

OCT 29 1985

Docket No. 50-271  
License No. DPR-28

Vermont Yankee Nuclear Power Corporation  
ATTN: William Conway  
President and CEO  
PD #5, Box 169  
Ferry Road  
Brattleboro, Vermont 05301

Gentlemen:

Subject: Investigation of Receipt Inspection Program  
(OI Report No. 1-85-008)

On October 17, 1985, the NRC Office of Investigations (OI) issued their report of an investigation conducted at Vermont Yankee concerning the issue of false Receipt Inspection Checklists (RIC). A copy of the report synopsis is enclosed for your information.

The investigation revealed that more than 100 RICs contained false information in that the RICs indicated that dimensional checks had been made on material received when in fact such checks had not been made. However, the investigators could not conclude that the receipt inspectors willfully falsified the RICs, and there was no evidence that senior management was aware of the false records until after identification by an NRC inspector during a March 1985 inspection. Apparently, receipt inspectors were not adequately trained regarding what constituted a receipt inspection nor sufficiently sensitive to what was recorded on the RICs. Further, management did not provide adequate oversight of the Receipt Inspection program to identify and correct this deficiency.

Although no evidence of willfulness was found, the investigation confirmed the concern expressed earlier in my letter dated April 25, 1985, that some members of the VY staff, including first and second level managers, were aware of deficiencies in the receipt inspection program as early as January 1985, but apparently did not recognize that false information was being recorded on the RICs and did not take prompt and effective action to correct the deficiencies. This managerial response illustrated an apparent lack of sensitivity within your organization regarding the importance of good Quality Assurance (QA) practices. Further, it demonstrated the need for these managers to exhibit an increased sense of responsibility in recognizing the extent of problems identified by their staffs, QA personnel, or other departments, and taking prompt and effective actions to correct the problems.

8511040525 851029  
PDR ADOCK 05000271  
PDR

OFFICIAL RECORD COPY

OI VY LTR - 0001.0.0  
10/25/85

11

In addition, the investigation confirmed that the NRC inspector was not informed of the deficiencies in the receipt inspection program until after he independently identified them during the inspection. The need for licensees to be candid and open with the NRC is essential to the regulatory process, and as indicated in my April 25 letter, we expect your staff to fully inform NRC inspectors of known deficiencies in the course of inspections.

Although my staff and I have observed an improvement over the past six months in the openness and attitude exhibited by members of the Vermont Yankee organization, further improvement is needed to address the issues identified during the NRC inspection and investigation, as described herein. Therefore, within 30 days of the date of this letter, please advise me of the actions you plan to take to address these issues, in particular, the actions planned to assure (1) continued openness in dealing with the NRC; (2) increased sensitivity to QA practices; (3) prompt identification of existing deficiencies; and, (4) prompt and effective evaluation and correction of identified deficiencies.

In accordance with 10 CFR 2.790 of the NRC's "Rules of Practice," Part 2, Title 10, Code of Federal Regulations, a copy of this letter and the enclosure will be placed in the NRC Public Document Room.

The response requested by this letter is not subject to the clearance procedures of the Office of Management and Budget as required by the Paperwork Reduction Act of 1980, PL 96-511.

Sincerely,

Original signed by

Thomas E. Murley

Thomas E. Murley  
Regional Administrator

Enclosure:  
As stated

cc w/encl:

R. W. Capstick, Licensing Engineer

J. P. Pelletier, Plant Manager

Donald Hunter, Vice President

Cort Richardson, Vermont Public Interest Research Group, Inc.

Public Document Room (PDR)

Local Public Document Room (LPDR)

Nuclear Safety Information Center (NSIC)

NRC Resident Inspector

State of New Hampshire

State of Vermont

Vermont Yankee Nuclear  
Power Corporation

3

bcc w/encl:

Region I Docket Room (with concurrences)

Management Assistant, DRMA (w/o encl)

Section Chief, DRP

M. McBride, RI, Pilgrim

H. Eichenholz, SRI, Yankee

V. Rooney, LPM, NRR

ES:RI *DM*  
DHolody  
10/25/85

RI:DRMA  
JAT/an  
10/25/85

RI:OI *pk*  
KChristopher  
10/25/85

RI:DRMA  
TMurley  
10/29/85

*SE*  
D:DRS:RI  
SEbnetter  
10/25/85

*low*  
D:DRS:RI  
RStarostecki  
10/25/85

RC:RI *mg*  
JGutierrez  
10/26/85

OFFICIAL RECORD COPY

OI VY LTR - 0003.0.0  
10/25/85

VERMONT YANKEE NUCLEAR POWER STATION:

