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UNITED STATES

NUCLEAR REGULATORY COMMISSION

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IN THE MATTER OF:

6

INVESTIGATIVE INTERVIEW

7

10 CFR 50, APPENDIX B

8

Interview of Walter F. Sullivan

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11

TRANSCRIPT of testimony as taken

12

by and before Sean M. Fallon, a Certified

13

Shorthand Reporter and Notary Public of the

14

State of New Jersey, at the offices of

15

Stone & Webster, Three Executive Campus, Route

16

70 & Cuthbert Boulevard, Cherry Hill, New

17

Jersey, on Wednesday, March 4 1987, commencing

18

at 12:50 o'clock in the afternoon.

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ACE FEDERAL REPORTERS
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Washington, DC 20001

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EXHIBIT 73

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PDR ADOCK 05000390
Q PDR

WJ

Sullivan


1 MR. MURPHY: It is now 12:50, March
2 4th, 1987. This is an interview of Mr. Walter
3 F. Sullivan, who is employed by Stone &
4 Webster Engineering Corporation. The location
5 of the interview is at Cherry Hill, New
6 Jersey, headquarters for the Stone & Webster
7 Engineering Corporation.

8 Present during the interview are Mr.
9 Sullivan, Mr. William G. Meserve, who is
10 representing the Stone & Webster Corporation
11 as an attorney, Len Williamson, Larry
12 Robinson, Leo Norton, Mark Reinhart, Dan
13 Murphy.

14 As agreed, this is being transcribed
15 by a court reporter. The subject matter of
16 this interview concerns TVA March 20th, 1986
17 letter to the NRC regarding their compliance
18 with 10 CFR 50, Appendix B. Mr. Sullivan,
19 would you please stand and raise your right
20 hand? Do you swear or affirm the information
21 you about to give is the truth, the whole
22 truth and nothing but the truth, so help you
23 God?

24 THE WITNESS: I do.

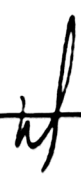
25 MR. MESERVE: In accordance with our



Sullivan

1 prior procedure, I'll make a statement for the
2 record. My name is William G. Meserve. I'm a
3 lawyer with the firm of Ropes & Gray in Boston
4 and I am here today as counsel for Stone &
5 Webster Engineering Cooperation. I am not the
6 counsel for Mr. Sullivan, individually, but I
7 am here at the request of the company of which
8 Mr. Sullivan is an officer, with Mr.
9 Sullivan's concurrence. I have explained to
10 Mr. Sullivan that he is entitled to his
11 individual counsel and he has indicated that
12 he is content to go forward without his own
13 counsel, but with me sitting in as counsel for
14 the company.

15 I think we've also mentioned
16 previously that it would be our preference, in
17 order to insure the accuracy of the record, to
18 permit the witness to read and to sign the
19 transcript after it has been prepared. It is
20 our understanding that the NRC procedure does
21 not permit this, so we are going along,
22 obviously, with the procedure in this
23 investigation, but I do want to state on the
24 record that it would be our preference to give
25 the witness an opportunity to review the



Sullivan

1 record and to sign it before it's used by the
2 agency.

3 BY MR. MURPHY:

4 Q. Mr. Sullivan, would you please give us a
5 brief biographical background as to your
6 educational background and employment
7 experience?

8 A. I graduated from Massachusetts Maritime
9 Academy in 1952 with a B.S. Degree in marine
10 and electrical engineering. From that point I
11 worked for Gulf Oil Corporation as a licensed
12 marine engineer. In 1955 I entered the Navy
13 and my career in the Navy spanned twenty-two
14 years on active duty.

15 I spent a year and a half on a
16 surface ship and was accepted into the
17 submarine program. Spent about three years in
18 the diesel submarine and then ~~went~~^{went} into the *af*
19 nuclear submarine program.

20 I stayed at sea for essentially my
21 whole career, served on attack submarines,
22 commanding officer of the U.S.S. NATHAN HALE,
23 which was a ballistic missile submarine. I *af*
24 commanded two divisions of attack submarines
25 and had command of a squadron of nuclear

af

Sullivan

1 submarines. During my career I was also
2 senior member of the nuclear propulsion
3 examining board and ⁱⁿ that position conducted *af*
4 seventy-five ~~approximately seventy five~~
5 underway reactor safeguards examinations ~~for~~ ^{of}
6 nuclear powered ships in the Atlantic fleet
7 and also ~~some~~ about a dozen evaluations of
8 radiologic controls of ^{TENDER AND} shore-based
9 facilities. I also operated the largest
10 shore-based maintenance activity ~~for~~ ⁱⁿ the
11 Navy, ~~servicing about~~ ^{servicing} thirty nuclear
12 submarines.

