

UNITED STATES OF AMERICA  
NUCLEAR REGULATORY COMMISSION

DOCKETED  
USNRC

BEFORE THE ATOMIC SAFETY AND LICENSING BOARD

\*85 JUN 28 P1:43

In the Matter of )

HOUSTON LIGHTING AND POWER COMPANY, )  
ET AL. )

(South Texas Project, Units 1 & 2) )

OFFICE OF SECRETARY  
REGULATORY & SERVICE  
BRANCH

Docket Nos. 50-498  
50-499

NRC STAFF TESTIMONY OF  
DONALD E. SELLS REGARDING HIS  
DISCOVERY OF THE QUADREX REPORT

Q1. Please state your name, affiliation and position.

A1. My name is Donald E. Sells. I am employed by the U.S. Nuclear Regulatory Commission, Bethesda, Maryland. I am currently the NRR Project Manager for St. Lucie Units 1 and 2.

Q2. Have you had a past affiliation with the South Texas Nuclear Project?

A2. Yes. From April 1980 through November 1982, I was the NRR Project Manager for the South Texas Nuclear Project.

Q3. Have you prepared a statement of your professional qualifications?

A3. Yes. A copy is attached to my testimony.

Q4. In your capacity as Project Manager for the South Texas Project, when did you first learn about the existence of the Quadrex Report and what were the circumstances surrounding this event?

A4. In May 1981, I first learned about the Report itself. My initial awareness that HL&P was contracting with an outside consulting firm to conduct an audit of Brown & Root's activities for the South Texas Project was in early 1981.

As a result of the controversy surrounding this audit of Brown & Root's activities, whose results were later published in what is referred to as the "Quadrex Report", on February 8, 1982, I furnished an NRC investigator a certified statement describing how I learned about this Report. A copy of this statement is attached to my testimony. For the convenience of the reader, I include a typed copy as well as the hard written copy which I originally certified.

Q5. Does this certified statement represent as full and complete an account as you are aware of how the Quadrex Report first came to your attention?

A5. Yes, it does.

Q6. Is there anything you wish to add at this time to your certified statement.

A6. No.

STATEMENT

PLACE: Houston, Texas

DATE: 2-8-82

I, Donald E. Sells, hereby make the following voluntary statement to Mr. D. D. Driskill, who has identified himself to me as an Investigator with the U.S. Nuclear Regulatory Commission. I make this statement freely with no threats or promises of reward having been made to me.

I am currently NRR Project Manager for the South Texas Project. I have served in this capacity since approximately April, 1980.

In about Jan/Feb 1981, during either a meeting or a telephone conversation, Jerry Goldberg, VP, Nuclear Design and Construction, HL&P told me that HL&P was contracting with an outside consulting firm to conduct an audit of the B&R design at STP. I believe he told me it was going to be a three month effort and was to begin about that time.

On April 21, 1981, I had a telephone conversation with Jerry Goldberg during which he told me that the Quadrex Report (for the results of their audit) would be completed in early May '81. He said that he expected some 50.55(e) reports to result from the audit. He also raised a question as to the best method for him to present these results to "headquarters" (which I assumed to mean NRR and I&E HQ Staff) and Region IV. I indicated we could give that some thought and discuss it upon receipt of the report. He also told me that I could see the report once he had gotten it. I understood this to mean he would allow me to review the report in Houston or Bay City at a later date.

Near the end of April '81, during the course of a meeting concerning Engineered Backfill, I casually mentioned to Roy Hall, Region IV, that Goldberg had told me of the pending Quadrex Report and the potential

50.55(e) reports. This conversation took place during a break in the hallway. I don't recall any response regarding this matter from Hall. I believe I suggested that he pass this information to the appropriate Region IV personnel.

During the week of May 11, 1981, I met with Goldberg, at his suggestion, for a briefing on the results of the Quadrex Report. This took place in the Holiday Inn, Bay City, Tx. He advised me that three potential 50.55(e) items had been identified in the report and had been reported to Region IV. He explained that one of these was identified by B&R during their review of the report and the other two had been identified by HL&P during their review. He mentioned the various areas looked at by Quadrex and identified the categories into which each issue in the report was placed. Goldberg indicated there was a fairly large number of items identified in the report and that the report drew conclusions that were not based upon an in-depth review. I got the impression that Goldberg was not pleased with the report. He also indicated that HL&P intended to take an in-depth look at all issues identified in the report and take whatever corrective action that might be necessary. This meeting lasted about 15 to 20 minutes. I do not recall Goldberg having any notes or papers with him. He did not have a copy of the report with him at the meeting. During this meeting he did not offer to allow me the opportunity to see the report nor was my seeing the report discussed. I do not recall Goldberg mentioning any intention to discuss the Quadrex Report with Shannon Phillips or NRC Region IV.

