

Testimony of F. A. Donofrio

Q. Please state your name and address.

A. My name is F. Allen Donofrio. My business address is 1001 Broad Street, Johnstown, Pennsylvania 15907.

Q. By whom are you employed and in what capacity?

A. I am employed by Pennsylvania Electric Company ("Penelec") as Comptroller.

Q. Please describe your educational and professional background.

A. A summary of my educational and professional background is set forth on Appendix A attached to this testimony.

Q. Please describe your duties as Comptroller at Penelec.

A. As Comptroller, I am directly responsible for all accounting books and records of the Company and the accounting controls and procedures which safeguard the assets of the Company and assure accurate financial records and reports, and for developing and monitoring budgets and assuring proper cost controls. My present position requires interfacing with all Penelec functions as well as accounting and financial personnel at the parent company ("GPU") and GPU Service Corporation ("GPUSC").

Q. What has been the nature and scope of your involvement in the planned management combination of Penelec and Metropolitan Edison Company ("Met-Ed")?

A. Shortly after the announcement of a combined management structure on January 17, 1980, W. A. Verrochi, designated President and Chief Operating Officer of the combined management organization, formed a committee to gather information and conduct various analyses in preparation for eventual implementation of the announced plan. This committee, consisting of F. J. Smith (Met-Ed), R. W. Conrad (Penelec) and myself, as project coordinator, sought and obtained input from various officers and other personnel at Penelec, Met-Ed, GPUSC, GPU and sources outside of the GPU System, including in particular Theodore Barry & Associates (which was conducting a management audit of the GPU System for this Commission) in order to formulate a rational strategy for implementation.

One of my contributions to this team effort, consistent with my present corporate responsibilities, has been to quantify the impact of the planned combined management and the reorganization of the operating divisions of Penelec and Met-Ed, including the development of accounting procedures, expense savings, avoided costs and cost allocation formulae.

Q. What is the purpose of your testimony in this proceeding?

A. In line with my contributions thus far to the development of the combined management organization and the planned divisional reorganization, the purpose of this testimony is to provide specific information and details on:

(1) the estimated potential cost savings that can be realized by the management combination and the divisional reorganizaton;

(2) a quantification of the anticipated costs projected to be avoided due to the management combination and divisional reorganization;

(3) the ratemaking and financing handling of the companies under the combined management organization; and

(4) allocation of compensation and fringe benefit costs for work performed which has not been identified with a specific company or project.

Q. Have you made an estimate of the potential cost savings and cost avoidance that can be accomplished by those two planned programs?

A. Yes. I estimate that \$18 million of potential savings and cost avoidance can be realized from the planned management combination and divisional reorganization.

Q. Please provide first of all a break-down of the cost savings expected to result from the combined Penelec/Met-Ed management and divisional reorganization.

A. It is our current projection that approximately \$9.6 million can be saved by reason of the management combination and divisional reorganization. These savings would result from the reduction of 247 employees in the supervisory, exempt, non-union/non-exempt and union job classifications. PN/ME Exhibit 7 shows the development of this projection based upon the attribution of certain payroll, fringe benefits, materials and supplies, transportation and miscellaneous expenses to the various positions that will be eliminated.

Q. Please provide a break-down of the costs expected to be avoided by virtue of the management combination and divisional reorganization.

A. In our projections in this area of cost control, we have used the term "cost avoidance" to mean expenses that would otherwise be incurred in the absence of any management combination. Without the combined structure, it would be necessary to duplicate staffs in Penelec and Met-Ed in order to achieve reasonable operating, productivity, conservation, procurement, customer service and communications objectives. Therefore, the economic benefits of the planned combination include "cost avoidance" dollars related to employee increases which would be needed in the absence of the combination. PN/ME Exhibit 8 shows projected cost avoidance of up to

\$7.7 million which would result from the avoidance of up to 205 positions in the supervisory, exempt, non-union/non-exempt and union categories which would be needed in the absence of the management combination. The \$7.7 million cost avoidance has been developed by attributing certain payroll, fringe benefits, materials and supplies, transportation and miscellaneous expenses to the avoided positions. The result of this process yields potential cost avoidance savings of up to \$2.8 million in generation, \$1.9 million in transmission and distribution; \$1.1 million in conservation and load management, \$.4 million in rate case management, \$.4 million in policies and procedures, \$.7 million in materials management and \$.4 million in the communications area.

Q. How are financings and rate case filings expected to be handled under the planned combined management structure?

A. As Mr. Dieckamp has previously indicated, the new structure is designed to have a single group of officers and key corporate staff manage both Pennsylvania based operating companies in the GPU system under the new names of Pennsylvania Electric Company-East ("Penelec-East") and Pennsylvania Electric Company-West ("Penelec-West").

While the companies will have common officers and directors, they will be completely distinct corporate entities

for all purposes, including accounting, financings and rate filings. Penelec-East and Penelec-West will obviously be treated separately and individually in the consideration of the appropriate timing and amounts of future rate requests before the Pennsylvania Public Utility Commission ("PUC") and the Federal Energy Regulatory Commission ("FERC"). Similarly, each of the companies will stand alone in the determination of the amount, timing and terms of their respective securities issuances.

Q. Please describe the payroll accounting methods you intend to utilize for the combined management personnel.

A. Each of the common officers and key corporate staff under the new structure will be designated as an employee of either Penelec-East or Penelec-West for purposes of payroll administration and will receive compensation and employee benefits solely from that company. When a common officer or key staff person performs specific work for a particular company, his or her compensation and fringe benefits will be charged directly to that company. Present and future employees will be required to maintain time records specifying for what company or project work was done, and their compensation and associated overheads will be allocated to the specific project and company indicated on their records.

Where work performed is not identified with a specific company or project, compensation and overhead costs of each employee will be allocated between Penelec-West and Penelec-East based on the type and nature of the services:

(1) transmission and distribution related costs will be allocated on the basis of the gross electric transmission and distribution plant of the two companies at the end of the preceding calendar year;

(2) energy sales or customer service related charges will be allocated on the basis of energy sales (MWH) to ultimate customers during the preceding calendar year;

(3) non-nuclear generating capacity charges (other than generating stations jointly owned by more than one utility) will be allocated on the basis of the respective ratios of the non-nuclear generation capability (MW) owned by the two companies at the end of the preceding calendar year (exclusive of generation stations jointly owned by more than one utility); and

(4) operation and maintenance charges will be allocated on the basis of the respective ratios of payroll and other operation and maintenance expenses (excluding fuel, purchased power, net interchange, joint stations and nuclear costs) of the two companies during the preceding calendar year;

If none of the above ratios is applicable, the allocation will be made based on the average of the four above ratios for the preceding calendar year.

APPENDIX A

PROFESSIONAL QUALIFICATIONS OF

F. ALLEN DONOFRIO

B. S. Degree - Fairleigh Dickinson University - Major in Accounting.

Graduate courses in Business Administration leading to Masters Degree.

Present member of the Accounting Division Executive Committee of Edison Electric Institute. Former member of the Taxation Committee and the Budgeting and Financial Forecasting Committee.

Graduate of the University of Michigan Public Utilities Executive Program.

August, 1976 to date: Comptroller of Pennsylvania Electric Company, Waverly Electric Light and Power Company, and the Nineveh Water Company, Johnstown, Pennsylvania.

February, 1976 to August, 1976: Principal Financial Analyst of the Management Systems Section of General Public Utilities Corporation located in Reading, Pennsylvania; Analysis and improvement of the Corporation's financial budgeting process, as well as, other financial reporting and analysis duties.

