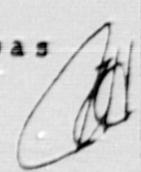


1 But let me -- for me, it was not a
2 large part of what I proposed in Volume I and
3 put into Volume I, because what I put --
4 proposed to put into Volume I was basically to
5 take the Stone & Webster Engineering
6 Corporation QA model and to overlay that on
7 the TVA organization primarily to get a
8 maximum transfer of technology from a
9 previously accepted and working program, and
10 get the maximum benefit I could in the TVA
11 from our experience.

12 Now, in validating for me whether
13 that was a proper approach, I used -- I
14 referred to the material and talked to the
15 people more than I referred to the report.
16 Because a report came out, you know, the day
17 that it was being generated by the report was
18 the important thing. This putting together of
19 the information and writing a report about it
20 was something that I didn't even think needed
21 to be done, because the data was coming out
22 real time. It wasn't something that was -- we
23 waited with bated breath until the report was
24 issued. 

25 How much of an impact did it have on

1 the overall preparation of Volume 1? I think
2 it was an important consideration, but I don't
3 think it was by any means the only
4 consideration.

5 Q. Did I properly understand you that the
6 primary reason for the study, though, was
7 Volume 1?

8 A. Yes. That was my understanding, that it
9 was for Volume 1 and, you know, that doesn't
10 necessarily mean that it was the only thing
11 that was being used for Volume 1, but my
12 understanding was -- my recollection was that
13 it was aimed at Volume 1.

14 Q. Was this a new type of effort for the
15 specific reason of responding to developing a
16 corporate plan?

17 A. Well, the corporate plan had already
18 been submitted. The Nuclear Performance Plan
19 had already been submitted by TVA. That
20 was -- see --

21 Q. I know it had been submitted back in
22 November, but then it was withdrawn, in
23 effect.

24 A. I don't believe it was ever withdrawn.
25 I think it was updated. 

1 Q. Okay.

2 A. And it was totally rewritten. I mean,
3 it doesn't bear -- well, there's a few things
4 that are the same, some of the tabs, you know,
5 like the message from the Manager to Nuclear
6 Power, there's still the tab, but if you look
7 at the two, there's not much relationship
8 to -- this was one thing that was being used
9 to try to pull together quickly an approach.

10 Q. Okay. I'm asking you a very simple
11 question, really.

12 A. Okay.

13 Q. Was the idea of the systematic analysis
14 a new type of effort meant to specifically
15 direct -- specifically directed towards the
16 necessity of updating Volume 1?

17 A. To the best of my recollection, yes.

18 MR. MURPHY: I think that --

19 MR. MESERVE: Was it unique to this
20 TVA? That was the question, to this project?

21 MR. NORTON: At this time?

22 A. Do you mean had other things like it
23 been done before?

24 Q. Yes.

25 A. We didn't invent it. We didn't invent



1 the kind of process.

2 BY MR. ROBINSON:

3 Q. Did Mr. White ask for that study to be
4 done or was it recommended to him to be done
5 by Stone & Webster?

6 A. I really don't know whether Mr. White
7 asked for it. I don't have any direct
8 knowledge of that. It was an idea which
9 was -- it was an idea that existed when we
10 arrived, the idea of having some sort of a
11 systematic analysis. As to whether Mr. White
12 specifically requested it, I don't know.

13 Q. To your knowledge, did Mr. White
14 understand the purpose and the meaning of the
15 results of that analysis?

16 A. I assume so.

17 BY MR. REINHART:

18 Q. Did he see that report?

19 A. I don't know. Certainly, his top
20 advisors saw the report. Mr. Nace was one of
21 Mr. White's senior advisors, and had
22 participated with Mr. White in the
23 October-November review, and almost certainly,
24 he gave it to Mr. White. I did not give it to
25 Mr. White.



1 MR. REINHART: Okay.

2 MR. ROBINSON: Do we want to take a
3 break or anything before we go into a
4 different area?

5 (Recess at 9:24 a.m.)

6 MR. MURPHY: It's now 9:24 and we're
7 going off the record for a couple minutes.

8 (Resumed at 9:38 a.m.)

9 MR. MURPHY: Back on the record at
10 9:38. Mr. Norton?

11 BY MR. NORTON:

12 Q. Mr. Huston, you mentioned earlier about
13 helping in the preparation of a draft of the
14 cover letter?

15 A. Yes.

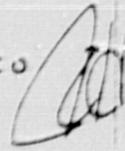
16 Q. What did, to the best of your
17 recollection, what did your draft of the
18 letter say?

