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April 6, 1983

Note to: Darl Hood (NRR)

J. Harrison (Reg. III)

From: William Paton

SUBJECT: INTERVENOR REQUEST FOR DISCOVERY IN THE MIDLAND QA HEARING

This is to confirm information we discussed at length on Wednesday, April 6, 1983.

On Tuesday, April 5, 1983, a conference call was held between the Licensing Board and all parties to the Midland OM proceeding. The subject was discovery requests by Intervenor Stamiris. We have been engaging in informal discovery with Mrs. Stamiris, but the process has broken down. Intervenor is not satisfied with the discovery she has received to date.

Intervenor Stamiris is now represented by the attorneys for the Government Accountability Project. They indicated to the Board during the conference call their dissatisfaction with the discovery they had received to date and indicated that if they could not obtain the discovery they felt they needed that they would ask to delay the QA hearing which is now scheduled to being April 26, 1983. Mr. Eisenhut has recently indicated very strongly that this proceeding should not be delayed.

The Board urged the Staff to do everything possible to satisfy Intervenor's discovery requests.

Intervenors have agreed to have their formal discovery request in the Staff's hands not later than Friday, April 8, 1983. Pursuant to Board Order the Staff is to file its response not later than Friday, April 15, 1983. The purpose of this memo is to alert all concerned that OELD will distribute copies of the formal discovery requests as soon as possible after receipt on Friday, April 8th. We hope all parties will be able to give the matter immediate attention to avert any possibility that the Staff causes a delay in the proceeding by reason of our inability to respond to discovery.

W. D. Paton
 William D. Paton
 Counsel for NRC Staff

cc: E. Adensam (NRR)
 R. Hennon (NRR)
 R. Warnick (Reg. III)
 W. Shafer (Reg. III)
 S. Lewis (Reg. III)

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

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

II
 Paton/Wright
 Wilcove/Chandler
 Rurberg
 RF

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

April 5, 1983

MEMORANDUM AND ORDER
 (Telephone Conference Call, April 5, 1983)

On April 5, 1983, the Applicant initiated a telephone conference call, in accordance with the agreement reached at the evidentiary hearing on Friday, April 1, 1983. In addition to the Board Members, the following participated:

- W. Paton and M. Wilcove, for the NRC Staff
- D. Stahl, P. Steptoe, R. Lauer, and J. Brunner for the Applicant
- L. Bernabei and B. Stamiris, for Ms. Stamiris
- M. Sinclair, pro se

1. At the hearing on April 1, the Board heard argument concerning the Applicant's objections to one of Ms. Barbara Stamiris' discovery requests (Tr. 14188-196). Ms. Stamiris had previously requested documents discussing, inter alia, "any findings or recommendations" of a

add 5 pgs.

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1980); see also Consumers Power Co. (Midland Plant, Units 1 and 2), ALAB-691, 16 NRC ___, ___ fn. 27 (September 9, 1982); and

(4) that there has not thus far been an adequate showing, as contemplated by 10 CFR § 2.740(b)(2), that Ms. Stamiris has a "substantial need" for the drafts and is "unable without undue hardship to obtain the substantial equivalent of the materials by other means." We perceive that there would be a "substantial need" for these drafts only if they included material facts additional to those in the final report which, we understand, has been made available to Ms. Stamiris. The Applicant claims that the material is cumulative. If this be so, we believe that the work product privilege should be upheld.

As a result, we ruled that the Applicant should provide an affidavit to support its claim that the material is cumulative--i.e., that the drafts include no material facts additional to those in the final report. (In its affidavit, the Applicant will set forth its basis for determining materiality.) Assuming the Applicant provides such an affidavit, we deny the requested production of documents. (If the Applicant cannot or will not provide the affidavit, we find that the necessary showing of "substantial need" will have been satisfied and that the documents should be made available to Ms. Stamiris.)

2. During the conference call, we also discussed a dispute between Ms. Stamiris and the NRC Staff concerning the Staff's response to discovery requests. Ms. Stamiris has apparently not been able to obtain documents from the Staff through informal discovery. The Staff

cited the broadness of the requests and the burden of compliance. Ms. Stamiris claims that her requests have been considerably narrowed during the past week.

We approved the following procedures for settling this dispute:

1. Ms. Stamiris will provide her narrowed discovery request to the Staff, in writing, to be received by no later than Friday, April 8 (and by Thursday, April 7 if possible).
 2. During the week of April 11, Ms. Stamiris' counsel will meet with the Staff and negotiate concerning the narrowed request.
 3. The Staff will have in the Board's hands by Friday, April 15, its response to those aspects of the discovery request which remain in dispute.
 4. The Board will review the request and response during the week of April 18-22 and inform parties of its ruling no later than April 22.
 5. The parties should keep in mind the possible effect of open discovery requests in scheduling particular witnesses.
3. Mr. Stahl informed the Board that the Applicant intends to exercise the subpoenas previously issued by this Board on July 8, 1962 for purposes of deposing members of the Government Accountability Project (GAP) concerning matters at issue in this proceeding that are alleged in confidential affidavits to GAP. The Applicant reiterated that it does not seek to learn the identity of the confidential affiants

to GAP at this time, but that it may move at a later date to learn the names of, and depose, the confidential affiants. The Staff indicated that it had no objection to the Applicant's proceeding at this time to depose the GAP representatives prior to completion of the Staff investigation of the matters alleged in the confidential affidavits.

The Board noted that two of the persons for whom it had issued subpoenas had subsequently entered their appearance as counsel for Ms. Stamiris and that questions of privilege might be present with respect to certain areas of inquiry. The Board will resolve disputes of this nature if any such questions arise as a result of the depositions we have authorized.

IT IS SO ORDERED.

FOR THE ATOMIC SAFETY AND
LICENSING BOARD

Charles Bechhoefer, Chairman
ADMINISTRATIVE JUDGE

The Staff understands this request to be for documents associated with the formulation of the program.

This listing of documents is through March 25, 1983. It does not include certain internal documents which are repetitive of information contained in the documents which are included in the listing.

AK = COOK, J.W

AA = EUTCP?
DIS = 820917

1. Ltr; J.W. Cook to J.G. Keppler and H.R. Denton, dtd September 17, 1982, subject: Independent Assessment, Pg. 4.
2. Ltr; J.W. Cook to J.G. Keppler and H.R. Denton, dtd September 17, 1982, subject: Additional Assessment Programs, Pg. 2.
3. Ltr; J.W. Cook to J.G. Keppler and H.R. Denton, dtd October 5, 1982, subject: Independent Review Program.
- * 4. Memorandum T.M.; Novak to R.H. Vollmer, dtd October 7, 1982, subject: Independent Review Program - Midland Units 1 and 2.
5. Ltr; B.P. Garde to J.G. Keppler and H.R. Denton, dtd October 22, 1982, subject: Independent Review Program.
6. Memorandum to Docket from D.S. Hood, dtd November 8, 1982, subject: Summary of October 25, 1982 Meeting on Independent Design Verification Program.
7. Ltr; B.P. Garde to J.G. Keppler and H.R. Denton, dtd November 11, 1982, subject: Independent Review Program.
8. Ltr; J.E. Brunner to W.D. Paton, dt. November 8, 1982, subject: Stone and Webster.

9. Memorandum to Docket from D.Hood dtd November 22, 1982, subject: Summary of November 5, 1982 Meeting on Independent Assessment of Auxiliary Underpinning.
10. Ltr; J.W. Cook to J.G. Keppler and H.R. Denton dtd December 3, 1982, subject: Midland Plant Independent Review Program.
11. Ltr; J.W. Cook to J.G. Keppler, dtd December 6, 1982, subject: Third Party Independent Assessment.
12. Ltr. J.G. Keppler to B.P. Garde, dtd December 14, 1982, subject: Third Party Design Review.
13. Analysis of Consumers Power Company's Proposed Construction Completion Plan By the Government Accountability Project Citizens Clinic on behalf of the Lone Free Council, presented to the NRC at Midland, Michigan, February 8, 1983, prepared by B.P. Garde.
14. Ltr; H.A. Levin to J.G. Keppler and D.G. Eisenhut, dated February 9, 1983, forwarding Revision 1 of Tera Corporation's Project Quality Assurance and Engineering Program Plans for the Midland Independent Design and Construction Verification Program.
15. Memorandum to Docket from D.Hood dated February 22, 1983 docketing. H. Levin letter of February 9, 1983.
16. Ltr; H.A. Levin to J.G. Keppler and D.G. Eisenhut, dated February 17, 1983, subject: Midland Independent Design Verification Program, and forwarding Revision 2 to the Project Quality Assurance Plan.

17. Memorandum to Docket from D.Hood dated February 23, 1983 docketing H.A. Levin ltr of February 17, 1983.
18. Memorandum to Docket from from D.Hood dated March 2, 1983 docketing two pages omitted from memorandum of February 22, 1983.
19. Ltr; B.P. Garde to J.G. Keppler dated March 10, 1983, Subject: Construction Completion Plan.
- * 20. Memorandum T.M. Novak to R.J. Mattson, R. Vollmer, R.G. Warnick, J.M Taylor, F. Speis; dated March 11, 1983; Subject: Request for Review of Tera's Engineering Program Plan and Project quality Assurance Plan for Midland Independent Design and Construction Verification Program.
21. Ltr; H.A. Levin to J.G. Keppler and D.G. Eisenhut; dated March 18, 1983 forwarding additional information on Midland IDCV Program regarding independence, qualifications, scope, reporting and status.
22. Memorandum to Docket from D.Hood dated March 21, 1983 docketing H.A. Levin ltr of March 18, 1983.
23. Ltr; H.A. Levin to J.G. Keppler and D.G. Eisenhut; dated March 18, 1983 forwarding information on independence and qualifications with respect to independent overview of the Midland Construction Completion Plan.
24. Ltr; D.G. Eisenhut to J.W. Cook, dated March 22, 1983, subject: Selection of Additional System for Midland Plant Independent Design and Construction Verification Program.

