



*E. Gallagher*

James W Cook  
Vice President - Projects, Engineering  
and Construction

General Offices: 1945 West Parnall Road, Jackson, MI 49201 • (517) 788-0453

December 23, 1981

Mr J G Keppler, Regional Director  
Office of Inspection & Enforcement  
US Nuclear Regulatory Commission  
Region III  
799 Roosevelt Road  
Glen Ellyn, IL 60137

*For Jan 12 Meet*

~~Mr H R Denton~~

Director of Nuclear Reactor Regulation  
Attn: Mr W P Haass, Chief  
Quality Assurance Branch  
US Nuclear Regulatory Commission  
Washington, DC 20555

CONSUMERS POWER COMPANY -  
MIDLAND QUALITY ASSURANCE ORGANIZATIONAL CHANGE  
FILE: 1.2 SERIAL: 15397

Enclosure 1: Internal Correspondence from J W Cook; November 20, 1981;  
"Midland Organizational Change."

Enclosure 2: Quality Assurance Program Topical Report CPC-1A, revised  
Figure 8.

Enclosure 3: Letter from W R Bird, countersigned by B W Marguglio;  
December 21, 1981; "MPQAD Organizational Change" with  
attachments as follows:

- a) MPQAD Organization Chart, 12/8/81;
- b) MPQAD Reporting Relationships, 11/30/81;
- c) Responsibilities and Authorities of the Assistant  
Manager--Administration and Special Projects, 12/8/81.

Submitted for your information are the above noted enclosures which describe  
a reorganization of the Midland Project Office and of the Midland Project  
Quality Assurance Department (MPQAD).

8406120595 840517  
PDR FOIA  
RICE84-96 PDR

Enclosures 1 and 2 describe the addition of Mr B W Marguglio to the Midland Project Office, his line responsibilities for direct administration of the MPQAD, and his change of primary location from the Jackson Corporate Office to the Midland Site. From the change of the primary location to the Midland Site, it is meant that Mr Marguglio is spending, on average, a minimum of three full work days per week at the Site. To facilitate this, Mr Marguglio is establishing a residence in Midland and residing in Midland on the nights preceding the work days. It should be noted also, though not specifically stated in any of the enclosures, that Mr Marguglio has delegated the daily operations of the Environmental Department and the Quality Assurance Department - Plant Modifications to the respective department heads. As a result, the recent organizational change reassigns the most senior Consumers Power Company quality assurance professional to the direct charge of the MPQAD and at a location where it is expected that he can make the greatest contribution.

Attachments (a) and (b) to Enclosure 3 further define the ways by which the lines of communication between the MPQAD Site Section Heads (for Fluids & Mechanical, Civil and Electrical/I&C) and Mr Marguglio have been shortened to provide additional effectiveness. It must be emphasized that although Mr Marguglio is concentrating his day-to-day activities on these organizations and administration at the Site, Mr Marguglio oversees the entire MPQAD and, as such, he has total, unfragmented responsibility for MPQAD.

The lines of communication between these MPQAD Site Section Heads and Mr J W Cook have also been shortened in that now they communicate to Mr Marguglio who, in turn, communicates to Mr Cook--one intermediate communication level between the Section Heads and Mr Cook. Previously they communicated to Mr Turnbull (in his previous capacity as Site QA Superintendent) who, in turn, communicated to Mr Bird, who, in turn, communicated to Mr Cook--two intermediate levels between the Section Heads and Mr Cook.

Because of his background, Mr Bird will concentrate his day-to-day activities on the Ann Arbor design and procurement activities, the HVAC activities, and the soils remedial activities--thus providing a further enhancement of these activities through his concentrated effort and background.

As discussed between Messrs Marguglio and Haass, and between Messrs Marguglio and Norelius, we would be pleased to have the opportunity to make a presentation of this organizational change to members of the NRR, QA Branch and to the appropriate members of Region III. Please advise Mr Marguglio of your desires in this regard.

*James W. Cook*

Enclosures

CC: RJCook, US NRC (3)

To Officers  
Managers  
Directors  
Major Department Heads

FROM JWCook, P-26-336 *JWC*

DATE November 20, 1981

SUBJECT MIDLAND ORGANIZATIONAL CHANGE

Consumers  
Power  
Company

INTERNAL  
CORRESPONDENCE

CC

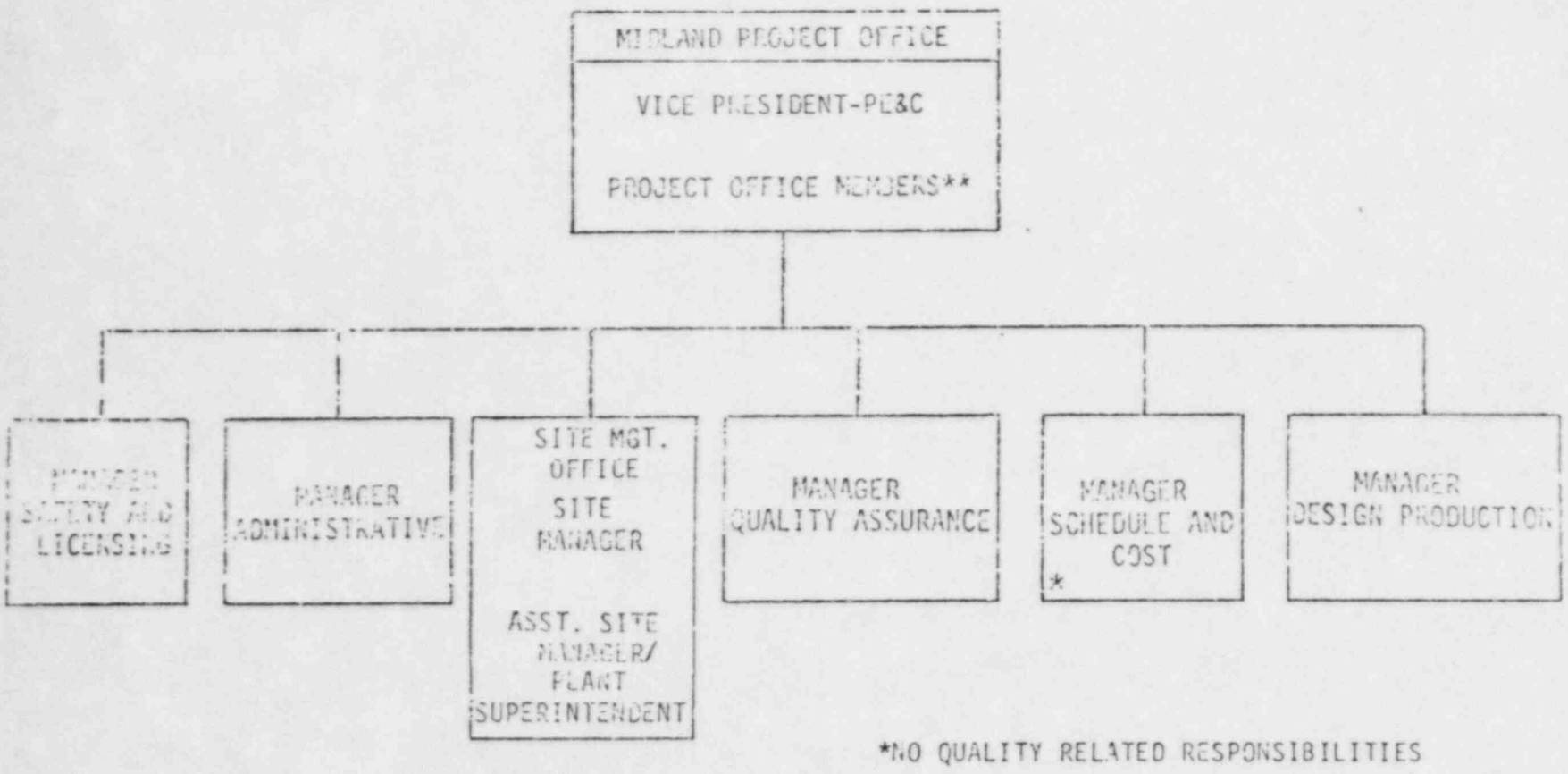
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Effective November 23, several organizational changes will be implemented in the Midland Quality Assurance structure in order to more fully address the needs of the job in its final stages. Because of the growth in the number of quality assurance personnel who are located at the site, it is necessary to establish the presence of senior quality assurance management at the site. To implement this need B W Marguglio, Director of Environmental and Quality Assurance, will become a member of the Midland Project Office and will assume direct line responsibility for Midland quality assurance activities. He will be in residence, for the majority of his time, at the Midland site until the conclusion of the Midland construction phase.

