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REPORT OF INVESTIGATION

TITLE: COMANCHE PEAK - GAP ALLEGATIONS (LACK OF NRC ACTION WHEN NOTIFIED OF WRONGDOING BY UTILITY)

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8-30-85

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OFFICE OF INSPECTOR & AUDITOR
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BACKGROUND

On November 1, 1984, Ms. Billie Pirner Garde, Director, Citizen's Clinic, Government Accountability Project (GAP), Institute for Policy Studies, was interviewed by the Office of Inspector and Auditor (OIA), U.S. Nuclear Regulatory Commission (NRC) concerning allegations of NRC misconduct regarding the Comanche Peak Steam Electric Station (SES) (Attachment 1). During the interview, Garde alleged that Region IV, NRC, and the Office of Investigations (OI), NRC, did not properly respond when notified of possible wrongdoing by Texas Utilities Generating Company (TUGCO), the applicant at Comanche Peak SES. Garde outlined three instances when Region IV and OI allegedly failed to act when notified of wrongdoing by TUGCO:

- On March 8, 1984, the Comanche Peak SES Quality Assurance (QA) Supervisor detained eight quality control (QC) inspectors in a room then searched their desks and confiscated inspection reports documenting numerous deficiencies with electrical equipment.
- In September 1983, TUGCO management pressured a contract inspector to reword his inspection report concerning the adequacy of the paint coatings program at Comanche Peak SES.
- TUGCO had falsified inspection reports concerning improper installation of liner plates for the spent fuel tank, refueling cavities, and two transfer canals.

On November 13, 1984, OIA initiated an investigation into the alleged inaction by Region IV and OI when notified of these instances of wrongdoing by TUGCO.

SUMMARY

Region IV and OI allegedly failed to act when notified that on March 8, 1984, the Comanche Peak SES QA Supervisor detained eight QC inspectors in a room then searched their desks and confiscated inspection reports documenting numerous deficiencies with electrical equipment.

Paul S. Check, Deputy Regional Administrator, Region IV, NRC, when interviewed (Attachment 2) stated that at about 9:00 a.m., March 8, 1984, he received a telephone call from TUGCO Vice President for Nuclear Operations, Billy Ray Clements, who briefed Check on what Clements described as "provocative behavior" on the part of electrical QC inspectors at Comanche Peak SES. Reportedly, some of the electrical QC inspectors were wearing T-shirts with the message "I pick nits" printed on them. Additionally, the QC inspectors were finding numerous problems with electrical construction allegedly as a result of conducting "destructive" inspections. Clements stated he was concerned for the safety of the QC inspectors because craft workers might retaliate for what the QC inspectors were doing. For this reason, the QC inspectors had been sequestered in a room and were going to be interviewed by TUGCO management. After the telephone conversation, Check discussed the situation with Richard P. Denise, Director, Division of Reactor Safety and Projects, Region IV. They agreed that Region IV would wait for further information before taking any action.

At about 11:00 a.m., March 8, 1984, Check received another telephone call from Clements to update him on the ongoing situation at Comanche Peak SES. Clements reported that the QC inspectors had been sent home and they would be allowed to return when properly attired. Clements also reported there was no evidence that the QC inspectors had engaged in sabotage during their inspections. Check, Denise, and William Brown, the Regional Attorney, discussed the information from Clements and agreed that TUGCO seemed to be handling the situation responsibly. Because there was no health and safety issue, Check did not see any need for immediate NRC involvement in what appeared to be a labor-management problem.

Soon after the second telephone call from Clements, a meeting was held at Region IV to discuss the situation at Comanche Peak SES. The consensus of the participants at the meeting was there was no need for NRC involvement in the situation at Comanche Peak SES. It was suggested that Region IV contact the NRC resident inspectors at Comanche Peak SES and have them observe and gather more information on what was happening.

Although unsure of the details, Check recalled that sometime after the telephone calls from Clements, Region IV learned that TUGCO had seized records from the desks of the QC inspectors. In the event the documents might, at a later date, be evidence or be of interest to the Atomic Safety and Licensing Board (ASLB), Region IV immediately took action to confiscate the documents from TUGCO and secure them in the NRC's Resident Inspector's office for safe-keeping.

Paul S. Check prepared notes concerning his telephone conversations with Bill Clements and his recollection of the events regarding the Comanche Peak SES T-shirt incident (Attachment 3). The notes by Check indicate that Region IV thought the utility was handling the incident in a responsible manner. A decision was made to ask the NRC Resident Inspectors at Comanche Peak SES to observe, but not interfere with, the developing situation.

In a July 10, 1984, deposition before the Atomic Safety and Licensing Board (ASLB) in the matter of Comanche Peak SES (excerpts at Attachment 4), Billy Ray Clements stated that during the morning of the T-shirt incident at Comanche Peak SES, he was informed of the ongoing incident while at his office in Dallas, Texas. Clements then telephoned Paul Check and informed him of the situation. Clements reported to Check that QC inspectors wearing T-shirts bearing some reference to "nit-picking" were being kept in a room at Comanche Peak SES. Clements told Check that the reason for the detention of the QC inspectors was possible animosity between TUGCO construction workers and QC inspectors. Clements did not want any physical violence or verbal abuse between these groups of employees.

