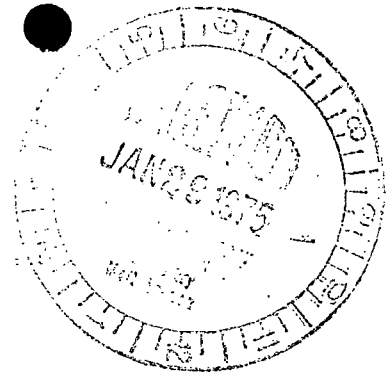


LAW OFFICES
MYRON M. CHERRY
ONE IBM PLAZA
CHICAGO, ILLINOIS 60611
(312) 565-1177



50-155

50-255

50-329-330

January 25, 1975

Mr. Angelo Giambusso
Deputy Director for Reactor Projects
Directorate of Licensing
Office of Regulation
U. S. Nuclear Regulatory Commission
Washington, D.C. 20555

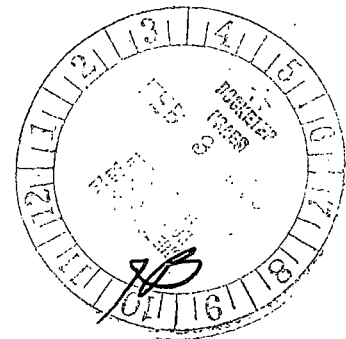
Dear Angelo:

Consumers is falling apart and a word to the wise should be sufficient.

I still have not received from your "lawyers" a letter as to whether the NRC is required by its regulations to assess the financial requirements of Consumers beyond six months or a year.

Sincerely,

Myron M. Cherry



MMC:KK
Enclosure

*Please read my
letter & letter from
Bechtel's lawyers
enclosed*

Rec'd. Off. of Reg.
of Licensing
Date 1/29/75
Time 2:00 P.M.

ROBERT C. WINTER
JOSEPH H. PARSONS
GERALD L. STOETZER
ARTHUR P. BOYNTON
WILHELMINA BOERSMA
H. WILLIAM BUTLER
JOHN C. DONNELLY
SIDNEY W. SMITH, JR.
DAVID P. WOOD
MELBOURNE J. MILLER
PETER STALKER II
LAURENCE M. SCOVILLE, JR.
HENRY EARLE III
WILLIAM B. DUNN
DOUGLAS J. RASMUSSEN
DAVID M. HAYES
ROBERT G. BUYDENS
RICHARD C. MARSH
M. V. KELL
PAMELA J. LIGGETT
RONALD E. GREENLEE
JAMES C. VAN DYKE
ROBERT L. WEYHING III
FRED W. BATTEN
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JOSEPH B. SHERRARD
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OF COUNSEL

JOSEPH H. CLARK
1860 - 1941
GEORGE H. KLEIN
1861 - 1968
ETHAN C. PREWITT
1903 - 1971

January 14, 1975

Mr. Michael Glaser
Chairman
Atomic Safety & Licensing Board
1150 - 17th Street, N.W.
Washington, D. C. 20036

Dear Mr. Glaser:

This is to advise that Consumers Power Company is not willing to grant Bechtel a further extension of time within which to plead to the Complaint in the Consumers Power lawsuit in the U. S. District Court for the Western District of Michigan, regarding the Palisades Plant. Accordingly, Bechtel plans to file a Motion for an Extension of Time and/or More Definite Statement by Wednesday, January 15.

We also wish to advise that Bechtel is unwilling to extend the time within which Consumers Power Company may answer Bechtel's Interrogatories; which Interrogatories seek to determine the alleged basis for the Complaint.

Consumers has served its first set of Interrogatories on Bechtel and I am enclosing a copy for your information.

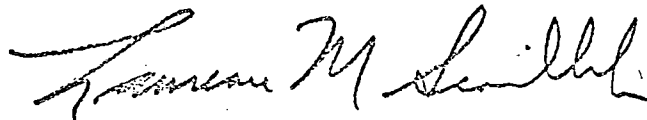
We have been advised that the reduction of funds available for the construction of the Midland Plant has caused a substantial cutback in engineering and construction activities. This reduction, together with similar reductions involving other work Bechtel has been performing at its Ann Arbor, Michigan, office, will result in a reduction of personnel and a transfer of certain functions to Bechtel's home office in San Francisco. However, we are advised that these reductions and changes will have no adverse impact on the quality assurance efforts set forth in Bechtel's testimony in the Midland Show Cause Proceeding.

Mr. Michael Glaser
January 14, 1975
Page Two

We are in the process of determining the extent of these cutbacks and will advise the Board when our information is complete.

