly
17 looking at our work control process and human performance.
18 I am addressing that question and I will come to the
19 specific when you ask.

20 One of our principal measurements in the past have
21 been how many days the plant is online, and we no longer
22 keep track of that formally. Everybody knows informally
23 what we keep track of is days between events. We have
24 listed what we think is an event, fairly low threshold.
25 That is the first thing you see when you come into the

1 plant. Our number one metric is 32 days since the last
2 event. It happened to be a personal injury. An out of
3 service mistake or something wouldn't be an event. So that
4 is our principal metrics, how many days since we have had
5 the last personnel error. Everybody sees it when they come
6 in.

7 We look at a number of other types of indications
8 of the same thing, of people performance, industrial safety
9 accident rate. I talk to everybody on the site once a month
10 and go through about 15 of these ones for human performance.
11 There is an equal number for material control. So everybody
12 hears from me every single month how I think things are
13 going. You don't know me at all, but I am a very candid
14 individual and I tell the people what they are doing well
15 and what they are not doing well.

16 For milestone events, we set five areas that we
17 are focusing on for the year that we said we are going to
18 complete by the end of the year. We measure it as to go
19 along. I talk about that every month to the people who are
20 there, how well they are doing on that, whether we are going
21 to achieve them or not, who is behind, why they are behind.
22 I discuss in some detail with our managers, I meet with the
23 managers every day to discuss these type of things. They
24 make a presentation on what they are doing week-to-week. So
25 we do a lot of stuff to keep track of that and measure how

1 we are going along as we do it, with objective measurements,
2 not just subjective stuff.

3 CHAIRMAN JACKSON: But you have clear milestones
4 with clear dates attached to them that you would like to
5 reach?

6 MR. PERRY: Yes.

7 MR. WALLACE: Moving to Slide 18.

8 [Slide.]

9 MR. WALLACE: In continuing through Dresden, I
10 will quickly make some additional comments, but so as not to
11 repeat myself, on the plans we are implementing, the
12 workforce improvements and our focus for '96 which is
13 sharpened on material condition.

14 Slide 19.

15 [Slide.]

16 MR. WALLACE: The Dresden plan, as we refer to it,
17 was issued in August of 1994. It is the guidepost that we
18 are working to in order to address the key issues that we
19 have identified as critical to improving overall Dresden
20 performance. As Steve indicated, that plan includes targets
21 and dates, very specific, for what actions need to be taken
22 and when we expect those to be accomplished.

23 To date, 60 percent of the actions in the Dresden
24 plan have been completed. We are on track for a majority of
25 the items in 1995 that are scheduled for completion at the

1 end of the year. Some won't make it, but most of the items
2 will be completed by the end of '95.

3 CHAIRMAN JACKSON: Can you speak to the hold you
4 have put on the Unit 2 refueling outage?

5 MR. WALLACE: I can. As Unit 2 was nearing the
6 end of its refueling outage just recently, we looked at the
7 way work was being accomplished and executed at the site,
8 and we are not satisfied with the level of efficiency or
9 effectiveness for the work going forward.

10 In order to focus on work control, which you will
11 see in a minute is a '96 area of focus, today and take
12 advantage of the refuel outage activity as that focal point,
13 we stopped the outage work and we are in a replanning mode
14 with what would be nominally a month's worth of work left to
15 be done and with the clear objective of accomplishing all
16 the work that we set out to do for this outage, we are
17 replanning, both in terms of work package preparation and in
18 schedule development, how that work can best be
19 accomplished.

20 Our intent is, once the replan effort is
21 completed, about four to six weeks, to then go back into the
22 execution mode, but our expectation is that we will execute
23 in a way that is in line with our expectations so that we
24 learn through this experience and set the standard to the
25 entire site about how specifically we expect and

1 deliberately work execution to be moved forward.

2 CHAIRMAN JACKSON: So it is the question of
3 working the plan, or has there been a significant amount of
4 emergent work?

5 MR. WALLACE: There has been emergent work, but no
6 more than we had contemplated for a Dresden outage. It
7 really comes down to doing the work in the remaining part of
8 the outage that we intended to do.

9 COMMISSIONER ROGERS: Does this involve some
10 problems with contractor control, is that an issue here?

11 MR. WALLACE: I wouldn't label that as a
12 particular issue, Commissioner Rogers. The real issue is,
13 aside from contractors, our own people executing the work
14 that they are doing is not to our standards and this is an
15 opportune time for us to focus on just what those standards
16 are and then carry out the work in a way that is reinforcing
17 what our expectations are.

18 Contractors are doing some of the work at Dresden.
19 As a matter of fact, during this replanning process, we have
20 actually stopped the contractor work, moved a large number
21 of them from the site, so that we can go through the
22 replanning effort and then restart the completion of the
23 outage in a controlled manner.

24 COMMISSIONER ROGERS: But how sure are you that
25 the contractors are aboard in application of your new

1 standards?

2 MR. WALLACE: We work with the contractor work
3 force in a slightly different way than we do our own people.
4 The oversight of the contractor work for which we also have
5 high standards is separate and more controlled, if you will,
6 than the oversight of the work done by our own people
7 wherein there is a little bit more initiative associated
8 with the work packages that they are implementing and the
9 work that they are carrying out.

10 We hold our contractors to a very high standard as
11 well for the work that they perform but the foundation has
12 to be the ability of our own people to execute the way we
13 expect it to be done first. And that is why we are focused
14 on that area.

15 Continuing on slide 19, in several areas adverse
16 trends in 1995 we believe have been arrested and are on an
17 improving trend. I will talk in a minute further about
18 operator work-arounds and control room efficiencies.

19 Slide 20.

20 [Slide.]

21 MR. WALLACE: The Dresden plan is clearly having
22 an impact on correcting major equipment problems throughout
23 the plant. Several equipment upgrades have been completed
24 including systems like the reactor water cleanup system.
25 Recently, the piping for that was all replaced. Feedwater

1 control valves have been upgraded such that they perform the
2 way they were originally intended to perform and a number of
3 other pieces of major equipment in 1994 we addressed, in
4 1995 we address and there are some on the horizon for us in
5 '96.

6 The work management area we just talked about, the
7 steps that we are taking to improve work control with the
8 outside contractors coming in and the focus on internal
9 issues, but there are some areas that are proving more
10 difficult to reverse and our work control ability was a part
11 of this and we have just talked a little about that.

12 Slide 21.

13 [Slide.]

14 MR. WALLACE: Improving the work force at Dresden
15 is key and we have discussed several aspects of this but
16 let's talk first about cultural change and rather than
17 maintenance go to operations.

18 We have changed the culture of the operators at
19 Dresden station. We are absolutely confident about that.
20 We are now moving on to the maintenance force, the work
21 force that gets the work done and going to be taking the
22 steps we have just been talking about to also change the
23 culture of that part of our organization.

24 The retraining effort, the retraining upgrade that
25 we have in place is really quite detailed, very specific, it

1 is all time lined, the duration of the classes, the
2 attendees for the classes and the fundamental program,
3 fundamentals program, late '95 and early '96, technical
4 training which is the more specific skill training
5 throughout '96 is all well laid out in our training upgrade
6 plan. And that is all, as I indicated, being implemented.

