



REPORT OF INVESTIGATION

TITLE: GUNDERSON/ROYCE - CLIENTS OF GAP ALLEGED
INSPECTION/INVESTIGATION IRREGULARITIES

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**OFFICE OF INSPECTOR & AUDITOR
U.S. NUCLEAR REGULATORY COMMISSION**

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BACKGROUND

The Government Accountability Project's (GAP) concern over the Palo Verde Nuclear Generating Station (PVNGS) initially appeared in a May 24, 1982, letter from Ms. Lynn Bernabei, Staff Counsel, GAP, to the Chairman, U.S. Nuclear Regulatory Commission (NRC), which described allegations by a Bechtel Power Corporation (Bechtel) electrician employed at PVNGS. GAP was affiliated with the Palo Verde Intervention Fund (PVIF), Phoenix, Arizona, in representing the former Bechtel employee at PVNGS, Mr. Robert D. Gunderson.

On May 26, 1982, Gunderson also contacted the Director, Office of Investigations (OI), Region V, NRC and provided information concerning various alleged unauthorized activities at PVNGS. In total, 17 allegations were made and among the allegations was information regarding electricians at PVNGS reportedly being instructed to sign fraudulent documents (Termination Installation Cards) relative to the inspection cycle. Consequently, an OI investigation of the falsification of documents was initiated. Investigative activity was concluded on April 8, 1983, and the OI Report of Investigation which was issued on November 3, 1983, was referred to the U.S. Department of Justice (DOJ) for possible prosecutive action. Concurrent with the OI investigation, Region V conducted inspections in response to the remaining allegations by Gunderson.

In a July 17, 1983, letter to the Chairman, NRC (Attachment 1), Morris K. Udall, Chairman, Committee on Interior and Insular Affairs, U.S. House of Representatives, expressed concerns with regard to the manner in which Region V and OI handled alleged violations of the Commission's regulations at PVNGS.

Representative Udall's letter to the NRC Chairman was predicated on a July 3, 1983, letter (Attachment 2) he received from Ms. Jill R. Morrison, PVIF. The PVIF was representing two former Bechtel employees at PVNGS, Gunderson and Mr. Wallace R. Royce. Morrison's letter writes of "...the serious mishandling of the NRC inspection/investigation into allegations raised by workers at the Palo Verde Nuclear Generating Station (PVNGS)." Further, Morrison's letter delineates five specific areas of alleged mal/misfeasance pertaining to the NRC, in general, and specifically, OI and Region V, in regard to the PVNGS. It also requested "assistance in detecting and correcting the misconduct with the various agencies involved in this investigation."

Relatedly, in a July 14, 1983, letter to the NRC Commissioners (Attachment 3), Ms. Lynn Bernabei, Staff Counsel, GAP, requests that "...the Commission review the NRC staff's serious mishandling of its investigation into these two workers' allegations about deficiencies in electrical work and the startup testing program at the Palo Verde Nuclear Generating Station, Units 1, 2, and 3." In addition to the allegations regarding the reported mishandling of the investigation relative to the PVNGS, the July 14, 1983, GAP letter also refers to a February 28, 1983, letter to Roger Fortuna, Deputy Director, OI, from Ms. Billie Pirner Garde (et al) Director, Citizens Clinic, GAP. Regarding the February 28, 1983, letter, Bernabei alleges "...that Roger Fortuna, OI's Deputy Director, to whom this letter was personally delivered, failed to

review it or forward it to the appropriate office for review for three months." Bernabei also addressed a July 12, 1983, lawsuit filed by GAP pursuant to the Freedom of Information Act (5 USC 552) to obtain all documents held by NRC relating to the investigation of Gunderson's allegations. The GAP lawsuit reportedly stems from NRC's failure to identify or disclose materials used in compiling inspection/investigative reports.

In a December 12, 1983, letter to Representative Udall (Attachment 4), the Chairman, NRC, responded to GAP concerns about the manner in which NRC's Region V and OI handled alleged violations of the Commission's regulations at PVNGS. In addressing the concern of Representative Udall and GAP regarding the delay in completing and issuing the Region V and OI reports of inspection/investigation into the allegations, Chairman Palladino agreed that NRC follow-up on the allegations took too long to conclude. The Chairman asked both the Director, OI, and the Executive Director for Operations (EDO) to see that tight investigative controls are maintained and improvements in communications are continued so that such delays do not recur.

OIA review of the information provided by GAP indicated the following concerns regarding Region V and OI's handling of allegations by Gunderson warranted investigation by OIA:

- There was an inordinate delay in completing the Region V and OI reports of investigation/inspection of alleged violations of the Commission's regulations at PVNGS.
- NRC Region V inspection failed to meet minimum standards of inspection/investigation in that allegations were communicated to the licensee for resolution prior to NRC inspection.
- Region V failed to protect the identity of "whistleblowers."
- NRC disregarded the provisions of the Freedom of Information Act (FOIA) in response to a GAP request for information.
- Region V violated NRC policy regarding communications of inspection findings to utility personnel.
- OI did not respond to GAP inquiries regarding the progress/conduct of the investigation, i.e., OI Headquarters failed to answer a GAP letter questioning the OI Investigation of Gunderson's allegations and OI Region V refused to discuss the status of their investigation during a telephone conversation with GAP.

On October 17, 1983, OIA initiated an investigation into the concerns raised by GAP.

Summary

There was an inordinate delay in completing the Region V and OI reports of investigation/inspection of alleged violations of the Commission's regulations at PVNGS.



A review of OI Report of Investigation (ROI) 5-82-009, Title: Palo Verde Nuclear Generating Station (PVNGS), Allegation Regarding Falsification of Termination Installation Cards (TIC) for Unit 1 (Attachment 5), disclosed that Region V OI interviewed Gunderson on June 1, 1982, and on June 2, 1982, obtained a sworn statement containing 17 allegations of various unauthorized activities at PVNGS. Of the 17 allegations, only the first allegation concerning falsification of TICs was investigated by OI. In addition to the interviews of Gunderson on June 1 and 2, 1982, other investigative activity in 1982 by OI which was documented in the ROI occurred between June 11 and June 29, 1982. Additionally, on April 7 and 8, 1983, OI reviewed Arizona Public Service Company (APS) and Bechtel documents and reinterviewed two individuals who had already been interviewed on June 29, 1982. The only other investigative activity documented in the OI ROI was a review of TICs by a Region V inspector at PVNGS on June 14, 1982, and a second review of the TICs on April 5 and 6, 1983, by an OI investigator and PVNGS Senior Resident Inspector. Regarding the second review, the OI ROI states the "purpose: to determine if any difference from first review." The ROI does not list any difference.

John B. Martin, Regional Administrator, Region V, Walnut Creek, California, was interviewed (Attachment 6) regarding the allegations presented by two former employees at PVNGS (Gunderson and Royce) and the NRC handling of these allegations. Martin opined that the delay in the issuance of the OI ROI should be considered inordinate. Martin noted that the allegations were presented in late May 1982 to OI, but the ROI was not issued until November 3, 1983. Moreover, Martin noted the actual investigative work scoped by the ROI was completed shortly after the initial allegations were made known to NRC on May 24, 1982. Evidence known by NRC in June 1982 could have resulted in enforcement action being taken against APS in June 1982. However, based on a request from the Director, OI, Martin consented to delay the enforcement action pending referral of the investigative results to DOJ. Martin made numerous queries regarding the status of the OI investigation up to the time the OI report was eventually issued (November 3, 1983). Upon receipt of the OI report, Martin directed that enforcement action be taken against APS.

Martin further related that the greater portion of the Region V review of the numerous technical allegations was completed and reported in several inspection reports. Additionally, while there were some allegations which required continuous followup over a long period of time, Martin assured that GAP's general concerns have already been corrected. Martin characterized the Region V Inspection and Enforcement (IE) review of the allegations as being entirely appropriate and reasonably complete. Moreover, the OI investigative effort and ultimate report was equally considered to be reasonably thorough, adequate and complete. However, aggravated by an approximate 18 month period (May 1982 - November 1983), it "appeared" that NRC was not acting on allegations brought to management's attention and not fulfilling its regulatory responsibilities.

Owen C. Shackleton Jr., Director, OI, Region V, when interviewed (Attachment 7) regarding OI's actions in response to Gunderson's allegations stated he met with Gunderson on June 1, 1982, and was accompanied by Region V Engineer, ~~XXXXXX~~. Gunderson presented a total of 17 allegations during the course of the interview with the salient points of the interview being subsequently reduced to a signed statement on June 2, 1982. Based upon the information provided by Gunderson, Shackleton conferred with Region V

management and it was determined that of the 17 allegations presented by Gunderson, only one would be investigated by OI. This allegation pertained to the falsification of TICs. Region V IE staff addressed the technical ramifications of the alleged falsification and the criminal offense of creating a false document was pursued by OI. OI issued its final report regarding the OI investigation of the one Gunderson allegation on November 3, 1983. This report was sent to DOJ for consideration for possible prosecutive merit. Although the report was not issued until November 3, 1983, the Region V OI final Report of Investigation was forwarded to OI Headquarters on July 5, 1983.

Owen C. Shackleton Jr., in a subsequent interview (Attachment 22) stated that during the period June 1982 through April 1983, the three investigators assigned to the Region V OI field office were actively conducting six other investigations at PVNGS in addition to the investigation of Gunderson's allegation. Investigations at Diablo Canyon Nuclear Plant and Washington Public Power Supply System Nuclear Plants were also being conducted during the same period. In addition to the investigations, Shackleton was required to perform administrative duties associated with the July 19, 1982, formation of OI. The delay between the date of the last investigative activity, April 8, 1983, and July 5, 1983, when the final ROI was forwarded by Region V OI to OI Headquarters, was attributed to the amount of time required to transcribe 22 hours of interviews recorded on cassette tapes.

Mr. Roger A. Fortuna, Deputy Director, OI, when interviewed (Attachment 8) concerning the amount of time required to issue the OI ROI pertaining to Gunderson's allegations stated that in May 1982, when Region V OI began the investigation of Gunderson's allegations, OI as an organization did not exist. OI did not have their reporting system in place in early 1983 when the investigative work on the allegations was completed. When Shackleton submitted the draft report to OI Headquarters, William Ward, Assistant to the Director, OI, along with Shackleton rewrote the report to delete inspection information. The "inspection type" items were forwarded to the regional office.

William J. Ward, Assistant to the Director, OI, was interviewed (Attachment 9) concerning the apparent inordinate delay in issuing the OI ROI concerning the allegations made by Gunderson. While the Gunderson investigation was ongoing, Ward directed an OI desk officer to visit with Shackleton and ascertain how the investigation was being handled with respect to the separation of technical issues from issues of wrongdoing. When Ward received the Gunderson ROI at OI Headquarters on approximately July 5, 1983, reviewing the report became a matter of finding the time to "get to the report" because of the amount of time taken by administrative duties associated with the formation of OI. An OI desk officer was initially assigned to review the report; however, in August 1983, Ward assumed responsibility for reviewing the report to alleviate some of the work load on the OI Headquarters staff. From his review of the report, Ward determined it did not meet the basic reporting standards of thoroughness and, he believed, the grammar was poor. Ward devoted 10 hours of his own time to review the report, but sometime in August 1983, he decided he did not have time to rewrite the report. Consequently, he directed ~~Investigator~~, Investigator, Region V, OI, to come to OI Headquarters for that purpose. In general, the report was "too verbose" and inspection-related issues had to be edited from the report. ~~Investigator~~ was at OI Headquarters for one

week during which the report was rewritten. At the conclusion of that week, Ward reviewed the report and believed that ~~Ward~~ had a good idea of what was expected for the final product. ~~Ward~~ returned to Region V with the report, and it was not until mid to late October 1983 before the final report was forwarded to OI Headquarters. Ward had no doubts that the delay in issuing the report was due to manpower shortages and, because there were no serious findings, review of the report was not on a priority basis in OI Headquarters.

In a December 12, 1983, letter to Representative Udall (Attachment 4), the Chairman, NRC, addressed the delay in completing and issuing the Region V and OI reports of inspection/investigation. Chairman Palladino agreed that NRC follow-up on GAP allegations took too long to conclude.

NRC Region V inspection failed to meet minimum standards of inspection/investigation in that allegations were communicated to the licensee for resolution prior to NRC inspection.

A review (Attachment 10) of NRC files concerning allegations made by Gunderson/Royce pertaining to PVNGS disclosed that Region V IE issued five inspection reports and Region V OI issued a Report of Investigation and a Report of Inquiry in response to the allegations.

Owen C. Shackleton Jr., when interviewed (Attachment 7) concerning NRC handling of allegations at PVNGS stated that during an interview on June 1, 1982, Gunderson made a total total of 17 allegations. Only the first allegation, pertaining to the alleged falsification of TICs, was investigated by OI. Allegations 2-14 and 16, were technical issues and were referred to Region V IE management for appropriate action, and the remaining two allegations presented by Gunderson were not within the jurisdiction of NRC. Regarding PVNGS allegations posed by Royce, Shackleton advised that no OI investigation was conducted. Shackleton explained that this matter was presented to him on November 17, 1982, and focused on alleged problems in start-up programs at PVNGS. However, upon interview of Royce, Shackleton determined that the issues were entirely technical in nature and as such, were referred to Region V IE staff for appropriate action. OI documentation regarding Royce's allegations is contained in OI Report of Inquiry No. Q5-82-003.

Allen D. Johnson, Enforcement Officer, Region V, was interviewed (Attachment 11) regarding Region V's handling of allegations pertaining to PVNGS raised by Gunderson and Royce. Regarding the allegations presented by Royce, Johnson cited an OI Report of Inquiry as well as subsequent actions taken by Region V IE staff. In this regard Johnson stated that no enforcement action was taken as a result of the allegations presented by Royce. Johnson advised that OI's investigation of falsification of TICs substantiated the Gunderson allegation, however, the violation was a procedural violation of a quality assurance/quality control (QA/QC) program not otherwise considered a substantive violation. Additionally, as a result of the Region V special safety inspection into Gunderson's technical allegations, sufficient information was held by Region V management in late June/July 1982 to notify the licensee of the need for corrective action (Severity Level 4 Violation). However, Johnson was directed to delay enforcement action at the request of OI.



Thomas W. Bishop, Director, Division of Safety and Projects, Region V, NRC, when interviewed (Attachment 12) concerning Region V's handling of allegations at PVNGS stated that on June 23, 1982, he became Branch Chief for Construction in Region V for about two months. In that capacity he was assigned responsibility for PVNGS. In August 1982, there was a reorganization within Region V. Because of the reorganization, Bishop had no responsibility for PVNGS between August 1982 and July 29, 1983, when he became Acting Division Director, Division of Resident, Reactor Projects, and Engineering Programs. While he was responsible for technical issues concerning PVNGS, Bishop discussed the allegations with Owen Shackleton. Bishop had no knowledge that Gunderson's allegations were in any way communicated to the licensee or Bechtel prior to or during the NRC investigation/inspection. Bishop did recall a public meeting on October 15, 1983, between Region V staff and Gunderson during which Gunderson claimed that when he walked through PVNGS in October 1982 with NRC inspectors some of the allegations he made in May 1982 to NRC had been resolved by the licensee and Bechtel.

Lucian E. Vorderbruggen, Senior Resident Inspector for Construction, PVNGS, when interviewed (Attachment 13), concerning Region V's handling of Gunderson's allegations stated that he did not become involved with the NRC efforts relative to the Gunderson allegations until September 1982. At that time he began assisting OI investigators with some technical aspects of the investigation at PVNGS. Vorderbruggen was aware of no communications between NRC and the licensee regarding the items or areas to be inspected/investigated by NRC. Some of the allegations made by Gunderson were verified by NRC and others were not. Some allegations had no technical significance and were not regulated by NRC or did not require a Non-Conformance Report (NCR) if defective. With respect to the four additional allegations which Gunderson held back from NRC until the October 1982 walk through, three of the four had no NRC technical requirement to be repaired and no NRC violations were associated with them. The fourth alleged defect was, in fact, a reportable NCR; however, the licensee had already identified it for corrective action at the time of the walk through. The information concerning these four allegations was explained to Gunderson at that time.

Tolbert Young Jr., Section Chief, Project Section #2, Division of Reactor Safety and Projects, Region V, when interviewed (Attachment 14) stated he was not involved with the Gunderson allegations until March/April 1983, when, as a Section Chief for the Region V technical staff assigned to PVNGS, he assumed responsibility for pursuing the technical allegations. Young stated his involvement was subsequent to the time frame during which it was alleged that NRC made Gunderson's allegations known to the licensee so they could be corrected prior to the NRC investigation/inspection. However, Young was not aware of any information indicating Region V staff or any NRC employee provided information to the licensee about Gunderson's allegations. Young was aware that the practice of advance notification of allegations to the licensee is prohibited by NRC policy. Young noted that when he became involved with the Gunderson allegations in April/May 1983, the licensee had not corrected all of the discrepancies identified by Gunderson in May 1982. One of Gunderson's allegations concerning falsification of termination cards was cited as an item of noncompliance by Region V in June 1982 during the initial NRC inspection at PVNGS. Young did not know if the licensee or Bechtel were aware of Gunderson's allegations prior to the NRC inspection/investigation that began in June 1982.



Region V failed to protect the identity of "whistleblowers."

Owen C. Shackleton Jr., was interviewed (Attachment 7), in regards to Gunderson's contention of being "blackballed" as a result of having notified NRC of problems at PVNGS. Shackleton commented that during this period, unemployment in the United States was high and not conducive to obtaining employment. Accordingly, Shackleton opined that Gunderson's failure to obtain employment was merely the result of a poor job market with no connection to having notified NRC of construction defects at PVNGS. Regarding the allegation of having compromised Gunderson's identity, Shackleton explained that Gunderson's identity was made known during a press conference in April 1983 and that at no time prior to that did he or any member of OI disclose Gunderson's identity to APS/BPC or any other individual at PVNGS.

[REDACTED], Region V, NRC, when interviewed (Attachment 15) concerning the violation of Gunderson's confidentiality stated he was assigned in May/June 1982 to accompany OI investigators during the interview of Gunderson. [REDACTED] is an [REDACTED] and was given the assignment because Gunderson's allegations dealt with the electrical area. About one week after the interview of Gunderson, [REDACTED] assisted other Region V personnel in the review of Gunderson's allegations at PVNGS. [REDACTED] did not recall identifying Gunderson to anyone. [REDACTED] noted that Gunderson's name may have been mentioned by himself, Shackleton, or [REDACTED], Region V, OI Investigator, to Patricia Hourihan, PVIF, and another female intervenor who accompanied her, during a meeting requested by Hourihan in connection with a signed statement Gunderson provided to PVIF. The meeting was requested by Hourihan so she could determine Region V's progress on the allegations made by Gunderson in his affidavit to the PVIF. [REDACTED] had no knowledge of any NRC employee releasing Gunderson's name in connection with the May/June 1982 allegations or identifying Gunderson in that regard to the licensee or Bechtel.

Lucian E. Vorderbruggen, when interviewed (Attachment 13) concerning the violation of Gunderson's confidentiality, stated he did not divulge Gunderson's identity to anyone nor was he aware of anyone who divulged Gunderson's identity. Approximately one week after OI began the onsite investigation of the Gunderson allegations, [REDACTED], [REDACTED] for Bechtel, visited Vorderbruggen's office on site. During a general, work-related conversation, [REDACTED] made a comment that he knew who the person was that made the allegations being investigated. Vorderbruggen responded, "That is great - you know more than I do," and "I do not know who the allegor is and can not confirm or deny your suspicions." Vorderbruggen relayed to Shackleton the comment by [REDACTED] and was told that the NRC had to maintain the identity of all allegors as confidential. At that juncture, Vorderbruggen did not know who the allegor was. The only other comment that Vorderbruggen was aware of was made by Shackleton at the entrance conference between NRC and the licensee concerning the investigation of Gunderson's allegations. Shackleton told licensee and Bechtel personnel that the investigators were there to investigate allegations made by a person whose identity was confidential.

Vorderbruggen noted that Gunderson's allegations dealt with electrical items and primarily with electrical terminations which is a speciality area or craft. It would not be difficult for the licensee to eventually identify who



the alleged was by reviewing personnel rosters to determine what current or former employees worked on these items. One of Gunderson's allegations concerned a cable splice located in a manhole. Gunderson had previously approached Bechtel engineering personnel and construction supervisors at PVNGS about this problem. Vorderbruggen surmised it would not have been difficult for the licensee and Bechtel personnel to deduce that Gunderson may have been the alleged after the NRC began reviewing the specifics of that allegation. Additionally, in October 1982, Gunderson was brought to PVNGS by Shackleton for an on site walk through so NRC could obtain more specific information concerning the allegations. Vorderbruggen accompanied Gunderson and Shackleton during the walk through. Before the walk through started, Shackleton advised Gunderson that he could sign the security guard's entry log under an assumed name. Gunderson replied that he was not worried about that because he knew he would be recognized by PVNGS personnel anyway.

Tolbert Young Jr., when interviewed (Attachment 14) concerning the alleged failure to protect Gunderson's identity stated that Inspection Report No. 50-528/83-09, dated April 22, 1983, identified Gunderson in regard to the January 8, 1983, affidavit that Gunderson submitted to the Atomic Safety and Licensing Board Panel (ASLBP). It was Young's understanding that when he issued inspection report 83-09, Gunderson had already provided his January 1983 affidavit to ASLBP and his name was in the public domain. Young's inspection report did not identify Gunderson's name in relation to his May 1982 allegations. However, Gunderson's allegations in the January 1983 affidavit to ASLBP and his May 1982 allegations to NRC did overlap and, because of that, it would not be difficult for someone who read both the NRC inspection report related to the May 1982 allegations and the January 8, 1983, affidavit to deduce that Gunderson was connected to both.

NRC disregarded the provisions of the Freedom of Information Act in response to a GAP request for information.

Mr. Roger A. Fortuna, Deputy Director, OI, was contacted (Attachment 16) concerning compliance with FOIA provisions as they related to FOIA request 83-161. FOIA request 83-161 is a March 29, 1983, request from Marya C. Young and Bernabei, GAP, for documents regarding allegations by Gunderson and a Senior Bechtel Manager, concerning electrical problems and deficiencies at PVNGS. Fortuna furnished OI FOIA 83-161 file which documented the following:

- On March 29, 1983, GAP filed a FOIA request for documents. On April 22, 1983, Shackleton forwarded to OI Headquarters a memorandum identifying over 300 documents that were within the scope of GAP's FOIA request. On April 28, 1983, GAP was furnished a partial response to its FOIA request and provided two inspection reports which were available in the NRC Public Document Room. No mention was made of OI documents which pertained to the investigation of Gunderson's allegations. Also on April 28, 1983, Fortuna forwarded Shackleton's list of documents to the Freedom of Information and Privacy Branch (FIPB), NRC, recommending withholding the documents from public disclosure. However, no exemption number was identified and no analysis of Shackleton's list of documents took place to determine if they could legitimately be withheld from public disclosure.

- On May 13, 1983, GAP appealed the partial response to its initial FOIA request. Additionally, it was not until the latter part of June 1983 that NRC informally advised GAP via telephone that a number of additional documents had been identified and were being processed subject to their request. On July 8, 1983, GAP was formally notified via letter that additional documents within the scope of their original request had been located and were being processed. Additionally, on July 8, 1983, the list was transmitted by FIPB to OI Headquarters, for a proper review and processing.
- On July 13, 1983, GAP filed a lawsuit in U.S. District Court, Washington, D.C. seeking the records and information contained in its March 29, 1983, FOIA request. On July 19, 1983, NRC sent GAP a letter identifying the 300 documents pertaining to the Gunderson allegations which had been forwarded to Headquarters from Region V in April 1983.
- On October 13, 1983, a list of over 300 documents was reviewed and processed to determine which documents could be released to GAP under FOIA request 83-161.
- On October 28, 1983, the Secretary of the Commission requested the Commission approve a proposed disposition to GAP's FOIA appeal (SECY 83-441). SECY 83-441 noted that the NRC was required to file a motion for a summary judgement in the GAP lawsuit by November 10, 1983. It was proposed that NRC release all pertinent documents within the scope of GAP's FOIA appeal with the exception of those which related to a narrow matter which required referral to DOJ. This disposition to GAP's FOIA appeal was approved.

Fortuna was subsequently interviewed (Attachments 8 and 17) concerning the processing of FOIA 83-161 and stated that because of the rush of business, OI made a conscious decision to conduct investigations at the expense of processing FOIA requests. In regard to GAP's FOIA request pertaining to the Gunderson investigation, Fortuna did not know the amount of documents in Region V until he got the list from Shackleton. Before he sent the list to them on April 28, 1983, Fortuna knew, and he believes he told the FIPB, that OI had a lot of documents. During the time between OI's response to the FIPB on April 28, 1983, and NRC's notification to GAP on July 19, 1983, that OI had additional documents, OI was caught in a "cross-fire" between the Office of the Executive Legal Director (ELD) and the Office of the General Counsel (OGC). Normally, in OI's dealings with the FIPB, which was getting its legal advice from ELD, it was acceptable to generally provide exemptions for all documents, e.g., because they related to an ongoing investigation. On the other hand, OGC wanted a detailed listing of exemptions and wanted the documents edited to determine exactly what portions of documents should be released and what portions withheld. Fortuna believed that a serialized list of documents with a withholding determination based on an ongoing investigation plus the fact that the investigation was going to be referred to the DOJ was enough to withhold the documents. Additional delay was caused by a debate between OGC and OI concerning who was going to perform the work required to process the large volume of documents. At that time, OI priorities were to dedicate available personnel to ongoing investigations. When GAP filed the lawsuit on its FOIA request it "got OGC's attention," and a person from OGC and FIPB, and Shackleton all went to OI Headquarters to make withholding



determinations for every OI document subject to the request. Fortuna spoke to DOJ and obtained oral approval to release all the documents except those relating to the one issue that he believed DOJ would be interested in prosecuting.

Ben B. Hayes, Director, OI, NRC, when interviewed (Attachment 18) stated that during 1983 there was a conscious effort to devote available OI staff to completing investigations and to give the processing of FOIA requests a lower priority. Although OI was aware of FOIA requests and the requirement to process them in a timely manner, OI believed in the long run the requestor was better served if the investigation was completed. The purpose of FOIA requests was usually to obtain the investigation results and because FOIA requests concerning on-going investigations were usually denied, the completion of an investigation seemed paramount.

~~_____~~ FOIA Specialist, FIPB, Division of Rules and Records, NRC, was interviewed (Attachment 19) concerning her knowledge of the events and circumstances related to FOIA request 83-161. ~~_____~~ stated she first obtained the FOIA folder for 83-161 on March 31, 1983, and noted that based on the 10 day response calendar the due date was April 14, 1983. On April 28, 1983, the FOIA Branch received a memorandum and documents responsive to the request from Roger Fortuna, then Acting Deputy Director, OI, forwarding documents he received from Owen Shackleton, Director, Region V, OI. Also, on April 28, 1983, a partial response to 83-161 was mailed to GAP. Because all denials of documents with respect to FOIA requests involving NRC Commission offices are coordinated with the OGC, NRC, ~~_____~~ spoke with Richard Levi, OGC, on May 5, 1983, and advised him of the request. On May 6, 1983, ~~_____~~ forwarded all documents provided to her by Fortuna to OGC for their review. On May 13, 1983, GAP filed an appeal to NRC's partial response of April 28, 1983, and from that point on, OGC handled the matter. On June 17, 1983, OGC returned the OI documents previously forwarded to them by ~~_____~~ and requested that ~~_____~~ revise the list of OI documents. On June 23, 1983, ~~_____~~ telephoned Shackleton and requested a list of any cassette tapes he had in his office. ~~_____~~ received the list on June 24, 1983, and on June 30, 1983, she forwarded the new list, as well as Shackleton's list of cassette tapes, to OGC. With respect to any ELD involvement with FOIA 83-161, ~~_____~~ noted ELD would not be involved unless they had documents responsive to the FOIA request. Legal advice in this instance would be solely from OGC because a Commission office was denying documents.

Donnie H. Grimsley, Former Acting Chief, FIPB, NRC, was interviewed (Attachment 20) concerning NRC processing of FOIA request 83-161 from GAP regarding allegations by Gunderson. During the time of the FOIA request (spring 1983) there were several important issues under review by NRC regarding the disclosure of OI investigative records. The first issue was the extent to which information, other than the name, which could possibly identify a source should be withheld. Another issue was to what extent a list of documents involved with an ongoing investigation should be identified in FOIA responses. A third issue was whether NRC could withhold all OI investigative records involved in an ongoing investigation under Exemption 7A or whether OI had to make a sentence-by-sentence review of each document to determine what information could be withheld and what could be released. FOIA 83-161, along with several other FOIA requests at that time, raised several significant disclosure issues that took some time to resolve. The



resolution of these issues by OGC, FIPB, and OI, or failure to do so until the fall of 1983, directly affected the extent of review required for the OI documents in this FOIA request. Resolution of these issues along with other important priorities placed on the OI investigative staff delayed release of the documents.

~~_____~~ Paralegal Specialist, OGC, NRC, was interviewed (Attachment 21) regarding a general chronology of events in the processing of FOIA request 83-161 from July 1983 to its conclusion. On July 12, 1983, a law suit was filed in U.S. District Court, Washington, D.C., by GAP in connection with FOIA request 83-161. In connection with the lawsuit, on August 26, 1983, NRC received a notice from the Court requesting a hearing on October 11, 1983. During that hearing, a November 10, 1983, deadline was established for NRC to provide a listing of pertinent documents and for the filing of NRC affidavits in this matter. In October 1983, ~~_____~~ worked with Owen Shackleton at OI Headquarters for several days to make a list of the documents and to segregate the documents. In addition to contacting the licensee concerning release of these documents, it was necessary for OGC to coordinate with the DOJ because DOJ represents NRC in such lawsuits. On November 21, 1983, affidavits offering legal reasons for the withholding of certain proprietary information were submitted to the Court by NRC. The licensee had been consulted on an earlier date regarding this aspect of the FOIA lawsuit. On January 6, 1984, a settlement between NRC and GAP was reached.

Region V violated NRC policy regarding communication of inspection findings to utility personnel.

Owen C. Shackleton, when interviewed (Attachments 7 and 22) concerning the alleged communication of investigative results to the licensee explained that during his entrance interview at PVNGS on June 15, 1982, he briefly explained the policy of NRC, Region V, that the findings of an inspection/investigation are not released to the licensee, however, upon determination of a safety related problem, the licensee will normally be notified so the possible safety hazard can be corrected. Shackleton was not able to explain the comment "resulted in a clean bill of health" appearing in an article in the New Generation, Volume 7, 1982, cited by GAP in its July 14, 1983, letter to the NRC. On January 28, 1983, Ms. Lynn Bernabei advised Shackleton that Bechtel said that they had a clean bill of health concerning allegations at PVNGS. According to Bernabei, the comment was in some document generated by Bechtel and was made by an APS lawyer named Mr. Arthur Gehr.

Lucian Vorderbruggen, when interviewed (Attachment 13) concerning communication of inspection findings to utility personnel, surmised that the comment attributed by GAP to APS or Bechtel that they received a "clean bill of health" in connection with the Gunderson allegations originated at the exit conference between NRC and the licensee. During the exit conference Shackleton advised the licensee that the investigation revealed no problems requiring immediate corrective action. Vorderbruggen believed the licensee concluded they received a "clean bill of health." Shackleton never discussed with the licensee the specific Gunderson allegations although the licensee regularly requested that information from him. Vorderbruggen opined that because the licensee frequently helped OI gain access to certain areas of the plant or to licensee personnel, it was not difficult for the licensee to determine the specific areas of NRC investigation/inspection interest.



Usually, if a problem surfaces during an NRC investigation/inspection, an NCR is immediately issued by NRC. If NCR's are not prepared, the licensee would probably conclude the NRC found no problems.