Very truly yours,

CLARK, KLEIN, WINTER, PARSONS & PREWITT



Laurence M. Scoville, Jr.

IMS/do
Enclosure

cc: Mr. Lester Kornblith, Jr.
Mr. Emmeth A. Luebke
Mr. James P. Murray, Jr.
✓ Mr. Myron M. Cherry
Mr. Michael I. Miller
Mr. William J. Olmstead

LAW OFFICES
MYRON M. CHERRY
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January 25, 1975

Mr. Michael Glaser
Chairman
Atomic Safety & Licensing Board
1150 - 17th Street, N.W.
Washington, D.C. 20036

Re: Midland Plant, Units 1 and 2,
Construction Permit Nos. 81 and 82
(Show Cause)

Dear Mr. Glaser:

I have recently received a copy of a letter dated January 14, 1975 from Mr. Scoville to you forwarding certain papers in the Palisades litigation. In Mr. Scoville's letter is a statement appearing at the bottom of page one and at the top of page two that the Midland plant has suffered "a substantial cutback in engineering and construction activities" because of a lack of available funds. Mr. Scoville's letter suggests that while this could have some impact on QA-QC, he has been "advised that these reductions and changes will have no adverse impact on the quality assurance efforts set forth in Bechtel's testimony." And as if to make the circle complete, Mr. Scoville then admits that he does not have sufficient information on the cutbacks to make an informed judgment.

Several things are clear:

1. The chief QA-QC participant (Bechtel) has indicated that there is, as a result of lack of funds, a reduction of personnel and a transfer of certain functions;
2. Bechtel's lawyers themselves raise the question of the relationship between those cutbacks and reduction of the adequate QA-QC performance at Midland, as well as the continued viability of Bechtel's testimony in the Show Cause proceeding; and
3. No information is made available to determine whether Mr. Scoville's "advice" is accurate or indeed whether because of the changes and reduction, Bechtel's testimony at the Midland proceeding has now been overtaken by events.

January 25, 1975

The question of monetary limitations which adversely affects the building of a nuclear power plant is, of course, precisely the kind of issue which is inherent in the pending proceedings. We do not see how the Board can fail to reopen the record now in light of the admission of Mr. Scoville. Certainly before any decision adverse to the reopening of the record can be made, all parties must be advised of what is lurking behind Mr. Scoville's statements. Since Mr. Scoville's statements raise the distinct possibility that work is proceeding at Midland without adequate funds or personnel relative to QA-QC, we do not see how the Board can continue to delay its decision on reopening while permitting construction to proceed.

We believe Mr. Scoville's letter has tendered an admission which requires the Board to issue an order to have Bechtel demonstrate whether its prior testimony has validity at this time. We do not believe the Board can ignore this information and we trust that it will not.

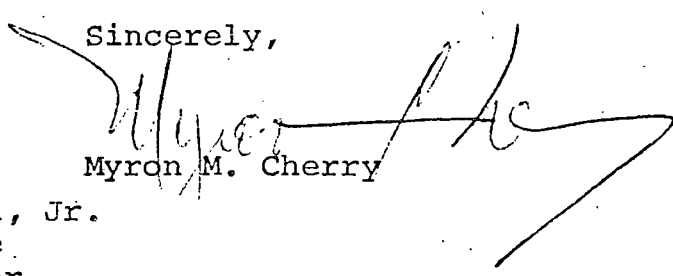
Under date of January 17, 1975, the Regulatory Staff filed supplemental papers. These papers suggest that the Board should not reopen the record, because the charges made in Nucleonics Week have now been resolved. We have the following comments to make:

1. Our motion to reopen the record was not based upon the Nucleonics Week charges, but rather the Palisades lawsuit;

2. Contrary to the statement made by the Staff that "the investigation is now complete", the Keppler letter attached to the Staff's supplemental response indicates that the AEC could not complete the investigation because the employees which made the allegations were afraid of losing their jobs. The Staff's statement that the allegations have not proven to be of substance is a misstatement of what actually transpired.

We have chose to communicate with you and the other members of the Board by letter in view of the fact that Bechtel's counsel did so and in view of the further fact that the Regulatory Staff's filings were not accompanied by motions for leave to file. Accordingly, we believe our correspondence is appropriate since the other parties are doing so as well.

Sincerely,


Myron M. Cherry

MMC:KK

c.c. Mr. Lester Kornblith, Jr.
Mr. Emmeth A. Luebke
Mr. Michael I. Miller
Mr. James P. Murray, Jr.
Mr. Angelo Giambusso
Mr. James Keppler