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HOUSING AND CONSUMER INTERESTS

March 6, 1991

Mr. John B. Martin  
Regional Administrator  
Nuclear Regulatory Commission  
1450 Maria Lane  
Walnut Creek, CA 94596

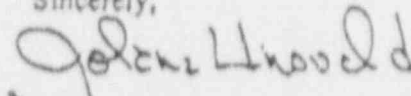
Dear Mr. Martin:

The enclosed document was recently sent to my office. It concerns alleged improprieties during construction of the Washington Public Power Supply System project at Satsop, Washington. I cannot comment on the validity of this information. However, the concern expressed by the author compels me to forward the document to appropriate agencies for review.

I have chosen to withhold the name of the person who sent the document. For your enlightenment, "S." is the confidential source through which the author obtained the information.

Please contact my office if I may be of further assistance.

Sincerely,



Jolene Unsoeld  
Member of Congress

JU:jlj

Enclosure

cc: Mr. Jim Jura  
Administrator  
Bonneville Power Administration  
P.O. Box 3621-A  
Portland, OR 97208-3621

Mr. Steve Wright  
BPA - Washington, D.C.

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RECEIVED  
MARCH 11 1991  
FBI

One case is the key to the others; it is known as an "Umbrella" Case which will cover all of the others:

MAJOR CASE BUREAU SPECIAL NO. 54 named FORCEPS \*\*  
(SEATTLE OFFICE)

Other cases of interest:

Carl Edwards  
Paul E. Arbogast  
Lord Electric Co.

Fishback- Lord Electric Co. FILE NO. 196 B 885

Eldson FILE NO. 195 B 853

James L. Young & Chentrol Corp. FILE NO. 196 B 877

Bandell-Hollis FILE NO. 196 B 890

Familian FILE NO. 196 A 1039

\*\* Note: S. stated that a 'Major Case Bureau Special' is the highest classification of investigation performed by the FBI. I asked how often an investigation receives this designation. S. commented that S. was not aware of any others since D. B. Cooper.

Background on the above information:

093090/Contacted S.

S. gave me a description of the background of the entire situation. S's descriptions, though much more specific, were entirely in keeping with the information that I gathered from my Economics Research paper on WPPSS.

The recurring phrase was "*institutionalized corruption*," to summarize the situation wherein the companies involved in the construction of nuclear powerplants take advantage of every opportunity to rob the agencies who contracted the jobs.

Nuclear powerplants are among the world's most technical facilities, and yet the management of their construction is characterized by incompetence, massive cost overruns, and substandard materials.

The investigations listed previously occurred about five years ago (no specific dates were given). As S. described it, the investigations occurred about "four years too late."

disastrous as Satsop, and other locations, "fast track" design, or design-as-you-go construction. This was also clearly a problem that was addressed by the Washington Legislature in its study of Cost Overruns.

I asked S. how many cases of Fraud were known. He said that it was somewhere in the order of 60 major cases of Fraud involving criminal acts related to substandard materials. S. felt that the FBI could go on for many years if all of the cases are pursued as far as they could be.

The investigations were not pursued as far as they could be because of a letter from the US Attorney General to the FBI ordering them to stop the investigations. The rationale was that every time the FBI successfully investigated a contracting firm and an indictment occurred, there were three civil suits against the Bonneville Power Administration immediately thereafter. It was, therefore, 'counterproductive' for one Federal agency, the FBI, to create situations that produced civil liability exposure for another part of the Federal government, the BPA. In other words, the Attorney General cut the funding for the investigations.

S. gave some specific examples of what was learned via the FBI's investigations. S. said that there were places at Satsop where pipe tramways would butt up against a concrete wall. If correctly built the multiple lines supported by the tramway would continue on the other side of the wall. Instead, due to poor planning and engineering, the juncture of the tramways and lines would be off by 20 feet or more. Each one of these supporting structures, or tramways, cost hundreds of thousands of dollars apiece. Each tramway may carry as many as 200 lines that may include electrical, high pressure water or steam, and radioactive coolant lines.

On the subject of Piping Certification, S. informed me that nuclear reactors are required to use stainless steel nuclear grade pipe. It bears a special "N" stamp with identifying numbers. One method of increasing profits was to buy uncertified Japanese piping of the same size, grind off the ID numbers and then forge the required documentation.

S. said that FBI did indict Familian of Oregon and B. F. Saul of New Jersey for this practice.

S. stated that the Trojan Nuclear Plant in Oregon is running with substandard piping, as is the No. 2 Plant in this state.

the cooling vanes at Satsop produced by Zurn Industries are of substandard quality.

As an example of what can occur when such materials are installed, S. cited the Brown's Ferry Incident wherein a welder working on pipe joints in close proximity to what was supposed to be fireproof insulation, touched off a fire that burned out the control wiring for the reactor and nearly caused a meltdown.

S. did not specify, but indicated that some of the firms involved in these massive frauds had organized crime connections.

#### PERSPECTIVES

1) Whatever agencies or persons receive this info, it should be broadly disseminated as quickly as possible so that no one person is endangered by being a *sole source*.

2) S(s) will deny if confronted; more importantly, as a matter of honor, their identity cannot be revealed.

3) S. indicated that FOIA Requests can be directed through the local office, that address being:

FBI  
Don Tokunaga, SAC  
710 Federal Bldg.  
915 2nd Ave.  
Seattle, Wa. 98174

4) The potential info that may be received should be at the level of *criminal proof*, i.e., proof beyond a reasonable doubt.

5) The goal is to obtain documented information such that when made public, will irreparably halt further efforts to reactivate the Satsop Project. Once recognized as a serious threat to public safety, it will also be halted because the true cost of replacing substandard materials and correctly engineering the construction will be revealed as exorbitant in the extreme.