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UNITED STATES

NUCLEAR REGULATORY COMMISSION

NOTED SEP 2 1987 J.Huston

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6 IN THE MATTER OF:

7 INVESTIGATIVE INTERVIEW

8 10 CFR 50, APPENDIX B

9 Interview of James Edward Huston

10

11 TRANSCRIPT of testimony as taken
12 by and before Kathleen A. Paglione, a
13 Certified Shorthand Reporter and Notary Public
14 of the of New Jersey, at the offices of
15 Stone & Webster Engineering Corporation, Three
16 Executive Campus, Route 70 & Cuthbert
17 Boulevard, Cherry Hill, New Jersey, on
18 Wednesday, March 4, 1987, commencing at 8:22
19 o'clock in the forenoon.
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23

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Q PDR

EXHIBIT 10

1 MR. MURPHY: For the record, it's
2 now 8:22 a.m., March 4th, 1987. This is
3 interview of James E. Huston, who is employed
4 by Stone & Webster Engineering Corporation and
5 is currently under contract as an advisor to
6 TVA. The location of this interview is Cherry
7 Hill, New Jersey, at the Stone & Webster
8 Cherry Hill headquarters.

9 Present at the interview are Mr.
10 Huston, Mr. William G. Meserve, an attorney
11 representing Stone & Webster Engineering
12 Corporation, Len Williamson, Larry Robinson,
13 Leo Norton, Mark Reinhart and Dan Murphy. As
14 agreed, this is being transcribed by a Court
15 Reporter. The subject matter of this
16 interview is TVA's March 20th, 1986 letter to
17 the NRC regarding their compliance with 10 CFR
18 50, Appendix B. Mr. Huston, would you please
19 stand and raise your right hand?

20 JAMES EDWARD HUSTON, after having
21 been first duly sworn, testified as follows:

22 MR. MESERVE: Perhaps I should make
23 a statement on the record as well, as we've
24 done with the other witnesses. My name is 
25 William G. Meserve, I'm with the law firm of

1 Ropes & Gray of Boston, Massachusetts, and I
2 am counsel for Stone & Webster Engineering
3 Corporation. I am not counsel for Mr. Huston
4 individually, but appear at the request of the
5 company with Mr. Huston's concurrence.

6 I have explained to Mr. Huston that
7 he's entitled to his individual counsel and he
8 has indicated that he is content to go forward
9 without his own counsel, but with me sitting
10 in as counsel for the company.

11 We have also expressed previously
12 our belief that in order to insure the
13 accuracy of the record, that we would prefer
14 to have the witness read and sign the
15 transcript. It is my understanding that this
16 is not consistent with NRC procedures in this
17 type of investigation, so we are not pressing
18 the point, but we would prefer for the sake of
19 accuracy to have had that right to read and
20 sign.

21 MR. MURPHY: Thank you.

22 EXAMINATION

23 BY MR. MURPHY:

24 Q. Mr. Huston, would you please give us a
25 little background information about yourself,



1 your educational background and job experience
2 and employment experience?

3 A. Sure. I'm currently a Stone & Webster
4 employee and in that, I am Manager of Quality
5 Assurance for the Department of Quality
6 Assurance in Boston.

7 I guess my career in the nuclear
8 field started in 1964, when I entered the Navy
9 nuclear program. I spent a total of almost
10 eight years in the Navy, both as a staff
11 instructor at the Naval reactor facility in
12 Idaho at the AIW Prototype and also on board
13 the MG VALLEJO submarine as a reactor
14 operator.

15 In 1970, I left the Naval service
16 and went back to college at the University of
17 Mexico where I got a Bachelor's Degree. My
18 major field of study was nuclear engineering.
19 And at the same time I went to school, I
20 worked full time in Sandia Laboratories at the
21 Area 5 test facility operating a test reactor
22 in a large isotopic radiation facility. I
23 graduated from the University of Mexico in
24 1972 and went to work for General Atomic
25 Company.



1 I was with General Atomic Company
2 until 19 -- 1975 time frame.

3 I left General Atomic Company and
4 went to work for a small startup company,
5 Kellex Power Services, which was a subsidiary
6 of Pullman, Kellogg Corporation. I left that
7 assignment and went to work for an
8 environmental consulting company in
9 Massachusetts, Environmental Research &
10 Technology. I was with Environmental Research
11 & Technology until the ~~spring~~ -- summer of
12 1980, at which time I left ERT and joined
13 Stone & Webster as a Project Manager in this
14 Cherry Hill office.

15 As Project Manager here, I was
16 assigned to the Nine Mile Point Two nuclear
17 project as Assistant Project Manager to
18 reorganize, restructure and basically start
19 that project back up again. It has been in
20 a -- not in a shutdown mode, but the level of
21 engineering and construction at Nine Mile had
22 been substantially curtailed for the period of
23 time 1978 to 1980, so in the fall of '80, when
24 I came to Cherry Hill, I was first asked to 
25 assess the status of the project, to suggest a

1 new organizational structure to reinstitute
2 the project on a full effort basis, and then I
3 was assigned to run engineering, construction
4 and procurement. So all of the engineering,
5 Project Engineer, the construction activities
6 at the Nine Mile Point site and all the
7 procurement and related activities reported to
8 me.

