

1 was certainly aware that some members of NSRS  
2 had a differing opinion, and had a different  
3 opinion in December. And they were aware that  
4 during the deliberation or the answer that came  
5 out in March 20th that they were still those on  
6 NSRS that did not agree with how the response was  
7 coming out, or did come out. The board, in my  
8 mind, and I personally felt, that the policy of  
9 encouraging and bringing forth differing opinions  
10 was satisfied by the fact that the board had  
11 delegated Steve White the responsibility of  
12 pulling that thought together, pulling the answer  
13 and response together, and they were satisfied that  
14 NSRS got to have their say in it, and those  
15 individuals. And the board then looked to Steve  
16 White to make that call between two different  
17 professional opinions. And he made that call and  
18 the board did not have any disagreement with it.  
19 So I felt like that the -- that the process was  
20 served. And the code was served, because the  
21 board and I were aware that they were a different  
22 professional opinion, and that Steve White was  
23 given the job to look at those differing opinions  
24 and make a decision.

25 MR. MURPHY: Okay, let me ask you one other question, and

1           then I'll -- do you know if Mr. White ever went  
2           back to them NSRS employees and said, "This is  
3           our resolution. We've examined your problems.  
4           We either think they have some validity, or  
5           don't think they have some validity, but here  
6           is how we view your problems." Did that ever  
7           take place?

8           A           I don't know.

9           MR. REINHART: Mr. Willis, earlier you mentioned that when  
10           this...

11          MS. BAUSER: Can I ask you to just give us about 10 seconds.  
12                      You all take breaks from each other, but we have  
13                      to concentrate with all of you.

14          MR. REINHART: Sure.

15          MS. BAUSER: Okay. Just give me a minute, because I'm  
16                      losing my concentration.

17                      (BREAK)

18          MR. REINHART: Mr. Willis, earlier you mentioned that when  
19                      this thought was first brought to you by Kermit  
20                      Witt that during Bob Sauer's presentation to  
21                      Commissioner Asselstine that the requirements of  
22                      10 CFR 50 Appendix B were not being met at Watts  
23                      Bar, you were surprised that that was said. If  
24                      that issue had never come up, and somebody called  
25                      on the phone and said are you meeting the

1 requirements of 10 CFR 50 Appendix B at Watts  
2 Bar today, could you have replied to that, and if  
3 so, what would you have said?

4 MS. BAUSER: Let me understand. You're asking him if this  
5 whole -- if the letter had never been written  
6 requesting TVA's position and no one had ever  
7 said anything in the last couple of years and  
8 someone today called him up?

9 MR. REINHART: No, I'm saying, back in December if the  
10 issue had not been made, the presentation to  
11 Comissioner Asselstine hadn't..

12 MS. BAUSER: Are you asking him whether he would have been  
13 in a position to make a judgment about that?

14 MR. REINHART: Yes.

15 MS. BAUSER: Okay. Could you have answered the question is  
16 what I'm saying.

17 A I think -- yeah, I understand the question. I can  
18 only answer it in its context. I did not have any  
19 knowledge to lead me to any other type conclusion.  
20 I didn't -- I don't think I would be in a position  
21 to make an official call one way or the other at  
22 any time, but I had no knowledge or any indication  
23 that we were not, so I think if somebody had  
24 asked me, you know, I would have said I had no  
25 knowledge of anything that I know of that would

1           lead me to think that we had any problem there  
2           at...

3 MR. REINHART: Okay, so...

4 A           That would be the context that I would have to  
5           answerin.

6 MR. REINHART: So you would have assumed that since nobody  
7           told you otherwise that you were meeting all the  
8           requirements, including that one?

9 A           Yes.

10 MR. REINHART: With that in mind, did it ever occur to TVA  
11           corporate to answer the letter and say, "Well,  
12           yeah, up till now, as far as we know we've been  
13           in compliance. This issue came up and as far as  
14           we know we're still meeting the requirements but  
15           we'll look into it and get back to you."

16 A           Well, I don't know if that occurred to us or not.  
17           I think what occurred to us, it was several issues,  
18           eleven as I recall, raised. And we couldn't --  
19           and each of those eleven issues had to be  
20           addressed. And we knew that in each of these  
21           areas there were no surprises of the subject  
22           matter of those eleven areas because they were  
23           issues that we and everybody else have had to  
24           struggle with and deal with, welding cable across  
25           the board. And we knew that we had, through NSRS

1 and QA and outside groups, several issues had  
2 been raised on this subject -- on these subject  
3 matters over the years. We knew that there's  
4 been a lot of attention put of them and the  
5 responses to that. And as far as we know, and knew  
6 at the time, we had adequately addressed those --  
7 each of those concerns. But we also knew they  
8 were living live issues and not only had we had  
9 the reports out of NSRS on those issues before,  
10 but we had had them from other sources and the  
11 employee concern program the summer before had  
12 brought out these issues all over again. But, so I  
13 say there was no surprises of the subject matter.  
14 The conclusion was -- we had felt, I had personally  
15 felt that each one of the issues had been  
16 thoroughly examined and we had come up with  
17 adequate responses that we were either meeting  
18 the criteria or just, you know, there was no  
19 problem, or we had a corrective action program  
20 in to correct any problems in those areas. So  
21 from that standpoint the -- I was satis... I was  
22 not surprised at the subject matter of the eleven  
23 issues. The thing that surprised me was the  
24 conclusion that was made by that group.

