

EXHIBIT 58

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UNITED STATES OF AMERICA
NUCLEAR REGULATORY COMMISSION

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OFFICE OF INVESTIGATIONS
INTERVIEW

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IN THE MATTER OF: :
REVIEW OF 1995-1996 :
NORTHEAST UTILITIES LAYOFFS : Docket No.
INTERVIEW OF : (not assigned)
ERIC A. DeBARBA :

-----x

Thursday, April 4, 1996
Training Building, Room 5
Millstone Generating Station
Waterford, Connecticut

The above-entitled interview was conducted at
9:00 a.m.

BEFORE:
RICHARD C. PAUL, Special Agent
DWIGHT D. CHAMBERLAIN, Deputy Director,
Division of Nuclear Material Safety

CASE NO. 1-96-007

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APPEARANCES:

On behalf of Northeast Utilities and the Witness:

NANCY R. KUHN, ESQ.

of: Morgan, Lewis & Bockius

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On behalf of the U.S. Nuclear Regulatory Commission:

DENNIS C. DAMBLY, ESQ.

Deputy Assistant General Counsel for Material

of: U.S. Regulatory Commission

Office of General Counsel

U.S. NRC 0-15 B18

Washington, D.C. 20555

(301) 415-1578

P R O C E E D I N G S

(9:22 a.m.)

1
2
3 SPECIAL AGENT PAUL: For the record, this is
4 an interview of Eric A. DeBarba, spelled D-e, capital B-a-
5 r-b-a, who is employed as the Vice President of Nuclear
6 Technical Services for Northeast Utilities. The location
7 of this interview is the Millstone Nuclear Power Station
8 in Waterford, Connecticut.

9 Present at this interview in addition to Mr.
10 DeBarba are Richard C. Paul from the Office of
11 Investigations, Region III; Dwight Chamberlain from Region
12 IV; and Dennis Dambly from the Office of General Counsel.

13 As agreed this interview is being transcribed
14 by the court reporter, Chris Baker.

15 The subject matter of this interview concerns
16 the January 1996 downsizing that Northeast Utilities
17 undertook.

18 Mr. DeBarba, please stand and raise your right
19 hand.

20 Do you swear that the information you're about
21 to give is the truth, the whole truth, and nothing but the
22 truth, so help you God?

23 MR. DeBARBA: I do.

24 SPECIAL AGENT PAUL: Please be seated.

25 Also present at this interview is Nancy R.

1 Kuhn with Morgan, Lewis & Bockius from Washington, D.C.

2 Mr. DeBarba, is Ms. Kuhn here as your personal
3 representative?

4 MR. DeBARBA: Yes, she is.

5 SPECIAL AGENT PAUL: Ms. Kuhn, do you also
6 represent the Northeast Utilities in this matter?

7 MS. KUHN: Yes, I represent both Northeast
8 Utilities and Mr. DeBarba.

9 SPECIAL AGENT PAUL: Mr. DeBarba, do you
10 understand that she also represents the corporation?

11 MR. DeBARBA: Yes, I do.

12 SPECIAL AGENT PAUL: And do you wish her here,
13 present at this interview?

14 MR. DeBARBA: Yes, I do.

15 SPECIAL AGENT PAUL: Mr. DeBarba, what did you
16 do to prepare for the interview today?

17 MR. DeBARBA: I met with -- with Nancy Kuhn
18 yesterday for about an hour.

19 SPECIAL AGENT PAUL: Have you discussed
20 testimony with any other individual that has been
21 interviewed by this team?

22 MR. DeBARBA: No, I have not.

23 SPECIAL AGENT PAUL: Could you give us your
24 educational background?

25 MR. DeBARBA: Sure. I have an Associate's

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1 degree in engineering from Waterbury State Technical
2 College, a Bachelor of Science degree in mechanical
3 engineering from Northeastern University in Boston, Mass.
4 I have a Master's degree in engineering from Rensselaer
5 Polytechnic Institute. I have a Master's degree in
6 business from the Hartford Graduate Center.

7 SPECIAL AGENT PAUL: And could you just tell
8 us your experience in the nuclear industry?

9 MR. DeBARBA: Sure. I began work in 1972 at
10 Northeast Utilities as an entry level engineer; worked my
11 way through the engineering organization up to a manager
12 level. In 19 -- mid-1980s I transferred to the
13 Connecticut Yankee Power Plant, worked in various areas
14 that are the nontechnical areas, Health Physics,
15 Chemistry, Security, not part of the operating plant, but
16 all of the service functions of the power plant for four
17 or five years; and returned to the corporate organization
18 in 1990 as Vice President of Engineering when one of the
19 corporate officers retired, and have been in various
20 engineering technical officer positions since 1990.

21 SPECIAL AGENT PAUL: In 1995, what position
22 did you hold?

23 MR. DeBARBA: I was Vice President of -- Vice
24 President of Engineering Services.

25 SPECIAL AGENT PAUL: Were you here at

1 Millstone or up at Berlin?

2 MR. DeBARBA: At what time?

3 SPECIAL AGENT PAUL: 1995.

4 MR. DeBARBA: 1995. Yes, the whole year I was
5 at Millstone. I transferred to Millstone in August of
6 '94.

7 MR. DAMBLY: Mr. DeBarba, the organization
8 chart we have listed you as Vice President for Nuclear
9 Engineering Services or you said Engineering Services.
10 Was it company-wide or nuclear engineering?

11 MR. DeBARBA: Right. The actual title at that
12 time, I believe -- and we changed a couple of times -- was
13 Vice President, dash, Nuclear, all right, comma,
14 Engineering Services. So you find it -- I think all the
15 vice presidents at that time had Vice President-Nuclear to
16 signify that they were a Nuclear Vice President, and my
17 functional area was Engineering Services.

18 MR. DAMBLY: Okay, and according to the
19 business card we got this morning, you're now the Vice
20 President of Nuclear Technical Services?

21 MR. DeBARBA: That's correct.

22 MR. DAMBLY: Is that a renaming of your old
23 job or --

24 MR. DeBARBA: No.

25 MR. DAMBLY: What has changed?

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1 MR. DeBARBA: We implemented reengineering
2 recommendations in January of this year and ended up
3 coming up with a completely new structured organization in
4 the -- in the organization, a branch new Chief Technical
5 Officer, Ted Feigenbaum, and an organization that has
6 fundamental tenets that it just never had before. We're
7 an operationally focused organization. Fred Dacimo is the
8 Vice President of Operations. They're the ones who run the
9 organization. They have five unit directors who run each
10 one of the units, and we have a Senior Vice President of
11 Safety and Oversight, which is the first time we've ever
12 had that.

13 Frank Rothen and myself are Services Vice
14 Presidents. We provide services to -- really to Fred
15 Dacimo, and Frank has the responsibility for all --
16 basically all the physical work. He is Work Services Vice
17 President. I'm Technical Services Vice President,
18 basically responsible for all the professional services
19 that are provided. It includes not only engineering, but
20 it includes licensing, emergency preparedness, information
21 technology, system engineering, and the like.

22 MR. DAMBLY: Okay. When is the first time --
23 you became a VP back in the '90 time frame -- when's the
24 first time that you were aware, it was on your radar
25 screen, that at some point there would be some downsizing

1 on the nuclear side of Northeast Utilities?

2 MR. DeBARBA: The first time it was on my
3 radar screen? I can't remember a specific time and place,
4 but I believe in the early '90s it was becoming apparent
5 that the competition was coming to bear in the electric
6 power industry, and as an officer, I was certainly aware
7 of trade press, Wall Street Journal, what was happening in
8 the telecommunication industry, and you know, we were very
9 much in touch with the fact that it was a matter of time
10 before we were going to see retail wheeling end up hitting
11 the electric power industry. So that I'd say early 1990s
12 that we, you know -- it started to become apparent that
13 our market was changing and that we were going to have to
14 change with it.

15 MR. DAMBLY: And when was the first time that
16 you became involved in any or, say, more organized
17 corporate effort aimed at downsizing the nuclear side?

18 MR. DeBARBA: The nuclear side, I would say it
19 was in late 1993.

20 MR. DAMBLY: What happened then?

21 MR. DeBARBA: We basically reduced about ten -
22 - I'm going to say ten -- fairly senior people, including
23 one officer, actually two officers, in the --

24 MR. DAMBLY: When you said "reduced," these
25 people were laid off or --

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1 MR. DeBARBA: That's right.

2 MR. DAMBLY: -- downgraded? Terminated?

3 MR. DeBARBA: Terminated, right.

4 MR. DAMBLY: And when was your -- what was
5 your first involvement in the processes that led to the
6 recent terminations in January?

7 MR. DeBARBA: Could you repeat the question?

8 MR. DAMBLY: When did you first become
9 involved in any of the processes that led up to, either
10 through strategic planning or otherwise, the terminations
11 that just came about last January?

12 MR. DeBARBA: Right. Well, I was involved
13 right at the outset on strategic planning, and our
14 strategic planning began in -- this is -- it began in late
15 1994, to the best of my recollection.

16 MR. DAMBLY: Okay.

17 MR. DeBARBA: And that we had made some
18 decisions at a corporate officer level as to how we were
19 going to do strategic planning. Particularly in the
20 nuclear group, we decided that for the 1996 through year
21 2000 strategic plan we were going to do it along
22 functional lines as opposed to unitized lines, and by
23 functional lines meant engineering, maintenance,
24 operations, that type of thing.

25 MR. DAMBLY: Well --

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1 MR. DeBARBA: And I had responsibility for the
2 engineering piece.