7 Moreover, as we have people leave the
8 organization, we expect to be adding experienced people from
9 outside the company in order to continually raise the
10 overall skill level of the Dresden work force.

11 These three steps, we believe, are going to prove
12 very significant in affecting the overall foundation for
13 identifying problems, operating the plant and getting the
14 work done at Dresden.

15 Slide 22.

16 [Slide.]

17 MR. WALLACE: I mentioned earlier a couple of
18 areas where we have seen demonstrated results. Control room
19 work requests, we have completed over 400 control room work
20 requests this year. And we are on track to meet our goal
21 for the end of 1995.

22 In the area of operator work-arounds, we have
23 completed over 60 operator work-arounds. Moreover --

24 CHAIRMAN JACKSON: Out of a universe of how many?

25 MR. WALLACE: I am just going to kind of add the

1 point, there is a dynamic that is at work here because the
2 more success we have had in completing work-arounds, the
3 more that has demonstrated to the operators that things
4 identified get fixed and has therefore resulted in more
5 operator work-arounds, always of lesser significance, being
6 identified.

7 The number has been over 100 but we have in any
8 given month been working off and adding to the number at the
9 same time. The net is that where we were over 100 earlier
10 this year, with more coming in, we expect to be down at
11 about 40 by the end of the year.

12 CHAIRMAN JACKSON: Where are you today as you are
13 speaking with us?

14 MR. PERRY: 50.

15 CHAIRMAN JACKSON: 50?

16 MR. WALLACE: 50 today.

17 The third bullet on this page is an example of a
18 longstanding problem that we have addressed that has
19 improved the ability of the operators to carry out their
20 function. The reactor bottom head drain line, the very
21 bottom of the vessel, has been clogged and that has
22 precluded the operators taking a temperature reading on that
23 drain line that is required by tech spec.

24 We went through rather significant effort but
25 nonetheless cleared this drain line and that was an

1 important job because it demonstrated management's resolve
2 to clear longstanding problems that are in the way of the
3 operator carrying out their responsibilities in the way that
4 we expect them to do them.

5 Slide 23.

6 [Slide.]

7 MR. WALLACE: In 1996 at Dresden, our focus is
8 going to be further sharpened on material condition. Steve
9 mentioned that we focus on a few areas in order to assure
10 that we are making solid progress in those areas that are
11 most important to us. Material condition is the number one
12 focus area in 1996.

13 To support that effort, the work control, changes
14 in scheduling I addressed a few minutes ago, efforts to
15 reduce the backlog and, importantly, the involvement of our
16 engineering force in helping to identify and solve, put in
17 place solutions for longstanding equipment problems, is key
18 to our material condition improvement at Dresden.

19 Going on to Quad Cities, slide 24.

20 [Slide.]

21 MR. WALLACE: Quad Cities is in recovery and
22 continuing to improve but at a slow rate even as it deals
23 with the number of challenges right now. Notably, and I do
24 this with a modicum of caution because it is exactly what
25 Steve was talking about just a minute ago but, notably, Unit

1 1 has attained 283 days continuous on-line prior to being
2 shut down for some work very recently. That is a
3 Commonwealth Edison boiling water reactor record.

4 Importantly, I point that out as indicative of two
5 key things. One, the equipment is operating reliably. Two,
6 the personnel are performing to our expectations and not
7 making errors.

8 This does not represent focus on production as our
9 end objective. That is why generally we don't look at days
10 on-line, in fact we look at days of error free operation.
11 But in this case, I believe it is noteworthy for the reasons
12 that I just mentioned.

13 In Quad, I will comment further on two areas on
14 slide 25, the team and the plan, going on to slide 26.

15 [Slide.]

16 MR. WALLACE: We have made significant management
17 changes at Quad Cities in the past 12 months. The station
18 manager and maintenance superintended have come on board
19 from Turkey Point. I digress to say that in the spring of
20 '94, the site vice president, Ed Kraft, joined us from
21 Pilgrim and our site engineering manager at Quad Cities
22 recently came on board from Florida Power and Light. We are
23 bringing industry experience from successful programs to
24 bear to be a part of this integrated team at Quad Cities.

25 What also is quite heartening to us is even though

1 these individuals are coming from different backgrounds,
2 they have integrated very, very well into an overall tight
3 Quad Cities team and I believe the staff has made
4 observations along those lines. We are quite confident that
5 the team at Quad Cities will be successful in bringing new
6 standards, accountability and improved performance to Quad
7 Cities.

8 In the area of standards, our focus first was on
9 the operations area, upgrading the expectations, bringing
10 PRA training to the operators, improving control room
11 formality, all have led to a change in demeanor in the
12 control room as well as operator performance in the context
13 of fewer errors being made.

14 The radiation protection area, which, when we met
15 with the Commission in February '94, at each of our BWRs was
16 an area of significant concern, is now at each of our BWRs,
17 and I will address Quad Cities, an area of improvement.

18 Our annual dose this year is going to be lower
19 than it has been in the recent past. We are going to -- we
20 have beat our outage goal for dose and the contaminated
21 square footage in the plant is now below 5 percent. We are
22 not satisfied even at those three areas for where we are.
23 It is a big improvement, we still have more that we want to
24 do to be in a position of industry excellent performance.

25 Slide 27.

1 [Slide.]

2 MR. WALLACE: The major focus of Quad in 1995 was
3 working the Quad Cities Plan as we developed it in the
4 Spring of '94. That resulted in our making significant
5 improvements to a number of major systems including
6 feedwater level control system, electrohydraulic controls
7 for the turbine, the control rod drives and the
8 recirculating systems. All had major upgrade work done to
9 them.

10 In addition, rotating equipment has been
11 significantly improved and vibration reduced, an issue which
12 we dealt with in 1994.

13 In the coming year, 1996, Quad Cities intends to
14 complete all of its course of action improvement plan items
15 such as were laid out in the Spring of 1994. That is fully
16 in line with our BWR improvement strategy and it is
17 important that we are successful in completing the plan that
18 we lay out for ourselves but at the same time monitoring the
19 results that we are actually getting and making adjustments
20 for where our plans will be beyond '96 in order to further
21 improve Quad Cities' performance.

22 LaSalle -- LaSalle performance is improving but
23 material condition continues to be a concern.

24 Slide 29.

25 [Slide.]

1 MR. WALLACE: The two areas I'll address briefly,
2 performance and material condition, going on to Slide 30.

3 [Slide 30.]

4 THE WITNESS: We have made important additions to
5 the leadership at the LaSalle team. Our Reactor Protection
6 Manager has been brought in from Duane Arnold and our System
7 Engineering Manager has come on board from Pilgrim, both
8 within the past 12 months.

9 The addition of the RP Manager was key in
10 implementing the reactor protection initiatives that we have
11 been putting in place in 1995. As a result of those
12 initiatives, our station is below the overall dose goal and
13 our RP Department is aggressive in interacting with other
14 work groups and being involved in the pre-planning of jobs
15 to assure that our RP objectives, hot spot consideration,
16 and personal dose reduction are very much a part of the
17 planning of the work to be done.

18 In the training area, with INPO bringing to our
19 attention needs to focus on this area, we worked on the
20 maintenance and technical training programs, made
21 significant improvements in those, and those programs were
22 subsequently reaccredited by INPO earlier this year.