In testimony before the ASLB on September 11, 1984, in the matter of the Comanche Peak SES (excerpts at Attachment 5), Clements stated that during the day of the T-shirt incident, he telephonically discussed the situation with Region IV at least three or four times. After reviewing the handwritten notes prepared by Check to document the telephone conversations between Clements and Check (Attachment 3) Clements confirmed to the ASLB that the first page and a half of the notes accurately recorded what he told Region IV. However, Clements could not recall making the comments listed under "Update" on the bottom of the second page of the notes. Additionally, Clements was not

certain if the names listed in the notes were correct. Clements also commented that some background information concerning the meaning of the saying "I pick nits" was not recorded in Check's notes. In response to a question, Clements stated that he did not consider the inspections being conducted by the electrical inspectors as being destructive or sabotage. He considered the inspectors as just being over-aggressive.

Richard P. Denise, Director, Division of Reactor Safety and Projects, Region IV, when interviewed (Attachment 6) stated that at about 9:30 a.m., March 8, 1984, he was advised by Check that Billy Clements had telephonically reported to Region IV that some Comanche Peak SES QC inspectors had arrived at work wearing T-shirts bearing the statement "I pick nits." TUGCO management apparently considered the T-shirts to be provocative and TUGCO was concerned for the safety of the inspectors. For this reason, the QC inspectors had been sequestered in a room and were going to be interviewed by a TUGCO consultant. Reportedly, this situation had developed from a belief that the QC inspectors had been conducting destructive testing of electrical construction.

Denise and Check briefly discussed the information provided by Clements. They were primarily concerned with whether the QC inspectors were engaged in sabotage that should be investigated by NRC. Check considered the situation to be a labor-management problem, and he thought Region IV should wait for further information from Clements before Region IV took any action. On the other hand, Denise thought Region IV should act to gather more information about the ongoing situation and then decide if the Region should become involved. Check and Denise agreed to await further information from Clements before taking any action.

At about 11:00 a.m., March 8, 1984, Clements telephoned Check and stated that TUGCO had no proof of destructive testing and there was no clear evidence of sabotage. Clements also advised that the QC inspectors would be sent home without pay until the T-shirts were taken off and that they could return to their jobs if they were still there. Clements stated that TUGCO would keep Region IV informed.

At about noon, March 8, 1984, a meeting was held between Check; Denise; Eric H. Johnson, Chief, Reactor Projects Branch II, Division of Safety and Projects, Region IV; and Doyle M. Hunnicutt, Chief, Reactor Project Section B, Reactor Projects Branch 2, Region IV. At the meeting, Hunnicutt indicated he had spoken with the NRC resident inspectors at Comanche Peak SES that morning and they had told him they had just received telephone calls regarding the ongoing incident. Apparently the resident inspectors had taken no action in response to the information except to notify Hunnicutt.

Hunnicutt instructed the resident inspectors to not become involved in what he considered to be a labor-management problem. Hunnicutt briefed the meeting on what the resident inspectors had told him about the situation at Comanche Peak and it was at this time that Denise learned the QC inspectors had reportedly been physically detained, locked in a room, and escorted when they left the room. Denise stated that Hunnicutt did not mention at the meeting that documents had been seized. During this meeting, Denise recommended, and it was agreed to, that the Senior Resident Inspector for Operations at Comanche Peak SES would go to the location of the incident, learn what was transpiring, and take pictures of the inspectors in their T-shirts and of the "sabotage"

areas. Denise asked Hunnicutt to relay these instructions to the resident inspectors. Apparently, Hunnicutt passed the instructions to the resident inspectors at about 12:30 p.m., March 8, 1984; however, by this time the incident was over and the QC inspectors had been escorted off the site.

At 11:13 a.m., March 9, 1984, Clements again telephoned Check to provide an update. Denise was present for the telephone conversation. Among other topics, Clements reported that TUGCO had looked at the QC inspector's personal belongings for inspection documents. It seemed that TUGCO was interested in non-conformance reports. This was the first indication that TUGCO was reviewing inspection documents.

At about 3:17 p.m., March 9, 1984, Denise and Eric Johnson had a telephone conversation with David N. Chapman, Quality Assurance Manager, TUGCO. Chapman reviewed the incident and discussed some perceptions of the inspectors. The inspectors thought TUGCO management was putting too much emphasis on non-problems and that the incident on March 8, 1984, resulted from the lack of supervisor communications. The inspectors did not want to make a big scene and now realized how the T-shirts could be considered provocative and non-professional. Chapman further related that TUGCO had removed documents from the inspector's work area. This was the first time that Denise was informed that documents had been seized by TUGCO. During the telephone conversation, Chapman was asked to lock up the documents that were seized, limit access only to NRC and a selected TUGCO reviewer, and to get the boxes of material to the NRC resident inspector. Chapman agreed to deliver the material to the NRC Senior Resident Inspector for Construction.

At about 4:00 p.m., March 9, 1984, Denise briefed Hunnicutt on the information provided by Chapman and instructed Hunnicutt to ensure the documents were secured by NRC.

Richard P. Denise prepared notes concerning his knowledge of the events surrounding the T-shirt incident (Attachment 7). These notes were used to support Denise's recollection of the incident.

In a memorandum dated April 20, 1984 (Attachment 8), Richard P. Denise instructed Doyle M. Hunnicutt to copy the material seized by TUGCO, forward a copy of the material to Region IV and send a copy of relevant material to each QC inspector, and retain the seized material at the Senior Resident Inspector for Construction's office.

