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NUCLEAR REGULATORY COMMISSION

IN THE MATTER OF:

THREE MILE ISLAND

SPECIAL INQUIRY GROUP

- - -

INTERVIEW

OF

JAMES G. KEPPLER

Place - Glen E'lyn, Illinois

Date - August 24, 1979 **Pages** 1 - 53

This copy - original - has been marked up to conform to the witnesses marked-up copy. F G Folsom 9-20-79

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September 12, 1979

MEMORANDUM FOR: Richard C. DeYoung, Deputy Staff Director, NRC/TMI Special Inquiry Group

FROM: James G. Keppler, Director

SUBJECT: INTERVIEW TRANSCRIPT

In response to your memorandum of August 28, 1979, and our subsequent telephone conversation, I am enclosing a "marked up" copy of my interview transcript.

James G. Keppler
James G. Keppler
Director

Enclosure:
As stated

The original herewith has been conformed.
F G Folsom
9-20-79

NUCLEAR REGULATORY COMMISSION

IN THE MATTER OF:

THREE MILE ISLAND

SPECIAL INQUIRY GROUP

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INTERVIEW

OF

JAMES G. KEPPLER

Glen Ellyn, Illinois

August 24, 1979

The interview commenced at 1:05 p.m. on August 24, 1979, in Room 3, Building 4, 799 Roosevelt Avenue, Glen Ellyn, Illinois.

APPEARANCES:

FRED FOLSOM, Nuclear Regulatory Commission staff;

FRED FOLSOM, Nuclear Regulatory Commission staff.

* * *

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Q. What was your position in late 1977?

A. Same.

Q. How many people reported to you?

A. Now or then?

Q. Both.

A. We got about 100--between 150 and 160 right now. And at that time my guess would be around 100, maybe a little bit more.

Q. To whom do you report?

A. I report to the Director of the Office of Inspection & Enforcement.

Q. Has that been the relationship since 1977?

A. There is a Deputy Director position, which isn't filled right now.

Q. Normally do you report to the Deputy Director or the Director?

A. Well, that is a good question. We report to the Director's box; let's say it that way. And you can decide. Someone in there.

Q. Would you describe your employment history, including positions held at the NRC?

A. Well, I graduated from college in 1956 and I worked for General Electric at their aircraft nuclear propulsion program in Cincinnati, Ohio, from '56 to '61. In '61 I was transferred to their atomic power equipment department in

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California, and I remained there until 1965, when I joined the Atomic Energy Commission as a reactor inspector. I was assigned to the Chicago office ~~here~~, where I stayed from '65 to '67.

1967 I was transferred to Washington, where I served as a senior reactor inspection specialist up until 1971, when I was made the Chief of the Reactor Testing Operations Branch. And it was in 1973, toward the end of '73, that I was transferred out here as Regional Director.

Q. So you've been Regional Director since 1973?

A. Yes, since September '73.

Q. What is your educational background?

A. I have a bachelor of science degree in physics.

Q From what institution?

A. LeMoyne College in New York State.

Q. What I would like to do next is ask you some questions concerning an incident that occurred at Davis-Besse on September 24th, 1977. Particularly I'm interested in what your knowledge was prior to the accident at TMI.

Prior to March 28th, 1979, what knowledge did you have concerning the incident that occurred at Davis-Besse on September 24th, 1977?

A. Well, I was aware of the incident. I guess I would say as the director of an office I am aware of the types of things that are made the subject of preliminary notifications,

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PNs, and that the PN was issued, I believe, on that incident. And I recall the incident because it was somewhat of a rather dramatic type nature, because steam and water was flashed around the containment as a result of the relief valve being stuck open. And I remember that there was an incident that we responded to with some people over there. And I was aware also that the incident had some -- or resulted in some potential concerns on the part of my staff with respect to some of the problems that were encountered in the incident.

In terms of its connection to Three Mile Island, I mean, Three Mile Island had not occurred, and I guess I have no way of being able to connect the two. In fact, I guess it even took several weeks or so before I realized the event at Davis-Besse was somewhat similar in nature.

Q Could you describe some of the concerns that you mentioned that members of your staff had had concerning that particular incident?

A. Well, let me see if I can try to put together how I interfaced with the problems at Davis-Besse. I'm trying to think how to get started here.

Let me describe our experience with this company and this reactor, and then come back to the incident. That might be the simplest way.

The Davis-Besse project was not untypical from most new power plants that just started up. They go through

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problems. There is a period of learning that seems to go on between the utility and the reactor, and this is particularly true of new utilities with a new power plant.

The kinds of problems that were experienced at Davis-Besse during this first year I would have to say probably were about the same level of magnitude as the kind that were experienced at the other new plants that started up during the same time frame. There were several personnel errors and there were several equipment problems.

In August of '78, I guess you would say that that was the first time where I became heavily involved in problem areas at Davis-Besse. Here the plant had been in operation for a little over a year and the rate of problems that was occurring at the facility had not seemed to drop off any. The problems were continuing at about the same level and we decided to have a management meeting with the company to talk about some of the problems.

And it was during that period of time that I became aware that we still had some unresolved concerns regarding the September incident at Davis-Besse, the September '77 incident. I knew the staff had been dealing with -- my staff had been dealing with the company. But the issues had not surfaced to me, surfaced at my level as anything to be concerned about. Nobody raised -- I guess what I'm tryi to say is that the issues were going on between the inspectors

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and the supervisors in the company at that stage.

One of the points that we discussed with the utility when we had the meeting was how long it seemed to take them to resolve issues that we brought to their attention. And one of the issues was this September '77 incident, in which ~~our inspectors raised some question or one of~~ our ~~inspectors,~~ Mr. Creswell, raised concerns he had with regard to whether or not the pressurizer level would ever sink to a point so low that the pressurizer would become empty.

Q. Let me clarify a point here. Was Mr. Creswell's concern about the loss of pressurizer level low and the voiding of the pressurizer associated with the September 24th, 1977, incident or the November 29th, 1977, incident?

A. I'm not sure, to be honest with you. ~~I'm not into those kind of things that well~~. I know there were the two incidents ~~and there were~~ two different incidents. But he -- his general concern was one of pressurizer level and the adequacy of being able to know what the level was in the pressurizer.

