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May 22, 1984

MEMORANDUM FOR: Chairman Palladino  
 Commissioner Gilinsky  
 Commissioner Roberts  
 Commissioner Asselstine  
 Commissioner Bernthal

FROM: George H. Messenger, Acting Director /s/GMessenger  
 Office of Inspector and Auditor

SUBJECT: CATAWBA NUCLEAR POWER STATION -- REVIEW OF NRC HANDLING  
 OF ALLEGATIONS

The attached report documents the Office of Inspector and Auditor's (OIA) investigation into concerns contained in a September 14, 1983, letter from the Government Accountability Project (GAP) to the Commission. The letter requested the Commission to modify the Construction Permit for Catawba Nuclear Power Station (Units 1 and 2) as a result of a significant quality assurance/quality control (QA/QC) breakdown at Catawba and the failure of NRC Region II staff to take appropriate action to determine the extent of the QA breakdown. In support of their request, GAP presented examples of apparent Region II mishandling of allegations of QA/QC breakdown at Catawba. Based on our review of the information provided by GAP, we determined the following five allegations were appropriate for investigation by OIA:

- In October 1980, Mr. George F. Maxwell, the Catawba Resident Inspector, breached the confidentiality of QC welding inspectors when he informed [REDACTED] at Catawba, that welding inspectors were bringing problems to him and were documenting deficiencies in personal notebooks.
- Mr. Peter K. Van Doorn, the NRC Resident Inspector at Catawba since February 1981, failed to acknowledge the seriousness of the problems at Catawba. Van Doorn learned of the QC problems at Catawba in February 1981; however, he did not react to the warnings from QC inspectors of major QA problems at Catawba until February 1982 and did not refer the concerns of the QC inspectors to the Region II personnel responsible for investigating deliberate utility wrongdoing.

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- On December 20, 1982, Van Doorn violated the confidence of Catawba workers when he provided [redacted], [redacted], notes of interviews conducted by Van Doorn during an inspection of QC welding inspectors' concerns.
- On December 20, 1982, Van Doorn violated NRC policy regarding the release of draft information to licensees when he provided [redacted] with notes of interviews conducted by Van Doorn during an inspection of QC welding inspectors' concerns.
- The Region II Administrator did not force DPC to bring the Catawba construction project into compliance with 10 CFR requirements in that it was not until 1982 that DPC implemented its 1974 commitment to split the QA function from Construction and Engineering. Additionally, the Region II Administrator did not respond to allegations of harassment, intimidation, and falsification of records brought to his attention by the Catawba Resident Inspector.

OIA investigation did not substantiate GAP allegations that on two occasions NRC breached the confidentiality of Catawba workers. During conferences with DPC management, George Maxwell and Peter Van Doorn related information they gathered during interviews of Catawba inspection personnel in conjunction with ongoing NRC inspections. Maxwell and Van Doorn did not mention any names and the nature of the information provided DPC management was such that responsible sources were not disclosed. Maxwell and Van Doorn did not violate the NRC policy regarding confidentiality of witnesses which has been, and continues to be, protection of the identity of the source of information rather than the information itself.

Our investigation of Van Doorn's response to DPC QC inspectors' concerns disclosed no impropriety by Van Doorn. When Van Doorn first assumed the position of NRC Resident Inspector at Catawba in February 1981, he was not aware of any current, open concerns of welding inspectors. Van Doorn's involvement with QC welding inspector concerns began on February 1, 1982, when [redacted] welding inspectors informed him of technical and non-technical concerns. On March 3, 1982, [redacted] welding inspector reported a technical concern to Van Doorn. Van Doorn promptly notified Region II management and investigative personnel of the concerns by telephone and memoranda. Region II assessed the information and decided on actions to be taken in response to the information provided by the QC inspectors. Van Doorn complied with the Region II directives addressing the QA/QC problems at Catawba.

In regard to Van Doorn's release of draft information to [redacted], OIA determined that no NRC policy in effect at that time was violated. On December 20, 1982, Van Doorn discussed Inspection Report 50-413/83-32 and 50-414/82-3G with [redacted]. This inspection report documented the results of Van Doorn's final review of DPC Task Force actions concerning welding inspectors' concerns. As a basis for discussion, Van Doorn prepared a synopsis of interviews he conducted with QC welding inspectors and supervisors concerning their perceptions of the effectiveness of the DPC Task Force. During the briefing, Van Doorn provided [redacted] a copy of the synopsis. The synopsis was a factual summary of interview results and was not a draft of the Inspection Report. Region Office Instruction (ROI) No. 0908, dated August 31, 1982, contains NRC and Region II policy regarding the release of draft

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inspection reports to licensees in effect on December 20, 1982. The ROI prohibited the release of draft inspection reports to licensees without the knowledge and consent of the Regional Administrator; however, the prohibition did not affect the requirement for inspectors to conduct exit interviews in which they informed licensees of inspection findings. Although discouraged from doing so, inspectors were allowed to provide licensees with a written outline of findings as long as the licensee understood the document reflected only the views of the inspector and was not a draft of the inspection report details. Consequently, although clearly discouraged from doing so, Van Doorn was within the provisions of the ROI when he released the synopsis to [REDACTED]

OIA investigation disclosed no impropriety by James P. O'Reilly, Region II Administrator, in carrying out his regulatory responsibilities regarding Catawba. Region II closely monitored efforts by DPC in 1973 to separate the QA function at Catawba from Construction and Engineering, and the Region concluded in a Safety Evaluation Report issued on October 12, 1973, that DPC's QA organizational structure was acceptable. On April 17, 1975, after DPC took additional steps to further the independence of the Catawba QA organization, NRC again affirmed acceptability of the DPC QA organization. It was not until August 7, 1975, that construction permits were issued for Catawba.

The response by O'Reilly to Catawba QC welding inspector's allegations of harassment, intimidation and falsification was also within regulatory guidelines. After the Region II management and investigative staff carefully reviewed the information provided by the welding inspectors, O'Reilly made the decision to refer the matter to DPC for action. O'Reilly also directed Region II to closely monitor the actions of DPC to ensure compliance with NRC regulations. O'Reilly did not act improperly when he made the management decision to allow DPC, subject to review by NRC, to conduct its own investigation and develop and implement corrective action on issues it had initially identified.

cc: W. Dircks, EDO (5 cys)  
B. Hayes, OI, w/o attach

Distribution:  
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DATE	May 22, 84	5/29/84	5-22-84			