

September 15, 1994

Release

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Memo to: File

From: Eileen McKenna *M*

SUBJECT: MEETING WITH NORTHEAST UTILITIES

On September 13, 1994, Commissioner de Planque met with John Opeka, Executive VP, and Rick Kacich, Licensing Manager, for a brief discussion of issues of mutual interest. The NU representatives provided some handout materials on strategic planning initiatives. Of particular interest was their plans for management development, and handling of employee concerns.

One approach is training materials that focus on case studies and protocols, giving some guidance on "what to do if this happens", for example, an employee refuses to cooperate with event investigation, or claims retaliation or other concern.

They commented that NRC could help by resolving allegations more quickly, noting a recent enforcement action resulting from events five years ago.

Concerning Haddam Neck, and the number of management changes in high positions, Mr. Opeka felt this was related to uncertainty on continued operation of the facility. They are evaluating the economics annually, and one part owner wants to shut the plant down. However, they expect to fill these positions soon.

A/20



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Utilities System

ALH

Nuclear Group Overview

Toward the Year 2000 and Beyond

September 1994

J. F. Opeka

R. M. Kacich



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NUCLEAR GROUP

FOCUS: TO OPERATE OUR NUCLEAR PLANTS THROUGH THE YEAR 2000 AND BEYOND.

CULTURE: QRST: Quick, Responsible, Smart, and Tough winners who use innovation and teamwork to succeed.

OPERATIONAL EXCELLENCE OBJECTIVES

1. Be a recognized industry leader
2. Rebuild regulatory confidence
3. Improve communications and morale
4. Improve teamwork among all five units
5. Improve our ability to conduct work successfully

John F. Opoka, Executive Vice President - Nuclear



The Commitment to Strengthen Our Management Team is Evident

- Team Building Sessions for Senior Management
 - Mar 1994: North Carolina
 - May 1994: Connecticut
 - Oct 1994: Maine
- New Facility Constructed at Northfield Mountain
- Team Building for All managers and Directors is Ongoing
- All Supervisors, Managers, and Directors Attending 3 Days of MARC Training
- Other Elements of the Management Development Program (from Pep) Continue in Their Implementation
- Ted Feigenbaum is Attending the Advanced Management Program at Harvard
- Succession Planning Developed and Implemented on an On-Going Basis



Our Efforts to Stay Competitive Continue

- Nuclear Reengineering
 - January 1995 Start
 - Preliminary Activities are Underway
 - Ted Feigenbaum is the Nuclear Officer Sponsor
- Business Plan
 - Will Include Remaining PEP Deliverables
 - PEP Activities will be Separately Monitored (Expenditures, Deliverables, Action Plan Validation)
- CBLAs/Commitment Reduction
 - Millstone 1 and 3 are NEI Pilot Units
 - CBLA Activity is Increasing

NU Remains Committed to Nuclear Power

- William B. Ellis Technical Support Building Completed
- Movement of Support Personnel to Millstone is Complete
 - Teamwork and Communications are Improving
 - Increased Officer Presence
 - Movement of Personnel to CY is Scheduled for Later this Year



NU is Taking Steps to Regain Our Industry Leadership Position

- This Goal Figures Prominently in Our Strategic Plan
- Bernie Fox - INPO Board of Directors
- Bob Busch - NEI Nuclear Economics and Fuel Supply Advisory Committee
- John Opeka - NEI Generic Issues Steering Committee
- Don Miller - International Workshop on Safety Culture
- Mario Bonaca - Severe Accident Management; PRA in the 21st Century
- Increased Involvement in Technical Issue Resolution
 - Source Term Timing
 - SBO RCP Seal Cooling
 - Analog to Digital /Upgrades
- Prominent Representation on Industry Committees



Completion of PEP Action Plans as Part of the Nuclear Business Plan is Necessary to Provide the Foundation For Long-Term Success

