

1 UNITED STATES OF AMERICA
2 NUCLEAR REGULATORY COMMISSION
3 OFFICE OF INVESTIGATIONS
4 INVESTIGATIVE INTERVIEW

5
6 Stone and Webster
7 245 Summer Street
8 Boston, Massachusetts

9 Tuesday, May 12, 1987

10 The investigative interview convened at 10:25 a.m.

11 PRESENT:

12 RICHARD B. KELLY, Interviewee

13 DAN MURPHY
14 LEN WILLIAMSON
15 MARK REINHART
16 LARRY ROBINSON

17 MR. MESERVE, Counsel, Stone & Webster

18 CHANGES ON FOLLOWING
19 PAGES

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WITNESS:

PAGE

Richard B. Kelly

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P R O C E E D I N G S

[10:25 a.m.]

MR. MURPHY: For the record, it is now 10:25 a.m., May 12th, 1987. This is an interview of Richard B. Kelly, who is employed by Stone & Webster Engineering Corporation.

The location of the interview is Stone & Webster Headquarters in Boston, Massachusetts.

Present at this interview are Dan Murphy, Len Williamson, Mark Reinhart, Mr. Larry Robinson, Mr. Meserve, who is representing Mr. Kelly

It is agreed this interview is being transcribed by a Court Reporter.

The subject matter of this interview concerns TVA's March 20th, 1986, response to the NRC regarding their compliance with 10 C.F.R. 50, Appendix B.

Mr. Kelly, do you object to giving this testimony under oath?

MR. KELLY: No, I don't.

RICHARD B. KELLY

having been first duly sworn, was called as a witness herein and was examined and testified as follows:

MR. MESERVE: Before we start, perhaps I could clarify one thing.

You said that I was here representing Mr. Kelly. In fact, I am here as counsel for the Stone & Webster



4
1 Engineering corporation. I am not here as counsel for
2 Mr. Kelly individually, although Mr. Kelly is an officer
3 in the company.

4 And Mr. Kelly and I have talked about this
5 and I've explained the situation to him and told him
6 that he has the right to have his own counsel. As I
7 understand at present, that he wouldn't care to do so.
8 He says that he is satisfied to appear here on his own,
9 but that he also would like to have me here as company,
10 as counsel for the company during this interview.

11 So that I'm here on that basis.

12 MR. MURPHY: Okay.

13 But are you, in fact, not representing
14 Mr. Kelly at all?

15 MR. MESERVE: I'm not representing Mr. Kelly
16 individually.

17 MR. MURPHY: Okay.

18 MR. MESERVE: I do represent the company
19 and Mr. Kelly is an officer of the company. So that
20 insofar as you can make that distinction, I am certainly
21 representing the company, Stone & Webster Engineering
22 Corporation, but I'm not representing him individually.

23 MR. MURPHY: And, Mr. Kelly, you agreed to
24 this?

25 MR. KELLY: Yes.

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MR. MURPHY: Mr. Robinson.

Q [By Mr. Robinson] Mr. Kelly, back when we talked to you on March 3rd of this year, you stated that an easy response to the NRC January 3rd, 1986, request regarding compliance with Appendix B would have been to have said that there are probably some areas of noncompliance, but we'll fix them.

Do you recall that?

A Yes.

Those aren't my exact words, I don't think, but close.

Q Okay.

Why was that an easy response?

A It would have been easy because we did not have all the information about what had transpired within the TVA System preceding our arrival. We had read criticisms written by the NRC and by various other parties of the TVA plants. And, obviously, there was some preconceived opinions from the NRC, since they had issued a letter, 50⁵⁴/~~50~~ form type letter, preventing the operation of the plant.

So I think it was presumed that the NRC had some opinions that the plants weren't running very well or weren't properly built.

Q If that was the easy response, can I assume that the difficult response would have been to say,

1 we are in compliance with Appendix B, but we'll keep
2 looking?

3 A It was a truthful response.

4 Q The first response was the ---

5 A The truthful response was that -- the one
6 we sent on March the 20th.

7 Q So the easy response might not have been the
8 truthful response?

9 A Well, it would possibly have misrepresented
10 what we thought about the plants by March the 20th, because
11 we did not feel that the plants were physically as bad
12 as has been alluded to in various documents.

13 Q I see.

14 A So we could have admitted, with no guilt on
15 us, no responsibility for the conditions that were reported
16 about the plants. But we would not have been comfortable
17 with that in that we didn't think those were appropriate.

18 Q So you did think that the requirements of
19 Appendix B were being met at Watts Bar ---

20 A Yes.

21 Q --- from your initial assessment?

22 A Yes, we did.

23 Q This -- we may have covered some of this ground
24 before in the March 3rd interview, but I just want to
25 clarify it again in my mind.

1 The -- I want to make sure I word this properly.
 2 You, I believe, indicated that the only people
 3 that you may have discussed the easy response with were
 4 Jim Houston and maybe Larry ~~Mace~~^{NACE}. Do you recall ever
 5 discussing the easy response with Mr. White or Mr. Wegner?

