

**UNITED STATES OF AMERICA  
NUCLEAR REGULATORY COMMISSION  
BEFORE THE SECRETARY**

In the Matter of

ENTERGY NUCLEAR OPERATIONS, INC.;  
ENTERGY NUCLEAR INDIAN POINT 2, LLC;  
ENTERGY NUCLEAR INDIAN POINT 3, LLC;  
HOLTEC INTERNATIONAL; and HOLTEC  
DECOMMISSIONING INTERNATIONAL, LLC;  
APPLICATION FOR ORDER CONSENTING TO  
TRANSFERS OF CONTROL OF LICENSES  
AND APPROVING CONFORMING LICENSE  
AMENDMENTS

(Indian Point Nuclear Generating Station)

Docket Nos.:

50-3

50-247

50-348

72-051

**PETITION OF RIVERKEEPER, INC.  
TO INTERVENE AND FOR A HEARING**

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## **I. INTRODUCTION**

Pursuant to 10 C.F.R. § 2.309(f) and the hearing notice published by the U.S. Nuclear Regulatory Commission (“NRC”) at 85 Fed. Reg. 3,947 (Jan. 23, 2020), Riverkeeper, Inc. (“Riverkeeper”) respectfully requests a hearing and leave to intervene in the above-captioned license transfer proceeding for the three Indian Point Energy Center nuclear reactors. As set forth below, Riverkeeper has representational standing to make this hearing request and has submitted an admissible contention challenging the lawfulness of the proposed transfers. This hearing request is also filed within the time limit established by the hearing notice.

## **II. DESCRIPTION OF RIVERKEEPER**

Riverkeeper is a 501(c)(3) non-profit membership organization whose mission is to safeguard the ecological integrity of the Hudson River, its tributaries, and the watershed of New York City (protecting the city's water supply) by tracking down and stopping polluters. Since 1983, Riverkeeper has investigated and brought to justice more than 300 environmental lawbreakers. Riverkeeper has numerous members that reside within twenty miles of Indian Point, and others who reside within a fifty-mile radius of the site. Riverkeeper believes in the rights of every citizen to enjoy and defend our nation's water resources.

Riverkeeper is incorporated in the State of New York, with headquarters and property located in Ossining, approximately 11 miles from the Indian Point Energy Center. Riverkeeper has been involved over the last twenty years in raising environmental concerns regarding Indian Point's operation, including participation in the license renewal proceeding between 2007 and 2017. Riverkeeper was a party to the settlement agreement in which Entergy agreed to a limited license renewal term and the early shutdown of the Indian Point reactors in 2020 and 2021. *See Entergy Nuclear Operations, Inc.* (Indian Point Nuclear Generating Units 2 and 3), LBP-17-3, 85

N.R.C. 77 (2017) (granting Intervenors’ motion to dismiss contested license renewal proceeding based on settlement agreement).

### **III. BACKGROUND ON LICENSE TRANSFER APPLICATION**

Entergy Nuclear Operations, Inc. (“Entergy” or “ENOI”); Entergy Nuclear Indian Point 2, LLC (“ENIP2”); and Entergy Nuclear Indian Point 3, LLC (ENIP3), are the current licensees of Indian Point Units 1, 2, and 3. While Unit 1 ceased operating in 1974 and all spent fuel was removed from the reactor vessel by 1976, the NRC recently renewed the operating licenses for Units 2 and 3 until April 30, 2020, and April 30, 2021, respectively. Under the terms of a settlement agreement between Entergy, the State of New York, and Riverkeeper, Units 2 and 3 will be shut down when their operating licenses expire. *See Entergy Nuclear Operations, Inc.*, 85 N.R.C. 77.

In late 2019, Entergy, ENIP2, and ENIP3 applied to the NRC for a license amendment approving the transfer the licenses for Indian Point Units 1, 2, and 3 to three subsidiaries of Holtec International: Holtec Decommissioning International, LLC (“HDI”); Holtec Indian Point 2, LLC (“Holtec IP2”); and Holtec Indian Point 3, LLC (Holtec IP3”). Letter from A. Christopher Bakken III, Entergy, to U.S. NRC, re: Application for Order Consenting to Transfers of Control of Licenses and Approving Conforming License Amendments, etc., (Nov. 21, 2019) (ADAMS Accession No. ML19326B953) (“License Transfer Application”).

Entergy also seeks to transfer the general license for the Independent Spent Fuel Storage Installation (“ISFSI”) located on the site to Holtec IP2 and Holtec IP3. Finally, Entergy seeks to transfer its authority to conduct licensed activities at Indian Point to HDI. The particulars of the proposed license transfers are as follows:

- Entergy would transfer Provisional License No. DPR-5 for Indian Point Unit 1 (ADAMS Accession No. ML19072A134) to Holtec IP2;
- Entergy and ENIP2 would transfer Renewed License No. DPR-26 for Indian Point Unit 2 (Docket No. 50-247) (ADAMS Accession No. ML18213A104) to Holtec IP2;
- Entergy and ENIP3 would transfer Renewed License No. DPR-64 for Indian Point Unit 3 (Docket No. 50-286) (ADAMS Accession No. ML18213A114) to Holtec IP3;
- Entergy, ENIP2, and ENIP3 would transfer the general licenses for the Indian Point independent spent fuel storage installation (“ISFSI”) (Docket Nos. 72-52 and 72-1014) to Holtec IP2 and Holtec IP3;
- Entergy, ENIP2 and ENIP3 would transfer authority to conduct licensed activities at Units 1, 2, and 3 and the ISFSI to HDI; and
- Entergy, ENIP2, and ENIP3 will transfer title to each unit’s decommissioning trust fund (“NDT”) to Holtec IP2 and Holtec IP3.

*Id.*, Encl. 1 at 1-2.

The proposed transfer of the Indian Point licenses and authority to conduct licensed activities involves a complex structuring of relationships between various Holtec subsidiaries:

Approval of these transfers is sought to effectuate a transaction under which IPEC will be transferred to a wholly-owned subsidiary of Holtec, Nuclear Asset Management Company, LLC (“NAMCo”), pursuant to the terms of a Membership Interest Purchase and Sale Agreement (“MIPA”). Pursuant to the terms of the MIPA, the transaction would occur only after the permanent removal of fuel from the IP3 reactor. (ENOI plans to permanently cease operations and permanently defuel IP2 approximately one year before it permanently ceases operations and permanently defuels IP3.) Just prior to the proposed transaction, all of the assets and liabilities of ENIP2 and ENIP3 will be transferred to new entities that ultimately will become Holtec IP2 and Holtec IP3. NAMCo will acquire the equity interests in the parent company of these companies, and following a merger, NAMCo will emerge as the direct owner of

Holtec IP2 and Holtec IP3. As a result, control of the IPEC licenses will be transferred to Holtec. The MIPA and the proposed transaction have been approved by the boards of directors of both Entergy Corporation (“Entergy”) and Holtec.

License Transfer Application, Encl. 1 at 1. Graphic depictions of these corporate relationships within Holtec International can be found at Figure 2 of the cover letter to the License Transfer Application.

According to the License Transfer Application, HDI “will operate (*i.e.*, conduct licensed activities at) the Indian Point site.” *Id.*, Encl. 1 at 1. HDI “was formed by Holtec to operate and decommission all Holtec-owned decommissioning nuclear plant sites.”<sup>1</sup> Nevertheless, HDI itself will not, itself, carry out decommissioning activities. Rather, HDI plans to hire Comprehensive Decommissioning International, LLC (“CDI”), a company “majority-owned” by HDI. *Id.*, Encl. 1 at 2. As described in the License Transfer Application:

HDI will contract with Comprehensive Decommissioning International, LLC (“CDI”), a company jointly formed and owned by Holtec and SNC-Lavalin Group, as the Decommissioning General Contractor. CDI is majority-owned by HDI. SNC-Lavalin holds its interest in CDI through a wholly-owned U.S. subsidiary, Kentz USA, Inc. Holtec and SNC-Lavalin have transferred employees into CDI. SNC-Lavalin has transferred commercial nuclear personnel and capabilities into CDI from other subsidiaries including Atkins Energy, Inc., which is based in Columbia, South Carolina. In addition, CDI has integrated experienced nuclear power plant personnel who were on-staff at the time of Holtec’s purchase of the Oyster Creek Nuclear Generating Station and the Pilgrim Nuclear Power Station. Pursuant to a Decommissioning General Contractor Agreement between HDI and CDI, following license transfers, CDI will manage and perform the day-to-day IPEC activities, including decommissioning activities, in compliance with the licenses and the NRC regulations, subject to HDI’s direct oversight and control as the decommissioning licensed operator and majority owner of CDI.

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<sup>1</sup> Other decommissioning reactors owned by Holtec include Oyster Creek Nuclear Generating Station in New Jersey, Vermont Yankee Nuclear Power Station in Vermont, and Pilgrim Nuclear Power Station in Massachusetts.

*Id.*

Thus, whether by license term or contract, a Holtec subsidiary will have ownership and control of the Indian Point site under the proposed license amendment.

In this proceeding, the NRC is also considering, as a “supplement” to the License Transfer Application, a Post Shutdown Decommissioning Activities Report (“PSDAR) submitted by HDI on December 19, 2019 (ADAMS Accession No. ML19354A698). *See* 85 Fed. Reg. at 3,948. The PSDAR includes a description of planned decommissioning activities, a schedule for decommissioning activities, and a decommissioning cost estimate.

#### **IV. RIVERKEEPER HAS STANDING TO PARTICIPATE IN THIS PROCEEDING.**

The standing requirements for NRC hearings derive from the Atomic Energy Act, which requires the NRC to provide a hearing “upon the request of any person whose interest may be affected by the proceeding.” 42 U.S.C. § 2239(a)(1)(A). *See also Yankee Atomic Elec. Co.* (Yankee Nuclear Power Station), 48 N.R.C. 185, 195 (1998). In determining whether a petitioner has established the “necessary ‘interest’” under the statute, the NRC “has long looked for guidance to judicial concepts of standing.” *Id.* (citing *Quivira Mining Co.* (Ambrosia Lake Facility, Grants, New Mexico), CLI-98-11, 48 N.R.C. 1, 5-6 (1998); *Georgia Institute of Technology* (Georgia Tech Research Reactor, Atlanta, Georgia), CLI-95-12, 42 N.R.C. 111, 115 (1995).

Riverkeeper has standing to participate in this proceeding through its members, whose interests may be affected by the transfer of control of Indian Point’s licenses to Holtec’s subsidiaries. Riverkeeper has attached the declarations of Courtney Williams and Nancy Vann, who are members of Riverkeeper and who have authorized Riverkeeper to represent their



interests in this proceeding. *See* Ex. A (Williams Declaration, dated Feb. 10, 2020); Ex. B (Vann Declaration, dated Feb. 12, 2020). As detailed below and in the attached declarations, the members have economic, environmental, and recreational interests in the area immediately around and including the Indian Point site. Moreover, Ms. Williams has an interest in visiting the site after it has been decommissioned and released for public access, as required by NRC regulations. *See* 10 C.F.R. § 50.82(b)(6). Their interests in the area in the future would be adversely affected by an “ineffectual cleanup” of the site by Holtec’s subsidiaries. *Yankee Atomic Electric Co.*, 48 N.R.C. at 208 (finding standing where “‘ineffectual cleanup’ of a reactor site could result in adverse health effects, loss of aesthetic enjoyment, and diminished property values”).

Both members own homes in Peekskill, NY. Each home is less than two miles from the Indian Point Energy Center. Both members enjoy the natural environment in the Hudson Valley, and like to engage in many recreational and environmental activities on and around the Hudson River. For example, Ms. Williams describes walking, exercising, boating, and using the riverfront parks located very near the Indian Point facility. Her ability to enjoy the environment has been constrained by the lack of access to the site upon which the Indian Point Energy Center is located. If and when the Indian Point site is properly decommissioned, Ms. Williams and her family would like to walk on that part of the shoreline and boat in that segment of the Hudson River. Both members are concerned by credible reports that officials with Holtec—the parent corporation of the companies that will own and operate the Indian Point site—have made material misrepresentations to officials of several state government agencies, and even to NRC itself. At several public meetings that Ms. Williams has attended, she spoke directly to Holtec

officials and questioned them about reports that she had read. Holtec officials would not answer her questions about the purported misdeeds of Holtec companies.

Both members are also concerned that Holtec's lack of integrity and accountability is a part of the corporate culture that will also affect its subsidiaries who are responsible for Indian Point. As a result, they fear that the decommissioning fund may be mismanaged, and the cleanup of the site may be inadequate. As the members know, even though the decommissioning fund contains millions of dollars, these funds are not unlimited. Further, they know that if the fund were to be mismanaged or diverted to uses other than decommissioning, the money may run short in which case the site would not be fully decommissioned. Worse, if HDI were to conduct operations in a dishonest way, the condition of the site may be misrepresented, posing risks that neither the members nor the public would even be aware of. The members concern extends to the possibility that the site may not even be reopened in their lifetime, or that it will be reopened in a condition that is misrepresented with respect to their health and safety.

The members' economic interests will also be negatively affected by an incomplete or improper decommissioning. Any abandoned or improperly managed decommissioning will leave the site unusable and will diminish all nearby property values. Any diminution in property value is by definition an economic injury. Moreover, if the site is not restored fully and safely, it cannot be redeveloped and the community will not benefit from tax revenues associated with the site, negatively impacting each of the declarants and all local residents.

It should be noted that Riverkeeper is not challenging any particular *method* of decommissioning, decontamination or spent fuel handling, *see Yankee Atomic*, 48 N.R.C. at 204 (handling of spent fuel outside scope of proceeding), but rather is challenging the *transfer* of the licenses to an entity that has not only failed to establish its competency or ability to safely or

completely handle the decommissioning work, but also has a record of malfeasance that goes directly to its non-trustworthiness and non-reliability. As such, Riverkeeper, as representative for Ms. Williams and Ms. Vann, has established representational standing. The environmental, recreational, and economic injuries the members describe provide the basis for standing under the Atomic Energy Act, 33 USC § 2239(a)(1)(A); under NRC's regulations, 10 CFR § 2.309(d); and the case law. *See Yankee Atomic*, 48 N.R.C. at 208.

## V. RIVERKEEPER'S CONTENTION

### Failure to Establish Character Qualifications

#### A. Statement of Contention

The License Transfer Application fails to satisfy 10 C.F.R. § 50.80(c) because it fails to demonstrate that the licensee transferees – HDI, Holtec IP2, and Holtec IP3 – have the requisite character, competence, and integrity, as well as the necessary candor, truthfulness and willingness to abide by NRC regulatory requirements.

#### B. Basis Statement

##### 1. Legal basis

NRC regulation 10 C.F.R. § 50.80(c) forbids the approval of a license transfer unless the NRC finds that “the transferee is qualified to be the holder of the license.” The Commission has held that in any proceeding for transfer of operating authority, “the character of a proposed licensee is an appropriate issue.” *Georgia Power Co., et al.* (Vogtle Elec. Generating Plant, Units 1 & 2), CLI-93-16, 38 N.R.C. 25, 30 (1993) (citing 10 C.F.R. § 50.80(c), 42 U.S.C. § 2232).

Indeed, “lack of either technical competence or character qualifications on the part of licensee or applicant is sufficient grounds for the revocation of a license or the denial of a license application.” *Id.*, 38 N.R.C. at 31 (citing *Houston Lighting and Power Co.* (South Texas Project, Units 1 and 2), CLI-80-32, 12 N.R.C. 281, 291 (1980)).

Under 10 C.F.R. § 50.80(c), relevant considerations include “the climate, resources, attitude, and leadership that the Commission expects of a licensee.” *Georgia Power Co.*, 38 N.R.C. at 31 (citing *Metropolitan Edison Co.* (Three Mile Island Nuclear Station, Unit 1), CLI-85-9, 21 N.R.C. 1118, 1137, *aff'd sub. Nom. In re Three Mile Island Alert, Inc.*, 771 F.2d 720 (3d Cir. 1985), *cert. denied*, 475 U.S. 1082 (1986)). In addition, the NRC must consider the

“integrity” and “character” of a licensee transferee, including “the licensee’s ‘candor, truthfulness, willingness to abide by regulatory requirements, and acceptance of responsibility to protect public health and safety.’” *Georgia Power Co.*, 38 N.R.C. at 31 (citing *Metropolitan Edison Co.*, 21 N.R.C. at 1136-37). The “past performance of management or high-ranking officers, as reflected in deliberate violations of regulations or untruthful reports to the Commission, may indicate whether a licensee will comply with agency standards, and will candidly respond to NRC inquiries.” *Georgia Power Co.*, 31 N.R.C. at 31 (citing *Hamlin Testing Laboratories, Inc.*, 2 A.E.C. 423, 428 (1964), *aff’d sub nom. Hamlin Testing Laboratories, Inc. v. AEC*, 357 F.2d 632 (6th Cir. 1966)).

As the Commission explained in *Georgia Power Co.*, 10 C.F.R. § 50.80(c)’s requirement for establishment of a licensee transferee’s character qualifications derives from the NRC’s initial licensing standards in 10 C.F.R. § 50.57(a)(3). 38 N.R.C. at 31. And they are fundamental to the safety determinations that must be made before a license can be transferred:

[T]he Commission may issue an operating license only after finding that there is reasonable assurance that the activities authorized by the operating license can be conducted without endangering the health and safety of the public, and that such activities will be conducted in compliance with regulations. 10 C.F.R. § 50.57(a)(3). These threshold determinations are equally appropriate in a proposed transfer of operating authority under a license to a new licensee. The integrity or character of a licensee’s management personnel bears on the Commission’s ability to find reasonable assurance that a facility can be safely operated.

*Id.* (citing *Metropolitan Edison Co.*, 21 N.R.C. at 1140). Because the character of a license transferee bears on the NRC’s “reasonable assurance” findings, it is also relevant to the evaluation of technical competence. *Id.*

In assessing character qualifications, the past behavior of individuals who have a responsible role in the licensee’s new organization is relevant. *Georgia Power Co.*, 38 N.R.C. at

40. Dr. Krishna P. Singh, whose actions on behalf of Holtec International demonstrate a lack of truthfulness and accountability, is the controlling shareholder of Holtec International, and therefore controls all of its subsidiaries:

Holtec is the ultimate parent company of the proposed licensee entities. Holtec is a privately held corporation and is controlled by its Board of Directors, all of whom are U.S. citizens. It is owned by its shareholders as follows: (i) The Great Banyan Trust, 36.33% ownership interest; and (ii) Multi-Decades Trust, 63.67% ownership interest. These trusts are controlled by Dr. Krishna Singh.

License Transfer Application at 5.

Further, the corporate structure of Holtec and its subsidiaries, as described in Attachment C to the License Transfer Application, gives Dr. Singh legal responsibility for the operations of Holtec International and all of its subsidiaries. Thus, Dr. Singh is a director (and controlling shareholder) of Holtec International and Holtec Power, Inc. In turn, Holtec Power Inc. is the “Managing Member” of Nuclear Asset Management Company, LLC; and Dr. Singh is on the Executive Committee. Similarly, Nuclear Asset Management Company, LLC is the Managing member of Holtec IP2 and IP3, and Dr. Singh is on the Executive Committee of each of those limited liability corporations. Finally, Holtec Power Co. (of which Dr. Singh is a director) is the Managing Member of HDI.

Thus, Dr. Singh effectively controls Holtec International and all of the subsidiaries involved in the License Transfer Application.

The License Transfer Application also places explicit reliance on Dr. Singh’s technical competence and relies on his “leadership,” as well as his role in developing a “mature safety culture” at Holtec International and its subsidiaries:

Holtec, which is led by Dr. Krishna Singh (whose resume is provided in Attachment C to this Application), is an industry leader in nuclear fuel management systems. Specializing in spent nuclear

fuel management technologies, Holtec is the patent holder for a number of technology solutions for spent fuel management. Since the 2000s, the company has advanced the state of the art, including early fuel transfer capability, which is proposed for deployment at IPEC. Holtec will draw upon its technical resources and experience with nuclear decommissioning, spent fuel handling equipment, and spent fuel storage systems and components. *It will provide the leadership to effectively transition IPEC to active decommissioning and subsequent long-term dry storage of spent fuel. Based on past experience performing NRC licensed activities, the Holtec team has developed a mature nuclear safety culture and policies that will be integrated with existing IPEC site policies. The integrated corporate and site policies will focus on the safe and effective decommissioning of IPEC while maintaining compliance with applicable regulations.*

*Id.* at 6. (emphasis added). Thus, Dr. Singh’s behavior as an officer of Holtec International is relevant to his character qualifications and competence to take responsibility for and carry out decommissioning of the Indian Point site as a majority stockholder and executive committee member of HDI, Holtec IP2, and Holtec IP3.

