



UNITED STATES
NUCLEAR REGULATORY COMMISSION
WASHINGTON, D. C. 20555
OCT 04 1988

Mr. Stephen B. Comley
Executive Director
We The People of the United States
Box 277
Rowley, Massachusetts 01969

Dear Mr. Comley:

Your letter of August 15, 1988, to President Ronald Reagan expressing your concerns regarding Seabrook Station has been referred to me for response.

I share your concern about the potential use of substandard piping fixtures at nuclear power facilities. Therefore, NRC issued NRC Bulletin No. 88-05 and Supplements 1 and 2 thereto (copies enclosed) to inform applicants and licensees of this potential problem. The Seabrook Station licensee reviewed the Seabrook Station construction records in accordance with the requirements of the bulletin and supplements and determined that 369 suspect fixtures were installed in the Seabrook Unit 1 plant. A report of the licensee's review was submitted to NRC on August 25, 1988, and is currently being reviewed by the NRC staff. The applicant must demonstrate to the satisfaction of the NRC staff that all of these suspect fixtures provide an acceptable level of quality and safety.

A second concern expressed in your letter was that an unqualified inspector had been used at Seabrook Station. An Authorized Nuclear Inspector (ANI) trainee was assigned to the Seabrook Station from May to December 1985. The NRC review determined that the ANI trainee performed assignments in accordance with his assigned training program and that qualified ANIs had evaluated and monitored his training, progress, and inspection work. The NRC concluded that there was neither a noncompliance with the American Society of Mechanical Engineers Code nor evidence of wrongdoing.

You also expressed a concern regarding the thoroughness of the licensee's inspection to determine that "counterfeit" bolts were not built into Seabrook Station. The licensee's initial inspection, performed in response to NRC Bulletin No. 87-02 (copy enclosed), determined that the fasteners used in Seabrook Station were acceptable. After that initial inspection, NRC issued Supplements 1 and 2 (copies enclosed) to NRC Bulletin No. 87-02. These supplements requested and then clarified the request for additional information on the suppliers and manufacturers from whom the subject fasteners may have

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Mr. Stephen B. Comley

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been purchased. The NRC reviewed the information submitted by the Seabrook Station licensee in response to Supplements 1 and 2 to NRC Bulletin No. 87-02 and concluded that the actions taken by the licensee were both complete and adequate and that the fasteners installed in Seabrook Station are acceptable for their intended uses.

Thank you for your interest in these matters.

Sincerely,

Original signed by,
Frank J. Miraglia

fjm

Thomas E. Murley, Director
Office of Nuclear Reactor Regulation

Enclosures:
As stated

bcc:
Agency Liaison
Room 91
The White House
Washington, DC 20500

*See previous concurrence

OFC	:PDI-3	:PDI-3	:TECH EDITOR	:Region I	:PDI-3/DIR	:AD	:DREP
NAME	*DBrinkman:ck	*MRushbrook	*BCalure	*DHaverkamp	*RWessman	*BBoger	*FCongel
DATE	:09/28/88	:09/28/88	:09/28/88	:09/29/88	:09/29/88	:09/29/88	:09/30/88

OFC	:DRIS	:DRP	:ADP	:DONRR	:DONRR		
NAME	*BGrimes	Syarge	DCrutchfield	JSniezek	for Murley		
DATE	:09/30/88	:09/30/88	:9/30/88	:9/30/88	:9/30/88		

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Mr. Stephen Comley - Citizens Concerns

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DCrutchfield

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T.Murley/J.Sniezek

PDI-3 r/f

SVarga (2)

BBoger

GAP/CA (3)

SECY ED00003975

VStello

FMiraglia

DMossburg, PMAS (EDO#0003975)

DBrinkman

VNerses

MRushbrook

RWessman

UNITED STATES
NUCLEAR REGULATORY COMMISSION
OFFICE OF NUCLEAR REACTOR REGULATION
WASHINGTON, D.C. 20555

May 6, 1988

NRC BULLETIN NO. 88-05: NONCONFORMING MATERIALS SUPPLIED BY PIPING
SUPPLIES, INC. AT FOLSOM, NEW JERSEY AND WEST
JERSEY MANUFACTURING COMPANY AT WILLIAMSTOWN,
NEW JERSEY

Addressees:

All holders of operating licenses or construction permits for nuclear power reactors.

Purpose:

The purpose of this bulletin is to require that licensees submit information regarding materials supplied by Piping Supplies, Incorporated (PSI) at Folsom, New Jersey and West Jersey Manufacturing Company (WJM) at Williamstown, New Jersey and to request that licensees 1) take actions to assure that materials comply with ASME Code and design specification requirements or are suitable for their intended service, or 2) replace such materials.

Description of Circumstances:

The NRC has obtained copies of certified material test reports (CMTRs) for material supplied by PSI and WJM that contain false information about material supplied to the nuclear industry. A number of CMTRs were apparently used to certify that commercial-grade, foreign steel meets the requirements of ASME Code Section III, Subarticle NCA-3800, by using a domestic forging company's letterhead. There was no evidence that PSI or WJM performed or had a subcontractor perform the testing required by Section III to upgrade the commercially produced steel for these falsified CMTRs. The information available to date indicates that WJM started supplying ASME Code components to the nuclear industry in 1976, both directly as well as through intermediaries, and that PSI started supplying ASME Code components to the nuclear industry directly and through intermediaries in 1985. In addition, WJM held an ASME Quality System Certificate (QSC-385) as a material manufacturer from November 30, 1979 to November 30, 1985.

The NRC has concluded that there are potential generic safety implications at facilities that either have received direct shipment of materials furnished by PSI or WJM (i.e., pipe fittings and flanges) or received piping subassemblies and other components from holders of ASME Certificates of Authorization or other subcontractors which incorporated materials supplied by PSI or WJM.

Actions Requested:

1. Review purchasing records for your facility and determine whether any WJM- or PSI-supplied ASME Code or ASTM materials have been furnished to your facility. The lists of purchasing and receiving companies given in Attachments 1 and 2 have been developed through the NRC's partial review of PSI and WJM documents. It is emphasized that the NRC has not reviewed all documents; therefore, the review of records should not be limited to the companies on these lists. The records review for PSI-supplied material should cover the period since January 1, 1985. The WJM review should cover the period since January 1, 1976.
2. For ASME Code and ASTM materials furnished by PSI or WJM that are either not yet installed in safety-related systems at your facility or are installed in safety-related systems of plants under construction, the following actions are requested: (perform action a and either action b or c)
 - a. Provide a list of WJM- and PSI-supplied materials that are found not to be in conformance with the applicable code requirements or procurement specifications and identify the applications in which these materials are used or will be used. Include the material specification, the nature of the component (e.g., pipe flange), size and pressure rating; also indicate the chain of purchase, and either
 - b. Take actions that provide assurance that all received materials comply with ASME Code Section III, ASTM, and applicable procurement specification requirements, or that demonstrate that such materials are suitable for the intended service. For example, this program should include specific verification that austenitic stainless steels have been received in a non-sensitized condition, or,
 - c. Replace all questionable fittings and flanges with materials that have been manufactured in full compliance with ASME Code Section III, ASTM, and the applicable procurement specification requirements.
3. For ASME Code and ASTM materials furnished by WJM or PSI already installed in safety-related systems in operating plants, the following actions are requested:
 - a. Provide a list of the WJM- and PSI-supplied materials that are found not to be in conformance with the applicable code requirements or procurement specifications and identify the applications in which the materials are used. Include the material specification, the nature of the component (e.g., pipe flange), size, and pressure rating; also indicate the chain of purchase.
 - b. Take actions requested in 2b or 2c above. However, an evaluation should be undertaken prior to replacing questionable material in accordance with 2c above that considers the occupational radiation

exposure that would be received during the replacement process. This evaluation should be considered in developing the method and timing of material replacements.

- c. Document and maintain for inspection a basis for continued plant operation if the program requested in item 3b has not been completed within 120 days of the date of receipt of this bulletin.
4. For any PSI- or WJM-supplied materials having suspect CMTRs and used in systems that are not safety-related, take actions commensurate with the function to be performed.
5. Maintain for inspection the documentation of the specific actions taken for the identified materials.
6. For operating plants, all scheduled actions should be completed before a restart from the next major outage starting after 180 days from the date of receipt of this bulletin. For plants under construction all scheduled actions and the reporting required by 2 below should be completed prior to the planned fuel load date. If any addressee cannot meet this schedule, they should justify to the NRC their proposed alternative schedule.

Reporting Requirements:

1. Provide a written report within 120 days of the date of receipt of this bulletin that either:
 - a. States that no WJM- or PSI-supplied materials have been furnished for your facility for use in safety-related systems, if such is the case, or
 - b. Provides the information requested in items 2a and 3a above that indicates which materials have been found not to be in conformance with the applicable code requirements or procurement specifications, confirms completion of other actions requested in items 2b or c, 3b and 4, and provides a schedule for completing any remaining actions.
2. Confirmation of completion of all scheduled actions shall be submitted to the NRC within 60 days of completion for operating plants and prior to the fuel load date for plants under construction.

The written reports, required above, shall be addressed to the U.S. Nuclear Regulatory Commission, ATTN: Document Control Desk, Washington, D.C. 20555, under oath or affirmation under the provisions of Section 182a, Atomic Energy Act of 1954, as amended. In addition, a copy shall be submitted to the appropriate Regional Administrator.

This requirement for information was approved by the Office of Management and Budget under clearance number 3150-0011.

If you have any questions regarding this matter, please contact one of the technical contacts listed below or the Regional Administrator of the appropriate NRC Regional Office.

Charles E. Rossi
Charles E. Rossi, Director
Division of Operational Events Assessment
Office of Nuclear Reactor Regulation

Technical Contacts: Ray Cillimberg, NRR
(301) 492-3220

Ed Baker, NRR
(301) 492-3221

Attachments:

1. Table 1 - Known and Intended Recipients of Carbon Steel Materials furnished by PSI or WJM
2. Table 2 - Known and Intended Recipients of Stainless Steel Materials furnished by PSI or WJM
3. List of Recently Issued NRC Bulletins

TABLE 1 - KNOWN AND INTENDED RECIPIENTS OF CARBON STEEL
 MATERIALS FURNISHED BY PSI AND WJM

<u>Purchaser</u>	<u>Receiving Company</u>	<u>Nuclear Plant (if known)</u>
Radnor Alloys, Inc.	Bechtel Power Corp.	Pilgrim
Capitol Pipe & Steel	Bechtel Power Corp.	Midland
Pullman Power Products	Pullman Power Products	Palo Verde
Pullman Power Products	Daniel	Wolf Creek
Pullman Power Products	Cleveland Electric	Perry
Pullman Power Products	Bechtel Power Corp.	South Texas
Pullman Power Products	Pullman Power	San Onofre
Pullman Power Products	Pullman Power	Vogtle
Tyler Davison	Bechtel Power Corp.	Grand Gulf
Osborne Brothers Welding Supply	General Electric	Perry
HUB Incorporated	Duke Power	Oconee
HUB Incorporated	Bechtel Power Corp.	Arkansas
HUB Incorporated	Bechtel Power Corp.	WNP-2
Chicago Tube & Iron	Omaha Public Power District	Fort Calhoun
Chicago Tube & Iron	Commonwealth Edison	Braidwood
Chicago Tube & Iron	Cherne Construction Co.	Marble Hill
Chicago Tube & Iron	Northern States Power	-----
Chicago Tube & Iron	Consumer Power	Palisades
Dravo Corp.	Dravo Corp.	Seabrook
Joliet Valves, Inc.	Joliet Valves, Inc.	-----
McJunkin	Bechtel Power Corp.	San Onofre
Guyon Alloys	Babcock & Wilcox	-----
ITT Grinnell	ITT Grinnell	-----
Guyon Alloys, Inc.	Bechtel Power Corp.	Limerick
Guyon Alloys, Inc.	Northeast Nuclear Energy Company	Millstone
Guyon Alloys, Inc.	Bechtel c/o PP&L	Susquehanna
Guyon Alloys, Inc.	Duke Power	Catawba
Guyon Alloys, Inc.	Bechtel Power Corp.	Hope Creek
Guyon Alloys, Inc.		WNP-2
Guyon Alloys, Inc.	Carolina Power & Light	Brunswick
Guyon Alloys, Inc.	Baldwin Associates	Clinton
Guyon Alloys, Inc.	South Carolina Electric and Gas	V.C. Summer
Guyon Alloys, Inc.	Carolina Power & Light	Shearon Harris
Guyon Alloys, Inc.	Gulf States	River Bend
Bellows		-----
American Standard	American Standard	-----
Louis P. Canuso	Bechtel/Public Service	Hope Creek

TABLE 1 - KNOWN AND INTENDED RECIPIENTS OF CARBON STEEL
 MATERIALS FURNISHED BY PSI AND WJM
 (continued)

<u>Purchaser</u>	<u>Receiving Company</u>	<u>Nuclear Plant (if known)</u>
Capitol Pipe & Steel	Bechtel	Hope Creek
Gulfalloy	Bechtel Power Corp.	Palo Verde
Public Service Electric and Gas	PSE&G	Salen
Conax	Conax	-----
Consolidated Power*	Bechtel Power	South Texas
Consolidated Power*	Duke Power	McGuire
Consolidated Power*	Boston Edison	Pilgrim
Consolidated Power*	Niagara Mohawk	Nine Mile Point
Consolidated Power*	Philadelphia Electric	Limerick
Louis P. Canuso	Bechtel Corp.	Hope Creek
Dubose	Toledo Edison	Davis-Besse
Dubose	Florida Power	Crystal River
Dubose	TVA	Sequoyah
Dubose	TVA	Watts Bar
Dubose	PP&L	Susquehanna
Dubose	SMUD	Rancho Seco
Dubose	Rochester Gas & Electric	Ginna
Dubose	Duke Power	Oconee
Dubose	Power Authority State of N.Y.	FitzPatrick
Dubose	South Carolina Electric and Gas	-----

*Consolidated Power is also known as Consolidated Piping and Supply located in Birmingham, Alabama, Furlong, Pa., and Charlotte, N.C.