25. Transcript of NRC Commission Meeting/Public Meeting on March 14, 1983 regarding briefing on interim independent design verification program.
26. Ltr; B.P. Garde to D.G. Eisenhut, dated March 7, 1983 commenting on February 8, 1983 Meeting and Construction Completion Program.
27. Memorandum to Docket from D.Hood dated March 14, 1983 docketing B.P. Garde ltr of March 7, 1983.
28. Ltr; J.G. Keppler to B.P. Garde, dated March 25, 1983, subject: Response to Letter of March 10, 1983.
29. Ltr; J.G. Keppler to J.W. Cook dated February 24, 1983 approving Stone and Webster to perform independent assessment of soils remedial work activities and requesting expanded scope.
30. Ltr; J.W. Cook to J.G. Keppler dated February 11, 1983, subject: INPO Self-Initiated Evaluation.
31. Notice of Significant Licensee Meeting on February 8, 1983 to discuss Midland integrated Construction Completion Program and third party assessment effort, dated January 11, 1983.
32. Ltr; J.G. Keppler to J.W. Cook acknowledging receipt of January 10, 1983 ltr and confirming meeting of February 8, 1983.
33. Ltr; E. Adensam to H. Levin dated March 23, 1983, subject: Service List for IDCV Program Correspondence.

All of these documents except those preceded by an asterisk (*) are available in the local public document room in Midland, Michigan and in the public document room in Washington, D.C. Those documents preceded by an asterisk (*) are enclosed.

James W Cook
Vice President - Projects, Engineering
and Construction

General Office: 1946 West Parkhill Road, Jackson, MI 49201 • (517) 788-2483

December 3, 1982

Harold R Denton, Director
Office of Nuclear Reactor Regulation
Division of Licensing
US Nuclear Regulatory Commission
Washington, DC 20555

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

MIDLAND NUCLEAR COGENERATION PLANT
MIDLAND DOCKET NOS 50-329, 50-290
MIDLAND PLANT INDEPENDENT REVIEW PROGRAM
FILE: 81.1.5 SERIAL: 19750

REFERENCES: (1) J W COOK LETTER TO H R DENTON AND J G KEPPLER,
SERIAL 18879 DATED 10/5/82

(2) NRC SUMMARY DATED 11/8/82 OF 10/25/82 MEETING
ON INDEPENDENT DESIGN VERIFICATION

Reference (1) provided a description of the Midland Plant Independent Review Program. Reference (2) summarized the October 25, 1982 meeting wherein Consumers Power Company and their contractors, Management Analysis Company (MAC) and Tera, discussed in more detail the Independent Review Program. During this meeting, questions posed by the Staff were responded to by the Company and its contractors.

At the end of the meeting, Consumers Power Company requested the Staff to provide the applicant with policy guidance on the proposed Independent Review Program. The Staff agreed to provide preliminary feedback to Consumers Power Company by October 29, 1982 and to arrange for additional meetings as deemed appropriate. This was subsequently done and an additional meeting was held on November 5, 1982 to provide the NRR Staff more details of the Stone and Webster third party assessment of the implementation of the soils underpinning work.

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Based upon the meeting of October 25, 1982 and subsequent feedback from the NRC Staff, Consumers Power proposes the following changes to the Independent Review Program as submitted in Reference (1) and discussed at the October 25, 1982 meeting:

- (1) The three specific evaluations will not be combined into a single program with coordination of the individual reports by MAC.
- (2) The Tera Independent Design Verification (IDV) effort will be completely separate from the MAC effort with neither subcontractor having members from their company involved in the other company's efforts.
- (3) The Tera IDV will be on the Auxiliary Feedwater System (AFWS) as originally planned, and will also be implemented on another system which the Staff is to select based on three candidates provided by Consumers Power Company on a risk assessment basis. The three candidate systems proposed by Consumers Power Company are:
 - a. Electric Power System (Diesel Generator)
 - b. Safeguards Chilled Water System
 - c. Containment Isolation System
- (4) The Tera IDV will be expanded to include a more in-depth review of construction activities to provide assurance of as-built construction adequacy of the systems included in the Tera (IDV).
- (5) For the IDV, any discussions between project personnel and Tera on confirmed findings will take place in formal meetings with the NRC being notified of the meetings in time to attend, if they desire.
- (6) For the INPO Construction Project Evaluation, a copy of the final report will be given to the NRC when it is sent to INPO.

We believe that this letter documents the conclusions reached between our organizations regarding the Midland Independent Review.

James W. Cook

JWC/GSK/bjb

- CC Atomic Safety and Licensing Appeal Board
- CBechhoefer, ASLB
- MMCherry, Esq
- FPCowan, ASLB
- RJCook, Midland Resident Inspector
- RSDecker, ASLB
- SGadler, Esq
- JHarbour, ASLB
- GHarstead, Harstead Engineering

As the winter weather concerns and construction activity increases on the site, more visitors are expected to be touring the site. Groups from various engineering societies in the Saginaw Valley area, industrial development representatives, government officials, and other power company employees have either toured or are planning on visits to the next few months.

In addition Consumers Power's Speakers

Power's project and business community learned about the plant. Many of the members have also providing some of being used in or added another on the nuclear plant's payroll for the con-

BETWEEN THE LINES

GAM-0110

Consumers Power Company today announced new dates for the completion of the Midland Nuclear Cogeneration Plant and a new cost estimate for the project.

The completion of Unit 2, the plant's lead unit, will be shifted by 14 months from late July 1983 until the first of October 1984. The commercial operation date will likewise shift by 14 months, until February 1985. The Unit 1 fuel load date is now February 1985, a change of 13 months and its commercial operation date is projected for August 1985, a change of 12 months.

The cost of the project is now estimated at \$4.43 billion.

The new cost and schedule were announced this afternoon in Jackson at the Company's annual meeting by John D. Selby, chairman of the board. A press conference was held in Jackson following the meeting.

Selby said the principal reasons for the changed schedule were the auxiliary building underpinning program and the remaining work to complete the plant and implement revised quality control and quality assurance programs to meet requirements and expectations of the Nuclear Regulatory Commission.

In remarks to the media, Vice President James W. Cook said:

"The development of the new project schedule is the result of a complete analysis of project status and the evaluation of our planning and work performed over the past several years. Our previous schedule was set in June 1980 and at that time we projected Unit 2 fuel load in July 1983. Many of the conditions we evaluated at that time have changed significantly and our new data reflects our re-analysis. The most significant single factor tied to project completion is the remedial soils work on site. The evolution of regulatory review and construction status of this activity has developed into the pacing item for plant completion."

Site Manager Don Miller said that the Company staff that will operate the plant is almost fully assembled and is supporting testing and preoperational programs.

"The employees at Midland have shown their dedication and commitment to support successful completion and plant operation and their continued efforts will be evident in the final phases of completing the project," he said.

"We have a procedure in place whereby we request authorization from the NRC to proceed with soils work activities. For those activities authorized, we have reached and sustained excellent production rates and have proven we can have an effective quality program overseeing the soils work. Six of the 57 temporary piers have been or soon will be completed. We have requested authorization on additional work. There remains a great deal of work to be done with the remedial soils program, but we have not experienced any unexpected problems with work accomplished to date."



**Consumers
Power
Company**

James W Cook
Vice President - Projects, Engineering
and Construction

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September 17, 1982

Harold R Denton, Director
Office of Nuclear Reactor Regulation
Division of Licensing
US Nuclear Regulatory Commission
Washington, DC 20555

James G Keppler
Regional Administrator
US Nuclear Regulatory Commission
Region III
79 1/2 Roosevelt Road
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MIDLAND NUCLEAR COGENERATION PLANT
MIDLAND DOCKET NOS 50-329, 50-330
QUALITY ASSURANCE PROGRAM IMPLEMENTATION
FILE: 0485.10 SERIAL: 18850

REFERENCE: CPCo Letter Serial 18845, 9/17/82, "Quality Assurance Program
Implementation for Soils Remedial Work"

The referenced letter summarized Consumers Power Company's discussions with the NRC management regarding the implementation of the Quality Assurance Program for the Midland soils remedial work. In addition to the discussions specifically related to soils, the total Midland Quality Assurance Program implementation was reviewed and areas were identified where additional efforts should be directed to insure successful overall project implementation and the performance of the primary inspection function (QC) on site. In response to these concerns Consumers Power made two significant new commitments which are conceptually described in the following paragraphs. Additional documentation will be provided as the details of these commitments are worked out.

Quality Control Function

In order to improve the performance of the Quality Control function and to make it more responsive to direction from the Quality Assurance organization, the responsibility for directing the entire Quality Control function will be assumed by Consumers Power. The Quality Control group will functionally report to MPQAD. The programmatic aspects now in place will continue to be used and the combined inspection resources of both Bechtel and CPCo will be integrated. This reorganization will be fully implemented as soon as the appropriate procedural changes are finalized. The integration of the QC resources for soils into MPQAD has already been accomplished as a separate action.

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Independent Verification - Total Project

Consumers Power proposes a new and expanded approach for verifying the overall quality of the project. This approach will give a broader overview than the assessments currently being recommended by the NRC for other NTOL plants. The assessment which is suggested for Midland is to combine an INPO type construction project evaluation, which is a broad "horizontal" type review of many aspects of current project operations with the detailed "vertical slice" review of all aspects, current and historical of a critical plant system or subsystem. The entire review will be performed by one or more independent contractors who are currently being selected. With the assistance of the selected contractors, the detailed plans for this extensive independent assessment will be finalized and presented to NRC management shortly for their concurrence prior to initiating the major work activities.

The INPO portion of the program will be initiated immediately at least through the planning phase to comply with the INPO schedule and industry commitments to the NRC. The INPO construction program evaluation for Midland will differ from the majority of the industry's self-initiated evaluations in that an independent contractor rather than utility personnel will carry out the INPO evaluation. The results will then be overviewed by the INPO staff to assure adequacy and consistency with other evaluations.

Additional Assessment Programs

In addition to the above, Consumers Power has proposed to retain a qualified third party for an assessment of the underpinning activities as detailed in the referenced letter.

Consumers Power Company has also initiated other appraisals to assess the adequacy of the Quality Assurance Program. Two major recent examples of this practice that have occurred are as follows.

In 1981, Management Analysis Company (MAC) conducted an assessment which focused on performance in three major areas as follows:

1. Adequacy and timeliness of both part and process corrective actions taken on a sample of the historical hardware problems that have been identified at Midland over its lifetime.
2. The degree to which the physical characteristics of selected supplied components and parts meet their respective quality requirements.
3. The overall adequacy of the Quality Assurance Program with particular emphasis in corrective actions, effectiveness of the supplier documentation review efforts and personnel qualifications.

This assessment has been completed, the results were positive and all open items have been resolved and closed. The final report has been previously submitted to the NRC.

