

July 6, 1989

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John H. Frye III, Chairman
 Glenn O. Bright
 Richard F. Cole
 Atomic Safety and Licensing
 Board
 U.S. Nuclear Regulatory Commission
 East-West Towers
 4350 East-West Highway
 Bethesda, Maryland 20814

OFFICE OF THE ATTORNEY GENERAL
 DOCKETING & SERVICE
 BRANCH

Re: In the Matter of Philadelphia Electric Company (Peach Bottom Atomic Power Station, Units 2 and 3), Nos. 50-277 & 50-278;
ASLBP No. 88-569-06-OLA

Last week, the Commonwealth of Pennsylvania filed a "Notice of Withdrawal and Motion to Terminate Proceeding" in the above-noted matter. As noted in that document, the Commonwealth's action was based on "settlement agreements under which PECO is committed to take various actions regarding Peach Bottom and to allow representatives of the Commonwealth access to information regarding operations at Peach Bottom." The Philadelphia Electric Company hereby submits for the Board's information copies of (1) the settlement agreement under which PECO has committed to take various actions regarding Peach Bottom, (2) a Confirmatory Action Letter issued by the NRC staff concerning the commitments made in that agreement, and (3) an agreement under which representatives of the Commonwealth will be permitted access to information regarding the operations at Peach Bottom.

Sincerely,

John H. Belsner
 John H. Belsner
 O'MELVENY & MYERS
 555 13th Street, N.W.
 Washington, D.C. 20004

Donald P. Irwin
 Donald P. Irwin
 HUNTON & WILLIAMS
 707 East Main Street
 P.O. Box 1535
 Richmond, Virginia 23212

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 cc: Service List (attached)

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July 6, 1989

CERTIFICATE OF SERVICE

In the Matter of
PHILADELPHIA ELECTRIC COMPANY
(Peach Bottom Atomic Power Station, Units 2 and 3)
Docket Nos. 50-277-OLA and 50-278-OLA

I hereby certify that copies of the attached July 6, 1989 letter to the Atomic Safety and Licensing Board were served this date upon the following by first-class mail, postage prepaid.

John H. Frye, III, Chairman
Atomic Safety and Licensing Board
U.S. Nuclear Regulatory Commission
East-West Towers
4350 East-West Highway
Bethesda, MD 20814

Adjudicatory File
Atomic Safety and Licensing
Board Panel Docket
U.S. Nuclear Regulatory
Commission
Washington, D.C. 20555

Glenn O. Bright
Atomic Safety and Licensing Board
U.S. Nuclear Regulatory Commission
East-West Towers
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Chief Deputy General Counsel
Office of General Counsel
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Office of General Counsel
P.O. Box 11775
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U.S. Nuclear Regulatory Commission
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Room 505 Executive House
101 South Second Street
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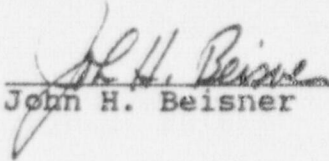
Secretary of the Commission
Attention Docketing and Service
Section
U.S. Nuclear Regulatory Commission
1717 H Street, N.W.
Washington, D.C. 20555

Joseph Rutberg, Esq.
U.S. Nuclear Regulatory
Commission
Office of the General Counsel
One White Flint North
11555 Rockville Pike
Rockville, MD 20814

Atomic Safety and Licensing
Appeal Board Panel
U.S. Nuclear Regulatory Commission
Washington, D.C. 20555

Jay Gutierrez, Esq.
Regional Counsel
U.S. Nuclear Regulatory
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Region I
475 Allendale Road
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O'Melveny & Myers
555 13th Street, N.W.
Washington, D.C. 20004


John H. Beisner

DATED: July 6, 1989

AGREEMENT BETWEEN
PHILADELPHIA ELECTRIC COMPANY
AND THE COMMONWEALTH OF PENNSYLVANIA

1. INTRODUCTION

1.1. The Philadelphia Electric Company ("PECo"), the licensee of the Peach Bottom Atomic Power Station ("Peach Bottom"), and representatives of the Commonwealth of Pennsylvania (the "Commonwealth") have engaged in discussions concerning issues related to Peach Bottom. Those discussions have concluded with PECo indicating its willingness to make various commitments concerning the operation of Peach Bottom. PECo's Safety Analysis that formed the basis for these commitments have previously been provided to the NRC, in a submittal dated May 31, 1989, and that submittal is incorporated herein by reference.

1.2 Both PECo and the Commonwealth recognize that many of the matters upon which PECo and the Commonwealth have reached an understanding are exclusively within the regulatory and enforcement authority of the United States Nuclear Regulatory Commission ("NRC"). PECo and the Commonwealth thus understand and agree that any actions taken by the NRC staff with respect to the matters included in this Agreement will be carried out in accordance with NRC policies and procedures and consistent with the safe operation of Peach Bottom.

1.3 Several of the PECO commitments set forth herein call for PECO to submit a license amendment application in the future on a given subject. The parties understand that the NRC expresses no opinion on the merits of any license amendment application to be filed and reserves fully its right and obligation to review and dispose of any such license amendment application consistent with the rules, regulations, practices and policies of the NRC.

2. PERSONNEL TRANSFERS

2.1. PECO acknowledges that the diversion of qualified personnel from Peach Bottom to the Limerick Generating Station ("Limerick") could affect the quality of operations at Peach Bottom. PECO's senior management therefore shall monitor transfers from Peach Bottom to Limerick to ensure that the quality of operations at Peach Bottom is maintained.

2.2. PECO shall not transfer any person in the upper levels of Peach Bottom management (i.e., Site Vice President; Manager, Project; Manager, Plant; Manager, Support; Superintendent, Training; Superintendent, Outages; Superintendent, Modifications; Superintendent, Planning, Scheduling and Reporting; Superintendent, Operations; Superintendent, Maintenance, Instrumentation and Controls; Superintendent,

Technical; Superintendent, Plant Services; Superintendent, Administration; and Superintendent, Materials) to Limerick during or for one year following the start-up of Unit 2 at Limerick without replacing that person at Peach Bottom with a person of comparable experience and training.

