

## AFTERNOON SESSION

(12:44 p.m.)

MR. MURPHY: We are back on the record at 12:44.

Whereupon,

RICHARD R. KELLY

having been previously duly sworn, was recalled as a witness herein and was examined and testified further as follows:

THE WITNESS: Before you start with a question, I would like to add something which occurs to me I didn't complete what I was going to tell you.

On the statement attesting to the correctness, that certification sheet, I said I saw this note later. It was some time later. It was quite a bit after March 20th. It was in preparation for some event such as the Dingell hearings or something. It was May or June. It was quite a bit after. And I recall it quite vividly because we dragged this sheet of paper out for some purpose, and I don't recall what it was, but I was very upset, made an issue of that being added.

So other people should remember it. Jim Huston was with me, and he said that was as mad as I ever get seeing that added later.

MR. MURPHY: Okay.

EXAMINATION (Continued)

BY MR. MURPHY:

Q Is there anything else you would like to add?

1           A     Not unless -- there is one other word. I answered a  
2 question and I don't want to mislead you. You asked me if I  
3 had discussed your question, strategic answers. I answered it  
4 no, because I never recall hearing any discussion on strategic  
5 answers.

6           We did have a discussion on what I labeled as an easy  
7 answer, and I told you about that some time earlier.

8           Q     Yes. We've talked about that I think on previous  
9 interviews.

10           It appears in the March 20th letter the terminology  
11 "overall compliance". And my question to you, Mr. Kelly, would  
12 you have concurred with the letter if it just said merely  
13 "compliance" as opposed to "overall"?

14           MR. SILBERT: Do you mean the overall QA program?

15           MR. MURPHY: Yes, the QA program.

16           MR. SILBERT: Not overall -- you mean in a sense the  
17 overall QA program is --

18           MR. MURPHY: Yes.

19           MR. MURPHY: -- is -- they do use the word "is" in  
20 compliance.

21           MR. MURPHY: Yes, sir. And what I am referring to if  
22 it said -- just merely said the QA program is in compliance  
23 with the --

24           THE WITNESS: I would like to have the word "overall"  
25 in there. I would prefer it to have that in there, because

1 some people might make a distinction. The QA program is in  
2 compliance. That means that nothing is in violation; could be  
3 read that way. I wouldn't, but it could be read that way.

4 When it says the overall QA program, I am  
5 including -- that gives me the feeling that I am including  
6 criteria 15 and 16 which allow for imperfections, and it just  
7 makes me feel a little more comfortable.

8 BY MR. MURPHY:

9 Q Okay, but would you have signed the letter had that  
10 word not --

11 A Nobody asked me to, so I don't know.

12 Q Okay. Let me ask you in your view, the January 3rd  
13 letter says -- I'll get it out and quote it, maybe that would  
14 be better doing that.

15 (Pause.)

16 MR. MURPHY: The second paragraph, it says, "In order  
17 to assist the NRC in determining whether or not TVA is in  
18 violation of the Commission's rules and regulations in your  
19 construction permit, you are requested to furnish under oath  
20 and/or affirmation TVA's corporate position with respect to  
21 whether or not the 10 CFR50, App.B requirements are being met  
22 at the Watts Bar facility."

23 BY MR. MURPHY:

24 Q Is there a difference, in your view, between 10 CFR,  
25 App.B requirements are being met at Watts Bar facility and the

1 overall QA program is in compliance?

2 A No, I don't think there is any difference. I think  
3 they mean the same thing.

4 You know, my draft of the letter, I tried to repeat  
5 back exactly those words because that's the question we were  
6 being asked to answer. But I think that the statement that  
7 finally ended up there is totally equivalent to that.

8 Q Well, I guess you have kind of answered the question  
9 I was going to ask because in your draft you do state that --  
10 you address the 10 CFR50, App.B requirement.

11 A Well, that was the question I was going to answer.

12 Q In your view, there is no difference between meeting  
13 the requirements of App.B and being in overall compliance with  
14 App. B; is that --

15 A That's right.

16 MR. SILBERT: You mean the overall QA program is in  
17 compliance.

18 MR. MURPHY: Yes. Well, I think that's what we are  
19 saying overall compliance as opposed to --

20 THE WITNESS: They're basically equivalent  
21 statements.

22 THE WITNESS: -- meeting the requirements.

23 BY MR. MURPHY:

24 Q There is no difference in your view.

25 A No. Somebody might find some obtuse argument that

1 they could try on me, but I can't think of one at the moment.

2 Q In our second meeting with you, you talked in over  
3 the last 30 pages of the transcript of what we viewed as the  
4 time frame of which this letter addressed, and we kind of  
5 determined that the time frame was some time between when Mr.  
6 White assumed the position as manager of nuclear power and  
7 March 20th; is that correct?

8 A I think that's where we left it.

9 Q We were vacillating between numerous dates, but --

10 A We had various statements to various questions, but  
11 my recollection and my intent is to say that it covered the  
12 period that White was responsible for, which was mid-January  
13 through March 20th.

14 Q Okay. Whose idea was it to use that particular  
15 period of time as the scope for the letter?

16 A I really don't know.

17 Q Let me get more specific.

18 Was it your idea?

19 A It could have been, although I don't recall it. I  
20 think it's a good idea. I think that made the question  
21 handleable and responsive to what I thought the NRC was asking.

22 I have to tell you I guess that I think the basis for  
23 the question that we were asked, is App.B be being met. My  
24 impression was that the basis for that question was if the  
25 answer to that question were no, they aren't being met, then

GRK

1 stop work or further curtailment of activities was required.

2 If the answer to the question was yes, they are being  
3 met, then work could continue in the recovery program which  
4 everybody knew was ongoing. There was a lot of additional  
5 work being done to validate what was in the plants, what  
6 further corrective action might be required. There was a lot  
7 of activity. Everybody knew about it. The show cause ordered  
8 issued by the NRC was the basis for that.

9 So I really felt that the question they were seeking  
10 an answer to is do they need to act further over what's going  
11 on. And to answer that question we had to answer for the  
12 contemporaneous period, for the now as it occurred then.

13 Q Okay. There is two areas where it appears from the  
14 responses that you have given where the scope was narrow. One  
15 was the time frame. We're talking about from Mr. White's  
16 arrival until March 20th.

17 And number two is the scope of the NRC's perceptions  
18 inasmuch as we are addressing those basis that supported the  
19 perceptions given by --

20 A The issues.

21 Q The issues.

22 Was there ever any meeting amongst the key advisers  
23 with Mr. White and yourself to decide that that is how we're  
24 going to limit the response?

25 I'm not even sure limiting is -- the response would

1 be included to contain those items?

2 A Not that I recall, although the advice received from  
3 Edgar in his notes suggest that that is the prudent -- the  
4 answer should be focused, and clearly what is being addressed  
5 made clear in the response.

6 But I don't recall sitting down and having a  
7 discussion about that.

8 Q Do you ever remember sitting down and having a  
9 discussion with Mr. White or any of his staff in relationship  
10 to the fact that in the opinion sought that a question, are you  
11 meeting the requirements of App.B was not really what they  
12 wanted to know, and what they really wanted to know is are we  
13 complying with App.B?

14 Do you remember in saying that we're not really going  
15 to answer the question there asked because that's kind of a  
16 dumb question, and what we are going to do is determine whether  
17 we are in compliance with App.B? Do you remember sitting down  
18 and discussing this?

19 A I don't recall. That doesn't mean -- I can't be  
20 certain that something like that didn't happen. I just don't  
21 recall ever having that discussion.

