1 follow.

2 A. I will try again. You asked my

3 perception --

4 Q. Well, let me clarify what I am trying to

5 find.

6 A. Go ahead.

7 Q. You have mentioned congressional pressures,

8 a source within NRC, a source without NRC.

9 Would you be more specific on who is saying

10 what to whom here about what?

11 A. In my impressions from reading news releases

12 and talking to individuals who had interfaced with the

13 commission staff.

14 Q. Who are these individuals?

15 A. Individuals being the plant manager, who is

16 briefed whenever there is a meeting with NRC.

17 There is an information chain that when the

18 NRC staff meets with TVA, the TVA staff members are told

19 the substance and perceived nature of the communication.

20 Q. Is the Watts Bar plant manager?

21 A. Yes. And through that source, some of which

22 came from the plant manager, other of which came from a

23 licensing engineer in Chattanooga, I was of the

24 perception that Commissioner Asselstine's purpose may

25 have been to improve TVA's performance through a mode of

1 agitation, for a good purpose, to achieve a good cause.

2 I chose to read it that way rather than his

3 purpose was to be distructive. But the pattern of his

4 performance was to grab preliminary information and treat

5 it in a somewhat sensationalistic manner.

6 One can, I believe, see the handling between

7 December 18th and January the 3rd or December 19th and

8 January 3rd of this issue to fit a pattern of performance

9 in which information that was not developed as a TVA

10 position was taken out of the organization and was

11 essentially slapped back in TVA's face without any

12 thorough regulatory analysis on NRC's side of the house

13 as to what compliance with Appendix B did or didn't mean,

14 what a QA program breakdown meant or didn't mean.

15 Those are issues that have not been, in

16 spite of the longevity of Appendix B, topics which had

17 not been worked out and developed into refined NRC

18 positions.

19 Yet Commissioner Asselstine was very quick

20 to throw it back on TVA as, "But of course, you guys

21 better be in compliance with Appendix B -- whatever that

22 really means -- and you're going to tell us in six days

23 whether you are or you aren't."

24 Those are very threatening kind of words,

25 like if you come back and say you're not, we are going to

1 pull your construction permit.

2 Q. That was coming from Commissioner

3 Asselstine?

4 A. That was the interpretation of what was

5 coming from Commissioner Asselstine.

6 Q. You're talking about trying to take

7 congressional pressure off? I got lost there.

8 A. There's a perception in TVA that NRC was

9 under and still remains under accentuated congressional

10 oversight pressure that is critical of NRC's handling of

11 the regulation of TVA, and that that was influencing the

12 performance of some of the NRC staff to spend less time

13 and effort understanding the ramifications of a problem

14 and more quickly proclaiming that there was a newfound

15 problem of a situation that was totally out of control at

16 TVA, without giving it very judicious thought before

17 escalating the enforcement of the issue.

18 Q. So, with that background, we discuss TVA's

19 perception of why they formed their answer the way they

20 did, to provide relief in that arena?

21 A. No. I don't believe that the TVA

22 response -- maybe I am not understanding your question.

23 My impression was that TVA's response, from talking to

24 Mr. Kelley, was intended to provide enough information

25 for the NRC staff to draw the conclusions that Mr. Kelley

1 felt that they needed to draw.

2 Implicit in that, in my impression, is that

3 Mr. Kelley may have thought that it would allow the

4 staff to do it, while at the same time, not provide the

5 inflammatory information that Commissioner Asselstine

6 might have wanted at that time.

7 He probably could have easily perceived he

8 was in a damned if you do, damned if you don't situation

9 in which Commissioner Asselstine was going to treat TVA

10 in an unfair way, and that an escape route from this

11 situation could have been to give the staff the

12 information it needed so that they could evaluate these

13 problem areas.

14 Then appropriate solutions could move

15 forward and remove the problem from an environment from

16 which TVA was either going to be accused of lying or have

17 its construction permit pulled because of a semantics

18 issue over what compliance with Appendix B meant.

19 Q. So, you're saying --

20 A. And that's speculation on my part. I did

21 not challenge Mr. Kelley to defend why he thought this

22 was a good strategy, only that he understood why I though

23 a different one was needed.

24 Q. Am I correct in thinking your perception is

25 that Mr. Kelley was providing the staff enough

1 information so the staff could say everything's okay?
2 A. No. Let's stop here.
3 To present the staff enough information so
4 the staff could draw whatever conclusion it needed to
5 about the adequacy or inadequacy of QA program
6 performance at Watts Bar.
7 Q. Without providing information to outside
8 sources that they could use for other reasons?
9 A. My opinion is that was the flavor of the
10 environment that we were in, that the performance of
11 Commissioner Asselstine, the pattern of performance, and
12 the nature of the the January 3rd letter, which
13 originally demanded a response in six days, indicated an
14 organization on the commission side that was not pursuing
15 issues in a very judicious direction.
16 I don't believe that anyone could rationally
17 credit NRC's performance with that letter, given the
18 period of time that Appendix B had been in place, given
19 the problems that construction plants have had in this
20 country over years and given the lack of NRC's definition
21 of what constitutes a QA program breakdown, what
22 constitutes compliance with Appendix B.
23 Given all those things as background, then
24 how would NRC get in the corner saying, "We heard
25 something from one of your staff, you've got six days to

1 give us your position on this."