TABLE 2 - KNOWN AND INTENDED RECIPIENTS OF STAINLESS STEEL
MATERIALS FURNISHED BY PSI AND WJM

<u>Purchaser</u>	<u>Receiving Company</u>	<u>Nuclear Plant (if known)</u>
HUB Incorporated	Bechtel Power Corp.	Limerick
Radnor Alloys	Radnor Alloys	-----
Pullman Power Products	Pullman Power	-----
Dravo Corp.	Dravo Corp.	Seabrook
Louis P. Canuso, Inc.	Philadelphia Electric	Peach Bottom
L. P. Canuso, Inc.	Bechtel Power Corp.	-----

LIST OF RECENTLY ISSUED
NRC BULLETINS

Bulletin No.	Subject	Date of Issuance	Issued to
88-04	Potential Safety-Related Pump Loss	5/5/88	All holders of OLs or CPs for nuclear power reactors.
85-03, Supplement 1	Motor-Operated Valve Common Mode Failures During Plant Transients Due to Improper Switch Settings	4/27/88	All holders of OLs or CPs for BWRs.
87-02, Supplement 1	Fastener Testing to Determine Conformance with Applicable Material Specifications	4/22/88	All holders of OLs or CPs for nuclear power reactors.
86-03	Inadequate Latch Engagement in MFA Type Latching Relays Manufactured by General Electric (GE) Company	3/10/88	All holders of OLs or CPs for nuclear power reactors.
88-02	Rapidly Propagating Fatigue Cracks in Steam Generator Tubes	2/5/88	All holders of OLs or CPs for V-designed nuclear power reactors with steam generators having carbon steel support plates.
88-01	Defects in Westinghouse Circuit Breakers	2/5/88	All holders of OLs or CPs for nuclear power reactors.
87-02	Fastener Testing to Determine Conformance with Applicable Material Specifications	11/6/87	All holders of OLs or CPs for nuclear power reactors.
87-01	Thinning of Pipe Walls in Nuclear Power Plants	7/9/87	All licensees for nuclear power plants holding an OL or CP.

OL = Operating License
CP = Construction Permit

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June 15, 1988

NRC BULLETIN NO. 88-05, SUPPLEMENT 1: NONCONFORMING MATERIALS SUPPLIED BY
PIPING SUPPLIES, INC. AT FOLSOM, NEW
JERSEY AND WEST JERSEY MANUFACTURING
COMPANY AT WILLIAMSTOWN, NEW JERSEY

Addressees:

All holders of operating licenses or construction permits for nuclear power reactors.

Purpose:

The purpose of this supplement is to 1) provide additional information concerning material supplied by Piping Supplies, Incorporated (PSI) and West Jersey Manufacturing Company (WJM), 2) reduce the scope of the requested materials review to only flanges and fittings, 3) delineate actions licensees are requested to take to identify these materials and to determine whether the materials comply with ASME and ASTM design and material specifications, and 4) clarify what actions licensees are requested to take once they identify material that does not comply with the above material specifications.

Description of Circumstances:

On June 10, 1988 the NRC staff was informed by Carolina Power & Light (CP&L) that the Shearon Harris Nuclear Plant had tested two flanges from their warehouse that had been supplied by WJM. The two flanges were identified as belonging to Heat No. 7218, SA-105 material. The CP&L test results did not match those reported on WJM's Certified Material Test Reports (CMTRs) and did not meet the tensile and yield strength requirements for SA-105 material. Required minimum tensile strength is 70 KSI whereas the measured tensile strengths were 45 KSI and 46 KSI. The tensile strength reported on the CMTR was 77 KSI. Required minimum yield strength is 36 KSI whereas the measured yield strengths were 27 KSI and 31 KSI. The yield strength reported on the CMTR was 50 KSI. Measured chemistry composition was also out of specification, notably percent carbon was very low at 0.045 and manganese was measured at 0.32 (required range 0.6 to 1.05).

Bulletin 88-05 requires that all PSI and WJM supplied material be identified and that a determination be made as to its suitability for the intended or

actual application. This supplement narrows the scope of review from ASME and ASTM "materials" to ASME and ASTM fittings and flanges. In view of the recent verification that flanges which do not comply with ASME and ASTM specifications have been supplied to the nuclear industry, the time frames for certain actions are also modified by this supplement.

Actions Requested:

The actions requested in Bulletin 88-05 remain in effect with the following additions:

1. Review of purchasing records may be reduced in scope from ASME and ASTM "materials" to ASME and ASTM "fittings and flanges" and the review should be initiated and completed promptly.
2. The scope of paragraph 2 of Bulletin 88-05 is reduced from ASME and ASTM "materials" to ASME and ASTM "flanges and fittings." All other provisions of paragraph 2 of Bulletin 88-05 remain in effect.
3. The scope of paragraph 3 of Bulletin 88-05 is reduced from ASME and ASTM "materials" to ASME and ASTM "flanges and fittings." For ASME and ASTM flanges and fittings furnished by PSI or WJM already installed in safety-related systems in operating plants, the following actions are requested:
 - a. Commence appropriate testing of accessible flanges and fittings promptly to identify conformance of materials to ASME and ASTM material specifications. Test results for flanges and fittings reported to be from the same heat should be compared for consistency and for conformance to the ASME/ASTM specifications and to values listed on material CMTRs. Any deviation from the specification requires an appropriate analysis justifying continued operation.
 - b. If any inaccessible flanges or fittings are identified, an analysis must be performed justifying continued operation.
 - c. All other provisions of paragraph 3 of Bulletin 88-05 remain in effect.
4. For flanges and fittings already identified as having been supplied by PSI or WJM, the actions requested in 3a and 3b above are to be completed within 30 days of receipt of this supplement. For flanges and fittings identified after receipt of this supplement, the actions requested in 3a and 3b above are to be completed within 30 days of identifying the flanges or fittings as being supplied by PSI and WJM.

1/ Based on the discovery by CP&L of nonconforming flanges and on NRC review of records of WJM's production of numerous flanges purportedly from Heat No. 7218, licensees should specifically be alert to identify records for flanges from Heat No. 7218.

5. Addressees are requested to retain nonconforming materials until advised further by the NRC. Nonconforming materials should be segregated to ensure that they are not inadvertently used.
6. Addressees are encouraged to report the results of tests of PSI and WJM supplied flanges and fittings to the INPO Nuclear Network for dissemination to the industry.

Reporting Requirements:

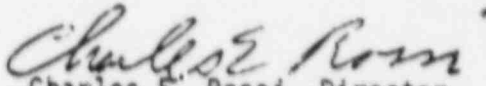
The reporting requirements of Bulletin 88-05 remain in effect with the following additions:

1. The NRC Operations Center should be notified by telephone, 202-951-0550, of the need for analysis to justify continued operation as required in paragraphs 3a and 3b. Where the need for analysis to justify continued operation results in a requirement for a report under 10 CFR 50.72, the notification to the Operations Center should be in accordance with the reporting times required by 10 CFR 50.72. If the need for analysis to justify continued operation would not result in a requirement for a report under 10 CFR 50.72, the notification to the Operations Center should be made within 48 hours.
2. Include the results of all tests of PSI or WJM materials in the written response to Bulletin 88-05.

The written reports required above shall be addressed to the U.S. Nuclear Regulatory Commission, ATTN: Document Control Desk, Washington, D.C. 20555, under oath or affirmation under the provisions of Section 182a, Atomic Energy Act of 1954, as amended. In addition, a copy shall be submitted to the appropriate Regional Administrator.

This requirement for information was approved by the Office of Management and Budget under blanket clearance number 3150-0011. Comments on burden and duplications should be directed to the Office of Management and Budget, Reports Management, Room 3208, New Executive Office Building, Washington, D.C. 20503.

If you have any questions about this matter, please contact one of the technical contacts listed below or the Regional Administrator of the appropriate NRC regional office.


Charles E. Rossi, Director
Division of Operational Events Assessment
Office of Nuclear Reactor Regulation

Technical Contacts: Ray Cilimberg, NRR
(301) 492-3220

Ed Baker, NRR
(301) 492-3221

Attachment: List of Recently Issued NRC Bulletins

LIST OF RECENTLY ISSUED
 NRC BULLETINS

Bulletin No.	Subject	Date of Issuance	Issued to
88-07	Power Oscillations in Boiling Water Reactors (BWRs)	6/15/88	All holders of OLs or CPs for BWRs.
88-06	Actions to be Taken for the Transportation of Model No. Spec 2-T Radiographic Exposure Device	6/14/88	All NRC licensees authorized to manufacture, distribute, or operate radiographic exposure devices or source changers.
87-02, Supplement 2	Fastener Testing to Determine Conformance with Applicable Material Specifications	6/10/88	All holders of OLs or CPs for nuclear power reactors.
88-05	Nonconforming Materials Supplied by Piping Supplies, Inc. at Folsom, New Jersey and West Jersey Manufacturing Company at Williamstown, New Jersey	5/6/88	All holders of OLs or CPs for nuclear power reactors.
88-04	Potential Safety-Related Pump Loss	5/5/88	All holders of OLs or CPs for nuclear power reactors.
85-03, Supplement 1	Motor-Operated Valve Common Mode Failures During Plant Transients Due to Improper Switch Settings	4/27/87	All holders of OLs or CPs for BWRs.
87-02, Supplement 1	Fastener Testing to Determine Conformance with Applicable Material Specifications	4/22/88	All holders of OLs or CPs for nuclear power reactors.
88-03	Inadequate Latch Engagement in MFA Type Latching Relays Manufactured by General Electric (GE) Company	3/10/88	All holders of OLs or CPs for nuclear power reactors.

OL = Operating License
 CP = Construction Permit

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OFFICE OF NUCLEAR REACTOR REGULATION
WASHINGTON, D.C. 20555

August 3, 1988

NRC BULLETIN NO. 88-05, SUPPLEMENT 2: NONCONFORMING MATERIALS SUPPLIED BY
PIPING SUPPLIES, INC. AT FOLSCOM, NEW
JERSEY AND WEST JERSEY MANUFACTURING
COMPANY AT WILLIAMSTOWN, NEW JERSEY

Addressees:

All holders of operating licenses or construction permits for nuclear power reactors.

Purpose:

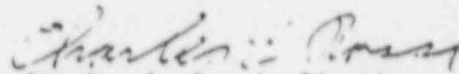
The purpose of this supplement is to (1) modify the schedule for actions addressees were requested to perform in Bulletin 88-05 and Supplement 1 and (2) provide additional information concerning materials supplied by Piping Supplies, Incorporated (PSI), West Jersey Manufacturing (WJM), and a recently identified affiliated company, Chews Landing Metal Manufacturers Incorporated (CLM).

Description of Circumstances:

On July 22, 1988, the NRC staff met with representatives of the Nuclear Management and Resources Council (NUMARC) to discuss the status of licensees' actions in response to Bulletin 88-05 and Supplement 1. During this meeting, NUMARC presented information on licensee and NUMARC/Electric Power Research Institute (EPRI) testing and evaluation methodology of PSI/WJM flanges. This information was summarized in a letter to the NRC from NUMARC dated July 25, 1988 and a detailed report and proposal was subsequently submitted on July 29, 1988 (Attachment 1).

Based on the reported measurement and analytical results to date, the NRC has concluded that for full power licensees it is appropriate to suspend, temporarily, the field measurements, testing, records review, and the preparation of justifications for continued operations (JCOs) that were requested by Bulletin 88-05 and Supplement 1 until further notice. Addressees that have not received a full power license are requested to continue the in-situ testing and the records review. The time frames of interest remain as specified in the original Bulletin, January 1, 1976 to present. During the temporary suspension of the requested activities, the NRC will review the measurement and test data and results of analysis performed and determine the extent to

If you have any questions about this matter, please contact one of the technical contacts listed below or the Regional Administrator of the appropriate NRC regional office.



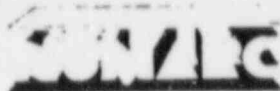
Charles E. Rosti, Director
Division of Operational Events Assessment
Office of Nuclear Reactor Regulation

Technical Contacts: Ray Cilimberg, NRR
(301) 492-3220

Ed Baker, NRR
(301) 492-3221

Attachments:

1. Ltr to NRC fm NRC, dtd July 29, 1988
2. Product Forms Sold by W/M/PSI/Chews Landing
3. Nuclear Plants Receiving Suspect Material
4. Purchasers Receiving Suspect Material
5. List of Recently Issued NRC Bulletins



Attachment No. 1
NRCB 88-05 Supplement 2
August 3, 1988

NUCLEAR MANAGEMENT AND RESOURCES COUNCIL

ATTENTION: OPERATIONS • July 22 • ADMINISTRATION • July 27 • 1446

NUMARC 88-05

July 29, 1988

Mr. Thomas T. Martin
Associate Director for Inspection
and Technical Assessment
Office of Nuclear Reactor Regulation
U. S. Nuclear Regulatory Commission
Washington, D. C. 20555

Dear Mr. Martin:

In a meeting held July 22 with NRC, NUMARC requested that utility activities relative to NRC Bulletin 88-05 and Supplement 1 be suspended. This suspension request was based on a generic analysis provided to NRC by NUMARC's letter of July 22. In the subject NRC meeting, NUMARC also presented an analysis of utility and laboratory test data obtained to date. NUMARC's letter of July 25 to Dr. Thomas Murley formalized the request for suspension. In that letter, NUMARC committed to provide a written report to NRC reflecting the test data and conclusions presented in the July 22 meeting, and providing quantitative statistical evaluations relative to the conclusions presented at this meeting. That report is hereby provided as an attachment.

As noted previously, the NUMARC laboratory testing program will be carried to completion even if utility test efforts are suspended. An update of the attached report will be provided addressing conclusion of the NUMARC laboratory testing program as well as inclusion of field test data not yet reflected.

We would like to reiterate the importance of timely action in your consideration of NUMARC's request for suspension. Utility resource expenditures of major proportions are presently continuing without abatement. Continuation of testing is not resource effective and, as documented in the attachment, would not be expected to result in additional insights. Moreover, in conjunction with the generic analysis previously provided, the attachment substantiates that no significant public health and safety concern is represented by this issue.

NUMARC GENERIC TESTING PROGRAM
RESPONSE TO NRC BULLETIN 88-05

INTERIM REPORT
July 29, 1988

Prepared By

Bechtel National, Inc.
San Francisco, California 94105

Prepared For

Electric Power
3412 Hillview Avenue
Palo Alto, California 94203

ABSTRACT

The NRC Bulletin 88-05 addressed the alleged falsification of Certified Materials Test Reports (CMTRs) by two suppliers, WJM and PSI, of piping flanges and fittings. NUMARC, through the technical management of EPRI, developed a multifaceted program to assist utilities in addressing this bulletin. Laboratory testing of suspect material, the compilation of utility test data and analysis of that data are reported. These data show in general that, except for blind flanges, the suspect material meets tensile strength requirements and is satisfactory for ASME Code applications. The hardness testing results for the same materials exhibit a broad scatter band which would justify application of a testing tolerance band in comparison to the ASTM A370 conversion from hardness to tensile strength. The field and laboratory testing results both exhibit the same broad scatter band. A laboratory generated best fit curve is used to relate measured field hardness to tensile strength.

