



February 14, 1997

Docket No. 50 -336
B16256

U.S. Nuclear Regulatory Commission
Attn.: Document Control Desk
Washington, D.C. 20555

Millstone Nuclear Power Station, Unit 2
Independent Corrective Action Verification Program (ICAVP)

The Nuclear Regulatory Commission's (NRC's) Confirmatory Order, dated August 14, 1996,¹ requires that Northeast Nuclear Energy Company (NNECO) independently verify the adequacy of corrective action activities to establish control of the design basis at each of the Millstone units. This verification is to include the translation of the design bases into operating procedures and maintenance and testing practices, verification of system performance, and implementation of modifications since issuance of the initial facility operating license. The NRC's Confirmatory Order also requires that the selection of the independent verification company and team for each Millstone unit be approved by the NRC.

By letter to the NRC dated December 18, 1996,² NNECO proposed the selection of Sargent & Lundy as the contractor to conduct the ICAVP for Millstone Unit 3. By letter dated January 15, 1997,³ NNECO also proposed the selection of Sargent & Lundy to conduct the ICAVP for Millstone Unit 1.

¹ William T. Russel letter to Ted C. Feigenbaum, "Confirmatory Order Establishing Independent Corrective Action Verification Program (Effective Immediately) - Millstone Nuclear Power Station, Units 1, 2 and 3," dated August 14, 1996.

² John Paul Cowan letter to U. S. Nuclear Regulatory Commission, "Millstone Nuclear Power Station, Unit 3, Independent Corrective Action Verification Program (ICAVP)," dated December 18, 1996.

³ John P. McElwain letter to U. S. Nuclear Regulatory Commission, "Millstone Nuclear Power Station, Unit 1, Independent Corrective Action Verification Program (ICAVP)," dated January 15, 1997.

ADD 1/1

This letter proposes the selection of Parsons Power Group, Inc. (Parsons) as the contractor to conduct the ICAVP for Millstone Unit 2, and supplements the information provided in the letters of December 18, 1996 and January 15, 1997 for the NRC's use in evaluating this proposed selection. Parsons meets the technical and independence requirements of the Confirmatory Order and is capable of meeting the Millstone Unit 2 ICAVP schedule.

Parsons provided a proposal to conduct the ICAVP for Millstone Unit 2 in a letter to NNECO dated January 24, 1997. This proposal was based on the Request for Proposals sent by NNECO to three potential contractors in September of 1996, and therefore conforms to the same criteria used for contractor selection for Millstone Unit 1 and Unit 3.

Attachment 1 contains the Statement of Work and principal criteria used in evaluating the contractor bids for the conduct of the ICAVP. Since these criteria and NNECO's evaluation methodology have not changed, and since Parsons was evaluated and determined to be a qualified contractor for the Millstone Unit 3 ICAVP, only the significant differences between Parsons' October, 1996 proposal for Millstone Unit 3 and the current proposal for Millstone Unit 2 will be evaluated here. It should be noted that Attachment 1 also contains the proposed criteria for closure of findings and expansion of ICAVP sample size, and for communications between the parties on the ICAVP. The Statement of Work also includes the NRC's Confirmatory Order and ICAVP Oversight Inspection Plan as defining the work to be accomplished, and methodology to be used, in the ICAVP.

In addition to the information described above, Attachment 2 is proposed to address the request for information sent to NNECO on January 13, 1997,⁴ and relevant to Millstone Unit 2.

With regard to the essential criteria for the selection of the ICAVP contractor, we have determined that:

- Parsons is financially and organizationally independent of Northeast Utilities (NU) and NU's design contractors. Parsons was not involved in the design of Millstone Unit 2, the revenues from NU are a small fraction of their income, Parsons does not own or control any stock of NU or its subsidiaries, and has committed to do no follow up work associated with the ICAVP for Millstone Unit 2 for a period of one year after completion of the project. The Parsons Power Group President has provided a letter affirming independence, as have the industry experts who will be serving as part of the ICAVP team for Millstone Unit 2.

