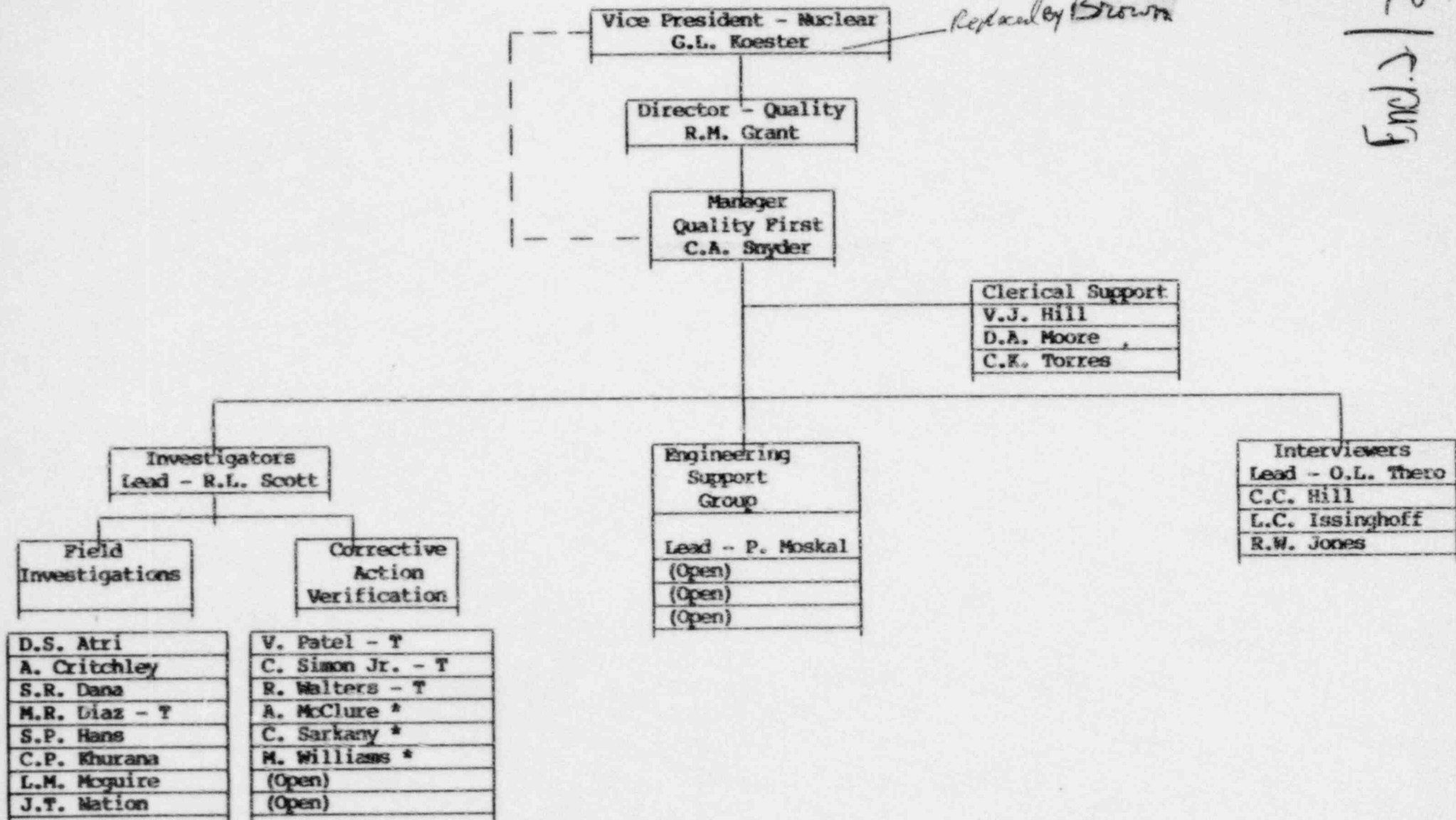


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Q1 ORGANIZATION

*Rep. Aubrey Brown*

*Encl. 2/2*



\* Report Date - 9/14/84

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3 sample cases chosen

July 1, 1985

Send Response

Encl. 2/1

By Martin Rosenberg  
Of the Business Staff

WASHINGTON — The Kansas Gas and Electric Co. in September 1984 called Ben Hayes, the top federal investigator of nuclear plants, and asked him whether he wanted to fly halfway across the country to spend a few hours at the bustling Wolf Creek work site to review a new internal program for uncovering problems.

Mr. Hayes did not hesitate, because what the company was proposing — using its own employees to ferret out any problems, such as shoddy construction — was fast becoming a trend in the nuclear industry.

Nuclear utilities for years have

had to cope with embarrassing allegations of problems and wrongdoing when disgruntled employees and employees of contractors independently have gone to regulators, anti-nuclear groups or newspapers.

The owners of the Wolf Creek nuclear power plant, built near Burlington, Kan., say they had hoped to set up a system that would collect such complaints and investigate them and enable the owners to act on any real problems.

Mr. Hayes said he wanted to know whether the overburdened Nuclear Regulatory Commission could begin to rely more on companies to police their own problems.

The trip was inconclusive, and Mr. Hayes sent a colleague back

several weeks later to further review the internal program, called Quality First.

Eventually, the NRC was to launch a prolonged investigation that uncovered serious flaws in the Wolf Creek program and raised big policy issues for the nuclear industry and its regulators, said Mr. Hayes, director of the NRC's office of investigations.