PEP Status as of September, 1994

<u>Series / Action Plan</u>	<u>Completed/Val/ n/a</u>	<u>Completed</u>	<u>In Progress</u>	<u>Total</u>
1 Mgmnt Practices	5	9	1	10
2 Programs / Processes	6	7	6	13
3 Performance Assessment	2	8	1	9
4 Functional Programs	<u>7</u>	<u>7</u>	<u>3</u>	<u>10</u>
Total:	20 (48 %)	31 (74 %)	11 (26 %)	42 (100 %)



Some of Our Greatest Barriers to Success

Employee Concerns and Allegations

- Culture Change Initiatives
- MARC Training
- Protocol Committees
- Managing for Nuclear Safety Training
- NSCP Initiatives
- Development of Global Strategy



Some of Our Greatest Barriers to Success

(cont'd)

Work Control and Outages

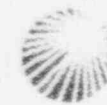
- Improved Planning and Scheduling
- More Cooperation Among Our Five Units
- Prevailing “Do It Right the First Time” Attitude

Some of Our Greatest Barriers To Success

(cont'd)

Procedure Compliance

- Procedure Upgrade Project (PUP)
- Greater Emphasis on Common Procedures Across All Five Units
- Simplify Selected Key Processes
- Increased Use of Information Technology
- Increased Management Emphasis



Some of Our Greatest Barriers to Success

(cont'd)

Root Cause / Corrective Action

- Self-Assessment Manual Issued
- Event Review Team Established
- On-going Self-Assessments
- New Action Item Tracking and Trending System
- Improve Root Cause Capability
- Increase Management Emphasis



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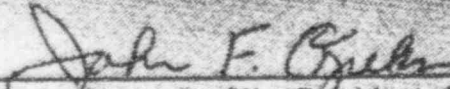
1995 Strategic Plan

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John F. Opoka, Executive Vice President - Nuclear



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NUCLEAR GROUP

NUCLEAR GOALS

- Safety - We are committed to the safe operation of our plants.
- Organizational Effectiveness - We pursue organizational effectiveness activities designed to meet shareholder expectations.
- Financial Performance - We are led to strong economic performance by achieving our safety, operational, and regulatory goals.
- Regulatory Performance - Our relationship with our regulators and oversight agencies is open and interactive.
- Operating Performance - We optimize plant reliability and net generation by pursuing operational excellence.
- Information Technology - Provide the Nuclear Organization with Information Technology in a cost-effective, easy to use, timely, and accessible method.

MISSION: Safe, environmentally sound, dependable, and economical generation of electrical energy utilizing nuclear power.

VALUES: Safety, respect for people, integrity, professionalism, business focus and clarity. "Do it right the first time."

- BEHAVIORS:**
1. Think outside the box, don't assume givens.
 2. Eliminate unnecessary work, prioritize the remainder.
 3. Achieve increased levels of cooperation and trust, promote honest and open feedback.
 4. Effectively manage group change.

Nuclear Group

1995 Strategic Plan

August, 1994

Revision 1

Abridged Version

OPERATIONAL EXCELLENCE OBJECTIVES

A. Return NU to a position of leadership in the U.S. nuclear industry.

B. Rebuild regulatory confidence to allow cost effectiveness to be a high priority without our safety ethic being questioned.

C. Improve employee communications and morale to the extent that all employees' comments, questions and concerns can be openly discussed and addressed within our organization.

D. Create a high level of teamwork, cooperation and mutual support among our five nuclear units.

E. Design and begin to implement a comprehensive approach to improving the probability of success that nuclear employees have in carrying out their mission critical responsibilities. In particular, improve employees' ability to be successful in areas of attention to detail and procedural compliance. This may be done by finding ways to make it physically or administratively easier to perform difficult tasks by carefully allowing for inadvertent human error within the successful completion of a task.

