

1 In the bottom of that last paragraph it says, "Prior
2 to December 1985", those last two or three sentences? I'll
3 read them to you.

4 A Let me find them.

5 Q "Prior to December 1985 approximately 300 Watts Bar
6 NCRs has been initiated by the plant staff. These NCRs
7 predominantly identified design or construction deficiencies.
8 Therefore, the adequacy of generic corrective action taken
9 for these NCRs would be similar to that taken for all those
10 initiated by OE and OC."

11 A Right.

12 Q Are you familiar with that statement at all?

13 A I've read it.

14 Q Did you have any substantive discussion on that
15 statement at all?

16 A I don't recall.

17 Q What does it mean when it says "The adequacy of this
18 generic corrective action", these 300, "is similar to that
19 taken for all those initiated by OE and OC"?

20 That would tell me that this corrective action
21 adequacy is similar to all these others, but yet I don't see
22 any statement as to what was the adequacy of all the others.
23 It leaves me nowhere. I wonder why it is worded that way and
24 what it means?

25 A Above that they're talking about things done during

1 the construction phase by Office of Engineering, and Office of
2 Construction; how they did process NCRs, and this is the
3 relation of trying to relate the way the operations people
4 processed NCRs of a similar nature.

5 Q Well, I am really interested in the adequacy of
6 generic corrective action which, in talking to one witness,
7 means action taken to prevent recurrence, and that's one of
8 the places where I get a vague reference to something--

9 A Would you go on and read the beginning of the next
10 paragraph?

11 Q Sure. "Deviations have, at times, identified
12 weaknesses in elements of TV's corrective action programs, or
13 the affect of this other implementation. However, as
14 weaknesses or deviations are identified, either by TVA or by
15 external sources, corrective actions or improvements are
16 developed and implemented. That is a generic statement of the
17 way the system is supposed to work."

18 A Right.

19 Q But here, this statement is referring to adequacy
20 of generic corrective actions being similar to some other
21 group and to complete the thought, I wonder why there's no
22 statement of the adequacy of generic corrective actions of
23 these other NCRs?

24 A It says what it says. It follows discussions of
25 the corrective actions by Office of Engineering and Office of

1 Correction -- Construction.

2 It says what it says. If you were there to help
3 write it, you might have chosen to write it differently; you
4 weren't. The people who wrote it, wrote it this way.

5 Q Okay. Let me proceed--

6 A You have a preference for a different way of
7 answering, that's your preference, not mine.

8 Q Let me remind you we're under oath; we have another
9 individual under oath who says that he specifically addressed
10 this issue with you and wanted to include more specifics on
11 problems of implementation; does that ring a bell with you at
12 all?

13 A No, it doesn't.

14 Q Did John McDonald ever talk to you about this
15 response?

16 A No, he didn't.

17 Q He never talked to you about nonconformances and
18 corrective action associated with nonconformance--

19 A He talked to me once, that I recall, prior to March
20 20th, and once after March 20th. The one prior to March 20th
21 dealt entirely with the Quality Improvement Program.

22 Q Did John McDonald ever talk to you about this
23 response and get an answer from you that your strategy was to
24 not address implementation, but rather address only
25 programmatic aspects?

1 A Never.

2 MR. MURPHY: I have just a few.

3 BY MR. MURPHY:

4 Q Very early on today you said that you did not have
5 all of the information of March 20th, historically, correct?
6 Did you not say that? I mean, you, yourself?

7 A Yes.

8 Q Why didn't people ask people like Bill Cottle and
9 Mason about what had went on historically at TVA? And I ask
10 this question because in reviewing the concurrent slips for
11 the March 20th letter either Mr. Cottle or Mr. Mason who
12 occupied, at the time I think, fairly significant positions
13 within the TVA nuclear power structure, appear on a
14 concurrent sheet.

15 I guess my question is, how come we didn't go to Mr.
16 Cottle, didn't go to Mason, and say if we want a historical
17 perspective, what's been going on here for the last bunch of
18 years?

19 A I believe Cottle did review these; didn't sign off
20 on them, but he did review, he was one of the reviewers for
21 most of these; one of the reviewers for at least some of these
22 attachments, did review them, and I don't think Mason was, but
23 he could have been on occasion.

24 Mason had only shortly returned. He had primarily
25 been involved with Sequoyah up until that point in time.

1 Cottle had been involved with Watts Bar, who was in
2 a position to know most of these answers, but I think he did
3 review them.

4 Q Are you aware that Mr. Mason actually worked on the
5 construction phase of the Watts Bar?

6 A No, I'm not.

7 Q He has never mentioned that to you?

8 A He may have, but I don't recollect it.

9 Q So what you are saying is that they were called
10 upon, at least in Mr. Cottle's case, he was called upon to
11 review some of these technical reviews?

12 A Some of them.

13 Q But you do not know to what degree?

14 A No.

15 Q You also said in one point in time that this resp --
16 you did not write the response, right? You, yourself, did not
17 write the corporate -- I am not talking about technical
18 reviews now, I am talking about the letter itself; you did not
19 draft that letter?

20 A A couple of drafts along the way.

21 Q No. I am talking about the final--

22 A The final draft?

23 Q The final?

24 A No. I didn't prepare that.

25 Q You said that you would have felt more comfortable

1 -- you would feel more comfortable when responding to things
2 like this with more specifics?

3 A Right.

4 Q That comment was made earlier by you. I hope I am
5 quoting you correctly, and I think I am.

6 Are you saying then, basically that you could find
7 some disagreement the way the letter was written?

8 A Again, a matter of preference. If I had written it,
9 I would have ordered it differently, and I did in earlier
10 drafts.

11 I think I've shown you, or you have earlier drafts.
12 The response is worded differently. It doesn't change the
13 basic response, word engineers -- substantially, that's all.