W R Bird, Manager-Midland Quality Assurance, will continue in his current capacity but will report to Mr Marguglio. Mr Bird will be based in Jackson and will be directly responsible for administering certain activities as defined by Mr Marguglio. Additional shifts in administrative responsibilities as appropriate to reflect this change will be announced subsequently by Mr Marguglio and Mr Bird.

Mr Marguglio will continue to oversee his previously assigned functions of developing and maintaining the quality assurance program for the PE&C Department and directly administering the Environmental Department and the quality assurance program for plant modifications.

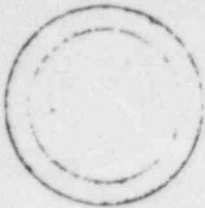
I am confident that Mr Marguglio's additional involvement in the Midland Project will serve to further enhance an already fine department and will insure the successful completion of the project with regard to quality assurance activities.



\*NO QUALITY RELATED RESPONSIBILITIES

\*\*AS OF THE DAY OF THIS DRAFT, THE PROJECT OFFICE MEMBERS CONSIST OF THE DIRECTOR-ENVIRONMENTAL & QUALITY ASSURANCE, THE PROJECT MANAGER AND TWO EXECUTIVE MANAGERS

FIGURE 8 - MIDLAND PROJECT MANAGEMENT ORGANIZATION.-PRIOR TO FULL LOAD



Consumers  
Power  
Company

BWM 108-81

General Offices: 212 West Michigan Avenue, Jackson, Michigan 49201 • (517) 788-0550

December 21, 1981

Mr J W Cook  
P26-336B

Mr J A Rutgers  
Bechtel Power Corporation  
PO Box 1000  
Ann Arbor, MI 48106

MIDLAND PROJECT -  
MPQAD ORGANIZATION  
FILE: 1.2 SERIAL: 14648

Reference: WRBird letter to JWCook and JARutgers, Serial 14621,  
dated December 8, 1981

The referenced letter reflected the MPQAD reorganization as a result of the addition of B W Marguglio to the Midland Project Office. This letter provides a further update of the reorganization by means of an updated MPQAD organization chart; a statement of MPQAD reporting relationships; and a statement of the responsibilities and authorities of the Assistant Manager - Administration and Special Projects.