6 A I can't be certain, but I think it's likely
 7 that I probably did have discussion along those lines
 8 with Steve White, possibly with Wegner, but I can't recollect
 9 exactly whether they were part of a discussion of that nature
 10 or not.

11 Q Do you recall possibly any reactions on either
 12 of their parts to a comment by you regarding that easy
 13 response?

14 A No. I'm just saying I can't even be sure
 15 I had that conversation, although I vaguely recollect
 16 that ---

17 Q Okay.

18 A --- we did cover that.

19 Q [By Mr. Reinhart] Mr. Kelly, you said that
 20 the response would have been easy because when you got
 21 there you didn't have all the information prior to your
 22 arrival. Did I hear that right?

23 A We didn't know everything that had transpired.

24 Q Okay.

25 Did you then find out everything that transpired

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1 by the time you made the response, the actual response?

2 A We found out as much as we could. We thought
3 everything that existed ~~existed~~ around those eleven issues
4 that were on the table to be responded to, the eleven
5 NSRS contentions.

6 Q Was there some major effort to do that?

7 A There was a very substantial effort by the
8 line organization within TVA to research and produce
9 the factual story around those eleven issues.

10 Q Well, okay

11 You're telling me, though, then, the only
12 thing you did between having no knowledge of prior information
13 to come to that response is how the line responds to
14 the eleven issues? That's it?

15 A I'm not saying that's all we did. I'm saying
16 that substantial effort represented a lot of man-hours,
17 a lot of research, which as we discussed before, I attempted
18 to validate by virtue of having a team of Stone & Webster people
19 look over that research and the process that was being
20 used and reported ^{INDEPENDANTLY} ~~appendantly~~ whether the information
21 I was given by the line was valid.

22 Q And I believe you said that was just a snapshot
23 of what?

24 A That was a snapshot of what I was getting
25 for information.

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1 I also gathered a lot of other information
 2 not necessarily directly related to those eleven issues.
 3 And it was not complete on March 20th. As a matter of
 4 fact, it wasn't completed when I had left TVA. But I
 5 had substantial amounts of information.

6 Q You mentioned this snapshot look. That's a
 7 Craig Lundin ---

8 A Yes.

9 Q --- effort?

10 In the June 5th letter, it says an outside
 11 group of non-TVA experts reviewed that effort. Do you
 12 recall that statement?

13 A I recall the statement.

14 Do you have a copy of that?

15 MR. WILLIAMSON: If you can read it.

16 A Yes, I recall that letter.

17 Q [By Mr. Reinhart] Who were those people?

18 A By name, who were they?

19 Q Yes, sir.

20 A I'd have to refresh my memory. It was Lundin.

21 Q Well, Lundin did the review, so somebody --
 22 we're talking about the ones that reviewed his review.

23 A The ones that reviewed his review were the
 24 advisers to White, who were Brodsky and Bass, Wegner
 25 and Siskin and Sullivan and Stone.

1 Q Do you know what they did to review that?
2 What this group did to review Lundin's work?

3 A Hopefully, it was reading.

4 Q Reading what?

5 A Reading the responses and -- the responses
6 produced were line -- and reading Lundin's letter, I
7 believe...

8 Q As you say, all of these people read the line
9 response, talked to Lundin and read Lundin's memo?

10 A As best I know, but I'm not sure they all
11 individually talked to Lundin.

12 Q Okay.

13 If all of this work, whatever it was, comprised
14 the effort that went from the easy response where there
15 was no knowledge of perceiving information, to coming
16 up with whatever the response was, why later did information
17 come out of those very eleven perceptions that where
18 it acknowledges significant breakdowns in the QA program?

19 How did that get missed during this
20 substantial ---

21 A Are you referring to the -- to breakdowns
22 labeled in the welding area?

23 Q The welding. I believe there's some called
24 down the instrument line slope. I believe there's some
25 called down in the cable trades.

1 A Well, let's take them individually.

2 Q Okay.

3 A The welding one. The response around the
4 welding issue acknowledged the presence of problems in
5 the attachment.

6 Q But the presence of problems is a far cry
7 from acknowledging a very specific significant problem.

8 A Are you going to let me finish or do you
9 want to ask me a different question?

10 Q Go ahead.

11 A The response indicated the presence of problems
12 in the welding. It indicated the presence of allegations.
13 It also identified that substantial review of the welding
14 program at Watts Bar had been undertaken and contracted
15 to DOE, utilizing EG&G.

16 Those efforts were identified, flagged, in
17 the March 20th letter, attachments.

18 Not all of that work had been completed.
19 It had virtually only covered the programmatic by the
20 time of March.

21 Out of that EG&G effort, they found a few
22 areas that were problems, and those were identified in
23 subsequent letters to the NRC December time period of
24 1986.

25 The fact that they had undertaken a massive

1 review by itself would indicate that there was a lot
2 of attention being placed, paid to that.

3 So there were problems on the table. They
4 had been set upon to be investigated. Similarly the
5 instrument line slope had been a -- was identified as
6 an area where problems had been found and an instrument
7 task force had been assembled on Watts Bar to review
8 the entire matter.