14 Q I mean you did not object in any manner to the way
15 the letter was written?

16 A No.

17 MR. WILLIAMSON: I have one question, Mr. Kelly.

18 BY MR. WILLIAMSON:

19 Q How long should it take to define a question as to
20 whether your meeting the requirements of Appendix B and a
21 specific plan? How long should that take, are you talking, to
22 answer?

23 A If you have a longer list of items requiring a
24 great deal of research, it might take a long time. Generally,
25 you should be able to respond quickly.

1 Q Hours? Days?

2 A If somebody asked me on a ^{PLANT} ~~plant~~ where I was heavily
3 involved with QA -- I would probably answer immediately,
4 unless there was some citations on it; information offered
5 that somebody directed my attention as a challenge because I
6 would want to check it.

7 Q And you would be able to do that through products
8 and--

9 A It depends on what the issue was, how general it was
10 More specific, the easier it is to get to.

11 In these cases, they are very general, each of the
12 11 are very general. The supporting details involved came out
13 and many of those are general and nonfocused. Each one had to
14 be checked. It was not an easy process.

15 Q In view of the fact that the previous April, 1985,
16 QTC was -- Watts Bar and then the following ten or eleven
17 months it identified approximately 5,000, 5500 employee
18 concerns, of which there were some thousand or 1200 safety/
19 quality concerns.

20 Also during that period of time, August of '85, we
21 had a stop work order issued because of welder qualification
22 and recertification, and also during that period of time,
23 early '86, EG&G was on strike. The welding evaluations,
24 looking at problems in the welding, and out of the 1,000 to
25 1200 quality safety issues that had been investigated, I think

1 there had only been 25 or 30 of them investigated, but out of
2 those 25 or 30 I think in excess of 50% I think I can
3 substantiate.

4 With all of this information, with all of this
5 background, and with all of this history, it seems impossible
6 that you could reach a conclusion that you're in compliance
7 with Appendix B and what it's for, having this information,
8 not just the time that you arrived there, but the information
9 that you had access to months before you got there.

10 So my question is, having all that information at
11 that time, and because implementation seems to be an issue,
12 do you still think that the response provided answered the
13 question I asked again, was adequate?

14 A You just changed the nature of the question you want
15 me to answer.

16 Q And how I did I do that?

17 A Because you're looking now for a statement was TVA
18 always in compliance with Appendix B? We didn't answer that
19 question. We don't -- We didn't intend to answer that
20 question. We didn't set out to answer that question, answer
21 the question, are we, at the instant, we answered the question.

22 We didn't know whether they always had been, and
23 didn't attempt to answer that question, and that's what QTC
24 was developing lots of information about things that happened
25 in the past.

1 They may or may not have been in compliance with
2 Appendix B at any instant of time.

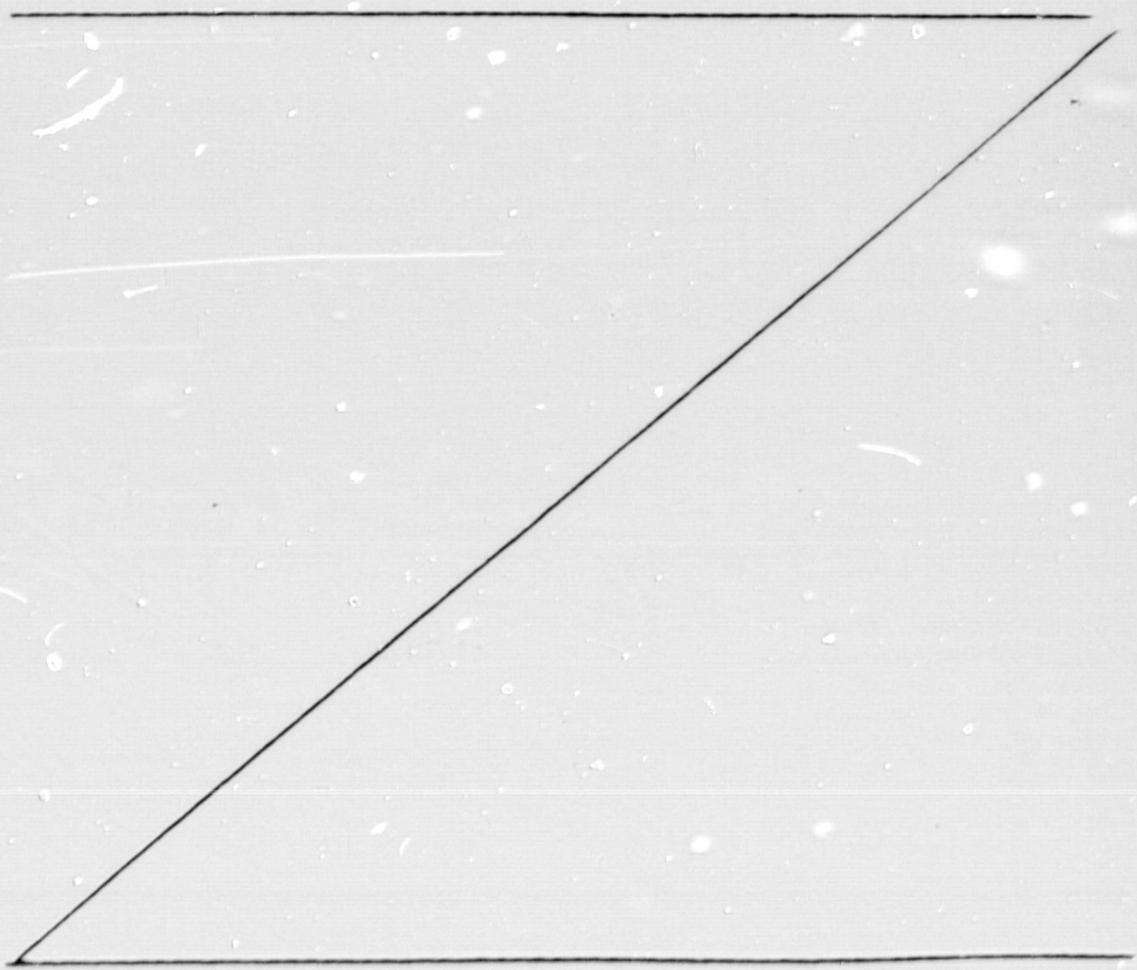
3 We were answering the question, are we? And that's
4 the only question we answered; White was challenged early in
5 the game, was he going to answer the question prior to his
6 arrival and he said no.

