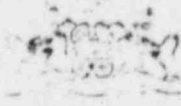


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USNR

PENNSYLVANIA PUBLIC UTILITY COMMISSION
COMMONWEALTH OF PENNSYLVANIA
HARRISBURG, PENNSYLVANIA

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August 16, 1988 OFFICE OF GENERAL COUNSEL
DOCKETING & SERVICE BRANCH

SERVED AUG 18 1988

Chairman Lando W. Zech, Jr.
U.S. Nuclear Regulatory Commission
Washington D.C. 20555

Dear Chairman Zech:

As a Commissioner of the Pennsylvania Public Utility Commission, I have a statutory responsibility for the public health and safety in regards to the operation of electric generating stations operating within the Commonwealth. My specific concerns about the future operation of the Peach Bottom Nuclear facility in York County run deep.

Recently the Nuclear Regulatory Commission announced a set of fines it is imposing on the Philadelphia Electric Company (the utility that manages Peach Bottom) and on certain personnel at Peach Bottom because of the company's poor record of running the plant in recent years and because of alleged misconduct on the part of these individual PECO employees. While the fining of individual operators is unprecedented and the \$1.55 million company fine is the largest such fine imposed to date, the very announcement of these fines at this time raises serious questions about the relationship between the NRC and PECO.

The most serious question to me is the relationship between the announcement of these fines and the restart schedule for Peach Bottom. One could draw the conclusion that by announcing these fines, the NRC has cleared the way for PECO to receive expedited approval of its Peach Bottom restart plan. The fact that the NRC chose to fine these reactor operators but not to suspend their licenses underscores this possible scenario.

The issue of the level and nature of communications between the NRC and PECO concerning these fines, therefore, is of vital importance. The public and this Commission has a right to know what transpired between key PECO and NRC personnel on this subject. The fact that you, Mr. Corbin McNeill (Senior Vice President, Nuclear Operations for PECO), Mr. Dickinson Smith (Vice President, Peach Bottom) and Mr. James Watkins, the newest member of the PECO Board of Directors, are all former admirals in the nuclear navy, further amplifies this concern.

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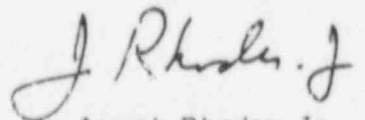
Page Two
Chairman Lando W. Zech, Jr.
August 16, 1988

The Institute of Nuclear Power Operations (INPO) requested public disclosure of its letter of January 11, 1988 to the special oversight committee of the PECO Board of Directors because of the seriousness of the situation it had observed at Peach Bottom over recent years. This is not a time for regulatory oversight in secret. Therefore, I request that you make public the dates and topics of discussion of all meetings and phone calls since November 25, 1987 between senior PECO executives and NRC senior management surrounding both the issue of restart and the imposition of the recently announced fines. In particular, I request that you disclose any such communication on either or both subjects between or among yourself and Messrs. Paquette, Smith, McNeill, and Watkins.

The proposed disclosures will go a long way toward restoring public confidence in the NRC's oversight role vis-a-vis Peach Bottom and PECO. Now is not the time to cloud the decision-making process with bureaucratic red tape and stonewalling. You are dealing with the worst management problem in the history of your agency and I believe a forthright disclosure of these communications will contribute to the public's acceptance of your future role in this matter.

I respectfully await your reply.

Sincerely,



Joseph Rhodes, Jr.
Commissioner

cc: Joseph F. Paquette