

1 A. Well, if that's all Mr. Denton had  
2 asked, I think the answer could be yes. But  
3 let me say that's not all Mr. Denton asked. I  
4 mean, that was his -- that was his concluding  
5 question. But he also attached the  
6 presentation that had been made to  
7 Commissioner Asselstein, and identified the  
8 perceptions as being the basis for this  
9 question arising, so he was -- he was really  
10 directing the attention, in my judgment, was  
11 directing the attention of TVA and their  
12 response to those perceptions to that  
13 presentation, and the question was therefore  
14 put in the framework of those 11 issues,  
15 okay? Or the ten issues plus the one bottom  
16 line issue which is really an issue.

17 Q. Well, let's say the letter had of come  
18 back and said, Dear Mr. Denton, you asked us  
19 two questions. In response to question one,  
20 Appendix B requirements are being met at Watts  
21 Bar. In response to question number two,  
22 here's where we feel we stand on these 11  
23 perceptions; would that have been the same  
24 answer as we were given?

25 A. I think so, yes. I think so, at that



1 time, and in that environment, I think so.

2 Q. Okay.

3 A. But that's not the way the question was  
4 asked.

5 Q. It's not? I guess --

6 A. Well, communication is one of the issues  
7 here, and one could read Mr. Denton's letter  
8 as asking the question that way, one could  
9 read the question as rolling the two together,  
10 the letter as rolling the two together. I --

11 Q. Okay. Then with that thought in mind,  
12 the communication, did you personally, do you  
13 know of or did you hear of anybody in TVA,  
14 whether it be TVA employees, <sup>LOANED</sup> ~~loan~~ managers,  
15 advisors, counsel, anything like that  
16 communicating with the MRC regarding this  
17 question? And I'm saying in addition to  
18 letters, but like on the phone or in person  
19 saying, hey, is this what you meant? Is this  
20 answering what you meant? Any kind of  
21 conversations like that?

22 A. Well, it's been a long time. Let me  
23 answer on the basis of direct personal  
24 knowledge, first.

25 Q. Okay.



1 A. On the basis of my direct personal  
2 knowledge, I had no interaction with the NRC  
3 on these questions. I had no interaction with  
4 the NRC on these questions.

5 Mr. White, TVA, and I was present,  
6 appeared on March 11th before the NRC, and as  
7 I recall the testimony, or the testimony, it  
8 was not a sworn -- it was transcribed but not  
9 sworn, Mr. Asselstein, Commissioner Asselstein  
10 pressed Mr. White on this question, and  
11 extracted -- perhaps extracted is not the  
12 right term -- but it ended up with Mr. White  
13 agreeing that he would answer the question  
14 within, I believe, a week or two weeks,  
15 something like that. I haven't recently read  
16 that transcript, but, you know. So there was  
17 communication that I have direct knowledge of  
18 because I was there when it happened.

19 The only other communication that I  
20 have -- and obviously -- well, the only other  
21 communication that I have indirect knowledge  
22 of, that is, the person who had the  
23 communication told me about it, was Gridley,  
24 Richard Gridley, Licensing Director, indicated  
25 that there was a lot of discussion between he

1 and the NRC staff about getting an answer to a  
2 letter.

3 Q. So Dick Gridley said he talked with the  
4 NRC in regard --

5 A. He talks to the NRC every day, as you  
6 know. And they're wanting you all -- the NRC  
7 staff is wanting an answer to this letter, an  
8 answer to Mr. Denton's letter.

9 I also was told, and I can't  
10 remember whether I was sitting in Dick Kelly's  
11 office when he talked to Al Belisle in Region  
12 2, or whether he told me that he had talked to  
13 Al Belisle in Region 2 before he sent the  
14 letter or before the letter was sent, to get  
15 Al's view from his perspective about  
16 compliance with Appendix B at Watts Bar.  
17 Instant, you know, current compliance with  
18 Appendix B.

19 But I do recall that Dick indicated  
20 that in his discussion with Belisle, Belisle  
21 had said, you know, I have an issue overall  
22 with TVA with corrective action, because Mr.  
23 Belisle has, over the years, had that as a  
24 major concern that he had with TVA's program,  
25 but that he didn't, in essence, feel that TVA

1 was in noncompliance with Appendix B at Watts  
2 Bar today, or today being the day of  
3 discussion.

4 Subsequent, and he may have told me  
5 at the time, but subsequent to March 20th, Mr.  
6 White had told me that he talked with <sup>VIC</sup>~~Dick~~  
7 Stello regarding the letter before it was  
8 sent.

9 Q. Did he say what was discussed there?

10 A. No, just that he had talked with Mr.  
11 Stello about it, not in any detail.

12 MR. ROBINSON: Let me just ask one  
13 question right along that line.

14 BY MR. ROBINSON:

15 Q. Are you aware of any communication  
16 between Dick Denise and the Legal Department  
17 at NRC headquarters regarding a definition,  
18 NRC definition of noncompliance with Appendix  
19 B?

