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 RECIP. NAME RECIPIENT AFFILIATION
 GRACE, J.N. Region 2, Ofc of the Director

See Ref. 8

SUBJECT: Forwards response to independent mgt appraisal (IMA) & evaluation of IMA prepared by AEOD..

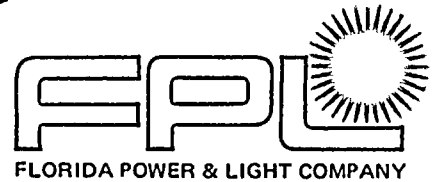
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AUGUST 15 1988

L-88-265

Dr. J. Nelson Grace
Regional Administrator, Region II
U. S. Nuclear Regulatory Commission
101 Marietta St., N.W., Suite 2900
Atlanta, GA 30323

Dear Dr. Grace:

Re: Turkey Point Units 3 and 4
Docket Nos. 50-250 and 50-251
Independent Management Appraisal - Response

In accordance with the requirements of the Nuclear Regulatory Commission's Order of October 19, 1987, enclosed is the response of Florida Power & Light Company to the Independent Management Appraisal (IMA) prepared by Enercon Services, Inc., and the evaluation of the IMA prepared by the NRC Office for Analysis and Evaluation of Operational Data (AEOD report). Each recommendation in the IMA and the AEOD Report has been analyzed, and the response sets forth the action taken or planned by FPL, and where required, provides an associated schedule. In formulating the enclosed response, FPL has also taken into account portions of ENERCON's supporting information not reflected in the IMA, as suggested by the AEOD report.

FPL's Senior Management, at its highest levels, followed Enercon's progress closely, meeting periodically with the Enercon Senior Evaluation Team (SET). You or the Deputy Regional Administrator attended each of the substantive meetings. I hope you share our view that the exchange at these meetings was candid and vigorous.

We are satisfied that the IMA meets FPL's objective in initiating the study and the requirements confirmed by the order. The IMA is a thorough analysis of the causes which underlay the problems experienced at our Turkey Point facility and provides a set of broadly-based recommendations which can serve as the foundation for effective corrective action. You will note that FPL generally agrees with each recommendation and has completed or initiated action to resolve the problem(s) which underlay the recommendations.

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Although the majority of the IMA recommendations focus on Turkey Point, they also reflect a commensurate need for improved leadership on the part of the corporate management and staff. In addition, the IMA highlights the central role of corporate management in communicating our nuclear goals and ensuring that they are understood at every level of the nuclear organization. These matters are also identified in the AEOD Report. Because so many of the necessary improvements must be driven by the corporate organization, we have included a separate section in the response providing a "Corporate Overview" (see pp. 5-14).

The "critical" recommendations in the IMA (those which in Enercon's view most directly affect the likelihood of success) concern people. In the period since the issuance of the October 19, 1987 order, significant changes have been made in this regard including:

The appointment of Mr. William F. Conway, a seasoned nuclear executive, as Senior Vice President-Nuclear. Mr. Conway reports to Mr. C. O. Woody, who was recently appointed Executive Vice President of FPL. All FPL power plant resources have been consolidated under Mr. Woody. Mr. Conway has primary responsibility for both corporate and site nuclear operations. He has the full support of senior management in making such personnel and organizational changes (including personnel additions) as may be necessary to improve the performance of the corporate nuclear and site organizations, especially in maintenance, training, technical support and operations. He is dedicated to the proposition that a nuclear organization must continuously strive to attain higher standards of performance, and we support that view.

The appointment of Mr. David A. Sager as Acting Vice President-Nuclear Energy. Mr. Sager served in the U. S. Navy nuclear program for six years and has more than thirteen years of nuclear managerial assignments including key positions at St. Lucie and the FPL corporate nuclear organization. He has held an NRC Senior Reactor Operator License. He has been charged with the responsibility for coordinating corporate staff activities including licensing, training, engineering, security, maintenance, planning and control, and other technical services in support of plant operations.

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The appointment of Mr. James E. Cross as Plant Manager of Turkey Point. He has sixteen years of successful performance in comparable functions at another nuclear utility. His strong technical and managerial background will complement the management skills of the Site Vice President.

The appointment of Mr. L. W. Pearce as the Turkey Point Operations Superintendent. He was formerly the Operations Supervisor at FPL's St. Lucie nuclear facility. His proven skills are noted in the IMA. He has been charged with establishing the primacy of the Operations Department in setting the priorities for all activities necessary to support Turkey Point operations.

The appointment of Mr. Arthur R. Cummings as the Security Supervisor at Turkey Point. A veteran nuclear security expert, Mr. Cummings comes to FPL from another operating nuclear plant where he was a supervisor in a SALP-1 security program.

The appointment of Mr. John B. Hosmer to fill the new position of Director of Nuclear Engineering. Mr. Hosmer has 15 years of experience in the nuclear field in addition to several years in the U. S. Navy nuclear program. He is responsible for managing the design engineering efforts for the nuclear plants.

These are a few highlights of completed personnel and organizational changes. You will note in the response to Recommendation 5.1.1 that we have identified thirty five critical positions at the corporate and site levels, and are establishing new job requirements (including specific skills and experience) for these positions. Incumbents in all of these positions will be evaluated against these requirements. We anticipate completing these evaluations by September 15, 1988. If incumbents do not appear to meet all job requirements, compensatory measures may be utilized pending a final decision. In no instance, however, will compensatory measures be accepted on a permanent basis. Our near-term goal (i.e. within the next 6-12 months) is to have each of these critical positions occupied by a well qualified and experienced individual. In order to realize the full benefits of these personnel changes, corporate management has suspended management rotations at Turkey Point for department heads, and above, for a period of approximately two years. (Critical corporate nuclear staff positions are not subject to the rotation system).

