

Title: MILLSTONE UNIT 3:

HARASSMENT AND INTIMIDATION BY MANAGEMENT AND
LICENSEE ATTEMPT TO CONCEAL LEGITIMATE SAFETY
CONCERNS

Licensee:

Northeast Nuclear Energy Company
107 Selden Street
Berlin, Connecticut 06037

Docket No.: 50-423

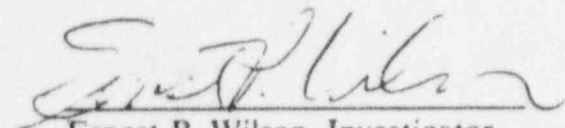
Case Number: 1-90-001

Report Date: August 31, 1992

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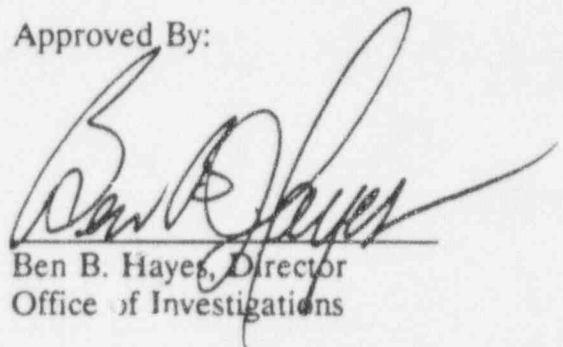
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SYNOPSIS

On December 18, 1989, the Regional Administrator (RA), Region I, U.S. Nuclear Regulatory Commission (NRC), requested that an investigation be initiated concerning allegations of harassment, intimidation, and discrimination (HI&D) of a corporate level supervisor employed by Northeast Utilities Service Company (NUSCo) of Northeast Utilities (NU), Berlin, Connecticut. The HI&D was allegedly carried out with the knowledge of senior line management of the licensee, the Northeast Nuclear Energy Company (NNECo), in order to restrict the free flow of information related to the technical resolution of a significant nuclear safety issue involving undetected failures of Rosemount transmitters. Furthermore, the RA requested that the Office of Investigations (OI) determine if the licensee failed to address legitimate safety concerns by modifying documents and/or destroying original evaluations to conceal those concerns. One set of the documents in question pertained to the Rosemount transmitter issue.

The OI investigation substantiated that an instrumentation & controls (I&C) engineering manager (since reorganization, the manager of Component Test Services) deliberately caused the processing of the Rosemount significant/substantial safety hazard (SSH) form, which determines reportability to the NRC, to be delayed for approximately six weeks. This delay resulted in NU's "suggested maximum processing time" for the SSH form being exceeded. OI determined, as did an independent consultant retained by the licensee, that the manager successfully pressured a supervisory subordinate into changing the original finding of "is" a SSH, to "is not" a SSH. OI concluded that, although the licensee was not in violation of 10 CFR 21 reporting requirements, the manager deliberately violated the intent of the NU internal procedure for the SSH evaluation, as well as measures established in 10 CFR 50, Appendix B designed to assure the prompt identification and correction of deficiencies adverse to quality. The investigation disclosed that the SSH form and corresponding technical evaluation were not destroyed; however, the SSH form had been modified.

The OI investigation also substantiated that the I&C Special Studies and programs supervisor who raised the Rosemount transmitter safety concern, but was not involved in the original SSH evaluation, was the victim of various incidents of HI&D and attempted HI&D as a result of his stand on the issue. OI identified those responsible in Nuclear Engineering and Operations (NE&O), either directly or indirectly, as the supervisor's manager (the systems manager of Electrical Engineering; since reorganization, the manager of Engineering and I&C); the director of the supervisor's department (the director of Engineering; since reorganization, the manager of Field Services); the vice president of that department (Generation Engineering & Construction; since retired), the vice president of Nuclear and Environmental Engineering (since reorganization, the vice president of Environmental Engineering), and the then senior vice president of NE&O (since resigned).

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ACCOUNTABILITY

The following portions of this Report of Investigation (Case No. 1-90-001) will not be included in the material placed in the PDR. They consists of pages 3 through 155.

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APPLICABLE REGULATIONS

Allegation No. 1: Licensee Failure to Address a Legitimate Safety Concern/by Modifying Documents and/or Destroying an Original Evaluation to Conceal that Concern

10 CFR 21.21: Notification of Failure to Comply or Existence of a Defect (1988 Edition)

(b)(1) A director or responsible officer subject to the regulations of this part or a designated person shall notify the Commission when he obtains information reasonably indicating a failure to comply or a defect affecting (i) the construction or operation of a facility or an activity within the United States that is subject to the licensing requirements under Parts 30, 40, 50, 60, 61, 70, 71, or 72 of this chapter and that is within his organization's responsibility or (ii) a basic component that is within his organization's responsibility and is supplied for a facility or an activity within the United States that is subject to the licensing requirements under Parts 30, 40, 50, 60, 61, 70, 71, or 72 of this chapter. The above notification is not required if such individual has actual knowledge that the Commission has been adequately informed of such defect or such failure to comply.

(2) Initial notification required by this paragraph must be made within 2 days following receipt of the information.

10 CFR 50, Appendix B, Criterion XVI Corrective Action: Quality Assurance Criteria for Nuclear Power Plants and Fuel Reprocessing Plants (1988 Edition)

Measures shall be established to assure that conditions adverse to quality, such as failures, malfunctions, deficiencies, deviations, defective material and equipment, and nonconformances are promptly identified and corrected. In the case of significant conditions adverse to quality, the measures shall assure that the cause of the condition is determined and corrective action taken to preclude repetition. The identification of the significant condition adverse to quality, the cause of the condition, and the corrective action taken shall be documented and reported to appropriate levels of management.

Criterion XVII: Quality Assurance Records

Sufficient records shall be maintained to furnish evidence of activities affecting quality. The records shall include at least the following: Operating logs and the results of reviews, inspections, tests, audits, monitoring of work performance, and materials analyses. The records shall also include closely-related data such as

qualifications of personnel, procedures, and equipment. Inspection and test records shall, as a minimum, identify the inspector or data recorder, the type of observation, the results, the acceptability, and the action taken in connection with any deficiencies noted. Records shall be identifiable and retrievable. Consistent with applicable regulatory requirements, the applicant shall establish requirements concerning record retention, such as duration, location, and assigned responsibility.

Allegation No. 2: Harassment, Intimidation, and Discrimination of a Supervisory Employee

10 CFR 50.7: Employee Protection (1989 Edition)

(a) Discrimination by a Commission licensee, permittee, an applicant for a Commission license or permit, or a contractor or subcontractor of a Commission licensee, permittee, or applicant against an employee for engaging in certain protected activities is prohibited. Discrimination includes discharge and other actions that relate to compensation, terms, conditions, and privileges of employment. The protected activities are established in section 210 of the Energy Reorganization Act of 1974, as amended, and in general are related to the administration or enforcement of a requirement imposed under the Atomic Energy Act or the Energy Reorganization Act.

LIST OF ACRONYMS

ARCTG	Allegation Root Cause Task Group
BCPR	Bishop, Cook, Purcell, and Reynolds (Law Firm)
BWR	Boiling Water Reactor
BWROG	Boiling Water Reactor Owner's Group
CEO	Chief Executive Officer
CS	Confidential Source
CY	Connecticut Yankee
DOL	Department of Labor
EPRI	Electric Power Research Institute
GE&C	Generation Engineering and Construction
GEE	Generation Electrical Engineering
GFL	Generation Facilities Licensing
HI&D	Harassment, Intimidation, and Discrimination
HRG	Human Relations Group
I&C	Instrumentation and Controls
IA	Internal Audit
IAD	Internal Audit Department
LRS	Lapp, Rice, and Staker (Independent Consultant to NU)
MP-1	Millstone Plant No. 1
MP-2	Millstone Plant No. 2
MP-3	Millstone Plant No. 3
N&EE	Nuclear and Environmental Engineering
NE&O	Nuclear Engineering and Operations
NNECO	Northeast Nuclear Energy Company (Licensee)
NOP	Nuclear Operations Procedure
NRB	Nuclear Review Board
NSCP	Nuclear Safety Concern Program
NU	Northeast Utilities
NUMARC	Nuclear Management and Resource Council
NUSCO	Northeast Utilities Service Company
PAI	Performance Associates, Inc.
PDCR	Plant Design Change Request
PRA	Probabilistic Risk Assessment
PSNH	Public Service of New Hampshire
PWR	Pressurized Water Reactor
REF	Reportability Evaluation Form
RHR	Rohrer, Hibler, and Replogle, Inc. (Independent Consultant to NU)
ROI	Report of Interview/Investigation
RPS	Reactor Protection System
SRI	Senior Resident Inspector
SSH	Significant (or Substantial) Safety Hazard
W&S	Winston & Strawn (Law Firm)

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THE COMPANY

Northeast Utilities (NU) is the parent company of the NU system, one of the largest utility systems in the country and the largest in New England. The Connecticut Light and Power Company (CL&P), The Hartford Electric Light Company (HELCO—merged into CL&P in June 1982), and Western Massachusetts Electric Company (WMECO) affiliated on July 1, 1966 to form NU. Holyoke Water Power Company (HWP) joined NU in 1967. NU is an electric utility holding company registered under the Public Utility Holding Company Act of 1935.

The NU system furnishes electric service in portions of Connecticut and western Massachusetts through its operating subsidiaries, CL&P, WMECO, and HWP. CL&P divested its gas business, effective July 1, 1989, by spinning off the business to NU shareholders.

Other major subsidiary companies are Northeast Utilities Service Company (NUSCO), which provides centralized support services to the operating companies, and Northeast Nuclear Energy Company (NNECO), which operates the Millstone Nuclear Power Station.

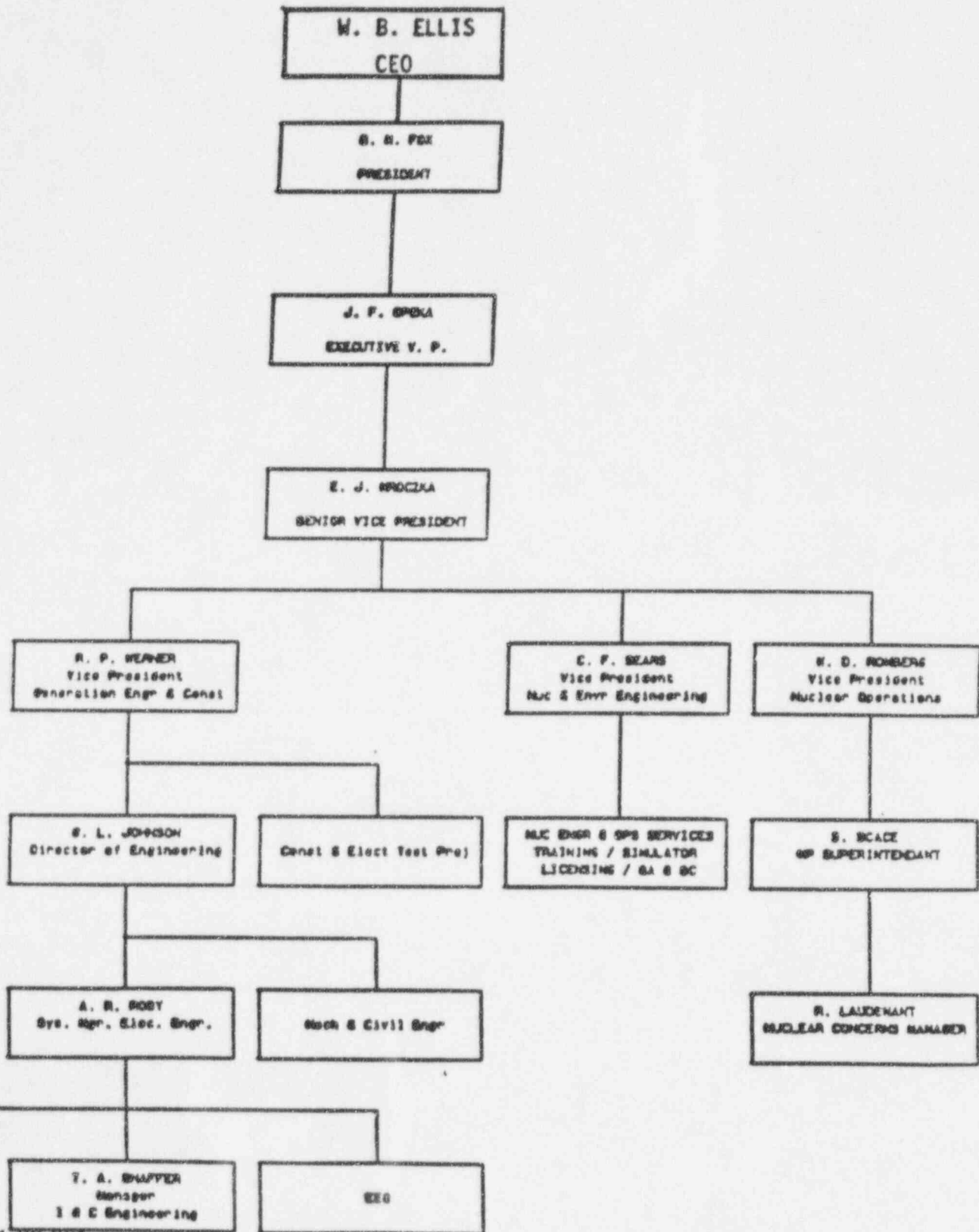
Charter Oak Energy, Inc., was added to NU during 1989 as a nonutility subsidiary company involved in development and joint ownership of cogeneration facilities nationwide.

(1989)

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ORGANIZATION CHART

Nuclear Engineering and Operations (NE&O) of NNECo
and Paul M. Blanch's Chain of Command
(January 1, 1989)



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DETAILS OF INVESTIGATION

Purpose of Investigation

This investigation was initiated to determine whether there was harassment, intimidation, and discrimination (HI&D) by management against Paul M. BLANCH, Supervisory Engineer, Instrumentation & Controls (I&C), Special Studies and Programs, Northeast Utilities Service Company (NUSCO), Berlin, Connecticut, for the raising of a nuclear safety concern. The investigation also sought to determine whether the licensee, Northeast Nuclear Energy Company (NNECo), attempted to conceal legitimate safety concerns by modifying documents and/or destroying original evaluations.

During the course of the investigation, an allegation surfaced that the Senior Vice President, Edward J. MROCZKA, failed to provide complete and accurate information in written correspondence to the then NRC Region I Regional Administrator (RA), William RUSSELL. The written correspondence concerned the question of HI&D of BLANCH. The investigation of this matter will be addressed in a separate Report of Investigation, Case No. 1-92-032R.

Background

On December 18, 1989, the Regional Administrator (RA), Region I (RI), requested that the Office of Investigations (OI) conduct an investigation (Exhibit 1) into allegations that BLANCH had been subjected to HI&D by his management after he raised a safety concern involving the operability of Rosemount transmitters used in reactor protection systems (RPS). This request was made after the Department of Labor (DOL) Assistant District Director, Hartford, Connecticut, found that, based on their investigation, discrimination was a factor in the actions that comprised BLANCH's October 27, 1989, complaint to DOL. NU appealed the DOL decision and ultimately signed a settlement agreement with BLANCH in February 1990.

The RA also requested that OI determine if the licensee attempted to conceal legitimate safety concerns by modifying documents and/or destroying original evaluations. Enclosure 1 to Exhibit 1 is a Report of Interview (ROI) of BLANCH, wherein he describes the three sets of documents that were initially topics of this investigation (p. 6). They are: 1) a Part 21 evaluation that was changed and the supporting documentation allegedly destroyed (Rosemount related); 2) a letter discussing I&C safety concerns that was allegedly destroyed and a new letter issued containing the same serial number and the same authorizing signature, but with some safety concerns removed; and 3) a test procedure that was authored by an engineer and allegedly rewritten ignoring certain safety aspects.

INVESTIGATOR'S NOTE: Coordination with the NRC:RI technical staff was

maintained throughout this investigation. Two out of the three sets of documents referred to by BLANCH as having possibly been modified and/or destroyed were referred to the NRC staff (Exhibit 2) in order to ascertain the safety significance of the issues and to determine the need, if any, for OI to investigate the processing of the documents. James S. STEWART, Project Engineer, NRC:RI, informed the writer on December 11, 1990, and December 17, 1990 (Exhibit 3), that there were no public health and safety concerns attributable to the documents cited in items 2 or 3, supra. STEWART advised that NRC was satisfied that all issues raised in those documents had been adequately dispositioned by NU. Consequently, no further investigative effort was expended on those documents.

Northeast Utilities (NU), the parent company of NUSCO and NNECo, retained an independent consultant, LRS, Incorporated, to look into the possible HI&D of BLANCH (Exhibit 1, p. 2). LRS prepared a "confidential" written report in the summer of 1989 for MROCZKA's evaluation. LRS determined that certain aspects of HI&D of BLANCH, as well as a failure by the licensee to address legitimate safety concerns, had occurred at NUSCO. (NU did not permit the NRC technical staff to obtain copies of the LRS report(s), but did permit a review of them.)

Also, in the summer of 1989, the NRC conducted a routine inspection and issued Inspection Report No. 50-423/89-04. This inspection included a review of the Rosemount transmitter safety issue and followup to an allegation that a licensee employee [BLANCH] had been harassed by his supervisor [ROBY] after the employee presented differing views to the NRC at a March 30, 1989, meeting on the transmitter issue. The inspection report indicates that the NRC substantiated the employee's safety concerns and observed that his actions and statements at the March 30, 1989, meeting were appropriate and beneficial (Exhibit 4, p. 14).

INVESTIGATOR'S NOTE: The allegations addressed in this Report of Investigation will appear in chronological order from the standpoint of the alleged incidents of wrongdoing occurred. Therefore, the issue of the Part 21 SSH evaluation of the Rosemount transmitter will appear first and the allegation of HI&D of BLANCH will follow.

CHRONOLOGY OF KEY EVENTS

- November 1987: SSH evaluation on Rosemount is initiated.
- February 1988: Positive SSH evaluation is changed to Non-SSH.
- March 1988: NU notifies NRC in accordance with Part 21 after the NRB overrules the SSH change.
- November/
December 1988: BLANCH requested and was granted NU permission to work on an EPRI project involving Rosemount.
- January 1989: BLANCH attends various industry meetings on Rosemount and provides technical information to NU site I&C personnel.
- February 1989: BLANCH contacts NU Vice President SEARS to discuss Rosemount; he then presents technical information to NU's other vice presidents and relevant personnel.
- March 10, 1989: NRC - NU meeting is held on Rosemount and BLANCH is not in attendance.
- March 23, 1989: BLANCH files formal safety concern with the nuclear concerns manager at NU.
- March 30, 1989: Meeting between NRC and NU is held whereat BLANCH provides his opinion (from his work at NU and with EPRI) on Rosemount problems.
- April 3, 1989: BLANCH and ROBY have a meeting.
- April 4, 1989: BLANCH complains in writing of HI&D by ROBY at April 3, 1989, meeting.
- April 28, 1989: ROBY writes memo of purported complaints by a BLANCH subordinate (BHATT) regarding lack of supervisory oversight by BLANCH.
- May 3, 1989: MROCZKA issues letter about Rosemount situation to BLANCH's management chain.

- May 15, 1989: ROBY writes clarifying memo that BLANCH will be single point of contact on Rosemount.
- May-August 1989: LRS investigates the issues and disseminates a written report to NU.
- June 1989: A letter is seen at NU recommending that BLANCH not be permitted to chair the Rosemount Committee of the BWROG.
- Jun. 28, 1989: NRC inspection report containing information on Rosemount and BLANCH's concerns is issued to NU.
- September 14, 1989: Senior management meeting is held because of internal allegations against BLANCH and his group. It was resolved that an internal audit would be initiated.
- September 29, 1989: Internal Audit Department contacts BLANCH and BLANCH's group for audit interviews. Additionally, letters of reprimand regarding, "Nuclear Safety, Harassment and Intimidation" are written by MROCZKA to BLANCH's management chain and SHAFFER.
- October 6, 1989: ROBY and JOHNSON meet with a BLANCH subordinate (BHATT) and document additional purported complaints about BLANCH as a supervisor.
- October 27, 1989: BLANCH formally complains of discrimination to DOL. Also, the auditors meet with ROBY and JOHNSON regarding a draft audit report.
- October 30 & 31, 1989: Draft audit reports on BLANCH's subordinates (BHATT and CACCAVALE) are critical of BLANCH's supervisory activities.
- November 14, 1989: Final Audit Report issued; does not contain comments critical of BLANCH
- November 28, 1989: A BLANCH subordinate who was audited (BHATT) meets with Vice President WERNER.
- December 1, 1989: BLANCH's subordinates (BHATT and CACCAVALE) are suspended by WERNER as a result of the audit. (BLANCH was cleared of wrongdoing.)
- December 8, 1989: DOL finds that NU discriminated against BLANCH. NU

subsequently appeals decision.

December 20, 1989: BLANCH's performance review is issued and is critical of his supervisory practices.

February 1990: NU and BLANCH reach a DOL Settlement Agreement.

January-April 1990: RHR conducts a management review of NE&O.

August 1, 1990: The letters of reprimand to SHAFFER, ROBY, and JOHNSON were retracted after internal grievance process. (WERNER retired and did not file a grievance.)

Interview of Allegor Re: Allegation No. 1 (Paul M. BLANCH, Supervisory Engineer, I&C, Special Studies and Programs, NUSCO)

BLANCH was interviewed on April 18, 1990 (Exhibit 5). BLANCH claimed that by modifying and/or destroying documents relative to the Rosemount transmitters SSH reportability evaluation form (REF), the licensee, in the person of Thomas SHAFFER, attempted to conceal safety information.

