

NIAGARA MOHAWK POWER CORPORATION

NIAGARA MOHAWK

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SYRACUSE, N Y 13202

GERALD K. RHODE
SENIOR VICE PRESIDENT

January 27, 1984
(8002)

Dr. Thomas E. Murley
Regional Administrator
United States Nuclear Regulatory Commission
Region I
631 Park Avenue
King of Prussia, Pennsylvania 19406

Dear Dr. Murley:

During our meeting with you and your staff on January 11, 1984, we indicated that we were evaluating some courses of action to enhance our ability to complete the construction and startup of Nine Mile Point Unit 2 with utmost attention to quality. More specifically, we initiated discussions with Management Analysis Corporation (MAC) early in November to assist in developing and implementing a plan for completion of the project that will provide for the earliest possible commercial operation date and full compliance with all quality and safety requirements. As you are undoubtedly aware, MAC is a San Diego-based firm consisting of over 300 professional consultants which provide management consulting services to the utility industry. A large percentage of their work involves consulting services with utilities engaged in the construction and operation of nuclear power plants. For this purpose, MAC retains senior level management personnel with extensive commercial nuclear experience. The firm's primary areas of consulting activity are project management, quality assurance management, decision and risk analysis, and organization development. MAC began work on the Nine Mile Point Unit 2 assignment on December 12, 1983.

Coincidentally, the NRC Office of Inspection and Enforcement's Construction Appraisal Team (CAT) examination of the project and its Systematic Assessment of Licensee Performance (SALP) assessment were underway during this same period. This letter to you is particularly timely in that the discussions and actions reported herein have a direct bearing on many of NRC's findings. More specifically, these decisions and actions should result in a prompt turnaround of deficiencies called to our attention in the above two NRC assessments.

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January 27, 1984

Foremost among the changes we are making is the infusion of a number of highly experienced professionals from MAC directly into key positions in the Niagara Mohawk project management organization. A new NMPC Project Director has been appointed, Mr William Morrison, who will be physically located at the site and will be the focal point for all management decisions and communications on Nine Mile Point Unit 2. Mr. Morrison will report to the undersigned as I will continue with my present organization accountabilities, including communications with the NRC. We see the role of the Project Director, in conjunction with the senior management of NMPC, as being the management driving force for the overall construction completion and startup of Nine Mile Point Unit 2. The NMPC Project Director will establish priorities and objectives, and provide direction to the Stone and Webster Project Manager so that Stone and Webster can fully implement their overall project responsibilities.

Among the key positions being filled by senior experienced personnel are six in NMPC's Quality Assurance Department, including a newly-designated Site Quality Assurance Manager. These personnel will report to NMPC's Quality Assurance Vice President, Mr. Donald P. Dise, and be physically located at the site to have their activities closely integrated with other elements of NMPC's site staff.

Other key positions being filled at this time from the MAC organization are Startup Manager, Field Engineering Manager, Engineering Manager, and Project Controls Manager. We are also requesting that Stone and Webster respond by having its Project Manager located at the Nine Mile Point Unit 2 site with full authority to represent Stone and Webster on all project matters. We would expect all Stone and Webster decisions and communications related to Nine Mile Point Unit 2 to be channeled through Stone and Webster's Project Manager. A summary organization chart depicting these changes is attached.

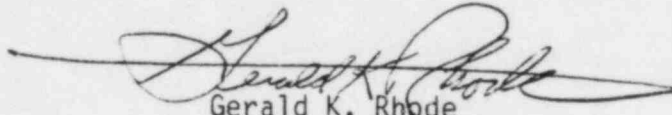
You should also be aware that Niagara Mohawk and SWEC have been actively involved in several programs aimed at improving the performance of ITT Grinnell. These programs stem from several NRC findings, as well as our own, regarding Grinnell's compliance with their quality assurance program, and their performance in cost and schedule control. ITT Grinnell has, within the last six months, increased their quality assurance staff from two to six with the addition of a Quality Director, QA Manager and two additional Staff Engineers. With this staff, ITT Grinnell will be in a better position to monitor their quality compliance and commitments. ITT Grinnell Construction Management has also implemented an accountability program which stresses craft compliance with quality requirements. The commitments are discussed weekly with craft foremen and the program is monitored by the ITT Grinnell QA staff. SWEC has supplemented ITT Grinnell's staff and additional enhancements are being developed and reviewed with ITT Grinnell management for implementation, e.g. additional QC personnel to reduce the "bow wave", engineering walkdowns, pre-inspection, etc.

