

ORIGINAL

UNITED STATES
NUCLEAR REGULATORY COMMISSION

IN THE MATTER OF:

DOCKET NO:

INVESTIGATIVE INTERVIEW OF RICHARD P. DENISE

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EXHIBIT 86

1 Q That would be appropriate. If you would,
2 give us your present position?

3 A My current position is assistant to the
4 manager of nuclear power. I have been in that position
5 since January of 1986. Prior to that, I was assistant to
6 the manager of power and engineering, nuclear.

7 I came to TVA on November 12th, 1985. In my
8 position as assistant to the manager of nuclear power, I
9 have had a variety of assignments.

10 From February -- I'm sorry. Let me start
11 over. From November of 1985 until February of 1986, I
12 worked on the development of TVA's Employee Concern
13 Program.

14 From February of 1986 until June of 1986, I
15 was the manager of the employee concern task group at
16 Watts Bar working on the resolution of TVA employee
17 concerns.

18 From May of 1986 until October of 1986, I
19 performed a special study on nuclear security in TVA for
20 the manager of nuclear power.

21 In December of 1986 until the present, I
22 have been at Sequoyah Nuclear Plant on assignment working
23 on surveillance constructions for Sequoyah restart.

24 Prior to coming to TVA, I worked for the NRC
25 Region IV from January of 1984 through November of 1985

1 as the director of the division of reactor safety and
2 projects.

3 In that position, I was responsible for
4 inspections and the inspection program at Region IV
5 facilities.

6 From October of 1984 -- sorry. Stop that.
7 I have got to go backwards.

8 MR. ROBINSON: If it's any easier for you,
9 Mr. Denise, now you can start from where you graduated
10 from school and go forward to that point. It might be
11 easier chronologically.

12 A. I think I can do it. From October of 1983
13 until January of 1984, I was a special assistant for
14 safety to the secretary of energy.

15 From June of 1980 until October of 1983, I
16 was deputy manager of the Savannah River Operation's
17 Office, Department of Energy.

18 From October of 1974 to June of 1980, I was
19 employed by the Nuclear Regulatory Commission in
20 Bethesda, Maryland, the Office of Nuclear Reactor
21 Regulation, in various positions.

22 From September of 1966 until October of
23 1974, I think I'm still tracking, I worked for the Atomic
24 Energy Commission in reactor development in various
25 positions. From 1964 to 1966, I worked for First Atomic

1 Ship Transport as vice-president for operations.

2 From 1955 through 1964, I worked for the
3 Babcock & Wilcox Company, atomic energy division, in a
4 variety of positions involved in the design and operation
5 of nuclear power plants.

6 I graduated from North Carolina State
7 University with a degree in nuclear engineering in May of
8 1955.

9 Q Okay, thank you. Mr. Denise, in November of
10 1985 when you came to TVA you were in a capacity of
11 assistant to the nuclear manager or manager of nuclear
12 power; is that correct?

13 A Power and engineering, nuclear.

14 Q And you were working for whom?

15 A Hugh Parris.

16 Q Hugh Parris. And you said --

17 A And Chuck Mason. They were both together
18 and gave me assignments.

19 Q And you came in a position wherein you were
20 charged with working with an employee -- a development of
21 an employee concern program?

22 A Correct. That was an ongoing program, and I
23 began to work with them on it.

24 Q Did you work exclusively in that area from
25 November through February of '86?

6

1 A Yes, primarily, I did work almost
2 exclusively in that area. I don't know of any other
3 significant assignment or I don't recall any.

4 Q Was this in Chattanooga or at Watts Bar?

5 A It was in Chattanooga, but I spent time in
6 Knoxville and in Watts Bar and at Sequoyah on various day
7 trips.

8 Q And from February of '86 through June of
9 '86, you were the manager of the employee concern task
10 group, and that was at --

11 A At Watts Bar.

12 Q Okay. And you were working for whom at that
13 time?

14 A The manager of power, Steven A. White,
15 manager of nuclear power.

16 Q Let me ask you, are you familiar with the
17 March 20th, 1986 letter wherein TVA responded to previous
18 letters from the NRC regarding their compliance with 10
19 CFR 50 Appendix B requirements?

20 A Well, I had read them at the time that they
21 were issued. I haven't refreshed my memory on them
22 lately. I couldn't say that I am thoroughly familiar
23 with them.

24 Q I am going to give you the benefit of seeing
25 that documentation. That might be helpful to you.

1 A Lynn, do you want me to thoroughly refresh
2 my memory?

3 I read them at that time. At the time when
4 this was done, I was out at Watts Bar full-time.

5 Q I guess what I would like for you to do
6 is -- and what we would like to discuss in some detail is
7 your knowledge of the activity involved in preparation of
8 this specific letter and this specific response, and we
9 have background documentation that's available for your
10 review.

11 Do you recall how this particular letter
12 came into being?

13 A Well, I recall that there was a question
14 about it soon after I came here as to where we stood, and
15 I began to see that in dealing with these employee
16 concerns.

17 I spent most of my time working on employee
18 concerns, either getting the new program for the TVA
19 Employee Concern Program set up or out at Watts Bar.
20 This was one of the major issues. I'm sure I had
21 numerous discussions with people about what we were doing
22 in Quality Assurance.

23 I was present, at least, at one of the
24 meetings. It was a predecessor to the preparation of
25 this kind of response, and I might say something about

1 that.

2 I began to lose track of what was going on
3 here because I was out at the plant site. And whatever
4 was happening here, I may have contributed some
5 activities to this letter, but I didn't as far as I
6 recall directly prepare it. I certainly didn't review it
7 and concur with it before it went out. This was
8 primarily done downtown.

9 Let me -- I have seen previously a reference
10 to a report by Congressman Dingell's staff, and it might
11 be helpful for me to show you what I did with respect to
12 that.

13 For example, I was involved in some early
14 meetings a few months ago. That is, back in the first
15 part of this year.

16 Mr. Lawrence Martin, who was working in
17 Quality Assurance, had a report by a congressional
18 sub-committee on TVA's compliance with 10 CFR 50 Appendix
19 B. Mr. Martin showed me where that report had referenced
20 a call between Jim Lieberman of the NRC and myself that
21 occurred on January the 17th, 1986, I believe it was,
22 yes.

23 Now, Mr. Martin said, "Are these statements
24 true?"

25 I, basically, wrote a note to Mr. Martin

1 after having consulted my records and I said to him, "I
2 have reviewed the staff report to Congressman John
3 Dingell and Congressman Morris Udall dated December 17th,
4 1986."

5 "I focused my review on an entry on Page 2
6 of the report regarding a telephone conversation between
7 Jim Lieberman (NRC) and me on January the 17th."

8 I simply said "That's all I had to go on."

9 I didn't read the whole report nor did I
10 attempt to get from Mr. Lieberman whatever additional
11 notes he had.

12 You all may have seen this note already.

13 MR. REINHART: I didn't.

14 A Let me show it to you. That, unfortunately,
15 is a carbon that was made, and I didn't sign that copy.
16 Mr. Martin received the original signed copy.

17 MR. ROBINSON: Let the record reflect that
18 this is a memorandum or a note to L. E. Martin from R. P.
19 Denise dated January 17th, 1987 regarding the subject
20 review of a congressional sub-committee report on TVA's
21 compliance with 10 CFR 50 Appendix B.

22 Okay. Go ahead.

23 A Basically, what I said to Mr. Martin is that
24 on January the 16th of 1986, I had attended a meeting
25 among TVA and contractor personnel to discuss the

1 "Appendix B issue." That meeting included discussion of
2 the NSRS presentation to Commissioner Asselstine, and
3 subsequently developed information."

4 It seemed to me that a major point of
5 discussion at that time was the effective correction
6 action programs to fulfill Appendix B.

7 It's important at this point for me to say
8 that there was a proposition set forth. I don't recall
9 the people that specifically said this, but there was a
10 proposition set forth that having a system that
11 identified deficiencies and lead to their correction
12 provided, in itself, demonstration that there was
13 compliance with Appendix B.

14 I say "The thrust of this idea was that the
15 existence of a working program to identify and correct
16 deficiencies meant that these deficiencies were not
17 violations of Appendix B."

18 I, then, said, "Having had some
19 understanding and experience with Appendix B, I made it
20 clear that I did not agree with this way of thinking."

21 "The discussion, then, lead into
22 consideration of whether the system for identifying and
23 correcting deficiencies was actually working. If the
24 system did not work, this would be a violation of failure
25 to take appropriate corrective action."

1 I think you will recognize in here this is
2 regulator's words, and I had recently come from a
3 regulatory body.

4 "The employee concerns that I was somewhat
5 familiar with seemed to say that the corrective action
6 program was not working."

7 "In addition, a large volume and steady
8 stream of deficiencies would seem to indicate that there
9 is not compliance with some of the preventive parts of
10 the program nor was there compliance with the effective
11 corrective action part of the program. The meeting did
12 not result in any resolution of these matters."

13 I don't have a complete list of attendees.
14 Someone took down the list of attendees at this January
15 16th, 1986 meeting, but it did include Mr. Chuck Mason
16 and Mr. Bill Wegner.

17 The people that had recently come in were
18 not really familiar to me, and I didn't even know them
19 all and I didn't take down all their names, but I recall
20 that Mr. Wegner was there.

21 At any rate, what I said is, "Since I
22 anticipated that I was going to be involved in the
23 additional discussion of this, I placed a telephone call
24 to Joe Scinto, S-c-i-n-t-o, at the NRC, whom I knew, on
25 the 17th with aim of discussing Appendix B in general."

1 "Mr. Scinto was not available. So, I placed
2 a call to Mr. Lieberman. And on the 17th, I discussed
3 Appendix B and this application with Mr. Lieberman."

4 "I went over my concerns about how operating
5 reactors are treated versus construction reactors or
6 reactors under construction, and I made the kind of
7 statements and Mr. Lieberman made the kind of statements
8 that was recorded in the congressional report."

9 The purpose of this note was simply to tell
10 Mr. Martin some background of why Mr. Lieberman was
11 called and to say that, "Yes, these are the kinds of
12 statements that were made in the conversation."

13 In fact, we had discussed at that point the
14 Callaway Appeal Board decision and others, and Mr.
15 Lieberman stated that a violation of Appendix B did not
16 go away with corrective action but the deficiency was
17 resolved with corrective action.

