



UNITED STATES DEPARTMENT OF JUSTICE

FEDERAL BUREAU OF INVESTIGATION

In Reply, Please Refer to
File No.

6015 Federal Building
515 Rusk Avenue
Houston, Texas 77002

October 10, 1979

Mr. James Cummings
Office of Inspector and Auditor
Nuclear Regulatory Commission
Washington, D.C. 20555

Dear Sir:

Enclosed is one copy of our investigation of
alleged improprieties at the South Texas Nuclear Project.

Very truly yours,

Homer R. Hauer
Special Agent in Charge

By: *Russell E. Brown*
Russell E. Brown
Supervisory Special Agent

Enclosure 1



Transcript of Proceedings

NUCLEAR REGULATORY COMMISSION

BRIEFING ON INVESTIGATION OF QA-QC PROBLEMS
AT SOUTH TEXAS NUCLEAR PROJECT

(Closed to Public Attendance)

Tuesday, April 15, 1980

Pages 1 - 72

Prepared by:
C. H. Brown
Office of the Secretary

8012180263
PDR/LPDR

RF
John S. [unclear]
[unclear]

A-16

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

UNITED STATES OF AMERICA
NUCLEAR REGULATORY COMMISSION

BRIEFING ON INVESTIGATION OF QA-QC PROBLEMS
AT SOUTH TEXAS NUCLEAR PROJECT
(Closed to Public Attendance)

Room 550 East-West Towers
Bethesda, Maryland

Tuesday, April 15, 1980

The Commission met, pursuant to notice, at 2:55 pm,
John F. Ahearne, Chairman of the Commission, presiding.

PRESENT:

Chairman Ahearne
Commissioner Hendrie
Commissioner Bradford

ALSO PRESENT:

W. Dircks
K. Cornell
M. Malsch
J. Murray
V. Stello
C. Seyfrit
W. Hayes
R. Herr
H. Phillips
R. Shewmaker
H. Thornburg
R. Fortuna
Seidel
J. Hoyle

P R O C E E D I N G S

CHAIRMAN AHEARNE: The Commission meets in a closed meeting.

MR. STELLO: We are here to discuss with you this afternoon the results of our enforcement difficulties for the construction activities in the South Texas Project.

There is a long history associated with the South Texas Project that goes back, I guess a couple of years ago, and even some recent allegations we have received as recently as day before yesterday.

So that the issue on the advisability on the problems involved with the quality control at South Texas has been quite high. It has been the subject of considerable news media interest, it was on the national television and the problems have been ---

CHAIRMAN AHEARNE: This was also a result of Mr. Gonzalez's amendment wasn't it?

MR. STELLO: Mr. Gonzalez did request an FBI investigation into the issue.

CHAIRMAN AHEARNE: I think it is also what led him to put in an amendment, making it a crime to try to impede into quality control inspectors.

MR. STELLO: It wasn't clear.

COMMISSIONER BRADFORD: Do you look on this as one continuing investigation or have there been 5 or 6

1 different investigations?

2 MR. STELLO: There have been 5 or 6 different
3 investigations, and there are still some on-going. OIA
4 for example, was still looking in to some of the issues as
5 the result of the investigations in the effort with the
6 FBI work, and the results of the work that the Region did, ✓

7 The briefing, and the purpose of the briefing, to
8 get that up front, is I think at the point we are going to
9 decide: what's the appropriate enforcement action, based
10 on what we have found as documented in the draft report
11 that we sent to you. We think that we are at the point
12 now where it is time to take some sort of action.

13 We are going to be describing to the Commission,
14 at least in general terms what course of action seems to
15 be warranted, based on what we understand today. I will
16 make the point that things continue to move, and we continue
17 to get more information, and as this new information comes
18 in, we might decide to change our minds and take a different
19 course of action, but based on what we know today, to
20 stop shop today, hopefully we could conclude to brief
21 you as to what we understand and can describe to you the
22 kinds of enforcement action we feel is appropriate, and
23 hopefully, have some sort of agreement, at least in principle,
24 that this is the correct way to go or if we need to do more,
25 to have some understanding of what that more might be.

1 With that introduction, let me ask Bob to go
2 through the briefing now. I would prefer not to use
3 that overhead, which I think would be a distraction to
4 everybody, and to just pass out copies of the slides if
5 that would be easier.

6 CHAIRMAN AHEARNE: I'm presuming the people back
7 here have copies?

8 MR. SHEWMAKER: I think we have enough. We
9 brought 25.

10 CHAIRMAN AHEARNE: Bob, you are?

11 MR. SHEWMAKER: Bob Shewmaker.

12 Okay, the Attachments you got that is Appendix
13 5, in the advanced copy of the report that we sent, we
14 didn't have a clean copy of that document when it was
15 printed.

16 CHAIRMAN AHEARNE: I'm going to suggest that
17 Mr. Stello could identify for I&E a certain kind of
18 marking pencile that would be able to be xeroxed and be
19 legible. I find that so far, this is a second in a series
20 of documents in which the outlines of things are
21 unreadable in them.

22 MR. STELLO: Some of the documents we get are
23 marked that way and it becomes difficult. I think the
24 previous documents you are referring to were copies that
25 we received from others, and that's the way they were marked.

1 MR. SHEWMAKER: Okay, the purpose of the
2 investigation was ticked off, the most recent investigation,
3 was one of two fold. First, was to address the allegations
4 that dealt with harassment/intimidations of quality control
5 inspectors at the site, and the allegations basically were
6 that the construction personnel were causing this pressure
7 and creating these situations.

8 CHAIRMAN AHEARNE: The allegations came through
9 from where?

10 MR. SHEWMAKER: They came from one individual
11 on the 2nd of November, and those were characterized and
12 broken down into 12 specific allegations.

13 CHAIRMAN AHEARNE: Did that individual represent
14 himself, or did he represent a group of quality controllers.

15 MR. SHEWMAKER: He represented himself, but in
16 the allegations that he made, it covered things that had
17 happened to other people. So he had characterized,
18 generally what he felt had been going on and the things
19 that he had heard and talked to other people.

20 MR. STELLO: Do you mean [REDACTED]

21 MR. SHEWMAKER: No. The most recent is ---

22 MR. STELLO: Because there are two Februaries.
23 The first was in February 1977, was by [REDACTED] and we are
24 going to cover that a little bit and the background. The
25 most recent ones that were behind the present investigation

1 was February of this year. Maybe we ought to use some
2 of these names so we can keep the two separated.

3 MR. PHILLIPS: My name is Phillips, I'm the
4 Resident Inspector for South Texas. Just a little bit
5 of clarification.

6 This individual did represent four other
7 inspectors.

8 CHAIRMAN AHEARNE: Thank you.

9 MR. SHEWMAKER: Maybe we can add in right
10 here, the total of the previous investigations has been
11 something, 11 separate investigations that have been carried
12 on before this big investigation was kicked off this
13 November. So there was a series and we will go in to the
14 background.

15 The second part of the investigation was to
16 review the current, at the time, November of '79,
17 effectiveness of the quality assurance program as it was
18 being implemented at the site. The concept there was
19 pick enough areas where work is currently going on, look
20 and see if the QA program is functioning, we have got to
21 get sufficient sampling and enough detail to be able to
22 draw a conclusion.

23 So those were the two basic goals and aims of
24 the investigation.

25 What we are going to do now is give you a brief on

1 what the findings were so you have the bottom line a little
2 bit early as we go through.

3 In the QA/QC area, the findings, the ones that
4 we consider really critical were against three of the
5 criterion Appendix B.

6 The first being -- the first criterion which
7 deals with freedom of the QC organization to function. And
8 we identified the lack of independence on their part of
9 a cost and schedule and the freedom to identify problems.

10 CHAIRMAN AHEARNE: Now, is that an explicit
11 criterion in our ---

12 MR. SHEWMAKER: Yes, the words cost and schedule
13 are used in the criteria; and freedom to identify problems.

14 What we found in the investigation -- we sort of
15 broke it down in to five areas, and we have findings and
16 examples of production pressure ---

17 CHAIRMAN AHEARNE: I'm sorry to stop you, but
18 could you be a little more -- tell me what exactly the
19 linkage -- the independence of cost and schedule is in
20 our criteria? Obviously I'm asking, because having
21 read this I'm quite interested in it.

22 MR. STELLO: Maybe it would be easier to read
23 it.

24 "Criterion I, the Applicant shall establish,
25 at the earliest practical time, consistent with the
schedule for accomplishing the activities, a QA program

1 which implies to Criterion I," which is a little ambiguous.
2 There are five parts which gets to the cost and schedule,
3 do you want to hear everything?

4 COMMISSIONER HENDRIE: Somebody call CP&L and
5 ask them to print a copy for Vick.

6 (Simultaneous discussions.)

7 MR. MALSCH: It is in Criterion I.

8 MR. STELLO: What does it say, Marty?

9 MR. MALSCH: It says --

10 MR. SEYFRIT: It says: "Such persons and
11 organizations shall have sufficient authority in
12 organizational freedom to quality problems, initiate
13 recommend or try to provide solutions and verify implemen-
14 tation of solution." It doesn't have the words ---

15 MR. MALSCH: "Such persons or organizations
16 performing quality assurance functions shall report to a
17 management level such that this required authority and
18 organizational freedom, including sufficient independence
19 from cost and schedule when opposed to safety considerations,
20 are provided."

21 CHAIRMAN AHEARNE: Including -- say it again?

22 MR. MALSCH: Including sufficient independence
23 from cost and schedule when opposed to safety..."

24 CHAIRMAN AHEARNE: Fine, thank you.

25 COMMISSIONER HENDRIE: That's correct. Criterion I.

1 CHAIRMAN AHEARNE: I'm sorry, go ahead.

2 MR. SHEWMAKER: What we had done was group the
3 examples that we found in the five groups, production
4 pressure, lack of QC management support, which has been one
5 of the things that came out of the allegations, harassment,
6 intimidation and threats, physical threats against the
7 person, and we will go in to the details of this.

8 Under Criterion 15, we basically -- which
9 deals with non-conformance of how one tracks and handles
10 those, these will not be the exact words out of there,
11 but I will try to characterize them. They fail to control
12 and monitor the trends of the nonconformances. They
13 would identify a single nonconformance, but to look and
14 see how the total of those affect what is happening at
15 the safety of things was not being done.

16 On Criterion 18, which deals with the audit,
17 the fact that you need the audit function, we found that
18 they had failed to adequately utilize the audit function
19 in performing the total of the QA program, things like
20 that. Audits were not completed as specified in the
21 schedule. The audits weren't in depth sufficient to
22 find the kinds of problems that we sought.