9 That was indicated in the attachment, the
10 Appendix B letter.

11 Neither one of those have been completed.
12 Both of them had been initiated.

13 Does that answer your question?

14 Q Well...

15 MR. MESERVE: Did you mention cable?

16 Q [By Mr. Reinhart] Cable trades?

17 A I don't recollect the specifics of the cable
18 trades at the moment.

19 Q Okay.

20 How, based on all that incomplete work, can
21 anybody come out and say, give me the requirements for
22 Appendix B?

23 A The requirements for Appendix B are that you
24 identify problems and control the ~~control~~ processes so
25 that only suitable installations are accomplished.

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1 The fact that you have a problem and recognize
2 a problem is not by itself a violation of Appendix B.

3 The existence of a problem, if recognized,
4 falls under the guidelines set forth in Appendix B.

5 Q I think Appendix B makes a provision where
6 if you do identify problems and you control them, you're
7 meeting requirements.

8 But here you have problems that aren't even
9 identified, yet let alone controlled, had not been identified
10 and controlled for a considerable period of time, gotten
11 considerably out of hand, how can you say that they're
12 meeting the requirements when that information is not
13 yet controlled? Let alone identified? But there's a
14 recognized need to look into it?

15 A That's right. And that's what we were saying,
16 we were looking for additional problems.

17 We have found the problems.

18 Q So how can you say you're in compliance when
19 you know there's problems that you haven't found and
20 identified?

21 A We didn't know there were problems we hadn't
22 found. Because if we had known that, we would have already
23 documented them and put them into a controlled system
24 for correction.

25 Q Then how can you say you're in compliance

1 if these problems aren't in a controlled system ---

2 A You're ---

3 Q --- given this significant evidence that you need
4 to do this looking?

5 A You're asking me to predict the presence
6 of problems which were not identified on March the 20th.
7 I couldn't do that.

8 Everything we knew of, including all of the
9 deficiencies that did exist, we acknowledged the best
10 we could, we identified what was going to be done.

11 Q In general, but not in specifics.

12 A The claim by the NSRS -- and most of those
13 issues was that the condition was indeterminant.

14 And we started investigations based on not
15 the indeterminant but known deficiencies in both the
16 welding and in the instrument line areas. We recognized
17 deficiencies. And we found some additional ones, after
18 spending many thousands of man-hours.

19 That doesn't surprise me that anybody spending
20 many thousands of man-hours, looking at work for the
21 second time, would find something. It's expected that
22 you would find something that was wrong.

23 Q But that's the issue.

24 Here you're saying you have known problems,
25 you have a major independent review group saying the

1 work is indeterminant. You have an effort to look to
2 see what can be determined from the indeterminant work.
3 It's ongoing, it's not complete. And then you come back
4 and say you're in compliance and, yet, it turns out later
5 there were things that were not identified that were
6 fairly significant. I really don't understand the basis on t
7 corrective action program that you're trying to take
8 is saying you're in compliance.

9 I don't see with that major unknown out there,
10 how you can say you're in compliance.

11 A Everything we knew at the time indicated we
12 were in compliance.

13 Q But you knew you didn't know a lot.

14 A We knew we were investigating several areas,
15 and that investigation was ongoing. And we acknowledged
16 that in the enclosure and in the letter that additional
17 work was being done.

18 If we had known everything, it may or may
19 not have changed the answer.

20 Are you asking me if it would have changed
21 the answer?

22 Q Would it have?

23 A I don't think so. Probably would not have.

24 It would have meant that we had additional
25 citations of nonconformances that would have been made

1 in the attachments.

2 And I don't know everything they found since
3 last August when I left there.

4 But what I do know of the things that were
5 found subsequent to that, they would have been similar
6 to citations that were in the attachment and would not
7 have changed the transmittal letter.

8 Q Are you saying that had you known your program
9 set up for inspection was not being properly carried
10 out, if you had known your radiograph problem program
11 set up was not being carried out, if you knew that your
12 welder training program as set up was not being carried
13 out, you would have come back and said, well, now we
14 identified them; therefore, we're in compliance? Or
15 would you have come back and said, hey, guys, we were
16 out of control?

17 A We would have had to report each of those,
18 probably as significant items, which I believe we've
19 done. They represented significant problems and they
20 had to be fixed.

21 Q Don't they represent significant noncompliances
22 with requirements 10 C.F.R. 50, Appendix B?

23 A With Appendix B or with some technical requirement?
24 That makes them significant and reportable.

25 Q Does that not make them not meeting the requirement

1 of 10 C.F.R. 50, Appendix B, which require you to have
2 a program which requires you to control those things?

3 A Try stating your question again. You're confusing
4 me, what you're trying to ask me.

5 Q I'm asking you: The fact that you had those
6 significant failures to implement the program, if you
7 knew that, could you say that you're meeting the requirements
8 of Appendix B? And you knew that had not been identified?

9 A All right.

10 If I knew that, I would have had to factor
11 that into my answer. I didn't know it. I did not know
12 everything on March the 20th that subsequently became
13 known.