25 MR. ROBINSON: Do you think it was an illogical conclusion

1 based on the eleven perceptions?

2 A I didn't make any judgment on that about where  
3 it was not. I was surprised at it, and had, like  
4 I say, I had nothing before that -- no one had  
5 come and said that to me before. You know, and  
6 I rely on our technical experts to make those  
7 calls, and I don't know if I made a judgment  
8 where it was a logical conclusion or not. I was  
9 just surprised that that conclusion came out and  
10 had no indication that anybody could have made  
11 that conclusion before.

12 MR. ROBINSON: Do you have any personal familiarity or  
13 extensive familiarity with the Appendix B  
14 requirements?

15 A In vague terms I understand what they are, the  
16 criteria that has to be -- that is expected. And  
17 I've been away from engineering and construction  
18 work now for about nine years, and I wouldn't  
19 pretend to know the interpretation today, but  
20 I know in general terms what they require.

21 MR. ROBINSON: Would you be able to formulate in your mind  
22 an example of a program that was not in compliance  
23 with Appendix B?

24 A I don't think I'd want to speculate on that. I  
25 know that you've got to have a program well

1 documented. You have to have one that covers  
2 the spectrum from how you're doing business to  
3 assure that you're doing business according to  
4 codes and so forth, and it's been my -- it's  
5 been my feeling we've had those programs, we've  
6 dealt with them over the years. There's been  
7 people question where they're good programs or  
8 average programs or poor programs, but I've always  
9 felt comfortable that we had a program that met  
10 the criteria. To my knowledge of it from 10 or  
11 12 years ago, understanding of it, I've known  
12 the bigger ticket issues is how well you're  
13 carrying out that program is the thing that  
14 you're dealing with. And it's been my assumption  
15 is that if you're identifying and taking corrective  
16 action and not in general ignoring things that's  
17 been brought up, but you have a plan of action  
18 to resolve an issue that's out of code or doesn't  
19 meet your commitment, that that's part of the plan,  
20 part of the program.

21 MR. ROBINSON: To your knowledge, was there any strategy  
22 by either the members of the board, yourself,  
23 Mr. White or any of his advisors to cloud the  
24 response regarding compliance with Appendix B  
25 such that it was essentially a meaningless

1 statement?

2 A Cloud? .

3 MR. ROBINSON: I'll just use an example of -- well, in the  
4 March 20th letter itself, let me find it.

5 In the second paragraph, the second paragraph of  
6 that letter, and I'll let you review it, too, is  
7 the paragraph that makes the statement that  
8 "the overall QA program is in compliance with  
9 10 CFR Part 50 Appendix B."

10 A Part reads, "That accordingly the overall QA  
program is in compliance 10 CFR 50 Appendix B."

12 MR. ROBINSON: And in order to make that statement, it  
13 appears to be based on two reasons. One that  
14 there was no pervasive breakdown in the quality  
15 assurance program. And two, that problems have  
16 been identified and that TVA has remedied or  
17 will remedy all the identified design construction  
18 deficiencies.

19 A Let's go back and review the question again, now.

20 MR. ROBINSON: Okay. The question was do you have any  
21 knowledge of any strategy to cloud a direct  
22 response, in other words, saying, yes, we at TVA  
23 are in compliance with Appendix B period.

24 A No, I know of no strategy to do that.

25 MR. ROBINSON: Okay.

1 A I...

2 MR. ROBINSON: Were you -- when you got the Telex of the  
3 final version or what I think you thought was  
4 the final version of the March 20th letter to  
5 NRC, I know I asked earlier if you agreed with  
6 it and I believe you said you weren't really in  
7 position to agree to disagree with it. You just  
8 were satisfied with the process that went on.

9 A Yes.

10 MR. ROBINSON: Now that you read it here today, in your  
11 mind, is that logical to say that because there's  
12 no pervasive breakdown in the quality assurance  
13 program and that problems have been identified  
14 and either corrected or will be corrected, therefore  
15 or accordingly the program is in compliance with  
16 Appendix B, is that a logical assumption?

17 A I...

18 MS. BAUSER: Let's make sure I understand the question.  
19 You start out by saying when he received the  
20 Telex.

21 MR. ROBINSON: Okay.

22 MS. BAUSER: But that's not really your question. Your  
23 question is today reading this letter, does this  
24 make sense to him?

25 MR. ROBINSON: Okay, yes.

1 MS. BAUSER: You're not talking about when he received  
2 the Telex, okay?

3 MR. REINHART: It could have been either time, right Larry?

4 MR. ROBINSON: Well, we'll handle how it is today right now.

5 A I think my answer is probably the same in both  
6 cases.

7 MR. ROBINSON: All right.

8 A That I have accepted the letter because of the  
9 process they went through. And I'm not gonna make  
10 any judgment on the logic here because I have  
11 to leave the professionals to make that judgment.  
12 I know there's different schools of thought on  
13 that and I'm not -- I'm not gonna address which is  
14 the right school of thought, because I'm not the  
15 expert in that matter. Our experts and our  
16 people put together this, and I accept their  
17 conclusion on it at that time. And I have no  
18 reason that I know of to accept anything else at  
19 this time.

