

50-336



UNITED STATES
NUCLEAR REGULATORY COMMISSION

WASHINGTON, D.C. 20555-0001

May 28, 1997

Mr. Bruce D. Kenyon
President and Chief Executive Officer
Northeast Nuclear Energy Company
P.O. Box 128
Waterford, CT 06385-0128

Dear Mr. Kenyon:

This letter provides conditional approval of your proposed contractor, Parsons Power Group, Inc. (Parsons) for the conduct of the Millstone Unit 2 Independent Corrective Action Verification Program (ICAVP), pending completion and submittal of the enclosed certifications of financial independence by Parsons and the Northeast Nuclear Energy Company's (Licensee's) corporate officials. On the basis of the information provided in your submittals of February 14, March 27, and May 14, 1997, and the discussions at the meeting of March 18, 1997, we have concluded that Parsons has the technical expertise and nuclear design experience necessary to conduct the ICAVP review at Millstone Unit 2. We have also concluded that Parsons is sufficiently independent of the Licensee and its design contractors for the conduct of the ICAVP.

Concerns were raised by the Nuclear Energy Advisory Council (NEAC) for the State of Connecticut and by members of the public on the independence of the ICAVP contractors. The NRC has chosen to adopt a practical standard of independence between the ICAVP contractor and the Licensee. In making our determination, we balanced the need to ensure adequate financial independence with the need to ensure that the contractor had the necessary skills and experience to effectively conduct the ICAVP. We found that Parsons was sufficiently independent from the design and operation of Millstone Unit 2 in that it has not been involved in design activities that would affect its ability to perform the ICAVP.

Regarding Parsons' financial independence from the Licensee, we found sufficient independence in that, organizationally, Parsons does not directly own any stock, bonds, or other financial instruments issued by Northeast Utilities (NU), Northeast Nuclear Energy Company (NNECO), or other entities named on the Millstone Unit 2 operating license. The Parsons Power Group, Inc., is a wholly owned subsidiary of the Parsons Corporation. The Parsons Corporation is totally owned by the employees through the Parsons Employee Stock Ownership Plan. The Parsons Employees Stock Ownership Plan does not invest in outside companies. The Parsons 401K program is administered by American Express Corporation and no employee of Parsons has control of the investment decisions of any of the five mutual funds involved in the 401K program. In addition, each of the proposed ICAVP team members will be required to provide a written statement regarding conflict of interest that includes financial interests.

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As previously described, we have concluded that Parsons has sufficient technical and financial independence to conduct an objective review at Millstone Unit 2. In addition, we have concluded that Parsons has sufficient technical and financial independence to conduct the necessary seismic reviews that Sargent & Lundy is precluded from performing at Millstone Units 1 and 3. However, this approval is conditioned upon submittal of the enclosed certifications of financial independence by the corporate officials of NNECO and Parsons (Enclosure 1). A detailed discussion of the basis for our approval is provided in Enclosure 2.

To ensure the continued independence of the ICAVP team, a communication protocol will be established as part of the contractor's audit plan. This protocol shall include the reporting procedures discussed in the Confirmatory Order of August 14, 1996. The staff will approve the protocol after discussions with the contractor during the staff's review of the audit plan.

We will withhold final approval of individual team members until completion of our interviews in conjunction with our review of the proposed audit plan. The staff will conduct interviews with each team member to verify that he or she is technically and financially independent and to determine whether the member's technical qualifications and experience are consistent with his or her assigned role as defined in the audit plan. In addition, we request that all team members complete the enclosed Conflict-of-Interest Statement to document their financial and technical independence (Enclosure 3). It is requested that these statements be submitted by Parsons following the NRC staff conducted interviews of the team.

Please contact Eugene Imbro at (301) 415-1490 if you need any additional information or clarification of the enclosures.