Moreover, Holtec International’s apparent effort to shield itself for financial liability for decommissioning costs that exceed the amount of money in the decommissioning trust fund does not provide a legal barrier to consideration of the character qualifications of its parent corporation and controlling shareholder.

As the Atomic Safety and Licensing Board (“ASLB”) has recognized, the statutory purpose of the Atomic Energy Act would be frustrated by honoring such corporate maneuvers. “Where the statutory purpose could thus be easily frustrated through the use of separate corporate entities, the Commission is entitled to look through corporate form and treat the separate entities as one and the same for purposes of regulation. *Safety Light Corp., et al.* (Bloomsburg Site Decommissioning & License Renewal Denials), LBP-95-9, 41 N.R.C. 412, 458 (June 8, 1995). Accordingly, analysis of whether HDI is suited to hold the licenses at issue necessarily includes an evaluation of both Holtec International and the acts of Krishna Singh.

## 2. Factual basis

Holtec's lack of trustworthiness is demonstrated by a record that is replete with bribes, lies, and self-serving misleading statements, many of which were made by its CEO and controlling shareholder, Krishna Singh. For example, at San Onofre Nuclear Plant, Holtec changed the design of a spent fuel storage cask without NRC permission, falsely claiming that the change was not safety significant. Holtec also resorted to bribery to win a contract from the Tennessee Valley Authority ("TVA"), then lied about the penalties imposed in a sworn written application to the State of New Jersey for tax breaks. Holtec also falsely claimed to New Jersey that other states were competing for Holtec's business and was stripped of tax credits in Ohio because it did not deliver on promised jobs. In addition, Holtec overcharged TVA illustrating the danger if HDI effectively becomes a customer of Holtec International. Finally, in pursuing permission to establish a nuclear waste storage site in New Mexico, Holtec made a series of false statements to the NRC, elected officials, government officials, and the public.

As discussed above the NRC must consider the "integrity" and "character" of a licensee transferee, including "the licensee's 'candor, truthfulness, willingness to abide by regulatory requirements, and acceptance of responsibility to protect public health and safety.'" *Georgia Power Co.*, 38 N.R.C. at 31 (citing *Metropolitan Edison Co.*, 21 N.R.C. at 1136-37). The facts below demonstrate that Holtec and its controlling shareholder Dr. Singh have a propensity to cut corners on safety, lie, bribe, and self-deal, the opposite of the qualities that the Commission seeks in its licensees. At minimum, a hearing is warranted to fully examine Holtec's character and integrity.



**a) Holtec failed to disclose a safety significant design change to the NRC and failed to disclose a safety issue in San Onofre, CA.**

Holtec's lack of candor to regulatory agencies is illustrated by its failure to disclose a safety significant design change to its casks to the NRC. In February 2018, San Onofre Nuclear Generating Station ("SONGS") workers were preparing a Holtec canister for loading when they discovered a loose, stainless-steel bolt inside, about four inches long. An investigation revealed that Holtec had altered the canister design without permission from the NRC,<sup>2</sup> adding pins to the canister bottoms to facilitate the flow of cooling. Holtec considered the change too minor to require NRC scrutiny. The NRC disagreed and called the unauthorized changes "potentially safety significant." "Holtec's design review process for the change did not adequately consider all potential impacts that could adversely affect the safety-related functions," the NRC said. Nevertheless, the NRC declined to issue a fine against Holtec, and let the unauthorized changes stand.<sup>3</sup>

Later the same year, in August 2018, a whistleblower revealed a near miss at SONGS as a 50-ton Holtec canister was being loaded into an 18-foot concrete silo. Holtec's Hi-Storm UMAX system canisters at SONGS are thicker than the ones workers practiced loading. Thicker canisters mean a tighter fit and less room going into the silos. One of the 50-ton canisters got stuck on a shield ring near the top of the vault. Workers did not realize the slings supporting the

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<sup>2</sup> Ex. F (Teri Sforza, *Edison Makes Changes at San Onofre, Ready to Resume Loading Nuclear Waste*, ORANGE COUNTY REGISTER (Mar. 18, 2019), available at <https://www.ocregister.com/2019/03/18/edison-makes-changes-at-san-onofre-ready-to-resume-loading-nuclear-waste/>).

<sup>3</sup> Ex. D (Teri Sforza, *At San Onofre, NRC Rejects Fine Against Holtec for Changing Design of Nuclear Waste Canisters Without Permission*, ORANGE COUNTY REGISTER (Apr. 29, 2019) available at <https://www.ocregister.com/2019/04/29/nrc-decides-holtec-does-not-deserve-fines-for-canister-violations-at-san-onofre/>; *see also* <https://www.nrc.gov/docs/ML1907/ML19072A128.pdf>).

canister's massive weight went slack, and it hung there unsupported for close to an hour, in danger of dropping.

Holtec and Southern California Edison failed to report the incident for several days. It was finally revealed by a whistleblower, OSHA inspector David Fritch, who spoke out at a SONGS Community Engagement Panel meeting. "There were gross errors by two individual operators, and the rigger, which are inexplicable. So what we have is a canister that almost fell 18 feet. Bad day. Bad. And we haven't heard about it, and that's not right," Fritch said. "Public Safety should be first. I've been around nuclear for many years. It's not behind that gate."<sup>4</sup>

"The big lesson is, we need to be more intrusive over all our contractors and we will be more intrusive," said Ron Pontes, Southern California Edison's environmental decommissioning strategies manager. "This is nuclear and industrial safety. We lost sight of that a little bit in this process. We didn't demand that rigor out of our contractors."<sup>5</sup> The NRC fined Edison \$116,000 for the incident, both for the safety failure and the failure to disclose.<sup>6</sup> This incident shows that gross safety-threatening errors were made and that Holtec did not see the need to report the incident to either the NRC or members of the public.

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<sup>4</sup> Ex. E (Maureen Cavanaugh & Megan Burke, *Safety Inspector Describes Near Accident During San Onofre Community Panel Discussion*, KPBS (Aug. 10, 2018) available at <https://www.kpbs.org/news/2018/aug/10/san-onofre-community-panel-discusses-transportatio/>).

<sup>5</sup> Ex. F (Teri Sforza, *Edison Makes Changes at San Onofre, Ready to Resume Loading Nuclear Waste*, ORANGE COUNTY REGISTER (Mar. 18, 2019), available at <https://www.ocregister.com/2019/03/18/edison-makes-changes-at-san-onofre-ready-to-resume-loading-nuclear-waste/>).

<sup>6</sup> NRC, NRC PROPOSES \$116,000 CIVIL PENALTY TO SOUTHERN CALIFORNIA EDISON (Mar. 25, 2019) available at <https://www.nrc.gov/reading-rm/doc-collections/news/2019/19-007.iv.pdf>.

**b) Holtec’s Bribery of a TVA Official demonstrates its lack of trustworthiness.**

Holtec’s malfeasance at the TVA Browns Ferry Nuclear Plant also raises serious red flags. A TVA supervisor pleaded guilty in 2007 to a federal charge of failing to disclose the receipt of about \$55,000 in payments from a Holtec contractor to secure contracts to build a storage facility for spent nuclear fuel at TVA’s Browns Ferry Nuclear Plant in Alabama.<sup>7</sup> TVA barred Holtec from doing business with it for sixty days and Holtec paid a \$2 million “administrative fee” and agreed to submit to monitoring of its operations for twelve months.<sup>8</sup> This was first time TVA debarred any contractor.

More specifically, TVA’s Office of Inspector General (“OIG”) found that Holtec was funneling money to a TVA employee and was courting the employee with offers of future employment to secure a TVA nuclear contract. The OIG report describes trips, payments, and promises to the TVA employee in return for that employee advocating for TVA to purchase a spent fuel storage system from Holtec. Although the name of the Holtec official is redacted from the report, one of the titles refers to “Statements by Krishna Singh.”<sup>9</sup> This report raises a reasonable inference that Dr. Singh was involved in this bribery scheme and may even have been its primary protagonist.

When this issue was being examined by a task force in New Jersey investigating whether Dr. Singh made a false statement on a sworn application, counsel for the task force reported to that, “Essentially, the [TVA] OIG found a bribe.” Counsel for the task force went on to say,

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<sup>7</sup> See Ex. G (TVA OIG Report), available at [https://publicwatchdogs.org/wp-content/uploads/2019/07/2010.23.03\\_Redacted\\_Holtec-TVA-OIG-Report.pdf](https://publicwatchdogs.org/wp-content/uploads/2019/07/2010.23.03_Redacted_Holtec-TVA-OIG-Report.pdf).

<sup>8</sup> See *id.* at 35.

<sup>9</sup> See *id.* at 4.

“[t]he [OIG] report makes it clear Singh played a role in, or at least at a minimum, had been aware of the underlying activity” involving the payments.”<sup>10</sup>

**c) Holtec was found to have overcharged TVA for Spent Fuel Management demonstrating lack of trustworthiness.**

The TVA OIG also found that Holtec had charged TVA unreasonable prices for spent fuel management systems and “may have made false statements” regarding those prices.<sup>11</sup> This apparent willingness to overcharge is highly relevant here, because Holtec related entities will be dealing with themselves. According to the PSDAR, Holtec will seek an exemption to use decommissioning trust fund monies for spent fuel management. If this is approved, HDI will be paying Holtec International for spent fuel management. Overcharging by Holtec International would result in needless diversion of monies from decommissioning to private coffers.

**d) Holtec’s lying to government officials in New Jersey demonstrates its lack of trustworthiness.**

Holtec International falsely claimed it had never been barred from working for a federal agency in sworn statements made in a 2014 New Jersey tax break application signed by Dr. Singh. Five days after WNYC and Pro-Publica asked about it, lawyers called it “inadvertent” and asked the State to correct it. Thus, the company conceded that Dr. Singh gave a false answer to win \$250 million in taxpayer assistance for a new plant in Camden.<sup>12</sup> It is scarcely credible that

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<sup>10</sup> Ex. H (Ryan Hutchins & Katherine Landergan *Task Force Uncovers Bombshell Report on Holtec*, POLITICO (Jul. 9, 2019), available at <https://www.politico.com/states/new-jersey/story/2019/07/09/holtec-ceo-was-at-center-of-inquiry-that-led-to-disbarment-by-federal-agency-1091777>.)

<sup>11</sup> Ex. G at 7.

<sup>12</sup> Ex. I (John Pillets & Nancy Solomon, *A False Answer, A Big Political Connection, and \$250 Million in Tax Breaks*, PROPUBLICA (Jun. 26, 2019), available at <https://www.propublica.org/article/holtec-international-george-norcross-tax-breaks>).

Dr. Singh would have forgotten the TVA investigation, because the OIG report makes it clear that he was interviewed by investigators about the issue.

In addition, on the same form Dr. Singh made sworn statements that a number of other states including Ohio and South Carolina had made “robust proposals” to attract Holtec to those states. In fact, local elected officials and economic development staffers in Ohio, as well as South Carolina, said in interviews that they knew of no approved package of incentives their states had offered Holtec.<sup>13</sup>

In a related incident, Holtec told New Jersey economic development officials that it had “robust” proposal from Ohio, when in fact Ohio had stripped Holtec of its tax credits there because Holtec failed to create the jobs it had promised as part of a tax break program in Ohio similar to New Jersey’s just weeks prior to filing its application in New Jersey.<sup>14</sup>

Dr. Singh’s repeated sworn false statements on behalf of Holtec and failure to disclose material information demonstrate a lack of trustworthiness.

**e) Holtec’s lying to the NRC, New Mexico government officials and the public in New Mexico demonstrates its lack of trustworthiness.**

Holtec made a number of false or misleading statements in its Environmental Report and Safety Analysis Report (“SAR”) during an attempt to secure a 40-year permit from the NRC to deposit up to 120,000 metric tons of highly radioactive waste at a New Mexico site.<sup>15</sup> These

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<sup>13</sup> See Ex. J (Nancy Solomon, *The Real Bosses of New Jersey: How Unelected Officials Run Your Government*, PROPUBLICA, (May 23, 2019) available at [https://propublica.org/series/the-real-bosses-of-new-jersey.](https://propublica.org/series/the-real-bosses-of-new-jersey))

<sup>14</sup> See *Id.*

<sup>15</sup> Letter from Stephanie Garcia Richard, Commissioner of Public Lands to Krishna P. Singh with cc to Hon. Kristine Svinicki, Chair, United States Nuclear Regulatory Commission (June 19, 2019) available at [https://adamswebsearch2.nrc.gov/webSearch2/main.jsp?AccessionNumber=ML19183A429.](https://adamswebsearch2.nrc.gov/webSearch2/main.jsp?AccessionNumber=ML19183A429)

mainly related to the danger that exploitation of mineral resources below the site could lead to subsidence or other safety issues, as follows:

- Holtec falsely claimed to the NRC and New Mexico officials that it had full control over the intended site for the facility, yet the land is a split estate. Holtec did not disclose that the State of Mexico is in fact the owner of the site's mineral estate.
- Holtec falsely asserted in the SAR that it had secured third-party agreements to prevent any problematic mineral exploitation below the site, when in fact Holtec had secured only one such agreement that had not been approved by the State Land Office and many other mineral exploitation companies are operating in the area.
- Holtec falsely claimed in the SAR that oil and gas drilling and hydraulic fracturing on the site that might conflict with the proposed nuclear storage facility would be restricted when, in fact, the State Land Office has not approved any such restrictions and, furthermore, would likely encounter legal challenges from businesses that are already conducting operations on the site pursuant to their existing mineral leases if it did so.
- Holtec misrepresented the level of statewide support as "overwhelming" when, in fact a variety of organizations expressed concern about such a facility and some outright opposed it.

While the substantive result of the determination was that the State did not believe that "Holtec's proposed nuclear storage project is in the best interests of the State Land Office, its lessees, and its beneficiaries," the significance of this issue with respect to Riverkeeper's contention with respect to the requested Indian Point license transfer is that Holtec, in its application to the NRC, made a string of self-serving false statements.

**C. Demonstration that the Contention is Within the Scope of the Proceeding**

The contention is within the scope of the proceeding because it challenges the failure of the proposed license transferee to comply with NRC regulations for the transfer of nuclear reactor operating licenses.

**D. Demonstration that the Contention is Material to the Findings NRC Must Make to Issue the License Amendment**

The contention is material to the findings the NRC must make to issue the proposed license amendment because it challenges noncompliance with 10 C.F.R. § 50.82, which must be complied with for approval of the license amendment.

**E. Concise Statement of the Facts or Expert Opinion Supporting the Contention, Along With Appropriate Citations to Supporting Scientific or Factual Materials**

The facts on which Riverkeeper relies for this contention are set forth in Section B.1, the statement of basis. These facts are found in the application, government documents, and media accounts.

**F. Demonstration That Contention Raises a Genuine Dispute with the Applicant on a Genuine Issue of Law or Fact.**

Riverkeeper has demonstrated that it has a genuine dispute with the applicant regarding whether HDI and the other Holtec subsidiaries who will be responsible for decommissioning the Indian Point site have sufficient character qualifications to provide a reasonable assurance that they will safely decommission the site. The contention itself asserts a material dispute with the applicant, and the statements of legal and factual basis support the contention. Riverkeeper has also supported its contention with citations to relevant portions of the License Transfer Application and PSDAR.

## **VI. CONCLUSION**

For the foregoing reasons, Riverkeeper's hearing request and petition to intervene should be granted and its contention should be admitted.

Respectfully submitted on February 12, 2020,

Signed electronically by:

Todd Ommen  
Managing Attorney  
Pace Environmental Law Clinic, Inc.  
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# # #



**UNITED STATES OF AMERICA  
NUCLEAR REGULATORY COMMISSION  
BEFORE THE SECRETARY**

In the Matter of

ENERGY NUCLEAR OPERATIONS, INC.;  
ENERGY NUCLEAR INDIAN POINT 2, LLC;  
ENERGY NUCLEAR INDIAN POINT 3, LLC;  
HOLTEC INTERNATIONAL; and HOLTEC  
DECOMMISSIONING INTERNATIONAL, LLC;  
APPLICATION FOR ORDER CONSENTING TO  
TRANSFERS OF CONTROL OF LICENSES  
AND APPROVING CONFORMING LICENSE  
AMENDMENTS

(Indian Point Nuclear Generating Station)

Docket Nos.:

50-3

50-247

50-348

72-051

**CERTIFICATE OF SERVICE**

Pursuant to 10 CFR § 2.305, I certify that copies of Petition of Riverkeeper, Inc. to Intervene and for a Hearing have been served upon the Electronic Information Exchange, the NRC's e-filing system, in the above captioned proceeding, on February 12, 2020.

Signed electronically by:

Todd Ommen  
Managing Attorney  
Pace Environmental Law Clinic, Inc.  
78 N. Broadway  
White Plains NY 10603  
Tel.914-422-4343  
Email: [tommen@law.pace.edu](mailto:tommen@law.pace.edu)

## Exhibit A

UNITED STATES OF AMERICA  
NUCLEAR REGULATORY COMMISSION  
BEFORE THE SECRETARY

In the Matter of	)	
	)	
Entergy Nuclear Operations, Inc.	)	Docket Nos. 50–003, 50–247, 50–286,
	)	
Indian Point Nuclear Generating Unit	)	and 72–051
Nos. 1, 2, and 3	)	
_____	)	

**STANDING DECLARATION OF COURTNEY M. WILLIAMS**


I, Courtney M. Williams, declare as follows:

1. My name is Courtney M. Williams. I own a home and live on McGuire Ave, Peekskill, NY. My home lies approximately 1 mile from the Indian Point nuclear power plant. My family and I often go to Peekskill Riverfront Park, which is on the Hudson River. We also like to go to the playgrounds and event space at the park along the riverfront. We use the riverfront walkway to recreate and exercise. In addition, we visit Charles Point Park on the Hudson to recreate along the waterfront, and once each year to watch Fourth of July fireworks.
2. I work in Tarrytown, which is also on the Hudson River, and I take the Metro North Hudson Line on a routine basis. The train travels right along the Hudson River. My family has also boated on the Hudson River for fall leaf cruises.
3. I spend so much time on and near the Hudson River because of its natural beauty. In fact, the Hudson River drew us to Peekskill when we purchased our home. We wanted to be close to the environmental beauty of the river.
4. I have two children, who attend Buchanan-Verplanck Elementary School. This school is less than 4,000 feet from the Indian Point Nuclear Power Plant. I am very concerned about what harms an incomplete or unsafe decommissioning would cause to my children and the school generally.
5. I understand that Entergy Nuclear Operations, Inc. and its subsidiaries have applied to the U.S. Nuclear Regulatory Commission for a license amendment that would allow it to transfer the operating licenses for the three Indian Point nuclear reactors and the general license for the Indian Point Independent Spent Fuel Storage Installation from Entergy to Holtec Decommissioning International, L.L.C. (“HDI”), a subsidiary of Holtec International (“Holtec”). It is also my understanding that after the license transfer, HDI’s principal activity will be to decommission the Indian Point site. I also understand that HDI will be responsible for storage of spent reactor fuel at the site.
6. The 240-acre Indian Point site has been inaccessible to the public for decades. It is also set in a beautiful area, because it is located directly adjacent to the Hudson River in a

semi-rural location. While I look forward to the time when I can enter the site freely as a member of the public, I appreciate that it has one of the smallest footprints of any plant in the nation, is crisscrossed by multiple high-pressure gas transmission pipelines, and given the lack of a national repository, will be home to spent fuel for the foreseeable future. Given this, my main concern is the safest possible hardened on-site storage of the spent fuel. Second, I hope that at least part of the property will be devoted to a public park, where I can hike, boat, and generally enjoy the natural environment.

