

U. S. NUCLEAR REGULATORY COMMISSION
OFFICE OF INSPECTION AND ENFORCEMENT

REGION IV

REPORT NO. 50-498/50-499/80-09

DOCKET NO. 50-498; 50-499

LICENSEE: Houston Lighting and Power Company

FACILITY: South Texas Project, Units 1 and 2

INVESTIGATION AT: Bay City, Matagorda County, Texas

INVESTIGATION CONDUCTED: April 15-18, 1980

INVESTIGATOR:

Karl V. Seyfrit for
D. D. Driskill, Investigation Specialist, RIV

6/19/80
Date

INVESTIGATOR:

See attachment "A"
P. E. Baci, Investigator, IE:HQ

Date

APPROVED BY:

Karl V. Seyfrit
Karl V. Seyfrit, Director, Region IV

6/19/80
Date

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SUMMARY

Investigation on April 15-18, 1980 (Report No. 50-498/50-499/80-09)

AREA INVESTIGATED

Allegation

Mr. L. A. Sinkin alleged receipt of information indicating Brown and Root, Inc., attempted to intimidate Quality Control Inspectors and/or employees into covering up construction defects and that these Brown and Root employees were fired for reasons other than those stated by the contractor. This investigation involved 48 investigator-hours by two NRC Investigators.

Results

No items of noncompliance or deviations were identified. The allegation was not substantiated.

INTRODUCTION

The South Texas Nuclear Project (STP), Units 1 and 2, are currently under construction near the town of Bay City, Texas. Houston Lighting and Power Company is the construction permit holder. Brown & Root, Inc. (B&R) is the architect/engineer and construction firm.

REASON FOR INVESTIGATION

On April 11, 1980, Mr. Lanny A. Sinkin, a representative of an intervenor group known as Citizens Concerned About Nuclear Power (CCNP), contacted the Nuclear Regulatory Commission's Office of the Executive Legal Director and alleged that four Brown & Root, Inc., employees may have been fired for reasons other than those given by the contractor. He stated that termination of the employees allegedly resulted from the employees, one of whom was known to have been a mechanical quality control inspector, being "too effective" in their jobs.

SUMMARY OF FACTS

On April 11, 1980, James Lieberman, an attorney with the Office of the Executive Legal Director (OELD), provided the following information to Investigator Peter E. Baci, Office of Inspection and Enforcement (OIE). Lieberman stated that another OELD attorney, Henry J. McGurren, had received a telephone call from Mr. Lanny A. Sinkin, a representative of an intervenor group known as Citizens Concerned About Nuclear Power (CCNP). Mr. Sinkin had some concerns relative to the termination of several Brown & Root employees for alleged drug possession and/or use at the South Texas Nuclear Project. Mr. Sinkin indicated that the employees, including one Quality Control inspector, might have been fired for reasons other than those given by B&R. More specifically, the allegation was made that the employees were fired for being "too effective" in their jobs.

Mr. Lieberman subsequently spoke with Mr. Sinkin and advised him that an investigator from OIE:HQ would contact him further regarding the allegation. On April 11, 1980, Investigator Baci telephonically contacted Mr. Sinkin at his office in San Antonio, Texas, and Mr. Sinkin provided the following information:

Mr. Sinkin stated that he was a paralegal specialist and worked for his cousin, Steve Sinkin, an attorney in San Antonio. Mr. Sinkin said that he was a "Co-Coordinator" for a group known as Citizens Concerned About Nuclear Power, 116 Villita, San Antonio, Texas 78205. The allegations centered around the intimidation of four employees of Brown & Root who had been accused of drug-related activity at STP. According to Mr. Sinkin, these employees were terminated when they refused to take a polygraph test or sign a statement which claimed they had no safety concerns about construction at the site. Mr. Sinkin said that he believes the incident involved one Quality Control inspector and three construction workers and that he learned of it from Peggy Buchorn, whom he identified as the Executive Director of Citizens for Equitable Utilities (CEU), a consumers advocate group located at 1813 Sixth Street, Bay City, Texas 77414. As related by Mr. Sinkin, the QC inspector reportedly discussed the incident with a friend who then went to Mrs. Buchorn.

It was determined soon after talking with Mr. Sinkin that he had had no personal contact with any of the principals involved in the incident, nor did he have any information other than that provided to him by Mrs. Buchorn. For this reason, Mr. Sinkin was advised that Investigator Baci would contact Mrs. Buchorn directly to obtain further information regarding the allegation.