7 MR. REINHART: Who challenged him with that?

8 THE WITNESS: Probably Palladino, as I recall.

9 MR. REINHART: Probably?

10 THE WITNESS: It was in a meeting with the
11 Commission.



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1 THE WITNESS: In a meeting with the Commission,
2 I think in February.

3 MR. REINHART: Well, he was onboard then?

4 THE WITNESS: Yes, he was. He was in charge
5 at that point in time.

6 MR. REINHART: And he was challenged if he would
7 answer before he came onboard?

8 THE WITNESS: He was asked, not challenged.
9 He was asked is he going to address TVA what happened in
10 the past, and he said no, he was going to look to the future,
11 and he wasn't trying to assess what happened in the past
12 or didn't intend to examine it and come up with the answer
13 for all the past.

14 MR. REINHART: How does a company not address
15 compliance with the requirements of Appendix B if they don't
16 have some continuing basis?

17 I can understand how to address on a continuing
18 basis. I don't understand how to address it on a given day.
19 I just don't understand that concept. Maybe you could explain
20 that a little bit?

21 It seems with the information that Len just
22 brought up, there was a preponderance of evidence showing
23 a continuation of problems with Appendix B, and how did they
24 suddenly turn the switch on whatever day it was that -- that.

25 THE WITNESS: The question was are we in compliance

1 with Appendix B, and that's what we tried to answer; are
2 we in compliance with Appendix B.

3 Now, you may have had an uncontrolled process
4 that would have put you in noncompliance in '74 or '75 or
5 anytime up until then, and if you wanted me to answer that,
6 I don't have the information to answer it.

7 I was looking at what was going on, especially
8 in these areas where we had a concern raised, was the concern
9 being addressed and being resolved, and if that's happening,
10 then we are in compliance with Appendix B.

11 How it got there may have been in noncompliance.
12 I don't know.

13 MR. REINHART: What -- what is the time frame
14 this letter's addressing? What date or time frame?

15 THE WITNESS: Talking about March of 1986.

16 MR. REINHART: Not talking about February of
17 '86 or December of '85? Is it only March of '86?

18 THE WITNESS: Well, we're talking about the time
19 we sent it, are we in compliance.

20 MR. REINHART: Well, I'm -- are you discounting
21 everything prior to March 20th then?

22 THE WITNESS: White said he was not going to
23 respond for the time or events prior to his arriving on the
24 scene.

25 MR. MURPHY: Just a second. How can you do that?

1 How can you respond to events not happening before White
2 got on the scene when the eleven NSR's perceptions are based
3 on complaints, complaints mind you, that obviously took place
4 before Mr. White came on the scene?

5 Are we saying that we're not going to -- are
6 we saying we're not responding to the eleven perceptions?

7 THE WITNESS: I'm telling you what we were doing
8 to fix those. We were ^{REVISING} ~~raising~~ procedures or we were training
9 people. We were doing things about them. X
JB

10 MR. MURPHY: I understand that, Mr. Kelly.

11 THE WITNESS: We didn't try to--

12 MR. MURPHY: I'm getting a little confused here.
13 If we sit down and one of the eleven perceptions is that
14 TVA is not complying with Appendix B of Watts Bar, all right?
15 Okay? Now, that statement was made prior to Mr. White's
16 arrival.

17 He wasn't onboard, I don't think, on 19 December.
18 That's the date this thing was made. The eleven perceptions
19 or any supporting documents that I've seen from the eleven
20 perceptions are employees' concerns that were generated before
21 White, Mr. White, got on the scene, right?

22 THE WITNESS: That's right.

23 MR. MURPHY: How can White -- how can he now
24 say we're not going to look at this from the historical
25 perspective? I mean, what -- if all the concerns that we're

1 addressing are past history, I mean they happened before
2 he got there, how can we -- how can we make this statement
3 if we're -- about our future without addressing what has
4 taken place before he got there? Maybe I don't understand
5 what you're talking about.

6 THE WITNESS: How can we? He told you that's
7 what he was doing. He did answer that question.

8 MR. REINHART: Where does he say that? Is that
9 in the letter? I missed it. Does he say in the letter that
10 he's not addressing December 19th or January 3rd? Does he
11 say he's only addressing March 20th?

12 THE WITNESS: What was the question on January
13 3rd from Bingo to him?

14 MR. REINHART: Denton.

15 THE WITNESS: He said are you in compliance,
16 what is the corporate position, are you in compliance.

17 MR. REINHART: On -- on January of '86, in
18 reference to December of 1985, not March 20th, so the response
19 to be responsive would address the question asked.

20 THE WITNESS: If you don't like that answer,
21 you're going to have to ask it of somebody else. I'm telling
22 you that he told the Commissioners that he didn't intend
23 to address the past, he intended to address what he found
24 and the future, he wasn't interested in looking back.

25 MR. REINHART: Did he tell Mr. Denton that in

1 his letter? How did Mr. Denton know that?

