

ORIGINAL
NUCLEAR REGULATORY COMMISSION

In the Matter of:

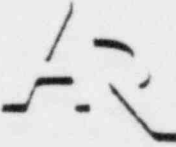
HOUSTON LIGHTING & POWER COMPANY, ET AL.) DOCKET NOS. 50-498 OL
South Texas Nuclear Project) 50-499 OL
Units 1 and 2)

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AT: Houston, Texas



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ALDERSON  REPORTING

400 Virginia Ave., S.W. Washington, D. C. 20024

Telephone: (202) 554-2345

UNITED STATES OF AMERICA

BEFORE THE
NUCLEAR REGULATORY COMMISSION

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

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

Wednesday,
February 10, 1982

PURSUANT TO ADJOURNMENT, the above-entitled
matter came on for further hearing at 8:00 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
Administrative Judge
Atomic Safety & Licensing Board
University of California
Lawrence Livermore Laboratory, L-46
Livermore, California 94550

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1 APPEARANCES: (continued)

2 DR. JAMES C. LAMB, III
3 Environmental Engineer
4 Administrative Judge
5 Atomic Safety & Licensing Board
6 313 Woodhaven Road
7 Chapel Hill, North Carolina 27514

8 For the NRC Staff:

9 EDWIN REIS, Esq.
10 JAY M. GUTIERREZ, Esq.
11 DONALD SELLS
12 Office of the Executive Legal Director
13 U. S. Nuclear Regulatory Commission
14 Washington, D. C. 20555

15 For the Applicant, Houston Lighting & Power Company:

16 JACK R. NEWMAN, Esq.
17 MAURICE AXELRAD, Esq.
18 ALVIN H. GUTTERMAN, Esq.
19 Lowenstein, Newman, Reis & Axelrad
20 1025 Connecticut Avenue, N. W.
21 Washington, D. C. 20036

22 THOMAS HUDSON, Esq.
23 Baker & Botts
24 300 One Shell Plaza
25 Houston, Texas 77002

26 For the Intervenor, Citizens for Equitable
27 Utilities, Inc.:

28 PEGGY BUCHORN
29 Brazoria, Texas

30 For the Intervenor,
31 Citizens Concerned About Nuclear Power:

32 LANNY SINKIN, Esq.
33 1324 North Capitol Street
34 Washington, D. C. 20002
35

I N D E X

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<u>WITNESSES</u>	<u>DIRECT</u>	<u>CROSS</u>	<u>REDIRECT</u>	<u>RECROSS</u>	<u>BOARD EXAM.</u>
R. A. FRAZAR, J. L. BLAU and H. G. OVERSTREET (A Panel - Resumed)					
By Mr. Sinkin		10183			
By Mr. Reis		10293			
By Judge Hill					10302
By Judge Bechhoefer					10304
By Mr. Hudson			10306		
By Mr. Sinkin				10309	
 H. SHANNON PHILLIPS and RICHARD K. HERR (A Panel)					
By Mr. Gutierrez	10317				
By Mr. Sinkin		10323			
By Mr. Hudson		10352			
By Judge Hill					10355
By Judge Bechhoefer					10364
By Mr. Sinkin				10369	

I N D E X

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EXHIBITS FOR IDENTIFICATION IN EVIDENCE

CCANP:

Exhibit No. 55	10200	10207
Exhibit No. 56	10200	10207
Exhibit No. 57	10227	10235
Exhibit No. 58	10234	10239
Exhibit No. 59	10239	10252
Exhibit No. 60	10252	10255
Exhibit No. 61	10255	10256
Exhibit No. 62	10256	10262
Exhibit No. 64	10264	10274
Exhibit No. 65	10272	--
Exhibit No. 66	10283	10315
Exhibit No. 67	10286	10288
Exhibit No. 63	10289	10293
Exhibit No. 53A	10374	10375

Applicants':

Exhibits Nos. 49, 50, 51	10373	10375
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Staff's:

Exhibits Nos. 113 thru 132A	10374	10375
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bmP R O C E E D I N G S

8:00 a.m.

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3 JUDGE BECHHOEFER: Good morning, ladies
4 and gentlemen. I see we all made it an hour earlier than
5 usual.

6 Before we begin, are there any preliminary
7 matters? The Board would only note that at some time
8 today we ought to make sure that the Staff exhibits are
9 put into the record. We understood there was a stipula-
10 tion being developed.

11 I don't think we should take the time to do
12 it now, but after this panel leaves we can do that.

13 Any other preliminary matters?

14 MR. SINKIN: Mr. Chairman, CCANP had noticed
15 the Board at the last session of our intention to submit
16 a new contention based on the law suit filed by the
17 partners against Brown and Root.

18 It seems to us that if it's available to
19 this Board, the best procedure would be to ask this
20 Board to take official notice of all the pleadings in
21 that law suit, up to the time the record for this hearing
22 is closed.

23 I don't know if that's available as a pro-
24 cedure to this Board or not. It seems like that would
25 be -- It would just come into the record under all the

1 existing issues, be subsumed under those issues and be
2 part of the record.

3 JUDGE BECHHOEFER: Offhand, I would think the
4 only thing we could take official notice of would be
5 official orders of the court. We could perhaps take
6 official notice of rulings of the court. I'm not sure
7 that --

8 MR. AXELRAD: Mr. Chairman, I doubt very
9 seriously that it would be at all appropriate, but might I
10 suggest that we defer any discussion of that matter and
11 go ahead with this panel --

12 MR. SINKIN: That's fine.

13 MR. AXELRAD: There will be plenty of time
14 after this panel leaves to discuss any matters of that
15 kind.

16 JUDGE BECHHOEFER: Okay. Let's postpone
17 that.

18 Anything further before we resume this panel?

19 (No response.)

20 JUDGE BECHHOEFER: Either Mr. Sinkin or Ms.
21 Buchorn, I'm not sure what order you want to go in.

22 MR. SINKIN: I'm going to go first.

23 JUDGE BECHHOEFER: Basically, it's your conten-
24 tion -- CCANP's contention.

25 Mr. Sinkin, proceed.

1 Whereupon,

2 R. A. FRAZAR,

3 J. L. BLAU,

4 -and-

5 H. G. OVERSTREET

6 the witnesses on the stand at the time of adjournment,
7 resumed the witness stand and having been previously duly
8 sworn, were examined and testified further as follows:

9 FURTHER CROSS-EXAMINATION

10 BY MR. SINKIN:

11 Q Mr. Overstreet, I'd like you to get 81-28 in
12 front of you, the official I&E report. I have some extra
13 copies if you don't have it.

14 BY WITNESS OVERSTREET:

15 A Yes, sir.

16 Q If you would turn to -- Just a moment.
17 If you would turn to Allegation No. 1, beginning on Page
18 4. What I'd like to do is walk through the I&E report
19 and have you, to the best of your ability, identify the
20 people who are identified only by letter, beginning with
21 Individual X.