Arthur Gehr, Snell and Wilmer Law Offices, Phoenix, Arizona, was interviewed (Attachment 23) concerning GAP allegations that NRC was keeping the licensee informed about the status of the ongoing investigation/inspection of Gunderson's allegations. Gehr is the legal counsel for the joint owners of PVNGS with respect to licensing matters. Gehr denied stating at any time that the investigation "was going well" as alleged by GAP in its July 14, 1983, letter to the Commission. Prior to the enforcement conference at Region V in November 1983, Gehr had never discussed any investigation of any allegations with any NRC personnel other than Lee Dewey, the attorney who represented the NRC staff in the Palo Verde licensing hearing before the ASLB. Gehr stated his first knowledge of the allegations made by an unidentified person during the ASLB hearings and the results of the investigation thereof come from an inspection report issued by Region V in March 1983. With respect to the quote appearing in the New Generation in the fall of 1982, that the review "resulted in a clean bill of health," this statement had no basis in fact. Gehr stated that GAP was incorrect in its July 14, 1983, letter when it attributed that statement to the ongoing NRC investigation. The statement might have applied to the results of an Independent Quality Assurance Evaluation of Palo Verde Nuclear Generating Station, Units 1, 2, and 3 conducted by Torrey Pines Technology from May to October 1982. The successful conclusions reported in the Executive Summary of that evaluation supported the statement that "the review resulted in a clean bill of health."

James M. Mackin, formerly Division Manager for Public Relations, Los Angeles Division, Bechtel Power Corporation, was interviewed (Attachment 24) concerning a comment in the June 13, 1983, Arizona Daily Star that Bechtel "investigated the allegations and made some corrections" which was attributed to him. Mackin stated he was quoted out of context and his alleged comments relating to allegations being investigated and corrections being made were not related to the Gunderson allegations but were made in the generic sense. Mackin was contacted by Beverly Medlyn of the Arizona Daily Star seeking information about allegations made by Gunderson concerning PVNGS. In response to the inquiry, Mackin told Medlyn that all allegations of inadequate performance were investigated fully and when allegations turned out to be true, corrective actions were made. Additionally, he told Medlyn the allegations involving PVNGS were being looked at by NRC.

OI did not respond to GAP inquiries regarding the progress/conduct of the investigation, i.e., OI Headquarters failed to answer a GAP letter questioning the OI investigation of Gunderson's allegations and OI Region V refused to discuss the status of their investigation during a telephone conversation with GAP.

James G. Hanchett, Public Affairs Office, Region V, NRC, was interviewed (Attachment 25) concerning normal procedures for responding to requests for information regarding ongoing Region V inspections/investigations. Hanchett explained that normally when a request is received by the Office of Public Affairs, the Region V division which has the lead in the investigation/inspection is contacted. The estimated date for completion of the ongoing



action is ascertained, and the requestor is then provided the desired information. In those rare instances wherein Hanchett was unable to obtain an estimated date, he would so advise the requester. Hanchett did not recall receiving any telephone calls or any other communication from PVIF or GAP, nor did he recall having any dealings with Ms. Morrison or Ms. Bernabei.

Owen Shackleton was interviewed (Attachment 7) about receiving a telephone call from Ms. Bernabei who inquired about the status of the ongoing OI investigation. Shackleton received the telephone call in his office, and he politely and calmly informed Bernabei that he would not discuss any aspects of the PVNGS investigation. Shackleton referred Bernabei to Lee Dewey, Attorney, ELD, NRC. Bernabei attempted to prolong the conversation with Shackleton who told her that he was going to hang up the telephone as he had nothing further to say. Shackleton then hung up the telephone.

~~_____~~, ~~_____~~, Region V, OI, was interviewed (Attachment 26) concerning the telephone conversation between Shackleton and Bernabei. ~~_____~~ was present during the telephone conversation and overheard Shackleton tell Bernabei that she should contact Lee Dewey concerning the status of the Gunderson investigation. ~~_____~~ also heard Shackleton explain he was not allowed to disclose the status of an incomplete investigation and that he was going to terminate the telephone call. Shackleton told Bernabei several times in a polite manner that he was going to hang up the phone, which he eventually did.

Lee Dewey, Attorney, ELD, was interviewed (Attachment 27) concerning his conversations with Shackleton during which Dewey advised Shackleton to limit his conversations with representatives from GAP. Dewey recalled advising Shackleton to be cautious in his statements to GAP and that since Bernabei was an attorney it would be more appropriate for Dewey, also an attorney, to deal with Bernabei concerning PVNGS matters. Dewey also told Shackleton to be careful in his conversations with GAP to avoid being misquoted.

Roger A. Fortuna, was interviewed (Attachment 8) concerning the reason why a February 28, 1983, letter from GAP lay on his desk for three months before being forwarded to OIA for action. Fortuna stated that the language in the last paragraph of the GAP letter, specifically "(GAP) will be requesting an investigation of Region V and Mr. Shackleton's handling of these two workers allegations specifically, as well as their general handling of inspections and investigations at San Onofre, Palo Verde, and Diablo Canyon," led him to believe GAP would be sending in a request for an OIA investigation. In view of this, Fortuna placed the letter in one of the mail baskets on his desk. Fortuna stated he did not specifically withhold the letter from OIA. Fortuna decided to send the letter to OIA about three months later when he found the letter on his desk and realized nothing additional had been received. At that time, OI was developing a procedure for OI/OIA interface when misconduct of OI investigators was alleged. Discussions within OI and between OI and OIA on these procedures, coupled with finding the letter on his desk, made Fortuna decide to forward the letter to OIA.

Ben B. Hayes, was interviewed (Attachment 18) concerning OI's handling of the GAP February 28, 1983, letter to Roger Fortuna. Hayes read the letter when it was received and made a decision to wait for further information from GAP. This decision was based on (1) GAP said they were going to initiate an

investigation, (2) GAP was going to request an investigation, and (3) GAP said they were going to summarize their findings and forward them to OI. OI did not receive any further information from GAP. Additionally, in his opinion, there was no wrongdoing indicated on the part of his employees. Approximately three months after the letter was received, an article was published in an Arizona newspaper which alleged that Fortuna had not acted on the February 28, 1983, letter from GAP. The article prompted discussion between the OI staff and Hayes about possibly referring the letter to OIA. Also, at that time there were discussions within OI about developing procedures for referral of matters involving possible wrong doing on the part of OI to OIA. Based on these discussions, Hayes referred the matter to OIA.

OIA File 83-83, Gunderson/Royce - Clients of GAP Alleged Inspection/ Investigation Irregularities, when reviewed (Attachment 28) disclosed a copy of the February 28, 1983, GAP letter to Fortuna. A handwritten note by James J. Cummings, formerly Director, OIA, on the letter stated "Hollis: Ann dug this out of OI this week after receiving a press inquiry. Find out what, if anything, OI did in regard to this letter. Speak to Ben Hayes then get back to me with carbon copies of any reports in this matter, i.e., OI or Region V reports. J. 6/3."

LIST OF ATTACHMENTS

1. Ltr fm Udall to Palladino dtd 7/17/83
2. Ltr fm Morrison to Udall dtd 7/3/83
3. Ltr fm GAP to Commission dtd 7/14/83, w/encls
4. Ltr fm Palladino to Udall dtd 12/12/83
5. OIA Review of OI Rpt of Investigation dtd 11/17/83
6. Rpt of Interview - John B. Martin dtd 11/23/83
7. Rpt of Interview - Owen C. Shackleton, Jr., dtd 11/23/83
8. Rpt of Interview - Roger A. Fortuna, dtd 6/11/84
9. Rpt of Interview - William J. Ward, dtd 6/26/84
10. NRC File Review re PVNGS dtd 11/17/83
11. Rpt of Interview - Allen O. Johnson, dtd 11/21/83
12. Rpt of Interview - Thomas W. Bishop, dtd 6/5/84
13. Rpt of Interview - Lucian E. Vorderbruggen, dtd 6/6/84
14. Rpt of Interview - Tolbert Young, Jr., dtd 6/6/84
15. Rpt of Interview - ██████████, dtd 6/5/84
16. Rpt of Interview - Roger A. Fortuna, dtd 12/23/83
17. Rpt of Interview - Roger A. Fortuna, dtd 6/28/84
18. Rpt of Interview - Ben B. Hayes, dtd 6/22/84
19. Rpt of Interview - ██████████, dtd 6/26/84, w/encls
20. Rpt of Interview - Donnie H. Grimsley, dtd 6/28/84
21. Rpt of Interview - ██████████, dtd 6/28/84
22. Rpt of Interview - Owen C. Shackleton, Jr., dtd 6/6/84
23. Rpt of Interview - Arthur Gehr, dtd 6/14/84, w/encl



24. Rpt of Interview - James M. Mackin, dtd 6/5/84
25. Rpt of Interview - James G. Hanchett, dtd 11/23/83
26. Rpt of Interview - ~~XXXXXXXXXX~~, dtd 4/13/84
27. Rpt of Interview - Lee Dewey, dtd 4/3/84
28. Review of OIA File 83-83 dtd 6/22/84 w/encl



MORRIS K. UDALL, ARZ., CHAIRMAN

STANLEY SCOVILLE
STAFF DIRECTOR
AND COUNSELROY JONES
ASSOCIATE STAFF DIRECTORLEE MC ELVAIN
GENERAL COUNSELTIMOTHY W. GUDDEN
REPUBLICAN COUNSELCOMMITTEE ON INTERIOR
AND INSULAR AFFAIRSU.S. HOUSE OF REPRESENTATIVES
WASHINGTON, D.C. 20515

July 17, 1983

The Honorable Nunzio Palladino
Chairman
United States Nuclear Regulatory Commission
Washington, D. C. 20555

Dear Mr. Chairman:

Ms. Jill Morrison of the Palo Verde Intervention Fund has recently sent to me the attached letter expressing concerns with regard to the manner in which NRC Region V and the NRC Office of Investigations have handled allegations of violations of the Commission's regulations at the Palo Verde Nuclear Generating Station (PVNGS). In addition, Ms. Morrison states that the NRC has not complied with its obligations under the Freedom of Information Act. Similar issues are addressed in a July 14, 1983 letter to the Commission from Ms. Lynne Bernabei, counsel for an electrician and a startup engineer who were formerly employed at PVNGS.

Too often public confidence in the NRC has been eroded by delayed or seemingly incomplete NRC investigations. I am concerned that the inquiry into these allegations fits that pattern.

I would appreciate a prompt response to the issues raised by Ms. Morrison in her July 3, 1983 letter to me and by Ms. Bernabei in her July 14 letter to the Commission.

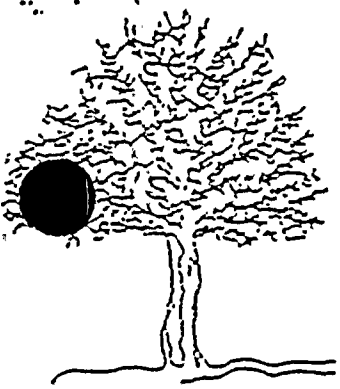
Thank you for your assistance.

Sincerely,

*M. Udall*MORRIS K. UDALL
Chairman

7/21..To OI to Prepare Response for Signature of Chairman and Comm Review
Date due Comm: July 29...Cpys to: RF, OCA to Ack, docket, EDO...83-2064





Palo Verde Intervention Fund

6413 South 26th Street, Phoenix, Arizona 85040

July 3, 1983

Chairman Morris K. Udall ..
Committee on Interior and Insular Affairs
House of Representatives
Washington, D.C.

Dear Chairman Udall,

Our purpose in writing is to inform you about the serious mishandling of the NRC inspection/investigation into allegations raised by workers at the Palo Verde Nuclear Generating Station (PVNGS). In support, we make the following points about the investigation (1) the NRC Region V inspection fails to meet even the minimum standards of inspection and investigation procedures; (2) Region V has failed to protect the identity of whistleblowers and in some instances is telling workers the NRC cannot do anything to protect their identity; (3) the NRC has disregarded the laws and policies of the Freedom of Information Act; (4) Region V has violated Commission policies regarding proper communication about inspection findings to utility personnel; and (5) Region V and the NRC Office of Investigations (OI) has failed to respond to our attorney's inquiries concerning the progress and conduct of the investigation.

In view of this misconduct we are requesting your assistance in establishing a public hearing to determine why Region V and the newly created Office of Investigations (OI) cannot do their jobs and a further investigation of what is documented in their inspection reports. If you feel a hearing is not appropriate at this time, we would ask that you write a letter to the Commissioners requesting an adequate review of Region V and OI by the Commissioners themselves or another agency.

The Palo Verde Intervention Fund was designed to serve as the mechanism for bringing to the attention of the NRC problems which have arisen or may arise in the construction of PVNGS.

In March of 1982 we were contacted by an electrician from PVNGS, he alleged that certain key electrical systems needed for the safe shutdown of the plant were improperly installed, improper equipment was used and that internal inspection and quality assurance reports were falsified. We submitted his allegations in the form of an affidavit to the Atomic Safety and Licensing Board (ASLB) and the NRC staff in May. At the time

we submitted the affidavit we were assured by the NRC staff and the ASLB that the worker's identity would be kept confidential and that a thorough investigation would be conducted by Region V. To date, a full investigative report has not been completed nor issued, despite repeated claims by Region V that completion of the report would be in August of 1982, then September of 1982, November 1982 and finally the last date given was the Spring of 1983. We would add that no explanation has been given as to why the long delay in issuing this report.

Region V investigators interviewed the electrician and another Bechtel QA manager who made similar charges in June of 1982. However, they did not go to the site to examine their allegations until two months after these interviews. In September of 1982, before the issuance of any NRC reports, the Arizona Public Service Company (APS) announced in its newsletter that it had received a "clean bill of health" from the NRC on these allegations.

Mr. Gunderson was flown back to the site in October of 1982 for an exit interview, at this time, the investigators told him that all the problems he had described had been fixed prior to the NRC inspection or the specifications for the job had been changed so the deficiencies were no longer violation of the specifications. Mr. Gunderson then detailed other problems he knew of at the plant that he had not included in his initial affidavit. None of these problems or deficiencies that he pointed out had been detected, or repaired.

The electrician, Mr. Robert Gunderson, revealed his identity publicly in February. He criticized the conduct of the NRC investigation and subsequently believes he was blackballed from the nuclear industry. In support of this claim he stated he was unable to find a job within the nuclear industry for six months following the release of his affidavit, in November he found employment at a fossil fuel plant in Colorado.

In February, the Government Accountability Project (GAP) inquired about the status of the investigation and how the utility knew of the outcome of the investigation. The OI investigator, Mr. Owen Shackelton, refused to discuss the matter and hung up the telephone. On behalf of Mr. Robert Gunderson and a new worker Mr. Wally Royce, GAP wrote a letter to Mr. Shackelton's superior about the manner in which investigations were being conducted, they received no response to this letter for three months. Last month at GAP's inquiry about the letter they were told it had been misplaced for three months and that OI was turning the matter over to the Office of Inspectors and Auditors (OIA). In addition, GAP submitted a Freedom of Information Act in March to receive all documents concerning the investigation of Mr. Gunderson's and the Bechtel QA manager's allegations, we have yet to receive any documents through this FOIA request.

The OI report has yet to be issued, although a special inspection report was found in the Public Document Room dated April 22, 1983. This report substantiates Mr. Gunderson's allegation of falsified records and indicates there are hardware and documentation problems at the plant that demonstrate quality assurance problems. The following items were

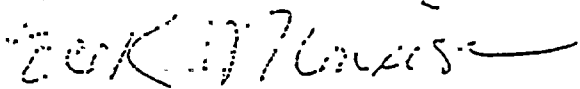
determined to be substantiated or require follow-up work (1) workers being asked by supervisors to falsify QA records; (2) documents not found on training of QC inspectors; (3) improper splicing of class IE safety related cables; (4) use of other than specified insulation on high voltage terminations; (5) use of one-bolt lugs instead of specified two-bolt lugs on safety motors; (6) the building of a mason wall around the battery room instead of a concrete wall as committed to in the Final Safety Analysis Report (FSAR); and (7) improper installation of Q class cables in cabinets in the auxiliary building.

An initial review of the NRC inspection report reveals that it is little more than a paperwork investigation. They conclude that many of the facts are true but determine they have "no technical merit" or are of "no safety significance". Yet in making this determination they are accepting the technical justification of the AFS or Bechtel even though the construction work is not in compliance with their own specifications or those of the FSAR. We will be submitting our comments and a full review of the report within the next week.

Overall, this investigation mirrors many of the other inadequate investigations that have been conducted by the NRC. We are requesting you assistance in detecting and correcting the misconduct with the various agencies involved in this investigation.

Thank you for your concern.

Very truly yours,



Jill R. Morrison



DCS 112-153

GOVERNMENT ACCOUNTABILITY PROJECT

Institute for Policy Studies

1001 Que Street, N.W., Washington, D.C. 20009

(202) 234-9382

July 14, 1983

Honorable Chairman Nunzio Palladino
Honorable Victor Gilinsky
Honorable John Ahearne
Honorable James Asselstine
Honorable Thomas Roberts
United States Nuclear Regulatory Commission
Washington, D.C. 20555

Dear Commissioners:

On behalf of Mr. Robert Gunderson and Mr. Wallace Royce, whom we represent as counsel, we request that the Commission review the NRC staff's serious mishandling of its investigation into these two workers' allegations about deficiencies in electrical work and the startup testing program at the Palo Verde Nuclear Generating Station, Units 1, 2, and 3.

We specifically request the following:

- 1) A new investigation of Mr. Gunderson and Mr. Royce's allegations a group of inspectors and investigators independent of the former Region V and Office of Investigations personnel who conducted the original investigations/inspections;
- 2) An investigation into the original investigation of Mr. Gunderson and Mr. Royce's allegations, which failed to meet minimal investigative standards or the NRC's own regulations, to be conducted by another government agency Inspector General's Office;
- 3) A request from the Commission for an investigation by the Government Accounting Office ("GAO") into Region V and the Office of Investigations general investigative practices and procedures to determine whether they meet minimal investigative standards and the NRC's own guidelines and regulations on investigations.

I. BACKGROUND

The Government Accountability Project ("GAP") is a project of the Institute for Policy Studies, Washington, D. C. GAP's purpose is to broaden the public's understanding of the vital role of the public employee, corporate employee and private citizen in preventing waste, corruption, and health and safety threats. GAP offers legal counsel and other support to whistleblowers, manages a legal clinic for law students, and promotes meaningful reform of the government workplace through disclosure of government actions which are repressive, wasteful, illegal or a threat to the American public's health and safety.



GAP regularly monitors government activities, offers expertise to Executive Branch offices and agencies and state and local governmental bodies, and responds to requests by Congress and state legislatures for analysis of legislation to make government more accountable to the public.

With regard to the NRC, GAP conducts an ongoing monitoring of the agency's efforts to protect the public health and safety. GAP believes a thorough and comprehensive examination of nuclear workers' allegations of safety and quality assurance problems at nuclear plants can contribute significantly to the NRC's effectiveness in its mission.

In the winter of 1982 GAP was requested by the Palo Verde Intervention Fund, a grassroots group based in Phoenix, Arizona, concerned about numerous complaints about safety problems at the three plants, to conduct an investigation into several workers' allegations. Previously these allegations had been forwarded to the NRC staff which, in the case of Mr. Gunderson, had still failed to complete any report nine months after the allegations were made. In Mr. Royce's case, the NRC staff corroborated his allegations but discounted their safety significance. In both instances, by February, 1983, the Palo Verde Intervention Fund had uncovered sufficient information to indicate that the NRC staff, both Region V and the Office of Investigations, had conducted grossly inadequate investigations of the two workers' allegations. Moreover, it appeared that the purpose and intent of the NRC investigations and inspections was to discredit Mr. Gunderson and Mr. Royce rather than to conduct a serious, good-faith investigation of their complaints.

GAP, in February 1983, wrote to the Office of Investigations ("OI") to outline its concerns about how the investigations were being handled by OI and Region V. See February 28, 1983 letter, without attachments, attached and incorporated herein as Exhibit 1. We have yet to receive an answer to that letter. In fact from news accounts, we have learned that Roger Fortuna, OI's Deputy Director, to whom this letter was personally delivered, failed to review it or forward it to the appropriate office for review for three months. See Arizona Star and New Times articles, attached and incorporated herein as Exhibits 2 and 3. Mr. Fortuna has offered no explanation for overlooking GAP's letter for this period of time.

Mr. Gunderson is a journeyman electrician with 19 years of experience, three years experience at nuclear plants. He was formerly an electrician employed by Bechtel Corporation, the architect/engineer and constructor of Palo Verde. He left his job after two years when he became convinced that poor construction of the three plants was seriously compromising their safety. Prior to leaving, he brought the construction and quality assurance problems he discovered to his supervisors' attention



and to the attention of the Arizona Public Service Company ("APS") which owns the plants. He also attempted without success to contact the NRC, whose presence at Palo Verde is not obvious. Finally he brought his allegations to the intervenor after reading about the ongoing licensing hearings.

Ms. Hourihan, the intervenor, informed the Licensing Board of Mr. Gunderson's allegations and his concern that his identity be protected. Since he had recently received a threat to his life, he wished his identity to remain confidential. The Licensing Board impressed on the NRC staff the need to protect Mr. Gunderson's identity which the NRC staff promised to do, in accordance with NRC regulations.

Unfortunately, GAP has been forced to conclude that the NRC staff failed to keep this promise and the confidentiality of Mr. Gunderson and his allegations was breached. For a period of about six months after describing his allegations to the NRC staff, Mr. Gunderson was unable to find work; finally he found employment at a fossil fuel plant in Craig, Colorado. In licensing hearings before the Atomic Safety and Licensing Board in June, 1982, an APS attorney informed the Board that he understood the investigation into allegations about deficient electrical work at the plant was proceeding well. The intervenor, who brought these allegations to the Board and NRC staff's attention, had been told by the lead investigator, Owen Shackleton of OI, that she could not be informed of the status of the investigation because it was against NRC practice. The NRC staff promised that the report on Mr. Gunderson's allegations would be issued in August, 1982. The report has yet to be issued. In a September-October 1982 newsletter, APS claimed that the NRC investigation had already "resulted in a clean bill of health." See The New Generation, at 3, attached and incorporated herein as Exhibit 4. When I telephoned Mr. Shackleton to ask how APS could make such a statement in its newsletter, Mr. Shackleton said he would not speak to me and hung up the telephone. In October, 1982, the NRC brought Mr. Gunderson back to the Palo Verde site for an exit interview. At that site visit, an NRC inspector told him that all his allegations were being handled adequately by APS and Bechtel because the problems had been detected or corrected prior to the NRC inspection or because the specifications for the work had been changed so that construction was no longer in nonconformance with the specifications.

Mr. Gunderson, concerned that the NRC might warn APS and Bechtel of his allegations prior to its inspection, did not detail all his concerns in his original affidavits. He did, however, raise three or four additional problems on the spot to the NRC inspector conducting the exit interview. In touring the plant, Mr. Gunderson found that these newly raised deficiencies which had not been listed in his confidential affidavit had not been corrected or had not yet been discovered by Bechtel construction or quality control.

We spoke in February 1983 to Wallace Royce, formerly an electrical start-up engineer performing tests on electrical systems and subsystems at Palo Verde. Mr. Royce was terminated by Bechtel in November 1982, after he complained to his supervisor that a quota system requiring each start-up employee to complete a test per night was compromising the quality of workmanship at the plant. Mr. Royce contacted Mr. Shackleton, prior to his termination to tell him of his fear of retribution for his attempt to raise safety problems. Mr. Shackleton told Mr. Royce that the NRC could do nothing to protect workers such as himself. John Roedel, APS Corporate QA Manager, told Mr. Royce that he would not lose his job for raising safety concerns to his supervisor. Unfortunately, Mr. Shackleton was correct and APS was not, since Mr. Royce was fired the next day.

Subsequent to his termination, Mr. Royce gave the NRC a formal statement of the problems with startup testing he believed compromised the safety of the plants. These included the following:

- 1) The so-called "bean count" or quota system which required each employee to complete testing on one system per shift rushed start-up tests and in some cases encouraged workers to write up test results for tests they had not conducted.
- 2) Bechtel was duplicating a great deal of work in the start-up program; and
- 3) start-up engineers were not properly trained.

The NRC inspection corroborated all of Mr. Royce's charges but found they had no safety significance. Needless to say, the NRC did not bother to investigate whether or not Mr. Royce had been terminated in violation of the legal guarantees provided nuclear workers who bring forward safety problems.

The NRC staff might have been well-advised to take Mr. Royce's concerns more seriously. In a June 9, 1983 inspection report, the NRC documents problems with startup testing, and an as-yet unexplained rupture in a four-inch PCV water line serving a standby cooler for the Unit 1 control room. See Report Nos. 50-528/83-19 and 50-529/83-11 attached and incorporated herein as Exhibit 5.

The NRC, FEMA, APS and workers present during the latter accident all seem to have differing interpretations of what happened when the water line broke and discharged enough water to soak the power supply equipment to the plant's computer, disabling the computer for several days. See New Times article, Exhibit 3. If the startup tests were



conducted properly it is possible these problems would have been prevented.

II. FREEDOM OF INFORMATION ACT SUIT TO OBTAIN MATERIALS RELATED TO THE NRC INVESTIGATION.

On July 12, 1983, GAP filed suit under the Freedom of Information Act ("FOIA" or "Act") to obtain all documents relating to the investigation of Mr. Gunderson's allegations. Three months earlier we made a request for these same materials. On April 28, 1983, GAP was informed that two inspection reports had been issued responsive to our request. At no prior time had either Region V, OI, or Mr. Fortuna informed us that the NRC had issued reports documenting partially its investigation of Mr. Gunderson's allegations.

GAP has, however, been effectively denied the bulk of documents related to the investigation and report on Mr. Gunderson's allegations by the NRC's failure to identify or disclose the materials used in compiling the reports(s). In late June, 1983, we were told that an identification of any of the materials might compromise the investigation. The investigation thus far seems to have been kept confidential only from GAP, the individuals making the allegations, and the Palo Verde Intervention Fund. Therefore, it is hard to understand how responding to an FOIA request could compromise the integrity of the investigation and/or report.

In addition, given the NRC and in particular Mr. Shackleton's questionable response to FOIA requests for information on the Earl Kent investigation, GAP is understandably nervous that some of the requested information may disappear prior to its identification and release.

From the public record currently available I believe the NRC's investigations into Mr. Gunderson and Mr. Royce's allegations are flawed in many of the ways outlined in GAP's June 20, 1983 letter to the Commission on the Kent investigation. However, I withhold any generic criticisms pending my hoped-for receipt of the background documents to the Gunderson inspection/investigation.

III. NRC REPORTS ON MR. GUNDERSON'S ALLEGATIONS FAIL TO ADDRESS SAFETY CONCERNS

Region V and presumably OI have documented a portion of their inspection and investigative findings on Mr. Gunderson's allegations in five inspection reports. Report Nos. 50-528/83-05; 50-529/83-03; 50-530/83-02 (March 31, 1983); 50-528/83-10; 50-529/83-07; 50-530/83-05 (April 22, 1983); 50-529/83-09; 50-529/83-06; 50-530/83-04 (April 25, 1983); 50-528/83-17 (March 24, 1983); 50-528/83-19; 50-529/83-11 (June 9, 1983).

In the April 22, 1983 Report the NRC staff substantiated Mr. Gunderson's allegations that his supervisors and those for other electricians deliberately instructed them to falsify termination cards, that is, sign cards stating that they had made terminations on cables when they had not done so, and did not know who had made the terminations

For many of Mr. Gunderson's other allegations, the facts were substantiated in whole or in part but the NRC staff did not perceive the safety significance of the nonconformances. For others, the staff found the problems described in Mr. Gunderson's affidavits but believed that other measures taken by APS, Bechtel or the QA program would ensure that the nonconforming conditions did not result in safety problems. However, the fact that APS and Bechtel did not detect many of these problems until after Mr. Gunderson gave the NRC affidavits outlining his concerns, leads GAP to believe the QA program at Palo Verde is not catching all these problems on its own.

For example, a number of concerns described in Mr. Gunderson's affidavits were documented by APS as potentially reportable under 10 CFR § 50.55(e) only after Mr. Gunderson spoke to the NRC. See, e.g., the following items, also documented on APS Deficiency Evaluation Reports (DER's); Report Nos. 82-41 - Improperly Crimped Electrical Terminations Lugs, Unit 3 4160-Volt Switchgear; 82-43 - Improperly Crimped Electrical Termination Lugs, Unit 2 Main Control Panels; 82-44 - Improperly Crimped Electrical Termination Lugs - Termination Lugs - Unit 3 480-Volt Load-centers.

The NRC staff for many allegations did no more than a paperwork review. In some cases it supplemented the paperwork review with questioning solely of those individuals alleged to have acted improperly or to have directed other workers to act improperly. In other instances the staff misinterpreted or distorted Mr. Gunderson's allegations.

The following examples are illustrative of the flaws found throughout the Reports issued up to this point.¹

A. Improper Splicing of Quality Class, Safety Related Cables.

Mr. Gunderson states that a foreman directed that splices be made on Class IE cables in violation of Bechtel specifications. The NRC staff found no such spliced or damaged cable at the particular locations stated

¹GAP with experts' assistance will make a more detailed review of the Reports if the Commission decides not to order a new investigation in the allegations and an independent review of the Region V and OI's original investigation.



by Mr. Gunderson. However, the foreman mentioned by Mr. Gunderson noted an incident in which Class 1E cable located in the Unit 1 Control Building at the same elevation mentioned by Mr. Gunderson had been repaired with "shrink tubing" in violation of Bechtel Specification 13-EM-30. The first nonconformance report ("NCR") written on the damaged cable was improperly dispositioned to allow this repair. QC accepted this disposition on September 9, 1981. According to records examined by the NRC a second NCR was written on the very same day and eventually dispositioned by requiring replacement of the damaged cable with a new cable. The NRC staff acknowledged that the disposition of the first NCR was incorrect. Its report does not adequately explain how a second NCR was written on the very same day the first NCR was improperly dispositioned and accepted by QC. Its March 31, 1983 report states that a review of the log for electrical nonconformances for the period September, 1981 through April, 1983 showed "no recorded instances of cable splices or jacket repairs in any Unit 1 safety-related cables." It appears, therefore, that the second NCR, dated September 9, 1981, may not have been logged.

Moreover, the NRC staff did no more than a paperwork review of this control room cable according to the report. It does not appear that the NRC did a physical inspection.

The report states further that Mr. Gunderson's allegation was not substantiated even though the very problem he described was found. Moreover, the documentation which demonstrates that Bechtel discovered and remedied the problem is unusual at best.

The NRC staff itself does not appear totally confident that this problem is as insignificant as might appear from its March 31 and April 22 reports. In a May 24, 1983 report the staff notes that APS has agreed to assemble a history of all NCR's concerning splicing of cables during cable-pulling for Unit 1. Therefore, the NRC has left Mr. Gunderson's allegation as an open item pending review and evaluation of all cable-splicing NCR's for Unit 1.

B. Improper Insulation on High Voltage Terminations.

Mr. Gunderson stated that 2200 Scotchfill was used in the high-pressure safety injection ("HPSI") pumps, the low pressure safety-injection pumps ("LPSI") and the emergency pumps to the cooling tower and the spray pumps, instead of 130-C as required by Bechtel specifications.

Mr. Gunderson's concern was that Scotchfill 2200 was rated at only 600 volts and used on motors rated from 4160 to 13,800 volts.

The NRC staff found that all connections for the HPSI, LPSI and essential cooling water pump motors were reinsulated at some time during the period from November, 1981 through 1982. At that time



Scotchfill 2200 was replaced with 130-C or its equivalent. Unfortunately, the report does not indicate whether this re-insulation was conducted prior to or after Mr. Gunderson forwarded his allegations to the NRC.