2 I don't believe that that can be defended as

3 evidence of a regulator that is moving to treat TVA in a

4 fair and judicious manner.

5 BY MR. ROBINSON:

6 Q. Back to the March 20th letter itself, and I

7 realize you did not play any direct role in the drafting

8 of the letter.

9 But from reading this letter myself, and I'm

10 referring specifically to the second paragraph of the

11 March 20th letter, it appears that TVA comes to the

12 conclusion that the overall QA program is in compliance

13 with 10 CFR, Part 50, Appendix B based on two reasons:

14 One, that there was no pervasive breakdown in the QA

15 program, and two, that problems have been identified and

16 that they are either remedied or will be remedied -- the

17 problems that have been identified?

18 I realize that this is also based on

19 limmiting the scope of the review to the the ten NSRS

20 perceptions, or twelve NSRS perceptions.

21 In your opinion, is it necessary to have a

22 pervasive QA breakdown to be in non-compliance with

23 Appendix B?

24 A. Once again, you're asking the yes/no

25 question referring to a March 20, 1986 letter and the

1 January 3, 1986 letter, which I have been trying to
2 indicate should have been a great source of embarassment
3 to the commission for ever having issued it.
4 It is now a year later, and once again, I
5 challenge the commission to define a pervasive QA program
6 breakdown and its relationship to compliance with
7 Appendix B.
8 And I don't believe the commission has
9 defined it yet. If they have, it has been kept very
10 quiet.
11 I am going to work back to your question.
12 In my opinion, the March 20th letter represented TVA's
13 attempt to rationalize, and it had never rationalized
14 before, what a QA program breakdown or what a pervasive
15 QA program breakdown was or what compliance with Appendix
16 B meant.
17 But it was an honest attempt, I believe, to
18 rationalize what was perceived to have been dropped on
19 our doorstep by NRR and Commissioner Asselstine and
20 develop some terms and try to communicate them back to
21 the commission.
22 Now, you asked me, I believe, is that
23 rationale that's implicit in this statement, is it a good
24 rationale?
25 Q. Yes.

1 A. If indeed it means that the two conditions
2 of compliance with Appendix B are, number one, no
3 pervasive breakdown, and two, is that problems being
4 identified are being solved.
5 As long as you have that condition that
6 constitutes compliance with Appendix B, I would say that
7 can be made a good definition of compliance with Appendix
8 B with a good deal of development of the definition of
9 what constitutes a QA program breakdown as opposed a
10 deficiency or a significant deficiency.
11 We need definitions going beyond deficiency
12 for what constitutes significant deficiency, then QA
13 program breakdown, then pervasive QA program breakdown.
14 All those terms need conceptual development in their
15 definition.
16 Then I believe that a useful definition
17 could come out of pervasive QA program breakdown and
18 would fit nicely in there. But at this point in time, I
19 don't believe that the commission has developed that
20 first step going beyond deficiency to significant
21 deficiency.
22 I don't believe the difference between
23 deficiency and significant deficiency is articulated in
24 the commission's paperwork, unless I have lost touch with
25 that operation. Now, we are talking a language that is

1 two levels further than significant deficiency.

2 Q. Are you saying that because the commission

3 hasn't adequately defined that you cannot adequately form

4 a definition of those terms in your own opinion?

5 A. I don't believe there is a need for a

6 utility to define terms that are beyond significant

7 deficiency. I believe that a definition of deficiency

8 and significant deficiency can be utilized to operate an

9 effective corrective action program for all the problems

10 that confront a utility.

11 I believe that further focus on significant

12 deficiency can be resolved in a system that really does

13 get to fundamental problems with programs, staffing and

14 procedures that go beyond site level and get into

15 corporate performance.

16 I believe that can be done without any

17 definition that goes beyond significant deficiency.

18 Therefore, I don't personally see a need for the QA

19 program breakdown and pervasive QA program breakdown to

20 be defined unless NRC desires to shift its regulation of

21 construction permits and the likes from topical reports

22 in Appendix B to something that is somehow broader.