23 So in looking at the QA/QC program, really the
24 finding is that we see it impaired the QA/QC programs.

25 CHAIRMAN AHEARNE: There is nothing implicit then,

1 in the criterion that would cover hassling, intimidation.

2 MR. STELLO: What it is, it says that the
3 people who have the responsibility to construct the
4 plant are putting too much pressure on the QA people
5 and you really don't have the freedom to go ahead and stop
6 the conflict or get QA activities corrected.

7 MR. SHEWMAKER: One of the other things that we
8 didn't cite here, that I think comes out in this is the
9 fact that the person who initiates or identifies an item
10 of noncompliance is supposed to be on the end of the
11 chain after it goes up in resolution state, so that he
12 understands how it was resolved or if it was washed away
13 or whatever happened. And that was not happening. So
14 this is why, then, we saw some of these people continually
15 bringing these allegations up, but they never knew what
16 happened to the things that they identified.

17 CHAIRMAN AHEARNE: I guess what I'm trying to
18 get at or your answer is that it is covered under
19 organizational freedom. I could see that on one set,
20 the lack of a system being set up, and for example the
21 point that you just made, it is more of a systematic
22 problem.

23 On the other hand, I can see physical
24 intimidation competing with the organization, looks as
25 though it has gotten -- you are saying they both are

1 covered under that.

2 MR. SHEWMAKER: Criterion I would be really, the
3 only one that would address the kinds of things like
4 harassment, or at least that was our assessment.

5 MR. STELLO: There are what, 18 criterion
6 independent of B? The first one gets to this issue
7 pretty well. I don't think that there is a great debate
8 that clearly says the kind of thing you saw would have
9 been harassment/intimidation, the subtleties of the system.
10 That clearly is not what you would anticipate as a health
11 criteria.

12 CHAIRMAN AHEARNE: I wasn't implying that I
13 thought it was a health situation.

14 MR. STELLO: No, no. Those kinds of things
15 are spoken to.

16 MR. SHEWMAKER: In the second major category
17 on findings, we put in what we call safety, and there were
18 two items there and we will describe in detail why we
19 have these there.

20 We ended up with questions concerning the
21 adequacy of safety related backfill, and as Vick indicated,
22 there have been some developments that are happening right
23 now, and we will try and bring you up to date on those
24 when we get to the back of the briefing on the related
25 soils area.

1 Then there is a group of unresolved safety items
2 that came out of the investigation team. We had to end
3 it some where and there are items identified that have to
4 be followed up, which are the normal kinds of things we
5 find on inspection investigations.

6 Now, we will turn to the next page and cover
7 the area -- I will give you some more background on this --
8 regarding the scope of the previous allegations.

9 CHAIRMAN AHEARNE: But as far as any of the
10 other -- such as the concrete and that stuff, you
11 concluded there were no safety issues?

12 MR. SHEWMAKER: We will address the ones that
13 we think are still to be resolved as the result of this
14 investigation. I just wanted to sort of give you an
15 overview of the end point before we got there.

16 CHAIRMAN AHEARNE: But your end point seems to
17 be, that as far as adequacy of safety related items, the
18 questions, at least in your presentation, it is only on
19 the soil backfill or at least that was my interpretation,
20 that you had concluded that the areas such as the concrete
21 was adequate.

22 MR. SHEWMAKER: Okay, let me clarify that.

23 What we are saying is, for the scope of this
24 investigation, out of the allegations that this team
25 pursued, we found no items that would lead us to believe

1 that there is a safety problem.

2 Now, we are still looking at things from the
3 past that weren't covered in this investigation.

4 The first allegations on this plant were back
5 in February of '77, and as we indicated, there was a
6 series of allegations coming in and there were a series
7 of investigations to come of those as they came in. There
8 were a total of 11 separate investigations carried out by
9 Region IV. Something on the order of 53 allegations, which
10 is a matter of how you cut them up sometimes, but on that
11 order of the magnitude of allegations.

12 About 14 or a number like that, 14 or 15 of those
13 we substantiated. Now, while these were being conducted
14 by the Region, they did not have authority to take sworn
15 statements. We did find that one of these individuals
16 was talked to both by Region IV in the earlier allegations,
17 and as the result of these sworn statements taken in this
18 investigation the story has changed. Whether that
19 happened in other cases, we really haven't really
20 examined that at this point.

21 As Vick indicated, there was considerable
22 interest because of the number of these, the media,
23 Congressional interest and as the result of this, the
24 mid term inspection schedule was moved up by a year from
25 1980 to 1979. So that mid term QA was kicked off in

1 August of this past year. Some of the findings of not
2 in compliance that came out of that mid term QA,
3 correlate to some degree of some of the findings of this
4 recent one. I will just mention what they are.

5 Out of the mid term QA program or inspection was
6 found that one of the subcontractors was not following his
7 QA manual or procedures, procedural violations. In
8 adequate audits by the utility and Brown and Root on that
9 subcontract.

10 Audit check lists were not maintained in the file
11 system. Those records that had been made were not in the
12 files for the people to use and try to make trend analysis
13 on.

14 They failed to identify changes in the organization
15 in the subcontractor, the QA organization. Those were the
16 kinds of things that came out of that mid term.

17 The FBI has been involved in this case ---

18 CHAIRMAN AHEARNE: Who ordered it?

19 MR. SHEWMAKER: I guess Gonzalez, basically.

20 They were looking at the question of falsified
21 records. There was a question of trying to establish
22 some records related to the Cadwelding and locations of the
23 Cadwelds.

24 Now, they were investigating over the period of
25 June to October, and they have sent their material to the

1 prosecutor down in that area, and on December the 4th, in
2 a letter to OGC, Justice declined further prosecution on
3 that case. They did find two instances of false records,
4 but it turns out that they are things that are not
5 required as far as the NRC and as far as safety related.
6 They were commitments on the part of the licensee, for
7 his own use.

8 COMMISSIONER BRADFORD: Commitments made in
9 what context?

10 MR. SHEWMAKER: Basically what happened, they
11 were trying, from the records they had, trying to establish
12 exact position in horizontal and elevation, where the
13 actual Cadweld splice was located in the placement or
14 in a concrete placement. This was after the Cadweld splice
15 had already been accepted as passing all of the requirements.
16 So really, once the splice is accepted, there is really
17 no need to know where it is. It is where you are maybe
18 building 100 splices and you are only testing two out
19 of 100, you want to know where that group of 100 is in
20 case your samples fail, to go back and find out where
21 those are that might be questionable, because the test
22 sample somehow didn't pass the test, but these had already
23 passed the test, so there is no need to identify those.

24 COMMISSIONER BRADFORD: There is a commitment,
25 though? In what form is the licensee going to take?

1 MR. SHEWMAKER: I cannot say whether it was in
2 a procedure or a spec or where?

3 MR. SEYFRIT: It is in their internal procedures,
4 really that they have set forth that are desired.

5 I'm Carl Seyfrit. And while it is not something
6 that is required by NRC regulations, the fact that they
7 commit to it in their procedures, we attempt to make sure
8 that they follow their procedures. So we, indeed, I believe
9 cited them for failure to have followed their procedures,
10 in spite of the fact that they are not required by our
11 regulations.

12 MR. SHEWMAKER: So that was the involvement at
13 Justice and the FBI and OIA has indicated that they
14 would keep Justice informed of any new developments as
15 the result of the investigation that we have going on.
16 They were aware that that was underway.

17 COMMISSIONER BRADFORD: Does your investigation
18 have a review of the FBI interviews?

19 MR. SHEWMAKER: It did not.

20 MR. THORNBURG: OIA has looked more in that
21 respect to those things. We fixed on a time period that
22 would be overlapped to the November 2nd allegations. We
23 tried to look at the near term to see if harassment and
24 intimidation was sort of a continuing thing and looked at the
25 QA picture at about that time. And OIA has looked more

1 in to that.

2 MR. SEYFRIT: I might add that we did get
3 copies of the FBI's report. In the Region we went through
4 it and tried to glean from it, any items that might be
5 alleged that we had not previously been aware of. And
6 we did find, I think, two or three that we had not been
7 previously aware of, and we did, indeed, look in to those
8 in some of our later work.

9 CHAIRMAN AHEARNE: Is someone from OIA here?

10 MR. STELLO: Yes.

11 MR. FORTUNA: What is that document date?

12 CHAIRMAN AHEARNE: What is the letter that you
13 are looking at?

14 MR. FORTUNA: It is the letter dated
15 December 4th, as Mr. Shewmaker says, addressed to
16 Mr. Bickwit, the General Counsel, from the Attorney General
17 down in the Southern District of Texas, and indeed, that the
18 prosecutor wasn't planning to probe, based on the
19 recommendations from the Bureau, which said they had
20 no substantive violations, and including a copy of the
21 Bureau's report. I was just curious as to what it was.

22 CHAIRMAN AHEARNE: Marty, did we write to them?

23 MR. MALSCH: I'm not aware of it, I'm not sure.

24 MR. FORTUNA: Yes, we were all aware of this.

25 In fact, the declaration was contained in the FBI report and

1 I am familiar with this.

2 MR. STELLO: Let me see if I can -- Gonzalez
3 wrote a letter to Bell requestion that this letter
4 be investigated. Bell, in turn, requested the FBI to
5 look in to the matter. They looked in to the matter, wrote
6 their report which went to the Attorney General in the
7 state, who, in turn, decided not to prosecute.

8 MR. FORTUNA: Yes, the two things came up. One
9 was independent of the other. When Gonzalez wrote to
10 Bell, Bell bucked it down to Civiletti who was then in
11 charge of Criminal. They it got bucked further back down
12 into the bowels of Criminal Division of the Justice
13 Department. Headquarters was then aware, that their
14 region, which ~~they~~ called the United States Attorney's
15 office, was in fact doing this investigation.

16 We told headquarters in Washington that their
17 region had declined, and that was confirmed in this last
18 piece of correspondence, in this letter to us to Backwit,
19 that we are aware here on the record. And that's
20 why there is still on-going Justice Department interest
21 in it at their headquarters. They are still mildly
22 concerned that the letter which Gonzalez sent to them,
23 a year ago this time, whereby they wrote back to this
24 agency to another office, OIA sent a monitor to take a look
25 see, in conjunction with the office of Inspection and

1 Enforcement, so the left hand will know what the right
2 hand is doing. That was the only thing that concerned me.

3 CHAIRMAN AHEARNE: It happens all of the time.

4 MR. SEYFRIT: It might be worth mentioning too,
5 at the same time, this letter went to Griffin Bell. It was
6 the letter that was sent to the Chairman of the Commission,
7 Mr. Hendrie received such letter that discussed the same
8 issues, but without specific reference to the request for
9 Justice Department to get involved.