22 Q Okay.

23 A It was 18 months ago though.

24 Q I understand.

25 MR. WILLIAMSON: Can I ask a question?

1 MR. MURPHY: Surely.

2 MR. SILBERT: I was just going to say drawing a  
3 distinction that the first part to say requirements are being  
4 met, that's a dumb question.

5 MR. MURPHY: Yes, sir.

6 MR. SILBERT: Then that means there is a distinction  
7 between that and saying the overall QA program is in  
8 compliance.

9 MR. MURPHY: In the minds --

10 MR. SILBERT: I see, in the minds.

11 MR. MURPHY: In the minds of some. I'm not --

12 MR. SILBERT: No, he said he didn't remember. I  
13 wanted to make sure I understood the question.

14 MR. MURPHY: And I'm not questioning Mr. Kelly's view  
15 that there is no distinction, but other folks may not view  
16 it --

17 MR. SILBERT: Sure.

18 MR. MURPHY: -- exactly as he does.

19 MR. SILBERT: Oh, sure.

20 MR. WILLIAMSON: One question while we are asking  
21 these.

22 BY MR. WILLIAMSON:

23 Q I asked you earlier if you had discussed the term  
24 "strategic response" with anyone, if that was a phrase that you  
25 had used, and you had indicated, no, it wasn't.

1 Do you recall having any conversations with anyone  
2 regarding responding to the NRC with regard to on the  
3 programmatic aspects of App.B, saying, yes, we have a program.  
4 Therefore, we are in compliance via the execution and  
5 implementation aspects. Was that ever discussed with you?

6 A No, no, and that would -- much as some of the other  
7 things that were discussed, you know, would be something that I  
8 would be likely to suggest, like getting to the basic issues  
9 rather than the broader allegations. I would be unlikely to  
10 try to limit it to programmatic, because in my opinion that  
11 wouldn't be totally responsive.

12 Q There is, as a QA expert, there is a distinction  
13 between programmatic and implementation or execution of the  
14 App.B, the aspects of it.

15 A They are two, two different activities, and we had an  
16 approved -- I knew we had an approved program, approved by the  
17 NRC. I didn't know whether it had been followed. So I would  
18 not have tried to limit the answer to the programmatic aspects  
19 because there were letters in the file that said the program  
20 met the requirements. Didn't address whether the execution of  
21 the project -- the program had been adequately implemented.

22 Does that answer your question, or did I just --

23 Q No, no.

24 A -- confuse the issue?

25 Q You answered it.

1 MR. MURPHY: Are you done?

2 MR. WILLIAMSON: Yes.

3 BY MR. MURPHY:

4 Q On this concurrence sheet, there is a couple of other  
5 folks who concurred here, Mr. Drotleff and Mr. Gridley.

6 Do you know if their concurrences had any limitations  
7 on them? And what I would like --

8 MR. MESERVE: You mean at the time?

9 MR. MURPHY: Yes, at the time.

10 BY MR. MURPHY:

11 Q Whether the concurrence of Mr. Gridley and the  
12 concurrence of Mr. Kirebo who was signing for I guess Mr.  
13 Drotleff, if there was any limitations placed on their  
14 concurrence.

15 A None that I was aware of then or am aware of now.

16 Now the prior concurrence by Drotleff that wasn't as  
17 crisp as it should have been in that he didn't feel he had  
18 sufficient time to totally evaluate everything. So he had some  
19 reservations, and was relying probably more on my reviews of  
20 the attachments than his personal reviews.

21 But at March 20th they had thoroughly reviewed them  
22 and the engineering group was satisfied with them.

23 Q Let me tell you what we have been told, and I want to  
24 know if you ever heard these comments before.

25 Mr. Drotleff said that any concurrence that he would

*FBK*

1 have regarding that would only relate to those enclosures  
2 concerning Office of Engineering.

3 Has he ever suggested that to you before?

4 A Yes, yes. I may have misanswered your question,  
5 because I was understanding that, that the engineering,  
6 Drotleff and Kirkebo was speaking for those things that they  
7 had involvement in, not necessarily everything that was in the  
8 letter, some of which they left to other people's discretion.

9 I would presume, although I was never -- my specific  
10 understanding that Gridley was signing for primarily the  
11 licensing aspects of this, but we never discussed it.

12 Q Have you ever -- I mean, you never discussed it with  
13 him? Was that a matter of group discussion?

14 I mean, did Gridley ever tell you, or in your  
15 presence tell somebody else that he was merely signing from a  
16 licensing viewpoint inasmuch as a buck format, you know, and  
17 address, and it was notarized and all them administrative  
18 concepts?

19 A Not that I recall a group discussing of that, but I  
20 would have presumed that he was signing for the things that he  
21 and his people had been involved with, not necessarily  
22 everything that was in the letter because although the  
23 licensing representatives at the sites had been involved, some  
24 things they hadn't checked or reviewed.

25 Q Okay.

1           A     So he was signing for the things over which he had  
2     some purview.

3           Q     Then that would not surprise you if these individuals  
4     told us that really what we were concurring with were those  
5     areas that we had --

6           A     No.

7           Q     -- a particular interest.

8           BY MR. ROBINSON:

9           Q     Mr. Kelly, bearing in mind that the NRC did not have  
10    the benefit of knowing the accurate scope of your response from  
11    the standpoint of just responding to the bases for the NSRS  
12    perceptions. If I can clarify a little bit.

13                   I guess what I am asking you is, are you satisfied  
14    that that letter and its attachments, the March 20th letter and  
15    it's attachments on their face with what the NRC knew at the  
16    time clearly indicated to the NRC that you were discussing just  
17    the employee concerns that NSRS used as a basis for their  
18    perceptions as opposed to discussing the perceptions themselves  
19    in their generalities?

20                   And the reason I say this is the wording that was  
21    used in the cover letter to describe the scope of your  
22    response, namely, on the basis of the issues identified in the  
23    NSRS perceptions, if you notice that on this overhead that was  
24    used with the NSRS presentation, the perceptions themselves are  
25    called major issues.

ABK

1           So as a reader of that letter, is it not logical to  
2 say that a reader not knowing what you have at TVA have  
3 addressed your response to would think that you were addressing  
4 these general NSRS perceptions as issues in themselves as  
5 opposed to subissues within each perception?

6           A     No. We attempted to be as clear on that as we could  
7 be in the wording suggested in that we went on to say in the  
8 letter, the March 20th letter that we -- I and my newly  
9 appointed QA manager will be undertaking further examination of  
10 the QA program effectiveness in the nuclear power program in  
11 general and at Watts Bar in particular. If that further  
12 examination reveals design construction deficiencies, et  
13 cetera.

14           You know, we went on further in the attachments to  
15 say that in some of these areas, specifically the welding, we  
16 were undertaking an extensive review and we had not completed  
17 that review, and weren't scheduled to complete it for some  
18 period of time. That was discussed in other meetings with the  
19 NRC. That some of the general fields like welding were the  
20 subject of further reviews, extensive reviews in some cases.

21           So I don't see how we could have been misleading  
22 anybody because that was, as clearly as we could, spelled out  
23 as to what we were continuing to do.

24           Q     Well, the reason I say that is because not only are  
25 the general perceptions in this overhead that the NRC had

1 identified as issues themselves, but in the attachments to the  
2 March 20th letter each of the attachments is headed by the  
3 general perception as opposed to the bases for that perception.  
4 You are following what I am saying?

