

PHILADELPHIA ELECTRIC COMPANY

2301 MARKET STREET  
P.O. BOX 8699  
PHILADELPHIA, PA. 19101

C. A. McNEILL, JR.  
EXECUTIVE VICE PRESIDENT - NUCLEAR

(215) 841-5352

April 15, 1988

Docket Nos. 50-277  
50-278

Mr. W. T. Russell, Administrator  
Region I  
U.S. Nuclear Regulatory Commission  
ATTN: Document Control Desk  
Washington, D.C. 20555

Dear Mr. Russell:

Enclosed is a copy of Philadelphia Electric Company's response to Mr. Pate's (INPO) January 11, 1988 letter to Mr. Harrison of the PECO Board of Directors. We believe that this response to INPO and the Plan for Restart of Peach Bottom Atomic Power Station, Revision 1 provide the information requested in your letter to Mr. James L. Everett dated March 4, 1988.

Sincerely,



Attachment

cc: Addressee  
T. P. Johnson, NRC Senior Resident Inspector

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PHILADELPHIA ELECTRIC COMPANY

2301 MARKET STREET  
P.O. BOX 8699  
PHILADELPHIA, PA. 19101

(215) 841-4000

April 14, 1988

JOSEPH F. PAQUETTE, JR.  
CHAIRMAN, PRESIDENT  
AND CHIEF EXECUTIVE OFFICER

Mr. Zack T. Pate, President  
Institute of Nuclear Power Operations  
Suite 1500  
1100 Circle 75 Parkway  
Atlanta, GA 30339

Subject: Response to INPO January 11, 1988 Letter

Dear Mr. Pate:

The purpose of this letter is to respond on behalf of Philadelphia Electric Company to your January 11, 1988 letter to Mr. Robert D. Harrison, Chairman, Special Committee, of our Board. Your January 11, 1988 letter contains three recommendations relative to the events surrounding the NRC's shutdown of our Peach Bottom Atomic Power Station and our plans and corrective actions to be taken for restarting the Plant. Each of the recommendations made in your letter is addressed in Attachment 1 to this letter.

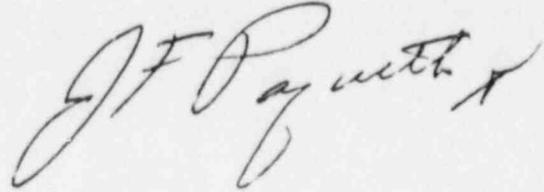
In addition, we have recently completed a detailed, intensive review of the Plan for Restart with the intent of effecting such changes as we consider necessary to assure success of the Peach Bottom restart effort. Revisions to the Plan for Restart of Peach Bottom Atomic Power Station have been made, and the revised Plan has been submitted to the NRC. A copy of the revised Sections I & II has been sent to you under separate cover.

It is my belief that, with the appointment of Corbin McNeill as Executive Vice President-Nuclear and myself, the acquisition of other experienced outside talent to upgrade all levels of the nuclear organization, combined with the numerous corrective actions outlined in the Plan for Restart, PECO has made significant strides towards achieving its vision.

In May, we will contact the appropriate members of your staff to schedule the plant and corporate evaluations to which we have committed as a part of our restart schedule.

In closing, I would like to assure you that our relationship with INPO will be conducted in an environment of mutual trust, confidence and cooperation which will enhance both the perception and reality of the excellence to which we strive.

Very truly yours,

A handwritten signature in cursive script, appearing to read "J. F. Pate". The signature is written in dark ink and is positioned to the right of the typed name "Very truly yours,".

RHL:vdw

Attachment

cc: Nuclear Committee of the Board  
Joint Owners

PHILADELPHIA ELECTRIC RESPONSE TO  
JANUARY 11, 1988 INPO RECOMMENDATIONS

INPO Recommendation I:

Conduct a detailed analysis of the internal investigation material developed by PECO. Develop a report with an appropriate executive summary, findings, conclusions and recommendations based on this analysis. Experience shows that a full recovery from a situation such as the one that developed at Peach Bottom cannot be assured unless all the relevant facts are carefully analyzed. To our knowledge, this has not been done.

PECO Response:

To supplement our earlier internal reviews, we have retained an independent, experienced consultant to conduct a detailed analysis of the internal investigation material and prepare a report with an appropriate executive summary, findings, conclusions and recommendations based on this analysis. This report is expected to be available not later than July 30, 1988.

INPO Recommendation II:

Review and minimize the actions being taken or planned that bypass or work outside (and tend to undermine) the line organization. It is recognized that some in the NRC may press the company to set up measures outside the line to detect future problems. Strong management can achieve this in a balanced way, while preserving line integrity. If the approach is sound, NRC will accept it. In our view, the present approach is not balanced, and perceived NRC desires are being used as a crutch.

PECO Response:

A principal thrust of the Plan to Restart Peach Bottom is to strengthen self-assessment and problem resolution capabilities within the Nuclear organization. We are committed to increasing management's involvement in problem identification, the determination of root cause and application of measures to prevent recurrence. PECO remains firmly committed to supporting these objectives in a manner which strengthens and supports (and does not undermine) line management. Therefore, we have reviewed the wide range of independent assessment methods proposed in the original Plan to Restart and agree with INPO's assessment that,

in the aggregate, they were excessive, and had the potential to undermine efforts to strengthen accountability in the new line organization. Accordingly, we have revised the independent assessment methods as follows:

- The increased level of QC coverage of shift operations, instituted in December 1987, has been reevaluated and restored to a prudent level consistent with a strengthened emphasis upon line management responsibility for monitoring shift operations.
- The title of Management Assistance Staff has been changed to Organization and Management Development Division. Responsibility for management and supervisory development program is reassigned from Nuclear Training to the Organization and Management Development Division. Line management responsibility for the development of subordinates is reaffirmed.
- Roles of independent oversight groups have been clarified and redundancy eliminated. The size and scope of the Nuclear Review Board (NRB) has been refocused to more clearly reflect its technical safety review function as described in the Technical Specifications. Programmatic oversight will reside with the Nuclear Committee of the Board of Directors (NCB).
- The title of the Commitment Management Program has been changed to Commitment Tracking Program to better reflect line management responsibility for monitoring and assuring the fulfillment of commitments.

INPO Recommendation III:

Major changes in the corporate culture at PECO are required. The recently announced reorganization will not achieve this. Experience shows that the same managers, placed in a different organizational arrangement, are usually unable (or unwilling) to effect major changes in standards, accountability, etc. Acquiring and installing a single outsider as "Senior Nuclear Officer" in the existing (new) PECO organization is insufficient action to bring about the necessary change.

Coincident with acquisition of sufficient outside talent to properly upgrade the PECO nuclear situation, accountability should be exercised for unsatisfactory situation that has been allowed to develop over a period of years.

PECo Response:

As publicly announced, Mr. Joseph F. Paquette, Jr., has been elected Chairman, President and Chief Executive Officer of Philadelphia Electric Company, and Mr. Corbin A. McNeill, Jr., has been elected Executive Vice President-Nuclear, which encompasses the responsibilities of the Senior Vice President-Nuclear. Mr. James L. Everett, III, former Chairman and Chief Executive Officer, and Mr. John H. Austin, Jr., former President and Chief Operating Officer, retired from the Company. It is PECO's belief that these changes, in conjunction with a recently implemented reorganization, the acquisition of experienced outside talent to upgrade the nuclear organization, and the numerous corrective actions outlined in the Plan for Restart, will be effective in assuring accountability for excellence of nuclear operations.