BLANCH advised that the initial problem with the Rosemount transmitters surfaced during the first cycle of Millstone Unit 3, when 5 transmitters out of 12 in one reactor protection system (RPS), were identified as having failed. This occurred in the November 1986 to November 1987 time frame and led to the REF by the plant for potential defects in November 1987, i.e., the Rosemount SSH evaluation. BLANCH alleged that such an evaluation normally required a 30 day turnaround; however, in this case, he said it took from November 1987 to March 24, 1988, to complete the process.

BLANCH reported that the I&C Manager, SHAFFER, was assigned the technical evaluation to determine if the transmitter problem was a SSH that required reporting to the NRC. A SHAFFER subordinate, Gil OLSEN, conducted the technical review and found that the transmitters represented a SSH. SHAFFER did not agree with the SSH finding and allegedly told OLSEN to change it to a non-SSH. OLSEN apparently refused to do so but OLSEN's boss, Mark SAMEK, who worked directly for SHAFFER, followed SHAFFER's direction by changing the original SSH to a non-SSH and rewriting the technical evaluation. OLSEN's name was crossed off the SSH-REF. The original technical evaluation which supported OLSEN's SSH finding was allegedly destroyed by SHAFFER; it was looked for but could not be found. The REF, without the original technical evaluation, then went to the Nuclear Review Board (NRB) and the NRB, with special input from Mike BROTHERS of the NRB, overturned the non-SSH finding back to "is" a SSH. The Senior Vice President, Ed MROCZKA, was notified of the SSH and caused the matter to be officially reported to the NRC on March 25, 1988.

BLANCH's understanding of these events came from SAMEK, after the fact. BLANCH said he had no involvement with the Rosemount issue until about November 1988, when he started to retrieve data from NU's computer for an industry study. BLANCH also noted that LRS investigated the circumstances of this SSH document and concluded that what had transpired was not appropriate.

[REDACTED]

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BLANCH reported that SHAFFER and SANDSTROM have dined together and communicated over the phone on a frequent basis. [REDACTED]

[REDACTED] BLANCH believes SHAFFER may have had a biased view of the situation. BLANCH also believes that Rosemount did not want this issue to become a major problem and tried to suppress recognition of the potential problem (Exhibit 5, pp. 10-19 and p. 75).

Acquisition and Review of Records/Documentation

Subsequent to a written request on May 4, 1990, to NNECO, OI:RI began to receive records/documentation relevant to this investigation. The records/documentation were made available to OI in various installments by the law firm of Winston & Strawn (W&S), formerly doing business as Bishop, Cook, Purcell, and Reynolds (BCP&R), which served as NU's "outside" counsel. Consequently, various documents that are exhibits to this Report of Investigation (ROI), or that are being maintained in the files of OI:RI, were redacted due to specific legal privileges asserted by the law firm. The records/documents that were produced and that appear as exhibits to this ROI are described primarily in the two evidence sections, as well as under the Supplemental heading.

INVESTIGATOR'S NOTE: A voluminous amount of documents were discussed with interviewees during the course of this investigation. The documents discussed are referenced in transcripts, sworn statements, and Reports of Interview, and if they do not appear as exhibits to this ROI, they are being maintained in OI:RI files.

Allegation No. 1: Licensee failure to address a legitimate safety concern by modifying documents and/or destroying an original evaluation to conceal that concern (Rosemount related).

Summary

The following individuals were interviewed by OI:RI on the dates indicated regarding Allegation No. 1. Pertinent testimony provided by these individuals is documented in the evidence section that follows.

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<u>Name</u>	<u>Position</u>	<u>Date(s)</u>
Michael H. BROTHERS	Senior Engineer	October 30, 1990
Michael B. BROWN	Manager, Technical Training	October 30, 1990
Richard M. KACICH	Manager, Nuclear Licensing	November 8, 1991
Richard C. LASELL	Former Rosemount Official	January 16, 1991
Donald B. MILLER	Former Superintendent, Connecticut Yankee	November 1, 1991
Edward J. MRO CZKA	Senior Vice President	April 3 & 4, 1991
Gilbert M. OLSEN	Senior Engineer	June 28, 1990
Arnold R. ROBY	Assistant Manager, Generation Electrical Engineering (GEE)	September 6, 1991
Mark F. SAMEK	Engineering Supervisor	July 18, 1990
Jane E. SANDSTROM	Product Marketing Manager, Rosemount, Inc.	June 16, 1992
Thomas A. SHAFFER	Manager, I & C Engineering	September 12, 1991

Evidence

1. NEO Procedure 2.01 titled, "Implementation of 10 CFR 21: Reporting of Defects and Non Compliances," Revision 2, dated July 24, 1987, in Paragraph 6.5 indicates that fixed time limits are not required for the processing of an SSH evaluation; however, the "suggested maximum processing times are provided on the SSH evaluation form to ensure that the evaluation is pursued in a timely manner. If longer than the suggested time is required to complete a review, the manager, GFL, should be notified" (Exhibit 6, p. 12).
2. The licensee initiated SSH evaluation No. MP #87-01 after five out of twelve Rosemount flow transmitters failed during cycle one operation of MP #3 (Exhibit 7).

3. The SSH evaluation (Exhibit 7) indicates the following:
- a. The MP #87-01 SSH evaluation was originated on November 24, 1987 (p. 2).
 - b. The form was apparently received as "is an SSH" by the designated evaluator, T. A. SHAFFER, on December 8, 1987, with a "suggested maximum processing time" of ten working days (pp. 3 and 4).
 - c. The designated technical evaluator signatory, Gilbert M. OLSEN, [a SHAFFER subordinate] found the issue to be an SSH on an unrecorded date (p. 4).
 - d. Mark F. SAMEK [OLSEN's immediate supervisor] changed the finding to "is not an SSH" on February 9, 1988, initialed, and signed the document above the lined out name of OLSEN; the signature, T. A. SHAFFER, appears on the document along with the date of February 11, 1988 (p. 4).
 - e. The "is not an SSH" finding was overturned back to "is an SSH" on March 16, 1988, by the NRB (p. 6).
 - f. The responsible officer, MROCZKA, was notified of the SSH finding on March 22, 1988, concurred with the finding and caused the NRC to be notified of the SSH on March 24, 1988, in accordance with the 10 CFR 21 timely reporting requirement of 48 hours (pp. 6-12).
4. NNECo made written notification re: 10 CFR 21 to NRC, on March 25, 1988, of the report of a SSH (Exhibit 8).

INVESTIGATOR'S NOTE: OI review of SSH MP #87-01 indicates that the total suggested maximum processing time for the SSH evaluation, from initiation to possible NRB review, was supposed to have been 28 work days. In this case it took 62 work days (Exhibit 9, pp. 1 and 2).

5. A facsimile lead sheet, dated May 12, 1989, from Rosemount's Jane SANDSTROM, to NU's Tom SHAFFER, Subject: "Per our conversation -- you are first on my list" (Exhibit 10).
6. SAMEK said [REDACTED] Jane did call SHAFFER many times during resolution of the Rosemount problem (Exhibit 11, pp. 3 and 4). 7C

7. [REDACTED] 7C

no action

[REDACTED] (Exhibit 12, p. 2).

7c

8. LASELL stated that SANDSTROM worked for him at Rosemount. [REDACTED]
[REDACTED] (Exhibit 13, p. 2).

9. OLSEN acknowledged that he completed the original technical evaluation on the Rosemount transmitter in fall 1987, concluded that the transmitter represented a SSH, and forwarded it to his immediate supervisor, SAMEK. OLSEN contends that SAMEK was "100%" in agreement with the SSH conclusion (Exhibit 12, p. 1).

10. OLSEN claimed SAMEK's supervisor, SHAFFER, held the SSH conclusion for approximately six weeks in violation of NEO policy and procedure (Exhibit 12, p. 1).

11. OLSEN opined that at the time of the SSH conclusion the correct decision would have been to shut down the plant (Exhibit 12, p. 1).

12. OLSEN was told by SAMEK that SHAFFER didn't want the issue to be left as a SSH and that "we have to make it a non-SSH." OLSEN refused to be a party to changing it. OLSEN was then told by SAMEK that he (SAMEK) would take care of it (Exhibit 12, p. 1).

13. OLSEN advised that his original technical analysis supporting the SSH finding was some how "gotten rid of." OLSEN testified that this was the only time that a technical analysis he conducted to support a finding was missing. He also said that this was the only time that his conclusion on a REF had been changed (Exhibit 12, pp. 1 and 2).

14. OLSEN felt so strongly about Rosemount being a SSH that he bypassed his management chain [SAMEK, SHAFFER, ROBY, JOHNSON, and WERNER] and contacted NRB member Mike BROTHERS directly about his concern (Exhibit 12, p. 2).

15. OLSEN disclosed that SHAFFER was livid with him after he learned that he (OLSEN) had bypassed him and gone directly to the NRB (Exhibit 12, pp. 2 and 3).

16. OLSEN said he was yelled at by SHAFFER that he (SHAFFER) couldn't trust him (Exhibit 12, p. 2).

17. LRS handwritten notes of an interview with Gil OLSEN, dated June 7 [1989], contain notations that there is a tendency to keep the plants on line at all costs

no return

and, in reference to the Rosemount SSH change and other documentation issues, that ". . . over-rides by mgmt. is becoming more prevalent" (Exhibit 14, pp. 2 and 3).

18. SAMEK said SHAFFER, shortly after December 1987, assigned him the task of completing a technical evaluation of the Rosemount transmitter. SAMEK, in turn, assigned his subordinate, OLSEN, the evaluation. (Exhibit 11, p. 2).
19. SAMEK said OLSEN's technical evaluation concluded that Rosemount was a SSH, but OLSEN apparently failed to date the form (Exhibit 11, p. 2).
20. SAMEK testified that he agreed with OLSEN's technical evaluation that Rosemount was a SSH (Exhibit 11, p. 2).
21. SAMEK said he caused the document, with the SSH finding, to go to SHAFFER in late December 1987 or early January 1988 (Exhibit 11, p. 2).
22. SAMEK advised that in February 1988 SHAFFER questioned him regarding the Rosemount SSH finding. SHAFFER told him, "The Vice Presidents don't want to see any needless SSH's go out . . .," and when SAMEK asked what was meant by "needles" SHAFFER responded, "it is not an SSH" (Exhibit 11, p. 2).
23. SAMEK said SHAFFER showed him that a literal interpretation of the NE&O manual did not require Rosemount to be called a SSH. SAMEK testified that the issue was such a close call that he (SAMEK) believed that Rosemount should have been left as a SSH (Exhibit 11, pp. 2 and 3).
24. SAMEK testified that he discussed changing the SSH finding with OLSEN, but OLSEN said he would have nothing to do with a change. SAMEK then made the change himself, crossed off OLSEN's name on the SSH form, and wrote a new technical evaluation, dating the document February 9, 1988 (Exhibit 11, p. 3).
25. SAMEK told SHAFFER he would make the change as long as SHAFFER would also sign the document. SHAFFER did so on February 11, 1988 (Exhibit 11, p. 3).
26. SAMEK stated that he felt pressured to change the finding because his boss, SHAFFER, told him to change it and SHAFFER does his performance review (Exhibit 11, p. 3).
27. SAMEK opined that SHAFFER wanted to support his chain of command, especially the vice presidents, and if the issue was left as a SSH it would have created more work (Exhibit 11, p. 3).

28. SAMEK acknowledged that the processing time for the SSH was exceeded by SHAFFER and this delay is an apparent violation of NU procedures (Exhibit 11, p. 3).
29. SAMEK noted that this was the first time in his career that there was a dissenting opinion expressed on a SSH finding (Exhibit 11, p. 3).
30. SAMEK said that in hindsight it is obvious that Rosemount was always a SSH (Exhibit 11, p. 3).
31. SAMEK did not believe that SHAFFER purposely ignored safety in order to support and cooperate with his management chain (Exhibit 11, p. 7).
32. LRS handwritten notes of an interview with SAMEK, dated July 31, 1989, indicates that there had been pressure from SHAFFER to change the SSH finding on Rosemount; that the vice presidents didn't want to see "lots of SSH's go out;" that the Rosemount transmitter "was a SSH at time in 20/20;" and that it was the only time TS [Tom SHAFFER] forced a change (Exhibit 15).
33. LRS's written conclusions on the Rosemount SSH issue indicate the written record was poor; the matter was a SSH since "two failed transmitters in one loop could have occurred at the same time;" there was undue pressure; and that SAMEK "caved into pressure" (Exhibit 16, pp. 1 and 2).
34. MILLER said he signed the Rosemount SSH form on February 18, 1988, in the absence of the Vice President of Nuclear Operations (Exhibit 17, pp. 3 and 4).
35. MILLER signed the Non-SSH finding after it had been changed from a positive SSH, based on brief discussion with a number of people, including SHAFFER and SAMEK, who would have offered some justification. MILLER could not recall the details of that justification (Exhibit 17, p. 3).
36. MILLER found out after the fact that the original technical evaluator, OLSEN, did not agree with the change and was not consulted on it (Exhibit 17, p. 3).
37. MILLER could not recall why the processing of the SSH had been delayed and knew of no motivation for SHAFFER or SAMEK to change the positive SSH finding (Exhibit 17, pp. 3 and 4).
38. MILLER acknowledged that the delay in the processing of the SSH form might be a violation of procedure (Exhibit 17, p. 4).
39. KACICH testified that the SSH evaluation forms are completed to determine reportability to NRC under Part 21 (Exhibit 18, p. 76).

40. KACICH said his organization typically gets the form to the appropriate discipline in a day or two to conduct the technical review (Exhibit 18, pp. 78 and 79).
41. KACICH did not know why the Rosemount SSH took so long to process. He was aware that there were differing opinions on whether or not Rosemount constituted a SSH, but believes a delay of up to six weeks was, ". . . a bit on the long side" (Exhibit 18, pp. 81 and 82).
42. KACICH testified that it wasn't rare to exceed the ten day interval for technical analysis (Exhibit 18, p. 82).
43. KACICH acknowledged that a delay in processing the SSH, with no work being done on the issue, would not be appropriate (Exhibit 18, p. 83).
44. KACICH said positive SSH determinations bypass the NRB and go directly to the Senior Vice President for final determination and are then reported to the NRC (Exhibit 18, p. 86).
45. KACICH said the Senior Vice President is the ultimate decision maker on reportability to the NRC with respect to the SSH, and that the Part 21 time clock begins to run when the Senior Vice President is informed of the potential SSH. NU notified NRC on the SSH of the Rosemount transmitter on March 24, 1988, within the 2 day requirement (Exhibit 18, pp. 88-90).
46. KACICH did not recall having any discussion with SHAFFER relative to the length of time it took to process the Rosemount SSH evaluation (Exhibit 18, pp. 92 and 93).
47. BROTHERS has been a member of the MP #3 NRB since 1986 due, in part, to his knowledge of I&C systems (Exhibit 19, pp. 6 and 7).
48. As a result of 5 out of 12 failures of Rosemount transmitters in one operating cycle, BROTHERS learned that a SSH evaluation was initiated by MP #3 (Exhibit 19, p. 9).
49. BROTHERS was told by OLSEN that OLSEN did a review and agreed with the plant that the transmitter constituted a positive SSH. This finding, through some ". . . convoluted type of way . . ." was overturned by NUSCO engineering (Exhibit 19, p. 10).
50. BROTHERS spoke with an engineer at NUSCO, who told him that SHAFFER had asked the engineer for a literal interpretation that, by the letter of the law, did not require Rosemount to be reported to NRC under 10 CFR 50.73 (Exhibit 19, pp. 10 and 11).

51. BROTHERS said that making Rosemount a non reportable item by literal interpretation was "... stretching the intent ..." of the SSH evaluation and a misuse of the procedure (Exhibit 19, pp. 11 and 50).
52. BROTHERS said the delay from December 8, 1987, until February 1988, when SAMEK changed the positive SSH finding to a non-SSH finding, is a violation of NU procedure (Exhibit 19, pp. 12 and 13).
53. BROTHERS said OLSEN had an "... I don't believe it ..." attitude when he found out about the change, but he (OLSEN) did not fight the change thereafter (Exhibit 19, p. 14).
54. BROTHERS noted that he never knew of another instance where the NRB overturned a finding on the SSH form (Exhibit 19, pp. 21 and 22).
55. BROTHERS said SHAFFER was extremely irate about the NRB overrule. SHAFFER told BROTHERS that NU had not cooperated with Rosemount. BROTHERS opined that SHAFFER felt he (BROTHERS) backstabbed him by overturning his finding. SHAFFER told him something about, "... now I have to jump through hoops ..." (Exhibit 19, pp. 19 and 20).
56. BROTHERS didn't know what SHAFFER's motivation was for defending Rosemount. BROTHERS thought SHAFFER had developed a personal relationship with people [from Rosemount] and that they were telling him (SHAFFER) Rosemount had done nothing wrong since there was thousands of transmitters in use (Exhibit 19, pp. 20 and 21).
57. BROTHERS said SHAFFER told him that ROBY was extremely angry at him (SHAFFER) as a result of the overturn, because the group was made to look bad (Exhibit 19, p. 21).
58. BROTHERS said SHAFFER is image conscious and does not like his group to be made to look bad. BROTHERS, however, did not believe SHAFFER would intentionally go against a safety concern (Exhibit 19, p. 42).
59. BROTHERS said SHAFFER spoke many times each day with the vendor (Rosemount) at the time of the original SSH. BROTHERS said that much contact is not typical (Exhibit 19, p. 46).
60. SHAFFER acknowledged his involvement with the SSH evaluation form with respect to Part 21 reportability (Exhibit 20, p. 22).
61. SHAFFER acknowledged that he received the SSH form designating Rosemount as a SSH a couple of days after December 8, 1987, and assigned SAMEK to do a

technical evaluation; SAMEK then assigned OLSEN to the evaluation (Exhibit 20, p. 29).

62. SHAFFER testified that SAMEK verbally told him he was in agreement with OLSEN's conclusion of Rosemount being a SSH (Exhibit 20, p. 31).
63. SHAFFER said he presented his argument to SAMEK and OLSEN that Rosemount did not constitute a SSH in the early February 1988 time frame, after he had done his own investigation (Exhibit 20, pp. 31 and 32).
64. SHAFFER said his six week investigation consisted of a review and application of procedure 2.01, particularly the definition in the procedure about what is or is not a SSH. He could not ". . . come up with the specifics . . ." of other work he may have done to help in his determination (Exhibit 20, pp. 32-35).
65. SHAFFER testified that SAMEK agreed with his (SHAFFER's) position that Rosemount did not constitute a SSH (Exhibit 20, p. 34).
66. SHAFFER said OLSEN didn't agree with his position and told him to take his name off the SSH form (Exhibit 20, pp. 34 and 35).
67. SHAFFER testified that OLSEN attempted to convince him that the Rosemount transmitter should have been left as a SSH (Exhibit 20, p. 59).
68. SHAFFER said that, due to an administrative error, he and OLSEN did not initial the SSH form when they received it from licensing in early December [1987] (Exhibit 20, p. 35).
69. SHAFFER testified that he did not ask SAMEK to write the technical evaluation supporting his (SHAFFER's) position of "not an SSH." SHAFFER said he asked SAMEK to further evaluate the issue and the technical evaluation is what SAMEK came up with (Exhibit 20, p. 37).
70. SHAFFER testified that he signed the SSH form and SAMEK's technical review because he (SHAFFER) was the designated technical evaluator and protocol dictated that he sign. SHAFFER did not recall if SAMEK asked him to sign (Exhibit 20, p. 37).

INVESTIGATOR'S NOTE: NEO 2.01 (Exhibit 6) and the SSH form itself (Exhibit 7) do not contain any requirement for SHAFFER's signature. SHAFFER's testimony also conflicts with SAMEK's in this regard.

71. SHAFFER testified that the SSH form carried a ten day turn around for him as a suggested maximum processing time for the form, but added that the evaluation

portion had no time limit (Exhibit 20, p. 38).

72. SHAFFER denied pressuring SAMEK to change the SSH finding to a non SSH on or before February 2, 1988. SHAFFER also denied making comments to SAMEK relative to the vice presidents not wanting to see SSH's go out or that SSH's cause the vice presidents aggravation because of the additional work that is required (Exhibit 20, pp. 38 and 39).
73. SHAFFER testified that he signs SAMEK's time sheets, which leads to SAMEK being paid (Exhibit 20, p. 55).
74. SHAFFER said this is the only occasion he knew of when there was a dissenting opinion expressed on a SSH evaluation (Exhibit 20, pp. 39 and 40).
75. SHAFFER acknowledged that, in retrospect, to be conservative, he should have left the Rosemount transmitter as a SSH (Exhibit 20, p. 40).
76. SHAFFER said that, if he had left the finding as a SSH, the form would have bypassed the NRB and would have been forwarded directly to the Senior Vice President for final determination on reportability to the NRC (Exhibit 20, pp. 41 and 42).
77. SHAFFER acknowledged that SAMEK's technical evaluation (Exhibit 7, p. 11) contained a statement that two transmitters could have failed in the same loop. SHAFFER admitted that statement, in and of itself, could have caused Rosemount to be a SSH, which it ultimately was (Exhibit 20, pp. 43-45).
78. SHAFFER testified that OLSEN's original technical evaluation (that supported OLSEN's SSH conclusion) was inadvertently misplaced (Exhibit 20, pp. 44 and 46).
79. SHAFFER acknowledged, in retrospect, that he did not deal with the SSH in a timely manner (Exhibit 20, pp. 53 and 54).
80. SAMEK's documented explanation of how the missing SSH evaluation MP-87-01 technical review was located in July 1990 indicates that the forms were found in a file drawer (Exhibit 21, p. 1).
81. SHAFFER testified that SANDSTORM from Rosemount, and possibly another technical representative, provided information relative to the failures of the transmitters to him and SAMEK in SHAFFER's office during the processing of the SSH. SHAFFER said he used that input from Rosemount, along with the procedures and technical specifications, in his decision to change the SSH finding (Exhibit 20, pp. 70-73).

