

40
3-2

KIRKPATRICK, LOCKHART, HILL, CHRISTOPHER & PHILLIPS

A PARTNERSHIP INCLUDING A PROFESSIONAL CORPORATION

1900 M STREET, N. W.

WASHINGTON, D. C. 20036

Deckly
→ Escobar/Barley
Action
I think "independent"
as used by us means
the owner for program
is "independent" for
IN PITTSBURGH TDI.

KIRKPATRICK, LOCKHART, JOHNSON & HUTCHINSON
1500 OLIVER BUILDING
PITTSBURGH, PENNSYLVANIA 15222
(412) 355-6500

Em
2/2

TELEPHONE (202) 452-7000
CABLE: HIPHI
TELEX 446909 HIPH UI
WRITER'S DIRECT DIAL NUMBER

(202) 452-7005

March 1, 1984

Mr. Harold R. Denton, Director
Office of Nuclear Reactor Regulation
U.S. Nuclear Regulatory Commission
7920 Norfolk Avenue, Room P-404A
Bethesda, Maryland 20814

Dear Mr. Denton:

On behalf of Suffolk County, we are writing (1) to inform you of a serious problem which is compromising the integrity of the Design Review/Quality Revalidation ("DRQR") of emergency diesel generators manufactured by Transamerica Delaval, Inc. ("TDI"), and (2) to request that you take immediate action to correct this problem before it irretrievably prejudices Suffolk County. This is a matter of urgency given the pace at which the DRQR is scheduled to proceed, so it is in all affected parties' interests that the Staff respond promptly to our request for action.

As discussed more fully below, the NRC Staff has required that an "independent" DRQR of problems associated with TDI diesels be performed, and has further stated that it will base its decision on whether to approve TDI diesels on the outcome of the "independent" DRQR. Despite this requirement for independence, the so-called "Owners' Group" of utilities naving TDI diesels has embarked upon a purported DRQR which is not independent. This DRQR is being performed under the direction and control of the Long Island Lighting Company ("LILCO"), with the aggressive and pervasive involvement of LILCO personnel, and with LILCO's paid consultants, who are advocating before the ASLB the licensing of Shoreham with TDI diesels at the same time they are directing and performing the purportedly "independent" DRQR.

These individuals -- employed by LILCO or under contract to LILCO -- are thus acting at once as the partisan advocacy team to license Shoreham with TDI diesels and as DRQR

8403060338 840301
PDR ADOCK 05000322
S PDR

Boo!
1/0

Harold R. Denton
March 1, 1984
Page Two

evaluators to make findings as to whether Shoreham should be licensed with TDI diesels. The conflict between the two roles of these individuals is glaring: if they were to find serious safety problems with the TDI diesels, they would betray their other duty to advocate the licensing of Shoreham with those very TDI diesels. In short, these individuals have a blatant conflict of interest in the outcome of the DRQR, because the outcome of the DRQR will affect the licensing of Shoreham which they are being paid to achieve.

The following supports this conclusion in greater detail. At a meeting on January 26, 1984, between the NRC Staff and the TDI Owners' Group, you stated that the problems with TDI diesels raise "a very important safety issue" and constitute "a very serious problem for the industry." Your conclusion was that the NRC Staff would not be prepared to recommend the issuance of any new licenses, including low-power licenses, for any plant with TDI diesels until those problems are adequately addressed and solved.

The NRC Staff has indicated that the basis for its approval of TDI diesels is the successful completion of a specified program proposed to be carried out by the TDI Owners' Group. On February 2, 1984, Mr. Carl H. Berlinger of the NRC Staff wrote to Mr. J. P. McGaughy, chairman of the Owners' Group, setting forth the Staff's understanding of the Owners' Group program to be:

- (1) An independent design verification . . . ;
[and]
- (2) An independent verification of the
as-manufactured quality of these parts
for each engine (Emphasis added)

In fact, however, the Owners' Group DRQR is not independent. Far from being independent, the DRQR is being performed by organizations which have a direct and immediate financial interest in the outcome of the program: the very utilities (and their paid consultants) which have purchased and/or installed TDI diesels at their nuclear plants. These utilities stand to lose tens of millions of dollars if defects and safety problems are found in the TDI diesels. They thus confront an absolute conflict of interest which compromises public safety and the standard of independence which the NRC Staff itself has established for the DRQR.