18 I went on to say that "It was clear that Mr.
19 Lieberman did not support a position that the existence
20 of a corrective action program component of the program
21 meant that deficiencies were not violations, and that was
22 consistent with the position I had taken on the day
23 before in the January the 16th meeting."

24 So, Mr. Lieberman, basically, helped me to
25 ensure that I was on firm ground about what I thought.

1 about the corrective action programs and overall Appendix
2 B. This was my response to Mr. Martin regarding whether
3 or not the sub-committee report was correct or not, and
4 that is what it recorded.

5 Now, I subsequently had some sessions or a
6 session with Mr. Bob Mullin, which I will find shortly,
7 on that same day. That is on the 17th of January, 1986.
8 Mr. Mullin was in charge of QA for TVA.

9 I discussed the TVA response regarding
10 Appendix B with Mr. Mullin. I asked for the copy of that
11 response. He said he would get it to me by the end of
12 the day.

13 I asked him about office of engineering and
14 office of construction and interpretations of Appendix B.
15 He didn't ask for them from OE and OC.

16 I asked regarding the NSRS's interpretations
17 of Appendix B. He did not ask NSRS for those.

18 I asked him regarding the NSRS Bob Sauer
19 write-up on the view graph development that had gone
20 forward. He had not asked for that.

21 He said that "He," that is, Mr. Mullin and
22 Mr. Whitt, W-h-i-t-t, and Mr. Cottle had agreed on the
23 answers and would prefer to let things lie, and he didn't
24 want me to stir the pot. He says he is confident the
25 letter would put the issues to bed.

1 That's basically where any firsthand
 2 involvement on my part, as I recall, ended. There may
 3 have been some other minor conversations about it, but
 4 Mr. Mullin, basically, told me to butt out. It really
 5 wasn't my concern, and I didn't have to deal with it.

6 **BY MR. BEINHART:**

7 Q Do you have a spare copy of those notes?

8 A Yes. This note covers both the conversation
 9 that I had with Mr. Lieberman and the conversation that I
 10 had with Mr. Mullin.

11 A Okay.

12 **BY MR. ROBINSON:**

13 Q What was the date of your conversation with
 14 Mr. Mullin?

15 A The 17th of January, the same day. You will
 16 note some other things on there. I just had some time to
 17 xerox these pages out of my notebook.

18 You will see some references to other
 19 people, but they have nothing to do with that
 20 conversation I had with my former regional administrator,
 21 Mr. John Collins and others, but they are not relevant to
 22 most of these. I just took the pages in order so we
 23 wouldn't lose any continuity.

24 So, at that point, I didn't have a lot
 25 involvement, if any, in further development of this

15
1 letter. I just don't recall having any significant
2 involvement. I don't know that I ever even read this
3 letter until it was issued.

4 I may have from time to time discussed it or
5 its drafts with people, but it wasn't my major function.
6 I couldn't tell you the specifics without researching it
7 as to whether or not I had any minor conversations with
8 people about it.

9 BY MR. WILLIAMSON:

10 Q Let me back up. The purpose of the January
11 the 16th meeting that you attended that you said Mr.
12 Mason, Mr. Wegner and others were there --

13 A I believe Mr. Bass probably, also, attended
14 that.

15 Q What was the purpose of that meeting?

16 A It was to discuss the Appendix B issue that
17 had basically been brought forward by a variety of
18 events, including a presentation by Mr. Bob Sauer to one
19 of the NRC commissioners.

20 Mr. Sauer was not present at this meeting on
21 the 16th, something which distressed me because he was
22 the fellow that was saying how things were and we needed
23 to deal with that, but he wasn't present.

24 BY MR. BOBINSON:

25 Q Mr. Whitt and Mr. Harrison were present;

1 correct?

2 A I don't have the complete list, but I do
3 recall that Mr. Whitt was present. I believe Mr.
4 Harrison was present, but there was a list of attendees.
5 Let me just look at my notes and see if I say.

6 I know that Mullin was there because I have
7 a note that Mullins says, "We are compliance with
8 Appendix B. Questioned whether we are consciously
9 violating or willfully violating Appendix B on supports.
10 There maybe issues or matters known to NSRS, but not to
11 office of construction or ONP or office of engineering,
12 etcetera."

13 Mr. Mullin said, "PSAR Section 17.1 had been
14 approved by the NRC as well as 17.2."

15 Then, I pointed out that Bob Sauer, who did
16 the presentation and slides, was not present."

17 I know that Wegner was there because I even
18 have a note Wegner asks, "Who is responsible to resolve
19 the issue?"

20 There was no answer from Mr. Mason.

21 He asked Willie Brown, who also does not
22 answer.

23 There was a lot of requests for people to
24 document their positions for higher management decisions,
25 and so on and so forth.

1 I note that I made a speech to address all
2 of the issues and reach a bottom line and ask for Bob
3 Sauer's personal statement, and to get it done right now.

4 How did Bob Sauer reach these conclusions?

5 I don't have any specific identifiers of
6 people that were there, except, I know I was there
7 myself. Mr. Willie Brown was present. Chuck Mason was
8 present. Mr. Wegner was present, but there was an
9 attendance list, and it was a room full of people.

10 Q During the course of this meeting, were the
11 NSRS's perceptions and TVA's response to those
12 perceptions discussed in detail?

13 A A mixed bag. There was an attempt to
14 discuss them in detail. As I recall, there was a
15 frustration with doing so.

16 The context of the meeting was on the part
17 of NSRS to clearly make it evident that Mr. Sauer and
18 NSRS intended to identify perceptions, and it's a very
19 important word. They kept emphasizing, "This is their
20 perceptions based upon what they either know or believe
21 to be the facts."

22 There was a great resistance on the part
23 nuclear power personnel to accept that these perceptions
24 were true and that the underlying facts were true or that
25 even NSRS personnel had any basis, at all, for their

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perceptions.

So, there was -- when NSRS people attempted to discuss the underlying basis for their perceptions, there was a lot of interruption and rejection and accusations that, "Well, you can't really prove that or I don't see how you reached that conclusion," and this dialogue went on for, I would guess, a couple of hours.

Mr. Wegner and others got up and left in the meantime. But the end of the session, basically, resulted in the request by the office of nuclear power to the NSRS people to substantiate the facts that they used to support their perceptions and to document them so that the office of nuclear power would have an opportunity to respond to those.

I guess my own feeling is that the office of nuclear power was attempting to force NSRS to substantiate their perceptions, rather than simply going ahead and dealing with the facts and trying to convince the NSRS people that they had no basis for making the statements that were made to the commissioner and really shouldn't have said those things and make them document this and that and the other thing.

I believe there were later events which confirmed that the office of nuclear power continued to force the NSRS people into a corner, and they simply

1 generated more and more and more facts and more and more
2 and more examples to demonstrate their point, which were
3 in much, much greater volume and significance than they
4 used to support their initial perceptions.

5 I had the opportunity to hear Mr. Sauer give
6 that presentation to the Board of Directors that he says
7 was the same presentation he gave to Commissioner
8 Asselstine.

9 He made it pretty clear in that presentation
10 that these were his perceptions based on the facts
11 that -- or what he believed to be the facts that other
12 people reported to him. These were not an enormous pile
13 of facts, but there were, I guess, 10 or 11 line items in
14 his presentation.

15 The NSRS, subsequently, I understand
16 developed a pretty healthy pile of things which they said
17 supported their perceptions, and this was exactly what
18 nuclear power asked them to do.

19 "Go get your facts, and we will argue with
20 them. And then, you can go get more facts, and we will
21 argue with them or disposition them or whatever the right
22 thing to do is."

23 BY MR. WILLIAMSON:

24 Q During that January the 16th meeting, was
25 there any conclusions or consensus of opinion on whether

1 TVA was, in fact, meeting the requirements of Appendix B?

2 A No, there wasn't. I would say certainly
3 there wasn't any consensus.

4 In fact, I say in my note, "The meeting did
5 not result in any resolution of these matters."

6 I am referring, now, to my note to Mr.
7 Lawrence Martin dated January 17th, 1987 that we
8 previously discussed. So, we didn't reach a conclusion.

9 It seemed to me that is a consensus. There
10 were individuals who clearly said, "It's our perception
11 that we're not complying with Appendix B," and other
12 individuals who said, "I think we are, and here's why."

13 There was a heavy emphasis on the efficacy
14 of corrective actions programs. That was why I was
15 prompted to have that conversation with Mr. Lieberman,
16 because it was a very strong theme in the discussions
17 that if you identified deficiencies and you take
18 corrective actions that all of these things which are
19 going wrong are not really violations, and you're still
20 in compliance with Appendix B.

21 I didn't accept that, personally, as a
22 proper interpretation, but I wanted to get a legal
23 opinion on it.

24 Q Who was putting emphasis on the importance
25 of a corrective action program?

1 A Well, I really don't recall, and I didn't
2 record any statement attributed to any person.

3 Mr. Mullin had a heavy voice in these
4 discussions. I'm sure there were others that if I saw
5 their names, I might recollect that they pushed it
6 heavily, but Mr. Mullin, Bob Mullin, clearly pushed that
7 point of view.

8 Q At the conclusion of that meeting -- during
9 the course of that meeting or the conclusion of that
10 meeting, were you asked or directed because of your
11 previous experience with NRC to contact anyone at NRC?

12 A No.

13 Q No one asked you to do that?

14 A No one asked me to do that.

15 Q You did that on your own?

16 A I did that on my own.

17 Q What did you hope to accomplish by that?

18 A Well, I hoped to get re-affirmation of my --
19 or what I felt was a correct position on Appendix B,
20 particularly, as to the effect of corrective action
21 programs because I thought that I would be involved in
22 more meetings and more discussions on this issue, and I
23 wanted to have the best grounding in this information
24 that I could.

25 I got -- in fact, I subsequently got a copy

1 of the Callaway Appeal Board Ruling and read that
2 thoroughly and made copies available to other people and
3 said, you know, "You need to look at this. This is a
4 watershed type of ruling that puts Appendix B in
5 perspective. It doesn't require absolute perfection, but
6 it does require a certain level of performance and
7 deficiencies don't necessarily mean you have had a
8 breakdown."

9 I gave to it to people and said, "You need
10 to read this and get yourself familiar with what Appendix
11 B is really about."

12 My call, as I said, to Mr. Lieberman or my
13 try to Mr. Scinto and my discussion with Mr. Lieberman
14 were strictly on my own. Nobody asked me to do that.

15 Q And the results of this conversation that
16 you had with Mr. Lieberman, did you discuss that with
17 anyone within TVA?

