

July 1, 1998

EA 96-493

Mr. Oliver D. Kingsley  
President, Nuclear Generation Group  
Commonwealth Edison Company  
ATTN: Regulatory Services  
Executive Towers West III  
1400 Opus Place, Suite 500  
Downers Grove, IL 60515

SUBJECT: SUPPLEMENTAL INFORMATION FOR DRESDEN PREDECISIONAL  
ENFORCEMENT CONFERENCE

Dear Mr. Kingsley:

Our letter dated June 9, 1998, informed you of an apparent programmatic problem with the security of materials related to the compromise of an NRC reactor operator licensing examination that was scheduled to be administered July 8, 1996, at the Dresden Nuclear Station, and stated that a predecisional enforcement conference would be scheduled to discuss the apparent violation with Commonwealth Edison Company (ComEd). That conference was subsequently scheduled for July 8, 1998.

On June 29, 1998, Mr. Frank Spangenberg of your staff contacted Mr. Brent Clayton of the Region III staff and requested additional information developed by the NRC Office of Investigations (OI) to enable ComEd to better understand the apparent violation. After discussing the request with the Director, Office of Enforcement, and the OI Region III Field Office Director, we are enclosing redacted reports of interviews with two individuals determined to have been involved in the exam compromise. These reports provide information in addition to that provided in our June 9, 1998 letter which may be helpful in preparing for the predecisional enforcement conference.

In accordance with 10 CFR 2.790 of the NRC's "Rules of Practice," a copy of this letter and its enclosure will be placed in the NRC Public Document Room.

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We will gladly discuss any questions you have concerning this matter.

Sincerely,

*John A. Grobe*  
 John A. Grobe, Director  
 Division of Reactor Safety

Docket Nos. 50-237; 50-249

Enclosures: Reports of Interviews

cc w/encls: M. Wallace, Senior Vice President  
 D. Helwig, Senior Vice President  
 G. Stanley, PWR Vice President  
 J. Perry, BWR Vice President  
 D. Farrar, Regulatory Services Manager  
 I. Johnson, Licensing Director  
 DCD - Licensing  
 M. Heffley, Site Vice President  
 P. Swafford, Station Manager  
 F. Spangenberg, Regulatory Assurance Manager  
 Richard Hubbard  
 Nathan Schloss, Economist  
 Office of the Attorney General  
 State Liaison Officer  
 Chairman, Illinois Commerce Commission

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Report of Interview  
of  
David MILAS

On Wednesday, October 15, 1997, David MILAS was interviewed in accordance with a proffer by the U.S. Attorney's Office, Northern District of Illinois. Present at the interview were Richard Anderson, Special Agent, OI:RIII; Richard Paul, Field Office Director, OI:RIII; William Sellers, Senior Legal Advisor for Regulatory Enforcement, U.S. Department of Justice; Gil Soffer, Assistant U.S. Attorney; and John Sullivan and Richard Tauras, Counsel for MILAS.

MILAS stated that as early as November 1995, he and Mike PERRY had discussed how stressful the training course for operator licensing was becoming. They mutually agreed that if they had the Dresden examinations for each course module, it would reduce the stress. MILAS stated that since the stakes were high in that program, he and PERRY decided to do anything they could to pass. MILAS stated that they were aware that the keys to the various Dresden instructors' desks and filing cabinets were located in the training secretary's unlocked desk. Sometime in late 1995 time-frame, he and PERRY went through the various instructors' locked desks and filing cabinets, eventually locating the Dresden examination for Training Course Module 11. MILAS stated that the examination was located inside a red folder. He said that they made a copy of the examination for their own use. He said that when they took the official test given by the instructors for that module, they discovered that it was the exact same test.

MILAS stated that he personally felt that the Dresden instructors were helpful. He did not fault the instruction process, but felt that the pressure to succeed was great, especially since there was one student in their class who "washed out." MILAS stated that in approximately March 1996, [REDACTED] and [REDACTED] two students who had previously failed sections of the licensing examination, joined their class. MILAS said that he previously knew [REDACTED] since they started together at the Dresden plant in 1985.

