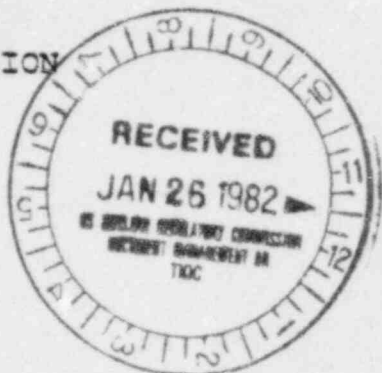


ORIGINAL

NUCLEAR REGULATORY COMMISSION



In the Matter of:

HOUSTON LIGHTING & POWER
COMPANY, et al.

South Texas Nuclear Project
Units 1 and 2

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DOCKET NO. 50-498 OL
50-499-OL

DATE: January 19, 1982

PAGES: 9171 thru 9380

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UNITED STATES OF AMERICA

BEFORE THE
NUCLEAR REGULATORY COMMISSION

In the Matter of:)
)
HOUSTON LIGHTING & POWER)
COMPANY, ET AL.) Docket Nos. 50-498 OL
) 50-499 OL
South Texas Nuclear Project)
Units 1 and 2)

Green Auditorium
South Texas College of Law
1303 San Jacinto Street
Houston, Texas

Tuesday,
January 19, 1982

PURSUANT TO ADJOURNMENT, the above-entitled
matter came on for further hearing at 9:00 a.m.

APPEARANCES:

Board Members:

CHARLES BECHHOEFER, Chairman
Administrative Judge
Atomic Safety & Licensing Board
U. S. Nuclear Regulatory Commission
Washington, D. C. 20555

ERNEST E. HILL, Nuclear Engineer
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Atomic Safety & Licensing Board
University of California
Lawrence Livermore Laboratory, L-46
Livermore, California 94550

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1 APPEARANCES: (continued)

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5 Atomic Safety & Licensing Board
6 313 Woodhaven Road
7 Chapel Hill, North Carolina 27514

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For the Intervenor,
Citizens Concerned About Nuclear Power

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<u>WITNESSES</u>	<u>DIRECT</u>	<u>DIRE</u>	<u>CROSS</u>	<u>REDIRECT</u>	<u>RECROSS</u>	<u>EXAM.</u>

WILLIAM C. SEIDLE,
 WILLIAM A. CROSSMAN,
 WILLIAM G. HUBACEK,
 ROBERT G. TAYLOR,
 H. SHANNON PHILLIPS

By Mr. Gutierrez 9196

BY Ms. Buchorn 9208

By Mr. Hager 9350

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<u>NUMBER</u>	<u>IDENTIFIED</u>	<u>RECEIVED</u>
Staff Exhibits 113 thru 131	9195	---

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P R O C E E D I N G S

9:00 a.m.

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JUDGE BECHHOEFER: Good morning, ladies and gentlemen. Welcome back after a considerable break.

Before we start the Staff's testimony this morning, I wanted to inquire about preliminary matters, and particularly I'd like the Applicants to update their -- update us on their search for a contractor; tell us what the latest status of that is, and any other matters that the parties wish to raise as preliminary matters.

Mr. Newman.

MR. NEWMAN: Yes. The matter of selecting a replacement constructor is still under consideration. It has not been resolved yet. I would expect that it will be resolved during February.

I have not had a chance this week to confer with the company's management, and I have been away myself for some period of time. I will talk with them during the week and see if I can't give you a better fix on when the selection will be made, before we quit for this week.

JUDGE BECHHOEFER: Okay. Are there any other further preliminary matters before the Staff presents its first panel?

MS. BUCHORN: Yes. Mr. Chairman, CEU has

1 three matters that we would like to bring before you.

2 There are two documents that there have been
3 commitments to supply -- one to supply and one to update,
4 by the Applicants.

5 The document that they were supposed to update
6 was the list of civil QC, with their employment date and
7 termination date. That has not been forthcoming.

8 The other matter has to do with their
9 commitment to supply CEU with the qualifications and
10 background of Mr. Tom Shierder.

11 The third matter is a problem that CEU is
12 confronted with for the first time. We became Intervenors
13 in this proceeding, or became involved in this proceeding
14 in January of '79.

15 It had been my duty to submit interrogatories
16 and requests for discovery sometimes for both parties,
17 both Intervenors, since the beginning of this process.

18 The first and only time that CEU, in the person
19 of myself, has submitted interrogatories to the NRC Staff
20 has been on the most recently accepted contentions of
21 CCANP.

22 I undertook to submit those interrogatories
23 and requests for documents on behalf of both CCANP and
24 myself.

25 We received a reply from the NRC Staff that

1 denies us any answers whatsoever. It's regrettable that
2 I did not have sufficient familiarity with the regulations
3 and did not set out the reasons that we felt that we
4 needed to submit these to the NRC Staff.

5 I would like to do that now, and I would
6 like to ask this Board to direct the NRC Staff to answer
7 those interrogatories.

8 The reason that we submitted interrogatories
9 to the NRC Staff at this point in time was because we felt
10 that there was no other reasonable avenue that we had to
11 receive these answers.

12 Specifically, I'd like to call your attention
13 to those questions that have to do with the particular
14 documents that were attached to that I&E Report 81-28.
15 There were five documents attached to that report, or
16 there was an indication that there were five documents
17 that they had relied on.

18 In looking at the number of those documents,
19 it's very clear that those are generic category numbers,
20 and I think it would be safe to assume that there are a
21 number of documents that are generated every day in those
22 particular generic categories.

23 We feel that there is no way that we can be
24 assured that those documents supplied to us by the
25 Applicants are indeed identical to the documents that

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we are asking for from the NRC Staff, and we would ask that this Board direct the NRC Staff to answer those interrogatories and to provide copies of those particular exhibits.

JUDGE BECHHOEFER: What was the date of the Staff's refusal to answer?

MS. BUCHORN: 1/8/82.

JUDGE BECHHOEFER: I have it here.

Would the Staff wish to comment?

MR. REIS: Yes. First of all, let's make it clear that we did not make a blanket refusal.

Secondly, let me make it clear that we are not going to be burdened -- the Staff is certainly not going to be burdened with attorneys coming in and out of this proceeding, and we feel it incumbent upon the Intervenors to follow the rules in these proceedings. There's a way to do it, and Miss Buchorn has been represented by counsel. We look to counsel, and we look, when she -- we didn't make a specific objection to her filing the pleading instead of her counsel, but we look to her to do, we look to her to follow the rules.

It does call for a showing. If we had a showing perhaps we could have answered it in terms of the rules itself and showed why the documents were not available or why they were available.

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It appears that these are HL&P documents. The rules are quite clear that if the documents are obtainable from another source they're not to be obtained from the Staff, and we think we are perfectly justified in filing the answer we did. We think it's perfectly in accord with the law.

MS. BUCHORN: Mr. Chairman, I disagree. It's very clear in here, although they make statements in this document that they are -- through the goodness of their heart, going to answer these things. They go on and object in each and every one and provide no answers that CEU can rely on.

Now, CEU has not submitted interrogatories to the NRC Staff prior to this simply because we were under the impression that the Nuclear Regulatory Commission Staff is required to work in the public interest. Now, I'm beginning to have some doubts about that.

If they were indeed working in the public interest they would attempt to work with the people. They have not done this in this document.

If we had burdened them in the past with excessive interrogatories, then they might have reason to answer in this manner. We have not burdened them with excessive interrogatories simply because we thought they

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might be the good guys. I think we know better now.

JUDGE BECHHOEFER: Well, Ms. Buchorn, are you familiar with -- I think the provision is 10-CFR-2.720H2, Roman II, I guess, or -- that sets forth the general procedures and the Staff is treated differently from other parties in terms of discovery.

Did you seek those documents from the Applicants?

MS. BUCHORN: Yes, I did, sir. And that is the -- precisely the reason that I'm asking for the Staff to provide copies of those documents, or for Region IV Staff to provide copies of those documents, because it's quite obvious that those are generic category numbers.

MR. AXELRAD: Mr. Chairman, with respect to that one limited question of the documents that were relied on, or listed in the Staff's inspection report, the copy of the inspection report that the Applicant gets do not include the attachments themselves when we receive those questions from the Interevenors.

JUDGE BECHHOEFER: Yes.

MR. AXELRAD: We thought, even though the listing was generic and not very specific, we thought we could identify documents, and we supplied documents that we thought the Staff was relying on.

1 If Mrs. Buchorn's main thought is whether
2 those are in fact the documents that the Staff has listed
3 as attached to the I&E report, perhaps we can get the
4 Staff to at least check to make sure that the documents
5 that we've provided are those documents.

6 MS. BUCHORN: You see, I believe that the
7 Applicant has provided documents in good faith. It's
8 just that I question whether those are indeed the actual
9 documents that are relied on in that particular I&E report,
10 and unless I get copies, there's no reasonable assurance
11 that I can have that the documents that were supplied by
12 the Applicant in all good faith are indeed the same
13 documents that are appended to that report.

14 JUDGE BECHHOEFER: You can ask the Staff,
15 when the witness gets here.

16 MS. BUCHORN: Well, it was my understanding
17 that this was the proper procedure, that I should go
18 through this Board.

19 JUDGE BECHHOEFER: Well, you have to show
20 that they're not available elsewhere. If the Applicants
21 had supplied them to you and the Staff would confirm that
22 those were --

23 MS. BUCHORN: Well, if they could confirm
24 that those are indeed the exact documents, then I have no
25 other problem with it.

1 JUDGE BECHHOEFER: Well, you'll have to ask
2 the witness.

3 MS. BUCHORN: Will you direct them to give me
4 an answer to that?

5 JUDGE BECHHOEFER: Well, we'll see if there's
6 any objection.

7 MR. REIS: Your Honor, we're willing to look
8 at the documents supplied by the Applicant and tell you --
9 and connect them up to the numbers at the back of that
10 report.

11 We're also looking at whether we can take the
12 names, or informants or sources out of that report, out
13 of those documents, which is one of the problems in turning
14 over the documents and making them available in that
15 manner.

16 We have not reached a determination on that
17 because the question didn't come up before, really, in
18 that way --

19 MS. BUCHORN: Mr. Chairman --

20 MR. REIS: -- and we might be willing to do
21 that as well.

22 MS. BUCHORN: I have no objection to them
23 blocking out the names of the people. All I want is the
24 information.

25 JUDGE BECHHOEFER: Yes. Well, of course, if

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they identify the documents, you've seen the names of the people.

MR. REIS: Well, if they've already seen the document, I'm not buying that. That's something else.

MS. BUCHORN: That's their problem.

MR. REIS: If they show us the documents, and they have those documents, we will connect them to the numbers in the report.

JUDGE BECHHOEFER: Yes. Well, that should take care of that problem.

MS. BUCHORN: During the break?

JUDGE BECHHOEFER: Well, I don't know if it's during the break or whether you should ask the witness. I'm not sure how Mr. Reis wants to handle that.

MR. REIS: Within the next day or so we will be prepared to do that. I can't say that I can immediately do it during the break. I don't know whether I can do it here.

MS. BUCHORN: I'll try to work with Mr. Reis on this problem.

JUDGE BECHHOEFER: Yes. On that aspect of it, I you should be able to have your information answered.

MS. BUCHORN: I believe that's all that CEU has.

MR. HAGER: For CCANP, I would like to notice

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my appearance on the record.

JUDGE BECHHOEFER: Yes. You've made a notice of appearance before, so welcome back.

MR. HAGER: Fine. Very good. Thank you. And

MR. AXELRAD: I'm sorry.

MR. HAGER: I'm going on to another matter so

MR. AXELRAD: I just wanted to go back to one thing that Mrs. Buchorn has said. She had indicated that there were two matters that we had not updated. I don't recall those particular matters, but we will discuss them with Mrs. Buchorn during the break and see what it is we can do to meet what she's asking for.

MS. BUCHORN: Fine.

MR. AXELRAD: I'm sorry.

MR. HAGER: That's okay, Mr. Axelrad.

JUDGE BECHHOEFER: And if everything isn't settled you can raise it again, and presumably the parties can settle this matter.

MR. HAGER: Then I would also like to mention, on behalf of CCANP, that it is expected that there would be two additional contentions that would be introduced by CCANP on matters that have arisen recently.

One of these concerns a matter that has been raised in the press in just the last couple of weeks about pumps produced by the firm of Hayward & Tyler up in

1 Vermont, that have been said to be defective, and we
2 understand that there are at least 50 of these pumps that
3 are out on the South Texas Nuclear Project at this time.

4 We also understand that an I&E report is
5 being prepared on this issue, and we would expect that
6 this issue would come into these proceedings as another
7 instance of problems with procurement and quality assurance
8 and quality control, that the firm Hayward & Tyler was a
9 subcontractor on the project.

10 The second issue, we would want to --

11 JUDGE BEHHOEFFER: Well, would this be a
12 matter that would be appropriate for what we have
13 denominated as Phase 1, or would this be more of the
14 type of thing we'd push to Phase 2?

15 MR. HAGER: Well, I think that's a crucial
16 point. We have dealt with a good deal of these quality
17 assurance/quality control issues in Phase 1, and we have
18 scoped out a lot of the problems on quality assurance/
19 quality control. At the same time we've also dealt with
20 the procurement, specific procurement issues in quality
21 assurance/quality control during Phase 1, so that I would
22 think there would be good grounds for bringing this into
23 Phase 1. If we do that, then we'd have to work out
24 discovery, of course. That would depend on how quickly
25 the NRC does perform their I&E report on the issue, but I

1 think there would be good reasons to bring it into the
2 Phase 1, to avoid cluttering up issues that have already
3 been dealt with in Phase 1, bringing this over into the
4 Phase 3, but of course that would be a decision for the
5 Board ultimately to make.

6 The second issue which again I think is
7 important to raise at the earliest possible time that
8 will very likely be the subject of an additional
9 contention by the parties, is the lawsuit that's been
10 filed by Houston Lighting & Power and has been joined in
11 by the other partners in the South Texas Nuclear Project.

12 The lawsuit is No. 81-H-0686C in the District
13 Court of Matagorda County, Texas, 130th Judicial District.
14 Following a copy of the Complaint here, it indicates it
15 was filed on December 16th, and it does allege, on Page 3
16 of the Complaint, defective performance by Brown & Root.

17 We think that just on the face of it, it's
18 a rather generally worded Complaint, but we feel that
19 there's a great potential here for inconsistency in the
20 position that HL&P has taken in these proceedings and
21 the position they appear to be taking in the lawsuit which
22 they filed against Brown & Root, and of course, we will
23 be monitoring the case very closely, the positions which
24 HL&P does take in that lawsuit, but we feel that this
25 should form a separate contention, all of the position

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HL&P takes, both the problem of inconsistency, which goes directly to the question of character, and of course any additional information that might come out in that lawsuit. We feel that that should transpose directly to this proceeding when relevant.

Again, this would form the subject of the second contention, new contention by the parties.

JUDGE BECHHOEFER: Would you plan to file these new contentions in writing?

MR. HAGER: We will be filing these in writing. I thought it important to bring these to the attention of the Board and the parties as soon as possible.

MS. BUCHORN: Mr. Chairman, CEU will most certainly join CCANP, particularly in regard to the law case. The lawsuit was filed --

JUDGE BECHHOEFER: Well, again, when we get it we will have to see if that's the kind of thing that we want to hear in this early part of Phase 1 or whether it will be more connected with our discussion of QUADREX and similar matters in Phase 2.

Mr. Hager, do you have the times --

MS. BUCHORN: Since this is the first time that I have been privileged to cross-examine in this proceeding, I believe it will take a day for me to be able to judge just how long it will take.

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MR. REIS: Mr. Chairman, the Staff strongly objects to that. Either they get me a lawyer here or Mrs. Buchorn acts like a lawyer. We're not going to make this into a circus with having lawyers come into this hearing room and come out of this hearing room.

Mr. Hager is here because Mr. Sinkin is sick. We understand that. But Mr. Hager has previously withdrawn from this proceeding, and we understand that exigencies arise of that sort where somebody gets sick, but it's not going to be the basis of special consideration and special things going on and special privileges to have people walk in and walk out and representatives change in the middle of a hearing, especially a long, protracted and complex hearing, and that just cannot be the way NRC proceedings are conducted.

MS. BUCHORN: Mr. Chairman, it has not been the fault of CEU, this Intervenor, that these proceedings have taken this long. It took almost an entire year for the Applicants' case simply because they were so voluble. I will not have the onus placed on this Intervenor.

MR. HAGER: I would also like to mention --

JUDGE BECHHOEFER: All I was asking for was a ballpark kind of estimate of cross-examination. I was not trying to allocate blame for the length of the proceedings on one side or the other.

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MR. HAGER: Well, allow me to give mine, and then perhaps Ms. Buchorn can be thinking about hers.

JUDGE BECHHOEFER: You don't have to, by the way, put it on the record. You can just tell us at noon. Normally we've been having counsel just tell us. We're saving it for the end, if anybody wants to look at it, but to the extent you --

MR. HAGER: Okay. I'll bring up another slip then, as soon as Ms. Buchorn has decided.

I would like to mention, though, that -- well, I would confirm, I did mention on the record or I will confirm, Mr. Reis said that Mr. Sinkin is suffering from pneumonia, and I did come down here at the last moment, really, to substitute for him, and he will remain lead counsel in the case, but I should also mention that although I recognize Mr. Axelrad very well, that I don't recognize the other two geneltmen at the Applicants' table, and I do see Mr. Collins sitting back in the audience now, but there have been changes at the Applicants' table as well, so I would like to have some equity in Mr. Reis' comments about all parties concerned --

JUDGE BECHHOEFER: Well, the Board was not raising questions as to who the representative would be. All we were trying to do was get a time estimate for --

MR. NEWMAN: Just for the record, I might note

1 that the difficulty Mr. Hager might be suffering is due
2 to the fact that I've grown a mustache since the last time.

3 (Laughter.)

4 JUDGE BECHHOEFER: Well, before we start
5 cross-examining, can you try to give me an estimate --
6 Ms. Buchorn, try to give me your best estimate.

7 MS. BUCHORN: Mr. Chairman, my best estimate
8 is six hours. I don't know. I'm sorry.

9 JUDGE BECHHOEFER: On the first panel?

10 MS. BUCHORN: On the first panel.

11 JUDGE BECHHOEFER: That's what we're
12 interested in.

13 MS. BUCHORN: I will attempt to expedite it.
14 I'll go as fast as I possibly can.

15 (Board conference.)

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1 JUDGE BECHHOEFER: Does the Staff have an
2 estimate?

3 MR. REIS: At this time we don't intend to
4 address matters involving the law suit. We will take a
5 position on that as appropriate when motions are filed.

6 Mr. Gutierrez has some matters to say. I would
7 only say that this hearing, I believe there has now been
8 seven weeks of hearing in this matter, and I think it's
9 encumbent to move along, as I indicated in my formal re-
10 marks.

11 Mr. Gutierrez has some preliminary matters the
12 Staff wishes to raise.

13 MR. GUTIERREZ: Yes, Judge, just some pro-
14 cedural matters. I'd like to reference my January 5, 1982
15 letter to the Board wherein I set forth a suggestion on
16 the order of proof on new Contention 1.8(a) through (d).

17 In that letter what I suggested was in keeping
18 with the order of proof which has gone on before in this
19 hearing that relative to the new contentions and to I&E
20 Report 8128, that although the third NRC panel will be
21 impaneled before the Applicants and Intervenors put their
22 case on relative to the new contentions, that any question-
23 ing of the Staff be postponed until after we hear from the
24 Applicants and the Intervenors, and then we would bring
25 back Mr. Phillips and Mr. Herr who were the principal

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investigator and inspector on that report.

I might add that I have had telephone conversations with Mr. Sinkin on this and with the Applicants, and they both concurred in this proposal, as I talked to them over the phone.

Mr. Jordan was out of town, and I have not spoken with Ms. Buchorn on this.

MS. BUCHORN: Mr. Chairman, I spoke with Mr. Reis about that. I told him -- and he said that 8128 would be subsumed into the NRC testimony.

Now that was his words.

MR. GUTIERREZ: Well, we're only talking about the order of proof here now, Mr. Chairman. It will be subsumed, if you will, into the third panel in the sense that 8128 is being provided as an exhibit along with all the other I&E reports.

The only thing we're suggesting is to maintain the order of proof that the Applicants and Intervenors put forth any evidence on this new contention until our people are brought back to address it.

JUDGE BECHHOEFER: Ms. Buchorn, do you have any objection to that order of proof?

MS. BUCHORN: No.

JUDGE BECHHOEFER: The Staff witnesses -- All this means is we'll hear the Applicants first on that

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1 subject.

2 MS. BUCHORN: No problem.

3 MR. GUTIERREZ: Another practical --

4 JUDGE BECHHOEFER: We'll go along with that,
5 and we will hold your witnesses on 8128 until after the
6 Applicants.

7 MR. GUTIERREZ: Thank you.

8 As a practical consideration, we do have the
9 first two Staff panels here and ready to testify. And the
10 third Staff panel is on short notice to be here. And I
11 wonder if maybe by the end of the day after reviewing the
12 cross-examination, plans of the parties, you could give
13 us some feel for when or if you expect a third panel to be
14 heard this week so we could notify them to either come in
15 or -- again --16 JUDGE BECHHOEFER: Well, that's fine. As soon
17 as we can tell, we'll let you know.18 MR. GUTIERREZ: Fine. And in that regard
19 relative to the third panel, Mr. Richard Herr, who is an
20 NRC regional investigator, we'd like to add to that panel
21 in order to address any questions which still remain that
22 either the Board or the parties have on 8111 or 8117 and
23 any other investigative report filed in 1981.24 The Staff feels that the I&E reports speak for
25 themselves, but either the Board or the parties might like

1 to hear from Mr. Herr on this since we did have extensive
2 cross-examination of Mr. Groton on this.

3 So we would suggest to add Mr. Herr to that
4 panel for that purpose.

5 And a final matter --

6 JUDGE BECHHOEFER: We have no objection to
7 chat.

8 MR. GUTIERREZ: And a final matter: Just so
9 we're all on the same footing, we're under the impression
10 that everyone has received a package of Staff exhibits
11 containing Staff Exhibits 113 through 131, consisting of
12 I&E Reports through December of 1981. We mailed them out
13 on January 8th, I believe. They have been marked for
14 identification and distributed. We're not going to move
15 their admissions at this time, but I'm just wondering if
16 everyone has received that package.

17 MR. HAGER: CCANP has received the package.

18 MS. BUCHORN: CEU has received the packet.

19 MR. NEWMAN: We have received the package.

20 JUDGE BECHHOEFER: All right. And that also
21 included certain corrections.

22 MR. GUTIERREZ: That is correct.

23 JUDGE BECHHOEFER: I take it you're going to
24 use that rather than going through page by page.

25 MR. GUTIERREZ: Well, we thought it would speed

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up the process if we filed it in advance. There are several other corrections and updatings. So it wouldn't get too cumbersome, we prefiled our corrections.

JUDGE BECHHOEFER: All right.

You missed a couple of typos, but ...

MR. GUTIERREZ: That's why we're going to make some more.

That's all the preliminary matters we have.

(Exhibits 113 through 131 were marked for identification.)

JUDGE BECHHOEFER: You may now bring on your panel -- your first panel.

MR. GUTIERREZ: At this time then I would like to call the NRC Staff panel consisting of William C. Seidle, William A. Crossman, William G. Hubacek, Robert G. Taylor and H. Shannon Phillips.

Whereupon,

- WILLIAM C. SEIDLE,
- WILLIAM A. CROSSMAN,
- WILLIAM G. HUBACEK,
- ROBERT G. TAYLOR,
- H. SHANNON PHILLIPS

were called as witnesses and, having been first duly sworn, were examined and testified as follows:

/

DIRECT EXAMINATION

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BY MR. GUTIERREZ:

Q For the benefit of the reporter and parties, will each panel member please state his full name and his current position with the Nuclear Regulatory Commission, as well as any other different position he may have held during the time period to which this testimony speaks.

BY WITNESS CROSSMAN:

A My name is William A. Crossman. I'm Chief, Section III, Reactor Projects Branch, Region IV, United States Nuclear Regulatory Commission.

For the period relative to this testimony, I was Chief, Projects Section, Reactor Construction and Engineering Support Branch. I was responsible for the supervision of the project inspectors who inspected nuclear power plants under construction in Region IV, including South Texas Project.

BY WITNESS SEIDLE:

A My name is William C. Seidle. I'm presently Chief, Engineering Inspection Branch, Region IV, Nuclear Regulatory Commission.

During the time of this testimony I was Chief, Reactor Construction and Engineering Support Branch.

BY WITNESS HUBACEK:

A I'm William G. Hubacek. I'm presently

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1 retired. I'm currently under contract with the NRC to
2 assist with South Texas activities.

3 During the relevant time period I was a re-
4 actor inspector in the Reactor Construction and Engineering
5 Support Branch.

6 BY WITNESS PHILLIPS:

7 A. My name is H. Shannon Phillips. I'm Chief of
8 the Equipment Qualifications Section, Region IV, U. S.
9 Nuclear Regulatory Commission.

10 During the period relative to this testimony,
11 I was the resident inspector at South Texas.

12 BY WITNESS TAYLOR:

13 A. My name is Robert G. Taylor. I'm currently the
14 Senior Resident Inspector for Construction at the Comanche
15 Peak Nuclear Power Station near Glen Rose, Texas.

16 During the period relevant to this testimony,
17 I was the Project Inspector for the South Texas Project
18 and the Arkansas Nuclear II Projects.

19 Q. Thank you.

20 Do each of you have a document before you
21 entitled "NRC Staff Testimony of William C. Seidle,
22 William A. Crossman, William G. Hubacek, Robert G. Taylor
23 and H. Shannon Phillips Relative to the History of
24 Construction Activity Leading Up to the Show Cause Order
25 of April 30, 1980." consisting of 64 pages and Appendices

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A and B?

BY WITNESS CROSSMAN:

A. I do.

BY WITNESS SEIDLE:

A. I do.

BY WITNESS HUBACEK:

A. I do.

BY WITNESS PHILLIPS:

A. I do.

BY WITNESS TAYLOR:

A. I do.

Q. Do each of you have a document before you consisting of four pages constituting changes and corrections to that testimony?

BY WITNESS CROSSMAN:

A. I do.

BY WITNESS SEIDLE:

A. I do.

BY WITNESS HUBACEK:

A. I do.

BY WITNESS PHILLIPS:

A. I do.

BY WITNESS TAYLOR:

A. And I do.

Q. Do each of you have documents labeled Staff

1 Exhibits 1 through 45, together with Staff Exhibit 54,
2 88 and 93?

3 BY WITNESS CROSSMAN:

4 A. I do.

5 BY WITNESS SEIDLE:

6 A. I do.

7 BY WITNESS HUBACEK:

8 A. I do.

9 BY WITNESS PHILLIPS:

10 A. I do.

11 BY WITNESS TAYLOR:

12 A. I have only those exhibits pertaining to my
13 specific testimony.

14 Q. At this time, are there any further corrections
15 or additions you'd like to make to your testimony?

16 BY WITNESS SEIDLE:

17 A. Mr. Gutierrez, there are some corrections that
18 I would like to make to the testimony. If you will refer
19 to Page 1, five lines down from the top, delete "Office
20 of Inspection and Enforcement."

21 The same page, 12 lines down from the top,
22 again delete "Office of Inspection and Enforcement."

23 If you'll turn to Page 29 of the testimony, 15
24 lines down from the top, it should be "inspection" not
25 "investigation."

1 Turning now to Page 52 of the testimony, the
2 second line from the bottom, change "Contention 1.5" to
3 "1.6."

4 On Page 53 --

5 MS. BUCHORN: I beg your pardon. Would you
6 repeat that, please?

7 WITNESS SEIDLE: Yes, ma'am.

8 Page 52, second line from the bottom, change
9 "Contention 1.5" to "1.6."

10 MS. BUCHORN: Thank you.

11 WITNESS SEIDLE: Page 53, 12 lines from the
12 top, change "Contention 1.5" to "1.6."

13 Page 54, Line 1, change "Contention 1.5" to
14 "1.6."

15 The same page, that is, Page 54, five lines
16 from the top, after "the" insert "investigation showed."

17 JUDGE BECHHOEFER: Where is that? I don't
18 follow that.

19 WITNESS SEIDLE: Page 54, the fifth line down
20 from the top, Mr. Chairman, after "the" -- after the word
21 "the," insert "investigation showed."

22 And continuing on, delete "shown to be."

23 If you turn now to Appendix A, Page 6, after
24 "Inspection 79-05," it should read, "April 2-6, 1979,"
25 rather than "April 2-2, 1979."

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1 Please refer now to Appendix B, Page 1. Insert
2 the word "infraction" in the type column after Inspection
3 No. 76-07, and Inspection No. 77-04.

4 Did you get that, Ms. Buchorn?

5 MS. BUCHORN: No, I didn't. Would you please
6 repeat that?

7 WITNESS SEIDLE: Okay. This is Appendix B --

8 MS. BUCHORN: Oh, okay.

9 WITNESS SEIDLE: Page 1 --

10 MS. BUCHORN: Insert "infraction"?

11 WITNESS SEIDLE: That's correct.

12 After 76-07 and 77-04.

13 If you'll now refer to Mr. Robert G. Taylor's
14 professional qualifications, the last line of the first
15 paragraph, change the date 1975 to 1976.

16 In addition, under "Work History," the third
17 paragraph, change "Construction Engineering, Incorporated"
18 to "Combustion Engineering, Incorporated."

19 Mr. Gutierrez, that completes our identified
20 changes.

21 BY MR. GUTIERREZ:

22 Q And to each panel member, are the professional
23 qualifications attached to the testimony true and correct?

24 BY WITNESS CROSSMAN:

25 A Yes.

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BY WITNESS SEIDLE:

A. Yes.

BY WITNESS HUBACEK:

A. Yes.

BY WITNESS PHILLIPS:

A. Yes.

BY WITNESS TAYLOR:

A. Yes.

JUDGE BECHHOEFER: I have one further inquiry about whether one word is correct or not, and it has some substantive significance.

On Page 14, six lines from the bottom, should the word "operate" be instead "be constructed"?

MR. GUTIERREZ: No. I believe it's correct as stated.

I might want to address that to the panel.

WITNESS SEIDLE: Mr. Chairman, I think perhaps a better choice of words would be "construction."

JUDGE BECHHOEFER: In the next paragraph you do go into operation.

WITNESS SEIDLE: Yes, sir.

JUDGE BECHHOEFER: Two paragraphs down --

WITNESS SEIDLE: Yes, sir.

The long-range objective, of course, is to -- of course, we have an operating facility, but we are

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1 concerned about construction in this particular panel
2 presentation.

3 JUDGE BECHHOEFER: All right.

4 BY MR. GUTIERREZ:

5 Q All right, sir. Would you change it to "be
6 constructed"?

7 JUDGE BECHHOEFER: "... can be constructed in
8 conformity ..."

9 WITNESS SEIDLE: So that it would read, "South
10 Texas Project can be constructed in conformity with the
11 applicable NRC regulations."

12 JUDGE BECHHOEFER: Right.

13 WITNESS SEIDLE: Yes, sir.

14 BY MR. GUTIERREZ:

15 Q I believe we got to Mr. Hubacek answering
16 the question whether the professional qualifications of
17 each panel member are correct.

18 BY WITNESS HUBACEK:

19 A Yes, mine are correct.

20 BY WITNESS PHILLIPS:

21 A Mine needs to be updated and corrected. The
22 paragraph that reads -- the first paragraph on my resume
23 reads "1976 to the present" is in error. That should
24 read "1977 until 1979."

25 And a paragraph would go after that, which would

2-14 1 be "1979 to 1982 - Resident Reactor Inspector at South
2 Texas."

3 And then from January of '79 to the present,
4 I'm the Equipment Qualifications Section Chief.

5 Q That was January 1982?

6 BY WITNESS PHILLIPS:

7 A Eighty-two.

8 Q Mr. Taylor?

9 BY WITNESS TAYLOR:

10 A As amended, mine are correct.

11 BY WITNESS HUBACEK:

12 A Mr. Gutierrez, I said mine was correct. It
13 is correct from 1974 through October of 1981. I retired in
14 October of 1981.

15 From October of 1981 to the present, I have
16 been retired from federal service. I should make that
17 correction. Prior to 1974 to the present time --

18 Q Thank you, Mr. Hubacek.

19 As corrected, is the information in your testi-
20 mony and the exhibits referenced therein true and correct
21 to the best of your knowledge?

22 BY WITNESS CROSSMAN:

23 A Yes.

24 BY WITNESS SEIDLE:

25 A Yes.

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1 BY WITNESS HUBACEK:

2 A Yes, sir.

3 BY WITNESS PHILLIPS:

4 A Yes, it is.

5 BY WITNESS TAYLOR:

6 A Yes, it is.

7 MR. GUTIERREZ: At this time, Mr. Chairman,
8 I move into the record as if read the NRC testimony
9 entitled "NRC Staff Testimony of William C. Seidle,
10 William A. Crossman, William G. Hubacek, Robert G. Taylor
11 and H. Shannon Phillips Relative to the History of
12 Construction Activity Leading Up to the Show Cause
13 Order of April 30, 1980," together with the corrections
14 and updating set forth on the record today.

15 MR. NEWMAN: No objection.

16 JUDGE BECHHOEFER: Any objection?

17 MR. HAGER: No objection.

18 MS. BUCHORN: No objection.

19 JUDGE BECHHOEFER: Without objection, the
20 testimony will be admitted into evidence and bound into
21 the record.

22 (NRC Staff Testimony of William C. Seidle,
23 William A. Crossman, William G. Hubacek, Robert G. Taylor
24 and H. Shannon Phillips Relative to the History of
25 Construction Activity Leading Up to the Show Cause Order
of April 30, 1980 follows.)

UNITED STATES OF AMERICA
 NUCLEAR REGULATORY COMMISSION

BEFORE THE ATOMIC SAFETY AND LICENSING BOARD

In the Matter of
 HOUSTON LIGHTING AND POWER COMPANY,
ET AL.
 (South Texas Project, Units 1 & 2)

Docket Nos. 50-498
 50-499

CHANGES AND CORRECTIONS TO "NRC STAFF TESTIMONY
 OF WILLIAM C. SEIDLE, WILLIAM A. CROSSMAN
 WILLIAM G. HUBACEK, ROBERT G. TAYLOR AND
 H. SHANNON PHILLIPS, RELATIVE TO THE HISTORY OF
 CONSTRUCTION ACTIVITY LEADING UP TO THE
 SHOW CAUSE ORDER OF APRIL 30, 1980

1. p. 2, fifth line from the top, there should be a period between "Commission" and "From".
2. p. 2, thirteenth line from the top, the balance of the sentence following "Currently" should be deleted and "I am retired." should be in its place.
3. p. 2, tenth line from the bottom, "August 22, 1979" should be "August 26, 1979".
4. p. 6, seventh line from the top, delete the word "itself".
5. p. 9, eighth and ninth lines from the bottom, delete the word "construction" before "activities" and the word "at" following "activities"; and add "relative to" after the word "activities".
6. p.10, fourth line from the top, "March" should be "December".
7. p.11, top line, "records" should be changed to "procedures".
8. p.13, second line from the top, "on" should be changed to "a".
9. p.37, tenth line from the top, "condtion" should be changed to "condition".
10. p.38, fifteenth line from the top, following "see I & E report 80-08." add "Marked for identification as Staff Exhibit 54".

11. p.52, fourth line from the top, following "I & E Reports 81-06 and 81-09" add "marked for identification as Staff Exhibits 88 and 93, respectively".
12. p.54, third line from the top, after the word "reported", "to the NRC in accordance with 10 C.F.R. 50.54(e)" should be deleted.
13. p.15, fourth line from the bottom, "April" should be "August".
14. The following additions should be made to Appendix A:

<u>INSPECTION</u>	<u>DATES</u>	<u>INSPECTORS</u>	<u>GENERAL AREA INSPECTED</u>
81-10	3/30- 4/2/81. 4/6-9/81	J. I. Tapia	Complex Concrete Placement, Show Cause Order Items
81-11	3/29- 4/10/81	R. K. Herr Peter Baci J. I. Tapia	Multiple Allegation on QA/QC problems, concrete irregu- larities and conspiracy to obstruct an NRC investiga- tion.
81-12	4/81	H. S. Phillips	Follow-up inspection
81-13	3/81	K. V. Seyfrit	Meeting report or ASME welding
81-14	4/6- 10/81	D. P. Thomlinson R. E. Hall	Follow up inspection
81-15	4/20- 24/81	W. G. Hubacek W. A. Crossman	Follow up inspection
81-16	5/19- 22/81 6/3- 11/81	J. I. Tapia R. E. Hall	Follow up inspection Follow up inspection
81-17	4/22/81	R. K. Herr H. S. Phillips	Conspiracy to obstruct NRC investigation
81-18	5/13- 28/81	R. K. Herr Peter Bacci	Intimidation and harrassment
81-19	5/19- 7/16/81	R. K. Herr Peter Bacci J. I. Tapia D. P. Tomlinson	Multiple allegations concern- ing Coatings department
81-20	5/81	H. S. Phillips	Routine Resident Inspector's inspection

<u>INSPECTION</u>	<u>DATES</u>	<u>INSPECTORS</u>	<u>GENERAL AREA INSPECTED</u>
81-21	6/9- 11/81	D. P. Tomlinson	Follow up inspection
81-22	6/29- 7/2/81	J. I. Tapia R. E. Hall	Follow up inspection or 50.55(e) items
81-23	6/81	H. S. Phillips	Routine Resident Inspector's inspection
81-24	7/14- 15/81	R. K. Herr J. I. Tapia	Allegations of falsified painting records, uneven settlement of RCB #2.
81-25	7/21- 22/81 9/15- 17/81	W. G. Hubacek W. A. Crossman	Follow up inspection
81-26	7/27- 31/81	D. P. Tomlinson M. J. Roberts	Follow up inspection
81-27	7/81	H. S. Phillips	Previous inspection find- ings and routine inspection
81-28	7/29- 8/26/81	R. K. Herr H. S. Phillips	Alleged improper activities by management
81-29	8/17- 20/81	L. D. Gilbert R. E. Hall	Routine inspection of con- struction activities, in- cluding welding.
81-30	8/81	H. S. Phillips	Routine inspection of con- struction activities, including concrete and welding
81-31	9/8- 11/81	D. P. Tomlinson	Follow up inspection of vendor- supplied structural steel
81-32	9/81 & 10/81	H. S. Phillips	Routine inspection of various construction activities
81-33	10/6- 23/81	R. K. Herr H. S. Phillips	Investigation of improper recording of equipment calibration.
81-34	10/19- 23/81	J. I. Tapia D. P. Tomlinson	Inspection of construction activities, including 50.55(e) and concrete placement

<u>INSPECTION</u>	<u>DATES</u>	<u>INSPECTORS</u>	<u>GENERAL AREA INSPECTED</u>
81-35	10/29- 11/10/81	R. K. Herr	Allegations of intimidation and decreased emphasis on quality.
81-36	11/81- 12/81	H. S. Phillips	Routine Resident Inspector's inspection

04/23/81

UNITED STATES OF AMERICA
NUCLEAR REGULATORY COMMISSION

BEFORE THE ATOMIC SAFETY AND LICENSING BOARD

In the Matter of
Houston Lighting & Power Company,
et al.
(South Texas Project, Units 1 and 2)

}
Docket Nos. 50-498
50-499
}

NRC STAFF TESTIMONY OF WILLIAM C. SEIDLE, WILLIAM A. CROSSMAN,
WILLIAM G. HUBACEK, ROBERT G. TAYLOR AND H. SHANNON PHILLIPS,
RELATIVE TO THE HISTORY OF CONSTRUCTION ACTIVITY
LEADING UP TO THE SHOW CAUSE ORDER OF APRIL 30, 1980

Q. Will the Panel members please state your name, employer, job title, and specifically, your responsibilities relative to the South Texas Project.