Sincerely,

Original Signed by:
 William D. Travers, Director
 Special Projects Office
 Office of Nuclear Reactor Regulation

Enclosures:

1. Certification of Financial Independence
2. Results of the Staff's Review of the Proposed ICAVP Contractor for Millstone Unit 2
3. Conflict-of-Interest Statement

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DOCUMENT NAME:A:Kenyon (6.1) (*see previous concurrence)

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| DATE | 4/27/97* | | 4/ /97 | | * N/A | | 5/2 /97* | | 5/5/97* | 5/18/97 | | | |

Certification of Financial Independence

I, _____, being first duly sworn, depose and state:

That I am President, Parsons Power Group, inc. (Contractor).

That I am authorized to provide the following certification on behalf of the Contractor to the U. S. Nuclear Regulatory Commission.

That the Contractor does not own stock, bonds, or other financial instruments issued by Northeast Utilities or its subsidiaries, the organizations that performed the original design for Millstone Units 1, 2, and 3, the suppliers of the nuclear steam supply systems for Millstone Units 1, 2, and 3, and other entities named on the operating license for Millstone Units 1, 2, and 3.

Signature

Date

Certification of Financial Independence

I, Bruce D. Kenyon, being first duly sworn, depose and state:

That I am President and Chief Executive Officer, Northeast Nuclear Energy Company (the Licensee).

That I am authorized to provide the following certification on behalf of the Licensee to the U. S. Nuclear Regulatory Commission.

That the Licensee and the other co-license holders for Millstone Units 1, 2, and 3 do not own stock, bonds, or other financial instruments issued by the Parsons Power Group, inc.

Bruce D. Kenyon
President and Chief Executive Officer

Date

RESULTS OF THE STAFF'S REVIEW OF THE PROPOSED ICAVP CONTRACTOR FOR MILLSTONE UNIT 2

INTRODUCTION

On August 14, 1996, the U. S. Nuclear Regulatory Commission (NRC) issued a Confirmatory Order to Northeast Nuclear Energy Company (NNECO, or Licensee) requiring completion of an Independent Corrective Action Verification Program (ICAVP) before the restart of any Millstone unit. The Order directs the Licensee to obtain the services of an organization independent of the Licensee and its design contractors to conduct a multidisciplinary review of Millstone Units 1, 2, and 3.

The purpose of the ICAVP, as stated in the Confirmatory Order, is to confirm that the plants' physical and functional characteristics are in conformance with its licensing and design bases. The ICAVP audit required by the NRC is expected to provide independent verification, beyond the Licensee's quality assurance and management oversight, that the Licensee has identified and satisfactorily resolved existing nonconformances with the design and licensing bases; documented and utilized the licensing and design bases to resolve nonconformances; and established programs, processes, and procedures for effective configuration management in the future.

BACKGROUND

The Licensee submitted information regarding the proposed selection of Parsons Power Group, Inc. (Parsons), as the contractor for the Millstone Unit 2 ICAVP on February 14, 1997. The submittal included the principal criteria used in evaluating the contractor bids, a discussion of the methodology used in the bid selection process, program elements to be covered by the ICAVP scope, and guidelines for the communication protocol. The submittal also included resumes of the proposed ICAVP team members. In its submittal, the Licensee stated that Parsons is financially and organizationally independent of Northeast Utilities (NU) and the design contractors for the Millstone units.

On March 18, 1997, the staff held a public meeting with the Licensee to discuss the contractor selection process. During the meeting, the staff requested some additional information. The staff also held an evening meeting with the public to obtain comments regarding the proposed contractor. The Licensee submitted additional information on March 27, 1997, and May 14, 1997, regarding the proposed selection to respond to the staff's questions.

STAFF EVALUATION

The staff conducted a review of the information submitted by the Licensee regarding the proposed contractor, Parsons, to ensure that the contractor selected to perform the ICAVP is technically and financially independent of the Licensee and its design contractors, and technically capable of effectively performing the ICAVP.