Harold R. Denton
March 1, 1984
Page Three

In the most immediate case -- that of LILCO and the Shoreham plant -- this conflict of interest is particularly egregious. Despite LILCO's overt financial interest in having the Owners' Group DRQR smooth the way for operation of Shoreham with TDI diesels, LILCO is taking the principal role in carrying out the DRQR. Much of the analysis and testing in the program is being performed on LILCO's own TDI diesels and at the Shoreham plant, and the directors and principal managers of the DRQR are LILCO employees and LILCO paid consultants. For example:

- ** The Technical Program Director for the Owners' Group DRQR is LILCO's William Museler, Director of the company's Office of Nuclear, who has testified for LILCO in the NRC licensing proceedings and advocated the operation of shoreham.
- ** Mr. Museler's Assistant Director for overall supervision of the DRQR is LILCO's Mr. Milligan.
- ** The Program Manager of the DRQR is LILCO's Mr. C. K. Seaman.
- ** The Design Group Chairman of the DRQR is LILCO's paid consultant G. W. Rogers of Failure Analysis Associates ("FaAA"). FaAA is LILCO's chief consultant on TDI diesel matters in the ASLB licensing proceeding.
- ** The Component Selection Chairman of the DRQR is LILCO's paid consultant John C. Kammeyer, an employee of LILCO's engineering contractor, Stone & Webster Engineering Corporation. Mr. Kammeyer had advocated LILCO's position in the ASLB licensing proceedings.
- ** The Quality Group Chairman of the DRQR is LILCO's paid consultant R. J. Najuch, also of LILCO's contractor, Stone & Webster.
- ** All of the Task Leaders of the DRQR are employees of LILCO's paid consultants, Stone & Webster or FaAA.

Harold R. Denton
March 1, 1984
Page Four

** A chart, prepared by the Owners' Group itself and attached hereto, demonstrates that for all intents and purposes the entire -- so-called "independent" -- DRQR is being dominated and executed by LILCO and its own paid consultants.

The absolute conflict of interest which the foregoing demonstrates goes even beyond the direct and substantial financial interest which LILCO, as a corporation, has in the outcome of the Owners' Group DRQR. Indeed, the individual LILCO employees who are now directing, controlling, and otherwise participating in the DRQR have deep personal and financial interests at stake. If serious design flaws or manufacturing defects are discovered in the TDI diesels that require their replacement at Shoreham, the plant may not operate and those very LILCO employees might lose their jobs. Under these circumstances, it is impossible to consider the Owners' Group DRQR "independent" in any sense.

We understand that the NRC Staff, directly and/or through its contractors, intends to review the scope and substance of the Owners' Group DRQR. Such a Staff review, even if it were to include carefully monitoring the program and evaluating its results, would not cure the pervasive conflict of interest of LILCO, the other utilities in the TDI Owners' Group, and the individuals who are directing and carrying out the Owners' Group DRQR. Any program for analyzing the design and quality of the TDI diesels must be controlled, directed, and performed by a truly independent organization and by neutral, objective personnel who have neither a real nor apparent stake in the outcome.

The Owners' Group has the right to fund a DRQR of TDI diesels at their own nuclear power plants, but they have no right to establish a DRQR which compromises the independence and integrity of the program and the safety interests of affected parties such as Suffolk County. The Staff has properly made "independence" a critical requirement of the DRQR, and Suffolk County strongly supports that requirement. To avoid complications later that would undermine the credibility of the DRQR, it is essential that the present non-independent DRQR be promptly stopped; that the Staff take the immediate initiative to get a truly independent DRQR started; and that a high level of sensitivity to the interests of all

Harold R. Denton
March 1, 1984
Page Five

affected parties, including Suffolk County, be instilled in the DRQR participants. Suffolk County is prepared to meet with you and your colleagues immediately toward securing these ends and establishing selection criteria for an independent and objective organization to conduct a design and quality review of TDI diesels, as well as means to assure the independence of the review itself.

Your urgent attention and response to these matters is requested.