19 A. To the best of my recollection, what we
20 did was we tried to answer the instant
21 question based on the review that had been
22 done by the TVA line organization, and by the
23 independent review that Craig Lundin and the
24 people assigned to him had done in going out
25 and looking at what was being done, and



1 actually looking at some of the things that
2 were being done in the field to make the point
3 that, and I'm recalling now, I don't have the
4 letter in front of me, the draft in front of
5 me, but that problems had been identified,
6 number one; that there didn't appear to be any
7 major unexpected findings, okay? Unexpected
8 in the sense that there wasn't anything -- the
9 history of the industry in terms of problems
10 that had been found; that those problems had
11 been -- appeared to have been identified.
12 That Appendix B, itself, provided for
13 noncompliance with its provisions through
14 Criteria 15 nonconformance, through Criteria
15 16, conditions adverse to quality, so long as
16 those items were identified, tracked and
17 corrected; that there was precedent in our
18 draft, we cited the or referred to the
19 decision that the Diablo Canyon ASALB
20 regarding that concept, and basically
21 concluding that the TVA did at that time
22 comply with the requirements of Appendix B at
23 the Watts Bar facility.

24 That's the essence that we tried to
25 convey, trying to answer the question which



1 was, are the requirements of Appendix B being
2 met.

3 Q. Correct. And your draft answered in the
4 affirmative?

5 A. Yes, sir.

6 Q. Just to understand your reasoning a
7 little bit, did your draft in a sense say that
8 since Criteria 15 and 16 are being complied
9 with, therefore --

10 A. No, it didn't specifically call out
11 Criteria 15 and 16 by number. It just simply
12 stated that Appendix B, itself, has provision
13 for nonconforming conditions and conditions
14 adverse to quality.

15 I mean, if you go back historically,
16 Appendix B was really written before Appendix
17 A, because it was recognized that Appendix A,
18 which led to the general design criteria,
19 would be an absolute set of requirements; that
20 the process of designing, constructing and
21 testing and operating a nuclear power plant
22 was a very very complex endeavor, which was
23 prone to error, not intentionally, obviously,
24 but prone to error just by the nature of its
25 complexity.



1 So clearly, there needed to be a way
2 to recognize that there would be errors made,
3 to be able -- first, to require that you have
4 a system in place to assure that the component
5 systems and structure would be constructed in
6 a manner which would assure the health and
7 safety of the public, but also recognize that
8 it was not an error-free process, and you
9 needed to have ways of capturing the failures
10 and correcting them.

11 So when I look at Appendix B, I
12 don't consider it to be a document which
13 demands perfection in the process that it is
14 overlaid upon. It is a management -- set of
15 management principles about how you make sure
16 that with an imperfect process, you have
17 enough requirements in place to make sure that
18 things don't slip through that would challenge
19 the health and safety of the public, component
20 systems, the structures that are being built.

21 Q. What happened to your draft?

22 A. What happened to my draft -- well, it
23 got changed. It was modified. It was
24 reworked.

25 Q. Why?



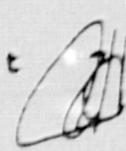
Huston

1 A. Let me -- you know, in and out of the
2 process of developing this letter, by in and
3 out, I mean I was involved and, you know, I
4 had a lot of other things going on.

5 Q. I understand.

6 A. There were a lot of drafts written. The
7 drafting of that letter was -- had multiple --
8 multiple people made drafts. It's very
9 typical, I think, even in your own agency,
10 that final letters get a number of reviews and
11 drafts, so people are reviewing and commenting
12 on the draft, and I believe ours was taken and
13 put into -- I never -- I gave -- Mr. Kelly and
14 I gave Mr. Gridley a copy of our handwritten
15 draft. I believe it was then typed smooth and
16 subjected to other review, and in the process
17 of that other review, it got modified,
18 changed.

19 Q. Do you recall any objections to your
20 draft?

21 A. The only objection that I'm aware of to
22 my draft, was -- or to our draft was the fact
23 that we cited the Diablo Canyon ASALB
24 decision, and the reason for that, it wasn't
25 really an objection, it was just a comment 

1 that it's difficult to use that type of
2 citation because in order to be able to
3 justify it, you have to recreate all of the
4 conditions which were present before the
5 Administrative Law Judge in order to be able
6 to use it.

7 Q. Whose objection was that?

8 A. Well, the objection that I heard was not
9 objection, but the comment was from Mr.
10 Wegner. I don't -- I don't believe that was
11 his comment, but he passed it on.

12 Q. Where did the original citation of the
13 Diablo Canyon case come from in your draft?

14 A. From me.

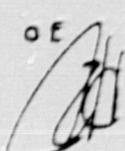
15 Q. You were aware of it?

16 A. Yes, sir.

17 Q. Prior to preparing -- I'm referring to
18 your draft. You and Mr. Kelly worked on it?

19 A. Yes.

20 Q. Prior to preparing your draft, had you
21 reviewed other drafts of the letter?

22 A. Well, obviously we did, because part of
23 what our draft was, was we had taken an 
24 earlier draft and we had cut out -- we cut and
25 pasted it and then added, you know, typical to

1 the drafting process, we added our commentary
2 on it.