5 In other words, I am saying the NRC did not have the  
6 benefit of knowing that you went back to NSRS and says, okay,  
7 now I want the details upon which you base these general  
8 perceptions. You got that, and then responded to that  
9 internally, and prepared your responses to that, and then sent  
10 a letter back to the NRC and called issues -- your knowledge of  
11 what issues meant was the basis, the specific employee concerns  
12 that you responded to where NRC may be thinking issues is the  
13 as constructed welding program, and the individual general  
14 bullets.

15 Am I clear in what I am saying to you?

16 A Not particularly, but I think I understand what you  
17 are getting at.

18 Q Okay.

19 A And I'm not sure precisely how to explain the  
20 differences, you know, on the basis of a review of the issues  
21 identified, and issues is --

22 Q The issues are not these general bullets, right?

23 A Well, they are --

24 Q They are the bases.

25 A They are those issues with all of the specific

1 problems on which the NSRS formed that opinion.

2 Now the only way that it was possible to review and  
3 analysis that is to ask the NSRS on what basis or what  
4 specifics they formed that opinion.

5 Getting into such things a records are of poor  
6 quality is very difficulty. That is --

7 Q Absolutely.

8 A -- a limitless swamp.

9 Q Absolutely, as a general --

10 A <sup>AND</sup> ~~Ad~~ we had to talk to them and elicit from the NSRS  
11 people who wrote those words what did they mean. That's what  
12 we tried to answer and convey to the NRC. x  
JGK

13 Now as I indicated, they kept adding to those, and on  
14 the date we answered, March 20th, we think we had asked for and  
15 received all of their concerns, and we answered on the basis of  
16 all of their expressed concerns.

17 Now if there was an unexpressed concerned as perhaps  
18 there was because they added several days later some more  
19 specifics about that, those weren't reflected, probably were  
20 not reflected in the analysis done, but they were substantively  
21 picked up and added.

22 There were also more than 11 items, because the NSRS  
23 first responded with, and I'm not sure it's 11, it's probably  
24 10, because I think that is the eleventh, and that's a general  
25 statement, that 10 became a half a dozen more which were

1 reviewed, analyzed and to the best of our ability corrective  
2 action was identified as to what was being done, and we were  
3 prepared to make that information available to the NRC.

4 They hadn't specifically asked for it, so we didn't  
5 specifically include it in the letter, but we did specifically  
6 include it in the backup files because we thought they would be  
7 interested in. Things were added to this list of specific  
8 concerns by NSRS that we should be prepared to answer.

9 The words may not be as carefully chosen or crafted  
10 as hindsight and eight months of major investigation team's  
11 time would choose to have them, but they were as carefully  
12 chosen and as responsive as we could make them at the time.

13 MR. ROBINSON. Okay.

14 THE WITNESS: Several other things, if I knew that  
15 you gentlemen were going to develop a fondness for Boston and  
16 come to visit me so often, I would have kept more detailed  
17 records of some of the other things we did, and I probably  
18 would have had at least two lawyers go over this letter rather  
19 than just one.

20 BY MR. MURPHY:

21 Q You are not suggesting that you had the lawyer go  
22 over the letter to begin with, are you?

23 A No, but I knew he had.

24 Q I mean was that a suggestion on your part?

25 A No, it wasn't.

1 Q Let me try if I can get some -- I mean some -- if you  
2 can elaborate on maybe the second part of these questions, but  
3 let me ask you a specific question and give me as direct an  
4 answer as you can.

5 Were you ever directed by Mr. White as a responsible  
6 individual for preparing the March -- which ultimately turned  
7 into the March 20, 1986 letter?

8 A No.

9 Q Did you ever take it upon yourself to assume the  
10 responsibility for the preparation of the March 20, 1986  
11 letter?

12 A I'll answer you question no, but I would like to  
13 expand on it at some point.

14 Q Sure. That's fine. No, go ahead and expand on it.

15 A As we discussed a few minutes ago, Drotleff was  
16 addressing the engineering things. I was addressing the QA  
17 concerns which was a substantial part of the letter.

18 But my recollection was that the responsible party  
19 for preparing the response was licensing, and they were  
20 designated as the responsible group for all correspondence and  
21 communications with the NRC. That was fairly clearly spelled  
22 out.

23 Now that didn't mean that they could just write an  
24 answer because such places as QA had -- was the holder of the  
25 responsibility for the QA issues, although licensing was

1 responsible for preparing -- for getting the letter prepared  
2 and issued.

3 They also had a responsibility to involve the correct  
4 groups of people and get the correct technical answers.

5 So therein lies my answer to the question. No, I  
6 wasn't charged with the responsibility, but I clearly  
7 understood that the QA input was something that I had to be  
8 responsible for, and I had to be satisfied with. And if  
9 licensing had gone off and answered for QA without my  
10 concurrence, I would have tried to stop it.

11 Q Do you ever recall Mr. white telling Mr. Gridley  
12 you're responsible for getting this letter prepared for my  
13 signature?

14 A No, I don't recall that.

15 BY MR. WILLIAMSON:

16 Q When you speak of licensing, are we talking Mr.  
17 Gridley, Mr. Domer, Mr. Burdette, is that who we are talking  
18 about in licensing?

19 A We're talking about Mr. Gridley, who was brand new.  
20 He had only been there at the time we wrote this letter -- I  
21 had been there about February 20th when the first final draft  
22 of this, I had been there officially a week. He had been there  
23 maybe two weeks, and he had just taken over that  
24 responsibility.

25 Domer I think drafted, and I'm not sure of this, but

1 I think Domer was drafting various versions of this. Burdette  
2 at the time worked for QA.

3 Q Okay.

4 A Burdette was charged with collecting the backup. He  
5 was working for Mullin in that capacity when I got involved.  
6 He was also charged with reviewing the backup to see that  
7 everything was complete, and that it supported the conclusions  
8 in the attachments, because the backup that we had led to this  
9 conclusion. So Burdette wasn't licensing, but he had a  
10 responsibility to check certain things for QA.

11 MR. SILBERT: Could I ask a question --

12 MR. MURPHY: Yes, sir.

13 MR. SILBERT: -- because I'm not sure -- I wasn't  
14 quite clear on one of your questions when you asked about  
15 someone being designated to prepare a response.

16 Did you mean that question in point of a period of  
17 time? For example, prior to Mr. White obviously making some  
18 reference, or someone making a reference to Mr. Edgar and Mr.  
19 Edgar coming up with a draft that eventually forms the basis of  
20 a response.

21 Obviously Mr. Kelly had nothing to do with that. I  
22 don't know if others did or not, but I wasn't clear about the  
23 timing of your question as to --

24 MR. MURPHY: Let's say --

25 MR. SILBERT: -- the designation.

1 MR. MURPHY: -- from the time he arrived on the scene  
2 until the letter was finally prepared. I guess what I'm trying  
3 to pin down is whether someone say, Mr. Kelly, you are  
4 responsible, and I would hope either Mr. White or someone,  
5 probably Mr. White would tell you, Mr. Kelly, you are  
6 responsible for doing this letter, and that never occurred?

7 THE WITNESS: No, that never occurred.

8 BY MR. MURPHY:

9 Q And that's really the kind of -- I just wanted to  
10 know if he had been told by Mr. White that you are responsible  
11 for the letter.

12 A Not that I recall.

13 Q Okay.

14 BY MR. ROBINSON:

15 Q To your knowledge did Mr. White designate anyone as  
16 having overall responsibility for the preparation and  
17 coordination of that response?

