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March 7, 1984

Mr J G Keppler, Administrator, Region III  
US Nuclear Regulatory Commission  
799 Roosevelt Road  
Glen Ellyn, IL 60137

MIDLAND ENERGY CENTER  
MIDLAND DOCKET NOS 50-329, 50-330  
MIDLAND PROJECT INDEPENDENT MANAGEMENT APPRAISAL PROGRAM  
FILE 0505.2 SERIAL 28424

REFERENCE: (a) LETTER TO J D SELBY, CPCO DATED JANUARY 12, 1984  
FROM R C DEYOUNG, NRC, FORWARDING CONFIRMATORY ORDER  
ASSOCIATED WITH THE MIDLAND PROJECT INDEPENDENT  
MANAGEMENT APPRAISAL

(b) LETTER TO R C DEYOUNG, NRC, DATED FEBRUARY 6, 1984  
FROM J W COOK, CPCO

ATTACHMENT: PLAN TO CONDUCT AN INDEPENDENT MANAGEMENT APPRAISAL OF  
THE MIDLAND NUCLEAR PROJECT BY CRESAP, MCCORMICK AND PAGET

On October 25, 1983, Mr J D Selby, President and Chief Executive Officer, and Mr S H Howell, Executive Vice President, Consumers Power Company (CPCo) met with you and Mr R C DeYoung, Director, Office of Inspection and Enforcement, NRC, to discuss the management of the Midland project. At that time, CPCo made a commitment to commission an independent management appraisal of the Midland project. Reference (a) forwarded a NRC Order which confirmed our commitment. Reference (b) was CPCo's response to the NRC Order. We have selected Cresap, McCormick and Paget (CMP) to conduct the appraisal and are transmitting the attached plan developed by them with input from CPCo. CMP has joined with TERA Corporation to perform this management appraisal. Collectively, CMP and TERA have extensive, recent and relevant experience in nuclear project management appraisals and technical evaluations

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as described in the attached plan. We found this organizational combination to possess a broad base of management consulting expertise and direct nuclear project management experience. Members of the proposed team have participated in similar studies or have held positions in nuclear utility, A-E, vendor and regulator management organizations.

CMP has described its proposed approach in the attached plan. The plan includes the objective and scope, overall approach and specific work plan for conducting the appraisal. It also includes appraisal team composition, organizational and individual qualifications, certification of independence and the protocol for conducting the work. In addition, the plan includes a list of preliminary information and data requested, a tentative list of interviewees and representative issues to be addressed in the interviews.

With regard to independence, the criteria established in a letter dated February 1, 1982 from N Palladino, Chairman, NRC, to the Honorable John D Dingell, Chairman, Committee on Energy and Commerce, United States House of Representatives, are met by CMP and TERA. Signed sworn statements documenting their organizational independence and compliance with the criteria are attached. Individual statements for anyone working on the management appraisal will be obtained and will be kept on file.

We have directed CMP to follow a protocol similar to that established for the Independent Design and Construction Verification Program and Construction Implementation Overview in your July 22, 1983 and September 15, 1983 letters to CPCo. Accordingly, all draft and final reports documenting results and recommendations will be forwarded by CMP to the NRC and CPCo simultaneously and prior notice will be given to you of any meetings held with CMP to discuss results and recommendations.

The management appraisal will be an examination of CPCo's approach for completion of the Midland Plant. It will focus on the appropriateness of the existing and proposed management organization, systems and methods for planning and controlling all aspects of the project which have a bearing upon the quality and safety of the completed facility and upon CPCo's ability to comply with NRC regulatory requirements. Within the scope of this plan, CMP shall be free to exercise its independent judgment to identify and review areas appropriate to conducting the management appraisal. Items that are in need of improvement as well as those that should be preserved and built upon will be identified.

CPCo will consider the results and recommendations from the CMP management appraisal and will provide to the Region III Administrator an analysis of each such recommendation, the actions to be taken in response to the recommendation and a schedule for accomplishing the actions.

CMP has informed us that it will be available to start this assignment within three weeks after it has been notified to proceed (but no earlier than May 1, 1984), and that approximately four months will be required to complete its work.

We request your approval of this submittal and upon receipt will proceed consistent with the above schedule.

*James W. Cook*

JWC/JNL/blb

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