22 BY WITNESS OVERSTREET:

23 A You're starting on Page 4?

24 Q On Page 4.

25 /

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1 BY WITNESS OVERSTREET:

2 A. Where it states Individual X and Y?

3 Q. Right.

4 BY WITNESS OVERSTREET:

5 A. To the best of our ability, we identified
6 Individual X as Mr. Frazar.

7 Q. And Individual Y?

8 MR. REIS: Mr. Chairman, I object, unless
9 there's a definite showing or overriding materiality. As
10 the Board has previously ruled in this proceeding, there
11 should be no identification.

12 MR. SINKIN: But there is no --

13 MR. REIS: Wait just a second.

14 Unless there is some reason why this will
15 particularly advance the record and has in some way
16 bear upon the ultimate issues in this proceeding, I could
17 see doing it.

18 But just going forward with Mr. Sinkin's
19 curiosity is not necessary here. And I have to say that
20 if we go through these things, I think for each one there
21 should be a showing of materiality to advance the issues
22 in this proceeding, and we don't have it.

23 Therefore, I object. As the Appeal Board
24 has recognized, there is great value to the Commission
25 being able to identify and to talk to witnesses without

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1 having them identified and parading in front of the
2 public, in order to further the business of the Commis-
3 sion.

4 As shown by many of these reports, much of the
5 information that this Commission gets would not be able
6 to be gotten if we go through them in these ways.

7 Therefore, I strongly object to this. I
8 don't know wheter -- That's all.

9 MR. SINKIN: Any thoughts, Mr. Hudson?

10 No. Okay.

11 Mr. Chairman, responding to a couple of the
12 things Mr. Reis said, first of all, we're not asking the
13 NRC to identify people who are previously identified by
14 letter. That's what the Appeals Board was all about.

15 Secondly, in response to interrogatories under
16 oath, the witnesses here today have identified to the best
17 of their ability all the people in these allegations
18 involved.

19 We have a listing of them in front of us that
20 we could even perhaps shortcircuit the whole questioning
21 process by asking Mr. Overstreet -- I can read off what
22 he answered to in the interrogatories and ask him if that's
23 correct.

24 And the value of it is it gives us an idea
25 in relationship to other documents of who these people

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1 are and what they were doing. We have people involved by
2 letter who appear in additional documentation, whether in
3 audits or in ST-5 or elsewhere, that their names will come
4 up.

5 It would be useful to the record to be able
6 to reference their role as perceived in the I&E report
7 with their role as perceived in the evidentiary docu-
8 ments.

9 MR. REIS: Mr. Chairman, there's still no
10 showing of materiality to the ultimate issues. We know
11 that these people exist. The identification of who they
12 particularly are is not a showing at this time.

13 If there is a place in a particular document
14 where it may be appropriate, let's look at it there, not
15 take this broad brush approach to this sort of an
16 issue.

17 (Bench conference.)

18 JUDGE BECHHOEFER: The Board will require some
19 showing of materiality. I might say as to X and Y, how-
20 ever, that the Board -- X is already -- There's testi-
21 mony in the record already on X.

22 Y, the Board does think is material because we
23 think the management officials involved at least should
24 be identified, so the witnesses may answer as to Y.

25 X is already -- There's direct testimony on

1 X. So that we don't need.

2 Y, the panel may answer as to Y.

3 WITNESS FRAZAR: We think it's Mr. Barker.

4 BY MR. SINKIN:

5 Q And, Mr. Overstreet, do you know your letter
6 in this report?

7 JUDGE BECHHOEFER: Well, that's repeated or
8 he has testified to that.

9 BY MR. SINKIN:

10 Q So No. C has also been identified previously?

11 JUDGE BECHHOEFER: In the direct testimony.

12 MR. SINKIN: That's ...

13 Well, Mr. Chairman, I think it would be useful
14 if any of the people named in the direct testimony, that
15 their letters be given.

16 JUDGE BECHHOEFER: Well, let's wait to see if
17 it's material to have them identified or not. I don't
18 think -- There are some people in here who I have
19 personally have identified through doing some research.

20 But I don't know that -- I couldn't find
21 that they played any particular role in any of the
22 events. So I think the Staff is probably right to that
23 extent. Let's just see.

24 Let's just not go through the whole list
25 until it appears that a person plays a significant part

1 in events that this report describes. Perhaps then the
2 questions would be in order.

3 BY MR. SINKIN:

4 Q Let me go to some preliminary background
5 questions.

6 Mr. Blau, prior to March of 1979, did you have
7 any nuclear experience?

8 BY WITNESS BLAU:

9 A I had a limited exposure to the South Texas
10 Project in a previous assignment in the instrumentation
11 area of very short duration.

12 Other than that, I had no prior nuclear ex-
13 perience other than a PWR information course -- Pressurized
14 Water Reactor information course put on by Westinghouse,
15 and a similar course for Boiling Water Reactors put on by
16 General Electric.

17 Q What was the duration of those courses?

18 BY WITNESS BLAU:

19 A The Westinghouse course lasted approximately
20 six weeks. If I recall, it was something like two days a
21 week or one day a week, six to twelve sessions.

22 The General Electric course was shorter in
23 duration, but it was more intense. I think we went about
24 two weeks straight for the General Electric course.

25 Q In your testimony on Page 2 at Line 28, you

1 say you joined the South Texas Project as a supervising
2 project engineer with responsibility for a group known
3 as Special Engineering Support.

4 Now, when you use the term "with responsi-
5 bility for," does that mean you were the top person
6 supervising that group?

7 BY WITNESS BLAU:

8 A. That's correct.

9 Q. And the function of the Special Engineering
10 Support Group was what?

11 BY WITNESS BLAU:

12 A. The group was set up in response to
13 identify mostly production-related scheduler problems
14 dealing with vendors. It was assembled to apply more
15 HL&P engineering coverage, both from a working level and
16 a supervisory capacity, to these identified problem
17 areas, the problem mostly being from the aspect of
18 scheduler and production.

19 Q. Related to the vendors?

20 BY WITNESS BLAU:

21 A. That's correct.

22 Q. And what does the term "NSSS interface" at
23 Line 31 mean?

24 BY WITNESS BLAU:

25 A. "NSSS" is "Nuclear Steam Supply System." It

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1 applies to the Westinghouse. That function was simply the
2 dedication of an HL&P engineer to monitor the interface
3 since the contract with the NSSS was between Westinghouse
4 and Houston Lighting & Power.

5 Q Then in August of 1980, you became the super-
6 vising project engineer of Houston Engineering and
7 assumed additional responsibilities for the home office
8 engineering effort.

9 Can you describe in limited detail the ad-
10 ditional responsibilities that you assumed?

11 BY WITNESS BLAU:

12 A Basically, as my assignment as Supervising
13 Project Engineer of the Special Engineering Support Group,
14 I had a counterpart supervising project engineer of what
15 was known as Design Engineering.