7. However, I am concerned about credible reports that HDI and its parent corporation, Holtec, have conducted themselves in a way that demonstrates a lack of integrity and accountability, including material misrepresentations to government officials and attempted bribery. I am concerned that a lack of integrity and accountability may be perpetuated in how HDI handles the Indian Point decommissioning.
8. I have attempted to raise these issues at public meetings with Holtec. Each time they have refused or obfuscated the answer to legitimate questions about their track record of handling nuclear waste.
9. In decommissioning the Indian Point site, HDI will be responsible for managing millions of dollars in decommissioning fund, and for conducting the cleanup of the site to federal standards for public release. Even though the decommissioning fund contains millions of dollars, it is limited, and based on an estimate of cleanup costs. If the decommissioning fund is mismanaged or diverted, there may not be sufficient funds leftover to fully decommission the site. And if HDI conducts its decommissioning activities in a dishonest way, the condition of the site may be misrepresented. Therefore, I am concerned that the Indian Point site will not be opened to me in my lifetime, or that it will be open but that its condition will be misrepresented to the jeopardy of my health and safety and the health and safety of my children.
10. I am also concerned that an incomplete or improper decommissioning at Indian Point will diminish the values of my property. I am very concerned that my home will be rendered unsafe or undesirable if the decommissioning is not done well. In addition, I am concerned that, if the site is not restored fully and safely, it cannot be redeveloped and my community will not benefit from tax revenues associated with the site.
11. Accordingly, I have authorized Riverkeeper to represent me in this license transfer in order to seek conditions on the license transfer that will ensure full transparency and accountability by HDI.
12. I declare under penalty of perjury that the foregoing is true and correct.

Executed on February 10, 2020



Courtney M. Williams

## Exhibit B

UNITED STATES OF AMERICA  
NUCLEAR REGULATORY COMMISSION  
BEFORE THE SECRETARY

In the Matter of	)	
	)	
Entergy Nuclear Operations, Inc.	)	Docket Nos. 50-003, 50-247, 50-286,
	)	
Indian Point Nuclear Generating Unit	)	and 72-051
Nos. 1, 2, and 3	)	
_____	)	

**STANDING DECLARATION OF NANCY S. VANN**

I, Nancy S. Vann, declare as follows:

1. My name is Nancy S. Vann. I live on Union Avenue in Peekskill, New York. My home lies within 1.6 miles of the Indian Point nuclear power plant and my summer cabin lies within approximately 1 mile of that facility. I regularly travel in the area of the Indian Point nuclear reactors when going to local events, including those at the Hendrick Hudson Free Library and local restaurants and stores. I also enjoy walking in the parks that lie along the river.
2. I understand that Entergy Nuclear Operations, Inc. and its subsidiaries (collectively "Entergy") have applied to the U.S. Nuclear Regulatory Commission ("NRC") for a license amendment that would allow it to transfer the operating licenses for the three Indian Point nuclear reactors and the general license for the Indian Point Independent Spent Fuel Storage Installation ("ISFSI") from Entergy to Holtec Decommissioning International, L.L.C. ("HDI"), a subsidiary of Holtec International ("Holtec"). It is also my understanding that after the license transfer, HDI's principal activity will be to decommission the Indian Point site. I also understand that HDI will be responsible for storage of spent reactor fuel at the site.
3. The 240-acre Indian Point site has been inaccessible to the public for decades. It is also uniquely beautiful, because it is located directly adjacent to the Hudson River in a semi-rural location. I look forward to the time when I can enter the site freely as a member of the public. I hope that at least part of the property will be devoted to a public park, where I can hike and generally enjoy the natural environment.
4. However, I am concerned about credible reports that HDI's parent corporation, Holtec, has conducted itself in a way that demonstrates a lack of integrity and accountability, including material misrepresentations to government officials and attempted bribery. Because Holtec is HDI's parent corporation, I am also reasonably concerned that a lack of integrity and accountability may be perpetuated in HDI.

5. In addition, I am concerned about the integrity of Comprehensive Decommissioning International LLC (CDI), HDI's joint venture with SNC-Lavalin (SNC-L), a Canadian company that has been convicted in Canada and countries worldwide for fraud, bribery, and other criminal actions. In Section 2 on page 6 of the "Post-Shutdown Decommissioning Activities Report" (Accession number ML19354A698) that HDI filed with the Nuclear Regulatory Commission, HDI identified CDI as both the contractor and as having developed the decommissioning scope, schedule, and associated cost estimate for the decommissioning work.
6. In decommissioning the Indian Point site, HDI and CDI will be responsible for managing millions of dollars in decommissioning fund, and for conducting the cleanup of the site to federal standards for public release. Even though the decommissioning fund contains millions of dollars, it is limited, and based on an estimate of cleanup costs. If the decommissioning fund is mismanaged or diverted, there may not be sufficient funds leftover to fully decommission the site. And if HDI or CDI conduct the decommissioning activities in a dishonest way, the condition of the site may be misrepresented. Therefore, I am concerned that the Indian Point site will not be opened to me in my lifetime, or that it will be open but that its condition will be misrepresented to the jeopardy of my health and safety.
7. I am also concerned that an incomplete or improper decommissioning at Indian Point will diminish the values of my property. I am very concerned that my home will be rendered undesirable if the decommissioning is not done well. In addition, I am concerned that, if the site is not restored fully and safely, it cannot be redeveloped and my summer cabin property will not benefit from tax revenues associated with the site.
8. Accordingly, I have authorized Riverkeeper to represent me in this license transfer in order to seek conditions on the license transfer that will ensure full transparency and accountability by HDI.
9. I declare under penalty of perjury that the foregoing is true and correct.

Executed on February 12, 2020



Nancy S. Vann

## Exhibit C



## NEWS

# Moving nuclear waste at San Onofre sparks war of words between contractor, community panel

Panel members express concerns to Holtec, which brands their views as 'irresponsible claptrap' and a 'hatchet job'



Jeff Carey, of Southern California Edison, takes a radiation reading from one of the Holtec HI-STORM UMAX dry storage containers for spent fuel on site at the decommissioned San Onofre Nuclear Generating Station in San Clemente, CA on Monday, March 18, 2019. (Photo by Paul Bersebach, Orange County Register/SCNG)

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By **TERI SFORZA** | [tsforza@scng.com](mailto:tsforza@scng.com) | Orange County Register

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Concerns about Holtec International's ability to do its job — moving San Onofre's highly radioactive nuclear waste from wet to dry storage — have been voiced by leaders of a citizens panel advising Southern California Edison on the plant's decommissioning.

"The community engagement process has been through some rough sledding over the last 6+ months, but we are encouraged by the new direction of Edison as it prepares to restart the fuel offloading campaign," said the [private memo to Edison executives](#) from David Victor, Dan Stetson and Jerry Kern, the executive committee for San Onofre's volunteer Community Engagement Panel.

"However," the memo continues, "we are increasingly concerned about a key variable in the process: Holtec."

Holtec, copied on the missive, issued a [blistering response](#).

"Your memo is very much in the tradition of irresponsible claptrap that dominates your CEP meetings," it said. "An inflammatory memo unsupported by facts is little more than a hatchet job."

Hanging in the balance: millions of pounds of nuclear waste.

Contractor Holtec began transferring the waste from wet to dry storage — where experts say it is safer — last year, but hiccups quickly tripped up progress. Workers were preparing a canister for loading in February 2018 when they discovered [a loose, stainless-steel bolt inside](#), about 4 inches long.

An investigation revealed that Holtec had [altered the canister design without permission from the NRC](#).

On July 22, workers had difficulties centering and aligning a canister as it was being lowered into a vault. And on Aug. 3, [a 50-ton canister got stuck on a shield ring](#) near the top of the 18-foot-deep vault where it was to be entombed. Workers didn't realize that the slings supporting the canister's massive weight had gone slack. It hung there, unsupported, for close to an hour, in danger of dropping.

Despite Edison's pledges that [lessons have been learned and errors will not repeat themselves](#), the Nuclear Regulatory Commission has [withheld permission](#) to resume loading, due to [concerns about scratches on the stainless steel](#)

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In their memo to Edison, Victor, Stetson and Kern said their first concern about Holtec management “arises from its behavior, so far, in the fuel offloading campaign. We can fully appreciate that a full bore offloading campaign to empty fuel pools over just a year is different from one-off campaigns that load a few canisters at a time using work crews that come and go.

“But it was extraordinary that Holtec did not anticipate these crucial differences — nor do they appear to have done much to help move lessons between their facility in Missouri (which is using the same canister technology) and SONGS.

“This poor ability to predict different conditions, manage the campaign, and move best practices across like experiences reveals a failure” in their ability to manage the project, they wrote.

The trio also voiced concerns about Holtec’s corporate governance being “opaque” and apparently “stacked by people who are not currently engaged at the frontier of the industry,” as well as doubts about how Holtec is “branching into new businesses that require very different management skills and attention than their current engineering business.”

Holtec is investing in a small modular reactor and purchasing the Oyster Creek nuclear plant in New Jersey, which “is much more management intensive” and comes “with a lot of community and regulatory exposure — areas where Holtec has not excelled in the past,” they wrote. “It’s hard to see how management stays focused in the ways that we need at SONGS.”

## Edison’s response

In its response, Edison Vice President Doug Bauder [thanked them for their frankness](#) and reiterated the company’s commitment to public safety and transparency. He also outlined [in-house changes](#) made in the wake of the problems, as well as changes at Holtec, including a new site project executive director and expanded, intensive training programs.

Holtec’s response was not quite so politic.

“(Y)ou denigrate Holtec International’s corporate management without any substantiating basis. We understand that you have not even bothered to read any of our corporate policy documents .... Perhaps familiarizing yourself with our company’s nuclear program, its global footprint and complex engagements

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“(Y)our memo is crafted to sow doubt in the minds of the local people about the competence of the only company that can carry out such work! Given that underground storage in (Holtec’s Hi-Storm) UMAX is the universally-agreed safest solution, do your efforts to undermine Holtec serve public interest or sabotage it?”

“... Our nuclear program is the envy of the world, your cheap shots notwithstanding.”

Victor, who considers Holtec’s engineering abilities robust, was taken aback by its response.

“It’s an emotional letter from someone who feels under attack and isn’t used to public scrutiny,” said Victor, co-director of UC San Diego’s Laboratory on International Law and Regulation. “You can understand it, and maybe empathize. But it’s emblematic of the point we’re making: This is not just an engineering question. It’s a public trust issue.”

He was encouraged by Edison’s response — “Edison knows they own this and this is their responsibility,” Victor said — but he’d like more from Holtec about what it has learned from the incidents at San Onofre, and how those lessons will apply in the future.

“Our focus is the future,” Victor said. “We want Holtec to be successful. If Holtec’s successful, we’re successful.”

Holtec wants to build interim storage in New Mexico to get the waste off San Onofre’s beach and house it until the federal government comes up with a permanent solution.

In the wake of the snit, Holtec Senior Vice President Joy Russell said Holtec remains committed to safety in all it does and will continue to work with Edison and the Nuclear Regulatory Commission to ensure that fuel transfer operations can continue successfully at San Onofre. The company’s engineering and design expertise in dry storage technology eventually will enable plants to move their spent fuel to interim storage, she said in a statement.

Edison, for its part, continues to have full confidence in the Holtec UMAX spent fuel storage system, and in the improvements made to fuel transfer operations, spokesman John Dobken said. After multiple inspections, the NRC has found the corrective actions to be appropriate, and its focus is on resolving remaining

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“Packaging fuel for offsite transportation is key to ultimately removing the spent fuel from San Onofre. SCE shares that goal with our stakeholders and our community,” Dobken said. “We appreciate the efforts of the Community Engagement Panel to highlight areas of concern in a thoughtful, constructive manner.”

Read the letters here:

[CEP Leadership to Edison Re Concerns about Holtec](#)

[SCE letter to CEP Leadership](#)

[Holtec letter to David Victor](#)

*Updated 6.50 p.m. with Edison statement*

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## Teri Sforza

Teri Sforza is one of the lead reporters on the OCR/SCNG probe of fraud, abuse and death in the Southern California addiction treatment industry. Our "Rehab Riviera" coverage won first place for investigative reporting from the California Newspaper Publishers Association, first place for projects reporting from Best of the West and is a finalist for the National Institute for Health Care Management Foundation's print award, competing with the New York Times, the Washington Post and ProPublica. Sforza birthed the Watchdog column for The Orange County Register in 2008, aiming to keep a critical (but good-humored) eye on governments and nonprofits, large and small. It won first

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Song," the first book to tell the story of a genetic condition called Williams syndrome and the extraordinary musicality of many of the people who have it. She earned her M.F.A. from UCLA's School of Theater, Film and Television, and enjoys making documentaries, including the OCR's first: "The Boy Monk," a story that was also told as a series in print. Watchdogs need help: Point us to documents that can help tell stories that need to be told, and we'll do the rest. Send tips to [watchdog@ocregister.com](mailto:watchdog@ocregister.com).

 Follow Teri Sforza [@terisforza](https://twitter.com/terisforza)

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## Exhibit D

**NEWS**

# At San Onofre, NRC rejects fine against Holtec for changing design of nuclear waste canisters without permission

Company learned from its mistakes, federal regulator says after deciding not to impose \$36,250 penalty



The Holtec Hi-Storm Umax dry storage system for spent fuel at San Onofre Nuclear Generating Station. (Courtesy of Southern California Edison)

By **TERI SFORZA** | [tsforza@scng.com](mailto:tsforza@scng.com) | Orange County Register

PUBLISHED: April 29, 2019 at 2:54 pm | UPDATED: April 30, 2019 at 10:19 am



Holtec International, the company making canisters to contain highly radioactive nuclear waste at San Onofre, has escaped fines related to the surprise redesign of those vessels, which [caught officials at Southern California Edison and the Nuclear Regulatory Commission off guard](#).

Part of the reason: San Onofre's spent fuel is not so hot.

An investigation revealed that Holtec altered the canister design — adding pins to the canister bottoms to facilitate the flow of cooling gas — without permission from the NRC. [Holtec considered the change too minor](#) to require NRC scrutiny; the commission disagreed.

"The failure to establish adequate design control measures and obtain NRC approval prior to modifying multi-purpose canisters with four-inch, stainless steel stand-off pins, was deemed potentially safety significant," the NRC said in its final decision on the matter, released last week.

"Holtec's design review process for the change did not adequately consider all potential impacts that could adversely affect the safety-related functions. .... The stand-off pins are essential to the function of the fuel basket to maintain support and ensure that the shims remain in place to allow helium to adequately circulate around the fuel assemblies within the canister."

But the NRC essentially said no harm, no foul.

The waste loaded into four Holtec canisters with the new, unapproved design at the shuttered San Onofre Nuclear Generating Station had been cooling in spent fuel pools for years, and, thus, is not as hot as what the canisters were designed to withstand. That means that even if pins broke — impeding gas flow inside the canister — [it wouldn't pose a safety problem](#).

However, if the canisters had been loaded with hotter fuel, the failure of multiple pins "could have compromised the heat transfer characteristics," increasing temperatures inside the canister beyond allowable limits and potentially damaging insulation material, the NRC said.

Holtec had two violations, the NRC said: failure to establish adequate design control measures of components important to safety, and failure to perform evaluations before making changes.

A base civil penalty of \$36,250 was considered and rejected due to Holtec's "prompt and comprehensive" corrective actions, which included the

That outraged some critics. "The failure by the NRC to fine Holtec for breaking the law shows that it isn't serious about protecting the public's safety," said Charles Langley, executive director of Public Watchdogs, in a statement.

Joy Russell, Holtec's senior vice president of business development and communications, said the NRC has confirmed the safety of the canisters with the pin design and that the canisters "would continue to be in a safe condition during the entire licensed period of storage" and "did not result in an actual significant safety concern."

"The loaded canisters do not and never have posed any risk to public health and safety," Russell said in a statement. "Holtec accepts the violations and ... the NRC has determined that Holtec's violations resulted in having moderate to low safety significance concern. Holtec remains committed to safety in all we do and will continue to work with the NRC."

*Updated 4.30.2019 with statement from Holtec*

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## Teri Sforza

Teri Sforza is one of the lead reporters on the OCR/SCNG probe of fraud, abuse and death in the Southern California addiction treatment industry. Our "Rehab Riviera" coverage won first place for investigative reporting from the California Newspaper Publishers Association, first place for projects reporting from Best of the West and is a finalist for the National Institute for Health Care Management Foundation's print award, competing with the New York Times, the Washington Post and ProPublica. Sforza birthed the Watchdog column for The Orange County Register in 2008, aiming to keep a critical (but good-humored) eye on governments and nonprofits, large and small. It won first place for public service reporting from the California Newspaper Publishers Association in 2010. She also contributed to the OCR's Pulitzer Prize-winning investigation of fertility fraud at UC Irvine, covered what was then the largest municipal bankruptcy in America's history, and is the author of "The Strangest Song," the first book to tell the story of a genetic condition called Williams syndrome and the extraordinary musicality of many of the people who have it. She earned her M.F.A. from UCLA's School of Theater, Film and Television, and enjoys making documentaries, including the OCR's first: "The Boy Monk," a story that was also told as a series in print. Watchdogs need help: Point us to documents that can help tell stories that need to be told, and we'll do the rest. Send tips to [watchdog@ocregister.com](mailto:watchdog@ocregister.com).

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## Exhibit E



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## Safety Inspector Describes Near Accident During San Onofre Community Panel Discussion

Friday, August 10, 2018

By [Maureen Cavanaugh](#), [Megan Burke](#)



Photo by [KPBS Staff](#)

Above: The shuttered San Onofre Nuclear Generating Station shown on May 9, 2017.

The decommissioning of the shuttered San Onofre nuclear power plant is moving forward, even as controversies continue over the storage of spent nuclear fuel.

A regular quarterly meeting of the San Onofre Community Engagement Panel took place in Oceanside Thursday night. The subject Southern California Edison, the operator and majority owner of the plant, presented was current practices in the transportation of used nuclear fuel. The problem is, it's still not known where, when or if ever the spent fuel being buried behind a seawall at San Onofre will be moved.

But a whistleblower who is a contractual employee at the plant stood up at the meeting and shifted focus for a time.

David Fritch, who is an Occupational Safety and Health Administration inspector at the San Onofre Nuclear Power plant said, there had nearly been an accident at the plant when operators were transferring a nuclear cylinder into a vault. He said a canister got stuck on a ledge about 18 feet from the bottom of the vault without operators noticing.

### **RELATED: State Lands Commission To Hear Public Input On San Onofre Decommissioning**

"There were gross errors by two individual operators, and the rigger, which are inexplicable. So what we have is a canister that almost fell 18 feet. Bad day. Bad. And we haven't heard about it, and that's not right," Fritch said. "Public Safety should be first. I've been around nuclear for many years. It's not behind that gate."

Edison issued a written statement on the incident:

Southern California Edison has directed its contractor, Holtec, to take corrective actions, including additional training, after evaluating performance errors discovered during the loading of a spent nuclear fuel canister on Aug. 3 into dry cask storage at the San Onofre nuclear plant. At no point during this incident was there a risk to employee or public safety, and immediate lessons learned have already been integrated in our processes.

Holtec was loading the spent fuel canister into the Cavity Enclosure Container (CEC) on the dry cask storage pad when the canister got caught on an inner ring that helps to guide it into place. There is a very snug fit in the CECs, and it is not unusual for it to take the downloading team a few manipulations to get the canister aligned appropriately.

The crew performing this work did not initially recognize that the canister had stalled while caught on the inner ring. However, SCE's oversight team determined the canister was not sitting properly, and the canister was repositioned and safely placed on the bottom of the CEC.

SCE also directed Holtec to review the incident with the fuel handling and downloading teams and discuss lessons learned regarding the potential for the canister to become wedged in the process of lowering the canisters into the storage facility prior to loading the next canister. Additional actions and training were added to the loading processes, which is a part of our ongoing efforts to continuously improve our work practices. We do this routinely to ensure we are continuously evaluating our performance, communicating with the crews, and incorporating best practices – all of these steps were discussed at the San Onofre Community Engagement Panel meeting last night.

