



The Honorable Nunzio J. Palladino

November 1, 1983

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that appeared in the final report portrayed PG&E in less favorable light than in the draft.

While I have not reviewed it in detail, the circumstantial evidence documented in the enclosed chart would appear to indicate that PG&E's comments were in some way communicated to those who revised the draft. Even if this were not the case, it is disturbing to me that virtually all the changes between the draft and final report had the effect of treating the licensee more leniently.

As I stated in my original letter to you on this subject, the NRC's practice of sharing draft reports to licensees under scrutiny has the potential of compromising the agency's objectivity. At the very least it has led to the appearance of impropriety in this particular case. I believe that the changes made in the preparation of the final report warrant a full investigation. Specifically, I would like to know why the draft report was consistently altered to reflect more favorably on the licensee and whether the licensee's comments were seen by, or otherwise communicated to, those who revised the report. Additionally, I would like to be provided as soon as possible with all edited or "marked up" copies of the original draft, together with the identity of the individual or organization that suggested the change.

Thank you for your attention to this matter.

Sincerely,



EDWARD J. MARKEY
Chairman, Subcommittee on
Oversight and Investigations

Enclosure
EJM:ibm



CHANGES FROM DRAFT TO FINAL CASE STUDY C
WHICH RESULTED IN MORE POSITIVE OR NEGATIVE
TREATMENT OF THE LICENSEE

Draft Language :	Final Language	Page Reference in PG&E Letter
1. The Licensee had developed a false sense of security with respect to its engineering capabilities. (p.6)	Deleted (p.6)	1
2. The Licensee's staff resisted the imposition of management controls required for assurance of quality that were applied elsewhere in the company and/or on its contractors. A contributing factor may have been that many of the Licensee's top management had come out of the engineering function. They had confidence in it and did not impose the management controls required by the nuclear process. (p.6)	Deleted (p.6)	2
3. Further, and as previously stated, the Licensee was frequently within a matter of months of bringing the plant into operation. As pressure mounts to complete a project, shortcuts are often taken. Actions that the Licensee might take over a longer run would be different than those taken when it appeared that the project would be completed in a short time, or if additional nuclear plants were planned. As time went on, the Licensee abandoned plans for additional nuclear generating capacity.	Deleted (p.6)	2



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Draft Language	Final Language	Page Reference in PG&E Letter
The Case C nuclear station would be its only nuclear capability in the near term. (p.6)		
4. Control of Purchased Material, Equipment, and Services [was deficient]. (p.8)	Control of Service Contracts [was deficient]. (p.8)	8
5. These factors include . . . an atmosphere of contention between engineering and quality assurance. (p.9)	These factors include . . . the resistance by engineering of the application of formal quality assurance procedures. (p.9)	--
6. As a facility nears completion or is in a pre-startup condition (as the Licensee's station was in the mid-1970s) and new or changed requirements arise, there is an ever present tendency to shortcut procedures and to formalize action later. Such conditions increase the possibility of error. (p.9)	As a facility nears completion or is in a prestart-up condition (as the Licensee's station was in the mid-1970s) and new or changed requirements arise, there is a tendency to accomplish the activity and to formalize action later. Such conditions, coupled with informal interface procedures, increase possibility of error. (p.9)	3
7. The Licensee and its consultants and contractors were just far enough removed from the customary level of informality to promote the possibility of error and misunderstanding. (p.10)	Deleted (p.10)	3



- | Draft Language | Final Language | Page Reference in PG&E Letter |
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| 8. While the Case Study Team was unable to establish the attitudes and relationships between engineering and the new quality assurance director in 1977, it is suspected that the relationship was something less than constructive (The new quality assurance director was reassigned in February 1979). (p.12) | The case study team was unable to establish the attitudes and relationships between engineering and the new quality assurance director during those years [late 1976 and 1977]. (p.12) | 4 |
| 9. The Licensee had a false sense of security with respect to its engineering capability. (p.12) | The Licensee had a high degree of confidence with respect to its engineering capability. (p.12) | 5 |
| 10. Further, and as previously stated, the Licensee was within a few months of bringing the plant on line on several occasions. Thus, actions that the Licensee might take in a longer run would be different when it appears that project completion would be imminent, and no nuclear plants were anticipated in the near term. (p.13) | Deleted (p.13) | 5 |
| 11. The Licensee's past experience with construction enabled them to proceed with the necessary controls in place and qualified people to keep them that way. Construction of power plants was "old hat" and they knew how to stay out of trouble and get the job done. New QA/QC requirements were accommodated [referring to the Licensee's "failure to understand and appreciate the potential merit of a formal QA program"]. (p.14) | Deleted (p.13) | -- |