23 And one gets the implication that the

24 commission desires to this by this letter. I keep saying

25 that the whole regulatory strategy from NRC's side of the

1 house I don't believe was well thought out before it
2 jumped out into getting away from the deficiency and
3 significant deficiency realm and started talking
4 pervasive QA program breakdown.
5 And how should NRC regulate pervasive QA
6 program breakdown before having defined it?
7 BY MR. REINHART:
8 Q. In this exchange of letters that we are
9 talking about, the January 3rd, 1986 and the March 20th,
10 1986, was it the NRC or was it TVA that introduced the
11 words pervasive?
12 A. I am not sure.
13 Q. Would you please look at the letter?
14 THE WITNESS: If we could, can I take a
15 short break to postpone my 11:00 o'clock appointment?
16 MR. ROBINSON: Sure. Let the record reflect
17 that we're taking a recess at 10:49.
18 (The interview was recessed from 10:49 a.m.
19 until 10:54 a.m.)
20 MR. ROBINSON: It's now 10:54, and we are
21 back on the record.
22 BY MR. ROBINSON:
23 Q. During the recess, Mr. McDonald and I
24 discussed a situation which perhaps directed the TVA
25 response to the NRC letter of January 3rd to address more

1 directly the existence of a QA program at Watts Bar as
2 opposed to whether or not Appendix B requirements were
3 being met at Watts Bar. I will let Mr. McDonald explain
4 the circumstances.
5 A. Mark, perhaps this also responds to your
6 question.
7 When I reviewed the January 3rd letter and
8 reviewed TVA's March 20th response, the first time that
9 word of QA program breakdown or pervasive QA program
10 breakdown is used in those docketed letters is the TVA
11 March 20 letter.
12 In January of 1986, I heard that there was a
13 meeting in Chattanooga to discuss the NSRS perception
14 with the intent of leading to a TVA position, since it
15 was accepted that there wasn't a TVA position, and that
16 the NSRS staff needed to its perception so that TVA could
17 determine what its position would be.
18 And I believe that I heard that the NSRS
19 representatives at that meeting were Kermit Whitt and
20 Mike Garrison. I heard that Mr. White appointed a staff
21 or a task group to go hear the NSRS perception and that
22 that included both Chuck Mason and Bill Wegner.
23 The NSRS perception, the overall perception
24 was of the nature that given the background of the
25 eleven individual perceptions, NSRS was concluding that

1 there was no QA program at Watts Bar -- another set of
2 semantics.
3 "Requirements are not being met" was the
4 terminology being used, apparently, in the meeting with
5 Commissioner Asselstine.
6 Then I heard that the terminology, as the
7 NSRS developed their "official position" to discuss with
8 corporate staff was that the situation constituted no QA
9 program at Watts Bar and that the discussion in
10 Chattanooga was one of the NSRS saying that there was no
11 QA program at Watts Bar, and Mr. Wegner saying, "Isn't
12 there a described documented QA program for Watts Bar
13 that has been reviewed and approved and accepted by NRC
14 as part of the construction permit?"
15 NSRS responded in the affirmative, and Mr.
16 Wegner said, "Fine, that issue is behind us. There is a
17 QA program at Watts Bar. Now, let's move on to the other
18 issues which NSRS had."
19 Now, I believe that relates to your question
20 in that in the interface with NSRS, I didn't hear the
21 words pervasive QA program breakdown being a topic of
22 debate. The debate was over whether or not there was a
23 QA program, which is perhaps another question like the
24 one you asked me about what constitutes compliance with
25 Appendix B?

1 Well, what constitutes the existence of a QA
2 program?
3 Nevertheless, that conversation, through
4 hearsay, went on the topic of whether or not a QA program
5 existed. It was my impression through discussion with
6 people like Ray Newby and Tom Burdette that the
7 discussion with NRC, then the interface between TVA
8 corporate staff and NRC became one of whether there was a
9 pervasive QA program breakdown.
10 I don't know which side either coined the
11 phrase or introduced it in the conversation.
12 BY MR. REINHART:
13 Q. Do you know who the discussions were between
14 NRC staff and TVA corporate, who was carrying out those
15 discussions?
16 A. I never got any reasonably direct hearsay
17 rumors that said so and so talked to Mr. Asselstine's
18 staff member.
19 But clearly the record shows TVA is the
20 first one in the record to use the terminology. But up
21 until this issue should came up, I had never heard of the
22 term, and I had been around TVA regulations to a degree
23 since 1978.
24 BY MR. ROBINSON:
25 Q. It appears, and you may correct me if I'm

1 wrong, Mr. McDonald, that your testimony seems to
2 indicate that not only do you feel that the January 3rd
3 letter from NRC asking whether or not TVA was in
4 compliance with Appendix B, if not just not well thought
5 out, but a bit unreasonable, and also that you disagree
6 with the strategy of TVA in responding to that letter
7 once it was issued, is that correct?
8 A. I agree with your statement there. I
9 believe that the NRC was offbase in the letter. But
10 irrespective of that, I don't think that, in my opinion,
11 that should be given that much consideration in terms of
12 how TVA, as a licensee, responds to any request that the
13 commission makes.
14 And so I saw a different strategy as being
15 the appropriate one to respond.
16 Q. Did you view the strategy that was chosen,
17 at least to your view by Mr. Kelly, as being misleading
18 to the NRC in any way?
19 A. I quite frankly thought it was misleading
20 until I saw the cover letter acknowledging that TVA had
21 problems with solving its problems.
22 Then, in my mind, I could justify that there
23 was enough of a thread there that TVA was not going back
24 to the commission with a response which said everything's
25 fine. I felt that it was reasonably defensible once it

1 had that in it.

