



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

JUL 7 1980

Docket Nos. 50-546
50-547

Public Service Company of Indiana
ATTN: Mr. S. W. Shields
Vice President - Electric System
1000 East Main Street
Plainfield, Indiana 46168

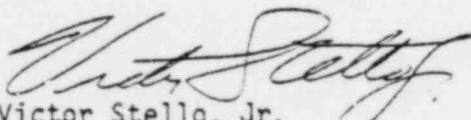
Gentlemen:

My letter to you dated May 15, 1980 enclosed the "Graduated Rescission of Order Dated August 15, 1979" and the guidelines (in the Appendix to the Graduated Rescission) for a controlled, stepwise resumption of activities at the Marble Hill site when certain prerequisites have been met. Your letter dated June 27, 1980 requesting authority to resume the first activity, receipt inspection, has been received. Specifically, your letter stated that those Public Service Company of Indiana (PSI) activities necessary for authorization of receipt inspection have been completed and requested permission to begin receipt inspection of PSI-procured items for the Marble Hill project.

The NRC inspectors have been monitoring the progress made as your organization has worked toward the completion of various tasks associated with the hold points. NRC inspectors completed their efforts associated with receipt inspection this past week and the NRC conclusion is that such activities may begin.

The restart program (the Appendix to the Graduated Rescission which is enclosed) has been completed for Item A, Revised QA Program, and for Item B, Receipt Inspection, through Item B.2.

Based upon the inspection findings, which confirm the information reported in your June 27, 1980 letter, I have concluded under Items A.2. and B.3. of the restart program that a satisfactory revised QA program has been developed by the licensee and that the prerequisites necessary for receipt inspection have been satisfactorily completed. Accordingly, Public Service of Indiana is authorized to commence receipt inspections consistent with Item B.4. of the restart program.


Victor Stello, Jr.
Director
Office of Inspection
and Enforcement

Enclosure:
Restart Program (Appendix
to the Graduated
Rescission)

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RESTART PROGRAM FOR MARBLE HILL UNITS 1&2
WITH NRC HOLD POINTS

At each point in this schedule identified as an NRC hold point, NRC will conduct a special inspection or series of inspections to review the appropriate procedures and practices for the particular operation. If the NRC determines that the licensee has met satisfactorily all the necessary requirements, a letter of approval will be written by the Director of the Office of Inspection and Enforcement (IE) to the licensee to state that the matter has been resolved satisfactorily and to confirm the types of activities which may be restarted.

A. Revised QA Program

1. Public Service of Indiana (PSI) will accomplish the following actions before any new safety related construction can occur:
 - (a) Respond to the specific concerns expressed in the Office of Nuclear Reactor Regulation's April 1, 1980 and April 28, 1980 questions relative to the upgrading of the quality assurance program and provide a Consolidated Quality Assurance Program description that includes the licensee's responses.
 - (b) Develop a Project Quality Assurance Manual (PQAM).
 - (c) Develop an ASME Quality Assurance Manual (AQAM).
 - (d) Increase project staff experience levels in accordance with licensee's submittal dated February 28, 1980.
2. NRC HOLD POINT: NRC will review the adequacy of items b, c and d above, and if the adequacy is confirmed, the Director of IE will issue a written statement to that effect to PSI.

B. Receipt Inspection

1. PSI will develop project management and other related procedures and will qualify its staff for receipt inspection.
2. NRC HOLD POINT: NRC will review PSI's program, procedures, and staffing for receipt inspection.
3. If the results of the NRC's review are satisfactory, PSI may resume receipt inspection upon written notification from the Director of IE.

4. PSI will start receipt inspection and retain administrative custody of the equipment and materials.
 5. Each contractor will make adjustments as necessary to its QA program, procedures, and staffing for receipt inspection activities.
 6. PSI management will review and approve the above adjustments for receipt inspection for each contractor as required by planned activities and inform the Director of NRC Region III in writing of the adjustments.
 7. NRC HOLD POINT: NRC will review the adequacy of the adjustments noted in item B.5 and B.6.
 8. If the results of the NRC's review are satisfactory, contractors within the subject discipline may start receipt inspection, and storage and maintenance of PSI equipment and materials upon written notification from the Director of IE. The four main disciplines are: Civil/Structural; Mechanical; Electrical; and Piping.
- C. Material Verification Program - Currently in progress and may be accomplished in parallel with Receipt Inspection.
1. PSI will complete appropriate project management and special process procedures and conduct a Material Verification Program for all disciplines.
 2. PSI management will review and approve the Material Verification Program results and inform the Director of NRC Region III in writing of the results.
 3. NRC HOLD POINT: NRC will review the material verification efforts of PSI and confirm adequacy of the program in each discipline.
- D. Construction Verification Program - Currently in progress and may be accomplished in parallel with Receipt Inspection.
1. PSI will complete appropriate project management procedures, special process procedures and conduct a Construction Verification Program.
 2. PSI management will review and approve the Construction Verification Program results and inform the Director of NRC Region III in writing of the results.

3. NRC HOLD POINT: The NRC will review the construction verification efforts of PSI and confirm the adequacy of the program in each discipline.

E. Resumption of Construction.

1. NRC HOLD POINT: NRC will review PSI's program and its implementation as discussed in B, C, and D above for all disciplines. If the adequacy is confirmed, the Director of IE will issue written notification to proceed as described in Item 2 below.

2. Contractors' Program Adjustments

- a. Each contractor will adjust its QA program, procedures, and staffing to be consistent with PQAM, AQAM, and other PSI program requirements for each discipline.
- b. PSI management will review and approve the above adjustments for each discipline and inform the Director of NRC Region III in writing of the adjustments.

3. NRC HOLD POINT: The NRC will review the program adjustments for a particular discipline and the Director of IE will provide written notification that construction activities in a particular discipline may proceed in whole or in part if the adjustments are acceptable.