



UNITED STATES
NUCLEAR REGULATORY COMMISSION
WASHINGTON, D.C. 20555-0001

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50-498

MEMORANDUM FOR: Ben B. Hayes, Director
Office of Investigations

William T. Russell, Director
Office of Nuclear Reactor Regulation

FROM: James L. Milhoan
Deputy Executive Director
for Nuclear Reactor Regulation,
Regional Operations and Research

SUBJECT: REVIEW OF ALLEGATIONS REGARDING THE SOUTH TEXAS PROJECT

NRC personnel recently met with staff of the Oversight and Investigations Subcommittee of the House Committee on Energy and Commerce to discuss the NRC's handling of problems at the South Texas Project (STP). The Subcommittee's staff informed the NRC of their recent meetings with persons in Bay City, Texas who shared their safety concerns regarding STP. The Subcommittee's staff stated, however, that the individuals who voiced the concerns did not wish to share them with NRC personnel in Region IV. Although the Subcommittee's staff did not give the specific safety concerns to the NRC, the discussions indicated a need to obtain, review and evaluate any safety concerns held by these persons. The Subcommittee's staff also discussed the Quadrex Report, a critical review of the engineering work performed by the Brown and Root Company in early 1981, and suggested that the findings in the report were similar to those reported in the 1993 Diagnostic Evaluation Team (DET) inspection report of STP. To address this matter, you are to take the following actions (these actions should be performed independent of Region IV):

1. Form an Allegation Team led by OI to obtain transcribed interviews of any persons who may have safety concerns regarding STP, including STP employees (present and former).
 - prepare a team charter for my approval within one week of the date of this memorandum
 - this assignment has priority over all other assignments for the designated team members and should be conducted expeditiously
 - maintain a chronology of all persons contacted in addressing this matter
 - document the results of interviews to the extent necessary to capture all salient information
 - maintain records of the information that you collect
 - keep me apprised of the status of your activities on this matter on about a weekly basis

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Add: L. Kobayashi
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May 6, 1994

2. Present any allegations obtained by the Allegation Team to the NRR Allegation Review Board (ARB). The ARB should review and evaluate the allegations and, if necessary, recommend further action.
3. After completing items 1 and 2, the Allegation Team should submit a report to me on the results of their activities, including information on the allegations referred to the ARB.
4. NRR should review and evaluate the allegations and compare them to the information contained in the Quadrex Report, NUREG-1306, and the 1993 STP DET report to identify any common problems identified in the reports. Based on this review, identify any lessons learned from this effort that would improve similar staff actions in the future.
5. NRR should periodically provide the status of actions taken to address the allegations referred to the ARB by the Allegation Team.
6. Since there are continuing concerns about the STP employee concern program, NRR also should provide a schedule and plan for conducting a future inspection(s) of the program.

Original Signed by:
James L. Milhoan

James L. Milhoan
Deputy Executive Director
for Nuclear Reactor Regulation,
Regional Operations and Research

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