



OFFICE OF INSPECTOR
AND AUDITOR

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

3/24/81

Art,

Jim asked for a break down of
the GAP/Applegate allegations to
show which are being handled by
IE & which by CIA. I've only
gotten through the initial package,
but I believe the balance of
the materials relate to IE's
effort (unless we want to open
new cases on the quality of past
IE efforts). The outline lists
CIA issues in "I." and IE
issues in "II." I think this
will give us some type of framework
to help us with report writing.

Dave

cc: John

ALLEGATIONS RAISED IN GAP DOCUMENTS

I. The Government's handling of Applegate's original allegations.

- A. FBI and U.S. Attorney's office informed in late January/early February 1980 - referred allegations to NPC (Applegate affidavit at 13).
- B. Office of Inspector and Auditor (OIA) informed in late January/early February 1980 - nothing done (Applegate affidavit at 13).
- C. Office of Inspection and Enforcement (IE) - conduct of investigation #50-358/80-09.

- 1. IE chose to exclude from the scope of the investigation serious issues brought to its attention which the NRC had a statutory responsibility to investigate.

- a. During two days Phillip spent reviewing Applegate's charges with him, Phillip:

- 1) steadfastly refused to inquire into Applegate's charges evidencing -
 - a) criminal activity.
 - b) breaches of licensing conditions.
 - c) threats to the integrity of the OA structure.
 - d) mismanagement by KEI and CG&E.

- 2) showed no interest in allegations of -

- a) sale of stolen guns.
- b) labor and management diversion of labor and materials for personal use.
- c) fabrication and sale of belt buckles made from nuclear grade steel.

- d) theft, smuggling and sale of 2,000 pounds of copper cable.

- e) frequent time card padding.

- f) drunkenness on site.

- g) an unreported fire that illustrated an ineffective alarm system.

(GAP petition at 6, para. 2).

- b. The following issues were explicitly raised with Phillip during Applegate's initial interview; were not covered by the IF report; and were within NRC jurisdiction:

- 1) sale of stolen guns.

- 2) diversion of labor and materials for the personal benefit of a KEI superintendent at a cost to CG&E of more than \$30,000.

- 3) fabrication and sale over seven years of belt buckles constructed of nuclear grade steel worth millions of dollars in labor and materials.

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- 4) theft of 2,000 pounds of copper cable smuggled in small lots and resold within a week for \$15,000 on the black market by 30 plant personnel to finance a Christmas party complete with prostitutes.
- 5) time padding implicitly sanctioned by KEI and CG&E.
- 6) drunkenness on the site.
- 7) unreported fire in containment building suppression chamber indicative that fire watch and communication are ineffective in that area of the plant.

(GAP petition at 8-9).

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2. The issues accepted for investigation were not investigated thoroughly or in keeping with sound investigative procedures or techniques.

- a. No outline of investigative strategy (GAP petition at 3, para. 4).
- b. No sampling of the criteria by which Phillip made critical judgments on the scope of the probe (GAP petition at 3).
- c. No list of documents reviewed (GAP petition at 3, para. 4).
- d. Failed to administer oaths to witnesses (GAP petition at 3, and 11).
- e. Did not use subpoena power to obtain documents (GAP petition at 11).
- f. Basically restricted contact to corporate management and ignored employees who could have verified and expanded upon the allegations (GAP petition at 11, para. 5).
- g. No record of questions asked or topics raised with each witness (GAP petition at 12).
- h. Did not contact any craftsmen or others referred by Applegate either directly or thru his confidential reports (GAP petition at 13, para. 1).
- i. Did not perform independent tests/radiographs on any of the pipes/welds in question. Relied upon documentation and interpretations of NES, CG&E and KEI officials even though deficiencies in the QA program were alleged (GAP petition at 15, para. 1).
- j. Use of NES assessments in a probe of welding problems uncovered by PH radiographers could be suspect because of a conflict of interest: NES succeeded PH and was its competitor (GAP petition at 12, para. 3).
- k. Three-week delay after announcing investigation and performing preliminary review - allowed time for records falsification, silencing of critics, and repair of faulty welds (GAP petition at 15; Applegate affidavit at 22; GAP interview of Giordano - memo dated 6/13/80).

