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July 26, 1984

MEMORANDUM FOR: James G. Keppler, Regional Administrator

FROM: J. J. Harrison, Chief, Section 1D, Midland, DRP

SUBJECT: CONVERSATION RECORD WITH THE MICHIGAN PUBLIC SERVICE COMMISSION CONCERNING THE MIDLAND NUCLEAR PLANT

On July 9 and 10, 1984, I was contacted by Mr. R. Callen, Director of Research, Environmental and Nuclear Division, Michigan Public Service Commission, by telephone to inquire as to the status of certain issues pertaining to the Midland Nuclear Plant. Mr. Callen was specifically asking questions on the following:

1. NRC Board Notification BN-84-115 identified four Safety Concerns and Reportability Evaluations regarding discrepancies in original design and seismic calculations and other factors such as wind and tornado loads. Mr. Callen's question was "What impact may this have on the plant?" I requested that Dr. R. B. Landsman be allowed to assist in providing responses to Mr. Callen's question. Mr. Callen concurred and Dr. Landsman participated in the inquiry. The NRC staff responded that the matter is still under review by the NRC staff, CPCo, and Bechtel. Preliminary findings by Bechtel, disclosed at a meeting in March 1984 were that many (approximately 350) beams in the auxiliary building may require modifications to correct the design deficiencies. It was pointed out to Mr. Callen that all deficiencies were however correctable.
2. Mr. Callen also requested information on the status, progress, and any problems associated with the Construction Completion Program (CCP). I informed him that the CCP was somewhat behind schedule (actual approximately 10% complete versus the schedule of 31%). This fact was documented in our June 1984 inspection report (329/84-22; 330/84-21). It appeared that the major contributing factor for schedule loss was the uncertainty of the plant being completed. That fact was having a major impact on productivity and was resulting in the loss of some key personnel. Other contributing factors included pay cuts, no pay raises, industry salaries being more competitive, and to some degree poor management.

I also stated that CPCo had experienced some problems in implementing the CCP as recently exhibited in Module 120D, an auxiliary feed pump room. The problems occurred in the Quality Verification Program (QVP) area that was

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being performed by MPQAD. The primary problem has been attributed to programmatic inadequacies, and caused this modular area to be reinspected several times. Upon completion of Module 120D by CPCo, Stone and Webster (S&W) performed a 100% overinspection and identified numerous items missed on the reinspection by MPQAD. Problems were also identified by S&W with the records generated during the QVP by MPQAD. However, the NRC authorized Module 120D to be released for Phase II activities on July 2, 1984, and so noted the programmatic weaknesses.

Mr. Callen inquired as to what action the NRC was going to take to correct these problems. I told him the staff had held meetings with the CPCo staff including the Project Manager (D. Quamme), the Executive Manager MPQAD (R. Wells), and the Vice President responsible for Midland (J. Cook). I also stated the staff intends to have additional meetings as required, possibly as soon as next week to resolve these issues. I also made it clear that although the program was behind schedule and some problems had been identified, all these issues were correctable and the plant schedule could still be met. I also stated that we still have not achieved the level of confidence the NRC needs to totally lift all our Phase I and Phase II CCP hold points. These hold points will remain in place until that level of confidence is reached. Mr. Callen then inquired, "Is this NRC position then in conflict with the NRC letter to Mr. R. Fisher, Chief of Staff, PSC, dated June 6, 1984?" I told him no, our position was that while some problems were being identified, that was not unexpected and, overall, the CCP was working satisfactorily. I added that in our meetings with Stone and Webster and CPCo on June 21 and 22, 1984, and as evidenced by observations by the NRC staff during June 1984, these problems were then fully recognized by the NRC staff.

3. Mr. Callen also inquired as to the status of the recent Dow allegation on the soil borings. I told him that the issue was under review by the NRC Office of Investigations and a decision should be reached soon. He stated, "I hope not too long should it impact our decision."