14 Q But wasn't there enough question on the table,
15 enough evidence that there were problems then, that would
16 make it difficult to say you're in compliance?

17 A I didn't ask the question on January 3rd.
18 If I had, I would not have -- I would not have asked
19 that question.

20 I didn't have a choice, whether I had to answer
21 that question.

22 That question was asked by the NRC and they
23 required an answer. And we gave the NRC the best answer,
24 with all of the information we had currently available
25 to us, and indicated we didn't have everything covered

1 by virtue of the reference to further investigations.

2 Q I guess the problem that I'm having in that
3 logic is you said the easy response would be to say you
4 were not in compliance because you didn't have enough
5 information or complete information.

6 Now, you're down where you have more incompleteness,
7 you acknowledge it's incomplete, you acknowledge there's
8 significant things unanswered. I don't see where we've
9 gone from the easy answer, now, to this other answer
10 that was provided. I don't see that.

11 That's what I'm trying to find out. Why,
12 based on incomplete information here and incomplete information
13 here did you change the answer?

14 A What's the question?

15 Q The question is: Are you in compliance with
16 10 C.F.R. 50, Appendix B?

17 A The best we knew, with all the information
18 we had then at hand, we were in compliance with
19 Appendix B.

20 Q Okay.

21 Now ---

22 A Now, subsequent to that, you add additional
23 information.

24 I didn't have that information on March the
25 20th.

1 Q You're saying that though an easy response
2 would have been to say you were not in compliance because
3 you had incomplete information. Then after you did some
4 work, you still had incomplete information.

5 I don't see how that, now, says you're in
6 compliance.

7 A What we had found on March 20th was the problems
8 of a nature that would not indicate a massive or pervasive,
9 if you want, breakdown. We had problems.

10 Q We're not talking about pervasive or massive
11 or any buzz words. We're talking about meeting the
12 requirements of 10 C.F.R. 50, Appendix B.

13 A Right.

14 And I'm saying, with what we had available,
15 we didn't find anything that put us in noncompliance
16 with Appendix B.

17 Did we have all the information?

18 No, we didn't have all the information, but
19 we indicated where we had ongoing investigations.

20 Now, if you choose to play semantics, because
21 you don't like that answer, you're entitled, I guess.

22 But all I had is what I had on March the 20th
23 when we prepared the letter.

24 Q As we reviewed the documentation it backed
25 up, that information.



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A lot of corrective action documents prepared in that interim, particularly as we got closer to March the 20th. What stimulated all those corrective action documents being prepared?

A What stimulated them?

Q Yes.

A The normal course of events. Anything that was found that was nonconforming was supposed to have been documented. And as people found them, they should have documented them. If they didn't, when they were having to write them down, they had to document them by virtue of recognizing them.

Q Through this review process, they were picking these things up?

A Anything that they recognized in that review process that was nonconforming had to be documented.

Q Doesn't it seem to indicate to you that when a person or an organization does this concentrated review and you start to pick up these problems, that that's indicative that during a normal day-to-day activity they're not picking up those problems, which indicates a problem with the corrective action system?

A I didn't know nor do I know that they didn't pick them up.

My reviews indicated that the QA program was

1 finding and was reporting problems of a nature in which
2 I would have expected from a functioning program.

3 Q Did you think their corrective action system
4 was in good shape at that time?

5 A I thought it needed more work.

6 Q Did you think it was in good shape?

7 If you're going to give it an A, B, C, D type
8 of a grade, where are you going to put it at?

9 A You have to answer that from somebody's perspective

10 Q Yours is fine.

11 A Mine indicated that it was slow. Slow and
12 it was not sharply focused in getting prompt responses.
13 But they did capture them and they did respond to them
14 individually.

15 I also had problems recognizing that the TVA
16 System was operating primarily in the criteria 16 of
17 Appendix B, not 15. And that introduces certain delays
18 in processing or closing out nonconformances.

19 That's an acceptable way of doing it, but
20 it's not quick or clean as a program operating under
21 15 would be. The difference being, 15 you fix the problem
22 and then analyze the causes and address them separately
23 and later.

24 If you're operating under 16, you assess the
25 causes and set out to fix the cause. After the cause

1 is fixed, you then pick up the hardware fixes.

2 Q How successful was TVA in identifying root
3 causes and obtaining action to prevent recurrence?

4 A Again, that comes back to the point of view
5 of the beholder.

6 The QA people generally felt it was satisfactory.

7 The NSRS people felt it obviously wasn't.

8 Q How did you feel as QA Director?

9 A March the 20th, 1986?

10 I --

11 Q '86.

12 A '86, yeah.

13 I felt that it needed some work. Needed to
14 be focused sharper and the emphasis shifted from individual
15 assessments of root cause analysis to collective assessments.

16 Q What do you mean from individual assessments
17 to collective assessments?

18 A I felt that if you look at converging patterns
19 to determine the root cause, you're more likely to address
20 the real issues rather than address individual nonconformances
21 and try and analyzing each one, because you lose sight
22 of the real important ones.

23 But you do accomplish, with a great deal more
24 difficulty, you do accomplish a root cause analysis,
25 and you may lose some, because you don't have the proper

1 perspective of it.