A. My name is William C. Seidle and I am currently Chief, Engineering Inspection Branch, Region IV, ~~Office of Inspection and Enforcement~~, United States Nuclear Regulatory Commission. For the period relevant to this testimony, I was Chief of the Reactor Construction and Engineering Support Branch (RC&ESB). I was responsible for the implementation of programs of inspection, investigation, and enforcement for nuclear power plants under construction in Region IV, including the South Texas Project.

My name is William A. Crossman and I am Chief, Section (3) three, Reactor Projects Branch, ~~Office of Inspection and Enforcement~~, Region IV, United States Nuclear Regulatory Commission. For the period relevant to this testimony, I was Chief, Projects Section, RC&ESB. I was responsible

for the supervision of the project inspectors who inspected nuclear power plants under construction in Region IV, including the South Texas Project.

My name is Robert G. Taylor and I am the Resident Reactor Inspector, Comanche Peak Station, Region IV, United States Nuclear Regulatory Commission. From 1976 through February 1978, I was a Construction Project Reactor Inspector in Region IV, responsible for the inspection of nuclear power plants under construction, including the South Texas Project.

My name is William G. Hubacek and during the period relevant to this testimony I was a Reactor Inspector in RC&ESB, Office of Inspection and Enforcement, Region IV, United States Nuclear Regulatory Commission. I was responsible for project inspection of nuclear power facilities that were being constructed within Region IV, including the South Texas Project.

~~Currently, I am a Reactor Inspector, Section (3) three, Reactor Projects Branch, Region IV. I am retired~~

My name is H. Shannon Phillips and I have been the Resident Reactor Inspector at the South Texas Project since August ²⁶~~22~~, 1979. I am responsible for coordinating all safety related inspection efforts relative to the NRC Region and the site. In addition, I was a member of a special investigative team, investigating allegations concerning lack of QC management support, intimidation and harrassment of quality control inspectors and the assessment of the effectiveness of the quality assurance/quality control program at the South Texas Project. This investigative effort resulted in the issuance of Staff Report 50-498/79-19 and 50-499/79-19, the Staff's Order to Show Cause dated April 30, 1980, Notice of Violation and Proposed Imposition of Civil Penalties.

Q. Has the Panel prepared statements of educational and professional qualifications?

A. Yes.

Q. Are the statements attached to this testimony?

A. Yes.

Q. What is the purpose of the Panel's testimony?

A. The purpose of this testimony is to respond generally to concerns over the construction history of the South Texas Project, by summarizing the Staff's investigative and enforcement activity at the South Texas Project which led to the Show Cause Order of April 30, 1980, and in particular, to respond in part to the following contentions:

(CCANP, CEU) Contention 1

There is no reasonable assurance that the activities authorized by the operating license for the South Texas Nuclear Project can be conducted without endangering the health and safety of the public in that:

1. There has been a surveying error which has resulted in the eastern edge of the Unit 2 Mechanical Electrical Auxiliary Building being constructed one (1) foot short (in the east-west direction) from its design location. This error violates 10 C.F.R. Part 50, Appendix B, Sections X and XI.
2. There has been a [sic] field construction error and as a result, extensive voids exist in the concrete wall enclosing the containment building, in violation of 10 C.F.R. Part 50, Appendix B, Sections IX and X.
3. In violation of Quality Assurance and Quality Control requirements applicable to the South Texas Nuclear Project with regard to document control (10 C.F.R. Part 50, Appendix B, Sections VI and XVII), a field document relating to cadweld inspections has been lost.
4. There are membrane seals in the containment structure which are damaged, indicating a violation of 10 C.F.R. Part 50, Appendix B, Sections X, XV and XVI.

5. There are steel reinforcement bars which are missing from the concrete around the equipment doors in the containment and such bars are missing from the containment structure as well, indicating violations of 10 C.F.R. Part 50, Appendix B, Sections X, XV and XVI.
6. There are cadwelds which have been integrated into parts of the plant structure which are not capable of being verified with regard to compliance with 10 C.F.R. Part 50, Appendix B, in violation of Sections IX and X of Appendix B.
7. Quality Control as per the requirements of 10 C.F.R. Part 50, Appendix B, in particular Sections III and IX, has not been complied with, because:
 - a. Efforts by quality control inspectors to verify that design changes were executed in accordance with the purposes of the original design were repeatedly and systematically thwarted.
 - b. There were personnel other than the original designer approving design changes with no first hand knowledge of the purpose of the original design.
 - c. There were design changes approved by personnel unqualified in the type of design where the change was made.
 - d. There were numerous pour cards that were supposed to record the correct execution of concrete pours which were falsified by numerous persons.
 - e. There has been and continues to be assaults on the Appliant's quality control inspectors, continual threats of bodily harm to those inspectors, firing of inspectors, and other acts constituting a pattern of behavior designed to intimidate the inspectors. As a result of the intimidations, certain inspections were never done because the inspectors decided to play cards over a period of four months rather than risk their safety on the plant grounds.

As a result of the foregoing, the Commission cannot make the findings required by 10 C.F.R. § 50.57(a)(1) and (2) necessary for issuance of an operating license for the South Texas Nuclear Project.

(CCANP, CEU) Contention 2

NRC inspection records (Inspection and Enforcement Reports #77-03, 2/77; #77-03, 4/77, and #78-08, 5/78) indicate that South Texas Project construction records have been falsified by employees of Houston Lighting and Power Company and Brown and Root, in violation of 10 CFR Part 50, Appendix B, Sections VI and XVII.

As a result, the Commission cannot make the finding required by 10 CFR §§ 50.57(a)(1) and (2).

In addition, the panel's testimony impacts to varying degrees on the other issues currently before this Board. Specifically, to the extent this testimony evidences a course of conduct by the Applicant from which corporate character and competence can be inferred, it will be relevant to those issues.

Q. Can you tell me generally what the Office of Inspection and Enforcement does?

A. The Office of Inspection and Enforcement is responsible for the development and administration of programs and policies for the inspection of Licensees' facilities to ascertain whether they are complying with NRC regulations. In addition, the Office of Inspection and Enforcement investigates accidents, allegations, and unusual circumstances; it recommends changes in licenses and standards, based on the results of inspections, investigations and enforcement actions; and it notifies licensees regarding generic problems so as to achieve appropriate precautionary or corrective action. Generally, the responsibility assigned to inspection and enforcement by 10 C.F.R. establishes that foundation upon which the reactor inspection program is structured and it confers to the Office of Inspection and Enforcement the authority to inspect activities on which NRC has jurisdiction.

In part, I&E inspections or audits are performed for the Office of Nuclear Reactor Regulation (NRR) in order for that office to evaluate the adequacy of licensee proposals. A very simplified explanation of the relationship of the two NRC offices is that NRR evaluates what licensee's propose, commit to, and/or are required to do, whereas I&E inspects the licensee's facilities to determine that the licensee has completed what it is required or has committed ~~itself~~ to do.

Q. In performing these tasks, is I&E guided by any particular NRC method of operation or basis upon which it seeks to assure quality construction?

A. Yes, under the NRC's total reactor licensing program, it is the licensee's obligation to design, construct, test and operate its facility in accordance with the NRC's regulatory requirements. An integral and essential element of the NRC's regulatory requirement is Appendix B to 10 C.F.R. ^{Part} 50 -- Quality Assurance Criteria for Nuclear Power Plants and Fuel Reprocessing Plants. This Appendix describes a management control system, or quality assurance program (QAP), which each licensee must develop and implement. The design of this program envisions a pyramid control system whereby the lower level of this pyramid assures a detailed inspection and test programs by the licensee itself or its contractors to assure that all safety significant actions are properly accomplished by licensee craftsman using approved procedures. At this level of the quality control system, a detailed verification program requires up to 100% inspection by the licensee's onsite quality control personnel. It is this level of verification of implementation of procedures which provides accept/reject decisions on specific equipment, construction activities, systems, technician or operator actions and procedures.

Moving up the management control system, the licensee must next include a system of audits to oversee and test the adequacy of the performance of the detailed quality control tests and inspections. These audit results are reported to licensee management which in turn must make program corrections and provide feedback to the lower level of the system in the form of changes in training, modification of procedures, upgrading or improving testing methods, design changes or other programmatic improvements. This feedback system is designed to assure and enhance the reliability of the program as a whole which, in turn, assures and verifies that all actions which are of safety significance have been considered and will be properly completed.

At the upper level of this organizational scheme, the licensee's management must provide adequate organizational independence and competent manpower for its quality assurance and quality control programs and provide policy guidance to all aspects of the licensee's and contractors' organizations in order to assure quality performance in all safety aspects of the construction and operation of its nuclear facility.

Q. What is the Office of Inspection and Enforcement's function in relation to the method you just described to assure quality control under Appendix B to 10 C.F.R. ^{Part} 50?

A. I&E seeks reasonable assurance that the Licensee's programs meet NRC regulatory requirements. In order to obtain this reasonable assurance, I&E performs selective inspections, in contrast to the licensee performing up to 100% verification of all phases of its construction activity. These inspections are not aimed at verification of individual components, actions, or procedures followed by the licensee; but rather, are aimed at evaluating

whether or not the licensee's management control systems relative to quality assurance are properly functioning.

Q. How is the Office of Inspection and Enforcement organized to perform this task?

A. The organizational structure of the Office of Inspection and Enforcement is designed to provide clear cut authorities and lines of responsibility. The headquarters staff has the responsibility for the overall management and direction of the organization, including the establishment of inspection and enforcement policies, programs and guidance. Headquarters also has the responsibility for implementing escalated or special enforcement or investigation actions.

In contrast, the five regional offices have the responsibility for implementing the inspection and enforcement programs. These responsibilities include routine inspections, investigations, and inquiries, and the taking of appropriate enforcement actions.

Q. Particularly in Region IV, what organizational units were specifically concerned with Houston Lighting & Power Company relative to its activity at the South Texas Project during the period covered by this testimony?

A. In Region IV, the Reactor Construction and Engineering Support Branch (RC&ESB) was charged with the responsibility of implementing the programs and policies previously described which relate to the construction of nuclear facilities. It was this branch which conducted inspections of the licensee's activities associated with the construction of the nuclear facility, including design controls, procurement, audits, site construction, and functioning of the management control systems. In addition, the RC&ESB

followed up on problems identified by the licensee which by regulation were required to be reported to the NRC. Additionally, RC&ESB took enforcement action when its inspections, investigations or inquiries indicated that the licensee was failing to comply with NRC requirements. These actions may have been in the form of a letter to the licensee, a meeting between regional management and licensee management, or a recommendation that I&E headquarters take an escalated enforcement action.

During all phases of inspections, whenever items of noncompliance were identified, I&E notified the licensee of the specific items of noncompliance and the licensee was required to submit proposed corrective action which it planned to implement to prevent recurrence of similar problems, as well as to correct the specific deficiency. RC&ESB then performed a follow up inspection of the accepted corrective action to assure that such action was implemented. If the results of a single inspection, or a sequence of inspections, indicated a deterioration in the overall performance of the licensee's program, an in depth inspection would be conducted to upgrade the degree of control exercised over the licensee.

Q. Prior to the Show Cause Order of April 30, 1980, how long had the Region IV RC&ESB been inspecting Houston Lighting & Power's ~~construction~~ activities ^{relative to} the South Texas Project site?

A. Over a period of approximately six years.

Q. Is the Panel prepared to testify with respect to the history of these inspections and notices of noncompliance?

A. Yes.

Q. Would you please summarize the history of RC&ESB's inspection, investigation and enforcement activity at the South Texas Project leading up to the enforcement actions of April 30, 1980.

A. Yes, during this construction period Region IV performed approximately 78 site and corporate inspections or investigations. A complete chronology of Region IV inspection activity at the South Texas Project through ~~March~~ ^{December}, 1981, is attached to this testimony as Appendix A.

In addition, these investigations and inspections resulted in the issuance of approximately 41 notices of items of noncompliance or deviations prior to the issuance of I&E Report 79-19. A complete chronology of these notices is attached to this testimony as Appendix B.

Q. Prior to turning the Panel's attention to those inspections and items of noncompliance which led to the formation of the inspection team which drafted Report 79-19, would you define what is meant by an item of noncompliance or deviation?

A. Yes, an item of noncompliance refers to the Applicant's failure to comply with the various regulatory requirements of the NRC or the Applicant's specifications. During the time covered by this testimony, such items were categorized into three levels of severity: violations, infractions and deficiencies. When any level of severity was found a Notice of Violation was attached to the I&E Report wherein the item was reported and the level of severity was set forth.

A Violation was the most severe item of non-compliance and was issued when the fabrication, construction, testing or operation of a Safety Related Category I system was such that the function or integrity of the system was lost. In contrast, an infraction was a less serious finding that a Safety Related Category I system was impaired, rather than lost.

A deficiency was an item of noncompliance in which the threat to the health, safety, or interest of the public was remote; deficiencies included

such items of noncompliance as failure to follow ^{procedures} records, and posting or labeling requirements which were not serious enough to amount to infractions.

In addition, at times a licensee would promise that certain controls or procedures would be implemented which were not required by the NRC. Nonetheless, when a licensee did not conform to its commitments to the NRC, even though such commitments were not regulatory requirements, such failure was cited and referred to as a deviation.

Q. Turning the Panel's attention to those inspections which led to the formation of the investigative team which drafted 79-19, I show you a letter, with attachments, dated February 15, 1977, to the Houston Lighting and Power Company making reference to Report 77-03 and marked for identification as Staff Exhibit No. 1. Are you able to identify this document and its attachments?

A. Yes, the letter transmitted to Houston Lighting and Power Company the results of an NRC investigation conducted between February 2 and 3, 1977.

Q. Who conducted this investigation?

A. This investigation was performed by W.A. Crossman, Chief, Projects Section, and R.G. Taylor, Reactor Inspector, Region IV.

Q. Who reviewed this report?

A. W.C. Seidle, Chief, Reactor Construction and Engineering Support Branch.

Q. What was the reason for this investigation?

A. On February 1, 1977, Region IV was notified by Houston Lighting and Power Company that an employee of Pittsburgh Testing Laboratory had been

detected by a fellow employee documenting tests which had not in fact been performed by that individual.

Q. How was the investigation into this matter conducted?

A. On February 2, 1977, Region IV personnel traveled to the South Texas site to investigate this allegation and the consequences of the irregularity, if found to be true.

The inspectors interviewed the employee who detected the irregularity and alleged that the suspected individual approved concrete sand on January 26, 1977, even though the actual tests were not performed. The site manager confronted the suspected individual with the allegation on January 28, 1977, and this person readily admitted that he had turned in test data without actually performing the tests. This employee was terminated on January 31, 1977.

As to the assurance that the concrete sand had been adequately tested, it was determined by the inspectors that several other tests were performed which similarly assured the adequacy of the concrete constituents, and accordingly, no structural safety problems existed. In addition, Pittsburgh Testing Laboratories agreed to review all data for previous months to detect apparent anomalies.

Q. Did your investigation indicate whether any person within the management of the Applicant, or its contractors, directed this practice or permitted it to continue?

A. Our investigation demonstrated that neither the Applicant's management, or its contractors, knew of this practice prior to January, 1977. Our investigation indicated that as soon as this matter was brought to the attention of the Applicant's management, the situation was corrected.

In addition to checking prior test records, this incident was documented in ~~20~~^a Nonconformance Report and the Applicant stated it would increase surveillance over the aggregate testing program in the future.

Q. Did Region IV subsequently perform a follow up inspection to assure that the Applicant's proposed corrective action was implemented?

A. Yes.

Q. I show you a letter, with attachments, dated April 19, 1977, to the Houston Lighting & Power Company making reference to Report 77-05 and marked for identification as Staff Exhibit No. 2. Are you able to identify this document and its attachments?

A. Yes, the letter transmitted to Houston Lighting & Power Company the result of an NRC inspection conducted between March 28 and 31, 1977. Among the areas this inspection addressed was whether the Applicant performed the corrective action it committed to as a result of the document falsification.

Q. Who conducted this inspection?

A. This inspection was performed by R.G. Taylor, Reactor Inspector, Region IV.

Q. Who reviewed this inspection?

A. This inspection was reviewed by W.A. Crossman, Chief, Projects Section, Region IV.

Q. What were the results of the follow up inspection relative to the problems set forth in Report 77-03?

A. Pittsburgh Testing Laboratory presented a statistical analysis of concrete test data based upon a comparison of the work performed by the falsifier versus the work of other Pittsburgh Testing Laboratory inspectors.

The technique consisted of averaging the data from all tests performed from March 1976 to January 1977, relating to aggregate gradation. In addition to the average value, a coefficient of variation for each party involved in each test was developed. The average test values in the coefficient of variations for each different test performed by the records falsifier when compared to other testing personnel revealed no significant differences. In addition, the NRC inspector spot checked a considerable amount of data against the summary presented and found no discrepancies. In addition, the tests performed by persons other than the falsifier on the same aggregate clearly indicated that the aggregate met the quality standards. Accordingly, it was concluded that the document falsification had no safety significance.

Q. Turning the Panel's attention to Intervenor Contention 2, which states:

NRC inspection records (Inspection & Enforcement Reports 77-03, 2/77; 77-03, 4/77, and 78-08, 5/78) indicate that South Texas Project construction records have been falsified by employees of Houston Lighting & Power Company and Brown & Root, in violation of 10 C.F.R. Part 50, Appendix B, Sections VI and VII.

As a result, the Commission cannot make the findings required by 10 C.F.R. § 50.57(a)(1) and (2).

Do the investigative findings in 77-03 concerning falsified documents require the Staff to reach any conclusion on whether the South Texas Project can ~~operate~~ ^{be constructed} in conformity with the applicable NRC regulations?

A. No, particularly as no management culpability was found and further there was no safety significance to the document falsification.

Q. Does the investigative findings of 77-03 concerning falsified documents require the Staff to reach any conclusion whether there is reasonable assurance that the activities authorized by an operating

license can be conducted without endangering the health and safety of the public?

A. No, particularly as there was no management culpability and there was no safety significance to the document falsification.

Q. Again, with reference to Intervenor Contention 2, I show you a letter, with attachments, dated May 26, 1978, to the Houston Lighting & Power Company making reference to Report 78-08 and marked for identification as Staff Exhibit No. 3. Are you able to identify this document and its attachments?

A. Yes, this letter transmitted to Houston Lighting & Power Company a report detailing the results of an NRC inspection conducted between May 16 and 19, 1978.

Q. Who conducted this inspection?

A. This inspection was performed by W.G. Hubacek, Reactor Inspector, and W.A. Crossman, Chief, Projects Section, Region IV.

Q. Who reviewed this Inspection Report?

A. W.A. Crossman, Chief, Projects Section, Region IV.

Q. Intervenor Contention No. 2 indicates that I&E Report 78-08 discusses the problem of falsified construction records, in reviewing 78-08, has the Panel found anything relevant to falsified construction records?

A. No.

Q. I show you a letter, with attachments, dated ^{August}~~April~~ 2, 1977, to the Houston Lighting & Power Company making reference to Report 77-08 and marked for identification as Staff Exhibit No. 4. Are you able to identify this document and its attachments?

A. Yes, the letter transmitted to Houston Lighting & Power Company a report detailing the results of an NRC investigation conducted between July 6 and 8, 1977.

Q. Who conducted this investigation?

A. The investigation was performed by J. E. Foster, Investigative Specialist, Region III, and R. G. Taylor, Reactor Inspector, Region IV.

Q. Who reviewed this report?

A. The report was reviewed by W. C. Seidle, Chief, Reactor Construction and Engineering Support Branch, Region IV.

Q. What was the reason for this investigation?

A. On July 1, 1977, an individual contacted Region IV inspector R. G. Taylor by telephone and indicated that an incident had taken place at the South Texas Project in which a Brown and Root construction foreman assaulted and injured a Brown and Root civil quality control inspector. In addition, the individual alleged that the incident was just one of a series of threats illustrating a pattern of harrassment leveled against Brown and Root quality control inspectors.

Q. How was the investigation into this matter conducted?

A. NRC personnel visited the South Texas Project and interviewed all Brown and Root civil quality control inspectors present, including the quality control inspector involved in the altercation with the Brown and Root construction foreman which gave rise to this investigation. In addition, the NRC investigator and inspector interviewed Brown and Root construction personnel and reviewed the instructions and procedures followed by the Brown and Root quality control inspectors.

Q. What conclusions were reached as a result of this investigation?

A. Although two incidents involving threats to Brown and Root quality control inspectors and the pushing of one Brown and Root inspector in June of 1977 were confirmed, the facts gathered at that time regarding the two incidents were insufficient to substantiate the allegation that there was a directed program of systematic harassment and intimidation of Brown and Root quality control inspectors. However, the regular QC inspectors interviewed who were assigned to safety related work areas did state they were subject to some minor harassment during concrete pours, and some complained of a lack of managerial support. No evidence was developed that the Brown and Root construction superintendent had advised his workers that any Brown and Root quality control inspector who found and reported unacceptable items during concrete placement inspections would be liable for a beating. The NRC Representatives also determined that an inordinate amount of friction had developed between Brown and Root quality control inspectors and Brown and Root construction personnel.

Q. What must be found by the NRC inspector in order to substantiate an allegation?

A. In order to substantiate an allegation, the NRC inspector must find independent evidence corroborating the allegation. If independent evidence is found contrary to the allegation, it is considered refuted. Absent either finding, an allegation may be closed as neither substantiated nor refuted. When deemed appropriate, a further investigation is conducted under such a situation.

Q. What do you mean in your conclusion by an inordinate amount of friction had developed between Brown and Root quality control inspectors and construction personnel?

A. As used in this investigative report, an inordinate amount of friction is meant to mean that amount of tension which is over and above the normal friction which usually exists during the day to day relationship between quality control and construction personnel at any construction site. If such friction exists, it has the potential to, but does not necessarily, adversely effect the professional working relationship between the two groups and may, in addition, adversely effect the work product. As the terms are used in I&E Reports, harassment refers to the tension, verbal abuse or friction between workers. Harassment does not affect an individual's work product. In contrast, intimidation occurs when one who is the victim of harassment fails to adequately perform his work in order to escape such harassment.

Q. On the South Texas Project during this investigation, did you find any evidence that this inordinate amount of friction did adversely effect the ability of the quality control inspectors to do their job?

A. No, all of the Brown and Root quality control inspectors interviewed at that time indicated that they had not overlooked any unacceptable conditions during their inspections by reason of construction harassment, rather, they followed their inspection specifications to the letter. Several inspectors commented that they had actually become more strict in their inspections as a result of the friction between them and the Brown and Root construction personnel.

Q. I show you a letter, with attachments, dated December 28, 1977, to Houston Lighting & Power Company making reference to Report 77-14 and Report 77-09 and marked for identification as Staff Exhibit No. 5. Are you able to identify this document and its attachments?

A. Yes, the letter transmitted to Houston Lighting & Power Company a report detailing the results of an NRC investigation conducted between December 15 and 16, 1977.

Q. Who conducted this investigation?

A. This investigation was performed by R. G. Taylor, Reactor Inspector, Region IV, and J. J. Ward, Investigation Specialist, Region IV.

Q. Who reviewed this report?

A. W. A. Crossman, Chief, Projects Section, Reactor Construction and Engineering Support Branch, Region IV.

Q. What was the reason for this investigation?

A. On December 10, 1977, an individual contacted the Region IV duty officer by telephone and indicated that he had radiographs in his possession which showed that the welds used in two nuclear power plants under construction in Region IV were defective.

Q. How was the investigation into this allegation conducted?

A. On December 10, 1977, the alleged was again contacted by telephone for elaboration of his charge. He indicated that he had in his possession questionable radiographs of electro-slag welds in the liner plate for the containment liners of the Comanche Peak and South Texas projects. On December 12, 1977, the alleged was again contacted by a Region IV representative at which time he indicated that he had been a victim of a hoax perpetrated by two of his acquaintances who had admitted the radiographs were not as

previously reported and that neither of the individuals providing the radiographs had ever been on either site. These telephone conversations were followed up by personal contact with the alleger on December 15, 1977. Following the personal contact, the alleger signed a statement for the investigator stating that the radiographs were not from a nuclear facility, that neither of his two friends who allegedly gave him the radiographs had ever worked at either of the sites and that the radiographs were not presently available for review. Lastly, the alleger acknowledged he was responsible for making a false report concerning the radiographs.

Q. What conclusions were arrived at as a result of this investigation?

A. The allegation was not substantiated, the radiographs were not related to any nuclear sites and the alleger was apparently the victim of a hoax.

Q. I show you a letter, with attachments, dated April 3, 1978, to the Houston Lighting & Power Company, making reference to Report 78-05 and marked for identification as Staff Exhibit No. 6. Are you able to identify this document and its attachments?

A. Yes, the letter transmitted to Houston Lighting & Power a report detailing the results of an investigation conducted on March 21, 1978.

Q. Who conducted this investigation?

A. The investigation was conducted by J. J. Ward, Investigation Specialist, and W. G. Hubacek, Reactor Inspector, Region IV.

Q. Who reviewed the report of this investigation?

A. The report of this investigation was reviewed and approved by W. A. Crossman, Chief, Projects Section, Reactor Construction and Engineering Support Branch, Region IV.

Q. What was the reason for this investigation?

A. This investigation was in response to a letter to NRC headquarters dated February 20, 1978, from an individual who indicated he was a potential scapegoat for improper procedures at the South Texas Project.

Q. How was the investigation into this allegation performed?

A. The investigator and inspector traveled to the individual's home and interviewed him with respect to his concerns. This worker feared that he would be a scapegoat because the directions he received from his superiors, with respect to documentation requirements for the issuance of work tools, were not made a matter of general knowledge; accordingly, when he insisted upon proper documentation before giving out the requested tools the craftsmen would complain to their supervisors about this individual's behavior.

Q. What conclusions were reached as a result of this investigation?

A. The allegation was determined to be unrelated to nuclear safety in that no safety related structures or activities were involved. In essence, it was concluded that this situation was primarily a personnel matter and not related to construction activity.

Q. I show you a letter, with attachments, dated June 6, 1978, to Houston Lighting & Power Company making reference to Report 78-09 and marked for identification as Staff Exhibit No. 7. Are you able to identify this document and its attachments?

A. Yes, the letter transmitted to Houston Lighting & Power Company a report detailing the results of an investigation conducted between May 16 and 18, 1978.

Q. Who conducted this investigation?

A. This investigation was conducted by J. J. Ward, Investigation Specialist, W. G. Hubacek, Reactor Inspector, and William A. Crossman, Chief, Projects Section, Region IV.

Q. Who reviewed and approved this investigation?

A. W. A. Crossman, Chief, Projects Section, Reactor Construction and Engineering Support Branch, Region IV.

Q. What was the reason for this investigation?

A. On May 15, 1978, a Region III investigator received a telephone call from an individual who identified himself as a Brown and Root employee at the South Texas Project, but who otherwise wished to remain anonymous, and who set forth four allegations of irregularities. Specifically, the allegor claimed Cadweld records had been falsified, inspectors were not qualified for their positions, inspectors had failed general knowledge tests, and procedural violations had occurred on the site.

Q. What was involved in the investigation and what conclusions were reached as a result of this investigation?

A. None of the allegations were then substantiated. An investigation into the allegations was conducted on the site between May 16, and 18, 1978. Based on a review of the records and interviews with all persons within the department, there was no evidence found that Cadweld records had been falsified. Records indicating the qualifications of all the quality control inspectors were examined by the reactor inspector, including records of tests administered to these inspectors; an on the spot inspection of Cadwelds presently completed and in place in the containment structure was made during a walk through of the facility; all of the quality control

inspectors were interviewed; and selected Cadwelds were identified and checked for proper documentation. The concerns incorporated in Intervenor Contentions 1.6. and 2 are in part addressed in this report.

Q. I show you a letter, with attachments, dated August 22, 1978, to Houston Lighting & Power Company making reference to Report 78-12, and marked for identification as Staff Exhibit No. 8. Are you able to identify this document and its attachments?

A. Yes, the letter transmitted to Houston Lighting & Power Company a report detailing the results of an investigation conducted between July 25 and 28, 1978.

Q. Who conducted this investigation?

A. J. J. Ward, Investigator, W. G. Hubacek, Reactor Inspector, and W. A. Crossman, Chief, Projects Section, Reactor Construction and Engineering Support Branch, Region IV.

Q. Who reviewed and approved this investigation?

A. W. A. Crossman, Chief, Projects Section, Reactor Construction and Engineering Support Branch, Region IV.

Q. What was the reason for this investigation?

A. On July 19, 1978, a Region IV project inspector received a telephone call from an individual who identified himself as an employee at the South Texas Project who wished to report alleged irregularities in the civil quality assurance program. Particularly, the allegation involved the following concerns:

1. Civil Quality Control Inspectors were not provided adequate training on recently issued procedures.

2. The nonconformance reporting system was inadequate.
3. Quality Assurance is reluctant to issue nonconformance reports for problems identified by Quality Control.
4. Quality Assurance does not adequately support Quality Control.
5. Document Control is poor for drawings and documents used by craft and Quality Control.
6. Cadweld as-built drawings for the Unit 2 fill slab are inaccurate.
7. Upper management was inaccessible to Quality Control.
8. Undue pressure was placed on Quality Control by construction.
9. Repairs were performed without approved procedures.
10. Construction engineers were unable to assure that construction was performed in accordance with drawings and procedures.

Q. Would you please state a summary of your conclusions for each of the allegations and what you did to arrive at these conclusions?

A. Yes. 1. The allegations that Civil Quality Control inspectors were not provided adequate training could not be substantiated. The form used for inspection of concrete placement had recently been revised and expanded. Training records indicated that some QA/QC and construction personnel had been trained in the new procedure. Some inspectors felt this training inadequate, but the adequacy of the training could not be evaluated.

2. The allegation that the nonconformance reporting system was inadequate was not substantiated by specific example, however, weaknesses of the system were suggested by conditions generally described by quality control inspectors in interviews.

3. The allegation of quality assurance reluctance to issue non-conformance reports could not be substantiated by specific example, however, generalizations presented by quality control inspectors during interviews indicated that this condition may exist.

4. The allegation of lack of support by quality assurance was not substantiated by specific example, however, the majority of quality control inspectors interviewed indicated that there was a lack of technical assistance provided by the onsite quality assurance engineer.

5. The allegation of poor document control could not be substantiated by specific example, however, interviews with quality control individuals tended to support this allegation and pointed to the shortage of experienced personnel in the quality assurance library as a major factor causing delays in the distribution of documents.

6. The allegation concerning inaccurate Cadweld as-built drawings for the Unit 2 fill slab was not substantiated by review of the drawings in the document vault.

7. The allegation concerning inaccessibility of upper management was generally supported by a majority of the quality control inspectors, however, no specific examples were provided to substantiate this allegation.

8. The allegation concerning undue pressure on quality control inspectors appeared to be valid in light of the friction previously identified between the quality control inspectors and construction personnel, in addition, the large number of items on the inspection "punch list" may have contributed to the felt pressure.

9. The allegation concerning the manner in which repairs were performed, without approved procedures, was not substantiated. The only

specific example documented wherein Brown and Root construction proceeded without approved procedures was the repair of a misaligned anchor bolt for waste monitor tanks. However, the Region IV representatives observed that a field request for engineering action (FREA) 1-C-1298, dated July 11, 1978, was issued with regard to the waste monitor tank anchor bolts. The FREA contained a description of the problem and the recommended disposition, including the method of repair.

10. The allegation concerning the inability of construction engineers to do their job of assuring that civil construction was performed in accordance with drawings and procedures could not be wholly substantiated, however, the large number of and types of deficiencies contained in inspection "punch lists" suggest that the inspections by craft and engineers was less than adequate. Although not directly addressing original design modification, the confusion surrounding the proper use of FREA's vs. NCR's is the only example the staff could locate which partially incorporated the concerns of Intervenor Contentions 1.7a., b. and c.

Q. Was lack of management support for quality control inspectors investigated?

A. Yes, interviews with numerous quality control inspectors evidenced a general feeling that upper management did not support quality control inspectors. However, inspectors spoke in vague generalities and were not sufficiently specific to substantiate particular instances where lack of management support occurred.

Q. Was undue pressure on quality control personnel investigated?

A. Yes, again through interviews with numerous quality control personnel, general allegations were set forth with respect to pressure on

quality control inspectors from construction to complete their tasks. However, as was previously described, the inspectors did not cite specific examples showing such pressure and were unanimous in their feeling that this pressure did not effect their job performance. In fact, several quality control inspectors stated that the pressure led them to be more strict in their inspections.

Q. What, if anything, was done as a result of all these vague generalities concerning problems in the QA/QC area?

A. The Region concluded that in light of the morale problem which was indicated by Report 78-12, a meeting should be held with the Applicant's management to express the concerns identified as a result of 78-12.

Q. I show you a letter, with attachments, dated August 25, 1978, to the Houston Lighting & Power Company, making reference to Report 78-13 and marked for identification as Staff Exhibit No. 9. Are you able to identify this document and its attachments?

A. Yes, the letter transmitted to the Houston Lighting & Power Company a report detailing the topics discussed in a meeting between Region IV Staff and Houston Lighting & Power Company on August 15, 1978, held as a result of 78-12.

Q. Are you able to summarize the topics discussed during the August 15, 1978 meeting?

A. Yes, as summarized in Report 78-13, the purpose of the meeting was to discuss alleged problems in the implementation of the site QA/QC civil program, quality control inspector morale and the adequacy of site QA/QC staffing.

Q. As a result of the concerns expressed by Region IV in this meeting, did the Applicant propose any changes in the operation of quality assurance and quality control at the South Texas Project site?

A. Yes, changes were implemented in the quality control training program to provide better training for inspectors. The procedures for nonconformance reporting (NCR) and field requests for engineering action (FREA) were revised to clarify the situations where each report is appropriate. In addition, nonconformance reports were serialized for accountability, QA/QC staffing levels were increased and the Brown and Root QA manager committed to participate more directly in site quality activities. Document control was also improved by additional staffing of the quality assurance library and persons were added to the staff of construction engineering to improve inspection of in process construction work. Both Houston Lighting & Power Company and Brown and Root agreed to step up their surveillance of in process construction activities.

Q. I show you a letter, with attachments, dated October 3, 1978, addressed to the Region IV Chief, Reactor Construction and Engineering Support Branch, United States Nuclear Regulatory Commission, from Houston Lighting & Power Company, marked for identification as Staff Exhibit No. 10. Are you able to identify this document and its attachments?

A. Yes, the letter set forth Houston Lighting & Power Company's commitments in response to the concerns expressed during the August 15, 1978 meeting, as just outlined, and the proposed corrective actions for each of the allegations and concerns set forth in Investigative Report 78-12 and Meeting Report 78-13.

Q. Did NRC Region IV subsequently check to see whether the corrective actions proposed by Houston Lighting & Power in its October 3, 1978, letter were in fact implemented?

A. Yes.

Q. I show you a letter, with attachments, dated November 15, 1978, to Houston Lighting and Power Company making reference to Report 78-16 and marked for identification as Staff Exhibit No. 11. Are you able to identify this document and its attachments?

A. Yes. The letter transmitted to Houston Lighting and Power Company a report detailing the results of an NRC inspection conducted between October 24 and 27, 1978. Among other items inspected, this report follows up the commitments made by Houston Lighting and Power in its letter of October 3, 1978.

Q. Who conducted this inspection?

A. This ~~investigation~~^{inspection} was performed by W. G. Hubacek, J. I. Tapia, and L. E. Martin, Reactor Inspectors, Region IV.

Q. Who reviewed this report?

A. This report was reviewed and approved by W. A. Crossman, Chief, Projects Section, and R. E. Hall, Chief, Engineering Support Section, Region IV.

Q. Would you explain your findings and conclusions in this follow up investigation?

A. Yes, the corrective actions taken by the Licensee included the hiring of additional personnel to fill vacancies in the onsite QA/QC organization, an assistant to the QA manager had been hired, it was observed that quality control inspectors were present on the second shift during

construction, quality control inspectors had received additional training as evidenced by the reviewing of nine randomly selected personnel training files, and the quality assurance library was authorized to hire an additional four staff positions. In addition, the situation where field requests for engineering action were required, in contrast to nonconformance reports, was clarified in a memorandum dated October 24, 1978.

Q. I show you a letter, with attachments, dated September 15, 1978, to the Houston Lighting and Power Company, making reference to Report 78-14 and marked for identification as Staff Exhibit No. 12. Are you able to identify this document and its attachments?

A. Yes, the letter transmitted to Houston Lighting and Power Company a report detailing the results of an NRC investigation conducted between August 22 and 25, 1978.

Q. Who conducted this investigation?

A. J. J. Ward, Investigation Specialist, W. G. Hubacek, Reactor Inspector, William A. Crossman, Chief, Projects Section, Region IV.

Q. Who reviewed this report?

A. This report was reviewed and approved by W. A. Crossman, Chief, Projects Section, Region IV.

Q. What was the reason for this investigation?

A. On August 17, 1978, during a meeting between the NRC, the Licensee, and executives of the Brown and Root Company, it was reported that a Brown and Root construction person alleged he had been approached by a Brown and Root Quality Control Inspector who stated that he could help construction get jobs moving if he were "taken care of."

Q. How was the investigation into this allegation conducted?

A. The Region IV investigative team traveled to the site and interviewed the Quality Control Inspector allegedly soliciting bribes. The Quality Control Inspector denied soliciting bribes and counteralleged that, using him as an example, Brown and Root sought to intimidate other Quality Control Inspectors in order that they not report nonconforming situations. The investigative team then examined both allegations.

The first allegation essentially was one man's word against another. The allegation was denied by the Quality Control Inspector and the construction worker was equally vehement in his assertion that the solicitation had been committed. No witness could corroborate either position.

As to the counter allegation, that as a group, Quality Control Inspectors were intimidated, all of the Quality Control Inspectors interviewed denied that any items of nonconformance would be overlooked by them for any reason, including fear of losing their jobs. In addition, no Quality Control Inspector admitted having knowledge of attempted bribery or past incidents of nonconformances having been purposely overlooked in exchange for material favors.

Q. I show you a letter, with attachments, dated October 6, 1978 to Houston Lighting and Power Company making reference to Report 78-15 and marked for identification as Staff Exhibit No. 13. Are you able to identify this document and its attachments?

A. Yes, the letter transmitted to Houston Lighting and Power Company a report detailing the results of an NRC investigation conducted between September 11 and 14, 1978, as well as, a Notice of Violation.

Q. Who conducted this investigation?

A. R. E. Hall, Chief, Engineering Support Section and A. B. Rosenberg, Reactor Inspector, Region IV.

Q. Who reviewed this report?

A. This report was reviewed by W. G. Hubacek, Reactor Inspector, and approved by R. E. Hall, Chief, Engineering Support Section, Region IV.

Q. What was the reason for this investigation?

A. On September 9, 1978, Region IV received a telephone call from an individual who identified himself as an employee at the South Texas Project and who reported specific allegations regarding the South Texas Project civil construction and quality assurance programs, as well as, specific irregularities in the Cadwelding procedures.

Q. First, please define Cadwelding.

A. Cadwelding is a process whereby two reinforcing bars are mechanically bonded together by way of a Cadweld sleeve. The two reinforcing bars are placed end to end and the ends to be joined are inserted in the cadweld sleeve. A filler metal is then ignited and the molten filler metal fills the space between the reinforcing bars and the sleeve, thus forming a mechanical bond. In the cadweld process, in contrast to a true weld, the rebar are not fused together.

Q. How was the investigation into these allegations conducted?

A. An onsite review was performed of Cadwelding procedures, Cadwelding records were examined and construction site procedures were compared to procedures set forth in the construction specifications.

Q. What conclusions were reached as a result of this investigation?

A. It was concluded that the Cadwelding procedures were not in conformity with specifications and that there was a lack of quality control inspectors covering the Cadwelding operation. A Notice of Violation was

issued for these irregularities. In addition, a stop work order was issued by the licensee on September 13, 1978, on concrete placement scheduled in the Unit 1 containment area, until such time that existing Cadweld splices were checked to assure they were properly installed. The concerns incorporated in Intervenor Contention 1.6 are, in part, addressed by this report.