Q. Excuse me. If I could just ask one more question for clarification: Was it your perception that his concern was with high pressurizer level as well as with low pressurizer level, or was it simply a concern with low pressurizer level?

A. I don't think I had a perception. I wasn't into the detail at that time. You know, ~~we~~ deal with many problems,

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many plants, and so forth. And my job as the Director is to focus on issues that aren't being handled and get them into the right direction. I don't get that involved in the technical aspects of it unless it is an issue that requires my direct involvement for resolution.

I guess I was concerned at this point of the fact that here the inspector and the supervisor seemed to be dealing back and forth with the company on this and not getting anywhere with it, with the issue. And I was concerned why it hadn't been flushed up quicker, if you will, if it was such a nagging concern to people.

It didn't come to me as being a nagging concern to people, if you know what I'm saying. Nobody came to me and said, hey, we've got this problem and we're not getting it resolved. It sort of grew out of the discussions that we had in getting ready for the meeting. And it was used as an example to make a point with Toledo Edison that the company wasn't being quick to deal with regulatory concerns.

So we had the meeting with the company. We used that as a vehicle to -- I am pretty sure it was August -- to let them know that, hey, here you have been in operation now a year. We are not seeing any reduction in the problems you're having and we're getting a little uneasy about them. That was the thrust of the meeting. The tone of the meeting was one of trying to be helpful in contrast to an enforcement conference meeting where we want to put you on notice a little bit now Vim

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that we start expecting to see these problems drop down.

Then it was -- ~~we went into this year and it was~~ two problems that occurred in the early part of the year that heightened our concern again with Davis-Besse, problems in which there were either bad judgments made on the part of the utility people or personnel errors that negated ~~indicated~~ some safety-related equipment.

One of these was a valving problem associated with the emergency core cooling system, where ~~which~~ they valved out at least half of the low pressure ECCS system. And the other was a problem in which they had a frozen section of piping in the high pressure safety injection system, which they didn't think was needed for the proper operation of the system. It was in a bypass line and it could ~~would~~ have invalidated the system.

Those two errors -- incidents, if you want to call them that -- in my view represented an indication to me that we were going to have to take more firmer action with the utility. ~~And~~ We had planned to set up a meeting with the company, which had been scheduled prior to Three Mile Island. But when Three Mile Island occurred we had to defer the meeting because of the staff involvement with the Three Mile Island accident.

And so we ultimately met with the company -- I forget the date. May or June, I guess it was June.

Let me go back now, if you will, to the event, the

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event or events that you are talking about, the September and November events. The concern that we discussed about when you mentioned Creswell's concerns was the fact that when we talked at the August meeting, was that he was being unable to get the kind of information that he wanted to get relative to those, either one or both of those events. I'm not sure which. But that it was taking so long to obtain the information, and he thought the company was dragging their feet on it.

Now, that information was eventually obtained, I guess in the latter part of the year, from the company. And the information was forwarded to the people in Washington for evaluation, and the concern with pressurizer level that he had was viewed by the licensing people as not being an unreviewed safety question.

Now, that is the extent of the knowledge that I have of the problem.

Q. Do you recall writing an Immediate Action letter associated with the letter on September 24th?

A. I may have. I write a lot of Immediate Action letters. If you could show it to me, I could comment on it. Has it got my signature?

Q. Yes.

Let's go off the record for a minute.

(Discussion off the record.)

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MR. HEBDON: Let's go back on the record.

BY MR. HEBDON:

Q. For the purpose of the record, this is a letter signed by Mr. Keppler to Toledo Edison Company, attention Mr. James S. Grant, dated September 30th, 1977, and stamped at the bottom are the words "Immediate Action Letter."

Do you recall that particular letter?

A. Yes. That is my initial.

Q. What was the basis for the requirements that are included in that letter?

A. I don't know that I can tell you, to be honest with you. I am assuming that this letter was based upon discussions with my staff and the people in NRR.

Let me see. This occurred, the event occurred on the 24th. That was a Saturday?

Q. Yes, sir.

A. And this is the 29th, which makes it --

Q. Thursday.

A. So we would have been to the site during that time. I know ~~the~~ also were NRR people ~~looked~~ at the site. I can only assume that ~~it~~ the IAL was based upon the collective judgments of my staff and the people they consulted with back in Washington.

Q. What is the normal procedure for preparing an immediate action letter?

A. The normal procedure that is used -- what an

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Immediate Action letter is is an informal mechanism by which you confirm an agreement reached between the licensee and the NRC, ~~for the purposes of formalizing it~~. It is prepared to confirm a commitment or to confirm an action that is being taken.

It is prepared, generally reviewed with the utility to make sure that they agree to it. It is checked out with Washington.

Q With whom in Washington?

A The appropriate I&E division that may be involved. For example, this would have been, checked with the Division of Operating Reactors, ~~Operating Reactor~~ Inspection.

Q Would it be checked out with NRR?

A It may or it may not be. That is up to them.

Q Up to whom?

A Up to the people in IE headquarters. Sometimes they do, sometimes they don't. Whether this one was or wasn't, I don't know.

Q Do you recall by any chance at that particular point in time who the individual would have been that that would have been checked out with in Washington?

A No, but sometimes our yellow would show that.

Q That copy there looks as though it is a copy of the yellow, because it has the concurrence blocks on it.

A You might check with Mr. Knop. I don't recall.

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I will tell you, normally -- normally Mr. Norelius is on these for concurrence, and why he wasn't on this one I can't answer. But he is usually the one that gets the concurrence.

I guess, to answer your question -- I'm being a little cute about it, but what this is is an informal order.

Q. It is a mutually agreed upon order?

A. That is correct.

Q. What would happen if the utility didn't agree with something that you wanted to put in an immediate action letter?

A. Then we would issue a formal order ordering them to do it.

Q. And they, I am sure, understand that.

A. I think so. We don't write an immediate action letter on something we are not prepared to go to war on.

Q. Do you ever have much problem with utilities arguing over requirements that are included in an immediate action letter?

A. No.

Q. Do they usually acquiesce?

A. I would say that if there is any disagreement, it is usually over the feasibility of doing something we think ought to be done, and they will counter it with something else. But generally speaking, I guess I would say that they view an immediate action letter as the lesser of evils.

