City of Cincinnati

Sylvester Murray
City Manager

DOCKETED
USNRC

'84 JAN 17 A9:55

OFFICE OF SECRETARY
DOCKETING & SERVICE
BRANCH

Environmental Advisory Council

January 10, 1984

50-358

The Honorable Frederick Bernthal
Commissioner, Nuclear Regulatory Commission
Washington, D.C. 20555

Dear Commissioner:

Mr. David Altman, Chair of the Cincinnati Environmental Advisory Council, asked me to send you the enclosed photocopied packet of newspaper articles concerning the Zimmer Nuclear Power Station.

The packet is a chronological summary of the major Zimmer events of the last 14 months (up to December 1, 1983).

I will send copies of additional articles dealing with more recent events soon.

Sincerely,

J Bruce Suits

J. Bruce Suits
Administrative Assistant
Cincinnati Environmental Advisory Council

Enclosure

8401180245 840110
PDR ADOCK 05000358
G PDR

D503

Equal Opportunity Employer

Repairs At Zimmer Called Superficial

BY BEN L. KAUFMAN
Enquirer Reporter
RICHARD WHITMIRE
and DAVID SHAPIRO
Gannett News Service

©1982, Gannett News Service

Zimmer nuclear power station is getting only cosmetic changes and repairs, quality assurance specialist Jeffrey M. Nichols charged this week.

Nichols—fired last month by Kaiser Engineering, Zimmer's main contractor—spelled out his complaints in a letter to U.S. Rep. Morris K. Udall, D-Ariz., and in an interview with *The Enquirer* and Gannett News Service.

He charged that Kaiser Engineering retaliated against inspectors and permitted sloppy certification of quality assurance personnel and welders at Zimmer.

NICHOLS ALSO identified what he said were hardware problems in vital safety systems. An example involved what he said were badly cut and welded beams and cracks in the drywell around the reactor.

"The defect is so serious that the 1969 American Welding Society commentary does not even provide for repairs," Nichols wrote. "Those beams should just be replaced."

Nichols, who described himself as an advocate of nuclear power, said Zimmer could be fixed up and run right if interested parties showed the "right attitude."

But that's just what's missing, he said. "Management at Zimmer does not have a commitment to completing the necessary repairs for a safe plant."

As a result, "There could be a failure because we don't have any idea of whether the material is what it is supposed to be, whether the people are who they are supposed to be, or whether the standards have been enforced where they are supposed to be enforced."

DAVID ALTEMUEHLE, a spokesman for Cincinnati Gas & Electric Co., characterized Nichols' letter to Udall as "more cries of *wolf* from an ex-employee."

Altemuehle said problems in the drywell will be addressed by CG&E's new quality confirmation program.

Beyond that, Altemuehle said senior utility officials were in Washington for Thursday's hearing and could not comment on Nichols' charges.

Several unsuccessful attempts were made by phone to reach Walter Hedzik, head of Kaiser Engineering's quality assurance program.

Nichols' six-pages of charges did not come up at Thursday's congressional hearing.

"I am turning to you because the problems have gotten worse since the Nuclear Regulatory Commission (NRC) report issued last November," Nichols wrote Udall, the Interior Committee chairman. That report accompanied the $200,000 fine NRC levied against CG&E.

Nichols, a whistle-blower at another project, told Udall that he tried to stay out of the public debate over Zimmer. "I attempted to work within the system but was let go after my repeated complaints. . . ."

Nichols said he had hoped the NRC would solve the problems. "It didn't. The only real lessons CG&E and Kaiser learned from the 1981 NRC investigations was the identity of the safety dissidents and how to cover up deficiencies without getting caught again."

IN THE charges Nichols sent to Udall, he claimed:

- Deviations in major Zimmer safety analyses "threaten the integrity of essential systems."
- Quality assurance manuals show no "continuity of responsibility" between CG&E, which is overseeing construction and will operate Zimmer, and Kaiser.
- Quality control over suppliers was a "fiasco." CG&E accepted certificates of compliance from one steel supplier "on faith."
- Widespread problems tracing materials, identified by the NRC as a major problem, began early.
- Blueprints do not reflect the plant as built.
- Inadequate training and certification touches "all quality-related personnel, from the quality assurance management on down for Kaiser and CG&E."
- Too many required inspections and tests "simply do not occur."
- Nichols' "hold tag" and Nonconformance Report on reactor drywell problems were ignored contrary to mandatory procedures.
- Management at Zimmer intimidates inspectors and document reviewers but even when Nonconformance Reports are issued, they often are circumvented.
- Retaliation for disclosing safety problems "has been a way of life at Zimmer . . . When I initially identified the drywell design problem, my supervisor told me to throw it in the trash can. I persisted and three days later was forced out of my job through an unacceptable transfer."

IT'S THAT bad and worse, Nichols said this week. "If I were allowed to go into that plant with the authority to look where I have to, I can prove that plant is not ready for licensing."

On the other hand, Zimmer can "work just fine" if someone cracks down on CG&E, Kaiser and the NRC, he said. Nichols said he went to Udall because the congressman might be able to find a way to bring in a neutral "third party" to oversee remedial work at the $1.5 billion facility.

Nichols said he worked at Zimmer "on and off" from November, 1981, through May. Then, he said, he was told there was no work for him as a Level III quality engineer/trainer/systems auditor. He's been unemployed since.

He left town Wednesday, he said, because he feared retaliation for his accusations.

Nichols acknowledged his vulnerability to the "sour grapes" charge, but he pointed to his whistle-blowing in Washington State as proof of his integrity.

There, he went to the NRC with a list of complaints about safety-related procedures at another nuclear power station under construction.

ALLEN JOHNSON, head of the Region V investigation and enforcement unit that checked out Nichols' charges, was asked about Nichols.

"We found him to be a credible person," Johnson said. "He's a legitimate guy. Everything he brought to us definitely needed attention."

Fortunately, Johnson said, Nichols acted before any of the problems grew out of control.

"Some could have been issued Notices of Violation," Johnson said but the NRC won compliance from the public utility and contractors without such formal action once they had Nichols' evidence.

And that's a critical difference between Zimmer and the Washington facility, NRC ordered remedial measures after a decade of work at Zimmer but the West Coast facility was less than a third complete.

Nichols cited that time element as part of the reason he went public. He said he has lost faith in the NRC, CG&E and Kaiser. "It's been in construction for 11 years and why haven't they done it up to now? If they could do it, I say to you, they would have done it."

Today, Nichols is co-operating with the Government Accountability Project (GAP), which is pursuing other complaints against Zimmer.

GAP has a reputation of being anti-nuclear, Nichols conceded, but he is working with it because GAP offers an "avenue to make corrections in the industry."

THE CINCINNATI ENQUIRER/Thursday, July 15, 1982

Witness Castigates Zimmer

BY PAUL ALEXANDER
Associated Press

COLUMBUS, Ohio—Of the 10 to 15 nuclear power plants under construction in an eight-state area, the Zimmer facility near Moscow, Ohio, has been the biggest problem as far as quality assurance

On the Inside

• NRC criticized, Zimmer delay looms; Page D-1.

controls, a Nuclear Regulatory Commission official testified Wednesday.

The proposed licensee of the facility, Cincinnati Gas & Electric Co., was fined $200,000 in November, 1981, for the quality assurance program, which was too understaffed to tightly check construction, said Gene Warnick, director of enforcement and investigation for the NRC's Region III.

The problems also led the NRC to deny CG&E an operating license this year.

NRC INSPECTIONS of the facility turned up thousands of nonconforming or undocumented welds. Quality control inspectors have raised allegations of incidents involving harassment and intimidation, most recently when dirty water was dumped on one inspector.

Most single-unit reactor plants, such as Zimmer, have one resident inspector from the NRC, while dual-unit facilities have two inspectors, Warnick said.

But because of Zimmer's past problems and an effort to ensure that the plant is safe, two NRC inspectors already live near the plant site and another will be sent there soon, he said.

HE SAID that before the NRC required a beefed-up program April 8, 1981, Zimmer's quality-assurance work ranked below the three categories the NRC uses to evaluate construction programs.

Warnick testified Wednesday at a hearing by the Public Utilities Commission of Ohio on a proposed $100 million rate hike request by Columbus and Southern Ohio Electric Co., co-owner of the Zimmer plant with Dayton Power and Light Co. and CG&E.

ZIMMER

CG&E has moved to improve site supervision

Editorial
Cincinnati Enquirer
July 15, 1982

THE BEST recent decision on the Zimmer nuclear power station was the decision that stationed Earl Borgmann, senior vice president of Cincinnati Gas & Electric Co., at the plant site in Clermont County.

Yet if mistakes on Zimmer have come from inadequate on-site supervision, the Nuclear Regulatory Commission's (NRC) latest evaluation shows CG&E did a lot right in the interval between Oct. 1, 1980, and last March 31. The NRC said that "the effectiveness of the overall quality-assurance program improved substantially following the identification of major breakdowns early in the assessment period." Still, the NRC spotted what it said were continuing weaknesses relating "to the qualification and certification of personnel; identification, evaluation, documentation and reporting of construction deficiencies, and timely completion of commitments."

But improvements cited were especially heartening in view of the Atomic Safety and Licensing Board's recent refusal to license the plant for operation, pending revisions in its emergency evacuation plans. Just about everything that can happen to a nuclear-power project seems to have happened at Zimmer. One result has been to help increase to $1.5 billion the plant's originally projected cost of $240 million, though in 1969 real terms, the price tag today would be less.

For all CG&E's failures, however, the NRC has made its share of mistakes, too. Closer surveillance, clearer directives and speedier actions by the NRC would doubtless have prevented many and corrected others long ago. The agency was created for that purpose. So neither CG&E nor the project's major contractor, Kaiser Engineers, has any monopoly on Zimmer mistakes.

But the movement of Mr. Borgmann's office to the site should brighten prospects for the plant to start operating next year. Many of its problems might have been averted if he had been there long ago. In fairness to CG&E, though, the firm had no previous experience with nuclear plants. And not every problem could have been anticipated.

The task now is to ensure every weakness in the latest NRC evaluation is corrected, and that evacuation planning meets all requirements. For many reasons — some valid; others, perhaps, not — Americans have become increasingly wary of atomic plants, though no one has ever been killed in a nuclear-power accident in this country. Atomic power offers the cleanest fuel source and, handled correctly, the safest. And with America's feared shortage of electric power in the next decade, nuclear energy should not be neglected simply because utilities have had problems adapting it. Certainly CG&E, for all its Zimmer woes, should be encouraged to get its new power source on line as soon as possible.

Skeptical CG&E Undecided About City Zimmer Hearings

THE CINCINNATI ENQUIRER/Wednesday, August 11, 1982

BY CAMILLA WARRICK
Enquirer Reporter

Cincinnati Gas & Electric Co. isn't sure whether it wants to get involved in a series of public hearings that will focus on the safety and reliability of Zimmer Nuclear Power Station.

But proponents of the hearings view CG&E as a key voice in the ongoing debate and are eager for the utility's participation.

Sponsored by Cincinnati's Environmental Advisory Council (EAC), a 23-member body appointed by the city manager, the hearings will provide citizens a chance to collect information in "a calm, rational and dignified setting," said council chairman D. David Altman.

Those adjectives arise from Altman's determination that the meetings not become jeering sessions. "No applause or expressions of agreement or disagreement will be tolerated from the audience," he said.

The hearings will be from 7-10 p.m. on four consecutive Thursdays in Cincinnati City Council Chambers, beginning Sept. 9.

ALTHOUGH ZIMMER has been under construction for nearly a decade, there have been few—if any—opportunities for issues associated with the plant to be presented in a "simplified" local forum, said Altman.

He argues that the upcoming meetings could fulfill this need. But Altman's enthusiasm doesn't seem to be shared by CG&E, the managing partner of the three utilities building Zimmer.

CG&E already has participated in a couple of years of public licensing hearings as well as a recent batch of congressional ones in Washington, said company spokesman Bruce Stoecklin. "It's difficult to see what point is to be served by these since this group (the Environmental Advisory Council) has no authority or expertise to discuss the matter," he said. "But that doesn't mean we won't participate. It just means we haven't decided."

SIMILARLY, THE Nuclear Regulatory Commission, which controls federal licensure of nuclear plants, hasn't decided whether it will play a part in the sessions. Russ Marabito, NRC public affairs officer in Chicago, confirmed that Region III chief James G. Keppler has been invited to Cincinnati for the hearings, but isn't sure "it's been completely spelled out to him what it's all about. I can't say what he'll do."

Regardless of what CG&E or the NRC opt for, the Government Accountability Project (GAP), a Washington-based nuclear watchdog, will participate. "If there's one subject the people of Cincinnati would want to go to school on, it's what's happening at the Zimmer plant," said GAP spokesman Tom Devine.

He said GAP will be much more interested in the hearings if all sides are present, but will share its findings regardless of who shows up. "The predictable reaction by the utility and the government has been to discourage public knowledge," he said. "Keeping things behind closed doors with the investigation is their way of doing business."

CINCINNATI'S ENVIRONMENTAL Advisory Council was formed about 10 years ago to do just what its title suggests—advise city council about a broad range of environmental matters. Its authority begins and ends there. But, suggests Altman, its expertise may go at least a little further.

He points out that the volunteer group of businessmen, professionals and industry representatives has "had a long involvement with Zimmer," dating back to 1976 when it recommended the city intervene in the licensing of Zimmer.

"The hearings will be neither a whitewash or a witchhunt," he said, "but a chance to answer some questions."

A month ago, in a 6-2 vote, Cincinnati City Council acted on the recommendation of Assistant City Solicitor Peter Heile and abandoned a resolution that would have launched an EAC inquiry about Zimmer.

HEILE TOLD council members that voting in favor of the resolution would violate the city's 1981 agreement with CG&E, in which municipal officials dropped their objections to Zimmer's federal operating license in exchange for CG&E promise to provide air and water monitoring equipment at the Moscow plant.

Altman explained that the resolution, which had been promoted by councilman Guy Guckenberger, was "somewhat unprecedented" since council rarely *votes* for the EAC to do something. Normally, the advisory council acts on an informal request from the city manager or a council member.

The EAC's decision to persevere with the hearings was greeted with enthusiasm by Guckenberger, although he said he could express his interest only "as an individual, not as a council member."

Guckenberger, who plans to participate in the forum, also is hoping for CG&E's presence. "If I were CG&E, I'd take every opportunity to defend myself," he said. "I would hope they'd see it as another opportunity to make their case.

Zimmer hearings planned

August 10, 1982
CINCINNATI POST

Cincinnati's Environmental Advisory Council will conduct four public hearings beginning Sept. 9 on the safety and reliability of the William H. Zimmer Nuclear Power Station.

However, officials of Cincinnati Gas & Electric Co. and the U.S. Nuclear Regulatory Commission may not participate.

CG&E spokesman Bruce Stoecklin said the company is undecided about participating in hearings while its operating license for the $1.5 billion plant is pending before the NRC's Atomic Safety and Licensing Board.

"THIS GROUP has no authority and has no expertise. That certainly makes us dubious about the values of the hearings," he said. "We still are answerable to the NRC and the licensing board about licensing of the plant, and that process is still ongoing."

NRC spokesman Jan Strasma said regional officials will evaluate the purpose and nature of the hearings before deciding if they will participate.

David Altman, council chairman, said today he will seek individuals and groups who want to present "factual information that will add something to public understanding of this issue."

THE HEARINGS before five-member panels will be on four consecutive Thursdays from 7 to 10 p.m. in the Cincinnati City Council chambers.

The hearings will be held without approval of the city council, which decided that they could jeopardize an agreement with CG&E that exchanged water monitoring equipment for a pledge not to interfere in Zimmer licensing.

The environmental council is a 23-member body appointed by the city manager to advise the council on environmental matters.

THE CINCINNATI ENQUIRER AUGUST 12, 1982

NRC To Participate In Hearings

James Keppler, regional head of the Nuclear Regulatory Commission, will come to Cincinnati for a series of public hearings on the safety and reliability of Zimmer Nuclear Power Station.

D. David Altman, chairman of Cincinnati's Environmental Advisory Council, the sponsoring organization, said he was contacted Wednesday by an NRC public affairs officer in Chicago, who said Keppler and other staff members will participate. Keppler is tentatively scheduled for 7 p.m. Thursday, Sept. 23.

NRC's interest in the hearings is good news for the advisory council, which hopes to attract all sides in the longstanding debate over the Moscow power plant.

Cincinnati Gas & Electric Co., the managing partner of the three utilities building Zimmer, hasn't decided whether it will get involved in the forum, which has been designed as public fact-finding opportunity.

They will be in Cincinnati City Council chambers from 7 to 10 p.m. on consecutive Thursdays, beginning Sept. 9.

Why strange things happen at Zimmer

The Cincinnati Post, Thursday, August 12, 1982

To the editor of The Post:

I congratulate The Post for the excellent series on Zimmer, and nuclear power in general. However, the articles did not give an explanation of why strange things have been happening.

Inspectors were doused with water. Why? Frequent quality control goof-ups make CG&E look like amateurs, and the construction men incompetent. Why? Is there a sensible explanation? There is.

The design and construction of a nuclear plant is not handled like a coal-fired plant or chemical process plant. To understand the differences, some background information:

A century ago steam boilers occasionally blew up. To prevent these disasters, insurance companies commissioned studies to find materials and methods to make boilers safe. This evolved into the Boiler and Pressure Vessel Code, published by the American Society of Mechanical Engineers. This code is the bible of the industry. It is a vast storehouse of knowledge concerning materials, stress calculation methods, allowable welding procedures, the works.

During the 1950s the insurance companies created a new specialty called "human engineering." Investigations of industrial accidents revealed that most accidents were caused not by faulty equipment but by human error. Research into the nature of these errors led to the redesign of machines and controls which significantly improved safety by reducing the probability of operator error.

Specialists in control room design were called engineering psychologists. Their field was laying out smart control rooms, to make an operator's job as simple and logical as possible, to evaluate quickly what was happening and make the right moves to avert trouble.

To cover liabilities at a typical construction project the owner buys have safety consultants who work with the architects and engineers and construction people. These men are specialists in the field of industrial safety, and are expected to make suggestions for reducing risks. It's simple good business for the owner to follow the suggestions—he wins on insurance costs and plant safety.

Nuclear power was not handled in this logical, businesslike manner. It is largely a creature of government. Some plants are investor-owned, but approval of virtually everything comes from the Nuclear Regulatory Commission. The liability insurance is handled by government, and since government insures, it does the inspecting and approving.

As a result, insurance company safety specialists were not consulted, and control rooms were not laid out by engineering psychologists. Do you remember the accounts of the Three Mile disaster—how confusion reigned, operators made mistakes, and noboby knew what was going on? The accident itself, and the errors that enlarged it into a disaster, were caused by poor control room design.

So, who was in charge of control room designs? According to an investigation by Adam Reed published in Reason Magazine (August 1980) the designers learned that their plants depended on a host of licenses and permits by political officials at state and local level. These bureaucrats knew nothing about nuclear power or good control room layout, but were impressed by large and complex-looking layouts prepared by a commercial artist who loved old Frankenstein movies. Only after Three Mile did engineering pshchologists find out what was in nuclear power control rooms. What they saw made them shiver.

The commission places its major emphasis on quality control which is important, but it is no substitute for common sense. It went overboard to develop a quality assurance program all its own. Three new books were added to the ASME code, just for nuclear power.

Any safety-related device must be made of nuclear grade material, even the nuts and bolts. Every supplier of nuclear products must have a quality assurance program approved by the commission. This involves an expensive lot of writing and rewriting a Q and A manual. This involves making changes in the factory. It involves sitting through several meetings with an audit committee which at times seems like a medieval inquisition.

If the company passes this torture test it receives an "N" stamp. But are the products any better? A company makes, say, nuts and bolts. These are made of steel that meets ASME specifications. After earning their N stamp they make the same nuts and bolts, to the same ASME specs, label them NUCLEAR, send a traceability report with each batch, and double the price.

This system places an inspector in an interesting position. He can point to a valve and ask for the traceability report on the bolts that hold it together. If it can't be found (imagine the thousands of such reports involved) he can accuse the builder of laxity in quality assurance, and The Post prints another story of sloppy procedures. Want to bet that this was the kind of incident that caused the bucket of water?

The impression we get from all the complaints and problems is that nuclear power is simply too complex and dangerous to be acceptable. This is false. Nuclear power generation is far less complex and dangerous than many chemical process operations that are running every day with no disasters, no protest marchers, and no stupid evacuation plans for schools 10 miles away.

Nuclear is the safest, cleanest, cheapest way to generate electricity. All the problems, and most of the cost, are caused by government. The solution is to get government out of the act.

EVERETT DeJAGER

CINCINNATI POST

ZIMMER

Thursday, August 12,

The NRC thinks the plant's foes have exhausted all their arguments

IN ITS DECISION not to conduct fresh hearings into allegations of quality-assurance failings at the Zimmer Nuclear Power Station, the Nuclear Regulatory Commission (NRC) has provided a long-overdue glimmer of hope.

Nearly a decade has passed since the NRC's predecessor, the Atomic Energy Commission, issued a permit for Zimmer's construction. The expectation was that the facility would cost $240 million and that it would be completed by 1975. By this spring, construction costs had reached $1.5 billion, and the plant's operating license is still not in hand.

In the course of the decade, opponents of the plant have voiced some valid concerns, which have been, if anything, studied to death. Even now, there is the assurance that an operating license will not be issued before all problems involving quality assurance have been resolved.

But in rejecting an appeal for a whole new round of hearings, the NRC has concluded, correctly, that plant opponents have not produced any new evidence. They had instead rehashed the same arguments that have already been examined and reexamined.

That opponents persist in demands costly in both time and resources suggests that their quarrel is less with the Zimmer plant and the details of its construction and proposed operation than with the whole complexion of tomorrow's America.

Little by little, the Zimmer plant has become the focus of a national campaign waged by powerful forces that could not care less about the economic future of Greater Cincinnati. These forces have elected to ignore the relative safety of nuclea power. They simply do not want to see an expansion of power-generating facilities, whether nuclear or non-nuclear. They find the whole idea of economic and industrial growth abhorrent.

But the battle isn't being fought under those colors. It has been conevrted instead into a struggle in which fear — blind, unreasoning fear — is the principal weapon.

The NRC apparently has had enough. So has Greater Cincinnati.

CG&E Allowed To Reduce Zimmer Quality Inspections

BY BEN L. KAUFMAN
Enquirer Reporter

In a rare moment of accord, the owners, regulators and critics of Zimmer nuclear power station accepted reduced quality control inspections by Cincinnati Gas & Electric Co.

The Nuclear Regulatory Commission (NRC), which ordered the inspections, cut its demands because of improved quality assurance programs, commission spokesman Jan Strasma said Thursday.

"They've done what they've been asked," Strasma explained. "It's time to crank down on the program."

At the adversarial Government Accountability Project (GAP), investigator Billie Garde went along.

"We kind of agree with that," Garde said. "There was a lot of duplication and unnecessary expense."

CG&E spokesman Bruce Stoecklin welcomed the change as an "expression of added confidence" in expanded quality assurance programs at Zimmer.

AT ISSUE was CG&E's direct responsibility for inspecting ongoing work at the $1.5 billion facility in Clermont County.

NRC ordered extra inspections last year after it found CG&E's prime contractor, Kaiser Engineering, botching the job.

So, since April 8, 1981, CG&E has been responsible for inspecting new work already inspected by contractors.

Now, the NRC has decided that CG&E's greatly enlarged quality assurance staff need only duplicate half of those contractor inspections. A sample of the remaining 50% will be checked by CG&E.

CG&E's Stoecklin said utility inspectors will sample areas where Kaiser is doing best and concentrate on re-inspecting the rest.

Strasma said the 100% re-inspection program never was intended to be permanent.

THE KAISER and CG&E response to the NRC prod generated "sufficient confidence" to warrant easing off, he added.

The NRC still is watchful, given a history of quality assurance problems at Zimmer, Strasma said. "CG&E is still doing more than any other utility in the country."

Strasma said the new 50/50 arrangement is not engraved in stone and is subject to CG&E and Kaiser performance.

The NRC recently added a third resident inspector, the first responsible for construction, to two at the plant. They and regional NRC staff colleagues will determine how well the new effort is going.

The 50/50 arrangement does not affect CG&E's Quality Confirmation Program initiated last year under NRC orders to recheck selected work done before April 8.

The re-inspections were ordered before NRC fined CG&E a then-record $200,000 for breakdowns in the Zimmer quality assurance program. Charges included document falsification and inspector harassment. CG&E paid, but without conceding the accuracy of all of the allegations.

The utility was penalized because the NRC has authority over builders, owners and operators of commercial nuclear power plants, but not over their contractors.

CG&E has refused to say if it will sue Kaiser to recover costs incurred as a result of the contractor's quality assurance failures.

A recent NRC review found current quality control at Zimmer was adequate.

In a related situation, no one has been apprehended for dousing three inspectors at Zimmer earlier this year, CG&E's Stoecklin said. That incident forced CG&E to close the site for half a day.

It also led to most construction workers signing affirmations that they understood federal laws on harassment and intimidation.

A handful who refused to sign the required forms lost their jobs, but an NRC official told *The Enquirer* that the suspects were not among them.

Reports of harassment did not die with that incident. Recently, James G. Keppler, NRC Region III boss, went to Zimmer to warn key employees of the seriousness of the situation. It was the first time he had to do that at any plant, he said, underlining the pervasiveness of quality assurance problems at Zimmer.

In addition to CG&E's probe of the dousing incident, federal investigations into allegations of criminally shoddy work and cover-ups continue.

Despite continued allegations of trouble at Zimmer, NRC's five commissioners last month narrowly overruled their Atomic Safety & Licensing Board decision to reopen contested licensing hearings. The decision went 3-2.

The NRC license is vital to Zimmer operations.

In July, the three-member licensing board opted for more hearings on allegations of safety-related problems at the Moscow construction site.

In June, the licensing board had decided on reopened hearings on what it said were inadequacies in emergency planning in neighboring communities.

Garde, a GAP investigator in Cincinnati Thursday for a brief visit, said GAP would appeal the commissioners' ban on hearings. GAP's brief must be filed by Aug. 20.

The five commissioners are all presidential appointees under pressure to get commercial nuclear plants licensed and operating.

Garde said the commissioners are overruling all decisions to reopen hearings to pursue questions the three-judge licensing boards want answered.

Those rulings put the commissioners not only at odds with their licensing boards but with NRC's professional staff. Region III Adminstrator Keppler, responsible for Zimmer, supported GAP's call for reopened hearings.

CINCINNATI ENQUIRER AUGUST, 1982

Zimmer hearings planned

Cincinnati's Environmental Advisory Council will conduct four public hearings beginning Sept. 9 on the safety and reliability of the William H. Zimmer Nuclear Power Station.

However, officials of Cincinnati Gas & Electric Co. and the U.S. Nuclear Regulatory Commission may not participate.

CG&E spokesman Bruce Stoecklin said the company is undecided about participating in hearings while its operating license for the $1.5 billion plant is pending before the NRC's Atomic Safety and Licensing Board.

Group claims agency softened Zimmer report

The Cincinnati Post, Saturday, August 21, 1982 7A

By Jerry Condo
Post Washington Bureau

WASHINGTON — A government investigative report last November on the Zimmer Nuclear Power Station "was severely censored and its conclusions changed," Zimmer opponents charged Friday in petitions filed with the Nuclear Regulatory Commission.

The allegations by the Government Accountability Project, a non-profit agency representing the Miami Valley Power Project, appear in petitions asking the NRC to reconsider its July 30 refusal to reopen Zimmer licensing hearings.

THE PETITIONS also ask the NRC to stop construction of the Moscow, Ohio, reactor, which is owned by Cincinnati Gas & Electric and two other Ohio utilities.

A Nov. 21, 1981, report by the NRC cited various quality assurance problems at Zimmer. The agency fined CG&E $200,000.

But GAP contended Friday that the report, based on an NRC investigation, identified "only a small portion of the deficiencies" at Zimmer and did not include "some of the most significant" affidavits and statements produced by the probe.

GAP charged that the final report was changed "significantly" from an earlier draft "and its basic conclusions were changed to justify less drastic action" by the NRC against CG&E.

THE CHANGES, GAP contends, reflect deep discord within the NRC over its handling of the controversial $1.5 billion Zimmer project.

GAP had until midnight Friday to appeal the NRC decision. GAP said the final version did not specify the deficiencies found, did not follow up on leads and "suggested there were no hardware problems."

GAP also said the final report, unlike the draft, "did not mention the on-going criminal investigation of CG&E officials in connection with falsification of quality assurance records."

GAP ALLEGED numerous employee interviews were changed or "rewritten to weaken their statements indicating CG&E had knowledge of and involvement in violations of NRC regulations."

As an example, GAP cited a July 8, 1981 interview of Phillip Gittings, former quality assurance manager for Kaiser Engineering Internations, by the NRC Office of Inspector and Auditor. Kaiser is the contractor for the project.

The interview, which GAP claims was deleted from the final investigation report, allegedly indicated that CG&E denied Kaiser adequate quality control staffing "even though the utility knew Kaiser could not comply with (NRC) regulations."

GAP claims NRC investigators found "intriguing leads" on the alleged harassment of quality control inspectors.

The NRC investigators "overhelmingly" recommended to NRC regional administrator James Keppler in March 1981 that Zimmer construction be stopped, GAP said.

Public-Interest Group Asks NRC To Scratch Zimmer

BY BEN L. KAUFMAN
Enquirer Reporter

Critics of Zimmer nuclear power station petitioned the Nuclear Regulatory Commission (NRC) Friday to stop construction on the $1.5 billion project.

The Government Accountability Project (GAP) also asked the NRC to reconsider its ban on further hearings into safety problems at the Clermont County worksite.

GAP is a Washington-based public-interest group which is representing the official intervenor in the Zimmer hearings, the Miami Valley Power Project.

GAP wants to prevent Zimmer from generating electricity. Ever.

"Zimmer is currently unsafe," GAP's principal investigator, Thomas Devine, said Friday when contacted by telephone in Washington D.C. "There can be no other honest interpretation of the evidence."

IT'S WORSE than that, said GAP executive director Louis Clark from Washington. "We have supplied the NRC commissioners with enough solid evidence to shut Zimmer down forever."

Quality-assurance breakdowns are so pervasive that Zimmer can't be salvaged, the GAP spokesmen argued.

The NRC rejected, 3-2, reopening the hearings last month when GAP first requested them.

That put the three-commissioner majority at odds with the NRC's regional staff, which is responsible for policing Zimmer, and with the NRC's Atomic Safety and Licensing Board, which had agreed to reopen hearings.

The same commissioners will vote on Friday's petition.

"Only one has to change his mind," GAP's Billie Garde noted, pointing to John A. Ahearne as the swing vote.

Possibly 80% of the evidence accompanying GAP's petition will be new to the commissioners, Garde said. "We're trying to give them enough avenues to do something."

GARDE SAID another NRC refusal would send GAP to federal appeal courts.

Cincinnati Gas & Electric Co. (CG&E), which is building Zimmer, has consistently denied GAP allegations.

The utility has urged the NRC to license Zimmer so that electricity can be produced commercially next year. Under Ohio law, consumers will pay for Zimmer regardless of whether it produces electricity.

Last month, the utility applauded the NRC's refusal to reopen the hearings which could delay Zimmer's operating license.

"The NRC has had the authority all along to stop construction if there were justification and it hasn't, and we don't feel there is any," CG&E spokesman David Altemuehle said Friday.

In addition to requesting that the NRC suspend Zimmer's construction permit, GAP asked the panel to:

- Replace CG&E's "quality-confirmation program," which covers work which was completed long ago, with inspectors unconnected with the utility or its prime contractor, Kaiser Engineering. Those outsiders should be free to identify problems and impose corrective actions.

- Require an independent audit of CG&E and Kaiser management at Zimmer, including recommendations about whether to replace CG&E and Kaiser quality-assurance programs, which cover more recently completed work, with independent inspectors.

NRC rules require a utility to prove that a power station has been built according to acceptable plans by tested craftsmen from approved materials and that it has been adequately inspected.

Until then, a plant may not be granted its NRC operating license.

Quality assurance is the program meant to see that all of this is done correctly or redone until it is correct and that records show how it was done.

KAISER'S quality-assurance program for the first 10 years since construction began in 1971 was such that the NRC forced CG&E to take it over and hire and train hundreds of inspectors to replace Kaiser personnel.

Since then, CG&E has had to replace questionable welds, requalify welders and retrain even newly trained inspectors soon after they began working.

CG&E was fined a then-record $200,000 last year for what the NRC said were falsified quality-assurance records, intimidation of inspectors and other documentation problems.

CG&E Won't Take Part In Hearings

BY CAMILLA WARRICK
Enquirer Reporter

Cincinnati Gas & Electric Co. won't play a part in a series of public hearings on the safety of Zimmer Nuclear Power Plant.

Although its participation was pursued by organizers in the city's Environmental Advisory Council (EAC), the utility announced Wednesday that it's not coming because the meetings, "which will include appearances by groups unalterably opposed to Zimmer station and nuclear power, will serve no useful purpose."

Company spokesman David Altemuehle said, "There doesn't seem to be any point at all to get back in an arena with intervenors who are more than happy to sing their song against Zimmer."

EAC chairman D. David Altman said, "We're very disappointed that they're not going to show up, especially since the Nuclear Regulatory Commission has seen fit to make a trip into town."

ALTMAN SAID he learned of CG&E's decision in a telephone conversation Wednesday morning with company President William Dickhoner, whom he described as being "very, very co-operative" in a series of converserations about the hearings.

"He said he agonized over the decision, but checked with local and national public-relations firms who told them not to appear," Altman said. "It's sad that this is being presented as a PR (public-relations) issue."

(See ZIMMER, Page B-2)

● ZIMMER

CONTINUED FROM PAGE B-1

In his initial announcement of the hearings, Altman had said all parties concerned with the plant's adequacy would be invited and stressed that the meetings will be conducted in a "calm, rational and dignified setting."

He said the EAC, an advisory body for Cincinnati City Council, wanted a "simplified" public forum that would allow local residents to learn more about the plant and have many of their questions answered.

ALTMAN ARGUED that recent congressional hearings in Washington and the utility's licensing hearings, which were formal and "highly technical," did not satisfy a local need for more information.

But CG&E said its participation in the hearings "would set a precedent whereby any group could decide to convene a public meeting on any subject and expect CG&E to participate, even though the group would have no expertise, authority or jurisdiction in the matter."

Altman admitted he was stung by that comment because "it ignores our track record and the background of the organization. They have no idea of the huge amount of time we've put into these hearings."

Within days of issuing its Aug. 10 invitation, the EAC received confirmation that James Keppler, head of the NRC's Region III 'n Chicago, would come to Cincinnati for one session.

Among others who agreed to participate were City Councilman Guy Guckenberger and representatives of the Government Accountability Project (GAP), which represents the Miami Valley Power Project, one of the chief intervenors in the licensing process.

The hearings in city council chambers will begin at 7 p.m. Thursday, Sept. 9 and will run for three consecutive Thursdays. Keppler is tentatively scheduled for the Sept. 23 meeting.

IN ANOTHER matter relating to Zimmer, the NRC's Atomic Safety and Licensing Board on Tuesday decided that when members of NRC's Office of Nuclear Reactor Regulation are satisfied that the plant has been completed according to specifications, they can issue CG&E a fuel-loading and low-power testing license.

Zimmer Costs Spiral Sevenfold

THE CINCINNATI ENQUIRER/Wednesday, September 1, 1982

BY CAMILLA WARNICK
Enquirer Reporter

The cost of building Zimmer Nuclear Power Station has grown seven times since it was just a glimmer in its planners' eyes.

Once estimated at $240 million and scheduled for completion in 1975, the [illegible]ished Moscow, Ohio, plant now dangles a price tag of $1.7 b[illegible].

The latest cost projection was made recently by William H. Dickhoner, president and chief executive officer of Cincinnati Gas & Electric Co., the chief owner and managing partner of the three utilities building Zimmer.

IN AN interview with the Dow-Jones News Service, Dickhoner called the nuclear plant "our biggest challenge" and said "all three companies have agreed that fuel loading can't be before mid-1983, with an in-service date of about February, 1984."

The Cincinnati utility owns 40% of the power station, while Dayton Power & Light owns 31.5%, and Columbus & Southern Ohio Electric Co. picks up the remaining 28.5%.

The new estimate expands the previous $1.5 billion projection by $200 million—an increase that represents 80% of the original cost.

Plans for Zimmer, a power station with a net capacity of 810 megawatts, were announced in 1969. At that time, utility officials thought it could be finished in about five years.

BUT WHEN 1975 arrived, delays had already caused the project to lag behind schedule. Five years later, in the spring of 1980, CG&E rescheduled its start up for late 1982 and estimated final costs would hit $1 billion.

In the ensuing two years, the price of the plant has grown by the millions. Company spokesman David Altemuehle said "more than half the dollar amount" of the new estimate "is due to the carrying charges (i.e., interest) on the money."

Contributing factors, he said, are equipment maintenance and the cost of keeping "over 300" Zimmer staff members. "These are CG&E operating personnel, not construction workers," he said, explaining that although the plant is not in operation, these workers are kept busy "learning their jobs."

ALTEMUEHLE SAID the price increase, like most of the nuclear station's other costs, will "ultimately be borne by the customers" in rates earmarked for adjustment after the plant goes on line. A small percentage of the cost has been recovered dur[illegible]g the course of construction, said Altemuehle, "in rate cases for construction work in progress."

He pointed out that the pay back will be stretched out over the life of Zimmer, which is roughly set at 33 years.

Last week, the Atomic Safety and Licensing Board of the Nuclear Regulatory Commission (NRC) ruled that when NRC staff members are satisfied that the plant has been completed according to specifications, they can issue CG&E a fuel-loading and low-power testing license.

Altemuehle said the utility viewed this as a "major" decision that could enable a six-month equipment-testing program to begin sometime next year.

HOWEVER, NRC spokesman Frank Ingram in Washington played down the board's action saying "I don't think it means anything at this time because the plant's not close to being completed."

Included in the board's ruling was a provision that the entire thing would be nullified if the NRC's five-member commission rules in favor of a plea to halt construction that was filed by the Government Accountability Project.

Altemuehle said that although the utility views this move as unlikely, it might well prompt added delays and possible cost increases, if approved.

Tom Carpenter, head of Cincinnati Alliance for Responsible Energy, one of the chief critics of Zimmer, objected to the suggestion that intervenors have slowed the project.

"That's just not true," he said. "They brought their problems on themselves. If CG&E had built a safer plant and if the entire nuclear industry were safer, they wouldn't have these delays."

Carpenter also pointed to a 1981 decision by the Ohio Supreme Court in which the Cleveland Electrical Illuminating Co. was barred from passing on the costs of four cancelled nuclear plants to its customers. He said that if Zimmer is put aside by its managers, a move that they have given no indication of doing, he will fight to make sure local consumers do not have to pay.

"Give light and the people will find their own way"

The Cincinnati Post

Editor
William R. Burleigh

Managing Editor
Thomas E. Dunning

Editorial Page Editor
Marianne O'Regan

800 Broadway, Cincinnati, Ohio, 45202 (513)352-2000 Friday, September 3, 1982

editorials

Something missing

The public forum on safety and reliability questions concerning the Zimmer Nuclear Power Plant, scheduled to start next Thursday, regrettably, will lack one necessary component. The Cincinnati Gas and Electric Co., co-owner and operator of the plant, so far has declined to take part.

The forum, to be conducted by the Cincinnati Environmental Advisory Council, will have represenatives from the U.S. Nuclear Regulatory Commission, the nuclear power industry, and critics of nuclear power. Four meetings will be held on four consecutive Thursdays in Cincinnati City Council chambers.

It is understandable that CG&E might be wish to avoid further public confrontations of the kind it has had to endure in the past from the anti-nuclear forces. The utility says it can see no public benefit.

There is, nevertheless, the public benefit of public understanding. As long as questions of safety and quality assurance remain about Zimmer, CG&E owes it to the people and its stockholders to use every means available to help allay those doubts.

According to the environmental council, the purpose of the hearings is neither a "witchhunt nor a whitewash," but to get useful information into the hands of the public. The Cincinnati Post had the same purpose in its recent series on Zimmer.

We believe that the time has come to get on with Zimmer, and that an informed public is one of the means to that end.

Cable To Plug Viewers Into Zimmer Hearings

THE CINCINNATI ENQUIRER/Wednesday, September 8, 1982

BY SUE MacDONALD
Enquirer Reporter

More than 50,000 Cincinnati homes will be plugged directly into the upcoming informal hearings on the adequacy of the Zimmer nuclear power station.

Warner-Amex cable television will televise the four three-hour hearings and broadcast them in full on a one-day delay. It will be the first time that any Zimmer hearings will be telecast in full.

CINCINNATI GAS & Electric Co., however, is not changing its mind about participating. CG&E, which is building Zimmer 28 miles upriver from Cincinnati at Moscow, will not participate in the four-part forum that begins this Thursday at Cincinnati City Hall.

"It doesn't change anything," CG&E spokesman David Altemuehle said Tuesday of CG&E's decision to stay away from the hearings. "We had assumed these (hearings) would get coverage."

CG&E announced Aug. 25 that "no useful purpose" would be served if the company participated in hearings at which groups "unalterably opposed" to Zimmer and nuclear power also would testify.

"This is gavel-to-gavel coverage on a one-day delayed basis, and the these are the first hearings geared to the general public," said D. David Altman, chairman of the Environmental Advisory Council (EAC), which will conduct the public hearings.

"THE IDEA (for televising them) was that this would fit in very nicely with (Warner's) responsibility to the community," he said. "It's quite a breakthrough for us because it's evidence of the community's interest in the (Zimmer) project."

The EAC, an advisory group to Cincinnati City Council, is conducting the hearings so all persons concerned with the plant's adequacy can take part. Participants will include Zimmer's supporters, critics, former Zimmer employees, staff members of the Government Accountability Project and members of the Nuclear Regulatory Commission.

An EAC panel will ask questions of the participants.

"The hearings will not be dull history," Altman said. "We will ask questions about the safety and reliability of Zimmer that people want answered."

The hearings will be less technical and confusing than regular licensing hearings and will help Cincinnati-area residents learn more about the plant and have their questions answered, Altman said.

"I THINK it's a tremendous thing they're (Warner) doing for the community because people who can't be there in person can look the witnesses in the eye—except CG&E—and see how they respond, look at their demeanor and sense things that are very important when you're evaluating the members of the NRC or the critics of the plant or whomever," Altman said.

The public hearings will be held in Cincinnati City Council chambers from 7:30 to 10:30 p.m. on four consecutive Thursdays beginning this week.

Warner-Amex cable will rebroadcast the hearings at 7:30 p.m. Friday, 2:30 p.m. Saturday and 7 p.m. Sunday on QUBE channel 43, the Greater Cincinnati Channel.

Jessica Baron, spokeswoman for Warner, said full coverage of the hearings is something new to the television field. Usually, the hearings are condensed into news stories and are not televised in full.

"THIS IS a much fairer way of covering anything," she said, "and that's the idea behind it."

QUBE 43 is available to the more than 50,000 Warner households that subscribe to expanded and QUBE cable service, she said.

Public radio station WGUC-FM also will present a one-hour news summary of at least the first three hearings at 1 p.m. on the Fridays after each Thursday session.

CG&E Protests Added Hearings

Wednesday, September 8, 1982 THE CINCINNATI ENQUIRER

BY SUE MacDONALD
Enquirer Reporter

Cincinnati Gas & Electric (CG&E) Co. Tuesday disputed the need for a second round of licensing hearings at Zimmer nuclear power station, calling requests for the hearings repetitious, unnecessary and counterproductive.

CG&E, major owner of Zimmer, argued that the proper way to ensure quality control at the nuclear power station is for the Nuclear Regulatory Commission (NRC) to hire staff members it can trust rather than reopen the hearings.

In a 22-page document filed with the NRC in Washington, D.C., the local utility listed its major objections to critics' allegations about the $1.5 billion nuclear plant under construction in Moscow, Ohio.

On the Inside

• Cable to telecast hearing, Page C-1

CG&E SAID the Miami Valley Power Project's (MVPP) requests for new hearings have no legal footing, do not follow NRC rules and are no different than the claims which led to the last year's $200,000 fine against CG&E for poor quality control.

The problems that led to the fine have been corrected, CG&E said.

"Instead, MVPP simply reargues factual matters with greater elaboration than in its original pleading in an effort to show that the (NRC) should exercise its lawful discretion to reach a different result," a draft of CG&E's response said.

The MVPP allegations that spurred the fine included differences in design plans and actual

(See ZIMMER, back of this section)

• ZIMMER

CONTINUED FROM PAGE A-1

construction at Zimmer, NRC rule violations and improper responses to nonconformance reports by both CG&E and its contractor, Kaiser Engineers Inc.

WHILE acknowledging the NRC's responsibility to permit overall reviews of nuclear power plant construction, CG&E said the NRC also has the responsibility "to limit such review where it determines it to be unnecessary or even counterproductive."

The hubbub over new hearings began in July when the NRC's Atomic Safety and Licensing Board agreed to re-open the Zimmer hearings because of MVPP's charges about shoddy quality assurance programs.

Two weeks later, however, the full NRC board split in a 3-2 vote and denied the second round of hearings, calling the MVPP allegations "simply a repetition of some of the problems" from earlier NRC inspections.

In its statement Tuesday, CG&E said the bulk of MVPP's argument concerned the integrity of the NRC staff members involved with Zimmer.

"IF THE (NRC) is dissatisfied with the performance of certain individuals of the staff, the appropriate solution is to replace those individuals with others in whom the NRC can repose greater confidence, not more hearings," CG&E argued.

The CG&E answer said the NRC—not the licensing board or another layer of bureaucracy—should retain the prime responsibility for making sure that Zimmer is built and inspected correctly.

CG&E also chided the MVPP for admitting that it submitted different information to the Atomic Safety & Licensing Board than it did to the full NRC board.

All information should be submitted in full and on time, "not in bits and pieces according to the intervenor's personal dictates," CG&E said.

Stage set for hearing on Zimmer

The Cincinnati Post, Wednesday, September 8, 1982

By Ron Liebau
Post Staff Reporter

Despite the absence of a key actor, the stage is set for the first of four public hearings Thursday into the Zimmer Nuclear Power Station.

The hearings are sponsored by the Cincinnati Environmental Advisory Council. The council will issue a report to the Cincinnati City Council.

The City Council has refused to sanction the hearings. City lawyers advised the council that to do so would jeopardize a 1981 agreement between the city and the Cincinnati Gas & Electric Co. The city obtained radiological monitoring equipment and promised not to interfere in licensing.

EACH hearing runs from 7 p.m. to 10 p.m. in the City Council chambers. Five members of the advisory council will question witnesses. Audience members will not be permitted to ask questions.

The hearings will be held on four consecutive Thursdays. The first session will consider general safety issues in the nuclear industry, followed by the critics of Zimmer, the regulators of nuclear plants and authorities on transportation and health.

Missing from the proceedings is CG&E, which elected not to participate. A company spokesman said the hearings will serve "no useful purpose."

The no-show by CG&E is a disappointment for Dave Altman, the 36-year-old attorney who chairs the 23-member advisory council.

"I THINK there is a tremendous amount of important information to be clarified without CG&E," said Altman. "But there are important questions that only CG&E can answer and I can't get around that."

Altman said the hearings will be confined to factual matters and not opinions about nuclear power.

Altman has been trying desperately to find an alternative to CG&E so that an industry view is presented.

ON THE EVE of the first session, Altman was still lining up nuclear industry representatives.

He had only two commitments:

- George Wessman, director of Torrey Pines Technologies, San Diego, Calif. Wessman is an authority on quality assurance standards at nuclear power plants. Much of the criticism at Zimmer concerns the quality assurance program.
- Bob Koppe, an engineer with S.M. Stoller, a Boulder, Colo., company. Koppe developed a computer program that analyzes all safety incidents at nuclear plants.

OPENING night panelists in addition to Altman are Dr. Richard Goldsmith, an internist and specialist in nuclear medicine; David Surber, a naturalist who hosts a weekly television program produced by the Izaak Walton League of Kentucky; Floyd Byrd, manager of environmental affairs for Procter & Gamble Co.; and Mike Fremont of Rivers Unlimited, a conservation group.

The Sept. 16 hearing will be devoted to critics of the $1.7 billion power plant at Moscow, Ohio. Testimony will be taken from Thomas Devine, assistant director of the Government Accountability Project, a Washington-based group that has pressed allegations about safety problems.

RICHARD L. Reiter, a former employee at Zimmer, also is scheduled to testify.

James G. Keppler, NRC regional administrator, leads a delegation of regulators on Sept. 23. The NRC has primary responsibility for regulating nuclear power plants.

Donald Milan, Ohio's chief boiler inspector, also will testify on Sept. 23.

THE FINAL night, Sept. 30, will be devoted to discussions of radiation and the transportation of nuclear fuel and radioactive wastes.

Two Back Informal Zimmer Hearings

BY KAREN GARLOCH
Enquirer Reporter

9/7/82
Kentucky Enquirer

Two Nuclear Regulatory Commission (NRC) members, who opposed the reopening of formal licensing hearings for Zimmer nuclear power station, support the holding of informal hearings to educate the public, according to the chairman of a local advisory council which is sponsoring four hearings on the safety and reliability of Zimmer.

D. David Altman, chairman of Cincinnati City Council's Environmental Advisory Council (EAC), said written opinions from two NRC commissioners show they support the idea of informal hearings even though they opposed the reopening of formal licensing hearings.

Although Altman has received numerous questions about whether the local EAC hearings are a duplication of past NRC hearings, he has contended that informal hearings are a better way to inform the public.

HE ARGUED that recent congressional hearings in Washington and the utility's licensing hearings were formal and highly technical and did not satisfy the public's need for information.

After reading the opinions of NRC commissioners John Aherne and Thomas Roberts, Altman said he has further support for that position.

Last July, Aherne and Roberts joined NRC chairman Nunzio Palladino in opposing a request to reopen Zimmer licensing hearings. Dissenting were commissioners Victor Gilinsky and James Asselstine.

Altman said he had not seen the Aherne and Roberts opinion until he recently began preparing his own testimony for a Sept. 14 appearance before a House of Representatives subcommittee on nuclear activities.

"They said formal licensing hearings are a very costly way of achieving the same objective that result from holding informal hearings," Altman said.

"We decided to have these hearings before Aherne and Roberts wrote this opinion, but, ironically, for the very same reasons they note in their opinion," Altman added.

"THE IMAGES came out in some of the press that the failure to reopen licensing hearings somehow means that all of the questions have been answered. That, quite frankly, is not so and the very commissioners who were against opening licensing hearings recognized that."

Still, officials from Cincinnati Gas & Electric Co. have refused to appear at any of the four local hearings which start Thursday and run on consecutive Thursdays at city council chambers. The hearings will be from 7-10 p.m.

In announcing that decision last month, CG&E spokesman David Altemuehle said the meetings, "which will include appearances by groups unalterably opposed to Zimmer station and nuclear power, will service no useful purpose."

Altman said the first meeting will include testimony from three widely regarded quality assurance experts. They will not comment on Zimmer directly, he said, but will discuss plant safety, what can go wrong and what quality assurance programs have left to do.

Warner Amex Cable Communications will broadcast all the hearings on its public access channel.

Cincinnati Post 9/10/82

NRC gets blame

By Ron Liebau
Post Staff Reporter

A former Nuclear Regulatory Commission staff member said Thursday the NRC has failed to do its job.

And that failure helps explain why there has been a history of construction management problems at the William H. Zimmer Nuclear Power Station, according to Robert D. Pollard.

POLLARD WAS a witness at the first of four public hearings by the Cincinnati Environmental Advisory Council into the safety and reliability of the $1.7 billion Zimmer station at Moscow, Ohio.

Pollard advocated tougher, independent inspections and greater opportunities for persons living close to power plants to have a voice in licensing.

Now a nuclear safety expert with the Union of Concerned Scientists in Washington, D.C., Pollard left the NRC in 1976 as a project manager.

The Zimmer hearings, being held at City Hall, resume Sept. 16 with testimony expected from NRC Commissioner James K. Asselstine and regional NRC officials.

Pollard's testimony sparked an otherwise lackluster opening night of hearings that Cincinnati Gas & Electric Co. has decided to ignore.

Testimony from Pollard and two nuclear industry representatives mostly avoided any references to Zimmer.

ADVISORY COUNCIL Chairman Dave Altman, pleased with the three-hour session, said he wanted a general discussion of safety issues in the nuclear power industry.

Altman was disappointed that questioning by advisory council members sometimes strayed into such off-limits areas as a speaker's feelings about the merits of nuclear power. "Such questions don't mean anything," he said.

In response to just such a question, Robert Koppe, an industry consultant with S.M. Stoller Inc. of Boulder, Colo., declared that nuclear power is safe and reliable.

Koppe, who worked for eight years as manager of plant safety at Con Edison Electric Co. in New York, blamed most of the reported safety incidents on design flaws and not on faulty construction.