18 A No, I don't recall. It fell into the normal  
19 assignments as far as I knew.

20 BY MR. MURPHY:

21 Q And normal assignment is licensing?

22 A Licensing prepared the correspondence, collects the  
23 right input and all the right input including QA from me.

24 Q Sure. Did Mr. White ever appoint you as being  
25 responsible for gathering up all the information on line

1 organization and putting them into what turns out to be the  
2 attachments to the letter?

3 A No.

4 BY MR. ROBINSON:

5 Q Did you accept that responsibility on your own?

6 A That responsibility was established before I was  
7 involved. Don't forget, Mullin had already collected an  
8 organization made up of line and QA people that had prepared  
9 what became the attachments. So those were in draft form the  
10 day I first met with Mullin, the first time I had ever met the  
11 man. That's what I looked at.

12 Then he had that assignment. He was the QA manager  
13 When I relieved him some time later, he stayed in this  
14 assignment, stayed with the QA organization. He stayed with  
15 this assignment until that letter had gone, and he worked for  
16 me in that capacity. So I inherited the requirement to make  
17 sure that we collected the information and we got it all  
18 together.

19 BY MR. MURPHY:

20 Q Do you know if in your dealings with White you were  
21 ever told by Mr. White that he appointed Mr. Mullin to perform  
22 that task?

23 A No, I don't think he did appoint Mr. Mullin to do  
24 that task. He could have, but I don't recall that.

25 Q Okay. Did Mr. White appoint you to coordinate the

1 efforts of gathering the information for line organization and  
2 coordinate it with whoever was responsible for doing the cover  
3 letter?

4 MR. SILBERT: Is that different than an earlier  
5 question?

6 MR. MURPHY: Yes, it's different.

7 MR. SILBERT: Oh, I'm sorry.

8 MR. MURPHY: We're talking first about the letter,  
9 and then --

10 MR. SILBERT: Oh, I'm sorry.

11 MR. MURPHY: -- technical response, and now someone  
12 has to coordinate the two areas.

13 MR. SILBERT: The letter and the information.

14 MR. MURPHY: Yes, sir.

15 BY MR. MURPHY:

16 Q Were you ever designated by Mr. White to perform that  
17 task?

18 A Not that I recall.

19 Q Did you assume that position?

20 A Yes, I tried to make sure that they were consistent  
21 and related and <sup>WHAT</sup> was in the attachment <sup>SUPPORTED WHAT</sup> ~~support~~ was in the  
22 letter. X  
JFK

23 Q Yes.

24 A I reviewed it for that.

25 Q Did anybody else get involved in that aspect of it?

1 Were you coordinating with anybody, Mr. Wegner, or Mr. Gridley  
2 or anybody else?

3 A Well, obviously engineering was doing that for the  
4 things that they have privy on. They were looking at the  
5 attachments and seeing if they did not support their conclusion  
6 in the letter, seeing that they did support for the items over  
7 which they had some knowledge.

8 And I presume everybody did the same thing for any  
9 areas that they were responsible for.

10 Q Let me clarify one thing. I don't want this to come  
11 out wrong.

12 You are not saying that they did any adjustment of  
13 these engineering responses to make sure they went along with  
14 the corporate position in the letter, are you?

15 A No, I'm saying if the detail facts as presented in  
16 any of the attachments were at variance with their conclusion,  
17 then engineering had the responsibility of pointing out the  
18 variance, and make sure that their dissatisfaction or  
19 nonsupport of the conclusions in the covering letter were  
20 presented to White and anybody else.

21 I would have expected I would have heard them.

22 Q I guess what I was hearing from you is that we have  
23 now prepared a corporate position in a letter and we want to  
24 make sure that we meet it somehow, and that this would --  
25 engineering would have to do, and I'm --

1 A No, I'm not suggesting that.

2 Q Okay. And I want to make a clarification because --  
3 it's not a clarification. I want to revisit an idea that we  
4 have discussed in your first transcript.

5 You said that you did read all of these -- you stated  
6 that you did read all the technical responses; made sure that  
7 they answered the question, but you didn't necessarily review  
8 all the backup data associated with these particular --

9 A That's correct.

10 Q -- responses.

11 And whose responsibility was that to -- because  
12 obviously you are asking for QA, somebody was responsible for  
13 you to assure that, I would think, assure that all that data  
14 supported what you have --

15 A We had -- the individual sections of the attachments  
16 were reviewed by the preparer.

17 Q Okay.

18 A That they said what he intended to say and was  
19 supported by the facts. So the individual line organizations,  
20 and it was made up by quality assurance people, some licensing  
21 people, some construction people and some engineering people  
22 took the part that they were responsible for imputing to the  
23 attachments and reviewed them and signed off that they were  
24 accurate and complete. And they had done the work with all of  
25 the stack of supporting documentation.

1           They also subsequently, and I'm not sure whether this  
2 was -- I'm not sure exactly what time period this was, but we  
3 had the group under Burdette go and do the same thing, and they  
4 found I think some thing that were not fully documented in the  
5 volumes. There were supposed to be 10, what I envision to be  
6 10 books which turned into -- not 10 books, but a large stack  
7 of documents that needed to have information added to make them  
8 self-supporting. So that was done by the QA organization.  
9 That was a test of the documentation.

10           Q     Most of the -- go ahead.

11           A     Let me also say that during this one week we really  
12 had to work on, there were a lot of things going on. This  
13 wasn't the only thing that Kelly was working on.

14           Q     No, we understand that. You kind of outlined your  
15 activity in previous testimony. We are aware that you were a  
16 very busy man at the time.

17                     You are not suggesting that the response was written  
18 by the individual line organization people are you?

19           A     Yes, they were.

20           Q     They are the sole author of these responses? They  
21 weren't revised --

22           A     Oh, no.

23           Q     -- as it went along the line.

24           A     No, I'm not suggesting that.

25           Q     Okay.

1           A     The line organization people ~~type~~ investigated, X  
JK  
2 digested the issues, subissues, researched them and wrote  
3 paragraphs or several paragraphs. Those were combined by who,  
4 I don't know specifically who, but they were combined by  
5 somebody into Attachment 1, 2, et cetera. They were combined,  
6 they were edited by I presume it was licensing, so that they  
7 read correctly, and they were -- I went through them to see if  
8 there were any questions left. You know, if there was a  
9 statement made that did not look like it was supported, I  
10 raised the question and sent it back.

11                 If there was ambiguous, I sent it back to have the  
12 wording reviewed to see that it -- so that it did close the  
13 issue as best we could straight on in this report. I read it  
14 for those kinds of things, that there were no threads hanging  
15 out, that there were no loose ends on which we could not make a  
16 statement.

17                 The statement being that we had completed the work  
18 and when it wasn't said that we have completed the work, I  
19 wanted to know what was left to be done and we had to include  
20 in here a statement as to what we were going to do about it.

21                 So if we hadn't closure on an item, I wanted to make  
22 sure that these were clearly worded such that nobody could  
23 misinterpret that that this is what was left to be done, or  
24 this was going to be needed to be done in the future.

25                 As I said, this is part of the problem with trying to

1 digest into a very brief writeup a complete dissertation. So  
2 they were -- but the writer did get it back, the preparer got  
3 it back to see that we didn't change the essence or the sense  
4 of what his conclusions were, and that's what he was signing  
5 for.

6 Q He was certifying to that.

7 A Yes.

8 Q Most of the certifications that we have reviewed were  
9 dated some time shortly after February 20, 1986. Is there --  
10 and they kind of indicate that they agree with the contents of  
11 a letter dated February 20, 1986 as opposed to March 20th. Is  
12 there any reason for that? And I will show you some of these.  
13 Feel free to look at all of them.