9 I left Stone & Webster in 1982, in
10 January of 1982, and went to work for a
11 company in Idaho Falls, Idaho called Energy,
12 Incorporated as Vice President of
13 Engineering.

14 I was with Energy, Incorporated for
15 two years in that position, and then in
16 January of 1984, I returned to Stone & Webster
17 to Boston, Massachusetts, in the position of
18 QA Manager.

19 As QA Manager in Boston, I reported
20 directly and still report directly to Mr.
21 Richard Kelly. During my period of assignment
22 in Boston, prior to coming to TVA, I was
23 responsible for two divisions within the
24 Quality Assurance Department, one division was
25 the Field Quality Control Division, all of the



1 inspectors employed by Stone & Webster at
2 their field locations reported to me, and the
3 Procurement Quality Assurance Division at
4 Stone & Webster.

5 In January of 1986, I was asked,
6 along with Mr. Kelly and several others, to
7 come to TVA to assist Mr. White and his senior
8 advisory staff in developing -- the initial
9 request was to come and help develop a rewrite
10 for Volume I of the Nuclear Performance Plan.

11 That pretty well brings us up ~~to the~~
12 ~~19~~ to January of ¹⁹⁸⁶ ~~1987~~.

13 Q. Mr. Huston, could you tell us what your
14 role at TVA was on the following topics?

15 First, in assessment in October-November time
16 frame of 1985 of TVA, which was performed by a
17 group of Stone & Webster employees?

18 A. I --

19 Q. And possibly headed by Mr. White, I
20 think there was some Stone & Webster
21 involvement in that.

22 Secondly, involvement in response to
23 the WRC January 3rd letter requesting TVA
24 respond to whether they were in compliance
25 with Appendix B and to respond to some



1 perceptions presented by the nuclear safety
2 review staff to Commissioner Asselstein in the
3 December time frame; any role you had in the
4 technical reviews from TVA line organization
5 concerning these NSRS perceptions, any
6 knowledge of participation in what we call the
7 Nace report, which you've indicated that
8 you're at least familiar with, and any role
9 you had in the development of the March 20th
10 letter.

11 And if you can give us that in the
12 chronology, I mean, not necessarily the
13 chronology I presented it, but as you
14 participated or as you viewed this entire
15 situation.

16 A. Perhaps it would be best if it's
17 agreeable, to try to address the issues that
18 you've raised, if I tell you what I -- what my
19 participation at TVA has been through the time
20 frame of the March 20th letter or, in fact,
21 let me just run through, if it's appropriate,
22 let me just run through the chronology of --

23 Q. That would be great.

24 A. To your first point, regarding my
25 participation in the October-November, 1985



1 time frame relative to an assessment that was
2 performed of TVA's nuclear program, I was not
3 involved in that assessment.

4 I came to TVA in the second week of
5 January. Mr. Kelly received a phone call from
6 Larry Nace asking if Mr. Kelly, myself and
7 several others could come down to TVA to
8 assist Mr. White and his staff in the
9 preparation of Volume I of the Nuclear
10 Performance Plan.

11 Mr. Nace was already in Chattanooga,
12 he had arrived I believe with Mr. White on the
13 9th of January -- 13th of January, excuse me.

14 So we agreed and came to Tennessee.
15 When we arrived, I believe it was the Thursday
16 of the week that Mr. White arrived here, it
17 was clear that the first task was to try to
18 figure out -- let me go back. TVA had
19 submitted a Nuclear Performance Plan to the
20 NRC in the late fall of 1985. That Nuclear
21 Performance Plan did not reflect the new
22 administration which had been agreed to by the
23 TVA Board of Directors, which was Mr. White
24 and his advisors, so obviously, it was
25 incumbent on TVA Nuclear Power to develop an



1 update of that book to reflect the new
2 organization and to identify those problems
3 which were going to be addressed and to
4 identify the root causes of those problems.

5 So in fact, the first thing that we
6 did was to try to develop a methodology which
7 would allow us to evaluate, in a very short
8 period of time, the current status of TVA's
9 situation and to come up with some of the key
10 principles that needed to be addressed in the
11 rewrite of the performance plan.

12 Now, clearly, they had achieved, the
13 people who were here, who had participated in
14 the October-November review, had formulated
15 some preliminary opinions as to what needed to
16 be done. I believe that's the case. But we
17 needed to do that in a more systematic
18 manner.

19 And so the idea of doing a review of
20 all correspondence from the period of about 16
21 months prior to our arrival to really try to
22 figure out or to extract from that
23 correspondence key phrases which would
24 identify problems, categorize those problems
25 to see if there was some preponderance of



1 evidence in those categories, and then based
2 on that, to come up with some root cause
3 analysis, and to then translate those
4 identified root cause problems into a program
5 which could form the basis for trying to
6 address TVA's problems as they existed.