18 A Well, Mr. Lawrence Martin was present when I
19 had these discussions on the telephone. He was present
20 when I tried to call Mr. Lieberman, and he was present
21 when I tried to call Mr. Scinto, and he was present when
22 I discussed it with Mr. Lieberman.

23 I know I gave copies of the Callaway thing
24 to other people. I don't recollect who they were,
25 necessarily. I know it included Mr. Martin.

1 Q Where did you get copies of this decision?

2 A I had got these from somebody in licensing

3 that pulled them out of --

4 Q TVA licensing?

5 A TVA licensing, yes, who pulled them --

6 basically, pulled them out from whatever record system

7 that they have.

8 Q Had the Callaway decision -- had you known

9 about the Callaway decision before talking to Mr.

10 Lieberman?

11 A Oh, yes. I didn't have a copy, but I had

12 known that there was such a decision.

13 Q Okay.

14 A The reason I knew was because when I worked

15 at Region IV, I spent a lot of time at the Wolf Creek

16 Plant up in Kansas, which was a sister plant to the

17 Callaway Plant.

18 I tried to have some familiarity with what

19 was going on in one plant. That sister plant was leading

20 the Wolf Creek Plant by a year or so in its licensing

21 process.

22 So, I generally was aware that things were

23 going on, but I didn't study the documents or necessarily

24 obtain the documents.

25 Q And you distributed those to various people?

1 A I distributed them to various people. I
2 couldn't tell you -- I don't recollect who I exactly gave
3 them to.

4 Q And after that meeting, you said -- even
5 after the distribution of this Callaway decision, your
6 involvement in this, you said, was somewhat limited?

7 A Yes. It was so limited that I don't even
8 recall a significant discussion at this point. I may
9 have been in attendance at some discussions.

10 Q Were your views solicited from management,
11 nuclear power managers or from QA personnel?

12 A No.

13 Q You were not asked to contribute?

14 A As I noted, Mr. Mullin told me to butt out.

15 Q Okay.

16 A And he was head of QA at that time.

17 Q One more question. What is your
18 understanding of the Callaway decision?

19 A My understanding of the Callaway decision is
20 that you're required to have a corrective action or
21 you're required to have a Quality Assurance program which
22 ensures that the design is controlled, that the
23 construction is controlled, that the inspection is set
24 forth and controlled, and that the documentation is
25 prescribed and controlled to comply with Appendix B, and

1 that there's an expectation that there will be compliance
2 with all of the facets of Appendix B, but that failing to
3 comply with all of the facets at all times doesn't mean
4 that the plant is unsafe. Particularly, if the
5 deficiencies are identified and corrected, and the plant
6 can be determined on that basis of those fixes to be
7 safe.

8 It doesn't require that there never be an
9 error or a mistake or a failure to comply with
10 construction requirements or with the inspection
11 requirements or with the design requirements, but they
12 need to be resolved if the deficiencies -- when the
13 deficiencies are detected.

14 I, basically, read it as a statement that we
15 expect people to have good programs, controlled programs
16 and implement those programs. But, perfection in doing
17 so is not required and the lack of perfection doesn't,
18 itself, mean that the plant is unsafe.

19 Q At the time of that meeting, you had been --
20 the January the 16th meeting, you had been with TVA,
21 approximately, two months?

22 A Two months, yes.

23 Q And you had been working on the development
24 of the Employee Concern Program?

25 A Correct.

1 Q And you were aware that these concerns were
2 raised by Mr. Sauer, NSRS's perceptions, because they
3 came to light towards the end of December, December 17th,
4 18th, 19th, that time frame?

5 A Correct.

6 Q You were aware of those?

7 A Correct.

8 Q You had been involved with TVA -- at the
9 time of this meeting, either at the beginning of that
10 meeting or at the end of the meeting, what were your
11 feelings about TVA's compliance with Appendix B, based on
12 the information that you had with two months of
13 experience?

14 A We based on the information that I had,
15 it was my conclusion that there were very serious
16 problems in compliance with Appendix B. Chiefly, in the
17 quality of construction and the quality of inspections.

18 BY MR. REINHART:

19 Q How did you feel the corrective action
20 program was?

21 A Based on the information that I had
22 received, and much of this came through the Employee
23 Concern Programs; and therefore, from people who are
24 expressing concerns that is not directly to me, but I had
25 read these.

1 It seemed to me that the corrective action
 2 program was also not working. There was an abundance of
 3 concerns that said corrective action is not being taken
 4 or at least appropriate corrective action is not being
 5 taken.

6 But, based on two months and working on an
 7 entirely different assignment that was, you know, it's my
 8 feeling that there were very significant and serious
 9 problems and questions about the appropriateness of the
 10 construction and inspection program.

11 Q Do you know why Mr. Sauer was not present at
 12 the January 16th meeting?

13 A Mr. Sauer told me that he was not asked to
 14 be there by his supervisor. I asked him why he was not
 15 there.

16 Q So, he didn't even know about the meeting?

17 A I think Mr. Sauer -- I don't know whether he
 18 knew or not. When I asked him, subsequently, he said to
 19 me, he wasn't asked to be there. He didn't say he was
 20 asked not to be there. He said, he wasn't asked to be
 21 there.

22 Q Okay.

23 A But as I pointed out, it was a great concern
 24 to me to have a meeting to discuss an issue which has
 25 been put out in the daylight and not have the person that

1 put it out there to even say anything about it, and I
2 expressed it at the time.

3 **BY MR. ROBINSON:**

4 Q Prior to Mr. Sauer's December presentation
5 to Mr. Asseltine, did either he or Phil Washer or Jerry
6 Smith contact you regarding perceptions at Watts Bar from
7 an employee concern standpoint for use in that
8 presentation?

9 A No. I don't have any recollection that any
10 of those individuals contacted me about it.

11 Q Okay. On the January 16th meeting that you
12 attended, were you directed to attend that meeting or did
13 you attend that meeting at your own initiative?

14 A I attended it at my own initiative.

15 Q When you had the subsequent conversation
16 with Mr. Lieberman during which Mr. Martin was present,
17 after your phone conversation was over, did you discuss
18 Mr. Lieberman's end of that conversation with Mr. Martin
19 and anyone else?

20 A I don't have a specific recollection, but
21 I'm sure that I discussed it with Lawrence Martin as to
22 what we had learned or what we had found from that.

23 Q Did Mr. Lieberman bring up Callaway in that
24 conversation or did you bring up Callaway? Do you
25 recall?

1 A . I don't recall which one of us brought it
2 up. It was clear that we both had knowledge of, and I'm
3 sure that he had much more than I had, knowledge of the
4 fact that there was an appeal board ruling on Callaway.
5 He may have suggested that would be good reading.

6 As I said, I had been aware that there was a
7 Callaway decision, but I don't recall that I necessarily
8 got the copy of it and read it prior to the time that I
9 had discussed it with Mr. Lieberman.

10 Q Is there, in your opinion, can you -- is
11 there a difference between overall compliance with
12 Appendix B and compliance with Appendix B?

13 A. I really don't know how to make the
14 distinction based on those words. I think there's an
15 intent to have all of the elements of Appendix B complied
16 with. It's pretty clear that Appendix B, in its
17 structure, is a layered approach which helps to have
18 elements which will compensate for weaknesses in other
19 parts of the program.

20 In fact, it's pretty clear that a corrective
21 action and a recurrence prevention program is in there in
22 anticipation that one might discover defects.

23 So, I think that all of the elements are
24 essential. I think -- I don't know how to characterize
25 that one has overall compliance, unless it's the same as

1 compliance.

2 I think the issues of breakdowns or whether
3 we have had a breakdown in QA, that's one of the favorite
4 words used around here, is a judgment called depending
5 upon how deep the deficiencies go and how broad they get
6 and whether the other elements of the program help to
7 shore up or strengthen the weaknesses in another part.

8 I think, for example, and this is only an
9 example, if you had an enormous problem controlling the
10 strength of concrete and you didn't know about it by your
11 testing program or your testing program was flawed and
12 you didn't do anything about it, because you didn't know
13 about it because you didn't have a good testing program,
14 that you could end up having various serious and
15 unresolvable problems in large concrete structures,
16 because you simply didn't know what you had.

17 And that's the fundamental purpose of
18 Quality Assurance is to know what you have and be sure
19 that you have the right thing.

20 So, I don't know how to deal with overall
21 compliance. I think that it's intended that every
22 element be complied with.

23 Q Do you need a QA breakdown to be in
24 non-compliance with Appendix B?

25 A No. You can be in violation of any part of

1 Appendix B, and then your burden is to remedy the
2 deficiencies. You don't need a breakdown to be in
3 violation.

4 Q Just because your system identifies problems
5 and corrects problems, does that necessarily mean that
6 you're in compliance with Appendix B?

7 A No. I think you have to be in compliance
8 with the other parts of Appendix B in order to be in
9 compliance with Appendix B.

10 Only one part of compliance is to have a
11 corrective action program, but you also need to prevent
12 recurrence. And this was the issue that we had discussed
13 at this meeting and that I discussed with Mr. Lieberman
14 about the steady stream of deficiencies not going away
15 simply because you had a corrective action program. They
16 were still violations.

17 Q Mr. Denise, I am going to direct your
18 attention to the second paragraph of the March 20th, 1986
19 TVA response.

20 I want you to read over that paragraph; and
21 number one, tell me if you would agree with that
22 paragraph; and number two, if in your opinion that
23 paragraph is misleading to the NRC about TVA's status of
24 compliance with Appendix B?

25 (Witness reviewing documents.)

1 A Would you ask your question, again?

2 I have looked at the paragraph, and it
3 refers to an attachment.

4 Q Yes. Let the record reflect that, in
5 addition to reading the second paragraph of the cover
6 letter, the witness briefly reviewed the technical
7 responses that are attached to the cover letter, and I
8 will repeat my question.

9 Question number one is, do you agree with
10 Paragraph 2 of the March the 20th cover letter?

11 Number two -- what was my second aspect?

12 MR. REINHART: If you agree with it or is it
13 misleading?

14 Q Yes. Was that paragraph misleading, in your
15 opinion, to the NRC regarding TVA's status of compliance
16 with Appendix B at Watts Bar?

17 A Well, first of all, we need to look at what
18 this paragraph really says. The paragraph says that the
19 writer of this, Mr. Steven A. White, found that there was
20 no pervasive breakdown in the Quality Assurance program.

