



**PUBLIC  
SERVICE  
INDIANA**

S. W. Shields  
Senior Vice President -  
Nuclear Division

May 31, 1983

Mr. H. R. Denton  
Office of Nuclear Reactor Regulation  
U.S. Nuclear Regulatory Commission  
Washington, D.C. 20555

Docket Nos.: STN 50-546  
STN 50-547  
Construction Permit Nos.:  
CPPR-170  
CPPR-171

Marble Hill Nuclear Generating Station - Units 1 and 2

Dear Mr. Denton:

On March 26, 1982, Public Service Company of Indiana, Inc. (PSI) filed a petition with the Public Service Commission of Indiana (PSCI) to increase its existing rates and charges for retail electric service and for approval of new schedules of rates, rules and regulations. As part of its consideration of this petition, the PSCI retained National Economic Research Associates (NERA) to examine PSI's construction program as "it may relate to the matter at issue in this proceeding."

Subsequently, NERA made an economic study of PSI's construction program including the Marble Hill Nuclear Project which is jointly owned by PSI and Wabash Valley Power Association, Inc. (WVPA). NERA recommended to the PSCI that an independent audit be done of the Marble Hill cost estimate. This audit would specifically examine:

- "1) whether current forecasts of materials required to complete the project are adequate;
- 2) whether current estimates of labor productivity on individual tasks are consistent with experience at the site and at other nuclear sites; and
- 3) whether the current estimate includes significant allowance for unresolved regulatory issues."

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Mr. H. R. Denton

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The PSCI agreed with this recommendation in its Order of January 20, 1983 and subsequently retained O'Brien-Kreitzberg & Associates, Inc. (OKA) of Cherry Hill, New Jersey on February 23, 1983 to perform this audit. OKA spent several weeks at the Marble Hill site from February 23 to March 30, 1983 and issued its findings to the PSCI on May 23, 1983.

A prehearing conference and preliminary hearing is scheduled with the PSCI on June 3 to consider issues raised by the report and issues left unresolved by the PSCI's January 20 Order.

At the request of your Mr. P.W. O'Connor and in accordance with PSI's and WVPA's desire to keep the Nuclear Regulatory Commission (NRC) and its staff informed of significant developments at Marble Hill, PSI, on behalf of itself and as agent for WVPA, wishes to provide the attached copy of the Marble Hill audit to the NRC's staff. If you have any questions about this study, please call.

Sincerely,

A handwritten signature in cursive script, appearing to read 'S. W. Shields'.

S. W. Shields

SWS/MEN/ljl

Attachment

cc: J. R. Schapker (w/o attachment)  
D. G. Eisenhut (w/o attachment)  
T. M. Novak (w/o attachment)  
B. J. Youngblood (w/o attachment)  
P. W. O'Connor (w/o attachment)