3 Q. Subsequent to your draft, were you
4 involved in reviews of other drafts?

5 A. Yes. I had seen other drafts. I was
6 not involved in the final review, because I
7 was -- I wasn't in the final review meeting,
8 but I had seen -- I saw what ended up being
9 the final letter.

10 Q. From the last draft that you saw up
11 until the final letter, were there any
12 substantial changes?

13 A. There was a change made, I believe it
14 was made on the day the letter was delivered
15 to the NRC, and I did not see that change
16 before it was excerpted into the letter.

17 Q. To your knowledge, did anyone ever
18 suggest answering the basic question in the
19 negative, that Watts Bar is not in compliance
20 with Appendix B?

21 A. Well, the NSRS staff certainly suggested
22 that that was the answer that should be given.

23 Q. Other than NSRS?

24 A. No, sir, not to my knowledge.

25 Well, let me say that the call was



1 going to be whatever it was. If we had
2 determined that based on the reviews that we
3 did, our conclusion was that TVA was not in
4 compliance with Appendix B at Watts Bar, we
5 would have said that.

6 Q. What reviews are you referring to?

7 A. Well, the review that was performed by
8 TVA. You know, when we arrived at TVA, the
9 response to this question was already underway
10 by the TVA line organization and by QA. So it
11 was not a review that had been initiated as a
12 result of our coming, it was something that
13 was already ongoing when we got there.

14 In addition, there was the review
15 performed by Craig Lundin and the team at
16 Stone & Webster people that were assembled to
17 go out and look at what was being done and to
18 judge its adequacy.

19 Q. In considering the response to the NRC,
20 what considerations were brought up during
21 discussion?

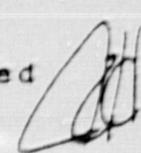
22 A. Well, I don't know all of them, because
23 I wasn't involved in all of the discussions.

24 Q. Well, let me rephrase it. How was it
25 perceived that this might impact TVA?

1 A. Well, how was it perceived? I was
2 involved in a lot of briefings on the issue,
3 not on the specific detailed technical
4 responses in the 11 perceptions, but in
5 briefing Mr. White about those questions,
6 about those issues, material control, cable
7 side wall pressure, welding.

8 We also discussed the consequences
9 of making a negative finding. We discussed
10 the consequences of a positive finding.

11 As I told the team when -- in the
12 inspection that preceded this investigation,
13 it was -- it's incumbent on any advisor,
14 consultant to a senior manager, his staff to
15 tell the boss all the range of possibilities,
16 without a conclusion, but just to say, okay,
17 what does it mean if we -- if Watts Bar is not
18 in compliance with Appendix B?

19 Well, if Watts Bar, in the broad
20 sense, is not in compliance with Appendix B,
21 then that means that everything that has been
22 done, while they were not in compliance with
23 Appendix B in the broadest sense, would be
24 subject to question, would be in a so-called
25 indeterminate status. 

1 So certainly we discussed what are
2 the range of implications from a positive call
3 all the way to a negative call.

4 Q. When you say we discussed, to whom are
5 you referring?

6 A. Myself, Dick Kelly and Mr. White and
7 certainly that was discussed with his senior
8 advisors.

9 MR. MESERVE: This is an abstract
10 proposition?

11 THE WITNESS: Yes, an abstract
12 proposition.

13 A. It was not to say, you know, Mr. White,
14 if we make a negative call on this, this is
15 what's going to happen. It was more a
16 proposition of, well, what does it mean if we
17 make a negative call? What is, from a QA
18 point of view and from a line management point
19 of view, what does it mean to make a negative
20 call? Rather than if we make a negative call,
21 this is what's going to happen. Am I making
22 the distinction here?

23 Q. I don't really see the distinction that
24 much. I understand -- I believe I
25 understand --



Huston

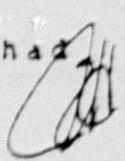
1 A. Well, it's one thing to say,
2 hypothetically, if we make a negative call,
3 it's going to have the following impact on
4 what we're doing.

5 It's another thing to say,
6 hypothetically, if the call is negative, then
7 that means that, from a Quality Assurance
8 point of view, the work done during the period
9 of time that noncompliance with Appendix B
10 existed is indeterminate and if it is
11 indeterminate, that means that you have to go
12 back -- one would have to go back and
13 reconstruct by a wide variety of means, the
14 actual status of the component systems and
15 structures that were erected under those
16 conditions.

17 So that's what I'm trying to draw
18 that distinction.

19 Q. Okay, was that latter description the
20 subject matter that was discussed?

21 A. The latter is the way it was, to my
22 recollection, characterized, although we did
23 talk about some places in the industry where
24 QA issues with an indeterminate status had had
25 an impact.



