



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

May 3, 1999

Dr. E. Linn Draper, Jr.
Chairman, President, and CEO
American Electric Power Company
1 Riverside Plaza
Columbus, OH 43215

Dear Dr. Draper:

On April 20 and 21, 1999, the NRC senior managers met to evaluate nuclear safety performance of operating reactors, fuel facilities, and other materials licensees. The NRC conducts this meeting periodically to determine if the safety performance of various licensees exhibits sufficient weaknesses to warrant increased NRC attention or if it is trending adversely and requires steps be taken to communicate concerns to the utility's president or board of directors. At the April 1999 Senior Management Meeting (SMM), the D. C. Cook Nuclear Power Plant was discussed.

The NRC has implemented interim changes to the SMM process, including the elimination of the Watch List, as we continue to transition to a revised reactor oversight process. NRC staff recommendations for SMM process improvements were provided to the Commission in SECY-99-086, "Recommendations Regarding the Senior Management Meeting Process and Ongoing Improvements to Existing Licensee Performance Assessment Processes," dated March 23, 1999. The Commission approved the staff's recommendations in a Staff Requirements Memorandum dated April 16, 1999. Under the interim SMM process, plants will be characterized as warranting routine oversight, regional-focus, or agency-focus in accordance with the following definitions. Routine oversight plants receive oversight under the auspices of the NRC's Inspection Program in accordance with NRC Inspection Manual Chapter (IMC) 2515, "Light-Water Reactor Inspection Program - Operations Phase." Regional-focus plants require the direct attention and/or involvement by the regional administrators to coordinate NRC resources and maintain cognizance of licensee performance (e.g., issuance of a confirmatory action letter, implementation of the IMC 0350, "Staff Guidelines for Restart Approval," process, enactment of a regional-level inspection beyond the NRC's routine inspection program). Agency-focus plants require the direct attention and/or involvement by the EDO and/or Commission to coordinate NRC resources and maintain cognizance of licensee performance (e.g., issuance of an order, enactment of agency-level oversight or inspection).

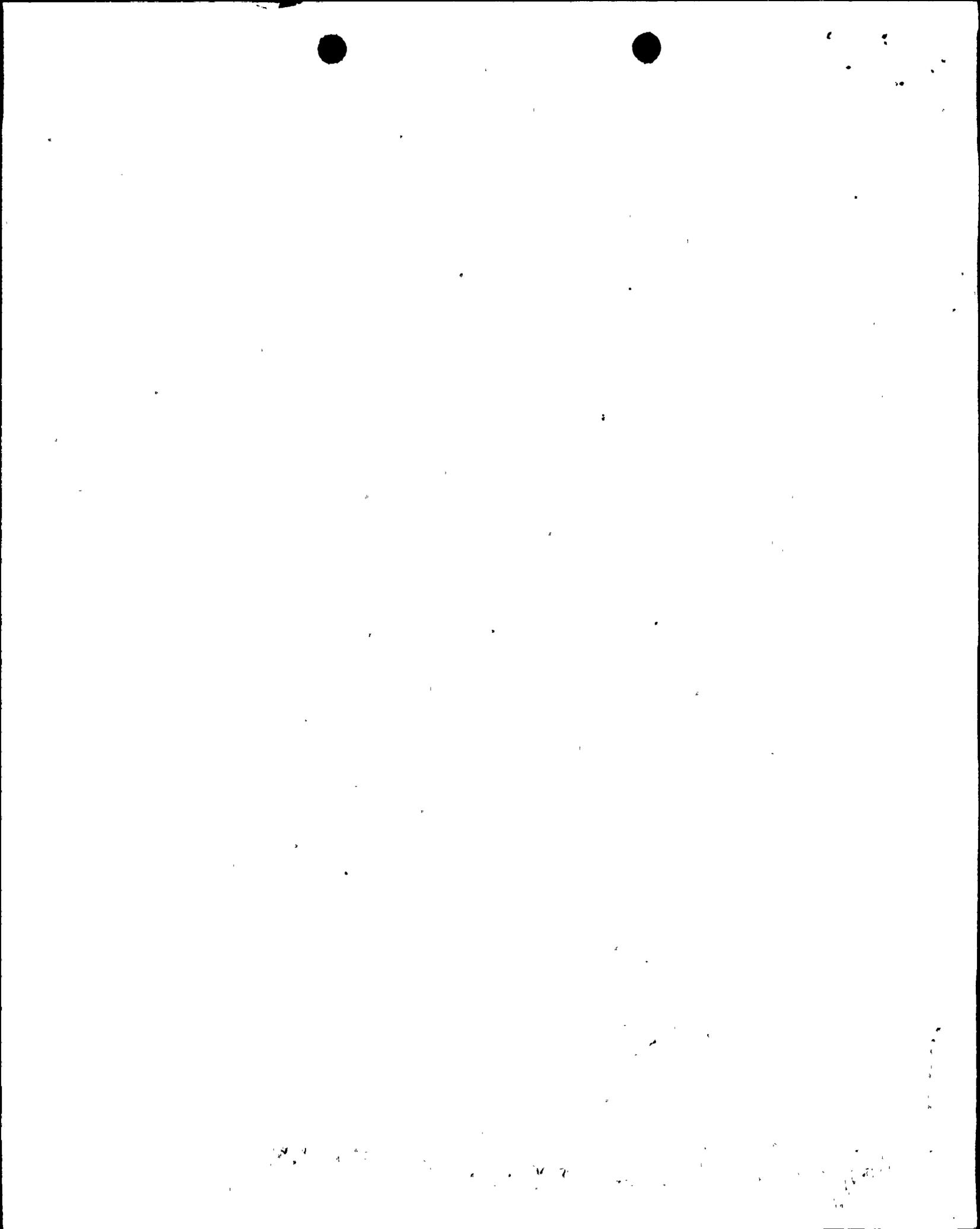
Based on the results of the July 1998 SMM, the letter from Mr. L. Joseph Callan of July 24, 1998, advised you that trends in performance at D. C. Cook raised sufficient concerns that we believed that it would be appropriate to meet with you to discuss the concerns. As a result of the April 1999 SMM and the revised SMM process, D. C. Cook has been identified as an agency-focus plant. A summary of NRC discussions related to D. C. Cook follows:

