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INVESTIGATIVE INTERVIEW  
OF  
WILLIAM F. WILLIS

APPEARANCES:

DAN MURPHY

LEN WILLIAMSON

MARK REINHART

LARRY ROBINSON

DEBORAH BAUSER, ESQ.

Taken April 23, 1987, at Knoxville, Tennessee

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Q PDR

EXHIBIT 92

1 MR. MURPHY: For the record it is now 1:10 p.m., April 23,  
2 1987. This is a interview with Mr. William F.  
3 Willis who is employed by the Tennessee Valley  
4 Authority. Location of the interview is TVA's  
5 corporate headquarters, Knoxville, Tennessee.  
6 Present at the interviews are E. L. Williamson,  
7 Mark Reinhart, Larry Robinson, Dan Murphy and  
8 Ms. Deborah Bauser who is representing Mr. Willis.  
9 It is agreed this is being transcribed by a  
10 court reporter. Subject matter of this interview  
11 concerns TVA's March 20, 1986 response to the  
12 NRC regarding their compliance with 10 CFR 50  
13 Appendix B. Mr. Willis, would you please stand  
14 and raise your right hand? Do you swear or  
15 affirm the testimony you're about to give is the  
16 truth, the whole truth, and nothing but the truth  
17 so help you God?

18 MR. WILLIS: I do.

19 MR. MURPHY: Thank you. Ms. Bauser, do you have some  
20 remarks?

21 MS. BAUSER: Yes. My name is Deborah Bauser. I'm a  
22 partner with the law firm of Shaw, Pittman,  
23 Potts and Treaubridge in Washington, D.C. Shaw,  
24 Pittman was hired by TVA to assist TVA on certain  
25 legal NRC regulatory matters, and I am at this

1 interview this afternoon on behalf of Mr. Willis.  
2 I would like to say one other thing, which is  
3 that we would like to request a copy of Mr. Willis'  
4 transcript as soon as that can be available. And  
5 I would intend at the end of these series of  
6 interviews to summarize what I understand our  
7 agreement was on that issue. I'm also -- I didn't  
8 formally ask you for copy of Mr. Dean's transcript,  
9 but I presume from the discussion that we had  
10 you understood that that's what I was looking for.

11 MR. MURPHY: Mr. Willis, would you please give us a little  
12 bit of background about yourself, your educational  
13 experience, and your past employment with TVA,  
14 and in the nuclear industry?

15 A All right. I graduated from Mississippi State  
16 University in 1958 with a BS degree in civil  
17 engineering. I worked for a couple of years after  
18 that with a private contractor around the south  
19 and midwest on airports, dams, aviations projects,  
20 large interstate jobs. In 1960, May of 1969 I  
21 came to work for TVA in Muscle Shoals, Alabama  
22 working on some hydroelectric projects and block  
23 construction projects in that part of the country.  
24 After a few years of doing that I was involved in  
25 some construction of fertilizer developments,

1 production facilities for TVA. Then was involved  
2 as a construction engineer. I was in rehabilitation  
3 of old hydro units. By 1967 I got an assignment  
4 to build a series of small dams down in Alabama  
5 as project manager. In 1969 I was transferred to  
6 Knoxville as an assistant director of construction.  
7 Primary responsibility and work on the river  
8 locks dams, additions to hydro projects, that  
9 sort of activity. And in the mid 70's, I can't  
10 remember exactly the date, I was given a job as  
11 assistant to the manager of engineering design  
12 and construction. Most of my activities were in  
13 rehabilitation projects, adding the precipitators  
14 to our coal fired plants, modernization of some  
15 of our facilities and lot of the service work in  
16 the organization, the engineering construction  
17 organization. In the nuclear work most of my  
18 work was as a service to the nuclear organization.  
19 My -- the people that reported to me were mostly  
20 involved in construction services, building  
21 construction plant for nuclear projects, furnishing  
22 equipment, supplies, that sort of thing. In 1979  
23 I was appointed to a corporate position in TVA as  
24 manager of services, which included purchasing,  
25 personnel, medical, all of the things that's under

1 the services organization, several divisions.

2 About -- that was in February of '79, and in June  
3 of '79, a short six months later, I was named  
4 general manager of TVA, and have been in that  
5 position now for almost eight years.

6 MR. MURPHY: Have we told you originally we -- we're looking  
7 into the March 20th, 1986 letter of a Mr. Steven  
8 A. White to the NRC regarding TVA's compliance  
9 with 10 CFR 50 Appendix B. What role did you play  
10 in the preparation of that letter? What we would  
11 like you to do is go back as far as you can with  
12 the bringing aboard of Mr. White, the conditions  
13 that existed in TVA at the time, what precipitated  
14 Mr. White's hiring, if you know, and his ultimate  
15 assignment as manager of nuclear power.