23 The third bullet deals with SCRAM rate but I'll
24 address that in the context of the operating department
25 culture and how that is changing at LaSalle.

1 We have a new Ops Manager at LaSalle, an
2 individual who has been a long-time Edison person who has
3 high standards and expects and exercises accountability of
4 the people who work for him. He has put in place an
5 "Operations is in control" philosophy for the site.

6 The conservative decision-making seminar of course
7 benefitted the LaSalle operations people the same as the
8 other BWRs.

9 Two things of note. We had an automatic SCRAM at
10 LaSalle in August and while that's never desirable, what we
11 were pleased to see is how the Operations Manager and the
12 Operations Department responded to that event, carried out
13 the investigation for what took place and was very specific
14 about the actions that needed to be taken before the plant
15 was brought back up on-line.

16 The second incident that I had mentioned is in
17 September we had a manual SCRAM of one of our units in
18 anticipation of a high level trip associated with feedwater
19 testing that was ongoing at the time.

20 While we'd never like to see again a plant
21 shutdown, it was very heartening to us to see the operators
22 take the conservative action and manually shut the plant
23 down before automatic protective features would have done
24 the same thing. That gives us the opportunity to reinforce
25 that that is the type of performance that we expect among

1 operators.

2 Slide 31.

3 [Slide.]

4 MR. WALLACE: We have made material condition
5 improvements at LaSalle. This year 25 long-standing
6 equipment problems have been addressed including zinc
7 injection system, electrohydraulic control system of the
8 turbine, and the rod worth minimizer. Nevertheless we have
9 a number of items that still need attention and resolution
10 at LaSalle in the area of material condition.

11 In the forced outages driven by the two SCRAMS I
12 just addressed we're also pleased to see how well the
13 LaSalle team quickly mobilized and used those outage windows
14 to accomplish corrective work on first Unit 1 and then Unit
15 2 in a very short period of time, continually moving the
16 material condition improvement forward.

17 Slide 32.

18 [Slide.]

19 MR. WALLACE: Zion Station -- Zion is improved and
20 improving but the rate of progress must accelerate.

21 It's an observation we made actually a few months
22 ago. Notably again however, and with some reluctance, I'll
23 point out Unit 2 was on-line, has been on-line more than 200
24 days, and Unit 1 operated continuously except for a three
25 day forced outage prior to its recent shutdown for refuel.

1 We point that out again as indicative of the
2 equipment reliability and the performance of the operators,
3 not of an excessive focus on production beyond what would be
4 warranted.

5 Slide 33 identifies the three areas at Zion that I
6 will touch on quickly, and if we can go to Slide 34.

7 [Slide.]

8 MR. WALLACE: Seeing the need to accelerate
9 improvement at Zion, we have brought on board some new
10 managers, some from within the company, some from outside.

11 The Station Manager at Zion comes from Byron, the
12 Work Control Superintendent is also from Byron. The Site
13 Engineering Manager comes to us from Diablo Canyon in the
14 past 12 months and the Operations Managers I actually
15 referred to earlier is the first candidate coming out of our
16 Navy nuclear program who has now assumed the Operations
17 Manager responsibilities at Zion.

18 We see those individuals already making a
19 difference in setting the standards and expectations which
20 we expect will accelerate Zion's improvement going forward.

21 In the Operations area, the standards that have
22 been set, formalized control room communications, are having
23 a definite impact on the way the operators are performing in
24 the control room.

25 To move more quickly, Slide 35.

1 [Slide.]

2 MR. WALLACE: Material condition initiatives are
3 getting focus at Zion. System engineering ownership is
4 pivotal to our implementing a 12-week work window process,
5 something rather common in the industry these days,
6 beginning the first week in January.

7 The Clean Sweep initiative was started in 1994.
8 That has us moving through major areas of the plant in the
9 aux building and in the turbine building; improving the
10 material condition as well as the physical appearance as we
11 go; and at the same time, to your earlier point, making sure
12 that there isn't slip-back once we have finished an area and
13 moved forward.

14 The Fix It Now team has been able to complete 750
15 items, and a minor maintenance team 2000 items in the course
16 of 1995, not safety-related, and therefore without some of
17 the more complicated controls that go with safety-related
18 work control processes.

19 More remains to be done at Zion in the material
20 condition area, but we are making significant improvements
21 and moving at the pace that we set for ourselves.

22 Slide 36.

23 One of the four areas of focus for '96 at Zion is
24 getting work done as it's labeled. Improvements in the work
25 control process is what the site is focused on right now,

1 and we are also very happy to have assistance from our long-
2 standing relationship with EDF that involves eight senior
3 experienced managers from EDF plants now working at Zion
4 beginning this past August and for the next two years,
5 integrated into our organization with a specific focus on
6 helping us improve our performance in the fall of '96
7 refueling outage at Zion.

8 CHAIRMAN JACKSON: Are they working full time for
9 you?

10 MR. WALLACE: They are working full time. They
11 are here with their families, and they are here for two
12 years.

13 Slide 37.

14 Braidwood. Braidwood is a strong operator, as I
15 indicated a little bit earlier, but has slipped against our
16 expectation of what top industry performance is today. And
17 that is the reason for our bringing additional attention.

18 Slide 38 identifies three areas that I will
19 address very quickly.

20 Slide 39.

21 Braidwood is noted for reliable operations and
22 meeting its commitments. Outages, program improvement,
23 doing what they say they are going to do, is a real strength
24 and it is a strength that will be important as we build into
25 other areas where we have challenges.

1 Slide 40.

2 We are addressing the material condition issue at
3 Braidwood.

4 CHAIRMAN JACKSON: Why did you slip? This is
5 self-assessment.

6 MR. WALLACE: Two things, Chairman Jackson, I
7 believe happened. One, the industry has continued to get
8 better and the expectations of what constitutes good or
9 excellent performance today are different than they were two
10 years ago. Braidwood was not keeping up with that.
11 Consequently, the gap widened.

12 Second, in a very, very subtle slow way, standards
13 started to slip as to what constitutes less than full
14 acceptability for the material condition; not to the point
15 of serious problem with the equipment, but to the point
16 where it wasn't consistent with good industry performance.
17 That became observable to us in the spring of last year.
18 Ken Strahm, in fact, that has been his prime area of focus
19 since the spring, to work with the Braidwood team in how
20 they would address that issue.

21 MR. O'CONNOR: Mike, do you want Ken to comment?
22 Ken, do you want to make a quick comment on that?

23 MR. STRAHM: What is the specific question?

24 MR. O'CONNOR: This is on what --

25 MR. STRAHM: I followed the path, but what

1 specific question would you like me to --

2 Braidwood is a strong performer. It's really what
3 Mike said, they didn't keep up with the improvements in the
4 industry. Their performance indicator indexes have
5 continued to improve, but the industry has improved faster.
6 A lot of the long term material condition problems have been
7 there since construction, and like the condensate booster
8 pumps were installed and caused a lot of leaks, makes things
9 don't look good. We had vibration in the pumps. We have
10 worked our way through, you know, on fixing those and we are
11 working our way through Unit 2, and other problems that were
12 there since construction. But the basic problem was the
13 standards, and another thing is having a vision of where we
14 really could go. The people, the managers that are there.
15 The station manager is new, and he came from Byron, he had
16 been maintenance manager and operations manager at Byron,
17 Tim Toulon, and he is there now. The site VP is out of the
18 Navy, Karl Kaup, and they have the vision of where this
19 plant can go, and that's where we are going to get there.