Subsequent to that meeting I advised Shannon Phillips of the existence of the report and mentioned that three 50.55(e)'s were identified in the report.

Near the end of August 1981, Shannon Phillips called me and advised me he'd seen the Quadrex Report, as a result of a Region IV Investigation, and expressed some concerns relating to that report. He told me he had also expressed his concerns to Region IV and they were going to send someone to further examine the report. At that time I informed my supervisors of Phillips concerns and requested that I go to Texas, in September 1981, to see the report myself.

During an early September '81 conversation with, I believe, Cloin Robertson (HL&P Manager of Licensing) he told me I could see the report during the week of September ASLB hearing in Houston, Texas. Early during that week I was given all three volumes of the report. I reviewed Volume 1, which was the Executive Summary, and prepared a table showing the categories (severity levels) of the eight areas covered in the report. I subsequently discussed my reaction to the report with Ed Reis and advised him the ASLB should see the report. Mr. Reis agreed and I understand he so advised the applicants lawyer, Jack Newman, who later provided a copy of the report to the Board and all parties to the proceeding.

It is my opinion that Goldberg and HL&P did not notify Region IV of the Quadrex findings because he did not know how to handle the findings and associated conclusions. I don't believe that HL&P willfully withheld the Quadrex Report from NRC.

I have read over, understand and initialled errors in the foregoing 5 page statement. I certify, under penalty of perjury, that the foregoing statement is true and correct to the best of my knowledge and belief. Executed on February 8, 1982. Donald E. Sells.

Executed before me this 8th day of February 1982 at Houston, Texas.

Ronald W. Driskill  
Inv RIV

Witness: J. E. Gazlimf 2/8/82



STATEMENT

PLACE: HOUSTON, TX

DATE: 2-8-82

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Near the end of April '81, during the course of a meeting concerning Engineered Backfill, I casually mentioned to Ray Hall, RIV, that Goldberg had told me of the pending Quadrex Report and the potential 50.55(e) reports. This conversation took place during a break in the hallway. I don't recall any response regarding this matter from Hall. I believe I suggested that he pass this information to the appropriate Region IV personnel.

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I have read over, understand and initialled errors in the foregoing 5 page statement. I certify, under penalty of perjury, that the foregoing statement is true and correct to the best of my knowledge and belief. Executed on Feb. 8, 1982. *Donald Ellis*

Executed before me this 8th day of Feb 1982 at Houston Tx  
*Donald Ellis*  
INV *REW*

WITNESS: *GE [Signature]* 2/8/82

PROFESSIONAL QUALIFICATIONS OF  
DONALD E. SELLS

My name is Donald E. Sells and I am currently a Senior Project Manager in the Division of Licensing, Office of Nuclear Reactor Regulation, Nuclear Regulatory Commission.

I received my B.S. degree from the U.S. Military Academy, West Point, New York, in June 1952 and my M.S. degree in nuclear engineering from North Carolina State University, Raleigh, North Carolina, in May 1961.

After graduating from the Military Academy, I served in the Army for 20 years, first in the infantry and then for about 15 years in the Corps of Engineers. While in the Corps of Engineers, I supervised both horizontal and vertical construction projects. I retired from the Army in June 1972 at the rank of LTC.

My initial work at the then AEC was as an environmental project manager involved in the preparation of environmental statements. I was later made an assistant for state relations for the Assistant Director for Environmental Projects. When the NRC was established, I was assigned to the Nuclear Energy Center Site Survey. When that project was completed, I became a research analyst in the Director's office, Office of Nuclear Reactor Regulation. After this assignment I returned to environmental projects until April 1980 when I was transferred to the Division of Licensing and was assigned the South Texas Project as Project Manager. I was assigned to the St. Lucie Plant in November 1982 and am currently the Senior Project Manager for St. Lucie Units 1 and 2.