7 So that was the first thing that I
8 got involved in. And a team of people --
9 first of all, a methodology was laid out.
10 There was a lot of interface that had to be
11 had with the sources of all those documents,
12 the records information management system, a
13 method of codifying and characterizing and
14 ~~striking~~ ^{EXTRACTING} information had to be developed,
15 that's these forms, the forms that were worked
16 out in order to put them -- the information
17 into a computer so it could be sorted,
18 interface with the Computer Department to
19 determine what capabilities they had for data
20 entry and manipulation of the data, and then a
21 team was assembled of experienced Stone &
22 Webster personnel from various job sites and
23 various offices, who had experience with the
24 kinds of problems that we perceived existed
25 here, to actually do the extraction of the



1 information from those documents, to do the
2 encoding or to put them onto the data sheets
3 then so that they could be entered.

4 Now, I was involved in basically
5 setting up the program with Mr. Kelly, Mr.
6 Kirkebo and others. Very early on -- and now
7 recognize that there were many many things
8 besides that one effort going on here. Mr.
9 White and his team had arrived at the top of
10 an organization with approximately 13,000
11 people in a highly visible environment, with a
12 great deal of regulatory attention, a great
13 deal of congressional attention, a great deal
14 of anxiety in the entire organization about
15 what was going to happen.

16 I was asked, as this so-called Nace
17 evaluation was being set up, I was asked to
18 take another assignment. One of the other
19 things that Mr. White and his advisors,
20 particularly I believe Mr. Wegner, had decided
21 was that one of the things that needed to be
22 done was to write new position descriptions
23 for all of the management personnel in TVA,
24 that's some 1680 people. 

25 Clearly, a clear definition of what

1 responsibility and accountability was, was one
2 of Mr. White's hallmarks. He has since stated
3 that over and over again.

4 So I was asked by Mr. Wegner and Mr.
5 Siskin to set up what then became the
6 responsibility and accountability profile
7 effort and subsequently, has evolved into the
8 program for rewriting all the position
9 descriptions for management personnel. So I
10 took that assignment.

11 So I left the effort on the review
12 of the previous 16 months correspondence and I
13 went off to set up responsibility and
14 accountability program to develop new position
15 descriptions for TVA.

16 I got that assignment and I
17 discharged that assignment in setting up the
18 program, working with Marilyn Taylor, who is
19 the Manager of Nuclear Personnel, Mr. Wegner
20 and others to set up the program.

21 Then I was asked, having gotten that
22 program set up, I was asked to take another
23 assignment, which was, there was a decision
24 being taken also that TVA was going to
25 establish its own employee concern program.



1 and Mr. Wegner asked me if I could take what
2 had been done at Davis Besse where he had been
3 involved with the model, and try to work with
4 TVA staff to come up with a program that could
5 be used to evaluate employee concerns coming
6 out of Watts Bar employee concern review
7 program. So I took that assignment, and I was
8 involved in that.

9 And that was then turned over to
10 Dick Denise, who was the head, and I got
11 involved in that and got that set up and off
12 and running.

13 In about that time frame, there was
14 a lot of discussion about Quality Assurance,
15 and what was going to be done with Quality
16 Assurance.

17 Mr. White, Mr. Wegner and others
18 felt that he needed to have a ^{LOANED} ~~loan~~ manager
19 from an outside industry on a temporary basis
20 up to two years to run QA, and so first, Hob
21 Burns, who was another Stone & Webster
22 employee, QA Manager -- there are three QA
23 managers under Mr. Kelly, myself and Mr. Burns
24 and a third. Mr. Burns had participated in
25 the October-November review with Mr. White's

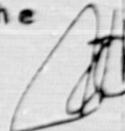
1 team, and he was proposed initially to be a
2 ^{LOANED}~~loan~~ employee to come in and run QA for up to
3 two years for TVA.

4 For personal reasons, he was unable
5 to accept that assignment and so I was -- the
6 possibility of my doing it was discussed.

7 There was some concern expressed
8 that -- at the time, that I had not as much QA
9 experience as either Mr. Burns or Mr. Kelly,
10 and that's true. I have not been a QA Manager
11 for -- I've been involved in quality issues
12 most of my career, but I have not been
13 explicitly a QA Manager by title, except for
14 since January of 1984.

15 So Mr. White asked for Mr. Kelly,
16 and I believe he discussed that with our
17 chairman, the Chairman of the Board of Stone &
18 ~~Webster~~^{WEBSTER} Engineering Corporation, and it was
19 agreed that Mr. Kelly would take the
20 position. Mr. White also asked that I be
21 assigned to TVA for up to two years as Mr.
22 Kelly's deputy.