CORPORATE REENGINEERING **TARGETS**

NU strategic objectives (by 2000):

1. *Be the low-cost provider in the markets we serve.*
2. *Cause \$1 invested in NU stock today to grow to \$2.*
3. *Attract and retain innovative, flexible, and customer-responsive employees and provide an exciting, vibrant, and vital environment in which to work.*
4. *Achieve the highest Customer Favorability Rating in the Northeast.*

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Introduction -- NU Nuclear Strategic Plan 1995

I'm pleased to be sending you the revised version of our 1995 NU Nuclear Strategic plan. Strategic planning is an essential part of an integrated planning system that is designed to achieve our Nuclear Group's focus, "Operate our plants to the year 2000 and beyond." *Strategic Planning is an input into a system that helps us to translate the plans for NU's success into actions.*

Strategic planning is the process of:

1. *Identifying external interests*, while we define the goals and values of the company.
2. *Selecting a strategy* that addresses external interests as well as the organization's goals and values, that the organization is capable of implementing.
3. *Verifying that mechanisms are in place to ensure that all components of the organization will work together in an integrated manner to successfully implement the strategy.*

Our strategic plan must be aligned with our organization's structure, culture, and work processes to be successful. Using the QRST approach, our strategic plan enables our organization to achieve our five Operational Excellence Objectives.

Strategic Planning Is More Than A Once A Year Exercise.

The formal creation of our strategic plan is only the beginning of strategic planning, and is an ongoing process. Successful implementation is essential to the strategic planning process. The greatest of plans, if not implemented are of little value. Our organization must be willing to put all of our stock in our plans to reap their rewards.

Importantly, success in business does not mean doing everything. Safety has always been and will remain our first priority. During times of scarce resources, we must consider the impact, quality and cost that each potential activity will have on our nuclear organization. Our strategic plan is designed to improve our performance and to help us become more cost competitive. A new form of innovation will be required to find ways to eliminate unnecessary work, not just streamline the work which must be performed.

Even Though Strategic Planning Is The Responsibility Of Top Management, Implementation Requires Broader Participation Of The Organization.

The stronger the tie between our strategic plan and middle management, the more effective the implementation of our plan. Our middle managers must carry the strategic planning message to the workforce, not merely issue fliers and make speeches. In the execution of its operational responsibilities, our middle management must ensure the appropriate linkage exists to our strategic objectives. Middle management is the link that witnesses early successes or failures, and can deliver that message so that real-time self corrections can be made.

Our strategy must describe how the Nuclear Group will determine the best approach for NU in the future. Last year, our nuclear organization identified critical planning assumptions about changes in the nuclear industry. Additionally, seven major stakeholders were identified and their interests prioritized to give us new insights into our business. Also, a situational analysis was performed so that we could determine our organization's current situation as measured against five performance areas. This resulted in the creation of a "gap" between where we are, and where we need to be.

As always, safety is our number one consideration. Our primary objective is to **operate our plants safely**. Achieving regulatory confidence will not occur unless safety remains our top priority. Our next objective is ensure economic viability, now defined as a composite cost per kilowatt of < 4 cents for our nuclear units. This is the target that we need to reach or better if we are to remain competitive in the next five years. In order to accomplish this, individual units will have outage/non-outage normalized cost targets that support this composite target. Each unit will receive a unit specific target for going forward costs that includes A&G, O&M, Fuel, Capital Carrying Expenses, and associated tax costs.

Goals and high level strategies set standards for performance that range from capacity factors to capital budget targets. *All of our plants need to find ways to work together better for us to be successful in the future.* The marketplace is challenging us to discover synergies that we can translate into improved performance at reduced costs. *The precise route each plant takes may be somewhat different, but the destinations are the same - meeting our cost per kilowatt targets while accomplishing our operational excellence goals.*

These inputs, including our "gap", were evaluated against our nuclear cornerstone, or guide documents (Vision, Mission, Expectations, Nuclear Safety Ethic). We discovered that the fundamental issues of vision, mission, and goals, as well as their accompanying values, attitudes, traditions and beliefs, were not communicated as clearly as we needed them to be. To avoid the organizational misalignments that sometimes result from ambiguity, we decided that we would rewrite and streamline these documents. The results of this effort will be communicated later this year.

