



CHAIRMAN

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

December 24, 1986

The Honorable Dennis E. Eckart
United States House of Representatives
Washington, D.C. 20515

Dear Congressman Eckart:

I am responding to your letter of November 20, 1986 concerning allegations made by Mr. Sam A. Milam, III. I am enclosing a summary of NRC staff actions in regard to Mr. Milam's concerns along with the related documents. A copy of the response from Mr. James Taylor, Director, Office of Inspection and Enforcement, to the October 24, 1986 letter from the Government Accountability Project (GAP) is also enclosed.

The NRC staff is carefully evaluating the safety significance of Mr. Milam's allegations and is systematically developing information to allow proper disposition of these allegations. A copy of the final inspection report will be forwarded when it is issued.

Sincerely,

Lando W. Zech, Jr.

Enclosures:

1. Summary of Staff's Actions Concerning Allegations, with related documents
2. Letter from J. Taylor, NRC to GAP dated December 22, 1986

HISTORY & STATUS OF ISSUES RAISED
BY S. A. MILAM, III AND C. STOKES

The NRC first reviewed Mr. Milam's primary concern, the issue of deferred verification, following receipt of his allegations in 1983. A copy of the NRC Inspection Report and General Electric's (GE) response for the NRC inspection performed in 1983 are enclosed. Government Accountability Project (GAP) notified the NRC in October 1985 that it had additional information concerning GE activities. Following extensive discussions among GE, GAP and NRC, GAP finally agreed to provide the NRC access to the documents in GAP's offices in February 1986. Subsequently, NRC was provided copies of these documents in March 1986. These documents included a copy of Mr. Milam's work record and a draft report prepared by Mr. Charles Stokes, a consultant for GAP, based principally upon his review of Mr. Milam's work record. Copies of related memoranda and a chronology of staff activities related to this issue are enclosed.

The NRC review of the issues raised by Mr. Milam and Mr. Stokes has been in the form of an inspection effort and not an investigation. That process is continuing. An interview with Mr. Milam was conducted in April 1986 and two inspections were performed at the GE San Jose facility during the weeks of April 14 and July 14, 1986. Mr. Milam was the only individual formally interviewed in connection with the staff's review of these allegations. A copy of the transcript of this interview is enclosed as well as copies of drafts of the inspection report. NRC Staff efforts concerning resolution of Mr. Milam's allegations were consistent with draft manual chapter 0517.

The staff understood that GE believed that Mr. Milam's work record contained information which was proprietary. This understanding was the result of the proprietary information agreement executed by GE and GAP on February 6, 1986, concerning Mr. Milam's work record (enclosed) and GE's stated desire to conduct a proprietary review of these documents. GE has thus requested an opportunity to review the final inspection report and related documents for any proprietary information prior to its placement in the Public Document Room.

The NRC staff intends to afford GE the opportunity to review the documents discussed above and the inspection report. This is consistent with the standards contained in 10 CFR 2.790 and with the Office of Inspection and Enforcement Manual Chapter 0611, "Review and Distribution of Inspection Reports." Manual Chapter 0611 contains the procedures for reviewing inspection reports to guard against inappropriate release of exempt information. For example, the Manual Chapter states that ". . . [I]f there is a significant doubt as to whether or not the material is proprietary, then a copy of the suspected final report will be sent to the licensee/vendor for proprietary review purposes only." The Manual Chapter also indicates that, to the extent possible, all final inspection reports will be made available to the public after reviews to identify proprietary information have been completed.

The documents related to Mr. Milam's allegations, including his work record, the transcript of the NRC's interview with Mr. Milam, and Mr. Stokes draft report will be placed in the NRC's Public Document Room following a proprietary review by GE. While the staff originally intended to allow this review by GE following issuance of the inspection report for the initial NRC inspections of these allegations, Congressional requests for the documents accelerated the NRC's schedule in this matter. When providing documents which potentially contain proprietary information to outside parties including members of Congress, it is the staff's experience that a prompt proprietary review to make as many documents as possible available to the public is the best course of action.

Enclosures:

1. GE Proprietary Information Agreement
2. Chronology of Activities
3. *Documents provided to NRC by GAP
4. *Documents prepared or obtained by the Staff
5. *Transcripts of Interview with Sam A. Milam, III
6. List of plants mentioned in Mr. Milam's work record
7. NRC Inspection Report No. 99900403/83-03, 10/21/83
and GE's response, 1/13/84

*Portion of documents potentially contain Proprietary Information and should not be made available to the public.



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

December 22, 1986

Ms. Billie Garde, Director, Environmental
Whistleblower Project
Government Accountability Project
1555 Connecticut Avenue, N. W.
Suite 202
Washington, D. C. 20036

Dear Ms. Garde:

Your letter of October 24, 1986, addressed to Mr. Harold Denton, requested specific information related to the NRC's inspection activities being conducted in response to allegations made by Mr. Sam A. Milam, III. While a report of the inspections conducted to date is being completed, your characterization of the inspection effort as essentially complete is incorrect. The NRC inspection effort is still in progress. In this regard, Mr. Arthur Jackson, of your staff, requested specific information concerning the inspection findings and items reviewed during the inspection. Since the information requested was the subject of an inspection report that has not yet been issued, it is inappropriate to discuss specific issues and related inspection findings and Mr. Arthur Jackson was so informed on October 8, 1986. However, it is appropriate to inform you that based upon the NRC review to date, no issues have been identified which necessitate corrective actions be taken on any nuclear power plant with components supplied by GE.

