

CASE

(CITIZENS ASSN. FOR SOUND ENERGY)

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OFFICE OF CIVIL
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Gentlemen:

SUBJECT: In the Matter of
Application of Texas Utilities
Generating Company, et al. for
An Operating License for
Comanche Peak Steam Electric Station
Units #1 and #2 (CPSES)
Docket Nos. 50-445 and 50-446

Credibility of NRC Region IV

The following and attached newspaper article details many of the reasons CASE and workers and former workers at Comanche Peak has little faith in the NRC Region IV's ability and/or willingness to adequately inspect or investigate construction problems at Comanche Peak.

Respectfully submitted,

cc: Service List

Juanita Ellis
(Mrs.) Juanita Ellis, CASE President

DALLAS MORNING NEWS Sunday Aug. 7, 1983 FRONT PAGE

Texas NRC office beset by criticism

*Agency officials, nuclear-power foes
have faulted Arlington staff's work*

By Jim Landers
Washington Bureau of The News

WASHINGTON — When Rep. Edward Markey, D-Mass., learned in December 1981 of allegations of deficiencies in components of nuclear-power-plant pumps sold by a Vermont company, he asked the Nuclear Regulatory Commission to investigate.

The NRC then ordered its Region IV office, based in Arlington, to look into the problem. One of the responsibilities of the Texas office is to inspect the work of thousands of manufacturers and designers of nuclear-power-plant components

nationwide.

Two months later, NRC officials in Arlington gave draft reports of the investigation to company attorneys, compromising the NRC investigation, Markey said during a June hearing.

The NRC office of investigations and audits reviewed Region IV's handling of the Hayward Tyler Pump Co. case and cited the Arlington office last year for a "lack of common sense" and for behavior in which "there was less than the proper arm's-length distance" between the office and the company.

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Arlington NRC office

Continued from Page 1A.

These findings reflect other criticisms leveled by senior NRC officials as well as nuclear-power opponents against the Arlington office, which has faced several internal investigations during the last five years.

A review of public and internal NRC documents shows that the Region IV office has missed serious violations of NRC regulations in several of its examinations of nuclear-power manufacturers and reactors under construction in its 14-state jurisdiction.

John Collins, the NRC administrator who directs the Arlington office, said that his staff has protected the public's safety sufficiently and that other regional offices have had similar difficulties in getting to the bottom of problems at nuclear-power plants.

"I certainly feel comfortable with the inspectors we have," Collins said. "If we had more resources, we could do more work. But we are handicapped in the number of people we have."

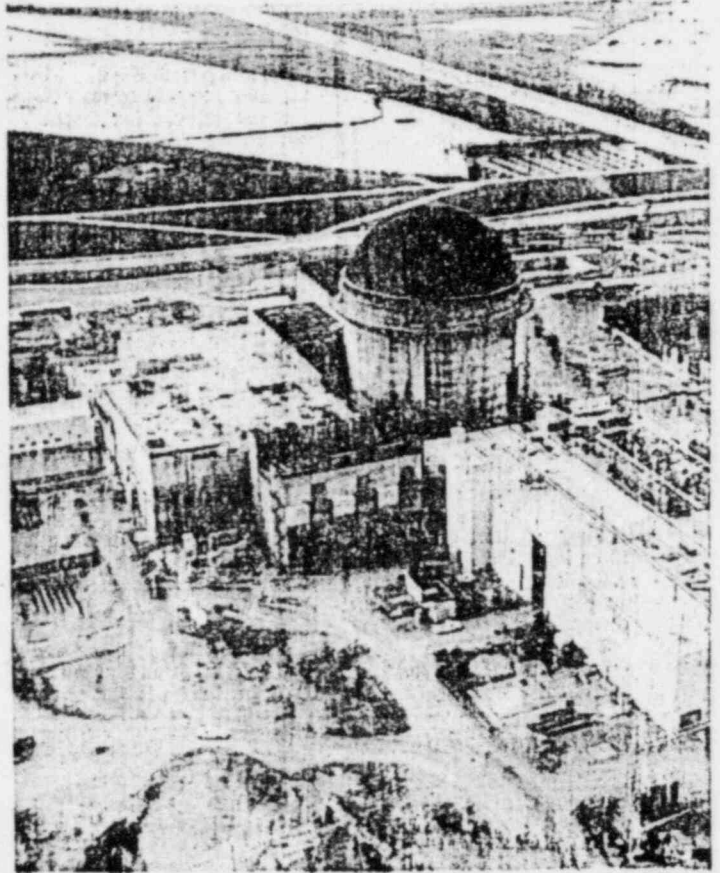
Agency officials in Washington admit to a number of problems at the Arlington office, but they insist that the office never has lost control of its mandate to protect the public health and safety.