20 MR. O'CONNOR: I think the fact is that we were
21 not as good as either we thought we were or the NRC thought
22 we were the last time we looked at this a couple of years
23 ago.

24 I do think, however, we have identified what we
25 need to do and to take it to the level that Mike and Ken

1 have said is clearly not only our intent, but our
2 commitment.

3 MR. WALLACE: Thank you.

4 If we can move on to Slide 41.

5 [Slide.]

6 MR. WALLACE: In addition to a focus on material
7 condition at Braidwood, we are also focusing on human
8 performance, and Ken mentioned importantly the addition we
9 have made to the staff. Again, leadership is key to setting
10 the standards and that has to come first. Part of the
11 standards that the new leadership has set at Braidwood are,
12 for management presence in the field with very specific
13 expectations about what the management does when they are in
14 the field observing work and observing supervisor
15 performance.

16 First line supervisor training has been carried
17 out with a specific focus on expectations and standards
18 communicated by the site VP and the station manager to the
19 entire first line supervisor group. And an increase in
20 design basis knowledge across the whole plant, operators,
21 engineers as well a part of understanding what the ultimate
22 excellence objective is for Braidwood and what we need to do
23 to take it to that level of performance.

24 COMMISSIONER ROGERS: If I might just ask a
25 question I was going to postpone until a little bit later,

1 but you are on this design basis knowledge and it relates to
2 that. With your new engineering department, the
3 strengthening of your engineering efforts, and the hiring of
4 people from your engineer architect that supported your work
5 in the past to strengthen that, to what extent have you now
6 in-house all of the design information and design basis
7 information for all of your plants that is necessary to be
8 able to respond quickly and thoroughly to with the new
9 engineering effort to any demands?

10 MR. WALLACE: Chairman Rogers, I will take the
11 opportunity to --

12 COMMISSIONER ROGERS: That is the Chairman.

13 MR. WALLACE: Commissioner Rogers, I will take the
14 opportunity of the question to ask John Hosmer to respond.

15 MR. HOSMER: As part of the engineering
16 improvement effort, a critical thing is to bring all design
17 basis information in-house. By the end of 1995, this year,
18 80 percent of all fundamental information we need to do all
19 our work will be onsite. Quad and Dresden will be the last
20 two to be completed, and in the middle of '96 we will have
21 all the fundamental information to do design system
22 engineering and what we need to be a self-sufficient
23 organization.

24 COMMISSIONER ROGERS: How are you structured? You
25 have a central engineering department as well as onsite

1 engineering efforts. Now where is the design basis
2 information going to be, onsite?

3 MR. HOSMER: Yes, sir.

4 COMMISSIONER ROGERS: In both places or how do you
5 deal with that?

6 MR. HOSMER: The fundamental concept in our
7 engineering organization is to put the key leaders onsite,
8 the key person, like the site VP, is the site engineering
9 manager. What we have done is give him the people and all
10 the tools to basically run a self-contained operation and
11 support the plant manager and the site VP. My job in
12 Downers Grove besides influencing, counselling and coaching
13 those people, my team of about 150 people, our job is to do
14 just what I said, we coach, counsel, do oversight and
15 deliver tools.

16 A key part of it is oversight. We not only
17 deliver tools and coach, but we go look at our own
18 engineering programs and attempt to be our worst critics.

19 MR. O'CONNOR: And that is a dramatic shift from
20 the way we operated in the past.

21 COMMISSIONER ROGERS: Yes.

22 MR. WALLACE: And yet I might add, I think it is
23 important to note, John Hosmer is our functional leader for
24 engineering, and I don't think there is a person in our
25 organization at any level who would doubt that John is the

1 guy who has the overall vision and is setting the overall
2 direction.

3 There was a time when who a group reported to made
4 difference as to how direction was actually implemented.
5 That is not the case anymore. In fact, we use John and his
6 engineering organization as a model for how functional
7 groups can both set the direction for the six sites and be
8 supportive without being intrusive in their own
9 decisionmaking on a day-to-day basis.

10 Thanks, John.

11 Slide 42.

12 [Slide.]

13 MR. WALLACE: Byron is our top performer and it
14 continues to focus on continuous improvement. A couple of
15 notables. Byron Unit 1 was online over 300 days when it
16 shutdown for its recent mid-cycle steam generator outage,
17 and Unit 2 continues online over 220 days since its last
18 refuel outage, and that refuel outage was accomplished in 43
19 days ahead of schedule.

20 [Slide.]

21 MR. WALLACE: Slide 43 indicates the two areas I
22 will make quick comments on.

23 Slide 44.

24 [Slide.]

25 MR. WALLACE: Byron is recognized as a good

1 performer in safety and reliability and, as Mr. O'Connor
2 indicated earlier on, demonstrates the correlation between
3 good safety and reliability performance and being also
4 economic and competitive, and we use that as a model and a
5 standard for our other five sites.

6 That said, Byron, like the other five sites, is
7 also focused on material condition, implementation of the
8 maintenance rule, and what they can do to even further
9 improve the operation of the plant and assure sustained
10 performance in the future.

11 Slide 45.

12 [Slide.]

13 MR. WALLACE: Byron is characteristically
14 committed to ongoing improvement. One indication of that,
15 perhaps, is a cultural survey that they chose to undertake
16 this year that was very comprehensive across the entire
17 site. It allowed the Byron leadership team to get a pulse
18 on what their key areas are that they should focus on to
19 even further improve their overall performance, and that
20 gave them specificity with which to go into the organization
21 and improve performance.

22 Five key areas, I will just mention a couple of
23 them. Duplication of work in a couple of areas, multi-
24 discipline processes, mods, root cause analysis, those are
25 where various groups interact we are not as effective and

1 efficient as they could be, and understanding the site's
2 overall integrated reporting process, which is our self-
3 assessment feedback process better were the types of things
4 that came out of the cultural survey and which Byron is now
5 working on.

6 CHAIRMAN JACKSON: Before you leave Byron, you
7 have spent a lot of time today talking about new management
8 that you have put into place, and the standards that they
9 bring, et cetera, and you have had a management team or you
10 had a management team in place at Byron, it has been your
11 best performing plant, but many of those managers have been
12 disbursed to stations with greater problems.

13 So how do you square the two? You have moved
14 these people away, and remember I asked with respect to
15 Braidwood, the business of keeping your eye on, in that
16 case, material condition as you were focusing on other
17 plants. This business of migratory managers, how do you
18 square that with giving us assurance that at Byron the
19 management team is in place that needs to be there who
20 maintain the standards that you are apparently trying to
21 bring to the other facilities?

22 MR. WALLACE: Chairman Jackson, that question is,
23 in fact, one that we focus very, very specifically on before
24 we make any move of an individual coming out of Byron
25 station. When I say we, I really mean the nuclear executive

1 committee, Ken Strahm principally, but as well the other
2 executives behind me, looking very carefully at that issue
3 to judge for ourselves that taking an individual from Byron
4 and placing him somewhere else will not lead to a
5 degradation in the performance at Byron.