14 A Well, the reason for that was because on February  
15 20th the letter was ready to go, and we intended to sign it and  
16 send it. So we were collecting the final packages of  
17 information. They should have started prior to the 20th, the  
18 review started prior, and the documents should have been within  
19 a day or two of that.

20 Q I would say that that statement, and you can look  
21 through the entire folder there, that group, but that in fact  
22 is the statement. They are all attesting to that they agreed  
23 with the contents of the February 20th letter.

24 A Yeah, and some of them put limits on enclosures by --  
25 as I recall by bracketing. They didn't take responsibility for

1 the whole statement. They only took it for parts of it.

2 Q But are we basically saying then that the letter on  
3 February 20th, the bottom line was the same as on March 20th?

4 A The letter was ready to go on February the 20th. It  
5 was held up. We prepared it to be issued on February the 20th,  
6 and it was held because of a related but not directly related  
7 event which was the publication of a QTC report. I say QTC  
8 report. My recollection is it was issued by them on concrete  
9 at Watts Bar. There was a report of an investigation that was  
10 issued which somewhere in its content concluded that App.B is  
11 not being met, those words, saw something very similar to those  
12 words in the report.

13 It was released to the local press down there and  
14 some time thereafter to the NRC. That statement was splashed  
15 all over the place that App.B is not being met, and this is QTC  
16 report. We were charged with investigating these, and we felt,  
17 well, we had better take that issue, concrete, and find out  
18 what the situation on that issue was before we send this  
19 letter, then dated February 20th, ultimately became March 20th  
20 letter, we must investigate the concrete issue before we issue  
21 the letter to the NRC, because if the QTC charge is correct,  
22 then we wanted to modify the letter and acknowledged that App.B  
23 was not being met in the area of concrete.

24 A few days later there was another one which we  
25 called trench B issue, again handled the same way. Those two

1 issues had to be concluded, investigations had to be concluded  
2 before the March 20th letter was issued, and they were  
3 technically concluded, although the final reports probably  
4 drifted in sometime after that.

5 And I think Mr. White testified to that on March  
6 11th. He said we had an answer prepared, and every time he  
7 gets ready to send it a new issue comes up, and everything he  
8 squeezes a new issues comes up.

9 Q In the transcript of your second interview you said  
10 that Mr. White told the Commission, I believe on March 11th,  
11 that he was going to limit his response to that period that he  
12 was in charge; is that correct?

13 A Yes, I believe that's what I told you.

14 Q Do you know when this decision was reached? Was that  
15 reached early on, or was that reached late in the game?

16 A That was -- to the best of my knowledge, that was  
17 reached on March 11th when White was standing before the  
18 commissioners answering questions.

19 Q You mean he had --

20 A We had not prepared him to answer that question as I  
21 recall. That was something -- he got a question; he answered  
22 it right then and there and that's the first I heard of that  
23 limitation.

24 Q That idea.

25 A Yeah.

1 Q Yeah.

2 A I thought it was a good idea because it made handling  
3 this better even though we had prepared the February 20th, as I  
4 say it was ready to go. The first time I heard it expressed  
5 clearly, precisely that way, we were not handling or attempting  
6 to address any issue that existed prior to his being there.  
7 That was the first time I heard it in words.

8 Q But you weren't aware of that until that day.

9 A That's right.

10 Q Because if I look at some of these draft letters,  
11 they don't change a great deal between February 20th and March  
12 20th.

13 A No, that's correct. They shouldn't change at all  
14 because basically as I said February 20th, the letter was in  
15 place. But it crystallized for the first time, and he may have  
16 already understood this, but it had not been expressed that we  
17 were precisely limiting the response to current situation.

18 Q You didn't understand that prior to that date then is  
19 what you are saying.

20 A I hadn't put it in words. That's what we were trying  
21 to answer, but I hadn't expressed it that way, and talked to  
22 anybody about it.

23 MR. MESERVE: I think he said, but I don't want to  
24 put words in his mouth, that the letter was drafted with that  
25 as background, but he had never really articulated that as a

1 concept. It was drafted in the current time, and articulated  
2 when White first really put it in words on March 11th. Maybe I  
3 misheard him, but --

4 BY MR. MURPHY:

5 Q I thought you said that was the first time you heard  
6 the idea was on March 11th.

7 A The first time I heard it spoken was when White  
8 answered that question, because he hadn't --

9 Q You had not --

10 A -- asked us, and we had gone over lots of questions  
11 he might get. That wasn't one of them.

12 Q And you never discussed this with him?

13 A No.

14 MR. MESERVE: What had been the premise when you did  
15 the draft on February 20th?

16 THE WITNESS: Was that we were answering for current  
17 situation. We could not answer for all history.

18 BY MR. MURPHY:

19 Q Where did this premise -- I think you have already  
20 told us that you didn't draft the March 20th letter.

21 Where did this premise come up that we are only going  
22 to talk about that time frame?

23 A I think you will probably find the inference to that  
24 in the Edgar input.

25 (Pause.)

1 THE WITNESS: Do you?

2 MR. MURPHY: I don't know.

3 MR. WILLIAMSON: You can look at this.

4 (Pause while witness reviews document.)

5 THE WITNESS: My memory may be imperfect, but as I  
6 say my first recollection of hearing that expressed in so many  
7 words was testimony before the Commission, although it had been  
8 the approach, the concept that we had taken. We were really  
9 reviewing the things that we were -- in the attachments which  
10 were the specific issues. Other than that, we were looking at  
11 the current day events. May not be as crisp as --

12 MR. MURPHY: I have a hard time finding it crisp at  
13 all in this recommendation, but maybe it is. I really have a  
14 hard time --

15 THE WITNESS: I was suggesting that was one place.

16 MR. MURPHY: Oh, okay.

17 THE WITNESS: I didn't recall that that was the  
18 place.

19 As I say, it wasn't something I discussed with White.

20 BY MR. MURPHY:

21 Q I guess what I'm suggesting is as a result of this  
22 draft letter sent to Mr. White by Mr. Wegner, this ultimately  
23 come with some minor variations to the letter that went out.

24 A Right.

25 Q And I guess I just don't get that indication, but I

1 understand what you are saying.

2           You said in an earlier -- during one of our earlier  
3 interviews that you had some discussions with Mr. Belisle.

4           A     Yes.

5           Q     From the NRC regarding in compliance.

6           Could you go over that one more time with us to --

7           A     Yes. Al Belisle was Region II quality assurance  
8 something. His position was to -- the TVA programs. That was  
9 his assigned duties, and he had other duties. But TVA was his  
10 assignment.

11           He saw to the changes to the programs, reviewed them,  
12 and I had met him late February on a visit he made to TVA, my  
13 first meeting with him. I again met him on about the 20th of  
14 March. I think it probably was the 20th, maybe the 19th. He  
15 was visiting to review the corrective action program, NP --  
16 Volume 1 of the recovery program.

17           MR. MESERVE: Nuclear Performance Plan.

18           THE WITNESS: Nuclear Performance Plan that had been  
19 delivered to the NRC at or just prior to the meeting with the  
20 Commission on March 11th. That contained new organization  
21 charts and designation of new people being assigned to key  
22 positions, and certain commitments. Among them the QA program  
23 would be revised to reflect the new organization and approach.

24           He was in reviewing, I think, the organization and  
25 our time table for submitting the revised QA program. The

1 themes that were outlined in the Nuclear Performance Plan,  
2 Volume 1, he came in to see what we were going to be -- what  
3 our time table was going to be.