20 MR. ROBINSON: And you're aware of no strategy to qualify  
21 that response or to, I'll use the term obfuscate  
22 that response?

23 A No, I know of no strategy to do that, other than  
24 to call it how they saw it at the time. And that's  
25 -- I think that's what they were called on to do

1                   and that's what they did.

2 MR. ROBINSON: Okay.

3 MS. BAUSER: Mr. Willis, to clarify you said no, you didn't  
4 know of any strategy other than to call it as  
5 they saw it.

6 A                   That is a strategy, I guess. Okay.

7                   I stand corrected on that. That is a strategy.  
8 My, again I go back to the -- we at the board did  
9 not know, that's the general manager and board did  
10 not know what the outcome of this letter was gonna  
11 be until we finally saw it and knew about it. We  
12 were very comfortable that they were giving it  
13 a tremendous amount of deliberation, looking at  
14 it from all different sides to get the right  
15 answer. And I would have to say I would have been  
16 surprised if they had had a different type of  
17 answer. And I think that would have brought on a  
18 lot of discussion. I would have been somewhat  
19 surprised. But we were aware that, you know,  
20 that we'd just have to wait and see how the  
21 answer came out. We were also aware that we knew  
22 that we had tremendous amount of looksees going on  
23 in the organization and taken as a whole the  
24 letter says we're gonna continue to look at  
25 everything and call them as we see them as they

1                   come down the road.

2 MR. ROBINSON: But if you were going to be satisfied with  
3 the call, however the call was going to be made,  
4 if you were satisfied that the process was okay,  
5 then what makes you say that if the call would  
6 have been different there would have been a lot of  
7 discussion about it?

8 A Well, we would have known -- we would have -- the  
9 discussion would have been, what does this mean.  
10 You know, if you're making a call different from  
11 this, what does this mean to the agency. That  
12 we would have to know, really, the consequences.  
13 We figured, you know, we saw the call that came  
14 out like this. It was -- I think the board if  
15 there had been a different call, he said, yes, we  
16 have a pervasive breakdown or we're not meeting  
17 the requirements, then I think, myself and the  
18 board would have wanted to know what are the  
19 consequences of this now, folks, what's gonna  
20 happen next?

21 MR. ROBINSON: Was there any thought or discussion about what  
22 the consequences of that would have been before  
23 the call was actually made?

24 A I don't recall any specific conversations on it  
25 with the board. It's my general perception of

1 knowledge of things around the industry that  
2 I knew that would be tough. I didn't know what  
3 tough meant, but I knew it'd be touch. And I'm  
4 not being facetious about thateither, because I  
5 knew that was a tough situation if you have one  
6 that you're not meeting, you've got a lot of,  
7 lot of work to do. And I didn't know the extent  
8 of that at the time, and I still don't know  
9 really what the extent of that is, but I know  
10 it makes a major difference.

11 MR. REINHART: Mr. Willis, from the board and general  
12 manager perspective, would you say that to meet  
13 the requirements of 10 CFR 50 Appendix B, or  
14 be in compliance with 10 CFR 50 Appendix B, you  
15 need to do two things, one have a program, and two  
16 implement that program?

17 A Let me put that in my own terms.

18 MR. REINHART: Okay.

19 A I know we have to have a program that sets out  
20 what criteria you're gonna need. I know you have  
21 to implement a program, you just can't have it.  
22 But along with that implementation I know that  
23 you're gonna find things wrong. In individual  
24 cases several -- you could have them several  
25 different areas. And it's my understanding as long

1 as you have the program under way that identifies  
2 those and takes action to correct it, you know,  
3 you're generally in compliance. I know there's  
4 a school of thought if you have -- it's how big  
5 the apple -- how big the problem gets sometime  
6 before you get out, and I'm not sure where that  
7 is. And my understanding it has to be pretty  
8 big and extremely pervasive, but I don't know  
9 that breaking line, but I know that the general  
10 thinking has been in my mind that you've got to  
11 have a program that meets the intent and the  
12 criteria are kind of vague and it gets a little  
13 bit, it's got some flexibility; you can make  
14 different types of commitments. All the commitments  
15 are not alike, but you have to make commitments  
16 to code. The main thing is once you've make  
17 that commitment you follow it. And then if you  
18 don't follow it, find out in your examination by  
19 yourself or others that you're not following it,  
20 and you find something wrong, you have to a plan  
21 of action to go and correct that and get it back  
22 in. And at any one time you may have any number  
23 of things that re not meeting those commitments  
24 but if you're addressing them in some manner,  
25 have identified them and addressing them, that in

1           general terms that you have a program that's in  
2           compliance. I also understand that there's  
3           different schools of thought in that.

4 MR. REINHART: You used a word there that I'd like to ask  
5           about. And I'm not looking for a right answer,  
6           I'm not looking for a wrong answer, I'm just looking  
7           for what it means to you. You said something  
8           would have to be extremely pervasive. What does  
9           pervasive mean and how does it differ from  
10          extremely pervasive?