A Bechtel Corporate Staff project evaluation was initiated in April 1982. A report on the results of this assessment is being finalized at this time. The

purpose of this evaluation was to review the Midland engineering activities to determine if design criteria have been implemented and if the design assumptions, design methods, and the design processes are satisfactory. Bechtel Corporate Management was asked to initiate this assessment in order to certify that the Midland project met all the standards expected of any Bechtel project. To carry out this assignment the assessment team was specifically chosen to be independent from the Bechtel Ann Arbor Power Division. The team consisted of senior experienced personnel with appropriate expertise having previously performed similar work on other projects. A Consumers Power representative was a direct participant on the assessment team. The final report will be sent to the NRC upon completion and whatever other documentation or discussion as may be requested will be provided.

Conclusion

Based on the discussion outlined above and in the reference letter, Consumers Power believes that steps have been taken to insure both the successful implementation of the remaining work to complete the plant and a verification program, including quality records, test program results, and third party assessments, that will certify the adequacy of the plant as constructed.

James W. Cosh

JWC/JAM/bjw

CC Atomic Safety and Licensing Appeal Board
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GHarstead, Harstead Engineering
DSHood, NRC (2)
DFJudd, B&W
JDKane, NRC
FJKelly, Esq
RBLandsman, NRC Region III
WHMarshall
JPMatra, Naval Surface Weapons Center
WOtto, Army Corps of Engineers
WDPatton, Esq
SJPoulos, Geotechnical Engineers
FRinaldi, NRC
HSingh, Army Corps of Engineers
BStamiris

CONSUMERS POWER COMPANY
Midland Units 1 and 2
Docket No 50-329, 50-330

Letter Serial 18850 Dated September 17, 1982

At the request of the Commission and pursuant to the Atomic Energy Act of 1954, and the Energy Reorganization Act of 1974, as amended and the Commission's Rules and Regulations thereunder, Consumers Power Company submits information regarding the implementation of the Consumers Power Company Quality Program for the Midland Plant.

CONSUMERS POWER COMPANY

By J W Cook
J W Cook, Vice President
Projects, Engineering and Construction

Sworn and subscribed before me this 17 day of Sept.

Notary Public
Bay County, Michigan

My Commission Expires 2-11-83



**Consumers
Power
Company**

James W Cook
Vice President - Projects, Engineering
and Construction

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September 17, 1982

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MIDLAND NUCLEAR COGENERATION PLANT
MIDLAND DOCKET NOS 50-329, 50-330
QUALITY ASSURANCE PROGRAM IMPLEMENTATION FOR SOILS REMEDIAL WORK
FILE: 0485.16 SERIAL: 18845

This letter summarizes recent discussions with NRC management regarding implementation of soils remedial construction and presents the Company's documentation of those discussions.

BACKGROUND

The 1980/1981 SALP Report, presented to Consumers in late April of this year, indicated that activities in the soils area should receive more inspection effort on the part of both the NRC and CP Co. Follow-up discussions with the NRR staff and Region III Inspectors led to the conclusion that the Quality Assurance Program and its definition was adequate; however, there was concern that certain aspects were not being or might not be satisfactorily implemented.

Consumers Power has performed an in-depth review of the implementation plans for the Midland soils work activities. This review included the areas of design and construction requirements and plans, organization and personnel, project controls and management involvement. The results of this review and the proposed steps to assure the successful implementation of all aspects of the work were discussed with the NRC management in a meeting held in Chicago on September 2, 1982.

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09-22-82

STEPS TO IMPROVE IMPLEMENTATION

A number of new steps have or are being taken by Consumers Power Co to enhance the implementation of the quality program with regard to the soils remedial work. These measures touch upon all aspects of the work, from design to post-construction verification and include the following:

- (1) Retaining a third party to independently assess the implementation of the auxiliary building underpinning work;
- (2) Integrating the soils QA and QC functions under the direction of MPQAD;
- (3) Creating a "Soils" project organization with dedicated employees and single-point accountability to accomplish all work covered by the ASLB order;
- (4) Establishing new and upgraded training activities, including a special quality indoctrination program, specific training in underpinning activities, and the use of a mock-up test pit for underpinning construction training;
- (5) Developing a quality improvement program (QIP), specifically for soils remedial work;
- (6) Increasing senior management involvement in the soils remedial project through weekly, on-site management meetings wherein both work progress and quality activities are reviewed;
- (7) Improving systems for tracking of and accounting for design commitments.

What follows is a description of the soils implementation plan, as it will be carried out using the new approaches outlined above, together with other specific aspects which we believe will be critical to the successful performance of the job. The discussion is limited to the implementation features specific to soils, is divided into areas roughly describing the progression of the job from design to completion and ends with a description of organizations, management involvement and NRC overview.

DESIGN ADEQUACY AND IMPLEMENTATION

The design for the required remedial activities is in an advanced state; design details and adequacy have been reviewed by numerous organizations. A special ACRS Subcommittee reviewed the soils activities and commented favorably on the thoroughness and conservatism of the review and remedial approaches. Numerous submittals to the NRC have been presented to clarify the design intent. It is our understanding that the Staff is completing its detailed review of all design aspects and is in the process of issuing an SSER. This advanced state of design has permitted the early development of a thorough planning effort and assisted in the organization and development of a detailed training effort. Following-up on design activities, the Project has assigned to the site a design team comprised of experienced structural and geotechnical engineers under the Resident Engineer. This team will monitor

and review the field implementation as specified in design documents, resolve on a timely basis routine construction questions requiring engineering response and administer the specific contingency plans immediately if any problem should arise during the underpinning work. Additional engineering resources for the soils work will continue to be located in Ann Arbor.

IMPLEMENTATION OF DESIGN FEATURES AND COMMITMENTS

All soils activities covered by the ASLB Order of April 30, 1982 are covered under soils-specific QA plans. These plans require that appropriate procedures are in place to accomplish the work in a quality manner and that detailed inspection plans be developed and utilized. Additionally, a Work Authorization Procedure and Work Permit System insure that the NRC and CP Co have specifically authorized and released the work. Under this system, the NRC reviews proposed work details, asks for additional information when necessary and authorizes construction activities in advance. CPCo then authorizes the work to proceed.

To further assure that commitments made to the NRC are properly accounted for in design documents, Consumers Power and Bechtel review the written records of commitments and insure that they are being incorporated into design documents. The Project is currently undertaking an additional review of past correspondence to create a computer listing of commitments. This computer list will be periodically reviewed to insure that commitments are incorporated in design or construction documents in a timely fashion.

PERFORMANCE OF PROJECT CONSTRUCTION, QUALITY ASSURANCE AND QUALITY CONTROL ACTIVITIES

To assure that project construction, quality assurance and quality control personnel correctly carry out their appointed tasks, a number of measures have been taken, including a reorganization of quality control, upgraded training programs, direct Company involvement in construction scheduling and control, and utilization of a contract format to minimize any cutting of corners by contractors. These elements of enhanced performance are described more specifically below.

First, the project has reorganized the Soils QA-QC effort, creating an integrated organization with single-point quality accountability under the MPQAD. This new organization is expected to improve QC performance, increase CPCo involvement in the management of the quality control function and improve QA-QC interfaces.

Second, extensive training programs for the soils underpinning work have been developed. This overall training program, which includes the major Construction and Quality organizations involved in soils work, covers both general training in quality and specific training relative to the construction procedures.

The majority of the personnel associated with Remedial Soils work have attended a special Quality Assurance Indoctrination Session. The QA indoctrination has been provided to Bechtel Remedial Soils Group, CPCo

Construction, QC, QA, Mergentime and Spencer, White and Prentis (SW&P) personnel down to the craft foreman level. This training consists of one three-hour session covering Federal Nuclear Regulations, the NRC, Quality Programs in general and the Remedial Soils Quality Plan in detail.

With regard to the work procedures, a requirement on both Mergentime and SW&P is that specific training on the procedures be provided prior to initiating any quality related construction activity. The identification of individuals to receive this training is spelled out in each procedure pertaining to a specific construction activity. Completion of the specific training requirements is a QA hold point which must be satisfied before work can proceed.

In further recognition of the importance of training to the underpinning work, the Company is utilizing a mock-up test pit as part of its training program for underpinning construction. The purpose of this test pit is to provide specific training in the construction of a pier, bell and grillage assembly from initial issuance of design drawings through completion of construction. This allows supervisory and craft personnel to perform work under the conditions, requirements and restraints which will be encountered when the actual underpinning starts. It also allows the various quality organizations to inspect the work and insure that their concerns and requirements are properly reflected in the procedures.

Third, to further enhance the performance of key project organizations, Consumers Power will maintain control over scheduling, both through the construction authorization process and by frequent meetings with the involved contractors and subcontractors. Each week, underpinning subcontractors will present proposed construction work to the Company. In addition, to assure the best quality work, the major subcontracts were entered into on a time-material basis. This should improve subcontractor attention to detail and acceptance of owner direction in the performance of specific construction activities.

Last, the Company is establishing a separate Quality Improvement Program (QIP) for the soils project. Although not part of the formal Quality Assurance program, the QIP is a management system that should be helpful in communicating and reinforcing project policies and expectations to all project participants. To launch this effort, an indoctrination program will be presented to all individuals, stressing the absolutes of Quality and the concept of "Doing it right the first time." Measurements specific to soils will be developed for those critical areas which are indicative of a "quality product". Tracking these activities will provide an indication of the effectiveness of the program. The QIP will provide mechanisms for individual "feedback" from all individuals involved, including the craft personnel.

INDEPENDENT ASSESSMENT

A third party will be retained to independently appraise the initial phases of the construction of the auxiliary building underpinning. This consultant will be mobilized as soon as possible and, after familiarizing itself with the design, will evaluate the auxiliary building underpinning construction work at

the site. If significant problems or adverse trends are observed, the third party assessment program will be extended in both scope and duration until a satisfactory conclusion can be drawn. The initial evaluation will be carried out over a three-month period.

The independent assessment will be conducted by a team of nuclear plant construction and quality assurance experts. This team will be supplemented by the addition of an underpinning consultant who will review the soils design documents, construction plans and construction itself to assure not only that the design intent is being implemented but also that the construction is consistent with industry standards. The assessment will further assure that the QA Program is being implemented satisfactorily and that the construction is being implemented in accordance with the construction documents. Arrangements are being made with Stone and Webster Engineering Corp to assume the lead role in this appraisal. They will be assisted by Parsons, Brinkerhoff, Quade and Douglas, Inc who will provide underpinning expertise. The NRC will be apprised of all findings of this independent assessment in a timely manner.

ORGANIZATION, MANAGEMENT INVOLVEMENT AND NRC OVERVIEW

The project organization formed for the performance of the soils remedial work incorporates single-point accountability, dedicated personnel to the extent practical, minimum interfaces-particularly at the working level, and a quality organization integrating QA and QC. The soils project organization is tailored to the task at hand. The entire organization, including quality assurance and quality control are staffed with well qualified, experienced personnel, augmented by design consultants and construction subcontractors nationally recognized in the underpinning field.

