

October 26, 1984
CERTIFIED MAIL - RETURN RECEIPT REQUESTED

Free State Reporting, Inc.
Attention: Mr. David Becker
99 Cathedral Street
Annapolis, Maryland 21401

LETTER NOTICE OF DEFAULT TERMINATION

1. Contract No. NRC-17-84-327 effective May 16, 1984
Stenographic Reporting Services
Appropriation Data 31X0200.704
B&R No. 70-19-02
FIN No. B8191
2. My Cure Notice of September 14, 1984 set forth instances of unsatisfactory performance by Free State Reporting, Inc.'s., reporters and transcribers. Transcripts have contained excess inaudibles, unintelligible passages of text, misidentification of speakers and unidentified speakers. Transcripts have also been delivered late on numerous occasions. Subsequent to my Cure Notice, I have received notification of further late deliveries and only marginal improvement in the quality of transcripts. Also, despite NRC's instructions to the contrary, you have continued to use direct reporting for meetings of the Advisory Committee on Reactor Safeguards in direct violation of the contract (Article I.B.3.c.)
3. Free State Reporting, Inc.'s, response to my Cure Notice of September 14, 1984 was received on September 24, 1984. Based on our evaluation of your response (attached), we have determined your late deliveries and submission of poor quality transcripts to be inexcusable. In addition, the steps initiated/taken by you to ensure the correction of the performance problems you have encountered have not convinced NRC that the timelines and quality of work can and will be improved to an acceptable standard. Although some improvements have been recognized in the quality of transcripts, untimely delivery continues to occur.

Since September 14, 1984, a total of six (6) transcripts have been received late (Work Orders 147, 158, 159, 164, 188, 186).

4. Based on the above considerations, your right to proceed further with the performance of your Contract No. NRC-17-84-327 (hereinafter referred to as "the contract") is hereby terminated for default, in accordance with the clause thereof entitled "Default." Such termination is effective upon your receipt of this notice. Transcripts of proceedings for which reporting was initiated by Free State prior to the effective date of this notice shall be completed and delivered in accordance with the requirements of the individual work orders.

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The following orders are hereby rescinded: 199, 203, 204, 205, 206.

5. The services required under the contract will be procured against your account, and you will be held liable for any excess costs. The Government reserves all rights and remedies provided by law or under this contract, in addition to charging excess costs.
6. This is the final decision of the Contracting Officer. Decisions on disputed questions of fact that are subject to the procedure of the "Default" clause and other questions may be appealed to the General Services Administration's Board of Contract Appeals. If you decide to make such an appeal of this decision, written notice thereof must be mailed or otherwise furnished to the Contracting Officer within 90 days from the date you receive this decision. In lieu of making such an appeal, you may sue directly in the U.S. Claims Court within 12 months from the date you receive this decision.

Elois Wiggins
Contracting Officer

cc: U.S. Small Business Administration
Baltimore District Office
Attn: District Counsel
630 Oxford Building
8600 La Salle Road
Towson, MD 21204

Verl Zandier
715 313A
11/2/84

Attachment: As stated

NRC'S COMMENTS ON FSRI'S RESPONSE TO
SEPTEMBER 14, 1984 CURE NOTICE (NRC-17-84-327)

FSRI Statement: At that meeting (August 6, 1984 between FSRI and NRC), Pat Sullivan explained to David Becker that NRC considered FSRI transcripts delivered after 8:15 a.m. but before 9:00 a.m. to be timely.

NRC Comment: Pat Sullivan did not tell David Becker at the August 6, 1984 meeting that NRC considered FSRI transcripts delivered after 8:15 a.m. but before 9:00 a.m. to be timely deliveries. The NRC staff members present at that meeting did not hear any such statement.

FSRI Statement: Since FSRI's receipt of NRC's revised instructions (September 5, 1984) all but four FSRI transcripts have been delivered by 8:15 a.m.

NRC Comment: Twelve transcripts were delivered late between September 6, 1984 and September 24, 1984, the date of your letter (Work Orders 129, 134, 135, 136, 137, 139, 140, 143, 146, 147, 158, and 159); two transcripts were over 24 hours late (Work Orders 146 and 158).