3. The investigative conclusions were inaccurate and incomplete.

a. "Introductory Summary" is inaccurate, incomplete and misleading (GAP petition at 16-17).

- 1) Omitted many of Applegate's charges.
- 2) Incorrect date of Applegate's first contact with NRC.
- 3) Mischaracterized Applegate's duties at Zimmer.
- 4) Phillip chose not to listen to all the tapes Applegate had. (Applegate affidavit at 14.)

b. Findings for "Allegation #1"

- 1) Mischaracterized Applegate's allegations re welding being installed despite rejection by independent radiographers by saying Applegate alleged welding had been accepted (GAP petition at 17-18).
- 2) Did not resolve the uncertainty he uncovered about a defective weld that was buried in concrete and possibly dug up for repairs (GAP petition at 18, para. 2).
- 3) Did not pursue "unresolved discrepancies" (GAP petition at 18, para. 3).
- 4) Did not justify the choice of NIES' interpretations over PM's initial findings (GAP petition at 18, para. 5).

c. Findings for "Allegation #2."

- 1) In addition to the five defective welds in prefabricated piping, the allegation included that 20 percent of the prefab piping contains defective welds and KEI policy forbids repairing these defects even after radiographic detection (GAP petition at 19, para. 1).
- 2) Report does not include all the relevant paperwork, specifically the documents with PM's original findings.
Question: Arbitrary omission by Phillip? or utility lost records and therefore is in violation of the terms of its license? (GAP petition at 19, para. 4)
- 3) Failure to investigate pressure on QA man to release the spool pieces and an unnamed CG&E officials' order to the QA Document Control Supervisor to alter an IIR (to allow installation before pipe declared acceptable) (GAP petition at 19, para. 5 to p. 20, para. 1).
- 4) Failure to expand investigation to cover obvious questions raised about the integrity of the QA program (GAP petition at 19, para. 5 to p. 20, para. 1).

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d. Findings for "Allegation #3."

- 1) Report fails to state that the same crew foreman taking credit for reducing the time for the flushing procedure quit in protest over this shortcut (GAP petition at 20, para. 3).
- 2) Report states that the flushing problems have been "resolved" yet CG&E was still not in compliance as of the date of the report (GAP petition at 21, para. 1).

e. Findings for the "Additional Allegations" (GAP petition at 21).

- 1) Applegate's allegation actually was that PM was pressured to remain silent about all the overrides of rejections by PM radiographers (Applegate did not allege that PM was pressured to accept bad weld as the report stated).
- 2) The allegation also included:
 - a) PM was fired for pushing too hard on safety violations.
 - b) Aldridge confirmed to Applegate (in the tape) the break-in and theft of QC records at the PM trailer (Applegate affidavit at 17).
 - c) Aldridge said he could not criticize utility publicly or PM would be blackballed within a month (Applegate affidavit at 17-18).
- 3) Phillip improperly portrayed Buckley's evaluation as a final rejection of the cover up allegation - in fact Buckley left the matter open (GAP petition at 22, para. 10; Applegate affidavit at 23).

4. Because the investigation was conducted in a shallow and limited manner, it allowed the continuation of numerous wrongful situations and activities at the Zimmer facility, including:

- a. serious faults in key safety systems.
- b. ineffective QA program, due in part to malfeasance by the utility company and its contractor.
- c. inadequate fire detection and extinguishing systems.
- d. poor security measures.
- e. presence of illegal firearms.
- f. drunkenness among employees.
- g. theft of materials.

II. Safety and miscellaneous allegations.

- A. KEI knowingly installed and ripped out unsuitable main steam relief piping, at an estimated labor cost of \$320,000 (GAP petition at 13).