23 Those agreements were struck in the
24 early part of February, and then on -- then
25 the issue of conflict of interest case up, and



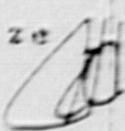
1 the way it came up, in fact, was the day that
2 we were going to announce those appointments.
3 I was asked -- let's see if I can exactly
4 recall. I was talking to Mr. Mason, Chuck
5 Mason, who was the Deputy Manager of Nuclear
6 Power, and he said, well, you will have to
7 fill out your -- you know, disclosure form,
8 and -- no, I'm sorry, what he said was, you'll
9 have to function as a ^{LOANED} ~~loan~~ manager, and I said
10 what does that mean? And he said, well, you
11 know, you'll have to fill out your financial
12 disclosure form and there will have to be a
13 determination made by the Government -- by the
14 designated agency ethics official regarding
15 your financial holdings.

16 And I said, well, you recognize that
17 Mr. Kelly is an officer and a Director of
18 Stone & Webster Engineering Corporation, and
19 it's my belief that the whole issue then
20 evolved, because that question had been
21 raised. And I raised the question, because I
22 was unfamiliar with those requirements. I
23 have not been, other than my Navy service, and
24 I was unfamiliar with the requirements of the
25 Ethics ^{IN} ~~and~~ Government Act. I'm now much more

1 familiar with the requirements of the Ethics
2 ~~and~~ ^{IN} Government Act.

3 That then precipitated, I believe, a
4 number of discussions regarding Mr. Kelly, ~~Mr.~~
5 ~~Wace and~~ Mr. Kirkebo and Mr. Drotleff. We
6 were all being asked to do the same thing,
7 assume line management positions within TVA as
8 ^{LOANED} ~~loan~~ employees.

9 Those problems were worked through,
10 I thought, and 208 b(1) determinations were
11 issued by the Board of Directors, I was told,
12 and on the 13th of February, Mr. Kelly and I
13 assumed our responsibilities as Director and
14 Deputy Director respectively. And so we then
15 stepped from being in the position of
16 consultants to Mr. White's senior management
17 team, stepped into the position of assuming
18 responsibilities for being line managers
19 within TVA in the period of time when the
20 total reorganization of the Office of Nuclear
21 Power was occurring.

22 Part of what we had suggested in
23 reviewing and looking at the situation was
24 that they needed to centralize and standardize
25 the quality assurance organization. So now 

1 having suggested that that was the appropriate
2 thing to be done, we were asked to assume that
3 task and, in fact, the responsibility of it.

4 The March 20th letter, clearly --
5 that brings -- that brings me to how I got
6 into the position of Deputy Director of
7 Nuclear Quality Assurance and our commitment
8 was that we would remain up to two years. In
9 fact, the discussion indicated that Mr. Kelly
10 would stay for up to six to twelve months, as
11 long as necessary, a Director, and that I
12 would then move into the Director spot and, in
13 fact, coming forward in time, that occurred in
14 August of 1986. And that was always the
15 intention.

16 There were a number of NRC inquiries
17 on the plate of TVA at the time we arrived.
18 50.54 (f) letter which had been sent to TVA in
19 the fall of 1985, the SALP reports, numerous
20 inquiries and requests for information,
21 licensing activities were on going, and among
22 them was a request or a direction from the NRC
23 to respond within six days to perceptions
24 presented by the NSRS staff to Commissioner
25 Asselstein in December of 1985.



1 That was one of many requests that
2 were on the plate of TVA.

3 I really can't recollect when I
4 first became aware of that as an issue, as a
5 burning issue to be responded to. But
6 needless to say, it was an issue that required
7 response.

8 I was aware that it had been
9 discussed between the NRC and the Dingell
10 Subcommittee in February of 1986 at the
11 hearing which the NRC appeared before the
12 Dingell Subcommittee, House Subcommittee On
13 Oversight and Investigation.

14 Clearly, it required a response and
15 a very prompt response. As I now know and
16 came to know at that time, the initial -- the
17 letter from the NRC transmitting the copy of
18 the material that was presented in December
19 required a six-day response on TVA's corporate
20 position, and a response within 30 days
21 regarding the detailed evaluation of the
22 perceptions or issues presented by the NSRS.

23 Mr. Dean had asked -- the Chairman
24 of the Board of TVA had asked for an extension
25 of that date because that would have been 

Huston

1 January 9th, they required a response, and
2 that was just about the time that Mr. White
3 was coming to TVA. So obviously, there needed
4 to be some time taken by the new organization
5 to evaluate that request and evaluate the
6 facts.

7 Incidentally, during the period of
8 time that we were working on this -- the
9 evaluation, the so-called Nace evaluation,
10 Craig Lundin had been one of the people who
11 came down with Mr. Kelly and myself early on
12 in the process. He had been pulled out of
13 that effort, the Nace evaluation effort, and
14 asked to go and work with Walt Sullivan, and
15 to take a look at the response that was being
16 prepared by TVA line management to the request
17 by NRC for a response to the presentation to
18 Commissioner Asselstein. So Mr. Lundin was
19 pulled out of this effort, was pulled out of
20 the Nace report effort, and so assigned. That
21 was how he first got involved.

22 And I recollect sort of hearing that
23 going on to the side. Mr. Kelly and I and Mr.
24 Lundin and I may have discussed it, but it was
25 more, as I said, one of many things that were



1 going on.

