

*NRR*

**From:** Allen Howe  
**To:** Berkow, Herbert; Burnell, Scott; Collins, Daniel; Roberts, Darrell; Skay, Donna  
**Date:** 4/1/04 11:39AM  
**Subject:** Fwd: Vermont Yankee Meeting

*#22*

*E-14*

*RT*

**From:** Donald Florek  
**To:** Allen Howe; Brian Holian; Cliff Anderson; David Pelton; Rick Ennis  
**Date:** 4/1/04 11:37AM  
**Subject:** Fwd: Vermont Yankee Meeting

Some email traffic from Paul Blanche. It includes Blanche's and Gunderson's prepared statements.

**From:** Harold Eichenholz  
**To:** Donald Florek  
**Date:** 4/1/04 11:27AM  
**Subject:** Fwd: Vermont Yankee Meeting

FYI

**From:** "Paul Blanch" <pmblanch@comcast.net>  
**To:** <pmblanch@comcast.net>  
**Date:** 4/1/04 9:59AM  
**Subject:** Vermont Yankee Meeting

-----Original Message-----

**From:** Paul Blanch [mailto:pmblanch@comcast.net]  
**Sent:** Thursday, April 01, 2004 9:50 AM  
**Subject:** Vermont Yankee Meeting

Enclosed are the press accounts including Gundersen's and Blanch's prepared statements of last night's NRC public meeting attended by more than 500 people. Quite impressive for a small state.

# NRC blasted at heated VY meeting

By CAROLYN LORI É  
Reformer Staff

Thursday, April 01, 2004 - VERNON -  
- Nuclear power whistleblowers Paul Blanch and Arnie Gundersen accused Entergy Nuclear, the Nuclear Regulatory Commission and General Electric of a "pattern of collusion" meant to skirt safety regulations on the "uprate" process proposed at Vermont Yankee.

The allegation was made during a heated and confrontational NRC meeting meant to address public concerns about the uprate.

More than 500 people attended.

It was also announced by Bill Ruland, manager of the uprate process for the NRC, that the commission will provide the Public Service Board with a formal response to its request for an independent engineering assessment.

Various NRC officials stressed that the letters sent to U.S. Sens. Patrick Leahy and Jim Jeffords on Monday, stating that only normal baseline inspections were planned from Vermont Yankee, were not meant to be a response to the board's request.

Following an hour-long meeting between the NRC and Entergy regarding Vermont Yankee's safety performance for the last year, representatives from the commission made a brief presentation on the uprate review process, made even more brief by angry calls from the audience to hand the floor over to the

public.

Gundersen, who served as an expert witness for the New England Coalition during the technical hearing before the board, was the first to speak. Holding documents that were handed over to the coalition during the discovery process, Gundersen said that he had "discovered e-mail and telephone notes in which the NRC informed Entergy that GE was licensing the uprates 'on the cheap.'"

According to Gundersen and Blanch, NRC had concerns about GE's analysis system, called constant pressure power licensing topical report, used by power plants applying for uprate. Gundersen alleges that, instead of requiring GE to strengthen their system, NRC officials suggested that Entergy "have a heart to heart with GE" and that the NRC also told Entergy officials that "GE wasn't being honest with us."

They further allege that the documents show that GE officials became frustrated with NRC's questioning and that they intended to "go for the jugular" of the commission if they did not back down.

Gundersen concluded by saying that he would not hand the documents over to the NRC but would instead hand deliver them to Chuck Ross of Sen. Leahy's office and Brian Keith of Sen. Jeffords' office, both of whom attended the meeting.

"You are not here to protect the public. You are here to protect the industry from the public," said Gundersen the NRC representatives.

Ruland said that he didn't "know the details behind this matter but we're going to find out."

He added that the NRC has a system in place for handling allegations against its own employees, which involves going to the inspector general of the commission.

According to Blanch, another of the coalition's expert witnesses, a call had already been made to the NRC's inspector general's office and the documents in questions handed over.

Blanch said that he was willing to support an uprate at Vermont Yankee "if, and only if, the NRC and Entergy are willing to talk about nuclear safety in an open, collaborative and candid manner with us and members of the public."