21 I believe that there was a widespread and
22 pervasive breakdown, but it's in my own view of what
23 "Pervasive" is.

24 I believe it is not correct that there was
25 no pervasive breakdown. I can't argue with the writer.

1 He reaches his own conclusions based on what he saw.

2 The paragraph states that the problems have
3 been identified. It is true that some of the problems
4 have been identified. That's a true statement.

5 TVA has remedied or will remedy all
6 identified design construction deficiencies and
7 non-compliances. It is probably true that TVA has
8 remedied or will remedy identified design construction
9 deficiencies and non-compliances.

10 And he goes on to say that the overall QA
11 program is in compliance with 10 CFR 50 Appendix B. I
12 don't believe that the program, at that time, was in
13 compliance with Appendix B, because of my own view of
14 what constitutes pervasive breakdown and the numbers of
15 deficiencies.

16 The same paragraph says, it should be noted
17 that his mission as the manager of office of nuclear
18 power is to enhance the management and the management
19 controls of all nuclear power program activities,
20 including those of QA. I believe that is a true
21 statement. It is his mission and his responsibility.

22 Overall, my reading of what NSRS identified
23 as their perceptions and the basis of their perceptions
24 indicated pervasive breakdowns in certain aspects of the
25 construction and the Quality Assurance program.

1 **DI. DR. ROBINSON:**

2 **Q** Did your review of the technical attachments
3 to that letter support the conclusion in the cover letter
4 that TVA was in overall compliance with Appendix B?

5 **A** Not my reading of it and not my
6 understanding of it. I would conclude that it wasn't
7 supported, but there's -- this first sentence is very
8 long. It says, "We're going to remedy and fix everything
9 and that, based on this, the QA program is in compliance
10 with 10 CFR 50 Appendix B."

11 To me, that's the key item. If you --
12 whether you think fixing the problems through corrective
13 action means you are or were in compliance, in my view,
14 is simply not a correct understanding of Appendix B.

15 You must have had an enormous number of
16 deficiencies already identified, which tell you that the
17 program wasn't working in order to have this kind of
18 listing of problems.

19 And, you know, I don't agree that we were
20 complying with Appendix B simply because we either
21 promised to or committed to fix the problems.

22 The problems arose from non-compliance with
23 Appendix B. They were promised to be fixed by compliance
24 with Appendix B. That is the corrective action part of
25 the program.

1 I would -- you know, it was my opinion
2 having read this, that there was a very significant and
3 pervasive, depending on what people means by "Pervasive"
4 breakdown in the QA program.

5 Q To your recollection going back to your
6 January the 17th, 1986 conversation with Mr. Lieberman,
7 did you ever have -- you, yourself, ever have any
8 conversations with Mr. White or Mr. Wegner or that level
9 of the staff regarding this phone conversation?

10 A I don't recollect who I discussed it with at
11 the moment. I am reasonably confident that I never
12 discussed it with Mr. Wegner. I had very few
13 conversations with Mr. Wegner.

14 I don't recall that I discussed it,
15 personally, with Mr. Kelley. I may have. I don't
16 recollect at this moment that I discussed it with Mr.
17 White.

18 I may have discussed it with Mr. Mason or
19 Mr. Cottle. And I did discuss it with or I tried to
20 discuss it with Mr. Mullin about the whole issue of
21 breakdown versus corrective action.

22 Q After your phone conversation with Mr.
23 Mullin --

24 A That was a face-to-face.

25 Q That was a face-to-face?

1 A Yes.

2 Q After that conversation, what part, if any,
3 did you play in the development of this response, the
4 March 20th, 1986 response?

5 A I don't recall any role that I had in
6 preparation of this response. As I indicated earlier,
7 from time to time, I may have had a small conversation or
8 talked to people about what was prepared. I don't have
9 any specific recollection.

10 Now, I could look through notes and see if I
11 had anything or if you knew a specific date, I could look
12 at it.

13 Q Do you remember seeing any draft cover
14 letters in either reviewing or commenting on them?

15 A I don't recall at the moment, but this is a
16 a year ago. I don't recall looking at them,
17 specifically, no.

18 Q You do seem to have fairly detailed and
19 comprehensive notes. Do you think that a review of your
20 notes would be productive as far as whether or not you
21 saw any drafts or had any conversations with Mr. Kelley
22 or any of the staff regarding the cover letter?

23 A It might be there. In taking notes -- I,
24 generally, take notes on telephone conversations or
25 face-to-face meetings that I have with people rather than

1 noting that I reviewed a letter.

2 I only take notes so that I can recollect
3 things if I need to or if somebody gives me a job to do,
4 I can -- I have noted it and will be sure that I don't
5 fail to carry it out.

6 I doubt that I would have at any place noted
7 that I reviewed a draft of the TVA response to NRC on the
8 QA issue. I simply wouldn't have noted anything like
9 that.

10 Q Well, I would just ask you --

11 A I would note, probably, if I had a
12 conversation with someone and it struck me as
13 significant. That's one of the things about my notes. I
14 only put down what I think is significant.

15 Q Well, I would ask you to, briefly, review
16 your file, and if you do have anything that you feel is
17 of significance to this investigation to recontact us at
18 a later date?

19 A Okay. I will take a look at those, and --
20 if I can find them.

21 **BY MR. WILLIAMSON:**

22 Q Mr. Denise, let me ask you at this point, do
23 you have a definition of "Pervasive" and would you,
24 please, provide that to us?

25 A I have my own definition of pervasive. I

1 think I, generally, take this definition to apply to a
2 variety of things.

3 First of all, pervasive, to me, means that
4 it's not limited to a few instances. It's widespread.

5 Secondly, if I'm talking about a pervasive
6 breakdown in one activity, say, a construction activity
7 such as pouring concrete, to me, that's a pervasive
8 breakdown in concrete. But, it's not necessarily a
9 pervasive breakdown in control of construction, because
10 there are other elements, such as structural steel and
11 rebar and so forth, which may all be done right.

12 So, I can have a pervasive breakdown and
13 control of concrete strength without having a breakdown
14 in total construction.

15 I believe that a pervasive breakdown in
16 Quality Assurance occurs for a construction plant when
17 you have a breakdown in the actual construction
18 activities that involves more than one element and that
19 the corrective action program is not effective in
20 correcting those and preventing their recurrence.

21 So, to me, in a pervasive breakdown in the
22 Quality Assurance Program, that means that you have
23 really penetrated as well as the construction activity,
24 itself, that you failed to take timely and appropriate
25 corrective action which not only corrects the problems

1 but which prevents recurrence.

2 So, to me, you have to penetrate to have a
3 pervasive breakdown. You have to either spread it wide
4 or go deep. You can have it widespread across many
5 elements and disciplines or you can have penetration from
6 a single that penetrates you all the way through the
7 corrective action program. And, to me, that is
8 pervasive. It either goes wide or goes deep.

9 Q Do you have to have -- does there have to be
10 a breakdown in all 18 criteria --

11 A Absolutely not, no.

12 Q -- for it to be pervasive?

13 A No, absolutely not. In fact, just a couple,
14 if they are the right ones.

15 Q You mentioned a -- you made a phrase, and I
16 would like to ask you if this is your words or something
17 that has developed in the industry with regard to the
18 Quality Assurance Program.

19 The term, "Layered approach," is that
20 something you originated or is that something that you
21 had heard or is that something that's used industry wide?

22 A I have heard it under a variety of
23 circumstances. To me, it simply means that Quality
24 Assurance deals with designing it right and constructing
25 it right, testing it right and inspecting it right.

1 These have to occur in certain layers. In
2 the documentation of it, whether it's inspection records
3 or design documents, as well as programs to determine
4 corrective action.

5 To me, we have multiple layers in the
6 Quality Assurance Programs or in Appendix B. In fact,
7 the first layer is to have, in itself, a quality
8 assurance organization which is independent of the
9 organization performing the work. That's the first
10 important layering which occurs.

11 Somebody is responsible for the work, and
12 someone else is responsible for seeing that they are
13 doing it right. These are the layers that occur at a
14 variety of points.

15 Welders are responsible for doing good
16 welding. Quality Assurance is responsible for inspecting
17 and seeing that the welds are good. There are multiple
18 layers.

19 That's why I say going deep or going wide,
20 in my view, can meet the test of something being
21 pervasive.

22 BY MB. ROBINSON:

23 Q Prior to this interview or prior to you
24 refreshing your recollection by reading the March the
25 20th letter, were you keyed to the word "Pervasive" at

1 all?

2 A Well, I would say not recently. The issue
3 of breakdown and the issue of pervasive has been talked
4 about and kicked around in a number of TVA meetings and
5 conversations --

6 Q At which you have attended?

7 A -- that sometimes I was an attendee and
8 participated in. Most of those would have been occasions
9 where other people would be doing the talking, and I
10 would be either an observer or helping people prepare a
11 dry-run for a presentation or something like that.

12 I don't know of any TVA definition of
13 "Pervasive." I haven't seen it myself. No one, other
14 than Mr. Gridley notifying me that someone would be here
15 and I should come down this morning and that the subject
16 would be Appendix B, no one has talked to me about that
17 or no one has prompted me or given me the company line on
18 what "Pervasive" is or the "QA position" is or anything
19 like that.

20 I am giving you strictly my own views, as I
21 had then and as I recollect, and I haven't had any
22 coaching or prompting on this. But as I say, there were
23 numerous discussions among a lot of people.

24 Sometimes I witnessed about how in the world
25 do we define "Pervasive" and how do we define

1 "Breakdown," but all of those occurred, I guess, months
2 ago for me.

3 I haven't even considered this kind of issue
4 in, at least, four or five months. I haven't been
5 involved in it.

6 Q Do you recall any of those type of
7 conversations taking place back in the January 1986 time
8 frame prior to the preparation of the March the 20th
9 response?

10 A Well, I can't give you a specific
11 recollection, but the issue of breakdown and the issue of
12 pervasiveness of breakdown and the issue of corrective
13 action were all active topics during this January to
14 March time period.

15 In fact, I'm sure that the whole issue of
16 pervasiveness, or more appropriately, the issue of
17 breakdown, that seemed to be the magic word, "Breakdown
18 of QA," was discussed until January of '86.

19 Q Do you recall, at all, who was having these
20 discussions?

21 A Well, part of it was in the discussion that
22 we had on the 16th meeting because of the NSRS
23 perceptions of what the information that they had
24 gathered meant.