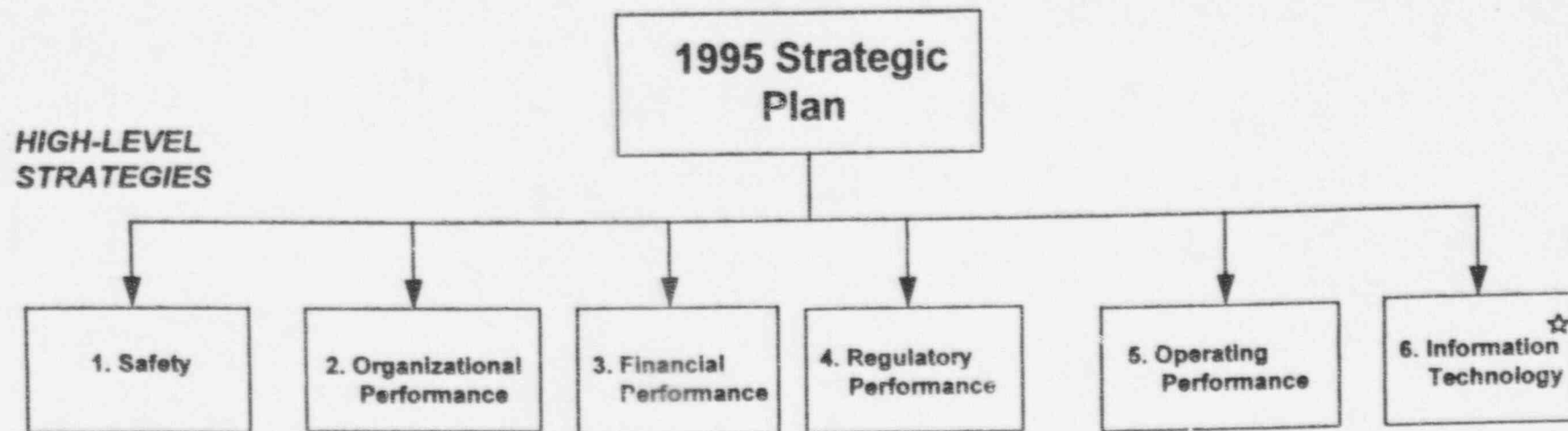
Mechanisms To Ensure Implementation Must Be In Place

The development of our strategic plan is the first step of our integrated planning process. Ensuring that our strategy will actually be used, in guiding day to day operations, requires effective, clear communication, broad participation, and support from our management team, as well as inspired "followership" from the rest of our organization. Our management systems must foster and support people to be actively engaged in implementation of our plan.

The Strategic Plan is a major undertaking that requires a significant investment of time if the strategies are to have value. Please review the following plan, talk about it, make it happen. Success happens when hard work and preparation meet opportunity. Make a commitment, do your part and we will reach our goal of operating through the year 2000 and beyond.