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Moreover, with respect to the SALP findings transmitted to us by letter of December 29, 1983, and the preliminary CAT findings conveyed to us orally during the NRC team's December 9, 1983, Exit Interview, NMPC and SWEC have undertaken an aggressive program to identify all problem areas and develop appropriate corrective actions. I would like to assure you that Niagara Mohawk remains committed to the goal of building and operating safe nuclear power facilities. As we move forward with these new changes, we will be continually assessing our performance so as to be alert to any additional steps which experience may suggest.

Very truly yours,

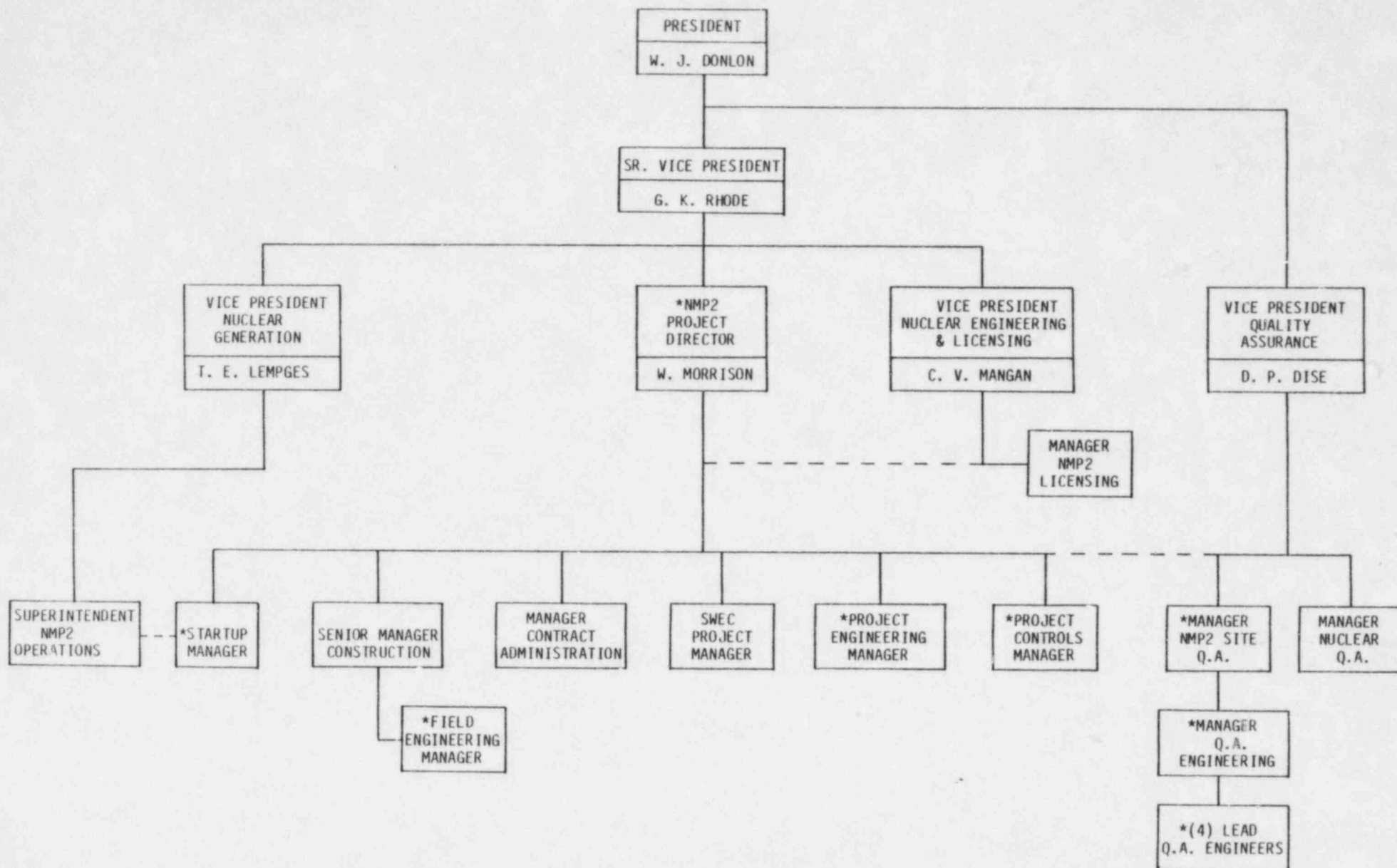
NIAGARA MOHAWK POWER CORPORATION


Gerald K. Rhode
Senior Vice President

GKR/AFZ:lf

cc: H. Denton
R. DeYoung
M. Haughey

NMPC NMP2 PROJECT ORGANIZATION



*NEWLY FILLED POSITIONS