2 THE WITNESS: He said it overall, we are in
3 compliance. That's -- are, not were.

4 MR. REINHART: We're talking about time period.
5 Where in the letter does he address time frame?

6 THE WITNESS: Just the tense, the tense of the
7 statement, we are in compliance, not we always were. Didn't
8 answer that question.

9 MR. REINHART: Now--

10 THE WITNESS: And he said he -- if asked, he
11 wouldn't be able to answer that question, I think.

12 MR. REINHART: There's a difference, Mr. Kelly,
13 between are on March 20th and always were 6,000 years past.
14 There's a vast significant time period in there--

15 THE WITNESS: Yes--

16 MR. REINHART: --that we need to address, not
17 just March 20th and not all time past, but specifically the
18 last 18, 20 months in there, and, very specifically, December,
19 '85; January, '86.

20 I don't see how -- maybe you can explain to me
21 how can you give a responsive answer when you don't even
22 address the time period in which the question is asked?
23 How's that responsive?

24 THE WITNESS: He answered -- we answered the
25 question, are we in compliance. That's all we answered.

1 MR. REINHART: But not even in the time period
2 asked?

3 THE WITNESS: And he -- he announced, and it's
4 documented in transcripts of the meeting where he said he
5 wasn't going to address the past.

6 MR. MURPHY: What do you mean by past? Anytime
7 before the 20th of March?

8 THE WITNESS: Prior to his arrival.

9 MR. MURPHY: But all the allegations, all the
10 concerns here, are something that was surfaced prior to his
11 arrival. Are you telling me that he did not intend to address
12 these issues in the letter?

13 THE WITNESS: He did not intend to answer whether
14 they always were in compliance with Appendix B.

15 MR. REINHART: We're not talking about always.

16 THE WITNESS: Or ever were. Choose your own
17 words.

18 MR. REINHART: We're talking December 19th to
19 March 20th. He wasn't even addressing December 19th?

20 THE WITNESS: He was addressing from the time
21 he showed up as to what he was observing, not things that
22 happened prior to his showing up.

23 MR. REINHART: Okay. Now, we're expanding a
24 little bit now. So we're saying he addressed January 13th
25 to March 20th?

1 THE WITNESS: Now -- now, you're trying to word
2 engineer me. I'm telling you--

3 MR. REINHART: I'm trying to pin you down to
4 what we're talking about. First you said just March. Then
5 you said just March 20th, and now you said from the time
6 White showed up.

7 THE WITNESS: I said what he said to the
8 Commissioner was it was his intent not to review all past.
9 That's what he told the Commissioners in a public meeting,
10 and it's documented in the record. That's what he intended
11 to answer, and that's all he intended to answer, and that's
12 what we -- that's what we did answer.

13 MR. REINHART: But there's a difference between
14 not all past and some reasonable period of time. Did he
15 give some dates or make it clear that not all past--

16 THE WITNESS: We were looking at what we observed
17 when we were there.

18 MR. REINHART: So give me your best shot, please,
19 of the dates approximately covered by Mr. White's answer.

20 THE WITNESS: February and March.

21 MR. MURPHY: Let me -- if he's addressing the
22 February/March time frame, okay, in his cover letter, right?
23 Then, in essence, he's giving no consideration at all to
24 the eleven NSR's perceptions because they all occurred before
25 that time.

1 I'm just -- I'm not arguing with that answer.
2 I'm just saying, is that what you're saying?

3 THE WITNESS: He's saying that based on everything
4 that was generated, those issues, he found some problems
5 in them, and he found that corrective actions were planned
6 or in process on those, and those put him in compliance with
7 Appendix B.

8 He didn't say whether, at some point, they hadn't
9 been, but we looked at those eleven issues--

10 MR. MURPHY: But--

11 THE WITNESS: --and what was being done with
12 them.

13 MR. MURPHY: But they -- if we're addressing
14 what's taken place from, I will say, January 13th, I think
15 that's the date Mr. White took over as manager of nuclear
16 power, forward to March 20th, and that's the period of time
17 that that letter, if you don't mind, I mean, we can say
18 February/March, we can say from the time of his arrival until
19 then.

20 We're still not addressing what took place prior
21 to his arrival, also what resulted in the eleven NSR's
22 perceptions because all that was prior to Mr. White's arrival?

23 THE WITNESS: That's right.

24 MR. MURPHY: And as you understand that letter,
25 we didn't talk about that because that's all history?

1 THE WITNESS: We did not try to assess whether
2 you should make a statement about compliance with Appendix
3 B prior to that time.

4 MR. MURPHY: And your statement only is saying
5 that from 13 February or 13 January or some date after his
6 arrival until March 20th, right, when he sent the letter,
7 that he was in compliance?

8 Do I understand that -- I mean, I want to make
9 that clear.

10 THE WITNESS: That's right.

11 MR. MURPHY: And he's made no effort to really
12 connect the date of 19 January when Mr. Sauer says that we're
13 not in compliance, and this is a, you know, we're not in
14 compliance with Appendix B at Watts Bar, and this is -- these
15 eleven or ten perceptions are the areas in which we have
16 a problem.

17 We're not even kind of considering that? By
18 considering, I mean by including that in our response--

19 THE WITNESS: We included the data we got on
20 those eleven issues which led to that conclusion in the
21 attachments as to what's being done with them.

22 MR. MURPHY: Yes.

23 THE WITNESS: We didn't address the -- whether
24 the reason one of those items happened represents noncompliance
25 with Appendix B. We didn't do that, although we reported

1 in the attachments things that were reported as 50/55-E's
2 that, obviously, were in noncompliance with something, and
3 those are identified where possible, and so that would lead
4 somebody to conclude at some point in the past there was
5 potential noncompliance with Appendix B.