Moreover, the NRC report assumes that Mr. Gunderson's allegations are of concern only for outdoor motors expected to be exposed to high temperatures. Mr. Gunderson did not indicate that this was his concern. Instead, he states clearly that his concern is the low voltage rating of the Scotchfill 2200 and the failure of the insulation to meet Bechtel specifications.²

It is clear that insulation for at least some of the terminal connectors for the power cables to the pumps listed by Mr. Gunderson was not replaced in accordance with Bechtel specifications at the time Mr. Gunderson made his allegations in May, 1982.

C. Use of One-Bolt Lug in Place of Specified Two-Bolt Lugs.

Mr. Gunderson stated that Bechtel directed the installation of a one-bolt lug with a lower amp rating in the place of specified and required two-bolt lugs. He also alleged that Bechtel attempted to make the connector to the motors look as though two-bolt lugs were used when clearly one-bolt lugs were used.

The NRC staff substantiated Mr. Gunderson's allegations but found they had no safety significance because the connectors were of adequate current carrying capacity. The staff also found that the two-hole feeder cable connector bolts used, which made it appear a two-bolt lug had been installed, were used merely as spacers.

The staff further suggests, somewhat cryptically, that the manufacturer's rating of the connectors as 45 to 65 amps was different than the ampacity required by the design documents for the motors.

The staff does not explain the difference between the manufacturer's rating and Bechtel's design rating. In addition, bolts are not used merely as "spacers" as this report states. Finally, the NRC made no attempt to investigate an allegation by Mr. Gunderson that a nonconformance report was prepared about deliberate attempts to make the connectors look as though two-bolt lugs were used instead of one-bolt lugs and that construction had ordered destruction of this NCR.

The staff fails to document adequately those broad conclusions it does reach:

(1) The feeder cables running to the safety-related pumps are larger than required;

(2) The rating of the cable and connectors is more than adequate for the motors they serve; and

²Bechtel Specification Change Notice 2826 was issued on September 10, 1981, to change the cable termination procedure to replace 130-C or its equivalent as installation filler where Scotchfill 2200 is used.

(3) "Review of the design and records of the feeder cable and motor connectors for the above identified pumps demonstrated the connectors to be of adequate current carrying capacity." April 22, 1983 Report, at 7.

D. Improper Training and Qualification of QC Inspectors Inspecting Electrical Work.

Mr. Gunderson stated that it was his experience that QC inspectors examining electrical work were not qualified to perform their job. He gave as an example an incident in which two named QC inspectors asked him to splice a quality cable in a manhole in front of the Unit 1 spray pond. Mr. Gunderson believes Bechtel specifications do not allow splicing of quality cables.

The NRC staff in its first report states that a paperwork review of APS' training program shows the program meets ANSI standards. The staff goes on to state that QC could not instruct Mr. Gunderson to splice a cable since all cable splices must be requested by field engineering by means of a field change request. The NRC staff apparently did not interview the two QC inspectors named by Mr. Gunderson in his affidavit. Nor did the staff explain how field engineering could have made such a request of Mr. Gunderson if Bechtel specifications explicitly prohibit splices of quality cables.

The May 24, 1983 report states that the NRC conducted its own examination of ten electrical QC inspectors and determined they were qualified. However, given the past performance of the NRC in forewarning APS and Bechtel of its concerns, GAP believes the particular questions asked of the inspectors and the manner in which the questions were presented to the inspectors must be better documented to ensure the adequacy of the NRC's testing procedures.

E. The daughter of E.E. Van Brunt, APS's Vice President in charge of Palo Verde, is employed in the Bechtel QA Program.

Mr. Gunderson alleged that the daughter of Mr. Van Brunt, the APS Vice President, Nuclear Projects Manager, worked in the Bechtel QA Program, in violation of Appendix B to 10 CFR Part 50.

The NRC staff found that Ms. Van Brunt did work in the Bechtel QA program, although in a different position than suggested by Mr. Gunderson. Nonetheless, Mr. Gunderson's point -- that the Bechtel QA program should be totally independent from construction as required by Appendix B -- is not examined. Clearly Ms. Van Brunt's familial ties could compromise the independence of the QA program, regardless of her position or the fact that she has supervisors.



F. Deliberate Falsification of Records.

Mr. Gunderson stated that he and other electricians were directed by their supervisors to falsify records and to prepare termination cards for terminations on safety-related and non-safety-related systems when they did not do the work. Mr. Gunderson further stated that he and other workers sometimes documented that they were pressured to falsify records by writing on the bottom of the termination cards "U.P." to indicate they signed the cards "under protest." He also stated that he saw quality control inspectors sign termination cards for work they had not physically inspected even though physical inspection is required.

The NRC did find one card signed by Mr. Gunderson which indicated that he had signed the card under protest. On another 12 cards the NRC inspectors found that electricians' names were printed instead of being signed, as required. Upon questioning, Bechtel supervisors admitted that they had lost termination cards and had made up new ones merely by writing in the electricians' names and crimp tool numbers. Of 13 electricians interviewed, eight stated that they had been requested to and did sign termination cards for terminations they did not do. Some of the cards were to document Class IE terminations. In addition, the electricians signing cards for these terminations merely recorded the crimp tool number for the crimp tool they had in their possession at the time. Without stating its method of estimation, the NRC calculated that 50 to 100 cards of Class IE terminations were falsified.

The staff apparently did no investigation to determine the root cause for the falsified records or the supervisor or management personnel responsible for directing the falsification. Moreover, the NRC appears to find the deliberate falsification of termination cards for non-Class IE terminations acceptable.

The staff indicates little interest in the identification of the Bechtel or APS personnel who directed the falsification of the cards. Since the entire NRC regulatory system is based on the requirement that licensees and their contractors provide the NRC with full and complete information, it is astounding that Region V and OI should care so little about the falsification. The question must also be asked whether such falsification is widespread and is occurring in other areas of construction and the quality assurance program.

According to the April 22, 1983 Report, the NRC is anticipating taking enforcement action against APS for the falsification of records. Certainly any such enforcement action should be decided upon prior to allowing the Initial Decision of the Atomic Safety and Licensing Board for Unit 1 to become effective. Moreover, any such enforcement action, GAP believes, must be based on an adequate and thorough investigation of all the circumstances surrounding the falsification. This type of investigation has clearly not been done. GAP doubts an adequate



investigation can be done by the Region V and OI investigators assigned to this case.

Apparently the Office of General Counsel, in April 1983, did consider this issue. At this point the public and the individuals bringing the allegations to the NRC's attention should be informed of what decision the Commission has made. Certainly it can do little to enhance the agency's credibility if the Commission allows serious allegations such as Mr. Gunderson's to remain unanswered for over a year and then allows the Initial Decision of the Licensing Board to become effective prior to enforcement action based on the allegations. Whatever the decision of the Commission in this regard, it must be made public to assure the public and the workers risking their livelihood to bring their concerns to the NRC that the safety problems at Unit 1 have been resolved.

IV. NRC REPORTS FAIL TO ADDRESS THE SAFETY CONCERNS RAISED BY WALLACE ROYCE.

In November, 1982, after his termination, Mr. Wallace Royce, a startup engineer, brought to the NRC's attention problems in the startup program. In an inspection report issued in late December 1982, the NRC substantiated all his allegations. Yet the report failed to examine, to even the slightest degree, the possible safety consequences of the "bean count" system, duplication of work by Bechtel, and writing up of test results by startup personnel who did not actually conduct the tests.

Mr. Royce stated clearly that he believed the duplication of work by Bechtel demonstrated that APS management was not adequately controlling its contractor and that he believed both Bechtel and APS management were not handling the startup testing properly. The NRC report simply states that APS feels the situation is now under control since Bechtel's duplication of testing has been reduced from eight to one percent. The NRC did little investigation as to whether or not repeated testing and duplication weakened particular systems or subsystems.

The NRC also did little more than a paperwork review of the testing and qualifications of startup personnel. The review it did conduct demonstrated that documentation for the training of at least four startup electrical test directors was lost. The only individual whose training was examined in great depth was Mr. Royce. It appears that the purpose of examining Mr. Royce's training, which did not differ from that of any other startup personnel, was to discredit Mr. Royce.

To determine whether or not "pencil-whipping" occurred -- workers writing in test results for tests they did not conduct -- the NRC did nothing more than ask for a confession from various start-up



personnel that they had in fact done this. In the case of the one individual Mr. Royce identified, the NRC found that the named individual was subsequently terminated. The system's designer Teledyne was brought in to redo these tests on the system which the NRC staff described as "very complex." The NRC did not examine why the individual was pressured to conduct a test for which he was not qualified.

As is the case with Mr. Gunderson's allegations, Mr. Royce's allegations point to larger safety concerns beyond the particular allegations. The NRC staff failed to understand or deliberately ignored the larger potential safety problems caused by rushing startup testing; deliberate duplication of work; and inadequate training of startup personnel.

V. CONCLUSION.

In conclusion, GAP believes that no less than a new and independent investigation into Mr. Gunderson and Mr. Royce's allegations is required to restore public confidence in the NRC's investigative program at Palo Verde. Moreover, the Commission should order immediately an inquiry, either by GAO or another agency's Inspector General, into repeated, inadequate investigations by Region V and the Office of Investigations. Given the performance of this region in its investigations into Mr. Kent's allegations, into Mr. Gunderson's allegations, and into Mr. Royce's allegations, and given the historic problems outlined in the Narbut Report, the Commission should act quickly to restore the legitimacy of its regulatory program in Region V.

Sincerely yours,



Lynne Bernabei
Staff Counsel

Government Accountability Project
of the Institute for Policy Studies.

GOVERNMENT ACCOUNTABILITY PROJECT

Institute for Policy Studies

101 Que Street, N.W., Washington, D.C. 20009

(202) 234-9382

February 28, 1983

Mr. Roger Fortuna
Office of Investigations
U.S. Nuclear Regulatory Commission
East-West Towers Building
Bethesda, Maryland

Dear Mr. Fortuna:

I am enclosing a copy of affidavits and supporting exhibits from two former workers at the Palo Verde nuclear plants for your consideration.

The Government Accountability Project (GAP) now represents these two individuals -- Mr. Robert Gunderson and Mr. Wallace Royce. We believe that the prior and ongoing investigations into these two men's allegations by Region V, Inspections and Enforcements (IE) and by Mr. Owen Shackleton of your office have been no more than facial reviews of the evidence. Further, we do not believe that the problems evidenced by these two former workers experiences have been adequately addressed.

Therefore, GAP is undertaking a preliminary investigation of workers allegations at the Palo Verde nuclear power plant. Ms. Lynne Bernabei, GAP's Staff Counsel, will be the supervising attorney of the Palo Verde investigation.

Of particular concern to GAP are the comments made to Mr. Royce by Mr. Shackleton that "although Mr. Royce was protected by federal law from retaliation for bringing these safety concerns to the NRC's attention, the NRC could do nothing to protect him against retaliation or harassment from his employer." We also understand from the evidence on the public record, as well as from other witnesses, that the investigation of Mr. Gunderson's charges was not in accordance with the NRC's investigation procedures. The licensee, the Arizona Public Service Company and its constructor, the Bechtel Corporation were informed of the allegations prior to the NRC site visit. This prior announcement of an upcoming investigation enabled the problems to be corrected before the NRC inspection/investigation effort. Although GAP generally agrees with correction of identified construction problems as early as possible it is unconscionable that workers who take great risks to identify hardware deficiencies and other construction problems are double-crossed by government officials in an effort to vindicate their own inadequate investigations and inspections, if that is indeed what happened.

Mr. Roger Fortuna
Office of Investigations

- 2 -

February 28, 1983

The Government Accountability Project (GAP) will be requesting an investigation of Region V's and Mr. Shackleton's handling of these two workers allegations specifically, as well as their general handling of inspections and investigations at San Onofre, Palo Verde, and Diablo Canyon. At the present time we are conducting our own review of public documents, IE reports, and contacting other workers within Region V who have had similar experiences with the NRC officials in that area. We will summarize our preliminary findings and forward them to your office in the near future, however, we appreciate the opportunity to bring these concerns to your attention immediately.

Sincerely,

BILLIE PIRNER GARDE
Director, Citizens Clinic

LOUIS CLARK
Executive Director

LYNNE BERNABEI
Staff Counsel

THOMAS DEVINE
Legal Director

Enclosures

BPG/LC/LB/TD/bl

Allegations fuel criticisms of Palo Verde

By Beverly Medlyn
—The Arizona Daily Star

Second in a series

The Palo Verde Nuclear Generating Station has been hailed as a technological, scientific wonder, composed of 625,000 cubic yards of concrete, more than 75,000 tons of reinforcing steel, and millions of tiny parts.

Six thousand workers are erecting the mammoth energy mill, installing electrical circuits, switches, brackets, pipes and cables at the state-of-the-art plant, destined to become the nation's largest.

So, is everything going right?

Or did someone put one-bolt lugs instead of two-bolt lugs on the emergency pumps at the cooling tower — the pumps that flood the reactor core during an accident?

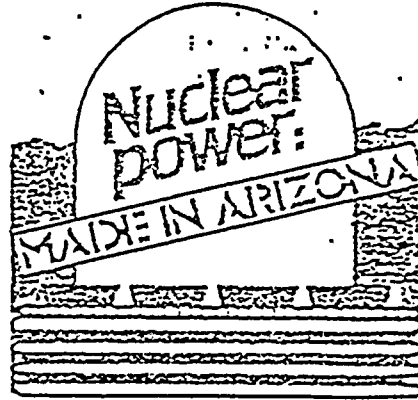
Did quality-control inspectors sometimes approve work they hadn't actually reviewed?

As the target completion date was continually postponed, was a quota system established to pressure engineers to rush through tests?

And did government regulators "double-cross" the whistle-blowers by leaking their allegations to the company building the plant just before an inspection was conducted?

These are some of the nagging safety questions about Palo Verde and the people who oversee it.

The Nuclear Regulatory Commission's Region V office began investigating the charges by former workers more than a year ago. The inquiry was expanded in February, when additional allegations came to light. The office has yet to report its findings on any of the workers' claims.



Earlier this month, a division of the NRC began investigating the integrity of the regional office's investigation, to see if the staff leaked information to the licensees.

Representatives of the Bechtel Power Corp., which is building the plant, and the Arizona Public Service Co., the project manager, say the safety of Palo Verde has not been compromised.

Jim Mackin, a Bechtel spokesman in Norwalk, Calif., has said his company investigated the allegations and made some corrections. Some problems are bound to occur during a project of this magnitude, he said. And when they do, they are promptly resolved, he said.

Grant Smith, a spokesman for APS, declined to comment on the allegations because they are under investigation.

The two former employees are Robert D. Gunderson, who worked as an electrician at Palo Verde from April 1980 to March 1982, and Wallace R. Royce, an electrical start-up engineer who was employed at Palo Verde from August to November, when he was fired.

The two men are being represented by a Washington-based group called the Government Accountability Project and by the Palo Verde

The citizen intervenor in the plant's licensing hearings.

Some of Gunderson's charges center on Bechtel workers allegedly using the wrong parts on various jobs, such as the one-bolt lugs.

"These lugs cannot tolerate a 400-amp surge, and may melt in the event of an accident," he said in a sworn statement.

Gunderson also complains of worker carelessness: "Bechtel construction workers had core-drilled a hole through a concrete wall and struck a pipe. They then forged the pipe. This could be a serious problem since the pipe they struck was a quality-control or Q-class pipe, which, according to NRC regulations, cannot be drilled into."

He also alleged that Bechtel supervisors required him and other electricians to falsify records indicating that they had finished work on electrical systems that they actually hadn't done.

And he said quality-control inspectors sometimes became less diligent when examining their friends' work: "If they knew you or your work, you could bring them a large stack of cards and they would sign them all without reviewing the work itself."

Royce has criticized his former employer for providing what he viewed as inadequate training. He also took exception to a quota system he called the "bean count," which required one "bean," or test, to be completed each day, even though some tests took as long as several days to complete properly, he said.

"I believed then, and continue to believe now, that workmanship can be compromised and that workers who feel themselves under such intense pressure will make mistakes and may not do as thorough a job as they would otherwise do," Royce said in a sworn statement.

Shortly after he complained of the bean count, Royce was fired. He says it was an act of retaliation. Bechtel says it happened because of his work performance. The firing ultimately was upheld by a U.S. Department of Labor administrative law judge.

The two men's charges are under investigation by Nuclear Regulatory Commission officials in Region V.

And in turn, Region V has become the target of an investigation by its

That inquiry was prompted by Gunderson's claim that regional officials had leaked information on the alleged safety violations to APS and Bechtel so the deficiencies could be

fixed before NRC investigators arrived to inspect them.

"When I gave my sworn statements to the NRC in June, I was concerned that Bechtel would be informed of my allegations and that the problems I described would be corrected before the NRC investigators had a chance to investigate them," Gunderson said in a later affidavit.

"With this fear in mind, I intentionally did not tell the NRC about three or four construction deficiencies until I met with the NRC inspectors on site in October 1982," he said.

His fears were confirmed. At the October visit, the NRC inspector told him the problems had been corrected or the specifications for the work had been changed, Gunderson said.

"When I raised problems that I had not included in my prior affidavits, the engineer found that these problems had neither been corrected nor discovered at a prior time," he said.

To call attention to the unresolved safety allegations, the Palo Verde Intervention Fund released the sworn statements of Gunderson and Royce at a February press conference.

The group also announced that the NRC's Office of Investigations in Washington had been asked to review the regional officials' investigative procedures. The request was made in a Feb. 23 letter from the Government Accountability Project to Roger Fortuna in the Office of Investigations.

"Although the Government Accountability Project generally agrees with correction of identified construction problems as early as possible, it is unconscionable that workers who take great risks to identify deficiencies . . . are double-crossed by government officials in an effort to vindicate their own inadequate investigations and inspections," wrote project officials.

Fortuna has yet to respond to the request for an investigation, said Lynne Bernabei, staff counsel for the project. Owen Shackleton, the Region V investigator accused of leaking the information, works for Fortuna, Bernabei said.

When contacted for comment, Fortuna referred all media inquiries to Frank Ingram, an NRC spokesman.

In a June 2 interview, Ingram said that the Feb. 23 letter had just been

forwarded to the appropriate division of the NRC that week. Fortuna's office only handles complaints about rule violations of licensees, he said.

The NRC division responsible for internal investigations is the Office of Inspector and Auditor, Ingram said. The letter was forwarded there June 1, and an investigation was initiated, he said.

When asked why the letter hadn't been acted upon for three months, Ingram said, "It was just one of those things."

Bernabei said her greatest concern is resolving the serious allegations made by the former workers.

"We want to make sure that report comes out one of these days. It's been over a year," she said.

Jim Hanchett, a spokesman for the Region V office, said the report is expected to be released within a month.

And he said he is confident that his colleagues at the regional office will be vindicated when the internal investigation is completed. "The charges are not true," he said. "We're prepared to respond to them."

Tomorrow: How much does it cost?

Talk w/ Ingram

EQUIPMENT FAILURE AT PALO VERDE - AND MORE

Very early on the morning of May 11 a chemist slipped, fell and spilled some samples of a radioactive substance on himself. He was still in an ambulance en route to Maryvale Samaritan Hospital when routine monitoring revealed a second, far more serious problem: radioactive fuel was leaking into the water that cools the reactor core. The heart of the Palo Verde nuclear plant was disintegrating.

Thus began an eight-hour scenario at Arizona's premiere nuke that escalated into the discharge of a radioactive plume, the evacuation of residents up to twelve miles away and an unrelated, uncontrolled fire among oil storage tanks. All of it was part of a test of the still-incomplete reactor's emergency disaster plan, and at its peak literally hundreds of county, state and federal employees were conducting, participating in and evaluating the test.

The proctors for this final exam were duly impressed, giving virtually unanimous rave reviews to just about every agency involved. What none of them mentioned at the time, however — and what has been noted only in passing since — was a real accident that occurred at the drill's outset. At the very least the result was a short-circuit in the Notification Alert Network, an emergency warning system that alerts county and state officials that a potential disaster is in the making.

At its worst, however, the accident raises serious questions about the training of control room operators, the credibility of Arizona Public Service and the oversight capabilities of the Nuclear Regulatory Commission.

The first clue to what occurred is in a document titled "Evaluation Findings," prepared by the Federal Emergency Management Agency.

The NRC, on the other hand, has precious little more to add. NRC team leader Ray Fish acknowledges that some flooding occurred but doesn't know where it occurred, what caused it or even if the flooding was responsible for the NAN failure. "The reason it wasn't working may not have had anything to do with the flooding," he told *New Times* — raising the unanswered question of how FEMA, working with NRC information, came to such a more definitive conclusion.

Fish's uncertainty is explained by the fact that NRC didn't have any observers in the reactor control room; either Fish's evaluators were all in the Palo Verde simulator, in which the exercise was being conducted because the appropriate instrument readings could be programmed into the simulator's computer, giving the NRC a better chance to evaluate the reactions of the operators.

Gaston Fiorelli, one of the NRC's resident inspectors at Palo Verde, added to the mystery by telling *New Times* that the flooding wasn't in the control room but in another part of the building. According to Fiorelli, the problem occurred when a pump was started and created a "water hammer" — a sudden surge in water pressure — in a temporary PVC pipe. The pipe ruptured under the stress, spilling an unknown amount of water into a corridor; some of the water, he said, drained into a room full of electrical equipment and caused minor damage.

"They isolated it pretty quickly," Fiorelli said of APS, adding that "the system has been restored." He also said that he hadn't been given a dollar estimate of the damage and that he hadn't seen the ruptured pipe. And although he was one of the observers in the simulator, Fiorelli said he wasn't aware that the

costs of repair. The man I spoke to didn't know for certain how it happened, APS spokeswoman Myrna Frowning said June 20 — more than a month after the accident.

A day later Frowning said the break occurred because the PVC pipe "had been there a long time, so it was worn, fatigue — it was old." Damage had been estimated at \$5,000, she added. And because the PVC pipe carried coolant to an air conditioner in a computer room, she acknowledged that there had been some "computer down-time" but it was in a testing mode, so the down-time didn't affect anything.

Frowning offered one additional detail: the flooding didn't occur until 8:30 a.m. or twenty minutes after FEMA deemed the NAN system had been restored. The first malfunction (of NAN) was not a result of the leak, she said — before adding she is "not sure" just what the cause is.

By week's end there still weren't any additional explanations from APS for a story that seems to have as many variations as there were participants. The only thing certain is that not a word about NAN failure, computer down-time or control room flooding was uttered to the press at any time during the drill itself — a drill designed in part to demonstrate the adequacy of communication linkage to both the public and news media, according to FEMA's "evaluation findings."

WORKER COMPLAINTS about Palo Verde first surfaced in a big way about a year ago, when two electricians told the NRC of improper materials being used, quality inspectors that were being faked and quota systems being imposed that led to sloppy work. NRC's response was to launch an investigation out of its Region V office; investigation results were promised for last summer.

To date the investigation has still not been completed and some people are beginning to wonder why. This past February the Government Accountability

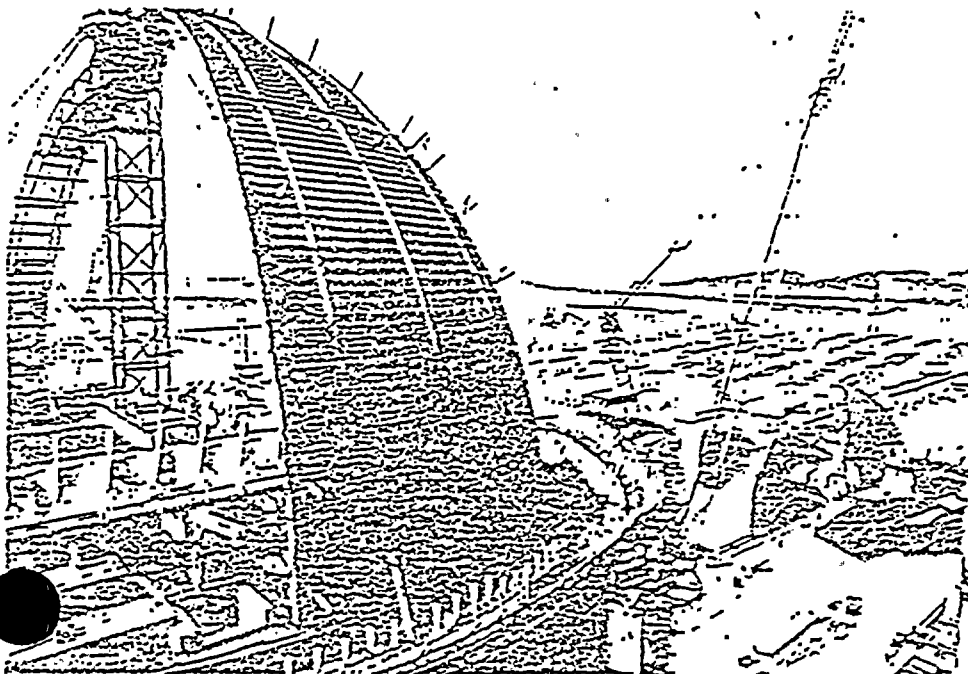


The New Generation



Palo Verde Quarterly News

Vol. 7, 1982



Twelve steel panels are installed atop the third containment building at Palo Verde. The steel lining will be covered with concrete, capping the building that will house a nuclear reactor for Unit 3, which is 45.7 percent complete as of Aug. 31. (Unit 1 is 86.5 percent complete; Unit 2, 80.9 percent).

Good news about Palo Verde

The newspapers are filled with stories about nuclear power plants being delayed, mothballed, and even cancelled. The appearance of such stories has raised some understandable concern about Palo Verde's future promise.

Tom Woods, APS' executive vice president and chief operating officer, offered some good news about Palo Verde at a recent APS employee meeting.

"We have a lot of reasons to be very proud of the project," Woods said. "Palo Verde is one of the best nuclear power projects being built in this country, and that's not just opinion but an opinion that's throughout the industry and the Nuclear Regulatory Commission itself," he added.

Woods recited off fact after fact about the state's first nuclear power project. Among them:

- A recent NRC appraisal described

highest rating possible from that agency, which gave special notice to the areas of quality assurance and safety.

- The plant has had a positive review by the advisory committee on reactor safeguards, a key group of academicians who advise the NRC on nuclear plant safety.
- Arizona Governor Bruce Babbitt, who was a member of the Kemeny Commission which examined the accident at Three Mile Island, has described Palo Verde as the "best-run nuclear facility in the country... a really first-class construction and design job."
- James Hanchett, public affairs officer for NRC Region Five, after a recent construction performance review of Palo Verde referred to Palo Verde as "better, if not the best" nuclear station

Allen, Kirby already seasoned veterans

Managing a nuclear power station requires a staff with many varied backgrounds and experiences... engineers, operators, radiation technicians, technical advisors, maintenance personnel, and others.

Two of Palo Verde's managers for Operations, John Allen and John Kirby, bring to the project almost half a century of power plant operations and nuclear engineering experience.

John Allen was an engineer for the Salt River Project when he joined the Arizona Nuclear Power Project in 1973. He moved to APS in 1978 and, most recently, served as nuclear engineering manager in Nuclear Project Management, responsible for electrical engineering, instrumentation and controls engineering, health physics, radiation protection, environment protection, licensing and nuclear records management.

Allen is currently the technical support manager for Palo Verde Operations. He is responsible for engineering, radiation protection and chemistry, shift technical advisor/independent safety engineering group, licensing and the water reclamation facility.

(Continued pg. 2)





Good news (Continued)

Bishop, chairman and chief of Project Section 1, the Reactor Construction Projects Branch of the NRC, confirms the high regard for this project in his recent report: "The licensee's (APS) performance in the areas of quality assurance, safety-related structures, corrective actions and reporting, and training displayed unusual competence."

- Although Palo Verde's estimated total cost has been revised over the plant's long construction period, participants have good reason to be pleased with the project's record of cost control. While Palo Verde has not been immune to the increased costs experienced throughout the construction industry, its current projected cost is still significantly lower than many other nuclear power plants constructed in a comparable time frame.

In 1981, after 1,346 manhours of inspection, the NRC found only five items of non-compliance in Palo Verde construction. That's 269 manhours of inspection per item of non-compliance versus a national average of only 72 hours. And after 571 manhours, no items of non-compliance were found by the NRC in Palo Verde operations.

- The Palo Verde licensing process is on schedule and, despite the intervenor's claims that the plant is not assured of adequate cooling water, contracts with the supplying cities are sound and water is already being delivered under those contracts to the site.

Woods said construction of nuclear power plants has become a sensitive and complex business. "Our critics are tenacious, but the fact remains that the overall cost to produce power at Palo Verde will be lower than any other alter-

native that could have been built in this time frame. That's not just our opinion, but the opinion of independent consultants."

"We're pleased with Palo Verde's progress. We're going to continue marching right down the road to licensing and operation with the assurance that Palo Verde is going to be a plant we can all be proud of."

Allen, Kirby (Continued)

In addition to his experience with SRP and APS, Allen was employed at the Rancho Seco Nuclear Generating Station near Sacramento, California and previously served with the U.S. Atomic Energy Commission. He holds a bachelor of science degree in mathematics from Southern Oregon College and a master of science degree in engineering (nuclear) from the University of Washington.

John Kirby joined APS nine years ago as a nuclear operations consultant, coming from the Sacramento Municipal Utility District where he served as training coordinator.

Kirby was promoted to assistant plant manager for Palo Verde in 1976 and in 1980 became West Phoenix Power Plant superintendent. He is presently the manager for start-up at Palo Verde.

Kirby has attended the University of Nebraska, Glendale Community College, Scottsdale Community College and is recently attending Arizona State University to finish a bachelor of science degree in industrial supervision.

Palo Verde in customers' best interest

The construction of Palo Verde is in the best interest of APS customers, according to an independent assessment of the company's construction program filed recently with the Arizona Corporation Commission.

The report, which reviewed APS' total construction program but centered on Palo Verde, was ordered by the commission in February of 1981, when the company's emergency rate increase was approved. The ACC contracted with Decision Focus, Inc., of Palo Alto, California, to conduct the study.

The report concludes that APS' current construction program, with its current share of the Palo Verde plant (29.1 percent) and with coal plant installation in the late 1980s or early 1990s, as needed, offers APS customers a significantly lower cost than alternative plans.

"We recommend that the company management and its regulators proceed with the completion of Palo Verde units maintaining APS' current ownership share," the study states.

The study, which includes detailed sensitivity analyses of Palo Verde costs, operation dates and capacity factor as well as load growth rate and cost of future coal units, confirms APS' own findings that the company's present construction program is on target with the future needs and demands of a growing state.

The New Generation



Palo Verde chemist David Fuller demonstrates the "abdominal thrust" he used to save the life of Bob Johnson, supervising chemist on Unit 2, recently. When Johnson began choking on a piece of ground beef during lunch at the plant site, Fuller applied the life saving technique he had learned through Palo Verde Fire Brigade training. With the very first attempt, the food lodged in Johnson's throat broke loose and he was able to breathe again.





Miss Arizona, Debra Daniels of Yuma, recently visited the Palo Verde Nuclear Generating Station enroute to Atlantic City for the Miss America Pageant. Debra placed in the top ten in the finals of the beauty pageant held Sept. 11.

Bynum named manager of Nuclear Operations

Joe Bynum has joined APS as manager of nuclear operations at Palo Verde. He will report to Electric Operations Vice President Carl Andognini.

Bynum comes to APS from the Tennessee Valley Authority (TVA) where he was assistant plant superintendent for the three-unit, 3,456-megawatt Browns Ferry nuclear plant, largest of its type in commercial operation. Bynum also served as principal plant contact with the Nuclear Regulatory Commission.

During his 10 years with the TVA, Bynum worked as assistant plant superintendent and special test coordinator for the Sequoia Nuclear Plant, as start-up and plant support section supervisor in the utility's division of nuclear power, and start-up engineer for Units 1 and 2 at Browns Ferry. He spent a year at Washington in a program of certification on pressurized water reactors, is a graduate electrical engineer and holds a master's degree in nuclear engineering.