Doyle M. Hunnicutt, Chief, Reactor Project Section B, Reactor Project Branch 2, Region IV, when interviewed (Attachment 9), stated his recollection of the circumstances surrounding the March 8, 1984, T-shirt incident at Comanche Peak SES was very vague. However, Hunnicutt stated he testified at length before the ASLB in October 1984 concerning the incident. At that time, Hunnicutt's memory was much fresher concerning what took place. Hunnicutt stated the testimony he provided the ASLB was correct, and he had no changes.

In prepared testimony for the ASLB (Attachment 10) Doyle M. Hunnicutt detailed his involvement in the March 8, 1984, "T-shirt incident" at Comanche Peak SES. Hunnicutt stated that at about 11:00 a.m., March 8, 1984, the Senior Resident Inspectors at Comanche Peak SES telephoned him at Region IV and reported to him that an anonymous caller had relayed information to the NRC resident

inspectors concerning an event taking place at Comanche Peak SES. Both Senior Resident Inspectors told Hunnicutt that the caller stated that Comanche Peak SES management and Brown and Root (B&R) security personnel were going through desk drawers and files in the electrical and mechanical quality control office in the safeguards building. The caller had also stated he was concerned that some inspectors were being detained by the licensee. The caller had requested that an NRC representative come to the safeguards building. Hunnicutt instructed the Resident Inspectors not to go to the safeguards building until he discussed the situation with Region IV management. Hunnicutt stated that at that time he believed that the issue was a TUGCO labor-management problem and not something affecting the health and safety of the plant. At about noon, March 8, 1984, a Region IV reactor inspector visiting Comanche Peak SES telephoned Hunnicutt and stated he had received an anonymous telephone call and shortly thereafter a visit from an individual who did not disclose his name. Both the telephone caller and the individual expressed concern about licensee personnel going through the personal effects and records in the desks of inspectors in the safeguards building. The caller and the person who came to the NRC office told the reactor inspector that the cause of the management action was the wearing of T-shirts by QC inspectors bearing a statement referring to "nit pickers".

Following the telephone calls, Hunnicutt discussed the information with his Branch Chief, Eric H. Johnson, and it was decided that Region IV should be alert to the concerns of these individuals but should not participate in the ongoing incident between Comanche Peak management and the T-shirt personnel. These instructions were relayed to the NRC inspectors at Comanche Peak SES. Subsequently, a meeting was held between Hunnicutt, Johnson, and Richard Denise. During this meeting Hunnicutt discussed the telephone conversations and what could be accomplished by NRC involvement. After this meeting, the three participants discussed the entire situation with Paul Check. During the meeting Check stated that Billy Clements of TUGCO had also telephoned him concerning the incident with the T-shirts. The four then determined that there was no indication that NRC regulations had been violated nor that there was a threat to health and safety of the plant. However, it was decided to monitor the incident and gather more knowledge of what was happening. Consequently, between 12:30 p.m. and 1:00 p.m., March 8, 1984, Hunnicutt telephonically instructed the Senior Resident Inspector for Operations at Comanche Peak SES to make a reasonable attempt to meet with the T-shirt personnel. The Senior Resident Inspector for Operations was also instructed to attempt to take photographs of the inspectors wearing the T-shirts and to attempt to photograph any electrical wiring which appeared to have been damaged. At about 1:30 p.m., March 8, 1984, the Senior Resident Inspector for Operations telephoned Hunnicutt and informed him that the QC inspectors had already been escorted off the site and that he had been unable to take any pictures. The Senior Resident Inspector had found one wire which appeared to have some scratch marks but had no other indication of damage.

Sometime during the afternoon of March 8, 1984, Hunnicutt was informed by Paul Check that Comanche Peak management had taken documentary material from the desks of the QC inspectors. Check indicated he had been told this by Billy Clements. There were subsequent discussions between Hunnicutt, Johnson, Denise, and Check, and on the afternoon of March 9, 1984, the NRC Senior Resident Inspector for Construction at Comanche Peak was instructed by Hunnicutt and Johnson, who had been instructed by Denise, to request that Comanche Peak SES management turn over to the NRC the documents taken from

desks, lockers, or other locations during the T-shirt incident. It was Hunnicutt's understanding that the reason for taking custody of these documents was that, while there was nothing to indicate that NRC involvement was warranted at that time, there existed the possibility that later events might involve the NRC. It was decided to acquire the materials against that possibility. Shortly after relaying the instructions to the Senior Resident Inspector for Construction, Hunnicutt received a telephone call that the documents had been secured.

On March 13, 1984, acting on instructions from Richard Denise, Hunnicutt completed an inventory of each of the eight packages of material that were seized. Hunnicutt identified nothing which would raise health and safety concerns with the NRC.

On about April 2, 1984, Hunnicutt was requested by Denise to prepare a list of interview questions and interview some or all of the eight QC inspectors involved in the T-shirt incident. The purpose of the interviews was to provide the NRC with a better understanding of the events of March 8, 1984, and to help determine whether there should have been NRC involvement. On April 5, 1984, Hunnicutt and the NRC Senior Resident Inspector for Construction interviewed three QC inspectors selected at random. The answers to the questions were somewhat similar from all three inspectors interviewed. No additional QC inspectors involved in the T-shirt incident were interviewed because the first three gave fairly consistent answers.

