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UNITED STATES
NUCLEAR REGULATORY COMMISSION
REGION I
631 PARK AVENUE
KING OF PRUSSIA, PENNSYLVANIA 19 06

JUL 24 1981

MEMORANDUM FOR: John Streeter, Acting Director, Enforcement and Investigation Staff, RIII
FROM: Robert T. Carlson, Director, Enforcement and Investigation Staff, RI
SUBJECT: ALLEGATIONS REPORTED TO NRC REGION I BY ANONYMOUS COMPLAINANT (REGION I CASE FILE I-81-42)

The enclosed four memos to file by R. E. Shepherd concern allegations, which are general in nature, concerning several licensed facilities in Region I and Region III including LaCrosse, Perry, and Zimmer. This matter has been forwarded to the Vendor Inspection Branch, Region IV for action.

The individual who reported the allegations to Region I has declined to identify himself by name and has failed to contact Region I on July 13 as he had promised.

The purpose of this memorandum is to inform you of these allegations so that you may take whatever action that you deem appropriate.

Robert T. Carlson
Robert T. Carlson, Director
Enforcement and Investigation
Staff

Enclosures: As Stated

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MEMORANDUM FOR FILE: 1-81-42

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10 CFR 2.790 INFORMATION

June 29, 1981.

On June 26, 1981, Don Capton received a collect telephone call from a man who declined to give his name and who had previously called Mr. Capton on June 25 regarding some non-specific allegations which he indicated the NRC should look into. Lowell Tripp and R. Shepherd participated in the telephone discussion between Mr. Capton and the anonymous caller on June 26. The caller said that he is presently employed [

He said that he has 3 areas of concern which he listed as follows:

1. How an inspection is conducted.
2. Design controls.
3. Accumulation of test data.

With regard to Item 1, above, he said that his concern relates to fuel storage racks at Calvert Cliffs Unit 1, specifically unacceptable welds, which [] brought to NES management's attention.

He said that the architect engineer (AE) left resolution of the problem up to others.

[] He said that the inspections by the fabricator were superficial. He said that [] and that he has not previously discussed his concerns with the NRC.

With regard to Item 2, design controls, he said that there were no design calculation notebooks available for review. Consequently, this did not permit a satisfactory review. He said work's to the effect that in lieu of issuing an audit report, a postponement was made with the result that by the time the material was

available for review, it was too late to do anything about it. With regard to Item 3, accumulation of test data, he mentioned pre-service inspections and said that tests are not reviewed in accordance with requirements. He said that he was not referring to any codes, "just not good business practices". He said that a weld was not rechecked and that "they are not looking at some of the welds". He said that Shoreham is one site where he has a concern about the welds. He said that his concerns also relate to Calvert Cliffs, but that his concerns about Shoreham and Calvert Cliffs are different. He said that the Shoreham problem is current and "goes back to TMI", whereas his concern about Calvert Cliffs dates back about a year ago. With regard to Shoreham he said that he does not interface with the licensee but that he did express his concern about the problem, with the licensee and Project and QA people at Calvert Cliffs. He said that he made written reports to Calvert Cliffs management and that the licensee did agree with him and later remedied the welds. He said that he was referring to Rack No. 2. The caller also made a vague reference to the hangers at the Dairyland facility but did not indicate that this involved a safety problem.

R. Shepherd briefly

mentioned to him the provisions of 10 CFR 19.16(C) and 29 CFR 24 and informed him that the Department of Labor has the responsibility for the handling of discrimination complaints under Federal Employee Protection Statutes.

The caller gave the impression that he was more interested in discussing his concerns in general terms, rather than providing specific details which would enable a logical investigation of each of his concerns. For example, he was prepared to terminate the conversation at one point by saying words to the effect, "well, let's leave it like that", whereas the above NRC representatives had not yet been provided with any information related to his number 3 concern, accumulation of test data.

The caller said that he would call Mr. Capton again on Monday afternoon, June 29, at which time he might be willing to disclose his identity. He was informed that the NRC is more interested in looking into his concerns rather than determining his identity and that he could be assured of confidentiality insofar as the NRC is able to maintain his anonymity. He agreed that it was a reasonable request, which R. Shepherd suggested to him, that he provide the NRC with a written detailed letter describing each of his concerns and identifying himself in the letter only by reference to the above telephone call. He was also informed that if he considered any of his concerns to be related to public health and safety, then the NRC did not want to wait until Monday (June 29) to obtain specific details regarding them. His reply to that statement was simply a reiteration of his agreement to call again on Monday at which time he would provide additional

information concerning the above.