"If I felt that for one moment, I would have no choice but to go in there and have a gross overhaul," said Victor Stello, the NRC deputy executive director for regional operations.

In addition to the Hayward Tyler Pump case, three other projects involving the Arlington office serve as examples in a debate about the adequacy of Region IV inspections and investigations. They are:

- The Comanche Peak plant, 80 miles southwest of Dallas. For more than a year, an NRC licensing panel has questioned the reliability of an Arlington office investigation that found no evidence to support charges that plant quality-control inspectors were intimidated into not reporting problems.

In an effort to ensure that the intimidation question was investigated thoroughly, the Atomic Safety and Licensing Board demanded the identities of the people questioned by Arlington investigators so the board could question them. When the effort bogged down in an internal NRC legal dispute, the board asked the Texas attorney general's office to investigate the intimidation question.



Aerial view shows the trouble-plagued South Texas Nuclear Project.

Involved bonuses between \$6,800 and \$11,000.

The debate about the competence of the Arlington office has two extremes. Its most vehement critics accuse the office of being protective of utilities and too lax in finding problems.

"It has a reputation as the worst regional office in the country," said Billie Garde of the Government Accountability Project, a Washington-based public-interest group that works with whistleblowers to uncover wrongdoing at nuclear-power plants. "The NRC is plagued by a breakdown in the quality assurance of its own investigations."

At the other extreme of the debate is the Arlington office itself, directed by Collins since Nov. 22, 1981. Although Collins admits to problems, he largely blames NRC

NRC REGIONAL OFFICES AND COMMERCIAL NUCLEAR



■ The 1979 Three Mile Island nuclear-power-plant accident near Harrisburg, Pa. Fourteen months before the accident, the Arlington office was directed to enforce a new law requiring manufacturers to report any significant defects in plant equipment. Because of limited staffing, the Arlington office made only cursory efforts to check companies for compliance with the law before the Three Mile Island accident, said Karl Seyfrit, an NRC official who directed the Arlington office at the time.

Arlington's inspections of reactor manufacturers missed a violation of the reporting law at an Ohio nuclear-power plant, and NRC headquarters later said that knowledge of the violation "could have helped prevent or lessened the severity of the Three Mile Island accident."

The Babcock & Wilcox Co., the manufacturer of the Ohio and Three Mile Island reactors, was fined \$100,000 in 1980 for not reporting deficiencies that contributed to the Three Mile Island accident.

■ The South Texas Nuclear Project near Bay City. Between 1977 and 1979, the Arlington office conducted 11 inconclusive investigations into allegations of breakdowns in the project's quality-assurance program and of intimidation directed against site quality-control inspectors.

After an FBI investigation, NRC headquarters sent in a special team that uncovered extensive problems. Houston Lighting & Power, which is among the four owners of the plant and manages its construction, was fined \$100,000 and threatened with suspension of its construction permit.

In the Hayward Tyler Pump case, Collins and Seyfrit—who was then Collins' deputy—acknowledged that they gave draft reports of an ongoing NRC investigation to attorneys for the firm, which had been accused of manufacturing defective nuclear-power-plant equipment.

But Collins said the reports were turned over in the hope that the company would take care of the problem.

Last year, Arlington was the only one of the five NRC regional offices in the country in which neither of the top two officials received a pay bonus for work performance. NRC officials would not comment on why Collins and Seyfrit were left off the list, which in-

headquarters and Congress for not providing Arlington with more resources.