July, 1973 to February, 1976: Manager, Special Accounting of Jersey Central Power & Light Company, Morristown, New Jersey - Responsible for the Coordination and review of all company financings, regulatory filings, rate cases, and federal and other taxes.

January, 1972 to July, 1973: Staff Accountant of Jersey Central Power & Light Company, Morristown, New Jersey - Preparation of rate case schedules and testimonies, and all required filings with SEC, etc., required for financings.

June, 1969 to January, 1972: Supervisor, General Accounting of Jersey Central Power & Light Company, Morristown, New Jersey - Responsible for supervision of all General Accounting functions provided by the General Books, the Accounts Payable, and the Statistical Typing Sections.

August, 1964 to June, 1969: Various positions within Accounting Department of Jersey Central Power & Light Company, Morristown, New Jersey leading up to being made Senior Accountant responsible for the General Books Section in June, 1967.

COMBINED MANAGEMENT AND DIVISIONAL REORGANIZATION OF PENELEC AND MET-ED
 Potential Cost Savings
 (Annual)

<u>Employees</u>	<u>Supervisory</u>	<u>Exempt</u>	<u>Non-Union/ Non-Exempt</u>	<u>Union</u>	<u>Total</u>
PN divisional reorganization - reduction in T&D	20	34	9	10	73
ME divisional reorganization - reduction in T&D	4	88	26	18	136
Corporate combination-initial reduction in corporate headquarters employees	5	-	14	-	19
Corporate combination-additional reduction in corporate headquarters employees	<u>5</u>	<u>-</u>	<u>14</u>	<u>-</u>	<u>19</u>
Total	<u>34</u>	<u>122</u>	<u>63</u>	<u>28</u>	<u>247</u>

<u>Savings (\$ M's)</u>	<u>Payroll</u>	<u>Fringe Benefits</u>	<u>Materials and Supplies</u>	<u>Transportation</u>	<u>Misc. Exp. Inc. Office Space</u>	<u>Total</u>
PN divisional reorganization-reduction in T&D	\$1.47	\$.5	\$.5	\$.2	\$.2	\$ 3.1
ME divisional reorganization-reduction in T&D	2.9	.9	.9	.3	.3	5.3
Corporate combination-initial reduction in corporate headquarters employees	.4	.1	-	-	.2	.7
Corporate combination-additional reduction in corporate headquarters employees	<u>.4</u>	<u>.1</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>.5</u>
Total	<u>\$5.4</u>	<u>\$1.6</u>	<u>\$1.4</u>	<u>\$.5</u>	<u>\$.7</u>	<u>\$ 9.6</u>
Rounded						<u>\$10.0</u>

Assumptions:

Annualized Salaries are Actual as of 1/1/80:

Supervisors	\$32,000
Exempt	23,000
Non-Union/Non-Exempt	14,000
Union	18,000

Fringe Benefits - 30% of Payroll

Materials and Supplies - 30% of Payroll

Transportation - 10% of Payroll

Mis. Exp. Inc. Office Space - 10% of Payroll

COMBINED MANAGEMENT OF PENELEC AND MET-ED
Potential Cost Avoidance Savings
 (Annual)

<u>Employees</u>	<u>Supervisory</u>	<u>Exempt</u>	<u>Non-Union/ Non-Exempt</u>	<u>Union</u>	<u>Total</u>
PN cost avoidance	9-17	18-34	18-34	-	45-85
ME cost avoidance	15-24	30-48	30-48	-	75-120
Total	24-41	48-82	48-82	-	120-205

<u>Savings (\$ M's)</u>	<u>Payroll</u>	<u>Fringe Benefits</u>	<u>Materials and Supplies</u>	<u>Transportation</u>	<u>Misc. Exp. Inc. Office Space</u>	<u>Total</u>
PN cost avoidance	\$.9-1.8	\$.3-.5	\$.3-.5	\$.1-.2	\$.1-.2	\$1.7-3.2
ME cost avoidance	1.6-2.5	.5-.8	.5-.8	.1-.2	.1-.2	2.8-4.5
Total Rounded	\$2.5-4.3	\$.8-1.3	\$.8-1.3	\$.2-.4	\$.2-.4	\$4.5-7.7 \$ 8.0 M

Assumptions:

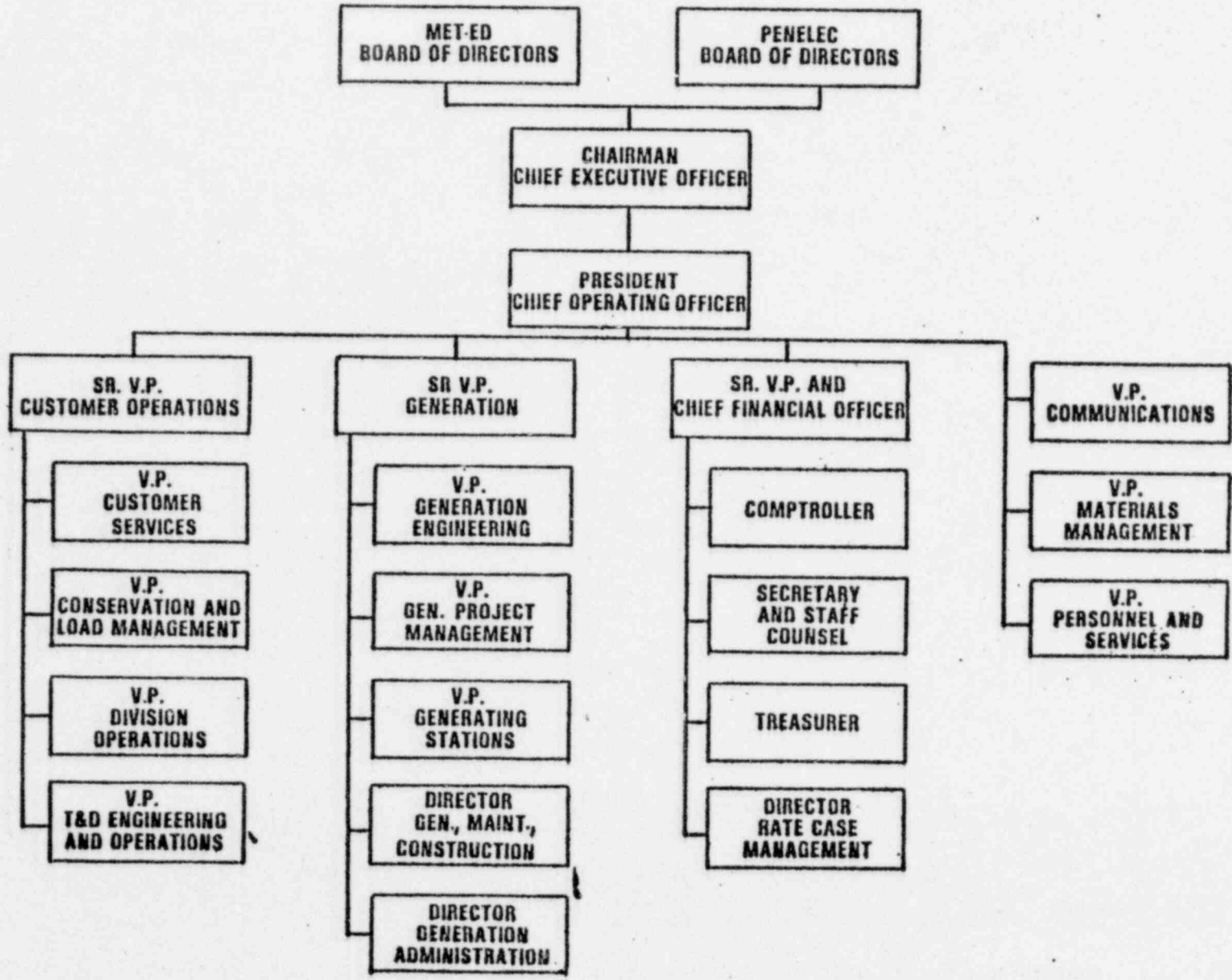
	<u>Employees</u>	<u>\$ M'S</u>	<u>Company</u>
Generation	50-75	\$1.9-2.8	ME
T & D	25-50	.9-1.9	PN
Conservation & Ld.Mgt.	20-30	.7-1.1	ME/PN
Rate Case Management	5-10	.2- .4	ME/PN
Policies and Proc.	5-10	.2- .4	ME
Materials Management	10-20	.4- .7	ME-PN
Communications	5-10	.2- .4	ME/PN
Total	120-205	\$4.5-7.7	