A list of eight questions prepared by Hunnicutt as well as Summaries of Interview documenting the three interviews of QC inspectors conducted by Hunnicutt were reviewed (Attachment 11). The responses from the three QC inspectors were similar.

In testimony before the ASLB on October 1, 1984, in the matter of Comanche Peak SES (excerpts at Attachment 12) Doyle M. Hunnicutt testified concerning his recollections of the T-shirt incident. Concerning those matters of interest to OIA, Hunnicutt's testimony agreed with the information in his prepared testimony.

James E. Cummins, Senior Resident Inspector for Construction, Comanche Peak SES, when interviewed (Attachment 13) stated he recalled that at about 11:00 a.m., March 8, 1984, he was in the office of the Senior Resident Inspector for Operations, Comanche Peak SES, when he answered an anonymous telephone call which asked him to go to the TUGCO QC offices in the North Island area of Comanche Peak SES. The caller claimed that TUGCO management had sequestered some QC inspectors in a room and were going through their desks. Cummins telephoned his supervisor, Doyle M. Hunnicutt, at Region IV, and relayed the information to him. Cummins was instructed by Hunnicutt to not get involved in what appeared to be a TUGCO labor-management issue. Cummins later received a telephone call from Hunnicutt who stated he had talked to Region IV management and the original instructions to not get involved still applied. Later that morning, Cummins learned from a Region IV reactor inspector who was at Comanche Peak that he had received a telephone call and a visit from an anonymous QC inspector who reported TUGCO's detention of QC inspectors and search of their desks. Cummins later received another anonymous telephone call requesting NRC involvement in the ongoing incident.

In the afternoon of March 9, 1984, Cummins received telephone instructions from Hunnicutt to obtain from the TUGCO QC Supervisor at Comanche Peak SES all the documents which had been confiscated by TUGCO on March 8, 1984. Cummins complied with these instructions and secured the documents in the NRC trailer at Comanche Peak SES.

Early in April 1984, Cummins and Hunnicutt interviewed three or four of the TUGCO QC inspectors who had been detained on March 8, 1984. The QC inspectors told Cummins and Hunnicutt that they were not trying to deliver a message by wearing the T-shirts and that TUGCO management had over reacted to the situation.

In testimony before the ASLB on July 17, 1984, in the matter of Comanche Peak SES (excerpts at Attachment 14), James E. Cummins provided his recollections of the T-shirt incident. Although in more detail, Cummins' testimony before the ASLB agreed with the information he provided OIA.

Ben B. Hayes, Director, Office of Investigations (OI), NRC, when interviewed (Attachment 15) stated he did not specifically recall receiving a telephone call from Billie Garde on the evening of March 8, 1984, to notify him of the detention and seizure of inspection records at Comanche Peak SES. However, Hayes had no reason to doubt that Garde, in fact, telephoned him. Hayes did recall that Richard K. Herr, Director, OI Field Office, Region IV, had checked with Region IV and learned that the records seized by TUGCO had already been confiscated by Region IV and were under NRC control. Upon learning that Region IV had control of the records, OI's involvement in the incident ceased. Hayes commented that had there been an allegation of harassment or intimidation of the QC inspectors, OI would have investigated. However, no such allegation was ever made.

Hayes commented that sometime in the Summer 1984, he participated in interviews of those QC inspectors still employed at Comanche Peak SES who had been involved in the March 8, 1984, incident. The purpose of the interviews was to learn from the QC inspectors the circumstances surrounding the incident. The QC inspectors stated the issue had been resolved and no one had been fired. None of the QC inspectors made any allegation of harassment or intimidation. Generally, the QC inspectors thought TUGCO management overreacted to the situation. All the inspectors interviewed stated they did not change any of their inspection procedures and still wrote non conformance reports whenever they observed deficiencies.

Region IV and OI allegedly failed to act when notified that in September 1983, TUGCO management pressured a contract inspector to reword his inspection report concerning the adequacy of the paint coatings program at Comanche Peak SES.

Donald D. Driskill, Investigator, OI Field Office, Region IV, when interviewed (Attachment 16), stated that on September 12, 1983, during an interview of a witness regarding an ongoing OI investigation, he received a copy of a "Departmental Correspondence" memorandum prepared by Joseph J. Lipinsky, the OB Cannon and Sons Company (OB Cannon) Quality Assurance/Quality Control Manager. In the memorandum Lipinsky documented his evaluation of the protective paint coatings program at Comanche Peak SES.

A review of the memorandum by Driskill disclosed that Lipinsky visited Comanche Peak SES between July 26-28, 1983, to evaluate the TUGCO paint coatings program. The memorandum documented a variety of problems with the coatings program. Several weeks after receipt of the Lipinsky memorandum, Driskill prepared an OI Report of Inquiry to transfer the technical information in the report to Region IV. The reason for the transfer was the memorandum contained information about a poor TUGCO paint coatings program; however, it did not contain any information regarding licensee misconduct.

Driskill forwarded the draft Report of Inquiry to his supervisor, Richard Herr, Director, OI Field Office, Region IV. Herr suggested that Driskill talk to Lipinsky to confirm that Lipinsky wrote the memorandum and to determine if he had any information to give NRC. On October 14, 1983, Driskill telephonically interviewed Lipinsky. Lipinsky was surprised and concerned that Driskill had a copy of the memorandum and was reluctant to discuss the memorandum with Driskill. Lipinsky stated the memorandum was an internal document which was not to be released outside of OB Cannon. Lipinsky related the memorandum was intended as a trip report to inform his management about what he found during his visit to Comanche Peak SES. Lipinsky further related that the purpose of his July 26-28, 1983, visit to Comanche Peak SES was to evaluate the quality of the Comanche Peak SES protective paint coatings program in accordance with a Consulting Services Contract that OB Cannon had with TUGCO. Lipinsky further stated his memorandum contained his personal opinion, and OB Cannon Vice President, R.B. Roth, to whom the memorandum was addressed did not agree with Lipinsky on all points contained in the memorandum.