KOPPE ALSO said the number of safety incidents is misleading because the NRC requires the filing of reports for a variety of reasons that range from the "sublime to the ridiculous."

"The fact that a piece of equipment doesn't work is not unusual, does not mean they are unsafe," he said.

George Wessman, manager of Torrey Pines Technologies of San Diego, Calif., outlined the ingredients of an effective quality assurance program. He said most important is a top-level management commitment, followed by qualified personnel approaching their work in a systematic manner.

Pollard considered construction records much more significant, saying that they can be at times the only way to check whether equipment was adequately installed.

Unlike Pollard, Wessman said he has confidence in the NRC. "I think if they are satisfied, that ought to be your assurance," said Wessman.

WESSMAN ALSO disagreed with Pollard that an independent third-party ought to be in charge of monitoring the quality of construction work.

Although Cincinnati City Council has refused to sanction the hearings, two of its members, Guy Guckenberger and Thomas Brush, attended the hearing.

Upon completion of the hearings Sept. 30, the advisory council will issue a report to city council. Council has resisted involvement in the sessions on the advice of the city solicitor, who said the hearings could be viewed as interference with CG&E's request for an operating license.

CG&E and Cincinnati signed an agreement in October 1981 that gave the city radiological monitoring equipment in return for the city not opposing licensing.



Photographer PATRICK REDDY

With the framed photograph of a nuclear power plant in the background, J. Floyd Byrd and L.H. Mike Fremont of the Cincinnati Environmental Advisory Council listen to comments during Thursday night's hearing on the Zimmer plant.

The Cincinnati Post, Friday, September 10, 198

NRC blamed for problems at Zimmer

By Ron Liebau
Post Staff Reporter

A former Nuclear Regulatory Commission staff member said Thursday the NRC has failed to do its job.

And that failure helps explain why there has been a history of construction management problems at the Zimmer Nuclear Power Station, according to Robert D. Pollard.

Pollard was a witness at the first of four public hearings by the Cincinnati Environmental Advisory Council into the safety and reliability of the $1.7 billion Zimmer station at Moscow, Ohio.

POLLARD ADVOCATED tougher, independent inspections and greater opportunities for persons living close to power plants to have a voice in licensing.

Now a nuclear safety expert with the Union of Concerned Scientists in Washington, D.C., Pollard left the NRC in 1976 as a project manager.

The Zimmer hearings, being held at City Hall, resume Sept. 15 with testimony expected from NRC Commissioner James K. Asselstine and regional NRC officials.

Pollard's testimony sparked an otherwise lackluster opening night of hearings that Cincinnati Gas & Electric Co. has decided to ignore.

TESTIMONY FROM Pollard and two nuclear industry representatives mostly avoided any references to Zimmer.

Advisory Council Chairman Dave Altman, pleased with the three-hour session, said he wanted a general discussion of safety issues in the nuclear power industry.

Altman was disappointed that questioning by advisory council members sometimes strayed into such off-limits areas as a speaker's feelings about the merits of nuclear power.

"Such questions don't mean anything," said Altman after the hearings.

IN RESPONSE to just such a question, Robert Koppe, an industry consultant with S.M. Stoller Inc. of Boulder, Colo., declared that nuclear power is safe and reliable.

Koppe, who worked for eight years as manager of plant safety at Con Edison Electric Co. in New York, blamed most of the reported safety incidents on design flaws and not on faulty construction.

Koppe also said the number of safety incidents is misleading because the NRC requires the filing of reports for a variety of reasons that range from the "sublime to the ridiculous."

George Wessman, manager of Torrey Pines Technologies of San Diego, Calif., outlined the ingredients of an effective quality assurance program.

HE SAID MOST important is a top-level management commitment, followed by qualified personnel approaching their work in a systematic manner.

Unlike Pollard, Wessman said he has confidence in the NRC.

"I think if they are satisfied, that ought to be your assurance," said Wessman.

Wessman also disagreed with Pollard that an independent third-party ought to be in charge of monitoring the quality of construction work.

The Cincinnati Enquirer 9-10-82

Zimmer Hearing Defines Operation

BY STEVEN ROSEN
Enquirer Reporter

The first of the city's four public hearings concerning the deeply troubled Zimmer nuclear power station was a layman's course in nuclear plant operation and safety.

The hearing Thursday night at Cincinnati City Hall, sponsored by the Environmental Advisory Council, was attended by about 100 persons. Many more are expected to watch tonight, when a taped replay of the three-hour hearing is shown on Warner-Amex cable television.

FIRST TO speak before the five-member council was Robert Koppe, of the S.M. Stoller Corp., Boulder, Colo. He holds a master of science degree in nuclear engineering.

"The one thing which distinguishes a nuclear power plant . . . is the heat comes from fission of uranium rather than the burning of fossil fuel," he said.

"The principal difficulty with making nuclear plants safe is when uranium pellets fission, they give off radiation which is harmful to people."

HE EXPLAINED the radiation eminates from the inside fuel rods, which contain the uranium. They are within the core of the nuclear reactor.

"The safety of a nuclear power plant relies on keeping those rods cool so they don't give off radiation."

Koppe listed three problems that could interfere with the cooling process: cooling pumps can fail, electricity can black out, or—most seriously—piping can break.

That's why, he said, there must be independent backup systems.

He also said his firm, which monitors nuclear plants for their parent firms, records 3,000-4,000 safety-problem reports each year from the nation's 70 nuclear power plants.

"Most involve a specific piece of equipment that didn't work," he said. "Simply telling you how many times something gets reported doesn't tell you how safe nuclear power is."

HOWEVER, HE said, there have been some serious problems—such as 1979's Three Mile Island accident, where operator confusion allowed the core reactor to become overheated and damaged.

"It was a surprise to everyone you can damage the core that badly and not have serious radiation," he said.

He also said that the cost of building nuclear plants and the long wait for licensing from the federal Nuclear Regulatory Commission (NRC) make new construction impractical. Indeed, he said, no new ones have been started in some seven years—and several cancelled after Three Mile Island.

"THE FUTURE of new plants is uncertain," he said.

The principal owner of the nuclear power station, about 30 miles east of Cincinnati, is Cincinnati Gas & Electric Co. It has been fined and reprimanded by the NRC for a faulty safety and quality assurance program.

Although invited, CG&E officials declined to participate in the public hearings.

Among the other speakers was Robert Pollard, a former NRC employee and a member of the Union of Concerned Scientists. He quit the NRC in 1976, concerned that it only monitored utilities' quality assurance programs—rather than do its own independent surveys.

"The mentality that has existed in utilities, that what was good enough for coal is good enough for nuclear, has not been dispelled," Pollard said.

THE CINCINNATI ENQUIRER/Friday, September 10, 1982

Hearing On Zimmer Defines Operation

BY STEVEN ROSEN
Enquirer Reporter

The city's first public hearing concerning the deeply troubled Zimmer nuclear power station was meant to give those watching a simple explanation of nuclear plant operation and safety—but it didn't.

"We haven't resolved this major question—the quality of life versus the dollar value (of nuclear safety)," said Dr. Richard Goldsmith, member of the city's Environmental Advisory Council. That group sponsored Thursday night's hearing, the first of four at City Hall.

"We are told there is no limit to the public money you can spend to add 10 years to a dying old man's life," he said. "Then I don't think we can put a legal limit on nuclear power safety."

Goldsmith made his remarks after hearing former Nuclear Regulatory Commission (NRC) employee Robert D. Pollard say he quit the agency in dispute about its standards for assuring the safety of nuclear plants.

In particular, Pollard said the NRC should employ its own quality control inspectors—rather than relying on the work of employees of the nuclear plant's owner.

"If you ask the NRC who is ultimately responsible, they will tell you the utility is," said Pollard, a member of the Union of Concerned Scientists. "The mentality that has existed in utilities, that what was good enough for coal is good enough for nuclear, has not been dispelled.

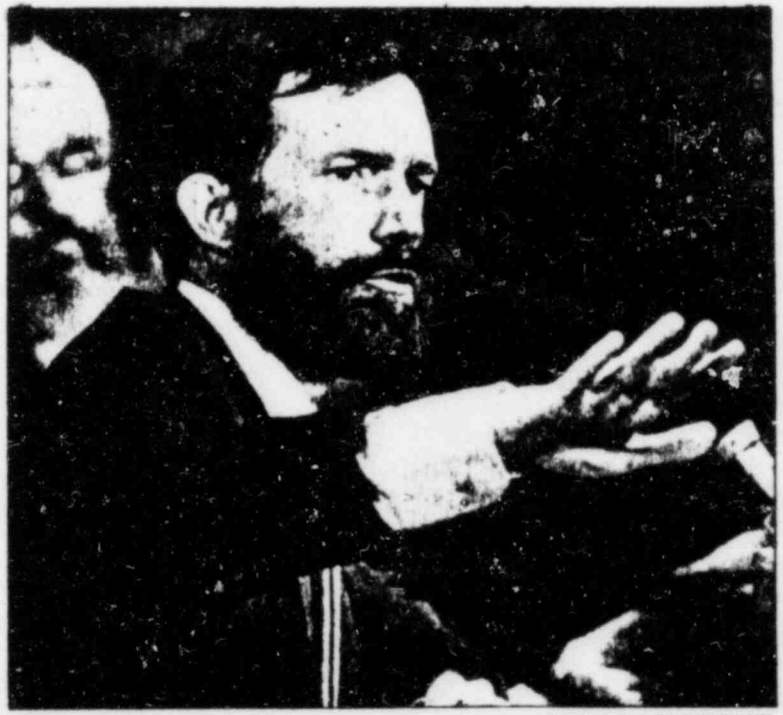
"The people can see over the years a lack of integrity on the part of the industry and its regulators.

Pollard had refuted earlier testimony by Robert Koppe, of the S.M. Stoller Corp., Boulder, Colo. He holds a master of science degree in nuclear engineering.

Koppe had said the cost of building nuclear plants and the long wait for NRC licensing make new construction impractical. Indeed, he said, no new ones have been started in some seven years—and several cancelled after Three Mile Island.

"The future of new plants is uncertain," he said.

(See ZIMMER, Page C-2)



Enquirer photo BY DICK SWAIM

ROBERT KOPPE of the S. M. Stoller Co., Boulder, Colo., insists new construction of nuclear power plants is impractical because of cost of building them and the long wait for federal licensing.

● ZIMMER

CONTINUED FROM PAGE C-1

The principal owner of the Zimmer nuclear power station, about 30 miles east of Cincinnati, is Cincinnati Gas & Electric Co. It has been fined and reprimanded by the NRC for a faulty safety and quality assurance program.

Although invited, CG&E officials declined to participate in the public hearings.

Thursday's hearing had started with Koppe, who attempted a layperson's explanation of nuclear power plant construction and safety.

"The one thing which distinguishes a nuclear power plant . . . is the heat comes from fission of uranium rather than the burning of fossil fuel," he said.

"The principal difficulty with making nuclear plants safe is when uranium pellets fission, they give off radiation which is harmful to people."

He explained the radiation eminates from the inside fuel rods, which contain the uranium. They are within the core of the nuclear reactor.

"The safety of a nuclear power plant relies on keeping those rods cool so they don't give off radiation."

Koppe listed three problems that could interfere with the cooling process: cooling pumps can fail, electricity can black out, or—most seriously—piping can break.

That's why, he said, there must be independent backup systems.

He also said his firm, which monitors nuclear plants for their parent firms, records 3,000-4,000 safety-problem reports each year from the nation's 70 nuclear power plants.

"Most involve a specific piece of equipment that didn't work," he said. "Simply telling you how many times something gets reported doesn't tell you how safe nuclear power is."

However, he said, there have been some serious problems—such as 1979's Three Mile Island accident, where operator confusion allowed the core reactor to become overheated and damaged.

"It was a surprise to everyone you can damage the core that badly and not have serious radiation," he said.

Pollard, incidentally, said Three Mile Island was not a result of employee error. He called it a "rather complex accident," caused by poorly designed equipment, equipment failure and poorly trained plant operators.

There were two other speakers, a nuclear-power industry consultant and a University of Cincinnati professor.

Thursday's public hearing was attended by about 100 persons. Many more are expected to watch tonight, when a taped replay of the three-hour hearing is shown on Warner-Amex cable television.

3 experts give varied views of A-plant safety

DAYTON DAILY NEWS Fri., Sept. 10, 1982

By WES HILLS
Staff Writer

CINCINNATI — Three nuclear experts drew sharply different views on the safety of the William H. Zimmer nuclear power plant and the nuclear power industry itself in the first of four public hearings here Thursday night.

One questioned whether alleged deficiencies in the construction of Zimmer can be corrected, citing missing documentation.

The other two, while generally avoiding any specific reference to Zimmer, told this city's Environmental Advisory Council that nuclear plants have sufficient backup systems if primary systems fail.

THE COUNCIL SET the public hearings to examine safety and reliability of the $1.7-billion Zimmer plant in light of what the federal Nuclear Regulatory Commission described last November as a "widespread breakdown" in the plant's quality-assurance program.

The NRC fined Cincinnati Gas & Electric Co. a then-record $200,000 last November for a variety of violations, including missing records, harassment of quality-control inspectors and other problems with the plant's quality-assurance program.

The NRC also ordered a massive reinspection program. More than 480 inspectors and 1,800 workers have been involved in making repairs, completing new construction and searching for the missing documentation.

No NRC representatives participated in the session Thursday night, but an NRC commissioner sent a letter to the city saying someone may participate at a later session. CG&E has declined to participate, saying the hearings would serve no useful purpose.

THE SECOND SESSION will be next Thursday at 7 p.m. in the Cincinnati City Council chambers.

While CG&E is responsible for construction of the plant at Moscow, Ohio, Dayton Power and Light Co. and the Columbus and Southern Ohio Electric Co. also are part owners of the facility.

Robert Pollard, a former NRC staffer and member of the Union of Concerned Scientists, criticized both the utility industry and NRC, charging they were placing financial considerations before public safety.

"We must instill the attitude that a good QA (quality-assurance) progam is the best friend a utility has," he said.

Asked if the public can rely on the NRC for assurances that a nuclear plant is safe, Pollard replied, "If true, how could you possibly get into the situation you've gotten yourself into at Zimmer?"

HE NOTED HOW the plant was 95 percent completed before the NRC discovered the quality-control breakdown and subsequently numerous construction deficiencies in the plant's piping, electrical systems and other critical components.

By then, he said, much of the work already was buried under tons of concrete and documentation required to show that the hidden work met NRC requirments was missing.

The NRC, Pollard said, lacks the staff to evaluate every aspect of a nuclear power plant and must rely on the utility industry maintaining an adequate quality-assurance program, including maintaining the necessary documentation.

And rigorous testing and re-inspection cannot necessarily correct every potential deficiency in a plant resulting from a quality-control breakdown, he said.

THE MOST ESSENTIAL ingredient to safer nuclear safety, Pollard said, is establishing an "independent QA function" at construction sites that is "not affected by the bottom line on an account sheet."

He said the kinds of construction deficiencies found by the NRC at Zimmer could affect its safe shutdown in the event of an accident and increase the likelihood of such an accident occurring.

A sharply different view was presented by Robert H. Koppe of S.M. Stoller Corp. of Boulder, Colo.

Koppe noted that there are 800,000 natural gas leaks discovered each year in the United States and no one is contending that gas is unsafe to use.

He compared this to the 3,000 to 4,000 reports each year of safety related problems discovered at nuclear power plants, which range from the "sublime to the ridiculous."

HE CONCEDED THAT "a few things happen that are truly worrisome" such as the accident at Three Mile Island in March, 1979.

But he said the nuclear industry is gradually improving the quality of plants from lessons learned from accidents and equipment failures.'

George Wessman of Torrey Pines Technologies, San Diego, Calif., said the "single most reliable source is the NRC itself" regarding public assurances that a nuclear plant is built properly.

NRC to testify Tuesday

A congressional hearing Tuesday will focus on the status of the Nuclear Regulatory Commission's investigation of the Zimmer Nuclear Power Station.

The House Subcommittee on Energy and Environment has scheduled a day of testimony in Washington, D.C. The subcommittee discussed Zimmer June 16.

James G. Keppler, regional NRC administrator, will present an update on the $1.7 billion power plant at Moscow, Ohio.

NRC inspectors are conducting the second phase of an investigation into safety concerns at Zimmer. In addition, the NRC is monitoring an extensive utility rechecking of previous construction work.

The Cincinnati Post, Saturday, September 11, 198



The Cincinnati Post

home

Tuesday evening, September 14, 1982

newsstand price 25¢

NRC plans new Zimmer check

By Jerry Condo
Post Washington Bureau

WASHINGTON — A Nuclear Regulatory Commission official today told a House subcommittee that the NRC intends to bring in a third party to audit safety conditions at the William H. Zimmer Nuclear Power Station at Moscow, Ohio.

James G. Keppler, the NRC's Chicago regional director, told the House Energy and Environment Subcommittee inquiring into safety problems at Zimmer that "a third-party check is essential for public acceptance of Zimmer."

Keppler went on to explain to Rep. Morris K. Udall, D-Ariz., that both the NRC and Cincinnati Gas & Electric Co., majority owner of the power plant, "have a stigma attached to them," making the independent audit necessary.

CURRENTLY, CG&E is conducting a quality confirmation program under scrutiny by the NRC.

Keppler said the NRC does not want to bring in the independent firm until the quality confirmation program is "further along."

Udall had urged such an independent audit at a subcommittee hearing on Zimmer in June. He stressed the need again today.

"It seems unrealistic to have confidence that the company (CG&E) that neglected quality assurance for so many years will on its own fully uncover the deficiencies resulting from its own neglect," Udall said.

KEPPLER, THE leadoff witness in the one-day session, told Udall the CG&E quality confirmation program "is progressing more slowly than (CG&E) had predicted."

However, Keppler added, the NRC is "not concerned with the rate of progress of this program, but rather that the program is completed properly."

See ZIMMER, Page 5A

"Since the last hearing (June 10), no progress has been made in reducing the backlog of allegations of quality assurance problems and wrongdoing on the part of the utility and/or its contractors," Keppler said.

"IN FACT, THE list of outstanding allegations has grown larger. Our progress during this period has been hindered because we underestimated the amount of staff time required to respond to inquiries. We are presently staffing Zimmer with eight full-time people, including three investigators from the NRC Office of Investigations. Two additional investigators, who will soon join the NRC, will augment the investigation."

In discussing the ongoing quality confirmation effort, Keppler said the NRC sees a "potentially significant" amount of work to be redone in three areas: structural steel, weld quality and the ability to trace materials throughout the plant.

"WE CAN ONLY speculate about the magnitude of the major corrective actions that will be required if existing uncertainties are not resolved through ongoing quality assurance program reviews," Keppler said.

Keppler went on to say the corrective actions could be extensive if serious deficiencies are located in areas such as structural steel, weld quality, past personnel qualifications, design document and drawing control, and the quality of other essential material.

MEANWHILE, EARL A. Borgmann, senior vice president of CG&E, said in remarks prepared for delivery to the subcommittee that it appeared to CG&E that the NRC "is satisfied with progress being made by the company and its contractors in the implementation of the upgraded quality assurance program in confirming the quality of construction."

Borgmann noted that the NRC, as of Aug. 1, had authorized the utility to reduce from 100 percent to 50 percent the level of reinspection required of work performed by subcontractors.

Doubt cast on Zimmer work quality

By Ron Liebau
Post Staff Reporter

"The real sin we have right now is that the quality of this project is indeterminable."

With that statement, James G. Keppler, regional administrator of the Nuclear Regulatory Commission, summarized almost two hours of testimony Thursday in the second of four hearings in Cincinnati on the safety of the William H. Zimmer Nuclear Power Station.

THE STATEMENT was not reassuring—nor totally satisfactory—to members of the Cincinnati Environmental Advisory Council who pressed Keppler for specific answers about how safe the plant will be when it is completed.

Shrugging, Keppler suggested the advisory council hold hearings early next year when the NRC expects to get closer to evaluating just what is wrong with Zimmer.

"I want to point out today the Zimmer situation is one of not knowing what the quality of construction is at the plant," Kepper said. "The utility's quality assurance program simply has not demonstrated that the plant has been built properly or not."

THE PLANT IS being built by the Cincinnati Gas & Electric Co., along with Dayton Power & Light Co. and Columbus and Southern Ohio Electric Co.

Thursday's hearings, in sharp contrast to the dull opening night session last week, produced some new information and provided insight into the NRC's progress in licensing Zimmer.

- NRC investigators are actively pursuing 300 separate allegations about safety problems at Zimmer. Allegations are being received "faster than we can put them to bed," said Keppler. The investigation won't be complete until sometime in 1983.
- Keppler defended his decision not to institute an independent audit of construction activities until an NRC-ordered quality confirmation program of past work is further along.

"CG&E . . . should be initially allowed to determine the construction quality for itself. Then others can come in to review the work," he said.

- The $200,000 fine last November against CG&E for construction management problems was raised to that record level by the five NRC commissioners themselves. Keppler said he recommended a $150,000 penalty, but the commissioners in closed-door sessions in Washington added another $50,000 for intimidation and harassment of inspectors.
- Keppler has not changed his opinion supporting further licensing hearings into quality assurance concerns at Zimmer brought by the Miami Valley Power Project. On July 30, NRC commissioners ordered the U.S. Atomic Safety and Licensing Board not to reopen the hearings. Keppler said the issues should be publicly aired.
- In the past month, CG&E or its contractor, Henry J. Kaiser Co., issued two limited halts to work after NRC personnel alerted them to problems. One order involved a halt to welding on the reactor cooling system piping where the welding procedures had not been reviewed in advance by the manufacturer. In the other instance, miscellaneous work, such as removal of paint and insulation, had not been done properly.

ASKED IF HE thought there would be a point at which he would counsel CG&E to scrap the plant because it was becoming too expensive, Keppler said he is not the least bit interested in how much CG&E will have to spend.

"I think you would be disappointed as a council if I considered the cost of the project," said Keppler.

Keppler joined David Altman, advisory council chairman, in criticizing CG&E for not attending the public hearings.

"At some point in this total, highly volatile, highly visible issue, CG&E is going to have to get off the sidelines and get onto the playing field and make its position known," said Keppler.

CG&E HAS SAID the hearings serve no useful purpose.

The lead-off witness Thursday, NRC Commissioner James K. Asselstine, said the federal agency had made "substantial" progress in stepping up its enforcement program. Still, he cautioned, the NRC cannot do it all.

"We do not have the capability or the resources to inspect independently all, or even a major portion, of the construction activities that are involved in building a nuclear power plant," he said.

Because an operating license is pending before the commissioners, Asselstine did not discuss Zimmer.

The next public hearing will be at 7 p.m. Sept. 23 in City Hall chambers.

Foreman cites pressure as reason for dismissal

The general foreman whose dismissal Wednesday at the William H. Zimmer Nuclear Power Station touched off a walkout by 500 pipefitters that continued today complained Thursday of heavy management pressure to complete the project.

William A. Mentz, a 44-year-old general foreman in the reactor building's suppression pool, was fired for what Henry J. Kaiser Co., the prime contractor, called insubordination.

Mentz declined to elaborate on the specifics of the firing. He said only there was a personality dispute between him and his superintendent that was the result of a demanding production timetable.

Hal Lauth, director of corporate affairs for Kaiser in Oakland, Calif., issued a statement late Thursday on the dismissal.

"The management of Raymond Kaiser terminated Mr. Mentz for what we consider justifiable reasons. In accordance with provisions of our labor agreements, the action has been appealed by the pipefitters union and is under review within job site grievance procedures."

The dismissal prompted pipefitters Thursday morning to refuse to go to work at the $1.7 billion plant at Moscow, Ohio.

The pipefitters did not return to work today, and there was no indication when they would. However, 151 out of 170 pipefitters on the second shift reported Thursday night, according to a spokesman for the Cincinnati Gas & Electric Co., prime developer of the project.

Those pipefitters who refused to work Thursday did so without the consent of the Pipefitters Union Local 392, according to Bob Sullivan, union business manager.

Mentz said Kaiser management has not been satisfied with the pace of work in installing pipe hangers in the suppression pool, which is designed to contain steam in the event a pipe breaks.

—By Ron Liebau

Ohio Nuclear Plant Is Once Again Under Scrutiny

By IVER PETERSON
Special to The New York Times

CINCINNATI, Sept. 18 — The nearly completed Zimmer nuclear power station, just up the Ohio River from here, has come under growing Federal and public scrutiny for evidence of substandard work, structural defects and the routine circumvention of Federal reporting procedures.

The third Nuclear Regulatory Commission investigation of the Zimmer plant in two years was undertaken this summer. There have been 300 allegations about the plant's construction and record keeping, some of which, according to commission officials, involve matters of safety.

An investigation last year found deliberate falsification of documents, intimidation of quality control inspectors and a lack of adherance to Federal safety rules, resulting in a $200,000 fine against the plant's principal owner, the Cincinnati Gas and Electric Company.

James G. Keppler, head of the regulatory commission's regional office that oversees the plant, said at the time of fine that the Zimmer plant's quality control practices were "totally out of control."

At the same time, Mr. Keppler acknowledged that the Nuclear Regulatory Commission had been embarrassed by the "stigma" of having allowed nine years of work to be done on the plant before discovering that its contractors were routinely violating the commission's rules. The House Interior committee, headed by Representative Morris K. Udall of Arizona, is holding periodic hearings into the commission's handling of the affair.

In the meantime, the builders of the plant and the Cincinnati Gas and Electric Company have been directed by the government to retrace many of their construction steps under what is known as a quality compliance program. The program is imposed on contractors who have been found in violation of the Federal safety regulations governing nuclear plant construction and requires them to repeat many quality test steps.

"The real sin is that most of the plant is in the ground," Mr. Keppler said Thursday night at a hearing held by the Cincinnati City Council's Environmental Advisory Committee, a volunteer citizen group that is inquiring into the plant's safety.

He said that the quality of the plant was "indeterminate," and added that it might be necessary to conduct some "destructive testing," or dismantling parts of the plant, to determine whether it meets Federal standards.

Utility Declines to Appear

The Cincinnati Gas and Electric Company has declined to appear at the advisory committee's hearings. Its officials contend that the evidence against the Zimmer plant's owners and contractors rests on their acknowledged failure to follow what they call a maze of quality control regulations: rules that include paperwork for each weld that is made and each welding rod used. An accusation from the plant's opponents that the plant is unsafe, the company says, has not been proved.

"Our stance is that there have been problems out there in the plant and we have strengthened our quality assurance program, and we feel that is doing the job," Dick Hammersmith, a spokesman for the utility, said.

"Once it is completed," he said of the strict rechecking steps required by the Nuclear Regulatory Commission, "there will be no more problems at the plant."

The plant's organized opponents, the Miami Valley Power Project and Cincinnati Alliance for Responsible Energy, have made numerous charges against the plant's safety in a 121-page petition to reopen Zimmer's licensing process.

There have been unauthorized and undocumented design changes, improper welding and welding repairs, and the use of the wrong types and grades of steel, the groups charge, as well as what has been called the chaotic condition of quality control paperwork that has been the focus of previous investigations.

"The N.R.C. isn't going to open a plant with this much critical evidence available to the public against it," Tom Carpenter, head of Cincinnati Alliance for Responsible Energy said. "Politically, they can't do it. I don't think it



The New York Times / David Kohl



The Zimmer Nuclear Power Station on the Ohio River near Cincinnati. Tom Carpenter, above, of the Cincinnati Alliance for Responsible Energy, said that, with so much critical evidence available to the public, he didn't think the Nuclear Regulatory Commission would ever allow the plant to open.

Disclosures about the Zimmer plant first came to light because a private investigator named Thomas Applegate, while working on a divorce case at the plant site in January 1980, began examining time cards at the Zimmer plant. Many had been falsified, he found, and he took his results to the utility, which engaged him to investigate such personnel abuses.

Mr. Applegate's investigation also began producing evidence of other false

eventually took to the regulatory commission. The first Federal investigation which followed resulted only in a citation by the commission for minor paperwork violations.

When Mr. Applegate persisted with his allegations, and was joined by opponents of nuclear energy and lawyers from the Government Accountability Project, a public-interest group based in Washington, the commission started a second investigation that lead to the

clear power plant still under construction.

The petition to have Zimmer's licensing process re-opened so the petitioners could present what they said was new evidence was rejected, in a 3-2 vote, by the commission this summer.

However Mr. Keppler, who had urged the commission to reopen the licensing hearings, held out hope Thursday that such a step might yet be taken, when the current commission investigation

Unidentified Welders Assail Zimmer

BY STEVEN ROSEN
Enquirer Reporter

Two men identified only as welders at Zimmer nuclear power station wanted uniformed police protection and voice distorters before they went before the city's Environmental Advisory Council (EAC) on Thursday to allege shoddy construction work at Zimmer.

In particular, they said that throughout the summer they were not properly trained to do their welding work and were pressured to rush construction. Also, they said, they witnessed a lack of agreement among quality-control inspectors who found, at best, only half the plant's problems.

MR. Q. and Mr. R. sat in a room to the side of council chambers in city hall, wearing cowboy hats while shielded from others by a white sheet. Tom Carpenter, of the anti-Zimmer Cincinnati Alliance For Respponsible Energy, said the two recently had been harassed at the plant's Moscow site.

The men gave short answers to questions prepared in advance by EAC members. Some of their answers were inaudible, and it was difficult at times to discern which man was speaking.

The first man, Q, said he never received training as a welder. And, he said, he was promoted to a supervisory position.

"It was a fluke I made the position I did," he said. "I did the best I could."

The two men answered questions about the quality-control inspection program at Zimmer. In 1981, Cincinnati Gas & Electric Co., Zimmer's principal owner, was fined $200,000 by the Nuclear Regulatory Commission for operating an "out-of-control quality program."

A proper quality-control program is required by the NRC to guarantee a plant's safety. CG&E has maintained that it now has control of that program. But the two welders challenged that.

The men answered "absolutely" when asked if there was continued pressure to rush construction.

They said quality-control inspectors often disagreed at Zimmer, which led to "mass confusion and a lot of extra work."

They also said they were not told they would do "major repairs" at Zimmer. But, they said, they and other workers occasionally "ground down (welds) to the base metal and rewelded the whole thing."

And at times, they said, welding essentially was completely replaced, sometimes without quality-control inspectors present. And, they said, plant records do not show that work.

"It means the welds aren't good," Carpenter said. "It means they ground it (a weld) down so far they rewelded, and that's a major repair. They called it cosmetic."

THE TWO men said the NRC had not contacted them about their allegations. They said they and other workers had documents

(See EAC, back of this section)

EAC

CONTINUED FROM PAGE A-1

to back up their charges. And, they said, under "certain conditions," they would talk.

City Councilman Guy Guckenberger, an observer at the hearings, said, "While it's interesting to receive testimony in this fashion, I don't know what to do with it. They're unidentified, unseen and can't be cross-examined. I believe them. I don't know if anyone else will."

To that, EAC Chairman D. David Altman said: "It's almost guaranteed now that the NRC will look into this."

CG&E has declined to participate in these public hearings.

Two former Zimmer employees, Ronald Yates and Richard Reiter, also spoke Thursday night of their concerns with safety at the nuclear power plant. Yates said Zimmer was "very sloppy and disorganized" compared with another nuclear plant in Michigan, where he worked.

Also speaking at the third of four public hearings on Zimmer was Donald Milan, Ohio's chief boiler inspector, and Tom Devine, of the Washington-based Government Accountability Project.

Devine identified his group's purpose as helping "whistleblowers" get their message to the public.

Cincinnati Post, Thursday, September 23, 1982

Zimmer ruling appealed

The legal staff of the Nuclear Regulatory Commission Wednesday filed papers supporting a public interest group's request for hearings on allegations of quality assurance breakdowns at the William H. Zimmer Nuclear Power Station.

The commission already has refused to order the Atomic Safety and Licensing Board to hold new hearings on the controversial reactor near Moscow, Ohio.

But the Government Accountability Project has asked the commission to reconsider its July 30 decision.

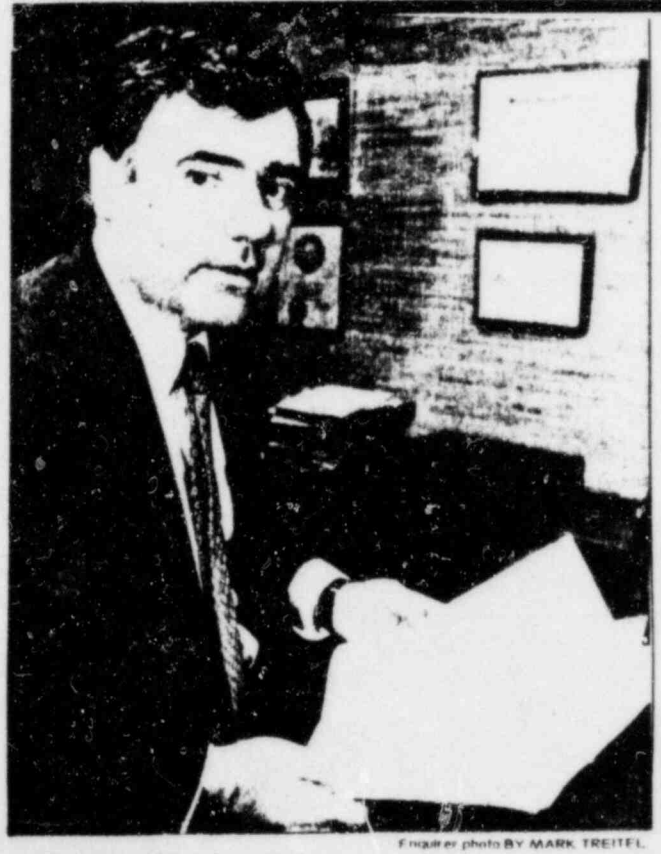
GAP, which is based in Washington, D.C., represents the Miami Valley Power Project, a group challenging licensing of the Zimmer project.

Cincinnati Gas & Electric Co. is one of the owners of the power plant and is the lead applicant for an operating license for the $1.5 billion facility.

Dave Altemuehle, CG&E director of community services, said the company was not surprised by the NRC staff position. He said the first time GAP asked for the hearings, the staff supported that move.

Altemuehle said the NRC is expected to rule on the appeal in 30 days.

Zimmer Issue Focuses On The Plant, Not On Nuclear Energy, Official Says



Enquirer photo BY MARK TREITEL

D. DAVID ALTMAN looks over papers in his office.

BY STEVEN ROSEN
Enquirer Reporter

After a series of hearings on Zimmer nuclear power station, Cincinnatians now realize that one need not be against nuclear energy to be concerned about Zimmer's safety, says D. David Altman, chairman of the city's Environmental Advisory Council.

Thursday offered the last of that group's four public hearings into Zimmer. All four received wide coverage in the media and were broadcast on radio and cable television.

But a spokesman for Cincinnati Gas & Electric Co., Zimmer's principal owner, said the hearings were more of the same old pro- and anti-nuclear energy arguments.

YET, THE principal Zimmer critic, the Government A- ability Project, said CG&E that argument to dismis- concern about Zimmer's safety as part of a national anti-nuclear radicalism.

CG&E refused to participate in the hearings. GAP did participate.

To Altman, the council's success was due to the respectability of its witnesses—and full cooperation from the federal Nuclear Regulatory Commission.

"We talked not about whether all nuclear plants were put together unsafely, but whether this one was," Altman said. "That gets away from whether nuclear energy is good or bad.

"I think the question of whether there could be a good plant built has nothing to do with Zimmer.

"If you're the biggest advocate of nuclear power in the world and you came to our hearings, you would think Zimmer has the possibility of becoming the Achilles heel of the industry," Altman said.

"I SEE it as a pro- versus anti-debate, centered on Zimmer," said David Altemuehle of CG&E. "The two are kind of in lock-step. I find it difficult to separate the generic issue from the separate. CG&E, obviously, is a supporter of nuclear energy."

But to GAP's legal director, Thomas Devine, CG&E is trying hard to avoid the issues. "My theory is CG&E is trying the 'parrot approach' to public relations," he said. "Repeat a phrase over and over again until people begin to believe it.

"CG&E has attempted to turn the debate on Zimmer into a debate on nuclear energy."

As long as the debate about Zimmer was perceived to be part of that national debate, it had trouble arousing the public in Cincinnati, Altam said. That's because of the way anti-nuclear activists are viewed here.

"IT'S A matter of sociological fact that the New Left went to this issue (nuclear energy) after the Vietnam War ended," he said. "Therefore, everybody was afraid they'd get branded as being with this group if they expressed the least bit of concern."

At the advisory council's second hearing, NRC Commissioner James K. Asselstine came to Cincinnati to explain the importance of a "quality-assurance" program for a nuclear plant's safe operation.

The program, mandated by the NRC, is meant to assure a constructed plant is built solidly enough to prevent radiation-releasing accidents. CG&E was fined $200,000 in 1981 for keeping false quality-assurance records and allowing harassment and intimidation of inspectors.

But to Altman, the hearing's highlight was some candid testimony from the NRC's top regional official, James G. Keppler. He said an "out-of-control" quality-assurance program at Zimmer has rendered the plant's safety "indeterminable" at this time.

AT THE time of the NRC's 1981 fine against CG&E, the utility also was ordered to launch a new quality-confirmation program—to make sure the plant, now almost complete, was built safely.

The utility and its contractor, Henry J. Kaiser Co., say past problems have been corrected.

But at the recent public hearings, Keppler revealed he planned to order a third-party review of CG&E's work, due to fears of the utility's trustworthiness.

"I think CG&E got into the business at a time when it was very fashionable," Keppler said. "They thought all they had to do was order a plant, get a contractor to build it and an engineer to design it and they could expect to see a finished product at the end.

"They did not realistically face up to what it took to get into the nuclear business."

CG&E cited fear of conflicts with pending litigation for not

(See ZIMMER, Page C-8)

Zimmer

CONTINUED FROM PAGE C-1

participating in the advisory council's hearings.

ALTEMUEHLE SAID he was distressed with the council's third hearing, when two men identified only as Zimmer welders alleged that quality-assurance problems continued. They spoke through a voice-distorter and were shielded from the audience by a white sheet. The men said they feared harassment, and signed affidavits attesting willingness to meet with the NRC.

"I think it's just pure raw theatrics," Altemuehle said. "What that's supposed to do, rather than give some theatrical flair, I don't know. It's been a PR (public relations) tool for the antis.

"Of course, we chose not to be in it and so we lost some PR ground. But that (decision) was made more on legal grounds than anything else."

CG&E's principal critic, both at these hearings and before the NRC, has been the Washington-based GAP. It is an arm of the non-profit, Institute for Policy Studies and does legal work. Its speciality, Devine said, is in aiding "whistleblowers" wishing to reveal alleged governmental errors and corruption.

THE INSTITUTE has no political-party affiliation but critiques of "status quo" institutions, Devine said. It was founded in the 1960s by two government officials disaffected with the Vietnam War. The Nixon administation once attacked it for its alleged radical activities.

"That goes with the territory when you critique status-quo institutions," Devine said.

"The pros and cons of nuclear power are moot in Cincinnati," he said. "It's a very dangerous technology and I'm wary of it. But that doesn't mean I'd work to impede it.

"I'm working on the Zimmer case because I'm scared of the way it was built," he said.

Altman's advisory council has 23 members, appointed by city council. They include Tom Carpenter, head of the anti-nuclear Cincinnati Alliance for Responsible Energy, as well as representatives of the Greater Cincinnati Chamber of Commerce, Procter & Gamble and the Sierra Club. Altman himself is an attorney.

CITY COUNCIL refused to endorse the hearings, fearing it would violate an agreement made with CG&E. In exchange for a microwave monitoring system connecting the city with Zimmer, council agreed not to intervene in official licensing proceedings for Zimmer.

But Altman's group proceeded on its own—and the hearings were broadcast on radio and cable television. And, it eventually will release a set of recommendations, based on the hearings.

Altman said the vote to proceed with hearings was 16-2, with one abstention. Carpenter left the meeting early, so as not to vote on a possible conflict-of-interest, Altman said. Three others did not attend the meeting.

The council invited both CG&E and its critics to appear—and to submit questions to be asked of each other. In addition, GAP's Devine helped Altman arrange for the appearance of the two unidentified welders, which occurred at the hearing reserved for Zimmer critics.

Because of Carpenter and Devine, Altemuehle said he believes the hearings had an anti-Zimmer bias from the start. "There seems to have been some influence applied to get it going—to charge forward with the idea with or without a city council appointment," he said.

"THE IDEA of Tom Carpenter or Tom Devine feeding anything to our group is a little silly," Altman replied. "But what if they did? So what?

"Isn't the important question whether it gets answered and do we know more about the safety and reliability of the plant? Isn't there a tad of McCarthyism in asking where it came from?"

Utility to respond to NRC request

The Cincinnati Post, Friday, October 1, 1982

By Jerry Condo
Post Washington Bureau

WASHINGTON — Cincinnati Gas & Electric Co. officials say they were not surprised by a Nuclear Regulatory Commission order that the utility respond by Dec. 31 to allegations about the quality of construction at the Zimmer Nuclear Power Station.

The NRC asked CG&E to respond by that date to concerns brought up by the Miami Valley Power Project about the power station near Moscow, Ohio.

THE DEMAND FOR information was made in a letter dated Sept. 24 to Earl A. Borgmann, CG&E senior vice president.

James G. Keppler, NRC regional administrator, informed Borgmann that the utility's response "will be used in determining whether (the construction permit) should be modified, suspended, or revoked."

CG&E officials said the NRC order was not a surprise and that they planned to respond by the Dec. 31 deadline.

"IT'S NOT a bolt out of the blue," said David Altemuehle, chief spokesman for CG&E. "At first glance, I would say the allegations do not seem to present anything new. But we will review them and respond in sufficient detail."

On Aug. 20, Miami Valley filed a petition with the NRC seeking suspension of construction at Zimmer.

A week ago, the staff of the NRC called on the commission to reverse itself and order additional hearings on the Zimmer licensing. The NRC had on July 30 denied added hearings.

The staff said its preliminary review of the Miami Valley material showed that the "documents do contain new information of significance relating to certain of the contentions proposed by Miami Valley. . . ."

EAC Advises City To Request Zimmer License Hearings

BY KAREN GARLOCH
Enquirer Reporter

Following four recent hearings into the safety and reliability of the Zimmer nuclear power plant, the Environmental Advisory Council (EAC) has recommended that Cincinnati City Council request the reopening of Zimmer licensing hearings.

Council members agree that such a move would violate the city's year-old pact with Cincinnati Gas & Electric Co. (CG&E) to withdraw the city's objections to a federal operating license for the Zimmer station in return for CG&E's agreement to provide air and water monitoring equipment at the site.

HOWEVER, EAC chairman D. David Altman said the recommendations were drafted expressly to allow council a way to get involved without violating its agreement with CG&E.

"There is a provision under federal law that says you can intervene in a hearing without taking a stand for or against the project," Altman said. "You can simply be there to protect the health, safety and welfare of the people.

The EAC recommended that council ask the Nuclear Regulatory Commission (NRC) to reopen hearings to "increase public confidence" that NRC and CG&E are "doing all that is necessary to assure the correction of public safety problems at the plant."

ALTMAN SAID the EAC has not asked council to oppose licensing.

"The agreement says the city should do nothing to oppose licensing," Altman recalled. "Being for licensing hearings doesn't mean you're opposing the licensing of the plant."

As a result of the EAC's four recent public hearings, Republican councilman Guy C. Guckenberger and Charterite Thomas B. Brush have urged council to reconsider the agreement because of concern over Zimmer safety.

"It seems that we have enough additional information now that raise the question as to whether that plant should ever be completed," said Brush. "Are the defects so basic that they can never be corrected? The only way we're ever going to get answers is to seek a reopening of licensing hearings.

"FROM WHAT I've been able to gather, apparently the NRC and Congress wonder why the City of Cincinnati has been strangely silent on the matter."

Guckenberger said the information provided through EAC's hearings should force council to "make a conscious decision" on whether to continue to follow the agreement.

However, Mayor David S. Mann and Democrat Charles J. Luken warned against jeopardizing the city's access to valuable information on air and water quality through the monitoring equipment.

Charterite Arnold L. Bortz said council should observe the agreement while at the same time continuing to bring attention to the issue of Zimmer safety. "If I thought our role was essential in reopening the hearings, it might be different," Bortz said.

TUESDAY, councilmembers received the recommendations of the EAC, a 23-member advisory group appointed by the city manager.

IN ADDITION to asking council to request a reopening of the licensing hearings, the EAC also recommended:

- That city representatives begin attending the public meetings between CG&E and the NRC on the safety of Zimmer.
- That the city should ask CG&E to attend formal public meetings with council members to respond to statements by the NRC and others critical of the plant safety and to explain which of these allegation were known by CG&E at the time it negotiated the agreement with the city.

Council role urged in Zimmer licensing

The Cincinnati Post, Wednesday, October 27, 1982

By Ron Liebau
Post Staff Reporter

A citizen advisory group is calling on Cincinnati City Council to meet its "strong responsibility" to get involved in the licensing of the William H. Zimmer Nuclear Power Station.

The Cincinnati Environmental Advisory Council says in its report on Zimmer safety that the city cannot delegate the responsibility of ensuring safety to others.

THE REPORT was prepared for presentation today to Cincinnati City Manager Sylvester Murray. It follows four hearings the advisory council held on Zimmer in September.

Advisory council members concluded that the safety of the Zimmer plant, under construction at Moscow, Ohio, is "indeterminate" and that deficiencies in assuring the station was built correctly present a threat to public safety.

In his introduction to the report, advisory council chairman David Altman wrote:

"As a result of all of these findings, the (advisory council) believes that the city... has a strong responsibility to take direct steps to protect the health, safety and welfare of its citizens."

Altman said city participation can be as elementary as attending public meetings between the Nuclear Regulatory Commission and the Cincinnati Gas & Electric Co., primary builders of Zimmer.

"We're not saying stop Zimmer or stop construction," Altman said. "This group is saying, 'Do your job.' We tried not to push council into a political corner. The consensus of the group is that these recommendations are mild."

IF LICENSING hearings into Zimmer are resumed, Altman said the city can even participate without declaring support or opposition.

It's the city's lack of involvement that most worries Altman.

"Right now, the city is simply uninvolved in this issue," he said. "This is being read in some places, incorrectly, that the city is not interested in the safety of the plant."

Altman said the interests of the citizens of Cincinnati cannot and should not be left to Clermont County, the state of Kentucky or the NRC.

"Safety of the people of Cincinnati belongs in the hands of city council," he said.

CITY COUNCIL dropped out of licensing hearings in 1981 after it signed an agreement with CG&E not to interfere with licensing of the plant.

The agreement calls for CG&E to provide air and water monitoring equipment in return for the pledge not to interfere in licensing.

That pledge was interpreted by a majority of council members to mean that city council should not sanction the public hearings in September.

The advisory council issued 18 recommendations dealing with quality assurance, a state of Ohio boiler inspection and emergency planning.

Included are requests that city council support immediate appointment of a third-party inspection team at Zimmer, that council urge the NRC to consider Zimmer as one of three plants studied in a pilot program and that the city encourage the U.S. Attorney for the Southern District of Ohio to seek help from the U.S. Attorney General in the investigation at the plant.

BRUCE STOECKLIN, a CG&E spokesman, said he is not surprised that the advisory council is critical of Zimmer.

CG&E refused to participate in the hearings, citing legal and public relations reasons.

Stoecklin said CG&E disagrees with the finding that safety at the plant is indeterminate.

"I certainly have never heard anyone here say that," he said. "I'm sure we feel that we can prove it is up to NRC standards."

Stoecklin also said CG&E expects the city to live up to its agreement not to interfere in licensing.

Friday, October 29, 1982 THE CINCINNATI ENQUIRER (FRONT PAGE)

Critic Says It Could Take Years To Identify Zimmer's Problems

BY ENQUIRER STAFF and ENQUIRER WIRES

WASHINGTON—A member of the Nuclear Regulatory Commission said Thursday that it could take years to straighten out the problems that have bogged down construction of the Zimmer nuclear power plant at Moscow, Ohio.

"It looks like it could take years just to completely identify the problems," Commissioner Victor Gilinsky said at an NRC meeting to review the situation at the plant on the Ohio River.

He made that observation after NRC staff members told the commission that new problems turned up at Zimmer have set back the timetable for completing a review of the quality of construction at the plant.

IN CINCINNATI Thursday night, Cincinnati Gas & Electric Co. spokesman Bruce Stoecklin said he was "not surprised to hear that coming from (Gilinsky)."

"That's just his personal opinion," Stoecklin said. "He was one of two NRC commissioners to vote for reopening the license hearings when the NRC voted not to reopen, so it's hardly surprising that he has negative comments about Zimmer."

But NRC Chairman Nunzio J. Palladino said he was "distressed" about deficiencies that continue to show up at the plant. Palladino said the problems are cropping up "faster than the utility can handle them."

The Zimmer plant is scheduled to begin operation in February, 1984, at a total cost of $1.7 billion shared by CG&E, Dayton Power & Light and Columbus & Southern Ohio Electric Co. CG&E is the primary builder.

FOLLOWING A public session at which Zimmer's problems were discussed in general terms, Palladino closed the meeting to hear detailed accounts from the staff.

James Keppler, NRC regional administrator, said he would present recommendations at the closed session. "Allegations continue to come in at a rate faster than we can resolve them," he said.

Last year, following a staff investigation at the Zimmer project, the NRC fined CG&E $200,000.

Keppler told the commission he and his staff still don't know how well Zimmer is being built.

"That is the real sin of the

(See ZIMMER, back of this section)

Zimmer

CONTINUED FROM PAGE A-1

thing—the project is indeterminate," Keppler said.

He said he came away from a six-hour meeting with CG&E officials Oct. 19 with new doubts about the quality of work at Zimmer.

THAT MEETING concerned the halting of improper work being done by Catalytic Inc., a subcontractor reworking some of the questionable construction at Zimmer, Keppler said.

Keppler and other NRC staff members said perhaps as much as 50% of the welding work done at Zimmer over the past decade was in question.

NRC inspectors determined last summer that 100 of the 450 welders then at work were not properly certified, Keppler said. In a recertification program, all but four of the 100 did qualify, he said.

But he added that over the life of the project there have been more than 2,000 welders, and it may be impossible for CG&E to show that all their work is up to nuclear standards.

Keppler said weld quality remains among the biggest unresolved problems at the plant, along with traceability of materials and cable separation work.

He said the cable separation inspections have expanded so much that the work will not be completed before next June—five months after the entire quality confirmation program was supposed to have been completed. He said completion dates cannot even be estimated for the weld review and traceability probe.

NRC 'highly distressed' by Zimmer

The Cincinnati Post, Friday, October 29, 1982

By Jerry Condo
Post Washington Bureau

(FRONT PAGE)

WASHINGTON — Nuclear Regulatory Commission Chairman Nunzio J. Palladino said Thursday he is "highly distressed with the situation" at the William H. Zimmer Nuclear Power Station under construction near Moscow, Ohio.

Palladino's comments came after the Chicago regional administrator for the commission spent 90 minutes giving the NRC commissioners an update on the quality confirmation program under way at Zimmer.

Palladino said information received "has not lent itself to the assumption that we're on top of the job."

Regional Administrator James Keppler told Palladino and the other commissioners the Zimmer project "is bogged down" at the present time.

AND KEPPLER indicated the NRC staff now has questions about Cincinnati Gas & Electric Co.'s control over its contractors and subcontrators at the project site.

"Clearly we have some concerns," said Keppler.

CG&E is one of three Ohio utilities which own Zimmer. The other two are Columbus & Southern Ohio Electric and Dayton Power and Light. CG&E is charged with the responsibility of building the nuclear plant.

Shortly after the briefing, the commissioners went behind closed doors with Keppler to hear the staff's recommendations concerning possible actions to shore up the quality confirmation program.

JAN STRASMA, an NRC spokesman in Chicago, said today Keppler discussed "possible enforcement actions" against CG&E in the closed session. Strasma refused to detail what those actions may be.

Any commission decisions will be made public only after CG&E is notified.

During the briefing, the Chicago regional administrator showed the commissioners a chart indicating that the quality confirmation program, launched in April 1981 by CG&E, has fallen behind schedule in some work areas.

For instance, a check of the quality of welds was expected last April to be completed by Oct. 31. It is not known now when those checks will be finished. Keppler said the work is "so broad in scope that it is not possible to scope it out."

THE REGIONAL administrator said the quality confirmation efforts at Zimmer represented serious difficulties because "we're trying to determine the quality of the plant after the fact."

Palladino told Keppler the quality confirmation program sounded much like a "patchwork" operation to him.

Keppler conceded that the program "is not proceeding as orderly as we think it ought."

The regional administrator said that the NRC staff, which felt that CG&E regarded the situation at Zimmer early on as a "paperwork" problem, was now giving the NRC "signals" that it regards the situation as more serious.

Keppler said one signal to the NRC staff was the recent layoffs of 500 construction workers at Zimmer.

The Cincinnati Post

Friday evening, November 5, 1982

metro racing

newsstand price 25¢

Quality audit may shut Zimmer

By Ron Liebau
Post Staff Reporter

Members of the Nuclear Regulatory Commission today received a confidential recommendation on continued construction of the William H. Zimmer Nuclear Power Station.