2 ~~Mr. Kelly was~~ TVA was preparing a
3 response. Mr. Kelly was asked with Mr.
4 Sullivan to take a look at that response, and
5 I believe he sat with Bob Mullin and with Doug
6 Nichols and looked over what had been prepared
7 in draft early -- or no, late in January, and
8 reviewed that draft.

9 When we assumed the position or
10 leading up to our assumption of the position
11 of Director and Deputy Director, we were doing
12 analysis -- I was personally performing a
13 review to see what we would do to restructure
14 QA in TVA. And that was really what I was
15 focused on. Where were all the pieces, number
16 one. They were spread throughout the
17 organization.

18 What would be a logical way to
19 combine them into a single centralized
20 organization. What model should we use for
21 that. Should we use the Bechtel model, should
22 we use the Stone & Webster model, should we
23 use the utility model, what would be the most
24 appropriate thing for us to do, all of the
25 various things associated with that kind of an

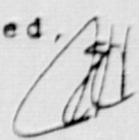


1 organizational mechanical analysis.

2 And when I say analysis, I don't
3 mean that I was writing it all down. I was
4 working through that process. I was trying to
5 come up with a way to restructure and
6 reorganize QA, which would, in part, address
7 the concerns that had been identified as
8 this -- as the Nace study evolved.

9 And so for me, the Nace study was
10 not so much a rewrite of Volume I -- by the
11 way, I was participating in the rewrite of
12 Volume I. QA obviously was a major issue.
13 For me, it was, you know, sort of a place to
14 test what ideas I was coming up with about the
15 restructuring of QA.

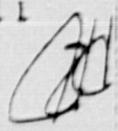
16 In that process, I was aware, then,
17 that a response to the March 20th letter
18 was -- I mean, excuse me, to the January 3rd
19 letter was being prepared, and I may have
20 looked, during that period of time, at some of
21 the output documents. I didn't do any
22 detailed technical review of the individual
23 responses of the perceptions. I was generally
24 aware of the process that was being followed,
25 and Dick Kelly and I, working with Dick



Huston

1 Gridley, took a try at preparing, based on
2 what we knew of the results of the review, Mr.
3 Kelly had asked that a special review team
4 made up of Stone & Webster people go out and
5 take a look at what was being done at Watts
6 Bar to test it, to see if it was reasonable,
7 to see if the conclusions being reached by the
8 line organization were rational and reflected
9 the situation.

10 We took a cut at drafting a cover
11 letter for that -- well, a letter which
12 evolved in the March 20th letter, and we
13 provided that draft in very rough form to
14 Licensing, to Dick Gridley, on the 13th of
15 February. I remember that date well because
16 it was also the day that we were assigned the
17 responsibility for the QA organization.

18 Now, having taken that
19 responsibility, we then began to implement all
20 the things that we had thought about in the
21 previous month. That is, we did restructure
22 QA. We pulled all the elements together. We
23 established the organizational hierarchy, all
24 of the administrative things that went with 
25 that. So the month of February and the end of

1 February and the beginning of March were, for
2 me, anyway, greatly consumed with all of those
3 activities necessary to implement a new
4 organization -- I should not say new
5 organization, but a restructured organization
6 which brought all those elements together, and
7 I'm sure you can appreciate, there were a lot
8 of things that were necessary to be attended
9 to, in addition to which we assumed the
10 responsibility for all of the administrative
11 requirements that TVA had relative to
12 personnel, time, all those sorts of things,
13 budget. As we stepped into the line position,
14 we assumed those responsibilities.

15 On about the third week in March,
16 Mr. White had determined that, and his staff
17 had determined that he needed to establish
18 restart task forces at each one of the plant
19 facilities, and obviously, the first
20 priority -- perhaps not obviously. It was
21 obvious to us that the first priority was the
22 Sequoyah Nuclear Plant which had been shut
23 down in, I believe, August of 1985. And that
24 was the first priority.

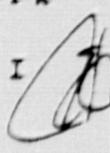
25 So I was asked, again, to go to



1 Sequoyah with Chuck Mason, who was assigned as
2 the Task Force Chairman, to develop the task
3 for ~~identification~~ ^{IDENTIFYING THE} approach for the restart of
4 Sequoyah, and I was dispatched to Sequoyah to
5 do that.

6 I really started doing that, I
7 believe it was the week before the week that
8 ended with March 20th. The task force was
9 officially formally named on the 19th of
10 March, but actually, we were working at it not
11 full time, but we were working at it in the
12 preceding week.

13 So other than discussions that I may
14 have had with Kelly, which -- and perhaps as
15 we get into the details, I can recall them
16 better, I wasn't directly involved in the
17 final throes of issuing the March 20th
18 letter. I was at Sequoyah and spent, in fact,
19 five weeks at Sequoyah starting the task force
20 up and then getting it running.