4 So he was in what then was my office talking about  
5 those issues. He had somebody with him from Washington. I  
6 don't recall who it was. It was somebody I met that day and  
7 never saw ~~her~~ again.

8 We talked about our intention to revise the program, <sup>X</sup>  
9 to revise a number of the procedures, that we were going to use <sup>JPK</sup>  
10 the existing procedures until such time as we had new ones and  
11 we would put them in place. And at that point I asked him  
12 about the App.B letter. I told him we were about to issue a  
13 response, and that it was stating that we were in compliance  
14 with App.B. That did he have a problem with that, did he know  
15 of anything that would indicate we are not in compliance.  
16 General discussion, not those words because I don't recall the  
17 words, but it was that general discussion.

18 He said no, he had concerns in the corrective action  
19 program. He saw that we had a new program, a new escalation  
20 program going in place. And other than that he had no concerns  
21 about compliance with App.B.

22 BY MR. MURPHY:

23 Q Let me move on --

24 A He was not necessarily looking to be quoted on that  
25 I'm sure, but --

1 Q Okay.

2 A -- the conversation took place.

3 Q I guess on the 21st of March you delivered the letter  
4 to the NRC. hand-carried the letter. Is there any reason why  
5 you yourself and Mr. Kirkebo hand-delivered that letter to the  
6 NRC as opposed to putting it in the mail and sending it to  
7 them?

8 A Yes, because White told us to do it.

9 Q I mean --

10 A And he had a reason that he told us about.

11 He felt that we ought to go prepared to go through  
12 the letter and answer any questions that they might have. See  
13 if -- you know, if they had a chance to read it that day, the  
14 two of us were most knowledgeable about the technical facts  
15 behind the letter, and we would be there to answer them.

16 Q I mean was there any question in your mind that the  
17 letter should stand on its own the way it was written?

18 A As I indicated, I had some concern as to the  
19 attachments being able to stand alone and not leave any  
20 question in the mind of any reader. I had some thought that  
21 that might lead somebody to a question, you know, we couldn't  
22 anticipate, and --

23 Q Why did you think this? I mean, I'm curious.

24 A Primarily because I thought that that would -- as I  
25 said, digesting into a page or two a lot of facts is difficult,

1 and there is always a possibility that something that didn't  
2 occur to me in reading it might occur to somebody else to ask  
3 another question.

4 We probably had answers, but I always had the  
5 reservation that maybe somebody reading this might have another  
6 question, and we would have to answer that, and hopefully we  
7 had the answer.

8 Q You thought there would be no problem with someone  
9 reading the cover letter and having questions regarding the  
10 cover letter?

11 A Didn't expect any questions on the cover letter.

12 As it turns out, that's basically all they read that  
13 day. They didn't read any attachments, so we didn't get any  
14 questions.

15 Q I just have one more question and then I will turn it  
16 over to my colleagues here.

17 I want your view on concerns developed by one, the  
18 employee concern program, whatever that be, at TVA's -- in  
19 TVA's case QTC, Quality Technology Corporation, NSRS, the NRC,  
20 any outside consultants, MAC or INPO, how do you view  
21 information developed by these sources as it applies to an  
22 overall quality assurance program at TVA?

23 Would you consider them legitimate sources for the  
24 surfacing of quality assurance programs?

25 And you might want to take the various agencies I

1 mentioned, but --

2 A I will answer in one general statement, and then I  
3 will give you some specifics.

4 They are something that should be considered, all of  
5 those inputs if they exist should be considered in assessing a  
6 QA program, because there is likely to be, or could be -- could  
7 conceivably be an issue, real issues behind any employee  
8 concern. Certainly there would be, likely to be real issues  
9 behind most NRC findings, or behind most competent technical  
10 reviewer's assessments, not always, but most of the time there  
11 is a basis for them and they should be considered in assessing  
12 the QA program.

13 Now in some cases employee concern input, the problem  
14 with a specific item comes to a communications problem in a  
15 great number of cases, and I think prior to my leaving TVA in  
16 August or September of 1986, there was a substantial number of  
17 those that were not real technical problems. They had a basis  
18 in incomplete communications, or lack of any communications as  
19 to what the facts were on the specific items.

20 There were many items that were real that had been  
21 corrected but the employee didn't know of it. So he had a  
22 residual concern.

23 Q Well, let me pursue it just a little bit.

24 I realize when you start talking about some 5,000  
25 employee concerns that were registered at Watts Bar, that a

1 goodly number of those concerns may in fact be as you described  
2 it.

3 Is it not also a fact that a goodly number of those  
4 concerns turn out to be valid?

5 A I don't know the numbers, but anything over a couple  
6 is too many.

7 Q Well, was there more than a couple?

8 A I'm sure there are more than a couple that have  
9 turned out to be valid.

10 Q Okay. And I guess I'm looking as I'm viewing all of  
11 this, right, we have got NRC people telling us they have found  
12 problems at TVA. We have got INPO rendering reports saying  
13 there is problems, all these quality assurance problems. And I  
14 guess that's kind of a broad area, but anyway they have quality  
15 assurance program weaknesses at TVA.

16 They have got MAC saying that these things exist. We  
17 have a fairly significant number of concerns being registered  
18 by employees.

19 Does this indicate to you at all that the QA program  
20 is not doing real, real well?

21 A Is not, was not, never did, who knows.

22 I was answering, as I said, current condition and  
23 what we saw going on.

24 Q No, excuse me. I'm not talking about the contents of  
25 the letter, by the way. I'm just asking you a general question

1 as to whether these are some indications that the quality  
2 assurance program is not working well.

3 A Well, okay, let's take the NRC ones. I don't have  
4 any information as to the number of findings specifically by  
5 the NRC, but I don't recall having a perception that there were  
6 an unusually large number of findings by the NRC on the Watts  
7 Bar program compared to other plants, or that they were unusual  
8 in nature.

9 Even recognizing the show cause order that was issued  
10 in the fall of '35, they had a lot of reliance on any employee  
11 concern input to Watts Bar. They had specific items which  
12 kicked that off which was Sequoyah Environmental Qualification.

13 So I didn't see anything that struck me at the time  
14 as being unusual about the nature or number of NRC findings  
15 that were put into a plant. So they didn't disturb me.

16 The MAC report, I don't recall that. I probably saw  
17 it. I don't recall what it was about even.

18 Q Okay, let me also interject. Most of this stuff,  
19 quite frankly, was accomplished prior to your arriving.

20 A Yeah.

21 Q So it's not something that was terribly, terribly  
22 current. But on the other hand, it wasn't, in the view of many  
23 folks, ancient because we were talking one or two years prior  
24 to your arrival.

25 A Well, I knew that there were problems because the NRC

1 perceived there were problems, and I knew the nature of the  
2 problems from reading the 50-54 letter, being that the whole  
3 management of TVA was under criticism. And we did not disagree  
4 with that. White had reorganized and announced what he was  
5 doing. Those things were on the table. And those indicated  
6 that there were probably problems.

7 But the specific problems that had been raised, most  
8 of them, at least the ones we were checking on had been  
9 addressed, some not to the satisfaction of individuals.

10 Certainly there was concern; otherwise TVA would not  
11 have received a 54 letter, would not have 5,000 concerns there  
12 were problems. Some 1700 of those concerns involved safety-  
13 related items. Some 300, 350 had some quality assurance  
14 ramifications. The others were other kinds of things, safety-  
15 related. Obviously there were problems at TVA.