10 CHAIRMAN AHEARNE: Now, does OIA still have some
11 on-going work on this?

12 MR. FORTUNA: This is the status of what we
13 have.

14 The one gentleman that we could afford to
15 pick out of the South Texas thing, per the arrangement
16 that was made with OIA and I&E, Mr. Thornburg, Mr. Cummings
17 and Mr. Stello, or particularly Mr. Thornburg, that
18 we would take a look at each district, that the special
19 task group which did the final on that mid term inspection,
20 would take a look from November ump-tee-ump, down through
21 and looking at the allegations that have been made in
22 about August or September, that time frame.

23 We have a wrap-up as to the field work. We do
24 not have a wrap-up as to a report, which is going to be
25 in the form of a memorandum down to the Department and

1 down to the Commission, EDO, etcetera. So they beat
2 us, so to speak, on the present status of the site. We
3 are looking at it back in time, only as to harassment,
4 intimidation and that sort of thing. Anything that we
5 glean along the way from our interviewees regarding
6 potential safety issues, gets sent back to I&E.

7 As I was saying a little earlier, we have finished
8 this pocket of work here, we still have threads that go
9 out and we can take a look at those kinds of questions.

10 Does that focus on where we are?

11 MR. STELLO: Yes. As I understand it, based on
12 what you have found this far, is consistent with the
13 results of what the task group has found. You have not
14 found anything that suggests that we have taken any wrong
15 turns in the harassment and intimidation and things of that
16 sort or have you asked different questions?

17 Have you found something that we ought to know
18 that is of any problem of any kind?

19 MR. FORTUNA: Any interview statements that we
20 take have been dribbled off to your office as we take them.
21 However, we are going not going to make a recommendation
22 kind of report, we are going to wrap it up, tie it together
23 and you can analyze it and make your own judgment.

24 MR. STELLO: I did try to get the point across
25 that based on -- I understand that OIA come up with

1 the same consistency that we have come up with, so that
2 we don't have any concern that there is any surprises.

3 MR. FORTUNA: I don't see any surprises in what
4 we have done. It is just more of the same as opposed to
5 something different.

6 CHAIRMAN AHEARNE: Fine.

7 MR. SHEWMAKER: I think we have finished OIA.

8 The Resident Inspector was assigned to this
9 site in late August of 1979, and by the way, we do have
10 the Special Investigation Team here today to answer any
11 specific questions, and the Resident Inspector was a member
12 of that team.

13 As we have said before, the allegations that were
14 investigated here numbered 12 when they were boiled down.
15 As the result of the investigation, 19 additional allegations
16 were developed.

17 Mr. Stello directed the Special Investigation
18 on November 3rd.

19 CHAIRMAN AHEARNE: Vick, was that triggered by
20 this set of allegations to the Resident Inspector?

21 MR. STELLO: In part. It was also the result of
22 what -- the FBI report, any new allegations, we decided
23 that we needed a rather thorough look at those questions
24 to decide whether there was an issue here and to somehow
25 deal with it correctly. My feeling at that point was that

1 of the investigation, I wanted it to be independent of
2 what the Region had done, in an effort to get an independent
3 look beyond the investigations that they had done, since
4 at least what they had come up with and what the FBI had
5 come up with, the new allegations suggested that perhaps
6 it wasn't being tied together the way it should, and I
7 decided that the Task Force may be able to look at it,
8 in part, the other concerns.

9 MR. SHEWMAKER: The team that was put together,
10 we tried to get people from the different disciplines of
11 the areas that were specified that we would look at. So
12 we had some one in the civil area, soils, welding and
13 in the QA/QC area. The team was run under Headquarters
14 direction and we had representatives from all of the
15 Regions except Region V.

16 As I said before, this investigation was
17 different in that -- different from the earlier investigations
18 that had been done on South Texas in that the Team had
19 the authority to take signed sworn statements.

20 They actually conducted 57 formal interviews,
21 and took 24 sworn signed statements. There was something
22 like 50 less formal interviews made.

23 The time period covered from November 10th
24 through February 7th and it involved some 1100 inspector
25 hours. The areas that we covered by the investigation,

1 we were really in some five major areas.

2 Category I, concrete structures, the area
3 that most all of the allegations had been related to,
4 that activity area of concrete placement in the civil
5 area.

6 The other areas that we wanted to look at, but
7 in order to try and evaluate the effectiveness of the
8 current program in the QA/QC, included soils, welding and
9 NDE, the handling of audit reports and nonconformance to
10 general, and the audit function. Very little welding
11 had actually been done at the time, and of course,
12 nothing was really being done in the electrical area.

13 We indicated in the transmittal letter of the
14 early draft of the report that we would try and have it
15 finalized today, but we do not have it finalized. We are
16 going to be having a meeting after this session to try
17 and finish it up. There are some changes, really nothing
18 major. I might point out one that you might consider, if
19 somebody is really counting numbers it might change somebody's
20 idea, but on Page 2 of the draft, and this is the one
21 that is dated April 9, 1980, under that paragraph that is
22 underlined that says: "Results" about a third of the way
23 down the page or half way down, it says: "8 of the initial
24 12..." that should be "9". We had one that was a partial
25 that we looked at in the last couple of days, and we decided

1 we need to throw that in to a nonsubstantiated.

2 In the second line there, where we say: "Two of
3 the initial 12 were partially substantiated.." it should
4 read: "One of the 12 was partially substantiated."

5 We will, of course, transmit copies of that
6 as soon as it is final. The last person came in today,
7 that was able to sign it. One person had a series of
8 heart attacks so he won't be signing. He is still out.

9 We have passed out the Appendix 5 which should
10 replace the one that was in the earlier version.

11 Now, to get to the results of the investigation
12 in some detail, and I don't know how much detail you want
13 to get in to, we can look at which of the allegations we
14 felt fit in to the five categories that we had in the
15 violation of Criterion I dealing with the freedom and
16 independence of the QC inspectors.

17 Under threats, we basically had what I considered,
18 really three very strong ones where we had a situation that
19 had a threat by someone that we would consider in a
20 management function in the construction side of Brown & Root.

21 In one case it was a construction superintendent,
22 and in two other cases it was a foreman. And in all
23 cases, the person who was alleged to have made the threat
24 admitted to making the threat, and in all three of these
25 cases admitted that it was made under a loss of temper?

1 CHAIRMAN AHEARNE: What kind of a threat?

2 MR. SHEWMAKER: I think you would characterize
3 them as a threat of physical harm.

4 CHAIRMAN AHEARNE: By "characterize," do you
5 mean that they were?

6 MR. SHEWMAKER: That's right. Bodily injury.

7 COMMISSIONER BRADFORD: I ought to stomp you
8 around.

9 MR. THORNBURG: That's getting close.

10 MR. SHEWMAKER: We saw some instances of
11 harassment, the type of thing, one that I recall a
12 construction person was boasting around the site that
13 I was able to get away with this particular procedural
14 violation while this QC inspector was there. And that
15 QC inspector heard that as a rumor. That is the type of
16 thing that undermines and harasses that QC inspector.

17 The Attachment 5, which has the Brown and Root
18 corporate policy, they had a meeting where that was given
19 as a speech, then it was later printed and handed out to
20 everybody.

21 CHAIRMAN AHEARNE: I gather, by the fact they
22 went to the difficulty of actually printing this they
23 felt that was fine.

24 MR. SHEWMAKER: They did believe that.

25 That, to me, is an example of harassment, and the

1 statements that were made to QC people about: Well, you
2 may not be here much longer; that sort of thing. Threats,
3 verbal type harassment.

4 We have examples of intimidation. The case of
5 A-52, we wanted to look at that particular one.

6 This is a case of where he did something because
7 he felt his supervisor would not support him. In other
8 words, he took an action based on what he was expecting
9 or the way he was expecting his supervisor to react. So
10 he was intimidated by what that supervisor told him in the
11 past.

12 The lack of management support, that was one of
13 the allegations -- one of the things that came through on
14 a lot of the allegations that the low-level QC inspector
15 identify something, and will not, say sign off on a
16 pour card which would release construction to go ahead
17 with construction. It goes up to the supervisor and maybe
18 another level up, and that supervisor was being -- would
19 get in to a discussion with construction, and the supervisor
20 would sign off on it overriding the CQ -- low-level QC
21 inspector.

22 The QC inspectors ended up with a feeling that:
23 well, why should I flag it, everytime I flag it somebody
24 is going to override it, a situation I don't think, is one
25 would generate a feeling on our part that all of the

1 problems are going to be identified and properly taken
2 care of.

3 CHAIRMAN AHEARNE: But certainly I would have
4 viewed this as management support.

5 MR. SHEWMAKER: The paper itself, yes. And it
6 brings in the cost and scheduling, you know.

7 CHAIRMAN AHEARNE: That not only brings it in,
8 that makes it.

9 MR. SHEWMAKER: Right, and it is repeated often.

10 Production pressures, the instance that I remember
11 most vividly is probably the one that there was a hold
12 up by QC, they knew all of the high-level construction
13 managers were standing around, the concrete was on the
14 way, and everybody was trying to get the QC to sign off.
15 They had a very short time and in some of the instances
16 they had actually reviewed the placement, 24 hours before,
17 and they found out that construction had gone back in
18 and done some additional work, then the QC would go in
19 there and would find additional problems.

20 So they felt they were under a great time
21 pressure.

22 All of those things together really built a
23 finding against Criterion I, that basically says there is
24 a lack of required independent QA function and we
25 did find one or two noncompliance examples in these five

1 categories.

2 The other significant quality related problems.
3 First we would put in the area of the civil QC inspector
4 qualifications, and civil procedures. The finding there
5 that we actually had four items of noncomplaine. The
6 one that would be, I think, the most significant is the
7 question of what we found in the failure to follow their
8 own procedures in qualifying the QC inspectors. There
9 were instances found where QC inspectors did not have
10 adequate training or experience for the job that they were
11 assigned to do.

12 MR. THORNBURG: This could feed to the intimidation
13 and independence thing, because if the guy isn't too well
14 qualified and starts nit-picking the construction foreman,
15 he is under pressure to produce, and I think that also
16 plays a role too.

17 COMMISSIONER BRADFORD: When you said the people
18 aren't qualified, which standard are you using?

19 MR. SHEWMAKER: Those basically were the standards
20 that Brown & Root had established which do reference some
21 of the ANSI standards.

22 COMMISSIONER BRADFORD: They are underqualified
23 by Brown & Root's own standards?

24 MR. SHEWMAKER: Right, which incorporates some
25 of the ANSI standards.

COMMISSIONER BRADFORD: We have a Reg Guide
on standards?