16 A That's several questions in one. You want just a  
17 generic response across all that?

18 MR. MURPHY: Just give us -- if you'd give us a chronology  
19 of events as you viewed them.

20 A Well, to shorten up the events that brought on  
21 Admiral White to the manager of our nuclear  
22 program, during the course of the early part of  
23 1985 as we began to get several indicators from  
24 different quarters that we needed more management  
25 attention on our nuclear program, we were looking

1 for ways to get talent into the organization.  
2 And were having limited, very limited success in  
3 bringing in a bunch of new talent we knew we  
4 needed. We had shortages in several areas. At  
5 the same time the board had asked me to look for a  
6 nuclear advisor to the board, and we were looking  
7 at several people around the country for that job  
8 to be an advisor to the board. Also during the  
9 summer months and into the fall we had larger  
10 management problems to deal with, you know, we  
11 kept getting more indicators from all sectors  
12 from people we brought in to look at our  
13 organization, INPO who reports from NRC. All  
14 indicating that we had significant management  
15 problems we had to deal with. And we were feeling  
16 the pressure quite a bit that we didn't have the  
17 management talent on board and leadership that  
18 we needed. We were still heavily looking for the  
19 nuclear advisor. During the process of that  
20 thing Steve White's name came came to us as a  
21 possible candidate for that nuclear advisor role,  
22 and we were considering Steve in that role.  
23 I -- in fact I arranged to talk to the board about  
24 Steve White. We had other candidates who we were  
25 talking with and working with also. And after some

1 of those had turned us down I suggested we might  
2 look at Steve as advisor to the board. During  
3 that -- and the first time I had met Steve White,  
4 I'd heard about it, known about it for a while  
5 through other people, but the first time I met him  
6 was in about November of '85 at which he was in  
7 Chattanooga at Hugh Parris' request to come in and  
8 take a look at things, and give him some thoughts  
9 and ideas on things we ought to be doing. I -- at  
10 the time I met him is when he was giving a verbal  
11 report to Hugh on the issues that, problems and  
12 things that he saw in the agency. And that's the  
13 first time I had met Steve. It was a couple of  
14 other people with him, two or three other people  
15 with him at that session in Chattanooga. After  
16 that session there was -- I arranged a meeting  
17 through Hugh Parris with Steve to come down in  
18 December, I believe it was in December, to meet  
19 with the board with the, again my direction at  
20 that time was to come and meet with the board as a  
21 person that the board would use as their advisor,  
22 in a very strong advisory role to the board. And  
23 that happened in, whatever that time was in  
24 December, I forget exactly the date. But they,  
25 Steve and whomever came with him, and I don't have

1 the -- can't remember who came along, came with  
2 him. I wasn't in that meeting, by the way, that  
3 was a meeting of the board. The board and, which  
4 at that time was Dick Freeman and John Waters and  
5 Chairman Dean, met with Steve. And shortly after  
6 that, I don't recall, it was the same day or the  
7 next day, or it was just within reasonable number  
8 of days, probably no more than one or two days.  
9 Anyway, the board came to me and discussed the  
10 thought of where to proceed with Steve as advisor;  
11 they were impressed with him. And at that time the  
12 board, and we in TVA were under tremendous pressure  
13 to make some fairly significant major moves in  
14 addressing our management shortcomings. And were  
15 under continuous pressure from all over the world  
16 it seemed like to get at that. And the board,  
17 after they caucused and talked with him were --  
18 had come to the conclusion when they talked to  
19 me again whether it was just a few hours or a couple  
20 of days, I can't remember, that they wanted me to  
21 pursue the thought of bringing Steve on board as  
22 the manager under a loan manager concept, which  
23 we had sort of piloted with another individual  
24 at Browns Ferry some few months before that. We  
25 had found a legal construction to, as how to do

1 that, our general counsel's office had. So I  
2 immediately got to work on how that could be  
3 structured. I would put it together, had  
4 discussions with Steve White, with my general  
5 counsel's office, people with Hugh Parris, and  
6 during the next few weeks, very few weeks, two  
7 weeks of so time period, two or three at the most,  
8 we came to the conclusion that we would go this  
9 route and offer Steve the job as manager of  
10 nuclear power and drafted an arrangement under  
11 which we would do that. The -- of which I was  
12 very instrumental in working with the, our legal  
13 team and others to put that together. The -- part  
14 of that was -- is a reassignment of Hugh to the  
15 rest of the power organization, which Hugh decided  
16 later on that he didn't want to do. Anyways, we  
17 made those arrangements and brought Steve on board  
18 early in January of '86 to be manager of nuclear  
19 power. That's the chronology, short version of  
20 the chronology to get to that point.

21 MR. MURPHY: In that November time frame when you first  
22 met Steve White, was that the report of an assess-  
23 ment done by Stone and Webster consulting team at  
24 that...

25 A Yeah, Steve was part of a team with Stone and

1 Webster folks. And I don't know, it seemed like  
2 it was somebody else on there besides Stone and  
3 Webster, but I can't remember. But it was three  
4 or four people that had been down and spent couple  
5 or three weeks looking over material and visiting  
6 sites and talking.

7 MR. MURPHY: You said they gave you a summary of what they  
8 perceived as problems?

9 A Yeah, we gave summary things, and it was mostly  
10 around management issues, as I recall. I don't --  
11 there wasn't any -- Steve did most of the talking.  
12 He presented the report. We had one guy talk  
13 about engineering a great deal. There was somebody  
14 there that spoke of the engineering issues. He  
15 talked a management, quite a bit about management,  
16 the shortage of management talent. I do remember  
17 that we do some discussions on how we could best  
18 put together an advisory team under advisor to  
19 the board, and a team, how we could put something  
20 together, we talked about that; what would work;  
21 what had happened, worked in other -- with other  
22 utilities from an advisory group; how that that  
23 could best work in the organization. We did not  
24 talk -- I don't recall any discussion or any  
25 thought of Steve White or anybody else coming on

1 board as manager, a new manager. That was not  
2 part of the discussion at all. In fact the first  
3 time I heard that was after -- after that meeting  
4 that Steve and others had with the board.

5 MR. MURPHY: But was it -- I mean was it a bright picture,  
6 gloomy picture? What type of picture did the team  
7 present?