3 MR. DAMBLY: When you say "by functional
4 lines," engineering, et cetera, you're talking then that
5 you combined -- in terms of the plan, you combined the
6 Engineering Services for all five units?

7 MR. DeBARBA: Correct. That's correct.

8 MR. DAMBLY: And could you tell me how the
9 strategic planning process worked?

10 MR. DeBARBA: Sure, sure. Each of the
11 officers had responsibility for a functional area or a
12 group of areas. My particular area had Engineering and I
13 also had the oversight functions combined, and what we
14 ended up doing is working with the senior people in those
15 organizations with a facilitator, a nuclear -- a strategic
16 planning facilitator, from outside of nuclear to help us
17 pull together thoughts and ideas on how we would structure
18 those organizations going forward to hit the targets that
19 we were looking to hit.

20 Very early on, we had done some work at
21 corporate office level to make sure that we understood
22 what our strategic objectives were, and you know, at
23 corporate level we had a series of strategic objectives
24 that we had talked about. Those were translated into
25 nuclear to be a primary goal that ended up being on our

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1 yellow card of operating our plants to the year 2000 and
2 beyond, and we realized that in order to operate our
3 plants to the year 2000 and beyond, there were two things
4 that we had to do.

5 First off, we always had to operate them
6 safely because if we didn't operate them safely, we
7 wouldn't operate them.

8 And the second is we knew we had to be
9 economic. Otherwise the market would not allow us to
10 operate them.

11 So that's why we came up with that idea and
12 thought, and then finally, we ended up translating the
13 high level corporate objectives into objectives that were
14 more meaningful in nuclear, and we came up with five
15 operational excellence objectives that are also on the
16 yellow card, and we translated those then into -- into
17 detailed actions that would allow us to be successful.

18 And we knew that there was -- there had to be
19 focus on becoming an industry leader, regaining regulatory
20 confidence, improving, you know, morale, communications,
21 team work, that type of thing. We had to do those things,
22 and we set up some actions for those items.

23 We also took a look at the economic end of the
24 equation and said, "Well, what does that all mean to us?"
25 And based on some work that we had done within the

1 company, we knew that in order to be competitive in the
2 future, our going forward costs -- and there was a
3 definition for what going forward cost were -- had to be
4 within a certain range, and we knew that where we were now
5 was high compared to that, and so that we had to do some
6 thinking based on synergies that we could gain through our
7 organization that would help us get to that point.

8 And we came up with some higher level thoughts
9 on what would be achievable based on canvassing the
10 industry, and so, for instance, we came up with thoughts
11 that in the future we ought to be thinking of refueling
12 outages that are 35-days in duration. That was our
13 stretch. Our target was 42 days, and it was based upon
14 the fact that there were plants out there right then and
15 there who were doing outages in the 35-day range. So it
16 wasn't a real stretch, although our history had been more
17 in the 50, 60, 70-day range. So it was a stretch for us.

18 We also set capacity factor targets for our
19 plants that were higher than what we had currently, and it
20 was, again, based on the fact that other plants had been
21 out there doing it. In fact, we had done it, but we had
22 not been able to do it consistently. So we had to set
23 some capacity targets, and as an officer group, we got
24 together and discussed these, the merits and demerits; is
25 this achievable, is it not achievable; how were we going

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1 to make these things happen.

2 And out of those sprung various initiatives.
3 For instance, one of the initiatives came out that was an
4 engineering initiative, was going to a 24-month fuel
5 cycle, and that allows you to attain higher capacity
6 factors over a long haul, fewer refueling outages. It
7 helps in a number of areas.

8 We then translated those, those overall
9 objectives into specific action plans, and that's one of
10 them that I mentioned. We came up with a series of action
11 plans that would allow Engineering to contribute to this
12 overall glide path that was identified on how we would
13 control our costs.

14 MR. DAMBLY: And how did -- back up. At some
15 point did those plans, objectives, in other words,
16 translate into actual FTE reductions?

17 MR. DeBARBA: Yeah, yeah. We looked at what
18 we thought the organization would -- would look like in
19 the future, and we were looking at our cost comparisons,
20 and we could see that there were certain areas where we
21 wouldn't need as many people in the future as we have now.

22 For instance, we looked at Engineering and
23 really broke it into two broad pieces. You know, you can
24 define it more finely, but there are really two broad
25 areas. One is system engineers, and these are the people

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1 who are dedicated to individual systems in the power
2 plants, who take responsibility for the operational
3 readiness and the day-to-day running of their systems. We
4 saw those areas as not changing. We were going to have
5 people dedicated to those particular systems.

6 By the way, that was a function we didn't have
7 up until about two or three years ago. It was something
8 we added.

9 And then we have the design function, and the
10 design and the programs and all the other pieces attendant
11 to the design, the design change process of the plant.

12 We saw the system engineering piece not really
13 changing much, but we saw the design piece changing a lot,
14 and the reason was that we had inventoried where we were
15 versus where other people were, and we knew at that point
16 in time that we were making 200 design changes per year
17 per unit, very high based on industry averages, and we
18 thought a more reasonable objective would be to get down
19 to a point of maybe making 50 design changes per year, and
20 there are a lot of ways to attack that.

21 Beyond that, we also knew that our processes
22 for making design changes were very cumbersome, and so an
23 initiative that we set out was to create a five-unit
24 design control manual, and by having a five-unit design
25 control manual and capturing this power of five that we

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1 had, that we felt that we had process improvements that
2 would allow us to do work more efficiently and ultimately
3 not have as many people.

4 We also looked at what we had for outside
5 contractors, and we put together a plan that would get us
6 from where we were at that point in time to the point in -
7 - I'm not sure what the year was -- but the point where we
8 were no longer relying on outside contractors, except for
9 very special functions.

10 So we put a plan together that did address
11 that, and we really looked at the design function as being
12 the area where we had the greatest opportunity for some
13 synergy gains, some reductions, and people-process
14 improvements, reduction in costs.

15 MR. CHAMBERLAIN: What was the size of the
16 design engineering organization at that time,
17 approximately?

18 MR. DeBARBA: On the five units?

19 MS. KUHN: At what time are we talking about?

20 MR. DeBARBA: At what time?

21 MR. CHAMBERLAIN: At the time you were doing
22 the strategic planning and you were looking at the numbers
23 and you felt like you could do it with less.

24 MS. KUHN: So you'd say like the spring of
25 '95?

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1 MR. DeBARBA: It depends on how you count the
2 design organization. If I subtract, you know, the System
3 Engineering, I ^{had 622} have about 25 per unit. So, if you say I
4 ^{had 622} have 125 system engineers, everybody else falls into
5 design, if you just make that assumption. I think at the
6 time we had about 700 people.

7 MR. CHAMBERLAIN: Seven hundred per --

8 MR. DeBARBA: So 700 minus 125. So 575
9 people in the design function, which also includes Nuclear
10 Engineering, and it includes Fuel. It includes a lot of
11 other types of functions. I call that all broadly design.

12 MR. CHAMBERLAIN: That doesn't include
13 contractors?

14 MR. DeBARBA: No.

15 MR. DAMBLY: In the strategic plan that you
16 ultimately came out with, were there specific FTE
17 reductions in specific organizations or was it, you know,
18 at the engineering -- at your level there had to be so
19 many reduced under you?

20 MR. DeBARBA: Well, you know, -- you know, we
21 looked at the overall glide path in terms of what we
22 needed to do, and we translated that into dollar savings
23 and FTE reductions and that type of thing and came up with
24 what we thought was a reasonable profile, and basically
25 for each of those functional areas, we identified what we

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1 thought was a reasonable target --

2 MR. DAMBLY: Okay.

3 MR. DeBARBA: -- to be shooting for.

4 MR. DAMBLY: I apologize because my question
5 was --

6 MR. DeBARBA: Okay.

7 MR. DAMBLY: -- rather bad. What I was
8 interested in, was it broken down below your level as the
9 VP for Engineering? Was it broken down into, say, down at
10 the supervisor level or the manager level, that a given
11 manager under you had a glide path to come down --

12 MR. DeBARBA: No.

13 MR. DAMBLY: -- or was it just your entire
14 engineering organization?

15 MR. DeBARBA: Yeah. No, from a strategic
16 planning standpoint, it was just the organization.

17 MR. DAMBLY: Okay. Did it -- now, after you
18 did the strategic plan --

19 MR. DeBARBA: Yes.

20 MR. DAMBLY: -- at some point there came the
21 '95 budget cycle as I understand it.

22 MR. DeBARBA: Right.

23 MR. DAMBLY: And you --

24 MR. DeBARBA: '96 budget cycle.

25 MR. DAMBLY: Okay. It was done in '95. I'm

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1 sorry.

2 MR. DeBARBA: Right.

3 MR. DAMBLY: And as I understand the process,
4 somewhere along there the numbers that you had fed into
5 the strategic plan got fed back to you as part of the
6 budget process.

7 MR. DeBARBA: Yeah, no, yeah. That's right.
8 ~~That's how~~ ^{you} come up ^{with an} Operational plan and you
9 ultimately come up with a budget.

10 MR. DAMBLY: And do you recall for the '96
11 budget cycle what the FTE reductions that you were
12 scheduled for were the target for Engineering?

13 MR. DeBARBA: Well, yeah. In the strategic
14 plan, we had numbers that we had laid out that we thought
15 we needed to achieve on the what was referred to as page
16 24 that became widely known in the organization. I think
17 it's page 24.