20 A. I'm aware that -- I'm aware of it  
21 because I have -- there is a staff, a  
22 congressional staff position paper which is  
23 written regarding the March 20th letter, which  
24 I have seen and read, and this is -- in point  
25 of time, this report was issued, I believe, in

1 December 17th or December of 1986, well after  
2 the March 20th letter, and in that -- the  
3 backup of that report, there is reference made  
4 to a phone conversation between Dick Denise  
5 and I forget the gentleman's name --

6 Q. Jim Lieberman?

7 A. Jim Lieberman of NRC, Office of General  
8 Counsel, regarding the definition of  
9 compliance with Appendix B.

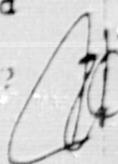
10 I was unaware that that -- at the  
11 time, that that conversation -- I mean at the  
12 time before the March 20th letter was written,  
13 I was unaware that that conversation had taken  
14 place.

15 MR. ROBINSON: Okay.

16 MR. REINHART: Okay.

17 THE WITNESS: Now, let me add one  
18 more thing on communication. I was unaware of  
19 any show cause order, of any outstanding NRC  
20 commentary on the docket regarding the QA  
21 Program at Watts Bar that was in existence  
22 and, you know, certainly one of the things  
23 that needs to be considered here was what did  
24 the NRC think of the QA Program at Watts Bar?

25 Now, I recognize that it was the



1 NSRS staff that had made the statement to  
2 Commissioner Asselstein, but I think it was  
3 important for me, in my deliberations of this  
4 issue, to the extent I was involved, to  
5 understand what the NRC's position was.

6 I was unaware of any, what I would  
7 consider to be outstanding docketed commentary  
8 by the NRC on QA, and there were certainly  
9 ongoing violations being identified and each  
10 one of those is a citation against a specific  
11 criteria of Appendix B, as you well know.

12 But in terms of an NRC recognition  
13 or identification of a failure to comply with  
14 the requirements of Appendix B overall at  
15 Watts Bar, I was unaware that there was any  
16 existing commentary like that. And that would  
17 have been very important, obviously, to me.  
18 It was important to me.

19 MR. REINHART: Okay.

20 BY MR. NORTON:

21 Q. Mr. Huston, I'd like you to -- I'd like  
22 to hand you a copy of the NSRS perceptions  
23 that were presented to Commissioner Asselstein  
24 in December, 1985. Based upon your experience  
25 at TVA since January of last year, are any of

1 those perceptions correct?

2 A. Yes, some of these issues were, in fact,  
3 issues at the Watts Bar facility at some point  
4 in time.

5 Q. Have all of those issues been  
6 satisfactorily resolved?

7 A. They are all being -- let me answer you  
8 by saying that -- the question is have they  
9 all been satisfactorily resolved.

10 Q. Yes, sir.

11 A. My answer is that no, they have not all  
12 been satisfactorily resolved. I would further  
13 add that I believe that they were and are  
14 being satisfactorily addressed.

15 Q. To your knowledge, were all of those  
16 issues being satisfactorily addressed in  
17 December, 1985, when the presentation was  
18 made?

19 A. Yes, that was my -- that was the  
20 conclusion of the March 20th letter, and I  
21 agreed with the conclusion of the March 20th  
22 letter.

23 Let me just add one thing. Some of  
24 these issues as stated are so broadly stated  
25 that it was and is difficult to respond to. 

1 Okay? For instance, lack of independence of  
2 QA QC personnel paren to construct close  
3 paren, although we restructured the inspection  
4 forces and brought them into QA, that decision  
5 was made because that's the way my experience  
6 and Stone & Webster's experience, as I stated  
7 such earlier, we were trying to transfer them  
8 back to technology, that's the way we  
9 structured our QC inspection organization.

10 But there are other dockets in other  
11 companies that do it the same way that TVA  
12 did.

13 I guess the debate is, you can't  
14 have the inspectors as part of construction.  
15 The NRC doesn't even agree with that. If the  
16 debate is, there is a lack of independence  
17 because they are part of construction, based  
18 on specific identified instances of problems,  
19 those can be addressed and still keep them in  
20 construction and meet the requirements with  
21 Appendix P.

22 So what I'm trying to say is that  
23 some of these things are pretty general. But  
24 do I believe they're all being adequately  
25 addressed and were being adequately addressed



1 at the time we sent the letter? The answer to  
2 those questions is yes.

3 Q. No, the question was not at the time you  
4 sent the letter, at the time of the  
5 presentation to Commissioner Asselstein in  
6 December of '85.

7 A. I wasn't here then.

8 Q. I realize that. But you were involved  
9 in an assessment of the situation when you  
10 took over. From your assessment of the  
11 situation when you took over, were those  
12 issues being adequately addressed in December,  
13 1985?

14 A. And my belief is that the answer to that  
15 question is yes.

16 MR. MURPHY: I've just got a couple  
17 of questions.

18 BY MR. MURPHY:

19 Q. One is, when this term pervasive came  
20 up, right? You said you were discussing it  
21 with Mr. Kelly and I mean, did the word,  
22 pervasive immediately mean something to you?  
23 I mean, apart from going to the commissioner  
24 and saying, what in the world does pervasive  
25 mean, right?



1 A. What I said to him was that -- I can  
2 recall or I certainly have a recollection of  
3 discussing that with Mr. Kelly.