2 Now, I believe I saw a draft. I think Mr.

3 Gridley shared it with me. But I think I saw a draft

4 before March 20th which did not have that language in it.

5 And then I saw a draft which did have that language in it

6 that did acknowledge the perspective of however, TVA does

7 have problems and is having problems solving them and is

8 committing to go off and study its programs and make

9 things better.

10 And therefore, at that point, I concluded

11 that we weren't operating entirely in a closed or

12 concealment mode over our performance.

13 Q. Did you comment to Gridley when you saw the

14 earlier draft that did not include that language?

15 A. I don't remember the occasion, but I did

16 tell Mr. Gridley that I had concerns with direction that

17 the submittal was going. I believe I showed him a letter

18 that I had sent to Quality Assurance on the subject.

19 I believe it was he that advised me that I

20 should go sit with Dick Kelley and express my concerns to

21 him.

22 Q. Are you aware of any concern by Mr. Gridley

23 or Mr. Kelly or any other of Mr. White's immediate

24 advisors as to fear of submitting a material false

25 statement to the NRC?

1 A. From where I sat and the exposure that I had
2 through this was that number one, it was a difficult
3 licensing submittal to develop because the NSRS position
4 that we were responding to was changing ever two weeks
5 and the basis for it was changing.
6 It was a politically sensitive issue because
7 of the way NRC had raised the issue, and that probably
8 John McDonald was the only one who was internal to the
9 staff attempting to articulate concern with the direction
10 that it was going.
11 I did not hear of other individuals
12 expressing concerns or having anxieties or recommending
13 different courses.
14 BY MR. REINHART:
15 Q. You mentioned, Mr. McDonald, that the March
16 20th letter acknowledges problems with the corrective
17 action system and in itself commits to correct those
18 problems.
19 A. Mr. White, in there, commits to --
20 discussing one of the QA program elements in which we do
21 have problems, ineffectiveness in solving problems.
22 And then right after that, he commits to go
23 evaluate QA program performance and make it better. So I
24 inferred from that it was implicit that we were going to
25 make the corrective action program performance better.

1 Q. Back in the time frame of December 19th,
2 1985 through January 9th or 10th, 1986, was there such an
3 acknowledgement that yes, there is this problem with the
4 corrective action system, and we're really going out to
5 fix it?
6 A. I don't recall that being the case. I was,
7 during that time, still working on the Watts Bar nuclear
8 performance plan. The elements of that plan at that
9 point in time did not have any highlight on improvements
10 in corrective action performance.
11 Q. So, if we are saying that the March 20th
12 letter, because of its correction of the corrective
13 action program is what, in your opinion, could put TVA in
14 compliance with Appendix B, by the same logic, can we say
15 that in the December 19th through January 10th time
16 frame, since that wasn't acknowledged and agreed at that
17 time, they would not be in compliance?
18 You're calling time out?
19 A. It may have been a very well stated
20 question, albeit a complex one. But one of the
21 statements you made early on, I didn't agree with. I
22 lost my focus on what you said later.
23 Q. What was that?
24 A. I believe that you have implied that my
25 conclusion was that we had to make the corrective action

1 program better in order to be in compliance with Appendix
2 B.
3 I believe that's where we left that one
4 earlier was that even improvement in the corrective
5 action program being needed does not constitute failure
6 to meet Appendix B. I felt that you maybe controverted
7 that a bit to say that if you have any deficiency in your
8 corrective action program that means you're once again
9 outside of Appendix B.
10 Q. Let me try again.
11 I believe from your discussion that you felt
12 that TVA's corrective action system in the area of
13 generic corrective action, action to prevent occurence,
14 root cause identification was not adequate back in that
15 January, 1986/December, 1985 time frame.
16 A. Based also on previous conclusions on that
17 same subject?
18 Q. Right. So, then we asked you, did you agree
19 with the March 20th letter when it said that TVA was in
20 overall compliance of Appendix B, and I believe you said
21 that the reason you agreed was that at that time, the
22 March 20th time, Mr. White says, "Yes. We do have this
23 problem with our corrective action system."
24 He didn't say, in your mind, this specific
25 one that he would correct. But by making that

1 commitment, that is what says you're in compliance with
2 Appendix B at that time.
3 Did I get that right?
4 A. Had he not acknowledged the role of a
5 corrective action program, I don't believe he would have
6 been making a solid statement on compliance with
7 Appendix B.
8 But both acknowledging the role, and whether
9 or not he said we were doing a good job of solving the
10 problem, I think he still could have made the statement
11 that we were in compliance with Appendix B.
12 I don't think we were doing a good job of
13 solving the problems. He could have said, in my opinion,
14 we have got a program in place. We are following it to a
15 degree. We have problems, and we also have problems
16 solving problems.
17 TVA concludes that all that still
18 constitutes a situation that is in compliance with
19 Appendix B. He went on beyond there, and I think did the
20 appropriate thing, which is commit to evaluate further
21 and improve, including the problem solving.
22 Run your question by me again.
23 Q. Let me try and be a little more specific.
24 In the December, 1985 and January 1986 time
25 frame, with your knowledge of the problems with the

