

August 18, 1982

Attachment D
(K-4)

MEMORANDUM FOR: James G. Keppler, Regional Administrator
FROM: Robert F. Warnick, Acting Director, Office of Special Cases
SUBJECT: CONSUMERS POWER-MIDLAND (DN 50-329; 50-330)

When you created the Office of Special Cases and a special Midland Section staffed with individuals assigned solely to that project, you indicated your concern with the Midland Project. You did this in spite of the favorable findings of the special team inspection conducted in May, 1981, and the favorable testimony you gave before the Atomic Safety and Licensing Board on July 13, 1981. You indicated your concern was based on the Systematic Assessment of Licensee Performance (SALP) report for the period July 1, 1980 to June 30, 1981, the inspection findings since those dates, and the memo of June 21, 1982, by C. E. Norelius and R. L. Spessard suggesting certain changes be made at the Midland Project (copy attached as Enclosure 1).

At my request R. J. Cook prepared a summary of indicators of questionable license performance at Midland. A copy of Cook's memo dated July 23, 1982 is attached as Enclosure 2.

Because of your expressed concerns, you and I met with representatives from NRR on July 26, 1982 to discuss Midland and Consumers Power Company (CPCo) performance. That meeting also resulted in recommended actions. A summary of the meeting is attached as Enclosure 3.

Following the meeting with NRR, I discussed the recommendations of that meeting with our Senior Resident Inspector, other members of the new Midland Section, and former Section and Branch Chiefs who are intimately familiar with Midland.

Later that week (July 30) I spent a day at the Midland site. I attended the exit meeting following Landsman's and Gardner's inspection, met with CPCo and Bechtel management to get acquainted with them, and toured the plant site.

On July 31, 1982, I expressed my opposition to the recommendations we had come up with in the NRR meeting. My opposition was based on (1) opinions expressed by the Senior Resident Inspector, a Region III Branch Chief formerly responsible for the NRC inspection of Midland, and a Construction Section Chief who has been intimately associated with inspections of Midland regarding the proposed actions; (2) my visit to the site; and (3) the inability of Region III to articulate the problem(s) at Midland which the above referenced recommendations were supposed to solve. I indicated that we needed to better identify our concerns and the prescribe actions that would resolve these concerns.

OFFICE	RIII	RIII	RIII	RIII			
SURNAME	Gardner	Landsman	Shafer	Warnick			
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On August 3, 1982, members of the Midland Section met with you to discuss my opposition to the recommendations coming from the meeting with NRR. The pros and cons of the recommendations together with other alternatives were discussed. The meeting concluded with you agreeing to give the Section until August 11 to determine a better proposed course of action to resolve NRC concerns about Midland.

To this end the Midland Section met together on August 4 and again on August 5 following our public meeting with CPCo on the SALP II report. Several alternatives were discussed including stopping all work on one unit, have an independent third party monitor all past and current construction work, stopping work in selected areas, performing a construction appraisal team inspection, placing all site QC work under CPCo, and establishing an augmented NRC inspection effort.

Although some members of the Midland Section thought that stronger actions should be taken, all members of the Section agreed they could support an augmented NRC inspection effort coupled with other actions to strengthen the licensee's QC/QA organization and management. These recommended actions are attached as Enclosure 4.

It is recommended the proposed actions to improve the licensee's performance be discussed with NRR and then the licensee.

Robert F. Warnick, Acting Director
Office of Special Cases

Attachments: As stated

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