To complete this task, the NRC's ICAVP oversight staff performed the following activities:

1. Evaluated whether the proposed contractor has any financial interest or had any technical involvement with the design or construction of the subject Millstone unit.
2. Evaluated whether the proposed contractor has adequate technical and managerial qualifications to conduct the ICAVP.
3. Evaluated whether the proposed specialists have the appropriate technical background to participate in the ICAVP. The evaluation included a preliminary review of individual team member resumes.

The staff will conduct interviews with each team member during the review of the audit plan. This effort will also confirm that the individual specialists have no financial interests in NU or other entities named on the operating license, the nuclear steam supply system (NSSS) vendor, or the architect-engineer (AE) for the subject Millstone unit by means of a Conflict-of-Interest Statement. In addition, the statement will require the team members to confirm that they have had no prior technical involvement with the subject Millstone unit.

DISCUSSION

1. Company's Technical Experience

As stated in the Confirmatory Order of August 14, 1996, the Licensee was directed to obtain the services of an organization, independent of the Licensee and its design contractors, to conduct a multidisciplinary review of the Millstone units. The purpose of the ICAVP is to verify the adequacy of the Licensee's efforts to establish adequate design bases and design controls, including translation of the design bases into operating procedures, maintenance procedures and testing practices; verification of system performance; and implementation of modifications since issuance of the initial facility operating licenses. The review must be comprehensive and incorporate appropriate engineering disciplines so that the NRC can be confident that the Licensee has been thorough in identifying and resolving problems. Therefore, the contractor must have sufficient breadth and depth of technical experience in nuclear power plant design requirements to perform an adequate review.

The Licensee's submittal states that the proposed contractor has corporate experience that includes the design of 16 nuclear units. For example, Parsons was the AE for Crystal River 3, Perry, Ginna, Summer, and Three Mile Island Unit 1. The Licensee's submittal also states that Parsons has developed 12 design basis documentation programs and performed 7 safety system functional inspections. These efforts require skills and knowledge that are similar to that required to perform the ICAVP.

On the basis of the staff's review of the resumes in the proposal, it appears that, in general, the engineering disciplines needed for the review are being provided by the contractor. The proposed team members possess adequate expertise in the areas of mechanical engineering, electrical engineering, civil/structural engineering, nuclear engineering, instrumentation and control engineering or design, reactor plant operations, and probabilistic risk assessment. The

NRC will give its final approval of the Parsons proposed team members following interviews conducted in conjunction with NRC review of the ICAVP audit plan.

On the basis of the information in the Licensee's submittals and the staff's previous experience with Parsons, the staff concluded that the proposed contractor has the technical expertise and experience to conduct this complex, multidisciplinary review.

2. Company's Technical Independence

During the selection process, the Licensee established an essential criterion that the supplier must be independent of NU and its design contractors. The Licensee's submittal states that Parsons was not involved in the original design of any of the Millstone units. The staff's review of NRC records indicates that Parsons was not the AE for any Millstone unit. The AEs for the Millstone units were as follows:

| | |
|------------------|-----------------|
| Millstone Unit 1 | Ebasco |
| Millstone Unit 2 | Bechtel |
| Millstone Unit 3 | Stone & Webster |

The Licensee provided a summary of the work performed by Parsons at NU facilities since 1986. The Licensee provided additional details regarding the contractor's work activities at Millstone as a primary contractor or as a subcontractor in its submittal of March 27, and May 14, 1997. The staff reviewed the summary of the work performed by Parsons. In 1992, Parsons assisted the Licensee in developing criteria for the selection of small bore erosion and corrosion piping inspections at Millstone Units 2 and 3. In addition, in 1990, Parsons provided a check valve maintenance and review program for Millstone Units 1 and 2. In 1992, Parsons also conducted an assessment of NU's high energy line break, configuration management, and motor-operated valve programs. In 1997, Parsons performed work at Haddam Neck in decommissioning planning.