1 MR. STELLO: That's what I have asked Minogue to
2 develop.

3 MR. THORNBURG: There is a Reg Guide in this
4 particular area, but the definitions are not as tight as
5 we believe they ought to be.

6 COMMISSIONER BRADFORD: Does that Reg Guide apply
7 to this plant?

8 MR. THORNBURG: I would assume so.

9 MR. SEYFRIT: I'm not sure that it does. Reg
10 Guides typically apply only when they embrace them as part
11 of their submittal, and I don't know, in this case,
12 specifically whether they did or not. We do know that they
13 embrace some of the ANSI standards and those are the ones
14 that are really at issue here. But I'm not really sure
15 whether they embrace the Reg Guides or not.

16 MR. DIRCKS: Whatever it is, I think we ought to
17 look at it.

18 COMMISSIONER BRADFORD: But that commitment is
19 enough for you to inspect against, to line up their
20 qualifications against the ANSI standards?

21 MR. THORNBURG: (Nods in the affirmative.)

22 MR. STELLO: We can inspect against what they
23 have. The issue is, is the standard which applies to
24 this activity good enough? The conclusion is that it
25 is not, it needs to be upgraded in a better, either Reg Guide

1 or Regulation and promulgated that will beef up
2 considerably the requirements for CQ inspectors.

3 CHAIRMAN AHEARNE: Is that equivalent to saying
4 the ANSI standard is too?

5 MR. SHEWMAKER: Yes.

6 The next general area is the area of soils and
7 plank backfill that was looked at in trying to make an
8 assessment on the effectiveness of the current QA/QC
9 program implementation.

10 We found several areas of noncompliance in that
11 specific area of soils. Six, to be exact.

12 We found failure to complete compaction in
13 accordance with the qualified procedure. Failure to
14 document lift thicknesses in one of the passes which
15 one has to determine in order to understand what the
16 quality you are actually putting in to place. We found
17 two failures to control test equipment. Test equipment
18 is required for imperial type tests on field samples.

19 We found failure to have a systematic field
20 sampling program. We found failure to take prompt
21 corrective action of test equipment failure.

22 In addition to those noncompliances, we found
23 other questions that home in on the soils question that
24 we ended up with. We have some confusion in trying to
25 identify the materials that were actually used in

1 laboratory test programs where liquefaction studies,
2 versus the materials that were used in the field. We have
3 been trying to get that clarified on the phone today,
4 and I guess it is still unresolved as to whether the
5 materials that were tested in the laboratory for lique-
6 faction analysis are actually, in fact, the materials
7 that were put in place in the field.

8 CHAIRMAN AHEARNE: You say that there is some
9 question. Has the question been documented or is there a
10 question that exists which is it a question that we believe
11 there was a different material tested?

12 MR. SHEWMAKER: Well, on the basis of the
13 information we have, what brought it to the inspector's
14 attention was the information we had, there was a
15 possibility we were talking about two different materials.
16 And as yet, we have not gotten the documentation from the
17 licensee that would indicate otherwise. We are seeking
18 that information.

19 We also found that we were unable, and they
20 were unable with their records at the time, to establish
21 the field placement sequence that had been reached, in
22 order to try and go back and see in what sequence the
23 backfill material was placed. We have not been able to
24 get that information.

25 We have a question about the compaction, that

1 degree of compaction under those buildings resting on
2 this backfill material. When the last lift was placed,
3 the last six or nine inches of that last lift was to be left
4 loose, and in some instances what is done in construction,
5 you come back and cut that material away then fill on the
6 firm material. They were not doing that. They have
7 indicated that they have literature that shows that this
8 is acceptable. We still have not homed in and been able
9 to resolve that question.

10 There was a question over a test fill program,
11 and the adequacy of what they had done in a test fill
12 program to establish what lift thickness and how many
13 passes with the patching equipment they would have to
14 make in order to achieve the design densities.

15 When the team left the site, of course, some of
16 these questions were relayed to the licensee in an
17 exit interview, and the licensee embarked on an exploratory
18 program of this in-place material, and we are still
19 beginning to get some of the results of that. So all of
20 that is not yet really analyzed yet. We will talk about
21 a little bit of that at the end, of this latest information.

22 That characterizes the questions that we had
23 in the soils area.

24 One thing I would like to add before I go to
25 the next area is that there have not been allegation in this

1 particular -- this particular discipline has not had
2 allegations in this area. The only reason that we looked
3 at it was it is a major area of safety related work
4 that has been on-going, and was looked at because of our
5 attempt to look at the total QA/QC program effectiveness.

6 The next area that was looked at is the welding
7 and NDE area. The major findings there: we have had 6 non-
8 compliances in this area, the major ones being: failure
9 to test the welder qualifications specimens with the
10 proper radiographic techniques, so that what happens is
11 what ends up with a question of whether or not the
12 welders are properly qualified. This, I believe, the
13 number is something like 150 welders' qualifications is
14 a question because of this.

15 There has not been a great deal of welding
16 completed, so if we are going to catch something like this,
17 this was the time to identify it before a lot of high
18 quality welds had been put in place.

19 The other major item in this area was failure
20 to control radiography and the liquid penetrants. We
21 found problems in radiography, the quality of the
22 radiographs, problems in their interpretation of what
23 they saw in the radiographs. In the liquid penetrants,
24 we saw problems in the indications they had of flaws
25 were not re-examined as required by the code requirements.

1 The other noncompliances in that area dealt
2 with failure to control documents, documents out of date,
3 not being superseded properly and voided. Failure to
4 control weld area cleanliness. Our investigators acutally
5 observed this going on in an unclean situation for welding,
6 and it does effect the welding. Failure to control design
7 changes in welds, and failure to handle the outdated
8 procedures.

9 The next major area dealt with the -- their
10 methods of handling the nonconformance. These include
11 all types of nonconformances. Many sites have assigned
12 different names and acronyms to the way they handle their
13 reports. At this particular site, they call it
14 an NCR, Nonconformance Report, they also have another
15 form which is called a FREA, which is a Field Request
16 for Engineering Analysis or Action.

17 We found that while many of the things had been
18 identified in one or other of these types of record keeping
19 mechanisms, there seemed to be an attempt to put more of
20 them in the FREA cateogry and the FREAs at the site are
21 not looked at in total. In other words, I built up
22 a list of about 1000 FREAs, but no one ever looks at
23 them to trend them and if I have, say, 50 FREAs on a
24 containment building, no one ever looks at the aggregate of
25 50 together to see what the total effect is. Each one is

1 in itself, isolated. So what the team found was that
2 things that were identified as discrepancies that we would
3 normally see in the -- what we call the NCR group that
4 are looked at on trend analysis, were, in fact, not being
5 classified in to that grouping at South Texas. So we see
6 that there is a total number of discrepancies that fall
7 in to this category that really hasn't been at all tracked.
8 We had the one finding in that particular area.

9 Again, that was somewhat related to some of
10 the allegations. The inspectors said, you know, I tried
11 to initiate an NCR which has to be tracked, and they turn
12 around, the supervisor or construction puts the pressure on
13 and it ends up being a FREA, which means none of this is
14 tracked very well, as far as trending and what the total
15 effects are.

16 The next major area was the area of audits. We
17 found four noncompliances in that area. I think we have
18 to classify all of those as critical, the audits being
19 really the total bounds in defense and depth that we are
20 looking at it in a QA/CA program. We found in this failure
21 of the licensee to provide procedures or to perform
22 supplemental audits that they had indicated would be
23 performed in their reference documents. The adequacy and
24 the frequency of audits did not meet what they indicated
25 they could do.

1 We found the depth of the audits by Brown & Root,
2 that they had to perform, were not sufficient. We found
3 failure to follow proceedings to document the control
4 to unsatisfactory conditions, and failures to take prompt
5 corrective actions.

6 So those in total as outlined in noncompliances
7 that were found, we have a number of items, as I indicated,
8 we will have to follow up. Some of them relate to these
9 five areas I have outlined. One of the areas that we
10 specifically came away thinking needed beefing up in this
11 case, I think we come out with the impression that we have
12 a situation here where the licensee is, in fact, not
13 exercising sufficient control over his contractor. And in
14 this case this contractor has what I consider the total
15 packages. He is the designer, the engineer, he is the
16 constructor and builder, and he also has the QC functions.
17 So he has all three parts of the package and in that
18 situation, it certainly is important that the licensee
19 have a very close handle on that total scope of work.

20 COMMISSIONER BRADFORD: What would happen if
21 he required the QA/QC to be done by HP&L instead of --
22 well, by a separate entity all together, anyway, not by
23 Brown & Root?

24 MR. SHEWMAKER: Well, we have -- there was an
25 instance at one plant where a requirement was placed --

1 right now, I guess we would have to say that a licensee
2 would certainly not be staffed to ever handle anything
3 like that.

4 COMMISSIONER BRADFORD: Did you ever have
5 licensees to do the QA/QC instead of the construction
6 company?

7 MR. SHEWMAKER: Yes, there are licensees ---
8 You have to look, there is a difference. Some of them
9 do it all themselves.

10 MR. SEYFRIT: There are a number of different
11 combinations that you see. We have one licensee which also
12 has Brown & Root as the constructor, at Comanche Peak where
13 the utility, while they don't do all of the QA/QC work,
14 they have taken over absolute control of that function.
15 The QC/QA people from Brown & Root report to TUGCO
16 supervisors. That way, they have taken control, and as
17 a matter of fact ---

18 COMMISSIONER BRADFORD: Did that also come as
19 the result of unsatisfactory experience with Brown & Root?

20 MR. SEYFRIT: I think that is probably a fair
21 statement isn't it Phil?

22 MR. SEIDEL: You are talking about TUGCO,
23 Texas Utilities Generating Company, they were dissatisfied
24 with the performance of the corporate -- Brown & Root
25 QA. They just decided that one day all of the Brown & Root

1 QA/QC people would report to their company. However, the
2 QA/QC people still get their pay checks from Houston.

3 CHAIRMAN AHEARNE: Do we see any improvement?

4 MR. SEIDEL: I would say, yes, some improvement.

5 CHAIRMAN AHEARNE: Do we have any other examples
6 of Brown & Root?

7 MR. SEYFRIT: I think these are the only two
8 at the present time that Brown & Root is involved in,
9 South Texas and Comanche Peak.

10 COMMISSIONER BRADFORD: I guess I should ask
11 rather than assume that because of TUGCO's dissatisfaction
12 was the same sort of thing as seen here, and not that,
13 for example, construction was proceeding too slowly?