11 A           I'll give you honest, I can't answer that question,  
12          personally.

13 MR. REINHART: Okay.

14 A           I just can't. I'm not qualified to do that.  
15           There are supposedly people in industry that can  
16           do that, and I have to look to those experts, and  
17           I hope we've got those experts working for us.  
18           I trust we do.

19 MR. REINHART: Okay.

20 MR. ROBINSON: Mr. Willis, are you familiar at all -- this  
21           is a different subject -- with an analysis that  
22           was done in January of 1986 by Stone and Webster  
23           of a large number of external documents that were  
24           either mailed to TVA regarding perceptions of  
25           problems at TVA, etcetera, by Mr. Nace, Stone and

1 Webster, this analysis of about a year and half  
2 worth of inspection reports, INPO reports,  
3 external documents?

4 A I don't recall the name Nace. The only thing I  
5 can do is I know Steve, and looking at what all  
6 of the issues he needed -- after he got on board  
7 he wanted to get all the information he can about  
8 every report and everything else that ever happened  
9 at TVA in nuclear, and as I recall in talking  
10 about it he pulled together some 800 or so  
11 documents, and had somebody do it. And I didn't  
12 know where that was done internal or external.  
13 And out of that came a line of suggesting areas  
14 that he ought to concentrate on. I don't recall  
15 ever seeing a report that like at all. I don't  
16 remember the name Nace. Nace?

17 MR. ROBINSON: The report was addressed to Mr. Nace. It  
18 was done by a Mr. Kirkebo.

19 A I haven't seen a report like that. I know that  
20 Steve did have somebody, whether it was internal  
21 or external, look at all kind of reports on TVA's  
22 nuclear activities to help him draw a conclusion  
23 where his priorities ought to be.

24 MR. ROBINSON: And you don't recall any of the areas that  
25 were the preponderance of areas that you should

1 look...

2 A I don't recall having seeing that, that report.  
3 To my knowledge I haven't seen it.

4 MR. ROBINSON: Does the name Craig Lundeen mean anything  
5 to you?

6 A I don't know about Craig. There's a Lundeen.  
7 A welding?

8 MR. ROBINSON: Yeah, he's doing some welding stuff right  
9 now. Back in the January through March, 1986  
10 time frame he was called upon by Mr. Kelly.  
11 Mr. Kelly, you know Mr. Kelly?

12 A I know Mr. Kelly, yes.

13 MR. ROBINSON: He was called upon by Mr. Kelly to verify  
14 the accuracy of the technical information that  
15 was coming in in response to the NSRS perceptions.  
16 Are you familiar with Mr. Lundeen's efforts along  
17 those line at all?

18 A On that as I recall the first I remember Mr.  
19 Lundeen was when we were trying to get him on  
20 board somewhere back around the first of the year  
21 to come into he a welder, you know to look over  
22 our welding program, and sort of manage how we  
23 review our welding program and so forth. And I  
24 don't...

25 MR. ROBINSON: You mean the first of htis year, 1987?

1 A Yes. I don't recall him in the context. Now I  
2 may have at the time, but I don't recall that.  
3 I can't say that. But I recall that, I believe it  
4 was Mr. Mason came to me sometime in December or  
5 something and wanted Mr. Lundeen on board. And  
6 I think he'd been in pipeline. I think Steve  
7 identified him as somebody he wanted earlier.  
8 But if I recall Mr. Mason came to me in December  
9 of late '86 and asked if we'd bring him on board  
10 as a loan manager of some sort over welding. It  
11 was one of the names that came up when I was  
12 dealing with the conflict of interest thing, and  
13 I recall he was one that, that he was not gonna  
14 be supervising any people from his whatever company  
15 he came from. And I can't recall if he came from  
16 a company or he was a consultant. I don't know  
17 where -- seems like he's a consultant now at this  
18 time, that he was not affiliated with any one  
19 company.

20 MR. ROBINSON: But you don't any activity that he may have  
21 done back in...

22 A I don't recall that.

23 MR. ROBINSON: ...January of 1986?

24 A No. The only thing I can say is I know they  
25 brought in several people, and I don't know where

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1                   they came from.

2   MR. ROBINSON:   Okay.

3   MR. REINHART:   Mr. Willis, are you aware of Mr. White

4                   seeking counsel, legal counsel, on the March 20th

5                   letter outside of TVA OGC or TVA other counsel

6                   he might have contacted?

7   A                I'm not sure about that.  I'm not -- no, I can't

8                   recall that.

9   MR. REINHART:   What -- how...

10  A                I mean -- just go over that again to be sure I

11                   understand what you're talking about.

12  MR. REINHART:   Are you aware of Mr. White seeking legal

13                   counsel on the actual letter outside of normal

14                   TVA legal counsel sources?

15  A                No, I wasn't aware of that.

16  MR. REINHART:   Would that surprise you if that happened?

17  A                I'd just have to put that in this context, I

18                   know Steve was looking -- I do know that he was

19                   looking across the field for everybody he could

20                   get advice on, on the, as I recall, the technical

21                   content of the letter, you know, by answering,

22                   respond technically, but I'm not aware about

23                   the looking outside for legal advice.  I'm not

24                   aware of that.  I may have known about it at the

25                   time, but I don't recall it.

