

MPR ASSOCIATES, INC.

August 29, 1988

Mr. Paul Edgeworth
Contracting Officer
Contract Administration Branch
Division of Contracts and Property Management
U. S. Nuclear Regulatory Commission
Contract Number: NRC-04-88-086
Washington, DC 20555

Subject: NRC Contract NRC-04-88-086, Information To Support
Indemnification Request

Dear Mr. Edgeworth:

Pursuant to our letter of August 1, 1988, and in response to your letter of August 22, 1988, this letter provides the information to support our indemnification request in accordance with the provisions stated in FAR 50.403-1, "Indemnification Requests."

Specifically we request indemnification under NRC Contract No. NRC-04-88-086 on behalf of GPUN and their subcontractors. The request for indemnification is made due to the risks and hazards that GPUN will be exposed to as a result of work under the subject contract, as discussed below.

Work under the subject contract will involve the removal of metallurgical samples from the Three Mile Island, Unit 2 (TMI-2) reactor vessel. The operations for removing the samples would pose the potential hazardous risk of damaging the reactor vessel pressure boundary. The damage could be in the form of a ruptured vessel wall due to embrittled material, ejection of an in-core nozzle due to degraded in-core pipe material or an ineffective in-core pipe seal, or other possible accident scenarios, all of which could result in the leakage of radioactive water and residual fuel debris material out of the vessel. The hazards associated with such an event would involve the repair of the vessel damage and the clean up, decontamination and recovery from the spilled radioactive material and water. Such an accident would include work in an area under the reactor vessel which is physically very difficult to access. While not affecting personnel and the public outside of the containment building, such recovery activities would involve work in environments that potentially could have high radiation and airborne contamination. Damage to the reactor vessel pressure boundary would have a major impact on GPUN and their subcontractors. GPUN and their

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WASHINGTON, D.C. 20036

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Mr. Paul Edgeworth

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August 29, 1988

subcontractors would be responsible for performing all necessary vessel repairs, decontamination and recovery activities. As such, GPUN would be directly exposed to hazards from radiation and airborne contamination. The completion of GPUN's defueling and storage of the reactor would be delayed until the repair and clean up work are finished.

MPR will not be directly exposed to the hazards described above and, therefore, we will not require indemnification under FAR 52.250-1. We do, however, expect to assist GPUN in any repair and recovery activities, if required. Under such circumstances we anticipate billing our costs directly to GPUN to be covered as part of the indemnification.

As required, we have also investigated the use of private insurance, both through MPR and GPUN to cover the liabilities discussed above. Our current insurance policy excludes coverage for nuclear exposure, nor could we find an insurance company to cover such risks. A copy of a reply letter from our insurance company is attached with this letter. Concerning insurance coverage by GPUN, we were informed that they no longer have coverage for nuclear exposure at TMI-2, nor can they find insurance coverage for these risks.

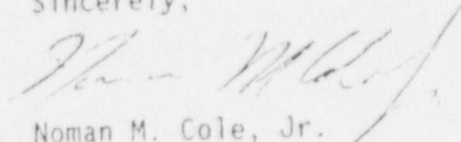
GPUN has stated they would not proceed with a contract to remove the reactor vessel wall samples without indemnification to cover the potential accidents, such as discussed above. MPR is not in a position to provide GPUN such indemnification. If we agreed to provide GPUN with such indemnification, MPR would be exposed to financial risks that are far beyond our means. Accordingly, MPR will not, nor are we financially able to assume the liability for hazards that could potentially be associated with obtaining metallurgical samples for the NRC. Without NRC assumption of the risks, our contract with GPUN will not be completed and the operations to remove samples will not be performed. GPUN has indicated that it will accept an NRC indemnity in place of MPR's.

To protect MPR and its contractors in the event of such a hazard occurring, GPUN will be required to release MPR and its contractors from any claims resulting from the occurrence of a hazard in which GPUN is covered by the NRC's indemnification.

As a final note we would like to point out that a leak out of the reactor vessel may also result in a situation where MPR would not be allowed to complete the contractual obligations specified in MPR contract NRC-04-88-086. In the event of a leak, the operations associated with the removal of vessel samples would be stopped to allow repair of the leak. Based on the amount of damage and the extent of repair activities, GPUN may not allow MPR to continue sampling activities.