In addition, it should be noted that the concerns incorporated in Intervenor Contention 1.3. were identified as an unresolved item in this report. Subsequently, it was determined that missing Field Sketch FSQ-030 was never prepared. Brown and Root, however verified that the Cadwelds were satisfactorily in place, but could not verify individual Cadwelds exact as-built location. Such verification is not an NRC requirement. This matter was resolved in I&E Report 78-18, which has been marked for identification as Staff Exhibit No. 14.

Q. I show you a letter dated November 3, 1978, from Houston Lighting and Power Company to W. C. Seidle, of NRC, Region IV, and marked for identification as Staff Exhibit No. 15. Are you able to identify this document?

A. Yes, this letter sets forth Houston Lighting and Power Company's proposed corrective action in response to the NRC investigative findings in Report 78-15.

Q. Are you able to summarize the corrective action proposed?

A. Yes, a visual Cadweld reinspection program was instituted for Cadwelds in place, a training session for all Cadwelders and inspectors had been given to assure proper understanding of the procedural requirements in Cadweld construction and inspection, Cadweld inspectors had been assigned to both shifts, and construction procedures were revised to require Cadwelder surveillance be performed each shift rather than only once each 24 hour period.

Q. Did the NRC Regional inspection staff ever conduct a followup investigation to determine whether Houston Lighting and Power Company had in fact implemented the corrective action it represented it would undertake in its letter of November 3, 1978?

A. Yes.

Q. I show you a letter, with attachments, dated December 21, 1978, to Houston Lighting & Power Company making reference to Report 78-17 and marked for identification as Staff Exhibit No. 16. Are you able to identify this document and its attachments?

A. Yes, the letter transmitted to Houston Lighting and Power Company a report detailing the results of an NRC inspection conducted between December 5 and 8, 1978. Among the items inspected, were those items committed to in response to the items of noncompliance set forth in investigation report 78-15.

Q. Who conducted this inspection?

A. W. G. Hubacek, Reactor Inspector, and D. P. Tomlinson, Reactor Inspector, Region IV.

Q. Who reviewed and approved this inspection?

A. This inspection was reviewed and approved by W. A. Crossman, Chief, Projects Section, and R. E. Hall, Chief, Engineering Support Section, Region IV.

Q. From your inspection were you able to determine whether Houston Lighting and Power Company implemented the corrective action it proposed in its letter of November 3, 1978?

A. Yes, procedures had been revised to require inspection and surveillance of Cadweld splicing activities on each shift. Review of records

from September 18, 1978 to December 5, 1978 revealed that Brown and Root inspection personnel and licensee surveillance personnel were present on both shifts. In addition, 20 Cadweld splices were cut out and pull tested and each met the acceptance criteria. All other actions committed to by the Licensee were verified.

Q. Were there any further construction deficiencies during 1978 relevant to the issues or contentions which are the subject of this hearing?

A. Yes, during October of 1978, the NRC was notified by the Applicant through 50.55e letters of a surveying error and concrete voids.

Q. What is a 50.55e letter?

A. Under 10 C.F.R. 50.55e, the Applicant is under an obligation to notify the NRC of each deficiency found in design and construction which, were it to remain uncorrected, could affect adversely the safe operations of the plant. The Applicant must notify the NRC within 24 hours of each reportable deficiency, and further, must submit a written report on the deficiency within 30 days. The 30 day report must include a description of the deficiency, an analysis of the safety implications and the corrective action taken.

Q. Would you please summarize the nature of the deficiencies reported in October of 1978, the corrective action taken and identify the specific contentions in this hearing which these letters addressed.

A. Yes, in regard to Intervenor Contention 1.1, on October 4, 1978, the Licensee notified the NRC of a dimensional error in the base mat of the Unit 2 mechanical-electrical auxiliary building. The error occurred because, rather than using the containment/reactor center line as the point of reference to lay out this building, the Applicant laid out the building using column

line R1 in the fuel handling building. Apparently, column line R1 is offset one foot to the west of the containment/reactor center line, and thus, the east edge of the mechanical-electrical auxiliary building was laid out one foot short of design. The cause of this defect was the failure of the field engineer to properly check survey calculations.

In its final report, dated October 29, 1979, the Applicant stated that the equipment within the mechanical-electrical auxiliary building had been rearranged to compensate for the one foot dimensional error. The redesign affected only the west one-fourth of the building and the one foot error was compensated by eliminating excess floor space around the layout of systems and equipment. The general arrangement of equipment within the redesigned area remained the same. It was concluded that no safety hazards existed as a result of the redesigned mechanical-electrical auxiliary building.

To preclude recurrence, independent verification of a building layout will be double checked by additional supervision and reviewing calculations.

With respect to Intervenor Contention 1.2, on October 20, 1978, the Applicant notified the NRC of the existence of voids in the concrete within lift 15 on the outer surface behind the liner plate in the Unit 1 reactor containment building exterior wall from elevation 127 to 138. This deficiency was reported to be caused by the cumulative affects of inadequate planning, an unusually long pour time, longer than normal slick lines and a concrete pump breakdown. It was also stated that procedural provisions for stopping work due to problems were not exercised by construction or quality control. Brown & Root conducted an investigation of lift 15 voids to determine the extent and location of unacceptable areas. The placement geometry and history were evaluated and suspect areas behind the polar crane brackets

were identified and holes were drilled. Exploratory drilling, sounding and visual examination of holes using fiber optics were the primary methods implemented to determine the extent and location of the unacceptable areas. Calculations based upon this investigation indicated that there were primarily three locations requiring grout injection behind the liner plate. Masterflow 814 grout was selected as an acceptable material for filling the voids based on a program of laboratory and field tests. Following grout injection 12 locations were selected at random for drilling to determine whether there were any ungrouted voids and to inspect the quality of the grout in place, including the grout-concrete interface condition. No additional voids were found and interface between grout and concrete was found to be tight.

Corrective action taken to prevent recurrence of similar voids during future concrete placement included retraining of construction supervisors and engineers along with quality control personnel relative to problems which contribute to the formulation of voids. Training included consideration of equipment failure, excess placement time, and proper procedures to be followed in such an event.

Also in connection with Intervenor Contention 1.2, it should be noted at this time that by a 50.55e letter, dated June 18, 1979 the Applicant again notified the NRC of voids in the concrete behind the liner plate in the eighth lift of Unit 1 reactor containment building. In response to the voids in lift 8, similar investigative procedures and remedies were implemented as previously testified to in reference to lift 15.

Q. Did there come a time when the NRC investigated allegations incorporated in Intervenor Contention 1.5, which states:

"There are steel reinforcement bars which are missing from the concrete around the equipment doors in the containment and such bars are missing from the containment structures as well, indicating violations of 10 C.F.R Part 50, Appendix B, Sections X, XV and XVI."

A. Yes. During an investigation conducted between June 12-14, 1979, Mr. William Hubacek, Reactor Inspector, Region IV, checked the records for evidence of missing radial reinforcing bars around the equipment hatch in Unit 1, Reactor Containment Building and further spoke with all persons whose names appeared on the relevant documents.

Q. What were the results of that investigation?

A. The pours cards examined revealed no irregularities nor did other documents checked. The various individuals interviewed had no knowledge of any re-bar missing from any structure, including containment. For additional follow-up activity see I&E Report 80-08. *Marked for identification as Staff Exhibit 54.*

Q. I show you a letter, with attachments, dated February 16, 1979 to Houston Lighting and Power Company making reference to Report 79-01 and marked for identification as Staff Exhibit No. 17. Are you able to identify this document and its attachments?

A. Yes, the letter transmitted to Houston Lighting and Power Company a report detailing the results of an NRC investigation conducted between January 23 and February 2, 1979, together with a Notice of Violation.

Q. Who conducted this investigation?

A. This investigation was performed by W. G. Hubacek, Reactor Inspector, R. E. Hall, Chief, Engineering Support Section and J. J. Ward, Investigation Specialist, Region IV.

Q. Who reviewed this report?

A. This report was reviewed by W. A. Crossman, Chief, Projects Section, and R. E. Hall, Chief, Engineering Support Section, Region IV.

Q. What was the reason for this investigation?

A. Between January 13 and 22, 1979, Region IV received several telephone calls from an individual who made specific allegations in regard to the South Texas Project construction activity, quality assurance program and the Cadwelding documentation procedure.

Q. How were these allegations investigated?

A. The investigation team reviewed record copies of Cadwelding check lists and interviewed Cadweld inspectors. In addition, numerous licensee and construction personnel were interviewed with respect to construction and documentation procedures.

Q. What conclusions were arrived at as a result of this investigation?

A. It was determined from a review of the Cadweld records that Cadweld examination checklists were being transcribed by individuals other than the onsite Cadweld inspectors. It was determined that this activity affects quality control, and accordingly, a notice of violation was issued in connection with Inspection Report 79-01 for failure to provide procedures for a quality control activity. All other allegations were not substantiated. The concerns incorporated in Intervenor Contention 1.6. are further addressed by this report.

Q. Did Houston Lighting and Power Company respond to the item of noncompliance set forth in Inspection Report 79-01?

A. Yes.

Q. I show you a letter, dated March 12, 1979, from Houston Lighting and Power Company to NRC, Region IV, and marked for identification as Staff Exhibit No. 18, and ask you if you are able to identify this letter.

A. Yes, this letter submitted the response of Houston Lighting and Power Company to the NRC Notice of Violation, accompanying Inspection Report 79-01.

Q. Are you able to summarize the corrective action proposed?

A. Yes, the Licensee proposed a procedure be followed to control the transcription of Cadwelding examination checklist records.

Q. Did the NRC Region IV conduct a followup investigation to determine whether Houston Lighting and Power Company had implemented the procedures it represented it would undertake in its letter of March 12, 1979?

A. Yes.

Q. I show you a letter, with attachments, dated May 1, 1979, to Houston Lighting and Power Company making reference to Report 79-06 and marked for identification as Staff Exhibit No. 19. Are you able to identify this document and its attachments?

A. Yes, the letter transmitted to Houston Lighting and Power Company a report detailing the results of an NRC inspection conducted between April 17 and 20, 1979. Among the items inspected, was the Licensee's corrective action in response to the Notice of Violation accompanying Report 79-01.

Q. Who conducted this inspection?

A. This inspection was performed by W. G. Hubacek, Reactor Inspector, Region IV.

Q. Who approved this inspection?

A. This inspection was approved by W. A. Crossman, Chief, Project Section, Region IV.

Q. Are you able to summarize the nature of the inspection and the conclusions reached in regard to the earlier violation?

A. Yes, the Inspector observed that procedures had been revised in the Cadwelding process to include instructions for the transcription of data in Cadwelding records.

Q. I show you a letter, with attachments, dated April 11, 1979, to Houston Lighting and Power Company making reference to Report 79-04 and marked for identification as Staff Exhibit No. 20. Are you able to identify this document and its attachments?

A. Yes, the letter transmitted to Houston Lighting and Power Company a report detailing results of an NRC inspection conducted between March 20 and 23, 1979, together with a Notice of Violation.

Q. Who conducted this inspection?

A. The inspection was performed by W. G. Hubacek, Reactor Inspector, L. D. Gilbert, Reactor Inspector, R. E. Hall, Chief, Engineering Support Section, Region IV.

Q. Who reviewed this report?

A. This report was reviewed and approved by W. A. Crossman, Chief, Projects Section, and R. E. Hall, Chief, Engineering Support Section, Region IV.

Q. What was the reason for this inspection?

A. This was a routine, unannounced inspection of construction activity at the South Texas Project.

Q. Did this inspection result in any items of noncompliance?

A. Yes, on March 22, 1979, during observation of concrete placement, an I&E inspector observed pools of standing water between the interior form

and the water stop. Brown and Root quality control procedures specify that before depositing concrete, foreign materials and standing water shall be removed from the area of placement. In addition, on two occasions, during the initial phase of concrete placement, concrete was observed being moved laterally, by vibrators, by as much as eight to ten feet.

Q. Did Houston Lighting and Power Company respond to these items of noncompliance and make certain commitments regarding corrective action?

A. Yes.

Q. I show you a letter, dated May 3, 1979, to NRC, Region IV, from Houston Lighting and Power Company, and marked for identification as Staff Exhibit No. 21, and ask you if you are able to identify this letter.

A. Yes, this letter conveyed to NRC, Region IV, Houston Lighting and Power Company's response to NRC Inspection Report 79-04 and the items of noncompliance set forth in that report.

Q. Are you able to summarize the corrective action Houston Lighting and Power committed to as a result of the items of noncompliance set forth in Report 79-04?

A. Yes, Houston Lighting and Power Company committed that a training session had been held April 11, 1979, for the appropriate construction craft personnel covering concrete placement and surface preparation. In addition, the Licensee represented that additional surveillance of concrete preplacement and placement will be performed to circumvent this problem.

Q. Did the NRC Region Staff conduct a followup inspection to verify that Houston Lighting and Power Company performed the corrective action it committed to in its letter of May 3, 1979?

A. Yes.

Q. I show you a letter, with attachments, dated August 3, 1979, to Houston Lighting and Power Company making reference to Report 79-12 and marked for identification as Staff Exhibit No. 22. Are you able to identify this document and its attachments?

A. Yes, the letter transmitted to Houston Lighting and Power Company a report detailing the results of an NRC inspection conducted between July 9 and 19, 1979. During the inspection, personnel training records were reviewed to determine whether the April 11, 1979, training session had occurred.

Q. What conclusion was reached with respect to the corrective action the Licensee represented it would undertake as a result of the Notice of Violation issued in connection with 79-04?

A. The training records indicated that on April 11, 1979, the training session took place addressing adverse consequences which may result from the failure to remove water from construction joints and from over consolidation of concrete. The report also deals with the repair of voids in the concrete in the Reactor Containment Building of Unit 1.

Q. I show you a letter, with attachments, dated April 30, 1979, to Houston Lighting and Power Company making reference to Report 79-05 and marked for identification as Staff Exhibit No. 23. Are you able to identify this document and its attachments?

A. Yes, the letter transmitted to Houston Lighting and Power Company a report detailing the results of an NRC inspection conducted between April 2 and 6, 1979, together with a Notice of Violation.

Q. Who conducted this inspection?

A. This inspection was performed by W. G. Hubacek, Reactor Inspector, and L. E. Martin, Reactor Inspector, Region IV.

Q. Who reviewed this report?

A. This report was reviewed by W. A. Crossman, Chief, Projects Section, and R. E. Hall, Chief, Engineering Support Section, Region IV.

Q. What was the reason for this inspection?

A. This was a routine, unannounced inspection of construction activities, including observation of housekeeping and equipment storage at the South Texas Project.

Q. Were any items of noncompliance identified as a result of this investigation?

A. Yes, a Notice of Violation was attached to Report 79-05 due to Houston Lighting and Power Company's failure to follow procedures for storage of material and failure to follow procedures for preparation of nonconformance reports.

Q. Would you summarize what gave rise to these violations?

A. Yes, during inspection of the storage area on April 4, 1979, the Inspector observed that the Boron Recycle Evaporator stored in the Unit 1 Mechanical Electrical Auxiliary Building, was wet as a result of water draining from work areas located above. In addition, as documented in the maintenance records on February 9, 1979, a Residual Heat Removal Pump Motor was found to be wet and the motor terminal connection box was observed to be full of water.

The Westinghouse "Technical Manual and Operating Instructions" requires that the Boron Recycle Evaporator be stored in a warm, dry place and the Brown and Root quality assurance procedures require that the description of a nonconforming condition provide sufficient detail to establish the sequence of events pertaining to the nonconformance and an accurate description of

the nonconformance. In the applicable nonconformance report, no reference was made to the motor terminal connection box being full of water or the possibility of water being in the motor. Accordingly, these two incidents constituted infractions and a Notice of Violation was issued.

Q. Did Houston Lighting and Power Company respond to this Notice of Violation and make certain representations regarding corrective action?

A. Yes.

Q. I show you a letter dated May 25, 1979, from Houston Lighting and Power Company to Region IV, marked for identification as Staff Exhibit No. 24 and ask if you are able to identify this letter.

A. Yes, this letter constitutes Houston Lighting and Power Company's response to the items of noncompliance attached to 79-05.

Q. Are you able to summarize the corrective action committed to by Houston Lighting and Power?

A. Yes, the immediate corrective action consisted of covering the Boron Recycle Evaporator with an interim structure that met the storage requirements. On May 4, 1979, the interim structure was replaced with a durable structure also meeting the storage requirements. In addition, the nonconformance report in reference to the Residual Heat Removal Pump Motor was reissued and revised giving a more detailed account of the conditions identified. Also, by memorandum, all quality control and quality assurance engineering personnel had been instructed that a proper nonconformance report must include a description of the sequence of events pertaining to the nonconformance.

Q. Did the NRC region staff subsequently conduct a followup inspection to determine whether Houston Lighting and Power had implemented the

corrective action it represented it would undertake in its letter of May 25, 1979?

A. Yes.

Q. I show you a letter, with attachments, dated November 14, 1979, and making reference to Report 79-17 and marked for identification as Staff Exhibit No. 25. Are you able to identify this document and its attachments?

A. Yes, the letter transmitted to Houston Lighting and Power Company a report detailing the results of an NRC inspection conducted between October 24 and 26, 1979. Among the items inspected, the NRC Staff followed up the items of noncompliance set forth in 79-05 to assure implementation.

Q. Who conducted this inspection?

A. This inspection was conducted by W. G. Hubacek.

Q. Who reviewed this inspection?

A. This inspection was reviewed by H. S. Phillips, Resident Reactor Inspector, Projects Section, Region IV and approved by W. A. Crossman, Chief, Projects Section, Region IV.

Q. What findings and conclusions were made by the Reactor Inspector with respect to the corrective action taken in regard to the items of non-compliance previously set forth in Inspection Report 79-05?

A. The inspector reviewed the corrective actions described in the Licensee's response dated May 25, 1979 and reviewed maintenance and inspection records for the Boron Recycle Evaporator, as well as observing that other equipment stored in the Mechanical Electrical Auxiliary Building met specifications.

Q. I show you a letter, with attachments, dated June 8, 1979, to Houston Lighting & Power Company making reference to Report 79-09, and marked for identification as Staff Exhibit No. 25. Are you able to identify this document and its attachments?

A. Yes, the letter transmitted to Houston Lighting & Power Company a report detailing the results of an NRC investigation conducted between May 15 and 23, 1979.

Q. Who conducted this investigation?

A. W. G. Hubacek and W. A. Crossman, Region IV.

Q. Who reviewed this report?

A. This report was reviewed and approved by W. A. Crossman, Chief, Projects Section, Region IV.

Q. What was the reason for this investigation?

A. On May 1, 2, and 7, 1979, Region IV received telephone calls from an individual who made allegations that the responsible quality control inspector refused to sign a concrete pour card for lift 5 of the Unit 2 Reactor Containment Building, and further, that there were widespread discrepancies in the documentation of Cadweld as-built locations.

Q. How was the investigation into these allegations conducted?

A. An onsite investigation was conducted in May of 1979, all quality control inspectors involved in the placement of lift 5 and their supervisors were interviewed and the pour cards for lift 5 were reviewed. The responsible quality control inspector had in fact refused to sign the pour card due to preplacement debris; however, following some additional preplacement preparation by construction personnel, the quality control supervisor signed the concrete pour card. It could not be established whether or not the

final cleanliness of the area was acceptable as it was no longer accessible for visual inspection. This procedure was not in violation of any specification or regulation as the supervisor had authority to sign the pour card. This report addresses, in part, the concerns incorporated in Intervenor Contention 1.7.d.

As to the Cadweld as built records, the investigation team reviewed approximately 30 folders of Cadweld records against information provided in the allegation. Most of the allegation was substantiated, however, discrepancies were already known to the Applicant and corrective action was underway. In addition, the Applicant had documented this situation by speed letters, dated September 11 and 14, 1978. This further addresses Contention 1.6.

Q. Was any corrective action mandated as a result of this investigation?

A. No, however, it was noted that the Applicant's progress with respect to correcting Cadweld records would be inspected during subsequent I&E inspections.

Q. I show you a letter, with attachments, dated October 5, 1979, to Houston Lighting & Power Company making reference to Report 79-13 and marked for identification as Staff Exhibit No. 27. Are you able to identify this document and its attachments?

A. Yes, the letter transmitted to Houston Lighting & Power Company a report detailing the results of an NRC inspection conducted between August 6 and 10, 1979.

Q. Who conducted this inspection?

A. This inspection was conducted by W. G. Hubacek, J. I. Tapia, H. S. Phillips, all of Region IV and L. E. Foster of Region II.

Q. Who reviewed this report?

A. This report was reviewed and approved by W. A. Crossman and R. E. Hall, Region IV.

Q. What was the reason for this inspection?

A. This was a special, announced Mid-Term Quality Assurance inspection to determine the establishment and implementation of the Applicant's quality assurance program.

Q. How was this inspection and review conducted?

A. An onsite review encompassed review of the QA management structure, procurement control procedures, document control procedures, design control procedures, vendor surveillance, audits, QA/QC organization and site construction activities.

Q. What conclusions were reached as a result of this inspection?

A. Of the eight areas inspected, five items of noncompliance were identified in three areas. Specifically, the Applicant was cited for its failure to follow procedures for maintaining QA manuals, failure to follow procedures for performing site audits, failure to delineate organizational changes in the QA manual, failure to maintain completed audit checklists in the audit files, and failure to destroy or stamp as deleted QA procedures no longer in effect. In addition to these matters the inspection also looked at Cadweld inspection records and Cadwelders' qualifications.

Q. I show you a letter dated November 2, 1979, from Houston Lighting & Power Company to the NRC, Region IV, and marked for identification as Staff Exhibit No. 28. Are you able to identify this document?

A. Yes, this letter sets forth Houston Lighting & Power Company's proposed corrective action in response to NRC inspection findings set forth in Report No. 79-13.

Q. Was the proposed corrective action deemed sufficient by Region IV staff?

A. No, by letter dated January 31, 1980, Houston Lighting & Power was notified that its letter of November 2, 1979, did not adequately address all of the items of noncompliance cited in the Notice of Violation, accompanying 79-13.

Q. I show you a letter marked for identification as Staff Exhibit No. 29 and ask you whether this is the NRC letter of January 31, 1980, asking for clarification of the corrective action proposed by Houston Lighting & Power?

A. Yes.

Q. Did Houston Lighting & Power supply further response to the Notice of Violation attached to Inspection Report 79-13?

A. Yes, by letter dated February 26, 1980, Houston Lighting & Power revised its corrective action to satisfy the Staff concerns set forth in its letter of January 31, 1980.

Q. I show you a letter from Houston Lighting & Power Company to Region IV, dated February 26, 1980, and marked for identification as Staff Exhibit No. 30 and ask you if this is the letter wherein Houston Lighting & Power sets forth its additional corrective action.

A. Yes.

Q. Did the NRC Region inspection staff ever conduct a followup inspection to determine whether Houston Lighting & Power had implemented

the corrective action it committed to in its letters of November 2, 1979, and February 26, 1980?

A. Yes.

Q. I show you a letter, with attachments, dated May 19, 1980, to Houston Lighting & Power Company making reference to Report 80-06 and marked for identification as Staff Exhibit No. 31. Are you able to identify this document and its attachments?

A. Yes, the letter transmitted to Houston Lighting & Power Company a report detailing the results of an NRC inspection conducted in April of 1980. Among the items inspected, were those items committed to in response to four of the five items of noncompliance set forth in Investigative Report 79-13.

Q. Who conducted this inspection?

A. H. S. Phillips, Resident Reactor Inspector.

Q. Who reviewed and approved this inspection?

A. This inspection was reviewed and approved by W. A. Crossman, Chief, Projects Section, Region IV.

Q. From your inspection were you able to determine whether Houston Lighting & Power implemented the corrective action it proposed?

A. Yes, from a review of the QA manual and audit records it was determined that three of the five items of noncompliance previously set forth were considered corrected and closed. The Resident Reactor Inspector reviewed Section 16.5 of the new QA Manual and found that it described the use of supplements for site specific QA manuals. The requisite auditor qualifications were set forth in Section 15.6 of the QA Manual. It was further determined that the QA manuals were currently revised, corrected

and being properly maintained; and lastly, that with respect to the missing audit, Audit 77-202, a re-audit had been accomplished. Corrective action relative to the remaining two items of noncompliance were verified in I&E Reports 81-06 and 81-09, *marked for identification as Staff Exhibits 88 and 93, respectively.*

Q. I show you a letter, with attachments, dated October 16, 1979, to Houston Lighting & Power Company making reference to Report 79-14 and marked for identification as Staff Exhibit No. 32. Are you able to identify this document and attachments?

A. Yes, the letter transmitted to Houston Lighting & Power Company a Report detailing the results of an NRC investigation conducted between September 4 and 14, 1979, together with a Notice of Violation.

Q. Who conducted this investigation?

A. This investigation was performed by W. G. Hubacek, Reactor Inspector and H. S. Phillips, Resident Reactor Inspector, Region IV.

Q. Who reviewed and approved this report?

A. This report was reviewed and approved by W. A. Crossman, Chief, Projects Section, Region IV.

Q. What was the reason for this investigation?

A. During the site inspection resulting in 79-13, the NRC inspector was informed by Houston Lighting & Power of alleged incidents of intimidation of quality control inspectors by Brown & Root construction personnel. In addition, Region IV received information concerning alleged QA/QC irregularities at the South Texas Project from confidential sources. Information contained in this Report directly impacts upon Intervenor Contentions 1.4., 1.⁶ and 1.7e.

Q. How were these allegations investigated?

A. An onsite investigation occurred during September of 1979, construction and quality control personnel were interviewed and quality control records were inspected.

Q. As a result of this investigation, were any items of noncompliance cited?

A. Yes, the Applicant was cited for an infraction; specifically, failure to follow procedures for release of a stop work notice. In addition, one deviation was identified for Houston Lighting and Power's failure to include the date and identification of the person entering supplemental information on an inspection report.

Q. Please summarize the allegations and NRC inspection findings relative to Contentions 1.4, 1.~~f~~⁶ and 1.7e.

With respect to Intervenor Contention 1.4, it was alleged that the waterproofing membrane seals in reactor containment building, Unit 1, were installed at night, without proper QC inspection prior to the placement of backfill, and apparently, it has been assumed the seals were damaged. The NRC investigation team interviewed five individuals who were involved or had previously been involved in inspection of waterproofing membrane seal installation. All of the individuals stated that they had no knowledge of the placement of backfill against the membrane seals prior to proper completion of membrane inspections by quality control. During review of documents relevant to membrane installation, it was uncertain whether 100% quality control verification was required for this process or a lesser degree of verification. In any event, the allegation was not substantiated and the inspection procedures were considered unresolved pending clarification.

With respect to Intervenor Contention No. 1.6, it was alleged that 116 Cadwelds were missing from lift 5 of reactor containment building, Unit No. 2. This nonconformance was previously reported ~~to the NRC in accordance with 10 CFR 50.54(e)~~ by Brown & Root Nonconformance Report S-C2228, dated April 26, 1979. ^{investigation showed} The 114 Cadwelds were ~~shown to be~~ in lift 5 due to errors made by quality control personnel in the frame of reference used to determine as built locations. Correct locations of the cadwelds are expected to be established by means of the computer-assisted records review.

With respect to Intervenor Contention 1.7e, two allegations are relevant. First, it was alleged that two quality control inspectors were intimidated by five construction persons. The quality control persons involved stated five construction persons threaten them and intended to hinder their performance as quality control inspectors. The five construction persons involved denied making threats or using abusive language in direct conversation with the quality control inspectors. Further investigation revealed no evidence that any inspector was fired for doing his job, nor that this incident represented a pattern of intimidation designed to prevent quality control inspectors from performing their functions. Further, there was no indication that the two quality control inspectors harassed failed to perform their job functions.

Secondly, it was alleged that Brown & Root quality control inspectors were involved in continuous card games during working hours for several months during 1977. The allegation stated that the quality control inspectors left the card game only to sign inspection forms when requested by

construction without performing the requisite inspections of safety related work. The allegation could not be substantiated. The investigative team interviewed nine individuals who were present at the site during the alleged card games, but none were aware of the 1977 card games. However, two of the individuals stated that such card games took place in 1976, but these persons also stated that the games were not of the scope alleged and did not have adverse impact on the performance of quality control inspections.

Q. I show you a letter dated November 16, 1979, to the NRC, Region IV, from Houston Lighting & Power Company marked for identification as Staff Exhibit No. 33 and ask you whether you are able to identify this document.

A. Yes, this is Houston Lighting & Power Company's initial proposal for corrective action in response to the NRC investigation of September 4 and 14, 1979.

Q. Are you able to summarize the corrective action proposed by Houston Lighting & Power?

A. Yes, with respect to Houston Lighting & Power's failure to follow procedures for release of a stop work order, the site quality assurance manager was instructed in the appropriate procedures and reminded of the importance of complying with all program requirements. With respect to the failure of an Applicant employee to include the date of entry and his name on a supplemental entry on an inspection report, the delinquent individual confirmed the entry and signed and dated it "late entry" on September 13, 1979. In addition, an inter-office memo, dated April 13, 1979, was issued to all QA/QC personnel stating that the identification of the individual making an entry and the date of such entry are required for all corrections and additions to documents.

Q. Was the corrective action proposed by Houston Lighting & Power sufficient?

A. No, by letter dated January 11, 1980, the NRC, Region IV, asked for additional information before approving the proposed corrective actions.

Q. I show you a letter dated January 25, 1980, from Houston Lighting & Power to the NRC, Region IV, and marked for identification as Staff Exhibit No. 34. Are you able to identify this document?

A. Yes, this is the letter from Houston Lighting & Power to Region IV supplementing the Applicant's November 16, 1979 response.

Q. Are you able to summarize the supplemental information provided?

A. Yes, in addition to what has previously been stated, the Applicant reissued instructions with respect to making changes and late entries on QA documentation and Brown & Root QC personnel were reinstructed on the proper methods for making changes and late entries on QA documentation.

Q. Did Region IV have reason to follow up the committed to actions to determine whether the corrective action was implemented?

A. Yes.

Q. I show you a letter, with attachments, dated April 30, 1980, to Houston Lighting & Power Company making reference to Report 80-07 and marked for identification as Staff Exhibit No. 35. Are you able to identify this document and its attachments?

A. Yes, the letter transmitted to Houston Lighting & Power Company, among other things, a report detailing the results of an NRC inspection conducted between April 8 and 11, 1980. Among the items inspected, were those items committed to in response to the Notice of Violation attached to Inspection Report 79-14.

Q. Who conducted this inspection?

A. This inspection was conducted by W. G. Hubacek, Reactor Inspector, Region IV.

Q. Who reviewed and approved this inspection?

A. This inspection was reviewed and approved by W. A. Crossman, Chief, Projects Section, Region IV.

Q. From your inspection, were you able to determine whether Houston Lighting & Power implemented the corrective action it proposed?

A. Yes, the NRC Inspector observed that the inspection dated November 9, 1978, was signed and dated on September 13, 1979 by the individual who had made the supplemental entry and, in addition, the Applicant had prepared instructions entitled "Construction/QA Documentation" dated January 30, 1980, which addressed the handling of corrections and additions to construction and QA generated documents. Also, the I&E Inspector ascertained that the Brown & Root site QA manager had been informed in writing with respect to the need for following procedural requirements for the release of stop work notices.

Q. I show you a letter, with attachments, dated October 19, 1979, to Houston Lighting & Power Company making reference to Report 79-15 and marked for identification as Staff Exhibit No. 36. Are you able to identify this document and its attachments?

A. Yes, the letter transmitted to Houston Lighting & Power Company a report detailing the results of an NRC inspection conducted between September 17 and 30, 1979, together with a Notice of Violation.

Q. Who conducted this inspection?

A. H. S. Phillips, Reactor Inspector, Region IV.

Q. Who approved this inspection and report?

A. W. A. Crossman, Chief, Projects Section, Region IV.

Q. What were the reasons for this inspection?

A. This was a routine inspection by the Resident Reactor Inspector of safety related construction activities, including the placement of containment structural concrete.

Q. As a result of your inspection, was the Applicant cited for any items of noncompliance?

A. Yes, the Applicant was cited for failure to follow concrete consolidation procedures in that during the placement of pour No. CS2-W7 in the Reactor Containment Building, one of the vibrator operators was not vibrating the concrete properly in that the vibrator did not penetrate completely through the upper layer and at least 6 inches into the next lower layer to assure thorough binding. This was in contradiction to specifications and constituted an infraction.

Q. I show you a letter to NRC, Region IV, dated November 13, 1979, from Houston Lighting & Power Company and marked for identification as Staff Exhibit No. 37 and ask if you are able to identify this letter?

A. Yes, this letter sets forth the response of Houston Lighting and Power concerning the Notice of Violation accompanying Report 79-15. Houston Lighting & Power Company did not propose corrective action, as it contended its vibrator operator was performing his job according to specifications and that the item of noncompliance was a result of a misunderstanding and overreaction.

Q. I show you a letter from NRC, Region IV, to Houston Lighting & Power Company, dated January 24, 1980, and marked for identification as Staff Exhibit No. 38, and further ask if you are able to identify this.

A. Yes, as a result of Houston Lighting & Power's letter of November 13, 1979, Region IV concluded that additional information was required. It was concluded that Houston Lighting & Power's response did not address measures that will be taken to assure compliance with concrete consolidation procedures. In addition, the Region did not concur with the Applicant's position that the particular item of noncompliance was the result of a misunderstandings or overreaction.

Q. I show you a letter dated February 12, 1980 from Houston Lighting & Power to Region IV and marked for identification as Staff Exhibit No. 39 and ask you whether this letter sets forth the additional corrective action proposed by the Applicant.

A. Yes.

Q. Are you able to summarize the proposed corrective action?

A. Yes, the concrete placement identified in 79-15 was revibrated to the satisfaction of the Resident Reactor Inspector, and further, Brown & Root construction personnel were to be retrained every 90 days on the basis of current vibrator procedures.

Q. Did the NRC, Region IV, have reason to follow up on the Applicant's representation to determine whether the proposed corrective action had in fact occurred?

A. Yes.

Q. I show you a letter, with attachments, dated November 6, 1980, to Houston Lighting and Power Company making reference to Report 80-24 and

marked for identification as Staff Exhibit No. 40. Are you able to identify this documents and its attachments?

A. Yes, the letter transmitted to Houston Lighting & Power Company a report detailing the results of an NRC inspection conducted between August 18 and September 19, 1980. Among the many items inspected within this report were those items committed to in response to the item of noncompliance set forth in Inspection Report 79-15.

Q. Who conducted this inspection?

A. J. I. Tapia, Reactor Inspector, Engineering Support Section, Region IV and D. P. Tomlinson, Reactor Inspector, Region IV.

Q. Who reviewed and approved this report?

A. W. A. Crossman, Chief, Projects Section and R. E. Hall, Chief, Engineering Support Section, both of Region IV.

Q. What findings and conclusions were reached in reference to the item of noncompliance set forth with 79-15?

A. It was inspected and confirmed that Brown & Root requires all vibrator operators to be retrained every 90 days and incorporates the training requirements contained in the American Concrete Institute Manual.

Q. I show you a letter, with attachments, dated December 12, 1979, to Houston Lighting & Power Company making reference to Report 79-16 and marked for identification as Staff Exhibit No. 41. Are you able to identify this document and its attachments?

A. Yes, the letter transmitted to Houston Lighting & Power Company a report detailing the results of an NRC inspection conducted between October 1 and 12, 1979, together with a Notice of Violation.

Q. Who conducted this inspection?

A. H. S. Phillips, Resident Reactor Inspector.

Q. Who approved this inspection?

A. W. A. Crossman, Chief, Projects Section, Region IV.

Q. What gave rise to this inspection?

A. This was a routine inspection by the Resident Reactor Inspector of safety related construction activities.

Q. What was the nature of the item of noncompliance identified as a result of this inspection?

A. Based on the results of the NRC Inspection, the Applicant was cited for its failure to include appropriate quantitative or qualitative acceptance criteria in instructions, procedures or drawings. This was determined to be an infraction.

Q. Would you set forth the basis for this infraction.

A. Yes, on September 17, 1979, the Reactor Inspector observed the placement of pour No. CS2-W7. The Resident Reactor Inspector found excessive free standing water on the prepared joint and closer examination revealed a significant amount of water. The Resident Reactor Inspector also determined that the specifications and procedures failed to give quantitative or qualitative acceptance criteria to define what constitutes the saturated surface dry condition, in regard to the amounts of free standing water present prior to concrete placement.

Q. I show you a letter dated January 15, 1980, from Houston Lighting and Power to NRC, Region IV, and marked for identification as Staff Exhibit No. 42, and further ask if you are able to identify this letter.

A. Yes, this letter submitted Houston Lighting & Power Company's proposed corrective action as a result of the Notice of Violation attached to 79-16.

Q. Are you able to summarize the proposed corrective action and state whether it was deemed acceptable?

A. Yes, the Applicant stated that the Brown and Root concrete construction specifications were being revised to state that no standing water will be allowed on construction joints unless it is documented and approved by the Construction Engineer. However, Region IV did not consider the Applicant's response to be adequate, and accordingly, by letter dated March 3, 1980, requested additional information in regard to the criteria for engineering action.

Q. I show you a letter dated March 3, 1980 and marked for identification as Staff Exhibit No. 43 and further ask you if you can identify this as the NRC, Region IV, request for additional information.

A. Yes.

Q. I show you a letter dated April 2, 1980, from Houston Lighting & Power to the NRC, Region IV, and marked for identification as Staff Exhibit No. 44 and further ask if you are able to identify this document.

A. Yes, this letter sets forth the additional corrective action requested in the NRC letter of March 3, 1980.

Q. Are you able to summarize the additional corrective action proposed?

A. Yes, the Brown & Root quality construction procedure was to be revised to state that no standing water will be allowed on construction

joints. In addition, training was scheduled to inform affected personnel of the change.

Q. Did the NRC, Region IV, have reason to follow up the proposed corrective action to determine if such corrective action was implemented?

A. Yes.

Q. I show you a letter, with attachments, dated October 28, 1980, to Houston Lighting & Power Company making reference to Report 80-25, and marked for identification as Staff Exhibit No. 45. Are you able to identify this document and its attachments?

A. Yes, the letter transmitted to Houston Lighting & Power Company a report detailing the results of an NRC inspection conducted during September of 1980. Among the items inspected was the corrective action proposed by the Applicant following the Notice of Violation attached to 79-16.

Q. What findings and conclusions were reached as a result of this inspection?

A. It was determined by a review of the quality concrete construction procedure, dated September 22, 1980, that within the manual, specifically ¶8.5.10, the acceptance criteria was clearly stated.

Q. To conclude, is the panel able to characterize the I&E Reports which were the subject of this testimony?

A. Yes. The reports incorporated in this testimony reflects that aspect of the NRC's inspection activity which most directly led to the formation of the special inspection team which prepared 79-19.

Q. In summation then, based upon this inspection and enforcement history, is the Panel able to characterize Houston Lighting & Power's

performance under its construction permit for the South Texas Project up to the fall of 1979?

A. Yes, although Houston Lighting & Power was cooperative and diligent in correcting specific problems when cited, the same or similar problems eventually resurfaced, evidencing Houston Lighting & Power's inability to control construction activity. For example, on November 4, 1979, the NRC again received allegations from workers at the South Texas Project concerning lack of management support, threats and harassment of civil QC inspectors and general charges concerning the QA/QC program. In addition, repeated Cadwelding problems, failure to follow concrete pour procedures and QA/QC problems further evidenced Houston Lighting and Power's inability to control construction activity.

Q. What was the result of Houston Lighting & Power's inability to prevent recurrence of identified problems at South Texas?

A. As a result of Houston Lighting & Power's inability to correct identified problems and particularly as a result of chronic allegations concerning lack of QC management support, intimidation and harassment of quality control inspectors and the like, it was decided by the NRC to conduct a thorough, in depth, investigation into the effectiveness of the QA/QC program for the South Texas Project.

