

file

TO: Region III (Chicago)
CYs: to: J. Keppler
J. Harrison
R. F. Warnick
From: Linda Underwood, RM/BM
(492-4977)

JUN 3 1983

(4 PAGES)

MEMORANDUM FOR: Sandy Showman, Administrative Assistant
to Commissioner Gilinsky
FROM: Edwin G. Triner, Director
Division of Budget and Analysis
Office of Resource Management
SUBJECT: BACKGROUND INFORMATION FOR COMMISSIONER GILINSKY'S
TRIP TO MIDLAND 1 AND 2

Attached is the background information you requested on Midland 1 and 2 for Commissioner Gilinsky's trip.

The information was primarily obtained from the NRC Region III Section Chief, the ELD case attorney, and the Licensing Project Manager.

Due to the curtailment of time, we were unable to prepare the background information on other plants in the area routinely provided with our reports. Our search for information on Midland was also hampered due to the fact that the major Midland personnel are attending the Midland hearings currently in progress and were not readily available.

If you have any questions, please contact me.

Original Signed by
Edwin G. Triner

Edwin G. Triner, Director
Division of Budget and Analysis
Office of Resource Management

Attachment:
As stated

cc:
D. Garner
J. Milhoan
H. Chesnut
D. Droggitis
T. Rehm

bcc: L. Barry, RM
J. Roe, DEDO
E. Triner, RM/B
J. Clark, RM/BMA
L. Underwood, RM/BMA
RM/B R/F (6)
RM/BMA R/F Chron/Subj
D. Hood, NRR
R. Cook (Res. Insp. - Midland)
J. Harrison, R III
J. Keppler, R III
R. Warnick, R III

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PDR FOIA
RICE84-96 PDR

*6-3-83
10:00
XB*

OFFICE	RM/BMA	RM/BM	RM/B				
SUNNAME	Underwood:js	Clark	Triner				
DATE	6/2/83	6/2/83	6/3/83				

MIDLAND

	<u>Unit 1:</u>	<u>Unit 2</u>
Utility:	Consumers Power Company	Same
Location:	SW Boundary of Midland, Michigan Midland County, Michigan	" "
Docket No.:	50-329	50-330
CPPR Date:	12/15/72	12/15/72
Power Level (MWe; Mwt):	504 MWe 2452 Mwt (Core)	852 MWe 2452 Mwt (Core)
Reactor Type:	PWR	"
Architect/Engineer:	Bechtel	"
Nuclear Steam Supply System (NSSS) Vendor:	Babcock & Wilcox	"
Constructor:	Bechtel	"
NRC Licensing Project Manager:	D. Hood	Same
(Telephone)	(492-8474)	"
NRC Resident Inspector:	R. Cook	"
(Telephone)	(517) 631-8150	"
NRC Region III Section Chief:	J. Harrison	"
(Telephone)	(8-384-2535)	"

Licensing Schedule for Pending OL Application

Issue SSER:	3rd Suppl. Sched. August '83	Same
Start of Hearing:	11/15/82	"
Commission Decision on Full- Power License:	1/85	9/84
Applicant's Construction Completion Date:*	2/85	10/84
Applicant's Percent Con- struction Complete:	85%	85%

* The NRC Caseload Forecast Panel recently visited (4/19-21/83) the Midland site. Official NRC results have not yet been published. However, the NRC's estimate for date of construction completion varies significantly from that of the applicant's.

MIDLAND (Continued)

The Midland station's soil problem was noted when the partially constructed diesel generator was settling at a much faster rate than anticipated. Further study uncovered similar problems in portions of several other buildings.

Because of continuing quality assurance problems at the construction site, the NRC's Region III office established a special section for inspecting construction at Midland in mid-1982. The section includes a supervisor, two region-based inspectors, and two resident inspectors.

The NRC staff is requiring Consumers Power Company to undertake three independent reviews of construction activities at Midland: a quality assurance program review for the repair and modification activities for the soil and foundation problems; a review of ongoing construction and Consumers Power inspection activities; and a design and construction review of specific safety systems in the plant. Stone and Webster Engineering Company has been approved by Region III for the soil and foundation work review; TERA Corporation has been approved by the NRC for the independent design and construction verification program for one of three systems in the review scope; the review organization for the other task, overview of ongoing construction and the construction completion program, has not yet been approved.