*WR Bird*

W R Bird  
Manager of Quality Assurance  
Midland Project

*B W Marguglio*

B W Marguglio  
Director, E&QA  
Midland Project Office

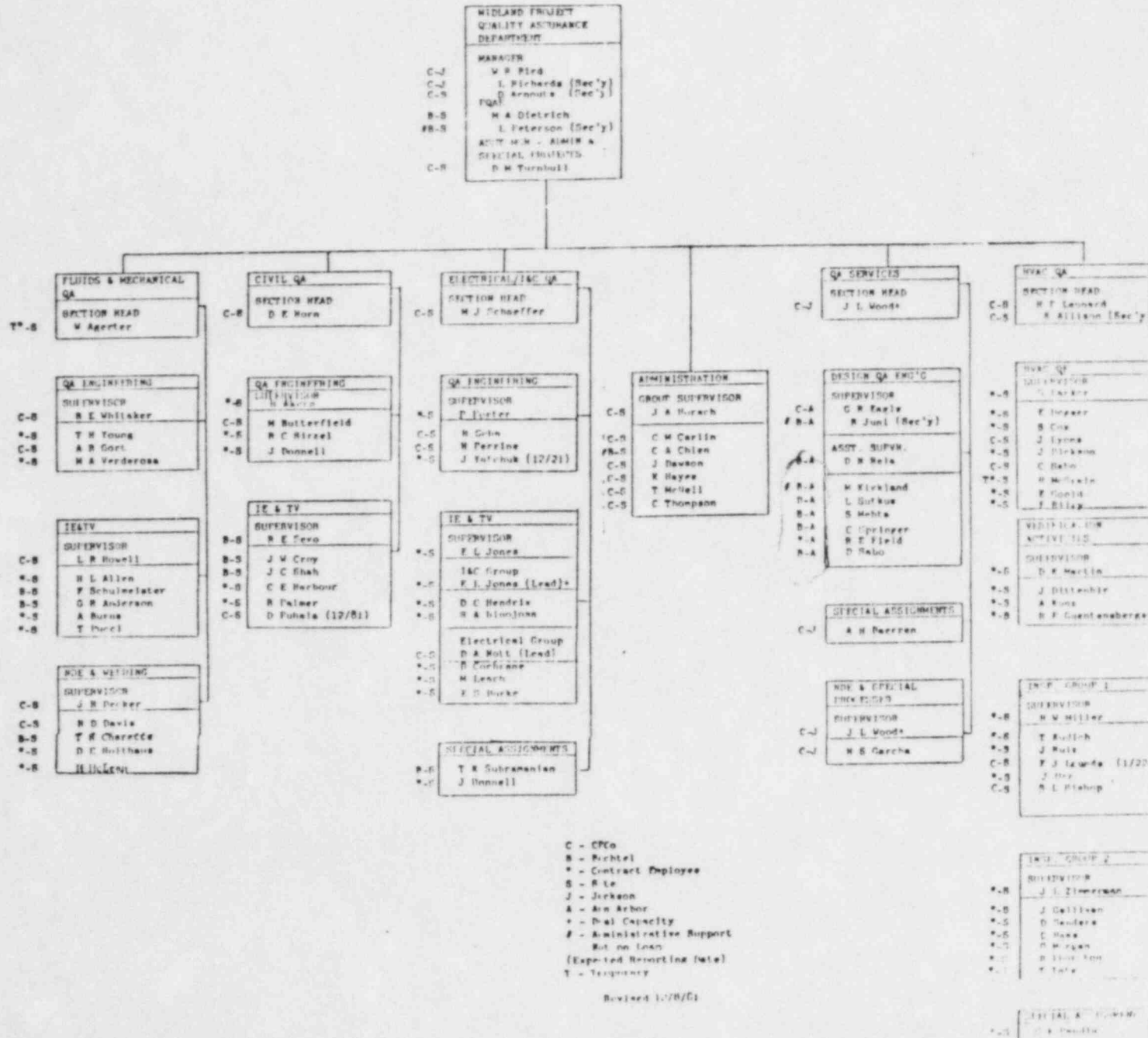
WRB/BWM/jac

CC: RCBauman  
LHCurtis  
LEDavis  
LADreisbach  
JFFirlit

MADietrich  
GSKeeley  
KRKline  
KEMarbaugh  
DBMiller

ARMollenkopf  
JAMooney  
TJSullivan  
RAWells  
RJCook, NRC (3)

Enclosures



MPQAD REPORTING RELATIONSHIPS

On a day-to-day basis, the HVAC Section and the Quality Engineering Services Section will report to Walt Bird.

On a day-to-day basis, the other Section Heads and the Assistant Manager - Administration and Special Projects will report to Ben Marguglio.

On a day-to-day basis, the PQAE will communicate and interface with either Walt or Ben, depending upon the above-noted division of responsibilities.

In addition, on a day-to-day basis, Walt will continue to be responsible for all activities associated with 50.55(e) and Part 21 reports (ie, determining reportability, preparing reports and following-up for problem resolution).

In addition, on a day-to-day basis, Walt will be responsible for the primary management role for the remedial soils work.

It is incumbent upon each Section Head, the PQAE and the Assistant Manager to notify either Walt or Ben of any significant items in accordance with the above-noted division of responsibility.

In Walt's absence, Ben shall be notified of Walt's items, and conversely, Walt shall be notified of Ben's items.

BWM/da

11/30/81

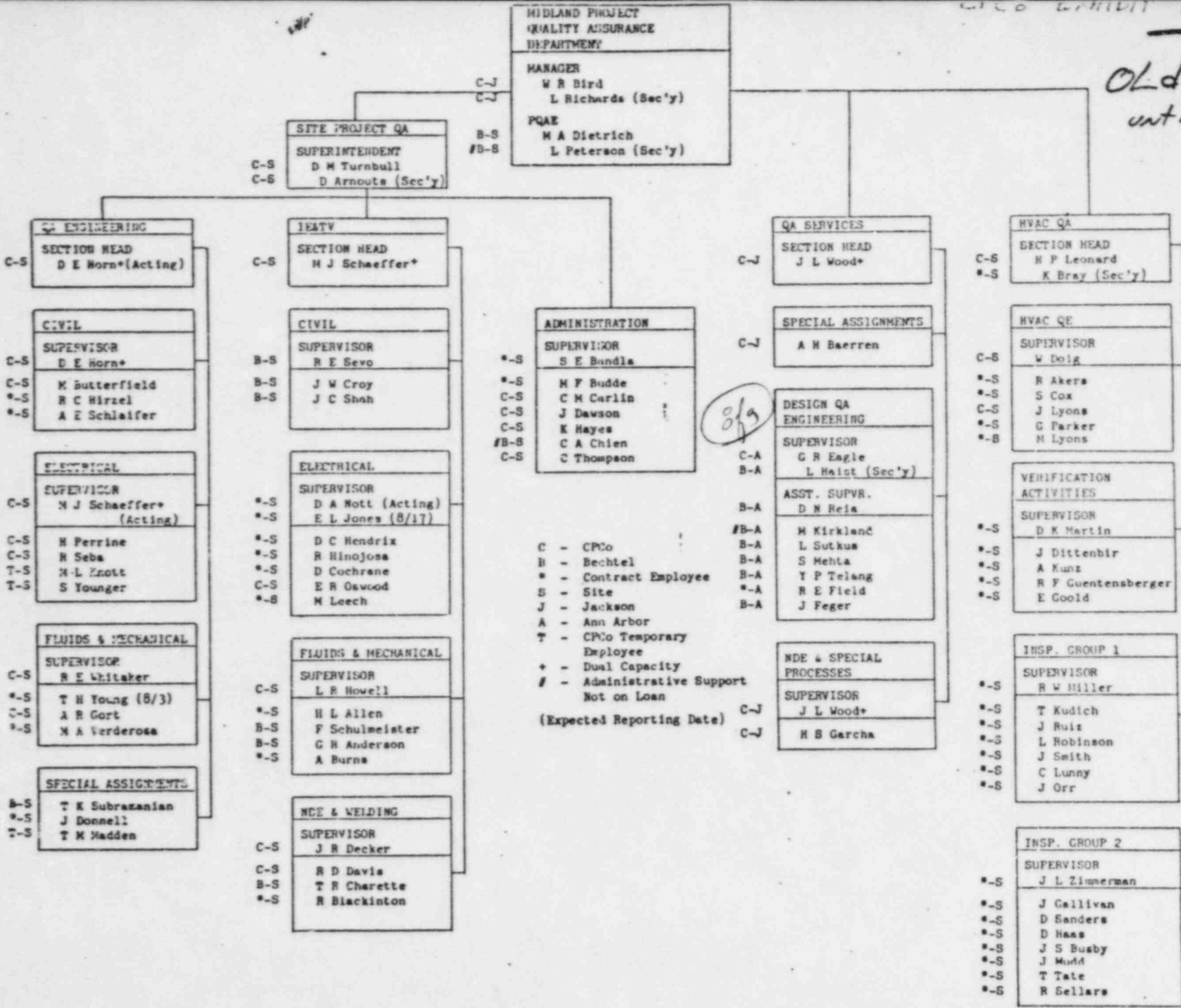
RESPONSIBILITIES AND AUTHORITIES OF THE ASSISTANT MANAGER

ADMINISTRATION AND SPECIAL PROJECTS

- I. Quality Improvement
  - A. Represent Site MPQAD on the Quality Improvement team.
  - B. Prepare and implement Quality Improvement measures.
  - C. Provide feedback regarding Quality Improvement status.
- II. Management Systems
  - A. Maintain the Site Operations Manual for MPQAD.
  - B. Identify needed departmental and inter-departmental management systems documents or revisions and coordinate the preparation of draft documents.
- III. Management of the Administration Group
- IV. Management Information Feedback - Providing the technical involvement and the basis for management followup associated with the following items:
  - A. Open Action Item tracking system.
  - B. Truncated report.
  - C. Trend report.
  - D. Monthly Project meeting.
  - E. Monthly Quality Assurance meeting.
  - F. Monthly Quality Assurance report.
- V. Personnel Acquisition
  - A. Coordinate the identification of candidates.
  - B. Provide services associated with the interview process.
  - C. Manage the process for contracting for personnel.
- VI. Special Assignments



Old organization until Nov. 20, 1981



Attachment 4

does. ' 1

BY MR. PATON:

2 Q All right, Mr. Gallagher, would you present your  
3 statement? And bear in mind that the reporter would  
4 appreciate your help on reading too fast.