82. SHAFFER acknowledged that he was displeased with the way the NRB went about overruling his change to the SSH. He testified that his displeasure stemmed from not being given an opportunity to express his point of view (Exhibit 20, pp. 76-78).
83. SHAFFER opined that he did not react in a livid manner when he learned of the NRB overrule (Exhibit 20, p. 78).
84. SHAFFER testified that his relationship with Rosemount's SANDSTROM was only professional, and that he never saw her in other than a business setting (Exhibit 20, pp. 78 and 79).
85. SHAFFER said he had more phone contact with SANDSTROM after the one meeting with her in his office, but he could not better quantify the number of contacts (Exhibit 20, p. 79).
86. SHAFFER testified that he did have dinner with SANDSTROM, but he considered it to be a business meeting. He said this occurred sometime between the processing of the SSH form and 1990. SHAFFER claimed it to be appropriate for him to have dinner with a vendor in order to foster good relationships and enhance future dealings (Exhibit 20, pp. 80 and 81).
87. SHAFFER testified that he did not know what conversation SANDSTROM was referring to when she wrote "per our conversation, you are first on my list," on the fax sheet dated May 12, 1988 (Exhibit 10), and furthermore, he denied having a conversation with SANDSTROM as to what she meant by being first on her list (Exhibit 20, pp. 81-83).
88. SHAFFER then testified that there were two or three dinner meetings with SANDSTROM, but he could not recall the nature of the conversations. SHAFFER did not inform anyone at NU, with one possible exception, that he had been meeting with SANDSTROM during non-business hours. He testified that he did not allow his dinner dealings with SANDSTROM to influence his work at NU (Exhibit 20, pp. 85-87).
89. SHAFFER claimed there was another Rosemount local sales representative in attendance at the dinner meetings (Exhibit 20, p. 87).
90. SHAFFER testified that he could not recall if OLSEN was provided with a copy of the technical evaluation written by SAMEK, but said it had been discussed with him (OLSEN) (Exhibit 20, pp. 119 and 120).
91. SHAFFER testified that NU has since changed procedures to make sure all

dissenting opinions are documented, so that there is a complete paper trail (Exhibit 20, p. 127).

92. SHAFFER testified that in February of 1989 he recommended to the plant that the plant perform calibration testing on only those transmitters identified by Rosemount. He advised that the ultimate decision made by the plant was to test all Rosemount transmitters (Exhibit 20, pp. 156-159).
93. BROWN said SHAFFER is a "shaky individual" from a safety ethic perspective and that he (BROWN) has never been in a meeting, in years of dealing with SHAFFER, where SHAFFER presented a technical rationale for a position. BROWN testified that SHAFFER's method is to try to ". . . bully his way through . . .," speaking loudly, and demeaning the issue. BROWN said SHAFFER never deals with substance (Exhibit 22, pp. 100 and 102).
94. MROCZKA testified that he did not catch the significance of the delay of up to six weeks in the processing of the SSH form, and he did not look into that aspect (Exhibit 23, pp. 274 and 275).
95. MROCZKA testified that he had no reason to question SHAFFER's safety ethic, although he noted that SHAFFER's aggressiveness sometimes could give the perception of defensiveness (Exhibit 23, pp. 294-296).
96. Combined LRS Report Nos. 1-89: May 29 - June 8, 1989, and 2-89: July 31 - August 4, 1989, contains a description of the Rosemount transmitter substantial safety hazard (SSH) assessment issue, LRS findings, and LRS recommendations (Exhibit 24, pp. 12-16).

The following pertinent points are incorporated into Exhibit 24:

- a. There was agreement that the manager [SHAFFER] held the SSH evaluation for about six weeks while, as he asserted, he looked into various matters personally (p. 13).
- b. The original technical evaluation that was the basis for the original SSH determination disappeared (p. 13).
- c. The original engineer [OLSEN] finding the SSH refused to change it to a non-SSH when requested to do so by the manager (p. 13).
- d. The supervisor [SAMEK] changed the finding to a non-SSH and wrote a new determination (p. 13).
- e. LRS found the record was faulted because the original evaluation was

missing and the replacement evaluation ". . . does not even purport to point out why or how the original evaluation was in error" (p. 14).

- f. The replacement evaluation states, ". . . two failed transmitters in one loop could have occurred at the same time," which lends strong support to a determination that a SSH did exist (p. 14).
 - g. Undue pressure appears to have been exerted by the manager [SHAFFER] to change the determination from "SSH exists" to "SSH does not exist" (p. 15).
 - h. The engineer [OLSEN] did not accede to the pressure, but the supervisor [SAMEK] did (p. 15).
 - i. "This fourth incident involving the same manager [SHAFFER] dictates the need for prompt management attention to the determination of appropriate sanctions. It also points up either the acquiescence or encouragement by higher management in the climate of coercion or intimidation brought about by this manager [SHAFFER]" (pp. 15 and 16).
97. SANDSTROM explained that her reference to ". . . being first on my list . . ." on Rosemount's fax to SHAFFER, referred to NU being first on the customer list. She further explained that it was a lighthearted message and her sense of humor emerging (Exhibit 25, pp. 109 and 110).
98. SANDSTROM testified that her relationship with SHAFFER was strictly on a professional business level (Exhibit 25, p. 123).
99. SANDSTROM explained that the business relationship included having lunch and dinner together a number of times, along with a local Rosemount salesperson (Exhibit 25, p. 124).
100. SANDSTROM testified that she did not knowingly, or with any intent, influence SHAFFER in his SSH evaluation of the Rosemount transmitter (Exhibit 25, p. 131).
101. NU Grievance panel handwritten notes dated February 2, 1990, of an interview conducted with LRS, include the following notations: "Late 5/89 - EJM [MROCZKA] stated to LRS that he had questions about TAS [SHAFFER], ARR [ROBY], GLJ [JOHNSON];" that ROBY "agreed that TAS [SHAFFER] was on wrong side of reportability;" and about TAS [SHAFFER] - "keep it quiet on reportability" (Exhibit 26, p.1).
102. SHAFFER's master performance rating for 1989 indicates that, ". . . some

activities have demonstrated that improvement can be undertaken with the group to become more sensitive of employee's attitudes and perceptions;" that "improvements can be confidently expected related to the recognition of employee concerns;" and that SHAFFER's greatest need is to "demonstrate a better understanding of employee concerns and issues" (Exhibit 27, pp. 1, 3, and 6).

103. A memo to file (Exhibit 28) from SAMEK, dated October 16, 1989, Subject: SSH No. 87-01 - Millstone Unit 3 Rosemount flow transmitters, indicates the original technical evaluation performed by OLSEN could not be located (p. 1). The attached technical review indicates ". . . two failed transmitters in one loop could have occurred at the same time" (p. 3).
104. ROBY testified that he thought SHAFFER told him that "they" had requested more time to reach a conclusion on the Rosemount SSH due to the complexity of the issue and that was the reason the evaluation was delayed (Exhibit 29, pp. 207-209).
105. Reference Item Nos. 15, 16, and 19 from Allegation No. 2, Subsection A.
106. LRS handwritten notes of interview with Carl CLEMENT [MP No. 3 Unit Director], dated June 6, 1989, containing the following notation: "SHAFFER not good - tell us what you need and we'll tell you how to get along w/out it" (Exhibit 214, p. 1).
107. By letter, dated December 13, 1991, W&S notified OI:RI that the original version of the SSH form MP3-87-01 could not be located (Exhibit 215).

Conclusion

Based on the evidence developed during the investigation, it is concluded that the licensee did not violate the reporting requirements of 10 CFR 21. However, it is concluded that SHAFFER deliberately violated the intent of NNECo's internal SSH procedure, the fundamental purpose of which was to identify, evaluate, and report defects in a timely manner, in accordance with Part 21. SHAFFER's actions potentially put the licensee in violation of the regulatory requirements contained in 10 CFR 50, Appendix B, involving the prompt identification and correction of conditions adverse to quality. It is also concluded that the SSH form and OLSEN's corresponding technical evaluation had not been destroyed. However, the technical evaluation which supported OLSEN's finding of "is a SSH," was not identifiable and retrievable during the SSH analysis period, as per Appendix B. Also, although the original version of the SSH form could not be located, a copy was produced. The copy reflected the modification of the "is" to "is not" a SSH.

Interview of Allegor for Allegation No. 2 (Paul M. BLANCH)

BLANCH was interviewed on April 18, 1990 (Exhibit 5). Followup interviews for additional information and clarification purposes were conducted on October 1, 1990 (Exhibit 30), February 27, 1991 (Exhibit 31), and January 14, 1992 (Exhibit 32). BLANCH's pre-OI investigation allegations of HI&D, are contained in Exhibit 5. An additional form of HI&D, as alleged by BLANCH during the course of the investigation, is captured in Exhibit 32, p. 3.

BLANCH alleged that after raising the safety concern involving the Rosemount transmitters he was subjected to various forms of HI&D, as well as retaliation. BLANCH contends that he identified the safety problem to his management, including ROBY and JOHNSON, in late 1988 and was given permission, including that of the NU legal department, to work on a Rosemount transmitter study with EPRI. From his work with EPRI, as well as with NU, BLANCH identified the Rosemount transmitter to be more of a potential safety problem than initially thought. BLANCH kept ROBY and JOHNSON updated on the problem, but he contends their response was inadequate for timely resolution.

BLANCH said he then contacted Fred SEARS, Vice President of Nuclear and Environmental Engineering, on a Saturday in early February 1989, to complain that ROBY and JOHNSON were not reacting in a manner appropriate for timely resolution of the transmitter problem. BLANCH had already made technical presentations to the I&C staff members and, because of going to SEARS, he was able to brief the other vice presidents and additional NU personnel on his safety concern on February 6, 1989. At the meeting with the vice presidents, ROBY informed the attendees that he (ROBY) would take the lead and decide who would do the work on the Rosemount resolution.

BLANCH advised that his management disagreed with him on the technical merits of the Rosemount safety concern. BLANCH alleged that as a result of that disagreement, and because of his efforts to make information available to the NRC and the industry, he was subjected to the following forms of HI&D:

- A. He was inappropriately removed by his boss, ROBY, from working on the Rosemount transmitter issue by being kept out of a March 10, 1989, meeting between NU and the NRC. After he was permitted to attend a follow-up meeting on the transmitter issue on March 30, 1989, which was initiated by the NRC, he was falsely accused by ROBY of inappropriate/unprofessional behavior at the meeting, even though ROBY was not present at said meeting. Further, he (BLANCH) was accused of, among other things, failing to meet his supervisory responsibilities. He was removed from active participation and the potential chairmanship of a Rosemount committee of the BWROG, when NU, in the person of SEARS, voted "no" to funding the committee, thereby further restricting the free flow of information to the industry on the Rosemount safety issue.

- B. He and his subordinates were subjected to an inappropriate and discriminatory internal audit (IA), which was initiated contrary to NU policy and procedures. BLANCH alleged that the IA was an effort to discredit him personally so that action could be taken against him, including termination. Efforts to discredit him included, among other things, fabrication of poor supervisory performance; attempting to "blackmail" his audited subordinates, Nir BHATT and Gerry CACCAVALE, into providing critical comments about BLANCH's supervisory performance; and by SEARS making inappropriate personal contacts with EPRI officials about his (BLANCH's) NU authorized part-time work with EPRI. These contacts destroyed BLANCH's ability to obtain future work with EPRI and a consulting firm, Performance Associates, Inc. (PAI). BLANCH contends that the IA was the most egregious act of HI&D.
- C. NU failed to comply with the Department of Labor (DOL) settlement agreement that he reached with NU, when NU failed to remove his 1989 performance evaluation from his file. The performance evaluation was unjustifiably critical of his work and supervisory performance because of his involvement in the Rosemount issue (Exhibit 32, p. 3).

Coordination with NRC Staff

RAYMOND advised that BLANCH was/is clearly one of the foremost technical persons on the Rosemount transmitter. RAYMOND said that BLANCH reported that ROBY removed him from working on Rosemount, unless specifically authorized to do so by him (ROBY). This complaint was made to RAYMOND by BLANCH after a confrontational meeting on April 3, 1989, between BLANCH and ROBY. BLANCH reported the April 3, 1989, meeting and his removal from working on Rosemount as a clear case of HI&D. RAYMOND stated that if BLANCH was wrongly removed from working on Rosemount and/or if BLANCH's other allegations of HI&D are substantiated, the licensee would be in violation of 10 CFR 50.7 (Exhibit 33).

Allegation No. 2: Harassment, Intimidation, and Discrimination of a Supervisory Employee

Summary

The following individuals were interviewed by OI:RI on the dates indicated regarding the allegation that BLANCH was subjected to HI&D after raising a safety concern involving the Rosemount transmitters. The pertinent testimony provided by these individuals is documented in the following evidence subsections of this report (or in the supplemental section).

<u>Name</u>	<u>Position</u>	<u>Date(s)</u>
Robert V. AHLSTRAND	Director, Internal Auditing	March 8, 1991
Michaela I. ALEXANDRU	Engineer	February 26, 1991
Niranjan R. BHATT	Senior Engineer	May 17, 1990
Paul M. BLANCH	Supervisor, Instrumentation & Controls (I&C), Special Studies and Programs	April 18 & October 1, 1990, February 27, 1991, & January 14, 1992
Michael H. BROTHERS	Senior Engineer	October 30, 1990
Michael B. BROWN	Manager, Technical Training	October 30, 1990 & August 7, 1991
Michael E. BROWN	Director, Employee Relations	January 3, 1991
Gennaro CACCAVALE	Senior Engineer	May 17, 1990 & September, 13, 1990
Robert W. COLLEY	Project Manager, Electric Power Research Institute (EPRI)	April 11 and March 14, 1991
Frederick COMSTOCK	Budgets and Estimates Engineer	September 26, 1990
CONFIDENTIAL SOURCE No. 1 (OI-90-26)	----	September 26, 1990
CONFIDENTIAL SOURCE No. 2 (OI-90-27)	----	December 13, 1990
Richard DEYOUNG	Consultant, Lapp, Rice, & Staker (LRS)	October 19, 1990
William B. ELLIS	Chairman & Chief Executive Officer (CEO)	September 18, 1991
Edward M. ETTORE	Internal Auditor	March 21, 1991
Konstantine J. FILIPPIDES	Engineer	July 18, 1990

Bernard M. FOX	President and Chief Operating Officer	September 16, 1991
Arnold GUNDERSEN	Self Employed Consultant	January 15, 1992
John K. HUMPHREYS	Partner, Performance Associates, Inc. (PAI)	May 22, 1991
George Leonard JOHNSON	Director of Engineering	September 10, 1991
Richard M. KACICH	Manager, Nuclear Licensing	November 8, 1991
Chester M. KLOCZKO	Internal Auditor	March 8, 1991
Richard C. LASELL	Former Rosemount Official	January 16, 1991
Richard T. LAUDENAT	Assistant to the Station Superintendent	November 8, 1991
Roy T. LINTHICUM	Engineer - Probabilistic Risk Assessment	September 27, 1990, & October 9, 1991
Robert J. LORD	Partner/President, PAI	January 31, 1991
Jeffrey A. MAHANNAH	Associate Engineer	June 8, 1990
Michael D. MARINACCIO	Senior Internal Auditor	February 6, 1991
Theodore U. MARSTON	Department Director, EPRI	April 11, 1991
Vincent J. MAZZIE	Senior Engineering Supervisor	June 28, 1990
Kevin M. McBRIEN	Senior Nuclear Instructor	April 28, 1992
Patrick M. MEEHAN	Senior Engineering Technician	June 7, 1990
Donald B. MILLER	Former Superintendent, Connecticut Yankee	November 1, 1991
Steven W. MILLER	Internal Auditor	October 17 & 18, 1991
Stephen S. MIRABELLA	Senior Internal Auditor	March 21, 1991

Samuel A. MODOONO	Senior Consultant/Ph.D, Formerly with RHR, International (RHR)	November 27, 1991
Joseph B. MOORE	Westinghouse Site Service Representative	November 27, 1990
Edward J. MROCZKA	Senior Vice President	April 3 & 4, 1991, & August 28, 1991
Gilbert M. OLSEN	Senior Engineer	June 28, 1990
John F. OPEKA	Executive Vice President	September 12, 1991
Allen POLLOCK	Manager, Internal Auditing	February 7, 1991
William J. RAYMOND	Senior Resident Inspector, NRC	May 16, 1990
Jan REILLY	Administrative Coordinator, EPRI	April 15, 1991
Charles M. RICE	Consultant, LRS	October 19 & November 6, 1990
Arnold R. ROBY	Assistant Manager, Generation Electrical Engineering (GEE)	September 6, 1991
Wayne D. ROMBERG	Vice President, Nuclear Operations	August 30, 1991
Abdon "Don" RUBIO	Department Director, EPRI	April 15, 1991
Mark F. SAMEK	Engineering Supervisor	July 18, 1990
Jane E. SANDSTROM	Product Marketing Manager, Rosemount, Inc.	June 16, 1992
Peter F. SANTORO	Director, Nuclear Safety Concerns Program	September 27 & October 9, 1991
Richard J. SCHMIDT	Engineering Supervisor	March 2, 1992
Harry J. SCULLY	Senior Engineer	June 7, 1990

C. Frederick SEARS	Vice President, Nuclear and Environmental Engineering	September 6 & October 9, 1991
Thomas A. SHAFFER	Manager, I & C Engineering	September 12, 1991
Gary SILBERQUIT	Engineer	June 8, 1990
Bill K-H. SUN	Professional Engineer/Program Manager, EPRI	April 11, 1991
John J. TAYLOR	Vice President, EPRI	April 11 & 15, 1991
Norman T. THOMAS	Senior Engineer	November 28 & June 8, 1990
Henry H. TUFTS	Manager-Consultant/Ph.D, RHR	November 20, 1991
George D. UHL	Vice President and Controller	August 29, 1991
Joseph M. WEISS	Project Manager, EPRI	March 14, 1991
Richard P. WERNER	Former Vice President, Generation Engineering and Construction	March 24, 1992
Michael J. WHITELAW	Senior Engineer	February 27, 1991

Allegation No. 2 - Subsection A: BLANCH was subjected to HI&D by being removed from working on Rosemount by virtue of being kept out of the March 10, 1989, NRC meeting; by being falsely accused by his supervisor, ROBY of, among other things, acting unprofessionally at the followup NRC meeting on March 30, 1989; and by being precluded from active participation and possibly serving as the chairman of the BWROG committee on Rosemount.

Evidence

1. Michael B. BROWN testified that BLANCH notified him in February 1989 of a possible problem with Rosemount transmitters. BROWN concurred with BLANCH and BLANCH presented information on the transmitter failures to the I&C Department at Millstone. The presentation attendees also concurred with the potential problem (Exhibit 22, pp. 7-11 and 22).

2. M. B. BROWN said SEARS also received information from BLANCH on a Saturday, which led to a presentation on the transmitter problem by BLANCH to NU's vice presidents on the following Monday (Exhibit 22, pp. 11 and 12).
3. SEARS testified that BLANCH called him on a Saturday in February 1989 and expressed a nuclear safety concern involving Rosemount transmitters and the fact that NU was not handling the issue appropriately (Exhibit 34, pp. 20-22 and 24).
4. BLANCH, at SEARS' request, officially provided a technical presentation on Rosemount to the vice presidents and others on February 6, 1989 (Exhibit 34, pp. 44-50).
5. NRC's RAYMOND held two relevant meetings with NU management regarding the Rosemount transmitters, one on March 10, 1989, absent BLANCH, and one on March 30, 1989, with BLANCH present but absent ROBY (Exhibit 33, p. 1).
6. The events chronology involving Rosemount transmitters attached to a ROBY to WERNER memo, dated April 7, 1989, indicates that the attendees at the March 10, 1989, meeting between NU and NRC included ROBY, JOHNSON, SAMEK, RAYMOND (NRC), BARBER (NRC), T. CLEARY, R. McGUINNESS; while at the March 30, 1989, meeting the attendees were JOHNSON, SHAFFER, SAMEK, J. ELY, MAHANNAH, BLANCH, RAYMOND (NRC), AND R. McGUINNESS (Exhibit 35, p. 7).
7. RAYMOND said the March 10, 1989, meeting was not successful and ended in a "big disagreement" between himself and ROBY (Exhibit 33, p. 1).
8. LRS handwritten notes, dated June 1, 1989, of an interview with Steve SCACE, contain the notation that for the March 10, 1989, meeting [with the NRC], SCACE ". . . told LJ [JOHNSON], Bill R. [NRC's RAYMOND] won't appreciate the 'high road' — wanted technical detail" (Exhibit 36, p. 1).
9. JOHNSON testified that he attended the March 10, 1989, meeting with the NRC concerning the Rosemount transmitter. JOHNSON reported that BLANCH was not present and the meeting was not successful, as it was ineffective communication (Exhibit 37, pp. 33, 34, and 38).
10. JOHNSON testified that BLANCH wasn't required to be at the March 10 meeting, although BLANCH had apparently requested of ROBY that he go to the meeting. JOHNSON said ROBY told BLANCH his presence wasn't necessary and BLANCH accepted that at that time (Exhibit 37, pp. 33-37).
11. LAUDENAT testified that in March 1989 BLANCH contacted him (as head of the nuclear concerns program) to raise a safety issue involving the lack of a

corporate corrective action plan for the Rosemount transmitter anomaly and also to advise that his (BLANCH's) management wasn't properly addressing the issue (Exhibit 38, pp. 14-18).

