

arysimons 1

MR. ROBINSON: May I just see that, your copy of
2 page 1?

3 MR. GRIDLEY: Yes. In fact, look and see if
4 maybe they're are different. Maybe we can find out what
5 the difference is right now.

6 That could have been typed. The change could
7 have been typed up there and that's the reason the type is
8 different.

9 MR. REINHART: Is there a way that could result
10 in some problems as demonstrating that the actual letter
11 was the one that was actually approved by Mr. White?

12 MR. GRIDLEY: I'm sure it could. If my file copy
13 letter that everybody's looking at isn't exactly like the
14 one that went to the NRC, then I've got a problem. If it's
15 exactly the same, that means at least I had the control
16 that whatever was ever changed I changed here and it
17 represented what I sent to the NRC for the docket.

18 MR. REINHART: I see.

19 MR. GRIDLEY: It'll be interesting to see if
20 there is any difference.

21 (Investigator Robinson examines both copies of
22 the letter.)

23 MR. REINHART: While he's doing that, could you
24 just tell us in your own words, and earlier you said you
25 read the letter and understood it, can you tell us in your

arysimons 1 own words what it meant to you with regard to TVA's
2 compliance requirements with Appendix B?

3 MP. GRIDLEY: Well, at the time the question was
4 whether or not we had a compliance with Appendix B, and I
5 had no doubt in my mind that the verification that was
6 done, because I had talked to Craig Lundin with regards to
7 the implementation of programs.

8 See, all I knew at the time was was the program
9 working. I knew that we were doing 50.55(e) reports to the
10 NRC.

11 Any difference?

12 MP. ROBINSON: The same.

13 MR. GRIDLEY: I came to this job with a vendor's
14 view of Appendix B, that's No. 1, and dealt with it in GE.
15 GE has a quality assurance program filed with the NRC. We
16 are a licensed vendor and we have to meet all the
17 requirements the same as anybody else. I found that in my
18 utility job that it was a little bit different.

19 In any case, I was familiar with Appendix B, the
20 18 criteria program and the reportability requirements. In
21 our case it's Part 21 versus 50.55(e).

22 The thing that I was aware of was that we had a
23 program and we were reporting deficiencies. You know, it
24 didn't take long for me because I'm here one week and I'm
25 signing 50.55(e) response letters to Region II like they're

arysimons 1 hot cakes. I'm still cleaning up 1985 50.55(e)'s. In late
2 January I'm handling the December deficiencies that were
3 identified, and all through January they were coming in.
4 So I had to get educated real quick.

5 I was convinced that the system was working
6 because we were reporting deficiencies. I felt comfortable
7 with the fact that we had a QA program and they were
8 reporting deficiencies and that we were meeting the
9 requirements of Appendix B.

10 MR. REINHART: Okay, and that was your opinion
11 and that's what the letter said?

12 MR. GRIDLEY: Yes. Let's try that one more
13 time. I don't know whether I'm dealing with some sense of
14 ignorance here, but from January 3rd to March 20th, and it
15 was before March 20th, I would say that the review that was
16 done, and I'm just going to pick a date without saying I
17 can verify it, but from January 3rd until March the 10th,
18 and I'll just pick March the 10th, there was a review done
19 to determine whether or not we could respond to the January
20 3rd letter as to whether we were in compliance with
21 Appendix B.

22 That was not the type of review that I -- you
23 know, when someone asks me -- if someone wrote GE and said
24 we are concerned you are not in compliance with Appendix B,
25 I'm telling you, we would take sufficient time to be damned

arysimons 1 sure that when we answered that, because we would have had
2 a very large commercial stake at risk as a nuclear steam
3 supply vendor. All we would have to do is say that GE
4 didn't meet Appendix B and we would be, you know, at that
5 time we would be in serious problems to meet our
6 commitments toward a utility.

7 So I was coming with a vendor hat on, and the
8 seriousness of Appendix B, I understood it. So I was
9 concerned about the review time to do that. I was only
10 satisfied with White's response on the basis that he said I
11 can only tell you based on the review I've done. We didn't
12 put the words "to date." I knew what he meant. We did a
13 limited review over the short period of time, and I've done
14 a quick independent check, and I'm satisfied we are in
15 compliance, but I'm not satisfied that I've looked well
16 enough and I'm going to keep looking and I'm going to
17 report if I find that we've got quality assurance
18 breakdown. That to me was a satisfactory answer based on
19 the limited time that we had to answer the question.

20 I think I gave you that speech the last time you
21 were here. I'm surprised that there was a request for us
22 to answer the question from January 3rd to January 9th. I
23 don't know who drafted that letter for Mr. Denton, but it
24 wasn't you ---

25 MR. REINHART: No.

arysimons 1 MR. GRIDLEY: --- that anyone would think that
2 you could answer that question that quick.

3 Now I do feel that there were external
4 circumstances that allowed us to go from March 20th, and
5 some of the external circumstances were imposed on us by
6 others, the conflict of interest, that we went clear down
7 to October before we were ready to -- there had been a lot
8 of pressure from the NRC, too -- recognize that we needed
9 to revisit that, and there was the famous December 5th
10 letter.

11 MR. REINHART: You mentioned pressure from the
12 NRC, and that has come up a couple of times. Was there any
13 pressure other than the time period given in that January
14 3rd letter?

15 MR. GRIDLEY: I don't remember, to be honest with
16 you, of any -- I mean I'm saying now -- there were no phone
17 calls, threats or otherwise to me as the head of licensing,
18 and I don't how I answered the last time, I don't remember,
19 but I made a little speech if I remember.

20 I did go back after we met on the inspection trip
21 that you had down here and asked some questions, and it
22 turns out that I think the true answer to that is that the
23 pressure was not directly in through the normal channels.
24 The pressure came through higher management.

25 See, White says that we met with the

arysimons 1 Commissioners on March the 11th, and he felt that
2 Asselstine's questioning in particular was a Commissioner
3 pressure for him to respond to that letter. I have not
4 gone back and read the transcript recently, but if you
5 remember that meeting, and I don't know whether any of you
6 were there, Asselstine did pursue this question in that
7 meeting.

8 I think White viewed that as a pressure from the
9 Commission to deal with that open letter, you know, to get
10 it resolved. I don't know where else the pressure was to
11 be honest with you other than that meeting with the
12 Commission on March the 10th or 11th, whenever the date
13 was. March the 11th I think.

14 MR. REINHART: Let me shift subjects here for a
15 minute. Why did Mr. White replace Mr. Mullin?

16 MR. GRIDLEY: I can't comment on that. I don't
17 know because he didn't consult me on it.

18 MR. REINHART: In the documentation that you all
19 provided to us on the March 20th letter, I reviewed much of
20 that. One of the things I was looking for was
21 documentation from TVA QA showing the findings they had and
22 what was done about it.

23 The most noticeable thing I saw were letters from
24 TVA QA, two line people, but across the top it said
25 "Informal Memo." Do you know why they would choose that

arysimons 1 format to present their findings?

2 MR. GRIDLEY: This was Kelly's instruction to the
3 line people that were preparing the response, and it was on
4 an informal memo?

5 MR. REINHART: I do not believe it was from
6 Kelly. I think it was from Mullin.

7 MR. GRIDLEY: Well, you know, the informal memo
8 is a routine internal -- you are talking about the standard
9 informal memorandum?