18 MS. KUHN: Well, it's the strategic business
19 plan.

20 MR. DeBARBA: The strategic business plan.

21 That in Engineering, I think our long-term
22 target was something like a reduction of 90 people, and
23 there were numbers for 1996 and 1997, and so that when we
24 looked at what we were going to achieve in 1996, we really
25 took a look at the aggregate plan and looked at where we

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1 were, and after some discussion, concluded that we were
2 going to look at a reduction that embraced really 1996 and
3 1997 together.

4 MS. KUHN: Can we take a brief break?

5 SPECIAL AGENT PAUL: Sure.

6 (Whereupon, a short recess was taken.)

7 MR. DAMBLY: Before we start again just so
8 it's clear on the record, we will be treating these
9 transcripts as we have indicated with all the transcripts
10 being taken from NU employees with regard to proprietary
11 information and privacy material as well.

12 MS. KUHN: Okay. Thank you.

13 MR. DAMBLY: Now, let me show you a document.
14 We don't have the strategic plan itself, but I have a --
15 no, sorry -- June 29th, 1995 memo from R.M. Kacich,
16 Kacich, K-a-c-i-c-h.

17 MR. DeBARBA: Kacich.

18 MR. DAMBLY: Kacich. Okay. Close, eh? To
19 Nuclear EVP, Direct Reports and Unit Directors; subject:
20 Nuclear SBP Staffing Reductions, and on the second page or
21 starting on the second page, it has a breakdown for '96
22 and '97 by functional areas. I'd ask you to take a look
23 at that. The first area happens to be Engineering and, I
24 think, indicates a combined target of 35 for 1996 and '97.

25 MS. KUHN: Just for your information, you have

1 page 24 out of the strategic business plan. We did
2 produce that to you.

3 MR. DAMBLY: Page 24?

4 MS. KUHN: Yeah, the table that he was
5 referring to. You just said a moment ago you didn't have
6 the strategic business plan, but you do have that table.
7 That was part of the production in response to your
8 letter.

9 MR. DAMBLY: Oh, okay.

10 MS. KUHN: It's just a single page.

11 MR. DAMBLY: A single page? Maybe I -- maybe
12 I overlooked it.

13 Are the numbers on page 2 there with regard to
14 Engineering -- do those look familiar to you?

15 MR. DeBARBA: On page 1? Yes.

16 MR. DAMBLY: Second page of the memo, but page
17 1 of the enclosure, I guess.

18 MR. DeBARBA: Yes.

19 MR. DAMBLY: So you have in Engineering a
20 target or a goal of 35 over the 1996-97?

21 MR. DeBARBA: That's correct.

22 MR. DAMBLY: And that's broken down by
23 individual, I guess, direct reports to you, Mr. ^{and} Bonaca and
24 Mr. Pitman?

25 MR. DeBARBA: Yes, that's right, except for

1 Joe Vargas was not a direct report to me at that time.

2 MR. DAMBLY: He was at a different --

3 MR. DeBARBA: He was at Seabrook.

4 MR. DAMBLY: Seabrook.

5 MR. DeBARBA: Which did not directly report to
6 me.

7 MR. CHAMBERLAIN: Could we back up a second
8 because I thought I heard you say earlier there was a 90
9 goal reduction in Engineering for those two year?

10 MR. DeBARBA: No, for the five-year period.

11 MR. CHAMBERLAIN: Oh, for the five-year.

12 Okay.

13 MS. KUHN: Out of --

14 MR. CHAMBERLAIN: The 35 number we're talking
15 about is for '96-'97?

16 MR. DeBARBA: Right. I believe it was 90.

17 MS. KUHN: That page that we produced from the
18 strategic business plan --

19 MR. CHAMBERLAIN: Has that number?

20 MS. KUHN: -- has that.

21 MR. CHAMBERLAIN: Okay.

22 MR. DAMBLY: I'll look for that this
23 afternoon.

24 But the goals that are broken down by -- I
25 guess that's the director level. Is that the --

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1 MR. DeBARBA: Yes.

2 MR. DAMBLY: -- correct title?

3 And was that also that way -- again, I guess
4 either I must have misplaced or didn't recognize the page
5 24 -- but it was that way in the strategic plan, as well,
6 or was it broken down just by Engineering?

7 MR. DeBARBA: Just by major functional area, I
8 believe.

9 MR. DAMBLY: Major functional area?

10 MR. DeBARBA: Right.

11 MR. DAMBLY: Okay. How did it get broken down
12 farther as shown on the page you're now looking at?

13 MR. DeBARBA: Well, I think as described in
14 Kacich's letter, it was done by functional leads were
15 contacted and asked to identify what they saw as their
16 complement of people who would aggregate up to that
17 number.

18 MR. DAMBLY: And --

19 MR. DeBARBA: So involvement with the
20 directors.

21 MR. DAMBLY: And were you the functional lead
22 for Engineering?

23 MR. DeBARBA: Overall, yes.

24 MR. DAMBLY: Overall.

25 MR. DeBARBA: Yeah.

1 MR. DAMBLY: And then you talked to the
2 directors, and then you came out with by director goals, I
3 guess, or --

4 MR. DeBARBA: We came up with those, that
5 breakdown, in looking at the various organizations and how
6 they were staffed. For instance, Millstone 3, which had a
7 reduction of seven, was an Engineering organization that
8 was quite a bit larger than Millstone 2, which had a
9 smaller one. Millstone 2, if I recall, had some number
10 like 85 engineers in it, and Millstone 3 had about 40 more
11 people.

12 So we looked at work load, work going forward,
13 and what the size of the staffs were to come up with our
14 best estimate of what those reductions ought to be.

15 MR. DAMBLY: Now, were those -- well, first,
16 how did -- how was a decision made that the '96 and '97
17 would be combined?

18 MR. DeBARBA: We looked at the impact or how
19 to implement the strategic plan. The strategic plan was
20 basically a glide path.

21 MR. DAMBLY: Right.

22 MR. DeBARBA: But we looked at it and thought
23 about the humanistic end of -- of getting our organization
24 structured so that it was correct to meet the competitive
25 challenges, and we're looking at that and said we just

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1 cannot be doing a work force reduction every year for the
2 next five years. This is -- you know, this is a lot of
3 anxiety to go through. It's a lot of organizational
4 distress. It -- you're going through and you're putting
5 people through. It's hard on management; it's hard on
6 employees, and we felt that the more appropriate way to do
7 this would be to do a larger reduction early and then wait
8 some period of time until we had a better sense of what
9 was coming out of reengineering and looking at later
10 reductions at that time.

11 So we wanted to get a period of stability, and
12 to do that we wanted to -- we thought it was appropriate
13 to do a larger reduction earlier.

14 MR. DAMBLY: At this point it's still
15 anticipated at some point in the future there'll be
16 another reduction?

17 MR. DeBARBA: We're going to -- we're seeing
18 ourselves as having a smaller organization, a leaner
19 organization, and a better organization in the future.
20 Exactly how we get there I can't tell you whether it's
21 going to be through reductions or attrition or voluntary
22 retirements, separations. I mean there's lots of
23 different options. The company's looking at them all.

24 MR. DAMBLY: Okay. Now -- excuse me -- going
25 into -- well, at the time, and I'll back up to matrixing

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1 in a minute, but at the time that the actual matrixing of
2 individuals was done at the manager level --

3 MR. DeBARBA: That's right.

4 MR. DAMBLY: -- were the numbers, the 35 and
5 then the breakdown by director there, were those
6 considered targets or were those, you know, like cast in
7 concrete? You're going to have to reduce your particular
8 group by seven.

9 MR. DeBARBA: No, they were considered
10 targets. They were overall targets.

11 MR. DAMBLY: Now, in --

12 MR. DeBARBA: And, in fact, we knew in the
13 organization our target was some number in the aggregate
14 level as 250, and clearly that was the more important
15 target as opposed to individual numbers.

16 MR. DAMBLY: Okay. Now, in -- there was
17 initially an early out option for people, early retirement
18 issue --

19 MR. DeBARBA: Yes.

20 MR. DAMBLY: -- or option. Some time
21 following that were you involved at all in the development
22 of the matrix competencies or in the process or the
23 decision that there would even be matrixing? Did you have
24 any involvement in that decision?

25 MR. DeBARBA: I was part of discussions where

1 we thought of how we would implement the strategic
2 business plan. At an officer group, we sat about
3 implementing the strategy that we had created, and so we
4 tasked people with coming up with process that was fair
5 and was equitable and scrutable and that had, you know --
6 that recognized the values that we were looking for in our
7 employees to get our organization to be successful in the
8 years going forward.

9 So, yeah, we set up --

10 MR. DAMBLY: A task force?

11 MR. DeBARBA: -- a task force to do that.

12 MR. DAMBLY: Okay. When the task force did
13 its work and came out with the matrix charts that we've
14 seen -- I guess there are six of them and various
15 weightings, but they all have the same ten competencies --
16 did that come back before the officer group for approval?

17 MR. DeBARBA: Yes.

18 MR. DAMBLY: And did you consider the
19 competencies appropriate?

20 MR. DeBARBA: Yes. We had some discussions
21 about them. I think that they were explained in quite a
22 bit of detail. We had discussions. We had seen earlier
23 drafts and copies, and we provided some comments on
24 weighting factors. An example might be that somebody said
25 that engineering degree, you know, is worth X number of

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1 points and an SRO license is worth points, and so we had
2 discussions back and forth about what was the right
3 weighting factors that went on it, but by and large, I
4 think that the task force did a very good job and had
5 built on what the company had already done. So this
6 wasn't -- these were not great surprises to me, for sure.