16 So, in effect, we had two supervising
17 project engineers supervising what we call the home office
18 activities, which were comprised of the engineering
19 forces at the Brown and Root plant and dry facility.

20 Through an organizational change, we went
21 from two supervising project engineers in that area to
22 one. I was appointed the Supervising Project Engineer
23 with responsibility for both the Special Engineering
24 Support Group which I previously had had responsibility
25 for, and the Design Engineering Group. And we called

1 them -- that composite group -- Houston Engineering.

2 Q And then in March of 1981 you were appointed
3 Project Engineering Manager on an acting basis. And you
4 say that you assumed direct responsibility for the total
5 project engineering effort, so then to the two you've
6 already mentioned was added site engineering?

7 BY WITNESS BLAU:

8 A That is correct.

9 Q And then in mid-October 1981 you became
10 Manager - Engineering. And do I --

11 BY WITNESS BLAU:

12 A That is not correct.

13 Q I'm sorry. You were Supervising Project
14 Engineer reporting to the Manager of Engineering?

15 BY WITNESS BLAU:

16 A Yes.

17 Q Do I understand from your testimony that
18 Manager - Engineering was a new position. How did it
19 differ from your position when you were supervising
20 all three, the nuclear support and home office and
21 site -- you as supervisor? How did Manager - Engineering
22 differ from that function?

23 BY WITNESS BLAU:

24 A Relative to supervising the three groups, there
25 is little, if any, difference. The main difference lies

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1 in the fact that we changed our project management or-
2 ganization such that the manager reported straight to the
3 Project Manager, whereas before the Project Engineering
4 Manager had reported through the Manager of Houston
5 Operations to the Project Manager.

6 So we upped the reporting chain of the en-
7 gineering arm of our team.

8 Q But somebody other than yourself became the
9 Manager of Engineering?

10 BY WITNESS BLAU:

11 A That's correct.

12 Q But they were doing essentially the job that
13 you had done before? The description of the job sounded
14 like it was the same three --

15 BY WITNESS BLAU:

16 A That's correct.

17 Q Mr. Blau, you are the one who drafted the Stop
18 Work Order on June 5, 1981; is that correct?

19 BY WITNESS BLAU:

20 A No, sir, that's not correct.

21 Q Well, I'm sorry -- Mr. Overstreet?

22 BY WITNESS OVERSTREET:

23 A That is correct.

24 Q That is correct.

25 But, Mr. Blau, you signed it; is that correct?

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1 BY WITNESS BLAU:

2 A. No, sir.

3 Q. That's not correct.

4 Well, let me --

5 MR. SINKIN: I have a document I want to
6 mark for identification as CCANP 51.

7 (CCANP Exhibit No. 51 was marked
8 for identification.)

9 BY MR. SINKIN:

10 Q. Mr. Blau, referring to CCANP Exhibit No. 51,
11 as marked for identification, can you tell me what this
12 document is?

13 BY WITNESS BLAU:

14 A. The document is a draft Stop Work Order
15 drafted for my signature to the Brown and Root Engineering
16 Project Manager.

17 Q. I see. But you never actually signed it?

18 BY WITNESS BLAU:

19 A. No, sir, I did not.

20 Q. All right. Now, I understand. Thank you.

21 And, Mr. Overstreet, you drafted this docu-
22 ment; is that correct?

23 BY WITNESS OVERSTREET:

24 A. I was responsible for the draft, that is
25 correct.

1 Q When you say "responsible," did someone else
2 write it?

3 BY WITNESS OVERSTREET:

4 A That is correct.

5 Q Who actually wrote the document?

6 BY WITNESS OVERSTREET:

7 A Mr. Hesidence and I worked together in writing
8 this draft.

9 Q Mr. Hesidence?

10 BY WITNESS OVERSTREET:

11 A That's correct.

12 MR. SINKIN: Mr. Chairman, I think it's clear
13 from both the testimony and that identification that Mr.
14 Hesidence is material to this proceeding. I would like
15 to have his letter identified, if there's no objection.

16 MR. REIS: Mr. Chairman, we know that an
17 engineer did it within the HL&P company. I don't think
18 there's any necessity to identify the person, in order to
19 write proper findings on the matter.

20 MR. HUDSON: Your Honor --

21 MR. REIS: -- to identify the letter.

22 MR. HUDSON: -- I think we may be arguing
23 about a moot point. I don't believe we've ever identified
24 Mr. Hesidence as one of the people. You can ask the
25 witnesses.

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MR. SINKIN: I beg your pardon.

MR. HUDSON: Is Hesidence identified?

Okay. I'm sorry --

MR. SINKIN: Mr. Hesidence is in the testimony and in the interrogatories.

MR. HUDSON: Your Honor, we agreed in principle with the Staff's arguments about materiality. In this case the I&E report itself found no violations. There's really nobody being hung up to dry here in this I&E report, so we don't see any reason not to identify these people.

Moreover, they're all identified in the answers to interrogatories, which have been filed with the Board, and they're in the public file of this case.

So it seems to me that the horse is already out of the barn on this one, and there's not much reason to argue about it.

(Bench conference.)

JUDGE BECHHOEFER: I think we'll overrule that objection and let the panel answer, and see if my suspicions are correct.

WITNESS BLAU: Mr. Hesidence -- the letter that pertains to his --

WITNESS OVERSTREET: To the best of our ability we identified Mr. Hesidence as Letter L.

1 BY MR. SINKIN:

2 Q Letter L. Thank you.

3 You and Mr. Hesidence worked on drafting this
4 document. The document says at the top -- The document
5 is dated June 5, 1981.

6 It says that its subject is "Stop Work
7 Order: Access Design Review Activity South Texas Project
8 Electric Generating Station."

9 You and Mr. Hesidence worked on the actual
10 writing of this, and you prepared it for possible signature
11 by Mr. Blau, should it be issued; is that correct?

12 BY WITNESS OVERSTREET:

13 A Not entirely.

14 Q Could you fill in the blanks?

15 BY WITNESS OVERSTREET:

16 A Mr. Hesidence was the primary author under my
17 direction who was writing this Stop Work Order. In the
18 event that a Stop Work Order would have been issued by
19 quality assurance, it would have been issued through our
20 stop work procedure, where we have a form that we would
21 have filled out.

22 If Mr. Blau would have issued the Stop Work
23 Order, this would have been his vehicle to issue that
24 Stop Work Order.

25 This says, as it is in the record, a draft.

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And it was the purpose of this to discuss, prior to implementing the final document.

Q. Could you describe briefly Mr. Hesidence's responsibilities at the project at the time?

BY WITNESS BLAU:

A. Mr. Hesidence at this time was actually working as an engineer on the HL&P project engineering team. He had joined the team in this capacity in approximately March of 1981.

So he was the access engineering coordinator for Houston Lighting & Power providing an overview of the access engineering design and review activities.