FALSIFICATION OF RECEIPT INSPECTION RECORDS

Licensee:

Vermont Yankee Nuclear Power  
Corporation  
RD 5, Box 169  
Ferry Road  
Brattleboro, Vermont 05301

Docket No.: 50-271

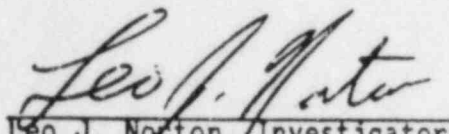
Case Number: 1-85-008

Report Date: October 1, 1985

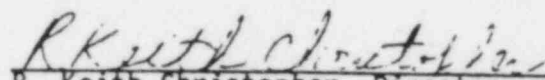
Control Office: OI:RI

Status: CLOSED

Reported By:

  
Leo J. Norton, Investigator  
Office of Investigations  
Field Office, Region I

Reviewed By:

  
R. Keith Christopher, Director  
Office of Investigations  
Field Office, Region I


Participating Personnel:

R. Keith Christopher, Director  
Office of Investigations  
Field Office, Region I

Barry R. Letts, Investigator  
Office of Investigations  
Field Office, Region I

James A. Prell, Reactor Engineer  
Region I

Approved By:

  
Ben B. Hayes, Director  
Office of Investigations

## SYNOPSIS

This investigation was initiated based upon a request from the Regional Administrator, Region I, that an investigation be conducted to determine whether Receipt Inspection Checklists (RIC) at the Vermont Yankee Nuclear Power Station (VY) had been falsified and the degree to which management was involved in or aware of the falsification. An NRC safety inspection at VY in March 1985 had developed information that some RICs indicated material examinations had been performed when, in fact, they had not.

Due to the safety implications involved, Region I staff held an Enforcement Conference with VY management on April 11, 1985. Following this Enforcement Conference, Region I issued a Notice of Violation on April 25, 1985. The Notice cited VY for a Severity Level IV violation based upon inadequate receipt inspection and storage procedures.

The OI investigation revealed that the VY employee who performed the majority of receipt inspections since March 1982 and another employee who assisted on numerous occasions had filled out more than 100 RICs which contained false information. The information was false in that the RICs indicated that dimensional checks had been performed on the material whereas these checks had not been made. Interviews with several individuals who performed receipt inspections prior to March 1982 and with the supervisor of the two employees indicated that it was standard operating procedure at VY to take credit for having performed dimensional checks of material without taking any actual measurements. Thus, it could not be concluded that either the VY employee who performed the majority of the receipt inspections, or the employee who assisted him, willfully falsified the RICs.

In December 1984, the Senior Engineer (Operations) in the VY Corporate Operations Support Department discovered that the Receipt Inspectors were signing for acceptance of dimensional characteristics and to conformance of the material to drawings and specifications without actually measuring the dimensions nor comparing the material to the applicable documentation. On January 11, 1985, he related this information at a meeting attended by the Director of QA for Yankee Atomic Electric Company (YAEC), three other YAEC representatives, the VY Operations Support Engineer, the VY Operations Support Manager, the VY Senior Engineer for Maintenance, the VY Stores and Purchasing Supervisor, and the VY Administrative Manager. No corrective action was taken based upon the findings of the Senior Engineer for Operations. Several attendees explained that they thought someone else either had or was going to take corrective action while other attendees said they had not comprehended what was being explained to them. The VY Operations Support Manager said that following the meeting, he thought the receipt inspection program did not require immediate corrective action because he thought it was "maybe shakily in minimal compliance" with NRC regulations. As a result, no corrective action was initiated by the licensee until after the issue was raised during the NRC inspection in March 1985.

There was no evidence to indicate that either the VY President and Chief Executive Officer or the VY Vice President and Manager of Operations had been briefed concerning the possible falsification of the RICs prior to the NRC inspection in March 1985. The Vice President agreed that someone at the January 11, 1985 meeting should have realized that there was a problem with the RICs not accurately reflecting what checks had been performed and that sufficient immediate corrective action should have been taken to at least stop the recording of inaccurate information.

The VY President and Chief Executive Officer said that he did not learn of the January 11, 1985 meeting until after the NRC inspection in March 1985. After reading a memorandum of this meeting, the President said that he was surprised and concerned that there had not been any immediate effort to resolve whether or not VY was in violation of NRC regulations.