7 MR. DAMBLY: And how did you understand or
8 what information did you understand managers were going to
9 be using in filling out the matrix --

10 MR. DeBARBA: Well, we --

11 MR. DAMBLY: -- on individuals?

12 MR. DeBARBA: We had put together a training
13 program for them. The task force had recommended and had
14 implemented a training program for the managers on how to
15 do that.

16 MR. DAMBLY: And I guess the question I'm
17 interested in is as a result -- did you take the training?

18 MR. DeBARBA: I did not, no.

19 MR. DAMBLY: Did you understand -- let me try
20 and put it this way -- that when a manager was to fill out
21 a matrix, that in assigning numbers, scores under each of
22 the competencies, the manager was to look at the
23 employee's past and present performance and assign a
24 number based on that, or were you looking for I think what
25 we've heard is the NU 2000 employee? I mean, were you

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1 looking to see does this person fit into the organization
2 that we -- the kind of people we want in the future, or
3 were you just giving grades assigned based on past
4 performance and performance evaluations?

5 MR. DeBARBA: Well, the competencies were
6 pretty self-explanatory. The document described in a fair
7 amount of detail how you end up coming up with those
8 numbers, and so for some things it's years of experience
9 and how you translate is very direct. There's no
10 judgment.

11 There were other categories that are
12 judgmental, and people had to make judgments, and it was -
13 - I believe it was clear in the documents and the training
14 materials that had been presented that those -- how those
15 competencies were to be judged.

16 MR. DAMBLY: And when you first looked at the
17 ten competencies that were reported back on the matrix to
18 the officer group, given what's on the yellow card -- and
19 the yellow card you've mentioned. I have one in my hand
20 here that says "Nuclear Group Strategic Plan, 1995 through
21 2000." Is that the yellow card you're talking about?

22 MR. DeBARBA: Yes.

23 MR. DAMBLY: And on there the mission was
24 save, environmentally sound, dependable, et cetera, and
25 the value was safety, was the first value down under

1 there, and on the back your nuclear goals. Safety is at
2 the top.

3 Did it surprise you that commitment to safety
4 didn't show up on the matrix anywhere?

5 MR. DeBARBA: I believe that safety is
6 embodied in the matrix.

7 MR. DAMBLY: And where would you find it in
8 the matrix?

9 MR. DeBARBA: In the performance, you know,
10 those attributes of performance; you know, in how people -
11 - in those behavioral aspects. I think that they all tie
12 in with that.

13 MR. DAMBLY: I'm curious about in the job
14 performance, as a part of this task force that we're -- in
15 the investigation we're doing, we've probably looked at
16 somewhere between two and 300 performance evaluations, and
17 I haven't seen one yet where there was a comment that
18 somebody made any contribution to safety, other than in
19 the hard hat kind of area, but in terms of nuclear safety,
20 I haven't seen a comment on any of them.

21 Where would you get that in the performance
22 evaluation?

23 MS. KUHN: I believe that we can show him
24 performance appraisals where safety is, in fact,
25 identified. I mean --

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1 MR. DAMBLY: You mean as a topic?

2 MS. KUHN: I mean it is referenced in the
3 performance appraisals.

4 MR. CHAMBERLAIN: The safety that we saw in
5 the performance appraisal was OSHA type safety.

6 MR. DAMBLY: OSHA type safety.

7 MR. CHAMBERLAIN: All the comments were
8 related to OSHA type, work place type safety, personnel
9 safety, and we didn't get -- we didn't see any comments
10 related to the nuclear safety in that category.

11 MS. KUHN: Well, I think it would not be,
12 shall we say -- I don't think it's quite fair to ask this
13 man, you know, the kind of global issue that -- I mean he
14 hasn't looked at every single performance appraisal in
15 this corporation. I mean you know that.

16 MR. DAMBLY: Obviously neither have we, but --

17 MS. KUHN: Yeah. That's right.

18 MR. DAMBLY: My issue, I guess -- I mean you
19 said on all your goals and everything, it's like safety
20 first and people talk about safety first, but the matrix
21 doesn't have safety as a category. It has commitment to
22 change. It has team work. It has a lot of things, but it
23 doesn't say commitment to safety, and I was interested how
24 somebody who's raising safety issues, who's pointing out
25 problems, maybe causing a lot of problems for the plant in

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1 doing so, how they would get rewarded on a matrix as
2 opposed to maybe downgraded on a matrix because they
3 weren't a team player or something.

4 MR. DeBARBA: These -- the competency --

5 MS. KUHN: I've just handed the witness the
6 training materials regarding the competencies and the
7 definitions.

8 MR. DeBARBA: Right, right. Yeah, and you
9 know, from the looks of these, these are competencies of
10 characteristics of employees, and if you look in here,
11 embodied in this is those types of things that are
12 important to running a nuclear organization, and for
13 instance, under Item 9, planning, organizing, decision
14 making, safety aware^{ness} is one of the items in there.

15 MS. KUHN: It's in Attachment 5 of --

16 MR. DeBARBA: Right.

17 MS. KUHN: -- the materials that were supplied
18 to you in February.

19 MR. DAMBLY: It's not under job performance.
20 It's not under commitment to change. It's not under
21 leadership. It's not under team work, communications, or
22 effectiveness.

23 And do you know under Number 9 --

24 MR. DeBARBA: Well, under job performance, for
25 instance, procedure compliance. That's safety. Energy

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1 initiative, initiative to bring something forward, that's
2 safety. I think embodied in all of these you have the
3 elements of safety.

4 MR. DAMBLY: So then you would think that
5 managers and directors that reported to you, if they had a
6 person on their staff who was raising nuclear safety
7 issues, significant safety issues, even though they may
8 have caused, you know, either work slowdowns or longer
9 outages or things like that, that your directors and
10 managers would have said, "Oh, this is a job performance
11 plus or a team work plus," or something in that context
12 and given them a higher score?

13 MR. DeBARBA: Yeah. I believe -- I believe my
14 managers understand that.

15 MR. DAMBLY: Now, turning to Number 9 where
16 they're broken down farther, safety awareness, which shows
17 up on the front page as being aware of conditions that
18 affect employee safety, which is the kind of comments we
19 saw in appraisals having to do with OSHA as opposed to
20 nuclear plant safety --

21 MS. KUHN: I don't know that that -- I mean I
22 understand what you're saying, but I don't think that that
23 necessarily is, in fact, an accurate characterization.
24 Presumably if a nuclear plant were not safe, that might,
25 in fact, affect employee safety.

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1 MR. DeBARBA: Yeah, conditions that affect
2 employee safety could be radiological, could be
3 industrial, could be nuclear, could be lots of different
4 things. I mean, those of us who live and work in power
5 plants and are there every single day don't do things to
6 jeopardize safety. I mean that's -- that's drilled into
7 us over the years of how you behave.

8 MR. DAMBLY: Well, from your experience, do
9 you believe that people at Millstone or Connecticut Yankee
10 or Seabrook who raise safety issues that result in, you
11 know, additional work, potentially longer outages, et
12 cetera, are considered team players?

13 MS. KUHN: I'm going to suggest that this
14 witness can testify as to his knowledge of --

15 MR. DAMBLY: Well, that's what I asked.

16 MS. KUHN: -- those operations. Well, you
17 swept into that other plants which may or may not be those
18 that he has familiarity with.

19 MR. DeBARBA: Could you repeat the question?

20 MR. DAMBLY: Yes. Do you believe that your
21 directors and manager, which I guess now includes all five
22 plants, as a matter of fact, but that they view an
23 employee who raises safety issues that cause plant
24 shutdowns potentially, extended outages, require lots of
25 time and effort to respond to and resolve, are considered

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1 team players?

2 MR. DeBARBA: I -- I don't think that they are
3 categorizing people and putting them in bins. I think
4 what they understand is that we deal with facts and we
5 deal with information, and the obligation people have is
6 to not question people's motivations and try to label them
7 any such way, but to deal with information straight up and
8 get to the bottom of it and resolve it correctly and treat
9 people with, you know, fairness and dignity and listen to
10 their concerns and follow them through to completion.

11 MR. DAMBLY: Did you receive -- have you
12 received -- let me show you a document, a copy I have here
13 -- a January 30th, 1996 memo to T.C. Feigenbaum from M.D.
14 Quinn, subject: Millstone employee concerns assessment
15 report? Let me show you that and see if you have seen
16 that.

17 MR. DeBARBA: (Examining document.) Yes, I
18 have.

19 MR. DAMBLY: In that, in the executive summary
20 in the front page, there's comments to the effect that --
21 and this is -- I guess this study started November 1st and
22 obviously was issued -- what I did I say? -- January 30th
23 of '90 -- so it started November 1st of '95, issued
24 January 30th of '96. So it was even after the matrices
25 were done, which were done in October; concludes that

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1 there's this perception out there that managers kill the
2 messenger, and that there's a chilling effect. People
3 don't feel free to come forward.

4 Do you disagree with the conclusions and the
5 findings in this report?

6 MS. KUHN: Dennis, I'm just going to make the
7 observation that this is about a half inch thick document
8 and you've selected findings, which I understand you want
9 him to comment on, but you would not want the record to
10 suggest that those are the only findings in the report.

11 MR. DAMBLY: No, but you've seen the report,
12 and they do draw on the executive summary, for example,
13 the conclusion that there are a couple of problems and
14 that employees don't feel comfortable in coming forward to
15 management, and there's still a view out there amongst the
16 troops that there's a "kill the messenger" kind of
17 attitude.

