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# Inter-Office Memorandum

Date: January 17, 1980

# GPU Service

Subject: / NEW ORGANIZATION FOR NUCLEAR ACTIVITIES

To: TMI GENERATION GROUP

Location: Three Mile Island

The announcement this morning by Mr. Kuhns and Mr. Dieckamp of a GPU-Nuclear corporation represents the end point in a process of organizational development initiated last July. This announcement is a clear signal of a commitment of GPU's top management to insure our nuclear operations are carried out with maximum consideration for safety.

I thought it would be helpful to provide some additional details on the status of the organization:

- Mr. Clark will be joining the Company on January 21. He will be located in Parsippany although he will spend the first several weeks at Three Mile Island and Oyster Creek for orientation.
- The Nuclear Assurance Group, to be established under the direction of Mr. Herbein, will encompass those activities which management uses to assist in monitoring and supporting the quality of our operations. Mr. Herbein's background in Three Mile Island's design, operational history, and administrative systems will be of tremendous assistance to all of us as that organization and its functions are developed.
- We are actively recruiting for a new Director - TMI Unit 1 and Mr. Herbein will continue in that assignment until a suitable replacement is available.
- Oyster Creek activities will be a part of GPU-Nuclear. No immediate changes will be made in the organization presently in place to supervise and support Oyster Creek operations. Mr. Finrock, Mr. Clark, and myself will be discussing the best approach for integration of the total scope of nuclear activities over the next few weeks.
- Mr. Hovey will also report on January 21, and he will gradually phase into the Director of TMI Unit 2 over a six-to-eight week period. By the end of March we anticipate Mr. Wilson will be able to return to his previous duties in Parsippany.
- The scope of the Technical Functions area will be expanded to include Mr. Thorpe's group effective immediately.
- Pending the reactivation of Forked River, GPU-Nuclear will not have any major construction activities. Mr. Hirst will continue to be responsible for those construction projects which he is currently directing and will report to me in my position of vice president - Generation, GPU Service Corporation.

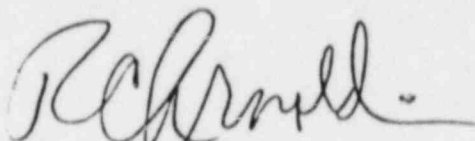
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January 17, 1980

With the overall organization now identified, we are in position to provide the detailed articulation of the responsibilities and interrelationships of the various organizational components. It is essential that such definition be provided and communicated throughout the organization as we recognize the detrimental effect from the uncertainties that have existed since the accident.

We are being provided by the corporation the organization and the resources, and it is up to us to do the job. I personally am very excited about what lies ahead for us, and I am extremely confident that by the end of 1980 we can have Unit 1 in operation and be making substantial progress on the cleanup efforts for Unit 2. I look forward to being a part of a organization whose capability for conducting nuclear operations and whose standard of performance in conducting those operations is second to none.



R. C. Arnold

RCA:clb

Attachment: Mr. Dieckamp's statement before the PaPUC  
on the GPU-Nuclear Corporation.

TESTIMONY OF H. M. DIECKAMP  
(DOCKET NO. I-79040308 - Phase 2)

GPU - NUCLEAR

A new GPU subsidiary, GPU-Nuclear, will be formed in order to further assure, full-time single-minded dedication, uniform policies, and maximum availability of technical resources for the safe operation of all GPU nuclear facilities. GPU-Nuclear will assume responsibility for the operation and maintenance of TMI-1 and Oyster Creek, cleanup and recovery of TMI-2, completion of Forked River when reactivated, and continuing plant modifications for safety, environmental, and reliability improvements. The investment and rate making responsibility for nuclear facilities will remain with the owning subsidiaries. GPU-Nuclear will provide an operating, maintenance and construction service.

The transition from the current configuration of nuclear operations within the generation departments of JCP&L, Met-Ed, and GPU Service Corporation will occur over a period of the next few months. It is necessary to achieve SEC approval for the charter of GPU-Nuclear. The NRC will have to approve the license conditions under which nuclear operations can be delegated from the Owner/Licensee to GPU-Nuclear.

The president-designate of GPU-Nuclear is Mr. R. C. Arnold. He is a graduate of the University of Michigan, and he spent 10 years in the U. S. Navy, the last six of which were in the Naval Reactors Program including a tour of duty on the training staff of one of the nuclear prototypes. He has been with GPU for about 10 years in nuclear operations and construction, and has since the accident been in charge of all activities at Three Mile Island.

Mr. Philip Clark will report to Mr. Arnold as executive vice president of GPU-Nuclear. Mr. Clark is joining GPU after 25 years in a senior position with the Naval Reactors Program. Mr. Clark has extensive experience in nuclear engineering.

Mr. Arnold and Mr. Clark will share duties within the office of the president of GPU-Nuclear.