After his telephone interview with Lipinsky, Driskill prepared an OI Report of Inquiry (Q4-83-026). A copy of the October 18, 1983, OI Report of Inquiry, along with a copy of the Lipinsky memorandum was forwarded to Region IV for their review of the technical issues. There were no allegations of impropriety for OI to investigate.

On November 10, 1983, Brooks Griffin, Investigator, OI Field Office, Region IV, interviewed Lipinsky who was at Comanche Peak SES to discuss the contents of his memorandum with TUGCO. During the interview, Griffin let Lipinsky read a copy of Driskill's OI Report of Inquiry, Q4-83-026. Lipinsky had no problem with the report and stated that Driskill had fairly and honestly characterized the October 14, 1983, telephone conversation. Lipinsky made no allegations of harassment or intimidation to Griffin.

On January 16, 1984, while he was in the office of David N. Chapman, QA Manager, TUGCO, Driskill obtained a copy of the transcript of the November 10-11, 1983, meeting between Lipinsky and TUGCO. Driskill reviewed the transcript and provided a copy to Region IV management as an attachment to a February 7, 1984, OI Report of Inquiry Supplemental. Driskill did not identify any indications of harassment and intimidation during his review of the transcript.

Driskill commented that prior to September 1983, OI had conducted several investigations at Comanche Peak SES based on allegations from QC inspectors in the paint coatings department. Additionally, Region IV had been involved in

reviewing and inspecting the paint coatings program at Comanche Peak. OI's investigations concerned intimidation of QC personnel in the paint coatings group; falsification of paint coatings QC records; and discrimination against a paint coatings QC inspector. Additionally, OI conducted an inquiry into an allegation concerning the use of improper coating procedures. Among other things, between September and November 1983, Region IV had an NRC inspector from Region III, who was an expert in the paint coatings area, inspect the paint coatings program at Comanche Peak SES. Also, in January 1984, Region IV contracted with Brookhaven National Laboratory, to review the paint coatings program.

OI Report of Inquiry Q4-83-026, dated October 18, 1983, prepared by Donald D. Driskill (Attachment 17) was reviewed. The information contained in the Report of Inquiry agreed with the information provided by Driskill during the OIA interview. The inquiry report documented Driskill's receipt of the "Departmental Correspondence" memorandum and his interview of Lipinsky. As an exhibit to the Report of Inquiry was a copy of the "Departmental Correspondence." The Report of Inquiry does not contain any allegation of licensee misconduct.

OI Report of Inquiry Supplemental Q4-83-026, dated February 7, 1984, prepared by Donald D. Driskill (Attachment 18) was reviewed. The Supplemental Report of Inquiry had as an exhibit a copy of the transcript of the November 10-11, 1983, meeting between TUGCO and O.B. Cannon personnel. The transcript did not contain any indication of harassment or intimidation of Lipinsky by TUGCO personnel.

Brooks Griffin, Investigator, OI Field Office, Region IV, when interviewed (Attachment 19), stated that on November 10, 1983, while at Comanche Peak SES he interviewed Lipinsky. During the interview, Griffin showed Lipinsky the OI Report of Inquiry, QA-83-026, prepared by Driskill to document the October 14, 1983, telephone conversation between Driskill and Lipinsky. Lipinsky read the report and stated it accurately documented what he told Driskill during the telephone interview.

During the interview, Lipinsky told Griffin that he had been asked to come to Comanche Peak SES to discuss a paint coatings contract. When he arrived at the site he was called into a room where Donald Tolson, the Comanche Peak QA Manager, read the internal memorandum Lipinsky had written to his supervisor concerning his inspection of the Comanche Peak SES paint coatings program. Tolson then discussed why Lipinsky was wrong. Because Lipinsky was not prepared for the interview, the only reply he had for Tolson was that if what Tolson was saying by way of explanation was true then there was no problem. Additionally, because Lipinsky had not talked to many paint coatings QC inspectors nor had he been allowed to review TUGCO's records to any extent, he did not have sufficient background to refute Tolson. Lipinsky's memo to his supervisor was essentially based on the interview of one TUGCO QA inspector who told Lipinsky what he thought the problem areas were. Lipinsky did not intend for his memorandum to become public. He had put his findings in writing with the thought that OB Cannon could obtain a paint coatings contract at Comanche Peak SES. Lipinsky was concerned that his memo becoming public knowledge could adversely affect his future in the nuclear industry because he would be associated with a leak of internal information.

During the interview, Lipinsky never indicated nor alleged to Griffin that he had been harassed or intimidated. Lipinsky stated he was under pressure because he was unprepared to respond to questions being asked during his meeting with TUGCO.