18 MS. KUHN: The document speaks for itself.

19 MR. DeBARBA: Right, and I think --

20 MR. DAMBLY: And I'm asking for your comments.
21 Do you think the document is accurate? You've read it.

22 MS. KUHN: You may review this again and --

23 MR. DAMBLY: Right.

24 MS. KUHN: -- for comment if you would like.

25 MR. DeBARBA: Yeah, let me just take a minute

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1 and review the executive summary. (Examining document.)

2 Okay. If you could just repeat the question.

3 MR. DAMBLY: I believe the question was: do
4 you agree with the findings in the report?

5 MR. DeBARBA: The -- you know, we commissioned
6 a group to go out and take a critical look at this
7 particular area, which is very important to us, and we've
8 accepted those findings.

9 MR. CHAMBERLAIN: Have you been asked -- are
10 you taking any action as a result of that report?

11 MR. DeBARBA: Yes. Don Miller is assigned to
12 put together a plan of action that addresses the findings
13 in this report, and I have seen some earlier drafts of his
14 work in that regard.

15 MR. CHAMBERLAIN: Have you been asked to
16 provide any input to that?

17 MR. DeBARBA: Provide comments, yes.

18 MR. CHAMBERLAIN: What kind of comments did
19 you provide?

20 MR. DeBARBA: I can't recall specifically.
21 Mark-ups on a draft. I've -- you know, I've provided
22 people from my organization to help out.

23 SPECIAL AGENT PAUL: Were you aware of any of
24 these type activities concluded in the findings occurring
25 your department, in Engineering? For example, were you

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1 aware of any chilling effect among your employees for
2 bringing up safety concerns?

3 MR. DeBARBA: From this report, no, because
4 this information was confidential. I don't know who they
5 interviewed. I don't know --

6 SPECIAL AGENT PAUL: Right.

7 MR. DeBARBA: -- the results.

8 SPECIAL AGENT PAUL: I'm asking --

9 MR. DeBARBA: You have to assume that it -- it
10 is everywhere in the organization.

11 SPECIAL AGENT PAUL: Were you aware of
12 specific examples of this within Engineering prior to the
13 report?

14 MR. DeBARBA: Example of "shoot the
15 messenger"?

16 SPECIAL AGENT PAUL: Right. There's --
17 evidently a number of your problems or a number of your
18 employees were engaged in protected activities. Were you
19 aware of any of this type activity or retribution against
20 them?

21 MS. KUHN: I'm going to object to that, Rich,
22 because there's nothing in this record that says there
23 were people in his organization that --

24 SPECIAL AGENT PAUL: No, I'm asking --

25 MS. KUHN: -- engaged in protected activity.

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1 You just said apparently a number of people in your
2 organization were engaged in protected activity.

3 SPECIAL AGENT PAUL: Right.

4 MS. KUHN: Are you wanting him to tell you
5 whether he understood in his organization that there was
6 an atmosphere that discouraged people from bringing
7 complaints? I mean --

8 SPECIAL AGENT PAUL: That was --

9 MS. KUHN: -- is that what you want him to --

10 SPECIAL AGENT PAUL: That's part of the
11 answer, yes.

12 MS. KUHN: Okay. Can you answer that?

13 MR. DeBARBA: Yeah, if you could rephrase the
14 question so it's clear in my mind.

15 SPECIAL AGENT PAUL: Were you aware of people
16 within your organization that experienced this type of
17 atmosphere, chilling effect for raising safety concerns,
18 "shoot the messenger" type atmosphere within Engineering?

19 MR. DeBARBA: In Engineering of the 650 people
20 that we have, we have people who are raising differing
21 opinions every single day. In fact, we have hundreds of
22 them. I mean it's a way of doing business. So to have
23 people who are disagreeing on technical issues, it happens
24 all the time.

25 Do some people walk away from those exchanges

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1 feeling like they weren't heard properly on it? Sure, but
2 I think that -- that, by and large, those transactions
3 occur, and they occur very positively. At times some
4 don't.

5 Which ones are engaged in protective activity
6 I really don't know. I don't know which exchanges you
7 might be referring to that are involved in protected
8 activity and how people necessarily felt about that.

9 SPECIAL AGENT PAUL: You never had an
10 individual conversation with any of these employees?

11 MR. DeBARBA: Oh, sure, I have lots of
12 conversations with employees.

13 SPECIAL AGENT PAUL: Were they satisfied with
14 the action that the utility took on their concerns?

15 MR. DeBARBA: Some not.

16 SPECIAL AGENT PAUL: What would happen in that
17 case?

18 MR. DeBARBA: Somebody would talk to me about
19 it, and I would -- I would follow up, depending on what
20 the situation happened to be.

21 MR. DAMBLY: You were involved -- I guess we
22 got you up to a point you were involved in reviewing the
23 matrix before they -- the matrix competencies before they
24 were actually utilized. What part did you play subsequent
25 to that when the actual matrixing was done by the manager

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1 level and, I guess, worked its way up the chain to you?

2 What were your responsibilities at that time?

3 MR. DeBARBA: Responsibilities were to really
4 insure from a process standpoint that the process was done
5 fairly and equitably.

6 MR. DAMBLY: And how did you do that?

7 MR. DeBARBA: Discussions with the directors,
8 looking at the numerical ratings to try to get a snapshot
9 in our mind as to whether the managers ended up having a
10 common grading system. So we looked at scores from
11 different managers and asked ourselves some questions
12 about, you know, ranges of numbers. Is there any
13 appearance that one manager may have been a tougher grader
14 than somebody else and had some discussions back and forth
15 about that?

16 MR. DAMBLY: Now, at the time you first saw
17 the matrix, they already had some Xes on them?

18 MR. DeBARBA: I believe so.

19 MR. DAMBLY: Did you add any Xes that you can
20 recall?

21 MR. DeBARBA: No.

22 MR. DAMBLY: Did you remove any Xes?

23 MR. DeBARBA: I did not, no.

24 MR. DAMBLY: You did not. Were you ever asked
25 to look at a list of employees to determine if there was

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1 anybody on that list that you thought needed to be paid
2 special attention to because -- or have their case
3 reviewed closely because they'd engaged in some kind of
4 protected activity in the past?

5 MR. DeBARBA: Yeah, I was asked if in -- in
6 the list of people, were there any people that I was aware
7 of where there may be any sensitivity at all relative to
8 safety concerns or having been involved in situations or
9 environments that might have related to them having some
10 special sensitivity.

11 MR. DAMBLY: And did you provide that
12 information to somebody?

13 MR. DeBARBA: Yes, I did.

14 MR. DAMBLY: Who did you provide it to?

15 MS. KUHN: I'm going to simply interject at
16 this point that this witness wants to provide you with
17 information and at the same time not get into discussions
18 that were considered by the company to be privileged by
19 the attorney-client privilege, and he can tell you the
20 names of the individuals that he identified and why and
21 that sort of stuff.

22 MR. DAMBLY: Okay, but my first question is:
23 who did you provide the information to?

24 MR. DeBARBA: I provided them to Legal.

25 MR. DAMBLY: And that would be Mary Riley?

1 MR. DeBARBA: Yes.

2 MR. DAMBLY: How large was the list when you
3 first saw it, that you were asked to review? Ultimately
4 102 people went out the door, but what size list did you
5 see?

6 MR. DeBARBA: Can you help me, you know,
7 understand in time when you're talking about?

8 MR. DAMBLY: Well, when you were asked to
9 review the list for sensitivities, how big was the list?

10 MR. DeBARBA: It -- I can't remember the exact
11 numbers, but it was -- it was the Engineering list and, if
12 I recall, the Engineering list had 30 names roughly, 20,
13 30, something in that range.

14 MR. DAMBLY: Okay. You weren't asked to
15 review the entire list, just the list that was out of
16 Engineering?

17 MR. DeBARBA: I believe that's correct.

18 MR. DAMBLY: Did the list you review have Mr.
19 ~~_____~~ name on it with an X? 7c

20 MR. DeBARBA: At that time I don't believe it
21 was.

22 MR. DAMBLY: Were you aware that he had
23 originally been an X?

24 MR. DeBARBA: Originally, yes.

25 MR. DAMBLY: And how did you find out that he

1 had originally been Xed?

2 MR. DeBARBA: It was on the matrix. It was on
3 one of the earlier matrices.

4 MR. DAMBLY: Okay. So at some point a matrix
5 came up to you that had an X for Mr. [REDACTED]

6 MR. DeBARBA: I believe that's correct.

7 MR. DAMBLY: And who took it off?

8 MR. DeBARBA: I asked that that be reviewed
9 before I sign it.

10 MR. DAMBLY: And why?

11 MR. DeBARBA: Because I had -- I was concerned
12 that, given the fact that Mr. [REDACTED] had raised concerns
13 that were quite well known in the organization, that I was
14 concerned that -- that that evaluation was -- needed to be
15 scrutinized very heavily, and I did not feel comfortable
16 signing the matrix until that kind of review was done.

17 We'd asked our managers and our people to do
18 an evaluation just as fairly and accurately as they
19 possibly could, and I believe in their heart of hearts
20 that's what they did, but I believe that this was a
21 circumstance that called for a very careful review to make
22 sure that it -- that it was -- that it was correctly done.

23 MR. DAMBLY: Did you have any discussions
24 prior to the matrixing, at the time that the managers were
25 going to begin the matrixing, with either directors or

Part 7

1 managers that reported to you under your organization as
2 to -- let me see if I can say this clearly for once --
3 there are those instructions that we've looked at, this
4 Attachment 5, that gives general directions and as to what
5 numbers you put in what boxes, okay, and then you add
6 those up with the weighting factors, and then you come out
7 with a total list, a weighted list, top to bottom, of
8 employees on each matrix.