10 MR. REINHART: It was a TVA ---

11 MR. GRIDLEY: I know, but it's typed. It's not
12 written.

13 MR. PEINHART: That's right. It's typed across
14 the top.

15 MR. GRIDLEY: That's the way we communicate.

16 MR. REINHART: What does that mean to somebody
17 when they get that?

18 MR. GPIDLEY: I don't know.

19 (Laughter.)

20 I never thought about it. I don't use them.
21 That's one of those things you get out of stores. That's a
22 good question. I don't know what an informal memorandum
23 means.

24 MR. REINHART: If Quality Assurance was an
25 independent organization providing findings to another

marysimons 1 organization, would it be normal to use an informal memo?
2 MR. GRIDLEY: Absolutely not. Almost everything
3 I get from QA that deals with my division is on the letter
4 format. I really can't answer that. When I got here TVA
5 was big users of what they call a 45 memorandum. The 45
6 memorandum -- that's a reply memo.

7 MR. ROBINSON: We've seen that, Mr. Gridley.

8 MR. GRIDLEY: I don't use them because they are
9 too restrictive. They have all these little boxes you have
10 to check, and I don't know what they're -- I haven't even
11 asked the question. It's a good question. I don't know
12 what the purpose of the informal memorandum is, except it
13 might be -- I don't know what it would be.

14 MR. ROBINSON: Essentially to me it means just
15 one step above a verbal instruction. I mean rather than
16 calling the guy and telling him to do something and instead
17 of writing it on a blank piece of paper, you write it on an
18 informal memorandum and tell him to do something.

19 MR. GRIDLEY: I would substitute interoffice
20 memorandum for informal memorandum, which means that I
21 don't think it has any connotation at all.

22 MR. REINHART: Okay.

23 MR. MURPHY: Are you done?

24 MR. REINHART: Yes.

25 MR. MURPHY: Let me ask you a couple of

marysimons 1 questions. On this concurrence sheet you have listed those
2 people who concurred with the response and such things.
3 What was the position of Mr. Cottle and Mr. Mason when you
4 were going through your preparation of your letter?

5 MR. GRIDLEY: Mason was Deputy Manager at time
6 time. Cottle I don't think was down here from Watts Bar
7 even. I think he was still Watts Bar's Site Director.

8 MR. MURPHY: According to the information from
9 Mr. Cottle, he came in mid-February.

10 MR. GRIDLEY: Then he was here.

11 MR. MURPHY: And did take part in some of these
12 meetings.

13 MR. GRIDLEY: As I remember, he did have the
14 responsibility for one of the reviews on one perception. I
15 don't remember which one, but I think that was Watts Bar.

16 QA asked Bill to review the response on one of
17 the perceptions, and I think they all dealt with Watts Bar,
18 but a specific perception for a problem at Watts Bar and I
19 think Bill got involved in that.

20 Bill was at that time, he was not really -- I
21 don't think he was the No. 3 man at the time. He was
22 dealing a lot with organization. If I would say what was
23 Bill doing in February or March, he was Mr. White's lead on
24 structure, organization structure and that sort of thing.

25 MR. MURPHY: Mr. Mason?

marysimons 1

MR. GRIDLEY: No, Cottle.

2

MR. MURPHY: I understand, but if we are
3 excluding him, and I'm not sure I understand why because he
4 had been at Watts Bar for the previous four years and was
5 the Site Director at the time when all these things were
6 going. I mean I don't understand why he wasn't there.

7

Mr. Mason, as I understand it, was the Assistant
8 Director of Nuclear Power or Assistant Manager of ---

9

MR. GRIDLEY: Deputy Manager of Nuclear Power.

10

MR. MURPHY: The No. 2 guy. Why wasn't he asked
11 to concur in all this. I mean I don't understand that.

12

MR. GRIDLEY: Well, let me try a couple of
13 answers and one of them will be a perception or an R.L.
14 Gridley perception.

15

Mr. White was using Chuck for specific directed
16 activities. He was a Deputy, and I'm giving you my
17 perception now. He was a Deputy in name only, in title
18 only. When White arrived Chuck was running the Office of
19 Nuclear Power or whatever it was before, and I believe one
20 of the agreements reached with the Board of Directors was
21 that Chuck Mason was to be the Deputy Manager and heir
22 apparent to Mr. White. My own perception is that was a
23 reluctant compromise.

24

MR. REINHART: Reluctance on whose part?

25

MR. GRIDLEY: On Mr. White's part. Now

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1 remembering back during that period of time, Chuck was not
2 being used as a Deputy. We did not deal through Chuck. We
3 went directly to Mr. White. The Directors did not deal
4 through the Deputy, but dealt directly with Mr. White.
5 Chuck did not have the authority given to him to act in Mr.
6 White's behalf when he wasn't here. The Deputy is supposed
7 to be the guy that takes over when the top manager is
8 gone. He did not operate in the full capacity as a Deputy
9 Manager, and Mr. White was directing his activities towards
10 Sequoyah.

11 Chuck was more involved with -- I'm trying to
12 remember now. The Sequoyah Task Force was formed about
13 the 18th and Chuck was appointed Task Force Manager on
14 March 18th and essentially went to Sequoyah and we never
15 saw him again.

16 Now leading up to that, you know, what was he
17 doing the week prior to March 18th or the famous March 20th
18 date when the letter was signed. I think he was already
19 spending -- you know, White had him directing a lot of his
20 attention to Sequoyah. I'm trying to remember how else I
21 was involved with Chuck.

22 The question is why wasn't he a main focal point
23 in the work leading up to the March 20th letter.

24 MR. MURPHY: Let me emphasize why I asked this
25 question. A person viewing TVA from the outside, it would

marysimons 1 seem to me that Mr. Cottle who had been the Site Director
2 there for four years or involved at Watts Bar for four
3 years in a couple different capacities just prior to that
4 letter, and Mr. Mason, who is long-term TVA employee with a
5 short breakout at Wolf Creek, would be a valuable source of
6 information I would think in this process. I don't know,
7 and that's what I am trying to clarify, why would they not
8 be used?

9 MR. GRIDLEY: Well, let me see if I can answer
10 the question as best I can, because I don't really know the
11 answer to your question.

12 I really think that the answer is that it was
13 considered a quality assurance problem and the
14 responsibility for preparing response was given to Quality
15 Assurance and it was their job to deal with the question.
16 Mason and Cottle would only be brought into the discussions
17 at the end of the process where the letter was ready and
18 the technical responses were ready.

19 Did Chuck feel a responsibility to read the
20 transmittal letter and read all the technical responses and
21 assure Mr. White that as his Deputy he was satisfied? I
22 don't know why that wasn't done.

23 MR. MURPHY: I mean if you use the logic that
24 it's a Quality Assurance problem, in that sense, why would
25 Mr. Wegner and Mr. Brodsky and folks be any more

marysimons 1 knowledgeable about the problem than say Mr. Mason?

2 MR. GRIDLEY: I think the answer to that question
3 is that Brodsky and Wegner brought nothing to the technical
4 responses. They didn't deal with it and they didn't
5 comment on it, as far as I know.

6 MR. MURPHY: I'm talking about the letter
7 itself. I mean if it's a Quality Assurance type of affair
8 I mean why would they be any more knowledgeable about these
9 things than Mr. Cottle and Mr. Mason?