The soils remedial effort will also include a high level of senior management involvement. Project senior management will conduct weekly in-depth reviews on site of all aspects of the work including quality and implementation of commitments. In addition, the reporting chains to the senior project personnel have been shortened. The Company's CEO is briefed on a regular basis and schedules bi-monthly briefings on all aspects of the project including soils. During the bi-monthly briefings, the CEO normally tours the Midland site.

Complementing the CPCo management role, NRC Region Management overview of the construction process will be enhanced by monthly meetings, agreed upon by the Region, to overview the results of the quality program and the progress of the soils project. These meetings will cover any or all aspects of the project of general or special interest to the NRC management.

CONCLUSION

Based on the discussion outlined above, CP Co believes that the soils program has been thoroughly and critically evaluated and that all prerequisites for successful implementation have been or are being accomplished. The Company's program, with the initial overview from the independent implementation assessment, and the continuing overview by the NRC staff and management should

provide adequate assurance that the remedial soils activities will be successfully completed.

James W. Cook

JWC/JAM/bjw

CC Atomic Safety and Licensing Appeal Board
CBechhoefer, ASLB
MMCherry, Esq
FPCowan, ASLB
RJCook, Midland Resident Inspector
RSDecker, ASLB
SGadler
JHarbour, ASLB
GHarstead, Harstead Engineering
DSHood, NRC (2)
DFJudd, B&W
JDKane, NRC
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WHMarshall
JPMatra, Naval Surface Weapons Center
WOTTO, Army Corps of Engineers
WDPatton, Esq
SJPoulos, Geotechnical Engineers
FRinaldi, NRC
HSingh, Army Corps of Engineers
BSTamiris

CONSUMERS POWER COMPANY
Midland Units 1 and 2
Docket No 50-329, 50-330

Letter Serial 18845 Dated September 17, 1982

At the request of the Commission and pursuant to the Atomic Energy Act of 1954, and the Energy Reorganization Act of 1974, as amended and the Commission's Rules and Regulations thereunder, Consumers Power Company submits information regarding the implementation of the Consumers Power Company Quality Program for the Midland Plant soils remedial work.

CONSUMERS POWER COMPANY

By

J W Cook
J W Cook, Vice President
Projects, Engineering and Construction

Sworn and subscribed before me this 17th day of Sept 1982.

Lorraine G. Puffer
Notary Public
Bay County, Michigan

My Commission Expires 3-4-86



UNITED STATES
NUCLEAR REGULATORY COMMISSION
REGION III
799 ROOSEVELT ROAD
GLEN ELLYN, ILLINOIS 60137

Warnick
QA Improvement

August 18, 1982

MEMORANDUM FOR: Region III Files
FROM: Robert F. Warnick, Acting Director, Office of Special Cases
SUBJECT: MEETING BETWEEN NRR AND REGION III RE CONSUMERS POWER COMPANY PERFORMANCE AT MIDLAND (DN 50-329; 50-330)

On July 26, 1982, R. F. Warnick and James G. Keppler met with E. G. Case, D. G. Eisenhut, R. H. Vollmer, R. O. Tedesco, T. H. Novak, W. D. Paton, and J. Rutberg to discuss the performance of Consumers Power Company at the Midland site.

During the meeting reference was made to information contained in two memos from the RIII staff. The first memo dated June 21, 1982 is from C. E. Norelius and R. L. Spessard and concerns suggested changes for the Midland Project. The second memo dated July 23, 1982 is from R. J. Cook and concerns the licensee's performance at Midland. Copies of the memos are attached.

The meeting resulted in the following recommendations:

- (1) Region III should obtain the results of the recent audit by KMC.
- (2) Schedule a public meeting between NRC and CPC management in Midland, Michigan, to obtain licensee commitment to accomplish (3) and (4) below.
- (3) The licensee should obtain an independent design review. (A vertical slice from design thru completion of construction.)
- (4) The licensee should obtain an independent third party to continuously monitor the site QA implementation and provide periodic reports to the NRC. Region III is to provide a suggested outline for the continuous monitoring function.

Robert F. Warnick

Robert F. Warnick, Acting Director
Office of Special Cases

Attachments: As stated

cc w/attachments: Meeting
participants

83072/0295



UNITED STATES
NUCLEAR REGULATORY COMMISSION
REGION III
799 ROOSEVELT ROAD
GLEN ELLYN, ILLINOIS 60137

June 21, 1982

MEMORANDUM FOR: James G. Keppler, Regional Administrator

FROM: C. E. Norelius, Director, Division of Engineering
and Technical Programs
R. L. Spessard, Director, Division of Project and
Resident Programs

SUBJECT: SUGGESTED CHANGES FOR THE MIDLAND PROJECT

Historically, the Midland Project has had periods of questionable quality assurance as related to construction activities and has had commensurate regulatory attention in the form of special inspections, special meetings, and orders. These problems have been given higher public visibility than most other construction sites in Region III. As questions arise regarding the adequacy of construction or the assurance of adequate construction, we are faced with determining what regulatory action we should take. We are again faced with such a situation.

Current Problem

The current problem was caused by a major breakdown in the adequacy of soils work during the late 1970's. Because of the increased regulatory attention given the site, we expect that exceptional attention would be given to this activity and that licensee performance would be better than other sites or areas which have not had such significant problems and therefore have not attracted this level of regulatory attention. However, that does not appear to be the case and Midland seems to continually have more than its share of regulatory problems. The following are some of the specific items which are troublesome to the staff.

Technical Issues

1. In the remedial soils area, the licensee has conducted safety related activities in an inadequate manner in several instances - removal of dirt around safety related structures, pulling of electrical cable, drilling into safety related utilities.

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2. In the electrical area, in trying to resolve a problem of the adequacy of selected QC inspectors' work conducted in 1980, the licensee completed only part of the reinspection even when problems were identified, and appears inclined to accept that 5% of electrical cables may be misrouted (their characterization of "misrouting" may imply greater significance than we would attach to similar findings).
3. In the pipe support area, in trying to resolve a problem of the adequacy of QC inspections conducted in 1980, the licensee has portrayed only a small percentage of defects of "characteristics" identified and has not addressed the findings in terms of a large percentage of snubbers which may be defective because of the characteristics within each snubber that may be defective (e.g., if only one characteristic was defective out of 50 reviewed on a single hanger, the percentage is small; but if the one defective characteristic makes the hanger defective the result would have a much greater significance level). The licensee had done a detailed statistical analysis in an attempt to show that the small percentage of characteristics were found rather than broadly approaching the problem with significant reinspections to determine whether or not construction was adequate.

Communications

Multiple misunderstandings, meetings, discussions, and communications seem to result in dealing with the Midland Project. Some examples are:

1. NRC staff attending a meeting in Washington on March 10, 1982, heard the Consumers Power Company staff say that electrical cable pulling related to soils remedial work was completed. It was determined to be ongoing the next day at the site.
2. When Region III attempted to issue a Confirmatory Action Letter, J. Cook informed W. Little of his understanding that both J. Keppler and H. Denton had agreed that the subject of the CAL was not a safety related item subject to NRC regulatory jurisdiction. Such agreements had not in fact occurred and following a meeting, Consumers Power Company issued their commitments in a letter to Region III.
3. In reviewing a licensee May 10, 1982 letter, responding to the Board Order, the NRR staff had an unsigned letter and Region III had a signed copy both dated the same date but differing in content.
4. Recently a Region III inspector in closing out and exiting from his inspection described the exit meeting as being the most hostile he had ever participated in.

5. The responses to any Region III enforcement letters issued to Midland are more lengthy and ^{more}are argumentative than are any other responses from any other licensee in Region III. This point was made in the SALP response provided by Midland, and the SALP response in itself from Midland is an example of the type of response which we commonly receive from the site. The length of the response is at least as long as the initial SALP report.
6. Multiple requests for briefing meetings and other statements by the utility to the effect that we should review procedures in developmental stages imply that Midland wants the NRC to be a part of their construction program rather than having us perform our normal regulatory function.

Staff Observations

1. With regard to corrective actions of identified noncompliances, the Midland response seems to lean towards doing a partial job and then writing up a detailed study to explain why what they have done is sufficient rather than doing a more complete job and assuring 100% corrective action has occurred. In the detailed writeups that are prepared, it is the staff's view that the licensee does not always represent the significance properly, and the analyses and studies often raise more questions than they solve; thus time appears to have been wasted in writing an analysis rather than in fixing the problem.
2. Midland site appears to be overly conscious with regard to whether or not something is an item of noncompliance and spends a lot of effort on defending whether or not something should be noncompliance as opposed to focussing on the issue being identified and taking corrective action. This appears in part to be due to their sensitivity of what appears in the public record as official items of noncompliance. This sensitivity may have resulted from the extended public visibility which has attended construction of the facility. The staff's view is that the Midland site would look better from the public standpoint and be more defensible from NRC's standpoint, if they concentrated on fixing identified problems rather than arguing as to the validity of citations. This type of view was expressed by the utility during a recent effort to clarify in detail that certain construction items on the soils remedial work should not be subject to NRC's regulatory action.
3. The Midland project is one of the most complex and complicated ever undertaken within Region III. The reason is that they are building two units of the site simultaneously and additionally have an underpinning construction effort which in itself is probably the equivalent of building a third reactor site. The massive construction effort and the various stages of construction activity which are involved make the site extremely complicated to manage. This activity appears to cause a lot of pressure on the licensee management.

4. Mr. J. Cook, the Vice President responsible for the Midland site is an extremely capable and dynamic individual. However, these characteristics in conjunction with the complexity and immenseness of operation as set forth in 3, above, may actually be contributing to some of the confusion which seems to exist. The staff views that (1) he is too much involved in detail of plant operations and there are times when the working level staff appears to agree and be ready to take action where Mr. Cook may argue details as to the necessity for such action or may argue as to the specific meaning of detailed work procedures, (2) this kind of push may lead to such things as letters both signed and unsigned appearing in NRR and causing confusion, (3) this push may lead to some animosity at the licensee's staff level if NRC activities are looked on as slowing progress of construction at the site.

Recommendations

It appears essential that some action be taken by NRC to improve the regulatory performance of the Midland facility. The following specific suggestions are made.