Consumers Power Company stopped a major portion of safety-related construction at Midland in December 1982, partially as a result of NRC inspection findings which identified a number of quality assurance and construction problems related to installation of electrical, mechanical and civil components in the diesel generator building and the action of QC supervisors instructing QC inspectors to suspend inspections of excessive deficiencies. The inspection findings resulted in a \$120,000 fine issued on February 8, 1983.

Essentially all safety-related work which was under the control of Bechtel was stopped.

Consumers Power has developed a Construction Completion Program which involves a reinspection of completed safety-related construction by site personnel, changes in the quality assurance organization, and retraining and recertification of quality control inspectors. NRC Region III is still reviewing the details of this program, and the construction activities stopped in December have not been resumed.

Work conducted by the Zack Company on the heating, ventilation and air-conditioning (HVAC) was stopped by the licensee because of problems with the documentation of the qualification of welders. A special inspection of allegations regarding the HVAC system is expected to be completed in September 1983.

Modifications relating to the remedial soils program requires underpinning of the foundation for a portion of the Auxiliary building (electrical penetration area) and the feedwater isolation valve pits. Part of the service water pump structure is also to be underpinned and stiffening of the borated water storage tank foundations is to be performed. Work in the soils area is continuing.

MIDLAND (Continued)

Work continues on the B&W nuclear steam supply system.

Hearings regarding quality assurance at the Midland plant were thought to be completed in July 1981. In view of the concern about the QA at Midland, the staff wrote the Board on June 29, 1982 to request the previous QA testimony be supplemented. The ASLB granted the staff's motion to reopen the record on QA matters.

Hearings on QA matters were held April 26 through May 6, 1983 and reconvened on June 1 and will continue through June 10, 1983. Hearings are expected to reconvene again on June 27 through July 1, 1983. Final hearings on QA matters may possibly continue in the fall.

Because of the soils compaction problem which led to settlement of the diesel generator building, Consumers Power had earlier requested a hearing on the soils issue problem.

The Licensing Board has not yet set a schedule for proposed findings on modifications to the license relating to the soil issues. It is anticipated they will be scheduled in September 1983. Following this submission of proposed findings the staff will resume the Operating Licensing proceedings.

Midland Major Programs

Remedial Soil Work

1. Stone & Webster performing Third Party overview of work
2. NRC required by ASLB Order to approve all work

Construction Completion Program

1. Improvements made to MPQAD
2. Construction verification program to be performed by CCo (Third Party Overview)
3. Construction Overview Program to be performed by third party
4. IDVP/IDCP program

Midland Independent Design/Construction Verification Program

07/09/82 NRR makes request for IDV program

09/17/82 CPCo submits proposed IDV program

10/05/82 CPCo proposes TERA to review Auxiliary Feedwater System

10/25/82 NRC requests additional system be included in IDV review
(NRC to select)

12/03/82 CPCo submits three candidate systems

- . Electric Power System (diesel generator)
- . Safeguards Chilled Water System
- . Containment Isolation System

02/08/83 Public Meeting on Midland

03/22/83 NRC selects electric power system; also suggests portion of
HVAC

TERA has not as yet been approved by NRC

Midland Third Party Soils Overview

09/17/82 CCo proposes Stone and Webster
09/20/82 Stone and Webster first on site
11/05/82 Public Meeting re Soils Overview (HQ?)
02/24/82 Stone and Webster approved by NRC

Soils Work

Dec. 9, 1982 Authorized drift, excavation, & installation of piers 12 east & 12 west

Jan. Authorized four-point jacking of feedwater isolation valve pits for U-1 and U-2.
Authorized probing for electrical duct banks around the borated water storage tank foundations

Feb 22, 1983 Authorized pier 11 east and 11 west

Feb 24, 1983 Authorized pier 9 east and 9 west

Mar.