21 Then Mr. Kelly indicated to Mr.
22 White that as long as I was on the task force
23 at Sequoyah, I might have been doing good work
24 out there, that's for others to judge, that I
25 was not doing him much good in terms of the 

1 evolution of the QA organization, and so he
2 indicated to Mr. White that he needed to have
3 me back in Chattanooga. So after about the
4 five weeks of the startup and the initial
5 efforts on the task force at Sequoyah, I came
6 back to Chattanooga.

7 Mike Mathews, one of the people who
8 was -- Stone & Webster people who was part of
9 our team, the QA team, was assigned to replace
10 me as the QA representative on the task
11 force. So I came back to Chattanooga and
12 resumed my duties as Deputy Director of
13 Quality Assurance.

14 I don't know, that kind of covers
15 the time frame across the preparation of the
16 March 20th letter.

17 BY MR. WILLIAMSON:

18 Q. Mr. Huston, let me ask you a few
19 questions, if you will. Exactly what is
20 Volume 1 of the TVA Nuclear Performance Plan?

21 A. Yes, okay. What is Volume 1 of the
22 Nuclear Performance Plan, it is -- it's
23 basically a description of the corporate
24 program which is, has been and is being
25 undertaken to address all of the major



1 weaknesses, concerns regarding TVA's nuclear
2 power program.

3 So what it is, in effect, is TVA's
4 commitment to the NRC for specific action,
5 both -- in many areas, organizationally,
6 personnelwise, in terms of restructuring the
7 focus on establishing responsibility and
8 accountability. So in effect, it's the
9 business plan, if you will, for corporate
10 nuclear power in order to achieve the recovery
11 of TVA's nuclear facilities.

12 Q. And does it include a Quality Assurance
13 Program?

14 A. No, it is not -- it is not -- it
15 contains commitments about QA, what will be
16 done with QA.

17 For instance, it identifies the
18 restructuring of Quality Assurance into a
19 centralized organization. It identifies the
20 standardization of the QA Program. It
21 identifies the initiation and implementation
22 of a single method for identification and
23 correction of conditions adverse to quality.

24 It is not the Nuclear Quality
25 Assurance Manual. It is not the topical



1 report. Those documents are separate from
2 Volume 1 of the Nuclear Performance Plan,
3 although they are described -- may be
4 described in whole or in part -- not in whole,
5 but in part or at least the intent of the
6 changes to those documents are described in
7 Volume 1.

8 Q. Did you have any input into what we call
9 the Nace report, which is the systematic
10 analysis of identified concerns/issues I think
11 at TVA? Did you have any input?

12 A. Yes, as I indicated to you, I helped
13 devise the approach, that is, to go look at
14 all the correspondence, not -- I mean all, and
15 the report that was issued identifies the
16 sources to which we looked.

17 Q. Was this a --

18 A. Excuse me, let me finish answering your
19 question. In setting that up, I actually went
20 through some of the documents and did some of
21 the initial encoding, just to make sure from
22 my own point of view that that kind of
23 encoding made sense, that you could write in
24 25 words or less and extract a line from an
25 INPO report and put it down in a way that made



1 sense.

2 Q. Before you went to TVA or at the time
3 you went to TVA, did anyone brief you as to
4 their perceived problems at TVA that had a
5 management assessment in October-November of
6 1985, did anyone brief you as to the perceived
7 problems at TVA?

8 A. No, I had not received -- by briefing, I
9 would assume you mean some sort of formal
10 review of their findings. No, I did not
11 receive any type of formal review of the
12 findings.

13 Obviously, Mr. Burns, who was a
14 participant in that team, from time to time
15 would discuss, you know, his travel to the
16 valley and things that he was involved in
17 looking at, but I can't recall any specific,
18 you know, they've got this problem or that
19 problem, here's what we found. Not in any
20 kind of briefing sense, or in any kind of
21 ~~informal~~ informal sense, other than just sort of shop
22 talk.

23 I had not anticipated, in fact, even
24 going to TVA up until Mr. Kelly received a
25 phone call and I received a phone call to come



Huston

1 down to his office, that he had an opportunity
2 for me. I put opportunity in quotes.

3 Q. During the course of the review of this
4 information, were you being -- not only did
5 you participate, but were you also being
6 briefed as to the results or the conclusions
7 that were going to be reached in the Nace
8 report?

9 A. I had ongoing -- first of all, let me go
10 back. I didn't participate other than to set
11 it up. As I've stated earlier, I was taken
12 out of that process and given another
13 assignment fairly early on in the review
14 process. You know, I talked with the people
15 who were doing the study. I went down to see
16 how they were doing. They were working
17 extremely long hours. It was a very intensive
18 effort over a two- or three-week period.

19 So you know, I'd go down -- I
20 usually come in at 6:00 in the morning and I'd
21 go down at 6:00 in the morning and find them
22 there, and in the evening. I knew generally
23 that the process was working. They were
24 beginning to be able to categorize the various
25 perceived problems from external sources, and



Huston

1 obviously, the output of that was being
2 factored into on an ongoing basis the
3 decisions about what was going to be done
4 organizationally, structurally, et cetera.

