



UNITED STATES  
NUCLEAR REGULATORY COMMISSION  
WASHINGTON, D. C. 20558

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NOV 14 1989

MEMORANDUM FOR: C. I. Grimes, Director  
Comanche Peak Project Division  
Office of Nuclear Reactor Regulation

FROM: P. F. Warnick, Assistant Director  
for Inspection Programs  
Comanche Peak Project Division  
Office of Nuclear Reactor Regulation

SUBJECT: CASE DISPUTE - PHONE CALL NOVEMBER 13, 1989

On November 13, 1989, Juanita Ellis and Billie Grade called the NRC onsite office (Warnick, Livermore, and Latta) at 3:15 p.m. as previously arranged to inform the NRC verbally of a new "dispute." CASE had notified TU Electric and discussed the dispute with Bill Council on November 8, 1989, after Billie Garde had conducted a preliminary investigation which validated the concern. CASE stated that Council indicated he would get back to CASE on November 15. CASE believes the seriousness of the matter requires NRC action before then. CASE stated that a letter documenting the dispute would be sent to the NRC later this week.

Billie indicated that the CASE concern was received from former QC inspector "A" on November 2, 1989, after "A" had been laid off that same day. "A" had also given his concern to TU Electric and to SAFETEAM. "A's" concerns as related by Billie Garde are described in the following paragraphs:

- QC inspectors A, B, and C were performing receipt inspections of thermolag (5" dia.). They were experiencing approximately 30 - 40% rejects. They were instructed to segregate the acceptable from the nonacceptable and release the good material to the field.
- They inspected thermolag of a different size (3" or 3/4") and rejected 33 out of 35 pieces inspected.
- A, B, and C wanted to write an NCR. The Lead told them to write an NCR. [redacted] overheard this conversation and told them not to write an NCR. They showed [redacted] NQA 3.05 which required an NCR to be written. [redacted] told them they were going to get the thickness requirement changed so that all the thermolag would be acceptable. QC foreman [redacted] was present. He did not disagree with anything that was said.

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in accordance with the Freedom of Information  
Act, exemptions b7C  
FOIA- 90-A-18

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- . Inspectors "A" and [redacted] looked at three pieces of thermolag from each of seven boxes and they were not acceptable. [redacted] still would not let them write an NCR.
- . Inspector "A" went to SAFETEAM and gave his concerns. He also asked SAFETEAM to give his concerns to the NRC. SAFETEAM told "A" they would not. (Note: On November 7 the NRC received a copy of the SAFETEAM write-up without the SAFETEAM track number, through the plant mail.)
- . [redacted] learned that "A" went to SAFETEAM and he verbally criticized the QC inspectors and used foul language to indicate the group was now in trouble.
- . On the morning of November 2, lay-off evaluations were done and "A" was number 6 on the list. That afternoon he was the only one in the group that was laid off.
- . [redacted] had been heard by others to say that if [redacted] supervised the group "A" would be the first person to be laid off.
- . On November 3 inspector "B" wrote an NCR. On Monday November 6 "B" was bumped back to being a helper. Later he was moved back to being a QC inspector.
- . [redacted] made a quick trip to the vendor on Wednesday November 8. Reason unknown.
- . Corporate security interviewed everyone on Thursday, November 9, and confirmed the above.
- . The procedures were changed to delete receiving inspections and to substitute vendor source inspections.
- . Thermolag is purchased under P.O. 66571871 as a Priority 1 purchase. The P.O. requires the vendor to have a QA program that meets NRC's Appendix B.
- . TU Electric is required to perform verifications under Verification Plan 89-2092 and 89-1744 plus revisions (latest is Revision 4). See TU Electric's letter NE 27057 dated June 27, 1989, from Madden (Skaggs) to James Rippy.

Mrs. Ellis and Ms. Garde stated they had the following concerns:

1. Harassment and intimidation of the QC inspectors.
  - 1.a- [redacted] telling A & B not to write NCRs. (He was trying to figure out how to get out of rejecting the thermolag rather than documenting nonconforming conditions.)