2 Mr. Reinhart: Okay.

3 Q [By Mr. Robinson] I want to get back a little
4 bit to the thinking that we were talking about on March
5 the 3rd regarding your consideration of having to deal
6 with NRC if TVA had made the statement that they were
7 not in compliance with them, Appendix B.

8 Correct me if I'm wrong, but I believe that
9 you were concerned about future dealings with NRC with
10 regard to licensing and their approval of the corrective
11 action program if you had made that easy response.

12 Correct me if I'm wrong or clarify it.

13 A That's misconstrued ---

14 Q Okay.

15 A --- what my thought was on that.

16 And I'll restate what I was referring to.

17 It wasn't future dealings with the NRC that
18 concerned me, because if the NRC made an improper finding,
19 I would not hesitate to tell them they made an improper
20 finding and would, in fact, point what the true circumstances
21 would be.

22 I would refute things that I felt were improper.

23 The reservation was that at the time the NRC
24 was under substantial fire, political pressure, as reported
25 in the press. And I had no firsthand knowledge of that,

1 but it was apparent from articles being written and coming
2 out of Washington.

3 The NRC was being criticized for not having
4 recognized the problems at TVA and other plants for
5 their true significance and not having acted promptly
6 in them.

7 Acknowledging that there were problems, as
8 we did in our correspondence, somebody then had to review
9 the corrective action plans put in place by TVA and say
10 that they were effective.

11 If NRC's judgment were found to be wanting,
12 then the concern would have been who would be left that
13 would be knowledgeable and capable to review what TVA
14 was undertaking and say whether it was satisfactory or
15 not.

16 In other words, if NRC's credibility was shaken
17 or destroyed, then there is no other organization capable
18 of making judgments about the effectiveness of what TVA
19 proposed.

20 So I wasn't concerned about relationships
21 with the NRC. I was more referring to the NRC's credibility
22 in the whole process.

23 Q Do you, since NRC ---

24 A By the way, I also referred in that earlier
25 interview that I did not find NRC's performance wanting.

1 I found that they had identified lots of problems
2 and had assessed them, as best I could tell, correctly,
3 and have acted prudently.

4 Q Do you seriously think that there would have
5 been such a credibility damage to the NRC that there
6 wouldn't have been any competent authority around to
7 answer or to approve the corrective action plan?

8 That was a serious thought?

9 A I didn't say it was serious. I said I considered
10 that as a possibility. I dismissed it because we had
11 to call them as we saw them, exactly as we saw them.

12 But it was a concern.

13 Q Was that or was that not a prime factor in
14 your mind as far as making the easy answer and saying,
15 you know, we probably are in noncompliance and we will
16 fix that situation; as opposed to the answer that came
17 on March the 20th?

18 How big a factor was that in your mind?

19 A It wasn't a particularly large factor.

20 Q I see.

21 If, in fact, you thought that on March 20th
22 TVA was in compliance with Appendix B, why was it a bit
23 difficult for you to concur with the letters, the March
24 20th letter, with the existing qualifying statements
25 regarding compliance?

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Would you have preferred to have just made the straight statement in the letter, TVA is in compliance with Appendix B, as opposed to saying, we find no pervasive breakdown and we are identifying problems; accordingly, we are in compliance with Appendix B.

A I would have preferred to use words of my own choosing, which I had offered along the way. That was -- I did point out that we have identified problems and indicated that every one that we have knowledge of has been identified and documented and we are working to resolve them.

And that resolution itself is provided for in Appendix B. That would have been my preferred answer, trying not to make any sweeping, broad statements one way or another. Because while I was dealing with specifics, I was more comfortable.

But the January 3rd request was in sweeping terms. And the indictment was in sweeping terms.

Other people felt that we needed to respond in a more sweeping way.

Q And who were those other people again?

A The other people who reviewed the letter. I don't know specifically who individually would have stated that. It was a general consensus that the letter needed to be broader. And those thoughts came out of the

Tape 2

1 reviews that were conducted by all of White's advisers.

2 Q Do you recognize the name Willie Brown?

3 A Yes, I do.

4 Q How much, if any, input did Willie Brown have
5 into that March 20th letter, to your knowledge?

6 A I have no specific knowledge, but my gut feel
7 would be none.

8 Q Why do you say that?

9 A Because Willie Brown was assigned to Bellefonte
10 Plant, I believe, at that time. He was Construction
11 Manager at Bellefonte, and I don't think he would have been
12 consulted in the preparation of that letter.

13 Q Well, I'm going to refer you to a meeting
14 that you may or may not know have taken place. This
15 was a meeting that was conducted on January 7th.

16 You took over as Quality Assurance Manager
17 on February 17th, right?

18 A About, yes.

19 Q And when did you first get to TVA?

20 A Oh, the week of January the 13th. Probably
21 the 15th or something of that range.

22 Q Okay.

23 On January 7th or 8th there was a meeting
24 in the NSRS conferenceroom in Knoxville, Tennessee, with
25 representatives from TVA Line, QA, Office of General

1 Counsel, NSRS elements.

2 Mr. Mullin was in attendance at that meeting,
3 as well as Mr. Brown and a fellow by the name of Keith
4 Warren. Do you know that name?