Blanch has repeatedly invited Entergy officials to meet with him publicly for a debate on the technical merits of the uprate. Entergy has declined the invitations.

Several local and state officials were present including Sen. Mark MacDonald, D-Orange, Rep. Patty O'Donnell, R-Vernon, Sen. Jeanette White, D-Windham, Rep. Sarah Edwards, P-Brattleboro, Peggy Farabaugh of the Vernon Selectboard, as well as an aide for Mass. State Rep. Stephen Kulik, D-Turners Falls.

Also attending was John Burke of the Public Service Board, who read a letter from the board addressed to NRC chairman Nils Diaz.

The letter questions whether the response sent to Sens. Leahy and Jeffords was intended to also be a response to the board. It goes on to state that "...we want to make clear that the views expressed in our previous letter are unchanged...", making reference to the letter sent on March 15 with the original request for an independent engineering assessment. In the board's order, the certificate of public good was contingent upon completion of the assessment.

The meeting, which was held at the Vernon Elementary school and had to be moved into the gymnasium because of the number of people, often erupted into cheering and applause, as members of the public voiced their concerns about the uprate process and frustration with Entergy and the NRC.

Many questions and comments revolved around uprates done at other plants, that have since experienced problems.

According to Ruland, the commission is in discussion with Exelon Corp., which owns Dresden and Quad Cities nuclear power plants, about uprate-related issues at both plants. He added that the NRC is considering taking regulatory action against Exelon.

As the meeting entered its third hour, hands continued to go up with people wanting to add to the discussion, many saying they had waited years for such an opportunity.

"I think its great," said Arnie Gundersen. "This is democracy. It's civil. This is Vermont at its best. I'm so proud to be a Vermonter."

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# State pushes NRC -

Mar. 31, 2004

By SUSAN SMALLHEER Herald Staff

VERNON - A member of the Vermont Public Service Board delivered a dramatic, in-person request Wednesday of the Nuclear Regulatory Commission that it conduct an in-depth engineering review of Vermont Yankee nuclear power plant.

John Burke, one of the three members of the board, read a letter from Chairman Michael Dworkin and fellow member David Coen, reiterating the board's request for an independent engineering review of the aging reactor before it is allowed to increase power production by 20 percent.

"We asked for this assessment because of our significant concerns with the effect that the uprate may have upon the future reliability of Vermont Yankee," Burke said. "We want to make very clear that the views expressed in our previous letter are unchanged," Burke said.

The crowd of about 500 people gathered at Vernon Elementary School gave Burke a sustained standing ovation after he finished the letter.

Earlier in the day, the Vermont State Nuclear Advisory Panel met in Vernon and added its voice, unanimously urging the NRC to conduct the independent review.

David O'Brien, commissioner of the Department of Public Service, urged the NRC to be "flexible" and to grant the Public Service Board's request.

And Vermont's two U.S. senators, Patrick Leahy and James Jeffords, were joined by Rep. Bernard Sanders, I-Vt., in a letter dated Wednesday all urged the NRC to listen to Vermonters and respond to the Public Service Board's request to conduct the independent review.

Earlier this week, the NRC had turned down the senators' suggestion for an independent safety assessment of the plant, saying that its existing procedures were adequate to review the plant and its request.

But in an obvious attempt to clarify its position and the widespread interpretation in Vermont that its rejection of the senators' suggestion would presage a similar rejection for the Public Service Board's request, the NRC stressed it hadn't made up its mind yet.

The NRC was in Vermont at the request of Leahy and Jeffords, who had asked the NRC to hold a public meeting to hear Vermonters' concerns. While most of the people at the school were from Vermont, there were large contingents from neighboring Massachusetts and New Hampshire.

While Vermont officials presented a united front to the NRC, the federal regulators were noncommittal on how they would act on the Public Service Board's requirement.

William Ruland, power uprate manager from NRC headquarters in Washington, D.C., promised an "expedited" response.