Q. Is this Panel prepared to offer testimony concerning that inspection effort?

A. No, this is the subject of the next panels testimony.

APPENDIX A

1973-81 CHRONOLOGY OF INSPECTIONS--SOUTH TEXAS PROJECT

Docket Nos. 50-498 and 50-499*

<u>Inspection</u>	<u>Dates</u>	<u>Inspectors</u>	<u>General Area Inspected</u>
73-01	November 8, 1973	R.E. Hall G.L. Madsen	Predocketing QA Management Meeting
74-01	June 5-7, 1974	W.A. Crossman R.E. Hall R.C. Stewart	Predocketing QA Inspection
74-02	October 9-11, 1974	W.A. Crossman R.C. Stewart W.G. Hubacek	Initial Inspection of Construction QA Program Implementation
75-01	February 4-5, 1975	M.W. Dickerson W.G. Hubacek	Followup of Initial Construction QA Inspection
75-02	March 17-20, 1975	W.A. Crossman M.W. Dickerson R.C. Stewart W.G. Hubacek	Second Pre-Construction Permit/SER QA Inspection
75-03	May 20-22, 1975	W.A. Crossman M.W. Dickerson	Second Pre-Construction Permit/SER QA Inspection
75-04	September 25-26, 1975	B. Murray	Initial Environmental Programs and previous inspection findings
75-05	December 15-17, 1975	M.W. Dickerson W.G. Hubacek	Site Preparation
76-01	January 29-30, 1976	J.B. Baird	Environmental Protection
76-02	April 21-23, 1976	W.A. Crossman M.W. Dickerson A.B. Rosenberg	Site Preparation and Construction

* All Inspections relate to both Units 1 & 2, unless otherwise indicated.

<u>Inspection</u>	<u>Dates</u>	<u>Inspectors</u>	<u>General Area Inspected</u>
76-03	June 16-18, 1976	M.W. Dickerson R.G. Taylor	Site preparation, staffing and concrete construction
76-04	August 10-13, 1976	R.G. Taylor	Structural concrete and previous inspection findings
76-05	September 21-24, 1976	R.G. Taylor R.A. Hermann	Concrete construction QA program for containment liner
76-06	October 4-7, 1976	R.G. Taylor	Concrete construction
76-07	November 30- December 3, 1976	R.G. Taylor A.B. Rosenberg J.I. Tapia W.C. Seidle	Containment liner, concrete records, backfill placement and previous inspection findings
77-01	January 3-6, 1977	R.G. Taylor R.C. Stewart J.I. Tapia	Containment liner and concrete construction and previous inspection findings
77-02	January 27-28, 1977	J.B. Beard	Environmental Protection
77-03 Unit 1	February 2-3, 1977	W.A. Crossman R.G. Taylor	Investigation of reported falsification of test records for concrete construction
77-04 Unit 1	February 15 and March 1-4, 1977	R.G. Taylor I. Barnes A.B. Rosenberg	Welding activities, and follow-up of possible construction deficiency related to cracks in Fuel Handling Building wall and previous inspection findings
77-05 Unit 1	March 28-31, 1977	R.G. Taylor R.E. Hall R.A. Herman	Follow-up on investigation 72-03, containment liner, Cadwelding and previous inspection findings
77-06 Unit 1 77-03 Unit 2	April 26-29, 1977	R.G. Taylor J.I. Tapia	Backfill records, concrete construction and previous inspection findings

<u>Inspection</u>	<u>Dates</u>	<u>Inspectors</u>	<u>General Area Inspected</u>
77-07 Unit 1	June 20-22, 1977	R.E. Hall R.A. Hermann	Cadwelding, containment liner and pool liner and previous inspection findings
77-08 Unit 1	July 6-8, 1977	R.G. Taylor J.E. Foster	Investigation of alleged threats to quality control inspectors
77-09 Unit 1 77-04 Unit 2	September 27-30, 1977	R.G. Taylor A.B. Rosenberg L.D. Gilbert	Concrete construction, containment liner, site fabricated tanks and previous inspection findings
77-10 Unit 1 77-05 Unit 2	October 25-28, 1977	R.G. Taylor D.L. Kelley	Licensee audit reports, NSSS supports and previous inspection findings
77-11 Unit 1 77-06 Unit 2	November 8-11, 1977	R.G. Taylor R.A. Hermann A.B. Rosenberg	Structural steel, concrete construction, polar crane support brackets and previous inspection findings
77-12 Unit 1 77-07 Unit 2	November 29- December 1, 1977	R.G. Taylor	Design review, QA program evaluation committee and audits
77-13 77-08	December 19-21, 1977	R.G. Taylor L.D. Gilbert	Repair of structural steel columns, containment liner, concrete records and previous inspection findings
77-14 Unit 1 77-09 Unit 2	December 15-16, 1977	R.G. Taylor J.J. Ward	Investigation of alleged questionable radiographs
78-01	January 10-13, 1978	R.G. Taylor J.I. Tapia W.A. Crossman W.G. Hubacek	Repair of structural steel columns, concrete construction, and containment liner

<u>Inspection</u>	<u>Dates</u>	<u>Inspectors</u>	<u>General Area Inspected</u>
78-02	January 25-28, 1978	J.B. Baird K.J. Everett	Environmental Protection program
78-03	February 21-24, 1978	W.G. Hubacek R.G. Taylor D.L. Kelley	Concrete construction, NSSS component supports, Class IE electrical cables and previous inspection findings
78-04	March 21-23, 1978	W.G. Hubacek A.B. Rosenberg L.D. Gilbert J.I. Tapia	Containment, liner, concrete construction, foundation soils, and previous inspection findings
78-05	March 21, 1978	J.J. Ward W.G. Hubacek	Investigation of allegation that individual was a potential scapegoat for improper procedures
78-06	April 4-7, 1978	W.G. Hubacek T.H. Cox H.S. Bassett	Review of previous inspection findings and meeting to determine status of construction
78-07	April 17-20, 1978	W.G. Hubacek A.B. Rosenberg L.D. Gilbert	Containment liner, structural steel, concrete activities, implementation of 10 C.F.R. 21 requirements, essential cooling water pipe welding, and previous inspection findings
78-08	May 16-19, 1978	W.G. Hubacek W.A. Crossman	Concrete records, quality procedure development and voids in fuel handling building slab
78-09	May 16-18, 1978	J.J. Ward W.A. Crossman W.G. Hubacek	Investigation of alleged falsification of cadweld records, qualification of QC inspections and procedural violations

<u>Inspection</u>	<u>Dates</u>	<u>Inspectors</u>	<u>General Area Inspected</u>
78-10	May 30-June 2, 1980	W.G. Hubacek J.I. Tapia	Concrete activities, backfill records, and receipt and storage internals, voids in fuel handling building slab and previous inspection findings
78-11	July 11-14, 1978	W.G. Hubacek A.B. Rosenberg L.D. Gilbert	Structural steel, containment liner, penetrations and major equipment supports, receipt and storage of NSSS components, voids in fuel handling building slab review of implementation procedures for electrical components and previous inspection findings
78-12	July 25-28, 1978	J.J. Ward W.G. Hubacek W.A. Crossman	Investigation of allegations related to irregularities in the civil QA program
78-13	August 15, 1978	W.C. Seidle W.A. Crossman W.G. Hubacek	Management meeting to discuss alleged weaknesses in civil QA program, morale of inspectors and present staffing level
78-14	August 22-25, 1978	J.J. Ward W.G. Hubacek W.A. Crossman	Investigation of alleged misconduct of Brown & Root QC inspector
78-15	September 11-14, 1978	R.E. Hall A.B. Rosenberg	Investigation of allegations concerning Cadwelding and mislocation of the Unit 2 mechanical electrical auxiliary building
78-16	October 24-27, 1978	W.G. Hubacek J.I. Tapia L.E. Martin R.E. Hall	Essential cooling pond, electrical activities, site QA/QC program and staffing, 50.55(e) items, and previous inspection findings

<u>Inspection</u>	<u>Dates</u>	<u>Inspectors</u>	<u>General Area Inspected</u>
78-17	December 5-8, 1978	W.G. Hubacek D.P. Tomlinson	Safety related piping, concrete activities, licensee organization changes, 50.55(e) items, and previous inspection findings
78-18	December 19-22, 1978	W.G. Hubacek W.A. Crossman	Concrete activities, housekeeping and equipment storage post tensioning, and previous inspection findings
79-01	January 23-26 and 30, 1979	J.J. Ward W.G. Hubacek R.E. Hall	Investigation of Cadwelding irregularities
79-02	January 23-26 and January 30 - February 2, 1979	W.G. Hubacek R.E. Hall J.I. Tapia L.D. Gilbert	Safety related Piping, concrete activities, cadwelding, 50.55(e) items, and previous inspection findings
79-03	February 21-23, 1979	W.G. Hubacek L.E. Martin D.P. Tomlinson	Storage and maintenance of materials, electrical components and systems, NSSS storage procedures, 50.55(e) item and previous inspection findings
79-04	March 20-23, 1979	W.G. Hubacek R.E. Hall L.D. Gilbert	Concrete activities, containment liner, receiving records for electrical components, NSSS component supports, polar crane girder, 50.55(e) items, and previous inspection findings
79-05	April 2- ⁶ 8 , 1979	W.G. Hubacek L.E. Martin	Housekeeping, of storage Class IE electrical equipment, HVAC, and previous inspection findings
79-06	April 17-20, 1979	W.G. Hubacek	Concrete activities, housekeeping, equipment storage and previous inspection findings

<u>Inspection</u>	<u>Dates</u>	<u>Inspectors</u>	<u>General Area Inspected</u>
79-07	May 7-9, 1979	R.J. Everett	Environmental protection program and previous inspection findings
79-08	May 15-18, 1979	L.D. Gilbert W.C. Seidle	Reactor Coolant system supports
79-09	May 15-18 and 22-23, 1979	W.G. Hubacek W.A. Crossman	Investigation of concrete and Cad-weld irregularities
79-10	June 12-15, 1979	W.G. Hubacek	Concrete activities, polar crane test and previous inspection findings
79-11	June 26-28, 1979	W.G. Hubacek D.P. Tomlinson	Voids in Unit 1 reactor containment building wall, fabrication of NSSS equipment supports
79-12	July 9-11 and 16-19, 1979	J.I. Tapia D.P. Tomlinson	Reactor vessel installation, voids in Unit 1 containment wall, identification of anchor bolt material, and previous inspection findings
79-13	August 6-10, 1979	W.G. Hubacek J.I. Tapia L.E. Foster H.S. Phillips	Mid term QA inspection of implementation of QA program
79-14	September 4-7 and 11-14, 1979	W.G. Hubacek H.S. Phillips	Investigation of alleged irregularities in QA/QC program
79-15	September 1979	H.S. Phillips	Concrete activities
79-16	October 1979	H.S. Phillips	Concrete activities fire prevention, essential cooling pond, storage of materials and previous inspection findings
79-17	October 24-26, 1979	W.G. Hubacek	Previous inspection findings and 50.55(e) item

<u>Inspection</u>	<u>Dates</u>	<u>Inspectors</u>	<u>General Area Inspected</u>
79-18	November, 1979	H.S. Phillips	Containment liner, soil compaction, concrete activities, and previous inspection findings
79-19	November 10, 1979 to February 7, 1980	D.W. Hayes R. Herr H.S. Phillips E.P. Jernigan R.M. Compton R.B. Landsman	Special investigation
79-20	November 13-16,	L.D. Gilbert L.E. Martin D.G. McDonald J.I. Tapia	Control of weld filler metal, reactor coolant supports, containment liner, electrical components and systems, earth-work, and concrete activities and previous inspection findings
79-21	November 27, 1979	H.S. Phillips W.A. Crossman C.E. Wisner	Meeting with local public officials of Bay City, Texas
79-22	December 11-14, 1979	W.G. Hubacek	ASME certification, concrete placement, HVAC activities, and previous inspection findings
80-01	December 1979, January 1980 and February 1980	H.S. Phillips	Previous inspection findings and construction deficiencies
80-02	February 5-8, 1980	W.G. Hubacek D.P. Tomlinson	Reactor coolant piping, falsification of personnel records, weld filler metal control, review of qualifications of a Foreman, verification of repair radiographs and previous inspection findings
80-03	February 26-29, 1980	L.D. Gilbert	Reactor coolant piping and other safety related piping

<u>Inspection</u>	<u>Dates</u>	<u>Inspectors</u>	<u>General Area Inspected</u>
80-04	March 4-7 and 11-14, 1980	W.A. Crossman W.G. Hubacek	Nine point action plan relative to concrete activities
80-05	March 1980	H.S. Phillips	Backfill test pro- gram and construction deficiencies
80-06	April 1980	H.S. Phillips	Safety related piping previous inspection findings, contain- ment liner, structur- al steel and con- struction deficiencies
80-07	April 8-11, 1980	W.G. Hubacek	Previous inspection findings
80-08	January 19-33 and February 20, 1981	W.A. Crossman W.G. Hubacek L.D. Gilbert	Investigation of alleged construction deficiencies and inaccuracy of an in service inspection device
80-09	April 15-18, 1980	D.D. Driskill P.E. Baci	Investigation of al- legations relative to termination of Brown & Root employees
80-10	May 1980	H.S. Phillips	Concrete acti- vities, structural backfill, embeds, anchor bolts, storage and mainte- nance of equipment, and construction deficiencies
80-11	May 5-8, 1980	L.D. Gilbert L.E. Martin	Reactor coolant piping, containment liner, safety re- lated piping, and electrical cable and raceway in- stallation
80-12	May 12-15, 1980	J.I. Tapia	Earthwork and con- crete activities, and construction deficiencies

<u>Inspection</u>	<u>Dates</u>	<u>Inspectors</u>	<u>General Area Inspected</u>
80-13	May 27, 1980 and February 25-27, 1981	W.G. Hubacek D.P. Tomlinson	Investigation of allegations related to the welding and piping programs
80-14	June 5-6, 18-20 and 24-26, 1980	D.D. Driskill R.K. Herr	Investigation of allegations concerning intimidations, falsification of records, promotion of unqualified individual and altered nonconformance report
80-15	June 5-6, 1980	D.D. Driskill R.K. Herr	Investigation of allegation that a consultant recommended construction be halted
80-16	June 1980	H.S. Phillips	Previous inspection findings, structural steel, QA records system, and NSSS components
80-17	June 23-26, 1980	R.E. Hall J.I. Tapia S.K. Chaudhary R.B. Landsman	Previous inspection findings related to earthwork
80-18	July 1980	H.S. Phillips	Previous inspection findings Show Cause Order items, concrete activities, structural steel and supports
80-19	July 22-24, 1980	J.I. Tapia	Previous inspection findings related to earthwork and concrete
80-20	July 28-29, 1980	D.P. Tomlinson	Issuance and disposition of non-conformance reports
80-21	July 28-Aug. 1 & 4, 1980	R.K. Herr, D.D. Driskill	Investigation of falsification of maintenance records

<u>Inspection</u>	<u>Dates</u>	<u>Inspectors</u>	<u>General Area Inspected</u>
80-22	July 29, 1980	D.D Driskill	Investigation of allegations related to piping systems
80-23	August 1980	H.S. Phillips	Previous inspection findings and Show Cause Order items
80-24	August 18-22, September 2-5 and September 16-19, 1980	J.I. Tapia D.P. Tomlinson	Previous inspection findings and Show Cause Order items
80-25	September 1980	H.S. Phillips	Previous inspection findings and Show Cause Order items
80-26	September 4-5 and 9, 1980	R.K. Herr J.I. Tapia	Investigation of allegations related to audits, intimidation and personnel qualifications
80-27	October 1980	H.S. Phillips	Previous inspection findings and Show Cause Order items
80-28	October 6-10 and 14-17, 1980	D.P. Tomlinson	AWS welding and previous inspection findings
80-29	September 24, 1980	D.D. Driskill	Investigation of alleged drug use
80-30	October 21-24 and 27-31, 1980	W.G. Hubacek L.D. Gilbert J.I. Tapia	Previous inspection Findings and Show Cause Order items
80-31	October 15-17, October 22-23 and November 13, 1980	D.D. Driskill R.K. Herr	Investigation of alleged firing of a Foreman, formerly fired individuals were being rehired, and falsification of records
80-32	October 21-23, 1980	L. Wilborn	Environmental protection programs and previous inspection findings

<u>Inspection</u>	<u>Dates</u>	<u>Inspectors</u>	<u>General Area Inspected</u>
80-33	November and December 1980	H.S. Phillips	Show Cause Order items, storage and maintenance of equipment, structural steel and safety related welding
80-34	October 27-31 and November 11-12, 1980	D.D. Driskill A.R. Johnson	Investigation of allegations related to personnel qualifications, safety-related pipe storage and piping isometric drawings
80-35	November 3-7, 1980	D.P. Tomlinson	AWS welding activities and review of previous inspection findings
80-36	November 17-21 and December 1-4, 1980	W.G. Hubacek L.D. Gilbert	Previous inspection findings and Show Cause Order items
80-37	November 18, 1980	K.V. Seyfrit W.C. Seidle W.A. Crossman R.E. Hall	Meeting with corporate staff of Houston Lighting and Power Company and Brown & Root Co. Inc. to discuss Show Cause Order items and limited work restart
80-38	December 15-18, 1980	J.I. Tapia D.P. Tomlinson	Previous inspection findings and Show Cause Order items
81-01	January 1981	H.S. Phillips	Previous inspection findings, Show Cause Order items and storage and maintenance of equipment
81-02	January 5-9, 1981	D.P. Tomlinson	Previous inspection findings and ASME welding
81-03	January 19-23, 1981	J.I. Tapia L.D. Gilbert	Previous inspection findings and Show Cause Order items

<u>Inspection</u>	<u>Dates</u>	<u>Inspectors</u>	<u>General Area Inspected</u>
81-04	February 1981	H.S. Phillips	Previous inspection findings and Show Cause Order items
81-05	February 2-5, 1981	W.G. Hubacek	Previous inspection findings and Show Cause Order items
81-06	February 23-27, 1981	D.P. Tomlinson W.G. Hubacek	Previous inspection findings and Show Cause Order items
81-07	March 1981	H.S. Phillips	Previous inspection findings and Show Cause Order items
81-08	March 2-6, 1981	L.D. Gilbert	Show Cause Order and immediate action letter items
81-09	March 25-27, 1981	W.G. Hubacek	Previous inspection findings, and 50.55(e) items

APPENDIX B

ITEMS OF NONCOMPLIANCE AND DEVIATIONS

<u>Inspection No.</u>	<u>Description</u>	<u>Type</u>
75-02	B-1 Incomplete Brown & Root Manual	Deviation
	B-2 Lack of schedule for development of Brown & Root procedures	Deviation
	B-3 Lack of Brown & Root procedural provision for field initiated design	Deviation
	B-4 Brown & Root procedure did not clearly delineate authority and duties of QA personnel	Deviation
76-03 Unit 1	I.A.2 Failure to follow Brown & Root specification for verification of vibroflotation	Infraction
76-07	I.A.2 Lack of Pittsburgh-Des Moines procedural controls resulting in use of unqualified welder	Infraction
77-04	I.A.2 Failure to follow Pittsburgh-Des Moines procedure for calibration of welding machines	Infraction
77-05 Unit 1	I.A.2.a. Failure to follow Brown & Root procedure for fabrication of cadwelds	Infraction
77-05 Unit 1	I.A.2.b. Failure to follow Brown & Root procedure for inspection and acceptance of cadwelds	Infraction
77-06 77-03 Units 1 & 2	A. Failure to follow Brown & Root procedures for surveillance of Pittsburgh Testing Laboratory for earthquake activities	Infraction
77-06 77-03 Unit 1	B. Utilization of Brown & Root personnel to inspect concrete placement who were not qualified in education and experience	Deviation
77-09 77-04 Unit 2	A. Brown & Root concrete QC inspector was not qualified as required by proposed ACI 359 Code	Infraction

<u>Inspection No.</u>	<u>Description</u>	<u>Type</u>
77-12 77-07 Units 1 & 2	A. Failure of licensee to maintain audit checklists	Infraction
77-12 77-07 Units 1 & 2	B. Licensee Design Review Committee Minutes failed to document audits of design reviews	Deviation
78-01 Units 1 & 2	A. Failure to follow Brown & Root procedures during concrete placement for 1. Concrete temperature control	Infraction
	2. Vibrator spacing	Infraction
78-04 Unit 2	A. Failure to follow procedures for the control of special processes. (Response not required--corrected during inspections) (premature signoff of checklist)	Infraction
78-07 Units 1 & 2	A.1. Failure to provide revised drawings	Infraction
78-07 Units 1 & 2	A.2. Incomplete inspection of structural steel documented as completed	Infraction
78-15 (Investigation), Unit 1	A. Failure to follow cadweld procedure (4 examples)	Infraction
78-15 Unit 1	B. Failure to provide specified in-process Cadweld inspection	Infraction
78-16 Units 1 & 2	A.1. Failure to provide procedure for housekeeping inspection	Infraction
78-16 Units 1 & 2	A.2. Failure to provide acceptance criteria for testing of class IE motors.	Infraction
78-16 Units 1 & 2	A.3. Failure to follow procedures for surveillance of maintenance on Class IE equipment	Infraction
78-17 Units 1 & 2	A. Reporting of cadwelds qualifications test results by a Level I inspector	Deviation

<u>Inspection No.</u>	<u>Description</u>	<u>Type</u>
79-01 (Investigation) Units 1 & 2	A. Transcription of cadweld inspection records without approved instructions or procedures	Infraction
79-02 Units 1 & 2	A. Failure to control, superseded drawings	Infraction
79-03 Units 1 & 2	A. Failure to follow procedures for storage of material. (2 examples) Stainless steel and reinforcing steel	Infraction
79-04 Unit 2	A. Failure to follow concrete placement procedures (2 examples-- standing water and lateral movement)	Infraction
79-05 Unit 1	A. Failure to follow procedures for storage of material (recycle evaporator)	Infraction
79-05 Unit 1	B. Failure to follow procedures for preparation of nonconformance report	Infraction
79-08 Unit 2	A. Failure of Pittsburg-Des Moines to have a procedure for monitoring welding operations	Infraction
79-13 Units 1 & 2	A. Failure to follow procedures for maintaining Pittsburg-Des Moines QA Manuals	Infraction
79-13 Units 1 & 2	B. Failure to follow procedures for conduct of Pittsburg-Des Moines site audits	Infraction
79-13 Units 1 & 2	C. Failure to delineate organizational change in the Pittsburgh-Des Moines QA Manual	Deficiency
79-13 Units 1 & 2	D. Failure to maintain completed audit checklists in the licensee's audit files	Deficiency
79-13 Units 1 & 2	E. Failure to destroy or stamp a deleted Brown & Root QA procedure	Deficiency

<u>Inspection No.</u>	<u>Description</u>	<u>Type</u>
79-14 (Investigation) Unit 2	A. Failure to follow Brown & Root procedures for release of stop work order	Infraction
79-14 (Investigation) Unit 1	B. Supplemental entry to QA record did not include date of entry or identification of persons making the entry	Deviation
79-15 Unit 2	A. Failure to follow concrete concrete consolidation procedure	Infraction
79-16 Units 1 & 2	A. Failure to include appropriate quantitative or qualitative acceptance criteria for concrete surface moisture prior to placement (2 parts)	Infraction

PROFESSIONAL QUALIFICATIONS

OF

WILLIAM C. SEIDLE

OFFICE OF INSPECTION AND ENFORCEMENT, REGION IV
UNITED STATES NUCLEAR REGULATORY COMMISSION

Mr. Seidle is Chief, Reactor Construction and Engineering Support Branch, Region IV, Office of Inspection and Enforcement, Arlington, Texas. In this position, he plans, organizes, directs and coordinates the work of the Branch. He is responsible for the implementation of programs of inspection, investigation and enforcement for nuclear power plants under construction in Region IV to assure that the quality of construction is such that the plants can be operated safely.

Mr. Seidle received a Bachelor of Science degree from Washington State University in 1953 and he is registered as a Professional Engineer in Nuclear Engineering.

Prior Work History

- 1976 - PRESENT Chief, Reactor Construction and Engineering Support Branch - Plan, organize, direct and coordinate work of branch. Responsible for programs of inspection, investigation and enforcement, Region IV (NRC).
- 1975 - 1976 Chief, Reactor Project Section, Reactor Operations and Nuclear Support Branch - Supervised six to seven inspectors with overall responsibility for programs of inspection, investigation and enforcement for assigned reactors in (NR, AEC).
- 1974 - 1975 Chief, Facilities Test and Start-Up Branch - Responsible for inspection program for power reactors in pre-op and start-up testing phase, Region II (AEC).
- 1972 - 1974 Chief, Reactor Operations Branch - Responsible for inspection programs for assigned power reactors and research, test and training reactors, Region II (AEC).
- 1969 - 1972 Senior Reactor Inspector - Responsible for inspection program for assigned reactors under construction and during operation, Region II (AEC).

PROFESSIONAL QUALIFICATIONS

OF

WILLIAM A. CROSSMAN

OFFICE OF INSPECTION AND ENFORCEMENT, REGION IV
UNITED STATES NUCLEAR REGULATORY COMMISSION

Mr. Crossman is Chief, Projects Section, Reactor Construction and Engineering Support Branch, Region IV, Office of Inspection and Enforcement, Arlington, Texas. In this position, he is responsible for the supervision of the project inspectors who inspect the South Texas Project and other nuclear facilities that are under Region IV jurisdiction. Mr. Crossman has held this position since May, 1974 and in the course of his responsibilities he has reviewed, approved and performed inspections and investigations related to the South Texas Project.

Mr. Crossman received a Bachelor of Science degree in chemical engineering from the University of Texas in 1950. He is a registered Professional Engineer in Nuclear Engineering in the State of California.

Prior Work History

Prior to joining the Atomic Energy Commission (Nuclear Regulatory Commission) in February 1968, Mr. Crossman was an employee of the General Electric Company from March 1950 to July 1965. During this period of employment, he was a supervisor of nuclear related work; including nuclear reactor operation, plutonium and uranium recovery, irradiated fuel processing, plutonium production and radioactive waste management. From July 1965 to December 1967, Mr. Crossman was a supervisor in Nuclear Reactor Operations for Douglas-United Nuclear, Inc.

PROFESSIONAL QUALIFICATIONS

OF

ROBERT G. TAYLOR,

OFFICE OF INSPECTION AND ENFORCEMENT, REGION IV
UNITED STATES NUCLEAR REGULATORY COMMISSION

Mr. Taylor is currently the Resident Reactor Inspector at the Comanche Peak Nuclear Power Station. In this position, he serves to coordinate all safety related inspection efforts relative to the NRC region and the site. In addition, he maintains a field office, develops and recommends enforcement action, and acts as a liaison with regional, state and local agencies. Prior to being the Resident Reactor Inspector at Comanche Peak, Mr. Taylor was the construction project reactor inspector at the South Texas Project from 1975 to 1978.

Mr. Taylor is a registered Professional Engineer in the State of California, specializing in quality control engineering.

Prior Work History

- | | |
|----------------|---|
| 1978 - PRESENT | <u>Resident Reactor Inspector, Comanche Peak Nuclear Power Station.</u> Duties include coordinating all safety related inspection efforts relative to the NRC region and the site, as well as, maintaining a field office and being a liaison with regional, state and local agencies. |
| 1976 - 1978 | <u>Construction Project Reactor Inspector, Arkansas Nuclear Power Unit No. 2 and South Texas Project.</u> Duties included inspection of the South Texas Project while under construction to ascertain whether this facility conformed to the provisions of the construction permit and relevant specifications. |
| 1974 - 1976 | <u>Reactor Inspector, Vendor Inspection Branch, Project Inspector for Stone and Webster Corp. and Construction Engineering, Inc.</u> |
| 1968 - 1974 | <u>Senior Quality Assurance Engineer, Fort Calhoun Nuclear Power Station.</u> Mr. Taylor was the Senior Quality Assurance Engineer for Gibbs and Hill, Inc. |
| 1962 - 1968 | <u>Senior Quality Assurance Engineer, AMF Inc.</u> Duties included various quality assurance positions in regard to ballistic missile construction projects. |

PROFESSIONAL QUALIFICATIONS

OF

WILLIAM G. HUBACEK

OFFICE OF INSPECTION AND ENFORCEMENT, REGION IV
UNITED STATES NUCLEAR REGULATORY COMMISSION

Mr. Hubacek is a Reactor Inspector, Reactor Construction and Engineering Support Branch, Region IV, Office of Inspection and Enforcement, Arlington, Texas. In this position, he is responsible for project inspection of the South Texas Project and other nuclear facilities within Region IV jurisdiction. Mr. Hubacek has held this position since June, 1974, and in the course of this position has been regularly assigned to perform inspections related to the South Texas Project.

Mr. Hubacek received a Bachelor of General Studies degree from the University of Nebraska in 1973. He is a registered Professional Engineer in Nuclear Engineering in the State of California.

Prior Work History

- 1974 - PRESENT Reactor Inspector, Region IV, United States Nuclear Regulatory Commission. In this position he is responsible for project inspection of nuclear facilities under Region IV jurisdiction, including the South Texas Project.
- 1958 - 1974 Military Reactor Program, United States Army Engineer Power Group. Duties included a variety of job assignments in nuclear related work; including operator/instrument technician, instrument shop supervisor, shift supervisor, nuclear power plant superintendent, and chief of the instrumentation training section.

PROFESSIONAL QUALIFICATIONS

OF

HARRY SHANNON PHILLIPS

OFFICE OF INSPECTION AND ENFORCEMENT, REGION IV
UNITED STATES NUCLEAR REGULATORY COMMISSION

Mr. Phillips is the Resident Reactor Inspector, South Texas Project, Bay City, Texas. In this position, he serves as Senior Resident Reactor Inspector, responsible for coordinating all safety related inspections and acts as a liaison between the NRC region and site. He has held this position since August, 1979.

Mr. Phillips received a Bachelor of Science degree from the University of North Alabama in 1962, majoring in chemistry and math. In addition, Mr. Phillips received a masters of science from Mississippi State University, in 1971, majoring in materials engineering with a metallurgical option.

Prior Work History

- 1977 - Present U. S. Nuclear Regulatory Commission, Region III, Glen Elyn, Reactor Inspector (Projects). Project Inspector for safety related construction activities (structural, mechanical, electrical, material) at several nuclear sites in several states. Duties included evaluation of management, organization, procedures and practices for compliance to rules, orders, and regulations. Performs evaluations and investigations related to issuance, suspension, modification and revocation of license. Review and analyze company/corporate reports to determine possible violations of the AEC act of 1954.
- 1972 - 1977 Defense Supply Agency (DSA), DEFENSE CONTRACT ADMINISTRATION SERVICES OFFICE (DCASO), Houston, Texas, Quality Assurance Division Chief. Direct and administer Quality Assurance effort on 988 Department of Defense contracts at 353 contractor facilities located throughout Louisiana, and Southeast Texas. Supervise five subordinate branch supervisors and a staff of five plus 45 technical specialist.
- 1970 - 1972 DSA, Defense Contract Administration Services Region, Dallas, Texas, Materials Engineer. Served as Staff Engineer and Advisor to Quality Assurance Directorate on

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1 MR. GUTIERREZ: At this time, Mr. Chairman,
2 the panel is free to be cross-examined. We have no
3 further questions.

4 MR. NEWMAN: Mr. Chairman, I'd like to make
5 the request that -- in the circumstances of cross-
6 examining the various NRC panels, that the Intervenors
7 move first and ask their questions.

8 We do have the burden of proof, and I think
9 that it would be much more orderly for us to hear the
10 entire Staff testimony and then put on a comprehensive
11 cross-examination, taking into account their cross-
12 examination as well, if there's no objection to proceeding
13 that way. I think it would make for a better record, a
14 more tightly --

15 JUDGE BECHHOEFER: That is the normal practice
16 in most proceedings, in any event. Is there any objection?

17 I might say that all of the parties have a
18 second time around after --

19 MR. NEWMAN: I recognize that.

20 MR. HAGER: Of course, we would object, and
21 we would like to have it the other way because we feel
22 that in fact although there is a legal burden of proof
23 on the Applicant, that the history of licensing proceedings
24 that the actual burden is on the Intervenor to have a
25 Board rule not to grant a license.

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And for the very same reasons, we feel it would be more compact to have the Applicants' cross-examination before the Intervenors' cross-examination, although that would be the extent of the argument that we'd make on it, in light of the Board's statement that the practice is to have the Applicant go first.

JUDGE BECHHOEFER: Yes. As a matter of fact, I think we've ruled on essentially the same question very early in the proceeding, perhaps the first day or two. And whether we covered this specifically, I don't remember, but ...

MR. NEWMAN: Well, I'm prepared to proceed if that's the Board's pleasure.

JUDGE BECHHOEFER: I think we would prefer the Intervenors to proceed.

MR. NEWMAN: Oh, okay. Fine, I'm sorry, I misheard.

MS. BUCHORN: I beg your pardon.

JUDGE BECHHOEFER: In terms of cross-examination, we would prefer the Intervenors to begin.

MS. BUCHORN: Oh, I'm sorry. I misunderstood you, sir.

- - -

CROSS-EXAMINATION

1
2 BY MS. BUCHORN:

3 Q Good morning, gentlemen. My name is Peggy
4 Buchorn. I'm executive director of Citizens for Equitable
5 Utilities, an Intervenor in this process.

6 I would like to begin cross-examination by
7 asking if you have copies of CCANP Exhibits 1 through 10,
8 which are the I&E reports, and all of the Staff exhibits
9 of I&E reports.

10 BY WITNESS SEIDLE:

11 A Ms. Buchorn, we do not have the -- all of the
12 contentions that you referenced. We do have all of the
13 exhibits that support this testimony, which comprise some
14 48 reports and/or letters from the licensee.

15 MS. BUCHORN: Mr. Chairman --

16 BY WITNESS SEIDLE:

17 A The only contentions we have are those that
18 speak directly to this panel one.

19 MS. BUCHORN: Mr. Chairman, I would like to
20 ask the Staff to provide the panel with CCANP Exhibits 1
21 through 10, which are I&E reports.

22 MR. REIS: Mr. Chairman, the Intervenor is
23 cross-examining on them. We need them at counsel table.
24 We'll hold them at counsel table when we're looking at
25 them. If they have copies of them that they want to give

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1 to the Board, if they have questions about them, fine. We
2 do not have extra copies to supply to the panel. We
3 weren't told about it in advance. We just have one copy
4 which we're using at counsel table.

5 JUDGE BECHHOEFER: Ms. Buchorn, do you have
6 an extra copy of those or not?

7 MR. BUCHORN: No, Mr. Chairman, I do not.
8 I have one copy of those.

9 Nevertheless, we'll go ahead.

10 JUDGE BECHHOEFER: Why don't we take a
11 morning break now, because the -- we may have an extra
12 copy. We have one. I have my copies. Now, whether the
13 other Board members still have their copies of their
14 exhibits here or not, if we do, we would be pleased to
15 let the panel use Exhibits 1 to 10, but I won't guarantee
16 you we have those. If we do, they'll be in the back room
17 there.

18 MS. BUCHORN: I appreciate that.

19 JUDGE BECHHOEFER: Extra copies. If not,
20 you will -- do you, Mr. Hager, do you by any chance --

21 MR. HAGER: No.

22 JUDGE BECHHOEFER: I see. Well, we'll look,
23 but I can't guarantee you we'll find anything.

24 Why don't we take a 15-minute break.

25 (Short recess.)

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JUDGE BECHHOEFER: Back on the record.

Ms. Buchorn.

BY MS. BUCHORN:

Q Gentlemen, I would direct your attention to Page 16, and the question, what was the reason for the investigation, and this is -- refers to Report 77-08, dated August 2, 1977.

In the answer in the middle of the page, it says, "On July 1st, 1977, an individual contacted Region IV Inspector R. G. Taylor by telephone and indicated that an incident had taken place at the South Texas Project in which a Brown & Root construction foreman assaulted and injured a Brown & Root civil quality control inspector."

Mr. Taylor, I would like to ask you if the person who contacted you was Mr. Singleton.

BY WITNESS TAYLOR:

A I don't know.

Q Did he ask -- did he not give his name?

BY WITNESS TAYLOR:

A He gave us a name. That name never again surfaced in the investigation, nor was I able to voice-tag the person that called. I don't know the answer.

Q What has been termed as the Marshall file, I believe is in evidence now --

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MS. BUCHORN: I apologize, Mr. Chairman, I do not have the number of that particular document. However, I can describe it. It is the file that was provided pursuant to interrogatories about this particular altercation where Mr. Marshall was assaulted.

In that file there is a page that says -- it says -- it's addressed to a man named Frank. It says, "Mr. Taylor indicated that he had been contacted by an informer regarding an incident that occurred Thursday, June 30th, 1977."

These are employees at the site. This is from Mr. Bill Phillips, and it's dated 7-5-77.

BY MS. BUCHORN:

Q Mr. Taylor, could you tell me when you phoned them or contacted them and told them that you had received this allegation and that you would be there?

It indicates here that you said -- it says, "Mr. Taylor indicated that he might possibly be on site Tuesday, July the 5th, to investigate the allegations."

MR. NEWMAN: Mr. Chairman --

MR. GUTIERREZ: Mr. Chairman, can we have some clarification of what it is that Mrs. Buchorn is reading from? I'm uncertain; is it in evidence or is she -- just what the document is, maybe we can follow along.

MS. BUCHORN: Mr. Chairman, it is in evidence.

1 It is the Marshall file. I'm sorry I did not have the
2 number of that, but it was placed in evidence, I believe
3 by Mr. Sinkin during -- and I apologize, I have no -- I'm
4 sorry, I don't have the number of that. I searched all of
5 the files that I had, but it shouldn't be that hard to find.
6 There was only one file on -- detailing an altercation at
7 that plant that was placed in evidence.

8 JUDGE BECHHOEFER: Well, show it to the people.
9 Show it to the parties and maybe they can identify --

10 MS. BUCHORN: This is not the complete --

11 JUDGE BECHHOEFER: No, I meant to the counsel.

12 MR. REIS: No, it was to counsel. I'm sorry.
13 It was not to be shown to the witnesses at this point.

14 MS. BUCHORN: Okay.

15 MR. REIS: Can we get that back from the
16 witnesses.

17 JUDGE BECHHOEFER: Yes. Show it to the other
18 counsel so they can perhaps identify the document, because
19 we have a lot of exhibits here and if we knew which one
20 it was --

21 MR. NEWMAN: Mr. Chairman, if I may try to
22 help Mrs. Buchorn, I think that there is a CCANP Exhibit 20,
23 which on my list is titled "Various Memoranda of the
24 Marshall Incident." I think that Mrs. Buchorn may possibly
25 be reading from the first page of CCANP Exhibit 20. Perhaps

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ve could show that to her and see whether that's the document.

MS. BUCHORN: Thank you. I appreciate that. I don't have a list of that.

That's right. That's it. That's the one Staff exhibit that I don't have. I've got everything except four.

MR. NEWMAN: That is a CCANP exhibit.

MS. BUCHORN: The I&E Report 77-08 that I was referring to, I do not have a copy of that.

JUDGE BECHHOEFER: That's Staff Exhibit 4.

MS. BUCHORN: That's right. I have all of the other exhibits except Staff Exhibit 4.

JUDGE BECHHOEFER: Well, the witnesses apparently have the Staff exhibits.

MS. BUCHORN: Beg pardon?

JUDGE BECHHOEFER: The witnesses, I believe, said they have the Staff exhibits.

MS. BUCHORN: But I don't, and I can't ask ask questions from it if I don't have it.

MR. NEWMAN: Ms. Buchorn, this is my copy of 77-08 and I would be happy to lend it to you.

MS. BUCHORN: Thank you.

BY MS. BUCHORN:

Q Mr. Taylor --

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BY WITNESS TAYLOR:

A. Yes, ma'am.

Q. -- could you tell me when you contacted the Applicants or Brown & Root in regard to these allegations?

BY WITNESS TAYLOR:

A. My recollection of it was the next day.

Q. The next day after you received the allegations?

BY WITNESS TAYLOR:

A. Yes.

Q. Was this a practice of the Staff to get in touch with either the licensee or the contractor when you received allegations?

