



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

SAFETY EVALUATION BY THE OFFICE OF NUCLEAR REACTOR REGULATION
RELATED TO AMENDMENT NO. 36 TO FACILITY OPERATING LICENSE NO. NPF-58

THE CLEVELAND ELECTRIC ILLUMINATING COMPANY, ET AL.

PERRY NUCLEAR POWER PLANT, UNIT NO. 1

DOCKET NO. 50-440

1.0 INTRODUCTION

By letter dated July 17, 1990, as supplemented by letter dated November 30, 1990, the Cleveland Electric Illuminating Company (CEI or CEICO) proposed an amendment to Facility Operating License No. NPF-58 for the Perry Nuclear Power Plant, Unit 1 (PNPP). The proposed amendment would add Centerior Service Company (CSC) as a licensee to the Facility Operating License. It would authorize both CEI and CSC to act as agents for the other licensees, and grant both the exclusive responsibility and control over the construction, operation and maintenance of the facility. The proposed changes would more accurately reflect the current organizational relationship, as discussed below. On October 3, 1990, the Commission published a proposed finding that the amendment involved no significant hazards consideration. This proposed finding remains unchanged with respect to the licensees' November 30, 1990 supplemental submittal, which simply added the requirements that CSC shall comply with the antitrust conditions of the license, and that CEI will be responsible and accountable for the actions of CSC to the extent that CSC's actions contravene those antitrust conditions.

2.0 DISCUSSION

On April 24, 1990, the Board of Directors of Centerior Energy Corporation adopted a reorganization plan for the Corporation, its operating company subsidiaries--The Cleveland Electric Illuminating Company and the Toledo Edison Company, and its existing service company subsidiary--Centerior Service Company. Under this reorganization, the CEI nuclear organization reports to Centerior Service Company. To reflect the change in reporting, the title of the Vice President in charge of the nuclear organization has been changed from the CEI Vice President-Nuclear Group to the CSC Vice President, Nuclear-Perry.

Under the reorganization, CSC assumes senior management responsibility for nuclear activities at the PNPP, Unit 1. The CEI nuclear organization reports through the CSC Vice President, Nuclear-Perry to the CSC Executive Vice President--Power Generation, who in turn reports to CSC's President and Chief Operating Officer, and ultimately to CSC's Chairman and Chief Executive

Officer. All other PNPP personnel remain employees of CEI. The reorganization makes no changes in the technical or financial qualifications for the PNPP. The sources of funding for the PNPP remain as they were prior to the reorganization.

The proposed changes are intended to reflect the consolidation of Centerior Energy Corporation's nuclear plants (Perry and Davis-Besse) under a common management to allow for improved oversight, control and uniformity of operations. The changes consist of the addition of CSC as a licensee, and grant CSC the authority, along with CEI, to act as agents for the other licensees and to have the exclusive responsibility and control over the construction, operation and maintenance of the facility. The proposed license changes further specify that CSC shall comply with the antitrust conditions of Appendix C to the license as if named therein, and that CEI is responsible and accountable for CSC's actions with respect to those antitrust conditions. A proposed footnote indicates that the CEI nuclear organization reports to CSC. In addition, the title "Vice President-Nuclear Group" would be revised to read "Vice President-Nuclear" wherever it appears in the Technical Specifications, to properly reflect the current title of the senior manager having corporate responsibility for the overall nuclear safety of the PNPP. The NRC staff has reviewed the proposed changes, as discussed below.

3.0 EVALUATION

The proposed amendment would not affect the technical qualifications necessary to operate the PNPP, which will continue to be provided by the CEI nuclear organization. While there is a change in reporting at the senior management levels, there will continue to be clear and direct lines of authority, responsibility and communication from the highest management levels to all operating organization positions involved in activities affecting plant safety, as currently required by the plant Technical Specifications (TSs).

The Nuclear Regulatory Commission's (NRC) financial qualifications requirements remain satisfied by virtue of the fact that the ownership of the plant by the electrical utilities is unchanged.

The reorganization of Centerior Energy Corporation, in bringing the nuclear organizations of the electric utilities under a common senior management (CSC), will provide long-term benefits inherent to an integrated nuclear company. These benefits will include sharing of nuclear operating experience and expertise and more effective communication.

To address potential antitrust concerns due to the addition of Centerior Service Company to the license, CEI proposed a revision to License Condition 2.C.(3), to add the following language: "Centerior Service Company (CSC) shall comply with the antitrust conditions delineated in

Appendix C to this license as if named therein. CEICO is responsible and accountable for the actions of CSC to the extent that CSC's actions contravene the antitrust license conditions in Appendix C to this license." The NRC staff finds that these conditions will be sufficient to limit the role of CSC in the marketing or brokering of power or energy in the regions affected by the associated utilities. CEI will have a substantial vested interest in assuring that CSC adheres to the antitrust conditions, based on the revised license conditions. Therefore, the NRC staff concludes that the enhanced license conditions are sufficient to prohibit the Centerior Service Company from actions that will cause antitrust concerns, relative to CSC's role as a licensee for the Perry Nuclear Power Plant, Unit 1. The plant owners and CSC will be subject to the same existing antitrust license conditions and CEI will be responsible and accountable for the actions of CSC, relative to those antitrust conditions.

In addition, the PNPP Unit 1 Technical Specifications (TSs) will be revised to reflect the change in the title of the CEI Vice President-Nuclear Group to the CSC Vice President Nuclear-Perry. The actual change deletes the word "Group" from the title "Vice President-Nuclear Group," wherever it appears, as it is clear that the Vice President-Nuclear referred to in the TSs is the Vice President, Nuclear for the PNPP. The footnote added to License Condition 2.B.(1) further clarifies that the CEI nuclear organization reports to CSC.

On the bases discussed above, the NRC staff finds the proposed changes acceptable.

4.0 ENVIRONMENTAL CONSIDERATION

Pursuant to 10 CFR 51.21, 51.32, and 51.35, an environmental assessment and finding of no significant impact has been prepared and published in the Federal Register on December 24, 1990 (55 FR 529). Accordingly, based upon the environmental assessment, the Commission has determined that the issuance of this amendment will not have a significant effect on the quality of the human environment.

5.0 CONCLUSION

The staff has concluded, based on the considerations discussed above, that: (1) there is reasonable assurance that the health and safety of the public will not be endangered by operation in the proposed manner, and (2) such activities will be conducted in compliance with the Commission's regulations and the issuance of this amendment will not be inimical to the common defense and security or to the health and safety of the public.

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Dated: December 31, 1990