3. ANSI STANDARDS

3.1. On or before February 27, 1990, PECO will submit to the NRC an application to amend the Technical Specifications contained in Appendix A to facility operating license DPR-44 and DPR-56 for Peach Bottom committing PECO to meet at Peach Bottom the standards set forth in ANSI/ANS-3.1-1981, entitled "Selection, Qualification and Training of Personnel for Nuclear Power Plants." The proposed Technical Specifications amendment may specify, however, that to the extent that the standards set forth in ANSI/ANS-3.1-1981 apply to individual job positions at Peach Bottom, those standards shall not apply to PECO employees holding those positions as of February 27, 1989, so long as those individuals continue to hold those positions.

3.2. On or before February 27, 1990, PECO shall administratively impose at Peach Bottom the standards set forth in Section 4.7, Section 6.6, and Table 1 of ANSI/ANS-3.1-1987.

3.3. On or before February 27, 1990, PECO shall make, in accordance with 10 C.F.R. § 50.54(p), a Peach Bottom Security Plan revision committing PECO to meet the standards set forth in Sections 5.1 and 5.4.3 of ANSI/ANS-3.3-1982, entitled "Security for Nuclear Power Plants."

3.4. On or before February 27, 1990, PECO will complete an analysis of the standards set forth in ANSI/ASME NQA-1-1986, entitled "Quality Assurance Program Requirements for Nuclear Facilities," and establish a plan for implementation which will include a reasonable schedule for submittals to the NRC (pursuant to 10 C.F.R. § 50.4(b)(7)) revising the Peach Bottom Quality Assurance Program to incorporate those additional standards set forth in ANSI/ASME NQA-1-1986 which would enhance the Quality Assurance Program at Peach Bottom. The standards of ANSI/ASME NQA-1-1986 will be adopted, except to the extent that PECO reasonably concludes that the adoption of any of those standards would not constitute an improvement over currently applicable standards.

4. INDEPENDENT SAFETY ENGINEERING GROUP

4.1. On or before February 27, 1990, PECO will submit to the NRC an application to amend the Technical Specifications contained in Appendix A to facility operating licenses DPR-44 and DPR-56 for Peach Bottom. That proposed

amendment shall concern the Independent Safety Engineering Group ("ISEG") for Peach Bottom, and at minimum, it shall provide:

(a) that the Peach Bottom ISEG shall consist of (1) an ISEG Supervisor, who shall have a bachelor's degree in engineering or related science and at least six years of full-time commercial nuclear experience, and (2) at least four other dedicated, full-time engineers, who each shall have a bachelor's degree in engineering or related science and at least two years of full-time commercial nuclear experience, and who collectively shall have at least sixteen years of full-time commercial nuclear experience, with not more than one of those engineers having less than three years full-time commercial nuclear experience;

(b) that collectively, the Peach Bottom ISEG shall have the broad range of knowledge and experience necessary to review the wide range of safety-related issues contemplated by the functions enumerated in Section 4.1(f);

(c) that the Peach Bottom ISEG shall operate at the plant level and shall report to PECO's head of Quality Assurance at the corporate level;

(d) that if any significant nuclear quality concern identified by ISEG at Peach Bottom is not adequately resolved at lower levels of PECO management, the PECO head of Quality Assurance shall have the duty to notify PECO's Nuclear Review Board ("NRB"), PECO's Executive Vice President-Nuclear, PECO's President, or the Nuclear Committee of PECO's Board of Directors of that concern;

(e) that if the Peach Bottom ISEG is not satisfied with the resolution of any significant nuclear quality concern by PECO's head of Quality Assurance, the ISEG shall have the authority and the duty to notify the NRB of that concern; and

(f) that the Peach Bottom ISEG shall be responsible for (i) responsively and proactively examining plant operations to identify opportunities for improving safety, (ii) making detailed recommendations for revising procedures, for modifying equipment, and for improving safety aspects of maintenance and operation activities, and (iii) for maintaining surveillance of unit activities in order to provide independent verification that such activities are performed correctly.

5. REACTOR OPERATORS

5.1. On or before September 30, 1990, PECO shall add a fourth reactor operator to each control room shift at Peach Bottom. Prior to that date, PECO shall maintain a minimum of three reactor operators on each control room shift at Peach Bottom and shall utilize on control room shifts each reactor operator newly becoming licensed for Peach Bottom until all shifts have a fourth reactor operator. Effective July 1, 1990, in the event that PECO has a number of reactor operators in excess of eighteen (not counting those in Senior Reactor Operator training), PECO shall utilize those operators not assigned to normal shift work to fill in for shift vacancies wherever practicable.

5.2. Effective October 1, 1990, if there is a reactor operator vacancy on a control room shift at Peach Bottom, the other three reactor operators scheduled for that shift shall work that shift; provided, however, that if there is more than one reactor operator vacancy on a shift at Peach Bottom, PECO may fill those vacancies with other personnel to the extent necessary to satisfy applicable operating requirements.

5.3. Effective October 1, 1990, PECO will not authorize planned absences by two or more reactor operators on

the same shift unless arrangements are made in advance for other operators to fill the vacancies on those shifts on a non-overtime basis.

5.4. PECO and the Commonwealth understand that on March 28, 1989, the NRC approved an application submitted by PECO on September 7, 1988 to amend the Technical Specifications contained in Appendix A to facility operating licenses DPR-44 and DPR-56 for Peach Bottom. The amendment adds a Section 6.20 to the Peach Bottom Technical Specifications which, inter alia, establishes restrictions on the use of overtime for plant personnel who perform safety-related functions.

5.5. PECO states that it intends to have its licensed control room personnel at Peach Bottom work eight (8) hours per day and forty (40) hours per pay period, exclusive of shift turnover time. PECO further states that it intends to use licensed control room personnel who are on overtime status only under the following conditions: (1) when safety or precautionary considerations warrant the continuation or undertaking of a task by personnel after the conclusion of their normal shift period; (2) when safety or precautionary considerations otherwise warrant the use of such personnel at times other than their normal shift period; or (3) during periods of extended refueling shutdowns or periods of major

maintenance/modification (up to twenty overtime hours per person per pay period and with each person having the opportunity for one day off per pay period). In each such instance, overtime work may be required on a temporary basis.

6. EMERGENCY TRAINING

6.1. PECO will include in its on-site emergency response personnel training program at Peach Bottom an opportunity for representatives of the Pennsylvania Emergency Management Agency to explain its role in the emergency response process at Peach Bottom.