1 corrective action system at that time, was TVA at that
2 time in compliance with Appendix B?
3 A. Compliance with Appendix B meaning?
4 Q. As you have described it to us up to this
5 point?
6 A. Yes. TVA was in compliance, meaning that it
7 had a docketed program. It had internal procedures. It
8 had staff training. It had all these elements, most of
9 which had some deficiency.
10 But it had all the elements of a program out
11 there in place and operating with almost all the elements
12 operating with some degree of deficiency, including the
13 element of corrective action operating with a
14 considerable degree of deficiency.
15 By my definition, I would say that that
16 still constitutes a program that complies with Appendix
17 B.
18 Q. Even though corrective action was
19 inadequate?
20 A. Inadequate? In my opinion, yes.
21 Q. So, you're in compliance if your corrective
22 action program is inadequate?
23 A. Still in compliance with Appendix B.
24 Q. How is that?
25 A. As long as you're doing something to

1 identify your deficiency with corrective action.

2 Q. Was anything being done to identify

3 deficiencies with the corrective action program?

4 A. Yes, but not on the level which I would have

5 preferred.

6 Q. Are they adequate? Were they adequate?

7 A. In my opinion, the corrective action for the

8 corrective action process at that time was not

9 sufficient. There were some, what I would call minor

10 improvements going on at Watts Bar in order to go with

11 the transition to the "owner/operator" concept that was

12 going on at that time and put the site director in

13 charge, as opposed to the project manager.

14 There were three or four elements of

15 decisions that were in the process of getting put into

16 place to make clear who was responsible for solving a

17 problem, because a lot of problems were falling through

18 the cracks or getting thrown over the wall because of a

19 lack of clear definition of responsibilities and

20 authority.

21 That was just one element of how you set up

22 a corrective action process. It's one of many

23 contributing factors, in my opinion, to our poor

24 performance in the past.

25 So, there were some improvements going on in

1 corrective actions, but not in the scope and
2 ramifications that I thought were needed.
3 Q. So, in a nutshell, what I think you have
4 told me was that in the December, 1985/January, 1986 time
5 frame, there were deficiencies in all -- generally all
6 criteria -- specifically in corrective action.
7 Corrective action was not adequate.
8 However, you said that you would have been
9 in compliance if the corrective action system was
10 correcting its own problems. And you have said that
11 it was attempting to, but its attempts to correct its own
12 problems were not adequate, but that still makes it in
13 compliance.
14 A. You realize you're asking my opinion, and
15 I'm speaking from my opinion. If I were making a TVA
16 position on whether or not the corrective actions were
17 adequate, I probably would not put my own opinion in
18 there. My own opinion is that more needs to be done.
19 But something was being done.
20 Q. But it wasn't adequate?
21 A. In my opinion. In other opinions it was
22 perfectly adequate.
23 Q. But in your opinion, even what needed to be
24 done was inadequate, it was still in compliance?
25 A. Let's say I had low confidence in the

1 improvements which were ongoing. I had low confidence
2 in them.
3 Q. Let me ask another question here.
4 A. And I still do.
5 Q. You still do what?
6 A. Have low confidence in the corrective action
7 program improvements which have been ongoing.
8 Q. And that is what I am getting at. Earlier
9 you said the program has lacked and still lacks
10 characteristics that identify root cause and develop
11 generic corrective action.
12 What specifically are you saying there when
13 you're saying that these characteristics are lacking to
14 give you low confidence?
15 A. One can drop outside the words of Appendix
16 B, which are rather limited on the subject of corrective
17 action and talk of problems analysis, which is what it's
18 about.
19 And in order to analyze a problem and
20 identify the cause and come up with a credible solution,
21 in my opinion, requires a methodology to be employed,
22 given that we have a large organization and a large
23 variety of problems.
24 We do not have and have not had a consistent
25 methodology defined for doing that problem solving

1 analysis. I believe that that has led to the shallowness
2 of a lot of the problem solving reviews that have been
3 done in the past.
4 The creation of a model for how things work
5 and a problem solving methodology for evaluating
6 conditions against that model to say what's missing and
7 what's wrong is still not part of the program.
8 Q. Are you saying that's outside of Appendix B?
9 A. No. I'm trying to get away from discussion
10 that is flavored by Appendix B, because Appendix B
11 terminology just says you have got to have a way to solve
12 your problems, and it's left to the licensee to devise
13 ways.
14 What I'm saying is that this licensee, like
15 most, has devised procedures that provide requirements
16 for solving problems, but don't provide methods or
17 training to do it and therefore get rather shallow
18 problem solving action which leaves generic issues
19 not identified until they come up multiple times in
20 multiple years in some cases.
21 Q. You're saying that methodology has lacked
22 and is still lacking?
23 A. Yes.
24 Q. Did you have any involvement in an effort
25 performed or led by Craig Lundin?