4 When I saw the word pervasive, I  
5 know what pervasive means. I went and looked  
6 at the dictionary also to determine what  
7 pervasive means.

8 I believe at that point, I'd also  
9 been told that it was -- it came from the  
10 Calloway decision, so I went and looked at the  
11 Calloway decision to see what it meant.

12 But --

13 Q. But amongst all the discussion with  
14 people, and I think everyone has told us they  
15 discussed this word, pervasive, was there any  
16 thought given to the fact that if we use this  
17 word, pervasive, it's going to be confusing?  
18 We're going to confuse folks. I mean, was any  
19 thought given to that? I mean --

20 A. As far as I know, there was no intent to  
21 use words that would be confusing.

22 I think the intent was to use words  
23 that would convey -- I think the intent was to  
24 use words that would convey the situation.  
25 And that happened to be the word that was --



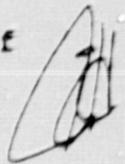
1 the set of words that was chosen, and I could  
2 find nothing to disagree in them.

3 I had -- as you know, I had a draft  
4 that -- I helped Mr. Kelly and Mr. Kelly and I  
5 prepared a draft. Those were the words that  
6 we chose. Those were not the words that were  
7 finally chosen to be put into the  
8 communication with the NRC, but I don't  
9 believe that the communication with the NRC  
10 differed substantially from those words in  
11 terms of what we were trying to convey.

12 Q. And when you read this stuff, you tell  
13 yourself, this clearly depicts the position?  
14 I mean --

15 A. I certainly felt that to be the case at  
16 the point of time of my last involvement with  
17 the draft, before it was sent. I would  
18 conclude, obviously, that today, it perhaps  
19 didn't communicate it as succinctly as it  
20 might have at the time, but at the time it was  
21 sent, I felt it did succinctly communicate the  
22 situation.

23 Q. You also said that you were unaware of  
24 any problems that had been identified along  
25 the quality assurance Appendix B line by the



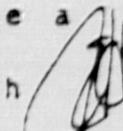
1 NRC prior to this --

2 A. Well, what I meant to -- I think that's  
3 what I said. What I meant to say or what I  
4 was trying to convey was that, you know, if  
5 you find a QA Program at a facility in a lot  
6 of trouble or major QA issue, generally what  
7 you'll find is that an order modifying license  
8 or a show cause order or a major violation,  
9 you know, aggregated violation in QA.

10 I've had experience in some of those  
11 things. I looked and I didn't see any of  
12 those.

13 Now, I subsequently know that there  
14 was an order modifying license, but I was  
15 unaware of it at the time regarding timeliness  
16 of reporting, due to the issue that was raised  
17 in Sequoyah about the monitoring instruments,  
18 which was not generically evaluated for  
19 applicability.

20 So NRC issued in '85 an order  
21 modifying license requiring specific time  
22 frames for review of generic -- generically  
23 applicable conditions adverse to quality. But  
24 even that is not what I would consider to be a  
25 major problem in terms of a QA Program which



1 characterized as it was by this list of major  
2 issues.

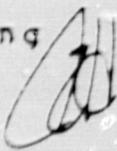
3 I'd expect if the NRC perceived that  
4 there was a program in place at one of the  
5 facilities being regulated that had the  
6 magnitude of the problems that were indicated  
7 here, that that facility would be under a show  
8 cause order.

9 Q. I'm not sure that this is even related  
10 to all this business, but I want your opinion  
11 on this. In the April time frame of 1985, Mr.  
12 Parris was asked to certify as to when they  
13 were ready for fuel load. Are you aware that  
14 a certification was made that Watts Bar was  
15 ready for fuel load in the spring of 1985?

16 A. Yes, I am now aware of it.

17 Q. You were not at the time?

18 A. I can't -- I really can't recall when I  
19 first became aware that there had been such a  
20 certification. I don't believe it was prior  
21 to the issuance of this letter. But I really  
22 don't have a clear recollection of when I  
23 first became aware of that.

24 Q. If you were aware of that -- I'm saying  
25 you, I'm maybe putting you in a position of 

1 somebody else, right? If you were aware that  
2 this certification was made, and then some  
3 nine, ten months later, we still haven't  
4 loaded fuel, would that in your mind say,  
5 geez, there must be some problems out there?  
6 I mean --

7 A. Well, you're asking me to speculate.

8 Q. Yes, I'm asking you to speculate.

9 A. What I might or might not conclude.

10 Q. I mean, is that a significant issue? We  
11 have the Manager of Nuclear Power saying on  
12 April 11th, 1985, I certify that we are ready  
13 to load fuel, we are ready to crank this thing  
14 up; and then some ten months later, we haven't  
15 done anything about loading fuel yet, right?  
16 Would that create any sense of a problem in  
17 the minds of a knowledgeable person who knew  
18 that this certification had been made?

19 A. Yes.

20 Q. Should it have, though? I mean, you  
21 know, would it have any impact on this, I  
22 guess I'm trying to --

23 A. That hypothetical or that statement of  
24 facts would create in my mind a question.  
25 Would it have any impact on this letter?