8 A Well, I didn't hear anything new there, because  
9 we had seen, seen a lot of indicators coming out  
10 of the new reports out and other type reports,  
11 responses from NRC. We'd had the -- I forget the  
12 date of it, it would seem like a September of '85  
13 major letter from NRC asking us to respond and show  
14 cause, and things that we had to do, and how much  
15 time we had to do it in before we asked for a  
16 restart of Browns Ferry and Sequoyah, and how much  
17 lead time they need, and enlisted a list of things  
18 that we had to address and be ready to respond to.  
19 That was a big ticket issue, which summarized,  
20 really summarized NRC's issues with us over a  
21 number of years, were summarized in that document.  
22 Which was a pretty heavy document. We had had  
23 just before that I'd been in -- I think it was in  
24 early part of November. It was just shortly before  
25 Steve White and that group came in November, a

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1 report from INPO that was one of the most critical  
2 reports from INPO that we had ever received.  
3 We of course, were beginning to see an escalation  
4 in civil fines. And we had had several other  
5 nuclear power -- Hugh Parris had had several other  
6 folks from outside come in and make assessments  
7 and, all of these things sort of aimed at we needed  
8 to make a -- we had big management problems that  
9 we had to address. And a lot of indicators that  
10 we had that -- we had seen some that we were above  
11 average or about average, but all of sudden, you  
12 know, everything sort of turned down at once, in  
13 the summer and fall of '85. We knew the storm  
14 clouds were out there, and we were taking actions  
15 to get at those things, and which we thought we  
16 were headed in the right direction, across the  
17 board in everything we were doing, but in the  
18 summer of '85 and the fall of '85 everything sort  
19 of just sort of aimed at, you know, there's a  
20 lot of trouble at TVA, folks. Most of it is  
21 management oriented and you've got to do something  
22 about it. So from that standpoint I didn't hear  
23 anything new too much out of Steve White's  
24 presentation. It appeared to me that he did  
25 concentrate more on management and assessment of

1 engineering, that we were kind of behind in our  
2 engineering approach than other utilities, that  
3 kind of balanced us against some initiatives at  
4 other utilities that were doing well, were doing  
5 their engineering jobs quite a bit better. And  
6 we were kind of stuck back a few years back in  
7 time of where we were in engineering and where  
8 everybody else was. They found a lot of our  
9 methods of doing business and the way we do  
10 engineering was a little, was dated, it needed to  
11 be upgraded. And they talked about, a great deal  
12 about the shortage of management talent, that they  
13 had -- people that they'd talked to. They just  
14 didn't feel like we had the depth that we needed.  
15 That was the preponderance of what I remember  
16 about the conversation. But I didn't, like I say,  
17 I don't know that I heard anything new there. I  
18 might have heard it focused a little bit more  
19 around management and engineering.

20 MR. MURPHY: Was -- whose idea was it to make that  
21 presentation, the same basic presentation, I guess,  
22 to the board?

23 A It may have been mine. I went down and I -- as I  
24 recall I told the board, you know, they of course  
25 were -- as normal I would have let them known about

1 that and told them generally what we talked about,  
2 and told them that I would like to have them come  
3 make that presentation to the board. And I don't  
4 know, I think, I'm not sure if they heard this from  
5 somewhere else or not, but I know they heard it from  
6 me that I thought they ought to listen to that.  
7 But I did it from a different viewpoint, because  
8 I did it -- because I wanted them to get acquainted  
9 with Steve White for the position of advisory to  
10 the board. I wanted them to use that mechanism  
11 to get him down here.

12 MR. MURPHY: Were you convinced in your own mind that he  
13 was a logical candidate for the position?

14 A I thought that he was -- from what I had already  
15 picked up, his name had come up before that. I  
16 didn't know it, but his name had come up before,  
17 and we'd examined that and, a little bit. But after  
18 I had him I got a little bit more interested in  
19 going out and talking around the industry to get  
20 more information on him. And so that was one of  
21 the reasons that we had struck out. We had talked  
22 to others, other candidates that we had already  
23 approached and they turned us down. And I was  
24 looking, I was actively looking for a good live  
25 candidate at the time that I thought would meet

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1 the bill. And from what I heard of the  
2 presentation of it, and what I found out about him  
3 later, I thought he was a good candidate for the  
4 board to look at for that advisory job.

5 MR. MURPHY: Were you present during his presentation to  
6 the board?

7 A No.

8 MR. MURPHY: Was Mr. Parris present during the presentation  
9 to the board?

10 A No. I don't think so. No, I don't believe he was.  
11 I think it was just White and the group, whoever  
12 he brought with him and the board, as I recall.  
13 I don't remember Hugh being in there. No, I don't  
14 think he was.

15 MR. MURPHY: Do you remember -- was Parris in the area at  
16 that time?

17 A In the area?

18 MR. MURPHY: Where the meeting was taking place. Was that  
19 in Chattanooga?

20 A The meeting was here in Knoxville. He could have  
21 been up here with me or in Knoxville, on his other  
22 business. I'm not familiar -- I mean, I can't  
23 recall. Really, can't recall whether he was or  
24 not. I think shortly after that I talked to Hugh.  
25 After the board talked to me I talked to Hugh

1 almost immediately after the board indicated they  
2 wanted to look at him to bring him on board.

3 MR. MURPHY: What was Mr. Parris' reaction to that? This  
4 would have meant that Mr. White would have been  
5 replacing Mr. Parris, wouldn't it?