6 Why, he was answering the question, are we in
7 compliance, and that's all he intended to answer.

8 MR. REINHART: Why did he discuss the program
9 history back into the seventies?

10 THE WITNESS: Addressing those specifics -- there
11 were two questions in the letter of January 3rd. Both of
12 them had to be answered. One was are you in compliance with
13 Appendix B, and if somebody has the letter, there's another
14 question.

15 MR. ROBINSON: To quote the second paragraph
16 of the January 3, 1986, letter from Harold Denton to Mr.
17 H.G. Parris, "In order to assist the NRC in determining
18 whether or not TVA is in violation of the Commission's rules
19 and regulations and your construction permit, you're requested
20 to furnish under oath or affirmation TVA's corporate position
21 with respect to whether or not 10 CFR Part 50, Appendix B,
22 of requirements are being met at the Watts Bar facility."

23 "This position should be provided in writing
24 no later than January 9, 1986." The next paragraph, "Within
25 thirty days, TVA shall provide information on an item by

1 item basis that supports the TVA corporate position. If
2 any corrective actions are associated with the items, that
3 information should also be provided."

4 THE WITNESS: So, we identified, in the letter,
5 that 10 CFR 50 is now being complied with, and we identified
6 the corrective actions required for the specifics that were
7 alluded to or attached to that memo, the eleven NSRS
8 perceptions.

9 MR. REINHART: Did the fact that Watts Bar had
10 been certified as ready for fuel load have any significance?

11 THE WITNESS: No.

12 MR. REINHART: Does not certification for fuel
13 load imply that the plant had been constructed in accordance
14 with the FSAR which includes a 10 CFR 50 Appendix B program
15 required to be implemented?

16 THE WITNESS: Most likely, yes.

17 MR. REINHART: Most likely, yes? Exactly, yes.
18 Do you know any plants--

19 THE WITNESS: I wasn't in it in '85.

20 MR. REINHART: Do you know any near term operating
21 plants that don't have a requirement to build a plant in
22 accordance with the requirements of 10 CFR 50 Appendix B?

23 THE WITNESS: Not that I know of.

24 MR. REINHART: Okay, that's correct. Don't you
25 think that was a consideration at this time? Don't you think

1 the--

2 THE WITNESS: For who--

3 MR. REINHART: Commission was under the impression
4 that--

5 THE WITNESS: Who was -- consideration for who?

6 MR. REINHART: For the people, for the NRC, for
7 TVA. Here, we have a plant certified to have been built
8 in accordance with Appendix B. Here, we have NSRS saying
9 that didn't happen, and to just not answer that and say well,
10 on March 20th, we'll patch everything up and make it okay,
11 is that really responsive to a reasonable appreciation for
12 what we're dealing with?

13 THE WITNESS: It's responsive when White tells
14 you up front that he's not addressing the past and doesn't
15 have any intention of addressing the past. He wasn't there
16 to address the past, and he didn't sign the certification.

17 As a matter of fact, subsequently, when he became
18 aware that it still went on the record, he withdrew that
19 request.

20 MR. MURPHY: Let me ask you about that. Help
21 me out because I -- I think the rescission of that
22 certification letter occurred in, maybe, April 16th or
23 something, but, you know, one month after we certified that
24 the plant is in compliance with Appendix B, right, is that
25 what the March 20th letter said, we withdraw -- we rescind



1 a letter -- the certification letter which tends to make
2 one believe that we're not -- we're not ready for fuel loading
3 yet. I mean, we got some problems.

4 THE WITNESS: That's right. I would guess that
5 when--

6 MR. MURPHY: I mean, I don't know. I--

7 THE WITNESS: --you talk to White, he will tell
8 you that he didn't think it was ready because we still had
9 a number of investigations ongoing, and we didn't have final
10 answers whether everything was proper or not proper. We
11 didn't know.

12 MR. MURPHY: Whose decision was it to limit this
13 response only to a very narrow time frame, ie, February/March,
14 1986? Was that Mr. White's decision, personally?

15 THE WITNESS: As far as I know it was, yes.

16 MR. MURPHY: Did you advise him one way or the
17 other on that?

18 THE WITNESS: The first I heard of it was when
19 he made the statement in response to a question from one
20 of the Commissioners.

21 MR. MURPHY: But did you advise him one way or
22 the other?

23 THE WITNESS: No, I didn't discuss it with him
24 prior to that.

25 MR. MURPHY: As we go through this, these

1 interviews with different people, we keep coming back to
2 who made the decision on 10 CFR 50 Appendix B. Who made
3 the call; who made the decisions?

4 Everybody says Mr. Kelly, and now we're talking
5 to Mr. Kelly, and Mr. Kelly's saying no. Am I reading that
6 right?

7 THE WITNESS: You're reading it wrong.

8 MR. MURPHY: What's the correct reading?

9 THE WITNESS: Did I make a call on whether we
10 were, at that point in time, March of '86, in compliance
11 with Appendix B? Yes, I did. I recommended that to White,
12 that we -- as far as I could determine, we are in compliance
13 with Appendix B.

14 Now, did I make the decision that we would limit
15 our reviews to the time that White was aboard? No, I didn't
16 make that decision. White made that decision in response
17 to a question.

18 Once he made that decision, I had no problem
19 with that decision. It made responding to the letter somewhat
20 easier because if I had to address the entire history of
21 TVA, it would have been a major challenge, and we wouldn't
22 have answered on March 20th.

23 MR. MURPHY: Let's say you weren't going to address
24 the entire history of TVA, but just the period of 1984, '85,
25 spring of '86, would there have been other things you would

1 have considered?

2 THE WITNESS: Yeah. I would have had to look
3 at the events that took place in those periods of time, and
4 I didn't look at those, all those, events.

5 MR. MURPHY: In the list of items that Mr.
6 Williamson listed off, it covered some significant activities
7 in that period of time. They were not considered?