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1 Q Other than Mr. Hesidence and the people working
2 under him, was there any other group at HL&P responsible
3 for reviewing designs to assure access?

4 BY WITNESS BLAU:

5 A At that time there were no other groups in
6 HL&P, to my knowledge, that were responsible for reviewing
7 designs for access.

8 Q The memorandum, or the draft stop work order,
9 Mr. Overstreet, says that as a result of additional review
10 by HL&P and the events and activities associated with the
11 subject of NCR ST-5.

12 MR. SINKIN: I'm going to ask to have marked
13 for identification as CCANP Exhibit 52, NCR ST-5.

14 (CCANP Exhibit No. 52 was
15 marked for identification.)

16 BY MR. SINKIN:

17 Q Would you please --

18 MR. REIS: Mr. Chairman, may I interrupt for
19 a moment.

20 According to our records, CCANP, on a previous
21 date, introduced Exhibits 51, 52 and 54, at least marked
22 for identification, 53 and 54. I just wanted to straighten
23 this out so the numbers aren't wrong.

24 MR. SINKIN: The list I had indicated we had
25 only introduced 50. Perhaps the court reporter can...

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1 MR. REIS: Some have been marked for
2 identification. I can read what they are, if that will
3 help you, Mr. Sinkin.

4 51 was a September 29, 1978 letter from --
5 or memo, something, from Hammons to Schreader on
6 Cadwelding activities.

7 52 was a message form, communications with
8 design employment termination dates of April 18th, '79.

9 53 was an employment termination date. I
10 think that was material supplied to you by the Applicant.
11 I may be wrong.

12 54 was a memo from Vincent to QA/QC personnel
13 of August '78.

14 So I think it would be well if we marked the
15 previous Exhibit No. 51 for identification -- I mean 55
16 for identification, the one we talked about before, and
17 marked this one, which is this memo from Overstreet to
18 Granger, dated November 21st, 1980, as No. 56.

19 Do the other parties concur in that?

20 MR. SINKIN: That sounds fine to me.

21 MR. HUDSON: No problem here.

22 JUDGE BECHHOEFE^D: That's all right with the
23 Board. Why don't we mark them that way anyway, and if
24 there should happen to be some missing numbers, it
25 wouldn't matter that much.

2-3 1 MR. SINKIN: Missing numbers are obviously
2 less of a problem than duplicate numbers.

3 JUDGE BECHHOEFER: Off the record.

4 (Discussion off the record.)

5 JUDGE BECHHOEFER: These two documents will
6 be marked 55 and 56 for identification.

7 (CCANP Exhibits Nos. 55 and 56
8 were marked for identification.)

9 BY MR. SINKIN:

10 Q Mr. Overstreet, you apparently were very much
11 involved with ST-5. You communicated the NCR marked as
12 Exhibit 56 to Mr. Granger for disposition according to
13 that memorandum, is that correct?

14 BY WITNESS OVERSTREET:

15 A Are we referring to ST-5?

16 Q Yes.

17 BY WITNESS OVERSTREET:

18 A The initial issuance, November 21st?

19 Q November 21st, 1980.

20 BY WITNESS OVERSTREET:

21 A That's correct.

22 Q When you say -- or when the draft stop work
23 order says that as a result of additional review by HL&P
24 and the events and activities associated with this NCR
25 you have determined that these conditions are

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1 unsatisfactory, what specifically are you referring to
2 in terms of "these conditions"?

3 I'm looking at Exhibit 55, the draft stop work
4 order.

5 BY WITNESS OVERSTREET:

6 A Yes.

7 Q The first paragraph.

8 BY WITNESS OVERSTREET:

9 A As recorded in our testimony under Question 10,
10 we stated that the decision to draft the new NCR and the
11 stop work order was a twofold consideration.

12 One, that it had been an extremely long period
13 of time for these activities to have taken place and not
14 to have had corrective action implemented.

15 And, two, the fact that it did not appear that
16 Brown & Root had the implementing procedures for the
17 access design program.

18 Q Now, at this time it was your belief that
19 Brown & Root in fact did not have an implementing
20 procedure for assuring access at this time, that was your
21 belief?

22 BY WITNESS OVERSTREET:

23 A They did not have adequate implementing
24 procedures for that function, that is correct.

25 Q Well, let me ask you, ST-5 says Brown & Root

2-5

1 engineering does not have implementing procedures.

2 Was it your belief that they did not have
3 implementing procedures or that they had them and that
4 they were not adequate?

5 BY WITNESS OVERSTREET:

6 A For the function that we thought was their
7 access design review, they did not have implementing
8 procedures.

9 Q What, in your view, were the possible
10 consequences if there were no implementing procedures
11 for access design review?

12 BY WITNESS OVERSTREET:

13 A Could you possibly restate that in another way?

14 Q Sure. You are concerned, you write an NCR,
15 you say Brown & Root, you have no implementation procedure
16 for design access review.

17 What is the basis for your concern? Is it
18 merely that a requirement says you're supposed to and
19 you don't have it, or is there some substantive concern
20 that if you don't have it something will happen?

21 BY WITNESS OVERSTREET:

22 A I think that there is a requirement, first of
23 all, to have procedures in place to do the activities
24 which affect the quality of the plant. In the event that
25 they did not have procedures to implement these activities,

2-6

1 there's a possibility that certain activities may be
2 overlooked in the planning stages for access design.

3 Q And if they were overlooked, the activities
4 that you say would be overlooked is a little general.

5 Let me try and be specific and you tell me if
6 I'm right or wrong.

7 It's possible that without an implementation
8 program for access design review there could be a design
9 with inadequate access for inspection, and that design
10 not having been reviewed could then be used to build, and
11 you would end up with a component part of the plant that
12 was not accessible for inspection.

13 Is that, in essence, the substantive concern
14 here?

15 BY WITNESS OVERSTREET:

16 A For the most part, the answer is correct. I
17 think that in the planning stages there is a possibility
18 of overlooking some access design considerations. However,
19 there are other stages planned through the construction
20 process, through the pre-service examination, through the
21 Licensing Board review of all access design considerations.
22 We have other plans that are implemented prior to getting
23 our license to insure that all access design considerations
24 are satisfactorily addressed.

25 / / /

2-7

1 BY WITNESS FRAZAR:

2 A. Mr. Sinkin, may I supplement that answer?

3 Q. Sure.

4 BY WITNESS FRAZAR:

5 A. I think there may be a confusion factor that
6 exists here.

7 The access engineering function that is
8 operative during the design of the plant considers, or
9 provides accessibility in the plant for pre-service
10 inspection and in-service inspection of certain weldments,
11 certain components under Section 11 of the ASME Boiler &
12 Pressure Vessel Code.

13 That's not inspection of the components or
14 the weldments that is necessary to verify the quality of
15 those components or welds initially during the
16 construction of the plant.