1 Q. Yes.

2 A. Well, first of all, to my knowledge, it  
3 didn't. Second of all, I don't think it  
4 would, because the answer was being given on  
5 the question instantly asked, and I don't mean  
6 to keep going back, but the question was, are  
7 you now in compliance with Appendix B, based  
8 on these 11 perceptions?

9 Now, as I recall Commissioner  
10 Asselstein's questions at the March 11th  
11 hearing, he was asking about the past. And I  
12 guess perhaps that's where I first heard about  
13 the -- now that I think of it, it may have  
14 been in that meeting or about the meeting that  
15 I was -- that I came to understand that there  
16 had been a certification letter.

17 In fact, I think in April, Mr. White  
18 withdrew that. But in talking through this,  
19 it may have -- I may have known about it  
20 before the letter was issued. But really, we  
21 weren't speaking for the past.

22 Q. And I presented something which --

23 A. You know, you look at the slice in  
24 time. You can look at what's being done.  
25 Obviously we're making a lot of corrections to



1 improve things that were being done  
2 differently in the past and perhaps less  
3 adequately in the past. But we were really  
4 focused forward rather than -- other than the  
5 review to go back to look at the last 16  
6 months of criticism of TVA, we were trying to  
7 move forward, not dwell on the problems of the  
8 past, in terms of going back and justifying.

9 BY MR. REINHART:

10 Q. That confuses me a little bit. Maybe I  
11 could get some clarification. And I guess the  
12 reason that I'm wondering why TVA addressed it  
13 right on March 20th, just on the fact that on  
14 the 11th of April, '85, TVA certified ready  
15 for fuel load. That would say to me that  
16 under the now PSAR 17 2 QA Program, that's  
17 saying that's implemented, implicitly. Okay?

18 We move forward now to December,  
19 which is the time frame NSRS says it's not  
20 being implemented -- in the time frame the  
21 commission is asking, it isn't implemented,  
22 but all that's impacting the licensing issue,  
23 and now all of a sudden, we come up to March  
24 20th and say, well, we can't worry about the  
25 interestingly enough past 15 months, close to

Huston

1 16 months, when all this other information is  
2 coming in, we say we can't worry about what  
3 was and what is and what might have been, but  
4 right now today, this particular slice in  
5 time -- you see what I'm saying?

6 A. Yes, okay.

7 Q. -- and the words are being met, not are  
8 they today -- are being met. I guess I'm  
9 wondering why TVA made the decision not to  
10 answer over period of time.

11 A. Well, first of all, truly, absolutely  
12 because the question was not has TVA always  
13 been in compliance with Appendix B at the  
14 Watts Bar facility. They asked, are the  
15 requirements of Appendix B being met at the  
16 Watts Bar facility.

17 In my copy, I think, of that letter,  
18 I even underlined that when I first got a copy  
19 of it, because that was, to me, the question.

20 Second of all, the 16 months of  
21 material that was reviewed, which you referred  
22 to, wasn't just Watts Bar, it was for all of  
23 TVA.

24 It was from -- it was for corporate  
25 for engineering, for Hartford Steam Boiler, 

1 from INPO, from NRC, from Congress, it was  
2 total TVA material, and it was not being  
3 looked at relative to the specific issues  
4 raised at Watts Bar, it was being looked at,  
5 as I stated earlier, in an overview analysis  
6 to try to come up with some basic aggregate  
7 root cause symptoms that could be addressed in  
8 Volume I based on what other people had said,  
9 without testing -- without testing the  
10 response that even went out.

11 Finally, I just want to state, I  
12 didn't consider Watts Bar to be an operating  
13 plant. I consider Watts Bar to be a  
14 construction project. And I still consider it  
15 to be a construction project.

16 The fact that it didn't have a  
17 license, I was really unaware initially as to  
18 the -- and others may have been aware, but I  
19 was unaware that in April of 1985, that TVA  
20 had certified Watts Bar ready for fuel load.

21 I think Mr. White, in the statements  
22 that I've heard, and you could ask him  
23 directly, before has stated that he was  
24 unaware of that until -- in April, which --  
25 and I think when he became aware of that



1 request for certification, which was still  
2 open, he withdrew it.

3           So in the early phases of this  
4 thing, to the extent I was involved, I was  
5 considering Watts Bar as not a Seventeen Point  
6 Two plant, I was considering it as a  
7 construction project. Certainly there were  
8 component systems that had been turned over,  
9 N 5s had been signed, lots of testing had been  
10 done, operations was fully staffed. But I  
11 still considered it to be a construction  
12 project, as far as the QA activities were  
13 concerned.

14           So it may lead to some question in  
15 your mind, but I must state very strongly that  
16 that's the way, at least I can speak for  
17 myself, I was dealing with it. It would have  
18 been an entirely different proposition if I  
19 had viewed it as an operating plant.

20 Q.       Or an NTOL?

21 A.       Or an NTOL. And by the way, let me just  
22 add, I will add a strong personal opinion, and  
23 that is that Watts Bar, even though it is not  
24 yet licensed and even though it is still  
25 undergoing the process of completion, is not



1 an NTOL plant in the classical sense. It's a  
2 plant that was started into construction in  
3 the very early 1970s, and it was -- is not an  
4 ~~inert~~<sup>NF</sup> plant in terms of the ASME 3 code  
5 requirements and, you know, it's an older  
6 plant which has been stretched through the  
7 period of the evolution of the current NTOL  
8 type regulations, and I think a lot of the  
9 perceived problems are as a result of the fact  
10 that it's now being looked at with 1987 or '86  
11 eyes in terms of inspection criteria, but it's  
12 a plant that was started and substantially  
13 completed in an earlier era.