7. DRUG AND ALCOHOL PROGRAMS

7.1. PECO shall maintain for Peach Bottom the Fitness for Duty Program for alcohol abuse which became effective on October 15, 1988 or a comparable program. If the NRC adopts regulations on fitness-for-duty alcohol programs, the PECO program may be amended to comply with those regulations.

7.2. PECO shall maintain for Peach Bottom the Drug Policy and Program it announced on July 1, 1988 or a comparable program. If the NRC adopts regulations on fitness-

for-duty drug programs, the PECO program may be amended to comply with those regulations.

8. NUCLEAR QUALITY COMMUNICATIONS

8.1. PECO shall maintain its Nuclear Quality Assurance Hotline, providing a means through which Peach Bottom employees may identify nuclear quality concerns in the event of employee reluctance to take such concerns openly to supervisors or management.

8.2. If the Peach Bottom Site Vice President is advised of allegations that a PECO employee assigned to Peach Bottom or a PECO contractor employee assigned to Peach Bottom has been discouraged from raising a nuclear quality issue concerning Peach Bottom or has been discriminated against by PECO or by a contractor for raising a nuclear quality issue concerning Peach Bottom, the Site Vice President shall personally review any evidence of which he is advised regarding those allegations and shall note his reaction in the file on that matter.

8.3. In any new contract for work at the Peach Bottom site which PECO executes with a contractor after the Effective Date of this Agreement (as specified in Section 14.1), PECO shall include provisions which would allow PECO to

terminate said contract in the event that PECO reasonably determines that in the course of performing work under that contract, the contractor discouraged any of its employees at the Peach Bottom site from raising a nuclear quality issue concerning Peach Bottom or had discriminated against any of its employees at the Peach Bottom site for raising a nuclear quality issue concerning Peach Bottom. Further, in any such new contract, PECO shall include provisions which provide for automatic termination of said contract if, pursuant to 29 C.F.R. § 24.6(b), the U.S. Department of Labor issues a final order determining that the contractor has violated the Energy Reorganization Act of 1974, 42 U.S.C. § 5851, with respect to an employee at the Peach Bottom site while employed at the Peach Bottom site. Any automatic termination provision, however, shall specify that such termination will not occur until the contractor has been provided an opportunity to exhaust its rights under the judicial review provisions of 42 U.S.C. § 5851(c). Further, any automatic termination provision shall also specify that any contractor terminated pursuant thereto for which a replacement contractor is not reasonably available may be reinstated after the contractor has taken either appropriate disciplinary action against the manager(s) whose actions were responsible for the violation determination or, if no manager is appropriately subject to discipline, other appropriate corrective action.

8.4. Within ninety (90) days after the Effective Date of this Agreement (as defined in Section 14.1), PECO shall make revisions to its existing Employees' Suggestion System to include nuclear quality concerns, thereby providing a system of financial rewards for those PECO employees at Peach Bottom raising nuclear quality concerns. The revisions shall provide that if an employee assigned to Peach Bottom first raises a nuclear quality concern with his/her employing officer and the officer fails to take appropriate action within a reasonable time, the employee may thereafter also raise the concern through the Employee Suggestion System and, subject to the conditions of the System, shall be rewarded if the raising of the concern through the System leads to alleviation of a nuclear quality problem at Peach Bottom. The revisions to the System shall provide standards on which the amount of the financial reward shall be based.

8.5. PECO may alternatively satisfy the requirements of Section 8.4 by establishing a comparable system (separate from the Employees' Suggestion System) for providing financial rewards to PECO employees raising nuclear quality concerns.

9. COMMITMENT TRACKING

9.1. PECO shall maintain for Peach Bottom the commitment tracking program described in NGAP-002.X (issued by PECO on July 1, 1988) or a comparable program.

10. NUCLEAR REVIEW BOARD

10.1. PECO shall maintain a Nuclear Review Board ("NRB") which shall consist of at least five (5) internal PECO members and at least two (2) outside members possessing the qualifications set forth in Paragraph 6.5.2.2 of the current Peach Bottom Technical Specifications. The NRB shall meet at least four (4) times per year. PECO stipulates that the general responsibilities enumerated in Paragraphs 6.5.2.1 and 6.5.2.7 of the current Peach Bottom Technical Specifications make the NRB responsible for reviewing the work of the Peach Bottom Independent Safety Engineering Group and the Operating Experience Assessment Program for Peach Bottom.

10.2. Prior to each meeting of the NRB, each NRB member will be provided copies of the following materials (to the extent that any such materials were not previously provided to the members):

-- weekly items of interest concerning Peach Bottom;

- special NRC bulletins identifying significant deficiencies or problems potentially relevant to Peach Bottom;
- audit summaries and highlights by Nuclear Quality Assurance concerning Peach Bottom;
- licensee event reports concerning Peach Bottom;
- proposed changes to procedures, equipment or systems and tests at Peach Bottom which involve an unreviewed safety question;
- all NRC inspection reports concerning Peach Bottom;
- Peach Bottom-related reports of the Operating Experience Assessment Program; and
- quarterly reports on progress of the Commitment Tracking Program for Peach Bottom.

Collectively, the NRB shall be responsible for reviewing the foregoing materials.

10.3. On or before February 27, 1990, PECO shall submit to the NRC an application to amend the Technical

Specifications contained in Appendix A to facility operating licenses DPR-44 and DPR-56 for Peach Bottom. That amendment will specify the composition of the NRB and the frequency of its meetings as set forth in Section 10.1.

11. NUCLEAR COMMITTEE OF THE BOARD OF DIRECTORS

11.1. PECO shall maintain a Nuclear Committee of the Board of Directors ("NCB"). The NCB shall advise and assist the PECO Board of Directors on matters concerning PECO's nuclear operations. The NCB will review: (1) the safety, reliability, and quality of nuclear operations; (2) the effectiveness of the management of nuclear operations; and (3) the effectiveness of management systems for self-identification of problems and potential problems and for prompt and complete corrective actions. The NCB will meet at least four (4) times per year.

11.2. The NCB shall have at least two outside advisors with considerable experience in nuclear power plant operations. After February 27, 1993, however, one of the two advisors may also be a member of the NCB, so long as that person does not otherwise serve as an employee of PECO.

