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SACRAMENTO MUNICIPAL UTILITY DISTRICT ☐ 6201 S Street, P.O. Box 15830, Sacramento, CA 95813; (916) 452-3211
AN ELECTRIC SYSTEM SERVING THE HEART OF CALIFORNIA

November 30, 1984

DESIGNATED ORIGINAL

Certified By _____

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REGIONAL ADMINISTRATOR
REGION V OFFICE OF INSPECTION
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U S NUCLEAR REGULATORY COMMISSION
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Enclosed is the consultant's report prepared at the request of the SMUD Board. We now have it under study and review, and are considering which recommendations should be implemented, and the schedule for implementation.

Paul W. Carr
Paul W. Carr
President
Board of Directors

Enclosure

cc: Board Members

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EXECUTIVE SUMMARY
MANAGEMENT APPRAISAL REPORT
FOR THE
SACRAMENTO MUNICIPAL UTILITY DISTRICT

BY
LRS CONSULTANTS

355 West 14th Street
Idaho Falls, ID 83402

NOVEMBER 1984

EXECUTIVE SUMMARY

LRS Consultants, Inc. (LRS) conducted an in-depth management appraisal for Sacramento Municipal Utility District (SMUD) of its management and its entire nuclear organization during September and October, 1984.

The scope of the management portion of the appraisal included, but was not limited to, examination of personnel at all levels, organization structure, administration, qualifications, interorganizational working relationships and reporting requirements.

The scope of the nuclear organization portion included in-depth examinations of the plant organization and administration, maintenance, operations, technical support, training and qualifications, radiological protection, chemistry, outage management, licensing, emergency planning, environmental, quality assurance, quality control, procurement, stores, records management and document control.

Due to the nature of appraisal reports such as this, which are to provide recommendations for improvement, it will appear that heavy concentration in the appraisal and the report has been on the negative aspects of SMUD's operations. Where appropriate, positive aspects are also noted.

Information for this appraisal was assembled from discussions, interviews, observations and reviews of documentation. The team members utilized written checklists and performance criteria, based on the extensive experience of the individual members and the LRS organization as a group, in conducting similar appraisals at other utilities. Although some of the findings of this appraisal have been reported in recent evaluations conducted by NRC and INPO teams, LRS believes that this report collectively contains findings and recommendations that, if implemented, would result in a standard of excellence at SMUD and Rancho Seco better than the industry average.

SMUD has contributed substantially to the Sacramento area by providing its customers with low rates and its employees with an excellent place to work. The management has undertaken and accomplished some innovative programs such as photo-voltaic, geothermal and nuclear. The November 5th approval of the Northwest inter-tie is a major accomplishment that will save SMUD and its customers a substantial number of dollars over the years ahead.

The determination of the team is that SMUD is confronted with a large spectrum of management and organizational problems ranging from Board of Directors/General Manager interface problems to departmental interfaces, ineffective organizational structures, individual and departmental accountabilities and a significant lack of meticulous attention to detail.

Improvements are required in all areas covered by the appraisal as outlined in detail in each section of this report. The following is an executive overview of the major concerns identified by LRS:

- o The unprofessional and argumentative relationship which exists between the Board of Directors and the General Manager is very detrimental to the well-being of the District. As indicated in this report, there are a number of improvements that must be accomplished by SMUD. Improvements of the scope and depth required can only be accomplished if there is a sound organization on which to build. Following this in-depth investigation requested by the Board, LRS verbally recommended that the General Manager be retained to form the foundation for this organization. Should the present Board/General Manager relationship continue and cause either the General Manager to resign or the Board to terminate his employment, the subsequent destabilizing impact this would have on an already highly stressed and troubled Rancho Seco Plant appears to be quite clear. In such an event, LRS would have to add a recommendation to interrupt continued

Plant operation until a significant number of corrective
actions have been accomplished to assure that the operation
and maintenance of Rancho Seco can be conducted safely.

- o The entire organization displays a lack of understanding for
organizational and managerial concepts, structures and mot-
ivation required of an integrated and winning utility team.
- o Individual and departmental accountability are clearly lacking
at all levels in the organization. The lack of learning from
experience and/or operator errors and the lack of conducting
independent reviews and analysis of abnormal operational
conditions must be changed. An attitude of concern and wil-
lingness to learn from even the most elementary problem must be
developed.
- o The Rancho Seco organization, except in isolated cases, does
not appear to strive for excellence which requires exceeding
minimum industry requirements. Instead, the organization
appears to settle for satisfying a minimum set of informal
standards.
- o The technical competency of the Rancho Seco organization
requires strengthening. The heavy reliance on contractors
and/or consultants clearly outlines a methodology and a
management concept that must be changed. An organization
capable of managing and solving technically complex problems
is mandatory to the safe and efficient operation of a nuclear
plant and can be better performed by utility employees than
by contractors.

- o ~~The general organizational attitude toward Quality Assurance as being a regulatory requirement needs to be redirected.~~
Quality Assurance is an overall managerial methodology required to efficiently and effectively manage a complex technology by insistence on doing the job right the first time and then documenting what was done.
- o SMUD's attitude of dealing with the outside world such as the regulatory agencies, public and news media has been noncommu-
~~nicative and somewhat non-responsive. An attitude of willingness to communicate and respond needs to be implemented.~~
- o At Rancho Seco, ~~the lack of adequate facilities for training and the lack of training programs, except for licensed operator training,~~ and the dependency on contractors for implementation of the present programs needs to be reevaluated. A management attitude of excellence in operation would be evident in the establishment of a complete, well defined, organized and managed training program.
- o The current Rancho Seco organizational control of individual radiation exposures is commendable; however, ~~strengthened and aggressive ALARA program requires both definition and management support.~~
- o Frequently at Rancho Seco the maintenance, operations and supporting organizations ~~develop programs that meet or exceed regulatory requirements, but then fail to implement the programs.~~ This is clearly evident in the drawing control program. Meticulous attention to detail does not appear to be the normal approach to operating and supporting Rancho Seco.

As is evident from this executive summary and is more clearly identified in the text of this report, SMUD needs to immediately develop and implement a corrective action plan that covers some general areas and all aspects of its nuclear operations. LRS is convinced that the resources can be made available to accomplish the programatic changes required to continue safe and efficient operation of Rancho Seco if the Board of Directors and the General Manager can cooperate in this vital endeavor.