The NRC also heard from a nuclear industry whistleblower, Arnold Gundersen of Burlington, who said that a review of documents he had received from Entergy revealed evidence of what he said was collusion between the federal Nuclear Regulatory Commission, Entergy Nuclear and General Electric Co. over the uprate.

Gundersen said that he received more than 100,000 documents from Entergy in his role as an expert witness in the uprate case before the Public Service Board. He said he had recently discovered the documents, which were notes taken of a telephone conference call between Entergy staff and the NRC.

Gundersen gave copies of the documents to staff from Leahy and Jeffords' offices, saying he didn't trust the NRC with the allegations.

"You are not here to protect the public, you are here to protect the industry from the public," Gundersen told the senior NRC staff to strong applause.

Ruland said the NRC had processes in place to deal with such complaints, and he said the NRC would look into Gundersen's charges.

Brian Cosgrove, an Entergy spokesman, said the company would look into Gundersen's charges and would respond at a later time.

The state board ruled two weeks ago that Entergy Nuclear could increase power at its Vernon reactor, but only if there was an "independent engineering assessment."

Of the more than 500 people who attended the public meeting at Vernon Elementary School held by the NRC about Yankee's so-called power rate, most waved a sea of red, orange or bright yellow signs, demanding an "independent safety assessment" of Vermont Yankee, or for the NRC to deny Entergy's request for the power increase, or to shut the reactor down.

One protester, wearing a horse's papier-mâché head, had a toy dog on a leash, honoring "the NRC dog and pony show."

The turnout was so large that the Vernon Police Department made the NRC move the meeting to the adjoining gymnasium.

The NRC had hired a facilitator to run Wednesday night's meeting on the uprate, and the crowd, which was vocally anti-nuclear, grew impatient with his attempts to mediate the meeting. Members of the public didn't get to talk until 90 minutes after the meeting began.

Two people spoke in support of Vermont Yankee - Rep. Patricia O'Donnell, R-Vernon, and Vernon Selectwoman Peggy Farabaugh, whose husband works at Vermont Yankee.

O'Donnell said she would surprise the people in the crowd by agreeing that the *independent engineering assessment* be conducted. But she chastised the crowd for being impolite and not listening to those who

disagreed with them. Vernon is definitely pro-Yankee, she said.

Farabaugh was even more blunt. More than 91 percent of residents support the plant, she said, which she said was an integral part of the town.

"We don't see a lot of people here from Vernon," Farabaugh said, referring to the out-of-state protesters. Farabaugh said she didn't support the independent safety assessment, saying it would be redundant to already existing NRC reviews.

Contact Susan Smallheer at [susan.smallheer@rutlandherald.com](mailto:susan.smallheer@rutlandherald.com).

## **Arnie Gundersen's prepared testimony to the NRC**

March 31, 2004

My name is Arnie Gundersen. I have a Bachelor's Degree and a Master's Degree in Nuclear Engineering. Formerly, I also held a reactor operator's license and was the Senior Vice President of a major nuclear firm. I am the key expert witness for the New England Coalition (NEC) who testified to the Public Service Board (PSB) in its series of hearings for Vermont Yankee's (VY's) proposed uprate.

In my capacity as an expert witness in the Vermont Yankee (VY) PSB case, I personally reviewed more than 100,000 pages of VY documents during the discovery process. I believe it is important to share just four of those 100,000 pages in this public forum. In my review of non-proprietary emails and telephone notes provided by Entergy during the discovery process, I uncovered documents that seem to indicate a disturbing pattern of collusion between Entergy, General Electric, and the NRC. These same documents also appear to demonstrate significant efforts by high-level General Electric (GE) officials to intimidate the NRC into approving its generic Uprate Safety Evaluation Report.

I discovered emails and telephone notes in which the NRC informed Entergy that GE was licensing these upgrades "on the cheap." The NRC stated that GE "...assumes the staff can reach conclusions on public safety without having adequate analysis on how the plant will operate in the future." It was even more disturbing to read a note in which the NRC advised Entergy that GE had provided "a piece-meal safety analysis" and that there was "insufficient analysis information on which to judge a decision on public safety." The NRC even went as far as begging Entergy to make GE write a better Safety Analysis Report by saying, "You need to have a heart to heart with GE." Finally, the NRC warned Entergy that "GE wasn't being honest with us."