The commission's unusually tight secrecy has fueled speculation among Zimmer critics and congressional staff members that the recommendation would be that an independent management audit be ordered to review construction activities at the $1.7 billion power plant in Moscow, Ohio.

The recommendation—its contents strictly guarded—stems from a lengthy, closed-door meeting between commissioners and NRC staff last week in Washington.

IF AN AUDIT were ordered, it could mean a halt to construction, idling some or all of the 1500 craft workers at the site.

NRC Regional Administrator James Keppler last week told the commissioners he is considering an independent audit at Zimmer. Keppler has opposed a construction halt.

Keppler has in the past been willing to give the Cincinnati Gas & Electric Co., builder of the plant, more time to straighten out its quality assurance program.

A senior CG&E official said Thursday he did not know what the NRC's recommendation was or even that it was being made today.

IT IS KNOWN that commissioners last week discussed the possibility of shutting down construction at the plant.

NRC Commissioner Victor Gilinsky urged his colleagues to immediately shut down the plant and order CG&E to select an independent, third-party auditing team, according to a Gilinksy aide.

"All I can say is we would like to see it happen," said the aide, Ed Abbott.

Gilinsky has been the commissioner most openly critical of Zimmer's troubled quality assurance program and has taken the most extreme posi-

See ZIMMER, Page 6A

tion."

Other commissioners apparently have not yet decided Zimmer's fate.

"THE COMMISSION is considering what to do about Zimmer," said Guy H. Cunningham, NRC executive legal director. "The commission hasn't made up its mind yet."

Cunningham said commissioners directed the staff last week to draft a recommendation on Zimmer.

He said the recommendation will be forwarded to commissioners today but may not be discussed until a commission meeting Wednesday. Cunningham declined to discuss whether there will be a halt to construction.

It was at last week's meeting that NRC Chairman Nunzio Palladino, in his strongest language to date on Zimmer, said he was "highly distressed" with the construction management and NRC monitoring at the project.

ONE LINE OF conjecture advanced by some sources within and outside the NRC this week is that the NRC will require CG&E to halt construction activities at Zimmer, remove Henry J. Kaiser Co. as prime contractor and hire an outside management team to review all construction records.

There has been similar action at other nuclear power plants under construction.

At the two Marble Hill nuclear power stations in Madison, Ind., Public Service Indiana halted work on its own in 1979 in advance of an NRC order and hired new top managers. Work was suspended for 18 months while a quality assurance investigation was conducted.

RECENTLY, at the Midland nuclear power plant in Michigan, Consumers Power brought in a New York engineering consulting firm to review the quality assurance program.

"One of the standard things that we have seen required or suggested at sites where construction management is called into question is that they bring in some additional talent," said Jan Strasma, NRC public affairs officer.

Strasma refused to detail the NRC recommendation, other than to say it reflects "strong and decisive action."

As much as he personally opposes an audit, CG&E Senior Vice President Earl A. Borgmann acknowledged Thursday it may be necessary to satisfy federal regulators that the plant is being built safely.

"MY PERSONAL position is that we as a company have it in our best interests to do everything as best as we can, and in that regard we don't need a third-party audit," said Borgmann.

However, Borgmann said the persistent concerns of the NRC may not go away until there is an audit.

Borgmann stressed that no contracts have been signed with any management company and would, under no circumstances, be signed without the consent of CG&E's partners.

CG&E is building the plant with Dayton Power and Light Co. and Columbus and Southern Ohio Electric Co. CG&E is responsible for construction.

Kaiser spokesman Hal Lauth said Thursday from corporate headquarters in Oakland that there have been no conversations with CG&E about removing Kaiser from the project and bringing in a third-party auditor.

Christy Machlansky, media representative for the Bechtel Power Corp., a San Francisco company which has conducted other independent audits, said the company would not confirm or deny that discussions had been conducted with CG&E about coming to Zimmer.

CG&E Hires Own Zimmer Auditor

BY HOWARD WILKINSON
Enquirer Reporter

Cincinnati Gas & Electric Co. may have beaten the Nuclear Regulatory Commission (NRC) to the punch Thursday by hiring a consultant to assess problems at the William H. Zimmer nuclear power plant and suggest a plan for completion of the plant.

CG&E spokesman Bruce Stoecklin said the hiring of Bechtel Power Corp., a California-based firm which has done a number of quality-control audits at nuclear power plants, was in part a response to indications that the NRC might order a third-party audit.

On The Inside

• Grand jury to probe Zimmer, Page C-1.

"IT'S BECOME pretty evident from the remarks from the NRC staff, that the only way to get the plant operating is by conducting this kind of independent assessment of the quality control problems," Stoecklin said.

Earlier this week, an agency spokesman said that NRC commissioners would announce an enforcement action against CG&E today. NRC staff recommendations passed on to commissioners last week sparked speculation among Zimmer critics that the enforcement action would include shutting down construction at Zimmer and ordering a third-party audit of quality control problems.

Stoecklin said the utility has received no assurances from the NRC that CG&E's hiring of Bechtel would have any impact on the expected enforcement action.

"THE NRC has been informed of what we are doing by hiring

(See ZIMMER, back of this section)

Zimmer

CONTINUED FROM PAGE A-1

Bechtel," Stoecklin said. "As to what the NRC will do, nobody knows."

Stoecklin said plans are for construction to continue during the three-week "assessment" by Bechtel and that the hiring of the California firm will not affect the status of Kaiser Engineering, CG&E's prime contractor for Zimmer.

"(Kaiser) is still on the job, and we expect they will remain on the job," Stoecklin said. "They are still the firm hired for construction. The functions of Kaiser and Bechtel are two different things altogether."

A press release from CG&E on the Bechtel hiring said Bechtel personnel will "analyze Zimmer problems and will design an approach and staffing plan for resolving the problems and completing the project.

"BASED ON this assessment," the release said, "the details of a formal contract will be worked out to determine Bechtel's role in assisting CG&E to complete the Zimmer project."

Stoecklin said the Bechtel assessment would take three weeks and would include all phases of the construction.

James Keppler, NRC regional administrator, told the NRC commissioners in a recent closed-door meeeting of NRC commissioners he was considering calling in a third-party auditor to evaluate the quality control program at Zimmer.

While an aide to NRC Commissioner Victor Gilinsky said last week Gilinsky would recommend an audit and a contruction shutdown, Gilinsky would not comment this week on what the NRC enforcement action might be.

A CONSTRUCTION shutdown would idle about 1,500 craft workers at the Zimmer site. About 500 craft employees were recently laid off indefinitely by CG&E.

CG&E is sharing the costs of Zimmer contruction, estimated now at about $1.7 billion, with Columbus & Southern Ohio Electric Co. and Dayton Power & Light Co.

FRIDAY, NOVEMBER 12, 1982

Zimmer Subject Of Questioning By Grand Jury

BY HOWARD WILKINSON
Enquirer Reporter

A federal grand jury in Cincinnati is investigating possible criminal violations at the William H. Zimmer nuclear power plant, according to a group whose legal director was subpoenaed Thursday.

Thomas Devine, legal director for the Government Accountability Project (GAP), said Thursday he has received a subpoena from the grand jury to appear Dec. 7 and produce documents and give testimony on alleged criminal violations at the Zimmer plant.

"I AM thrilled about the subpoena," Devine said, "I havwe been cooperating with the FBI and the U.S. Attorney's office all along."

Devine said he has shown federal investigators most of the doucumentation subpoenaed by the grand jury.

It is not known how many others have testified or will be called to appear in the grand jury investigation. U.S. Attorney Christopher Barnes would not say whether his office was involved with a grand jury investigation into Zimmer.

Barnes' office began a probe into possible criminal violations at Zimmer in June. At that time, Barnes said his office would check into evidence already gathered by the Nuclear Regulatory Commission (NRC). The NRC's investigation found harassment and intimidation of quality control inspectors, along with falsification of documents.

As a result of the NRC investigation, Cincinnati Gas and Electric Co., the builder of the plant, paid a $200,000 civil penalty.

THE NRC referred its findings to the U.S. Attorney's office in May.

CG&E spokesman Bruce Stoecklin said he was not aware of any CG&E officials being served with subpoenas in the criminal investigation.

"The U.S. attorney's office is the one which would have to tell you that," Stoecklin said. "I don't know of any grand jury investigation, but we have said all along we would welcome any kind of investigation and co-operate with it fully."

Devine said his understanding is that the grand jury investigation will not be confined to the alleged harassment of quality control inspectors or falsified documents.

"I have been asked to produce documents on all deliberate violations of the Atomic Energy Act," Devine said. "It is apparent the FBI has given the fact-finders the green light to produce material."

NRC Regional administrator James Keppler told a congressional committee in June that he had briefed federal lawyers on the NRC's Zimmer findings in May.

"Early in our investigation it was recognized that some of our findings might involve criminality," Keppler said.

The Cincinnati Post, Friday, November 12, 1982

CG&E brings in a watchdog for Zimmer plant

By Ron Liebau
Post Staff Reporter

Cincinnati Gas & Electric Co.'s decision to bring in a company to assess the William H. Zimmer Nuclear Power Station sent members of the Nuclear Regulatory Commission behind closed doors again today.

CG&E announced Thursday it had hired the Bechtel Power Corporation of San Francisco to assess problems at the Zimmer station in Moscow, Ohio, and recommend what should be done to complete the project.

Shortly after CG&E's announcement, Thomas Devine, legal director of the Government Accountability Project, revealed he had been subpoenaed by the U.S. Attorney's Office to appear Dec. 7 before a federal grand jury in Cincinnati with "any and all statements, documents and records pertaining to. . .(Zimmer)."

Devine said he has been cooperating with an investigation into Zimmer by the U.S. Attorney's Office and the FBI for several months.

Attention focused again on Washington today where NRC commissioners have been debating since Oct. 28 whether to halt construction at Zimmer because of continuing NRC concerns over the $1.7 billion power station.

A CG&E spokesman said Thursday the hiring of Bechtel was not planned to coincide with the NRC's pending decision.

HOWEVER, the action has convinced one NRC commissioner to seek more information before he joins in any enforcement action.

Commissioner James K. Asselstine said late Thursday in a telephone interview from his Virginia home that he learned of the Bechtel appointment in a letter from CG&E President William Dickhoner Wednesday.

The letter contained a "lot of ambiguities" about Bechtel's role and its effects on construction that Asselstine wants resolved before deciding if CG&E's plans will satisfy his concerns about the direction of the project.

"My view is that it is worth a meeting to discuss it," said Asselstine.

Such a meeting could include participattion by CG&E, said the commissioner.

Bechtel Power, a division of the $11-billion-plus Bechtel Group of Companies, will take three weeks to "analyze Zimmer problems, and will design an approach and staffing plan for resolving the problems and completing the project," according to CG&E.

RECOMMENDATIONS from Bechtel will lead to a formal contract with CG&E to complete the project.

CG&E and Bechtel officials insist there are no plans for Bechtel to replace the Henry J. Kaiser Co. as principal Zimmer contractor.

Bechtel has built 76 nuclear power plants worldwide, including the Davis-Besse nuclear power station in northern Ohio. Bechtel also is building the Midland nuclear power station in Michigan, a project beset by construction difficulties.

Eight Bechtel engineers, led by the project manager at the Hope Creek nuclear power plant Bechtel is building for a New Jersey utility, will arrive at the Zimmer site Monday to begin their work.

CG&E's David Altemuehle said the purpose of the Bechtel review will be to "convince the NRC that the plant can be licensed."

Altemuehle stressed the review is not a third-party audit.

It has become apparent to CG&E that an operating license is dependent on such a review, said Altemuehle. The NRC staff has promoted a third-party audit. CG&E has resisted it.

IT IS NOT known what effect the Bechtel review will have on construction. There are 1500 construction workers at the plant. CG&E calls the project 97 percent complete.

Although he supports an independent review of Zimmer construction, Devine said he is encouraging NRC commissioners to follow through with enforcement action.

"I feel that CG&E is attempting to escape legal enforcement by making Kaiser the scapegoat for the second year in a row by replacing them with Bechtel," said Devine.

Last November, CG&E criticized Kaiser for not implementing an efffective quality assurance program that led to a $200,000 fine against the utility.

"Bechtel may well be an outstanding selection, but it all should be done in the open with public comments and with full disclosure of the criteria used in the process," said Devine.

Altemuehle said Bechtel was selected after an internal review of different companies. He promised that Bechtel's work would be independent.

Devine said he disclosed the subpoena to alert commissioners to the justice department investigation.

U.S. ATTORNEY Christopher Barnes declined to discuss the subpoena or grand jury procedings.

In June, Barnes announced his office would conduct a criminal investigation into Zimmer following the November NRC report that quality control inspectors were harassed at Zimmer and that some construction documents were falsified.

CG&E has denied it tolerated harassment of inspectors and said some records may have been incorrect but were not falsified.

In addition to interviews with the FBI, Devine said he referred Zimmer workers to the authorities and turned over documents concerning harassment of quality control inspectors and falsification of construction documents.

CG&E's Altemuehle repeated the utility's position on the U.S. attorney's investigation.

"WE TOOK a position (in June) of welcoming the investigation and we are cooperating any way we can," said Altemuehle.

Joining the FBI in investigating possible wrongdoing at the plant is the NRC Office of Investigation, said NRC spokesman Jan Strasma.

Strasma said the Office of Investigation is screening some 300 allegations about problems at Zimmer that may involve intentional misconduct as opposed to technical violations of NRC codes.

metro

City council's role at Zimmer unclear

By Ron Liebau
Post Staff Reporter

The Nuclear Regulatory Commission's decision Friday to order a temporary halt to construction at the William H. Zimmer Nuclear Power Station will alter how the city of Cincinnati views its role in the controversy.

But that new role remains unclear.

Cincinnati City Council Member Peter Strauss said he is inclined to urge the council to participate in suspended licensing hearings.

HOWEVER, Mayor-elect Thomas Brush said the NRC's order of a third-party audit avoids the need for direct city involvement.

The council has been split on whether to renege on an October 1981 agreement in which Cincinnati Gas & Electric Co. promised to furnish radiation monitoring equipment in exchange for the city's pledge not to interfere in licensing.

David Altman, chairman of the Cincinnati Environmental Advisory Council, said the city should break the agreement and take the lead in selecting a third-party auditor.

"IT CANNOT be alleged by CG&E that they (city council) are interfering with licensing," said Altman.

For those staunchly critical of CG&E's role in managing the $1.7 billion construction project, the shutdown decision was applauded.

"The NRC commissioners have begun to take the necessary steps to protect our health and safety by suspending construction at Zimmer," said Tom Carpenter, staff director of the Miami Valley Power Project.

Andrew Dennison, attorney for Zimmer Area Citizens, said the NRC order has clarified the Zimmer debate.

"OUR CONCERN for safety is no longer open to debate," he said. "For too long, the issue has been whether you are pro- or anti-nuclear power. This decision speaks to the real issue—is this project pro- or anti-safety."

The Henry J. Kaiser Co., Oakland-based contractor of Zimmer, said Friday the plant is being built safely.

"Of course, we're disappointed that the commission ordered our client to discontinue work," said Hal Lauth, Kaiser corporate relations director.

"We feel substantial progress had been made in the quality control program," he said.

IN COLUMBUS, the Office of Consumers Counsel will study the NRC decision to see how it can be used in CG&E's pending $110 million electric rate request, half of which is for Zimmer construction.

Chief Counsel John Parks Hopkins said his office has in the past opposed charging customers before the plant is in operation.

The nuclear power industry also is monitoring the shutdown.

"Certainly, it is a warning to the industry to keep its house in order," said a spokesman for the Atomic Industrial Forum, the nuclear industry's trade association.

Zimmer workers wait for details on closing

By Mary Carmen Cupito
Post Staff Reporter

Confusion was as thick as the smoke at the Point Inn, a small bar a half-mile or so east of the Zimmer Nuclear Power Station, where some of the plant's construction workers met Friday evening over a few beers to discuss their unexpected layoff.

When the night crew reported for work, they found the gates locked, said Robert Sullivan, business manager for Pipefitters Local 392.

They retired to the bar to trade information about what was happening.

About 6:30 p.m. Friday, Sullivan said, Kaiser Co. representatives were "meeting on the job right now and tomorrow (Saturday) are supposed to release information."

NO ONE KNEW how long they'd be out of work.

"They told us to come back Monday," said one construction worker.

Another corrected him, "They said come back Monday or listen to the news."

There were some who said they believed the shutdown was ordered to grant an upset public time to cool off.

It would be just "three weeks to quiet the outcry" against the plant, said one construction worker, heading home.

"IT CAME AS a big surprise," said Glenn Weed, an electrical and welding inspector for the Kaiser Co.

Weed heard about the stop work order at 5:50 p.m., about 10 minutes before he was supposed to get off, he said.

Some carpenters he was overseeing told him he wouldn't be working until 8 p.m., as planned, but that everybody in the plant was supposed to leave by 6 p.m.

He left, not knowing when he would return.

He said, "It's probably the old don't call us. . . ."

The most upsetting thing about this shutdown, Weed said, was that he had turned down a job at a nuclear plant in Michigan just last week.

DESPITE THE Nuclear Regulatory Commission's apparent concerns, Weed, like other construction workers, defended the plant.

"There are a lot of people in Cincinnati who are scared of this power plant," he said. "I don't think there's any reason for it."

He's been on the job as a quality confirmation inspector, a person who checks to see how well the plant is built, for about nine and one-half months, he said. And the quality confirmation program is working, he said.

When asked whether the plant could stand up to other nuclear plants in the country, Weed replied, "It will when it goes into operation—if it goes into operation."

THE CINCINNATI ENQUIRER

FINAL EDITION/NEWSSTAND PRICE 25¢ SATURDAY, NOVEMBER 13, 1982 A GANNETT NEWSPAPER

Agency Orders Halt To Work At Zimmer

BY HOWARD WILKINSON
Enquirer Reporter
and ENQUIRER WIRES

Second-shift workers were sent home and the gates to the William H. Zimmer Nuclear Power Station were padlocked Friday as the Nuclear Regulatory Commission (NRC) ordered a halt to construction and an independent audit at the Moscow, Ohio, facility.

The NRC report, listing three pages of construction deficiencies, cited a "widespread breakdown" in the plant's safety program in its unusual order. An NRC official estimated that construction wouldn't begin again for at least six months.

IT WAS the first time in the history of the nuclear industry that the NRC had ordered a construction shutdown over safety issues in a nuclear plant over 90% complete.

The Zimmer Shutdown Order

WHAT IT DOES: Ceases safety-related construction at the William H. Zimmer Nuclear Power Station immediately, pending a comprehensive review by an independent auditor acceptable to the NRC.

WHY: The NRC order says the decision resulted from a "widespread breakdown" in the Zimmer quality assurance/quality control programs. It called Zimmer a "facility of indeterminate quality."

REVIEWER: An independent firm must assure CG&E and the NRC that construction can be completed within NRC regulations and the existing construction permit.

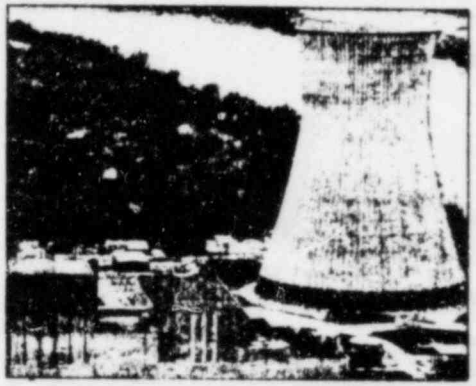
APPEAL: CG&E can appeal the order within 25 days of Friday's ruling, but no safety-related construction will be allowed during an appeal. An appeal would lengthen the shutdown.

JOBS: CG&E president William Dickhoner said before the ruling that the order would idle 1,500 construction workers.

VOTE: Three commissioners voted for the shutdown, two against.

PRECEDENT: It's the first time the NRC has ordered a shutdown for a nuclear facility as far along in construction as Zimmer.

MORE STORIES, PAGE C-1



On a 3-to-2 vote, NRC commissioners in Washington ruled that all "safety-related" construction at the plant be halted immediately. The NRC ordered an independent review of the management of the Zimmer project by Cincinnati Gas and Electric (CG&E) and the utility's quality assurance program.

"The NRC presently lacks reasonable assurances that the Zimmer plant is being constructed in conformance with the terms of its construction permit," the NRC order said.

NRC spokesman Jan Strasma said the ruling was the result of months of "problems piling up at the plant without resolution.

"FIRST OF all, they were trying to complete construction, and at the same time conduct a quality control program, and, on top of that, they were trying to take corrective actions for past problems," Strasma said.

"Trying to handle all that would have been almost impossible for a company with a good, solid record of building nuclear plants, which CG&E does not have. They simply couldn't manage it all. It was out of control."

The NRC action put 1,500 construction workers at the plant at Moscow out of work indefinitely.

CG&E spokesman Bruce Stoecklin said company officials padlocked gates at the plant at the

(See ZIMMER, back of this section

Zimmer

CONTINUED FROM PAGE A-1

5 p.m. shift change Friday, "in anticipation of the NRC ruling." About 350 second-shift workers were sent home Friday, Stoeklin said.

STOECKLIN SAID the company does not yet know how many, if any, of the construction workers will be allowed to continue work.

"We understand all safety-related work must stop," Stoecklin said. "Just what that means is something else we have to determine."

Ralph Sylvia, CG&E's vice president for nuclear power, said top management of the company would meet today to plan a response to the NRC's action.

"When we see the ruling and get the details, we will respond," Sylvia said.

The ruling was quickly applauded by foes of Zimmer.

Thomas Devine, legal director of the Government Accountability Project, which has been investigating the Zimmer plant for two years, said the NRC action was a major victory for the "whistleblowers" who had brought Zimmer irregularities to light.

"I LEARNED two years ago that Zimmer was dangerous because CG&E violated the NRC rules and the atomic safety laws," Devine said. "Today we all learned that the facts make a difference."

D. David Altman, chairman of Cincinnati's Environmental Advisory Council, which has urged a reopening of Zimmer licensing hearings, said the maximum action the NRC could have taken "would have been a recommendation that this company should be taken out entirely from running this plant and somebody else should take over."

Altman said he had confirmation from a "commission-level" person at the NRC that the commissioners actually considered removing CG&E altogether.

NRC Regional Administrator James G. Keppler said the order has the immediate effect of bringing construction to a virtual halt.

KEPPLER, WHO recommended the shutdown and third-party audit to the NRC commissioners, said safety problems at Zimmer "are being found at a rate faster than they can be addressed. We want to bring this process to some kind of orderly approach."

The official NRC ruling said the Zimmer facility is being constructed without an adequate quality assurance program, "resulting in the construction of a facility which is currently of indeterminate quality."

The NRC fined CG&E $200,000 a year ago after making findings of harassment of quality control inspectors, falsification of documents, and a general breakdown in construction quality controls.

Friday's NRC order came one day after CG&E officials announced they had hired Bechtel Power Corp., a California-based firm, to assess the problems at Zimmer and recommend solutions.

THE NRC ordered that the firm hired by CG&E to do the review must be approved by regional administrator Keppler.

Keppler said Friday he wants to "look into Bechtel's independence" before deciding that company would be acceptable.

"I understand there have been independence problems at other plants where Bechtel had contracts," Keppler said.

Stoecklin said it has not yet been determined whether Bechtel will be proposed as the company to do the third-party audit.

"We feel they are certainly qualified," Stoecklin said.

Under the NRC order, the firm conducting the independent review will "make recommendations to (CG&E) regarding necessary steps to insure that the construction of the facility be completed in conformance with the Commission's regulations and the construction permit."

Once the review is complete, CG&E will be required to report to Keppler on what course of action it will take.

CG&E WILL be required to review its quality confirmation program to determine whether it should be expanded in light of the problems identified by the NRC, the ruling said.

All findings and recommended actions must be reported to Keppler for his approval, the ruling said.

In a letter to NRC commissioners earlier this week, CG&E President William Dickhoner asked the commissioners to hold off on a construction shutdown until Bechtel could complete its review of plant construction.

"A forced shutdown of the project would result in the loss of some 1,500 jobs," Dickhoner said. "We do not believe the imposition of this hardship on these individuals and their families provides any counterbalancing benefit to the public."

One of the dissenting NRC members, John F. Ahearn, said he agreed with the NRC decision but would not have made the shutdown immediately effective.

Shutdown Leaves Zimmer Foes Jubilant

BY MARILYN DILLON
and HOWARD WILKINSON
Enquirer Reporters

Opponents of the Zimmer nuclear power plant Friday cheered the Nuclear Regulatory Commission's decision to halt safety-related construction at the controversial plant in Moscow, Ohio.

But a spokesman for the plant's primary contractor expressed grave disappointment in the latest blow to the much-criticized nuclear facility.

"This is a victory for those three dozen whistle-blowers who risked their careers over the last two years by working with me," said Thomas Devine, legal director of the Government Accountability Project, a Washington-based group that has investigated Zimmer for two years.

THE NRC decision "restores our faith in government," Devine said. "This action is the necessary first step if the plant is to be completed safely. In the long run, today's order will mean more jobs for Cincinnati construction workers."

The NRC ordered the halt to all safety-related construction at Zimmer pending an independent review of the management of the project by Cincinnati Gas & Electric Co. (CG&E). Conditions of the order require the utility to secure an independent review to make certain the plant is being constructed safely.

A delighted Thomas Applegate, of the Government Accountability Project (GAP), said "I'm popping a cork on a bottle of champagne.

"They're down now. I don't think they'll ever get up," he said. "They're down for the count but we have to keep our vigilance going. I think the consumers are finally realizing what a ripoff this is. As I said three years ago, this is nothing more than a criminal ripoff."

Applegate noted that he had been actively "lobbying for this for the last two weeks since I got an indication that enforcement action was being considered."

HE ADDED that his work does not stop with the order for a third-party audit and he plans to seek the revocation of the plant's license.

Guy Guckenberger, Cincinnati city councilman, noted Friday that he believes the NRC order is "probably appropriate. I think public concern is such that the public has to be reassured at this point, and the only way they can be reassured is by strong measures."

Guckenberger, who had favored the re-opening of Zimmer licensing hearings, added that he was very surprised by the NRC action, because "based on what's been done before, I would not have expected them to take this strong a stand."

Councilman Thomas Brush, who will become mayor of Cincinnati next month, also expressed surprise.

"I didn't think it would move that fast," said Brush, who added that he doubts the plant will ever go on line. The future mayor explained that from what he knows of Zimmer, it would seem the problems are so extensive that the plant would have to be rebuilt before it could be operated safely.

AND ALTHOUGH Brush said he would favor Zimmer's conversion from nuclear power to another form of fuel, he doubts CG&E officials will ever consider that option unless forced.

BRUSH CREDITED the Cincinnati Environmental Advisory Committee as being instrumental in prompting the NRC ruling.

(See REACTION, Page C-2)

Reaction

CONTINUED FROM PAGE C-1

David Altman, chairman of that committee, said that the NRC's order "is a first step where, if things are handled carefully, will tell us if the plant can be made safe and at what cost. I still believe we'll all need public participation along the way and still have to have licensing hearings."

Putting the ruling into perspective, Altman said: "Remember, it's an audit. It's not redoing things."

Andrew Dennison, attorney for Zimmer Area Citizens (ZAC), noted that the only surprise to him Friday was that "it had not come to this a long time ago."

The NRC's decision, Dennison said, was "appropriate. I think it was well thought out. I think the NRC proceeded very, very cautiously. They would not have come to this particular result if they had had any alternative whatsoever."

ZAC members, some of whom live in the shadow of the plant's giant cooling tower, have vigously battled against construction of the plant, and Dennison believes it is now time for CG&E to abandon the use of nuclear power at the facility along the Ohio River.

CG&E, Dennison said, should begin considering converting the plant to another form of fuel and abandon the idea of nuclear power at Zimmer.

BUT HAL Lauth, director of corporate affairs for Raymond Kaiser Engineers Inc., believes that the plant can be a safe and efficient provider of nuclear power.

"We're confident that the Zimmer plant is soundly constructed, and we're totally committed to the integrity" of the facility, said Lauth, whose firm is the plant's primary contractor.

THE CINCINNATI ENQUIRER

FINAL EDITION/NEWSSTAND PRICE $1 SUNDAY, NOVEMBER 14, 1982 A GANNETT NEWSPAPER

Sunday Special

Flaws Cited In Shutdown Of Zimmer

BY HOWARD WILKINSON
Enquirer Reporter

The Nuclear Regulatory Commission (NRC) ruling Friday that idled about 1,300 construction workers at the William H. Zimmer Nuclear Power Station details a two-year history of major construction and management problems at the plant.

The gates of the plant in Moscow were padlocked Friday afternoon as the NRC, on a 3-2 vote, brought to a halt to all safety-related construction and ordered a third-party investigation into quality control problems at Zimmer.

Bruce Stoecklin, a spokesman for the Cincinnati Gas & Electric Co. (CG&E), builder of Zimmer, said Saturday about 200 of the 1,500 construction workers at Zimmer would remain on the job, performing non-safety-related work and maintenance chores.

ABOUT 500 of the 750 administrative and quality assurance workers will remain on the job during the construction halt, Stoecklin said.

The text of the NRC ruling detailed a quality-control program which one NRC spokesman, Jan Strasma, described as being "out of control."

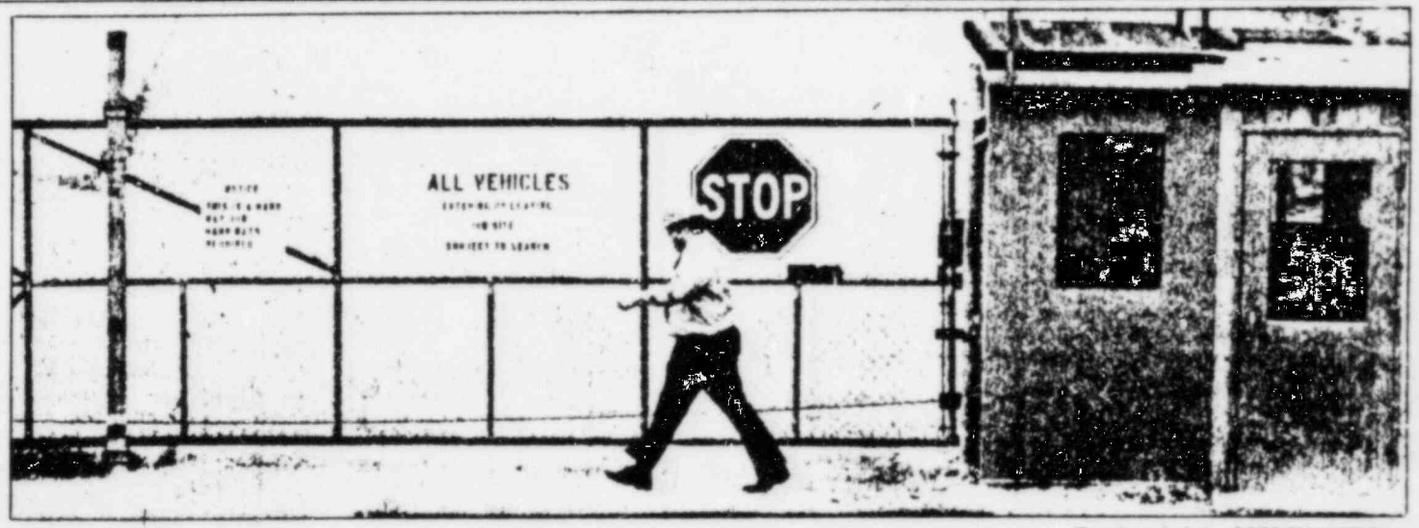
CG&E's failure to construct Zimmer with an adequate quality-assurance program has resulted "in the construction of a facility which is currently of indeterminate quality," the NRC ruling said.

"Consequently, the NRC presently lacks reasonable assurances that the Zimmer plant is being constructed in conformance with the terms of its contruction permit and (NRC regulations)," the ruling said. The commission majority said CG&E has not proved it has adequate management control over the Zimmer project.

THE NRC investigation which resulted in Friday's ruling began in early 1981, after allegations of serious safety problems were made by present and former Zimmer employees and the Government Accountability Project.

CG&E paid a $200,000 civil penalty levied by the NRC last year, after an NRC investigation found a widespread breakdown in CG&E's management of the Zimmer project. The NRC said at the time that CG&E had failed to carry out an "acceptable quality-assurance program."

(See Page A-4)



Enquirer photo by GORDON MORIOKA

THE GATES ARE CLOSED at the Zimmer nuclear power plant near Moscow, Ohio, as a security guard strides past signs warning that hard hats are required and vehicles are subject to search. With safety-related construction halted, only a minimal staff remains at the plant.

Highlights Of NRC Order

This is a listing of some of the most significant findings and conclusions contained in the Nuclear Regulatory Commission (NRC) ruling Friday which shut down contruction at the William H. Zimmer Nuclear Power Station:

• "The Zimmer facility has been constructed without an adequate quality assurance program to govern construction and monitor its quality, resulting in the construction of a facility which is currently of indeterminate quality."

• • •

• As of Sept. 30, the quality confirmation program of Cincinnati Gas and Electric (CG&E), the builder of the plant, had identified approximately 4,200 "nonconformances" with NRC standards. CG&E has made a "determination as to resolution" in about 800 of the nonconformance reports, the NRC said. "The large number of nonconformance reports and the significance of the matters being identified corroborate the staff's 1981 finding of significant breakdown in the licensee's quality assurance program."

• • •

• The NRC listed 22 "major construction deficiencies" identified in CG&E's quality confirmation report, including problems in welds, welder qualifications, piping, electrical cable trays, cable seperation, and design control by the plant's architects. The deficiencies could have been prevented or identified earlier "had there been a properly-managed quality assurance program."

An NRC inspection in August and September found a number of "significant concerns" with the control rod drive system work being done by Catalytic Inc., a Zimmer contractor. The inspection found inadequate control of welder qualifications, and the failure to take corrective actions. It also found unauthorized alteration of quality records and a failure to follow procedures controlling weld filler metal. About 100 welders had to be re-qualified. Based on the findings, all work by Catalytic was stopped Oct. 11.

• • •

• Stop work orders were also issued on Oct. 12 due to inadequate quality assurance in the area of application of coatings and electrical cable installations. A stop work order on "special process procedures" was issued Nov. 1.

• • •

• The ruling said CG&E is attempting to redo work in areas where there have been problems, particularly in the area of structural welds, prematurely, before quality reviews have been done.

NRC Report Rakes Management

CONTINUED FROM PAGE A-1

CG&E agreed to take actions to correct the quality-assurance failures and prevent their recurrence. A quality-confirmation program (QCP) was undertaken by the utility and in Aug., 1981, CG&E presented its findings to the NRC.

THE NRC said the utility's QCP addressed problems identified by the NRC investigation in 11 areas: structural steel, weld quality, traceability of heat numbers on piping, socket welds, radiographs, electrical cable separation, nonconformance reports, design control and verification, design document changes, subcontractor quality assurance, and audits.

The NRC ruling said the QCP revealed 22 "major construction deficiencies" which could have been prevented by CG&E and its contractors "had there been a properly managed quality-assurance program."

The "major construction deficiencies" included:

• Welds performed using an unqualified welding procedure.

• Structural weld and welder qualification deficiencies.

• Approximately 2,400 feet of small bore-piping with questionable heat treatment.

• Welder qualifications with "a number of documentation discrepancies."

• Carbon-steel weld rods being used where stainless steel was called for.

• Electrical cable-ray installation and inspection deficiencies.

• Hangars for the control-rod drive system of "indeterminate quality."

• Inadequate design control by the architect for electrical separation.

• Reactor control, reactor protection, and neutron-monitoring panels which, in some cases, do not conform to design drawings.

• "Questionable" analysis by the architect/engineer of the dynamic stress of small-bore piping.

AS OF Sept. 30, the QCP reviews had identified about 4,200 nonconformances. CG&E has determined to resolve about 800 of them, the ruling said.

New inspections of the Zimmer site have produced more problems, the ruling said, and "indicate (CG&E) and (Kaiser Engineering, its prime contractor) are still having difficulty implementing satisfactory quality assurance/quality control programs."

An NRC inspection in late 1981 and early 1982 found that CG&E and Kaiser had failed to assure the qualifications of its quality-assurance personnel and that inadequately qualified personnel were reviewing and approving procedures which were deficient. Unqualified weld inspectors were found and the problem was to be resolved through additional training.

IN AN NRC inspection in March and June, inspectors found that corrective action was not being taken.

In June and July, NRC inspectors found "potential items of noncompliance" in the inadequate documentation of welder qualifications and unauthorized alteration of quality records. The NRC findings concerning welder qualifications resulted in the requalification of about 100 welders and the need for CG&E to evaluate the work of welders whose qualifications were not documented.

An NRC investigation was conducted in August and September after the control-rod drive system work of a subcontractor, Catalytic Inc., was stopped by the NRC. Other "stop-work orders" were issued Oct. 12 in the areas of application of coatings and electrical cable installation "due to inadequate quality assurance."

TWO WEEKS later, CG&E announced the layoff of 500 construction workers, but Stoecklin said Saturday he didn't think the layoff was related to the stop-work order.

The NRC ruling said the National Board of Boiler and Pressure Vessel Reactors has been on the site since March and made findings of deficiencies "generally consistent with past and present NRC findings."

The ruling said CG&E has been attempting to redo work in areas where there have been quality problems, particularly in the area of structural welds. The "rework" activities, the NRC said, may be premature because quality reviews have not been done.

"THIS APPROACH to rework activities indicates a lack of a comprehensive management program to address rework activities and the safety impact of those activities on the facility," the ruling said.

How CG&E officials respond to the NRC's action Friday remains to be seen. The company can appeal the decision within 25 days, but no construction would be allowed during an appeal.

CG&E spokesman Stoecklin said CG&E management met Saturday with Kaiser officials. Kaiser employs most of the construction workers and will inform them of layoffs. Ralph Sylvia, CG&E vice president for nuclear operations, said company officials were reviewing the NRC decision Saturday.

Stoecklin said CG&E officials plan to meet with the NRC in the near future to discuss and clarify the NRC decision. Stoecklin said CG&E President William Dickhoner might make a public statement on the shutdown Monday.



The Cincinnati Post

Monday evening, November 15, 1982

metro racing

newsstand price 25¢

CG&E ponders Zimmer future

By Ron Liebau
Post Staff Reporter

Cincinnati Gas & Electric Co. officials and the Nuclear Regulatory Commission will meet this week to begin the detailed process of reopening the William H. Zimmer Nuclear Power Station.

The NRC, in a 3-2 vote Friday, said it was unconvinced the plant was being built safely and ordered a temporary halt to all safety-related construction pending a review of construction management and audit of work already performed.

Ohio agency to seek audit of Zimmer costs. Cincinnati City Council may re-evaluate decision to stay out of controversy. Moscow, Ohio, residents ponder effect of shutdown. Page 6B.

CG&E has not decided if it will contest the order, the harshest ever by the NRC for a plant as close to completion as Zimmer. The Moscow, Ohio, power station is 97 percent complete.

THE SHUTDOWN has idled 1300 of 1500 construction workers and 250 of 750 administrative personnel, including quality assurance inspectors.

CG&E officials said Sunday about 230 workers would report to work today to continue such work as installing pipe hangers and minor construction clean-up.

One worker, Lanny Kellum of Nicholsville, a carpenter, said today, "I'm just going to go home and count my blessings and come back here tomorrow. My wife's pregnant, and we were really worried about this. I came here expecting to be laid off and just pick up my tools."

Mike Gruber of Bethel, an ironworker, said he didn't know why he had been selected to continue working.

"WE WERE ON strike for eight weeks this year, and this was a bad time for us to go out of work again with the holidays coming up."

Less fortunate was Jack Waechter of Edgewood, Ky., a pipefitter.

"They sure picked a bad time for this. I heard about it Friday, and I knew something was coming," he said. "A lot of us here are talking about making a big charge to the unemployment office."

The commission's order on "safety-related" construction applies to all work that involves systems necessary to safely shut down the reactor in case of an accident. It also means any work that involves systems which, if they fail, could cause

See ZIMMER, Page 8A

Zimmer Continued from Page 1A

an accident.

MOST OF THE remaining work at Zimmer is safety-related, said B. Ralph Sylvia, CG&E vice president for nuclear operations.

No one is estimating how long the reviews will take.

Noting 4200 identified construction deficiencies, the NRC said it lacks "reasonable assurance that the Zimmer plant is being constructed in conformance with the terms of its construction permit and that there is adequate management control over the Zimmer project to ensure that NRC requirements are being met."

The commmission identified 22 construction deficiencies. CG&E officials insisted Sunday the plant is being built safely.

"IT'S A MATTER of showing them on paper it's safe," CG&E spokesman Bruce Stoecklin said. "They are still basically paperwork problems."

Top executives of the utility met Saturday with the Henry J. Kaiser Co., principal contractor, to study the 21-page NRC order.

According to terms of the order, CG&E has 25 days to accept the decision or appeal to the commissioners.

Stoecklin said there is much the company still does not know about the order. He said company executives would seek some clarification this week from the NRC.

The NRC order sets three conditions for resumption of construction:

- Independent review of the management of the project. The Bechtel Power Corp., based in San Francisco, will perform this function, Stoecklin said. CG&E expects the NRC to approve Bechtel's selection, although Regional NRC Administrator James Keppler has said Bechtel had its own construction management problems at the Midland, Mich., nuclear plant.
- Updated comprehensive plan for verification of the quality of construction, including an audit by an outside company. This is not likely to be performed by Bechtel, Stoecklin said.
- Comprehensive plan for continuation of construction, including reworking of previously identified construction deficiencies.

Keppler must approve each component of the order before construction resumes.

THE COMMISSION'S order was prepared in tight secrecy after an Oct. 28 meeting in Washington in which Keppler briefed the commissioners on continuing problems at Zimmer.

The saga of enforcement actions against Zimmer began with the January 1981 investigation into allegations by present and former Zimmer site employees and by the Government Accountability Project, a Washington-based public interest group.

The investigation revealed a "widespread breakdown" in CG&E's management of the Zimmer project as evidenced by what the commission said were numerous examples of noncompliance with 9 of 18 quality assurance criteria.

CG&E paid a $200,000 fine in November 1981 for failing to implement an effective quality assurance program, false quality assurance documents and intimidation and harassment of quality control inspectors.

The utility agreed in March 1981 to a 10-point plan to correct the problems.

CG&E ALSO agreed in August 1981 to a comprehensive program to determine the quality of past work in 11 areas.

The commission said this program, now said by CG&E to be more than two-thirds complete, has identified construction deficiencies that should have been detected sooner.

The commission said the following recent inspections show the problems persist:

- March and April 1982: two items of noncompliance in implementing and making timely corrections of past problems.
- April, May and June 1982: jobs assigned to engineers were done by unqualified clerks; failure to calibrate testing equipment.
- June and July 1982: inadequate control of welder qualifications, failure to correct the problem, unauthorized correction of some records; and failure to follow welding material procedures.

pay more! what a w

metro

The Cincinnati Post, Monday, November 15, 1982

Officials seeking Zimmer cost audit

By Ron Liebou
Post Staff Reporter

Ratepayers should not be charged for mistakes at the William H. Zimmer Nuclear Power Station, according to the Office of Consumers' Counsel, an Ohio governmental agency designed to represent utility customers.

William A. Spratley, head of the agency, promised Sunday to explore all legal avenues to keep ratepayers from being assessed costs at Zimmer that can be attributed to mismanagement.

To determine how much of Zimmer's problems stems from mismanagement, Spratley will ask the Public Utilities Commission of Ohio to order a complete cost accounting at Zimmer.

"WE ARE NOT anti-nuclear, and we have never challenged the plant on safety reasons," Spratley said. "We want to make sure the costs could be avoided and are not passed through to the consumers. Unless there is an audit, those costs cannot be quantified."

Spratley said PUCO has three times resisted pleas for a cost accounting of the $1.7 billion project, but may be more inclined to do so now that the Nuclear Regulatory Commission has ordered a temporary halt to construction because of construction difficulties.

"It appears to us that NRC actions, first with the $200,000 fine last November and now this, are related to mismanagement. The question is, 'Does a monopoly have a right to pass all its mistakes on to ratepayers?'"

SPRATLEY SAID he is taking rate-blocking action against all three companies with shares in the Zimmer station. Cincinnati Gas & Electric Co. owns 40 percent, Dayton Power & Light Co. 31.5 percent and Columbus & Southern Ohio Electric Co. 28.5 percent.

Spratley said Sunday he will try to block PUCO's planned decision to grant C&SOE $14 million for construction costs at Zimmer.

The commission tentatively approved a $41.6 million rate request last week for the Columbus utility. Of that amount, $14 million was for Zimmer. C&SOE had asked for $64 million to cover costs of Zimmer, Spratley said.

The commission, scheduled to issue final approval for those rates today in Columbus, has delayed action until Wednesday.

The lesser allowance for Zimmer marks a departure from past PUCO practice. The commission had routinely granted utilities 50 percent of their requests for Zimmer-related construction.

SPRATLEY NOTED that the commission said it would consider a cost accounting of Zimmer if there was no improvement made in getting it completed.

CG&E's pending $110 million electric rate request, which includes $56 million for Zimmer construction work in progress, will get careful attention from attorneys for the consumer agency. The case may be heard as early as January 1983.

Cincinnati City Council Member Charles Luken said today the city should get involved in challenging CG&E's attempts to pass through its Zimmer costs to customers.

Spratley said he is studying how to keep customers from paying for any of the costs incurred during the temporary shutdown and for hiring the Bechtel Power Corp. to assess the project.

CG&E SPOKESMAN Bruce Stoecklin conceded that it will be more difficult for the utility to get its full rate request with a halt to construction.

The consumer agency, established by the state legislature in 1977 to represent residential customers, has long opposed the inclusion of construction work in progress at power plants in customers' bills.

Under Ohio law, a utility can begin to charge customers when a power plant is at least 75 percent completed. CG&E says Zimmer is 97 percent complete.

Spratley said utility customers from CG&E, C&SOE and DP&L already have spent $136.7 million in the past three years for construction at Zimmer. CG&E collected $47.1 million for Zimmer expenses. C&SOE has raised $49.2 million and DP&L has earned $40.3 million.

CG&E EXECUTIVES say electric rates will increase by as much as $75 million a year once Zimmer goes into operation.

Although Spratley said electricity rates may eventually have to be increased to cover costs over operation of the plant, customers could have spent the $136.7 million themselves or invested it.

Spratley said allowing utilities to increase rates before a project is completed is a disincentive for holding down the costs of the project or, in some cases, canceling it.

Nuclear Plant Has Given Utilities Many Headaches

THE NEW YORK TIMES, WEDNESDAY, NOVEMBER 17, 1982



The New York Times/David Kotz

The William H. Zimmer nuclear plant on the Ohio River in Moscow, Ohio.

By IVER PETERSON
Special to The New York Times

MOSCOW, Ohio, Nov. 16 — The oak and the ash are bare, and any view down the Ohio River from anywhere in Moscow is blocked by the cooling tower at the William H. Zimmer nuclear power plant. The tower rises like an Scandinavian-modern egg-cup the size of a football field from behind an old schoolhouse.

"It's like a sore thumb; it's something you get used to," Pauline Skeens, the village tax collector, said. "When people first saw it going up, they said, 'Heavens, we don't want to look at that all day.' But when they saw the benefits from the payroll tax, they thought maybe it wasn't so bad after all."

In the last 10 years, three Ohio utilities, led by the Cincinnati Gas and Electric Company, have put $1.3 billion into building the Zimmer plant, and expect to spend $1.7 billion before it is completed. So far, the only people who have been aided by the investment have been about 2,000 construction workers and the 450 or so residents of Moscow.

The village has paved its roads, purchased new police cars and is running a healthy budget surplus.

However, for Cincinnati Gas and Electric and its partners, Zimmer has brought only headaches. For the Nuclear Regulatory Commission it has been an acute embarrassment.

Over the last two years the plant, already far behind schedule and $1 billion over initial cost predictions, has been the focus of persistent charges that it is unsafe, lacks adequate quality controls and involves job-site practices that some say are criminal violations of Federal nuclear safety laws.

Last Friday the charges against the Zimmer plant came to a head as commission members voted 3 to 2 to shut down safety-related work at the plant, which is 97 percent complete, until outside experts assess the work.

Meanwhile, a Federal grand jury will start taking testimony next month on possible deliberate falsification of construction records, a criminal violation of the Atomic Energy Act.

In Cincinnati, 20 miles down the Ohio from here, city officials are re-thinking their earlier hands-off policy toward their nuclear neighbor and are considering a new round of independent challenges to completion of the plant.

The commission's order to shut down work on areas involving nuclear safety, accounting for almost all the work still going on at the plant, "appears to be precipitous, punitive and does nothing to resolve the problems," William H. Dickhoner, president of Cincinnati Gas and Electric, said today.

"It will only increase the cost and time required to complete the plant," he said. "It would appear that the order resulted from outside pressure on the part of intervenors."

The utility has asserted throughout the controversy that Zimmer's problems are essentially those of record-keeping and paperwork.

Under Federal nuclear safety rules, each critical weld in the facility must be recorded and inspected, every piece of equipment installed must be traceable to its origin and each welder must be certified as qualified for his particular job.

But officials of the Nuclear Regulatory Commission, which in its stop-work order called the plant's safety "indeterminate," have asserted that the plant's problems also involve questions of safety.

"The evidence does point to, certainly, some hardware problems," Jan Strasma, a spokesman at the commission's Chicago office, said today. "C.G.&E. is in the process of reworking 70 percent of the structural steel welds, and there have been some pipe welds that have been found to be defective."

Attention at the plant is focused on selection of the independent reviewer of the work. Under the rules, the utility, with its partners, the Dayton Power and Light Company and the Columbus and Southern Ohio Electric Company, will select the auditor. The choice will be subject to the approval of James G. Keppler, head of the commission's Chicago office.

Last Thursday, the day before the commission action, the Cincinnati utility anticipated the stop-work order. It announced the hiring of Bechtel Power Corporation to become a "joint manager" for a plant review.

Bechtel Power is experienced in nuclear power and has served as an auditor of the quality of work in other cases. But the announcement of its participation had the effect of further charging an already highly emotional atmosphere.

Bechtel is part of the Bechtel Group, one of the country's largest corporations with construction contracts around the globe and, more particularly, with several of its former officers serving in high places in the Reagan Administration.

Among the long-time foes of the Zimmer plant, the presence of such a politically well-connected company at the site raises questions.

"Bechtel is politically untouchable," Thomas Applegate, the private investigator who uncovered evidence of false record-keeping at the [illegible], commented. "So anybody who [illegible]s Bechtel on its side is assured of protection."

David Altman, [illegible]rman of the Cincinnati Environmental Advisory Council, took a more moderate view: "The $64 question is how independent is the independent third party auditor going to be? They are all in the nuclear industry and they are all likely to have worked together in the past or they will in the future. Bechtel has done some very good work, but they've also had some problems at Midland."

Bechtel is building the Midland, Mich., nuclear power station, where some reinforcing bar joints were found to be defective in 1973, and where improper soil compacting has been indicated by unexpectedly rapid settling of some of the buildings.

"Give light and the people will find their own way"

The Cincinnati Post

Editor
William R. Burleigh

Managing Editor
Thomas E. Dunning

Editorial Page Editor
Marianne O'Regan

800 Broadway, Cincinnati, Ohio, 45202 (513)352-2000 Wednesday, November 17, 1982

editorials

Fragging CG&E

In the wake of the construction shutdown at the Zimmer Nuclear Power Station comes a harbinger of Cincinnati's councilmanic election, now less than a year away.

After the Nuclear Regulatory Commission ordered safety-related work to stop at Zimmer, the Cincinnati Gas & Electric Co. announced that "despite the shutdown...the plant will be completed, an operating license will be issued, and the plant will produce power for this communmity for years to come."

To some, this may have sounded like a pledge or promise. But not to Council Member Guy Guckenberger, Republican, who commented: "It's almost a threat to this community."

And Council Member Arn Bortz, Charterite, said he was disappointed with the tone of the statement and "it's time CG&E is held accountable for safety."

Both comments seem to have political overtones, with an assumption that a sizable group of Cincinnati voters are sufficiently alarmed about Zimmer to be in agreement with its critics.

As for making a "threat" to complete the plant and put it into operation, CG&E should be applauded rather than criticized. That's the whole idea: to produce electricity at Zimmer.

What would Guckenberger have CG&E do—announce it is giving up on Zimmer and then file for bankruptcy? This is not so far-fetched when you consider that right now a $1.7 billion investment hangs in limbo.

- So far 1300 craft workers have been laid off from their jobs.
- CG&E's stock is down.
- Moody's Investor's Service lowered its ratings on CG&E first mortgage bond issues. This means the company will have to pay higher interest rates when it borrows.
- Zimmer-related rate increases and requests are being challenged.

Meantime CG&E tries to continue with the day-to-day business of providing energy for this area.