1. The company must be made aware and have emphasized to them again that their focus should be on correcting identified problems in a complete and timely manner.
2. We should question whether or not it is possible to adequately manage a construction program which is as complex and diverse as that which currently exists at Midland. We would suggest specifically that the following activities be considered:
 - a. That the licensee cut back work and dedicate their efforts to getting one of the units on line in conjunction with doing the soils remedial work.
 - b. That they have a separate management group all the way to a possible new Vice President level, one of which would manage the construction of the reactor to get it operational and the second to look solely after the remedial soils and underpinning activities.
3. Consumers Power Company should develop a design and construction verification program by an independent contractor. This would provide an important additional measure of credibility to the design and construction adequacy of the Midland facility.

James G. Keppler

- 5 -

6/2/1/82

We would be happy to discuss this with you.

C. E. Norelius

C. E. Norelius, Director
Division of Engineering and
Technical Programs

R. L. Spessard

R. L. Spessard, Director
Division of Project and
Resident Programs



UNITED STATES
NUCLEAR REGULATORY COMMISSION
REGION III
799 ROOSEVELT ROAD
GLEN ELLYN, ILLINOIS 60137

July 23, 1982

MEMORANDUM FOR: R. F. Warnick, Director, Enforcement and Investigations Staff

FROM: R. J. Cook, Senior Resident Inspector, Midland Site

SUBJECT: INDICATORS OF QUESTIONABLE LICENSEE PERFORMANCE - MIDLAND SITE

As per our conversation of July 21, 1982, the following is a list of those items that various inspectors consider to be indicative of questionable licensee performance:

1. One of the leading items is the over-inspection performed on electrical QC inspectors which was done in response to NRC concerns identified in the May 1981 team inspection. The licensee found weaknesses in the inspections performed by some electrical QC inspectors pertaining to not identifying the mis-routing of cables. This item culminated in an item of noncompliance. The licensee did not expand the overview activity to a degree necessary for an acceptable resolution to the identified weakness - even after a meeting in RIII. This item has not been resolved to the satisfaction of the NRC although our position has been clearly defined.

As a partial response to the team inspection concern, the licensee presented the NRC with an audit report which would demonstrate a response to our concern of questionable electrical QC inspections. However, the audit report stated that it (the audit report) did not address the NRC concerns.

2. During the dialogue for the underpinning and remedial soils work, a large amount of emphasis has been placed on the settling data for the structures involved. During a meeting in HQ on March 10, 1982, the need for QC requirements on remedial soils instrumentation were explicitly delineated. However, one week later, the NRC inspectors found soils work instrumentation installation was started the day after the March 10, 1982 meeting without a QC/QA umbrella; that the licensee's QA Auditor and QA Engineering personnel were not approached pertaining to the need for QA coverage for this soils settlement instrumentation; that there were strong indications that the licensee had misled the NRC in relating that the work was essentially complete when indeed it was not; and presently, the licensee management informs our inspector that items are ready for his review when in actuality they are not. Our conversations with licensee personnel - other than management - confirm that the items are not ready for review.

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3. Historically, one of the NRC questions has been, "Who is running the job - Bechtel or Consumers?" The following example would allow one to believe it is Bechtel: As a part of the resolution to our findings in the soils settlement instrumentation installation, the NRC insisted that the licensee generate a Coordination/Installation Form to cover interface between different evolutions of instrumentation installation. The licensee would call our inspector for his concurrence on the adequacy of the form - the inspector would approve Consumers Power Company's form, but then would find out that Bechtel did not want to work to Consumer's form - the form that was generated to resolve regulatory concerns. This event has occurred twice and was considered as a deviation during a more recent inspection. The opinion of the staff is that if Consumers generates a form that will aid them in not incurring regulatory difficulty, and which has had NRC input, the licensee should demand that the contractor comply with these policies instead of the contractor dictating the regulatory environment under which they will work.
4. Deficiencies in material storage conditions has continually been a concern to the NRC and has resulted in items of noncompliance. To the inspectors, the ability to maintain quality storage is indicative of how rigorous or slipshod the constructor's attitude is towards construction. The licensee has attempted to entice the constructor to do better in maintaining the material storage conditions, but still the licensee's auditors and the NRC have negative findings in material storage conditions and negative discussions with the contractor about the validity of the finding.
5. At periodic intervals, the support of cables, particularly in the control room area, which are awaiting further routing or termination, has met with the disapproval of the NRC inspectors. These discrepancies also include cables without covered ends being on the floor in walk areas that are in a partially installed status. This is also another indicator of slipshod workmanship which has been brought to the constructor's attention at various times, but was last noted during a recent inspection.
6. In the area of instrumentation impulse line installation and marking, the licensee has had separability violations which has required removal of all installed impulse lines. Also, the NRC, because of this and significant adverse operational conditions, insisted that the installed impulse lines be identified. Although the licensee plans to mark the impulse lines, there was an inordinate amount of resistance to marking the lines - even though there had been instances of mis-matched channels because of identification confusion.

7. An example of reluctance in placing the responsibility for quality workmanship at the foreman and/or worker level has recently been identified. The NRC inspectors noted that some drop-in anchors were improperly installed and obviously did not adhere to the installation procedures. The licensee's attitude indicated this was not a valid finding because QC had not inspected the item. The NRC inspectors treat this as indicative that slipshod workmanship is tolerated in the hopes that QC will find the mistakes.
8. Late in 1981, the licensee decided to move the QA Site Superintendent into another position and cover this site function by sharing the site between the QA Director and the QA Manager. After a January 1982 meeting with the NRC at RIII, the licensee opted to fill the QA Superintendent spot with another person. In the spring of the year, the NRC inspectors were following up on welding allegations and approached the QA Superintendent. The QA Superintendent was familiar with the alleged poor welding and had established what the NRC inspectors determined to be a responsive plan to resolve the questionable QC welding inspections. At the Exit Interview, the QA Director did not appear to back the QA Site Superintendent's proposed plan which had tacit NRC approval. The NRC inspector classified in writing and with just cause that the Exit Interview was the most hostile exit interview he had ever encountered.
9. During a recent inspection, it was noted by the NRC inspector that fill dirt was piled and being covered with a mud mat at a nominal 1:1 1/4 horizontal to vertical slope when the specification called for a 1 1/2:1 horizontal to vertical slope. A constructor Field Engineer witnessed the wrong slope being installed and justified and defended the slope after being informed of the specification requirement. This is another example of the constructor having an attitude which precludes quality workmanship.
10. At different times, NRC inspectors have experienced difficulty in getting information which is controlled by the contractor, such as supporting calculations and qualifying information to justify a given installation. A recent example is: the NRC inspector informed the licensee and the contractor he wanted to see resumes of persons involved in the remedial soils work. There is an obligation to the NRC to supply a precise number of "qualified" persons on the soils work. The inspector was informed he could not get these records as they were personal. The inspector ultimately did get the information after bringing it to the attention of licensee upper management. However, this indicates an implied unwillingness of the constructor to share information with the NRC and sometimes with the licensee.

11. The licensee oftentimes does not demonstrate a "heads up" approach to their activities. The following are examples of the licensee operating in an environment using tunnel vision - "blindness".
- a) During a recent NRC inspection, the inspector challenged the ability to maintain the proper mix ratio on high pressure grout. This was done after the inspector noted that the operator could never maintain the proper mix ratio without continual manual control - which was not available when the grout is applied. The licensee's apathetic attitude did not allow them to stop the grout application until the next day when this became an issue at the exit interview.
 - b) At one point in time, the company doing drilling on site for the remedial soils work cut into a safety related duct bank between the diesel generator building and the service water building. The Consumers Power Site Manager's Office (the production people) stopped work because - from a quality standpoint conditions were so deplorable. However, the Site Manager's Office did not have responsibility in this area - the Midland Project QA Department had this responsibility and did not invoke their authority to prevent the drilling work from getting out of control - or to bring it back into control.
 - c) The NRC inspector recently witnessed the licensee setting up to drill a well hole in safety related dirt using a technique which was not authorized. If the inspector had not brought this to the licensee's attention, the licensee would have violated an Order addressing remedial soils work and also the Construction Permit. When the licensee was queried as to the availability of the QC/QA personnel who would prevent such activity from happening, the NRC inspector was informed that this was (another) misunderstanding.

The NRC inspectors have been informed by our contacts on site that there are memoes written to the effect that "peripheral vision" should be curtailed and communication with the NRC stifled. The NRC has not read these memoes yet - but plans to in the near future, provided they really exist and infer what we have been informed.

12. The licensee seems to possess the unique ability to search all factions of the NRC until they have found one that is sympathetic to their point of view - irregardless of the impact on plant integrity. Some examples of this are:
- a) The NRC soils inspector informs the licensee that soils stabilization grout comes under the Q program. The licensee is not particularly happy with this position. Unknown to the inspector, the licensee argues his point with NRR to have the grout non-Q - using only those arguments which support his (the licensee's) position. The licensee

has the advantage of the NRC inspector's technical and regulatory basis for supporting his (the inspector's) position, and therefore avoids mention of this during the discussions with NRR. However, the licensee's QA program, which has already been approved by NRR, states that all the remedial soils work is Q unless RIII approves a relaxation on a case by case basis. It appears the licensee does not wish to acknowledge the prior agreements with the NRC.

- b) Since the failure of auxiliary feedwater headers in B&W steam generators, discussions have transpired between the NRC inspectors and the site personnel. These discussions have indicated that the licensee was maintaining a conservative approach and were entertaining the concerns expressed by the NRC which were stimulated primarily by gross mistakes in attempting the modification at operating B&W plants. The licensee's corporate personnel were annoyed that the NRC inspectors would not give approval to start the modification until all the preparatory work had been accomplished as this would tend to impact the schedule and the modification to the steam generators could become a scheduling nuisance. The licensee corporate personnel contacted the NRC inspectors involved to "reason with them". However, the corporate personnel, (including a representative from B&W) were unable to answer the concerns of the NRC inspectors but did mention that the NRR Operational Project Manager indicated that it was alright to proceed with the modification. The licensee corporate personnel could not state what the position of the NRR Construction Project Manager was on this issue - only that they had found some form of approval from someone in the NRC.
- c) At times, when Immediate Action Letters or other forms of escalated enforcement become imminent, the licensee attempts to "appeal" their case with individuals in the regional management who are removed from the particulars of the tentative enforcement action. The licensee attempts to get these persons to agree to specific portions of the issue which would indicate that the licensee is "really not all that bad". However, the "real" issues, as identified by the NRC inspectors are being masked.
- d) During inspections of the remedial soils work, the NRC inspector has been informed by the licensee that certain findings and areas of inspection were not within the purview of his (the inspector's) inspection program because they were in essence considered non-Q and that by virtue of prior agreement with the Regional Administrator were excluded from enforcement action. However, the NRC inspectors would subsequently find that there was no such agreement between the Regional Administrator and the licensee - only a philosophical discussion as to what, in general terms, constituted an item of noncompliance.