Annualized salaries and mixture of employees assumed 20% Supervisors, 40% Exempt, 40% Clerical are actual as of 1/1/80. For every 5 employees \$191,000 annually is avoided, detailed as follows:

1 Supervisor @ \$32,000	= \$ 32,000
2 Exempt @ \$23,000	= 46,000
2 Clerical @ \$14,000	= 28,000
Payroll	106,000
Fringe Benefits @ 30% of Payroll	32,000
Materials and Supplies @ 30% of Payroll	32,000
Transportation @ 10% of Payroll	= 11,000
Travel and Office Expense @ 10% of Payroll	= 10,000
Cost Avoidance for every 5 employees	= \$191,000

**Pennsylvania Electric Company
Metropolitan Edison Company**

**Management Combination and Reorganization
Organization Chart**



THREE MILE ISLAND NUCLEAR GENERATING STATION
OPERATING AGREEMENT

among

JERSEY CENTRAL POWER & LIGHT COMPANY

and

METROPOLITAN EDISON COMPANY

and

PENNSYLVANIA ELECTRIC COMPANY

and

GPU NUCLEAR CORPORATION

This AGREEMENT made and entered into this _____ day
of _____, 1980 among Jersey Central Power
& Light Company (Jersey Central), Metropolitan Edison
Company (Met-Ed), Pennsylvania Electric Company (Penelec),
and GPU Nuclear Corporation (GPUNC).

W I T N E S S E T H:

WHEREAS, Jersey Central, Met-Ed and Penelec (hereinafter
referred to collectively as "Owners" and individually as an
"Owner") each owns, as tenants in common with the others, an
undivided interest in the Three Mile Island Nuclear Generating
Station (hereinafter referred to as the "Station"). The
Station, which is located on the Susquehanna River near

Harrisburg, Pennsylvania, consists of Unit No. 1, Unit No. 2, and certain facilities that are useful in the operation of both units. The present undivided interests are 50 percent in the case of Met-Ed and 25 percent each in the case of Jersey Central and Penelec. Unit No. 2 was severely damaged and contaminated by radioactivity as a result of an accident on March 28, 1979, which will require substantial repair and modification to Unit No. 2 and the Station.

WHEREAS, it is desirable and to the mutual advantage of the Owners that GPUNC be engaged, under the terms and conditions hereinafter set forth, to operate, maintain and rehabilitate the Station and make any necessary repairs, modifications and additions thereto and retirements therefrom on behalf of the Owners.

NOW THEREFORE, in consideration of these premises, the parties hereto do hereby agree as follows:

ARTICLE 1

Sharing of Capacity and Energy

- 1.1 As tenants in common, each owning an undivided interest in the Station, the Owners are each entitled to a share of all the services provided thereby in proportion to their respective undivided interests in the Station, including, but not limited to, installed capacity, available capacity, operating capacity and net hourly energy generation of the Station.

- 1.2 When plant conditions are such as to require a net input to supply Station power and light, the Owners are responsible for these requirements in proportion to their respective undivided interest in the Station.

ARTICLE 2

Services to be Provided

- 2.1 GPUNC, consistent with such written guidelines as may be jointly developed with the Owners, shall provide and be responsible for the operation and maintenance of the Station in a safe and reliable manner in accordance with all applicable, lawful licenses and permits and requirements of state and federal regulatory agencies and the generation of power and energy at the Station as economically as is reasonably practicable and shall rehabilitate the Station and make repairs and modifications as made necessary or appropriate by the March 28, 1979 accident. "Station", as used in this Agreement, is defined as any and all real, personal and mixed property located on or forming a part of the Owners' property commonly known as Three Mile Island Nuclear Generating Station located in Londonderry Township, Dauphin County, Pennsylvania excluding only those facilities, which comprise the Owners' electric transmission facilities extending from the high voltage side of the transformation installation. GPUNC also shall make such further modifications of and additions to and retirements from the Station as shall be consistent with such rehabilitation, operation and maintenance. Such services and construction may be provided by GPUNC

through its own personnel or in part by others under contractual or other arrangements. In furtherance of the foregoing GPUNC shall, on behalf of the Owners, among other things:

- (a) Select, hire, control and discharge personnel, who will be employees solely of GPUNC, and select and retain the services of contractors and consultants.
- (b) Procure on behalf of the Owners nuclear fuel including uranium and provide for the enrichment, conversion and fabrication thereof and storage and/or disposal or reprocessing of such fuel when spent (as permitted by law or regulation).
- (c) Arrange for the purchase on behalf of the Owners of repair, modification, rehabilitation, operating and maintenance materials, services and supplies.
- (d) Design, construct, start-up and test modifications of and additions to the Station.
- (e) Determine and stipulate inventory levels of material and equipment for the Station.
- (f) Keep the Owners informed in a reasonable manner concerning repair, modification, rehabilitation, operation and maintenance activities and additions to the Station.
- (g) Prepare, or arrange for the preparation of, in accordance with normal and customary procedures annual budgets and forecasts for the Station's repair, modification, rehabilitation, operating and maintenance costs, capital expenditures and

retirements to be submitted to the Owners for approval. Such approval shall be required before action may be taken thereunder, provided that work required to prevent hazardous conditions or substantial reduction in generation may be undertaken prior to such approval with prompt notification thereof given to the Owners. Such budgets and forecasts shall be revised from time to time to reflect material changes in circumstances.

- (h) Perform any services and take any action, on behalf of the Owners where appropriate, related to the repair, modification, rehabilitation, operation, maintenance, renewals, replacements, additions and retirements pertaining to the Station as may be necessary or appropriate to comply with the provisions of the Atomic Energy Act, as amended or as it may be amended, or any other applicable statute, rules, regulations, guidelines or similar criteria, and any provisions or conditions of construction permits and operating licenses or similar authorizations granted or that may be granted in connection with Station and as such permits, licenses or other authorizations may hereafter be amended.

- (i) In its capacity as operator of the Station and as agent for the Owners, provide communications to, and receive communications from, the Nuclear Regulatory Commission and/or any successor governmental agency, as well as any other governmental agency having jurisdiction with respect to any aspect of the Station's operation, maintenance, rehabilitation, repair and modification and, in such capacities, represent (or engage others to represent) the Owners.

- (j) Perform, or, if deemed desirable by GPUNC, contract on behalf of the Owners with others (including agencies of Government or their contractors) for repair, modification, rehabilitation, maintenance, renewals and replacements required to place and/or keep the Station in safe and efficient operating condition to protect the property, to conduct research and development with respect thereto and disburse or receive funds in connection therewith. Such work shall be subject to normal and customary GPUNC review and approval procedures.

- (k) Perform any additional services pertaining to the Station to which the Owners and GPUNC shall have mutually agreed.