10 MR. GRIDLEY: They shouldn't. I think that their
11 capacity as Mr. White's adviser was from their experience
12 that they brought to the job. Those two individuals have
13 substantial experience outside the TVA work they're
14 doing. I mean they are involved in Clinton, they are
15 involved with Davis-Besse and they have been dealing with
16 TVA situations and with a lot of other utilities.

17 If I had a Wegner working for me as my assistant
18 or my adviser and he had all this experience dealing with
19 other utility problems similar to mine, I would want him to
20 have a say-so with what I'm preparing to send to the NRC.

21 That's a good question, and I can't answer it. I
22 know I'm reluctant to say that there was a personality
23 problem between Mr. White and Mr. Mason at that time
24 because he had only been here since January 13th, and we're
25 talking February, a month later, and I'm not in a position

marysimons 1 to say that those two were having problems working
2 together.

3 MR. MURPHY: Let me ask you, just to pursue that
4 a little bit. Are you familiar with the NACE report?

5 MR. GRIDLEY: Yes.

6 MR. MURPHY: Do you remember what the No. 1
7 problem identified by that report was?

8 MR. GRIDLEY: No. I think management was pretty
9 high there.

10 MR. MURPHY: I think management was No. 1. Do
11 you think that had any impact on the fact that it appears
12 that Mr. Mason was excluded from participation in this
13 issue?

14 MR. GRIDLEY: I'm just reluctant to say that
15 because it's so early. If you're asking me what was the
16 relationship six months later, there is absolutely no
17 question in my mind that Mr. White did not feel the need to
18 have Mr. Mason involved as a Deputy in what was going on,
19 but at that time it seemed awfully early on to say that
20 there was a relationship problem built that quick, except
21 to what I alluded to earlier is that I think Chuck Mason as
22 Deputy was a reluctant acceptance by Mr. White because the
23 Board of Directors insisted on it.

24 MR. MURPHY: Let me ask you, was the General
25 Manager of the Board of Directors every shown that letter

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marysimons 1 before it went out and asked to concur with the letter?

2 MR. GRIDLEY: My knowledge is no.

3 MR. MURPHY: Why would that not be? Maybe I
4 don't understand who's in charge of TVA.

5 MR. GRIDLEY: I think that at that time Mr.
6 White's Memorandum of Understanding, either wrongly or
7 otherwise, he felt that he had full authority for the
8 Office of Nuclear Power. The need to brief the Board and
9 the need to keep the Board informed was recognized, but the
10 need to get the Board's approval, or let's just say
11 approval on policy issues, at that time I'm pretty sure Mr.
12 White did not see the need for it and he didn't feel he had
13 a requirement to do that.

14 In fact, I'll tell you it wasn't until, and I'm
15 not speaking for Mr. White, he may say bull ^{suit} ~~shit~~, Gridley,
16 or he may say Gridley's wrong, but I knew all along that on
17 major policy positions that I had to get the Board's
18 concurrence, but it wasn't evident to me that he did.

19 It wasn't until just recently where I had been
20 brought into the conversation. The TVA code requires the
21 Board to be briefed and I think, if not approve, concur in
22 policy.

23 MR. MURPHY: Did TVA, and I guess I say this in
24 the sense of Mr. White and yourself and the other folks,
25 did you view this as a very important response?

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2 MR. GRIDLEY: Do you mean me personally or the
view of TVA managers at the time?

3

4

MR. MURPHY: The sense that you had here of
whether this was an important response.

5

6

7

8

MR. GRIDLEY: I considered it a very important
response. I did personally, and I would say that most of
us working on it felt it was a very important response,
yes.

9

10

MR. MURPHY: In other words, it is not just an
every day response to an NRC Commissioner?

11

12

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14

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MR. GRIDLEY: Of course, remember there are
things occurring here that were new for us. You get the
sense of importance when all of the sudden you are asked to
come up with a concurrence sheet that you had never dealt
with before. That's one.

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Two, it was the first experience I had with where
the letter, where all those people involved had to sit
around the table and be interrogated by the signer of the
letter, Mr. White. Normally, you know, you get a letter,
and whether it is important or not important, my experience
has been I prepare a letter, and it's an important letter.
It's a Part 21.

23

24

25

The analogy is when I dealt with a Part 21 in GE,
I would prepare the letter, get legal review, get my boss'
concurrence, get Engineering's concurrence and then it

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marysimons 1 would go to the Vice President who was the Executive Office
2 held responsible for signing the letter and he never had
3 this meeting of people. He might ask a few questions or he
4 might say I want it rewritten, but if he would just sign
5 the letter and ^{it would} ~~he~~ go.

6 So here was a case new to me where we had to have
7 a concurrence and we had to have a meeting and
8 interrogation around the table. So it struck me as being
9 important, yes.

10 MR. MURPHY: Were the NERS staff who raised the
11 perceptions ever asked to review the technical reviews
12 to determine whether they concurred or agreed or could
13 arrive at some type of a mutual agreement on those things?

14 MR. GRIDLEY: No.

15 MR. MURPHY: Is there any reason why this wasn't
16 done?

17 MR. GRIDLEY: Not in my mind. No, not in my mind
18 there was no specific reason. I didn't even think of
19 asking ~~him~~ ^{them}. As the Licensing Manager I didn't think, hey,
20 where am I going to send this so I know those people have
21 read it.

22 MR. MURPHY: I'm not asking whether you agree
23 with the letter or not. I am asking about the technical
24 reviews that were prepared as a result of their
25 perceptions.

26 MR. GRIDLEY: First of all, the answer is no,

marysimons 1 they were not asked, and maybe I'm talking when I
2 shouldn't, but I am just trying to say why did we not ask,
3 and I can't remember consciously even having a
4 justification for not asking.

5 I can speculate that they are the ones that
6 brought the perceptions up and they are the ones that
7 viewed the deficiencies. Maybe I could suggest that no
8 matter what we wrote down it wouldn't satisfy them in terms
9 of TVA. I don't know. We just didn't ask them. As to why
10 we didn't ask them, I don't know.

11 MR. MURPHY: See, I've heard that rationale, that
12 no matter what we said they wouldn't have agreed, but you
13 don't know that unless you ask.

14 MR. GRIDLEY: That's true. I'll tell you, I guess
15 since you were here on that inspection, I think in
16 retrospect we are probably saying it's probably dumb and we
17 probably should have asked them to read through the
18 responses. We did a lot of dumb things through this whole
19 process. We did things where we could have done them more
20 crisp.

21 MR. MURPHY: Were you aware of the, and I know
22 you were only here a short time, but were you made aware at
23 any time of the vast number of allegations and concerns
24 that were being generated by QTC?

25 MR. GRIDLEY: Oh, absolutely. By the time I got

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marysimons 1 here I think we had all of them on the plate.

2 MR. MURPHY: And what are we talking about in
3 round numbers?

4 MR. GRIDLEY: Well, let me tell you the first
5 number I heard was 5,000, and it jumped up to 6,000 and
6 some odd number later on in the program. But I believe
7 that all of those Watts Bar employee concerns were well
8 known by the time I -- you know, that was '85 stuff. That
9 was well known by me at the time.

10 MR. MURPHY: Did this large number of allegations
11 ever lead anyone to question whether there was some very
12 good merit to what the NSRS's perceptions were, because I'm
13 told in essence, and I think most people here are aware of
14 it, that some of those concerns resulted from their review
15 of QTC reports and allegations being received by QTC.

16 MR. GRIDLEY: It could be. I don't know. But
17 the question really is, the fact that we had that many
18 allegations, why didn't we take the perceptions more
19 serious?

