

GOVERNMENT ACCOUNTABILITY PROJECT
Institute for Policy Studies
1901 Que Street, N.W., Washington, D.C. 20009

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February 25, 1983

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VRA	YRS
VRA	ZXS

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Wayne Shafer
United States Nuclear Regulatory Commission
Region III
799 Roosevelt Rd.
Glen Ellen, Illinois 60317

Dear Mr. Shafer:

Enclosed is a copy of the Affidavit of Ronald A. Perry.

Sincerely yours,

Denise L. Wiktor

Denise L. Wiktor
Intern, Government Accountability Project

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AFFIDAVIT

My name is Ronald A. Perry. I am submitting this statement of my own free will, without threat or inducement, to Mr. David Crow, who has identified himself to me as an investigator for the Government Accountability Project. From September 8, 1981 to February 20, 1982, I was employed by the Zack Company of Cicero, Illinois, a Heating, Ventilation and Air Conditioning ("HVAC") company. I served as a quality assurance ("QA") engineer for the QA Documentation Team assembled by Zack to review purchase orders ("P.O.s") and supporting documents for materials supplied to three nuclear power plants (Midland, Clinton and LaSalle). I was hired on a contract basis at Zack through the Quantum Technology, Inc., with the understanding that my position would be temporary, to last between three and six months.

My background includes 10 years with the U.S. Air Force as a quality control inspector in Nondestructive Examination ("NDE") of aircraft; and later at Ebasco Services. From June 28, 1980 to until I went to work for Zack, I had QA responsibilities, taught NDE refresher courses and performed audits/surveillances for Commonwealth Edison.

A review of purchase orders by the Zack investigation team revealed the following:

1. "Alteration" of Certified Material Test Reports (CMTRs) lacked properly referenced standard(s), and were missing an authenticating signature from the chief metallurgist. ASTM standards were typed onto an adhesive sticker, which was then signed with the metallurgist's name

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and attached to the test report. The signature on these stickers differed in appearance from one sticker to the next. The individual responsible for these alterations was identified to me as Carl Eichstaedt. Mr. Howard McGrane, who also worked with the Zack team but who represented Consumer Power under a contract with PAC at Midland, described Mr. Eichstaedt's role when I first came to Zack. These document alterations were identified in the interim reports Zack supplied to the utilities for a significant event disclosure. I consider the term "alteration" too mild; a better description would be "forgery".

2. Scattered and missing purchase orders and related documentation were continually included in the purchase order folders without being logged into the document control log book as required.

3. Incomplete P.O.s, including:

(a) failure to specify that material was being ordered for use in a nuclear facility;

(b) failure to reference specifications. In particular, vendor steel could not be certified to ASTM standards. CMTRs were missing either physical or chemical analysis or both;

(c) incomplete paperwork on small hardware. For example, nuts, bolts and washers supplied by Delta Screw Company often bore no specifications at all. References to incorrect standards were also frequent.

4. Inability of subtier vendors to supply missing information. I myself sent out numerous requests to subtier vendors attempting to correct discrepant P.O.s through vendor records. At the time I left

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Zack, very few of my requests had received responses. Several vendors had gone out of business. U.S. Steel responded, stating that (26) subject P.O.s had not been designated nuclear-grade; consequently, U.S. Steel's nuclear Verification and Testing program had not reviewed material supplied to Zack. The response concluded by declining to certify the equipment for nuclear use, as requested by Zack.

5. An Approved Vendors List ("AVL") that failed to reflect Zack's purchasing practices. An internal audit performed by Zack's John O'Connell resulted in a purge from the AVL of vendors who were failing to comply with 10CFR50 Appendix B requirements. Although vendors not on the AVL were not supposed to receive orders from Zack, orders were placed with unapproved vendors nevertheless, and this after a review of P.O.s by the Zack QA Department. David Clkins, QA Manager, did compile a list of P.O.s sent to Delta Screw while it was off the AVL.

6. Zack supplied material to three (3) sites (Midland, Clinton, LaSalle). The three site specifications were unique and a separate entity from the other sites (i.e. angle size for one site was different for the other site(s); material type (A500 etc.) met one site but not the other(s); documentation and test requirements differed from site to site(s). Yet the purchase order would read "LaSalle" and the material would be sent to "Midland" or any combination of the three sites. In the early fall of 1981, Martin Skates remarked to me, "I wonder how Zack bills its clients."

The chaos I have described dominated Zack's paperwork. This was well known to Zack management and to the utilities involved. The

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Documentation Team was hired explicitly to bring the situation under control. Mr. McGrane continually requested that current site specifications be provided to the "Team" so a valid and accurate review could be performed. Contrary to this Zack Upper Management never provided the requested documentation. Through the search of individual desks, cabinets, boxes and in a back room the "Team" located missing documentation. Current site specifications were never fully provided until Jan.- Feb. 1982, and even questionable at that time. Getting a perspective of the total problem was difficult enough. In addition, Zack management demanded that we review and correct the P.O.s in an impossibly short period of time. Interim reports were produced on a rush basis in order to show documented evidence that Zack was implementing corrective action and that the utilities' could proceed with construction. These interim reports were inaccurate and should have been continually revised to reflect an accurate status report.