14 MR. SEYFRIT: No, I don't think that it was
15 that. It wasn't exactly the same either. For example,
16 I don't know of any indication that TUGCO had that there
17 was the harassment and intimidation and that sort of
18 thing taking place. That did not appear to be a factor
19 in their decision, but they didn't feel that the job
20 was being adequately controlled in terms of the numbers of
21 items reworked and ---

22 CHAIRMAN AHEARNE: Were the numbers too high or
23 too low?

24 MR. SEYFRIT: They were obviously too high, I
25 think. They felt they wanted ---

1 COMMISSIONER BRADFORD: That's why I didn't
2 assume that.

3 MR. SEYFRIT: I mean the problems in construction
4 were not being delt with.

5 COMMISSIONER BRADFORD: I see, they were having
6 to go back and do things over?

7 MR. SEYFRIT: That's correct, and they wanted to
8 make sure that the inspection was properly done the first
9 time around so that this didn't happen.

10 MR. THORNBURG: So that the work got done properly
11 before the inspection.

12 MR. SEYFRIT: So those kinds of factors were
13 involved.

14 I might mention that I have had communications
15 from HL&P, and they have been in contact with TUGCO, and
16 they are discussing and considering the possibility of
17 their taking the same kind of action. They have not
18 yet made such a decision, and I don't know whether I would
19 want to push them in that direction right now or not, but
20 I'm not sure that that's the total answer. You buy something
21 but then I think you give up some other independence that
22 may be as desirable.

23 CHAIRMAN AHEARNE: What other independence do
24 you have?

25 MR. SEYFRIT: Well, if HL&P takes over the entire

1 job of controlling the quality assurance/quality control
2 effort, they still have the ultimate end of rapid
3 construction and so forth, so some of the same driving
4 forces that are present now with Brown & Root would be
5 present in HL&P.

6 CHAIRMAN AHEARNE: So you are saying there is
7 some alternative plan rather than Brown & Root?

8 MR. SEYFRIT: Yes, I think frankly, that a much,
9 much stronger HL&P presence on site, without necessarily
10 taking over.

11 CHAIRMAN AHEARNE: I see.

12 MR. THORNBURG: We are sort of moving ahead
13 in a way. We are considering encouraging Houston Power
14 and Light to get more involved. We haven't talked quite
15 about ---

16 CHAIRMAN AHEARNE: I will stop my digression at
17 the moment. Here, you have Brown & Root having
18 construction in two agencies, you have the TUGCO
19 proposition where Brown & Root does the construction and
20 the Brown & Root people still have to report to the
21 utility.

22 Now, you were pointing out that that would
23 lose some of the independence, but ---

24 MR. SEYFRIT: No, I didn't suggest that it would
25 lose, I just don't think that you gain any independence.

1 CHAIRMAN AHEARNE: Well, to some extent -- Well,
2 go ahead.

3 MR. SEYFRIT: It is not clear.

4 MR. STELLO: I think it is an area that does
5 need to be looked at, but the bottom line is there needs
6 to be an improvement in the QA/QC organization, at least
7 in terms of the way in which you are getting the job done.
8 That's one way. There are others we will talk about at the
9 end.

10 MR. SHEWMAKER: Okay, conclusions. I don't think
11 we need to rehash the first few there.

12 We have reached the conclusion that we have got
13 a QA program that is impaired, we have got lack of
14 independence.

15 Now, this lack of independence really comes out
16 only in the civil area that we have seen. That is really
17 the only major area that has heavy work activities.

18 We have really no clear cause that affects
19 relationships resulting in deficient systems and
20 components as a result of this. We don't see, in the
21 civil area, as a result of this investigation, any major
22 problems with regard to safety.

23 CHAIRMAN AHEARNE: As you went through your
24 description, one of the questions that was sort of
25 puzzling about it, is that are the quality control people not

1 nearly adequate, so is the fact that they get harassed
2 and pushed around and don't raise their problems, those
3 problems that they don't raise don't seem to have led
4 at least in judgment so far, in safety problems. That
5 could be because they don't raise the problem in non-
6 safety areas, it could be because of the problems they
7 raise could be that they are not being very competent
8 if the problems they raise weren't really problems.

9 MR. STELLO: Well, that's a third possibility,
10 and even in spite of the difficulty, the job is not
11 getting done, although that the activity doesn't stop
12 them from saying I don't think you have to investigate
13 them. And one way to measure that is to look at the end
14 product. When you look at the concrete of the South
15 Texas project, it doesn't look like Marble Hill.

16 CHAIRMAN AHEARNE: No, no. There is another
17 way had, I'm not sure what would have been done is to
18 look at the kinds of things on which they got harassed
19 or look at the issues they have decided not to raise in
20 which you judge whether or not those are real issues.

21 MR. STELLO: Are you aware of any issues that
22 were not raised because of the activities or harassment?

23 MR. SHEWMAKER: No, all of the people that were
24 interviews basically said that, you know, they had always
25 brought everything up. I guess it is just this feeling

1 of frustration ---

2 CHAIRMAN AHEARNE: But you also mentioned some
3 area that they felt should have been in NCRs but instead
4 became FREAs. Did you look at those and say, yes, those
5 really should have been NCRs?

6 MR. SHEWMAKER: I think we looked at it from
7 the standpoint of trying to compare it to what we would
8 see on another job, and we would say, yes, it probably
9 should be in the category of an NCR, because that is the
10 system that gets tracked. So you have a long-term
11 evaluation.

12 CHAIRMAN AHEARNE: But you really though,
13 trying to make an estimate of were they not really
14 competent people to raise the problems, or where they
15 were competent people raising problems to ---

16 MR. SHEWMAKER: We did, of course, identify some
17 of these QC inspectors at level one that were not
18 adequately qualified. I guess we did sit down and look
19 and see if those were the ones who were well trained.

20 MR. HAYES: Depends on how you look at the
21 problem. If you look at a specific instance, there
22 was harassment not with respect to a particular item,
23 but there was a whole series as was pointed out, and on some
24 of the others; nobody looked at all of the problems
25 contained in the sum. There is a pattern of harassment of

1 the QA people that's a conclusion that affects the QA
2 program and the purpose of the QA program is to assure
3 safety, so it is ---

4 CHAIRMAN AHEARNE: Yes, I know. I was just trying
5 to get a sense of how much of that would be due to the
6 the fact that a bunch of people like that are competent.

7 MR. HAYES: That seems to be disconnected with
8 safety here, and I find that an incompetent QA program
9 isn't what I think ought to then achieve in connection with
10 safety.

11 MR. DIRCKS: But isn't it the single items of
12 harassment ---

13 CHAIRMAN AHEARNE: My point is that we have
14 a QA program that really looks terrible. Now one of the
15 things you conclude ordinarily would be terrible, is the
16 product would be terrible. But that's not what you find.

17 I was just wondering skeptically is it because
18 the QA people are terrible?

19 MR. SEYFRIT: Well, at the risk of being somewhat
20 misunderstood, I would like to make a comment to maybe
21 bring this in to some degree of perspective.

22 It was mentioned here earlier that there was
23 something like 1100 hours of effort went in to this
24 inspection. Our routine program up to this point represents
25 something on the order of an equal number of hours, making it

1 a little less than more, over a long period of time. So we
2 have concentrated a great deal of effort and compacted
3 it into a small space, and I'm not really sure, you know,
4 I can't put numbers to this, but I rather imagine that if
5 you look at the rate of noncompliance items or some such
6 measure as that, per inspector hour of effort, you would
7 see that they are not that greatly different. And what
8 I'm suggesting is the possibility that over a longer period
9 of time, if we had looked at these same areas, the same
10 number of things would come up, but in single isolated
11 cases rather than a broad spectrum.

12 MR. THORNBURG: It is a little over the
13 average.

14 MR. SEYFRITS: It may be.

15 MR. STELLO: I think the way it is cited it is
16 a different issue here. That is the issue of harassment
17 and intimidation and the way the QC inspectors have been
18 treated.

19 CHAIRMAN AHEARNE: Victor, I'm not saying that
20 we can tolerate harassment of the QC people. That's
21 not the issue I was trying to make.

22 MR. STELLO: That is clearly not a situation
23 that you want to tolerate. I think, a strange relationship
24 between QC people and construction people is normally trouble.
25 You would expect to see some normal adversary role, because

1 I think it is a natural involvement and it is too much
2 here. It is beyond that. But you always look at the
3 product to decide where are you. If the product looks
4 like it is good, in this third possibility, although these
5 problems are there, that somehow they are still managing
6 at this point to still get through and have this quality
7 job done so that the product is still, at least for the
8 most part acceptable. We are seeing the innocent problems.

9 Now, we are going to get, very quickly, in to this
10 soil issue, which is not a trivial problem. It is a safety
11 problem. It is related to the QA, it is not related to
12 these allegations. But the way in which they have been
13 doing the job, it is producing, at least in this particular
14 area, questions which are fairly significant. So it is not
15 to say that the product is completely free of the problem,
16 you can see a relationship, at least there is an inner
17 one, that some of the problems were saved because of the
18 soil, we are now saying some new problems which we are
19 finding out even now, today.

20 So if I think you give us just another moment,
21 there will be a clearer connection.

22 MR. SHEWMAKER: Okay. I would like to give you
23 a rundown, sort of on the current status. We will leave
24 the soils there until last.

25 As far as concrete activities, as the result of

1 their immediate action letter, the complex concrete
2 placements have been halted since December 21st.

3 Now, I will explain what complex concrete
4 placement is. That would include all concrete in the
5 reactor containment buildings, and it also includes, as
6 defined and identified by the licensee and the constructor,
7 those other placements in Category I buildings that were
8 involved, complicated embedments, anchors, supports and that
9 sort of thing, and heavy reinforced areas.

10 CHAIRMAN AHEARNE: And the reason for that
11 stoppage was?

12 MR. SHEWMAKER: The reason for that stoppage
13 was, in fact, the findings of this investigation, the
14 question of some QC inspectors not being adequately
15 qualified. We did have some findings with noncompliances
16 in procedures in the concrete placement. And they --
17 failure to follow those procedures will have a more
18 pronounced effect on the completed structure in these
19 complex placements. So those have been halted and
20 remain that way.

21 Just recently in the area of welding, and
22 because of the question about qualification of those
23 welders, the licensee has issued his own stop-work
24 order, I believe on what, March 18th?

25 MR. SEIDEL: Yes, and it was reconfirmed on the
14th.

1 MR. SHEWMAKER: Then it has been reconfirmed just
2 recently, yesterday.

3 And that deals with welding -- ASME Code
4 welding and that associated with Category 1 welding.
5 That is sort of an evolving situation, and would appear
6 that that came out as the result of findings of this
7 investigation, the facts that these welders are not
8 qualified.

