

Public Service
Electric and Gas
Company

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FEB 17 1995
LR-N95035

James M. Taylor,
Executive Director for Operations
U.S. Nuclear Regulatory Commission
Washington, D.C. 20555-0001

PERFORMANCE IMPROVEMENT ACTIONS
50-272; 50-311 AND 50-354

Dear Mr. Taylor:

This letter describes actions underway to achieve significant and sustained improvement in performance throughout the Nuclear Business Unit.

Our near-term objectives are to: (1) determine why our corrective actions have not produced the desired results; (2) institute well defined steps to improve near-term performance; and (3) lay the foundation for long-term, sustained improvement. To accomplish the first, we will conduct a self assessment of our organizational effectiveness, described below, starting in February. This assessment will identify areas requiring immediate change in organizational performance. To meet the second we are taking actions within the Nuclear Business Unit to better support plant operations; focus resources on the highest priority work and eliminate low value work; implement actions to improve performance in the most critical areas of plant performance; define effective performance indicators; and improve management and individual performance. As these improvements are made, we will continually assess our effectiveness in meeting our goals. Finally, we believe that these actions will lay the foundation for continuing long term improvement.

The self assessment of our organizational effectiveness, is being taken because corrective actions at Salem are not yielding the performance improvements that I expect. This self assessment will determine why we have not been effective in achieving a high level of performance. The team I have assembled to conduct this assessment contains highly-qualified, independent persons who have demonstrated skills in managing quality operations and performing critical assessments.

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I have asked the assessment team to answer the following questions with a specific management/organizational effectiveness focus:

- Do we know what our problems are and if not, why not?
- Are our corrective actions adequate, and if they are, why haven't we achieved solid and sustained results?
- What else should we be doing to achieve performance goals?

This assessment will be conducted between February 27 and March 31, 1995. The assessment results will be fed back to adjust our ongoing improvement actions. We will provide the NRC with the team report on our self assessment.

In summary, actions are being taken to improve performance throughout the Nuclear Business Unit. These include a realignment of the Nuclear Business Unit, to provide better support for operations and increase the effectiveness of our independent oversight function, and actions designed to provide a continuing improvement in operations. I would be pleased to brief you on these actions.

Sincerely,



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