Got a question about Palo Verde? If so, call 271-3385

Decision on licensing of PVNGS expected by November

A decision by the Nuclear Regulatory Commission (NRC) on the licensing of Palo Verde Nuclear Generating Station units is expected later this year following the recent completion of the Atomic Safety and Licensing Board (ASLB) hearings in Phoenix.

During those hearings, intervenor Patricia Lee Hourihan argued that Palo Verde will not have a sufficient effluent cooling water supply. Indian water rights and alleged faulty workmanship were additional issues raised during the hearings by Hourihan and her attorney, Lynne Bernabei.

However, as Indian water rights and other legal issues surrounding the contracted cooling water supply were raised, testimony on these issues was disallowed by the ASLB. According to Board Chairman Robert Lazo, the board did not want legal experts testifying on the law but rather expert testimony on technical areas at issue in the proceeding. Hourihan and her counsel have filed a motion seeking a review of the board decision to disallow testimony, and hope to present their testimony to an appeals board.

Allegations of improper workmanship, inferior materials and falsified construction records at Palo Verde also were aired by Hourihan during the hearings. According to the intervenor, an electrical worker claimed some electrical system work, including some involving safety systems, was improperly done and improper materials used. However, these claims were never verified because the intervenor's witness never physically appeared at the hearings. Although no specific allegations were brought out, the board ordered a quality control review of the general areas of construction mentioned by Hourihan. That review resulted in a clean bill of health.

Throughout the hearings, the primary issue continued to be adequate effluent supply and safe

effluent, there does not appear to be a safety issue.

Additionally, strong testimony was given during the hearings showing adequate effluent water supplies even under the most adverse weather conditions. Existing contracts with supplying cities are sound. And effluent is, in fact, already being delivered to the site under those contracts.

The ASLB hearings were completed in June and APS filed its proposed initial decision on July 26. The intervenor's proposed initial decision, filed with the ASLB on August 13, reiterates the contention that Palo Verde does not have an assured cooling water supply. A decision on licensing for Palo Verde Nuclear Generating Station units is expected from the NRC by November.

No increase expected in Palo Verde's construction costs

Construction costs for the Palo Verde Nuclear Generating Station are expected to remain at the current projected \$4.3 billion for completion of all three units, in spite of delays in the in-service dates for Units 1 and 2, according to Tom Woods, executive vice president and chief operating officer.

"We now anticipate that Unit 1 will load fuel in August of 1983 and Unit 2 the following August," said Woods. Both units are expected to generate electricity in the same years that fuel is loaded. Woods said scheduling for Unit 3 has not changed. It is expected to be on line in 1986.

In the meantime, start-up activities for Unit 1 continue at an accelerated pace. Pressure testing of the primary and secondary cooling systems for the Unit 1 reactor have been completed.

Woods said that start-up procedures call for a series of tests to be conducted on each system and sub-system in the plant prior to fuel loading. "These tests insure that each piece of equipment is functioning properly before we put the power plant in operation."



Palo Verde's use of effluent deemed productive, beneficial

Palo Verde's three units, as do other power plants, need enormous amounts of water to feed their cooling systems. But unlike most electric generating facilities, Palo Verde will use treated sewage effluent as its cooling agent.

The use of effluent has, in recent months, become a controversial issue in Arizona. Opponents of Palo Verde have publicly questioned the quantity and quality of effluent that would be used in the cooling towers and condensers of the plant, as well as the economic impact its use might have on communities.

Palo Verde contracts with the City of Phoenix and other nearby communities will more than meet the plant's calculated annual effluent requirement of 64,050 acre-feet for three units. The 91st Avenue and 25th Avenue water treatment plant is in fact *obligated* to supply as much as 140,000 acre-feet per year.

In June of 1981, APS entered into a contract with the City of Tolleson for the purchase of effluent to further guarantee an adequate water supply. The contract provides for a minimum of 525 acre-feet of additional effluent during each month of the year.

Effluent has never before been used as the cooling agent in a nuclear power plant. Because of this, extensive laboratory tests have been performed to determine the impact of effluent on such cooling

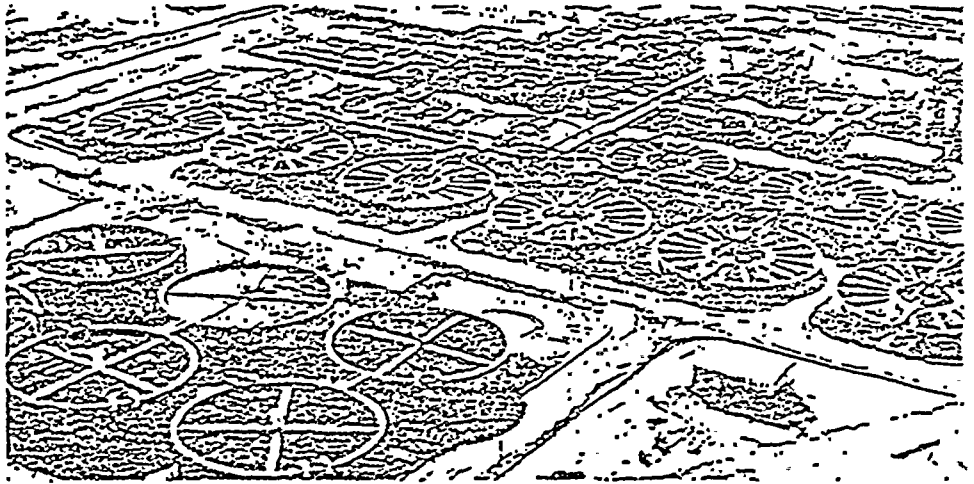
systems. These tests have proved effluent to be a practical source of cooling water. Practical experience in the usage of effluent for cooling has been gained in several coal fired power plants which have successfully used effluent in their condenser systems.

Pre-operational testing of Unit 1 systems and the water reclamation facility is currently underway. Since March, the water reclamation facility has treated over 186 million gallons of effluent. The treated effluent is being stored in an 80-acre reservoir and is undergoing extensive testing. Tests have shown the effluent coming out of the treatment facility meets or exceeds plant operational quality.

Effluent is not only practical for

Palo Verde, but also economical. The water reclamation facility is designed to get "more mileage" out of the water purchased from the cities' wastewater treatment sources. Thus, not only is productive use made of what is normally considered waste, but the water is re-used up to 15 times in the cooling system before it is discharged into a 250-acre evaporation pond.

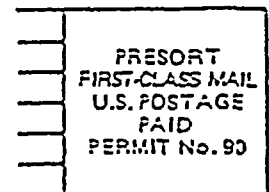
The use of effluent will also benefit those communities that will supply Palo Verde. Phoenix, Glendale, Mesa, Tempe, Scottsdale, Youngtown and Tolleson will all supply the plant with needed cooling water and will receive in return over \$2 million annually.

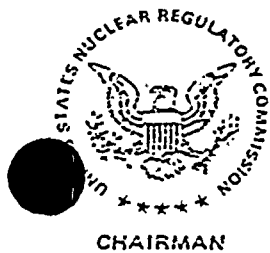


The \$210 million PVNGS water treatment facility, one of the largest water treatment plants in the U.S., is now in operation processing effluent. The plant, which represents Arizona's largest water conservation program, will employ a staff of 150 when fully operational.

The New Generation

Palo Verde Nuclear Generating Station
P.O. Box 49
Palo Verde, Arizona 85343
(602) 932-3230





UNITED STATES
NUCLEAR REGULATORY COMMISSION
WASHINGTON, D. C. 20555

December 12, 1983

The Honorable Morris K. Udall, Chairman
Subcommittee on Energy and the Environment
Committee on Interior and Insular Affairs
United States House of Representatives
Washington, DC 20515

Dear Mr. Chairman:

This is in response to your letter of July 17, 1983 in which you requested a response to issues raised in a July 3, 1983 letter to you from Ms. Morrison and in a July 14 letter to the Commission from Ms. Bernabei. These letters express concerns about the manner in which NRC's Region V and the Office of Investigations (OI) have handled allegations of violations of the Commission's regulations at Palo Verde Nuclear Generating Station.

Your concerns regarding delay are justified. Followup on these allegations has taken too long to conclude. Originally, Mr. Gunderson's and Mr. Royce's allegations were assigned to OI. By late 1982 it became clear that OI could not handle the large volume of allegations and Region V was given the lead on many of the more technical issues. OI retained issues such as intentional wrongdoing. While we do not excuse the delays, we do think they are responsible for a good deal of the confusion and lack of responsiveness perceived by Ms. Bernabei and Ms. Morrison.

Lack of proper communication may have compounded the confusion concerning NRC's handling of the allegations. On August 24, 1983, the new Region V Administrator initiated a meeting with Ms. Bernabei and Ms. Morrison. Later that day, the Regional Administrator met with several members of the local press. The purpose of the meeting was to open up communications and establish a basis for future dealings. On October 15, 1983, Region V staff met with Ms. Morrison and Messrs. Gunderson and Royce to review Region V actions and conclusions on each of their items of concern.

In any event, I have asked both the Director, OI, and the Executive Director for Operations to see that tight investigative controls are maintained and that improvements in communications are continued so that such delays do not recur.

The Region V reviews of the technical allegations have been completed for the most part. There are still some aspects which will require followup over the long term to make sure the more general concerns have in fact been corrected. The enclosures summarizing Region V activity identify Mr. Gunderson's and Mr. Royce's allegations; identify where they were dealt with in our inspection reports; and provide the status of any followup actions required. The inspection reports are also enclosed.



The Honorable Morris K. Udall

- 2 -

The OI Investigation Report on the allegations retained by that office has been completed and is enclosed for your information. Since information in the report may indicate potentially criminal acts, a copy of the report has been referred to the Department of Justice. Accordingly, we ask that the report not be made public.

Ms. Morrison's and Ms. Bernabei's concerns regarding protection of the identity of whistle blowers, compliance with Freedom of Information Act requirements and improper communication of inspection findings to the utility (Arizona Public Service) are under investigation by the Office of the Inspector and Auditor.

Sincerely,

Original signed by
Nunzio J. Palladino

Nunzio J. Palladino

Enclosures: Copy of enclosure in SECY Records

- 1. Summary of Region V Activities
- 2. OI Report of Investigation

cc: Rep. Manuel Lujan

Cleared with all Cmrs' Offices by SECY
Ref.-CR-83-161

Originating Office: OI

SECY	SECY	OCA	OCH	OCH	COMPT	Cont. M.
KBissell	TCombs	FCombs	W. J. ...	D. ...	Bill Haller	M. Skalls
12/7/83	12/7/83	12/7/83	12/1/83	12/1/83	12/1/83	12/1/83

Date of transcription November 17, 1983

OIA Review of OI Report of Investigation

NRC's Office of Investigations (OI), Region V, Report of Investigation (ROI) (Case Number 5-82-009 Title: Palo Verde Nuclear Generating Station Allegation Regarding Falsification of Termination Installation Cards for Unit 1) was reviewed.

In the background portion of the OI Report, it is written that during the "...later part of May 1982, the NRC learned that an intervenor...had been contacted by an electrician...for the BPC at the PVNGS..." The report describes a May 24, 1982, letter to the NRC Chairman regarding concerns of "a worker" from Ms. Lynn Bernabei, Harmon and Weiss, Inc., 1725 I Street, N.W., Suite 506, Washington, D.C. 20006.

The report further documents that on May 26, 1982, Robert Gunderson contacted the OI Region V Field Director, Owen C. Shackleton, Jr. Gunderson was subsequently interviewed in Scottsdale, Arizona on June 1, 1982, and the results of that interview were reduced to a statement which was signed and affirmed on June 2, 1982. The Gunderson statement contained a total of 17 allegations.

Allegations 2 through 14 and number 16 were issues of a technical nature and referred to Region V IE management; in addition, the technical aspects associated with Gunderson's allegation of falsification of documents were also provided to Region V management. The actual falsification issue was addressed in the OI investigation (Allegation 1).

Regarding allegation 15 pertaining to possible radiation exposure as a result of radiography, the NRC does not have any jurisdiction over this matter pursuant to Section 274, Atomic Energy Act, which provides for State regulation of all radiograph operations within State boundaries.

Lastly, allegation 17 pertained to possible use of alcoholic beverages and controlled substances (e.g., marijuana, hashish, cocaine, etc.) at the PVNGS site. In light of this matter falling within the purview of local law enforcement and in keeping with established NRC practice, the licensee was advised of all information pertaining to alleged unauthorized activity.

Reviewing the OI Report determined that in addition to the interview of Gunderson on June 1 and 2, 1982, OI investigative activity in 1982 was also conducted on six dates: June 11 (two individuals interviewed) and 13, June 16 (four individuals interviewed) and 17 (eight individuals

Investigation on November 17, 1983 at Bethesda, Md. File # 83-83

Patrick McKenna, Investigator, OIA Date dictated November 17, 1983

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interviewed), June 28 (four individuals interviewed) and 29 (two individuals interviewed). In addition, on April 7 and 8, 1983, OI conducted an APS/PBC document review and reinterviewed two individuals [REDACTED] and [REDACTED] who had previously been interviewed on June 29, 1982.

The only other investigative activity documented in the OI R01 consisted of a review of Termination Identification Cards by Region V Inspector [REDACTED] at the PVNGS on June 14, 1982; a second review of these termination cards was conducted on April 5 and 6, 1983, by OI Investigator [REDACTED] and PVNGS Senior Resident Inspector (SRI) L. E. Vorderbrueggen. Regarding the second review, the OI Report states the "purpose: to determine if any difference from first review." The OI report does not list any differences.

Date of transcription November 23, 1983

Report of Interview

John B. Martin, Regional Administrator, U.S. Nuclear Regulatory Commission, Region V, Walnut Creek, California was interviewed regarding the allegations presented by two former employees at the Palo Verde Nuclear Generating Station (PVNGS) (Robert Gunderson and Wallace Royce) and the NRC handling of these concerns.

Martin was already aware that the NRC Office of Inspector and Auditor (OIA) was reviewing NRC handling of the allegations presented by the two men primarily as a result of a letter from Congressman Morris K. Udall, Chairman, Committee on Insular Affairs, U. S. House of Representatives, to the NRC Chairman. In this regard, at the outset of the interview, Martin explained that much of the NRC alleged activity or alleged inactivity regarding the PVNGS occurred prior to Martin's assignment as the Regional Administrator, Region V, on April 1, 1983.

Concerning the Representative Udall to Chairman Palladino letter of July 17, 1983, and the related letters of July 3, 1983, (Palo Verde Intervention Fund (PVIF) to Representative Udall) and July 14, 1983, (letter to the NRC Commissioners from Ms. Lynn Bernabei, Staff Counsel, Government Accountability Project (GAP), for the Institute of Policy Studies), Martin stated that he agrees with some of their stated criticisms and added that the NRC Chairman's response to Representative Udall so stated that admission. In this regard, Martin related that the delay in the issuance of the NRC Office of Investigations' (OI) Report of Investigation (ROI) should be, in his opinion, considered inordinate. Martin supported his opinion by describing that the allegations were presented in late May 1982 to OI and the ROI was not issued until November 3, 1983; moreover, Martin noted that the investigative work scoped by the ROI was completed shortly after the initial allegations were made known to the NRC on May 24, 1982.

Further, based upon the prima facie evidence known by the NRC in June 1982, Martin advised that enforcement action against the Arizona Public Service Company (APS) could have been directed in June 1982. However, based upon a request from the Director, OI, Martin consented to delay any enforcement action pending referral of the investigative results to the U.S. Department of Justice (DOJ). Martin related that he made numerous queries both locally at OI Region V and at OI Headquarters regarding the status of the OI investigation commencing shortly after reporting to his assignment as Regional Administrator (April 1, 1983) and up to the time the OI report was eventually issued (November 3, 1983).

Investigation on November 17, 1983 at Walnut Creek, California File # 83-83

by Patrick McKenna, Investigator, OIA Date dictated November 23, 1983

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Martin described that during this lengthy period, the NRC was continually and increasingly criticized by both the PVIF and GAP regarding NRC handling of the Gunderson allegations insofar as the lack of an issued ROI incorrectly, yet understandably, led them to believe that NRC had not yet addressed the allegations.

In addition, it was during this period that GAP filed a Freedom of Information Act request for NRC files regarding PVNGS which, when not responded to with any substantive documents, fueled their speculation that NRC had failed to address the allegations. Regarding the results of the OI investigation, Martin advised that immediately upon his recent receipt of the OI ROI, he directed enforcement action be taken regarding APS. Martin opined that a civil penalty is anticipated and stated that Allen D. Johnson, Region V Enforcement Officer, would be the most knowledgeable individual regarding the status of the anticipated impending action.

Martin explained that a partial justification regarding the inordinate delay by OI may be attributed to the actual formation of the OI with NRC on July 19, 1982. In this regard, Martin reviewed the Region V file regarding the Gunderson allegations stating that there were a total of 17 allegations which were presented in a signed affirmed statement to OI Region V Director Shackleton on June 2, 1982. The allegations numbered 2 through 14 and number 16 were subsequently determined to be technical in nature and referred by OI to Region V management for appropriate action. Allegations number 15 and 17 did not lie within the jurisdiction of the NRC (insofar as Arizona is an agreement state which regulates radiograph operations within their own boundaries (per Section 274 of the Atomic Energy Act)). OI retained investigative jurisdiction regarding allegation 1 pertaining to alleged falsification of documents (termination identification cards).

Regarding the other allegations presented by Royce and Gunderson which were not addressed by OI, Martin described that close Region V management attention was directed to all of the allegations presented by the two employees and opined that thoroughly adequate scrutiny was expended.

Martin concluded that the majority of the Region V review of the numerous technical allegations have been completed and already reported in several inspection reports. Of the remainder of the allegations requiring some continuous follow up over a long term period, Martin assured that the thrust of their general concerns have, in fact, already been corrected. Martin characterized the Region V Inspection and Enforcement review of the allegations as being entirely appropriate and reasonably complete. Moreover, the OI investigative effort and ultimate report was equally considered to be reasonably thorough, adequate and complete. However, aggravated by an approximately 18 month period (May 1982 - November 1983), it appeared that the NRC was not acting on allegations brought to management attention or was otherwise acting in concert with APS and not fulfilling its regulatory responsibilities.

Martin also related that although the Region V inspection was entirely appropriate, adequate and reasonably complete, he did admit that some aspects might be done differently or in some other fashion. Martin



characterized these possible changes as positively falling within the "cosmetic" category as efforts to perhaps better present the NRC position.

Date of transcription November 23, 1983

Report of Interview

Owen C. Shackleton, Jr., Director, Office of Investigations (OI), Region V, U.S. Nuclear Regulatory Commission (NRC), upon interview, was advised that the purpose of the Office of Inspector and Auditor (OIA) interview pertained to the review of the NRC handling of matters at the Palo Verde Nuclear Generating Station (PVNGS) in light of allegations which had been presented to the NRC by two electrician employees.

Shackleton explained that he was also familiar with letters which had been directed by Representative Morris K. Udall, Chairman, Committee on Interior and Insular Affairs, U.S. House of Representatives, to the NRC Chairman as well as other letters which were written from the Palo Verde Intervention Fund (PVIF) and the Government Accountability Project (GAP) of the Institute for Policy Studies. Regarding the allegations which were presented to the NRC regarding the PVNGS, Shackleton explained that the allegations presented by Wallace R. Royce and Robert D. Gunderson were handled separately and distinctly by OI and both matters were similarly handled by the NRC Inspection and Enforcement (IE) staff.

Shackleton explained that his first involvement with allegations regarding the PVNGS was on May 26, 1982, at approximately 7 a.m. when he (Shackleton) was telephoned at his Walnut Creek, California residence by Gunderson. Gunderson commenced to detail extensive allegations regarding reported areas of irregularity at the PVNGS as well as other problems which were being permitted or generated by Arizona Public Service Company (APS) and/or Bechtel Power Corporation. Shackleton explained that he scheduled an appointment to meet with Gunderson on June 1, 1982, at his Scottsdale, Arizona residence; relatedly, Shackleton explained that during the period May 26 until June 1, 1982, there was a three day U.S. Government holiday in observance of Memorial Day.

Shackleton stated he met with Gunderson on June 1, 1982, and was accompanied by Region V Engineer, ~~XXXXXX~~. Shackleton explained that Gunderson presented a total of 17 allegations during the course of their lengthy interview with the salient points of the interview being subsequently reduced to the form of a signed statement on the following day, June 2. Based upon the information provided by Gunderson, Shackleton explained that he then conferred with Region V management and it was determined that of the total of 17 allegations presented by Gunderson, only one would be investigated by OI. Further, Shackleton advised that this allegation pertained to the alleged falsification of documents which Gunderson contended were Termination Identification Cards

Investigation on November 15, 1983 at Walnut Creek, California File # 83-83

by Patrick McKenna, Investigator, OIA Date dictated November 22, 1983

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(TIC) which electricians were being directed to sign. In this regard, Shackleton added Region V IE staff would additionally address the technical related ramifications of this alleged falsification although the offense of creating a false document from a criminal code standpoint would be pursued by OI.

Regarding the other allegations, Shackleton explained that allegations 2-14 and number 16 were issues technical in nature and were referred to Region V IE management for appropriate action. The remaining two allegations as presented by Gunderson were not within the jurisdiction of the NRC. In this regard, Shackleton related that one allegation posed by Gunderson focused on alleged overexposure to radiation by employees at the PVNGS article pursuant to Section 274 of the Atomic Energy Act. "Agreement States" (such as Arizona) enforce radiograph operation within their own state boundaries. A final allegation made by Gunderson pertained to reported authorized use of alcoholic beverages and/or illicit controlled substances, e.g. marijuana and cocaine, at PVNGS. Regarding this allegation by Gunderson, Shackleton advised that this matter is appropriately within the investigative jurisdiction of local law enforcement agencies and consequently was referred back to APS for appropriate action.

Regarding the OI investigation of the sole Gunderson allegation, Shackleton advised that OI recently (November 3, 1983) issued their final report which was sent to the U.S. Department of Justice (DOJ) for consideration for possible prosecutive merit. Shackleton noted that one of the allegations posed in the alleged mishandling by the NRC of allegations presented regarding PVNGS concerned the failure or at least the untimely handling of investigations/inspections by the NRC. In this regard, Shackleton noted that he forwarded his final Report of Investigation to OI Headquarters on July 5, 1983, although the report was not issued until November 3, 1983. In support of the latter, Shackleton provided a copy of NRC Form 305 (Investigation Status Record) which lists a chronology of the OI investigation and confirms the information regarding the transmittal of the report to OI Headquarters on July 5, 1983.

Regarding PVNGS allegations posed by Mr. Royce, Shackleton advised that no OI investigation was conducted. Rather, Shackleton explained that this matter was presented to him on November 17, 1982, and focused on alleged problems in start-up programs at PVNGS. However, upon interview of Royce, Shackleton determined that the issues were entirely technical in nature and as such, were referred to Region V IE Staff for appropriate action. OI documentation regarding Mr. Royce's allegations is contained in OI Report of Inquiry No. Q5-82-003.

Shackleton was asked to respond to the allegation of which he was already familiar regarding his reported failure to discuss any aspect of the OI investigation with Ms. Lynn Bernabei, Staff Counsel, GAP and/or other individuals associated with PVIF and/or GAP. Shackleton explained that he had been in frequent contact with NRC Attorney, Lee Dewey, due to numerous problem areas which had arose regarding PVNGS and the relatively extensive media attention which has been provided. In light of some apparent instances of NRC employees being misquoted or otherwise instances of possible distortion of facts, circa October 1982, Shackleton was advised by Dewey that he should not

discuss any aspects of PVNGS matters with other than NRC employees or individuals with whom Shackleton has some investigative interest.

Shackleton then related receiving a telephone call from Ms. Bernabei who was inquiring about the status of the OI investigation. Shackleton explained that he received the telephone call in his office in the presence of OI investigators ~~_____~~ and ~~_____~~. Shackleton stated that he politely and calmly informed Ms. Bernabei that he would not discuss any aspect of PVNGS investigation and referred her to Mr. Dewey. Ms. Bernabei attempted to prolong the conversation with Shackleton who then merely stated that he was going to hang up the telephone as he had nothing further to say to her. Shackleton stated he then did so and the incident was concluded.

Concerning the aspect of some alleged communications to the licensee regarding investigative results, Shackleton explained that during his entrance interview at PVNGS on June 15, 1982, he had briefly spoken with Mr. E. E. Van Brunt, APS, as is the policy of the NRC at Region V. no findings of an inspection/investigation are prematurely released to the licensee; however, upon determination of safety related problems, the licensee is normally notified at the earliest possible time in an attempt to quickly correct a possible safety hazard. Consequently, during Shackleton's brief conversation with Mr. Van Brunt, he (Van Brunt) inquired as to the status of Shackleton's investigation. Shackleton advised that he merely reiterated the policy of the NRC regarding the disclosure of only safety related information. Shackleton opined that as a consequence of Van Brunt not being informed of any specific problem areas, he (Van Brunt) misconstrued Shackleton's comments to be "a clean bill of health" and ultimately misconstrued as being an unauthorized release of information to the NRC.

Regarding Gunderson's contention of being "black balled" as a result of having notified the NRC of some problem areas, Shackleton commented that during this period, the state of the economy in the United States in unemployment was exceptionally unusual and not conducive to obtainment of employment. Accordingly, Shackleton stated that Gunderson's failure to obtain employment, in his opinion, was merely the result of poor job market with no connection being given to his having notified the NRC. Finally, regarding the allegation of having compromised Gunderson's identity, Shackleton explained that his identity was made known during a press conference in April of 1983 and that at no time prior to that did he or any member of OI disclose Gunderson's identity to ASF/BPC or any other individual at the PVNGS. Shackleton did recall that in October of 1982 during an interview of Gunderson when Shackleton picked him up at his Arizona residence, they both traveled to PVNGS. Upon arrival at the gate, Gunderson provided his actual name to the guard and also signed into a log book. Presumably, Shackleton related that this could have been the time when Gunderson's identity became known to PVNGS, but it was done by the actions of Gunderson and not by any disclosure on the part of Shackleton or to his knowledge, any other OI NRC employee.

~~_____~~

Date of transcription June 11, 1984

Report of Interview

Roger A. Fortuna, Deputy Director, Office of Investigation (OI), U.S. Nuclear Regulatory Commission (NRC), upon interview on June 7, 1984, relative to certain allegations made by the Government Accountability Project (GAP), 1901 Q Street, N.W., Washington, D.C. and questions based on the allegations provided the following information.

Allegation: Region V/OI failed to respond to inquiries regarding the progress/conduct of the investigation.

Question: Why did the February 28, 1983, GAP letter lay on his desk for three months before being forwarded to the Office of Inspector and Auditor?
(Exhibit 1)

To put the receipt of the GAP letter in its proper temporal context, Mr. Fortuna said that James A. Fitzgerald was still Acting Director, OI, although Ben Hayes, Director was on board. (Subsequent to the interview Mr. Fortuna advised Mr. Herr that Mr. Fitzgerald returned to his office in the Office of the General Counsel (OGC), NRC, about March 11, 1983, and Mr. Hayes' official start date with OI was February 6, 1983.)

The language in the last paragraph of GAP's letter, specifically "(GAP) will be requesting an investigation of Region V's and Mr. Shackleton's handling of these two workers allegations specifically, as well as their general handling of inspections and investigations at San Onofre, Palo Verde, and Diablo Canyon.", led him to believe that GAP would be sending something in asking for an OIA investigation.

In view of this, he placed the letter in one of the mail baskets on his desk and went on to other things. He said he did not specifically withhold the letter from OIA.

He decided to send the letter to OIA about three months later when he found the letter on his desk, and realized nothing additional had been received. He placed his decision to send the letter to OIA in the context that at about that time OI was writing a lot of policies and procedures for Commission approval. The first batch was formally approved by the Commission on March 4, 1983. James Fitzgerald was working on a second group of policies and procedures of which one was to be a procedure for OI/OIA interface when misconduct of OI investigators was alleged. He said discussions within OI and between OI and OIA on such procedures, coupled with his finding the letter on his desk, made him decide to send the letter to OIA. He said the OI/OIA interface procedures have not yet been issued. (Note: On the morning of June 8, 1984,

Interviewed on June 7, 1984 at Bethesda, MD File # 83-83
by Hollis Bowers, AD/I and Frederick W. Herr Date dictated June 8, 1984

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Mr. Fortuna advised Mr. Herr that he wanted OIA to be aware that James Fitzgerald and Ben Hayes were both aware of his handling of the February 28, 1983, GAP letter.)

Finally, he said there were many other things going on in OI at the time the letter was received. After interpreting the letter to say that GAP would be requesting an investigation he did not focus on the letter but moved on to the other work that had to be done.

Allegation: NRC disregarded the provisions of the Freedom of Information Act (FOIA) in response to (GAP's) requests for information.

Question: Why did he not identify the 300 documents identified by Owen Shackleton (NRC Region V OI Investigator) as being responsive to the FOIA request by GAP?

As a general comment, Mr. Fortuna said that due to the crush of business OI made a conscious decision to do cases at the expense of FOIA requests. The effect is that they got behind in processing FOIA requests. Regarding the specific FOIA request in question, he said he did not know the volume of documents in Region V until he got the list from Shackleton. He knew and he believes he told the Freedom of Information and Privacy Act Branch (FOIA Branch), Office of Administration, that OI had a lot of documents before he sent the list to them on April 28, 1983.

Between OI's notification of the FOIA Branch on April 28, 1983, and NRC's notification of GAP on July 19, 1983, that OI had documents, Mr. Fortuna said OI was caught in a "cross-fire" between the Office of the Executive Legal Director (ELD) and OGC.

He said in OI's routine dealings with the FOIA Branch, it was acceptable to generally provide exemptions for all documents, e.g., because they related to an ongoing investigation. The FOIA Branch was getting their legal advice from ELD. OGC, on the other hand, wanted much more specific denials. OGC wanted a detailed listing of exemptions and wanted the documents edited to release parts that could be released and withhold parts that could not be released.

Mr. Fortuna said he believed the fact that they had a serialized list of documents with a withholding determination based on the fact that it was an ongoing investigation, plus Owen Shackleton's statement that the case was going to be referred to the Department of Justice (DOJ) for prosecutorial determination was good enough to withhold the documents.

When GAP filed the lawsuit on its FOIA request it "got OGC's attention" and ~~someone from OGC~~ from OGC, Owen Shackleton from Region V, and, he believes, someone from the FOIA Branch all visited OI to edit and make withholding determinations for every OI document subject to the request.

OGC's position at the time was to settle the lawsuit with GAP by releasing all the documents. He spoke to Julian Greenspun, DOJ, and got oral approval to release all the documents except those relating to the one issue which Mr. Fortuna believed Justice would be interested in prosecuting.

The GAP FOIA request focused everyone's attention on the fact that major FOIA's can not be handled like OGC handles small FOIA's. He said large FOIA's are now handled like he wanted the Gunderson/Loyce FOIA handled; a short rationale for denial is provided on the original request and a line-by-line evaluation is done on appeal.

Mr. Fortuna said all pertinent documents concerning OI Headquarters handling of the FOIA request were reviewed with Albert B. Puglia, OIA Investigator. In conclusion, Mr. Fortuna said he thought Owen Shackleton had done a fine job of responding to the FOIA request in the time he did. He said overall OI went as fast as they could with the people they had.

Allegation: There was an inordinate delay in completing the Region V OI Report of Investigation of allegations of violations of the Commission's regulations at Pilo Verde Nuclear Generating Station (PVNGS).

Question: What is the reason for the delay between July 5, 1983, and November 1983, in issuing the OI Report of Investigation?

