

GOVERNMENT ACCOUNTABILITY PROJECT

25 E Street, N.W., Suite 700
Washington, D.C. 20001

(202) 347-0460

February 12, 1988

Lando W. Zech, Jr.
Chairman
U.S. Nuclear Regulatory Commission
Washington, D.C. 20555

Re: South Texas Nuclear Project worker allegations

Dear Chairman Zech:

We read with great interest a recent newspaper article in which you were quoted as saying that "100 percent" of allegations related to nuclear plant equipment are investigated by the Nuclear Regulatory Commission (NRC). The relevant section of the article reads as follows:

Adm. Lando W. Zech, Jr., chairman of the Nuclear Regulatory Commission, stressed in an interview that his agency's goal was public health and safety and that when an allegation was made about plant equipment, "100 percent get investigated," often by X-raying piping or testing equipment. But he said "people allegations," in which "somebody said something to somebody," were harder to investigate.

See, New York Times, January 31, 1988, "Nuclear Agency Said to Lag in Seeking Out Crime," p. 8 (attached). We were astonished to read your statement because it has not been the experience of the Government Accountability Project (GAP) that "100 percent" of equipment-related allegations are investigated. Certainly that is not the case at the South Texas Nuclear Project (STNP).

As you know, the NRC has been provided with 600-700 allegations from current and former STNP workers. We have estimated that more than 50 percent of those allegations are safety-related. We recently reviewed the STNP allegations, and we conservatively estimate that there are over 140 equipment-related allegations. These allegations pertain to problems in a variety of areas including:

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- o component maintenance
- o coatings
- o polar crane
- o hanger supports
- o electrical cables
- o heating, ventilating and air conditioning systems
- o fasteners
- o equipment repair
- o component accessibility
- o piping installation
- o welding

In addition, the allegations focus on areas that may significantly impact on various pieces of equipment or entire systems. These allegations include:

- o engineering design problems
- o failure to inspect hardware
- o material compatibility problems
- o as-built hardware being out of compliance with design drawings
- o harassment and intimidation of QA and QC personnel
- o FSAR violations
- o ASME, ASTM, ANSI violations
- o failure to follow proper QA/QC procedures
- o lost material traceability
- o invalid N-5 Code Data Report

The NRC's Safety Significance Assessment Team (SSAT) recently conducted a site tour of the STNP focusing on only 60 allegations. It is obvious that the team did not review all of the alleged equipment-related problems. If the SSAT did not investigate any further numerous equipment-related allegations would not be resolved prior to licensing. Consequently, the statement attributed to you regarding 100 percent investigation would be false.

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Other issues pertaining to the NRC's investigation of the STNP allegations are disturbing. For example, there is no basis for the NRC's assessment that the allegations are not of immediate safety significance. This determination was set forth by Mr. T. A. Rehm in his January 12, 1988 letter to Eillie P. Garde, Esq. A subsequent confidential review of a sample of these allegeders' files by an independent organization (Quality Technology Company - QTC) resulted in a radically different assessment. The QTC review concluded that the allegeders' files suggested that "potentially significant safety problems exist" at the STNP. QTC also maintains that the numerous harassment, intimidation and wrongdoing allegations were troubling because "it is not possible for safety requirements to be met consistently in this type of management environment." This analysis reinforces our belief that the NRC has no intention of comprehensively investigating the STNP allegations.

As another example, it is disturbing how the NRC interacted with Houston Light and Power (HL&P) regarding the STNP allegations. A memorandum (attached) posted by HL&P at the STNP site claims that "no safety concerns requiring additional attention were noted by the inspectors [SSAT]." The memorandum was posted immediately after the SSAT left the STNP site. The memorandum implies that since the SSAT did not inform HL&P of any serious safety concerns the plant has been given a clean bill of health.

What was HL&P told about the SSAT's assessment of the 60 allegations under review during the site visit? How could HL&P obtain an assessment prior to the preparation of a report by the SSAT? Why was the public told to wait for a report when an assessment was already made? These questions need to be answered in light of the following facts:

- o Mr. John Corder was denied access to Unit I while attempting to point out safety-related problems to the SSAT.

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- o Some accounts of the SSAT's site visit have indicated that the team was confined to Unit II.
- o GAP was informed that a draft report of the SSAT's review was prepared (before they returned from the STNP) by NRC staff who were not part of the team.

One obvious implication is that HL&P has played a role in limiting the investigation of the STNP allegations. More disturbing, however, is the additional implication that NRC management is not willing to take any action that may negatively impact the licensing of the STNP.

Finally, we are very concerned to hear that the NRC is not issuing a preliminary public report on the SSAT's initial analysis of the STNP allegations, but instead has undertaken to write a NUREG. We assume this NUREG will follow the format of similar documents prepared at the conclusion of major allegation investigations at Waterford and Comanche Peak. Frankly, we are shocked at the prospect of the SSAT allegation investigation effort of four days of on-site investigating serving as the basis for a NUREG document.

Given the actions of NRC management in handling the STNP allegations, we have no choice but to request an explanation regarding whether or not the NRC intends to initiate further investigation. If the NRC believes that there is no safety significance or substantive merit to the STNP allegations, then we must advise our clients that they must seek other avenues of relief.

Until the NRC thoroughly investigates each allegation, serious doubts about the safety of the STNP will continue to plague the public and those who have worked at the plant. We hope that you will make every effort to ensure that an honest investigation is conducted, and a public report is issued prior

Lando W. Zech, Jr.
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to licensing. The public and the workers who have risked their careers and livelihoods deserve no less.

Sincerely,

Billie P. Garde (by RC)

Billie P. Garde
Director, GAP Midwest

Richard E. Condit

Richard E. Condit
Staff Attorney

RC:079AA15

cc: T. A. Rehm, NRC
J. Calvo, NRC
W. Briggs, NRC
B. Garde, GAP
L. Clark, GAP
P. Goldman, Public Citizen Litigation Group
T. Mack, Jones, Mack, Delaney & Young

THE TEAM OF NRC INSPECTORS REVIEWING GAP ALLEGATIONS COMPLETED THEIR WORK EARLY FRIDAY MORNING, JANUARY 22. ALTHOUGH THE FINAL REPORT WILL NOT BE AVAILABLE UNTIL SOMETIME IN FEBRUARY AND NO PRELIMINARY REPORT WAS ISSUED, WE ARE EXTREMELY PLEASED THAT THE ALLEGATIONS HAVE FINALLY BEEN REVIEWED AND THAT NO SAFETY CONCERNS REQUIRING ADDITIONAL ATTENTION WERE NOTED BY THE INSPECTORS.

WE HAD BEEN INFORMED BY THE TEAM WHEN THEY ARRIVED THAT IF, DURING THEIR REVIEW, ANY CONCERN WAS DETERMINED SERIOUS ENOUGH TO REQUIRE FURTHER ATTENTION ON OUR PART, WE WOULD BE TOLD IMMEDIATELY. WE RECEIVED NO SUCH NOTICE AND ARE SATISFIED THAT OUR CONFIDENCE IN THE SAFE CONSTRUCTION OF THE PLANT HAS ONCE AGAIN BEEN CONFIRMED.



OFFICE OF THE
SECRETARY

UNITED STATES
NUCLEAR REGULATORY COMMISSION
WASHINGTON, D.C. 20565

Maryo Bridgers
Room 6209
MNBB

January 28, 1988

MEMORANDUM FOR: Victor Stello, Jr.
Executive Director for Operations

FROM: Samuel J. Chilk, Secretary

SUBJECT: PETITION OF THE GOVERNMENT ACCOUNTABILITY
PROJECT REQUESTING A DELAY IN THE COMMISSION
FULL POWER VOTE ON SOUTH TEXAS

On January 26, 1988, my office received the attached petition of the Government Accountability Project (GAP). The petition requests that the Commission delay voting on full power operation for the South Texas Nuclear Project until such time as investigations recommended by GAP in the petition have been completed.

This is being forwarded to you for appropriate action under 10 CFR 2.206. Please provide the Commission on a timely basis with a recommendation as to the request to delay the Commission meeting which is now scheduled for February 22, 1988.

Attachment:
As Stated

Copies:
Chairman Zech
Commissioner Roberts
Commissioner Bernthal
Commissioner Carr
Commissioner Rogers
General Counsel

88020902641P

UNITED STATES OF AMERICA
BEFORE THE NUCLEAR REGULATORY COMMISSION

DOCKETED
USNRC

88 JAN 26 P3:36

In the matter of)
South Texas Nuclear Project)
Units One and Two :)

Petition pursuant to
10 C.F.R. §2.206

OFFICE OF SECRETARY
DOCKETING & COMPLIANCE
BRANCH

PETITION OF THE GOVERNMENT ACCOUNTABILITY PROJECT

Prepared by:

Government Accountability Project
25 E Street, N.W., Suite 700
Washington, D.C. 20001
202-347-0460

Dated: January 26, 1988 :

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I. INTRODUCTION

Pursuant to 10 C.F.R. §§2.202, 2.206, the Government Accountability Project (GAP) requests that the Nuclear Regulatory Commission (NRC or Commission) delay voting on a full power operating license for the South Texas Nuclear Project (STNP) until the following are completed:

1. A complete investigation of all allegations regarding the STNP.
2. Release to the public of an investigative/inspection report dispositioning each allegation.

