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# POLICY ISSUE

(NEGATIVE CONSENT)

May 20, 1988

SECY-88-137

For: The Commissioners

From: Victor Stello, Jr.  
Executive Director for Operations

Subject: PROPOSED LETTER TO NIAGARA MOHAWK POWER CORPORATION (NMPC) BASED ON THE SUBMITTAL OF INCOMPLETE AND MISLEADING INFORMATION TO THE NRC CONCERNING AN INTERNAL INVESTIGATION PERFORMED BY THE COMPANY AT NINE MILE POINT, UNIT 2

Purpose: To advise the Commission of the staff's intention to issue the enclosed letter to Niagara Mohawk Power Corporation based on the licensee's submittal to the NRC of a letter containing incomplete and misleading information concerning an internal investigation performed by the company at Nine Mile Point, Unit 2.

Discussion: In a memorandum dated May 8, 1987, the Director, Office of Investigations (OI), provided me and the Regional Administrator, RI, a copy of the subject OI investigation report, dated March 12, 1987, entitled "Nine Mile Point, Unit 2 (NMP-2): Alleged Material False Statements Regarding Results of Licensee Quality First Investigation." The OI investigation was conducted in response to a request, dated October 3, 1985, from the then Regional Administrator (RA), RI to the Director, OI:RI, that OI determine whether the licensee's Quality First Program (QIP) investigation of alleged inadequate nuclear instrument cable pulls at Unit 2 in May 1985, accurately reported the facts of this incident in a letter to Region I, dated July 11, 1985. The basis for the RA request was an allegation received in September 1985, via the State of New York Public Service Commission, that the QIP investigation, conducted in June-July 1985, was inadequate, and events associated with the cable installation were different than described in the QIP investigation.

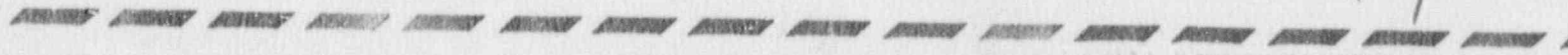
The licensee's QIP investigation was conducted in response to a Region I request to the licensee in a letter dated June 7, 1985. The request was made after Region I had received an anonymous allegation on May 28, 1985 concerning the adequacy of the installation of the neutron monitoring system (NMS) cables. Specifically, the allegation indicated that two of the cables were broken during

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installation due to excessive pull tension on the cables; contractor Quality Control (QC) inspectors observed this activity without issuing any unsatisfactory inspection report; and supervisors improperly pressured individuals to complete the installation effort. In the June 7 letter, Region I requested that the licensee's investigation determine the technical adequacy of the installed cable, the adequacy of the QC coverage of the activity, and the measures taken to ensure that no improper pressure to complete work occurred.

Upon completion of its QIP investigation, the licensee responded to the NRC with its July 11, 1985 letter, signed by the Director of Quality Assurance (QA), which stated that the "installation of the cable pull was technically satisfactory, the Quality Control program was adhered to and no evidence of improper pressure apparently by supervision was found." Attached to that letter was a two page report of the QIP investigation which formed the basis for the licensee's conclusions.

As a result of these conclusions, OI referred its investigation report to the Department of Justice on May 8, 1987, and indicated that the information contained in the July 11 letter, as well as the regulatory violations committed during the NMS cable installation effort, were indicative of possible violations of criminal law. In a memo dated November 6, 1987, DOJ informed the NRC that the Department declined to prosecute this matter.

As a result of these procedural violations, Region I sent the licensee a Notice of Violation on January 22, 1986 to address these

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concerns and solicit appropriate corrective actions. The corrective actions for these procedural violations were provided in a letter dated March 3, 1986.


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Coordination: The Office of the General Counsel has no legal objection.

Recommendation:



Victor Stello, Jr.  
Executive Director for Operations

Enclosure:  
As Stated

SECY NOTE: In the absence of instructions to the contrary, SECY will notify the staff on Tuesday, June 7, 1988 that the Commission, by negative consent, assents to the action proposed in this paper.

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