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Q. All right. In this particular immediate action letter, as I understand it, the utility was required to complete these actions before returning to power.

A. That is what it says.

Q. How was it verified, is it verified, that they do indeed complete those actions?

A. By inspection.

Q. So then it is the responsibility of the inspector to certify that those actions are completed before they are allowed to return to power?

A. I don't know if I would use the word "certify." I don't know what that means. But he would go back and verify that these actions had been done to the satisfaction of the NRC.

Q. All right. So it is his responsibility to ensure that those actions are in fact done before the plant returns to power?

A. Yes. For example, he may go back there and he may find -- I don't know how many things there are in here, six things. He may find that -- let me answer it a different way.

It is our job to make a determination that the licensee has completed the items.

Q. Before he returns to power?

A. Before he returns to power.

Q. You have to make that determination before he returns to power?

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A. Yes. That is why we write it.

Q. Okay. And it is the inspector, then, that makes that determination?

A. Well, who goes out and does it. And how it is done, you know, we have several inspectors at these plants. We don't just have one inspector per plant. We have many inspectors. Whether the same inspector will check every one of these things, I don't know how that is done.

What I'm trying to, I guess, tell you is that there is not a regimented procedure that says Inspector A will go out and do checks one, two, three, four, five.

Q. But there is a mechanism by which I&E ensures that those actions are completed before the plant returns to power?

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A. You bet.

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Q. For the record, I have here a document from Mr. D. F. Ross. It is a note to Carl Seyfrit, dated October 20, 1977, Subject: Davis-Besse Abnormal Occurrence, 9/24/77.

Do you recall ever seeing that document?

A. I don't ever recall seeing this.

Q. The particular document refers to the incident and forwards some concerns that were raised by Mr. Muzetis of the staff of NRR. Would you have expected to receive a copy of a note such as this?

A. Sure.

Q. Do you think you would recall having seen such a document?

A. Not necessarily.

Q. But you don't recall --

A. I have not seen the document before. But I don't see all the mail that comes in on a particular project. As you can imagine, we have an enormous volume of mail in this office, and my role is really one of a technical administrator of the office. I don't get into every piece of paper that is generated on an LER. I think you can appreciate I just couldn't.

Q. Obviously.

A. ~~So I don't get into that kind of detail~~. My philosophy of operating an office like this is that I look for the staff to flush out issues that they feel warrant my

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attention, and I am assuming that other than issues that I might raise as a result of my own reviews of the morning reports, I do see all of the LERs that come in, and I look at them, and I may jot a little note to a branch chief -- what about this or that -- but I don't get into all of the details of every case. I just can't.

Q. Do you recall ever discussing the incident --

A. Let me back on that piece of paper, if that were to come into my office --

MR. HEBDON: Let's go off the record for a second.

(Discussion off the record.)

THE WITNESS: I would expect that if that piece of paper got out to the region, and we ~~had~~ were to check our file to see if it's in the file, it would be routed to -- it would have a stamp on it showing who it was routed to, and it would be routed to the branch chief and the section chief and the inspector.

BY MR. HEBDON:

Q. If I left a copy of this with you, would it be possible for you to have someone in your organization check to see if this document was ever received here?

A. Sure. Well, I can check to see if it is in the file.

Q. See if it is in the file. See if it arrived at the Region.

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A. Sure.

Q. Did you ever discuss the incidents that occurred at Davis-Besse or any of the issues raised by those incidents with a Mr. Kelly or a Mr. Dunn or any other employees of B&W?

A. I've had no discussions with B&W.

Q. Were you aware of the concerns about the September 24, 1977, incident?

A. No.

Q. I'd like to talk in a little more detail about Mr. Creswell's concerns. As I understand it, he has basically two issues that are relevant to our review of the accident at TMI and the events that preceded it. One is a concern that he raised following his review of the documentation and the incident that occurred on September 24, 1977. That concern was with securing high pressure injection pumps, possibly prematurely. Are you aware at all of that concern?

A. No.

Q. The other concern is associated with the November 29, 1977, incident where he was concerned about the fact that the pressurizer level went off scale low, and possibly the pressurizer was voided.

A. I am aware of that concern.

Q. I think we have discussed that one a little bit already. And as I understand it, that concern came to your attention in August of 1978, as you said earlier, in

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preparation for a management meeting with the Davis-Besse management.

A. Well, it may have come up in the interim between the event and the August meeting, but if it did, it came up with ~~a just~~ The concern -- we're still trying to get this piece of information, and we haven't gotten it yet. It wasn't until the preparation of the August meeting that I guess I realized that here we were waiting on some information for a good eight months and still hadn't gotten it yet. And the licensee seemed to be slow in getting it.

Q. Mr. Creswell also was concerned about low pressurizer level in a Board Notification on January 8, 1979. Could you describe your understanding of the handling of that particular Board Notification, why it came to be, and what was done with it?

A. Well, ~~I guess~~ my understanding is that after we had obtained information from Toledo Edison relative to the pressure -- what I will call the pressurizer level problem -- that information was reviewed and discussed with I&E Headquarters people and NRR people. Their review concluded that the concern relative to pressurizer water level or pressurizer water volume did not represent an unreviewed safety question. In fact, subsequent to Three Mile Island, I've been told other people ~~have~~ had raised the same concern before at an Arkansas plant and a couple of the other plants. In fact, I think Three

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Mile Island, ~~even~~. But at any rate, I was aware that Mr. Creswell did not accept or did not take comfort in the conclusion by the Washington people that this was not an unreviewed safety question. And ~~one of~~ the issues brought before the Atomic Safety and Licensing Boards -- ~~and I guess~~ for the B&W plants under hearing considerations -- consistent with that request, although we did not agree with his position, we forwarded it -- to be forwarded to the ASLB.

Q Do you know what it was that caused him to take exception to the conclusions reached by the people in NRR?

A. No, not really. I guess I was a little bit taken back by it. I guess I ~~have to~~ go back a little bit and talk about my interfaces with Mr. Creswell.