(X)

- 1.b- [REDACTED] blowing up about "A" going to SAFETEAM.
2. Why is the thermolag reject rate so high if the vendor has an approved QA program that supposedly assures the quality of the product? What checks has TU Electric made of the vendor's program?
3. Is there any under-thickness thermolag in the plant? Is it OK?
- In addition to the above, the NRC also has questions concerning:

- 1.c- Why was "A" fired?
- 1.d- Why was "B" bumped back?
4. Why didn't [REDACTED] insist on NCRs being written? Why were [REDACTED] and [REDACTED] more interested in getting the spec changed than documenting the problems?
5. How many NCRs were written and when? What has reject rate been? What TU Electric checks of the vendor were made?
6. Why was the receipt inspection dropped in favor a source inspection?
7. Why wouldn't SAFETEAM notify the NRC?

Inspection Plan:

1. Ask TU Electric for copies of all NCRs written on thermolag.
2. Determine correct manner of documenting receipt inspections.
3. Determine thermolag reject rates during receipt inspections.
4. Observe thermolag in the plant to see if any undersized thermolag is installed or ready to be installed. Talk to craftsmen (installers) to learn if they have observed any undersized thermolag in the field.
5. Find out what checks, inspections, etc., TU Electric has done at the vendor's shop. Have they (TUE) evaluated the vendor's program?
6. What is TU Electric doing about the high reject rate? What is the vendor doing about the high reject rate at the TU Electric receipt inspections?
7. Why was the procedure changed from receipt inspection to source inspection?
8. Review SAFETEAM file.



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9. Review Corporate Security investigation.
10. Talk to A, B, C, and others who performed receipt inspections.
11. Find out why A was fired & B was bumped back.
12. Why were [redacted] and [redacted] more interested in passing the thermolag than documenting a nonconforming condition? Is this attitude common in QC? Is this common to the Quality organization supervisors?
13. What is TU Electric management doing?

*R F Warnick*

R. F. Warnick, Assistant Director  
for Inspections Programs  
Comanche Peak Project Division  
Office of Nuclear Reactor Regulation

Enclosure:  
SAFETEAM write-up.

cc w/enclosure:  
JLyons  
PGwynn  
HLivermore



Jim  
Pat

We received this through the plant  
mail on 11/7/89. SAFETEAM is investigating.  
We will followup on SAFETEAM investigations.

RW

Interviewee is concerned that General Foreman [redacted] and Foreman [redacted] will not let the QC Inspectors in Receiving write an NCR on rejected Thermo-A-Lag.

Interviewee states that this concern involves the receipt of Thermo-A-Lag by QC Receiving Inspectors in Warehouse A on November 2, 1989. Concernee said the Thermo-A-Lag in question is the 5" and 3/4", 36" long section. Concernee said the rejection on the Thermo-A-Lag is running 30% to 40% for the 5" and 95% for the 3/4". Concernee said the QC Inspectors brought this concern to the attention of Foreman [redacted], General Foreman [redacted] and Lead [redacted]. Concernee said the inspectors asked how they were to document the rejections. [redacted] told them to write an NCR. Concernee states that Foreman [redacted] said "We will not write an NCR on Thermo-A-Lag" and that [redacted] agreed with him. Concernee states that the procedure in question is Control of Nonconformances NQA 309 1103, which states that any material that falls out of specified requirements shall be documented in accordance with reference 3.2 which is NQA 305, Reporting of Nonconformances.

Concernee said when one of the inspectors pointed this procedure out to [redacted], [redacted] waved him off and walked out and [redacted] followed. The inspector then showed the paragraph to Lead [redacted] and told him the procedure was not being followed. Concernee said that [redacted] agreed with the inspector but added "You see how much my word means here."

Concernee states that the Thermo-A-Lag was being rejected because it was not thick enough. Concernee said that Mr. [redacted] and Mr. [redacted] called Procurement Engineer [redacted] to Warehouse A and suggested that he change his acceptance criteria from 1/2" to 3/8" thick so it could be bought off.

Concernee said that right now the Thermo-A-Lag is one of the crucial areas of finishing Unit 1 and is concerned that quality is going to be sacrificed.

Note: Concernee requested that SAFETEAM hand-deliver this concern to Herb Livermore, NRC Inspector.

(X)(X)

RESPONSE

Re: SAFETEAM 12696-A: Concernee feels his ROF is part of a "vindictive lay-off".

The Concernee stated that he was included in an ROF on November 2, 1989, even though his job performance was comparable to others in the group. The Concernee alleged that, approximately two months ago, [redacted] told him, "If I ever get in the position, you will be the first to go". The Concernee further stated that the Supervisor, [redacted] is new and relies on Mr. [redacted] for guidance. The Concernee feels that Mr. [redacted] was responsible for his ROF.

