



UNITED STATES
 NUCLEAR REGULATORY COMMISSION
 REGION III
 THE ROOSEVELT ROAD
 SLEN ELLYR, ILLINOIS 60137

November 24, 1982

MEMORANDUM FOR: Region III Files

FROM: Stephen H. Lewis, Regional Counsel, Region III

SUBJECT: NOVEMBER 17, 1982 MEETING OF REGION III WITH CINCINNATI GAS & ELECTRIC AND BECHTEL REGARDING CLI-82-33, "ORDER TO SHOW CAUSE AND ORDER IMMEDIATELY SUSPENDING CONSTRUCTION"

Following the Commission's November 12, 1982 order suspending safety-related construction at the Zimmer plant and directing Cincinnati Gas & Electric Company (CG&E) to undertake certain actions prior to NRC consideration of resumption of safety-related construction, meetings were held on November 17, 1982 in Cincinnati between NRC Region III and CG&E and among Region III, CG&E and the Bechtel Ann Arbor Power Division (AAPD). The purposes of the meetings were to explain the order and discuss CG&E's planning for implementation. The Region met with CG&E alone in the morning and with CG&E and AAPD together in the afternoon. Participants in the morning meeting were:

CG&E

William Dickhoner, President
 Earl Borgmann, Vice President
 William Moran, General Counsel
 Mark Wetterhahn, Outside Counsel

NRC, Region III

James Keppler, Regional Administrator
 Robert Warnick, Director, Office of Special Cases
 Dorwin Hunter, Section Leader, Zimmer Section, Office of Special Cases
 Stephen Lewis, Regional Counsel

Joining the above participants for the afternoon meeting were:

Howard Wahl, Vice President and General Manager, AAPD
 Bill Henry, Vice President and Deputy General Manager, AAPD
 George Jones, proposed Project Manager for AAPD work at Zimmer

Mr. Keppler opened the meeting with a discussion of the considerations which led to the issuance of the Commission order. He noted that the Commission and staff were particularly concerned about rework growing out of the Quality Confirmation Program (QCP) being undertaken prior to completion of all of the relevant QCP Tasks.

Mr. Dickhoner described steps that had been undertaken by CG&E, both before and after the order, with respect to Zimmer construction. He stated that personnel at the site had been further cut back, and that there were now approximately 700 people at the site, of whom 200 were craftspersons. The QCP is, however, continuing. He advised that the CG&E Board of Directors would be meeting on November 18, 1982. He complained that CG&E has not always been provided copies of allegations sent by GAP to the NRC.

NRC participants stated that CG&E would have to receive the Regional Administrator's approval of the independent entity selected to conduct the review of CG&E's management of the Zimmer project (Paragraph IV.B(1) of the order). CG&E advised NRC that prior to the order it had already arranged for AAPD to conduct a review of CG&E's management of the project and that AAPD had commenced its review. NRC advised CG&E that we would not prevent AAPD from continuing with this review, but that CG&E was proceeding at its own risk until the Regional Administrator has approved the selection of AAPD. That approval determination would be based upon a written submission from CG&E to the Regional Administrator setting forth: (1) AAPD's capabilities to perform the management review, (2) whether AAPD (and Bechtel, generally) has the necessary independence of CG&E (e.g., whether Bechtel has performed work, and if so of what type, for CG&E), and (3) the nature of the review that AAPD would undertake under Paragraph IV.B(1).

Paragraph IV.B(2) of the order was discussed. NRC emphasized that the quality verification plan could be submitted only after the Regional Administrator had approved the CG&E recommendations regarding management of the Zimmer project (Paragraph IV.B(1)(b)). NRC clarified that we would expect CG&E to use an outside entity (e.g., AAPD) in preparing the plan for verification of plant quality. That outside entity should be free to conclude that the QCP is insufficient to verify the quality of construction of the plant. CG&E indicated that it was their present intention to use the services of AAPD in the preparation of the comprehensive quality verification plan (and in the construction management of the facility). The staff stated that the order did not preclude the use of the same outside party to perform the management review and to assist in the preparation of the quality verification plan. CG&E also inquired whether the order would preclude the use of AAPD as the entity performing the audit to verify the quality of construction (Paragraph IV.B(2)(a)). The NRC stated that the order would not preclude the use of AAPD as the auditor, inasmuch as AAPD "did not perform the activities being audited."

The NRC agreed that the review under paragraph IV.B(1) was to be focused on management of the Zimmer project including its QA program and quality verification program, and was not intended to be a review of the content of the QCP. The review of the content of the QCP was to be part of the preparation of the comprehensive plan under Paragraph IV.B(2)(a).

The NRC advised CG&E that the quality verification audit under Paragraph IV.B(2)(a) was not to be confused with the independent verification of design adequacy (typically conducted by reviewing a "vertical slice" of the plant), which would be required of CG&E at some later date prior to any issuance of an operating license for the facility.

Paragraph IV.B(3) of the order was discussed. NRC stated that if CG&E sought to have the order "relaxed" to permit the resumption of certain safety-related construction activities, it would have to demonstrate to the Regional Administrator that any work sought to be permitted: (1) is not related to any quality verification concerns which have been raised and (2) will include adequate controls.

The NRC stated that if CG&E should determine that the facility will not be able to meet any applicable codes and standards, it should proceed promptly to propose to the NRC alternative engineering bases for demonstrating acceptability. Any consideration of deviations from the ASME Code would have to involve the cognizant Code Committees and the National Board of Boiler and Pressure Vessel Inspectors.

Mr. Dickhoner requested that the NRC be prepared to act promptly on any request CG&E might file for permission to proceed with identified construction activities. Mr. Keppler indicated that NRC would give high priority to any such request and would seek to act on it as promptly as possible.

CG&E asked for an early meeting with Region III on the September 24, 1982, "Demand for Information" issued under 10 CFR §30.54(f) with respect to "Miami Valley Power Project's Petition to Suspend Construction of the Zimmer Station," dated August 20, 1982. The purpose of the meeting would be to clarify the "Demand." [The requested meeting was held on November 22, 1982.]

CG&E advised the NRC that it will shortly send the NRC a letter advising of certain activities which it believes are not proscribed by the order and asking for the Regional Administrator's concurrence that CG&E may continue with those activities. [A letter was sent on November 18, 1982 and a revised letter on November 22, 1982.]

In the afternoon, AAPD joined CG&E and the NRC for discussions. The focus of the meeting was on the following areas:

1. CG&E should be sensitive to NRC's concerns with AAPD's performance at Midland and should reflect in the document submitted with respect to approval of AAPD the capabilities of AAPD to assess effectively CG&E's management.

2. The NRC advised AAPD that, if selected to conduct the review of CG&E management, it should feel free to discuss matters with respect to this review directly with NRC, without having to go through CG&E.
3. The NRC emphasized that AAPD, if selected, should consult with the Authorized Nuclear Inspector, the National Board of Boiler and Pressure Vessel Inspectors and other entities involved in assessing the adequacy of construction of the Zimmer facility.

AAPD emphasized to the NRC that it would strive for open communication among itself, NRC, and CG&E. If AAPD is retained to assist CG&E in management of construction of the facility, AAPD would normally expect to discuss its findings with CG&E before bringing them to NRC's attention.

AAPD hopes to complete its initial assessment of CG&E's management and to make recommendations to CG&E within three weeks. It is already on site and has begun its review.

Mr. Keppler stated that the NRC intends to hold meetings that would be open to the public at appropriate stages in the implementation of the order.

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