1 MR. REINHART: Do you remember a letter that was written  
2 to Mr. Dean from Owen Thero of QTC that was  
3 dated May 30th, 1986, a real thick letter, and it  
4 basically addressed TVA's response to the eleven  
5 NSRS perceptions? It tried to rebutt.

6 A I do recall a thick report that Owen Thero put  
7 together. In my head it's something he sent to  
8 somebody in Congress, but he may have sent it  
9 here too. I'm not sure. I do remember it was a  
10 big number of pages.

11 MR. REINHART: It was addressed to Mr. Dean.

12 A And it did, as I recall, it did address the eleven  
13 issues and response, and took some issue with that  
14 as I recall, or their analysis of that, or  
15 something like that.

16 MR. REINHART: Do you know if TVA ever reconciled that  
17 report in any way, or considered reconciling it?

18 A I'm not sure. The process would have been to  
19 refer that to Mr. White to handle, and what happened  
20 with it after that I'm not sure. I don't know  
21 where that -- where an answer was sent back -- I  
22 can't recall where an answer was sent bck to  
23 QTC or Thero on that. I don't recall.

24 MR. REINHART: Would that be a type of letter that if it  
25 went to the board that the board would be somewhat

1 concerned about here they've addressed the NRC  
2 on an issue, here comes another letter from a  
3 contractor that was involved, and as you mentioned  
4 I believe a copy did go to Congress. Would that be  
5 something that would...

6 A I just -- I'd have to say what it would have meant  
7 to me if it came to me. I'm not gonna answer for  
8 the board.

9 MR. REINHART: Okay.

10 A To me these were all issues. They were not -- if  
11 it's the one I recall it was all issues that had  
12 been addressed before. We responded to NRC on  
13 all of those issues, and if it were addressed to  
14 me I probably would have responded to Mr. Thero,  
15 "Thank you for sending the letter. These are  
16 issues that we have under -- all of these issues  
17 are under consideration with NRC and we will be  
18 addressing them with NRC." And I think that's  
19 probably what I've done, because as I recall they  
20 were all the same issues that -- a lot of the  
21 concerns on these things came in and through QTC  
22 to start with, so they're all the same plate of  
23 issues. And I think I would have answered it  
24 that way. Now, I can't recall where an answer  
25 went out or not. I just don't know. I'd have to

1 go look at the file and see.

2 MR. REINHART: Okay.

3 A In my mind I wouldn't have thought that I had to  
4 give a technical response back to QTC on every  
5 one of them, if I were answering the same thing  
6 to NRC.

7 MR. REINHART: Okay. On the March 20th letter there was a  
8 concurrence sheet, various people signed off as  
9 concurring with that letter, or they signed the  
10 sheet, whatever that meant to them. Are you  
11 familiar with that at all?

12 A No, do you have a copy of it?

13 MR. MURPHY: Yep.

14 MR. REINHART: Please.

15 A I don't recall where I've seen this before. I  
16 only vaguely know that White was asking various  
17 people to concur in their responses, but I don't  
18 know if I've seen this before.

19 MR. REINHART: Are you familiar with the names on that?

20 A Gwidley, Wagner, Kelly, Rodlo and Witt, oh, yes, Sir.

21 MR. REINHART: Of those people, which ones are permanent TVA  
22 employees?

23 A At that time only one was. That's Kermit Witt.

24 MR. REINHART: Okay.

25 A Wait a minute. Domer up here is -- well, he didn't

1 sign it, he just prepared it, didn't he? Domer  
2 was a permanent TVA employee.

3 MR. REINHART: I'm talking about the signatures.

4 A The signatures? Yes.

5 MR. REINHART: Would you explain to me, just your opinion --  
6 I'm having a problem reconciling in my mind why  
7 TVA would issue that letter and almost have  
8 virtually no permanent TVA personnel in the final  
9 concurrence?

10 A Well, I will answer, give you my response.

11 MR. REINHART: Okay.

12 A It helps my head. I don't know if it'll help  
13 yours or not. But we had, when we brought Mr.  
14 White on board, we made an arrangement with him  
15 to be TVA's official spokesman and delegated  
16 authority to respond for TVA on behalf of TVA and  
17 its issues. And we looked to him to do that.  
18 And that is TVA answering, so that's -- that is  
19 the context that I put it in. And I -- I don't  
20 know why. I can't -- you'd have to ask him why  
21 he didn't have TVA people on there. I'm not  
22 concerned as long as he got experts to do the --  
23 you know, supposedly he was to get the best  
24 experts in his mind to give him the assurances.  
25 And this is what he did. And I'm satisfied with

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that process. I'm looking straight to Steve  
White. I'm not looking to any of these  
individuals. So that's my response to it. He's --  
now I don't know what he had beyond that, because  
this is a second or third echelon of review. I  
know that he had people from the engineering,  
various engineering groups. TVA people had pulled  
these various technical responses together as  
far as these appendix to that letter.

(Changed tapes. Changed typists)

1           Whether they signed off on those, and these people  
2           concurred with the whole thing - is this  
3           concurrence with the - I don't know if this is  
4           concurrence with the letter, the conclusion in the  
5           letter or concurrence with the individual  
6           responses. I don't know any way to tell that.  
7           So I don't know in what context his concurrence  
8           is made.