9 Another thing that came out of the investigation
10 were the findings of harassment and intimidation. The
11 licensee has hired an independent consultant to come in
12 and look at the environment under which the QC people and
13 construction people have to work.

14 CHAIRMAN AHEARNE: That hasn't been completed,
15 then?

16 MR. SHEWMAKER: The study has been completed. We
17 have not received a copy of it. I understand the Region
18 people have looked at that at the site. We do have an
19 executive summary, which sort of summarizes that.

20 MR. PHILLIPS: We have received a copy of it,
21 but I'm not sure they reached the same conclusion.

22 CHAIRMAN AHEARNE: In what sense?

23 MR. PHILLIPS: That they believe there isn't
24 any pressure of any great amount at this time.

25 MR. SHEWMAKER: They concluded that the pressures

1 were really not coming from construction, but the situation
2 was being created within their own management organization
3 and the QA/QC group. They even made the statement that
4 the working relationship between individuals in construction
5 and QA/QC is sound. That seems to be about 180 degrees
6 from the findings of this team.

7 CHAIRMAN AHEARNE: This was, you say, done by
8 a consultant hired by the company?

9 MR. SEIDEL: A Mr. Howard was the auditor.
10 I know nothing about this consultant firm.

11 CHAIRMAN AHEARNE: It is not a group that I&E
12 is familiar with.

13 MR. PHILLIPS: No.

14 MR. SHEWMAKER: They outlined some steps that
15 they felt the licensee should take. I might just mention
16 those quickly. The licensee has put those in a letter.

17 CHAIRMAN AHEARNE: And the licensee is ---

18 MR. SHEWMAKER: Trying to take some action.

19 CHAIRMAN AHEARNE: But based upon the
20 consultants.

21 MR. SHEWMAKER: Their recommendations.

22 Reemphasize the role of QA/QC to construction
23 personnel, and I don't know their exact speech and for
24 forth, but that actually came before, I believe, just
25 before this report was available.

1 Additional training and seminars, and meetings
2 to strengthen the role and understanding of the purposes
3 of functions of QA/QCs.

4 CHAIRMAN AHEARNE: Seminars with whom?

5 MR. SHEWMAKER: All the workers.

6 Revised salary schedules for QA/QCs. And the
7 last, improvement of the communications by QA/QC
8 management at site meetings and with all the low-level
9 personnel in QA/QC.

10 In addition, the licensee has committed to
11 some changes in the QA program, and the way they are going
12 to implement that, and those came about as the result of
13 a meeting which was made up of people from the team and
14 Region IV the end of December. And there was a series of
15 9 steps that were -- or items that were outlined. The
16 licensee has been proceeding to try and implement these
17 9 steps, and at the present time, it appears that 5 of
18 these still have not been fully satisfied. The Region
19 has been following the licensee's implementation of these
20 commitments, maybe Phil would want to say something about
21 that.

22 MR. SEIDLE: With regard to the 9-point program
23 there still are some 5 items which remain open.

24 Item number one, which is a concern about Brown &
25 Root costs which was expressed, I think, in a January 4th

1 meeting.

2 COMMISSIONER HENDRIE: This is the Appendix 5
3 speech?

4 MR. SEIDEL: Yes. There is concern regarding on-
5 site authority, for the QAs to have more organizational
6 freedom. They are permitted to place noncomplex concrete
7 placements. They have been observing their activities to
8 see just how this will impact on the QC performance.

9 With regard to the second item under number 2,
10 which deals with the FREAs and NCRs, they had not
11 completed a coding and printing effort to code all of these
12 FREAs into engineering disciplines and looking for trends.
13 This is not completed.

14 They have not revised their procedure for
15 control of FREAs. With regard to Item No. 5, apparently
16 this has to do with procedure revision with regard to
17 pre-planning placement activities, specifically we are
18 talking about a list before concrete is put in place,
19 thereby, on-site engineering/construction QC people
20 identify what must be done before placing the concrete,
21 yet they are placing it in an informal manner, it has
22 never been formalized. Yet they rely on that. This
23 has not been done yet.

24 Item No. 7 of this 9 point program is
25 augmentation of site QA staff. Are they indeed adequately

1 staffed. We don't know the number of on-site QA
2 surveillance people representing the licensee, are they
3 sufficient. We will have to observe to see if these
4 numbers are adequate. Are they functioning adequately.

5 In other words, have they brought about
6 changes as a result of this task force effort that has
7 improved their performance at the site.

8 Item No. 9 is the last Item. I said Item 7,
9 Item No. 9 is the last item. Of course, they have made
10 commitments to reemphasize the role of the quality
11 control program. This is in progress, this effort is
12 not complete. They made a commitment to conduct refresher
13 training methods, this is in progress. With regard to
14 the salary administration program, that is trying to make
15 the salaries of QCs competitive with QCs elsewhere, and
16 the relationship to the workers at the site, there has been
17 no action taken to do that, as we know of with regard to
18 this item.

19 With regard to improved communications, this
20 is in progress, but it is not complete. Concerning the
21 relationship of resolution of conflicts between QC
22 inspectors and construction people, a procedure has been
23 generated, reviewed and approved on how to handle these
24 types of conflicts. Whether or not it works or not, remains
25 to be seen. Again, we will have to inspect their activities

1 and their judgments.

2 That essentially summarizes those.

3 MR. SHEWMAKER: Okay, the last item under
4 current status is an up-date on the soil situation.

5 You will probably find when you go back to your
6 offices tonight you have received a PN. We just recently
7 received information that the MEAB, that's Mechanical
8 Electrical Auxiliary Building, where Unit 2 has a
9 differential settlement both north to south, of one inch,
10 the south end having moved downward. The licensee has
11 indicated that this is the result of the heavier loadings
12 due to construction sequence which has been placed on the
13 south end.

14 The licensee has indicated that no piping is
15 currently attached in this building, and that they feel
16 that the situation ought to correct itself as they get
17 the loading more uniform, as will be the case when the
18 structure is completed. We really have not had a chance to
19 evaluate this at all. I guess we have the question of
20 whether that may or may not relate to some of the
21 deficiencies we identified in the backfill program, and
22 whether or not there is a cause of effect there, I can't
23 say at this time. We are looking at that possibility.

24 As far as our planned actions, there is, of course,
25 a new allegation related to drugs, which is being investigated.

1 We are looking at and considering ---

2 CHAIRMAN AHEARNE: This intimidation, does that
3 relate to the procedure?

4 MR. SHEWMAKER: That's my understanding, yes.

5 MR. SEYFRIT: Yes, but in a different
6 discipline than we have talked about before. There was
7 a QC man involved, that was 1 out of 4 as I understand it.
8 It was a discipline of mechanical rather than civil. It is
9 a different group of people.

10 CHAIRMAN AHEARNE: It is still Brown & Root then?

11 MR. SEYFRIT: Oh, yes, it is all Brown & Root
12 on both sides, that's right.

13 MR. SHEWMAKER: One of the planned actions is
14 civil penalty in the area of these noncompliances that we--
15 there were a total of 22 noncompliances defined by this
16 investigation. That is being considered.

17 We also are considering an order which would
18 handle trying to correct the situation that we see.

19 CHAIRMAN AHEARNE: What would you base the order
20 on?

21 MR. SHEWMAKER: The order would address corrective
22 action in the area of welder and welder requalification
23 and relook at any welds that were completed by those
24 welders that didn't have adequate qualifications.

25 It would address the NCR and FREA trending

1 situation. The audit surveillance, the problem of
2 qualification of the civil QC inspectors, and somehow
3 we need to address a mechanism or provide a mechanism
4 for getting increased involvement of the licensee in to
5 the QC functions.

6 CHAIRMAN AHEARNE: Why do you just restrict it
7 to the civil, is it the turn of events that the other is
8 still on-going?

9 MR. SHEWMAKER: I guess, as far as I know,
10 the team didn't really get in to all areas, as far as
11 qualifications of inspectors. I guess we don't know that
12 at this time. Perhaps it should be broadened.

13 MR. STELLO: I think the issues is that we
14 do know where there is a problem. We hopefully are going
15 to cover this with an umbrella that says you have got to
16 get your whole act together and make sure that this doesn't
17 occur.

18 The recent incident of yesterday when they cut
19 back now, in the welding area, is, I think, a good sign
20 that they are looking very carefully and are stopping the
21 work when things aren't moving correctly. To the extent
22 of the attitude, I don't see that they will have further
23 problems, and if they do, then we are going to have to
24 cite them for that.

25 You left out one area, Bob, that I think is

1 important. We are going to have to find a way we can
2 get some answers to these questions on the soils, as there
3 are some areas where we have made some measurements and
4 the soil is not up to the standards that it should have
5 been, the area is not under construction at the moment,
6 but off to the side. We are going to have to lay a time
7 table, as there really is a serious question on the soil
8 under some of these structures when the construction
9 begins. We should get to that very quickly, so we don't
10 have to have a situation develop exactly the same as in
11 the past. We should perhaps find a mechanism to get
12 that information.

13 CHAIRMAN AHEARNE: Is there any way we can reach
14 Brown & Root?

15 MR. STELLO: We are looking at that question.

16 CHAIRMAN AHEARNE: I recognize that the licensee
17 is probably responsible, but ---

18 MR. STELLO: This most recently allegation that
19 we are speaking of, depending on how that goes, it may
20 give us a mechanism to get there directly.

21 COMMISSIONER BRADFORD: What does that mechanism
22 look like?

23 MR. STELLO: This particular allegation has a
24 flavor to it where Brown & Root personel, we got hold of
25 an individual and requested he sign a particular document

1 saying you didn't see any safety problems here, and he
2 will sign this document to relieve his drug charges.
3 This at least has a potential for ---

4 COMMISSIONER BRADFORD: Now, what part of our
5 regs is it that ---

6 MR. STELLO: I wasn't thinking in terms of our
7 regs.

8 COMMISSIONER BRADFORD: It is a matter of violations
9 of law?

10 MR. STELLO: Whether we can get them specifically
11 under Part 21 on this issue.

12 CHAIRMAN AHEARNE: Isn't there some way -- we
13 haul in licensees to public meetings, is there any way
14 we can insist that the licensee can burden Brown & Root ---

15 MR. STELLO: Absolutely.

16 CHAIRMAN AHEARNE: They are the ones that we
17 ought to be really ---

18 MR. STELLO: That's the last item.

19 At the meeting we are talking about, it is quite
20 apparent this will be one of the major issues, and we
21 hope to direct this to the officials from Brown & Root as
22 well as the licensee, but my view is the licensee is
23 the individual who is responsible. He has got to get
24 his act together, and if that means that he has got to do
25 something different with Brown & Root than he is doing,

1 we should direct that change or he can find some other
2 way to do it, but the first responsibility, the first
3 level we look at is the licensee.

