

May 23, 2000

Mr. Eugene R. McGrath
Chairman and Chief Executive Officer
Consolidated Edison Company
of New York, Inc.
4 Irving Place
New York, New York 10003

Dear Mr. McGrath:

As you are aware, the NRC is in the initial implementation phase of its new Reactor Oversight Process (ROP) which was proposed to the Commission on February 24, 2000 in SECY-00-0049. During our transition to this process, we have continued to adhere to the revisions in the Senior Management Meeting (SMM) process that were first implemented for the April 1999 SMM. The NRC senior managers conducted this meeting on May 10 and 11, 2000, to determine if the safety performance of various licensees exhibits sufficient weaknesses to warrant increased NRC attention.

As a result of the May 2000 SMM, the NRC senior managers concluded that on balance, the performance of Indian Point 2 warranted an agency-focus classification. In reaching this conclusion, the senior managers identified that actions should be taken in addition to those agency actions described in the Plant Performance Review (PPR) letter dated March 31, 2000. The senior managers determined that, before planning additional actions beyond those described in the PPR letter, a meeting between the Region I Administrator and licensee senior management would be conducted. The purpose of this meeting is to understand the results of licensee assessments and planned actions. The NRC will then decide what additional NRC actions are necessary, considering not only the meeting results, but also the PPR, the most recent licensee-submitted performance indicator data, and recent NRC inspection findings.

A summary of NRC SMM discussions related to Indian Point 2 follows:

The senior managers discussed recent plant performance including two risk significant events: an August 1999 reactor trip with electrical system complications and a February 2000 steam generator tube failure. In both of these events, the senior managers noted concerns that illustrate a number of longstanding performance issues. Senior managers determined that these events revealed several interrelated problems: (1) communication and coordination weaknesses among various site organizations; (2) engineering support shortcomings that led to narrowly focused assessment of plant problems; (3) configuration management/control problems; (4) equipment reliability problems and large corrective action backlogs; and (5) operator knowledge, station training, and procedural weaknesses. The senior managers further were concerned with recurrent emergency preparedness weaknesses that have hampered performance during exercises and during the August 1999 and February 2000 events.

The senior managers concluded that the broad performance issues that have existed at Indian Point 2 for the past several years have revealed deficiencies in licensee

corrective action program efforts. A number of utility improvement initiatives have yielded some progress but, overall, have been limited in remedying the underlying problems.

Senior managers noted the current Chief Nuclear Officer has set high standards, has brought a more self-critical approach to the station, and has directed development of new improvement plans. However, achieving fundamental improvements including corrective action program efforts, and dealing with legacy issues, will require consistent corporate support to the station. Based on these concerns, the senior managers concluded that Indian Point 2 warrants oversight as an agency-focus plant.

Hubert J. Miller, the Region I Administrator, has discussed the bases for our conclusions with regard to Indian Point 2 with members of your staff. An NRC Commission meeting, open to the public, is scheduled to be held in the Commissioners' Conference Room in Rockville, Maryland, on May 25, 2000, to review the results of the latest meeting of the NRC senior managers.

If you have any questions regarding this matter, do not hesitate to call me.

Sincerely,

/RA/

William D. Travers
Executive Director for Operations

Docket No. 05-247
License No. DPR-26

cc: See Attached List

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corrective action program efforts. A number of utility improvement initiatives have yielded some progress but, overall, have been limited in remedying the underlying problems.

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William D. Travers
Executive Director for Operations

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