Joseph Gallo, an attorney with the law firm of Isham, Lincoln, and Beal, and the legal representative of Joseph J. Lipinsky, was contacted in an effort to interview Lipinsky (Attachment 20). Gallo stated that Lipinsky was in the process of testifying before the ASLB concerning his inspection of the Comanche Peak SES paint coatings program and the memorandum he subsequently prepared to document his findings. Lipinsky had been directed by the ASLB not to discuss his testimony with any third party. Because the proposed OIA interview of Lipinsky would be directly related to the matters testified to by Lipinsky before the ASLB, it would not be possible for Lipinsky to be interviewed.

OIA reviewed the testimony of Joseph J. Lipinsky given before the ASLB between November 19-21, 1984, regarding Comanche Peak SES (Attachment 21). Lipinsky related during his testimony that he did not believe he was harassed, intimidated, or unduly pressured by OB Cannon or TUGCO to change his August 8, 1983, "Departmental Correspondence" memorandum regarding his evaluation of the Comanche Peak paint coatings program. Lipinsky's testimony provided no indication that he ever reported to the NRC that he was being harassed or intimidated as a result of the findings documented in the memorandum.

In prepared testimony for the ASLB (Attachment 22), Joseph J. Lipinsky detailed his inspection of the Comanche Peak SES paint coatings program, the preparation of a draft report for OB Cannon management documenting his evaluation of the paint coatings program, and subsequent discussions of his evaluation with OB Cannon and TUGCO management, as well as, the NRC Office of Investigations. Lipinsky testified that his supervisor slightly modified his memorandum concerning the ability of OB Cannon to accomplish any rework of the Comanche Peak SES paint coatings. Although asked by his supervisor on several occasions to sign the revised report, Lipinsky refused. Lipinsky stated that each time he refused, the matter was dropped. Lipinsky stated that his employment status at OB Cannon was not threatened in any way by the fact he had written the memorandum, that it had leaked to the public, or that he refused to sign the revised report. Lipinsky stated he was not "railroaded" into changing his opinion. Lipinsky did not indicate that he alleged to OI that he was being harassed or intimidated.

In an affidavit dated September 28, 1984, before the ASLB concerning Comanche Peak SES (Attachment 23), Joseph J. Lipinsky recounted the circumstances surrounding his preparation of the "Departmental Correspondence" memorandum concerning his evaluation of the Comanche Peak SES paint coatings program. The affidavit discussed in some detail each of the areas mentioned in the memorandum and the fact that the observations and conclusions in the memorandum no longer represented his views or the views of OB Cannon. In the affidavit, Lipinsky asserted he had not been induced in any way to retract his memorandum, and he had not been subjected to any harassment, intimidation or threats by his employer, the applicants, or anyone associated with the proceeding.

Region IV and OI allegedly failed to act when notified that TUGCO had falsified inspection reports concerning improper installation of liner plates for the spent fuel tank, refueling cavities, and two transfer canals.

H. Brooks Griffin, Investigator, OI Field Office, OI, Region IV, when interviewed (Attachment 24), stated that on April 6, 1984, he interviewed a confidential GAP witness concerning alleged falsification by TUGCO of liner plate inspection reports at Comanche Peak SES. The GAP witness reported that she had been instructed to sign off on inspection travelers for quality control (QC) inspections on liner plates she had not performed. This interview was the first involvement by OI in the alleged TUGCO falsification of liner plate inspection reports. On April 6, 1984, Griffin interviewed a second GAP witness who provided corroborating testimony concerning the allegations made during the first interview. During both interviews, Thomas Ippolito, former Project Manager, Comanche Peak SES Technical Review Team (TRT), was present and received copies of both statements.

As a result of the information provided by both GAP witnesses, OI and the Comanche Peak SES TRT worked together for about a month to review liner plate allegations/problems. After the review, OI assumed investigative jurisdiction on matters involving possible licensee wrongdoing, and the TRT took responsibility for reviewing the technical issues concerning whether the liner plates were properly manufactured and installed.

During the first of September 1984, Griffin and Tom Currie, EG&G, Idaho, reviewed TUGCO inspection travelers, and on September 10, 1984, Griffin began active investigation of the allegations of wrongdoing contained in the statements of the GAP witnesses. OI Report of Investigation (4-84-039), which was in draft form at the time of the OIA interview, documented this investigation which consisted of interviews of 16 licensee personnel, including everyone mentioned by the first GAP witness. Many of these interviews were conducted between September and October 1984. Griffin noted that the first GAP witness alleged she was told to sign inspection travelers for inspections of liner plates she did not conduct. However, the practice of "late entry sign-offs," where an inspector signs inspection documents for inspections the inspector did not perform as long as there are inspection documents to support the traveler, is common. Apparently, as far as the NRC technical staff and the nuclear industry are concerned, there is no problem with this practice. Because the first GAP witness had reservations about what she was asked to do by TUGCO management, she noted on the travelers the fact the entries she made were late. She also incorporated the old construction documents which bore previous QC inspector signatures for inspection steps into the traveler package by renumbering the documents. During any future review, these steps would identify that the entry was a late entry sign-off and the documents used to support the entry would be available.

Although the first GAP witness was concerned with signing for inspections she did not personally conduct, the OI investigation did not focus on that allegation because the practice of late entry sign-offs was not considered improper. However, through a series of interviews, Griffin was able to determine exactly what instructions the first GAP witness received from TUGCO management. It was learned that the instructions to the first witness were to sign-off on the travelers whether or not construction documents (NDE chits) existed to support that inspections were actually conducted. The OI

investigation determined that management instructions to sign-off on travelers for which no back-up documents were available were improper.