Owen Shackleton started the investigation when he was in the region (i.e., pre-OI). Investigations at that time were done with a much different perception/perspective than OI now does investigations. Although it was known in May 1982 when the investigation began that OI was going to be formed, OI was not yet in existence. OI really did not have their reporting system in place even by early 1983 when the investigative work was completed. When Shackleton submitted the draft report to OI Headquarters, William Ward, then Director, Field Operations, OI, reviewed it and said there was a lot of "inspection type" (i.e., Inspection and Enforcement) information in it which Fortuna and Ward agreed should be taken out. Ward subsequently rewrote the report with Shackleton. The "inspection type" items were sent back to the regional office.

A copy of the report Shackleton submitted may or may not be in OI's case file, depending on whether Ward put it there. Either Ward or Shackleton may also have copies of the original report or a copy may be in the FOIA file.

He has no recollection whether the processing of the GAP FOIA request delayed issuing the investigative report.



Date of transcription June 26, 1984

Report of interview

William J. Ward, Assistant to the Director, Office of Investigations (OI), U.S. Nuclear Regulatory Commission (NRC), was interviewed concerning the apparent delay in issuing the OI Report of Investigation (ROI), relating to the allegations made by Robert D. Gunderson, Jr., a former journeyman electrician at Palo Verde Nuclear Generating Station (PVNGS). He provided the following information:

Prior to OI Headquarters receiving the Gunderson ROI, there were indications from his communications with Owen C. Shackleton, Director, Region V Field Office, OI that Shackleton was intertwining technical issues, more appropriately documented in inspection reports, with the issues concerning wrong doing. Although Shackleton believed that by documenting the technical issues he was doing the proper thing from an agency and Region V perspective, his philosophy in that regard was not in harmony with the reporting format established with the creation of OI. Therefore, while the Gunderson Investigation was ongoing, he (Ward) directed Peter Baci, formerly the OI desk office responsible, in part, for reviewing OI Field Office ROI's to visit with Shackleton and ascertain how the investigation was being handled with respect to the segregation of technical issues from issues of wrongdoing. Baci did so and helped Shackleton to properly segregate the issues.

He noted that concurrent with the Gunderson investigation, there were administrative duties associated with the formation of OI that demanded OI Headquarters time and thereby precluded a great deal of assistance being provided to Region V by OI Headquarters. Shackleton was more or less in a "sink or swim" position in regard to Gunderson ROI.

When he (Ward) received the Gunderson ROI at Headquarters on approximately July 5, 1983, reviewing the report became a matter of finding the time to "get to the report." Edward C. Gilbert, Senior Criminal Investigator, OI, was the OI desk officer responsible for reviewing Region IV and V ROI's, and he initially was assigned to review the Gunderson report. Baci may have also looked at the report to some extent. However, sometime in August 1983 he (Ward) assumed the responsibility for reviewing the report. He assumed that responsibility to alleviate some of the workload on the limited OI Headquarters staff who not unlike the OI Field Offices, were spread thin.

From his review of the draft report he determined that it did not meet the basic reporting standards of who, what, when, why and where. In addition, he believed the grammar used in the report was poor. He devoted ten hours of his own time towards reviewing the report but sometime in August 1983, he decided that as a Division Director in OI (he was then Director, Division of Field Operations, OI) he did not have the time to rewrite the report. Consequently,

Investigation of June 22, 1984 at Bethesda, MD File # 83-93
by Mark E. Resner, Investigator, OIA Date dictated June 26, 1984

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he directed [REDACTED], Investigator, Region V, OI, to come to Headquarters for that purpose. He noted that at that point the report had "pretty well been marked up" by himself. The editing of the report that was needed concerned e.g., removal of drug-related information from the body of the report to the letter of transmittal. In general, the report was "too verbose." Issues such as over exposures which were inspection-related issues also had to be edited from the report. [REDACTED] was at Headquarters, OI for one week during which time the report was retyped by the Central Regulatory Electronic Steno System. At the conclusion of that week he (Ward) then reviewed the report and believed that [REDACTED] had a good idea of what was expected for a final product. He (Ward) noted that because Shackleton, unlike other OI Field Office Directors with Naval Investigative Service (NIS) backgrounds, was unfamiliar with the NIS reporting format, it was more difficult for him to adapt to the OI reporting format which was extrapolated from the NIS format.

In August 1983 [REDACTED] returned to Region V with the report. Region V, OI, kept the report until mid to late October 1983 before forwarding the final report to OI Headquarters. He (Ward) has no doubts that the delay in issuing the report was due to the manpower shortage that exists in OI. He also noted that because there were no serious findings which would have a significant impact, (he knew this from his earlier review of the draft report) the report was not reviewed on a priority basis in OI Headquarters.

Investigator's Note: On June 27, 1984, Ward provided the following additional information:

Raymond E. Shepherd, former Acting Director, Region I, OI, was in OI Headquarters for an extended period of time during the time frame of the Gunderson Investigation for the purpose of assisting in report review. In that capacity, he was assisted by [REDACTED], OI, Region V, in the rewriting of the Gunderson report. Ward also noted that Peter Baci, former Senior Criminal Investigator, OI Headquarters, made a second trip to Region V, OI, at the end of August 1983 for the purpose of follow-up concerning the status of the Gunderson investigation.

Date of transcription November 17, 1983

NRC File Review re PVNGS

A review of NRC files concerning the Palo Verde Nuclear Generating Station (PVNGS) relative to the allegations made by Royce/Gunderson was conducted. NRC documents concerning this matter were determined to have been prepared by both the Office of Inspection and Enforcement (IE) and the Office of Investigations (OI).

The IE documents were identified as:

1. Report No. 50-528/83-05; 50-529/83-03; 50-530/83-02 (March 31, 1983);
2. Report No. 50-528/83-10; 50-529/83-07; 50-530/83-05 (April 22, 1983);
3. Report No. 50-529/83-09; 50-529/83-06; 50-530/83-04 (April 25, 1983);
4. Report No. 50-528/83-17 (March 24, 1983); and
5. Report No. 50-528/83-19; 50-529/83-11 (June 9, 1983).

The OI documents were identified as:

1. OI Region V Report of Inquiry No. Q5-82-003 (Nov. 18, 1982); Subject: Palo Verde Nuclear Generating Station (PVNGS) Unit 1 Allegations Re: Start Up Program Made by Wallace R. Royce.
2. OI Region V Report of Investigation - Case No. 5-82-009 (Nov. 3, 1983); Title: Palo Verde Nuclear Generating Station Allegation Regarding Falsification of Termination Installation Cards for Unit 1.

Regarding the OI Report of Inquiry generated by allegations made by Royce, the Report documents a November 17, 1982, telephone call by Royce to the office of the NRC Chairman relative to concerns in the start-up program at PVNGS Unit 1. Consequently, The author of the OI Report of Inquiry (Owen C. Shackleton, Jr, Director, OI Region V) telephonically contacted Royce at his ~~residence~~ residence. The thrust of Royce's concern focused on a reported system of "Bean Count" management employed by Bechtel with employed start-up engineers. The "Bean Count" referred to the system of expected work production required per shift which Royce contended placed significant pressure for start-up engineers to meet production quotas and emphasized quantity vice quality of testing.

Investigation on November 17, 1983 at Bethesda, MD File # 83-83
m bn
by Patrick McKenna, Investigator, OIA Date dictated November 17, 1983

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Date of transcription November 22, 1983

Report of Interview

Allen D. Johnson, Enforcement Officer, Region V, U.S. Nuclear Regulatory Commission (NRC), was aware of the Office of Inspector and Auditor (OIA) ongoing investigation regarding the handling by NRC's Region V of an allegation pertaining to the Palo Verde Nuclear Generating Station (PVNGS) raised by two electrician employees.

Regarding the allegations presented by Wallace Royce, Johnson cited the NRC Office of Investigations (OI) Report of Inquiry as well as subsequent actions taken by the Region V Inspection and Enforcement (IE) Staff. In this regard, Johnson cited that no enforcement action was taken as a result of the allegations presented by Royce. Johnson explained that the reason no action was taken was that upon appeal in District Court, the Judge reversed the Department of Labor decision as it was determined throughout various phases of the litigation proceeding that Royce's testimony was proven at a minimum to be incomplete and distorted from actual truth. Moreover, the vocal theme of Royce's allegation which centered on a so-called "bean count" system of management for Bechtel Power Corporation/Arizona Public Service was judged to be relatively insignificant and not worthy of any prosecutive or other judicial action.

Regarding the allegations which were presented to NRC by Robert Gunderson, Johnson explained that of the 17 allegations only one was investigated by OI and it pertained to the alleged falsification of Termination Identification Cards. Fourteen other allegations by Gunderson received by OI were referred to Region V IE Staff for appropriate action. Of the remaining two allegations, one focused upon overexposure of employees and was referred to the State of Arizona pursuant to Section 274 of the Atomic Energy Act which provides that "agreement states" will regulate all matters to radiograph operations within their State boundaries. The last of the 17 allegations focused on reported unauthorized/illegal possession or use of alcoholic beverages and/or illicit substances (e.g., marijuana/cocaine).

Focusing on the issue of alleged falsification of Termination Identification Cards, Johnson advised that upon investigation the allegation of Gunderson was borne out.

~~_____~~
In this regard, subsequent to the information obtained by OI which prompted a Region V special safety inspection, sufficient information was held by Region V management at that time (circa late June/July 1982) to notify the licensee for the need of corrective action (Severity Level 4 Violation).

Investigation on November 16, 1983 at Walnut Creek, California File # 83-83
by Patrick McKenna, Investigator, OIA Date dictated November 21, 1983

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However, Johnson was directed that any possible enforcement action being considered should be delayed at the request of OI. Johnson was informed that the reason for this delay was that the OI investigation had not obtained the necessary signed/sworn statements of interviewed individuals and other possible investigative leads which might arise from additional interviews. In this regard, Johnson related that the completion of the OI investigation and an ensuing Report of Investigation is not necessary in this incident for this relative minor infraction and that enforcement action could have been taken during the June/July 1982 time frame. An additional factor which was presented by OI as partial rationale for delaying possible enforcement action was referral of the matter to the U.S. Department of Justice (DOJ). Johnson opined that this particular justification offered by OI was difficult, in his opinion, to support insofar as there wasn't significant likelihood of DOJ interest due to the obviously minimal nature of the incident.

Concluding, Johnson related that he had just recently (within the last two or three days) received the OI report. Although anticipating an enforcement action and civil penalty as a likely consequence, Johnson advised that the passage of time since the June/July 1982 time frame of the incident that it would be extremely difficult for NRC to now place significant emphasis on the incident and impose other than a token of civil penalty amount.

Regarding the delay, Johnson explained that he had on numerous occasions inquired about the status of the OI report in an effort to conclude the enforcement action. However, Johnson advised that he was continually advised by the OI Field Office Director that the report was being written or was otherwise being reviewed by OI Headquarters. Further, Johnson also advised that he has had discussions with the Regional Administrator, Region V, concerning similar topics, although being informed by the Regional Administrator that he had been requested by the Director, OI, to delay any anticipated enforcement action pending release of the formal Report of Investigation.

Other than the above information regarding the handling of the allegations provided by Gunderson and Royce, Johnson was unable to provide any additional information concerning the OIA review of Region V's management of allegations pertaining to PVNGS.



Date of transcription June 5, 1984

Report of interview

Thomas W. Bishop, Director, Division of Reactor Safety and Projects, Region V, U.S. Nuclear Regulatory Commission (NRC), was interviewed relative to issues surrounding the NRC investigation at Palo Verde Nuclear Generating Station (PVNGS) of allegations levied by Robert D. Gunderson, Jr., a former journeyman electrician at PVNGS, in May 1982. The first issue concerns whether or not Gunderson's allegations were known and corrected by Arizona Public Service Company (APS) and Bechtel Power Corporation (Bechtel) prior to the related NRC investigation/inspection. The second issue concerns any revelation of Gunderson's identity to APS or Bechtel by him. He provided the following information:

On June 23, 1982, he became Branch Chief for Construction in Region V for a period of approximately two months. In that capacity he was assigned responsibility for PVNGS. Subsequent to that two month period, there was a reorganization in August 1982 within Region V. Because of that reorganization, he no longer had responsibility for PVNGS until July 29, 1983, when he became Acting Division Director, Division of Resident, Reactor Projects, and Engineering Programs. While he was responsible for technical issues concerning PVNGS, he would discuss any allegations with Owen Shackleton, Director, Office of Investigations, Region V, and consequently formulated with him a plan to investigate/inspect the May 1982 Gunderson allegations.

He has no knowledge that Gunderson's allegations levied in May 1982 were known to the licensee or Bechtel prior to and during the NRC investigation/inspection or in any manner communicated to the licensee or Bechtel.

However, he did recall a meeting open to the public on October 15, 1983, between Region V staff and Gunderson wherein Gunderson said that by the time he walked through PVNGS with NRC inspectors in October 1982, in connection with his initial May/June 1982 allegations, some of the allegations or problems he identified in May 1982 to NRC had been resolved by the licensee and Bechtel.

Regarding Gunderson's identity, he has no knowledge of any NRC employee identifying Gunderson to the utility and Bechtel in connection with the May 1982 allegations. However, in October 1983, he is aware that Gunderson's name was in the public domain with respect to his May 1982 allegations because Gunderson was interviewed by television media.

Investigation on May 30, 1984

at Walnut Creek, CA

File # 83-83

by Mark E. Resner, Investigator, OIA

Date dictated June 5, 1984

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Date of transcription June 6, 1984

Report of Interview

Lucian E. Vorderbruggen, Senior Resident Inspector, Construction, Palo Verde Nuclear Generating Station (PVNGS), U.S. Nuclear Regulatory Commission (NRC), was interviewed relative to issues surrounding allegations made by Robert D. Gunderson, Jr., a former journeyman electrician at PVNGS, to NRC in May/June 1982. He provided the following information:

He was not involved with the NRC effort relative to the Gunderson allegations until September 1982. At that time, he began assisting Owen C. Shackleton, Director, Office of Investigations (OI), Region V, and [REDACTED], Investigator, OI, Region V, with some of the technical aspects of the investigation onsite at PVNGS. His involvement was "somewhat casual" because he was only asked about certain technical information concerning specifics to the allegations as opposed to dealing with the allegations in total.

Regarding any revelation of Gunderson's identity to the licensee or Bechtel Power Corporation (Bechtel), he did not divulge Gunderson's identity to anyone nor is he aware of anyone who did divulge Gunderson's identity. Approximately one week after Shackleton and [REDACTED] began the onsite investigation of the Gunderson allegations, [REDACTED] for Bechtel, visited his office at the site. During a general work-related conversation between them on that occasion, [REDACTED] made a comment that he knew who the allegor was in regard to the allegations being investigated. He (Vorderbruggen) responded, "That is great - You know more than I do" and that "I do not know who the allegor is and cannot confirm or deny your suspicions." He related the comment by [REDACTED] to Shackleton who told him that NRC had to maintain the allegors identity as confidential. He did not know who the allegor was at that juncture.

Insofar as Gunderson's identity was concerned, the only other comment that he was aware of was made by Shackleton at the entrance conference between NRC and the licensee concerning the investigation of Gunderson's allegations. Shackleton told them (licensee and Bechtel personnel) that the investigators were there to investigate allegations made by a person whose identity was confidential.

Gunderson's allegations dealt with electrical items and primarily related to electrical terminations which is a speciality area or craft. In his opinion, it would not be difficult for the licensee to eventually identify who the allegor was by reviewing their personnel roles to determine what employees or former employees worked on such items. One of Gunderson's allegations con-

Date of transcription June 1, 1984

at Phoenix, Arizona

File # 83-83

by Mark E. Resner, Investigator, OI

Date dictated June 6, 1984

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cerned a cable splice located in a manhole. Gunderson had previously approached a number of Bechtel engineering personnel and construction supervision personnel at PVNGS about this particular alleged problem. He surmised that in consideration of Gunderson's earlier expressed concerns, it also would not have been difficult for the licensee and Bechtel personnel to deduce that Gunderson may have been the alleged after NRC began reviewing the specifics of that allegation.

Also relative to any revelation of Gunderson's identity, in October 1982, Gunderson was brought to PVNGS by Shackleton for an onsite walk through concerning his allegations. The purpose of the walk through was for NRC to obtain more specifics and clarifications in regard to the allegations. He accompanied Gunderson and Shackleton during the walk through. Before the walk through started, Shackleton advised Gunderson that he could sign the security guards entry log under an assumed name. Gunderson then advised Shackleton with words to the effect, that he was not worried about that because he knew he would be recognized in the plant (PVNGS) any way.

Regarding any communication between NRC and the licensee about the items or areas to be investigated by NRC, there were no such communications that he is aware of. During the NRC inspections of Gunderson's allegations some of the allegations made by Gunderson were verified while others could not be located. Some of the allegations levied by Gunderson had no technical significance and were items that would not be regulated by NRC or, if defective, did not require a Non-Conformance Report (NCR). There was no indication that the licensee had been forewarned so that deficiencies could be corrected before the NRC inspections. The five pertinent NRC inspection reports concerning Gunderson's allegations describe the specific allegations made by Gunderson, the technical significance of each, and the NRC resolution of each allegation.

With respect to the four additional allegations which Gunderson held in reserve from NRC until the October 1982 walk through, three of the four had no technical requirements by NRC to be repaired and no NRC violations were associated with them. The fourth, alleged defect was, in fact, a reportable NCR, however, the licensee had already identified (red tagged) it for corrective action at the time of the walk through. The information concerning these four allegations was explained to Gunderson at that time.

Concerning a comment attributed to the licensee or Bechtel that they received a "clean bill of health" in connection with the Gunderson allegations, he surmised that its genesis was probably the exit conference between NRC and the licensee concerning the Gunderson allegations. He explained that during the conference Shackleton advised the licensee there were no problem areas requiring immediate corrective action resulting from the investigation. He believed that the licensee concluded they received a "clean bill of health." Shackleton never mentioned to the licensee the specific Gunderson allegations although the licensee regularly requested that information from him. He (Vorderbruggen) opined that because the licensee frequently assists OI with gaining access to certain areas of the plant or access to licensee personnel, it is not all that difficult for the licensee to figure out the specific areas of NRC investigation/inspection interest. Usually, if a problem surfaces through an investigation/inspection, an NCR would be issued by NRC forthwith. If NCR's are not prepared, the licensee would probably conclude the NRC has found no problems during its investigation/inspection..



Date of transcription June 6, 1984

Report of Interview

Tolbert (NMM) Young, Jr., Section Chief, Project Section #2, Division of Reactor Safety and Projects, Region V, U.S. Nuclear Regulatory Commission (NRC), was interviewed concerning two issues surrounding the investigation of allegations made by Robert D. Gunderson, Jr., a former journeyman electrician at Palo Verde Nuclear Generating Station (PVNGS). The first issue concerns whether or not Gunderson's allegations were known by Arizona Public Service Company prior to the related NRC investigation/inspection and if the alleged deficiencies were corrected prior to the NRC inspection. The second issue concerns whether or not Region V revealed Gunderson's identity in this matter outside the NRC. He provided the following information:

Until March/April 1983 he was not involved with the Gunderson allegations levied in May 1982. At the onset of the Gunderson investigation the Region V technical staff involved were ~~_____~~, ~~_____~~, and Lucian Voderbruggen.

In March/April 1983, the Office of Investigations (OI) turned the remaining technical issues in the Gunderson investigation over to Region V technical staff. Young understands from Owen C. Shackleton, Director, Office of Investigations (OI), Region V, that OI Headquarters made a determination to turn the case over to Region V technical staff because most of the remaining issues at that time were technical. However, the issues of "willfulness or wrongdoing" concerning the Gunderson case remained in OI's purview and they were to pursue that aspect.

In March/April 1983, Young, as Section Chief for the Region V technical staff assigned to the Palo Verde plant, assumed responsibility for pursuing the technical allegations. He formed a team comprised of Voderbruggen, ~~_____~~, Al Johnson, and himself to conduct an inspection between April 4-7, 1983, at PVNGS. Concurrently, he requested ~~_____~~ to provide him with an inspection report documenting the NRC inspection efforts during the period May 1982 through March 1983 relative to the Gunderson allegations as ~~_____~~ was technical lead at the onset of the Gunderson investigation. He noted that ~~_____~~ was later assigned that technical lead in January 1983 in place of ~~_____~~. The inspection report which ~~_____~~ wrote to satisfy Young's request was #50-528/83-10. The inspection report concerning Young's inspection effort was 50-528/83-09 dated April 22, 1983. Although Young's report number precedes ~~_____~~ report which documents earlier NRC inspection efforts, he noted that he (Young) merely obtained a report number prior to going to PVNGS. Consequently, he was assigned a lower number than that assigned to ~~_____~~ report 50-528/83-10.

Investigation on May 30, 1984 at Walnut Creek, California File # 83-83

by Mark E. Resner, Investigator, OIA Date dictated June 6, 1984

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Concerning allegations that the Gunderson allegations or areas to be investigated/inspected were known to the licensee and corrected prior to the NRC investigation/inspection, his involvement was subsequent to that timeframe. He is not aware of any information indicating that Region V staff or any NRC employees provided information to the licensee about Gunderson's allegations. He is aware that the practice of advance notification of allegations to the licensee is prohibited by NRC policy. When he became involved with the Gunderson allegations in March/April 1983, a number of licensee personnel on site in response to questions related to the Gunderson allegations quipped, "were these more Gunderson allegations." He explained that Gunderson had testified before the Atomic Safety and Licensing Board Panel (ASLBP) and that Gunderson's allegations were apparently public knowledge at that point in time.

He noted that when he became involved with the Gunderson allegations (May/April 1983), the licensee had not corrected all of the alleged discrepancies identified by Gunderson in May 1982. One of Gunderson's allegations levied in May 1982 (Falsification of termination cards) was cited by Region V (██████████ team) in June 1982 during the initial NRC inspection at PWRGS as an item of Non-Compliance and was so documented in IR# 50-528/83-10. He does not know if the licensee or Bechtel Power Corporation were aware of any of Gunderson's allegations prior to the NRC inspection/investigation that commenced in the June 1982 timeframe.

Regarding identification of Gunderson to anyone outside of the NRC, he noted that in his inspection report #50-528/83-09 dated April 22, 1983, Gunderson was identified in regard to the January 8, 1983, affidavit which Gunderson had submitted to the ASLBP. It was Young's understanding that when he issued his inspection report (83-09) Gunderson had provided his January 1983 affidavit to ASLBP and his name was in the public domain. His inspection report did not identify Gunderson's name in relation to his May 1982 allegations. However, Gunderson's allegations in the January 1983 affidavit to the ASLBP and his May 1982 allegations to NRC did overlap and because of that, it would not be difficult for a reader of the NRC inspection report related to the May 1982 allegations and affidavit to deduce that Gunderson was connected to both.



Date of transcription June 5, 1984

Report of Interview

~~_____~~, Operator Licensing Examiner, Region V, formerly Project Inspector, Washington Nuclear Project #2, Region V, U.S. Nuclear Regulatory Commission (NRC) was interviewed regarding an alleged failure of NRC to protect the identity of Robert D. Gunderson, Jr., a former journeyman electrician at Palo Verde Nuclear Generating Station (PVNGS) who, in May 1982 made allegations concerning electrical deficiencies at PVNGS. He provided the following information:

He was assigned by Robert Dodds, his supervisor, in May/June 1982 to accompany Owen Shackleton, Director, Office of Investigations (OI), Region V, and ~~_____~~, Investigator, Region V, to PVNGS for the purpose of interviewing Gunderson. He is an electrical engineer by training and was given the assignment because Gunderson's allegations dealt with the electrical arena. Approximately one week subsequent to the initial interview of Gunderson he accompanied ~~_____~~, Region V, as well as ~~_____~~ and Shackleton at PVNGS to conduct further review of the Gunderson allegations.

Regarding release of Gunderson's identity concerning the May/June 1982 allegations, he did not recall identifying Gunderson to anyone. He noted that Gunderson's name in connection with the May/June 1982 allegations, may possibly have been mentioned by himself, Shackleton, or ~~_____~~, to ~~_____~~ Hourihan (Palo Verde Intervention Fund (PVIF) and another female intervenor who accompanied her) during a meeting requested by Hourihan in connection with a signed statement Gunderson provided to the PVIF. The purpose of the meeting was that Hourihan wanted to know Region V's progress on the allegations documented by Gunderson in his affidavit to the PVIF.

He has no knowledge of any NRC employee releasing Gunderson's name in connection with May/June 1982 allegations or identifying Gunderson in that regard to the licensee or Bechtel Power Corporation.

Investigation on May 30, 1984 at Walnut Creek, California File # 83-83
by Mark E. Resner, Investigator, OIA Date dictated June 5, 1984

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Date of transcription December 23, 1983

Report of Interview

Mr. Roger Fortuna, Deputy Director, Office of Investigations (OI), was contacted concerning compliance with Freedom of Information Act (FOIA) provisions as they relate to FOIA request 83-161. FOIA request 83-161 is a March 29, 1983, request from Marva C. Young and Lynn Bernabei, Government Accountability Project (GAP), for documents regarding allegations of Robert Gunderson and a Senior Bechtel Manager, concerning electrical problems and deficiencies at the Palo Verde Nuclear Generating Station (PVNGS). Mr. Fortuna furnished OI FOIA 83-161 file for review.

On March 29, 1983, GAP filed a FOIA request for documents relating to any and all allegations of Mr. Robert Gunderson and a Senior Bechtel Manager concerning electrical problems and deficiencies concerning PVNGS. Internal NRC distribution was made of this FOIA request to concerned offices.

On April 22, 1983, Mr. Owen C. Shackleton, OI Investigator, Region V, forwarded to OI Headquarters an extensive memorandum identifying over 300 documents that were within the scope of GAP's FOIA request. Shackleton noted in his covering memorandum that he anticipated referral of OI investigation of the Gunderson allegations to the U.S. Department of Justice (DOJ) and requested the documents not be released to the public.

On April 28, 1983, GAP was furnished a partial response to its FOIA request. The response NRC listed were two inspection reports which were available in the NRC Public Document Room and three other documents which were identified, but not released. No mention was made in the partial response of OI documents which pertained to the investigation of Gunderson's allegations. These were the documents principally sought by GAP.

On April 28, 1983, Mr. Fortuna forwarded, by memorandum, Shackleton's list of documents pertaining to Gunderson's allegation to the FOIA and Privacy Act Branch and recommended withholding the documents from public disclosure since the documents concerned an ongoing OI investigation. However, no exemption number was identified and no analysis of Shackleton's list of documents took place to determine if they could legitimately be withheld from public disclosure. OI did not provide the FOIA and Privacy Act Branch an explanation or rationale to support the blanket withholding of all of the documents. Shackleton's list included items such as newspaper articles, and Gunderson's Resume which were not released.

Investigation on December 22, 1983 at Bethesda, Md. File # 83-83
by Albert B. Puglia, Investigator, OIA Date dictated December 23, 1983

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On May 13, 1983, GAP appealed the partial response to its initial FOIA request, contesting the withholding of the three documents which had been identified but not released and the adequacy of the NRC search to locate and identify documents pertaining to NRC's investigation of Gunderson allegations.

On July 3, 1983, GAP and the Palo Verde Intervention Fund informed Congressman Morris Udall that GAP had submitted a FOIA request to the NRC in March 1983 to receive all documents concerning the investigation of Mr. Gunderson's allegations. GAP further stated they had not received any documents relating to its FOIA request.

On July 13, 1983, GAP filed a lawsuit in the U.S. District Court, Washington, D.C. seeking the records and information contained in its March 29, 1983, FOIA request.

On July 14, 1983, GAP wrote the Commission requesting the Commission review NRC Staff's handling of its investigation into the Gunderson/Royce matter. In its letter, GAP complained that they had been denied the bulk of the documents relating to the NRC investigation and the NRC had failed to identify or disclose pertinent materials and documents.

On July 17, 1983, Congressman Morris K. Udall forwarded the GAP/Palo Verde Intervention Fund letter to the NRC and requested a prompt response to the issues raised in the letter.

On July 19, 1983, the NRC sent GAP a letter identifying the 300 documents pertaining to the Gunderson allegations and which had been forwarded to NRC Headquarters from Region V on April 22, 1983.

On October 13, 1983, the list of over 300 documents was finally reviewed and processed to determine which could be released under GAP FOIA request 83-161.

On October 28, 1983, the Secretary of the Commission requested the Commission approve a proposed disposition to GAP's FOIA appeal (SECY 83-441). SECY 83-441 noted that the NRC was required to file a motion for a summary judgment in the GAP lawsuit by November 10, 1983. It was proposed that the NRC release all pertinent documents within the scope of GAP's FOIA appeal with the exception of those which related to a narrow matter which required referral to the Department of Justice. This disposition to GAP's FOIA appeal was approved.

Investigator's Note: In order to elaborate on information in the OI FOIA file, OIA contacted the OGC legal staff and FOIA and Privacy Act Branch personnel and determined that it was not until the later part of June 1983 that NRC informally advised GAP via telephone that a number of additional documents had been identified and were being processed subject to their request. It was not until July 8, 1983, that GAP was formally notified via letter that additional documents within the scope of their request had been located and were being processed. As noted earlier, Shackleton had assembled a lengthy memorandum in Region V in April 1983 identifying over 300 documents that were within the scope of the initial request. OIA's review of the OI FOIA file determined that upon Shackleton's list being received in NRC Headquarters this information was neither processed, reviewed, or examined in detail, but simply transmitted to the FOIA and Privacy Act Branch on April 28, 1983, recommending a blanket withholding from public disclosure. Between April and July 1983, conversations



took place between OI and FOIA and Privacy Act Branch personnel on the manner in which the list should be processed. Eventually, on July 8, 1983, the list was transmitted by the FOIA Branch back to OI Headquarters for a proper review and processing.



Date of transcription June 28, 1984

Report of Interview

Roger A. Fortuna, Deputy Director, Office of Investigations (OI), U.S. Nuclear Regulatory Commission (NRC), was interviewed concerning OI's timeliness (from July to October 1983) in the processing of FOIA request 83-161. Upon interview he provided the following information:

On July 8, 1983, the Office of the General Counsel (OGC), NRC, forwarded a list of documents generated by OI relative to the Gunderson investigation. The list of documents was to be provided to the Government Accountability Project (GAP), as a result of the July 12, 1983, law suit they filed in regard to FOIA request 83-161. Before the list could be released, OI had to review it with respect to any possible disclosures of confidential sources, etc. OI reviewed the list and coordinated with OGC in that regard.

He noted that during this time frame OI's priorities were focused on the completion of ongoing investigations and that FOIA, as well as other administrative matters, were addressed as manpower and time constraints permitted. He also believed that the OGC attorney (Marjorie Nordlinger) who initially handled this FOIA matter, was on vacation for "a couple of weeks" during this time frame and that probably impeded progress on the FOIA matter to some extent.

Subsequent to July 8, 1983, there was "dickering" between OI and OGC about who would construct the Vaughn listing and segregate what was releasable and what was not from that list. A resolution between OI and OGC was reached to have Owen C. Shackleton, Director, Region V, OI and [redacted], Paralegal Specialist, OGC, coordinate on the Vaughn listing. Shackleton came to OI Headquarters on October 17-21, 1983, and worked together with [redacted] towards that end.

After Shackleton and [redacted] completed the list and segregation of information, that ended OI's active involvement in the FOIA matter.

Investigation on June 27, 1984 at Bethesda, MD File # 83-83
by Mark E. Resner, ^{MR} Investigator, OIA Date dictated June 28, 1984

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Date of transcription June 22, 1984

Report of Interview

Ben B. Hayes, Director, Office of Investigations (OI), U.S. Nuclear Regulatory Commission (NRC), was interviewed relative to issues surrounding OI's handling of Freedom of Information Act (FOIA) request 83-161 and a February 28, 1983, letter from the Government Accountability Project (GAP) to Roger A. Fortuna which concerned the handling of the Gunderson/Royce matter by Region V Field Office, OI. He provided the following information:

With respect to OI's processing of FOIA request 83-161, and the processing of FOIA requests, in general, during the 1983 time frame, there was a conscious effort to devote available OI staff towards the end of completing investigations and the processing of FOIA requests received a lower priority. Although OI was aware of FOIA requests and the requirement to process them in a timely manner, they believed, in the long-run, the requestor was better served if the investigation was completed. The purpose of the FOIA requests was usually to obtain the investigation results and because FOIA requests concerning ongoing investigations are usually denied, the completion of the investigation seemed paramount. Therefore, this concept, in conjunction with the need of the NRC to resolve the numerous allegations impacting on Health and Safety, established OI's priority's with respect to balancing available staff between conducting investigations and the processing of FOIA requests.