6 A Well, that is a -- I think you'd better -- that's  
7 something you ought to ask Hugh, I believe, to  
8 what his reaction was. We had a lot of discussion  
9 about it. And as aftermaths of Hugh decided he  
10 didn't want to stay unless he had the nuclear  
11 program under him, in the overall.

12 MR. MURPHY: Well...

13 A He wanted the job as overall power manager with  
14 nuclear under him. He was -- and then after we  
15 decided to separate nuclear from the rest of  
16 power Hugh was not happy with that arrangement,  
17 and later on chose to go another direction.

18 MR. WILLIAMSON: Had the decision been made to make Mr.  
19 White manager of nuclear power or were we still  
20 in the stages of him being advisor, nuclear advisor  
21 to the board?

22 A Well, shortly after that meeting with the board,  
23 they came to me with the concept of Steve being  
24 the manager, and wanted me to work out a concept  
25 on how that could be done. And I worked on that

1 scenario and how it could set up. And back and  
2 forth with the board, Hugh and White, were all  
3 involved in discussions, and came out with a  
4 method towards the end of December. And as I  
5 recall the final decision was made somewhere about  
6 the -- right at the end, on New Year's Eve,  
7 December 30, something there, that we came to the  
8 conclusion how it would be set up. And I informed  
9 -- worked that out with -- in fact I had worked  
10 that out with Hugh, and we agreed on a press  
11 release, and what his title would be and everything  
12 else that day. And it was all -- everybody  
13 seemed all satisfied with that, and over the  
14 New Year's Day vacation day, holiday, after that  
15 Hugh came back and decided he didn't like that  
16 arrangement. In fact notified us somewhere  
17 around January the 2nd he was -- didn't think he  
18 wanted to go with that arrangement.

19 MR. REINHART: Who introduced the thought that Mr. White  
20 would be the manager rather than the advisor?

21 A The board. And I can't remember which one of them  
22 told me that first. I think it was -- it was  
23 probably Dick Freeman, but I'm not real positive  
24 on that. I considered it a board thought. So  
25 it didn't matter, because all of them seemed to be

1                   together on it.

2   MR. ROBINSON:  In that initial assessment when it was  
3                   presented, the results of that assessment was  
4                   presented to you by Mr. White and his group, aside  
5                   from the general management problems that were  
6                   brought up, where there any specific problems  
7                   brought up about the QA program or the corrective  
8                   action system that you can recall?

9   A                I don't remember any great deliberation on it.  
10                   I recall them going over the whole gamut of things,  
11                   you know.  But I don't remember any deliberate,  
12                   you know, any special attention on that.  I can't  
13                   recall.  It could have been, but I just can't  
14                   recall.  Like I say, most of all that stuff was  
15                   stuff that I was familiar with and knew was going  
16                   on, but I do remember the attention on engineering  
17                   and the attention on management, and the discussion  
18                   of how an advisor role could work best in TVA.

19  MR. ROBINSON:  I guess right during the middle of the  
20                   deliberations about Mr. White, right around  
21                   December 19th, Commissioner Asselstine came to  
22                   TVA and a presentation was made to Commissioner  
23                   Asselstine by NSRS about their perceptions at  
24                   Watts Bar.  And one of the two bottom lines of  
25                   these perceptions were that Appendix B requirements

1                   were not being met at Watts Bar. Do you recall  
2                   that presentation?

3    A               I wasn't there, but I recall that I found out  
4                   about it shortly after that.

5    MR. ROBINSON: How did you find out about it? Did Mr. Mason  
6                   tell you about it?

7    A               As I recall, Kermit Witt told me about it. He  
8                   came over to see me right after that to tell me  
9                   what had happened in the meeting.

10   MR. ROBINSON: I see. Did -- what was your impression of  
11                   what Mr. Witt told you at the time? Do you recall  
12                   Mr. Witt mentioning to you that one of his people  
13                   had said that Appendix B requirements were not  
14                   being...

15   A               Yes, he told me -- he gave me a rundown of the  
16                   meeting. And told me what the presentation  
17                   was, and what the individual, I believe it was  
18                   Mr. Sauer, had made the presentation, and what  
19                   he had said as a bottom line about the Appendix B  
20                   issue at Watts Bar. And he also informed me that  
21                   he was surprised of that, and was not aware that  
22                   it was gonna happen. And told me the context and  
23                   how it came up. And was ex... -- well, that's  
24                   just the way it happened. He just came in and  
25                   told me what had happened, and how had it come

1 about that he didn't know that it was going to  
2 be said.

3 MR. ROBINSON: And what was your reaction?

4 A Well, I was -- my reaction first is, is the issues  
5 they were talking about, I know they were live  
6 issues, the eleven or how ever many issues that  
7 they brought up of things that we've been looking  
8 at for some while. I was quite surprised at  
9 the proclamation being made that we were not in  
10 compliance, or whatever the terms were, with  
11 Appendix B at Watts Bar. I was surprised about  
12 that. And asked -- and my question was, you know,  
13 NSRS has not brought this to us before, you know,  
14 what's his issue or position, or something like  
15 that, how did it happen, and he told me the  
16 scenario that came about how that happened, that  
17 he was surprised also.

18 MR. ROBINSON: Did he give you his personal opinion as to  
19 whether or not that statement was accurate?

20 A I don't believe that we discussed that, whether  
21 it was or not. I didn't ask him that. I just  
22 asked him how this came about. We, you know,  
23 nothing had happened -- nothing had come to our  
24 light or anything else about this before. And  
25 most of the conversation was is how that happened.