The following major functions will report to the office of the president:

- a) Three Mile Island Unit 1. We are in discussions with a senior experienced individual to fill the responsibility of vice president in charge of Unit 1.
- b) Three Mile Island Unit 2. Mr. Gale Hovey, with more than 20 years experience in reactor operations, reactor research and nuclear fuel reprocessing experience has joined GPU and will be named vice president in charge of Unit 2.

- c) Oyster Creek. The Oyster Creek organization will report to GPU-Nuclear as soon as the necessary NRC license changes can be approved. Mr. Ivan R. Finfrock will continue as the Vice President in charge of the Oyster Creek Nuclear Station.
- d) Technical Functions. Mr. R. F. Wilson, with 25 years of nuclear engineering and development experience, and currently in charge of TMI-2, will be named vice president of Technical Functions. This organization will provide engineering, safety analysis, and construction management in support of the Three Mile Island and the Oyster Creek plants.
- e) Nuclear Assurance. This organization will be responsible for operator basic training and will direct activities that benefit from independence from day-to-day operating priorities including Quality Assurance, Radiological Controls, and Safety Reviews. Mr. John G. Herbein will assume responsibility for direction of these activities when available from his present assignment.
- f) Administration. This organization will provide management services in the area of document control, procurement and materials management, personnel, labor relations, budgets, security and facilities. Mr. Glickman, with 20 years in high technology assignments with General Electric and who has headed materials management for GPU Service Corporation for the past six years, will be named vice president of this function.

GPU-Nuclear will report to a managing board of directors composed of senior management people from the subsidiaries that own the nuclear plants, GPU-Nuclear, and GPU. Mr. H. Dieckamp, president of GPU, will be the chairman and chief executive officer of GPU-Nuclear. The responsibilities of the GPU-Nuclear Board of Directors include: ensure attention to plant safety and regulatory compliance; approve major policies, and management controls; appoint management and monitor performance; and approve operating and capital budgets.

GPU-Nuclear will be responsible for the operation and maintenance of about \$1.5 billion in nuclear facilities. It will have an initial complement of about 1,100 people, of which about 300 have technical professional degrees. The composite nuclear experience of the professional staff alone is about 3,500 man years.



THREE MILE ISLAND NUCLEAR GENERATING STATION

# trailer city news

January 17, 1980

## SPECIAL EDITION

The attached news release outlining forthcoming major organizational moves will be made public later today in current hearings before the Pennsylvania Public Utility Commission.

While the precise details of these organizational steps, and in particular how they may affect your function, are not complete today, I felt that you should be made aware of the current status of planning. In the coming days and weeks, your supervision and I will be discussing with you the realignments and responsibility changes associated with each of these moves.

I am convinced that the two announcements being made public today, relating to the formation of a GPU Nuclear Corporation and the combining of the Pennsylvania utility organizations, will result in significant benefits to our company and to the GPU System in the days ahead. I ask your cooperation and support in the implementation of these important steps announced today.

Sincerely,

A handwritten signature in cursive script, appearing to read 'W.G. Kuhns'.

W.G. Kuhns

Att.

Kenneth C. McKee

IMMEDIATE

January 17, 1980

HARRISBURG, PA., January 17 -- In testimony presented today before the Pennsylvania Public Utility Commission, GPU Chairman William G. Kuhns outlined steps currently underway to form a separate nuclear corporation to operate all GPU nuclear facilities in Pennsylvania and New Jersey and to combine the management structures of GPU's two Pennsylvania operating utilities, Metropolitan Edison Company and Pennsylvania Electric Company.

Kuhns noted, "Our planning even before the accident considered the formation of the GPU Nuclear Corporation. The recommendations and insight gained from the studies of the Three Mile Island accident prompted the Company to accelerate its efforts to affect a reorganization of responsibilities and a realignment of resources matching customer requirements and Company expertise. The separate nuclear company and the combined Pennsylvania utility organization will provide cohesive units with single management, common goals, staffs and strengthened abilities to meet the energy challenge of today's times."

"The Pennsylvania utility combination," he said, "will involve common boards of directors and officers. It will not involve a corporate merger as such and none of the outstanding securities of

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either company will be affected by the management combination. We believe a formal merger is not necessary to achieve the objectives of the planned moves."

GPU hopes to be working with the PUC, examining the optimum restructuring for the organizational moves and suggested that this could be handled as a part of the ongoing Commission-mandated management audit activity. The Company emphasized the increased efficiencies and responsiveness to customer needs that these changes would produce, but stated that they are not expected to reduce the cost of service.

Additional regulatory approval will be needed from agencies such as the Securities and Exchange Commission, the Federal Energy Regulatory Commission and the Nuclear Regulatory Commission for these changes. Nevertheless, the Company hopes to implement these changes within the next several months.

