



**PUBLIC
SERVICE
INDIANA**

February 25, 1985

S. W. Shields
Senior Vice President -
Corporate Services

Mr. William O. Miller, Chief
License Fee Management Branch
Office of Administration
U.S. Nuclear Regulatory Commission
Washington, D.C. 20555

Dear Mr. Miller:

Pursuant to 10CFR Section 15.31, Public Service Company of Indiana, Inc. (PSI) hereby disputes the billing amounts contained in the summary statement of costs mailed to us with your letter dated January 22, 1985, received by us January 26, 1985. Pursuant to the recommendation contained in your letter, PSI did send representatives to Bethesda to review the records supporting staff effort and contractual costs included in the disputed billing. Our audit staff found that the records supplied do not allow a comprehensive review in accordance with generally accepted auditing standards. No supporting documentation existed for any contractual costs incurred prior to October 1983. Original source documents (i.e. time records) to support staff effort have been destroyed. The lack of such significantly limits the audit tests generally considered appropriate in this type of billing arrangement. Furthermore, in the areas which did have support several errors were found. These errors included, but were not limited to, billings for work performed outside of the billing period, amounts billed for review of a section of the Marble Hill FSAR which was completely replicate (4.2), and amounts charged to Marble Hill which, by NRC admission should have been charged to other projects (TMI, Beaver Valley, Linmerick).

While PSI does not expect an unreasonable amount of documentation, necessary audit tests are determined by the extent reliance can be placed upon the internal controls utilized in the preparation of the billing. The number of errors or questionable items found in the limited amount of material available does not allow us to accept the remaining billing solely on the basis of NRC internal controls.

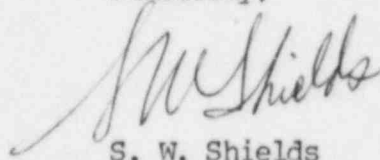
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We are hopeful that these issues can be resolved promptly. We would suggest a meeting between the NRC and our staff to further pursue some of the questioned items and a method of resolving the remaining billing in accordance with generally accepted auditing standards. We also expect that the due date of the NRC's proposed bill will be extended for a reasonable time to allow these issues to be resolved in accordance with Section 15.31(b).

Please direct all correspondence or questions with respect to this issue to my attention. If you have any questions, please feel free to call.

Sincerely,

A handwritten signature in cursive script, appearing to read "S. W. Shields".

S. W. Shields

SW

cc: J. U. Bott
J. W. Leonard
L. A. Nicodemus
J. R. Pope