1 Q. Where --

2 A. Zimmer, Maribell Hill, Diablo Canyon,
3 among others.

4 Q. The final letter, Mr. Huston, contains
5 two phrases I'd like to ask you about. Could
6 someone put a copy of the letter --

7 A. This isn't the final March 20th letter.

8 MR. WILLIAMSON: Here, try this
9 one.

10 MR. ROBINSON: Says the same thing.

11 MR. MURPHY: Is that it?

12 THE WITNESS: That's it.

13 BY MR. NORTON:

14 Q. Directing your attention to the second
15 paragraph, the second paragraph begins as
16 follows: On the basis of a review of the
17 issues identified in the NSRS perceptions as
18 reflected in the enclosure, I find that there
19 has been no pervasive breakdown of the Quality
20 Assurance program; that phrase, no pervasive
21 breakdown, Mr. Huston, do you know where that
22 comes from?

23 A. As used in this letter?

24 Q. Yes, sir.

25 A. I believe it was inserted into the draft



1 on a subsequent review that was performed by
2 George Edgar's law firm in reviewing the
3 letter -- an earlier draft from Mr. White.

4 Now, I further believe that the
5 word, pervasive, in this context comes from
6 the Calloway decision before the ASALB.

7 Q. To your knowledge, whom did Mr. Edgar
8 represent in reviewing this letter?

9 A. I don't know who Mr. Edgar represented.
10 He was Mr. -- Mr. White sought advice on this
11 matter from a number of sources, and I don't
12 know Mr. Edgar, but my understanding is that
13 he has a great deal of experience in these
14 types of matters, and apparently, his advice
15 was sought on the draft.

16 I'm not -- I don't know that Mr.
17 Edgar was personally involved. And I don't
18 know whether Mr. White directly solicited his
19 input. I believe his input was solicited by
20 Mr. Wegner, but I'm not sure of that.

21 Q. You mentioned that you know that the
22 language, itself, no pervasive breakdown,
23 comes from the Calloway decision.

24 A. That's my understanding.

25 Q. How do you know that?



1 A. Because I've read the Calloway decision,
2 and the word, pervasive failure, is --
3 pervasive failure are the words in the
4 Calloway decision, not pervasive breakdown.

5 Q. Did you know that prior to seeing that
6 inserted in the letter?

7 A. No, sir.

8 Q. When this was inserted, this phrase was
9 inserted in the letter, was there any
10 discussion about the meaning of this term?

11 A. The reason I'm pausing here is because
12 subsequent to the March 20th letter, there has
13 been a tremendous amount, both in volume and
14 over time, of discussion about the word,
15 pervasive.

16 At that time, I suppose I can recall
17 talking about the word, pervasive with Mr.
18 Kelly. I may have discussed it with Mr. White
19 or Mr. Wegner. I really can't recall.

20 Q. Do you recall, in your discussions with
21 Mr. Kelly, what the term meant?

22 A. Well, to me, the term means what it
23 means, which is complete and extending into
24 every part, in the Webster's context.

25 In the Calloway sense, it was that

1 it -- and I'm paraphrasing, because I don't
2 have the Calloway decision in front of me, but
3 it was that you had a failure of the program
4 so complete that it called into question the
5 total safety or the total safety of the
6 facility such that a safety determination
7 could not be made, extending into every part,
8 that systematically, across the board, the
9 process used to effect quality assurance in
10 the design, construction, testing and startup
11 of the facility was inadequate.

12 Q. Was this also your discussion with Mr.
13 Kelly back prior to the March 20th letter?

14 A. Well, that's what I was saying.
15 Although I can't give you the specific dates,
16 I'm certain that we discussed the word
17 pervasive. It's very difficult, it really is,
18 to try to bring into my mind the differences
19 in the discussion of that word from prior to
20 March 20th or prior to whenever I saw it for
21 the first time to today, because there has
22 just been so much debate about this issue.

23 Q. All I can ask you is to the best of your
24 recollection.

25 A. To the best of my recollection, we



Huston

1 discussed the word pervasive before the letter
2 was issued.

3 Q. Do you have any knowledge of anyone
4 explaining that meaning of the word to Mr.
5 White?

6 A. I really can't recall.

7 Q. You mentioned that the term comes from
8 the Calloway decision.

9 A. No, what I --

10 Q. No pervasive failure --

11 A. What I said to you was it's in the
12 Calloway decision, and it appeared in a draft
13 that was reviewed by -- I understand was
14 reviewed by George Edgar's law firm, and my
15 assumption is that it came from the Calloway
16 decision.

17 Now, I may have been told after the
18 fact that it was, but I -- I don't know for a
19 fact that that's how whoever prepared the
20 draft took the Calloway decision and took that
21 word out of it. I don't know that.

