



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

CHAIRMAN

November 23, 1982

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

Dear Mr. Chairman:

Your letter of February 8, 1982 raised questions concerning the adequacy of the Nuclear Regulatory Commission (NRC) investigation into the circumstances surrounding the development of a report by R.L. Cloud and Associates, Inc., for the Pacific Gas and Electric Company. That investigation is set forth in NUREG-0862, "Inspection Report of 'Preliminary Report, Seismic Reverification Program' at Diablo Canyon Nuclear Power Plant, Units 1 and 2."

On April 23, 1982 the Commission directed the Office of the Inspector and Auditor (OIA) to review that investigation, with a view to improving our investigatory process. We have received the enclosed report from the Inspector and Auditor.

In response to the questions which you posed, the Inspector and Auditor has concluded that:

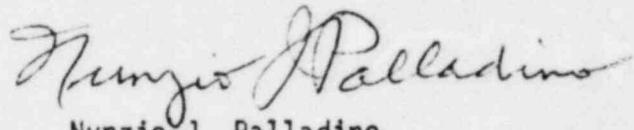
- (1) The questioning of witnesses by NRC staff was in many instances neither sufficiently aggressive nor probing. Further, several opportunities to pursue viable lines of questioning, based on the responses received, were not followed up. Accordingly minimal investigative results were derived from the overall interview process. The interview methodology utilized in this investigation, that is, initially placing people under oath and obtaining verbatim transcripts, was partially responsible for this lack of results.
- (2) Region V took reasonable steps to ensure that relevant documents were obtained from both PG&E and R.L. Cloud.
- (3) Except for minor errors, such as inaccurate totals, and inconsistencies between the various sections (with most errors occurring in the Summary and Details sections), and with the caveat that the information contained in the Summary and Details sections is not totally supported by the report's appendices, the Summary sections of NUREG-0862 are supported by the Details sections of NUREG-0862. (See: Memorandum to Chairman Palladino from James J. Cummings, "Review of Investigation Reported in NUREG-0862", July 30, 1982, p.7).

The Commission has decided not to reopen the material false statement investigation based on a review by its General Counsel.

Commissioner Gilinsky notes that he did not find the General Counsel's analysis to be particularly persuasive but, in view of the passage of time, it does not seem useful to reopen the investigation.

The OIA report was forwarded to the Acting Director of the Office of Investigations for consideration in developing procedures to alleviate the deficiencies noted in the report in future investigations.

Sincerely,



Nunzio J. Palladino

Enclosure:
As stated

cc: Rep. Manuel Lujan