5 A I know the name.

6 Q A Mr. Lew Wallace from OGC, Kermit Whitt,
7 Bob Sauer, Mike Harrisson from NSRS. The purpose of
8 that meeting was to attempt to develop a concurrence
9 among those various divisions within TVA as to a response
10 to the January 3rd letter.

11 Did Mr. Mullin ever talk to you about that
12 meeting?

13 A Not that I recollect.

14 Q It has been indicated that there essentially
15 was a concurrence. There was a hammering out of a number
16 of drafts of a cover letter at that meeting. And, of
17 course, I realize that there were a number of drafts
18 of the cover letter subsequent to when you came to TVA,
19 too. But at that meeting itself, in one day, there were
20 a number of drafts hammered out. And it has been characteriz-
21 ed by at least one witness in our investigation that there
22 was basically agreement with all in attendance at that
23 meeting on a final letter to the NRC.

24 When you had your first meeting with Mr. Mullin,
25 did he indicate to you that a letter like that had been

1 crafted in any way?

2 A Not that I recall.

3 Q When we talked on March the 3rd, you and I,
4 you indicated that in your first meeting with Mr. Mullin,
5 he was kind of bleary eyed from having been up all night,
6 working on some type of a white paper?

7 A Yes.

8 Q Do you remember the substance or the nature
9 of the topics in that white paper or those white papers
10 at that meeting?

11 A Yes. Those were -- there were a group of
12 white papers, one on each of the eleven issues raised
13 by the NSRS slide presented by Commissioner Asselstine.

14 Not all of them were completed at that point.
15 I think eight of them were complete and a couple of them
16 were partial and one wasn't -- had very little on it.

17 That basically was the results of the investigation
18 by the line organizations as to what the facts were,
19 what the issues were and what the facts were.

20 Q Was there any white paper that looked like
21 it was going to be the cover letter for those issues at
22 that meeting?

23 A Not that I recall.

24 Q In that meeting with Mr. Mullin, I think back
25 on March 3rd, you indicated that Doug Nichols and Jim

1 Houston ---

2 A No.

3 Q --- were present. Do you recall?

4 A No. It was Doug Nichols and Walt Sullivan.

5 Q Walt Sullivan.

6 What was your reaction to the white papers
7 that Mr. Mullin gave to them at that point? Do you recall?

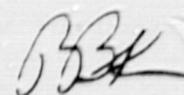
8 A Yeah. I went through quickly, because I
9 hadn't seen them before. And I went through most of
10 the papers that were available to get some feel for what
11 the issues were and how significant I thought the issues
12 were.

13 And I did not feel that there were any bell
14 ringers reflected in those documents.

15 Most of the problems I had seen in some form
16 at other plants before. I had seen -- in some cases, I had
17 done a substantial amount of research on a virtually
18 identical issue sometime in the past. And I had some
19 opinions as to what the right courses of action to dispose
20 of them were and how significant they were.

21 And I did not see any that were awesome in
22 their nature.

23 Q What kind of a picture did Mr. Mullin paint
24 to you of the situation with respect to those NSRS
25 perceptions at that point?



1 Specifically with regard to compliance with
2 Appendix B?

3 A He didn't. He gave me a little briefing on
4 where the issues had been raised. And they were in a
5 presentation. He told me about the presentation having
6 been identified as not representative of TVA's management's
7 position on the issues. And had told me about the letter
8 from the NRC on January the 3rd. And told me that there
9 was a difference of opinion on some of these issues between
10 the NSRS people and the line organizations.

11 And that's about all he did.

12 Q Were there white papers from both the line
13 and NSRS when he presented them to you?

14 A I believe there were, although not -- the
15 NSRS documents were not complete, as I recall. He had
16 some -- basically, the issues were produced from a copy
17 of the slide, and there was some input from the NSRS,
18 but not -- I don't think it was complete.

19 Q I'm going to show you copies of two documents
20 that have been provided to me by Mr. Nichols from Mr. Mullin
21 as being part of his notes concerning the Appendix B
22 issue.

23 I'll identify these for the record as saying
24 one of them is headed "Mr. Harold Denton, Director, Office
25 of Nuclear Reactor Regulation, U. S. Nuclear Regulatory

1 Commission, Washington, D. C. 20555.

2 "Dear Mr. Denton."

3 There's a handwritten note in the upper right-hand
4 corner indicating the initials WRB's version, 1/7/86,
5 3 p.m., and ask you if you ever recall seeing that?

6 Take your time and read it.

7 A I haven't finished, but I can tell you I haven't
8 seen this before.

9 Q Okay.

10 A Let me finish reading it, though.

11 No, I haven't seen that before.

12 Q And the other document is identified by the
13 heading "Dear Mr. Denton," and in the upper right-hand
14 corner the date "1/7/86:" and the notes containing
15 RJM and KHW comments.

16 Have you ever seen that document before?

17 A No, I haven't seen this before.

18 Q Did Mr. Mullin ever at any time provide directly
19 to you any proposed drafts of the cover letter to the
20 March 20th submission?

