

# GOVERNMENT ACCOUNTABILITY PROJECT

Institute for Policy Studies  
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October 14, 1983

Mr. James G. Keppler  
Regional Administrator  
Region III  
799 Roosevelt Road  
Glen Ellyn, IL 60137

PRINCIPAL STAFF		
✓ RA	<i>nos</i>	PRP
J/RA		DE
A/RA		DRMSF
✓ RC	<i>nos</i>	DRMA
PAO		SCS <i>print 3</i>
GA		ML
ENF		File <i>no</i>

Dear Mr. Keppler:

Your September 29, 1983 letter to Consumer's Power Company (CPO) regarding the Stone & Webster's Corporation (S&W) independence and competence has recently come to my attention.

I am extremely impressed with your offices' conscientious review of the criteria for independence and competence employed in your procedural official approval of the S&W. The Staff Evaluation of CPC to use S&W to conduct the Third Party CIO of the Midland Nuclear Plant is an excellent summary of the background, purpose and review rationale for third party reviewers.

However, there are a number of points not addressed in the evaluation which we feel necessary to reiterate.

### I. Nomination Process

The nomination of Stone and Webster by Consumers Power Company and the NRC's acceptance of the CPC nomination did not include a scintilla of public participation.

Documentation reviewed by GAP clearly points to the fact that CPC had already "nominated" S&W to the NRC prior to its final public announcement.

If one of the objectives of the third party program is to restore public confidence in the regulatory process by depending on an independent third party then independence should have begun through the nomination process.

This process is specifically described in the Ottinger/Dingell letter from Chairman Palladino regarding Diablo Canyon. In that case, as you well know, the public was an integral part of the approval process.

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No matter how much retrofitting effort goes into the role of S&W in the CIO it will never completely be possible to claim the public's confidence. The facts are that the failure of Region III to hold even a single public meeting prior to tacit acceptance of the Stone and Webster nomination for either the soils QA or the CIO has put S&W below a level of general public confidence to begin with.

By October 25, the date of the first meeting on the multi-level audits, CPC had already entered into a contract with S&W to perform the Quality Assurance implementation overview of the soils work. Their role to be the third party overview was simply an expansion of the original contract for soils QA!

We hope that in the future Region III will use foresight at the beginning of any third party overview programs.

## II. Independence

We disagree with your staff's conclusion that S&W is "independent" under the criteria outlined in SECY 82-414. S&W was substantially involved on the Midland site beginning in October 1982. The CIO nomination came in January 1983.

March 1983 you issued a letter which found S&W sufficiently independent to conduct the soils QA implementation overview. GAP's review of S&W's record differs substantially with your office on one significant point: S&W was not independent at their nomination for the CCP third party role, although we concede that S&W was probably independent, given the "limited contacts standard" for the soils QA work. If the nomination process for the CCP third party had included members of the public in the beginning of the process, instead of at the end, the lack of structural independence may have been able to be resolved through public oversight and debate of S&W's qualifications.

## III. Competence

We respectfully differ with your conclusion for well-stated reasons. (See GAP letters dated October 22, 1982, November 11, 1982, February 8, 1983 and June 13, 1983.)

We also point out that Intervenor Mary Sinclair and the Lone Tree Council adamantly opposes S&W's competence, as well as doubting the staff efforts to resolve the questions of the S&W QA/QC failures at other sites.

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GAP will hold in abeyance our final opinion of S&W pending NRC review of the overview work at the Phase II NRC "hold point" of the QVP.

IV. Overview Program

We sincerely do not believe the S&W presence at Midland can adequately rebuild either the NRC staff or the public confidence at the site given the limits of their methodology, scope and record. Nor do we believe that the QVP role for S&W is comprehensive enough to shift the balance of trust to S&W from CPC. 1/

We look forward to resolving this debate after a review of the adequacy of S&W in the QVP work beginning on the site. We appreciate your willingness to allow our extensive preparation throughout the past nine months of review of the CCP.

Sincerely yours,

*Billie Pirner Garde*

Billie Pirner Garde

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We would, however, have accepted S&W as a replacement for CPC in the QVP and are disappointed in your failure to take those steps.

Laurie Sped  
(file copy)  
midland 677

AUG 20 1983

Docket No. 50-329; 50-330  
Docket No. 50-461; 50-462

Ms. Billie P. Garde, Director  
Citizens for Accountable Government  
Government Accountability Project  
Institute for Policy Studies  
1901 Que Street  
Washington, DC 20009

Dear Ms. Garde:

I want to again thank you for your assistance in arranging for the depositions of Individuals C and H. Your efforts in that regard are appreciated.

On August 18, 1983, we transmitted the transcripts of both depositions to you for your review. Members of my staff have reviewed both of these transcripts to identify unresolved issues which require further action on our part. To that end, our review of Individual H's deposition has identified two matters involving you. Specifically, you stated on page 55 (lines 9-14) that it would be to our benefit to discuss GAP's knowledge of the Zack issues with you or a member of your staff and you stated on page 64 (lines 7-19) your concerns regarding the inadvertent or careless ordering of materials by Zack and the supply of those materials to utilities. We recognize that your knowledge regarding the Zack issues is of value to our effort and we welcome the opportunity to share your insight into them.

Accordingly, and in keeping with our intent to conduct a complete inspection of this matter we would like to interview you to acquire any information which you believe could adversely affect installed HVAC systems or components at either the Midland or Clinton facilities. You may bring other members of GAP to the interview who you believe can contribute to our special inspection. In order to have a record of your comments, we plan to have the interview transcribed by a court reporter.

Additionally, as agreed between you and members of my staff during the deposition of Individual H, we are in need of legible copies of the 44 attachments to Individual H's original affidavit. These copies are necessary to assure that we are fully cognizant of all items of concern.

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DATE ►

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Ms. Billie P. Garde

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Please contact me or Mr. Duane Danielson of my staff as soon as possible to arrange a date for your interview.

Sincerely,

"Original Signed by R. L. Spessard"

R. L. Spessard, Director  
Division of Engineering

cc: T. Rahm, EDO  
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*Discussed w. Rahm, OK  
 to send this out  
 our [initials] signature.  
 R III  
 8/26*

OFFICE ▶	R III 8/26	R III	R III	R III	R III	R III 8/26	R III
SURNAME ▶	Hawkins/lc	Danielson	Little	Harrison	Spessard	Lewis	Davis/Heppner
DATE ▶	8/26/83	8/26/83	8/26/83	8/26/83	8/29/83	8/26/83	8/26/83