The staff reviewed the reports that documented the results of the Parsons work activities at Millstone. After review of the details of the Parsons work, the staff found that the work activities were programmatic in nature, and work did not directly change any existing process, procedure, or design. The process mapping and assessment reports provided recommendations for program and process improvements and did not include any followup work or implementation of program changes. The check valve inspection criteria document provided recommendations for items to be reviewed during check valve maintenance and did not approve or alter the design of the valves. The check valve design application review document provided recommendations for a methodology to categorize and prioritize check valves for maintenance inspections. The staff concluded that no restrictions on the conduct of the ICAVP are necessary.

3. Company's Financial Independence

To effectively balance the need to have an organization that has the required technical capabilities to perform the ICAVP with the need for that organization to have adequate financial and technical independence, the NRC has chosen to adopt a practical standard of independence between the ICAVP contractor and the Licensee. This standard recognizes that

relatively few organizations have the necessary technical capabilities to perform the ICAVP, and allows NNECO sufficient latitude to propose for NRC approval, a contractor that has the requisite experience and capabilities to conduct a credible technical review as set forth in the Confirmatory Order issued by the NRC on August 14, 1996. The financial independence criteria discussed by the NRC staff with NNECO at a public meeting on September 24, 1996, stated that (1) the proposed contractor should have no ownership interest in NU, and (2) the proposed contractor should have no current involvement with the unit being reviewed.

The Confirmatory Order of August 14, 1996, directs the Licensee to obtain the services of an organization independent of the Licensee and design contractors. The Licensee stated in its submittal that Parsons does not own or control any stock of NU or its subsidiaries. In addition, the submittal included a certification signed by the President of Parsons stating that Parsons has no financial interest in NU, its affiliates or design contractors, and had no prior involvement with design reviews for the Millstone units. The Parsons Power Group, Inc., is a wholly owned subsidiary of the Parsons Corporation. The Parsons Corporation is totally owned by the employees through the Parsons Employees Stock Ownership Plan. The Parsons Employee Stock Ownership Plan does not invest in outside companies. The Parsons 401K program is administered by American Express Corporation, and no employee of Parsons has control of the investment decisions of any of the five mutual funds involved in the 401K program. The Licensee's submittal states that a check of NU records has confirmed that Parsons does not own or control any stock or other financial interest in NU or its subsidiaries.

The other criterion for independence is that the proposed ICAVP contractor should have no current involvement with the Licensee at the unit being reviewed. Parsons had no current involvement with Unit 2 before it was proposed by NNECO as the ICAVP contractor. In addition to the NRC criterion, the Licensee further restricted the selection of a contractor to one that had limited past involvement with NNECO. The Licensee's submittal stated that while Parsons Corporation had annual average revenues of approximately \$1.5 billion during the past 5 years, it had only received approximately \$5 million in revenues from the Licensee over the past 10 years. The majority of the revenues from NU involved work in the fossil/hydro, and transmission and distribution areas. Nuclear work consisted of \$460 thousand over the last 10 years. The Licensee concluded that these small revenues in comparison to the annual revenues of Parsons did not comprise a sufficient financial interest on which to question the objectivity of the contractor. The staff agrees with this conclusion.

The Licensee's original submittal states that Parsons had committed to do no followup work associated with the ICAVP for Millstone Unit 2 for a period of one year after completion of the project. However, the March 27, 1997, submittal states that Parsons will be restricted from seeking work at any NU facility for a period of 12 months following completion of the Unit 2 ICAVP. The staff finds Parsons to be sufficiently financially independent of the Licensee and design contractors to conduct the ICAVP required by the Confirmatory Order.

4. Technical Experience of Team Members

As previously stated, the staff's review found that the appropriate technical disciplines are being provided by the contractor. However, the staff intends to review each resume in detail and to conduct interviews of each proposed member at a later date. The resume review and

interviews will be conducted concurrent with the staff's review of the proposed audit plan and team structure. This separate review and approval is necessary so that the NRC staff can evaluate the adequacy of each team member's expertise and experience, with an understanding of the specific tasks that the ICAVP team members will perform during the review. The contractor's procedure for substitution of personnel will be reviewed and approved during NRC's review and approval of the audit plan.