As a result, Mr. Hayes' staff has now completed its own investigations of allegations of employee harassment, drug abuse and falsification of records at Wolf Creek.

The NRC has not yet announced its conclusions or what punitive actions it might take against Wolf Creek's owners, Wolf Creek's own-

ers defend their efforts.

"I don't understand what Ben Hayes' problem is," said Lyle Koerper, spokesman for Kansas Gas and Electric, which owns 17 percent of Wolf Creek and was the lead partner in its construction. The Kansas City Power & Light Co. also owns 47 percent.

Mr. Koerper said his company voluntarily set up its Quality First program in the spring of 1984. It signaled to all employees that the company valued quality workmanship and succeeded in bringing a timely completion of Wolf Creek.

Nevertheless, Mr. Hayes said he now seriously doubts whether utilities can effectively mount such

internal policing programs.

Utilities say that such efforts can work because companies with a big investment in a plant want to root out and correct all problems. But the NRC says it remains concerned about the lessons it learned at Wolf Creek. For example, other utilities building nuclear projects have employed real estate salesmen and housewives, rather than skilled personnel, to compile worker allegations of problems.

NRC faces a 'tough call'

A formal program for gathering and evaluating employee concerns was not used at the Callaway County, Mo., plant.

See Utilities, D-3, Col. 1

Encl. 2/3

## Utilities, NRC disagree on the worth of internal policing programs

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ly nuclear power plant, Wolf Creek's sister plant near Reform, Mo., but other plants have set up such efforts.

One NRC commissioner, Frederick M. Benethal, during a closed meeting called to discuss Wolf Creek on June 3, said he and his four fellow commissioners faced a "tough call." If they started holding utilities' nuclear construction investigations to high standards, the companies might decide to stop looking into workers' allegations, he said.

Mr. Benethal said he expected the problems uncovered in Wolf Creek's program to surface at other nuclear projects. Now the commission deals with flawed utility investigations could have a big effect on the relationship between nuclear utilities and federal regulators — a relationship that is routinely criticized by both foes and supporters of nuclear power.

Mr. Hayes, in a recent interview, said the heart of the problem facing the utilities is that it's most difficult to have an organization within

an organization whose mission is to document intentional wrongdoing within the corporate structure.

"Can a utility police itself, from a specific standpoint, I would say no," Mr. Hayes said.

Bert Heffner, director of public information for the Detroit Edison Co., disagreed. His utility in 1982 set up a system for gathering and investigating workers' reports of problems at Detroit Edison's recently completed Fermi 2 nuclear plant.

"Every concern was investigated thoroughly. We are perfectly capable of policing ourselves because we want a safe plant," he said.

Tom Gervets, the Louisiana Power & Light Co.'s quality assurance manager, said, "It's in the utility's interest to uncover problems."

He said his company has run a program to respond to workers' allegations at Louisiana Power's Waterford 3 nuclear plant. The program succeeded, he said, because those conducting the effort reported it at a high level of company management.

Critics say that was not true at Wolf Creek.

Utilities say that such efforts can work because companies with a big investment in a plant want to root out and correct all problems. But the NRC says it remains concerned about the lessons it learned at Wolf Creek.

Leads must be followed up

An architect of the Wolf Creek program, consultant Owen Thero, said he left when he thought that Kansas Gas and Electric was willing to compromise the objectivity of its investigations to get the plant completed rapidly.

"To them, every day they delayed licensing was \$1.5 million a day," Mr. Thero said.

Mr. Hayes has told the NRC that the shortcomings of the Quality First program at Wolf Creek point to a dilemma.

"We have yet to formulate some rational policy and direction as to what we should or should not do in this area. . . . We may or may not need some additional regulatory standards," he said.

Mr. Hayes said that at Wolf Creek

his staff reviewed 112 allegations and found that the utility's investigation of 77 of them was flawed.

The bottom line is, when we looked at the documentation, our observations were that those people that did the interrogations were usually not trained in the question and answer area," Mr. Hayes told the commission. "Some leads were not properly followed. Some information in the files was unused even though it was in the files."

Mr. Hayes said that for a utility to properly conduct a program such as Quality First, "the investigator must be allowed to go up the organization . . . and have the independence to develop the facts."

Even though such a program could reflect a "lofty managerial goal to resolve internally health and safety issues," it could also be an

attempt by management to keep intervenors away from the plant," he said. Intervenor take part in regulatory proceedings.

Distrust of NRC a problem

The Quality Technology Co. in Levo, Kan., is the only organization in the country that has demonstrated an ability to establish a quality program for companies and responding to workers' allegations, Mr. Hayes said.

Mr. Thero, involved in setting up Wolf Creek's program, is vice president of the Levo company and is now working on a project for the Tennessee Valley Authority. Mr. Thero said some well-run utilities do not need a formal program such as Quality First to catch and correct problems at nuclear plants under construction.

But if such a program is required, he said, it should be run by a regulatory body, such as Mr. Hayes' office of investigations or, more ideally, a congressional committee, since many workers do not trust the NRC.

At Wolf Creek, he said, problems uncovered by the Quality First program were traced to a number

of reasons.

"We were not reporting at a proper level. I felt it should have reported to the vice presidential level, where you can enforce corrective action," he said.

Attorney Robert Eys, who made the Quality First files an issue in the Wolf Creek case, said the program "was a means by which to divert concerns away from the NRC."

He applauded Mr. Hayes' skepticism about the program and said, "I hope they've been thoroughly burned and push for more regulation."

**SPORTS**

For more on the sports scene, see page D-1.

**SPORTS**