Very truly yours,



Herbert H. Brown

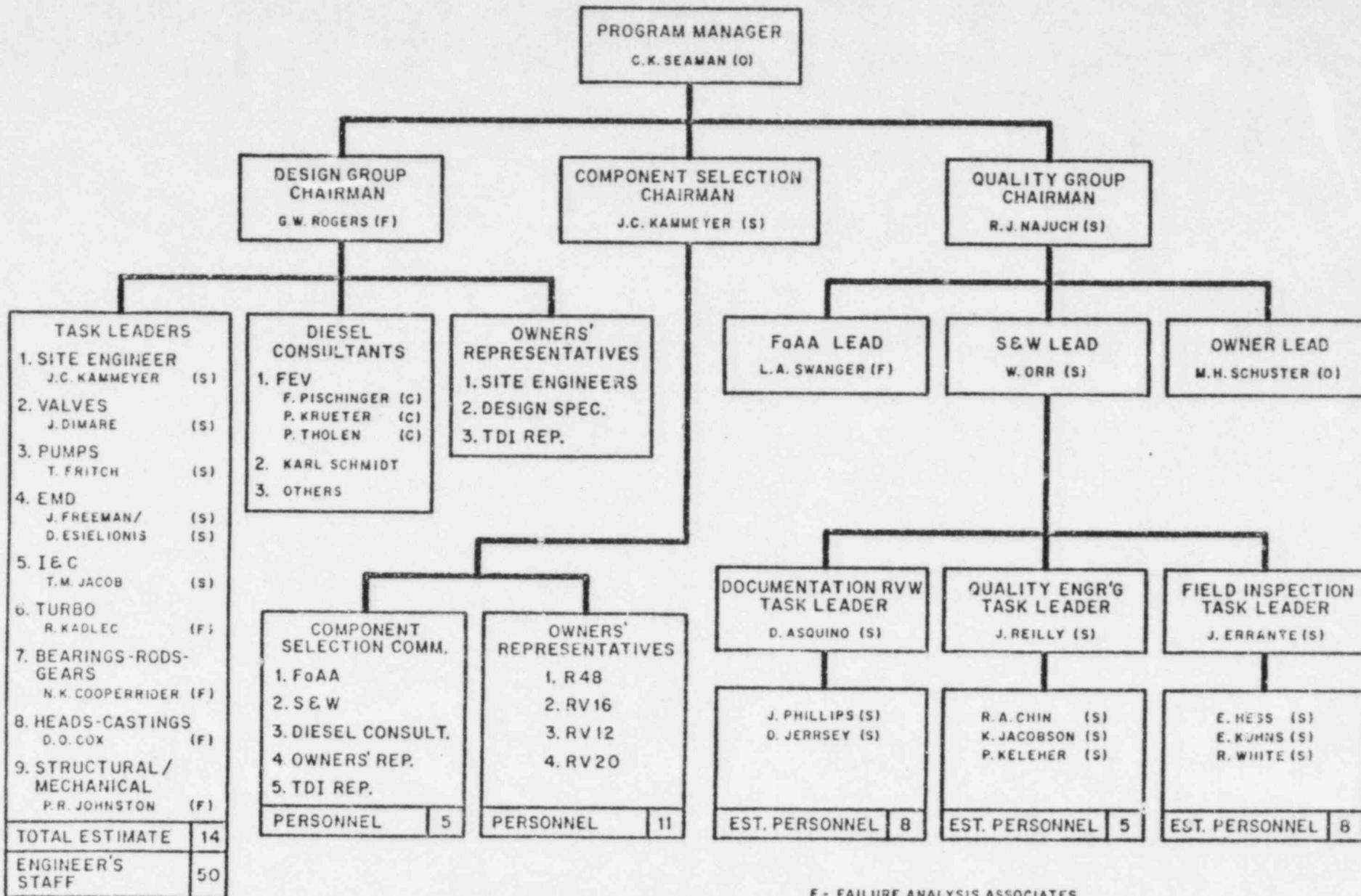
HHB/ss

Enclosure

cc: Fabian G. Palomino, Esq.
Richard J. Goddard, Esq.
T. S. Ellis, III, Esq.

D.G. DESIGN REVIEW QUALITY REVALIDATION PROGRAM

VI-2



120 - TOTAL PERSONNEL

F - FAILURE ANALYSIS ASSOCIATES
S - STONE & WEBSTER
O - OWNER REPRESENTATIVE
C - CONSULTANTS