April 20, 1983 Authorized pier 11W load test

April 22, 1983 Authorized excavation of Pier 8 east & west

Authorized excavation, installation, and loading of pier KC2, KC3, KC10, and KC11



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

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

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"MIDLAND-ACTIONS RECOMMENDED BY THE MIDLAND SECTION, OFFICE OF SPECIAL CASES"

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 fulltime to the Midland Section and located onsite. The Midland Section would be as follows:
 - (1) W. D. Shafer, Chief, Midland Section
 - (2) R. N. Gardner, Project Manager
 - (3) R. B. Landsman, Inspector
 - (4) R. J. Cook, Senior Resident Inspector
 - (5) B. L. Burgess, Resident Inspector
 - (6) Welding & NDT-Contracted
 - (7) Mechanical-Contracted
 - (8) Electrical-Contracted
 - (9) I & C - Contracted
 - (10) Startup & Test-Contracted
 - (11) Secretary (Fulltime)
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 that all QC inspectors be independent of Bechtel, reporting only to CP&Co.
4. Conduct NRC exits with Construction Manager.
5. NRC should get commitments in writing and should give release on hold points in writing.
6. It is proposed that Mr. Keppler and Mr. Denton meet with Consumers Power Company and Bechtel top management to ensure that steps are taken to correct the following:

- a. The Site QA Superintendent is not being given the latitude and senior management support needed to perform his job effectively.
- b. Senior management is not being made aware of or is not dealing with QA problems.
- c. We are convinced that Bechtel has cost and scheduling as their foremost consideration. Quality is taking a back-seat with management.



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

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APR 05 1983

Government Accountability Project
Institute for Policy Studies
ATTN: Ms. Billie P. Garde
Director
Citizens Clinic for Accountable Government
01 Que Street, N. W.
Washington, D. C. 20009

Dear Ms. Garde:

Your letter of March 7, 1983, commenting on issues presented at the February 8, 1983, public meeting and regarding Consumers Power Company's (CPCo) Construction Completion Program (CCP) for Midland Units 1 and 2 described in a January 10, 1983 letter from CPCo, is being answered in part by Mr. Eisenhut. He has requested Region III to respond to those portions of your letter addressing matters which are the responsibility of Region III.

You expressed concern that the responsibility for the on-site inspectors and the Midland Section has been transferred to the Regional Administration and Washington-based NRC officials. Let me assure you that the responsibility for the Midland resident inspectors and the Midland Section inspectors has not changed. They still report to me through first and second line supervision. Likewise, the Regional NRC inspection responsibility for the Midland plant has not changed since it was assigned to the Office of Special Cases in July 1982.

In your comments you expressed concern that there have been a number of incidents within the last several months where Regional personnel have indicated one answer pertaining to construction work, and then other action was taken after approval from NRR. We disagree with your characterization of the facts. Our position on each of your three examples is as follows:

1. While it is true that Ross Landsman was not included in the conference call of February 8, 1983 regarding pier load test sequencing, his input was subsequently provided to both CPCo and NRR. At that time he agreed with the conclusions and decisions reached during the previous February 8 phone call.
2. Region III (RIII) personnel gave approval for doing the Feedwater Isolation Valve Pit (FIVP) jacking and they were aware of the licensee's schedule when they gave their approval. The RIII personnel who were at the ASLB hearing (the same ones who gave the approval) do not remember making the statement you attributed to them; however,

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APR 05 1983

they have stated that any references made by them concerning FIVP work activities commencing in March or April pertained to the actual drifting under the FIVP to pier 9 and not to the FIVP jacking work. The drifting actually commenced on February 28, 1983.

3. The NRC staff believes that "no major discrepancies" have been found in the actual underpinning work. In reference to the cracks identified during FIVP jacking operations, the licensee submitted a report to the NRC which concludes that the cracks were not indicative of any structural damage having occurred to the FIVP. The NRC is currently reviewing this report and no discrepancies have been identified thus far. In reference to the February 15, 1983 memorandum from Ross Landsman to R. F. Warnick, the three issues identified in the memo were not considered to be major discrepancies. The three issues have been satisfactorily addressed by the licensee.

With respect to another of your concerns, RIII personnel who were involved in the initial contacts with the Stone and Webster (S&W) organization do not believe that anything they said or did prior to February 24, 1983, the date S&W was approved, could have given the impression that S&W's onsite activities had been approved by the NRC.

You also expressed concern about the "as-built" condition of the plant and who will identify the problems at the plant. In this regard, RIII expects the licensee's drawings and documents to reflect the plant as-built condition. The special inspection of the diesel generator building performed by the Midland Section identified differences between drawings and actual construction. We expect the licensee to identify existing differences and other problems at the plant. In the CCP the licensee has committed to do this. The NRC is requiring CPCo to expand the CCP overview to include the licensee's identification of problems. After the licensee has completed their problem identification process, the Office of Special Cases plans to conduct additional inspections to determine whether the licensee's inspection effort has been acceptable. The NRC has also required that a third party conduct an independent construction verification program after the CCP has identified the problems. This should provide a second means of determining the acceptability of the licensee's inspection effort.

