



UNITED STATES  
NUCLEAR REGULATORY COMMISSION  
WASHINGTON, D.C. 20555-0001

January 25, 1994

Docket Nos. 50-237, 50-249  
50-254, 50-265  
50-373, 50-374  
50-454, 50-455

Mr. James J. O'Connor  
Chief Executive Officer  
Commonwealth Edison Company  
P.O. Box 767  
Chicago, Illinois 60690

Dear Mr. O'Connor:

On January 11-12, 1994, NRC senior managers met to evaluate the nuclear safety performance of operating reactors, fuel facilities, and other materials licensees. The NRC conducts this meeting semiannually to determine if the safety performance of the various licensees exhibits sufficient weaknesses to warrant increased NRC attention or if it is trending adversely and requires that steps be taken to communicate concerns to the utility's president or board of directors. In addition, at this meeting, senior managers identified specific plants that have demonstrated a level of safety performance that deserves formal recognition. At the January 1994 Senior Management Meeting, Dresden, Quad Cities, LaSalle, and Byron Stations were discussed.

Dresden Station Units 2 and 3 continue to be categorized as requiring close NRC monitoring. Plants in this category have been identified as having weaknesses that warrant increased NRC attention until the licensee demonstrates a period of improved performance. A summary of NRC discussions related to the Dresden Station follows:

The NRC's inspections and overview activities have confirmed that the performance of Dresden Station is improving, although very slowly. Significant improvements in the condition of the plant equipment have been made. Progress in the areas of self-assessment, engineering, and operations has been slow, and much remains to be done. Attention is still needed in the areas of personnel errors, radiological protection, and engineering work.

Based on these considerations, the NRC plans to continue to closely monitor the programs and performance at Dresden Station to assure continued progress.

The Commission has suggested that, during these meetings, NRC senior managers also identify those plants whose performance is trending adversely and that steps be taken to communicate concerns to the utility's corporate president or board of directors. We are advising you that the Quad Cities and LaSalle plants are trending adversely.

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Attachment 1 *DFC*

January 25, 1994

Recent adverse performance trends and safety significant events at Quad Cities Station have raised concerns requiring comprehensive actions. The staff concerns are best described in the November 17, 1993, Diagnostic Evaluation Team report. Among the major issues are poor plant material condition, ineffective self-assessment, and failure to complete previous plant improvement plans. We recognize that you have formulated a new action plan to address problems at Quad Cities Station. We urge that you execute this plan and adjust it as necessary to effectively solve the problems at Quad Cities Station.

The NRC senior managers are further concerned about adverse performance trends at LaSalle Station. The major issues are poor performance by radiological workers and poor radiological work practices in general. We are also concerned about the declining plant material conditions and personnel performance. We recognize that in November 1993 you performed your own assessment of LaSalle Station, but we are concerned that the root causes must be pursued and resolved effectively.

In contrast to our concerns with safety performance at Dresden, Quad Cities, and LaSalle Stations, the NRC senior managers identified the Byron Station as having achieved a high level of safety performance and, as a result, met the criteria for formal recognition of its performance. I am pleased to note that Byron Station has been identified as a good performer. We urge you to provide sufficient attention and support for Byron Station so that this good performance can be maintained.

In view of the above concerns and inconsistent plant performance, we believe that a meeting among senior NRC staff, you, and your board of directors would be appropriate. Mr. John B. Martin, the NRC Regional Administrator, will be contacting you to arrange for a mutually agreeable time and location for the meeting.

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

Sincerely,  
James M. Taylor  
Executive Director  
for Operations

cc: See next page

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JAZwolinski, 13 M26  
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JFStang, 13 D1  
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1 content until we see real positive results coming  
2 forth from these changes.

3 Thank you very much.

4 CHAIRMAN SELIN: Mr. O'Connor?

5 MR. O'CONNOR: Thank you, Chairman Selin.

6 Thank you, Doctor Mason.

7 From what you have heard today, we  
8 acknowledge that our nuclear operations have neither  
9 been consistently nor uniformly at a level that you or  
10 that we find acceptable. But we do believe that we  
11 are on the right track and know that we must pick up  
12 the pace. Like Doctor Mason, I have the utmost  
13 confidence in Mike Wallace. He has truly made a  
14 difference during his brief tenure as Chief Nuclear  
15 Officer. He has recruited, continues to recruit and  
16 is developing new leaders in our organizations,  
17 leaders who will not settle for less than excellent  
18 performance.

19 Mr. Chairman, that completes our formal  
20 presentation and we would be happy to try to respond  
21 to any questions that you might have.

22 CHAIRMAN SELIN: I have some remarks I'd  
23 like to make based on this presentation. They were  
24 not prepared in advance.