SCE is committed to protecting the safety of the public and takes these incidents very seriously as we progress through our decommissioning process. In addition to working closely with Holtec, we also discussed the performance concerns with the Nuclear Regulatory Commission.

KPBS Midday Edition also spoke with David Victor, a UC San Diego International Relations professor and chair of the Community Engagement Panel, about the incident.

"This is a workplace safety issue," he said. "There was never a question at any time of any danger on the nuclear side because the canisters are designed to withstand much larger drops than what was contemplated, and I think it's actually not 18 feet it's much smaller than that."

"I was concerned about the implications that there was the cusp of an accident, I see no evidence that that was actually true," Victor said.

Editor's note: this story was updated to include a statement from Southern California Edison.

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## Exhibit F

**NEWS**

# Edison makes changes at San Onofre, ready to resume loading nuclear waste

Critics contend the changes are not enough. NRC decision due next week.



Southern California Edison is ready to resume storing spent nuclear fuel in the Holtec HI-STORM UMAX dry storage system, in foreground, on site at the decommissioned San Onofre Nuclear Generating Station in San Clemente, CA. Officials gave a media tour on Monday, March 18, 2019. (Photo by Paul Bersebach, Orange County Register/SCNG)

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By **TERI SFORZA** | [tsforza@scng.com](mailto:tsforza@scng.com) | Orange County Register

PUBLISHED: March 18, 2019 at 6:57 pm | UPDATED: March 19, 2019 at 4:34 pm

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But here, the heat comes not from the sun, but from 29 vents allowing nuclear waste to cool at the shuttered San Onofre Nuclear Generating Station. Nearby, four giant canisters stood outside the fuel pool buildings, awaiting the green light from regulators that will allow Southern California Edison to resume transferring the highly radioactive waste from wet to dry storage in this “concrete monolith” by the sea.

The official go-ahead to resume loading could come from the Nuclear Regulatory Commission as early as next week, officials said Monday, March 18. Edison had originally hoped to resume loading in January, and is a bit like a racehorse at the starting gate, poised for the race to start.

“The big lesson is, we need to be more intrusive over all our contractors and we will be more intrusive,” said Ron Pontes, Edison’s environmental decommissioning strategies manager. “This is nuclear and industrial safety. We lost sight of that a little bit in this process. We didn’t demand that rigor out of our contractors.”

Fuel loading screeched to a halt last August, after a 50-ton canister got stuck on a shield ring near the top of the 18-foot vault where it was to be entombed. The slings supporting the canister’s massive weight went slack, and it hung there, unsupported, for close to an hour, in danger of dropping.

Edison has put many new checks and balances into place that will prevent the errors of the past from repeating themselves, officials told journalists during a walk-through of the dry storage pad on Monday.

When loading finally resumes, cameras — monitored by many eyes — will watch as the behemoths descend into dry storage vaults. Alarms will go off if there’s a sudden, significant change in the weight supported by the canister-lowering machinery.

Workers at all levels have been more rigorously trained at loading canisters into the Holtec Hi-Storm UMAX system and supervising them — actual canisters are thicker than the ones workers originally practiced loading, meaning a tighter fit and less wiggle room.

Personnel changes also have been made at the top and down the chain of command. There are 16 more oversight managers — six dedicated exclusively to Holtec — and management will be much more “intrusively engaged.”

## Critics not satisfied

Critics, however, say it's not enough.

"Procedures won't change the fact that every canister downloaded into the storage holes is and will be damaged the entire length of the canister walls," said Donna Gilmore of SanOnofreSafety.org, referring to scratches from the shield ring due to the very tight fit.

"This Holtec system is a lemon and must be recalled and replaced," she said.

Edison nemesis Michael Aguirre has filed suit against the NRC in federal court, seeking to compel the release of documents from the NRC's probe of San Onofre's mishaps and the resulting inspections. He also has asked the NRC to hold its meeting on the incident in San Diego, where the "beachfront nuclear waste dump" is located.

## Prior incidents

The three mishaps in 2018 do not inspire their confidence.

In the first, Edison was preparing to load a canister with spent fuel in February 2018 when it discovered a loose, stainless-steel bolt inside, about 4 inches long. An investigation revealed that Holtec had altered the canister design — adding pins to the bottom of the canisters to help gas flow — without permission from the NRC.

Then, on July 22, workers had difficulties centering and aligning a canister during download, but it did not get wedged in the vault, the sling supporting its weight did not go slack, and it was never in danger of falling.

That incident didn't get entered into the plant's "corrective action program," however, so there was no chance to learn from what happened. And so on Aug. 3, another misalignment problem resulted in the canister getting stuck, and the halt in loading fuel into dry storage.

Experts from the Union of Concerned Scientists and elsewhere say that it's far safer to have spent fuel in dry storage, rather than in the spent fuel pools where most still resides, because they are "passive systems" that require no water and no electricity to keep the waste cooling and safe.

## 3 meetings scheduled

For Edison, it will be a very busy couple of weeks as it gears up to resume loading. Three meetings on San Onofre are scheduled before the month's end:

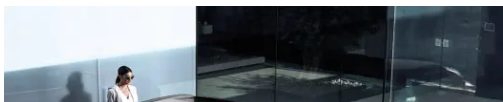
- At 9 a.m. Thursday, March 21, the California State Lands Commission — one of many agencies with a sliver of authority over the tear-down — will consider the environmental impact report on San Onofre's decommissioning at the QLN Conference Center's Exhibit Hall, 1938 Avenida del Oro, in Oceanside.
- At noon Monday, March 25, the Nuclear Regulatory Commission will hold a "virtual public meeting" on its final enforcement decisions related to the August mishap, as well as findings from recent inspections "to independently verify the adequacy of corrective actions at the plant." People can register for the webinar on the NRC website.
- And from 5:30-8:30 p.m. Thursday, March 28, Edison will hold its often-raucous, quarterly Community Engagement Panel Meeting to update the public on the decommissioning process at the Laguna Hills Community Center & Sports Complex, 25555 Alicia Parkway.

Like critics, Edison wants the waste off the property as soon as humanly possible, and has absolutely nothing to gain by keeping it there, Pontes said.

"That's why it's so vital that there's pressure put on the federal government to act," he said. "This is not a technical problem. This is a political problem. This is a national problem."

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### Why You'll Fall in

## Exhibit G



**Office of the Inspector General  
Report of Administrative Inquiry**

March 23, 2010

William R. McCollum, Jr., LP 6A-C  
Ralph E. Rodgers, WT 6A-K

(b) (7)(C)  
(b) (7)(C)  
HOLTEC INTERNATIONAL  
555 LINCOLN DRIVE WEST  
MARLTON, NEW JERSEY 08053  
OIG FILE NO. 12E-102

This report was prepared at the request of Ralph E. Rodgers, Deputy General Counsel, Office of the General Counsel, Tennessee Valley Authority (TVA), to summarize investigative and audit efforts concerning the actions of (b) (7)(C). These efforts were initiated following the receipt of a complaint that (b) (7)(C) had engaged in funneling money to a TVA employee, John L. (Jack) Symonds, to secure TVA nuclear contracts for HI. This report provides information related to how those payments were made to the TVA employee, (b) (7)(C) involvement with those payments and the pattern of behavior exhibited by (b) (7)(C) when attempting to acquire nuclear contracts. The report also reflects audit findings of overbilling by HI for equipment costs and the rationale provided by HI and TVA for the price difference at two of TVA's nuclear plants. The findings in this report were based on the statements of (b) (7)(D), several witnesses, the statements of Mr. Symonds, former Brown Ferry Nuclear Plant (BFN) Technical Contract Manager, and documents included as attachments.

On August 3, 2007, Mr. Symonds pled guilty in U.S. federal court to making false financial statements to TVA by not disclosing receiving more than \$54,000 from Krohn Enterprises LLC, a company he co-owned with his spouse. Mr. Symonds was paid by HI through another company called U. S. Tool & Die (UST&D). Mr. Symonds knew HI had contracted with TVA in November 2001 to design and construct a dry cask storage system for spent nuclear fuel rods at BFN, and had contracted with UST&D to fabricate some of the construction materials for the TVA BFN dry cask storage system. The money received by Mr. Symonds was used to pay personal expenses of Mr. Symonds and his spouse.



## OVERVIEW

During June 2000, TVA needed above-ground storage containers to store spent nuclear fuel at Sequoyah Nuclear Plant (SQN). TVA entered into a contract with HI, for design and construction services, storage systems, and the necessary ancillary equipment for the storage containers. During November 2001, the contract was supplemented to authorize HI to perform the same services at BFN. TVA employee Mr. Symonds was involved in the negotiations for the BFN contract as the BFN Technical Contract Manager, while being courted by HI with promises of money and employment. Mr. Symonds was later paid over \$50,000 for his assistance in obtaining the TVA contract for HI.

## FINDINGS

While TVA was assessing re-racking spent nuclear fuel storage at BFN, the plant initiated a study to determine if BFN should convert to a dry cask storage system instead of re-racking its spent nuclear fuel. Mr. Symonds began advocating strongly for HI to perform the work at BFN that HI had performed at SQN. During this time, (b) (7)(C) agreed to pay Mr. Symonds \$50,000. (b) (7)(C) suggested that Mr. Symonds create a company and took Mr. Symonds to HI's (b) (7)(C) [REDACTED], who provided Mr. Symonds with a contact which would help Mr. Symonds establish an Limited Liability Company (LLC) in Delaware.

From July 29 to August 2, 2001, Mr. Symonds and his wife went to Philadelphia, Pennsylvania, on a birthday trip. The itinerary for the trip was arranged by HI and the round-trip airline reservation for Mr. Symonds and his wife was made and paid for by HI. From Philadelphia, Mr. Symonds and his wife traveled to Atlantic City, New Jersey, and stayed at the Taj Mahal, the Trump-owned hotel, paid for by HI. Mr. Symonds and his wife had dinner with (b) (7)(C) [REDACTED] that night. On July 31, 2001, they returned to Philadelphia where HI had made reservations for the Symonds at the Rittenhouse Hotel. (b) (7)(C) arranged for a dinner party for the Symonds at a fine French restaurant, Le Bec-Fin, and HI paid \$2,137.20 for the meal. Attending were Mr. Symonds and his wife, (b) (7)(C) and his wife, and three HI executives and their escorts. (b) (7)(C) placed Mr. Symonds at the head of the table.

Later in August, 2001, (b) (7)(C) and Mr. Symonds attended a meeting at Fitzpatrick Power Plant, Oswego, New York, consisting of about 30 people representing various utilities to discuss lessons learned. Mr. Symonds was reimbursed a portion of the cost for this trip by TVA, and travel expenses were also charged to UST&D of which (b) (7)(C) was the majority owner. A Confidential Source recalled that (b) (7)(C) and (b) (7)(C) created a company, FABSCO Inc., and that company controlled UST&D (see Attachment 1). While Mr. Symonds was at the meeting, a TVA employee telephoned Mr. Symonds to tell him the TVA Board decided to proceed with the dry

cask storage project for BFN. During a dinner that night, (b) (7)(C) announced with fanfare to everyone present the decision to award the BFN work to HI, to the celebratory sound of clinking glasses. During the dinner, Mr. Symonds' wife told (b) (7)(C) her vocation was credentialing doctors, which included conducting physicians' background checks.

On September 13, 2001, Mr. Symonds had a breakfast meeting with (b) (7)(C) at the Marriott Hotel, Huntsville, Alabama. Previously, (b) (7)(C) had discussed employment for Mr. Symonds with HI. During this meeting, (b) (7)(C) expressed concern, to avoid appearance problems, that Mr. Symonds not come to work at HI directly from TVA. Mr. Symonds would manage a construction company that appeared to be a separate entity from HI. (b) (7)(C) offered Mr. Symonds a vice-president position at HI with a salary of \$175,000 per year plus one percent of the business. (b) (7)(C) suggested January 1, 2002, as the target date for Mr. Symonds to report to work at HI. Mr. Symonds considered himself a part of HI from that point on, even though he continued to work for TVA. (b) (7)(C) told Mr. Symonds they could set up a way to pay Mr. Symonds \$50,000 by setting up a business through Mr. Symonds' wife for background investigation services.

During November 2001, the HI dry cask contract for SQN was supplemented to authorize HI to perform the same services at BFN. Mr. Symonds had been involved in the negotiations for the BFN contract as the BFN Technical Contract Manager.

Also in November 2001, Mr. Symonds established Krohn Enterprises, an LLC in Delaware. On December 13, 2001, a post office box was created for Krohn Enterprises, in Huntsville, Alabama, and the name "Jack Symonds" was included as a person with access to the box. A bank account was also created in the name of Krohn Enterprises. Mr. Symonds came up with the name Krohn by using the first two letters of (b) (7)(C) first name, (b) (7) and the last three letters of his own name, (b) (7)(C).

Further, in November 2001, Mr. Symonds and his wife made a house-hunting trip to Philadelphia, Pennsylvania. The trip was later reimbursed by (b) (7)(C) through UST&D. During this trip, (b) (7)(C) moved Mr. Symonds' employment date from January to April 2002.

Shortly after the meeting in November, Mr. Symonds and (b) (7)(C) met at a restaurant in Cherry Hill, New Jersey. (b) (7)(C) said he did not know if they were going to bring Mr. Symonds in to HI as a vice president, and said Mr. Symonds might be worth more to (b) (7)(C) by remaining at BFN during the Unit 1 restart. (b) (7)(C) then said he would pay Mr. Symonds an additional \$100,000.

Subsequently, (b) (7)(C) instructed UST&D to make a payment of \$50,000 to an agency that would be billing UST&D for background checks. No investigative services were rendered to UST&D, and none were provided by Krohn Enterprises. Krohn Enterprises submitted two invoices to UST&D (Attachment 2). The first invoice, dated January 15, 2002, totaled \$29,212.77 and included the first "retainer" payment of \$25,000 and \$4,212.77 in travel expenses. The travel expenses invoiced to UST&D were for the travel expenses of Mr. Symonds' meetings with (b) (7)(C) and HI officials. The second invoice, dated February 5, 2002, was for a "retainer fee," payment of \$25,000. UST&D paid Krohn Enterprises a total of \$54,212.77. A review was conducted of documents obtained by the Office of the Inspector General (OIG) regarding travel by Mr. Symonds and a copy of the review is attached (Attachment 3).

In approximately January 2002, Mr. Symonds learned from TVA employee (b) (7)(C), who replaced Mr. Symonds as the Technical Contract Manager for the HI contract, that (b) (7)(C) had been offered a job by (b) (7)(C). Mr. Symonds did not miss the fact that he was now being ignored by (b) (7)(C) while (b) (7)(C) was pitching (b) (7)(C) to work for him. Mr. Symonds prepared a letter (Attachment 4) and sent it to (b) (7)(C) as a last chance for a position with HI, although it was clear to Mr. Symonds that his job with HI was dead.

#### STATEMENTS BY KRISHNA SINGH

On October 12, 2006, Mr. Symonds consented to telephoning (b) (7)(C) for the purpose of recording the conversation. Mr. Symonds told (b) (7)(C) the OIG was aware of the money paid to Mr. Symonds by UST&D and was coming to interview Mr. Symonds. Mr. Symonds requested advice from (b) (7)(C) on how to handle the situation. (b) (7)(C) response was as follows:

*Well, you know UST&D had hired your wife to do security checks. She got paid for that, right? That was the retainer paid to do the work. She did do retainer work. Why are they auditing your account? There's no, there's nothing that uh, I mean it was a clean transaction, she was in the business of checking out, you know we had some, to my knowledge, UST&D had some problems with thefts and stuff, otherwise it was checks. She paid for, you know they paid for it. But you didn't do any direct business with UST&D, did you? They won't call me because I have nothing to do with it, you know. But to the extent that I pointed to a potential source for UST&D to get the help, they ask me I'll tell them. You know, I'll tell them the straight scoop. Jack you ought to make sure that you tell them that you really have no, the funds you don't know anything about the fact, other than the fact that your wife was in the business of doing consulting services and it was payment retainer for that work, and it's a company that you don't do any business with, and you have not.*

A copy of the entire transcription is attached (Attachment 5).

A few minutes after the recording above was made, (b) (7)(C) was interviewed in his office by OIG Special Agents. During that interview (b) (7)(C) stated essentially the following.

- Sometime between 1999 and 2001, UST&D was having problems with employee thefts. He wasn't sure if it was parts being stolen or other materials, but there was a problem. (b) (7)(C) advised that he mentioned to someone that Mr. Symonds did security checks. He wasn't sure if it was Mr. Symonds, his partner or someone associated with Mr. Symonds that helped companies catch employees stealing. (b) (7)(C) may have mentioned the theft problems to Mr. Symonds and suggested Mr. Symonds call the plant manager or he may have mentioned it to plant personnel to contact Mr. Symonds, he just couldn't remember. (b) (7)(C) thought he may have put Mr. Symonds in touch with several other people. (b) (7)(C) said he could not give the specifics about how he knew Mr. Symonds was involved with catching employees stealing at factories. (b) (7)(C) did not know if UST&D used Mr. Symonds or not.
- (b) (7)(C) recalled Mr. Symonds visited HI on a couple of occasions when Mr. Symonds was on a project they were doing at BFN. If Mr. Symonds came to HI, he (b) (7)(C) would have seen him. He never requested that HI employees entertain Mr. Symonds. However, he did know that Mr. Symonds was friendly with one of HI's engineers who no longer worked for HI. (b) (7)(C) was asked if he provided any entertainment to Mr. Symonds and (b) (7)(C) said he remembered having dinner with Mr. Symonds on one occasion. He does not remember who paid for the meal but he normally offered to pay for any meal he had with someone and they normally obliged. Sometimes clients would send checks back to him for the cost of their meals. He did not recall the specifics about the meal with Mr. Symonds.
- (b) (7)(C) stated that he would not have offered any money to Mr. Symonds or Krohn Enterprises for any reason. He did not direct anyone to pay any money to Mr. Symonds or Krohn Enterprises for any reason. He did not think that Mr. Symonds would solicit money from him. He said he has a particular air about him, and no one would ask a cent from him. (b) (7)(C) said that he was a very ethical person in business dealings. (b) (7)(C) stated he could not say if someone at HI or UST&D paid Mr. Symonds, but he has never been told anything or that anyone paid Krohn Enterprises anything. (b) (7)(C) opined that Mr. Symonds was not in a position to award contracts for TVA.

**OTHER BAD ACTS BY (b) (7)(C)**

(b) (7)(D), Exelon Corporation provided documentation relating to an internal investigation concerning an engineer in a position to potentially influence a contract award to HI and whose wife had a business with which HI began doing business under (b) (7)(C) direction. That investigation was instituted upon the receipt of information that HI, a contractor involved in a \$20,000,000 project with ComEd, an Exelon company, for dry cask storage products, had switched travel agencies and began using an agency in Northbrook, Illinois, called Cove Travel. That travel agency was allegedly owned by (b) (7)(C), a Senior Engineer at ComEd Corporate Services, who was involved in administering the project with HI. According to a ComEd Supervising Engineer, in mid-July 1997, while on an audit trip to Japan, a HI Quality Assurance Manager, stated (b) (7)(C) had sent a letter to all HI employees instructing all travel arrangements be made through a travel agency in Northbrook. This letter was followed up six months later by (b) (7)(C) diverting all travel arrangements to (b) (7)(C). During the internal investigation (b) (7)(C) was interviewed concerning the matter and stated he had known (b) (7)(C) since late 1989 or early 1990. (b) (7)(C) was sure that (b) (7)(C) made the initial contact with him relative to Cove Travel. She then submitted a proposal which he turned over to one of the two HI personnel who handled travel arrangements for the firm. He advised that (b) (7)(C) had never put pressure on him to use Cove Travel and had never told him he would increase/decrease ComEds business with HI dependent upon the use of Cove Travel. Were this to happen, (b) (7)(C) would "kick him out," stating in his mind, for one thing, (b) (7)(C) had "zero" authority to place business and had no "clout."