5 Q. We were told by another individual
6 during interview that the reason for the
7 conduct of this analysis was to provide some
8 documentation and background for a briefing
9 before the NRC Commission in March of 1986,
10 March the 9th, if I'm not mistaken.

11 Do you recall that being discussed
12 as the reason for conducting this analysis?

13 A. Well, it could have been one of the
14 reasons for conducting the analysis. I don't
15 remember explicitly that it was.

16 We were scheduled -- we, Mr. White
17 and the team were scheduled to meet with the
18 NRC. In fact, the chairman, at that time,
19 Chairman Palladino, came down to TVA to
20 discuss the status of things. I can't
21 remember the date. I think it was very early
22 on in the process.

23 At the time, though, that analysis
24 was going on, Mr. White could have or someone
25 else on his staff could have stated either in

1 that meeting or otherwise to the NRC that this
2 analysis was being done.

3 As to why it was being done, clearly
4 in my recollection, it was being done to
5 support Volume 1 of the Nuclear Performance
6 Plan. But remember, Volume 1 of the Nuclear
7 Performance Plan was, in fact, the corporate
8 response to the 50.54 (f) letter issued by the
9 NRC. So clearly, anything that was done, in
10 my mind, to develop Volume 1 was, in fact,
11 being done to prepare to discuss with the NRC
12 what the recovery plans were.

13 Q. Were you provided a copy, a final copy
14 of the Nace report, systematic analysis of
15 identified concerns?

16 A. I may have been sent a copy. I don't --
17 I've seen it.

18 Q. I understand you were taken out of the
19 process but --

20 A. No, I -- I saw a copy after it was
21 issued. I didn't -- it was my opinion that I
22 expressed, at least to Mr. Kelly, was that I
23 did not feel that the effort was really
24 necessarily the subject for a report. It was
25 not, in fact, although it was very systematic



1 and although it was a management review
2 process, there was no requirement that a
3 report be issued. So I thought that, you
4 know, my own opinion was it didn't need to be
5 a report.

6 But to answer your specific
7 question, I don't believe I was -- I may have
8 been transmitted a copy, but I don't recall it
9 and I don't think I have it any more. I may
10 still have it in my files.

11 Q. Do you recall any discussions with any
12 of the participants in the conclusions that
13 were reached with regard to concerns and
14 issues and problem areas that they identified?

15 A. Sure, yes, absolutely, I talked with
16 people about that.

17 I thought that -- you know, as I
18 perhaps said earlier, I thought that the
19 output of this review was very germane to the
20 task of restructuring QA within TVA, and so
21 obviously, I was going to be talking with
22 those people to make sure that my conclusion
23 was consistent with what others perceived, you
24 know.

25 That report covered a period of 16

1 months. It was a review of correspondence in
2 the TVA. We didn't look at any of the
3 responses back. It wasn't an analysis that
4 looked in detail at the -- even the validity
5 of the finding. I mean, it was not that kind
6 of a review.

7 It was more a review to just get a
8 big picture, but by taking a lot of small
9 parts, aggregating them together, and then
10 seeing if trends fell out of that or if
11 specific issues fell out of that. And clearly
12 one of the things that fell out of that was
13 that although -- for instance, QA. QA existed
14 in many different places in TVA. There were
15 many different QA manuals. They were all tied
16 together. They were under one topical review
17 and approved by the NRC. But they were in
18 many different places throughout the
19 organization.

20 The lines of communications ^{FOR} ~~were~~ QA,
21 although in each organization, they reported
22 to an appropriate level, they weren't all
23 pulled together in one centralized
24 organization, which reported directly to the
25 top man in the nuclear power -- so surely --



1 clearly, I asked -- discussed that and said,
2 you know, looked at the conclusions that were
3 coming out of this study to make sure that I
4 was on the right track when I was suggesting
5 that we needed to consolidate QA.

6 Q. To follow up with that, did these
7 results, and I have them here if you need to
8 refresh your memory, did these results point
9 or focus in on one area that TVA seemed to be
10 deficient in?

11 A. (No response.)

12 Q. One general area?

13 A. Yes.

14 Q. What was that area?

15 A. General management.

16 Q. General management? Many of these
17 issues seem to have some impact on QA, lack of
18 management, lack of Quality Assurance
19 overview, inadequacy of problem evaluation and
20 corrective action, lack of timeliness, a
21 number of these issues seem to either directly
22 or indirectly impact on the QA Program.

23 Was this something that was
24 obviously evident to you as you were given the
25 information from this report or as you read 

1 the report? Or as you were conducting your
2 different reviews of QA?

3 A. If I recall, and by the way, let me just
4 say, it is -- at this point, it is very
5 difficult to go back a year with everything
6 that has come to pass since March 20th, that's
7 the subject of this investigation, with all
8 the discussions that have been had in all the
9 forms that those discussions were, and
10 remember clearly what was the setting back
11 then. I mean, it's very tough.

12 But let me just try to answer your
13 question. I think the thing that -- several
14 things. First of all, general management,
15 planning, directing, controlling was a big
16 problem, was the reason, I think, that TVA had
17 gotten themselves into the overall situation
18 that they had.