J.F. Opeka

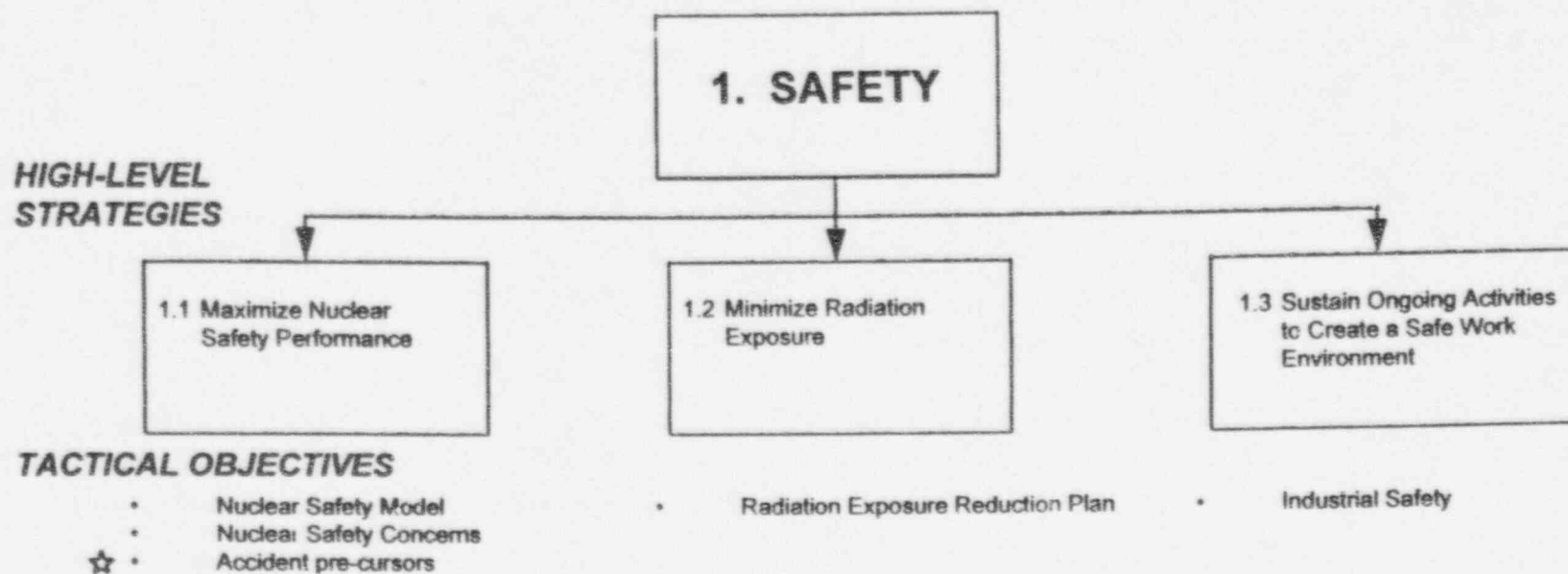
Operate our nuclear plants to the year 2000 and beyond.



☆ New for 1995
Revision 1 August 1994

Operate our nuclear plants to the year 2000 and beyond.

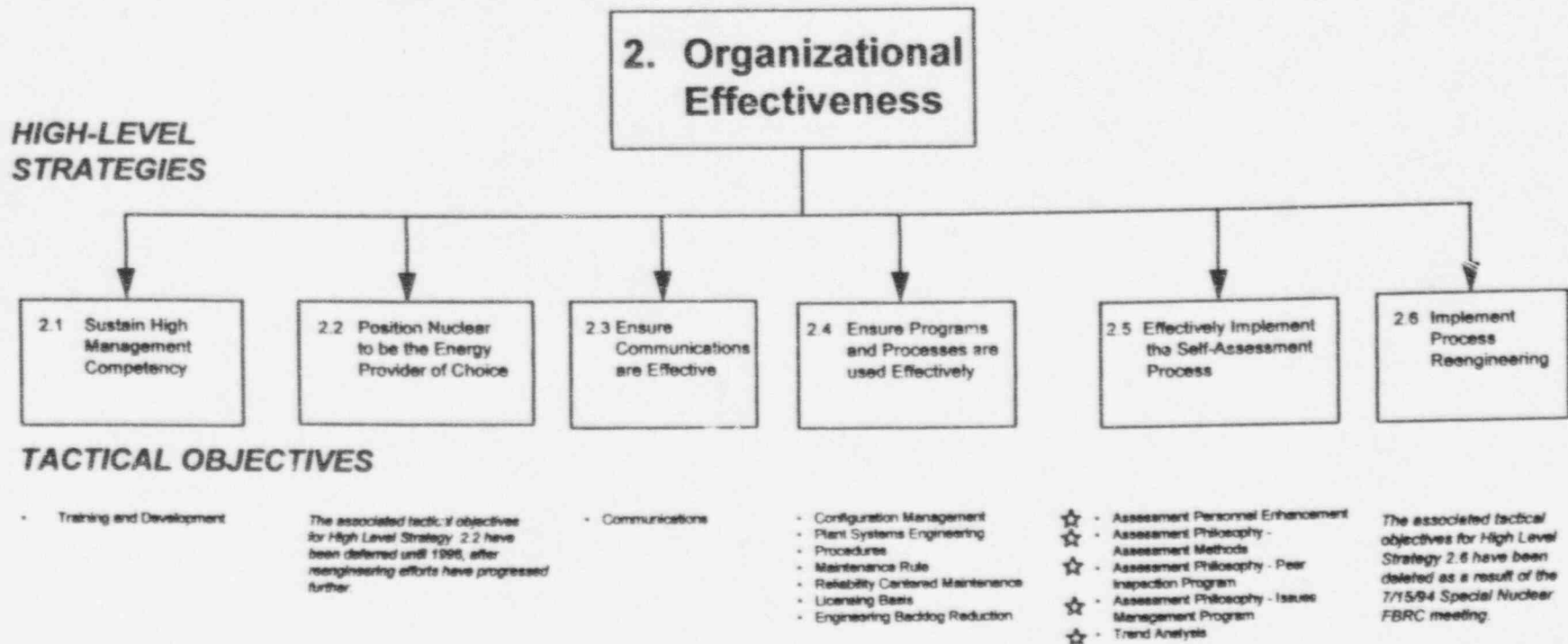
"We are committed to the safe operation of our plants."