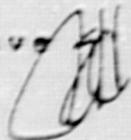
14 BY MR. REINHART:

15 Q. Let me clarify, when I used NTOL,  
16 meaning near term operating license, all I was  
17 meaning was in the slot for licensing.

18 A. Fine, okay. Well, in that sense, it  
19 still is in the slot for licensing and in any  
20 case --

21 Q. You answered my question.

22 BY MR. ROBINSON:

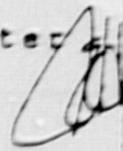
23 Q. Mr. Huston, I have a few areas I want to  
24 cover. I may be skipping around, you'll have  
25 to excuse that. Reminding you that you're 

1 under oath, I want to ask you for a perception  
2 of the attitude of the preparers of the  
3 corporate response, the March 20th corporate  
4 response.

5 Was the attitude one of objective  
6 investigation of the NSRS perceptions or was  
7 the attitude more of a systematic rebuttal of  
8 the NSRS perceptions?

9 A. Overall, I think it was an attitude of  
10 systematic analysis or review. Certainly,  
11 there were those that were in the mode of  
12 simply wanting to rebut it. I can recall a  
13 great deal of frustration on people's parts  
14 because it -- for some of the reasons that had  
15 been earlier stated here, the perceptions were  
16 not backed up initially by any detail  
17 material. The detail material, when it was  
18 provided, was -- came out in drips and drabs.  
19 The way the backup material was written was,  
20 in some cases, speculative and nonspecific.

21 In fact, material was appearing  
22 after the March 20th letter, and in fact,  
23 additional perception or additional issues to  
24 back up the perceptions were being added after  
25 the March 20th letter.

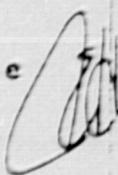


1           So I think it's a mixed bag. But I  
2 think overall, I would have to say that at  
3 least from my point of view, it received a  
4 thorough and objective review.

5 Q.       Who were some of the people that were  
6 frustrated and were more in the mode of  
7 rebutting?

8 A.       Well, that's difficult to recall. I  
9 think some of the TVA people who had been  
10 involved with the NSRS were more in that -- on  
11 that side of the issue. I think clearly some  
12 of the people who had to go develop the input  
13 and who had been working on the inputs were in  
14 that position.

15           I think some of the people who were  
16 involved in discussing the issues early on, I  
17 guess there was a meeting before we even got  
18 involved in it, between the line organizations  
19 and the NSRS to try to come to some common  
20 agreement on what the issues even were, so  
21 that a response had to be prepared, and there  
22 was a great deal of -- I'm told there was a  
23 lot of frustration about the fact that since  
24 there wasn't a lot of detail backup available  
25 for the issue, that it was difficult for the



1 line to be able to respond to them because  
2 they were so broad and general, that a careful  
3 study review couldn't be performed.

4 Q. During your period of time there, did  
5 you feel that there was an honest effort on,  
6 let's say, Bob Mullin's part to obtain a  
7 clarification and a scoping of those NSRS  
8 broad issues?

9 A. Yes, yes, sir, I think so, and in fact,  
10 Bob Mullin was assigned by Chuck Mason before  
11 we got there, to basically be the focal point  
12 for the collection of the inputs from the line  
13 organization.

14 Bob was assigned to assist after  
15 Dick Kelly and I took over QA in February of  
16 1986. Bob Mullin was -- who was the former  
17 Director of QA, which was basically  
18 Operations, was attached to us to provide  
19 assistance or advice in the transition, and  
20 one of the things that Bob was heavily  
21 involved in was the interface between the line  
22 organizations and the development of the  
23 responses and getting the input from the NSRS  
24 staff as additional material was presented,  
25 and in issuing instructions about how the



1 format of the responses should be put  
2 together, etc.

3 So my perception was that Bob, at  
4 least from the top down, looking at what he  
5 was doing, was working diligently to make sure  
6 the process was fair and accurate.

7 Q. And what did Bob do with this material  
8 when he gathered it?

9 A. Well, he -- one of the things he did was  
10 to assemble it, at least the input that he  
11 got, into a record that could be reproduced  
12 for the future, so that when the NRC review of  
13 the backup occurred, and we were certain that  
14 it was going to, in fact, it was frankly  
15 somewhat of a surprise that it didn't occur  
16 more promptly than it has, he was assembling  
17 that data and keeping the records of that  
18 material.

19 Q. Did he communicate any opinions or views  
20 that he had as a result of his reviews of this  
21 data to you or Dick Kelly?

22 A. Yes, sure.

23 Q. What were those opinions?

24 A. Well, to the best of my recollection, he  
25 felt that, first of all, that the process was



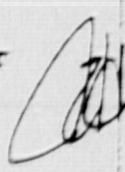
1 working, that he was getting the input. He  
2 may have -- it may not have been as timely as,  
3 in some instances, as he liked.