1 A. On what? I recently came from a meeting in
2 Atlanta on welder recertification, this issue?
3 Q. Mr. Lundin led an effort to evaluate the
4 NSRS responses.
5 A. No. This is the first I knew that he was
6 the individual referred to as someone who apparently Mr.
7 White has referred to as advised him and overviewed these
8 positions or something.
9 My recollection of Craig Lundin during that
10 time frame was that I got him a copy of the Watts Bar
11 Performance Plan, Volume 4, that I was working on, and I
12 asked him to comment on that because he was a new
13 corporate level staff person.
14 It was a task which it seemed that he didn't
15 have time to do for some reason. Perhaps it was because
16 he was working on this.
17 Q. Were you at Watts Bar during this time
18 period?
19 A. Yes.
20 Q. You don't remember Craig Lundin and six or
21 seven guys coming out there and talking to a lot of
22 people, digging into procedures, trying to verify --
23 A. I wasn't aware that they were there. And
24 they were did not come and talk to me.
25 Q. You were in what position at that time?

A. I was the Plant Compliance Supervisor.

Q. Would he necessarily have had to talk to you?

A. Tell me what job he had.

MR. ROBINSON: He was reviewing the adequacy of the technical responses to the NSRS perceptions.

A. I see. And I could only presume that if he evaluated the technical adequacy of that piece of the corrective action response that I put in, he did it on the face value of what was written there. I'm not aware of him talking to my staff on the subject.

BY MR. ROBINSON:

Q. Are you aware of him talking to either engineering or construction people regarding that aspect?

A. I'm not aware of it.

BY MR. REINHART:

Q. Are you aware of an effort -- it was called a systematic analysis. It was done in the November and December, 1985 time frame, maybe overflowing into January of 1986?

It was led by Mr. Kirkebo, and he sent a report to Larry Nace. It's called the Nace Report.

MR. ROBINSON: It's an analysis of about a year and a half of past correspondence.

A. Yes. Yes. The terminology on some of this

1 excapes me because of the lack of these things becoming
2 published.
3 For instance, I have heard the name Nace
4 Report four or five times in the last year, but until now
5 I didn't know to associate that with the activities of a
6 team of -- I believe it was primarily Stone and Webster
7 personnel -- collecting the correspondence between TVA
8 and NRC for a period of 18 months.
9 There were individuals doing a reading of
10 the correspondence, identifying what the issues were,
11 categorizing the issues. Someone else in the group was
12 overviewing that, and then loading the data by category
13 of issue into a computer program and sorting it out into
14 about ten or fifteen different areas of common sorts.
15 I was aware that got done on about a hundred
16 items or something like that. But it got done.
17 The data was developed graphically. I saw that in a
18 draft of the Corporate Nuclear Performance Plan, Volume
19 One.
20 I saw around draft three, the first
21 issuance, there was a section in there that had the
22 results of that analysis. It was pretty difficult for me
23 to understand what the words were supposed to say next to
24 the graphs. I didn't understand it very well.
25 I made some comments on that, and when the

next draft came out, that section was no longer there. I never heard that it was written up as a report and called the Nace Report.

Q. That was the only involvement you had with that?

A. The people who -- some of the people who were involved in it -- I think either Fred Faery and perhaps Bob Foley, of Stone and Webster, might have been involved in that task.

Almost in parallel with that task, there was an assessment of problems that was led by Mr. Foley. And I spent some hours debriefing what my perception was of what our problems were with that group. But I don't know if that had any relationship to the data analysis group's work.

BY MR. ROBINSON:

Q. Back to the preparation of the March 20th response.

Do you have any indication or perception of any intent on the part of Mr. White or any of his advisors to deceive the NRC in that response?

A. I have perception or indication. I also lack any data that conveys any conversations or feelings or anything like that of Mr. White or his staff. My only indication or data come from Mr. Kelley and lower in the

1 organization.

2 BY MR. REINHART:

3 Q. Who was the plant manager at Watts Bar

4 Nuclear Plant at this time?

5 A. Mr. Ed R. Ennis.

6 Q. Is he still the plant manager?

7 A. Yes. He is still the plant manager, though

8 recently he was loaned down to Sequoyah.

9 Q. We mentioned a minute ago what we have

10 called the Nace Report in that effort.

11 Are you aware of a similar effort prior to

12 the time that Mr. White came to TVA where a group of

13 people from Stone and Webster came in and did an

14 evaluation for TVA?

15 A. Yes. I am.

16 Q. Can you describe to us what you know about

17 that and your involvement in that?

18 A. What I have know is that one day in early

19 December of '85, quite early like December 3rd, I was

20 called unto the site director's office for an interview.

21 When I got there, I found that I was joined

22 by six other Watts Bar mid-level managers, and we were

23 going to be interviewed all at the same time by Mr.

24 White, Bill Wegner, and Murray Miles. I believe that's

25 it. I believe it was those three.