11.3. Prior to each meeting of the NCB, each member of the NCB will be provided copies of the following materials

(to the extent that any such materials were not previously provided to the members):

- monthly senior management reports concerning Peach Bottom;
- quarterly summary letters and trending reports of nuclear quality assurance concerning Peach Bottom;
- NRB summary reports concerning Peach Bottom;
- SALP evaluations on Peach Bottom and PECO responses thereto;
- INPO evaluation reports on Peach Bottom and PECO responses thereto;
- NRC inspection reports which contain notices of violation concerning Peach Bottom and PECO responses thereto; and
- Nuclear Quality Assurance Peach Bottom audits with significant safety findings.

11.4. The outside advisors to the NCB will receive and shall be generally responsible for reviewing the documents listed in Sections 10.2 and 11.3.

12. OPERATING EXPERIENCE ASSESSMENT PROGRAM

12.1. PECO shall maintain an Operating Experience Assessment Program ("OEAP") for Peach Bottom. The OEAP program shall be in conformance with the description in NGS-OXX.Y (issued by PECO on June 15, 1988) or with another administrative procedure which is as specific and effective as NGS-OXX.Y.

13. VENDOR EQUIPMENT TECHNICAL INFORMATION PROGRAM

13.1. Prior to the restart of Peach Bottom, PECO shall establish and thereafter shall maintain an effective Vendor Equipment Technical Information Program ("VETIP") for Peach Bottom in conformance with the "Existing Program" description in the March 1984 Nuclear Utility Task Action Committee report on NRC Generic Letter 83-28 (the "NUTAC Report"). This Paragraph, however, does not apply to the OEAP element of the VETIP program, which is covered by Section 12.1.

13.2. On or before February 27, 1990, PECO will develop a Nuclear Group Administrative Procedure ("NGAP") describing the implementation of its VETIP program for Peach Bottom. Thereafter, PECO shall follow that NGAP at Peach Bottom, except that PECO may modify the NGAP so long as it continues to conform with the NUTAC Report referenced in Section 13.1.

14. EFFECTIVE DATE

14.1. The provisions of this Agreement shall become effective five (5) business days after the United States Court of Appeals for the Third Circuit has entered an order dismissing the Petition for Review filed by the Commonwealth in the proceeding captioned Commonwealth of Pennsylvania v. United States Nuclear Regulatory Commission, No. 88-3582. No provision of this Agreement shall become effective prior to that Effective Date.

15. MODIFICATION OR RELEASE

15.1. PECO may modify or be released from the substantive obligations set forth in Sections 2.1, 2.2, 3.2, 5.1, 5.2, 5.3, 6.1, 7.1, 7.2, 8.1, 8.2, 8.3, 8.4, 8.5, 9.1, 10.1, 10.2, 11.1, 11.2, 11.3, 11.4, 12.1, 13.1, or 13.2 of this Agreement only under the following circumstances:

(a) Except as provided for in Section 15.1(b), through February 27, 1993, PECO may not modify or be released from any obligations unless it first notifies the Commonwealth of the proposed modification or release and provides in writing a showing of good cause for such modification or release. If within twenty (20) business days after the Commonwealth receives such notice, PECO receives from the Commonwealth written notice that it believes that the showing provided is inadequate and a statement of the grounds therefor, PECO must make a good faith effort to address and accommodate the concerns of the Commonwealth, including, but not limited to, providing the Commonwealth in writing the basis for not accepting any Commonwealth recommendation relative to the modification or release. If the Commonwealth and PECO cannot reach agreement on the proposed change or modification, then no change or modification will occur.

(b) At any time, PECO may modify or be released from obligations set forth in this Agreement by the NRC Region I Administrator (or his designate) upon a showing that the proposed changes are necessary to bring Peach Bottom into conformance with new or changed NRC regulations or a showing that the proposed modifications and/or remaining obligations under the relevant Section will comparably satisfy the intent of the obligations in that Section, or if the Section has been modified previously, the intent of that Section as modified.

The intent of an obligation shall be determined by reference to the function that the obligation plays in furthering the safe operation of Peach Bottom and not only to the specifics of the obligation itself.

(c) After February 27, 1993, PECO may modify or release its obligations for good cause without prior opportunity for review and comment by the Commonwealth nor prior NRC approval if not otherwise required, so long as PECO reports such action to the Commonwealth within 20 days of such modification or release.

(d) Consistent with the NRC's regulations in 10 C.F.R. § 50.54(x), nothing in this Agreement shall preclude the licensee from taking a reasonable action that represents a departure from the terms of the Agreement in an emergency when the action is immediately needed to protect the health and safety of the public.

15.2 To the extent that any proposed License Amendment, Security Plan revision, or Quality Assurance Program revision described in Sections 3.1, 3.3, 3.4, 4.1, 5.4, or 10.3 of this Agreement is approved or accepted by the NRC or otherwise becomes effective, PECO will not seek the NRC's approval to alter the provisions contained in said amendments or revisions at any time prior to February 27, 1993, unless it

first notifies the Commonwealth of the proposed alteration and provides in writing a showing of good cause for such alterations. If within twenty (20) business days after the Commonwealth receives such notice, PECO receives from the Commonwealth written notice that it believes that the showing provided is inadequate and a statement of the grounds therefor, PECO must make a good faith effort to address and accommodate the concerns of the Commonwealth, including, but not limited to, providing the Commonwealth in writing the basis for not accepting any Commonwealth recommendation relative to the alteration. PECO and the Commonwealth understand that in accordance with this Agreement, the NRC will not approve any alteration unless it determines that the alteration will maintain and not detract from existing safe operation of Peach Bottom.

15.3. Notice provided to the Commonwealth under this Agreement shall be sent by certified mail to the Chief of the Division of Nuclear Safety of the Commonwealth's Bureau of Radiation Protection with a copy sent to the Office of the Chief Counsel in the Bureau of Regulatory Counsel for the Department of Environmental Resources. In both instances, the envelope containing the notice shall be marked "Important: Changes Proposed in Negotiated Obligations for Peach Bottom." Notice to PECO under the aforementioned sections shall be sent

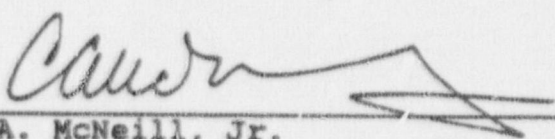
to the signatory of the PECO notice to which the Commonwealth is responding.

15.4. All restrictions on modification or release set forth in Section 15.1 shall terminate on February 27, 1997. All restrictions on alterations set forth in Section 15.2 shall terminate on February 27, 1993.