- (l) Arrange for the maintenance, in accordance with normal and customary procedures of such necessary books of record, books of account and memoranda of transactions and for the provision of such reports with respect thereto to the Owners as each Owner shall desire to meet its accounting and statistical requirements and to conform to the applicable lawful rules, regulations and requirements of all regulatory bodies having jurisdiction over the Owners. The costs for the Station shall be accumulated in a separate set of accounts.
 - (m) Provide or arrange for the provision of, such other data or information with respect to the Station as may be reasonably requested by the Owners from time to time.
- 2.2 Matters and questions arising in connection with the repair, modification, rehabilitation, operation and maintenance of the Station which are not within the scope of the authority delegated to GPUNC under this Agreement and are not specifically provided for in this Agreement shall be jointly determined from time to time by the Owners and GPUNC.
- 2.3 The costs for services provided by GPUNC pursuant to the terms, conditions and provisions of this Agreement shall be paid to GPUNC as provided in Article 4.

ARTICLE 3

Scheduling of Operation, Dispatch and Maintenance

- 3.1 It is anticipated that the Station will be operated so that the Owners use their respective shares of its output and capacity at the same time since such operation will normally be compatible with each Owner's desired system operation. Normal scheduling shall contemplate the division of entitlements to the Station output as provided in Article 1.
- 3.2 During operating conditions which GPUNC in its sole judgment deems abnormal, GPUNC shall take such action as it deems appropriate for the public health and safety and the safety of personnel and equipment.
- 3.3 In order that the safe operation of the Station is assured, the Owners shall not effect any operating or physical changes to their respective transmission and distribution facilities which may affect the safe operation of the Station without prior consultation and concurrence of GPUNC.
- 3.4 The Met-Ed Dispatching Department shall have jurisdiction over the TMI 230 KV and 500 KV substations. Met-Ed also shall have maintenance responsibility from the TMI 230 KV and 500 KV substations up to the low voltage bushings of the generator step-up and main auxiliary transformers. With the concurrence of GPUNC, Met-Ed shall provide switching and tagging in connection with

the generator step-up and main auxiliary transformers. GPUNC shall have jurisdiction over all station service equipment which affects the operation or safety of the plant. Such jurisdiction shall be from the low voltage side of the generator step-up transformer and the main auxiliary transformers to the plant proper.

- 3.5 GPUNC shall have operational control of the TMI 230 KV and 500 KV generator circuit breakers for synchronizing upon authority received from the Met-Ed Dispatching Department.

ARTICLE 4

Working Fund

- 4.1 The Owners shall establish and maintain a fund from which GPUNC shall make payments for all costs pursuant to its services and responsibilities hereunder. The Owners, in consultation with GPUNC, shall determine, initially and from time to time, during the term of this Agreement, the amount or amounts required to maintain a satisfactory balance in the fund, and shall be liable in proportion to their respective undivided interests in the Station for any such additional amounts required to maintain the agreed-upon balance. The Owners shall reimburse the fund promptly on receipt of notice from GPUNC of their respective obligations for reimbursement.
- 4.2 On termination of this Agreement, as hereinafter provided, any residual unexpended balance in the

working fund shall be credited to the Owners in proportion to their respective undivided interests in the Station.

ARTICLE 5

Charges, Financial Statements and Billings

5.1 GPUNC shall arrange for reporting to the Owners for each month, promptly following the end of such month, by written statements the following:

- (a) The costs of repair, modification, rehabilitation, operation and maintenance, the cost of any plant additions and retirements including applicable cost of removal and salvage, on an accrual basis, classified as required to meet its obligations under Section 2.1(1) above.
- (b) A summary statement of the operation during that month of the Working Fund, showing beginning balance, receipts, disbursements and closing balance.

5.2 The costs incurred or accrued from all sources during each calendar month in repairing, modifying, rehabilitating, operating, maintaining and making additions to and retirements from the Station shall become liabilities of the Owners when incurred or accrued and shall be borne by the Owners in proportion to their undivided interests in the Station. All such costs shall be determined in accordance with sound accounting

practices, and shall include reasonable and appropriate indirect costs including overheads. In particular, all of the services rendered hereunder by GPUNC will be at actual cost thereof. Direct charges will be made for services where a direct allocation of cost is possible. The methods of determining such costs and the allocation thereof are set forth in Appendix A hereto. These methods shall be reviewed annually and more frequently, if appropriate. Such methods may be modified or changed by GPUNC, with the approval of the Securities and Exchange Commission, without the necessity of an amendment of this Agreement provided that in each instance all services rendered hereunder will be at actual cost thereof, fairly and equitably allocated, and all in accordance with the requirements of the Public Utility Holding Company Act of 1935 and the rules and regulations and orders thereunder. The Owners will be advised from time to time of any material changes in such methods.

- 5.3 It is the intent of the Owners that so far as possible each Owner shall separately report, file returns with respect to, be responsible for and pay all real property, franchise, business or other taxes, except payroll and sales or use taxes, arising out of its proportionate ownership of the Station and that such taxes shall be separately levied and assessed against each Owner. However, to the extent that such taxes may be levied

on or assessed against the Station, or its operation, or the Owners in such a manner as, in the opinion of the Owners, to make impossible or inequitable the carrying out of said intent, then such taxes shall be deemed a part of the costs of operating and maintaining the Station and shall be apportioned among the Owners under this Agreement in accordance with their respective percentages of ownership.

- 5.4 The Owners shall have the right, during the term of this Agreement and thereafter as long as the books, records and memoranda referred to in Section 2.1 shall be preserved, to inspect all such items and to make reasonable audits thereof at their own cost as they may deem necessary to protect their interests.
- 5.5 In the event an Owner shall question any statement rendered according to the provisions of Section 5.1 hereof, it shall nevertheless promptly pay the amount indicated in such statement but such payment shall not be deemed to prevent such Owner from claiming an adjustment of any statement rendered.
- 5.6 If it shall be determined that an Owner has paid more or less than its proper share of the operating and capital costs of the Station for the month covered by such statement, an appropriate correction shall be made by GPUNC by proper credit or charge, as the case may be.

ARTICLE 6

Metering, Relaying and Control

- 6.1 The net power generated by Unit No. 1 shall be determined by metering the power output at the high side of the 19-230kV step-up transformer minus the power metered on each of the two Unit service transformers (Nos. 1A and 1B) at the 230kV bus.
- 6.2 The net power generated by Unit No. 2 shall be determined by metering the power output at the high side of the 22-500kV step-up transformer minus the power metered on each of the two Unit service transformers (Nos. 2A and 2B) at the 230kV bus.
- 6.3 The 500kV power delivery shall be the power generated by Unit No. 2 determined by metering the power output at the high side of the 22-500kV step-up transformer. This value is provided to Pennsylvania-New Jersey-Maryland Interconnection (PJM) for determination of 500kV losses and system security analysis.
- 6.4 The accuracy of the metering equipment installed to provide information under Sections 6.1, 6.2 and 6.3 above shall be in accordance with GPU Meter Standards. The meters so provided shall be tested and calibrated according to schedules arranged by GPUNC at intervals not to exceed twelve months. Adequate notice of such tests shall be given, if requested, to the Owners so that they may have representation present to witness them. Correction of inaccuracies found to exist in any

meter shall promptly be made and, if appropriate, such correction shall be retroactively applied to the extent necessary to carry out the intent of this Agreement.

- 6.5 Settings, calculations and test procedures for relays, telemetering and associated control equipment in the plant and substation, which are of direct interest to any of the Owners shall be determined by mutual agreement between appropriate representatives of the Owners and GPUNC. Test schedules shall be jointly agreed upon by the Owners and GPUNC and adequate notice of such tests shall be given, if requested, to the Owners so they may have representation present to witness them.