20 MR. MURPHY: Yes, that's it.

21 MR. GRIDLEY: I thought we took their perceptions
22 -- well, let me try this on you. This is the way I thought
23 of those. I wasn't used to this type of a pattern in an
24 organization. The NSRS were a group of people committed to
25 support the Office of Nuclear Power and Safety Issues and

marysimons 1 to develop perceptions of deficiencies and go to a meeting
2 with the Commission and lay those perceptions open to the
3 public without going through and giving TVA an opportunity
4 to work with them on those perceptions and deal with them
5 to me was a totally unacceptable approach.

6 So I didn't like them to start with. My first
7 view is who are these guys who come up with these
8 perceptions, but I really believe that we took those
9 perceptions serious enough to look at the merit of them and
10 come up with a technical response. It probably would have
11 been to our advantage if we had gone back and worked with
12 them even after fact, gone back and worked with them and
13 say, okay, you met with Commissioner Asselstine and you
14 have these 11 perceptions. Let's sit down with you and
15 work out with you what you know that we don't know. Now
16 what have you learned from reviewing employee concerns at
17 Watts Bar and what are some of the things that led you to
18 feel that we have deficiencies in these areas and work with
19 you.

20 We should have worked with them and used them to
21 resolve the the -- you know, either find out if you've got
22 a problem and fix it, or work with them to say find out and
23 prove to them that we didn't have a problem and satisfy
24 them. We should have done that. That is why I said we've
25 made a mistake. I think that was a serious mistake.

marysimons 1

2 I happened to have worked with one of them that
3 was involved, Bob Sauer, on the basis that -- not too long
4 after I was here Bob came down and interviewed me for a
5 possible job in Licensing. He told me, for the record, but
6 he didn't tell me I couldn't repeat it, he told me that he
7 is the one that made that presentation, and he said I
8 didn't even know what was on the slide when he made that
9 presentation, that somehow the person that was to make that
10 presentation and had put the slide presentation together
11 either wasn't there or talked him into make the
12 presentation. He felt he had been sandbagged.

13 But, anyway, we were having trouble dealing --
14 the new team of White and company were having trouble
15 dealing with the employee concerns also at that time
16 because we weren't far enough along in the program to
17 really determine how many of them have merit.

18 My view was that there was a perception that most
19 of them were without merit. Right or wrong at that period
20 of time most of us felt that they were without merit.

21 MR. MURPHY: Did anyone show you, I mean were you
22 exposed to charts that showed that "X" number of concerns
23 have been generated and "X" number of concerns have been
24 reviewed by NSRS and "X" number of concerns have been
25 substantiated? Did you ever see anything like that?

MR. GRIDLEY: No, but that's not to say I

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marysimons 1 haven't. I wasn't involved in the Watts Bar employee
2 concerns program or NSRS activities, no.

3 MR. MURPHY: And you don't know what the history
4 of these two organizations were, how they were formed and
5 why QTC was brought to TVA to begin with? I mean were you
6 aware at the time?

7 MR. GRIDLEY: No. I didn't really learn about
8 the full involvement of QTC until later in time, and I
9 think it was a May time period when I started learning that
10 White was concerned about their credibility.

11 NSRS about that same time, and I don't know
12 exactly when it occurred, but it wasn't too long after
13 March 20th I remember, White made a change to move NSRS to
14 report to him rather than the Board. It wasn't until I
15 think Ron Seiberling came on, you know, Kermit Whitt is
16 gone and Ron Seiberling is onboard that I started beginning
17 to understand what they were doing.

18 MR. MURPHY: But you were aware of a large number
19 of QTC allegations, and did this ever ---

20 MR. GRIDLEY: Wait a minute. It wasn't QTC
21 allegations, was it?

22 MR. MURPHY: Employee concerns generated by QTC.

23 MR. GRIDLEY: No. Employee concerns, if I
24 remember right, were generated by employees and QTC was
25 evaluating those concerns, right?

RAG

marysimons 1

2 MR. MURPHY: QTC was brought to TVA to set up
3 offices to accept employee concerns.

4 MR. GRIDLEY: Yes.

5 MR. MURPHY: In fact, at some point in time, they
6 were going to pass some concerns on to NSRS for evaluation
7 and investigation or also do some of the investigation ---

8 MR. GRIDLEY: Disposition them one way or the
9 other.

10 MR. MURPHY: Yes.

11 MR. GRIDLEY: I'm sorry, Dan. I thought you were
12 saying that QTC has raised some allegations.

13 MR. MURPHY: No. These are not QTC. There are
14 concerns that they accepted from some 5,000. Did that ever
15 make you feel like technical reviews might have been less
16 than accurate?

17 MR. GRIDLEY: On what, the perceptions?

18 MR. MURPHY: No, on this enormous number of
19 concerns being generated by this organization down there.
20 First off, I think you said you didn't have any feel at
21 that time for whether they were being evaluated yes or no,
22 I mean whether they were valid or not valid, but just in
23 sheer numbers isn't that kind of a worrisome thing?

24 MR. GRIDLEY: Well, 5,000 employee concerns is
25 mind boggling in itself, especially since they were
generated over a period of about six or seven months. So

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marysimons 1 that is a little shocking in itself, and to be honest with
2 you, to me if it had been a hundred employee concerns or
3 500, I would have been more impressed -- impressed is the
4 wrong word, but there would have been more legitimacy to
5 the issue.

6 Five thousand is mind boggling in itself, and I
7 didn't know how to deal with that at the time. When I came
8 on I heard there were 5,000 employee concerns. We didn't
9 know how many of those had safety merit or how many of them
10 that were, you know, the old expression that the light in
11 the toilet didn't work sort of thing, and I never really
12 got a good fix on how many were safety -- you know, really,
13 truly validated safety concerns at this time that we're
14 talking about. It wasn't until later that we started
15 talking in numbers of 400 to 500 were evaluated by QTC of
16 having safety considerations, safety impact.

17 But those QTC reports, you know, were never ever
18 published. I mean we never knew what systems they were
19 then and we put them in the nine categories, and even then
20 people at my level of the management were not, we were not
21 getting -- they were not being published in a way that we
22 understood where they were coming from.

23 MR. MURPHY: That's all right. I was just kind
24 of wondering if you ---

25 MR. GRIDLEY: I think what you are asking me is

marysimons 1 if a guy came in from the outside and arrived at a utility
2 where they've got 5,000 employee concerns what I would
3 think about it.

4 MR. MURPHY: Yes, and then you get your technical
5 reviews from line organizations where they are saying
6 everything is pretty much okay, right, and not have any
7 questions as to the validity of the technical reviews.

8 MR. GRIDLEY: You're right, and I'm going to be
9 fair with you. I thought that 5,000 employee concerns just
10 were not credible. It was mind boggling and, you know, if
11 it said anything to me, it said there is something really
12 wrong at Watts Bar to have 5,000 employee concerns. To me
13 it just wasn't credible.

14 Now I'm not saying that I just said well, forget
15 it, you know, just don't do anything with it. I really
16 truly believe that the QTC effort to identify those that
17 had safety significance was the right thing to do.

18 I thought that White's handling of QTC dealt, not
19 with whether or not they were progressing to identify
20 safety concerns, but whether or not they were administering
21 their contract consistent with what they had committed to
22 TVA.