22 Q. From whom did you first hear of the
23 Calloway decision in connection with the term?

24 A. I believe from Dick Gridley.

25 BY MR. REINHART;



1 Q. When did he bring that up?

2 A. It was before the March 20th letter was
3 sent in the context of a draft.

4 Q. I mean, Dick Gridley brought up the
5 discussion of the Calloway decision before the
6 March 20th letter?

7 A. Yes.

8 Q. Oh, okay.

9 A. You see, our draft that we had prepared
10 back in February had cited the -- directly, in
11 the draft, had a reference to the Diablo
12 Canyon decision, and so as our draft was
13 changed, you know, I seem to recall someplace
14 in there that, you know, the citation was
15 taken out, but there was a discussion about
16 the word, pervasive, and the indication I got
17 was that it had come out of the Calloway
18 case. And I went and got a copy of the
19 Calloway decision and I read it and sure
20 enough, the word pervasive appeared there.

21 BY MR. NORTON:

22 Q. Do you recall any discussion of why the
23 term, pervasive is used rather than widespread
24 or substantial or just plain no breakdown,
25 period?



1 A. No.

2 Q. Could you have agreed with this letter
3 if it just said that there has been no
4 breakdown in the Quality Assurance Program?

5 A. I think that the requirements of
6 Appendix B can be met even if there has been a
7 breakdown in the Quality Assurance Program.
8 So, yes, if -- let me go back to my earlier
9 statement about the instant question.

10 If, in the past, you've had a
11 breakdown in the program, and in fact, one of
12 the commitments made in this letter was to
13 continue to review and, in fact, we have now
14 identified -- TVA has now identified at least
15 two instances where there were significant QA
16 breakdowns in the 741 elevation of the control
17 building structural welding and in the -- in
18 code radiographs, are the requirements of
19 Appendix B now being met at Watts Bar? I
20 believe the answer to that question is yes.

21 Q. As of today.

22 A. As of today. Were they being met as of
23 March 20th? Yes, I believe they were.

24 The two instances which are now
25 reported to the NRC and acknowledged as being



Huston

1 QA breakdowns occurred a long time ago,
2 occurred in the case of structural welding in
3 the late seventies and in the case of code
4 radiograph interpretation, over a period of
5 time that pipe was being erected. Those
6 activities are not ongoing right now.

7 Did we detect them? Yes, we did
8 detect them. Didn't we report them? Yes, we
9 did.

10 They were probably detected later in
11 the game than we would have liked, but are we
12 now today in compliance with Appendix B? Yes,
13 I think we are.

14 Q. Would those two areas represent
15 pervasive breakdown?

16 A. No, not in my judgment.

17 Q. Would they represent a QA breakdown?

18 A. They are characterized as significant QA
19 breakdown.

20 Q. So significant and pervasive mean two
21 different things?

22 A. I think, clearly, significant and
23 pervasive mean two different things in the
24 case of both Webster -- I think it could have
25 significant breakdown as defined in Part 55 B



Huston

1 of the regulations and not -- and certainly
2 not have a pervasive breakdown in your QA
3 Program.

4 Q. Have you ever known of a pervasive
5 breakdown in any QA Program?

6 A. No, I don't think so.

7 Q. Is it theoretically possible to have
8 one, realistically, excuse me, strike the word
9 theoretically. Is it realistically possible
10 to have a pervasive breakdown in a nuclear QA
11 Program?

12 A. Well, I guess in Calloway, the ASALB
13 considered it to be a realistic possibility
14 because they talked about it.

15 Q. I'm asking you for your judgment.

16 A. No, I don't think so. In today's -- let
17 me answer that more carefully.

18 Q. Please.

19 A. Not carefully, but in today's
20 environment, I think the answer to that
21 question is no. And by today's environment, I
22 mean the regulatory environment of near term
23 operating licensed plants.

24 Historically, in the early days of
25 the requirements of Appendix B or in the



1 interim years that they were evolving, would
2 it have been possible, could it have
3 happened? I think the answer is yes.

4 BY MR. ROBINSON:

5 Q. Just to follow that question, do you
6 need a pervasive breakdown in your QA Program
7 to be in noncompliance with Appendix B?

8 A. No. Every time the NRC writes a
9 violation, that violation is based on a
10 failure to meet a requirement or requirements
11 of Appendix B.

12 Q. So to use the logic as used in the
13 letter, which says that based on the fact that
14 there's no pervasive breakdown in the overall
15 QA Program, and the fact that we have
16 identified some problems and are correcting
17 them, Appendix B requirements are being met at
18 Watts Bar, it's not really a logical
19 statement, is that what I'm hearing you say?

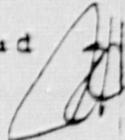
20 A. No. What I'm saying is, using this
21 language of the letter, first of all, we
22 looked and we didn't find anything that would
23 indicate to us on the first level a pervasive
24 breakdown in the QA Program. Okay? Because
25 many of the statements which were made that



1 backed up the NSRS perceptions or the NSRS
2 perceptions, themselves, were sweeping -- were
3 sweeping and broad allegations regarding the
4 status of major construction activities at
5 Watts Bar, very broad.