1 That from the day before he had seen a presentation  
2 that had been put together that did not have that  
3 material on it. It was a different presentation.  
4 Most of the items were being discussed, but that  
5 was not part of it. And during the -- and informed  
6 me -- he informed me that that morning shortly  
7 before the Commissioner was due to be there for  
8 the presentation he found out that the individual  
9 that was scheduled to give the presentation was  
10 out sick. And I can't remember where he said he  
11 assigned Bob Sauer, or Bob Sauer came forth with  
12 the presentation. But he had not seen the material  
13 and assumed it'd be -- was the same material he  
14 had seen the day before. But during the -- as it  
15 came out and he put the last view graph up that  
16 had that on it, it was -- Kermit indicated to me  
17 that was the first he'd seen that and heard that.  
18 And I believe he's, and as he said, they informed  
19 the Commissioner that, or something in words, that  
20 that was not the, an official position of TVA.

21 MR. ROBINSON: You say he came to you either that same day  
22 or shortly thereafter?

23 A I'm not sure. It seems to me he came to me that  
24 afternoon shortly after the meeting. I don't  
25 recall. It'd be there or the next morning. It was

1                   within just a short period after it happened.

2 MR. ROBINSON: Did you tell anyone on the board about that?

3 A                   Yes, I'm positive that I informed the board

4                   verbally that this had happened. And we scheduled

5                   a meeting with NSRS and the board and others.

6                   I think some people from nuclear power, engineering,

7                   so forth were there. I can't remember the date.

8                   I think it was somewhere around the -- we had a

9                   sessions with NSRS on that somewhere about the end

10                  of the month, at which the board wanted to have

11                  the same presentation made to them that was made

12                  to Commissioner Asselstine.

13 MR. ROBINSON: I've gotten the indication that that presenta-

14                  tion might have happened after you got the request

15                  letter from NRC requesting the corporate position

16                  on that?

17 A                  That was...

18 MR. ROBINSON: Which would have been, you know, early

19                  January, after January 3rd sometime.

20 MS. BAUSER: Could I ask you where, what the basis is for

21                  that?

22 MR. ROBINSON: From some of the other witnesses that we

23                  talked to that have indicated...

24 A                  I have a different thought on that.

25 MR. ROBINSON: Okay.

1 A In my mind it happened before that. Now, the  
2 only thing I have on the record is that we had a  
3 meeting with NSRS somewhere around the 29th or  
4 30th. And that's when I thought it was. I  
5 thought it was before we got the letter, but I'm  
6 not gonna make a real hard core statement about that  
7 before or after.

8 MR. ROBINSON: Was anything -- were any instructions given or  
9 any action contemplated as a result of that  
10 presentation to the board when they came and made  
11 the presentation to the board to perhaps clarify  
12 whether or not you were or were not in compliance?

13 A Let me clarify your question. Now, you're asking  
14 if we issued any instructions to the nuclear and  
15 whoever else to do something about that?

16 MR. ROBINSON: Well, or to clarify one way or another  
17 whether in fact this compliance question was real  
18 or not.

19 A As I recall we -- the presentation was mostly to  
20 make -- have Mr. Sauer make the same presentation  
21 that he made so we'd understand that, and what  
22 lead, generally in terms of what lead to that  
23 conclusion. And then we -- my recollection is that  
24 the board ask the nuclear organization where he  
25 was -- whether they asked Kermit Witt or Hugh

1 Parris or whom at the time, that what is our  
2 response going to be. How are we going to handle  
3 this; what's our response. And the answer was  
4 that we're looking into it; we know we're gonna  
5 have to have a response to this, so we're pulling  
6 information together to immediately respond to.  
7 It was along that. That wouldn't be the exact  
8 words, but that was the nature of the discussion.

9 MR. ROBINSON: From your recollection it would have probably  
10 been Hugh Parris or maybe Kermit Witt or both of  
11 them?

12 A Yeah. Yeah.

13 MR. ROBINSON: Responsible for...

14 A Yeah. In my mind that was when, and -- because  
15 I don't think -- we had -- shortly after that we  
16 had a change in nature. That's the reason I think  
17 the meeting was before the January 3rd letter,  
18 because I don't -- we didn't have a new team on  
19 board. Now when we got the letter in January we  
20 knew -- on January the 3rd when the letter was  
21 dated -- I'm not sure what day we got it, but  
22 that was the date of the letter, at that point is  
23 when we were concerned that we had a new team  
24 coming on board and how we were gonna deal with  
25 that. As I recall they asked for a short turn

1           around and a response, and we were concerned with  
2           a new team coming on board how we were gonna get  
3           that response together with a new team.

4   MR. ROBINSON:  So if the meeting happened before the letter  
5           came in then you probably would have anticipated  
6           that you would have to respond rather than  
7           knowing?

8   A           I think we knew that we had to have a -- we  
9           were gonna have to respond to it.

10  MR. ROBINSON:  Okay.

11  A           We couldn't leave it laying.  That was an issue  
12           that would not be -- couldn't leave it laying on the  
13           table.

14  MR. ROBINSON:  After that presentation to yourself and the  
15           board, did you have any additional involvement  
16           in the direction of, or preparation of the response?

17  A           Not any direct, other than being kept abreast of  
18           the deliberations that were going on and the  
19           approach that was taken to pull the response  
20           together.