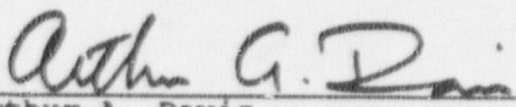
16. NRC AUTHORITY

16.1. PECO and the Commonwealth understand and agree that interpretation and enforcement of this Agreement is exclusively within the jurisdiction of the NRC. PECO and the Commonwealth further understand that the Agreement will be subject to a Confirmatory Action Letter to be issued by the NRC.

DATE: June 20, 1989


C.A. McNeill, Jr.
Executive Vice President-Nuclear
Philadelphia Electric Company

DATE: JUN 14 1989


Arthur A. Davis
Secretary of Environmental Resources
Commonwealth of Pennsylvania



UNITED STATES
NUCLEAR REGULATORY COMMISSION
REGION I
475 ALLENDALE ROAD
KING OF PRUSSIA, PENNSYLVANIA 19406

June 27, 1989

Docket No.: 50-277/278
CAL No.: 82-10

Philadelphia Electric Company
ATTN: C. A. McNeill, Jr.
Executive Vice President - Nuclear
2301 Market Street
P. O. Box 8699
Philadelphia, Pennsylvania

Gentlemen:

This letter confirms commitments made in a settlement agreement between Philadelphia Electric Co. (PECo), and the Commonwealth of Pennsylvania (the Commonwealth) as set forth in the Enclosure (the Agreement).

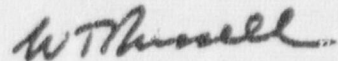
We understand that you have instituted or will institute the actions set forth in the Agreement and herein incorporate the Agreement by reference. The NRC staff does not object to said Agreement and considers it to represent a commitment by the Philadelphia Electric Company with respect to the issues addressed therein. It is noted that the provisions of the Agreement form part of the basis for the settlement of a matter currently pending before an Atomic Safety and Licensing Board, and the Court of Appeals for the Third Circuit, and accordingly, the NRC staff will work with the parties to facilitate the implementation of the Agreement by the Commonwealth and PECo, with a view toward the termination of those proceedings.

You are reminded that any changes to the plant procedures, Final Safety Analysis Report (FSAR) and facility Technical Specifications (TS) must continue to be made pursuant to the NRC's regulations in 10 CFR Part 50. For matters covered by 15.2 of the Agreement, the NRC will not approve any alteration unless it determines that the alteration will maintain and not detract from existing safe operation of Peach Bottom. Also, if at any time there arises a conflict between the NRC's requirements and the provisions of the Agreement, the NRC requirements shall take precedence. Accordingly, the NRC considers that it has the full authority to modify or release any or all provisions of the Agreement at any time with prompt notification to all the parties.

It is further noted that conforming changes to the FSAR and TS are not mandatory to implement the Agreement except as may be specified in 10 CFR 50.4, 50.71(e) and 50.59.

Thank you for your cooperation in this matter.

Sincerely,

A handwritten signature in cursive script, appearing to read "W T Russell".

William T. Russell
Regional Administrator

Enclosure:
Agreement Between the
Philadelphia Electric
Company and the Commonwealth
of Pennsylvania

AGREEMENT

THIS AGREEMENT, made this 20th day of June 1989,
by and between the Commonwealth of Pennsylvania ("Com-
monwealth") and the Philadelphia Electric Company ("PECo");

WITNESSETH:

WHEREAS, PECO operates the Peach Bottom Atomic Power
Station ("Peach Bottom") which is located in York County,
Pennsylvania;

WHEREAS, representatives of the Commonwealth and of
PECo have reached agreement regarding various issues involved
in the restart plan for Peach Bottom;

NOW THEREFORE, the Commonwealth and PECO, in consid-
eration of the promises and agreements hereinafter set forth,
and intending to be legally bound thereby, hereby promise and
agree as follows:

1. Withdrawal of Petition for Review. Within
three (3) business days after receipt of notification that the
Atomic Safety and Licensing Board ("ASLB") of the United
States Nuclear Regulatory Commission ("NRC") has entered an

order terminating the proceeding captioned In the Matter of Philadelphia Electric Company (Peach Bottom Atomic Power Station, Units 2 and 3), Docket Nos. 50-277 & 50-278, ASLBP No. 88-569-06-OLA, the Commonwealth shall file before the United States Court of Appeals for the Third Circuit all documentation necessary to effect the dismissal of the Petition for Review filed by the Commonwealth in the proceeding captioned Commonwealth of Pennsylvania v. United States Nuclear Regulatory Commission, No. 88-3582.

2. The Commonwealth and PECO shall cooperate fully and do all things necessary to obtain as soon as possible the dismissal of the Petition for Review referenced in Paragraph 1.

3. Personnel Transfers. Before transferring any persons in the upper levels of Peach Bottom management (i.e., site vice president; manager, project; manager, plant; manager, support; superintendent, training; superintendent, outages; superintendent, modifications; superintendent, planning, scheduling and reporting; superintendent, operations; superintendent, maintenance, instrumentation and controls; superintendent, technical; superintendent, plant services; superintendent, administration; and superintendent, materials) to the Limerick Generating Station ("Limerick"), PECO shall provide

the Division of Nuclear Safety of the Commonwealth's Bureau of Radiation Protection (the "Division") with written notice of the transfer and of the identity of the transferee's replacement and shall provide a comparison of the transferee's and his or her replacement's relative qualifications.

4. The provisions of Paragraph 3 shall be effective only during the start-up of Unit 2 at Limerick and for one (1) year thereafter, and they shall in any event expire on February 27, 1993.

5. ANSI Standards. Pursuant to an "Agreement Between Philadelphia Electric Company and the Commonwealth of Pennsylvania" (dated June 20, 1989) (the "NRC Agreement"), it is anticipated that PECO will conduct an analysis of the standards set forth in ANSI/ASME NQA-1-1986, entitled "Quality Assurance Program Requirements for Nuclear Facilities," and establish a plan for implementation which will include a schedule for submittals to the NRC (pursuant to 10 C.F.R. § 50.4(b)(7)) revising the Peach Bottom Quality Assurance Program to incorporate those additional standards set forth in ANSI/ASME NQA-1-1986 which would enhance the Quality Assurance Program at Peach Bottom.