12. LAUDENAT reported that BLANCH informed him sometime after March 22, 1989, that ROBY did not permit him to attend a meeting with the NRC that had been held to discuss the Rosemount transmitters, for which BLANCH felt he had technical input (Exhibit 38, pp. 19 and 20).
13. LAUDENAT testified that BLANCH was adamant about having his concerns resolved internal to NU (Exhibit 38, p. 21).
14. SHAFFER testified that he did not attend the March 10, 1989, Rosemount meeting between NU and the NRC, but learned that the meeting failed to fulfill the NRC's complete desire and, therefore, the March 30, 1989, meeting was scheduled at the NRC's request which he (SHAFFER) did attend (Exhibit 20, pp. 98 and 99).
15. M. B. BROWN testified that he knew an NRC meeting on the Rosemount transmitter failures was scheduled and that SHAFFER would be present to provide information. BROWN testified that he called SHAFFER in about mid/late February 1989 and told him it was important to bring all information forward and to present everything to the NRC that was known (Exhibit 22, p. 26).
16. M. B. BROWN testified that SHAFFER told him that he (SHAFFER) ". . . felt he could blow this issue by him [RAYMOND]", that it wasn't a serious issue; and that RAYMOND was a "dirtbag" (Exhibit 22, pp. 26 and 28).
17. M. B. BROWN testified that he met with RAYMOND prior to a meeting on Rosemount and told him there was more to the Rosemount issue than met the eye and that selective questions should be asked of SHAFFER about the Rosemount transmitters (Exhibit 22, pp. 28 and 29).
18. M. B. BROWN said SAMEK told him SHAFFER did not do well at the meeting with RAYMOND (Exhibit 22, pp. 29 and 30).
19. SHAFFER denied referring to the NRC Resident Inspector as a "dirt bag" and denied ever making a statement to the effect that he (SHAFFER) was going to blow the Rosemount issue by NRC's RAYMOND because he was a "dirt bag" (Exhibit 20, pp. 98-101).
20. WERNER testified that BLANCH was excluded from a meeting about Rosemount with the NRC, possibly by JOHNSON, even though BLANCH was the individual who presented the technical concern to the vice president and had

- been working on the transmitter problem from various standpoints (Exhibit 39, pp. 35-38).
21. WERNER testified that he did not believe the NRC got any information at the March 10, 1989, meeting, and that whatever was discussed with the NRC in that meeting was the basis for the followup meeting on March 30, 1989 (Exhibit 39, pp. 38-40).
 22. MODOONO's handwritten notes of an interview with MROCZKA, dated January 4 and 5, 1990, concerning, in part, the NRC meeting on Rosemount which was noted as ". . . unacceptable (w/out Paul)." The notes also reflect that the NRC set up another meeting [that BLANCH attended] and that "Lenny JOHNSON told Arnold ROBBE [sic] to reprimand Lenny JOHNSON [sic]. . ." (Exhibit 40, p. 5).
 23. ROBY testified that he told BLANCH that his (BLANCH's) presence wouldn't be necessary at the March 10, 1989, meeting with the NRC's resident inspector. ROBY said BLANCH didn't object and did not attend that meeting (Exhibit 29, pp. 28-30).
 24. ROBY acknowledged that BLANCH was thought of by the BWROG as the ". . . person that may be most knowledgeable . . ." of the Rosemount transmitter (Exhibit 29, p. 192).
 25. ROBY disclosed that he attended the March 10 meeting and realized then that the NRC wanted to know about the generic concerns with the Rosemount transmitters and not plant specific problems (Exhibit 29, pp. 31-35).
 26. ROBY testified that a subsequent meeting was held at NRC's request on March 30, 1989, and BLANCH was in attendance to provide information (Exhibit 29, p. 36).
 27. JOHNSON reported that BLANCH was in attendance at JOHNSON's invitation at the NRC meeting on March 30, 1989 (Exhibit 37, p. 39).
 28. ROBY testified that he was not present at the March 30, 1989, meeting (Exhibit 29, p. 37).
 29. ROBY indicated that JOHNSON, SHAFFER, and SAMEK made him aware that BLANCH had acted inappropriately at the March 30, 1989, meeting with the NRC (Exhibit 29, pp. 38-40).
 30. RAYMOND advised that at the March 30, 1989, meeting BLANCH's conduct was appropriate and professional, even though BLANCH did, at times, present a

differing professional opinion. RAYMOND said, however, that BLANCH qualified his opinion as his own (Exhibit 33, p. 1).

31. ROBY testified that he talked with BLANCH on April 3, 1989, to discuss the issues involving his conduct at the meeting that had been related to him. ROBY testified that the March 30 meeting, in terms of BLANCH's conduct, was the primary subject discussed, as well as BLANCH's subordinates' complaints to ROBY about BLANCH in February 1989 (Exhibit 29, pp. 40-43).
32. JOHNSON testified that his understanding of the reason that ROBY met with BLANCH on April 3, 1989, was to discuss management issues concerning BLANCH's lack of supervision of ". . . a couple of Paul's subordinates . . ." who had previously complained to ROBY, and to discuss concerns expressed by BLANCH's peers relative to his conduct at the meeting with the NRC on March 30 (Exhibit 37, pp. 42 and 43).
33. JOHNSON stated that he didn't think he knew about BLANCH's subordinates' complaints to ROBY before April 3, 1989 (Exhibit 37, pp. 42, 43, and 60).
34. JOHNSON denied that he asked ROBY to meet with BLANCH on April 3, 1989, but he acknowledged that he left ROBY a note detailing some concerns he (JOHNSON) had developed regarding BLANCH (Exhibit 37, pp. 44-47, 59 and 60).
35. JOHNSON testified that he thought he threw the note away. He then testified that he never got the note back from ROBY. He finally testified that he got the note back after April 3, 1989, and discarded it (Exhibit 37, pp. 47 and 48).
36. A memo from BLANCH to ROBY, dated April 4, 1989, Subject: "Harassment and Intimidation Related to the Rosemount Transmitter Issue," concerns the April 3, 1989, discussion between BLANCH and ROBY regarding the March 30, 1989, meeting with the NRC. The memo (Exhibit 41, p. 1) lists what BLANCH refers to as "accusations" made by ROBY and asks for a response from ROBY. The "accusations" listed by BLANCH are:
 - a) unprofessional and inappropriate behavior at the NRC meeting;
 - b) using the word "lucky" that the plant did not have simultaneous transmitter failures;
 - c) mishandling proprietary information;
 - d) extremely unprofessional conduct as raised by Rosemount, NUMARC and EPRI; and

- e) as a result of his involvement with the Rosemount issue, his other supervisory responsibilities were not being met.
37. BLANCH's memo also stated that ROBY informed him he couldn't work on Rosemount anymore for NU unless specifically authorized by ROBY to do so (Exhibit 41, p. 2).
38. BLANCH testified that he never received a response from ROBY as he requested (Exhibit 5, p. 60).
39. ROBY's memo to BLANCH, dated April 4, 1989, Subject: "Rosemount Transmitters-Discussion April 3, 1989," indicates this is ROBY's response (not sent) to BLANCH's memo of April 4, 1989. ROBY writes at his (ROBY's) overall purpose for the discussion was to elicit from BLANCH his ". . . perceptions on issues I have been asked to address." ROBY's memo does not reflect any denial as to making the statements to BLANCH on April 3, 1989, as BLANCH listed in his memo, supra, but rather indicates that BLANCH had a mistaken perception of the discussions, which ROBY reiterated was, ". . . an attempt to obtain your [BLANCH's] perspectives on issues I have been requested to respond to" (Exhibit 42, pp. 1 and 2).
40. ROBY's memo to file, dated April 6, 1989, Subject: "Rosemount Transmitter Issues, A.R. ROBY/P. M. BLANCH discussion on April 3, 1989," states that he met with BLANCH ". . . to elicit his perception of statements which had been made to me [ROBY], directly or indirectly concerning:" among other things, BLANCH's conduct at the NRC/NU meeting on March 30, 1989; BLANCH's use of proprietary information without obtaining approvals; and the "appearance" that his involvement in the Rosemount issue was supplanting his supervisory responsibilities. ROBY writes that he asked BLANCH for his perception of the NRC meeting, BLANCH's part in it, and how BLANCH perceived the outcome. The memo indicates that BLANCH's supervisory responsibilities were discussed, but it is absent any further detail on this issue and it does not provide examples (Exhibit 43, pp. 1 and 2).
41. JOHNSON acknowledged that ROBY's response memo to BLANCH's memo about the April 3, 1989, meeting indicates that ROBY was asked to address issues with BLANCH. JOHNSON said he does not know who ROBY was referring to when he wrote, "I have been asked to address . . ." (Exhibit 37, pp. 56, 60, and 61).
42. JOHNSON said, "I . . . probably wasn't totally careful with my words," when he (JOHNSON) wrote a memo to file on April 12, 1989 (Exhibit 44), agreeing that the meeting on March 30, 1989, with NRC's RAYMOND, was handled very courteously and professionally by everyone in attendance, which included

BLANCH (Exhibit 37, pp. 61-63).

43. JOHNSON testified that he did not make another presenter's supervisor aware of anything [as he did about BLANCH] regarding that individual's presentation to NRC on March 30, 1989, even though JOHNSON believed it was inappropriate for that presenter to have spoken for the manufacturer (Rosemount) in the meeting with NRC (Exhibit 37, pp. 40 and 64-67).
44. ROBY testified that information provided to him by JOHNSON and SHAFFER concerning BLANCH at the March 30 meeting, had very little meaning to him (ROBY) in his discussion with BLANCH on April 3, 1989, and the reason he addressed those issues first was because they were "easy" (Exhibit 29, pp. 47 and 48).
45. ROBY claimed he would have met with BLANCH on April 3, 1989, regardless of whether the March 30, 1989, meeting with the NRC had taken place. ROBY admitted, however, that he made the statements to BLANCH that BLANCH wrote of in his memo (see Exhibit 41) which, at least in part, came directly as a result of the NRC meeting of March 30, 1989 (Exhibit 29, pp. 49-56).
46. ROBY testified that it was his decision alone to meet with BLANCH on April 3, 1989, to discuss issues (Exhibit 29, p. 63).
47. ROBY acknowledged that he authored the response (see Exhibit 42) to BLANCH's memo of the April 3, 1989, meeting shortly after receiving BLANCH's memo, and acknowledged writing that his intent for the meeting with BLANCH stemmed from being "... asked to address issues ..." ROBY said this was a "poor choice of words;" he had not been asked to meet with BLANCH (Exhibit 29, pp. 58-63 and 65).
48. ROBY testified that he did not make up any type of report indicating that he formally counseled BLANCH on April 3, 1989 (Exhibit 29, p. 67).
49. ROBY provided various reasons for not sending his response memo (Exhibit 42) to BLANCH and said it was agreed to by JOHNSON and WERNER that he (ROBY) wouldn't respond (Exhibit 29, pp. 64-71).
50. ROBY admitted that he did not document BLANCH's subordinates' alleged prior complaints about BLANCH's supervision (Exhibit 29, pp. 71 and 72).
51. ROBY acknowledged that MROCZKA must have observed through discussions with JOHNSON, WERNER and him, in mid April 1989, that the reason for ROBY's meeting with BLANCH on April 3 was because of the March 30, 1989, meeting between NU and the NRC concerning Rosemount

transmitters (Exhibit 29, pp. 72 and 73).

52. ROBY said he told MROCZKA about the supervisory issue of BLANCH not spending time on other responsibilities, even if MROCZKA did not make notes to that specific effect (Exhibit 29, pp. 73 and 74).
53. Exhibit 45 is ROBY's draft response memo to BLANCH of November 17, 1989, Subject: "Rosemount Transmitters April 3, 1989, Discussion." ROBY's response is absent any statements about BLANCH's lack of supervision.
54. WERNER acknowledged telling RHR that on April 3, 1989, ROBY chastised BLANCH for sharing information with the NRC, or words to that effect (Exhibit 39, p. 206).
55. SEARS testified that his understanding of the April 3, 1989, meeting between ROBY and BLANCH was to discuss BLANCH's conduct in a meeting with RAYMOND of the NRC, whereat Rosemount transmitters were discussed (Exhibit 34, pp. 41 and 42).
56. SEARS disclosed that LAUDENAT informed him shortly after the April 3, 1989, ROBY - BLANCH meeting that it appeared BLANCH felt very strongly that he was being removed from and was not being permitted to work on Rosemount (Exhibit 34, pp. 43 and 44).
57. MAZZIE said the Rosemount work should have been assigned to BLANCH's special studies group because that type of work was normally "tackled" by special studies. However, MAZZIE perceived a problem developing since he was getting the impression that SHAFFER wanted the Rosemount resolution work (Exhibit 220, pp. 1 and 2).
58. SEARS acknowledged that ROBY's discussions with BLANCH on April 3, 1989, had a nexus to the meeting on Rosemount with the NRC on March 30, 1989 (Exhibit 34, pp. 71 and 72).
59. SEARS testified that he requested to meet with BLANCH on April 14, 1989, the day after he and BLANCH provided Rosemount presentations at NRC Headquarters. SEARS met with BLANCH to give him advice, gained from experience, to "let the system," including ROBY, handle Rosemount. SEARS said he did not try to get BLANCH to back off Rosemount (Exhibit 34, pp. 45-50).
60. SEARS explained that he initiated another meeting with BLANCH in the July 1989 time frame, after he learned that BLANCH perceived their April meeting as an effort to force BLANCH off the Rosemount issue. SEARS attempted to convey to BLANCH that he had only offered advice and was not trying to get

BLANCH off Rosemount (Exhibit 34, pp. 51-53).

61. RAYMOND said that BLANCH did not make any comments involving the word "lucky" at the March 30, 1989, and that BLANCH properly handled the Westinghouse proprietary document, although RAYMOND said he could not speak from the standpoint of NU procedures for proprietary information (Exhibit 33, p. 1 and 2).
62. NEO procedure 2.10, dated August 2, 1988, involving safeguarding supplier proprietary material, indicates that distribution of supplier proprietary material shall be limited to those who need the material to perform their jobs and shall not be revealed or reproduced without permission of the supplier (Exhibit 46, p. 3).
63. MOORE stated that he has known BLANCH since 1986, and he knows BLANCH is well aware of restrictions involving the handling of proprietary information. MOORE strongly opined that BLANCH did not violate any policy or procedure involving proprietary information at the late March 1989 meeting between NU and the NRC (Exhibit 47, pp. 1 and 2).
64. LAUDENAT advised that BLANCH contacted him and complained that he had been taken off the Rosemount problem by ROBY at a meeting on April 3, 1989, because BLANCH had met with the NRC on the issue. LAUDENAT said it was at this point that BLANCH claimed HI&D (Exhibit 38, pp. 22-25).
65. LAUDENAT testified that even though there is a note (Exhibit 48) indicating MROCZKA wanted ROBY to have awareness of Section 210 (of the AEA) relative to the BLANCH matter, he (LAUDENAT) never formed the opinion that NU had violated Section 210 (Exhibit 38, pp. 25-30 and 37).
66. LRS notes of interview with Wayne ROMBERG, undated, with notation that, "he told Len J. [JOHNSON] not to take Paul off job as Len proposed — Len did any way." Also the separate notation dated May 30 [1989], which reflects that, "in April [ROMBERG] tried to get JOHNSON not to remove BLANCH from project" (Exhibit 49, pp. 2 and 3).
67. Notes from a 4th step grievance file, dated July 2, 1990, of an interview with MROCZKA, indicate that MROCZKA informed the grievance panel about the April 3 ROBY/BLANCH meeting that, "GLJ [JOHNSON] asked AR [ROBY] to discuss March 30 [1989] meeting with PB [BLANCH]" (Exhibit 50, p. 3).
68. JOHNSON's handwritten notes, dated November 15, 1989, with the notation that he (JOHNSON) "raised several concerns over BLANCH's conduct → ARR [ROBY] confronted PMB [BLANCH] — April 3." This notation followed a

reference to the March 30 [1989], meeting (Exhibit 51, p. 3).

69. SHAFFER testified that he was in attendance at the NRC requested March 30, 1989, meeting held to discuss generic issues regarding the transmitters. SHAFFER said he was in agreement with the presentation given by BLANCH (Exhibit 20, pp. 90-93).

INVESTIGATOR'S NOTE: This statement conflicts with other testimony gathered concerning a difference of opinion expressed by BLANCH.

70. SHAFFER recalled that Jeff MAHANNAH indicated at this meeting that NU was "lucky" that two transmitter failures in the same loop did not occur. SHAFFER did not recall telling anyone that BLANCH was actually the person who used the word "lucky" (Exhibit 20, pp. 93 and 94).
71. SHAFFER testified that BLANCH introduced a Westinghouse document at the March 30 meeting with the NRC. SHAFFER further testified that he verbally informed JOHNSON and ROBY of his opinion that it was inappropriate for BLANCH to make reference to the Westinghouse document at the meeting (Exhibit 20, pp. 94-97).
72. ROMBERG testified that in the form of "hallway conversation," he was given the impression that BLANCH had been removed from working on the Rosemount problem by JOHNSON's organization and that the Rosemount work was being assigned elsewhere (Exhibit 52, pp. 22-25).
73. ROMBERG acknowledged having a conversation with JOHNSON relative to his (ROMBERG's) concern that JOHNSON's organization had reassigned BLANCH from Rosemount and the fact that he (ROMBERG) didn't think that was a smart move (Exhibit 52, pp. 28 and 29).
74. ROMBERG acknowledged that he might have told LRS of his concern about BLANCH being removed from Rosemount, that he tried to advise JOHNSON not to remove BLANCH, but that JOHNSON did so anyway (Exhibit 52, pp. 30 and 31).
75. ROBY's file notes dated April 11, 1989, Subject: "Safety Concerns Related to Rosemount Transmitters," indicate ROBY and JOHNSON discussed who would attend the March 10, 1989, meeting with the NRC and, furthermore, that ROBY spent time with BLANCH explaining "our" decision not to involve BLANCH in that meeting (Exhibit 53, p. 2).
76. SAMEK said he attended the March 30, 1989, meeting between NU and the NRC. SAMEK said BLANCH interjected his opinion that the Rosemount

transmitter failures were undetectable. BLANCH prefaced his comments by stating that this was his opinion and that it did not represent NU's philosophy (Exhibit 11, p. 4).

77. SAMEK said BLANCH never used the word "lucky" at the meeting on March 30, 1989 (Exhibit 11, p. 4).
78. MAHANNAH said BLANCH stood firm and refused to back off the Rosemount issue. MAHANNAH opined that BLANCH made ROBY and JOHNSON look bad over the issue and they (ROBY and JOHNSON) didn't want to admit they were wrong. MAHANNAH continued that, generally at NU, ". . . if you make the wrong person mad, you get trouble" (Exhibit 54, p. 1).
79. MAHANNAH testified that BLANCH was unfairly treated by management by being removed from the Rosemount study, being accused of unprofessional conduct at a NRC meeting on March 30, 1989, and by an audit that was conducted on BLANCH and BLANCH's group in order to discredit BLANCH (Exhibit 54, pp. 1 and 2).
80. Concerning the March 30, 1989, meeting with the NRC, MAHANNAH testified that he was present and the only unprofessional behavior he detected was a remark made by JOHNSON to BLANCH about not putting BLANCH's opinion about the transmitters on NU letterhead. MAHANNAH stated that this represented more indication that NU management disagreed with BLANCH and that they didn't want to hear about it anymore (Exhibit 54, p. 2).
81. MROCZKA testified that he first learned of BLANCH's concerns of HI&D by ROBY in early April 1989 (Exhibit 23, pp. 22-25).
82. MROCZKA testified that he knew within a day or two of learning about the claim of HI&D that he would be asking LRS to do an independent review of the situation (Exhibit 23, pp. 25 and 26).
83. MROCZKA said BLANCH was comfortable about LRS looking into the issues and was not concerned with [DOL] timing as long as his concern was looked into (Exhibit 23, pp. 27 and 28).
84. MROCZKA testified that he authored a May 3, 1989, memo (Exhibit 55) giving BLANCH responsibility for all programmatic aspects of the Rosemount transmitter resolution and to assure him no retaliation would take place (Exhibit 23, pp. 46 and 47).
85. MROCZKA claimed his understanding was that the meeting with the NRC on the Rosemount issue that BLANCH attended [March 30, 1989], was the impetus for

- the meeting on April 3, 1989, between ROBY and BLANCH which, in turn, led to BLANCH's memo of HI&D against ROBY (Exhibit 23, pp. 63 and 64).
86. MROCZKA described mishandling of proprietary information by some people as human error, and at other times, as unprofessional. MROCZKA explained that the alleged mishandling of proprietary information by BLANCH involved BLANCH not sharing the information with his chain of command beforehand (Exhibit 23, pp. 75-77).
 87. WERNER testified that he did not personally look into BLANCH's allegations against ROBY, but asked JOHNSON to do so; he does not believe he got a response back (Exhibit 39, p. 25).
 88. WERNER testified that the NU lawyer advised ROBY and JOHNSON not to respond to BLANCH's April 4th memo (Exhibit 39, pp. 27 and 28).
 89. MODOONO's handwritten notes dated February 8, 1990, of RHR's interview with Dick WERNER reflect, in part, the following notations: "Ed M. [MROCZKA] wrote a letter to Dick etc., warning of any reprisals → Became paranoid and lost control," and regarding Rosemount, "ROBIE [sic] chastised Paul for sharing information with NRC" (Exhibit 56, pp. 2 and 3).
 90. MROCZKA said he interviewed BLANCH about his HI&D allegations on April 19, 1989, and BLANCH told him ROBY had not taken him off the Rosemount issue. MROCZKA acknowledged that he made notes of this interview, but did not include a note of BLANCH's response to this effect (Exhibit 23, pp. 31-34).
 91. MROCZKA's handwritten notes of an interview with BLANCH, dated April 19, 1989, indicate that BLANCH was, "taken off Rosemount issue" (Exhibit 57, p. 1).
 92. MROCZKA's handwritten notes of an interview with ROBY/JOHNSON on April 19, 1989, reflect, "reason for ROBY's first meeting with PAUL:
1) March 30 meeting, second NRC meeting" (Exhibit 57, p. 3).
 93. TUFT's handwritten notes of an interview with WERNER, dated January 8, 1990, contain the following notations concerning BLANCH and ROBY: "ROBBY [sic] chastised Paul . . . Paul being asked to get off the Rosemount repair project" (Exhibit 58, pp. 3 and 4).
 94. OPEKA testified that the May 3, 1989, memo (Exhibit 55) was designed with BLANCH's input and BLANCH's concurrence in order to keep BLANCH from going to DOL (Exhibit 59, p. 16).