23 If I remember right, what I supported was -- he
24 said I'm going to take what they're doing and I'm going to
25 do the job so I'm satisfied that it's being done and I know

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what those safety concerns are. Now that created a big
flak with OTC, but we still raised the issue.

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MR. MURPHY: Let's get on to something else. You
said earlier that if you had written the transmittal letter
that it would have been different. Those were your exact
words.

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MR. GRIDLEY: Yes.

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MR. MURPHY: How would it have been different?

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MR. GRIDLEY: Well, I would have just written a
boilerplate letter. I would have said, this is in response
to your January 3rd letter where you requested TVA to
address the issue of whether or not we are in compliance
with Appendix B, and I would have said a review has been
completed and we find that we are in compliance, and that
would have been it and it wouldn't have had all this other
stuff in it.

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I think if you look at the original letter that
it's pretty close to a boilerplate letter, and that is what
I would have written.

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MR. MURPHY: Do you think that the letter, the
March 20th letter is confusing?

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MR. GRIDLEY: No. What I thought I went on to
tell you was that after we got into this, you know, White
did what I felt he should do. He says I did a review, I
say we are in compliance, I'm going to continue to review

marysimons 1 and when I find problems I'm to tell you.

2 My boilerplate letter, while I say that is what I
3 would have written, when I see this, I say this is a better
4 commitment. To me this was a better commitment for TVA to
5 make to the NRC than my letter. My letter would not have
6 provided the NRC any assurance that I was going to do
7 anything about what they perceived to be a breakdown in
8 Quality Assurance. This says I'm going to do something
9 about it, and I thought it was very responsive.

10 MR. MURPHY: Did you attend any meetings or have
11 any discussions with people during the preparation of the
12 March 20th response in which the following subjects
13 discussed: material false statements?

14 MR. GRIDLEY: A meeting where a group of people
15 are ---

16 MR. MURPHY: Any discussions that you know of.

17 MR. GRIDLEY: In my office.

18 MR. MURPHY: It could have been anywhere in which
19 the fact that a material false statement could result from
20 something like this.

21 MR. GRIDLEY: That's a tough one, Dan, to
22 answer. Let me say that my first answer to what you are
23 asking is no, but let me go on and clarify that whenever
24 you respond, as I've shown Larry earlier, any time I send a
25 letter to the NRC I'm subject to questioning whether I've

marysimons 1 got a material false statement.

2 Did I consciously think does this letter have
3 anything in it that's a material false statement? I
4 probably did, because I do that with every letter that I
5 sign. But I was pretty naive at this time. I've got my GE
6 experience and I'm operating under different laws in
7 working for a utility, but it didn't take me long to learn
8 with this job that any letter that I send to the NRC
9 represents a risk of a material false statement, and I can
10 fall into that trap every day. So I'm conscious of that.

11 MR. MURPHY: Were there any discussions amongst
12 the staff here about that, you know, of any of Mr. White's
13 aides or Mr. White himself had any discussions about ---

14 MR. GRIDLEY: Not to my knowledge, of the subject
15 of a material false statement.

16 MR. MURPHY: Was there any discussion about the
17 consequences of saying we are not in compliance with
18 Appendix B?

19 MR. GRIDLEY: Yes, absolutely. We talked about
20 that.

21 MR. MURPHY: Who and when and kind of what was
22 said?

23 MR. GRIDLEY: I think my first education on what
24 it meant was from Dick Kelly, and Dick was pretty candid
25 that if you say you are not -- if your QA program -- not in

marysimons 1 compliance with Appendix B, but if your quality assurance
2 program has a substantial or significant breakdown, the way
3 he educated me was that you basically have to come to a
4 complete stop on everything you're doing. You're in a stop
5 work mode, and then the consequences of that, as he
6 explained it to me, and I know a little bit of it from GE
7 experience, is that you then have to specify the period
8 that you have ^a break down, and then any work that you've
9 done during that period is subject for reverification, and
10 we know that the verification process, or the QA process,
11 that there are some things that you can't go back and
12 check.

13 One of the scenarios was you could -- and I was
14 involved with pipe cracks with GE and the whole large pipe
15 crack issue. I know exactly what it means to have a
16 breakdown in QA documentation on welding. You have to cut
17 welds out and you have to reweld. Even though that's a
18 valid weld to document the QA, the quality assurance of
19 that weld, you have to cut it out and reweld it.

20 So, yes, we talked to that scenario. We felt it
21 was a serious situation from the standpoint that if we had
22 a -- if we really have a QA breakdown, that we have a
23 substantial problem. So we knew the seriousness of it.

24 MR. MURPHY: Was that discussed with Mr. White
25 also?

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2 MR. GRIDLEY: No, I don't think that was ever
discussed with Mr. White.

3 MR. MURPHY: With Mr. Wegner?

4 MR. GRIDLEY: No, what I'm talking about was
5 strictly between Kelly and I and Huston, and I don't know
6 whether engineering, if we had anybody -- you now, we've
7 talked the scenario through, what it means.

8 In fact, I'll tell you why it continued to be a
9 persistent discussion, because in the June meeting with
10 Congressman Dingell Hugh Thompson from the NRC kept asking
11 me, you know, he said, I don't understand why you guys just
12 don't admit you had a breakdown, and I'm say, Hugh, do you
13 understand, you know, if we make that call that it's an
14 important serious decision and we can't do it lightly.
15 We've got to be sure that what we're doing, that we know
16 we've got a breakdown and we know when it occurred and we
17 know the time frame because it requires us to go back and
18 identify where we've got the problem.

19 MR. MURPHY: Has this not recently occurred in at
20 least a couple of those areas, welding and ---

21 MR. GRIDLEY: In the letter that we sent to the
22 NRC on December 5th we had admit a quality assurance
23 breakdown in structural and radiographs. Yes, we did that.

24 MR. MURPHY: In a more recent letter hasn't Mr.
25 White upon his return issued a letter saying that he has

marysimons 1 issued a stop work order for a couple areas?

2 MR. GRIDLEY: He did. In fact, in several areas
3 and that he would not release those stop works until he was
4 satisfied that ---

5 MR. MURPHY: Are any of these areas identified
6 either in the recent letter by Mr. White or the December
7 5th areas that were initially identified in the NSRS
8 perceptions?

9 MR. GRIDLEY: Now, see, the NSRS perceptions
10 dealt with programmatic deficiencies, except in one area
11 that I remember was the nonconforming reporting at Watts
12 Bar. Most of your perceptions with the NSRS were design,
13 breakdown in design control, breakdown in quality assurance
14 and breakdown in corrective action procedures, and welding
15 of course. So let's take that one. There is one that is
16 not -- although it's programmatic in the sense that they
17 said that the procedures for welding didn't provide
18 sufficient -- I can't quote it off the top of my head.

19 What White identified were specific areas where
20 we know that the design and the supervision and the quality
21 assurance, primarily those three areas, you know, by
22 looking we now know that those were sufficiently -- it was
23 weak enough that we declared them -- and we stopped work --
24 we declared a QA breakdown.

25 I've talked so much that I forgot your question.

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marysimons 1 You want to know if any of the things that Mr. White has
2 identified go back to the 11 perceptions, and I'm saying
3 that other than welding and concrete were the only two that
4 were not, you know, programmatic perceptions.

5 MR. MURPHY: We've had a recent discussion, and I
6 don't know how familiar you are with things that go in the
7 plant, but we had a recent discussion with an individual at
8 Watts Bar who said that they are going to invest 150,000
9 hours of construction work in the instrumentation line
10 slopes. Are you aware of that?