6 One of them, the first one, I think,
7 was the as constructed welding condition at
8 Watts Bar is indeterminate. That is,
9 gentlemen, a very very broad statement. So
10 clearly, there needed to be some attention
11 paid to the global implications of the 11
12 perceptions as stated. That's in the first
13 instance. And I believe that's what pervasive
14 was really getting at in this draft, at least
15 to me. It was not my word, but I had no
16 argument with it because I think it addressed
17 that question.

18 Second of all, problems have been
19 identified, and they have been identified.
20 The question was, was TVA in compliance with
21 Appendix B?

22 Many of the problems which were
23 listed as being issues were old issues which
24 had been identified by TVA, for which TVA had
25 ongoing activity, which were documented in 

1 nonconformance reports, which were documented
2 in significant condition reports, and were
3 being addressed.

4 Second of all, problems and not just
5 a few, lots of problems were identified out
6 there, and they were being worked through the
7 QA Program. And TVA was -- had remedied some
8 of those. They were already fixed. Some of
9 them were already fixed or will remedy all
10 identified construction deficiencies and
11 noncompliance.

12 So as I read that, it's not just a
13 simple statement that, hey, we don't have a
14 pervasive breakdown and we've identified some
15 problems and therefore, we're in compliance
16 with Appendix B. I think it is -- it first
17 addresses the broadest sense and then gets
18 down into the specifics and then draws a
19 conclusion based on the conditions as found,
20 not the conditions that existed in the past,
21 but the conditions that were found during the
22 review.

23 My view is this letter is not an
24 attempt to answer the question for all time at
25 the Watts Har facility. It's a question -- 

1 it's a letter to try to answer -- under a fair
2 degree of pressure, to produce an answer, the
3 question of whether or not TVA was in
4 compliance with Appendix B at the time the
5 presentation was made to the Commissioner
6 Asselstein.

7 Q. But that letter doesn't sound to you
8 like it is saying that we are in compliance
9 with Appendix B requirements at Watts Bar
10 because of this and because of that? Doesn't
11 that -- isn't that what that second paragraph
12 says?

13 A. You know, I really have a great deal of
14 difficulty with that question. Not because I
15 have any difficulty with what we stated on
16 March 20th, but because of all of the
17 discussion that's gone on since then on this
18 question.

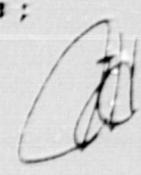
19 I know what I thought this letter
20 meant when it was written, okay? And I know
21 that White, Mr. White, on the 12th or the 11th
22 of January of 1987, wrote the NRC another
23 letter in which he stated what he meant when
24 he sent this letter, okay? And I know that
25 there has been a great deal of discussion in 

1 many quarters about what was meant, why it was
2 sent this way, et cetera.

3 Q. Obviously there are a lot of opinions on
4 how that letter could have possibly been
5 answered, but if you're going to focus in on
6 the 11 perceptions that NSRS gave, then to
7 respond to that letter, the January 3rd
8 request by the MRC, it would have seemed
9 logical to me to say, NSRS perception one is
10 either true or not true, okay? On down the
11 line, and therefore, we are or are not in
12 compliance with Appendix B at Watts Bar, based
13 on those perceptions, if you're going to limit
14 the scope of the compliance answer to those 11
15 perceptions.

16 Obviously, that format was not
17 chosen, so when I read the letter for the
18 first time, not knowing a lot of the details
19 and background at Watts Bar, I read the second
20 paragraph, and it says, there's no pervasive
21 breakdown in the overall QA Program; we've
22 identified problems and we are correcting or
23 in the process of correcting those problems;
24 therefore, or accordingly --

25 A. That's different than therefore.



1 Q. Accordingly --

2 A. Yes.

3 Q. -- we are in compliance with Appendix B
4 requirements at Watts Bar. To me, accordingly
5 means based on the above two statements, we
6 see that we're in compliance with --

7 A. Well, that's your reading, and I
8 can't -- I'm really putting myself back in the
9 time frame that this question relates to.

10 There obviously were a number of
11 different options for responding to this -- to
12 the NRC request. Apparently one option was
13 simply not to respond, but to say we haven't
14 had enough time yet to evaluate all these
15 issues and therefore, we'll get back to you
16 when we have completed more evaluations. That
17 was one option. Another option would have
18 been to do what you suggested.

19 This letter doesn't only confine
20 itself to answering the specific question, it
21 also goes on to talk about the new
22 organization and to talk about the broader
23 program, not just the narrowness of the 11
24 perceptions, but the broader program for all
25 of TVA nuclear power, and that was certainly



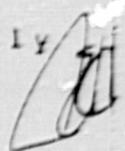
1 in the mind of Mr. White and his staff at that
2 point in time.