5 A Yes.

6 At first glimpse, the organizational structure  
7 as presented in Consumers Power Exhibit No. 20 is generally  
8 consistent with the classical quality assurance organiza-  
9 tion structures; for example, a manager or director of  
10 quality assurance with several line groups with respective  
11 multi-disciplines in the mechanical, electrical, civil and  
12 HVAC areas. However, based on what I have heard yester-  
13 day of the oral testimony of Messrs. Cook, Marguglio and  
14 Bird, and what I have read in Consumers Power Company  
15 Exhibit No. 19, which is a letter from Mr. Brunner, counsel  
16 for Consumers, to Chairman Bechhoefer, and a prepared  
17 attachment to the revised organization chart entitled  
18 "MPQAD Reporting Relationships," which has been produced  
19 by Consumers to me after yesterday's session, I conclude  
20 along with the NRC Quality Assurance Branch reviewer  
21 John Gilray that the proposed quality assurance organi-  
22 zation as described in testimony yesterday is unacceptable.  
23 Specifically, a proposed organization appears  
24 to be fragmented in the assignment of responsibilities  
25 and, therefore, appear to be unworkable.

1 More important, it <sup>leaves</sup> the Midland project without  
2 a full-time, on-site, top level quality assurance manager.

3 The Midland project, with its long history of  
4 difficulty quality assurance problems, and repeated lack  
5 of attention to details, lack of communication and inter-  
6 face controls, demands a full time, on-site, quality  
7 assurance manager devoted to nothing but the Midland  
8 project.

9 I note that Consumers Power Company has not  
10 previously informed the NRC staff of this proposed quality  
11 assurance organization change.

12 Given the previous problems, it certainly would  
13 have been more appropriate for the Company to approach the  
14 NRC and provide sufficient supplementary details and allow  
15 for the NRC to comment on those subjects. The NRC has  
16 seen a number of problems at other reactor sites, speci-  
17 fically the Marble Hill project and the South Texas project  
18 Both projects have had problems which are attributable to  
19 the lack of sufficient attention at appropriate management  
20 levels in the quality assurance organization. Both sites  
21 now have, at the recommendation of the NRC, full time, on-  
22 site senior level management from the quality assurance  
23 organization. Midland should be no different.

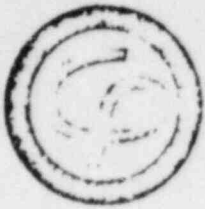
24 I urge this Board to act deliberately and quickly  
25 and not permit this proposed organization to be implemented

1 until certain modifications take place; specifically, to  
2 have a full time, on-site quality assurance manager.

3 The philosophy of Consumers Power Company to  
4 attempt to manage by transient management or remote con-  
5 trol from an office 120 miles, approximately, away from  
6 this site is inconsistent with the present NRC emphasis  
7 from our management in the area of quality assurance.

300 7TH STREET, S.W., REPORTERS BUILDING, WASHINGTON, D.C. 20024 (202) 554-2345

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Consumers  
Power  
Company

CPCO  
Exhibit 19  
Midland hearing 12/16/81

LEOAC  
DEPARTMENT  
Lawrence B. Lindamer  
Vice President  
and General Counsel  
Judd L. Bacon  
Allen B. Bass  
O. K. Peterson  
William E. Wagner  
Managing Attorneys  
Robert J. Byers  
Howard E. Clark  
Bonny E. Hagen  
Senior Attorneys

General Offices: 212 West Michigan Avenue, Jackson, MI 49201 • (517) 786-0550

December 3, 1981

Charles Bechhoefer, Chairman  
Atomic Safety and Licensing Board  
United States Nuclear Regulatory Comm.  
Washington, DC 20555

RE: DOCKET NO. 50-329, 50-330, OM & OL

Dear Chairman Bechhoefer:

On November 20, 1981, James W. Cook announced the appointment of B. W. Marguglio as a member of the Midland Project Office, where he will report to Mr. Cook, the Vice President of Projects, Engineering and Construction. In his new role, Mr. Marguglio will assume direct-line responsibility for all Midland quality assurance activities. Mr. Marguglio's new appointment establishes the presence of senior quality assurance management at the Midland site, as Marguglio will spend the majority of his time in residence at Midland through the completion of the job. Walter R. Bird, the current manager of MPQAD, will continue in that capacity but will report directly to Mr. Marguglio, and will be based in Jackson.

Marguglio and Bird, who testified and presented their credentials in this hearing, are in the process of revising administrative responsibilities to reflect Marguglio's new role. Mr. Donald Turnbull, who also previously testified, will also take on new responsibilities, primarily in the administration section of MPQAD.

Apart from the aforementioned changes, the organization and reporting relationships of MPQAD and the project office were not altered. Marguglio will also continue in his function of administering the environmental department and the quality assurance program for plant modifications.