95. A GEE-89-169 memo from ROBY to J. S. KEENAN/C. CLEMENT, dated May 15, 1989, indicates that BLANCH was established as the "single point of contact" on the Rosemount issue within GEE (Exhibit 60).
96. A memo from the Unit 3 I&C Manager, Bob ENOCH, to the Unit 3 Director, Carl CLEMENT, dated March 5, 1990, indicates that the plant had been formally notified (Exhibit 60) that BLANCH was "the single point of contact" on Rosemount; however, he (BLANCH) was not involved in a reportability determination initiated in October 1989, did not know the conclusions were published, and did not concur with the conclusions (Exhibit 61).
97. OLSEN said that while BLANCH was researching the transmitter failures he learned that SHAFFER and SAMEK had changed the SSH evaluation on Rosemount. Subsequently, when the safety concern was further corroborated, it made SHAFFER "look bad" and led to escalated discontent between BLANCH and SHAFFER (Exhibit 12, p. 2).
98. OLSEN said ROBY apparently sided with SHAFFER on the Rosemount issue and the BLANCH/SHAFFER discontent was a factor in the beginning of the HI&D of BLANCH. OLSEN opined that SHAFFER and ROBY did not want to admit they were wrong about Rosemount being a SSH, as OLSEN and BLANCH contended (Exhibit 12, p. 3).
99. M. B. BROWN said that the Rosemount issue was turned over to the NU mechanical group [SHAFFER], instead of the instrument group where it belonged. He opined that the issue being turned over to SHAFFER, after he overrode OLSEN's SSH finding, was, at a minimum, poor judgement (Exhibit 22, pp. 68 and 69).
100. M. B. BROWN opined that BLANCH was "definitely" subjected to HI&D with regard to ROBY's dealings with him (concerning the March 30, 1989, meeting) and through the IA (Exhibit 22, p. 55).
101. MEEHAN testified that the Rosemount transmitter problem was the first time in his nuclear power career that he was genuinely concerned about the effectiveness of a reactor protection system (Exhibit 62, p. 1).
102. MEEHAN said that BLANCH raised the Rosemount safety concern with management (ROBY and JOHNSON) and the general attitude was "don't worry about it" (Exhibit 62, p. 1).
103. MEEHAN opined that because BLANCH wouldn't back off the significant issue of the Rosemount transmitter, he (BLANCH) was subjected to HI&D by NU management (Exhibit 62, pp. 1 and 3).

104. MAHANNAH testified that he was the technical investigator of the Rosemount transmitter issue and opined that it clearly had significant implications and was a legitimate safety concern (Exhibit 54, p. 1).
105. MAHANNAH testified that BLANCH raised the Rosemount transmitter issue through the management chain, beginning with ROBY, but they (BLANCH and MAHANNAH) were "... never given a real opportunity to investigate ..." the problem (Exhibit 54, p. 1).
106. THOMAS indicated that prior to BLANCH raising the Rosemount transmitter safety concern in early 1989, NU management usually deferred technical issues to BLANCH for resolution because management highly respected BLANCH's technical abilities. However, THOMAS said things changed after BLANCH surfaced Rosemount, and THOMAS perceived these changes as differential treatment (Exhibit 63, p. 1).
107. A letter from D. A. ROCKWELL of G.E. Nuclear, to MROCZKA, dated June 28, 1989, requests approval for BLANCH to serve as the BWROG committee chairman, if elected (Exhibit 216).
108. ROBY testified that he was aware that BLANCH had an opportunity to be elected as Chairperson of the BWROG committee that was planning on researching the Rosemount transmitter problems. ROBY said NU ultimately did not fund that project, but he had no involvement in that decision (Exhibit 29, pp. 191-198).
109. ROBY testified that he did not know if NU's decision not to fund that BWROG project had anything to do with BLANCH potentially being elected as Chairperson (Exhibit 29, p. 198).
110. RICE and MOORE commented that it is common knowledge [in the industry] that if a utility votes "no" to funding a certain BWROG project, then that utility doesn't want to participate in that project. RICE said the utility then cannot supply the person to chair that committee (Exhibit 72, p. 4 and Exhibit 47, p. 2).
111. SILBERQUIT advised that in summer of 1989 he observed a handwritten memo/note, [REDACTED] concerning BLANCH not serving the best interest of NU if he was involved with a Rosemount committee as NU's spokesman (Exhibit 73, pp. 1-4). 7C
112. THOMAS testified that he observed a handwritten document in the summer of 1989 [REDACTED] and sent to MROCZKA. THOMAS said the letter was vindictively worded toward BLANCH and included a recommendation to MROCZKA that BLANCH not be involved in the

- chairmanship of a committee on Rosemount (Exhibit 63, pp. 1-4).
113. THOMAS did not believe the version of the handwritten note shown him by OI (Exhibit 76) is the one he actually viewed. He thought the initial one he viewed was more strongly worded against BLANCH (Exhibit 74, p. 1).
 114. THOMAS stated his belief that the handwritten letter shows a link between Rosemount and NU in an effort to get BLANCH off the committee that was investigating the Rosemount transmitter problems (Exhibit 74, p. 2).
 115. SEARS testified that the chairmanship [possibly BLANCH] of the BWROG that was planning on researching the Rosemount transmitter issue did not play a role in his decision to vote against funding the group (Exhibit 34, pp. 180-188).
 116. JOHNSON testified that he did not think that BLANCH being Chairman of the BWROG committee on the Rosemount transmitter problem would have served the best interests of the industry (Exhibit 37, pp. 163 and 164).
 117. JOHNSON testified that he contacted Kelly HOFFMAN of Rosemount and asked him about BLANCH, in order to determine Rosemount's perceptions of BLANCH's activities (Exhibit 37, pp. 165 and 166).
 118. JOHNSON admitted that he used HOFFMAN's suggestion or advice as input and recommended to MROCZKA that BLANCH not be permitted to serve as Chairman of the Rosemount BWROG committee (Exhibit 37, pp. 167 and 168).
 119. JOHNSON testified that he had been getting feedback from SHAFFER and SAMEK relative to possible embarrassment for NU if BLANCH were permitted to be the Chairman of the BWROG (Exhibit 37, pp. 168 and 169).
 120. JOHNSON acknowledged that SHAFFER and SAMEK were the same two NU employees that had changed the initial SSH evaluation on Rosemount transmitters from "is an SSH" to "is not" an SSH (Exhibit 37, p. 168).
 121. M. B. BROWN testified that it would be inappropriate and abnormal for an NU director like JOHNSON to be in contact with Rosemount concerning BLANCH's conduct (Exhibit 22, p. 68).
 122. M. B. BROWN said he never saw JOHNSON involved in an instrument issue over the years, no matter how complex the issue. He reiterated that JOHNSON contacting Rosemount would not be typical (Exhibit 22, pp. 67 and 68).
 123. M. B. BROWN did not know why, other than possible financial motive, that NU withheld BLANCH's participation on the Rosemount Committee of the BWROG,

since BLANCH was the expert on the issue (Exhibit 22, p. 72).

124. KACICH said he was the primary NU representative to the BWROG that was going to look further into the Rosemount transmitter issue during 1989. He recalled being involved in discussions regarding BLANCH possibly being elected Chairman of the Rosemount BWROG (Exhibit 18, pp. 46 and 47).
125. KACICH said NU initially voted to abstain from funding the BWROG but proposed to donate personnel and resources. The BWROG voted not to allow this arrangement (to have the Chairman come from a non-funding participant). KACICH opined that this was entirely consistent with how business was normally done (Exhibit 18, pp. 48-50).
126. KACICH was not aware at the time of his BWROG vote that BLANCH would be precluded from being Chairman (Exhibit 18, p. 71).
127. KACICH testified that he had conversations with SEARS relative to whether or not BLANCH should participate as the committee Chairman; he did not recall SEARS taking a position one way or the other. KACICH was unaware of NU not wanting to fund the project to keep BLANCH off the committee (Exhibit 18, pp. 49 and 50).
128. KACICH testified that ROBY was asked for a funding opinion but declined to offer his view, ultimately telling KACICH he knew enough about it and to use his own judgement (Exhibit 18, p. 51).
129. KACICH said the first time the Rosemount committee came before the BWROG was the first two weeks of June 1989. There was no deliberation at this time as to who the Chairman might be (Exhibit 18, p. 53).
130. KACICH testified that JOHNSON may have expressed a desire to keep BLANCH from being the Chairman of the BWROG Rosemount committee and may have recommended against such permission (Exhibit 18, pp. 54 and 55).
131. KACICH said he authored a memo to file, dated June 12, 1989 (Exhibit 75, pp. 1 and 2), which documents NU's rationale for the decision regarding participation in the BWROG Rosemount committee. KACICH acknowledged that sensitivity surrounding BLANCH and the Rosemount issue was a factor in his decision to document this particular course of action (Exhibit 18, pp. 55 and 56).
132. KACICH said that he was sure the topic of not allowing an employee from a non-funding member to serve as the Chairperson came up at meetings of the BWROG, but he believes that it came up sometime after June 6, 1989 (Exhibit 18, p. 57).

133. KACICH said SEARS told him to vote "No" to funding but gave him (KACICH) the authority to vote differently if circumstances warranted. KACICH decided on his own to vote abstention (Exhibit 18, pp. 57 and 58).
134. KACICH said BLANCH did not disagree with his abstention vote and was actually supportive of it (Exhibit 18, pp. 68 and 69).
135. BLANCH testified that he initially didn't strongly object to the non-funding of the BWROG committee by NU. However, after he learned of the potential existence of a handwritten document from JOHNSON indicating the need to get him (BLANCH) off the BWROG subcommittee, BLANCH thought it was inappropriate for JOHNSON to have contacted Rosemount about the chairmanship (Exhibit 5, pp. 81-86).
136. KACICH was not privy to the substance of the conversation between SEARS and WERNER on June 6, 1989, which he documented (Exhibit 75, p. 1), when SEARS left KACICH to talk to WERNER about the BWROG Rosemount Committee (Exhibit 18, p. 58).
137. KACICH said that because the BWROG decided that only a funding member could provide the Chairperson, it was not possible for BLANCH to serve as Chairman (Exhibit 18, pp. 63 and 64).
138. KACICH testified that it was possible that BLANCH's management chain had reservations about having BLANCH serve as the BWROG Rosemount Committee Chairperson, because they were concerned that BLANCH might not be an effective and objective leader of such a group (Exhibit 18, pp. 65 and 66).
139. JOHNSON's handwritten note to MROCZKA, received by MROCZKA on June 30, 1989, containing JOHNSON's recommendation to not permit BLANCH to serve as the BWROG's Rosemount subcommittee chairman. The note indicates that JOHNSON had been in contact with a Rosemount official and based his (JOHNSON's) suggestion that BLANCH not be permitted to chair the BWROG subcommittee, at least, in part, on advice from the Rosemount official (Exhibit 76, pp. 1 and 2).
140. MROCZKA's handwritten note, dated July 6, 1989, contained on Exhibit 76, p. 1, indicates he had no valid reason to say "no" to such a request based on LRS' comments that BLANCH was correct on his technical assessment of the Rosemount transmitter.
141. WERNER testified that he did not recall the contents of his discussion with SEARS on June 6, 1989, about the BWROG and did not know if BLANCH's name was mentioned during the discussion (Exhibit 39, pp. 189 and 190).

142. WERNER testified that he didn't believe that NU's decision to vote "no" to funding the BWROG had anything to do with BLANCH potentially being the chairman of the Rosemount Committee (Exhibit 39, pp. 190-192).
143. WERNER disclosed that the extent NU went to in order to document the decision making process not to fund the BWROG Rosemount Committee was unusual and not typical (Exhibit 39, pp. 193 and 194).
144. A letter from MROCZKA to ROCKWELL of GE, dated July 20, 1989, approves BLANCH serving as chairman of the BWROG committee on Rosemount, if he is elected (Exhibit 217).

Subsection A Conclusion:

ROBY and JOHNSON discriminated against BLANCH by keeping him out of the March 10, 1989, NU/NRC meeting on Rosemount. The subjected BLANCH to HI&D by falsely accusing him of acting unprofessionally at the March 30, 1989, NU/NRC meeting, and by attempting to preclude him from serving as chairman of a BWROG committee on Rosemount.

Allegation No. 2-Subsection B: BLANCH and his subordinates were subjected to an inappropriate and discriminatory audit in an effort to discredit BLANCH so that action could be taken against him, including termination. Efforts to discredit him involved fabrication of poor supervisory performance and attempts to "blackmail" his subordinates to be critical of BLANCH. The initiation of the IA was contrary to NU policy and procedures and inappropriate contacts were made with EPRI by SEARS.

1. BLANCH's memo to ROBY, dated November 30, 1988, requested permission to provide consulting services to EPRI (Exhibit 77).
2. ROBY, in writing, authorized BLANCH to provide the consulting services (Exhibit 78).
3. NE&O Procedure 2.15, Rev. 5, titled "Nuclear Concerns," describes a nuclear concern as "complaints, concerns, and other observations that relate to nuclear safety." This procedure also notes, "Employment and personal concerns not related to nuclear safety should be addressed through NUP 23 instead of through the NU nuclear concerns manager" (Exhibit 79, pp. 2 and 5).
4. NUP 23 titled, "Employee Grievances and Complaints," states that this policy

provides a method for employees to complain about working conditions, interpretation or application of policies and procedures, unjust disciplinary action, or other matters related to their employment. It also indicates that the management chain should be consulted in these cases (Exhibit 80, p. 1).

5. M. E. BROWN advised that NUP 23 (employee grievances and complaints) is the policy at NU that provides a means for an employee to make a complaint about, among other things, working conditions (Exhibit 208, p. 1).
6. Draft corporate guidelines for fraud and investigations (Exhibit 81), under the operating management section of Roles and Responsibilities, indicates "Management is not authorized to conduct an investigation" (p. 2), and, "if an irregularity or the suspicion of one, is uncovered by operating management, it is responsible for notifying IAD immediately" (p. 3). [A letter from NU's law firm to OI, dated November 21, 1990, is attached to Exhibit 81. It states that these corporate guidelines, although not officially adopted, have been used in practice (p. 8).]

INVESTIGATOR'S NOTE: Exhibits 82, 83, 84, and 85 are a Series of IAD Draft Reports on Alleged Time and Expense Abuse in GEE, dated from October 27, 1989, to November 14, 1989.

7. The first draft IAD report, dated October 27, 1989 (Exhibit 82), indicates that IAD investigated an allegation, that when BLANCH was out of the office, BHATT and CACCAVALE abused NU time and that it was condoned by BLANCH (p. 1). This version contains one reference to BLANCH in that he, as BHATT's and CACCAVALE's supervisor, ". . . did not provide enough oversight of his employees working habits in order to detect such abuses." This report, however, concluded that BLANCH was often out of the office himself for legitimate reasons, when many of the abuses occurred (p. 2).
8. This first IAD draft (Exhibit 82) also includes the statement, "additionally, it is possible that similar abuses have occurred by employees in other areas of GEE department, i.e., the Generation I&C Engineering Group" (p. 2).
9. The next draft report, dated October 30, 1989 (Exhibit 83), [after IAD met with ROBY and JOHNSON] contains the statements, "BHATT and CACCAVALE both contend that BLANCH was not fulfilling his supervisory responsibilities. They lodged complaints in this regard to BLANCH's management, suggesting he was so engrossed in his own technical project [Rosemount] that he had no time to attend to his subordinates" (p. 1).
10. This same draft report was absent the reference to "similar abuses . . . in other areas of GEE . . ." that was contained in the first draft (Exhibit 83, p. 1).

INVESTIGATOR'S NOTE: Nothing was done by IAD or NU management about the "similar abuses."

11. Another draft IAD report, dated October 31, 1989, contains the same negative comments about BLANCH's supervision (Exhibit 84, pp. 1 and 2).
12. The final audit report, dated November 14, 1989 (Exhibit 85), does not contain any of the words critical of BLANCH's supervision that appeared in the previous drafts. This final report has a statement that there was no evidence that BLANCH had knowledge of any of the abuses by BHATT and CACCAVALE (p. 1).
13. An IAD report, dated October 19, 1989, Subject: BLANCH/EPRI Project Investigation, concludes that BLANCH was not involved in wrongdoing (Exhibit 86, p. 1).
14. POLLOCK testified that he led the audit of BLANCH and his group. POLLOCK admitted that he was not a licensed certified public accountant (CPA) at the time he conducted the BLANCH audit/investigation [as was indicated on his business card]. POLLOCK stated that he was not required by NU to be a CPA to conduct audits (Exhibit 87, pp. 9-11).
15. POLLOCK testified that his first involvement in the subject audit was when he was told by his boss, AHLSTRAND, of a matter of concern to NU which had been related to AHLSTRAND at a September 1989 meeting between OPEKA, MROCZKA, SEARS, and RICHTERS (Exhibit 87, p. 15 and 16).

INVESTIGATOR'S NOTE: Handwritten IAD notes, undated, and not turned over to OI until after the interview of pertinent IAD personnel had been completed, contain a notation that appears to indicate when "we" [IAD] started the inquiry. The notes indicate a date of what appears to be September 6 which was scribbled out and replaced with September 15 (Exhibit 88, p. 1).

16. POLLOCK said the concerns that were related to him were 1) BLANCH was working for a vendor of NU on company time and 2) a couple of BLANCH's employees were leaving work early ". . . once or twice, something like that" (Exhibit 87, pp. 19 and 20).
17. POLLOCK testified that the individual with the concerns [that resulted in the IA] went to the nuclear concerns person, Dave DIEDRICK, even though, as it turned out, the concerns were not at all nuclear related (Exhibit 87, pp. 22 and 23)
18. POLLOCK testified that there have been times in the past when concerns have

been pursued by management (instead of internal audit). POLLOCK could not answer why these particular concerns were not handled by management (Exhibit 87, pp. 23 and 24).

19. POLLOCK acknowledged that the concerns that were raised about BLANCH's group could have been handled in accordance with NUP No. 23 (Exhibit 80), meaning that the concerns would have gone through the management chain for attempted resolution (Exhibit 87, pp. 24 and 25).
20. POLLOCK testified that he wanted to keep the management chain above BLANCH (ROBY, JOHNSON, and WERNER) out of the audit/investigation on time abuse, because he (POLLOCK) thought it might hurt IAD's ability to come up with the right answer (Exhibit 87, p. 45).
21. POLLOCK testified that the original time abuse allegation was not made against BLANCH so POLLOCK tried to "cut" BLANCH in, but separate the rest of the management chain due to the sensitivity (Exhibit 87, p. 65).
22. POLLOCK testified that the audit was initiated by either OPEKA, MROCZKA, or SEARS, or all three of them, when they requested help from the IAD (Exhibit 87, p. 69).
23. POLLOCK testified that he asked BLANCH's secretary to make the sign out log available to him without BLANCH's knowledge. POLLOCK acknowledged that he could have requested the logs from BLANCH himself (Exhibit 87, pp. 80-83).
24. POLLOCK said the first interview with BLANCH on September 29, (1989), was tape recorded but the recording was poor. POLLOCK said he got the impression during the interview process that BLANCH expressed his own suspicion of BHATT and CACCAVALE by stating to POLLOCK that he (BLANCH) had not been around the office much (Exhibit 87, p. 84).

INVESTIGATOR'S NOTE: The tape in question, deemed significant by OI because it apparently contained POLLOCK's verbal assertion as to the reasons for the audit, was made available to OI by the NU law firm; it is inaudible.

25. POLLOCK admitted that he tape recorded a phone conversation with BLANCH, without giving BLANCH notice that he was being taped. POLLOCK said he did so because he felt he couldn't trust BLANCH and thought BLANCH might implicate himself in some form of dishonesty (Exhibit 87, pp. 89-92).
26. POLLOCK initially testified that he was always honest with BLANCH and that, if he hadn't been, he (POLLOCK) could see why BLANCH wouldn't trust him or

cooperate with him (Exhibit 87, p. 91 and 93).

27. POLLOCK then acknowledged that he was not completely honest with BLANCH, because he informed BLANCH at the outset that the allegor was protected under Section 210, even though POLLOCK knew that the concerns raised by the allegor were purely administrative (Exhibit 87, pp. 109-111).
28. POLLOCK said he was aware there were [REDACTED] between the allegor and BLANCH, and BLANCH's group (Exhibit 87, pp. 96 and 98). 7c
29. POLLOCK testified that the allegor was not jealous about anything or anybody in BLANCH's group. POLLOCK allowed that [REDACTED] for certain employees could have been motivation for the allegor to bring his/her concerns forward (Exhibit 87, pp. 116 and 117). 7c
30. POLLOCK acknowledged that he told the allegor that he, "would make it look like a routine audit" to keep it as low key as possible (Exhibit 87, pp. 99 and 100).
31. POLLOCK acknowledged telling the allegor that, "I would want to save Fred SEARS for when we really do have something." POLLOCK testified that he really didn't mean that but was just ". . . trying to put him/her [the allegor] off" (Exhibit 87, pp. 101-104).
32. POLLOCK said he could not recall what he meant when he told the allegor, "This is not an auditable area yet." (Exhibit 87, pp. 105 and 106).
33. POLLOCK testified that he and MARINACCIO were initially concerned that they might have been ". . . put on to something as a retaliatory act by management." POLLOCK said these concerns were resolved when AHLSTRAND went to and received assurance from FOX that everything was legitimate (Exhibit 87, pp. 112-114).

INVESTIGATOR'S NOTE: The information about AHLSTRAND going to FOX contradicts the testimony of both AHLSTRAND and FOX (Exhibits 95 and 133, respectively).