GPU NUCLEAR CORPORATION:

The GPU Nuclear Corporation, acting as agent for the plant owners, will be charged with design, construction, operation and maintenance responsibility for the two nuclear units at Three Mile Island, Pennsylvania as well as the Oyster Creek Station in New Jersey, now operated by Jersey Central Power and Light Company. It will assume full responsibility for the cleanup and recovery of TMI-2, the Forked River nuclear facility, when reactivated, and continuing plant modifications for safety, environmental and reliability improvements.

The move to concentrate and expand the System's nuclear experience is, according to Kuhns, in keeping with the recommendations called out by the President's Commission on the Accident at Three Mile Island.

"Actually, we initiated the foundation for such action last summer when the combined technical staffs from Met-Ed and the GPU Service Corporation were joined to form the TMI Generation Group," he explained. "At that time," he added, "we significantly increased the depth of nuclear experience brought to bear on the recovery program by more than tripling from 75 to 250 the number of professionals assigned exclusively to TMI activities.

"The move to form a separate company is an important extension of these efforts to pull together the technical support necessary to strengthen GPU's nuclear power program," he said.

Significant benefits in this nuclear consolidation will be obtained. A single-minded organizational dedication to providing safe nuclear generated electricity will result. The all-important cross-feed of vital operating information between nuclear stations, both within GPU and across the country, will be enhanced. The new company will also provide an expanded ability to attract the best personnel from the entire national nuclear structure for key positions.

Robert C. Arnold, currently head of the TMI recovery operation, will become president of the GPU Nuclear Corporation, with GPU president Herman Dieckamp to assume the additional responsibilities



as Chairman and Chief Executive Officer upon its formation, Kuhns announced.

He also announced the addition of two new key officials reporting directly to Arnold. Philip Clark, a senior staff member with the Naval Reactors Program for the past 25 years, is joining GPU as Executive Vice President of the nuclear corporation. Gale Hovey, named to the position of Vice President in charge of TMI Unit 2, will bring to the new company more than twenty years of reactor operations, reactor research and nuclear fuel reprocessing experience with the Naval Reactors Program, the General Electric Company and Allied General Nuclear Services Corp.

Richard F. Wilson will be named Vice President of Technical Functions. This group will provide engineering, safety analysis, and construction management in support of the Three Mile Island and the Oyster Creek plants. Wilson, currently in charge of TMI Unit 2, has 25 years experience in nuclear engineering and development.

Fred Glickman, now head of materials management at the GPU Service Corporation, will become Vice President of Administration. Glickman has had 26 years experience in similar positions with the General Electric Company and GPU.

"We are already well underway with the staffing of other top positions, drawn from the most experienced experts available," said Kuhns.

Although the nuclear company will be headquartered in Parsippany, NJ because of its central location to GPU's nuclear

units in the two states, the majority of personnel will be concentrated at the nuclear sites, with only common service functions in Parsippany.

The GPU Nuclear Corporation will be responsible for the operation and maintenance of about \$1.5 billion in nuclear facilities. It will have an initial complement of about 1,100 people, of which about 300 have technical professional degrees. The composite nuclear experience of the professional staff alone is about 3,500 man-years.

#### COMBINED PENNSYLVANIA UTILITIES:

The combined organizational unit in Pennsylvania will be headed by William A. Verrochi, current president of Penelec and former GPU Service Corporation Vice President of Generation.

Under Verrochi's direction, a single group of corporate officers, with functional headquarters staffs, will maximize the Company's ability to better provide reliable customer service at reasonable costs by combining and strengthening the resources and efforts of like functions.

The combined management organization will have sole responsibility for GPU fossil-fueled generating plants. "With the increasing role of coal in the country's energy future, the benefits of centralizing these functions so as to capitalize on the demonstrated experience of GPU expertise in this field are obvious," Kuhns explained. "System-wide procurement and control

of coal supply, for example, will provide maximum cost effectiveness. Similar efficiency gains should be possible in licensing, environmental and maintenance operations for these fossil plants."

"The System's expanding programs of energy conservation and load management, so necessary to meet future energy requirements, will be more effectively carried out under this combined operation," Kuhns continued.

"Increased attention to customer and community concerns, as well as improved communications with our many publics in the state," Kuhns stated, "will result from this combined operation."

Although location of the headquarters for the combined utility organization will be in Reading, Johnstown will continue to be a key location of significant management activities.

"While we recognize that the location decision will affect not only our employees but the communities in which they reside," said Kuhns, "we hope to minimize the impact on local communities, the number of transfers and employee reductions, some of which are unavoidable in a staff consolidation of this magnitude."

"Our principle objective in these two major steps," Kuhns concluded, "is to provide the best possible match of human resources and organizational structure to meet the changing customer needs and operational challenges of utility service in the 80's. We firmly believe that the formation of a specialized company encompassing all nuclear generation, and a combined utility organization devoted to fossil-fuel operations, are most significant and beneficial actions for the more than four million people GPU serves in Pennsylvania and New Jersey."