On April 11, 1980, Investigator Baci telephonically contacted Mrs. Buchorn at the CEU office in Bay City, Texas. Since Mrs. Buchorn had provided the original information to Mr. Sinkin, she essentially repeated his concerns regarding the possible intimidation of employees by B&R management. She added, however, that there were five employees terminated instead of four, and that four of them were mechanical QC inspectors and the fifth was reportedly a fork-lift operator. One individual was reportedly not there when the alleged drug-related incidents occurred but was nevertheless fired with the others.

Mrs. Buchorn alleged that the individuals were all terminated on unsubstantiated drug charges but were later reinstated after they met with Dr. Broom, a man she thought to be the individual in B&R who hears employee complaints. According to her, three of the individuals were subsequently fired after refusing to take a polygraph test or sign a statement indicating they had observed no safety-related problems at the plant.

Mrs. Buchorn's primary concerns were that the individuals involved were terminated for being too effective as QC inspectors and that B&R attempted to "intimidate" them into covering up construction defects by means of an unsubstantiated drug allegation.

She said that she had a copy of a statement by one of the QC inspectors, which she had received from a friend of his. She also identified one of the other individuals whom she believed to be a construction worker and a third individual who was supposedly a fork-lift driver.

Mrs. Buchorn was told that she would be contacted shortly by NRC investigators who would investigate the allegations. On April 14, 1980, IE Investigators Peter E. Baci, IE:HQ, and Donald D. Driskill, Region IV, were assigned to the investigation and made arrangements to travel to Bay City, Texas, and interview Mrs. Buchorn.

ALLEGATION

Mr. L. A. Sinkin alleged receipt of information indicating Brown and Root, Inc., attempted to intimidate Quality Control Inspectors and/or employees into covering up construction defects and that these Brown and Root employees were fired for reasons other than those stated by the contractor.

CONCLUSION

The allegation that Brown and Root attempted to intimidate Quality Control Inspectors and employees into covering up construction defects and that Brown and Root employees were fired for reasons other than those stated was not substantiated.

DETAILS

1. Persons Contacted

Present Brown & Root, Inc., Employees

K. M. Broom, Senior Vice President, Power Group
W. A. Brown, Vice President, General Attorney
C. W. Vincent, Project Quality Assurance Manager, STP
G. T. Warnick, Site Quality Assurance Manager, STP

Other Persons

L. A. Sinkin, Citizens Concerned About Nuclear Power, San Antonio, Texas
P. Buchorn, Executive Director, Citizens for Equitable Utilities
Individuals "A" through "F"

2. Investigation

Mr. L. A. Sinkin alleged receipt of information indicating Brown & Root, Inc. (B&R) attempted to intimidate Quality Control Inspectors and/or employees into covering up construction defects and that these employees were fired for reasons other than those stated by the contractor.

Investigative Findings

On April 5, 1980, an interview of Mrs. Peggy Buchorn disclosed she had obtained the information on which she based her allegations from Individual A and via conversations with a citizen, whom she declined to identify. She stated she relayed the information to Mr. L. A. Sinkin, who subsequently notified the Nuclear Regulatory Commission (NRC) of the allegations. Mrs. Buchorn stated that five B&R Quality Control Inspectors had been fired for the alleged use of drugs at the South Texas Project (STP). She stated, however, that Individual A, who was a personal friend of one of the fired QC Inspectors, told her that the men were actually "fired for doing their jobs the way they were supposed to," in that they were not approving unacceptable work. She said that the circumstances relating to the termination of the QC Inspectors and numerous rumors in the Bay City, Texas community tended to substantiate what she was told by Individual A. A "Results of Interview" of Mrs. Buchorn was prepared.

Individual A was interviewed on April 1, 1980 and stated he had no knowledge of the QC Inspectors being fired by B&R for reasons other than alleged drug abuse. Individual A stated he was a personal friend of one of the fired QC Inspectors and the person had told him he was fired as a result of an unsubstantiated drug use allegation. Individual A stated that four of the five fired QC Inspectors had appealed the action to executive level personnel at the Houston, Texas B&R office and that they were reinstated to their jobs pending further investigation of the drug abuse allegation. Individual A stated that the following week the four men were asked to take polygraph examinations concerning the on-the-job drug abuse allegation. Individual A stated that his friend and two other QC Inspectors had resigned rather than

submit to polygraph examinations. Individual A stated he was recently contacted by Peggy Buchorn and he related the above facts to her. He emphasized that he never told Mrs. Buchorn that his friend or anyone else was fired for reasons other than the drug abuse allegation. Individual A denied having ever stated words to the effect that QC Inspectors were intimidated to cover up defective construction work and/or poor construction practices. Individual A stated that his friend, who was a "stickler for perfection," did occasionally have disagreements with construction personnel due to his rejection of work they had done, however, he had stated he got along well with QC co-workers and supervisors. A "Results of Interview" with Individual A was prepared.