Jim Creswell is not an easy ~~guy~~ to get to know. I found him very difficult to talk to. My impression of him is that he is a sharp engineer. He knows the physics of reactors quite well, but I found him very difficult to communicate with. You couldn't lay your hands on what was bothering him. One minute he was happy; the next minute he wasn't happy. And he raised -- I guess since his involvement in Davis-Besse, going back to when the plant first started up -- he raised a number of questions, wrote a number of memos relative to concerns he had. We would respond to these ~~things~~. There wasn't one of them that was ignored. The issues raised we responded to, but he would take that response, and he would go

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away. A couple of months later he would come back with a slightly different slant to the problem, and I guess I would say that his supervisors viewed him as a frustrating individual to deal with. You just couldn't get from him whether he was totally satisfied, totally unsatisfied; he just wouldn't take a position at all.

Then he would come back a week or two later with -- you'd think everything was all put to bed with him -- and he'd come back with a slightly different approach to the problem.

We have a system in this office which I set up to try to handle inspector concerns. This individual never used that system at all. He --

Q. Is there a name for that system?

A. Yes. We have a regional procedure on it. I think it is a manual chapter on handling inspector concerns.

Q. You say it is a regional procedure?

A. Yes.

Q. Would it be possible to get a copy of that procedure?

A. Certainly. I guess what I'm trying to tell you is from my perspective, I was aware that we had some level of discontent down here, but that it was one of these things that was going back and forth, and when it came time to -- when it came to the matter of notifying the Board, my reaction was, well, if he is not happy, he hasn't told me this. But if he

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wants to notify the Board, we will notify the Board and let them make their decision. That is about the way I viewed it at the time.

Q. What significance did you assign to the issues that he raised in his memo?

A. The significance that I viewed was that the staff had looked at these issues, and I had been told that they had all been reviewed. So from my perspective, I viewed his approach as one of not being satisfied with answers that he got and wanted to bring them up in new form for review, which he had the right to do.

Q. Do you feel that any of the issues raised by Mr. Creswell were relevant to the accident that occurred at TMI?

A. I don't think I can answer that at the moment. I have not read the TMI report. I don't know what the conclusions were. The report came out just before I went on vacation. Your question is a good question, and I just don't have a good answer to it.

I think if you were to sit around this office, any of the regional offices, and follow the activities that go on, there are a number of problems that are reported to the NRC. They are reviewed. We try to highlight generic concerns, and I guess you say to yourself, well, what do you set with after TMI, and I guess with that kind of hindsight you set

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with the fact that we obviously have not done a searching review of LERs that we should perhaps be doing, and we've got to upgrade that.

I can't tell you off the top of my head how much review went into this particular event. I think quite a bit did. Obviously, if it is connected and there was a warning message, it wasn't enough. But I guess what I'm suggesting is that there are an awful lot of problems that are flushed out during the course of a year's worth of surveillance of nuclear power plants, and I don't know that -- I guess I don't know what you can do to bat 100% percent.

I think we do have to do a better job of LER review. Whether that would have prevented TMI, I can't say.

Q. Are you aware of any investigation that was conducted by Mr. Kohler and Mr. Foster of this region?

A. Yes.

Q. Who initiated that investigation?

A. We did.

Q. Who specifically?

A. Well, Mr. Creswell asked for the investigation, and we conducted it.

Q. In what form did he ask for that investigation?

A. Well, he told these people that he thought the company -- either the company or perhaps its contractors may have been deceiving in terms of when they had information

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and when they presented it to us.

Q. Do you recall specifically what that information related to?

A. Yes. I believe it related to the pressurizer level evaluation.

Q. Do you recall what Mr. Kohler and Mr. Foster were told to do?

A. No, I wasn't involved directly in that. I was involved in the fact that they came to me and asked me, did I feel an investigation should be conducted.

Q. Who is "they" now?

A. This would have been Heishman and Norelius would have come to me with that. I'm not sure whether Knop was still involved at that time. But in any way, it would have been supervisors that came forth. They came to me and told me they thought an investigation should be conducted, and asked if I agree? ~~Did~~ ~~And~~ I said yes. And they also came forth to tell me that it was their decision not to use Mr. Creswell on the investigation because they thought he was emotionally involved in the issue, and that he was the guy bringing forth the allegations, that we should have somebody independent. ~~And~~ My only comment to them was that I agreed, but get somebody that is acceptable to Mr. Creswell.

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Q. Is it common practice to conduct investigations of allegations raised by inspectors?

A. Yes.

Q. Is it common practice to include the inspector in the group that investigates the allegation?

A. No.

Q. So then it was the normal practice?

A. Mr. Creswell was not very happy with that decision.

Q. But it is your perception that the normal practice would be not to include the inspector who raised the allegation?

A. Right.

Q. What was the result of that investigation?

A. Well, I don't know that I can give you all the details. But the result of the investigation was that we had concluded that there was no deliberate attempt to mislead the Commission.

Q. Did you reach any conclusions about the technical content of the concerns that Mr. Creswell had?

A. I can't answer that. I don't know.

Q. Do you recall how Mr. Creswell responded to the results of the investigation?

A. Well, I was told initially that he was very unhappy. I was then told by Mr. Norelius, after he and Foster had briefed him, I was told by Mr. Norelius that he was happy.

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I'm not sure when that investigation was done. I believe it was in early March.

Q. It was around that time frame, February or March of '79.

A. I guess the next contact that I had directly with Mr. Creswell was when I was in the bathroom one day. He walked in and I asked him, how did the investigation go, because I was under the impression at that time that he was happy with the results of the investigation. And he made some comment like, "do you really want to know?" And I said, "yes, I wouldn't ask you if I didn't want to know." And he said, "well, I still have some concerns and I will talk to you about it."

~~And I guess it was~~ -- I had to go back to Washington, ~~I guess it was~~ that next day. And when I got back from Washington my secretary said that he wanted to see me. So I went upstairs to see him one day. ~~And~~ I recall the day because it came up later in the discussion. But it was six days before TMI.

He wanted me to shut down Davis-Besse. He felt that the Davis-Besse plant was unsafe and it should be shut down. ~~And~~ I must have spent about three or three and a half hours with him. The concerns were people-oriented concerns rather than design-oriented concerns. He thought the company was incapable of doing the job right. He concluded that

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they were incapable of getting their act in order. And it was a very subjective, emotional type of discussion.