16 Q And do you view them -- I guess my original question,  
17 is that the normal manner in which problems are to be  
18 identified in a nuclear plant as a routine manner?

19 MR. SILBERT: What is "that"? What do you mean by  
20 "that"?

21 MR. MURPHY: The quality -- employee concerns, the  
22 problems identified by the NRC.

23 BY MR. MURPHY:

24 Q Maybe I would ask, should these problems have been  
25 identified by TVA's quality assurance program?

1           A     Some of them, certainly, and I'm not sure that some  
2 of them weren't. The non-quality assurance related ones, all  
3 the ones on industrial safety and et cetera, which is the bulk  
4 of the 5,000 concerns, you know, there was 1700 safety-related  
5 ones. The other 3300, things that a QA program probably  
6 wouldn't look at or address. They are not in the normal  
7 charter of QA.

8                 The rest of them, the 1700, I would hope most all of  
9 them would have been detected through QA activities. And a lot  
10 of them were from what we had at the time. A large number of  
11 them were found that they had been worked on, they had been  
12 corrected. Maybe they reoccurred, but they had been worked on  
13 and corrected at one point in time, but they were still  
14 concerns on somebody's part.

15                You have got to look at some of the nature of the  
16 concerns, too. The one that's most easily understood is  
17 probably this one about QA independence. That particular issue  
18 which I think is on the 11 has 25 or 30 employees concerns on  
19 that specific subject. And obviously there are people that  
20 think that they concern on that.

21                I looked at that, and I did not consider that a  
22 reasonable concern. It's not what I would do. I wouldn't  
23 organize it that way. But if somebody reasonably reviewed the  
24 situation, including the NRC, and found that it was functioning  
25 acceptably, then that's not something that I consider you

1 should worry about in the future, and that's the case with that  
2 one.

3           Only 20 - 25 individual employee concerns are —  
4 factually substantiated. Most of them, because QA reported a  
5 construction organization. So they are substantiated concerns,  
6 or facts of substantiated allegations, but they have no QA  
7 ramifications in the sense that they are a safety problem.

8           Q     You don't think that any of these activities -- let  
9 me state something else.

10           Is the fact that employees utilize the employee  
11 concern program as opposed to their management heads an avenue  
12 for voicing concerns, does that bother you at all?

13           A     Yeah, that bothers me.

14           Q     Could that be an indication that -- and only an  
15 indication that employees are reluctant to report these things  
16 to their management because they are afraid of reprisals?

17           A     That's one of the possible ramifications. I can  
18 think of several others that you can offer up. I mean,  
19 ineffective management, ineffective labor relations maybe,  
20 possible quality problems, certainly.

21           MR. WILLIAMSON: I have a couple.

22           BY MR. WILLIAMSON:

23           Q     In late January 1986, Craig Lundin conducted an  
24 effort wherein he reviewed -- went to Watts Bar and reviewed  
25 different sections.

1 A Right.

2 Q Who directed or commissioned either you or Mr. Lundin  
3 to do that?

4 A Larry Nace asked me if I had somebody who could do  
5 that, and he was talking to me as somebody he knew from Stone &  
6 Webster that took care of QA for Stone and Webster. So he  
7 asked me --

8 Q That was before you were QA manager.

9 A Right.

10 Q Right.

11 A I was just a consultant off the street. And so he  
12 asked me who could do that, and I first suggested -- I found  
13 some documentation on this. I found my specific instructions  
14 to Lundin since then if you would like to see them.

15 Q Okay.

16 A I first suggested that Rick Baldin could do that, and  
17 I checked and he was not available. He works for me. He was  
18 not available. Since I was out of town somebody had to take  
19 care of business. That was his assignment.

20 So I then suggested Lundin, and I told him what I  
21 wanted done.

22 Q And what was that?

23 A Could I have a copy of --

24 MR. WILLIAMSON: Could we have a copy of that?

25 THE WITNESS: Absolutely. This is the best kind of

1 contemporaneous note, too, because I wrote it on the back of an  
2 airplane ticket on a trip to or from -- one of those things, a  
3 boarding pass. I was traveling and going home weekends.

4 So I thought about this obviously over the weekend,  
5 and wrote it there, and those were my notes as to what I was  
6 going to instruct him to do.

7 F. B. Baldwin is the guy I was thinking of at the  
8 time. This is my boarding pass going <sup>From</sup> ~~form~~ Atlanta to Boston on <sup>X</sup>  
9 the 24th of January, and that following week I gave him the  
10 instructions.

11 Should I read you what I said?

12 BY MR. WILLIAMSON:

13 Q Please do, yes.

14 A "Verification effort. F. B. Baldwin will head the  
15 team to verify statements in response to the NSRS charges. Set  
16 the team based on the subjects. Limit to Watts Bar," and I've  
17 got a question mark as to whether we could limit it to Watts  
18 Bar. "Let them read the NSRS details, then the corporate  
19 positions." Those are the corporate white papers which became  
20 the attachments. "Instruct the team, no caveats. I will need  
21 back from them a true statement without qualifications. If  
22 they can support what's in the corporate position, bring me a  
23 statement they can support. Set the stage for the team with  
24 the site management. Give them escorts for quick access"  
25 because the Stone & Webster people were not allowed on the site

1 without proper clearances, "field the team and set the report  
2 date and time when I wanted the report back," and I gave them  
3 two weeks. And I told them if they couldn't finish in two  
4 weeks, let me know.

5 A I have the original of that if you want to see it.

6 Q A couple questions.

7 Mr. Nace --

8 A The reason I didn't have that before is because last  
9 time you had me go into my expense accounts to verify the  
10 times. When I was putting them away, that was attached to my  
11 expense account.

12 Q Mr. Nace asked you --

13 A If I had somebody to do it for them.

14 Q Was he -- who directed Mr. Nace? Do you have any  
15 idea?

16 A I have no idea, no idea.

17 Q When you asked these people to go down to Watts Bar,  
18 and you asked for a report. Did you ever get a report from  
19 these people?

20 A Yes.

21 Q And what format? Do you recall?

22 A It was a letter from Lundin to Chuck Mason.

23 Q Okay.

24 Q Why was it addressed to Mason?

25 A Because Mason was TVA, and that's who they told me to

1 send it to, as I recall.

2 Q You mentioned previously that you had asked Lundin to  
3 give you a, I believe the term you used was a snapshot?

4 A I said something different, but I will buy that.  
5 I'll accept that.

6 Q What did you say?

7 A I'm not going to tell you anymore.

8 Q Okay. It appears by this note you have here you  
9 wanted them to do a little bit more than a snapshot.

10 A Yes.

11 Q A little bit more than a --

12 A I also said, as I said I gave them two weeks to do it  
13 which was -- that's a relatively short time to do an extensive  
14 amount of work.

15 Q And this also consisted of five or six people from  
16 Stone & Webster.

17 A That set the team based on the subject matter.

18 Q I think these were people who had some QA experience  
19 and some NTOL experience, is that --

20 A Most had QA. There was one construction guy, but  
21 they picked on subjects they were going to look at.

22 Q Do you recall the results of their efforts, exactly  
23 what they found?

24 A I recall what I think is -- I'm not sure how complete  
25 it is, but they went out and they did their reviews -- you can

1 keep that.

2 Q Thank you.

3 A And they came back and they told me that they found  
4 some problems, and there were no unusually severe problems.  
5 They found some weaknesses. But they -- and they found some  
6 things that were under investigation that needed further  
7 research to find out if there were any problems. And they  
8 found some things that had been wrong, but had corrective  
9 actions that had already been initiated.