**(b) (7)(C) WRITES TO INSPECTOR GENERAL AND CHIEF NUCLEAR OFFICER**

(b) (7)(C) sent a letter addressed to the TVA Inspector General, Richard W. Moore, dated November 17, 2006 (Attachment 6), during the timeframe the criminal investigations were ongoing concerning HI, (b) (7)(C) and Mr. Symonds. In that letter (b) (7)(C) stated, "Holtec International categorically asserts that the company has not provided any funds to Mr. Saimonds [sic] in any shape or form, indirectly or directly."

(b) (7)(C) also e-mailed a letter to Karl Singer, then Chief Nuclear Officer and Executive Vice President, dated November 9, 2006 (Attachment 7). In that letter, (b) (7)(C) stated, in part, "... we do not know anything about the gentleman's (Symonds') interactions with UST&D."

## **CONTRACT REVIEW**

The OIG conducted a review of the TVA contract with HI for the purchase of dry cask storage systems for spent nuclear fuel at SQN and BFN. The purpose of the review was to assess the reasonableness of the prices TVA paid HI for certain high-dollar equipment items at BFN in comparison with the prices paid for the equipment at SQN. Specifically, the OIG reviewed the prices TVA paid HI for the four largest dollar-value cask system components: the MPC (multipurpose canister for spent fuel), HI-STORM 100 (long-term storage overpack for the MPC), HI-TRAC 125D (in-plant transfer overpack for the MPC), and the vertical crawler. TVA had paid \$7,198,763 for the equipment at SQN, versus \$9,186,120 at BFN, a difference of \$1,987,357.

Information obtained in the review (Attachment 8) found HI may have made false statements regarding the equipment prices proposed to TVA, and it appeared TVA relied on that information to approve prices quoted for the BFN equipment. Additionally, the review found that HI had overbilled TVA at least \$276,000 for the BFN vertical crawler because it did not comply with the contract's cost-plus pricing provision. The price HI quoted for the BFN crawler misrepresented its compliance with the contract.

It appeared TVA relied on the information provided by HI to justify paying the higher BFN prices rather than attempting to negotiate lower pricing for BFN. Although it is unknown if TVA could have successfully negotiated lower prices for BFN, key economic indicators and reduction in material prices between the time period when HI proposed the SQN and BFN prices indicate TVA had an opportunity to negotiate better prices. For example, the price of steel had fallen about seven percent during the period between the SQN proposal and the BFN proposal.

In summary, the OIG review found evidence that the higher prices TVA agreed to pay for the BFN MPC, the HI-STORM 100 and the HI-TRAC 125D were unreasonable. It appears HI may have misled TVA regarding its pricing and TVA did not attempt to negotiate better prices at BFN.

## **RECOMMENDATIONS**

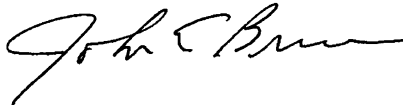
We recommend TVA place HI on the Supply Chain Clearance List based on the actions of (b) (7)(C). In addition, if you decide to take other documented action on the basis of this report, we would appreciate your sending a copy of the relevant information to this office for our file.

We would appreciate being informed within 15 days of your determination of what action is appropriate on the basis of our report. Our investigative files will be made available for review upon request.

William R. McCollum, Jr.  
Ralph E. Rodgers  
Page 8  
March 23, 2010

This report has been designated "TVA Restricted" in accordance with TVA Business Practice 29, Information Security. Accordingly, it should not be disclosed further without the prior approval of the Inspector General or his designee. In addition, no redacted version of this report should be distributed without notification to the Inspector General of the redactions that have been made.

Our investigation of this matter is closed.



John E. Brennan  
Assistant Inspector General  
(Investigations)  
ET 4C-K

(b) (6)

cc: Terrell M. Burkhart, WT 3A-K  
Maureen H. Dunn, WT 6A-K  
Peyton T. Hairston, Jr., WT 7B-K  
Tom D. Kilgore, WT 7B-K  
Kenneth E. Tilley, WT 3A-K  
OIG File No. 12E-102

3002066-700  
**PENNSYLVANIA DEPARTMENT OF STATE  
CORPORATION BUREAU**

**Articles of Incorporation-For Profit**  
(15 Pa.C.S.)

Entity Number: 3002066-700

Business-stock (§ 1306)       Management (§ 2703)  
 Business-nonstock (§ 2102)       Professional (§ 2903)  
 Business-statutory close (§ 2303)       Insurance (§ 3101)  
 Cooperative (§ 7102)

Name: M. BURR KEIM COMPANY

Address: 2021 Arch Street

City: Philadelphia, PA State: PA Zip Code: 19103

Document will be returned to the name and address you enter to the left.

Fee: \$100

Filed in the Department of State on JUL 25 2002

*C. Michael Stewart*  
Secretary of the Commonwealth

In compliance with the requirements of the applicable provisions (relating to corporations and unincorporated associations), the undersigned, desiring to incorporate a corporation for profit, hereby states that:

1. The name of the corporation (corporate designator required, i.e., "corporation", "incorporated", "limited" "company" or any abbreviation. "Professional corporation" or "P.C"):

FABSCO, Inc.

2. The (a) address of this corporation's current registered office in this Commonwealth (post office box, alone, is not acceptable) or (b) name of its commercial registered office provider and the county of venue is:

(a) Number and Street	City	State	Zip	County
<u>1800 One Liberty Place</u>	<u>Philadelphia</u>	<u>PA</u>	<u>19103</u>	<u>Philadelphia</u>

c/o White and Williams LLP

Attention: G. P. Bienn, Esq.

(b) Name of Commercial Registered Office Provider: \_\_\_\_\_ County: \_\_\_\_\_

c/o: \_\_\_\_\_

3. The corporation is incorporated under the provisions of the Business Corporation Law of 1988.

4. The aggregate number of shares authorized: 10,000 shares common

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DSCB:15-1306,2102/2303/2702/2903/3101/71GA-2

5. The name and address, including number and street, if any, of each incorporator (all incorporators must sign below):

Name	Address
Susan J. Kadin	White and Williams LLP 1800 One Liberty Place Philadelphia, PA 19103

6. The specified effective date, if any: Upon filing  
month/day/year hour, if any

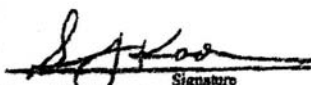
7. Additional provisions of the articles, if any, attach on 8 1/2 by 11 sheet.

8. ~~Statutory class corporation only. Neither the corporation nor any shareholder shall make or attempt to make any of its shares of any class that would constitute a public offering, within the meaning of the Securities Act of 1933 (15 U.S.C. 77a et seq.)~~

9. ~~Cooperative corporation only. Complete and strike out inapplicable terms:  
The common bond of membership among the members/shareholders is:~~

IN TESTIMONY WHEREOF, the incorporator(s) has/have signed these Articles of Incorporation to be signed by a duly authorized officer thereof this

25th day of July, 2002

  
\_\_\_\_\_  
Signature  
Susan J. Kadin, Incorporator

\_\_\_\_\_  
Signature

2002066-801

**ARTICLES OF INCORPORATION**

**FABSCO, INC.**

**Additional Provisions**

- 7(a). Shareholders shall not have cumulative voting rights in the election of directors.
- 7(b). The term of the corporation is perpetual.

Doc#: 105195 v5

FROM WHITE & WILLIAMS 2002071-971 FAX 9 16 02 11 50/ET 11 50; NO 4692918999 F 1

**PENNSYLVANIA DEPARTMENT OF STATE  
CORPORATION BUREAU**

**Articles/Certificate of Merger**  
(15 Pa.C.S.)

Entry Number: 811235

Domestic Business Corporation (§ 1926)  
 Domestic Nonprofit Corporation (§ 5926)  
 Limited Partnership (§ 8547)

Name: \_\_\_\_\_  
 Address: **CT CORP-COUNTER**  
 Suite: \_\_\_\_\_ Zip Code: \_\_\_\_\_

Document will be returned to the name and address you enter to the left.

Fees: \$108 plus \$28 additional for each Party in addition to two

Filed in the Department of State on **AUG 16 2002**

*C. Michael Stewart*  
 Secretary of the Commonwealth

In compliance with the requirements of the applicable provisions (relating to articles of merger or consolidation), the undersigned, desiring to effect a merger, hereby state that:

1. The name of the corporation/limited partnership surviving the merger is:  
**U.S. Tool & Die, Inc.**

2. Check and complete one of the following:  
 The surviving corporation/limited partnership is a domestic business/nonprofit corporation/limited partnership and the (a) address of its current registered office in this Commonwealth or (b) name of its commercial registered office provider and the county of venue is (the Department is hereby authorized to correct the following information to conform to the records of the Department):

(a) Number and Street	City	State	Zip	County
Keystone Commons, 200 Braddock Ave.	Turtle Creek	PA	15145	Allegheny

(b) Name of Commercial Registered Office Provider: \_\_\_\_\_ County: \_\_\_\_\_

The surviving corporation/limited partnership is a qualified foreign business/nonprofit corporation/limited partnership incorporated/formed under the laws of \_\_\_\_\_ and the (a) address of its current registered office in this Commonwealth or (b) name of its commercial registered office provider and the county of venue is (the Department is hereby authorized to correct the following information to conform to the records of the Department):

(a) Number and Street	City	State	Zip	County

(b) Name of Commercial Registered Office Provider: \_\_\_\_\_ County: \_\_\_\_\_

The surviving corporation/limited partnership is a qualified foreign business/nonprofit corporation/limited partnership incorporated/formed under the laws of \_\_\_\_\_ and the address of its principal office under the laws of such domiciliary jurisdiction is:

Number and Street	City	State	Zip

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FROM WHITE & WILLIAMS LLP 2002071-972 1FR11 R 16 02 11 51PST 11 DOWND 436291999 P 3

3 The name and the address of the registered office in this Commonwealth or name of its commercial registered office provider and the county of venue of each other domestic business/nonprofit corporation/limited partnership and qualified foreign business/nonprofit corporation/limited partnership which is a party to the plan of merger are as follows

Name	Registered Office Address	Commercial Registered Office Provider	County
FABSCO, INC	1800 ONE LIBERTY PLACE, PHILADELPHIA, PA 19103		PHILADELPHIA

4. Check and if appropriate complete one of the following

The plan of merger shall be effective upon filing these Articles/Certificate of Merger in the Department of State

The plan of merger shall be effective on \_\_\_\_\_ at \_\_\_\_\_

Date Hour

5. The manner in which the plan of merger was adopted by each domestic corporation/limited partnership is as follows

Name	Manner of Adoption
FABSCO, Inc	Board of Directors pursuant to PA BCL1924(b)(1)(i) & 1924 (b)(3)

6. ~~Strike out this paragraph if no foreign corporation/limited partnership is a party to the merger. The plan was authorized, adopted or approved, as the case may be, by the foreign business/nonprofit corporation/limited partnership (or each of the foreign business/nonprofit corporations/limited partnerships) party to the plan in accordance with the laws of the jurisdiction in which it is incorporated/organized.~~

7. Check and if appropriate complete one of the following

The plan of merger is set forth in full in Exhibit A attached hereto and made a part hereof

Pursuant to 15 Pa CS § 19014 § 547(b) (relating to omission of certain provisions from filed plans) the provisions of any of the plan of merger that amend or substitute the operative provisions of the Articles of Incorporation/Certificate of Limited Partnership of the surviving corporation/limited partnership as in effect subsequent to the effective date of the plan are set forth in full in Exhibit A attached hereto and made a part hereof. The full text of the plan of merger is on file at the principal place of business of the surviving corporation/limited partnership, the address of which is

Number and street	City	State	Zip	County

DSCB 13-1926-6626-8947-3  
PAGE 000001 OF 000001



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FROM WHITE & WILLIAMS LLP 2002071-974  
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**Exhibit A**

**Plan of Merger**

This Plan of Merger ("Plan") between FABSCO, Inc., a Pennsylvania corporation ("Parent"), and U S Tool & Die, Inc., a Pennsylvania corporation ("Subsidiary") shall be adopted by Parent in the manner and become effective as of the time provided below.

1. **Background.** Parent is record and beneficial owner of 82.47% of the issued and outstanding capital stock of Subsidiary ("Subsidiary Common Stock"). The remaining shares of the Subsidiary Common Stock are owned and held of record by those shareholders listed in the Subsidiary's corporate records as of the Plan Adoption Date (as such term is defined in Section 2 of this Plan). The Board of Directors of Parent has determined that is desirable and in the best interests of Parent and Subsidiary that Parent be merged with and into the Subsidiary on the terms and conditions set forth in this Plan and in accordance with the applicable provisions of the Pennsylvania Business Corporation Law of 1988, as amended (the "PA BCL").

2. **Approval.** This Plan shall become adopted ("Plan Adoption Date") upon its approval by the Board of Directors of the Parent in accordance with Sections 1922(c), 1924(b)(1)(ii), and 1924(b)(3) of the PA BCL.

3. **Time and Effect of Merger.**

(a) **Effective Time.** The Merger shall become effective at the close of business on the date upon which appropriate Articles of Merger (to which this Plan will be attached and incorporated therein) are filed with the Department of State of the Commonwealth of Pennsylvania ("Merger Effective Time").

(b) **Effects of Merger.** At the Merger Effective Time, Parent shall merge with and into Subsidiary, the separate existence of Parent shall cease, and Subsidiary shall be the surviving corporation (the "Surviving Corporation"), all in accordance with this Plan and the applicable provisions of the PA BCL (the "Merger"). At the Merger Effective Time and as a result of the Merger, the Surviving Corporation shall continue to exist as a domestic business corporation under the laws of the Commonwealth of Pennsylvania with all of the rights and obligations of such surviving domestic business corporation as are provided by Section 1929 and the other applicable provisions of the PA BCL. Without limiting the generality of the foregoing, as of the Merger Effective Time, all of the property (real, personal and mixed), rights, powers, privileges, immunities, licenses, permits and franchises (both of a

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private and public nature), and restrictions, duties, and obligations of the Parent and Subsidiary shall be taken and be deemed to be transferred to and vested or continued to be vested, as the case may be, in the Surviving Corporation, without further act, agreement, approval or deed.

4. Articles of Incorporation; Bylaws. The Articles of Incorporation and Bylaws of the Subsidiary as in effect prior to the Merger Effective Time shall remain the same and continue unchanged as, respectively, the Articles of Incorporation and Bylaws of the Surviving Corporation on and after the Merger Effective Time until changed in accordance with their respective terms and the applicable provisions of the PA BCL.

5. Directors and Officers. The Officers of Subsidiary prior to the Merger Effective Time shall, as of the Merger Effective Time, be and remain, respectively, the Officers of the Surviving Corporation until their respective successors are duly elected and qualified under the Bylaws of the Surviving Corporation then in effect, or until their earlier death or until their resignation or removal in accordance with such Bylaws. As of the Effective Time, the Directors of the Surviving Corporation shall be David S. Forman, Robert L. Moscardini and Christopher P. Strock who will serve as Directors of the Surviving Corporation until their respective successors are duly elected and qualified under the Bylaws of the Surviving Corporation then in effect, or until their earlier death or resignation or removal in accordance with such Bylaws.

6. Conversion of Shares.

(a) Conversion of Shares of Subsidiary. Subject to the provisions of Sections 7 and 8 of this Plan, except for Dissenting Shares (as such term is defined in Section 10 of this Plan), which at the Merger Effective Time shall be converted into the right to receive the consideration determined in accordance with Section 10 of this Plan and the applicable provisions of the PA BCL, each share of Subsidiary Common Stock shall, at the Merger Effective Time, without further action and by virtue of the Merger, be converted into the right to receive cash consideration in the amount of \$ .75 for each share of Subsidiary Common Stock, payable in accordance with Sections 7 and 8 of this Plan, and shall no longer be outstanding and shall be deemed to be automatically canceled and cease to exist.

(b) Conversion of Shares of Parent. Subject to the provisions of Section 8 of this Plan, each share of capital stock of Parent ("Parent Shares") shall, at the Merger Effective Time, without further action and by virtue of the Merger, be converted into one (1) share of capital stock of the Surviving Corporation, and shall no longer be outstanding and shall be deemed to be automatically canceled and cease to exist.

7. Withholding Rights. The Surviving Corporation shall be entitled to deduct and withhold from the consideration otherwise payable under Section 6 or 10 of this Plan, as the case may be, such amounts, if any, as it is required to deduct, withhold, and remit with

Date: 12/26/02

FROM WHITE & WILLIAMS LLP

2002071-975

DATE: 12/26/02

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respect to the making of such payment under any provision of federal, state or local tax law (a "Withholding"). Any such Withholding shall be treated for all purposes (including without limitation this Plan and the Merger) as having been paid to the Record Shareholder (as such term is defined in Section 8) in respect of which the Surviving Corporation made such Withholding and, notwithstanding anything contained to the contrary in this Plan, such Record Shareholder shall only be entitled to receive from the Surviving Corporation the consideration payable pursuant to this Plan and/or the Dissenters' Rights Provisions (as such term is defined in Section 10 of this Plan), less any Withholding, which shall be payable on such Record Shareholder's account to the applicable federal, state or local taxing authority in accordance with applicable federal, state or local tax law ("Net Merger Consideration").

8 Notice; Surrender and Payment; Rights in Subsidiary Common Stock, Etc.

(a) Merger Notice. As soon as practicable following the Merger Effective Time, the Surviving Corporation shall mail or cause to be mailed to each record holder or record owner, as the case may be (individually, a "Record Shareholder" and collectively the "Record Shareholders") of the shares of Subsidiary Common Stock on the Plan Adoption Date notices ("Merger Notice") advising them of and enclosing, as applicable: (i) the effectiveness of the Merger; (ii) a copy of this Plan; (iii) a form letter of transmittal and instructions regarding the surrender of their certificates formerly representing shares of Subsidiary Common Stock ("Subsidiary Certificates"), or in lieu thereof, such evidence of lost, stolen or destroyed certificate(s) and such surety bonds or other security as the Surviving Corporation may, in its discretion, require ("Required Documentation"), in exchange for the applicable Net Merger Consideration, and (iv) the notices, information and other materials required to be provided to the Record Shareholders under Section 1575 of the PA BCL.

(b) Surrender of Subsidiary Certificates; Payment of Consideration. After the Merger Effective Time, upon surrender of their Subsidiary Certificates, or in lieu thereof, the Required Documentation, to the Surviving Corporation with a properly completed and executed letter of transmittal (substantially in the form included in the Merger Notice) with respect to such certificates, a Record Shareholder will be entitled to receive the applicable Net Merger Consideration. Such consideration shall be delivered by the Surviving Corporation as promptly as practicable after such surrender. Except as otherwise expressly provided in Section 10 of this Plan, without the written consent of a Record Shareholder and such other documentation and other items as the Surviving Corporation in its discretion may require (a "Permitted Substitution"), no person other than a Record Shareholder shall be entitled to receive any consideration whatsoever from the Surviving Corporation as a result of the Merger. In the event of a Permitted Substitution, except in respect of the availability of Dissenters' Rights (as such term is defined in Section 10)), which shall be determined in accordance with Section 10 of this Plan, such person shall be considered a Record Shareholder for purposes of this Plan and the Record Shareholder for which a Permitted Substitution was

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made shall thereafter have no right to receive any consideration from the Surviving Corporation as a result of the Merger.

(c) Rights in Subsidiary Common Stock Following Merger. As of the Merger Effective Time, (i) the Record Shareholders, all other holders of Subsidiary Certificates, and all beneficial but not record owners of Subsidiary Common Stock prior to the Merger Effective Time, if any, shall cease to have rights with respect to such previously outstanding stock, provided, however that the Record Shareholders only shall have the right to either exchange his, her or its Subsidiary Certificates or Required Documentation, as the case may be, for the Net Merger Consideration to which such Record Shareholder may be entitled pursuant to Sections 6 and 7 of this Plan or elect their Dissenters' Rights in accordance with the Dissenters' Rights Provisions (as such terms are defined in Section 10 of this Plan); and (ii) the Subsidiary Certificates held by Record Shareholders shall be deemed to evidence only ownership of either such Net Merger Consideration or Dissenters' Rights in respect of such Subsidiary Common Stock, if so elected in accordance with the Dissenters' Rights Provisions. In no event shall the Surviving Corporation be obligated to deliver Net Merger Consideration set forth in Sections 6 and 7 or determined pursuant to Section 7 and the Dissenters' Rights Provisions to a Record Shareholder unless and until such Record Shareholder surrenders his, her or its Subsidiary Certificates or furnishes the Required Documentation, as the case may be.