3 The critical issue then was,
4 certainly it's critical to respond to the
5 Appendix B letter, but really the more
6 important issue before us is getting this
7 whole thing fixed. We've got five plants that
8 have licenses and Watts Bar doesn't have a
9 license.

10 Q. Well, I admit that I'm taking the second
11 paragraph of that letter out of the context of
12 that letter but, of course, the second
13 paragraph of that letter refers specifically
14 to the issue of whether or not you're in
15 compliance with Appendix B at Watts Bar. And
16 you can correct me if I'm wrong, you've
17 indicated that in today's state of the art,
18 you don't think it's possible to have a
19 pervasive breakdown in a QA Program.

20 A. That's correct, that's what I stated.

21 Q. And so if you make that statement as
22 being apparently one of the reasons for coming
23 to the conclusion that you're in compliance
24 with Appendix B at Watts Bar, it's essentially
25 a meaningless statement, right?

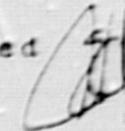


1 A. Well, again, I don't think it's a
2 meaningless statement because it has
3 precedent, you know. It has precedent in the
4 regulatory process as being one of the things
5 that is necessary to be considered.

6 It further has meaning, as I stated,
7 with respect to the broad nature of the
8 allegations that were identified as the
9 issues.

10 You know, let me -- I don't want to
11 speculate, but one could consider a
12 hypothetical, which was that these things
13 would have been presented to Commissioner
14 Asselstein with detail, with backup, with
15 supporting detail; that could then have been
16 responded to on the docket, okay? In fact,
17 the supporting detail for those 11 issues
18 didn't come, to my knowledge, until well after
19 the presentation was made to Commissioner
20 Asselstein.

21 In fact, I'm led to believe that the
22 actual slide presented was made up the day
23 before the presentation or the night before
24 the presentation and didn't have any detailed
25 backup.



1 So, you know, broad sweeping
2 statements, broad indictments of the program.
3 Seems logical to me that a broad answer has to
4 be given on the specific issues -- I mean on
5 the specific statements, confined to those
6 statements. But they are very broad in
7 themselves. So I guess we disagree.

8 I don't find it inconsistent to use
9 the word pervasive there, because I believe
10 the pervasiveness of the problem, whether or
11 not the problem was pervasive, was a question
12 that had to be -- had to be responded to.

13 Q. Oh, I agree that you make a statement
14 regarding no pervasive breakdown in the QA
15 Program, and that statement, in itself, may in
16 fact be correct, if it has any meaning, okay?

17 But see, my point is that that
18 statement and the second statement appear to
19 be used as the logic for saying that you're in
20 compliance.

21 A. Actually, in fact, I don't read -- this
22 is difficult because a lot of things have
23 happened since then, but I don't think it's A,
24 therefore B. I think it's A and B.

25 Q. Okay.



1 A. Accordingly has several definitions, and
2 one of them is, you know, as a result of, and,
3 you know, as Mr. White has stated, we've
4 gotten into a lot of semantics after the fact
5 on this letter, but the overall QA Program is
6 in compliance with Appendix B is to me, you
7 know, and there is no pervasive breakdown or
8 coincident rather than one follows the other.

9 BY MR. NORTON:

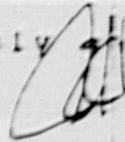
10 Q. Well, could the overall program be in
11 compliance, if there were also pervasive
12 breakdowns?

13 A. Oh, absolutely not. Absolutely not.

14 Q. So therefore is a logical connection --

15 A. Let me say -- well, yeah -- the answer
16 to your question is a QA Program applied to a
17 facility which had suffered a pervasive
18 breakdown could be in compliance with Appendix
19 B, the program now applied could be in
20 compliance with Appendix B.

21 That does not follow, though, that
22 that would therefore mean that the entire
23 facility which had had a pervasive breakdown
24 was now in compliance with Appendix B. Simply
25 establishing at some point in time in the



Huston

1 middle or the end of construction a good QA
2 program doesn't mean that everything that's
3 done before is okay.

4 Q. Two questions regarding the phrase,
5 overall program is in compliance with Appendix
6 B.

7 When we're speaking of program,
8 there, are we speaking strictly of the
9 program -- are we speaking of the program as
10 put down on paper?

11 A. No, the QA Program involves a written
12 program and it also involved implementation of
13 that program.

14 Q. So we are speaking of the program as
15 implemented?

16 A. To the extent we looked at the
17 implementation at the time to come to the
18 judgment, yes.

19 Q. When you say to the extent we looked at
20 the program, what are you referring to?

21 A. Well, Mr. Lundin and his team went out
22 and looked not only at what was being done by
23 the NSRS, but they also looked at some of the
24 things that were being done as a test.