On April 16, 1980, C. W. Vincent and G. T. Warnick, B&R Quality Assurance Supervisors at STP, were interviewed regarding the termination of Individuals B through F. Warnick stated that he was informed, on March 27, 1980, by a subordinate supervisor, of the allegations of drug abuse by Individuals B through F. He stated this information was provided to the subordinate supervisor by a confidential source employed at STP. The information provided by the confidential source involved the use and sale of illicit drugs, by the principals, at STP. Warnick stated he confronted Individuals B through E on March 27, 1980, apprised them of the allegations and terminated their employment effective immediately. Warnick stated Dr. Broom, the Senior Vice President of the Power Group, B&R, met with Individuals B through E on March 29, 1980, at which time they denied the allegation. Warnick stated that on March 29, 1980, Dr. Broom voided the termination and reinstated them to their former jobs, without loss of pay, pending further investigation. Vincent concurred with Warnick's comments and provided no additional pertinent information. A "Results of Interview" with Warnick was prepared.

On April 17, 1980, Dr. K. M. Broom was interviewed at his Houston, Texas, B&R office. He stated that on March 28, 1980, he was telephonically contacted by one of the terminated QC Inspectors who requested a conference with him regarding his termination. Dr. Broom stated he had agreed to meet with all of the terminated QC Inspectors in his office on Saturday, March 29, 1980. He stated that he met with Individuals B through E and agreed to reinstate them to their jobs and conduct an investigation of the allegations which they claimed were false. Dr. Broom stated that on March 29, individual sworn depositions, denying their drug abuse, were prepared and subsequently signed by each of the respective individuals. Dr. Broom stated the depositions also included a statement, by each individual, in response to his queries, relating that they had no knowledge of safety-related defects at STP. Dr. Broom stated, one of the individuals had, prior to the taking of his deposition, expressed his concerns and presented documents related to possible safety-related deficiencies at STP. Dr. Broom stated he had reviewed these documents with the man and most of his concerns, which were minor in nature, were resolved with clarification and/or explanations. The remaining items of concern were either known and corrective action was underway at the time or are currently being evaluated for corrective action. Dr. Broom provided copies of all documents provided by the individual, to the NRC Investigators. Region IV inspectors will follow up on these matters during a subsequent inspection. Dr. Broom stated that during the week following the interviews of Individuals B through E, he and his staff conducted numerous interviews at STP concerning

the allegations of drug abuse by Individuals B through F. The interviews disclosed no information to substantiate the alleged drug abuse by these individuals, however, allegations of drug abuse by other B&R employees were received and are currently being investigated. Dr. Broom stated that the decision was made to utilize polygraph examinations to ascertain the veracity of the confidential source's allegations and the respective denials of drug abuse complicity by Individuals B through E. Dr. Broom stated that on April 4, 1980, polygraph examinations were scheduled and appropriate employees were notified that they should be in Houston on April 7, 1980, for their examinations. He stated that on April 7, 1980, he was notified that three of the Quality Control Inspectors, regarding whom allegations were made, had submitted their resignations and would not undergo polygraph examination. Dr. Broom stated that the polygraph examinations were viewed as a fair and reasonable means of determining the truthfulness of both the drug abuse allegations and respective denials, and that each individual's consent to undergo polygraph examination was made a requirement for continued employment with B&R. Dr. Broom emphasized that he was disappointed that three individuals had resigned prior to resolution of allegations of their respective drug abuse at STP and that the offer to take a polygraph examination is still available to each one of them. Dr. Broom stated that the confidential source, who provided the initial allegations, underwent polygraph examination on April 7, 1980, and the determination of the polygraph operator was that the source's information was truthful in its entirety. Dr. Broom additionally explained that during an interview of one of the four accused of drug abuse, the individual admitted that the allegations made regarding the other four Quality Control Inspectors were true, however, this individual initially denied the allegations made regarding himself. He later did admit occasional use of drugs himself at STP and was given the opportunity to resign. Dr. Broom and Mr. W. A. Brown, Vice President and General Attorney, B&R, Inc., provided the sworn depositions made by the confidential source and the QC Inspector who corroborated the confidential source's allegations for examination by the reporting investigators, however, both asked that B&R be allowed to maintain the only copy of the depositions in order that the confidentiality of both persons could be insured. Depositions were reviewed and found to authenticate information received. Copies of the depositions were not taken. Dr. Broom stated that the QC Inspector who did not resign took the polygraph examination on April 10, 1980, and that the final determination regarding his employment status is pending receipt of a written report from the polygraph operator. In closing, Dr. Broom stated that all of the Quality Control Inspectors involved in this matter were good workers who had been employed by B&R for from 1-1/2 to 3 years. He stated he never received any complaints regarding their performance, however, allegations of drug abuse could not be overlooked or disregarded. He stated that all cases of proven drug abuse at STP have and will continue to result in the termination of all employees involved. A "Results of Interview" of Dr. Broom was prepared.