Concerning OI's handling of the GAP February 28, 1983, letter to Roger Fortuna, he (Hayes) read the letter when it was first received in OI. After reading the letter and analyzing its contents, he personally made a decision to wait for further information from GAP. He made his decision based on the fact that, (1) GAP said they were going to initiate an investigation (2) that GAP was going to request an investigation and; (3) that GAP said they were going to summarize their findings and forward them to OI. He has not yet received any information in that regard from GAP. Also, in his analysis there was no wrong doing indicated on the part of any of his employees. After reading the letter he may have requested Fortuna to hold the letter in his in box until further information was provided by GAP. He noted that, at that time, there was not a standardized filing system within OI. Although he could not specifically recall the sequence of events he believes there was some discussion in June 1983 between James J. Cummings, then Director, OIA, and himself about the disposition of the February 28, 1983 letter from GAP. At approximately the same time an article was published in an Arizona newspaper and it alleged that Fortuna had not acted on the February 28, 1983, letter from GAP. The article prompted discussions between he and his staff about possibly referring the letter to The Office of Inspector and Auditor (OIA). He noted that, at that same time, there were discussions within OI about developing procedures for referral of matters involving possible wrongdoing on the part of his staff to OIA. These discussions were precipitated by him receiving a complaint involving an OI employee in one of the field offices. Based on the discussions, he did refer the matter to OIA.

Investigation on June 22, 1984 at Bethesda, MD File # 83-83
by Mark E. Resner, Investigator, OIA Date dictated June 22, 1984

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U.S. NUCLEAR REGULATORY COMMISSION
Office of Inspector and Auditor

Date of transcription June 26, 1984

Report of Interview

~~_____~~ FOIA/PA Specialist, FOIA/PA Branch, Division of Rules and Records (DRR), Office of Administration (ADM), U.S. Nuclear Regulatory Commission (NRC), was interviewed concerning her knowledge of the events and circumstances related to FOIA request 83-161. Upon interview she provided the following information:

Her first involvement in this matter was on March 31, 1983, when ~~_____~~, Administrative Assistant, FOIA/PA Branch, DRR, ADM, gave her the file folder for 83-161. She (~~_____~~) reviewed the file and noted that based on the ten day response calendar the due date was April 14, 1983.

Subsequently, a distribution memorandum from Donnie H. Grimsley, then Acting Chief, FOIA/PA Branch, was forwarded to any NRC offices which would possibly have documents responsive to the request. The memo was dated March 31, 1983, (Exhibit 1). The Office of Investigations (OI), NRC, was included on the distribution list for that memo, however, she does not know when OI received it. She noted there was a second distribution of the memo made that included the Office of the Secretary, NRC, and the Office of Policy Evaluation, NRC. The second memo was dated April 19, 1983. The purpose of the second memo was to be certain that NRC's search was a complete one.

On April 28, 1983, the FOIA Branch received a memorandum and documents responsive to the request from Roger A. Fortuna, then Acting Deputy Director, OI, forwarding documents he received from Owen C. Shackleton, Director, Region V, OI (Exhibit 2). To the best of her recollection, she does not recall having knowledge of those documents prior to April 28, 1983. However, prior to April 28, 1983, she telephoned Fortuna on at least two occasions (dates unknown) to remind him of the due date for the request (83-161). On those occasions, Fortuna acknowledged that he was aware of the due date and said words to the effect that he was working to satisfy the FOIA request.

She also noted that on April 19, 1983, she telephoned Marya C. Young, a Government Accountability Project (GAP), representative to advise her that a partial response to 83-161 was being typed and that letter would be mailed soon. The letter she was referring to was dated April 28, 1983, however, she noted that she concurred on the letter on April 21, 1983, (Exhibit 3).

Because all denials of documents with respect to FOIA request involving Commission (NRC) offices are coordinated with the Office of the General Counsel (OGC), NRC, she spoke with Richard Levi, OGC on May 5, 1983 and advised him of the request.

June 21, 1984

Bethesda, MD

File # 83-83

Mark E. Resner, *MR* Investigator, OIA

Date dictated June 26, 1984



On May 6, 1983, she forwarded all of the documents provided to her by Fortuna to OGC for their review. On May 13, 1983, GAP filed an appeal to NRC's April 28, 1983, response regarding 83-161 and from that point in time forward, OGC handled the matter. GAP appealed for the reason of a lack of a complete response.

On June 17, 1983, OGC (probably ~~XXXXXXXXXX~~ or Marjorie Nordlinger, OGC) returned the OI documents previously forwarded to them by her. OGC requested that she provide a different type of listing or "break down" of the OI documents.

On June 23, 1983, she telephoned Shackleton and requested a list of any tapes (cassette tapes) that he may have had in his office files. She received that list on June 24, 1983, and on June 30, 1983, she forwarded the new listing OGC requested on June 17, 1983, as well as Shackleton's listing of the cassette tapes, to OGC.

With respect to any involvement by the Office of the Executive Legal Director, (ELD), NRC, she noted that the ELD would not be involved unless they may have had documents responsive to the FOIA request. Legal advice in this instance would be solely from OGC as a Commission office was denying documents. She could only speculate that OGC attorney's may have conversed with ELD attorney's in that regard but reiterated that OGC is the "attorney" in such matters.





UNITED STATES
NUCLEAR REGULATORY COMMISSION
WASHINGTON, D. C. 20555

March 31, 1983

MEMORANDUM FOR:

negative
4:7
Valeria Wilson (*este*)
NRR

(late)
Roger Fortuna
OI

Wilda Mullinix
IE *negative*
4/11

Mary Sweeney
OGC *yes*

Ida Alexander
RV *(late)*
yes

FROM:

Donnie H. Grimsley, Acting Chief
Freedom of Information and Privacy Acts Branch

SUBJECT:

FOIA REQUEST FROM M. YOUNG AND L. BERNABEI FOR DOCUMENTS
REGARDING ALLEGATIONS OF ROBERT GUNDERSON AND A SENIOR
BECHTEL MANAGER CONCERNING ELECTRICAL PROBLEMS AND
DEFICIENCIES CONCERNING THE PALO VERDE NUCLEAR PLANT
(FOIA-83-161)

Please find enclosed a copy of the subject FOIA request. Please advise ~~me~~ of my staff by April 7, 1983, of your response to the following:

- (1) Does your office have documents subject to this request?
If yes: How much search time will be required? NOTE:
If expected search time exceeds two hours, do not begin
search until first talking to FOIA Branch staff contact.
- (2) Approximately how many documents do you anticipate will be withheld from public disclosure? What is their nature?
- (3) When submitting documents responsive to the request, a careful review should be undertaken to identify to DRR (1) any material which should be withheld specifically as classified, safeguards, or proprietary information, and (2) all records received from, or transmitted to one, or more Commissioners, or which contain substantive excerpts from records received from, or transmitted to, the Commissioners.
- (4) Do you anticipate any problems in processing this request and responding in the allotted time?
- (5) Which other offices might have documents subject to this request?

Please provide DRR with all documents subject to this request no later than NOON, April 11, 1983.

Also enclosed is a copy of the FOIA time record form which should be completed by the staff in your office and returned to DRR with your response.

Donnie H. Grimsley

Donnie H. Grimsley, Acting Chief
Freedom of Information and Privacy
Acts Branch

Enclosures: As stated

CONTACT: 



UNITED STATES
NUCLEAR REGULATORY COMMISSION
WASHINGTON, D. C. 20555

April 28, 1983

MEMORANDUM FOR: Donnie H. Grimsley, Acting Chief
Freedom of Information and Privacy Acts Branch

FROM: *Roger A. Fortuna*
Roger A. Fortuna, Acting Deputy Director
Office of Investigations

SUBJECT: FOIA REQUEST FROM M. YOUNG AND L. BERNABEI FOR DOCUMENTS
REGARDING ALLEGATIONS OF ROBERT GUNDERSON AND A SENIOR
BECHTEL MANAGER CONCERNING ELECTRICAL PROBLEMS AND
DEFICIENCIES CONCERNING THE PALO VERDE NUCLEAR PLANT
(FOIA-83-161)

Referencing your memorandum of March 31, 1983 subject above, enclosed please find two April 22, 1983 memoranda from Owen C. Shackleton, Jr., Director, OI:RV forwarding documents subject to this FOIA request. The documents have been segregated into two groups which reflect their handling by our office as two separate matters. The first grouping of documents pertain to an ongoing OI investigation. Additionally, a related Region V inspection is presently in progress. Consequently, OI recommends these documents withholding from public disclosure.

The second group of documents relates to information acquired by OI:RV which has been turned over to Region V. These documents relate to an ongoing Region V special inspection and therefore OI recommends that these documents not be released. As mentioned in Mr. Shackleton's April 22 memorandum, other documents from this same file have been provided to you in response to FOIA request 82-583 and are not included as part of this submission although subject to this request. We also recommend their withholding for the reason stated above.

cc: O. Shackleton, Jr., OI:RV

Enclosure:
As stated



April 28, 1983

Ms. Marya C. Young and Ms. Lynne Bernabei
Government Accountability Project
1901 Que Street, N.W.
Washington, DC 20009

IN RESPONSE REFER
TO FOIA-83-161

Dear Mesdames Young and Bernabei:

This is in partial response to your letter dated March 31, 1983, in which you requested, pursuant to the Freedom of Information Act, documents relating to the following:

1. any and all allegations of Mr. Robert Gunderson, and
2. any and all allegations of a senior Bechtel manager concerning electrical problems and deficiencies, concerning the Palo Verde Nuclear Generating Station, Units 1, 2, and 3 (Arizona).

The documents listed on Appendix A are responsive to your request. Documents one and two of the Appendix are NRC inspection reports which have previously been placed in the NRC Public Document Room (PDR), 1717 H Street, N.W., Washington, DC 20555. Access to these two reports may be obtained by visiting the PDR and requesting the documents by the appropriate number assigned to each inspection as cited on the Appendix. Documents three, four, and five contain opinions, recommendations and analysis as to whether to allow the licensing board's decision to become effective and also as to whether to issue an order. There are no reasonably segregable factual portions in these documents because the factual contents of each memorandum are already in the public record and releasing factual portions of these documents would reveal a predecisional evaluation of which facts are important. (See Russell v. Department of the Air Force, 2 GDS §81.123 (D.D.C. 1981), aff'd, 682 F.2d 1045 (D.C. Cir. 1982).) Therefore, these documents are exempt from mandatory disclosure pursuant to Exemption 5 of the FOIA (5 U.S.C. §552(b)(5)) and 10 CFR §9.5(a)(5). Release of these documents would not be in the public interest because it would tend to inhibit the open and frank exchange of ideas essential to the deliberative process. For these reasons, these documents are being withheld in their entirety.

Pursuant to 10 CFR 9.15 of the Commission's regulations, it has been determined that the information withheld is exempt from production or disclosure and that its production or disclosure is contrary to the public interest. The person responsible for this denial is Mr. James A. Fitzgerald, Assistant General Counsel.

This denial may be appealed to the Commission within 30 days from the receipt of this letter. Any such appeal must be in writing, addressed to the U.S. Nuclear Regulatory Commission, Washington, DC 20555, and should clearly state on the envelope and in the letter that it is an "Appeal from an Initial FOIA Decision".

The search for additional documents relevant to your request is continuing. When our search has been completed, you will be notified of our determination.

Sincerely,

J. K. Felton
J. K. Felton, Director
Division of Rules and Records
Office of Administration

DISTRIBUTION

- DRR Rdg
- DRR Subj
- NLToms
- DHGrimsley
- ECShomaker
- PGNorry
- PDR
- MSweeney
- NOBrown

*CONCURRED BY TELEPHONE

OFFICE	ADM: DRR	ADM: DRR	ADM: DRR	* OGC			
SURNAME	M. Toms / smf	DHGrimsley	J. K. Felton	MSweeney			
DATE	4/21/83	4/26/83	4/27/83	4/27/83			



Date of transcription June 28, 1984

Report of Interview

Donnie H. Grimsley, Formerly Acting Chief, Freedom of Information and Privacy Acts Branch (FOIA Branch), Office of Administration, U.S. Nuclear Regulatory Commission (NRC), was interviewed concerning his knowledge of the events and circumstances surrounding NRC's processing of a March 29, 1983, FOIA request 83-161 from the Government Accountability Project (GAP) regarding the NRC investigation of the Gunderson allegations. Upon interview, Grimsley provided the following information:

In early July 1983 Grimsley received a call from Marjorie Nordlinger, Attorney, Office of the General Counsel (OGC), who had indicated that she had agreed to provide Lynn Bernabei, GAP, a copy of the list of approximately 300 documents identified by the Office of Investigations (OI) as subject to the FOIA request. He advised her that the list of documents OI and the FOIA Branch had sent to her (Nordlinger) should not be provided to GAP because there could be information on the list that would identify confidential sources or possibly interfere with OI's ongoing investigation. He indicated that any release of the list should have OI approval. He did not specifically recall what he actually did as a result of this conversation but he probably notified Roger Fortuna, OI, that someone in OI should look at the list before OGC sent it out. This was especially necessary since OI had recommended that all the documents be withheld because disclosure would interfere with an ongoing investigation. It is his understanding that sometime in mid-July 1983 OGC did send a list to Bernabei that had certain information deleted, principally the names of confidential sources. -

Appeals to the Commission are not assigned to the FOIA Branch for action. They are directed to the Secretary of the Commission who in turn assigns the action to OGC. The FOIA Branch prepares a package of the processing of the documents which are the subject of the appeal and provides it to OGC. No other action is taken on appeals to the Commission unless OGC requests specific assistance. Therefore after the call from Nordlinger regarding the giving of a list to Bernabei, the FOIA Branch had no further action on the case. It would have been under the jurisdiction of OGC.

Grimsley noted that during the Spring of 1983, there were several important issues under review regarding the disclosure of OI investigative records. The first one involved the extent to which information other than the name of a confidential source which could possibly identify the confidential source should be withheld. This was finally resolved in the OGC review of the FOIA that was contained in the Commission Paper that OGC sent to the Commission in late 1983. Another issue that was under review was whether or to what extent a list of documents involved in an ongoing investigation should be identified in an FOIA response. This issue was raised in several cases and did not

Investigation on June 26, 1984 at Bethesda, MD File # 83-83

by Mark E. Resner, Investigator, OIA Date dictated June 28, 1984

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actually get completely resolved until late Fall of 1983. For example, if the investigation involved a licensee or a licensee contractor would the identification of licensee documents (which of course the licensee has) telegraph the nature, scope and direction of the NRC investigation to the extent it could permit someone to interfere with the investigation. Also would identification of licensee or contractor documents which had come through a confidential source lead the licensee or contractor to the identity of the confidential source. This was viewed as a serious issue that was extensively discussed with OGC by the FOIA Branch and OI. A third issue was whether NRC could withhold all OI investigative records involved in an ongoing investigation under Exemption 7A or whether OI had to make a sentence review of each document to determine if the information contained therein would, if disclosed, interfere with the ongoing investigation. If the latter position were taken then the burden on OI would be substantial and probably would result in substantial delays in completing the investigation because the same investigator would be involved in the FOIA review and the conduct of the investigation. It was his understanding that at that time there was substantial pressure on OI to complete investigations. Thus to shift investigators for the purpose of reviewing the investigative records involved with ongoing investigations would have delayed completing many investigations since OI, at the time, had quite a few FOIA requests involving ongoing investigations. He noted that OI initially recommended the denial of all the documents on the basis that their disclosure would interfere with an ongoing investigation. Had OGC accepted that recommendation, the request could have been promptly responded to. Essentially a middle ground was taken, but deference was made to withhold if there was any question.

By the time OGC responded to the FOIA, the 7A issue was moot since the investigation was over. Once an investigation is complete, review of the records is much easier since, under most circumstances, the review looks only for proprietary, privacy and confidential source information. The reviewer does not have to focus on what would interfere with an ongoing investigation. Because of this, the review of records of a completed investigation can be done by someone other than the investigator whereas only the investigator can effectively review records if the investigation is ongoing.

With respect to the statement by Bernabei that the OI documents should be identified to her, that is essentially a legal question. However, it has been NRC's position since 1975 that the court case Vaughn V. Rosen does not require agencies to identify documents at the agency level of processing FOIA requests. The case is viewed by NRC and the Department of Justice, as only applying to FOIA suits at the district court level. In essence the Case requires agencies to identify, to some extent, documents subject to judicial review in court suits involving FOIA responses. As a practical matter the NRC almost always identifies the documents released and withheld in response to FOIA requests. That has been NRC practice even though there have been occasions when withheld documents were not identified because their mere existence would reveal confidential sources or possible interfere with ongoing investigations. Also, on a few occasions NRC has not made a list of released documents because of the large volume involved and the belief that no need existed for a list. It has also been the practice of NRC not to identify documents until the agency has made its initial response. There are a couple of reasons for that, (1) after review by the staff the FOIA Branch and the legal staff, some of the documents may be deemed to not be within the scope of

the request. That decision needs to be made prior to notifying the requestor of what documents are subject to his request and the agency's disposition of them; (2) if NRC waited to respond and all the documents subject to a request were obtained, NRC would be long overdue with most FOIA requests because so many of them involve Commission level documents or searches by Commission staffs which do not occur quickly. Thus since 1975, NRC practice has been to provide partial responses as frequently as NRC had a set of release documents or a decision on withheld documents available for response. Only rarely has any requestor complained. Most requestors seem to appreciate NRC getting as much processed information to them as quickly as possible.

Overall FOIA 83-161 along with several others at the time, raised several significant disclosure issues that took some time to resolve. The resolution of these issues, or failure to do so until the Fall of 1983, directly affected what type of review was required for the OI documents in this FOIA. Also, during that time OI had several extremely important conflicting priorities placed on its staff among which was the review of documents subject to FOIA requests.



Date of transcription June 28, 1984

Report of Interview

~~XXXXXXXXXX~~ Paralegal Specialist, Office of the General Counsel (OGC), U.S. Nuclear Regulatory Commission (NRC), was telephoned regarding the general chronology of events in FOIA request 83-161 from July 1983 to its conclusion. Upon interview, she provided the following information:

On July 12, 1983, a law suit was filed in U.S. District Court in Washington, DC, by the Government Accountability Project (GAP), in connection with their FOIA request to the NRC on the Gunderson investigation. In connection with the law suit, on August 26, 1983, NRC received a notice from the Court requesting a hearing on October 11, 1983. At that time, (October 11, 1983), NRC advised the Judge in this matter of NRC's progress with respect to the processing of the FOIA request. Also, during that hearing, a November 10, 1983, deadline was established for NRC to provide a Vaughn listing of pertinent documents, and for the filing of NRC affidavits in this matter.

On October 24, 1983, GAP amended their law suit and narrowed the scope of their appeal on FOIA 83-161.

She noted that during the period October 11 thru November 10, 1983, Owen C. Shackleton, Director, Region V, OI and her worked together at OI Headquarters for two or three days in order to make a Vaughn list and segregate the documents involved. She also noted that in addition to contacting the licensee concerned with this matter, it was necessary for OGC to coordinate with the U.S. Department of Justice (DOJ), as DOJ represents the NRC in such law suits.

In a November 10, 1983, letter from Samuel Chilk, Secretary, NRC to GAP, the documents to be released by NRC in connection with the Gunderson investigation were identified. Shortly thereafter, those documents were placed in the Public Document Room.

On November 21, 1983, affidavits offering legal reasons for the withholding of certain proprietary information were submitted to the Court by NRC. She noted that the licensee had to be consulted on an earlier date regarding this aspect of the FOIA law suit. On January 6, 1984, a settlement between NRC and GAP was reached.

Investigation on June 28, 1984 at Bethesda, MD File # 83-83
by Mark E. Resner ^{MR} Investigator, OIA Date dictated June 28, 1984

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Date of transcription June 6, 1984

Report of Interview

Owen C. Shackleton, Director, Office of Investigations (OI), Region V, U.S. Nuclear Regulatory Commission (NRC), was interviewed concerning the seemingly lack of investigative activity from June 29, 1982 to April 8, 1983, on the allegations made by Robert D. Gunderson, Jr., a former journeyman electrician at Palo Verde Nuclear Generating Station (PVNGS). He provided the following information:

A review by him of his personal daily diary (in the form of an appointment book) which generally documented his time spent on various cases including the Gunderson case and a review of his investigative case control sheet for the years 1982-1983 indicated the following: Concurrent with the Gunderson investigation there were four additional cases opened concerning the PVNGS from May 27, 1982, through June 24, 1982. These cases were 5-82-005 (Allegations re: Tendons Installation by Western Concrete Structures Company) - Opened June 8, 1982 and Closed July 6, 1983; 5-82-006 (Allegations re: Post Weld Heat Treatment of Piping) - Opened June 9, 1982 and Closed January 19, 1983; 5-82-010 (Allegations re: Welding of Piping) - Opened June 24, 1982, and Closed March 21, 1983; and 5-82-011 (Allegations re: Electrical Installations) - Opened June 9, 1982, and Closed March 21, 1983. Also, there were additional cases opened at PVNGS in August and September 1982. These cases were 5-82-017 (Allegations of Violations re: 50-55e 10 CFR) - Opened August 10, 1982 and Closed September 1, 1982; and 5-82-019 (Allegations re: Welding/Piping and NRC Inspections)* - Opened September 23, 1982, and currently pending. These cases at PVNGS, as well as other cases involving Diablo Canyon Nuclear Plant and Washington Public Power Supply System (WPPSS) Nuclear Plants # 1, 2, 3, and 4 were actively being investigated during the same period June 29, 1982 through April 7-8, 1983.

Three investigators were assigned to Region V during the timeframe in question. They were: ~~_____~~, ~~_____~~, and Shackleton. They all worked on the Gunderson allegations and were primarily assisted by Region V technical staff ~~_____~~, Lucian Vorderbruggen, ~~_____~~.

* Investigator's Note: Shackleton was questioned about the possibility that this should have been referred to OIA. He said that the alleged made a general comment to ~~_____~~ and himself that NRC inspectors were always accompanied by Bechtel employees and were shown only what Bechtel wanted them to see, thereby making the objectivity of NRC inspectors questionable. Shackleton advised the issue will be documented in a forthcoming OI investigative report which will be referred to OIA.

Investigation on May 30, 1984 at Walnut Creek, California 83-83
by Mark E. Resner, Investigator, OIA Date dictated June 6, 1984

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[redacted], and [redacted]. Shackleton and [redacted], or in some instances, Shackleton and a member of the Region V technical staff worked actively on the Gunderson case at PVNGS. This activity included records review, interviews, and onsite hardware inspection. In connection with the Gunderson allegations, he and [redacted] were at PVNGS and other locations on the following dates: June 1-4, 1982 (PVNGS); June 27-July 3, 1982; October 20-27, 1982; and December 20-21, 1982. He noted that although the Gunderson case was worked on those dates, it was not exclusively worked on as there were other cases being worked on as previously identified. Some additional dates that the Gunderson case was worked on are: January 31 through February 4, 1983; March 7-11, 1983, and April 4-8, 1983.

Regarding the purpose for the reinterview of [redacted] and [redacted] on April 7-8, 1983, he recalled that when he initially interviewed these individuals, he had to be circumspect and not identify the source of the allegations and consequently, the interviews were not as thorough as they could have been. Therefore, after Gunderson's identity was made public by Gunderson through media interviews in conjunction with representatives of the Government Accountability Project (GAP) in February 1983, he could use Gunderson's name during the interviews and, thereby, be more specific and thorough. The reinterviews reflect the additional information learned and, in fact, contained admissions of wrongdoing by [redacted].

In addition to the Gunderson investigation at PVNGS and other investigations during June 29, 1982, through April 7-8, 1983, he had to perform administrative duties associated with the formation of OI on July 19, 1982. This involved two trips to OI Headquarters. Additionally, there were other administrative duties associated with managing the office.

In consideration of the magnitude and detail of the allegations by Gunderson and the limited OI Region V staff, he made a determination that all of the interviews in the Gunderson matter would be tape recorded to preserve them until such time as a written documentation could be prepared. This contributed significantly to his delay in writing a report because he had to listen and extract germane portions of the interviews in order to document them in writing. There were 22 cassette tapes of 60 minutes in length resulting from his interviews. The majority of the tapes were entirely used during interviews. Once he began writing the report (approximately May 3, 1983 through July 5, 1983) it took two months to complete.

Regarding his comment in an earlier interview by Investigator Patrick McKenna, Jr., Office of Inspector and Auditor (OIA) concerning a statement attributed to the licensee that they received "a clean bill of health" with respect to the Gunderson allegations, he said that it was merely a guess on his part and there was no factual basis for his comment. His comment was not intended to explain nor was it in regard to an article in the New Generation, Volume 7, 1982 (Palo Verde Quarterly News - Arizona Public Service (APS)) cited by GAP in a July 14, 1983, letter to the NRC Chairman and Commissioners. However, Ms. Lynn Bernabei, who is affiliated with GAP, did advise him on January 28, 1983, that Bechtel Power Corporation allegedly said they have a clean bill of health concerning allegations at the PVNGS. According to Bernabei, the comment was in some document generated by Bechtel and was made by an APS lawyer named Mr. Art Gehr.



Date of transcription June 14, 1984

Report of Interview

Arthur Gehr, Esq., Snell and Wilmer, 3100 Valley Center, Phoenix, Arizona 85073 was telephoned (602-271-3385) concerning issues surrounding the U.S. Nuclear Regulatory Commission's (NRC) investigation of allegations made by Robert D. Gunderson, Jr., a former journeyman electrician at Palo Verde Nuclear Generating Station (PVNGS). Gehr is the legal counsel with respect to licensing matters for the joint owners of PVNGS. In response to questions posed, he provided the following information in a June 14, 1984 letter, with enclosures (Exhibit 1), to the investigator.

Investigation on June 12, 1984 at Bethesda, Md. File # 83-83
by Mark E. Resner, Investigator, OIA Date dictated June 14, 1984

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June 14, 1984

OF COUNSEL

Mr. Mark Resner
Investigator
U.S. Nuclear Regulatory Commission
Washington, D.C. 20555
EWS-461A

Dear Mr. Resner:

This letter will confirm the substance of the telephone discussions I had with you on June 12, 1984, during the course of which:

- (a) I denied stating at any time that the investigation of allegations "was going well".
- (b) I stated that, prior to the enforcement conference at Region V offices in November, 1983, I had never discussed any investigation of any allegations with any NRC personnel other than Lee Dewey, the attorney who represented the NRC Staff in the Palo Verde licensing hearings before the ASLB.
- (c) I denied that I received or saw any report respecting any investigation of any allegations from Bechtel.
- (d) I stated that my first knowledge of the allegations made by an unidentified person during the ASLB hearings and the results of the investigation thereof came from an inspection report issued by Region V in March, 1983. [The reference to March, 1983 was incorrect; the report was issued in April, 1983].

With respect to paragraph (a) above, I referred you to pages 1784-1793 of the transcript of proceedings before the



Mr. Mark Resner
June 14, 1984
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ASLB on June 22, 1984, on the application for licenses for Palo Verde Units 1, 2 and 3. This portion of the transcript, a copy of which is attached, shows that my only comments respecting the investigation was as follows:

"I've heard reports that the investigation is moving along." (Page 1789)

Please note that this comment was made after Mr. Dewey had reported at page 1786:

"They have also made various road trips to talk to various people, so that the investigation is moving well along, number one."

and at page 1787:

"So in other words, what I guess my report is, the investigation is moving well along, so far, no major problems have been found, and it should be concluded very soon."

Please also note that subsequent to my comment, Judge Lazo, the ASLB chairman, stated at page 1791:

"Well, we have Mr. Dewey's statement that the investigation is moving along well, that it should only be a matter of a few weeks, and that a report will be prepared, and filed, and made available to everyone."

Further, note that Mr. Dewey stated at page 1792:

"Contrary to Miss Bernabei's representation, the Applicant has not been brought up to date or made aware of the status of this investigation."

Moreover, when Ms. Bernabei stated (at page 1790) that the Applicants "were being kept informed", I objected and when she stated that "he [Mr. Gehr] said he knew about the progress of the investigation" (at page 1792), I immediately denied it and directed her: "Don't misquote me, Miss Bernabei."

I appears from my conversation with you yesterday, that Ms. Bernabei has continued to misquote me and to misrepresent the facts.



Mr. Mark Resner
June 14, 1984
Page Three

With respect to my contacts with Mr. Dewey, at no time did Mr. Dewey reveal to me, nor did we discuss, the identity of the alleged referred to in the ASLB hearings, the allegations that had been made, or the nature, scope, progress or results of any investigation other than as reported by Mr. Dewey during the course of the ASLB licensing hearings and in the following letters:

Letter dated September 3, 1982
Letter dated October 27, 1982
Letter dated June 30, 1983
Letter dated July 12, 1983
Letter dated October 21, 1983
Letter dated May 14, 1984

All of the foregoing letters, except the letter dated July 12, 1983, were addressed to the members of the ASLB and copies were provided to all parties in the licensing proceedings. The letter dated July 12, 1983, was addressed to me with copies to the ASLB members and all parties in the licensing proceedings.

^{1/}
With respect to two sentences^{1/} appearing in a publication called New Generation issued sometime in the Fall of 1982, I stated to you that they had no foundation in fact and that the ASLB had never "ordered a quality control review of the general areas of construction mentioned by Hourihan," nor did any party to the proceeding ever request such a review. The ASLB did give consideration to a motion submitted on May 25, 1982, by Intervenor Hourihan which requested (i) leave to file new contentions based on allegations of an unidentified person (subsequently revealed to be Robert Gunderson) and (ii) an order for "an independent investigation" of such allegations. (See Transcript, May 25, 1982, pp. 1012-1032). The ASLB deferred ruling upon this motion (Transcript, May 25, 1982, pp. 1028-1032). Subsequently, the ASLB rejected the request of Intervenor's counsel to keep the record open to receive the report of NRC's

^{1/}
"Although no specific allegations were brought out, the board ordered a quality control review of the general areas of construction mentioned by Hourihan. That review resulted in a clean bill of health." [New Generation, Vol. 7, 1982, page 3].

Mr. Mark Resner
June 14, 1984
Page Four

investigation of such allegations (Transcript, June 25, 1982, pp. 2700-2707). At no time did the Intervenor request nor did the ASLB order a quality control review of any area of construction.

Nonetheless, with respect to the incorrect statement about an ASLB-ordered QA review, I wish to call your attention to the fact that there is some substance to support it in part. An "Independent Quality Assurance Evaluation of Palo Verde Nuclear Generating Station Units 1, 2 and 3" was conducted by Torrey Pines Technology in the period from May to October, 1982. A copy of the Executive Summary of the report of this evaluation dated October, 1982, is attached. As can be seen from the conclusions reported on pages 25-26 of the Executive Summary, there is support for the conclusion in the New Generation article that: "That review resulted in a clean bill of health."

As the enclosed summaries of meetings, dated July 26, 1982 and July 15, 1983 demonstrate, it is not open to question that the NRC Staff was both informed and involved with the selection of Torrey Pines Technology to conduct the independent evaluation, the scope of the evaluation, and the review of the results. Thus, while the New Generation was incorrect in ascribing the quality assurance evaluation to an order from the ASLB, the records show (i) an independent quality assurance evaluation of construction of Palo Verde was conducted and completed in October, 1982, (ii) the NRC Staff was involved in the formulation of evaluation and reviewed the results, and (iii) the overall conclusion of Torrey Pines was that "the QA program at Palo Verde appears to be effective and successful."