Very truly yours,

James E. Brunner

~~8112494377~~ 1p

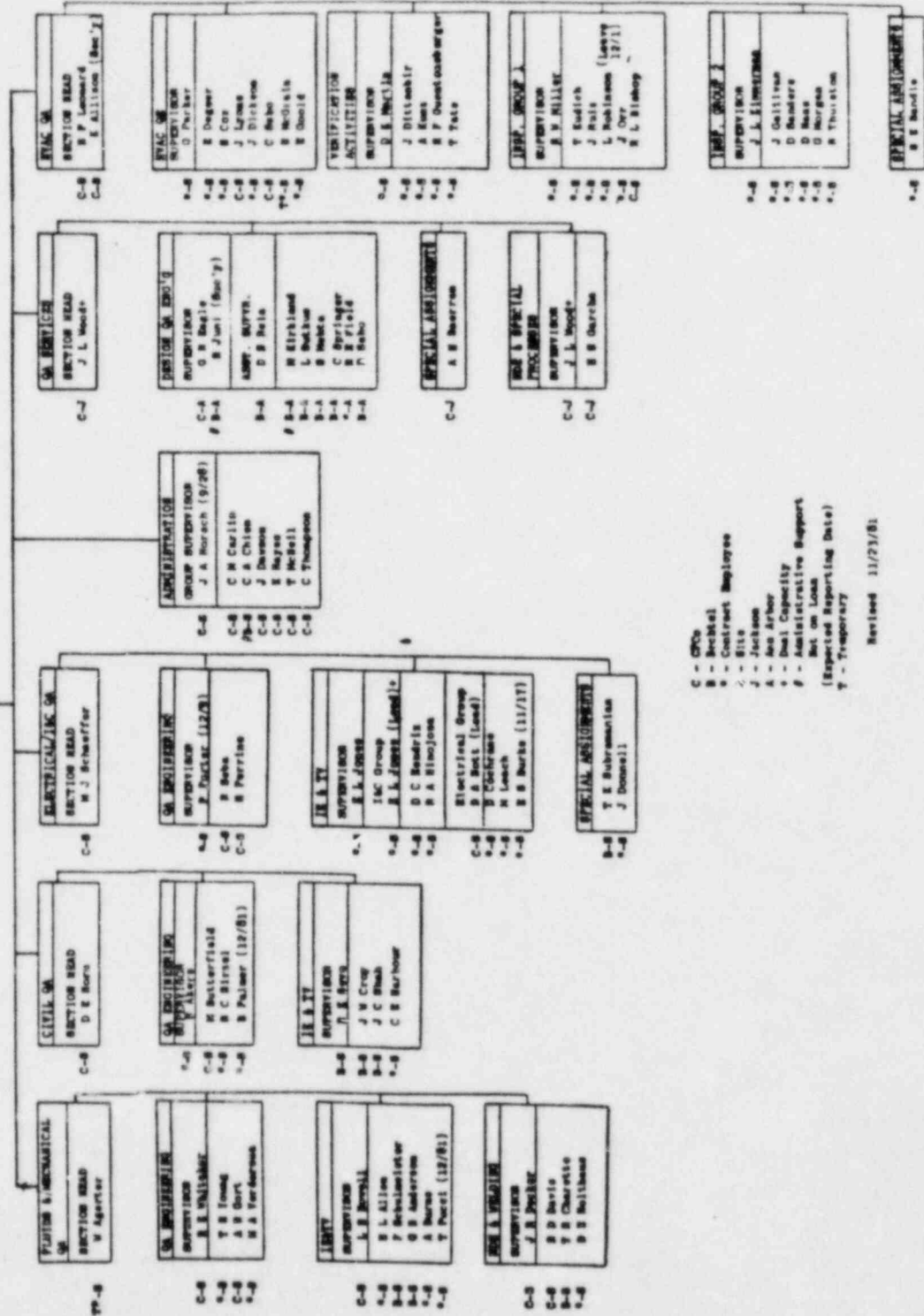
effective date of new organization  
NOV 20, 1980:

CPCO Ex 19

WILKINS PROJECT  
QUALITY ASSURANCE  
DEPARTMENT

MANAGER  
W B Bird  
L Richards (See 'y)  
P O Arnold (See 'y)  
W A Dietrich  
L Peterson (See 'y)  
ASST MGR - ADMIN &  
SPECIAL PROJECTS  
D N Turnbull

C-7  
C-8  
B-8  
PB-8  
C-8



C - CIVIL  
B - Mechanical  
E - Contract Employee  
J - Jobs  
A - Job Order  
P - Dual Capacity  
S - Administrative Support  
Not on Load  
[Expected Reporting Date]  
Y - Temporary

Revised 11/27/81

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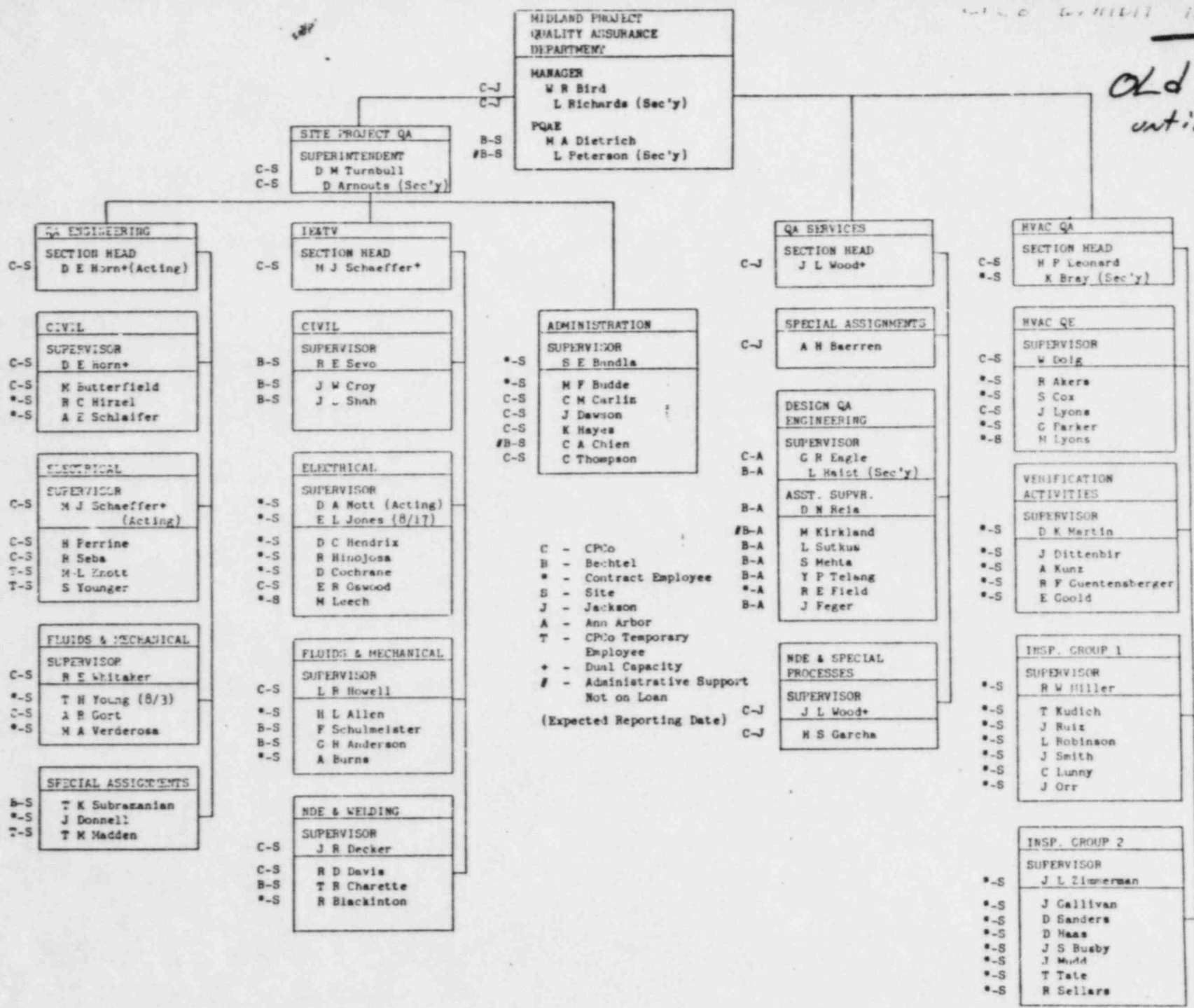
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In Walt's absence, Ben shall be notified of Walt's items, and conversely, Walt shall be notified of Ben's items.