25 I have -- as you -- well, you may not know

1 the details, but part of my tasks from February of 1986
2 on up until the end of June of 1986 involved a lot
3 action, interactions with an organization called QTC,
4 Quality Technology Corporation.

5 I was, basically, their contract
6 representative for the time that they were here. That
7 is, I represented TVA on that contract during that time
8 period.

9 I had some previous interaction with them
10 since I had arrived at TVA, but there was a lot of
11 correspondence that they wrote that talked about Quality
12 Assurance breakdowns or deficiencies.

13 They wrote a letter, a long letter to Mr.
14 Dean, the Chairman of TVA, saying that there were
15 problems in Quality Assurance. I don't have a specific
16 recollection, but I think they probably said that TVA's
17 position on no breakdown was probably not correct.

18 I would have to look at this 85 page -- I
19 think it was an 85 page letter that Mr. -- I believe it
20 was Mr. There, T-h-e-r-o, wrote to Chairman Dean.

21 I was present at a meeting where we were
22 discussing some quality assurance problems at Watts Bar
23 at the time this letter came in, and I brought -- and I
24 went and got it copied and gave people copies.

25 So, I was in and out. I was in the employee

1 concern task group. But, from time to time, I would be
2 in meetings where multitudes of subjects would be
3 discussed, and mine would be one of them.

4 So, I don't have a specific recollection of
5 who said what, but I was involved, at least, in the
6 information flow but not necessarily the decision path or
7 the responsibility path.

8 This is why I can say that I knew these
9 issues were around and they were discussed because I
10 heard about them and people talked about them at meetings
11 I attended where the meetings covered numerous subjects.
12 I would be there for one, and I would get to hear what
13 everybody else thought.

14 Q Was the QTC letter to Mr. Dean before or
15 after March 20th, 1986?

16 A I'm sure it was after, yes. I recollect it
17 was somewhere around June or it might have been even
18 July. I know it was in the Summertime at Watts Bar.

19 **BY MR. BEINHART:**

20 Q Was TVA aware of Mr. Thero's concerns before
21 that letter was issued?

22 A I don't know who in TVA, and I think that a
23 lot of things that was brought out in Mr. Thero's letter
24 were known to NSRS's people. Some of them were known to
25 me. I'm pretty confident some of them were known to Mr.

1 Cottle and to Mr. Mason.

2 They may not have articulated them in
3 exactly the same way that they did in the letter. They
4 may not have glued all of the pieces together in one big
5 pile as they did, but as far as I could -- from my own
6 reading of that letter, I didn't see anything that
7 surprised me about any of the individual items.

8 I had heard them talked about and was aware
9 that they were issues previously. I didn't, necessarily,
10 agree with all of them, but these were not surprises.
11 These were not something I had never heard of before.

12 BY MR. ROBINSON:

13 Q Would you characterize the January 16th,
14 1986 meeting that you attended with Mr. Brown and Mr.
15 Wegner and the representatives of NSRS and Mr. Mullin as
16 an objective discussion of the NSRS's perceptions?

17 A I think it had a much greater adversarial
18 tone than it did objective.

19 Q I believe you said that you made a speech or
20 spoke at that meeting, were you basically -- what was the
21 nature of those comments they you were making?

22 A Well, let me see what my notes said, again.
23 What I have noted is that I made a speech to address all
24 of the issues to reach the bottom line.

25 I was, effectively, saying that we can't

1 keep dancing around these issues and we can't keep
2 telling NSRS to do more to prove your case because this
3 is, basically, a TVA problem.

4 I made this kind of statement and this kind
5 of speech because of the adversarial character that began
6 the meeting and persisted throughout the meeting. The
7 room geometry and the people sitting geometry, the way
8 they spoke to each other, all had a very strong
9 adversarial flavor.

10 I asked for the Bob Sauer personal statement
11 to be drafted, because I had understood that what Mr.
12 Sauer stated as his and other people's perceptions was
13 being interpreted as Mr. Sauer's and other people's firm
14 rock solid conclusions which condemned TVA.

15 I thought it was important for Mr. Sauer to
16 write out his own statement of what he really meant by
17 what he said and how he arrived at this.

18 And I did this for, I guess, basically one
19 reason. There was such an adversarial tone that I felt
20 it would be worthwhile if Mr. Sauer simply said, "I was
21 given the task to make a presentation. I gathered
22 information. We called them perceptions, because that's
23 what they were. We could deal with the perceptions and
24 we could resolve issues, rather than face each other as
25 mutual accusers," which is what seemed to be happening at

1 the time.

2 I asked they do that right away before this
3 went further. I could see it going further. I'm sure
4 there were more meetings where more discussions took
5 place.

6 And it's kind of reflected in this March
7 20th letter that we're answering the NSRS's perceptions.
8 Of course, the NRC asked us to answer those.

9 Q When you attended the board meeting at which
10 Mr. Sauer made his -- essentially the presentation he
11 made to Commissioner Asselstine, was this attendance,
12 your attendance directed by anyone or was this on your
13 own initiative?

14 A It was neither one. It was a happenstance.
15 We were preparing to go to meet with the NRC. I would
16 have to check my calendar, but I believe it was we were
17 going to meet the next day, and we were flying out of
18 Knoxville that late afternoon. We had had some meetings,
19 and what we referred to as dry-runs in preparation for
20 the NRC meeting that morning in Knoxville.

21 I learned that Mr. Sauer was going to give
22 this presentation. And since the Board and general
23 manager and the rest of these folks were all involved in
24 this dry-run that I was involved in, I simply went into
25 the Board of Directors' room and sat down at the table

1 and listened to what he said.

2 Q In your own mind from the listing of the
3 perceptions that Mr. Sauer presented, was it logical for
4 him to conclude that Appendix B requirements are not
5 being met at Watts Bar?

6 A I believe his perception was logical based
7 upon what he presented. I don't -- I'm resisting the
8 idea that Bob Sauer concluded.

9 Bob Sauer says, "This is the perception that
10 we, NSRS, have based upon a lot of inputs."

11 Let me say more than you asked me?

12 Q Sure.

13 A Mr. Sauer made it very clear the context in
14 which this meeting had been arranged and how his
15 supervisors were either not available to him or would not
16 make the presentation themselves, and it fell on his
17 shoulders to pull in the information, to gather the
18 information.

19 He used a lot of inputs that sometimes he
20 didn't have personal knowledge of and took people's words
21 and put together a presentation.

22 Mr. Sauer, once or twice during the
23 presentation to the Board of Directors, said something
24 about, "I'm sorry this is the way it happened or this is
25 the way it is."

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1 I was struck by the Board of Directors, and
2 I'm sure it was -- well, I know it included Mr. Dean and
3 Mr. Waters, they said, "You don't have anything to
4 ashamed of or nothing to be sorry for. We think you did
5 the right thing. We appreciate the presentation."

6 It was understandable to me. I thought it
7 was a logical presentation, if you make the assumption
8 that the underlying perceptions or the underlying reports
9 of facts were true, that lead to a logical conclusion or
10 a logical perception of the conclusion. I thought Mr.
11 Sauer explained very effectively how it came about and
12 how he was drafted to do it.

13 I don't recall about Mr. Harrison, but Mr.
14 Whitt was present at that Board of Directors
15 presentation. And he certainly didn't deny anything that
16 Mr. Sauer either said or perceived.

17 Q Was there any tone of an adversarial
18 situation in that arena?

19 A I don't recall there was any at all. I was
20 struck by, as I said, the positive acceptance by the
21 Board of Directors of that situation.

22 Q But there were, also, TVA line and QA
23 representatives at that presentation, too?

24 A I don't recollect how many we had. It
25 wasn't, what I call, a room full, in that they were

1 hanging on to the rafters or anything like that.

2 I believe all of the Directors were present.
3 I don't know that I noted attendance. I know Mr. Sauer
4 and Mr. Whitt was present, and I was present. As to -- I
5 think Mr. Willis was present, Bill Willis.

6 I would have to -- well, I don't even know
7 if I had attendance at that meeting or if anybody took
8 it. This was not something that was scheduled, and
9 therefore, people were primed and so on and so forth.

10 In fact, when I had talked to Sauer early in
11 the morning when I was up there, I had asked him about it
12 and he might not have known even about it, then. So, it
13 was kind of impromptu, but he came prepared to give
14 exactly, what he says he gave, to the commissioner.

15 MR. ROBINSON: That's all I have.

16 MR. RSINHART: Can I ask some questions?

17 MR. WILLIAMSON: Sure.

18 BY MR. RSINHART:

19 Q On the subject of an acceptable 10 CFR 50
20 Appendix B program being in compliance with, would you
21 say that it's enough to just have a 17.1 and a 17.2
22 approved by the commission or does a licensee, then, have
23 to go execute and implement that program?

24 A They have to implement the program.

25 Q Okay.

1 A In fact, I wouldn't even say that if the NRC
2 approved 17.1 and 17.2 that, in itself, means that you're
3 scott free. There may be things that should have been
4 said that weren't said in 17.1 and 17.2.

5 You have to implement the program. But in
6 my view, committment requirement to comply with Appendix
7 B is simply the first building block.

8 How you're going to do it is 17.1 and 17.2.
9 Then, you have to go do that. And if you discover that
10 you're doing it wrong, then, you have to fix it or if you
11 discover that you didn't put something in 17.1 or 17.2
12 that you should have had in it that neither TVA nor the
13 NRC recognized, you have an obligation to fix that.

14 You simply can't say, "They agree with it.
15 So, it's okay."

16 I think your obligation is deep.

17 Q Okay. Good. You mentioned Larry Martin
18 that you wrote this note to and had the discussions with?

19 A Right.

20 Q Could you tell us how he fits into the
21 organization, and to your knowledge, what he did with
22 this information?

23 A At the time -- at that time, Mr. Martin was
24 working in the quality assurance organization at the time
25 that I wrote that note. He is, now, assigned as site

1 quality assurance director at Sequoyah.

2 The only thing I know is that he told me he
3 had received this congressional sub-committee report, and
4 he had been asked to check with me to see if the
5 statements that I referred to in my phone conversation
6 with Jim Lieberman was correct. I simply gave him that,
7 along with the surrounding circumstances.

8 He was, personally, aware of it already
9 since he was present, but Mr. Lieberman didn't note
10 that -- as far as I know in the note, he didn't say that
11 he had the conversation with Lawrence Martin and Dick
12 Denise. He said that he had it with me.

13 So, he was collecting information regarding
14 the congressional sub-committee report. I don't know
15 what he did with it after that.