☆ New for 1995
Revision 1 August 1994

Operate our nuclear plants to the year 2000 and beyond.

"We pursue organizational effectiveness through employees who are dedicated to continuous improvement activities designed to meet stakeholder expectations."



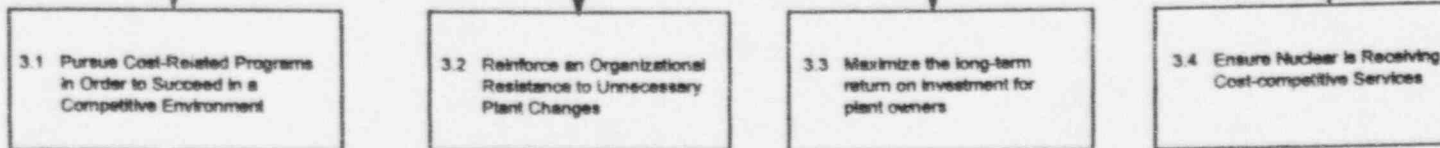
☆ New for 1995
Revision 1 August 1994

Operate our nuclear plants to the year 2000 and beyond.

"We are led to strong economic performance by achieving our safety, operational and regulatory goals."

3. FINANCIAL PERFORMANCE

HIGH-LEVEL STRATEGIES



TACTICAL OBJECTIVES

- ☆ • Bus Bar cost components
- Regulatory burden reduction initiatives
- High-Level Nuclear Waste Strategies
- Low-Level Nuclear Waste Strategies

The associated tactical objectives for High Level Strategy 3.2 have been deleted as a result of the 7/15/94 Special Nuclear FBRC meeting.