~~And~~ I pointed out to him that -- we talked about the investigation and a few other things. But I told him that my bottom line was that I could not support his recommendation for a shutdown without some evaluation on my part that said that a threat existed to the public health and safety.

Q. Did he provide you with any specific examples?

A. No. His main concern seemed to be oriented that the people were incapable of doing the job.

Q. But did he cite any specific examples of their lack of competence?

A. He brought forth the fact that it took them so long to get ~~this~~ evaluations done. And he talked about the fact that they have a number of design changes that have not been acted upon, a big backlog of design changes. And he talked about the fact that they were making a lot of personnel errors, that kind of thing.

Q. Was it your perception that the number of design changes that they had backlogged was any greater or less than another utility in a comparable position?

A. It was my perception that this utility ~~was in pretty sad shape, but not sad enough to shut down~~ needed to upgrade their regulatory performance, & did not believe a shut-down was warranted. I guess that is a judgmental decision. But I feel to shut down ~~the~~ a power plant I have to have what I would call a reason to

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believe that the public health and safety is jeopardized. And the fact that they've got a big backlog of design changes doesn't give me that feeling. It is something that needs to be taken care of and it should be taken care of. But I don't judge that as warranting a shutdown of a facility.

Q. Did you feel that the number of operator errors that they were having was greater than a comparable or greater than other plants in a similar stage?

A. Yes, and that was a point of discussion. I ~~feel~~ felt that the number of operator errors was quite high. On the other side of the coin, most of the operator errors were not of the type that posed what I would call a serious problem for the facility. They were failures to do certain surveillance tests, ~~or they made -- but~~ they weren't the type of errors that placed the plant in a highly degraded condition.

Nevertheless, my view of the matter was that operator errors were being condoned by the management ~~over there~~, and the more errors the greater the likelihood would be that you could have a more serious problem later on. And that was, as I mentioned, the thrust of the meeting that we had set up as a result of the events that had occurred in March over there. That led us to have a top-level ~~meeting~~ Enforcement Conference with the company and to discuss -- more than discuss, but to lay out plans for corrective actions.

BY MR. FOLSOM:

Q. That is the meeting you speak of a year before?

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A. No, that is the meeting I'm talking about that took place this year.

Q. This year?

A. Yes.

BY MR. HEBDON:

Q. There was one meeting around August, I believe, that you mentioned it was during the preparation for that meeting that Mr. Creswell's concerns originally came to your attention.

A. That's right.

Q. Now, there was another meeting, as I understand it, and that you are referring to now, some time around March of 1979.

A. The meeting, the first meeting with the company took place in August of '78. Then, as a result of the fact that things weren't improving a lot and a result of the two events that were reported in March, we had set up another meeting with the company to take place in early April. Then TMI came along and I think the meeting was ultimately held in mid-May.

Q. But this subsequent meeting that was scheduled in April and eventually held in May was to discuss mainly the same types of concerns that had been discussed in August?

A. It was to discuss -- it was more than that. It was to discuss the repeat of the concerns, but it was also to

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require the company to come forth with a game plan to fix them and deal with them. We felt that they were taking much too long to get the operation turned around the way they were going, and that we, while we were not in a position to say that the operation was unsafe, we felt uncomfortable with the operation, and we felt that actions had to be taken to minimize the problems that were taking place.

So this led to -- we defined in great detail the concerns we had. We gave examples for the concerns. Some of this information was provided by Mr. Creswell. We have, since that time, had two additional meetings with the company where they have discussed with us the status of the corrections and corrective actions they have taken.

Q. Do you feel that the utility has now begun to resolve the problems?

A. I think they are in the right direction right now, yes.

Q. To your knowledge, has consideration ever been given to shutting down a plant as a result of a lack of competence on the part of the management?

A. Yes.

Q. Do you know if any plants have ever been shut down for that reason?

A. No, there hasn't been.

Q. Do you recall any specific examples where

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consideration was given to shutting them down?

A. Yes. We had some serious discussions raised about shutting down Commonwealth Edison's nuclear plants.

Q How was that eventually resolved?

A. Through the approach we used at Davis-Besse. We had top-level meetings and required the company to take certain specific actions ~~that we outlined~~, to upgrade their regulatory performance the remedies to, if you will -- let me try to tell you the problem or a problem, if I could put it this way to you.

I think a utility that owns a multi-million or billion dollar project, whatever it is these things cost, I think generally speaking these are responsible organizations. I don't think any of them want to have a blemished record. They live in the public limelight and, if nothing else, they want to have a good reputation.

Some of them have greater difficulty than others in achieving compliance. I think our threshold for getting on top of utilities is such that we generally start with an observation, if you will, that things aren't headed in the right direction. And if things don't improve, then you set up another level of management meetings and so on. And generally speaking, I would say it is the ~~forcing of people~~ consensus of opinion that by talking to responsible levels of management you get the job done.

If there is ever a clear health and safety type

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concern, I have never seen the Commission hesitate to act on that and move in and require a plant to be shut down. But if you run into problems that are what I would call less than desirable performance on the part of the utility, ~~if you will~~, if you can understand what I'm talking about, I think that there has been a reluctance on the part of the agency to take action that would require a shutdown of a facility. And I guess the reason I would say that is probably because of cost considerations, probably, because of maybe a lack of belief that that is the best method to serve the public health and safety.

But normally speaking our philosophy has been that you don't shut down a nuclear power plant unless you can show that there is a ~~serious~~ real safety ~~problem~~ threat lurking in the winds. And when you run into a licensee whose performance is not as desirable as it should be, I think the general approach has been one of working with that utility to improve its regulatory performance and upgrading it that way.

I don't know whether I am answering your question or not.

Q. I think you have.

Were you aware that Mr. Creswell discussed his concerns with Commissioners Bradford and Ahearne and their staffs?

A. Eventually.

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Q. When did you become aware of that and by what mechanism?

A. I'm trying to think how I did become aware of it. I can't recall when I became aware of it.

Q. Was it before or after TMI?

A. After.

At one point in time--I told you that I talked to Mr. Creswell on March 22. That was the date that I had my discussion wit him.