17 Q. I understand. We're not talking about quality
18 control.

19 BY WITNESS FRAZAR:

20 A. That's right.

21 Q. We're talking about an independent ISI/PSI
22 company coming in with their NDE inspectors and being able
23 to get at a weld to see if it's okay.

24 BY WITNESS FRAZAR:

25 A. That's right. And almost every plant that has

1 been built in the country has ended up with certain
2 weldments or certain items requiring pre-service
3 inspection not being accessible for that purpose, and
4 there is a mechanism in the Code and the regulations for
5 handling those situations as exceptions, and that is
6 perfectly acceptable under the rules of the Commission.

7 Q Well, let me be sure I understand the last part
8 of your supplement.

9 If a design has been completed and didn't
10 have the access review and the design turns into an
11 actual construction component, you've built it, it's in
12 place, and you discover that there are welds that
13 normally should be inspected that are inaccessible, you
14 can always get a waiver or an exception that will not
15 require inspection of those welds?

16 BY WITNESS FRAZAR:

17 A That's not what I said.

18 What I said was that there is a mechanism in
19 the Code that allows those exceptions to be identified.
20 The Commission reviews the proposed alternatives for
21 inspections to insure that the integrity of those systems
22 containing those inaccessible welds can be made -- that
23 the integrity can be insured by other means.

24 For example, if a certain weld is inaccessible
25 in a particular system for purposes of inspection, it might

2-9

1 be acceptable to choose an alternative weld in the same
2 system and do the inspection on that particular weld which
3 sees the same types of environmental conditions during the
4 operation of the plant.

5 So there are ways of handling that in terms of
6 the final as-built configuration of the plant when you
7 end up with accessibility.

8 Or, alternatively, if you have a weld that is
9 inaccessible and you cannot get an approval of the
10 exception, then you have to provide access to inspect
11 that weld, and you may have to go back and make that weld
12 accessible, through modification.

13 Q Through extensive modification.

14 BY WITNESS FRAZAR:

15 A I didn't say "extensive."

16 Q Well, modification in order to get at that
17 weld?

18 BY WITNESS FRAZAR:

19 A That's correct.

20 Q Mr. Overstreet, in terms of this draft stop
21 work order, if it had been signed off by Mr. Blau and had
22 gone forward as drafted, what precisely would have been
23 stopped?

24 BY WITNESS OVERSTREET:

25 A The question that you're asking is if this were

2-10

1 finalized, as written?

2 Q Yes.

3 BY WITNESS OVERSTREET:

4 A I think it would have stopped the engineering
5 process.

6 Q You would have stopped the entire engineering
7 process?

8 BY WITNESS OVERSTREET:

9 A I believe that's correct.

10 MR. SINKIN: Before I forget, I would like to
11 move into evidence CCANP Exhibits 55 and 56.

12 MR. REIS: No objection from the Staff.

13 MR. HUDSON: No objection.

14 JUDGE BECHHOEFER: Without objection, those
15 documents will be admitted into evidence.

16 (CCANP Exhibits 55 and 56 were
17 received in evidence.)

18 JUDGE BECHHOEFER: One inquiry; does CCANP
19 Exhibit 55, in the fourth line, have a word crossed out,
20 or is that a reproduction error?

21 MR. SINKIN: On my copy, the word "order" was
22 originally -- what we received in discovery, this was
23 crossed out. It says "ordering a stop work." I assume
24 that they didn't mean to be repetitious so they took it
25 out.

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2-11

1 BY MR. SINKIN:

2 Q Mr. Overstreet, did you strike that word,
3 do you know, originally?

4 BY WITNESS OVERSTREET:

5 A I honestly don't remember.

6 MR. HUDSON: The copies that you have are the
7 same we got. The word was crossed out on the document,
8 the original that we found in the files.

9 JUDGE BECHHOEFER: I see. Okay. I just wanted
10 to make sure that that wasn't just a reproduction error.

11 BY MR. SINKIN:

12 Q Returning to ST-5 -- I'm sorry, returning to
13 ST-5, it notes that the Brown & Root access manual has
14 not been updated since 1976, and in your testimony you
15 address that problem, and if I remember correctly, the
16 basic conclusion you reached was that the ASME Code
17 hadn't changed since the last update, so that it wasn't
18 actually a problem in fact. It was true they had failed
19 to update it but that turned out not to be a problem
20 because the Code hadn't changed. Is that correct?

21 BY WITNESS OVERSTREET:

22 A That's correct.

23 Q But at the time this was written, there was no
24 knowledge of whether the Code had changed or not, that's
25 why there was a concern?

1 BY WITNESS OVERSTREET:

2 A Not really. The concern, I believe, if I'm
3 correct, is the fact that there was a requirement in the
4 manual that the manual be updated every six months, and
5 that was a deficiency that was implied here.

6 BY WITNESS FRAZAR:

7 A I think another way of saying that is that
8 there was a concern of the form rather than the substance
9 of the manual. The manual required, in and of itself,
10 that it be updated every six months. It had not been.
11 Therefore, the problem was form.

12 Q Which could have been a problem of substance
13 but --

14 BY WITNESS FRAZAR:

15 A Turned out not to be.

16 Q -- turned out not to be?

17 BY WITNESS FRAZAR:

18 A Correct.

19 Q Okay. Mr. Overstreet, you and -- if I read
20 your testimony correctly, you and Mr. Blau met with
21 Mr. Hesidence to discuss -- I'm sorry, met with Mr. Barker
22 to discuss this stop work going forward; is that correct?

23 BY WITNESS OVERSTREET:

24 A That Mr. Blau, Mr. Hesidence and myself met
25 with Mr. Barker? Is that the question?

2-13

1 Q It's all three of you that met with Mr. Barker?

2 BY WITNESS OVERSTREET:

3 A Yes, sir.

4 Q And you were the only four at that particular
5 meeting, is that correct?

6 BY WITNESS OVERSTREET:

7 A We were the primary participants. There were
8 other people that came in and out during the meeting that
9 had no real input, so to speak, to the meeting.

10 Q Were they coming in out of concern about this
11 issue?

12 BY WITNESS OVERSTREET:

13 A Not necessarily, no, sir. They were there to
14 see Mr. Barker on another account, and they were at a
15 level in the organization where they didn't necessarily
16 have to knock on the door to come in.

17 Q And according to your testimony on Page 6,
18 Mr. Barker recognized your authority to issue the stop
19 work notice, but asked for an opportunity to personally
20 contact Brown & Root's upper management and try and
21 resolve the problem without a stop work notice; is that
22 correct?

23 BY WITNESS OVERSTREET:

24 A That is correct.

25 Q To your knowledge, had Mr. Barker ever, prior

2-14

1 to this occasion, tried to contact, or actually contacted
2 Brown & Root's upper management about the problems
3 identified in ST-5? Or more specifically, the problem
4 identified in the draft stop work order.