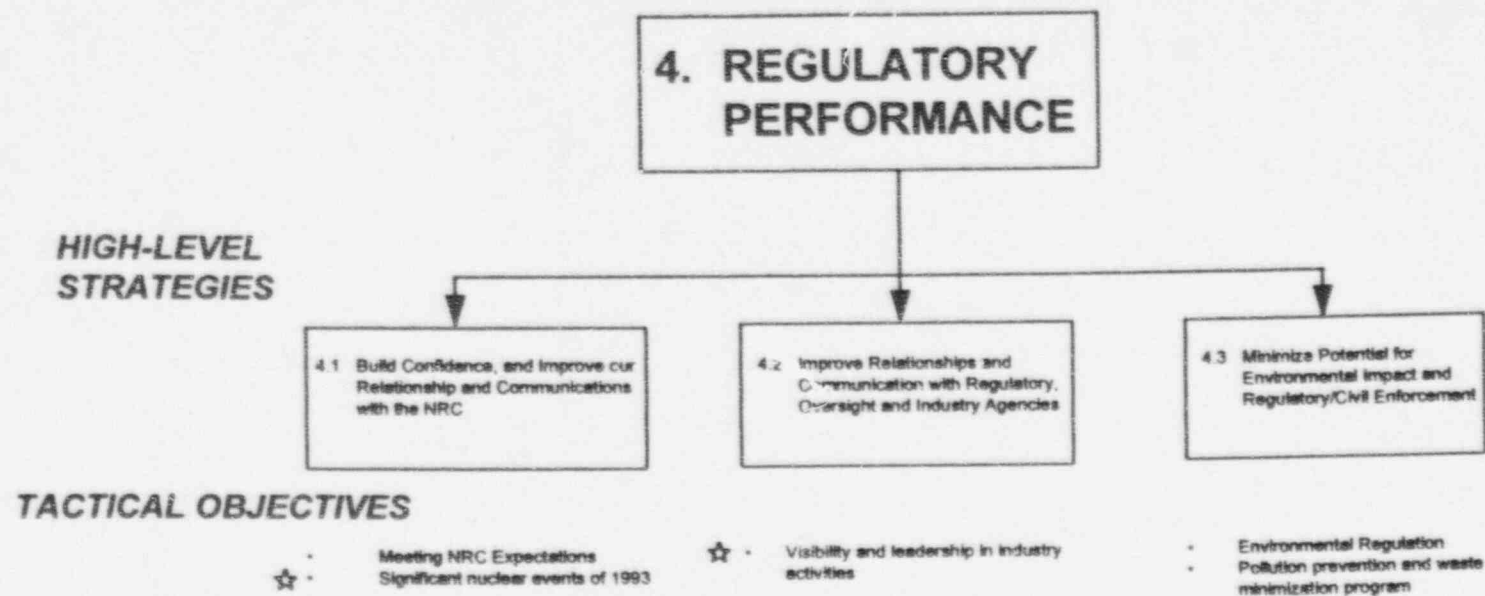
- Replacement parts

- ☆ • Teaming relationship with external service providers

☆ New for 1995
Revision 1 August 1994

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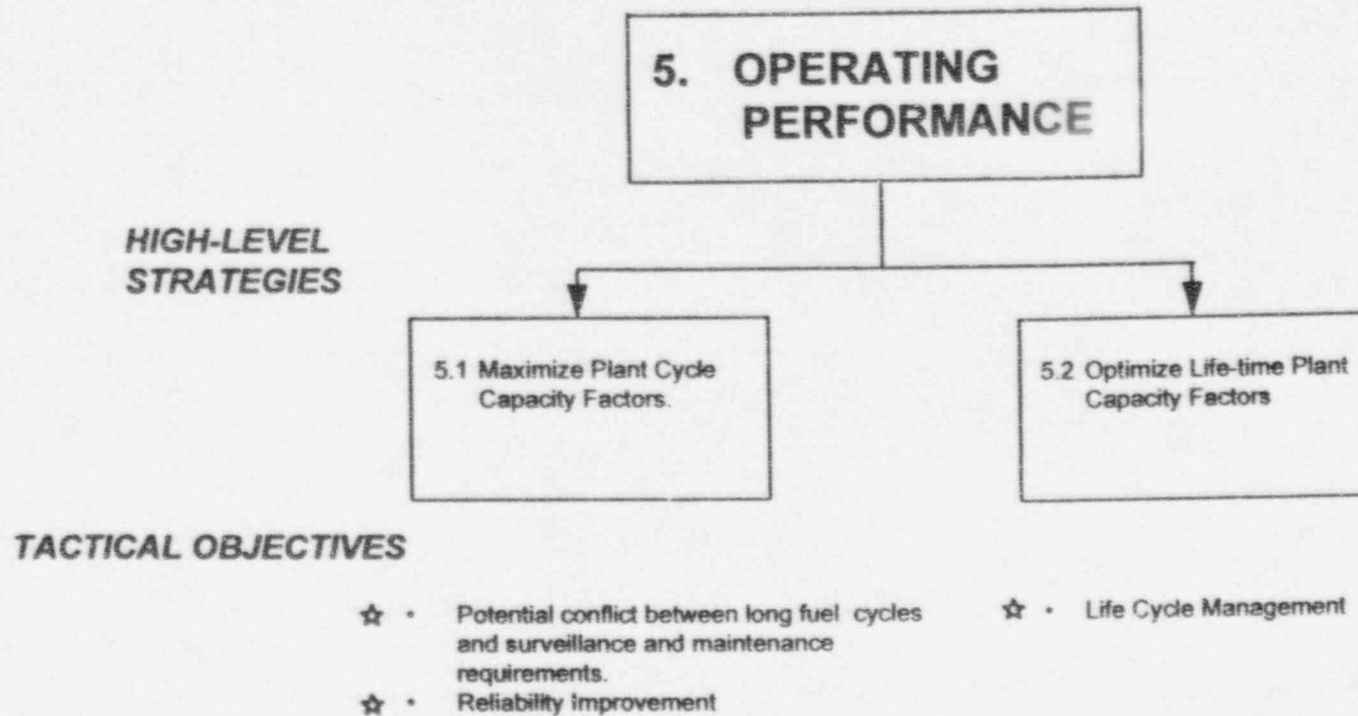
"Our relationship with regulators and oversight agencies is open and interactive."