11 MR. GRIDLEY: Yes.

12 MR. MURPHY: Was that an area identified?

13 MR. GRIDLEY: Yes, the instrumentation line
14 slopes was one identified I believe, yes.

15 MR. MURPHY: And you are aware of that?

16 MR. GRIDLEY: Yes.

17 MR. MURPHY: Did anyone during these meetings, or
18 have you ever heard this said, that we are going to come as
19 close to saying we are not in compliance without saying so?

20 MR. GRIDLEY: No.

21 MR. MURPHY: You've never heard that statement
22 made by anyone?

23 MR. GRIDLEY: No.

24 MR. MURPHY: And I don't mean in those exact
25 words, but that thought?

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MR. GRIDLEY: No. I still maintain that it's the other way around, that we are going to look and if we find a problem, we're going to say something.

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MR. MURPHY: I think you may not have had a history of what NSRS has been saying over the years, but one of the things that came up in all this was he said that what TVA did was ask the same people who they felt were the the problem as far as creating the problems in TVA to do technical reviews of the various areas.

Did that thought ever come to mind, in other words, you are not asking for an independent review, but you're asking those folks in NSRS, and they kind of view them as the problem people, to evaluate those areas.

MR. GRIDLEY: I have heard that complaint and I didn't think too much about it. Let me try to answer it this way.

The engineering organization in TVA who the NSRS felt were the problem, they didn't have controls, they didn't do their work and they didn't get the adequate verifications, you know, when you have to provide a technical response you have to go to the people who are responsible for the technical area that is involved.

I guess the way I'm trying to answer this is I don't know who else could have prepared the technical response to the 11 perceptions other than the people who

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marysimons 1 did the work. In particular, let's take only the
2 engineering because they are the ones that had the
3 responsibility for design control and some of the other
4 processes that were highlighted. Who else would you go to
5 to prepare the technical responses?

6 MR. MURPHY: Historically TVA doesn't seem to
7 have had any problem with hiring outside consultants
8 inasmuch as in the area of welding they call upon EG&G and
9 there is a great deal of consideration and emphasis placed
10 on EG&G's independence in this matter. This I believe
11 comes from Mr. White himself, that they would be allowed to
12 do an independent review of the welding program.

13 I'm merely asking if any thought was ever given
14 to an outside agency and an outside consultant coming in
15 and doing an independent review?

16 MR. GRIDLEY: I can't answer it, Dan, because if
17 you remember, the assignment was all made before I got
18 here, and I don't know why, but I guess I was trying to
19 help out in the sense that the -- to prepare the technical
20 response is different from the verification. I think I
21 heard you ask, and maybe you asked both, why didn't we get
22 an independent verification of the technical response
23 preparation, and I don't know -- than what Craig Lundin
24 did, I'm not sure.

25 MR. MURPHY: I think Craig Lundin's technical

marysimons 1 review has been -- his independent review has been
2 characterized as a snapshot by several people.

3 MR. GRIDLEY: Oh, yes.

4 MR. MURPHY: Which means that it wasn't an in-
5 depth review. Would you agree with that?

6 MR. GRIDLEY: Yes, absolutely. You know, when
7 you consider it, we brought a pretty good team in, but that
8 was done over a fairly short period of time.

9 Mr. White had a certain schedule for responding
10 to that letter and we went back and we said we need more
11 time because Craig needed more time to do the snapshot. As
12 it is, he didn't have that much time.

13 MR. MURPHY: I don't have any more questions.

14 MR. ROBINSON: I think I have a few more and,
15 Mark, do you have a few more?

16 MR. REINHART: No.

17 MR. ROBINSON: You don't?

18 MR. REINHART: Not yet.

19 MR. ROBINSON: I was going to suggest a break,
20 but perhaps we can do this without a break.

21 MR. MURPHY: We'll leave that up to you.

22 MR. GRIDLEY: If you want to go, I'll go. I mean
23 I'll continue.

24 (Laughter.)

25 MR. ROBINSON: I have just a few questions based

marysimons 1 on what you said to Dan.

2 Back to the technical reviews. We had the
3 pertinent line people and/or QA people give their technical
4 responses to the NSRS perceptions. Was a technical basis
5 for the NSRS perceptions also requested from NSRS?

6 MR. GRIDLEY: Not that I know of.

7 MR. ROBINSON: Why not, to your knowledge?

8 MR. GRIDLEY: I can't answer why not. I can
9 offer a perception that the January 3rd letter was going to
10 be dealt with without the NSRS having an involvement in
11 it. Why that decision was made, I don't know.

12 MR. ROBINSON: You indicated that you wouldn't
13 particularly like a guy that would make a presentation to a
14 Commissioner that had not kind of off the top of his head
15 or had not been screened or looked at by his own employers
16 prior to him giving it. Is that a fair characterization?

17 MR. GRIDLEY: No.

18 MR. ROBINSON: Well, go ahead.

19 MR. GRIDLEY: What I said was that NSRS was a
20 part of the TVA organization and as such if they are going
21 to make a presentation outside of TVA, I would expect their
22 presentation to be reviewed by management and judged to be
23 a quality presentation. I mean Commissioner Asselstine ---

24 MR. ROBINSON: I understand.

25 MR. GRIDLEY: In GE we don't even make a

marysimons 1 presentation to a utility without management dry runs and
2 reviews and making sure that it represents the best that we
3 have to offer and it's technically right.

4 What I was told by Bob Sauer was that that
5 presentation absolutely did not have any management
6 review. He didn't himself even know what was on the
7 presentation chart, and I'm saying that's unacceptable.
8 just absolutely find that hard to accept. That's what I
9 meant.

10 MR. ROBINSON: Was that from your perception?
11 Was that kind of the general feeling of Mr. Wegner and Mr.
12 Kelly and ---

13 MR. GRIDLEY: I don't know what their feeling was
14 to be honest with you. I think -- I really don't, Larry.
15 I don't know what their feeling was. That was my own
16 personal feeling. I think that was wrong and it has
17 nothing to do with an individual's right to go outside and
18 express concerns that his management -- if his management
19 is not paying attention to him, and we have the same thing
20 in GE. We've got cases of GE people, engineers who have
21 gone to their Congressman and other people and complained
22 about management not paying attention to safety problems.
23 I don't have any problem with that.

24 What I have a problem with is this group of
25 people made a presentation to Commissioner Asselstine and

marysimons 1 they were not going independent. They were part of TVA's
2 organization, and that's what bothered me.

3 MR. ROBINSON: So you didn't feel that there was
4 kind of a general feeling with Mr. White, Mr. Wegner and
5 Mr. Kelly that this doggone loose cannon NSRS organization
6 has caused us a problem and now we've got to handle it?

7 MR. GRIDLEY: Not at the time we're talking
8 about. I think that NSRS was recognized as an organization
9 problem after March 20. I forget now when we dealt with it,
10 but there was no question in Mr. White's mind that they did
11 not have a good communications channel where their problems
12 could be dealt with effectively outside of the Office of
13 Nuclear Power.

14 His argument to me was that -- you know, he was
15 setting himself up, and I remember this very well. He's
16 saying the complaint is that they don't have a
17 communications channel into the Office of Nuclear Power and
18 no one is listening to them, and Kermit Whitt is reporting
19 to the Board and that's not being brought back into the
20 responsible organizations.