GAP is making this request in order to prevent a potential health and safety problem from occurring as a result of the NRC's failure to fully or properly investigate the 600 to 700 allegations provided by current and former STNP workers and persons affiliated with the nuclear industry.

We had hoped that by cooperating with the NRC the STNP allegers would have their allegations thoroughly investigated. Unfortunately, it is clear to us now that no such investigation was intended by the agency. In fact, it came to our attention very recently that the NRC had prepared a draft of the findings of the Safety Significance Assessment Team (SSAT or Team) even before the team returned from its inspection trip to the STNP. This demonstrates very vividly that NRC has little interest in facts, and that the investigation was probably doomed from the start.

II. BACKGROUND/FACTS

Just over one year ago GAP brought to the NRC's attention that numerous safety allegations were being raised about the STNP. In a January 20, 1987 letter to Victor Stello and Texas Attorney General James Mattox, GAP announced its preliminary investigation of the allegations and requested an independent (non-Region IV) review. (Exhibit A). Responding for the NRC over the next few months, Mr. Stello refused to consider the idea of an independent review of the allegations, and eventually subpoenaed GAP for all information pertaining to the STNP. (Exhibit B). GAP refused to turn over any information, believing the subpoena to be illegal. Subsequently, the NRC brought an action in federal court to enforce the subpoena. Enforcement was denied, causing the NRC and GAP to develop a cooperative arrangement that would permit review of the allegations by an independent NRC team, while protecting the confidentiality of the allegers.

This arrangement was worked out following a November 19, 1987 meeting with NRC technical personnel. The substance of the agreement is reflected in two pieces of correspondence. (Exhibits C and D).

During the NRC team's review, it became clear that time and scheduling constraints were being placed on the review. GAP advised the NRC that such constraints were prohibited under 10 C.F.R. 550, Appendix B, Criterion I. (Exhibit D). Nonetheless, the NRC team quickly reviewed most of the allegers' files without substantively reviewing the available supporting documentation.

During the first week of January 1988, the NRC team completed its initial review. Without interviewing any of the alleged, the team concluded that the allegations were "not of immediate safety significance." (Exhibit E). This conclusion is outrageous on its face because GAP staff advised the team that "our working files were not prepared for the purpose of NRC review. Nor can these files take the place of a technical interview with the alleged. Consequently, our files should only be used to complement a more thorough NRC technical interview, and must not be used to make a definitive technical assessment of any allegation." (Exhibit D, emphasis added).

Despite the ill-perceived lack of safety significance, the NRC team chose 10 primary and 50 secondary allegations to review further. (Exhibits E and F). Arrangements were made for anonymous on-the-record phone interviews to be conducted with some of the alleged having knowledge about the 50 selected allegations. During one interview the NRC team agreed to take the alleged (John Corder) on a site tour so he could show the NRC specifically where the problem areas were located.^{1/} However, upon reaching the STNP site he was permitted to show the NRC only one of the ten allegations of his that the NRC team had selected.^{2/} That single allegation involved Unit Two. The

1. Mr. Corder no longer wishes to remain confidential.

2. All together, Mr. Corder has brought more than 100 allegations to the NRC's attention through GAP.

other nine allegations involved Unit One, which is the unit the NRC is a candidate to license. Mr. Corder was apparently denied access to Unit One for "security reasons." (Exhibit G).

The NRC team conducted its review of 60 of the STNP allegations during the week of January 18, 1988. Essentially, the team was given four days to complete the task and report back to NRC management and the Commissioners. Current press reports indicate that no significant safety problems were found. This conclusion is not surprising, considering the NRC team made the same determination prior to its on-site inspection. Obviously, the result was pre-determined.

III. LEGAL ANALYSIS

A. The NRC's first obligation is to protect public health and safety.

The NRC has a mandatory duty to exercise its authority when necessary. The foremost priority for the NRC is to determine that there will be adequate protection of the health and safety of the public. The issue of safety must be resolved before the Commission issues a construction permit. Porter City Ch. of Izaak Walton League v. Atomic Energy Commission, 515 F.2d 513, 524 (7th Cir. 1975):

"[P]ublic safety is the first, last, and permanent consideration in any decision on the issuance of a construction permit or a license to operate a nuclear facility." Power

Reactor Development Corp. v. International Union of Electrical Radio and Machine Workers, 367 U.S. 396, 402 (1961). See, also, Petition for Emergency and Remedial Action, 7 NRC 400, 404 (1978).

The NRC has broad authority to revoke, suspend, or modify the construction permit of an NRC licensee. 42 U.S.C. §2236 states that:

Any license may be revoked for any material false statement in the application or any statement of fact required under section 2232 of this title, or because of conditions revealed by such application or statement of fact or any report, record, or inspection or other means which would warrant the Commission to refuse to grant a license on an original application, or for failure to construct or operate a facility in accordance with the terms of the construction permit or license or the technical specifications on the application, or for violation of, or failure to observe any of the terms and provisions of this chapter or of any regulation of the Commission.

See, also, 42 U.S.C. §§2133, 2134.

The same criteria for the revocation, suspension, or modification of a construction permit exist under NRC regulations.

See, 10 C.F.R. 50.100 (1987).

The NRC has a variety of powers it can exercise to protect the public's health and safety. The NRC has recognized its statutory authority to: (1) issue orders to promote or to protect health or minimize danger to life or property; (2) impose civil penalties for the violation of certain licensing provisions, rules, and orders, and for violations for which licenses can be revoked; (3) seek injunctive or other equitable relief for violation of regulatory requirements; and (4) seek criminal penalties. See, 10 C.F.R. Part 2, Appendix C, II (1987). In

addition, pursuant to regulations the NRC can "institute a proceeding...to modify, suspend, or revoke a license, or for such other action as may be proper." 10 C.F.R. §2.206 (1987).

- B. The NRC's limited review of the STNP allegations jeopardizes public health and safety.

At the outset it is critical to note that GAP and the allegers attempted to have the NRC review the allegations more than one year ago. Therefore, any concern by the NRC as to the timeliness of the allegations and interference with licensing schedules is meritless.

Even a cursory review of the somewhat limited allegers' files should cause any investigator to be concerned about the status of the STNP. The information that several allegers have brought to the attention of GAP, and now the NRC, points to a major quality assurance breakdown at STNP. For example, there is now information in the possession of the NRC which suggests that STNP is experiencing the following problems:

1. Lost material traceability
2. High rate of errors on permanent plant records
3. Failure to report and document, and/or failure to report and document in a timely manner, all non-conforming conditions
4. As-built conditions do not comply with blue-line drawings or other applicable documentation
5. Falsification of records
6. Code, FSAR, specifications, and procedural violations

7. Lack of freedom to report non-conformances and not be subject to reprisals
8. Invalid N-5 Code Data Reports and Code Data Plates
9. Willful cover-up of serious design, hardware, and documentation discrepancies or inadequacies
10. Material false statement (management knew, or should have known, of non-conformances).

Other areas of concern include engineering design (numerous as-built interferences in some systems are causing components to be inaccessible, or are causing specific items to be subject to damage); hardware (welding deficiencies); procurement (it is likely that counterfeit fasteners, and/or fasteners that do not meet ASME/ASTM specifications have been used); and intimidation and harassment (many employees acknowledge that they are not able to identify safety problems or acts of wrongdoing without being subjected to retaliation).

It is impossible for the NRC to disposition the potentially significant generic concerns reflected in the allegations in a four-day site inspection. Obviously, the NRC could not legitimately expect to thoroughly address even the 60 selected allegations which were the focus of the team's review.

Furthermore, one incident that occurred during the team's site visit clearly demonstrates either (1) that the NRC team's hands were hopelessly tied, preventing them from conducting a thorough review of the allegations, or (2) that the team never had any intention of conducting a thorough investigation. The incident involved an on-site inspection with one of the alleged,

John Corder. Mr. Corder contended that he could more effectively show the NRC team where the problems were at STNP, rather than explain to them in an interview. It was agreed that he could accompany members of the team on a half-day review of the problems at the STNP site. He was limited to the ten allegations of his that the NRC had picked to review. When he got to the site with the NRC team, he was permitted to show them only one of the ten allegations. Oddly enough, that one allegation had nothing to do with Unit One. Of course, Unit One is the unit that the NRC plans to permit to operate in the near future. Why would the NRC team not allow Mr. Corder to identify his concerns in that unit? Mr. Corder was told that it would be "too difficult" to get him into Unit One. It was also implied that he could not gain access to Unit One for security reasons.