The field hardness test data for 1334 items show the same scatter band as found in laboratory tests, and follows the same general bell shape hardness distribution as laboratory hardness tests. The similarity in shapes and the lack of bumps at either the low ends or the high ends of these laboratory and field histograms indicates that there is not a concern for low strength material or high strength material. Applying a best fit approach from laboratory hardness and tensile data to field hardness data results in an estimate of strength. The best fit approach to the field data indicates that the vast majority are acceptable. Based on the laboratory testing and extensive field testing, it is concluded there is no materials problem, except possibly for some blind flanges.

Blind flanges and other components were addressed analytically in the NUMARC generic analysis report, and it was shown that in the majority of cases there would not be a stress concern even if strength in the order of 40 KSI were to be assumed.

This interim report concludes that the material has acceptable strength and except for some blind flanges is satisfactory for ASME Code applications. The continued use of these flanges and fittings does not present a safety problem.

Recommendations are made for follow-up activities.

LIST OF ILLUSTRATIONS

TABLES

- Table 1 Summary of High Hardness Limits
Table 2 Summary of Stainless Steel Tests

FIGURES

- Figure 1 Histogram of Laboratory Tensile Results
Figure 2 Equotip as BHN Compared to UTS and ASTM A370
Figure 3 Best Fit Equotip Compared to UTS
Figure 4 Histogram of Laboratory Hardness
Figure 5 Histogram of Field Hardness
Figure 6 Best Fit Data Applied to Field Hardness

INTRODUCTION

BACKGROUND

The NRC issued Bulletin 88-05 regarding alleged falsification of Certified Materials Test Reports (CMTRs) by West Jersey Manufacturing Co. (WJM) and Piping Systems, Inc. (PSI). Specific actions were required of utilities. Some of these could efficiently be addressed by a generic program. NUMARC initiated such a program. The NRC issued Supplement 1 to 88-05 subsequent to reports of two blind flanges having low tensile strength. The supplement required utilities to perform field tests on identified installed WJM/PSI items. The supplement also focused effort on piping flanges and fittings. The NUMARC program was modified to coordinate and standardize field testing methods and to compile utility generated data. Concurrently, the generic NUMARC laboratory testing program has been in progress.

NUMARC MULTIFACETED PROGRAM

Because several actions were required by 88-05 which could be efficiently addressed in a generic manner, NUMARC undertook the activities described herein as well as the testing and test data analysis which are the subject of this report.

- A. Review of records to permit scope limitation.
- B. Review of records to identify intermediate and secondary supply routes.
- C. Interface with Authorized Inspection Agencies and the National Board of Boiler and Pressure Vessel Inspectors.
- D. Generic stress analysis of fittings and flanges.
- E. Testing, data compilation and evaluation.

GENERIC STRESS ANALYSIS

The generic stress analysis has been completed, reviewed with and provided to the NRC. The analysis indicates that there is little concern for the stress integrity of the fittings or flanges even if the materials were of substantially lower strength when compared to the strength requirements of SA-105. This report was formally transmitted to the NRC by NUMARC on July 22, 1988.

The testing program is described in the following sections of this report.

NUMARC TESTING PROGRAM

METHODS

This program contains two main elements: first, comprehensive laboratory testing of suspect items contributed by utilities; and second, utility generated data of destructive laboratory tests and in situ tests of installed suspect items.

best fit approach are discussed below subsequent to a brief analysis of the utility field data. The histogram of laboratory hardness data expressed in EQUOTIP values is shown in Figure 4.

UTILITY TESTING

The utility-provided laboratory data is consistent with the generic program test data. The utilities have provided one set of data on a blind flange, Heat 7218, which is consistent with the two tests cited in 88-05 Supplement 1. This data point is not yet in the computer printout. Other than this, no substrength material has been reported based on tensile tests. These utilities have reported tensile strength for 108 items. Eight items slightly below 70 KSI have been reported. The remaining 101 values exceed 70 KSI. In one case the utility engineer indicated there was a subsize specimen removed from installed flange and was transverse to the primary working direction rather than parallel. These slightly low values are readily explained by the test direction, and by published data which confirms that tensile test results from product testing may be as much as 10 percent below the minimum specified strength. None of these utilities reported strength values are a concern.

The utility generated hardness data is shown in the histogram of Figure 5. This histogram has the same general bell shape as the histogram of laboratory hardness data. In simple terms, the bell shapes in both laboratory and field histograms and the lack of bumps at the low hardness ends of the histograms indicates that there is not a concern for low strength material. This means that the vast majority of field items would exceed 70 KSI if tested and that the remainder would be within the expected tolerance band. The conclusion is that installed items are acceptable and do not present a material concern, except for some blind flanges.

FIELD HARDNESS TO TENSILE

It is appropriate to compare the best fit curves of laboratory hardness and tensile results and apply the results of that plot to the utility generated hardness data. When this is done, refer to Figure 6, all items are shown to be acceptable. It must be realized that a best fit curve of field hardness should never be used to reject installed items, because some items which fall below the line can be within the acceptable tolerance band. This is shown by the fact that the original data had some acceptable items below the best fit curve. The best fit curve may be applied to warehouse items prior to installation, and should not be the sole justification for removal of installed items. This curve increases the confidence that the installed items are as initially intended to be.

BLIND FLANGES

The best fit curve applied to field data, or a field hardness test tolerance does not eliminate the fact that there are data in the histograms (but not yet in the computer data base) which indicates that blind flanges may be a concern for strength reasons. However, the stress analytical data provided to the NRC indicates that these substrength blinds are not a stress problem for service conditions.

there are objective reasons to use as is. The benefits of replacing installed high hardness items with acceptable welds and HAZ are minimal. In contrast, the risks in any replacement are greater. The ALARA considerations also indicate that high hardness items not be replaced unless there is a plant-unique overriding concern.

STAINLESS STEEL

There is a relatively small amount of stainless steel installed, and very little in warehouses. To date, all tests performed on stainless steel have been acceptable. Approximately four dozen items have been tested. All tensile results are acceptable, all chemical analyses are acceptable and all sensitization tests are acceptable. Approximately 10 dozen magnetic checks were also acceptable. Only one of all these test results is slightly low; that is, one yield strength value was 28.3 KSI vs. 30.0 KSI, and this difference is insignificant. These tests are summarized in Table 2.

While the absolute number of test results is not as great as for carbon steel, the results indicate there is no concern.

CONCLUSIONS

The strength of SA 105 material and stainless steel items which were suspect is not a concern.

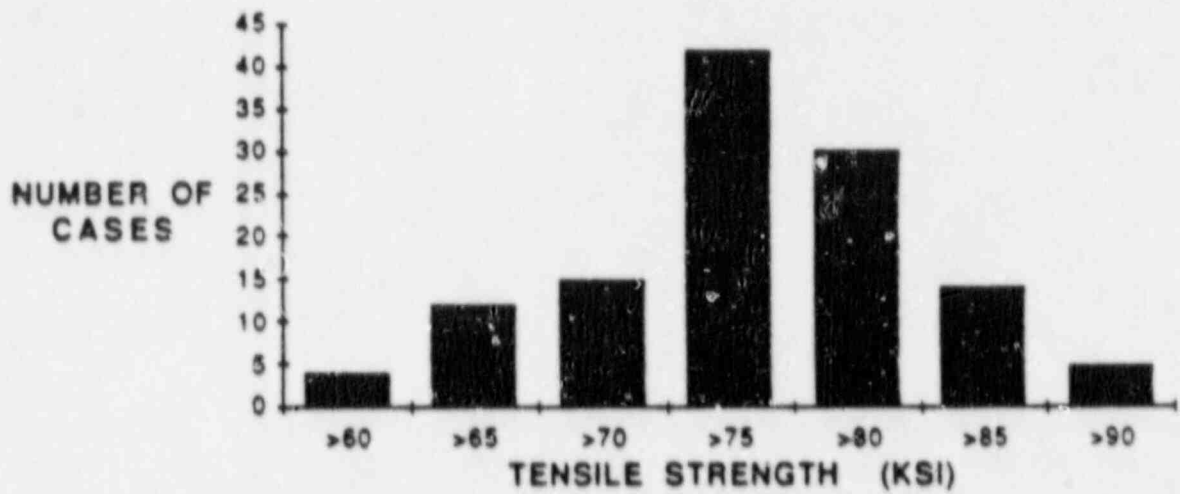
RECOMMENDATIONS

1. The test results to date indicate there is no concern for materials and thus field testing may be suspended as there is sufficient data for evaluation.

The generic stress analysis also indicates there is no concern for plausible low strength materials because it has been shown that even if substrength materials were installed, the vast majority of these cases would be acceptable. Thus, it is appropriate to suspend document reviews and field testing.

2. The laboratory program should be completed subject to constraints of available material.
3. The existing utility generated data should be compiled and analyzed in the NUMARC program.
4. A summary report should be generated.

LABORATORY TENSILE RESULTS



Data as of
7/22/88

FIG. 1 HISTOGRAM OF
LABORATORY TENSILE
RESULTS

Equotip Hardness vs. Ultimate Tensile Strength
Laboratory Test Results

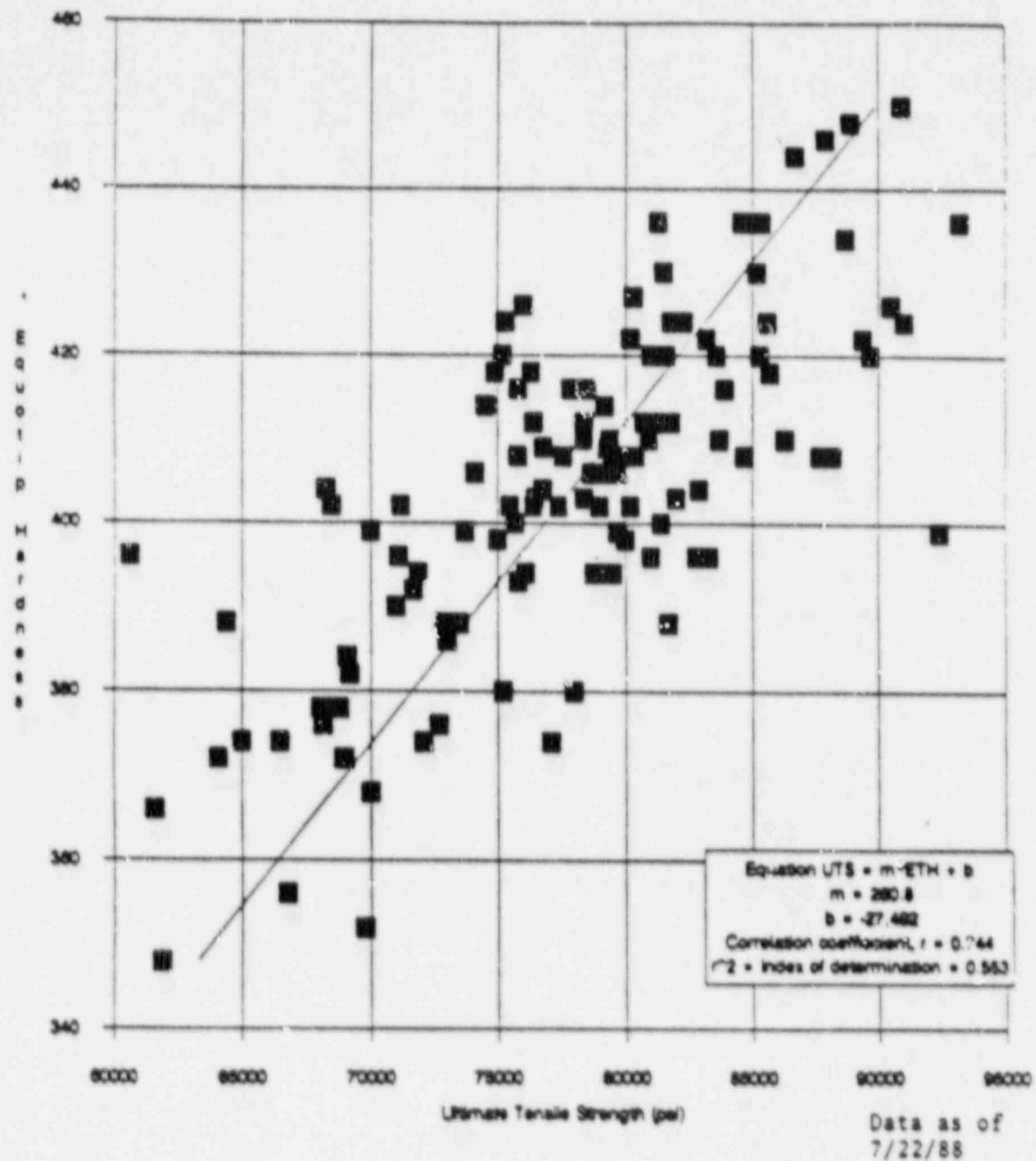


FIG. 3 BEST FIT EQUOTIP VS TENSILE STRENGTH

Data as of
20 July 1988

SA105 FIELD HARDNESS DATA

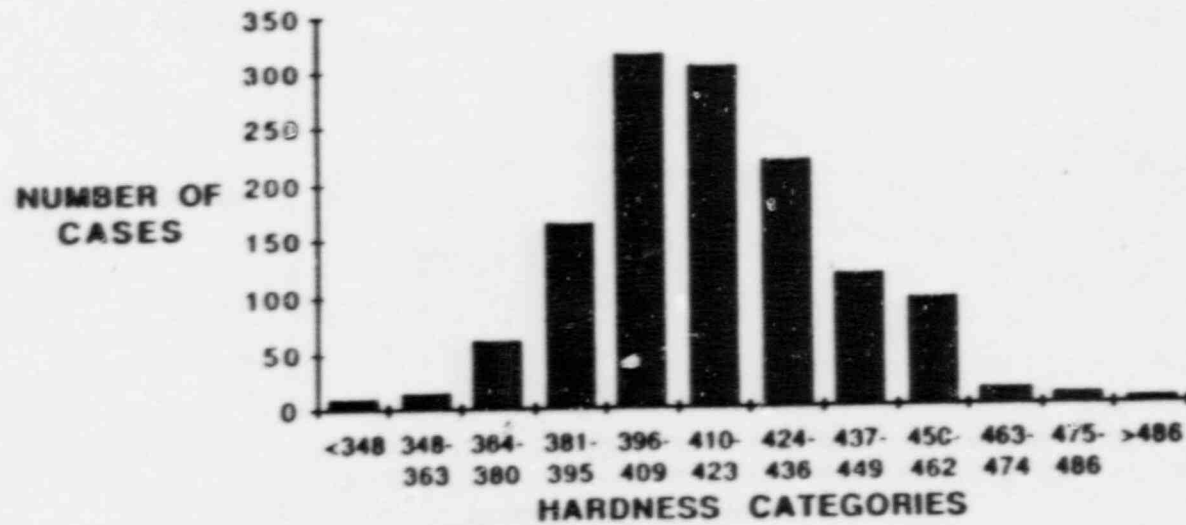


FIG. 5 HISTOGRAM OF EQUOTIP
FIELD HARDNESS

TABLE 1

SUMMARY OF HIGH HARDNESS LIMITS

MAX. HARDNESS LIMITS			<u>BHN</u>
SA	350		197
SA	105	PRE 1972	N/A
SA	105	POST 1972 ONLY IF QUENCHED	187
SA	234	WPB-SUPPLEMENTARY	197
SA	181		N/A
SA	182	F 1	192
		F 2	192
		F 11	207
		F 22	207
AWS	D1.1	WELD & HAZ, HV280	265
NACE	MR-01	75, Rc22 BASE METAL, WELDS, HAZ	237