It is stating the obvious to say that everybody wants to see a safe plant built and operated safely. But it becomes increasingly apparent that, for some people, safety is not the goal. They do not want Zimmer completed—ever.

They oppose nuclear power. They are both victims and perpetrators of hysteria without rational basis.

Safety standards must be assured, the plant must be completed, and it must go into operation.

Now is no time for self-serving and obfuscating statements by politicians.

CG&E hears plan to reopen Zimmer

By Ron Liebau
Post Staff Reporter

Cincinnati Gas & Electric Co. received its first official briefing Wednesday on the shutdown of its William H. Zimmer Nuclear Power Station.

And the utility was told how to get plant construction cranked up again.

James G. Keppler, regional administrator for the Nuclear Regulatory Commission, met for five hours with CG&E President William H. Dickhoner. The men laid the ground rules for reopening the plant. The shutdown idled 1300 construction workers and 250 administrative personnel.

AT THE MEETING, CG&E proposed hiring the Bechtel Power Corp. to perform a management review of the Zimmer project. Such a review is a condition of resuming work. Bechtel engineers arrived at the site Monday.

Wednesday's meeting came five days after the NRC ordered the shutdown. It was the first time the NRC had ever shut down a nuclear power plant under construction.

Perhaps overlooked in the shutdown order is that everything being done now by CG&E and the NRC is aimed at completing the $1.7 billion plant in Moscow, Ohio.

"The commission suspended construction but in suspending construction gave CG&E a road map to starting it again," said Jan Strasma, NRC public affairs officer.

Strasma said Keppler explained to Dickhoner Wednesday that CG&E will have to:

- Retain a third party to review its management, including the Quality Confirmation Program, which is examining past work. Out of this review will come specific recommendations Keppler must approve.
- Submit a comprehensive plan for verifying the quality of construction, including an upgraded Quality Confirmation Program. This will include a third party to perform an audit.
- Tell the NRC exactly how it plans to proceed with resumption of construction and any repair work.

A federal grand jury here is preparing to hear evidence that there may have been criminal misconduct at Zimmer, two consumer advocacy groups are criticizing the utility's rate policies and one disgruntled shareholder has filed a suit in U.S. District Court alleging company mismanagement has devalued her stock.

THE SUIT revealed the company's board of directors has formed a special litigation committee to investigate charges by the shareholder, Belle Efros of New York City.

An eight-member team of NRC inspectors is examining 300 allegations of construction problems and another NRC arm, the Office of Investigation, is screening allegations of intentional wrongdoing that might lead to criminal charges.

CG&E's only detailed response to the order came Monday afternoon in the form of a four-page statement from Dickhoner.

"The order...appears to be precipitous, punitive and does nothing to resolve the problems. It will only increase the cost and time required to complete the project. It would appear that the order resulted from outside pressure on the part of intervenors," said Dickhoner, who said Keppler was declaring as late as Oct. 28 that the Quality Confirmation Program was working.

"**IT IS TRUE** that Keppler says the Quality Confirmation Program has been working," Strasma said. "What we have been dissatisfied with is the control of on-going construction and the fact that rework was going on when there was still a question as to the adequacy of construction."

As for the presence of "outside pressure," Strasma said that has become a typical response from beleaguered utilities.

"The facts that the order is based on are not unproved allegations by those outside the NRC," he said. "The basis for the order are continuing violations of quality assurance at the plant, coupled with the issue of doing rework on systems that are not determined to be up to standards."

STRASMA SAID Keppler opposed the shutdown order and wanted commissioners to give CG&E the opportunity to implement its own solutions and then issue an order confirming it.

Dickhoner said there would be no rework of any Quality Confirmation Program matters until after Bechtel has evaluated the course of action.

Utilities plan ads

United Press International

WASHINGTON — Utility executives said Wednesday the nuclear power industry will pay greater attention to quality control in reactor construction, saying construction problems—and attendant publicity—are hurting them.

Industry officials and nuclear experts made the pledge at this week's annual conference of the Atomic Industrial Forum, admitting that continued public controversy over "quality assurance" problems at sites such as the Zimmer plant and the Diablo Canyon plant on the California coast are hurting them.

The industry is launching a $30 million advertising campaign to promote commercial nuclear power.

"We don't think that problems can be solved just with public education," forum chairman Wallace Behnke said. "It starts with quality performance and safe operation."

He said formation of the industry-backed Institute for Nuclear Power Operations is an effort to establish quality control standards and reviews.

CG&E Wants Bechtel For Zimmer Audit

Company Was Hired Before NRC Shutdown

BY HOWARD WILKINSON
Enquirer Reporter

Cincinnati Gas & Electric Co. (CG&E) will propose Bechtel Power Corp. as the company to make the independent review of problems at the Zimmer nuclear power plant, according to company officials.

The review was ordered last week by the Nuclear Regulatory Commission (NRC).

James G. Keppler, NRC regional administrator, and NRC staff members met with CG&E management Wednesday at the company's corporate headquarters in Cincinnati.

CG&E OFFICIALS indicated Bechtel would be the company proposed to do the preliminary assessment of Zimmer, with the permission of Keppler, according to a statement released by the company.

CG&E hired Bechtel to do an independent assessment of problems at Zimmer last week, one day before the NRC issued an order shutting down safety-related construction at the plant and ordering a third-party audit.

The meeting with CG&E officials was "a very straight-forward, candid discussion" of the NRC order, according to NRC spokesman Jan Strasma.

CG&E officials said the five-hour meeting established ground rules for proceeding under the NRC's "show cause" order.

CG&E president William H. Dickhoner told Keppler the utility intends to comply with provisions of the order. In its order last Friday, the NRC gave CG&E 25 days to "show cause" why the order should not stand and ask for an NRC hearing.

THE COMPANY announced Monday it chose not to ask for a hearing, which it said would further delay the continuation of construction at the plant.

Last week's NRC order idled about 1,300 construction workers at the Zimmer plant. About 200 workers remain on the job, performing non-safety related functions.

A crew from Bechtel arrived on the site Monday to begin the assessment of conditions at Zimmer.

Keppler has indicated he is concerned about Bechtel's operation of a nuclear plant in Midland, Mich., saying there have been serious quality assurance problems at that plant.

But Keppler said earlier this week that he would not rule out Bechtel as the third party auditor at Zimmer. Under the NRC order issued Friday, Keppler must approve the company doing the review.

THE PURPOSE of the review, the NRC order said, will be to ensure that the plant can be completed according to the terms of the NRC regulations and the construction permit.

As the firm is doing its work, all correspondence between it and CG&E will be reviewed by Keppler.

On The Inside

• A look at Bechtel, Page B-2.

Thursday, November 18, 1982 THE CINCINNATI ENQUIRER

Zimmer Still Part Of Rate

Columbus Utility Charges Customers

BY JACKIE JADRNAK
Gannett News Service

COLUMBUS—Even though construction has been partially stopped at the Zimmer nuclear power plant, Columbus & Southern Ohio Electric Co. got the okay on Wednesday to charge its customers for the plant.

But there was a string attached to the approval from the Public Utilities Commission of Ohio. The Columbus utility would have to refund that money—it would amount to about $1.50 on an average monthly bill—to consumers if the PUCO decides in a special hearing that the Zimmer construction work should be taken out of the rate base.

The commissioners set that hearing for Dec. 20 while about 15 consumers, many carrying signs with slogans such as "No Zimmer in My Bill" and "No $ for a Dead Duke," looked on.

"WE FEEL this is a positive first step," said Susan Butler, a spokeswoman for the Office of Consumers' Counsel. "There may be some light at the end of the tunnel."

That office had filed actions Monday to remove Zimmer from the rate base of Columbus & Southern Ohio Electric Co. (C&SOE) and Cincinnati Gas & Electric Co. after the Nuclear Regulatory Commission ruled last week that safety-related construction stop until an independent audit could explore possible problems.

Since that filing came in between the PUCO's approval of C&SOE's rate case and its signing of the actual tariffs, the commission decided to let the rates go into effect with the refund provision. "This is an unusual action," said Chairman Jon Kelly.

Meanwhile, the Office of Consumers' Counsel also filed Tuesday to take Zimmer out of the rate base of Dayton Power & Light Co. All three utilities own a share of the plant.

THERE IS some disagreement how much C&SOE will be collecting for Zimmer under the new rates. Butler said her office figured the amount to be $17 million, almost the same amount the company has been collecting each year since 1979 for Zimmer construction. The PUCO and the company have figured that new amount to be closer to $14 million.

Although the PUCO allowed C&SOE to continue charging for Zimmer, the company was not pleased with the overall decision, which had allowed only $41 million of $100 million requested.

"This doesn't help our overall financial condition that much," said Marshall O. Julien, manager of public affairs. "We thought the original order was somewhat horrendous."

THE ENQUIRER
WILLIAM J. KEATING
President and Publisher
GEORGE R. BLAKE, Vice President, Editor
HARRY H. BROWNING, Vice President, Operations
THOMAS S. GEPHARDT, Associate Editor
JAMES E. JEROW, Vice President, Sales
A Gannett Newspaper

NUCLEAR ENERGY

NRC must work swiftly to resolve the questions surrounding Zimmer

THE ZIMMER power station is fast becoming the Edsel of the nuclear industry.

But if it does, there ought to be a place in the front seat for the Nuclear Regulatory Commission (NRC). The [illegible] order shutting down safety-[illegible] construction for new quality checks is only the latest hint of management failures at the plant. But just as surely, the shutdown indicts the federal agency for having dragged its feet so long, for having let allegations of quality breeches pile up without resolving them.

Federal agencies are hardly noted for speedy action. Even so, the NRC must be the tortoise of the bunch — one that'll never outpace the hare. For many months, Zimmer opponents, namely the Washington-based Government Accountability Project (GAP), pestered the NRC to shut down the plant. But in May, 1981, the agency flatly rejected GAP's request to suspend the project. Under relentless pressure from GAP and other "public interest" groups, the NRC finally caved in, however, on a 3-2 vote jeopardizing 1,500 jobs at the Moscow, Ohio, site.

Meanwhile, GAP's legal director, Thomas Devine, said he has been ordered to appear, with documents, Dec. 7 before a federal grand jury investigating Zimmer. So that means Zimmer faces two federal investigations — 10 years after the project began, when it is 98% complete. If the allegations from GAP, and now the NRC, of a safety breakdown at the plant are true, they must be cleared up, obviously. The public couldn't tolerate a nuclear plant under a dark cloud of suspicion.

Yet every interruption, delay or modification increases costs of the project consumers are almost certain to share one way or another. But even if it requires new law, the Public Utilities Commission of Ohio (PUCO) must free customers from having to pay for mistakes attributable to management of the project or foot-dragging by the NRC. No enterprise should be so insulated from financial risk. Giving customers a fair break in the final allocation of Zimmer costs is also a must for the public support further power expansions will require to meet the area's job-creation needs the rest of the 20th century.

Some questions ought to be asked. Why, for example, did Cincinnati Gas & Electric Co. (CG&E) and the two other utilities in the project pick Kaiser Engineers, Inc., of Oakland, Calif., to build Zimmer? Granted Kaiser had long experience in big construction projects. And it built the plutonium reactors for the federal government's Hanford, Wash., facilities in the 1950s and 1960s. Moreover, Kaiser won the contract to manage (as opposed to building) construction of a nuclear plant for Cleveland Electric Illuminating Co. But the firm, unlike others, has not been noted as a nuclear-power plant contractor. This isn't to suggest the NRC won't, in final analysis, find Kaiser faultless — or determine that a major project weakness was CG&E's failure to authorize the additional quality-control inspectors Kaiser wanted in the mid-1970s.

The project, in any case, is in a mess that ought to be cleared up as swiftly as possible. The air has been filled too long with allegations which — remember — are no more than that until proved. Mistakes have been made on all sides, granted. But among the biggest has been the NRC's neglect of its duty — a duty which, if carried out properly, could have had Zimmer operating long ago. Instead, what it has just done is throw hundreds of people out of work in the pre-Christmas season, hammer the economy and tax coffers of Moscow and Clermont County and leave the Tristate wondering whether it will get the power to grow. Nobody wants another Edsel, but neither should the area be denied the power essential to economic growth. Completing Zimmer — safely — should top the NRC's action agenda, especially with the national spotlight on the plant.

C-2 METRO THE CINCINNATI ENQUIRER Friday, November 19, 1982

Role For Public Sought In Selection Of Zimmer Auditor

BY HOWARD WILKINSON
Enquirer Reporter

There should be public participation in the choosing of a third party auditor for the Zimmer nuclear power plant, the chairman of Cincinnati's Environmental Advisory Council said Thursday.

Council Chairman D. David Altman told a crowd at Christ Episcopal Church at noontime that he has asked James G. Keppler, regional administrator for the Nuclear Regulatory Commission (NRC), to ask Cincinnati Gas & Electric (CG&E) to allow "public participation" in the choice of a third-party audit of quality assurance problems at the nuclear plant.

THAT PARTICIPATION, Altman said, would include representatives of the audit firm sitting down "for three or four hours" with the council, "so we can ask the kind of questions that need to be answered."

The NRC order issued last week, which stopped nearly all construction at the $1.7 billion plant, also required the utility to obtain an "independent review" of its management of the Zimmer project to "determine measures needed to ensure that construction of the Zimmer plant can be completed in conformance with the commission's regulation and construction permit."

The firm that does the independent review must be approved by Keppler, the NRC order said. Altman said Keppler indicated to him he would not make a decision without public participation.

Utility spokesman David Altemuehle said the company "hasn't given a moment's thought" to Altman's suggestion. "He's a big boy now, so I don't see why he didn't just ask us," Altemuehle said.

ALTMAN SAID public participation in the naming of a third party auditor has been done before at other plants, such as Diablo Canyon in California. In that case, Pacific Gas and Electric voluntarily opened the selection process to the public.

"I'm not confident CG&E will do that, but I believe they should," Altman said.

Altman was critical of Keppler for holding a closed-door meeting Wednesday with utility officials to go over the NRC order.

"(Keppler) said he wanted to be candid with CG&E," Altman said. "He hasn't had any problem being candid before. He was practically salivating at the Catalytic meeting last month."

ALTMAN WAS referring to a meeting Keppler held last month with CG&E officials at which he discussed the quality control of a CG&E subcontractor, Catalytic Inc.

THE CINCINNATI ENQUIRER

FINAL EDITION/NEWSSTAND PRICE 25¢ FRIDAY, DECEMBER 10, 1982 A GANNETT NEWSPAPER

Udall Accuses NRC Of Zimmer Cover-Up

BY DAVID SHAPIRO
Gannett News Service

WASHINGTON—The Nuclear Regulatory Commission (NRC) misled the public on the extent of construction problems at Zimmer Nuclear Power Station near Cincinnati by improperly squelching NRC documents critical of Zimmer, says Rep. Morris Udall.

Udall, chairman of the House Interior Committee, charged in a letter to NRC chairman Nunzio Palladino that key information on Zimmer quality breakdowns and NRC inspection deficiencies was deleted from a 1981 report by the NRC's Office of Inspector and Auditor (OIA).

THE ARIZONA Democrat further charged that OIA ordered inspectors to purge the deleted material from their files, so that the information would not have to be turned over to Zimmer critics under the Freedom of Information Act.

Udall, who has spearheaded an Interior Committee probe of Zimmer, said the NRC's attempt to withhold the material from the public "raises questions about the integrity" of the agency's investigation of Zimmer.

"The withholding of such documents had the effect of placing the Zimmer situation in a more favorable light than was justified by the facts . . . (and) contributed to the delay in public recognition of the true status of the Zimmer project," Udall said.

NRC spokesman Joseph Fouchard declined comment on the charges, except to say that the commission "will look into the matters raised by Congressman Udall and respond as soon as possible."

THE NRC last month shut down construction of the plant, after the NRC staff reported serious deficiencies in quality control. Zimmer is being built by Cincinnati Gas & Electric Co. and two other Ohio utilities.

Udall based his charges on a letter to his committee from David Gamble, a former OIA inspector who played a major role in the 1981 investigation.

The OIA investigation was ordered after the NRC was accused of glossing over charges of construction deficiencies made by Thomas Applegate, a local private investigator.

In his letter to Udall, Gamble said OIA investigators found serious deficiencies in the NRC's overall investigative program, as well as specific problems at Zimmer.

BUT HE said the draft report submitted by the staff was cut and rewritten by OIA management "so that it no longer described the scope of the OIA's investigation. . . . The rewritten summary of the final report leads the reader to believe that OIA had only performed a limited investigation of ineptness by NRC employees, when the scope had actually been broader."

Gamble also complained that OIA investigators were forced by their supervisors to review the draft report with NRC officials who were subjects of the OIA investigation. He said the report was later changed to accommodate the concerns of those officials.

Gamble said he was ordered by OIA management to remove documents from his files in late 1981 after the Government Accountability Project (GAP), a leading Zimmer critic, filed a Freedom of Information Act request for all

(See ZIMMER, Page A-8)



REP. MORRIS UDALL
. . . critical of NRC

Zimmer

CONTINUED FROM PAGE A-1

OIA material that had been deleted from the final report.

"MY SUPERVISOR asked me if I had any records subject to the request," Gamble said. "When I replied that the file cabinet in my office contained a number of drafts and material that had been deleted from the final report, I was directed to remove these documents from OIA offices. OIA's response to GAP's Freedom of Information request made no [illegible] documents."

Gamble said he has kept the material he removed from his files, and recently provided copies to the NRC's general counsel.

Udall and Gamble expressed particular concern about the OIA's decision to delete entirely from its final report a 1981 interview with Terry Harpster, who was an NRC inspector at Zimmer from 1977 to 1979.

In the deleted interview, which has been obtained independently by Gannett News Service, Harpster told Gamble that quality assurance was "out of control" when he arrived at Zimmer.

HE SAID CG&E had "little appreciation for the resources needed for the plant," and that the utility barely met minimum staffing requirements.

Harpster said that "many plant personnel felt a nuclear plant was similar to the operation of a fossil fuel plant," according to Gamble's account of the interview.

Harpster said he tried to draw attention to the quality control problems at Zimmer, but was consistently resisted by CG&E and the NRC.

He told Gamble there were "a lot of 'tough guys' working at the plant and the situation got worse when they were drinking. . . . One assistant manager said he was afraid to tour the plant because of the convicted felons working out there."

Harpster sharply criticized the NRC's inspection system, saying it left inspectors too dependent on the utilities for information and under heavy pressure to move construction along to keep costs down.

In his letter to Palladino, Udall asked that the NRC provide its reasoning for deleting the Harpster interview from the OIA, and for directing Gamble to remove his files from the office.

Udall also requested "an enumeration of steps taken by the commission to ensure against further acts of improper withholding of documents."

THE WALL STREET JOURNAL.

WEDNESDAY, DECEMBER 15, 1982

Troubled Project

Construction Halt At Nuclear Plant Raises Unsettling Questions

One Is How Facility in Ohio Got So Near Completion With So Many Problems

Drugs & Alcohol on the Job?

By JOHN R. EMSHWILLER
Staff Reporter of THE WALL STREET JOURNAL

CINCINNATI—By its owner's reckoning, the William H. Zimmer nuclear plant, located about 28 miles from this city, is 97% completed. The fate of the remaining 3% is unclear.

Last month, based on a variety of structural and paper-work irregularities at the project, the federal Nuclear Regulatory Commission ordered a halt to construction of those parts of the plant deemed necessary for safe operation and shutdown. Cincinnati Gas & Electric Co., which is heading a group of utilities building the $1.7 billion, 840,000-kilowatt facility, had been predicting the plant would be ready to load fuel in the third quarter of 1983. Now the utility is reassessing that prediction, although a spokesman says: "We are absolutely certain the plant will be built and operated."

James Keppler, the head of the NRC's regional inspection office near Chicago, doesn't have that absolute certainty. Mr. Keppler, whose office oversees the Zimmer plant, says there is a slim possibility the plant has too many deficiencies ever to be licensed—which would be a first in nuclear history. And though he adds that the more likely course is that the plant will eventually be allowed to operate, he goes on to say: "It's impossible to give a firm estimate (of completion time) until you have identified all the problems."

A $200,000 Fine

The problems, according to the NRC and others, are manifold: Construction records are missing or have been doctored; thousands of welds on the plant are believed to be deficient; the quality of steel and other material is suspect. Added to that, safety inspectors have testified to being threatened and harassed trying to do their jobs.

In November 1981, the NRC levied a $200,000 fine against Cincinnati Gas & Electric, the largest fine ever imposed in connection with a nuclear-construction project. A year later came the halt to all safety-related construction. And a federal grand jury is probing possible criminal violations by some of those involved in building the plant.

But the full story of Zimmer (named after a former president of Cincinnati Gas) goes beyond the tale of one troubled project and raises broad, unsettling questions about the nation's nuclear-power program. One question is how officials for the utility and the NRC could have allowed a plant with so many problems to get so near completion. Another is whether the Zimmer experience is being duplicated at the 60 other nuclear plants being built around the U.S. "It makes one wonder how many other Zimmers might be lurking out there," says Democratic Rep. Morris K. Udall of Arizona, who has held hearings on Zimmer.

Special Investigation

Similar, if less severe, cases are known. In late 1979, following months of pressure from local citizens' groups and the media, the NRC conducted a special investigation of the South Texas nuclear-power plant being built by Houston Lighting & Power Co. and others; the commission found problems ranging from inadequate construction practices to safety inspectors being threatened with physical harm by construction workers. As a result, the NRC fined Houston Lighting $100,000, and construction was stopped for several months (but has since resumed).

Then, late last year, the NRC actually gave permission to Pacific Gas & Electric Co. to start operating its Diablo Canyon nuclear plant at Avila Beach, Calif.—only to retract that go-ahead when PG&E engineers discovered that in analyzing the plant's ability to withstand an earthquake, the utility had mistakenly used construction data from a companion plant being built at the site. Pending resolution of that problem, the plant remains closed.

There is also the possibility that some operating plants may have undetected defects because federal safety regulators lied about inspecting them. (See story on Page 22.)

The safety of nuclear plants received intense publicity following the 1979 accident at the Three Mile Island nuclear facility in Pennsylvania. Though the worst accident in the history of commercial nuclear power was caused by equipment failures and operator mistakes rather than construction deficiencies, it was also due in large part to the failure of officials in the government and nuclear industry to identify and effectively deal with similar problems that had occurred earlier at other nuclear facilities.

Inspection Teams

In the wake of Three Mile Island, and spurred partly by the experience at Zimmer, the NRC has started an office of investigations to probe allegations of safety-rule violations at nuclear plants and has set up teams of inspectors to make periodic visits to sites. The agency has also begun holding seminars for top utility officials to impress upon them the need to build plants properly.

But nuclear critics aren't impressed, arguing that the public safety remains dangerously at the mercy of the companies building the plants. And up to a point, NRC officials agree with that argument. They concede that the commission has the resources to sample only a small part of the actual work done at a nuclear site. "We rely on the utility and the contractors to do the job right," says the NRC's Mr. Keppler.

In the case of Zimmer, the NRC feels that its trust was abused. "From a quality-assurance standpoint, this is the worst plant I've ever seen," says Victor Gilinsky, one of the agency's five ruling commissioners.

For its part, Cincinnati Gas & Electric strongly defends its conduct and the quality of the Zimmer plant. A spokesman for the utility admits that there are "paper-work deficiencies" in the construction records and that some repairs are needed, but he adds: "Basically, we think the plant construction is safe and sound." (Cincinnati Gas & Electric owns 40% of Zimmer; a unit of Columbus, Ohio-based American Electric Power Co. has a 28.5% interest in the facility, and Dayton Power & Light Co. owns the rest.)

Whatever the merits of the respective arguments, the fact is that the NRC was getting warning signals since the mid-1970s about problems at Zimmer. However, those signals—ranging from complaints by plant workers to some of the commission's own routine inspection reports—went largely unheeded until one Thomas Applegate appeared on the scene.

The 31-year-old Mr. Applegate is an unlikely figure for the role he has been playing in the Zimmer affair. A private detective with no nuclear background, he first came to Zimmer in November 1979 in the course of investigating a domestic squabble; the husband of the couple involved happened to work at the plant.

During the domestic probe, Mr. Applegate uncovered evidence of timecard cheating by Zimmer workers. He brought that to the attention of utility officials, who were sufficiently impressed to hire him as an investigator at the construction site in December 1979. A month later, he was let go. The utility says his work was finished. Mr. Applegate insists he was fired because he was exposing construction problems at the plant.

Being dropped didn't daunt Mr. Applegate. In early 1980, on his own, he called the NRC in Washington with his charges, which included theft of materials and defective welding at Zimmer. He talked several times to staff officials, he says, but didn't think they were showing enough interest. He then placed another call to the agency, demanded to speak with the top man and was connected with John Ahearne, the acting NRC chairman. "Twenty-four hours later . . . two NRC investigators were at my front door," he recalls.

But the detective was soon to be disappointed. The NRC investigation resulted in only one, relatively minor, citation. "They just surfacely treated my allegations," he asserts. "I've spent more time looking for a lost dog." (In hindsight, Nunzio Palladino, the NRC's current chairman, agrees that the commission's initial probe of Mr. Applegate's charges should have been more comprehensive.)

Going to the Press

So Mr. Applegate went to the press and managed to generate a few stories, including a lengthy piece in the Chicago Sun-Times. And in May 1980, he contacted the Government Accountability Project, a Washington, D.C.-based private group that works to protect whistle blowers, mostly in the government. Though the private detective was a private citizen, GAP took the case.

Enter Thomas Devine, GAP's legal director. In the 31-year-old Mr. Devine, Mr. Applegate found someone willing and able to probe into matters at Zimmer. (In choosing a career, Mr. Devine says, "I had to decide whether to be a lawyer or an investigative reporter. So I became an investigative lawyer.") Mr. Devine and his colleagues at GAP talked to every source suggested by Mr. Applegate and followed every lead provided by the private detective and then developed new sources and leads of their own.

When the GAP investigators felt they had enough evidence of an inadequate investigation by the NRC, they went to the special counsel of the Merit Systems Protection Board, a federal agency empowered to help whistle-blowing government employees. The counsel, impressed with the evidence, pushed the NRC for a response to GAP's charges.

The NRC's response was to start new investigations of Zimmer. One by the commission's internal auditors reviewed the NRC's initial probe of Mr. Applegate's charges. Another looked at the quality of Zimmer's construction.

The latter probe resulted in the $200,000 fine and a two-inch-thick report that found violations of 12 of 18 basic safety criteria for building a nuclear plant. The report also included affidavits from workers who testified

to alcohol and drug use by workers at Zimmer. Two plant guards testified to observing a bookmaking operation and gun raffles being run at the site.

'Violation of Our Rules'

The spokesman for Cincinnati Gas & Electric says the utility paid the NRC fine "to avoid endless hearing" on an appeal and not because it agreed with all the findings. He says further that alleged incidents involving alcohol, guns, drugs or bookmaking would be "in violation of our rules."

The probe by NRC's internal auditors agreed with Mr. Applegate that the initial NRC investigation of his charges was superficial. For example, the detective had said that deficient welds had been accepted for use; he went on to cite three such welds. The NRC investigating team said that charge couldn't be substantiated. But the NRC's internal auditors found that the commission's investigators had missed the fact that one of the cited welds had been replaced after Mr. Applegate made his allegation.

Though obviously pleased with parts of the NRC reports, GAP fiercely disagreed with some major conclusions. GAP argued that new building at Zimmer shouldn't go ahead until all the problems in the existing work had been identified. And the group asserted that given the utility's past failures to follow construction rules at Zimmer, independent engineers should be brought in to help fix the plant's problems.

In support of its petition, GAP in August filed to the NRC 120 pages of further contentions about problems at Zimmer and supported those contentions with another group of documents numbering some 3,000 pages. What's more, by this time, other agencies and individuals were looking into matters at Zimmer. The Justice Department, for example, began investigating possible criminal violations at the plant. And in June, Rep. Udall held his first hearing on the situation at Zimmer.

Construction Halt

In November, the five NRC commissioners, by a 3-2 vote, ordered construction at Zimmer halted immediately, pending efforts to explore fully the growing list of problems at the plant.

Earlier this year, GAP filed requests under the Freedom of Information Act seeking supporting documents and draft reports released to the NRC's investigations of Zimmer. GAP's Mr. Devine says the requests were partly prompted by suspicions that parts of the reports had been watered down and that other sections had been deleted entirely.

In response to those requests, the NRC told GAP that the commission's files didn't contain any drafts of the auditors' report on the initial Applegate investigation. But sources say that statement, though perhaps technically correct, wasn't really true. As one NRC investigator involved in the report told Congressman Udall, he had had draft copies of the report in his office file but was ordered to remove them after GAP filed its request. GAP recently filed suit against the NRC in a Washington federal court seeking a determination of whether NRC employees acted illegally in handling the requests.

The response to GAP's information requests caused heated debate within the NRC, sources say. Some NRC officials argued that while the agency could fight public disclosure of certain documents, it was obligated under the law, at the very least, to identify all the documents it had. "What happened was a cover-up," asserts one NRC official.

James Cummings, the head of the NRC's internal-audit office, says that because of pending litigation he can't fully respond to the charges of a cover-up. But he does say: "If you know all the facts, it isn't fair to paint us as being less than honest."

Documents Create Doubts About Veracity Of Safety Reports on Some Nuclear Plants

By a WALL STREET JOURNAL *Staff Reporter*

A number of nuclear-power plants operating in the U.S. may have undiscovered defects because of falsified federal safety-inspection reports.

Documents obtained under the Freedom of Information Act from the federal Nuclear Regulatory Commission indicate that in the early 1970s federal inspection reports were written for inspections that weren't ever made on nuclear-power plants under construction. Such reports are an integral part of the process for determining whether a plant is built safely enough to operate.

The documents also show that despite evidence of falsified reports, NRC officials made little effort to determine whether unsafe plants had been allowed to operate.

Since 1975, the NRC has had an internal watchdog known as the Office of Inspector and Auditor. Among other tasks, the OIA investigates charges of misconduct on the part of NRC officials. But officials inside the NRC and other government officials contend the office lacks independence and isn't tough enough in pursuit of possible wrongdoing. For example, a 1981 report by the General Accounting Office, an arm of Congress, said the OIA regularly submits draft reports to people being investigated and sometimes changes the reports as a result of their comments.

The GAO also contended the OIA has prematurely terminated some investigations and recommended that Congress consider creating an inspector general's office for the NRC.

In responding to the GAO report, the NRC disputed many of its findings and said the GAO failed to make a "convincing case" of the need for an inspector general.

The GAO report didn't touch on the matter of falsified inspection reports, which were the subject of an OIA investigation in 1977. In that year, according to the Freedom of Information Act documents, an NRC inspector charged he had discovered faked inspection reports several years earlier while working as inspector for the Atomic Energy Comission, which was succeeded by the NRC in 1975.

Besides reports being written for inspections never made, this inspector claimed that valid inspection reports had been altered by senior NRC officials with the possible result of hiding construction deficiencies. The inspector also asserted that colleagues were temporarily suspended from inspecting plants if they tried too vigorously to do their jobs.

In releasing the documents on this matter, the NRC blotted out the name of the inspector making the charges. Almost all other names were similarly expunged. However, what identification there was, along with interviews with NRC sources, indicate the charges involved federal inspection activities in the southeastern U.S.

The NRC inspector refused to give OIA investigators specific evidence to back up his charges. He said he had given such specifics to Atomic Energy Commission officials four years earlier and felt his career had suffered for the effort.

Documents show the OIA investigators talked to officials involved in the 1973 investigation. Those officials confirmed the finding of transgressions serious enough to prompt the transfer of a number of AEC employees. But the OIA investigators found that all the records of the AEC investigation had been destroyed.

In a report, OIA investigator Lawrence J. Strickler concluded that available evidence tended to support the inspector's charges. Following that report, however, the NRC stopped its probe. Senior NRC staff officials decided against sending a report on the matter to their bosses, the five NRC commissioners, on the ground there wasn't anything the commissioners could do.

James Cummings, the head of the OIA since 1978 and therefore not involved in either the 1973 or 1977 probes, says he hasn't reopened the investigation partly because he doesn't believe any falsification really occurred. "I've never seen people in this agency make out phony inspection reports," he says. But he adds that if anybody did make out such reports, it would be a "very, very serious situation."

THE CINCINNATI ENQUIRER

FINAL EDITION/NEWSSTAND PRICE 25¢ FRIDAY, DECEMBER 31, 1982 A GANNETT NEWS

NRC Seeks Facts On Bechtel

Firm's Objectivity In Probe Questioned

BY HOWARD WILKINSON
Enquirer Reporter

The Nuclear Regulatory Commission (NRC) wants to know more about the Bechtel Power Corp.'s relationship with Cincinnati Gas and Electric (CG&E) before Bechtel may do a management review at the Zimmer nuclear power station.

NRC Region III Administrator James G. Keppler made the statement in a letter this week to CG&E President William Dickhoner.

The management review was ordered by the NRC Nov. 12 when the commission shut down safety-related construction at the plant until the review and a third-party audit are complete. Most unfinished work on the $1.7 billion facility in Clermont County is safety-related.

CG&E officials proposed Bechtel Nov. 26, sending Keppler 60 pages of documents on Bechtel's qualifications.

But two days prior to the Nov. 12 NRC order, CG&E hired Bechtel to do a "preliminary assessment" of the Zimmer project. That assessment was conducted after the

KEPPLER SAID he wanted more information from CG&E and Bechtel on "whether Bechtel's activities at the site prior to the NRC's acceptance of an independent reviewer adversely affects Bechtel's objectivity in performing the management review."

CG&E officials have also said Bechtel will have a "continuing role" in the completion of the Zimmer plant once the NRC allows construction to resume.

Keppler asked CG&E officials to explain "how this continuing role would not adversely affect Bechtel's objectivity."

At the time of the Nov. 12 NRC order, Keppler expressed concern about Bechtel's quality assurance performance at a nuclear plant in Midland, Mich., where Bechtel is contractor, architect and engineer.

BECHTEL AND the owner of Midland, Consumers Power Co., face some of the same welding and quality assurance problems that Zimmer has, according to NRC investigations.

About 150 construction employees at the Midland plant were laid off because of an inadequate quality assurance program for reviewing welders' certificates.

In his letter to Dickhoner this week, Keppler asked about the role Bechtel's Richard W. Soderholm would play at Zimmer. Soderholm spent two years at Midland as technical services manager and as superintendent of construction services at Midland.

Keppler said in his letter: "In view of the NRC's longstanding concerns for construction and quality assurance problems at

NRC

CONTINUED FROM PAGE A-1

Midland, please describe in greater detail Mr. Soderholm's role in connection with Midland and indicate whether there were any construction or quality assurance related deficiencies identified in his area of responsibility."

KEPPLER ALSO suggested "it would be useful" for the management review team to include interviews with NRC personnel involved in past Zimmer investigations, employees at the site, "whistleblowers," representatives of the National Board of Boiler and Pressure Vessel Inspectors, and "other individuals who might have valuable information."

The review plan submitted by Bechtel said only that the team will interview CG&E officials, officials of Kaiser (the primary contractor), the resident NRC inspector, the resident project engineer, an insurance inspector, and a representative of the Ohio Boiler and Pressure Vessel Licensing Board.

Keppler also said he wants CG&E officials to provide all documents relating to CG&E's plan to hire Bechtel, including a chronology of meetings between CG&E and Bechtel officials and site visits by Bechtel employees.

BECHTEL WILL also be required to produce "signed, sworn statements" from all members of its Zimmer team on whether the Bechtel employees have had any previous business dealings with Zimmer or have any financial interest in CG&E and its two partners in the Zimmer project.

ZIMMER

Hearing Jan. 5 will help determine when power station is completed

A PUBLIC HEARING to be conducted in Cincinnati next Wednesday by the Nuclear Regulatory Commission ought to provide a further clue to the future of the Zimmer nuclear power station. The specific purpose of the hearing is to determine the suitability of the Bechtel Corp. to serve as an independent, third-party agency to review the Cincinnati Gas & Electric Co.'s plans for managing the final phases of Zimmer's construction.

CG&E proposed Bechtel as a third-party reviewer because of its extensive experience in discharging precisely this responsibility in connection with other nuclear plants and because Bechtel has a team of experts ready to begin work immediately. Bechtel, moreover, has constructed 45% of the nation's existing nuclear power plants.

Others have seen fit to challenge the choice, and these challenges presumably will be aired fully at next week's hearing.

Bechtel may or may not be the best available agency to do the job. What is important is that the job get done — as safely and as expeditiously as possible.

Most Cincinnatians are sickened by the endlessness of the red tape that has obstructed Zimmer's completion and inauguration. The plant is now roughly 98% finished, and every day's delay adds staggeringly to its ultimate cost. Since mid-November, every day's delay has also meant a day of unemployment for 1,500 construction workers.

The hope must be that Wednesday's hearings will solve problems, rather than create them.

The Cincinnati Post, Friday, January 21, 1983

Zimmer strain surfaces

By Ron Liebau
Post Staff Reporter

The nuclear family building the William H. Zimmer Nuclear Power Station is showing some strain for the first time in nearly 14 years.

Increasingly concerned about delays and cost escalations at Zimmer, the Dayton Power & Light Co. Thursday notified the Cincinnati Gas & Electric Co. that it wants to arbitrate "certain issues" related to the construction of the $1.7 billion plant at Moscow, Ohio.

THOSE ISSUES stem from the Nov. 12 order by the Nuclear Regulatory Commission suspending all safety-related construction at Zimmer because of quality assurance deficiencies, according to DP&L Chairman Robert Frazer.

DP&L attorney Stephen Kozier said in an interview Thursday the company is concerned about the entire array of problems surrounding Zimmer.

"This includes costs, time of completion, cost estimates, compliance with NRC regulations and licensing proceedings," he said.

CG&E, DP&L and Columbus & Southern Ohio Electric Co. became partners in the construction of Zimmer in 1969. At that time, Zimmer was to be completed in 1975 at a cost of $240 million.

CG&E OWNS 40 percent of Zimmer; DP&L, 31.5 percent; and C&SOE, 28.5 percent. CG&E is responsible for building and operating the plant.

According to the basic agreement among the three utilities, questions and issues concerning Zimmer are to be resolved through arbitration rather than court proceedings.

Frazer said DP&L is calling for arbitration to ensure the "timely completion of Zimmer consistent with the high standards established by the Nuclear Regulatory Commission and to assure that the best interests of DP&L's customers and shareholders are considered."

DP&L has no intention of backing out of the Zimmer project, nor has the company lost faith in CG&E's management ability, Kozier said.

A CG&E spokesman said Thursday the company is not sure what DP&L is concerned about.

"IT IS NOT entirely clear to us what they want to arbitrate," said Bruce Stoecklin. "Obviously, there are a lot of loose ends on this right now."

Stoecklin said CG&E and DP&L have enjoyed a "friendly" relationship during the course of the Zimmer construction.

The third building partner, C&SOE, said it will review DP&L's call for arbitration before deciding if it will participate.

Zimmer partner seeks arbitration on 'issues'

By Ron Liebau
Post Staff Reporter

The nuclear family building the William H. Zimmer Nuclear Power Station is showing some strain for the first time in nearly 14 years.

Increasingly concerned about delays and cost escalations at Zimmer, the Dayton Power & Light Co. Thursday notified the Cincinnati Gas & Electric Co. that it wants to arbitrate "certain issues" related to the construction of the $1.7 billion plant at Moscow, Ohio.

THOSE ISSUES stem from the Nov. 12 order by the Nuclear Regulatory Commission suspending all safety-related construction at Zimmer because of quality assurance deficiencies, according to DP&L Chairman Robert Frazer.

DP&L attorney Stephen Kozier said in an interview Thursday the company is concerned about the entire array of problems surrounding Zimmer.

"This includes costs, time of completion, cost estimates, compliance with NRC regulations and licensing proceedings," he said.

CG&E, DP&L and Columbus & Southern Ohio Electric Co. became partners in the construction of Zimmer in 1969. At that time, Zimmer was to be completed in 1975 at a cost of $240 million.

CG&E OWNS 40 percent of Zimmer; DP&L, 31.5 percent; and C&SOE, 28.5 percent. CG&E is responsible for building and operating the plant.

According to the basic agreement among the three utilities, questions and issues concerning Zimmer are to be resolved through arbitration rather than court proceedings.

The process provides that the issues in dispute go before an arbitrator approved by all participating companies. If they fail to reach unanimous approval, an arbitrator would be appointed by the chief judge of the federal sixth circuit court of appeals.

Frazer said DP&L is calling for arbitration to ensure the "timely completion of Zimmer consistent with the high standards established by the Nuclear Regulatory Commission and to assure that the best interests of DP&L's customers and shareholders are considered."

DP&L has no intention of backing out of the Zimmer project, nor has the company lost faith in CG&E's management ability, Kozier said.

A CG&E spokesman said Thursday the company is not sure what DP&L is concerned about.

"IT IS NOT entirely clear to us what they want to arbitrate," Bruce Stoecklin said. "Obviously, there are a lot of loose ends on this right now."

Stoecklin said CG&E and DP&L have enjoyed a "friendly" relationship during the course of the Zimmer construction. A CG&E statement issued late Thursday said the arbitration will not be detrimental to Zimmer's completion or operation.

The third building partner, C&SOE, said it will review DP&L's call for arbitration before deciding if it will participate.

The Cincinnati Post, Friday, January 21, 1983

Timing of Bechtel role disputed

Cincinnati Gas & Electric Co. made false statements to the Nuclear Regulatory Commission about when Bechtel Power Corp. employees first arrived at the Zimmer Nuclear Power Station, the Government Accountability Project has charged.

GAP, a Washington-based public interest group, said in a letter to NRC Regional Administrator James G. Keppler it has evidence showing a Bechtel team has been at Zimmer since Aug. 1.

CG&E, which wants Bechtel, a San Francisco-based construction firm, to conduct an independent management review of Zimmer, said Thursday its records verify that Bechtel employees did not arrive until mid-November.

Bruce Stoecklin, a CG&E spokesman, said some workers may have been wearing Bechtel hardhats before mid-November, but under no circumstances was CG&E doing business with Bechtel earlier.

The timing of Bechtel's involvement at Zimmer is crucial to establishing Bechtel's independence from CG&E, one of the primary factors in determining if the NRC will accept Bechtel as an independent reviewer.

The Cincinnati Post, Friday, January 21, 1983

Audit of cost estimates for Marble Hill ordered

United Press International

INDIANAPOLIS — The Public Service Commission Thursday ordered an independent audit of Public Service Indiana's Marble Hill nuclear power plant project near Madison.

The audit was deemed essential to find out if Marble Hill should be finished.

The plant's estimated price tag has increased almost five times since June 1975 when the utility announced it would cost $1.2 billion. The estimate now is $5.1 billion.

THE PSC CITED a recent consultant report that said, using current cost estimates, it would be less expensive for ratepayers to finish Marble Hill than to scrap the project, even though the plant is not necessary to meet the region's energy needs.

The report also said if cost estimates were to rise by more than 40 percent, it might be cheaper to cancel the project.

"We think it essential that the Public Service Commission conduct an independent audit of the Marble Hill cost estimates," the commission said. "This audit should try to ascertain whether the current Marble Hill cost estimate is a realistic forecast of the ultimate cost of the project."

THE COMMISSION ordered the drafting of a rate schedule that would gradually phase-in the cost of Marble Hill, should the audit show the project remains economically feasible.

The phase-in plan essentially would let the utility charge customers for uncompleted construction work, something that previously has never been allowed, although not forbidden by statute.

The commission, noting the Legislature's failure to enact specific legislation allowing Construction Work in Progress in the rate base, called for "trending rates."

THE RATES WOULD not be directly tied to the value of construction work, but rather would be based on the estimated final cost of the plant to consumers. That cost would be averaged out to provide for step-by-step increases.

The commission also granted the utility an $81 million rate increase. The 12 percent overall increase granted was $43 million less than requested by the utility.

THE RATE HIKE was requested largely to pay the cost of the recently completed Gibson Unit 5, a coal-fired generating plant near Princeton. Part of the increase goes to pay the interest rates on financing for Marble Hill.

The Citizens Action Coalition criticized the PSC decision, saying the Gibson 5 unit is unnecessary to meet energy demand, as is Marble Hill.

"Gibson 5 is a plant in search of customers," said CAC spokesman David Culp. "With Gibson 5 on line, PSI has 49 percent more generating capacity than needed for its Indiana customers. PSI is searching for out-of-state customers to buy its excess power."

DAYTON DAILY NEWS

PAGE 10 FRIDAY, JANUARY 21, 1983

Public deserves its full say

The Nuclear Regulatory Agency wants to speed up licensing for new plants by giving the public fewer opportunities to question or object.

The Nuclear Regulatory Agency has found a way to end all the hassling over nuclear power plant licenses: Give the public fewer opportunities for dissent.

Up till now, licensing has been a two-step procedure which has allowed dissenters to cross-examine witnesses and introduce new evidence. NRC is planning to ask Congress to adopt a one-step operation which will allow license construction and operations at the same time. There is a clause providing for a rehearing if dissenters can prove there was a safety problem which hadn't been raised before construction began.

NRC's package has a couple of other proposals to stop the anti-nuclear folks from getting too much information to work with. It wants to forbid administrative judges and NRC's Atomic Safety and Licensing Boards members from posing their own questions about potential safety problems during licensing hearings. And NRC thinks that approving lots of potential building sites before they're needed, plus standardizing designs for reactors and plant components parts, will cut off repeated public debates over design safety and feasibility. Unfortunately, it also would discourage new technology and improvements.

If the Energy Department could add its two cents worth, the NRC also would no longer force utilities to tack on new safety measures after a reactor design has been approved. That's a slam at post-Three-Mile Island edicts that forced all utility companies to put on new safety equipment even though they've had no problems.

Such thinking may save money and get power plants on line faster, but it also points out why the public is wary of nuclear power. Ratepayers want to know that everything possible is being done to protect their families. Utility officials, however, insist that they should be the final judges of what's enough.

Figuring out ways to shorten the licensing procedure is not going to build public confidence in nuclear power. If electric companies expect the public to pick up the tab for their building projects, they should offer the public a full say in what is being built.

MONDAY, FEBRUARY 14, 1983

THE WALL STREET JOURNAL.

© 1983 Dow Jones & Company, Inc. All Rights Reserved

Partners in an Ohio Nuclear-Plant Project Start Fighting Publicly Among Themselves

By Damon Darlin
Staff Reporter of The Wall Street Journal

Cincinnati Gas & Electric Co. has had to struggle for years with anti-nuclear protestors and regulatory agencies in its effort to build the Zimmer nuclear power plant on the Ohio River just east of Cincinnati.

Now it faces other, unexpected adversaries. Its two partners in the project are suggesting it's to blame for the project's spiraling costs. In fact, Dayton Power & Light Co. and American Electric Power Co. have publicly demanded arbitration proceedings to force Cincinnati Gas to return to them some of the $800 million they have spent on the plant. It's an unprecedented falling out among nuclear-plant partners, which typically present a united front to outside critics and try to settle their differences without attracting attention.

Cincinnati Gas gave its partners the option of taking disputes to arbitration when the Zimmer contract was signed in 1969. But nuclear experts say the company probably never dreamed the clause would be invoked. Now it could cost Cincinnati Gas as much as $300 million.

Risks to Arbitration

The arbitration proceedings carry great risks for Dayton Power and AEP as well. Information that emerges could convince a newly appointed Public Utilities Commission of Ohio to alter the rate structures for all three Zimmer partners, thus reducing their revenue. An Ohio consumer group is suing to have documents released from the private arbitration hearings so that it can use the data to fight rate increases.

The disagreement also raises the question of whether Zimmer will ever open. All three utilities insist they want to bring the plant into operation, even though they won't need its 800,000 kilowatts of electricity until the early 1990s. "We've invested $400 million so far, and we want to move ahead," says A. Joseph Dowd, general counsel of AEP.

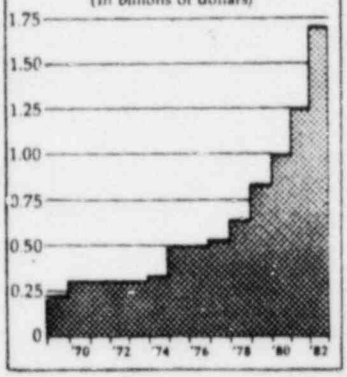
Almost every U.S. nuclear plant under construction has problems, but Zimmer's are among the worst. In 1981 the Nuclear Regulatory Commission levied a $200,000 fine, the largest ever, against the plant because of alleged safety violations. Last November the agency halted construction, even though the plant is 97% complete, because of more allegations of faulty welds, doctored safety records and other problems. The company disagrees with the NRC about the extent of the problems. It says it's meeting with the agency in an attempt to get construction started again.

The central issue in the arbitration proceedings will be whether Cincinnati Gas mismanaged the project. Investigators with the Government Accountability Project, the private watchdog group that first revealed the extensive problems at Zimmer, has claimed mismanagement all along. "The arbitration lends significant credibility to the challenges we have raised," says Thomas Devine, the group's legal director.

Cincinnati Gas won't comment on the arbitration. But it has blamed inflation and changes in government construction standards for the increase in the plant's expected cost to $1.7 billion from $240 million in 1969.

For years, Dayton Power, which owns 31.5% of Zimmer, and AEP, whose Columbus & Southern Ohio Electric unit owns 28.5%, kept the project at arm's length. After they became partners in 1969, they say, they assumed the NRC would keep tabs on Cincinnati Gas, which owns 40% of the plant. "We were relying on the NRC to see if there were any problems," says Mr. Dowd. "The NRC didn't turn up anything, so there wasn't any reason to believe there was a problem." Only after the NRC started criticizing Zimmer in late 1981 did the partners begin meeting on a regular basis.

Cincinnati Gas's Estimates Of Costs to Build Zimmer Plant
(In billions of dollars)



Dayton Power and AEP won't say how much they want from Cincinnati Gas. To determine the amount, cost overruns, added costs caused by the work halt and any additional work ordered by the NRC will have to be tallied.

The NRC says the project's work records are sloppy. That could complicate the task and make it particularly difficult to determine what construction must be done over. "It may eventually come down to sending in a guy with a hammer to pound on the walls and say, 'yup, that sounds like it will hold up,'" says a government investigator.

What may not hold up are the three utilities' rate bases. Utilities are generally allowed to collect revenue from customers on a rate base that includes unfinished facilities that aren't producing electricity. In the past, Ohio has usually let a utility include in its base a portion of nonproducing facilities that are 75% completed.

A utilities commission spokesman said Cincinnati Gas has about $164.5 million in its rate base related to the Zimmer plant. That translates to revenue of about $37.8 million. The company's latest request includes $260 million of Zimmer investment in its rate base, which would produce revenue of about $61 million a year. Dayton Power doesn't include Zimmer in its rate base now, but has asked that $243.5 million of it, or annual revenue of $59 million, be included. Columbus & Southern Ohio has only about $15 million related to Zimmer in its rate base, or revenue of about $3.5 million a year. But that amount is being reevaluated by the commission.

Regulatory Climate Is Changing

If the utilities commission excludes Zimmer from the partners' rate bases, the utilities will be forced to get some of the plant's financing from such costly sources as banks and investors. "Or it would have to come out of profit," says David E. Jones, an energy expert at Battelle Memorial Institute, a research concern. "That would put the double whammy on Cincinnati Gas."

Already the commission's staff has recommended that Zimmer be excluded from the utilities' rate bases. It argues that the plant won't be producing electricity while money is being collected from customers.

In addition, the Ohio regulatory climate is changing. Newly elected Gov. Richard Celeste made the composition of the utilities commission a major campaign issue, and he will get to change its makeup.

The Ohio Consumers' Counsel, a state-supported agency, also says it will fight the inclusion of construction work in progress in rate bases. It wants to use information brought out in the arbitration hearing to prove that Zimmer has been mismanaged and that as a result the cost overruns that increase the rate bases are unfair to consumers. "Under normal circumstances, a utility that overran would be rewarded," says Mr. Jones. "Its rate base is larger and it would be given more profit."

The Consumers' Counsel argues that paying for construction work in progress is similar to forcing a renter to pay to construct an apartment before he moves in. "It has turned customers into unwilling investors," says Gretchen Hummel, a staff attorney. "If investors are unsure about the risk in this project and want out, customers ought to be given that same choice."

NRC OKs Role For Bechtel In Zimmer Project

BY HOWARD WILKINSON
Enquirer Reporter

The Nuclear Regulatory Commission (NRC) told Cincinnati Gas and Electric (CG&E) Saturday that Bechtel Power Corp. could either manage the work or review the work at Zimmer nuclear power plant but it could not do both.

CG&E officials quickly chose to let Bechtel do the former, as co-manager of the Zimmer project.

The utility will be required to find another firm to do the independent management review and third-party construction audit ordered Nov. 12 by the NRC.

IT TOOK three months for an NRC decision on CG&E's proposal that Bechtel, a San Francisco-based nuclear industry giant, do the review. The utility also said at the time it wanted Bechtel to have a role in the future management of the $1.7 billion plant.

