

March 2, 1994

MEMORANDUM FOR: RECORD

FROM: James M. Taylor
Executive Director for Operations

SUBJECT: DROP-IN VISIT -- NORTHEAST UTILITIES

On February 23, 1994, Mr. Bernard Fox, President & Chief Executive Officer (CEO) and Mr. Robert Busch, President, Energy Resources Group and Chief Financial Officer (CFO), of Northeast Utilities (NU) met with J. Taylor, L. Reyes, L. Chandler, J. Stolz and V. McCree to discuss items of mutual interest. The discussions focused primarily on financial, management and organizational issues and initiatives at NU.

Mr. Fox indicated that his appointment as CEO and Mr. Busch's appointment as CFO are part of a restructuring of the NU organization to direct their response to the increased competition in the energy services market. He stated that two organizations have been formed, the Retail Business Group (RBG), headed by himself and the Energy Resources Group (ERG), led by Mr. Busch. Mr. John Opeka, Executive Vice President-Nuclear, reports to Mr. Busch. He indicated that the RBG will focus on the retail operating companies in three states, including Massachusetts (Western Mass. Electric), Connecticut (CL&P), and New Hampshire (PSNH). ERG activities, on the other hand, will be expanded beyond the current NU service area to include wholesale marketing to New York State and the Pennsylvania-New Jersey-Maryland (PJM) electric power grid.

Mr. Fox stated that NU's success depends largely on the success of its nuclear plants, which constitute 60% of their power base and recently met the NU excellence goal of 81% capacity factor for all units. He indicated that very useful lessons were learned from the circumstances surrounding the unisolable leak from a Letdown System Isolation Valve at Millstone Unit 2 in 1993; he added that the experience will be a catalyst to help NU move forward.

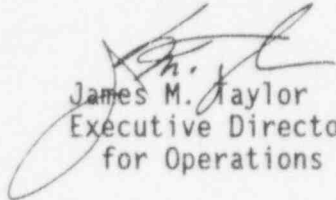
NU's Annual Report will include a discussion on "harnessing the power of change" to promote success at NU. The report will highlight those NU employees whose performance symbolizes success. Mr. Busch indicated that a Team Building Exercise for senior NU managers will be conducted in the near future to promote good communication and cohesiveness within the NU organization. Because the exercise will be conducted at a remote location (Parris Is., South Carolina), Mr. Busch volunteered assurance that NU would arrange for the expeditious transport of key managers back to their respective sites, in the event of an emergency.

Mr. Busch stated that NU was considering a fundamental change to their employee compensation package that would tie overtime to performance. The goal, he stated, was to promote a positive work environment wherein bonuses and other compensation for individuals and groups would be linked to performance factors, such as their ability to maintain established schedules and meet deadlines. NU believes that this change will help to preclude

situations in which employees, motivated by a desire to secure overtime pay, might intentionally delay the completion of work.

Mr. Fox expressed NU's concerns and solicited guidance from the NRC on how to most effectively manage the challenges introduced by employee complaints of Harassment and Intimidation. Mr. Taylor stated that in general, licensees (as well as the NRC) should document, in an appropriate and timely manner, any performance-related concerns involving an employee; this will distinguish the employee's performance concern from a subsequently identified safety concern. In addition, Mr. Taylor reminded Messrs. Fox and Busch of the fundamental legal basis for licensed individuals to raise safety concerns to the NRC and stressed the importance of ensuring that licensees adequately address those concerns. Mr. Taylor emphasized in his response that two relationships exist: the relationship between the licensed individual(s) and the NRC, and the employer/employee relationship.

The meeting adjourned at approximately 2:45 pm. No regulatory decisions were requested or made. The EDO agreed to send Mr. Fox a copy of the recent NRC Fee Report to Congress.



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Executive Director
for Operations