



January 5, 1998

U.S. Nuclear Regulatory Commission
Attention: Document Control Desk
Washington, D.C. 20555

Subject: Braidwood Units 1 and 2 (NRC Docket Nos. 50-456/457)
Byron Units 1 and 2 (NRC Docket Nos. 50-454/455)
Dresden Units 2 and 3 (NRC Docket Nos. 50-237/249)
LaSalle Units 1 and 2 (NRC Docket Nos. 50-373/374)
Quad Cities Units 1 and 2 (NRC Docket Nos. 50-254/265)
Zion Units 1 and 2 (NRC Docket Nos. 50-295/304)

- References:
- (1) L.J. Callan (NRC) letter to O.D. Kingsley (ComEd), dated December 5, 1997, "Commonwealth Edison Company Response to INPO Briefing Materials"
 - (2) INPO Briefing Materials for Meetings with ComEd Board of Directors on March 14, 1996, and September 10, 1997
 - (3) J.J. O'Connor (ComEd) letter to L.J. Callan (NRC), dated March 28, 1997, "Commonwealth Edison Company's (ComEd's) Response to the U.S. Nuclear Regulatory Commission (NRC) Request for Information Under 10 CFR 50.54(f) Regarding Safety Performance at ComEd"
 - (4) H. Thompson (NRC) letter to J.J. O'Connor, dated January 27, 1997, "Request for Information Pursuant to 10 CFR 50.54(f) Regarding Safety Performance at Commonwealth Edison Company Nuclear Stations"

Dear Mr. Callan:

The purpose of this letter is to communicate the strategic priorities and management processes that I have established for the Nuclear Generation Group (NGG) of Commonwealth Edison Company (ComEd). These strategic priorities, processes, or Strategic Reform Initiatives, will serve as the focus for the NGG in our actions to improve ComEd's nuclear program. In particular, these initiatives support four overarching goals that we have established: Operational and Technical Excellence; Material Condition; Organizational Alignment and Workforce Engagement; and Effective Leadership and Management. In addition, this letter addresses the relationship of these initiatives, and our existing commitments under Section 50.54(f), to the Institute of Nuclear Power Operations (INPO) issues regarding our nuclear program, as requested by your letter of December 5, 1997 (Refs. 1 and 2). As outlined below, we believe that our plan for going forward encompasses the programmatic issues raised by INPO.

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We understand the nature and scope of our challenges. We also recognize the need to demonstrate measurable progress in achieving results. To accomplish this, our improvement actions need to be implemented in a more integrated manner and with a clear understanding of their relative priorities. The NGG Senior Management team and I have developed thirteen Strategic Reform Initiatives, set forth in Attachment 1, to provide the level of focus, actions, and accountability that we believe are necessary for continued progress.

Over the next few weeks, we will determine the need for any changes to the commitments that we made in our March 28, 1997, letter (Ref. 3) submitted under Section 50.54(f), in light of the Strategic Reform Initiatives or for other reasons. By February 17, 1998, we will provide you with a detailed description of this review of the Section 50.54(f) commitments.

Based upon my assessment of the NGG, I have concluded that while we are faced with a full spectrum of issues at both the corporate office and sites, all are remediable in due course and with aggressive management attention. We need to move forward with improvement measures on a prioritized, integrated, accountable, and measurable basis across the NGG. This is my way of doing business, and the direction set forth in the NGG Strategic Reform Initiatives will bring it to bear at ComEd in an aligned manner.

In my view, this type of self-imposed discipline and accountability to perform is the most effective way to improve ComEd's nuclear program. There can be no substitute for candid NGG assessment of past weaknesses and need for change. And there can be no substitute for NGG ownership and action to respond to this assessment.

Overview

An overview of important milestones brings perspective to the purpose of the Strategic Reform Initiatives. In January 1997, ComEd received a request for information from the NRC, pursuant to Section 50.54(f), regarding safety performance at our six nuclear stations (Ref. 4). In response to this request, the Company committed to implement a series of comprehensive improvement efforts which were set forth in a letter to the NRC on March 28, 1997 (Ref. 3). In addition, ComEd began to brief both the Region and the Commission on the implementation of these Section 50.54(f) commitments. On December 5, 1997, ComEd received a letter from the NRC requesting that we assess the extent to which our Section 50.54(f) commitments address the concerns expressed by INPO during briefings of ComEd's Board of Directors in March 1996, and September 1997 (Refs. 1 and 2).

When I joined the NGG as its President and Chief Nuclear Officer on November 1, 1997, I embarked on a sixty-day assessment of corporate and site performance. Much of what I learned about the NGG came by way of direct interaction with employees, in both formal and informal settings, as well as internal and external stakeholders. For instance, I held on-site meetings with Senior Station Management, as well as confidential "roundtable" discussions with employees. I also met with union leaders, Company officers, and regulatory authorities. In addition, I reviewed and discussed with INPO its report on ComEd's nuclear program performance in order to include these issues in the scope of my evaluation. Throughout this sixty-day period, my foremost goals have been to understand the challenges facing the NGG including those articulated by INPO, place them in the context of industry standards and my experience, determine the adequacy of existing improvement initiatives, and decide what additional action is necessary.