Utility officials were notified Saturday morning that the NRC, in a 3-to-2 vote, was giving them a choice—either hire Bechtel as co-manager or as the indepenuent review team.

CG&E spokesman David Altemuehle said CG&E officials are "disappointed Bechtel couldn't do both jobs, but we are pleased that the NRC is approving a role for Bechtel in the Zimmer project."

Altemuehle said Bechtel would have a "major role" in completion of the plant, but said the co-manager exact role has not been defined.

HE SAID he does not expect Bechtel's becoming co-manager to change the role of Kaiser Engineering, the primary construction contractor at Zimmer.

"There has never been any intention to remove Kaiser," Altemuehle said.

NRC spokesman Jan Strasma said the NRC decision showed that the commissioners "were concerned that if Bechtel were performing both roles—managing the project and doing the review—there would be the perception that they would not do an objective job."

NRC Regional Administrator James G. Keppler and his staff recommended to the commission that Bechtel be allowed to do the management review on the condition that CG&E be required to hire an additional independent management consultant firm to help in the audit.

THE NOV. 12 NRC order gave Keppler the authority to approve or reject Bechtel, but Strasma said Keppler and his staff decided to pass their recommendations on to the commissioners "for their review and consideration."

Altemuehle said CG&E would nominate another firm to do the independent review "as soon as possible."

"There are a number of firms available which could do the job," Altemuehle said. It's not like we are trying to locate a rare species."

It is not yet known when Bechtel will assume its role as co-manager of the Zimmer project, Altemuehle said.

THE NRC order Nov. 12 shut down all safety-related construction at Zimmer until the management review and construction audit are complete. About 1,300 construction workers were idled by that order. Saturday's order does not change that situation, Strasma said.

The process for approving CG&E's new choice for the Zimmer review has not been determined, Strasma said. The process in the Bechtel decision included a public hearing in Cincinnati last month, at which Keppler heard testimony from groups and individuals critical of the proposed dual-role for Bechtel.

One of those who testified, D. David Altman, chairman of Cincinnati's Environmental Advisory Council (EAC), said Saturday he was pleased with the NRC Bechtel decision.

(See ZIMMER, Page C-9.

Zimmer

CONTINUED FROM PAGE C-2

"WE HAD always favored Bechtel as being co-manager of the project; we had no objection to that," Altman said. "We objected to the same company who was a manager of the project doing a review that is supposed to be independent."

Altman said he does not anticipate any objections from the Zimmer critics to next firm CG&E proposes, "provided they are independent."

"My question is, if CG&E knew there were other firms who could do the job, why did they not propose one of them earlier, and avoid the long delay?," Altman said.

Just before the Nov. 12 NRC order, CG&E hired Bechtel to perform a "preliminary assessment" of management problems at Zimmer. That assessment was performed in November and December, but the results have not been released.

The Cincinnati Post, Monday, February 24, 1986

NRC limits Bechtel role in Zimmer plant

By Ron Liebau
Post Staff Reporter

The Cincinnati Gas & Electric Co. has lost its battle to have the Bechtel Power Corp. review the William H. Zimmer Nuclear Power Station, but has won assurances Bechtel will be allowed to help finish the project.

In a 3-to-2 vote, the Nuclear Regulatory Commission told CG&E Saturday that Bechtel was acceptable to perform either the independent management review of Zimmer or to function as project manager.

Bechtel, however, could not do both.

FACED WITH the prospect of losing the nuclear industry's most experienced engineer and builder, CG&E decided within a few hours Saturday that it would rather have Bechtel help complete construction of the $1.7 billion power station at Moscow, Ohio.

CG&E had proposed Bechtel as project manager on Nov. 10, two days before the NRC temporarily suspended all safety-related work at Zimmer because of quality assurance concerns.

Selection of an independent management reviewer—subject to NRC approval—was the first step toward reopening the plant. Bechtel was nominated for the review Nov. 26.

ALTHOUGH A project manager was not explicity subject to NRC approval, the NRC had reserved the right to decide how CG&E would complete the project.

"We're happy that Bechtel has been approved, at least to the extent that it has been," said CG&E spokesman David Altemuehle. "We're disappointed they have not been permitted to do both jobs, particularly in view of the time that has been lost."

Altemuehle said CG&E would immediately contact other companies for the management review. He could not say how long that process would take.

THE BECHTEL choice was quickly criticized by those who felt the San Francisco firm was not going to be independent in light of its future role as project manager.

The Government Accountability Project, a Washington-based Zimmer critic, said it had evidence that Bechtel personnel were at the Zimmer site as early as August. GAP also questioned the financial relationship between the Bechtel family-controlled investment firm of Dillon Read and CG&E.

NRC spokesman Jan Strasma said Sunday an agency investigation found no evidence that Bechtel employees were at Zimmer before early November, when CG&E said they first arrived.

In addition, the commission determined that the financial relationship—limited to some securities underwriting—did not constitute a conflict of interest.

THE NRC'S 3-to-2 vote was contrary to a recommendation by James G. Keppler, NRC regional administrator, and senior agency officials. Keppler privately recommended a week ago that Bechtel be accepted as the independent reviewer on the condition that another outside consultant be retained to perform an overview of Bechtel's work.

For its part, Bechtel management was pleased with the decision.

"Having such a role as construction manager is one we are pleased to accept," said Mario Cotruvo, public relations manager at Bechtel's Ann Arbor, Mich., Power Division.

THE FIRST order of business will be for Bechtel to release to CG&E the results of a preliminary assessment Bechtel undertook of the Zimmer project. The assessment was completed in January, said Cotruvo.

For David Altman, chairman of the Cincinnati Environmental Advisory Council, a group critical of Bechtel, the NRC's decision was a victory for public participation.

"It is the same as saying they can't use Bechtel for the independent management review. Even though they gave them a choice, it really wasn't their choice. Nobody was opposed to having Bechtel come in and help CG&E complete the job, and that is the bigger task of the two," Altman said Sunday.

THE CINCINNATI ENQUIRER

FINAL EDITION/NEWSSTAND PRICE 25¢ THURSDAY, MARCH 17, 1983 A GANNETT NEWSPAPER

CG&E Users May Be Saved Zimmer Costs

BY JACKIE JADRNAK
Gannett News Service

COLUMBUS—Customers of Cincinnati Gas & Electric Co. soon could stop paying for the Zimmer nuclear power plant if the Public Utilities Commission of Ohio repeats a decision handed down Wednesday.

In a rate case expected to be decided near the end of the month, CG&E is asking for an $84 million rate hike, with $50 million of that amount due to construction costs at Zimmer. The company had originally applied for a $116 million increase, but, in all agreements with parties on other issues, reduced that amount by $32 million.

IN A decision Wednesday, the PUCO ordered Columbus & Southern Ohio Electric Co. (C&SOE), one of three co-owners of Zimmer, to stop charging its customers for the nuclear plant's construction. The company had been allowed to collect $13.5 million over the year for Zimmer costs.

In its order, the commission stressed that CG&E, the company which is supervising Zimmer construction, has been unable to predict an in-service date for the plant.

"If the people building the plant find a lamp and rub it and a genie comes out, and if that genie happens to be a nuclear engineer who can put everything together in two weeks, then CG&E may get some of Zimmer in its rate base," said Gretchen Hummel, an attorney for the Office of Consumers' Counsel.

"This is a clear signal to companies of the economic adage that the rest of us knew all along: There is no free lunch," she continued. "As well as rights, you've got to have responsibilities. There's a clear record that Zimmer is the single most troubled generating facility . . . in the country."

REACTING TO the decision, CG&E spokesman Bruce Stoecklin said, "If this is a sign of something to come in our case, I guess it's a discouraging sign. In the long run, all it would mean is higher costs to consumers over the life of the plant."

If CG&E is allowed to continue collecting for Zimmer costs in its pending rate case, consumers would pay about $3 per month for it, according to Stoecklin. If the utility can't collect until the plant starts producing electricity, then consumers would end up paying $5.41 monthly over the life of the plant, he said.

"We would have to borrow more money to pay for the construction, and that would be passed on to consumers," Stoecklin said.

The commission did not argue that "construction work in progress" (CWIP) should not be allowed in all cases, saying instead that Zimmer was a special situation because of the number of delays and uncertainty surrounding the plant. CWIP still likely will be allowed in other cases, commissioners said, pointing out that they are allowing utilities to collect for the construction of the Perry nuclear plant in northern Ohio.

(See ZIMMER, back of this section)

Zimmer

CONTINUED FROM PAGE A-1

"THIS CASE is so clear-cut, I don't see how there could have been any other decision," said Commissioner William Brooks. "Why should the consumers be paying for something when they don't even know when the plant will be available?"

Last November, the commission ruled that C&SOE could raise its rates, including $13.5 million for Zimmer construction. Two weeks later, the Nuclear Regulatory Commission ordered a shutdown of all safety-related construction at the plant and called for a management audit of construction supervision there.

That major construction work still has not resumed.

Based on that change, the Office of Consumers' Counsel called for a rehearing and the PUCO allowed the utility to start collecting the rates pending the outcome of that new hearing.

WHILE IT cut Zimmer from the rates Wednesday, the PUCO is waiting to decide whether it will order a refund of the money for Zimmer collected between Nov. 17 and March 23. If it does order a refund, it would amount to about $4.5 million, according to Hummel. Cutting Zimmer from the rates would show up as a savings of about $1.05 on the average customer's monthly bill, she said.

As of the end of January, the three co-owners of Zimmer—Dayton Power & Light Co. is the third—have collected $170 million from their customers for the plant, according to Hummel.

The Cincinnati Post, Friday, April 8, 1983

Zimmer $2.5 million cost 'hypothetical'

By Ron Liebau
Post Staff Reporter

Cincinnati Gas & Electric Co. officials Thursday dismissed as "hypothetical" remarks by CG&E President William H. Dickhoner that it could cost as much as $2.5 billion to complete the William H. Zimmer Nuclear Power Station.

Dickhoner, in a private meeting Tuesday with Ohio Gov. Richard F. Celeste, said that at $2 billion or even $2.5 billion the Zimmer station would be more economical than a comparable coal-fired plant.

CG&E's current estimate, fixed for about the past six months, is that Zimmer will cost $1.7 billion when completed. With its 40 percent ownership share, CG&E's cost would be $680 million.

ASKED ABOUT Dickhoner's statements to Celeste, a utility spokesman said Dickhoner was using "hypothetical" dollar figures to illustrate that Zimmer is still going to be economical.

"We have not made any new estimate since the $1.7 billion," said Bruce Stoecklin of CG&E. "Another estimate is at least several months off."

When Zimmer was first announced in 1969, CG&E pegged its cost at $240 million. CG&E has periodically revised that estimate upward as new construction requirements were imposed and deadlines were passed.

STOECKLIN SAID no new estimates are likely until a proposed management review of Zimmer is completed and a construction plan is submitted.

Torrey Pines Technology, the company CG&E has nominated for the review, has not yet been given approval by the Nuclear Regulatory Commission. A decision is expected within two weeks. Torrey Pines expects to take three months for the review.

CG&E has had trouble coming up with a new cost estimate and completion schedule because of the uncertainties surrounding NRC order on Nov. 12, 1982, halting all work at Zimmer.

THAT INABILITY prompted the Public Utilities Commission of Ohio in March to eliminate $52 million for Zimmer financing costs from an $82 million CG&E rate request.

Soon after the shutdown, CG&E officials said it would cost the three utilities building Zimmer $15 million a month as long as the plant is idle. Half of the $15 million is to meet interest payments on financing alone.

But CG&E also fares strict NRC reviews of the work already completed at the plant. The outcome of those reviews, continuing during the shutdown, could lead to extensive repairs, according to the NRC.

STOECKLIN SAID the utility's cost estimates are based on engineering studies that place "hard dollars" on the cost of labor and materials. Those numbers are fed to the company controller who calculates financing expenses.

The new engineering estimates will not be made until the company knows what it must do to complete the project, said Stoecklin.

Although CG&E maintains Zimmer is 97 percent complete, an NRC executive believes that percentage may be closer to 85 percent.

CG&E asks construction delay at East Bend

Cincinnati Gas & Electric Co. unsure if it wants to go it alone or find another partner, has asked for an 18-month suspension of its construction permit to build a second unit of the East Bend coal-fired power station near Rabbit Hash, Ky.

The Kentucky Natural Resources and Energy Protection Cabinet has determined that the permit suspension is justified, but is inviting public comment.

Late last year, Dayton Power & Light Co., CG&E's partner in the construction, pulled out of the project after deciding it did not need the electricity the 600-megawatt plant would generate.

DP&L, which had a 25 percent share in the second unit, contributed 31 percent of the East Bend unit that has been operating since March 1981. The first unit cost $400 million. The expected cost of the second unit was $625 million and was supposed to be completed by the end of the decade.

Work at the second unit had not proceeded beyond the pouring of some foundations.

—Ron Liebau

The Cincinnati Post, Wednesday, April 13, 1983

Coal plant rated cheaper than Zimmer

By Ron Liebau
Post Staff Reporter

Costs of owning and operating the William H. Zimmer Nuclear Power Station will be 35 to 40 percent higher over its 30-year life than had the utilities involved built comparable coal plants, a nationally known economist said Tuesday.

Charles Komanoff, whose nuclear cost studies often contradict those of the nuclear industry, said Zimmer's lifetime costs would have been on a par with coal plants had the Zimmer project at Moscow, Ohio, been held to $1 billion.

"If they could have capped off Zimmer at $1 billion and have it off and running by New Year's Day in 1985, ratepayers would not have noticed the difference," he said from the New York office of his Komanoff Energy Associates.

THE MOST RECENT cost estimate by the Cincinnati Gas & Electric Co. is that Zimmer will cost $1.7 billion when completed. CG&E said last week that estimate will be revised upward later this year.

Komanoff made his estimate in a pending application by the Dayton Power & Light Co. before the Public Utilities Commission of Ohio for a $154 million electric rate increase, including approximately $50 million for financing Zimmer.

DP&L owns 31.5 percent of Zimmer. Columbus & Southern Ohio Electric Co. owns 28.5 percent. CG&E is the majority owner with 40 percent.

In preparing its rate case, DP&L estimated Zimmer would cost $1.9 billion and be ready for service on Jan. 1, 1985.

However, the PUCO staff said "the history of Zimmer ought to make any projected date of completion dubious."

The PUCO staff recommended the commission not permit DP&L to collect any allowance for construction work in progress.

HENRY W. ECKHART, attorney for the Montgomery County (Dayton) Board of Commissioners and a coalition of small Dayton-area cities and villages, hired Komanoff to study DP&L's estimate.

Komanoff examined the costs of owning and operating Zimmer over its projected 30-year life compared with coal plants that would generate the same power.

Bruce Stoeckl'in, a CG&E spokesman, said today the company had not seen Komanoff's analysis, but reiterated the utility's position that Zimmer will be about 10 percent cheaper.

Komanoff said CG&E's contention that Zimmer will be 10 percent less costly than similar coal plants is erroneous.

"The utilities have been really misleading the public for 10 years on the economics of these plants," he said. "The only people they are now misleading are themselves."

NRC Okays Torrey Pines As Zimmer Reviewer

BY HOWARD WILKINSON
Enquirer Reporter

Torrey Pines Technology, a California-based nuclear trouble-shooting firm, has been approved to do the management review at Zimmer nuclear power plant—with one catch.

James G. Keppler, regional administrator of the Nuclear Regulatory Commission (NRC) said Friday Torrey Pines could do the NRC-ordered review, but only after it provides the NRC with a detailed Zimmer plan.

Keppler set a public meeting for 1 p.m. Monday, April 25, at the Americana Inn at Greater Cincinnati International Airport, where Torrey Pines and NRC officials will discuss the Zimmer plan.

After Cincinnati Gas and Electric (CG&E), Zimmer's builder, nominated Torrey Pines for the review, the San Diego firm submitted an outline for the Zimmer project.

NRC SPOKESMAN Russ Marabito said the NRC wants more information on the "details and scope of what (Torrey Pines) intends to do at Zimmer. The plan Torrey Pines submitted was fairly general and now we want it spelled out."

Marabito said Keppler approved Torrey Pines because the firm's record in the nuclear energy business is "consistent with the independence and competence criteria" laid down by the NRC.

The management review was ordered by the NRC last November, in an order which shut down nearly all construction at the plant until the review and an audit of safety-related construction are complete.

Keppler rejected CG&E's original choice for the review, Bechtel Power Corp., telling CG&E officials Bechtel could be the management reviewer or CG&E's co-manager, but not both.

CG&E chose to hire Bechtel as co-manager of the $1.7 billion Zimmer project, but also said Bechtel would act as a "consultant."

ZIMMER CRITICS have objected to Bechtel's "consultant" role, which was approved by Keppler. The critics says they fear CG&E and Bechtel are attempting to "clean up" management problems at Zimmer before Torrey Pines can perform its review.

One of the critics, D. David Altman, chairman of the city of Cincinnati's Environmental Advisory Council (EAC), said he is pleased the NRC has approved Torrey Pines.

"I was a little concerned it took so long to approve Torrey Pines with Bechtel at the site doing 'consulting' work which amounts to implementing a management plan," Altman said. "The longer the NRC allowed it to go on, the less likely it would be that Torrey Pines could do an accurate review."

CG&E spokesman David Altemuehle said the utility is "pleased the NRC has decided to approve our choice." Utility officials see no problems with Keppler's request for more details on Torrey Pines' Zimmer plan, Altemuehle said.

MARABITO SAID he does not know of any plans to ask CG&E or Bechtel officials to participate in the April 25 meeting.

"I'm sure they'll be there, but this is intended as a meeting between us and Torrey Pines," Marabito said.

Marabito said Torrey Pines will be expected to submit its detailed plans to the NRC prior to the meeting, "so our people know what questions to ask."

Torrey Pines is a division of GA Technologies and recently completed a five-month review of construction safety at the troubled Shoreham nuclear power plant on Long Island.

THE CINCINNATI ENQUIRER

FINAL EDITION/NEWSSTAND PRICE 25¢ WEDNESDAY, APRIL 20, 1983 A GANNETT NEWSPAPER

Errors By NRC Charged

Udall Says Zimmer Files Suppressed

BY DAVID SHAPIRO
Gannett News Service

WASHINGTON—Rep. Morris Udall, D-Ariz., is charging that an office of the Nuclear Regulatory Commission improperly purged its files of damaging background material from a 1981 investigation of the Zimmer Nuclear Power Station.

Udall says suppression of documents by the NRC's Office of Inspector and Auditor (OIA) placed Zimmer "in a more favorable light than was justified by the facts . . . (and) contributed to the delay in public recognition of the true status of the Zimmer project."

Zimmer was shut down by the NRC last November because of serious construction problems.

ACCORDING TO Udall, who has spearheaded a House Interior Committee investigation of Zimmer, OIA improperly purged its files of drafts, interviews, notes and background material relating to its 1981 Zimmer investigation.



MORRIS UDALL
. . . charges made in letter

Udall based his charges on a letter from David Gamble, a former OIA inspector who played a major role in the 1981 investigation.

Gamble claimed that after OIA received a Freedom of Informa-

(See ZIMMER, back of this section)

Zimmer

CONTINUED FROM PAGE A-1

tion Act request filed by the Government Accountability Project, a Washington-based group that represents local intervenors opposed to the Zimmer plant, he was ordered to remove from the office all investigative material that had been deleted from the final OIA report.

Gamble and Udall expressed particular concern about OIA's decision to delete from the final report—and withhold from the Government Accountability Project—a 1981 interview with Terry Harpster, who had been an NRC inspector at Zimmer.

IN THE deleted interview, Harpster said quality assurance at Zimmer was "out of control," and that his efforts to draw attention to the problem were consistently rebuked by both the NRC and Cincinnati Gas and Electric Co.

NRC Chairman Nunzio Palladino acknowledged Tuesday that even the commission was unaware of some of the purged documents, and never had a chance to decide whether the material should have been released under the federal Freedom of Information Act.

But Palladino took a generally benign view of OIA's actions, saying it has been a standard practice within the agency to remove drafts and notes from files once a final report is issued.

Commissioners Victor Gilinsky and James Asselstine, however, filed a joint dissent, arguing that OIA Director James Cummings should be officially reprimanded for not fully identifying documents covered under Freedom of Information Act requests.

"THESE FAILURES by members of OIA management to identify the documents needlessly cast suspicion on the integrity of the NRC's Freedom of Information Act process," Gilinsky and Asselstine said.

Another comment, filed by Commissioner John Ahearne, said the NRC's procedures for dealing with Freedom of Information Act requests have long been in disarray. "This will not be the first time agency credibility has been called into question due to inept handling of a Freedom of Information Act request," Ahearne said. "I can understand how a skeptical outsider might conclude there was a conspiracy to conceal information."

OIA Director Cummings issued a sharply worded memo accusing Udall of seeking to make a "media splash" with his letter to the commission on the Zimmer documents.

The Cincinnati Post, Thursday, May 5, 1983

Zimmer advisers backed

By Ron Liebau
Post Staff Reporter

Cincinnati City Council has thrown its support behind a citizen's council to advise Gov. Richard F. Celeste on the problems at the William H. Zimmer ..lear Power Station.

Celeste has yet to decide on the formation of an advisory council, which was proposed in January by several Cincinnati groups, including the city's Environmental Advisory Council.

"You need a group of fairly rational citizens advising the governor, although it may include some extremists," said Council Member Guy Guckenberger, who introduced a resolution Wednesday adopted 5-4.

THE COUNCIL unanimously passed a resolution supporting a state Senate bill that would outlaw granting utility companies payment for construction work in progress, called CWIP funds, for uncompleted projects such as Zimmer.

Guckenberger's resolution urges Celeste to appoint an advisory council to oversee the role of the Nuclear Regulatory Comr ission's review of the construction and management of Zimmer.

"I think the concern is that the NRC may not be doing its job completely," Guckenberger said.

He said he does not believe the council's support for the advisory body violates an agreement between the city and the Cincinnati Gas & Electric Co. That agreement provides that CG&E will supply the city with radiation monitoring equipment for Zimmer. In return, the city agrees not to interfere in the licensing of the nuclear plant.

CG&E spokesman Richard Hammersmith said Wednesday the utility is reviewing the council's decision to determine whether it does violate the agreement.

SUPPORT OF the ban on CWIP funds glided through the council without discussion and was met with "disappointment" by CG&E officials.

Council Member Peter Strauss said permitting utilities to charge customers for plants before they go into service is unfair.

"Let us put the pressure where it belongs: on the company and shareholders and not the general public."

CWIP funds have been the key item in recent utility rate cases involving three companies building Zimmer. In March, the Public Utilities Commission of Ohio knocked $51 million for CWIP funds on Zimmer out of CG&E's request for higher rates.

"We still feel that by allowing CWIP in the rate base we are saving customers money," Hammersmith said.

He said denial of CWIP funds means the utility must borrow more money to meet finance charges on construction projects.

The Cincinnati Post, Thursday, May 5, 1983

Council supports advisory group for Zimmer

By Ron Liebau
Post Staff Reporter

Cincinnati City Council has thrown its support behind a citizen's council to advise Gov. Richard F. Celeste on the problems at the William H. Zimmer Nuclear Power Station.

Celeste has yet to decide on the formation of an advisory council, which was proposed in January by several Cincinnati groups, including the city's Environmental Advisory Council.

"You need a group of fairly rational citizens advising the governor, although it may include some extremists," said Council Member Guy Guckenberger, who introduced a resolution Wednesday, which council adopted 5-4.

THE COUNCIL unanimously passed a resolution supporting a state Senate bill that would outlaw granting utility companies payment for construction work in progress, called CWIP funds, for uncompleted projects such as Zimmer.

Guckenberger's resolution urges Celeste to appoint an advisory council to oversee the role of the Nuclear Regulatory Commission's review of the construction and management of Zimmer.

"I think the concern is that the NRC may not be doing its job completely," Guckenberger said.

He said he does not believe the council's support for the advisory body violates an agreement between the city and the Cincinnati Gas & Electric Co. That agreement provides that CG&E will supply the city with radiation monitoring equipment for Zimmer. In return, the city agrees not to interfere in the licensing of the nuclear plant.

CG&E spokesman Richard Hammersmith said Wednesday the utility is reviewing the council's decision to determine whether it does violate the agreement.

SUPPORT OF the ban on CWIP funds glided through the council without discussion and was met with "disappointment" by CG&E officials.

Council Member Peter Strauss said permitting utilities to charge customers for plants before they go into service is unfair.

"Let us put the pressure where it belongs: on the company and shareholders and not the general public."

CWIP funds have been the key item in recent utility rate cases involving three companies building Zimmer. In March, the Public Utilities Commission of Ohio knocked $51 million for CWIP funds on Zimmer out of CG&E's request for higher rates.

"We still feel that by allowing CWIP in the rate base we are saving customers money," Hammersmith said.

He said denial of CWIP funds means the utility must borrow more money to meet finance charges on construction projects.

Group requests new Zimmer hearings

By Ron Liebau
Post Staff Reporter

Maintaining that only a public airing will silence years of controversy, opponents of the William H. Zimmer Nuclear Power Station are asking for further federal licensing hearings.

The request was immediately labeled by the Cincinnati Gas & Electric Co. as another attempt to delay operation of the $1.7 billion plant at Moscow, Ohio.

Although CG&E says construction of Zimmer is 97 percent complete, it may be years before it ever operates.

THE NUCLEAR Regulatory Commission indefinitely suspended all safety related work on Nov. 12, 1982, concluding the quality of construction is "indeterminate." Reviews and inspections leading to a resumption of construction are under way.

Attorneys for the Miami Valley Power Project say in a 64-page petition that "a hearing is necessary to prevent Zimmer from operating without every possible effort first being taken to neutralize the threat to public health and safety that this plant represents."

The petition was formally filed today with the U.S. Atomic Safety and Licensing Board, the judicial arm of the NRC.

On July 15, 1982, the licensing board agreed to hear Miami Valley's charges that CG&E and its principal contractor, Henry J. Kaiser Co., failed to adequately control the construction of Zimmer. The licensing board's decision was overruled on July 30, 1982, by the NRC commissioners.

ON FEB. 18, 1983, the commission clarified its position and invited the group to file its charges. Although that invitation is not tantamount to ordering hearings, it is seen as a strong signal they will be held.

The Cincinnati-based Miami Valley Power Project, which is represented by the Government Accountability Project in Washington, reiterates in its current petition eight broad concerns about the construction of Zimmer.

Those concerns include allegations that CG&E and its contractors failed to ensure the plant is built as designed, materials used in construction cannot be traced, vendor purchases were not controlled, construction deficiencies were not identified and corrected and that CG&E and Kaiser illegally retaliated against dissenters.

CG&E denied those allegations in a lengthy response to the NRC on March 1. The utility said Miami Valley Power Project did not raise any issues not already covered by NRC-imposed orders.

IN ITS PETITION, Miami Valley asks the licensing board to consider two fundamental issues: that there was a systematic breakdown of quality assurance with unknown repercussions and that CG&E lacks corporate character and competence to run a nuclear plant.

The corporate competence issue is at the heart of the Miami Valley petition.

"It's the basic weakness in the NRC reform program," said Thomas Devine, attorney for Miami Valley. He said the NRC, despite repeatedly citing CG&E for management problems, has refused to remove CG&E from control of the construction.

Devine said CG&E cannot be trusted to implement management reforms that would add to the eventual cost of Zimmer, especially in light of action by Dayton Power & Light Co. and Columbus and Southern Ohio Electric Co. to recover costs of mismanagement.

BRUCE STOECKLIN, CG&E director of media services, said Thursday he expects company lawyers to oppose further licensing hearings.

Stoecklin said the issues raised by Miami Valley are already being reviewed by the NRC staff. Furthermore, Torrey Pines Technology has begun a management review and the Bechtel Power Corp. is studying the problems as a consultant to CG&E.

Suit asks $400 million

A class-action suit, filed Thursday in Hamilton County Common Pleas Court, demands that the $400 million the Dayton Power & Light Co. invested in the William H. Zimmer Nuclear Power Station in Moscow, Ohio, be returned to the shareholders by the Cincinnati Gas & Electric Co.

The suit was filed on behalf of Slyvia Froug of Dayton and 76,000 shareholders across the country. Ms. Froug names CG&E as a defendant in the action and lists DP&L and Columbus & Southern Ohio Electric Co. as nominal defendants.

The suit contends that the Dayton power company continues to pay its share of building Zimmer, despite continual delays and rapidly escalating costs "thereby dissipating and wasting corporate funds." Ms. Froug asks that the court nullify the original agreement between DP&L and CG&E; that CG&E refund the $400 million, and that DP&L be released from any liability—present or future—that may arise from Zimmer.

The Cincinnati Post, Thursday, June 9, 1983

Construction billing targeted

COLUMBUS — Claiming they want better treatment for consumers, Democrats in the Ohio Senate have approved a bill that would abolish a state law allowing utility companies to charge customers for power plants while they are still being built. The so-called Construction Work in Progress statute has been under attack from consumer groups since it was approved in 1976. They claim customers lose by paying for the plants before the facilities actually begin providing power. However, the utility companies argue that CWIP allow costs to be spread out, thus saving customers money by keeping the industry's debt low and by helping plan for future use.

The Cincinnati Post, Wednesday, June 8, 1983

Sabotage report to NRC released

WASHINGTON — A report to the Nuclear Regulatory Commission warns that key areas of nuclear power plants may have been the targets of 11 deliberate acts of sabotage by workers during the last three years. The Feb. 28 study was released Tuesday by Rep. Edward Markey, D-Mass.

Readers' Views

No Veils Of Secrecy On Zimmer Operation

THE CINCINNATI ENQUIRER Thursday, June 9, 1983

TO THE EDITOR: It has been five weeks since I assumed the responsibility within the Cincinnati Gas and Electric Co. for completing and operating the Wm. H. Zimmer Nuclear Power Station. During that period, I have managed, with the help of some very professional people within and without the CG&E organization, including personnel of the Nuclear Regulatory Commission (NRC), the national board and the Boiler Inspector Department of the State of Ohio, to arrive at a respectable understanding of the problems we face and what must be done to achieve our objective; i.e., finish construction of Zimmer in a manner assuring its integrity, and operate and maintain it with highly trained personnel such that the safety of operators and populace is guaranteed and the economic benefits to consumers maximized.

The issues we must resolve and the problems we must solve enroute to our objective are not impossible or overwhelming. The types of technical, engineering and management issues involved have been encountered before and successfully resolved by a sufficiency of talented people working within the framework of an efficient organization.

That is not to say that accomplishing the task will be easy. On the contrary, it will be difficult and tedious, made the more so because our every move will be illuminated, analyzed and commented upon by organizations that are expressing a variety of concerns regarding Zimmer. We hope that such involvement will be objective and professional, so that unnecessary and frivolous delays with their attendant costs will not be foisted on the consumers.

I can assure all interested organizations that, contrary to the assertions in the paper May 28 ("Zimmer Critic Reports CG&E 'Secret Plans' "), there are no secret management actions being taken at Zimmer. Given the public interest, anyone who thinks anything having to do with Zimmer can be done in secrecy is naive indeed. I have proceeded from my first day under the assumption that anything we do or say will rapidly become public, and under the circumstances that's probably as it should be.

In passing, I might add that none of the intervenors bothered to call us concerning issues of secrecy, and such lack of inquiries seems rather unprofessional and lacking in objectivity.

Let me tell you a little of what we are doing. First, we are not sitting on our hands waiting for someone to tell us how to discharge our responsibilities to the public. As responsible managers we have been analyzing our organization, personnel requirements and operating methodology to identify needed management actions. We are also developing our concepts of what will be required to satisfy the show-cause order and achieve the objective stated above as to be in a position to move without costly delay when the Torrey Pines report becomes available for our consideration. It should be noted that the Torrey Pines effort will provide an assessment of CG&E's management of Zimmer and recommend management concepts and actions that can be taken to provide for more effective management. It is not an effort to determine the quality of the existing construction — that assessment will be addressed in the second phase of clearing the show-cause order by an organization such as Bechtel, under the management direction of CG&E in accordance with a plan approved by the NRC.

By conducting our own internal review and analysis, we will be in a position when the Torrey Pines report becomes available to rapidly consider their recommendations, synthesize those with which we concur with our own conclusions, and present our proposals to the NRC for its consideration. We may embrace everything Torrey Pines recommends, but it is not required, and it is rather unlikely that we will be in complete agreement. What is required is for CG&E, with assistance of Torrey Pines and an organization like Bechtel, to decide on, and present to the NRC for its consideration, the most effective management organization and methodology to use to determine and document the quality of existing construction, identify rework required, confirm construction yet to be done, and then accomplish the rework and finish the construction.

After an organization and methodology are agreed upon, CG&E will provide whatever resources are required, manage the construction to completion and then operate the plant.

Zimmer is a needed source of safe economical energy and it has been made apparent to me, through their supporting actions, that the three owners, CG&E, Dayton Power and Light Co. and Columbus and Southern Ohio Electric Co., are determined to do whatever is required to properly construct and operate the plant.

Along the way, we will accept constructive and professional criticism and will sit down and talk with those who have concerns.

The Zimmer project deserves your support and unemotional consideration of the views of those who oppose it.

JOE WILLIAMS, JR.
Senior Vice President
Nuclear Operations
Cincinnati Gas and Electric Co.

The Cincinnati Post, Friday, June 10, 1983

Nuclear plants will remain open

WHITE PLAINS, N.Y. — Anti-nuclear groups and local officials are angry with the federal decision to allow the Indian Point nuclear plants to stay open. By a 3-2 vote Thursday, the Nuclear Regulatory Commission said the twin atomic reactors 24 miles north of New York City may remain open for two months. After that time, it said an emergency evacuation plan to protect 288,000 area residents must be designed and practiced. The NRC cited a report that said substantial progress had been made in solving problems with emergency evacuation plans at the Hudson River site.

Dept. Of Justice Contends NRC Cozying Up To Nuclear Utilities

BY DAVID SHAPIRO
Gannett News Service

WASHINGTON—Justice Department officials have launched an attack against the Nuclear Regulatory Commission's (NRC) enforcement policies, accusing the NRC of cozying up to the nuclear utilities it is supposed to police.

At issue is the NRC's appointment of an advisory committee with industry ties to help develop guidelines for NRC probes of possible safety violations at nuclear power plants.

In sharply pointed letters to the NRC, two top Justice attorneys charged that the move could compromise the integrity of future NRC criminal and civil investigations.

JULIAN GREENSPUN, deputy litigation chief in Justice's criminal division, said his agency may be forced to exclude the NRC from its own nuclear investigations because of the taint left by the NRC's advisory committee.

The committee was suggested to the NRC by an attorney who represents several nuclear clients, and is partly made up of other attorneys with close ties to the industry, according to the letters obtained by Gannett News Service.

A KEY goal of industry attorneys is to limit the ability of NRC investigators to interview nuclear plant employees without the presence of either utility managers or lawyers representing management.

Greenspun said such a rule is designed to intimidate the employees, and would make it virtually impossible fr 'whistleblowers" to talk freely to the NRC about safety problems without risking their jobs.

"The primary—if not only—source of witnesses as to violations of laws and regulations in building and operating a power plant are the operational employees," Greenspun said in his March 25 letter to the NRC.

He accused the industry of seeking to "impair this flow of information . . . by preventing the NRC from getting to the witnesses before their bosses and their bosses' attorneys do."

He also rapped the NRC for failing to publicize the committee's work so that public interest groups could participate in the discussions of NRC investigative procedures.

GREENSPUN RECEIVED backing from his boss, Assistant Attorney General D. Lowell Jensen, who sent a separate letter May 2 to NRC Chairman Nunzio Palladino protesting the advisory committee.

The NRC declined comment on the dispute. A spokesman said James Cummings, director of the NRC Office of Inspector and Auditor, has reponded to the Justice Department charges, but has ordered that his letter not be made public.

The spokesman refused to characterize Cummings' response, saying only that the advisory committee was appointed to provide the NRC "expert advice on the rights of (nuclear plant) employees whose employers are under investigation."

THE JUSTICE Department also declined further comment.

The NRC created the panel in February in an apparent attempt to quiet growing industry unrest about NRC promises to step up its enforcement actions against nuclear plant operators.

It was suggested by Gerald Charnoff, a Washington lawyer for several nuclear clients, who complained to the NRC that the agency has become too antagonistic in regulating the industry.

One of Charnoff's clients, Kaiser Engineering, is a possible target of a Justice Department investigation into charges of wrongdoing in the construction of the Zimmer nuclear plant near Cincinnati.

Charnoff was particularly upset by an NRC policy of excluding utility managers and attorneys from interviews with plant employees. He suggested that the NRC should continue to conduct its investigations in partnership with local plant management, as the agency has done in the past.

CHARNOFF, WHO could not be reached for comment, is not a member of the advisory committee. The panel is chaired by Washington attorney Earl Silbert, whose firm has represented Houston Power and Light.

The Justice Department did not learn about the advisory committee until Greenspun and Jensen received requests from Silbert asking Justice to "consult" in the study of NRC investigative procedures.

"I was astonished not only to learn about a committee in this fashion, but more importantly, the fact, purpose and nature of the committee itself," Greenspun said in his letter to the NRC.

He said Justice will not only refuse to consult with the advisory committee, but may also cut the NRC out of its own criminal and civil investigations of nuclear plants by relying instead on the FBI and outside nuclear experts "who would not be subject to the novel restrictions suggested (by) Mr. Charnoff."

HE ADDED that no other federal enforcement agency allows attorneys for those under investigation to set ground rules for the investigations.

Greenspun, who laced his letter with snide references to the NRC's "underwhelming enforcement efforts" of the past, questioned the sincerity of the agency's recent promises to Congress and the public to improve its record.

The Cincinnati Post, Wednesday, July 13, 1983

New charges critical of Zimmer work

By Stephanie Jones
Post Staff Reporter

Buttressed by a new set of affidavits, including one from a former employee of the contractor building the William H. Zimmer Nuclear Power Station, a citizens' group has asked the Nuclear Regulatory Commission to reopen licensing hearings.

Included in the affidavits are allegations by a former auditor for the contractor, the Henry J. Kaiser Co. of Oakland, Calif., that an audit report that criticized certain key welding procedures was suppressed and altered by her superiors.

Bruce Stoecklin, a spokesman for Cincinnati Gas and Electric Co., the lead partner in Zimmer's construction, said the company will comment later.

Hal Lauth, a Kaiser representative, said the company "couldn't comment on the affidavit until we've had a chance to study it."

Sherrill Nolder, a quality engineer for Kaiser who was a member of a team that reviewed operations at Zimmer in 1981, said in an affidavit the company ignored her finding that welding procedures used in more than 95 percent of the Zimmer plant were not properly checked to ensure their quality.

"I REPEATEDLY tried to warn Kaiser's top management that there were gross noncompliances . . . at the Zimmer Nuclear site," Ms. Nolder said in her affidavit, dated July 6, 1983.

She also alleged that data were falsified and that notations on some inspection documents were altered from "reject" to "accept."

Ms. Nolder said her conclusions were rewritten and that she was "subjected to harassment, was branded a 'spy' and terminated in February (1983)," according to a statement issued by the Government Accountability Project.

As a result of the dismissal, Ms. Nolder has filed a complaint with the Department of Labor and has sued her former company for damages, said Thomas Devine, a staff attorney for the Government Accountability Project.

MS. NOLDER'S charges were among 50 new allegations compiled by the Miami Valley Power Project since June 3, when the group reviewed its request for public licensing hearings on the quality assurance problems at Zimmer.

The Miami Valley Power Project filed three separate legal briefs Tuesday with the NRC, its Atomic Safety and Licensing Board and its Atomic Safety and Licensing Appeals Board, said Lynne Bernabei, staff attorney for GAP.

The groups, which have led opposition to the Zimmer project, are attempting to convince the NRC to reopen hearings on the nuclear power plant.

Wednesday, July 13, 1983 THE CINCINNATI ENQUIRER

New Zimmer Charges Filed

Legal briefs including 50 new allegations concerning the Zimmer Nuclear Power Station construction were filed Tuesday by the Miami Valley Power Project (MVPP) with the Nuclear Regulatory Commission.

MVPP's legal counsel, the Governmental Accountability Project, also filed briefs with the Atomic Safety and Licensing Board and its appeals board.

Among the new allegations contained in four new affidavits gathered since June 3 was a conclusion from Sherill Nolder, a former corporate auditor for the Kaiser Corp., that "welding procedures used to build over 95% of the Zimmer plant were not qualified."

Kaiser is building the nuclear power station for the Cincinnati Gas & Electric Co. Ms. Nolder was part of a team sent to investigate welding deficiencies at Zimmer in 1981.

She attested her findings have been suppressed for nearly two years, although she personally warned Kaiser's last two corporate presidents that problems such as falsified records and unqualified welding proceedings were being ignored, a GAP release stated.

THE CINCINNATI ENQUIRER

FINAL EDITION/NEWSSTAND PRICE 25¢ TUESDAY, AUGUST 23, 1983 A GANNETT NEWSPAPER

Report Blames CG&E For Zimmer Woes

BY JOHN ECKBERG
Enquirer Reporter

A company hired by the Cincinnati Gas & Electric Co. (CG&E) to evaluate safety procedures at the troubled Zimmer nuclear power station faulted the utility Monday for allowing a total management breakdown in the quality-assurance division.

But the company, San Diego-based Torrey Pines Technology, said in a 391-page, two-volume report released by CG&E that work at the Moscow power plant can probably be completed to conform with Nuclear Regulatory Commission (NRC) regulations if a number of management changes are made.

Among the possible changes recommended are the formation of an advisory body and staff to the corporate board of directors, audit of "critical safety systems" by an independent engineer/architect and formation of a quality verification team.

BUT THE four-month investigation did not include any technical review or evaluation of the current safety of Zimmer nor did it include a physical inspection of the plant. And it stopped short of determining if Zimmer is well built.

The $1.7 billion plant, which is approximately 97% complete, now needs "a comprehensive verification program . . . to determine the true quality of the design and construction." After examining 3,200 documents and interviewing 100 people, Torrey Pines found that CG&E was in complete disarray regarding quality assurance at Zimmer.

The review, which cost an estimated $500,000, determined that records for the plant were confused, inadequate, not readily retrievable and possibly invalid.

Dollars and cents apparently meant more to CG&E than quality assurance, according to Torrey Pines. CG&E did not hire enough employees to control and check on work performed by contractors. "In comparison with other nuclear utility companies, staffing of both CG&E and the subcontractor organizations was inadequate throughout the 1970s," the report found.

IN NOVEMBER, 1981, the NRC fined the company $200,000 for quality assurance breakdowns. On November 12, 1982, the commission halted all safety related construction at Zimmer and called for the outside audit of quality assurance managment at Zimmer.

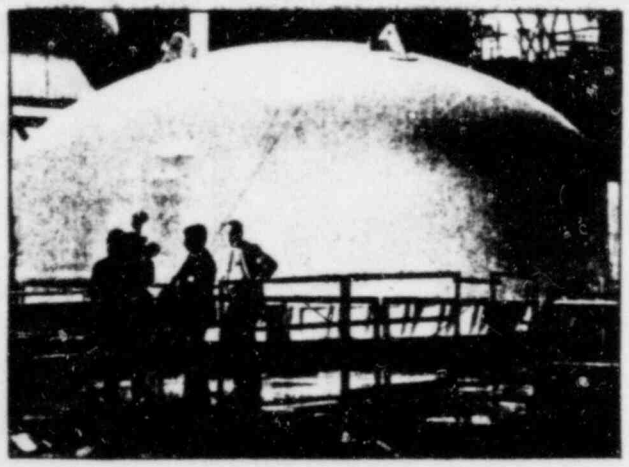
The NRC was also faulted for problems at Zimmer. The commission failed to aggressively pursue quality assurance concerns and allowed the utility to continue construction rather than take corrective action, the report found.

That "lulled (CG&E) into a false sense of satisfactory performance until the late 1970s and early 1980s." It was not until the near meltdown at Three Mile Island that the NRC became increasingly more active and concerned about potential shortcomings on the Zimmer project.

While several subcontractors may have contributed to the breakdown in quality assurance, most of the blame must rest with CG&E, the report found. "There are many instances of inadequate control over design documents, design document changes, welding forms, inspection methods/procedure, documentation of work accomplished, conformance to work procedures and quality assurance procedures," Torrey Pines said.

THE REPORT was particularly critical of senior management at the utility. "CG&E had a corporate fiscal policy that minimized expenditures," Torrey Pines said. "This emphasis completely dominated other important priorities such as quality and quality assurance." As a consequence, con-

(See ZIMMER, Page A-10)



Zimmer Report At A Glance

- The plant, 97% completed, can be finished if some management changes are made.
- CG&E executives put cost containment ahead of quality assurance over the years. Records were confused, incomplete and often not readily retrievable.
- CG&E President William H. Dickhoner "appeared to be insulated from an accurate picture of the status and inadequacies of the Zimmer quality assurance program."
- The general public now assumes the company is "guilty" until proven innocent.
- An oversight committee should be formed to report to CG&E's board of directors and chief executive officers on quality-control activities.
- Zimmer project management at the vice presidential level should have known and acted on problems with the power plant over the years.

Excerpts, Page A-10; other stories Page C-1.

Zimmer

CONTINUED FROM PAGE A-1

struction crews worked only to comply with minimum NRC standards and regulations, the report said.

"Top management seemed to lack an adequate degree of involvement in and commitment toward quality assurance at Zimmer," the group found. CG&E brass did not highlight the quality assurance program as a key element in construction of a nuclear power plant, the report said, and the quality assurance team generally was too small and inexperienced to be effective.

The CG&E executive reports on Zimmer generally addressed details of the work and put out "brush fires" instead of providing an overall management perspective to Chief Executive Officer and President William H. Dickhoner. "Up until 1981, the president of CG&I appeared to be insulated from an accurate picture of the status and inadequacies of the Zimmer quality assurance program," the report said.

YET, THE report said Zimmer project management—at least through the vice presidential level—should have been sufficiently involved in quality assurance to have had an awareness of "shortcomings and problems at Zimmer throughout the years."

The end result of the breakdown in quality assurance is that public confidence in the utility may now be at an all-time low. "Societal attitudes (have) deteriorated to the point where CG&E is now presumed guilty until it can prove its innocence," the report said.

That conclusion is bolstered by a recent opinion poll from the Institute for Policy Studies at the University of Cincinnati that shows that there are twice as many people who oppose construction of more nuclear power plants as there are who favor construction.

Constructor Henry J. Kaiser was woefully inexperienced in building nuclear plants, the report said. While many utilities across the United States during the 1970s had never built nuclear power plants before, Kaiser was unique, the report said, because it did not have nor did it later obtain additional prime construction contracts for a nuclear plant.

INVESTIGATORS SAID CG&E was more accustomed to building coal-fired plants and did not realize until far along in the Zimmer project that a more formalized, rigorous approach was needed to document the quality of a nuclear plant.

"This was probably the single most significant factor contributing to the present situation at the Zimmer plant," the report said. To make matters worse, communications between CG&E and Kaiser eventually deteriorated into an adversarial relationship.

Trust built up by a 75-year-old association with Sargent and Lundy Engineers, which worked on 22 coal fired plants for the utility, led to lax monitoring of their work. Extensive design changes for the reactor containment vessel also hurt employee morale during construction of the plant, Torrey Pines found.

Ultimately, Dickhoner must accept full responsibility for Zimmer, Torrey Pines said. In the future, he should be involved in all policy decisions including the priority of quality, quality assurance, cost, scheduling and the organizational response to whistle-blowers, the report said.

RECOMMENDED CHANGES include:

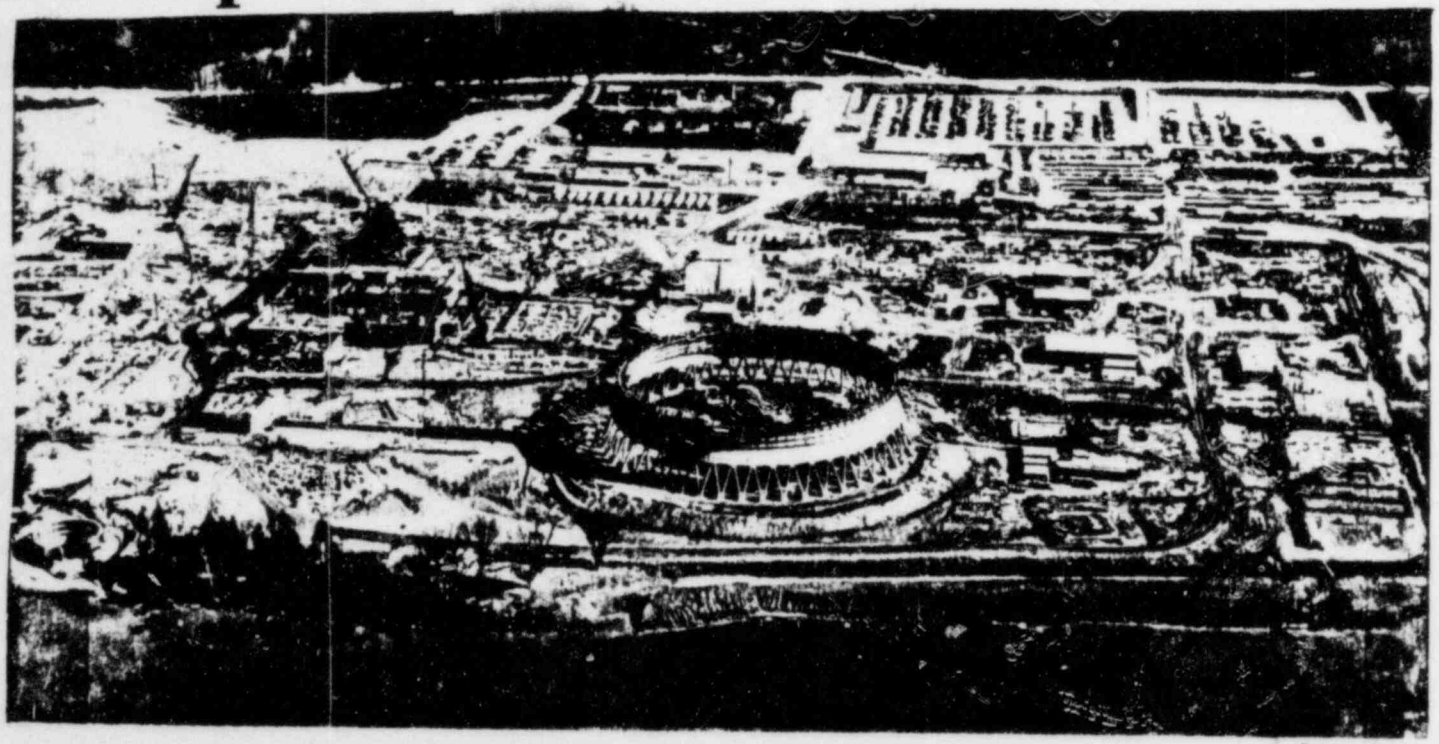
- Formation of a Zimmer Project Oversight Committee to report to the utility's board of directors and chief executive officer on Zimmer quality control activities. Members of the board should come from the existing board of directors, Torrey Pines said, and should have business and technical expertise directly related to the nuclear industry.
- Hiring an architect-engineer-constructor to replace the current CG&E construction management group, manage construction and provide an overview of the quality verification program. An engineering group should direct and manage all engineering activities at Zimmer and a quality assurance group would audit work from subcontractors. The quality assurance group would also bear prime responsibility for external relationships with federal, state and other regulatory agencies.
- Centralization of administrative activities at Zimmer for program planning, scheduling and document control and the creation of an operations group for start-up testing, plant maintenance and training of plant operators.
- Retaining yet another independent review organization—different from the architect-engineer-constructor—to audit implementation of quality verification and review overall Zimmer design.

"It is in the best interest of management, the stockholders and the ratepayers that everything reasonably possible be done to assure satisfactory completion of the project," Torrey Pines said. "A secondary incentive is the increased credibility that will be achieved with Congress, the NRC and the general public."

CG&E said in a press release Monday that it would not be in a position to comment on the recommendations until it was fully able to evaluate the report. During the course of the investigation, the utility hired Joseph Williams Jr., senior vice president of nuclear operations to manage the Zimmer project. That selection was commended by Torrey Pines.

THE CINCINNATI ENQUIRER Tuesday, August 23, 1983

Excerpts From Review Of Zimmer Nuclear Plant



QUALITY ASSURANCE took a backseat to cost controls and deadlines during construction in the 1970s at the troubled Zimmer Nuclear Power Station, according to Torrey Pines, the independent investigator charged with reviewing the power station by the Nuclear Regulatory Commission.

BY ENQUIRER STAFF

The bottom line of the 391-page report by Torrey Pine Technology, hired by Cincinnati Gas & Electric Co. (CG&E) to evaluate quality assurance division at the Zimmer nuclear power plant, is that the plant can be completed.

But the bulk of the report criticizes the utility for allowing a total management breakdown to occur and says the plant probably can be completed only if a number of management changes are made.

The report blasts CG&E for caring too much about saving money and staying on schedule, and caring too little about quality assurance. Quality assurance was viewed by CG&E as a "requirement to be met at the minimum permissible level."