BWM/da  
11/30/81

Old organization until Nov. 20, 1981



C - CPCo  
 B - Bechtel  
 \* - Contract Employee  
 S - Site  
 J - Jackson  
 A - Ann Arbor  
 T - CPCo Temporary Employee  
 + - Dual Capacity  
 # - Administrative Support  
 Not on Loan  
 (Expected Reporting Date)





12/16/61

inland  
to  
for  
MD  
C-0-0

magogio

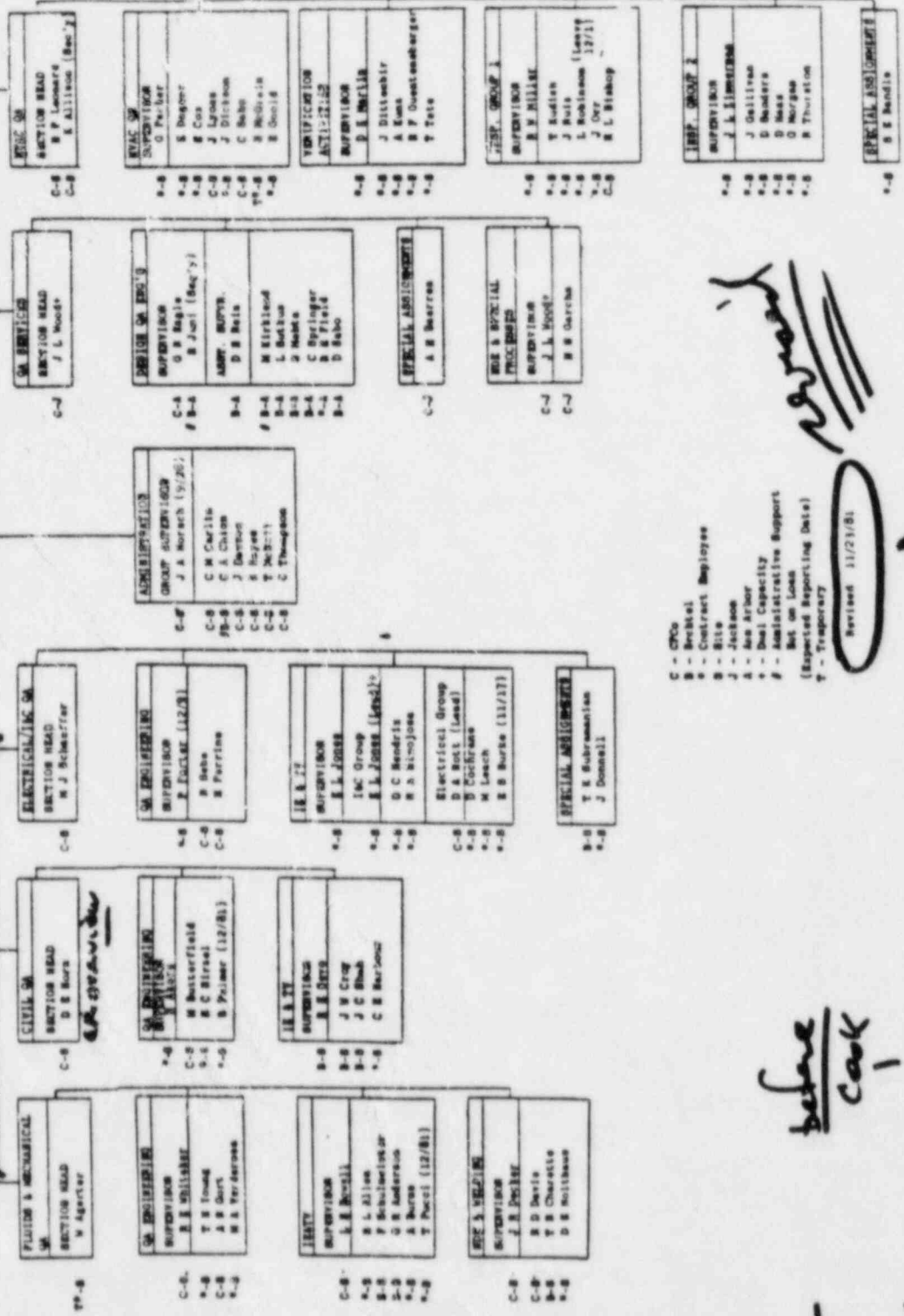
magogio  
link

CP

X 20

soils  
work

but



- C - CFC
- B - Beckel
- E - Contract Employee
- S - Site
- J - Jackson
- A - Ann Archer
- Y - Dual Capacity
- F - Administrative Support
- Not on Loan
- (Expected Reporting Date)
- T - Temporary

Revised 11/21/61

magogio

new  
cook  
magogio  
Bied

before  
cook  
Bied  
Turnbull

Lack of attention to details

RESPONSIBILITIES AND AUTHORITIES OF THE ASSISTANT MANAGER  
ADMINISTRATION AND SPECIAL PROJECTS

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- IV. Management Information Feedback - Providing the Technical Involvement and Management Followup Associated with the Following Items:\*
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  - F. Monthly Quality Assurance report.
- V. Personnel Acquisition
  - A. Coordinate the identification of candidates.
  - B. Provide services associated with the interview process.
  - C. Manage the contracts for personnel.
- VI. Special Projects

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\*To be explained in greater detail in future revision.