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- B. 2000 pound fittings were installed in 1979 on residue head valves, although 5000 pound fittings are required (GAP petition at 13).
 - C. A radioactive waste drain is clogged with concrete which carelessly was poured into the drain (GAP petition at 13).
 - D. A residue heat valve broke when a pipefitter humped into it, raising new questions about the quality of metal used for valves (GAP petition at 13).
 - E. Sensitive parts on welding rods are possibly damaged through storage at improper temperatures and possibly lost through failure to follow proper paperwork and labelling requirements (GAP petition at 13).
 - F. Argon gas valves for flushing oxygen from pipes routinely are left open by the day crew, causing the night crew to be overcome by gas, a problem about which CG&E Safety Director Cummings expressed disinterest (GAP petition at 13).
 - G. Prefabricated piping received in 1977 has defective welds, but construction supervisors told crews not to repair them because the welds were made off-site (GAP petition at 13; Applegate affidavit at 8, 10).
 - H. At least three sources contacted by Applegate confirmed that an estimated 20 percent of the plant's prefabricated welds are defective (GAP petition at 13; Applegate affidavit at 8).
 - I. Engineering "designs" routinely are drawn after the fact to conform with piping that already had been installed (GAP petition at 13).
 - J. Shock-absorbing electrical tray hangers previously found unsatisfactory are still unsafe due to faulty welds, and electrical cable trays remain dangerously full (GAP petition at 13).
 - K. Sand and mud choke the feedwater pumps and intake flues carrying makeup water to the cooling tower, because of a flaw in the plant's design. Pumps used to rectify the flaw quickly burn out (GAP petition at 14).
 - L. A design flaw in the heat exchanger control panel permitted an operator mistakenly to force 1200 pounds of pressure through pipes only meant to handle 300 pounds, ripping the pipe and soaking electricians with a hard spray of water that would have been radioactive had the plant been in operation (GAP petition at 14).
 - M. There have been periods when there were no security surveillance cameras during nuclear fuel deliveries to the site, and perimeter security consisted for an extended period of only a four foot chickenwire fence (this is significant because it indicates the vulnerability of the plant to a diversion of the nuclear fuel) (GAP petition at 10 and 14; Applegate affidavit at 6).
 - N. A lax attitude toward employee behavior was evidenced by complete disregard of drinking and drug use on the site and routine hiring of temporary laborers prone to violence (GAP petition at 14).

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- O. Employees fired for time cheating had been cheating with the express approval of management and the only time cheaters fired were vocal and knowledgeable critics of plant QA and safety (GAP petition at 14; Applegate affidavit at 3-4).
 - P. CG&E had warned PM management to silence the radiographers at Zimmer, who were criticizing CG&E's consistent approval of welds rejected by PM (GAP petition at 14).
 - Q. Union pipefitters and PM employees have been intimidated by fear of utility and industry-wide reprisals should they complain about QA practices (GAP petition at 14; Applegate affidavit at 10, 12).
 - R. A KEI employee has kept a detailed journal of safety hazards and incidents at Zimmer (GAP petition at 14).
 - S. A common "joke" among pipefitters at Zimmer is that they will be hundreds of miles away when the plant goes on line, due to their predictions of a disastrous accident (GAP petition at 14).
 - T. PM rejected 39 percent of the welds at Zimmer - three times the industry average (GAP petition at 18, para. 1).
 - U. Dan Sahlberg (KEI, VP) accused PM of slowing down production (violation of 10 CFR 50, Appendix B, criterion I, which requires QA to be free from cost and production pressures). (GAP petition at 18, para. 4)
 - V. Bill Murray (CG&E) ordered Applegate to root out any reason to fire PM, the company performing the QA radiography. Utility fired critics of lax safety practices for time cheating. Utility later, after a mysterious break-in and theft of records from the PM trailer, fired rest of the radiographers without finding any evidence of impropriety (GAP petition at 2; Applegate affidavit at 4, 6-7 and 9-10).
 - W. Applegate presented Bill Murray (CG&E) with information - which Murray ignored - about:
 - 1. Scheme of labor-management collusion to permit and cover up illegal, dangerously negligent behavior among plant personnel (GAP petition at 2, para. 2).
 - 2. Dangerously faulty welds in key piping, indicative of a breakdown in QA practices (GAP petition at 2; Applegate affidavit at 9).
 - X. Diversion of labor and materials for the personal benefit of the KEI superintendent of construction at a cost to CG&E of more than \$30,000 (Applegate affidavit at 4-5).
 - Y. Fabrication and sale over seven years of belt buckles made with nuclear grade steel worth millions of dollars in labor and materials (Applegate affidavit at 5-6).
 - Z. Theft of 2000 pounds of copper cable smuggled in small lots and resold within a week for \$15,000 on the black market by 30 plant personnel to finance a Christmas party complete with prostitutes (Applegate affidavit at 6).
 - AA. Break-in and theft of QC records from the PM trailer (Applegate affidavit at 12).