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May 28, 1982

Mr. Harold Denton
Director of Nuclear Reactor
Regulation
United States Nuclear
Regulatory Commission
Washington, D.C. 20555

Dear Mr. Denton:

Last November when the Commission suspended Pacific Gas and Electric Company's ("PGandE") license to load fuel and conduct low power testing at Diablo Canyon Nuclear Power Plant ("Diablo Canyon"), it recognized that the circumstances of this proceeding required special steps to restore its credibility. To that end, the Commission ordered an independent audit of the facility to be conducted prior to licensing. All parties agreed that such an audit would serve to recapture lost public confidence both in the Commission and in the safety of the plant. That goal, however, will be lost unless steps are taken immediately to correct the course to which the audit is being deflected.

The May 15th meeting in San Francisco between Teledyne Engineering Services ("Teledyne"), PGandE, and Bechtel Power Corporation ("Bechtel") highlighted several matters with which we are concerned. First -- and most fundamental -- the repeated urging by PGandE and Bechtel personnel that Teledyne expedite its audit program is totally inappropriate in light of the recognized breakdown in PGandE's quality assurance program and the consequent need for an independent and thorough review of Diablo Canyon's design and construction. Teledyne has been entrusted with that responsibility by the NRC, and its accountability is to the Commission and the general public, not to PGandE.

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It is important to reemphasize, therefore, that expediting the process is secondary to that obligation and to the ultimate purpose of the audit to assure protection of the public's health and safety. Undue pressure on Teledyne to bring the audit to an early conclusion must not be sanctioned, because it poses a risk that accuracy, independence, and attention to detail will be sacrificed in response to PGandE's continuing efforts to get Diablo Canyon licensed, despite the demonstrated inadequacy of its design. In that event, the public would ultimately suffer the consequences should an accident result.

Too often in the past, PGandE has opted for haste when further study and greater attention to regulatory requirements were necessary. Indeed, had PGandE done otherwise, the current design reverification program might have been unnecessary. The suspension of the low power license at Diablo Canyon is attributable largely to PGandE's own failure to manage the Diablo Canyon project properly and to supervise its personnel and contractors adequately. PGandE must not now be permitted to compound its past errors through pressure on Teledyne to expedite the Diablo Canyon audit.

Second, the Joint Intervenors are not being provided timely access to documents issued by Teledyne. Although Teledyne serves both PGandE and the NRC Staff with copies of its Diablo Canyon-related reports and correspondence, it does not supply the Joint Intervenors with copies, instead relying upon the NRC Staff to do so after it has been served. Particularly in light of the expedited nature of the design reverification program, the additional delay inherent in this procedure in effect deprives the Joint Intervenors of timely access to relevant documents. Given the intervenors' unique and longstanding interest in this proceeding and in the audit itself, there is no conceivable legitimate justification for the failure of the NRC to require service of documents by Teledyne not only to PGandE and the NRC Staff but simultaneously to the Joint Intervenors' counsel. Timely provision of documents is a mandatory prerequisite to any meaningful participation in or understanding of the audit program. Moreover,

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equal access of the parties to relevant reports is fundamental to a fair and independent audit process.

Third, despite the fact that Teledyne had apparently suggested the need for a meeting with PGandE in a letter dated May 8th, the Joint Intervenors were given only one working days' notice for the May 15th meeting at PGandE's offices in San Francisco. (We still have not received a copy of the letter from either Teledyne or the NRC.) Obviously, adequate notice is necessary to facilitate scheduling changes which may be required. Although the audit process must proceed without unnecessary delays, basic fairness to all interested parties requires as a minimum that sufficient notice of meetings be provided to enable such parties to be represented. To that end, Teledyne should be required to issue and serve on all parties weekly "look-ahead" reports listing the audit activities scheduled for the coming week. Such reports should include, for example, all meetings and/or site visits, many of which other parties may wish to attend. Such reports would preclude any future failure to provide sufficient notice.

Fourth, contrary to the ground rules established in October, the May 15th meeting was not transcribed. As we explained by letter to you earlier this month, transcribing these meetings is the best way to reduce the potential for misunderstanding and inadequate communication among the parties. Further, such transcription is necessary if the public and the Congress are to be kept fully and accurately informed of the Diablo Canyon audit. Particularly in light of the inadequate notice given for the most recent meetings, the importance of a clear record is obvious, and we reiterate our request that an adequate record of all future meetings be maintained by transcription.

Fifth, audit findings are not being reported fully and in a manner that permits meaningful review. For example, substantial questions have been raised about certain Blume models or spectra for the containment and turbine buildings. We understand that Blume's records fail both to provide the basis for certain engineering

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assumptions and to take other engineering factors into account in these models or spectra. Nowhere are these findings or their possible implications reported in any reasonable detail. Because of the possible significance of this matter, we request that you immediately order PGandE to provide a full accounting of these findings.

More generally, the status reports now being issued by Teledyne and by R.L. Cloud and Associates are written in a cryptic manner which fails to express plainly the auditor's findings and conclusions and the basis for them. Consistent with the purpose of such reports, they should be written so that relevant information is comprehensible and accessible in order to facilitate review.

Sixth, the Joint Intervenors have repeatedly requested that a methodical search be made to identify all cases where PGandE or a consultant to PGandE prepared analyses or studies which were not docketed. For example, in February we became aware, for the first time, that PGandE had conducted -- but failed to docket -- a three-dimensional non-linear analysis of the containment polar crane indicating that the crane would be overstressed by the 7.5M Hosgri earthquake. We have no evidence that the requested search has been undertaken.

Finally, we have also requested that PGandE specifically identify each time that it adopts for the reverification program engineering practices or procedures different from those used initially in the Diablo Canyon seismic analysis. To our knowledge, that is not being done.


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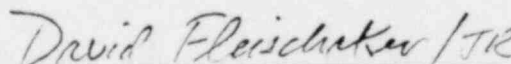
We trust that adequate steps will be taken promptly to rectify the problems discussed above. Thank you for your attention to these matters.

Very truly yours,

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cc: Diablo Canyon Service List