Subsequent to these conversations I was contacted by CPCo Executive Vice President, S. Howell, on July 10, 1984, who was disturbed by remarks made to him by PSC staff members (J. Abramson and B. Celio) concerning my statements made this day to Mr. Callen. Specifically Mr. Howell was concerned by statements he had received from the PSC attributed to me such as, "The CCP will never work," "The plant will never be completed or licensed," and "The NRC has no confidence in CPCo." I told Mr. Howell I did not make any such statement and did not infer anything of the nature that he had stated. Mr. Howell was concerned about the impact that this perception may have on the Coalition's and the CPCo Board of Directors' decision set for July 11, 1984. Mr. Howell also stated that some members of the PSC have requested to attend the next meeting between the NRC and Consumers Power management. This meeting was understood by the PSC to be a "father-son" talk or to chew-out CPCo.

Mr. Howell asked if I would discuss the issues identified by Mr. Callen with Mr. J. Abramson, Division Director, Electric Distribution, Michigan Public Service Commission. I responded yes. He stated he would have Mr. Abramson contact me.

Shortly thereafter I was contacted by Mr. Abramson with whom I reviewed my previous conversations with Mr. Callen (as previously noted herein). I provided Mr. Abramson with a synopsis of my previous conversations and concluded by stating that nothing identified to date by the NRC or CPCo was uncorrectable or insurmountable. I also stated that I did not understand the conclusions reached by Mr. Callen as told to members of the PSC staff and relayed to Mr. Howell. Mr. Abramson stated that "Mr. Callen must have misinterpreted the information I provided or colored the conclusion." Mr. Abramson assured me that he would brief Mr. J. Fischer, Chief of Staff, MPSC, as to the correct facts of my conversation to set the record straight.

I also stated the staff may tend to over react rather than not act at all, but we will do what is necessary to assure CPCo stays on course. With the current large manpower effort dedicated to Midland (15 man-years versus normally 1.5 to 3) the staff should be able to stay on top of all issues. Should proper course corrections be taken by CPCo and the CCP properly completed, the staff should be able to conclude with reasonable assurance that the CCP was properly implemented, that all significant problems were identified, that all rework and new work was properly completed and the plant was properly constructed. Thus the CCP remains a viable program to reinspect, status, and complete the Midland plant.

On July 11, 1984, I was contacted by Mr. Callen regarding our previous conversations. Mr. Callen stated that he had been questioned by his management about these conversations. Mr. Callen and I reviewed our previous conversations of July 9 and 10, 1984, and concluded that the basic facts were unchanged, and our concerns the same, although the regulatory interests were somewhat different. He stated that he had also briefed some members of the PSC staff based on our discussions. He added that the PSC staff is divided between those who want the plant completed, those who want the plant abandoned, and those who wish to weigh the facts and pass judgment accordingly. The statements reportedly made to Mr. Howell were probably made by those opposed to completion and relayed by those in favor of completion. He stated that he did not make any statements or mischaracterize what I had told him, that was done by others he wished not to name. Most of the information we had discussed was in the Public Document Room. Additionally he stated that he would be glad to discuss this situation with Mr. Keppler to clarify the situation if necessary. He also stated that our conversation had no weight on the PSC staff's decision. He thought that ABATE and the total Coalition's position would not change. He also said he had discussed these issues with NRR. He also affirmed the bottom line as nothing had indicated that the CCP would not work or the plant could not be completed. Mr. Callen's final request concerned what I thought about members of the PSC attending the next meeting between myself, B. Warnick, and CPCo management. I

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told him I considered this to be somewhat improper and that it would be an intrusion on our normal working meeting process and may inhibit the meeting's ability to have open communications and reach the desired solutions. He stated that he had no problem and that they would not pursue the matter further. I told him the monthly meeting and other key meetings would continue to be open to the public.

"Original signed by J. J. Harrison"

J. J. Harrison, Chief
Section 1D, Midland

cc: James W. Cook, CPCO
DMB/Document Control Desk (RIDS)

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07/24/84