9   MR. WILLIAMSON: I think it's in the letter.

10   A           Okay. But I do not that, you know, that he pulled,  
11           he got from the TVA people, he got the technical  
12           material pulled together, and others, including  
13           these people reviewed those responses, and if this  
14           is for the purpose on the letter, then I'm, you  
15           know, the signature that I'm looking for is  
16           Steve White's. We delegated him that authority  
17           in a contract with him, and a memorandum of  
18           understanding that he is the person to make that  
19           call.

20   MR. REINHART: At the end of Mr. White's two year contract,  
21           who would TVA look to, assuming that all TVA  
22           people now are running TVA, who would TVA really  
23           look to to kinda take the lead in the nuclear  
24           area?

25   A           The Manager of Nuclear Power.

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1 MR. REINHART: Do you have any permanent people that you  
2 would have in some responsible position that  
3 you would hope to be carrying on there?

4 A Well, hopefully we will have someone in that,  
5 but we won't make that decision for some while  
6 now.

7 Q Okay. You had Mr. Mason as the Deputy Manager  
8 of Nuclear Power?

9 A Yes.

10 MR. REINHART: Would it have been reasonable to have Mr.  
11 Mason involved in that letter?

12 A That's a judgment that I would leave to Steve  
13 White if he wanted to sign off on it, and I  
14 don't have any opinion one way or the other  
15 whether it was appropriate or logical to have  
16 him in or out. He was looking for experts of a  
17 certain type and I'm sure that he went to the  
18 experts that he wanted to use.

19 MR. REINHART: So...

20 A We've had - it's not unusual for a manager of an  
21 outfit to sign something and have different  
22 people on it, and not a Deputy. I think he looked  
23 for the areas of expertise.

24 MR. REINHART: So I guess you are telling me, and don't let  
25 me put words in your mouth - are you saying that

1 Mr. White, you had such confidence in him that  
2 you knew he would take care of business, and  
3 whatever he said would be okay?

4 A We placed that degree of confidence in him. Yes.

5 MR. REINHART: Okay. Are you aware of Mr. White's experience  
6 prior to coming to TVA in dealing in a civilian  
7 nuclear power arena, dealing with licensing issues  
8 and dealing with the TVA, or dealing with the  
9 NRC?

10 A I'm aware that his, all of his career, almost  
11 a hundred percent of it was in the Nuclear Navy,  
12 and was not in commercial nuclear, and I'm aware  
13 of that, and that's one reason that I - the Board  
14 delegated me, and I agreed with him to bring in  
15 the expertise in these areas around him as advisors.  
16 A heavy team of advisors from industry that have  
17 that commercial experience.

18 MR. REINHART: Do you know which of the advisors would  
19 really fall into that?

20 A Well, he's - I don't know, he's got QA people, and  
21 Kelly, and Houston. He's had them. He's reached  
22 out and got others part time. Those are the QA  
23 type. You're talking about a QA. He has them  
24 for different other things. He uses, I know he  
25 uses Wagner, Bill Wagner, a lot, and in the last

1 several years Bill Wagner has been working in the  
2 Commercial Nuclear Industry.  
3 Of course Drotliff, who is on board as a loan  
4 manager, at the time, of engineering. He's got  
5 considerable experience, people on his list, and  
6 Gridley, of course, we know he has a number of years  
7 experience in the licensing area. So we, we were  
8 aware that Steve White hadn't been in the  
9 nuclear, in the commercial thing, but we were  
10 cognizant of that, and that's the reason we  
11 agreed with him to bring in a heavy team of people,  
12 that some folks call his kitchen cabinet, around  
13 him to bring that expertise to the table that  
14 he can depend on.

15 MR. MURPHY: You said you had this high degree of confidence  
16 in Mr. White - you told him this is what we want  
17 you to do . That would lead one to believe that  
18 maybe you are shifting the responsibility to Mr.  
19 White to run your nuclear program? Is that...

20 A We brought Mr. White in to run our nuclear program.

21 MR. MURPHY: Okay, I mean is he responsible for the  
22 nuclear program? Is that what you are saying?

23 A Well, of course TVA, the Board, and me, and  
24 everybody in the chain is responsible for the  
25 Nuclear program. We can't duck that as the TVA, but

1 we hired him to manager our nuclear program.  
2 And bring in the whatever degree, additional degree  
3 of expertise and talent that he needs in the  
4 nuclear industry to do that.

5 MR. MURPHY: What checks and balances have you, has the Board  
6 and yourself initiated to insure that the  
7 individual you put in charge of your nuclear  
8 program is doing the job?