Product Forms Sold By WJM/PSI/Chews Landing¹

Flanges
Half Couplings
Full Couplings
Plate Rings
Penetration Plates -- SA516, GR70
Seal Plates -- SA516, GR70 (Perry)²
Socket Weld Nozzles (CLM)
Long Drain Boss -- A182F11 & F22
Radiograph Plugs (CLM)
Square bar -- 1018
Spacers
Sample Probes Class 1 -- SA312, T304 (Perry) (CLM)
Guide Lugs -- SA240, T304
Socket Welded Half Couplings Class 1 -- SA182, F304L (Vogtle)
Special Nozzles
Pipe Caps -- SA234
Lugs -- SA240, T304 (Palo Verde)
Lugs -- SA516, GR70 (Palo Verde)
Socket Weld Couplings
Plate -- SA36 (Perry)
Special Boss -- A234, A105, A739
Bolts -- SA193, GRB7 (Confrentes/Spain)
Instrument Penetration End Plate -- SA516, GR70 (Perry)
Hanger Lugs -- SA516, GR70 (Dravo/Site unknown)
Socket Weld boss -- Class 1 -- SA182, F316 (Seabrook) (CLM)
Transition Piece -- SA105 (Vogtle)
Thermowells -- A182 (Dravo/Hunter/Site unknown) (CLM)
Bar Stock -- A105 (Dravo/Yellow Creek) (CLM)

¹ This is a complete list of all product forms identified during the NRC staff's review of available records.

² Specific nuclear power plants or customers are noted in cases where the product form appeared to be a unique or special order and not wide spread.

³ Indicates that material was sold by Chews Landing Metal Manufacturers Inc.

Purchasers Receiving Suspect Material¹

Barr - Saunders, Inc.
M.W. Kellogg (became Division of Pullmar,
Lake Erie Iron & Metal Co., Inc.
Liberty Equipment, Co.
Metal Bellows (listed as Bellows in Bulletin)
Power Piping Co.
Standards Pipe & Supply Co., Inc.
Tioga Pipe Supply Co., Inc.
Tyler Lawson (listed in error as Tyler Davison in Bulletin)

¹ These purchasers are in addition to those previously identified and are known to have received material for nuclear applications.

UNITED STATES
NUCLEAR REGULATORY COMMISSION
OFFICE OF NUCLEAR REACTOR REGULATION
WASHINGTON, D.C. 20555

November 6, 1987

NRC COMPLIANCE BULLETIN NO. 87-02: FASTENER TESTING TO DETERMINE CONFORMANCE
WITH APPLICABLE MATERIAL SPECIFICATIONS

Address _____

All holders of operating licenses or construction permits for nuclear power reactors.

Purpose:

The purpose of this bulletin is to request that licensees 1) review their receipt inspection requirements and internal controls for fasteners and 2) independently determine, through testing, whether fasteners (studs, bolts, cap screws and nuts) in stores at their facilities meet required mechanical and chemical specification requirements.

Description of Circumstances:

Over the past year, some NRC procurement inspections have included the collection and testing of a small sample of fasteners. This limited program was initiated in response to a concern by the Industrial Fastener Institute over the potential use of inferior fasteners in military and industrial applications, including nuclear power plants. The results of NRC testing of fasteners obtained from San Onofre, Palo Verde and Rancho Seco indicates that 11 out of the 32 fasteners tested do not meet specification requirements for mechanical and/or chemical properties. Nine of the nonconforming bolts from Palo Verde and San Onofre were out of specification based on chemistry. Five nonconforming bolts came from Palo Verde and were all marked as SAE Grade 8 but were actually found to be SAE Grade 8.2. The four nonconforming fasteners from San Onofre were slightly out of specification for nickel or chromium. Two bolts from Rancho Seco with ASTM A193 B7 head markings were determined to have an average ultimate tensile strength of approximately 85 ksi instead of the specified 125 ksi for ASTM A193 B7 bolting material. The chemical analysis of these bolts indicated that they were medium carbon steel material. Rancho Seco is still investigating the extent and safety significance of these substandard fasteners.

In a separate effort, Calvert Cliffs recently tested 1539 fasteners following their discovery that commercial grade fasteners had been used in safety-related applications. The test results indicated that 399 failed to meet specification requirements for mechanical and/or chemical properties. Based on evaluations performed by Calvert Cliffs, the fasteners which did not meet specification would have still fulfilled their safety function.

Actions to be Taken:

The results of the limited testing described above have demonstrated the need to obtain additional information on the adequacy of fasteners used in nuclear power plants.

Within 60 days from the receipt of this bulletin, licensees are requested to provide the following information concerning their receipt inspection and internal control procedures for fasteners and the results of independent testing of fasteners:

1. Describe a) the characteristics currently examined during receipt inspection of fasteners (i.e., head markings for grade and manufacturer symbols, review of certified material test report or certificate of conformance), and b) internal controls utilized during storage and issuance from stock to assure the appropriate use of fasteners.
2. Select a minimum sample of ten (10) non-safety related fasteners (studs, bolts, and/or cap screws), and ten (10) safety-related fasteners (studs, bolts, and/or cap screws) from current, in use, stock. The sample is to be obtained by the licensee with the participation of an NRC inspector. Fasteners procured to meet the following chemical and mechanical properties are of interest: A-193 grades B7, B8, and B16; SAE J429 grades 5 and 8; A-449; A-325 Types 1, 2 or 3; A-354 grades BB, BC, BD; A-490; A-320 LTM; A-307; A-563; or equivalent.
3. For the selected sample of fasteners in item 2, include a sample of typical nuts that would be used with each fastener (one-for-one). In particular, nuts purchased to the chemical and mechanical specifications of A-194 are of interest.
4. Chemical testing shall be performed on all samples. Mechanical testing shall be performed on each safety-related fastener. Hardness testing shall be performed on each nut and non-safety-related fastener. All testing shall be performed by a laboratory which the licensee has qualified for this type of testing and appears on the licensee's approved vendor list. Testing performed shall be done in accordance with the requirements of the fastener's specification, grade, and class, and the test shall evaluate the ultimate tensile strength, hardness and chemical properties as required by the fastener's specification, grade, and class. Each sample shall be tagged with the sample's ID number.

5. The results of all tests, together with supporting information, are to be reported to the NRC utilizing the format shown in Attachments 1 and 2 of this bulletin. Include the names and addresses of suppliers and manufacturers of safety-related fasteners and, to the extent possible, of non-safety-related fasteners. For any fastener found out of specification, provide an evaluation of the safety significance including consideration of the most limiting application.
6. Based on the results of the testing and review of current procedures, describe any further actions being taken to assure that fasteners used in the plant meet the requisite specifications and requirements and that the operability of safety-related plant components is not affected.

The written reports shall be submitted to the appropriate Regional Administrator under oath or affirmation under provisions of Section 182a, Atomic Energy Act of 1954, as amended. Also, the original copy of the cover letters and a copy of the reports shall be transmitted to the U.S. Nuclear Regulatory Commission, Document Control Desk, Washington, D.C., 20555 for reproduction and distribution.

This request for information was approved by the Office of Management and Budget under a blanket clearance number 31500011. Comments on burden and duplication may be directed to the Office of Management and Budget, Reports Management, Room 3208, New Executive Office Building, Washington, D.C., 20503.

If you have any questions about this matter, please contact one of the technical contacts listed below or the Regional Administrator of the appropriate regional office.

Charles E. Rossi
Charles E. Rossi, Director
Division of Operational Events Assessment
Office of Nuclear Reactor Regulation

Technical Contacts: J. T. Conway, NRR
(301) 492-9740

E. T. Baker, NRR
(301) 492-4783

J. C. Harper, NRR
(301) 492-4143

Attachments:

1. Fastener Testing Data Sheet
2. Data Summary
3. List of Recently Issued Bulletins

Attachment 1

Fastener Testing Data Sheet

*Sample ID#

Fastener Description:

Description of Sample Stock Location:

Material Specification as Documented by Licensee Records:

Head Marking (Specification and Manufacturer):

**Class/Procurement Level:

General Plant Application (e.g., Pressure Boundary, Structural)

Vendor:

Q. Requirements Imposed on Vendor:

Licensee Representative:

Signature _____ Date _____

*The sample ID# shall have a prefix that contains the licensee facility initials.

**If applicable, please provide an explanation for your classification system.

Attachment 2

Data Summary

<u>ID#</u>	<u>Mechanical Analysis</u>		<u>Chemical Analysis</u> ¹						
	<u>Hardness</u>	<u>UTS</u>	<u>0.2% YS</u>	<u>C</u>	<u>Mn</u>	<u>P</u>	<u>S</u>	<u>Si</u>	<u>Mo</u>

Note: UTS-ultimate tensile strength; YS-yield strength; C-carbon; Mn-Manganese; P-Phosphorous; S-Sulfur; Si-Silicon; Mo-Molybdenum; Cr - Chromium.

¹The elements listed apply to ASTM A193 B7 or SA193 B7 material. The elements to be reported for other materials tested, shall conform to those reported in the applicable material specification. Properties found out of specification shall be noted with an asterisk.

LIST OF RECENTLY ISSUED
 BULLETINS

Bulletin No.	Subject	Date of Issuance	Issued to
87-01	Thinning of Pipe Walls in Nuclear Power Plants	7/9/87	All licensees for nuclear power plants holding an OL or CP.
86-04	Defective Teletherapy Timer that May Not Terminate Dose	10/29/86	All NRC licensees authorized to use cobalt-60 teletherapy units.
86-03	Potential Failure of Multiple ECCS Pumps Due to Single Failure of Air-Operated Valve in Minimum Flow Recirculation Line	10/8/86	All facilities holding an OL or CP.
86-02	Static "O" Ring Differential Pressure Switches	7/18/86	All power reactor facilities holding an OL or CP.
86-01	Minimum Flow Logic Problems That Could Disable RHR Pumps	5/23/86	All GE BWR facilities holding an OL or CP.
85-03	Motor-Operated Valve Common Mode Failures During Plant Transients Due to Improper Switch Settings	11/15/85	All power reactor facilities holding an OL or CP.
85-02	Undervoltage Trip Attachments of Westinghouse DB-50 Type Reactor Trip Breakers	11/5/85	All power reactor facilities holding an OL or CP.
85-01	Steam Binding of Auxiliary Feedwater Pumps	10/29/85	Nuclear power facilities and CPs listed in Attachment 1 for action; all other nuclear power facilities for information.

OL = Operating License
 CP = Construction Permit

UNITED STATES
NUCLEAR REGULATORY COMMISSION
OFFICE OF NUCLEAR REACTOR REGULATION
WASHINGTON, D.C. 20555

April 22, 1988

NRC BULLETIN NO. 87-02, SUPPLEMENT 1: FASTENER TESTING TO DETERMINE
CONFORMANCE WITH APPLICABLE
MATERIAL SPECIFICATIONS

Addressees:

All holders of operating licenses or construction permits for nuclear power reactors.

Purpose:

The purpose of this supplement is to require addressees to submit additional information on the source of fasteners purchased for use in nuclear power plants.

Description of Circumstances:

Item 5 of NRC Compliance Bulletin 87-02 requested that all holders of operating licenses or construction permits for nuclear power reactors submit information regarding the identity of the suppliers and manufacturers of the safety-related and non-safety-related fasteners selected for testing. After further consideration, the NRC has determined that it needs information regarding the identity of all vendors from which safety-related and non-safety-related fasteners have been obtained within the past 10 years, a reasonable period which will not put undue burden on addressees. This information will assist the NRC in determining whether nuclear facility fasteners in use have been supplied in accordance with their intended use. In addition, this information is needed so that the NRC can properly coordinate information with other government agencies concerned with problems identified in the quality of fasteners.

Action Required:

Within 90 days from the receipt of this supplemental bulletin, addressees shall provide the following information concerning the procurement of fasteners within the past 10 years:

1. A list of the suppliers and manufacturers from which safety-related fasteners have been purchased, including addresses, and the type of fasteners purchased (i.e., the material specifications). For those fastener purchases made from fastener suppliers and/or original equipment manufacturers, any available information concerning the manufacturer or sub-tier supplier of the fastener also should be provided.

2. For non-safety-related fasteners the same information as requested in item 1.

The written-reports requested above shall be addressed to the U.S. Nuclear Regulatory Commission, ATTN: Document Control Desk, Washington, DC 20555, under oath or affirmation under the provisions of Section 182a, Atomic Energy Act of 1954, as amended. In addition, a copy shall be submitted to the appropriate Regional Administrator.

This requirement for information was approved by the Office of Management and Budget under a blanket clearance number 3150-0011. Comments on burden and duplication may be directed to the Office of Management and Budget, Reports Management, Room 3208, New Executive Office Building, Washington, D.C. 20503.

If you have any questions about this matter, please contact one of the technical contacts listed below or the Regional Administrator of the appropriate regional office.