6 On the other hand, there clearly are advantages,
7 as we are already seeing, to taking individuals who have had
8 the Byron experience, standards, culture, accountability,
9 and bringing them to sites where we have greater challenge.
10 The new station manager at Braidwood, as Ken mentioned
11 earlier --

12 CHAIRMAN JACKSON: No, I don't want you to do
13 that. I want you to stay on Byron and tell me what is left
14 in place, and how do you have assurance there that you have
15 the people in place that you need?

16 MR. WALLACE: What is left in place are several
17 things. The site VP, who is there, has been there since the
18 beginning, and has long-standing experience in Commonwealth
19 Edison and knows all of the people in Byron station well.

20 Second, Byron has had the most intensive and I
21 believe successful succession planning and management
22 development process such that there has been strength at
23 Byron that we don't have to the same degree at our other
24 sites.

25 Third, the management review board at Byron, which

1 includes critical outside members, look very specifically at
2 exactly this same issue.

3 Fourth, the executives behind me and I look very
4 specifically at this issue and watch after someone has moved
5 out what happens to Byron performance to assure ourselves
6 that there is no slippage.

7 We are literally as focused at assuring that Byron
8 stays on top and gets better as we are focused at assuring
9 that our BWRs improve and move up.

10 CHAIRMAN JACKSON: Thank you.

11 MR. WALLACE: Slide 46, just a concluding
12 statement. While I have focused in this latter part on each
13 of the six sites, it is important for you to know that we
14 are about improving the overall Commonwealth Edison nuclear
15 program, and creating a synergy that goes with an
16 integration of the talent and the resources of all six of
17 our sites. We believe there are significant benefits that
18 we have not yet fully derived that can come from sharing
19 resources, sharing solutions to problems and, where
20 appropriate, being common in our approach to how we are
21 doing work.

22 One of the initiatives in 1994 that we think 1995
23 has also built that process is with our bargaining unit, the
24 movement of some members of our work force from site to
25 site, particularly in the radiation protection area, allows

1 the migration of the best work practices and ideas across
2 our six sites and further builds the overall integrated
3 nuclear team.

4 Our objective is to take Commonwealth Edison's
5 nuclear program to a level that will clearly be, in your
6 eyes and everyone's eyes, industry excellent performance.
7 And we won't rest until we get there, and we will continue
8 to take whatever steps we determine are necessary to assure
9 that that is the end result that we are able to achieve.

10 CHAIRMAN JACKSON: Thank you.

11 I would like to ask you and Mr. O'Connor a few
12 questions.

13 In the past Commonwealth Edison has not been very
14 proactive in terms of self-assessment, and you spent some
15 time talking about various internal and external oversight
16 boards. But can you tell me what you have done to improve
17 the capability of the line organization in this regard, and
18 how you are strengthening the on-site quality verification
19 organization?

20 MR. WALLACE: I will address that question in two
21 parts. What we are doing to improve the line in self-
22 assessment, and then what we are doing with our site quality
23 verification group.

24 We have put in place what we refer to as
25 integrated reporting programs at all six of our sites, and a

1 part of that program is a form referred to as a PIF, or
2 problem identification form. That is what our people use,
3 anyone can use, when they identify a problem that stands to
4 be addressed.

5 We have reinforced at all of our sites the use of
6 that, and demonstrated to people in the organization that
7 when problems are reported, actions are taken to improve
8 performance.

9 So we have that vehicle in place at all six of our
10 sites and it is being implemented.

11 Secondly, our sites in different ways, consistent
12 with their own leadership approach, an area where we give
13 them flexibility, conduct self-assessment reviews. In the
14 case of Byron, the site VP calls in department heads on a
15 routine basis to report out in front of other department
16 heads how they have self-assessed their area and what the
17 problems or challenges are that need to be addressed. That
18 is a critically challenging forum that exists at Byron.

19 Braidwood does it in another way, and the other
20 sites do it in ways consistent with where they are.

21 So self-assessment as an internal cultural issue
22 is one that I believe we are doing much more on.

23 To indicate that we can do even better, the Byron
24 cultural survey demonstrated that the integrated reporting
25 program is an area where we need to further communicate and

1 educate the work force.

2 CHAIRMAN JACKSON: What about at Dresden?

3 MR. WALLACE: For Dresden, I will let Steve Perry
4 specifically address that.

5 MR. PERRY: We do a couple of things at Dresden.
6 First, we put out a monthly written report that we try to be
7 very self-critical. I preach self-critical all the time.
8 We put out a trend report now that is critical of
9 performance as we measure it, get the managers together
10 every month where our quality verification supervisor or
11 director takes us through all of that.

12 I conduct performance meetings at all the boiling
13 water reactors, Dresden is one of them, where the site
14 presents to me, and I am more than very critical at that,
15 about what they are doing and how they are doing it. I
16 encourage them to even be critical of things that apparently
17 go well. I teach a management course at all three of the
18 boiling water reactors and that is a major component of it,
19 that good managers are always critical of themselves. So we
20 do quite a bit of self-assessment.

21 CHAIRMAN JACKSON: So these are things that you
22 have put into place since you have been there?

23 MR. PERRY: Since I have been in the company, we
24 have been doing this. That is correct. I myself have two
25 people on my personal staff whom I call assessors, who

1 extend my eyes and ears at the other sites. Actually I have
2 one right now, one comes next Monday, so I will have two
3 people then. And those people are well known as people who
4 report directly to me, so it gives them a little bit of
5 clout. They are very good with people so they can find out
6 things, and that is another thing that I have done. And, in
7 fact, at all of the sites, each of the plant managers has an
8 individual who acts in that capacity for him.

9 CHAIRMAN JACKSON: Maybe Mr. Strahm can come to
10 the table also.

11 Let me ask you this question. You know, you had
12 several equipment failures and hidden design flaws that were
13 not discovered until they resulted either in plant
14 transients or inoperable equipment, and given that there may
15 be more such out in the universe, how do you give us comfort
16 that you are able to uncover?

17 MR. WALLACE: Let me make an initial response to
18 that, and then I will ask Steve and Ken if they would like
19 to add into that.

20 A value that we have been preaching throughout the
21 division is aggressively identifying problems and
22 aggressively correcting problems. And moreover, the way to
23 make that value come alive is to reinforce and recognize the
24 types of actions that are indicative of implementing that
25 value.

1 Recently, about three weeks ago, I guess it was,
2 at Dresden Station we had an individual who has been at
3 Dresden since 1980 as an instrument technician and he is now
4 functioning in the maintenance staff at Dresden, was looking
5 at the design for Dresden 2 and Dresden 3 related to the
6 scram discharge volume. He had no reason to pursue this to
7 any great degree except he saw a difference, and there
8 wasn't a problem that he was working to solve. The
9 questioning attitude that he had caused him to ask why it is
10 different, and as he pulled that thread, we came to realize
11 that 12 years ago, when a modification was put in place on
12 the scram discharge volumes at a time when that was an
13 industry issue, Dresden 3 was correctly modified, but that
14 modification was changed and Dresden 2 was not correctly
15 modified.

