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OFFICE OF SECRETARY
DOCKETING & SERVICE Nuclear Task Force

NUCLEAR REGULATORY COMMISSION

50-424-04A-3

Docket No. 50-424-04A-3 Official Exh. No. _____
In the matter of _____
Staff _____ IDENTIFIED ☒
Applicant _____ RECEIVED ☒
Intervenor ☒ REJECTED ☐
Contg. Offr. _____
Contractor _____ DATE 1-5-95
Other _____ Witness Patrick McDonald
Reporter C. Riner

DATE: March 16, 1988
SUBJECT: Task Force Activities
Log: CA-48
FROM: T. J. McHenry
TO: R. P. McDonald

The Nuclear Company Phase II task force mission has been described in many forums as a nuclear operating company feasibility and implementation study. In practice, this mission has been somewhat distorted by a clear and consistent unwritten philosophy that the Southern Company, in effect, has already decided to form a nuclear operating company. Thus, task force activities have concentrated on how to implement the formation of a Southern Nuclear Operating Company and identification of any overwhelming reasons why such an enterprise could not be formed. Overwhelming reasons fall into very limited categories, e.g., illegal, NRC operating license transfer problem or delay of Vogtle 2 licensing. Most potential problems identified have not fallen into the overwhelming impediment category. Therefore, the task force has neither developed nor shared much information externally.

In the recommendation from Phase I to form a Phase II task force, it appears that our mission was not only to further explore the implementation issues identified in Phase I, but also to define the risks which were acknowledged (but not defined) in Phase I. Therefore it appears that the task force mission was intended to provide the Southern System decision makers with the best and the worst scenarios in the most risky areas.

It is the intent of this paper to suggest that a complete picture -- positive and negative -- results of phase II be presented to the appropriate Southern System decision makers. It is not the intent of this paper to suggest additional studies or development of plans to eliminate potential downside problems.

I am concerned that we should not be so mesmerized by the "make-it-happen" philosophy that we fail to include the swamps in an otherwise rosy pictures. It is my opinion that in the formation of the nuclear company, we will have to wade through a few major swamps before we reach the rose garden. My concern is that Southern management may not be adequately informed about such potentialities.

Based on my involvement in Phase II, I believe that the swampy areas are as follows: (There are probably others.)

- Labor relations
- NRC licensing transfer for operating units
- NRC licensing of Vogtle Unit 2
- Staffing (including selection, relocation, salary administration)
- Projected operating costs and savings
- MIS support program complications
- Adverse impact on existing operating companies

While we have developed a confident positive picture in Phase II for each of these areas, there is a negative side to each of these areas -- a worst case scenario. I believe that it is our fundamental obligation to at least develop a worst case write-up in these areas. I am not suggesting an endless "what-if" game but there are clearly identifiable unknowns and realistic foreseeable worst outcomes in these areas. For example, in the labor relations area our best case is that we quickly negotiate a single contract with existing covered employees at all three facilities. We have developed a straw-man strategy to support this outcome. On the other hand, the worst case is that existing APC/GPC covered employees remain APC/GPC employees contracted to work under management direction of SONOPCO. What events might cause this to occur could only be speculated and the probability would seem very low but there is some finite possibility of this outcome. There is also an in-between possibility of continuing with two separate bargaining units. The key fact is that we have not had any discussion with I.B.E.W. representatives. Therefore, predicting the outcome with any certainty is impossible.

I cannot overemphasize that the point of all of this is not to discourage anyone by emphasizing negative factors, nor is it a CYA for the Phase II task force; rather to suggest that we have an obligation to present a balanced picture upon which management can take appropriate actions based on full knowledge of possible outcomes. Laying all the cards on the table is also consistent with the approach taken in Phase I.

We should not lose sight of the fact that the proposed methodology for the formation of a single stand-alone nuclear operating company has never been done before. Therefore there is no experience base upon which we can plan actions and predict outcomes with any certainty. I believe that, to date, the task force has been too influenced by the feeling that Southern management wants this to happen regardless of the outcome; therefore it is our job to make it happen and not to point out swamps. I strongly recommend that we adopt a no surprises philosophy with the appropriate Southern System senior executives.

cc: C-NORMS (X7CA01-G000)
S-File (8.0)