ARTICLE 7

Compliance with Provisions of Permits and Requirements of Governmental Agencies

- 7.1 The Owners and GPUNC shall cooperate in taking whatever action may be necessary to comply with the terms and provisions of permits and licenses for the Station and with all applicable lawful requirements of any Federal or State agency or regulatory body having jurisdiction in the premises.

ARTICLE 8

Damage to Persons or Property; Penalties; Fines

- 8.1 Since GPUNC is undertaking its responsibilities hereunder at cost and in order to assist the Owners in meeting their responsibilities with respect to the

Station, the following provisions shall be applicable to damage to the property of any or all the parties hereto (including Station property) or third parties, or injuries to or loss of life by any person, including employees of the parties hereto, and to penalties or fines assessed with respect to the Station:

- (a) Each Owner and GPUNC will procure and maintain such physical damage, public liability, workers' compensation and other insurance as it may deem appropriate with respect to all losses, damages, liability and claims arising out of its ownership interest or the operation of the Station and provision of services hereunder and the premium costs thereof shall be Station costs under Section 5.2, or, in the alternative upon concurrence of each party hereto, the Owners and GPUNC will jointly procure and maintain such physical damage, public liability, workers' compensation and other insurance as they may deem appropriate with respect to all losses, damages, liability and claims arising out of their respective ownership interests or the operation of the Station and provision of services hereunder and the premium costs thereof shall be Station costs under Section 5.2. All insurance shall contain a waiver of subrogation clause against the other parties hereto.

- (b) Claims cognizable under workers' compensation acts or temporary disability benefits laws or any other benefits under workers' compensation or analagous statutes and the expenses of defending or disposing of the same, attributable to the ownership or operation of the Station, which are not covered in full by insurance procured in accordance with the preceding paragraph shall (to the extent not covered by such insurance) be treated as Station costs under Section 5.2.
- (c) All losses, damages, expenses, penalties, liabilities, fines and claims (including those in respect of property damage and personal injury) asserted by third parties and the expenses of defending or disposing of the same, attributable to the ownership or operation of the Station, which are not covered in full by insurance procured in accordance with the second preceding paragraph shall (to the extent not covered by such insurance) be treated as Station costs under Section 5.2.
- (d) Each of the parties hereto expressly waives any right it may have to recover from the other parties hereto for any losses, damages, penalties, liabilities, fines, claims or expenses (including damage to property of the Station) for any cause including the negligence of the other parties hereto, its employees and agents in connection

with the operation of the Station and the provision of services hereunder.

ARTICLE 9

Miscellaneous

- 9.1 Nothing in this Agreement shall be deemed to create or constitute a partnership, joint venture or association among the parties hereto or any of them, the sole purpose of this Agreement being limited to provision for the orderly and efficient repair, modification, rehabilitation, operation and maintenance of the Owners' respective separate undivided interests in the Station.
- 9.2 Each of the Owners hereby designates its President as its Representative, who shall receive notices and communications from GPUNC under the provisions of this Agreement and who shall send to the designated Representative of GPUNC all notices and communications under the provisions of this Agreement.
- 9.3 GPUNC hereby designates its President as the GPUNC Representative, who shall receive notices and communications from the Owners' respective Representatives under the provisions of this Agreement and who shall send to the Owners' respective Representatives all notices and communications concerning the provisions of this Agreement.
- 9.4 Each Owner shall determine the basis and method it will use for purposes of depreciation and other matters where investment in Station property is relevant.

- 9.5 In performing services under this Agreement on behalf of the Owners, GPUNC shall act as an independent contractor responsible for the result to be attained, consistent with such guidelines as may be jointly developed with the Owners.
- 9.6. Since Met-Ed is the sole owner of certain facilities ancillary to the Station and since Met-Ed (or any other Owner) may from time to time provide goods and services to the Station, GPUNC shall pay for such goods and services at cost determined as herein provided, which payments shall be treated as Station costs under Section 5.2.

ARTICLE 10

Effective Date and Termination

- 10.1 Subject to any applicable rules and regulations and associated approvals of any regulatory authority, this Agreement shall become effective as of the date first above written and shall remain in full force and effect unless and until terminated.
- 10.2 This Agreement may be terminated by any Owner upon reasonable notice to the other parties hereto provided that adequate provision is made to protect the public health and safety.

ARTICLE 11

Successors and Assigns

- 11.1 This Agreement and all of the terms and conditions

hereof shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns. Any mortgage indenture trustee which shall foreclose on substantially all of the electric utility properties of any Owner, including the undivided interest of said Owner in the Station, may, at its own election, be deemed to be a successor and assign of said Owner under this Agreement.

ARTICLE 12

Governing Law

12.1 This Agreement has been executed and delivered in the State of New Jersey and is intended to be construed in accordance with, and to be governed by, the laws of that State.

IN WITNESS WHEREOF, the parties hereto have caused these presents to be executed and delivered in Parsippany, New Jersey as of the day and year first above written.

ATTEST: JERSEY CENTRAL POWER & LIGHT COMPANY

Secretary By _____
President

ATTEST: METROPOLITAN EDISON COMPANY

Secretary By _____
President

ATTEST: PENNSYLVANIA ELECTRIC COMPANY

Secretary By _____
President

ATTEST: GPU NUCLEAR CORPORATION

By _____
Chairman

Determination of Cost of Service
and Allocation thereof

Cost of service will be determined in accordance with the Public Utility Holding Company Act of 1935 and the rules and regulations and orders thereunder, and will include all costs of doing business incurred by GPUNC.

Records will be maintained for each Department and Division of GPUNC in order to accumulate all costs of doing business and to determine the cost of service. These costs will include wages and salaries of employees and related expenses such as insurance, taxes, pensions and other employee welfare expenses, and rent or other applicable cost of facility utilization, including but not limited to light, heat, telephone, supplies, and other housekeeping costs. In addition, records will be maintained of general administrative expenses, which will include the costs of operating GPUNC as a corporate entity.

Where appropriate, charges for services of personnel rendered and related expenses and non-personnel expenses (e.g., use of automotive equipment, etc.) will be billed directly to the Owners in accordance with their respective interests in the Station. This will include the charges for services of GPUNC personnel assigned exclusively to the Station and, for other personnel, charges determined in accordance with the aggregate nuclear steam generating capacities of the companies contracting with GPUNC.

Charges for services will be determined, where appropriate, from the time sheets of employees (other than some secretaries, clerical and similar employees, the cost of whose services will be treated as a part of general administrative expenses). Records of such related expenses and general administrative expenses will be maintained and subjected to periodic review.

Out-of-pocket expenses which are incurred for the Owners will be billed at cost. Charges for non-personnel expenses, such as for use of automobiles not assigned exclusively to the Station, will normally be computed on the basis of costs per mile.



UNITED STATES
NUCLEAR REGULATORY COMMISSION
WASHINGTON, D. C. 20555

PN/ME Exhibit 4

September 15, 1980

Docket No. 50-289

Mr. R. C. Arnold
Senior Vice President
Metropolitan Edison Company
100 Interpace Parkway
Parsippany, New Jersey 07054

Dear Mr. Arnold:

The Commission has issued the enclosed Amendment No. 58 to Facility Operating License No. DPR-50 for Three Mile Island Nuclear Station, Unit No. 1 (TMI-1). This amendment consists of changes to the Technical Specifications in response to your application submitted by letters dated August 7, (TLL 366) and 28, (TLL 417) 1980.

This amendment revises Figure 6-1 of the Technical Specifications permitting the establishment of the General Public Utilities Nuclear Group (GPUNG) through which the operating and management responsibility for TMI-1 will be implemented for the Metropolitan Edison Company (Met. Ed). This amendment also revises the plant staff organization.