21 A I believe he did. That he was working extensively
22 on that, and I think he drafted a couple of versions
23 of the following letter early -- early in the process.

24 Q But those are not it? Neither of those?

25 A Not that I recall. Neither one of those I've

1 seen before.

2 Q Do you feel that Mr. Mullin was very openly
3 communicative to you in the process or did you get the
4 feeling that he was holding back any information?

5 A No, I didn't feel he was holding back anything.
6 I had -- someplace in this process, I had
7 replaced him and kept him on.

8 He attempted to brief me on the issues. He
9 worked very diligently in collecting information and
10 digesting it and packaging it for this, the attachments.

11 I felt he was reasonably open with me.

12 Q At any point in time before March 20th did
13 you become aware from any source that that meeting had
14 taken place in Knoxville in early January with the various
15 divisions of TVA represented in regarding this Appendix B
16 question?

17 A That particular meeting, no.

18 I was aware that there had been some discussion
19 between NSRS and parts of the line organizations or between
20 all of them and NSRS on these issues.

21 I was aware there were discussions between
22 the groups.

23 Q Do you recall a meeting in Chattanooga regarding
24 that issue where NSRS representatives came down to
25 Chattanooga from Knoxville and were in a meeting with

1 Mr. Wegner and Mr. Mullin and Mr. Mason?

2 A I heard of that meeting.

3 Q Were you aware of the -- to your knowledge,
4 were those white papers that Mr. Mullin gave you at
5 your first meeting with him, were they a result of that
6 Chattanooga meeting or do you know?

7 A I believe they were a result of that meeting
8 where -- and I don't know who, but I was informed that
9 after that meeting it was determined that the facts had
10 to be put down in writing and that that's why those white
11 papers were prepared.

12 Q Okay. A little different area now. It's
13 going to take you forward in time to March 20th and 21st
14 of 1986.

15 I believe on Friday the 21st that you said
16 that you caught an early flight to Washington. You and
17 John Kirkebo were going to hand-deliver the March 20th
18 letter?

19 A Yes.

20 Q Stopped in Charlotte and you got paged?

21 A Yes.

22 Kirkebo was not with me.

23 Q Oh, he was not with you?

24 A Kirkebo flew from Knoxville to Washington.
25 I flew from Chattanooga to Charlotte to Washington.

BBK

1 Q Okay.

2 Who was it that paged you in Charlotte?

3 A It was Steve White's secretary, one of the
4 girls.

5 Q And why -- what was the nature of the
6 conversation?

7 A She paged me because Steve White wanted to
8 talk to me. And he got on the line and indicated that
9 he had a change that was being -- that was required to
10 the letter, covering letter for the March 20th package,
11 and that somebody would meet me in Washington at the
12 airport and give me copies of that letter with the revis
13 in it, and I could go get copies of that in the TVA office
14 and they'd make the change in the covering letter.

15 It was just one page of the letter.

16 Q Did she say what the change was?

17 A I'm sure he did.

18 I talked to Steve.

19 Q Oh, you talked to Mr. White directly?

20 A Right.

21 I'm sure he did, but I don't recollect exactly
22 what it was.

23 Q About what time of day was this?

24 A 8:30 to 9, something like that.

25 Q In the morning?

1 A Yes. Maybe 8 o'clock. Yes.

2 MR. REINHART: What was the date here?

3 MR. ROBINSON: March 21st.

4 MR. REINHART: Wait a minute. 21st. You
5 mean the ---

6 MR. ROBINSON: The 21st is a Friday?

7 MR. WILLIAMSON: That's correct.

8 MR. ROBINSON: March 20th is a Thursday?

9 Q [By Mr. Robinson] The letter, correct me
10 if I'm wrong, was delivered on a Friday?

11 A I believe it was.

12 MR. REINHART: The letter was delivered on
13 the 21st?

14 MR. KELLY: I believe so.

15 MR. REINHART: I see.

16 MR. KELLY: I could -- from my travel records,
17 I could probably give you the specific ---

18 MR. REINHART: Okay. Okay.

19 MR. KELLY: --- date to verify that, but...

20 Q [By Mr. Robinson] Did someone meet you at
21 the airport?

22 MR. MESERVE: In Chattanooga or ---

23 Q [By Mr. Robinson] In Washington?

24 A John Kirkebo met me at the airport. In the
25 meantime, the person or people who had the revision to

1 the covering page of that letter had been there, met
2 John, and John had the required number of copies of that
3 letter at that point in time.

4 Q With him?

5 A With him.

6 So I never did meet the people delivering
7 it. I just met -- took it from John.

8 Q And who did you give it to?

9 A I gave it to somebody from the NRC. I don't
10 know specifically which individual I handed it to.

11 Q Female or male?

12 A Male.

13 Richardson, Denton -- there were several people
14 in the NRC Office in Bethesda when I -- when I got there,
15 there was nobody there. We had an appointment, I think,
16 with Denton, but I'm not sure specifically who I was
17 going to see.