Near the end of the above telephone discussion, the caller said that his main "beef" is poor management attitude towards QC.

R. E. Shepherd
R. E. Shepherd

- cc: R. T. Carlson
- D. Capton
- L. Tripp

Interview of Anonymous Allegor by R.E. Shepherd and P.A. McBrearty
at Holiday Inn, [redacted] on July 6, 1981.

The Anonymous Allegor furnished the following information during the above interview. He said that his concerns relate to 3 areas:

1. Upper managements' attitude towards QA. He was referring to the upper management of Nuclear Energy Services (NES), Danbury, Connecticut.
2. Design control.
3. In-service inspection activities of automated equipment.

With regard to Item 1, he said that he was concerned about upper managements' attitude towards QA, specifically with regard to the fabrication of the fuel racks at Calvert Cliffs. He said that NES was the prime contractor for the design and QA of the fuel racks and that he was the

He said that when he inspected the welds on the fuel racks at the [redacted] there was no evidence that they had been previously inspected by MPC. He described the welds as resistance "tig spot" welds and he said that he personally observed gaps, voids and "fit-ups" in the welds which indicated to him that the fuel racks had not been inspected. He said that when the first fuel rack for Calvert Cliffs was completed about a year ago,

all of whom are still employed by NES. He said that

his [] an engineer employed by Baltimore Gas and Electric. He said that when he made his personal observation of the gaps, voids and "fit-ups" in the welds, he was told that everything would be taken care of later. He said that he did not go back []

He said that there are "roughly" 8 or 9 fuel storage racks and that half of them are under water in the pool and the others are ready to be "shipped out." He said that the gaps, voids and "fit-ups" in the welds are unacceptable according to the criteria, but he did not know, at the time of the above interview, the specific document which describes the criteria. He said that it was definitely an ASME criteria but did not know whether it was Section 3 or Section 5 of the ASME criteria. He said that the []

[] He said that there were about 25 welds, out of several hundred welds that he []

> He said that the fuel rack, [redacted]

[redacted] was shipped from the MPC facility to Calvert Cliffs around October 1980. He also said that the pull tests on the welds were not acceptable and that the pull test readings were erroneous. He said that the welding continued even though "they" knew that "they" were using equipment that was not operating properly. He said that "you could tell that the pull test results were erroneous just by looking at the results." He said that after he identified the problem with the pull test results, MPC looked into the problem and performed necessary maintenance on the equipment.

He said that Richard Milos was "all in favor" of a good QA inspection

[redacted] He said that Manion said words to him (the allegor) to the effect that "I agree that we have a problem but we must use tact in resolving our problems." The allegor indicated that Manion was referring to the problems with the welds and the pull test results that were addressed in the written report which the allegor submitted concerning the welds. He said that George Oberdorfer (phonetic) was the QA Manager at NES two years ago. He said that he knows for certain that MPC issued a report to Milos which stated that the problems, which were identified in the [redacted] were corrected. He said, however, that he did not inspect the corrected welds. He said that Potent told him, in late December 1980, that upper management did not want him looking into those things. He said that it was about a year ago that the first fuel rack was completed but that [redacted] the welds on the rack about 2 months earlier. He said that the first rack

was rejected because of the welds and because of the other problems.

He said that he then went back to the [REDACTED]

He said that Milos told him that Baltimore Gas and Electric (representative(s)) said to Manion and Milos that the only resemblance to QA (concerning the above fuel racks) was the inspections that were

He said that these racks were numbered 6, 7, 8, and 9. He said that he does not know how the problems concerning these other racks were resolved because he was not part of the "review cycle" at that time. He suggested that the NRC should look at all of the audit and surveillance reports at NES to see what the problems were and how they were corrected. He said that by looking only at the data package, "this (the data package) would tell you nothing." He said that all of the reports of MPC should be at the NES headquarters in Danbury, Connecticut and he said that the Project File and the QA File should have these reports.

He said that he thinks that the first 5 fuel racks which were fabricated by MPS are in the fuel pool at Calvert Cliffs Unit 1. He said that he does not know what happened to the fuel racks identified as having problems because

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10 CFR 2.790 INFORMATION

With regard to San Onofre, he said that the problems were corrected because the licensee had identified the problems at the site.

He said that NES terminated Steve Horne, who was their resident inspector at Calvert Cliffs, because Horne was not doing a good job inspecting the fuel racks i.e. he was not identifying defects in the components before they were assembled.