4 I seem to recall that -- my general  
5 recollection is that he was indicating that  
6 the line inputs were pretty well addressing  
7 the questions and were conveying the proper  
8 degree of detail, and that the conclusions --  
9 sort of ongoing, that there weren't any major  
10 negative findings.

11 Q. Was his communication primarily with  
12 Kelly or you or --

13 A. It was a combination of communication.  
14 When I was there, it was with me. When I was  
15 at Sequoyah, for instance, it was obviously  
16 with Kelly, and when I was off in the early  
17 phases doing some of the other things --  
18 really, what had happened was that when -- and  
19 I forget the date, there's a chronology that  
20 was provided with the backup material that the  
21 NRC obtained in late '86.

22 Mr. Kelly got involved in reviewing  
23 draft inputs the third or fourth week in  
24 January, and I think that's where we had our  
25 first major interface or he had his first



1 major interface with Bob Mullin.

2 You know, Bob had started the  
3 coordination of that effort and he was  
4 continuing it, and Sullivan had asked Kelly --  
5 first, Sullivan asked somebody to take a look  
6 at it, and Lundin was pulled out of the review  
7 of the 16 months data, and then subsequent to  
8 that, Sullivan came back and asked Kelly to  
9 sit down, they had prepared drafts and he  
10 wanted Kelly to sit down and review those.  
11 And I believe it was Dick and Walter Sullivan  
12 and Doug Nichols from the Office of General  
13 Counsel sat with Bob Mullin and went through  
14 that material.

15 Q. Were you still there in Chattanooga when  
16 the final smooth technical responses that were  
17 going to be attached to the letter were  
18 prepared?

19 A. I think so, but I can't -- I really  
20 can't remember. I really can't remember.

21 Q. Did you develop your own opinion as to  
22 the adequacy of those responses as they  
23 addressed the perceptions?

24 A. Well, certainly, I thought that they  
25 were adequate. If I had not felt they were



1     adequate, then I would have made that comment  
2     and although I was not explicitly -- first of  
3     all, the line was developing the responses to  
4     each one of the perceptions, and I was not --  
5     and the line was attesting to that.

6             One of the things Mr. White required  
7     was that the line sign on the bottom line that  
8     that represented, to the best of their  
9     knowledge and belief, the facts.

10            So he was being very meticulous in  
11     ensuring that when people -- see, let me stop  
12     here.

13            One of the things that Mr. White  
14     emphasizes, and you may have all heard this  
15     from me before, I'm sure it comes through  
16     Volume 1, responsibility, accountability for  
17     actions, and he was trying every way he could  
18     early on to deliver that stern message to the  
19     organization.

20            So as these drafts were being  
21     finalized, and the attachments were being  
22     finalized, he said, I want you all, if  
23     you're -- if this is your statement, I want  
24     you to sign on the bottom line that this is  
25     your statement.



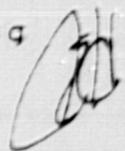
1           So I was not directly in that  
2 process. That was being conducted by  
3 Engineering or Construction or QA. But I was  
4 not preparing the responses or doing any kind  
5 of on line detailed review.

6           I may have looked at, to the best of  
7 my recollection, I looked at perhaps some of  
8 the in-process drafts. I may have even made  
9 some comments on them. But I didn't do a  
10 hundred percent review or anything near.

11 Q.       Earlier, you mentioned that  
12 periodically, you would brief White on the  
13 broad issue of some of the perceptions, but  
14 not the details, like in the specific  
15 responses, and I think you used the example of  
16 cable side wall pressure; what were the nature  
17 of those briefings? Were you indicating that  
18 those issues were problems or -- no, let me --

19 Q.       Characterize those.

20 A.       Let me characterize those. Recognize,  
21 again, the setting in which we're dealing  
22 with, here. We have total reorganization of  
23 TVA's nuclear facility. You have a whole  
24 series of meetings with NRC, Congress coming  
25 up, because at the time, there was a



1 congressional hearing scheduled, which was  
2 then postponed, but that was coming up,  
3 interactions with the chairman, NRC and his  
4 senior staff, interactions with the ~~SMT~~<sup>SMT</sup> and  
5 lots of things going on, and lots of demands  
6 on White's time to get input about the various  
7 elements of the organization, engineering,  
8 construction, reorganization, Volume 1  
9 rewrites, a lot of things.

10 So I'm just trying to set for you  
11 the condition that existed then. There were  
12 lots of things going on.

13 Whenever Dick and I could get time,  
14 we would -- Dick Kelly and I could get time  
15 with Steve White, usually it was together,  
16 although more often than not, it was Kelly and  
17 occasionally, it was me, by myself, we would  
18 talk about those issues.

19 The way we talked about them is the  
20 following: Let's take material control. Mr.  
21 White knows material control. I mean, he's in  
22 the Naval Reactors Program and his assignment,  
23 his last assignment was the head of Navy  
24 Material. He certainly understands material  
25 control.



1           He understands the requirements for  
2     it in a nuclear setting, but he was not  
3     familiar in detail with the Appendix B type  
4     definition as it applies to the commercial  
5     nuclear power plant, per se.