Charles E. Rossi

Charles E. Rossi, Director
Division of Operational Events Assessment
Office of Nuclear Reactor Regulation

Technical Contacts: J. T. Conway, NRP
(301) 492-0978

E. T. Baker, NRR
(301) 492-3221

Attachment: List of Recently Issued NPC Bulletins

LIST OF RECENTLY ISSUED
 NRC BULLETINS

Bulletin No.	Subject	Date of Issuance	Issued to
88-03	Inadequate Latch Engagement in HFA Type Latching Relays Manufactured by General Electric (GE) Company	3/10/88	All holders of OLs or CPs for nuclear power reactors.
88-02	Rapidly Propagating Fatigue Cracks in Steam Generator Tubes	2/5/88	All holders of OLs or CPs for W-designed nuclear power reactors with steam generators having carbon steel support plates.
88-01	Defects in Westinghouse Circuit Breakers	2/5/88	All holders of OLs or CPs for nuclear power reactors.
87-02	Fastener Testing to Determine Conformance with Applicable Material Specifications	11/6/87	All holders of OLs or CPs for nuclear power reactors.
87-01	Thinning of Pipe Walls in Nuclear Power Plants	7/9/87	All licensees for nuclear power plants holding an OL or CP.
86-04	Defective Teletherapy Timer That May Not Terminate Dose	10/29/86	All NRC licensees authorized to use cobalt-60 teletherapy units.
86-03	Potential Failure of Multiple ECCS Pumps Due to Single Failure of Air-Operated Valve in Minimum Flow Recirculation Line	10/8/86	All facilities holding an OL or CP.
86-02	Static "0" Ring Differential Pressure Switches	7/18/86	All power reactor facilities holding an OL or CP.
86-01	Minimum Flow Logic Problems That Could Disable PWR Pumps	5/23/86	All GE BWP facilities holding an OL or CP.

OL = Operating License
 CP = Construction Permit

LIST OF RECENTLY ISSUED
 NRC BULLETINS

Bulletin No.	Subject	Date of Issuance	Issued to
88-03	Inadequate Latch Engagement in HFA Type Latching Relays Manufactured by General Electric (GE) Company	3/10/88	All holders of OLs or CPs for nuclear power reactors.
88-02	Rapidly Propagating Fatigue Cracks in Steam Generator Tubes	2/5/88	All holders of OLs or CPs for <u>W</u> -designed nuclear power reactors with steam generators having carbon steel support plates.
88-01	Defects in Westinghouse Circuit Breakers	2/5/88	All holders of OLs or CPs for nuclear power reactors.
87-02	Fastener Testing to Determine Conformance with Applicable Material Specifications	11/6/87	All holders of OLs or CPs for nuclear power reactors.
87-01	Thinning of Pipe Walls in Nuclear Power Plants	7/9/87	All licensees for nuclear power plants holding an OL or CP.
86-04	Defective Teletherapy Timer That May Not Terminate Dose	10/29/86	All NRC licensees authorized to use cobalt-60 teletherapy units.
86-03	Potential Failure of Multiple ECCS Pumps Due to Single Failure of Air-Operated Valve in Minimum Flow Recirculation Line	10/8/86	All facilities holding an OL or CP.
86-02	Static "O" Ring Differential Pressure Switches	7/18/86	All power reactor facilities holding an OL or CP.
86-01	Minimum Flow Logic Problems That Could Disable RHR Pumps	5/23/86	All GE BWR facilities holding an OL or CP.

OL = Operating License
 CP = Construction Permit

2. For non-safety-related fasteners the same information as requested in item 1.

The written reports requested above shall be addressed to the U.S. Nuclear Regulatory Commission, ATTN: Document Control Desk, Washington, DC 20555, under oath or affirmation under the provisions of Section 182a, Atomic Energy Act of 1954, as amended. In addition, a copy shall be submitted to the appropriate Regional Administrator.

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Charles E. Rossi, Director
Division of Operational Events Assessment
Office of Nuclear Reactor Regulation

Technical Contacts: J. T. Conway, NRR
(301) 492-0978

E. T. Baker, NRR
(301) 492-3221

Attachment: List of Recently Issued NRC Bulletins

UNITED STATES
NUCLEAR REGULATORY COMMISSION
OFFICE OF NUCLEAR REACTOR REGULATION
WASHINGTON, D.C. 20555

June 10, 1988

NRC BULLETIN NO. 87-02, SUPPLEMENT 2: FASTENER TESTING TO DETERMINE
CONFORMANCE WITH APPLICABLE
MATERIAL SPECIFICATIONS

Addressees:

All holders of operating licenses or construction permits for nuclear power reactors.

Purpose:

The purpose of this supplement is to clarify the type of information addressees were required to submit in response to Bulletin 87-02, Supplement 1 on the source of fasteners purchased for use in nuclear power plants.

Discussion:

The "action required" statement of Supplement 1 is revised in its entirety to clarify that the intent of Supplement 1 was to require addressees to provide a list of suppliers and manufacturers from which fasteners may have been purchased. Licensees are not required to contact subcontractors to obtain the requested information, nor are they required to submit data on fasteners supplied as part of an original component. The type of fasteners for which vendor/supplier names and addresses are requested is limited to ferrous fasteners 1/4 inch in diameter or greater.

Action Required:

Within 90 days from the receipt of Supplement 1 to Bulletin 87-02 (issued on April 22, 1988), addressees shall provide the following information concerning the procurement of fasteners:

1. A list of the suppliers and manufacturers from which safety-related ferrous fasteners 1/4 inch in diameter or greater may have been purchased, within the past 10 years, including addresses. For those fasteners purchased from fastener suppliers and/or original equipment manufacturers, any available information that identifies the manufacturer or sub-tier supplier of the

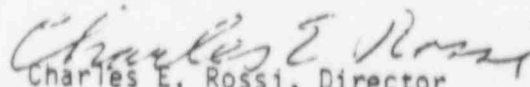
fasteners also should be provided. Approved Vendor List or Qualified Supplier Lists are the intended sources for this information. Addressees are not required to search purchase order files, contact subcontractors to obtain the information, or submit data on fasteners supplied as part of an original component.

2. For nonsafety-related fasteners the same information as requested in the first two sentences of item 1, above, except that a) the time of interest is for fasteners procured in the last 5 years, and b) the search of available records in this case should include purchase orders unless the licensee utilizes approved vendor lists or qualified supplier lists in procuring nonsafety-related fasteners. This information collection is understood to be on a best-effort basis. Further, addressees are not required to contact subcontractors to obtain the information or to submit data on fasteners supplied as part of an original component.

The written reports requested above shall be addressed to the U.S. Nuclear Regulatory Commission, ATTN: Document Control Desk, Washington, D.C. 20555, under oath or affirmation under the provisions of Section 182c, Atomic Energy Act of 1954, as amended. In addition, a copy shall be submitted to the appropriate Regional Administrator.

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Charles E. Rossi, Director
Division of Operational Events Assessment
Office of Nuclear Reactor Regulation

Technical Contacts: J. T. Conway, NRR
(301) 492-0978

E. T. Baker, NRR
(301) 492-3221

Attachment: List of Recently Issued NRC Bulletins

LIST OF RECENTLY ISSUED
 NRC BULLETINS

Bulletin No.	Subject	Date of Issuance	Issued to
88-06	Actions to be Taken for the Transportation of Model No. Spec 2-T Radiographic Exposure Device	6/14/88	All NRC licensees authorized to manufacture, distribute, or operate radiographic exposure devices or source changers.
88-05	Nonconforming Materials Supplied by Piping Supplies, Inc. at Folsom, New Jersey and West Jersey Manufacturing Company at Williamstown, New Jersey	5/6/88	All holders of OLs or CPs for nuclear power reactors.
88-04	Potential Safety-Related Pump Loss	5/5/88	All holders of OLs or CPs for nuclear power reactors.
85-03, Supplement 1	Motor-Operated Valve Common Mode Failures During Plant Transients Due to Improper Switch Settings	4/27/88	All holders of OLs or CPs for BWRs.
87-02, Supplement 1	Fastener Testing to Determine Conformance with Applicable Material Specifications	4/22/88	All holders of OLs or CPs for nuclear power reactors.
88-03	Inadequate Latch Engagement in HFA Type Latching Relays Manufactured by General Electric (GE) Company	3/10/88	All holders of OLs or CPs for nuclear power reactors.
88-02	Rapidly Propagating Fatigue Cracks in Steam Generator Tubes	2/5/88	All holders of OLs or CPs for W-designed nuclear power reactors with steam generators having carbon steel support plates.

OL = Operating License
 CP = Construction Permit



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

ACTION

EDO Principal Correspondence Control

FROM:

DJE: 10/07/88

EDO CONTROL: 0003975
DOC DT: 08/15/88
FINAL REPLY:

Stephen B. Comley
We The People of the United States
(White House Referral 9/20/88)

TO:

President Reagan

FOR SIGNATURE OF:

** GRN **

CRC NO: 88-0848

Murley

DESC:

ROUTING:

CONCERNS OF CITIZENS AT OR NEAR SEABROOK NUCLEAR
PLANT

Russell

DATE: 09/26/88

ASSIGNED TO:

CONTACT:

NRR

Murley

SPECIAL INSTRUCTIONS OR REMARKS:
RETURN CORRESPONDENCE, WORKSHEET WITH
CC OF REPLY TO:
AGENCY LIAISON
ROOM 91
THE WHITE HOUSE
WASHINGTON, DC 20500

NOTE - Get input from Connel and Grimes

NRR RECEIVED: SEPTEMBER 26, 1988

ACTION: DRPR:VARGA

NRR ROUTING: MURLEY/SNIEZEK
MIRAGLIA
CRUTCHFIELD
GILLESPIE
MOSSBURG

ACTION
DUE TO NRR DIRECTOR'S OFFICE
BY October 4, 1988

T H E W H I T E H O U S E O F F I C E

REFERRAL

SEPTEMBER 20, 1988

TO: NUCLEAR REGULATORY COMMISSION

ACTION REQUESTED:
DIRECT REPLY, FURNISH INFO COPY

REMARKS: SEE ID 232780 AND 449871

DESCRIPTION OF INCOMING:

ID: 611401

MEDIA: LETTER, DATED AUGUST 15, 1988

TO: PRESIDENT REAGAN

FROM: MR. STEPHEN B. COMLEY
EXECUTIVE DIRECTOR
WE THE PEOPLE OF THE UNITED STATES
STOP CHERNOBYL HER
BOX 277
ROWLEY MA 01969

SUBJECT: AGAIN ASKS TO DISCUSS CONCERNS OF CITIZENS
AT OR NEAR SEABPOOK NUCLEAR PLANT; ALSO, THAT
PEOPLE OF ROWLEY, MASSACHUSETTS SENT HIM
PETITIONS AS THEIR CONCERN TO WHICH THEY'VE
NEVER RECEIVED A REPLY

PROMPT ACTION IS ESSENTIAL -- IF REQUIRED ACTION HAS NOT BEEN
TAKEN WITHIN 9 WORKING DAYS OF RECEIPT, PLEASE TELEPHONE THE
UNDERSIGNED AT 456-7486.

RETURN CORRESPONDENCE, WORKSHEET AND COPY OF RESPONSE
(OR DRAFT) TO:
AGENCY LIAISON, ROOM 91, THE WHITE HOUSE, 20500

SALLY KELLEY
DIRECTOR OF AGENCY LIAISON
PRESIDENTIAL CORRESPONDENCE

ID # 611401

AT

WHITE HOUSE
CORRESPONDENCE TRACKING WORKSHEET

O - OUTGOING

H - INTERNAL

I - INCOMING

Date Correspondence Received (YY/MM/DD)

880817

Name of Correspondent:

Stephen B. COMLEY

MI Mail Report

User Codes: (A) _____ (B) _____ (C) _____

Subject: *A panel sets to discuss concerns of citizens at a new
SEA BROOK Nuclear plant - also, that people of
Rowley, Massachusetts, sent him petition re their
concern to which they've never received a reply.*

ROUTE TO:	ACTION	DISPOSITION		
Office/Agency (Staff Name)	Action Code	Tracking Date YY/MM/DD	Type of Response Code	Completion Date YY/MM/DD
<i>DC/RAWL</i>	ORIGINATOR	<i>88, 09, 14</i> ^{TR}	<i>NA</i>	<i>Q 88/09/14</i> ^{TR}
<i>IN RC</i>	Referral Note: <i>R</i>	<i>20</i>		
	Referral Note:	<i>88/09/14</i> ^{TR}		<i>1 1</i>
		<i>1 1</i>		<i>1 1</i>
	Referral Note:			
		<i>1 1</i>		<i>1 1</i>
	Referral Note:			
		<i>1 1</i>		<i>1 1</i>
	Referral Note:			

ACTION CODES:

- A - Appropriate Action
- C - Comment/Recommendation
- D - Draft Response
- F - Furnish Fact Sheet to be used as Enclosure

- I - Info Copy Only/No Action Necessary
- R - Direct Reply w/Copy
- S - For Signature
- X - Interim Reply

DISPOSITION CODES:

- A - Answered
- B - Non-Special Referral
- C - Completed
- S - Suspended

FOR OUTGOING CORRESPONDENCE:

- Type of Response = Initials of Signer
- Code = "A"
- Completion Date = Date of Outgoing

Comments: *Also: See ID # 332780 & 449871*

Keep this worksheet attached to the original incoming letter.
Send all routing updates to Central Reference (Room 75, OEOB).
Always return completed correspondence record to Central Files.
Refer questions about the correspondence tracking system to Central Reference, ext. 2590.

We The People
of the United States
Stop Chernobyl Here

SEE ID 449871
232780

*Scheduling
open*

August 15, 1988

President Ronald Reagan
The White House
1600 Pennsylvania Ave.
Washington, D. C.

Dear Mr. President:

I am writing to you as a lifetime member of the Presidential Task Force and Inner Circle. I have written to you in the past on the matter of nuclear power in this country, and have sent you information on safety problems in the industry. I have also sent you information on the Nuclear Regulatory Commission's inability to regulate nuclear power plants adequately. A recent General Accounting Office report (enclosed) substantiates the belief of the people of the Town of Rowley, Massachusetts, that the NRC does not always properly investigate problems with nuclear plants and poor practices within the agency itself. Two years ago, 80% of Rowley signed a petition (enclosed) asking you to undertake an investigation of the NRC's practices. The people of Rowley are still waiting for an acknowledgment of their request.

I am the owner and administrator of Sea View Nursing Home in Rowley, Massachusetts which lies just outside the Emergency Preparedness Zone for the Seabrook, New Hampshire, Nuclear Power Plant. I fully agree with the State of Massachusetts' conclusion that the population could not be evacuated in the event of a serious nuclear accident at the plant. I am also the Executive Director of We The People Inc. of the United States which is a non-profit organization established to educate the American public about nuclear power.