25 First of all, it's unusual that we'd be so

1 interested in corporate governance that our job is to  
2 make sure the plants are safe. But the record at  
3 Commonwealth has been to the point where we can't stop  
4 at the plants. Awhile ago you were having some  
5 problems bringing in some of the new plants. Then it  
6 was the old plants. Now it's the BWRs, et cetera, and  
7 it's just hard to avoid the conclusion that looking  
8 only at the plants without looking at the overall  
9 governance causes us to lose sight of the problem.  
10 It's like looking at a three dimensional figure in two  
11 dimensions. You're bound to miss something. It's  
12 quite unusual for the Commission. It's very unusual,  
13 for instance, for Commissioner Remick who is extremely  
14 careful and fastidious about what our authority is to  
15 ask questions about corporate governance. I think you  
16 should take that as modestly as it's put as a serious  
17 concern on all our parts that the governance be such  
18 that all the plants, not just the three we're focusing  
19 on now, continue to be operated, that will be operated  
20 properly.

21 In the two and a half years that I've been  
22 in this job, it's always been one something or  
23 something else. I have to say that I don't think your  
24 Board has done its job. I think that the NRC has had  
25 to do things that the Board should have done earlier

1 about calling your attention to the problems. I don't  
2 think management has done its job. Until today I had  
3 the impression that your problems were being treated  
4 as kind of a question of putting in some resources and  
5 paying some attention, an operational problem and  
6 they're clearly not an operational problem. They go  
7 far beyond that.

8           Having said that, I do feel very good  
9 about what we've heard today because it's the first  
10 time since I've been dealing with this particular  
11 company that I hear concrete evidence to say this is  
12 not a short-term problem. It's not just a question of  
13 turning the screws tighter and bringing in a couple of  
14 people and paying some attention.

15           I know that you have felt, Mr. O'Connor,  
16 that you've gone through enormous cultural changes to  
17 get where you are, but I think you've just started.  
18 I really think that the cultural changes you've seen  
19 are just starting. I don't want to draw too much on  
20 what Doctor Mason said, but the idea -- one could get  
21 the impression that the fixes have been made and it's  
22 a question of watching the results and I don't think  
23 that's true at all. It is true that the resources  
24 seem to be there. We don't monitor how much you spend  
25 and say there's a right amount or wrong amount, but

1 you've clearly made the case that not only the  
2 financial resources are there but perhaps by bringing  
3 in this number of outside people, to use a phrase  
4 you've used before, you're not trying to stretch a  
5 five site blanket to cover six sites, that your  
6 discussions at Byron clearly make it clear that you're  
7 not going to fix the rest of your system by taking  
8 bleeding people off Byron. You can't possibly do that  
9 and still be consistent with the commitments you've  
10 made today. You've clearly said you're going to keep  
11 Byron where it is and bring the others up to that  
12 point and that can't be done by robbing Peter to pay  
13 Paul.

14                   For the first time, I get the impression  
15 that Commonwealth management realizes that this is not  
16 a short-term problem, that you're just starting to  
17 make the structural fixes which in themselves will  
18 eventually bring the operational changes. The  
19 reorganization you're talking about, without trying to  
20 run your business, does give the potential for being  
21 a major step forward because being the chief executive  
22 of an organization that runs 12 reactors is certainly  
23 a job that's important enough to be recognized, to be  
24 compensated, to be given the authority to do the  
25 position and not just looking at it as one of two

1 chief operating officers in effect because the  
2 problems go beyond operations, they go to the control  
3 of resources and the authority over a large number of  
4 functions.

5 One of the impressions I have from last  
6 year and before was that all the improvements at the  
7 corporate level were done at the expense of the site  
8 level and that can't continue. Mr. Wallace has said  
9 it won't continue and we take that seriously.

10 But down to specific things about how much  
11 time health physics managers spend on the site to the  
12 corporate vice presidents, et cetera, an idea I had  
13 before is wrong. You have the resources and you have  
14 the people, but they have to start at the bottom and  
15 really get the sites set up. Then you can take care  
16 of corporate practices and procurement once those  
17 things are fixed.

18 I do think, and this is the first time  
19 I've felt this since we've talked to you, that you  
20 finally are on the right direction. Mr. Wallace's  
21 presentation, I set aside the exhortation part of it,  
22 the exhoritory part of it to the commitment to the  
23 resources and the problems. I think that's a serious  
24 and positive impression. But I think you're going to  
25 have to be doing organizations and changes that are

1 far beyond anything you've done before. Just the  
2 nuclear side is a very big company and has to be run  
3 as a very large company. I hope you'll come back  
4 around this time next year and report on results, be  
5 they positive or not, and not wait so long as we have  
6 this time to hear from you again on how you're doing.

7 MR. O'CONNOR: We'd like very much to do  
8 that. Thank you.

9 CHAIRMAN SELIN: Commissioner Remick?

10 COMMISSIONER REMICK: First a couple  
11 questions.

12 Have you had any particular adverse fuel  
13 experience which has contributed to some of your  
14 health physics problems, especially in the BWRs?

15 MR. WALLACE: We have source term issues  
16 that are significant among our BWRs and, in fact, have  
17 a source term reduction production that is getting  
18 highest focus at LaSalle and also next Dresden, Quad  
19 Cities. I don't think it's indicative of fuel  
20 problems, I think it's indicative of just an area that  
21 has needed attention and is going to take us some time  
22 to move forward with.

23 The other thing that we observe is as we  
24 are picking up the pace in our BWRs working on  
25 material condition, we have that many more