25 Let me go back. We selected -- Mr. 

1 Kelly and I participated in picking the people
2 for that team. Some of them, in fact, were
3 people who worked for me in Field Quality
4 Control. We picked people that were at NTOL
5 who were in the field today, and we didn't
6 pick the super -- necessarily the supervisor,
7 we picked the people who were down in a QA QC
8 program where the rubber meets the road in the
9 construction of the plant, and we brought them
10 in and we said, go out -- Mr. Lundin took them
11 out to Watts Bar, and they looked around at
12 what was being done to see if anything popped
13 up at them that was abnormal, that they, you
14 know, would not expect to see in light of what
15 the current practice was.

16 So yes, when I say implementation,
17 they looked at not just what was being
18 prepared as responses, they also looked and
19 tested against what the actual practice was in
20 the field.

21 Q. And how extensive was that?

22 A. It was -- how extensive.

23 Q. How thorough, how deeply --

24 A. They tested it for several days. It was
25 not a, you know -- it was sufficiently



1 thorough to allow them, with Mr. Lundin, to
2 come to the conclusion that although they saw
3 a problem, the problems had been identified
4 and the program was, although not excellent,
5 it was adequate.

6 Q. Were they tasked to go out in the field
7 and determine whether or not the QA Program as
8 implemented is in compliance with Appendix B,
9 is that what their task was?

10 A. I didn't give them their charge, Mr.
11 Kelly did, and he probably would be the better
12 one to answer that question.

13 Q. What is your understanding?

14 A. My understanding was their charge was to
15 go out, take a look at the material that was
16 being prepared by TVA in response to the 11
17 perceptions; in addition, to look at the
18 activities that were ongoing in these areas,
19 to make sure that they didn't see any major
20 disconnects between what TVA was doing in the
21 field and what was normal practice in their
22 experience.

23 But their main charge was to go out
24 and look at the material prepared by TVA, to
25 interview people, to talk to folks, to develop

1 a judgement as to the adequacy of what was
2 being done in preparing the responses and also
3 to look at what was actually being done in the
4 field and make a judgment on that.

5 Q. On the basis of their efforts, were you
6 comfortable with assuring the NRC that there
7 had been no pervasive breakdown and that the
8 overall QA Program was in compliance?

9 A. Yes, sir. I didn't explicitly concur in
10 this letter, but I would have at the time with
11 what knowledge I had at the time.

12 Q. All right. Mark, was there something --

13 MR. REINHART: Can I just pursue
14 that a little bit?

15 BY MR. REINHART:

16 Q. I'm just trying to get -- I'm looking at
17 wordings, semantics, but, you know, it's a
18 conveyance of thought that's -- and I think
19 that's our issue is what thoughts were being
20 conveyed.

21 The letter -- let me explain
22 something and then I'll ask the question. The
23 letter asks if Appendix B requirements are
24 being met. Now, if we say no pervasive
25 breakdown, basically on pervasive breakdown,



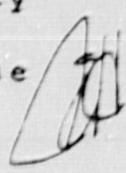
1 we're saying we're totally out, is that
2 correct?

3 A. Yes, if there were a pervasive
4 breakdown, clearly there would be extending
5 into every part of the activity a failure to
6 meet the requirements.

7 Q. Okay. So to say there's no pervasive
8 breakdown, the question that's coming up, is
9 that really responding to our Appendix B
10 requirements being met? Well, that in a
11 sense, we're saying we're not a hundred
12 percent out.

13 We come down to this next sentence,
14 we're saying, the overall program, that kind
15 of gives a sense of most of it? More than
16 half? I'm not sure what that means, overall
17 program. Some parts of every criteria?

18 A. The program -- it's difficult to answer
19 without using the same word over again. There
20 is an approved topical report. There is an
21 NQAM that implements that topical report.
22 There are instructions and procedures that
23 implement the requirements. Nuclear Quality
24 Assurance Manual. There are practices in the
25 field that reflect current day types of



1 activities for the various issues that are
2 identified.

3 Nonconformance and ^{DISPOSITIONS}~~specifications~~
4 are being written. Corrective action is being
5 taken or it is scheduled to be taken.
6 Extensive reviews are being performed to
7 validate the status of the various
8 installations, some of which are -- go well
9 beyond what you would normally expect to find,
10 in terms of doing more, not doing less, but
11 doing more. The weld evaluation project, for
12 instance, a massive major effort.

13 So overall, the program, the QA
14 Program appears to be in compliance with
15 Appendix B? That's the sense of overall that
16 I have, that I had at the time.

17 Q. Okay. If the letter had of been written
18 a little differently, just tell me if this
19 would have meant the same to you.

20 Mr. Denton's letter said ^{ARE}~~our~~
21 Appendix B requirements are being met at Watts
22 Bar. If TVA had come back and said, yes,
23 Appendix B requirements are being met at Watts
24 Bar, would that be different than what was
25 actually said?