4 There are questions as to whether or not we ought
5 to find -- want to look at mechanisms to get to the
6 architect/engineering firm and the next level would be
7 Brown & Root. Bill raised this question in the briefing
8 last week. I don't know if there is an easy answer.

9 MR. MURRAY: Generally, I would say no. This
10 is a function for the licensee to perform and we hold them
11 responsible for all of those things not done. If we
12 were to deal directly with the AE, that would imply
13 somehow that this regulatory agency would want to see
14 the plant get built, and I don't think we want to imply
15 that. We just make sure that it gets built safely.

16 CHAIRMAN AHEARNE: Right.

17 MR. MURRAY: If it does not get built at all,
18 we say to the licensee, you make sure it gets built safely,
19 we just want to make sure.

20 CHAIRMAN AHEARNE: Let us assume that we do go
21 out with some sort of notice, et cetera, we put out
22 a public announcement as such, do we put in Brown & Root?

23 MR. STELLO: In this particular meeting we are
24 referring to, specifically, especially in light of this
25 particular piece of paper, there is no doubt in my mind

1 their senior officials of the company must be there if
2 this issue is squared away.

3 CHAIRMAN AHEARNE: What I was trying to get at,
4 for example, let's suppose you go forward somehow, some
5 penalty goes out in the press release saying the NRC
6 is laying a fine on such and such a licensee. We go
7 on to say this is because of the continual violations of
8 standard noncompliances of QA/QC of Brown & Root.

9 MR. STELLO: We haven't normally done this.

10 CHAIRMAN AHEARNE: I know that.

11 MR. STELLO: I don't like to decide this --
12 I will be happy to look at it.

13 CHAIRMAN AHEARNE: I would like very much for
14 you to look at that.

15 MR. STELLO: I guess I don't see anything
16 fundamentally wrong, especially with respect to the
17 meeting we are going to have. I think we want to be
18 clear to the Brown & Root officials ---

19 CHAIRMAN AHEARNE: What kind of schedule do
20 you have on this for considering these ---

21 MR. STELLO: With respect to the enforcement
22 package?

23 CHAIRMAN AHEARNE: Yes.

24 MR. STELLO: If things settle down for a day
25 or two and we can get it developed, I would suppose in

1 about a week we can have the enforcement package. The
2 order we are talking about is much more difficult.

3 I guess I can assume the report will be finalized
4 within that time.

5 MR. DIRCKS: Assuming there are no more allegations.

6 MR. STELLO: Well, there already are. Those will
7 not be finished.

8 MR. THORNBURG: The scope of the investigation
9 has to stop.

10 MR. STELLO: I had the problem of looking at a
11 way which to get in to the press announcement, what
12 particular action would involve Brown & Root specifically.
13 I just want some more time to think about that.

14 MR. MALSCH: Are any of the Part 21 violations
15 similar to the B&W situation?

16 MR. STELLO: Yes, that is one of the issues
17 that came out of the briefing last week.

18 MR. SEYFRIT: What is the Part 21 connection here?

19 MR. STELLO: We are going to look in to it,
20 no one has an answer at the moment.

21 COMMISSIONER HENDRIE: What you have is a QA/QC program in
22 which there appears to be more than the normal and perhaps
23 irreducible amount of friction between the construction and
24 QC/QA shops. There appears to be less management support
25 in the QC than we would like to see and relations of that

1 kind.

2 Nevertheless, it isn't clear to me from what
3 you have said today, there is any very clear evidence to
4 me, much of any evidence, that in spite of the QC program,
5 it hasn't been effective and resulting in a satisfactory
6 construction product.

7 Now, it is certainly not a situation that one
8 would encourage or want to tolerate going on, because as
9 they go on with the plant, getting in to more complicated
10 areas, especially over in the mechanical and electrical
11 areas, it is that much tougher to get a quality product
12 than it is in some of the heavy concrete work that they
13 are doing now. So you would like to get a hold of it.
14 It isn't clear to me that, in fact, there is much evidence,
15 if any evidence of safety related deficiencies, and if there
16 isn't, then you have to say, well, it is a safety related
17 problem that people are snarling at the QC inspectors and
18 so on, I think that is the point you stressed.

19 MR. STELLO: Let me make one exception to what
20 you said. I think in the area of soils ---

21 COMMISSIONER HENDRIE: Well, the soils question is
22 an open one. I'm not talking about that.

23 MR. STELLO: That's a QA breakdown. The QA system
24 wasn't doing its job in making the engineer's backfill done,
25 in the way that was supposed to get it done. So that's ---

1 COMMISSIONER HENDRIE: But you wouldn't cite
2 them because the construction people were being nasty
3 to the QC people. You cite them because they failed to
4 get the soils compaction specified.

5 MR. STELLO: That's exactly right.

6 COMMISSIONER HENDRIE: Now, I was going to ask.
7 Do you have a thought for where you are going on the
8 enforcement action here?

9 MR. STELLO: What appears to be warranted is
10 a civil penalty based on ---

11 COMMISSIONER HENDRIE: It appears that the
12 utility is in motion.

13 MR. STELLO: Yes, the utility is in motion.

14 CHAIRMAN AHEARNE: Except that it hasn't
15 caught up with the system.

16 COMMISSIONER HENDRIE: Listen, you get 3,000
17 construction workers and assorted people on the site, not
18 much of this surprises me.

19 MR. STELLO: You take the experience of it
20 being a half dozen of both arguments. He has found and
21 corrected the problem himself, he has decided to take
22 some action, that's a QA function itself.

23 CHAIRMAN AHEARNE: Who, the licensee?

24 MR. STELLO: He decided the welding wasn't going
25 the way he thought it ought to go and stopped it again.

1 Well, the civil penalty to me seemed to be ---

2 COMMISSIONER HENDRIE: Is it clear you are
3 going to get the best action from the collection of people
4 in South Texas, I guess, is what I'm getting to.

5 MR. STELLO: Well, that's not all. I think we
6 have to get an order which gets in to some of the areas
7 and problems of the past, in to causing things to get
8 turned around. I think that's necessary.

9 I'm also beginning to believe that the concept
10 of: Let's get together and have a public meeting, do
11 this on local at the site, and get put things on the table
12 and let's talk about them. I think that is an important
13 thing also. I will propose that the enforcement package
14 include a civil penalty, and I don't think it is going to
15 be big dollars. The requirements that ought to be in the
16 order, including an order to have a public meeting on
17 or before some date, whatever I decide on. In a nutshell,
18 that's the kind of enforcement package, as I see it,
19 that is appropriate now.

20 COMMISSIONER BRADFORD: Let me ask a couple of
21 questions if I could about the investigative technique.

22 There has been a pretty high turnover of people
23 leaving. If I'm reading the summaries of the interviews
24 correctly, I didn't notice you had interviewed many of
25 the people who had left. Is that correct?

1 MR. HAYES: That is true.

2 COMMISSIONER BRADFORD: Why not?

3 MR. HAYES: Most of them weren't available.

4 COMMISSIONER BRADFORD: Wait a minute, of course,
5 they are available, if they haven't left the country.

6 MR. HAYES: Right. Well, I guess in part, we
7 looked to OIA, but in part too, we had to bring this
8 thing to a lull some time, and there were quite a number
9 of them. Where do you stop, I guess is the ---

10 COMMISSIONER BRADFORD: Well, just intuitively,
11 I would have thought that you might some time get a more
12 complete discussion, shall we say, of practices of the
13 site by interviewing people who didn't also have a
14 continuing job stake in what they were saying.

15 MR. STELLO: But that had taken place in the
16 earlier interviews, before they left the site.

17 COMMISSIONER BRADFORD: Okay, so you are saying
18 that is true?

19 MR. STELLO: In the earlier interviews that are
20 already done. The scope of this particular group that
21 I had in mind was to take a look right now and get in to
22 it with the OIA activity, looking back in to the previous
23 allegations of people who had raised ---

24 COMMISSIONER BRADFORD: Okay, as long as somewhere
25 in the agency these people are being picked up.

CHAIRMAN AHEARNE: Is that what OIA is doing?

1 MR. FORTUNA: Yes, sir.

2 MR. STELLO: In our first investigation
3 interviews we did that too, take a look at the people who
4 had left.

5 MR. SEYFRIT: The ones that were conducted by the
6 Region before this present one, there were a number of people
7 who had left the employe that we did talk to. I can't
8 give you an actual count of those, and I'm sure I can't
9 say that we talked to each and every one of them, but we
10 did talk to a number of them.

11 MR. THORNBURG: There is another point though.
12 Dee sat down and talked to another 50 people without taking
13 their names. They talked a little bit about turnover rates
14 and general problem areas. Is that correct?

15 MR. HAYES: Yes. This turnover kept coming up.
16 A lot of people quit, but I did make an attempt to talk
17 to people who were there, recognizing they were not the
18 people who had left. I asked them why some of those
19 people left, and I got a variety of answers, I would say
20 about a third of them was because of poor management.
21 They said the management is all fouled here, I have
22 never worked in a place where management is so screwed
23 up. Comments like that. Another third felt that the
24 merchants in Bay City was taking advantage of them, they
25 didn't like the area, their families didn't like the area

1 and that was why they were moving. I didn't get the
2 answer that I thought I might get, harassment and things like
3 that.

4 COMMISSIONER HENDRIE: Sounds normal to me.

5 COMMISSIONER BRADFORD: Well, except that the
6 numbers, if I understand them correctly, 22 of the 39 in
7 the CQ inspection group, as of February 1, 1979, voluntarily
8 terminated or were terminated or reassigned. I don't know,
9 maybe that's normal, but that sounds like an awful lot.
10 Well over half, and it is against that background that
11 it seems to me that it would be desirable for somebody to
12 somehow be talking to that group as well and see what
13 they have to say.

14 MR. SEYFRIT: We have talked to a number of them
15 because they show up on other jobs. As he indicated, about
16 a third of them leave because they can make more money
17 some place else and we see some of those showing up in other
18 places.

19 COMMISSIONER BRADFORD: Yes, but you wouldn't
20 be talking with them some place else. You have got to
21 systematically go after this group.

22 MR. SEYFRIT: Right.

23 COMMISSIONER BRADFORD: Again, reading from the
24 summaries I couldn't tell, they are signed at the end, and
25 the signature comes under the statement: "To the best of my

1 knowledge and belief, this statement is true." Is that
2 a sworn statement?