9 A Well, once we, we watch his operation. We meet  
10 with him. We talk with him. We get feedback  
11 from the industry of how well he is being received.  
12 We watch and see how good and thorough a job he is  
13 doing. To us he appears to be doing a great deal  
14 more thorough job, analyzing, correcting and  
15 addressing problems, than we've ever had before.  
16 We feel like from what we see, and the degree of  
17 thoroughness that he goes through in examining  
18 issues, and the degree of expertise that he brings  
19 in by reaching out and finding the best expertise  
20 in numerous areas to come in and examine issues,  
21 that he is using his management ability to direct  
22 the best technical approaches to these issues that  
23 can be done. By observation of what he is doing  
24 and how he is going about doing it. And also  
25 meeting with him, and we, we have no reason now

1 from general feedback that we get throughout  
2 the industry and everything that he's not doing  
3 a good job, addressing the issues, going about  
4 them in the right manner. We are very impressed  
5 with the amount of new talent that he has brought  
6 on board. Several hundred new people, and put them  
7 in the organization in various places. We are  
8 impressed that he is, has the intent of building  
9 up the strength, permanent strength of TVA, to be  
10 able to carry out the program, you know, whenever  
11 he leaves, down the road. We are confident that  
12 he has that as one of his primary considerations.  
13 Of building strength throughout the organization.  
14 I guess the checks and balances system is, is  
15 by observation, by seeing what's going on, by  
16 understanding the degree of thoroughness that he is  
17 looking into these issues; by being impressed  
18 with the amount of talent that he is able to  
19 attract and get on board, and looking at the  
20 response in Volume I, II, III, and IV coming  
21 out soon, that approach is the best approach  
22 that we have seen, and we are, we are, the tenacity  
23 for looking for excellence, first, is something  
24 that is beyond anything we've seen before. That,  
25 as far as checks and balances - I don't know if

1                   you can call that checks and balances, but we  
2                   are impressed by what we see.

3   MR. MURPHY:  Have you kept score on the results of the  
4                   eleven perceptions that NSR has brought up on  
5                   December 19th?  There's eleven of them - and unless  
6                   my count is wrong, you had some type of breakdown  
7                   on at least three of them areas, have been identified,  
8                   since you've told us that everything is wonderful.

9   A               Well, we've had....

10  MR. MURPHY:  You had a breakdown in welding...

11  A               We had two areas in the welding.  The platform  
12                   issue, and the radiolgraph reading issue.

13  REPORTER:  Radiograph , what?

14  A               Radiograph, reading of radiographs.  
15                   That, I know there is some other areas that they  
16                   are looking at hard.

17  MR. MURPHY:  How about that cable problem?  Has that not  
18                   been identified as a major breakdown?

19  A               I haven't been - I haven't - I don't think I've  
20                   been informed that we sent a letter off to NRC  
21                   saying that.

22  MR. MURPHY:  How about instrument line slopes?

23  A               I know the instrument line is one that they had  
24                   heavy suspicion on, and...

25  MR. MURPHY:  Heavy suspicion?  Is that....

1 A That's one that they knew that they had some  
2 problems on, and I haven't seen the final outcome  
3 of that one yet.

4 MR. MURPHY: Do you know if them were part of NSRS perceptions,  
5 eleven perceptions?

6 A I know they were parts of them. The welding, and  
7 still, I don't, in my mind is - I don't know that  
8 welding, you know, as a whole, is a problem. I  
9 know we have some areas, in two areas of welding  
10 we have a problem, but I haven't in my mind they  
11 haven't clarified to me that the welding thing  
12 is, welding as a total issue is a significant  
13 breakdown area. I know there are two significant  
14 areas.

15 MR. MURPHY: Did not TVA submit a letter to the NRC  
16 saying that?

17 A We sent a letter to NRC back last December on  
18 welding, those two areas. We spoke of two areas  
19 in, within the welding, that we had had a breakdown  
20 on. One was the platform area. There were areas  
21 that had some fences around them in the other one.  
22 We addressed the corrective action program on  
23 those. But there's a whole lot of welding issues,  
24 so I haven't seen anything that told me we've  
25 thrown up our hands on welding as a whole.

1 MR. MURPHY: I'm not suggesting that you've thrown up your  
2 hands on any problem. I'm just saying that.

3 A I know those two, and I don't find that out of  
4 context with the response, because we, as I recall  
5 the response indicated that we took a look at it  
6 at that time, this was the response at that time,  
7 we are going to continue to turn over every rock  
8 and stone and keep looking, and we will keep reporting  
9 to you. Whatever we find. Call it like we see it.  
10 There may be more .

11 MR. WILLIAMSON: One thing. You mentioned that the Board,  
12 you and the Board had given, delegated Mr. White  
13 the authority, and also its a memo of understanding  
14 that he be the sole spokesman for TVA with  
15 regard to - Principal spokesman for the nuclear  
16 power operation. Is that in writing?

17 A Yes.

18 MR. WILLIAMSON: Is that something that we would have  
19 access to?

20 A Yes, it's been in the newspapers .Talked about  
21 quite a bit. We can get a copy of that for you.  
22 Be glad to.

23 MR. MURPHY: If I can find a piece of paper here, we will  
24 close this out. Seems like I could remember it,  
25 but it's one of them things that slips.

1 MS. BAUSER: I would like to take a minute.

2 MR. MURPHY: Sure.

3 (Break)

4 MR. MURPHY: It is the hour of 3:00 o'clock, and we are back  
5 on the record.

6 MS. BAUSER: At one point in this interview, I think that  
7 Mr. Reinhart asked Mr. Willis whether it ever  
8 occurred to TVA to say "As far as we know, we are  
9 in compliance, but we will get back to you", and  
10 there is some confusion about the time frame that  
11 you were talking about. Were you, when you asked  
12 that question, were you asking him whether the time  
13 of the January 9, letter, it occurred to them to  
14 say that in that in that January 9, letter?