Several years ago, regarding the Shoreham, New York, nuclear plant, you said you would not interfere with the state's powers to decide if evacuation is possible in case of a nuclear accident. (enclosed) Now you are considering signing an executive order which would take that power away from the state of Massachusetts for the communities near the Seabrook, New Hampshire, nuclear plant. I strongly urge you to avoid signing such an order.

Apart from the fact that evacuation of those communities is impossible, there are serious safety matters at Seabrook Station still under investigation by the NRC and others. One is the strong possibility that substandard piping fixtures were built into the plant (see enclosed documentation-NRC bulletin No. 88-05, May 6, 1988), such piping in the safety system compromises the health and safety of the public. These piping fixtures are currently failing testing and could result in a serious accident at any of the 38 plants involved.

Another problem under investigation at Seabrook Station is the inspection of important safety systems by an unqualified inspector. (enclosed) Despite knowledge of the plant builders that this inspector did not have the proper credentials to perform the work, he was allowed to act in an inspectors' capacity for a year.

Another problem, also common to military equipment, is substandard bolts which become malleable or shear off under stress. Although the NRC claims that the utilities' inspection proves that these "counterfeit" bolts are not built into Seabrook Station, the inspection was very cursory and incomplete.

For reasons of safety, and also to uphold the idea that the federal government should not interfere in powers reserved to the states, I urge you to forego the executive order which would undermine Massachusetts' determination that evacuation around the Seabrook nuclear plant is impossible.

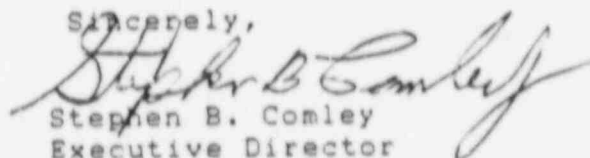
Last October 26, at the gala event for you hosted by the Inner Circle, I gave you a letter (copy of letter enclosed) with information and asked you to meet with me. I was trying to convey to you information we had about substandard materials, information which was not widely known at the time. I would still like to meet with you because there is additional information available other than what has now been provided, and more will be forthcoming. Like the problem of the substandard equipment, the NRC also has the information we have about nuclear plant problems, but is doing nothing about it, except perhaps to cover it up. Lastly, the NRC people that we have been working with for the past two years are willing to meet with you privately to inform you of the corruption which has deliberately jeopardized the safety of the American people. These violations, I have been told, are just the soft underbelly of the nuclear industry and the NRC.

I am sure you can understand the concern of these individuals over the consequences of coming forward and, I am sure you can understand that these individuals will only come forward if there are some reasonable assurances that a full and fair investigation will ensue.

I strongly believe that a full and fair investigation will uncover one of the biggest violations of the public trust this country has experienced. It is clear that, at this point in time, a large segment, if not a vast majority, of the American people have lost confidence in the ability of the Nuclear Regulatory Commission to protect their interest in health and safety over the financial interests of the large utility companies. An impartial investigation of the NRC will be a step toward restoring the confidence of the public in its government.

I know you have to be concerned about these matters, and I want to thank you for your consideration of them. Please let me know when it would be convenient for us to meet.

Sincerely,


Stephen B. Comley
Executive Director

Enc: GAO report, Rowley Petition,
Shoreham comment, NRC Bulletin 88-05,
Seabrook Allegations, Letter of Oct. 26, 1987

JUIN d/d

We The People, Inc., of the United States

"STOP CHERNOBYL HERE"

President Ronald Reagan
The White House
Washington, DC

Dear President Reagan:

For the safety of the American people, you must see me.

With my attorneys, I can prove that the Nuclear Regulatory Commission is being run for nuclear industry interests who are placing the lives of millions of Americans in jeopardy. This has been confirmed to me privately by high-ranking officials within the NRC.

For the past year and a half, your staff has kept me from giving you firsthand my information. When you have it, I know you will find it so alarming and so telling that you will act quickly and decisively.

Through my attorneys, I can prove that the NRC has broken the law knowingly and has covered up its illegal actions consistently, enabling the nuclear industry to get licenses for unsafe plants such as Seabrook in New Hampshire and Shoreham in New York.

It is vitally important that you get this information from me, now, to prevent panic due to the unsafe nuclear power plants.

My concern over the need to protect the American people from the dangers of nuclear power plants has led me to spend a year and a half of my time and more than \$160,000 of my money.

On behalf of myself and fellow concerned Americans who are members of We the People Inc., this "We the People" flag is presented to you as a symbol of our united stand.

As a member of your Task Force since 1982, I have found you to be a man of great strength, commitment to what is right and faith in God. This is what is needed to make the decisions that must be made if Americans today and for generations to come are going to be protected from the dangers of nuclear power.

Mr. President, I know that together, we can end these dangers. I am committed to this fight. I ask you to join me.

Sincerely,



Stephen Comley, Executive Director
We the People Inc. of the United States

80% OF ROWLEY, MA. HAS SIGNED 16
REAGAN HAS THESE (NO REPLY)
Because we care about Rowley and YOU...

8/11/86

We, the citizens of Rowley, Massachusetts appeal to you, Ronald Reagan, the President of the United States, to address the following concerns and recommendations that we, the undersigned, have regarding the Nuclear Regulatory Commission, a Federal Agency that has the ability to license the Seabrook Nuclear Plant that is located in Seabrook, New Hampshire but involves various towns in Massachusetts because of the 10 mile radius.

The reasons for our concerns are these:

- A. Our children live two miles outside the ten mile radius but attend a regional school inside the ten mile radius. We have been told that we cannot be part of the evacuation planning. This also applies to the residents of Sea View Nursing Home who are transferred to a hospital located inside the ten mile radius.
- B. Regarding the Radiological Emergency Response Plan, Draft 3 4/86 Attachment 10.2-2 which says "only those hospital patients and nursing home residents who are deemed medically safe to move are to be evacuated. Those patients/residents which cannot be evacuated should be sheltered in place." (A copy is enclosed.)
In our opinion this not only affects nursing home and hospital residents but it could affect anyone who had an operation and had to be sheltered in place that day.
- C. We feel that the Nuclear Regulatory Commission has been negligent in not making themselves available and not calling us or being up on the issues in our towns. It seems that they have represented the nuclear industry very well but they have not encouraged the input of the people that may not be for nuclear power or have concerns for safety in our area.

Thus, we the citizens of Rowley, Massachusetts recommend:

- A. That you set up a Commission to see if the Nuclear Regulatory Commission is acting responsibly in representing and saying that the safety and concerns are being properly addressed for the people of Rowley as well as people across this country.
- B. That you ask for a moratorium on the start up of any new nuclear plants awaiting licenses until you and we can be assured that we have the full information back from Chernobyl to make a responsible decision to whether we should continue thinking that nuclear power is a safe alternative.
- C. That you remind the Nuclear Regulatory Commission that this is America not Russia and they are hired by the people and are accountable to the people, not just the people in the nuclear industry.

We were reminded on the 4th of July of what this country was founded for and we thank you for that. We are seeing that our freedom of speech and freedom of choice is being exercised.

If you agree with this letter, please sign your name below and return it to us as soon as possible. We encourage children to sign or parents to sign on behalf of their children. This is probably one of the most important things we can do in Rowley — for our generation and for future generations.

SIGNED _____ SIGNED _____
SIGNED _____ SIGNED _____
(Parents: Please sign your child's name your name)

We have the responsibility to see that this campaign is completed successfully and we need your help. Public Broadcasting in San Francisco recently did an interview with me as Director of *Because we care about Rowley and YOU* for their "We The People" series which identified this issue with the Vietnam uprising where petitions stopped the war, not government officials. Our system in America is a good system if only we use it — please help us

OVER

IF AT ANY TIME YOU WOULD LIKE FURTHER INFORMATION OR AN UPDATE ON THIS ISSUE, PLEASE FEEL FREE TO WRITE OR CALL (948-2002) SEA VIEW

THE WHITE HOUSE
WASHINGTON

October 11, 1984

Dear bill:

I want you to know of my appreciation for your continuing contributions to and support for my Administration. Your leadership and courage have been determining factors in the progress we have made in the last few years.

On a matter of particular concern to you and the people of Eastern Long Island, I wish to repeat Secretary Medell's assurance to you that this Administration does not favor the imposition of Federal Government authority over the objections of state and local governments in matters regarding the adequacy of an emergency evacuation plan for a nuclear power plant such as Shoreham. Your concern for the safety of the people of Long Island is paramount and shared by the Secretary and me.

Thank you again for your support. I look forward to working with you in the years ahead.

Sincerely,

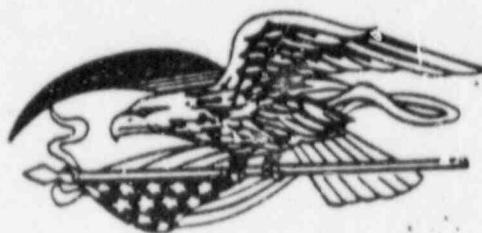
Ronald Reagan

The Honorable William Carney
House of Representatives
Washington, D.C. 20515

GAO

SPECIAL REPORT

Office of Special Investigations



NOTICE: Further release of this document may not be in the best interests of the government for reasons stated herein.

Office of Special Investigations

April 22, 1988

The Honorable Lando W. Zech, Jr.
Chairman
Nuclear Regulatory Commission
Washington, D.C. 20555

Dear Mr. Chairman:

The U.S. General Accounting Office, Office of Special Investigations, has investigated three matters bearing on the adequacy of the Nuclear Regulatory Commission's (NRC) investigative proceedings and practices. Enclosed is our statement of findings.

We have provided this report to the requestors: Chairman Morris K. Udall, Subcommittee on Energy and the Environment, House Committee on Interior and Insular Affairs; Chairman John D. Dingell, Subcommittee on Oversight and Investigations, House Committee on Energy and Commerce; Chairman Philip R. Sharp, Subcommittee on Energy and Power, House Committee on Energy and Commerce; and Congressman Edward J. Markey, Committee on Energy and Commerce, and Committee on Interior and Insular Affairs.

As agreed by our requestors, we are providing a copy of the report to you as the Chairman of the NRC.

Should you have any questions regarding the content of this report, please contact me at (202) 272-5500.

Sincerely yours,

David C. Williams
David C. Williams
Director

Enclosure

~~8805100147~~

19 pp.

On June 22, 1987, four members of the U.S. House of Representatives requested that the U.S. General Accounting Office (GAO), Office of Special Investigations, investigate three matters bearing on the adequacy of the Nuclear Regulatory Commission's (NRC) investigative proceedings and practices. Specifically, these members, Congressmen Morris K. Udall, Edward J. Markey, Philip R. Sharp, and John D. Dingell, asked that GAO do the following:

- Ascertain if the NRC Office of Inspector and Auditor (OIA) properly investigated and accurately reported on allegations relating to the inspection program at the Comanche Peak Steam Electric Station (CPSES). An NRC inspector at that Texas facility charged that he had been harassed, intimidated, and pressured by his superiors to alter or delete findings from his reports.
- Evaluate the thoroughness of OIA's investigation of an allegedly improper discussion between the NRC's Executive Director for Operations (EDO) and an official of the Tennessee Valley Authority (TVA). The discussion concerned a major NRC enforcement initiative focused on TVA.
- Determine if the NRC properly handled the question of whether a regulated utility had uncontrolled access to internal NRC documents. These documents concerned defects in a Louisiana nuclear plant and were found in the possession of the utility licensed to construct that plant.

In follow-up meetings with the requestors, GAO was asked to expand the scope of the work as necessary. Therefore, GAO reinvestigated certain portions of each of the three matters.

In summary, we have concluded on the basis of our investigation that the evidence does not support the allegations concerning the inspector at CPSES or the allegation of improper discussions between the EDO at the NRC and an official of TVA. However, as discussed in detail below, our work revealed a number of serious deficiencies in the conduct of these investigations by the NRC. We have concluded that the allegation concerning access by a regulated utility to internal NRC documents was also improperly handled.

BACKGROUND

The NRC is responsible for licensing and regulating nuclear facilities and materials, and for conducting research in support of the licensing and regulatory process, as mandated by the Atomic Energy Act of 1954, as amended. OIA is the internal investigative arm of the NRC and is charged with investigating misconduct by NRC employees and verifying the adequacy of NRC operations.

On April 9, 1987, during a hearing conducted by the Senate Committee on Governmental Affairs concerning the need to legislate an independent NRC inspector general, allegations surfaced that reflected on the adequacy of the NRC's internal investigative processes. After the Senate hearings, the NRC Chairman, Lando W. Zech, Jr., and four members of the U.S. House of Representatives called for an independent review of the allegations.

In response to the Congressmen's request, in July 1987 GAO initiated an investigation of the three cases. This report includes the histories of the three incidents, the NRC's handling of the matters, and GAO's investigative analysis of the NRC's disposition of the matters.

METHODOLOGY

GAO's investigation included a review of the following:

- the NRC's policy documents, applicable laws, regulations, and standards;
- relevant NRC investigative reports;
- thousands of pages of transcribed interviews and congressional testimony that related to the three matters;
- relevant OIA case files;
- pertinent NRC correspondence with various congressional committees; and
- other related documents, such as the report prepared by the Comanche Peak Report Review Group.

GAO supplemented its evaluation of documents with interviews of individuals involved in the three matters.

CASE 1: COMANCHE PEAK STEAM ELECTRIC STATION

Results in Brief

Although OIA's report might have reached the proper conclusion with respect to allegations of harassment and intimidation of NRC Inspector Shannon Phillips, GAO found serious problems with OIA's investigative processes. Phillips' allegations called into question the handling of inspection

(2)

findings by NRC Region IV managers. Among other things, GAO found that OIA did not interview several witnesses who could have added a needed perspective to Phillips' allegations. Furthermore, GAO found insufficient evidence to support the OIA investigator's claims that NRC managers interfered with the conduct of the OIA investigation or that the results were incorrectly reported.

Background

In March 1986, Shannon Phillips, an employee of NRC Region IV in Texas, telephoned NRC Commissioner James Asselstine and outlined allegations concerning Region IV's management of its inspection program at the Comanche Peak Steam Electric Station. Phillips serves as the Senior Resident Inspector for Construction at CPSES. Asselstine referred the allegations to the acting Director of OIA, Gary Eddles, and expressed concern that Phillips' allegations were serious and warranted attention. (OIA's Director, Sharon Connelly, was on administrative leave pending completion of an investigation of her conduct in the handling of an unrelated matter. Connelly returned to her duties as head of OIA on March 28, 1986.) In agreement with Asselstine, Eddles assigned OIA Investigator George Mulley to conduct the inquiry. Additionally, he agreed that all interviews would be conducted under oath and be transcribed.