The senior managers focused on the issues concerning the adequacy of the design bases for the two units. Significant operability concerns with the Auxiliary Feedwater System and Motor-Operated Valves were identified by independent contractors and the NRC that were missed by the licensee's System Readiness Review assessments. As a

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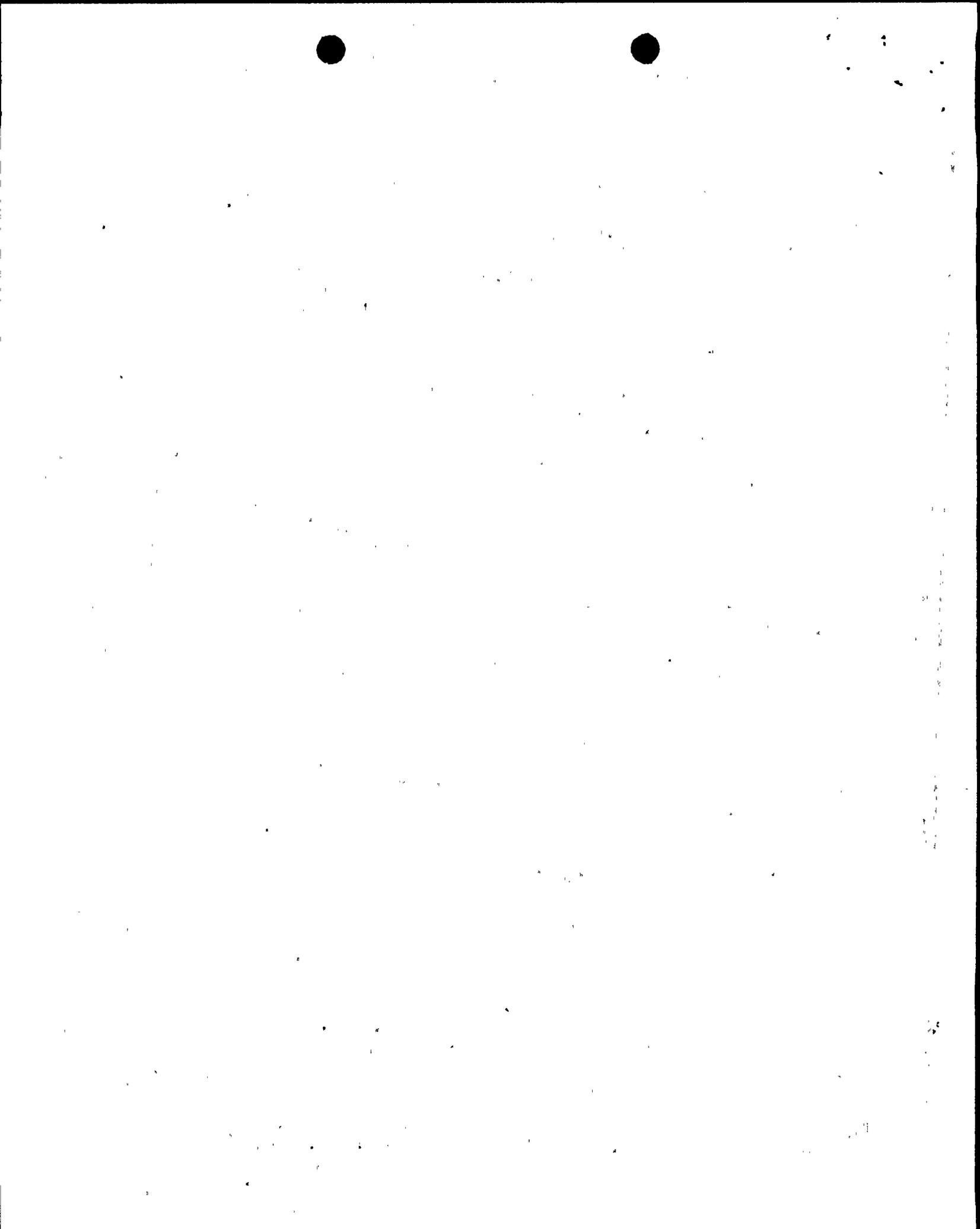