21 He says one way to fix that is if they report to
22 me, and I think he's very sincere, and I'll make sure that
23 people listen to them and they have a communications
24 channel back into the line organizations so things get
25 done.

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2 A lot of people perceived that move as an attempt
3 to punish them for going public with Commissioner
4 Asselstine, and I don't accept that at all. I accept Mr.
5 White on the basis of the way he treated other line
6 organizations at the time and he said he was going to hold
7 them responsible. So I think that is the way he dealt with
8 it.

9 MR. REINHART: If that perception is true, why
10 did NSRS suddenly get disbanded.

11 MR. GRIDLEY: They didn't. Who said they got
12 disbanded? NSRS is alive and well. They have a hell of a
13 good manager, Ron Seiberling, managing them. He has
14 complete access to Mr. White and engineering and the
15 Board. He's doing a very effective job of reporting on
16 safety concerns, he has written several major reports and
17 he's doing another one right now.

18 MR. REINHART: Why that change?

19 MR. GRIDLEY: Just what I told Larry, NSRS was
20 sitting up here independently ---

21 MR. REINHART: I understand NSRS reporting to Mr.
22 White, and then all of the sudden NSRS, the terminology was
23 gone and NMRG came in and it looked like a whole different
24 situation.

25 MR. GRIDLEY: Why did he change their title to
the Nuclear Management Review Group versus Nuclear Safety

marysimons 1 Review Staff?

2 MR. REINHART: Right.

3 MR. GRIDLEY: Maybe some subtleties here. The
4 Nuclear Management Review Group sounds more like an
5 organization with a line responsibility versus staff which
6 sounds like it's advisory and doesn't have any -- I don't
7 know.

8 MR. REINHART: Is it the same people in the same
9 basic structure with a different director?

10 MR. GRIDLEY: Yes. There are some people that
11 have been moved out and have gotten other jobs, but Ron
12 Seiberling is the Manager and reports directly to Mr.
13 White. He attends all of our staff meetings and he is in
14 daily communication here on the 6th floor.

15 I'm guessing, but I would say that 60 percent of
16 the NSRS people that were members before are still over
17 there participating. Some of them were our famous five.
18 Bob Sauer is still doing effective work in that area and
19 doing it up at Sequoyah.

20 MR. REINHART: I see. Okay.

21 MR. ROBINSON: In your mind, Dick, do you
22 differentiate between a serious QA breakdown and
23 noncompliance with Appendix B, or are those pretty much the
24 same?

25 MR. GRIDLEY: A serious breakdown in

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marysimons 1 noncompliance. Boy, I'm just going to have to take the
2 best shot I can at this. If there is sufficient, or let's
3 say serious significant weaknesses in design, management
4 and quality assurance, then I consider that a quality
5 assurance breakdown and do I relate that to a noncompliance
6 with Appendix B.

7 MR. ROBINSON: No, not do you relate it. Can you
8 have a noncompliance with Appendix B without having a
9 significant QA breakdown?

10 MR. GRIDLEY: Let me try it this way. If
11 noncompliance to Appendix B, you know, I can't get the
12 regulation with 18 criteria, and to be in noncompliance
13 with Appendix B in my own view, I would have to be in a
14 position of not having a quality assurance program. I
15 would have to have had failure to implement a quality
16 assurance to be in noncompliance with Appendix B.

17 Compliance says to me, hey, guy, you're going to
18 have a program that assures yourself that you are
19 designing, constructing and operating your plant safely.
20 that's what it says to me, and it requires me to report any
21 time that I don't do that. That to me is the only way you
22 can have a non-compliance to Appendix B.

23 If I don't have a program that -- you know, if
24 I've been so foolish as to not have a program, a docketed
25 program or that the program is not being maintained that

marysimons 1 does those things, then I'm in noncompliance.

2 Can I have a serious breakdown in the
3 implementation of that program and still be in compliance,
4 yes, I think so.

5 MR. ROBINSON: You can have a serious breakdown
6 in the implementation of the program and still be in
7 compliance?

8 MR. GRIDLEY: Yes. I think that's how I feel
9 about it.

10 MR. REINHART: How do you do that?

11 MR. GRIDLEY: I can do that as long as I
12 recognize the deficiencies and I have corrective actions to
13 correct the deficiencies. For example, if I have a
14 procedure to implement my QA program as required by
15 Appendix B, and the procedure is flawed, you know, it's
16 deficient and I continue to have deficiencies resulting
17 from that, that could result in a significant breakdown
18 depending on the procedure itself.

19 If it's a welding procedure, if that procedure is
20 flawed and my welding and my inspection and my verification
21 of that weld, if that procedure doesn't give me assurance
22 that it's correct, to me that could be a significant
23 breakdown in my QA procedure and I'm still in compliance
24 with Appendix B because my program has identified that
25 deficiency and I've got a corrective action to fix it.

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Ask me some more questions. I'm not sure I ---

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MR. REINHART: Well, I'm saying if the program

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has efficiently picked up this problem and tracked into a

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corrective action system and is taking action to look for

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the root cause, get your cause to fix it and cause to

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prevent reoccurrence, is that a breakdown or it seems that

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the program is working?

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MR. GRIDLEY: Well, the question was can I have a

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significant quality assurance breakdown and still be in

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compliance with Appendix B.

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MR. REINHART: Right.

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MR. GRIDLEY: I'm saying yes, I can.

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MR. ROBINSON: Let me ask you this. Can all the

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rest of your quality assurance program be operating at 100

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percent efficiency and your corrective action system be

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broken down and you be in compliance with Appendix B?

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MR. GRIDLEY: If my implementation of my program,

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I've got a program and I'm required by Appendix B to

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implement it. If either parts of those fail then I'm not

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in compliance with Appendix B.

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MR. ROBINSON: So if the implementation of the

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corrective action criteria is not being accomplished, you

23

are not in compliance with Appendix B?

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MR. GRIDLEY: If I'm not identifying and my

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corrective action is not working, I would say that you are

marysimons 1 not in compliance with Appendix B, you know, provided those
2 other caveats go with it, and that is that I'm dealing with
3 a safety system, you know, those things that fall under the
4 purview of Appendix B, provided that's all those that you
5 just asked me.

6 I guess I'm saying I agree with what you're
7 saying. You've got to have the program and you have got
8 have implementation, and that implementation is two parts.
9 It's one that you've got procedures to implement which
10 includes identifying and corrective action. Then I would
11 say you could come to a position where you are in
12 noncompliance with Appendix B. I think that's fair.

13 MR. ROBINSON: I have two more areas, one thing,
14 and it should require just a basic yes or not.

15 (Laughter.)

16 MR. GRIDLEY: You're suggesting that I talk too
17 much?

18 (Laughter.)

19 MR. ROBINSON: Of the people that had to concur
20 on the final March 20th cover letter, did you ever hear any
21 one of them say that they would not concur unless the word
22 "pervasive" was used, and that the definition of pervasive
23 meant a total breakdown in all aspects of quality
24 assurance?

25 MR. GRIDLEY: No.

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2 MR. ROBINSON: Okay. The last question is how
3 long has this sensitivity to material false statement been
4 in your mind personally, just since you've come to TVA?

5 MR. GRIDLEY: No, no. I dealt with Part 21 *in one*
6 other GE issues for 10 years. I'm very sensitive to that.

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

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

9 MR. MURPHY: I've got some closing things.

10 Prior to the March 20th letter being prepared in
11 it's final stages, did you or anybody else discuss the
12 contents of that letter with a representative of the NRC?