16 It was one of those hurry up jobs and give
17 me a piece of paper, and then I will glue it altogether.
18 I didn't see whatever was done with that, if there was
19 anything done.

20 Q Who did he work for at that time?

21 A I believe at that time he was working for
22 Dick Parker.

23 Q So, this was -- he was in the corporate QA
24 organization?

25 A Yes.

1 Q And Parker, then, reported to --

2 A Well, the players changed so fast in this
3 arena that I'm not sure exactly who was there. Mr.
4 Parker was probably at that time the acting director of
5 quality assurance reporting to Mr. White.

6 But, we have had Mr. Kelley in that position
7 and Mr. Jim Houston in that position. I believe we --
8 presently, we have Mr. Kazanis in that position as QA
9 director. I believe at that time Mr. Parker, because of
10 some contractual difficulties, was the accounting
11 director of quality assurance corporate.

12 Q Okay.

13 A Mr. Martin was working for him.

14 Q Where did Mr. Mullin fit into this
15 arrangement between Mr. Parker and Mr. White?

16 A Mr. Mullin used to be the director of
17 corporate quality assurance, and Mr. Parker worked for
18 him. That is, worked for Mr. Mullin. Mr. Mullin,
19 subsequently, got transferred somewhere else.

20 Q Okay. So, Mr. Martin reported up to --
21 whoever was in the director's slot, Mr. Martin would have
22 been reporting to him?

23 A Yes. Mr. Martin, in January of 1986, did
24 not work in quality assurance. He had not -- in fact,
25 he has not been in that arena for very long.

1 Mr. Martin, from the period of February of
2 1986 on through the end of June, worked for me on the
3 employee concern task group at Watts Bar, and he was
4 working on the welding issues.

5 He remained in that position out there --
6 well, I don't recollect, probably until somewhere around
7 the middle of December or the end of December of 1986.
8 And then, he came down and worked for quality assurance
9 and got handed this. And then, he took this action.

10 So, he was new, relatively new to QA. He
11 didn't have a long history in TVA QA. He had only been
12 at it at most, I guess, a month.

13 Q I see. So, in other words, you're telling
14 him in January of '87 what you told Mr. Mullin and these
15 people at the meeting back in January of '86?

16 A Yes.

17 Q Okay.

18 A Yes.

19 Q Okay. I understand, now.

20 A Mr. Martin, also, may have been present at
21 that meeting in January of '86. I don't recall.

22 **BY MR. ROBINSON:**

23 Q Right after your telephone conversation with
24 Mr. Lieberman that you and Mr. Martin were both on, do
25 you have any knowledge of who Mr. Martin told about that

1 conversation?

2 A I don't have any knowledge, at all, on that.

3 BY MR. BEYBART:

4 Q When you mentioned the adversarial tone of
5 the January the 16th, 1986 meeting, am I correct in
6 picking up that it was the line organization that was
7 adversarial or was it both sides that were adversarial?

8 A I would say that the line was more
9 adversarial and the NSRS was more defensive.

10 Q Okay.

11 A If I have devide it, slice that bologna that
12 thin, yes.

13 BY MR. WILLIAMSON:

14 Q I have some more questions. You said you
15 met with Mr. Mullin on January 17th, 1986 after this
16 meeting on the 16th. You discussed with it him.

17 It's my understanding that you were trying
18 to solicit some information from him regarding what the
19 office of construction was doing, what the office of
20 engine'ing was doing with regards to addressing this
21 concern about TVA's compliance with Appendix B; is that
22 correct?

23 A Well, I had asked Mr. Mullin to get these
24 offices' views and interpretations, because there seemed
25 to be a diversity of what we're supposed to do and when

1 we have a breakdown and when we have pervasive
2 deficiencies and so forth. There were a lot of
3 interpretations. It's the same as what you asked me
4 awhile ago.

5 "What's my definition of pervasive?"

6 I thought that Mr. Mullin needed to, since
7 he was the point man on this, needed to get these
8 peoples' views and definitions so that we could start
9 dealing with the issue and resolving the problem and
10 speaking a common language and communicating on it in a
11 better way than what we were doing.

12 As I said, he didn't want to do these
13 things. Just let them alone and don't stir the pot. He
14 said he was confident the letter, which I guess is
15 eventually this one of March the 20th, 1986, will put the
16 issue to bed.

17 Q You mentioned that he said that Mr. Cottle
18 and Mr. Whitt and others were providing that information;
19 is that correct?

20 A Yes. He said that Mr. Whitt and Mr. Cottle
21 had agreed on the answers, and he would prefer to let
22 things lie.

23 Q Had agreed on the answers to how they were
24 going to respond to this?

25 A I think, basically, as I recollect, on how

1 they were going to respond to the issue.

2 Q And that you should just let it --

3 A Just let things lie and don't stir the pot.

4 Q And that was the extent of your
5 conversation, then, with him?

6 A Right.

7 Q Previous to this meeting in January, were
8 you aware that other activities were going on with regard
9 to trying to determine the state of TVA with regards to
10 their nuclear performance plan?

11 Were there some other issues they were
12 trying to resolve or address?

13 Were you aware of any other contractor
14 people that had come in and were working on issues that
15 were a common concern in TVA?

16 A I'm sure I was, but I don't --

17 Q I'm speaking, primarily, of what Mr. Nace
18 was doing.

19 A Larry Nace, yes.

20 Q He was doing, what they call, a systematic
21 analysis of identified concerns.

22 A Right.

23 Q Were you aware of that?

24 A I was aware that Mr. Nace was doing
25 something. I thought you referred to something prior to

1 January.

2 I wasn't aware -- I may have trouble with
3 the time frame, but I thought Mr. Nace was one of the
4 people that came in either early in or subsequent to Mr.
5 White's arrival.

6 Mr. Nace, personally, explained to me that
7 he was going through a lot of correspondence reaching
8 back about 16th months and recording with this whole
9 group of people, and that he had concerns that had been
10 expressed in a variety of forms, whether it be NRC
11 letters or NSRS letters or outside expressions of
12 concerns. I was aware that Mr. Nace was doing that.

13 In fact, I, subsequently, got tasked with
14 the inclusion of some of those items in the Employee
15 Concern Task Group scope. They were in and then they
16 were out, and then they were in. Signals changed, but I
17 was aware that Mr. Nace and people associated with him
18 were performing that kind of function.

19 Q What did you understand the purpose of this
20 review to be?

21 A It was my understanding the purpose of the
22 review was to identify the items that people had concerns
23 about so that we might decide what they were and where
24 they were identified and who had them, and subsequently
25 use this as a basis for deciding what to do about them.

1 Q Okay. Were you aware of other reviews that
2 took place either before or after this effort by Mr.
3 Nace?

4 A I was aware of some reviews that were, for
5 example, taking the place of employee concerns. I wasn't
6 aware of anything that was like Mr. Nace's program.

7 For example, I was aware that there were
8 NSRS ongoing investigations and NSRS survey reports and
9 NSRS investigation reports, but nothing of the character
10 that Mr. Nace had.

11 At least, I don't recollect that I am aware
12 of anything of that kind of character, if that's what you
13 mean, of a review of a lot of correspondence to see who
14 said what, when and so forth.

15 I'm sure of lot of that went into almost
16 everything that went on in the production of major
17 letters, people would review the background
18 correspondence to see whether we're dealing with the
19 issue or we said something differently, changed our mind
20 or whatever, but nothing like Mr. Nace had reached back
21 for 16 months of correspondence.

22 Q Were you aware of any activities he was
23 involved in prior to January of 1986?

24 A I don't recollect that I am. I am even
25 kind of almost agreeing without having a definitive time

1 that it was right at about January when he started his
2 activities. I probably found out about what he was doing
3 by happenstance by being involved in employee concerns.

4 Q Being involved in the employee concern
5 program, there was at that particular time a large number
6 of complaints, a large number of allegations that were
7 being reviewed?

8 A Right.

9 Q Were any of these being reviewed in the
10 light of the NSRS's perceptions that had been raised with
11 regards to the instrumentation, with regards to the
12 inspection activities, with regards to the welding
13 activities, assuming -- and I understand that many of
14 these issues, you know, cross the boundaries with both
15 that they were QTC concerns and that they were NSRS
16 concerns and they became employee -- part of the employee
17 concern program.

18 Were you people identifying, investigating
19 and substantiating some of these concerns during this
20 time period, January, February and March time period?

21 A Well, we were -- first of all, let me say
22 that this program, this whole program was in a state of
23 transition. The program had begun in late April of 1985
24 with the specific purpose of identifying the employee
25 concerns.

1 I think, eventually, we identified something
2 like 5,800 concerns. Probably around 1,200 to 1,300 of
3 them were safety related. That is, affected components
4 and equipment important to safety.

5 The identifiers of the concerns were the
6 employees. The recorders of the concerns identified were
7 QTC, because they did the interviews. The investigators
8 of the concerns were QTC, and separately NSRS. And this
9 mode of operation continued from April of 1985 on up
10 until January of 1986.

11 So, there were investigations by people
12 ongoing all this time, and I'm sure that there -- I'm
13 confident, at any rate, that there were investigations of
14 the kinds of concerns identified by Mr. Sauer in his
15 presentation.

16 And having read some of the investigation
17 reports, or a large part of the investigation reports
18 beginning in mid November of 1985, I could say that some
19 of the concerns were substantiated and some of the
20 concerns appeared not to be substantiated. Some of them
21 were indeterminate.

22 A fraction of the concerns up until January
23 of 1986 had been investigated. I guess out of the safety
24 related, maybe 25 percent had been investigated and
25 investigation reports recorded.

1 So, NSRS was investigating and NSRS's
2 contractor, QTC, had been investigating, but the line
3 organization had access to these investigation reports.

4 I, personally, read a lot of them because of
5 my involvement with the TVA Employee Concern Program to
6 learn and construct and to get this program on line.

7 Along in January of 1986, and subsequently,
8 the character of the employee concern program and who
9 managed it and who did what changed because QTC completed
10 the phase of soliciting and recording concerns, and TVA
11 office of nuclear power became the dominant force in
12 investigating or resolving the concerns.

13 So, this transitioned over that period of
14 time.

15 Q Were the results of your investigations
16 being provided to anyone in the office of nuclear power?

17 A I wasn't investigating. The NSRS was
18 investigating. Yes, the reports of NSRS were routinely
19 provided to the people in the office of nuclear power and
20 the QTC reports were. I believe that most of the reports
21 that I saw, I got either from the distribution made to
22 Mr. Mason or to Mr. Cottle.