34. POLLOCK testified that BLANCH told him that, if IAD was able to show him hard evidence against BHATT and CACCAVALE, he would support the IAD (Exhibit 87, p. 154).
35. POLLOCK defined hard evidence as the most absolute evidence, that being an eye witness. He said on the time and expense situation with BHATT and CACCAVALE IAD found that [REDACTED] on only one occasion (Exhibit 87, p. 154 and 155). 7c

36. POLLOCK acknowledged that the sign out log utilized by IAD as evidence against BHATT and CACCAVALE was not considered by NU as an officially mandated document, nor was it completely accurate. However, he did consider it to be auditable (Exhibit 87, pp. 169 and 170).
37. POLLOCK testified that the notes he made [REDACTED] of an interview with a person he chose not to identify because of confidentiality concerns, were accurate reflections of what was stated by that person to him and auditor MARINACCIO. POLLOCK indicated that these statements as written were taken into account and used as input for the conclusions reached in the audit report on time abuse by BHATT and CACCAVALE (Exhibit 87, pp. 175 and 176). 7c
38. POLLOCK testified that a draft audit report on time and expense abuse contained a reference to possible similar abuses occurring by other employees within GEE/I&C (see Exhibit 82, p. 2) but that IAD did not look further into that issue (Exhibit 87, pp. 77, 180, and 188).
39. POLLOCK indicated that drinking at lunch and playing golf on company time were activities that were apparently going on in SHAFFER's group, in light of a memo SHAFFER put out eliminating such activities (Exhibit 87, pp. 189 and 191).
40. POLLOCK testified that the October 30, 1989, draft IAD report lays blame on BLANCH for BHATT's and CACCAVALE's time abuse; and that BHATT and CACCAVALE told POLLOCK that BLANCH was not fulfilling his supervisory responsibilities (Exhibit 87, pp. 191, 192, and 194).
41. POLLOCK acknowledged that the first draft IAD report dated October 27, 1989, is absent any derogatory statements regarding BLANCH. He admitted that the drafts that followed did contain derogatory statements about BLANCH after he and MARINACCIO met with BLANCH's supervisors, ROBY and JOHNSON; and after they (IAD) were provided a copy of a ROBY memo, possibly dated April 28, 1989, which was also critical of BLANCH's supervisory skills (Exhibit 87, pp. 191 and 194-199).
42. ROBY's memo to JOHNSON, dated April 28, 1989, Subject: "Meeting with N. R. BHATT and A. R. ROBY on April 28, 1989," depicts BHATT's alleged complaints about BLANCH as a supervisor. ROBY writes that BHATT's concerns involved, "observation that his supervisor was not acting in a supervisory role but rather as an engineer engrossed in technical activities which interested him at the time" (Exhibit 89, pp. 1 and 2).
43. POLLOCK testified that he may have been pressured, and was influenced enough, by ROBY and JOHNSON to allow words critical of BLANCH's supervisory

capabilities to be incorporated into draft IAD reports. POLLOCK said the meeting with ROBY and JOHNSON ". . . kind of pushed us that extra step in that direction" (Exhibit 87, pp. 205, 206, 227, and 228).

44. POLLOCK subsequently admitted that there is no indication that BHATT ever provided IAD with any detrimental information regarding BLANCH's supervisory skills (Exhibit 87, p. 208).
45. POLLOCK testified that CACCAVALE told him BLANCH was a good technical engineer but a lousy administrator. POLLOCK said CACCAVALE did not blame BLANCH for the bind he was in with respect to the audit, but POLLOCK testified that is what he (POLLOCK) was listening for (Exhibit 87, p. 209).
46. POLLOCK acknowledged that the draft IAD reports on the BHATT/CACCAVALE time and expense abuse investigation, which he previously testified was kept independent of the BLANCH/EPRI investigation, inferred a cause and effect relationship. POLLOCK speculated that the cause was BLANCH's supervisory skills and the effect was abuse of time by BHATT and CACCAVALE, but POLLOCK admitted that BHATT and CACCAVALE did not provide IAD with any such inference (Exhibit 87, pp. 209 and 210).
47. POLLOCK testified that ROBY and JOHNSON ". . . certainly supported . . ." IAD's discussion of supervisory problems in a draft IAD report and that they made it clear to IAD that they felt there was a problem with BLANCH as a supervisor. POLLOCK added that they (ROBY and JOHNSON) were not very happy when the words critical of BLANCH were removed from the IAD final report (Exhibit 87, pp. 211 and 212).
48. POLLOCK admitted writing a memo, dated November 1, 1989 (Exhibit 124), about his October 27, 1989, meeting with ROBY and JOHNSON which reads in part, "we adjusted some of our wording in the report to reflect these points." POLLOCK acknowledged that the points were about BLANCH and were provided by ROBY and JOHNSON [even through the audit/investigation in question concerned only BHATT and CACCAVALE] (Exhibit 87, pp. 210-213).
49. POLLOCK stated that WERNER never took a position on BLANCH's supervisory skills appearing in any IAD reports. However, POLLOCK agreed that he wrote about an October 30, 1989, meeting with WERNER that, "WERNER had some comments about the earlier draft. His comments had been resolved in the newer draft. WERNER agreed with our findings . . ." (Exhibit 87, pp. 213-217).
50. POLLOCK agreed that the most noticeable changes from the October 27, 1989, and October 30, 1989, drafts concerned the references to BLANCH's supervisory

skills (Exhibit 87, pp. 217-220).

51. POLLOCK admitted that he notified JOHNSON on November 14, 1989, that "... all references to BLANCH's supervisory practices have been deleted." POLLOCK said he did this (notified JOHNSON) because he knew JOHNSON cared about the references to BLANCH's skills being in the report. POLLOCK said JOHNSON disagreed with IAD not reflecting something about BLANCH's supervisory ability (Exhibit 87, pp. 220 and 223).
52. POLLOCK testified that he became aware during the IAD investigation that ROBY, JOHNSON, and WERNER had been given, or were soon going to receive, letters of reprimand as the result of their dealings with BLANCH, but he decided to meet with ROBY, JOHNSON, and WERNER nonetheless (Exhibit 87, pp. 226-228).
53. POLLOCK acknowledged that neither the investigative/audit steps nor the degree of investigation by the IAD were consistent for everyone that the IAD looked at during the time and expense audit investigation (Exhibit 87, pp. 229-243).
54. For example, POLLOCK testified that the Berlin key card computer entry records were only checked for five individuals, not for everyone, even though some of the individuals showed leaving the plant site before the end of the work day [like BHATT and CACCAVALE] (Exhibit 87, p. 243).
55. POLLOCK said the key card entry system at Berlin is not completely accurate for all entries to the building (Exhibit 87, pp. 243 and 244).
56. POLLOCK testified that the IAD provided information to SANTORO and ZYSK of the NSCP concerning the initiation and conduct of the audit/investigation of BLANCH's activities (Exhibit 87, pp. 245 and 246).
57. POLLOCK testified that an IAD response to a question from the NSCP representatives about how IAD conducted the audit was not an accurate representation. He said that the response, "data from all sample population individuals were tested and analyzed to the same extent," was not a precise answer (Exhibit 87, pp. 246-251).
58. POLLOCK acknowledged that the IAD did not interview all employees who could have corroborated CACCAVALE's claims that he was at work on certain days that IAD initially cited as examples of possible time abuse (Exhibit 87, pp. 256 and 257).
59. POLLOCK was unaware of anyone looking around BLANCH's department, particularly at the sign out logs, in summer 1989, prior to the internal allegations

that ultimately triggered the audit of BLANCH's group (Exhibit 87, p. 263).

60. POLLOCK stated that possibly, unbeknownst to him, the audit might have been intended by someone to develop information on BLANCH, such that disciplinary action could be taken against him (Exhibit 87, pp. 273).
61. POLLOCK testified that BLANCH's management chain, with the exception of JOHNSON, impressed him to the point where he (POLLOCK) didn't believe the audit was intended by management to discredit BLANCH (Exhibit 87, pp. 273 and 274).
62. POLLOCK testified that ". . . you could probably conclude . . ." that maybe JOHNSON tried to mislead the IAD by making statements to IAD about BLANCH (Exhibit 87, pp. 273 and 274).
63. POLLOCK stated that he ". . . definitely picked up . . ." that JOHNSON would have liked to see something happen to BLANCH because of the audit (Exhibit 87, p. 274).
64. POLLOCK testified that BLANCH made it difficult on IAD to do their job (Exhibit 87, pp. 274 and 275).
65. POLLOCK testified that he would be "troubled" if the sole reason for disciplinary action against BLANCH would have resulted from his (POLLOCK's) audit of BLANCH's two employees (Exhibit 87, pp. 275 and 276).
66. POLLOCK said he can understand how the audit was perceived by some people as a sacrifice of BHATT and CACCAVALE in an effort to get something on BLANCH (Exhibit 87, p. 279).
67. SEARS testified that a person made allegations to him about BLANCH and BLANCH's group; actions were then taken to determine whether there was any foundation to those allegations (Exhibit 34, pp. 131-135).
68. SEARS testified that he did not refer the allegations to BLANCH's management, even though the (REDACTED) (Exhibit 34, pp. 137 and 138). 7C
69. SEARS testified that, if the allegations had involved someone other than BLANCH, he would have gone to the officer of that management chain (Exhibit 34, pp. 138-140).
70. SEARS testified that he caused the IA to occur, and that the decision to conduct the IA of BLANCH and BLANCH's group was ultimately a consensus decision

agreed to by MROCZKA, OPEKA, AHLSTRAND, and NU Counsel RICHTERS, with concurrence from FOX (Exhibit 34, pp. 141-145 and 161).

71. SEARS testified that the alleged made a ". . . specific statement . . ." that was attributed to BLANCH and which indicated that BLANCH knew and condoned BHATT and CACCAVALE misusing company time (Exhibit 34, pp. 148 and 149 and Exhibit 90, p. 19).

72. Handwritten notes by SEARS about allegations regarding BLANCH, include notes SEARS apparently made during an interview with the alleged on September 8, 1989 (redacted by law firm). They contain the notation ([REDACTED]) (Exhibit 91, p. 5).

7C+7D

INVESTIGATOR'S NOTE: Investigation has determined that the specific statement spoken of by SEARS was a reference to ([REDACTED]) ([REDACTED]). The alleged denied making such a statement and ([REDACTED]) denied hearing such a statement, which SEARS claimed tied BLANCH into the allegation of time abuse by BHATT/CACCAVALE.

7C+7D

73. SEARS said that when he interviewed the alleged he did not detect any jealousy during the interview or any motivation to get anybody in trouble (Exhibit 34, pp. 150 and 151).

74. SEARS testified that he did not check with ROBY, or anyone in BLANCH's management chain, to ascertain if they knew of BLANCH's EPRI activities before referring that matter to IAD. SEARS admitted that he was aware in February 1989 that BLANCH was working with EPRI on Rosemount transmitters (Exhibit 34, pp. 31, 32, and 154; and Exhibit 90, pp. 32 and 33).

75. SEARS testified that the internal allegation against BLANCH and his group was not raised as a nuclear safety concern. SEARS acknowledged that part of the NU nuclear concerns procedure declares that employment and personnel concerns not related to nuclear safety should be addressed through NUP 23 (see Exhibit 80), instead of through the nuclear concerns manager (Exhibit 34, pp. 155, 156, and 179).

76. SEARS testified that he did not seek concurrence with BLANCH's Vice President, WERNER, as to the initiation of the audit (Exhibit 34, pp. 159 and 160).

77. SEARS said he doesn't believe he told DOL that NE&O 2.15, the nuclear safety concern procedure at NU, was the ". . . appropriate way for the alleged to go" (Exhibit 34, p. 158).

7C+7D Portions

78. SEARS denied that the IA was used by management in an effort to discredit BLANCH (Exhibit 34, p. 163).
79. SEARS testified that he explained to EPRI's TAYLOR, in about late September 1989, that NU had some allegations he needed to clarify with TAYLOR regarding BLANCH (Exhibit 34, pp. 167 and 169).
80. SEARS reported that he had several follow up telephone contacts with TAYLOR after September 1989 (Exhibit 34, pp. 167 and 168).
81. SEARS testified that he was tasked with contacting TAYLOR due to a longstanding working relationship with EPRI (Exhibit 34, p. 170).
82. SEARS denied contacting EPRI to inquire as to BLANCH's activities prior to receipt of the internal allegations in September 1989 (Exhibit 34, pp. 171 and 172).
83. SEARS disclosed, however, having a conversation with TAYLOR in about the February - March 1989 time frame, when the Rosemount issue arose " . . . to make sure I understood what the interactions were that were going on there." SEARS indicated the conversation included discussion of EPRI's removal of WEISS from the Rosemount project (Exhibit 34, pp. 172-175).
84. SEARS said a topic of discussion at the September 14, 1989, pre-audit management meeting was the fact that there was an NRC document that BLANCH had that was critical of NU's management (Exhibit 90, pp. 26 and 27).
85. SEARS testified that, although AHLSTRAND's notes of the September 14, 1989, meeting contain a note that BLANCH was permitted to work for EPRI and that the permission was documented in a letter in "FS files," SEARS stated he did not know the basis for that notation, since he had no documents relating to BLANCH's approval. SEARS admitted that "FS" are his initials (Exhibit 90, pp. 32 and 33).
86. SEARS testified that, although AHLSTRAND's September 14, 1989, memo (see Exhibit 135) reflects that an investigation indicated that BLANCH was correct about a safety issue he raised, that BLANCH was harassed by his superiors because of it, and that the three NE&O officers were very concerned with it [the harassment], SEARS did not know of any basis for AHLSTRAND's comment in the memo, because he (SEARS) was unaware of any investigation that substantiated harassment (Exhibit 90, pp. 33-35).
87. SEARS acknowledged that he never sought clarification from AHLSTRAND about the notes or the memo, which SEARS described as, in general, a very

accurate representation of the September 14, 1989, meeting (Exhibit 90, pp. 35-37).

88. SEARS testified that he did not recall any discussion of LRS or LRS's findings/conclusions being discussed at the September 14, 1989, meeting (Exhibit 90, pp. 41 and 42).

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7C

7C & 7D portions

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98.

99. BLANCH contends that NU violated NU procedure by not referring the issues to his management chain in accordance with NUP 23 (employee grievance procedure), since the issues were not related to nuclear safety (Exhibit 5, pp. 117-119).

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105.

106.

10 + 12 p. 119

107. [REDACTED]

INVESTIGATOR'S NOTE: DOL requests that all DOL documents be protected from disclosure to third parties.

108. DOL's typewritten notes of [REDACTED] of an oral interview with [REDACTED] indicate [REDACTED] (Exhibit 93, p. 1).

7c +
7D

109. The same DOL notes indicate that a formal interview of [REDACTED] took place on [REDACTED]. The notes indicate [REDACTED] (Exhibit 93, p. 2).

7c +
7D

110. MARINACCIO testified that he was a part of the audit team that looked into BLANCH's group (Exhibit 93, p. 13).

111. MARINACCIO testified that the allegor against BLANCH and BLANCH's group [REDACTED] MARINACCIO said that could have given rise to the way the allegor was feeling (Exhibit 94, p. 45).

7c + 11

112. MARINACCIO indicated that the first memo he read from AHLSTRAND, prior to the audit, contained information that BLANCH had safety concerns. MARINACCIO said, from his view point, the audit was not a means to HI&D against BLANCH (Exhibit 94, pp. 46-68).

113. MARINACCIO testified that he got the impression that the IA was initiated by upper management and that some type of senior level investigation was gone before it was turned over to the IAD (Exhibit 94, p. 50).

114. MARINACCIO said the allegations he was aware of were not in any way related to nuclear safety (Exhibit 94, p. 50).

115. MARINACCIO testified that, after interviewing BLANCH in late September 1989, he was concerned that the IAD might be used to retaliate against BLANCH and he told POLLOCK that he did not want to be a part of it. MARINACCIO advised that he and POLLOCK met with AHLSTRAND, who said he would pursue the issue with FOX. MARINACCIO recollected that AHLSTRAND eventually said everything was OK (Exhibit 94, pp. 48 and 59).

116. MARINACCIO testified that this type of an audit "... was quite unusual," and

that he had never worked on a situation where employee allegations came through the nuclear side of NU (Exhibit 94, pp. 53 and 54).

117. MARINACCIO testified that he was instructed by ROBY and JOHNSON, in a meeting after the BHATT/CACCAVALE time abuse audit had been completed, that ROBY and JOHNSON thought the IAD was too harsh on BHATT/CACCAVALE and that ". . . maybe . . . they're doing this because they're disenchanted . . ." with BLANCH's supervision (Exhibit 94, pp. 61 and 62).
118. MARINACCIO testified that BLANCH's management skills were not part of the audit on BHATT and CACCAVALE (Exhibit 94, p. 63).
119. MARINACCIO reported that BHATT and CACCAVALE were the only two employees, out of the four who worked for BLANCH, that weren't actively engaged in the Rosemount work (Exhibit 94, pp. 63 and 64).
120. MARINACCIO testified that after the first draft audit report was written on October 27, 1989, which was absent critical words about BLANCH's supervision, IAD held meetings with JOHNSON and ROBY. MARINACCIO indicated JOHNSON and ROBY began "painting" a picture that started to "amplify" that BLANCH was not fulfilling his supervisory responsibilities, which began to "filter" its way into the audit report (Exhibit 94, pp. 71 and 72).
121. MARINACCIO indicated that WERNER desired to have words in the audit report critical of BLANCH, because he (BLANCH) was the supervisor of BHATT and CACCAVALE (Exhibit 94, pp. 77 and 78).
122. MARINACCIO testified that notes made by POLLOCK [REDACTED] (Exhibit 94, pp. 83 and 84).

INVESTIGATOR'S NOTE: This conflicts with what was testified to by [REDACTED] (Exhibit 98, pp. 48-52).

123. MARINACCIO testified that POLLOCK, as the lead auditor, led BLANCH to believe that the audit of his group was a routine audit of time and expenses, which was not the case (Exhibit 94, pp. 85 and 86).
124. MARINACCIO testified that the key card records for the Berlin office did not accurately reflect all entrances to the building. However, he acknowledged that those same entry records were used, in part, to substantiate that BHATT and CACCAVALE did not return to Berlin when they said they had (Exhibit 94, pp. 102, 103, 115).

125. MARINACCIO testified that he was present at a mid to late November 1989 meeting with WERNER to discuss possible options concerning disciplinary action as the result of the audit on BHATT and CACCAVALE. MARINACCIO declined to comment on communications at this meeting due to the assertion of corporate attorney client privilege (Exhibit 94, pp. 122-125).
126. NU's form titled, "Resolution of a Reported Possible Conflict of Interest," indicates BLANCH's EPRI situation was evaluated by NU and determined on May 4, 1989, not to be a conflict (Exhibit 117, pp. 1-3).
127. MARINACCIO reported that he did the EPRI conflict of interest audit on BLANCH and found that BLANCH had disclosed the relationship but that MAHANNAH and MEEHAN, BLANCH's subordinates, had not. No action of any kind was taken against MAHANNAH or MEEHAN (Exhibit 94, pp. 133 and 134).
128. MARINACCIO testified that SEARS decided he wanted to contact EPRI for information on BLANCH after MAFINACCIO had completed the work for IAD and presented it to POLLOCK. MARINACCIO added that after a discussion between POLLOCK and SEARS, SEARS apparently ". . . wanted to satisfy himself on that angle . . ." (Exhibit 94, p. 135).
129. MARINACCIO acknowledged that he could have personally, as a representative of IAD, contacted PAI [or EPRI] for information on BLANCH (Exhibit 94, pp. 139 and 140).
130. AHLSTRAND testified that, generally, he is the person at NU who initiates audits (Exhibit 95, p. 14).
131. AHLSTRAND decided to initiate the audit of BLANCH and BLANCH's group after a meeting was held [with management] (Exhibit 95, pp. 16-18).
132. AHLSTRAND testified that the audit in question was referred to as "M-25," or "the Paul BLANCH audit" (Exhibit 95, p. 22).
133. AHLSTRAND testified that the allegations that were made against BLANCH and BLANCH's group were not related to nuclear safety (Exhibit 95, p. 27).
134. AHLSTRAND disclosed that he never learned the name of the source of the allegation(s) against BLANCH and BLANCH's group, "because as part of the nuclear concerns program, they are guaranteed confidentiality . . ." (Exhibit 95, p. 37).

135. AHLSTRAND said that confidentiality was given to the alleger in the BLANCH case but that the granting of confidentiality by IAD is ". . . done very rarely" (Exhibit 95, p. 38).

INVESTIGATOR'S NOTE: AHLSTRAND's testimony about confidentiality being granted rarely conflicts with what POLLOCK and MARINACCIO conveyed to OI.

136. AHLSTRAND recalled that MARINACCIO voiced a concern to him that the IAD might be used to discredit BLANCH for management's purposes. AHLSTRAND stated that, ". . . that is one of the ways that departments get things done" (Exhibit 95, pp. 45 and 46).
137. AHLSTRAND testified that the IAD investigation was not conducted on BLANCH's supervisory skills or on a management concern involving BLANCH, even though a draft report may have questioned those very skills (Exhibit 95, pp. 49-53).
138. AHLSTRAND testified that the work BLANCH had done [EPRI] while working for NU, which resulted in the conflict of interest allegation, was, ". . . pretty well known amongst all of the people involved" (Exhibit 95, p. 66).
139. AHLSTRAND acknowledged that the facts in an audit or investigation should stand on their own and should not be influenced by anybody, one way or the other (Exhibit 95, p. 71).
140. AHLSTRAND acknowledged that one of the draft IAD reports on time and expense abuse included mention that similar abuses had occurred by employees in other areas of I&C, but he was unaware if anything was done with that information (Exhibit 95, pp. 69-71).

INVESTIGATOR'S NOTE: AHLSTRAND declined to answer OI questions involving communications that occurred at a meeting between NSCP and the IAD due to attorney/client privilege (Exhibit 95, pp. 83 and 85).