On March 19, 1986, Mulley interviewed Shannon Phillips under oath. In the interview, Phillips made the following allegations:

- In January 1986, his Region IV supervisor, Thomas Westerman, made a statement about Inspection Report 84-32/11 that Phillips considered threatening.
- Westerman directed him to delete from draft Inspection Report 85-07/05 any reference to an inspection trend analysis that Phillips had performed at the direction of his former supervisor. The analysis was a computation of data relating to the frequency of unresolved quality assurance issues.
- Westerman had harassed and pressured him and another inspector to change or delete findings in the Inspection Report 85-07/05.
- Region IV's data on NRC Form 766, Inspector's Report, was inaccurate. The 766 program is an information management system designed to capture, maintain, and report statistical and planning data concerning inspection and enforcement activities.
- Westerman made improper statements for a regulator.

- Westerman directed him to destroy drafts of Inspection Reports 85-07/05 and 85-13/09 because a Freedom of Information Act request had been received.
- Westerman had pressured and harassed him over technical differences on draft Inspection Report 85-14/11.
- Westerman improperly handled the allegations of a consultant group working for the utility.
- Westerman had pressured, harassed, and intimidated him to change draft Inspection Report 85-16/13.
- Eric Johnson, a Region IV manager, criticized him for how he had written a memorandum concerning possible wrongdoing relating to fire seals.
- Johnson told the Senior Resident Inspector at the Fort St. Vrain facility in Region IV not to write certain violations and to downgrade others.

Phillips further claimed that his disagreement with Region IV management's handling of his allegations resulted in his being harassed, intimidated, and isolated by Region IV management.

Between March 19, 1986, and November 26, 1986, Mulley, with the assistance of technical and support staff, investigated the allegations and prepared a 47-page report with attachments detailing the findings. The report, entitled Allegations of Misconduct by Region IV Management With Respect to the Comanche Peak Steam Electric Station, was issued on November 26, 1986, as OIA Report 86-10. The report concerned the allegations made by Phillips and was divided into the following three issues:

- (1) Did Region IV management harass and intimidate inspectors to pressure them to downgrade or delete proposed inspection findings at CPSES?
- (2) Was the Region IV Quality Assurance Inspection Program at CPSES inadequate?
- (3) Was data documented in Region IV's NRC Form 766, Inspector's Report, inaccurate?

In reference to the first allegation, the OIA report concluded that Phillips' findings were downgraded or deleted from draft inspection reports and that these changes were made at the direction of Region IV management. Mulley's technical advisors questioned the findings, however, OIA's investigation failed to substantiate Region IV supervisor, Westerman,

intentionally harassed or threatened Phillips in connection with these findings.

did they

The OIA report generally concluded that the second and third allegations were accurate, and reviews performed by the technical assistants were used to buttress OIA's conclusions.

OIA Report 86-10 had considerable impact on the NRC. In response, in January 1987 the Commission approved the formation of a special review group comprised of senior NRC officials to address the specific issues raised in the OIA report. This review group, the Comanche Peak Report Review Group, issued its report on March 12, 1987, which reflected the following conclusions:

but they were downgraded

- None of the draft findings that had been downgraded or deleted were significant in terms of any direct adverse impact on plant safety.
- Region IV management acted appropriately in downgrading or deleting some of the inspectors' 34 draft findings; however, part of the problem could have resulted from the inspectors' failure to fully develop the issues of concern. Regional management should have provided the inspectors with guidance to properly focus and develop these items, rather than deleting them.
- There were previous gaps in the Region IV Comanche Peak Quality Assurance Inspection Program in relation to 1986 requirements, but the current augmented review and inspection effort at that location compensated for those gaps.
- The Form 766 data base was not used in making safety decisions, and its accuracy, completeness, and timeliness were not adequate for many needs.
- Some factors that came to light in the OIA investigation and its aftermath might have implications for other facilities.

On April 9, 1987, Mulley appeared before the Senate Committee on Governmental Affairs and testified concerning the conduct of the Comanche Peak investigation (OIA Report 86-10). In his testimony, Mulley asserted the following:

- He limited the scope of the Comanche Peak investigation because of pressure from EDO Victor Stello and OIA Director Sharon Connelly.
- His draft of the OIA report was modified by Connelly as follows:

She removed the conclusion that Region IV managers acted inappropriately to limit violations assessed and that Phillips was harassed and intimidated in an effort to get him to downgrade or delete his inspection findings.

She focused the report on the technical issues underlying the violations, an area outside the expertise of OIA.

She removed quotations of Region IV personnel that substantiated the conclusions stated above and demonstrated the lax enforcement attitudes of Region IV management.

-- The decision to distribute the OIA report would make it extremely difficult to get NRC employees to cooperate in ongoing investigations.

-- Phillips tried to inform the NRC that Region IV demonstrated an attitude of trying to help the utility obtain an operating license for Comanche Peak.

On October 8, 1987, the Senate Committee on Environment and Public Works, Subcommittee on Nuclear Regulation, held hearings at which Mulley again testified with reference to the Comanche Peak case. At that hearing Mulley stated the following:

-- All of the facts and information developed during the investigation were in the report.

-- He disagreed with the OIA Director, Sharon Connelly, about the way in which the report was prepared, particularly the overemphasis on technical issues, an area in which OIA lacked expertise.

-- He was more interested in the treatment of Phillips than he was about the technical validity of the inspection findings.

-- He believed that Phillips had been harassed by Region IV management.

-- The staff of EDO Victor Stello was qualified to address technical issues and decide the validity thereof.

-- He disagreed with some of the changes Connelly made; however, he did not think that anything was wrong, illegal, or "immoral" about what she did. The report was different from the way he would have written it. Stello wanted the report out because he wanted a document with which to work. In an effort to respond to the EDO, Mulley started to put it together quickly. He decided there were certain issues

*Why is Stello included at all?
AS per OIA
PRBDC*

that, at the time, did not need to be included in the report. No one attempted to alter the content of the report.

GAO's Investigative Analysis

GAO determined that OIA's investigation of allegations that NRC managers in Region IV mishandled findings proposed by NRC Inspector Shannon Phillips was accurate; however, the investigative processes used by OIA were questionable.

In support of the proposition that Phillips' findings had been improperly altered or deleted, OIA Investigator Mulley relied, in part, on statements by - former Region IV manager that Region IV management had a lax enforcement attitude. When interviewed by GAO, however, this same individual said that the OIA investigator misunderstood his meaning and that the point he was trying to make was that there were philosophical differences about how well developed a finding must be before it should be cited as a violation. Region IV managers Westerman and Johnson insisted that violations be cited only after the findings were fully developed and supportable, whereas some inspectors and managers believed in citing violations and placing the burden of proof on the utility to disprove them.

In contrast to his testimony of April 9, 1987, at the Senate Committee on Governmental Affairs hearing, Mulley told GAO that it was only his "opinion" that Phillips had been harassed and intimidated and that it might not have been done intentionally. Mulley could provide no direct support for his contention that Phillips had suffered harassment or intimidation. By failing to interview other Region IV supervisors, Mulley unintentionally skewed the harassment question. GAO interviewed other NRC personnel who provided a balancing perspective on Phillips' allegations and the proper oversight function of regional officials. Phillips stated he was being harassed and intimidated by his supervisors because his findings were critical of the utility. However, Phillips' supervisors advised that this was not the case. They stated Phillips failed to fully develop his findings and/or present them clearly in writing.

GAO's review indicated that Mulley was correct in asserting OIA should not have focused its report on the technical issues. Even with technical assistance, OIA lacked the expertise to resolve such issues in a competent fashion. If OIA found a need to challenge the technical judgments of Region IV management, it should have employed NRC's established procedure for resolution of differing professional opinions.

Finally, GAO was unable to verify Mulley's assertions that (1) he had been pressured to limit the scope and otherwise expedite completion of his investigation of the Phillips matter

who?

Mulley says
these who
overheard
the
NRC's name?

why not?

and (2) his draft report had been substantially altered by Connelly. Mulley testified before the Senate Committee on Environment and Public Works that although he might have disagreed with some of the changes to his report, he did not think there was anything wrong with the changes made by the OIA Director. Furthermore, Stello denied that he had applied undue pressure on Mulley concerning the report. GAO reviewed all available drafts of Mulley's report and interviewed the principals involved in the preparation, editing, review, and approval process. No evidence was developed to indicate that substantive changes were made during the review and editing stages. *Conclusions changed?*

Key word??

With regard to the distribution of Mulley's report, GAO found no basis to question the conduct of the EDQ who explained that the Commission authorized the distribution to assist NRC management in addressing important matters, such as health and safety issues requiring immediate action. Witnesses told GAO they were disturbed about the distribution of the report containing unredacted transcripts of their statements to high-level management officials and to the principal witnesses. However, none of the witnesses interviewed asserted that they had been subjected to reprisals. Moreover, none of the witnesses identified in the OIA report or transcripts asked for or received a pledge of confidentiality from anyone in OIA, and Mulley voiced no objection to the release.

CASE 2: IMPROPER TVA DISCUSSION

Results in Brief

GAO's investigation revealed that OIA did not thoroughly investigate an alleged improper discussion between an NRC official and an official of the Tennessee Valley Authority concerning a major NRC enforcement initiative focused on TVA. OIA inadequately planned its investigation and failed to interview one of the two parties to the conversation. GAO learned that key OIA personnel did not know the purpose of their investigation of this matter.

Although the conversation was investigated by CIA, the NRC does not prohibit or discourage such conversations. A report of such contacts is now required by NRC regulations; however, none was required at the time of this incident.

Background

On December 19, 1985, a member of TVA's Nuclear Safety Review Staff (NSRS) briefed NRC Commissioner James Asselstine on the condition of the Watts Bar Plant. NSRS' position contrasted

sharply with the TVA's prior certification to the NRC that the plant was ready for fuel loading. In the briefing, NSRS listed several technical areas in which they believed deficiencies existed, which indicated to them fundamental weaknesses in the Watts Bar quality assurance program.

NSRS' perception that the plant was not ready for fuel loading prompted the NRC to request that TVA officially certify its position on NSRS' technical concerns. By letter dated January 3, 1986, the NRC's Office of Nuclear Reactor Regulation (NRR) requested that TVA certify its position on whether or not the quality assurance program met the criteria outlined in 10 CFR Part 50, Appendix B. The NRC's letter allowed 6 days for a sworn response and 30 days for "information on an item-by-item basis supporting the TVA corporate position." The Director of NRR, Harold Denton, subsequently agreed to extend the 6-day deadline. The extension was made to allow the TVA adequate time to consult with staff and because the new head of TVA's nuclear program, Steve White, would not report for duty until January 13, 1986. On March 20, 1986, White responded to Denton of NRR with TVA's position and addressed each of the issues underlying the NSRS perception. After White signed the letter and transmitted it for hand delivery by a TVA official, he determined a need to clarify one section of the letter. White contacted the courier while he was en route and directed him to go by TVA's Washington, D.C., office where the change was incorporated. The letter was subsequently delivered to the NRC.

On April 7, 1986, Ben Hayes, Director of the NRC's Office of Investigations (OI), informed then-NRC Chairman Nunzio Palladino that NRC's Executive Director for Operations, Victor Stello, had been overheard discussing TVA's response to Denton's letter with Steve White on or about the time that the TVA response was dispatched. OI is responsible for NRC investigations involving allegations of intentional violations of regulations by licensees, permittees, applicants, contractors, and vendors. At the Chairman's request, Hayes passed this information to the NRC's Director of OIA, Sharon Connelly. Hayes informed her that the Stello-White conversation had been overheard by Denton and the NRC's Director of Inspection and Enforcement, James Taylor.

OIA Director Connelly decided to investigate the matter and assigned the case to Keith Logan, then OIA's Assistant Director for Investigations. Logan interviewed Hayes on April 11, 1986. The transcript of the Hayes interview reveals the following points:

- OI was investigating a possible material false statement made in February 1985 by TVA's former nuclear program manager.

- In the course of OI's false statement investigation, Denton was interviewed and advised that on or about March 20, 1986, while he, Taylor, and Stello were together in an NRC vehicle, Stello had a telephone conversation with White about the 10 CFR Part 50, Appendix B, matter. -
- Taylor, in a later discussion with Hayes, confirmed that the conversation had taken place and indicated that he was uncomfortable with the conversation.
- On April 7, 1986, Hayes advised Chairman Palladino about the Stello-White conversation.
- The Chairman indicated that he wanted Hayes to discuss the matter with Connelly of OIA.
- Hayes informed Commissioner Asselstine about the Stello-White conversation in the event the issue came up in the Commissioner's forthcoming visit to TVA.

Following Logan's interview of Hayes, nothing more occurred in the OIA investigation until June 6, 1986. On that date, Asselstine asked Connelly about the status of the investigation during a briefing she was making to the Commission on unrelated OIA activities. In response, Connelly erroneously stated that the witnesses to the conversation had been interviewed and that Stello would be interviewed within the next two weeks. Four days later, Connelly corrected the record to show that neither witness had been interviewed, the case had been reassigned to Investigator Anthony Ward, and the first of the witnesses would be interviewed on June 10, 1986.

Ward interviewed Denton on June 10, Taylor on June 16, and Stello on July 30, 1986. On August 26, 1986, Ward telephoned an attorney in the NRC's Office of General Counsel, Sebastian Aloat, and synopsised the results of the four OIA interviews. Aloat stated that, based on the facts as presented, there was no apparent conflict of interest or impropriety on the part of Stello.

Two days later, George Mulley, who in June 1986 had been appointed OIA's Assistant Director for Investigations, signed OIA Report 86-30, and Connelly transmitted it to the Commission. The report did not indicate that other NRC officials had similarly discussed TVA's Appendix B response with White. The report concluded, "There was no information developed during this inquiry to substantiate any impropriety on the part of Stello during his telephone conversation with White." The report was correct in its conclusion; however, OIA's method of having

reached such a determination was questionable since they failed to interview the second party of the alleged improper conversation.

On April 8, 1987, Mulley, in preparation for his testimony at the Senate Committee on Governmental Affairs hearings, wrote a memorandum explaining why the investigation took as long as it did to complete and why, in reviewing the draft report, he saw no reason to interview Steve White. Mulley's memorandum stated that he was not involved with this investigation during the April to July 1986 time frame because of his preoccupation with the Comanche Peak and other investigations. Accordingly, the memorandum indicated, Mulley could not explain why the Stello-White investigation had taken so long to complete. The memorandum reported that Mulley reviewed the Stello-White report and "noted no conflict regarding the topic of the telephone conversation; the only point in dispute seemed to be the propriety of...(Stello's) actions." The memorandum further stated that "(Mulley) did not discern a need to interview (White)...because he would have provided no new significant information regarding (Stello's)...actions."