By taking that attitude, CG&E failed to even attain that minimum level. That point was vividly brought home in example after example cited by Torrey Pines, which said a root of the problem was a quality assurance team so thinly-staffed that it "has proven to be inadequate through most of the project's lifetime."

So little did CG&E care for quality assurance, states Torrey, it chose not only to ignore the requirements of federal law for training personnel but encouraged contractors to adopt that same attitude.

The report blasts CG&E for caring too much about saving money and staying on schedule, and caring too little about quality assurance. Quality assurance was viewed by CG&E as a "requirement to be met at the minimum permissible level."

For example, CG&E quality assurance directed Henry J. Kaiser, plant constructor, to "not go overboard on training activities, but instead to weather days."

Now, it is CG&E that finds itself in the eye of the Torrey storm.

From the beginning, CG&E ran afoul of the requirements of quality assurance. It wasn't until after the major construction at Zimmer was completed that the formal qualification of some CG&E personnel to nuclear quality assurance standards actually took place.

Even at the time of the report's publication "little evidence was found to indicate that a planned, systematic approach to define training requirements is being pursued."

Blamed is a restrictive hiring policy imposed by CG&E that led to the practice of extensive reliance on contractor inspection personnel for whom Kaiser had no previous history or confidence. In fact, during one period of construction, this policy led to the use of co-op students to assure quality, states the report.

Throughout most of the construction period, CG&E upper management was apparently "not aware of the lack of satisfactory records on welding procedure and welder performance qualifications." There was no mystery to that lack of awareness. There was a "notable lack of CG&E staff having expertise in welding engineering," states the report.

Not until the Nuclear Regulatory Commission issued letters and orders in 1981 and 1982 did CG&E more aggressively address the basic need for experienced, qualified and certified personnel.

Since that time, CG&E receives higher grades from Torrey.

The qualifications of quality assurance engineers and auditors has improved and the quality assurance manager is considerably more experienced in nuclear quality assurance than his predecessors, states the report.

Torrey said CG&E was slow to react, investigate and correct quality deficiencies cited by whistleblowers, but did not take any reprisals against them.

The subsections used in the following story are those cited by Torrey in their report.

Following are the highlights of Torrey's two-volume report:

CG&E Project Management

CG&E did not establish an internal organization solely dedicated to the design and construction of this plant . . . . All of the key CG&E managers had significant responsibilities other than the Zimmer project.

CG&E's initial company policy for the construction of the Zimmer project was to employ reputable contractors; delegate full responsibility to design, construct, inspect and test the facility; and hold the contractors accountable for furnishing an acceptable facility. This method . . . is consistent with the way most utilities have built nuclear power plants. However, in the case of CG&E, they did not have an adequately experienced staff nor an adequately comprehensive, integrated management system to monitor and control the work of the contractors. These deficiencies severely limited the visibility of the Zimmer project to the president of CG&E . . . .

CG&E had the authority to approve all staff additions proposed by HJK (Kaiser Engineering, the prime subcontractor) . . . . In many instances, Kaiser requests for additional staff were either refused or . . . revised downward. This impacted the ability of the subcontractor to perform his work. In limited instances, CG&E also directed Kaiser to reduce the number of craft labor personnel on site.

Departments tended to function autonomously at the site. This situation was exacerbated by having the Vice President of Engineering Services and Electrical Production located at CG&E's main office and the department managers, who reported to him, located at the construction site about 30 miles away.

CG&E Management Policies

The CG&E quality assurance staff in 1970 . . . appeared to have had little previous experience in developing and implementing a nuclear quality assurance program. The staffing . . . remained at four engineers and a manager from 1970 until 1977, when two contract personnel joined the organization for about one year. A subcontractor also provided some vendor auditing for CG&E along with assistance in performing management audits and, in 1978, began providing nondestructive examination services. This CG&E quality assurance staff size remained approximately constant until the 1981 Immediate Action Letter, after which the number . . . grew to more than 200 by November, 1982.

However . . . the quality assurance staffing level from the beginning of the project until 1981 was not sufficient to carry out a fully adequate job. This lack of experienced and qualified nuclear quality assurance personnel on the CG&E staff also appear to be a factor in their failure to recognize the seriousness and magnitude of problems . . . and to resolve them in a timely manner.

The Atomic Energy Commission pointed out quality assurance staffing inadequacies to CG&E as early as 1971. However, effective steps . . . were not taken by CG&E management and only one CG&E quality assurance representative was on site until late 1976.

The CG&E quality assurance staff was aware of a number of problems throughout the years (including) generic Henry J. Kaiser quality assurance/quality control and construction problems including:

- Lack of procedures ensuring that installation and inspections were complete in accordance with design documents.
- Lack of adequate scheduling of inspections.
- No verification that inspection records at the time of turnover are to the latest design document.
- Missing inspection requirements or code requirements . . . resulting in numerous Nonconformance Reports.
- Lack of response to audits.
- Socket weld problems.

. . . CG&E's major priority was to complete the Zimmer project at the least cost and as close to schedule as possible . . . Quality assurance was viewed as a requirement to be met at the minimum permissible level. Consequently, the size of the CG&E quality assurance staff was maintained at a very low level, which . . . has proven to be inadequate throughout most of the project's lifetime.

A formal vehicle for informing CG&E's president of the quality program status, problems and trends on a periodic basis does not exist . . . It appears that significant deficiencies identified in Nuclear Regulatory Commission inspections, such as failure to follow procedures and identify and correct infractions, were generally not communicated to the president before 1981."

Quality Assurance Management

From the beginning of construction to 1976 there is little evidence that formal training in nuclear quality assurance practives occurred, contrary to the requirements of Criterion II of 10 Code of Federal Regulations 50, Appendix B . . . CG&E involvement did not always encourage training CG&E quality assurance directed Henry J. Kaiser quality assurance not to go overboard on training activities, but instead to save such training exercises for inclement weather days. The emphasis here is clearly to minimize cost and enhance productivity . . . .

Little evidence was found to indicate that a planned, systematic approach to define training requirements is being pursued even today . . . .

It was apparently not until the NRC April, 1981, Immediate Action Letter and November, 1982, Show Cause Order, that the basic need for experienced, qualified/certified personnel was more aggressively addressed. The qualifications of the quality assurance engineers and auditors appears to have also improved since the Immediate Action Letter. Today's CG&E quality assurance manager is considerably more experienced in nuclear quality assurance than were his predecessors.

Interfaces With Contractors

From 1970, to 1975, CG&E interacted with Sargent & Lundy Engineers, General Electric and Henry J. Kaiser Co. through the General Engineering Department.

Henry J. Kaiser Co.—CG&E apparently viewed its ability to control Kaiser, plant constructor, as inadequate during 1970 to late 1975.

The relationship became strained after the contract with Kaiser was modified in June 1976 to allow CG&E to assume a more direct role in construction.

. . . CG&E construction engineers were dissatisfied with CG&E management for denying them the authority to direct Kaiser personnel. "They responded by using a task master style of management . . . . This tough guy management style appears to be condoned by CG&E."

Kaiser personnel responded defensively to CG&E tactics by insisting Kaiser people take direction only from Kaiser line managers, and respond formally in writing to verbal direction.

The report made the following evaluation and recommendations for the organizational structure that would complete Zimmer:

- Sargent & Lundy and General Electric, in some cases, "lack adequate direction from CG&E, slowing down progress." One of those cases is the "design freeze effort." The utility should make a more conscious effot to expedite responses to all its subcontractors.
- CG&E management needs an "increased appreciation" for mutual agreements on the direction between CG&E and Kaiser, and the agreements should be documented to prevent future confusion.
- Catalytic Inc. performed well in the punchlist or systems-oriented phase of construction, even though the definition and control of its work "sometime appear questionable."

Evaluation Of Transition

After reviewing an exhaustive four-year evaluation effort for pre-operational testing, investigators determined in April, 1983, that essential systems were not ready for start-up. One of the major reasons for the disappointing performance, Torrey found, was because of repeated design changes on drywell steel and a suppression pool piping support. Changes effected essent and a suppression pool piping support. Changes effected essential nuclear steam supply systems.

Required documentation of construction completion tests was not available in many cases. The problem was reported internally in September 1978, but no action was taken at the time.

. . . A quality confirmation program started in June 1981 generated a significant number of nonconformance reports. By August there were 121 return reports. In September, 1981, the list had grown to 137. As of May, 1983, the list in the residual heat removal system was about 439 items.

. . . Investigators are not sure that the transition from construction to operation will actually be implemented because details of that process have not yet been finalized.

Evaluation Through Studies

Investigators found that persons who made statements to the Nuclear Regulatory Commission claimed they were subsequently harassed, intimidated or discriminated against in one way or another. Investigators found that without exception, for the cases with direct utility involvement, actions and attitudes of CG&E management were appropriate with respect to the personal treatment of the whistle blowers.

The company was, however, slow to react, investigate and correct quality deficiencies cited by the whistle blowers.

Evaluation of Management

"A number of problems were identified regarding structural steel. They are in three major categories: 1) upgrading of structural steel from nonessential to essential aplication 2) material traceability and welding of structural steel. Some of the purchase orders were for structural beams typically used for the construction of conduit and cable tray hangers in the control room."

Investigators determined that it became routine for the Henry J. Kaiser quality assurance manager to sign an issue slip as "OK for use in essential structures" even through the material had been procured to non-essential procedures from unapproved suppliers/manufacturers. The fact was clearly indicated on the issue slip . . . . CG&E was aware of the upgrading practice by the Kaiser quality assurance control manager since he had expressed his concern to them on several occasions . . . .

"Apparently CG&E condoned this activity as a cost-savings method . . . CG&E exhibited an apparent lack of sense of responsibility and initiative in not initiating corrective action.

The investigators found that problems with welding procedure and welder performance qualification were numerous during the period prior to mid-1982. "They had considerable significance because doubt then was cast upon assurance that welding done on safety-related systems . . . was actually of the requisite quality.

"Audit logs reviewed by Torrey Pines Technology show that no audits were performed by the CG&E quality assurance audit group prior to 1979 which addressed the adequacy of Henry J. Kaiser's welding procedure and welder performance qualifications," investigators said in a case history contained in the report.

"Give light and the people will find their own way"

The Cincinnati Post

Editor
William R. Burleigh

Managing Editor
Thomas E. Dunning

Editorial Page Editor
Marianne O'Regan

800 Broadway, Cincinnati, Ohio, 45202 (513)352-2000 Wednesday, August 24, 1983

editorials

The Zimmer report

The report of Torrey Pines Technology, the San Diego-based engineering firm hired four months ago to analyze safety procedures at the beleaguered William H. Zimmer Nuclear Power Station at Moscow, O., offered no startling revelations but its recommendations to Cincinnati Gas & Electric Co. management and the Nuclear Regulatory Commission—which appeared in Cincinnati newspapers this week—should be studied by every member of this community.

That is because no issue has been more central to life here—nor more divisive—than the construction of Zimmer. Its multitude of problems since the mid-1970s has been the subject of exhaustive public debate and study. Let it be said that it was not always easy to separate the safety-concerned critics from those who opposed all nuclear-generated power on philosophical or political, or less solid, grounds. But CG&E management, says the Torrey Pines report, did not even attempt to make such distinctions, reacting negatively to all criticism.

The study levels most of the blame for construction problems and delays at the plant on CG&E management, painting a picture of a project virtually out of control. The bottom line for the company, it says, was not quality and safety assurance but cost and completion schedule. Even today, the report adds, construction records are neither complete nor easily retrievable.

The Nuclear Regulatory Commission also comes in for its share of bumps. Not until after the accident at Three Mile Island in Pennsylvania did the federal agency, charged with the licensing of nuclear power plants, become aggressively concerned about Zimmer's shortcomings. In November 1981, the NRC fined CG&E $200,000 for quality assurance breakdowns; the following November it suspended all safety related work and called for the independent study.

While the report presents a bleak picture, it is not a hopeless one. The remedies would go far to rebuild public confidence in Zimmer and, finally, get it operating safely. The Torrey Pines study recommends the hiring of an engineering firm to take over the daily management at the station, suggests the election of a new board member with expertise in the nuclear industry, and urges the establishment of a new committee of the board to monitor Zimmer independently, with its own staff of advisers. The board, concludes the recommendation, should include "a respected leader from the Cincinnati community."

These recommendations will not be cheap to implement—the study alone is estimated to cost $500,000, and CG&E and its Zimmer co-owners, the utility companies of Dayton and Columbus, already have $1.7 billion invested in the plant. Safety, however, knows no price. Most costly ultimately would be to allow the long shadow of doubt that Zimmer has cast to continue to darken this community. CG&E's own report to the NRC, due shortly, will also make compulsory reading for all who now live in that shadow.

THE ENQUIRER

WILLIAM J. KEATING *President and Publisher*
GEORGE R. BLAKE *Editor, Vice President*
THOMAS S. GEPHARDT *Associate Editor*
FRED L. FOSTER *Vice President, Advertising*
LARRY G. LINDQUIST *Vice President, Circulation*
FRANCIS M. PRICE *Vice President, Production*

ZIMMER

Torrey Pines study lays the blame for failures on CG&E's management

TORREY PINES Technology prepared an almost 400-page critical evaluation of Zimmer Nuclear Power Plant and found a great deal wrong with CG&E's management.

Torrey Pines found that CG&E executives put cost considerations ahead of quality assurance, that the general contractor had no prior or concurrent experience in building nuclear power stations, that CG&E President William H. Dickhoner did not have an accurate picture of the project's problems and inadequacies.

But the conclusions contained in the Torrey Pines report corroborate many of the charges leveled by CG&E's critics over the years. That, in turn, only serves to reinforce another of the report's findings — that the general public now assumes the company is guilty until proved innocent.

If that was once an unfair burden for the firm, now it is a stigma of CG&E's own making. There just is no other way to put it. CG&E management knew, and should have recognized from the outset, that a construction project of this type would require extraordinary attention to records and quality control. The company had to expect that it would be called into account by anti-nuclear interests, the federal government and, eventually, the public.

But CG&E proceeded with what, in hindsight, can be regarded as a kind of institutional arrogance. When the first signs of trouble surfaced, CG&E embarrassed itself by its inability to answer accusations with hard evidence. The deeper the investigations went, the greater CG&E's troubles. Now Torrey Pines has found that records for the plant were confused, incomplete, difficult to retrieve and possibly invalid.

Management also failed during the early years to ensure that construction was co-ordinated with a workable system of on-site inspections and specifications checks.

Torrey Pines, while allowing that neither CG&E nor general contractor Henry J. Kaiser had experience building nuclear plants, also levels its most damning indictment — that profits/costs meant more than quality assurance.

CG&E's management has no excuse for Zimmer's problems. Torrey Pines charges that project management should have been aware of Zimmer's problems and shortcomings. So, too, should the company's highest management.

Consider that the Zimmer plant began as a multimillion-dollar expansion that soon exceeded a billion. Consider, too, that nuclear power is a relatively new technology that tends to make the public nervous. Is it likely that upper management would remain aloof in such a high-stakes game? Is it reasonable now to plead ignorance?

CG&E behaved in this affair very much like a government agency. As more and more problems were discovered, they were discounted or the blame placed elsewhere.

As costs continued to mount, they were passed on to consumers through work-in-progress rate hikes. For all its problems, CG&E did not endure the kind of corporate disruption that Zimmer would have brought down on any other private industry.

Torrey Pines recommended a wholesale replacement of construction and operations management groups. That's a reasonable first step. But the responsibility for Zimmer does not stop at that level. Questions need to be asked all the way to upper management. That is surely the only way popular confidence in the company will be restored. It may be the only way the plant will be completed without more costly delays and overruns.

THE CINCINNATI ENQUIRER Thursday, September 1, 1983

Managers Of Zimmer Hold Talks

Critics Outline Views On CG&E's Project

BY HOWARD WILKINSON
Enquirer Reporter

Critics of the management of the Zimmer nuclear plant accepted Wednesday night an unexpected offer that they got from Cincinnati Gas & Electric Co. officials.

Earlier this week, CG&E had invited Zimmer critics to come in and discuss their concerns about the Moscow power plant.

Members of the Environmental Advisory Council of Cincinnati (EAC) met with CG&E President William Dickhoner, CG&E general counsel William Moran and Joseph Williams Jr., the senior executive vice president in charge of the Zimmer project, at CG&E corporate offices.

EAC ADVISES Cincinnati City Council on environmental issues. Last fall, it held a series of public hearings on the Zimmer project.

Representatives from the Coalition for Affordable, Safe Energy (CASE), the umbrella organization for groups critical of Zimmer, will meet with the CG&E officials Friday.

CG&E President William Dickhoner would not comment on his discussions with EAC members Mike Fremont, Tim Fisher and Chairman D. David Altman, but said the meetings were scheduled as a result of the recent Torrey Pines management review of Zimmer.

Torrey Pines, a San Diego-based firm hired to assess the management of the Zimmer project, concluded that CG&E had allowed a total management breakdown in the quality assurance program at the uncompleted nuclear plant. The Nuclear Regulatory Commission (NRC) requires that CG&E follow up the Torrey Pines report with its own plan for management changes at Zimmer.

"THESE MEETINGS are part of our putting together our plan of action," Dickhoner said. "We asked them to come in. We wanted to hear their comments."

Dickhoner called the meeting with the

(See ZIMMER, Page C-2)

On The Inside

• Group claims to have new evidence in Zimmer case, Page C-3.

Zimmer

CONTINUED FROM PAGE C-1

EAC representatives "productive for both sides."

"Hopefully, they understand our problems a little better," he said, "and we listened to their concerns and took them under advisement."

Altman said EAC members had one main message for CG&E officials: that a "truly independent" committee, reporting not just to the utility but to the public as well, be set up to oversee completion of the Zimmer project.

The Torrey Pines report recommended an oversight committee that could be formed out of the CG&E Board of Directors.

ALTMAN SAID the oversight committee should include government officials, Zimmer critics and representatives of all three utilities involved in the Zimmer venture. (The other two utilities are: Columbus & Southern Ohio Electric Co. and Dayton Power & Light Co.)

Also, Altman said he suggested that CG&E drop its opposition to reopening of Zimmer licensing hearings, but said he "got the impression they are not any more enthusiastic about additional licensing hearings than they ever were."

In addition, EAC members told the CG&E officials that the utility should disclose the total costs involved so far in the Zimmer project, including the quality assurance program and the costs of the construction shutdown that the NRC ordered last November.

He said he told CG&E officials at the start of the meeting that he would not discuss publicly what they said to him, only what he said to them. But Altman did say he came away from the meeting with the impression that the management plan CG&E would submit to the NRC "will be pretty much along the lines of the Torrey Pines report."

The Cincinnati Post, Friday, September 2, 1983

CG&E, Zimmer plant critics talking

The Cincinnati Gas & Electric Co. has invited some of the critics of the William H. Zimmer Nuclear Power Station to its downtown headquarters for talks.

Wednesday evening, CG&E executives met with D. David Altman, Tim Fisher and Mike Fremont of the Environmental Advisory Council.

THE CG&E officials today were to meet with representatives of the Coalition for Affordable, Safe Energy, an alliance of several groups critical of Zimmer.

"There might be other groups we might want to meet with as well," said CG&E spokesman Bruce Stoecklin, "but we can't really say for sure."

Altman, chairman of the advisory council, agreed not to disclose what CG&E said at the meeting.

He noted, however, that CG&E president William Dickhoner was very open.

ALTMAN'S GROUP told Dickhoner, William Moran, CG&E general counsel, and Joe Williams, senior vice president in charge of Zimmer, that it had three major criticisms about Zimmer:

- The group disagrees with the notion of forming an in-house oversight committee for Zimmer, as Torrey Pines Technology, which conducted a management review of Zimmer, suggested. To ensure public confidence, Altman said, the oversight committee should include representatives of the utility, its critics and members of governments in the Zimmer area.
- The group believes CG&E should reveal a final cost for Zimmer, now more than 95 percent complete. If CG&E doesn't know what it will cost, it should say so, Altman believes.
- The group wants CG&E to withdraw its opposition to the reopening of licensing hearings for Zimmer.

ALTMAN SAID a public meeting will be held after CG&E files its response to the Torrey Pines report. Torrey Pines, of San Diego, Calif., issued its report on the $1.7 billion Zimmer plant last week.

The Nuclear Regulatory Commission ordered the management review.

THE WALL STREET JOURNAL.

© 1983 Dow Jones & Company, Inc. All Rights Reserved.

Midwest Edition WEDNESDAY, SEPTEMBER 7, 1983

Weak Links?

Nuclear-Plant Welders Often Aren't Qualified For the Job, Critics Say

They Contend Test Results Were Routinely Falsified, Many Union Cards Sold

Troubles at Facility in Ohio

By J. Ernest Beazley
Staff Reporter of The Wall Street Journal

A little over a year ago, Chuck Weaver, a quality-control inspector for H.J. Kaiser Engineers, walked in unexpectedly on a group of welders taking qualification tests at the Zimmer nuclear plant near Cincinnati.

What Mr. Weaver saw alarmed him. According to an affidavit submitted by him to the Nuclear Regulatory Commission, one welder who was undergoing certification for the most difficult safety-related work at the plant was taking the wrong test—a much simpler one that, Mr. Weaver joked later, "basically could be done by a chimp after a few weeks of training." Other welders were committing a variety of infractions, according to Mr. Weaver's affidavit and many others.

Mr. Weaver's affidavit says the test supervisor told him that Kaiser's construction division had approved the departure from regulations "for people who can't pass the test otherwise." Three on-site Kaiser inspectors had never before inspected welding tests, and two NRC inspectors standing

Many Defects

Mr. Weaver had been similarly disturbed a few weeks earlier at Zimmer. Then, on another routine inspection at the Kaiser construction project, he testified in his affidavit, he discovered defective welds over two-thirds of the circumference of a critical, 90-foot-high radiation shield around the reactor.

"Other funny things were turning up, too," Mr. Weaver recalls. He and others said in affidavits that hundreds of documents supporting the qualifications of welders already at work at the plant were missing and that other documents appeared to have been falsified. In some cases, according to NRC investigators, the same test was used to qualify several welders.

The voluminous testimony about falsified tests, stand-ins for unqualified welders and defective welds in safety systems helped persuade the NRC, four months later, to halt construction indefinitely of the $1.7 billion, 97%-complete plant, which is owned by Cincinnati Gas & Electric Co., an American Electric Power Co. subsidiary and Dayton Power & Light Co.

It is unclear precisely what relationship exists between shoddy welding on a radiation shield, for instance, and the cheating that may precede it in the test booth, where craftsmen are supposed to meet detailed government and industry standards before they are hired. But concern is growing over both the incidence of faulty welds and the quality-control programs designed to detect them.

Other Zimmers

Moreover, interviews with dozens of welders, welding engineers, nuclear-quality-control inspectors and NRC inspectors suggest that, in varying degrees, there are indeed other Zimmers. In fact, though Zimmer may be a particularly bad case, Mr. Weaver and others say welding improprieties—ranging from stand-ins during testing

At the Washington Public Power Supply System's reactor No. 2 in southeastern Washington, for example, NRC inspectors, prodded by complaints from quality-control inspectors, found faulty welds in a main radiation shield similar to those at Zimmer. If undetected, the welds could have jeopardized a safe shutdown of the reactor.

In June, witnesses told the House Interior Subcommittee on Oversight and Investigations that the NRC had discounted—without fully investigating—charges of inferior welding at the San Onofre nuclear plant in California and the Midland and Palisades plants in Michigan. And the Senate Labor Committee is in its third year of investigating the apparently widespread sale of union craft memberships to unqualified welders who were welding and even overseeing welders at dozens of industrial sites, including several nuclear plants.

Reports of document falsification at Zimmer were ignored by the NRC, Rep. Morris Udall, an Arizona Democrat, charged last year. A federal grand jury is said to be still investigating criminal charges concerning forged documents at Zimmer, and NRC officials now say 70% of the structural-steel welds alone there don't meet code requirements.

Many Crucial Welds

More than 100,000 welds go into the typical nuclear plant, the NRC estimates, and of these some 15,000 are crucial pipe welds for the reactor cooling system. Cracks in these pipes could threaten the cooling system and, in the event of an accident, could impede a safe shutdown. Faulty welds in other areas, such as the reactor radiation-shield problems alleged at Zimmer and WPPSS-2, could weaken the first line of defense for workers against radiation leakage.

Photo-Identification Plan

After the first Senate Labor Committee hearing last year, Chairman Orrin Hatch, a Utah Republican, asked the NRC to institute a photo-identification program to confirm the identity of the test-booth welder. The NRC staff is considering recommending the change. Meanwhile, the agency has begun a modest system of spot checking. So far, the NRC's Mr. Taylor says, the agency has information from three of its five regional offices; those three estimate that their inspectors witness 80 to 130 welders undergoing tests in an average year. Last year, welders took an estimated 20,000 to 25,000 tests at nuclear plants.

One NRC inspector worries that the agency depends too much on utilities and contractors to police themselves. "There's no real safeguard against dishonesty," he says. "If the utility is less than honest with us, it can actually set us up. It can send out to look at just the work it wants us to see."

Those seeking jobs at nuclear-plant construction sites have a powerful motive for cheating: money. A pipefitter welder at a nuclear plant commands a premium wage—as much as $26 an hour. In a year's time, that amounts to $54,000—not including overtime.

"When a guy can go from making $4 an hour to $20 an hour, he's going to cheat to get the job every way he can," asserts a welding engineer for a large Philadelphia-based construction company who estimates that he has seen stand-ins take tests for welders on more than 70 jobs, including six nuclear plants.

Helping Friends

A former quality-control inspector a WPPSS, now in a similar position at a Mi western nuclear plant, recalls two friend who were persuaded to stand in for other welders during tests. "No money changed hands," she says in an interview. "They took the tests because the other welders couldn't pass them otherwise, because they were all friends and because the job paid so well."

Union locals also reap benefits when they land contracts for large nuclear-construction jobs. By placing their members in steady, high-paying jobs, they can count on substantial revenue from work dues paid by each member. But typically, the locals lack the required numbers of skilled craftsmen, particularly welders. "It puts you in the position of accepting a lot of guys you wouldn't ordinarily take," says a former member of the local that supplied the WPPSS plants with pipefitters.

When the WPPSS construction was announced in the early 1970s, fewer than 500 members belonged to Local 598 of the United Association of Journeymen and Apprentices of the Plumbing and Pipefitting Industry, generally considered one of the best-trained pipefitting halls in the nation. Practically all were enjoying steady work, largely because of the proliferation of government research facilities and the local's large geographic territory. Nevertheless, the union hall was able to supply 10 times as many pipefitters, many of them welders, by using nomadic welders who journey from site to site in search of work. Supplying only half that number would have meant a loss of several million dollars in work dues to the local.

Harassment Charged

Quality-control inspectors complain that they often lack the autonomy to insist on stricter supervision of welding tests or correction of bad welds. Some say they even were harassed for doing their jobs.

After Mr. Weaver reported welding problems to the NRC, for example, Kaiser raised questions about his handling of expense accounts and the accuracy of his resume. Then, it suspended him with pay. But a subsequent investigation by the NRC and the Federal Bureau of Investigation found "no major problems" with Mr. Weaver's information or his background, according to Mr. Weaver and NRC staffers. And after Mr. Weaver filed a complaint charging harassment with the Labor Department, Kaiser agreed to a settlement with him that, among other things, granted his request to be laid off with full relocation, vacation and severance pay and a 30-day expense account amounting to more than $20,000.

Kaiser denies its action against Mr. Weaver was intended as retaliation for his contact with the NRC. The company notes that in the settlement, both it and Mr. Weaver acknowledged that neither was admitting any liability or wrongdoing. On the other hand, the company concedes that the questions about the accuracy of Mr. Weaver's resume were unfounded; even before the settlement was reached, in fact, Florida Power & Light Co. had hired him as a quality-control inspector at its St. Lucie nuclear plant.

Another Alleged Victim

Another employee wasn't as fortunate in finding another job. David Jones, a senior quality-assurance analyst, says that after he was suspected of reporting problems at Zimmer to the NRC, he was moved from his $35,000-a-year position to the document review room, where he says his duties amounted to a clerk's. On May 28, 1982, two weeks before Mr. Jones testified before a House subcommittee about the plant, he received a job evaluation that praised his performance and explained that the transfer would "broaden his background" and "improve his understanding of day-to-day activities of other quality groups."

Six weeks after his testimony, Mr. Jones was laid off. Last month, he filed for voluntary bankruptcy. A Kaiser spokesman contends that Mr. Jones's transfer wasn't a demotion, but instead reflected the company's decision to place him "where we needed him at the time."

Commenting on the whole problem of flaws in nuclear-plant construction, an NRC inspector says: "The simple truth is that if the quality-control people aren't willing to give up their jobs to report this sort of thing then we don't find out about them."

In a letter last March to Cincinnati G&E, Zimmer's majority owner, the NRC outlined some welding problems that it said it had found. Among the allegations: that quality-assurance records had been "altered and supplemented" without supervision and that welders qualified for one type of welding were certified for another. NRC investigators also charge that some qualification records had been wholly rewritten and that there wasn't any evidence that 40% to 50% of the 2,400 welders who had worked at Zimmer over the years had qualified. And the

Please Turn to Page 16, Column 1

Weak Links? Critics Say Many Nuclear-Plant Welders Aren't Qualified and Test Results Are Often Falsified

Continued From First Page

investigators verified Mr. Weaver's report of faulty welds in the radiation shield.

"This plant is an example of what happens when quality assurance breaks down on a massive scale," says Dorwin Hunter, the NRC's former project manager at Zimmer.

Responding to the NRC's findings, Kaiser says it is "confident of the quality of all the safety-related and structural-steel welds at the plant." It also cites the conclusions drawn by Torrey Pines Technology in a review conducted for Cincinnati G&E; the consulting firm said any management shortcomings at the plant "have been or can be corrected" by the utility.

A Kaiser spokesman adds: "We believe Zimmer is one of the most soundly constructed nuclear-power plants in the country. Other people in the nuclear-power industry just shake their heads in wonderment at the quality of this plant."

The NRC says its inspections, which include sample X-rays of crucial welds and reviews of welder-certification documents, are as thorough as possible, given its staffing constraints. "Our system is built to the level of manpower the NRC can devote to it," says James Taylor, the assistant director of the NRC's Office of Inspection and Enforcement.

Privately, though, some NRC inspectors express strong doubts about their ability to detect cheating. "Hopefully, it doesn't happen as much as it would appear, but it does happen," one veteran inspector says.

Some early indications of the problem came in 1981, when the Senate Labor Committee opened an investigation into what it alleges was a union membership-selling scheme involving East Coast and Canadian locals of the International Brotherhood of Boiler-makers, Iron Shipbuilders, Blacksmiths, Forgers and Helpers. Terming the allegations "vague and unsupported," Charles Jones, the union's president, vigorously denies any wrongdoing, and an NRC investigation into a small portion of the committee's findings has failed to substantiate the charges.

Nevertheless, dozens of veteran welders told the committee that business agents routinely sold memberships at exorbitant prices to welders lacking the 8,000 hours or four years of apprentice experience generally required under union rules for referral as journeymen. In some cases, union halls sold memberships normally costing $400 for as much as $2,600, according to testimony.

At the same time, union officials or unqualified welders paid or pressured standins to take welding tests, according to testimony at the Senate hearing. Recipients of union cards included a used-car salesman who "knew so little about what he was doing that he asked where the boiler was on the first job he worked," said one witness, who testified behind an opaque glass screen and used a voice scrambler to protect his identity.

Cosmetic Touches Charged

Another witness was Ralph Powers, who now runs his own welding shop in Saxton, Pa., but in 1972 was welding alongside other boilermakers on the storage system for spent radioactive fuel at Three Mile Island Unit 1 near Harrisburg, Pa. There, the welds were so poor that workers were instructed to use blow torches to make the surface of the welds look "nice and clean" – at least to the eye, Mr. Powers testified.

NRC officials, though, play down the significance of the welds because the storage system isn't crucial to the plant's safety.

More disturbing, though, is Mr. Powers's allegation before the Senate committee that more than half of the boilermaker welders dispatched to the plant bought union cards for prices ranging up to $1,000 from a nearby local in Titusville, Pa. Mr. Powers said a former local official alleged to have sold the memberships "had a motto: 'If you've got the bread, we've got the butter.'"

Lee Reisinger, the local's current president, says the international union investigated similar allegations about the local in the 1970s. "The international thought something was going on, but as far as we can tell, there was no wrongdoing at the time," Mr. Reisinger says.

Key to Hiring

Union membership, of course, doesn't guarantee a welder a nuclear-plant job. NRC regulations still require certification at the construction site. In practice, though, it virtually ensures job referrals, and witnesses testified that once equipped with a union card, a welder had a high likelihood of getting work, depending on the amount of test supervision. At TMI, Mr. Powers testified, supervision was spotty at best, and cheating was common. "Some of these guys managed to get through the tests without knowing how to hook a torch up," he charged.

Mr. Powers also testified that union foremen had pressured him to take 11 tests for other welders at fossil-fueled plants. His son, he added, had bought his own union membership from a Charleston, S.C., local with only one-fourth the required apprentice hours. Union officials there deny the charge.

Committee investigators also turned up the case of an 18-year-old West Virginian named Ricky Allen Farley who says he bought union credentials from the same South Carolina local as Mr. Powers's son. Even though he had no more than trainee's status at the time, Mr. Farley became the foreman of a crew of boilermakers installing a condenser at Georgia Power's Vogtle nuclear plant.

"I wasn't really surprised to be named foreman because I was the only one who had any kind of book (union membership) at all," he says in an interview. "But I guess it did surprise everyone else because I was so young." Mr. Farley says he still has only about 6,000 hours.

Company's Reply

Richard Conway, Georgia Power's senior vice president for engineering and construction, acknowledges that Mr. Farley was hired as a journeyman upon a union hall's recommendation. But Mr. Conway considers Mr. Farley's length of apprenticeship irrelevant because, Mr. Conway says, the youth apparently passed a welding test.

"The term of apprenticeship hasn't got anything to do with skill," says Mr. Conway, who is also the chairman of the Edison Electric Institute's construction committee. "Some guys can learn how to weld in a matter of weeks." Mr. Conway adds: "Besides, the proof is in the performance."

Despite the Senate hearings, the NRC says it has been handicapped in its efforts to follow up on the committee's investigation. Crucial witnesses at first refused to permit their names to be handed over to the NRC because they feared job retaliation. Initial interviews with one committee informant yielded little specific and some contradictory information, NRC investigators say. And the agency found nothing alarming in its review of the percentage of welders who passed tests at three plants.

"As far as I'm concerned, we've closed the investigation," says William Ward, a division director in the NRC's Office of Investigations.

Inspections Increased

On the other hand, the NRC's Mr. Taylor says his branch has rewritten its procedures to provide for increased inspection of welding tests, although the number inspected still will probably amount to no more than 2% of the total. "We've told our inspectors to pick things up in the test booth," Mr. Taylor says. "The hearings focused our attention on the possibility of fraudulent behavior."

Stand-ins and sales of union memberships apparently aren't a problem only at construction sites. A former quality-assurance engineer for Bechtel Corp. recalls catching an uncertified welder at one of Bechtel's suppliers for the Palo Verde nuclear plant. The welder, who reportedly hadn't been certified in 10 years despite a requirement for certification every few months, was welding flanges onto large pipe sections used in the reactor's main cooling line. "We never would have caught this guy if Bechtel hadn't had such strict standards on this job," she says.

At the plant sites themselves, welding and quality-control inspectors say, supervision of qualification tests often is lax. Test supervisors, employed by the contractor, sometimes leave the test booths unattended for hours at a time and permit union foremen to vouch for the testing of union welders. "A lot of supervisors don't care," a welding engineer says. "Others just look the other way."

THE CINCINNATI ENQUIRER Thursday, September 8, 1983

Utilities' Disputes Over Zimmer Will Go To Arbitration

BY GEORGENE KALEINA
Enquirer Reporter

Two of the utilities involved in the embattled William H. Zimmer Nuclear Power Station claimed partial victories Wednesday when a judge ruled some of their disputes must be arbitrated.

Hamilton County Common Pleas Judge Robert Gorman ruled that three issues in dispute between Cincinnati Gas & Electric Co. (CG&E) and Dayton Power & Light Co. (DP&L) must be decided by an arbitrator chosen by the utilities.

CG&E is the major owner of the nuclear power plant with a 40% share. DP&L has 31.5% share and Columbia & Southern Ohio Electric Co (C&SOE) owns 28.5%.

The Zimmer plant is about eight years behind schedule and is costing seven times original estimates. As part of a 1969 basic agreement on the Zimmer station, the three agreed to submit to arbitration any controversy among them. Last January, DP&L invoked arbitration on four main questions relating to the agreement and project.

THREE DP&L'S original questions for arbitration which Gorman agreed must go to arbitration were:

- Whether DP&L must continue to pay all costs of completion of Zimmer that CG&E bills to it in view of the history and current status of the project.
- Whether CG&E had sufficient knowledge that actions against suppliers for failure to comply with contractual obligations should have been initiated or other remedies pursued.
- Whether DP&L should be awarded damages resulting from CG&E performance under the basic agreement signed by the utilities.

STEVE KOZIAR, DP&L's attorney, said of Gorman's ruling: "It's really what we were anticipating. Our general questions have been how much is the plant going to cost and when it is going to be finished. CG&E must tell us that. At least we've made some progress. I'm pleased with the decision."

Robert Stachler, CG&E's attorney, said he considered it a victory for the Cincinnati-based utility.

"I think this certainly makes it clear which issues we must go to arbitration on," Stachler said, adding CG&E has not been against arbitration. "DP&L won't be able to ask the arbitrator to re-write the basic generating agreement."

Stachler had maintained that the three issues which now must go to arbitration were not laid out specifically enough. "But I think we can live with that," Stachler said.

BUT HE did say they would study the possibility of appealing Gorman's decision.

Gorman ruled that DP&L's percentage in the plant and its share of the electricity was not within the scope of arbitration and would amount to the arbitrator rewriting the basic agreement.

DP&L also wanted an arbitrator to decide whether the utility's right and obligations under the agreement should be modified.

The judge, however, said "an arbitrator should logically not have the power to modify or rewrite the agreement."

DP&L also wanted to withhold payments to CG&E until completion of the arbitration proceedings. Gorman ruled that issue is outside the scope of arbitration.

According to the opinion, CG&E and C&SOE maintained such an order would be the "death knell" for the entire Zimmer project.

"IF THIS situation did result as they allege," the judge wrote, "the issue of ownership and the right to control a licensed facility, presents an inevitable question for determination by the Nuclear Regulatory Commission.

"In the meantime, the public which has no choice or guarantee of quality control of the project, likewise, has no voice if electricity and all dependent services are curtailed because of CG&E's financial inability or insolvency," Gorman wrote.

Stachler said he felt Gorman's ruling on the withholding of payments "was very appropriate. I'm pleased he's clarified these points."

Koziar said if those issues are not proper for arbitration, the utility can return to the court for a ruling on those matters.

THE CINCINNATI ENQUIRER Tuesday, September 20, 1983

Nader Group Calls Zimmer 'Worst' Plant

BY ASSOCIATED PRESS

WASHINGTON—Zimmer nuclear power station in Moscow, Ohio, is the worst managed nuclear plant under construction in the country, Ralph Nader's Critical Mass Energy Project charged.

But, they noted, that a Nuclear Regulatory Commission (NRC) list it had obtained omitted Zimmer where the NRC halted safety-related work last year because of broad quality control breakdowns.

Cincinnati Gas & Electric Co. (CG&E) is building the $1.7 billion facility for itself, Dayton Power & Light Co. and Columbus & Southern Ohio Electric Co.

Among plants still under construction, NRC rated Louisiana Power & Light Co.'s Waterford facility, as the worst managed, followed by TVA's Watts Bar plant, and Commonwealth Edison Co.'s Bryon plant.

THE VERY worst plant under construction is almost certainly the Zimmer plant," the Critical Mass report said, even though the NRC assessment rated the performance of the plant's management as normal.

Bruce Stoecklin, a CG&E spokesman, said procedures ordered by the NRC when it stopped safety-related construction at Zimmer "will solve the problems that have been alleged."

Since that NRC move, a consultant hired by CG&E produced a shopping list of foulups in management of construction at Zimmer.

Nader's group also found that reactors in North Carolina, Arkansas and Alabama top a list of the worst *managed* operating atomic power plants in the country in 1982.

According to a government notebook that Critical Mass said it obtained through a Freedon of Information Act request, the NRC's Office of Inspection and Enforcement rated Carolina Power & Light Co.'s Brunswick plant, Southport, N.C., as the worst managed commercial operating atomic plant.

CRITICAL MASS said the NRC notebook it obtained was based on "Systematic Assessments of Licensee Performance" conducted for each plant by the NRC's regional offices.

Those "SALP" reports evaluate how plants are managed in several categories, including operations, radiological controls, maintenance, security, fire protection and emergency planning.

Although the NRC last year did away with official over-all ratings for each plant, Critical Mass said the commission's staff still calculates them for internal use.

The group said the numbers corresponding to an average of the evaluations in each category for each of the plants had been erased from the NRC notebook it obtained "but still faintly can be seen."

It said it used those averages to compile its list of the worst- and best-managed plants.

Also obvious by its omission from the group's list of worst-managed nuclear facilities was the Three Mile Island plant in Pennsylvania, which one NRC commissioner says should not be allowed to reopen until its top three company executives are fired.

JOHN CLEWETT, author of the Critical Mass report, said the omissions of TMI and Zimmer from the lists of the worst-managed reflects variations among the NRC's regional offices on how plants are rated and their inability to agree on standards for over-all evaluations.

However, Scott Peters, at the industry's Atomic Industrial Forum, said reports that utilities file with the NRC point to nuclear power's "incredible safety record, unparalleled in any other industry.

"What other business can you point to where there has never been an injury or fatality."

Bob Newlin, a spokesman for the NRC, said the government agency does not rank plants against one another. Numbers Critical Mass used to compile its rankings "had been averaged by a lower-level employee on her own" and were not weighted properly to accurately reflect the safety performance of each plant.

Time Element Cited In Zimmer License-Hearing Denial

BY HOWARD WILKINSON
Enquirer Reporter

The Atomic Safety and Licensing Board's decision not to reopen licensing hearings on safety issues at the Zimmer nuclear power plant was apparently a matter of timing.

The board, in a unanimous order issued last week, said the group seeking reopening of the licensing hearings, Miami Valley Power Project (MVPP) did not file its contentions about Cincinnati Gas & Electric's contruction management and the Zimmer quality assurance program "in a timely manner." MVPP is an intervenor in the Zimmer licensing proceedings.

MVPP's legal counsel, Thomas Devine of the Government Accountability Project (GAP), said the public is being denied new Zimmer hearings because of a legal technicality.

IN MAY, 1982, MVPP filed eight contentions with the licensing board regarding Zimmer quality assurance and Cincinnati Gas & Electric's "character and competence" to operate a nuclear power station. Earlier this year, MVPP submitted more evidence to support its argument.

The licensing board, which is the judicial arm of the Nuclear Regulatory Commission (NRC), said that under NRC rules the contentions raised by MVPP could have been raised "at least as early as the end of 1981, if not earlier." MVPP could have made its case after the NRC levied a $200,000 fine against CG&E in November, 1981, instead of waiting until May, 1982.

"MVPP's justification for against advancing these contentions in 1983 simply do not pass muster," the licensing board order said.

THE LICENSING board, in refusing to reopen Zimmer licensing hearings, did say it agrees with MVPP that the evidence submitted this year "refines, expands and strengthens" the contentions it made against CG&E in 1983.

"MVPP certainly has demonstrated its ability to amass large quantities of documents which are relevant to quality assurance problems," the order said. "The documents are, however, largely undigested and consequently difficult to review in a systematic fashion."

Devine said MVPP will appeal the licensing board's decision "all the way to the Supreme Court if necessary. Zimmer is going to be a test case."

MVPP DID not file its contentions regarding CG&E's Zimmer management earlier because "in Nov. 1981, we didn't know the NRC was lying to us. We feel (the licensing board's) analysis is unfair and represents a double standard. It's not fair for them to expect us to be clairvoyant."

CG&E spokesman Bruce Stoecklin said that while the board's decision means there will not be public hearings into quality assurance and safety issues, there may still be licensing hearings in regard to emergency evacuation plans for the area around the Zimmer plant.

"We feel (the decision) supports what we have been saying all along—that their contentions weren't filed in a timely manner and involved matters which ha[d] already been discussed," Stoecklin said.

The $1.7 billion Zimmer plant is 97% complete, according to CG&E, but safety-related work was halted by a NRC order last November.

THE CINCINNATI ENQUIRER

FRIDAY, SEPTEMBER 30, 1983

NRC Ousts Investigations Chief Who Had Guided Zimmer Probe

BY HOWARD WILKINSON
Enquirer Reporter
and ASSOCIATED PRESS

James Cummings, a top official in the Nuclear Regulatory Commission (NRC), has been removed from his job as director of the agency's Office of Investigator and Auditor (OIA). Cummings was involved in investigations of the Zimmer nuclear power plant.

His removal followed charges that Cummings had bungled several probes into the agency's handling of safety violations at atomic power plants, including Zimmer, and into companies licensed to handle nuclear materials, officials say.

COMMISSIONER VICTOR Gilinsky said Cummings would be reassigned to another NRC job, but would not comment on why the action was taken against Cummings.

"I'm not inclined to say anything about it at this time," Gilinsky said. "It wouldn't be helpful to the situation to discuss it."

But congressional sources and other officials close to the agency said the dismissal of Cummings was the result of an internal investigation by an administrative law judge within the NRC. Cummings had held the job for five years.

On The Inside

• No price tag on repairs, Page D-2.

Although three House subcommittee chairmen have criticized Cummings' office for its investigations in a wide variety of NRC cases, the sources, who asked not to be identified, said the internal investigation that brought about his ouster centered primarily on the Zimmer plant near Moscow, Ohio.

In an unprecedented action, the commission last year ordered all safety-related construction at Zimmer halted because of widespread quality-control breakdowns and allegations that several inspection documents on the plant had been forged.

LAST MAY, a federal judge called it "disturbing" that Cummings' office operated "in a manner designed to thwart the release of responsive materials" to whistleblowers who accused the NRC of trying to cover up the problems at Zimmer.

"These procedures appeared to include the removal of documents from agency files, taking documents home and the use of carefully worded oral inquiries designed to avoid identification of documents," said U.S. District Judge Thomas Hogan.

Among the documents that Cummings allegedly failed to turn over to the whistleblowers was a report to senior NRC officials from the agency's resident inspector at Zimmer from 1977 to 1979. The report labeled some of the work being done at the time as "out of control."

A month later, Cummings defended his actions before a House subcommittee. And other witnesses testified that on some occasions when Cummings tried to pursue investigations into NRC

(See ZIMMER, back page, this section)

Zimmer

CONTINUED FROM PAGE A-1

inspection and enforcement shortcomings, he was stopped by the commmission itself.

Cummings said Thursday that NRC Chairman Nunzio Palladino told him a week ago that he was being reassigned.

"Except for the general rubric 'loss of confidence,' they didn't give me a reason," he said. "I'm entitled to a better explanation. I'm the only person in the agency who has brought all these problems to light."

CUMMINGS SAID his removal from the job was the result of a 3-2 vote in which he was supported by Palladino and Commissioner Fred Bernthal, while Commissioners James Asselstine, Victor Gilinsky and Thomas Roberts wanted him reassigned.

Thomas Devine of the Government Accountability Project (GAP), a Washington-based watchdog group that has provided legal counsel to Zimmer critics, said the removal of Cummings "confirms what GAP has been charging for nearly two years. The Office of Inspection and Auditor has functioned to cover up or endorse agency misconduct, rather than to expose and correct it."

Devine said he believes Cummings' removal was the result of a "one-two punch": letters from his client, private investigator Thomas Applegate, claiming Cummings was involved in a "coverup" of the results of NRC investigations into Zimmer safety, and an investigation by Helen Hoyt, a federal administrative law judge, which was initiated by the NRC.

The findings of Hoyt's investigation will not be released to the public, Gilinsky said. He would not comment on whether the commissioners relied on Hoyt's findings in removing Cummings.

DEVINE SAID he has filed a request under the Freedom of Information Act (FoIA) to have the Hoyt file disclosed.

Applegate said he felt "vindicated" by Cummings removal.

In 1980, Cummings' office conducted an inquiry into an earlier investigation by the NRC region III staff into Zimmer allegations that Applegate had made. Cummings' office concluded that that investigation was inadequate. A second probe led to the NRC's levying of a $200,000 fine against Cincinnati Gas & Electric Co., the builder and principal owner of Zimmer.

In 1982, GAP, on Applegate's behalf, filed FoIA requests for materials from Cummings' investigation, including the summary of an interview with Terry Harpster, an NRC employee who worked at Zimmer. In the interview, Harpster was critical of CG&E's Zimmer management. GAP and Applegate accused Cummings of suppressing the Harpster interview.

THE CINCINNATI ENQUIRER

FRIDAY, SEPTEMBER 30, 1983

No Price Tag Put On Zimmer Repair

BY JOHN ECKBERG
Enquirer Reporter

Repairs needed at the Zimmer nuclear power station still have no price tag, according to Joe Williams Jr., Cincinnati Gas and Electric Co. senior vice president in charge of construction at the plant.

Williams, speaking to members of the Mercantile Library at a luncheon there Thursday, said it has not been determined how much time it will take to correct deficiencies at the Moscow plant or how much it will cost.

WILLIAMS SAID he was not troubled by a recent Nuclear Regulatory Commission order that closed five nuclear plants manufactured by General Electric for inspections of cooling systems. The Zimmer station is a GE-built boiling-water reactor.

Commission inspections have shown flaws in larger pipes in reactors manufactured by GE and designed to cool fuel rods with boiling water. But Williams said CG&E will use a heat process to relieve stress at any potential trouble spots in the Zimmer reactor.

His job at CG&E, he said, was to assemble a management team to oversee any necessary repairs at Zimmer and complete construction in a timely fashion.

Williams stopped short of suggesting what would happen if the repair bill turned out to be too costly. Executives would "do what you always do when economies (of a project) don't make sense," he said.

He characterized intervenors who first brought problems at Zimmer to light as "shrill" and said they were not interested in "putting the plant on line."

WILLIAMS ALSO said he would vehemently oppose any move for a public buy-out of CG&E. The utility was recently faulted by Torrey Pines Technology for allowing a quality assurance and management breakdown to occur at the plant during construction in the 1970s.

David Altman, head of the Cincinnati Environmental Advisory Council, said Williams' responses to questions about future costs at the plant were unsatisfactory.

"When will the issue of costs be addressed? After the money is spent?" Altman asked following Williams' speech. "I think CG&E has an idea of what it will cost to make repairs and they should tell us. That is the key public policy question."

The regulatory commission fined the utility $200,000 in November, 1981, for a breakdown in the quality-assurance program. Safety related construction on the plant was halted a year later when the commission decided that the quality of the work could not be determined.

THE CINCINNATI ENQUIRER

FINAL EDITION/NEWSSTAND PRICE 25¢ SATURDAY, OCTOBER 1, 1983 A GANNETT NEWSPAPER

Zimmer Cost May Hit $3.5 Billion

BY HOWARD WILKINSON
Enquirer Reporter

The ultimate cost of the Zimmer nuclear power plant may be as high as $3.5 billion, twice the utility's current estimate, Cincinnati Gas & Electric (CG&E) officials announced Friday.

Bechtel Power Corp., CG&E consultant on the Zimmer project, estimated the cost at completion to be "in the range" of $2.8 billion and $3.5 billion. The most recent estimate was $1.7 billion. The plant could end up costing 14 times the original estimate of $240 million.

"There's no question in my mind we can complete the project," said CG&E Senior Vice President Joe Williams Jr., the official in charge of the Zimmer project.

Steve Koziar, an attorney for Dayton Power & Light (DP&L), one of CG&E's partners in the Zimmer project said DP&L officials were "shocked" when presented with the figures at a meeting of Zimmer owners at the plant site Friday.

"CG&E HAS told us that the project is 98% complete," Koziar said. "It was astonishing to learn that it might cost as much to complete the final 2% as it did to finish the first 98%."

DP&L owns 31.5% of the Zimmer project and Columbus & Southern Ohio Electric (C&SOE) owns 28.5%. The rest belongs to CG&E, which is responsible for construction of the plant.

In addition to the $3.5 billion estimate, Bechtel said it would take two to three years to put the plant on line.

CG&E spokesman Dick Hammersmith said CG&E officials believe the Bechtel estimates are accurate, provided the Nuclear Regulatory Commission (NRC) lifts a ban on safety-related construction it imposed in November, 1982.

Hammersmith said the company would go to the Public Utilities Commission of Ohio (PUCO) for permission to increase rates to cover costs of completing Zimmer.

"We would seek to go for the entire amount in the rate base," Hammersmith said. "I couldn't estimate what effect it would have on customers' bills, but we would seek to regain the full amount in the rate base."

ANY RATE hike sought by CG&E will be fought by the Ohio Office of Consumers' Counsel, the agency which represents ratepayers before the PUCO.