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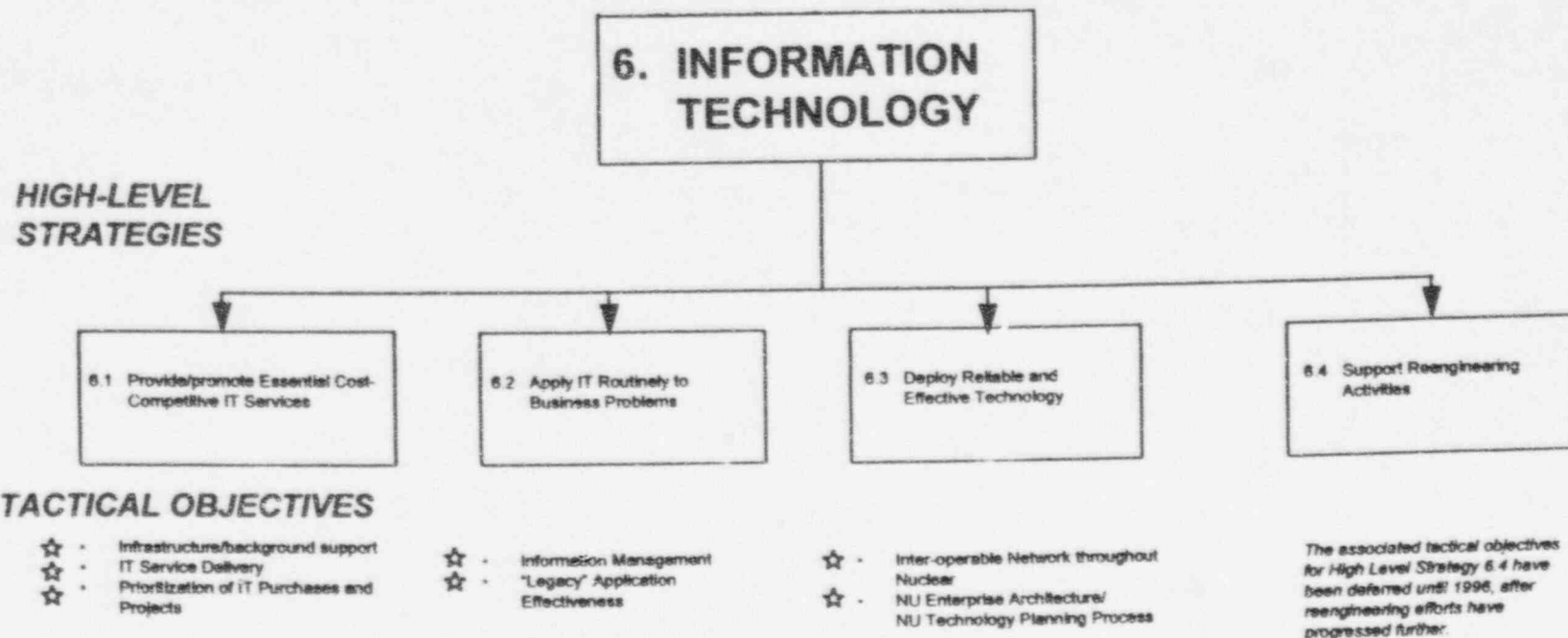
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