9 MR. DeBARBA: Right.

10 MR. DAMBLY: Did you have any discussions what
11 criteria was then to be applied to those overall numbers
12 for the rankings of employees in terms of who should get
13 an X and who shouldn't?

14 MR. DeBARBA: No, no. I don't recall any
15 specific discussions that would say, you know, who to give
16 an X to and who not to give an X to, you know.

17 MR. DAMBLY: Perhaps I'm not being clear.
18 It's not a "who to," but what's the criteria? An employee
19 got a score of a certain amount? I mean what was the
20 criteria by which, as far as you know, your managers,
21 directors applied an X?

22 MR. DeBARBA: Looking at people with low
23 scores, and if you had low scores in your group, those are
24 the people who are candidates for an X, and then in a
25 group, get together as a group to see who the low scorers

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1 are to -- in looking at what we're looking at from a
2 target standpoint, to see if there is a range of low score
3 employees that -- whose value is clearly less than the
4 rest of the people in their organization who ought to be
5 candidates for reduction.

6 MR. DAMBLY: Okay, and at your level or at
7 your director level, if you had employees, say, in one
8 group, you had four or five employees, and maybe the
9 lowest employee had five or 600 points, but he was or she
10 was still the lowest employee, and in another organization
11 you had five or ten, and you had people with 300s and
12 200s, did you make any kind of comparisons to make sure
13 that the people scored high over here didn't go out the
14 door while people who scored lower over here on another
15 part of your organization stayed?

16 MR. DeBARBA: I think there were discussions
17 at the manager and director level, I believe, to talk
18 about how they sorted out scoring differences. As I
19 mentioned, some of the managers may have been tougher or
20 easier scorers than each other, and they talked about how
21 they levelized that and talked about comparisons of people
22 in their organizations.

23 But we did not -- I don't believe they just
24 used scores as an absolute, you know, point-by-point
25 number that comparing group to group, saying that, no, you

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1 can have five people from one organization because all of
2 their numbers happen to be lower. I think that they
3 applied some judgment relative to where -- you know, who
4 they ended up giving an X to in those various groups.

5 MR. DAMBLY: That's at the director level?

6 MR. DeBARBA: Manager and director level,
7 yeah.

8 MR. DAMBLY: How about at your level? Did you
9 make some attempt to make sure that basically -- assuming
10 the matrix worked correctly, somebody with the lowest
11 score in your organization is the lowest performer. Did
12 you make any attempts, assuming they were all done
13 correctly, to make sure that you didn't have good,
14 relatively good engineers going out the door or
15 technicians while you had poor performers in another
16 section who stayed?

17 MR. DeBARBA: Yes, yeah, we looked at that.
18 We looked at that. You know, people who were -- we
19 actually looked at people on the matrix who were -- who
20 had scores that were close to theirs and asked -- asked
21 questions about how they stacked up, why the scores, if
22 they were close, why this person and not another person.
23 So we probed that quite a bit to assure ourselves that the
24 people who ultimately had an X, that their score was low
25 and that their value to the organization was low.

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1 MR. DAMBLY: Now, did you -- at the time of
2 the original matrixing, somewhere in the October time
3 frame, did you understand that somebody who was Xed may be
4 able to be replaced?

5 MR. DeBARBA: Yes. Yes, there was a
6 replacement criteria that had been discussed.

7 MR. DAMBLY: What was the replacement
8 criteria?

9 MR. DeBARBA: I can't remember exactly, but it
10 was a percentage. It was a percentage for early retirees,
11 and it was a percentage for work force reduction
12 candidates.

13 MR. DAMBLY: Do you have any idea what the
14 percentage was?

15 MR. DeBARBA: It was -- I believe it was ten
16 percent, I believe, for the early retirees and 25 percent
17 for the work force reduction people.

18 MR. DAMBLY: And if I understand that, 25
19 percent -- if you had four people Xed, you could rehire
20 one person or get a transfer in or something like that?

21 MR. DeBARBA: That is correct.

22 MR. DAMBLY: Did that ever change?

23 MR. DeBARBA: Yeah, I think that overall we
24 were looking at it from a -- from an overall standpoint,
25 to have people leave and then bring people in doesn't help

1 us get to where we need to be, and so what we really
2 wanted to do was we didn't want to refill at all. We felt
3 that the more important business case is made by not
4 having refills. These -- you know, the financial case on
5 early retirement works, as long as you don't bring people
6 back in. If you just replace people who go out, then
7 financially it's not going to work for you. So from a
8 business case, we really did not want to refill positions.

9 And so we're working hard with the
10 organization to get to the point where we're not going to
11 actually refill those particular positions. We recognize
12 there may be some positions unique in the organization
13 where for business reasons, that there's certain work that
14 has to be performed in a certain way, and so we may have
15 to move some people around to do that, which might create
16 the need to bring somebody in.

17 SPECIAL AGENT PAUL: Who made that decision?

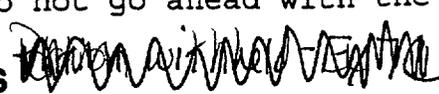
18 MR. DeBARBA: Which? Which decision?

19 SPECIAL AGENT PAUL: Not to go ahead with the
20 replacement, ten percent early retirement and 25 percent
21 for the reduced employees?

22 MR. DeBARBA: As I recall, that was officer
23 level discussion.

24 SPECIAL AGENT PAUL: And how was it --

25 MR. DeBARBA: This is to not go ahead with the

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1 refill.

2 SPECIAL AGENT PAUL: Right.

3 MR. DeBARBA: I believe that was officer level
4 discussion.

5 SPECIAL AGENT PAUL: And do you know when that
6 decision was made?

7 MR. DeBARBA: Not specifically, not
8 specifically.

9 SPECIAL AGENT PAUL: Okay.

10 MR. DAMBLY: Back to the time you were asked
11 to look at a list and discuss any sensitivities on that
12 list, do you recall anybody on that list that you felt
13 there was a sensitivity about?

14 MR. DeBARBA: Yes. Yes, I do recall that
15 there were some individuals on the -- on the Engineering
16 list that had some sensitivities around them.;

17 MR. DAMBLY: Can you tell us who those were?

18 MR. DeBARBA: Sure. I think [REDACTED] was one
19 person. [REDACTED] [REDACTED] and [REDACTED].

20 MR. DAMBLY: And what were the sensitivities
21 of those individuals?

22 MR. DeBARBA: In the case of [REDACTED], he had
23 filed a [REDACTED] based on a [REDACTED] he had --
24 he had done. I was on the [REDACTED], and so I was
25 familiar with the fact that he was, in my mind, unsettled

*Portions
7c*

1 because of the [REDACTED] you know, the [REDACTED] that had
2 occurred, the [REDACTED] that turned out not to be
3 in his favor, and I just knew that he was unsettled as a
4 result of that.

5 I think in the case of -- in the case of
6 really the other cases, [REDACTED] [REDACTED] and [REDACTED]
7 [REDACTED], they previously had either worked directly for or
8 in close proximity with [REDACTED] and had done so for
9 fairly long periods of time, and having been in that
10 particular environment, I was concerned that they may have
11 some real sensitivities. I was not aware of them having
12 raised any concerns or having done anything in any way,
13 but I was concerned that just having been from that
14 environment there may be some sensitivities there.

15 MR. DAMBLY: What did you do after you
16 identified these individuals to -- I mean, what was your
17 involvement in the process to determine that, well, okay,
18 we can still go ahead and terminate these folks?

19 MR. DeBARBA: I had no involvement.

20 MR. DAMBLY: You just identified the
21 sensitivities?

22 MR. DeBARBA: Correct.

23 MR. DAMBLY: Did you do anything within your
24 organization in terms of when you were reviewing the
25 matrices that came up to you with Xes to assure yourself,

*Portions
EX 10*

1 I mean, that there wasn't anything untoward happening to
2 these individuals?

3 MR. DeBARBA: With the exception of Mr.
4 [REDACTED] none.

5 MS. KUHN: Other than what he's already
6 testified to about the process that he used.

7 MR. DAMBLY: But I'm talking about the
8 sensitivities here. I mean, did you do anything special
9 when you looked at these?

10 MR. DeBARBA: Only with regard to Mr. [REDACTED]

11 MR. DAMBLY: Did it strike you as odd that the
12 three individuals with, I guess, close ties to Mr. [REDACTED]
13 were the only individuals in the organization that were
14 Xed?

15 MS. KUHN: I don't know that that, in fact, is
16 actually in this record.

17 MR. DeBARBA: I don't think it struck me as --
18 I'm not sure I even knew that.

19 MS. KUHN: What organization are you referring
20 to?

21 MR. DeBARBA: You know --

22 MR. DAMBLY: The matrix that they were on. the
23 director they worked for.

24 Did you know whether --

25 MS. KUHN: Twenty-four.

*Portions
Ac*

Portion withheld EY/TC

1 MR. DAMBLY: Well, there's more than one.

2 MR. DeBARBA: Well, I think I was sensitive to
3 the fact that they had been from that environment. I
4 don't think I was analyzing people and saying, "Well,
5 here's a person in that group who had that association,"
6 and trying to make some analysis of that type of record.
7 I just said who are the people who may have some
8 sensitivities. I didn't know if they did or didn't.

9 In fact, from what limited contact I have with
10 the people, I would have no way of knowing that they had
11 any sensitivities at all.

