

UNITED STATES OF AMERICA
NUCLEAR REGULATORY COMMISSION
ATOMIC SAFETY AND LICENSING BOARD

DOCKETED
USNRC

83 SEP 13 P2:37

Before Administrative Judges
Charles Bechhoefer, Chairman
Dr. Frederick P. Cowan
Dr. Jerry Harbour

OFFICE OF SECRETARY
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In the Matter of

CONSUMERS POWER COMPANY

(Midland Plant, Units 1 and 2)

ASLBP Nos. 78-389-03 OL
80-429-02 SP

Docket Nos. 50-329 OL
50-330 OL

Docket Nos. 50-329 OM
50-330 OM

September 13, 1983

MEMORANDUM AND ORDER
(Requiring Further Hearings
On New Management Organization)

By letter dated August 24, 1983 (received by us on August 30), the Applicant transmitted a press release announcing a managerial reorganization affecting the Midland Nuclear Project. (The Applicant had preliminarily advised the Board and parties of this reorganization in the telephone conference call of August 25, 1983. See Memorandum and Order dated August 29, 1983, at p. 9.)

As we read the announcement, the new organizational structure appears to parallel at upper management levels that which was in effect from March to October, 1980 (Tr. 2953-54). Several problems are potentially created:

1. The circumstance that the new executive vice president (Mr. Howell) had extensive project QA responsibilities (the QA manager

reported to him) during a period of time when the Applicant had a "QA breakdown" in the soils area.

2. The possible compromise of "single point accountability" which Mr. Howell previously testified was an important consideration in effective management organization (Tr. 2969). In that connection, Mr. Howell appears to have responsibility for "all projects, engineering and construction," while Mr. Cook, still vice president for projects, engineering and construction, has responsibility for "engineering, construction, testing and licensing" of the Midland facility.

3. The importance previously assigned by the Applicant (and the NRC Staff as well) to the reorganization which occurred in October 1980.

4. The organizational status of MPQAD under the new reorganization, and whether the addition of one more supervisory level over MPQAD (assuming that to be the case) compromises compliance with 10 CFR Part 50, App. B, Criterion I.

5. The tendency of management prior to October 1980 to expend an inordinate amount of effort attempting to blame either the NRC or intervenors for delays in the project (e.g., Tr. 1723-24, 2859-61, 2947-49).

6. The philosophy (and mechanics) by which the new organization will interact with the NRC Staff.

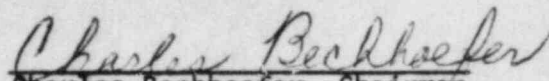
7. Mr. Howell's seeming lack of relationship to the nuclear project from October 1980 to date. In that connection, the record does not appear to reflect whether Mr. Howell has acquired additional

training or experience in nuclear-related subjects since 1980 and, in particular, whether he has attended the Crosby school (upon which the Applicant and Staff have each placed considerable reliance).

Prior to the conclusion of the OM hearings, the Board expects that the Applicant will present testimony dealing with the recent reorganization, including (although not necessarily limited to) answers to the foregoing questions. The NRC Staff is also invited to present its evaluation of the new organization and its personnel. In that connection, we perceive that the Staff had greater confidence in the organization subsequent to October 1980 than earlier (see, e.g., Tr. 3714-15, 3754, 3756, 3792).

IT IS SO ORDERED.

FOR THE ATOMIC SAFETY AND
LICENSING BOARD


Charles Bechhoefer, Chairman
ADMINISTRATIVE JUDGE

Dated at Bethesda, Maryland
this 13th day of September, 1983.