MILAS stated that he and PERRY continued to "play their game" of searching through the various instructors' desks during the late hours, after everyone left. MILAS stated that in approximately May 1996, he and PERRY made copies of the Dresden Emergency Operations test which they found in a desk. MILAS stated that he shared a copy of this test with [REDACTED] who knew that the test was stolen. MILAS stated that he knew [REDACTED] was having a difficult time with this module, and that is why he gave [REDACTED] a copy. When asked about the other students in the class, MILAS said that [REDACTED], [REDACTED] and [REDACTED] were "too straight" and would report their illegal activities, if they knew, to the Dresden instructors. [REDACTED]  
[REDACTED]

MILAS said that on one occasion, he saw [REDACTED] studying a summary which was written on a legal size pad. When asked about the document, [REDACTED] allegedly told MILAS that he [REDACTED] had obtained it from a trash bin in the instructor's office. MILAS said that he knew the document was from the instructors' office, because he (MILAS) had made a copy of the same document which he found in the trash in the instructors' area.

MILAS thought that he and PERRY may have copied one additional exam before the Dresden certification examination, but he was not sure. He stated that the certification examination that

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they copied contained four parts: the written part; the simulator part; the administrative part; and the Inplant Job Performance Measures part. MILAS said that he and PERRY found all of the parts, except for some of the administrative section. He said that they were only able to locate part of that section. Again, he said that the official Dresden certification test was the exact test that they copied.

MILAS said that he had no knowledge that the NRC examination was left at the plant on June 28, 1996. He said that he did not remember why he and PERRY went up to the instructors' offices on Saturday, June 29, 1996, but PERRY was the one who discovered the NRC examination in [REDACTED] desk. MILAS said that they both thought that the examination was from a bank of NRC exams that Dresden had recently purchased. He said that the examination contained yellow stickers, so the test had to be copied one page at a time. He said that PERRY made two copies while he kept a lookout at the window. MILAS said that PERRY placed the original test back into the instructor's desk; then he and PERRY went into a second floor classroom where he and PERRY separated the examination copies. He said that they both left the training facility a short time later. MILAS stated that he did go home and practiced taking the test. He said that he placed circles around the correct answers on his copy of the exam.

MILAS stated that he, PERRY, and [REDACTED] met at the Dresden training facility on Sunday, June 30, 1996, to study. He said that [REDACTED] was never told by him about the examination that had been copied. He said that later that evening, when [REDACTED] and PERRY left for dinner, he went to the second floor to make another copy of the examination. He said that he was making the second exam so that he could erase the circles on his first copy. He wanted to be able to have a "clean" examination without any markings. He said that he mistakenly left the copier on double-sided copies. He placed his copy in the machine, hit copy, then went to the window to watch for anyone returning. When he went into the copier, a moment later, he realized that it was making double-sided copies. He stopped the machine, reset for single-sided, then ran the copies through. MILAS said that he failed to realize that some of the copies were in the bin for double-sided copies. He said that he never told PERRY or [REDACTED] about the additional copies that he made. MILAS stated that when [REDACTED] returned from dinner, at approximately 6 pm, he was smoking a cigar. He then offered MILAS one. MILAS said they both were smoking the cigars in the cafeteria area when PERRY returned from dinner.

MILAS said that he left for dinner at about 7 pm, and when he returned, at about 9 pm, he found PERRY and [REDACTED] reviewing an alarm typer printout for the simulator which PERRY had found in a trash bin. PERRY was analyzing the alarm sequence on the printout trying to determine the simulator problems that the NRC had developed for the simulator part of the examination. MILAS stated that he, PERRY, and [REDACTED] left together at approximately 11 pm.