[Redacted]

He indicated that Horne was fired, as a scapegoat, because NES wanted to show Con Ed (Indian Point) that they had done something about the fuel rack problem of Calvert Cliffs and that Con Ed was aware of the problem. He said that all of the fuel racks are now at the Calvert Cliffs facility and that it was expected that the racks which are not in the fuel pool will be transferred to the pool within a couple of days or within a week or so.

He said that NES has the contract to do the fuel rack job, using MPC as the fabricator, for Calvert Cliffs Unit 2. He said that NES has negotiated with another firm, Selampco in Greensboro, North Carolina, to fabricate fuel racks in the future.

10 CFR 2.790 INFORMATION

With regard to Item 2, design control, he said that when design services are rendered, it is required by 10 CFR 50 that the design calculation notebooks be in order and that they be reviewed by an independent party. He said that Baltimore Gas and Electric is very complete (i.e. good) in this regard. He said that the Lacrosse (Dairyland) facility is an example of where there were approximately 50 tasks of architectural engineering services that were performed without calculation notebooks being prepared in some instances or were not properly documented and reviewed, for example, the gas effluent analysis. He said that Milos had this project and that Milos initially identified the problem to _____
(Note: this statement needs clarification).

He said that there was an exit interview with the Project Manager of NES but it was never documented. He said that the Audit Schedule at NES would show when it was started. He said that some of the aforementioned tasks of architectural engineering services are on-going and some are 4 or 5 years old. He suggested that the NRC could contact the utility to find out what calculation notebooks were done by NES and then "work back from there."

He mentioned, however, that he was not being critical of the auditor's competence. He said that his audits

showed that there were no design calculation notebooks and that the reviews were not done. He said that Craig Finnan succeeded Milos as Project Manager and that both Finnan and Milos are aware of this situation (i.e. no design calculation notebooks, etc.).

He also said that the computer code that NES uses is not always verified on some of the design calculations.

He said that Milos, Finnan and the Project Task Manager (whose name he could not recall) on that particular task are aware of the computer code problem. He said that the Project Task Manager's name, for that particular task, would be available at the Lacrosse facility. He said that there is a Master Project Task Plan at NES which identifies the Project Task Manager for each task "over the years."

With regard to Item 3, in-service inspection activities of automated equipment, he said that the automated equipment tests were found not to be in compliance with the "spec."

He named Karl Schmidt, Vice President, and George Hamilton, Senior Vice President, as two members of NES upper management who rejected. He said that NES considers this equipment as being in the research and development stage at this time and it has not been declared functional.

He said that Shoreham, Perry (Cleveland Electric), Zimmer (Cincinnati Gas and Electric) and Moscow are examples where the in-service inspection test activities of automated equipment which is intended for use at these sites, are not in compliance with the specification. At the time of the above interview, he was not able to identify the specification which he was referring to. He said, after discussion of this matter with Mr. McBrearty, that "this one is a gray area" and that it could be a potential problem.

The above interview was interrupted while the allegor left the room to attend to some matter. He called Mr. Shepherd on the telephone about 30 minutes later and said that he had to attend to an urgent family situation and preferred to continue the discussion by calling the NRC representatives at the Region I office on July 7, at 10:00 a.m. Consequently, the investigators did not have an opportunity to question the allegor, on July 6, regarding some of the matters discussed above in order to obtain clarification and/or further details on the information which he provided.

R. E. Shepherd
R. E. Shepherd

cc:
T. Martin
D. Capton
L. Tripp
R. McBrearty

MEMORANDUM FOR FILE: 1-81-42

TELEPHONE DISCUSSION WITH ANONYMOUS ALLEGER ON JULY 7, 1981

On July 7, 1981, Mr. D. Capton received a telephone call from the Anonymous Alleger at 11:03 A.M. R. Shepherd and R. McBrearty participated in the discussion and informed the alleger that there were additional questions which needed clarification with regard to the information which the alleger provided during the interview [

on July 6. The alleger said that he was in a "time thrust situation" and did not have much time to talk on the telephone but he agreed to call again on July 8, between 10:00 A.M. and 11:00 A.M., to discuss some of the questions which were asked of him. He also agreed to meet with Messrs. McBrearty and Shepherd at the Holiday Inn, [] at 9:00 A.M. on July 10.