It is the NRC who is the regulator. By Federal Law, the NRC is in charge of setting safety standards and making rules that protect the health and safety of the general public. It is not the NRC's job to beg for compliance on safety issues in order to promote the profits of corporations like Entergy and GE.

These emails clearly reveal that Entergy forwarded its conversation with the NRC on to General Electric. Instead of addressing the NRC's technical concerns, General Electric dispatched one of its Vice Presidents to plead its cause to even higher levels of NRC senior management and finally by personally meeting with NRC COMMISSIONERS. The GE VP stated he was going to "Go for their Jugular" because the NRC was asking too many questions about the uprate process. This curious use of words reflects a dangerous level of contempt and disdain by both GE and Entergy for the NRC's regulatory role. Despite not "being honest" with the NRC, GE received the approval it so desperately sought.

To a former industry insider like me, it is no surprise that the NRC would cave in to the

type of industry pressure GE exerted. It is via closed door meetings like the one indicated by this document that the NRC was persuaded by GE and Entergy to look the other way so that Entergy may avoid basic safety guidelines like NPSH. It is simple: the NRC agrees to look the other way while GE gets more business and Entergy makes more profits.

To you, the representatives of the NRC, I say: Don't tell us that your role is to protect the public! The games you play clearly show that you believe your role is to protect the industry from the public! These evidentiary documents delineate a pattern of coercion by the industry all the way to the top of the NRC – to the level of the COMMISSIONERS!!!!.

There are even more damning issues throughout the other 99,996 pages I have reviewed, but I am unable to discuss them given the 2-minute timeframe of this forum. Nor will I have the opportunity to present that evidence to federal regulators since I have been shut out of the evaluation process. New England Coalition, Paul Blanch, and I have repeatedly asked to be part of the NRC Uprate assessment of Vermont Yankee. We have never attempted to intimidate you or "go for your jugular," and together, Mr. Blanch and I have more than 70-years of nuclear industry expertise to contribute to this review and safety analysis. The NRC's outright rejection of our significant expertise and its secret deals with Entergy and GE have left us no choice but to appeal to the elected officials to whom your agency is accountable.

I am therefore sending my testimony along the attached evidentiary document to the Congressional delegations of each of the New England States. I encourage each one of them to insist that the NRC's Inspector General treat this matter as a formal allegation. And, finally, and for the safety of all New Englanders, I implore the Congressional delegations to insist that the Inspector General investigate what appears to be gross and possibly even criminal collusion among General Electric, Entergy, and the most senior levels of the NRC.

Thank you for this opportunity to tell the truth.

**Statement by Paul Blanch  
before the NRC  
on the Vermont Yankee Uprate**

**March 31, 2004**

**Good evening Mr. ....and other members of the NRC. My name is Paul Blanch, and I am a nuclear safety advocate with more than 35-years of nuclear power plant experience. I have been serving as an expert witness for the New England Coalition before the Vermont Public Service Board and the Vermont Senate Finance Committee.**

**Mr. Gundersen and I actually support Vermont Yankee's current nuclear power output, and if the safety concerns of Vermont's residents and those of the surrounding states are examined and addressed, we may even support a power uprate at Vermont Yankee. We both believe that nuclear plants can be operated safely, but only if proper reviews are conducted to today's more stringent safety requirements and a complete evaluation of the risks associated with VY's regulatory non-compliances is conducted.**

**We could support the uprate if, and only if, the NRC and Entergy are willing to talk about nuclear safety in an open, collaborative, and candid manner with us and members of the public.**

**I was extremely troubled when I learned that the NRC, Entergy, and GE continue negotiating nuclear safety behind closed doors as documented by Entergy in its "Confidential and Privileged" documentation of phone conversations between Entergy, the NRC and General Electric. GE even made veiled threats to the Commissioners. I was outraged when I read that Entergy, an NRC licensee, documented a conversation stating that its supplier General Electric "Klaproth [GE] is letting it be known that if no delivery by 1/22-he goes for the jugular." This infers threats by General Electric against the NRC Commissioners appointed by the President of the United States.**

Entergy should have recognized this statement and reported this potential wrongdoing to the Inspector General's office rather than stamping the document "Private and Confidential" and burying it in locked files. One can only wonder what other agreements have been "negotiated" between GE, the NRC and Entergy such as the acceptability of containment overpressure and remain undocumented or sealed under "Attorney Client Privilege."