As you are aware, in addition to the issues raised by Mr. Milam, a number of issues were raised in the report prepared for GAP by Mr. Charles Stokes, based upon his review of Mr. Milam's work record. As explained to Mr. Jackson on October 8, 1986, the effort necessary to address the issues raised is substantial, and the inspections performed to date have not addressed all of these issues. This effort is continuing. Copies of inspection reports related to these allegations will be forwarded to you, as well as Mr. Milam, as they are issued. The inspection report for the inspections conducted during the weeks of April 14 and July 14, 1986 is expected to be issued in a few weeks. This report will discuss the current status of the NRC's efforts and the next step in resolving the issues raised by Mr. Milam and Mr. Stokes.

With respect to the suggestion in your letter that you have "specific followup information," it is our understanding that all applicable information concerning Mr. Milam's allegations has been provided to the NRC. However, if you have additional information related to these issues, please contact us so we can obtain this information.

Your letter also raised questions concerning the conduct of the NRC review of Mr. Milam's allegations. The NRC efforts related to resolution of these allegations are being conducted in accordance with the NRC's draft Manual Chapter 0517, Management of Allegations. While Mr. Milam was not contacted between June 1, 1986 (the date Mr. Milam returned a corrected copy of the transcript

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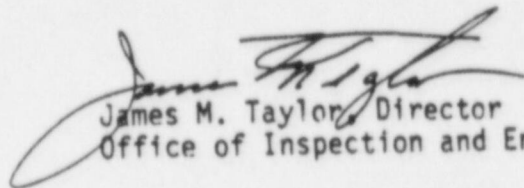
Ms. Billie Garde

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December 22, 1986

of his interview) and October 2, 1986 (the date Mr. Jackson, GAP Staff Associate, spoke with Mr. McIntyre, NRC), there is no significance which can be attributed to this lack of contact. Both GAP and Mr. Milam knew of the extensive nature and number of allegations which were the subject of NRC review and should have known by virtue of the number of contacts NRC made with GAP in obtaining the documents and in interviewing Mr. Milam, that Mr. Milam's allegations were under active consideration. Accordingly, the provisions of the draft manual chapter calling for an alleged to be informed so that there is an awareness that the allegation is not being ignored were met.

Sincerely,


James M. Taylor, Director
Office of Inspection and Enforcement

cc: T. Devine, GAP
A. Jackson, GAP
S. Milam, III

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WASHINGTON, DC 20515

November 20, 1986

The Honorable Lando W. Zech, Jr.
Chairman
U.S. Nuclear Regulatory Commission
1717 H Street, N.W.
Washington, D.C. 20555

Dear Chairman Zech:

It has come to the attention of the Subcommittee that the NRC has information regarding allegations made by Sam A. Milam, III, of program deficiencies in the Design Control, Quality Assurance/Quality Control program at the General Electric facility in San Jose, California. These allegations are quite serious since they potentially involve a large number of plants and equipment critical to the safe operation of these plants. Adding to the seriousness of these allegations is the fact that the alleged is a former engineer at the General Electric facility who had access to extensive files on the QA/QC program. For all of these reasons, we think it is important that these allegations be investigated by the Commission and reviewed by the Subcommittee.

In order to enable the Subcommittee to understand the potential import of these allegations in general, and their potential impact on the Perry plant in particular, we request the following:

1. Please supply the Subcommittee with all the documents provided to the NRC by Mr. Sam A. Milam, III relevant to his allegations concerning the General Electric facility in San Jose, California and any other General Electric facility.
2. Please supply the Subcommittee with any documents the staff has prepared during the course of the NRC investigation. Include all summaries of investigations, either written or type-written, any analyses of the documents turned over to the Commission by Mr. Milam, all drafts of the investigation report, and any other documents prepared or obtained in connection with the investigation.
3. Provide the Subcommittee with a list of all the people the staff has interviewed in connection with the investigation, and the date of each interview.

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The Honorable Lando W. Zech, Jr.
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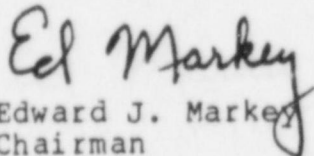
4. Please provide the Subcommittee with a list of those plants that could potentially be affected by deficiencies in GE equipment.

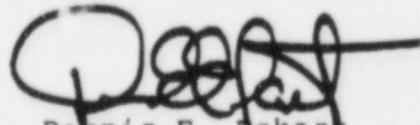
In addition, we have reviewed an October 24, 1986 letter from the staff of the Government Accountability Project to Harold Denton, Director of Nuclear Reactor Regulation. (See enclosure.) This letter asks several questions regarding the Commission's adherence to the pending NRC Manual. It disturbs us that this manual has been in Limbo for such a long period of time. Moreover, it appears the Commission could use the non-binding status of the Manual as an excuse for not adhering to its principles. In order to help clarify the situation, we urge you to respond immediately to the GAP letter and address fully the four questions it asks, and to supply the Subcommittee with a copy of your response.

In order to help the Subcommittee review this material in a timely fashion, please supply this information to the Subcommittee by December 4, 1986.

With best wishes,

Sincerely,


Edward J. Markey
Chairman


Dennis E. Eckart
Member of Congress

Enclosures