By the way, a very important point on that discussion. I feel it is a very important point. I told Mr. Creswell that I could not support his position of wanting to shut the facility down, and I told him what my game plan would be and why, and so on and so forth.

Q. The program of meetings with management?

A. Right.

But I also told him that if he felt that he wanted to go talk to somebody ~~else~~ in a high-position about it, he had my blessing and I would be more than happy to see that he talked to other people, but I would also send in my assessment of the situation, too.

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Now I guess when I did hear that Mr. Creswell had talked to Commissioner -- I suppose he talked to Commissioner Ahearne, ~~and when~~ he did talk to ~~him, and I guess~~ when they were holding Commission meetings back on TMI and so forth, I felt a little bit concerned that the Commissioner had never come to me and asked me or asked the people in the region about the matters that Creswell was talking to him about, and I was bothered, ~~I guess~~, to some degree that he was hearing a one sided story.

So I made a decision with the ~~blessing~~ Consensus of my management in Headquarters to go see Commissioner Ahearne. I had never met Commissioner Ahearne, and I wanted to meet him, and I wanted to go in and tell him why I did what I did in handling Davis-Besse -- not to repudiate Mr. Creswell or anything, but just to tell him my side -- why I did what we did. And when I was back there, he had Commissioner Bradford there, and at that time I found out that, from them, that Creswell had been back to see them before he had come to me on March 22.

That came out during that discussion.

Q. You don't recall ever receiving some questions from Commissioner Ahearne that seemed to be related to the issues that had been raised?

A. Yes, I do.

Q. When were those questions received? Was it before or after your conversations with Commissioner Ahearne?

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A. Those questions were before.

Q. Did you connect those questions with the concerns that had been raised by Mr. Creswell?

A. In part, because I knew when that letter came that Creswell had talked to Ahearne.

Q. So then, prior to your meeting with Commissioner Ahearne, you knew that Mr. Creswell had talked with him?

A. Yes. That is the reason I went back there.

Q. And how did you become aware that he had talked with him?

A. That is what I'm trying to think. I can't tie it. I'm sorry. I've drawn a blank on how I found out.

Q. Now as I understood you --

A. It may have been -- oh, I guess I know. It was during the Commission meetings subsequent to Three Mile Island that Mr. Creswell was called upon by Commissioner Ahearne at that meeting.

Q. I'm getting confused here. When did you go back to talk to Commissioner Ahearne?

A. I can get you that date. It would have been probably May.

Q. So this was after TMI-2?

A. Yes. I guess we're getting off. Let me start over again.

Q. Okay.

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A. In order of sequence, Creswell expressed his concerns to me about Davis-Besse.

Q And the fact that it should be shut down?

A. Yes, on March 22. I will tell you what. Could I get my notebook, my calendar?

Q Certainly. Let's go off the record for a few minutes.

(Discussion off the record.)

MR. HEBDON: Let's go back on the record.

THE WITNESS: I met with Mr. Creswell on March 22 and TMI occurred on March 28, I believe. My meeting with Commissioners Ahearne and Bradford were May 23. Now the purpose of the Commissioner Ahearne and Bradford, that meeting was initiated at my request with a call to Commissioner Ahearne. I didn't know Bradford was involved at all. I called Ahearne, because I was concerned that ~~Ahearne~~ had gotten a one-sided story from Mr. Creswell. And I felt compelled to go back and tell my side of why we acted the way we did on Davis-Besse.

Now you mentioned the letter that Ahearne raised, and I don't have that in here, but I had a meeting with my staff on April 4 to discuss the Commissioner Ahearne letter on Davis-Besse, so I was aware of that letter at that time. That letter -- what we did, we prepared a response to that letter at the regional level, and that was sent back the week

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I was at Three Mile Island, which was the week of April 9, ~~and~~ that response was never sent to Commissioner Ahearne until late May.

BY MR. HEBDON:

Q. Okay. When you got the letter from Commissioner Ahearne, did that in combination with anything else tell you that Commissioner Ahearne and Mr. Creswell had been in communication with each other?

A. Yes. I knew at the time of that letter that there was some tie between them, and it wasn't because of the letter, but I believe the Commission hearings that had taken place -- I'm saying hearings -- the Commission meetings that were taking place during this period of time had discussed, had involved Mr. Creswell appearing at the meeting in response to an invite from Commissioner Ahearne.

Q. Now these were the Commission meetings concerning Three Mile Island?

A. Yes. But during one of those meetings -- and I apologize; I just can't pick the time of it -- but during that week or so after Three Mile Island, there were meetings going on every day in which the press was involved and so on. I'm sure that we have -- we can pin that dowr, if you like, in terms of when Mr. Creswell got up at a Commission meeting.

Q. That's all right. We can just ask Mr. Creswell.

A. Fine. But there is a document like that that has

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the meeting minutes.

Q So as I understand it, it is the fact --

A. I am assuming that that is the tie-in I have as to why I would know. It seemed to me -- and I just can't remember precisely -- that I was aware at the time we got the Commissioner Ahearne letter that I had known at that time that he had talked to Creswell.

Q Now as I understood you, you said that when you went back to talk to Commissioner Ahearne that is when you became aware that Mr. Creswell had actually gone back to Washington and talked to him personally?

A. I was told by Commissioner Ahearne's assistant -- one of his assistants -- that Creswell had been back there prior to the time he talked to me on March 22.

Q And that is the first time that you realized that he had actually gone back there as opposed to just talking to him on the phone?

A. Well I don't know how it was done. ~~I'd~~ Had been in touch, I should say.

Q All right. What was your understanding of the concerns that he raised with the Commission or with the Commissioners?

A. I didn't have any understanding of them.

Q Well, you knew they related to Davis-Besse.

A. Yes. I'm sorry.

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Q Do you recall any more detail of your understanding?

A. No. But basically the things that were in the letter -- the companies performance, the problems with LERs, the problems with design changes, basically the material that was in the letter. None of it was what I would call a surprise to me.

Q. Could you describe what you recall from your meeting with Commissioners Ahearne and Bradford?

A. Well, it was a very cordial meeting. I spent about an hour with them, and the tone or the purpose of requesting the meeting was not to discuss Creswell but was to go back -- I knew the Commissioner had concerns about Davis-Besse -- to tell him what I was doing about those concerns and why I had acted the way I did.

