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James W Cook  
Vice President - Projects, Engineering  
and Construction

General Offices: 1945 West Parnell Road, Jackson, Mississippi 39201 • SEC 75-88-0453

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October 14, 1981

Honorable Nunzio J Palladino  
Chairman  
US Nuclear Regulatory Commission  
Washington, DC 20555



Dear Mr Chairman:

The Reagan Administration's recent policy statement on nuclear energy underscores the need for those of us involved in the regulation and commercial application of nuclear energy to identify and eliminate unnecessary obstacles which stand in the way of increased utilization of nuclear power. Implicit in this statement is the desire to be able to increase the proportion of nuclear-generated electric power available to American industry, commercial establishments, and residences in a safe and efficient manner, taking into account an honest balancing of safety and economic factors.

While it is hoped that the Administration's recognition of the compelling need to utilize this energy source will spark the discussion and action necessary to effect long-term improvements, I am convinced that there are significant improvements that can be achieved in the short term within the existing regulatory framework. One of the most challenging problems which a major utility such as Consumers Power Co (CP Co) with two nuclear units in operation and two more in an advanced stage of construction must come to grips with is gaining control over changes to plant configuration so that resources can be optimally applied to obtain safer and more cost-effective power generation. While CP Co has devoted high-level management attention to change control, the process has been significantly perturbed by a constant stream of new NRC regulatory requirements, both interim and final, many having arbitrary compliance deadlines. These requirements and guidelines emanate from your organization at all levels, including Regulations, Regulatory Guides, Standard Review Plan acceptance criteria, Branch Technical Positions, Bulletins, Staff reviewer preferences, and most recently, NUREG reports. I am increasingly concerned at the extent to which regulatory "guidelines" are becoming "non-negotiable." In addition we have witnessed the demise of pre-TMI attempts to control regulatory changes such as the Regulatory Requirements Review Committee. As such these regulatory changes assume a "more equal" status in the competition for the finite resources which are available to operate and improve these plants. To the extent that these changes are now severely taxing CP Co and industry resources, they are disrupting prudent plant configuration management.

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The industry's determination to address compelling safety issues is evident in our response to TMI and most recently, our IDCOR initiative. In my opinion regulatory change control, particularly as it impacts the complexity of plant operations, has now itself become a safety issue and should perhaps be acknowledged as such and integrated into the proposed plan for early resolution of safety issues (see SECY-81-513, August 25, 1981). In this regard I note with some encouragement the efforts already under way by the Executive Director for Operations to better define the issue as evidenced by his recent report to the Commissioners entitled "Survey of Licensee Viewpoints on Regulatory Activities" (SECY-81-437, July 22, 1981). In addition, CP Co has been encouraged by recent exchanges with the NRC Staff regarding prioritization and selection of potential modifications to our Big Rock Plant based on plant specific risk management assessments.

It should be noted that SECY-81-513 above deals primarily with major generic issues which often are already receiving considerable NRC and industry management attention. In our experience major deleterious impacts on plant configuration management can occur both from improper assessment of major items and from collective or cascading impacts of multiple small items. Thus emphasis must be placed on valid value-impact assessments, taking into account cascading or consequential impacts of a proposed change, and on the numerous small changes which emanate from the lowest levels of an organization.

NRC reviewers and first-line supervisors must make many of the tough regulatory decisions on a plant specific basis, sometimes in the face of internal dissent and perceived vacillation in NRC policy. Often reviewers stray from the application of regulatory standards and safety objectives and begin to dictate design details. This is undesirable to the extent that there is no effective mechanism to integrate this collection of regulatory impacts in the context of overall plant safety. The applicant or licensee's only recourse is the appeals mechanism which of necessity is used sparingly and usually under extreme time constraints. The impact and timeliness of these low-level decisions must be considered in the resolution of this issue.

I note with considerable pleasure your October 5 address to the EEI Financial Conference where you identify the issue raised in this letter as one of your top priorities. I hope our input is helpful in your further deliberations on this matter. Those of us in industry are willing, in fact eager, to work with the Commission to achieve the objectives you identified. In particular we at CP Co would be happy to discuss these ideas further and to assist the Commissioners as appropriate in pursuing resolution of this issue.

*James W. Cook*

CC: Commissioner John F Ahearne  
Commissioner Peter A Bradford  
Commissioner Victor Gilinsky  
Commissioner Thomas M Roberts  
John D Selby, M-1115  
Stephen H Howell, M-1180B  
Walter R Boris, M-1180  
Jack W Reynolds, 7-26-135A