MILAS said that at about 3 pm on Monday, July 1, 1996, [REDACTED], Dresden training, notified all the students that the NRC licensing examination was suspended because a copy of the exam had been found in the copier. MILAS said that he and PERRY met later that day at a bar close to the plant. He said that he told PERRY about the problem with the copier. He said that [REDACTED] or [REDACTED] were never discussed. MILAS said that he burned his copy of the examination that night.

MILAS said that he and PERRY met and discussed the situation again, but that PERRY had

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talked to a lawyer who had advised them to deny any involvement in the compromise. He said that they both decided to do just that. However, when PERRY showed up to the interview with the NRC investigators with an attorney, then he knew that he (MILAS) was on his own.

[REDACTED]

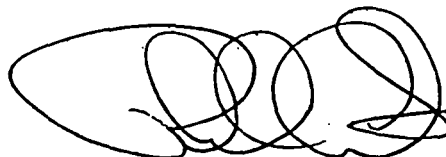
MILAS said that he remembered meeting with PERRY in 1997 and discussing the fate of PERRY. He said that he was not aware of any calls [REDACTED] allegedly made to PERRY. He also said that he was not aware of any calls made to the Dresden plant regarding his involvement in the test compromise. He said that he did receive a call at home from a female who allegedly said that she knew what he, [REDACTED] and PERRY were involved in. However, MILAS said that the female hung up on him when he tried to ask questions.

MILAS said that approximately three weeks ago, he decide to tell [REDACTED] that he was involved in the examination compromise. He asked her not to mention the incident to anyone. However, MILAS said that she immediately told [REDACTED] who told the CECO attorneys, who contacted CECO corporate security. MILAS stated that a few days later, CECO corporate security met with him. When he advised them that he could not cooperate with them based upon his attorney's advise, he was terminated for refusing to cooperate with an official investigation.

[REDACTED]

[REDACTED]. He also advised that MILAS would cooperate with CECO's corporate security [REDACTED]

This Report of Interview was prepared on Monday, October 20, 1997.



Richard Anderson  
Special Agent  
R111:01

Report of Interview  
of  
Mike PERRY

On Thursday, February 19, 1998, Mike PERRY was interviewed by OI:R111 in the presence of his attorney, Sheldon SOFFER, at SOBOL's office in Morris, Illinois. The interview was in accordance with the presentencing instructions by the U.S. District Court of Northern Illinois, Chicago, Illinois.

PERRY stated that prior to the summer of 1995, especially during the Fundamentals class that he was attending, he felt that the Dresden Nuclear Power Plant (Dresden) instructors were very determined to assure that the class members were well prepared and knowledgeable. He stated that the instructors provided volumes of study material that complimented the subjects being taught. PERRY said that in the summer of 1995, the class taking the NRC Licensing examination had a high failure rate which reflected poorly on the instructors. He said that it was obvious that Dresden management was dissatisfied with the results and blamed the low pass rate on the instructors. PERRY stated that right after this, the rumor circulated that the Dresden instructors were notified that any future promotions or bonuses were directed related to the success of students passing the licensing examinations.

PERRY said that subsequent to the 1995 NRC examination, the attitude of the instructors drastically changed. He said that it appeared to the class that the new attitude was to do everything possible to weed out the marginal students so that only the highly motivated student would survive to take the examination; thereby, assuring a high ratio of students passing the examination to those taking it. PERRY said that after the summer of 1995, handout material from instructors became scarce. The attitude that he perceived was that it was up to the student to go to the 2nd floor of the training facility (located next to the instructors' cubicles) and find old examination questions or Inplant Job Performance Measures (JPM). He said that looking for this material was perfectly legal since the instructors showed the students where the material was located. PERRY said that he was even shown where the keys were kept in the instructors' secretary's desk in case one of the filing cabinets, containing old material, was locked. PERRY said that when he was on the 2nd floor obtaining this material, he frequently ran into various instructors. PERRY said that the one rule that the students were told was to notify the instructors that they (the students) were on the 2nd floor to prevent anyone from accidentally overhearing instructors talking about upcoming examinations.