23 Q So, that they were getting an eye-level
24 review?

25 A They were receiving them.

1 Q They were receiving them?

2 A I don't have personal knowledge about
3 whether they read them or not.

4 Q During this time period, primarily from
5 January through March, were you involved in any of the
6 NSRS's responses or perceptions and/or the line responses
7 to those perceptions?

8 A Well, I was involved in, at least, one
9 meeting that we identified. I had discussed their
10 perceptions, and I don't recollect the Board of
11 Directors' date for the meeting. I would have to look it
12 up.

13 I'm sure I had a variety of discussions
14 either with Mr. Sauer or others about the work that they
15 were doing. I don't believe I participated
16 substantially, if at all, in the preparation of the
17 responses.

18 Q I guess what I'm asking, were you,
19 personally, involved in the preparation or review of
20 these responses?

21 A No, I don't recollect that I was. If
22 somebody called me and asked me a question, I might have
23 talked to them on the telephone, but I didn't have any
24 substantial involvement with the preparation of these
25 responses.

1 Q Given what you knew between January and
2 March, if had you read this letter in its final draft
3 before it went out, would you have agreed with the
4 contents of the letter, primarily, the second paragraph
5 that there is no pervasive breakdown and we are in
6 compliance?

7 A No, I wouldn't have agreed with it, then.

8 Q All right. Let me ask you another question.

9 During this time frame in January through
10 March, there were a number of people here who were loan
11 manager people, they were contract people.

12 Did you have, one, any extensive
13 conversations; and two, even limited contact with people
14 such as Mr. White, Mr. Wegner, Mr. Siskin, Mr. Sullivan,
15 Mr. Lundin, Mr. Bass, Mr. Grattliff, Mr. Bradski, Mr.
16 Stone, Mr. Houston, did you have any extensive contact
17 with these people?

18 A It's, again, this is a mixed bag. If you
19 want to run through your list, I will characterize them.

20 Q Mr. White?

21 A I didn't have any significant face-to-face
22 contact with Mr. White. I attended meetings, staff
23 meetings that I was one of many participants.

24 Q Mr. Wegner?

25 A Other than that one meeting on the 16th of

1 January, I don't recall anything significant.

2 Q Mr. Sullivan?

3 A Medium. Few contacts. Nothing specific.
4 He was had some involvement in the employee concern
5 program development, but in and out. Not the main
6 architect.

7 Q Mr. Siskin?

8 A I would say a pretty substantial involvement
9 with Mr. Siskin, but particularly on the development of
10 the employee concern program and the role of QTC in that
11 program.

12 Q Mr. Bradski?

13 A Extensive involvement on the employee
14 concern program that we were starting up at Watts Bar.

15 Q Mr. Stone?

16 A I don't recall a single conversation that I
17 had with him.

18 Q Mr. Bass?

19 A The same thing, no substantial interaction.

20 Q Mr. Grattliff?

21 A No substantial interaction, just had been at
22 some of the same meetings.

23 Q Mr. Kelley?

24 A About medium, but nothing specific except
25 what's going on and co-attendees at meetings.

1 Q Mr. Houston?

2 A I talked to Mr. Houston, I would say, a
3 substantial amount about the program that was going on
4 with employee concerns, primarily that facet of it.

5 Q Mr. Kirkebo?

6 A No substantial interaction at all.

7 Q Mr. Lundin?

8 A No.

9 MR. WILLIAMSON: Do you have any other
10 names?

11 MR. REINHART: Miles.

12 BY MR. WILLIAMSON:

13 Q Mr. Miles?

14 A No, I don't recollect ever speaking a word
15 to Mr. Miles.

16 Q These people that you acknowledge that you
17 had some substantial contact with regarding of the
18 employee concern program, what was the extent of this
19 contact?

20 You were, as I understand, you were manager
21 of the employee concern task group from February through
22 June?

23 A Correct.

24 Q You had previously worked on the development
25 of the employee concern program, and now you were

1 manager.

2 Were these people in the management
3 position, were you answering to them regarding the
4 employee concern task group or was this still in a
5 developmental stage where they were providing input to
6 you as the manager?

7 A There's two things happening here. First of
8 all, when I came here in November, TVA had committed to
9 develop its own line organization employee concern
10 program.

11 So, from November through January, I worked
12 with people in the development of that program. The man
13 who became manager of that program is Mr. Eric Sliger,
14 S-l-i-g-e-r. I did not become manager of that program,
15 and never intended to become the manager of that program.

16 So, we developed that program and we
17 committed to the NRC to implement it on February the 1st,
18 of 1986, and that's what we did.

19 There's another part of this activity,
20 because we had from April of 1985 on up until the same
21 time the employee concern program operated by the NSRS
22 with QTC as their contractor.

23 Now, the character of the program was
24 changing. We were starting up the TVA employee concern
25 program, and we were turning down the NSRS QTC activity.

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1 We were starting to receive employee
2 concerns in the new employee concern program, and we were
3 entering a phase of resolution of the employee concerns
4 which had already been identified in this special
5 program. Which I, then, eventually became the manager
6 of; that is, from the middle of February until the end of
7 1986, June of 1986.

8 My conversations with Mr. Bradski and Mr.
9 Houston and Mr. Siskin involved the transition of the
10 NSRS and QTC program into the resolution phase of those
11 concerns which took place or is still taking place that I
12 was involved in from February until the end of June.

13 So, the conversations centered around the
14 resolution of the concerns that had already been
15 identified by the people, chiefly at Watts Bar, but at
16 some other sites. It was not related to the new employee
17 concern program, which started up on February the 1st of
18 '86.

19 So, my involvement with them was how to glue
20 the pieces together and who should be responsible for
21 what and what our basic approach would be and what our
22 contractual relationships would be with QTC and so on.

23 Q Were the employee concerns related to these
24 individuals, a specific employee concern so that they
25 would know the areas of concern that were being addressed

1 and the numbers of concerns that were addressing a
2 particular topic, were these individuals familiar with
3 this information?

4 A I would have to say, yes, I discussed it
5 with them, I would say, numerous times. Some more than
6 others. Mr. Siskin and Mr. Bradski more than others.

7 We had the problems or the concerns
8 characterized and categorized by QTC and by the NSRS.
9 They received, I think it was weekly reports, on how many
10 concerns had been identified and how many had been
11 investigated and how many had been resolved.

12 They reviewed -- I know that Mr. Siskin and
13 Mr. Bradski and one of the other folks had reviewed --
14 had asked me to get and had reviewed stacks of papers,
15 which we called "K Forms." They expressed the employee
16 concerns in a summary fashion.

17 They received from me individual reports of
18 investigations that I got from NSRS. They got from me
19 summaries of experience levels of QTC people. That is,
20 resumes. They got an enormous amount of information in
21 order to reach an understanding of what was involved in
22 the program.

23 They evidenced me that they had a reasonable
24 understanding because we, subsequently, grouped the
25 concerns and put people in charge of each group of

1 concerns. One of the groups was quality assurance. One
2 was welding and material control, and things like that.

3 So, we grouped them and we designed an
4 organization around these groups and appointed people to
5 head up the various organizations based on the
6 understanding of how many concerns we had in each area,
7 what the workload looked like, could you group them one
8 way or another, and what kind of staff might you need,
9 arranging everything from industrial safety to
10 constructural steel welding.

11 So, they got that information from me. They
12 read it. They discussed it with me. We designed the
13 employee concern program and its organization which, I
14 guess, Mr. Mason issued on February the 12th, 1986.

15 Q Do you have an estimate of how many safety
16 concerns that were investigated were substantiated as
17 being genuine safety/quality concerns?

18 A Well, there may be a lot of interpretations
19 in people's mind of what's really substantiated. I don't
20 know what the numbers are today.

21 I left the employee concern task group at
22 the end of June of 1986. At that time, we had not really
23 resolved any concerns. So, I have to go back to what I
24 knew in about February of 1986 when we changed the
25 approach and changed the organization and changed the

1 character of the investigations.

2 It seemed to me, and this is my
3 recollection, that out of the 1,200 to 1,300 safety
4 related concerns, about 30 percent had been investigated.

5 And of the 30 percent that had been
6 investigated -- so, now, I am saying 30 percent of 1,200
7 is about 360, about half of those had been substantiated,
8 according to the investigator. So, that would be --

9 Q That was --

10 A It looked like about half of them were being
11 substantiated.

12 Q That was in February of 1986?

13 A Correct.

14 Q And this information was made available to
15 Mr. Siskin and Mr. Houston and those other people?

16 A Mr. Siskin, Mr. Houston, Mr. Bradski.

17 Q With the amount of information that was made
18 available to them, including this type of information,
19 this is opinion, and for you, too, would you be able to
20 come to the conclusion that was reached in the March 20th
21 letter based on the information that they had received
22 and you had provided to them that there was no pervasive
23 breakdown and that they were in overall compliance with
24 Appendix B?

25 A Well, that requires me to speculate a little

1 bit. So, I will speculate, and I will tell you it's
2 speculation.

3 They received a lot of information from me.
4 They discussed a lot of information with me. They
5 appeared to have read a lot of information. I can't tell
6 you whether they fully comprehended or understood that
7 information. That's the speculative part.

8 I can tell you that they looked at,
9 approximately, the same information that I looked at or
10 they had access to it, and it appeared that they read it
11 and understood it.

12 It would have been difficult -- I would not
13 have reached that conclusion expressed in that second
14 paragraph of that March 20th letter based on the
15 information that I had and that I think they, also, had
16 because I gave it to them.

17 Q Were they aware that, approximately, 50
18 percent of these concerns, safety/quality concerns that
19 had been investigated had been substantiated, at least,
20 in the mind's of the investigators, as you said?

21 A That was clear.

22 Q They had these statistics?

23 A Oh, yes, that was clearly in the reports
24 they were provided.

25 MR. WILLIAMSON: Okay. I don't have

1 anything else.

2 BY MR. ROBINSON:

3 Q Just a couple of clarifying. Of the 30
4 percent or the 360 that you said --

5 A Approximately, yes.

6 Q -- that had been completed, approximately,
7 how many of those were safety related?

8 A I was only dealing with the safety related.
9 There were 5,800 overall concerns, eventually,
10 identified. Somewhere between 1,200 and 1,300 is what
11 were characterized or categorized as safety related.
12 Around 30 percent had been investigated up until that
13 February, and of that 30 percent that had been done,
14 about half.

