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To: WND2.WNP3(jnh,jaz),TWD1.TWP4(wjs,ljn1),WND1.WNP2(d...
Date: 6/22/96 8:12am
Subject: Page 1 Hartford Courant

Millstone whistleblower quits job after settlement

By MICHAEL REMEZ

This story ran in The Courant June 21, 1996

George Galatis, the Millstone whistleblower whose story made the cover of Time magazine in March, quit Thursday after reaching an agreement with Northeast Utilities on a settlement package.

No details of the settlement were released. Neither Galatis nor his attorney, Ernest Hadley, could be reached for comment. NU offered no details beyond a one-paragraph joint statement.

Critics of the Nuclear Regulatory Commission say it was Galatis' complaint about procedures for handling spent fuel at Millstone 1 -- highly publicized and backed by irrefutable evidence -- that finally forced recalcitrant regulators to take tough action against NU this year.

Citing a "historic emphasis on cost savings versus performance" dating back to 1991, the NRC added all three Millstone plants to its watch list of troubled plants in late January. That came one month after a harshly critical report by the agency's inspector general that detailed violations of NU's license for Millstone 1 -- under the eyes of NRC inspectors -- for more than 20 years.

The watch list designation also came just weeks before a March 4 Time magazine cover story that chronicled Galatis' complaints, his efforts to force the company to take action and his experiences as a whistleblower.

"I don't think he would have gotten a settlement out of NU if not for having gone as public as he did," said James Riccio, an attorney with the Critical Mass Energy Project, an offshoot of Ralph Nader's Public Citizen Group and an outspoken critic of the NRC.

"They want to pay him off, shut him up and try to get these reactors back on line," Riccio said.

All three plants along Long Island Sound in Waterford are now shut down, pending completion of detailed inspections by the NRC, repairs by NU and assurances by the utility that each can operate in compliance with its license.

NU now says it expects to spend \$100 million for improvements at Millstone, about \$25 million more than originally anticipated. That estimate could increase as the company and regulators identify any new work that needs to be done.

In addition to those costs, NU expects to spend \$45 million this summer to get older fossil-fuel plants up and running to compensate for power not being generated at Millstone. Also, the cost of buying replacement power from other utilities is expected to be between \$21 million and \$27 million a month.

On Thursday, NU released a one-paragraph statement -- attributed jointly to the company and Galatis -- that said the "amicable settlement" "resolved all employment differences between the parties."

But Diane Screnci, a spokeswoman for the NRC's regional office, said the agency is still evaluating complaints by Galatis asking that the plant's license be suspended and alleging harassment by NU.

She disputed the notion that media attention to Galatis' case forced the regulators' hand. The petition did push the agency to look deeper into the

company's long history of operational problems, she said, but the Time story came after the agency had put Millstone on its watch list.

"We had already determined they needed closer monitoring, that giving them time to improve hadn't worked and that we needed to take stronger action by putting them on the watch list," Screnci said.

Galatis' troubles started in 1992 when the engineer discovered that Millstone 1 was moving its entire core of radioactive fuel rods into the reactor cooling pool at one time. Moving more than one-third of the rods at once -- while less costly for NU -- risked overheating the pool and causing an uncontrolled release of radiation.

The practice was prohibited under the plant's operating license -- a violation that went uncorrected by the NRC for 20 years, and is currently the subject of a criminal investigation.

Galatis has said that when he pressed NU to change the procedure, he was stonewalled for two years before the company began taking action. Still not satisfied with NU's response, Galatis complained to the NRC in 1994.

At work, he said, he began experiencing what he termed subtle forms of harassment: He was referred to a psychologist, for example, to improve his "teamwork skills," and his job evaluation was downgraded.

Last August, Galatis and We the People, a Massachusetts-based nuclear safety organization, filed a petition with the NRC asking it to suspend the license for Millstone 1 because of the refueling practices.

Although what is known as a full-core off load was not allowed under the plant's license, it is a routine practice at many other nuclear plants. NU petitioned the NRC for approval to handle the refueling that way. It got it last October.

Galatis has said he wants to attend divinity school and embark on a new career after leaving NU. His departure follows a pattern of other employees who have raised safety issues, and then severed their ties with the company after reaching secret settlements.

Among those is Paul Blanch, also an engineer and whistleblower who left the company in 1993 with a settlement. That came after the NRC found that he had been harassed for raising questions about a faulty gauge.

"I think it's a travesty to the industry that everyone who has safety issues and brings them forth eventually is banned or bought out by the industry," Blanch said. "It is an example of what I call 'ethic cleansing' -- anyone with ethics seems to be removed from the industry."