⁴ William D. Travers letter to John Paul Cowan, Acknowledgment of Receipt of ICAVP Contractor Selection Letter, dated January 13, 1997.

- The Parsons team members meet the financial and technical criteria enumerated in the Confirmatory Order dated August 14, 1996, namely that the team members have no financial interest in NU or its affiliates, nor any prior involvement in design reviews for NU. Each Parsons team member is required to sign a Conflict of Interest form, certifying independence. Also, the resumes of team members proposed were reviewed by NNECO, and determined to meet the requirements of the Confirmatory Order. A copy of the Conflict of Interest form and resumes (with names removed) are included in Attachment 3.
- The project team has capabilities in the required technical areas. Parsons has offered an ICAVP team with the depth and breadth of experience to meet the requirements of the Confirmatory Order. In addition to the full technical capabilities necessary for plant design, their experience includes Design Control and Design Basis Assessments, Integrated Design Inspections, Operations and Maintenance Assessments, Safety System Functional Inspections, and Configuration Management Reviews.
- The project team includes a highly skilled (expert) advisory panel, and an oversight panel, chaired by a Parsons officer, that includes highly capable industry and local participation. The oversight panel will serve to assure independence and objectivity in the ICAVP.

With regard to the additional criteria that NNECO considered important to a high quality ICAVP, various attributes of the Project Plan, the Project Team, the Project Leader, and the Contractor Organization were considered. In these areas, the Parsons proposal for Millstone Unit 2 contains a number of changes relative to that provided in the original proposal for Millstone Unit 3. The significant changes are as follows:

- The Project Director proposed by Parsons is the Parsons Power Vice President of Nuclear Services who has extensive relevant experience in commercial nuclear plant design and design reviews, as well as special restart programs. He reports to the President of Parsons for the ICAVP project. A senior Parsons employee also will fill the Deputy Project Director position.
- For the project team, Parsons proposes to use senior staff from the Parsons organization as group leaders for the Mechanical, Electrical, and Regulatory Groups, and a Parsons Vice President as head of the Project Support Group. The proposed Parsons project organization and process are enclosed.

Parsons proposes using a Vice President from a separate Parsons office on the ICAVP oversight panel, and a recently retired Vice President of Parsons with extensive nuclear experience on the ICAVP advisory panel, in addition to the industry experts and local representatives previously proposed.

- Figure 1-8 of Attachment 1 contains NNECO's assessment of Contractor Adverse Consequences. For Contractor C (Parsons) it was noted that the Project Director was not an employee of the contractor, and that the Project Plan proposed key activities in series rather than parallel, leading to questionable efficiencies. The Parsons proposal for Millstone Unit 2 has resolved these two adverse consequences.

NNECO's earlier assessment of the proposal by Parsons to conduct the ICAVP for Millstone Unit 3 was that they met the NRC's criteria for independence and technical qualifications. They also met NNECO's essential criterion for independence and rated high for the Project Plan, Project Team, Project Leader, and Contractor Organization. As such, they were considered to be fully qualified to conduct the ICAVP for Millstone Unit 3. The changes noted above strengthen the Parsons proposal even more for Millstone Unit 2.

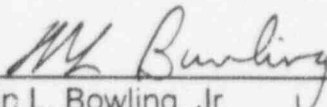
As a result of NNECO's evaluation of contractor qualifications and independence, we propose that Parsons be selected as the ICAVP contractor for Millstone Unit 2. NNECO requests that the NRC take the appropriate steps to approve the selection of the ICAVP contractor and team recommended here.

We also request that the NRC provide NNECO a tentative schedule for its review of this information as soon as practicable.

NNECO is sending a copy of this letter to the Public Document Room/Town of Waterford Public Library. Please feel free to contact Mr. Jeb DeLoach at (860) 440-0411 should you need further information or clarification of this letter or enclosures.

Very truly yours,

NORTHEAST NUCLEAR ENERGY COMPANY



Martin L. Bowling, Jr.
Millstone Unit No. 2 Recovery Officer

Attachments

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