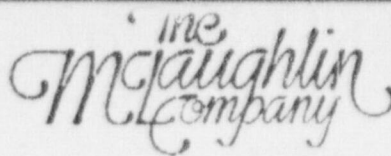
Please contact me if you have any questions concerning this letter.

Sincerely,



Norman M. Cole, Jr.

cc: R. Van Houten



Mr. Letter dated
August 29, 1988

Insurance Since 1929

August 22, 1988

Mr. William Hancock
MPR Associates, Inc.
1050 Connecticut Ave., NW
Washington, D.C. 20036

Re: Insurance

Dear Bill:

Upon review of your Package policy there is an exclusion pertaining to nuclear exposure. Not only does our policy exclude coverage for nuclear exposure, we cannot name an Insurance company willing to provide this coverage.

We suggest that to protect your interest, contact NRC directly. They should be able to satisfy any insurance requirements.

Sincerely,

George W. Murdock
Account Executive

Encl.

MPR Associates, Inc.
ATTN: William R. Hancock
1050 Connecticut Avenue, N.W.
Suite 400
Washington, D.C. 20036

AUG 22 1988

Dear Mr. Hancock:

Subject: Incorporation of FAR 52.250-1, "Indemnification Under Public Law 85-804, Alternate I", Under Contract No. NRC-04-88-086

This confirms our telecon of August 19, 1988. At that time you were advised to submit your request for indemnification under the subject contract in accordance with the provisions stated in FAR 50.403-1, "Indemnification requests." You were particularly advised to identify and define the unusually hazardous or nuclear risk for which indemnification is requested, with a statement indicating how MPR would be exposed to them. You were also advised to submit the same information for each subcontractor to which such indemnification would be extended through a subcontract with your organization. Finally, you were requested to furnish the required information as expeditiously as possible.

Upon receipt of the above information, your request will be reviewed to ascertain whether it contains all required information. After considering all of the facts and evidence, we will notify you promptly of the approval or denial of your request. If I can be of further assistance, please call me at (301) 492-7125.

Sincerely,

Paul J. Edgeworth, Contracting Officer
Contract Administration Branch
Division of Contracts and Property
Management
Office of Administration and Resources
Management

cc: T. Hagan, DCPM
B. Kildee, OGC
F. Costanzi, RES
R. VanHouten, RES
J. Halvorsen, RES

PC

OFFICE:	ARM:DCPM:CAB	:	:	:	:	:
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MPR ASSOCIATES, INC.

August 1, 1988

Dr. Robert Van Houten
Mr. Paul Edgeworth
Ms. Helen Hagey
U.S. Nuclear Regulatory Commission
Office of Nuclear Regulatory Research
Division of Reactor Accident Analysis
Mail Stop NL-007
Washington, D. C. 20555

Subject: Contract NRC-04-88-086

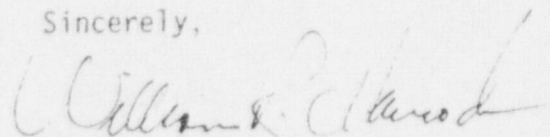
Dear Sirs and Madame:

We are in the process of negotiating a subcontract with GPU Nuclear for the use of their site and site support for taking samples from the bottom of the TMI-2 reactor vessel. GPUN has expressed concern that the sampling could result in leakage of radioactive water from the TMI-2 reactor vessel. Furthermore, GPUN feels that it is imperative that the reactor vessel remain leak free after the sampling is complete so that they can decontaminate and finally decommission the TMI-2 facility.

We formally request under FAR 52.250-1 "Indemnification Under Public Law 85-804, ALTERNATE I" which is a part of our prime contract with the Nuclear Regulatory Commission, that the aforementioned nuclear and hazardous risks and all resulting and consequential losses be specifically mentioned in our contract as being covered by the Government's indemnity. We further request the authority to pass the Government's indemnity, as amended, through to our subcontractors involved in this sampling effort; including GPUN.

We appreciate your consideration of this request and await your response.

Sincerely,


William R. Hancock, CPA
Contracts Administrator