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June 23, 1983

Harold Denton
Director of Nuclear
Reactor Regulation
U.S. Nuclear Regulatory Commission
Washington, D.C. 20555

Dear Mr. Denton:

Since the Independent Design Verification Program ("IDVP") for Diablo Canyon Nuclear Power Plant ("Diablo Canyon") was instituted by the Commission eighteen months ago, the question of the independence of the auditors has been a continuing concern of the Joint Intervenors and other interested parties. Without such independence, the audit and its findings will do little to restore lost public confidence in the design and construction of Diablo Canyon and the effectiveness of the Commission's licensing review process.

I am writing on behalf of the Joint Intervenors to relate to you a discussion at a recent IDVP meeting which provides disturbing evidence of Pacific Gas and Electric Company's ("PGandE") continuing failure to appreciate either the meaning of or the necessity for such independence. Specifically, our concern arises out of the June 14, 1983 meeting at PGandE's offices in San Francisco between the Diablo Canyon Project ("DCP" or "Project") (the PGandE/Bechtel licensing team) and the IDVP regarding the status of certain Error Open Items ("EOI"), in particular EOI File No. 1132 (Auxiliary Building Corrective Action Program).

The EOI in question (a copy of which is enclosed) concerns the DCP's failure to report that auxiliary building slabs at Diablo Canyon have not been qualified for in-plane loadings, despite the fact that the joint DCP/IDVP Schedule, EPS-816A Revision 3, dated May 16, 1983 ("Schedule"), clearly stated that the DCP has completed auxiliary building member

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Director of Nuclear
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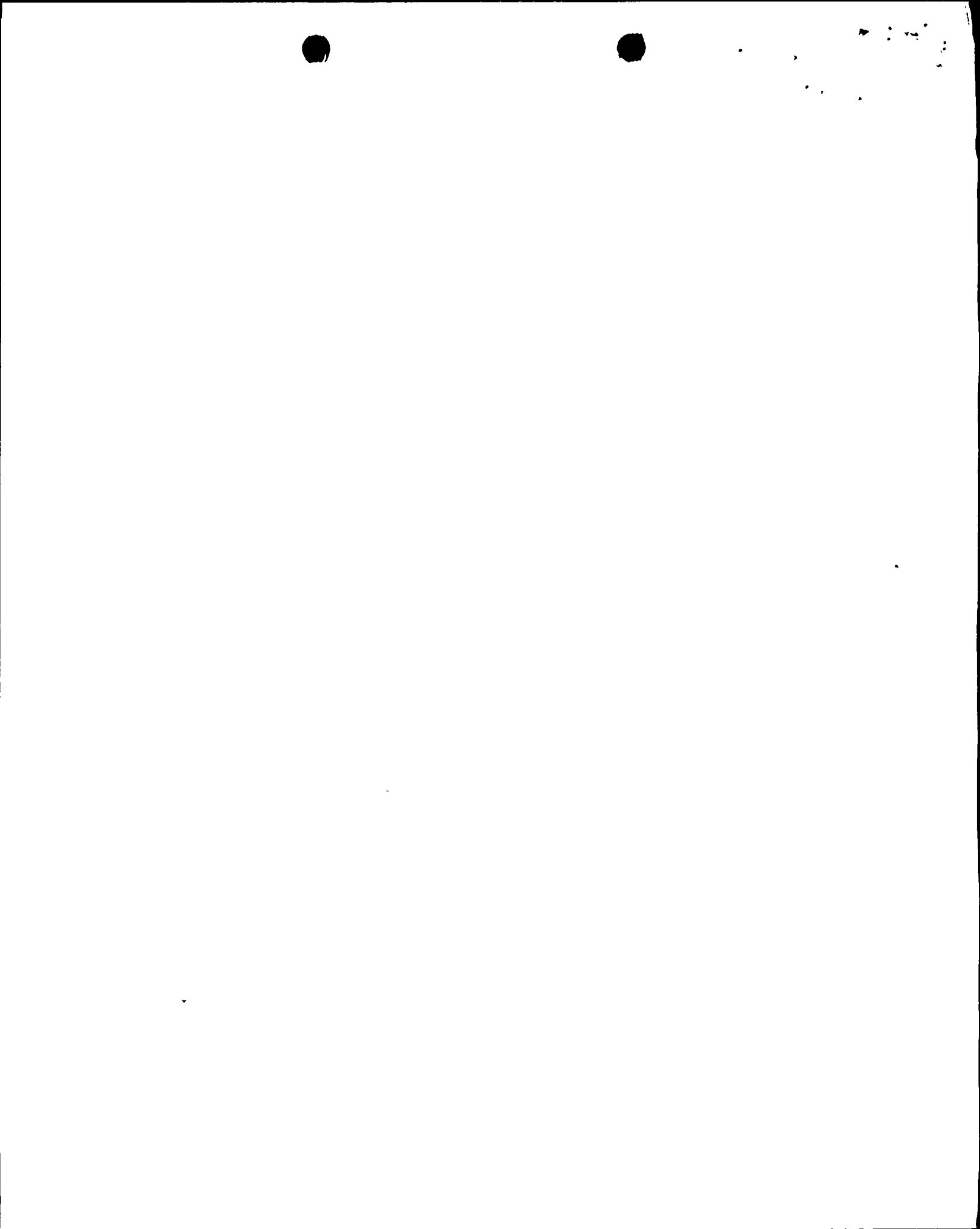
evaluations. This error was further compounded by the PGandE Final Report, May 18, 1983 ("Final Report"), which also implied that these evaluations were complete. The significance of this discrepancy, according to EOI 1132, is that "required corrective action was not fully implemented, yet reported as complete."