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| 12. There was no great experience in seismic matters in the Licensee's organization, and there was no detailed scope of the work that the Licensee specified for its consultants. (p.15) | Deleted (p.15) | -- |
| 13. He [the Licensee's Vice President of Engineering] said these things were good for his staff to experience and it will be better for it when the project is completed. (He commented on a number of problems, mostly personnel related, that had arisen as a result of this integrated matrix organization [the Project Completion Team]). (p.17) | He said these things were good for the staff to experience and it will be better for it when the project is completed. (p.16) | 6 |
| 14. In the past, he [the Licensee's Manager of Nuclear Power Operations] said, there had been much wheel reinventing. They started with a few of the required procedures and then flooded the place with records without having people to take care of them. The QA guidelines had seemed to restrict the conduct of assuring quality and, thus, it was resisted. (p.17) | Deleted (p.16) | 7 |
| 15. The fact that the Project Completion Team adopted the A-E's quality assurance program is indicative of the Licensee's lack of understanding (or perhaps procedures) of how to apply quality to the design/construction process for nuclear plants. (p.19) | The fact that the Project Completion Team adopted the A-E's quality assurance program may be indicative of the judgment that the Licensee's methods of applying QA to the design process for nuclear plants needed improvement. (p.18) | 8 |



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| 16. The Licensee, he [Project Completion Engineering Manager] said, had good quality in each time frame since the job began in 1966. As each of the new quality assurance initiatives occurred, the Licensee responded, but it was more or less reaction. (p.20) | Deleted (p.19) | -- |
| 17. It was admitted that the Licensee was slow to adopt all aspects of quality assurance. (p.24) | Deleted (p.21) | 9 |
| 18. Further, the Study Team made the comment that it appeared to them that the Licensee's engineering organization appeared as "prima donnas." This was not disputed by the Licensee's upper management. (p.24) | Deleted (p.21) | 9 |
| 19. Based on the results of the IDVP reported by the Project Completion Team, one would not expect to find large numbers of quality-related problems in the design process. (p.25) | Deleted (p.22) | -- |
| 20. The Manager of Nuclear Power Operations highlighted the problem this way; he said that the idea was perpetuated that, if one had the paperwork correct, one had a proper QA program. (p.25) | Deleted (p.22) | -- |



21. While some of the top quality control managers felt that Licensee employed [sic] may have been less aggressive than desired, it is doubtful that certification of these [quality assurance/quality control] personnel would have changed the situation. (p.30)

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22. Many of the management decisions over the years indicate an attitude of "do anything and everything to expedite bringing the plant on line." The current Independent Design Verification Program (IDVP) and establishing in 1982 the Project Completion Team under an architect-engineer's direction reflects this attitude; however, the extent to which these changes reflect a real commitment to assuring quality rather than providing "cosmetics" is not totally clear. The apparent imbalance between "construction" and "engineering" in assuring quality is considered to reflect some lack of commitment at the top levels of corporate management. (p.A-1)

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23. There is evidence that when the Licensee initially set up its QA/QC program, they appointed an old line construction engineer to be Manager position. Also, the individual at the Licensee who knew the most about quality philosophy was transferred to another function. (p.A-2)

Deleted (p.A-1)

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| 24. Corporate QA does audit facilities on a periodic basis; however, general understanding by upper management would indicate that they would not see the need to audit from a management standpoint. There was much talk about engineering taking care of its own problems as they arose, but did not indicate a formal program for corrective action; mainly a personnel function. (p.A-2) | Corporate QA audits construction activities on a periodic basis, but there did not appear to be the same attention given to engineering activities. (p.A-1) | -- |
| 25. Company personnel seem to be afraid of the concept of QA or QC having access to top management. They don't see any benefit/reason. They do not understand the concept. "QA" is a term used to describe the organization that they were required to organize, but really didn't need. (p.A-2) | At one time, QA appeared to be a term used to describe an organization required by regulations... (p.A-1) | 11 |
| 26. In the early days, cost/schedule did override QA/QC functions. The Licensee had much pride in their abilities, however, and felt that they were doing everything correctly. There is much evidence to indicate that they were willing to admit their limitations and seek help for seismic work. (p.A-2) | Deleted (p.A-1) | 11 |



27. There is evidence that this is one area [clearly defined and properly implemented responsibility and authority] that was very weak in the early stages, and is one of the reasons for the Licensee's present predicament. There are no observations for the present organization, other than they are aware that this should have been more formal in the early program. The Licensee's former QA manager made the statement that the early requirements for responsibilities were left to the organization responsible for work. This was a general consensus. Everybody supposedly understands the requirements, but chose to take care of his own responsibilities. (p.A-3)
28. The Licensee did not understand the need for trained quality people in the beginning. Many people were put into quality functions without training. The Engineering Manager's philosophy is that the people responsible for the task are the only ones capable of really getting it done. He refuses to accept an independent organization watching his activities. He doesn't understand the concept. In fact, the opposite of quality management seems to have happened. The Corporate QA Manager does not appear to be