BY WITNESS TAYLOR:

A. To the extent involved in this one, yes.

Q. And you indicated that you would possibly be on site on Tuesday, July the 5th. Is that correct?

BY WITNESS TAYLOR:

A. That's correct.

Q. When did you actually go to the site?

BY WITNESS TAYLOR:

A. I believe we were there on the 5th and initiated the interview exercise on the 6th.

Q. Could you generally describe to me the procedure that was used at that time? Now, you say the

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1 initial interview. Could you describe that to me and
2 tell me where it took place and just generally what would
3 happen in this type of a situation so we can get an idea.

4 BY WITNESS TAYLOR:

5 A. The --

6 MR. GUTIERREZ: Mr. Chairman, the Staff would
7 object to that on relevancy. The general procedure of the
8 Staff when it receives an allegation, I don't think is
9 relevant and material to any issue that this Board has to
10 decide right now.

11 MS. BUCHORN: I'll rephrase it, Mr. Chairman.

12 BY MS. BUCHORN:

13 Q. You indicated that there was an initial
14 interview with the Applicant. Is that true?

15 BY WITNESS TAYLOR:

16 A. The initial interview with the Applicant was
17 only to confirm that the incident reported had actually
18 taken place.

19 Q. Could you tell me where this happened?

20 BY WITNESS TAYLOR:

21 A. That part of it was done over the phone.

22 Q. It was done over the phone?

23 BY WITNESS TAYLOR:

24 A. Yes, ma'am.

25 Q. And you called them over the phone and asked

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them if the incident had indeed taken place?

BY WITNESS TAYLOR:

A. That is correct.

Q. And what did they say?

BY WITNESS TAYLOR:

A. "Yes."

Q. Did you ask them for details?

BY WITNESS TAYLOR:

A. Did I what?

Q. Did you ask them for details?

BY WITNESS TAYLOR:

A. Only general; where it had taken place, who had been involved.

Q. I see. And then I take it that you went to the site.

BY WITNESS TAYLOR:

A. We did.

Q. Did you initially discuss these allegations with the Brown & Root management?

BY WITNESS TAYLOR:

A. Negative.

Q. Well, if you didn't do that, would you please tell me what level of management that you did speak with?

BY WITNESS TAYLOR:

A. We did not speak with any level of management

1 at that particular point in time, other than one request,
2 that they make the personnel available to us for
3 interview.

4 Q Could you tell me how those interviews were
5 conducted?

6 BY WITNESS TAYLOR:

7 A They were conducted by Mr. Foster and myself
8 on a one-on-one basis with the individual line inspectors.

9 THE REPORTER: I'm sorry, with the individual
10 what?

11 WITNESS TAYLOR: Individual Brown & Root line
12 inspectors.

13 BY MS. BUCHORN:

14 Q Could you tell me how many inspectors you
15 interviewed?

16 BY WITNESS TAYLOR:

17 A Just a moment, please.

18 The report doesn't seem to indicate a specific
19 number. I believe that it was twelve. That's my
20 recollection from five years.

21 Q Did you take any written statements from any
22 of these individuals?

23 BY WITNESS TAYLOR:

24 A No, ma'am.

25 Q Why not?

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MR. GUTIERREZ: Objection, Mr. Chairman. I think we should focus on what the issues are that the Board has to decide. Mrs. Buchorn seems to be more interested in probing the investigative techniques of Mr. Taylor than what the investigation revealed.

I don't see why the question she just asked is relevant.

JUDGE BECHHOEFER: Where do you plan to --

MS. BUCHORN: Mr. Chairman, the investigative techniques, I believe, have quite a lot to do with the information that is elicited, the ability of the Staff to retain that information and to make the assumptions that they make in the I&E report.

(Board conference.)

MR. NEWMAN: Mr. Chairman, if I may just express the view of the Applicant, I don't believe that cross-examination of this type, regardless of the answers elicited, really contributes to the issues that are before you to decide. We're not trying the NRC Staff. We're trying a set of issues that were laid out by the Board relating to the conduct of the Applicant and the Applicant's programs, and I don't see where this line of cross-examination can take us, I don't see where it can help the Board in deciding any of the issues which the Board has set out in the proceeding.

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MR. HAGER: If I may give CCANP's view on this, it seems to be a very fundamental issues that Mr. Gutierrez is raising here. The NRC inspectors, this panel are here testifying in the nature as expert witnesses on the issues. They have offerred opinions on really ultimate questions that face the Bcard and it should be open for the Intervenors to question the bases for those opinions.

Now, just the opinion that Ms. Buchorn is now addressing is the question of conflict or friction between construction people and quality control people on the job.

The NRC Staff has drawn certain conclusions on that issue. The background for those conclusions is very important in the weight which the Board should give to those conclusions, so I think that it is important that it be open for the Intervenors to go into some of the grounds for these alternate conclusions that have been drawn by the NRC Staff.

MR. GUTIERREZ: Mr. Chairman, if the Staff can respond briefly --

JUDGE BECHHOEFER: Yes.

MR. GUTIERREZ: -- I think the point was missed by Mr. Hager in this regard. Certainly, anyone-is free to ask this panel the basis for their conclusions, free to ask what did you do in order to arrive at the conclusion, what did you do during the investigation; but

1 as I understood Mrs. Buchorn's question she was going far
2 beyond that as to why didn't you do something else that
3 you didn't do, and that was why I objected.

4 JUDGE BECHHOEFER: I think on that, we will
5 sustain the objection on that.

6 You can inquire what this panel did, how it
7 reached its conclusions.

8 MS. BUCHORN: Fine.

9 BY MS. BUCHORN:

10 Q. Gentlemen, on Page 17, the answer to the first
11 question, it says -- the question, "What conclusions were
12 reached as a result of this investigation?"

13 In your answer you say, "Although two incidents
14 involving threats to Brown & Root quality control
15 inspectors and the pushing of one Brown & Root inspector
16 in June of '77 were confirmed" -- first, I would like to
17 ask this, are we talking about three separate incidents
18 here, two incidents involving threats and one of pushing?

19 BY WITNESS TAYLOR:

20 A. No. I believe it stated that there were two
21 incidents all told at that point in time; one involved
22 the pushing and one involved threats.

23 Q. Would you please describe the incident
24 involving the threat?

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BY WITNESS TAYLOR:

A. The inspection report, to my recollection, indicated that it took place on the concrete placement between a lead inspector for Brown & Root and a general foreman of Brown & Root, and involved nothing more or less than the lead inspector holding up the concrete placement until certain things were accomplished, and the foreman objecting to that.

THE REPORTER: I'm sorry; until certain things were accomplished --

WITNESS TAYLOR: Until certain things were accomplished, and holding up the concrete placement until they were accomplished.

MR. GUTIERREZ: Excuse me, Mr. Taylor. Could you move the mike a little bit closer. That might help the reporter.

WITNESS TAYLOR: Okay. Is that better?

BY MS. BUCHORN:

Q. Was this the incident involved in the request to remove the slick line, the concrete slick line?

BY WITNESS TAYLOR:

A. Negative.

Q. It was not?

BY WITNESS TAYLOR:

A. Different issues.

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Q. Different issues altogether?

BY WITNESS TAYLOR:

A. Yes, different incidents, different issues, different persons.

Q. Different pours?

BY WITNESS TAYLOR:

A. Different pours, as I recall, but I can't specifically say that.

Q. Did these happen on separate days?

BY WITNESS TAYLOR:

A. Yes.

Q. What was the time period between the incidents?

BY WITNESS TAYLOR:

A. If I recall correctly, and again it doesn't really state here, probably a day.

Q. Probably a day.

What was the specific threat?

BY WITNESS TAYLOR:

A. That the general foreman was going to take the inspector to a parking lot and beat him.

Q. And beat him.

Would in your opinion, this allegation was substantiated?

BY WITNESS TAYLOR:

A. Yes.

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Q. Now, the other incident involved in the pushing, was that the incident the concrete slick line?

BY WITNESS TAYLOR:

A. Yes.

Q. Do you know whether or not the inspector involved in that was actually injured?

BY WITNESS TAYLOR:

A. My recollection was that he had a bruised rib.

Q. I see. Do you know whether or not he was taken to a physician?

BY WITNESS TAYLOR:

A. I believe he was.

Q. Now, you have stated that you interviewed a number of quality control inspectors in relation to these allegations.

Would you tell me, please, how many construction personnel were interviewed in relation to these allegations?

BY WITNESS TAYLOR:

A. I can't give you exact numbers just off the top of my head. I can essentially tell you who they were. They were not construction workers, per se.

We interviewed a foreman, a general foreman, his superintendent, his superintendent, his manager and his manager, up to the top project manager.

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Q I see. You did not interview any of the concrete workers who were present at the time, you just interviewed the foreman and on up?

BY WITNESS TAYLOR:

A Yes.

Q Did you interview these people because they were the ones that were involved?

BY WITNESS TAYLOR:

A Not necessarily. The concrete general foreman was involved, and a concrete foreman had been involved, but the concrete foreman involved in the Marshall incident was not available to us. He had already left.

Q Why was he not available?

BY WITNESS TAYLOR:

A What?

Q Why was he not available?

BY WITNESS TAYLOR:

A He quit the day before. In fact, the day after the incident he quit on his own volition, as I understand it.

Q You state here that the facts gathered at that time regarding the two incidents were insufficient to substantiate the allegation that there was a directed program of systematic harassment and intimidation of Brown & Root quality control inspectors, and then you go on

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to say, "However, the regular QC inspectors interviewed who were assigned to safety-related work areas did state they were subject to some minor harassment."

Now, could you define for me your interpretation of the term "minor harassment"?

BY WITNESS TAYLOR:

A. Occasional name calling; ignoring requests, things of that nature.

Q Ignoring requests, how?

BY WITNESS TAYLOR:

A. It depends on the type of request; if they were requesting something very minor that the inspector might reasonably have done himself, that would be ignoring a request that would be minor harassment.

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1 BY MS. BUCHORN:

2 Q Now, you go on here to say that "Some com-
3 plained of a lack of managerial support." How many of
4 those -- I believe you said 20 or so --

5 BY WITNESS TAYLOR:

6 A Twelve.

7 Q -- 12 inspectors that you interviewed com-
8 plained of lack of managerial support.

9 BY WITNESS TAYLOR:

10 A To my recollection four.

11 Q Four.

12 Do you know the level -- Did these inspectors
13 work with a Level 1, Level 2? Were they --

14 BY WITNESS TAYLOR:

15 A I can't define them in terms of level at this
16 point, Ms. Buchorn. They were more experienced people
17 in the group.

18 Q They were more experienced people?

19 BY WITNESS TAYLOR:

20 A Yes.

21 Q All right. In other words, they were people
22 who had been there a long period of time?

23 BY WITNESS TAYLOR:

24 A Relatively speaking, yes.

25 Q Was Mr. Swayze one of those persons?

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1 BY WITNESS TAYLOR:

2 A. Yes.

3 Q. Was Mr. Lacey -- Jerry Lacey --

4 BY WITNESS TAYLOR:

5 A. I can't --

6 MR. GUTIERREZ: Objection. I don't see the
7 relevancy of individual names being brought out in the
8 hearing, unless Ms. Buchorn can explain to us why knowing
9 the individual's name as opposed to knowing the individual's
10 position will contribute something to the record.

11 MS. BUCHORN: Mr. Chairman, there was quite a
12 turnover of quality assurance and quality control person-
13 nel. In order to be able to determine how relevant the
14 length of time that he's talking about, I need to be able
15 to determine through my questions at least some of those
16 names that I am familiar with, the length of time that they
17 were on that site.

18 MR. GUTIERREZ: I don't -- again would press
19 my objection. Mr. Taylor has testified that of the 12
20 inspectors, four complained of lack of management support,
21 and they tended to be the more experienced.

22 I don't understand why knowing the individual
23 names would contribute anything beyond that.

24 (Bench conference.)

25 MS. BUCHORN: Mr. Chairman --

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JUDGE BECHHOEFER: Yes.

MS. BUCHORN: I would like to further make the point that Mr. Chuck Singleton, who has testified in this proceeding, was there for a great length of time. It was my intention also to ask Mr. Taylor if Mr. Singleton was one of those people that complained of lack of managerial support.

And we all know how long he was there.

(Bench conference.)

JUDGE BECHHOEFER: The Board has considered generally the problem of some of the confidential informants. And in the context of where the proceeding is now, we think that unless the information can be tied into the conduct of Houston, rather than Brown & Root, we won't have the names revealed.

If particular names would assist in helping us evaluate the conduct of Houston, vis-a-vis Brown & Root and the QC people, the involvement of Houston in these investigations, we may well -- depending on what the request is, ask that some of the names be identified.

But basically now we are not really trying to find out whether Brown & Root was doing a proper job or not. What we're trying to find out is whether Houston was doing a proper job in controlling the activities.

So I think we would draw that line for

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1 revealing names which the Staff does not wish to reveal
2 because of confidentiality.

3 MS. BUCHORN: Mr. Chairman, I must object.
4 The order from the Commission stated that there was a need
5 to know whether there was an abdication of responsibility
6 on the part of the Applicant --

7 JUDGE BECHHOEFER: That's correct --

8 MS. BUCHORN: -- in giving the construction
9 company more latitude and an abdication of responsibility
10 on the part of Houston Lighting & Power. How are we to
11 know that unless we can question now about Brown & Root?

12 Just because they're gone from the site doesn't
13 mean that they're completely out of the picture. A lot
14 of those construction personnel have been hired by
15 Houston Lighting & Power.

16 Some of those construction personnel are being
17 hired by the new architect engineer. Now, just because
18 Brown & Root as a company has gone doesn't mean that those
19 people who were on that site are no longer relevant to
20 these proceedings.

21 JUDGE BECHHOEFER: Well, I didn't say that that
22 was so. But I did say that there ought to be some involve-
23 ment of Houston, either in controlling these activities or
24 failing to do that.

25 And if revealing the names of any of these

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1 people -- and particularly naming the higher level ones
2 would do that, we may well order it.

3 But I don't think we will -- we'll certainly
4 permit questions which would require the Staff to reveal
5 all of the names of the people interviewed or contacted.

6 MR. HAGER: If I may speak to this issue, Mr.
7 Chairman: We may be introducing --

8 MR. GUTIERREZ: Excuse me, Mr. Chairman, have
9 you ruled on this --

10 JUDGE BECHHOEFER: This is what our general
11 thoughts are. We haven't ruled on the particular question.
12 I think we will sustain the objection to the particular
13 question.

14 But if there is a showing that the name is
15 necessary for our evaluating particularly Houston's
16 conduct or lack of conduct, we may -- we're not ruling out
17 all names across the board.

18 MR. GUTIERREZ: That was my understanding.

19 I just wonder what Mr. Hager wants to address --

20 JUDGE BECHHOEFER: The way we read the Appeal
21 Board and Commission orders, while they don't specifically
22 cover witnesses at the evidentiary hearing, they're limited
23 to discovery.

24 I think the general thrust of those rulings
25 would extend to witnesses, except to the extent that

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identification is necessary for a proper evaluation of one of the issues -- one or more of the issues in the proceeding.

And that's the context in which we will look at particular requests for revealing names of informants.

So we'll sustain the objection to the last question, but if you connect it up to some conduct by Houston, we may well find that some names should be revealed.

BY MS. BUCHORN:

Q Mr. Taylor, as a part -- or let me ask you this. Did you do any follow-up on the initial investigation?

BY WITNESS TAYLOR:

A No, ma'am.

Q Were you ever provided with any documents by the Applicant in explanation of the incident?

BY WITNESS TAYLOR:

A No, ma'am.

Q So I take it that you have not seen a document where Houston Lighting & Power requests Brown & Root to investigate this and provide a report back to them?

BY WITNESS TAYLOR:

A I don't recollect such a document.

JUDGE BECHHOEFER: Mr. Taylor, just to fill out

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1 that line of questions, did you look at all into Houston's
2 either reaction to the incident or handling of the
3 incident?

4 WITNESS TAYLOR: I discussed it with some of
5 the Houston personnel, yes, sir.

6 JUDGE BECHHOEFER: I couldn't --

7 WITNESS TAYLOR: I discussed it with some of the
8 Houston personnel, yes, sir.

9 JUDGE BECHHOEFER: Did you ask them what steps
10 they had taken or what steps they had in force to investi-
11 gate and follow through on reports of this sort?

12 WITNESS TAYLOR: It was discussed, sir. I
13 don't believe Houston -- I think they attempted to keep
14 the incidents at a level that were simply two incidents
15 and not really a reflection on the entire quality
16 assurance aspect.

17 JUDGE BECHHOEFER: What do you mean they
18 tried to keep them -- those two incidents? Did they --
19 Do you mean to say they tried to cover up other incidents?

20 WITNESS TAYLOR: Negative, sir. It's a judg-
21 mental factor, not a matter of cover-up.

22 We're dealing in an area that we don't have
23 rules and regulations on. It's a judgment factor on the
24 part of ourselves, on the part of the utility, on the part
25 of the Brown & Root people, on the part of the people

1 individually involved.

2 JUDGE BECHHOEFER: Do you think that their
3 program or their procedures they followed at the time
4 were designed to reveal when incidents of this type
5 occurred?

6 WITNESS TAYLOR: I don't think I understand,
7 sir.

8 JUDGE BECHHOEFER: Well, were they adequately
9 informed under their procedures at the time when incidents
10 of this sort occurred? Do you think they found out about
11 them? Do you think Houston knew when each of these
12 incidents occurred?

13 WITNESS TAYLOR: To my knowledge there are no
14 procedures, per se, that address this particular aspect.

15 JUDGE BECHHOEFER: Should there have been, in
16 your judgment?

17 WITNESS TAYLOR: Sir, all I can say is that
18 I have been in the quality assurance field some 30-odd
19 years, and I have yet to see that type of procedure. I
20 think it would be one of those situations in which you
21 would write a "shall not" document, which is very hard to
22 do, because there's always going to be something that you
23 have forgotten to put a "shall not" in front of.

24 JUDGE BECHHOEFER: Did Houston invoke any
25 positive steps or take any positive steps to perhaps

1 preclude further incidents of this sort from occurring?

2 WITNESS TAYLOR: I don't recollect any, sir.

3 WITNESS SEIDLE: Mr. Chairman --

4 JUDGE BECHHOEFER: Yes.

5 WITNESS SEIDLE: -- may I make a comment?

6 JUDGE BECHHOEFER: Certainly.

7 By the way, the panel is free to -- each of
8 you is free to talk about any of the questions that I
9 ask, at least. I started with Mr. Taylor because he was
10 primarily involved with --

11 WITNESS SEIDLE: Mr. Taylor at that time re-
12 ported to Mr. Bill Crossman to my right, who in turn
13 reports to me.

14 And on matters concerning investigations,
15 findings, et cetera, we discussed these at some length --
16 that is, the findings -- and typically, I would call Mr.
17 Ed Turner, who at that time was the sponsor of the
18 license, and discuss these matters with him, express
19 concern that this kind of thing is going on.

20 And although these discussions perhaps were
21 not always documented, such discussions did take place.

22 So I think really Mr. Taylor may not have
23 always been a party to these discussions, but Mr. Cross-
24 man, myself have talked to corporate management, dis-
25 cussed these findings, expressed concern and obviously

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1 what corrective action to prevent recurrence of these kinds
2 of things.

3 JUDGE BECHHOEFER: Well, did the Applicants
4 either have a place -- a sort of formalized program for
5 dealing with such incidents?

6 WITNESS SEIDLE: I was not aware of any pro-
7 cedure that was in place to follow up on these kinds of
8 matters. This concern was ultimately expressed in a meet-
9 ing that I had with corporate management at a later date.

10 JUDGE BECHHOEFER: To your knowledge, has the
11 company taken any steps to perhaps improve their system
12 for either identifying when these occurrences happen or
13 precluding them from later happening, or were any positive
14 steps taken by HL&P?

15 WITNESS SEIDLE: I think that perhaps Panel 3
16 would be in a better position to respond to this question,
17 but I can say that --

18 JUDGE BECHHOEFER: Well, I prefer --

19 WITNESS SEIDLE: -- such procedures are in
20 place that would require the licensee and his representa-
21 tives to follow up on these matters and investigate these
22 matters, that they be promptly called to the attention of
23 the licensee.

24 I have not personally seen or read these pro-
25 cedures. Perhaps Mr. Crossman could add to this.

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WITNES CROSSMAN: I think that Panel 3 will be in a much better position. Once the show cause items have all been answered, I believe we will find in that a considerable amount of procedure that was generated to preclude this type.

There had been, prior to the show cause -- although I don't recall the formalization of it -- but there were methods that were adapted for individuals who had complaints within the company to address someone at a higher level of supervision.

This, as I recall, was in answer to the QC people's feeling that they had no backing from their supervision.

Essentially what it allowed them to do was air their complaints past this particular level they were complaining about to a higher level of management.

JUDGE BECHHOEFER: When ...

(Bench conference.)

JUDGE BECHHOEFER: I guess we'll go back to Ms. Buchorn.

BY MS. BUCHORN:

Q On Page 18, the answer -- the first answer, it says, "As used in this investigative report," what is -- Is there a difference between this investigative report and the others?

1 BY WITNESS TAYLOR:

2 A Terminology only.

3 Q I beg your pardon.

4 BY WITNESS TAYLOR:

5 A Terminology only. We ordinarily have not had
6 to deal with a -- for lack of a better term, ma'am --
7 the friction factor.

8 Q The friction factor.

9 In that same paragraph, you say, "If friction
10 exists, it has the potential to, but does not necessarily
11 adversely affect the professional working relationship
12 between the two groups and may, in addition, adversely
13 affect the work product." As the terms are used in I&E
14 reports, harassment refers to the tension, verbal abuse
15 or friction between workers."

16 And then you make this statement: "Harass-
17 ment does not affect an individual's work product."

18 Could you tell me how you reach this con-
19 clusion?

20 MR. GUTIERREZ: Excuse me. In fairness to the
21 witness, I think he should be given a chance to read the
22 entire answer before responding.

23 MS. BUCHORN: Fine.

24 WITNESS TAYLOR: I believe we answered your
25 question in the next sentence, Ms. Buchorn.

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BY MS. BUCHORN:

Q Don't those two sentences contradict each other?

BY WITNESS TAYLOR:

A I don't believe so, ma'am. Let me put it this way: In a conversation of the nature we're having, I could consider myself being harassed by you. I do not consider that you have intimidated me, however.

Q I see.

WITNESS SEIDLE: Mr. Chairman, may I make a comment to Ms. Buchorn?

MS. BUCHORN: Please do.

JUDGE BECHHOEFER: Certainly.

WITNESS SEIDLE: This is a problem of semantics perhaps, harassment as opposed to intimidation. And I think it's very important that we make the distinction between harassment and intimidation.

Someone can be verbally harassed, for example, "You go up on that particular placement and we'll throw you off the scaffold ." The quality control inspector ignores the comment, goes up onto the scaffold and makes his inspection.

He has been harassed, but he has not been intimidated in that he did his job. And that is one thing that we're most concerned about. You have to understand

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that when you have three to four thousand construction people working at a site, and you have construction people and you have quality control people, that there is this adversarial relationship between quality control and construction.

Construction obviously is more concerned about meeting deadlines and keeping things within cost. They also are concerned about quality, obviously. Quality control is primarily concerned about quality. That's it.

And if it's necessary to stop a job, I think it's only reasonable to understand that a construction foreman might become upset. And I think that words can be exchanged.

They may be words that we wouldn't want to utter in this forum. But as to whether a QC inspector is intimidated because of what was said to him by a construction foreman may or may not be the case.

I personally am not aware of any intimidation that went on in the time frame of Panel 1.

Does that make the distinction between the two terms?

BY MS. BUCHORN:

Q Let me ask you something: Would you ordinarily expect the macho type person who does that kind of work on construction companies who have pride in their work

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and who have pride in their background, would you ordinarily expect them to admit that they were ever intimidated under any circumstances?

MR. GUTIERREZ: Objection on the basis of relevancy. You're just asking for personal conjecture from Mr. Seidle. It hasn't been connected to an I&E report or an issue.

(Bench conference.)

JUDGE BECHHOEFER: We'll overrule the objection. The panel can answer.

WITNESS SEIDLE: Your question again, please?

BY MS. BUCHORN:

Q Given the macho nature -- and I'm assuming this because I would assume that men who were strong and who had pride in their background and who were construction workers, and work out there on that site, would you ever expect them to admit that they were intimidated under any circumstances?

BY WITNESS SEIDLE:

A Ms. Buchorn, you're talking about construction workers. Usually the one that is intimidated is the quality control inspectors.

Q Well, I'm --

BY WITNESS SEIDLE:

A Not the construction workers.

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Q. This is a generic category because the QA/QC construction interaction here ...

BY WITNESS SEIDLE:

A. But I would repeat --

Q. Would you -- All right. Let me put it into these terms: Would you expect a QC inspector to admit that he was ever intimidated under any circumstances?

MR. NEWMAN: Mr. Chairman, that question can't possibly be answered in a clear fashion. It is so excessively broad, and it calls for such speculation, and it's so far beyond the scope of anything that's in this testimony now.

After all, the purpose of this testimony at this point is to distinguish between intimidation and harassment. The Staff is stating its conclusion as to whether anybody was intimidated.

And to speculate beyond that as to what some QC person might or might not have done can't possibly be relevant or material.

MR. HAGER: Mr. Chairman, that objection has been overruled already. Ms. Buchorn simply repeated the question, and we should get an answer on the record, or we'll be here all day with her repeating the question.

MR. REIS: Mr. Chairman, I don't think it was the question asked originally. I think it was expanded

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1 upon, and there were facts taken into assumption in the
2 question that are not at all in the record.

3 I think it's immaterial and irrelevant and has
4 no foundation.

5 MS. BUCHORN: Mr. Chairman, could I have the
6 reporter read back the original question, please?

7 (Bench conference.)

8 JUDGE BECHHOEFER: I don't think it's neces-
9 sary because I'm going to overrule the objection. I want
10 to hear the answer to the question.

11 MS. BUCHORN: Thank you, sir.

12 JUDGE BECHHOEFER: It does affect the cre-
13 dibility of the particular reports -- not the credibility,
14 but the completeness of the reports.

15 WITNESS TAYLOR: Are you looking to us for an
16 answer, sir?

17 JUDGE BECHHOEFER: Yes.

18 WITNESS TAYLOR: May I try?

19 JUDGE BECHHOEFER: Yes. Any of you may.

20 WITNESS TAYLOR: Well --

21 WITNESS SEIDLE: Mr. Chairman, before Mr.
22 Taylor, let me try to conclude with my statement. I think
23 that all we can do is look at the results.

24 If, for example, it is alleged that a QC
25 inspector was intimidated, and indeed we substantiate that

4-18 1 he was intimidated, then certainly he was intimidated.

2 But as you recall, I made the statement with
3 the time frame that this Panel 1 captures, I know of no
4 case where a quality control inspector was intimidated.

5 JUDGE BECHHOEFER: I think the question was:
6 Would a quality control inspector ever, given his general
7 nature, would he ever admit to being intimidated if he
8 were questioned?

9 WITNESS SEIDLE: Mr. Chairman, that question
10 I cannot answer. I don't know.

11 I'd like to think that there is a degree of
12 professionalism that would override this macho image that
13 Ms. Buchorn is referring to, that would prevent intima-
14 tion from taking place.

15 But really it's my opinion -- and I --
16 I honestly don't know that someone could be intimidated or
17 not.

18 JUDGE BECHHOEFER: Mr. Taylor, did you have
19 something to add to that or --

20 WITNESS TAYLOR: Sir, during the course of
21 this investigation, the NRC Region IV investigator and
22 myself -- probably mostly myself -- explained what we
23 could do as NRC inspectors/investigators and what we
24 could not do.

25 It was made very clear to the four principal



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complainers that without some degree of substantiation of effect of the harassment, we could do nothing.

Therefore, they understood that if they came forward and told us something that they would have made their case. If they came forward and told us nothing, the case was dead.

And it was all done in strict confidence.

BY MS. BUCHORN:

Q Were they also aware of the penalties for deliberately overlooking nonconforming items?

BY WITNESS TAYLOR:

A I believe that was made clear as well.

Q Could you tell me what the penalties were at that time?

BY WITNESS TAYLOR:

A If it can be proved -- generally speaking, it's just simply termination.

Q So, in effect, if they came forward and substantiated those allegations, they would be subject to penalties; is that not true?

BY WITNESS TAYLOR:

A They would have been subject to a penalty by their employer, if the employer could be made -- were made aware of it, and we were unable to prevent the employer from terminating the person.

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Q This I&E Report on Page 5 details persons contacted. And you discussed the close-out meeting, and individuals who attended the close-out meeting are starred: Mr. Frazar, Quality Assurance Manager.

He has testified in this proceeding.

Mr. Wilson - Lead Specialist. He has testified.

Can you give me some information as to the details discussed at the close-out meeting?

BY WITNESS TAYLOR:

A. I can't add --

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MR. GUTIERREZ: I object to that, Mr. Chairman. "Could you give me some information about what was discussed or details in the close-out meeting" is just so broad ... he might have asked for a cup of coffee.

What is Ms. Buchorn's question? It's too broad to be meaningful.

JUDGE BECHHOEFER: Could you confine -- Well, limit the question -- Try to limit the subject of the question to --

BY MS. BUCHORN:

Q Describe what was discussed at the close-out meeting.

BY WITNESS TAYLOR:

A The interviews without naming names, although certainly the parties that are in the Brown & Root list were among those interviewed, as far as attending the meeting was concerned.

Essentially our impressions of what we had learned during the investigation. We indicated that we felt that the friction factor had gotten out of hand, that they ought to attempt, by one means or another, including training, education, bring that friction factor down.

Q Did either Brown & Root or Houston Lighting &

1 Power make any commitments with regard to these?

2 BY WITNESS TAYLOR:

3 A. Not at that point, ma'am.

4 Q. Not at that point.

5 Do you agree with Mr. Seyfrit's statement that
6 he made in 1980 that "It nows seems that the B&R employees
7 were telling something less than the truth prior to the
8 show cause order"?

9 BY WITNESS TAYLOR:

10 A. I'm not aware of Mr. Seyfrit's statement,
11 honestly.

12 Q. Assuming that he made that statement, are
13 you --

14 MR. REIS: Mr. Chairman, now I object to the
15 relevance on -- Whether he agrees or disagrees has no
16 relevance to this proceeding, and therefore, I object
17 to the question.

18 MR. NEWMAN: Mr. Chairman, the question is
19 entirely without foundation. There's no indication of
20 what the statement was, when it was made, to whom it was
21 made.

22 (Bench conference.)

23 JUDGE BECHHOEFER: We'll uphold the objection,
24 but on the ground that Mr. Newman stated -- lack of
25 foundation.

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1 BY MS. BUCHORN:

2 Q Were either -- Were any of you gentlemen
3 at the public meeting that was held in San Antonio shortly
4 after the show cause order -- the San Antonio City
5 Council?

6 BY WITNESS SEIDLE:

7 A Mr. Crossman and I were not there.

8 BY WITNESS HUBACEK:

9 A I wasn't there.

10 BY WITNESS SEIDLE:

11 A No one on this panel, Ms. Buchorn, was
12 there.

13 Q Mr. Phillips, you were not there?

14 BY WITNESS PHILLIPS:

15 A At San Antonio?

16 Q Yes, at San Antonio.

17 BY WITNESS PHILLIPS:

18 A Not at San Antonio. I was at the Bay City
19 public meeting.

20 Q No, I'm talking about the request that was
21 made by the San Antonio City Council that the NRC Staff
22 of Region IV and -- at the site come and discuss with
23 them the show cause order and those various problems
24 attached to it.

25 It was in a large auditorium. Members of the

1 NRC Staff spoke.

2 MR. GUTIERREZ: Mr. Chairman, the Staff ob-
3 jects. This panel is addressing the construction history
4 of this project before show cause.

5 On that grounds alone it's irrelevant.

6 (Bench conference.)

7 MR. GUTIERREZ: Moreover, it has been asked
8 and answered. Each panel member said no.

9 JUDGE BECHHOEFER: Yes, I think this is
10 probably the wrong panel to ask the line of questions that
11 you seem to be starting.

12 BY MS. BUCHORN:

13 Q I would direct your attention to Page 19 --
14 Page 20. Now in this answer you're discussing an apparent
15 hoax that had something to do with some radiographs.

16 And you state here that "These telephone con-
17 versations were followed up by personal contact with the
18 allegor. Following the personal contact, the allegor
19 signed a statement for the investigator stating that" --
20 and you go on.

21 Would you please read all of that and tell
22 me why a decision was made to take statements --

23 MR. REIS: Mr. Chairman, I again object.
24 We're going to questions about how the NRC conducts the
25 investigation. It's turning into a trial of the NRC, and

1 we don't think it's material.

2 It is so far removed from the issues in this
3 case that it sheds no light on the issues. And I think
4 in the terms of what is material to the proceeding, that
5 it just is not material.

6 It may have some vague relevance, but it
7 certainly isn't material.

8 MR. GUTIERREZ: Mr. Chairman, if I might add:
9 If there's something in the record which would suggest
10 that maybe these radiographs were from the South Texas
11 Project and, therefore, the techniques in the inspection
12 would be called into question because they concluded
13 otherwise, the question might be proper.

14 But absent that, it's just a fishing expedi-
15 tion.

16 MR. HAGER: I think Mr. Gutierrez misunder-
17 stands the function of the NRC Staff and their investi-
18 gators and inspectors. If there's something in the record
19 that suggests there was a problem, Ms. Buchorn is trying
20 to address the question of whether the NRC did a thorough
21 investigation of whether or not this problem actually was
22 based on fact. And that's what she's trying to get at.

23 It's not a question of proving first what it
24 did happen and then seeing if the NRC caught it or not.
25 It's to see whether or not the NRC's investigation was

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1 thorough enough to uncover this problem.

2 MR. REIS: That's exactly why we object to the
3 question, that it's turning into an investigation of the
4 NRC Staff, and that's not the function of this proceed-
5 ing.

6 The function of this proceeding is to look at
7 HL&P and not the NRC. And that is particularly why that
8 question is objectionable.

9 MS. BUCHORN: Mr. Chairman, if it has nothing
10 to do with the South Texas Project and the construction
11 thereof, then why is it included in the testimony of
12 this panel?

13 MR. REIS: As I recall, the question es-
14 sentially was why was the statement taken here -- why was
15 a statement taken here.

16 (Bench conference.)

17 JUDGE BECHHOEFER: I think that particular
18 question is not material: Why was this statement taken.
19 That really can't lead to anything material.

20 BY MS. BUCHORN:

21 Q May I ask you if this particular I&E report
22 was included in your testimony simply because it related
23 to an allegation about the South Texas Project?

24 BY WITNESS TAYLOR:

25 A Correct.

1 Q Thank you.

2 I direct your attention to Page 22, the third
3 answer. It says, "On May 15th a Region III investigator"
4 Could you tell me where Region III is located?

5 BY WITNESS SEIDLE:

6 A Yes. Region III is located in Glen Ellen,
7 Illinois. It is referred to as our Chicago office, but
8 actually Glen Ellen is about 40 miles west of downtown
9 Chicago.

10 Q Did you determine why this information was
11 given to Region III rather than Region IV?

12 MR. REIS: Mr. Chairman, again I object on
13 materiality, unless there's a showing that in some way
14 this might affect the proceedings here and the issues
15 here, I object to it.

16 I don't understand why it's material whether
17 a -- how the information came to the NRC that started
18 this investigation.

19 (Bench conference.)

20 JUDGE BECHHOEFER: I think we'll sustain
21 that. I don't see where that's material.

22 BY MS. BUCHORN:

23 Q Did the Region III investigator get in touch
24 with Region IV shortly thereafter?

25 /

1 BY WITNESS SEIDLE:

2 A Yes, ma'am.

3 Q Who did he talk to?

4 BY WITNESS CROSSMAN:

5 A He probably contacted the Regional Director.
6 The Region III investigator had been on investigations
7 at South Texas before this allegation was made.

8 Now, the allegor I can't say. I can only
9 conjecture that the allegor knew that the individual, Mr.
10 Foster, was the Region III investigator. That's why he
11 called Region III.

12 Q All right. Thank you. I appreciate
13 that.

14 BY WITNESS TAYLOR:

15 A May I add more one comment?

16 Q Yes.

17 BY WITNESS TAYLOR:

18 A Mr. Foster handed out his business card to
19 each person that was interviewed in the earlier investi-
20 gation.

21 Q That's a good idea.

22 Now, this employee who set out four allega-
23 tions apparently stated at that time he wished to remain
24 anonymous. It's my understanding that in order to
25 investigate an allegation, it is necessary for the Staff --

5-10 1 the investigators to be able to interview the person who
2 makes the allegations.

3 Did you subsequently determine who the person
4 was who called Region III?

5 MR. REIS: Mr. Chairman, I object to the
6 question. That has a premise that has not been sub-
7 stantiated by the record, that it's necessary for the
8 allegor to be interviewed before an investigation can take
9 place.

10 That was a premise in the question, and it has
11 not been substantiated in the record. And I object to
12 it.

13 (Bench conference.)

14 JUDGE BECHHOEFER: I think Mr. Reis' comments
15 are correct. But the question may be asked directly:
16 Do anybody interview the allegor. Without the preceding
17 comment, just ask him the question.

18 WITNESS TAYLOR: I would comment that the
19 premise is incorrect, to begin with. In the preceding
20 investigation that we've discussed so extensively, we
21 never identified who the allegor was.

22 We've established that quite clearly in the
23 earlier part of the testimony.

24 THE REPORTER: I'm sorry, Mr. Taylor, but I
25 can't hear you.

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WITNESS TAYLOR: I said, "We established in the previous discussion of the 77-08 investigation that it is not necessary to have the allegor."

We did not establish in that investigation who the allegor was either.

WITNESS SEIDLE: Ms. Buchorn, if you will look on Page 2 of Report No. 78-09, the first paragraph, it says that the call was made from an anonymous allegor.

And if you then refer to persons contacted, there's no reference made to the anonymous allegor. I would conclude, therefore, that we did not talk to this individual because we did not know who he was -- or she, as the case may be.

WITNESS CROSSMAN: When an individual asks to remain anonymous, we try to interview cross sections of various organizations, such that we interview a number of people. The allegor may be in the group, but in this manner we attempt to keep his identity anonymous by interviewing several people, for that reason and for gathering of more information in the course of the investigation.

BY MS. BUCHORN:

Q This allegation had to do with problems in the Cadwelding area. Are you familiar with I&E Report 77-07, inspection conducted June 20-22, 1977?

1 BY WITNESS SEIDLE:

2 A Ms. Buchorn, 77-07 is not one of our exhibits
3 that supports the Panel 1 testimony. I think I can speak
4 for the panel and say we are not familiar with that
5 report. We don't have it.

6 Q That is one of the CCANP exhibits.

7 MR. AXELRAD: Can you identify it by number,
8 Ms. Buchorn?

9 MS. BUCHORN: That's what I'm trying to do.

10 JUDGE BECHHOEFER: Do you wish to ask
11 questions --

12 MS. BUCHORN: That's CCANP Exhibit No. 4.

13 JUDGE BECHHOEFER: Isn't it CCANP No. 7,
14 which is 77-07?

15 MR. AXELRAD: That's 77-12, Mr. Chairman.

16 MS. BUCHORN: I beg your pardon --

17 JUDGE BECHHOEFER: I'm reading the
18 number -- Both numbers are on the exhibit.

19 MS. BUCHORN: I'll go on. That's all right,
20 Mr. Chairman.

21 BY MS. BUCHORN:

22 Q Further on down that page, Page 22, the
23 answer: "None of the allegations were then substantiated."

24 You go on to say that "Investigation into the
25 allegation was conducted on the site between May 16 and

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May 18."

Could you tell me why you qualified that by saying, "None of the allegations were then substantiated"?

BY WITNESS SEIDLE:

A. The implication, Ms. Buchorn, would be that perhaps -- another panel would speak to this, this is conjecture on my part. I don't recall why the word "then" was used.

Q. Yet, you go on on the next page -- on Page 23 to reach the conclusion that "The concerns incorporated in Intervenor Contentions 1.6 and 2 are in part addressed in this report."

How do you reach that conclusion?