The Corporate Security investigation into this concern has established that the Concernee and one other inspector were included in the ROF on November 2, 1989. The decision as to who would be selected was made by the QC Manager, Phillip Halstead. Mr. Halstead stated that he has the responsibility of selecting QC personnel who are to be included in any ROF.

Mr. Halstead stated that he makes his decisions based on the guidelines set forth in a policy memo from John Streeter dated April 22, 1988. (see attachment) Mr. Halstead said that his secretary provided him with a computer print-out of all employees in the warehouse QC Receiving group, with the exception of the Supervisor, the level II QC, and the two leads. On this list the employees were not identified by name, only social security number. The print-out also indicated the employee's seniority, latest performance evaluation, and billing rate.

Mr. Halstead stated that two employees from the QC Receiving group were to be placed on the ROF list. In reviewing the list, Mr. Halstead narrowed his selections to the four employees with the least amount of seniority. He said he then looked at the billing rates and found them to be comparable. Mr. Halstead stated that the determining factor in this case was performance evaluations. These evaluations had been completed that morning by the QC leads. The two employees whose evaluations were not as good as the others were selected for the ROF. The secretary then generated a list identifying the employees by name.

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FOIA- 70-A-18

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On November 2, the Concernee was one of the participants involved in a discussion with Mr. [redacted] and Mr. [redacted] which resulted in a difference of opinion as to a procedural interpretation. The Concernee alleged that this incident might have influenced the decision to place him on the ROF list. Mr. Halstead stated that he was unaware of the incident at the time he made his decision and did not even know the names of the employees he had chosen.

In response to questions, [redacted] stated that he had made a statement similar to the one alleged by the Concernee. Mr. [redacted] said the Concernee had a "caustic" personality and had made an earlier statement to the effect that he would not want to work for Mr. [redacted] should Mr. [redacted] become a supervisor. Mr. [redacted] said that he replied that the Concernee should not worry, that the Concernee "would be one of the first to go". Mr. [redacted] said that he realizes the statement was inappropriate and he should not have made it.

CONCLUSIONS

The Corporate Security investigative evidence fails to substantiate the allegation that the Concernee was the victim of a "vindictive lay-off". The decision to include the Concernee in the ROF was made by the QC Manager based on applicable policy which evaluated such factors as seniority, billing rate and performance. The conflict between the Concernee and [redacted] was not a factor in this decision. Mr. [redacted] did not evaluate the Concernee and had no input into the ROF decision.

Our inquiry did substantiate that [redacted] had previously made a statement that, should he ever be in the position, the Concernee would be the "first to go". However, neither this statement, nor the fact that the Concernee had Mr. [redacted] had disagreed over the issuance of an NCR, were factors in the Concernee's inclusion on the ROF list.

WFLA-TV SERVICES  
OFFICE MEMORANDUM

Attachment 2  
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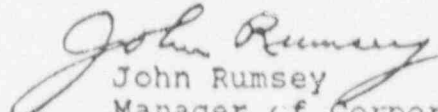
To Richard Werner

Date November 22, 1989

Subject REQUESTED RESPONSE TO SAFETEAM CONCERN(S)  
Addendum to 12694-A

Attached is our response to the above noted concern(s).

We appreciate the opportunity to assist SAFETEAM in this matter. Please contact my office in the event you need any further assistance or information.

  
John Rumsey  
Manager of Corporate Security  
- Nuclear

JR/WI:sh

Attachment(s)

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in accordance with the Freedom of Information  
Act, exemptions b7C  
FOIA 90-A-18

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ADDENDUM ST12694-A

At the request of Management, Corporate Security conducted interviews with four additional QC Receiving Inspectors who were not directly involved in the incident of November 2, 1989. The purpose of these interviews was to obtain an outside perception on issues relative to this Concern.

The inspectors were asked the following questions:

- 1) Do you feel current procedures allow you to write an "unsat" inspection report rather than an NCR?
- 2) Have you ever been told not to write an NCR on material that does not meet requirements?
- 3) Does the supervisor and/or the level III QC have the authority to interpret NQA procedures and decide if an NCR is appropriate?
- 4) Have you ever been harassed or intimidated into going along with something that you felt was a procedure violation?