21  MR. ROBINSON:  Who was briefing you on this?

22  A           We got that from Steve White and his people.  
23           Mostly in Chattanooga.  We -- some sessions we  
24           went down to Chattanooga at times when we'd get  
25           briefed on things.  Some of them were phone

1                   conversations we had and some of them would  
2                   have been when he was up here, but it was during  
3                   the -- over the course of up until the letter went  
4                   out. It was several occasions that we were  
5                   apprised of how he was going about putting that  
6                   together.

7 MR. ROBINSON: Did you see any of the early drafts of the  
8                   cover letter of the March 20th letter? And when  
9                   I say the cover letter, I'm dividing the March 20th  
10                  letter into the two-page cover...

11 A               Yes.

12 MR. ROBINSON: ...and the technical responses.

13 A               I don't recall seeing a draft of that before I  
14                  saw the finished product.

15 MR. ROBINSON: Did you see the final letter for your approval  
16                  or concurrence before it went out?

17 A               I saw, as I recall I got a Telex of it that Steve  
18                  sent up here that would -- it didn't have the  
19                  attachments with it. It was just a letter that  
20                  he sent up here and -- to me. At the same -- right  
21                  at the same time -- as I recall he had it in  
22                  Washington ready to deliver, sent me a copy of it  
23                  to take a look at, and which I told the board in  
24                  general terms what it said. And I can't remember,  
25                  seems like I called one or two of them by phone

1 and walked into the office, to the other one,  
2 and told them, you know, in general what we were  
3 saying what the answer was.

4 MR. ROBINSON: Did you get back to White at any time after  
5 you received that Telex and said, you know, that's  
6 fine, let's do it?

7 A I think the amount of it was that I just sent word  
8 back that I informed the board.

9 MR. ROBINSON: Okay.

10 A I don't remember where I sent that to his  
11 secretary or told Steve that or what.

12 MR. ROBINSON: Did you personally approve or agree with the  
13 wording in that letter?

14 A No.

15 MR. ROBINSON: Why not?

16 A Well, one is that I didn't think I could make that  
17 call. I didn't think I had the experience and  
18 capability of making that call. The main thing  
19 that I and the board were concerned about during  
20 the process of how the answer was pulled together,  
21 did they do a real thorough examination of the  
22 issue.

23 MR. ROBINSON: Were you satisfied in your mind that that  
24 took place?

25 A Yes, I was. I certainly was. I was aware of the

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1 various activities going on and the various  
2 groups of people looking at it and how that was  
3 coming together.

4 MR. ROBINSON: And you were satisfied that NSRS had their  
5 rightful share of the input to that letter?

6 A It was my understanding that NSRS got a chance  
7 to put their input into it and make their position  
8 known. And all that was taken -- that was given  
9 due consideration in the deliberation.

10 MR. ROBINSON: In addition to being briefed by Mr. White  
11 during the progress of the preparation were you  
12 being briefed by Mr. Witt, too, regarding that, or  
13 do you recall?

14 A I don't remember any direct briefing on that other  
15 than the fact that we had weekly or bi-weekly  
16 meeting that he informed us that the process was  
17 going on. And I don't recall any separate  
18 presentation on the answer or responses or the --  
19 at all. I don't recall that.

20 MR. ROBINSON: Do any of you gentlemen have any questions  
21 along that particular line? I was gonna switch...

22 MR. MURPHY: What are you gonna switch to?

23 MR. ROBINSON: I was going to move into the systematic  
24 assessment and...

25 MR. MURPHY: Okay, let me ask a couple of questions. Would

1           you look at this letter? This is a letter,  
2           January 9th, 1986 from Chairman Dean to Mr.  
3           Denton. Have you seen that letter before?

4    A           Yes.

5    MR. MURPHY: Did you have any input into that letter as far  
6           as the preparation of it?

7    A           I don't recall any direct where I was doing any  
8           drafting or anything. I recall the letter  
9           being put together and the fact that the Chairman  
10          was asking for some additional time.

11   MR. MURPHY: Let me read one sentence of this. And would  
12          you -- and I want you to explain to me what it  
13          means. It says, "In order to adequately respond  
14          to the inquiry TVA board concurrence would be  
15          needed after consultation with staff." The "TVA  
16          board concurrence would beneeded," what does that  
17          mean?

18   A           Well, of course the Chairman wrote the letter and  
19          I think you need to -- he would be the right one  
20          to as what he meant, but I can tell you what my  
21          interpretation of that, and how the events played  
22          out. To me that concurrence meant that they were  
23          satisfied with the way the method was put together  
24          to respond to it. And that they had an opportunity  
25          to know that we had a deliberate, very intense

1 intense examination of the issue. That's -- that's  
2 generally what I meant, and I know that -- I --  
3 during the proces of the issue being examined over  
4 the next two or three months after that, there  
5 were many occasions that the board inquired  
6 through me and through Steve, got it updated, was  
7 in Chattanooga, knew the process going on by  
8 getting the various internal people in TVA, NSRS,  
9 our engineering staff and a couple of groups of  
10 outside folks to take a look at it to make that  
11 determination. The board had asked Steve several  
12 times during the process, "Are you getting the  
13 best independent advice as you can on this?" And  
14 to me that process met the intent of the board's  
15 concurrence, and have things put together. I mean,  
16 I didn't interpret it to mean the board was gonna agree  
17 on making the call, or whether it was the corporate  
18 position. But they had delegated that authority  
19 to Steve White to make the call.

20 MR. MURPHY: How do we -- how do we gain this concurrence  
21 of the methodology if that's what we're talking  
22 about? I mean, what -- is it inactivity on the  
23 part of the board? I mean, would that mean that  
24 he's doing the right thing by them not saying  
25 one way...