5. Technical and Financial Independence of Team Members

The Confirmatory Order of August 14, 1996, states that in evaluating the independence of each team member, the factors the NRC staff will consider include, but are not limited to, whether the individual has had prior involvement in design reviews for the Licensee and whether the individual has any financial interest in the Licensee. The Licensee's submittal stated that all proposed team members had been screened to ensure that they have no prior involvement with design reviews for the Licensee.

The staff reviewed the resumes provided by the Licensee to verify that the proposed team members have not had prior involvement in design reviews at Millstone. On the basis of a preliminary review of the resumes, the staff determined that none of the proposed team members had prior involvement in the design, design reviews, operation, testing, or maintenance of Millstone Unit 2.

The staff will withhold final approval of the individual team members until completion of individual interviews and review of the proposed audit plan. The staff will conduct interviews of all team members to verify that they are technically and financially independent, and to determine whether the members' technical qualifications and experience are compatible with their assigned roles as defined in the audit plan. In addition, the staff will request that all team members complete a Conflict-of-Interest Statement to document their financial and technical independence. These statements will be submitted by Parsons following the staff interviews of the proposed team members.

6. Public Comments

The Nuclear Energy Advisory Council (NEAC) and the public have previously expressed concerns regarding the independence and objectivity of the contractor for Millstone Units 1 and 3, Sargent & Lundy (S&L), at meetings held by the NRC with the public and at meetings of the NEAC at which the NRC has been asked to participate. The NRC staff responded to these comments in a letter dated April 7, 1997, approving S&L as the contractor for Millstone Units 1 and 3. The staff has also considered and weighed these comments, as well as comments received during the public meeting of March 18, 1997, in its evaluation of Parsons as the possible ICAVP contractor for Millstone Unit 2.

The NRC staff responses are summarized as follows:

a. Parsons' Involvement in the Nuclear Industry

The review of the design of a commercial nuclear power plant and its operating procedures requires specialized knowledge of NRC regulatory guidance, design

standards, and facility operation. This knowledge is held by those individuals and organizations that work in the commercial nuclear power generation industry. A review performed by individuals and organizations without this specialized knowledge would not give the NRC and the public a sufficient level of confidence that NNECO programs have been effective in identifying and correcting problems.

b. Parsons Payment by NNECO

It is the responsibility of the Licensee to operate its facility in a safe manner, maintain the facility in compliance with its licensing bases, and identify and resolve any problems. Therefore, it is appropriate that the Licensee assume any cost associated with the ICAVP. Further, the ICAVP process will impose rigid communication protocols to control the NNECO/Parsons interaction, and it will be closely overseen by the NRC, with NEAC observing the NRC oversight function. These actions provide substantial assurance of an independent objective review by the contractor.

c. Prior Work by Parsons at Millstone

Proportional to its total annual revenue of \$1.5 billion, Parsons has had minimal involvement with NNECO (\$5 million over the preceding 10 years). Further, the NRC has restricted Parsons from directly reviewing prior work or work performed under programs developed by Parsons for the Licensee.

As with S&L, the staff has concluded that a review performed by individuals and organizations without specialized knowledge of NRC regulatory guidance, design standards, and facility operation would not give the NRC and the public a sufficient level of confidence that NNECO programs have been effective in identifying and correcting problems. A communication protocol will be implemented to provide assurance of an objective review by the contractor.

7. Differing Professional Opinions

Because of the history of employee concerns issues at Millstone, the staff requested that the proposed contractor provide a description of the process used to handle differing professional opinions (DPO) that may arise among the staff performing the ICAVP. The Parsons project procedure covering the DPO process was included in the audit plan submitted for NRC's approval on April 3, 1997. The NRC staff's review of the audit plan will include a review of the Parsons project procedure covering the DPO process to ensure that Parsons' team members have an alternate process to raise safety concerns outside the normal line organization.