5 BY WITNESS OVERSTREET:

6 A. Not to my knowledge.

7 Q. Had you or any of the other QA people asked
8 him to, on any prior occasion, to your knowledge?

9 BY WITNESS OVERSTREET:

10 A. Not to my knowledge, no, sir.

11 Q. When you met with Mr. Overstreet -- I'm sorry,
12 Mr. Barker, was he thoroughly familiar with what you were
13 talking about because of his prior knowledge, or slightly
14 familiar or not familiar at all with why you were writing
15 this stop work order?

16 BY WITNESS OVERSTREET:

17 A. I guess you could term it slightly familiar.
18 He wasn't in-depthly familiar, as I wouldn't really expect
19 him to be.

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3-1

1 Q Mr. Frazar gave his criteria for his standards
2 for when he issues or threatens to issue a stop work order.

3 I would like to have you give me your
4 perception of when a stop work order is warranted, in
5 general, from your QA perspective.

6 BY WITNESS OVERSTREET:

7 A As we had in the testimony, there is no
8 mechanical or black and white means where you're going to
9 say this is or this isn't a stop work.

10 I would say that there's times when you'll see
11 something that is very obvious that a stop work is
12 warranted. These are not necessarily always found in a
13 design office.

14 From a design process, you're looking at it
15 from a program standpoint, from a systematic standpoint.
16 Have the people that you're working with, do they have a
17 program that is satisfactory, if implemented, to cover
18 the warranted activities.

19 Our responsibility was to overview those
20 functions and to evaluate their programs, and in the
21 event that you saw, through your overview function,
22 whether it be through the implementation review process,
23 through a reviewing comment process of their procedures
24 and programs, if you saw serious program deficiencies
25 that if left uncorrected might compromise in some way the

3-2

1 design or structural integrity of the plant, that you
2 should in fact stop that process until it is corrected.

3 BY WITNESS FRAZAR:

4 A Mr. Sinkin, also in reviewing my notes, I was --
5 I think I'd like to clarify something, or clarify my
6 answer from yesterday to Chairman Bechhoefer, which was
7 based on your question now.

8 The Chairman was asking me, I think, about
9 criteria for stopping work, and the answer I gave was in
10 relation to criteria, and I think it wasn't clear that we
11 do have a specific procedure that discusses the stop work
12 activities, or how the stop works. It identifies the
13 form that we use, and it does set forth in the initial
14 part some very general qualitative conditions under which
15 you may end up -- may have a stop work situation, but it
16 in no way conveys quantitative criteria, and that's the
17 part that I was saying it was impossible to determine and
18 identify.

19 Q Could you, to the best of your recollection,
20 put into the record what in that procedure are the
21 qualitative --

22 BY WITNESS FRAZAR:

23 A Sure. The procedure is Project Site Quality
24 Procedures No. A-7. I'm looking at Revision No. 3, which
25 was issued on July 2nd of '81. Under --

3-3

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1 Q Excuse me. You don't happen to have the one
2 before that, do you, because the time frame we're looking at
3 is June of '81?

4 Do you know from the change marks if that part
5 changed?

6 BY WITNESS FRAZAR:

7 A. That part did not change.

8 Q. Okay. Fine.

9 BY WITNESS FRAZAR:

10 A. That's what I was going to say, is that I have
11 the list of -- summary of revisions here, and the revision
12 from two to three revised the documentation requirements
13 but not the section that I'm going to discuss.

14 Q. Okay.

15 BY WITNESS FRAZAR:

16 A. Under 6.1, Section 6.1 of the procedure reads
17 as follows: "Stop work orders are initiated under such
18 conditions as follows: Condition A, in process, when a
19 deficiency has been identified and the responsible
20 organization does not agree that further processing will
21 result in the item being in noncompliance or that a non-
22 compliance exists; B, not in process, when significant
23 engineering, design, hardware or quality assurance program
24 deficiencies are identified, the stop work may apply to a
25 specific area or encompass all activities related to the

1 deficiency."

2 And then it goes on to give some further,
3 just procedural things that you do under those conditions
4 when you....

5 Q I think the rest of it is how to do it.

6 BY WITNESS FRAZAR:

7 A Yes.

8 Q Okay.

9 BY WITNESS FRAZAR:

10 A But you can see from that it's qualitative in
11 nature and leaves a lot of --

12 Q Very broad.

13 BY WITNESS FRAZAR:

14 A -- latitude for people to make judgments
15 based on the particular merits of the circumstances
16 involved.

17 Q Prior to any discovery or realization on HL&P's
18 part that Brown & Root did have a design access review
19 component in fact, was it your perception that Mr. Blakely's
20 operation was where that was taking place?

21 BY WITNESS BLAU:

22 A Mr. Sinkin, could you clarify "access review
23 component," please?

24 Q All right. There was testimony yesterday that
25 you were differentiating between what Mr. Blakely was doing

3-5

1 and what Brown & Root's designers were doing, and your
2 testimony was that the designers were actually doing both
3 design and design review, including the subject of access.

4 Is that a correct --

5 BY WITNESS BLAU:

6 A. That's not correct. The designers were doing --
7 the design organization was doing both the design and the
8 design verification.

9 Q. Well, then let me back up, and clarify for me
10 the difference between review and verification.

11 BY WITNESS BLAU:

12 A. We choose to try to keep that very rigorous
13 to make a distinction between the two, because of the
14 significance, or the contribution of using those terms to
15 the confusion that we had.

16 The design verification process is the process
17 which is required by 10 CFR Appendix B, Criterion 3, and
18 is indeed implemented by procedures; whereas review, we
19 have used the term review in the context of the access
20 engineering review, which describes the activities of
21 Blakely's group within Brown & Root engineering, which
22 we have stated yesterday was in a separate function of
23 the design verification process.

24 BY WITNESS FRAZAR:

25 A. I might be able to help something -- help this

3-6

1 out a little bit, too.

2 The ANSI Standard N-45211 further clarifies
3 Criterion 3 requirements in terms of controlling design.

4 Under design verification there is alternative
5 ways of performing design verification. One method might
6 be to perform alternate calculations using different
7 techniques. Another way might be to perform a checking
8 process in which the same calculations are done by a
9 different person. Another way might be of performing a
10 design review, but that is a term of art in the context of
11 design verification.

12 Design review is for the purpose of design
13 verification. Mr. Blakely's group in this case was not
14 performing design review for the purpose of design
15 verification. That was performed by another organization
16 under the same supervisor as the people doing the design,
17 and I'm sure that they did not only design review but they
18 may have done some other things to verify the design.

19 Q Okay. I appreciate that clarification.

20 Let me return, then, to ST-5, NCR ST-5, the
21 exhibit I distributed earlier.

22 The concern was that Brown & Root does not have
23 implementing procedures for assuring access. Now, from
24 your description of what the Brown & Root design group
25 was doing, they would design a component and there would

3-7

1 have to be concern for access in that design.