There are no observations for the present organization; the licensee is aware that engineering QA should have been more formal in the early program. (p.A-2)

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The Licensee apparently did not fully appreciate the importance of staffing with experienced QA personnel in the beginning. (p.A-3)

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very dynamic, and the former QA manager, who appears to be very knowledgeable, was transferred. (p.A-4)

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| 29. Many changes [presently] are made at the facility or plant that are not made on drawings. This indicates a potential problem with drawing changes, and a possible design change/review problem. (p.A-5) | Deleted (p.A-4) | 12 |
| 30. This factor [prompt reporting of QA program deficiencies] seems to be strongly and effectively supported at the construction site. There is a concern, however, about the effectiveness of earlier inspections and audits of materials suppliers, notably one supplier of electrical system supports. (p.A-6) | This factor seems to be strongly and effectively supported at the construction site. (p.A-4) | 12 |
| 31. In the early days, this [prompt reporting] was not done. The Licensee fully understands the need now. (p.A-6) | Deleted (p.A-4) | 12 |
| 32. Changes are made at the facility/plant as required. The Licensee seems to justify this by the fact that QC people are engineers, and are often the people who did the design. Therefore, they are capable/justified. Many instances reflect that early-on engineers did not have their designs reviewed. Changes are | Deleted (p.A-4) | -- |



made as required and appear to be done informally. (p.A-7)

33. QC functions are performed by the departments responsible for the task. This can work, but it is not a common practice in most organizations and is not in compliance with the intent of 10 C.F.R. 50 Appendix B. (p.A-7)

QC functions are performed by the departments responsible for the task. (p.A-5)

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34. This case is a classic of "haste makes waste." The engineering problems which have been so costly appear to have resulted at least in part from very heavy schedule pressures. This was extended to the initial efforts at a design verification program which produced an additional set of problems. There were no indications of lack of resources currently. (p.A-8)

The engineering problems which have been so costly are suspected to have resulted, at least in part, from very heavy schedule pressures. Whether these pressure [sic] were real or felt was not established. There was no indication of lack of resources applied to the project. (p.A-5)

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35. Early stages of the design of the Licensee's plant were poorly documented. There is an understanding within the Licensee that this was a bad mistake. Present-day practices not reviewed. (p.A-10)

Deleted (p.A-7)

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36. There appears to be no formalized program of audits. The audit program has been very extensively strengthened during the past year, reflecting in all likelihood that it was lacking previously. (p.A-10)

The audit of the design process was probably not a strong emphasis or the design control procedure deficiency would have been noted. The audit program has been very extensively strengthened during the past year. (p.A-8)

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37. In the early days, audit activities were probably not performed. The licensee had a quality program, but the problems they have experienced would indicate that a continued system to verify implementation was non-existent. There is also evidence that early NRC audit reports gave the licensee good reports on quality program implementation when, in fact, this was not the case, based on a review of correspondence. (p.A-10)

The Licensee had a QA/QC program, but the problems they have experienced would indicate that they did not have an aggressive system to verify implementation in the design control area. NRC audit reports gave the licensee good reports on construction quality program implementation. (p.A-8)

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Allegation 80



RECEIVING OFFICE

80

Docket Number (If applicable)

1. Facility(ies) Involved:

(If more than 3, or if generic, write GENERIC)

(Name)

DIABLO CANYON

0	5	0	0	0	2	7	5

2. Functional Area(s) Involved:

(Check appropriate box(es))

 operations
 construction
 safeguards
 other (Specify) _____

 onsite health and safety
 offsite health and safety
 emergency preparedness

3. Description:

(Limit to 100 characters)

E	M	E	R	G	E	N	C	Y	P	L	A	N	N	I	N	G
C	O	N	C	E	R	N	S									

4. Source of Allegation:

(Check appropriate box)

 contractor employee
 licensee employee
 NRC employee
 organization (Specify) _____
 other (Specify) _____

 security guard
 news media
 private citizen

5. Date Allegation Received:

MM DD YY

1	1	2	2	8	3
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6. Name of Individual Receiving Allegation:

(First two initials and last name)

N. PALLADINO + J. MARTIN

7. Office:

		R	V
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NOTE: See Docket file for addl info - Ltr 12/2/83 to Dr. Kronzberg from Martin

ACTION OFFICE

8. Action Office Contact:

(First two initials and last name)

R.A. SCARANO

9. FTS Telephone Number:

4	6	3	-	3	7	1	7
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10. Status:

(Check one)

 Open, if followup actions are pending or in progress
 Closed, if followup actions are completed

11. Date Closed:

MM DD YY

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11.1 Document Nos. _____

Remarks:

(Limit to 50 characters)

12.1 Man-hours/Date

13. Allegation Number:

Office

Year

Number

		R	V	-	8	3	-	A-	0	0	6	4
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