William Spratley of Consumers' Counsel said he believes the PUCO would find further rate increases for Zimmer construction "even more offensive than before."

"Last week, (CG&E) was making fun of me for asking for a cost audit of Zimmer for the fifth time," Spratley said.

"Our position is that the amounts for imprudent management of the Zimmer project should be excluded from the rate base. We are going to take this new cost estimate to the PUCO and ask again that they order a complete cost audit of the Zimmer project. It's time somebody found out just what is going on here."

Williams said he could not yet provide a detailed breakdown on the increased cost estimate, saying it would be part of a "course of action" plan CG&E will submit to the NRC next week.

KOZIAR SAID CG&E has promised DP&L it will provide the Dayton utility with documentation for the costs of completion within 30 days.

(See ZIMMER, back page, this section)

Zimmer

CONTINUED FROM PAGE A-1

"There is some point at which a project can't be continued, but we can't make a decision on whether or not we are at that point yet until we sit down and look at CG&E's documentation for the costs," Koziar said.

Koziar said DP&L officials did not expect to get a cost estimate Friday's meeting. "We were as surprised as everybody else," he said.

DP&L has asked that its disputes with CG&E over Zimmer construction go to arbitration. Three weeks ago, Hamilton County Common Pleas Judge Robert Gorman ruled that some of the disputes, including whether or not DP&L must continue to pay costs of Zimmer construction, must go to arbitration. Koziar said the two sides have not yet agreed on an arbitrator.

"I don't think these new figures are going to have any impact on the arbitration," Koziar said. "We have been seeking this information from CG&E and now we are getting it."

C&SOE OFFICIALS could not be reached for comment.

Cincinnati City Councilman Guy Guckenberger, a persistant critic of CG&E's management of Zimmer, called the new cost estimate "unbelievable."

"It indicates that a lot of mistakes have been made," Guckenberger said. "We hope that CG&E will be as candid about the cost of their mistakes as they have been about the cost of the total project."

Guckenberger said he would continue to urge council to fight CG&E's rate-increase requests.

It is not known yet what effect, if any, the new cost estimate will have on a CG&E shareholder's suit against the utility, which asks that the utility be forced to repay shareholders the difference between the $240 million original estimate and the current $1.7 billion estimate.

The Cincinnati Post, Saturday, October 1, 1983 3A

Bechtel says Zimmer cost may double

By Jim Joseph
Post Staff Reporter

Bechtel Power Corp. officials now say the final cost of the William H. Zimmer Nuclear Power Station will probably be between $2.8 billion and $3.5 billion. That's up from the previous estimate of $1.7 billion.

In a report Friday to the plant's owners, Cincinnati Gas & Electric Co., Dayton Power & Light Co. and Columbus and Southern Electric Co., the consulting firm also said the plant will probably take two to three more years to complete.

ALSO, EACH of the estimates are contingent on an "orderly and timely" resumption of safety-related work at the plant. Construction was stopped last November by the Nuclear Regulatory Commission because of concerns that previous work was inadequate.

NRC removes top investigator. Page 10A.

Bruce Stoecklin, CG&E representative, said Friday night a breakdown of the costs of the plant is not available, although he expects one eventually. Asked what affect such a final cost would have on consumers, Stoecklin said it was too early to say.

"PRESUMABLY, AT some point in the future, we will have to ask for a rate case to cover the costs," he said. "I don't know when that would be."

See ZIMMER, Page 4A

Zimmer Continued from Page 1A

David Altman, chairman of the Cincinnati Environmental Advisory Council, said the estimate was not surprising.

When W.H. Dickhoner, CG&E president, used the figure of $2.5 billion when talking with Gov. Richard Celeste last spring, "we knew there was something to it," Altman said. "I wouldn't be surprised to see the final number go higher. It's a little frightening to see $3.5 billion now."

Steve Ostrander of Ohio Consumers Counsel said, "I'm not surprised at all. The cost of Zimmer has been going up and up and up since Day One. We just hope this cost will not be passed on to the consumers."

CINCINNATI CITY Council Member Guy Guckenberger said the estimate "raises serious questions about whether (Zimmer) should ever have been started in the first place. It's unfortunate, but that is directly attributable to CG&E's handling of the matter."

When the plant was first announced in 1969, CG&E said it would be completed in 1975 at a cost of $240 million. Construction began in October 1972.

THE CINCINNATI ENQUIRER

TUESDAY, OCTOBER 4, 1983

Councilman Seeks Public Answers On Zimmer

BY KAREN GARLOCH
Enquirer Reporter

Cincinnati Councilman Guy C. Guckenberger Monday called on the board of directors of Cincinnati Gas & Electric Co. (CG&E) to give a public accounting of what it plans to do with the troubled Zimmer nuclear power plant.

Guckenberger asked for the public statement in light of the disclosure last weekend that the ultimate cost of the plant could be $3.5 billion compared to the original $270 million price tag.

Guckenberger said the board should decide whether the plant should be abandoned or whether it should be converted to a coal-fired plant. Finally, he asked, how much of the plant should be paid for by ratepayers.

"I think it's important that the board of directors speak now. Up to now, the board has made no public statement. They're the only body to which we can turn. I know these individuals. They're responsible members of our community," he said.

IN THE last year, Guckenberger has emerged as council's most outspoken advocate for action in Zimmer-related issues.

He recently sponsored measures, passed by council, to oppose any CG&E rate increase that would include the cost of mistakes at Zimmer and to work co-operatively with officials from Dayton and Columbus to oppose rate-hike requests.

Guckenberger said his personal choice would be to convert the nuclear plant to coal since it has been estimated that a coal-fired plant could be built for under $1 billion.

That compares to the $1.8 billion required to finish construction of the 98%-complete nuclear plant.

"If it costs less than a billion to convert the plant to coal, why should we spend $1.8 billion to complete the nuclear facility?" Guckenberger asked. "Personally, if I were on the board, I would say, 'Why can't we convert it to coal and cut our losses?' "

In his three-page letter to each of the 15 directors of CG&E, Guckenberger also raised the question of what will happen if the plant proceeds to completion and Zimmer's co-owners—Dayton Power & Light (DP&L), which owns 31.5% of the Zimmer project, and Columbus & Southern Ohio Electric (C&SOE), which owns 28.5%—are relieved from participating, thereby forcing CG&E and its ratepayers to absorb the entire cost.

OFFICIALS OF the Dayton and Columbus utilities said Monday they are re-examining their commitments to the plant in light of the new cost estimate.

John Brennan, senior vice president for public affairs at American Electric Power, which owns C&SOE, said of the price increase, "I'd say maybe it's dampened our enthusiasm. But at this point, we've got to sit down and do some hard work and see what the numbers are."

Peter Forester, president of DP&L, said the utility will need up to two months to assess its cost commitments to Zimmer before meeting with the two partner utilities.

Also in his letter, Guckenberger suggested that the company "re-establish the fine reputation it enjoyed in this community for over 100 years."

To do that, he said, would require a "change of attitude by CG&E management so that public openness and sensitivity to public concerns are developed."

(See ZIMMER, back page, this section)



GUY C. GUCKENBERGER
. . . wrote to directors

Zimmer

CONTINUED FROM PAGE A-1

FOR ONE, he said, the CG&E board should disclose all Zimmer-related financial facts and alternatives to the community and "ask for their advice.

"This unprecedented candor and directness is long overdue from CG&E and could set a national standard for allowing the community to participate in decisions which perhaps should have been the community's back in 1969 when the plant was conceived as a $270 million project which would begin generating cheap power in 1975."

The new cost estimate comes after a report last August by Torrey Pines Technology, a San Diego-based nuclear trouble-shooting firm which blamed the troubles at Zimmer on the utility's own management. Guckenberger said a large part of the ultimate cost of Zimmer will be due to mismanagement, and he said the consumer should not be required to pay for that.

"If it is decided to complete the plant, CG&E's credibility would be enhanced dramatically if the board would assure the public . . . that it will only be asked to pay for a fair portion of the total cost."

CG&E spokesman Bruce Stoecklin said the company would have no comment on the letter, and attempts to reach the company's board members were unsuccessful.

Board members include former astronaut Neil Armstrong, Oliver W. Birckhead of Central Trust Co., William Dickhoner and William Moran of CG&E, William N. Liggett of First National Bank of Cincinnati, Donald Lowry of Procter & Gamble Co., and John L. Strubbe of Kroger Co.

Sports Weekend

All set for big race

Page 7B

Newscience

High-tech gear

Page 1C

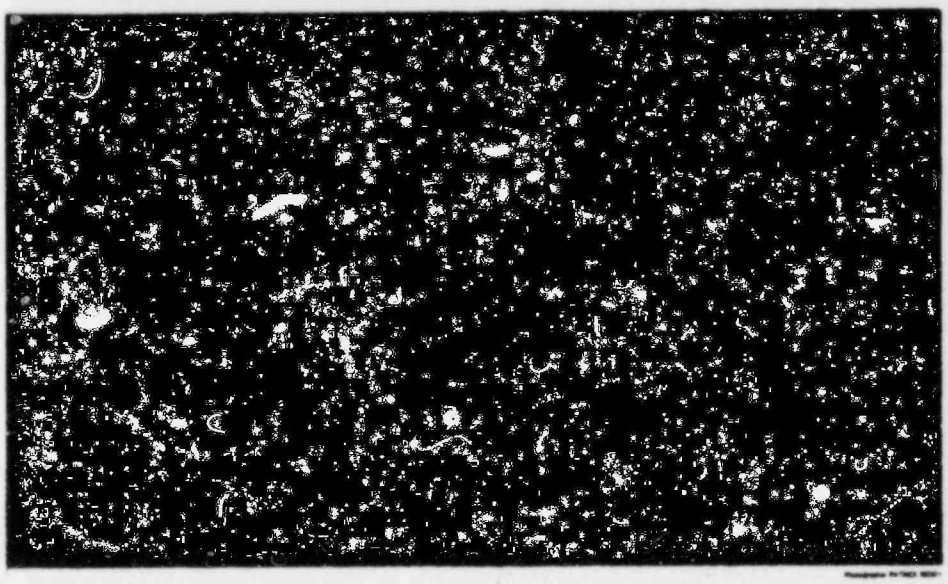
Friday
October 7, 1983

Today Sunny. High 73
Tonight Clear. Low 52
Saturday Showers. High 70
Sunday Fair. High 67

Final Edition

The Cincinnati Post

Home Price 25¢



Rate impact argued

By Mary Carmen Cupito
Post Staff Reporter

Cincinnati Gas & Electric residential customers could pay an additional $250 a year for the next 30 to 40 years to complete the Zimmer nuclear power plant, according to cost estimates by the Ohio Office of Consumers' Counsel.

But Bruce Stoecklin, CG&E spokesman, immediately dismissed the estimates as "speculation."

If Zimmer were completed or abandoned, the company would have to work out some agreement about how much of the plant's costs shareholders and customers will have to pay, said Stoecklin.

"Anything they (the Consumers' Counsel) would say would be speculation at this point," Stoecklin said.

Recent estimates of Zimmer's final cost have ranged from $2.8 billion to $3.5 billion, more than double the previous estimate of $1.7 billion.

TO COMPUTE the cost per customer, the Consumers' Counsel used those estimates and excluded operating, tax, depreciation and maintenance costs, said Ken Rosselet, technical adviser for the agency. "We feel our numbers are relatively conservative," he said.

"The whole idea of building a nuclear plant is to save money on fuel costs," Stoecklin answered. Excluding fuel costs could therefore give an artificially high cost per customer, he said.

But Rosselet said savings on fuel would be offset by costs of depreciation, tax and maintenance.

According to the agency's calculations, CG&E's residential customers could pay between $207 and $256 more per year, depending upon which final cost estimate is used.

CG&E's commercial customers could pay between $756 and $948 more per year, according to Consumers' Counsels calculations.

BUT ZIMMER will be the biggest burden on the utility's industrial customers, Rosselet said. They could pay up to $1 million more a year, he said.

There are two reasons that costs of CG&E's industrial customers are dramatically more than those of industrial customers of Dayton Power & Light Co. and Columbus and Southern Ohio Electric Co., CG&E's two partners in Zimmer, Rosselet said.

Only a certain class of industrial customers were used in the calculations, so that 39 big companies in CG&E's territory used more than two billion kilowatt hours of energy.

By comparison, 240 industrial customers of the Columbus utility used 1.9 billion kilowatt hours, Rosselet said.

The Consumers' Counsel has also asked the Public Utilities Commission of Ohio to audit the Zimmer project to determine how much of the increased cost is caused by mismanagement, and then to weed out that cost from what customers have to pay. PUCO hasn't acted on that request.

Gov. Celeste wants inquiry

By Randy Ludlow
Post Staff Reporter

Ohio Gov. Richard F. Celeste has asked the state utilities commission to conduct an inquiry into how much of the construction costs of the William H. Zimmer Nuclear Power Station are attributable to poor management decisions.

CELESTE SAID in a letter Thursday to chairman Michael DeBlasé of the Public Utilities Commission of Ohio that an inquiry is imperative to "assure consumers they will be protected from paying the costs of mismanagement" and to put utility managers on notice as to the state's intentions.

Celeste said he does not plan to get into the debate over whether the plant should continue.

"I do, however, believe that the state government has the solemn responsibility to protect Ohio consumers—both families and businesses—from the titanic costs of utility mismanagement," he said.

Celeste's letter came on the day that Cincinnati Gas & Electric Co. officials, for the first time, said they are considering abandoning the Zimmer station.

The possibility of abandonment could place the utility in serious financial trouble, analysts within and without the company say.

CG&E has already spent $940 million to build the plant, representing its 46 percent ownership share.

ASKED ABOUT the possible abandonment of Zimmer, CG&E President William H. Dickhoner said grimly, "We're not going to gloss over that option."

Dickhoner won't be alone. Officials of CG&E's Zimmer partners in Dayton and Columbus said earlier this week the possibility of abandonment must be explored.

"It's only common sense to say there has to be a point that the plant becomes so costly it has to be aborted," Dickhoner said. "I don't know what that point is."

Dickhoner and other CG&E officials declined to discuss the impact of abandonment on the utility's financial health.

However, Jackson Randolph, CG&E vice president for finance and member of the utility's board of directors, addressed the issue in July 1982. He said: "It'd be a disaster. I don't see how the company would survive."

IF ZIMMER were to become nothing more than an expensive landmark on the Ohio River at Moscow, Ohio, CG&E, Columbus & Southern Ohio Electric Co. and Dayton Power & Light Co. would find themselves deeply in debt, with no return coming in on their investments. Columbus owns 28.5 percent of Zimmer, Dayton, 31.5 percent.

Ohio law prohibits a utility from passing along to consumers the cost of a nuclear power plant which never produces electricity, said Janine Migden, an attorney with the Ohio Consumers' Counsel, a state agency that represents residential ratepayers.

See ZIMMER, Page 6A

Report critical of family agency

By Janet Walsh
Post Staff Reporter

The Hamilton County Welfare Department spends nine times as much money breaking up families as it does trying to keep children with their parents, a Legal Aid Society report says.

The report, sent to the Children's Services Commission two weeks ago, also alleges that the county spent less on children's services last year than it did when a special children's services levy was passed by county voters two years ago.

Welfare Department Director Beth Staples, saying the report appears to be filled with inaccurate or misleading data, accused the Legal Aid Society of hypocritically "bleeding for the children" because its lawyers often represent parents in child custody battles with the welfare department.

"IN MY OPINION, Legal Aid is trying to get through the commission what they can't get through the courts," he said Thursday night.

The report, prepared by Legal Aid Society senior attorney Frank Wassermann with the help of a consultant, says that 69.8 million of the $13.5 million 1982 county children's services budget—more than 70 percent—was spent on care for children removed from their homes.

Barely $1 million was spent on counseling, daycare and homemaker services designed to work out domestic problems without separating children from their parents, the report says.

DESPITE THE passage of the special levy earmarked for children's services, the report also claims, total county spending for these services declined from $6.5 million in 1980 to $5.3 million last year.

Meanwhile, a surplus of more than $6 million in the special children's services fund stemming from the levy was reported in January and support from the county's general fund evaporated for 1983, according to the report.

Staples, who said he was not contacted by the society about the report,

See CHILDREN, Page 6A

Inside

Today	
Action	12B, 13B
Business	3C, 4C
Classified	7C, 10C
Comics	11C
Deaths	14B, 7C
Editorial	4A
Entertainment	8B, 11B
Local News	14B, 15B, 12C
Miscellaneous	1C, 2C
Movies	8B
Sports	1B, 7B
Stocks	4C
Television	8C
Weather	15B
Tomorrow	

Germans

The impact of the most productive ethnic group on the city. Saturday in The Post.



Drinking issue rouses student vote

By Roger K. Lowe
Post Ohio Bureau

COLUMBUS — The poster shows a young man clad only in a diaper. Its message to Ohio's 18 and 20-year-olds: "Swear I still thinks you're a baby."

That's the theme being used by bar owners and student groups to get college students and other teenagers to register to vote against a proposed constitutional amendment which would raise Ohio's drinking age from 18 to 21.

Opponents of the drinking age issue admit they have an uphill battle as polls show the issue being favored by voters.

"GENERALLY, COLLEGE students, when it comes to registering and going to the polls, are age-static," says Phillip Wayt, director of the Wholesale Beer Association of Ohio and spokesman for the Let 18 Work committee.

"A number of things have to happen for us to win," Wayt said. "One is that the young people have to get out and vote. To do that, they have to register."

Focus

Tax opponents feel they have momentum. Page 15B

Bars and student groups are using registration drives to tap into what needed resources—the 1.4 million Ohioans between the ages of 18 and 24—to defeat the issue.

Traditionally, only about 20 percent of the people in that age group register and vote. David M. Krakoff, a consultant for another group opposing the issue, said Ohioans for Strong and Fair Enforcement wants to improve those odds.

THE GROUP, working with student governments on Ohio's college campuses, wants to convince between 150,000 and 200,000 students to register or to request absentee ballots so they can vote on the issue. Registration closes Tuesday and Krakoff said the group is well on the way toward meeting its goal.

Registration drives by student government groups are nothing new to college campuses. But two things are making the drives so new this audio more successful than previous efforts: bars also are registering students and the issue is one with which students can easily identify.

"IT SEEMS that many people, by the very nature of college campuses, are interested in issue 1," says Mark Pine, head of the student registration drive at Miami University in Oxford.

More than 800 students have registered, he said, and another 800 have requested absentee ballots to vote.

Massive voter registration campaigns are being conducted throughout Ohio.

• At a popular bar for Ohio State students, a bartender registered 80 students to vote in only two hours last Friday night, said bartender Laura Sharp.

See ISSUE 1, Page 6A

Jobless rate dips

United Press International

WASHINGTON — A large improvement for black workers and small gains elsewhere put of the September unemployment rate down to 8.2 percent, its lowest level in a year and half, the Labor Department said today.

But in Ohio, the jobless rate rose to 11.3 percent in September, up from the 11.1 percent rate in August.

Nationally, unemployment fell by 273,000 people to 10.4 million, after seasonal adjustments the department said. The rate was 8.5 percent in August.

The unemployment rate for black workers fell a full percentage point to 16 percent. It was still more than twice the 7 percent rate for white workers.

Should CG&E board share Zimmer blame?

"All of the authority of a corporation shall be exercised by its directors." – Ohio state law

By Paul H. Horosim
Post Staff Reporter

As the construction costs of the William H. Zimmer Nuclear Power Station continue to escalate and questions about its ability to ever operate safely multiply, yet another question emerges.

Just how much of an active role has the board of directors of Cincinnati Gas & Electric played in bringing the utility to a time of pending fiscal crisis, in provoking growing public suspicion of the company.

It is true that the evolution of federal and state law, particularly over the last 15 years, has been clear on the question of liability: directors, along with company officers, can be held financially accountable for what they do or don't do.

BUT THE QUESTION of how active the CG&E board of directors was on the feasibility of Zimmer, particularly in the years prior to the recent critical attention given the utility, still lingers.

Were they simply "yes men" for whatever the officers of the company suggested and not protectors of the shareholders and community interests?

A management review of CG&E by a California firm suggested that the board should become more knowledgeable about key policy decisions.

Under corporate law shareholders have the power to elect directors, but in reality they vote on the slate handed to them by the company's chief executive officer. Did the fact that directors are, in effect, appointed by management make them reluctant to oppose those who selected them?

According to two CG&E board members appointed within the last year – Jackson H. Randolph, CG&E's vice-president for finance, and David Warner, a Cincinnati developer – tough questions are often posed to company officers.

FOR A COLUMBUS corporate law specialist, however, the relationship between the board and company officers is an incestuous one that seldom leads to probing questions.

"It seems likely that a director who would otherwise oppose the chief executive will usually keep silent or resign from the board. Otherwise he risks loss of his seat as a consequence of his opposition," wrote Columbus attorney William Knepper in the book "Liability of Corporate Officers and Directors."

Minutes of CG&E's monthly board meetings, which may document whether anyone ever asked analytical questions about the viability of the nuclear power project, are kept closely guarded by the utility. Attempts to get long-time members of the board to talk about their work were unsuccessful.

TODAY'S BOARD at CG&E reflects what arguably could be called the cream of Greater Cincinnati's establishment crop. There are 12 "outside" directors on the board – persons not employed by CG&E and presumably with a degree of independence that allows them to look more closely at the interests of shareholders and the community. They are:

Neil A. Armstrong, 52, first man on the moon and chairman of Computing Technologies For Aviation Inc. Elmer R. Best, 69, retired president of the Union Central Life Insurance Company. Oliver Birckhead, 66, president and chief executive of The Central Bancorporation Inc. Robert E. Boni, president and chief operating officer of Armco Inc. George C. Juilfs, 63, president and chief executive officer of Benco Products Inc. William N. Laggett, 60, chairman of the board and chief executive officer of First National Cincinnati Corp. Donald J. Lowry, 63, senior vice-president for Procter & Gamble. Henry E. Pogue, 62, president Pogue Inc. Jane L. Rees, professor and chair of the department of home economics at Miami University. George Rieveschl, 67, former chairman of the board of trustees at the University of Cincinnati. John L. Strubbe, 61, vice president the Kroger Co. and David Warner, 51, president of Hunt Development Corp.

ARMSTRONG and Best have the most time on the board, each starting a CG&E directorship in 1973. Rieveschl, Strubbe and Warner have been on the board for less than two years.

Company officers on the board or "inside directors" are William Dickhoner, 61, president and chief executive officer of CG&E; Earl A. Borgmann, 58, CG&E vice president and Jackson H. Randolph, 52, CG&E vice president.

For their work, directors who are not officers of the company receive $500 a month, plus a fee of $300 for each board meeting and committee meeting attended. That translates into about 14 meetings for about $10,000 a year. Board and committee meetings – committees include finance, management compensation and audit – each can last anywhere from an hour to five hours. Generally, board members are sent information that will be covered about a week before a meeting.

AT MANY board meetings according to Dr. Timothy Johnson, a University of Cincinnati professor of economics and a member of several boards of directors himself, "company management on the board tells the directors what they are doing and what they are going to do and the board approves it. Instead of setting policy as they should, (the board) allows policy for the company just to evolve through the daily handling of business. It is a very clubby atmosphere and probing, analytical questions are seldom asked. Too often boards are made up in more of a social way. It's kind of like I'll be on your board if you'll be on mine."

Johnson, like most analysts of corporate management, does not expect the board of directors to get involved in the day-to-day business of running the company. That, he said, should be delegated to management. But major policy issues, like whether to build a power plant, must be looked at closely.

THE MANAGEMENT review of the Zimmer project released in August by the Torrey Pines Technology firm of San Diego, Cal. found that "the board (of directors) should become more involved and knowledgeable on key policy decisions and key results of those policies."

"The board as a whole should be perceptive enough to identify flaws and undesirable overall results from key management policies."

Torrey Pines recommended that the board form a special oversight committee to more closely monitor the construction of the project. CG&E's board on Thursday said it would establish such a committee.

ALSO, LAST WEEK Cincinnati City Council Member Guy Guckenberger sent a letter to the board of directors asking it to become more active in the Zimmer controversy.

Because the Zimmer question has now become "red-hot," University of Cincinnati law professor William Rands expects that the board of directors may take some action against management.

"Only when a catastrophe happens within a company (like the proposed expenditure of $2 billion to finish a plant that was scheduled at $1.2-$1.7 billion) are the directors willing to act," he said.

CG&E VICE PRESIDENT Jack Randolph and Hunt Development Corporation president David Warner, both appointed to the board in the last year say the board is now carefully questioning CG&E officers. But both admit that they have only seen the board perform while it was in a fiscal crisis and under public scrutiny.

Warner is in an especially sensitive position at this time because he sits on a special litigation committee appointed by the board – the committee is investigating a shareholders suit which alleges that certain directors and officers participated in acts of mismanagement related to Zimmer. The shareholders, represented by attorney Gene Mesh, ask that responsible directors and officers be made to pay back to CG&E the difference between the original estimate of the cost of Zimmer and the amount spent to actually construct it.

"I AM TRYING to be completely objective about this," said Warner, whose development firm is responsible for Atrium One and Atrium Two downtown.

Attorney Mesh doesn't see how Warner can be objective in investigating board actions when Warner was appointed by the board of directors.

Warner, however, sees a danger in becoming too critical of the board of directors' relationship with a company.

"It's going to drive people away who really want to do what's best for shareholders and the community. I really believe I was appointed to the board because I have technical expertise and knowledge of the regulatory process. I have an interest in the economy of this area, and that is inextricably linked to utilities. Believe me, I am going to make the best judgements that I can."

Board of directors



Children

Continued from Page 1A

and was not sent a copy, said he had only read a summary of the study but that he feels the report appears to be based on incomplete budget data.

Omni, his department reviewed the study, he said. "We will answer each and every one of these charges in detail and also point out every inaccuracy."

BUT THOMAS ALLMAN, chairman of the Children's Services Commission appointed by county commissioners to oversee expenditure of the 1.25-mill Children's Services levy, called the report "an impressive piece of work" that will help the commission determine how public money can be best spent on children's services.

"It (the report) presents a series of issues of relevance to us, our kids and our community. I regard it as a very helpful adjunct. But that does not preclude us from concluding that they're wrong," he said.

Another commission member, Robert I. Westheimer, said the report "needs looking at seriously." Like Staples, however, he questioned the validity of the statistics in the study.

"THEY'RE TAKEN from four budget reports and they're all mixed up. Nobody's had a chance to add them up," he said. Westheimer also said the report seemed "adversarial" because no one from the welfare department was consulted by the Legal Aid Society during its preparation.

County Commissioner Norman Murdock, advised of the report, said, "It was certainly the intent and direction of the commission that more would be spent on children's services as a result of the passage of the levy than before the levy was passed."

The commissioner said he had no problems with the $5 million surplus in the county fund because the money is set aside to offset future costs.

BUT WASSERMANN said foster care is expensive, and that once a child is removed from his home, he tends to stay away for long periods. Many children are even taken into "emergency custody" even when no imminent risk to the child exists, he added.

Wassermann also charged that of the 384 children removed from their homes by the welfare department last year, only 80 were placed in foster care after the welfare department first tried to provide services aimed at keeping the family together.

"By their (welfare officials') own admission, 150 of the children removed from their homes could have been returned if certain daycare and homemaker services were provided," Wassermann said.

Under state welfare regulations, he said, the welfare department is required to make "reasonable efforts" to prevent or eliminate the need for a child to be removed from his home.

Kathleen Byrne, section chief of the county welfare department's Family and Child Services Division, stressed that the division always aims to keep a family together.

Zimmer

Continued from Page 1A

Despite the law, CG&E and the Columbus and Dayton utilities could plead financial insolvency to the Public Utilities Commission of Ohio and receive higher rates under emergency provisions designed to keep utilities operating, Mrs. Snyder said.

ONE COMMISSIONER, Ashley Brown, refused to speculate on what impact abandonment of Zimmer would have on CG&E and its partners.

"I won't be involved in speculation. We could ultimately be called upon to judge questions that obviously have enormous financial, legal and economic impact."

The state and the state utilities commission would be unlikely to allow a state-granted monopoly to go under, some analysts say. No utility in the United States has ever gone bankrupt. There are no precedents, no guidelines.

William Spratley of the Office of the Consumers' Counsel, a state agency that represents residential ratepayers, said his office will begin a study to determine if it should ask the utilities commission to order the project abandoned.

DESPITE THE opposition and increasing talk of abandonment, CG&E said Thursday it remains committed to finishing a project that was scheduled to be completed in 1975 at a cost of $266 million.

Thursday, the utility outlined a "course of action" that it hopes will convince the Nuclear Regulatory Commission to lift a suspension of safety related construction in effect since Nov. 13, 1982. During that suspension, 1500 workers have been employed in a variety of non-critical operations.

Today, 14 years after the plant's construction was announced and 11 years after work began, Zimmer is estimated to cost $3.1 billion. That figure exceeds the annual budgets of all but 21 state governments and represents $2,214 for each of the 1.4 million customers the plant would serve.

THE UTILITY Data Institute says the average nuclear power plant coming on line in 1986 costs $1400 per kilowatt. At $3.1 billion, Zimmer will cost $4375 – more than twice the average.

Despite the Ohio law prohibiting consumers from paying for a nuclear power plant from which they do not benefit, CG&E apparently would attempt to raise the money from consumers anyway.

Dickhoner said he would work with Celeste, the state utilities commission and the legislature "to work out an agreement on how costs should be shared" between stockholders and ratepayers.

Since Zimmer is being built for the benefit of CG&E customers, "it's only fair they should share," Dickhoner said.

A DISCUSSION of cost is still a bit premature. CG&E must await a more detailed cost breakdown from Bechtel Power Corp., the utility's consultant, before it can even begin to assess the impact of the cost, Dickhoner said.

The impact of abandonment on ratepayers is being discussed in Columbus.

"It would be difficult for CG&E to swallow (the debts caused by abandonment) and survive. If Zimmer had to be eaten, CG&E would have a real problem bringing financially viable," said Ken Rosselet, a technical adviser with the Ohio Consumers Counsel.

"There's no end to Zimmer in sight, and they may want out. It's like dumping a bowlful of worms on the pavement. It can go a lot of different ways."

Charles Komanoff, director of Komanoff Energy Associates of New York City and an expert consultant on nuclear industry financing, likens the nuclear partnership to a "house of cards."

"IF YOU TAKE one card away, it puts more pressure on the others and could lead to its collapse," said Komanoff, who has authored two critical books on the nuclear industry.

Komanoff testified before the utilities commission in a Dayton Power & Light Co. rate case involving Zimmer.

"There will be great financial difficulties for CG&E unless it can get together with its partners and patch up their differences," he said.

Dayton Power & Light already is blaming CG&E for cost overruns it feels it should not pay.

Rosselet noted, "The Zimmer issue will involve more than the company. I quite honestly believe it will involve the state."

Utilities commissioners find themselves faced with a key question, Rosselet said: "Do you allow them to continue with construction when all they may be trying to do is circumvent the abandoned plant law?" PUCO will have to ask that question.

SPRATLEY SAID, "We're coming to the realization that (this) could bankrupt three utilities and (a) has never happened in the United States. I'm sure service would be continued while they were reorganized, but it's never happened. Spratley said.

What alternatives does CG&E have to salvage part of its investment?

Dickhoner doesn't count conversion to a coal-fired plant as feasible, saying the 600-acre Zimmer site does not have enough space for coal storage and that the nuclear equipment simply is not compatible with coal.

Although the Government Accountability Project, a Zimmer critic, estimates a coal-fired power plant similar to generating capacity with Zimmer can be built for $800 million, Dickhoner said it would still be more cost effective to finish and operate the plant than build a new plant, purchase and turbine.



William H. Dickhoner, left, and Joe Williams Jr., CG&E senior vice president, at Thursday's news conference.

Issue 1

Continued from Page 1A

- At Bowling Green State University, entire dormitories are boasting 100 percent registration. Krakoff said with fraternities and sororities trying to match that.
- In Cincinnati, groups of students from dorms and Greek houses are signing up to be volunteer registrars, said Elvera Radford, director of the Hamilton County Board of Elections.

"It's strictly for Issue 1," she said. "This is an issue that definitely involves them. You either drink or you don't."

- In Oxford, several hundred students have been registered to vote at Alternatives, a popular watering hole for Miami University students, said owner Alan Weisman.
- Students in Akron and Toledo are bombarded with messages from two posters, both drawn up to "fire up" the students to register. Ways said. One portrays the college-age man clad in a diaper. The other poster checks off things 19-year-olds can do, but crosses out – in red – a line which says "drink."

The registration campaign by the beer industry, student groups and bars doesn't concern the Rev. Duane Somerville, chairman of Coalition for 21, which passed petitions to get the issue on the Nov. 8 ballot.

Some of the students' votes against the drinking age amendment will be countered by the votes of elderly people, he said, adding that about 80 percent of Ohioans over the age of 60 support raising the drinking age.

And they vote in far greater percentages than other age groups, Somerville said.

THE CINCINNATI ENQUIRER SATURDAY, OCTOBER 8, 1983

Consumers' Counsel Predicts Zimmer Could Cost Homeowner $300 A Year

BY JACKIE JADRNAK
Gannett News Service

COLUMBUS—Average yearly electric bills could increase $185-$300 for customers of utilities co-owning the troubled Zimmer nuclear power plant if its costs rise as much as predicted, according to Consumers' Counsel William Spratley.

Spratley served notice Friday that he will fight to keep the greatest share of those costs off the customers' backs and on the shareholders' backs. Meanwhile, the Public Utilities Commission of Ohio is trying to figure out a way to determine how much of the skyrocketing price tag can be blamed on mismanagement by Cincinnati Gas & Electric Co., the utility supervising the construction.

Friday's developments came after CG&E officials for the first time admitted Thursday they were considering scrapping the plant, which originally was expected to cost $235 million and go on line by 1975. After extensive Nuclear Regulatory Commission criticism of its quality control program, the plant now is expected to cost about $3.1 billion and go on line no sooner than 1986.

PUCO CHAIRMAN Michael DelBane told his staff Thursday to put together a proposal to solicit consultants' bids on a review of mismanagement costs at the plant. As it stands now, the commission is unsure how certain cost increases can be blamed on mismanagement instead of other factors, said spokesman Stu Vosler.

This action was a direct response to Gov. Richard Celeste's letter to DelBane Thursday, in which he asked for an inquiry identifying how much of the construction cost can be blamed on poor management decisions. "I . . . believe that the state government has the solemn responsibility to protect Ohio consumers—both families and businesses—from the titanic costs of utility mismanagement," Celeste wrote.

Neither he nor Spratley took a position on whether the plant should be abandoned now or completed and put into use. "That is a decision that the stockholders and management of the three partners are wrestling with," Celeste said.

Spratley said he wants to see a review of how much Ohio needs the extra generating power and what other options would cost compared to the cost of completing Zimmer. "Up until now, the consumers had invested so much that I wanted to see the plant completed," he said. "But now we have to consider whether, economically, it's cheaper to quit."

CUSTOMERS OF CG&E, Dayton Power & Light Co., and Columbus & Southern Ohio Electric Co. already have sunk $185.2 million into the plant, he said. If it's completed at the contemplated costs, CG&E residential customers can expect to pay between $207 and $259 extra per year, while DP&L customers can anticipate between $250 and $313 extra on their bills, he said. C&SOE residential consumers can look for $183 to $228 added to their annual costs, according to Spratley.

The added cost for commercial users would range between $1,553 and $3,448 per year while industrial customers would have to finance an additional $103,902 to

(See ZIMMER, Page C-2)

THE CINCINNATI ENQUIRER MONDAY, OCTOBER 10, 1983

CG&E Partner Seeks Role In Zimmer Work

COLUMBUS, Ohio (AP)—American Electric Power Corp. (AEP) objects to being shut out of a plan to oversee work at Zimmer nuclear power station.

The utility holding company's Columbus & Southern Ohio Electric Co. (C&SOE) is one of three Zimmer partners.

Last week, Cincinnati Gas & Electric Co. (CG&E) proposed a reorganization plan for Zimmer, but C&SOE and Dayton Power & Light Co. (DP&L), the third partner, were excluded from the "Zimmer Oversight Committee."

Instead, C&SOE and DP&L were placed on a separate "Owners Review Committee."

John B. Shinnock, senior AEP attorney, said AEP wants a seat on the oversight committee because previous owners' meetings did not yield much information on construction troubles.

Those difficulties led to a Nuclear Regulatory Commission (NRC) stop-work order until safety problems could be corrected.

THAT PAUSE led to estimates that it could cost $3.5 billion to complete Zimmer. CG&E said Zimmer would cost $240 million and be completed in 1975 when it was proposed in 1969.

CG&E was responsible for building the facility at Moscow, about 25 miles from Cincinnati. So far, it has cost the three utilities about $1.6 billion.

Latest cost estimates prompted CG&E President William Dickhoner to suggest Thursday the utility might abandon Zimmer and ask customers to pay part of the cost.

"I can't say we've known about this forever," Shinnock said. He said AEP relied on the NRC for information and the recent Torrey Pines Technology report on CG&E construction management problems at Zimmer.

"We went to the monthly (owners') meetings, but we never got a lot of information through CG&E about various problems at the site," Shinnock said.

A CG&E spokesman said there are no plans to change the proposed oversight committee. Chief executive officers of the three utilities will continue to meet monthly only as the owners' committee.

One C&SOE was quoted by the *Columbus Dispatch* as saying his company wants more information but not more responsibility for Zimmer.

"THEY (CG&E) keep saying 'the owners this . . . the owners that,' while we're working to keep the responsibility down there in Cincinnati," the executive said.

AEP, through C&SOE, owns 28.5% of Zimmer. AEP stock dropped 25 cents a share Friday to $19.75.

CG&E shares dropped $1.375 each to $16. Moody's, a New York investment rating service, dropped its ratings of $1 billion of CG&E first mortgage bonds to Baa-3, the lowest rating for investment-grade securities. Those bonds are the main source of Zimmer financing.

The Cincinnati Post
Tuesday, October 11, 1983

Public hearing to offer look at Zimmer plan

By Randy Ludlow
Post Staff Reporter

A Nuclear Regulatory Commission hearing on how Cincinnati Gas & Electric Co. plans to guarantee the safety of the William H. Zimmer Nuclear Power Station will be conducted Nov. 1 at the Cincinnati Convention Center.

The scheduling of the hearing comes only days after CG&E unveiled a NRC-ordered "course of action," in which the utility spelled out in detail how it will manage and build the plant to meet federal safety standards.

THE NOV. 1 hearing comes at a time when CG&E and its partners in the Moscow, Ohio, plant admit they are studying, among many possible options, the abandonment of the facility.

The primary reason for the abandonment talk is the price tag of the plant. Bechtel Power Corp., CG&E's consultant on the Zimmer project, believes it will cost $3.1 billion to complete the plant, an increase of $1.4 billion over the previous cost estimate.

The "course of action" report submitted Thursday to the NRC said CG&E, the builder and primary owner of Zimmer, would conduct exhaustive, multi-level reviews of existing construction to ensure its safety, and, where necessary, rebuild portions of the plant that do not meet safety standards.

THE NRC HALTED all safety-related construction at the plant in November 1982 when it found the quality of construction, which CG&E said was 98 percent complete, was "indeterminate."

CG&E spokesman Bruce Stoecklin said the NRC has scheduled the Nov. 1 hearing in two different segments.

At the first portion at 1 p.m., NRC officers will discuss the utility's plans with CG&E officials and with representatives of Torrey Pines Technology, the San Diego-based firm that completed a NRC-ordered study of Zimmer management.

The 1 p.m. hearing will be open to the public, but no public comments will be received.

ANTI-ZIMMER factions and other groups and individuals may submit testimony to the NRC at a second hearing segment scheduled for 7 p.m., Stoecklin said.

Joe Williams Jr., CG&E senior vice president for nuclear operations, said Thursday the utility expects a NRC decision within seven weeks. The NRC could deny, delay or approve CG&E's plan to proceed with Zimmer construction.

Meanwhile, officials of CG&E's nuclear power plant partners say they are displeased with their exclusion from "more input" into the future of Zimmer.

Steve Koziar, an attorney with Dayton Power & Light Co., and John B. Shinnock, senior attorney with American Electric Power Corp., which owns Columbus & Southern Ohio Electric Co., said CG&E disregarded their requests for a more active role in overseeing Zimmer.

INSTEAD, CG&E's "course of action" limited the roles of DP&L and C&SOE to their current ones—membership on the owners committee instead of a proposed independent oversight committee, the attorneys said.

Shinnock said it was possible his utility may ask the NRC to allow the partners a more active role in Zimmer's management, but said it remains uncertain what, if any, requests would be submitted to federal regulators.

"One of our concerns has been that we should have more direct input into the direction of the plant. We do not agree with the position CG&E set out in its course of action," Koziar said. "We need more direct input and knowledge. We have been suggesting for more than a year that we have some form of input, but CG&E declines."

CG&E'S STOECKLIN said the utility "felt the best way to structure (the partners' roles) was to have it separate" from the oversight committee, which will consist of utility board members and a community representative.

"The interest of all parties are not the same," he noted.

Dayton Power & Light Co. owns 31.5 percent of Zimmer and Columbus & Southern Ohio Electric Co. owns 29.5 percent.

Both utilities continue to study their options, including abandonment, but spokesmen say they still are awaiting a detailed cost breakdown of Zimmer's future costs, which CG&E expects to receive late this month from Bechtel.

Oversight committee for Zimmer urged

By Sharon Moloney
Post Staff Reporter

If ratepayers are asked to help bail out the Cincinnati Gas & Electric Co. because of the William H. Zimmer Nuclear Power Station, Cincinnati City Council member Guy Guckenberger has a few strings he'd like to attach.

Citing what he sees as the subtly orchestrated "hysteria" over the possible failure of CG&E and the other two utilities that are building Zimmer, Guckenberger asserted on Monday that the stage is being set for ratepayers to help pay for the still-unfinished plant.

IF THAT happens, he said, ratepayers should be given the power to elect up to one-third or more of the members of CG&E's board of directors or perhaps receive shares from a special stock issue that would not pay dividends, but would permit ratepayers to vote on company decisions.

On Monday, council's public works and intergovernmental affairs committees voted 3 to 1 to recommend full council approval of a plan that would create a public oversight commission to represent public interest in any future decision-making involving the Zimmer plant.

GUCKENBERGER said the commission is necessary to assure the public and ratepayers that the approved "course of action" plan for Zimmer, now being prepared by CG&E, is followed.

The oversight commission, recommended by council's environmental advisory committee, would be a five-member board charged with monitoring and reporting to the public all Zimmer decisions.

"I can see this hysteria developing, with people saying that you can't let the utilities go under," Guckenberger said.

Pressure Mounts On CG&E For Public Say On Zimmer

THE CINCINNATI ENQUIRER Tuesday, October 11, 1983

BY JOHN ECKBERG
Enquirer Reporter

Pressure is mounting on Cincinnati Gas and Electric Co. to include public appointments on an oversight committee that will look into safety concerns at the troubled Zimmer nuclear power station.

One council committee Monday called for complete public representation on the oversight board, and Councilman Guy Guckenberger called for partial public ownership of the utility if it decides to abandon Zimmer or charge customers for mistakes at the $1.5 billion plant.

If CG&E ratepayers are called upon to bail out CG&E, Guckenberger said, then they should receive a special stock and be able to vote for the utility's board of directors.

"I have a concern that the ratepayer is going to be asked to pay for something and never get anything in return," Guckenberger said after a meeting of council's intergovernmental affairs committee.

IN COLUMBUS Monday, Associate Consumers Counsel Gretchen Hummel called for a public advisory committee to oversee a state audit that will try to pinpoint financial mismanagement at Zimmer, saying consumers have a right to know what they are buying.

Hummel said Ohio Consumers' Counsel William Spratley has requested such an audit five times since 1981. The latest request was made Sept. 15, in a motion to the Public Utilities Commission of Ohio.

In Cincinnati, Guckenberger said he would take his measure before the Ohio legislature and the Public Utilities Commission of Ohio. CG&E executives refused to comment on the Guckenberger proposal until they had a chance to review it in detail, said Bruce Stoecklin, spokesman for the utility.

The senior Republican councilman emphasized, however, that his proposal would only take effect after an extensive review of Zimmer by a publicly appointed Zimmer Oversight Committee.

The city's Environmental Advisory Council Monday recommended that any oversight committee have complete public representation.

GOVERNORS FROM Ohio and Kentucky would make one appointment to that committee, as would the Clermont County Commissioners, Cincinnati City Council and the Miami Valley Power Project, intervenors in Zimmer Nuclear Regulatory Commission hearings.

Cincinnati Gas and Electric should provide funding for the operation of the oversight board, said D. David Altman, chairman of the city's Environmental Advisory Council.

The oversight board would have a staff of independent specialists in a number of fields, including: construction, strength of materials, nuclear engineering, design, quality assurance, mechanical engineering, thermohydraulics, economics and accounting.

The commission would advise local governments and call periodic public hearings, Altman said. It would review safety and quality at the plant, audit hardware and look at evacuation plans.

CG&E HAS resisted formation of a public review group and as an alternative offered to include one representative from the public on a committee, which would in turn advise another review committee composed of members of the board of directors.

That was not good enough for Councilman Arn Bortz. "All the entities involved at Zimmer sacrificed their credibility a long time ago," Bortz said.

"Give light and the people will find their own way"

The Cincinnati Post

Editor
Paul F. Knue

Managing Editor
Thomas E. Dunning

Editorial Page Editor
Marianne O'Regan

800 Broadway, Cincinnati, Ohio 45202 (513) 352-2000 Wednesday, October 12, 1983

Editorials

The cost of Zimmer

The goal of the nation's energy policy, as defined by the U.S. Department of Energy, is to maintain an adequate supply of energy at a reasonable cost.

The problem, of course, is in defining "reasonable cost." It is the question now at the heart of the fierce local debate on energy: what is to be done about the trouble-plagued Zimmer Nuclear Power Station at Moscow, O., now that its final cost, once calculated at $270 million, has escalated to at least $3.1 billion.

Has the price tag on nuclear power, once hailed as the premier energy source of the future, quite simply gone beyond our means in the 1980s?

The options, which Zimmer's parent, Cincinnati Gas & Electric Co., and its partners, the utility companies of Dayton and Columbus, are now exploring are limited: convert Zimmer to a coal-fired facility, complete it as a nuclear plant and get it operating safely and efficiently, or abandon it.

Safety and cost have been central to Zimmer's problems from the beginning. But there have been others—a management who became paranoid at any criticism of the facility and considered those who raised questions about nuclear power "anti-nuke crazies," and the Nuclear Regulatory Agency itself which did not become aggressively concerned about Zimmer's shortcomings until after the Three Mile Island accident in 1979 and did not suspend safety-related construction there until last November.

Zimmer's future now goes beyond the deliberations in CG&E's boardroom. It is being monitored in Columbus in the governor's office, in the legislature and in the Public Utilities Commission. It is the topic that has brought Cincinnati City Council back to life from its pre-election quiet. And the estimates that completion of Zimmer would raise the average residential utility bills anywhere from $185 to $300 a year surely has CG&E customers, some of whom already have had to make the choice between eating and heating, talking to themselves.

By Nov. 1, when the NRC will hold public meetings in convention center, CG&E will have made its decision on Zimmer's future and will be asked to spell out how it intends to meet federal safety standards. In fairness to the ratepayers, who have never had any voice in the Zimmer decision-making, we do not believe the costs for mismanagement or bad planning should be passed on, although we are not naive enough to suppose that the public will get off scot-free.

We agree with Council Member Guy Guckenberger that if the public is going to have to help bail out CG&E, then the public needs to be represented in the decision-making by an oversight commission to represent the public interest.

A safe and efficient source of energy should be our goal as it is the nation's, but the time has come to ask—at what cost?

METRO
EDITOR: JAMES P. DELANEY, 369-1003
THE CINCINNATI ENQUIRER
THURSDAY, OCTOBER 13, 1983

Council Backs Idea Of Zimmer Oversight Panel

BY JOHN ECKBERG
Enquirer Reporter

Cincinnati Council Wednesday supported recommendations from its Environmental Advisory Council for a five-member public oversight committee to monitor safety and economic questions concerning the troubled Zimmer Nuclear Power station.

An oversight panel is one quality control recommendation from a recent Torrey Pines Technology report that faulted Cincinnati Gas & Electric for a complete quality assurance breakdown at the plant and mismanagement during a decade of construction.

The committee is necessary, according to Councilman Arnold Bortz, because CG&E and others involved in the project have lost credibility in the eyes of ratepayers.

Experts would be on the panel, he said. "We're not talking about five people pulled off the streets somewhere—wild-eyed anti-nukes," Bortz said.

"THIS IS a very modest gesture. These people would have no financial stake, no direct connection to the past or reputation at stake."

Governors from Ohio and Kentucky would make one appointment to that committee, as would the Clermont County Commissioners, Cincinnati City Council and the Miami Valley Power Project, intervenors in the Zimmer Nuclear Regulatory Commission hearings.

But Republican Councilman J. Kenneth Blackwell, who was the only councilman to oppose the measure, said the proposal amounted to little more than the first step in a CG&E buyout.

"You are creeping toward a public takeover," Blackwell said. "And I would question the economic feasibility and the logic of a public takeover."

If that is what council wants to accomplish, Blackwell said, then it should increase the number of representatives on the committee because the committee could eventually usurp the authority of the utility's board of directors and should have adequate representation.

"If you're going to advocate the public takeover," Blackwell said, "make the quantum leap—say it."

But Charterite Bortz took immediate exception to Blackwell's remarks.

"Unlike certain members of council, I do say what I mean. And what the resolution says and means is that this body will be a purely advisory body," he said.

"No one is suggesting in any way that this body has a legal responsibility for running a corporation or making any corporate decision.

"And it comes 10 years after the fact, 1,200% over the budget," he said.

WHILE BORTZ sidestepped the issue of a public buyout, Councilman Guy Guckenberger said that he would support a partial takeover of CG&E—but only if Zimmer is abandoned and ratepayers are billed for mismanagement.

Utility officials acknowledged at a press conference Oct. 6 that it will cost another $1.5 billion to repair the plant—only $100 million short of what it has cost to date.

They also indicated that they intended to pursue a number of alternatives to construction, including abandonment and conversion to a coal-fired plant. The utility has spent some $640 million on the plant.

"What is clear throughout this

(See ZIMMER, Page B-3)

Zimmer

CONTINUED FROM PAGE B-1

debate is that this community will pay for Zimmer. Whether it is through investors or ratepayers, the public is going to pay the bill," Guckenberger said.

"I think it is essential that the public have some participation (in management) if that plant is completed so that it will never happen again."

Under questioning by Mayor Thomas Brush, David Altman, head of the city's Environmental Advisory Council, said funding of the oversight committee and staff could come from the utility and Nuclear Regulatory Commission.

Brush said he felt that leaving funding up to the utility would doom the oversight committee. "They could give it $10,000 and let it sit," he said.

He estimated cost of the committee at $500,000 annually.

Altman suggested that an internal oversight committee, which will report to the utility's board of directors, is unnecessary and could be scuttled if the utility finds itself in a cash crunch.

CG&E has consistently resisted a public oversight board.

The company's alternative, Altman said, would be to place one publicly appointed member on an advisory committee that would in turn report to an oversight committee composed entirely of members of the CG&E board of directors.

THE CINCINNATI ENQUIRER

FRIDAY, OCTOBER 14, 1983

Zimmer Plans Prompt Skepticism From NRC

BY RICHARD WHITMIRE
Gannett News Service

WASHINGTON — Responding to a plan to revive the troubled Zimmer nuclear plant outside Cincinnati, the Nuclear Regulatory Commission (NRC) on Thursday raised questions about the top management at the project.

The NRC shut down construction at the Zimmer plant last November, prompting Cincinnati Gas & Electric to reshuffle its management at the site. The utility brought in retired Admiral Joe Williams Jr., who Thursday presented a plan to restart work on the plant.

Williams appeared to win the confidence of the NRC staff. But after his presentation, NRC officials pointed out that the proposed management chart for starting up work again has CG&E President William Dickhoner at the top, supervising Williams.

DICKHONER, WHO did not attend Thursday's meeting, was in charge of the utility in the years when construction went awry at the Zimmer site because of improper procedures, inadequate documentation, and insufficient supervision.

During most of the NRC investigation into Zimmer, Dickhoner has maintained that the nuclear plant suffers only from paperwork problems.

"We want to make sure that from the very top they're setting the right tone," said D.G. Eisenhut, director of licensing for the NRC. Eisenhut said the NRC wanted to make sure its confidence in any rework program wasn't "riding on one individual" — a reference to Williams.

The former admiral in the Rickover nuclear division of the Navy said he would quit if the utility wanted to undercut the new plan. "And if I drop dead tomorrow, there is a group of people who would accept no less than I would accept," said Williams, who has brought in other former Navy officers for his staff.

AFTER THE meeting, when asked about the NRC's questions about Dickhoper, Williams said, "The guy's my boss. He's supported the hell out of me."