Regarding matters which you identified as generic problems, such as QA/QC documentation, training and recertification of HVAC welders, unidentifiable electrical cables, untrained QC inspectors, and material traceability inaccuracies, the RIII inspectors have or will address each one. Our practice,

when the NRC identifies a generic problem, is to require the licensee to determine whether or not that generic problem exists in other areas of their plant and if it does, what actions they have taken or will take to address the generic concerns. Our inspectors review the licensee's response and assess the acceptability of it. The following specific actions have or will be taken to address each of the above listed concerns.

1. The RIII staff is currently reviewing the HVAC welder qualification issue. We will begin our review of other HVAC (Zack) issues in the near future.
2. The NRC required the licensee to reinspect electrical cables to make sure the correct cables are installed. As of March 24, 1983, seven cables were found by the licensee to be other than that specified by design requirements out of 8,148 cables inspected.
3. QC inspector training has been reviewed and the licensee has been required to improve QC inspector training.
4. We have required the licensee to address the material traceability problems identified to date.

We are not aware that what is and what is not "Q" soils remedial work is a subject of controversy. As of March 10, 1982, all remedial soils work was determined by all parties to be "Q". This determination was further clarified by the May 7, 1982 ASLB order which adopted use of drawing C-45. This drawing clearly identifies "Q" remedial soils boundaries.

The following information is presented in response to your questions regarding the approval and work of Stone and Webster in their soils overview.

1. We judged the adequacy of the initial S&W work by whether or not our inspectors found problems with the licensee's work that we would have expected the overviewer to find. We also based our judgement on the adequacy of their reports.
2. We have not reviewed S&W methodologies and do not plan to unless we find significant problems which they have missed.
3. We have not reviewed the revised contract regarding the assessment of underpinning work on safety-related structures.

Regarding the procedure to be used to approve the independent third party to overview the CCP, the Region will follow basically the same procedure as we used in approving Stone and Webster for the soils overview. A

APR 05 1983

meeting was held in Midland on February 8, 1983 to discuss the CCP and to hear comments from members of the public. Selection of the overviewer will be proposed by the licensee and that selection will be submitted to the NRC for approval. We do not plan to hold a public meeting to hear comments on the independent third party proposed by the licensee to perform the CCP overview; however, we will consider all written comments received before our decision.

If you have any questions regarding this response, please contact Mr. Robert Warnick (312/932-2575).

Sincerely,

Original signed by
A. Bert Davis

James G. Keppler
Regional Administrator

- cc: DMB/Document Control Desk (RIDS)
- Resident Inspector, RIII
- The Honorable Charles Bechhoefer, ASLB
- The Honorable Jerry Harbour, ASLB
- The Honorable Frederick P. Cowan, ASLB
- The Honorable Ralph S. Decker, ASLB
- William Paton, ELD
- Michael Miller
- Ronald Callen, Michigan
Public Service Commission
- Myron M. Cherry
- Barbara Stamiris
- Mary Sinclair
- Wendell Marshall
- Colonel Steve J. Gadler (P.E.)

RIII
RNB
Gardner/jp
3/31/83

RIII
Dandsman

RIII
Shafer
4/4/83

RIII
KFW
Warnick
4/4/83

Comments
by Shafer & He:
incorporated.
RFW
IE/NRR
4/4

RIII
for Lewis
4/4

RIII
Davis
4/4

RIII
for Keppler
4/4



UNITED STATES
NUCLEAR REGULATORY COMMISSION

REGION III
799 ROOSEVELT ROAD
GLEN ELLYN, ILLINOIS 60137

MAR 28 1983

Government Accountability Project
Institute for Policy Studies
ATTN: Ms. Billie P. Garde
Director
Citizens Clinic for Accountable Government
1901 Que Street, N. W.
Washington, D. C. 20009

Dear Ms. Garde:

This is in response to your letter dated March 10, 1983, in which you expressed concerns about Consumers Power Company's Construction Completion Program (CCP).