The added notes in Figure 6-1 show positions having responsibilities and authorities equivalent to those positions set forth throughout the administrative section of the Technical Specifications (Section 6). These modifications combine the nuclear experienced management and technical staffs from within the GPU Service Corporation, Met Ed and Jersey Central Power and Light. Minor modifications to Figure 6-1 may be necessary when Section 6 of the Technical Specifications is revised.

Our approval of this amendment is limited to its acceptability for the current shutdown state of the reactor. Therefore, approval of this amendment does not connote that the changes made are sufficient for reactor operation. The Staff's review of the issues raised by the Commission in its August 9, 1979 and March 6, 1980 Orders regarding management capability of the licensee has not been completed. Moreover, the issue of the licensee's management capability is the subject of litigation in the TMI-1 restart proceeding. The Staff's findings regarding the management capability of the licensee contained in this

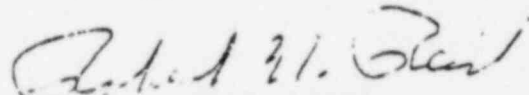
Mr. R. C. Arnold

-2-

safety evaluation are thus subject to modification should the Staff's review or the Commission's findings in the restart proceeding necessitate such a change.

Copies of the Safety Evaluation and Notice of Issuance are also enclosed.

Sincerely,



Robert W. Reid, Chief
Operating Reactors Branch #4
Division of Licensing

Enclosures:

1. Amendment No. 58
2. Safety Evaluation
3. Notice

cc w/enclosures:

See next page

List of Initial Board of Directors and Officers
Of GPU Nuclear Corporation ("GPUNC")

The initial board of directors of GPUNC will consist of the following persons:

<u>Name</u>	<u>Other Positions With GPU System Companies</u>
W. G. Kuhns	Chairman of GPU, JCP&L, Met-Ed, Penelec and GPUSC
H. M. Dieckamp	President and director of GPU and GPUSC; Acting President and director of Met-Ed (will resign as Acting President of Met-Ed when authorization under the Federal Power Act has been obtained for W. A. Verrochi, President of Penelec, to hold the additional position of President of Met-Ed); director of JCP&L and Penelec
B. H. Cherry	Vice President-Corporate Planning of GPUSC
W. A. Verrochi	President and director of Penelec; will become President and director of Met-Ed when necessary authorization under the Federal Power Act has been obtained; director of GPUSC
S. Bartnoff	President and director of JCP&L; director of GPUSC
R. C. Arnold	Senior Vice President of Met-Ed; Vice President-Generation of GPUSC
P. R. Clark	Executive Vice President of GPUSC

Directors of GPUNC will receive no compensation from the GPU System for their services in such capacity.

To the extent presently known, the initial officers of GPUNC will be:

<u>Name</u>	<u>Office</u>	<u>Other Positions With GPU System Companies</u>
H. M. Dieckamp	Chairman and Chief Executive Officer	See list of directors above
R. C. Arnold	President and Chief Operating Officer	See list of directors above
P. R. Clark	Executive Vice President	See list of directors above
H. D. Hukill, Jr.	Vice President-TMI Unit No. 1	None
G. K. Hovey	Vice President-TMI Unit No. 2	None
I. R. Finfrock	Vice President-Oyster Creek	Vice President-Generation of JCP&L
R. F. Wilson	Vice President - Technical Functions	None
J. G. Herbein	Vice President - Nuclear Assurance	Vice President - Generation of Met-Ed
F. Glickman	Vice President - Administration	Vice President - Materials Management of GPUSC
R. W. Heward, Jr.	Vice President-Radiological and Environmental Controls	None
	Vice President-Communications	
J. G. Graham	Treasurer	Treasurer of GPU and Vice President and Treasurer of GPUSC
E. J. Holcombe	Comptroller	Comptroller of GPU and Vice President and Comptroller of GPUSC
H. M. Graydon	Secretary	Secretary of GPU and GPUSC

COMBINED MANAGEMENT AGREEMENT
Dated as of July 1, 1980
Between Metropolitan Edison Company ("Met-Ed")
and
Pennsylvania Electric Company ("Penelec")

WHEREAS, in order to achieve more efficient management, improved customer service, cost savings and heightened emphasis on conservation and load management, Met-Ed and Penelec have agreed that the management of the two companies should be combined, while continuing the separate corporate entity of each company and the dedication of its existing and future investments and associated costs to the customers in its existing service areas.

NOW, THEREFORE, Met-Ed and Penelec agree as follows:

1. It is the intent of Met-Ed and Penelec that the respective Boards of Directors as well as the Corporate Officers of Met-Ed and Penelec shall be identical.
2. The corporate charters of Met-Ed and Penelec shall be amended so that the corporate name of Met-Ed shall be "Pennsylvania Electric Company - East" and the corporate name of Penelec shall be "Pennsylvania Electric Company - West".

3. For payroll administration purposes, any present or future employee of Met-Ed or Penelec who shall perform services for both companies shall be designated as an employee of only one company and, during his period of employment by that company, shall receive compensation and employee benefits solely from that company. Such present and future employees shall keep time records and their compensation and associated overheads shall be allocated to the specific project and company or companies shown on such time records. Where the work performed is not identified with a specific project or company, the compensation and associated overheads of each such employee shall be allocated between Met-Ed and Penelec as follows:

(a) If the work performed is associated with transmission and distribution functions, such allocations shall be on the basis of the respective ratios of the gross electric transmission and distribution plant of Met-Ed and Penelec as at the end of the preceding calendar year:

For example, for the year 1980, the allocation factor will be 43.0% to Met-Ed and 57.0% to Penelec, based on the gross transmission and distribution plant investment of Met-Ed of \$500,359,632 and of Penelec of \$664,208,366.

(b) If the work performed is associated with energy sales or customer services, such allocation shall be on the basis of the energy sales (MWH) to ultimate customers during the preceding calendar year.

For example, for the year 1980, the allocation factor will be 42.3% to Met-Ed and 57.7% to Penelec on the basis of 1979 energy sales (MWH) of 7,602,301 of Met-Ed and 10,380,572 of Penelec.

(c) If the work performed is associated with non-nuclear generating capability (summer rating) (other than generating stations jointly owned by more than one utility, to which separate allocations shall be made), such allocation shall be based on the respective ratios of the non-nuclear generating capability (in MW) (excluding the generating stations jointly owned by more than one utility) owned by Met-Ed and Penelec at the end of the preceding calendar year.

For example, for the year 1980, the allocation factor will be 42.9% to Met-Ed and 57.1% to Penelec, based on the 1979 non-nuclear generating capability (in MW) owned by Met-Ed of 920 and of Penelec of 1226, after excluding the shares of the generating capacity in Conemaugh owned by Met-Ed and in Homer City and Seneca owned by Penelec.

(d) If the work performed is associated with operation and maintenance expense, such allocation shall be based on the respective ratios of the payroll and other operation and maintenance expense (excluding fuel, purchased power, net interchange, joint stations and nuclear costs) of Met-Ed and Penelec during the preceding calendar year.

For example, for the year 1980, the allocation factor will be 39.5% to Met-Ed and 60.5% to Penelec, based on the 1979 payroll and other operation and maintenance expenses (excluding fuel, purchased power, net interchange, joint stations and nuclear costs) of Met-Ed of \$56,989,541 and of Penelec of \$87,161,264.

(e) If none of the above ratios is appropriate, such allocation shall be based on the average of the four foregoing ratios for the preceding calendar year.

For example, for the year 1980, the allocation factor will be 41.9% to Met-Ed and 58.1% to Penelec.