8 THE WITNESS: Only their current status, not
9 the cause of the event that caused it to happen. Just the
10 current status.

11 MR. MURPHY: Are all of those things resolved
12 today?

13 THE WITNESS: No.

14 MR. MURPHY: So they weren't resolved in March
15 of '86?

16 THE WITNESS: The welding study on the welding
17 issue hasn't been finished yet. Reports aren't issued,
18 although they're close. There are other things still haven't
19 been resolved, and Watts Bar hasn't been re -- hasn't been
20 started, and the last I heard, they hadn't reapplied for
21 a license because they're not sure they're ready for it yet.

22 MR. MURPHY: I have some closing remarks. Mr.
23 Kelly, have I or any other member of the NRC here threatened
24 you in any manner or offered you any rewards in return for
25 this statement?

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THE WITNESS: No.

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

THE WITNESS: Yes.

MR. MURPHY: Is there anything further you would like to add for the record?

THE WITNESS: Yeah. I'd like to ask a question. I look around at the four of you, and you all look dismayed, exasperated like the exasperation on your face, frustration. Did you have some preconceived idea?

Why are you reacting to the facts, or are you not getting a story that you understand?

MR. MURPHY: I can only speak for myself, Mr. Kelly. I have a great deal of trouble understanding your statement.

This is the closing statement, as you understand. We've had a lot of questions about what time period this addressed, and I'm not disputing the fact that Mr. White might -- I don't recall, I think I've reviewed that transcript of his presentation to the NRC, but I don't recall him furnishing that.

It may well be the case, but I guess from my viewpoint the confusion lies in that we're making a statement about whether we're in compliance with Appendix B or not, and it seems to me if we say from this date forward, that

1 we're completely disregarding the reasons that the question
2 was asked to begin with, so in my mind, I'm not certain whether
3 that question was answered, and maybe we'd better ask somebody
4 else the question, but it seems to me that if you say in
5 February of March, January, whatever time frame you take
6 after Mr. White arrived, from that time until March 20th
7 and say we're in compliance with Appendix B, and we're not
8 giving -- and we're not really considering, in a great deal,
9 the initial allegations or the initial concerns of Mr. Sauer
10 which predate Mr. White.

11 I just don't understand how that answer can be.
12 That's just my personal view. I don't -- I mean, it seems
13 like you can't have one without the other. You either got
14 a -- if we're going to say we're in compliance with Appendix
15 B, we must address the concerns that led to this individual
16 making his statement that he didn't think they were complying
17 with Appendix B at Watts Bar.

18 I know you said you've addressed them in your
19 technical responses, but somehow, in your statement, I get
20 a disconnect between technical responses and the idea that
21 we're in compliance with Appendix B, so I don't know.

22 I mean, maybe it's fitting that we ask somebody
23 else the question, the originator of the letter. I don't
24 know.

25 THE WITNESS: Fine.

1 MR. MURPHY: Anyone else care to comment?

2 MR. MESERVE: Can I just ask just -- the documents
3 that you were showing him earlier, Dan--

4 MR. MURPHY: Yes, sir--

5 MR. MESERVE: --there were a lot of, I guess,
6 individual employee concerns you were referencing.

7 MR. MURPHY: Yes, sir.

8 MR. MESERVE: Am I correct that these various
9 employee concerns are addressed in this five feet of back-
10 up or whatever that we were talking about and that you talked
11 about here in this session?

12 THE WITNESS: They should be.

13 MR. MESERVE: And the attachment to the March
14 20th letter, then, was supposed to be a summary, a summary
15 of the analysis referring to the eleven specific NSRS criteria?

16 THE WITNESS: Correct.

17 MR. MESERVE: That were addressed in concerns,
18 and all of the back-up with the specific concerns were
19 contained in this five foot of documents which you had
20 assembled for NRC review whenever they wanted to look at
21 it. Is that right?

22 THE WITNESS: The data on which the response
23 or the attachment was based was in that package.

24 MR. WILLIAMSON: One correction, Mr. Meserve.
25 I don't think all of the -- at that point in time and even

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1 today, the -- the 5,000 or 5,800 concerns raised at Watts
2 Bar had been addressed at the time that--

3 THE WITNESS: Not all of them related to these
4 eleven--

5 MR. WILLIAMSON: Exactly.

6 THE WITNESS: Only a few related to these issues.

7 MR. WILLIAMSON: And even the safety concerns
8 were only about 25 of 1,000 at that time in the January/
9 February time frame that had been investigated so--

10 MR. MESERVE: But of the eleven NSRS perceptions
11 or whatever we call them, the individual concerns that related
12 to those eleven perceptions are all reflected in the back-
13 up; are they not?

14 MR. MURPHY: Only those that -- that were known
15 in the process. In other words, as the process continued,
16 there's more concerns, but only those that had been addressed
17 to that point--

18 MR. MESERVE: Had been surfaced.

19 MR. MURPHY: Not surfaced in the view that they
20 had been brought to the attention of QTC, but surfaced to
21 the point where they had been referred to NSR and NSR had
22 taken a look at them and made some type of independent
23 judgment.

24 MR. MESERVE: Okay. So that in order for those,
25 essentially, to get on the table, NSRS had to get them

1 originally, or they had to come to NSRS.

2 MR. MURPHY: Yes, sir.

3 MR. MESERVE: And those ones that had come to
4 NSRS were all reflected in the back-up documents.

5 MR. REINHART: I don't know if we can say all.
6 If you say all, it's pretty encompassing. The back-up
7 documentation, based on what you, TVA, TVA contractors, TVA
8 loan management, everybody helping TVA, has presented to
9 the NSC, that documentation was supposed to have substantiated
10 the March 20th letter.