Griffin further related that on August 24, 1983, he interviewed Arvil Dillingham, Jr., a former B&R general foreman at Comanche Peak SES. This interview was conducted during the course of an OI investigation (4-84-006) into allegations of intimidation of employees at Comanche Peak SES. During the interview, Dillingham provided information concerning his belief that inspection travelers concerning liner plates had been falsified. The purpose of the OI interview of Dillingham was to investigate alleged intimidation at Comanche Peak SES. OI believed that Dillingham's allegations concerning the liner plates had previously been addressed; therefore, OI did not identify his belief that the travelers had been falsified as being an OI matter. OI referred the Dillingham statement, which contained numerous technical allegations many of which had already been addressed, to Region IV. Region IV was to refer back to OI any allegations of wrongdoing that it developed. OI never received any feedback from Region IV. However, as a result of the information provided during the April 6, 1984, interviews of GAP witnesses, the allegations of liner plate inspection traveler falsification, originally mentioned by Dillingham, were thoroughly investigated by OI.

OIA reviewed the transcript of an interview of the first GAP witness conducted at 2:37 p.m., April 6, 1984, by H. Brooks Griffin, OI, and Thomas Ippolito, Comanche Peak SES (TRT) (Attachment 25). Discussed during the interview were numerous technical allegations which were raised by the GAP witness. These allegations were subsequently segregated and issued NRC allegation tracking numbers. Also discussed in detail, on page 60, was an allegation that TUGCO management wanted the GAP witness to sign between 112-142 travellers for the stainless steel liner plates for the spent fuel pool. The GAP witness was concerned that she was signing for inspections that she did not personally conduct.

OIA reviewed the transcript of an interview of a second GAP witness conducted at 6:55 p.m., April 6, 1984, by H. Brooks Griffin, OI, and Thomas Ippolito, Comanche Peak TRT (Attachment 26). Discussed during the interview were numerous technical allegations raised by the GAP witness. Also briefly commented on by the second GAP witness, on page 88 of the transcript, was her knowledge of falsification of documentation. The second GAP witness corroborated the testimony of the first GAP witness.

OIA reviewed the transcript of an interview of Arvill Dillingham, Jr., conducted on August 24, 1983, by Richard K. Herr and H. Brooks Griffin, OI Field Office, Region V (excerpts at Attachment 27). Among the allegations documented in the transcript, Dillingham discussed his concern that travelers for stainless steel fuel liner plates were being falsely prepared.

Thomas F. Westerman, Enforcement Officer, Region IV, when interviewed (Attachment 28), stated that upon completion of the OI investigation into the concerns raised by Arvill Dillingham, Jr., in his August 24, 1983, interview, OI provided Westerman with a copy of the transcript. In addition to the August 24, 1983, transcript, Westerman had on file two other affidavits by Dillingham dated March 31, 1983, and June 27, 1983, which documented his concerns with the construction at Comanche Peak.

Although the issues raised by Dillingham in the first two affidavits had previously been investigated by NRC, in April 1984 Westerman provided the three affidavits to a Region IV inspector for review and research. However, also in April 1984, the NRC Comanche Peak TRT arrived at Region IV to review and attempt to resolve allegations of construction deficiencies at Comanche Peak SES. Consequently, the TRT assumed responsibility for all allegations at Comanche Peak SES. The Dillingham affidavits, as well as any other allegations concerning the liner plates at Comanche Peak, were turned over to the TRT for resolution.

In a memorandum dated April 4, 1984, (Attachment 29) H. Brooks Griffin, OI Field Office, Region IV, provided Thomas F. Westerman, Inspection and Enforcement Officer, Region IV, with a copy of the transcript of the OI interview of Arvill Dillingham.

In a Technical Interview conducted on December 10, 1984, (excerpts at Attachment 30) between the NRC Comanche Peak TRT and intervenors, the issue of the stainless steel spent fuel pool liners was discussed. Both technical and falsification issues were discussed. Vincent S. Noonan, Project Director for the Comanche Peak TRT, stated he had issued a memorandum to the NRC staff directing them to formalize a position on whether the spent fuel pool liners were safety or non-safety related. Also during the interview, it was noted that the alleged falsification of the inspection travelers for the spent fuel pool liners was the subject of a separate investigation by OI.

In a memorandum dated December 7, 1984, (Attachment 31) from Vincent S. Noonan, Project Director, Comanche Peak TRT, to various NRC Branch Chiefs, Noonan requested that the staff prepare a statement of the NRC staff's position on the need for the spent fuel pool liner to be designed and constructed as a Seismic Category I structure, and/or a safety-related, 10 CFR 50, Appendix B structure. As enclosures to the memorandum were two NRC Inspection Reports, 50-445/77-13 and 50-445/79-15, which provided information on Region IV's past inspections of the spent fuel pool liner. Inspection Report 77-13 documented Region IV's inspection of the welding of fillet joints for the attachment of leak chase channels and of tacks for the attachment of backing bars for the butt weld seams for stainless steel liners. Inspection Report 79-15 documented a special investigation of allegations received regarding improper and potentially very poor welding of inter-plate seams in the Unit 1 Refueling Pool, spent fuel pools, and transfer canal of the common facility Fuel Handling Building.