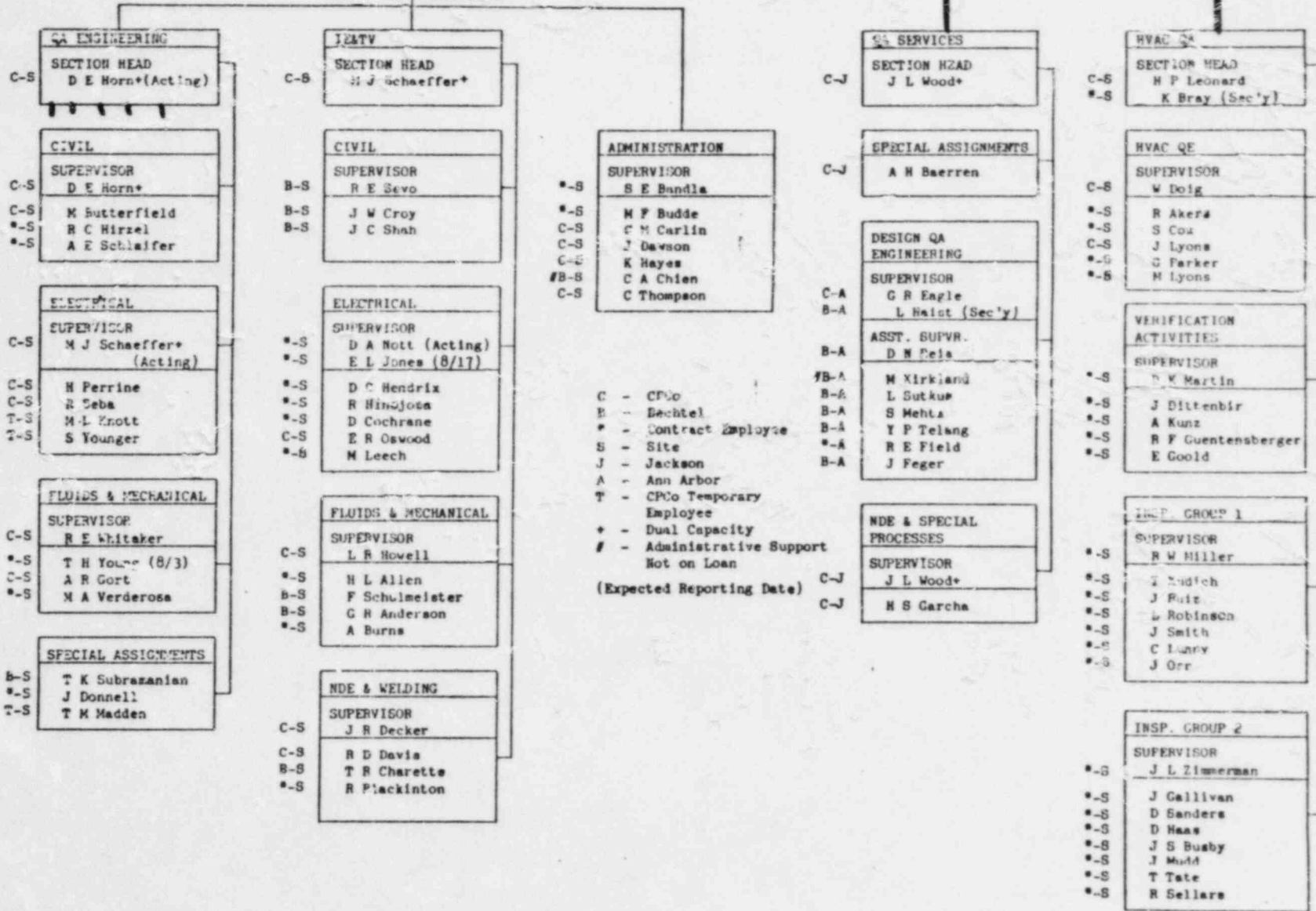
Handwritten initials and arrows pointing to the top left of the chart.

MIDLAND PROJECT  
 QUALITY ASSURANCE  
 DEPARTMENT

MANAGER  
 W R Bird  
 L Richards (Sec'y)

POAE  
 S A Dietrich  
 L Peterson (Sec'y)

SITE PROJECT QA  
 SUPERINTENDENT  
 D M Turnbull  
 D Arnouts (Sec'y)



Handwritten number 13 and a circular stamp in the bottom left corner.

Structurally, <sup>revised</sup> ~~the~~ QA organ  
appears to be in line with  
previous accepted QA organ.

Further, based on what I have  
heard & read <sup>@ the time</sup> <sup>via - Dec 3, 1981</sup> regards the implementation  
of the ~~revised~~ revised QA Program

I, believe CFCO is moving in the  
wrong direction & inconsistent with  
current NRC ~~thinking~~ thinking regards QA  
approach to the construction of nuclear  
power facilities.

Further the organization seems to be fragmented  
& a great probability of not being workable

In addition, I have the  
initial impression that CFCO is going  
back to the same old crowd  
that failed in the implementation of  
the initial project

What may be needed is a  
transfusion of ~~new~~ <sup>new</sup> QA  
~~personnel~~ personnel

I have been critical of the  
present <sup>QA</sup> management of the initial  
project & have expressed this to both  
NRC R-III & CFCO - VP - personally.

# BOARD Cross-Exam

Redhafer:

Change Bird → downgrading?  
response - no

levels - one more step for Bird to get to  
Cook. ?

response - no - Bird can contact Cook by time

**BIRD** IS ~~is~~ 2nd in Charge,  
Magaglio IS Now in charge of MPQAD

Cook testimony 12/16/81

re: OPC letter dated 12/3/81

J. Bunn to Chairman Beckhofer.

Exhibit # 19

BW. Magylich - charged with administering midlevel QA program added to organizational structure, midlevel Project.

New responsibilities of Mr. Turnbull  
was site QA superintendent  
Now - Asst mgr to Mr. BIRD

Exhibit 20 OPC - new QA organization.

Magylich - directly supervised - 3 sections on Ex 20

BIRD - QA-services group

+ HVAC section

+ Sails QA

→ BIRD 40% of time

outward & combarne  
organized  
maintain  
fragmented

\* Why - No change:

view to have resources to focus on Design in AA

$\frac{1}{3}$  Cost @ site - more st. people

Turnbull NOV, 1980

Morgue - also responsible

QA program which includes midland

Turnbull - now - responsible  
for all administrative matter -  
travel pay - trucking -  
available for BWM & BIRD on  
special projects

Cook's involvement in QA - No change

Any further changes - as project nears conclusion



Punished - OK -  
Motivation -

Great level a smooth unity  
rather alone

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Observe

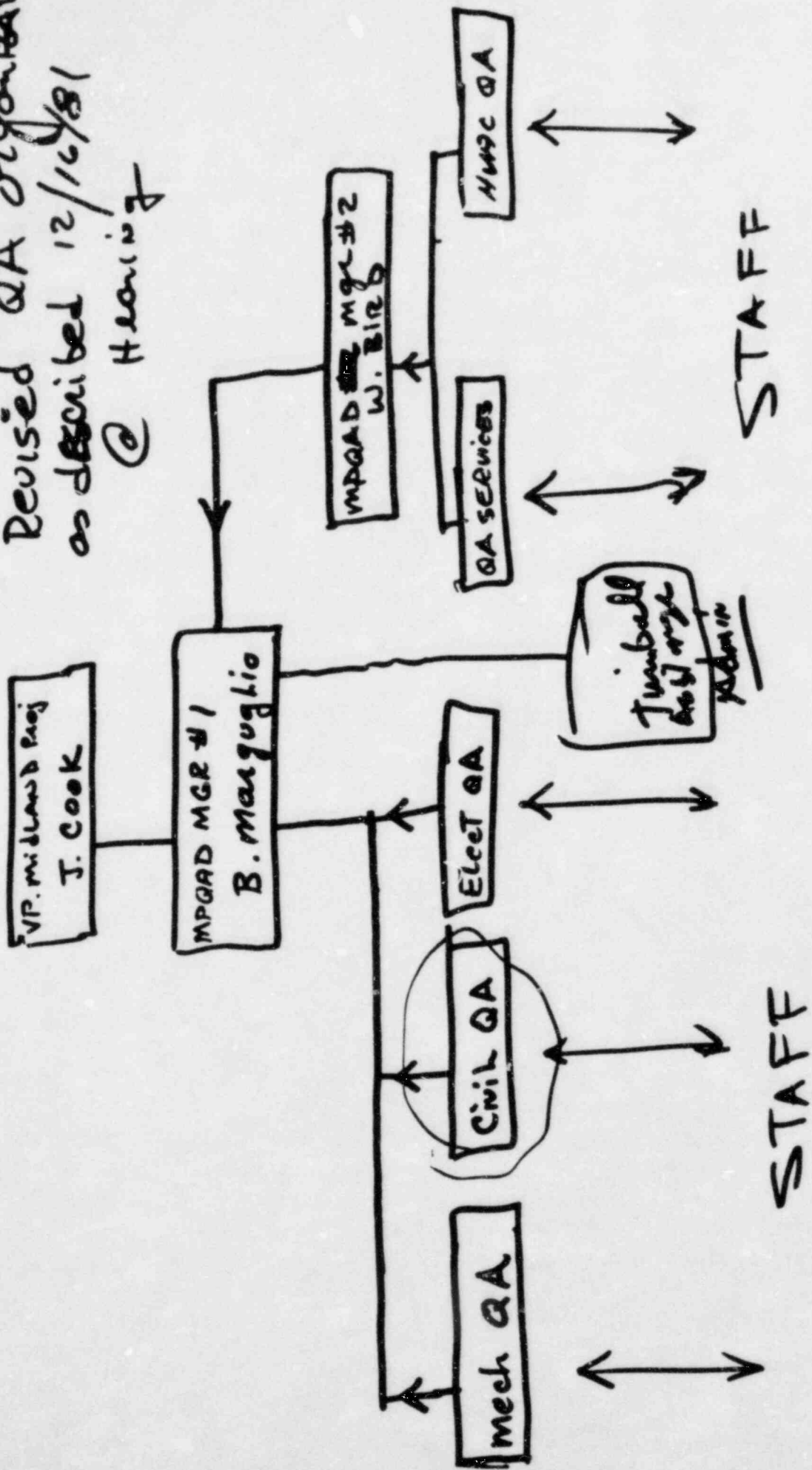
will it work?