12 MS. KUHN: For the record, at the time of the
13 reduction in force, those individuals did not work in the
14 same directorate under him. Okay? Your question assumed
15 that they did, and that's why I'm --

16 MR. DAMBLY: No, it didn't. They each worked
17 for, I think, a different directorate.

18 MS. KUHN: Un-huh.

19 MR. DAMBLY: And on the various matrices under
20 those directorates, I believe Mr. [REDACTED] is the only X for
21 -- under Mr. Dube's organization. Mr. [REDACTED] is the only
22 X under Mr. Kupinski's organization. I think Mr. [REDACTED]
23 ended up being the only X under Mr. Pitman's and Andren's
24 organization, which is maybe a hit of one out of 50 on
25 each of them or approximately.

portion
7c

Portions withheld -
Ex 7c

1 Did that strike you as odd?

2 MS. KUHN: Do you understand the question?

3 MR. DeBARBA: Well, I think I understand the
4 question. Our focus was on the matrix and who was adding
5 the least value, and we assured ourselves from a process
6 standpoint that the people who were adding the lowest
7 value were those people, without trying to question, you
8 know, where people had been in their life.

9 That has a tendency to distract you from the
10 process, and I was also confident that we had a disparate
11 review process that went beyond the things that we did in
12 our matrices.

13 MR. DAMBLY: And I guess I don't understand
14 what -- you had a disparate review process beyond what you
15 did? I don't understand what that means. What do you
16 mean by a "disparate review process"?

17 MR. DeBARBA: Part of our overall review
18 process are some additional checks and balances beyond
19 what we do to make sure from a company standpoint that
20 there is no disparate impact on any person, group, or
21 type thing, that as an organization we may not be
22 sensitive as we go through the matrices. So we had checks
23 and balances built in.

24 MR. DAMBLY: After it went through you?

25 MR. DeBARBA: Correct.

1 MR. DAMBLY: Was that the review by Ms. Riley?

2 MR. DeBARBA: I think there were several
3 reviews that were done.

4 MR. DAMBLY: Okay. What -- after you at the
5 officer level had approved the matrix and the list of Xed
6 employees for at that time Engineering Services, where did
7 that list go?

8 MR. DeBARBA: I believe it went to Human
9 Resources.

10 MR. DAMBLY: Do you know where it went from
11 Human Resources?

12 MR. DeBARBA: No, not really.

13 MR. DAMBLY: Subsequent to your review, was
14 anybody -- subsequent to the time the list left
15 Engineering Services with your approval, was there anybody
16 added or removed from the list of employees that you had
17 seen?

18 MR. DeBARBA: None added. I believe there
19 were some removed.

20 MR. CHAMBERLAIN: I have a specific example.
21 One of the people you mentioned, [REDACTED] we have his
22 matrix here where his evaluator was Mr. Kupinski. There's
23 four people on this matrix, and [REDACTED] had a [REDACTED]
24 From our review of scores, that's [REDACTED]

25 [REDACTED] Most of the others that we saw that were reduced

*portions
7c*

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EX 7c
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1 were a lot [REDACTED] than that, and in talking with Mr.
 2 Kupinski, there were other matrices, other groups where
 3 people had lower scores, and did you have any discussion
 4 about [REDACTED] and about whether other people that were
 5 lower in other parts of the organization?

6 MR. DeBARBA: I don't -- I don't remember
 7 specifically. Again, we had some discussions that some
 8 people graded a little bit differently. In this case, I
 9 think that [REDACTED]
 10 [REDACTED] than some of the other managers, but he was the
 11 [REDACTED] I believe, in that particular area.

12 MR. CHAMBERLAIN: I didn't hear you. I think
 13 he had other matrices that he did where people had lower
 14 scores than [REDACTED].

15 SPECIAL AGENT PAUL: I believe Mr. Kupinski
 16 said there was a [REDACTED] quadrille -- quadrille of eight
 17 people.

18 MR. DeBARBA: Okay.

19 SPECIAL AGENT PAUL: That he reviewed for
 20 termination.

21 MR. DeBARBA: Okay.

22 SPECIAL AGENT PAUL: Were you aware of that?

23 MR. DeBARBA: I'm not aware of the specifics
 24 of what the managers did, no.

25 MR. CHAMBERLAIN: You're not aware of why he

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1 would not choose someone with a lower score in another
2 part of his organization?

3 MR. DeBARBA: Yeah, I'm not --

4 MS. KUHN: I'm going to make --

5 MR. DeBARBA: -- familiar with what he --

6 MS. KUHN: -- a suggestion. I don't think
7 it's quite fair to ask him about somebody else's testimony
8 that he hasn't had a chance to look at or hear, and I
9 understand you're trying to short-form it, but I think it
10 is mainly to misleading information because he doesn't
11 have access to the testimony that Kupinski gave yesterday.

12 MR. CHAMBERLAIN: I guess I'm asking if you --
13 you had a sensitivity about [REDACTED] Did you question his
14 selection with your subordinates at all?

15 MR. DeBARBA: Could I see the form you're
16 referring to?

17 MR. CHAMBERLAIN: Sure.

18 MR. DeBARBA: Let's make sure that I
19 understand. The form you've showed me here shows [REDACTED]
20 to be the [REDACTED]

21 MR. CHAMBERLAIN: He is the [REDACTED]
22 [REDACTED]

23 MR. DeBARBA: By far.

24 MR. CHAMBERLAIN: But there was others in
25 other groups that worked for Kupinski that had lower

portions
7c

1 scores, who were --

2 MS. KUHN: Actually that I don't think is an
3 accurate reflection of his testimony, not in his -- not in
4 Kupinski's group.

5 SPECIAL AGENT PAUL: No, he -- Mr. Kupinski
6 had three or four supervisors. As I recall, he said he
7 compared across the board. There's electrical and
8 mechanical in there.

9 MS. KUHN: Un-huh, un-huh.

10 SPECIAL AGENT PAUL: And he looked at the
11 lower quadrille of all the groups, and -- to make the
12 selection -- and he said there were other people in this
13 lower quadrille that had lower scores than Mr. [REDACTED] but
14 he selected [REDACTED]

15 MS. KUHN: And he explained to you yesterday
16 the reasons why he had done so. So as to this witness --

17 SPECIAL AGENT PAUL: We're asking if he --

18 MS. KUHN: -- I don't know if he talked with
19 Kupinski about that.

20 SPECIAL AGENT PAUL: Right. That issue?

21 MR. DeBARBA: Not that I recall, not that I
22 recall.

23 SPECIAL AGENT PAUL: I have a question here in
24 the matrices process. How many reviews did you do of the
25 matrices your subordinates prepared and came up to you?

1 Was there a preliminary list that initially came up before
2 the final list?

3 MR. DeBARBA: I think there was one.

4 SPECIAL AGENT PAUL: One?

5 MR. DeBARBA: I think that there was one
6 discussion period when we had some preliminary information
7 that focused on process that was talking about more of is
8 our rating system common, any questions, any, you know,
9 misunderstandings; what do people need to know; any
10 thoughts on -- on the scoring system, that type of thing.
11 So kind of a levelizing discussion as to how you treat
12 things. You know, how do you interpret a four? How do
13 you interpret a six?

14 SPECIAL AGENT PAUL: Is that the sanity check
15 everyone refers to?

16 MR. DeBARBA: Right.

17 SPECIAL AGENT PAUL: In the case of Mr.
18 Kupinski, did you have any discussions with him or his
19 director on whether to add Xes to his list, meaning select
20 someone?

21 MR. DeBARBA: I don't -- I don't think so.
22 Select an individual?

23 SPECIAL AGENT PAUL: No. It's my
24 understanding that initially he didn't make a selection,
25 and then there was instructions to go ahead and make a

1 selection because the staffing levels. He thought he was
2 at staff. Was there subsequent decisions after this
3 preliminary list came out that you were aware of
4 requesting him, Mr. Kupinski, to make a selection?

5 MR. DeBARBA: I don't recall Mr. Kupinski
6 specifically, but I'm sure that throughout the discussion
7 there were references to the fact that we needed to meet
8 our business case, and that we expected everybody to
9 participate in helping make that happen, and reinforcing
10 the importance of doing that.

11 SPECIAL AGENT PAUL: And --

12 MR. DeBARBA: So I had those discussions with
13 people.

14 SPECIAL AGENT PAUL: Does that mean that you
15 wanted them -- if they had initially not made a selection
16 and then you requested them to put an X by somebody's
17 name?

18 MR. DeBARBA: I expect people to be able to
19 meet the business case and understand what we're trying to
20 do. So --

21 SPECIAL AGENT PAUL: What I'm asking is --

22 MS. KUHN: For clarification --

23 SPECIAL AGENT PAUL: -- did you tell someone
24 to make a selection?

25 MR. DeBARBA: I didn't tell somebody to put an

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1 X next to somebody's name, no.

2 SPECIAL AGENT PAUL: Specifically?

3 MR. DeBARBA: No.

4 SPECIAL AGENT PAUL: But what about generally?

5 In the case of Mr. Kupinski, no selections, did you tell
6 his director, "Have him make a selection"?

7 MR. DeBARBA: I expected everybody to
8 participate.

9 SPECIAL AGENT PAUL: Meaning you expected
10 everyone to put an X on some employee?

11 MR. DeBARBA: Well, we've got to meet the
12 business case, and you know, I'm not -- I'm not familiar
13 with exactly what had happened early on if somebody didn't
14 have them or did have them on it, but the bottom line is
15 that -- that we've got to embrace this as a business
16 decision, and the expectation is that we're going to meet
17 this business case.