"Is it the NRC's responsibility to bring to the public's attention problems these utilities are having? No," Collins said. "We're here to assure the public's health and safety, to see if the finished plant deserves a final license. What irritates me is when the NRC has to identify a problem to a utility it should catch by itself."

Between these two extremes are congressional critics and NRC officials in Washington who find fault both with the performance of the Arlington staff—which includes 26 people involved in the vendor-inspection program and 29 nuclear-plant inspectors—and with the NRC's commitment of resources to the office.

In 1980, after the special NRC investigation at South Texas, Collins was sent to Arlington to become Seyfrit's assistant.

"Karl clearly needed help," Stello said.

In 1981, when the NRC regional offices were given more authority, Collins was named administrator of the office and Seyfrit became the deputy administrator.

After the Arlington office was criticized by two congressional panels—the Interior subcommittee on oversight and investigations and the energy subcommittee on power and conservation—for its handling of the Hayward Tyler Pump case, the NRC created a separate office of investigations that reports directly to the commissioners rather than to the regional administrators.

"They do, and have had, problems they can work on," Stello said of the Arlington office. "The actions I've taken haven't been because things have been going smoothly down there. It's our smallest office, and the number of resources they can call on are fewer than other regional offices have."

Stello conceded that the office's handling of investigations regarding Hayward Pump and Comanche Peak had diminished its "reputation and credibility," but he said the Arlington team "is a collection of very good, competent people, whose basic and only concern is the health and safety of the public."

NRC officials say the Arlington vendor-inspection program, which covers nuclear-power designers

and manufacturers, has been weak because of ambiguities concerning the NRC's legal authority over the firms and a lack of money and manpower. At the time of the Three Mile Island accident, the program had 24 inspectors. Today it has 26.

"The vendor-inspection program has been weak and has been underfunded," said Victor Gilinsky, one of the four NRC commissioners. "It doesn't seem to have the toughness other NRC programs have had."

Gilinsky said he would ask the commission during its current budget debate to move the program from Region IV to Washington.

James Gagliardo, director of the reactor-inspection efforts in Region IV, believes that more money is needed if the public wants improved inspections.

"I've got three people to inspect the activities of about 3,000 people at each site," Gagliardo said. "I can't be expected to identify all the problems there. Once we've identified it, we've gotten the licensee (the utility) to fix it. That may be several years later. But if the industry and Congress want us to identify them before then, they have to give us more than three inspectors per plant."

COMANCHE PEAK

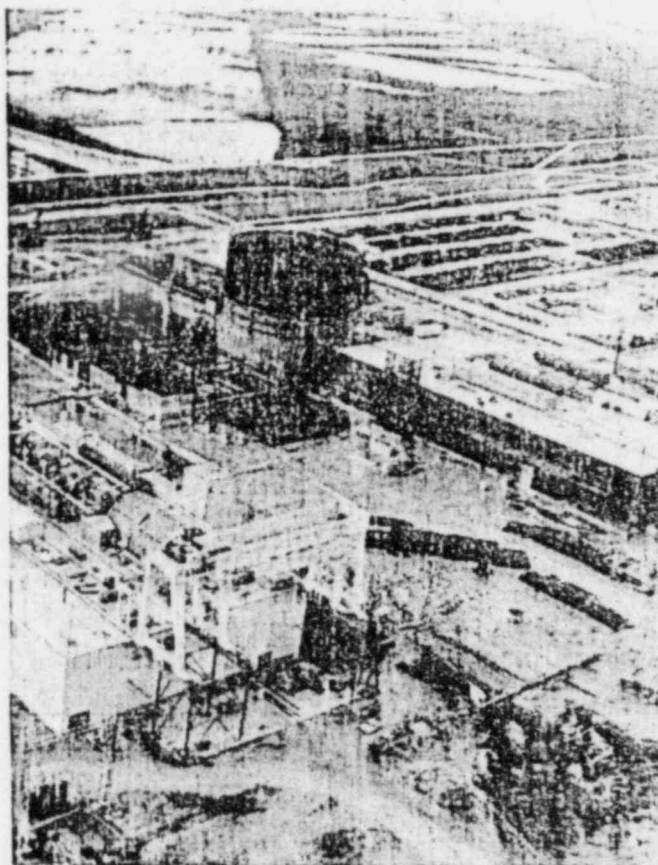
On April 12, 1982, Charles Atchison, a quality-control inspector at Comanche Peak, was fired by Brown & Root Co., the general contractor for Comanche Peak, at the urging of a Texas Utilities supervisor who criticized Atchison for reporting welding deficiencies and for faulting training programs outside of his immediate area of responsibility.