10 But generally they found practices were in compliance  
11 with App.B. They didn't find any activity that was not in  
12 compliance with App.B.

13 Q Let me direct you to a memo June 5, 1986 from Mr.  
14 White to Mr. Denton. We talked about this earlier, and I think  
15 you indicated this was a letter that you did not support Mr.  
16 White issuing.

17 A That's right.

18 Q But --

19 A Well, now, let me change that. I did not say I did  
20 not support it. I said I recommended that it not be sent.

21 Q Okay.

22 A I supported Mr. White in all of his endeavors.

23 Q In the fourth paragraph of that letter, Mr. White  
24 states and I quote, "In order to respond to the specific  
25 request which was of concern raised by NSRS experts, I

1 assembled a group of outside individuals with significant and  
2 extensive nuclear QA experience in the areas questioned and  
3 directed them to conduct a review for each of the perceptions."

4 Was this, this group of outside individuals, was this  
5 the Lundin group?

6 A I believe that's the Lundin group.

7 Q Okay.

8 A I get confused on that, but I believe that is the  
9 Lundin effort.

10 Q I've been confused too. And I'm trying to get this  
11 clarified if I can.

12 Now, Mr. White also says, "In addition, I had a group  
13 of highly experienced non-TVA experts review this group's  
14 findings."

15 Can you tell me who he these non-TVA experts are? I  
16 have a list that -- I mean I have compiled a list, and it seems  
17 to vary from individual to individual. I am trying to  
18 determine exactly who these non-TVA experts are.

19 A Well, the first group I believe is Lundin and his  
20 five cohorts.

21 Q Okay.

22 A The suggest, my suggestion, I have to get what was in  
23 White's mind because I'm not positive. I'm not even -- I  
24 wouldn't even want to speculate. It may be me that he's  
25 referring to.

1 Q No, I was going to ask if you would be a part of that  
2 non-TVA expert group.

3 I will tell you the names that have been provided to  
4 us. That would include Mr. Wegner, Mr. Brodsky, Mr. Bass, Mr.  
5 Miles, Mr. Sullivan, Mr. Siskin, Mr. Nace, Mr. Stone and Mr.  
6 Bill Henry of Bechtel. These were people who were advisors  
7 during this period of time.

8 A Well, I don't think Bill Henry was an advisor during  
9 those periods of time.

10 Q Okay.

11 A I think Bill Henry came much later.

12 Q All right.

13 A The other names, Brodsky, Bass, Wegner, Siskin and  
14 Sullivan.

15 Q Nace, Stone.

16 A Nace and Stone.

17 Leave Nace out. The rest of them were the kitchen  
18 cabinet.

19 Q Miles.

20 A Yeah, Murray Miles is the other guy, and I don't  
21 recall ever seeing him down there, but he may have been there  
22 form time to time.

23 Q Is the kitchen cabinets, were they advisors to Mr.  
24 White?

25 A Yes, they are advisors to Mr. White.

1           Now I thought — did you get those names from me,  
2 because I offered those names in response to --

3           Q     Well, I got them from --

4           A     That statement, qualified management team.

5           Q     Okay. I got them from several people. I know I got  
6 them from Mr. Wegner, and I think I got them from Mr. White,  
7 and I think I got them from you, and I might have asked these  
8 other individuals if they were part of the -- but the kitchen  
9 cabinet is the advisors?

10          A     Yes, they are the advisors to White.

11          Q     All right. Can I assume that these were also the  
12 non-TVA experts that we're referring to in the June 5th letter?  
13 And if not, if I can't assume that, then can you tell me who  
14 would compose this group of non-TVA experts?

15               MR. SILBERT: You want him to answer that beyond what  
16 he's already --

17               MR. WILLIAMSON: Right, please.

18               MR. SILBERT: -- suggested to you that you have to  
19 ask Mr. White.

20               MR. WILLIAMSON: Please.

21               MR. SILBERT: I mean he has already suggested you  
22 have to ask Mr. White.

23               THE WITNESS: Suggested -- you want specifically who  
24 he thought he was referring to.

25               MR. WILLIAMSON: Okay.

1 THE WITNESS: I think the first reference is to  
2 Lundin.

3 BY MR. WILLIAMSON:

4 Q Okay, this is -- okay, the group of outside  
5 individuals.

6 The others that he says would -- one guess would be  
7 that it involved --

8 MR. MESERVE: This is pure speculation.

9 THE WITNESS: -- the advisors. One guess is that it  
10 involved the Beta group, plus Siskin, Sullivan and Nace was  
11 gone by March 20th.

12 BY MR. WILLIAMSON:

13 Q Would you be in that group of non-TVA experts?

14 A I don't know.

15 Now he also had a penchant for hiring experts. He had  
16 an expert on the trench B issue who was Roger Reedy. He had --  
17 he's got lots of experts that he has brought in from time to  
18 time. PhDs or doctors of various things. I don't specifically  
19 know who he's referring to.

20 MR. MURPHY: Let me ask you just one question.

21 BY MR. MURPHY:

22 Q If you are Group A or Group B or whatever, did anyone  
23 ever tell you about it?

24 A I think I'm in Group -- in this paragraph when he  
25 talks about assemble a qualified management team. I think I

1 fall in that reference.

2 If anybody thought I was in the final, the group of  
3 highly experienced non-TVA experts, I may have been, but I  
4 wasn't informed of that.

5 Q No one has told you that.

6 A No, and I did review it. So I don't know that  
7 anybody would need to have told me that.

8 MR. MESERVE: Were you in the kitchen cabinet?

9 THE WITNESS: No, I was not in the kitchen cabinet,  
10 and I was not non-TVA at that point. I was TVA.

11 MR. ROBINSON: Excuse me.

12 BY MR. ROBINSON:

13 Q How do you know you weren't in the kitchen cabinet?

14 A I know who was in the kitchen cabinet.

15 Q How do you know who was in the kitchen cabinet?

16 A Because none of the kitchen cabinet became loaned  
17 employees.

18 Q Oh, okay. And I would assume that you would include  
19 yourself and maybe Drotleff and Gridley as the management team,  
20 qualified management team, and maybe some others?

21 A And McCullom and, you know.

22 MR. MURPHY: First, I have some closing remarks.

23 Mr. Kelly, have I or any other --

24 MR. MESERVE: Can we talk briefly? Do we need to?  
25 Whether we have any closing remarks or questions?

1 MR. MURPHY: I was going to ask you that anyway.  
2 That's part of our process.

3 MR. SILBERT: Go ahead.

4 BY MR. MURPHY:

5 Q Mr. Kelly, have I or any other NRC representative  
6 here threatened you in any manner or offered you any rewards in  
7 return for this statement?

8 A No.

9 Q Have you given this statement freely and voluntarily?

10 A Yes, I have.

11 Q Is there anything further that you would like to add  
12 to the record, any comments?

13 A No.

14 MR. MURPHY: Any comments by counsel?

15 MR. MESERVE: No.

16 MR. MURPHY: This interview is concluded at 2:10 p.m.  
17 August 18, 1987, and we really thank you for your time.

18 (Whereupon, at 2:10 p.m., the interview was  
19 concluded.)

20

21

22

23

24

25

1 CERTIFICATE  
2

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

5 Name: Office of Investigation  
6 Investigative Interview: Richard R. Kelly  
(Closed)

7 Docket Number:

8 Place: Boston, Massachusetts

9 Date: August 18, 1987

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

16 151 Margaret L. Daly

17 (Signature typed): Margaret L. Daly

18 Official Reporter

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*Richard Kelly 9/30*

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