18 SPECIAL AGENT PAUL: Was there any -- I
19 believe Mr. Kupinski at that time was acting -- working
20 for an acting director, Guerci.

21 MR. DeBARBA: John Guerci.

22 SPECIAL AGENT PAUL: Guerci?

23 MR. DeBARBA: Yeah.

24 SPECIAL AGENT PAUL: Was there any -- did you
25 expect a certain number of individuals to be selected out

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1 of that organization?

2 MR. DeBARBA: Yeah.

3 SPECIAL AGENT PAUL: How many?

4 MR. DeBARBA: I don't remember specifically,
5 but we have a target here that identified seven, and we
6 looked at overall what the numbers would be overall from
7 the various organizations.

8 SPECIAL AGENT PAUL: Did you --

9 MR. DeBARBA: So I think we did provide some -
10 - some assistance and direction.

11 SPECIAL AGENT PAUL: Did Guerci have a goal?

12 MR. DeBARBA: I don't remember specifically.

13 SPECIAL AGENT PAUL: He didn't have one or you
14 just don't remember?

15 MR. DeBARBA: I think he -- I think he did. I
16 think he probably had a goal. I just don't remember what
17 the number was.

18 SPECIAL AGENT PAUL: Did he initially meet
19 that goal?

20 MS. KUHN: What do you mean "initially"?

21 MR. DeBARBA: I don't know.

22 SPECIAL AGENT PAUL: He said there was a
23 preliminary review for sanity check and other -- then
24 there was a final matrix that came up. My question was:
25 did he meet his goal?

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1 MR. DeBARBA: I'm not sure. In the end we met
2 our goal.

3 SPECIAL AGENT PAUL: Which was seven, right?

4 MR. DeBARBA: Well, our overall goal was 35,
5 and I believe we exceeded our goal.

6 MR. DAMBLY: Do you know how many people in
7 your organization took early outs?

8 MR. DeBARBA: I think it was 20 roughly.

9 MR. DAMBLY: And how many people received Yes?

10 MR. DeBARBA: I think it was 30. I think the
11 total was about 50. It may have been 51. It was in that
12 -- in that neighborhood.

13 SPECIAL AGENT PAUL: Going back to another
14 area, after you sent the matrix forward, did Human
15 Resources contact you regarding any specific selection?

16 MR. DeBARBA: Yes, they -- there were people
17 who discussed to understand whether they should be removed
18 from the list.

19 SPECIAL AGENT PAUL: And who specifically?

20 MR. DeBARBA: I think there were three or
21 four, if I recall.

22 SPECIAL AGENT PAUL: Who were they?

23 MR. DeBARBA: I don't remember all of them. I
24 do remember a couple, I believe.

25 SPECIAL AGENT PAUL: And who? What's their

1 names?

2 MR. DeBARBA: Let's see. I think [REDACTED]
3 was on the list at one point in time and was removed. I
4 think [REDACTED] or [REDACTED] was on the list at
5 one time and was removed. I think there was a -- there
6 was an engineer on Millstone 1, [REDACTED] who was on
7 the list at one time and was removed.

8 SPECIAL AGENT PAUL: What about the
9 discussions Human Resources -- I knew they sent a memo
10 relative to Mr. [REDACTED]'s selection. Were you involved in
11 those discussions?

12 MR. DeBARBA: No. Mr. [REDACTED]?

13 SPECIAL AGENT PAUL: Right.

14 MR. DeBARBA: I don't recall that. They sent
15 it to me?

16 SPECIAL AGENT PAUL: No, they sent it to, I
17 think either the supervisor or --

18 MR. DeBARBA: Oh.

19 SPECIAL AGENT PAUL: -- manager.

20 MR. DeBARBA: Oh, I don't recall that.

21 SPECIAL AGENT PAUL: Okay.

22 MR. DAMBLY: Did you -- did you put out any
23 directives that supervisors within your organization
24 should do mid-year appraisals in 1995?

25 MR. DeBARBA: I don't believe so.

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1 MR. DAMBLY: Are you aware that some parts did
2 and some parts didn't?

3 MR. DeBARBA: I think that on occasion people
4 might do a mid-cycle, but my experience, by and large,
5 people don't do those.

6 MR. DAMBLY: When you did the sanity check,
7 did you -- did you review any documentation other than
8 matrix on individual employees?

9 MR. DeBARBA: No, just the matrix.

10 MR. DAMBLY: So if you looked at the matrix
11 and somebody, say, got a two or a one in job performance,
12 did you check their appraisals to see if that was
13 consistent and they were scored consistent with this
14 Attachment 5, which tells you what you're supposed to get?

15 MR. DeBARBA: No. Again, we're looking at
16 this from a global standpoint involving hundreds of
17 employees, and I don't have the time to look at that. My
18 focus was really on process, any process questions. How
19 were we doing? Are we reaching the conclusions? Are we
20 meeting the business case? Is the process working for
21 you? Do you have the -- you know, do you have the
22 training necessary in order to do this? Any questions,
23 any problems, how can I help you?

24 MR. DAMBLY: Okay.

25 SPECIAL AGENT PAUL: I have one area I'd like

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1 to go back to, and it has to deal with the strategic
2 planning. You mentioned your number one area that you
3 addressed in the planning was to safely operate the plant
4 so that you'd reach the year 2000 and beyond. Is that --

5 MR. DeBARBA: Operate our plants in the year
6 2000 and beyond, right.

7 SPECIAL AGENT PAUL: Safely. Is that the --

8 MR. DeBARBA: I believe the yellow card
9 doesn't say safely. I think it says operate our plants in
10 the year 2000 and beyond, and implicit in that is that you
11 have to -- have to do that safely. Otherwise you're not
12 going to have the license to do it, license either from
13 the NRC or license from the public to do that, and --

14 SPECIAL AGENT PAUL: Well, you had mentioned
15 originally --

16 MR. DeBARBA: Yeah.

17 SPECIAL AGENT PAUL: -- one -- number one was
18 safely and two was economics; is that correct?

19 MR. DeBARBA: Correct.

20 SPECIAL AGENT PAUL: Were there any new
21 initiatives relatively -- relative to the safe operation
22 of the plant instituted as a result of the strategic
23 planning process?

24 MR. DeBARBA: I think a lot of them have those
25 elements in it. For instance --

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1 SPECIAL AGENT PAUL: I mean new, new.

2 MR. DeBARBA: -- design control manual.

3 SPECIAL AGENT PAUL: Okay.

4 MR. DeBARBA: Design control manual basically
5 captures the best of all of the five plants and puts one
6 process that is consistent for all of the engineers in
7 terms of best practice on how we control design and make
8 that consistent throughout the organization. That has a
9 direct impact on safety, as a for-instance.

10 SPECIAL AGENT PAUL: Were there any specific -
11 - other specific initiatives? I know in economics you
12 went on about the matrix layoffs, reductions in force.

13 MR. DeBARBA: Yeah, one -- one of our
14 initiatives was to complete the work on the risk monitor,
15 and we had set apart -- set upon a task to deliver a risk
16 monitor using our high tech probabilistic risk techniques
17 and using the work that we had brought to bear in
18 developing individual plant examination models; that we
19 ended up creating a way that we could judge the risk on
20 plants on basically a daily or even on a task basis that
21 is used in the plants right now.

22 So when people go in, the operations people
23 schedule maintenance on various pieces of equipment. They
24 actually have a risk profile that determines the relative
25 risk of how they go about doing their task, and we are one

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1 of the first utilities in the country to have that -- that
2 tool.

3 We also have a backward looking risk profile
4 that is published, I believe, quarterly that determines
5 how well we have performed relative to risk. So I think
6 we did some very extraordinary work using some very high
7 technology tools that we had to focus in on safety, both
8 forward looking and backward looking.

9 I think that there are others that I just
10 can't recall off the top of my head.

11 SPECIAL AGENT PAUL: Mr. DeBarba, have I or
12 any other NRC representative here threatened you in any
13 manner or offered you any rewards in return for this
14 statement?

15 MR. DeBARBA: No, you have not.

16 SPECIAL AGENT PAUL: Have you given this
17 statement freely and voluntarily?

18 MR. DeBARBA: I have.

19 SPECIAL AGENT PAUL: Is there anything further
20 you care to add for the record?

21 MR. DeBARBA: No, I can't think of anything.

22 SPECIAL AGENT PAUL: The interview is
23 concluded.

24 Off the record.

25 (Whereupon, at 10:50 a.m., the interview of

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1. Eric A. DeBarba was concluded.)

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Reviewed the foregoing transcript
and made any necessary changes
to those statements and placed my
initials adjacent to any necessary
changes.

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Eric A. DeBarba 7/9/96

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C E R T I F I C A T E

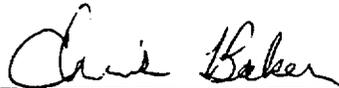
This is to certify that the attached proceedings before the United States Nuclear Regulatory Commission in the matter of:

Name of Proceeding: INTERVIEW OF ERIC DEBARBA

Docket Number: (NOT ASSIGNED)

Place of Proceeding: WATERFORD, CONNECTICUT

were held as herein appears, and that this is the original transcript thereof for the file of the United States Nuclear Regulatory Commission taken by me and, thereafter reduced to typewriting by me or under the direction of the court reporting company, and that the transcript is a true and accurate record of the foregoing proceedings.



CHRIS BAKER
Official Reporter
Neal R. Gross and Co., Inc.