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Integral to the success of our personnel and organizational changes is an emphasis on management "visibility" that you will find reflected in many sections of the response. Our managers have been instructed to spend more time "in the plant" observing work activities, communicating our goals on a daily basis to the work force and verifying the progress in meeting our commitment to upgrade the plant material condition. Corporate officers will also participate in this effort.

Corporate and site management consider the concept of "ownership" (personal accountability for the recognition and resolution of problems) to be essential. It will be strongly emphasized during plant tours and on other occasions by both site and corporate management. This emphasis on site accountability reflects our view that both the IMA and AEOD reports correctly identify past corporate "overmanagement" as a contributing factor to a "passive plant culture" which did not encourage development of the initiative and sense of personal responsibility for identifying and resolving problems. We are taking steps to change that situation. As the enclosed response indicates, accountabilities are being delineated at every level; we are also encouraging cross-functional management across departmental lines to provide the teamwork necessary for superior plant operations. We are already able to see progress in plant operations leadership.

Maintenance is among our highest priorities. The situation at Turkey Point has not improved at a pace which meets our expectations. We have taken steps outlined in the response to Recommendation 5.3.7, including the application of additional resources, which we expect will lead to a significant improvement. There will be greater emphasis on maintenance planning and predictive maintenance. This situation will be monitored very closely over the next few months. If our goals for improvement are not realized, further measures will be taken. Improved maintenance is essential to FPL's safety and reliability goals. As to the latter, FPL's current operating philosophy is one which reflects an acceptance of lower plant availability in the interests of enhancing reliability (see response to Recommendation 5.3.3). We are prepared, for example, to accept longer outages at Turkey Point to accomplish necessary corrective and preventive maintenance. The IMA has underscored the importance of clearly restating this policy and assuring that it is understood by the entire nuclear organization.

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Next to maintenance, our highest priority is engineering and related technical support. A fundamental reorganization of engineering is underway. When completed this fall, FPL will have a separate, dedicated nuclear engineering organization headed by a seasoned nuclear engineering manager. This reorganization will eliminate the "culture conflict" inherent in the combined nuclear and fossil engineering functions reflected in the IMA; it will also facilitate a necessary streamlining of corporate engineering activities in support of plant operations. Heavy emphasis is being placed on enhancing system engineering capabilities in the site technical department.

We are also upgrading our corporate and site training staffs as recommended by the IMA in order to reduce the recurrence of errors and violations. Our plans encompass increases in the site training staff, improvements in the qualifications of instructors, updating of training materials, enhancement of simulator training and associated critiques, expanded classroom training and adoption of a new set of goals and accountabilities for training (see response to Recommendation 5.1.1.d). The role of the corporate nuclear training staff is also being enhanced in the communication of good practices between sites as well as the transmission of useful experience from other plants.

I have also asked Mr. Conway to take steps to consolidate our licensing activities which, as noted in the IMA are too diffuse. I anticipate that this will improve our regulatory interface with the NRC. This is important because a good interface facilitates FPL's understanding and implementation of regulatory requirements and the NRC's understanding of corporate and site activities. I would add that, whatever else may be implied from the IMA, FPL does not perceive the Commission as the principal source of the "external demands" which have impaired the ability of the Turkey Point staff to deal with high priority, near-term problems. The problem, in reality, stems from the acceptance of many commitments without full recognition of the resources necessary to accomplish them by the due dates. This is being addressed through a comprehensive re-prioritization of plant changes/modifications and improvement programs. We would, however, appreciate the opportunity to explore with you how inspection and other regulatory activities might be better facilitated to alleviate such concerns.

The balance of our response is directed for the most part to programmatic improvements which are important and desirable. As the IMA suggests, however, the likelihood of realizing success through these improvements is largely a function of

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how well the "critical" recommendations in the IMA (those concerned with personnel and organizational matters) are dealt with. Recognizing that improvements may not be apparent "overnight", I am confident that we will be successful in this endeavor. The entire IMA effort, I believe, has sharpened our ability to self-identify problems. The performance indicators which will be monitored by Mr. Conway and his staff, as well as the site organizations, will serve as self-assessment measures to gauge our success in implementing the suggestions and recommendations of the IMA and AEOD as well as our overall progress. Mr. Conway will be reporting to senior corporate management on these matters.

Senior corporate management fully concurs with this response and is resolved to continue its active involvement in nuclear affairs in order to achieve and maintain excellence in plant operations.

We recognize management's accountability for assuring the successful implementation of the commitments in this response and welcome the NRC's comments and suggestions on our plans as well as any aspect of their implementation.

Very truly yours,



J. J. Hudiburg
Chairman of the Board

JJH/RJS/pw

Attachment

cc: Mr. Victor Stello, Jr., USNRC
Mr. James M. Taylor, USNRC
Dr. Thomas Murley, USNRC
Mr. Edward Jordan, USNRC
Mr. R. Lee Spessard, USNRC
Mr. Steven Varga, USNRC
Mr. Herbert Berkow, USNRC
Dr. Gordon Edison, USNRC
Mr. Edmond Tourigny, USNRC
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Senior Resident Inspector, USNRC, St. Lucie Plant