GAO's Investigative Analysis

GAO investigated the Stello-White telephone conversation to determine the propriety of the interaction between the principals and to evaluate the thoroughness of OIA's investigation of the matter. On March 14, 1988, the NRC's Office of Investigations issued a report entitled Watts Bar Nuclear Plant: Possible Willful Attempt by TVA Management to Mislead the NRC. OI's report concluded that White knowingly and willfully made a material false statement in his March 20, 1986, certification letter to the NRC. Because it was beyond the scope of the request made of GAO, GAO did not evaluate the OI investigation or report. However, GAO did review transcripts of OI interviews that were relevant to White's March 20, 1986, conversations with Stello and Denton.

GAO concluded that OIA's investigation of the alleged improper conversation between Stello and White was not sufficiently thorough. OIA failed to determine what it was investigating, e.g., there was inadequate effort devoted to determining the nature of what was said and the impact that the conversation had on the actions of either party. Furthermore, OIA failed to pursue the investigation in a timely and systematic manner. The investigation should not have been initiated without a proposed plan of action and specification of the rule, law, or regulation that might have been violated. This was

evidenced during GAO's interviews of Ward, Mulley, and Connelly since not one of them could provide a convincing justification for their failure to interview White about the alleged improper conversation.

During GAO's interview of White, he denied having sought or obtained improper pre-approval for TVA's position. White stated that the purpose of his calls to NRC officials was to assure that TVA's letter was fully responsive to the NRC's request. White asserted that it was his discussion with Denton, not with Stello, that led him to make a clarification in TVA's response. White made contemporaneous notes of his conversations, which he provided to GAO. These notes, which were part of White's ongoing diary for this period, add credence to his version of what transpired in his conversations with NRC officials.

When interviewed, Stello and Denton's account of the events coincided with White's version of what transpired in the telephone calls of March 20, 1986. White asserted that he was not trying to discern if TVA's position was acceptable, but to assure himself that the letter was fully responsive to the NRC's request for information. White told GAO that his change to the letter did not reflect a substantive change in TVA's position, but only served to clarify a detail that Denton considered important. GAO was not able to develop any information indicating that Stello, Denton, or other NRC officials coached White on what position TVA should adopt to assure favorable action by the NRC. GAO learned in its interviews of Denton and Taylor that their discomfort with the Stello-White conversation was only because they felt White was going around them in dealing with Stello.

An NRC regulation (10 CFR 0735.49a) prohibits employee actions that might result in, or create the appearance of, giving preferential treatment to any person or making a government decision outside official channels. Under NRC policy applicable to the time frame in question, GAO believes that this regulation did not prohibit the type of discussions that apparently took place in this case. Until recently, the NRC policy with reference to this regulatory provision was permissive, as evidenced by the commentary of Chairman Iech on July 10, 1987, wherein he stated "so long as it is understood that any staff discussions do not constitute the staff's formal judgment on the merits of any issue." He further stated in his commentary, "The agency views preliminary discussions and informal preliminary staff opinions as important ways to better understand on the part of all concerned of the issues surrounding a potential request for regulatory action."

Accordingly, GAO's investigation substantiated that the Stello-White conversation did not contravene relevant NRC regulations as applied at the time in question.

CASE 3: LEAK OF NRC DOCUMENTS

Results in Brief

GAO concluded that the NRC did not properly address the issue of whether a regulated utility had access to its internal documents. Commissioner Roberts' investigation of the matter was very limited, but none of the Commissioners seemed to have had an appreciation of that fact. A significant factor explaining why the matter was not properly addressed was the failure of the NRC to refer the matter to OIA at the outset as required by NRC guidelines.

Background

On June 8, 1983, James Joosten, a technical assistant to then-NRC Commissioner Victor Gilinsky, sent Richard DeYoung, an NRC official, documentation that he had received from a freelance reporter regarding alleged safety problems with a nuclear power plant in Louisiana. DeYoung served as Director of the NRC's Office of Inspection and Enforcement. The memorandum transmitting the documentation called attention to the reporter's concerns about cracks in the concrete under the containment vessel at the Louisiana Power and Light Company's (LPL) Waterford III plant. The materials included published articles written by the reporter that raised questions about possible collusion between LPL and NRC inspectors. Joosten's memorandum suggested DeYoung assure that the reporter's concerns be reviewed objectively. Joosten sent copies of his memorandum and attachments to Steve Chestnutt, technical adviser to Commissioner Thomas M. Roberts, and to other NRC officials. Copies of the Joosten memorandum were publicly released by NRC three months later pursuant to a Freedom of Information Act request.

In March 1985, OI Investigator Bill Ward, while working on an unrelated case, discovered a copy of the Joosten memorandum and attachments in an LPL file at the Waterford plant. Attached to the material was a cover memorandum dated June 15, 1983, from George White, a vice president of Middle South Utilities, the holding company for LPL. The White memorandum was addressed to John Cordaro, an executive of the company, and read as follows:

"Attached is a memorandum which I have received from sources inside the Nuclear Regulatory Commission regarding Waterford Quality Assurance matters. This memo is for your information but I would hope that you limit its distribution to protect the source within the NRC."

On March 13, 1985, after conferring with his staff on what to do about the discovery, OI Director Ben Hayes took a copy of the documents to then-NRC Chairman Palladino. Following a discussion with his legal advisor on what actions the discovery warranted, Palladino decided to make Commissioner Roberts aware of the matter. Palladino did so because the copy Hayes provided appeared to have been duplicated from Roberts' office file copy.

After obtaining the documents from Palladino, Roberts assembled his staff and asked each member if he or she had leaked the documents. Roberts tape-recorded the staff interview. During the taped interview, none of Roberts' staff acknowledged having given the documents to George White. After the meeting, Roberts' staff established that the Joosten memorandum had been released to the public on September 23, 1983, pursuant to a Freedom of Information Act request.

*did he
recollect the
entire
meeting?*

On March 14, 1985, Palladino sent a memorandum to Ben Hayes informing him that NRC's Reorganization Plan No. 1 of 1980 made it the responsibility of the individual Commissioners to supervise personnel in their immediate offices and, therefore, the matter was Roberts' to deal with. On March 15, 1985, Hayes and Ward met with Roberts and his legal advisor, James M. Cutchin. At Roberts' request for all documents related to the matter, Hayes turned over to him copies of the White memorandum, along with two pages of handwritten notes that Hayes had made of his discussions with Palladino.

*-Original
7/11/85*

In his discussion with Hayes, Roberts made a remark that Hayes and Ward interpreted as an expression of concern that the matter might become an issue in Roberts' upcoming confirmation hearing. The matter did not arise in the June 18, 1985, confirmation hearing; however, it surfaced just prior to the Senate Committee on Governmental Affairs hearing on April 9, 1987.

On March 30, 1987, White prepared an affidavit for the Senate Committee on Governmental Affairs staff. In it he stated the following under oath:

-- The June 15, 1983, memorandum attached to the Joosten material and bearing what appears to be his signature, was, in fact, dictated from Washington D.C., signed by his

secretary, Peggy Balsamo, in New Orleans, and was not the
type of memorandum he was accustomed to sending or
receiving.

- He had no recollection of preparing or dictating the memorandum or receiving the attachments thereto.
- He did not recall ever having had possession of internal NRC documents or information regarding Waterford nuclear plants that would not have been provided or left for Middle South Utilities, or made available for the public in the normal course of business.
- He did not recall ever having had a source or having heard of a source for internal NRC documents or information within the NRC, and he did not consider anyone then or formerly employed by the NRC to be a source for such documents or information.

At the April 9, 1987, hearing, Senator John Glenn, the Committee Chairman, questioned Roberts about his investigation of how White obtained the Joosten materials. Roberts testified that he had not questioned White about the matter but satisfied himself that no one in his office had leaked the documents. Roberts said he met with the other Commissioners and informed each of them that he was terminating his investigation without having determined the source of the leak. At the hearing, Roberts testified he destroyed all copies of the documents that Palladino and Hayes had given him. Roberts explained he did this because he was "somewhat paranoid" and thought someone might be out to get him. A day after the hearing, Roberts notified Senator Glenn that he had located the documents he had previously testified to having destroyed. Senator Glenn subsequently referred the matter to the Department of Justice for consideration of possible criminal prosecution.

On April 14, 1987, an NRC management meeting was held in which the Office of General Counsel was requested to review the policies and procedures for handling allegations involving the Commissioners and their offices. The General Counsel replied that OIA had authority to investigate such matters, subject to the judgment of the Commission.

During testimony before the Senate Committee on Environment and Public Works in October 1987, OIA Director Sharon Connelly was asked if, in cases of alleged wrongdoing by the Commissioners or their staffs, she thought the NRC should determine whether to refer the matter to OIA or not. Connelly responded that she thought the Commission had determined that all such allegations were to be referred to OIA and, if not, to the FBI.

GAO's Investigative Analysis

Without determining how NRC documents came into the possession of Middle South Utilities, GAO has been unable to ascertain whether any federal law or NRC regulation was violated.

In his affidavit to the Senate Committee on Governmental Affairs, White did not deny dictating the June 15, 1983, memorandum that transmitted the material to LPL. GAO interviewed White on January 29, 1988. In this interview, White "seemed to recall" that he had dictated the memorandum and stated that he employed words in it containing a certain amount of "puffery" designed to impress his superiors. White stated that in retrospect, had he seen how the words looked on paper, he might not have signed the memorandum. White told GAO that he did not remember where or from whom he obtained the documents, except to say that it was not from a source or sources within the NRC. Additionally, White advised GAO that no official of LPL or Middle South Utilities who was an addressee of his "confidential" memorandum acknowledged having received the materials.

1/28/88
no
superiors

GAO's investigation verified that no LPL or Middle South Utilities official brought to the attention of the NRC an employee's assertion of the existence of a "mole" within the NRC. White's memorandum, no matter how self-serving, demonstrated that a regulated utility secured unauthorized access to NRC documents. The ability to obtain such materials could impact on the NRC's enforcement program, licensing functions, and regulatory procedures.

GAO determined that Roberts did not concern himself with the question of how White obtained the NRC documents, but only addressed the issue of whether someone on his personal staff might have been the utility's avenue of access. In this instance, Roberts dismissed the leak implication by simply asking his small staff if any of them provided the documents to the utility. By doing this, Roberts ignored the potential of a broader problem in that a utility official claimed to have a "source" within the NRC.

Chairman Palladino's referral of the matter to Roberts for handling did not oblige Roberts to adhere to relevant investigative standards. Palladino, like Roberts and the other Commissioners, apparently believed that the referral and disposition of this matter was an exclusive delegation of investigatory authority and discretion. An April 1, 1987, opinion from the NRC's General Counsel appropriately points out the error in this assumption by distinguishing between the functions of supervision and investigation.

Prior to the April 1987 Senate hearings, Roberts learned that his handling of this matter would be subjected to scrutiny. On the day prior to his testimony, Roberts met with a former NRC General Counsel. In this meeting, Roberts advised the former NRC official that he knew this issue would surface at the April 9, 1987, hearing.

The less-than-professional handling of the matter by the NRC, combined with Roberts' cursory investigative effort, might well have jeopardized any possibility for determining where or how White obtained the NRC documents. When the issue first surfaced in 1985, a properly conducted investigation, including an interview of White, might have provided NRC with the identity of "the source within the NRC."

GAO'S INVESTIGATIVE OVERVIEW

GAO was advised by the requestors to expand the scope of its work as necessary to cover unforeseen but related matters that might develop. During the course of its investigation, GAO noted apparent problems with the NRC's investigative capability.

The NRC and the U.S. Department of Justice (DOJ) have failed to execute a Memorandum of Understanding governing the referral of possible criminal violations stemming from questionable actions of nuclear licensees. Critics have cited such cases as the D.C. Cook, Three Mile Island, and Fermi cases as examples of the NRC being too cozy with the industry it is charged with regulating. In each of these cases, allegations surfaced that NRC officials engaged in actions that adversely affected the potential criminal prosecution of the concerned utility.

The Senate Committee on Governmental Affairs hearings revealed deficiencies in the NRC's investigative programs and led the Committee to report, "OIA lacks authority, competence and independence." GAO's analysis of the Comanche Peak matter suggests that a supervisor-employee conflict was elevated to the highest levels of the NRC. The matter was raised to such levels because OIA failed to provide NRC management with a proper perspective on the matter under investigation. In another instance, OIA failed to understand the basic issue that they were investigating, thus they were unable to properly serve the needs of the agency. GAO conducted a review of several closed OIA investigative case files. This review found that OIA routinely initiates investigations without first establishing a threshold for acceptance. When interviewed by GAO, Connelly acknowledged this to be true. Additionally, GAO's review of OIA records from 1984 to the present reflects that OIA has not successfully presented a case for criminal prosecution.

NRC management is faced with a problem in which its two primary investigative organizations, OIA and OI, demonstrate a mutual lack of trust, respect, and cooperation. This is evidenced by the OI Director's involvement with the matters GAO reviewed. The OI Director advised that when he learned of the alleged improper conversation between the EDO and a utility official, he did not make a direct referral to OIA, but instead took the information to the Chairman. In the leak of the "sensitive" document matter, the OI Director stated he brought the information to the Chairman, not to OIA, because it concerned a Commissioner. Appropriately handled, both matters should have been referred to OIA for evaluation of wrongdoing. OIA Director Connelly's statement that she is suspicious of the nature of any investigative referral that she receives from OI further demonstrates the lack of cooperation between the two NRC investigative offices.

These three issues suggest a need for the NRC to evaluate its investigative capability. The NRC should assure that its investigators conduct their work in a competent manner using professional standards. Accurate, complete investigative findings are often of major importance to NRC management and the Department of Justice. When investigations focus on criminal matters, the NRC must assure that evidence is properly gathered, safeguarded, and referred to the Department of Justice. The NRC should continue to support the Justice Department throughout the investigative and adjudicatory period. The NRC should assure that its two investigative offices work together with a high level of coordination and cooperation. Their respective missions complement one another and often overlap considerably. This fact requires strong close professional relations. Lastly, the NRC should develop and enforce a strong, clear policy directing the manner in which investigations are initiated, conducted, and referred for judicial or management action that will assure independence and professionalism.

The important mission and critical safety role of the NRC require that it possess a first-rate investigative capability with resources that will assure the NRC's ability to perform its function in a professional, competent manner.

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