

JUL 08 1988

MEMORANDUM FOR: Thomas E. Murley, Director, Office of Nuclear Reactor
 Regulation
 Edward L. Jordan, Director, Office of the Analysis and
 Evaluation of Operational Data

FROM: A. Bert Davis, Regional Administrator, Region III

SUBJECT: NRC SENIOR MANAGEMENT MEETING DISCUSSIONS REGARDING
 FERMI UNIT 2

A decision was made at the June 1988 Senior Management Meeting to conduct a Diagnostic Team Inspection at Fermi 2. This was predicated on the desire to provide another independent look at Fermi 2's operation and to examine the underlying bases for the licensee's continued poor performance, as well as the reasons for the licensee's extremely slow progress in effecting and sustaining performance improvements. Although the Region and NRR Projects are of the view that the root cause of poor performance is known, I endorse the conduct of the Diagnostic Team Inspection at Fermi 2. I believe that this intensive inspection effort will validate that which is already known regarding poor licensee performance, and will reinforce those steps that we are already taking to effect accelerated, sustained performance improvement at Fermi 2.

The Region previously requested that NRR conduct an Operational Safety Team Inspection (OSTI) at Fermi 2 subsequent to the inadvertent heatup event that occurred in June 1987. The independent look revealed numerous areas of weakness in Fermi 2's operation, particularly in the area of plant operations. The Region had intended, as part of its post-SALP 9 action plan, to conduct an OSTI followup at Fermi 2 using a small team composed of Region III and former OSTI team members from NRR. However, because the Diagnostic Team Inspection will be conducted and because the resources in the Special Inspection Branch are limited, I am cancelling the OSTI followup inspection. I recommend that the AEOD Diagnostic Team, as part of its preparatory phase, communicate with the appropriate individuals in the Special Inspection Branch, NRR to obtain background information regarding Fermi 2's performance as viewed by the OSTI and factor in the OSTI results as appropriate.

After the Fermi 2 SALP board meeting and prior to the June Senior Management Meeting, the Region and NRR finalized a course of action to deal with the weaknesses and poor performance at Fermi 2 over the upcoming abbreviated SALP cycle. The elements of the plan, enumerated below, were discussed at the Senior Management Meeting and concurred in by senior NRC management. We have modified the time frame for some elements to accommodate the planned DET schedule.

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1. Assign a third resident to Fermi 2.
2. Shorten the next SALP period to nine months (assessment period 3/31/88 - 12/31/88).
3. Develop and execute a Master Activities Plan (MAP) that will involve several inspections in areas of continued weakness identified in SALP 9. (A copy of the MAP is attached). Once the Diagnostic Team Inspection dates have been established, the MAP will be revised to ensure that special inspections mounted by the Region do not conflict with the scheduled onsite periods of the Diagnostic Team Inspection.
4. Continue to hold monthly results-oriented meetings with the licensee. These will be held onsite, in the Region and in Headquarters.
5. Encourage the licensee to develop an expanded performance monitoring program similar to the monthly performance reports produced by other licensees.
6. Region III and NRR senior management meet with the Chief Executive Officer, Detroit Edison Co., and his Nuclear Oversight Committee subsequent to the July 22, 1988 SALP meeting to discuss Fermi 2 performance and NRC expectations.

I have attached excerpts from the Senior Management Meeting briefing slides to highlight the areas of weakness that currently exist at Fermi 2. These areas should be targeted for close scrutiny during the Diagnostic Team Inspection. Should you have any questions please call me or E. Greenman of my staff.

for *Carl J. Paperiello*
 A. Bert Davis
 Regional Administrator

Enclosures:

1. Master Activities Plan
2. Briefing slides from Senior Mngt. Meeting

cc: F. Miraglia, NRR
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RIII *for* Cooper/pb
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