In a discussion among Dr. Robert L. Cloud and Edward Denison of the IDVP (Robert L. Cloud and Associates ("RLCA")) and Gary Moore of the DCP, Dr. Cloud defended the issuance of the EOI, explaining that although the Final Report might be subject to differing interpretations regarding qualification of the slabs, the Schedule unequivocally stated that all member evaluations were complete when in fact they were not. On that basis, he concluded that the EOI was appropriate.

This brought a heated response from the DCP's spokesman, Mr. Moore, who focused on the fact that "certain parties" might try to use this sort of report as an indication that the DCP was trying to cover up its failure to qualify the slabs. During this exchange, which lasted the better part of an hour, Mr. Moore and other members of the DCP repeatedly urged Dr. Cloud to consult with them before committing this type of EOI to paper. They further stated that if RLCA had done so in this instance, the DCP would have made clear that it had not yet completed its evaluations of the slabs for in-plane loadings, and hence an EOI would have been unnecessary.

In addition to pressing RLCA to consult with the DCP prior to issuing its EOI's, Mr. Moore strongly urged Dr. Cloud to alter the language of the "Significance of Concern" item in EOI 1132. The DCP's position was that the EOI should simply state that the slabs were not yet qualified for in-plane loads, omitting all references to the inaccurate statements in the Schedule and the misleading nature of the Final Report.

Clearly responding to considerable pressure, Dr. Cloud ultimately agreed to reconsider the language of the EOI. Furthermore, Mr. Ron Wray of Teledyne Engineering Services ("TES") observed that TES, as Program Manager, had not yet accepted the EOI and that its contents were therefore subject to revision.