2 It was not your belief that the Brown & Root
3 designers had no concern for access in what they were
4 designing. Is that correct? It was not your concern
5 that they were not thinking about access while doing
6 their design?

7 BY WITNESS OVERSTREET:

8 A. That's a pretty confusing question.

9 Q. Okay. Let me try and rephrase it. You're
10 right. It's got too many double negatives.

11 You were not trying to say in this -- were you
12 trying to say in this NCR that Brown & Root engineering
13 was not designing with a view towards access?

14 BY WITNESS OVERSTREET:

15 A. That they were not considering the access
16 design during their design process?

17 Q. Right.

18 BY WITNESS OVERSTREET:

19 A. No, that's not what this says.

20 Q. That's not what you were saying?

21 BY WITNESS OVERSTREET:

22 A. That's not what this says.

23 Q. And you were not saying that they were not
24 verifying the calculations they were making?

25 / / /

1 BY WITNESS OVERSTREET:

2 A. No, sir.

3 Q. That's not what you were saying?

4 BY WITNESS OVERSTREET:

5 A. That they -- this does not imply that they
6 were not verifying.

7 Q. Fine. So there's something else called
8 implementing that is different from either design or
9 verification.

10 Could you explain to me what you meant by the
11 term "implementing procedures"?

12 BY WITNESS OVERSTREET:

13 A. It is more or less a "how to" document, which
14 is what the technical reference document is doing for the
15 access design function. It is giving them different cases
16 of where and how that you are going to be doing certain
17 activities for the access design.

18 Q. So then your concern was really, in
19 chronological time, would be a concern prior to the design
20 actually beginning, that they are not being given adequate
21 direction on how to assure access before they even begin
22 the design?

23 BY WITNESS OVERSTREET:

24 A. No.

25 Q. I see a head shake, which doesn't get in the

3-9

1 record, Mr. Frazar.

2 BY WITNESS FRAZAR:

3 A Mr. Sinkin, maybe I can help a little, because
4 I've been a party to some of the conversations regarding
5 this.

6 For quite a long time HL&P personnel who were
7 involved in the access engineering, or the in-service
8 inspection area, had been -- had a mind set concerning
9 Brown & Root's method of organizing and engineering, or
10 their organization structure in engineering, concerning
11 how they provided access through the design activities.

12 That mind set was that Mr. Blakely's
13 organization was the only organization in Brown & Root
14 who provided access in the design.

15 Q Let me stop you just for a second.

16 Mr. Blakely's organization did not do original
17 design, did they?

18 BY WITNESS FRAZAR:

19 A That's correct.

20 Q Was it your view at that time that they were
21 doing original design?

22 BY WITNESS FRAZAR:

23 A Yes. We felt that, not that they necessarily --
24 well, let me correct that -- not that they necessarily
25 performed original design, but they were the first level

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1 responsible organization for providing design information
2 for access into the design process.

3 The NCR was drafted over a concern that
4 Mr. Blakely's organization did not have specific
5 procedures for his group that detailed how they were to
6 provide that information to design engineering for
7 access considerations.

8 As it turns out, from an organizational
9 standpoint, Mr. Blakely's group was not performing that
10 function. Mr. Blakely's group was not the first level
11 organization providing the design including access and
12 the verification of that design. That was in the
13 design engineering organization of Brown & Root.

14 When that recognition was made, then we
15 realized that Mr. Blakely's group did not need to have the
16 kinds of procedures required by Appendix B for the
17 particular function that he was performing, because there
18 were procedures in existence that controlled the design
19 and the verification of it, including access, and those
20 were the ones that Mr. Blau testified to yesterday.

21 Q Well, let me try one more time. I appreciate
22 what you've said.

23 Brown & Root designers would design a
24 component, verifiers would verify that that work had been
25 done properly, and then -- Yes.

3-11

1 BY WITNESS FRAZAR:

2 A. Excuse me. Maybe "component" is not a good
3 word. System design.

4 Q. System. Okay. They would design a particular
5 system where you're concerned about whether you had access
6 or not.

7 BY WITNESS FRAZAR:

8 A. There's an important distinction between system
9 and component.

10 Q. Okay. Fine. Sure, because that's the inter-
11 relation and you want to know you have access. Okay.

12 Brown & Root designers would design a system.
13 Brown & Root design verifiers would verify that it had
14 been done properly, and then, in your view, prior to the
15 clearing up of this misunderstanding, Mr. Blakely's group
16 would then say -- would then assess what had been done to
17 input where access was needed, and that was the first time,
18 in your way of thinking at that time, that access was being
19 inputted into the design.

20 BY WITNESS FRAZAR:

21 A. That's correct.

22 BY WITNESS OVERSTREET:

23 A. That's correct.

24 JUDGE BECHHOEFER: Mr. Sinkin, at some point
25 we would like to take a morning break, so when you get to a

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good breaking point, let us know.

MR. SINKIN: Well, having achieved clarification of that, I'd like to rest on our laurels.

JUDGE BECHHOEFER: Let's take a 15-minute break.

(Short recess.)

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1 JUDGE BECHHOEFER: Mr. Sinkin, you may
2 proceed.

3 BY MR. SINKIN:

4 Q Mr. Frazar, having achieved the level of
5 clarity we've reached so far I like to try for still more,
6 you stated yesterday that the function of Mr. Blakely's
7 group -- Well, I'm -- Yes.

8 -- that Houston Lighting & Power was working
9 on a PSI/ISI program, and that Mr. Blakely was the focal
10 point for information and coordination for HL&P to the
11 Brown and Root organization on the development of that
12 PSI/ISI program.

13 Is that a correct --

14 BY WITNESS FRAZAR:

15 A No, sir, not exactly.

16 What I said was that HL&P had been developing
17 for quite some time our own program for pre-service and
18 in-service inspection, and that we needed a focal point of
19 communications with Brown and Root, both to obtain informa-
20 tion from Brown and Root and to exchange communication.

21 We have been writing procedures, setting up
22 methods, providing contract services or scope -- providing --
23 developing specifications for contract services for the
24 examinations to be performed later and those sorts of
25 things.

1 And in doing all that planning work, you have
2 to know what the design of the plant is looking like.
3 So that's the kind of information we needed to be able to
4 get from Brown and Root that went into the HL&P program.

5 It wasn't that we were providing information
6 to Brown and Root, so much as it is we were obtaining
7 information from them.

8 Q. And when was Mr. Blakely's group set up to
9 provide this?

10 BY WITNESS FRAZAR:

11 A. I don't know.

12 Q. Do you know roughly how long Mr. Blakely had
13 been providing such information?

14 BY WITNESS FRAZAR:

15 A. No.

16 Q. Mr. Overstreet, do you have any idea of the
17 Blakely group and how long they were in existence?

18 BY WITNESS OVERSTREET:

19 A. Not specifically, no, sir.

20 Q. Mr. Blau?

21 BY WITNESS BLAU:

22 A. If I recall -- I don't think Mr. Blakely
23 joined Brown and Root until early 1981. But I'm not
24 sure about that.