Conclusion

4/4
The facts developed during this investigation indicate that Region IV was not sufficiently sensitive to reports concerning the detention by TUGCO management of Comanche Peak SES quality control inspectors and the subsequent search of their desks and files. OIA believes that Region IV should have more promptly responded to the anonymous allegations by acting to gather firsthand information concerning the ongoing incident. Region IV would have then been better able to decide whether the situation was a TUGCO labor-management dispute or whether additional NRC involvement was required.

The OIA investigation did not develop any indication that the OB Cannon inspector believed or reported that he was harassed, intimidated, or unduly

pressured in connection with his "Departmental Correspondence" memorandum. Consequently, we believe Region IV and OI acted appropriately in this matter.

v/h
OIA believes that Region IV and OI responded appropriately to reports received in April 1984, concerning the alleged falsification of spent fuel pool liner plates by TUGCO. As a result of these allegations, the OI Field Office, Region IV, conducted an investigation into possible licensee wrongdoing and the NRC Comanche Peak TRT reviewed the technical concerns with the spent fuel pool liner plates. OIA noted, however, that the OI Field Office, Region IV received information in August 1983, that inspection reports for the spent fuel pool liner plates were being falsely prepared. Because this was not identified as an OI matter at that time, investigation of this issue was inappropriately delayed until the allegations were again received in April 1984.

ATTACHMENTS

1. Report of Interview - Billie P. Garde, dated November 7, 1984.
2. Report of Interview - Paul S. Check, dated May 1, 1985.
3. Notes by Paul S. Check re Comanche Peak.
4. Excerpts of Deposition of Billy R. Clements, dated July 10, 1984.
5. Excerpts of Testimony of Billy R. Clements, dated September 11, 1984.
6. Report of Interview - Richard P. Denise, dated May 3, 1985.
7. Notes by Richard P. Denise re Comanche Peak.
8. Memo, Subject: B&R QC Inspection Material Impounded by NRC at CPSES, dated April 20, 1984.
9. Report of Interview - Doyle M. Hunnicutt, dated May 9, 1985.
10. Testimony of Doyle M. Hunnicutt, w/ attachments.
11. List of questions and Summaries of Interview.
12. Excerpts of Testimony of Doyle M. Hunnicutt, dated October 1, 1984.
13. Report of Interview - James E. Cummins, dated May 6, 1985.
14. Excerpts of Testimony of James E. Cummins, dated July 17, 1984.
15. Report of Interview - Ben B. Hayes, dated May 6, 1985.
16. Report of Interview - Donald D. Driskill, dated May 6, 1985.
17. OI Report of Inquiry, Q4-83-026, dated October 18, 1983.
18. OI Report of Inquiry Supplemental, Q4-83-026, dated February 7, 1984.
19. Report of Interview - Brooks Griffin, dated May 2, 1985.
20. Report of Interview - Joseph Gallo, dated May 8, 1985.
21. Review of Testimony, dated May 29, 1985.
22. Testimony of Joseph J. Lipinsky.
23. Affidavit of Joseph J. Lipinsky, dated September 28, 1984.
24. Report of Interview - Brooks Griffin, dated May 2, 1985.
25. Confidential Interview, dated 2:37 p.m., April 6, 1984.
26. Confidential Interview, dated 6:55 p.m., April 6, 1984.

27. Interview of Arvill Dillingham Jr., dated August 24, 1983.
28. Report of Interview - Thomas F. Westerman, dated May 3, 1985.
29. Memo, Subject: Release of Portions of Dillingham's Transcript.
30. Excerpts of Technical Interview, dated December 10, 1984.
31. Memo, Subject: Preparation of a Statement on the NRC Staff's Position on the Spent Fuel Liner, w/ attachments, dated December 7, 1984.

RECOLLECTION BY PAUL S. CHECK OF SEQUENCE OF EVENTS
REGARDING COMANCHE PEAK "TEE SHIRT" INCIDENT

1. Bill Clements called me on March 8 to inform NRC of apparently provocative behavior on part of several QC inspectors and to describe TUGCO's initial actions in response. (See attached note re call.)
2. In discussion with Bill Brown and Dick Denise, I observed that the Utility appeared to be handling the incident in a responsible manner and endorsed suggestion by Denise that we ask our residents to observe, but not interfere with, the developing situation. Denise was to handle.
3. Later (perhaps the next day), upon learning that the company had collected material from desks of QC inspectors and anticipating ASLB and other interest in it, we decided to impound it. Denise handled.

Attachment

Note to J Collins
From P Check

To: T. Westerman
FYI. JT

8 Mar

(1)

Bill Clements called to inform us of what appear to be an organized disruption on the part of the Electrical QC inspectors in the Safeguards Building.

Construction has been completed. Walledowns have been accomplished. QC inspectors go in and find numerous ~~the~~ problems, some bogus some apparently the result of "destructive" inspection (e.g. pulling overhard on wires at junction boxes or on flexible tubing that serves as conduit through walls).

The inspectors are wearing tee-shirts with message "I pick nits".

(2)

TUGCO is concerned for safety of these men and has sequestered them. They are being spoken to / interviewed by Royce Greer this A.M. Company mgt has met (w/ie lawyers) and is weighing next step. We'll be kept informed.

The inspectors are:

Wayne Whitehead ✓
S. Shambles ✓
Eddy Snyder ✓
Milton Barfield ✓
Ron Jones ✓
G. Pryor ✓

Update

- Plan to send home without pay
- Come back when properly attired
- Resume work if job unfilled