PERRY said that in January 1996, [REDACTED] instructor, gave him (PERRY) some old examination questions to copy. PERRY said that [REDACTED] retrieved the questions from his [REDACTED] filing cabinet located next to his desk. PERRY said that this was the same cabinet from which he (PERRY) would later find the NRC examination. PERRY said that [REDACTED] directed him (PERRY) to replace the originals, after making copies, back in [REDACTED] filing cabinet, because [REDACTED] was allegedly going to be gone by the time PERRY finished. PERRY said that he did as instructed.

PERRY said that he, MILAS, and other students frequently went to the 2nd floor to obtain study material. PERRY said that within a short time, he had a large volume of old examination questions that he and the others reviewed. PERRY said that frequently while sitting for a company examination, he immediately knew the answer, not that he had stolen any

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examination, but rather, that the question or questions were very similar to old questions that he had reviewed.

PERRY said that he never stole any Dresden examination that was to be used for future testing. PERRY said that he shared material that he located with other students, including [REDACTED]. PERRY denied ever illegally obtaining any material, with the exception of the NRC examination. PERRY also denied sharing any illegally obtained material with anyone, with the exception of MILAS and the NRC examination.

PERRY stated that he took exception to MILAS' statement that they "played games" in finding material after the instructors left. He also took exception to the statement that he and MILAS found, in a locked instructor's desk, the test for Module 11. PERRY said that he had no idea what Module 11 was. PERRY said that the statement by MILAS that, ". . . they discovered that it was the exact same test" was false. PERRY stated that he had legal access to old examination questions which, in many instances, were exact or very similar to questions that they took. PERRY said that he had no knowledge if MILAS ever shared with [REDACTED] the NRC examination. PERRY said that since he did not obtain any other material illegally, he could not vouch for what MILAS obtained or shared with [REDACTED].

PERRY stated that he frequently met with the Requalification Instructors [REDACTED] and [REDACTED] because these instructors were not under the same pressure that the NRC Licensing Instructors were; therefore, they created a more helpful environment.

PERRY also stated that Section B questions were located on the Dresden computers, but that the instructors made copies of these questions for the students. PERRY said that [REDACTED] who had previously been an instructor at Dresden and had a desk on the 2nd floor, had ready access to these computers and questions.

PERRY said that they took a Dresden examination approximately every 10 days. He said that he believed the instructors made up the particular examination the night before or the morning of the test. He said that the questions would merely be old questions, just rewritten with one or two facts changed.

PERRY stated that when he and MILAS went up to the second floor in June 1996, it was to find the student performance evaluations. PERRY said that they (the students) were told repeatedly that the NRC examination was not on site. PERRY said that when he went into [REDACTED] desk and found the questions, he had no idea that it was the NRC examination. He maintained that he thought the questions he copied were just some more that could help him in his studies. He stated that he knew going into a locked cabinet was unethical, but he stated that he was not there to steal or compromise any examination.

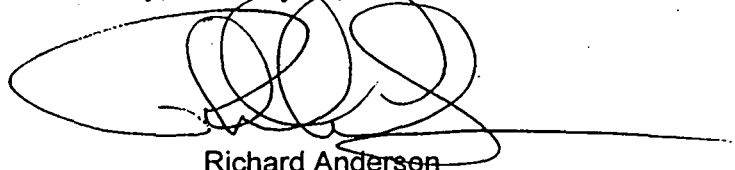
PERRY stated that after the compromised examination was discovered, he met with MILAS and tried to persuade MILAS that they should meet with Dresden management. PERRY stated that MILAS had met with an attorney who counseled them to just deny everything. PERRY said that he contacted SOBOL who counseled him to cooperate with officials, but only after SOBOL met with the NRC to assure PERRY of his rights under the law.

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This Report of Interview was prepared on Friday, February 20, 1998.



Richard Anderson  
Special Agent  
Office of Investigations