1 They questioned the group both collectively
2 and individually about perceptions of Watts Bar's
3 problems for I believe three or four hours.
4 Where do you want me to go with the
5 conversation? It was not a month or two later that we
6 heard that Mr. White was now in charge of the program.
7 Q. What were the problems that were conveyed,
8 in a nutshell?
9 A. I am not going to be able to shoot off the
10 hip and answer that, because the time frame -- given a
11 little time, I can probably remember what input I made.
12 But at the same time I was making some
13 input, the engineering -- he's called the Design Services
14 Manager -- Doug Wilson was there providing his
15 perspective, which I remember were some different
16 problems than I raised.
17 The modifications manager, Ricky Miles, was
18 in there, I believe. The quality assurance supervisor
19 -- and I'm trying to remember the full name or title of
20 that position at that time, but his name was Tom. I want
21 to say Tom Rogers.
22 Can we fish around off the record for names
23 and try to find the right name? Howard was the name, Tom
24 Howard.
25 Another engineering manager, I believe,

1 was there, Randy Tolley.

2 My perceptions of Watts Bar problems were

3 more based upon my previous exposure to Watts Bar from

4 working in Knoxville for a couple of years and having

5 been the Resident Inspector of Watts Bar for a couple of

6 years.

7 I highlighted corrective action as a

8 problem. I gave some of the background as to why I felt

9 that way, like I've told you today.

10 And in attempting to get beyond fixing

11 isolated examples and looking for what TVA needed to do

12 better, as Watts Bar Resident Inspector, I had concluded

13 that we needed to be successful in being more open in

14 identifying and more openminded in bounding quality

15 problems.

16 I believe that I talked about a couple of

17 the specific issues that my staff had been working on in

18 Knoxville until quite recently when that group was

19 disbanded. That included things like cable band radius

20 and instrument design and construction problems --

21 instrument line design and construction problems --

22 because those still seem to be quite outstanding issues

23 that irrespective of whether or not my staff had had any

24 influence on them, that they had not gone away.

25 I wish I could remember more. I remember

1 Mr. Howard didn't offer a single thing to the whole
2 meeting, and he was the QA supervisor.
3 When Mr. White got a little frustrated at
4 the end of the meeting and said, "Mr. Howard, you're
5 sitting over there in the corner quiet. Do you agree
6 with what the rest of these gents have? Don't you have
7 something else to add?"
8 And his answer was, "No."
9 Q. Can you think of anything else?
10 A. I can think of one more point.
11 Mr. White asked if there was any common
12 thread that the group could identify that led to the
13 occurence of problems. I responded and told him that
14 while there were many times that we, as a utility, did
15 not closely control our commitments, and we needed to be
16 making sure we were meeting our commitments.
17 At the same time, we were very careless in
18 the way that we made the commitments initially. We had a
19 reputation of overcommitting, committing to do something
20 to higher standards than the rest of the industry would
21 do technically, and then falling short of meeting these
22 rigorous commitments.
23 We would still perhaps be performing better
24 than the rest of the industry, and then turn around and
25 be beating ourselves up for falling short of the

commitment that we made.

That situation I have seen in several cases that we have tried to do too much, and when we fell a little bit short, we disproportionately made it a big issue when others in the industry weren't even playing in the same league. And yet we were looking like the bad guys and the poor performers because we fell short of our commitments.

Now, his reaction was to cast that out of hand, which didn't surprise me coming from a Navy nuclear background. I believe he regarded that as an excuse for poor performance rather than as an assessment of ways we get ourselves in trouble.

But I can say that I have seen a couple of cases where over the last year Mr. White has become a little more wary about over committing and has now started to say that he intends to license Sequoyah based upon the same kind of commitments and same kind of actions that are expected of the rest of the industry, rather than to have the model nuclear plant that meets all the latest industry standards before he can start it up.

I don't know if there is an indication in here, but his initial reaction was, "Pooh, pooh. We're just screwing up if we don't meet our commitments."

1 But one can indeed make the whole life much
2 much more difficult to deal with if you commit to
3 something that is a higher standard than the rest of the
4 industry is living to.
5 And then you try to develop a program and
6 run it to meet that higher standard. You run into
7 trouble. Your performance may be at a level that exceeds
8 industry norms and acceptance by the commission and still
9 be getting beat bloody over your performance.
10 MR. REINHART: I think that's all I have.
11 MR. ROBINSON: I have no further questions.
12 Mr. McDonald, are there any other comments
13 that you wish to make regarding the scope of this
14 investigation that you feel are pertinent that we haven't
15 already discussed here this morning?
16 THE WITNESS: I did not, through responses
17 to the questions, dwell upon the seeming change in the
18 nature of NSRS perception or their basis for perceptions.
19 I don't know if that is of interest to you, but from my
20 perspective it certainly compounded the difficulty of
21 developing any kind of response to NRC, given that I was
22 having trouble understanding and figuring out how I could
23 make a credible response on what I had first concluded
24 was the NSRS perception.
25 Two weeks later NSRS issued another piece of