FSRI Statement: Part of Work Order 139, which covered more than six hours of reporting, FSRI delivered to NRC before 8:15 a.m., but not withstanding NRC's past practice that partial deliveries to NRC were acceptable, NRC rejected that delivery.

NRC Comment: It is not NRC's practice to accept partial deliveries. FSRI had been instructed not to split the transcripts unless specifically instructed to do so at the hearing.

FSRI Statement: On several occasions, FSRI's courier encountered delay in delivering transcripts to offices within NRC's building due to the need to get Pat Sullivan or another designated NRC recipient to come to the 10th Floor Guard's Desk to receive the transcripts.

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NRC Comment: There have been several occasions when Pat Sullivan was not available for receipt of transcripts. However, if the courier was delayed while awaiting an NRC recipient, those transcripts were acknowledged as being received at 8:15 a.m.

FSRI Statement: Among the ten Work Orders cited in your letter, FSRI did not receive back for correction the transcript for Order 136.

NRC Comment: NRC incorrectly cited the transcript for Order 136; it should have been Order 138. Order 138 resulted in an 11 page transcript of an Affirmation Session held on September 7, 1984. It was returned for corrections for two reasons; it contained the wrong date for the meeting and Commissioner Zech's name was not listed on the cover page although he was a speaker during the course of the meeting.

FSRI Statement: Of the nine remaining Orders, FSRI reviewed the transcripts for Orders 128, 137, 139, and 140, on which NRC marked what it regarded as errors, for compliance with the accuracy standard in the contract (not more than 1 error per 100 words of transcript, excluding errors which do not change or obscure the meaning of the testimony). FSRI found that all four transcripts reviewed clearly met that standard, with the exception of ten pages in Order 139 due to confusing Messrs. Ebersole's and Etherington's names, and pages 338-344 of Order 140. As to the latter pages, however, FSRI found that the cause of its difficulty was that neither its reporter nor its transcriber could understand the words of Mr. Liaw, who had a thick foreign accent. The governing instructions from NRC Presiding Officers prohibit FSRI's reporters from interrupting ACRS proceedings to request clarification or enunciation of sounds. Under those circumstances, FSRI's best efforts to translate such sounds into English are all that can be required under the contract. FSRI believes that transcript 140 should not have been returned for correction.

NRC Comment: The transcript for Order 128 was rejected on September 7, 1984 due to the excess numbers of inaudibles, missing text, and errors. The returned transcript was marked to show the problem areas, not every error. FSRI apparently only corrected the NRC-marked errors and

returned the transcript. As a result, the transcript was re-rejected on September 27, 1984.

Order 137 resulted in a 4 page transcript of an Affirmation Session held on September 6. It was sent back for correction because it had several inaudibles and because Mr. Chilk's name was not listed on the cover page although he was the primary speaker of the meeting. Even the corrected transcript, when returned by FSRI, still contained two inaudibles on the first page; apparently, the contractor made no attempt to listen to his backup tapes and resolve those inaudibles. Instead, he limited his "corrections" to those specific instances in which SECY had written in the right word/ words and the placement of Mr. Chilk's name on the cover page.

The type of corrections required in this transcript are indicative of those which point to a very lax or nonexistent quality control program.

The transcripts for Orders 139 and 140 were returned to FSRI twice for corrections because FSRI corrected only those errors NRC marked to show the problem areas.

FSRI Statement:

FSRI has not reviewed the transcripts for Orders 87, 101, 115, 119, and 122 because it does not have the copies NRC marked up for alleged errors. Nevertheless, FSRI recalls that the transcript for Order 115 contained a few erroneous acronyms and technical terms and was promptly corrected. The NRC person who returned the transcript for job 101 apologized to FSRI, mentioned that the proceeding was of especial importance to NRC, and thus, required perfection and requested that FSRI make specified revisions. FSRI returned the revised transcript the next day.

NRC Comment:

The transcript for Order 115 was returned because of incorrect pagination and the location of the site of the hearing was incorrect on the cover page.