In looking back over this chronology of events, and in charting the direction for future improvement, I found it necessary to validate that existing Section 50.54(f) commitments and our Strategic Reform Initiatives encompass the programmatic issues raised by INPO. That validation effort indicates to my satisfaction that those issues will be addressed through implementation of the Strategic Reform Initiatives and fulfillment of the Section 50.54(f) commitments. Attachment 2 provides a synopsis of this validation result.

I do not believe we need to institute an entirely new set of improvement actions or programs. I have concluded that the actions described in our Section 50.54(f) response, together with various site-specific initiatives such as those described in Attachments 3 through 6, are generally sufficient to address the performance issues facing our nuclear stations. This does not imply that I am satisfied with the status of things or the pace of progress at all of our stations. And we recognize that these actions and initiatives must be completed with quality and safety as first priorities. We currently are in the process of evaluating these Section 50.54(f) commitments and, on February 17, 1998, we will identify the need for any changes which may be indicated, including modifications, enhancements, or deletions.

On the other hand, I believe that there are several significant changes we need to make in NGG management processes to achieve a successful turnaround of our nuclear program. It is for this reason that I am rolling out to the NGG management team, in a two-day, offsite meeting this week, the Strategic Reform Initiatives discussed below. These are designed to change the way NGG does business, including the way we set priorities, implement programs, and measure performance at ComEd. Of course, we will need to maintain discipline in the organization to assure that these reforms take hold, because we know that changing a culture and an historic way of doing business will be a challenge. But change we must, in my view, if we are to achieve sustained improvement and success.

NGG Strategic Reform Initiatives

Attachment 1 describes the thirteen Strategic Reform Initiatives which establish the priorities and management processes for the NGG. Improvements in NGG performance are being focused through the system-wide efforts arising out of the Section 50.54(f) process. In addition, we have underway certain site-specific actions, such as the Zion and LaSalle restart efforts. We also are concentrating our efforts on the issues that have arisen at Quad Cities, including management and engineering. Summaries of key improvement initiatives, results, and continuing areas of focus at Dresden, Quad Cities, LaSalle, and Zion Stations are included in Attachments 3 through 6. We will continue our efforts at Braidwood and Byron to improve performance at both Stations.

Each Strategic Reform Initiative includes: (1) a summary of the initiative, along with the individuals who are accountable for its successful implementation; (2) scheduled completion date(s); and (3) expected results. I intend that the Strategic Reform Initiatives will yield the following results in the NGG:

- an operating and maintenance environment in which operability, material condition, and nuclear safety are predominant and of the highest priority;
- an organizational structure in which roles and responsibilities are clearly defined, the line organization is paramount, and support/oversight responsibilities are fully articulated;
- an aligned and engaged workforce to whom clearly defined goals and directions are communicated;
- a management organization that is empowered, held accountable for success, well-trained and equipped, appropriately rewarded, and perceived as a desirable place in which to work and interact;
- an oversight organization with a clear charter and responsibility;
- management processes that ensure resources are applied on the basis of clear goals and priorities; and
- an organization that expects and achieves excellence.

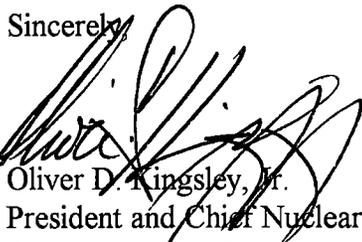
Ongoing Interaction With NRC

To achieve necessary results, the organization will have to expend substantial effort to embrace change and to put aside many of the ways of the past -- even when some of those ways are deeply ingrained in the organization and culture. We must quickly coalesce into a team, including both management and the workforce, and we must dedicate our full attention to implementing existing improvement initiatives. These efforts will be guided by the overarching Strategic Reform Initiatives. With this in mind, we will maintain our ongoing dialogue with the NRC, both at the Region and Headquarters, in order to convey our progress in the coming months. In particular,

- our meetings with the Commonwealth Performance Oversight Panel (CPOP), and our periodic Commission briefings, provide excellent opportunities for both the NRC and the public to track individual plant performance as well as the integration and results of NGG improvement initiatives;
- the ongoing NRC restart meetings with LaSalle and Zion are key to maintaining focus and communicating our progress at both Stations; and
- as explained above, we will be providing you with the results of the review of our existing Section 50.54(f) commitments by February 17, 1998.

I look forward to continued interaction with the NRC as we move forward in the coming months. You have my assurance that I will take whatever steps are necessary to achieve the desired results.

Sincerely,



Oliver D. Kingsley, Jr.
President and Chief Nuclear Officer
ComEd Nuclear Generation Group

- Attachment 1 - NGG Strategic Reform Initiatives
- Attachment 2 - Comparison of INPO Programmatic Issues to ComEd
Improvement Efforts
- Attachment 3 - Dresden Station Summary
- Attachment 4 - Quad Cities Station Summary
- Attachment 5 - LaSalle County Station Summary
- Attachment 6 - Zion Station Summary

cc: H. Thompson, Deputy Director for NRR
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