4. Implementation of this Agreement will require certain regulatory authorizations from time to time. Met-Ed and Penelec will cooperate in the filing of such documents

from time to time as may be necessary to seek such regulatory authorizations. If, with respect to any particular action provided for in this Agreement, prior regulatory authorization for such action is required, such action will not be taken unless and until such authorization shall have been obtained.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

Attest:


[Signature]
Secretary

METROPOLITAN EDISON COMPANY

By *[Signature]*
Senior Vice President

Attest:

[Signature]
Secretary

PENNSYLVANIA ELECTRIC COMPANY

By *[Signature]*
President



General Public Utilities Corporation
Pennsylvania Operations

Implementation Plan
Management and Operations Study

Submitted to:
Pennsylvania Public Utilities Commission
November, 1980



GENERAL
PUBLIC
UTILITIES
CORPORATION

William G. Kuhns
Chairman
100 Interpace Parkway
Parsippany, New Jersey 07054
(201) 263-6500

November 12, 1980

Mr. John L. Dial, Director
Bureau of Audits
Pennsylvania Public Utility Commission
P. O. Box 3265
Harrisburg, Pennsylvania 17120

Dear Mr. Dial:

On September 23, 1980, the Bureau of Audits, Theodore Barry & Associates and General Public Utilities reviewed the final report of the Management and Operations Study. At that time, senior management of GPU accepted the strategic recommendations of the report.

We have formally documented our response in the attached Company Implementation Plan which summarizes action required, status and completion date. We propose to submit progress reports as required.

While fully accepting the study recommendations, we note that the costs to attain the potential benefits can be substantial, including, "...external assistance, management time for development and implementation of new procedures and on-going maintenance expense." Cash constraints and business needs will require flexibility to adjust priorities periodically to conform with resource availability.

The Company is convinced that audit reviews and investigations are not only desirable but produce valuable findings. We believe they also demonstrate that GPU is open for inspection and the Company continues to make positive progress to improve effectiveness.

Sincerely,

A handwritten signature in cursive script, appearing to read 'W. G. Kuhns', written in dark ink.

mck

INTRODUCTION

General Public Utilities (GPU) has thoroughly reviewed the recommendations contained in Theodore Barry & Associates' Management and Operations Study of GPU's Pennsylvania Operations. This document is the company's response to the Pennsylvania Public Utility Commission's request for an implementation schedule.

Recommendations are addressed individually and can be identified by page reference. The order in which the recommendations appear has been adjusted to reflect the addition of one recommendation (number 2) by the PUC. This brings the total strategic recommendations to eighteen.

The format for this implementation plan has been recommended by the Bureau of Audits and the implementation plan and schedule have been reviewed and approved by Management.

Progress on implementing the recommendations will be centrally monitored by Operations Analysis and reported as required.

Implementation Schedule
General Public Utilities Corporation
Management & Operations Study

<u>NO.</u>	<u>RECOMMENDATION</u>	<u>PG. REF.</u>	<u>POSITION RESPONSIBLE</u>	<u>ACTION PLAN</u>	<u>STATUS</u>	<u>SCHEDULED COMPLETION DATE</u>	<u>COMMENTS</u>
9.	"PENNSYLVANIA SOLUTION" (Cont'd)	IV-27	VP Corp. Planning, GPUSC	c. Consider advocating the establishment of a Pennsylvania Energy Development Authority to operate federally assisted demonstration plants for innovative coal generation technology.	Deferred		The company agrees that the establishment of PENA to expand the state's role in the development of innovative coal generation technology is appropriate. We believe that leadership of utility industry efforts in support of such activities should be undertaken by the Pennsylvania Electric Association (PEA). This allows GPU to utilize management resources in other areas but does not preclude company support and participation.
10.	Expedite the development of formal roles and functions of the GPU Nuclear Corporation Organization.	V-16	Deputy Chief Operating Executive, GPU Nuclear	a. Develop detailed organizational missions, functions and organizational interfaces.	In Progress	30, '81	Such items are continually evolving in any dynamic organization, thus revisions and modifications will, of course, continue after completion date.

Implementation Schedule
General Public Utilities Corporation
Management & Operations Study

<u>NO.</u>	<u>RECOMMENDATION</u>	<u>PG. REF.</u>	<u>POSITION RESPONSIBLE</u>	<u>ACTION PLAN</u>	<u>STATUS</u>	<u>SCHEDULED COMPLETION DATE</u>	<u>COMMENTS</u>
10.	<u>GPU NUCLEAR CORPORATION ORGANIZATION</u> (Cont'd)	V-16	VP Administration, GPU Nuclear	b. Develop job descriptions and salary ranges.	In Progress	Critical Positions 20, '81- Remainder 40, '81	For many positions, existing position descriptions within the system are appropriate. Priority is being applied to positions with special training or qualification requirements.
			Chief Operating Executive, GPU Nuclear	c. Select personnel for various positions.	In Progress	Completion of Initial Staffing 10, '81	Chief Operating Executive, Deputy Chief Operating Executive, 8 of 9 Division Heads, and most senior positions are filled. At any time, some percentage of positions may be vacant.
			Deputy Chief Operating Executive, GPU Nuclear	d. Study space and logistical requirements for the Parsippany Headquarters of GPU Nuclear Corporation.	Completed		Seven-year lease signed. Relocation to be effected 2/'81.
			Chief Operating Executive, GPU Nuclear	e. Document the role and function of the Board of Directors of GPU Nuclear Corporation.	Initiated	10, '81	
			Deputy Chief Operating Executive, GPU Nuclear	f. Document the role and function of the Office of the President.	Initiated	10, '81	

Implementation Schedule
General Public Utilities Corporation
Management & Operations Study

<u>NO.</u>	<u>RECOMMENDATION</u>	<u>PG. REF.</u>	<u>POSITION RESPONSIBLE</u>	<u>ACTION PLAN</u>	<u>STATUS</u>	<u>SCHEDULED COMPLETION DATE</u>	<u>COMMENTS</u>
10.	GPU Nuclear Corporation (ORGANIZATION) (Cont'd)	V-16	Deputy Chief Operating Executive, GPU Nuclear	g. Document the organizational interfaces between the operating plants and the technical functions groups.	In Progress	20, '81	
			Deputy Chief Operating Executive, GPU Nuclear	h. Document the relationship between the Nuclear Safety Assessment Group, the General Operating Review Board (GORB), the General Review Committee (GRC), and the Plant Operations Review Committee (PORC).	In Progress	10, '81	
			VP-Administration, GPU Nuclear	i. Document the role of and relationships between the various support functions of GPU Nuclear Corporation and GPUSC.	In Progress	20, '81	
11.	Finalize the PROJECT CONTROLS to be used between Bechtel and GPU during the clean-up effort	V-17	VP & Director, IMI-2	a. Resolve interfaces between project management systems. b. Define reporting frequency, report layouts and areas of responsibility.	In Progress	30, '81	Bechtel has submitted proposed procedures to GPU as part of the Project Procedures Manual. Upon approval of these general procedures by GPU, Bechtel will prepare detailed procedures for use within their organization.
12.	Establish a full-time METHODS IMPROVEMENT PROGRAM at IMI	V-17	VP Maintenance & Construction, GPU Nuclear	a. Establish organizational responsibility b. Develop plan and schedule c. Follow-up on prior activities	Completed In Progress Completed	20, '80 30, '81	Ongoing activities

Implementation Schedule
General Public Utilities Corporation
Management & Operations Study