1 A Well, they knew -- they were aware of the process  
2 he was going through. And they were very aware of  
3 the extent that he was having it examined by  
4 various groups of people. And in my mind they  
5 were satisfied with that examination, that it  
6 was being given very intense and deliberate review  
7 internally, and then checked and double checked  
8 externally. And they were looking for Steve White  
9 then to make the call.

10 MR. MURPHY: You say externally. What do you mean by  
11 externally?

12 A Well, as the way I understand it, Steve got non-  
13 TVA people, supposedly ex... -- people from outside  
14 the agency that were not TVA, permanent TVA  
15 employees to take a look at it independent of  
16 our ~~engineering~~ staffs' analysis and NSRS views on  
17 it. And that's our understanding of the process  
18 and we felt like thathe was -- had given it a  
19 thorough examination, not just relying on what  
20 TVA's technical people came up with answers. Our  
21 technical people formulated a response to those  
22 things and then had outside people look at that.

23 MR. MURPHY: You don't know who these outside people are  
24 by him?

25 A I can't recall. It was -- he had, I know, several

1 people that he used, senior advisors that he's  
2 used then, and some of them are I think still with  
3 him. Had some of the Stone and Webster team,  
4 different ones, look at it. And that's the kind  
5 of folks, and I'm not sure about others. Seems  
6 to me like it's some others that wasn't advisors  
7 to take a look at it also.

8 MR. REINHART: To what extent was that -- you mentioned they  
9 were comfortable with the extent of the analysis.  
10 Could you describe that to us?

11 A Well, they -- I think that's a better question,  
12 really, to pose to them. I can give you my  
13 understanding because I had the same feeling.  
14 But I was comfortable that they were given an  
15 indepth look. We knew of great deliberations  
16 going on, examined the issues. We knew that was  
17 going on, in Chattanooga and in Knoxville. We  
18 knew that they looked at it for a long time and  
19 didn't make a snap judgment. It took a long  
20 time to do it. And we knew that they were  
21 examining many, many issues, and looking into it  
22 in a fair amount of depth. And from that  
23 standpoint we felt like the issue had been given  
24 a far more indepth examination and an impartial  
25 examination than it ever had before, on the points

1                   that had been raised.

2 MR. REINHART: And this was the outside people that were  
3                   doing this indepth...

4 A                   Inside and outside. We know that he used a lot  
5                   of TVA engineering people to form the first round  
6                   of conclusion, or responses, just the technical  
7                   engineering response to the issues. We knew that  
8                   he had them do that. And then we had -- we knew  
9                   that he had the other people than the engineering  
10                  team. And normally that's who you go to in an  
11                  organization, you get your engineering people to  
12                  do the answering. And that's what we've been  
13                  doing many times in the past on these, a lot of  
14                  these same issues, not the bottom line. Now  
15                  we know that he was getting people that were not  
16                  responsible for those answers, had not put them  
17                  together, to review that same -- go over that  
18                  same material and see if they could come to the  
19                  same conclusion. That's what I'm talking about.

20 MR. REINHART: Now when you're talking about the indepth  
21                  look with the great deliberations and they too  
22                  a long time, no snap decisions, are you talking  
23                  about the outside of TVA people?

24 A                  I'm talking about the totality of it. All of it  
25                  put together, inside and outside.

1 MR. REINHART: And my question is trying to home in on  
2 exactly from your perception what the outside  
3 group did. Like, if they did an indepth look, fine.  
4 If they didn't fine. I just -- I'm trying to  
5 separate between inhouse and...

6 A It was my understanding that they looked at the  
7 material pulled together by our technical people  
8 in response to this. And they did some independent  
9 analysis of that. I don't know how they did that.  
10 I couldn't answer you on how they did it. I know  
11 they did some independent analysis. And they made  
12 their own separate -- it is my understanding they  
13 made their own separate conclusions on the  
14 adequacy of those responses, for those individual  
15 eleven areas or so.

16 MR. REINHART: Okay, so in other words, area by area they  
17 made a conclusion, and overall regarding meeting  
18 requirements of Appendix B they made a decision?

19 A I don't know if over all that. That was  
20 something that Steve White was responsible for  
21 pulling together. And I honestly can't answer  
22 where Steve made that independent assessment from  
23 the pieces or where he got that from all of the  
24 people derived at the same conclusion. That's  
25 something I think you'll have to ask Steve.

1 MR. REINHART: Okay. Do you know if they issued a report  
2 or documentation of that effort?

3 A I don't know. I haven't read one. I've only  
4 read the material that was finally came out.

5 MR. REINHART: Okay.

6 MR. MURPHY: Let me ask you one other. In this letter it  
7 says, "This situation apparently involves  
8 differing professional opinions within TVA, and  
9 we will expect Mr. White to look at the matter,  
10 and as soon as reasonably possible." For a good  
11 while now TVA has -- probably ever since the  
12 Devord case, TVA has had this rule on, you know,  
13 desiring differing professional opinions, and  
14 how we handle them, they'd have some basic rules.  
15 How does that work from a general manager's  
16 standpoint?

17 A It can work in a number of different ways.

18 MR. MURPHY: Let me give a specific example.

19 A Okay.

20 MR. MURPHY: Historically there have been a goodly number  
21 of differences between NSRS view of things within  
22 TVA and line organizations' view of things within  
23 TVA. I think this is a matter that's been publicly  
24 discussed for some time. How are them issues  
25 resolved? NSRS has direct, as I understand it,

1           has direct contact to the board of directors  
2           through you as the general manager, is this  
3           correct?