Earlier this year, Galatis told The Courant that NU's top brass in Berlin set the tone for the company.

"The message starts at the top, with senior management," he said. "Despite what they say, they just don't want to hear about problems that will cost the company money or cause regulatory headaches."

NU's latest trouble: Plant's foundation eroding

By MIKE McINTIRE and BARBARA NAGY

This story ran in The Courant June 21, 1996

Page 1 Headline

Part of the concrete foundation deep beneath the Millstone 3 nuclear power station is dissolving, throwing into question the very future of the state's largest and newest plant.

Northeast Utilities insists the plant can be reopened this summer, but on Thursday it disclosed for the first time a worst-case scenario that would postpone a restart until December 1997. NU is seeking regulatory approval to

borrow up to \$450 million to cover costs if its Connecticut nuclear plants are shut down well into next year. The erosion of the concrete was noted in a highly critical report by inspectors from the Nuclear Regulatory Commission, dated June 6, which expressed concern about its "long-term safety implications." NU has brought in international experts to investigate the problem, which was first detected in 1987 when workers noticed a strange, pasty sludge accumulating in drainage sumps around the plant.

Studies concluded that a chemical reaction more than 40 feet below ground level was causing a 9-inch-thick layer of concrete to dissolve and leach into the drains. NU says it removes about 100 pounds of the liquified concrete each year from the drains -- a small fraction of the 670,000-pound layer.

Regulators and scientists say they have never seen anything like it, and are unsure of the extent of the damage or whether it can be fixed.

"I know of no other plant in the United States with a similar problem," said William D. Lanning, who heads the NRC team overseeing an in-depth inspection of Millstone.

Lanning said that despite the commission's concerns about the long-range effect of the erosion, it "is not currently a safety issue." But he added, "It's got to be solved sooner or later," he said.

Scientists interviewed on Thursday expressed concern about any weakening of the concrete beneath the Waterford plant. Dr. Henry W. Kendall, who won a Nobel Prize in physics in 1990 and chairman of the Union of Concerned Scientists, said the public should be skeptical of claims that the situation is safe, when so many questions remain.

"One always worries when the NRC and the utility launch into something new that they'll make a mistake in assessing it," he said. "I've watched the nuclear industry for quite a number of years, and they will always tell you that it's safe, if they don't know that it isn't safe. It's almost a built-in response."

Kendall, who teaches at the Massachusetts Institute of Technology, added: "I've never heard of this happening at a nuclear power plant. It's unsettling. So much rests -- literally -- on the integrity of the foundation."

Officials at Boston-based Stone & Webster Corp., the architectural engineer and builder of Millstone 3, declined to comment. Stone & Webster has built numerous plants around the country.

It is unclear when the NRC first became aware of the situation. The June 6 inspection report notes that the agency has known of it since at least 1994, when NU pledged to conduct a detailed analysis and prepare an "operability evaluation" designed to demonstrate that the erosion would not pose an immediate safety threat.

The June 6 report said that in doing the earlier evaluations, NU used inaccurate data to determine whether the weakened concrete could support the weight of the plant. The NRC has asked the utility to present new information next month, when NU makes its case that Millstone 3 should be allowed to restart in August.

NU has created a scale model of the foundation, with simulated groundwater running through it, to try to duplicate what engineers theorize is happening deep under the plant. They believe the erosion is being caused by a chemical reaction where two layers of differently mixed concrete, one porous and the other nonporous, come into contact.

Results of those tests are not expected to be completed until December.

"Right now we have an operability determination that says it doesn't affect the operation of the plant, but we're bringing in experts to look at the issue," said NU spokesman Anthony J. Castagno. "We're very confident that this

will be resolved."

Castagno said one option being considered is to dig deep into the ground next to the plant and try to inject reinforcing material into the weakened concrete layer. He described that plan as a "worst-case scenario."

Industry experts were skeptical of such solutions.

Richard Hubbard, a former head of quality assurance for General Electric Co.'s nuclear engineering division, said foundation problems have caused at least one other plant, in Michigan, to shut down. In that instance, he said, attempts to reinforce a foundation damaged by settling soil proved futile and cracks developed in the reactor's containment structure.

Michael Peabody, a concrete expert with the federal government's Materials Engineering and Research Laboratory in Denver, said he has rarely seen structural foundations comprised of the different mixes of concrete used at Millstone. Chemical reactions have been known to occur where concrete of different mixes come into contact with each other or with surrounding soil and other material, he said.

The Denver lab assists in construction of hydro-electric power plants, dams and underground piping systems.

"Usually, with the foundations that we deal with, we try to get as consolidated, dense a layering as possible, without porosity," Peabody said.