While I have not reviewed this matter with the author of the New Generation article, I suspect that the error in the article stemmed from his confusion about the roles of the NRC, its staff and the ASLB in licensing matters. If it is desired to pursue this matter further, I am sure that the author of the article and his editors can be identified.

Sincerely,


Arthur C. Gehy

ACG:bnf
Enclosures

cc: L. Dewey (without encls.)
D. Canady (without encls.)
E. E. Van Brunt, Jr. (without encls.)

NUCLEAR REGULATORY COMMISSION

BEFORE THE ATOMIC SAFETY AND LICENSING BOARD

In the Matter of:

ARIZONA PUBLIC SERVICE COMPANY, et al.

(Palo Verde Nuclear Generating Station,
Units 1, 2 and 3)

:
:
DOCKET NOS. 50-528 OL
50-529 OL
50-530 OL
:

DATE: June 22, 1982

PAGES: 1779 - 2019

AT: Phoenix, Arizona

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1 JUDGE CALLIHAN: No, by the Applicant.

2 JUDGE LAZO: By the Applicant, which we
3 understand -- we have not seen it, any of us, and I presume
4 that copies for Judge Cole and myself are in Washington. It
5 is an Applicants' document, and I understand that it is a
6 June 16 letter from Edwin E. Van Brunt, Jr., to Dr. Harold
7 Denton. The only other Applicant document that we have seen in
8 this regard is a letter bearing the date of June 10, 1982,
9 from Mr. Van Brunt, Jr., to Harold Denton. I wondered, do
10 Applicants have additional copies of that letter available, or
11 can we be advised as to the contents?

12 MR. GEHR: Yes, we do have additional copies.
13 Copies were sent to the parties as well as the Board. We
14 will furnish you a copy at the break.

15 MR. DEWEY: I don't believe the Staff has got a
16 copy of that either.

17 MR. GEHR: I will get a copy to you.

18 MS. BERNABEI: We did receive a copy, but if there
19 are additional copies --

20 MR. GEHR: I will get another copy for you, Lynne.

21 JUDGE LAZO: Well then, are there any housekeeping
22 matters that the parties wish to raise at this time?

23 MS. BERNABEI: I have several, Mr. Chairman.

24 During the prior session, the Intervenor submitted
25 a contention on faulty electrical work at the plant, and

1 falsification of records about that electrical work. The
2 Board deferred ruling on admission of the contention, pending
3 an NRC investigation. On June 1, the worker who had signed an
4 affidavit about these problems met with the NRC and
5 separately the Intervenor, Ms. Hourihan and a co-worker met
6 with the NRC.

7 We have an affidavit we would like to introduce
8 about the meeting of Ms. Hourihan with the NRC investigators.
9 Basically while saying that they felt the workers' allegations
10 were substantial and merited serious investigation, that it
11 would take them a great deal of time to investigate, because
12 Region Five was understaffed. They hoped to hire more people,
13 but they didn't know when they could, and generally that this
14 was a low priority problem for them, since there were operating
15 plants or plants about to go on line such as Diablo Canyon
16 that had problems they had to attend to first.

17 We are concerned that this investigation could
18 drag on for a long time. The NRC has indicated that it is
19 concerned with the allegations that were made, feels they are
20 serious allegations, and should be thoroughly investigated.

21 What -- this Board expressed some interest that
22 this investigation be expedited so that the matters could be
23 brought up in these proceedings in an expeditious manner, and
24 I guess we are a little disturbed that one, they put a very
25 high priority on this investigation, and two, because of the

1 inadequacy of staffing at the Region Five office, these
2 allegations may never be investigated prior to the closing of
3 the record in this licensing proceeding.

4 We do have an affidavit that we have prepared,
5 that we can -- that basically described the meeting of Ms.
6 Hourihan with the NRC investigators.

7 MR. DEWEY: Maybe I can be a little helpful here,
8 because I have -- I think I have perhaps later information
9 than Ms. Bernabei has, and I have been in contact with the
10 NRC investigators. I talked to them on Friday, as a matter of
11 fact.

12 JUDGE LAZO: Yes, would you please tell us the
13 status of the investigation, Mr. Dewey?

14 MR. DEWEY: Yes, sir. As far as I can tell, and
15 they have told me that this investigation is getting priority
16 treatment, they have been working on this for the last
17 several weeks, and they have had several investigators from
18 Region Five at the Palo Verde site to work on this. They have
19 also made various road trips to talk to various people, so that
20 the investigation is moving well along, number one.

21 Number two, it is not contemplated that it will
22 take too much longer to finish the investigation, although it
23 could take several more weeks.

24 Number three, I would like to report, that up to
this point, their findings have -- they have only found some



1 minor difficulties, and I don't think they would be major. At
2 the end of the investigation, when the investigation is
3 completed, an investigational report will be made out, and it
4 will be put in the public document room. A deletion will be
5 for names of people involved, perhaps, because that is to
6 uphold confidentiality.

7 So in other words, what I guess my report is, the
8 investigation is moving well along, so far, no major problems
9 have been found, and it should be concluded very soon.

10 One other thing I would like to point out, that I
11 thought was interesting, and important. One of the
12 allegations was that the investigators -- that the unnamed
13 informant, excuse me, not the investigators, the unnamed
14 informant had attempted to contact the NRC in the past about
15 this problem, and that the NRC had not shown any interest.

16 This was a misunderstanding by the unnamed
17 informant. What happened was that the informant had never
18 actually talked to the NRC. First he talked to the State of
19 Arizona, and the representative of the State of Arizona
20 had sent him to the Department of Energy Office in Las Vegas,
21 Nevada. It wasn't the NRC office. In other words, he had
22 gone to the wrong office.

23 Those people had not indicated an interest, but
24 he mistook them to be the NRC people, and they were not in
25 fact the NRC people, so this is just a misunderstanding.



1 Now, it is further my understanding with respect
2 to this unnamed informant that I believe he is satisfied with
3 the way the NRC is handling this investigation up to this
4 point at least.

5 JUDGE LAZO: Have you been in contact with the
6 informant, Mr. Dewey?

7 MR. DEWEY: No, sir. I haven't. There is
8 strict confidentiality, and I do not even know his name.

9 JUDGE LAZO: So only the investigators from
10 Region Five know who he is at this point?

11 MR. DEWEY: Yes, sir.

12 MS. BERNABEI: If I --

13 MR. GEHR: Just a minute. Just a minute.
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1 MR. GEHR: Just a minute. I've heard reports
2 that the investigation is moving along. But I object to the
3 introduction and submission in the record of this affi-
4 davit of Miss Hourihan.

5 JUDGE LAZO: I have not read the affidavit. I
6 don't think we have had a chance to do that yet.

7 MR. GEHR: Yeah, and it's a hearsay report of a
8 conversation with somebody else. It has no basis in the
9 record. Miss Hourihan has refused to take the stand.
10 Anything going on on this investigation in this hearing is
11 going to be subject to cross-examination by myself and the
12 staff.

13 JUDGE LAZO: Well, give us an opportunity to --
14 The affidavit is not in the record at this point. I think
15 we would all like to read it when we have an opportunity.

16 MS. BERNABEI: Mr. Chairman?

17 JUDGE LAZO: Ms. Bernabei?

18 MS. BERNABEI: If I could -- not to terrupt you,
19 Mr. Chairman, to just explain a few of the things that Mr.
20 Dewey was talking about --

21 First of all, as this affidavit explains,
22 the investigators, when they did meet with Miss Hourihan,
23 said that the Intervenor would not be informed of the pro-
24 gress of the investigation at all.

25 The representations in this

1 affidavit are from the initial meeting on June 1 between
2 three NRC investigators and Miss Hourihan. The represen-
3 tations are true, that they said they did not have ade-
4 quate staffing, this was a low-priority item, and an in-
5 vestigation would take several months. Those were their
6 words.

7 That's why we expressed our concern here today.

8 We further were informed, or Miss Hourihan was
9 informed at the meeting that she would not know how the
10 investigation was going until a report was issued, that
11 she would not be kept informed. Obviously the Applicants
12 are being kept informed. The Intervenor is not.

13 Secondly, I would note that when Mr. Dewey said
14 that the worker -- he's not an unnamed informer, he's
15 someone who works at the plant, as the NRC well knows, for
16 several years -- The worker said that the reason he --

17 MR. GEHR: Objection.

18 MS. BERNABEI: -- contacted the wrong office
19 was that there was no number posted for the NRC on a bul-
20 letin board at the plant, that he thought would be
21 responsive to his concerns.

22 The investigator specifically told him at that
23 meeting that the number for the NRC should be posted at
24 the plant and they would check that out to make sure that
25 it was done.

1 If there was confusion, we feel it's the
2 problem of the Applicants because the number wasn't posted.
3 This man went to the people that he thought would be
4 responsible. You know, that's why he got confused with
5 the offices, because there wasn't any information to tell
6 him exactly where to go.

7 I guess what I would say is if Mr. Dewey's re-
8 presentations are true, then we would be satisfied. What
9 we would like is some deadline on when this investigation
10 would be completed. His information is obviously very
11 different than any information we were given by the inves-
12 tigators on June 1. And that's why we've expressed our
13 concern here today. We think that there are serious
14 problems. We don't know the status of the investigation,
15 the schedule, or the timetable. We were informed that
16 it was much different than what Mr. Dewey represents here
17 today.

18 JUDGE LAZO: Well, we have Mr. Dewey's statement
19 that the investigation is moving along well, that it
20 should only be a matter of a few weeks, and that a report
21 will be prepared, and filed, and made available to every-
22 one.

23 Perhaps, Mr. Dewey, you could check again and
24 see if you could come up with a more definitive date for
25 the completion of the investigation.



1 MR. DEWEY: Yes, sir, I will.

2 Contrary to Miss Bernabei's representation, the
3 Applicant has not been brought up to date or made aware of
4 the status of this investigation.

5 MS. BERNABEI: I'm just taking what --

6 MR. DEWEY: This is a confidential investiga-
7 tion, number one.

8 MS. BERNABEI: I'm just taking what Mr. Gehr
9 said here today. He said he knew about the progress of
10 the investigation. We don't know.

11 MR. GEHR: I did not say that. Don't misquote
12 me, Miss Bernabei.

13 MR. DEWEY: Number two, we have not -- I didn't
14 meant to state -- and I don't think I did -- but I didn't
15 mean to state that who I would call the unnamed infor-
16 mant -- And the reason why we're calling him the unnamed
17 informant is because he has complete confidentiality.
18 When he was interviewed by our people, I think our people
19 gave him the general type of investigation they were going
20 to conduct. And this is what he seemed to be satisfied
21 with. I didn't mean to imply that he was being brought
22 into the investigation beyond that.

23 JUDGE LAZO: We understand.

24 MR. DEWEY: So I will attempt as soon as possi-
25 ble to find out about a more definitive date. They have
been spending quite a bit of time on this.

1 The last time I talked to him, like I said, was
2 Friday. And they thought it might take several more weeks
3 at that point. But maybe I can pin them down a little
4 bit more.

5 JUDGE LAZO: Well, I think we'd like to have a
6 further report from you sometime during this week.

7 MR. DEWEY: Yes, sir.

8 JUDGE LAZO: Miss Bernabei, do you have addi-
9 tional matters to raise at this point?

10 MS. BERNABEI: Yes, I do, I have one additional
11 matter which is somewhat vague at this point. A short
12 time after the last set of hearings, Miss Hourihan, through
13 the Mesa Police Department, received a threat on her life.
14 When I say "through them," she was informed that they be-
15 lieved a threat had been made on her life concerning cer-
16 tain allegations about activities at the Palo Verde site.
17 We were concerned not so much because we knew whether these
18 allegations were substantiated or not, but we were concerned
19 about her safety.

20 Just to give the Board a little background --
21 and we think you should be informed about this -- as we men-
22 tioned at the last set of hearings, there are workers that
23 are coming to Miss Hourihan with complaints about safety
24 problems in other plants, the problems at the Palo Verde
25 plant. She has been meeting with some of these workers



GA-C16924

**INDEPENDENT QUALITY ASSURANCE
EVALUATION OF PALO VERDE NUCLEAR
GENERATING STATION
UNITS 1, 2, AND 3**

**VOLUME 1
EXECUTIVE SUMMARY**

PREPARED FOR

ARIZONA



PUBLIC SERVICE COMPANY

P.O. BOX 21666 - PHOENIX, ARIZONA 85036

**GENERAL ATOMIC PROJECT 2426
OCTOBER 1982**



**TORREY
PINES
TECHNOLOGY**



EXECUTIVE SUMMARY

INTRODUCTION

Torrey Pines Technology, a division of GA Technologies Inc.,* (GA), was engaged by Arizona Public Service Company (APS) to conduct an independent quality assurance evaluation of the Palo Verde Nuclear Generating Station (PVNGS) Units 1, 2 and 3 in the areas of organization, management, quality assurance, design, and construction activities.

The program was structured to evaluate whether the APS nuclear project management organization, policies and quality assurance program have been adequately and appropriately structured, organized and implemented, from project organization to fabrication and construction, to assure that the high quality standards expected of nuclear power plant design and construction have been met. The review effort included technical review of selected safety-related features and physical verification of selected construction and installation details. All work was done in accordance with a program plan which was prepared early in the program and approved by the Nuclear Regulatory Commission (NRC).

The program reviewed the activities of APS, Bechtel Power Corporation (BPC) and Combustion Engineering Corporation (C-E). Over 1500 documents were reviewed, and over 15,000 checks were made of procedural implementation. Over a six month period, approximately 102 man-months of effort were applied to this program.

* Effective October 29, 1982 most of the business activities and programs of General Atomic Company have been assigned to GA Technologies, Inc., a wholly owned subsidiary of Gulf Oil Corporation and successor in interest to General Atomic Company.



The results of this evaluation program are contained in this report which consists of three volumes. This first volume, the Executive Summary, contains an overview of the program, a description of work performed, and the major conclusions drawn. Volume II, Program Results, presents a detailed description of the program, particularly of the actual work performed, the questions raised during the review, the resolution of these questions, and the conclusions associated with each part of the program. Volume III consists of a compilation of all Potential Finding Reports. It also includes all Corrective Action Plans developed, along with the review of each Plan. Volume III does not include program discussion, descriptions of the work, or any conclusions.

DESCRIPTION

The program consisted of five review tasks, a sixth task which dealt with the processing of Potential Finding Reports, and a final task covering program planning and management and report preparation.

Task A addressed the APS Project Management organization and covered organization structure, internal and external interface controls and operating procedures.

Task B addressed management's policies toward Quality Assurance (QA).

Task C addressed the QA program itself to determine if selected elements were well defined and properly implemented.

Task D addressed all procedures and controls used in the design process to determine if the basic process was adequate. A selection of design documents was reviewed to ensure that the procedures and controls were properly implemented. The design of selected safety-related structures, systems and components was reviewed for technical adequacy and for compliance with NRC-approved design bases and methodologies given in the PSAR.

Task E addressed the field design change and as-built drawing programs to determine if they were well defined and properly implemented. The task also included a physical walkdown to determine if construction of selected safety-related systems and components was in accordance with design documentation.

Whenever during the course of the review a question was raised which was perceived by the reviewer as a valid deviation (as defined in the applicable project procedure), a Potential Finding Report (PFR) was prepared. Each PFR was reviewed and evaluated through several steps and ultimately classified as Invalid, an Observation, or a Finding. A Finding is a deviation that could result in a substantial safety hazard or an indication that there is a repetitive or generic deviation that could create a substantial safety hazard. An Observation is a deviation that could not create a substantial safety hazard. PFRs were classified as Invalid if, as a result of the report, additional information was provided to eliminate the concern. Each Observation and Finding is discussed in the appropriate section, together with its implication on the Task conclusion.

QUALIFICATIONS

GA, through its Torrey Pines Technology (TPT) Division, brought significant qualifications to its task of evaluation for APS. GA has been in the nuclear power plant industry for more than 20 years and has a large staff of capable, experienced, technically trained personnel. In addition, GA operates under the first NRC-approved Quality Assurance Program and has acknowledged expertise in quality assurance. This quality assurance evaluation of APS was conducted under the provisions of this Quality Assurance Program.

TPT has performed independent verification programs of other nuclear plants. TPT completed an extensive seismic design review of the San Onofre Nuclear Generating Station Units 2 and 3 for Southern California Edison in April, 1982. A basic design review approach, together with the associated review procedures, was developed and accepted by NRC. The seismic design review resulted in a final report which was reviewed and found satisfactory.



by NRC. TPT recently completed a comprehensive, independent physical verification (walkdown) program of the Shoreham Nuclear Power Station for Long Island Lighting Co. (LILCO) using similar methodology. The results of the independent physical verification are presented in a final report to LILCO dated September 30, 1982. The same fundamental approach used in these two reviews was used in this review.

GA and all its personnel on this program are independent of APS, the managing and operating agent for participants in the FVNGS Project. Revenues from APS are not and have not been a significant portion of GA's revenues. No person working on this program has a significant financial interest in APS, nor does any person have any family member who is presently employed by APS or who is engaged directly or indirectly in the design or construction of FVNGS Units 1, 2 and 3.

COMPARISONS WITH INPO CRITERIA

The Institute for Nuclear Power Operations (INPO) has issued a document entitled "Performance Objectives and Criteria for Construction Project Evaluations," which is designed to be used in the INPO self-initiated evaluations covering quality of engineering and construction of nuclear power plants. The scope of the INPO evaluation covers a project from design through construction and testing up to the issuance of an operating license.

Compared to the criteria and objectives stated in the various section of the latest issue of the INPO document (marked "Preliminary" 9/82) this TPT evaluation of FVNGS covered over 80% of the organization and administration section, over 90% of the design control section, and over 85% of the quality programs section. Construction control (over 30%), project support (over 20%), and training (over 10%) were covered to a lesser extent. Test control was not included in the review.

However, this TPT evaluation of FVNGS included reviews in several areas not covered in the INPO document, and frequently provided a more in-depth review than is done in the INPO reviews (e.g., detailed physical verifi-



cations). Further, the INPO review specifically excludes an evaluation of the adequacy of the design. This subject was a major consideration in the TPT review.

RESULTS

Task A = Evaluation of APS Project Management Organization

The objective of this task was to evaluate the APS Project Management organization in order to determine if it is adequately structured and organized, and has functioned in a manner to assure that the high standards expected of nuclear power plant design, procurement and construction have been met. The scope of this task included an evaluation of the APS organization structure, the APS project policies and the APS project procedures.

In the course of this review, interviews were held with 16 key APS personnel. Twenty seven (27) pertinent documents or sets of documents were examined. One man-month of effort were spent.

Two Observations resulted from this review. One of these related to the lack of a procedure to cover transfer of systems from Construction to Operations, and the other addressed the apparent lack of resolution of review comments on a procurement specification. No substantial safety impact was deduced from these deviations.

The APS organization structure was evaluated as satisfactory for providing effective implementation of project QA objectives. In addition, it was found that APS was conducting its tasks in a manner consistent with good project management practice for a major nuclear design and construction project.

The APS project policies were found to provide adequate consideration of quality, and to cover all aspects of project activities in design and construction.



The review of APS project procedures showed that there was adequate identification and control of interfaces within APS and outside of APS, and that procedures were available to clearly define responsibilities.

Based on the review in Task A, it is concluded that the APS Nuclear Projects Management Organization was adequately organized and did function in a manner to assure high quality.

Task B - Evaluation of Management Policies Toward QA

The objective of this task was to review APS management policies which affect QA and to assess the degree to which these policies ensure an effective QA program.

The scope of this task included an evaluation of the status and organizational level of the QA Department, the QA Department's access to upper management and involvement in project activities, management's involvement in QA and licensing activities, and commitment of APS management to this independent evaluation.

In the course of this review, interviews were held with 20 key APS personnel. Fifty-one (51) pertinent documents or sets of documents were examined. Two man-months of effort were spent.

Two Findings and one Observation resulted from this task.

One Finding addressed the issue of APS not having a procedure to define how the project licensing commitments were coordinated with the contents of the Design Criteria Manual. The APS Corrective Action Plan (CAP) demonstrated that there was a misunderstanding on this issue, and provided information which eliminated the basis of the concern expressed in the Finding. If this information had been available earlier no Finding would have been issued.

The second Finding addressed the issue of lower than budgeted staffing level in the APS QA Department. The review did not identify any specific safety-related problems created by the QA staffing problem identified. However, it was considered to have potential safety impact, if uncorrected. APS' CAP showed that the staffing issue would be properly reviewed and evaluated, and action taken as necessary.

The Observation dealt with apparent inconsistencies in the salary range and position descriptions for APS QA personnel relative to construction and engineering personnel. This was evaluated as being related to the above Finding and therefore, presented no safety impact not already identified.

The organizational level and status of the APS Corporate QA Department were found to be consistent with the requirements for an effective QA program. The QA department had the independence and authority necessary to do an effective job. Also, the QA department had access to APS upper management, who in turn, had a high awareness of the QA program status.

Based on the review in Task B it is concluded that the APS Management policies are designed and implemented to ensure an effective QA program.

Task C - Evaluation of QA Activities

The objective of this task was to evaluate specific elements of the APS QA program for FVNGS to determine if those elements were defined and implemented in a manner to ensure that the high standards expected of nuclear power plant construction had been met. This was accomplished by evaluating four elements of the QA program: audits, vendor evaluation, construction inspection, and deficiency reporting (10CFR21 and 10CFR50.55(e)).

In the course of this review, over 400 manuals, procedures, and records were examined and over 3,700 individual checks were made of those documents. Eight man-months of effort were spent.

Seven Findings and five Observations resulted from this review.



Three of the Findings related to failure of BPC to properly complete instrument installation inspection records. There were no records to provide objective evidence that certain safety-related functions were performed as required. The BPC CAPs for these conditions demonstrated that action would be taken to inspect the installations, to identify any other similar problems, and to make corrections as necessary.

Two Findings concerned failure to properly torque instrument mounting bolts. In one case a torque wrench was used outside of its useful range and in another case bolts were tightened to a level below the specified value. In the latter case, the BPC CAP showed that the questionable bolts would be checked and retorqued, as necessary, and that steps would be taken to identify and correct any similar problems. In the former case, the CAP did not provide for correcting bolts that may have been over torqued. Although the possibility of overtorquing to a level which would have safety impact is considered extremely remote, TPT recommended questionable bolts be loosened and retorqued to the proper level.

One Finding addressed the concern that, in the case of welds used for structural mounting of instrument panels and tubing supports, the BPC inspection system does not provide assurance that all welds will be properly inspected. The BPC CAP showed that the affected welds would be reinspected, any others would also be identified and reinspected, and the applicable procedure(s) revised to prevent recurrence of the problem.

The seventh Finding addressed the concern that instrument panel welds had been inspected and accepted by inspectors who were not qualified in the welding discipline. The BPC CAP showed that questionable welds would be reinspected by properly qualified inspectors, and that steps would be taken to identify and correct any similar problems.

Three Observations concerned procedural violations in the BPC inspection program. These included incomplete inspection records, inconsistencies in records, and improper documentation of rework. All were evaluated as having no substantial safety impact.

Two Observations concerned the APS audit program with regard to failure to require the Audit Team Leader to sign audit reports and failure to include recommendations for corrective action in some audit reports. These conditions were evaluated as having no substantial safety impact.

Based on the review performed in Task C, it is concluded that three of the four elements reviewed in the QA program (Audits, Vendors, Deficiency Reporting) were adequately defined and carried out in accordance with requirements. The deviations found in the audit program are considered to be minor and within the limits of what can normally be expected in any major engineering project.

Evaluation of the fourth element, the Construction Inspection Program, showed that although adequate procedures were in place, there was some weakness in implementation of the inspection program as evidenced by the 7 Findings and 3 Observations. The CAPs corrected the specific deviation and included measures to identify and correct any similar deviations. It is expected that after the CAPs are properly implemented, the weaknesses identified in the inspection program will be corrected.

Task D = Design Verification Review

The task was structured to verify that the design process adequately converted the design bases in the FSAR into design documents that were transmitted to the constructor and fabricator. Procedures used in the design process were reviewed to determine if the design process was adequate. Then, a selection of design-related documents was reviewed to verify that the procedures were indeed implemented as required. Finally, a selection of design documents was reviewed for technical adequacy.

Subtask D1 = Design Procedure Review The objective of this subtask was to review the design control procedures of C-E, BPC and APS to evaluate compliance of these procedures with the NRC-approved QA program.

Design control procedures used by APS, C-E and BPC were identified. The C-E procedures were found to be the same as those previously reviewed in TPT's seismic evaluation of the San Onofre Nuclear Generating Station Units 2 and 3, and accepted by TPT as complying with NRC requirements. Thus, there was no further review of C-E procedures. The APS and BPC procedures were then reviewed for adequacy based on commitments in Chapter 17 of the PVNGS PSAR. General guidance from 10CFR50 Appendix B and ANSI N45.2 was used to interpret and supplement the PSAR.

In this review, 31 manuals and procedures were examined. Approximately six man-months of effort were spent.

There were no Observations or Findings on this subtask. Based on the reviews performed in Subtask D1, it is concluded that APS, C-E and BPC each had design control procedures in place during the design process which satisfied NRC QA requirements for design control.

Subtask D2 = Design Procedure Implementation Review The objective of this subtask was to determine if the design control procedures in effect at C-E and BPC were properly implemented in PVNGS design documents.

Forty-seven (47) items were identified for this review including items covered in Subtask D3. For each item, design-related documents were identified and checked for compliance with design control procedures. These documents included design input, analyses, calculations, and design output. Over 800 documents were reviewed, involving over 11,000 individual checks. In the course of this review, over nine man-months of effort were spent.

Two Findings and five Observations resulted from this subtask.

One Finding concerned a C-E Purchase Order (P. O.) which was revised without first revising the base technical document(s) (as required by

procedure), nor were those documents subsequently revised. The Corrective Action Plan showed that steps would be taken to correct this problem, to prevent recurrence of the problem, and to locate and correct any similar problems.

The second Finding concerned a C-E design specification which was released without the required internal interface design review. The Corrective Action Plan showed that steps would be taken to identify and correct any similar problems and to prevent recurrence. The CAP did not explicitly state that the interface review would be performed and TPT recommended that it be done and properly documented.

The Observations addressed deviations such as improper processing of supplier deviation notices, discrepancies between calculations and calculation log, drawing change notices not incorporated within specified time limit, unnecessary referencing of ASME Code in specification, and improper processing of Purchase Order changes. All these deviations were evaluated as having no substantial safety impact.

Based on the review performed under this subtask, it was concluded that the design activities were carried out substantially in accordance with approved procedures. The Observations found were within the limits of what can normally be expected in any major engineering project; that is, occasionally procedural violations did occur, but they were not of a type that could result in substantial adverse impact on plant safety. The Findings were procedural violations which will be satisfactorily resolved when the recommended Corrective Action Plans are implemented.

Subtask D3 - Technical Review The objective of this subtask was to review the structural, mechanical, and seismic design of a selected portion of a safety system and selected portions of a structure of FVNGS for compliance with NRC-approved design bases and methodologies as given in the FSAR. Approximately 38 man-months of effort were applied to this subtask.

Table 1 lists fifteen (15) features which were reviewed in this sub-task, along with the approximately 330 documents covered in the review, and the number of Findings and Observations associated with each feature.

Each of the features for which there were Observations or Findings is discussed below. There were no Observations or Findings associated with the review of the Shutdown Cooling Heat Exchanger (Feature 2), Motor-Driven Auxiliary Feedwater Pump (Feature 4), Valves (Feature 6), Motors, Power Supplies, and Switchgear (Feature 7), Pipe Supports and Snubbers (Feature 9), Core Protection Calculator (Feature 12), Pressurizer Support and Pipe Penetrations in Containment Building (Feature 14), and Auxiliary Feedwater System - Functional Design (Feature 15).

Containment Spray Pump, Feature 1 One Finding resulted from this review, pointing out a deficiency in the design interface between C-E and BPC wherein the pump support structure stiffness or frequency was not properly specified. The review established that the range of critical frequencies of the pump-support combination was lower than and close to the pump operating speed. Adequate separation between the critical frequency and the pump operating speed to preclude resonance was not established.

The Corrective Action Plan includes validating the frequency analysis of the pump/support combined response, or performing vibration testing during pump startup. Critical frequencies will be determined and compared with pump operating speed. If adverse vibration is detected, detuning of the system will be implemented. TPT recommended that the safety injection pumps be evaluated in a similar manner. It should be noted that, regardless of the results of this review, any adverse vibration associated with these pumps would have been detected during normal startup testing and corrected prior to pump operation.

Condensate Storage Tank/Refueling Water Tank, Feature 3 Three Observations and two Findings resulted from this review. The first Observation questioned BPC's use of the seismic analysis of the Refueling Water Tank (RWT) for design of the Condensate Storage Tank (CST) without



TABLE 1
DESIGN FEATURES REVIEWED - Subtask D3

<u>Feature</u>	<u>Design Organization</u>	<u>No. of Documents Reviewed</u>	<u>Valid</u>	<u>PFRs</u>
1. Containment Spray Pump (and Motor)	C-E	8		1*
2. Shutdown Cooling Heat Exchanger	C-E	13		0
3. Condensate Storage Tank/ Refueling Water Tank	BPC	8		5*
4. Motor-Driven Safety Class Auxiliary Feedwater Pump	BPC	5		0
5. Piping	BPC	18		3
6. Valves	BPC/C-E	39		0
7. Motors, Power Supplies, & Switchgear	BPC	31		0
8. Instruments and Related Panels	BPC/C-E	46		5
9. Pipe Supports & Snubbers	BPC	19		0
10. Cable Raceways	BPC	40		2
11. Pressurizer	C-E	9		2
12. Core Protection Calculator	C-E	45		0
13. Equipment Supports for Features 1, 2, and 4 in Auxiliary Building and Main Steam Support Structure	BPC	17		1
14. Pressurizer Supports and Piping Penetrations in Containment Building	BPC	16		0
15. Auxiliary Feedwater System - Functional Design	BPC	18		0

* All valid PFRs were classified as Observations except for one Finding in Feature No. 1 and two Findings in Feature No. 3.

properly accounting for the differences in tank height and foundation embedment between the two structures. An evaluation utilizing the results of an independent seismic analysis of the CST, performed by TPT, showed that the overall seismic design of the CST is adequate. The second Observation involved an inconsistency in the specification for the allowable values of soil pressure for the tank foundation between the Design Criteria Manual and the FSAR. This did not significantly affect the design of both the RWT and the CST since the allowable values in the FSAR were met. BPC acknowledged the need to revise the allowable values in the Design Criteria Manual. The third Observation concerned an error in calculating the maximum moment for the tank foundation. Correction of the error did not result in exceeding the allowable stresses in the reinforcing steel provided in either the RWT or the CST foundation slab.

The first Finding concerned the design of both the RWT and the CST walls. Deviations noted included (a) lack of consideration for foundation restraint in calculating thermal stresses, (b) with respect to the design of hoop reinforcing steel, failure to include hoop bending moments due to thermal effects, (c) inadequate consideration of three directions of seismic motion in calculating wall reinforcing steel, and (d) lack of justification for not providing inclined reinforcing steel in the CST, whereas such reinforcing steel was provided in the RWT design. Calculations performed during the review, which accounted for the structural capacity of the wall liner and for the CST, use of the results of the TPT independent seismic analysis, showed that these deviations did not result in violating the design requirements, except for the outer vertical reinforcing steel for the RWT wall. Using a simplified, but conservative design approach (e.g., not allowing for stress redistribution), the outer vertical reinforcing steel provided was found to be over-stressed. A more rigorous analysis, accounting for stress redistribution which is permissible would be expected to result in stresses meeting allowable values. BPC has not yet done this kind of calculation.