11 We're looking for correlation and responsiveness
12 in reflecting the information in that documentation to the
13 letter.

14 MR. MESERVE: I guess the problem I have, you
15 know, I'm virtually a layman. I've sat through a couple
16 of these things, but the NSRS has certain perceptions that
17 have caused, justifiably, some concern, and then ask you
18 to look at it.

19 Those -- the individual, as things are specified,
20 there are concerns that surface and then are addressed and
21 are contained, or the manner in which they've been addressed
22 is contained in the back-up documentation.

23 A summary is then prepared for purposes of
24 responding. It's kind of like an executive summary of five
25 feet of material.

1 The five feet of material is gathered for the
2 specific purpose of the NRC people, not the Commissioners
3 who aren't going to get into that kind of detail, but the
4 staff people who probably will.

5 It's there, and it's available to them at all
6 times. Now, if any one of the six of us around the table,
7 seven of us, I guess, were to summarize any pile of documents,
8 we would get seven different summaries, no doubt about it.

9 What was important to you might be less important
10 to somebody else, and vice versa, but as long as the raw
11 data is there and is available for anybody, whatever your
12 perception or approach is, it's there, and it's there freely
13 for anybody to inspect it at any time.

14 MR. REINHART: Well, let me ask you a question.
15 Is it your understanding that those perceptions were summaries
16 of that data?

17 MR. MESERVE: I can't answer that. I mean, I
18 wasn't -- my understanding is that the -- that the summaries
19 were supposed to address the eleven -- or did address the
20 eleven perceptions.

21 You talked about, earlier when you addressed
22 them, the programmatic fashion or, I guess, an implementation
23 fashion.

24 MR. REINHART: Well, see, that's what we're getting
25 at.

1 MR. MESERVE: And maybe -- and maybe there was
 2 a different perspective. Maybe there wasn't. I don't know.
 3 I wasn't there, and I don't practice before the NRC, and
 4 this is kind of a trip into Never Never Land, in a way, for
 5 me listening to some of this, but it's -- it strikes me that
 6 if the back-up data is there and somebody goes through it
 7 and is trying to understand the question that is asked in
 8 letter and responds to it in a certain manner, that he or
 9 she, in this case he, thinks is what is a response to the
 10 question, after the fact you he may say well, maybe he should
 11 have taken a different tact.

12 Maybe he should have; maybe he shouldn't have.
 13 It depends on the reader's perception, but if all the raw
 14 material is there and is available, you know, anybody can
 15 look at it and make his own or her own judgments as to what
 16 it means.

17 Maybe I'm way off base. I don't know. I'm
 18 not--

19 MR. ROBINSON: Well, the main point is, as long
 20 as Mr. Kelly can assure us that in the January/March time
 21 frame, in the one era, the Appendix B requirements with respect
 22 to those eleven issues were, in fact, being met at Watts
 23 Bar, that's -- that is the framework that was chosen to answer
 24 the question.

25 That's my understanding. As long as he can

1 assure me that he was satisfied in his mind and Mr. White
2 was satisfied in his mind that the requirements of Appendix
3 B were being met at Watts Bar at that time in those areas,
4 then that's the answer to the question.

5 MR. REINHART: Let me use an illustration with
6 you, and I don't mean to be childish, but it seems it is
7 childish.

8 My little boy's out in the kitchen playing.
9 I said are you playing in the cookie jar, are you playing
10 in the cookie jar, and he says no. I go in there, and he's
11 got chocolate chips smeared all over his face, and he --
12 I say hey, John, I asked you if you were playing in the cookie
13 jar and you said no.

14 He said well, I wasn't when you asked me the
15 question. Where did the chocolate chips come from? Well,
16 I was playing in the cookie jar five minutes before.

17 Do you think I'm going to tan his hide? I'm
18 not going to argue semantics. I'm going to tan his hide,
19 and I think that's the childish game that I'm dismayed about.

20 MR. MESERVE: Okay. I think that's, Number One,
21 if he did answer that, he's a smart kid, but, I mean--

22 MR. REINHART: I wouldn't want him to grow up
23 to think that was smart.

24 MR. MESERVE: I know, but what happened though
25 is that you asked him, are you playing in the cookie jar.

1 and he gave you the accurate answer.

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2 If you asked him were you playing in the cookie
3 jar, and I think most parents would ask were you in the cookie
4 jar, I see chocolate on your face, were you in the cookie
5 jar.

6 If you had been in the kitchen or, I take it
7 back. Looking at it from, presumably, from Mr. White's point
8 of view, if he had no responsibility for the cookies in the
9 jar prior to a certain period, he has no way of controlling
10 or being even in indirect control of what went on.

11 To ask him the question of what went on with
12 respect to that cookie jar prior to his coming on the scene,
13 it's as easy at that point for the questioner or anybody
14 else to find the answer to that as it is for him.

15 He's only responsible for, basically, what
16 happened on his watch, and he comes on and he can say as
17 far as -- since I've been here, I can do it. If you want
18 me to go back and reconstruct it, I can try to do that, you
19 can try to do it, we can all try to do it, there are a lot
20 of questions that have to be asked, and I am no better equipped
21 to ask those questions than you are, but I'll try to do it
22 if that's what you want me to do.

23 MR. REINHART: For the record, let me say that
24 Mr. Meserve's statements are his opinion and not particularly
25 addressed in this discussion.

1 MR. MESERVE: Well, obviously. I hasten to add
2 that I have no background knowledge about this whole situation
3 other than what I've gleaned in sitting through two or three
4 days of this and a brief discussion with Mr. Kelly prior
5 to that.

6 I'm just talking, frankly, hypothetically, which
7 is -- which is what we got to, but, I mean, if somebody says
8 this is the period I'm going to address and makes it known
9 up front, I don't think that there has been misleading or
10 failure to answer.