The NRC's failure to provide Mr. Corder with access to Unit One is one clear example of the team's ineffectual handling of the STNP allegations. Who decides which personnel can have access to a nuclear facility? If the licensee played any role in denying Mr. Corder access to Unit One, then something is seriously wrong with the nuclear regulation process. Is the public to believe that NRC officials cannot gain access to a nuclear facility in order to inspect safety concerns?

An additional problem with the NRC team's review is that it was constantly subjected to overwhelming scheduling pressures. Such pressures are not permitted to be a factor when matters affecting safety are at issue. NRC regulations (10 C.F.R. 50, Appendix B, Criterion I) state in pertinent part:

The persons and organizations performing quality assurance functions shall have sufficient authority and organizational freedom to identify quality problems; to initiate, recommend, or provide solutions; and to verify implementation of solutions. Such persons and organizations performing quality assurance functions shall report to a management level such that this required authority and organizational freedom, including sufficient independence from cost and schedule when opposed to safety considerations, are provided.

The NRC team's review of the allegations amounts to a quality assurance verification of the STNP. Particularly Unit One. A proper analysis of the allegations, thorough interviews with allegeders, and a comprehensive inspection of the site could not be accomplished in the time the team was allotted. Even the team's reduction of the number of allegations to investigate from over 600 to 60 was not sufficient to allow a thorough inspection to be completed in four days. The obvious scheduling constraints placed upon the team seriously hampered its ability to properly investigate the STNP allegations. Because of these problems the team's investigation does not comply with NRC regulations.

Finally, no issues of wrongdoing have been investigated by the NRC. The NRC technical team was unable to address STNP allegations involving wrongdoing. These allegations were supposed to be addressed by the NRC's Office of Inspections (OI). To date, no arrangements have been made to accommodate an OI review of wrongdoing allegations. Information on wrongdoing will provide the Commission with significant insight into the corporate competence and character of the licensee. Such information must be fully evaluated before the Commission reaches a final decision on licensing.

IV. CONCLUSION

For all the foregoing reasons, the Commission should delay the vote on licensing the STNP until a thorough investigation of all allegations is completed and a public report is issued.

Respectfully submitted,

Billie P. Garde

Richard E. Condit

Richard E. Condit
Government Accountability Project
25 E Street, N.W., Suite 700
Washington, D.C. 20001
202-347-0460

Dated: January 26, 1983

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EXHIBIT - A

GOVERNMENT ACCOUNTABILITY PROJECT

1555 Connecticut Avenue, N.W. Suite 202
Washington, D.C. 20036

(202) 232-8550

January 20, 1987

Victor Stello, Executive Director
U. S. Nuclear Regulatory Commission
Washington, D.C. 20555

James Mattox
Attorney General for the State of Texas
Supreme Court Building
14th & Colorado
Austin, Texas 78711

Re: South Texas Nuclear Project

Dear Messrs. Stello and Mattox:

This letter is to inform your respective agencies that the Government Accountability Project (GAP) has formally begun preliminary investigation into worker allegations at the South Texas nuclear project.

Since 1980, GAP has played a significant role in advocating on behalf of whistleblowers and concerned citizens on issues involving safety-related problems at various nuclear power facilities. Our approach to nuclear power has been steadfastly the same: to ensure that the government enforces the nuclear safety laws and regulations. As a result of GAP's efforts (alone or in concert with other organizations) to expose safety-related problems, the construction and/or operation of several nuclear power facilities -- previously thought to be fit to operate -- were cancelled or postponed for further review. The cancelled facilities include the 98 percent completed Zimmer nuclear power plant and the 85 percent completed M. Blaine plant. Those which were postponed for further review include the J. R. Manque Peak, Three Mile Island, Diablo Canyon, and waterford facilities.

GAP currently either represents or is working with approximately 136 current and/or former employees of the South Texas project. The allegations from the workers range from grand theft of nuclear grade steel to engineering defects in several major safety components. The allegations concern the failure of Houston Light & Power to guarantee subcontractor compliance with industry and federal safety requirements, including but not limited to: defects in the instrumentation and control division; defects and lack of compliance with federal regulations in the heating, ventilating, and air conditioning system; lack of compliance with quality standards in the area of soils compaction; failure to complete required QA or QC documentation; falsification of required QA or QC documentation; and harassment and intimidation of personnel who attempt to adhere to federal safety standards.

January 20, 1987 - Page Two

Additionally, and of specific concern to the State of Texas, there are allegations that include deliberate actions of some of the subcontractors at STP to overcharge Houston Light & Power for goods and services by "charging off" their own unacceptable work to Brown & Root, Inc. There is also information which suggests that subcontractors have fraudulently charged STP for manhours not worked, and for portions of the project which were not completed as claimed.

GAP is currently conducting interviews with both current and former workers who are concerned about the South Texas project. GAP investigators are accepting calls from workers at our Washington, D.C. office and our Midwest office.

Once our preliminary investigation is complete, we plan to issue a formal public report. Unfortunately, in the interim, we cannot advise our clients or those we work with to provide their concerns to the Region IV office of the NRC. Our experience has been (and recently released internal agency reports confirm) that the Arlington office is either unable or unwilling to comply with its regulatory requirements as outlined in governing agency procedures.

Thus, unless the NRC is willing to provide independent inspectors to process the allegations pursuant to internal NRC regulations, GAP will provide the allegations directly to the state Attorney General office, and/or to the appropriate congressional committees, and/or to other regulatory or municipal bodies which have an interest in ensuring that the South Texas plant is designed, constructed, and financed in a manner that protects the public.

Please direct any inquiries about GAP's South Texas investigation to Richard Condit, Staff Attorney Investigator, 202-232-8550; or Billie Garde, GAP 414-751-1000, ext. 414-751-3511.

Sincerely,

Billie Pinner Garde
Director, Midwest Office

Richard Condit
Staff Attorney

cc: Chairman Lando Zech

BG/RC:C30

EXHIBIT + 8

United States of America

NUCLEAR REGULATORY COMMISSION

In the matter of: Houston Lighting and Power
Company

DOCKET NO. 50-498
50-499

TO Ms. Billie Pinner Garde
Government Accountability
Project
1555 Connecticut Avenue, N.W.
Suite 202
Washington, D.C. 20036

YOU ARE HEREBY COMMANDED to appear at Room 6507, Nuclear Regulatory Commission, 7735 Old Georgetown Road, Bethesda, Maryland on the 26th day of May 1987 at 9:00 o'clock A.M. to continue as necessary for the purpose of testifying before NRC personnel concerning allegations of current and/or former employees of the South Texas Project concerning the safety of the South Texas Project, as described in your letter of January 20, 1987 to Messrs. Victor Stello and James Mattox, and any other allegations which you have received concerning the safety of the South Texas Project, and to provide any records or other documents in your possession or under your custody or control concerning such allegations.



Victor Stello, Jr.

Executive Director for Operations

ATTORNEY FOR
Nuclear Regulatory Commission
Jack R. Goldberg

May 20, 1987

TELEPHONE (301) 492-7619

On motion made promptly, and in any event at or before the time specified in the subpoena for compliance by the person to whom the subpoena is directed, and on notice to the party at whose instance the subpoena was issued, the Commission may (1) quash or modify the subpoena if it is unreasonable or requires evidence not relevant to any matter in issue, or (2) condition denial of the motion on just and reasonable terms. Such motion should be directed to the Secretary of the Commission, Washington, D.C. 20555.

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EXHIBIT - C

UNITED STATES
NUCLEAR REGULATORY COMMISSION
WASHINGTON, D.C. 20555

NOV 24 1987

RECEIVED NOV 30 1987

Ms. Billie A. Garde
Government
Midwest O
424 Mar.
Spigton, W. Va. 26041-5491

Dear Ms. Garde:

This will confirm the results of our meeting of Thursday, November 19, 1987, at which we discussed certain allegations GAP has developed concerning the South Texas nuclear power plant.

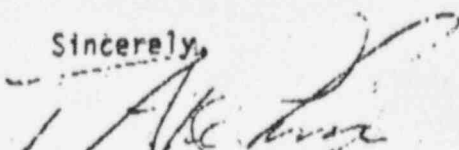
The meeting began by your tabling a series of talking points concerning your view of the objectives of the meeting, as well as a summary of how GAP handles allegations received. We found the discussion useful, but neither agreed nor disagreed to the points you raised. You retained all copies of the briefing material. You then proceeded to table a tabulation of allegations in summary format (all copies of which you retained) which we reviewed on the spot.