13 MR. GRIDLEY: Not to my knowledge, no.

14 MR. MURPHY: Have you had any discussions with
15 anyone ---

16 MR. GRIDLEY: Wait a minute. Let's go back to
17 that question. Ask that question again. You can't
18 remember the question?

19 MR. MURPHY: No, I've got it written down or
20 otherwise I might not be able to.

21 (Laughter.)

22 Prior to the submission of that March 20th
23 letter, did you or anyone that you know of within TVA
24 discuss the contents of the final edition of that letter
25 with somebody in the NRC?

MR. GRIDLEY: I really wanted to go back. After

marysimons 1

2 the fact I was told, and I forget who told me, that Steve
3 White talked to Stello on this letter, but that was after
4 the fact.

5 MR. MURPHY: You weren't made aware of that?

6 MR. GRIDLEY: No.

7 MR. MURPHY: Do you know what the gist of their
8 conversation was after the fact?

9 MR. GRIDLEY: Basically, as I recall -- I'm not
10 saying I know if he read the letter to Vic over the phone.
11 I never heard that, but I think what it was was I'm going
12 to send a response and I'm going to say I've done this
13 review and I feel I'm in compliance and that's going to be
14 my position.

15 Even that's more than I heard. It was just that
16 he had the phone call with Vic, and I really don't know
17 what went back and forth.

18 MR. REINHART: Let me ask a question. When you
19 say after the fact, do you mean that Mr. White and Mr.
20 Stello had the conversation after the fact or you heard
21 about it after the fact?

22 MR. GRIDLEY: I only learned of the discussion,
23 and it was quite a while after the letter was sent, I mean
24 my knowledge of it.

25 MR. REINHART: The Stello/White conversation was
before the letter was sent?

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marysimons 1

2 MR. GRIDLEY: My understanding is that it took
place before, yes.

3 MR. REINHART: And then you heard after that?

4 MR. GRIDLEY: That he had talked with him, yes,
5 which happens all the time.

6 MR. REINHART: Right.

7 MR. MURPHY: You mean after the fact that they
8 had these discussions?

9 MR. GRIDLEY: No, that I find out about who he's
10 talking to quite a while after he's had them.

11 (Laughter.)

12 I tell him, I said, you're going to have to tell
13 me what your philosophy is ahead of time so I know what the
14 heck we're doing around here.

15 (Laughter.)

16 MR. ROBINSON: Did you hear anything about what
17 Stello's input was to that conversation?

18 MR. GRIDLEY: Afterwards, you know, I was led to
19 believe that Stello told him to send the letter.

20 MR. ROBINSON: You don't have any indication that
21 Stello advised him as to what to put in the letter?

22 MR. GRIDLEY: No. In fact, I never heard that at
23 all, never that Vic gave him any advice on what to put in.

24 MR. MURPHY: Did you have any discussions with
25 anyone here in TVA or outside of TVA, because we have

marysimons 1 interviewed a couple of people that work outside of TVA,
2 concerning what this interview was specifically about or
3 how you would respond to questions ---

4 MR. GRIDLEY: That you're here?

5 MR. MURPHY: Yes.

6 MR. GRIDLEY: I've talked to Ralph Shell, and in
7 fact I was talking to him when you came up, that you were
8 coming, and I went over some details with Ralph about the
9 status of the Watts Bar LER 50.55(e) reporting prior to my
10 coming.

11 Now let me try it another way. Most people on
12 this floor and Mr. White and others knew that you were
13 coming. So there is no question about that. Many people
14 knew that you were coming inside TVA. I don't think I've
15 talked to anybody outside of TVA and told them that you
16 were coming.

17 With regards to my preparation, did I talk to
18 anybody about preparing for your investigation, the only
19 one was Ralph Shell, and that was only to have a better
20 feel for what went on at Watts Bar in '85 before I got
21 here.

22 For what it's worth, I can tell you that Cottle
23 and Mason, and Cottle in fact didn't know, but when I told
24 Mason you were coming, he said I don't want to talk to you
25 about it and I won't discuss it with you and that was the

marysimons 1 end of the conversation. And I think those were the only
2 two that you had interviewed before -- well, you've
3 interviewed Mullin and I haven't talked to Mullin since
4 then.

5 MR. MURPHY: Okay. What I would like to do
6 officially for the record is request any or all drafts of
7 either the technical review by the line organization, notes
8 associated with the Lundin reports, the March 20th ---

9 MR. GRIDLEY: Wait a minute.

10 MR. MURPHY: I go over this and give it to you
11 afterward. Notes associated with the Lundin reports, the
12 March 20th, 1986 letter to NRC or any other documents
13 associated with these items.

14 MR. GRIDLEY: Okay.

15 MR. MURPHY: Now do you have any closing remarks?

16 MR. GRIDLEY: No, I gave my speech during the
17 inspection interview and I won't give it again.

18 MR. MURPHY: Okay.

19 MR. GRIDLEY: But maybe for the record, and let
20 me just try it, please, we did give you -- are you saying
21 you want me to repeat everything we gave you already? We
22 put all that stuff together.

23 MR. MURPHY: No, absolutely not.

24 MR. GRIDLEY: I mean you said notes and so forth.

25 MR. REINHART: Let me say we're talking about

marysimons 1 drafts of the March 20th letter, concurrences of the March
2 20th letter ---

3 MR. GRIDLEY: So you're putting me on record that
4 if I've got them I had better give them to you.

5 MR. MURPHY: Yes.

6 MR. GRIDLEY: Okay.

7 MR. REINHART: And comments and things that we
8 talked about that maybe Parker has, things that OGC has,
9 things from Egger and things from anybody.

10 MR. GRIDLEY: Okay.

11 MR. MURPHY: You were going to say something.

12 MR. GRIDLEY: I was going to say that -- are we
13 still on the record?

14 MR. ROBINSON: Sure.

15 MR. GRIDLEY: No, I don't have anything else to
16 say for the record.

17 MR. MURPHY: Then I've got some closing remarks.

18 MR. GRIDLEY: Okay.

19 MR. MURPHY: Mr. Gridley, have I or any other NRC
20 representative here threatened you in any manner or offered
21 you any reward in return for this statement?

22 MR. GRIDLEY: No.

23 MR. MURPHY: Have you given this statement freely
24 and voluntarily?

25 MR. GRIDLEY: Yes.

marysimons 1

MR. MURPHY: Is there any additional information
2 that you would like to add to the record?

3 MR. GRIDLEY: No.

4 MR. MURPHY: On behalf of Mr. Robinson, Mr.
5 Reinhart and myself I want to thank you for your patience,
6 for your indulgence, for your frankness and just overall
7 generosity in taking the time to spend with us.

8 I know you have a very busy schedule and we do
9 appreciate it.

10 MR. GRIDLEY: Thank you.

11 MR. MURPHY: The interview is concluded at 4:26
12 on February 11, 1987.

13 (Whereupon, at 4:26 p.m., the interview of
14 Richard L. Gridley concluded.)

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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: INVESTIGATIVE INTERVIEW

DOCKET NO.:

PLACE: CHATTANOOGA, TENNESSEE

DATE: WEDNESDAY, FEBRUARY 11, 1987.

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

(sig)

(TYPED)

Official Reporter

Reporter's Affiliation

Richard L. Gullett
September 24, 1987

RLG