AP Laserphoto

RETIRED ADMIRAL Joe Williams Jr., now a CG&E official, shows plans for renewed Zimmer construction to members of the Nuclear Regulatory Commission

James Keppler, the regional NRC director responsible for Zimmer, also questioned the role of Donald Iselin, a group vice president for Henry J. Kaiser, the contractor at Zimmer. Iselin has been in charge of Kaiser's role at Zimmer, and under the proposed reorganization, would remain in charge.

Said Keppler to CG&E: "Iselin testified at a Udall hearing, and we weren't pleased with his characterization of problems at the Zimmer. He did not leave a good impression on the NRC people."

Keppler didn't elaborate further, but on Sept. 14, 1982, Iselin testified before an Interior Committee hearing on Zimmer, chaired by Morris Udall, D-Ariz.

ASKED ABOUT welding documents that showed identical test numbers for different tests, Iselin said, "We promptly investigated each of the allegations of false documents, and while we found some instances of error in record keeping, and some difficulty of record retrieval, we found no basis for those allegations."

Referring to the welding documents, Udall responded, "It seems to me that is obviously phony. These are phony documents that have either been falsified or somebody has made a big mistake."

THE NRC staff barely questioned the details of the CG&E "course of action plan," reserving more detailed discussions for later meetings.

After the meeting, however, Keppler said he was concerned about CG&E's proposal for a Zimmer Oversight Committee, which Williams said would consist of three utility board members who aren't company officers and two citizens.

In its plan, CG&E asks for permission to work on correcting past problems at the same time it continues new construction. Asked if that might be a problem, Keppler replied, "It might be."

Thomas Devine from the Government Accountability Project, which exposed many of the problems at the plant, said the two programs would interfere with each other.

Mann Calls For Public Pressure To Force Shutdown At Zimmer

BY JOHN ECKBERG
Enquirer Reporter

Cincinnati Democratic Councilman David S. Mann called the abandonment of the troubled Zimmer nuclear power station the region's "Blue Chip" alternative Wednesday, and implored utility executives to convert Zimmer to a coal-fired plant.

Using hundreds of poker chips to illustrate his point—calling each one worth $10 million—Mann said that the community has no real choice but to force Cincinnati Gas and Electric, lead partner in Zimmer, to drop plans to complete the $1.7 billion plant.

IN A related matter, Mann also urged council to send a resolution to the Public Utilities Commission of Ohio (PUCO) to limit ratepayer obligation at the stalled plant to $800 million—the cost of a coal-fired plant.

"If CG&E is permitted to decide the fate of Zimmer, Mann said, the utility's board of directors and administrators will assuredly give the go-ahead to nuclear construction, as opposed to coal conversion or abandonment.

"If CG&E is allowed to make its decision by itself," Mann said, "it is perfectly predictable that it's going to spend $1.5 billion for repairs.

"The utility will then turn to the PUCO, as it's entitled to under existing law, and say we want every last cent restored to us through our rate base and utility increases.

"That is not sensible, that is not logical and there's nothing complicated about this at all. What we have is simple economic reality. The essential reality is that this decision cannot be left to CG&E."

REPUBLICAN COUNCILMAN Guy Guckenberger said that the final Zimmer price tag may prove to be one of the most anti-business, anti-consumer enterprises ever undertaken in Southwestern Ohio.

According to the Ohio Consumers' Counsel, Guckenberger said, Zimmer will end up boosting commercial electrical bills by $3,500 a year. Residents will pay $259 more a year, he said, and industries can expect a $1 million increase.

Products produced in Cincinnati will reflect those rate hikes and be less competitive on the local, national and international markets, he said. "These kinds of figures will do more to affect the economic health of our community than anything else," Guckenberger said.

The financial incentive to complete Zimmer is so great, he said, that utility executives will do all they can to continue construction. The company had $2.7 billion in assets in 1982, Guckenberger said, and a direct $680 million investment in Zimmer.

He said that a $680 million write-off at Zimmer would be disastrous for the company. "I think it's clear that abandonment is next to impossible if we think like CG&E thinks," he said.

"UNLESS SOMEBODY tells CG&E now, 'You're only going to be allowed so much in the rate base,' CG&E is going to complete that facility and try to stick as much of it with the ratepayer as possible.

"The bottom line is that CG&E is in big trouble financially whatever they do. I think we must take a strong stand now and let them know what the public attitude is."

But Democratic Councilmen Peter Strauss and Charles Luken said they were not prepared to approve the resolutions. Strauss said he personally favored abandonment of Zimmer but could not support a council statement saying so.

Luken said he was willing to put his faith in the new PUCO, appointed earlier this year by Democratic Governor Richard F. Celeste. Republican J. Kenneth Blackwell described council as "sprinting" toward a "public takeover" of CG&E.

The measures were referred to the intergovernmental affairs committee. In conclusion, Guckenberger said that Joe Williams, Jr., senior CG&E vice president of nuclear operations, should come before council prepared to discuss financing at Zimmer and not just nuclear operations or safety at the plant.

Williams was invited by council last week to address the body about the future of Zimmer. Williams said Wednesday night he had not received council's invitation.



Enquirer Photo BY ANNALISA KRAFT

COUNCILMAN DAVID Mann uses poker chips to illustrate the costs of completing the Zimmer nuclear power plant.

Thursday, October 27, 1983 THE CINCINNATI ENQUIRER

Council Wants Lid On Zimmer Cost

BY PAUL FURIGA
Enquirer Reporter

Cincinnati City Council voted overwhelmingly Wednesday to urge that state utility regulators set cost limits on the completion of the Zimmer nuclear power station to prevent consumers from paying for mismanagement at the plant.

Only Councilman J. Kenneth Blackwell voted against the motion, written by Councilman Guy Guckenberger with an amendment from Councilman David Mann.

"I think what we're saying in (the) resolution is Kucinichism," he said, referring to former Cleveland Mayor Dennis Kucinich and his ultimately successful anti-monopoly lawsuit against the Cleveland Electric Illuminating Co.

The council resolution urges the Public Utilities Commission of Ohio (PUCO) to make consumers pay for only $800 million of Zimmer's cost if it is finished as a coal-fired plant, or a maximum of $1.7 billion if the plant is completed as a nuclear power station.

GUCKENBERGER SAID the dollar figures were reasonable amounts based on generally accepted cost estimates for completing the power plant. Guckenberger said he wrote the resolution because "we should continue to be aggressive with the PUCO" on the cost of Zimmer, and to make sure consumers don't pay for mismanagement.

But Blackwell said the resolution and the 8-1 vote to pass it "really exceeds the role this council has played in protecting the (utility) ratepayer."

Zimmer's cost should be decided by the plant's owners—CG&E, Dayton Power & Light Co. (DP&L) and Columbus & Southern Ohio Electric Co.—Blackwell said, because "their interests are tied to making the right decision on cost."

He pointed to a recent announcement that DP&L officials believe Zimmer should be finished as a coal-fired plant as an example of "an accurate reading of the marketplace" by Zimmer owners.

But Mann said he didn't see how council members could pass up a chance to tell the utility regulators their feelings on the high cost of Zimmer and the possibility of consumers paying for any mismanagement.

"MR. BLACKWELL wants to make this a very complicated issue," he said, "but it isn't. . . . For us to stand here and say, 'Let CG&E decide (the cost of Zimmer),' is to poorly serve those who elected us to this body."

A motion directing City Solicitor Richard Castellini to investigate the possibility of the city formally approaching the PUCO on the cost of Zimmer also passed council, but on a 7-2 vote, with Councilman Peter Strauss joining Blackwell in opposition.

Strauss said he could not understand what benefit the effort would have because he believes the commission can act on the cost of electricity only when a utility has approached members and asked for an increase in rates.

Suit Charges CG&E Gave Fraudulent Data

BY ALLEN HOWARD
Enquirer Reporter

Two shareholders filed a class action suit in U.S. District Court in Cincinnati Tuesday against the Cincinnati Gas & Electric Co. (CG&E) and three of its executives claiming financial losses due to fraud and negligent misrepresentation by the company.

The suit was filed by Ralph and Frances Rubin of New Miami Beach, Fla., and Patricia L. Popil, 3557 Outlook Dr., Hyde Park, but it seeks class certification to represent all shareholders who suffered similar losses.

Defendants in the suit are: William H. Dickhoner, president and chief executive officer; Earl A. Borgmann, senior vice president of engineering services and electric production, and B. John Yeager, chairman of the CG&E board.

Stanley Chesley, attorney for the plaintiffs, said many of the CG&E shareholders have lost money because of a reduction of the CG&E stock caused by losses in the William H. Zimmer Nuclear Power Plant project.

The suit is asking for compensatory and punitive damages sustained by the plaintiffs and other members of the class.

The shareholders are asking the court to decide whether CG&E has violated the federal securities laws, whether company officials have been involved in a conspiracy in releasing false information to shareholders and whether they willfully, and recklessly omitted information on market prices of CG&E securities.

The suit cites CG&E's involvement in the Zimmer plant and the $200,000 fine by the Nuclear Regulatory Commission (NRC) for violating 12 basic federal safety rules. It also cites as false a statement in CG&E's annual report dated January, 1982, that the plant was 97% complete and would be in service in early 1983. The suit says the plaintiffs bought stock on the basis of that statement.

THE CINCINNATI ENQUIRER
WEDNESDAY, OCTOBER 26, 1983

Dayton Utility Studies Zimmer Alternatives

FROM ENQUIRER STAFF AND WIRE REPORTS

DAYTON, Ohio—Dayton Power & Light Co. officials are studying alternative uses for the troubled William H. Zimmer Nuclear Power Plant, including whether it can be converted to a coal-fired plant, a decision company President Peter H. Forster says he hopes will pacify Wall Street.

In an interview with the *Dayton Daily News*, Forster said the utility may have difficulty borrowing money to complete Zimmer because the financial community has less confidence in the project and is uncertain whether cost overruns can be recovered through increased electricity rates.

The utility president said DP&L, one of three companies building Zimmer, can't afford to delay a decision on Zimmer because it is paying $3 million a month in interest on money already borrowed to finance the plant.

Bankruptcy proceedings are not "within the realm of possibility" for DP&L, he added.

FORSTER SAID DP&L studies show Zimmer could be converted and used as a coal-fired plant, although officials for Cincinnati Gas & Electric Co., the managing partner on the Zimmer project, have expressed skepticism about this option.

William Dickhoner, president of CG&E, said earlier this month his firm does not think such a step is practical or feasible because there is not enough room at the Moscow site and the coal and nuclear plant components are "completely unrelated."

Steve Koziar, DP&L attorney familiar with the Zimmer problems, said Forster was perhaps being "too finite," and that DP&L studies of all alternatives are incomplete, that the coal-fired conversion possibility is being carefully studied and that more information needs to be entered into those studies.

DP&L vigorously is pursuing arbitration to try to assure that DP&L shareholders and customers don't pay twice for construction work that wasn't properly done, he said.

While declining to reveal what DP&L plans to do or exactly when an announcement will be made, Forster discussed three basic options: completing Zimmer, converting Zimmer to a coal-fired generating plant or abandoning it.

On The Inside

• Council mulls Zimmer abandonment, Page B-1.

THE CINCINNATI ENQUIRER Wednesday, October 26, 1983

DP&L Thinks Zimmer Should Switch To Gas

BY HOWARD WILKINSON
Enquirer Reporter

and ASSOCIATED PRESS

Turning Zimmer nuclear power station into a gas-fired power plant and later converting it to coal might be more practical than trying to complete the troubled nuclear project, one of Cincinnati Gas & Electric's Zimmer partners said Tuesday.

Peter Forster, president of Dayton Power & Light Co. (DP&L), told a Dayton press conference that a gas-fueled generator could be completed in 28 months for another $350 million.

Bechtel Power Corp., hired as consultant by CG&E, estimated it will take another $1.5 billion to complete Zimmer as a nuclear plant, putting the total cost at $3.2 billion.

It was Bechtel's cost estimate which prompted DP&L to study conversion to another fuel.

"If the three partners agree, we could go in that direction," said Forster. "All three partners are looking at options."

CONVERTING ZIMMER to a natural gas "peaking unit" for now, and converting it to a coal-fired "base load" plant later, seems to be the most practical alternative, Forster said.

A "peaking unit" is used only when there are extraordinary power demands as in the height of the air conditioning season. A "base unit" is in continuous use.

Zimmer would get five gas-fired boilers and those boilers would be converted to coal one-by-one, Forster said. Immediate conversion to coal is not practical because DP&L's power needs in the near future do not warrant it, he added.

DP&L is committed to finishing Zimmer, Forster continued, although DP&L considered "seriously, with a capital 'S' " pulling out.

Forster said DP&L expects to need additional generating capacity before the end of the decade and it would be more expensive to start devloping a new site.

CG&E is the operating partner in the Zimmer project. DP&L and Columbus & Southern Ohio Electric Co. are co-owners.

CG&E OFFICIALS said they were surprised by DP&L's announcement.

"We knew (DP&L) was studying the possibility of conversion, but we didn't know they were going to call a press conference about it," said CG&E spokesman Bruce Stoecklin.

President William Dickhoner said CG&E is "studying all possible options with regard to Zimmer, including its conversion not only to gas but to oil or coal as well. When these studies are finished, they will be incorporated into our decision on the future of the Zimmer station."

Three weeks ago, Dickhoner, for the first time, raised the possibility that the 14-year-Zimmer nuclear project might be abandoned. That followed the new Bechtel cost estimate.

Dickhoner said CG&E would also consider the possibility of converting the plant to coal, gas or oil, though he put doubts on the feasibility of conversion.

Forster said Tuesday the existing turbines, condensor, cooling tower and electricity distribution system could be used with steam from any fuel.

"THE THING we're certain of is we can generate electricity more economically than the $3.5 billion nuclear option," Forster said.

Forster said it is "our job to make the best of it. We have every intention of completing Zimmer—in some fashion. What we are saying is, given the large cost estimates, we think conversion to gas and then to coal represents a viable alternative."

Most work at Zimmer was halted last November by the Nuclear Regulatory Commission because of problems with quality assurance management.

When the new Bechtel cost estimate was released, the Public Utilities Commission of Ohio (PUCO) began an audit to determine how much of the $1.7 billion cost so far is due to mismanagement. This issue is how much should be absorbed by electricity customers.

When CG&E's partners expressed shock at the possible $3.5 billion Zimmer price tag, CG&E officials said Bechtel would provide the partners with a detailed breakdown of costs of completing the 806-megawatt plant.

STOECKLIN SAID that information hasn't been provided by Bechtel yet.

Some critics of CG&E's management of the Zimmer project were pleased with DP&L's suggestion that the plant be converted to fossil fuels.

"This announcement is in itself a breakthrough in the lack of public openness from the owners of Zimmer," said Cincinnati City Councilman Guy Guckenberger in a letter to fellow council members. "It avoids the safety and cost issues involved with completion of Zimmer as a nuclear facility. It also avoids the complete loss situation where Zimmer is abandoned."

The Cincinnati Post, Thursday, October 27, 1983

Stockholders sue over Zimmer

By Sharon Moloney
Post Staff Reporter

Three stockholders filed a class-action suit Wednesday against Cincinnati Gas & Electric Co., contending that company officers engaged in a "conspiracy" to "defraud" shareholders by allegedly misrepresenting the condition of the William H. Zimmer Nuclear Power Station project.

The suit, filed in U.S. District Court in Cincinnati, is the second brought against CG&E by shareholders.

THE SUIT was filed against the company and William Dickhoner, president and chief executive officer; B. John Yeager, former chairman of the board, and Earl Borgmann, senior vice president, engineering services and electrical production.

Filed by Cincinnati attorney Stanley M. Chesley, the suit is seeking an undisclosed amount in punitive and compensatory damages on behalf of Patricia L. Popil of Hyde Park and Ralph and Frances Rubin of North Miami Beach, Fla.

The suit claims that the disclosure by CG&E on Oct. 6 that it might cancel the plant because of a doubling in cost was "in direct contradiction to its assurances during the class period that the plant had minor paper work deficiencies and that the plant was 97 percent complete."

THE SUIT alleges the defendants, from Jan. 27, 1982, and continuing through Oct. 6, 1983, "engaged and participated in or aided and abetted a continuing course of conduct and conspiracy to conceal adverse material information about the financial condition and future business prospects of Cincinnati Gas & Electric."

CG&E spokesman Bruce Stoecklin said the company would not comment on the suit.

In November 1982, a CG&E shareholder from New York sued the utility, its offices and directors in federal court on charges that the value of her stock diminished by half because of alleged mismanagement at Zimmer.

Utility Faces Hurdles in Plan to Convert Ohio Zimmer Nuclear Unit to Fossil Fuel

By Geraldine Brooks
Staff Reporter of The Wall Street Journal

When Dayton Power & Light Co. proposed converting the stalled Zimmer nuclear plant to a fossil fuel unit, the nuclear power industry gasped.

If the suggestion that a 97%-complete plant be switched to natural gas and later to coal had come from an antinuclear group, it might have met derision. But this time, the proposer is a utility with a 31.5% stake in the plant, and the industry might have to consider it more seriously.

Today in Columbus, Ohio, top executives of the Zimmer partners—Dayton Power, Cincinnati Gas & Electric Co., which owns 40% of the project and is responsible for construction, and American Electric Power Co.'s Columbus & Southern Ohio Electric Co. unit—are to meet with the public utilities commission of Ohio to discuss the future of the project, especially the idea of conversion.

"It's the kind of thing you hear proposed by the public all the time," says Max L. Gildner, a Nuclear Regulatory Commission reactor inspector, "but it isn't a suggestion that makes much technical sense." Not much economic sense either, contends Robert L. Borlick, a Washington, D.C.-based consultant on nuclear energy economics to utilities and the Federal government. "When conversion has been raised as a possibility, such as for the Diablo Canyon plant in California, it's been found to be prohibitively expensive. There's really not a lot that can be saved except the site and maybe 30% of the plant."

Exceptional Case

But both Mr. Gildner and Mr. Borlick concede Zimmer is an exceptional case. Alternatives to converting the plant are grim: abandoning it, or spending about another $1.8 billion to complete it without any certainty of recovering the investment in higher electric rates. Scrapping Zimmer means the companies would have to swallow substantial write-offs. Conversion may be "better than having that turkey just sitting there like a monument," Mr. Gildner says.

Dayton Power concedes that it still doesn't have details on conversion costs, but estimates that a gas plant could be producing 840,000 kilowatts—the same output as a nuclear Zimmer—for $350 million, exclusive of interest on money already spent, compared with $1.8 billion to complete the nuclear version. It says the plant could be on line in about 28 months.

A conversion is potentially feasible because all electricity generating plants have three parts: a mechanism for heating steam, a turbine to operate a generator and the generator itself. Fossil fuel plants heat steam with boilers while nuclear plants use reactors. It is possible to substitute a boiler for the reactor, but there are many difficulties.

Some of the problems are:

—Nuclear plants operate at lower temperatures and steam pressures than fossil plants, and the turbines already in place at Zimmer aren't designed to run efficiently with fossil fuel-generated steam.

—Nuclear plant sites need less space than coal plants, where there must be room for coal storage, large antipollution equipment and waste disposal.

—Fossil fuel plants need ready access for fuel delivery.

—Natural gas prices are high and likely to rise with deregulation.

Dayton Power says it has answers to many of those problems. "We can buy boilers of a steam pressure and temperature that match the existing turbines," says president Peter H. Forster. "They don't have to be specially designed because they're already widely used in the paper and chemicals industry." He says lost efficiency could be compensated by adding an additional "topping turbine" that would push Zimmer's power potential above 840,000 kilowatts. Cost of doing that isn't included in current cost estimates.

Site Situation

Zimmer's rural site means it doesn't face serious land-use constraints, says Dayton Power's secretary, Stephen F. Kozar. But Zimmer's site is just 600 acres, while Cincinnati Gas's most recently constructed coal plant, a 600,000 kilowatt unit, occupies a vast 4,777-acre site, so the companies probably would have to buy land to convert the plant. Because it is on the Ohio River and has nearby rail access, coal delivery wouldn't be a problem. The companies would have to build a gas pipeline.

Considering the uncertainty surrounding natural gas deregulation by 1985, Mr. Borlick says, Dayton Power is "crazy" to consider locking it into the fuel. "Everyone else is trying to get out of gas," he says. But Mr. Forster says the utility can sign contracts now to assure lower prices for as long as needed. "The phone's been ringing off the hook here with people trying to sell us gas," he says.

A gas-fired plant could be put into operation in the time it takes to get regulatory approval to start construction of coal-burning facilities. The earlier Zimmer begins producing power, the quicker the utilities can hope to conclude their investment in the asset base on which rates are calculated.

But it's still uncertain how much, if any, Zimmer investment the public utilities commission of Ohio will allow, whether the plant is nuclear, gas or coal. The commission has indicated that the public won't pay costs that are the result of utility mismanagement, and it has ordered a management audit on the project.

The Cincinnati Post
Monday, October 31, 1983

Zimmer foes say records are changed

By Randy Ludlow
Post Staff Reporter

Falsification of records documenting the quality of work at the William H. Zimmer Nuclear Power Station has intensified since construction was halted nearly a year ago, the Miami Valley Power Project charged Sunday.

Interviews with three former Zimmer quality control workers reveal supervisors have directed workers to "create" records that were missing and incomplete, said Thomas Devine, Miami Valley Power Project attorney.

The allegations—and evidence of newly discovered construction faults—will form the basis of a request to the U.S. Nuclear Regulatory Commission to deny Cincinnati Gas & Electric Co. permission to finish Zimmer, Devine said.

The NRC will conduct a two-part hearing at the Cincinnati Convention Center Tuesday on CG&E's plans to complete the estimated $3.1 billion plant at Moscow, Ohio.

CG&E SPOKESMAN Bruce Stoecklin said the utility would not comment on the allegations.

"It's the same old story on an intensified level," Devine said Sunday.

He is legal director of the Washington-based Government Accountability Project, which represents the Miami Valley Power Project.

"The more problems they (CG&E) find, the more financially desperate they become. They can't afford to look at the paperwork honestly, because they can't afford to repair what it shows."

Devine said he had found no evidence that CG&E officials were aware of the falsifications, but noted, "If they're on top of the project like they claim, they have to know . . . unless they don't want to look."

DEVINE'S PREVIOUS investigation of Zimmer revealed problems with record-keeping and workmanship which led the NRC to halt safety-related construction at the plant on Nov. 12, 1982.



'The more problems they (CG&E) find, the more financially desperate they become.'

—Thomas Devine

Devine said new allegations regarding falsified records came to light recently when three former quality control employees of Henry J. Kaiser Co., CG&E's primary Zimmer construction contractor, contacted him to express concerns about how they were instructed to do their jobs.

The three workers said they represented 15 other quality control workers, 12 who quit in protest and moved on to jobs at other nuclear power plants, Devine said.

According to a statement prepared for release at a news conference today at Cincinnati City Hall, Devine said the three former Zimmer workers charged:

• "Kaiser supervisors directed document reviewers to accept incomplete records as complete and obviously falsified records as accurate."

• "Supervisors directed document reviewers to 'create' records which were missing or incomplete. A 'fill-in-the-blanks' approach to document review has become common."

• "Supervisors directed quality confirmation program inspectors to accept violations that could generate bad publicity or significant ramifications with the NRC, but to write nonconformance reports on petty problems in order to make it appear that the system is identifying defects."

• "The pressure on quality control inspectors has intensified. Those who protest frequently have been told to follow orders or 'go on down the road.' "

Devine also said an ongoing investigation has revealed 56 new allegations about shoddy or unsafe work at Zimmer.

"THE CHARGES indicate that the shoddiest, most defective work at Zimmer occurred during the early years on piping and welds that now are buried in concrete or (which are) otherwise inaccessible," Devine said.

The defective work includes improper welding procedures, water-feeding pipes—now buried in concrete—which are not functional due to corrosion, disassembly of valves without formal training or documentation and concrete in the bottom of the reactor building which has crumbled, Devine said.

Because of concerns about the safety of Zimmer and the role of CG&E, Devine said the Miami Valley Power Project will ask the NRC to reject the utility's plan to finish the plant.

The NRC should require CG&E to prepare a new plan for reinspection of all equipment, both accessible and inaccessible, by an independent third party "free of financial conflicts of interest" and require the creation of a public oversight committee to monitor Zimmer, he said.

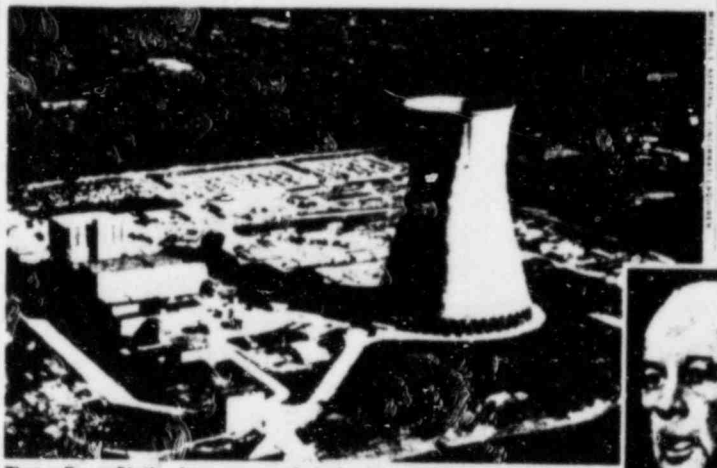
Also, CG&E should be instructed not to submit its new plan to complete Zimmer until the anticipated January 1984 release of the NRC investigation of the plant which could change how work would resume, Devine said.

OCTOBER 31, 1983 Vol. 122 No. 19 TIME THE WEEKLY NEWSMAGAZINE

A $1.6 Billion Nuclear Fiasco

Mismanagement and safety lapses endanger an Ohio plant

Looming 479 feet over the Ohio River, the concrete cooling tower of the Wm. H. Zimmer Nuclear Power Station dwarfs tiny Moscow, Ohio (pop. 326), a village 23 miles east of Cincinnati. But the citizens of Moscow expect the Zimmer plant to change more than the local skyline. When completed, it will not only provide 810 megawatts of power to southern and central Ohio but also bring as many as 20 jobs to Moscow. In addition, notes Mayor Eugene Holland, it will mean more than $500,000 a year in property taxes.



Zimmer Power Station: improper records, bad welds and 15,000 NRC violations

"Every witness said they wanted to be at least 100 miles away from it."

The civic enthusiasm may be premature. The nuclear plant, under construction since 1972 and now 97% completed, may not begin operating for three more years, if it ever does. Its long and sometimes tumultuous development has been marked by runaway costs, faulty construction, mismanagement by the utilities that own it, and inadequate supervision by the Nuclear Regulatory Commission (NRC). Earlier this month the three owners—Cincinnati Gas & Electric, Dayton Power & Light and Columbus & Southern Ohio Electric—began to consider their options. Among them was the sobering possibility of abandoning the project. Such a move would turn Zimmer into nuclear America's biggest white elephant to date, and a woeful, if extreme, example of the quality-control problems besetting other nuclear projects around the country.

Zimmer's costs have ballooned alarmingly. The initial estimate, in 1969, was $240 million. So far, the three utilities have spent $1.6 billion. The Bechtel Power Corp., brought in a year ago to help manage the plant's construction, last month came up with the latest projection. The proper completion of the plant, says Bechtel, would raise the total to a staggering $3.1 billion. While the utilities ponder whether to continue with Zimmer, interest charges on loans taken out as long ago as 1971 keep piling up. Each day's delay means $500,000 added to the tab.

Bechtel's estimate stunned Wall Street as well as the plant's owners. Cincinnati Gas President William Dickhoner tried to quell the fears of financiers, vowing to "consider very carefully the implications of such a dramatic increase." The following day, however, Moody's Investors Service downgraded the ratings of the three utilities. Two other services, Standard & Poor's and Duff & Phelps, put the utilities on a credit watch. Fearful of bankruptcy, Columbus & Southern Ohio Electric and Dayton Power & Light have asked the Hamilton County Common Pleas Court to rule on who would be liable for the $1.6 billion should the project collapse. Says Gerald Morgan, an analyst with Prudential-Bache Securities: "You have the three utilities fighting among themselves as to who is to blame for all the mismanagement."



Utility Head Dickhoner



Whistle Blower Devine

Beyond Zimmer's financial debacle lies the issue of shoddy construction at the plant. In an effort to contain costs, Cincinnati Gas tried to skimp on quality-control measures and personnel. In November 1981, the NRC fined the utility $200,000 after discovering the first of some 15,000 violations of its quality-assurance regulations. A year later, the commission halted construction because of Cincinnati Gas' continued failure to meet its quality guidelines, the first time that the NRC had ever taken such a step when construction was so far advanced. Some of the steel used at Zimmer was scrap that was arbitrarily upgraded on the site. About 70% of the welds on the plant's structural beams did not meet industry standards. To test the welds now, inspectors will in some cases have to cut out at random one made by each of the hundreds of welders who have worked on the project, examine it and then accept or reject the rest of that welder's work on the basis of the sample. Given the difficulties of these and other tests, the utilities may find it easier simply to junk the plant.

The construction problems were discovered almost by accident. Private Detective Thomas Applegate, 32, hired by Cincinnati Gas in 1979, concluded that safety-related building lapses posed a greater danger to the plant than the doctored timecards he had been directed to investigate. The utility ignored Applegate's allegations and fired him in 1980. He turned to the NRC, which after an initial investigation found no problems at Zimmer. Applegate then appealed to the Institute for Policy Studies, a Washington think tank with a history of championing Government whistle blowers. Thomas Devine, a lawyer with a division of the institute, agreed to challenge the NRC findings and to charge the agency with violating its own ground rules for investigations. Says Devine: "I realized that this was a very dangerous power plant when every witness I talked to said that once the plant was finally done and it was switched on, they wanted to be at least 100 miles away from it."

Prodded by Devine's charges, the NRC made a second investigation and discovered that Cincinnati Gas did not keep proper records of the welds or of the origin of materials used at the plant, and did not test welds according to NRC specifications. The agency labeled the quality of work at Zimmer "indeterminate." Meanwhile Devine was able to show, as a result of a Freedom of Information Act lawsuit he brought in federal court, that an NRC official had ordered his investigators to withhold and even destroy documents disclosing problems at Zimmer. James Cummings, director of the NRC's Office of Inspector and Auditor since 1978, was transferred out of his job as the controversy grew. Cummings claims that the agency lost confidence in him after he forgot to turn over key documents. Says he, "I simply screwed up, and I've been going all around town saying *mea culpas* ever since."

Despite its uniquely disastrous features, Zimmer is far from the only instance of mismanagement among nuclear facilities. For example, of the five plants belonging to the ill-starred Washington Public Power Supply System (WPPSS), known as Whoops, only one, Project No. 2, stands a chance of being completed soon. "Zimmer is clearly the glaring example of construction goof-ups," says Jan Strasma, a spokesman for the NRC, "but there are other plants [being built] around the country where the quality-control program has fallen on its face." Among them:

▸ Clinton Nuclear Power Plant No. 1, near Clinton, Ill. At the time construction began in 1975, this plant was expected to cost $429 million. The latest estimate: $2.8 billion. During its construction, it has suffered delays because of safety and design problems. Says Strasma: "They just got so far behind in doing inspections that they finally had to stop construction to get caught up." Its completion has been moved back from 1984 to 1986.

▸ South Texas Nuclear Plant, Bay City, Texas. Houston Power & Lighting broke ground for this plant in 1976, when it was expected to cost $1 billion and be in operation by 1981. Because of quality-control costs, design changes, and construction delays that prompted litigation, its price tag has grown to almost $5.5 billion. It may go on line in mid-1987.

▸ Diablo 2, Diablo Canyon, Calif. Owned by Pacific Gas & Electric and begun in 1970, Diablo has encountered errors in design aggravated by the fact that it is positioned over a major fault in the earth. These complications have helped pump up the cost estimate from $420 million to $4 billion and delayed its opening by ten years. It is expected to begin operations next year.

Under belated pressure from the NRC, Cincinnati Gas has begun revamping its Zimmer program. Most of the old managers have been removed, and Retired Admiral Joe Williams Jr., a former Atlantic Fleet submarine commander, has been named Zimmer's new top manager. He is awaiting the results of a Nov. 1 public meeting in Cincinnati, where Cincinnati Gas' proposed new program for Zimmer will be discussed before the NRC rules on it. "What I'd like now," says Williams, "is for people to stand back and let us complete the plant properly, as cheaply as possible."

—*By Robert T. Groves. Reported by Jay Branegan/Washington and Barbara B. Dolan/Moscow, Ohio*

THE CINCINNATI ENQUIRER

FINAL EDITION/NEWSSTAND PRICE 25¢ WEDNESDAY, NOVEMBER 2, 1983 A GANNETT NEWSPAPER

New Zimmer Problems Pop Up Before Old Ones Can Be Solved

BY HOWARD WILKINSON
Enquirer Reporter

While the Nuclear Regulatory Commission is reviewing how Cincinnati Gas & Electric Co. plans to correct old problems at Zimmer nuclear power plant, it is receiving reports of new quality assurance failures.

NRC Regional Administrator James G. Keppler and NRC staff met Tuesday afternoon in Cincinnati with CG&E officials to discuss the utility's "course of action" for correcting past quality assurance mistakes and preparing to complete construction of Zimmer.

The meeting came one day after the Government Accountability Project (GAP) presented the NRC with allegations of 56 new quality assurance problems which have come up since the NRC ordered a shutdown of safety-related costruction last November.

The new allegations, according to GAP attorney Thomas Devine, came from interviews with three persons familiar with Zimmer or its workers and accused quality assurance supervisors of ordering workers to accept incomplete records and "create" missing records.

KEPPLER SAID one of the reasons the NRC staff was holding its public hearing in Cincinnati Tuesday was to "discuss with them (CG&E) how they plan to eliminate this kind of thing in the future."

CG&E's "course of action" must be approved by Keppler before it can be implemented. It includes restructuring CG&E management of the Zimmer project, creating a Zimmer oversight committee to report to the board of directors, appointing Bechtel Power Corp. project director, setting up a quality verification plan and planning for continued construction.

Darrell Eisenhut, the NRC's licensing division director, asked CG&E officials whether, in light of the new GAP allegations, their plans for completion of Zimmer include a system under which employees can make complaints about the quality assurance program.

CG&E Senior Vice President Joe Williams Jr., chief of the utility's nuclear operations, said the company has set up a telephone line for employees to report problems.

"They can identify themselves if they want, but they don't have to," he said. The assistant vice president for nuclear operations will follow up on the complaints, Williams said.

CG&E principal Zimmer contractor, Henry J. Kaiser Co., has sent a letter to all employees saying that if employees are not comfortable reporting problems to their Kaiser supervisors, they can report to CG&E officials.

CG&E'S "COURSE of action" hinges on whether CG&E and its Zimmer partners, Dayton Power & Light Co. (DP&L) and Columbus & Southern Ohio Electric Co., decide to complete the plant.

Executives of all three utilities have discussed the possibility of abandoning Zimmer or converting it to another fuel source in light of a recent Bechtel estimate placing the total cost of Zimmer between $2.8 and $3.5 billion. An estimated $1.7 billion has been spent so far.

Under questioning by NRC staff, Williams said the Columbus utility supports CG&E's "course of action" but he described DP&L as "neutral."

Last week, DP&L President Peter Forster suggested it might be more practical to convert Zimmer to a gas-fired plant and convert it to coal use later rather than complete it as a nuclear plant with a $3.5 billion price tag.

THE CG&E plan calls for a Zimmer oversight committee, which would probably consist of members of the CG&E board of directors. It would report to the full board. It would also include an "owners' review committee," which would be advisory and consist of representatives of the three partners. DP&L officials have objected to the plan, saying they want a voice on the oversight committee.

Williams would be project manager of Zimmer under the "course of action," reporting to CG&E President William Dickhoner and the board of directors. The plan creates four new assistant vice presidents to oversee nuclear operations, quality assurance, nuclear projects and nuclear engineering. All would report to Williams.

The Plan to Verify the Quality of Construction (PVQC) will identify problem areas in the plant, Williams said.

"There is no system, component, or structure that will not be inspected by the PVQC team," Williams said.

However, while all components of the plant will receive "sight" inspections, not all will require "physical" inspections, Williams said.

NRC attorney Stephen Lewis asked Williams whether the company would submit its plan to continue construction before the quality verification program is complete.

"OH, MY goodness, yes," Williams said. CG&E has already identified quality verfiication problems in a number of areas, Williams said, including welder certification, welding quality, welding procedures and traceability of materials.

Williams admitted there had been a failure of quality assurance in the plant in the past.

"If you'd had all the quality assurance that was necessary, these problems would never have come about," Williams said.

Eisenhut asked whether the problems had arisen because of a failure in the philosophy of the company, from the top down.

"I have concentrated on how to fix the problems, not on why it happened," Williams said. But, Williams said, the standards for nuclear plant construction have changed in the 14 years since the Zimmer project began.

"People in 1973 didn't understand what quality would mean in 1982 because they didn't expect to still be here building it in 1982," Williams said.

THE NEW YORK TIMES, THURSDAY, NOVEMBER 3, 1983

Utility's Plans to Finish Nuclear Plant Assailed

CINCINNATI, Nov. 2 (AP) — The unfinished Zimmer Nuclear Power Station has come under scrutiny by the Nuclear Regulatory Commission and members of the public as the Cincinnati Gas and Electric Company defended its plans to complete the facility.

All safety-related construction at Zimmer was stopped nearly a year ago by the commission, which cited reports of possible construction problems, including pipe weld defects. Before the commission will consider lifting the order, the utility must obtain approval of a plan to verify quality of construction and a plan to continue construction.

James G. Keppler, the commission's regional director, and his staff met Tuesday afternoon with utility officials, then took public comments in the evening from among the 1,200 people gathered at the Cincinnati Convention and Exposition Center.

Investigation Assured

Mr. Keppler assured the audience that all reports of irregularities would be investigated by a now-expanded commission staff. Mr. Keppler and his staff will determine later whether Cincinnati Gas and Electric's plans to restart safety-related work on Zimmer are acceptable.

Speakers Tuesday said that the commission should make sure the plant was safe and that customers should not have to pay for correcting construction mistakes. Many were concerned about the plant's mushrooming costs.

"We have a plant that's 98 percent done," said Bill Russ of Anderson Township, near Cincinnati. "Take a good look at it and if there are any parts that need being replaced, then do it. Then get on with it."

Plant Started in 1969

Zimmer was begun in 1969 in Moscow, Ohio, a river community 27 miles from Cincinnati. Cost estimates of $240 million have ballooned, and plant owners now believe the ultimate price tag will range from $2.8 billion to $3.5 billion.

D. David Altman, chairman of Cincinnati City Council's environmental commission, said a public committee should be appointed to oversee the project.

Roxanne Qualls of the Ohio Public Interest Campaign said the utility, which is the plant's builder and majority owner, should not be trusted to finish the project because its mistakes led to the Federal agency's stop-work order.

But Robert Acomb, a lawyer representing a group pushing for completion of the plant, said the utility was willing and able to do anything the commission directed so that the plant could be finished properly.

In the afternoon session, Joe Williams Jr., executive vice president in charge of Zimmer, said that a complaint telephone line had been set up for workers so they would not have to fear losing their jobs when reporting problems.

The utility plans to set up a committee, consisting of members of its board and one public member, to oversee the completion of Zimmer. Dayton Power and Light, which, with the Columbus and Southern Ohio Electric Company, is a co-owner of the plant, has said it also wants a voice.

President Peter Forster of the Dayton utility has suggested it might be cheaper to convert Zimmer to a gas-powered plant than continue with construction of a nuclear-generating facility.



Guy Guckenberger, a City Council member, addressing a hearing of the Nuclear Regulatory Commission this week in Cincinnati. James G. Keppler, above right, and Darrell G. Eisenhut, both of commission, conferring at the hearing.

Associated Press

A Gannett newspaper

THE ENQUIRER

WILLIAM J. KEATING *President and Publisher*
GEORGE R. BLAKE *Editor, Vice President*
THOMAS S. GEPHARDT *Associate Editor*
FRED L. FOSTER *Vice President, Advertising*
LARRY G. LINDQUIST *Vice President, Circulation*
FRANCIS M. PRICE *Vice President, Production*

ZIMMER

Experience and evidence militate against the nuclear power plant

CINCINNATI GAS & Electric Co. is still weighing evidence coming in from various experts in nuclear technology and energy management, and still clinging — for public consumption, at least — to the belief that its star-crossed Zimmer power plant can produce nuclear-generated electricity. The basis for such faith, however, grows more questionable every day.

The Zimmer facility has become the center of national attention in energy development since government quality-control checks, independent studies, lawsuits and charges of mismanagement put completion of the plant in question. Analysts have gone so far as to name Zimmer, just one of several troubled nuclear projects, as the plant that could be the *coup de grace* for nuclear power development in the United States. The situation is that bad.

From a technological standpoint, Zimmer can only be rated somewhere between a question mark and a disaster. Quality control, as far as has been checked, has been found badly wanting. The Nuclear Regulatory Commission, guilty itself of acting late, levied one of the largest fines ever against CG&E. Concern persists that all Zimmer's problems have not yet been disclosed.

The economics of Zimmer seems completely out of control. Projected at a cost of $250 million, the plant already has cost $1.7 billion. The estimated cost of completing Zimmer as a nuclear facility is $1.4 billion. That is an optimistic projection based on no additional problems or delays. There is skepticism, based on experience and evidence, that this would be possible.

The most recent study, done by Cambridge Energy Research Associates, puts Zimmer's nuclear capacity in a more imaginable perspective. Zimmer's nuclear-generated electricity would cost 20 cents per kilowatt hour compared to the current, non-nuclear rate of 6 cents. Even allowing that Zimmer would provide only a small percentage of each consumer's power, the increase in cost for electricity would be significant.

The economics of energy development also militates against a nuclear Zimmer. The concern that gave impetus to the nuclear movement in the oil shortage of the early 1970s has lost its urgency. Prices and availability are no longer seen as imminent crises. Without going into such esoteric energy sources as geothermal and solar, many analysts expect that there is time to develop the technology for extracting oil and gas reserves that 10 years ago were economically impractical.

CG&E has talked about its "course of action" for clearing up the quality-control mistakes and completing construction. But problems exist even there. CG&E's partners — Dayton Power & Light Co. and Columbus & Southern Ohio Electric Co. — have expressed reservations about CG&E's proposed oversight board. DP&L officials have publicly supported conversion of the plant to a gas-fired facility that could eventually be converted to coal. They estimate the converted plant could be completed in 28 months at a cost of $350 million — a far cry from the best-case $1.4-billion projection for the nuclear facility.

There are also the matters of corporate credibility and endurance. Lawsuits have been filed charging the utility and its executives with mismanagement and resultant financial losses to stockholders. On top of that, the Cambridge study speculates that the firm could go "belly-up" as a result of Zimmer, eventually selling to another utility at the "bargain-basement price" of 5 cents on the dollar.

These possibilities are predicated on readings of CG&E's ability to continue absorbing such incredible cost overruns and on the now-widespread perception that CG&E's management lacked the nuclear know-how to embark on such an ambitious undertaking. Because of all its problems, Zimmer will be forever tainted in the public consciousness. Given that, it is unlikely that work to complete it could proceed without hitches that will add further to construction costs.

CG&E's culpability in the alleged mismanagement of the Zimmer project will be decided in the courts and in future hearings and studies. But it is incontestable that the utility failed to anticipate resistance to the project and to prepare for such resistance by keeping a close check on its contractors and records. And that track record casts a heavy shadow of misgiving over CG&E's assurances that Zimmer should go forward as a nuclear project.

The upshot is this: CG&E has served this community and area long and well, taking justifiable pride in forward-looking management policies which kept the utility's customers safe from brown-outs and power shortages that affected other regions. CG&E's reputation was built upon and firmly grounded in prudent readings of what was best for the company, its stockholders and its customers.

The only way for CG&E to salvage what remains of that image is to accept the evidence and admit that Zimmer can never be the cornerstone of nuclear power generation in Ohio.

Cincinnati Post

Tuesday
November 22, 1983

Final Edition

Bechtel in, Kaiser out on Zimmer project

By Randy Ludlow
Post Staff Reporter

The president of Cincinnati Gas & Electric Co., responding rapidly to federal regulators, said the utility plans to replace the firm that has been building the William H. Zimmer Nuclear Power Station for the last decade.

The Henry J. Kaiser Co., which has built Zimmer to a point of 98 percent completion, will be replaced by Bechtel Power Corp., CG&E President William Dickhoner said Monday night.

In a meeting earlier Monday at NRC offices in Glen Ellyn, Ill., NRC Regional Administrator James Keppler informed Joe Williams Jr., CG&E senior vice president for nuclear operations, he could not approve the utility's plans to complete Zimmer because of the extent and nature of Kaiser's role in those plans.

NRC spokesman Jan Strasma said Keppler was unable to approve CG&E's so-called "course of action" for completing the troubled plant because of information about Kaiser arising from an internal NRC investigation of alleged wrongdoing at Zimmer. The report will not be released for several months, he said.

Bechtel synonymous with growth of nuclear power. Kaiser's problems with Zimmer. Page 8A.

CG&E will submit before the end of this week a new plan phasing out Kaiser and nominating Bechtel to finish the plant's construction, Dickhoner said.

Kaiser will complete certifying work it has performed at Zimmer and then Bechtel will take over. Bechtel will complete any rework required and finish building the plant, Dickhoner said.

Bechtel previously was designated by CG&E as the project manager to oversee completion of the plant at Moscow, Ohio.

Asked if Keppler was indicating the NRC investigation may be critical of Kaiser's work on Zimmer, Dickhoner replied, "It certainly would look that way, but we don't know."

Dickhoner predicted that the NRC, if satisfied with the proposal to phase out Kaiser, would quickly approve the new plan. He said Monday's NRC announcement would bring a delay of only a week to 10 days in the timetable for completing Zimmer.

Strasma said today the NRC would act as quickly as possible on any new CG&E proposal, but would be thorough in its review. "I can't stay their timetable is unrealistic," he noted.

CG&E had hoped, and the NRC had indicated, that a decision would be made on the course of action plan before the end

See ZIMMER, Page 3A

Zimmer

Continued from Page 1A

don't expect the investigation to reveal any unknown problems. The problems have been pretty well identified."

Zimmer detractors said Monday's announcement by the NRC will produce a delay that will increase the plant's cost and push back its completion date.

Bechtel estimated the plant could be finished for $3.1 billion by February 1986 if CG&E won NRC approval of the three plans—beginning with the course of action—by the end of the year and if there were few unforeseen problems after that.

A delay of six months could add as much as $200 million to Zimmer's cost, the Bechtel report said.

Safety-related construction at the plant was halted by the NRC on Nov. 12, 1982, when investigators concluded the quality of the plant could not be determined.

Tom Devine, legal director of the Miami Valley Power Project and the Washington D.C.-based Government Accountability Project, called the NRC action Monday "a step in the right direction."

The longtime Zimmer foes had requested the NRC not to make any decision on CG&E's course of action plan until the NRC Office of Investigations concluded its p. be and issued a report.

"It's reasonable to read between the lines and conclude Mr. Keppler is foreshadowing findings of significant violations by Kaiser. However, it's almost impossible to believe Kaiser could be involved in misconduct without CG&E's knowledge. Kaiser was just a drone," Devine said.

David Altman, chairman of the Cincinnati Environmental Advisory Council, said the Bechtel cost estimate showed there was little margin for unanticipated delays and the new delay may well escalate the plant's cost.

Removal of Kaiser from its role may solve some problems, but "would ignore who built the plant for 10 years," he said.

Cincinnati City Council Member Guy Guckenberger, a Zimmer critic, called the NRC action appropriate and a "strong stand."

There was no immediate reaction from CG&E's two partners in the project—Columbus & Southern Ohio Electric, which owns 28.5 percent of Zimmer, and Dayton Power & Light Co., a 31.5 percent owner.

Joseph Dowd, senior vice president of American Electric Power Corp. which owns the Columbus utility, said the firm cannot be certain of the significance of the NRC decision until it has an opportunity to review it.

Dayton Power & Light Co. officials could not be reached for comment.

Attempts to contact Kaiser officials were unsuccessful.

THE CINCINNATI ENQUIRER

WEDNESDAY, NOVEMBER 23, 1983

CG&E Wants Bechtel To Complete Zimmer

BY KAREN GARLOCH
and BEN L. KAUFMAN
Enquirer Reporters

Cincinnati Gas & Electric Co. (CG&E) Tuesday confirmed it wants to dump Henry J. Kaiser Corp. at troubled Zimmer nuclear power station and let Bechtel Power Corp. finish the construction as well as oversee quality assurance.

That dual role is not an unacceptable conflict of interest, Nuclear Regulatory Commission (NRC) spokesman Jan Strasma said, although critics said it could recreate problems that stopped safety-related construction at Zimmer.

It is "normal" for prime contractors to do quality assurance, Strasma explained, and CG&E's proposal need not be rejected because Kaiser botched the same dual assignment at Zimmer.

"That was one of the problems that resulted in where Zimmer is today," Strasma said, "but that doesn't mean that the organizational setup is faulty. It was the parties (Kaiser and CG&E) involved. It's worked elsewhere."

CG&E's course of Action proposed Bechtel as "project director" to oversee final construction as well as quality assurance for old and new construction. Now it is being revised to add prime contractor's duties.

Approval must come from regional NRC chief James Keppler who turned thumbs-down on Kaiser Monday.

CG&E spokesman Bruce Stoecklin said the utility wants Kaiser to remain involved in some verification of quality assurance on the existing construction. Kaiser then would be phased out and replaced by Bechtel as builder, project director and quality assurance overseer.

Stoecklin said CG&E's revised Course of Action would "try to make some provision" for avoiding a repeat of Kaiser's problems.

Unlike Kaiser, a novice at building commercial nuclear power stations, Bechtel is an experienced nuclear contractor.

(See ZIMMER, back page, this section)

Zimmer

CONTINUED FROM PAGE A-1

Tuesday, detractors attacked the utility's choice of Bechtel.

David Altman, head of the Environmental Advisory Council for Cincinnati City Council, said CG&E is inviting a repeat of quality assurance and construction problems that forced NRC to stop safety-related construction at Zimmer last year.

Moreover, Altman said, the Torrey Pines Technology audit of construction management found that during the 10 years of Kaiser construction, "It was cost and scheduling that governed what happened at that facility" instead of quality and safety.

Cincinnati Councilman Guy C. Guckenberger shared Altman's concerns.

"I have a question about Bechtel's ability to be the manager and the constructor at the same time and also do the quality control," said Guckenberger. "I hope there is not a desire to complete it quickly and overlook quality verification."

Tom Devine, director of the Government Accountability Project which represents NRC-recognized intervenors in the Zimmer licensing process, said a conflict of interest would exist even without giving Bechtel construction duties.

Under CG&E's proposed Course of Action, Bechtel would be responsible for meeting construction cost estimates and deadlines as well as deciding what repairs are necessary to make the plant safe.

"We feel there should be an independent organization for all quality assurance activities," Devine said. "I guess what we're afraid of is that the financial pressures that are strangling CG&E are also going to strangle Bechtel's ability to make objective decisions on safety issues."

Zimmer Plant Plan Of Cincinnati G&E Is Rejected by NRC

THE WALL STREET JOURNAL
Tuesday, November 22, 1983

By a Wall Street Journal Staff Reporter

GLEN ELLYN, Ill.—The Nuclear Regulatory Commission said it refused to approve Cincinnati Gas & Electric Co.'s proposal to resume work at its troubled Zimmer nuclear power plant.

The decision means further delays for the project, which the company is considering abandoning. The NRC ordered a halt to construction at the site a year ago following charges of substandard welds and falsification of documents.

The NRC told Joseph Williams Jr., the company's senior vice president, nuclear operations, that it wouldn't approve a plan under which Henry J. Kaiser Co. would be primary constructor. Kaiser was constructor of the plant during the period when the allegedly inadequate work and record-keeping occurred.

Commission officials said the decision was based on information from its Office of Investigations, which is conducting an inquiry into the project. Investigators briefed NRC officials at a confidential meeting last Tuesday. The investigation isn't expected to be concluded for several months. An NRC spokesman refused to comment on the investigation's findings, but said they were "of sufficient concern" to rule out Kaiser as chief constructor of the plant.

The Oakland, Calif.-based engineering firm hadn't been informed of the NRC's decision late yesterday, a Kaiser spokesman said. He said the company had supplied information to the NRC, but wouldn't comment further on the investigation.

The NRC's regional office in Glen Ellyn said it isn't ruling out any role for Kaiser at Zimmer. The Office of Investigation's final report "may prove more favorable" to the company, the NRC said, but it based its current decision on information obtained to date.

A Cincinnati Gas spokesman said the company will submit a response to the NRC, and will appoint a new constructor if necessary.

Cincinnati Gas's consultants recently estimated the total cost of building the Zimmer nuclear plant at between $2.8 billion and $3.5 billion. That estimate assumed Cincinnati Gas could resume construction of the plant in January. The NRC's refusal to approve the utility's choice of constructor probably will delay work resumption and further drive up the plant's cost.