16 Subsequently, the Dresden 2 modification was also
17 implemented at Quad Cities 1 and Quad Cities 2. The fact
18 that that individual raised that issue to the table allowed
19 us to aggressively address that at all three sites, and I
20 personally went to Dresden three days after this happened,
21 met with the individual, and recognized his efforts in a
22 group of 60 of his peers as indicative of the kind of
23 questioning attitude we want our people to have, to find and
24 then aggressively address problems so that they indeed do
25 get corrected.

1 I will ask Steve --

2 MR. PERRY: On this one, we got it before it got
3 us, too, which was kind of nice, and we cooperated between
4 sites in a fashion that we hadn't seen in the past very
5 often. It was really a heroic event.

6 At Dresden we are also looking into each of our
7 various systems in a systematic way for deep-lying potential
8 problems that could get us in the future, both in the design
9 and in the performance we have seen. We have brought in
10 about nine or 10 General Electric engineers to help us in
11 this look-through. This year we will be through 11 systems
12 and I think we are planning another -- I'm not sure of the
13 numbers, another 15 that we are going to do next year, and
14 we will continue it on the year after that. Probably not
15 with GE help after we learn how to do this with some detail
16 ourselves. So we are looking into systems deeper than we
17 have been before to try and identify potential problems
18 before they become problems that affect plant performance.
19 So that is another thing that we are doing to look at
20 material condition problems that maybe are under the surface
21 now that we are going to identify.

22 MR. WALLACE: Ken, would you like to address that?

23 MR. STRAHM: In the material condition plans, a
24 key part of that is identification and we have walked down
25 all the systems in the plant to identify the problems, we

1 know we don't get all of them but we have to attempt. We
2 have done several of these at each of the plants.

3 We also have in Commonwealth Edison the system
4 engineers are the system managers and they walk down the
5 systems with the operators. We also have System Readiness
6 Review Boards and have been doing this for about a year-
7 and-a-half at all -- I don't know, but we have them at the
8 BWRs and where the system manager comes in and before
9 operations, maintenance, and I have sat in or a number of
10 them, they go over their whole system and what the problems
11 are and it starts with design basis. They start right with
12 design basis and work their way all the way through today's
13 problems and what we are doing about them.

14 We also have, before -- we are starting in January
15 which means we have had to start now, a 12-week rolling
16 schedule and in the tenth week of that, the system engineer
17 leads get together with the operations and maintenance to
18 determine what will be taken in each of these areas, each of
19 these work weeks.

20 Another thing we have done is we have shared
21 people from other sites like when we did our turbine
22 overhaul which we are just finishing now at Zion, then we
23 brought Dave Hatton, who was the turbine expert from Byron
24 and he ran the overhaul with a guy from Zion working with
25 him and found some things that we weren't doing right and we

1 needed to do better and so we have been able to share that
2 information with Zion.

3 The same thing, we brought in a mechanical master
4 about a year ago from Clinton and he has made -- he brought
5 in things, you know, from outside that we hadn't been
6 looking at and have been really improving a lot in the area
7 of leaks and equipment and taking care of equipment and he
8 has brought in vendors to help us with valve packing and
9 teach our people, our engineers and our supervisors about
10 valve packing and flanges and how to do them better and so
11 all those areas improve as we keep finding these different
12 areas.

13 Another thing, when we find an area at a plant or
14 hear about it at another plant, then we immediately look at
15 our own plants to see if we have the same problem. But we
16 will, I am sure, find things in the future. We are doing
17 everything that we can think of.

18 These reviews that Steve is doing at Dresden, we
19 are going to spread that through our plants also.

20 CHAIRMAN JACKSON: And so that is going to help
21 you provide a consistent. It seems to me you need a
22 consistent methodology for transferring what you find in one
23 plant or at one site to another. That has not, again, been
24 a strong suit historically.

25 MR. WALLACE: That's right, it has not.

1 There really are two things that we are
2 transferring here. One is the process by which we are
3 seeking to identify what the problems are and then second is
4 the specific nature of the problem found and where that
5 information can be useful at another site like the
6 Quad/Dresden example that Steve and I talked about.

7 CHAIRMAN JACKSON: Given in some ways that this
8 cross-sharing of information and propagation of consistent
9 methodologies seems to be fairly new, this actually leads
10 naturally to another question and that is, do you really
11 have a good sense of the resources and a quantification of
12 the resources it is going to take to really solve these
13 problems and do you have those resources?

14 MR. O'CONNOR: The answer is, yes. In both
15 instances. And the answer, beyond that, is a recognition
16 across the company that each individual business unit of the
17 company has to support what we are doing in nuclear.

18 When we set a budget for nuclear for 1995, it was
19 set at \$801 million on the operating and maintenance side.
20 That budget will be exceeded and it will go up reasonably
21 dramatically in the last couple of months. That is
22 understood that it has to be done in order to accommodate
23 the needs of the six sites and we are willing to do that so
24 some people have suggested that we are figuring our program
25 to accommodate what budgets have been set. That is not

1 true. We will do what needs to be done and that is a very
2 consistent promise that we made and I think we have
3 acquitted ourselves well on that kind of a commitment.

4 CHAIRMAN JACKSON: You know, Mr. Wallace, you have
5 painted a nice picture. Your focus has been heavily on new
6 management and new or raised standards. But there is a
7 history and I am not one to particularly give you a bad
8 time. But why should the Commission have confidence that
9 the initiatives you have discussed today will really result
10 in any significant progress?

11 You know, what benchmarks can we look at and when
12 can we expect that improvement in a substantial way relative
13 to some real benchmarks or step changes? What are you going
14 to tell us six months from now and when is enough enough?
15 Dresden has been on the watch list for six of the last nine
16 years. What do you think is reasonable?

17 Should you operate throughout your license term on
18 the watch list? When do you perhaps have a stand-down
19 yourselves to decide that you have got to really address the
20 problems?

21 MR. WALLACE: Chairman Jackson, we look at each of
22 our six sites and determine what we think needs to be done
23 to improve that site's performance. The results need to be
24 measured in the context, I believe, of each of the six
25 sites. So I will answer your question really in two parts.

1 One, the Commonwealth Edison program today is far
2 changed from the program that existed two, three, four, six
3 years ago. The individuals here today with us as well as
4 the others who are part of the key leadership team at the
5 sites bring a breadth and depth of experience and they have
6 accomplished on a site basis what we are about accomplishing
7 on a site basis. They have done it in many cases. That
8 gives us confidence that we have individuals with the right
9 visions and standards and accountability are critically
10 important if we are going to achieve results.

11 Second, we need to vigilantly measure the
12 performance that we are getting at each of our sites and
13 hold our people accountable to our expectations. Steve and
14 Ken hold monthly accountability meetings at each site to
15 measure how that site is performing against the objectives
16 it set for itself. Clearly, some of the site -- some of the
17 objectives our sites have, goals for 1995, are not industry
18 top quartile. They might be industry third quartile, some
19 might be second quartile. But our critical focus is to
20 assure that we are improving in the way that we believe
21 important for 1995. We set higher goals and objectives
22 relative to the industry for '96 and we monthly measure our
23 performance against those goals for '96.