The above indicators support the reputation the licensee has for being argumentative. Their apparent inability to accept an NRC position without diligently searching to find a "softened" position results in numerous hours of frustrated conversations between all parties involved to resubstantiate (usually the original position) a position based on technical and regulatory prudence.

13. The licensee has been classified publicly by the NRC as being argumentative. The licensee continues to exhibit this trend, as evidenced by the following examples:
 - a) Essentially every item of noncompliance receives an argumentative answer which addresses only the specificity of the item of noncompliance and selectively avoids any concept which would support the essence for the item of noncompliance. For example - in the instance of the improperly installed drop-in anchor mentioned above, it was the fact that QC had not inspected the installation of the bolt which was important to the licensee. However, the real enforcement issue was that components were being improperly installed.
 - b) The Cycle II SALP made critical evaluations of the licensee's performance in several areas. The licensee's response to this SALP report was argumentative over specific details and did not seem to acknowledge that the consensus of opinion of the NRC inspection staff was that there were areas where the licensee's performance was weak. The licensee's argumentative position is in the form of "we really are not all that bad" when the records, findings and observations of the NRC inspectors support just the opposite position.
 - c) The "Q-ness" of the remedial soils work has continually been an argumentative topic of discussion which ultimately resulted in a HQ meeting on March 10, 1982. At this meeting, the "Q-ness" of the remedial soils work was specified and later documented with the meeting minutes. However, the licensee did not wish to abide by this position and a subsequent meeting was held in RIII to further clarify the NRC position. Still, the topic of "Q-ness" is being argued by the licensee, even though the ASLB has issued an Order further defining the "Q-ness" of the soils work. It might be noted that a hearing is in process over this soils issue and the NRC's position on "Q-ness" has been expressed during these testimonies.
14. During a recent episode, the licensee wanted to continue excavation of soils in proximity to the Feedwater Isolation Valve Pit (FIVP). However, the licensee wanted to perform this evolution without determining that the temporary supports of the FIVP were adequate. Making this determination would have an impact on scheduling, as stated by the licensee. The FIVP supports were installed without a Q umbrella and subsequent inspections did reveal several discrepancies in the installation of the support structure.

15. During the limited remedial soils work which has transpired, the licensee has managed to penetrate Q-electrical duct banks, a condenser header drain line, an abandoned sewer line, a non-Q electrical duct bank and a 72-inch circulating water line. All of these occurrences have happened because of a lack of control and attention to details. Whenever approached by the NRC as to the adequacy of review prior to attempting to drill, the NRC receives responses which strongly suggest that the time was not taken to perform these reviews - perhaps taking this time would impact on the schedule.
16. By virtue of an earlier ALAB Order, the licensee is required to perform trend analyses for nonconforming conditions. These trend analyses have, in the past, masked the data such that obvious trends are not obvious and has resulted in negative findings by the NRC. This was addressed in one of the earlier SALP meetings. Recently, while performing a review of hanger welding data, the NRC inspector found that the statistical data had been diluted to the point that the number of unsatisfactory hangers could not be determined from the trend analyses or the type and degree of non-conforming conditions which were being identified pertinent to the hanger fabrication.
17. The licensee continually would use the NRC staff as consultants and classifies a regulatory and enforcement position as counter productive. This is reflected by the licensee not wishing to perform Q-work without obtaining NRC prior approval and then addressing only those areas where the NRC has voiced a regulatory concern - provided it is convenient to the licensee. This attitude has particularly prevailed in the remedial soils issue and to a lesser degree in the electrical installation areas. The preferred NRC inspector mode would be for the licensee to generate his program to establish quality and then the NRC would approve or disapprove. However, the licensee requires consultation with the NRC to establish his level of quality requirements.

The above is not intended to be a complete list of all discrepancies which indicate questionable licensee performance as this would require a more extensive review of the records and inspection personnel involved than time permits. Also, there has been no attempt to systematically document the enforcement and unresolved items list as these are contained in other information sources. However, the listing is rather comprehensive of the types of situations and attitudes which prevail at the Midland Site as observed by the NRC inspector staff.

When considering the above listing of questionable licensee performance attributes, the most damning concept is the fact that the NRC inspection effort at Midland has been purely reactive in nature for approximately the last year, and that these indicators are what have been observed in approximately the last six months. If

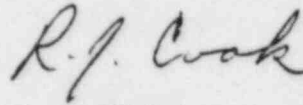
R. F. Warnick

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these are the types of items that have become an NRC nuisance under a reactive inspection program, one can only wonder at what would be disclosed under a rigorous routine inspection and audit program.

Sincerely,



R. J. Cook
Senior Resident Inspector
Midland Site Resident Office

cc: W. D. Shafer
D. C. Boyd
R. N. Gardner
R. B. Landsman
B. L. Burgess



UNITED STATES
NUCLEAR REGULATORY COMMISSION
REGION III
790 ROOSEVELT ROAD
GLEN ELLYN, ILLINOIS 60137

SFU
QA Improvement

July 23, 1982

MEMORANDUM FOR: R. F. Warnick, Director, Enforcement and Investigations Staff

FROM: R. J. Cook, Senior Resident Inspector, Midland Site

SUBJECT: INDICATORS OF QUESTIONABLE LICENSEE PERFORMANCE - MIDLAND SITE

As per our conversation of July 21, 1982, the following is a list of those items that various inspectors consider to be indicative of questionable licensee performance:

- Lack of follow through*
1. One of the leading items is the over-inspection performed on electrical QC inspectors which was done in response to NRC concerns identified in the May 1981 team inspection. The licensee found weaknesses in the inspections performed by some electrical QC inspectors pertaining to not identifying the mis-routing of cables. This item culminated in an item of noncompliance. The licensee did not expand the overview activity to a degree necessary for an acceptable resolution to the identified weakness - even after a meeting in RI17. This item has not been resolved to the satisfaction of the NRC although our position has been clearly defined.

As a partial response to the team inspection concern, the licensee presented the NRC with an audit report which would demonstrate a response to our concern of questionable electrical QC inspections. However, the audit report stated that it (the audit report) did not address the NRC concerns.

- Lack of attention to licensee's QA program*
2. During the dialogue for the underpinning and remedial soils work, a large amount of emphasis has been placed on the settling data for the structures involved. During a meeting in HQ on March 10, 1982, the need for QC requirements on remedial soils instrumentation were explicitly delineated. However, one week later, the NRC inspectors found soils work instrumentation installation was started the day after the March 10, 1982 meeting without a QC/QA umbrella; that the licensee's QA Auditor and QA Engineering personnel were not approached pertaining to the need for QA coverage for this soils settlement instrumentation; that there were strong indications that the licensee had misled the NRC in relating that the work was essentially complete when indeed it was not; and presently, the licensee management informs our inspector that items are ready for his review when in actuality they are not. Our conversations with licensee personnel - other than management - confirm that the items are not ready for review.

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3. Historically, one of the NRC questions has been, "Who is running the job - Bechtel or Consumers?" The following example would allow one to believe it is Bechtel: As a part of the resolution to our findings in the soils settlement instrumentation installation, the NRC insisted that the licensee generate a Coordination/Installation Form to cover interface between different evolutions of instrumentation installation. The licensee would call our inspector for his concurrence on the adequacy of the form - the inspector would approve Consumers Power Company's form, but then would find out that Bechtel did not want to work to Consumer's form - the form that was generated to resolve regulatory concerns. This event has occurred twice and was considered as a deviation during a more recent inspection. The opinion of the staff is that if Consumers generates a form that will aid them in not incurring regulatory difficulty, and which has had NRC input, the licensee should demand that the contractor comply with these policies instead of the contractor dictating the regulatory environment under which they will work.
4. Deficiencies in material storage conditions has continually been a concern to the NRC and has resulted in items of noncompliance. To the inspectors, the ability to maintain quality storage is indicative of how rigorous or slipshod the constructor's attitude is towards construction. The licensee has attempted to entice the constructor to do better in maintaining the material storage conditions, but still the licensee's auditors and the NRC have negative findings in material storage conditions and negative discussions with the contractor about the validity of the finding.
5. At periodic intervals, the support of cables, particularly in the control room area, which are awaiting further routing or termination, has met with the disapproval of the NRC inspectors. These discrepancies also include cables without covered ends being on the floor in walk areas that are in a partially installed status. This is also another indicator of slipshod workmanship which has been brought to the constructor's attention at various times, but was last noted during a recent inspection.
6. In the area of instrumentation impulse line installation and marking, the licensee has had separability violations which has required removal of all installed impulse lines. Also, the NRC, because of this and significant adverse operational conditions, insisted that the installed impulse lines be identified. Although the licensee plans to mark the impulse lines, there was an inordinate amount of resistance to marking the lines even though there had been instances of mis-matched channels because of identification confusion.

Bechtel
over ruling
Consumers

Material
Storage -
Bechtel Prob

Cables -
Support &
Storage

Impulse
Lines
Separation &
Identification

NRC refused to back us

- Drop in anchors -
not properly
installed.
August not to be
a valid finding.
7. An example of reluctance in placing the responsibility for quality workmanship at the foreman and/or worker level has recently been identified. The NRC inspectors noted that some drop in anchors were improperly installed and obviously did not adhere to the installation procedures. The licensee's attitude indicated this was not a valid finding because QC had not inspected the items. The NRC inspectors treat this as indicative that slipshod workmanship is tolerated in the hopes that QC will find the mistakes.
- QA Dir. Failed to
support QA Site
Superintendent in
resolution of
problem as well...
8. Late in 1981, the licensee decided to move the QA Site Superintendent into another position and cover this site function by sharing the site time between the QA Director and the QA Manager. After a January 1982 meeting with the NRC at RIII, the licensee opted to fill the QA Superintendent spot with another person. In the spring of the year, the NRC inspectors were following up on welding allegations and approached the QA Superintendent. The QA Superintendent was familiar with the alleged poor welding and had established what the NRC inspectors determined to be a responsive plan to resolve the questionable QC welding inspections. At the Exit Interview, the QA Director did not appear to back the QA Site Superintendent's proposed plan which had tacit NRC approval. The NRC inspector classified in writing and with just cause that the Exit Interview was the most hostile exit interview he had ever encountered.
- Bechtel defending
for use to meet
spec on slope
9. During a recent inspection, it was noted by the NRC inspector that fill dirt was piled and being covered with a mud mat at a nominal 1:14 horizontal to vertical slope when the specification called for a 14:1 horizontal to vertical slope. A constructor Field Engineer witnessed the wrong slope being installed and justified and defended the slope after being informed of the specification requirement. This is another example of the constructor having an attitude which precludes quality workmanship.
- Bechtel reluctant
to give info
to inspectors
10. At different times, NRC inspectors have experienced difficulty in getting information which is controlled by the contractor, such as supporting calculations and qualifying information to justify a given installation. A recent example is: the NRC inspector informed the licensee and the contractor he wanted to see resumes of persons involved in the remedial soils work. There is an obligation to the NRC to supply a precise number of "qualified" persons on the soils work. The inspector was informed he could not get these records as they were personal. The inspector ultimately did get the information after bringing it to the attention of licensee upper management. However, this indicates an implied unwillingness of the constructor to share information with the NRC and sometimes with the licensee.