1 paper that had a different flavor of what the perception
2 was and had a different set of data of various
3 investigation that it had previously performed that were
4 the basis for it.
5 And then again about two weeks later there
6 was another perception and another statement of
7 perception on a different set of backup data.
8 I had trouble dealing with which one of the
9 three, or all three of them, that I was supposed to be
10 making sure I had a position developed for that was going
11 to go in what was going to be the March 28th letter.
12 Now, the way it panned out was my response
13 was based on the January 14th, 1986 NSRS perception. And
14 to this day, I don't know if it should have been, or if
15 it should have been based on one or more of their
16 February positions.
17 But that was just another complication of
18 not only how should TVA be responding, but to what should
19 it be responding. It was totally apparent that NSRS at
20 that time shared a staff perception with -- or a staff
21 member perception with Commissioner Asselstine and had
22 not gone through a reasonable problem analysis process to
23 lead to the develoment of the perceptions and the basis
24 for them.
25 Rather, it was a more superficial and

1 hurried exercise. It was a back fit effort to develop a
2 basis for them, and when necessary to change the wording
3 of what the perception meant to match the basis. So,
4 that it a very mentally complex exercise trying to
5 identifywhat the structure was that I was operating in.
6 BY MR. ROBINSON:
7 Q. Did you feel that during the evolution of
8 that process in your mind that it made any difference to
9 Mr. Kelley whether or not you were working on the initial
10 perception or whether you were working on the -- we'll
11 say -- the expanded scope of the perception as came later
12 in the game?
13 A. Mr. Kelley's representative, Mr. Burdette,
14 was the one who was forwarding the revised position to
15 me. However, there wasn't that much oversight or
16 discussion of substance about what I was doing for me to
17 get an intelligent conversation going.
18 So, I'm pretty much defined what I thought
19 was the right thing to respond to and went off and did it
20 and fought my battles trying to get that piece addressed
21 in the March 20th response.
22 Q. On the basis of your determination of what
23 NSRS wanted you to address after their bi-weekly updates,
24 do you feel that the final response addressed all of
25 those issues?

A. No. There were more topics. Beyond generic corrective action at least one of the versions emphasized a perception of inadequacy in fixing the original example.

And then one of the versions went into great detail to explain an NSRS perception about what compliance with Appendix B meant. That made statements to the effect that you couldn't be in compliance with Appendix B as long as you had problems.

Just because you're fixing them under Criterion 16 doesn't make you in compliance with Appendix B, which I find interesting because that was a position that neither TVA nor NRC had developed before, but it seems like a lot of the conversation has evolved along that line since that time.

So, it leaves me wondering a little bit if the NSRS staff is actually helping the NRC staff articulate its positions and concerns.

Q. It wasn't your impression that as a result of that meeting in Chattanooga that Whitt and Harrison came down to that it was kind of TVA's position that as long as these items were in the corrective action system they were in compliance with Appendix B?

A. It was my impression that as long as TVA was working on fixing -- as long as TVA agreed problems

1 existed with NSRS and agreed to work on those problems
2 under Appendix B, then in general that meant that TVA was
3 going to respond to NRC in a vein which said it's not all
4 a mess, whatever the right language was going to turn out
5 to be, whether or not that language was pervasive QA
6 program breakdown, compliance with Appendix B, no program
7 or whatever.
8 My impression was that TVA was going to
9 consider what it was doing basically acceptable as long
10 as it was identifying and fixing its problem. And that
11 specific forums were going to continue to exist to make
12 sure NSRS was challenged to articulate its problem so
13 that TVA would therein respond to them, and that only one
14 problem had been taken off the books from TVA's
15 perspective as a result of that first meeting, and that
16 one being whether or not a QA program existed.
17 MR. ROBINSON: Any other comments that you
18 have?
19 A. No. I don't.
20 BY MR. ROBINSON:
21 Q. In conclusion, Mr. McDonald, have I or any
22 other NRC representative here threatened you in any
23 manner or offered you any reward in return for this
24 statement?
25 A. No.

1 Q. Have you given this statement freely and
2 voluntarily?
3 A. Yes. I have.
4 MR. ROBINSON: Fine. This will conclude the
5 interview at 11:43 on March 25th, 1987. I thank you for
6 your cooperation.
7 (End of statement.)
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

CERTIFICATE OF OFFICIAL REPORTER

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

NAME OF PROCEEDING: NRC Interview

AN INVESTIGATIVE INTERVIEW OF: JOHN McDONALD

DOCKET NO:

PLACE: Chattanooga TVA Complex
Lookout Place
Conference Room S-318
Chattanooga, Tennessee 37402

DATE:

March 25, 1987

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

(Sigt) [signature]
(Typed) Loretta Rogers

Official Reporter

Reporter's Affiliation

SMITH REPORTING AGENCY
POST OFFICE BOX 6127
CHATTANOOGA, TENNESSEE 37401