24 CHAIRMAN JACKSON: How are you going to get
25 Dresden off the watch list?

1 MR. WALLACE: By implementing the plan that we
2 have in place right now and taking the steps that we have
3 been talking about, dealing with the material condition
4 improvement, dealing with the work force improvement and
5 measuring our progress month to month through Steve's
6 interactions and the interactions of the management at the
7 Dresden site.

8 Steve, would you like to add to that?

9 MR. PERRY: Sure. You probably know I am acting
10 as the site vice president at Dresden now. I will tell you
11 what I told my people. I think there are three things that
12 I need to do to get off the problem plant list. I will tell
13 you that if I take an objective picture of Quad Cities and
14 an objective picture of Dresden, it is my opinion that
15 Dresden is better off than Quad Cities, but we are not very
16 well organized there, we are not equipped to talk well about
17 how we are focusing on the issues that we are going and what
18 successes we have seen. If you dig around, you can see a
19 lot of pluses. But you have to dig around so we are not
20 really well organized to talk about it.

21 The second thing, in fact I normally call it the
22 first, is I have to have more energy at my management level.
23 I am good at getting people energized and that is why I took
24 over at this point to be in there because they have to have
25 much more energy amongst their people, amongst their middle

1 level management on what they are doing.

2 And the third thing is I have to fix my work
3 control process and it is broken at all of our sites, all of
4 the BWR sites. We are making pretty good strides in that.
5 I haven't had the opportunity to exercise it and I can't fix
6 it until I can exercise it and work out what the problems
7 are, what is not working well and what is.

8 Now I have one plant operating. I have sort of
9 taken my other plant out of the picture and this was a part
10 of it, so that I could exercise my work control process and
11 my work force and show that we can operate a plant and
12 maintain it while it is on-line and that is what we are
13 doing now.

14 MR. O'CONNOR: Could I ask, Steve, if you could
15 give an addendum though on how you view the quality of the
16 operating staff at Dresden?

17 MR. PERRY: Yes, Mike made mention of it.

18 I think that we have had a cultural change in our
19 operators. Our operators added to the standards that they
20 set and hold themselves to, and they hold it amongst working
21 level and management there, they hold each other
22 accountable, are the best in the CommEd system without any
23 question. And I would hold them up against anybody in the
24 world. I will tell you that we need some more time before
25 it becomes a part of their psyche, which it isn't right now.

1 They have to work very hard at maintaining these standards;
2 it doesn't come natural. They understand that they have to
3 work hard and they are working hard at it.

4 But we've heard the Nuclear Regulatory Commission,
5 Region III, people tell us this, INPO tells us the same
6 thing. This is more than just Steve Perry giving a
7 subjective opinion, so we've made that -- we focused first
8 on the operators, clearly the right thing to do. I wouldn't
9 have to convince you of that.

10 Material condition takes a lot longer to solve, so
11 we fix the operators who get challenged by the material
12 condition to where now they are very conservative in their
13 thinking and how they operate the plant. They are much more
14 proficient, better standards than there had been before.
15 They don't stand for anything much anymore and now we are
16 working on the material condition of the place.

17 CHAIRMAN JACKSON: Mr. Rogers.

18 COMMISSIONER ROGERS: Well, I think the Chairman's
19 questions were very appropriate, you know? I think that I
20 have been here now for almost eight years and I have seen
21 several meetings with CommEd over the years in which the
22 situation was going to be corrected and turned around, and
23 it's been disappointing to see that that hasn't really been
24 accomplished.

25 I am very impressed with the people you have

1 added. I know their track records are really exemplary
2 where they have been before. The things you have told us
3 today sound very good and I am sure you are very sincere, as
4 I am sure you were sincere when you met with us in the past,
5 Mr. O'Connor.

6 I think it's only going to take time and
7 performance to convince us that you have been able to pull
8 it off. You have got strength at the top but as you know it
9 has to penetrate entirely through the organization and while
10 you had some good performers you have had some that just
11 can't seem to get up off the floor, and Dresden of course
12 has been one.

13 There is no doubt that it has a great deal to do
14 with personal attitudes and call it safety, culture or
15 whatever but that is your challenge, to not only be able to
16 tell people what they should do but they within their own
17 hearts and minds do the right thing each day, every day,
18 when we are not looking and even when you are not looking.

19 That is the challenge and it is an acceptance of
20 new standards that they really believe in, not that the
21 changes are being made because NRC is being critical, but
22 those are the things that really have to be done and they
23 believe it and it seems to me that that is really the
24 challenge that you face is to be able to develop a sense
25 within your organization's every site that the things that

1 you at the top want to accomplish are shared values, really
2 fundamentally shared values by the people throughout the
3 organization and they really want to carry them out because
4 they are their values, not just your values or our values
5 sitting here in Washington.

6 That is what hasn't been accomplished in the past
7 at some sites. It just hasn't been. If it had been you
8 wouldn't be where you are with Dresden and so that is the
9 challenge. What more can we say to you then at this point
10 than it looks good. You have put together a very impressive
11 collection of top managers with enormous experience and
12 performance credentials in other sites. No doubt about it.

13 The structure, organization, oversight, all of
14 these things that you have put in place look very good and
15 they are very good but the test is going to be whether the
16 organization itself below the top really performs and we
17 hope that you pull it off because it is absolutely
18 fundamental with this site.

19 As the largest site in the country of -- largest
20 collection of nuclear power plants under one management in
21 the country everybody has looked at CommEd as a potential
22 leader and I think this is going to be a very, very critical
23 test, quite frankly, of nuclear power in this country.

24 If you turn this around and you develop 12 superb
25 operating plants, it is going to have an extremely important

1 effect and if you don't it will be just as bad in the other
2 direction.

3 So I hope that you succeed. We are going to be
4 watching very, very carefully. I think we have to adopt a
5 "go to it" attitude but one which is going to be very
6 questioning until we see performance which is sustained.

7 CHAIRMAN JACKSON: Let -- and Commissioner Rogers
8 covered many things -- but I'll just, I want to thank you
9 first for giving us insight into where you're focusing your
10 resources and attention, but you know I am one who believes
11 that, as you say in your industry, that you "walk the talk."
12 You know, everybody can talk a good game.

13 The focus has to be on managing your facilities
14 and really bringing them up to industry standards and not on
15 managing the regulators. I mean we are not the ones -- you
16 are the ones who have to operate your plants and you have a
17 system that within your one company that's as large as that
18 of many countries and you are a significant fraction of the
19 whole nuclear industry in this country.

20 So I would say that you have a responsibility to
21 in fact perform better than you have over time and I don't
22 know you and I know Commissioner Rogers has been here for
23 eight years, but I don't intend to have eight years of
24 patience and you shouldn't.

25 For you to have the plant that's been on the watch

1 list for six of nine years from a regulatory perspective is
2 too long, but from an operational perspective it should be
3 horrifying to you, and so we'll be keeping a watch on you
4 and I wish you well, but that performance has got to improve
5 over a shorter period of time than the time that has already
6 gone by. Thank you.

7 MR. O'CONNOR: And we appreciate that, Chairman
8 Jackson, and we accept that challenge that both of you have
9 given us and it's a challenge that we have given ourselves
10 as well and, as you have suggested, the performance will be
11 what makes the difference and we think -- we are confident
12 that we can demonstrate to you that we are up to that
13 challenge.