[illegible] brought up Creswell very early in the discussion, and we talked about some of the points that Creswell had been concerned about. I think the Commissioner was surprised to learn that -- I think the Commissioner was surprised to learn that Creswell had not tried to come to me before he went to the Commissioner.

I gave the Commissioner a copy of our procedure for handling problems. I explained to the Commissioner some of the things that I do in the office to try to elicit information from the staff on concerns they have. I would call it a very friendly discussion -- one that it was hard to predict in

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terms of how useful it was for him. But I felt somewhat better after it.

Q. Did the Commissioners give you any indication of whether or not they felt that the actions taken at Davis-Besse were appropriate?

A. I would say the feeling I got from the Commission was one of -- that they felt that we were too complacent, that perhaps not -- I wouldn't say complacent from the standpoint of derelict in handling things -- but that the safety record of the industry had put us in a position of being complacent.

I think the Commissioner expressed a view to me that he thought that if we have some plants that are able to operate at this level of performance

(indicating)

and we have others only operating at this level

(indicating)

that maybe we ought to shut them down until we can get them to operate at this level.

(indicating)

I remember making the point to Commissioner Ahearne that he would be the first one to throw me out of his office if I came down there and suggested shutting down a nuclear power plant without a health and safety reason, and he indicated that may or not be true.

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But I would say ~~one,~~ that indicated -- that we have got to be tougher ~~on~~ the industry; ~~one, that would indicate~~ that our threshold for actions is not low enough.

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Q. Did he give you any indication that he felt that Davis-Besse ought to be shut down?

A. No. I told him what we were doing and I told him we would keep him informed. Of course, we did subsequently have a Commission meeting on the restart of Davis-Besse.

Q. But that was as a result of the TMI accident; is that correct? That wasn't associated with the specific concern about Davis-Besse management?

A. If you go back and take a look at that, it was almost all concerned with it. They did not hold meetings on the restart of all of the reactors, you will recall. They selectively picked Davis-Besse, and about 90 percent of it was devoted to Commissioner Ahearne's concerns about management.

Q. As I understand it or as I recall, the Commission did eventually decide to allow them to restart Davis-Besse.

A. Yes they did.

Q. So that even in light of the raising of consciousness that occurred after TMI, they still determined that the management at Davis-Besse was capable of operating the plant safely.

A. Yes.

Q. Why was Mr. Creswell sent to TMI following the accident?

A. We sent a lot of people to TMI.

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Q Approximately how many?

A. I think that first week there might have been seven or eight.

Q. Out of approximately how many?

A. Out of maybe 25.

Q. Did Mr. Creswell's concerns about Davis-Besse and the issues that he had raised and the interactions that he had had with the management here at Region III play any role in his being assigned to TMI?

A. In fact, when TMI occurred we were not aware -- I mean, I was aware that he had had the discussion with me. His supervisor, his branch chief, became aware of it because I told him.

But no, we sent Mr. Creswell to TMI because we thought he was highly qualified and could make a contribution.

Q. And the fact that he had been involved with these various concerns, that didn't play any role in the decision to send him?

A. You mean in terms of knowledgeable about B&W?

Q. Well, it would seem like for an assignment such as the assignment to TMI, you would want to pick people that were technically qualified and mature.

A. I think what we did was to pick people that were technically competent on pressurized water reactors. That was our first criteria. ~~And~~ I didn't make the selection of

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the people that went. It was done by the branch chief and it was done looking at the schedules and who was available. There were a lot of factors. But we obviously wouldn't send ~~a guy~~ an inspector who was only skilled on a boiling water reactor.

Q What I would like to do is ask you some general questions concerning the functioning of I&E and the relationship of I&E to some other organizations.

What is your general perception of the relationship between I&E headquarters and the I&E regions?

A ~~Well, that is a subject I could talk about forever.~~ I think the relationship ~~is not~~ has not been as it should be. There is a certain lack of sensitivity, if you will, between the two organizations. The role of I&E headquarters is primarily oriented at dealing with the Commission and answering their questions, keeping the Congress informed, dealing with issues that might come down from higher up, if you will.

They are understaffed, and as such, when an issue comes in from the region ~~which you have to send back~~ for some help on, I think that it is not viewed as their primary -- it is not viewed as a major item to them unless it is the type of issue that would impact on people higher than them.

So what I am saying is that the concerns of headquarters are not the primary concerns of the regions, and vice versa. So if you were to ~~study~~, take a look at the numbers of technical issues that have been sent in to headquarters and

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look at the types of response and action that has been taken on them, you would find that there are varying degrees of success achieved.

I think headquarters is grossly understaffed for what they have to do.

Q. What is your perception of the relationship between I&E regions and NRR?

A. I think it is highly dependent upon personalities. I think some inspectors have a very good relationship with some of the people in NRR and some don't have. I guess I would view it as a case by case type basis. I think you would find that there is more shortcutting that goes on than people might like to admit, in the sense of the I&E people in the field keeping NRR informed, rather than going through I&E headquarters, simply because they feel they can get better results with NRR.

Q. Would it be fair to say, then, that you feel that I&E headquarters is to some extent a bottleneck in the formal relationship between I&E regions and NRR, and as a result people tend to bypass around that bottleneck and go directly to NRR?

A. I would say it ~~is~~ has been viewed that way, yes.

Q. How effectively does the relationship between I&E and NRR facilitate the feedback of operational experience into the licensing process?

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A. Would you say that again?

Q. Let me rephrase it a little bit. How effectively do the concerns and the problems and the issues that the inspectors are seeing in the field get fed back to the people that are doing the design reviews and the licensing reviews of new facilities?

A. I don't know that I can give you a quantitative type answer. I guess my feeling is that it isn't bad. I think the feedback on operating problems is pretty good, in that in terms of the reviews of new plants that come up, that a lot of that information is gleaned into the process.

Where I would be critical and depart a little bit in the answer here is I think that a problem may be identified at a given facility and we think it is a potential safety problem, let's say, and the regions inform headquarters concerning the problem and headquarters turns it over to NRR to look at for the other operating reactors that are already licensed. And NRR might take the position, well, we just have got so many other things going, we will put this on the back burner to be looked at two years from now.