6. Upon establishment of the plan for implementation referenced in Paragraph 5, PECO shall provide the Division with a report on PECO's comparative analysis of the standards set forth in ANSI/ASME NQA-1-1986 as referenced in Paragraph 5 and a copy of the plan for implementation as referenced in Paragraph 5. PECO shall provide said materials to the Division prior to making any submittals to the NRC revising the Peach Bottom Quality Assurance Program pursuant to the plan for implementation referenced in Paragraph 5.

7. Within a reasonable period after receipt of a written request by the Division, PECO shall make available for review by the Division the following information regarding each PECO employee who is assigned to Peach Bottom and who is subject to ANSI/ANS-3.4-1983, ANSI/ANS-3.1-1981, ANSI/ANS-3.1-1987, ANSI/ANS-3.3-1982 and ANSI/ASME NQA-1-1986 (to the extent that any of those standards are then applicable to Peach Bottom): (a) a list of said employees who are subject to each standard, (b) documents stating whether the listed employees meet the applicable standards, and (c) information permitting assessment of each employee's compliance with those standards. The Division may review such information one time during each calendar year.

8. Drug and Alcohol Programs. Within a reasonable period after receipt of a written request from the Division, PECO shall make available for review by the Division a written summary of all Peach Bottom drug incidents and dispositions for the prior twelve (12) month period. This summary shall not include the names of any employees. The Division may review such information once during each calendar year.

9. Reactor Operators. Within a reasonable period after receipt of a written request by the Division, PECO shall make available to the Division information in an easily readable form sufficient to permit the Division to evaluate each day of overtime worked by any Peach Bottom reactor operator during the previous twelve (12) month period. The Division may request to review such information one time during each quarter of the calendar year. However, the Division may make a written request that the foregoing information be made available for review by the Division on a monthly basis for each of the following two months and shall state the reasons for any such request. PECO will not unreasonably withhold the granting of such requests for monthly review.

10. Nuclear Quality Communications. Within a reasonable period after receipt of a written request from the

Division, PECO shall make available for review by the Division a list of those instances during the prior twelve (12) month period in which the Peach Bottom Site Vice President has been advised of allegations that a PECO employee assigned to Peach Bottom or a PECO contractor employee assigned to Peach Bottom has been discouraged from raising a nuclear quality issue concerning Peach Bottom or has been discriminated against by PECO or a PECO contractor for raising a nuclear quality issue concerning Peach Bottom. The Division may review such information one time during each calendar year.

11. Pursuant to the NRC Agreement, it is anticipated that PECO will maintain a Nuclear Quality Assurance Hotline, providing a means through which employees may identify nuclear quality concerns in the event of employee reluctance to take such concerns openly to supervisors or management.

12. To the extent that the Nuclear Quality Assurance Hotline referenced in Paragraph 11 is maintained, PECO shall maintain records showing (a) each concern regarding Peach Bottom raised by an individual contacting the Nuclear Quality Assurance Hotline and (b) the disposition of each such concern. Within a reasonable period after receipt of a written request from the Division, PECO shall make available

for review by Division representatives the aforementioned records for the prior twelve (12) month period. The Division may review such information one time during each calendar year.

13. Any review of records conducted by the Division pursuant to Paragraph 12 shall be subject to the following conditions:

(a) Any review of any records referenced in Paragraph 12 shall be made in PECO's offices. The Division's representatives will not request copies of any such records, but they may take notes while reviewing the records.

(b) Any notes taken by Division representatives during a review of any records referenced in Paragraph 12 may be viewed solely by personnel in the Commonwealth's Department of Environmental Resources (the "Department"), the Commonwealth's Bureau of Radiation Protection, or by counsel for the Department, and such notes shall at all times remain in the physical custody, protection, and control of the Division.

(c) Neither the Division, the Division representatives who have reviewed any records referenced in Paragraph 12, nor any of the personnel referenced in

Paragraph 13(b) may disclose to any persons (other than those personnel referenced in Paragraph 13(b)) or otherwise publicize any information obtained from any review of the records referenced in Paragraph 12. The Division, however, may make comments to the NRC which reflect information obtained from a review of the records referenced in Paragraph , may disseminate copies of any official written comments made to the NRC, and may publicly provide information necessary to explain those official written comments.

(d) Notwithstanding any provisions in Paragraph 13(c), neither the Division, the Division representatives who have reviewed any records referenced in Paragraph 12, nor any of the personnel referenced in Paragraph 13(b) may disclose to any persons, other than those listed in Paragraph 13(b) or to the NRC, the names of any persons contained in the records referenced in Paragraph 12. In the event that any comments made to the NRC pursuant to Paragraph 13(c) include the names of any persons contained in the records referenced in Paragraph 12 or any information from which identification of such persons could reasonably be made, the Division (i) shall request in advance that the NRC keep such names or information in its investigation files and that such names or information be subject to any restrictions on disclosure applicable to those files and (ii) shall not release any copies of its

official written comments without first excising those names or such information from the comments.

(e) Before any representative of the Division may review any records referenced in Paragraph 12 pursuant to that Paragraph or view any notes taken pursuant to Paragraph 13(a), he or she shall first advise PECO in writing that he has read and understands Paragraphs 12 and 13 of this Agreement and all subparts thereof.

14. Pursuant to the NRC Agreement, it is anticipated that PECO will make revisions to its existing Employees' Suggestion System to include nuclear quality concerns, thereby providing a system of financial rewards for those PECO employees raising nuclear quality concerns. Alternatively, it is anticipated that PECO may establish a comparable system (separate from the Employees' Suggestion System) for providing financial rewards to PECO employees raising nuclear quality concerns.

15. Upon completion of the revisions to the existing Employees' Suggestion System or the establishment of a comparable system as referenced in Paragraph 14, PECO shall provide the Division with a written description of the revised

Employees' Suggestion System or the alternate comparable system.

16. PECO shall post on the Peach Bottom premises notices to be provided by the Division, which invite employees to make their quality concerns known to Division employees. These notices shall contain phone numbers and promises of anonymity and shall be placed so that they are accessible to all Peach Bottom employees. The parties intend that neither the size, number, nor content of the notices required under this Paragraph shall interfere with NRC notices. To further this intent, the Commonwealth shall consult and coordinate its notices with the NRC.

17. Commitment Tracking. Pursuant to the NRC Agreement, it is anticipated that PECO will maintain the commitment tracking program described in NGAP-002.X (issued by PECO on July 1, 1988) or a comparable program.