The conclusion was that insufficient data was available in the summaries to support a deliberate and reasoned evaluation of the allegations. In further discussion you agreed to make your files on these allegations available to us. Subsequent to the meeting staff has made a preliminary visit to GAP Headquarters to make arrangements to begin detailed review of the process on November 30, 1987. We will accord confidential treatment to the identity of any allegeders whose names may surface during this review. Following our review, we will advise you of the allegations which we feel are appropriate to review further. You agreed to provide us data on which such follow up can proceed, subject, in some cases, to your contacting allegeders to assure that they will agree to be interviewed by the NRC.

You indicated that one set of allegations was in process in Wisconsin. We understand that you will simply provide us that information during the time we are reviewing the other files at GAP Headquarters. Separately, I also understand you have received some allegations on wrongdoing directly to the Office of Enforcement Operations which is dealing directly with you on those matters.

Your meeting was quite satisfactory from our point of view. We appreciate your assistance and cooperation and that of the allegeders you represent. With your continued cooperation we should be able to give a proper review of the allegations GAP has acquired. Needless to say, obtaining any information which might have on alleged defects in the South Texas nuclear power plant will be helpful. It is in assuring that the public health and safety is protected at that

Sincerely,


T. A. Rehm, Assistant for Operations
Office of the Executive
Director for Operations

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EXHIBIT T D I

GOVERNMENT ACCOUNTABILITY PROJECT

25 E Street, N.W., Suite 700
Washington, D.C. 20001

(202) 347-0460

December 4, 1987

HAND-DELIVERED

Jose Calvo
D.S. Nuclear Regulatory Commission
7920 Norfolk Avenue
Phillips Building
Bethesda, Maryland

Dear Jose:

We are writing to discuss the status of the review of the South Texas Nuclear Project (STNP) worker allegations. This review follows our preliminary meeting of November 19th. In that meeting it was agreed that a team of non-Region IV NRC personnel would be permitted access to the STNP allegers' files under certain conditions and with the allegers' permission. These conditions included that the identity of any alleger would be kept confidential and that no one at the STNP site will be contacted about the information revealed during the review. In addition, it was agreed that the allegers' information would only be revealed to NRC personnel not participating in the review on a need-to-know basis. The development of this working protocol was necessary to permit NRC review while protecting our interests and the interests of the allegers.

We appreciate the diligence and courtesy that the Washington-based NRC personnel have exhibited in working at our office. We have tried to work closely with them to allow the review to proceed as efficiently as possible.

However, over the last couple of days it has become clear to us, through the actions and comments of Paul O'Conner, that there may be problems with the review of the allegations. We understand that Mr. O'Conner's background is in project management, not QA/QC and technical review. We believe that his background may be a limitation on the review process. In our opinion, his approach to the allegations may be hampering a thorough and independent technical review.

Yesterday, we were particularly disturbed by Mr. O'Conner's comments to other NRC personnel that a deadline (of December 12th) would control the review instead of the substance determining the amount of effort required. Such deadlines may violate 10 CFR 50, Appendix B, Criterion I. We are aware of STNP's licensing schedule, but we must strongly object to this review being controlled by any licensing timetables.

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Jose Calvo
December 4, 1987
Page Two

As we have already discussed, it is essential that the allegeders' files receive a detailed QA analysis. Each file must be read through in order to get an overall view of the possible QA/QC breakdown at STNP.

Our other concern with Mr. O'Conner's approach is that he seems to take a very narrow view of the allegations. On several occasions he has appeared to minimize the significance of some allegations before the reviewer could analyze it in its entirety. This approach may prevent the reviewer from making an independent assessment of an allegation based on his technical expertise. This concerns us because the initial review of the allegations will determine the universe of information from which the NRC can investigate. Therefore, it is important that no allegation is dismissed too quickly.

In reviewing a file, if the allegeder's intent is somewhat ambiguous, then the interview tapes should be reviewed or the allegeder should be questioned if possible. As we explained in the November 19th meeting, our working files were not prepared for the purpose of NRC review. Nor can these files take the place of a technical interview with the allegeder. Consequently, our files should only be used to complement a more thorough NRC technical interview, and must not be used to make a definitive technical assessment of any allegation.

Another issue that troubles us is that little, if any, attention is being given to the documentation that supports some of the allegations. This is ironic because the supporting information was the subject of the NRC's subpoena. Frankly, it has always been our concern that the NRC was not interested in these documents but only wanted to review our summaries, which may not be technically complete. We realize that it is much easier to dismiss an allegation if there are no supporting documents. We hope that you and the other members of the review team will begin to take full advantage of any supporting documentation that accompanies an allegeder's file.

Finally, in the last two days we have finished preparation of approximately 50 allegations that were in files that we were unable to prepare previously. We advised you that some files had not been completed at the November 19th meeting. No one from NRC objected when we indicated that there would be a delay in producing these allegations. Yesterday, upon our mentioning that the additional allegations were prepared, Mr. O'Conner stated that it may not be possible to review these allegations because some members of the technical review team have already completed their review and could not return.

Jose Calvo
December 4, 1987
Page Three

As you know, this effort has consumed many hours and other resources -- which are extremely limited. It would be unfair to everyone involved to compromise the integrity of the review effort simply because of 50 additional allegations. There must be appropriate NRC staff members who could properly review these allegations.

We hope that you will take these comments in the constructive spirit in which they are offered. We trust that you will take all necessary steps to protect the hard work that has been done by everyone to date. Our recommendation is that you institute a conference call with us to help work out our concerns, and rectify the problems which have developed from today's Houston Chronicle article.

Yours truly,

Billie P. Garde (by RC)

Billie P. Garde

Richard E. Condit

Richard E. Condit

Edna F. Ottney

Edna F. Ottney

079EE01

cc: Tom Rehm
U.S. Nuclear Regulatory Commission
Maryland National Bank Building
7735 Old Georgetown Road
Bethesda, Maryland

EXHIBIT - E 1

R. Condit
NRC



UNITED STATES
NUCLEAR REGULATORY COMMISSION
WASHINGTON, D. C. 20555

JAN 12 1988

Ms. Billie P. Garde
Government Accountability Project
3424 N. Marcos Lane
Appleton, Wisconsin 54911

Dear Ms. Garde:

As you are aware, the NRC team has completed its initial review of the Government Accountability Project's (GAP) files pertaining to allegations of safety problems at the South Texas Project. As agreed, the NRC team reviewed GAP's records at GAP's Headquarters in Washington, D.C. These records consisted of audio tapes of the interviews with the alleged (concerned individuals), hand-written text extrapolated from the tapes accompanied with supporting information, and allegation data sheets that contained the alpha-numeric identification and brief description of each allegation. As agreed, all the records examined by the NRC remained at GAP's Headquarters. During this initial review, the NRC team focused on the technical content and specificity of the allegations and there was no need to involve the concerned individuals at this time. The NRC team wrote brief descriptions of each allegation reviewed which are presently being treated as confidential.

As we discussed on December 30, 1987, the NRC team has selected 10 primary allegations for investigation at the South Texas Project site. Each primary allegation is accompanied by secondary allegations that convey similar concerns as the primary one. A listing of these selected allegations was provided to Mr. Richard E. Condit of GAP.

The NRC team has determined that the data reviewed indicates that the allegations are general in nature and not of immediate safety significance. Nevertheless, we would like to pursue the 10 selected allegations further. In order to do this, it is important to make arrangements with the concerned individuals involved so that the NRC team can contact them and determine if they can identify locations or components which concern them. This letter is to confirm NRC's previous verbal arrangements with GAP to arrange contacts with alleged. We will start the onsite inspections at the South Texas Project Site during the week of January 18, 1988 and desire to make contact with your clients as soon as possible.

The NRC team will protect the identity of those concerned individuals requesting it and will draw-up confidentiality agreements with the concerned individuals, if required. In addition, the NRC team inspection plan will consider combining other related or unrelated concerns with the selected GAP allegations to ensure that the substance of the selected allegations does not reveal the identity of the concerned individuals requesting confidentiality.

Mr. Richard E. Condit of GAP and Ms. Edna Otney (GAP's consultant) have been very cooperative and, on behalf of the NRC team, we would like to express our appreciation for their excellent support.

88-0170809 3PP

Ms. Billie P. Garde

-2-

With regard to the notice of appeal from the U.S. District Court's refusal to enforce the original NRC subpoena for certain safety information and identities of concerned individuals related to the South Texas Project, see the attached memorandum from the NRC Solicitor to me which provides the reasons for taking such an action.