Concerning Order 101, John Hoyle talked to Mr. Becker personally about this transcript. The transcript was returned for revision because approximately 3 minutes of the electronic tape of the meeting had not been transcribed. This gap occurred in the middle of the transcript and was a very serious error requiring immediate correction. The

rest of the transcript was rather good and Mr. Hoyle told Becker that the transcript had shown considerable improvement. However, the fact that the rest of the tape was good does not mitigate the seriousness of FSRI's failure to provide NRC a complete transcript in the first instance. This is clear evidence of the lack of a quality control program.

FSRI Statement:

Orders 119 and 122 occurred on successive days, August 15 and 16, 1984 and caused a surge of floppy disk work. The surge was enhanced by the fact that the meeting for Order 119 went for six hours instead of the planned two hours. "FSRI's performance was reasonable under the circumstances. Furthermore, FSRI found that the Order 119 transcript is virtually error free for 170 pages and the balance is essentially the single recurring error of misidentification of a speaker."

NRC Comment:

Reference to floppy disk work appears to be irrelevant. NRC has made no complaint with respect to late delivery or the accuracy of the floppy disk work.

Misidentification of speakers in the context of a Commission meeting usually is a very serious error. In Order 119, the misidentification focused primarily on Harold Denton and Herzel Plaine during an on-the-record presentation by the parties in the TMI-1 Restart proceeding. To have circulated this transcript to the TMI-1 restart parties and to the Public Document Room without correction would have produced major confusion as to the position of the NRC technical staff.

When such speaker misidentifications have become commonplace, as they have in many FSRI transcripts, SECY must spend a substantial amount of time reviewing FSRI's work products against the electronic tapes. Such reviews are extremely costly both in terms of SECY staff time and in the necessary shifting of other priority work. SECY has no choice but to review each transcript quickly upon delivery to NRC because other organizational elements within NRC, parties to NRC proceedings when appropriate, and to the public, are expecting copies to be made available to them as soon as possible. There are no instances in which timeliness is not a factor for Commission meeting transcripts.

FSRI Statement:

On August 11, 1984, FSRI devised a quality control check list for reviewing transcripts prior to their delivery to NRC. Copies of that list were sent to NRC for comments but none were received. Since then, however, NRC has returned no transcripts for correction of items identified on FSRI's check list.

NRC Comment:

A letter dated August 13, 1984 was sent to Pat Sullivan from FSRI with a Quality Control Check List Form as an attachment. She was asked to review and add anything that she deemed necessary. Comments were furnished on her behalf to FSRI by Renea Bailey, Project Officer. Ms. Baily informed FSRI that disclaimers are only to be incorporated in Commission meetings. She further requested that the floppy disk requirement be added to the quality control form. FSRI stated that the form would minimize the occurrence of errors in the assembly of transcripts. But, on September 10, 1984, Pat Sullivan received the transcript for Order 138 with the wrong date of the meeting on the cover.

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November 8, 1984

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Director
Office of Administration
U.S. Nuclear Regulatory Commission
Washington, D.C. 20555

FREEDOM OF INFORMATION
ACT REQUEST

FOIA 84-853
Rec'd 11-14-84

Re: Freedom of Information Request

Gentlemen:

This is to request, pursuant to the Freedom of Information Act, 5 U.S.C. § 552, a copy of

- (i) NRC Contract No. NRC-17-85-207;
- (ii) all documents referring or relating to NRC Contract No. NRC-17-85-207;
- (iii) all documents comprising, referring or relating to the termination of NRC Contract No. SECY-84-327; and
- (iv) all documents comprising, referring or relating to any discussions or negotiations with any provider of stenographic reporting services concerning the provision of such services to the NRC in the Washington, D.C. metropolitan area, upon, or at any time after, the termination of NRC Contract No. SECY-84-327, including, but not limited to, any proposals, offers, or counteroffers made by such person or the NRC, and the NRC's evaluation of any such proposal, offer, or counteroffer.

As required by 10 C.F.R. § 9.14, I am willing to pay the applicable charges for copying these records. If the charges will exceed \$20.00, please do not make any copies without calling me.

Thank you for your cooperation in this matter.

Sincerely,

C. Coleman Bird
C. Coleman Bird

CCB/jt

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