result, the licensee placed its restart plans on hold and refocused its engineering program using outside resources to establish an Expanded System Readiness Review Assessment of safety systems. To date, the review efforts have identified significant operability concerns with safety systems, and created an extensive backlog of corrective actions for restart, several of which may require license amendments to resolve.

The senior managers considered the factors from the plant performance evaluation template in determining the appropriate agency response to the identified performance concerns. The ongoing Expanded System Readiness Review efforts appear to be thorough; however, NRC validation of these assessments has not been completed. The senior managers were concerned that further problem discovery and actions to resolve the issues have been necessary after multiple extent-of-condition reviews. However, the senior managers emphasized that currently the licensee appears to be appropriately responding to these significant issues. The licensee is utilizing extensive external expertise and contractor support to identify long-standing design problems, instituting program changes to prevent recurrence and delaying restart until an integrated solution is developed to resolve the identified issues.

In determining what further NRC oversight should be provided, the senior managers also considered current NRC activities and expected actions that will be needed to fully assess and support the restart of D.C. Cook. To date a Commission meeting with licensee executives has been conducted and several site visits by NRC executives have occurred. The NRC Inspection Manual Chapter (IMC) 0350 Restart Panel, directed from Region III, has been providing adequate oversight during the Expanded System Readiness Review. As licensing issues are identified, a significant amount of resources from NRR may be required to support safety evaluations and license amendments. Based on these activities, the senior managers considered that the licensee was currently receiving agency-level oversight. Since the licensee was still in the problem discovery phase of its restart plan, the senior managers concluded that continued agency-level oversight was appropriate; however, no additional action was required by the NRC at the present time to redirect licensee activities. The staff will continue to monitor and inspect licensee performance through the IMC 0350 Restart Panel process and evaluate whether additional action is necessary in the future. The staff will also ensure the Commission remains informed of licensee recovery efforts.

James E. Dyer, the Region III Administrator, has discussed the bases for our conclusions with regard to D. C. Cook with members of your staff. The agency's intended actions as a result of the SMM are consistent with those that were conveyed in the Plant Performance Review (PPR) letter dated March 26, 1999, and were discussed in a public meeting on April 15, 1999.



Dr. E. Draper, Jr.

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An NRC Commission meeting, open to the public, is scheduled to be held in the Commissioners' Conference Room in Rockville, Maryland, on May 6, 1999, 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,

WDT

William D. Travers
Executive Director for Operations

Docket Nos. 50-315; 50-316
License Nos. DPR-58; DPR-74

cc: See Attached List.

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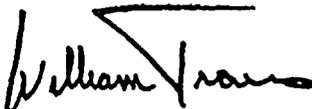
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Sincerely,

A handwritten signature in black ink, appearing to read "William D. Travers". The signature is written in a cursive style with a prominent horizontal line at the top.

William D. Travers
Executive Director for Operations

Docket Nos. 50-315; 50-316
License Nos. DPR-58; DPR-74

cc: See Attached List.

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Dr. E. Draper, Jr.

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