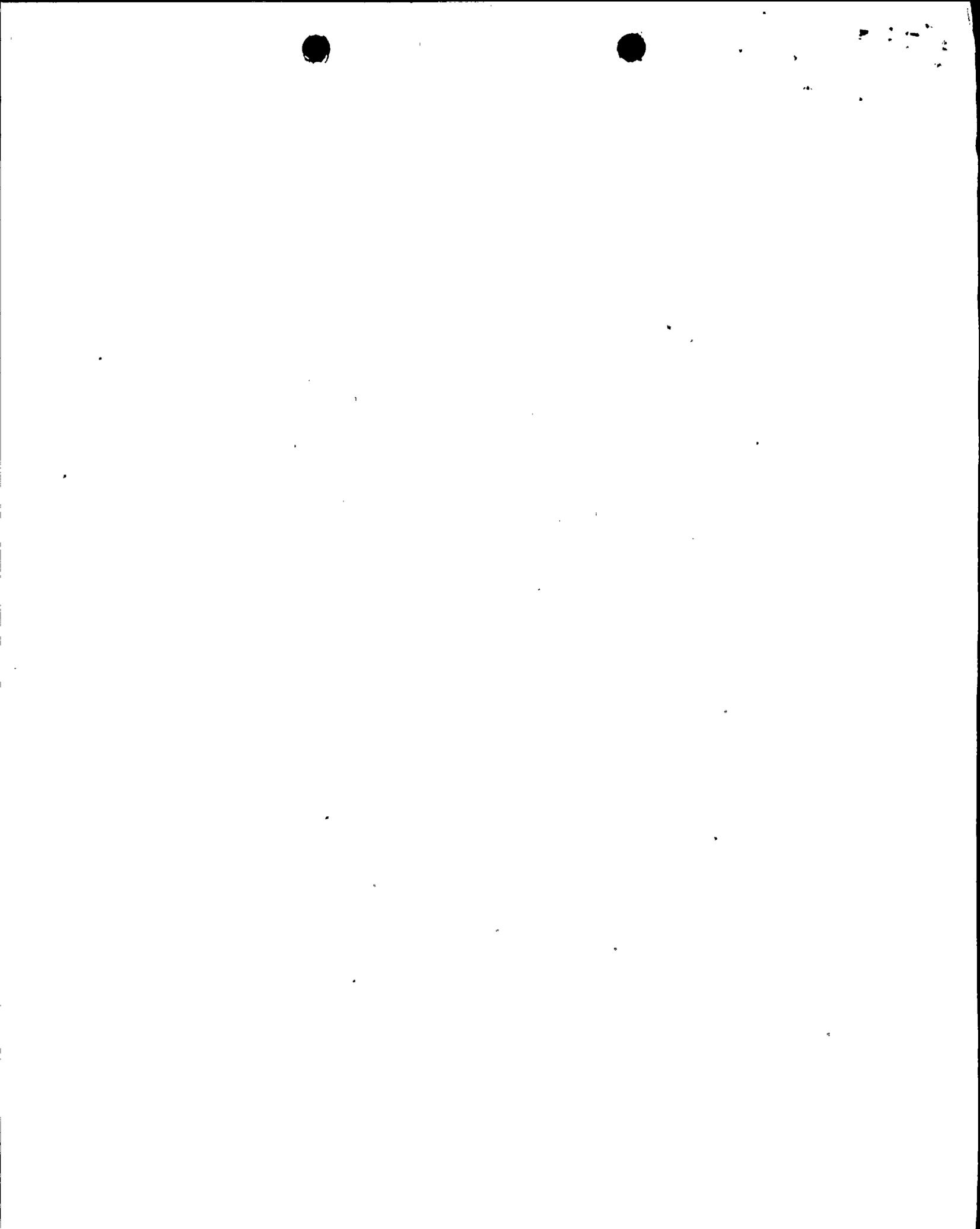


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There are several aspects of these discussions which the Joint Intervenors find especially troubling. The insistence of the DCP that the IDVP "clear" its preliminary conclusions with the Project prior to issuance of an EOI is wholly improper. This suggestion is reminiscent of PGandE's editorial review of the Cloud Report which gave rise to our concerns about RLCA's independence almost eighteen months ago. The purpose of an EOI is to document discrepancies for subsequent resolution. Once an EOI is issued, the DCP has every opportunity to respond and, if possible, to justify the existence of the discrepancy. On the other hand, if these issues are resolved behind closed doors, in private off-the-record discussions with the IDVP, neither the NRC, the parties to the Diablo Canyon proceeding, nor the public generally will be informed about or have an opportunity to evaluate the concerns or the appropriateness of the resolution. Indeed, the very reason for an independent audit -- to ensure that the errors and discrepancies which had remained hidden from public view in the past will be fully disclosed and corrected -- would be frustrated if the DCP's suggested "pre-screening" procedure were adopted.

The improper and undesirable effect of such a proposal is well illustrated by the specific context in which the June 14th discussions arose -- EOI 1132. The position of the DCP -- that prior discussions could have obviated the need for an EOI or resulted in an EOI that merely noted the necessity for qualification of slabs -- is indicative of a fundamental misunderstanding of not only the specific EOI, but the basic purpose of the IDVP. The significance of this item was not simply (1) that the slabs had not been properly qualified, but (2) that the DCP Schedule erroneously indicated building member evaluations were complete, and (3) that the Final Report was sufficiently ambiguous to reinforce the erroneous statement in the Schedule. Each of these matters warrants concern and, thus, should be documented through an EOI.