19 There are a number of factors that
20 bear on that, but that's, I think, the major
21 conclusion that I reached. There's two kinds
22 of QA, you know. There's what I call upper
23 case QA, which is the programmatic and formal
24 program, but there's lower case QA, and I
25 think the Ford Amendment Study clearly showed



Huston

1 that lower case QA was one of the major things
2 that needed to be addressed in the total
3 industry, not just at TVA, but in the total
4 industry, lower case QA being everybody's
5 responsibility for quality as opposed to the
6 programmatic responsibility that exists within
7 a formal QA organization.

8 So the thing that struck me was,
9 number one, that attentiveness to the lower
10 case QA was probably not as good as it should
11 be, and maybe not worse than I'd seen in some
12 places, but not as good as I'd seen in others,
13 and not as good as I would expect. So that,
14 you know, when I talk about management being
15 an issue, I'm talking there about the lower
16 case.

17 And that was based on what others
18 thought, not what I thought, based on my look,
19 but what others thought over a 16-month period
20 of time that's still down into a various
21 concise set of conclusions.

22 Programmatically at that point in
23 time, in looking over the topical and looking
24 at the interdivisional QA procedures and
25 looking at the -- briefly looking at the QA



Huston

1 manuals that existed in various places, and
2 looking at the NRC endorsements of or
3 acceptances of that program, it looked to me
4 like it was covered. It looked to me like it
5 was adequate, but not what I would expect for
6 an organization that wanted to achieve
7 excellence. So an adequate program needed to
8 be improved, adequate management, but needed
9 to be pulled together and focused and
10 directed.

11 You know, the fact that engineering,
12 for instance, was doing hydroelectric, fossil
13 work and, oh, by the way, nuclear work with
14 conflicting demands and priorities, I thought,
15 was not acceptable, and that was changed; not
16 because I thought it was not acceptable,
17 others concurred with me. But -- so I don't
18 know if that answers your question or not
19 but --

20 Q. Was the information used in the
21 development of this report and this analysis,
22 was it used to draw the conclusions of the
23 final letter, March 20th letter to NRC about
24 TVA being in compliance with Appendix B?

25 A. No, not to my knowledge.



1 Q. None of this information was?

2 A. Well, that -- again, that report was a
3 collection, a systematic collection of 16
4 months of previous criticism that had been
5 made of TVA by all of TVA.

6 Now, it concluded general
7 characteristics of TVA's perceived programs
8 and from that, developed some root cause
9 analyses, okay?

10 The March 20th letter was very
11 specific. The March -- the request was very
12 specific. The incident was very specific.

13 In December, NSRS staff based on
14 10 -- 11, if you count the design control
15 issue below the bottom line, perceptions
16 concluded that the requirements of Appendix B
17 were not being met. That was December -- I
18 don't know --

19 MR. MURPHY: 19th.

20 A. The 19th. On January 3rd, the NRC sent
21 a letter to TVA enclosing all that material,
22 and asking, because it was stated
23 apparently -- and I wasn't in that
24 presentation -- but it was stated apparently
25 in that presentation that that wasn't TVA's



1 corporate position. Okay?

2 So the NRC asked that TVA tell them
3 within six days whether that -- what was TVA's
4 corporate position on whether or not the
5 requirements of Appendix B are being met at
6 the Watts Bar facility.

7 They didn't ask -- you all didn't
8 ask, have you always met the requirements of
9 Appendix B. They didn't ask, based on your
10 review of external criticism for the last 16
11 months or -- you know, and I'm not -- I'm
12 trying to bound this problem. Because it was
13 bounded. That question was an instant
14 question. It related to the time at which
15 that presentation was made, at least in the
16 request from the NRC, that was how it was
17 arranged.

18 It didn't ask the global, it was not
19 a global question. It asked, based on this
20 material, what's your corporate position? And
21 that's how it was answered.

22 It was answered based on a review of
23 those 11 perceptions. It was answered in the
24 instant sense. And it was answered
25 specifically with respect to Watts Bar. So 

Huston

1 did that report that was generated there have
2 any influence over the March 20th response?

3 I would say only in a very general
4 way, in the sense that it was in everybody's
5 mind as to what Volume 1 commitments were, and
6 we had just finished writing Volume 1 of the
7 Nuclear Performance Plan. But was it a key
8 element of the analysis, was it a key document
9 referred to? No, because it wasn't intended
10 for that. That wasn't the purpose of the
11 study that was done early on in the process.

12 Q. That's all I have right now.

13 BY MR. NORTON:

14 Q. Mr. Huston, was this systematic analysis
15 study, was that the major factual background
16 for the development of Volume 1?

17 A. It was one -- no, not really. It was
18 a -- it was a part.

19 Q. A large part? I mean, could you
20 characterize it?

21 A. For me, I can tell you what -- as far as
22 my input into Volume 1, I can tell you how big
23 a part it was. I can give you an opinion,
24 perhaps. Maybe I shouldn't give you an
25 opinion.