BY WITNESS SEIDLE:

A. Based on the information that was made available to us during the time frame that Panel 1's testimony speaks to.

WITNESS CROSSMAN:

A. In the course of the conversation I would have to conjecture that the investigator, Mr. Ward, talked to the individual -- or Mr. Foster rather in Region III. And at that time he was unable to substantiate any of the allegations that the individual made, based on his previous knowledge, is the only thing I can conjecture.

Then during the investigation that took place

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1 on the actual dates between May 16 and May 18, the findings
2 were made which addressed the concerns incorporated into
3 the Contentions 1.6 and 2.

4 Q What were those findings?

5 BY WITNESS CROSSMAN:

6 A They would be in the report that you're address-
7 ing here. What is it? 77 --

8 BY WITNESS SEIDLE:

9 A 78-09.

10 BY WITNESS CROSSMAN:

11 A 78-09.

12 Q I didn't ask you where they were, sir. I
13 asked you what they were.

14 BY WITNESS CROSSMAN:

15 A Let's see, that's Staff Exhibit 7 ...

16 MR. GUTIERREZ: Mr. Chairman, I'm going to
17 object. The findings are set forth in the report. The
18 report has been entered into evidence. This is a recall
19 game.

20 They're asking Mr. Crossman here, Ms. Buchorn
21 has asked Mr. Crossman to spit out the findings. He has
22 referenced where in the record the findings are set forth.

23 Now, if all she wants to have him do is have
24 him spit them out, it's just asked and answered.

25 JUDGE BECHHOEFER: Well, I might say that none

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of the reports are in the record for the truth of the matter stated therein.

MR. REIS: Mr. Crossman, as well as the other panel members, have said that as far as they're concerned, they're true and correct to the best of their belief. They're already said that this morning.

JUDGE BECHHOEFER: But technically the documents are not in the record for that purpose.

MR. GUTIERREZ: Mr. Chairman, I think they've been sworn to this morning by these witnesses. I think they said they were true, and they are in for the matters. They prepared their reports, and they said the reports were true.

JUDGE BECHHOEFER: Well, we didn't have a formal request to introduce the documents for that purpose.

But be that as it may, perhaps --

MS. BUCHORN: Mr. Chairman, their testimony is that none of the allegations were then substantiated. That is a qualification, and yet they go on and reach the conclusion that these concerns incorporated in Contentions 1.6 and 2 are in part addressed in this report.

I want to know how they reached that conclusion. I want to know what the conclusions were in that report and how he connects them to the concerns of

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Intervenor's contentions.

JUDGE BECHHOEFER: Just ask the panel that.

BY MS. BUCHORN:

Q Did you hear my statement --

BY WITNESS CROSSMAN:

A Yes. I was just reading Contention 1.6.

1.6 says that there are Cadwelds which have been integrated into parts of the plant structure which are not capable of being verified with regard to compliance with 10 CFR Part 50, Appendix B, in violation of Sections 9 and 10 of Appendix B.

Contention 1.6 is addressed in several places in our testimony. This happens to be just one part of it.

The conclusion that we drew from this particular investigation in regard to Cadwelds was based on review of records and interviews with all personnel in the departments involved, and it was determined that there was no evidence that Cadweld records had been falsified.

BY WITNESS SEIDLE:

A Ms. Buchorn, that conclusion is on Page 2 of the Report 78-09.

Q Let me ask this question: In your investigation did you depend solely and entirely on your going through records?

1 BY WITNESS SEIDLE:

2 A. Mr. Hubacek can respond to that part of
3 the investigation.

4 BY WITNESS HUBACEK:

5 A. No, we did not. We physically inspected some
6 Cadwelds which are located in various structures in the
7 field to see that they were properly identified.

8 Q. Did you interview the inspectors or personnel
9 who worked in that area?

10 BY WITNESS HUBACEK:

11 A. I believe we did. I don't recall exactly the
12 individuals we interviewed. But we did have conversations
13 and discussions with the inspection personnel.

14 Q. At the time of this investigation were you
15 aware or did you take into consideration the fact that
16 there had been prior allegations in regard to the irregu-
17 larities in the Cadwelding area?

18 BY WITNESS HUBACEK:

9 A. I'm not sure what prior irregularities you
are referring to.

Q. Again, I'm referring to I&E Report 77-05
here they were cited for Cadweld infractions, Cadweld
speciation failure. Follow-up indicated additional --
e previously accepted Cadwelds with excessive

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16 there had been prior allegations in regard to the irregu-
17 larities in the Cadwelding area?

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20 are referring to.

21 Q. Again, I'm referring to I&E Report 77-05
22 where they were cited for Cadweld infractions, Cadweld
23 inspection failure. Follow-up indicated additional --
24 three previously accepted Cadwelds with excessive
25 voids.

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WITNESS CROSSMAN: Can you give us the number of the Staff exhibit on that?

MR. REIS: That's Staff Exhibit 2.

BY WITNESS SEIDLE:

A. Ms. Buchorn, 77-05 is an inspection report, correct? That's the one you're referring to, not an investigation report?

Q. I beg your pardon, you're right.

BY WITNESS CROSSMAN:

A. Are you speaking of the violations that they were cited for in regard to Cadweld?

Q. Yes. I'm asking you if you took those into consideration in this investigation that you're testifying about on Page 23 -- Page 22 and 23 of your testimony.

MR. GUTIERREZ: Could I have the question repeated?

MS. BUCHORN: Which one?

MR. GUTIERREZ: The last one. I'm concerned there, I think you asked a couple of questions in one.

MS. BUCHORN: I believe my original question, that I'm having difficulty in getting answers to was, did the conduct of this investigation set out on Page 22 and 23 into Cadwelding irregularities, take into consideration prior irregularities in the Cadwelding area, specifically in relation to the Staff Exhibit No. 2 and the notice of

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1 violation.

2 BY WITNESS SEIDLE:

3 A Ms. Buchorn, I think that it should be
4 understood that when we conduct an investigation we look
5 for specificity in the allegations. If there's anything
6 there that's inspectable, we go and inspect, or investigate,
7 as the case may be.

8 With regard to trying to show a correlation
9 between the Investigation Report No. 73-09 and Inspection
10 Report 77-05, the former, which was conducted June 6th,
11 1978, the other April 19, 1977, or thereabouts, rather
12 than trying to make a direct correlation in the
13 investigation effort we would do a trend analysis, which
14 we do. Once a year we sit back and take a look and see
15 if there is a trend that would suggest that in the area
16 of Cadwelding, for example, there could be problems that
17 exist, and if so, we bring this to the attention of the
18 licensee in corporate management meetings.

19 BY MS. BUCHORN:

20 Q Did you do that?

21 BY WITNESS SEIDLE:

22 A I think if you will read our testimony you
23 will find that we did indeed do this.

24 The meeting I speak to is a meeting of
25 October -- excuse me, August 15, 1978. It's documented in

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1 Inspection Report 78-13, where this matter was discussed.

2 Q All right. You say that none of the
3 allegations were then substantiated. Could you tell me
4 when those allegations were substantiated?

5 MR. GUTIERREZ: I object. The witness has
6 never said it was substantiated eventually.

7 She asked the question before and he said
8 they had no subsequent knowledge as to any substantiation
9 of these matters. Maybe another panel will address this.

10 (Bench conference.)

11 BY MS. BUCHORN:

12 Q Further down on that page --

13 JUDGE BECHHOEFER: You didn't give us a chance
14 to rule.

15 MS. BUCHORN: Oh, I'm sorry.

16 JUDGE BECHHOEFER: But I think Mr. Seidle is
17 probably correct in that answer, so we'll sustain that.

18 But would the further allegations, my own
19 question is would they have come out within the period of
20 time that this panel is covering or not?

21 MR. NEWMAN: Mr. Chairman, excuse me; I
22 missed your remarks. Could you repeat that question
23 for me?

24 JUDGE BECHHOEFER: Well, you were referring
25 to a follow-up inspection --

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1 MS. BUCHORN: Yes.

2 JUDGE BECHHOEFER: -- and my question was
3 would this have occurred within the time frame this panel
4 is covering or afterwards?

5 MS. BUCHORN: I would certainly assume so,
6 except you're talking about May 15th, 1978 --

7 MR. GUTIERREZ: Mr. Chairman --

8 MS. BUCHORN: -- and the 79-19 -- beg pardon?

9 MR. GUTIERREZ: Earlier in the testimony
10 I think it's made very clear that follow-up inspections
11 were done when a notice of noncompliance was written or
12 some problem is identified. If nothing is found, nothing
13 is followed up on, and I think that might be one problem
14 that Mrs. Buchorn is having.

15 If you're asking were there follow-up
16 inspections, or something, if they don't find anything
17 they're not going to follow up on anything. That might be
18 a source of confusion. I'm trying to straighten things
19 out.

20 MS. BUCHORN: Let's turn to a different
21 subject.

22 BY MS. BUCHORN:

23 Q Further on down that page, Page 23, you have
24 presented testimony on Staff Exhibit No. 8, I&E Report
25 78-12, and the answer states that on July 19th, 1978, a

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1 Region IV project inspector received a telephone call
2 from an individual who identified himself as an employee
3 at the South Texas Project that wished to report alleged
4 irregularities in the civil quality assurance program,
5 and then it goes on to enumerate ten allegations.

6 I'd like to ask you, Mr. Crossman, was this
7 gentleman Dan Swayze and did he call you and give these
8 allegations?

9 BY WITNESS CROSSMAN:

10 A. Let me refresh my memory on this. I'm not
11 too sure whether I can recall whether it was he or not.

12 MR. REIS: Mr. Chairman, again we're getting
13 into the names of persons, and unless there is an over-
14 riding need to know -- of course, Mr. Swayze's name has
15 been mentioned so much that I didn't jump in right away,
16 and perhaps I won't jump in with Mr. Swayze if that's the
17 limit of the question as to Mr. Swayze, but unless there
18 is an overriding need to know, in judging the competence
19 and character of HL&P, I don't -- or the other matters
20 listed in the Intervenors' contentions, I would object
21 to the question. There must be a better foundation to go
22 to names than that, than has been given.

23 JUDGE BECHHOEFER: That's probably right.

24 MS. BUCHORN: Mr. Chairman, there have been
25 numerous times in this proceeding when we've had this

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1 wrangle about names.

2 Mr. Dan Swayze has been a prominent person in
3 these proceedings.

4 JUDGE BECHHOEFER: Yes. Well, we haven't had
5 an objection to his name. It's other people's.

6 MS. BUCHORN: There's no objection to his name?

7 JUDGE BECHHOEFER: I don't think there's any
8 objection to your question about Mr. Swayze.

9 MS. BUCHORN: Would you please direct
10 Mr. Crossman to answer my question?

11 JUDGE BECHHOEFER: I think he did. I think
12 the question was answered.

13 BY WITNESS CROSSMAN:

14 A. I did receive the phone call. Now, it says
15 the project inspector received the phone call. I wasn't
16 the project inspector. On Page 3, where's she's reading,
17 on July the 19th, 1978, the Region IV project inspector
18 received the telephone call.

19 BY MS. BUCHORN:

20 Q. Who was the project inspector at that time?

21 BY WITNESS HUBACEK:

22 A. I was.

23 Q. Did you receive the phone call?

24 BY WITNESS HUBACEK:

25 A. Yes, I did.

1 Q. Was that gentleman Mr. Swayze?

2 BY WITNESS HUBACEK:

3 A. I don't recall. There were -- I don't recall
4 specifically whether it was he or someone else.

5 Q. How soon after this call was made was the
6 Applicant or the contractor notified of these allegations?

7 BY WITNESS HUBACEK:

8 A. I don't believe we notified them of these
9 allegations.

10 Q. It's your statement that you --

11 BY WITNESS HUBACEK:

12 A. By what means are you referring to?

13 Q. Beg pardon?

14 BY WITNESS HUBACEK:

15 A. You mean by telephone or otherwise?

16 Q. Yes.

17 BY WITNESS HUBACEK:

18 A. We did not call them to notify them of these
19 allegations.

20 Q. I take this to mean that you just went down
21 there and walked in the front gate?

22 BY WITNESS HUBACEK:

23 A. That's probably approximately correct.

24 Q. On Page 4 of that report you reach certain
25 conclusions. Conclusion No. 8, you state, "The allegation

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1 concerning undue pressure from construction on QC inspectors
2 could be valid considering the extensive number of items on
3 the QC inspector inspection, quote, punch-list, unquote."

4 Could you explain what you mean by excessive
5 number of items?

6 BY WITNESS SEIDLE:

7 A. Ms. Buchorn, I'll respond to that question,
8 if I may. There is a -- for example, there is a pre-pour
9 placement, a card that must be filled out. There are
10 three columns, requiring that the construction foreman
11 make certain inspections, field engineers make certain
12 inspections, and QC inspectors make certain inspections.

13 It was alleged that the construction foreman
14 and the fuel engineers were not doing their job of
15 inspecting, they were leaving it all up to the QC inspectors,
16 who had an inordinate amount of work to do to clear the
17 punchcard so that it could be signed off and the placement
18 made, and that is the pressure that apparently was alleged
19 on the QC inspectors.

20 This is familiar to me because it was the
21 subject of a corporate meeting. It was one of the subjects
22 of a corporate meeting I had with Mr. Turner shortly
23 thereafter.

24 Q Shortly after this?

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BY WITNESS SEIDLE:

A. Yes, ma'am.

Q. I believe your explanation talked about pour cards, not punchlists. Were not punchlists handwritten lists of nonconforming items?

BY WITNESS SEIDLE:

A. As I am using the term pour card, this really is in fact a punchlist. It's one and the same.

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1 BY WITNESS SEIDLE:

2 A Now a punch list has other connotations, and,
3 you know, can be used by others in a different manner.

4 But with regard to responding to Item No. 8
5 on Page 4 under "Conclusions," this is what we're talking
6 about. We're talking about inspections conducted by
7 inspection foremen, by field engineers and by QC in-
8 spectors.

9 The QC inspectors felt that the construction
10 foremen and the field engineers were not doing the in-
11 spections and resolving the unresolved items that would be
12 on, if you will, a punch list. They were leaving it up
13 to the QC inspector.

14 And he felt a great deal of pressure on him,
15 because they were offloading this work onto him, and he's
16 the last one to sign off.

17 Q Are you familiar with an interoffice memo
18 that has previously been put into evidence that purports
19 to -- well, the subject is the validity of inspection
20 punch lists?

21 MR. GUTIERREZ: Objection. Not objection as
22 much as I would request Ms. Buchorn to show the witness
23 the document before he's asked whether he's familiar
24 with it, and identify it so that the rest of the parties
25 can follow along.

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JUDGE BECHHOEFER: Can you identify the exhibit number?

MS. BUCHORN: This document is an interoffice memo under the heading of Brown & Root, Correspondence No. STQ 3128 dated August 8, 1978, from L. A. Watkins to C. W. Vincent.

JUDGE BECHHOEFER: Is that an exhibit?

MR. NEWMAN: Yes. I believe it's CCANP 19.

WITNESS SEIDLE: Your question again, Ms. Buchorn?

BY MS. BUCHORN:

Q Well, let me rephrase my question -- Well, I asked you if you were familiar with that.

BY WITNESS SEIDLE:

A Mr. Hubacek has seen this document before.

Q Mr. Hubacek has seen the document before.

Could you explain to me the circumstances under which this document came to your attention?

BY WITNESS HUBACEK:

A Well, actually I saw this document when I was sitting in on the hearing previously. That's the first time I had seen it.

Q Uh-huh.

BY WITNESS HUBACEK

A Not during the course of --

1 Q Is it your understanding -- any member of the
2 panel -- that punch lists as used in Conclusion No. 8 is
3 different from punch lists as used in that document that
4 you have in your hands now?

5 BY WITNESS SEIDLE:

6 A It is my conclusion --

7 MR. REIS: Mr. Chairman, I object to the
8 question --

9 MS. BUCHORN: Mr. Chairman --

10 MR. REIS: I have an objection pending. Can
11 I --

12 I don't see how the witness can define a term
13 of Mr. Watkins that is required by the very nature of the
14 question.

15 The question is: What does Mr. Watkins means?
16 To answer the question you have to know whether Mr. Watkins
17 meant what we mean in our inspection report. And I don't
18 think the witness is competent --

19 MR. NEWMAN: In fact the witness has testified
20 that he didn't see the document until he saw it as --

21 MR. REIS: -- in this proceeding --

22 MR. NEWMAN: -- in the audience --

23 MR. REIS: -- and I would object to any
24 questions on it on that ground.

25 (Bench conference.)

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MS. BUCHORN: Mr. Chairman, there is a problem here that needs to be cleared up. In other testimony in this hearing, there have been mentions of punch lists. There are mentions of punch lists attached to pour cards.

I think that there needs to be a clear understanding of the meaning of the punch lists here as opposed to the meaning of the punch lists that is incorporated into that document sponsored by CCANP.

(Bench conference.)

MR. REIS: Mr. Chairman, the question of what Brown & Root might have thought of as a punch list was appropriately asked of a Brown & Root witness.

Further, we're getting quite far afield. We have testimony in the record, I think on No. 8, that it was felt that too much was put over on the quality control inspectors, that more should have been done on other things that may or may not go to character or competence of HL&P, as we're looking at it in this hearing.

But who means what by punch list is just getting very far afield and is not particularly material. And, therefore, in addition to everything else, I want to add that I object to the question on the ground of materiality.

(Bench conference.)

JUDGE BECHHOEFER: I think the only thing that

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1 is material is what these people mean by punch lists in
2 their testimonies.

3 Whether you have enough of an answer on that
4 yet or not, I can't say. But I don't think they can know
5 what Brown & Root meant on this.

6 MS. BUCHORN: Just so I'm clear in my own
7 mind: Is it your testimony that the punch lists that are
8 enumerated here on Conclusion No. 8 are indeed pour
9 cards?

10 WITNESS SEIDLE: Part of the pour card, Ms.
11 Buchorn.

12 BY MS. BUCHORN:

13 Q Part of the pour card?

14 BY WITNESS SEIDLE:

15 A The pour card is typically a tabulation of
16 very broad areas. They are line items. A punch list --
17 for example, cleanliness prior to placement of concrete,
18 from that could be generated several punch list items
19 that would have to be taken care of: sand removed from
20 the placement, debris, et cetera.

21 After these items are taken care of, then you
22 can sign off on the pour card line item.

23 Q Thank you. That was the explanation that I
24 was seeking.

25 JUDGE BECHHOEFER: Ms. Buchorn, at the time you

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get to your next sort of major breaking, we'd like to break for lunch, when you finish the subject you're on and want to go on --

MS. BUCHORN: I'm at about the best point that we're going to be for quite a while.

JUDGE BECHHOEFER: Okay. Why don't we break for about an hour and 15 minutes.

(Whereupon, at 12:10 p.m. the hearing was recessed, to reconvene at 1:25 p.m. of the same day.)

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AFTERNOCN SESSION

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1:40 p.m.

JUDGE BECHHOEFER: Back on the record.

Ms. Buchorn, you may resume.

BY MS. BUCHORN:

Q Gentlemen, I would like to refer back to the previous questioning and ask one further question on -- let's see -- it's Report 78-13, Staff Exhibit 9.

On Page 27 and Page 28, you refer to staffing levels of site HL&P QA. Could you tell me what the requirement was at that time, and whether or not HL&P QA was adequately staffed.

BY WITNESS SEIDLE:

A Ms. Buchorn, that was one of our concerns. Brown & Root at that point in time, August 15, 1978, was understaffed. My memory really doesn't serve me that well as to how many, approximately 19 or 20 people understaffed in the QC organization for Brown & Root.

For the licensee, as I recall, two.

So at that point in time, about 18 or 19 people below the advertised required number of QC inspectors for Brown & Root and about two QA surveillance type inspectors for HL&P.

Q Do you recall what the commitment was -- or whether what the number was that was committed to for

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HL&P QA --

BY WITNESS SEIDLE:

A. I cannot give you an accurate number just on recall.

Q On Page 28 you make the statement that "Brown & Root" -- no, I beg your pardon.

You make the statement that "Changes were implemented in the quality control training program to provide better training for inspectors. Was there a follow-up on this by either the NRC Staff, or to your knowledge, follow-up by Houston Lighting & Power?"

BY WITNESS SEIDLE:

A. There was follow-up by the NRC Staff.

Q There was? Could you tell me about that, please? What were the specifics on that?

BY WITNESS SEIDLE:

A. Well, the training with regard to the procedures and the lack of training in that area for new procedures was addressed in a meeting that we had with the licensee on or about October 3 and commitments were made.

We followed up in subsequent inspections and found that indeed such training had been conducted.

Q Further, you state that "Both Houston Lighting & Power Company and Brown & Root agreed to step up

1 their surveillance of in-process construction activities."
2 Were there specific procedures involved in this, or was
3 there a revision of procedures on surveillance on the part
4 of Houston Lighting & Power?

5 BY WITNESS SEIDLE:

6 A Ms. Buchorn, where -- What part of the testi-
7 mony are you referring to?

8 Q I'm on Page 28, the last line or the last
9 sentence on the first answer, about the middle of the
10 page.

11 BY WITNESS SEIDLE:

12 A Your question again, please?

13 Q Was there a change in procedures that would re-
14 quire an acceleration of the surveillance of in-process
15 construction activities?

16 BY WITNESS SEIDLE:

17 A As I recall, there were some changes made,
18 but I cannot specifically tell you the nature of these
19 changes.

20 Q On Page 29, reference is made to a letter
21 that accompanied Staff Exhibit 11, Report 78-16, where
22 you discuss the corrective actions taken by the licensee
23 which included the hiring of additional personnel to fill
24 vacancies in the on-site QA/QC organization.

25 Specifically an assistant to the QA manager had

1 been hired.

2 Now my question is: Was this Houston
3 Lighting & Power QA manager -- assistant, or was this
4 Brown & Root QA?

5 BY WITNESS SEIDLE:

6 A. You're looking at Exhibit No. 10, the October 3
7 letter; is that correct?

8 Q. I'm specifically looking at the last answer
9 on Page 29, and your statement there that an assistant
10 to the QA manager had been hired.

11 BY WITNESS SEIDLE:

12 A. Yes. As I recall, this was an HL&P employee
13 that was hired, if my memory serves me correctly.

14 Q. Do you know whether or not this person was
15 hired from outside of the company, or whether this person
16 had just been moved up into this position?

17 BY WITNESS SEIDLE:

18 A. I do not recall.

19 Q. You make the statement here that "It was ob-
20 served that quality control inspectors were present on
21 the second shift during construction."

22 Could you tell me were QC inspectors absent
23 prior to this on the second shift?

24 BY WITNESS SEIDLE:

25 A. Again, Ms. Buchorn, where are you referring to

1 in the testimony?

2 Q I'm still on Page 29, the last sentence.

3 BY WITNESS SEIDLE:

4 A Page 29.

5 BY WITNESS CROSSMAN:

6 A Is this in reference to Staff Exhibit 11?

7 Q Yes, I believe it is.

8 BY WITNESS SEIDLE:

9 A Where it reads, "It was observed that quality
10 control inspectors were present on the second shift during
11 construction."

12 Your question is?

13 Q For what period of time had they been absent,
14 or were they absent prior to that on the second shift?

15 BY WITNESS SEIDLE:

16 A I really can't put that in terms of the amount
17 of time. I do know for a fact that with regard to Cad-
18 weld inspectors, through investigation we determined that
19 they did not have second shift Cadweld inspectors. They
20 were looking at these inspections on the day shift.

21 Beyond that I really can't be more responsive.

22 Q I would like to ask you to define for me what
23 the term "inspection specialist" means. How is it
24 different from inspector or the other terms that are
25 used?

1 MR. REIS: Mr. Chairman, can I have clarifi-
2 cation of where that word appears so that we know what
3 the testimony is about?

4 MS. BUCHORN: The second answer, middle of the
5 Page 30, "Mr. J. J. Ward, Investigation Specialist."

6 MR. REIS: Thank you.

7 WITNESS SEIDLE: Mr. Gutierrez, may I respond
8 to that question?

9 MR. GUTIERREZ: Yes, you may.

10 WITNESS SEIDLE: An Inspection Specialist was
11 the title given to what is now known as an investigator.

12 BY MS. BUCHORN:

13 Q On Page 33 -- let me preface this by saying
14 that on Page 32, you go into some explanation of what a
15 Cadweld is, the Cadweld process, and at the bottom of
16 Page 32 you conclude that Cadwelding procedures were not
17 in conformity with specification. There was a lack of
18 quality control inspectors covering the Cadwelding
19 operation, and a notice of violation was issued for those
20 irregularities.

21 Then you go on and say, "In addition, a stop
22 work order was issued by the licensee."

23 My question is this: If verification was not
24 an NRC requirement, why -- or what explanation was given
25 by Houston Lighting & Power for issuing a stop work

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order?

MR. REIS: Mr. Chairman, I object to the question. It presupposes that some explanation was given by Houston Lighting & Power. I think the proper question was, if it is at all material, and I'm not sure it is -- would the -- Did Houston Lighting & Power give you a reason why they issued a stop work order?

I'm not sure where that would get us, and I'm not sure what the relevance or materiality of that question would be.

MS. BUCHORN: Mr. Chairman, there has been considerable discussion during these proceedings as to when the stop work order could have been or would have been issued by QA/QC.

We believe that it's important to know why the licensee felt that it was necessary to issue a stop work order on something that wasn't even a Nuclear Regulatory Commission requirement.

MR. REIS: Mr. Chairman, the logic in that is that if I say one cat is brown, does that prove that all cats are brown?

There's just no basis, and that testimony leads us nowhere. It would be citing a specific example and what the reason was or what the reason wasn't on that specific example certainly doesn't go to highlight or show

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1 whether a stop work order could have been issued or might
2 have been issued in any other situation.

3 I just don't understand how such question or
4 such evidence could be probative.

5 MR. NEWMAN: Mr. Chairman, it might be
6 inquired of Ms. Buchorn what the purpose of the question
7 is, and perhaps we'd know then where she was going,
8 whether it was just a matter of phrasing or a fundamental
9 problem with the question.

10 JUDGE BECHHOEFER: Ms. Buchorn.

11 MS. BUCHORN: I believe I've already stated
12 where I was going. I want to know why a stop work order
13 was forthcoming, or an issue that was only a commitment
14 by Houston Lighting & Power, not an NRC requirement, when
15 there has been reluctance in the past for stop work
16 orders to be issued when there was an NRC requirement
17 at question.

18 MR. REIS: That would be maybe appropriate
19 for HL&P, certainly not for the Staff.

20 (Bench conference.)

21 JUDGE BECHHOEFER: We'll overrule the objection.
22 The witness may answer.

23 MR. GUTIERREZ: Could we have Ms. Buchorn
24 maybe state the question again? I'm not sure if the
25 panel remembers what the question was.

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JUDGE BECHHOEFER: Would you restate it, or we can have the reporter read it back?

MS. BUCHORN: I'll restate it.

JUDGE BECHHOEFER: Okay.

BY MS. BUCHORN:

Q Was an explanation made to the Staff of the reason for the issuance of a stop work order?

BY WITNESS SEIDLE:

A Ms. Buchorn, first of all, the stop work order was imposed by the licensee, not by the NRC. This was a self-imposed stop work order.

If you'll refer to Exhibit 13, you will note that during an investigation of September 11-14, there were several items of noncompliance concerning Cadwelding.

I have made reference to the fact that there were no Cadwelders on the back shift. That was one of the concerns that led to the stop work order.

Another concern had to do with the quality --

Q I beg your pardon. There was no Cadwelders on the shift?

BY WITNESS SEIDLE:

A No Cadweld inspectors on the back shift. Excuse me. Cadweld inspectors on the back shift.

And the quality of the Cadwelds left something to be desired, based on a spot check.

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If you'll read at the top of Page 33, I believe that the first three or four lines summarize why the stop work order was imposed.

Q Further down on that page you state that "It was determined that missing field sketch FSQ-030 was never prepared." Do you know what area this was supposed to have been covering?

BY WITNESS SEIDLE:

A To whom are you addressing the question?

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Q. Any member of the panel.

MR. REIS: Mr. Chairman, I object to the question. First of all, I can't tell -- First, I think it has to be established that there should have been such a sketch, that it may have just been a number skipped or whatever happened there.

I can't tell from the question itself -- presupposed that there should have been an FSQ-030. Now, we know from the testimony that it was never prepared.

But the question -- presupposed in the question itself is that that sketch should have at some time been prepared. And I don't think there's any testimony or anything in the record -- and, therefore, I object to the question as being without foundation.

(Bench conference.)

JUDGE BECHHOEFER: I think we'll overrule the objection since the statement is in the testimony, and I think all the panel has really been asked is to explain what that statement refers to.

MR. REIS: That isn't the way I understood the question, but I may be wrong.

JUDGE BECHHOEFER: The panel may answer.

Do you know the answer?

WITNESS SEIDLE: Ms. Buchorn, if you'll refer to Exhibit 13, Inspection Report No. 78-15, this report

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1 does speak to FSQ-040. Is that the one you're referring
2 to? Or FSQ-030?

3 BY MS. BUCHORN:

4 Q I'm referring to the one that you have --

5 BY WITNESS SEIDLE:

6 A On Page 33 of the --

7 Q That's right.

8 BY WITNESS CROSSMAN:

9 A If you read further down it says that "Such
10 verification is not an NRC requirement."

11 This matter was resolved in I&E Report 78-18,
12 which was marked for identification as Staff Exhibit 14,
13 Paragraph 2, as an unresolved item. You'll find it in
14 78-18.

15 Staff Exhibit 14, Item 2.

16 Q Page 35 you discuss letters conveying 50.55(e)
17 problems. Along about the middle of the page, you say --
18 your statement, "The Applicant must notify the NRC within
19 24 hours of each reportable deficiency."

20 How do you determine that indeed they have
21 reported the deficiency within 24 hours?

22 BY WITNESS SEIDLE:

23 A 50.55(e) requires that the NRC be notified
24 verbally, usually by telephone, of a significant con-
25 struction deficiency that has come to their attention.

1 Our conservative interpretation is that any deficiency that
2 the licensee believes to be significant should be re-
3 ported.

4 The burden is on the licensee, not the NRC.

5 Q Are there any sanctioned penalties for not
6 reporting in a timely manner?

7 BY WITNESS SEIDLE:

8 A If a licensee fails to report a significant
9 construction deficiency in accordance with 55(e), and we
10 detect this violation, then a noncompliance will be
11 identified, a notice of violation will be sent to the
12 licensee.

13 Q Therefore, am I to assume that the type of
14 citation that they are issued as a result of not timely
15 reporting of deficiency is the same as is issued as a
16 result of finding a deficiency on one of your inspection
17 trips?

18 BY WITNESS SEIDLE:

19 A You're asking me to generalize, Ms. Buchorn.
20 It depends on the specific finding that we make as to
21 whether it's a severity level characterized as violation,
22 infraction or deficiency.

23 Failure to report in accordance with 55(e)
24 is an infraction.

25 Q Is an infraction?

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1 BY WITNESS SEIDLE:

2 A. That is correct.

3 Q. And you have described what an infraction is
4 as opposed to a deficiency in the first part of your
5 testimony; is that correct?

6 BY WITNESS SEIDLE:

7 A. Yes, ma'am.

8 Q. On Page 35 -- On Page 36 you discuss the
9 Intervenor Contention 1.2 and state that "The Applicant
10 notified the NRC of the existence of voids in the concrete
11 within Lift 15 on the outer surface behind the liner plate
12 in Unit 1 Reactor Containment Building."

13 May I ask this question: Why are there no
14 Staff exhibits to this statement?

15 BY WITNESS SEIDLE:

16 A. This --

17 MR. GUTIERREZ: Excuse me. But just for
18 clarification, this is a matter of fact that this item was
19 closed out in an I&E report, which has been submitted
20 since this panel's testimony has been prefiled.

21 Reactor Inspector Tapia closed out this matter
22 and addressed it fully in I&E Report 81-16, which is
23 Staff Exhibit 113. And it's just a simple matter of fact
24 that Panel 3, as opposed to Panel 1, addresses this more
25 fully, if that was the gist of Ms. Buchorn's question.

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1 And the more basic point is the question itself
2 as to why there is or is not an exhibit is a legal question
3 for NRC lawyers and not one for the witness.

4 However, if Ms. Buchorn's concern is the close-
5 out, if you will, of this dimensional error, I'd ask her
6 to refrain from asking questions until Mr. Tapia takes
7 the stand.

8 And the Lift 15 also is in 81-16.

9 BY MS. BUCHORN:

10 Q On Page 37 the second full sentence, it says,
11 "Calculations based upon this investigation indicate that
12 there were primarily three locations requiring grout
13 injection behind the liner plate."

14 Would you please describe for me where these
15 locations were?

16 BY WITNESS CROSSMAN:

17 A I presume this refers to Lift 15?

18 Q Lift 15, yes, sir.

19 BY WITNESS CROSSMAN:

20 A Behind the liner plate.

21 Q I realize that, sir, but you have a large
22 circumference of that liner plate. And you've made a
23 generalized statement here, and I want to know what evi-
24 dence you have to back up that statement.

25 /

1 BY WITNESS CROSSMAN:

2 A I'm sure that there is a chart in the report
3 submitted under 50.55(e) that were addressed by Mr. Tapia
4 that will come out in his report later. He reviews the
5 particular ...

6 Q Are you familiar with telephone minutes?
7 I believe that's CEU Exhibit No. 4. The subject: Report-
8 able Deficiency on Containment Voids, Correspondence Serial
9 No. STHL-10788, from L. R. Jacobi to H. L. Key. Parti-
10 cipants Pete Jordan, Brown & Root, wherein they discuss
11 the voids in the Reactor Containment Unit 1.

12 JUDGE BECHHOEFER: You ought to show the wit-
13 nesses what you're asking about. Is that CEU Exhibit 4?

14 MS. BUCHORN: CEU Exhibit 4.

15 MR. GUTIERREZ: Is the question whether any
16 member of the panel is familiar with that document?

17 MS. BUCHORN: I would like for them to
18 familiarize themselves with that document. I would like
19 to ask some questions on it.

20 It says on that document that the committee
21 had decided that that was a deficiency such that the pour
22 crane might possibly fail in the attempt to move the
23 reactor vessel itself, does it not?

24 WITNESS CROSSMAN: Lift 15 includes the area
25 in which the embedments for the polar crane were placed.

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1 These particular voids were in that area. They were re-
2 paired. There was a report submitted.

3 They have since put the polar crane in place
4 and lifted with it.

5 BY MS. BUCHORN:

6 Q Let me ask you this: When you testified that
7 there were primarily three locations requiring grout
8 injection, did you get that information from reports sub-
9 mitted to you by HL&P?

10 BY WITNESS CROSSMAN:

11 A I don't recall if that was in the reports or
12 not.

13 BY WITNESS SEIDLE:

14 A Ms. Buchorn, without seeing the 50.55(e)
15 report, I don't believe any of us could really answer that
16 question.

17 Q Well, let me ask you this: Where did you get
18 this information that there were primarily three locations
19 requiring grout injection behind the liner plate in
20 relation to Lift 15?

21 BY WITNESS SEIDLE:

22 A Again, without the benefit of looking at the
23 55(e) report, I can't answer that question. I don't know
24 if we got it from the 55(e) report or from some other
25 source.

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1 Q From reading that document in front of you,
2 would you receive the impression that there were minor
3 problems in relation to that pour?

4 MR. REIS: Mr. Chairman, I object to that.
5 What the panel might perceive from that report is not in
6 issue here. There's no showing that they ever saw the
7 report at the time, and what they perceive at this time
8 just has no relevance to the issues at this point.

9 MS. BUCHORN: Mr. Chairman --

10 MR. REIS: If they did report it under
11 50.55(e), I presume it was reported within 24 hours --
12 I don't understand the questioning or the line of
13 questioning.

14 MS. BUCHORN: Mr. Chairman --

15 MR. REIS: What they think of this letter, I
16 don't know. And I don't see where that's material.

17 MS. BUCHORN: Mr. Chairman, I would like to
18 explain just where I'm going with this.

19 JUDGE BECHHOEFER: Yes, do.

20 MS. BUCHORN: This entire bit of testimony
21 tends to negate that problem and give the impression that
22 there were only three locations requiring grout in Lift
23 15, and that it was no problem at all to fix it.

24 And I want to know on what they base this
25 testimony, where they got their information from that they

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were able to set out in this testimony in this manner.

And I think it is very relevant to these proceedings.

MR. REIS: Mr. Chairman, that question can be asked, but I don't see what the relevance of the document is, which is CEU Exhibit 4, to that.

(Bench conference.)

JUDGE BECHHOEFER: I think we'll overrule the objection. The witness may answer.

MR. REIS: May I have the question repeated, Your Honor, at this point?

JUDGE BECHHOEFER: It's my impression the question asked whether this document might indicate that there was more than three locations -- Was that your question?

MS. BUCHORN: That's my question.

WITNESS SEIDLE: I've never seen this document before in my life, nor have any of my associates.

The information that we would obtain would be initially from the verbal notification that indeed there are voids in Lift 15.

There would be subsequent inspection reports. The law requires that within 30 days a written report be submitted to the Commission detailing the specifics of the deficiency -- a safety evaluation, in other words, the

1 "so what" aspects of the deficiency.

2 I can't bring to mind -- Many written
3 reports follow the initial notification by telephone.
4 So I, therefore, can't tell you if that's where we
5 gleaned this information from.

6 But any 50.55(e) type item becomes an unresolved
7 item and is pursued in subsequent inspections until the
8 item is corrected.

9 So the information could have come from several
10 sources: 50.55(e) reports -- When I say "reports,"
11 there could be interim reports that ultimately close out
12 this item, and our inspection effort.

13 BY MS. BUCHORN:

14 Q According to this, that was closed out on
15 6-5-79. Is that --

16 MR. GUTIERREZ: Could we have some clarifica-
17 tion as to what "this" is?

18 MS. BUCHORN: I am looking at a list of
19 50.55(e) items that were reported to the NRC by the
20 licensee.

21 MR. REIS: Can that be identified for the
22 record, please, where it appears in the record?

23 MS. BUCHORN: It is Appendix C to Panel No. 2.

24 MR. GUTIERREZ: It's Appendix C to Panel 3,
25 I believe, for clarification.

8-21 ✓ 1 MS. BUCHORN: I apologize. It's the second
2 panel that's due to testify. I put my own designation
3 on it.

4 MR. REIS: I'm sorry, Mr. Chairman, the second
5 panel that is due to testify is Mr. Shumaker, Mr. Phillips
6 and Mr. Hayes, and there is no Appendix C to that
7 panel.

8 JUDGE BECHHOEFER: It's probably the third
9 panel.

10 MS. BUCHORN: I'm sorry, Mr. Chairman, we
11 need a little clarification here. I was under the
12 impression that the panels that were due to testify were --
13 the first panel to testify was going to cover items prior
14 to 79-19; that the second panel was going to testify
15 to the items that led up to and including 79-19, and that
16 the third panel to testify would be that panel on
17 follow-up since 79-19.

18 MR. REIS: Ms. Buchorn is correct. And the
19 second panel of NRC testimony will be Robert E. Shumaker,
20 H. N. Phillips and V. W. Hayes relative to I&E Report
21 79-19 and the Show Cause Order of April 30, 1980.

22 And there is no Appendix C to that report.
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MS. BURCHORN: It's the third panel. I beg your pardon.

BY MS. BUCHORN:

Q In Appendix C to the third panel, Item 12, Unit 1 containment building voids in Lift 15, initial report 10-20-78, interim report 11-20-78, final report 6-5-79, did any or either of you all, the panelists, utilize either the initial, the interim or the final report in reaching these conclusions in this testimony?

BY WITNESS CROSSMAN:

A I would say yes. At the top of Page 37 it gives the method by which the voids were located in Lift 15 by exploratory drilling. It also gives the fact that 12 more locations were drilled and checked by Fiber Optics to see if voids were present, and there were no voids behind those 12 locations.

As well as I can recall, the information that was included in our testimony did come from the 50.55(e) reports and, as Mr. Seidle says, some on-site inspection of the particular areas that they drilled and checked with Fiber Optics.