The DCP personnel repeatedly stated that an EOI was unnecessary because the discrepancy was simply the result of poor communication between the DCP and the IDVP. Even assuming that to be true, this EOI is significant because it raises the generic concern of whether additional representations of completed work may also have been made by the DCP where the work is not in fact complete. The existence of this and other



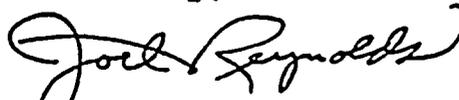
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such representations is particularly significant in light of the importance that the DCP has attached to its three-step licensing schedule in order to obtain reissuance of the low power license at the earliest possible date, notwithstanding the fact that numerous safety-related modifications and critical reports remain incomplete.

The DCP would obviously prefer that the concern underlying EOI 1132 never be revealed to the NRC, the parties, or the public. Its preference, however, is inconsistent with the basic principle of independence so critical to the IDVP. The kind of pressure exerted on the IDVP by the DCP personnel at the June 14 meeting -- pressure sufficiently great to cause the IDVP to reconsider the language in EOI 1132 -- will undermine the progress of the audit and public confidence in the integrity of the its findings.

We trust that adequate steps will be taken to address the concerns discussed above, including procedural safeguards to ensure that the DCP is not permitted to pre-screen EOIs or, through improper pressure, to cause the nondisclosure of information and/or safety concerns discovered by the IDVP. Thank you for your attention to these matters.