14 Thank you very much for your time.

15 COMMISSIONER ROGERS: Thank you.

16 CHAIRMAN JACKSON: Thank you.

17 [Whereupon, at 11:58 a.m., the meeting was
18 concluded.]

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CERTIFICATE

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

TITLE OF MEETING: BRIEFING BY COMMONWEALTH EDISON -
PUBLIC MEETING

PLACE OF MEETING: Rockville, Maryland

DATE OF MEETING: Thursday, November 16, 1995

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: Jessa Minson

Reporter: Mark Mahoney

*Meeting Between
Commonwealth Edison and
Nuclear Regulatory Commission*

*November 16, 1995
10:00 a.m.*

Agenda

- I. *Introductory Remarks -
Mr. O'Connor*
- II. *ComEd Nuclear Division
Performance - Mr. Wallace*

*Unicom/ComEd CEO Perspective -
Mr. O'Connor*

Corporate Commitment to Safe Nuclear Operations

- **SAFE/RELIABLE NUCLEAR ENERGY**
 - **ComEd Is a Nuclear Utility**
 - **Not a Reluctant Operator**

Corporate Commitment to Safe Nuclear Operations

- **NUCLEAR OPERATING DIVISION
CONTINUING PURSUIT OF EXCELLENCE**
 - **Unqualified Support From Board of Directors**
 - **Byron Shows Safety/Competitiveness Link**
 - **Recognize ComEd Still Has a Long Way to Go**

*ComEd Nuclear Division CNO Perspective -
Mr. Wallace*

Overall Management Approach

- **Division Leadership Strengthened**
- NOD Critical Issues
- Station Performance

Division Leadership Strengthened

- **DIVISION LINE LEADERSHIP**
 - **Nuclear Executive Committee**
 - **Nuclear Operating Committee**
 - **Site Vice Presidents (SVPs)**

Division Leadership Strengthened

- **DIVISION OVERSIGHT**
 - **Site Management Review Boards**
 - **Nuclear Operations Overview Committee**
 - **Nuclear Operations Committee of the Board of Directors**

Division Leadership Strengthened

- **OUTCOMES OF OVERSIGHT**
 - **Accountability Meetings**
 - **Conservative Decisionmaking Training**
 - **Consistent Performance Measures**
 - **Adoption of PORCs**

Division Leadership Strengthened

- **LEADERSHIP DEVELOPMENT EFFORTS**
 - **Three-Pronged Approach**
 - » **Immediate - hired experienced industry personnel**
 - » **Short-term - hired experienced Navy personnel**
 - » **Long-term - developing employees**

Overall Management Approach

- Division Leadership Strengthened
- **NOD Critical Issues**
- Station Performance

NOD Critical Issues

- **BWR IMPROVEMENT STRATEGY**
#1 PRIORITY

NOD Critical Issues

- **STANDARDS AND ACCOUNTABILITY**
- **MATERIAL CONDITION**

NOD Critical Issues

- **TECHNICAL EXCELLENCE**
- **LABOR STRATEGY**

Overall Management Approach

- Division Leadership Strengthened
- NOD Critical Issues
- **Station Performance**

Dresden CNO Perspectives

Overview of Station Performance Dresden

- **WORKING THE PLAN**
- **IMPROVING THE WORKFORCE**
- **SHARPENING MATERIAL CONDITION FOCUS**

Overview of Station Performance Dresden

- **DRESDEN PLAN HAVING IMPACT**
 - **Progress Made in 1994**
 - **Adverse Trends Arrested in 1995**
 - » **Radiation dose**
 - » **Operator workaround backlog**
 - » **Control room deficiencies**

Overview of Station Performance Dresden

- **DRESDEN PLAN HAVING IMPACT:**
 - **Correcting Equipment/Plant**
 - **Work Management**
- **SOME ISSUES PROVING MORE
DIFFICULT TO REVERSE**

Overview of Station Performance Dresden

- **IMPROVING THE WORKFORCE**
 - Cultural Change
 - Retraining
 - Experienced Personnel Added

Overview of Station Performance Dresden

- **1995 FOCUS ON MATERIAL CONDITION**
 - **Demonstrated Results**
 - » **Control room work requests**
 - » **Operator workarounds**
 - » **Reactor bottom head drain line**

Overview of Station Performance Dresden

- **1996 FOCUS ON MATERIAL CONDITION**
 - **Principal Support Actions Planned**
 - » **Work control and scheduling**
 - » **Reduce rework**
 - » **Engineering involvement**

Quad Cities CNO Perspectives

Overview of Station Performance Quad Cities

- **TEAM STRENGTHENED**
- **WORKING THE PLAN**

Overview of Station Performance Quad Cities

- **STRENGTHENED THE TEAM**
 - **Significant Management Changes**
 - **Raising the Standards**

Overview of Station Performance Quad Cities

- **WORKING THE PLAN**
 - Major Focus for 1995
 - Major Focus for 1996

LaSalle CNO Perspectives

Overview of Station Performance

LaSalle

- **IMPROVING PERFORMANCE**
- **MATERIAL CONDITION IMPROVEMENT**

Overview of Station Performance

LaSalle

- **IMPROVING PERFORMANCE**
 - **Radiation Protection Initiatives**
 - **Maintenance and Technical Training**
 - **SCRAM Rate**

Overview of Station Performance

LaSalle

- **MATERIAL CONDITION IMPROVEMENTS**
 - **Resolving Long-Standing Equipment Problems**
 - **Performance in Forced Outages**

Zion CNO Perspectives

Overview of Station Performance Zion

- **NEW TEAM**
- **MATERIAL CONDITION**
- **GETTING WORK DONE**

Overview of Station Performance Zion

- **NEW TEAM**
 - **Proven Managers To Accelerate Improvement**
 - **Operator Standards Strengthened**

Overview of Station Performance Zion

- **MATERIAL CONDITION INITIATIVE**
 - **Systems Engineering Ownership**
 - **Clean Sweep Initiative**
 - **Fix-It-Now (FIN) Team**

Overview of Station Performance Zion

- **GETTING WORK DONE**
 - **Work Controls**
 - **World Class Assistance - EDF**

Braidwood CNO Perspectives

Overview of Station Performance Braidwood

- **RELIABLE OPERATIONS**
- **ADDRESSING MATERIAL CONDITION**
- **IMPROVING HUMAN PERFORMANCE**

Overview of Station Performance Braidwood

- **RELIABLE OPERATIONS**
 - **Meets Commitments**

Overview of Station Performance Braidwood

- **ADDRESSING MATERIAL CONDITION**
 - **Comprehensive Material Condition Strategy**

Overview of Station Performance Braidwood

- **IMPROVING HUMAN PERFORMANCE**
 - **Management Presence in the Field**
 - **First Line Supervisor Training**
 - **Design Basis Knowledge**

Byron CNO Perspectives

Overview of Station Performance

Byron

- **RECOGNIZED GOOD PERFORMANCE**
- **COMMITTED TO FURTHER IMPROVEMENTS**

Overview of Station Performance

Byron

- **RECOGNIZED AS GOOD PERFORMER**
 - **Safety in Operations**
 - **Reliability in Operations**
 - **Safety/Competitiveness Link**

Overview of Station Performance

Byron

- **COMMITTED TO ONGOING IMPROVEMENT**

Concluding Remarks