6           So we would talk to him about  
7     material control, describe to him how  
8     criteria -- the criteria applied, how it had  
9     been applied, the difference between perimeter  
10    control and heat control traceability to the  
11    point of installation, what was acceptable,  
12    what wasn't acceptable.

13           The fact that we had plants that  
14    ranged all the way from Browns Ferry to a real  
15    NTOL with NF requirements, if you will, ASME 3  
16    NF requirements and the fact that material  
17    control requirements varied depending on the  
18    code edition that the plant was committed to,  
19    etc., etc., etc.

20           So it was more briefings to discuss  
21    the details of those requirements as it  
22    applied to the commercial setting, number one,  
23    and number two, as it applied to TVA's  
24    facility.

25           For instance, cable side wall

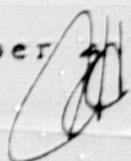


1 pressure, what is the issue with cable side  
2 wall pressure? The fact that you have through  
3 narrow radius bends, the conductors pulling  
4 over against the side wall of the installation  
5 may cause deformations or things of that --  
6 you know, discussing those kinds of issues and  
7 by the way, what the history had been from a  
8 regulatory sense as we perceived it in QA on  
9 those issues.

10 Material control had, for instance,  
11 been around a long time, from the early days  
12 of the commercial practice. Cable side wall  
13 pressure was, in fact, a relatively recent  
14 issue, relative, it surfaced in the eighties,  
15 okay? Battery rack bolting, okay? Was one of  
16 the major issues that had started to come up  
17 during the CAT inspections -- construction  
18 assessment team inspections in the middle  
19 eighties.

20 So that was the kind of discussion  
21 we were having.

22 Q. As of the mid-March, 1986 time frame, I  
23 want you to, in your own words, characterize  
24 the status of the implementation of the upper  
25 case QA Program at TVA; not the program



1     itself, but the implementation.

2     A.     Well, first of all, all the elements  
3     required by the program were being implemented  
4     to a lesser or greater extent throughout the  
5     TVA system.

6             There had been some, in fact, fairly  
7     recent changes before we arrived to the  
8     overall approach that was being used by Office  
9     of Nuclear Power predecessor organizations to  
10    implement those requirements.

11            For instance, a new set of  
12    engineering procedures called the OEPs or the  
13    EPs, engineering procedures, had been issued  
14    in the middle of 1985, I believe, by the  
15    Office of Engineering.

16            So I think my characterization would  
17    be that there had been substantial changes,  
18    organizational structurewise to the TVA new  
19    power organization, but that as far as the  
20    fundamental first line requirements, in  
21    general, they were being implemented.

22    Q.     Did these changes have an effect on the  
23    implementation?

24    A.     I can't speak for the period of time  
25    prior to our arrival. I can speak for -- 

1 certainly for the period of time after we  
2 assumed responsibility for QA, because we,  
3 again, restructured it. And like any new set  
4 of demands on an organization, you probably go  
5 through a period of where implementation may  
6 suffer somewhat because of confusion about  
7 roles and responsibilities, but I think that  
8 we are now -- TVA is now on the upswing in  
9 that, and that implementation has  
10 substantially improved over that which was in  
11 effect in that early time frame, '86.

12 That perhaps is a -- well, that is a  
13 judgment which certainly comes from my  
14 perspective, having put all new requirements  
15 in place. But it's also from direct  
16 observation.

17 Q. Well, since the March 20th letter  
18 addressed the subject of compliance with  
19 Appendix B at that particular point of time,  
20 were you satisfied at that particular point in  
21 time that the status of the implementation of  
22 the upper case QA Program was not in violation  
23 of Appendix B?

24 A. To the extent I looked at it, yes.

25 Q. Now, let's narrow down to the -- your 

1 characterization at that time of the status of  
2 the implementation of the correction --  
3 corrective action portion of the QA Program.  
4 Characterize that for me.

5 A. I would characterize corrective action  
6 as being weak, but adequate.

7 Q. Enough to have been in compliance with  
8 Appendix B?

9 A. Yes.

10 Q. Let me ask you --

11 A. Let me add, also part of that question  
12 is, was I satisfied or should be, I think, was  
13 I satisfied with the timeliness and the  
14 effectivity of the corrective action program.  
15 My answer is absolutely not. But I felt that  
16 it was, for the circumstances that existed,  
17 adequate.

18 Q. If you had found just that portion of  
19 the QA Program, the corrective action portion  
20 in total disarray, would you be able to say  
21 that TVA was in compliance with Appendix B at  
22 the Watts Bar facility at that time?

23 A. If the corrective action system was in  
24 total disarray, and by that I would assume you  
25 mean --



1 Q. Totally ineffective?

2 A. -- totally ineffective, then I would  
3 assume that -- I would have to conclude that  
4 the program, (quote, unquote), could be in  
5 compliance with the requirements of Appendix B  
6 for a program, but the overall implementation  
7 of that, in terms of the corrective action,  
8 was not in compliance with Appendix B, and I  
9 would be obligated, as QA Director, which I  
10 wasn't at that time, but if I had been -- I  
11 was Deputy, to have stopped the work until  
12 that situation was rectified.