**Is this a regulatory agency we rely upon to assess nuclear safety when the nuclear industry can have free access to the Commissioners, and influence the Commission with threats and intimidation? Is intimidation part of the NRC's regulatory process?**

**I would like to convey a recent experience, unrelated to nuclear power, however there are parallels. About a year ago, I applied for a building variance for a vacation home. My variance requested an increase in the "footprint" of the proposed modification. This was a very minor variance in that I applied for a 1% increase in the "footprint." The variance was opposed by some of the neighbors and I had to meet with the zoning board and respond to each neighbor's concern. This was an open and transparent process that allowed the public to question me in a public forum. Had this variance been granted, it would have posed no risk to the general public.**

**I would like to contrast this process to the NRC's process for the Vermont EPU. Like my vacation house, Entergy is requesting a "variance" from clear regulations and I contend that if granted, this variance will place the public at greater risk. There are many "variances" contained within VY's EPU application, which if approved by the NRC will remove any "Defense in Depth," the very cornerstone of nuclear safety. One "single failure" during a Loss of Coolant Accident is likely to result in the total loss of core cooling, major fuel melting along with the failure of multiple barriers designed to prevent the release of radioactive materials to the surrounding environment.**

I have reviewed thousands of VY documents including General Electric's proprietary analysis and the only justification found in all these documents is "This change is consistent with actions taken by other utilities who have sought EPU's<sup>1</sup>."

The logical question yet to be answered is how many other significant safety issues are buried within the VY application and how many of the NRC's regulations are being ignored? This is the reason we have suggested to the PSB and the Vermont Senate requesting a complete review of VY's compliance with today's regulations for the existing power level and the 120% power level. Neither we nor the NRC, nor Entergy nor the general public have any idea as to VY's compliance or non-compliance with today's regulations.

Because I perceive there may be significant risks should this "variance" be granted, I have requested one month ago in writing an informal public dialog to discuss these risks with the NRC, Entergy and the Vermont Nuclear Engineer. The response from the NRC was that it was "too busy" and Entergy and Bill Sherman have yet to respond to my request for a dialog.

Vermont Yankee is a 31 year old plant. During hearings before the Vermont Public Service Board Entergy's representatives stated that VY has been "grandfathered" and does not meet or need to meet today's regulatory requirements. They provided a specific example whereby VY has been exempted from the 64 General Design Criteria of 10 CFR 50 Appendix A.

If I owned a ten story apartment house in California constructed prior to today's earthquake standards, it would only be reasonable and cost effective to "grandfather" this structure as the probability and consequence of an earthquake are relatively low. Only those residing in the building in close proximity would be impacted. However, if I proposed to add two more stories (20%) to this structure it would be only reasonable to evaluate this modification to today's standards.

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<sup>1</sup> Letter from Jay Thayer to NRC dated September 10, 2003

In a similar fashion it is reasonable to evaluate VY in light of today's regulations and assess the risk of any regulatory non-compliance. I am aware that VY has been exempted from some of the GDC's and some of the "single failure" criteria, however it is unknown as to the extent of the regulatory compliance or non-compliance and the risks associated with these non-compliances.