13 In 1977 I retired from the Navy as a
14 Captain, went to work for Stone & Webster. My
15 early career with Stone & Webster was in cost
16 and scheduling. I later became manager of the
17 staff group, ^{WHICH INCLUDED} ~~took over~~ purchasing. Cost and
18 scheduling. My next assignment was to take
19 over the Houston, Texas office. In December
20 of last year I was sent to Cherry Hill to take
21 over this office. That's essentially my
22 career.

23 Q. Mr. Sullivan, would you describe for us
24 how Stone & Webster Engineering Corporation
25 got involved with TVA and what role they had

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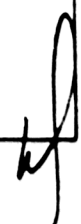
Sullivan

1 in the preparation of the March 20th, 1986
2 letter, the technical reviews performed by
3 TVA's line organization, the Stone & Webster
4 report that was prepared under the -- by Mr.
5 Kirkebo under the guidance, I guess, of Mr.
6 Nace, the study done by Craig Lundin, which we
7 are told was a review of NSRS Perceptions, and
8 there was an assessment made in the October,
9 November time frame of 1985, which we've been
10 told involved Stone & Webster employees.

11 Could you give us a brief -- could
12 you give us the chronology on Stone &
13 Webster's involvement in all these --

14 A. I can't help you on the early time
15 period. My first involvement was in late
16 December of '85 or might even have been early
17 January. I was told that Admiral White wanted
18 me as one of his advisors in Chattanooga.
19 That I was to be there on the 13th and that's
20 what I did. So, what happened before that --
21 I was in Houston. I have no idea what
22 happened. I was not involved.

23 My first association with the
24 Appendix B problem was -- I was asked to
25 attend a meeting, I think it was the first




Sullivan

1 week I was there, I'm not sure when that was.
2 Could have been the second week. It was
3 rather early. There were about a dozen people
4 at the meeting. I was there with Mr. Wegner.
5 I know Kermit Whitt was there. I think Mr.
6 Harrison was there, Mr. Whitt's number two
7 man. I don't remember who else was there.
8 Chuck Mason might have been there. I just
9 don't remember.

10 At this meeting there were two
11 groups of people, the NSRS and the line
12 organization from TVA. Essentially the
13 meeting was somewhat adversarial. To
14 summarize, the NSRS's position was
15 intransigent. You were not in compliance with
16 Appendix B and the line organization was
17 equally intransigent. We are in compliance.
18 There wasn't much of an enlightening nature
19 out of that meeting. It lasted about an hour
20 or so and I left the meeting. That was all.

21 At that time I believe it was Chuck
22 Mason who directed the Nuclear Safety Review
23 staff as soon as possible to flesh out and be
24 more specific about the individual statements
25 they had made to Mr. Asselst~~AR~~ It was a

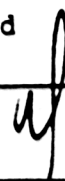


Sullivan

1 single piece of paper with ten or twelve
2 items, alleged violations of Appendix B. He
3 asked them to, as quickly as possible, get
4 into specifics, write up something so that it
5 could be properly responded to.

6 At the same time, and I believe
7 either it had been done or he directed Bob
8 Mullin to do the same thing on the QA side.
9 Bob might have already had something. I'm not
10 really clear on that. So, after that was
11 done, since I went to that first meeting, I
12 followed to see what was happening, and rather
13 soon after the NSRS effort to be more
14 specific in the allegations took place, I had a
15 meeting with Mr. Mullin and I called in Dick
16 Kelly, because QA is not an area that I have
17 any expertise in. The meeting lasted about
18 two hours. I can't remember who else was
19 there. I know Bob Mullin, Dick Kelly and
20 myself were there. Dick listened to both
21 sides, and essentially that was the end of my
22 involvement.

23 I got the two parties together and
24 I'm really not an expert in Appendix B or QA.
25 I had other things to do and went off and did




Sullivan

1 them. So, essentially, that was my
2 involvement. I might have checked on Craig
3 Lundin periodically, maybe once or twice,
4 saying, how are doing, Craig? Are you making
5 progress? More of a getting a status of
6 progress~~ing~~, rather than getting into any
7 technical details.