11. The licensee oftentimes does not demonstrate a "heads up" approach to their activities. The following are examples of the licensee operating in an environment using tunnel vision - "blinders".

- GROUT mix - inability to control*
- a) During a recent NRC inspection, the inspector challenged the ability to maintain the proper mix ratio on high pressure grout. This was done after the inspector noted that the operator could never maintain the proper mix ratio without continual manual control - which was not available when the grout is applied. The licensee's apathetic attitude did not allow them to stop the grout application until the next day when this became an issue at the exit interview.
- b) At one point in time, the company doing drilling on site for the remedial soils work cut into a safety related duct bank between the diesel generator building and the service water building. The Consumers Power Site Manager's Office (the production people) stopped work because - from a quality standpoint conditions were so deplorable. However, the Site Manager's Office did not have responsibility in this area - the Midland Project QA Department had this responsibility and did not invoke their authority to prevent the drilling work from getting out of control - or to bring it back into control.
- drilling well hole using wrong technique*
- c) The NRC inspector recently witnessed the licensee setting up to drill a well hole in safety related dirt using a technique which was not authorized. If the inspector had not brought this to the licensee's attention, the licensee would have violated an Order addressing remedial soils work and also the Construction Permit. When the licensee was queried as to the availability of the QC/QA personnel who would prevent such activity from happening, the NRC inspector was informed that this was (another) misunderstanding.

The NRC inspectors have been informed by our contacts on site that there are memos written to the effect that "peripheral vision" should be curtailed and communication with the NRC stifled. The NRC has not read these memos yet - but plans to in the near future, provided they really exist and infer what we have been informed.

12. The licensee seems to possess the unique ability to search all factions of the NRC until they have found one that is sympathetic to their point of view - irregardless of the impact on plant integrity. Some examples of this are:

- The licensee tries to find others in NRC who agree with their opinion (as opposed to the inspectors)*
- a) The NRC soils inspector informs the licensee that soils stabilization grout comes under the Q program. The licensee is not particularly happy with this position. Unknown to the inspector, the licensee argues his point with NRR to have the grout non-Q - using only those arguments which support his (the licensee's) position. The licensee

has the advantage of the NRC inspector's technical and regulatory basis for supporting his (the inspector's) position, and therefore avoids mention of this during the discussions with NRR. However, the licensee's QA program, which has already been approved by NRR, states that all the remedial soils work is Q unless RIII approves a relaxation on a case by case basis. It appears the licensee does not wish to acknowledge the prior agreements with the NRC.

- b) Since the failure of auxiliary feedwater headers in B&W steam generators, discussions have transpired between the NRC inspectors and the site personnel. These discussions have indicated that the licensee was maintaining a conservative approach and were entertaining the concerns expressed by the NRC which were stimulated primarily by gross mistakes in attempting the modification at operating B&W plants. The licensee's corporate personnel were annoyed that the NRC inspectors would not give approval to start the modification until all the preparatory work had been accomplished as this would tend to impact the schedule and the modification to the steam generators could become a scheduling nuisance. The licensee corporate personnel contacted the NRC inspectors involved to "reason with them". However, the corporate personnel, (including a representative from B&W) were unable to answer the concerns of the NRC inspectors but did mention that the NRR Operational Project Manager indicated that it was alright to proceed with the modification. The licensee corporate personnel could not state what the position of the NRR Construction Project Manager was on this issue - only that they had found some form of approval from someone in the NRC.
- c) At times, when Immediate Action Letters or other forms of escalated enforcement become imminent, the licensee attempts to "appeal" their case with individuals in the regional management who are removed from the particulars of the tentative enforcement action. The licensee attempts to get these persons to agree to specific portions of the issue which would indicate that the licensee is "really not all that bad". However, the "real" issues, as identified by the NRC inspectors are being masked.
- d) During inspections of the remedial soils work, the NRC inspector has been informed by the licensee that certain findings and areas of inspection were not within the purview of his (the inspector's) inspection program because they were in essence considered non-Q and that by virtue of prior agreement with the Regional Administrator were excluded from enforcement action. However, the NRC inspectors would subsequently find that there was no such agreement between the Regional Administrator and the licensee - only a philosophical discussion as to what, in general terms, constituted an item of noncompliance.

July 23, 1982

The above indicators support the reputation the licensee has for being argumentative. Their apparent inability to accept an NRC position without diligently searching to find a "softened" position results in numerous hours of frustrated conversations between all parties involved to resubstantiate (usually the original position) a position based on technical and regulatory prudence.

13. The licensee has been classified publicly by the NRC as being argumentative. The licensee continues to exhibit this trend, as evidenced by the following examples:

- Argumentative*
- a) Essentially every item of noncompliance receives an argumentative answer which addresses only the specificity of the item of noncompliance and selectively avoids any concept which would support the essence for the item of noncompliance. For example - in the instance of the improperly installed drop-in anchor mentioned above, it was the fact that QC had not inspected the installation of the bolt which was important to the licensee. However, the real enforcement issue was that components were being improperly installed.
- Not I*
- b) The Cycle II SALP made critical evaluations of the licensee's performance in several areas. The licensee's response to this SALP report was argumentative over specific details and did not seem to acknowledge that the consensus of opinion of the NRC inspection staff was that there were areas where the licensee's performance was weak. The licensee's argumentative position is in the form of "we really are not all that bad" when the records, findings and observations of the NRC inspectors support just the opposite position.
- Soils "Q" work*
- c) The "Q-ness" of the remedial soils work has continually been an argumentative topic of discussion which ultimately resulted in a HQ meeting on March 10, 1982. At this meeting, the "Q-ness" of the remedial soils work was specified and later documented with the meeting minutes. However, the licensee did not wish to abide by this position and a subsequent meeting was held in RIII to further clarify the NRC position. Still, the topic of "Q-ness" is being argued by the licensee, even though the ASLB has issued an Order further defining the "Q-ness" of the soils work. It might be noted that a hearing is in process over this soils issue and the NRC's position on "Q-ness" has been expressed during these testimonies.

14. During a recent episode, the licensee wanted to continue excavation of soils in proximity to the Feedwater Isolation Valve Pig (FIVP). However, the licensee wanted to perform this evolution without determining that the temporary supports of the FIVP were adequate. Making this determination would have an impact on scheduling, as stated by the licensee. The FIVP supports were installed without a Q umbrella and subsequent inspections did reveal several discrepancies in the installation of the support structures.

Not recommended to continue schedule since important

15. *Findings* During the limited remedial soils work which has transpired, the licensee has managed to penetrate Q-electrical duct banks, a condenser header drain line, an abandoned sewer line, a non-Q electrical duct bank and a 72-inch circulating water line. All of these occurrences have happened because of a lack of control and attention to details. Whenever approached by the NRC as to the adequacy of review prior to attempting to drill, the NRC receives responses which strongly suggest that the time was not taken to perform these reviews - perhaps taking this time would impact on the schedule.
16. *Trend analysis making hanger problems* By virtue of an earlier ALAB Order, the licensee is required to perform trend analyses for nonconforming conditions. These trend analyses have, in the past, masked the data such that obvious trends are not obvious and has resulted in negative findings by the NRC. This was addressed in one of the earlier SALP meetings. Recently, while performing a review of hanger welding data, the NRC inspector found that the statistical data had been diluted to the point that the number of unsatisfactory hangers could not be determined from the trend analyses or the type and degree of non-conforming conditions which were being identified pertinent to the hanger fabrication.
17. *Trying to get by with minimum to 50% by 11/82* The licensee continually would use the NRC staff as consultants and classifies a regulatory and enforcement position as counter productive. This is reflected by the licensee not wishing to perform ~~Q-work~~ without obtaining NRC prior approval and then addressing only those areas where the NRC has voiced a regulatory concern - provided it is convenient to the licensee. This attitude has particularly prevailed in the remedial soils issue and to a lesser degree in the electrical installation areas. The preferred NRC inspector mode would be for the licensee to generate his program to establish quality and then the NRC would approve or disapprove. However, the licensee requires consultation with the NRC to establish his level of quality requirements.

The above is not intended to be a complete list of all discrepancies which indicate questionable licensee performance as this would require a more extensive review of the records and inspection personnel involved than time permits. Also, there has been no attempt to systematically document the enforcement and unresolved items list as these are contained in other information sources. However, the listing is rather comprehensive of the types of situations and attitudes which prevail at the Midland Site as observed by the NRC inspector staff.

When considering the above listing of questionable licensee performance attributes, the most damning concept is the fact that the NRC inspection effort at Midland has been purely reactive in nature for approximately the last year, and that these indicators are what have been observed in approximately the last six months. If

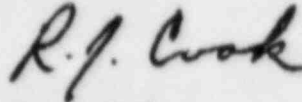
R. F. Warnick

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July 23, 1962

these are the types of items that have become an NRC nuisance under a reactive inspection program, one can only wonder at what would be disclosed under a rigorous routine inspection and audit program.

Sincerely,



R. J. Cook
Senior Resident Inspector
Midland Site Resident Office

cc: W. D. Shafer
D. C. Boyd
R. H. Gardner
R. B. Landsman
B. L. Burgess

JCH FT

Problems-As Perceived or Identified by Region III

1. Responses - failure to address root cause and take full and decisive action.
2. Bechtel over-ruling Consumers
3. Material storage
4. Cable support and storage
5. Impulse line separation and identification
6. Drop-in anchors not properly installed
7. QA Director failed to support QA Site Superintendent
8. Constructors field engineer failed to take action when out of spec condition was identified.
9. Bechtel reluctant to give information to NRC
10. Licensee wears blinders in addressing problems - grout & drilling
11. Licensee seeks NRC opinion and plays one part of NRC against another.
12. Licensee is argumentative
13. Feedwater Isolation Valve Pit excavation
14. Drilling into underground pipes and duct banks
15. Hangers - Licensee tried to minimize significance and extent of problem. Approximately 43% have deficiencies.
16. Licensee using NRC as consultants
17. Electrical cables - 5% misrouted
18. Soils - NRC keeps finding problems
19. Reluctance to put responsibility of quality work on construction foreman.
They want to inspect quality in, rather than build it in.
20. QC failing to identify problems.