Labor Secretary Ray Donovan ruled in June that Atchison was fired improperly. Atchison now works as an inspector for a Dallas firm that sells jet parts.

The potential significance of the finding goes well beyond Atchison's case. The Dallas-based Citizens Association for Safe Energy has charged that Texas Utilities condoned a pattern of discrimination and intimidation against quality-control inspectors at Comanche Peak to cover up flaws in the plant—a charge that the utility strongly denies.

Undecided on the propriety of Atchison's dismissal, Region IV stood by a preliminary finding that

ce beset by criticism



UPI file photo

Project near Bay City.

10 REGIONAL OFFICES NUCLEAR POWER REACTORS IN THE UNITED STATES



by noting that the budget office had tried to abolish the program.

Today, with thousands of companies to monitor, the vendor-inspection program has 22 inspectors and four supervisors. Could the vendor program ferret out a problem similar to the cooling-valve failure now?

"For the most part, not yet," said Stello of the Washington office. "It will be some time before we can get that in place."

HAYWARD TYLER PUMP CO.

When he provided attorneys for Hayward Pump a draft report of his office's investigation, Region IV administrator Collins says, he broke no NRC regulation or guideline.

"Our immediate concern is a safety concern," Collins said in explaining why he handed over the report. "The vendor has a responsibility to correct any problems." He said: "There was no specific policy (at the time) on the release of draft and final reports."

"The copy I gave them was the same one they already had," Seyfrit said.

But the NRC office of investigations and audits, which looked into the release of the draft reports, faulted Collins and Seyfrit for bad judgment in their handling of the investigation.

"Notwithstanding whether or not we have specific regulations or guidance addressing this point, common sense should have dictated against this decision," the audit team wrote.

"Throughout this investigation and inspection, there was less than the proper arm's-length distance between the NRC and the vendor and his attorneys," the report said.

"That's their finding," Collins said. "Making the vendor aware of the problems was important, too."

The NRC chose not to take any disciplinary action against the Arlington officials. New guidelines were issued instructing all regional offices not to release draft investigations and inspection reports to the companies involved.

NRC headquarters took over the Hayward Pump investigation and advised all companies with Hayward Tyler Pump components to test them for potential problems disclosed in the investigation. The pump manufacture was not penalized.

"Mr. Collins should have a sign on his desk that ought to say the

there was no evidence of discrimination.

"It's a Department of Labor responsibility," Collins said in explaining why his office did not pursue the matter. "I'm satisfied with the quality of our investigation."

A panel of the Atomic Safety and Licensing Board, which has been meeting since December 1981 to hear evidence on whether Texas Utilities should get an operating license for the plant, was not satisfied with the Arlington office's finding in Atchison's firing.

The panel of administrative law judges, which is independent of all NRC bodies other than the commissioners, demanded the identities of 10 Brown & Root and Texas Utilities employees questioned by Region IV about Atchison's dismissal so that the board could question them. The NRC refused to provide the names, and the matter has gone to the NRC commission for review.

Meanwhile, the licensing board has continued its challenge of the Arlington office. On July 6, the board ordered Donovan's decision on the Atchison dismissal incorporated into the Comanche Peak record. It then asked the Texas attorney general's office to interview the individuals questioned by Region IV about intimidation of plant inspectors.

After the interviews, Assistant Atty. Gen. David Preister told the board that he had uncovered no evidence to present. Preister asked for employee records to pursue the intimidation question further but was denied permission by NRC headquarters.

