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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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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

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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

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