8 Q. How about the Nace effort?

9 A. The Nace effort was an effort that
10 started very soon after we got there, where we
11 attempted to get anything that was said ~~in~~
12 ~~anything~~ derogatory about TVA from an outside
13 authority, the NRC, the INPO results, of SALP ~~ins~~
14 inspections, anything, even newspapers,
15 congress, anything we could find that
16 mentioned a potential problem or a potential
17 deficiency with TVA, we decided we ought to
18 get those things all up on the table, put them
19 in a computer program, so that we could get a
20 feel for what were the problems, as far as the
21 outside world was concerned.

22 We planned to use these problems
23 ~~as~~ to make sure that we had ~~covered~~ covered them
24 in the preparation of the Volume 1 of the
25 Nuclear Performance Plan. It was an



Sullivan

1 interesting exercise. The results were sorted
2 as to plant, as to type of problem, so that if
3 you were after a specific area, as I was when
4 I got into the training area, I wanted to know
5 all about training at Sequoyah and Browns
6 Ferry, so I had it ~~reported as~~^{sorted} by training and
7 by plant. I could do the analysis of the
8 training area. That's essentially all I know
9 about that effort.

10 Q. Let me -- were the problems identified
11 in this report regarding training?

12 A. Oh, yes.

13 Q. Were they -- did they turn out to be
14 valid?

15 A. ~~I didn't~~ I got into the training area
16 because Browns Ferry had eighty percent fail
17 rate on their requalification. ~~I looked at~~
18 ~~the --~~ I asked for a run to see what else was
19 wrong. But, I really focused in on a real
20 problem, which was the failure rate.

21 Q. Did you have any participation in the
22 March 20th letter, itself?

23 A. No, none at all.

24 BY MR. WILLIAMSON:

25 Q. What were your duties as advisor to Mr.

Sullivan

1 White? What did they -- were you there as a
2 permanent party? I mean, when you went down
3 on January the 13th, were you there for two or
4 three months or was it an intermittent stay?

5 A. I committed to be there full time for
6 the first month, ~~and then I don't think I~~
7 ~~really made -- well,~~ I was there for the first
8 two weeks. Then perhaps half time for
9 February and March and then it began to
10 dissipate.

11 Q. As an advisor, the first -- from March,
12 I guess, through -- excuse me. From February,
13 through March or April --

14 A. Well, it was from January 13th.

15 Q. January 13th on, what was your --

16 A. Well, essentially I got involved in
17 areas that either I picked up myself as
18 potential problem areas or at White's
19 direction. For example, in the training area,
20 the Browns Ferry requalification effort was a
21 real problem. They all failed the exam. Or
22 eighty-five percent. Steve says, spend the
23 time and get involved and see if you can
24 repair that problem. Which I did.

25 Q. Did you --



Sullivan

1 A. ~~Things like that.~~ I got involved in a
2 number of other areas where I could -- where I
3 had some experience and could get something
4 done.

5 Q. Did anyone, either SWEC employees or TVA
6 employees, personally express any concern to
7 you about the condition of TVA's Quality
8 Assurance Program?

9 A. In what respect? I don't understand.

10 Q. Well, did anybody that had been there
11 before you, SWEC member who had participated
12 in the systematic analysis, or you said you
13 had some contact --

14 ~~A. I was there when that thing was~~ ?

15 Q. Or with Mr. Lundin, who you had some
16 contact with, was there -- any of those people
17 express any concern, particular concern, about
18 the condition of the Quality Assurance Program
19 at TVA?

20 A. I really don't recall. Nothing on the
21 overall program. I think -- I just don't
22 remember. Could have mentioned some minor
23 areas where they found some problems. I don't
24 remember.

25 BY MR. NORTON:



Sullivan

1 Q. Mr. Sullivan, I know you already stated
2 that you had no participation in the March
3 20th letter, but did you review any of the
4 earlier drafts of that letter?

5 A. They were available. I don't recall --
6 I might have glanced through one. I made no
7 comments. I didn't get into the technical
8 part of it. Essentially, my input was zero.
9 I didn't make any comments.

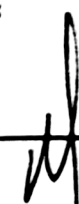
10 Q. Do you recall discussing any of the
11 verbiage in that letter?

12 A. No.

13 Q. Do you recall having any discussions
14 concerning the significance of the issue?
15 What the issue might mean to TVA?

16 A. No. We were already overdue. I think
17 we had a certain deadline. We had already
18 gone by that, but as far as the eventual
19 effect on TVA, no, I had no recollection of
20 any of that.

21 Q. This meeting you referred to, Mr.
22 Sullivan, during the first or second week you
23 were there, attended both by line
24 representatives and NSRS representatives, was
25 there an attempt made during this meeting to



Sullivan

1 try to put together a letter or put together a
2 response?