3 MR. MURRAY: It is.

4 MR. SEYFRIT: I think we were going to try and
5 clarify in the body of the report, the first Appendix in
6 there are sworn statements, that is, where you have
7 statements, and it is entitled at the top uniquely, and
8 I can't remember the exact title.

9 Then the second part of it, where there are
10 statements indicated there are summaries of other
11 interviews. Now, all of those that come under the heading
12 of "Summary of Statements" are sworn statements, but they
13 have been summarized here in order to try to protect the
14 identify of the individuals.

15 COMMISSIONER BRADFORD: I see, but if in fact,
16 anything in one of those statements were to turn out to
17 be deliberately false, that would be a prosecutable
18 violation in itself.

19 MR. SEYFRIT: That's correct.

20 MR. MURRAY: It would be in violation of the law.

21 MR. SHEWMAKER: All of those in Appendix 2 are
22 signed sworn statements. Those that have been excluded
23 are summary statements.

24 COMMISSIONER BRADFORD: I guess I don't have any
25 other questions, but just a comment though.

1 I'm struck by what seems to be a fairly wide-
2 spread network of undesirable events, violations, what
3 have you, but especially so in light of the fact that this
4 is your 5th or 6th investigation of this or similar
5 problems with this company. This would be striking enough
6 if it were the first investigation. They seem to be
7 very slow learners and so I would certainly be supportive
8 of ---

9 CHAIRMAN AHEARNE: Eleven.

10 COMMISSIONER BRADFORD: Eleven such investigations.

11 Well, in any case, the point is that it all takes
12 on, I think, basically more seriousness than this is simply
13 the first time around.

14 CHAIRMAN AHEARNE: Has the company been cited
15 for violations prior to this?

16 MR. SEYFRIT: Yes, they have been cited a number
17 of times.

18 CHAIRMAN AHEARNE: Have there been penalties?

19 MR. SEYFRIT: There have been no civil penalties.

20 MR. STELLO: I think the answer to the question
21 that I thought about myself, you have to look at the number
22 of hours you put in to it, the number that was expressed
23 earlier, the number is higher than probably one would
24 expect.

25 I also, don't think that the licensee, until
this investigation, and the exit interviews following these

1 investigations, really had an appreciation of the problem.
2 Maybe, Carl, correct me if I'm wrong, I guess maybe it
3 would be fair to say that I don't think we really gave him
4 the impression that he really had this kind of a problem
5 until now.

6 MR. SEYFRIT: I think that's fair. I think further,
7 that it would be fair to say that he, perhaps, had not
8 recognized it was that broad a problem. The previous
9 investigations were spread out over a period of time, and
10 in general they were conducted to look in to specific
11 allegations on specific points and we just simply didn't
12 broaden them to look at this kind of perspective.

13 One can certainly look in hindsight that maybe
14 we ought to have looked in to it, and we didn't see at
15 the time, a legal reason to do that. We were trying to
16 take care of specific problems as they came up.

17 COMMISSIONER BRADFORD: I have one specific
18 question that I skipped over.

19 One of the interviews it was said that one of
20 the supervisors said words to the effect: "Whenever you
21 call the NRC, I will find out about it. I will find out
22 about it, I will know who caused trouble."

23 Now, I gather that particular guy would deny
24 making a statement in quite that way, but you do, in fact,
25 in looking at these allegations, look in to the allegation

1 if Brown & Root got a call from us, every time he had
2 a call expressing concern.

3 MR. SEYFRIT: I think that OIA is looking in to
4 that, to the best of my knowledge.

5 MR. FORTUNA: No.

6 COMMISSIONER BRADFORD: OIA is not looking in to
7 that?

8 MR. SHEWMAKER: Let me address that. We picked
9 up that same thing in the report, and that is one of the
10 allegations that has not been investigated. In fact, we
11 are hoping that OIA will pick that up.

12 MR. FORTUNA: We will now.

13 MR. SHEWMAKER: We have that one. We will be
14 getting with you.

15 MR. THORNBURG: I think Dick did look in to this
16 a little bit. Dick Herr was our investigator.

17 MR. HERR: In fact, you will find that he
18 did admit saying those words. I confronted him on that.

19 COMMISSIONER BRADFORD: At least in the summary,
20 he just gives a different twist to it.

21 MR. HERR: But he did admit saying the words:
22 "Everytime somebody goes to the NRC, I'm going to find
23 out about it." He admits that, then he says, but what
24 I meant was, when they come down here they do the
25 investigation, then I find out. He says I don't have to

1 explain how. He said it was true, the guy said it, but
2 he put a different intrepertation on it.

3 COMMISSIONER BRADFORD: There is clearly an
4 ambiguity there. The person alleging it said something
5 to the effect that every time a complaint is made, I get
6 a call that tells me who made it. It is that telling him
7 who made it part that disturbs me.

8 MR. STELLO: Yes. We will look in to it.

9 MR. SHEWMAKER: It is not defined as allegation
10 18-A, that particular one.

11 CHAIRMAN AHEARNE: I need a vote to close this
12 meeting.

13 All in favor?

14 (Chours of ayes.)

15 CHAIRMAN AHEARNE: John, you say I should also
16 ask to look at the transcript to see which portions can
17 be released.

18 MR. HOYLE: Yes, we should ask the staff to
19 look at those portions to see which parts should be
20 released.

21 MR. STELLO: I would hope that I would not have
22 to release this transcript until at least after we
23 decided on the enforcement.

24 COMMISSIONER BRADFORD: I would vote to withhold
25 it as a practical matter.

CHAIRMAN AHEARNE: Yes, so would I.

1 COMMISSIONER HENDRIE: I would join that. I
2 must say, I didn't find any of the discussion which is likely
3 to be separable and releasable in a contemplated enforcement
4 process.

5 CHAIRMAN AHEARNE: Thank you very much.

6 (Whereupon, the meeting was concluded at 4:55
7 p.m.)

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

State Street

Proving

March 1912

f. l. c. 1912

RESULTS OF INVESTIGATION INTO
ALLEGATIONS OF HARASSMENT OF QUALITY CONTROL
INSPECTORS AT THE SOUTH TEXAS PROJECT

A 207. - 1

PURPOSE OF INVESTIGATION

- . INVESTIGATE CURRENT (NOV. 1979) ALLEGATIONS OF HARASSMENT, INTIMIDATION OF CONTRACTOR QUALITY CONTROL INSPECTORS AT THE SITE.
- . REVIEW EFFECTIVENESS OF QUALITY ASSURANCE PROGRAM IMPLEMENTATION.

BACKGROUND

- . SERIES OF ALLEGATIONS MADE DURING THE PERIOD FEBRUARY 1977 TO NOVEMBER 2, 1979. MOST OF THE ALLEGATIONS WERE NOT SUBSTANTIATED.
- . CONSIDERABLE MEDIA INTEREST.
- . CONGRESSIONAL INTEREST.
- . MIDTERM QUALITY ASSURANCE INSPECTION SCHEDULE MOVED UP ONE YEAR (TO AUGUST 10, 1979) - SOME COMMON PROBLEMS IDENTIFIED.
- . FBI INVESTIGATION - JUNE 1979 - OCTOBER 1979.
- . DEPARTMENT OF JUSTICE EXPRESSED INTEREST.
- . OIA LOOKING INTO HISTORY OF ALLEGATIONS WITH IE TECHNICAL ASSISTANCE.
- . RESIDENT INSPECTOR ASSIGNED AUGUST 26, 1979.
- . ALLEGATIONS MADE BY WORKERS TO RESIDENT INSPECTOR ON NOVEMBER 2, 1979.
- . DIRECTOR, IE DIRECTS INVESTIGATION NOVEMBER 3, 1979.

INVESTIGATION

- . MULTIDISCIPLINE TEAM
- . UNDER HQ DIRECTION
- . REGIONS I, II, III, IV REPRESENTED
- . FORMAL INTERVIEWS - 57 (24 STATEMENTS UNDER OATH)
- . LESS FORMAL INTERVIEWS - 50
- . TIME PERIOD - NOVEMBER 10, 1979 TO FEBRUARY 7, 1980
- . 1113 INSPECTOR HOURS
- . AREAS COVERED
 - CATEGORY I CONCRETE AND STRUCTURES DIRECTLY ASSOCIATED WITH THE ALLEGATIONS
 - SOILS
 - WELDING/NDE
 - HANDLING OF NONCONFORMANCE REPORTS
 - AUDITS

RESULTS OF INVESTIGATION

- . NUMBER OF ALLEGATIONS SUBSTANTIATED REGARDING CONTRACTOR BROWN & ROOT QC INSPECTORS (CIVIL)
 - THREATS
 - HARASSMENT
 - INTIMIDATION
 - LACK OF MANAGEMENT SUPPORT
 - PRODUCTION PRESSURES
- . AMOUNTS TO LACK OF REQUIRED INDEPENDENCE OF QA FUNCTION
- . OTHER SIGNIFICANT QUALITY RELATED PROBLEMS
 - QUALITY OF CERTAIN PLANT BACKFILL QUESTIONED
 - WELD QUALITY/WELDER QUALIFICATIONS
 - DISPOSITION OF NONCONFORMANCE REPORTS
 - ADEQUACY OF AUDITS
- . A NUMBER OF ITEMS FOR FOLLOWUP
- . TOTAL OF 22 ITEMS OF NONCOMPLIANCE
- . NO CLEAR TRACK TO GENERICALLY DEFICIENT SYSTEMS, STRUCTURES OR COMPONENTS

CONCLUSIONS

- . QUALITY ASSURANCE PROGRAM IMPAIRED.
- . LACK OF INDEPENDENCE OF QA INSPECTION FUNCTION - CIVIL DISCIPLINE.
- . NO CLEAR CAUSE - EFFECT RELATIONSHIP RESULTING IN DEFICIENT SYSTEMS COMPONENTS AND STRUCTURES.

CURRENT STATUS

- . IMMEDIATE ACTION LETTER IN EFFECT - COMPLEX CONCRETE PLACEMENTS SINCE DECEMBER 21, 1979 HAVE BEEN HALTED.
- . LICENSEE STOP WORK ORDER - WELDING AS OF MARCH 18, 1980. WORK IS RESUMING AS CORRECTIVE ACTION IS MADE.
- . LICENSEE HAS STUDIED WORK ENVIRONMENT. CONCLUSIONS
- . LICENSEE HAS COMMITTED TO CHANGES IN QA PROGRAM IMPLEMENTATION.

PLANNED NBC ACTION

- . CIVIL PENALTY
- . ORDER(S)
- . PUBLIC MEETING