(1) Surrender of Parent Shares Certificates; Issuance of Surviving Corporation Stock. Upon receipt by the Surviving Corporation of the certificates representing the Parent Shares or in lieu thereof Required Documentation, as the case may be, together with a properly completed and executed letter of transmittal (in the form acceptable to the Surviving Corporation) with respect to such certificates, the Surviving Corporation will issue to the Parent's shareholders certificates representing the same number of shares of capital stock of the Surviving Corporation as had been held by them in the Parent immediately prior to the Merger Effective Time.

9. Termination of Plan. This Plan may be terminated and the Merger abandoned by action of the Board of Directors of Parent at any time before the Merger Effective Time.

10. Dissenters' Rights. Each (i) Record Shareholder; or (ii) subject to compliance with the provisions of Section 1573 of the PA BCL, beneficial owner of Subsidiary Common Stock that is not a Record Shareholder (either, a "Dissenter"), as the case may be, shall be entitled to exercise dissenters' rights ("Dissenters' Rights") with respect to his, her or its shares of Subsidiary Common Stock ("Dissenting Shares") as a result of the Merger, as provided in Sections 1930(a) and 1571 and the other applicable sections of the PA BCL ("Dissenters' Rights Provisions"). Notwithstanding the foregoing, a Dissenter shall forfeit his, her or its Dissenters' Rights, unless such Dissenter makes a demand pursuant to the provisions of Section 1575 of the PA BCL at the time and place specified in the Merger Notice with respect to such shares (a "Perfected Dissenter"). A Perfected Dissenter will be entitled,

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**KROHN ENTERPRISES**  
**PO BOX 5324**  
**HUNTSVILLE, AL**  
**35814-5324**  
**(256) 655-5399**

**INVOICE**

DATE: January 15, 2002  
INVOICE # 0001  
RE: P.O. 01-12145

**Bill To:**  
US Tool & Die  
200 Braddock Avenue  
Turtle Creek, PA 15145

**For:**  
Retainer (1/2)  
Expenses to Date

DESCRIPTION	AMOUNT
Retainer (1/2 1 <sup>st</sup> payment)	25,000.00
Airline Tickets	2,473.50
Hotel	1113.83
Car Rental	413.28
Fuel	39.00
Meals	104.16
Tolls	21.00
Parking	48.00
<b>TOTAL</b>	<b>\$29,212.77</b>

Make all checks payable to **Krohn Enterprises**  
Payable upon receipt.

**KROHN ENTERPRISES**  
**PO BOX 5324**  
**HUNTSVILLE, AL**  
**35814-5324**  
**(256) 655-5399/5400**

**INVOIC**

DATE: February 15,  
2002  
INVOICE # 0002  
RE: P.O. 01-12145

**Bill To:**  
US Tool & Die  
200 Braddock Avenue  
Turtle Creek, PA 15145

**For:**  
Retainer (1/2)

DESCRIPTION	AMOUNT
Retainer (1/2 2nd payment)	25,000.00
<b>TOTAL</b>	<b>\$25,000.00</b>

Make all checks payable to Krohn Enterprises  
Payable upon receipt.

**Jack Symonds Travel Analysis  
Case 12E-100**

The following investigation was conducted by Intelligence Analyst (b) (7)(C) on August 10, 2006, in Knoxville, TN.

**Jul 29-Aug 2, 2001**

During the period of 7/29/01 – 8/2/01, Symonds and (b) (7)(C) flew to Philadelphia, PA not on duty status. The hotel is suspected to have been paid for by Holtec. TVA was direct-billed for the rental car because Symonds used his government travel card for the rental. TVA was not reimbursed by Symonds. (Title 18, Sec 287).

July 29 – August 2, 2001		Company Paying Symonds' Travel Expenses		
Flight Location: Philadelphia, PA	Expense Category	TVA	US Tool & Die	Holtec
	Flight	-	-	Unknown
	Hotel	-	-	\$1,176.70
	Rental Car	\$244.75	-	Unknown
	Meals	-	-	Unknown
	Gas	-	-	Unknown
<b>On Leave from TVA</b>	Miscellaneous	-	-	Unknown
	<b>Total</b>	<b>\$244.75</b>	<b>\$0</b>	<b>\$1,176.70</b>

**Aug 20 - 26, 2001**

During the period of 8/20/01 – 8/26/01, Symonds and (b) (7)(C) flew to Syracuse, NY. Symonds' status was on-duty and TVA paid his travel expenses. Subsequently, US Tool & Die also paid for some of his travel expenses through Krohn (Title 18, Sec 209 and 1001).

August 20 – 26, 2001		Company Paying Symonds' Travel Expenses		
Flight Location: Syracuse, NY	Expense Category	TVA	US Tool & Die	Holtec
	Flight	\$349.00	\$349.00	-
	Hotel	\$374.64	\$374.64	-
	Rental Car	-	-	-
	Meals	\$34.32	-	-
	Gas	-	-	-
<b>Not On Leave from TVA</b>	Miscellaneous	\$186.20	-	-
	<b>Total</b>	<b>\$944.16</b>	<b>\$723.64</b>	<b>\$0</b>

**Jack Symonds Travel Analysis  
Case 12E-100**

**Sep 6 - 7, 2001**

During the period of 9/6/01 – 9/7/01, Symonds flew to Philadelphia, PA on duty status and TVA paid his travel expenses. Subsequently, US Tool & Die also paid for some of his travel expenses through Krohn Enterprises (Title 18, Sec 209).

September 6 – 7, 2001		Company Paying Symonds' Travel Expenses		
Flight Location: Philadelphia, PA	Expense Category	TVA	US Tool & Die	Holtec
	Flight	\$232.50	-	-
	Hotel	\$138.71	\$138.85	-
	Rental Car	\$84.55	\$84.55	-
	Meals	\$37.48	-	-
	Gas	-	-	-
	Miscellaneous	\$74.58	-	-
	<b>Total</b>	<b>\$567.82</b>	<b>\$223.40</b>	<b>\$0</b>
Hotel Location: Mount Laurel, NJ				
<b>Not On Leave from TVA</b>				

**Sep 23 - 30, 2001**

During the period of 9/23/01 – 9/30/01, Symonds and (b) (7)(C) flew to Allentown, PA, on leave status. TVA was direct-billed for Symonds' rental car because Symonds used his government travel card for the rental (Title 18, Sec 287).

September 23 – 30, 2001		Company Paying Symonds' Travel Expenses		
Flight Location: Allentown, PA	Expense Category	TVA	US Tool & Die	Holtec
	Flight	-	\$266.00	-
	Hotel	-	-	-
	Rental Car	\$484.44	-	-
	Meals	-	-	-
	Gas	-	\$21.80	-
	Miscellaneous	-	-	-
	<b>Total</b>	<b>\$484.44</b>	<b>\$287.80</b>	<b>\$0</b>
Hotel Location: Unknown				
<b>On Leave from TVA</b>				

**Jack Symonds Travel Analysis  
Case 12E-100**

**Oct 7 - 8, 2001**

During the period of 10/7/01 – 10/8/01, Symonds flew to Philadelphia, PA during a holiday period. The cost of the flight was direct billed to TVA because Symonds used his government travel card to purchase the ticket, and US Tool & Die, through Krohn, also paid the cost (Title 18, Sec 287 and 1001).

October 7 – 8, 2001		Company Paying Symonds' Travel Expenses		
Flight Location: Philadelphia, PA	Expense Category	TVA	US Tool & Die	Holtec
	Flight	\$264.50	\$264.50	-
	Hotel	-	\$144.56	-
Hotel Location: Mount Laurel, NJ	Rental Car	-	\$50.09	-
	Meals	-	-	-
	Gas	-	-	-
<b>Federal Holiday</b>	Miscellaneous	-	-	-
	<b>Total</b>	<b>\$264.50</b>	<b>\$459.15</b>	<b>\$0</b>

**Nov 9-12, 2001**

During the period of 11/9/01 – 11/12/01, Symonds and two friends flew to Baltimore, MD. Symonds rented a car and drove to NJ over a weekend/holiday. Symonds submitted a travel voucher to TVA for reimbursement of expenses, and he also was reimbursed for his airline ticket, hotel, and the rental car by US Tool & Die through Krohn (Title 18, Sec 209 and/or 287).

November 9 – 12, 2001		Company Paying Symonds' Travel Expenses		
Flight Location: Baltimore, MD	Expense Category	TVA	US Tool & Die	Holtec
	Flight	\$177.50	\$177.50	-
	Hotel	\$314.82	\$314.82	-
Hotel Location: Mount Laurel, NJ	Rental Car	\$136.91	\$136.91	-
	Meals	\$62.04	\$14.78	-
	Gas	-	\$17.20	-
<b>Weekend/Federal Holiday</b>	Miscellaneous	\$43.52	\$27.00	-
	<b>Total</b>	<b>\$734.79</b>	<b>\$688.21</b>	<b>\$0</b>

**Jack Symonds Travel Analysis  
Case 12E-100**

**Dec 6-7, 2001**

During the period of 12/6/01 – 12/7/01, Symonds flew to Philadelphia, PA on duty status, rented a car and traveled to NJ. Symonds submitted a voucher to TVA for reimbursement of expenses and also was reimbursed by US Tool & Die through Krohn (Title 18, Sec 209 and 1001).

December 6 – 7, 2001		Company Paying Symonds' Travel Expenses		
Flight Location: Cherry Hill, NJ	Expense Category	TVA	US Tool & Die	Holtec
	Flight	\$546.50	\$546.50	-
	Hotel	\$140.96	\$140.96	-
Hotel Location: Mount Laurel, NJ	Rental Car	\$102.13	\$102.13	-
	Meals	\$21.80	\$21.74	-
	Gas	-	-	-
	Miscellaneous	\$26.52	-	-
	<b>Total</b>	<b>\$837.91</b>	<b>\$811.33</b>	<b>\$0</b>

**Not On Leave from  
TVA**



**KROHN ENTERPRISES  
PO BOX 5324  
HUNTSVILLE, AL  
35814-5324  
(256) 655-5400**

(b) (6)

April 1, 2002

Holtec International  
Holtec Center  
555 Lincoln Drive West  
Marlton, NJ 08053

Dear (b) (6)

It is becoming more and more difficult for you and I to engage in business conversations, although, through no fault of our own. I am also finding that I too am experiencing some of the paranoid feelings that you have previously expressed concern about. I have determined that the only way to truly communicate with you without fear of some kind of electronic eavesdropping or wiretapping or some other kind of industrial spying technique is to simply revert to a simpler time when writing a letter was the most effective way of communicating. I think that by exercising this medium we can eliminate the anxiety of worrying about what some other people might say or do about the perceptions.

Anyway, I wanted to let you know that the \$50K we discussed back in September that was to be paid for activities through the end of the year 2001 has been satisfied. Now let's talk about the \$100K that you said that you would pay me in 2002 to stay with TVA. I had originally sent you a proposal that we break that up into quarters which would be \$25K in April, \$25K in August, \$25K in October and \$25K in December. You did not respond to that proposal except to say that you wanted me to perform the original deal with Bob. Now that the original deal is satisfied and we are ¼ of the way through 2002, I think we should address how we are going to bill for the remaining \$100K.

Krohn Inc. is alive and well and could very well prove to be the proper conduit for this transaction. (b) (6) is still the CEO and all business transactions are done through her. If you want, she can send you an RFQ on Krohn Inc. letterhead explaining the billing for services rendered. You think about it and let me know how you want to handle the evolution.

I think that now that the ice has been broken with TVA on a couple of subjects, i.e., Engineering analysis activities with (b) (6) and Feedwater Heater issues with (b) (6), you should probably offer an unsolicited proposal to perform these kinds of activities. You should address the correspondence to (b) (6) and copy (b) (6).

(b) (6) The only thing is, they might say "come on down and give us a presentation of what you think you can offer". We should be out of the outage by the 10<sup>th</sup> of April. The bad thing is we are going to do a mid-cycle outage on U2 for 2 identified fuel leakers the last week in April. It will only last a week (we hope). Then the board meets on May 16<sup>th</sup> to determine the fate of U1. So, if you lay this all out, it looks to me like your best chance at an audience with the decision makers between now and then would be the week of April 15<sup>th</sup> or the week of May 6<sup>th</sup>. Plan accordingly.

How is the construction company business search going? Have you told (b) (6) (b) (6) not to talk to me? (I thought you may have told them to pretend I didn't exist for a while until some time had passed). I keep trying to get a hold of them and I am not getting any response.

Let's stay in touch, so that we can eliminate any misunderstandings or any miscommunications that we promised each other we would avoid at all cost.

Talk to you later my friend,

(b) (7)(D)



(b) (7)(D)



(b) (7)(D)



(b) (7)(D)



(b) (7)(D)



(b) (7)(D)





(b) (7)(D)



(b) (7)(D)



(b) (7)(D)



(b) (7)(D)

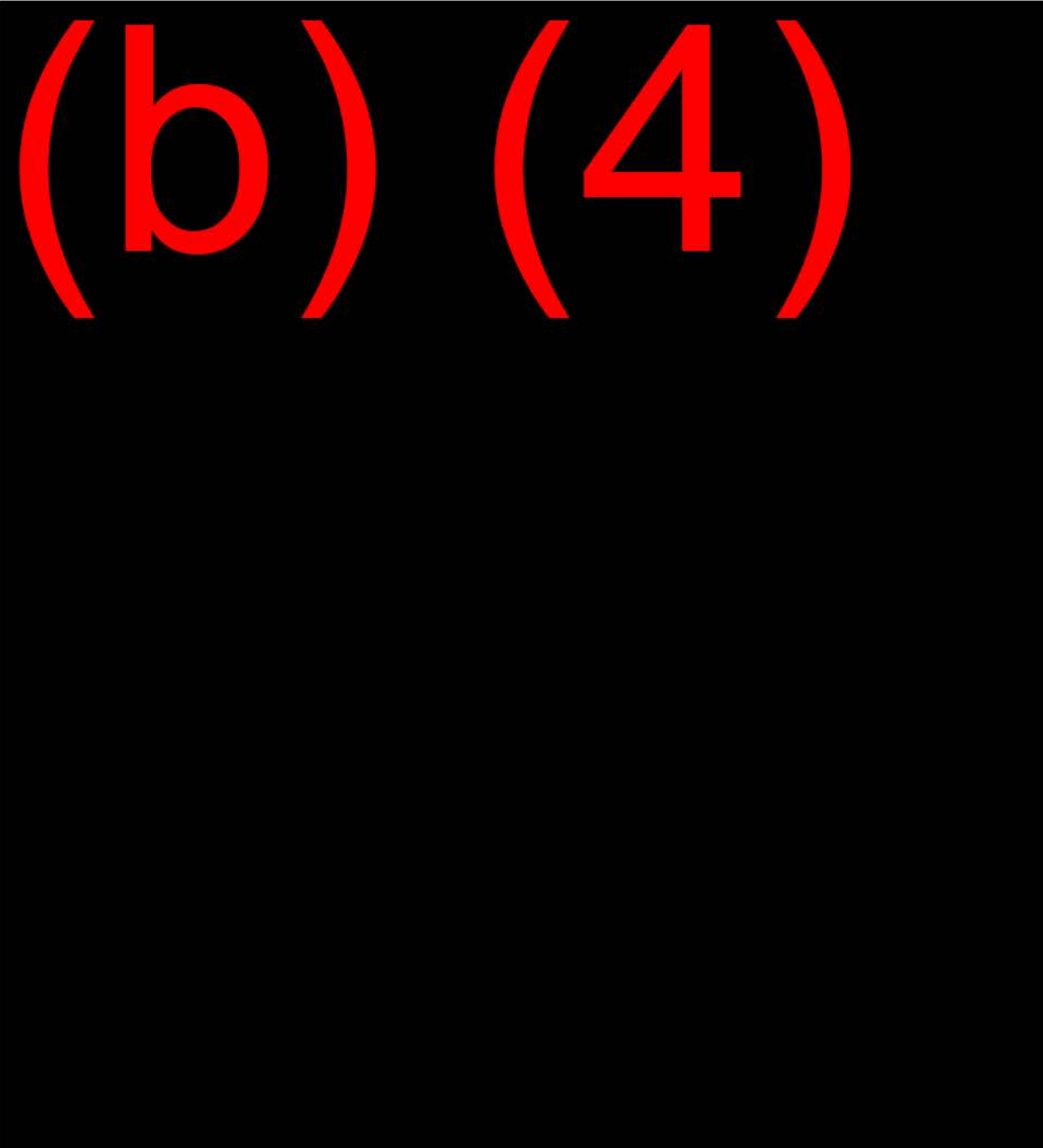


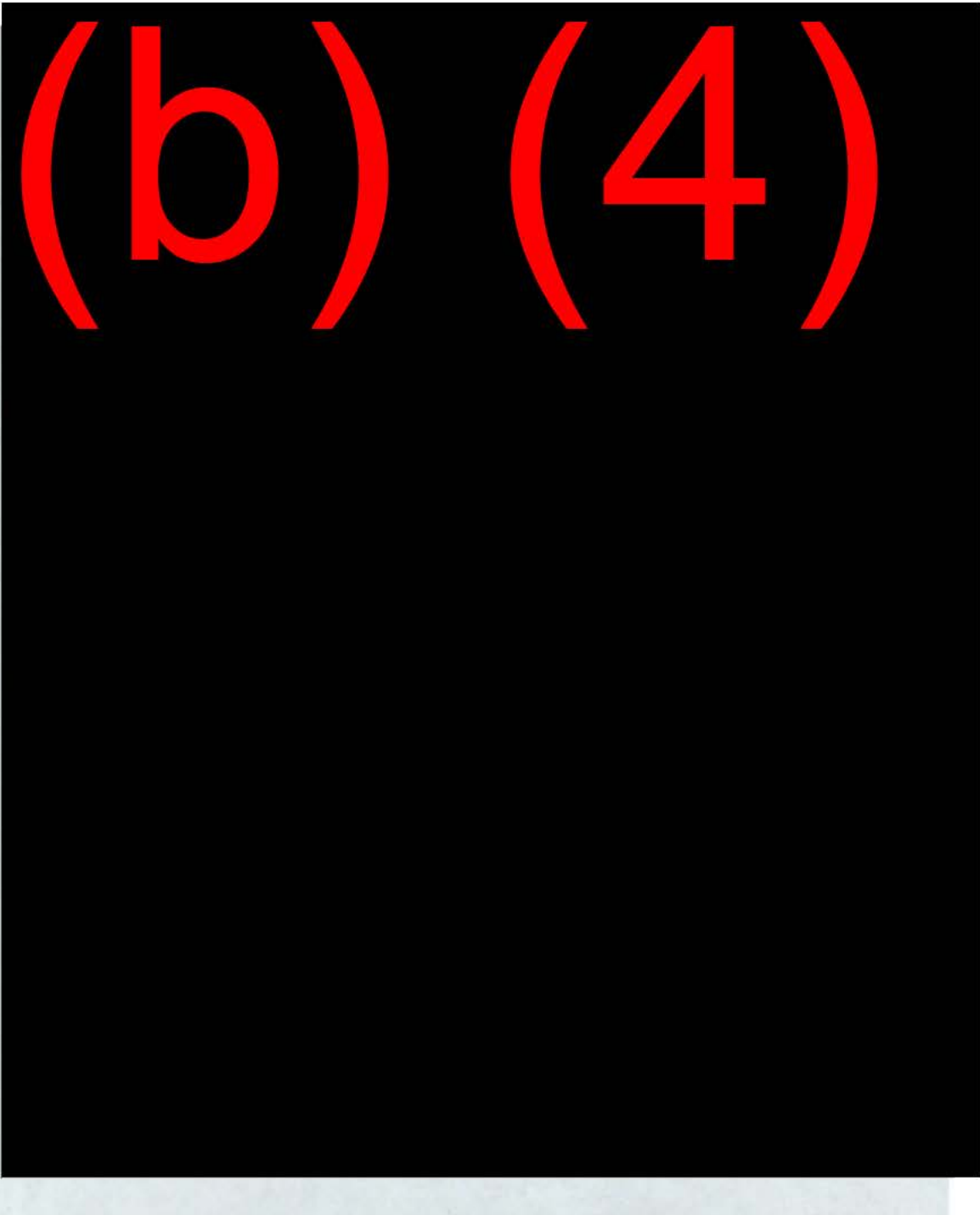
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(b) (7)(D)