The Corrective Action Plan utilizes the formal Deficiency Evaluation Report (DER) process with the following corrective actions: (1) evaluation of deviation for reportability per 10CFR50:55(e), (2) review of detail draw-



ings for conformance to design criteria, (3) analysis of as-built condition for conformance to design criteria, and (4) initiating a physical design correction, if required. It is anticipated that the CAP will resolve the Finding without effecting a design change for both tanks.

A second Finding resulted from the review of the design of the tank roof stainless steel liner. The largest panel analyzed by BPC was not the largest one shown on the design drawings, and furthermore, an allowable stress of 0.9 of yield strength was specified for normal loading conditions. The results of simplified and conservative analysis (e.g., not accounting for large-deflection and membrane effects) showed that the allowable stress in the RWT roof liner could be exceeded, for the design pressure of 0.5 psig.

The Corrective Action Plan includes (1) clarification of the design pressure for the RWT during normal and accident conditions and (2) re-analysis of the correct liner panel configuration using boundary conditions appropriate for the analytical approach to be utilized. It is anticipated that the re-analysis will resolve the Finding if plate membrane effects are considered. A physical design correction is not a likely outcome of the CAP.

Piping, Feature 5 Three Observations resulted from this review. The first Observation concerned the use of a seismic response spectra curve in the piping analysis which is lower than that given in the FSAR; the second Observation addressed inconsistencies between the loading combinations listed in the FSAR and those listed in the design specification; and the third Observation concerned the failure to demonstrate in the pipe penetration analysis that upset allowable values had been met. All of these Observations were determined to have no substantial adverse impact on the adequacy of the design since they do not materially change the stresses in the piping and pipe penetrations, and FSAR requirements are met.

Instruments and Related Panels, Feature 8 Five Observations resulted from this review. Two of these involved a lack of consideration in the environmental qualification requirements for the effects of dust, and a



third addressed the accuracy of the auxiliary feedwater pressure measurement with respect to FSAR limitations. The fourth Observation concerns the thermal aging requirements in the Environmental/Seismic Test Plan as it applies to Handswitch HS-6. The fifth Observation points out an inconsistency between the seismic test requirements issued by BPC and C-E with reference to qualification of Handswitch HS-31E. However, equipment qualification is currently in progress, and the noted deviations are being addressed accordingly, and would have been addressed even if this review had not taken place. Thus, none of the deviations creates a substantial safety hazard.

Cable Raceways, Feature 10 Two Observations resulted from this review. The first Observation addressed the lack of detailed calculations for support connections prior to their installation. The second Observation resulted from unconservatively ignoring the effect of moments caused by cantilever loads due to trays below the brace. In both instances, the deviations did not materially impact the design adequacy of the tray supports.

Pressurizer, Feature 11 Two Observations resulted from this review. The first observation pointed out that C-E had not performed a support skirt buckling analysis as required by the ASME Code, and the second observation noted an incorrect value for nozzle bending moment used in the stress analysis. These calculational deficiencies, when corrected, did not affect the design of the pressurizer support skirt and nozzle.

Equipment Supports, for Feature 1, 2, and 4 Auxiliary Building and Main Steam Support Structure, Feature 13 The one Observation resulting from this review involved incorrect and unconservative assumptions in loading employed in the design analysis of the top plate of the support for the containment spray pump. A reanalysis using correct loading conditions indicated acceptable stresses.

In summary, the technical review of 15 selected features of PVNGS Units 1, 2, and 3, involving review of approximately 330 technical documents, resulted in 19 valid PFRs, 16 of which were classified as Observations and 3 as Findings.

Thirteen Observations and 2 Findings resulted from the review of approximately 220 technical documents on 11 design features. Technical review of six design features did not result in filing of any PFR. Three Observations and two Findings pertained to the review of the Condensate Storage Tank design. The deviations noted were associated with BPC's use of a common design analysis for both the Refueling Water Tank and the Condensate Storage tank, wherein significant differences between the two structures were not properly recognized. Five other Observations resulted from the review of instrumentation; deviations were attributed to incomplete status of the environmental/seismic qualification of equipment reviewed which would have been addressed during the course of the equipment qualification effort. The remaining Observations were attributed to inadequacies in documentation and errors in calculational logic. It should be noted that the number of deviations uncovered is not abnormal considering the magnification used in the technical review. The design and construction experience of BPC, when coupled with the large degree of conservatism found in essentially every part of the design, resulted in these deviations having no significant impact on the overall design of the features reviewed in BPC's scope of responsibility.

Three Observations and one Finding resulted from the review of C-E's design, involving approximately 110 technical documents on 6 design features. Technical review of three design features did not result in any PFR. The one Finding identified a potential vibration problem with the containment spray pump and support assembly. A CAP has been proposed to resolve the problem; in any case, if a vibration problem occurs, this would have been detected during pump startup testing and would have been corrected prior to pump operation. The deviations identified in these PFRs were judged to not significantly impact the design adequacy of C-E's NSS-supplied components covered in these reviews.



Based on the review performed on this subtask D3, the structural, mechanical, and seismic design of selected portions of two major safety systems and structures of the PVNGS Units 1, 2, and 3 complies with the NRC-approved design bases and methodologies as given in the FSAR. The Corrective Action Plans proposed by APS to resolve the Findings are not expected to result in physical design corrections of the installed hardware.

Overall Conclusions - Task D Task D evaluated the design control system of the PVNGS, the implementation of the pertinent procedures and controls, and the adequacy of the design of the selected safety-related structures, systems, and components which were designed utilizing these procedures and controls.

The review showed that adequate design control procedures were in place at the major contractors and that the design activities were carried out substantially in accordance with these procedures. The procedural deviations detected were within the limits of what can normally be expected in any major engineering project and were rather isolated events.

The procedures were effective in generating an adequate design as was demonstrated through detailed technical review of selected portions of two major safety systems and structures. Their design in general complied with the NRC's approved design basis and methodologies given in the FSAR. The deviations detected are expected to be accommodated within the margin of the conservatism in the design, or were such that they would have been detected during start-up testing. Thus, the final conclusions are based on the expectation that the CAPs will demonstrate that the related Findings will not result in hardware changes.

In summary, based on the review of design-related procedures in subtask D1, the review of their implementation performed under subtask D2, and the technical review performed under Subtask D3 the design of PVNGS Units 1, 2 and 3 is judged to be adequate.



Task E = Construction Verification Review

This task was designed to verify the compliance of construction-related QA procedures and controls with NRC-approved QA requirements, to evaluate the implementation of these procedures and controls, and to determine that construction of selected safety-related systems and components, utilizing these procedures and controls, was in accordance with design documents.

Subtask E1 = Review of Field Design Change Control The objective of this subtask was to evaluate the APS and BPC procedures for control of field design changes and to evaluate implementation of those procedures by examination of design change documents. Procedures relevant to field design change control were identified and evaluated for compliance with commitments in Chapter 17 of the PSAR. In addition, 10CFR50 Appendix B and ANSI N45.2 were used to provide general guidance to interpret and supplement the PSAR.

Nine procedures were reviewed and were found to satisfactorily meet all relevant PSAR QA program requirements.

Implementation of these procedures was evaluated by examining a total of 138 change control documents for procedural compliance. The examination of these documents included over 2,100 individual procedural checks. Over one man-month of effort was applied.

There were no Observations or Findings under this subtask.

Based on the reviews performed, it was concluded that the procedures to control field design changes were adequate and that those procedures have been complied with in a satisfactory manner.

Subtask E2 = As-Built Drawing Control The objective of this subtask was to evaluate the APS and BPC procedures for as-built drawing control and to evaluate implementation of those procedures by examination of as-built records.



Procedures relevant to the as-built drawing control system were identified and evaluated for compliance with commitments in Chapter 17 of the PSAR. In addition, 10CFR50 Appendix B and ANSI N45.2 were used to provide general guidance to interpret and supplement the PSAR.

Five procedures were reviewed and were found to satisfactorily meet all relevant PSAR QA program requirements.

Implementation of these procedures was evaluated by examining a total of 228 documents. The examination of these documents included over 550 individual procedural checks. Two man-months of effort was applied.

One Observation resulted from this review. It related to a BPC procedural violation in failing to list certain documents in the As-Built Log. It was evaluated as having no substantial safety impact.

Based on the reviews performed under this subtask, it was concluded that the procedures used to define as-built drawing control were in compliance with PSAR commitments, and that the procedure implementation was adequate.

Subtask E3, Physical Verification The objective of this subtask was to determine if the physical installation of selected portions of safety systems and structures of PVNGS conforms to the requirements of design drawings and specifications. Approximately 12 man-months of effort were applied to this subtask.

Certain segments of two safety-related systems, the Auxiliary Feedwater System and the Safety Injection and Shutdown Cooling System, were selected for a physical on-site verification of actual construction and installation of hardware, components, electrical equipment and instruments, to determine if plant equipment was installed properly, if dimensions and physical locations were correct, and if all identification markings were correct.



The majority of the physical verification (walkdown) program was performed in PVNGS Unit 1, with lesser emphasis on Units 2 and 3. The Unit 2 walkdown was approximately 40% of that performed in Unit 1, and Unit 3 was about 15%. The mechanically-oriented walkdown involved approximately 900 linear feet of piping in Unit 1, including 53 individual valves, and 50 pipe supports. Also included were two major pumps, a shutdown heat exchanger, several cable trays and their associated support assemblies, plus the reactor coolant loop pressurizer supports.

The Unit 1 electrical walkdown involved five motor control centers and switchgear panels, two major drive motors for the pumps, six instrument sensing elements, 19 instrument indicators and transmitters, terminations for five cable runs, and five motor actuators for large valves.

Eleven Observations and three Findings resulted from this walkdown. The Observations ranged from missing or incorrect identification tags on instruments and equipment, to apparently inconsistent or incorrect piping spool lengths based on the installation drawings. Some equipment tags indicated data different from the call-out on drawings.

Two of the three Findings involved tagging of equipment. The first Finding identified a safety-class drain valve which had no code or manufacturer's tag affixed. Therefore, traceability for this valve was in question. The second Finding noted that a significant number of valves and equipment items included in the walkdown were affixed with tags containing information not consistent with data sheets or other source documents which, in some cases, indicate the possibility that the installed item could be in error relative to specifications in the source document. Taken individually these deviations might have been classified as Observations. However, the repetitive nature of deviations considering the size of the sample, resulted in this being classified as a Finding. The third Finding involved an over-stress condition either on the weld or Unistrut member which was uncovered as a result of missing welds on the physical installation of a cable tray support connection detail.



The Corrective Action Plan for the above Findings includes: (1) evaluation of the extent of the incorrect or missing tag condition by additional field inspections and implementing a program to correct both the cause and the specific deviations noted, and (2) re-analysis of the connection detail and all types of tray support which utilized the specific connection detail and implementing a physical design correction if found necessary.

Based on the physical on-site verification performed under this subtask E3, the physical installation of selected portions of safety-related systems and structures of PVNGS Units 1, 2 and 3 is judged to conform to the requirements of design drawings and specifications. The Corrective Action Plans proposed by APS should satisfactorily resolve the deviations found; it is expected that the implementation of the corrective actions will not result in physical changes in installed hardware. The expectation is that the installed hardware will be confirmed as correct and that the inconsistencies in equipment identification will generally be traced to errors in the non-essential portions of the equipment identification or errors in the source documents. The technical issue associated with the cable tray support is expected to be accommodated within the normal conservatism in design by BPC, when more rigorous analysis is performed.

Overall Conclusions - Task E In summary, based on the comprehensive review performed under subtasks E1 and E2, which resulted in no Findings being generated, the QA procedures on field change and as-built drawing controls and their implementation are judged to be adequate. Based on the physical on-site verification performed under subtask E3, the physical installation of the selected portions of safety-related systems and structures is judged to conform to the requirements of design drawings and specifications.

OVERALL SUMMARY AND CONCLUSIONS

Summary of Observations and Findings

Potential Finding Reports were the mechanism used in this program to document and resolve questions raised during the review process. This



mechanism was highly formalized to assure that no pressure could sway the reviewer's technical judgment, thus allowing any potential comment or concern to be raised. Reviews by task leaders were made to insure that the questions raised were accurately communicated and that pertinent information had not been overlooked by the reviewer. Still, a number of PFRs were initiated because of the lack of information or adequate understanding of the process or approach used by APS, EPC or C-E in the area of concern. Thus, 31 of the documented 89 PFRs were satisfactorily answered during the process and were declared invalid.

Of the valid PFRs, 41 were Observations and 17 were Findings. Ten of these Findings address deviations that relate to not giving proper instructions or not performing the right design, construction or review. The remaining 7 address deviations related to lack of properly documenting work performed.

Questions regarding the adequacy of the design, based on the material reviewed, were raised in four Findings. Refined analyses and/or tests are expected to show in all cases that the designs are adequate.

The lack of pertinent procedures was the reason for 3 Findings. Corrective actions have shown that these deviations were either invalid or have not resulted in a safety hazard in the past, and were corrected for the future.

Two Findings addressed specific isolated items where procedures were not followed or no objective evidence existed that they were followed. One was a top level document review, the other a missing code valve tag.

One Finding related to a low level of staffing in the QA department. Appropriate corrective action is being recommended and taken.

Six Findings resulted from lack of objective evidence in the documentation that selected instruments had been installed properly. Corrective action includes a recheck for proper installation, confirmation



that the installation indeed had been proper and that the deviations did not affect generally a whole range of instruments.

One Finding addressed multiple discrepancies between tags and documents on installed equipment. The proposed corrective action is adequate to correct the problem and attack the root cause.

Forty-one deviations were classified as Observations, which included apparent salary inequities between QA and other departments, procedural violations and inconsistencies in records, failure to follow ANSI N45.2.12 requirements for approval of audit reports, failure to enforce corrective action on vendors, failure to incorporate drawing changes in a timely manner, inconsistencies between internal documents, and failure to follow document approval and As-Built log updating procedures. They also include inadequacies in design documentation, errors in calculational logic, incomplete items due to the on-going environmental/seismic qualification of equipment, and missing or incorrect identification tags on instruments and equipment. None of these deviations was judged to potentially cause a substantial safety hazard.

To keep things in perspective, the number of deviations that are discovered in any examination depends on the "magnification" used. If insufficient magnification is used, no deviations will be discovered. If a high magnification is used, deviations will always be found. TPT has used a high magnification in the review of Palo Verde Units 1, 2 and 3, and deviations have been found.

Details of each Observation and Finding are discussed in the appropriate section of this report, together with its implication on the task conclusion.

Summary of Corrective Action Plans

A Corrective Action Plan (CAP) was prepared by APS for each Finding issued in this program. The purpose of these plans was to describe the



approach planned to correct deviations identified in the Findings. These Plans were reviewed to assure that the deviations were properly understood, that the Plan when implemented would remove any concern identified in the Finding, and that possible generically similar items were addressed.

All Plans demonstrated that the deviations in the Findings were indeed properly understood and when implemented, the planned action, taken in concert with the rest of the Program and together with TPT's comments, would remove the concern that the Findings may have raised.

In summary, all the Findings are either satisfactorily closed out or will be upon completion of the Corrective Action Plan.

Conclusions

This program for an independent Quality Assurance Evaluation of the Palo Verde Nuclear Generating Station covered a broad range of activities of APS and its major contractors. Tasks A and B evaluated the organizational elements charged with directing and implementing the quality program at the PVNGS, i.e., the Nuclear Projects Management Organization and its dedication to quality. Task C and portions of Tasks D and E looked into the QA organization, the QA program, and the effectiveness of the QA measures in design and construction. The remainder of Tasks D and E covered a technical evaluation of selected portions of safety-related systems, structures, and components of the plant and addressed the same in the as-built plant, through physical verification.

The safety-related design was evaluated by establishing that adequate controls and procedures were in place to govern the conversion of design bases into design documents used for fabrication and construction, by confirming that these procedures were followed during the design, and that an adequate technical design resulted from their use.



Hence, quality assurance aspects of the PVNGS were evaluated from various perspectives to provide a basis for the following conclusions in the five major areas of review:

1. The combination of the organization structure, network of project procedures and management's support for and consideration of quality in the project effort has had a very positive effect on assuring quality.
2. APS management policies toward Quality Assurance are adequate. These policies on QA, together with management's interest and involvement in assuring they are carried out, had a strong positive influence on the PVNGS QA program for design and construction.
3. Elements of the APS QA program in the areas of audits, inspection, vendor evaluation and deficiency reporting were properly defined and, in general, properly implemented.
4. The major contractors, BPC and C-E, each had adequate design control procedures during the design process. These procedures were implemented properly and have been effective in generating an adequate design for the selected portions of two major safety systems. Therefore, the design of PVNGS is judged to be adequate.
5. The QA procedures on field change and as-built drawing controls and their implementation are judged to be adequate. The physical installation of the selected portions of safety-related systems and structures is judged to conform to the requirements of design drawings and specifications.

Overall, the QA program at PVNGS appears to be effective and successful. No reason has been found to prohibit issuance of a full power license.





UNITED STATES
NUCLEAR REGULATORY COMMISSION
WASHINGTON, D. C. 20555

JUL 26 1982

Docket Nos.: 50-528, 50-529
and 50-530

APPLICANT: Arizona Public Service Company

FACILITY: Palo Verde, Units 1, 2 and 3

SUBJECT: Summary of Meetings Regarding QA Program, Independent
QA Evaluation, and Construction Schedule

Two meetings were held with management representatives of the applicant on June 29, 1982 in Bethesda, Maryland. The purpose of the first meeting was to discuss (1) the quality assurance (QA) program for, and management involvement in, the design and construction of Palo Verde and (2) the proposed scope of the independent QA evaluation of the plant by Torrey Pines Technology, who has been retained for this purpose by the applicant. The attendees for the first meeting are listed in Enclosure 1. The purpose of the second meeting was to obtain a status report from the applicant on how the revision to the construction schedule was progressing. The attendees for the second meeting are listed in Enclosure 2. The two meetings are summarized as follows.

QA Management Meeting

The applicant made a presentation on the evolution of the Palo Verde project, the project organization and execution, senior management involvement in Palo Verde, and the QA program and its implementation. The applicant stated that its two most important considerations in the Palo Verde project are safety and quality. Enclosure 3 is a copy of the applicant's viewgraphs presented at the meeting.

At a previous meeting with the applicant held on May 4, 1982, the applicant informed us that it had made a corporate decision to obtain a consultant to perform an independent design verification of the Palo Verde plant and had retained Torrey Pines Technology for that purpose. At the June 29, 1982 meeting, representatives of Torrey Pines made a presentation on the proposed program for an independent QA evaluation of Palo Verde. Enclosure 4 is a copy of the Torrey Pines viewgraphs presented at the meeting. The features tentatively selected for the evaluation are shown on page 16 of Enclosure 4.

Following the Torrey Pines presentation, the staff recommended that consideration be given to including the core protection calculator and the auxiliary feedwater system into the review scope. Torrey Pines stated that such consideration would be given. We also stated that we would provide any other comments we may have in about a week after we had additional time to review the proposed scope.

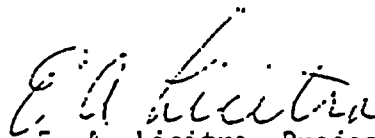


Subsequent to the meeting, Torrey Pines revised the tentative feature selection list, as shown in Enclosure 5, to address the staff comments made during the meeting. After further review, we advised Torrey Pines that the revised list was acceptable to the staff and that we had no further comment on the scope of the independent QA evaluation.

Construction Schedule Meeting

The applicant stated that it is nearing completion of the reevaluation of the construction and testing activities and by mid July expects to establish revised projected fuel load dates. The applicant stated that any slip in the Unit 1 fuel load date will result in a corresponding slip in the Unit 2 date.

Subsequent to the meeting, the applicant announced on July 13, 1982 that the projected fuel load dates for Units 1 and 2 have been revised from November 1982 and November 1983 to August 1983 and August 1984, respectively. The projected fuel load date for Unit 3 remains as November 1985.


E. A. Licitra, Project Manager
Licensing Branch No. 3
Division of Licensing

Enclosures:

- (1) Meeting Attendees - QA
Management Meeting
- (2) Meeting Attendees - Construction
Schedule Meeting
- (3) Applicant Viewgraphs
- (4) Torrey Pines Viewgraphs
- (5) Revised Feature Selection List
(July 2, 1982 letter)

cc w/ encl.:
See next page



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UNITED STATES
NUCLEAR REGULATORY COMMISSION
WASHINGTON, D. C. 20555

JUL 15 1983

Docket Nos.: 50-528, 50-529
and 50-530

APPLICANT: Arizona Public Service Company
FACILITY: Palo Verde, Units 1, 2 and 3
SUBJECT: SUMMARY OF MEETING ON TORREY PINES EVALUATION OF PALO VERDE

A meeting was held with representatives of the applicant and Torrey Pines on June 2, 1983 in Bethesda, Maryland. The purpose of the meeting was to discuss the independent QA evaluation performed by Torrey Pines for Palo Verde. Attendees for the meeting are shown on Enclosure 1. The meeting is summarized as follows.

Summary

APS started the meeting by presenting a history of the independent QA evaluation of Palo Verde from the time it was initially considered by APS (early 1981) until the time it was completed by Torrey Pines (November 1982). The completed evaluation was submitted by Torrey Pines as a three volume report to both APS and the NRC staff.

At the meeting, Torrey Pines presented a summary of its evaluation report including the scope of review, the amount of effort for each task, and the 17 findings resulting from the review. The Torrey Pines report also included a discussion of the completed or proposed corrective actions by APS on the findings and Torrey Pines' assessment of the corrective actions.

The view graphs presented at the meeting by APS and Torrey Pines are included as Enclosure 2. The conclusions resulting from Torrey Pines' evaluation are included in the view graphs. The overall conclusions by Torrey Pines is that the QA program at Palo Verde appears to be effective and successful.

E. A. Licitra, Project Manager
Licensing Branch No. 3
Division of Licensing

Enclosures:

1. Meeting Attendees
2. Copy of View

cc: See next page

Date of transcription June 5, 1984

Report of Interview

James M. Mackin, formerly Division Manager for Public Relations, Los Angeles, California Division, Bechtel Power Corporation (Bechtel), Norwalk, California was interviewed by telephone (714-962-9856) concerning a comment in the June 13, 1983, Arizona Daily Star that Bechtel "investigated the allegations and made some corrections" which was attributed to him. He provided the following information:

Upon being read the article written by Beverly Medlyn, he said that he was quoted out of context and that his alleged comments relating to allegations being investigated and corrections being made were not related to the Gunderson allegations, but were made in a generic sense.

He received a telephone call from Beverly Medlyn (his memory refreshed, he recalled her name) of the Arizona Daily Star (he could not remember the date of the call) seeking information about some allegations that Robert Gunderson made concerning PVNGS. Because of the call he approached Richard Patterson of the Quality Assurance/Quality Control Program for Bechtel at Norwalk, California for further information. Patterson, in turn, telephoned Bechtel representatives at PVNGS (he did not know which representatives were contacted) for the information concerning Medlyn's request. Based on what Patterson related to him, he told Medlyn that all allegations of inadequate performance are investigated fully and when the allegations turn out to be true, corrective actions are made. Also, that the allegations involving PVNGS were being looked at by NRC. He also told her that on a big job such as PVNGS, there are many allegations.

In past dealings with this particular newspaper, he has had problems with being misquoted or things that he said being reported out of context.

Investigation on May 30, 1984 at Walnut Creek, California File # 83-83

by Mark E. Resner, ^{MR} Investigator, OIA Date dictated June 5, 1984

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November 23, 1983

Date of transcription

Report of Interview

James G. Hanchett, Public Affairs Office, U. S. Nuclear Regulatory Commission (NRC), Region V, Walnut Creek, California, upon interview said he was aware that the Office of Inspector and Auditor (OIA) was reviewing Region V's handling of a series of inspection/investigations at the Palo Verde Nuclear Generating Station (PVNGS). Further, although not closely familiar with many details, he was familiar with some related activities by intervenor groups concerned with PVNGS. He could not readily recall the specific names of these groups, but when Investigator McKenna refreshed his memory, he recalled the Palo Verde Intervention Fund (PVIF), Phoenix, Arizona as well as the Government Accountability Project (GAP) of the Institute for Policy Studies, Washington, D.C.

Hanchett was queried concerning normal procedures for responses to requests for information regarding ongoing Region V's inspections/investigations. Hanchett explained that the normal course of action upon receipt of a request in the Public Affairs Office is to contact the cognizant Division which has the lead in handling the particular area of concern and attempt to obtain an estimated date for completion of the ongoing inspection/investigation. Hanchett would then recontact the requestor and provide the desired information, if known. In those rare instances wherein he was unable to obtain a specific estimate, he would so advise the requestor and recontact them at a later date.

Concerning PVIF and/or GAP, Hanchett related that he does not recall receiving any telephone calls or any other form of communication from either organization. Moreover, Hanchett continued that he does not recall having had any dealings with Mesdames Jill R. Morrison, PVIF or Lynn Bernabei, GAP, in conjunction with the PVNGS.

Concluding, Hanchett was otherwise unable to provide any other additional information considered germane to the OIA inquiry regarding the reported mismanagement of concerns presented to Region V management.

Investigation on November 16, 1983 at Walnut Creek, California File # 83-83

by Patrick McKenna, Investigator, OIA Date dictated November 22, 1983

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Date of transcription April 13, 1984

Report of Interview

[REDACTED], Investigator, Region V, Office of Investigations (OI), was interviewed concerning a telephone conversation between Owen C. Shackleton, OI Field Director, Region V, and Ms. Lynn Bernabei, Government Accountability Project (GAP).

[REDACTED] said he was present during a telephone conversation between Shackleton and Bernabei which Bernabei subsequently complained that Shackleton was impolite in his remarks to her. [REDACTED] said that Shackleton told Bernabei that she should contact Lee Dewey, NRC Attorney, concerning the status of the Gunderson investigation at the Palo Verde Nuclear Generating Station (PVNGS). [REDACTED] further stated he heard Shackleton explain that he wasn't allowed to disclose the status of an incomplete investigation and told Bernabei that he was going to terminate the phone call. [REDACTED] said that Shackleton stated to Bernabei, in a polite manner, and on several occasions, that he was going to hang up the phone, which he eventually did. [REDACTED] reiterated that Shackleton remained polite and was merely attempting to terminate the conversation.

Investigation on April 13, 1984 at Bethesda, Md. File # 83-83

by Albert B. Puglia, Investigator, OIA Date dictated April 13, 1984

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Date of transcription April 3, 1984

Report of Interview

Lee Dewey, Attorney, Office of the Executive Legal Director (ELD), was interviewed concerning his conversation with Owen Shackleton, Office of Investigations (OI) Field Office Director, Region V, in which Dewey advised Shackleton to limit his conversation with representatives of Government Accountability Project (GAP).

Dewey stated that he recalled having a conversation with Shackleton in which he advised him to be cautious in his statements to GAP representatives. Dewey stated that Ms. Lynn Bernabei, a GAP attorney, had been involved with the Palo Verde Intervention Fund (PVIF) and Dewey had prior dealings with her. Dewey said that as an attorney it was more appropriate for Bernabei to deal with Dewey, an NRC attorney, concerning Palo Verde Nuclear Generating Station (PVNGS) matters rather than directly with members of the NRC Staff. Dewey told Shackleton to be careful in his conversation with GAP to avoid being misquoted. Dewey also said he recommended to Shackleton that he should refer GAP to Dewey concerning NRC matters at PVNGS.

Investigation on April 3, 1984 at Bethesda, Md. File # 83-83

by Albert B. Puglia, Investigator, OIA Date dictated April 3, 1984

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U.S. NUCLEAR REGULATORY COMMISSION
Office of Inspector and Auditor

Date of transcription June 22, 1984

Review of OIA File 83-83

A review of OIA File 83-83 Titled: Gunderson/Royce - Clients of GAP; Alleged Inspection/Investigation Irregularities, disclosed a copy of the February 28, 1983 GAP letter to Roger Fortuna (Exhibit 1), which questioned Region V OI's investigation of Gunderson's allegations. Handwritten on this letter is a note by James J. Cummings, formerly Director, OIA, which states: "Hollis: Ann dug this out of OI this week after receiving a press inquiry. Find out what, if anything, OI did in regard to this letter. Speak to Ben Hayes then get back to me with carbon copies of any reports in this matter, i.e., OI or Region V reports. J. 6/3."

Investigation on June 22, 1984 at Berhesda, MD File # 83-83

by Mark E. Resner, ^{MR} Investigator, OIA Date dictated June 22, 1984

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GOVERNMENT ACCOUNTABILITY PROJECT

Institute for Policy Studies

1901 Que Street, N.W., Washington, D.C. 20009

February 28, 1983

Mr. Roger Fortuna
Office of Investigations
U.S. Nuclear Regulatory Commission
East-West Towers Building
Bethesda, Maryland

Dear Mr. Fortuna:

I am enclosing a copy of affidavits and supporting exhibits from two former workers at the Palo Verde nuclear plants for your consideration.

The Government Accountability Project (GAP) now represents these two individuals -- Mr. Robert Gunderson and Mr. Wallace Royce. We believe that the prior and ongoing investigations into these two men's allegations by Region V, Inspections and Enforcements (IE) and by Mr. Owen Shackleton of your office have been no more than facial reviews of the evidence. Further, we do not believe that the problems evidenced by these two former workers experiences have been adequately addressed.

Therefore, GAP is undertaking a preliminary investigation of workers allegations at the Palo Verde nuclear power plant. Ms. Lynne Bernabei, GAP's Staff Counsel, will be the supervising attorney of the Palo Verde investigation.

Of particular concern to GAP are the comments made to Mr. Royce by Mr. Shackleton that "although Mr. Royce was protected by federal law from retaliation for bringing these safety concerns to the NRC's attention, the NRC could do nothing to protect him against retaliation or harassment from his employer." We also understand from the evidence on the public record, as well as from other witnesses, that the investigation of Mr. Gunderson's charges was not in accordance with the NRC's investigation procedures. The licensee, the Arizona Public Service Company and its constructor, the Bechtel Corporation were informed of the allegations prior to the NRC site visit. This prior announcement of an upcoming investigation enabled the problems to be corrected before the NRC inspection/investigation effort. Although GAP generally agrees with correction of identified construction problems as early as possible it is unconscionable that workers who take great risks to identify hardware deficiencies and other construction problems are double-crossed by government officials in an effort to vindicate their own inadequate investigations and inspections, if that is indeed what happened.

John
February 28, 1983
Am doing this out of
concern for the
public and the
workers. I did not
know of anything. I did not
know of anything. I did not
know of anything. I did not

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draft in review
2/28/83 - discussed

8/10/87
Agnew

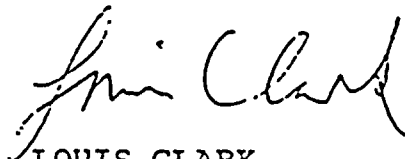
February 28, 1983

The Government Accountability Project (GAP) will be requesting an investigation of Region V's and Mr. Shackleton's handling of these two workers allegations specifically, as well as their general handling of inspections and investigations at San Onofre, Palo Verde, and Diablo Canyon. At the present time we are conducting our own review of public documents, IE reports, and contacting other workers within Region V who have had similar experiences with the NRC officials in that area. We will summarize our preliminary findings and forward them to your office in the near future, however, we appreciate the opportunity to bring these concerns to your attention immediately.

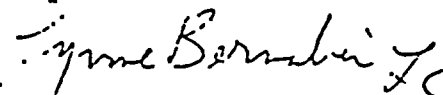
Sincerely,



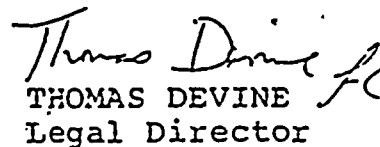
BILLIE PIRNER GARDE
Director, Citizens Clinic



LOUIS CLARK
Executive Director



LYNNE BERNABEI
Staff Counsel



THOMAS DEVINE
Legal Director

Enclosures

BPG/LC/LB/TD/bl