15 So, what we were looking at is about half of
16 the safety related employee concerns were being
17 substantiated. About half of them were being
18 substantiated by the investigator.

19 Q Do you have any knowledge of any conscious
20 correlation by any of these gentlemen that you were
21 briefing between the NSRS's perceptions in the categories
22 of QTC, the areas of concern in the employee concerns?

23 A I can't tell you what the correlation was.
24 But the January the 16th meeting was, basically, a -- the
25 perceptions of NSRS grew out of what they learned in the

1 employee concerns.

2 It was what NSRS said that was a direct
3 correlation to the employee concerns. That was the heart
4 of the matter was that the employees were saying that the
5 NSRS investigation and the QTC investigation were
6 substantiated, which lead to a conclusion or a
7 preliminary conclusion or a perception, whatever people
8 want to characterize it as.

9 So, the correlation between what the NSRS
10 said or perceived was one-to-one with the employee
11 concerns investigated.

12 Whether these other individuals made the
13 same kind of correlation or understood what was being
14 said, I don't know. It was clear to me, but I never had
15 any indication from any of them that they didn't
16 understand what was being said.

17 Q Do you think it was clear at the January the
18 16th meeting to all of those in attendance that the
19 NSRS's spawned from the employee concerns?

20 A Yes, directly.

21 Q Okay.

22 A That was their fundamental base.

23 MR. ROBINSON: Why don't we just take a
24 break, and if there's any other final questions, and of
25 course, we will allow Mr. Denise to make any final

1 concluding comments that he wants to make, and get a cup
2 of coffee.

3 MR. WILLIAMSON: Let's take about a five.
4 Let's make it --

5 MR. ROBINSON: It's now 11:18, and we're off
6 the record.

7 (Brief recess.)

8 BY MR. ROBINSON:

9 Q It's now 11:27 and we're back on the record.
10 I just have one further question that I need to amplify
11 on.

12 Did you get the impression, Mr. Denise, from
13 your January the 17th conversation with Mr. Mullin that
14 he didn't want you involved in the TVA response to
15 compliance with Appendix B from that point?

16 A I would say I got a very, very strong
17 impression, almost a direction.

18 Q Did you get that impression from anyone
19 else?

20 A I would say it was nothing near that strong,
21 but there was no request to look into it but there was no
22 request to stay out of it because I, basically, was not
23 intruding into that area.

24 Q Why did you feel that your participation was
25 being asked to be excluded?

1 A Well, I think from -- my view at this from
2 the Mullin viewpoint is that Mr. Mullin simply didn't
3 want another party involved that he would have to deal
4 with.

5 Perhaps, I'm being kind to myself. But if
6 he had to deal with me, I would make him have the right
7 answers and to have them substantiated. I don't think he
8 wanted to do that.

9 Q One final thing. You, basically, agreed
10 with Mr. Lieberman's definitions or comments regarding to
11 compliance with Appendix B; is that correct?

12 A Absolutely. I have no disagreement. I
13 stayed -- I was calibrated and I stayed calibrated based
14 on my discussions with Mr. Lieberman.

15 MR. ROBINSON: I don't have any further
16 specific questions. Does anyone else?

17 BY MR. BEINHART:

18 Q Mr. Denise, based on your whole involvement,
19 whatever it was in this issue, the 16th of January
20 meeting, the 17th of January meeting, your discussions to
21 the employee concerns program, just your feeling with
22 respect to answering the NRC's question, "Is TVA in
23 compliance with Appendix B," was it your impression that
24 TVA wanted to lay it out and tell it like it is or did
25 you have the impression that they really wanted to say

1 that everything was okay and they were in compliance?

2 A Only people that signed these things and
3 write these things know what they're really trying to do.

4 Let me say that the total composite of all
5 of my involvement gave me then and gives me now the
6 impression that TVA desired to make that sharp
7 penetrating question go away as a question which had to
8 be dealt with right then, and that the desire was to
9 deflect that question and get on to a different realm of
10 doing business which basically committed to, we will fix
11 anything that is wrong or that we discover is wrong, and
12 that's the most important thing.

13 So, let's not get concerned about whether we
14 have had a breakdown or whether we have to wrangle over
15 proper definitions of pervasive and proper definitions of
16 breakdowns and so forth. We, at TVA, will just simply
17 commit to fixing whatever is wrong.

18 And in order to get away from that sharp
19 question about whether there was a breakdown or not, we
20 don't find that there is one and we don't think there is
21 one and we concluded that there isn't one, but we're
22 going to fix all of this stuff anyway.

23 And the intent was to get that issue of
24 whether or not there's a breakdown out of the way and go
25 fix the consequences of the breakdown or the

1 semi-breakdown or pervasive or the semi-pervasive
2 situation, whatever occurred. That's the important
3 element in TVA's mind.

4 Fix the problem, since we all recognize
5 there is one, and not wrangle with whether it's a
6 pervasive breakdown or not. The intent was to deflect
7 the question and get on with a different facet of work.

8 BY MR. WILLIAMSON:

9 Q Was there ever any discussion about the
10 consequences of saying, "We weren't in compliance or were
11 not in compliance with Appendix B"?

12 A I don't have a specific time or who
13 recollection. But I was certainly, personally, present
14 at a lot of the discussions about the consequences of
15 defining what went on as a pervasive QA breakdown.

16 Recalled, that conversation, basically, said
17 that the plant condition is indeterminate, and the nature
18 of the uncertainty isn't bounded. And if isn't bounded,
19 then, one must somehow erect some bounds and start
20 closing in and fix the problems.

21 Whereas, as long as it's not accepted that
22 there's been a breakdown or a pervasive breakdown, then,
23 the boundaries are those problems which have been
24 identified.

25 You know, that consequence was discussed

1 numerous times that I am aware of. Right now, I don't
2 know who did it or when.

3 Q Was it discussed in light of the possibility
4 of obtaining a operating license and/or the possibility
5 of being closed down for massive rework?

6 A I would say all of those facets entered into
7 various parts of this discussion, the rework and the
8 reconfirmation and the non-dependence upon existing -- or
9 the non-dependability of existing QA records, the impact
10 on construction completion, the impact on stop works, the
11 impact on licensing, schedule and licensing all were
12 discussed at a variety of times.

13 I can't really say, at the moment, who those
14 discussions that I either attended, witnessed or
15 participated in involved.

16 I certainly had some personal familiarity
17 with other nuclear power plants that had been through
18 this kind of thing. Certainly, the South Texas Project
19 down at Region IV was one where there was great concern.
20 I was familiar with the Comanche Peak reactor situation.

21 It seemed to me that it was a entry into a
22 new realm when you admitted to or faced up to or
23 concluded that there was a breakdown in QA, because those
24 words convey a broad scope and one which isn't limited,
25 and there were a lot of discussion about that.

1 BY MR. ROBINSON:

2 Q Once again, in your opinion, a breakdown in
3 QA is not necessarily a requirement of being in
4 non-compliance with Appendix B?

I used a lot of negatives there.

6 A Try that, again.

7 Q It does not require a pervasive breakdown to
8 be in non-compliance with Appendix B; is that correct?

9 A That is correct. In fact, in my experience,
10 it's highly likely to have violations and highly unlikely
11 to have a pervasive breakdown.

12 Q Is there any other area of discussion that
13 you feel would be pertinent to our investigation that we
14 haven't talked about that you wish to address at this
15 time?

16 A I can't think of any at the moment. I do
17 want to say that, as we noted in the beginning of the
18 discussion, I had not been prompted or prepped or
19 prepared for the discussion. I only had a one-liner as
20 to what was involved.

21 The only thing that I did do to prepare for
22 the meeting was to simply get a copy of this note that I
23 sent to Mr. Martin dated January 17th, 1987 and to
24 prepare or to get my notes from my notebook for the
25 period of the 16th of January, 1986, and I have not

1 looked beyond that.

2 So, much of what I told you, I have tried to
3 characterize as things I remember clearly, things I
4 recollect and things that I have impressions of.

5 There's a wide variety of all of those
6 things, but I do think that there's -- and I'm just one
7 individual in this. I had the clear perception, on my
8 part, that there wasn't a good basis for making the
9 statement on the March 20th letter in view of the
10 attachments and what I, personally, knew about what was
11 behind those NSRS's perceptions and the way they were
12 being approached. But, I wasn't directly involved in a
13 lot of the things that led up to that letter.

14 Other than that, I don't have anything to
15 say.

16 BY MR. WILLIAMSON:

17 Q Earlier Mr. Robinson indicated that if you
18 had any notes or you discovered any additional notes or
19 documentation that you would, please, notify us, if they
20 are pertinent to this discussion.

21 A I will. Let me see if I can bound that a
22 little bit. I will attempt to locate my notes. My
23 office has been packed up and put in a closet somewhere
24 because I am out at Sequoyah, now.

25 Locate notes, and at least, go up until the

1 period of about March 20th, 1986 which is the date of the
2 letter. Is that what you want to do?

3 Because I may have discussed this issue --
4 well, I have until this morning at a variety of times
5 with a variety of people, but if I focus on a period up
6 to March the 20th, is that what you want?

7 Q That will be fine.

8 Mr. Denise, have I or any other NRC
9 representative here threatened you in manner or offered
10 you any reward in return for this statement?

11 A No, sir, not at all.

12 Q Have you given this statement freely and
13 voluntarily?

14 A Yes, I have.

15 Q Is there any additional information that you
16 would like to add to the record?

17 A No, there's not.

18 MR. WILLIAMSON: This interview is concluded
19 at 11:41 on March 24th, 1987.

20 END OF STATEMENT

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25

CERTIFICATE OF OFFICIAL REPORTER

This is to certify that the attached proceedings before the UNITED STATES NUCLEAR REGULATORY COMMISSION in the matter of:

NAME OF PROCEEDING: .

AN INVESTIGATIVE INTERVIEW OF: RICHARD P. DENISE

DOCKET NO:

PLACE: TENNESSEE VALLEY AUTHORITY
CHATTANOOGA OFFICE COMPLEX
4th FLOOR, LOOKOUT PLACE

DATE: N-1 CONFERENCE ROOM
CHATTANOOGA, TENNESSEE

MARCH 24, 1987

were held as herein appears, and that this is the original transcript thereof for the file of the United States Nuclear Regulatory Commission.

(Sigt) 
(Typed) KIMBERLY J. NIXON

Official Reporter

Reporter's Affiliation

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