Should you have any questions regarding these matters, please contact me at (301) 492-7781.

Sincerely,

(Signed) T. A. Rehm

Thomas A. Rehm, Assistant for Operations
Office of the Executive Director for Operations

Enclosure:
As stated

DISTRIBUTION

Central File	PD4 Reading	J. Calvo, NRR
D. Crutchfield, NRR	W. Briggs, OGC	T. Rehm, EDO
Y. Stello, EDO	W. Parler, OGC	T. Murley, NRR
F. Miraglia, NRR	K. Smith, OGC	R. Brady, NRR
R. Condit, GAP	EDO r/f	

*SEE PREVIOUS CONCURRENCE

PD4/D	OGC/S	OEDO/AO
JCalvo*	WBriggs	TRehm
01/11/88	01/ /88	01/12/88

EXHIBIT - F

R. Conrad, GAP



UNITED STATES
NUCLEAR REGULATORY COMMISSION
WASHINGTON, D. C. 20555

January 4, 1988

MEMORANDUM FOR:

Thomas A. Rehn, Assistant for Operations
Office of the Executive Director for Operations

Thomas E. Murley, Director
Office of Nuclear Reactor Regulation

Frank J. Miraglia, Associate Director
for Projects
Office of Nuclear Reactor Regulation

Dennis M. Crutchfield, Director
Division of Reactor Projects - III, IV,
V and Special Projects
Office of Nuclear Reactor Regulation

FROM:

Jose A. Calvo, Director
Project Directorate - IV
Division of Reactor Projects - III,
IV, V and Special Projects
Office of Nuclear Reactor Regulation

SUBJECT:

SOUTH TEXAS PROJECT (STP) PLAN FOR EVALUATION
AND RESOLUTION OF ALLEGATIONS PROVIDED BY THE
GOVERNMENT ACCOUNTABILITY PROJECT (GAP)

The plan for the evaluation and resolution of STP allegations provided by GAP is presented in Enclosure 1.

The NPC Safety Significance Assessment Team (SSAT) (Enclosure 2) has completed a preliminary review of the allegations and associated materials at GAP offices in Washington, D.C., and has compiled, summarized, and categorized them by discipline or topics (see Enclosure 4). It is important to note that the SSAT had difficulty during its review in assessing the safety significance of many of the allegations due to the lack of specificity and detail of the identification of a particular component or system provided by the allegers (referred to by GAP as concerned individuals - CIs).

Because of the general lack of specificity of the allegations, it is imperative that the SSAT contact the allegers and determine if they can identify locations or components that exhibit the conditions that they have a concern over a STP. This will facilitate the SSAT subsequent inspection to substantiate the concerns or determine that the concern has been satisfactorily corrected. If an alleger cannot be contacted or if the contact yields no additional specific information to focus the inspection on a particular area or component, the individual allegation will be dispositioned as unsubstantiated and the general subject matter will be pursued further only if other related allegations provide some basis to assume that there is validity to the concern.

8803110056

2/PP

The SSAT wrote a brief description of each allegation reviewed. We feel that the subject matter used in some of the allegation descriptions might reveal the identity of the allegor. Thus, the GAP allegation descriptions prepared by SSAT must remain confidential until such a time that the need for the confidentiality of the allegors is no longer required.

Enclosure 5 lists the 10 primary allegations that the SSAT will investigate at STP. Enclosure 6 lists the secondary allegations that will also be considered along with the primary allegations due to their similarities to the primary allegations.

The proposed SSAT inspection team (Enclosure 7) are the same individuals that performed the initial review, evaluation, and screening of the allegations. Given the time remaining to prepare for the inspection and the general non-specific nature of the allegations, the utilization of these experienced reviewers or inspection team members will greatly facilitate the effort.

GAP has been contacted and given the primary and secondary allegation lists to allow them to contact the appropriate allegors and any others that may provide any additional information concerning the allegations selected for inspection. Depending on the results of GAP contact with the allegors, the proposed tentative schedule for the inspection effort will commence during the week of January 11, 1988.

Should you have any questions regarding these matters, please contact me at X27460.

Jose A. Calvo

Jose A. Calvo, Director
Project Directorate - IV
Division of Reactor Projects - III,
IV, and Special Projects
Office of Nuclear Reactor Regulation

cc w/enclosures:

SSAT Members
V. Stello, EDO
W. Parler, OGC
J. Sniezek, NRR
F. Martin, PIV
W. Russell, RI
W. Johnston, RI
L. Shao, NRR
J. Roe, NRR
J. Partlow, NRR
B. Hayes, OI
W. Briggs, OGC
K. Smith, OGC
J. Lieberman, OE
R. Brady, NRR
T. Martin, EDO
R. Garde, GAP
P. Condit, GAP

SOUTH TEXAS PROJECT ALLEGATIONS REVIEW

SAFETY SIGNIFICANCE ASSESSMENT

STATUS REPORT

1. BACKGROUND

Direct interaction between NRC staff and The Government Accountability Project (GAP) on the matter of South Texas Project safety concerns outside of the litigation arena, began on November 19, 1987. A meeting was held in the Office of the Executive Director of Operations (EDO), Bethesda, with Thomas A. Rehm leading the NRC staff representatives and Billie P. Garde leading the GAP representatives. The backdrop for this meeting was the decision by the US District Court dated October 27, 1987. The Court had ruled to deny enforcement of a NRC subpoena on Ms. Garde because of the possibility of "abridgment of constitutionally protected associational rights." In addition, the court stated that, "Alternatives minimizing the intrusion on associational rights must be carefully and conscientiously explored before resort may be had to the court's process."

Prior to the meeting of November 19, 1987, agreement had been reached between the EDO and Ms. Garde on the main elements of a process that would provide the NRC staff limited access to information which might be of relevance in the forthcoming licensing decisions regarding South Texas Project. Consequently on November 19, 1987, NRC staff reviewers were permitted to see brief summaries of the allegations in the possession of GAP. An attempt was made by the technical experts present to assess the safety significance of the allegations. Unfortunately, the information made available to the staff was so lacking in specificity that no conclusions on safety significance could be reached. In order for the NRC staff to gain access to more detailed information, arrangements were agreed upon for the NRC technical staff to visit the GAP offices in Washington, D.C. The protocol for the NRC staff's work at the GAP offices was agreed upon to protect, to GAP's satisfaction, the identity of individuals who have made the allegations. The NRC staff has completed its preliminary review of the information made available by GAP as described below within the framework of agreements reached with GAP thus far. In addition, it is understood that GAP has provided the Office of Investigations (OI) allegations of harassment and intimidation and wrongdoing. To assure that all GAP identified allegations are reviewed and evaluated, the NRC Safety Significance Assessment Team (SSAT), which was assembled to perform the initial review of GAP's records, will forward to OI all allegations that they reviewed and categorized as harassment and intimidation or wrongdoing.

2. INITIAL NRC STAFF REVIEW OF ALLEGATIONS

An NRC team was assembled, referred hereinafter as the SSAT (safety significance assessment team), to review GAP records of interviews with allegeders (referred by GAP as concerned individuals (CIs)) and individual allegations that GAP enumerated from the interviews. Enclosure 2 presents the NRC SSAT participants as well as the disciplines that were involved in this initial review of GAP's allegations documentation. As agreed, NRC SSAT reviewed GAP's records at GAP's offices in Washington D.C. These records consisted of audio tapes of most of the interviews conducted by a GAP consultant with the CIs, the consultant hand-written text extrapolated from the tapes, and allegation data sheets that contained each allegation's unique alpha-numeric code and a brief description of the concern.

The GAP consultant's hand-written text was assembled in numbered files which contained reference materials related to allegations. There are approximately 30 files with varying quantities of text and reference materials and two-3 ring binders containing the 576 individual allegation data sheets. GAP has categorized the allegations into the following areas: safety-related; intimidation and harassment, wrongdoing, and non-safety-related. Enclosure 3 presents the categorization and designation of allegations used by GAP.

The NRC initial screening was performed by NRC SSAT members with expertise in particular areas of concern: mechanical engineering, electrical engineering, civil/structural engineering, Quality Assurance and Control, and management (including the safety-related aspects derived from harassment and intimidation, and wrongdoing concerns).

The GAP consultant was available to the team to explain where and how the records were kept and assembled and to answer any questions for the team.

SSAT members reviewed each allegation, its associated interview text and reference material file in their area of expertise. Screening also included listening to selected audio tapes to verify the accuracy of the written text extrapolated from them.

The results of the SSAT review and initial screening were documented and identified by allegation number. Each SSAT member wrote a brief description of each allegation as identified by GAP's consultant and indicated if the concern appeared to be safety-related or non safety-related. Also, SSAT members noted if other disciplines may be involved with a particular allegation and whether the CI needs to be contacted for additional information.

