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DOCKET NUMBER 50-440/441 (2.206)
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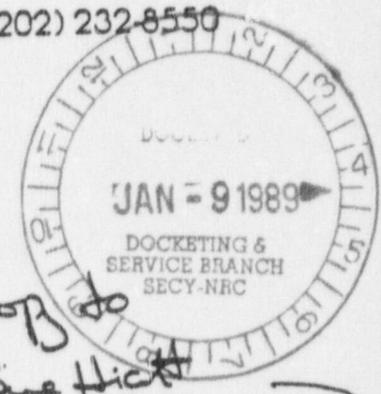
GOVERNMENT ACCOUNTABILITY PROJECT

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

(202) 232-8550

ATTACHMENT 1

October 5, 1985



Honorable Chairman Nunzio Palladino
Honorable Lando Zech
Honorable James Asselstine
Honorable Thomas Roberts
Honorable Frederick Bernthal
U.S. Nuclear Regulatory Commission
Washington, D.C. 20555

copy to
Sue Hiett
Res. 1-29-86 SQH

Dear Commissioners:

The Government Accountability Project (GAP) has identified potentially serious deficiencies in the Design Control, Quality Assurance/Quality Control (QA/QC) program at General Electric's facility in San Jose, California. The programmatic deficiencies have been identified by a former GE engineer. The deficiencies potentially impact GE components supplied to all power plants utilizing GE equipment.

GAP has been in contact with GE regarding this matter for over a year. We had hoped that GE would have been able to identify and correct the internally reported problems. We also expected that, by now, GE would have voluntarily reported the QA/QC deficiencies to the Commission. Unfortunately, GE continues to insist that it has almost no records indicating any possible deficiencies in its Design Control and QA/QC program, except with respect to problems already confirmed by the NRC. The former GE engineer had, however, provided detailed reports notifying his supervisors of numerous actual and potential violations. We now fear that there has been yet another violation at GE -- destruction of nuclear safety-related documents. In light of GE's failure to notify the NRC of what we believe are potentially serious generic problems reportable under 10 C.F.R. Part 21, we are doing so.

GAP consultant Charles Stokes conducted a review and analysis of the information provided to us, as well as an in-depth review of evidence of problems at five GE plants which would have, or did, stem from the QA/QC breakdown reported to us. Mr. Stokes has prepared a report of his research and assessment of the allegations. The report is an analytical summary of the GE engineer's disclosure regarding programmatic and specific deficiencies since 1973.

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Additionally, the report demonstrates the NRC's inability to successfully audit the GE project. The regulatory history of five plants was studied to determine (1) whether the problems identified at GE have manifested themselves at plant sites and (2) whether or not either GE or the NRC traced actual problems back to their generic source. Our investigation indicates that the regulatory audit systems failed to detect the programmatic design control deficiencies, and failed to follow through successfully in monitoring corrective action even after confirming violations.

In fact, the report documents numerous examples of design-related deficiencies, such as (1) knowingly building products differently than indicated by the construction drawing; (2) performing a review of drawing quality (layout, readable) without verifying the accuracy of information on it; (3) alterations of design documents by GE staff who did not appear on the document (many ECNs); (4) documents signed indicating they were reviewed when they were not; (5) incomplete testing of components, such as the Reactor Mode Switch; (6) labeling errors (a part would have two names); (7) duplicate labeling errors similar to (6) above but where two different parts have the same name; and (8) shipping equipment to power plants with known defects.

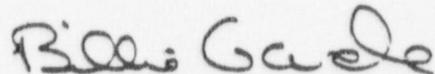
Other examples of system problems are: (1) appropriate training not being implemented for new employees; (2) a routine program environment that discouraged individual initiatives to verify legal compliance, and encouraged a "let someone else check that aspect" attitude; (3) inadequately documented procedures combined with incomplete or no training (ICER codes); (4) a computer tracking system which erased prior information when new information entered, destroying the chain of records (EIS); (5) use of a computer tracking system for safety-related components covered by the Quality Assurance program, when the computer system was not covered by the Quality Assurance program (EIS); (6) use of unverified documents to verify a document (this practice was routinely encouraged by management); (7) generic structural weaknesses tainting the entire program, such as a QA manager reporting to production; and (8) the practice of deferring verification on safety-related equipment. Based on our discussions with GE, we fear that only the last deficiency has been addressed with any serious corrective action. That effort only occurred after NRC confirmation of the illegal deferred verification program. Furthermore, our client has convinced us that the remedial program was seriously incomplete.

We propose that a meeting be arranged as soon as possible with representatives of the Office of Nuclear Reactor Regulation's division on GE's reactors, the Quality Assurance/Quality Control branch, and representatives of the Division of Engineering, the Division of Safeguards, and the Office of Investigations. We will present our consultant's report, which

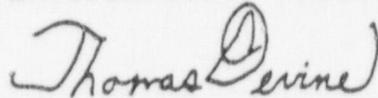
is both extremely technical and lengthy, to the personnel to whom the Commission refers this matter. If necessary, we will also make the consultant and the allegor available to the NRC for a more detailed discussion.

This case has the highest priority at the Government Accountability Project. To a significant degree this year GAP has curtailed its initiatives at plants under construction because of our growing concern that generic quality assurance breakdowns are currently endangering public health and safety at operating GE plants around the country. We hope that the NRC will treat this matter as seriously as we have.

Sincerely,



Billie Garde, Director
Environmental Whistleblower Project



Thomas Devine, Director
Public Employees Project