"There may be a reason for why they did it that way, but I don't know what it is."

For NU, the erosion issue is another in a long string of problems that have prevented a restart of all three units at the Waterford site. Earlier this year, the NRC placed them on its "watch list" of troubled plants, citing years of safety and management problems.

The prospect of a prompt restart of any of the plants looked bleaker Thursday with NU's application to the Securities and Exchange Commission for a 31-percent increase in its line of credit with one or more banks. The money, up to a total of \$450 million, would be used to cover expenses if the startup of the Millstone plants was delayed beyond next spring.

NU spokesman Jeffrey R. Kotkin emphasized that the company doesn't expect the worst-case scenario to unfold.

"What we're doing is very, very conservative financial planning," he said.

Financial analysts said NU had to act now because it can take months for the SEC to approve a bigger credit line and for a deal to be negotiated with the banks.

"You have to put the worst case on the table and plan accordingly," said Edward J. Tirello of NatWest Securities Corp. in New York.

From: <VMBLANCH@aol.com>
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John:
Please respond to the following. Hope your vacation went well. I've got to make sure you have enough to do while I'm gone.
Paul

I pulled a copy of the Trojan fine from the Internet. The NRC did apply the Statute to the earlier event.

Per my previous analysis, I believe this is wrong. Especially since one of the violations was knowing.

Also, why did it take the NRC so long to act? The NRC knew about the earlier knowing violations in 1992 and again was informed in 1994. Yet they waited so long that they now claim the statute bars them from issuing a fine for a knowing violation.

Trojan Fine

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June 7, 1996
FOR IMMEDIATE RELEASE
RIV-3896

NRC STAFF PROPOSES ?50,000 FINE
IN RECORDS CASE AT TROJAN NUCLEAR PLANT

The Nuclear Regulatory Commission staff has proposed a ?50,000 fine against the Portland General Electric Co. (PGE) for violation of NRC requirements at the Trojan nuclear power plant near Rainier, Ore.

The fine is for the submission of inaccurate and misleading information to the NRC in June and October 1991. The NRC has also cited PGE for another violation involving the apparent falsification of records. The latter violation, however, does not involve a monetary fine because it occurred more than five

years ago, a period that exceeds the statute of limitations for fines.

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This enforcement action is the result of investigations conducted by a law firm retained by PGE and the NRC's Office of Investigations. The violations occurred before Trojan ceased operations in October 1992. The NRC has approved PGE's decommissioning plan for the Trojan plant.

PGE hired the law firm, Stier, Anderson & Malone, in 1991 to investigate allegations concerning PGE's responses to problems involving certain plant equipment. The firm conducted two lengthy inquiries into both cases, and documented management failures and a pattern of misinforming the NRC about equipment problems.

The law firm's first investigation report, provided to the NRC in June 1992, concluded that Trojan's former environmental qualification supervisor, in July and October 1990, had knowingly falsified documents that justified the operation of certain electrical splices before necessary tests had been conducted. A separate inquiry by the NRC's Office of Investigations, completed in March 1994, reached the same conclusion.

The law firm's second investigation report, provided to the NRC in February this year, determined that PGE documentation to the NRC in December 1991 on the integrity of electrical penetration assembly seals was incomplete, inaccurate and misleading. Electrical penetration assemblies are large, cylindrical plugs that carry cables through the containment building, which houses the nuclear

reactor.

In a letter informing PGE of the fine, L. Joe Callan, Regional Administrator of NRC Region IV in Arlington, Texas, said, "The NRC recognizes that these violations were discovered largely as a result of efforts undertaken by current Trojan management and do not reflect the performance of current management."

Nevertheless, Mr. Callan said, they are significant because they concerned equipment important to the safe operation of the Trojan plant and, in the case of the electrical splices, records were found to have been apparently falsified.

"...[T]he violations are the result of significant management failures to address the underlying technical issues as well as to establish an appropriate climate for being candid with the NRC with regard to these issues," Mr. Callan said. "The NRC notes that if it were not for the fact that Trojan has a new

management team, that the plant has permanently ceased operations, and the current efforts to keep the NRC staff informed of onsite activities, the NRC would have considered a civil penalty up to the statutory limit of \$100,000."

PGE replaced the electrical splices and electrical penetration assembly seals in question in 1991. The individuals who were the primary focus of the

investigations are no longer employed by PGE.

Both violations were classified Severity Level III in the NRC's four-level classification system. Level I is the most serious. PGE has 30 days to respond to the NRC's citation, during which time it may pay the fine or protest it. If the protest is denied, the utility may ask for a hearing.

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