Q And so your conclusion that there were primarily three locations requiring grout injection behind the liner plate would have been taken from one or another of those reports?

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1 BY WITNESS CROSSMAN:

2 A And probably our inspection reports also.
3 That is our on-site -- our own inspectors going on site
4 and reviewing places that have been tapped in the
5 containment through which they ran the Fiber Optics
6 instrument to check behind the liner plate.

7 Q Let me ask you this. Were there other areas
8 on the top of that lift that required remedial action?

9 BY WITNESS CROSSMAN:

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

11 BY WITNESS SEIDLE:

12 A To go back that far, Ms. Buchorn, it's hard
13 to recall exactly. It's difficult to know what anomalies
14 may have involved that particular lift beyond what's
15 described in our testimony. We'd have to have the benefit
16 of reviewing the 50.55(e) reports to be more responsive.

17 Q Further on that page you said, "Also in
18 connection with Intervenor Contention 1.2 it should be
19 noted that by a 50.55(e) letter dated June 18th, 1979,
20 the Applicant again notified the NRC of voids in the
21 concrete behind the liner plate in the 8 lift in Unit 1
22 reactor containment building."

23 Could you tell me, were the repairs of Lift 8
24 monitored by the NRC?

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BY WITNESS SEIDLE:

A. Yes.

Q. Could you explain that? How many people were there? How was this accomplished?

BY WITNESS SEIDLE:

A. We have within our organization in Region IV civil engineers who are expert in the areas of concrete, and repair of voids would be included in their areas of expertise.

We had them on site to observe the repair of Lift No. 8. They weren't there all the time, but they did, in an ongoing manner, observe the repair effort.

Q. On the bottom of that page the question was asked, did there come a time when the NRC investigated allegations incorporated in Intervenor Contention 1.5, which states that there was steel reinforcing bars missing from the concrete around equipment doors in the containment and such bars are missing from the containment structures as well.

Your answer sets out the fact that you checked the records on the equipment hatch. Could you tell me what investigation was made of the latter part of that contention that says such bars are missing from the containment structures as well?

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1 BY WITNESS HUBACEK:

2 A I was involved in that investigation. What
3 is your question? Would you restate the question?

4 Q What other methods were utilized in investigat-
5 ing the rest of that contention?

6 BY WITNESS HUBACEK:

7 A Besides looking at the records?

8 Q Well, you stated in here that you looked at
9 the records for the equipment hatch.

10 BY WITNESS HUBACEK:

11 A That's correct. I also interviewed in-
12 dividuals who were involved in the inspection of those
13 particular areas.

14 Q The rest of that contention is that such bars
15 are missing from the containment structures as well. Have
16 you -- Well, let me ask this question: Did Mr. Casarino
17 or Mr. Shaw at any time speak to the NRC about re-
18 inforcing steel being left out of the slab that supports
19 the fuel transfer area in Containment 1?

20 MR. REIS: Mr. Chairman, I will object to the
21 question in that it tends to go to the naming of
22 individual sources that I don't think are necessary for
23 this hearing.

24 Now, if the question is asked generally, did
25 any inspectors on the job report to you missing bars, I

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1 will have no objection to the question.

2 MS. BUCHORN: I will rephrase it.

3 BY MS. BUCHORN:

4 Q Did any inspectors communicate to you that
5 there were missing reinforcement bars in the slab that
6 supports the fuel transfer area in Containment No. 1?

7 BY WITNESS HUBACEK:

8 A Is this directed to me?

9 Q To any member of the panel.

10 BY WITNESS HUBACEK:

11 A I'm not aware of it.

12 Q Did any member of Houston Lighting & Power
13 QA ever mention this subject?

14 BY WITNESS HUBACEK:

15 A Again, I'm not aware of any such condition.

16 BY WITNESS SEIDLE:

17 A I'm not either, Ms. Buchorn.

18 Q Are you aware of any investigation by the
19 Applicant into an allegation that was made that there were
20 missing reinforcing steel in that slab under the fuel
21 transfer area?

22 BY WITNESS HUBACEK:

23 A I do not recall such an investigation.

24 BY WITNESS PHILLIPS:

25 A I never saw one while I was there.

1 Q Further on that page you make the statement
2 that the pour cards revealed -- "The pour cards examined
3 revealed no irregularities, nor did other documents
4 checked. Various individuals interviewed had no knowledge
5 of any rebar missing from any structure, including con-
6 tainment. For additional follow-up activity, see I&E
7 Report 80-08, Staff Exhibit 54."

8 Q Could you tell me where in Staff Exhibit 54
9 that is?

10 BY WITNESS CROSSMAN:

11 A It was addressed in Allegation 7 in that
12 particular investigation.

13 Q On Page 39 of Staff Exhibit 17, down about the
14 middle of the page -- Let me go back.

15 The second answer, the statement is "Several
16 telephone calls from an individual who made specific
17 allegations in regard to the South Texas Project con-
18 struction activity, quality assurance program and the Cad-
19 welding documentation procedure," what were the specific
20 allegations about construction activity?

21 BY WITNESS SEIDLE:

22 A Ms. Buchorn, if you'll refer to Exhibit No.
23 17, Report No. 79-01, I believe you will find this in-
24 formation.

25 Q I beg your pardon. Where?

9-7 1 BY WITNESS SEIDLE:

2 A. It's Exhibit No. 17, Report No. 79-01.

3 Q. All right.

4 BY WITNESS CROSSMAN:

5 A. There were some six allegations made in that
6 regard. They're covered in the report.

7 BY WITNESS SEIDLE:

8 A. The allegations are summarized under "Con-
9 clusions" on Page 4 of that report.

10 Q. So your category, "Construction Activity"
11 would comprise what -- which one of these allegations or
12 which ones?

13 BY WITNESS CROSSMAN:

14 A. Would you repeat the question, please? Are
15 you --

16 Q. Well, you've separated it out here into
17 categories: Construction Activity, Quality Assurance and
18 Cadwelding Documentation Procedure.

19 I am asking which allegations fit which cate-
20 gory.

21 MR. REIS: Mr. Chairman, I object. There's a
22 premise in the question that there are specific cate-
23 gories, and that they're separate categories, and the
24 question doesn't say that at all.

25 It says that an individual made allegations

9-8 1 in regard to three matters. It doesn't say that they are
2 separate matters or separate categories.

3 The question presupposes that, and therefore,
4 I object that the question has no foundation in the evi-
5 dence.

6 JUDGE BECHHOEFER: Why don't you rephrase
7 the question? Don't try to separate them. Ask which of
8 the allegations fall into which category. There may be
9 more than one category for a particular conclusion.

10 Is that what you're after? You could ask the
11 question that way.

12 MS. BUCHORN: Never mind. I'll go on.

13 BY MS. BUCHORN:

14 Q You make the statement that there were Cad-
15 weld examination checklists that were being transcribed
16 by individuals other than the on-site Cadweld inspectors.

17 Was that more than one person, or was that,
18 in fact, just one individual?

19 BY WITNESS SEIDLE:

20 A Ms. Buchorn, to the best of my knowledge, it
21 involved only one person. The investigation was done by
22 someone other than members of this panel. This is
23 covered under Allegation or Conclusion No. 1 on Page 4
24 of the Report No. 79-01, Exhibit 17.

25 Q And it was just one person who did this?

1 BY WITNESS SEIDLE:

2 A Yes, ma'am.

3 Q You make reference to Staff Exhibit No. 20,
4 I&E Report 79-04. At the bottom of the page it states
5 that "On March 22, 1979 during observation of concrete
6 placement, an I&E inspector observed pools of standing
7 water between the interior form and the water stop."

8 Could you tell me, if you know, what pour
9 that was?

10 BY WITNESS CROSSMAN:

11 A MELW 1 - W001-00. It's in Appendix A,
12 Notice of Violation to that report -- of that Staff
13 exhibit.

14 BY WITNESS PHILLIPS:

15 A Also at Page 6.

16 Q There have been commitments alluded to in your
17 prior testimony whereby Houston Lighting & Power committed
18 to stepped up surveillance of concrete placement acti-
19 vities or construction activities.

20 Could you tell me whether or not a Houston
21 Lighting & Power QA man was present during the pour in
22 question?

23 BY WITNESS SEIDLE:

24 A Well, Ms. Buchorn, this inspection was done
25 by an individual who is not on this panel, and we cannot

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respond to that question. We don't know.

Q It says here that Hubacek was the reactor inspector.

BY WITNESS HUBACEK:

A I was present on that inspection, but I did not inspect that particular area.

BY WITNESS CROSSMAN:

A Do you have the signoff page there? The sign-off page shows Mr. Paul. The individual that inspected that particular area for this report is not present on this panel.

Q All right.

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1 BY MS. BUCHORN:

2 Q On Page 43, I suppose I'm to assume that again
3 you cannot give me any details about this because none of
4 you were on this particular inspection trip?

5 MR. GUTIERREZ: Can we have that question
6 again? What was the question Mrs. Buchorn is asking?

7 MS. BUCHORN: I'm referring to Staff
8 Exhibit No. 22, Report No. 79-12, referred to on the top
9 of Page 43 of your testimony.

10 MR. GUTIERREZ: Is there a specific question?

11 MS. BUCHORN: Did you understand my question?

12 WITNESS SEIDLE: No, ma'am.

13 BY MS. BUCHORN:

14 Q Am I to assume, from looking at the signature
15 page on this, that none of the five members of this panel
16 were present during this inspection?

17 BY WITNESS PHILLIPS:

18 A I was not.

19 BY WITNESS SEIDLE:

20 A I was not.

21 BY WITNESS CROSSMAN:

22 A I was not.

23 BY WITNESS HUBACEK:

24 A I was not.

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1 BY WITNESS TAYLOR:

2 A. I was not.

3 Q. Would you tell me how you can testify
4 regarding items when you were not present?

5 MR. GUTIERREZ: Mr. Chairman, we object to
6 that question. These men are in a management position.
7 Activities were conducted under them, reviewed by them.
8 They have faith in their inspectors who perform the
9 inspections. It was reviewed -- this report was reviewed
10 by Mr. Hubacek, who is on the panel. It was approved by
11 Mr. Crossman, who is on the panel. They work on a daily
12 basis with the inspectors who perform these inspections
13 on the site.

14 JUDGE BECHHOEFER: That may be well and true,
15 but if they can't answer questions on the report, I have
16 a serious question whether the report ought to be in the
17 record if the panel can't answer the questions about it.

18 MR. GUTIERREZ: Well, I haven't heard a
19 specific question asked. She's just asking generally
20 can she assume that they can't answer anything.

21 JUDGE BECHHOEFER: Well, we already had one
22 where the witness could not answer the question, no
23 witness could, on the prior report we were talking about,
24 the Staff exhibit.

25 MR. GUTIERREZ: That may be because the

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1 question didn't have much relevance or materiality, I
2 don't know.

3 MR. REIS: Mr. Chairman, it is very common
4 for reports to come in that are made under someone's
5 supervision and control, and that's just what this is,
6 and that's common rules of evidence.

7 JUDGE BECHHOEFER: Common rules of evidence
8 require that the witness be able to answer questions about
9 documents they're sponsoring. If they can't, they'll be
10 subject to a motion to strike, questions that are
11 pertinent to their testimony, I might say.

12 MR. GUTIERREZ: Well, the point is, is there
13 a question pending, other than an assumption that
14 Ms. Buchorn can make?

15 JUDGE BECHHOEFER: Yes. Ms. Buchorn, you'll
16 have to ask the questions, but at least on the last one
17 we did have a question which I believe was pertinent.

18 MR. NEWMAN: Mr. Chairman, one question that
19 would seem to me that might be put is whether or not
20 these witnesses, in the ordinary course of their business,
21 reviewed this report and satisfied themselves that it was
22 an adequate report. These are men in supervisory
23 positions who review other people's work, as Mr. Reis
24 has indicated.

25 JUDGE BECHHOEFER: Yes. Well, some of these

1 people were inspectors at the time that these reports
2 were prepared.

3 Why don't you try asking the questions.

4 MS. BUCHORN: I beg your pardon?

5 JUDGE BECHHOEFER: I say why don't you
6 proceed with your questions and we'll see.

7 MS. BUCHORN: Rather than get into all this
8 wrangling, let me try another avenue, and this is for
9 any member of the panel.

10 BY MS. BUCHORN:

11 Q This I&E report apparently refers -- well,
12 for instance, Page 3, No. 2 refers to a lack of QA/QC
13 surveillance requirements in two procedures, and it
14 refers back to an unresolved item in a prior inspection
15 report. Is that inspection report in evidence? Is there
16 testimony on that?

17 MR. GUTIERREZ: Could you give me the page
18 in the I&E report, Ms. Buchorn, you're referring to?

19 MS. BUCHORN: I'm on Staff Exhibit 22, I&E
20 Report 79-12, Page 3, No. 2, licensee action on previous
21 inspection findings.

22 BY WITNESS SEIDIE:

23 A 78-16 is Staff Exhibit No. E-11.

24 BY MS. BUCHORN:

25 Q Going to Page 4 of that exhibit, there was an

1 infraction that is now designated as being closed for
2 failure to control superseded drawings.

3 Were any of you gentlemen present at that
4 inspection?

5 MR. GUTIERREZ: Mr. Chairman, I object. If
6 you read the testimony, the only reason Staff Exhibit
7 No. 22 is in evidence and submitted as an exhibit is
8 because in that I&E report the follow-up inspection of
9 79-04 is contained in there, and for a full record we put
10 the I&E report which had that follow-up inspection. Now
11 Ms. Buchorn goes to each and every incident in the I&E
12 report and is drilling this panel on that. I don't think
13 that's fair or relevant.

14 Exhibit 22 is referenced from Page 42 on the
15 follow-up inspection 79-04. Now she's asking on
16 infractions found on 79-02 and 78-16. So I'd object on
17 relevancy, based on what the exhibit has been put into
18 evidence for.

19 MS. BUCHORN: In prior testimony -- I'll go on,
20 I don't want all this wrangling. It's ridiculous.

21 BY MS. BUCHORN:

22 Q In prior testimony you testified to the
23 remedial actions taken in relation to the Lift 8 voids,
24 have you not?

25 MR. GUTIERREZ: Again I object. When

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Mrs. Buchorn originally went into this line of questioning I informed her that Panel 3 addresses the NRC's follow-up inspection activity of HL&P's remedial action.

This panel only outlines generally what was found based on the 50.55(e) submitted, but does not close out, if you will, the NRC action in those matters. Therefore, I object on the basis that it's beyond the scope of this panel, that the proper panel for that question to be asked to is the third panel, who has Mr. Tapia on it, who is the concrete specialist with this case who can address all of the concerns that Ms. Buchorn has, or anyone else has on Lift 8, Lift 15 in the dimensional error in the base mat.

Those are all concrete questions that Mr. Tapia has addressed.

JUDGE BECHHOEFER: All right. Well, technically, there are some conclusions about those matters in this testimony. Should that have appeared preferably in the --

MR. GUTIERREZ: I think what this panel has testified to, that beyond those general conclusions which they reached tentatively from reading 50.55(e) reports and other sources, they don't know all the details, and I don't want to leave the Board or anyone else with the impression that it's because they have not been looked

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into. They have been looked into, but by members of the third panel.

JUDGE BECHHOEFER: Well, let me give you an example. What about the first full paragraph on Page 37 of the testimony, can these witnesses address that?

MR. GUTIERREZ: They address it in a general way, what HL&P did and what HL&P said it did in its 50.55(e)'s. That's what they've addressed.

They have in no way said that the NRC has since looked at it, evaluated it and signed off on it, which is what Mr. Tapia says in his filings in Panel 3, or what's been updated.

JUDGE BECHHOEFER: Okay. Well, as long as those questions on the follow-up may be asked, I won't raise any particular objection, but I want one or more of these panels --

MR. GUTIERREZ: I just think it's a practical problem. This panel is not the panel that addressed follow-up. The list wasn't -- the final 50.55(e) report for Lift 8 wasn't even submitted until February of '80, so how could this -- this panel only speaks up to Show Cause.

JUDGE BECHHOEFER: But anyway, let me just ask the panel.

Does that paragraph on Page 37 merely indicate

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1 what the Applicant reported in 50.55(e) reports, the first
2 full paragraph on Page 37 dealing with the voids?

3 BY WITNESS SEIDLE:

4 A Mr. Chairman, is that the paragraph that starts
5 off, "Corrective action taken to prevent recurrence"?

6 JUDGE BECHHOEFER: Yes.

7 BY WITNESS SEIDLE:

8 A That is the licensee's action taken to prevent
9 recurrence, which is --

10 JUDGE BECHHOEFER: I take it that is not this
11 panel's conclusion that the Corrective Action 1 was taken
12 and 2 was or was not adequate.

13 BY WITNESS SEIDLE:

14 A That's correct, Mr. Chairman.

15 JUDGE BECHHOEFER: Okay.

16 BY WITNESS SEIDLE:

17 A If I may just make one more comment, I think
18 Mrs. Buchorn should understand that items of noncompliance
19 are identified in the response to the noncompliance items.
20 There is a requirement to identify corrective action.
21 This is something that we follow up on. We did not
22 follow up on it at this point in time.

23 JUDGE BECHHOEFER: All right.

24 MR. REIS: Mr. Chairman, I think that's made
25 clearer if you look at the question. The answer is

rather long. It's one paragraph out of it. The question appears at the bottom of Page 35. Much of these people -- of the testimony here is material that came to their attention in their official positions as supervisors, and material on which they relied.

Now, bringing in -- we can bring in each and every inspector. I don't think that's called for and I don't think that's required.

We have taken away from regular NRC work, and are going to take away, about 15 NRC employees to testify in this proceeding. We could have another 20 testify here and not performing work in the field, and I don't think that's really necessary.

I think they are perfectly competent to testify upon matters which they rely in the ordinary course of their positions if it is part of their position.

Now, when you rely on something you don't necessarily have every single, every bit of detail. Now, as long as that's made clear in the record that they don't have every single bit of detail, that's fine, and to the extent that's illuminated by the record there's nothing wrong with that, but there is no question that these people are supervisors of the NRC, as set forth in their testimony. Some of them say they reviewed the reports and the reports were done by other people. We're very

1 clear in each case who did the report and who reviewed it,
2 and when we say they reviewed it we mean these people
3 thought it was true in the course of their duties, every
4 day in working along this line, and they relied on it in
5 that sense.

6 MS. BUCHORN: Mr. Chairman --

7 JUDGE BECHHOEFER: Well, with the explanation
8 the witnesses gave, I think the Lift 8 and 15 questions
9 probably should await the Panel 3, at least the resolution
10 of those.

11 MS. BUCHORN: At this time CEU moves to strike
12 on Page 36, from the last paragraph on Page 36 through
13 and including paragraphs on 37 down to the last -- second
14 to last line where there is a question stated. We base
15 that motion on the fact that there are no documents
16 presented by this panel to support these conclusions
17 reached in this testimony.

18 MR. REIS: Mr. Chairman, I know of no rule
19 that says that there has to be a document to support
20 testimony.

21 The testimony, as I said, is given by the
22 supervisors and it's based on their perception of what
23 they saw and what they relied on in their jobs at the NRC,
24 and there's no reason why it can't come in for that purpose
25 and stating that.

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1 Certainly they are doing these jobs every day,
2 they rely on it, and from that point of view the testimony
3 is certainly proper. I know of no instance where
4 inspection reports of the Staff and testimony about
5 inspection reports of the Staff have been stricken on
6 such a basis.

7 MR. HAGER: Mr. Chairman, my understanding of
8 what's passed here is that these witnesses are not geared
9 for cross-examination on these issues, in which event
10 their testimony on these issues would not be competent
11 testimony and should be struck.

12 (Bench conference.)

13 MR. AXELRAD: Mr. Chairman, if we may be heard,
14 I believe that the statement of Mr. Hager has just made is
15 not correct. I think these witnesses are prepared to
16 answer questions with respect to this portion of the
17 testimony and are able to answer on the basis of the
18 knowledge they have to the functions they perform within
19 the NRC. I think Mr. Hager is mistaken.

20 MS. BUCHORN: Mr. Chairman, it was perfectly
21 clear from their answers that they did not have enough
22 information on which they based those conclusions that
23 they reached in these paragraphs.

24 JUDGE BECHHOEFER: Well, Ms. Buchorn, in
25 answer to my question they told me that this wasn't a

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1 conclusion. It was just a reporting of what the Applicant
2 said it did, and to that extent they can say that, so I'm
3 going to reject the motion on that basis. The conclusion
4 apparently appears in the third panel, and questions about
5 the adequacy of that approach. All they're reciting is
6 what the Applicant said it was going to do. They're not
7 even saying that it was done or not. I asked that
8 question and that wasn't what their testimony says.

9 So we'll deny the motion, but we presume that
10 the witnesses in Panel 3 will be able to answer at least
11 the types of questions that I have in mind and perhaps
12 you have in mind.

13 MR. HAGER: Mr. Chairman, would we under-
14 stand -- not to drag this out, but would we understand
15 in the paragraph to which you have referred that talks
16 about corrective action taken, that that stands amended
17 to state corrective action promised to be taken, that
18 that is not intended to refer to action that has been
19 taken?

20 JUDGE BECHHOEFER: I think it means corrective
21 action reported as being taken.

22 MS. BUCHORN: Off the record.

23 JUDGE BECHHOEFER: We will take an afternoon
24 break. We'll come back in about 15 minutes.

25 (Short recess.)

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1 JUDGE BECHHOEFER: Back on the record.

2 Ms. Buchorn, you may proceed.

3 BY MS. BUCHORN:

4 Q Gentlemen, I would ask you to turn to Page 52
5 where reference is made to Staff Exhibit 32, I&E Report
6 79-14. At the bottom of the page it says, "During site
7 inspection resulting in 79-13 the NRC inspector was
8 informed by Houston Lighting & Power of alleged incidents
9 of intimidation of quality control inspectors by Brown &
10 Root construction personnel."

11 Could you tell me when Houston Lighting &
12 Power informed -- what was the date that information was
13 provided?

14 BY WITNESS HUBACEK:

15 A I was the one that was informed, but if you
16 give me more than this report, I'm not sure if I can
17 recall the dates that actually occurred.

18 It is here on Page 2 of the report. That's
19 79-14.

20 BY WITNESS SEIDLE:

21 A Ms. Buchorn, that's Exhibit No. 32, Report
22 No. 79-14, Page 2.

23 Q That's right.

24 BY WITNESS HUBACEK:

25 A Under summary of facts.

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1 Q On the first page of Staff Exhibit 32 it
2 states that the investigation was conducted during the
3 period September the 4th to the 7th and 11th through the
4 14th, and on the summary of facts it says on August the 8th
5 the licensee reported alleged intimidation incidents.

6 BY WITNESS HUBACEK:

7 A This was reported to me during a previous
8 inspection that I believe was 79-13, the mid-term QA
9 inspection, when this item was reported. We did not
10 investigate it at that time. We determined that we would
11 investigate it later during the scheduled investigation
12 of several things.

13 Q Was that more than a month later?

14 BY WITNESS HUBACEK:

15 A Pardon?

16 Q Was that more than a month later, or about a
17 month later?

18 BY WITNESS HUBACEK:

19 A Well, the notification was on August the 8th.
20 That is roughly about a month later, right.

21 Q Were subsequent allegations made by telephone?

22 BY WITNESS HUBACEK:

23 A Not in this case, no. This was -- in fact,
24 I was notified by the licensee that they had become aware
25 of this incident. They had done some investigation of it

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themselves, and we determined that we would come back later, at a later date to do our own investigation.

Q. Was that the only one of these allegations set out here that was told to you by the licensee?

MR. GUTIERREZ: Could we have a clarification as to -- the allegations in the report are you referring to?

MS. BUCHORN: That's what I'm cross-examining on. I'm cross-examining on Staff Exhibit No. 32, I&E Report 79-14.

MR. GUTIERREZ: That was the clarification I needed.

MS. BUCHORN: Mr. Chairman, I'd like to ask if I need to make that clarification with every single question I ask.

JUDGE BECHHOEFER: No. I think counsel was not sure what you were asking about. I don't think you have to each time, but make sure the witnesses and counsel know what you're talking about.

MS. BUCHORN: Well, quite frankly, more time has been taken up by interruptions and objections, almost, than there has been taken up by my questions.

JUDGE BECHHOEFER: I don't think there was an objection to that question, was there?

MR. GUTIERREZ: No. I was uncertain whether she was referring to the body of the testimony or the

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1 I&E report.

2 JUDGE BECHHOEFER: Right. Well, I guess the
3 witness can answer, one of the witnesses.

4 MS. BUCHORN: Normally when I am referring to
5 the body of the testimony I set out the page, I overview
6 the information that is set out there and I ask the
7 question. I thought that would have been clear. We've
8 been here all day.

9 JUDGE BECHHOEFER: Well, on that particular
10 one there was some confusion.

11 Anyway, the witness may answer.

12 BY WITNESS HUBACEK:

13 A. Would you please repeat the question?

14 BY MS. BUCHORN:

15 Q. My question was, was the only one of these
16 allegations that was provided by the licensee that
17 allegation regarding the alleged intimidation of
18 construction personnel, or QA/QC personnel?

19 BY WITNESS HUBACEK:

20 A. To the best of my knowledge, that is correct.

21 Item 1, relative to the two Brown & Root
22 QC inspectors, was the only item discussed with me on
23 August the 8th.

24 Q. In the body of the document, on Page 2, under
25 summary of facts, No. 2, I would ask this question:

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1 Where and how was this allegation brought to the
2 attention of the NRC?

3 MR. GUTIERREZ: Counsel would object on
4 relevancy. How a particular allegation is brought to the
5 attention of the NRC, I can't see how it's relevant to
6 any issue before the Board.

7 JUDGE BECHHOEFER: Can you explain how or --
8 BY MS. BUCHORN:

9 Q Was this a telephone call? Was it a letter?
10 Was it a newspaper report? Was it a television report?
11 It's very simple.

12 MR. GUTIERREZ: We understand the question.
13 I do not understand the relevancy of the question to any
14 issue before the Board.

15 JUDGE BECHHOEFER: I can't see where that
16 would be relevant.

17 MS. BUCHORN: Let me ask this question.
18 BY MS. BUCHORN:

19 Q Did the licensee bring this allegation to
20 the attention of the NRC? Allegation -- and I'm talking
21 about Allegation No. 2, still.

22 MR. GUTIERREZ: I object on the same grounds.
23 I object on the further grounds that the question has
24 already been asked, was the only allegation brought by
25 the licensee, the first one, and the answer was yes.

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MR. HAGER: Mr. Chairman, on this issue I would like to say a word. I think it is generally relevant what is the source of these allegations. Of course, the licensee has an obligation to report deviations to the NRC, and it's important for us to know whether it was the licensee that brought these problems to the notice of the NRC or whether it might have been an employee who brought it to the notice of the NRC, or whether it might have been the result of an unannounced inspection, because this does bear on the character of the licensee and its ability to fulfill its obligation to bring these matters to the attention of the NRC, to have knowledge of them and bring them to their attention, so I think it's very relevant to know what is the source of each one of these allegations. I think that's what Ms. Buchorn is trying to approach here.

(Bench conference.)

JUDGE BECHHOEFER: Well, I think whether the licensee reported it or not is relevant, but I think it's been answered. You may ask for clarification. The man did say, in response to your last question, I think he said the only matter on this report that was brought to his attention by the licensee was No. 1, but you can clarify that, perhaps.

MS. BUCHORN: All right.

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1 BY MS. BUCHORN:

2 Q Let me ask this question. You stated that
3 as a result of Inspection Report 79-13, Allegation No. 1
4 was communicated to the Staff. Is that correct?

5 BY WITNESS HUBACEK:

6 A That's correct. It was communicated to me
7 during the course of the inspection.

8 Q That's what I understood your answer to be.

9 What I'm asking now is that subsequent to
10 that investigation, 79-13, did the licensee, or staff of
11 the licensee, communicate any of the other allegations
12 to the Staff?

13 BY WITNESS HUBACEK:

14 A I thought I had already answered that by
15 saying that No. 1 was the only one that was communicated
16 at that inspection.

17 Q I didn't ask at that inspection. I said
18 subsequent to that inspection.

19 BY WITNESS HUBACEK:

20 A Of these particular items?

21 Q That's right.

22 BY WITNESS HUBACEK:

23 A No. To my knowledge, these were not reported
24 to us by the licensee.

25 Q Were these allegations received from FBI agents?

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1 MR. REIS: Mr. Chairman, I object. There is
2 no relevance as to whether they might have been received
3 from FBI agents or from what other source they came
4 through. It doesn't go to the character or competence of
5 HL&P. I believe you already ruled that it might have
6 relevance if they were reported by the licensee, but the
7 fact that they might have come to the attention of the
8 NRC from any other source certainly is not relevant to
9 any issues involving the character or competence of the
10 licensee.

11 MS. BUCHORN: Mr. Chairman, it most certainly
12 does have -- it most certainly does go to the character
13 and competence of HL&P because if there was an FBI
14 investigation, they went to the licensee with their
15 investigation prior to going to Region IV headquarters,
16 and the licensee did not report those allegations to the
17 staff of Region IV, it most certainly goes to the
18 character and the competence of the licensee.

19 MR. REIS: Mr. Chairman, none of this is in
20 the record. And further, there are assumptions made that
21 every time the FBI talks to somebody they have to go tell
22 it to another agency. As a matter of fact, I could think
23 of very good arguments that you should not go around
24 telling those matters.

25 So I certainly think this is far removed, not

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material and not relevant.

MS. BUCHORN: Mr. Chairman --

JUDGE BECHHOEFER: Well, absent a further foundation, I think we will sustain the objection. There's no showing that the FBI made any report to the Applicant.

MS. BUCHORN: I beg your pardon?

JUDGE BECHHOEFER: I don't think we have anything in the record that I can recall which shows that the FBI made a report to the Applicant and the Applicant should have reported it to the NRC.

MS. BUCHORN: I'm sorry; that's not what I said, sir. I didn't say the FBI made a report to the Applicant. I said in an investigation, in their contact with the Applicant, and that investigation effort and their contact with Region IV staff.

JUDGE BECHHOEFER: I don't think there's anything in the record that would substantiate that, though, so we'll sustain the objection.

(Bench conference.)

BY MS. BUCHORN:

Q Could you tell me, on the allegation of intimidation of the two QC inspectors, could you tell me what the threats were?

BY WITNESS HUBACEK:

A I don't recall what the specific threats were.

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1 BY WITNESS PHILLIPS:

2 A. One of the threats, as I recall, was something
3 might fall on an inspector's head --

4 THE REPORTER: I'm sorry, Mr. Phillips, would
5 you repeat that?

6 BY WITNESS PHILLIPS:

7 A. One of the threats appeared to be that
8 something might fall on an inspector's head if they were
9 not careful.

10 BY MS. BUCHORN:

11 Q. Were these two QC personnel female?

12 BY WITNESS HUBACEK:

13 A. Yes.

14 BY WITNESS PHILLIPS:

15 A. Yes.

16 Q. And if the two QC personnel were female, is
17 it safe for me to assume that the five construction
18 personnel were macho males?

19 MR. REIS: Your Honor, I object.

20 MR. GUTIERREZ: I object. I didn't object on
21 the last one with respect to whether the QC inspectors
22 were female. Now we are asked whether the construction
23 individuals were macho males. I just object on relevancy,
24 and vagueness.

25 JUDGE BECHHOEFER: Yes, I think as asked, that

11-11 1 question isn't relevant, so we'll sustain the objections.
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2 I might add, I'd like to repeat that statement
3 I made earlier, that to the extent that what we're really
4 looking at is HL&P's involvement, so --

5 MS. BUCHORN: I was coming to that.

6 JUDGE BECHHOEFER: All right.

7 BY MS. BUCHORN:

8 Q In your investigation on this allegation of
9 threats did you determine the whereabouts of HL&P QA
10 personnel during the time frame that the alleged incident
11 took place?

12 MR. NEWMAN: I'm going to object to that
13 question, Mr. Chairman. It is simply too vague.
14 Ascertaining the whereabouts of QA personnel is such a --
15 HL&P personnel is so vague, covers so many people, I can't
16 believe an intelligent answer could be given to the
17 question.

18 Perhaps if Ms. Buchorn would rephrase it and
19 try to pin down what it is or who it is she's trying to
20 have identified with being at a given place at a given
21 time, that might be helpful. But I can't see how these
22 gentlemen can testify where all the HL&P people were at
23 a given time.

24 JUDGE BECHHOEFER: Could you narrow the
25 question?

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1 MS. BUCHORN: Yes, I will. I'll rephrase it.

2 JUDGE BECHHOEFER: Try to redefine the people
3 you're talking about.

4 BY MS. BUCHORN:

5 Q Were there any Houston Lighting & Power QA
6 personnel in the immediate vicinity at the time the
7 incident took place?

8 BY WITNESS HUBACEK:

9 A You're referring to incident, and it's
10 singular, actually, and there were -- this -- I don't
11 know whether you call this one incident. Anyway, I don't
12 recall any statements to the effect that HL&P QA people
13 were present during any of these incidents which occurred.

14 Q Tell me how many incidents there were.

15 BY WITNESS HUBACEK:

16 A I don't know. There were several.

17 Q Several incidents?

18 BY WITNESS HUBACEK:

19 A Yes.

20 Q Involving the same --

21 BY WITNESS HUBACEK:

22 A Well, there were five construction persons,
23 supervisors, and there were two QC inspectors, so I don't
24 know just the total, I don't know the total number
25 involved.

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Q So it was not just one?

BY WITNESS HUBACEK:

A Not just one.

Q Not just one. It was more than one.

Did these people say that they had communicated their problem to HL&P QA personnel?

MR. NEWMAN: Mr. Chairman, I'm going to object to that question. I think it lacks foundation. It was my understanding from Mr. Hubacek's testimony that it was HL&P that reported the incident or incidents to the NRC. It assumes an entirely erroneous factual foundation.

MS. BUCHORN: Mr. Chairman, my question is did the QC people involved communicate it to HL&P QA. It could have been communicated any other -- in any other manner. I'm trying to pin down the manner in which it was communicated to HL&P QA. It could have gone to anybody else in the HL&P organization. They could have made a phone call to them to Houston.

MR. NEWMAN: Well, is the question now whether Mr. Hubacek is aware of whether HL&P QC personnel involved in this incident reported it to HL&P QA personnel?

JUDGE BECHHOEFER: Is that your question? Or are you just trying to find out how the incident was reported to Houston if the witnesses are aware?

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1 MS. BUCHORN: I'm trying to find out the chain
2 whereby this alleged, or these alleged incidents went up
3 to the point where it was communicated to the NRC by
4 Houston Lighting & Power. I'd like to know if it was
5 indeed first communicated to someone in the field, what
6 that level was, and how it went up. This is an instance
7 of the licensee reporting something rather than the
8 construction personnel reporting something. It's unique.
9 I'd like to find out about it.

10 MR. NEWMAN: I have no objection to that
11 question if Mr. Hubacek understands and has knowledge of
12 what the internal reporting situation was with respect to
13 that incident, if that question can be put.

14 JUDGE BECHHOEFER: Yes, to the extent he knows,
15 yes, he may answer that.

16 BY WITNESS HUBACEK:

17 A. I don't recall whether it was QA -- whether
18 the individuals reported it to the QA or through other
19 people in construction. I do not recall that specifically.

20 BY WITNESS PHILLIPS:

21 A. I was also on the investigation and I do not
22 recall any specifics, however it appears that the QC
23 inspectors made it known to their immediate supervisors
24 and somehow it got fed into the Brown & Root management
25 and they went to HL&P management, and then in turn

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1 informed us.

2 Q Now, you say that it was communicated to
3 HL&P QC.

4 BY WITNESS PHILLIPS:

5 A No, not to HL&P QC. HL&P QA. And the only
6 reason I say that is that's who we were dealing with on
7 the interview. Bill may address that.

8 BY WITNESS HUBACEK:

9 A HL&P QA was the organization that reported it
10 to me during the 79-13 inspection.

11 Q I'd like to ask a question to clear up some-
12 thing that may be a misapprehension on my part.

13 Did the Applicant, Houston Lighting & Power,
14 indeed have quality control inspectors on site?

15 BY WITNESS HUBACEK:

16 A No. HL&P did not have quality control
17 inspectors. They had quality assurance --

18 Q All right. That was my understanding, because
19 when I heard that it was communicated to HL&P quality
20 control and then on up the level I became concerned
21 because it was my understanding that HL&P had QA.

22 BY WITNESS HUBACEK:

23 A If I said QA, I meant -- or QC, I meant QA.

24 Q Okay. That clears up my problem.

25 / / /

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1 BY MS. BUCHORN:

2 Q On Page 53 of your testimony, the bottom
3 portion of that page, you allude to Intervenor's Con-
4 tention 1.4 about the waterproofing membrane seals in the
5 Reactor Containment Building. The next-to-the-last
6 sentence on that page states: "During review of documents
7 relevant to membrane installation," I would like to ask
8 you what documents that you reviewed that you felt would
9 give you that information.

10 BY WITNESS HUBACEK:

11 A These were inspection reports, which were
12 prepared by Brown & Root quality control documenting their
13 inspection of the waterproof membranes.

14 Q Did you review the nonconformance reports
15 to see if any of these problems had been detected by the
16 licensee?

17 BY WITNESS HUBACEK:

18 A I don't recall specifically at this time
19 whether I did or not. I normally would have. I don't
20 recall specifically.

21 Q On Page 54 you state that "With respect to
22 Intervenor Contention No. 1.6, it was alleged that 116
23 Cadwelds were missing from Lift 5 of Reactor Containment
24 Building Unit No. 2."

25 The next sentence states, "This

12-2
1 nonconformance was previously report by Brown & Root
2 nonconformance report," and then you give an -- SC-2228
3 dated April 26, 1979.

4 Did your investigation discover this non-
5 conformance report, or was this report provided to you by
6 the Applicant?

7 BY WITNESS HUBACEK:

8 A I don't recall the exact circumstances of how
9 we came about this nonconformance report. I don't
10 recall whether it was asked for or whether it was volun-
11 teered. But again that's ...

12 Q Let me ask you this: In a number of in-
13 stances involving specific allegations, you make the
14 statement -- collectively "you" -- make the statement that
15 "However, this was previously discovered by the
16 Applicant, and there were plans under way to correct the
17 problem."

18 Was it a normal practice for the licensee to
19 provide documentation to you that would normally cover
20 those areas that you were inquiring about?

21 BY WITNESS HUBACEK:

22 A Normally -- Speaking from my own ex-
23 perience, they would supply these on my request, unless
24 it would be a 50.55(e) item, and those were provided
25 as required by 50.55(e).

1 But if they were not significant construction
2 deficiencies, normally the nonconformance reports, which
3 may not necessarily be a 50.55(e) item, would be probably
4 produced only on request.

5 Q So in certain of the investigations performed
6 by Region IV, you could expect to go in, convey the con-
7 cerns to the licensee and have them provide pieces of
8 paper in certain instances?

9 BY WITNESS HUBACEK:

10 A In some cases we were able to do this, which
11 indicated they had already identified the item.

12 Q Were any questions ever asked on your part
13 about investigations covering areas that were not involved
14 in those particular nonconformance reports?

15 MR. GUTIERREZ: I object --

16 MR. NEWMAN: The objection can stand. I just
17 don't understand the question. I'd like to have it re-
18 read or ...

19 MR. GUTIERREZ: The basis of my objection was
20 vagueness. She started out with -- Ms. Buchorn started
21 out with a general question on what the normal practice
22 is, and then she seemed to go back into a specific
23 instance -- or was there a specific instance where the
24 report was asked for.

25 I just didn't follow it, it was so vague.

12-4 1 WITNESS PHILLIPS: I would like to answer one
2 question that you asked previously, if the nonconformance
3 was provided to us by the Applicant. They volunteered
4 that information.

5 And it's on Page 11 of the exhibit.

6 JUDGE BECHHOEFER: On your other question,
7 could you rephrase it? I'm having trouble following it.

8 You can divide it up; it started getting a bit
9 long. And I'm not sure that the answer would be meaning-
10 ful. That's why I suggested rephrasing it.