All of the inspector's responses to the four questions were essentially the same. All stated that they felt that, under certain conditions, the inspector has the latitude to "unsat" an inspection report or a verification plan rather than always having to write a Non-Conformance Report (NCR). All four indicated that they felt that it was the inspector's decision as to whether an NCR should be written.

In response to the question of having ever been told not to write an NCR, all four inspectors stated that they had never been told not to write an NCR. All stated that they felt that no one on site had the authority to tell an inspector that he could not write an NCR. The inspectors stated that they have had discussions with supervision as to whether an NCR should be written, but have never been told not to write one.

Two of the inspectors stated that the level III QC has the authority to void an NCR after it has been written, but he must justify his actions. They did emphasize, however, that the level III QC cannot keep an inspector from writing the NCR.

In response to the question of whether the supervisor and the level III QC have the authority to interpret NQA procedures and say when an NCR is appropriate, the four inspectors stated that they felt that the supervisor and/or the level III QC did have the authority to interpret procedures, but did not have the authority to tell an inspector when an NCR was appropriate. All four indicated that they were of the opinion that the decision to write an NCR was ultimately made by the inspector. The four further stated that they felt that they could disagree with the supervisory interpretations without fear of consequences.

In response to the question of ever having been harassed or intimidated into going along with what they felt was a procedure violation, all four stated that they had never experienced any such harassment or intimidation.

In discussing [redacted], one of the inspectors stated that Mr. [redacted] is too arrogant and does not communicate well with subordinates. Another inspector said that some of Mr. [redacted] actions are "more aggressive than need be". All four did state that they felt they could discuss procedural interpretations with Mr. [redacted] at any time, and further stated that they felt free to disagree with him.

# TU ELECTRIC

## OFFICE MEMORANDUM

CQA-0350

TO: J. F. Streeter

DATE: December 11, 1989

SUBJECT: SAFETEAM Concern 12694

As a result of the investigation into the issues raised in the subject concern, there were certain conclusions reached that required follow-up actions. The actions taken are outlined below.

In regards to the remarks made by Mr. [REDACTED] to the concernee which implied that he would terminate the concernee if he were his supervisor, the investigation confirmed that these remarks were made. Mr. [REDACTED] was formally reprimanded by his contractor and a letter detailing this reprimand was placed in the contractor's personnel file on Mr. [REDACTED]. There was a further discussion by myself with Mr. [REDACTED] to emphasize that TU Electric will not accept this type of behavior or any actions or remarks that are, or can be, interpreted as threatening. Mr. [REDACTED] was further encouraged to be sensitive to the perception of him representing supervision in his capacity of Level III.

The investigation reports also indicate that the supervisor contributed to poor or inadequate communication that may have left some inspectors with an incorrect impression. The report stated that some inspectors may have felt that supervision was telling them not to identify the deficient thermolag in any manner.

Mr. [REDACTED] who is the supervisor in the receiving area, has been verbally counseled to be more sensitive to potential perceptions of the inspectors. It was expressed that he should have been more sensitive during the discussions with inspectors and realized the potential conflict and thereby taken additional time as necessary to explain the purpose and reason for his and Mr. [REDACTED] response to the issue of appropriateness of an NCR.

As stated above the investigation report indicated that [some inspectors may have understood that the direction from the discussions was that supervision was telling the inspectors not to write deficient thermolag up.

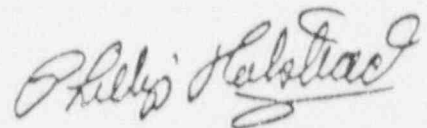
Mr. Doug Snow, Operations QC Unit Manager, held a meeting on November 27, 1989, will all of the receiving inspectors and the supervisors to clarify the issues raised in the investigation report. Mr. Snow explained the conditions which must be reported on an NCR. He further explained the conditions whereby an unsat IR may be used to identify deficient conditions on materials in receiving. Mr. Snow also emphasized that in all cases deficient conditions must be identified and if they feel that an unsat IR is inappropriate then they should generate an NCR.

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Act, exemptions 6 & 7C  
FOIA 90A-18 2/14/89

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CQ. -0350  
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The above actions have been taken to resolve any outstanding issue or possible misunderstandings resulting for the incidents of November 3, 1989, in the receiving inspection area.



Phillip Halstead  
Manager, QC

PEH/kfm

cc: CQA File