18. To the extent that PECO maintains the commitment tracking program or a comparable program as described in Paragraph 17, PECO shall, within a reasonable period after receipt of a written request, provide the Division a copy of its commitment tracking list for open Peach Bottom issues.

The Division may obtain such a list one time during each calendar year.

19. Any list provided to the Division pursuant to Paragraph 18 shall be viewed only by personnel in the Department, the Commonwealth's Bureau of Radiation Protection, or by counsel for the Department and shall at all times remain in the physical custody, protection, and control of the Division.

20. To the extent that PECO maintains the commitment tracking program or comparable program referenced in Paragraph 17, PECO shall, within a reasonable period after receipt of a written request, make available for review by the Division PECO's commitment tracking list for closed Peach Bottom items. The Division may review such information one time during each calendar year.

21. Nuclear Review Board and Nuclear Committee of the Board of Directors. Pursuant to the NRC Agreement, it is anticipated that PECO will maintain a Nuclear Review Board ("NRB") and a Nuclear Committee of the Board of Directors ("NCB").

22. To the extent that PECO maintains the NRB referenced in Paragraph 21, an employee of the Division shall be allowed to attend meetings of the NRB.

23. To the extent that PECO maintains the NCB referenced in Paragraph 21, PECO shall, within a reasonable time after receipt of a written request, make available for review by the Division minutes of meetings of the NCB for the prior twelve (12) month period, to the extent that said minutes relate to nuclear power plant operational issues. The Division may review such information one time during each calendar year.

24. Operating Experience Assessment Program.
Pursuant to the NRC Agreement, it is anticipated that PECO will maintain an Operating Experience Assessment Program ("OEAP") for Peach Bottom which shall be in conformance with the description in NGS-OXX.Y (issued by PECO on June 15, 1988) or with another administrative procedure which is as specific and effective as NGS-OXX.Y.

25. To the extent that PECO maintains the OEAP referenced in Paragraph 24, PECO shall inform the Division in writing of any modification in the administrative procedure for its OEAP within one month of issuance of the modification

and shall provide a written explanation of how the modified OEAP is both as effective and specific as the then-existing OEAP.

26. To the extent that PECO maintains an OEAP as discussed in Paragraph 24, PECO shall, within a reasonable time after receipt of a written request, make available for review by the Division its computer lists and files showing each report received and each evaluation made as part of the OEAP during the prior twelve (12) month period. To the extent that such materials are normally maintained at the Peach Bottom site, they shall be made available for review at the Peach Bottom site. The Division may request copies of selected documents from among these materials, and the granting of such requests shall not be unreasonably withheld by PECO. The Division may review such materials one time during each calendar year.

27. Vendor Equipment Technical Information Program.
Pursuant to the NRC Agreement, it is anticipated that PECO will establish and maintain a Vendor Equipment Technical Information Program ("VETIP") for Peach Bottom in conformance with the "Existing Program" description in the March 1984 Nuclear Utility Task Action Committee Report on NRC Generic

Letter 83-28 (the "NUTAC Report") (except for the OEAP element thereof).

28. To the extent that PECO maintains the VETIP referenced in Paragraph 27, PECO shall, within a reasonable time after receipt of a written request, make available for review by the Division information, including files and computer lists, sufficient to permit the Division reasonably to assess compliance with PECO's VETIP commitments to the NRC. To the extent that such materials are normally maintained at the Peach Bottom site, they shall be made available for review at the Peach Bottom site. The Division may review such materials one time during each calendar year.

29. Pursuant to the NRC Agreement, it is anticipated that PECO will develop a Nuclear Group Administrative Procedure ("NGAP") describing the implementation of its VETIP program for Peach Bottom.

30. Within a reasonable time after completion of the NGAP referenced in Paragraph 29, PECO shall provide the Division with a copy of the NGAP. Thereafter, PECO shall provide the Division with a copy of any modification PECO makes to the NGAP within one month after the modification is made.

31. INPO Documents. It is anticipated that the Institute of Nuclear Power Operations ("INPO") will periodically make overall evaluations of operations at the Peach Bottom site and that INPO will give PECO a copy of any written final reports that it may issue concerning such site evaluations ("INPO Final Site Evaluation Reports"). Further, it is anticipated that INPO will periodically make overall evaluations of corporate support for PECO nuclear operations and that INPO will give PECO a copy of any written final reports that it may issue concerning such corporate support evaluations ("INPO Final Corporate Support Evaluation Reports").

32. Within a reasonable time after receipt of a written request from the Division, PECO shall make available for review by Division representatives copies of any of the INPO Final Site Evaluation Reports or INPO Final Corporate Support Evaluation Reports referenced in Paragraph 31 which were given to PECO by INPO during the prior twelve (12) month period. The Division may review such reports one time during each calendar year. PECO may excise from the INPO Final Corporate Support Evaluation Reports any references to Limerick.

33. Any review of INPO Final Site Evaluation Reports or INPO Final Corporate Support Evaluation Reports

conducted by the Division pursuant to Paragraph 32 shall be subject to the following conditions:

(a) Any review of an INPO Final Site Evaluation Report or an INPO Final Corporate Support Evaluation Report shall be made in PECO's offices in the presence of PECO representatives. The Division's representatives will not request copies of any or all of a Report, but they may take notes while reviewing a Report.

(b) Any notes taken by Division representatives during a review of an INPO Final Site Evaluation Report or an INPO Corporate Support Evaluation Report may be viewed solely by personnel in the Commonwealth's Department of Environmental Resources (the "Department"), the Commonwealth's Bureau of Radiation Protection, or by counsel for the Department and shall at all times remain in the physical custody, protection, and control of the Division.

(c) Neither the Division, the Division representatives who reviewed any INPO Final Site Evaluation Report or INPO Final Corporate Support Evaluation Report, nor any of the personnel referenced in Paragraph 33(b) may disclose to any persons (other than those personnel referenced in Paragraph 33(b)) or otherwise publicize any information obtained from

any review of an INPO Final Site Evaluation Report or an INPO Final Corporate Support Evaluation Report. The Division, however, may make comments to the NRC which include factual information obtained from the review of an INPO Final Site Evaluation Report or an INPO Final Corporate Support Evaluation Report, may disseminate copies of any official written comments made to the NRC, and may publicly provide information necessary to explain those official written comments. The Division shall not, however, make statements paraphrasing general conclusions in any INPO Final Site Evaluation Report or INPO Final Corporate Support Evaluation Report.

