



PUBLIC SERVICE INDIANA

Darrell V. Menscer
President and
Chief Operating Officer

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December 29, 1981



Honorable Nunzio J. Palladino
Chairman
U.S. Nuclear Regulatory Commission
Washington, D.C. 20555

Dear Mr. Chairman:

I was reading recently in the December 18, 1981 issue of the EEI Washington Letter about your appearance before the Government Operations Subcommittee on Environment, Energy & Natural Resources. I know how trying such appearances can be since representatives from Public Service Indiana appeared before the same subcommittee in November, 1979 on the same subject. One paragraph of the report was of special interest to me and it reads as follows: "Reps. Moffett and Deckard (R-IN) asked NRC Chairman Palladino to explain remarks he made at the Atomic Industrial Forum's Annual Conference regarding quality assurance deficiencies in the nuclear industry. The NRC Chairman said the principal plants he had in mind when he said some utilities fall short in their quality assurance programs were Marble Hill, Diablo, Zimmer, South Texas, and Midland. He added that many utilities are solid performers and take NRC safety regulations very seriously."

I realize you have no control over how such proceedings are covered by the media and trade associations, but what is particularly disturbing to me is the "present tense" of these reports. Marble Hill is categorized by reference as one of the utilities which "...fall short in their quality assurance programs..." and by inference, not one of the "...many utilities are solid performers and take NRC safety regulations very seriously."

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Hon. N. J. Palladino
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While we have, without a doubt, had our problems in the area of quality assurance and workmanship, it is hard for me at the present time to think of a project where performance is better or NRC safety regulations are taken anymore seriously than at Marble Hill.

It seems to me that the NRC is missing a golden opportunity with the Marble Hill project to tell about the positive side of their activities. The problems at Marble Hill were identified first in early 1979 by the NRC, highlighted through a series of events and NRC inspections in July, 1979 and corrective action taken in August, 1979. The very positive position we are in today is due to intensive efforts on the part of Public Service Indiana and the Nuclear Regulatory Commission. We each deserve credit for what we have done.

We are trying very hard to build public and regulatory confidence. A press release which I have included was based on NRC reports (50-546/81-18; 50-547/81-18) which spoke very positively about the quality of work, quality awareness and management involvement and support. The coverage of your and Mr. Dircks' testimony and speeches goes in direct contradiction of the message we are trying to get accepted by the public. We recognize that there are still problems which exist in the industry affecting us all. The industry as a whole is trying very hard to address and correct these problems. To put Marble Hill in the category of continuing problems and failing to take credit for positive corrective action puts each of us at a continuing disadvantage.

I would like to suggest that Mr. S. W. Shields, our Senior Vice President - Nuclear Division, and I meet with you to discuss briefly the Marble Hill story. I know you have access to voluminous reports on the subject but perhaps we could help put things in proper perspective. I shall call your office shortly after the first of the new year to see if such a meeting can be arranged.

Sincerely,

Dannell V. Meuser

DVM:n1
Enclosure
cc: H. A. Barker
S. W. Shields

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October 30, 1981

For Immediate Release:

Inspection Report Notes Marble Hill Improvements

A Nuclear Regulatory Commission inspection report says that Public Service Indiana has reorganized its Marble Hill project "considerably, and effectively" and that the success of programs for assuring proper construction at the plant "is exemplified by the quality of work being accomplished in the construction areas."

The NRC Region III inspection report, done following PSI's request that the agency's August 1979 Confirming Order be lifted, documents the company's commitment to quality construction and safety at Marble Hill, according to S. W. Shields, senior vice president of the company's nuclear division.

According to the inspection report, "PSI and their contractors not only have completely rewritten, retrained, and adopted a new philosophy in the quality program areas, but have successfully utilized this program to correct old problems and to control ongoing activities. This program has not been free of problems, but the problems have been properly identified and corrected."

The report goes on to say: "...quality awareness has become a vital work controlling element. A good example of this is demonstrated in the concrete placed since the resumption of construction in the civil areas. This concrete has been of high quality, free of voids and unsound material, with an excellent surface finish. Any problems that were encountered during this activity were identified in process in accordance with the established program. This enabled the goal of a high quality end product. Also, orientation and retraining of personnel have re-established a sense of pride and regular use of good workmanship."

The company's management has been fully supportive of this quality program, according to the report. "This is evidenced by their involvement in meetings being conducted on a routine and scheduled basis, prompt resolution of differences, and emphasis on training," the report says. "This dedication is further exemplified by massive restaffing with qualified (education and related experience) individuals."

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Following interviews with Marble Hill project management, Region III inspectors reported: "...it is the conclusion of the Region III representatives that the site managers have a thoroughly comprehensive commitment to quality construction and engineering and it is their clear understanding that senior management fully supports this consideration.

Shields said that because of improvements made at Marble Hill which are reflected by this report, the NRC should lift the August 1979 Confirming Order. That order formalized the company's halt of safety-related work in August of 1979 and set out provisions to be met before that work could resume.

"Although all safety-related work has been underway since April of this year, we feel lifting of the order would be further evidence of the improvements we've made and of Public Service Indiana's commitment to safety and quality at Marble Hill," Shields said.

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Note: Complete copies of the NRC inspection report are available from Public Service Indiana by contacting Brad Bishop at (812) 293-3429.