Sincerely,

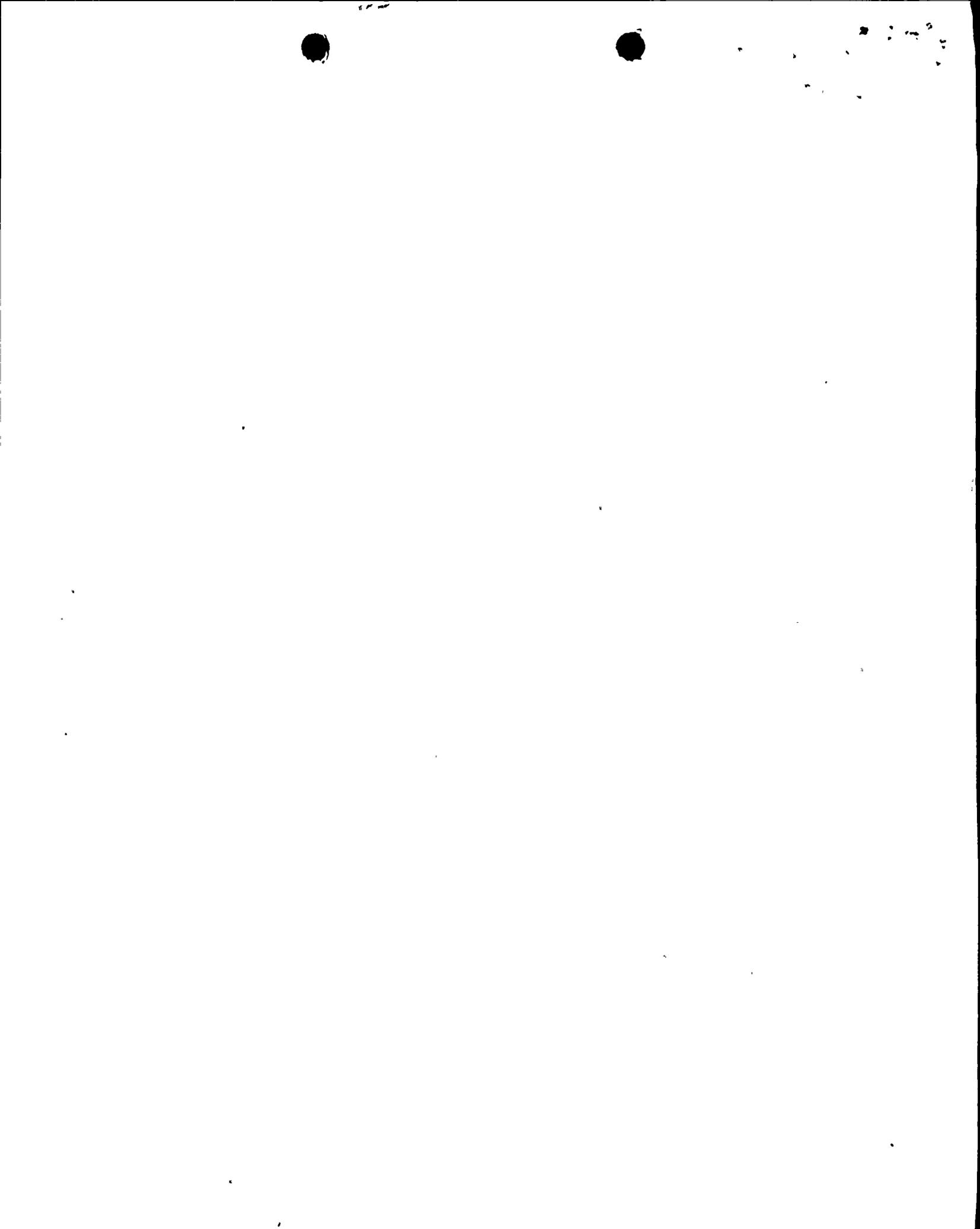


Joel R. Reynolds
Counsel to the Joint Intervenors

JR:av

Enclosure

cc: Diablo Canyon Service List



1. Date reported to PG&E and TES 6/6/83
2. Scheduled for RLCA (Originator) Semimonthly Report No. June 1983
3. Responsive to PG&E Technical Program: Task _____ (if applicable)
4. Prepared as a result of:
 - a. QA Audit and Review Report of _____
 - b. Field Inspection Deficiency
 - c. Independent Calculation Deficiency
 - d. Seismic Input Deficiency
 - e. Design Methodology Deficiency
 - f. Other Deficiency
5. Structure(s), system(s) or component(s) involved:

Auxiliary Building (Corrective Action Program)

6. Description of Concern:

The joint DCP/IDVP Schedule, EPS-816A Revision-3, dated 5/16/83, states DCP completion of the auxiliary building member evaluations.

The PGandE Final Report, May 18, 1983, reports DCP completion of the auxiliary building member evaluations:

Page 2.1.2-12 "...Appendix 2A recommends criteria for evaluation of auxiliary building shear wall and floor diaphragms for in-plane seismic forces..."