141. AHLSTRAND testified that he was not privy to any information indicating that the audit/investigation of BLANCH was conducted in order to discredit BLANCH (Exhibit 95, p. 89).
142. MIRABELLA, who worked on the audit of BLANCH's group, testified that department sign out logs used in the IA were not required by policy and were kept in a fashion which permitted free access by the employees in the department (Exhibit 96, pp. 13, 21, and 22).

143. MIRABELLA testified that not all areas of the plant sites require a computer recorded entry, nor does the Berlin key-card entry system show all entries into the main building (Exhibit 96, pp. 23-26).
144. MIRABELLA said the Berlin key card entries were only checked for BLANCH's group (Exhibit 96, pp. 27-33).
145. MIRABELLA acknowledged that words favorable to BHATT were taken out of a draft audit report. MIRABELLA also acknowledged that he couldn't prove that CACCAVALE was home when he was supposed to be at work, but that was MIRABELLA's impression (Exhibit 96, pp. 43-45 and 49-51).
146. MIRABELLA testified that he never got the feeling that the IAD was being used by management against BLANCH (Exhibit 96, pp. 58-60).
147. MIRABELLA testified that the fact that BLANCH raised a safety concern involving the Rosemount transmitter was known in the IAD "early on" (Exhibit 96, p. 70 and 71).
148. MIRABELLA said he was only involved in one other time and expense audit, one where an employee fraudulently charged expenses of between \$15,000 and \$20,000 (Exhibit 96, pp. 72-74).
149. ETTORE testified that he was part of the audit team that looked into allegations made against BLANCH in September 1989 (Exhibit 97, p. 12).
150. ETTORE's understanding of the audit in question was that there was a time and expense review that IAD was going to accomplish because of an allegation made against BHATT and CACCAVALE (Exhibit 97, pp. 13-15).
151. ETTORE testified that the key card entry records at the Berlin site were only checked for BHATT and CACCAVALE, and possibly BLANCH, MEEHAN, and MAHANNAH; they were not checked for all persons (Exhibit 97, p. 28).
152. ETTORE said that he checked the key card entry records at Berlin to validate whether BHATT and CACCAVALE had in fact returned to the building as they had indicated. ETTORE acknowledged, however, that not all entries are captured by the key card reader, i.e., when the card is not used, and when other means of entry to the building are made (Exhibit 97, pp. 30-33 and 39).
153. ETTORE acknowledged that other employees left the plant site early on various occasions and were not shown on key card entries as having returned to the Berlin office, as in the cases of BHATT and CACCAVALE (Exhibit 97, pp. 40-44).

INVESTIGATOR'S NOTE: Records in the form of computerized key card entries of the Berlin, Connecticut, headquarters of NU were acquired by OI. These records, on numerous occasions, failed to verify the return of individuals to Berlin after leaving the protected area of the plant sites. These same records were utilized by IAD as a piece of evidence to substantiate that BHATT and CACCAVALE had not returned to Berlin. These key card entry records, due to the volume, are being maintained in OI files in Region I.

154. ETTORE testified that he ". . . would be very much surprised . . ." if the other auditors [POLLOCK and MARINACCIO] met with ROBY, JOHNSON, and WERNER during the audit if they had known that those same individuals had received letters of reprimand for mishandling BLANCH (Exhibit 97, pp. 47 and 48).
155. ETTORE testified that he never felt the IAD was being used by management to discredit BLANCH. However, he acknowledged an informal conversation with other auditors on the audit team about, "making sure they weren't being used to get back at Paul." ETTORE was satisfied that they weren't used (Exhibit 97, pp. 59 and 60).

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7047D

7047D portions

162.

163.

164.

165. Handwritten notes (redacted), dated October 13, 1989, of an IAD meeting with [REDACTED], purportedly reflect information given by [REDACTED] with

166.

167.

168. JOHNSON testified that in November 1988 BLANCH misrepresented his relationship with EPRI when he (JOHNSON) and ROBY were deciding whether to permit BLANCH to work for the EPRI project on the Rosemount transmitter. JOHNSON could not determine if the misrepresentation was intentional (Exhibit 37, pp. 22 and 24).

169. JOHNSON said that had he known that BLANCH would be working for EPRI via PAI, he would not have agreed to allow BLANCH to work on the EPRI project (Exhibit 37, p. 22).

170. JOHNSON acknowledged that IAD looked into the conflict of interest situation with BLANCH and found no wrongdoing (Exhibit 37, p. 25).

171. JOHNSON disclosed that he learned from WERNER in September or October 1989 that the company had initiated an audit of BLANCH or BLANCH's group. JOHNSON told WERNER he disagreed with the audit because it was an insensitive way to treat BLANCH at that point in time and it was "... not a very bright thing to do" (Exhibit 37, p. 100).

172. JOHNSON testified that he was not involved in the decision to initiate the audit (Exhibit 37, p. 100).
173. JOHNSON testified that he was not interviewed by anyone from IAD during the conduct of the audit, but he and ROBY met with POLLOCK to discuss a draft audit report dated October 27, 1989 (Exhibit 37, pp. 106 and 107).
174. JOHNSON disclosed that he had conversation with POLLOCK about the lack of thoroughness of evidence in the audit report, as compared to past audits completed by IAD. JOHNSON stated that he was concerned that the report didn't reflect a good job (Exhibit 37, pp. 110 and 111).
175. JOHNSON denied discussing with POLLOCK on October 27, 1989, anything relative to BLANCH's supervisory capabilities. JOHNSON also did not believe he or ROBY provided any documentation to POLLOCK (Exhibit 37, pp. 111-113).

INVESTIGATOR'S NOTE: This conflicts with the testimony of POLLOCK and MARINACCIO.

176. JOHNSON testified that he did not recall providing the words critical of BLANCH to POLLOCK on October 27, 1989, which ended up in the October 30, 1989, draft IAD report (Exhibit 37, pp. 121-123).
177. JOHNSON denied that he attempted to have BHATT provide critical information regarding BLANCH's supervisory capabilities (Exhibit 37, pp. 131 and 132).
178. JOHNSON testified that the company has not, in the past, undertaken audits to check on a supervisor's capabilities (Exhibit 37, pp. 135 and 136).
179. JOHNSON reported that POLLOCK called him on November 14, 1989, to tell him that all references to BLANCH's supervisory practices had been deleted from the draft IAD report. JOHNSON acknowledged that this occurred after ROBY wrote JOHNSON a note about referencing the IAD report, and the words critical of BLANCH's supervision, in BLANCH's 1989 performance review (Exhibit 37, pp. 146-153).
180. JOHNSON testified that he made it known to WERNER that he felt no one should have been disciplined as a result of the audit (Exhibit 37, pp. 154 and 155).
181. ROBY said he was notified by POLLOCK the morning of the day when the audit of BLANCH's group began (Exhibit 29, p. 128).
182. ROBY testified that POLLOCK instructed him that the audit to be conducted

- was "normal," which ROBY equated with "routine" (Exhibit 29, pp. 130 and 131).
183. ROBY said the circumstances concerning BLANCH at the time, in his opinion, didn't make a normal audit advisable. ROBY said doing the audit was "ridiculous" and said he told POLLOCK that (Exhibit 29, pp. 131 and 132).
 184. ROBY testified that POLLOCK disclosed that he (POLLOCK) had been told to do the audit (Exhibit 29, p. 133).
 185. ROBY testified that no one from the IAD ever contacted him about the BLANCH - EPRI situation, nor did any IAD representative interview him for information regarding time and expense issues before he saw a draft audit report (Exhibit 29, pp. 136-138).
 186. ROBY testified that he and JOHNSON met with IAD's POLLOCK and MARINACCIO on October 27, 1989, to discuss the draft audit report on the time and expense issue. ROBY said he did not recall providing IAD with any memos, particularly an April 28, 1989, memo that contained complaints critical of BLANCH's supervision (Exhibit 29, pp. 142-149).
 187. ROBY acknowledged that the October 31, 1989, draft IAD report on time and expense abuse contains words critical of BLANCH's supervision of BHATT and CACCAVALE, which could have come out of ROBY's April 28, 1989, memo (Exhibit 89). ROBY denied requesting that IAD insert those words critical of BLANCH (Exhibit 29, pp. 150-152).
 188. ROBY testified that he did not recollect telling IAD that, "this report will be used to support other situations." He also did not recall saying, "they [BHATT/CACCAVALE] are paying the penalty for situations the supervisor allowed to unfold." He said his only meeting with IAD was on October 27, 1989 (Exhibit 29, pp. 154-160).
 189. ROBY disclosed that in October 1989 he met with CACCAVALE about CACCAVALE's decision to accept a transfer out from BLANCH's supervision. ROBY acknowledged that he asked CACCAVALE to put any complaints he had about BLANCH in writing, since CACCAVALE had verbally told him (ROBY) that he was concerned with the quality of supervision he was getting from BLANCH. ROBY told CACCAVALE to think it over, and if he decided to put it in writing it would receive a lot of attention from management (Exhibit 29, pp. 162-168).
 190. ROBY denied asking CACCAVALE to put his concerns in writing so there would be support for IAD's conclusions about BLANCH's lack of supervisory oversight (Exhibit 29, p. 168).

191. ROBY acknowledged that he and JOHNSON met with BHATT in October 1989, when BHATT claimed he wanted a transfer because of the "... poor quality of supervision from Paul." ROBY said BHATT was also asked to put his concerns in writing (Exhibit 29, pp. 169-173).
192. ROBY testified that he had no input into whether BLANCH was going to be disciplined as a result of the IAD report on BHATT and CACCAVALE (Exhibit 29, pp. 184 and 185).
193. ROBY testified that he, JOHNSON, and WERNER, in conjunction with the legal department, authorized BLANCH to become a contractor to EPRI for the transmitter failure study (Exhibit 29, pp. 26-28).
194. ROBY said BLANCH was not permitted to use company facilities or resources for the EPRI work (Exhibit 29, pp. 26 and 27).
195. ROBY's memo to BLANCH dated November 30, 1988, Subject: "Consulting Services to EPRI, Rosemount Transmitters," states BLANCH was allowed to use OFIS records for data, as well as other NU employees (Exhibit 78).
196. ROBY testified that had he known that BLANCH was going to work as a subcontractor to EPRI, via PAI (Bob LORD), he would not have approved BLANCH's consulting services, because it was a conflict of interest situation (Exhibit 29, pp. 211-213).
197. ROBY testified that he believes BLANCH willfully misled him and provided him incorrect information when negotiating with him (ROBY) on the EPRI independent consulting services (Exhibit 29, pp. 214 and 215).
198. ROBY acknowledged that he looked into the EPRI issue and found that BLANCH properly charged time and expenses. He noted that IAD apparently didn't investigate the relationship between BLANCH and LORD (Exhibit 29, pp. 213 and 214).
199. ROBY testified, if that relationship gets investigated, he (ROBY) might be dismissed for allowing BLANCH to work for LORD, because he didn't verify the information given to him by BLANCH (Exhibit 29, p. 215).
200. M. B. BROWN opined that it was "... incredibly stupid of the company ..." to audit BLANCH, BHATT and CACCAVALE, considering the sensitivity involved with BLANCH and Rosemount (Exhibit 22, p. 45).
201. M. B. BROWN opined, based in part on a conversation he had with OPEKA in October 1990, that the corporate officers of NU were satisfied that they had a

legitimate complaint against BLANCH, and they saw it as a "clean case" which was going to be used as a means of leveraging BLANCH (Exhibit 22, pp. 53 and 54).

202. M. B. BROWN opined that BLANCH is a weak supervisor and the company recognized that as an "achilles tendon" of his and attempted to have BLANCH's subordinates incriminate him in that regard. BROWN opined that had it been someone else other than BLANCH they would not have pursued the issue with the same vigor (Exhibit 22, pp. 45, 54, and 55).
203. M. B. BROWN opined that there was no basis to audit BLANCH's activities with EPRI, because BLANCH had NU's permission and MROCZKA was well aware of that. BROWN was at a loss why SEARS was involved in the audit regarding EPRI because it had nothing to do with SEARS' responsibilities at NU (Exhibit 22, pp. 59 and 60).
204. MAZZIE said it was "definitely possible" that the IA of BLANCH/BLANCH's group was an effort to discredit BLANCH so legitimate disciplinary action could be taken against him. He said the discrepancies found by time sheet reviews were not out of the ordinary and could be found on anybody at NU. MAZZIE advised that highly untrustworthy evidence was utilized by IAD (Exhibit 220, p. 1).
205. MEEHAN stated that the most serious example of HI&D or retaliation was the initiation and conduct of an inappropriate IA on BLANCH and BLANCH's group, which resulted in two suspensions without pay (Exhibit 62, pp. 1-3).
206. MAHANNAH testified that he was interviewed by IAD. MAHANNAH advised that the auditors basically spent the majority of the interview time questioning him concerning BLANCH's supervisory skills and work habits (Exhibit 54, p. 2).
207. MAHANNAH said the auditors tried to get him to berate BLANCH as a supervisor; however, he never complained to anyone about BLANCH as a supervisor (Exhibit 54, pp. 3 and 4).
208. MAHANNAH said his name was given to the auditors by CACCAVALE to support CACCAVALE's contention that he was at work on at least two of the days questioned by auditors; he was never contacted by IAD for confirmation (Exhibit 54, p. 3).
209. MAHANNAH opined that BHATT and CACCAVALE were "sacrificed" in an effort to discredit BLANCH, because BLANCH was a burden on management due to the Rosemount transmitter issue (Exhibit 54, p. 3).
210. SAMEK opined that the internal audit was initiated on BLANCH's group to "get

something on BLANCH." He advised that this is a widely held rumor at NU (Exhibit 11, p. 5).

211. SAMEK said that the types of evidence used by IAD could be used to find discrepancies on any employee that they (IAD) wanted to look at closely enough (Exhibit 11, p. 5).
212. SAMEK said he was with BHATT on one of the occasions that IAD charged BHATT with an abuse of NU time, yet he was never contacted by IAD for corroboration (Exhibit 11, p. 5).
213. SAMEK believes WERNER was directed to suspend BHATT and CACCAVALE. SAMEK said that if they were suspended based on the sign out logs and key card entries, "they were railroaded" (Exhibit 11, p. 5).
214. SAMEK advised that during an interview concerning a Rosemount related grievance, Bob BUSCH, who IAD reported to, told SAMEK that there was no way the IA had anything to do with BLANCH and that, "there was no way that an allegation of a nuclear concern would have initiated a fraud audit." SAMEK questioned these statements in his mind because of his understanding that the original allegation was raised as a nuclear concern and did result in the audit (Exhibit 11, pp. 6 and 7).
215. Transcripts of the IAD's taped interviews of the allegor on September 18, 1989, and October 2, 1989, reflect that the allegor told IAD that the BLANCH/PAI/EPRI issue is ". . . more personal, a personal gripe . . ." because he/she and other employees have to work overtime for nothing (Exhibit 100, pp. 21, 22, and 52 and Exhibit 101, p. 14).
216. The IAD representative's statement to the allegor about the audit, ". . . I'm probably going to have it look like we are doing an employee expense audit, a kind of routine thing that we do, where we get into . . . some questionable management practices like not knowing the whereabouts of the people and approval of time sheets and expenses . . . I would want to save Fred SEARS for when we really do have something . . ." (Exhibit 100, pp. 27 and 28).
217. The IAD representative's comment to the IAD allegor on October 2, 1989, about BLANCH after the audit was already in progress, ". . . what is it that he is doing wrong to the company that we can go verify?" (Exhibit 101, p. 11).
218. The IAD representative's statements to the allegor on October 2, 1989, that management should have been able to take care of the entire problem and, speaking about the EPRI issue, ". . . this is not really an auditable area, so far,

and . . . we're still suffering like we don't really have an angle to play here"
(Exhibit 101, pp. 19-22).

219. IAD's and the allegor's verbal exchange of October 2, 1989, concerning BLANCH possibly being worried, that because of BHATT and CACCAVALE, he (BLANCH) might be looked upon as not being a good supervisor (Exhibit 101, pp. 29 and 30).
220. KLOCZKO testified that he was aware of a statement being made to the effect that the audit of BLANCH had been directed against him (BLANCH) to discredit him. He denied making such a statement. KLOCZKO testified that Bill LEPPER, a friend, told him that BLANCH was saying that the IAD was out to get him (BLANCH). KLOCZKO said he relayed this information to IAD's POLLOCK in the fall of 1989 (Exhibit 102, pp. 20-24).
221. McBRIEN advised that he was told by a member of the IAD that the general feeling within the audit group was that the IAD was on a "witch hunt," and that they were out "to bag Paul BLANCH" (Exhibit 103, p. 1).
222. McBRIEN disclosed that he was told by the same IAD member that the audit of BLANCH and his group began after an anonymous phone call concerning a safety event was taken by POLLOCK (Exhibit 103, p. 2).
223. COMSTOCK confirmed a March 1990 conversation, whereat he heard an individual, probably LINTHICUM, state that it was his (LINTHICUM's) understanding, or that he (LINTHICUM) had heard, that the IA of BLANCH's group was a "head hunting job" and that IAD was to "go dig up something" (Exhibit 104).
224. LINTHICUM testified that he had heard in December 1989 or early 1990, from a person who worked in the IAD, that this person in turn had heard, that the auditors were supposed to investigate BLANCH and the impression was, ". . . they were supposed to find something on BLANCH" (Exhibit 105, pp. 13-15 and 23).
225. LINTHICUM acknowledged that when he heard the statement regarding the audit he thought there may have been some amount of truth to it, but he no longer believed that to be so (Exhibit 105, p. 27).
226. LINTHICUM disclosed the name of the auditor who made the statement about the IA of BLANCH as "Steve" (Inu) [This was a compelled interview] (Exhibit 106, p. 1).
227. Steven MILLER testified that he was a member of the IAD during the period of

- the BLANCH audit but did not actively participate in the inquiry (Exhibit 107, p. 1).
228. S. MILLER testified that he participated in a conversation with "Roy" (nfi) concerning the audit of BLANCH (Exhibit 107, p. 1).
229. S. MILLER testified that he did not recall stating to "Roy" that the IAD was supposed to find something against BLANCH. MILLER, however, allowed that "Roy" may have taken something out of context in terms of him possibly stating that the IAD identifies findings or concerns (Exhibit 107, p. 1).
230. S. MILLER testified that he was not aware of information that the IA of BLANCH was used as management's tool to find something on him (Exhibit 107, p. 2).
231. WHITELOW advised that he did not disagree with the disciplinary action that resulted from the IA, if it was warranted. WHITELOW stated that it was rumored that SEARS initiated the audit. WHITELOW opined that this would not make any sense, since SEARS was in a different chain of command than BLANCH's group (Exhibit 108).
232. BHATT contends the audit was conducted solely to discredit BLANCH and that ROBY, JOHNSON, and WERNER, attempted to use him (BHATT) to incriminate BLANCH from a supervisory standpoint. When he declined to do so, BHATT was suspended shortly thereafter when WERNER told him he "had to do it" (Exhibit 109, pp. 1-4).
233. BHATT testified that WERNER, in a meeting on November 28, 1989, told BHATT that ROBY's and JOHNSON's credibility was at stake and their jobs were in jeopardy because of a memo written by JOHNSON. BHATT said the memo quoted him (BHATT) as saying that poor quality of supervision was the reason he wanted a transfer out of BLANCH's group. BHATT said he told WERNER that the memo was mostly made up of misquotes (Exhibit 109, p. 4).
234. BHATT said BLANCH had been discriminated against by being weakened at NU by the withholding of project work from his group, by being removed from the Rosemount issue, and by the suspensions of him (BHATT) and CACCAVALE due to a faulty and unfair internal audit (Exhibit 109, p. 5).
235. CACCAVALE testified that the IA was unfair, flawed, violative of procedures, and was aimed at discrediting BLANCH because BLANCH raised a safety concern involving Rosemount transmitters (Exhibit 110, pp. 1-3).
236. CACCAVALE testified that the auditors "hammered me" on BLANCH's

supervisory policies (Exhibit 110, p. 3).

237. CACCAVALE testified that he met with ROBY to check on the audit status during the conduct of the audit and ROBY attempted to elicit from him discrediting information about BLANCH and said, "it was the appropriate time to report such criticism" (Exhibit 110, p. 3).
238. CACCAVALE advised that subsequent to the meeting with ROBY, he was suspended by WERNER for one week. CACCAVALE testified that WERNER spoke words to the effect that he (WERNER) didn't stand behind the suspension but that he had to do it (Exhibit 110, p. 3).
239. ROBY's handwritten notes of "conversation with G. CACCAVALE" in October 1989, indicates that CACCAVALE was primarily concerned with the quality of supervision in his group and its inattentiveness to his needs. The notes continue that CACCAVALE felt that issues arising from the recent audit were primarily the result of his supervisor's actions (Exhibit 111, p.1).
240. CACCAVALE's personal meeting notes of October 20, 1989, with the notation that, "the audit was long, trying to incriminate me and also trying to get me to accuse my supervisor [BLANCH] of wrongdoing" (Exhibit 112, p. 2).
241. As reflected on an OI Telephone Conversation Record of June 4, 1991, CACCAVALE advised that, during the audit, ROBY attempted to get him to say negative things about BLANCH's supervision and told him that (CACCAVALE) that he should think about it over the weekend and tell "us," because management will be all "ears" (Exhibit 113).
242. The same Telephone Conversation Record reflects that CACCAVALE was told by an Engineer, Bill LEPPER, that LEPPER had kiddingly complained to co-workers about BLANCH's group, not to NU management (Exhibit 113).
243. LRS handwritten notes, dated October 2 [1989], of information provided by BLANCH, indicate that CACCAVALE had gone to ROBY in order to protest the audit. The notes reflect that ROBY asked CACCAVALE to write a letter stating what his dissatisfaction with BLANCH was (Exhibit 114).
244. CACCAVALE's transcribed interview with IAD [on October 20, 1989], is absent any significant criticism of BLANCH's supervision by CACCAVALE, other than CACCAVALE's statement that ". . . my supervisor is a technically sharp engineer, but he's a poor administrator, which I've told him that many times" (Exhibit 204).
245. BHATT's transcribed interview with IAD [on October 20, 1989], is absent any significant criticism of BLANCH's supervisory abilities. The IAD representative

told BHATT, in reference to the initiation of the audit that, "the complaint initially came up as a possible nuclear concern complaint . . ." and when SEARS recognized that it was not nuclear related he referred it to IAD (Exhibit 205, pp. 1 and 2).