The NRC office of investigations in Washington is conducting a separate review, the results of which are expected by September.

Stello and Collins conceded that the licensing board's skepticism about the original Atchison investigation harmed the Arlington office's reputation.

"Clearly the issue involved the adequacy of the investigation," Stello said. "I ain't going to sit here and tell you that has all gone well."

THREE MILE ISLAND

General Public Utilities, the owner of the crippled reactor at Three Mile Island, has filed a \$4 billion lawsuit against the NRC, charging that the agency "had reason to know and actually knew that there were de-

fects in the equipment, analyses and training" supplied for the reactor by its manufacturer, Babcock & Wilcox Co.

The NRC has denied responsibility for the accident. It levied a \$155,000 fine against General Utilities for failing to comply with NRC regulations and fined Babcock & Wilcox \$100,000 for "failure to report information on potential safety problems that could have helped prevent or reduce the severity" of the March 28, 1979, accident.

The law, which became fully effective in 1978, requires directors and officers of firms involved in the nuclear industry to report to the NRC and their customers any defects that could create a substantial health and safety hazard.

Responsibility at the NRC for ensuring compliance with the law was given to the Arlington office.

"Prior to the accident, the only thing we had done at all was to check the vendors to see if they had some kind of procedure for reporting problems," said Seyfrit the former Arlington director. "I don't think we were looking at it to any great extent before the accident."

Babcock & Wilcox designed Three Mile Island along the same lines as the Davis-Besse reactor in Oak Harbor, Ohio. In November 1977, a water-cooling-valve failure in a Babcock & Wilcox reactor triggered an incident at Davis-Besse that was identical to the beginning of the Three Mile Island accident 16 months later. Plant operators averted a serious accident by overriding the equipment and shutting down the reactor.

At Three Mile Island, the plant operators did not recognize that the water-cooling valve had failed to close, releasing so much coolant from the reactor that the fuel core was exposed and overheated.

Two engineers at Babcock & Wilcox, after studying what happened at Davis-Besse, had warned their supervisor late in 1977 that a similar valve failure could lead to a serious accident — as later happened at Three Mile Island. Babcock & Wilcox did not act on the information, however, according to the NRC's 1980 enforcement order against the company.

The NRC's special inquiry into Three Mile Island underscored the financial problems that the vendor-inspection program was having

back stops there," Stello of the NRC said of the Hayward Pump case. "The bad mark the agency has to take for it is damaging with the public's credibility. The reputation of the agency, which is very, very important, has clearly suffered."

SOUTH TEXAS NUCLEAR PROJECT

The first allegations about intimidation of quality-control inspectors at the South Texas Nuclear Project reached the NRC in February 1977. The Arlington office conducted 11 investigations — all inconclusive — as the complaints continued. In 1978, the Arlington staff held a meeting with the management of Houston Lighting & Power to advise the utility that it had a morale problem at the plant, near Bay City.

A year later, U.S. Rep. Henry Gonzalez, D-San Antonio, complained to the Justice Department about the NRC's handling of an investigation into accusations of forged documents related to the South Texas plant. Gonzalez' letter triggered an FBI probe, which found evidence of forged documents at the plant but did not find evidence of a conspiracy to defraud the NRC.

After the FBI reported that there seemed to be widespread problems at the plant, NRC headquarters decided to launch a special review of the South Texas project, involving about a dozen investigators. The NRC probe led to a \$100,000 fine against Houston Lighting & Power for a massive breakdown in quality assurance by the architect, engineer and general contractor for the project, Brown & Root Co., and a pattern of intimidation directed against quality-control inspectors.

Completion of the project was delayed by two years, and the estimated cost of finishing it has jumped from \$2.7 billion to \$5.5 billion.

"I asked for that special investigation," said Seyfrit, director of the Arlington office at the time. "I was concerned as well about the persistence of the problems, and it didn't seem to be getting any better."

Seyfrit said the major reason NRC headquarters was able to untangle the problems when Arlington could not was because of its greater resources.

"When you have one or two inspectors looking at a broad area, they simply are not able to look as deeply as a large number of inspectors," Seyfrit said.