<u>NO.</u>	<u>RECOMMENDATION</u>	<u>PG. REF.</u>	<u>POSITION RESPONSIBLE</u>	<u>ACTION PLAN</u>	<u>STATUS</u>	<u>SCHEDULED COMPLETION DATE</u>	<u>COMMENTS</u>
13.	Continue to strengthen the PUBLIC RELATIONS efforts for GPU Nuclear Corporation	V-18	Chief Operating Executive & VP Communications, GPU Nuclear	<p>a. Continue and refine identification of various publics.</p> <p>b. Establish or strengthen contacts with publics via speaking engagements, on-site briefings and expanded use of Visitors' Center.</p> <p>c. Improve relationships with media.</p> <p>d. Establish a photographic & graphic arts section.</p> <p>e. Expand employee briefings on group activities.</p> <p>f. Further develop the Emergency Plan Procedure (EPIP).</p> <p>g. Augment staff to meet requirements.</p> <p>h. Develop the plan to expand use of external polling, media campaigns, supporting "third party" organizations.</p>	<p>In Progress</p> <p>In Progress</p> <p>Completed</p> <p>In Progress</p> <p>Completed</p> <p>In Progress</p> <p>In Progress</p> <p>In Progress</p>	<p>4Q, '80</p> <p>2Q, '81</p> <p>4Q, '80</p> <p>4Q, '80</p> <p></p> <p>4Q, '80</p> <p>2Q, '81</p> <p>2Q, '81</p>	<p>90% complete.</p> <p>Speakers Bureau established; expansion of speakers, tours, briefings on target.</p> <p>Media outreach program established; on going effort.</p> <p>Graphics Arts established.</p> <p>A monthly publication with a weekly update is in place, bulletins issued as required.</p> <p>Procedures have been developed and are under review.</p> <p>Augmentation 65% complete.</p> <p>Significant efforts underway concurrently.</p>

Implementation Schedule
General Public Utilities Corporation
Management & Operations Study

<u>NO.</u>	<u>RECOMMENDATION</u>	<u>PG. REF.</u>	<u>POSITION RESPONSIBLE</u>	<u>ACTION PLAN</u>	<u>STATUS</u>	<u>SCHEDULED COMPLETION DATE</u>	<u>COMMENTS</u>
14.	Establish PUBLIC COMMITTEES for each nuclear facility which will be actively involved in the review of <u>management actions</u>	V-19	Chief Executive Officer, GPU Nuclear	Put in place a Public Committee at each nuclear facility to advise on plant interaction with public.	Initiated	10, '81	
15.	Develop a specific program to communicate the adverse effects of NRC DELAYS to the Company's various publics, including the Pennsylvania and New Jersey Commissions, state legislatures and governors in order to apply pressure to the NRC to expedite its decision making process through all available means	V-20	VP-Communication, GPU	<ul style="list-style-type: none"> a. Documentation of facts of adverse effects. b. Communicate to various publics: rate case and license proceedings, Congressional Committees and delegations, state and federal executives, shareholders and customers. 	<ul style="list-style-type: none"> In Progress Initiated 		In view of the complexity of issues and experience to date in dealing with institutional issues, timing of resolution is unpredictable and at least many months away.
16.	Complete the MANAGEMENT COMBINATION of the Pennsylvania companies	VI-21	Presidents, Penelec/Met-Ed	<ul style="list-style-type: none"> a. Develop detailed organizational and staffing requirements for each function. b. Select candidates for key positions and involve them in further organization development and assessment. c. Determine disposition of all current employees, and the timing and logistics of all relocations. d. Establish a task force to coordinate the implementation of the management combination. 	<ul style="list-style-type: none"> Completed Completed In Progress Completed 	<ul style="list-style-type: none"> 8/1/80 9/1/80 10, '81 6/80 	Assumes regulatory approvals received by 1/81

Implementation Schedule
 General Public Utilities Corporation
Management & Operations Study

<u>NO.</u>	<u>RECOMMENDATION</u>	<u>PG. REF.</u>	<u>POSITION RESPONSIBLE</u>	<u>ACTION PLAN</u>	<u>STATUS</u>	<u>SCHEDULED COMPLETION DATE</u>	<u>COMMENTS</u>
16.	<u>MANAGEMENT COMBINATION</u> (Cont'd)			e. Quantify the specific costs assumed, cost reductions, and costs avoided through the management combination.	Completed	20, '80	In anticipation of the Mgt. combination 64 authorized vacancies were not filled in the first 9 mo's of 1980. Work was accomplished through overtime and temporary personnel for little net effect on cost. However when the mgt. combo is in place personnel savings of \$1.7 million per yr. for these jobs will begin immediately.
				f. Establish a formal process whereby the achievement of savings can be monitored and the results of the combination evaluated.	Completed	30, '80	
				g. Report implementation status and achievement of savings on a regular basis.	Initiated	6Q, '83	System in place; will be ongoing effort on quarterly basis from time implementation begins

Implementation Schedule
General Public Utilities Corporation
Management & Operations Study

<u>NO.</u>	<u>RECOMMENDATION</u>	<u>PG. REF.</u>	<u>POSITION RESPONSIBLE</u>	<u>ACTION PLAN</u>	<u>STATUS</u>	<u>SCHEDULED COMPLETION DATE</u>	<u>COMMENTS</u>
16.	<u>MANAGEMENT COMBINATION</u> (Cont'd)	VI-21	Presidents Penelec/Met-Ed	<p>h. Study all the major operating systems and methods and procedures, identifying the similarities and differences between the two companies, and then establish a set of common corporate operating systems, methods and procedures.</p> <p>i. Evaluate the ability of existing management systems to support a combined operation and lay out a timetable for necessary enhancements or upgrades.</p> <p>j. Coordinate workforce management systems between the two companies and continue to monitor staffing levels and needs.</p>	<p>Initiated</p> <p>Initiated</p> <p>Initiated</p>	<p>40,'82</p> <p>10,'81</p> <p>20,'82</p>	<p>Will be on going when Mgmt. combination established</p>
17.	Take the necessary steps to complete the CONSOLIDATION OF DIVISION OPERATIONS of the Pennsylvania companies	VI-22	Presidents Penelec/Met-Ed	<p>a. Consider customer traffic, transferable work load, and political value in determining the economic viability of business offices.</p> <p>b. Evaluate the potential for centralizing various activities.</p> <p>c. Evaluate the ability of existing systems (e.g., CIS, CAS, COMEC) to support the consolidation.</p>	<p>In Progress</p> <p>In Progress</p> <p>Initiated</p>	<p>30,'81</p> <p>30,'81</p> <p>40,'81</p>	

Implementation Schedule
General Public Utilities Corporation
Management & Operations Study

<u>NO.</u>	<u>RECOMMENDATION</u>	<u>PG. REF.</u>	<u>POSITION RESPONSIBLE</u>	<u>ACTION PLAN</u>	<u>STATUS</u>	<u>SCHEDULED COMPLETION DATE</u>	<u>COMMENTS</u>
17.	<u>CONSOLIDATION OF DIVISION OPERATIONS</u> (Cont'd)	VI-22	Presidents Penelec/Met-Ed	d. Determine the optimal configuration of line crew and service center locations.	In Progress	40, '81	
				e. Utilize Operations Analysis personnel to perform workload analysis and develop staffing requirements by location.	In Progress	40, '81	
				f. Determine the most appropriate organization structure for division operations.	In Progress	20, '81	
18.	Develop a formalized organization planning process to determine the long-term needs and strategy of GPU for ORGANIZATIONAL DEVELOPMENT	VI-23	GPUSC Board of Directors	a. Develop organizational strategy.	Initiated	20, '81	The GPUSC Board will formalize the organizational process.
				b. Establish future plans including:			
				- Process for periodic reassessment of needs and plans	Initiated	40, '81	
				- Assessment of current and future roles and responsibilities of each function	In Progress	40, '82	Such assessment will be carried out on cyclical basis.