13 Q. So if the corrective action criterion of  
14 Appendix B was in total disarray, you could  
15 still say that the overall QA Program was in  
16 compliance with Appendix B?

17 A. That's not exactly what I said. I said  
18 that's--

19 Q. Well, go ahead.

20 A. What I said was that the programmatic  
21 requirements can be in compliance with  
22 Appendix B, because it can say -- the program  
23 can say you got to have a corrective action  
24 program that satisfies the requirements of  
25 Criteria 16 and, you know, you then go to the



1 Standard Review Plan and you look at what are  
2 the tests for that and you establish that it  
3 meets those tests to be able to say that it's  
4 being implemented.

5 So the program can require it and be  
6 in compliance with the criteria of Appendix H  
7 to have a program, but if it's not being  
8 implemented, in the sense that it's in total  
9 disarray --

10 Q. Right.

11 A. You're not in overall compliance with  
12 it.

13 Q. Okay.

14 A. You know, if -- really, if you're asking  
15 me, can I have <sup>SEVENTEEN</sup> ~~SEEN~~ criteria of Appendix H  
16 being satisfied and be in compliance with  
17 Appendix B, and the 18th one, I don't have --  
18 totally out of bed with --

19 Q. Essentially that's what I'm asking you.

20 A. Am I in compliance with Appendix B? No.

21 Q. Okay.

22 A. The answer is no, because Appendix B  
23 requires that you have 18 -- you have a  
24 program which meets all 18 criteria.

25 Q. One final question that I have. During



1 your discussions regarding the preparation of  
2 the cover letter of the March 20th, '86  
3 letter, did the subject of the potential  
4 submission of a material false statement to  
5 NRC come up?

6 A. I can't recall specifically, but it must  
7 have. And I say it must have because  
8 obviously, that's one of the things that one  
9 has to consider in the following sense: The  
10 letter was material to the licensing process  
11 and obviously, you want to assure that  
12 anything you communicate to the NRC, even  
13 unsworn, but on the docket is correct. So I  
14 can't -- I really can't specifically -- it  
15 certainly has come up since then.

16 I can't specifically recall that it  
17 was discussed with me in terms of the  
18 preparation of the drafts, but --

19 Q. To your knowledge, was -- excuse me?

20 A. Very well may have been.

21 Q. Was there any strategy on the part of  
22 any of Mr. White's advisors to so word the  
23 March 20th letter that it would appear to say  
24 that you were in compliance, but essentially,  
25 present an impossible situation -- I'm looking

1 for the right words. I think you know what I  
2 mean.

3 Was there any strategy to say you're  
4 in compliance, when really, you're worried  
5 that you might not be in compliance and we  
6 better say we're in compliance? Was there any  
7 strategy like that?

8 A. Not that I'm aware of.

9 MR. ROBINSON: I don't have any more  
10 questions.

11 MR. MURPHY: It's 11:23.

12 (Recess at 11:23 a.m.)

13 (Resumed 11:42 a.m.)

14 MR. MURPHY: It's now 11:42 and  
15 we're back on the record. I just have a  
16 couple follow-up questions.

17 BY MR. MURPHY:

18 Q. In a discussion we had a month or so ago  
19 with the inspection force up here, we talked  
20 about why NSRS -- I mean, it's not a secret, I  
21 mean they said publicly and in the press and  
22 before congressional committees, what happened  
23 to TVA is that they referred to technical  
24 reviews of their perceptions to the same folks  
25 who historically have created the problems in

1 their mind, in the minds of NSRS. I mean,  
2 whether that's true or not, but they said what  
3 TVA did in this sense was take their 11  
4 perceptions and give them to the same people  
5 who had historically screwed the thing up. I  
6 mean, they created the problems in their  
7 mind. How do you view that?

8 A. Well, referring back to the meeting of a  
9 month ago, my thoughts on that haven't  
10 changed.

11 First of all, let me go back  
12 historically and for the record indicate that  
13 when we arrived, that decision had already  
14 been made.

15 In the QA example, of course, when  
16 you write an audit finding against an  
17 organization, you typically give that  
18 organization the finding and they are  
19 responsible for developing a response.

20 You then judge whether the response  
21 to the finding is adequate or inadequate based  
22 on the requirements in your assessment of it.

23 Q. Who does that?

24 A. The QA organization.

25 In this case, I view that as kind of



1 a similar situation in terms of the line being  
2 given the responsibility for developing the  
3 response, and attempts may have been made to  
4 reconcile the issue with NSRS.

5 I'm not aware of them directly,  
6 although I've heard that there was a meeting  
7 that we talked about earlier where they tried  
8 to get together to figure out what the basis  
9 of the perception was and the response from  
10 the line.

11 I conclude that, you know, giving  
12 the line the responsibility for responding to  
13 the issues is, as far as I'm concerned, a  
14 normal practice. It's customary in my  
15 experience, both from being on the QA side and  
16 being on the line side of the question in  
17 terms of having to respond to a finding or a  
18 statement or an allegation. So I didn't find  
19 anything unusual about having the line  
20 respond.

21 Q. Let me go over the situation that did  
22 exist prior to your arrival and the process.  
23 NSRS was chartered to look at safety concerns  
24 within TVA.

25 A. Right.