Generally, the SSAT's initial screening determined that a large majority of the allegations lacked specificity in identifying a particular location, component, or system about which the CI was concerned.

The individual SSAT member's data was combined and recategorized into allegation groups: Mechanical; Electrical; Civil/Structural; QA/QC; Harassment and Intimidation; Wrongdoing; NRC Region IV; and Management.

issues. Each category has several subsets that was used to specify more closely issues that each allegation appears to be addressing. Enclosure 4 identifies the allegation groups used by the NRC SSAT.

3. COMPILING ALLEGATION DATA

A brief summary was prepared for each allegation that was made available by GAP. Three files containing approximately 50 allegations have been withheld by GAP due to confidentiality concerns on the part of the allee.

The allegation summaries have been entered into a computerized data base along with the SSAT's preliminary categorization of the safety significance of the allegation, the grouping of common or similar allegations, and determination whether the allee must be contacted to provide specific information needed by the SSAT to determine the safety significance of the allegation.

GAP's initial categorization of these allegations listed duplicate concerns under different review disciplines. Because of this, the SSAT initially had to consider approximately 700 concerns. When these duplications were reconciled there were 576 concerns, representing the same number of allegations, identified by GAP. Of these, 159 concerns are variations of an initial concern relating additional facets of the original concern such as possible documentation problems, or intimidation or harassment related to or caused by the initial concern.

The remaining concerns have been combined into groups with similar concerns (allegations) and will be reviewed together to assure that the magnitude of each issue is recognized and that common concerns are detected. Also, the grouping of the concerns will ensure a certain degree of protection of the identity of allees. In addition, GAP will advise whether the allegations withheld from NRC review because of reasons of confidentiality or because they involved members of the NRC staff, are covered by the established NRC SSAT allegation groups. The NRC allegation (concern) grouping scheme is shown in Enclosure 8.

The SSAT's primary effort will be expended on those allegations that are identified as safety-related concerns. These issues will be initially examined to determine whether they could affect criticality or power ascension either because these operations could represent unacceptable safety risks due to the allee's concerns or because the allegation would be uninspectable after the plant starts up. Following this, the most safety significant allegations will be identified and reviewed in detail by the SSAT.

Because there is very little specificity included in the GAP allegations, it is imperative that the SSAT contact the allees and ask them to identify specific locations, systems, or components that exhibit the conditions that they allege to exist at South Texas Project so that the staff can substantiate the allees concern or conclude that the concern has been satisfactorily corrected.

4. ALLEGATIONS SELECTED FOR SITE INSPECTIONS

Enclosure 5 lists the 10 primary allegations that the SSAT will investigate at South Texas. Enclosure 6 lists the secondary allegations that will also be considered along with these primary allegations due to their similarities to the primary allegation.

Out of the 576 GAP allegations enumerated, only those 16 concerns identified in Enclosure 6 as "specific" can be tied to a specific location, system, or component. The rest refer only in general terms to items of concern. It is therefore imperative that the SSAT contact the allegeders in the remaining concerns to obtain enough specific information to conduct a detailed review. Some of the GAP's allegeders will require that a confidentiality agreement be completed by NRC before they agree to deal with us.

If an allegeder cannot be contacted or if the contact yields no additional specific information to focus the investigation on a particular system, component or location, the individual allegation will be dispositioned as unsubstantiated and the general subject matter will be pursued further only if other related allegations provide some basis to assume that there is validity to the concern.

In addition to the SSAT inspection on site, other sources of information such as Regional Inspection reports pertaining to the resolution of South Texas Project allegations, MRR inspections data and safety evaluation reports, the licensee's SAFETEAM records, and other documentation that currently exists will be reviewed to determine whether they provide any additional information related to an allegeder's concern. These supplemental investigations will not focus explicitly on an individual allegeder's concern, they will also include other unrelated issues such that the allegeder's identity will be protected, if required.

5. SSAT INSPECTION ROLE

The SSAT will inspect the selected GAP allegations at the South Texas Project (STP) site. The SSAT consists of experts in construction and inspection activities in nuclear power plants. The proposed organization of the NRC inspection team, as well as the inspectors names and their assignments are presented in Enclosure 7. The staff selected for the inspection team are the same individuals that performed the initial review, evaluation, and screening of the allegations. Given the time remaining to prepare for the inspection and the general non-specific nature of the allegations, the use of these experienced reviewers as inspection team members will greatly facilitate the effort.

A major concern of the allegation review and inspection process is the protection of the confidentiality of the allegeders (concerned individuals). Arrangements will be made to contact the allegeders by GAP. If required, the NRC will draw-up any confidentiality agreements with the allegeders.

In addition, the inspection plan will consider combining other related or unrelated concerns with the selected GAP allegations to ensure that the substance of the allegations does not reveal the identity of these alleged requesters requesting confidentiality.

A detailed inspection plan will be prepared by the SSAT leader and its deputy with assistance from the team members. Inspector guidance will be established prior to the commencement of the inspection to assure consistency in the inspection process. Emphasis will be placed on root cause determination of any substantiated allegations including the identification of any generic implications. To further facilitate the selected allegation resolution process, the SSAT will utilize available Region IV inspection reports on disposition of allegations, as well as any NRR inspection reports and safety evaluation reports for STP.

The following tentative schedule is proposed for this inspection effort:

- December 28, 1987 - January 1, 1988
 - Initial planning
 - Selection of GAP allegations to be inspected
 - Selection of inspection team members
 - Present identified allegations to be inspected to GAP
(All the above actions have been completed)
- January 4 - 8, 1988
 - Detailed inspection planning and inspector guidance preparation
 - Arrangements with GAP to contact alleged
- January 11 - 15, 1988
 - Interview alleged if NRC is successful in arranging interviews through GAP
 - Tentative start of onsite inspection depending on number of alleged to be interviewed
- January 18 - 22, 1988
 - Onsite inspection of selected allegations
- January 25 - 26, 1988
 - Summary of allegation inspection results
- January 25 - February 3, 1988
 - Allegation inspection report preparation
- February 1, 1988
 - Tentative Commission briefing on full power license for STP, Unit 1

Enclosure 2

SOUTH TEXAS PROJECT ALLEGATIONS

NRC SAFETY SIGNIFICANCE ASSESSMENT TEAM (SSAT) MEMBERS

INVOLVED IN THE INITIAL REVIEW OF GAP RECORDS

<u>MEMBER</u>	<u>ORGANIZATION</u>	<u>DISCIPLINE</u>
Paul O'Connor	PD-IV/NRR	Project Manager
Edward Tomlinson	PD-IV/NRR	Elect. Inst. & Misc.
Jef Pajan	EMEB/NRR	Mechanical
Pomuald Lipinski	ESGR/NRR	Civil/Structural
Hansraj Ashar	ESGR/NRR	Civil/Structural
Jaquie Durr	Region II	QA/QC
Patrick Milano	OE	QA/QC
Richard Correia	LQAB/NRR	QA/QC
George Johnson	EMTB/NRR	Welding
Jose Calvo	PD-IV/NRR	Project Director

SOUTH TEXAS PROJECT ALLEGATIONS

GAP ALLEGATION CATEGORIZATION AND DESIGNATION

SECTION*	DISCIPLINE	CATEGORY	ALLEGATION	RELATED ALLEGATIONS
I - Safety Related	A- Piping/Mech/Inst	a. Hardware	0001 -9999**	.1, .2, .3, etc.
II - Intimid/Harass.	B- Electrical			
III - Wrongdoing	C- Civil/Structural	b. Doc./Drawgs.		
IV - Non-Safety Rel.	D- HVAC	c. Insp./Testing		
	E- Engr/Design	d. Other		
	F- Procurement/Purchas			
	G- Equipment Qualif.			
	H- Fire Protection			
	I- QA/QC/N-5/Systems Completion			
	J- Welding			
	K- Safety/security			
	L- HR			
	M- Seismic & Environmental			
	N- Generic (all disc)			
	O- Personnel			
	P- Management			
	Q- Training			
	R- NRC			
	S- Safeteam			
	T- EBASCO			
	U- HL&P			
	V- S.C & T/O			
	W- ANI			
	X- Qualification of Personnel			
	Y- Bechtel			
	Z- Document Control			

EXAMPLES

I A a - 0001= Safety related/Piping/hardware
specific allegation number

I A b - 0001.1 (same), subset documentation

* Note: NRC allegation numbers use Arabic numbers 1 through 4 rather than Roman numerals to facilitate use of a computerized data base.

