



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

February 27, 1985

MEMORANDUM FOR: Robert D. Martin, Regional Administrator
Region, IV

FROM: *B* Ben B. Hayes, Director
Office of Investigations

SUBJECT: WATERFORD STEAM ELECTRIC STATION, UNIT 3--ALLEGED
CONCEALMENT OF DRUG ABUSE ACTIVITY BY LOUISIANA
POWER AND LIGHT REACTOR OPERATORS (4-84-043)

The enclosed Office of Investigations' (OI) report of investigation documents OI investigative efforts in response to an allegation that a 1983 Louisiana Power & Light Company (LP&L) Corporate Security Department investigation which had identified drug use by a number of Waterford 3 reactor operators was suspended prior to its conclusion by LP&L management. It was further alleged that no corrective or disciplinary action was taken by LP&L, and that the results of that investigation were suppressed.

Our investigation established that: (1) LP&L's Corporate Security Department did conduct such a drug investigation at Waterford 3 during the period May-July 1983 which identified three LP&L auxiliary reactor operators as being involved in recent use of marijuana; (2) LP&L's investigation was suspended at the request of LP&L senior management because of what LP&L termed its disruptive influence on candidates who were to take an NRC examination; (3) LP&L's investigation was not reinitiated; (4) some disciplinary action was taken by LP&L against the employees identified by the terminated investigation as having used drugs. The weight of the evidence developed did not indicate that the results of the LP&L investigation were suppressed.

Notwithstanding the disposition of the original allegations, the OI investigation developed an additional concern of significance--apparent conflicting statements by members of top LP&L management regarding their knowledge of the LP&L drug investigation.

It is our view that the weight of the evidence indicates Mr. Leddick was aware of the existence of the drug investigation prior to November 1984. Consequently we believe that he attempted to deceive the NRC when he denied that he had prior knowledge. Similarly, we find his assertion that he does not recall being briefed on the matter unpersuasive. We base this conclusion not only on both documentary and testimonial evidence, notably the testimony of Messrs. Cavanaugh and Barkhurst, but also on the totality of the circumstances.

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Based on the conclusion that Mr. Leddick appears to have deliberately attempted to deceive the NRC, a referral was made to the Department of Justice on February 26, 1985. In this case, the putative criminal violation may be 18 U.S.C. 1001.

Neither this report nor memorandum may be released outside the NRC without the permission of the Director, Office of Investigations. Internal NRC access and dissemination must be on a need and right-to-know basis.

Enclosures:

As stated

cc w/encl:

Commissioners

W. J. Dircks, EDO (3)

✓ R. K. Herr, OI:RIV