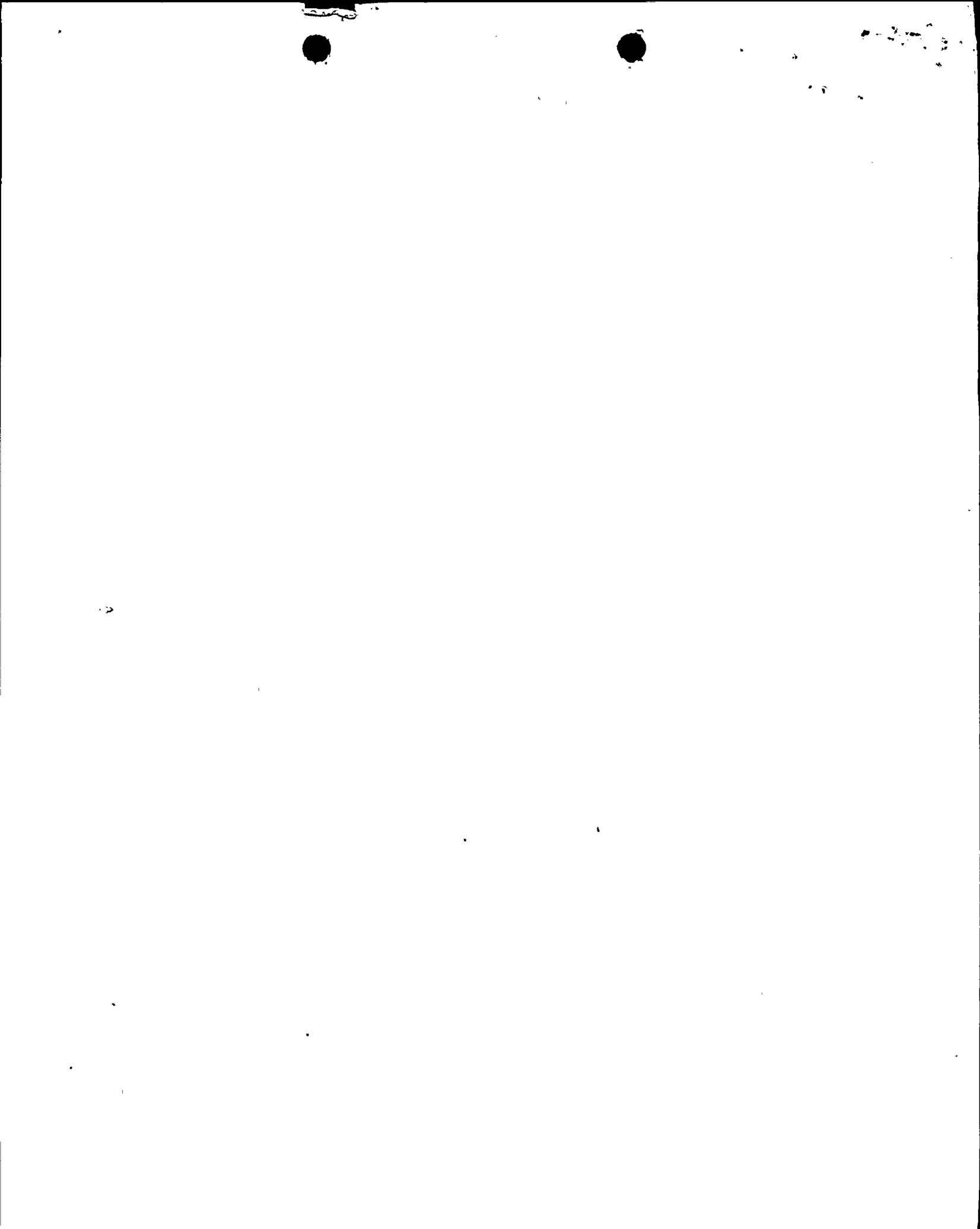
Page 2.1.2-16 "...Typical results for the critical slabs and beams are given in Tables 2.1.2-25, 26 and 27 for DE, DDE, and Hosgri events, respectively..."

Page 2.1.2-17 "...The slab capacities for the in-plane effects are evaluated according to the guideline of Appendix 2A."

Page 2.1.2-21 "...The auxiliary building slabs, walls, columns and load dissipation to the foundations were evaluated for criteria given in Section 2.1.2.2."

"...Tables 2.1.2-25, 26, and 27 indicate that the slabs can adequately resist the maximum loads imposed by the criteria..."

The DCP list of qualification analyses does not include an evaluation of slabs for in-plane loadings. In addition, at the June 1, 1983 Civil/Structural meeting in Boston, the DCP delineated a revised model to qualify all slabs for in-plane loadings. This model was required because the slabs could not be qualified with the loads obtained from the original stick models.



1. Date reported to PG&E and SES 6/6/83
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 - c. Independent Calculation Deficiency
 - d. Seismic Input Deficiency
 - e. Design Methodology Deficiency
 - f. Other Deficiency
5. Structure(s), system(s) or component(s) involved:

Auxiliary Building (Corrective Action Program)

7. Significance of Concern:

There is no present concern with the engineering analysis of the slabs.

This item is a design area which was reported by the DCP to be complete and acceptable. However, the slabs require additional analyses as stated at the June 1, 1983 meeting. The significance of the concern is that required corrective action was not fully implemented, yet reported as complete.

ITR #8 Revision 0 requires the IDVP to verify that the DCP corrective action program has been fully implemented. This aspect of ITR #8 was accomplished as follows:

- a. Select samples from lists of completed design work
- b. Sample each category of work following completion of the entire scope

8. Recommendation:

RLCA will continue the review in the civil/structural area to assure that the Corrective Action Program is fully implemented, as required by the program plan.

9. Signature: Edward Denison 6/6/83 (Originator/Organization)