On March 22, 2004 I had a casual conversation with Brian Cosgrove, spokesperson for VY. I asked Brian why VY refused to respond to my emails and letter to Entergy's President, Mike Kansler. Brian's response was that Entergy would not have any discussions about nuclear safety with me or any other members of the general public or the residents in the vicinity of VY. Brian went on to explain that it is not Entergy's responsibility to discuss nuclear safety with the public. Brian then stated that the NRC has a "transparent" process to deal with these types of issues. That process is described in 10 CFR Part 2 "Subpart C--Rules of General Applicability: Hearing Requests, Petitions to Intervene, Availability of Documents, Selection of Specific Hearing Procedures, Presiding Officer Powers, and General Hearing Management for NRC Adjudicatory Hearings"

I told Brian that this is an adversarial process and many hurdles have to be overcome even to obtain "standing" in such a process. Additionally, this type of intervention requires a significant expenditure of funds in addition to having an attorney and expert witnesses. This is not a process members of the general public can participate. Further this process further alienates the participants further eroding public confidence and does little to address safety issues. Also this process does not include Entergy, ostensibly, the entity closest to the nuclear safety issues.

**A few years ago, Mr. Gundersen and I were invited by the government of the Czech Republic to review safety issues for two proposed nuclear power plants. This former Soviet state facilitated public dialog with us in open and cordial meetings. These open forums included the utility, the media, the SUJB (NRC equivalent) and**

the general public. We were even provided with tours of all the nuclear facilities, in order for us to more fully examine, publicly question, and thoroughly address any and all safety concerns.

Contrast this positive with the opposition, contempt and disdain we have received in the US from both Entergy and the NRC. We have raised significant safety issues related to Vermont Yankee. The immediate response by VY was to hold a press conference, by invitation only, within the plant fence for the sole purpose of personally discrediting, demeaning, and slandering me. To that end, Entergy attempted to discredit my nuclear expertise, diminish my educational background, and imply that I was unfamiliar with NRC regulations. Not only did Entergy forbid my presence and public defense of its slanderous claims, but it held this supposed press conference at the very time I was attending an NRC technical and safety related conference in Washington, DC, where ironically almost no one from Entergy was in attendance. Compare Entergy's lack of forthright dialogue with the open and public forums in which we participated in the former Soviet State, the Czech Republic.

In spite of Entergy's attempt to bury the truth by slandering me, I am willing to work with the NRC and Entergy to address these fundamental safety issues in order to assure that all regulatory compliance issues are properly addressed and to assure the people of Vermont and its neighboring states are not placed at undue risk.

The day following the press conference the media reported: "*Perez, who has worked in the nuclear industry for 22 years, said Blanch was an electrical engineer, not a nuclear engineer*". This again send a message to all employees that unless you are a "nuclear engineer" don't raise and safety concerns. This is extremely unprofessional and sends a clear message to employees that raising safety issues will be dealt with in a similar manner-public humiliation.

**During the Regulatory Information Conference on March 12, 2004 Mr. Miller implied in public that the NRC would entertain this type of open discussion and dialog. I assume he a man of his word. If so, do we correctly assume that the NRC will make the appropriate arrangements for an open review and dialogue with all interested parties in order to address our legitimate safety concerns? If I misunderstood his message, please clarify it here and now in this public forum.**

**A technical dialog is not without precedence. During the Millstone recovery (1996-2000) the licensee, members of the public and the NRC participated in numerous meetings to the benefit of all parties. This even included meetings between the Commissioners and members of the public. In the mid-1990's, the NRC, the public and Maine Yankee participated in an open dialog about safety issues at Maine Yankee. These meetings allowed public input, were not held behind locked gates for a selective audience and went a long way to restore public confidence in both Millstone and the NRC.**

**I hope the lessons learned from Millstone and Maine Yankee have not been lost. Through honest and open communications, the NRC and Northeast Utilities significantly improved their image and public confidence in nuclear power. In contrast to Entergy, Northeast Utilities' Millstone Power Plant opened its communication with the public, provided responses to all safety questions, and therefore was continued to be viewed as a "good neighbor."**

**Dr. Travers recent rejection of requests by two US Senators and an apparent rejection of the PSB's request for an independent engineering/safety assessment reinforces this need to involve the public in this critical safety analysis.**

**Those of us with the technical expertise and the willingness to speak out, will be involved in the safe resolution of these issues will continue to make our voices public – no matter how often you attempt to silence us. The choice is up to Entergy and the NRC --- that choice being one of collaboration or a continued adversarial relationship.**