4       A           At the time. Back, prior to -- sometime in '86.

5       MR. MURPHY: I understand that.

6       A           Yes, they did.

7       MR. MURPHY: When a dispute arose between the NSRS group  
8           and the line organizations, how were these --  
9           and these were always classified, as I recall them,  
10          as differing professional opinions. How were they  
11          resolved?

12      A           I don't know if they were classified as differing  
13          professional opinions. There were times -- and  
14          I can tell you the general pattern that when NSRS  
15          was functioning out of this office up here. The  
16          general pattern or way that if NSRS had a differing  
17          opinion and did not agree with the -- or if the  
18          line didn't agree with a conclusion that NSRS  
19          made, I would generally know about that and know  
20          that NSRS was going to try to get out and resolve  
21          the issue with the manager involved. And if they  
22          finally got down to a point where they was  
23          loggerheads and could not agree on a specific issue  
24          then it would come to me, and I would get the  
25          parties together and try to get a solution. And

1           there was a time or two that I had to make a  
2           determination because I could not get them to  
3           agree on a position.

4 MR. MURPHY: Okay. It was your job, then, to...

5 A           Yeah, towards the end. And to get to the board,  
6           and if I couldn't get that done, then I was to  
7           get with the board and let them know about it.

8 MR. MURPHY: Elevate the situation to the board for resolution?

9 A           Yeah. There's very few things -- as I recall  
10           there was very few things that got all the way  
11           through the process. Now we knew there were  
12           individuals out there within NSRS and others that  
13           at time, that, one or two times that individuals  
14           came to the board. We got the individuals to  
15           the board that had a differing opinion on some  
16           issues. That was not the same as NSRS official.  
17           NSRS might have an official position on something  
18           and an individual in NSRS had a different. One  
19           of the welding issues was one of the big ones.  
20           But that issues we took the individual all the  
21           way to the board and let the board be involved  
22           in that process.

23 MR. MURPHY: Is that the Jerry Smith issue?

24 A           That was one of them, yes.

25 MR. MURPHY: And correct me if I'm wrong. You're telling

1 me that the Jerry Smith issue was an individual  
2 issue. It was his own personal issue, as opposed  
3 to the fact that at least NSRS reports were written  
4 concerning that specific issue during a three year  
5 period?

6 A They were, but we...

7 MR. MURPHY: Signed off by the Director of NSRS.

8 A They recorded the conditions and some findings.  
9 And then when we went back and had them examined  
10 in the resolution of the issues, NSRS came up  
11 and brought to us that they were satisfied with  
12 the final position that came out of engineering  
13 or whatever on the thing, and we had a close out.  
14 And both the NSRS and at the time we had the  
15 corporate safety -- excuse me, QA group was on the  
16 welding issue. They signed off on that as they  
17 were satisfied with that from the standpoint of  
18 NSRS official position and the QA group, and Jerry  
19 still had a differing opinion from that. And it  
20 came back up through QTC as a employee concern  
21 to be addressed again later on.

22 MR. MURPHY: Do you know if today that issue has been put  
23 to rest?

24 A That issue is partial of the entire welding review  
25 program, and incidently that I ended ordering an

1 outside group to come in and make a complete  
2 independent review of the welding issues.

3 MR. MURPHY: Then, correct if I'm wrong, the issue has not  
4 been put to rest yet?

5 A No, it's still -- those issues, a part of the  
6 whole welding program. I think pieces of them  
7 have been put together, but the totality of the  
8 welding program has not been put to bed yet.

9 MR. MURPHY: Then, in fact Code 10 of -- TVA code, Section  
10 10 of the TVA code which does address differing  
11 professional opinions and would lead one to  
12 believe that the issue can be raised to board  
13 level, right? If this involved a differing  
14 professional opinion, did anyone attempt to  
15 bring this issue to you or to your level or to the  
16 board level, inasmuch as I think some time after  
17 the March 20th letter, Mr. Sauer and a group of  
18 NSRS employees appeared before Congress and said  
19 at tht time they were still not satisfied with the  
20 results...

21 A That's right.

22 MR. MURPHY: ...and that they had never been contacted  
23 after -- at the time the letter was sent, to get  
24 their opinion as to whether it was resolved or not?

25 MS. BAUSER: I want to understand that whatever we're agreeing

1 to we understand what the question is, because I  
2 -- that was very complicated. What you just said.

3 MR. MURPHY: Let me, let me, let me -- On January 9th, the  
4 board in their letter to the NRC is saying, in  
5 their opinion they view this as a differing  
6 professional opinion. TVA since 1980, or  
7 thereabouts, has had a procedure for handling  
8 differing professional opinions. It's been an  
9 issue at TVA for some time and it's been given a  
10 great deal of attention. An NSRS employee makes  
11 a presentation to the Commissioner and brings  
12 forth eleven perceptions, okay, which he felt  
13 needed to be addressed. The line organization,  
14 which is now under the guidance of Mr. White  
15 examines the issues, right, and says we don't  
16 think it's a problem. We think we're in  
17 compliance with Appendix B. What I'm saying,  
18 what I'm asking is, did anyone try to resolve  
19 this issue, which remained in, at least in the  
20 minds of a couple of NSRS employees, to satisfy  
21 this differing in professional opinion?

22 A Okay, I think I understand that, and I'll answer it  
23 in this context, that I believe that TVA's policy  
24 of getting differing professional opinions to  
25 the board was satisfied in this case. The board