3 A. Oh, no, no. I don't think so. In fact,
4 I know there wasn't. There was no attempt to
5 put together a letter, that I can recall.

6 BY MR. ROBINSON:

7 Q. That meeting was down in Chattanooga,
8 right?

9 A. Yes, it was in Chattanooga.

10 Q. And soon thereafter you called a meeting
11 with Kelly and Mullin and kind of got them on
12 track as far as coordinating the responses to
13 those perceptions.


14 A. Also Craig Lundin.

15 Q. Okay.

16 A. He wasn't at the meeting, but I had -- I
17 don't recall whether I asked Mr. Kelly for a
18 QA representative to help out or someone else
19 did, but Craig got involved in the matter
20 rather early.

21 MR. MESERVE: At that meeting or
22 afterwards?

23 THE WITNESS: It was -- it could
24 have been before. I don't remember. I can't
25 remember when the meeting was and what the



Sullivan

1 chronological events were.

2 BY MR. ROBINSON:

3 Q. Do you remember, did you review or
4 discuss any of the technical responses that
5 were coming in through Mullin?

6 A. No, no. I looked at them, but I didn't
7 have the background to make any valid comment.

8 Q. In what context did you look at them?

9 A. Just looked at them. I read through --
10 I could see both sides. I could see the NSRS
11 position, I could see the TVA position. I
12 just didn't have the background to make any
13 valid comment or any productive comment.


14 Q. Did you have any prior indication of an
15 adversarial situation between NSRS and the
16 line before you were exposed to that first
17 meeting in Chattanooga?

18 A. No. No.

19 Q. Well --

20 A. At the meeting -- when I say
21 adversarial, everyone was polite, it was a
22 calm meeting, but widely divergent opinions.

23 Q. From your background at that point, and
24 obviously, limited or no experience at TVA at
25 that point, did you form any opinion as to



Sullivan

1 which side was right or wrong at that meeting?

2 A. No. No.

3 Q. Was the primary direction of your
4 activities after you got Kelly and Mullin
5 together directed toward training from then on
6 and totally devoid --

7 A. As I remember it, for the next couple of
8 weeks I was involved in other issues. I don't
9 recall when the training thing started, but I
10 was involved in looking at the organization at
11 TVA, making recommendations. Of course the
12 training effort. I don't recall the
13 chronological order in which I got involved in
14 these things, but it was about that time that
15 I did both of those things, plus a lot of
16 other things.

17 Q. Mr. -- and Mr. White didn't ask your
18 advice regarding the propriety of this March
19 20th letter or in any way?

20 A. No. No.

21 Q. You didn't sit in on any meetings where
22 that March 20th letter was discussed?

23 A. Not that I can recall.

24 MR. ROBINSON: I have no further
25 questions.

Sullivan

1 BY MR. REINHART:

2 Q. Mr. Sullivan, who, among the advisors,
3 were Mr. White's key players in that March
4 20th letter?

5 MR. MESERVE: On what? On the March
6 20th letter?

7 MR. REINHART: Yes.

8 THE WITNESS: I'm not sure who --
9 whether Dick Kelly had accepted the position
10 at that time, but Dick Kelly was certainly a
11 key member. I think Jim Huston was, and
12 obviously Craig Lundin. I'm not so sure Craig
13 got involved in the letter, but Craig was part
14 of a six or seven man group that was looking
15 into both sides. Other than that, I really
16 don't know.

17 BY MR. REINHART:

18 Q. How about among the -- not so much the
19 loan managers like Mr. Kelly and Mr. Houston,
20 but the advisors that were Mr. White's
21 personal group of advisors there. Do you know
22 who, among them, were involved with that
23 letter?

24 A. Not -- no, I really don't. I really
25 don't know the answer to that.



Sullivan

1 Q. Okay.

2 You mentioned the -- what we are
3 calling the Lundin effort, this Craig Lundin
4 effort, the six man thing. Who initiated
5 that?

6 A. I really don't know.

7 Q. Do you know the purpose of the effort?

8 A. I don't know for sure. I could guess at
9 it, but I don't know. I wasn't informed at
10 that time.

11 Q. Were you involved in that at all, other
12 than knowing that it was going on?

13 A. No.

14 Q. Are you aware, either personally,
15 yourself, or knew of or heard of conversations
16 between TVA personnel, TVA loan managers,
17 advisors, contractors, anybody representing
18 TVA and the NRC in trying to get clarification
19 to any questions that might have come up
20 regarding the June -- the January 3rd letter
21 from the NRC to TVA that raised the question
22 on Appendix B?