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seems (appear) to be going in the  
opposite direction - wrong <sup>perhaps</sup> "unworkable"

improbability of providing sufficient outlets  
to defaults - for 150 mds in other areas  
BIXED & Cuzgub.

Revised QA organization  
as described 12/16/81  
@ Hearing





CONSUMERS  
POWER  
COMPANY

General Offices: 212 West Michigan Avenue, Jackson, MI 49201 • (517) 768-0810

*J. Hilray*

Executive & General  
Counsel  
J. L. Fisher  
A. H. & G. W.  
C. P. Hester  
R. W. P. Miller  
Managing Director  
Edward J. Brown  
Robert L. Cook  
Richard E. Hagan  
Director of Operations

Dec 3, 1981

Charles Beckhoefer, Chairman  
Atomic Safety and Licensing Board  
United States Nuclear Regulatory Comm.  
Washington, DC 20555

Robert F. DeWitt  
R. F. Gammage  
Carlisle L. Haines  
George F. Hill  
Lawrence H. Heston  
Harold A. Hinton  
Harold E. McCallister  
George A. McCallister  
Frank H. Miller  
Lawrence F. Pritchard  
Ann F. Pritchard  
David F. Reed  
Gregory A. Rouse  
John E. Rouse  
Walter Scott Stevens  
A. T. Tracy  
Donald L. Walker  
Thomas J. Wright

RE: DOCKET NO. 50-329, 50-330, ON & OL

Dear Chairman Beckhoefer:

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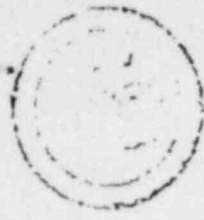
Very truly yours,

*James E. Brunner*

James E. Brunner

*Received from  
R. Henton 12/7/81.  
Why is there no letter to NRC?  
This is for the hearing 12-16-81.  
A Hunt*

~~8112094377~~  
1P



CONSUMERS  
POWER  
COMPANY

Serial

James H. Cook  
Vice President - Project Engineering  
and Construction

General Office: 1648 West Farrell Road, Jackson, MI 48201 • (313) 753-0433

November 20, 1981

Mr J A Rutgers, Project Manager  
Bechtel Associates Professional Corporation  
PO Box 1000  
Ann Arbor, MI 48106

MIDLAND PROJECT  
MIDLAND ORGANIZATIONAL CHARTER  
FILE 0400.3 SERIAL 15044

Attached please find my internal memorandum announcing B W Margoglio's return to direct involvement in the Midland Project organization. The memorandum is, I hope, self-explanatory. I am sure you will find Ben's presence at the site a constructive addition which will assist both you and me in the discharge of our duties.

Please take the necessary steps to include Ben on various distribution lists and in the appropriate project procedures. I will revise the Midland Project Office charter to include Ben and will forward this document in its next revision.

Yours very truly

*JW Cook*

To Major Department Heads  
Midland Project Distribution

From JACook, Jackson

*JWC*

Date November 20, 1981

Subject MIDLAND ORGANIZATIONAL CHANGE

CONSUMERS  
POWER  
COMPANY

INTERNAL  
CORRESPONDENCE

cc

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Effective November 23, several organizational changes will be implemented in the Midland Quality Assurance structure in order to more fully address the needs of the job in its final stages. Because of the growth in the number of quality assurance personnel who are located at the site, it is necessary to establish the presence of senior quality assurance management at the site. To implement this need B W Marguglio, Director of Environmental and Quality Assurance, will become a member of the Midland Project Office and will assume direct line responsibility for Midland quality assurance activities. He will be in residence, for the majority of his time, at the Midland site until the conclusion of the Midland construction phase.

W R Bird, Manager-Midland Quality Assurance, will continue in his current capacity but will report to Mr Marguglio. Mr Bird will be based in Jackson and will be directly responsible for administering certain activities as defined by Mr Marguglio. Additional shifts in administrative responsibilities as appropriate to reflect this change will be announced subsequently by Mr Marguglio and Mr Bird.

Mr Marguglio will continue to oversee his previously assigned functions of developing and maintaining the quality assurance program for the E&C Department and directly administering the Environmental Department and the quality assurance program for plant modifications.

I am confident that Mr Marguglio's additional involvement in the Midland Project will serve to further enhance an already fine department and will insure the successful completion of the project with regard to quality assurance activities.

MTG @ RIII

1/12/82

QA Organization

- Add Senior experienced QA mgmt
- Accomodate growth of # of QA personnel
- Fully address the QA needs in it's final stage
- Upgrade the leadership @ the site  
(problem - QA sup't in gaining support of 3 sectionheads reporting to D. Turnbull)

\* Difference - "geography" - deputy vs Dir

\* HVAC - on-site reports to

\* Difference:

Previously the on-site QA did spend 3 days except for meetings elsewhere

\* Environmental - low  
CFCs most not think much of  
environmental - impact of  
Palisades / Big Rock

\* Bwm. both "best of both worlds"  
NRC - does not  
+ midland      "

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Lines of Communication

\* Shorter Lines  
Flatten organization

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\* Mischaracterization  
of BOARD

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Design Central QA  
2 of 9 personnel for Booth