8. Seismic Reviews at Millstone Units 1 and 3

On April 7, 1997, the staff provided a conditional approval of Sargent & Lundy (S&L) for the conduct of the Millstone Units 1 and 3 ICAVP. However, the staff found that seismic reviews at Units 1 and 3 shall not be reviewed by S&L during the ICAVP because of prior work in this area. On May 14, 1997, the Licensee requested that the NRC approve Parsons to perform the seismic reviews at Millstone Units 1 and 3.

As stated in Section 2, Parsons was not involved in the original design of any of the Millstone units. In addition, the staff's review of the contractor's work activities at Millstone, as discussed in Section 2, found that no work activities were performed in the seismic area at Millstone Units 1 and 3. The staff concluded that Parsons is acceptable as a third-party to perform the review of the seismic areas.

As with the team members for Millstone Unit 2, the staff will withhold final approval of those team members that are proposed to perform the seismic reviews at Millstone Units 1 and 3 until after completion of interviews and receipt of a conflict-of-interest statement.

CONCLUSION

On the basis of the information provided in the Licensee's submittals of February 14, March 27, and May 14, 1997, and the discussions at the meeting of March 18, 1997, the staff has concluded that Parsons has the technical expertise and nuclear design experience necessary to conduct the ICAVP review at Millstone Unit 2. In addition, the staff concluded that Parsons has sufficient technical and financial independence to conduct an objective review. However, this approval is conditioned upon submittal of the certification of financial independence by the Licensee and Parsons corporate officials. The staff also concluded that Parsons has sufficient technical and financial independence to conduct the necessary seismic reviews that Sargent & Lundy is precluded from performing at Millstone Units 1 and 3.

The staff will withhold final approval of the individual ICAVP team members until it completes individual interviews and reviews the proposed audit plan.

CONFLICT-OF-INTEREST STATEMENT

MILLSTONE - Independent Corrective Action Verification Program (ICAVP)

Proposed Consultant

Consultant's Employer

My participation in the Millstone Unit ____ ICAVP [() does () does not] involve situations or relationships in which I had direct previous involvement with activities at the plant that I will be reviewing and I [() have () do not have] conflicting roles that might bias my judgment in relation to my work on the ICAVP. In addition

1. () I have not been previously employed by Northeast Nuclear Energy Company (NNECO) or any of its predecessors.

() I have been previously employed by NNECO or some of its predecessors. (State the nature of the employment.)
2. () I have not previously provided design or engineering services to NNECO for the subject Millstone unit as a contractor or a subcontractor.

() I have previously provided design or engineering services to NNECO for the subject Millstone unit as a contractor or a subcontractor.
3. () I have no other business relations (member of NNECO's Board of Directors, member of an Offsite Review Committee, etc.) with NNECO for the subject Millstone unit that may create the appearance of a conflict-of-interest.

() I have other business relations with NNECO for the subject Millstone unit that may create the appearance of a conflict-of-interest.
4. () I have not been previously employed by the subject Millstone unit's architect-engineer (AE) _____, the nuclear steam supply system (NSSS) vendor _____, or any of their predecessors associated with design or construction of the subject Millstone unit.

() I have been previously employed by the subject Millstone unit's AE _____, the NSSS vendor _____, or one or more of their predecessors associated with design or construction of the subject Millstone unit. (State the nature of the employment.)
5. () I, and my immediate family, do not own or control financial interests (stocks, bonds, mutual funds, etc.) in NNECO, the subject Millstone unit's AE _____, or the NSSS vendor _____.

() I, or a member of my immediate family, own or control financial interests (stocks, bonds, mutual funds, etc.) in NNECO, the subject Millstone unit's AE _____, or the NSSS vendor _____.

