

# WE'VE GOT THE POWER

## MILLSTONE NUCLEAR STATION

ROCKETED OUT OF THE STATUS-QUO DOLDRUMS BY CHANGING ITS CULTURE AND CHALLENGING ITSELF WITH SEEMINGLY IMPOSSIBLE GOALS.

BY EDWARD LAMONT

When Millstone Station was sold for nearly five times the expected price last year, the industry was shocked. That sale moved the goal posts for the entire nuclear sector. Asked why they were willing to pay so much more than expected for the station, the new owners of Millstone Station, gave two reasons. First, they wanted access to the markets Millstone served. Second, they were incredibly impressed with the quality of Millstone employees.

An NRC regulatory order had shutdown the station in 1996, nearly bringing the then parent company Northeast Utilities to its knees, and the recovery circumstances looked impossible indeed. The already difficult recovery situation was made even more complicated by unprecedented industry upheaval. Deregulation was shaking up the old power monopolies by introducing competition to a once-protected industry. Given the environment, it was an amazing recovery by any yardstick.

As competition moved consumer prices down, the entire industry had to rethink its approach. Power producers found they needed to reduce costs dramatically, while at the same time increase quality by improving reliability and safety. At Millstone, this drive was led by Bruce Kenyon and Lee Olivier, leaders who are acknowledged by their peers for turning around the nuclear power generation sector in the US. When asked what The Pacific Institute did to contribute to the success of the operation, former Millstone Chief Nuclear Officer Olivier observed, "The Pacific Institute equipped people with the tools to see what the possibilities were out there. It allowed people to see the opportunities that existed in the organization and in the industry."

Olivier had some huge challenges to confront when he was brought on board in 1998. Just one of three units was back on line. He had not only to complete the



"Millstone's North Star image to the site in November 1999"

### MILLSTONE FOCUS 2000 STAKES IN THE GROUND

SAFETY		ENVIRONMENT	
Nuclear Safety Indicator	≥0.90	Imagine 21 Training Completed	≥90%
Industrial Safety Accident Rate	≤0.45	INPO Evaluation	2
Radiation Protection (Person-Rem)		CPI PLANS Completed	7
Unit 2	≤169	Implemented	4
Unit 3	≤26	IPMP Implemented	65%
Emergency Preparedness	Pass Graded Exercise	Environmental Performance Index	≥92
Capacity Factors		Budget	
Unit 2	≥78.9%	O&M	\$261M
Unit 3	≥90.0%	A&G	\$68M
		Capital	\$30M
2R13 Outage Duration	≤45 days	Year End Staffing	
		Employees	1,625
		Contractors	325
<b>Going Forward Cost 3.15¢/kWh</b>			
<b>SAFETY</b>		<b>COST</b>	



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*“Radiation Protection activities are designed to minimize radiation exposure to our workers and the general public.”*

recovery of a second unit and manage the decommissioning of a third, but also to start creating a future vision of Millstone in a competitive marketplace. That meant addressing the problems in the culture to really make the organization take off. One of his priorities was to get station management working together as a team, and in late 1999 he asked The Pacific Institute to take more than 150 of the station leadership through the curriculum in the final months of 1999. But that was only the beginning.

In 2000, the leadership team opened participation to all station employees and set for themselves the goal of attracting 90% of the staff to take part. In the end, 90.3% took the opportunity to experience the program, a remarkable achievement for an operation with thousands of employees and just emerging from recovery. “The environment we wanted to create was one of collaboration and inclusion,” commented Olivier. “After our people went through the curriculum, they were very open to that. By using cross-functional teams, we started to generate breakthrough performance as opposed to linear performance.

We ended up making performance breakthroughs, and The Pacific Institute played a big role in making it happen. Through the program we were able to show people that we had limitless growth potential,” he observed. “By applying these principles in our personal lives and then our professional lives, we made great improvements in performance. What we wanted was to grow into a top rate organization. The only way to do that is to grow individually.”

The culture change and business goals that were set for the company at the beginning of 2000 were ambitious by any standards. Using the catch phrase ‘Best of Best’ to represent the vision of where they wanted to be in the industry, the leadership team set about developing a set of values and goals that were described in what was called Focus 2000, a booklet circulated throughout the organization. In it, the team identified the key areas in which the company needed to achieve excellence to become the best in the industry. The areas included safety, capacity, cost and environment, and a series of specific milestones were developed for each area. When the goals were discussed at the beginning of the year, the attitude, even from some management, was one of “no way”. Despite this, and the fact that there had been a conscious decision not to link the implementation of The Pacific Institute’s curriculum to business targets, the company blew through all of its goals as well as many of what it called its max goals that were double the original targets.

“The curriculum has been one of the launch pads that has enabled us to achieve success that was, quite frankly, beyond anyone’s imagination,” says Olivier. “All of the regulatory pundits, and even my own board were concerned that we were taking on too much change and that it might be considered reckless to try to make the changes we did, but we did it. Nobody can tell me we could have accomplished all that we did using just conventional management techniques.”

Year 2000 was a particularly successful for Millstone, as it achieved or exceeded all of the goals that it had set for itself, especially considering it was the first year out of the recovery. The combined unit capacity factor for both units was 92%. An excellent performance considering a refueling outage where the site’s Unit 2 had a planned complete electrical generator rewind. More tangible results came in the management of costs: where dramatic decreases of contract and company personnel were required to achieve record results. This resulted in \$86 million in net earnings, overshooting the target by a full \$50 million. All of this was achieved while keeping the accident rate to two-thirds of the ambitious target that had been set at the beginning of the year. It was these results that led to its sale price later in the year, and to the company continuing its involvement with The Pacific Institute. Over the course of the last 18 months, The Pacific Institute has worked with 5,000 employees in the parent company, 4,000 at Millstone and 1,000 at Seabrook, and more business-focused interventions are planned for the future.



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