Between April 16, 1980 and April 18, 1980, Individuals B, C, and D were interviewed. All concurred that they were originally terminated as a direct result of the drug abuse allegation made against them. None indicated that their terminations were for any other reason. Individuals E and F could not be located and were not interviewed. "Results of Interviews" of Individuals B, C, and D were prepared.

This allegation was not substantiated.

2. Potential Allegations

During the interview of the above Quality Control Inspectors (B, C, and D), one expressed concerns related to the B&R construction policies and practices. This individual claimed he possesses documents which corroborate his claims that B&R places a much higher priority on completion of construction projects than on the associated Quality Control inspection of those projects. The individual claims he regularly met resistance from both construction personnel and Quality Control supervisors when he found work quality unsatisfactory and required it be corrected. This individual stated that at no time had he approved a project which had not met the appropriate technical quality specification. The individual refused to provide documents he possesses or discuss them further with reporting investigators. He stated he would provide this documentation to NRC and make himself available for an interview at a later date. He was provided with NRC Inspection and Enforcement, HQ, and Region IV telephone numbers and encouraged to call collect at his convenience. A "Results of Interview" of this individual was prepared.

Repeated attempts to contact this individual since the investigation was completed have been unsuccessful.



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

JUN 3 1980

MEMORANDUM FOR: Karl V. Seyfrit, Director, RIV
THRU: ~~Dudley~~ Thompson, Executive Officer for Operations Support, IE
FROM: Peter E. Baci, Senior Investigator, IE
SUBJECT: ALLEGATIONS OF WORKER INTIMIDATION AT SOUTH TEXAS
NUCLEAR PROJECT (HOUSTON POWER & LIGHTING COMPANY)

Reference is made to your investigation report No. 50-498/50-499-80-09, undated, which was forwarded for my review and signature. As we discussed during our telephone conversation on 5/28/80, it is my position that as lead investigator on this investigation, I cannot sign the subject report as it is presently written. Although I outlined my concerns during our telephone conversation, I will repeat them here for the record.

As an investigator for the Nuclear Regulatory Commission, I am charged with gathering facts, locating witnesses, and compiling evidence in matters in which the NRC is, or may be, a party in interest. As a professional investigator, I feel it is improper for me to express opinions concerning the guilt or innocence of the subjects of my investigations or to otherwise assume the role of accuser, prosecutor, jury, or judge. Rather, it is my function to gather the facts, report them in a complete and impartial fashion, and present my report to a competent authority (in this case NRC management); it is then up to that competent authority to review the facts as reported, determine whether the allegations appear to be substantiated by those facts, and if so, to recommend civil or criminal action against the subject of the investigation.

The subject report contains conclusions which I do not feel belong in an impartial report of investigation. In my professional career as an investigator, I have heretofore not encountered an agency which requires that the investigator express his opinion or conclusions in his report of investigation; indeed, agencies specifically prohibit agents or investigators from expressing opinions and conclusions in these reports. I should add here that my experience has been with an agency which, like NRC, has extensive regulatory responsibilities and is not limited only to criminal enforcement.

ATTACHMENT A

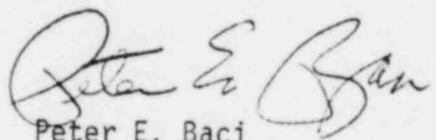
Karl V. Seyfrit

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JUN 3 1980

I have reviewed the subject report and can state that it accurately reflects the facts as determined by Investigator Driskill and myself during the course of our investigation. My reservations are not related to the accuracy of the report itself; rather, they are with the propriety of including the conclusions of the investigator in such a report. I do not necessarily affirm nor deny the conclusions listed in the subject report and cannot, as an investigator, affix my signature to a document containing them.

I hope that this memorandum is responsive to your needs. Should you require anything further, please contact me.

A handwritten signature in cursive script, appearing to read "Peter E. Baci".

Peter E. Baci
Senior Investigator, IE

cc: W. Ward, IE
D. Driskill, RIV

ATTACHMENT A