** Allegation numbers are cross referenced to actual GAP allegation number.

SOUTH TEXAS PROJECT ALLEGATIONSS

NRC SSAT ALLEGATION GROUPS

A. MECHANICAL AND PIPING

- | | | |
|----------------------------|------------------------|---------------------------|
| 1. PIPING : | A. Pipe | C. Configuration |
| | B. Hydro | D. Chloride Contamination |
| 2. VALVES | A. Limitorque | C. Missing |
| | B. Installation | |
| 3. MATERIALS | A. Traceability | |
| | B. Compatability | |
| 4. HVAC | A. Procurement | C. Fabrication |
| | B. Installation | D. Testing |
| 5. SESIMIC QUALIFICATION : | | |
| 6. FASTENERS | A. Counterfeit/Foreign | |
| 7. WELDING : | A. Weld Rod : | C. Welder ID : |
| | B. Qualifications | D. Traceability |
| 0. OTHER : | | |

B. ELECTRICAL

- | | |
|----------------------------------|--------------|
| 1. SPLICES : | A. Raychem : |
| 2. CABLE AND CONDUIT | |
| 3. INSTRUMENTATION : | |
| 4. ENVIRONMENTAL QUALIFICATION : | |
| 0. OTHER | |

C. CIVIL/STRUCTURAL

1. CONCRETE
2. SOILS
3. COATINGS
0. OTHER

D. QA/QC

1. DESIGN CONTROL
2. PROCUREMENT
3. DOCUMENT CONTROL
4. QC INSPECTION
 - A. Inspection Records
 - B. Travellers
 - C. Hold Point
 - D. Authorized Nuclear Inspector
 - E. NCRs
5. ASBUILT vs DESIGN
6. SYSTEM TURNOVER
7. FSAR/SPECIFICATIONS
8. PROCEDURES
0. OTHER

E. HARRASSMENT & INTIMIDATION (SAFETY RELATED ISSUES ONLY)F. WRONG DOING (SAFETY RELATED ISSUES ONLY)

G. NRC

H. MANAGEMENT

1. HL&P
2. BECHTEL
3. EBASCO
4. INTERMECH
5. PERSONNEL PRACTICES
6. TRAINING
7. SAFETEAM
0. OTHER

0. OTHER

SOUTH TEXAS PROJECT ALLEGATIONS

PRIMARY ALLEGATIONS SELECTED FOR INSPECTION

- I. Mechanical Piping 1Aa-0560 - CI concerned with the quality of pipe joints.
- II. Valves - 1Aa-0563 - CI concerned that many valves are installed backwards.
- III. HVAC - 1Ja-0356 - CI concerned with adequacy of HVAC welds.
- IV. Fasteners - 1Fa-0082 - CI concerned that counterfeit fasteners are installed at STP.
- V. Welding - 1Ja-0130 - CI concerned with the adequacy/quality of weld rod used at STP.
- VI. Electrical Cable/Instrumentation - 1Ra-0119 - CI concerned with the adequacy of Raychem splices at STP.
- VII. A) Civil/Structural 1Ca-0638 - CI concerned with concrete drilling through rebar.
B) 1Ca-0494 - CI concerned with crack in bottom of fuel handling building.
- VIII. Coatings - 1Ga-0059 - CI concerned with coatings used on the structures and equipment.
- IX. QA/QC - 1Ja-0601.1 - CI concerned with "as built" vs. "as designed" configurations of valves.
- X. NRC/Region IV - 1Aa-0554 - CI called NRC several times concerning certain problems and had no return response.

SOUTH TEXAS PROJECT ALLEGATIONS

SECONDARY ALLEGATIONS

CATEGORY - MECHANICAL/PIPING

Allegation No.

Description:

1Aa-0560	Deficient Pipe Joints
1Aa-0162	Pipe to Tank Connections
1Ba-0307	Filter Screens in MSSS Loop - Specific (sp.)
1Eg-0754	Installation of Pumps, Valves, Instruments
1Pa-0279	Installation of Pumps, Valves, Instruments
1Ea-0556	Installation of Pumps, Valves, Instruments
1Ga-314	Installation of Pumps, Valves, Instruments
1Ea-0556	Steam Generator Installation (sp.)
1Ea-0432	Installation of Pumps, Valves, Instruments
	Pipe Materials (sp.)

VALVES

1Aa-0563	Valve Installation (See 1Eg-0754 above)
1Aa-0081	Valve Maintenance (sp.)
1Ga-0305.1	Valve Installation
1Aa-0445	Valve Installation

MATERIALS (Covered under other categories)

HVAC

1Ca-0046.1	Ductwork Welds
1Da-0109	HVAC Installations
1Da-0117	HVAC Material Traceability
1Da-0296	HVAC Installations
1Da-0337	HVAC Seal Material (sp.)
1Aa-0356	HVAC Welds
1Da-0450	HVAC Damper (sp.)
1Da-0504	HVAC Material
1Ab-0714	HVAC Installation
1Ac-0619	(See 1Da-0296)

FASTENERSAllegations No.Description

1Aa-0026	Bolts Installation
1Fa-0048	Bolt Traceability
1Fa-0084	Bolt Traceability
1Ia-0387	Bolt Installation
1Fa-0011	Bolt Traceability
1Fa-0082	Bolt Traceability
1Ia-0082	Bolt Traceability (sp.)
1Ya-0087	Bolt Traceability
1Pa-0132	Bolt Traceability
1Fa-0164	Bolt Traceability
1Fa-0488.1	Bolt Traceability

WELDING

1Ja-0104	Weld Rod Traceability
1Ja-130	Weld Rod Traceability
1Yd-0571	Welders
1Ja-0687.1	Welders (sp.)
1Da-0170	Welders
1Ia-0192	Welders
1Ja-0354.2	Welders
1Jb-0053	Welders
1Id-0064	Weld Rod Traceability

ELECTRICAL & COMPONENTS

1Ba-0119	Cable Installations
1Ba-0175	Cable Installations
1Ba-0449	Cable Installations
1Ba-0008	Cable Installations
1Ba-0409	Cable Installations
1Aa-0126	Incore Instrumentation
1Ea-0465	Shielding for Panels (sp.)
1Aa-0566	Instrument Valves (sp.)
1Aa-128	Flow Transmitter Installation (sp.)

CIVIL/STRUCTURAL

1Ca-0638	Concrete Drilling
1Ca-0494	Concrete Settlements (sp.)
1Cc-0114	Fill
2Id-0121.1	Fill

COATINGSAllegation No.

1Ga-0059

Description

Coating Traceability/Application (sp.)

QA/QC

1Id-0040
 1Fb-0094
 1Ia-0601.1
 1Eb-0612
 1Ib-0705
 1Ib-0751
 1Db-C090
 1Ga-314
 1Eb-159
 1Eh-0159.2
 1Ja-0254
 1Eb-0617
 1Ab-0174
 1Cb-0638.1

Configuration Control
 Configuration Control
 Configuration Control
 Configuration Control
 Configuration Control
 Configuration Control
 Records
 S. G. Inspection
 Pipe Whip Restraint Inspection
 Pipe Whip Restraint Inspection
 HVAC Weld Inspection
 Support Installation Inspection
 HVAC Installation Inspection
 Concrete Drilling Inspection