18 We got there and we had to wait a few minutes
19 because they had been tied up. We waited and I exchanged
20 that covering sheet on the memo.

21 And at that point Denton, Richardson, I think
22 -- there were a couple of people that came in.

23 Q [By Mr. Reinhart] Where was this? Which
24 building?

25 A I don't remember. It was not the current

1 building that the -- not the building that I went down
2 in December to meet you, when I was interviewed. But
3 the other side of the main road.

4 Q It was in that general area, though?

5 A Yes.

6 Q East-West? East-West Towers?

7 A As I recollect, it wasn't in the East-West
8 Towers. It was another building in that area.

9 Q Okay.

10 You met me in Airlife?

11 A Yes.

12 Q So it was not Airlife?

13 A That's right.

14 Q Was it where Mr. Denton's office was? Possibly
15 the Phillips Building?

16 A That's correct, I believe.

17 Q The Phillips Building?

18 A Yeah.

19 MR. REINHART: Okay. I'm sorry I spoke.

20 Q [By Mr. Robinson] So you took it to his office?

21 A Yes.

22 Q Okay.

23 Mr. Kelly, I'm going to show you the copy
24 of ---

25 MR. REINHART: Let me ---

1 Q [By Mr. Reinhart] What time of day were you
2 in the Phillips Building with the letter?

3 A 10:30-ish. Late morning.

4 MR. REINHART: Okay.

5 Q [by Mr. Robinson] I'm going to show you a
6 copy of the letter that was presented to NRC that day
7 and I'm going to show you a copy of the March 20th letter
8 that we obtained from TVA. And I'll show you the difference
9 in the letter and see if you recall -- well, let me ask
10 you before I show you.

11 Did you read over the new, the new letter,
12 the retyped letter that included the change?

13 A Yes, I did.

14 Q Did the change stand out to you when you read
15 that letter?

16 A Well, it had been pointed out what the change
17 was. White had told me what the change was.

18 Q And what was it?

19 A And it was a word or two in the third paragraph,
20 I believe, on the front sheet. But I don't recollect
21 what it was, specifically.

22 Q Okay.

23 If you'll notice, this letter has a different
24 type of type on the front page than on the back page.

25 Okay, there's that type of typing as opposed

1 to that type?

2 A Yes.

3 Q Okay.

4 That's the letter that the NRC received.

5 A Different type or different size?

6 Q Well, different, different characteristics
7 of the typed letters themselves?

8 A Right. Okay.

9 Q And probably smaller on the front, too?

10 A Yeah.

11 Q I'll point your attention to a sentence in
12 the third paragraph that says: It should be noted --
13 "It should be noted that the technical review of the
14 issues in Enclosure 1 will continue as part of that
15 examination."

16 A Right.

17 Q In the underlined area on the copy that we
18 received from TVA, that statement would have been placed
19 inside the area that I have underlined there.

20 And my question is: Do you recall that, now,
21 as being the change to the letter?

22 A I don't recall that that was the change, but
23 it could have been. I don't know.

24 Q Did Mr. White tell you why this change was
25 being made?

1 A He indicated -- and I'm not sure whether it
2 was during the conversation on the phone in Charlotte
3 or later. I don't know when exactly. But my recollection
4 is he had -- prior he had talked to somebody in the NRC
5 and they had recommended the change.

6 Q Did he say who he talked to?

7 A I believe he did.

8 Q And ---

9 A I don't recall. There were two names, but
10 I'm getting that same kind of consultation of discussions
11 with the NRC. He talked to the NRC people very frequently.
12 And I'm not sure which particular individual he would
13 have indicated he talked with, if he mentioned anyone
14 in particular.

15 I know he talked to Denton. He talked to
16 Stello frequently. Those are the two names that it occurs
17 to me he might have mentioned, but I can't be sure.

18 Q And you're not certain whether that particular
19 sentence that I've just quoted in the letter that was
20 received by NRC was, in fact, the change that was made?

21 A I'm not sure.

22 This one came out of the TVA file?

23 Q No.

24 A That -- this is the latest one?

25 Q This would have been the one they incorporated

1 the change with the different typing, would have been
2 retyped at Bethesda.

3 MR. MESERVE: This one is from the NRC files,
4 apparently. The one that was delivered.

5 MR. KELLY: Yes.

6 MR. MESERVE: This one is from the TVA file.
7 It appears, according to Larry, to be the one that was
8 the last one before you jumped on the plane.

9 At least that's what you're representing today.

10 MR. ROBINSON: To the best of my knowledge,
11 that's what it is.

12 A Which one is the final one?

13 Q [By Mr. Robinson] This one.

14 A All right. I couldn't tell you from my own
15 knowledge which one.

16 MR. MURPHY: Let me clarify it.

17 Q [By Mr. Murphy] Are you saying that you
18 have one conversation with Mr. White in which he tells
19 you there's going to be a change to a letter? There's
20 a single change made in that entire letter, and you're
21 saying, you're telling us, under oath, right, that you
22 can't recall whether that's the change that was made?

23 A I can't.

24 Q [By Mr. Reinhart] Can you remember the subject
25 of the change?