Nevertheless, the basic types of problems we cited were valid. An October 9, 1981 report, based on my work at Zack, reported on (1) "altered certifications"; (2) "white-out used and retyped"; and (3) "heat numbers altered to agree with certifications". An October 23, 1981 report accurately identified problems with material certifications, improper access to documents, and unauthorized document alterations. It represented a review of 1,000-1,200 P.O.s. At that time, at least 1000 P.O.s were unreviewed and more were being discovered every day in dark drawers and odd corners. The document control was so poor traditionally that the records had been piled on floors in boxes. Even after the Document Control Center had been established, unauthorized personnel were removing "quality documents" without signing them

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Often, the next morning we would find "quality documents" slid under the door. The "Team" was intimidated to let quality documents leave the Control Center without them being signed out, per established procedure.

Because of the volume of unreviewed P.O.s, Zack commitments to the utilities could not be honored. The pressure to finish the LaSalle project was especially intense. Nevertheless, a Commonwealth Edison demand for a final report by November 13, 1981, was first postponed by Zack to December 1, and then abandoned altogether.

It was not until January 9, 1982, in a meeting with Mr. Calkins and Terry Howard, Supervisor of the QA Team, that Zack was forced to confront the magnitude of the job. Mr. Calkins urged us to continue to use the figure of 1,300 P.O.s as reported in the October 23, 1981 interim report. Only when Terry and I insisted that the actual number would turn out to be well over 2,000 did he decide to abandon the lower figure.

Because Mr. Calkins continued to pressure us to turn out reports and ignored our experiences with continuing nonconformances and AVL inaccuracies, I decided to consult a friend, Robert Klinger, who worked with Commonwealth Edison as a QA supervisor at the Byron site. Around February 15, 1982, I called him to relate some of the continuing problems at Zack, and my concern that neither the utilities nor the NRC seemed aware of the enormous size of the difficulty. Mr. Klinger advised me to call Walter Shewski, Corporate QA Manager for Commonwealth Edison, and once my superior boss when I worked at Byron.

On February 15, 1982, I telephoned Mr. Shewski from the Document Control Center. I related all the concerns described above, and made

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it clear that I was speaking to him as a warning, because I felt he should know what was going on. I did not want to make a formal charge but only to request proper procedure. Mr. Shewski stated to me that the problems with Zack had all been identified in the 50.55e report to the NRC through a Midland audit and that he was not concerned. I vehemently told him that Zack had serious problems and that he should be concerned.

Immediately upon my arrival the next morning, Mr. Basaiga of Zack told me that I had really screwed up (in cruder language) by calling Shewski. He stated that Christine Zack DeZutel, President of Zack, and the entire management of Zack were upset. He also stated to me that the NRC had been notified. One or two days later, Mr. Skates told me that the Commonwealth Edison LaSalle Site Project Manager and possibly another man stopped Skates from leaving the site and questioned him about the charges I had made.

Commencing on Feb. 17, 1982, an audit team from Commonwealth Edison arrived for a three-day investigation. Doug Brown was the lead auditor, with assistance from Bruce Wood. They did not ask me to participate in an entrance meeting.

I did however, observe the audit, and in my judgment it was cursory. In Oct. 1981 an audit was performed by Commonwealth Edison QA Department while I was absent, and Howard McGrane described the audit to me as a farce. The auditors showed little interest in getting to the heart of the matter. Upon being requested to attend the exit interview, I asked Doug Brown if he had

- (1) read the LaSalle contract specs;
- (2) read the previous audits and surveillances of Zack (Performed by Commonwealth Edison QA)

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(3) read the LaSalle trend analysis on Zack. (Performed by
Commonwealth Edison QA)

When Brown said he hadn't read any of these, I decided the exit meeting
wouldn't be very productive and declined to attend. Further, I told
Doug Brown that he was the one who would have to live with the audit,
not me. I have not seen a copy of the report which that audit produced,
nor have I ever expressed agreement or satisfaction with its conclusions.

On Friday, February 19, my own exit interview took place.

Christine Zack DeZutel, Dave Calkins, Joe DeZutel, Martin Skates and
Don Malzahn -- most of Zack's top management -- were present. Ms.
DeZutel began by assuring me that my concerns, as expressed to Zack
management personnel, would be looked into. After that, Dave Calkins
asked me to state my opinion of the present situation. Not seeing any
point to making serious charges to the group at that time, I did never-
theless say that in my opinion, problems with the QA Documentation
remained unresolved. Calkins pressed me further to say who I thought
was responsible. I named Mr. Eichstaedt--which made Mr. Calkins smirk
--and I stated that Eichstaedt seemed too production-oriented, and not
quality oriented. Material was being shipped out to the sites, I said,
without regard for the state of documentation or specifications.
Throughout the interview, I felt very intimidated by the number of
managers, the formal atmosphere and the questioning. As a result, I
kept most of my true opinions to myself, knowing that the next day I
would no longer be responsible for anything that went on at Zack.

Although I stopped work at Zack on February 20, 1982, I have
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in touch with Terry Howard since that time. I am aware that in May, he brought allegations of his own as well as mine to NRC Region III. Despite my willingness to speak with NRC investigators, I was not contacted until last weekend for any official investigation.

I have read the above 8-page affidavit, and it is true and complete to the best of my knowledge and belief.

Ronald A. Perry
Ronald A. Perry

8/21/82

RAP

State of Texas
Tarrant County

This is to certify that Ronald A. Perry appeared before me August 21, 1982, subscribed and sworn to me with witness hand and seal of office.

Brenda B. Stovner

Notary Public

My commission expires: 11-10-84

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