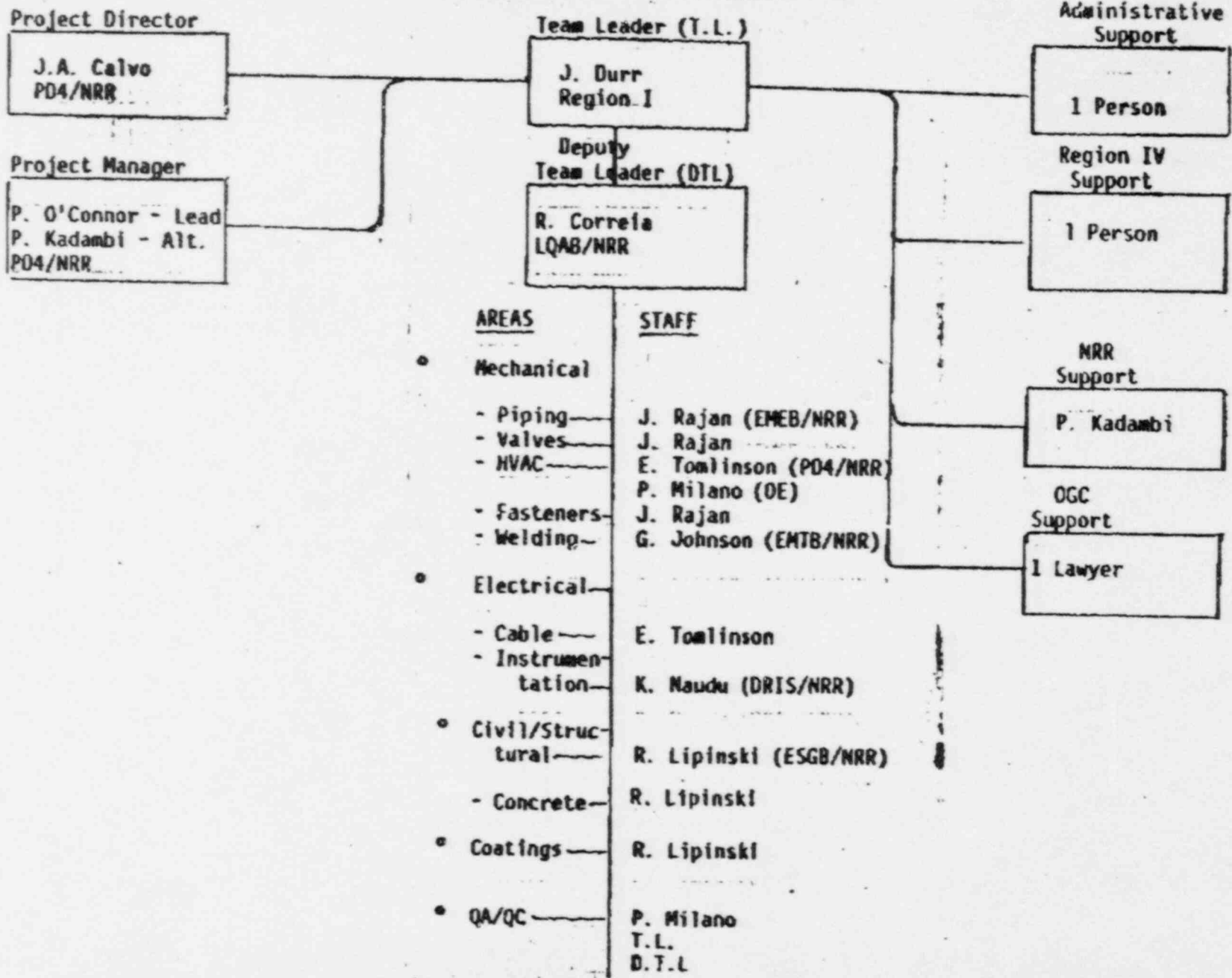
NRC/ETV

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**SOUTH TEXAS PROJECT ALLEGATIONS
NRC SAFETY SIGNIFICANCE ASSESSMENT TEAM (SSAT)
PROPOSED FOR INSPECTION EFFORT**

Enclosure 7



-- EXHIBIT - G --

The Washington Post

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SUNDAY, JANUARY 24, 1988

Texas Nuclear Plant Probed for Violations

Workers Filed Hundreds of Complaints

By Cass Peterson
Washington Post Staff Writer

The Nuclear Regulatory Commission has launched a last-minute inspection of a Texas nuclear power plant after reviewing hundreds of allegations from dozens of workers that the plant is poorly engineered, was constructed with substandard materials and may violate safety regulations.

The owners of the South Texas Nuclear Project near Bay City said the NRC has told them the inspection will not affect their application for a full-power license, which may be approved as early as next month.

The South Texas Nuclear Project is one of a handful of nuclear plants awaiting licensing by the NRC. The two-unit power station is owned by a four-utility consortium headed by the Houston Power & Light Co. (HP&L) and has been under construction for more than 12 years. The first unit of the \$5.5 billion project was fueled last month and is expected to begin low-power operation this month.

Unlike the Seabrook and Shoreham nuclear plants still awaiting NRC licenses in the Northeast, the South Texas plant has not been a target of antinuclear activists or community opposition. However, it has been dogged by allegations of shoddy construction and inept management as its cost soared to more than 400 percent of the initial \$1 billion estimate.

The NRC fined HP&L \$100,000 in 1980, citing inadequacies in quality-control programs. A year later the utility fired its main contractor,

Brown & Root, and hired the Bechtel engineering and construction firm to complete the plant.

NRC officials sent an inspection team to Bay City last week after reviewing more than 600 complaints of wrongdoing under Bechtel's management, about half involving potential safety defects. According to an NRC document, the alleged problems range from valves being installed backward to the use of welding materials, nuts and bolts that may not have been designed to handle the stress of a nuclear plant.

The allegations were made by more than 50 plant workers through the Government Accountability Project (GAP), an organization that defends whistle-blowers. GAP has refused to divulge names of the workers, who fear retaliation, but allowed the NRC to examine the complaints after a federal judge rebuffed NRC's effort to get the workers' names through a subpoena.

HP&L spokesman Graham Painter said the utility had not been allowed to see the allegations but said plant officials think that they are "old complaints."

"If that's the case, we're not concerned," Painter said. "If we looked at it, either we took corrective action or it didn't amount to much."

Edna Ottney, a nuclear consul-

"If 10 percent of these allegations are true, that plant is not safe I would not live close to the South Texas plant."

—Edna Ottney, nuclear consultant

last who investigated the complaints for GAP, said the allegations "touch just about everything," from improper installation of safety devices to falsification of thousands of quality-control documents, which the NRC relies on to issue operating licenses.

"If 10 percent of these allegations are true, that plant is not safe," said Ottney, who has investigated similar complaints for the NRC. As an employee of a consulting firm under contract to the NRC, Ottney several years ago investigated worker complaints about the Tennessee Valley Authority nuclear plants, all of which are now closed for safety reasons.

South Texas, she said, "is worse than TVA. I would not live close to the South Texas plant."

John Corder, a former South Texas worker who agreed to be interviewed on the record, acknowledged that he reported problems to plant and NRC officials before taking them to GAP, but he contended that nothing was done to correct them.

Corder, a 27-year Bechtel employee who describes himself as a "good company man," was a superintendent at South Texas until he was dismissed last November as part of what the company said was a work force cutback.

"Nobody cares," he said. "Nobody wants to hear it. They're behind schedule and out of money. They say they'll fix it after the plant is running."

Corder accompanied the NRC inspection team on a tour Tuesday of the South Texas plant, where he had complained of numerous construction deficiencies in the recently completed Unit 2. Although he was not allowed to enter Unit 1 of the plant for what the NRC said were security reasons, Corder said he was able to point out identical problems with metal fasteners on an electrical panel in Unit 2.

"The fasteners are gone. Missing," he said. "The panel is just stuck up there." The panel is a protective covering over high-voltage switch plates that control electrical equipment in the plant.

Corder declined to characterize the plant as safe or unsafe. "It's muddled," he said. "I still worry about it at night."

NRC spokesman Joe Gilliland confirmed that Corder had earlier pointed out construction defects to an agency inspector. Gilliland said he did not know how serious the defects were or what corrections, if any, the agency had ordered.

According to NRC and GAP documents, other workers have raised questions about the adequacy of electrical splices, pipe joints and welds. While the individual complaints may appear minor, Ottney said, they suggest that the plant's quality-control program is defective.

The NRC inspects relatively little of a nuclear power plant before deciding whether to grant it an operating license. Instead, the agency relies heavily on a "paper trail" of quality-assurance documents that are supposed to ensure the plant meets NRC standards as it is being built.

Ottney said several quality-control inspectors told her that they were instructed not to verify construction documents and that most said they complied for fear of losing their jobs. "The question is rolling over now in the TVA and South Texas are about your nuclear jobs," she said. "There's no other jobs for them. It was a last hurrah."

"I expect that's a fact," said Corder, who worked on getting a half-shut-down nuclear plant at Bechtel dating back to the early 1980s. "I have pointed out engineering flaws before, and it was always an arm-wrestle. But it never before led to a vendetta against employees like it has here."

Painter said NRC officials had told the utility that "it's typical to have these allegations at the last minute" and that the review "should have no effect on licensing."

NRC spokesman Gilliland said the agency may have told HP&L that the latest inspection "has not been a delaying factor" in the licensing process because a commission vote on the license has been postponed for other reasons.

Low-power tests were delayed last month when the plant developed an unexplained vibration in its cooling system, and the NRC is analyzing a potential problem with its "thimble tubes," shafts that are used to introduce sampling equipment into the reactor. The tubes corroded in a similar plant in Belgium, allowing radioactive water to spill into the reactor building.

CERTIFICATE OF SERVICE

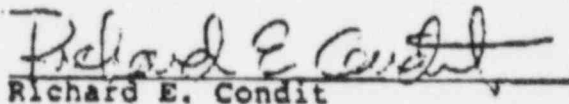
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L. W. Zech, Jr., Chairman
Thomas M. Roberts
Kenneth Rogers
Frederick M. Bernthal
Kenneth M. Carr

U.S. Nuclear Regulatory Commission
1717 H Street, N.W.
Washington, D.C.

2. Secretary
U.S. Nuclear Regulatory Commission
1717 H Street, N.W.
Washington, D.C.


Richard E. Condit

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