23 A. No.

24 Q. Do you know or are you aware of any
25 legal counsel at TVA or advisors or loan



Sullivan

1 managers sought in that regard?

2 A. Not that I can recall, no.

3 Q. How would you describe the overall
4 communication among different levels of
5 personnel, say, from the working level, first
6 line supervisor, middle management, through
7 Mr. White's advisors, all the way to Mr.
8 White, including NSRS, the whole thing? How
9 would you describe in a nutshell the
10 communication in that organization, during the
11 period of time you were actually there?

12 A. I don't know if I can give you a
13 complete comment. I was in Chattanooga most
14 of the time, although I did spend some time at
15 Watts Bar later on, but I don't think I got
16 involved in knowing how middle management got
17 to Admiral White. I just don't know.


18 Q. Okay.

19 A. He had a certain group of people that
20 reported directly to him and what their
21 reporting structure was, I don't know.

22 MR. REINHART: Okay.

23 BY MR. ROBINSON:

24 Q. I have to just clarify one final thing.
25 After your initial meeting with -- when you



Sullivan

1 called Kelly and Mullin together, you didn't
2 have any further contact with Mullin?

3 A. Only in the same context that I had
4 contact with Lundin, once or twice. Bob, how
5 are you doing, that type of thing.

6 Q. No business on Appendix B type context?

7 A. No.

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

9 BY MR. REINHART:

10 Q. Did you have any contact with NSRS
11 people?

12 A. With Kermit Whitt, in some respects. I
13 did talk to Kermit Whitt.

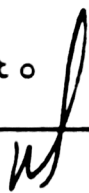
14 Q. Anybody else at NSRS?

15 A. No. I never met anybody from NSRS.

16 BY MR. ROBINSON:

17 Q. What did you talk to Kermit Whitt about?

18 A. Generally, organization. I sat in with
19 a couple of meetings with Kermit Whitt and Mr.
20 White where Mr. White asked Kermit what his
21 activities were for that period and,
22 essentially, Kermit would relate his
23 activities. I had several discussions with
24 him on management and organization and what
25 his feelings were and I don't think I got into



Sullivan


1 the Appendix B issue. I don't know if Kermit,
2 himself, was that much involved in it.

3 BY MR. REINHART:

4 Q. Mr. Sullivan, during the time you were
5 at TVA, January, February, March, that period,
6 could you categorize for us, from your
7 observation, the three major issues that
8 Office of Nuclear Power was dealing with? The
9 top three. There might have been only three,
10 there might have been forty. I'm just -- your
11 perceptions at the time.

12 A. Let me think about that for a minute.
13 I'd say getting Volume 1 assembled and written
14 was a major issue. Get that done. I don't
15 know if the Appendix B issue, from my
16 standpoint was the major issue. I knew we
17 were overdue and there was some pressure to
18 get the letter out from outside, but I don't
19 know if that was a major issue or not. I
20 think the effort that Mr. Kirkebo was going
21 through to develop all the alleged problems
22 from outside activities was a major activity.

23 As far as my personal involvement, I
24 really think that the failure of the Browns
25 Ferry operators was something I was very



Sullivan

1 concerned with. I considered that my major
2 activity during about a three week period.

3 MR. REINHART: Okay.

4 MR. MURPHY: Anything else?

5 MR. NORTON: No.

6 MR. MURPHY: First off, Mr.

7 Sullivan, thank you for taking the time to
8 talk with us today and to close, I would like
9 to say, have I or any other NRC
10 representatives threatened you in any manner
11 or offered you any reward in return for this
12 statement?

13 THE WITNESS: No.

14 MR. MURPHY: Have you given this
15 statement freely and voluntarily?

16 THE WITNESS: Yes.

17 MR. MURPHY: Is there any additional
18 information you'd like to add to the record?

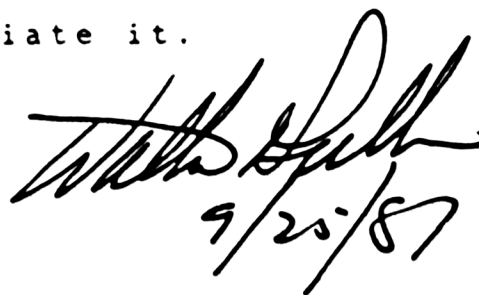
19 THE WITNESS: No.

20 MR. MURPHY: This interview is
21 concluded at 1:17, March 4th, 1987. Thank you
22 for your time. Appreciate it.

23

24

25


9/25/87