246. An excerpt of a transcript, undated, of a IAD taped interview with MAHANNAH, indicates that the IAD representative instructed MAHANNAH that the time and expense reporting work being done [by IAD] was "routine" and done at least every year (Exhibit 115, p. 1).
247. MAHANNAH told the IAD of an individual who made statements about CACCAVALE and BHATT ("Gerry and Nir") not being at work. MAHANNAH told IAD the person had no basis to make those statements. MAHANNAH further told IAD that the individual was making a wild guess and was conjecturing about Gerry and Nir. MAHANNAH further related to IAD how the individual making the statement about Gerry and Nir's whereabouts ([REDACTED])
[REDACTED]
[REDACTED]) (Exhibit 115, pp. 2-5). 7c+7D
248. POLLOCK's handwritten notes for a meeting with BLANCH on September 29, 1989, contain a notation indicating that one or more employees made allegations and their "identity is protected by Section 210." The notes further reflect that the person who raised these concerns appeared to be credible, in that there did not seem to be a motive or vendetta against BLANCH or BLANCH's employees (Exhibit 116, p. 1).
249. JOHNSON's memo to WERNER, dated October 11, 1989, depicting an October 6, 1989, meeting between ROBY, JOHNSON, and BHATT, whereat BHATT purportedly stated that the overall reason for a transfer request was "poor quality of supervision from Paul" (Exhibit 118).
250. Handwritten notes of BHATT, dated October 4, 1989, regarding his request for a transfer to the I&C project group, are absent criticism of BLANCH's supervisory capabilities (Exhibit 122, pp. 1 and 2).
251. BHATT testified that his notes were the points he desired to make with ROBY and JOHNSON, but they embellished his comments and documented them in the October 11, 1989, memo (Exhibit 109, pp. 2 and 3).
252. WERNER's handwritten notes of November 28, 1989, regarding a discussion with BHATT with the notation, "sucked into audit . . . sat with GJL/ARR -- needed better reason to be transferred, i.e., PMB supervision." The notes indicate BHATT admitted commenting negatively about BLANCH at an October 6, 1989,

meeting with ROBY and JOHNSON (Exhibit 123, pp. 1 and 2).

253. JOHNSON's handwritten notes of October 6, 1989, with the initials ARR, GLJ, NB (BHATT) of meeting with BHATT. JOHNSON's notes reflect that BHATT requested to be transferred and they contain the notation -- "quality of supervision is issue" (Exhibit 119, p. 1).
254. Handwritten notes of BHATT (date is unintelligible) reflect, ". . . during the meeting I was asked by ARR [ROBY] so many times that is it [request for transfer] all due to 'poor quality of supervision' by PMB (BLANCH)." BHATT's notes indicate that supervision was one of his reasons, but that there were also other reasons (Exhibit 120, p. 1).
255. LRS handwritten notes of a discussion with BHATT and CACCAVALE on November 1 [1989], indicate that ROBY and JOHNSON were trying to get them (BHATT and CACCAVALE) to say something bad about BLANCH's supervision. The notes further indicate that ROBY wanted them to put in writing a complaint about BLANCH's poor quality of supervision, and that they (ROBY and JOHNSON) were trying to use statements about BLANCH to discredit BLANCH and LRS (Exhibit 121, pp. 1-3).
256. A memo from POLLOCK to GEE project files, dated November 1, 1989, Subject: Meetings Re: GEE Draft Report," indicates that POLLOCK and MARINACCIO of IAD met with ROBY and JOHNSON on October 27, 1989. The memo documents ROBY's and JOHNSON's apparent statements to IAD about BHATT's and CACCAVALE's complaints about BLANCH being ". . . engrossed in the Rosemount project." The memo indicates ROBY provided IAD with a memo that summarized a May 1989 meeting between BHATT and ROBY (Exhibit 124, p. 1).

INVESTIGATOR'S NOTE: ROBY testified that the only meeting he had with BHATT in this time frame was on April 28, 1989 (Exhibit 29, p. 152).
257. The POLLOCK/GEE memo also indicates, "we [IAD] adjusted some of our wording in the report to reflect these points" (Exhibit 124, p. 1).
258. The same memo indicates that IAD met with WERNER on October 30, 1989, to discuss the draft report. The memo notes, "WERNER had some comments about the earlier draft. His comments had been resolved with the newer draft" (Exhibit 124, p. 1).
259. A WERNER to BLANCH draft memo, dated November 3, 1989, Subject: "Supervisory Negligence," cites the IAD audit report and its findings and conclusions that BLANCH was negligent in discharging his supervisory

responsibilities. The memo contains a statement about the potential termination of BLANCH for continued neglect (Exhibit 125, p. 1).

260. A ROBY memo, dated December 5, 1989, to the NU grievance panel, cites the IAD report on BHATT and CACCAVALE as, "... compelling evidence . . ." regarding BLANCH's "lack of responsible conduct;" and also that the IAD report "... substantiates the correctness of my actions," for meeting with BLANCH in April 1989 (Exhibit 126).
261. An excerpt from IAD handwritten notes, undated, contains the following notation from a meeting with ROBY and JOHNSON: "Supvr engrossed in technical issues -- did not spvse anyone" (Exhibit 127).
262. ROBY's statement of grievance for a hearing on November 27, 1989, reflects, "I am convinced that my conduct responded correctly to the situation that arose . . . to correct an unsatisfactory supervisory situation. Those actions were taken entirely on the basis of the supervisors failure to act responsibly toward subordinates in his charge." ROBY also writes about BLANCH's "... dereliction of supervisory responsibility . . ." (Exhibit 128, p.1).

INVESTIGATOR'S NOTE: The phrase, "... actions were taken entirely on the basis . . ." contradicts what ROBY wrote in other documents, as well as what he testified to before OI.

263. IAD handwritten notes contain the notation, "A. ROBY — This report will be used to support other situations" (Exhibit 129, p. 1).

INVESTIGATOR'S NOTE: ROBY testified (Exhibit 29, p. 128) that he met with the IAD on only one occasion on the draft IAD report on the BHATT and CACCAVALE time abuse case. Therefore, it is inferred that "this report" referred to the IAD report on BHATT and CACCAVALE.

264. The same IAD handwritten notes contain the following notation under the heading of ROBY: "B [BLANCH] — set the scene for this — not being there-no oversight; scene is set — they talked to ROBY and JOHNSON — no work direction; They are paying penalty for situation supvr. allowed to unfold . . . State of mind impaired — pushed them to this activity" (Exhibit 129, p. 2).
265. JOHNSON's typed notes of November 14, 1989, depict a phone call from IAD's POLLOCK about all references in the IAD report on BLANCH's supervisory practices having been deleted and that WERNER was unaware of this (Exhibit 130).
266. WERNER testified that "we" had given BLANCH permission to continue his

EPRI work as an independent consultant (Exhibit 39, pp. 65, 80, and 117).

267. WERNER reported that all of BLANCH's travel had been approved by management (Exhibit 39, pp. 89 and 92).
268. WERNER testified that he had no input into the decision to conduct the IA of BLANCH, nor was he involved in it (Exhibit 39, pp. 110-113).
269. WERNER did not believe the audit focused on BLANCH's supervisory capabilities (Exhibit 39, pp. 116-120).
270. WERNER testified that the issue of BLANCH's consulting agreement with EPRI could have been resolved without the use of IA if someone had asked him or ROBY about it. WERNER reiterated that BLANCH's EPRI work had been authorized by management and the work had ceased five months before the audit began (Exhibit 39, pp. 118 and 119).
271. WERNER testified that he was not directed to take disciplinary action against BHATT and CACCAVALE (Exhibit 39, p. 121).
272. WERNER testified that he was present at a November 1989 meeting with NU Counsel RICHTERS, an IAD representative, and a human resources representative, whereat disciplinary action against BLANCH was discussed (Exhibit 39, pp. 121-124).
273. WERNER declined, based on attorney/client privilege, to answer OI questions relative to the substance of the disciplinary action discussions about BLANCH, indicating, "I just may involve other people that I -- I shouldn't respond to that" (Exhibit 39, p. 123).
274. MROCZKA's memorandum of November 14, 1989, to WERNER, Subject: "Potential for Incorrect Information in Two Memos," with an assignment due date of December 1, indicates the assignment was for WERNER to ascertain if BLANCH's subordinate (BHATT) was accurately quoted by ROBY and JOHNSON regarding disparaging remarks about BLANCH as a supervisor (Exhibit 131, p. 1).
275. WERNER advised that he met with BHATT about the potential for inaccurate information in the memos written by ROBY and JOHNSON, wherein they quoted BHATT's critical comments about BLANCH's supervision. WERNER said he interpreted BHATT as being in agreement with the words in the memos (Exhibit 39, pp. 128-131).

INVESTIGATOR'S NOTE: This statement conflicts with the testimony of BHATT who said he didn't agree with the entirety of the memo.

276. WERNER denied making a statement to BHATT that his two managers (ROBY and JOHNSON) were in trouble because of the possible inaccurate information in the memos. He further denied asking BHATT to help him out (Exhibit 39, p. 132).
277. WERNER testified that he wrote the note of his discussion (Exhibit 123) with BHATT, "sat with GLJ, ARR -- needed better reason to be transferred, i.e., P.M. BLANCH supervision," but he (WERNER) did not mean that BHATT told him that ROBY and JOHNSON wanted BHATT to be critical of BLANCH's supervisory capabilities (Exhibit 39, pp. 133-137).
278. WERNER denied telling BHATT, CACCAVALE, and BLANCH, on the day that he issued suspensions to BHATT and CACCAVALE, that he didn't agree with the action, but he had to do it (Exhibit 39, p. 144).
279. A handwritten note from WERNER to Ed (MROCZKA), contains the following notation, "Do you still want to go ahead with the one week suspensions for BHATT & CACCAVALE based on the fact that no action will be taken against BLANCH?" MROCZKA's reply, written on the note and dated November 21, 1989, is "Yes" (Exhibit 132).
280. WERNER explained that his reason for writing this note to MROCZKA was because he thought MROCZKA might want to mitigate the disciplinary action against BHATT and CACCAVALE, since BLANCH was their supervisor (Exhibit 39, pp. 141-143).
281. WERNER denied even intimating to BHATT on November 28, 1989, that if he (BHATT) was critical of BLANCH, that he (BHATT) wouldn't be suspended because of the IA (Exhibit 39, p. 150).
282. WERNER testified that he interpreted ROBY's written remark ". . . it substantiates my actions," as meaning that IAD substantiated ROBY meeting with BLANCH on April 3, 1989 (Exhibit 39, pp. 153 and 154).
283. WERNER testified that he was not aware of the existence of any documentation of BLANCH's poor supervisory practices or complaints about his personality being made prior to April 1989 (Exhibit 39, pp. 155 and 156).
284. WERNER stated that he is not aware of anything documented in BLANCH's performance reviews before 1989 that would indicate other than normal performance (Exhibit 39, p. 156).

285. WERNER said BLANCH was never targeted for the progressive, constructive discipline program at NU (Exhibit 39, p. 156).
286. WERNER indicated that it was his belief that whatever SEARS did, including contacting an industry group about BLANCH, was done before the audit (Exhibit 39, p. 159).
287. WERNER testified that it is not typical for a person's performance evaluation to be reviewed by corporate counsel at NU, as was done with BLANCH's 1989 review (Exhibit 39, pp. 175 and 176).
288. WERNER testified that he was not aware of an effort to delay BLANCH's performance review until IAD made their findings on BLANCH. However, WERNER acknowledged that he probably told ROBY to cite in BLANCH's performance review the IAD report on BLANCH's lack of supervisory control (Exhibit 39, pp. 178-181).
289. WERNER testified that a performance review normally does not take from October 1 to December 27 to complete, as was done in the case of BLANCH in 1989 (Exhibit 39, p. 183).
290. WERNER acknowledged that there are words critical of BLANCH's supervision in the December 1989 performance review that relate to the Rosemount transmitter issue (Exhibit 39, pp. 181 and 182).
291. WERNER testified that ROBY never complained to him about a lack of performance by BLANCH and is unaware of anything documented which would indicate a problem prior to April 3, 1989 (Exhibit 39, p. 186).
292. WERNER agreed that BLANCH's performance reviews from December 1985 up to 1988, prior to the Rosemount issue, were favorable (Exhibit 39, p. 184-186).
293. MROCZKA acknowledged that WERNER had doubts about giving letters of reprimand to BHATT and CACCAVALE based on the IA, since no action was going to be taken against BLANCH (Exhibit 23, pp. 262-264).
294. MROCZKA claimed he didn't know that BLANCH was working as a consultant to EPRI on the Rosemount issue (Exhibit 23, pp. 32 and 33).
295. An EPRI letter, dated May 10, 1991, to the EPRI Attorney, Frederick BARON, contains information regarding the forms of approval that EPRI secured prior to BLANCH's involvement on the EPRI Rosemount project. An enclosure to this letter contains a handwritten note, dated December 23, 1988, indicates BLANCH

contacted MROCZKA and OPEKA and that they were aware and concurred (Exhibit 219, p. 5).

296. MROCZKA admitted that he was less than candid with BLANCH concerning the reason for the audit (Exhibit 64, pp. 195, 196, and 210).
297. MROCZKA testified he recommended and suggested to IAD that they take the words critical of BLANCH's supervision out of a draft IAD report (Exhibit 64, pp. 223-225 and 238).
298. MROCZKA testified that the draft IAD report about BHATT and CACCAVALE contained information that would have merited disciplinary action against BLANCH (Exhibit 64, p. 242).
299. MROCZKA testified that BLANCH ". . . had some culpability . . ." in the negative audit findings on BHATT and CACCAVALE, but MROCZKA could not state what the basis was for that finding (Exhibit 64, pp. 244 and 245).
300. MROCZKA was not aware of any written counseling reports or past disciplinary action taken against BLANCH for poor supervisory practices (Exhibit 64, p. 255).
301. FOX testified that either he or ELLIS made the decision to audit BLANCH and BLANCH's group (Exhibit 133, pp. 76 and 77).
302. FOX said the audit took place because SEARS represented to him that the person who made the allegations against BLANCH and BLANCH's group was credible and honest (Exhibit 133, pp. 75, 82, and 110).
303. FOX testified that, to his knowledge, the audit was conducted even handedly and with special sensitivity (Exhibit 133, pp. 83 and 84).
304. FOX testified that he met with BLANCH in early October 1989 and felt satisfied that BLANCH left the meeting with the understanding that the audit was not initiated in order to retaliate against him, even though the reasons for the initiation of the audit might have been represented to BLANCH as being related to nuclear safety (Exhibit 133, pp. 91-99 and 104).
305. FOX said no one came to him from IAD for assurance that IAD wasn't being used by management to discredit BLANCH (Exhibit 133, p. 105).
306. FOX testified that, in certain cases involving expenses, the IAD would inquire into the supervisory signatures that authorized payment to employees, but he noted that supervisory audits are not normally conducted by IAD (Exhibit 133, pp. 112 and 113).

307. FOX testified that, to his knowledge, the company was not contemplating taking action against BLANCH as a result of the audit relating to his supervisory performance involving BHATT and CACCAVALE (Exhibit 133, pp. 113 and 115).
308. FOX testified that at, or near the end of the audit, he was informed by AHLSTRAND and/or OPEKA that IAD had identified, and were concluding that BLANCH's supervisory talents were less than perfect (Exhibit 133, pp. 116-121).
309. FOX testified that he told AHLSTRAND and/or OPEKA to take the negative words about BLANCH out of the report (Exhibit 133, p. 117).
310. OPEKA testified that he took a lead role in getting the audit initiated (Exhibit 59, pp. 73 and 74).
311. OPEKA testified that resolution of an allegation of time and expense abuse does not need attention from his level of management and typically does not require legal advice (Exhibit 59, p. 87).
312. OPEKA said, absent the Rosemount issue, he would not have been involved with the audit (Exhibit 59, p. 89).
313. OPEKA testified that a prerequisite to the initiation of the audit was to check the credibility of the source of the allegations (Exhibit 59, pp. 89 and 92).
314. OPEKA testified that he was aware that a draft audit report indicated that maybe there should have been disciplinary action involving BLANCH, because he should bear responsibility for his subordinates wrongdoing. However, OPEKA testified he discussed the issue of BLANCH's responsibility with POLLOCK, and they concluded that that part of the report would be removed (Exhibit 59, pp. 94-97).
315. OPEKA testified that he was not aware that WERNER had drafted a letter of reprimand/supervisory negligence for BLANCH, which cited the IAD report on BHATT and CACCAVALE (Exhibit 59, p. 99).
316. ELLIS testified that FOX initiated the internal audit (Exhibit 134, p. 47).
317. ELLIS said that anytime an employee's time sheets and expense reports are being audited IAD also looks at the employees' supervisor, since it is the supervisor who signs those documents (Exhibit 134, p. 59).
318. MROCZKA's memo to all NE&O supervisor's, dated December 13, 1988, indicates, "I will hold both the employee and his/her supervisor accountable for fraudulent expenses" (Exhibit 221).

INVESTIGATOR'S NOTE: CACCAVALE's expense report, with both BLANCH's and ROBY's signatures is Exhibit 206 and is provided as an example. No evidence exhibits indicating that IAD was attempting to hold ROBY responsible in this regard.

319. ELLIS said BLANCH's culpability as a supervisor was discussed in meetings, but not any potential disciplinary action, because no culpability had been concluded by IAD (Exhibit 134, p. 60-62).
320. ELLIS was unaware that draft IAD reports contained words critical of BLANCH's supervision (Exhibit 134, p. 63).
321. A memo from AHLSTRAND to files, dated September 14, 1989, subject matter: "Possible Fraud," indicates AHLSTRAND met with OPEKA, MROCZKA, SEARS, and RICHTERS, to discuss allegations against BLANCH and his subordinates that were made known to SEARS and to decide what, if any action, should be undertaken. AHLSTRAND wrote, ". . . that BLANCH had previously made allegations about a safety issue at MP and claimed his supervisors would not listen to him and they harassed him. An investigation indicated that Paul was correct on both counts" (Exhibit 135, pp. 1 and 2).
322. This same memo from AHLSTRAND indicates that BLANCH's subordinates, BHATT and CACCAVALE, were leaving work early when BLANCH wasn't around, and the allegation was that BLANCH had knowledge of the practice and, in fact, condoned it [REDACTED] (Exhibit 135, p. 3). next 10
323. AHLSTRAND's handwritten notes of a meeting on September 14, 1989, with OPEKA, MROCZKA, SEARS, and RICHTERS, contains information apparently communicated at this meeting. In this document are the following notations: "Paul was given permission to work for EPRI (there is a ltr in F.S. [SEARS] files);" "Paul has also made allegation (was correct and he was harassed);" and "did anyone put this individual up to this" (Exhibit 136, pp. 3 and 5).

The EPRI/PAI Perspective of the Internal Audit

324. A copy of BLANCH's memo of April 4, 1989, to ROBY, concerning HI&D related to the Rosemount transmitter issue, contains a handwritten notation in the left margin that reads, "LET'S FIND OUT!???" with an arrow pointing to the paragraph, "you [ROBY] stated that according to Rosemount, NUMARC and EPRI, my conduct has been extremely unprofessional. I believe that both Rosemount and NUMARC may have raised this issue but feel that EPRI has not." (Exhibit 137).

325. MROCZKA denied, even in light of his own handwritten note made in or about April 1989, "Let's Find Out," that he directed anybody to contact EPRI at that time to check on BLANCH (Exhibit 64, pp. 60 and 61).
326. MROCZKA advised that he and IAD directed SEARS to contact EPRI about BLANCH (Exhibit 64, pp. 265 and 266).
327. OPEKA indicated that he did not ask or direct SEARS to contact EPRI officials about BLANCH. He testified that he was aware of one contact by SEARS. OPEKA said there might have been more contacts to EPRI about BLANCH (Exhibit 59, pp. 102-105).
328. D. MILLER testified that he had a personal meeting with SEARS before BLANCH went to DOL, whereat SEARS informed him (MILLER) that MROCZKA directed him (SEARS) to investigate BLANCH's "travel expenses," even though BLANCH's travels were known about (Exhibit 17, p. 5).
329. D. MILLER said SEARS felt he may have been "set-up" by being directed by MROCZKA to investigate BLANCH (Exhibit 17, p. 6).
330. D. MILLER testified that SEARS was distraught about his future at NU and told MILLER he (SEARS) felt his career at NU was "dead" (Exhibit 17, p. 6).
331. A DOL typed telephone conversation record with EPRI's Joe WEISS, dated December 1, 1989, contains a notation that WEISS stated, "complications caused by questioning, to avoid future problems, that they [EPRI] will not allow anymore subcontract work by BLANCH or any other NU/ee [Employee]" (Exhibit 138).
332. A DOL typed telephone conversation record with Bob LORD of Performance Associates, dated December 1, 1989, contains the following notations: LORD was called by Bill SUN and Joe WEISS of EPRI and was asked a series of questions about BLANCH; and ". . . due to the types of questions asked and the way they were asked, that he could not let BLANCH perform anymore work through his company" (Exhibit 139).

INVESTIGATOR'S NOTE: EPRI's contact with PAI was a direct result of NU's contact with EPRI.

333. SEARS' DOL interview, dated November 28, 1989, indicates SEARS stated that, prior to the allegation, he was aware that BLANCH had a contract arrangement with EPRI and that BLANCH had told him about it around March or April 1989. The interview indicates SEARS advised TAYLOR that, "we should not have employees here who work for NU to perform subcontract work . . ." This DOL interview also indicated that SEARS felt the nuclear concerns procedure (NEO