INDICATIONS OF INADEQUATE QUALITY CONTROL INSPECTIONS AT MIDLAND

Electrical (April 28, 1981 to Present)

Noncompliance 329/81-11-03: Failure of Quality Control inspections to identify inadequate internal separation of Class IE and non-class IE electrical cables (one example).

Noncompliance 330/81-12-07: Failure of Quality Control inspections to identify a violation of the minimum bend radius of a Class IE cable.

Noncompliance 329/82-06-01; 330/82-06-01: Failure of Quality Control inspections to identify 55 misrouted Class IE cables and 66 nonconforming cable reel numbers.

Noncompliance (Report not complete): The noncompliance pertains to nonconforming separation of Class IE cables. The root cause was determined to be due to inadequate design control, however, approximately 30 Class IE cables had previously been installed and inspected without Quality Control identifying the nonconforming separations.

Mechanical (May 18-22, 1981)

Noncompliance 329/81-12-12; 330/81-12-13: Failure of Quality Control inspections to identify that 6 of 7 previously inspected large bore pipe restraints, supports and anchors had not been installed in accordance with design drawings and specifications.

DRAFT NOTES

MIDLAND

8/6/82

The Midland Section recommends that the following actions be considered by Region III in an effort to (1) improve the licensee's regulatory attitude and performance, and (2) provide increased assurance that completed and ongoing construction work is acceptable.

1. Establish an augmented inspection effort by the NRC.

A. Inspections should be concentrated in the following ten areas:

- (1) Soils
- (2) Electrical
- (3) I & C
- (4) High Pressure Piping
- (5) Hangers and Supports
- (6) Corrective Action System - including identification, documentation, resolution, and prevention of future events.
- (7) Receipt, Storage, and Handling
- (8) Structural Steel
- (9) Subcontractor Welder Qualification
- (10) Management Overview System

B. The effort as initially conceived will last from 6 to 12 months but it could last longer.

C. It is proposed that the inspections be performed by the Midland Section and 5 contract inspectors assigned full-time to the Midland Section and located onsite. The Midland Section would be as follows:

- (1) Shafer
- (2) Gardner
- (3) Landsman
- (4) Cook
- (5) Burgess
- (6) Welding & NDT-Contracted
- (7) Mechanical-Contracted
- (8) Electrical-Contracted
- (9) I & C - Contracted
- (10) Startup & Test-Contracted
- (11) Secretary (Full Time)

2. Require the licensee to have an independent third party look at a vertical slice of a safety-related system from design through completion of construction.
3. Require the licensee to have all QC inspectors report to CPCo.
4. Convince CPCo that Curland should be in charge of QA onsite and that he should report directly to Cook.

5. Conduct NRC exits with Construction Manager (Don Miller) and QA Manager.
6. NRC should get commitments in writing and should give release on hold points in writing.
7. CPCo should convince Bechtel that quality must be built into the plant. It cannot be inspected into it. If Leo Davis is convinced this is the most important thing his management wants, then it will be done.



UNITED STATES
NUCLEAR REGULATORY COMMISSION
REGION III
799 ROOSEVELT ROAD
GLEN ELLYN, ILLINOIS 60137

June 21, 1982

MEMORANDUM FOR: James G. Keppler, Regional Administrator

FROM: C. E. Norelius, Director, Division of Engineering
and Technical Programs
R. L. Spessard, Director, Division of Project and
Resident Programs

SUBJECT: SUGGESTED CHANGES FOR THE MIDLAND PROJECT

Historically, the Midland Project has had periods of questionable quality assurance as related to construction activities and has had commensurate regulatory attention in the form of special inspections, special meetings, and orders. These problems have been given higher public visibility than most other construction sites in Region III. As questions arise regarding the adequacy of construction or the assurance of adequate construction, we are faced with determining what regulatory action we should take. We are again faced with such a situation.

Current Problem

The current problem was caused by a major breakdown in the adequacy of soils work during the late 1970's. Because of the increased regulatory attention given the site, we expect that exceptional attention would be given to this activity and that licensee performance would be better than other sites or areas which have not had such significant problems and therefore have not attracted this level of regulatory attention. However, that does not appear to be the case and Midland seems to continually have more than its share of regulatory problems. The following are some of the specific items which are troublesome to the staff.

Technical Issues

1. In the remedial soils area, the licensee has conducted safety related activities in an inadequate manner in several instances - removal of dirt around safety related structures, pulling of electrical cable, drilling into safety related utilities.

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2. In the electrical area, in trying to resolve a problem of the adequacy of selected QC inspectors' work conducted in 1980, the licensee completed only part of the reinspection even when problems were identified, and appears inclined to accept that 5% of electrical cables may be misrouted (their characterization of "misrouting" may imply greater significance than we would attach to similar findings).
3. In the pipe support area, in trying to resolve a problem of the adequacy of QC inspections conducted in 1980, the licensee has portrayed only a small percentage of defects of "characteristics" identified and has not addressed the findings in terms of a large percentage of snubbers which may be defective because of the characteristics within each snubber that may be defective (e.g., if only one characteristic was defective out of 50 reviewed on a single hanger, the percentage is small; but if the one defective characteristic makes the hanger defective the result would have a much greater significance level). The licensee had done a detailed statistical analysis in an attempt to show that the small percentage of characteristics were found rather than broadly approaching the problem with significant reinspections to determine whether or not construction was adequate.

Communications

Multiple misunderstandings, meetings, discussions, and communications seem to result in dealing with the Midland Project. Some examples are:

1. NRC staff attending a meeting in Washington on March 10, 1982, heard the Consumers Power Company staff say that electrical cable pulling related to soils remedial work was completed. It was determined to be ongoing the next day at the site.
2. When Region III attempted to issue a Confirmatory Action Letter, J. Cook informed W. Little of his understanding that both J. Keppler and H. Denton had agreed that the subject of the CAL was not a safety related item subject to NRC regulatory jurisdiction. Such agreements had not in fact occurred and following a meeting, Consumers Power Company issued their commitments in a letter to Region III.
3. In reviewing a licensee May 10, 1982 letter, responding to the Board Order, the NRR staff had an unsigned letter and Region III had a signed copy both dated the same date but differing in content.
4. Recently a Region III inspector in closing out and exiting from his inspection described the exit meeting as being the most hostile he had ever participated in.

5. The responses to any Region III enforcement letters issued to Midland are more lengthy and ^{are} argumentative than are any other responses from any other licensee in Region III. This point was made in the SALP response provided by Midland, and the SALP response in itself from Midland is an example of the type of response which we commonly receive from the site. The length of the response is at least as long as the initial SALP report.
6. Multiple requests for briefing meetings and other statements by the utility to the effect that we should review procedures in developmental stages imply that Midland wants the NRC to be a part of their construction program rather than having us perform our normal regulatory function.

Staff Observations

1. With regard to corrective actions of identified noncompliances, the Midland response seems to lean towards doing a partial job and then writing up a detailed study to explain why what they have done is sufficient rather than doing a more complete job and assuring 100% corrective action has occurred. In the detailed writeups that are prepared, it is the staff's view that the licensee does not always represent the significance properly, and the analyses and studies often raise more questions than they solve; thus time appears to have been wasted in writing an analysis rather than in fixing the problem.
2. Midland site appears to be overly conscious with regard to whether or not something is an item of noncompliance and spends a lot of effort on defending whether or not something should be noncompliance as opposed to focussing on the issue being identified and taking corrective action. This appears in part to be due to their sensitivity of what appears in the public record as official items of noncompliance. This sensitivity may have resulted from the extended public visibility which has attended construction of the facility. The staff's view is that the Midland site would look better from the public standpoint and be more defensible from NRC's standpoint, if they concentrated on fixing identified problems rather than arguing as to the validity of citations. This type of view was expressed by the utility during a recent effort to clarify in detail that certain construction items on the soils remedial work should not be subject to NRC's regulatory action.
3. The Midland project is one of the most complex and complicated ever undertaken within Region III. The reason is that they are building two units of the site simultaneously and additionally have an underpinning construction effort which in itself is probably the equivalent of building a third reactor site. The massive construction effort and the various stages of construction activity which are involved make the site extremely complicated to manage. This activity appears to cause a lot of pressure on the licensee management.

4. Mr. J. Cook, the Vice President responsible for the Midland site is an extremely capable and dynamic individual. However, these characteristics in conjunction with the complexity and immenseness of operation as set forth in 3, above, may actually be contributing to some of the confusion which seems to exist. The staff views that (1) he is too much involved in detail of plant operations and there are times when the working level staff appears to agree and be ready to take action where Mr. Cook may argue details as to the necessity for such action or may argue as to the specific meaning of detailed work procedures, (2) this kind of push may lead to such things as letters both signed and unsigned appearing in NRR and causing confusion, (3) this push may lead to some animosity at the licensee's staff level if NRC activities are looked on as slowing progress of construction at the site.

Recommendations

It appears essential that some action be taken by NRC to improve the regulatory performance of the Midland facility. The following specific suggestions are made.

1. The company must be made aware and have emphasized to them again that their focus should be on correcting identified problems in a complete and timely manner.
2. We should question whether or not it is possible, to adequately manage a construction program which is as complex and diverse as that which currently exists at Midland. We would suggest specifically that the following activities be considered:
 - a. That the licensee cut back work and dedicate their efforts to getting one of the units on line in conjunction with doing the soils remedial work.
 - b. That they have a separate management group all the way to a possible new Vice President level, one of which would manage the construction of the reactor to get it operational and the second to look solely after the remedial soils and underpinning activities.
3. Consumers Power Company should develop a design and construction verification program by an independent contractor. This would provide an important additional measure of credibility to the design and construction adequacy of the Midland facility.

*For the present management
change*

James G. Keppler

- 5 -

6/2/1/82

We would be happy to discuss this with you.

C. E. Norelius

C. E. Norelius, Director
Division of Engineering and
Technical Programs

R. L. Spessard

R. L. Spessard, Director
Division of Project and
Resident Programs