(d) Notwithstanding any provisions in Paragraph 33(c), neither the Division, the Division representatives who have reviewed any INPO Final Site Evaluation Reports or any INPO Final Corporate Support Evaluation Reports, nor any of the personnel referenced in Paragraph 33(b) may disclose to any persons, other than those listed in Paragraph 33(b) or to the NRC, the names of any persons contained in an INPO Final Site Evaluation Report or an INPO Final Corporate Support Evaluation Report or any information from which identification of such persons could reasonably be made. In the event that any comments made to the NRC pursuant to Paragraph 33(c) include the names of any persons contained in an INPO Final Site Evaluation Report or INPO Corporate Support Evaluation

Report or any information from which identification of such persons could reasonably be made, the Division (i) shall request in advance that the NRC keep such names or information in its investigation files and that such names or information be subject to any restrictions on disclosure applicable to those files and (ii) shall not release any copies of its official written comments without excising those names or such information from the comments.

(e) Before any representative of the Division may review an INPO Final Site Evaluation Report or an INPO Final Corporate Support Evaluation Report pursuant to Paragraph 32 or view any notes taken pursuant to Paragraph 33(a), he shall first advise PECO in writing that he has read and understands Paragraphs 32 and 33 of this Agreement and all subparts thereof.

34. Modification Or Release Under NRC Agreement.
Pursuant to the NRC Agreement, it is anticipated that after February 27, 1993, PECO may on occasion modify or release certain of its obligations under the NRC Agreement and report such action to the Commonwealth.

35. To the extent that PECO reports modification or release of certain of its obligations under the NRC Agreement

pursuant to the procedures described in Paragraph 34, PECO shall, within a reasonable time after receipt of a written request, provide the Division with a written statement containing PECO's views as to whether its termination, release, or modification of obligations under the NRC Agreement can be supported by a showing of good cause.

36. Effective Period. Except as otherwise noted, the provisions of this Agreement shall be effective immediately upon execution by the Commonwealth and by PECO. However, the provisions of Paragraphs 3, 6, 7, 8, 9, 10, 12, 15, 16, 18, 20, 22, 23, 25, 26, 28, 30 and 32 shall become effective only upon the issuance of a final order by the United States Court of Appeals for the Third Circuit dismissing the Petition for Review filed by the Commonwealth in the proceeding referenced in Paragraph 1. The provisions of Paragraphs 6, 7, 8, 9, 10, 12, 15, 16, 18, 20, 22, 23, 25, 26, 28, 30 and 32 and any obligations thereunder shall expire on February 27, 1993. The provisions of Paragraph 35 and any obligations thereunder shall expire on February 27, 1997. In the event of any material violation of Paragraphs 13, 19, or 33, PECO may immediately terminate any or all of its obligations under this Agreement.

37. Information References. The provisions of Paragraphs 5, 11, 14, 17, 21, 24, 27, 32, and 34 are included in this Agreement solely for reference and informational purposes. None of the provisions of those Paragraphs shall be enforceable in any manner under this Agreement.

38. Review of Materials. To the extent that Paragraphs 7, 8, 9, 10, 12, 13, 20, and 23 provide that PECO shall "make available for review" certain specified materials, PECO may elect to make such materials available for such review either at its main offices at 2301 Market Street, Philadelphia, Pennsylvania, or at the Peach Bottom site. Except as otherwise noted, neither the Division nor the Commonwealth shall have a right under this Agreement to obtain copies of materials which are made available for review pursuant to this Agreement. However, notes may be taken on the materials reviewed.

39. Applicability of Agreement. To the extent that any information is provided to or made available for review by the Division pursuant to this Agreement, the Division shall abide by the restrictions stated herein on the uses and handling of such information. Any information referred to in this Agreement which is provided to or made available for review by the Division shall be deemed to have been provided

pursuant to this Agreement, unless PECO is notified to the contrary in advance of providing or making available for review said information. The restrictions stated herein on the uses and handling of information shall not apply, however, to any information provided to or made available for review by the Division which is also obtained by the Division without such restrictions from a source other than PECO, its employees, or its agents, or which is also obtained by the Division without such restrictions under the provisions of this Agreement. The Division may attempt to obtain or access information on the basis of any claim of statutory authority without being subject to restriction, so long as the Division first disclaims any reliance on this Agreement for that purpose. In such event, notwithstanding any provisions of this Agreement, PECO may resist such production by challenging such claim of statutory authority or otherwise asserting any defenses.

40. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Pennsylvania applicable to agreements made and to be performed in the Commonwealth of Pennsylvania.

41. Enforcement. The Parties stipulate that they may seek to enforce this Agreement by requesting specific performance or other appropriate relief in a Pennsylvania

court of competent jurisdiction to the extent authorized by law. Solely for purposes of this Agreement, and for no other purpose, PECO further stipulates that any information it is obliged to make available under this Agreement lies within the statutory authority of the Commonwealth to compel by instituting legal proceedings in a Pennsylvania court of competent jurisdiction.

42. Before initiating any legal proceedings concerning this Agreement, the Party to this Agreement contemplating such action shall notify the other Party of the proposed action. After providing such notice, the Party contemplating action shall not initiate such action until the other Party is allowed a reasonable opportunity to correct any alleged noncompliance with this Agreement.

43. Entire Agreement. This Agreement contains, and is intended as, a complete statement of all the terms of the arrangements between the Parties with respect to the matters provided for in this Agreement.

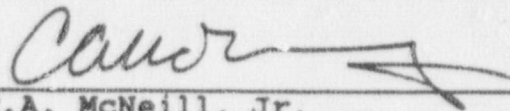
44. Good Faith. The Division and PECO will carry out this Agreement in good faith and in a spirit of cooperation.

45. Prior Agreement. This Agreement shall supersede in all respects the similar agreement concerning Peach Bottom executed by representatives of the Commonwealth and representatives of PECO on February 27, 1989.

IN WITNESS WHEREOF, representatives of the Commonwealth and representatives of PECO have signed this Agreement as of the date written above.



Arthur A. Davis
Secretary of Environmental
Resources
Commonwealth of Pennsylvania



C.A. McNeill, Jr.
Executive Vice President-Nuclear
Philadelphia Electric Company