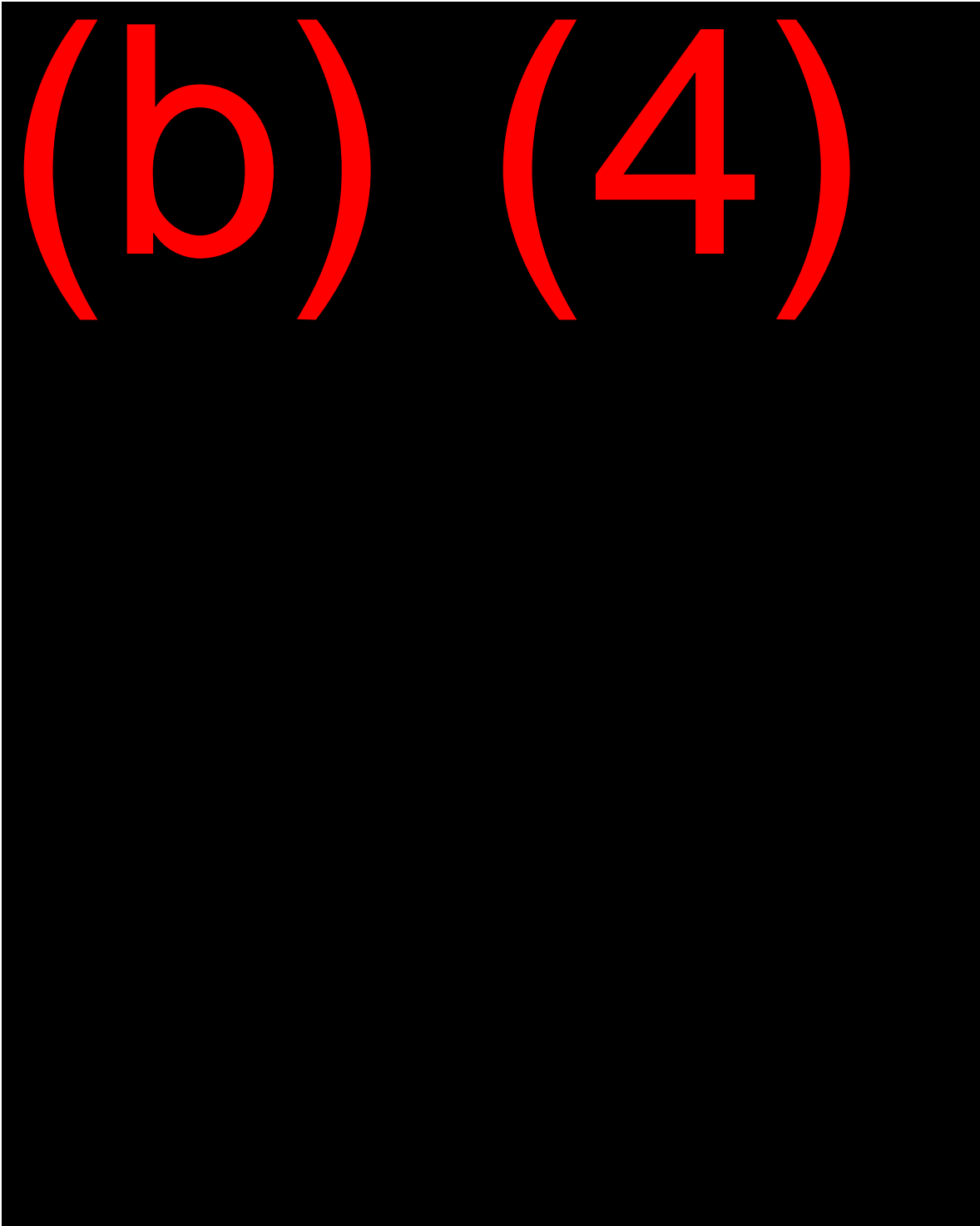


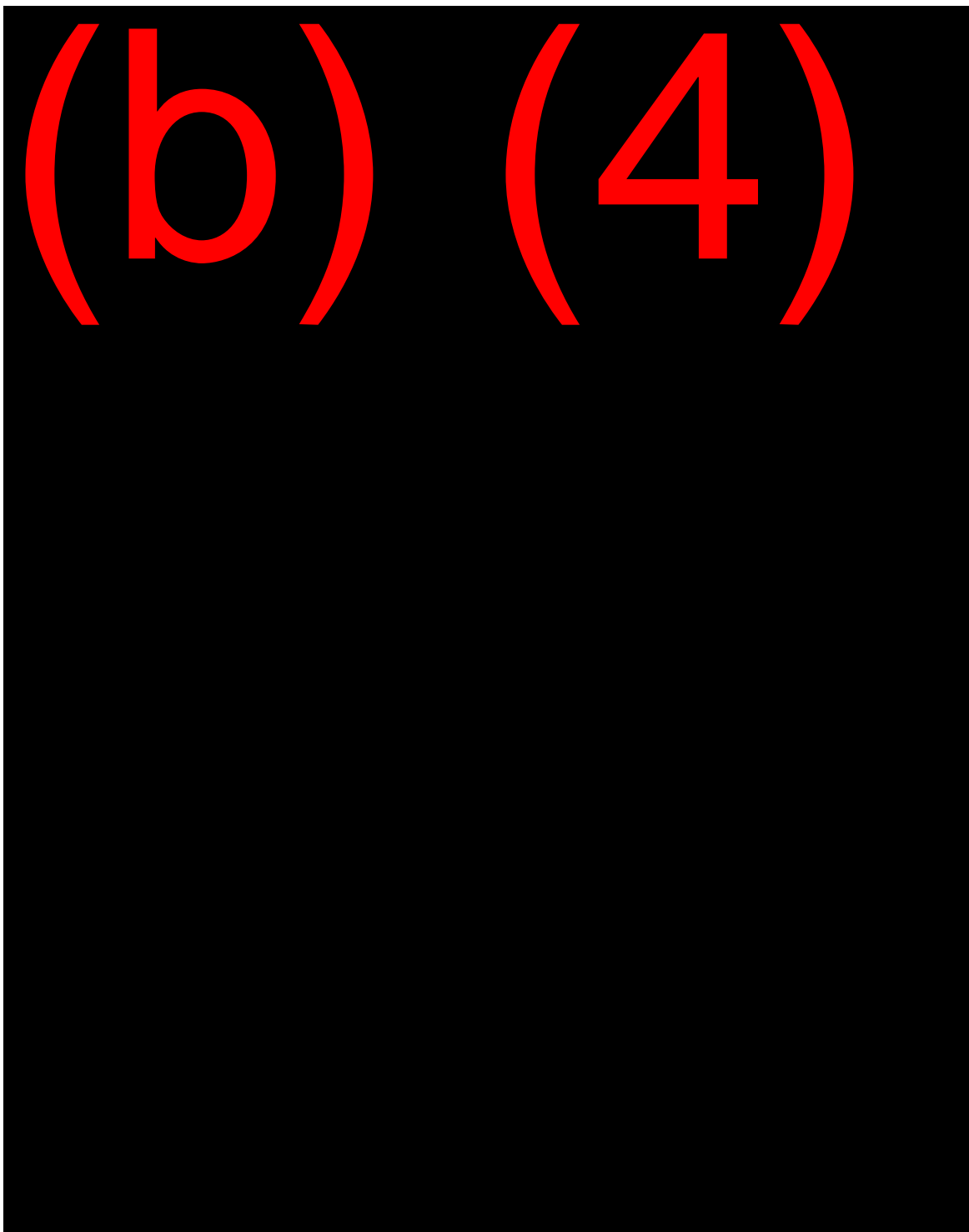




(b) (4), (b) (7)(C)







July 30, 2007

Charles A. Kandt, ET 4C-K

**SPECIAL PROJECT 2007-11160 – HOLTEC INTERNATIONAL CONTRACT NO. 99999906 – REASONABLENESS OF PRICES TVA PAID FOR CERTAIN DRY CASK STORAGE SYSTEMS COMPONENTS AT BROWNS FERRY NUCLEAR PLANT**

As requested by OIG Investigative Operations, we initiated an audit of Contract No. 99999906 that TVA has with Holtec International (Holtec) for the purchase of dry cask storage systems for spent nuclear fuel at Sequoyah Nuclear Plant (SQN) and Browns Ferry Nuclear Plant (BFN). The purpose of our review was to assess the reasonableness of the prices TVA paid Holtec for certain high dollar equipment items at BFN in comparison with the prices paid for the equipment at SQN. Specifically, as summarized in the following table, we reviewed the prices TVA paid Holtec for the four largest dollar-value cask system components: (1) the MPC (multipurpose canister for spent fuel); (2) HI-STORM 100 (long-term storage overpack for the MPC); (3) HI-TRAC 125D (in-plant transfer overpack for the MPC); and (4) the vertical crawler.

Summary of Price Differences for Major Components of Dry Cask Storage Systems			
Description	SQN Price	BFN Price	Difference
MPC	(b)	(4)	
HI-STORM 100	(b)	(4)	
HI-TRAC 125D	(b)	(4)	
Vertical Crawler	(b)	(4)	
Total	(b)	(4)	

Table 1

As discussed in detail below, information obtained in our audit found Holtec may have made false statements regarding the equipment prices proposed to TVA, and it appeared TVA relied on that information to approve prices quoted for the BFN equipment. Additionally, we found that Holtec had overbilled TVA at least \$276,000 for the BFN vertical crawler because it did not comply with the contract's cost-plus pricing provision. In our opinion, the price Holtec quoted for the BFN crawler misrepresented its compliance with the contract.

**CONTRACT BACKGROUND**

On June 30, 2000, TVA entered into Contract No. 99999906 with Holtec to provide equipment and engineering services for a dry cask system to store SQN spent nuclear fuel.<sup>1</sup> On November 8, 2001, the contract was supplemented to include a similar dry cask system for BFN. As of June 20, 2007, the contract had been supplemented 37 times, and TVA had paid Holtec \$31.2 million against the contract payment ceiling of \$54 million. The contract term is currently set to expire on June 30, 2008.

<sup>1</sup> The original Contract No. P00NNQ-258310 was changed to No. 99999906 in July 2001 for conversion to the PassPort supply chain software.

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The contract included fixed prices for most of the components of the cask system and for defined scopes of engineering tasks to address safety aspects of the cask system unique to the two plant sites. The contract also included cost-plus pricing for optional items including (1) construction of a storage pad for the casks at the plant site and (2) a vertical crawler heavy lifting device to move the casks from the plant to the on-site storage pad.

The OIG is investigating certain issues regarding the pricing TVA agreed to under the contract with Holtec. To support the investigation, an audit (Audit 2007-028C) of the contract was initiated to assess the reasonableness of the prices TVA paid Holtec for the four highest dollar cask system components as summarized in Table 1. To perform our review, we:

- Reviewed the contract and related supplements, correspondence, e-mails, and payment records obtained from TVA's files.
- Visited the SQN and BFN sites and interviewed the dry cask spent nuclear fuel project managers and other key personnel to obtain an understanding about the products purchased.
- Obtained copies of TVA's documentation of products received; Holtec's documentation packages for the MPC, HI-STORM 100, and HI-TRAC 125D units as required by the Nuclear Regulatory Commission for these safety-related items; and Holtec's specification document for each crawler, to more clearly define the products purchased.
- Visited Holtec's offices and reviewed cost information to obtain an understanding about Holtec's costs for the products delivered.
- Visited Lift System's (manufacturer of the vertical crawlers) offices and reviewed documentation of sales and related cost data for vertical crawlers sold to Holtec.

#### **AUDIT FINDINGS AND CONCLUSIONS**

Information obtained in our audit found Holtec may have made false statements regarding the equipment prices proposed to TVA, and it appeared TVA relied on that information to approve prices quoted for the BFN equipment. Additionally, we found that Holtec had overbilled TVA at least \$276,000 for the BFN vertical crawler because it did not comply with the contract's cost-plus pricing provision. In our opinion, the price Holtec quoted for the BFN crawler misrepresented its compliance with the contract.

#### **MPC, HI-STORM 100, and HI-TRAC 125D**

Holtec's proposal (dated September 12, 2001) to add the BFN scope of work included significant price increases for the MPC, HI-STORM 100, and HI-TRAC 125D components in comparison to the prices TVA had agreed to pay for similar equipment at SQN. Our review of TVA and Holtec files found Holtec may have made false statements to TVA when it explained why the prices it had quoted for certain BFN components were higher than the SQN prices. Specifically, in a draft letter submitted to TVA, Holtec informed that:

- The HI-STORM 100 for BFN was a significantly improved model in comparison to the model proposed for use at SQN in that (1) it had a reduced height for transport through

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the plant's external door, and (2) it reduced radiation exposure by about one rem per cask.

- The (lower) SQN price for the HI-TRAC 125D was the result of an arithmetic error during quoting.

Each of these statements appears to be false or at least misleading because:

- (1) BFN's external door has an additional 4 feet of vertical clearance in comparison to SQN's, thus negating the need for a reduction in height for the BFN HI-STORM 100,
- (2) We found no evidence that the proposed BFN HI-STORM 100 model would have had a significant reduction in radiation dose, and
- (3) Holtec initially proposed a price for the SQN HI-TRAC 125D that was the same price subsequently proposed for BFN. The final SQN price resulted from a discount offered by Holtec late in the bidding process. Holtec's claim that the lower SQN price was the result of an arithmetic error rather than a discount may have created the illusion that its prices were not negotiable. (Note – Holtec's final letter transmitting a comparison of the prices did not include the statements from the draft about the HI-STORM 100. However, the letter continued to mislead the TVA negotiation team regarding SQN's low price for the HI-TRAC 125D, referring to it as "an estimating department error.")

It appeared TVA relied on the information provided by Holtec to justify paying the higher BFN prices rather than attempting to negotiate lower pricing for BFN. Although it is unknown if TVA could have successfully negotiated lower prices for BFN, key economic indicators and reductions in material prices between the time period when Holtec proposed the SQN and BFN prices indicate TVA had an opportunity to negotiate better prices. For example, the price of steel had fallen about 7 percent during the period between the SQN proposal and the BFN proposal.

In summary, we found no evidence that the higher prices TVA agreed to pay for the BFN MPC, HI-STORM 100, and HI-TRAC 125D were reasonable. Instead, it appeared (1) Holtec may have misled TVA regarding its pricing, and/or (2) TVA did not attempt to negotiate better prices at BFN.

#### Vertical Crawler

Contract No. 99999906 provided that the pricing for (b) (4) (b) (4). Although the price TVA paid for the SQN crawler was in accordance with the cost-plus provision, the price for the BFN crawler was not. As discussed below, TVA's price for the BFN vertical crawler should have been at (b) (4) less than the amount quoted by Holtec. Additionally, since Holtec's price quote for BFN was (b) (4) in our opinion the quoted price was a misrepresentation by Holtec that it was complying with the contract's pricing provision.

Holtec's Cost for Vertical Crawler Supplied to BFN – The vertical crawlers provided for SQN and BFN were manufactured and sold to Holtec by Lift Systems. Although the SQN crawler

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had been ordered by Holtec specifically for the SQN project, the crawler that was sent to BFN had originally been ordered by Holtec for a project it had with Hope Creek Nuclear Plant (Hope Creek). When TVA requested Holtec to provide a crawler for BFN, to meet TVA's time requirements Holtec apparently requested Lift Systems to (1) send the crawler that had been manufactured for Hope Creek to BFN and (2) manufacture another crawler for Hope Creek.

We reviewed documentation of the prices Holtec paid Lift Systems for each of the crawlers and found Holtec had paid Lift Systems (b) (4)

(b) (4)  
(b) (4) Based on the prices Holtec paid for the two vertical crawlers, the most that should have been billable to TVA would have been (b) (4)<sup>2</sup>

Potential Misrepresentation by Holtec – (b) (4)  
(b) (4)

(b) (4) the quoted price misrepresented Holtec's compliance with the contract's cost-plus provision. Additionally, Holtec may have made false statements by informing TVA the price for the BFN crawler was higher than the price of the SQN crawler because the BFN crawler (1) had enhancements that the SQN crawler did not have and (2) included expediting fees. We found the enhancements on the BFN crawler were minor and would not have materially affected Holtec's cost. Additionally, we found no evidence that Holtec incurred any expediting fees other than the higher price it paid Lift Systems for the replacement crawler for Hope Creek.

Based on discussions we have had with (b) (7)(C) we understand  
OIG Investigations does not want Audit Operations to issue an audit report to TVA or Holtec  
at this time since the investigation is ongoing. Accordingly, we are providing the information  
in this memorandum for use in your ongoing investigation. If you need additional information,  
please contact (b) (7)(C)  
(b) (7)(C)



Ben R. Wagner  
Deputy Inspector General  
ET 3C-K

JHB:JP  
cc: Jack E. Brennan, ET 4C-K

(b) (7)(C)  
Richard W. Moore, ET 4C-K  
OIG File No. 2007-11160

<sup>2</sup> TVA could make an argument (b) (4) However, a legal opinion would be needed as to whether TVA could prevail at paying this lower cost since Holtec apparently had to pay a higher cost to replace the Hope Creek crawler.

## Exhibit H





Holtec's tax credits, awarded to support construction of a new facility in Camden, were frozen by the EDA in June following a report this year by WNYC and ProPublica. | AP Photo/Matt Rourke

## Holtec CEO was at center of inquiry that led to disbarment by federal agency

By RYAN HUTCHINS and KATHERINE LANDERGAN | 07/09/2019 04:37 PM EDT

TRENTON — The head of a company that was awarded one of the largest corporate subsidv

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Holtec International CEO and president Krishna P. Singh, who failed to disclose the disbarment on his application for \$260 million in New Jersey tax credits, was questioned as part of a criminal investigation at the federally-owned Tennessee Valley Authority, according to a previously confidential report disclosed on Tuesday.

Holtec had been awarded a contract to build a storage facility for spent nuclear fuel at TVA's Browns Ferry Nuclear Plant in Alabama, and investigators from the TVA's Office of the Inspector General were interested in his interactions with John Symonds, a supervisor at the authority. Symonds pleaded guilty in 2007 to failing to disclose the receipt of tens of thousands of dollars in payments from a Holtec contractor. Holtec was temporarily banned from doing business with the TVA.

Portions of the OIG report were read aloud at a public hearing Tuesday by Jim Walden, the lawyer for a task force Gov. Phil Murphy appointed to investigate New Jersey's tax incentive programs. The report was later released to the media.

Walden said the report made clear Singh "played a role in, or at least at a minimum, had been aware of the underlying activity" involving payments to Symonds.

Walden said the task force concluded, based on the OIG report, that information about the investigation — which was never disclosed to New Jersey Economic Development Authority officials— "may have been material to EDA's decision whether to grant Holtec a \$260 million Grow New Jersey award." The company agreed to create 235 new jobs and move 160 existing positions from other parts of the state to Camden.

"Certainly the EDA should have conducted greater diligence, because if we were able to obtain this information from both media sources and a FOIA application, certainly the EDA could have done that itself," Walden said.

A spokesperson for Holtec did not respond to a request for comment Tuesday.

Holtec's tax credits, awarded to support construction of a new facility in Camden, were frozen by the EDA in June following a report this year by WNYC and ProPublica. The company is one of several targeted by Murphy's task force and is among those tied to South Jersey Democratic power broker George Norcross, who has an unpaid position on Holtec's

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Organization, both of which partnered with Conner Strong to construct a new office building in Camden.

