

STANLEY G. SCHAFFER
President

February 20, 1981

Mr. Boyce H. Grier, Director
United States Nuclear Regulatory Commission
Region I Office
631 Park Avenue
King of Prussia, Pennsylvania 19406

Dear Mr. Grier:

I am writing this letter as a follow up to my letter of January 19, 1981 to advise you of progress being made in the areas discussed. While what I say may not track exactly with the material in my previous letter, I am very pleased with recent developments.

Duquesne Light management plans to present to our Board of Directors a proposal at the March 24, 1981 meeting to create a new corporate division known as the Nuclear Division which will be managed by a vice president who will be officially identified as a member of the management group of the Company. At the same time, the candidate for the position Vice President-Nuclear will be proposed. That candidate will be the individual we previously discussed on the telephone. I have no reason to believe either of these proposals will have any difficulty in passing. I must, however, indicate that the Board is independent and its actions cannot be predicted with complete assurance.

I further indicated in my previous letter that we had retained an outside consultant to review our organization in light of our needs, the various regulatory documents, and the organization and manpower levels of other nuclear utilities. The first draft of that report has been received and has been evaluated. I think there is agreement on the upper levels of supervision below the vice president level, but additional work is required and is in progress on levels further down in the organization. My letter indicated in its attachments a number of cases where the Power Stations Department would initiate requests through payroll authorities for additional personnel to provide for better handling of certain of our Beaver Valley activities. Those requests have been submitted to me after having the necessary lower level approval. However, in the interests of

being sure that both the job classifications and the number of positions to be filled track the recommendations in the consultant report, to the degree it is accepted, I am planning to delay my approval.

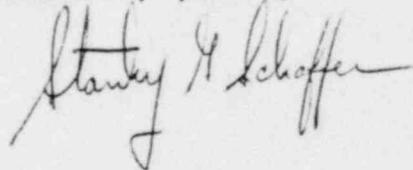
I feel certain that the organization we are building will be a great improvement over what we have had and should be comparable with the best in the country. I am hopeful you will agree when it is established.

I am leaving February 23 for a trip to the Peoples Republic of China, but will be back in the office March 16. By that time most of the work required relative to organizational change should be in such form as to permit implementation reasonably concurrent with the establishment of the Nuclear Division.

The majority of your and your peoples contacts are with others in our organization and, of course, they will continue in my absence.

In view of the confidentiality of certain aspects of this letter, I would greatly appreciate if you would retain its confidentiality until after our March 1981 Board Meeting.

Sincerely yours,

A handwritten signature in cursive script, appearing to read "Stanley H. Schaffer". The signature is written in dark ink and is positioned below the typed name "Stanley H. Schaffer".