15 MR. REINHART: Let me tell you both what I was intending  
16 to ask him, in the time frame. The time frame  
17 was when the NRC asked, on January 3rd. The  
18 question was, if up until that point TVA would  
19 have said, "Hey, as far as we know, we are in  
20 compliance", did it occur to them to say  
21 "Up to this point as far as we know we are in  
22 compliance, but since these issues are raised,  
23 we will look into them." That was my question.

24 MS. BAUSER: And that was a suggestion you are making rather  
25 than - instead of sending the January 9, letter

1           that they sent seeking more time, why didn't  
2           they send something that said what you just  
3           described, is that the scenario you were  
4           thinking of?

5   MR. REINHART: I was really not so much thinking of the  
6           January 9, letter at all. I was really thinking  
7           of the March 20th, letter, and what it did say,  
8           but it could have been instead of asking for  
9           more time, just say that, and say "We will get  
10          back to you." My question really wasn't so much  
11          a timing. Its just, I was trying to get a feel  
12          for his thought process there.

13   MS. BAUSER: At least with respect to the March 20th  
14          letter. Which you just talked about.

15   MR. REINHART: Let me try again.

16   MS. BAUSER: All right.

17   MR. REINHART: I wasn't so much personally focusing in on the  
18          time differential, but the content or the  
19          nature of the answer.

20   MS. BAUSER: That's what I was concerned about, because  
21          I think - well, let me ask him the question.  
22          I'm making the statement.

23          Do you think that the March 20 letter says  
24          something similar to, different than, inconsistent  
25          with, the statement "as far as we know we are in

1 compliance, but we will get back to you."  
2 A This letter?  
3 MS. BAUSER: Yes, that letter.  
4 A That's beyond what I say. My perception of the  
5 letter says we believe we are in compliance.  
6 However, we are going to keep looking and we will  
7 get back to you if we find out anything - as we  
8 continue to look at these areas we will get  
9 back to you. I think that's what we said, in,  
10 general, you know, cutting through all of this  
11 stuff, that's kinda what we said. Now, it's my  
12 perception of what we said anyway. And back in  
13 January, the reason we didn't say that when we  
14 asked for more time is I recall the letter asked  
15 for response on those eleven issues along with the  
16 thing, and we had two things - we needed more time  
17 anyway, whether Steve was coming on board or not,  
18 but we really needed the new team to take a look  
19 at it, give a whole new fresh look at these areas,  
20 because we had had answers on all the eleven areas  
21 before. So we, we, I don't know, I don't know what  
22 our thought process was at the time. I think I  
23 answered before, I don't know why we didn't do  
24 that, or whether we thought about it or not, but  
25 I knew that we had to have time to really look

1 into those eleven areas and in addition to that  
2 with Steve coming on board we wanted a whole  
3 new look at it with a new team.

4 MR. REINHART: I think that there was a difference in saying  
5 "Up to now our position has been one of compliance.

6 We just had an issue raised and we will look into  
7 it and let you know if there is a difference."

8 And having, as you describe it, the process you  
9 went through and then saying "Well, we think we  
10 are in compliance and we will let you know."

11 I'm interpreting from what you are telling me  
12 that at March 20th you had already looked into it,  
13 in your words, extensively. Whereas before that  
14 extensive work, you still, up to that point....

15 A We didn't have reason to believe otherwise, in  
16 my mind.

17 MR. REINHART: Right.

18 A But that wasn't good enough. We needed to take  
19 a fresh look at it. That evidently was our  
20 thought process, because that's what we did.

21 MR. REINHART: I wanted to clearly say that my question to  
22 you was not - I don't think that what you wrote  
23 was what I was asking for. I was going to make  
24 that distinction. I don't think there is any,  
25 any connection there at all.

1 MS. BAUSER: I have no other questions.

2 MR. MURPHY: Okay.

3 Mr. Willis, have I, or any other NRC representative  
4 threatened you in any manner or offered you  
5 any reward in return for this statement?

6 A No, Sir.

7 MR. MURPHY: Have you given this statement freely and  
8 voluntarily?

9 A Yes, Sir.

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

12 A No, I have nothing.

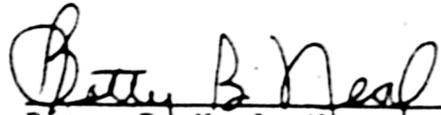
13 MR. MURPHY: This interview was concluded at 3:07, on  
14 April 23, 1987, and we thank you for your time.  
15 We appreciate it.

16 THIS CONCLUDES THE INVESTIGATE HEARING OF MR. WILLIS.  
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CERTIFICATE

I, Betty B. Neal, Notary Public for the State  
of Tennessee at Large, hereby certify that the  
foregoing is a true and complete transcript of  
the Investigative Hearing as taken at TVA,  
Knoxville, Tennessee, of Mr. Willis, to the best  
of my knowledge, hearing and ability.

WITNESS my hand and official seal at office at  
Gray, Tennessee, this the 23rd of April, 1987.



Betty B. Neal, Notary Public

My Commission expires: April 27, 1988.

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