During the above telephone discussion he was asked to identify the specific tasks of architectural engineering services, approximately 50 in number, which he previously reported as having been performed for the Lacrosse facility without calculation notebooks and/or proper reviews. He said that he would try to refresh his memory or refer to his notes and would try to have some information in that regard when he would call back on July 8. He said that he did not know the purpose for which the design reviews were done by NES. With regard to his concerns about in-service inspections (ISI) and pre-service inspections (PSI), he said that many of the test data that were performed remain unresolved and it is not clear to him which problems exist. He indicated that he was referring here to the

Shoreham facility. He said that some of the people who were involved are no longer employed by the Company (NES). He said that Ed Anderson is in the ISI group and works for Karl Schmidt's group. He said that Anderson was later upgraded to a Level 3 and that many of Anderson's reports are not understandable by the NES QA people to determine if the welds are good or bad. He said that he would provide additional names when he would call Region I again on July 8. When asked why he did not report his concerns to the NRC until June 25, which is the date of his first contact with Region I, he said that he "was under the impression that many of these things could be resolved at some time down the pike." He also said that other engineers at NES came forward to him with their concerns about "the same types of things" that he was reporting to the NRC. The allexer reiterated his request that the NRC assure him of confidentiality in this matter. The above telephone discussion was terminated at the caller's request at 11:30 A.M.

R. E. Shepherd

R. E. Shepherd
Investigator

cc:
R: Carlson
T: Martin
D: Capton
L: Tripp
R: McBrearty

Memorandum For File: J-81-42

July 15, 1981

Telephone Discussion with Anonymous Allegor on July 8, 1981

On July 8, 1981, Mr. D. Capton received a telephone call from the
 Anonymous Allegor at 10:50 A.M. R. Shepherd participated in the
 telephone discussion. The allegor said that he was pressed for
 time and would call back again on July 13, 1981 at 9:00 A.M. He
 was reminded that R. Shepherd and R. McBrearty were scheduled to meet
 with him at [redacted] on July 10, whereupon the
 allegor said that he wanted to postpone that meeting until after
 he would call back on July 13, at which time he would try to arrange
 a plan whereby Region I could contact him by some means other than
 by contacting him at his home. He again declined to reveal his identity
 and provide his home address and telephone number despite repeated
 efforts by Messrs. Capton and Shepherd to obtain that information
 and at the same time assuring him of confidentiality. He said that
 he was "gun shy" about providing a signed statement which R. Shepherd
 had requested that he provide during the interview with him at
 [redacted] on July 6. With regard to "the Level 3 guy"
 (Ed Anderson) whom he mentioned during the telephone discussion on
 July 7, the allegor said that he (the allegor) thinks that "this guy"
 performs his job conscientiously. Messrs. Capton and Shepherd
 attempted to obtain specific details regarding the information which
 the allegor had provided during the interview at [redacted] on
 July 6, such as the 50 specific tasks of architectural engineering
 services which NES reportedly performed for the Lacrosse facility.

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The allegor said that he was not able to answer some of the specific questions at this time and he suggested that the NRC look at several of the designs at random. With regard to his postponement of the scheduled meeting with Messrs. McBrearty and Shepherd on July 10, the allegor said "I was initially going into the QA program and now we are getting into the details." He said that he thought that he gave us "enough" concerning Calvert Cliffs. By these and other similar comments, the allegor has clearly indicated that he does not want to cooperate with the NRC by providing specific details concerning the information which he has thus far provided in more or less general terms.

With regard to Calvert Cliffs he said that, "from the end of last year on through" i.e. during the past seven months, there has been a general degradation of the QA program, specifically in the way that inspections by MPC and NES were being performed. He also said that he had only limited access to some of the reports, specifically (inspection (reports) of the fuel racks themselves. He said that this is what he means by "general degradation", i.e. "all of the problems that were identified were cleaned up in one grand sweep."

With regard to Dairyland (Lacrosse facility), he again said that he does not recall what the design review was being done for and he repeated that he does not know the reasons for the review. He said that the time frame (regarding the Lacrosse matter) is "about 5 years ago but many are on-going projects, for example, the gas effluent analyses." He said he looked at several different projects

and, in some cases, there were no (calculation) notebooks, no verification of the computer code, or no review. He said that the problem that he is reporting is "that when the problem is identified to upper management, nothing is done about it."

During the above telephone discussion and during all previous contacts with the alleged, he was specifically asked if he had any information or concern that involved the public health and safety and he emphatically replied in the negative each time the question was asked. The above telephone discussion was terminated at the alleged's request at 11:45 A.M.

As of 10:00 A.M. on July 15, the alleged has not contacted Region I as he had agreed to during the above telephone discussion.

R. E. Shepherd
R. E. Shepherd
Investigator

cc:
R. Carlson
T. Martin
D. Capton
L. Tripp
R. McBrearty