Norcross, who is suing the task force to stop its investigation, has denied any wrongdoing.

WNYC and ProPublica were the first to report that Singh had failed to disclose the disbarment on Holtec's tax credit application. Holtec was barred for 60 days from doing business with the Tennessee Valley Authority and had to pay a \$2 million fee, but it later began doing work with the agency again.

Days before the WNYC and ProPublica story was published, Holtec asked the EDA to amend the application and said in a statement that the error was merely "an oversight."

But the inspector general's report from the TVA, which runs three nuclear plants spread across two states, suggests Singh was more involved in the issue than previously known.

Walden said the report shows Singh was secretly recorded discussing the OIG investigation with Symonds, who cooperated with the inquiry. Symonds told investigators he received bribes to ensure Holtec was able to secure its contract with the agency.

The name of Symonds' contact at Holtec was redacted in the OIG report, which the task force obtained through a public records request.

"The OIG report found, based on witness testimony, that this unnamed Holtec representative engaged in the funneling of money to Mr. Symonds and courting him with future employment in order to secure the TVA nuclear contract for Holtec," Walden said during the Tuesday hearing in Trenton. "Essentially, the OIG found a bribe."

In September 2001, the OIG report says, Symonds was promised a vice president position at Holtec, paying a \$175,000 salary and a portion of profits. From that point on, even as he stayed on at the TVA, Symonds "considered himself a part of" Holtec, the report says.

In the meantime, Symonds received secret payments, totaling \$54,000, that were all funneled through a company called Krohn Enterprises, a Delaware-based limited liability company formed in 2001, according to both the OIG report and a U.S. Attorney's Office press release from the time of his guilty plea.

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The Krohn name, the OIG report says, was created by using the first two letters of the first name of the Holtec representative, whose identity is redacted, and the last three letters of Symonds' own first name, John.

The company existed solely for the purpose of funneling payments to Symonds and his wife, who was contracted to conduct background security checks but never did, according to the report. The couple also received numerous, all-expense-paid trips funded by Holtec — some involving “lavish” dinners and gambling in Atlantic City — all while Symonds was still working at the TVA.

In the end, Symonds told the OIG he never received the job and it became clear by January 2002 that his position “was dead.”

After he was confronted with proof against him, Symonds agreed to allow OIG investigators to record a phone call between himself and an individual whose name is redacted. While the name is missing, the section of the report is titled “statements by Krishna Singh.”

“We have to assume, but don't know for sure, that the person on the other end of the phone was Mr. Singh,” Walden, the task force attorney said, as he read the report on Tuesday.

During the recorded call, Symonds told Singh that the OIG was aware of the money his company had received from U.S. Tool and Die Inc. — apparently on behalf of Holtec — and that investigators were coming to interview him. He asked for advice on how to respond.

“Well, you know UST&D had hired your wife to do security checks, she got paid for that right?” Singh asked, according to the report. “That was the retainer paid to do the work. She did do the retainer work, why are they auditing your account? There's nothing that, uh, I mean, it was a clean transaction.”

Singh went on to say Symonds' wife “was in the business of checking” backgrounds and that Tool and Die “had some problems with thefts and stuff.”

“But you didn't do any direct business with UST&D, did you?” Singh asked. “They won't call me because I have nothing to do with it, you know. But to the extent that I pointed to a potential source for UST&D to get help, they'll ask me and I'll tell them, you know — I'll tell them the straight scoop.”

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doing consulting services, it was a payment retainer for that work,” Singh said. “And it’s a company you don’t do any business with and you have not.”

Minutes after the call ended, Singh was interviewed in his office by OIG agents. He denied paying off Symonds or having anything directly to do with the payments to Krohn, saying that he merely connected Tool and Die with Symonds because he knew someone associated with him did security checks.

Singh “stated that he would not have offered any money to Mr. Symonds or Krohn Enterprises for any reason,” the OIG report says.

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# Exhibit I

**THE REAL BOSSES OF NEW JERSEY****A False Answer, a Big Political Connection and \$260 Million in Tax Breaks**

Holtec International gave a false answer in a 2014 New Jersey tax break application connected to political boss George E. Norcross III, a Holtec board member. Five days after WNYC and ProPublica asked about it, lawyers called it “inadvertent” and asked the state to correct it.

by Nancy Solomon, WNYC, and Jeff Pillets, May 23, 2019, 4 a.m. EDT



*Kris Singh, center, the founder, president and CEO of Holtec International. (Mel Evans/AP Photo)*

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A company that won the second-largest tax break in New Jersey history gave a false answer about being prohibited from working with a federal agency in sworn statements made to win \$260 million in taxpayer assistance for a new plant in Camden.

A review by WNYC and ProPublica found that Holtec International CEO Kris Singh responded “no” on certified forms submitted to the state in 2014



that asked if the applicant had ever been barred from doing business with a state or federal agency. The forms were submitted to the New Jersey Economic Development Authority as part of the company's successful application for tax breaks.

In fact, the international nuclear parts manufacturer was caught up in a contracting investigation at the federally owned Tennessee Valley Authority. In 2010, Holtec was barred for 60 days from doing any federal business and paid a \$2 million administrative fine to the TVA, according to an agency report. Holtec's debarment marked the first time the agency had taken such action against a contractor.

A TVA official pleaded guilty in U.S. District Court in Alabama for "knowingly and willfully" making a false statement on a financial disclosure form, according to a Department of Justice press release from 2007. The official failed to disclose a payment from a contractor that originated with Holtec, the court documents said.

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### Listen to the Episode

Hear more from WNYC.

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Holtec later went on to rebuild its relationship with the TVA, and it secured additional contracts to supply casks that store spent nuclear fuel.

Five days after WNYC and ProPublica contacted Holtec seeking comment about its incorrect answer on the application, an attorney representing the firm sent a letter asking the EDA to correct Singh's answer in the 2014 application.

Kevin Sheehan, an attorney with the Parker McCay law firm, which represented Holtec in its application for tax breaks, wrote to the agency that the mistake was "inadvertent."

Joy Russell, Holtec's senior vice president of business development and communications, in an emailed statement called the incorrect answer "an oversight" by Singh. Holtec's company ethics policy, which is included in a court filing, warns employees to use great care in signing documents filed with government officials that could subject the company or the employee to legal problems.

The application process for state tax breaks is supposed to include a rigorous review by EDA officials of all statements submitted by a company. In Holtec's case, emails recently released to WNYC and ProPublica show that the staff went back to the company to clarify questions about the company's financial calculations and raised concern that Singh was late in filing required certifications as the date approached for review of the EDA application.

The EDA, in a statement, said the tax break law gave it the authority to take back tax credits. But the agency stopped short of saying how it might proceed against Holtec. “In the case of a representation in an application that is false, misleading or inaccurate in any material respect...the NJEDA could declare a default, potentially resulting in termination of the agreement and/or recapture of the tax credit,” according to EDA spokeswoman Virginia Pellerin.

The board approved Holtec’s application in July 2014 in a 10-0 vote, with two board members abstaining.

It is unclear what steps the agency would have taken if Singh had answered truthfully or if Singh’s false answer had been discovered during the staff review.

Singh’s sworn statements were part of a checklist in which the company must attest that it has faced no criminal convictions or other legal issues. Singh checked “no” to all of the questions.

Holtec’s new factory in Camden is part of a resurgence for the poverty-stricken city pushed by South Jersey Democratic boss George E. Norcross III, who is an unpaid member of Holtec’s board.

Norcross’ brother Philip is managing partner at the law firm that represented the company in its EDA application, Parker McCay.

Sheehan worked closely with Philip Norcross on the Holtec matter, according to the emails obtained by WNYC and ProPublica. The law firm’s work on behalf of several Camden projects is now under scrutiny.

Tim Lizura, the former president and chief operating officer of the EDA, declined to be interviewed.

The emails show Lizura closely monitored the Holtec application, presiding over meetings and phone calls between the agency and company representatives.

Gov. Phil Murphy has appointed a task force to investigate the state tax break program. Its lead lawyer said a misrepresentation on an application could result in the cancellation of the tax break.

“First of all, the EDA can suspend the grant pending the investigation,” said Jim Walden, special counsel to the task force. He declined to comment on the Holtec application specifically but agreed to discuss how the task force is handling problems with applications in general.

“If the relevant authority determined there was a misrepresentation, they can terminate the grant, they can seek fines and penalties and in circumstances where there is information about a willful failure to

At a hearing this month, Walden said misrepresentations on tax incentive applications involving other companies have resulted in federal mail and wire fraud charges elsewhere in the country.

The TVA case dates to 2001, when Holtec contracted with the TVA to design and build a storage system for spent nuclear fuel. A criminal investigation by the TVA inspector general led to the creation of a formal process to debar Holtec. It was the first debarment in the federal agency's 77-year history.

In addition to being barred for two months and paying a \$2 million fine, Holtec agreed to independent monitoring, according to the TVA inspector general's report. Holtec also was required to install a corporate governance office, the inspector general said in a report, "to gauge what progress in business ethics the company was making, if any."

"Once those corrective actions were completed to the satisfaction to TVA, then the debarment was lifted," said Jim Hopson, a spokesman for the TVA.

The case appears to have been a minor bump in the road for Holtec, which is one of three companies in the world that makes dry storage casks for nuclear waste.

"We currently have a great majority of the plants in the United States and more than 50 overseas that utilize our spent fuel technology," Singh, the Holtec CEO, said at a press conference in 2017.

Holtec said in its explanation to the EDA that the company now holds a \$300 million contract at the TVA and "currently remains a valued client."

Holtec's tax break in New Jersey has recently come under scrutiny. George and Philip Norcross are closely tied to the company and were involved in the 2013 legislation that helped Holtec obtain a tax break that was equal to its capital investment in Camden.

George Norcross has sway over the largest voting bloc in the state Legislature, and he is particularly close to Senate President Stephen Sweeney. The Economic Opportunity Act of 2013 removed the cap on the size of the awards and gave special advantages to companies moving to Camden. As a result, at least 12 companies with connections to Norcross received \$1.1 billion in tax breaks.

"Camden is experiencing a tremendous buzz in the region," Norcross told WNYC and ProPublica in March. "There's a lot of enthusiasm going on in the city, and people, at least in our neck of the woods, are feeling pretty

good about a place that is formally, embarrassingly, known as America's most dangerous city.”

George Norcross' insurance company, Conner Strong & Buckelew, was the broker for construction insurance at the Holtec site, according to an invoice that was part of a lawsuit between Holtec and Joseph Jingoli & Son Inc., the construction contractor.

Norcross has hired a team of well-known lawyers in New Jersey, and they filed a lawsuit this week trying to block the investigation by the task force appointed by Murphy into the tax break program.

Another of Norcross' brothers, U.S. Rep. Donald Norcross, has received \$18,750 in campaign contributions from Singh, according to federal election records. Singh also loaned \$250,000 to General Majority, a political action committee for which George Norcross raises money.

**Update, May 23, 2019:** *This story has been updated with comment from the EDA.*

*This report was produced with support from the McGraw Fellowship for Business Journalism at the Craig Newmark School of Journalism, City University of New York.*

*Alex Mierjeski contributed to this story.*

*ProPublica and WNYC are spending the year investigating the power and influence wielded by party bosses in New Jersey's political system. If you know something about the state's controversial tax incentive program, we'd like to hear from you. We'd particularly like to hear from:*

- *Past or present state employees who can tell us about the mechanics of the tax break program*
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*If you have something to share with us, here's how to do it:*

- *Via email: [njwnyc@propublica.org](mailto:njwnyc@propublica.org)*
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**Filed under:** Regulation

## Exhibit J

**THE REAL BOSSES OF NEW JERSEY****A Huge Tax Break Went to a Politically Connected Company in New Jersey Despite Red Flags**

Holtec International told New Jersey regulators that Ohio was competing for its new headquarters. But officials there stripped the firm of past tax awards for failing to create the jobs it promised.

by Jeff Pillets and Nancy Solomon, WNYC, and Alex Mierjeski, ProPublica, June 26, 2019, 5 a.m. EDT



*The exterior of a Holtec International facility in Camden, N.J. (Matt Rourke/AP Photo)*

*This article was produced in partnership with WNYC, which is a member of the ProPublica Local Reporting Network.*

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In January 2014, as Holtec International explored sites for a new national headquarters and high-tech manufacturing center, the New Jersey company told state officials that the Garden State had stiff competition.

A number of other states, including Ohio and South Carolina, had offered “robust proposals” to persuade the nuclear technology firm to relocate,

said Holtec CEO Kris Singh in his sworn application to the New Jersey Economic Development Authority.

Generous tax breaks from New Jersey's new economic development program, he argued, could place Camden "on a level playing field" with Holtec's other suitors. In return, the firm pledged the retention of 160 jobs and the creation of an additional 235 positions. Six months later, the EDA awarded the company \$260 million in taxpayer assistance — the second-largest tax break in state history.

What Holtec didn't reveal, though, was that just weeks before filing its application in New Jersey, Ohio had stripped the company of tax credits there for failing to create the jobs it had promised as part of a similar program. According to records obtained by WNYC and ProPublica, none of the 200 positions it had pledged in 2009 to bring to Orrville, a small town about 20 miles outside Akron, ever materialized.

Holtec, in a letter to Ohio regulators, blamed its problems on the failure of new manufacturing equipment that led to a "major setback." The company also said it was suffering an overall "decline in orders" caused by "lower quality overseas competitors."

In the same letter, Holtec asked Ohio to consider applying the old credits to its new plan to build a high-tech manufacturing center. But there is no record that the state ever granted that request.

In fact, local elected officials and economic development staffers in Ohio, as well as South Carolina, said in interviews that they knew of no approved package of incentives their states had offered Holtec.

"We keep pretty close tabs on all our companies here, and we never heard anything about that," said Orrville Mayor David Handwerk, who visited Holtec's plant on Dairy Lane only a few weeks ago.

Holtec did not respond to multiple requests for comment.

The previously unreported Ohio deal provides a new window into New Jersey's embattled tax break program and how state regulators missed key facts as companies maneuvered to qualify for controversial incentives that are now under scrutiny by a state task force and the state attorney general.

Holtec, in particular, has become Exhibit A in a program that critics have blasted for what they say is fraud and mismanagement. In May, WNYC and ProPublica discovered that the company had given a misleading sworn statement; it falsely answered "no" about once being barred from working with a federal agency, a situation that could have jeopardized its application. After the story, state officials put Holtec's tax break on hold and announced an investigation into the firm. Holtec has said that it made an "inadvertent mistake" that it would like to correct.

In a blistering interim report last week, a state task force appointed by New Jersey Gov. Phil Murphy identified the EDA's lack of due diligence as a major failing for an \$11 billion program intended to boost the state's sluggish economy, especially in hard-hit cities like Camden. On multiple occasions, EDA staffers failed to flag problems in multimillion-dollar tax break applications because the agency had "no formal training" and a "fundamental lack of controls," the task force said.

EDA officials confirmed that Holtec did not disclose its Ohio troubles. "This was not reported in Holtec's application or legal questionnaire," said Virginia Pellerin, a spokeswoman for the authority. "It is not apparent ... that Holtec informed the EDA of this."

On Wednesday, after publication of this story, the EDA announced that it has asked six companies, including Holtec, for additional information "to afford the companies the opportunity to respond in writing to a range of recent developments," including the task force report. Potential actions, subject to a board vote, could include reductions in awards, suspensions of tax breaks or terminations of incentives.

"We have no higher obligation than to serve as stewards of taxpayer dollars, and the process we are initiating today will enable our team to make a determination of appropriate next steps with regard to these specific companies," said Tim Sullivan, the authority's CEO.

"Transparency and accountability should be the hallmark of any public investment program, and we take any allegations of wrongdoing very seriously."

Holtec is part of a constellation of companies tied to the South Jersey Democratic boss George E. Norcross III, who is an unpaid member of Holtec's board, and his brother Philip, who is a lawyer and lobbyist whose firm wrote part of the tax break law and represented Holtec's application. All told, companies connected to the two power brokers received at least \$1.1 billion in tax breaks. The EDA has targeted five of those firms in its inquiry.

The governor's task force found that New Jersey's politically connected insiders steered tax breaks to favored businesses and nonprofits, which, in turn, won millions in incentives through questionable claims on their tax break applications. The Norcross brothers have denied any wrongdoing.

The fallout has riven New Jersey politics. Last week, state lawmakers approved a bill extending the life of the controversial incentive program through 2020 — a move Murphy promptly attacked, promising to veto the measure if it did not include significant changes.

Under the program, firms that are at risk of moving outside New Jersey are eligible for higher tax incentives, and investigators cited efforts by several



Norcross-connected firms to obtain competing real estate offers from other jurisdictions, even though they had already committed to staying in state.

Cooper Health System, for instance, where George Norcross is chairman, provided the state with lease information about an alternative site in Philadelphia even though it had no intention of moving there, the task force found. The hospital system has denied any wrongdoing.

In another email revealed by state investigators, a representative of a firm called NFI discussed whether his company and another business, The Michaels Organization, could use the same building in Philadelphia to convince New Jersey officials they intended to move out of state.

“I think it would be a little suspicious to ask for a duplicate. Any thoughts?” wrote Steven Grabell, chief financial officer for NFI.

George Norcross has joined with those two firms, as well as Cooper Health and his brother’s law firm, Parker McCay, in a lawsuit challenging Murphy’s panel, which he says is an illegal attempt by the governor to single out him and his business partners.

The groups argue that they have “made an enormous investment in the revitalization of Camden, one of America’s poorest cities, have been falsely and publicly accused of misconduct regarding the tax incentives that lawfully attend such investment and have been denied a fair opportunity to refute those defamatory accusations.”

In the case of Holtec, the company told New Jersey that sites in Ohio, South Carolina and Pennsylvania would cost \$5 million to \$7 million a year less in rent and labor costs. “In comparison to other states that are successfully wooing manufacturing investment to their territories, New Jersey has high site acquisition and construction costs, high labor cost, relatively high cost of living and high property taxes,” Singh, the CEO, wrote.

But nowhere in Holtec’s 49-page application did the company provide details on the tax incentives from those other states. Emails released by the EDA show that staffers at the agency did, in fact, ask Holtec to supply specifics.

“What evidence can you provide to demonstrate incentive offers of competing states including the abatement of real estate taxes?” staffers Kevin McCullough and Justin Kenyon asked Holtec in April 2014, four months after the company lost its Ohio tax break.

Nick Abraczinskas, Holtec's vice president of contracts, offered no details though. “The discussions with South Carolina have been focused on tax abatement on the potential facility, which we are not allowed to provide the details of that offer due to confidentiality,” he wrote.

Contacted by WNYC and ProPublica, a spokeswoman for the South Carolina Department of Commerce said there was no record of an application by Holtec for tax incentives there. And a regional development group said that while Holtec was one of several nuclear technology firms looking to locate at a federal site on the Savannah River, talks were preliminary and no offer was made.

In Ohio, state economic development officials said they could neither confirm nor deny the existence of discussions with Holtec at that time, citing state policy prohibiting them from talking about any negotiations with firms over potential tax breaks. But records show that the company ran into trouble with state authorities in late 2013 over previous tax awards there.

The issue involved a Holtec subsidiary called Orrvilon Inc., which had expanded a vacant factory in 2009 after consolidating workers from other Ohio plants. It received tax credits worth about \$475,000 for the move because it promised to hire 200 more employees. But those plans collapsed, records show, when demand fell for the high-tech aluminum parts manufactured at the plant.

In December 2013, the Ohio Tax Credit Authority stripped Holtec of its tax breaks on the recommendation of state economic development officials. At the time, records show, Holtec had actually reduced the number of employees there, from 102 to 98.

WNYC and ProPublica reached out to the Pennsylvania Department of Revenue with questions about Holtec's application for tax incentives in the state, but the information is considered confidential under Pennsylvania's Right-to-Know Law.

This year, every company that received a New Jersey tax break has been asked to go through recertification.

Pellerin said the EDA has the right to disqualify any firm from getting tax breaks if it provides false information to the state. The task force reported

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**Filed under:** [Politics](#)



**Alex Mierjeski**

Alex is the research fellow for the Local Reporting Network at ProPublica.