Proposed Consultant

Consultant's Employer

6. Members of my immediate family are not employed by NNECO, the subject Millstone unit's AE (_____), or the NSSS vendor (_____) associated with design or construction of the subject Millstone unit.
- Members of my immediate family are employed by NNECO, the subject Millstone unit's AE (_____), or the NSSS vendor (_____) associated with design or construction of the subject Millstone unit. (State the nature of the employment.)
7. My close relatives (aunts, uncles, first cousins) are not employed by NNECO, the subject Millstone unit's AE (_____), or the NSSS vendor (_____) in a management capacity.
- My close relatives (aunts, uncles, first cousins) are employed by NNECO, the subject Millstone unit's AE (_____), or the NSSS vendor (_____) in a management capacity. (State the nature of the employment.)
8. Have you been promised any additional compensation, reward or anything of value, contingent upon the position you take on any issue being considered by you in connection with the subject Millstone unit ICAVP? If yes, provide a detailed description of the circumstances.
- NO YES. Explain.
9. Do you know of any reason, whether or not inquired about in this questionnaire, that would affect your ability to be completely objective in performing any of the tasks assigned to you in connection with the subject Millstone unit's ICAVP? If yes, provide a detailed description of the circumstances.
- NO YES. Explain.
10. Are you aware of anything that might create a perception that you would not act with objectivity in performing any of the tasks assigned to you in connection with the subject Millstone unit's ICAVP? If yes, provide a detailed description of the circumstances.
- NO Yes. Explain.

I certify that the statements I have made on this form are true, complete, and correct to the best of my knowledge and if the circumstances surrounding the responses change during performance of the ICAVP for the subject Millstone unit, I will inform the NRC of those changes.

Signature

Date

In the above statements, the term "employed" is construed to mean any form of employment, either direct, as a contractor, or as a subcontractor. The term "immediate family" includes the interviewee's children, stepchildren, spouse, parents, stepparents, mother-in-law, father-in-law, brothers-in-law, sisters-in-law, or any person living with the interviewee.

As previously described, we have concluded that Parsons has sufficient technical and financial independence to conduct an objective review. However, this approval is conditioned upon submittal of the enclosed certifications of financial independence by the corporate officials of NNECO and Parsons (Enclosure 1). A detailed discussion of the basis for our approval is provided in Enclosure 2.

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Please contact Eugene Imbro at (301) 415-1490 if you need any additional information or clarification of the enclosures.

Sincerely,

William D. Travers, Director
 Special Projects Office
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Please contact Eugene Imbro at (301) 415-1490 if you need any additional information or clarification of the enclosures.

Sincerely,

William D. Travers, Director
 Special Projects Office
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| DATE | 4/27/97* | | 4/27/97 | | * N/A | | 4/ 197 | | 4/ 197 | 4/ 197 | 4/ 197 |

As previously described, we have concluded that Parsons has sufficient technical and financial independence to conduct an objective review. However, this approval is conditioned upon the submittal of the enclosed certifications of financial independence by the corporate officials of the NNECO and Parsons (Enclosure 1). A detailed discussion of the basis for our approval is provided in Enclosure 2.

To ensure the continued independence of the ICAVP team, a communication protocol will be established as part of the contractor's audit plan. This protocol shall include the reporting procedures discussed in the Confirmatory Order of August 14, 1996. The staff will approve the protocol after discussions with the contractor during the staff's review of the audit plan.

We will withhold final approval of individual team members until completion of our interviews in conjunction with our review of the proposed audit plan. The staff will conduct interviews with each team member to verify that he or she is technically and financially independent and to determine whether the member's technical qualifications and experience are consistent with his or her assigned role as defined in the audit plan. In addition, we request that all team members complete the enclosed Conflict-of-Interest Statement to document their financial and technical independence (Enclosure 3). These statements will be collected from Parsons when the NRC staff conducts the interviews.

Please contact Eugene Imbro at (301) 415-1490 if you need any additional information or clarification of the enclosures.

Sincerely,

William D. Travers, Director
 Special Projects Office
 Office of Nuclear Reactor Regulation

Enclosures:

1. Certification of Financial Independence
2. Results of the Staff's Review of the Proposed ICAVP Contractor for Millstone Unit 2
3. Conflict-of-Interest Statement

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