In the paragraphs below I have paraphrased and responded to each of your concerns as I understand them; I have attempted to clarify what you thought I said in the February 8, 1983 meeting; and I have clarified the NRC position regarding the CCP.

Concern: Region III has been meeting with management officials of Consumers Power Company (CPCo) to iron out details of the CCP. These meetings have not had public input or analysis and they have not been announced.

Response: Members of the Region III staff have met with representatives of CPCo to better understand the licensee's proposed CCP. These are working level meetings and are required for the efficient conduct of our business. We will continue to hold such meetings. Region III also receives input from IE and NRR and we will consider written comments from members of the public regarding the CCP.

Concern: The details and results of these meetings have not been made public.

Response: It is not our practice or intent to document the details of such meetings. Acknowledgement of the meetings on the CCP (or other issues) is normally documented in inspection report. After the details of the CCP are resolved, they will be documented and we will send you a copy of the documentation and/or correspondence.

Concern: Lack of public participation in the review and evaluation of the CCP appears to contradict a promise made by me at the February 8, 1983 public meeting in Midland.

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MAR 28 1983

Response: Your understanding of what I said at the February 8, 1983 meeting is not correct. I said the meeting was open to the public so they could observe and hear the discussion between the NRC and CPCo regarding the CCP. Time was provided at the end of the meeting and again in the evening for the public to ask questions and offer comments. Near the end of the evening meeting I indicated the NRC would consider holding other public meetings in the future. I did not commit to further public meetings to provide for public participation in the review and evaluation of the CCP.

The NRC is interested in receiving comments on the CCP from the public. In order for us to better understand your concerns, Mr. Warnick and members of the Office of Nuclear Reactor Regulation (NRR) met with you on March 7, 1983 to receive your comments on the CCP. As stated before, the NRC will consider all written comments regarding the CCP.

Concern: An independent third party is not being proposed to identify plant deficiencies. Rather, the licensee is permitted to conduct a self-examination.

Response: We hold the licensee responsible for identifying the existing problems at the plant. The NRC will monitor their efforts and independently conduct its own inspections on a sampling basis.

In their letter of January 10, 1983, the licensee proposed having an independent third party overview the CCP. The licensee referred to it as an installation implementation overview. In a letter to CPCo dated March 28, 1983, we have requested that all aspects of the CCP be included in the overview.

In addition, an independent third party will be selected to conduct an independent construction verification program (ICVP) which will look at portions of selected systems and give an independent assessment of the adequacy of past construction.

Concern: What approvals have been given by the NRC in regards to onsite work? What official holds if any has the NRC placed on CPCo which would restrict their initiating work onsite when they saw fit?

Response: In our letter to CPCo dated December 30, 1982, (copy enclosed), we document the licensee's commitment to the CCP, exceptions to the voluntary and self-imposed work stoppage, the RIII

MAR 28 1983

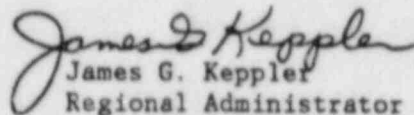
commitment to hold a meeting with CPCo in the Midland area which would be open to the public to discuss the CCP and to receive comments from the public on the CCP (held on February 8, 1983), and we officially notified CPCo that RIII would make a determination of the acceptability of their proposed program. The licensee has also given verbal assurance that the resumption of construction work and rework will be governed by the proposed CCP. The NRC has not yet approved the CCP.

Concern: What plans does RIII have for determination of the "as-built" condition of the plant?

Response: Members of the Office of Special Cases performed a special inspection of the diesel generator building in late 1982 to determine the as-built status of one part of the plant. Based on the results of that inspection, they believed that similar problems existed in other parts of the facility and that the licensee needed to take action to identify and correct them. That is still their feeling. The licensee has committed to a reinspection of all safety related structures, systems, and components as part of the CCP. After the licensee has completed their proposed problem identification process, the Office of Special Cases plans to conduct additional inspections to determine whether the licensee's inspection effort has been acceptable.

The NRC has also proposed that a third party conduct an independent design/construction verification program (ID/CVP) after the CCP has identified the problems. The ICVP should provide a second means of determining the acceptability of the licensee's inspection effort. We believe this process will provide assurance that problems at the plant will be identified and corrected.

Sincerely,


James G. Keppler
Regional Administrator