11 If someone said to you, you asked him am I in
12 the cookie jar, the answer is no. Are you asking was I in
13 the cookie jar? Then I'm going to answer truthfully and
14 the answer is yes.

15 MR. REINHART: See, in the hypothetical situation,
16 I want my son to grow up to be a little more reasonable and
17 responsive.

18 MR. MESERVE: Oh, I think that's -- your son
19 asks you, picks you up on a question and says what are you
20 asking me, now or then, that's a perfectly reasonable response
21 and he'll answer it -- what's important is that he answers
22 it truthfully. That's what's important.

23 MR. MURPHY: Let me point out something, that
24 the moment I think that White takes his seat as manager,
25 nuclear power, he becomes responsible for the condition of

1 the plants, right?

2 Now, if the conditions of the plants were terrible,
3 right, I mean, historically were terrible, he's still
4 responsible for them as with anybody else here.

5 As with Mr. Kelly, if he takes over as QA manager
6 at TVA, if the conditions have deteriorated to a terrible
7 state at that point in time, he's still responsible for them
8 and, therefore, you know, you -- it would be difficult to--

9 MR. KELLY: Responsible to take action.

10 MR. MESERVE: He's responsible to get them into
11 shape.

12 MR. MURPHY: That's right.

13 MR. MESERVE: He's not responsible for what
14 happened before he got there.

15 MR. MURPHY: No, I agree with you.

16 MR. MESERVE: And I think that's one of the keys,
17 is that he's working in a program to try to get it back on
18 its feet.

19 MR. MURPHY: Yes, and I think in a nuclear program,
20 which I'm led to believe relies on documented history and
21 things that have taken place over the years to insure that
22 this plant is constructed in compliance with Appendix B,
23 right, then he must assure that from a historical viewpoint,
24 in my view, that it is, in fact, being constructed in
25 compliance with Appendix B.

1 MR. REINHART: Maybe we ought to clarify. Mr.
2 Denton's letter to TVA, not to Mr. White, asked the corporate
3 position.

4 The NRC and the NRC staff expected the corporate
5 position. The corporation, as represented by its officers,
6 requests an extension in giving the corporate position until
7 Mr. White came onboard.

8 The NRC and the staff still expected the corporate
9 position, regardless of who was giving it. Mr. White, as
10 agency -- as the agent for that corporation, had the moral
11 responsibility to give a responsive corporate position, not
12 Mr. White's position.

13 MR. KELLY: He had -- let me -- I'll comment
14 on that. He had the responsibility to answer the questions,
15 and he also has the responsibility to make sure that everything
16 at that plant is proper before it is put into operation,
17 and he hasn't, as yet, put it into operation or requested
18 that it be put into operation.

19 He is assessing a lot of material and correcting
20 a lot of things that have been found in -- wrong or
21 questionable, and he hasn't concluded that process yet.

22 That's known to you; it's know to the NRC; and
23 he submitted recovery plans which identify the specific action
24 on each plant TVA has as to what's required, in his estimation,
25 before they can be restarted.

1 They're more extensive than the eleven issues
2 raised here in the NSRS perceptions. Those are on the record,
3 and he is, as far as I know, following his recovery plan.

4 MR. MURPHY: Was that recovery plan prepared
5 by Mr. White, himself?

6 MR. KELLY: No.

7 MR. MURPHY: Did you participate in the developmen
8 of the recovery plan?

9 MR. KELLY: I reviewed parts of the -- of various
10 recovery plans, very little of the Watts Bar, almost none
11 of it, almost none of the Sequoyah, but a great deal of the
12 corporate Volume I of the recovery plan which addressed not
13 individual technical issues, but overall programmatic issues.

14 MR. MURPHY: Do you know who the author of that
15 was?

16 MR. KELLY: Which volume?

17 MR. MURPHY: Volume II, I think, which follows
18 -- which was White's actual Volume I, I think. I think Mr.
19 Parris submitted Volume I to--

20 MR. KELLY: Volume I is the TVA system; Volume
21 II is Sequoyah; Volume III is another plan.

22 MR. MURPHY: Which was the first one submitted
23 by Mr. White?

24 MR. KELLY: Volume I, the corporate organization
25 recovery plan.

1 MR. MURPHY: Okay. Did you participate in the
2 writing of that?

3 MR. KELLY: Parts of it, yes.

4 MR. MURPHY: Who else?

5 MR. KELLY: Many, many people.

6 MR. MURPHY: On the review of these -- the
7 preparation of the technical responses and the evolution
8 from what appears -- we've been describing as the evolution
9 of these documents a few times, did Mr. Houston participate
10 in this at all?

11 MR. KELLY: He read some -- some of the summaries.
12 That's, essentially, all his involvement would have been.

13 MR. MURPHY: But did he -- did he approve them,
14 or did he write any of them, or do anything like that?

15 MR. KELLY: The attachments to--

16 MR. MURPHY: Yes.

17 MR. KELLY: No, he wouldn't have written any
18 of them.

19 MR. MURPHY: This interview is concluded at
20 3:15 p.m., May 12, 1987, and we appreciate your time.

21 (Whereupon, at 3:15 p.m., May 12, 1987, the above
22 interview was concluded.)

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CERTIFICATE OF REPORTER AND TRANSCRIBER

This is to certify that the attached proceedings
before: Daniel D. Murphy

in the Matter of:

NRC Interview

Place: Boston, MA

Date: May 12, 1987

were held as herein appears, and that this is the true,
accurate and complete transcript prepared from the notes
and/or recordings taken of the above titled proceeding.

.V. Rasmussen
Reporter

5/12/87
Date

N. Beecroft, S. Hayes & L. Murphy
Transcriber

5/13/87
Date

Richard B Kelly 9/30/87