~~And~~ When the regions hear that, ~~and to them we hav flushed up an important problem. They~~ don't ~~have time to~~ ~~or at it right away, and~~ it discourages, if you will, the approach.

As an example, we identified a problem a couple of years ago at a facility, maybe even longer ago than that, about

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a pressurized water reactor allowing purging of the containment while the plant was in operation. And the company came back to us, and we raised the issue with the company first. The company came back and said, they were hey, we are discontinuing the practice because they we realize under certain accident type conditions this could be pretty bad.

We forwarded that problem to HQ thing to be looked at generically. That problem still hasn't got off the board. That is the type of thing. Now, we have no control over that. Here we have identified what we think is a pretty good issue. We are captive of NRR in terms of their deciding what issues will get priorities.

What we don't have is the capability to impact on their priority system, if you will.

Q Is there a method in I&E to exchange information among inspectors of similar plants in different regions?

A No.

Q Would such a system be useful?

A The answer would be yes. But how practical it would be I don't know. Let me give you an example. Back when there were very few reactors, it used to be fairly common practice for the inspectors to exchange inspection reports. They would have time to read them. They could see them. They could see what the other people were finding and compare notes that way. They used to talk a lot.

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The growth of the organization and the numbers of facilities and the numbers of problem and so forth has put up a barrier to accomplish that. The inspectors don't have time to read other inspection reports now.

What we have attempted to do or the approach that has evolved is one of trying to inform the industry, the other regions, of people with common problems through notices, circulars, the bulletin concept, which I think is a good system, but which is not foolproof. I am sure that you could go through all of the LERs that have been reported and raise several that you think should have been the subject of bulletins or circulars or information notices.

What I think is needed and what I support is the concept of a centralized LER review program. I think that the regions still need to ~~do their thing on~~ individual review of LERs, but I think we need to have people who focus solely on potential generic problems and get those into the system.

Now, if you want to talk about inspectors comparing notes and so forth --

Q Well, the type of thing I had in mind would be a program where, say once a quarter, you brought together all the inspectors that inspect B&W plants, either at one of the regions or at some centralized location.

A That might be practical when you got seven or eight or nine B&W plants. But what do you do when you want

to talk about all the Westinghouse plants? And then, you see, you have another problem. We talk about the B&W plants, but there are probably, I daresay -- well, I won't say for sure. There are differences between the B&W plants. Some of them have different architect-engineers. These plants aren't duplicates as you think of them that way. There are major differences between the plants still, and what may be a problem at one plant may not be at another plant.

You are not dealing with 100 percent duplication here.

BY MR. FOLSOM:

Q Could it be the fact that there isn't a problem at one plant and there is at another, that that would be a basis for exchanging information? I don't have this problem in Plants A and B in my district because of this design. Would you consider in your district suggesting to your licensee a change?

A. Well, I would sooner take the approach that I heard recommended by somebody, that says that when an LER occurs at a given plant, that you require all of the other licensees with that plant to address that LER in terms of the need for corrective action. That makes more sense to me than bringing the inspectors together and asking them to go out and check on certain things.

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BY MR. HEBDON:

Q Wouldn't the answer from the other licensees be, that can't happen here?

A. Not necessarily. I don't know. I wouldn't infer that from my experience.

Q. Do you know of any other events that are precursors of the accident that occurred at TMI?

A. No.

Q. Do you have any additional information that might be relevant to our inquiry surrounding the accident at TMI?

A. No. ~~I think I guess~~ I would comment that I've heard complaints that the utility was a weak utility, perhaps not relatively well prepared to deal with the problems they've had and so forth. I don't know how true those statements are, but I destroy~~ed~~ the myth that Three Mile Island or that Metropolitan Edison was inferior to other utilities, and it couldn't happen there. I would say that kind of problem could have happened at a number of plants -- maybe not that specific type thing, but the combination of equipment problems and people problems and so forth.

I don't think, in other words, that comments that I've heard that would rank Metropolitan Edison as a real loser in the business are comments that should be taken seriously. I think a lot of attention has focused on Davis-Besse and on the adequacy of Toledo Edison Company. I would dare say that

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if you looked into Sacramento Municipal Utility District, if you looked into Florida Power Corporation, if you looked into Arkansas, I think you would find the same problems that existed at Davis-Besse.

Q. And the same problems that existed at TMI?

A. Pardon?

Q. And the same problems that existed at TMI?

A. Yes. I think so. I don't think you would find -- in other words, I am trying to say to you I don't think that Davis-Besse is as poor a licensee as people have made it out to be. I think we have surfaced a lot of problems at Davis-Besse, and I think we have made a lot of these problems at Davis-Besse. I think you will find the same number of personnel errors and so forth exist at other facilities.

BY MR. FOLSOM:

Q. If I gather the content of what you are just saying is that if you've got a very well trained and critical inspector group, you are going to turn up more operational problems with a licensee.

A. I think there is some truth in that.

Q. And that might not necessarily be a criticism of the licensee, as compared with other licensees in other districts.

A. Yes. You have the right context.

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BY MR. HEBDON:

Q I've also heard an argument put forth that one of the reasons that Davis-Besse had so many LERs, for example, was that possibly they were a little bit more zealous in their reporting of incidents than some other utilities might be. And there is considerable variability in what needs to be reported under an LER, and that Davis-Besse tended to be in the direction of --

A. There is some truth to that. And also -- I don't want to make light of it. Every time you make a comment, it sounds defensive, and I don't want to be in that posture. If you take a look at the LERs reported by Davis-Besse, you will find that about 10 percent of them are inadequacies of performing surveillance tests.

~~Well is that important? You bet your boots it is important.~~ It is important. I don't dismiss it, but it isn't the kind of a problem that poses a threat to the public health and safety either.

So I guess my feeling is that I watch the way -- let me say it off the record.

(Discussion off the record.)

MR. HEBDON: Let's go back on the record.

MR. FOLSOM: I have no further questions.

MR. HEBDON: No, I don't have any more.

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BY MR. HEBDON:

Q. Do you have any additional comments to add.

A. Not that I can think of.

MR. HEBDON: Okay. That completes the interview. Thank you very much.

(Whereupon, at 2:45 p.m., the interview was concluded.)

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