11 MS. BUCHORN: I've been on the hot seat all
12 day, and I'm getting a little fatigued.

13 BY MS. BUCHORN:

14 Q Did you ever question the paperwork that was
15 given to you in view of it being complete -- a complete
16 investigation into that particular problem?

17 MR. NEWMAN: I'm going to object --

18 MR. GUTIERREZ: I object again based on broad-
19 ness. There has been a six-year history of inspection
20 activity, and the question is did they ever question any
21 piece of paper that was presented to them at any time.

22 If that's the question, I ... it's just so
23 broad that I don't think a meaningful response can be
24 given.

25 /

12-5

1 BY MS. BUCHORN:

2 Q Did you question the investigation of the
3 grouting of the taper tie holes that were the subject of
4 the nonconformance reports, SC-2257, SC-3126, SC-3130,
5 initiated May, August and September of 1979, which were
6 supplied to you by the Applicants?

7 BY WITNESS HUBACEK:

8 A These were discussed with Applicant's em-
9 ployees, and during the process questions were asked.
10 I don't specifically remember what questions were asked.

11 Q Do you remember what the improper grouting of
12 the tie holes consisted of?

13 BY WITNESS HUBACEK:

14 A Well, I think it is covered in the report.
15 I think it's stated -- if you're referring to the allega-
16 tion, I think it is stated in the report on Page 2.

17 Q I'm not referring to the allegation. I'm
18 referring to the improper -- these nonconformance reports.
19 It says here, "Improper grouting of taper tie holes were
20 documented in nonconformance reports, and it gives
21 them.

22 Do you recall what the improper grouting of
23 those tie holes consisted of?

24 BY WITNESS HUBACEK:

25 A Where are you referring to --

1 Q I'm looking at Page 11, the top of the page,
2 79-14, Staff Exhibit 32.

3 BY WITNESS HUBACEK:

4 A In general, I can remember what the subject
5 was. It was incomplete filling -- in most cases incom-
6 plete filling of the tapered tie holes. And to the best
7 of my recollection, the center portion of the tie holes
8 was not filled in some cases, only the outer two or three
9 inches on both sides was filled.

10 There may have been other items, but that's
11 what comes to mind immediately.

12 Q Did one of those reports -- or do you remember
13 if one of those reports told about fluid running back
14 into an area because of the improper grouting?

15 BY WITNESS HUBACEK:

16 A I don't recall that being mentioned.

17 BY WITNESS PHILLIPS:

18 A I think I recall some mention of that.

19 Q Do you recall where this particular area
20 was?

21 BY WITNESS PHILLIPS:

22 A No, I do not. I just recall that the NCR
23 stated it.

24 Q Do you recall if maybe it was in the Fuel
25 Handling Building?

12-7

1 BY WITNESS PHILLIPS:

2 A I don't recall, no.

3 MR. GUTIERREZ: Mr. Chairman, again I want to
4 point out that this particular I&E Report in SC-2228
5 referenced in the report for which this report was sub-
6 mitted is set forth in Allegation 6, and Ms. Buchorn is
7 questioning, I believe -- correct me if I'm wrong -- on
8 Allegations 4 and 5.

9 The witnesses are being put in the position of
10 being asked details on I&E reports in subject areas that
11 are not related to the direct testimony.

12 MS. BUCHORN: Mr. Chairman, I don't recall
13 being unsatisfied with the answers I received. And I
14 object to Mr. Gutierrez providing his own testimony.

15 MR. GUTIERREZ: Well, I would only then
16 respond that when confronted with an objection, Ms.
17 Buchorn should not complain because this has been going on
18 all day, and that has been the reason of many of our
19 objections.

20 JUDGE BECHHOEFER: I don't think there's a
21 pending question, is there?

22 (Pause.)

23 BY MS. BUCHORN:

24 Q On Page 58 of your testimony, at the middle
25 of the page, I'm referring to the Staff Exhibit No. 36,

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Report 79-15, and the discussion of that on Page 58.

Mr. Phillips, you were the inspector involved in this, were you not?

BY WITNESS PHILLIPS:

A. That is correct.

Q. And this was for Containment Structure 2, Lift 7?

BY WITNESS PHILLIPS:

A. That is correct.

Q. Could you tell me how long the pour had been going on when this condition was noticed?

BY WITNESS PHILLIPS:

A. Could you clarify that? "How long before" -- I'm not quite sure what you're asking for.

Q. Was this a completed pour that they were vibrating?

BY WITNESS PHILLIPS:

A. No, it was not. It was in progress.

Q. It was in progress.

BY WITNESS PHILLIPS:

A. It was in progress, and I was observing the individual doing the vibrating, and there was a Brown & Root QC personnel or person there. And when I saw the improper vibration, I advised him of such.

He went back and had the area revibrated at

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1 that particular time.

2 Q And the pour was in progress?

3 BY WITNESS PHILLIPS:

4 A The pour was in progress.

5 Q When this concrete is poured, could you tell
6 me, if you know, how many cubic yards were in that
7 pour?

8 BY WITNESS PHILLIPS:

9 A I really can't give you the specific cubic
10 yards that were in that pour, but it was a large pour --
11 one of the major pours --

12 Q A major pour --

13 BY WITNESS PHILLIPS:

14 A -- in the shell wall containment.

15 Q And that was classed as a safety-related
16 area?

17 BY WITNESS PHILLIPS:

18 A Yes.

19 Q Highly congested?

20 BY WITNESS PHILLIPS:

21 A Yes.

22 Q Had there been a stop work order prior to
23 this on those safety-related pours?

24 BY WITNESS PHILLIPS:

25 A I think I could refer you to a reference in

12-10
1 the report -- in the testimony where there had been a
2 self-imposed stop work order in that area.

3 Q And had there been commitments by the licensee
4 to retrain the construction personnel in vibration
5 techniques and in pouring that highly congested -- the
6 concrete into those highly congested areas?

7 BY WITNESS PHILLIPS:

8 A That is correct.

9 Q What was the licensee's response to this
10 notice of violation and failure to follow concrete con-
11 solidation procedures?

12 BY WITNESS PHILLIPS:

13 A It's in the testimony, probably the next
14 exhibit, probably 37. And it -- We did have to go back
15 for supplemental information on that, in that the response
16 was not complete.

17 Q Isn't it true that they disagreed on your
18 observation?

19 BY WITNESS PHILLIPS:

20 A Basically that's true.

21 Q And didn't they set this forth in a letter?

22 BY WITNESS PHILLIPS:

23 A Yes.

24 BY WITNESS CROSSMAN:

25 A I'd like to correct that. That's Staff

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Exhibit 39.

BY WITNESS PHILLIPS:

A. 39.

BY WITNESS CROSSMAN:

A. Okay, there are two, both 37 and 39.

Q And on Page 59, Staff Exhibit 39, is that -- Could you explain to me what this exhibit is?

BY WITNESS PHILLIPS:

A. Staff Exhibit 39 is the final response that HL&P submitted to the NRC setting forth their corrective action. And this response was acceptable to the NRC.

Q Was there follow-through on this recurrence control portion of Staff Exhibit 39 on your part?

BY WITNESS PHILLIPS:

A. Yes, there was.

Q Could you tell me what that consisted of?

BY WITNESS PHILLIPS:

A. I observed subsequent pours during subsequent random inspections during independent inspections, not necessarily a specific pour.

Also, Mr. Tapia in subsequent reports follows up on the same item. And as shortly after this happened I was involved with 79-19 and assigned to another area of responsibility during the investigation, I did not, like immediately, follow up on this particular item.

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But during 79-19 one of the civil -- NRC
civil inspectors did follow up on this -- several, in
fact, did.

In fact, I on one occasion during 79-19 I
can -- when we get into that testimony, I can point
specifically to an area.

Q This incident apparently happened on September
17, 1979. Could you explain to me why it took until --
or do you know why it took until February 12, 1980 for
this response from Houston Lighting & Power Company?

BY WITNESS PHILLIPS:

A Basically because we didn't accept the first
response. It took some time.

Q Is that unusual for responses to take this
long?

BY WITNESS SEIDLE:

A Ms. Buchorn, we evaluate every response to an
item of noncompliance very carefully. If the response is
inadequate, we ask for supplemental information. This
does take time.

There are other plants that we are inspecting.
We can't necessarily just jump on this particular item.
If there's any delay, it would be my responsibility in
prioritizing the work to be done.

It takes us so long to evaluate. We notify the

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licensee of the inadequate response, and he has X number of days to response, typically 20.

Q. It's my understanding that Mr. Phillips was based at the site at that time.

MR. REIS: Mr. Chairman, I fail to see the relevance of how long this particular thing took. I think the questions are on a premise -- the way the question was asked was a premise that the inspection immediately led to the inspection report.

If you look at the background of the documents in the record, you'll find that the things did not happen as the premise to the question asks. There were letters back and forth. It took time for an inspection report to be written.

Therefore, I object, both as to the relevance of this matter -- and I don't see where it leads us to, considering the issues in this proceeding -- and I also object on the basis of the question, in that the question is stated two days some nine months apart -- five months apart -- I mean five or six months apart. And the way it was asked, there was no indication that anything was transpiring during that period.

I think that if you look at all the documents in the record between Exhibits 36 and 39, you'll see that there were things going on. Now, I don't want to be

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1 testifying. But I have to object when the premise of
2 the question is misstated.

3 (Bench conference.)

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1 JUDGE BECHHOEFER: I'll sustain that objection.
2 The February 12th letter seems to have responded to a
3 January 24 letter, and I don't see anything unreasonable
4 in that.

5 MS. BUCHORN: And all those were responding
6 to a violation in September.

7 JUDGE BECHHOEFER: Well --

8 MR. REIS: Mr. Chairman, the inspection report
9 on which the violation is based is October 19th.

10 JUDGE BECHHOEFER: All right. We'll sustain
11 the objection, in any event.

12 BY MS. BUCHORN:

13 Q On Page 60 of your testimony relative to
14 Staff Exhibit No. 41, which is I&E Report 79-16, in
15 Appendix A in the notice of violation, at the very bottom
16 of that page the statement is made, "On September the 17th,
17 1979, the resident reactor inspector observed the placement
18 of Pour CS 2 W." Is that the CS 2 W7?

19 BY WITNESS PHILLIPS:

20 A That goes back to the same pour that was in
21 the previous exhibit that you were crossing.

22 Q Okay. I just needed to have that because
23 there's an incomplete pour number on that.

24 MS. BUCHORN: I believe that concludes my
25 cross-examination at this time.

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JUDGE BECHHOEFER: Mr. Hager.

CROSS-EXAMINATION

BY MR. HAGER:

Q My name is Rob Hager and I represent CCANP.

I'd like to start out with a general question, Mr. Seidle. Does the testimony that has been presented under your name purport to be a comprehensive testimony of all of the 41 deviations, infractions and violations that are listed in the Appendix B to your testimony?

BY WITNESS SEIDLE:

A Would you repeat that question, Mr. Hager?

Q You stated that you're trying to generally, on Page 3, that the purpose of your testimony is to respond generally to concerns over the construction history, and I'm trying to just scope this out with a general question.

Have you attempted here to treat in a comprehensive fashion all of your enforcement activity as it is listed in Appendix B to your testimony?

MR. REIS: Mr. Chairman, I object to the question in that I don't understand what the word "comprehensive" means in the context of the question.

BY MR. HAGER:

Q Are each of these enforcement activities covered, purport to be covered by your testimony, or is

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1 there something left out?

2 BY WITNESS SEIDLE:

3 A For the enforcement history associated with
4 the exhibits, are you speaking to those specific
5 enforcement items?

6 Q Right.

7 BY WITNESS SEIDLE:

8 A Your question then is --

9 Q Does your testimony purport to deal with each
10 one of these enforcement activities?

11 BY WITNESS SEIDLE:

12 A No.

13 Q And a similar question on the investigation
14 side. Does the testimony purport to deal with all of the
15 investigative activities that have been taken in response
16 to allegations made about the construction work at the
17 South Texas Nuclear Project, or again has there been
18 some of these allegations that have been left out of your
19 testimony?

20 BY WITNESS SEIDLE:

21 A I don't know that we can say all; for the
22 period 1977 to the beginning of Inspection 79-19, there
23 were some ten investigations that we conducted. It does
24 speak to these some ten investigations.

25 Q Okay. Now, on the notice that you made, you

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1 took care, on Page 29, to make a change from the term
2 investigation to the term inspection, and on Page 8 you
3 refer to inspections, investigations and inquiries.

4 Could you define for us briefly the difference
5 between inspections and investigations and inquiries?

6 BY WITNESS SEIDLE:

7 A. Yes, sir. An inspection is part of our
8 preventive inspection program whereby on a routine basis,
9 using a documented inspection program, we inspect the
10 licensee against certain areas that are safety related.
11 We have this documented inspection program to assure that
12 we cover what we think are the salient items that should
13 be covered during a routine inspection.

14 With regard to an investigation, these are
15 conducted in response to allegations made to the NRC by
16 several different means, by telephone, by letter, whatever.
17 We have a very low threshold. We promptly follow up on
18 these allegations if there is enough specificity in the
19 allegation that we can inspect something.

20 And with regard to inquiries, we are asked
21 from time to time by Congressmen, our management, whomever,
22 to inquire about certain matters taking place at specific
23 facilities, which we will do. Often we conduct inquiries
24 for the Office of Nuclear Reactor Regulation.

25 Q. Do you have different personnel for inspections

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1 and investigations, or do the same people perform both
2 of those things?

3 BY WITNESS SEIDLE:

4 A In which time frame are you speaking?

5 Q I think all of my questions, so that I won't
6 be repetitive and constantly -- I'll limit my questions
7 to the time period that we were referring to, from the
8 beginning of construction in 79-19, but let's assume that
9 all my questions unless otherwise stated are limited by
10 that time period.

11 BY WITNESS SEIDLE:

12 A For the time frame that the Panel 1 testimony
13 captures, most of that time we did have an inspector --
14 or excuse me, well, he was what we call an investigator
15 or investigation specialist. We discussed this in prior
16 testimony. He retired. There was a period when we used
17 reactor inspectors, and then we hired what we call an
18 investigator, whose background was in investigation type
19 work, so he brought that expertise to the job.

20 We also use inspectors to conduct inspections.

21 Q I believe you're referring to, in your
22 testimony, Mr. J. J. Ward as the investigation specialist?

23 BY WITNESS SEIDLE:

24 A That is correct.

25 Q And he is the one who retired?

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1 BY WITNESS SEIDLE:

2 A. Yes, sir.

3 Q. And who would be the current investigation
4 specialist?

5 BY WITNESS SEIDLE:

6 A. We have two; a Mr. Richard Herr and a
7 Mr. Don Driscoll.8 Q. What was the date of Mr. Ward's retirement,
9 approximately?

10 BY WITNESS SEIDLE:

11 A. I don't really recall.

12 MR. GUTIERREZ: Mr. Chairman, we'd object to
13 that. The date of Mr. Ward's retirement or when he left
14 or when the next investigator came on board, surely is not
15 relevant to anything that has to be decided.16 MR. RAGER: Well, we're simply trying to
17 establish the resources that the Staff had at hand to
18 perform investigations during the period during which
19 investigations were performed. We don't intend to go
20 down that line very far.21 MR. GUTIERREZ: That question is not directly
22 relevant to even that inquiry. Certainly if the situation
23 warranted, resources could be drawn from headquarters.24 JUDGE BECHHOEFER: I think that question of
25 when a particular person retired, I don't think necessarily

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is relevant to even what you stated, so we'll sustain that.

BY MR. HAGER:

Q Was there a period when investigations were made without the assistance of an investigation specialist?

MR. NEWMAN: Objection. Asked and answered.

MR. HAGER: I don't believe we had an answer to that one, Mr. Chairman.

MR. NEWMAN: The witness has testified that at times inspection people performed investigative functions.

MR. HAGER: That doesn't go as far to say that there were no investigation specialists on those teams. It would be easier to get a clarification than to argue about what was said.

MR. GUTIERREZ: The Staff would also object on its broadness. Does he mean no investigative specialists within Region IV, or does he mean no investigative specialists within the NRC that Region IV did not have access to, and over and above that it would also stand on the relevancy objection.

MR. HAGER: I limited it to the investigation team.

MR. GUTIERREZ: What investigation team?

MR. HAGER: To perform the investigation of

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1 the South Texas Nuclear Project for the NRC.

2 MR. NEWMAN: Mr. Chairman, this really
3 indicates the extent to which we've departed from the
4 record. I don't think anybody knows what investigation
5 we're even talking about at this point.

6 MR. HAGER: We're talking about any of the
7 investigations performed by the NRC prior to 79-19. That's
8 the subject of cross-examination, Mr. Newman.

9 MR. NEWMAN: Your question, then, relates to
10 all investigations and all inspections --

11 MR. HAGER: Yes. The question was --

12 MR. NEWMAN: Mr. Chairman, I'd ask to have
13 the question restated so that we're sure that the
14 witnesses have something that can be --

15 JUDGE BECHHOEFER: Could you restate it,
16 because I --

17 MR. HAGER: Sure.

18 BY MR. HAGER:

19 Q. Was at any time an investigation performed
20 by the NRC when there was no investigation specialist on
21 the investigation team? Again we're assuming that this
22 is, all the questions are limited to the time prior to
23 79-19.

24 MR. GUTIERREZ: Again the Staff would rest on
25 its objection and only add that it assumes there is an

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1 investigation team that hasn't been testified to so far,
2 as far as I know.

3 MR. HAGER: Each of the investigation reports
4 are signed off by NRC personnel. That would be the
5 investigation team, and again these are questions by the
6 attorneys and not by the witness. We don't have any
7 indication that the witness feels this is sufficient and
8 precise to formulate an answer.

9 JUDGE BECHHOEFER: I can't really see why
10 the questions are too relevant. Can you explain where
11 you're going with this line?

12 MR. HAGER: Not going anywhere, just simply
13 getting on the record whether in the case of each one of
14 the investigations the NRC had an investigation specialist
15 to perform those investigations. There was an indication
16 they did not, that they were using inspectors at certain
17 stages, and we're simply trying to tie that up and get on
18 to the next question.

19 JUDGE BECHHOEFER: Well, I think --

20 MR. HAGER: If the question could be answered
21 it would have taken only a few seconds. This discussion
22 has taken now minutes.

23 JUDGE BECHHOEFER: I think we'll sustain that.
24 I think the inspection reports indicate on their face
25 who participates also.

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BY MR. HAGER:

Q Mr. Seidle, could you give us an estimate of the number of nuclear power plant projects you have been involved in in the role of inspector or investigator during your career with the NRC?

BY WITNESS SEIDLE:

A In my --

MR. NEWMAN: Mr. Chairman, I'm going to object to that question. If this is in the nature of voir dire, that should have been pursued much earlier in the day.

MR. HAGER: I wanted to first establish the question of inspection and investigation before I get into the question of whether these people have been involved in inspection and investigation before.

MR. NEWMAN: Mr. Chairman, I think Mr. Hager has stated exactly what voir dire is and what it is he missed asking about this morning, when he should have pursued that line of questioning.

MR. HAGER: I think this is an appropriate time to go into background.

(Bench conference.)

JUDGE BECHHOEFER: I'll overrule the objection because I'm not -- while it would have been appropriate perhaps for voir dire, it's, I think, appropriate for the weight to be accorded the testimony as well. I'm not sure

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where the line is leading or where it can create a very helpful record, but I think --

MR. HAGER: I'm just trying to get that on the record, the amount of experience of each one of the gentlemen here, and I won't be leading very far down that line either.

JUDGE BECHHOEFER: Yes. I don't know how pertinent or material it is, though, and at some point you should not load the record with information that's not going to be very useful for any purpose.

MR. NEWMAN: Mr. Chairman, I am going to object if the pattern that Mr. Hager has outlined is followed. From what he said, he intends to question each of these gentlemen on their experience, and that is just a reopening of voir dire, which should have been asked much earlier in this proceeding.

MR. HAGER: I think that has been ruled on, Mr. Chairman.

MR. NEWMAN: This is just absolute chaos to allow voir dire right smack in the middle of examination that's been going on now for about seven hours. The qualifications of these gentlemen are set forth in the testimony that's in the attachments to the testimony that's been furnished to the Board. If there are questions, they should have been asked earlier.

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MR. REIS: Mr. Chairman, the Staff agrees. The matters were set out in the professional qualifications of these people. It certainly was matters for voir dire. There was no -- if there are specific questions, perhaps it goes to the weight on specific answers in the testimony. Right now these very general questions don't seem particularly pertinent.

(Bench conference.)

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JUDGE BECHHOEFER: I think we'll rule out that line of questioning. It's really not going to assist us in reaching an informed decision.

We're not challenging the qualifications of the NRC inspectors and investigators -- inspectors, investigators ... as you will.

MR. HAGER: That's a change in the ruling, so I would mention that there are comparisons made in here. For example, on Page 17 there's use of the word "inordinate" in comparisons made with other projects. I think it's useful simply to get on the record how many projects the gentlemen have been involved in so we can give some weight to the testimony.

It's not a question of qualifications. These are qualified gentlemen who are testifying, but to find out the weight that should be given to their testimony.

JUDGE BECHHOEFER: Well, you can ask the basis for a particular conclusion when you get there. Ask them what the basis for a particular conclusion is. But let's not have a general rehearsal of the witnesses' qualifications at this stage.

MR. HAGER: Okay. We'll move on to the question which appears on Page 17, which relates to threats to quality control inspectors.

And I would ask the question whether friction

14-2 1 of the sort -- friction between construction employees
2 and quality control/quality assurance people at the
3 plant has been observed at other plants.

4 And this is for the whole panel. Whether
5 friction of the order observed at South Texas Nuclear
6 Project has been observed at other plants.

7 WITNESS SEIDLE: Speaking for myself, at the
8 several facilities that I've been involved with during
9 construction, yes, I have seen this adversary relationship
10 between construction and quality control in varying
11 degrees.

12 BY MR. HAGER:

13 Q Okay. Now, how would you rate the degree that
14 you refer to here as an inordinate amount of friction
15 compared to the friction you've seen at other facilities?

16 BY WITNESS SEIDLE:

17 A That statement was made primarily based on
18 the allegations that were made to us and the subsequent
19 follow-up investigation of these allegations, which in-
20 cluded interviewing people that made the allegations and
21 then comparing that information with my recall with other
22 facilities where I have been involved.

23 Q And how would you rate the South Texas Nuclear
24 Project, the amount of friction that you saw there with the
25 kind of friction that you saw at other projects?

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BY WITNESS SEIDLE:

A. I truthfully don't believe that I can make a direct comparison. The problems that this particular panel speaks to are in the QC civil area, and there are many engineering disciplines involved in the construction of a facility. There seemed to be a lot of difficulty in the QC civil area.

I did not directly observe this; as a member of management, this information was brought to my attention by inspectors who work for me.

In following up on their inspection findings, the discussions that I had with these people, it was determined that there appeared to be an inordinate amount of friction, if you will, at the South Texas Project.

It was also detected by what appeared to be low morale. There seemed to be that threat of continuity throughout most of the people that we talked to, this low morale problem.

And it was of such concern that this was the subject of a meeting that I had with HL&P on August 15, 1978.

Q. At how many other nuclear power plants has it come to your attention that there was an inordinate amount of friction between quality control inspectors and construction personnel?

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1 BY WITNESS SEIDLE:

2 A. All of them that I've been associated with.

3 Q. Then how do you -- I'll need some clarifica-
4 tion then. How do you come to use the term "inordinate"?
5 If it's ordinarily to have friction, how can it be in-
6 ordinate? How can you have an inordinate amount of
7 friction, which you have at every plant then? You'll have
8 to clarify the term "inordinate" for me at least, if not
9 for the Board.

10 BY WITNESS SEIDLE:

11 A. I thought, Mr. Hager, I answered that question
12 in my statement that based on the allegations that were
13 made with regard to the subject you're speaking to, that --
14 and in our follow-up inspection effort -- investigation
15 effort, that we made this judgment.

16 Q. Are you using the term "inordinate" then with
17 relationship -- or in comparison with some ideal, or are
18 you using "inordinate" in relationship or comparison with
19 what is in practice in other plants?

20 BY WITNESS SEIDLE:

21 A. I know of no standard that I can really call to
22 mind that says, "This is an acceptable amount of ad-
23 versary relationship between construction and quality
24 control."

25 This is more or less a visceral feeling, an

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1 observation you make. It's something that you sense in
2 discussions with people through the allegations that are
3 made to you.

4 Q Has this inordinate amount of friction come
5 under control at other plants in your experience?

6 BY WITNESS SEIDLE:

7 A Well, Mr. Hager, I didn't say that there was
8 an inordinate amount of friction at other facilities. I
9 thought we were only talking about South Texas.

10 Q Then I misunderstood an answer of yours to a
11 previous question of mine, and that was: At how many
12 plants has it come to your attention that there was an in-
13 ordinate amount of friction between quality control in-
14 spectors and construction personnel.

15 I understood your answer to say at every plant
16 in your experience. If you'd like to change that answer
17 now, please do.

18 BY WITNESS SEIDLE:

19 A Yes, I would change that answer, if "inordinate"
20 is the word you're keying on. There is this adversary
21 relationship between construction and quality control in
22 all facilities that I have been involved with. As to
23 whether it has been inordinate or not, typically it is not
24 inordinate.

25 Q I see. And how many plants would you say,

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1 roughly, in your experience have suffered from an in-
2 ordinate amount of friction?

3 BY WITNESS SEIDLE:

4 A. I have been involved with many plants. It would
5 be difficult for me to just come up with a number that would
6 be meaningful.

7 Q. How many plants have you been involved with?

8 BY WITNESS SEIDLE:

9 A. In my some 15 1/2 years with the NRC, before
10 that AEC -- and this was 10 years in Atlanta and going on
11 six years here -- I would say probably I have been in-
12 volved with 17 or 18 facilities.

13 Q. Then are we talking an order of two, an order
14 of five, an order of 10, when we're speaking of the number
15 of plants that you've experienced this inordinate amount
16 of friction?

17 MR. REIS: Mr. Chairman, I object on rele-
18 vancy. A comparison with other plants will not get us
19 anywhere in the basic issues of HL&P's character and
20 competence.

21 What we're dealing with and what he
22 characterizes as inordinate is friction -- some friction
23 is proper. And what he has said is it's above that amount
24 of friction that is proper.

25 A comparison with other plants is just not

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1 relevant to this proceeding.

2 (Bench conference.)

3 MR. HAGER: Mr. Chairman, if I may, we're
4 talking about character, and one of the standards that can
5 be used to assess character which is very -- as we've
6 outlined in our briefs before this proceeding -- it's a
7 very vague and undefined term.

8 But one standard that can be used -- compari-
9 sons with the character of other utilities who are
10 building nuclear power plants. So I think --

11 MR. NEWMAN: Mr. Chairman, that remark is
12 really off base. And I think in particular it should
13 be -- its inaccuracy and its failure to really meet the
14 Board's criteria for pursuing investigation is made
15 absolutely clear at Page 17 of the testimony where what
16 is plainly discussed is an inordinate amount of friction
17 between Brown & Root QC inspectors and Brown & Root con-
18 struction personnel.

19 There's nothing in there about Houston
20 Lighting & Power. I thought that that was a matter which
21 the Board did not wish to pursue further.

22 MR. REIS: Mr. Chairman, may I also say
23 that the NRC regulations are not a matter of comparison
24 with other plants. They're a matter of absolute
25 standards.

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And I really am not concerned in this hearing as to what is going on at other plants. What I am concerned about is that the Applicant has the character and competence to be entitled to a license. And if he doesn't have that character and competence, he is not entitled to a license.

And whether other plants have or do not have that character or competence, I'm not concerned with. And I don't think the issues are relevant, because I think they're getting into a comparative standard when we're not dealing with a comparative standard. We're dealing with an absolute standard. Health and safety is always an absolute standard, as the Commission has said.

(Bench conference.)

JUDGE BECHHOEFER: We'll overrule the objection at this stage, but we'll reserve right now on how far into this comparison we want to get. We're doing it mostly on the use of the word "inordinate" and --

MR. REIS: Mr. Chairman, in that connection I would like to point out that the word "inordinate" does not mean a contrast with ordinary, but a contrast with what is expected.

It does not mean "not normal." And the testimony has been developed that the word "inordinate" -- or the questions have been developed that the word

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1 "inordinate" is in contrast with the word "ordinary."

2 I don't think it is. I don't have a dictionary
3 in front of me, but I don't believe it is.

4 JUDGE BECHHOEFER: I think more important is
5 what the witnesses describe, what the witnesses think.
6 It's their -- they use the word. I don't care what the
7 dictionary says.

8 I think the witnesses could be asked what they
9 meant by that term.

10 MR. HAGER: Shall I repeat the question, Mr.
11 Chairman?

12 JUDGE BECHHOEFER: Yes.

13 BY MR. HAGER:

14 Q. The question was: Are we referring to --
15 when you mentioned you were unable to come up with a
16 specific number, I asked whether we were referring to an
17 order of two plants or five plants or ten plants at which
18 this inordinate amount of friction was experienced.

19 BY WITNESS TAYLOR:

20 A. The terminology that appears in the testimony
21 was an original extraction almost verbatim from the
22 inspection report file, 77-08, Staff Exhibit 4.

23 I'm the author of the wording, so I guess
24 it would be my meaning of what they are to mean. What
25 they are to mean is that within my 30-odd years of

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1 experience in quality control and quality assurance,
2 there was more friction than I had ever experienced
3 before.

4 Q Thank you.

5 I'll go on to this language used on the same
6 page in the same answer which states that "The inspection
7 confirmed the facts gathered at that time regarding
8 the two incidents were insufficient to substantiate the
9 allegation that there was a directed program of systematic
10 harassment and intimidation of Brown & Root quality
11 control inspectors."

12 Now, my question is: Does that answer pre-
13 clude the possibility that there was a permissive at-
14 mosphere for harassment and intimidation at the South
15 Texas Nuclear Project, as distinguished from a directed
16 program for that kind of harassment?

17 BY WITNESS SEIDLE:

18 A. Mr. Hager, in my conversations with licensee
19 representatives and Brown & Root representatives with re-
20 gard to the harassment of individuals and matters of
21 intimidation, I never spoke to a member of management that
22 condoned such activity.

23 To the contrary they objected to it, made
24 statements to the effect that it wouldn't be tolerated,
25 made commitments to assure that it wouldn't continue.

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1 And so by some systematic means of harassing
2 quality control inspectors, we did not see evidence of
3 this based on our investigation findings and from what
4 people told us.

5 Q I need to ask a hypothetical question based
6 on your answer. If someone -- an official in the manage-
7 ment of South Texas Nuclear Project, Houston Lighting &
8 Power -- had condoned to you verbally in a meeting with
9 you the harassment of the quality control/quality
10 assurance inspectors, what action would you have taken?

11 MR. REIS: Mr. Chairman, we object. There is
12 no foundation in the record, and I don't know where an
13 answer to that question would get us --

14 MR. NEWMAN: It's pure speculation.

15 MR. REIS: It's pure speculation.

16 MR. HAGER: I hypothesized. A hypothetical
17 isn't speculation. It isn't a hypothetical.

18 MR. REIS: Well, the hypothetical --

19 JUDGE BECHHOEFER: We'll sustain the objection.
20 I think there's no foundation for that particular hypo-
21 thetical. There has to be at least some foundation.

22 BY MR. HAGER:

23 Q Would an officer in any organization responsible
24 for the construction of nuclear power plants expect to
25 retain his position long if he were to condone to an NRC

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1 official the harassment of quality assurance/quality
2 control officials?

3 MR. REIS: Mr. Chairman, I object because it
4 calls for conjecture as to what would be in the mind of
5 a nuclear power official. And I really don't know whether
6 anybody could conjecture what would be in the mind of
7 any official. The way the question was put, what could be
8 in the mind of any official.

9 MR. NEWMAN: It's totally lacking in founda-
10 tion again, just as the last question was objectionable.

11 JUDGE BECHHOEFER: We'll sustain that, I
12 think.

13 BY MR. HAGER:

14 Q Mr. Seidle, who -- or what organization has
15 the responsibility for assuring that there is not an in-
16 ordinate amount of friction between construction and
17 quality control personnel at a nuclear facility?

18 BY WITNESS SEIDLE:

19 A Well, sir, that's very simple to answer. The
20 responsibility is that of the licensee, in this case
21 Houston Lighting & Power Company.

22 Q To go back a step, would you conclude from
23 what you know about the atmosphere out at South Texas
24 Nuclear Project during the period we're talking about,
25 would you conclude that there was a permissive atmosphere

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14-13 1 for harassment of quality control/quality assurance
2 personnel?

3 BY WITNESS SEIDLE:

4 A Mr. Hager, I think that our testimony does
5 not suggest that, that this permissiveness went on.

6 Q Was there such an atmosphere?

7 BY WITNESS SEIDLE:

8 A It was not apparent to me. Perhaps other
9 members of this panel would wish to respond. It was not
10 apparent to me.

11 Q Fine. Anyone else who would like to could
12 respond to that on the panel.

13 BY WITNESS TAYLOR:

14 A I think that the atmosphere that existed at
15 South Texas during my tenure there was largely at the
16 immediate craft supervision level, perhaps to as high
17 occasionally as the general foreman. I never established
18 that the managerial people -- loosely called superin-
19 tendents in Brown & Root -- condoned it or were permissive
20 toward it.

21 It was something that was simply happening
22 on a random spot basis, different people reacting in
23 different ways.

24 Q Would you say that such an atmosphere is a
25 natural consequence of the different functions of

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construction and quality assurance?

BY WITNESS TAYLOR:

A That's correct.

Q And at the same time is it necessary to take affirmative actions to assure that that natural inclination towards some hostility does not turn into an inordinate amount of friction?

BY WITNESS TAYLOR:

A That's like attempting to prevent murder. It's very difficult to do it. You only do it literally by threat of the law.

Q How do other nuclear power plants manage to solve this problem?

MR. REIS: Mr. Chairman, that's irrelevant to the inquiries we have here, how other projects might attempt to solve the problem.

We are engaged in a particular licensing proceeding. We are not drafting regulations or involved in any general inquiry on how nuclear plants should be operated or what regulations should be adopted.

(Bench conference.)

JUDGE BECHHOEFER: We'll sustain this one. That one is too broad.

BY MR. HAGER:

Q Does the NRC recommend any measures to be

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taken to control this natural inclination towards friction at nuclear power plants?

BY WITNESS TAYLOR:

A. Are you addressing the question to me?

Q. Yes.

BY WITNESS TAYLOR:

A. To my knowledge, no.

JUDGE BECHHOEFER: Mr. Hager, at some point in the near future we would like to adjourn for the day. So when you get to a fairly convenient breaking point ... I assume you're not too close to being through.

MR. HAGER: No, I don't think I am. I'm very close to beginning still.

But I will be coming very shortly to a natural breaking point, say within the next ten minutes.

JUDGE BECHHOEFER: All right.

BY MR. HAGER:

Q. Am I to be left with the impression then that this is a random occurrence, that there are some plants that suffer from an inordinate amount that has never been experienced in 30 years of your experience, and others are better at this, but we don't know how to control it; and it's simply a question of geography or --

MR. NEWMAN: Mr. Chairman, there's no question that can be answered in that diatribe.

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MR. HAGER: Mr. Taylor was just about to answer the question.

MR. REIS: Mr. Chairman, I don't think -- I would not characterize what Mr. Hager said as a diatribe, but I don't think it's appropriate for this inquiry.

I think it goes to relevance. And again the question is so overly broad that perhaps if this was an inquiry into what regulations should be adopted to control this, or a general legislative type inquiry, but this is an adversary proceeding dealing with the licensing of a particular plant. And it's not a legislative inquiry. Therefore, I don't think the question is proper.

MR. HAGER: We've established that there is an atmosphere -- there was an atmosphere out there. We've established that the friction was the worst experienced by one very experienced inspector in his 30-year career.

We've established that the licensee, Houston Lighting & Power, was responsible for controlling this. And I'm simply trying to get at now what exactly -- what measures could have been taken to control it.

(Bench conference.)

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MR. REIS: Mr. Chairman, Mr. Hager just said we're concerned with what measures could have been taken to control it. That is not the purpose of this inquiry.

It's whether it existed and whether actions were taken, not what measures could be taken. We're not looking for generalized solutions here. We're examining past conduct.

JUDGE BECHHOEFER: I don't think the question was about a generalized solution. I think it was a solution to the problems here.

(Bench conference.)

JUDGE BECHHOEFER: We'll overrule the objection. We'll hear the question in terms of particular measures which could have been applied particularly, if the witnesses have any recommendations.

BY MR. HAGER:

Q You were prepared to answer before. Please proceed.

BY WITNESS TAYLOR:

A At this point I can't think of a particular solution to that problem.

Q Mr. Seidle?

BY WITNESS SEIDLE:

A Mr. Hager, first of all, let me point out that action indeed has been taken with regard to the

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1 subject you're talking about, the show cause order, the
2 civil penalty, the public meeting.

3 We are talking about something becomes a
4 very complex mosaic, we inspect, we get little pieces with
5 information. At some point in time we stand back, and we
6 look at it, and we say, "Ah, I see a picture. And the
7 picture tells me that there is an inordinate amount of
8 friction between construction and quality control at the
9 South Texas Project." Perhaps other problems also are
10 identified.

11 That is when we recommend to our management
12 that appropriate enforcement action be taken, if it's
13 warranted.

14 So, yes, action can be taken to attempt to
15 turn this around. The NRC certainly doesn't tolerate this
16 sort of thing.

17 Q Now, short of show cause orders or \$100,000
18 fines, does the NRC rely on the licensee to handle this
19 problem on its own before it rises up into this order of a
20 problem?

21 MR. REIS: Mr. Chairman, the general question
22 of what the NRC does and doesn't do doesn't go to the
23 character and competence of this licensee, which is what
24 we're dealing with.

25 We're trying to turn this into a legislative

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1 inquiry, into general how to handle QA/QC problems, what
2 the NRC does, what it should do, what it might do, and
3 those just don't go to the issues involved in this
4 proceeding.

5 MR. HAGER: The issue is character, and that
6 question goes directly to the reliance of the NRC upon
7 the character of the licensee to solve this kind of a
8 problem, which has been discussed as an intractable sort
9 of problem, and it can only be approached through fines,
10 publicity, NRC action when it gets out of hand.

11 And I'm trying to establish the converse of
12 that, that the NRC relies on the character of the licensee
13 to make sure that it doesn't get out of hand.

14 MR. AXELRAD: Mr. Chairman, this is degenerat-
15 ing into a very abstract discussion. If Mr. Hager has a
16 specific question with respect to specific actions taken
17 by the licensee on matters identified in the NRC report,
18 whether the NRC found those actions to be appropriate or
19 sufficient, he can ask those questions.

20 But to ask generic questions about whether the
21 NRC relies or doesn't rely on licensee action is not going
22 to advance the record in this proceeding one bit.

23 (Bench conference.)

24 JUDGE BECHHOEFER: The question as put was too
25 broad, and we'll sustain the objection.

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But I'm wondering if this would be a good place to adjourn. We want to discuss some of these things further.

MR. HAGER: I would agree to an adjournment at this stage. I wouldn't object to it.

JUDGE BECHHOEFER: With that we will adjourn for the evening and be back at 9:00 tomorrow.

(Whereupon, at 5:10 p.m. the hearing was adjourned, to reconvene at 9:00 a.m., Wednesday, January 20, 1982, in the same place.)

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This is to certify that the attached proceedings before the
NUCLEAR REGULATORY COMMISSION

in the matter of: HOUSTON LIGHTING & POWER COMPANY
SOUTH TEXAS NUCLEAR PROJECT, UNITS 1 and 2

DATE of proceedings: January 19, 1982

DOCKET Number: 50-498 OL and 50-499 OL

PLACE of proceedings: Houston, Texas

were held as herein appears, and that this is the original
transcript thereof for the file of the Commission.

Mary L. Bagby, CVR
Official Reporter (Typed)

Mary L. Bagby
Official Reporter (Signature)