25 /

1 BY WITNESS FRAZAR:

2 A I believe -- and this is stretching my
3 memory -- but I believe that there was an individual who
4 preceded Mr. Blakely in that type of function. I don't
5 recall his name. I think the organization was there before
6 Mr. Blakely joined Brown and Root.

7 MR. SINKIN: We have another document that I
8 want to show to the witnesses. We have the unfortunate
9 problem that we don't have available copies for all
10 parties.

11 There was only one copying place open all
12 night last night, and they were far from where I was, and
13 they're 25 cents a copy.

14 So I was not able to make copies of all the
15 documents. We have discussed with the Applicants making
16 copies of documents. They've agreed to assist us in
17 that.

18 I don't know if it's best to go forward with
19 documents we don't have copies of, or just how to handle
20 that. It means all parties won't have a look at them.

21 I'd be willing to try, and if there's a
22 problem we can perhaps have them copied real quick.

23 JUDGE BECHHOEFER: Are these documents included
24 among those that were provided by the Applicant to all
25 parties and the Board?

1 MR. SINKIN: No, I'm sorry. These were the
2 ones that were provided January 22nd.

3 (Bench conference.)

4 MR. SINKIN: We'll try and see what happens.

5 MR. HUDSON: How long a document are we
6 talking about? Could we go make copies?

7 (Document handed to counsel by Mr. Sinkin.)

8 BY MR. SINKIN:

9 Q Mr. Overstreet, there was apparently some dis-
10 cussion in the HL&P QA team, including the management
11 personnel, about whether a Stop Work Order was warranted
12 under these conditions.

13 You agreed with the decision to permit Mr.
14 Barker to try and resolve it without a Stop Work
15 Order; is that correct?

16 BY WITNESS OVERSTREET:

17 A The question was that I agreed to allow Mr.
18 Barker to proceed without a Stop Work Order?

19 Q Without a Stop Work Order.

20 BY WITNESS OVERSTREET:

21 A That's correct.

22 MR. SINKIN: I have a document which we will
23 ask be marked as CCANP Exhibit 57.

24 (CCANP Exhibit No. 57 was marked
25 for identification.)

4-5

1 BY MR. SINKIN:

2 Q This document is a Brown and Root letter
3 dated December 15, 1980, addressed to Mr. Granger, Project
4 Engineering Manager, from Mr. Hawks, Project Engineering
5 Manager for Brown and Root.

6 First of all, Mr. Overstreet, I assume that
7 the Mr. Hawks here is the same Mr. Hawks to whom the
8 draft Stop Work Order was addressed.

9 BY WITNESS OVERSTREET:

10 A Yes, sir.

11 Q In this document, Mr. Hawks takes the
12 position that the Brown and Root engineering procedure
13 STP-DC-015 is the implementing procedure for assuring
14 access; and this is their response to the concern about
15 access.

16 Did you see -- any member of the panel --
17 or maybe I should just ask: When did you first see, if
18 at all, this correspondence from Mr. Hawks to Mr. Granger?

19 BY WITNESS OVERSTREET:

20 A I was not cc'd on it. I did, however --
21 This document was sent as a response -- not this specific
22 document, but this same information was sent as a response
23 to the NCR ST-5 later on that month.

24 Q Mr. Blau, did you see it, and if so,
25 when?

4-6

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1 BY WITNESS BLAU:

2 A I don't recall when I first saw the document.
3 I was not on the distribution. I have no doubt that I
4 did see the document shortly after it was received at
5 Brown and Root.

6 I might add that I'm obviously in error in the
7 previous statement I made concerning Mr. Blakely. Mr.
8 Blakely was with Brown and Root during this time frame,
9 so -- in early '81.

10 I was in error.

11 Q Okay.

12 BY WITNESS BLAU:

13 A I don't recall exactly, Mr. Sinkin, when I saw
14 the letter.

15 Q Mr. Frazar?

16 BY WITNESS FRAZAR:

17 A This morning.

18 Q This morning was the first time you had seen
19 this letter?

20 BY WITNESS FRAZAR:

21 A That's correct.

22 Q When was the first time you were aware that
23 Brown and Root had taken the position that they had in
24 implementing the procedure, and that the NCR was un-
25 necessary?

4-7

1 BY WITNESS FRAZAR:

2 A Are you asking me?

3 Q Yes.

4 BY WITNESS FRAZAR:

5 A I don't know.

6 Q Let me try it a different way: Prior to all
7 the discussion that came up about the draft Stop Work
8 Order, that whole episode, were you aware that HL&P
9 QA personnel were concerned, particularly the auditors
10 were concerned at the lack of an implementation program
11 for access?

12 BY WITNESS FRAZAR:

13 A It's hard to recall, Mr. Sinkin.

14 Obviously, because there was the audit report
15 issued back in '79, I assume that I was aware around that
16 time, but I can't recall specifically to what level of
17 awareness I was at that particular time.

18 I can say specifically that I was -- that
19 I did have a telephone conversation with Mr. Overstreet
20 around the time that the draft Stop Work Order was being
21 considered, in which he informed me of his decision rela-
22 tive to not issuing a Stop Work Order.

23 So I know at that time I became knowledgeable.

24 Q In that discussion with Mr. Overstreet, did
25 he -- I'm sorry, with -- Was it Mr. Overstreet?

4-8

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1 BY WITNESS FRAZAR:

2 A Overstreet.

3 Q Did he detail to any extent the efforts of QA
4 to have Brown and Root address this problem, particularly
5 the problem of implementing procedure?

6 BY WITNESS FRAZAR:

7 A I can't recall all of the substance of the
8 conversation. I was at the job site and had regular
9 communications telephonically with Mr. Overstreet who was
10 in Houston.

11 And I seem to recall that this conversation was
12 about more subjects than just this particular decision
13 that he made. Maybe he can remember more than I can,
14 in terms of the substance of that conversation.

15 Q Go ahead, Mr. Overstreet.

16 BY WITNESS OVERSTREET:

17 A My recollection of the telephone conversation
18 that I had with Mr. Frazar was that I was informing him
19 of the meeting that we had had, that we -- Mr. Barker,
20 Mr. Blau, Mr. Hesidence and myself had had -- our intent
21 originally to issue this draft Stop Work as a Stop
22 Work, and that the meetings that we had with Mr. Barker,
23 that our intentions resulting from that meeting was that
24 Mr. Barker was going to attempt to resolve this issue at
25 his level, rather than issue the Stop Work; and that after

1 the discussion with Mr. Barker, I had no problems with
2 doing that. And it was a matter of informing Mr. Frazar
3 of where, from the quality assurance department, we stood
4 at this time on that issue.

5 Q You were not at all dissatisfied with the out-
6 come of that meeting?

7 BY WITNESS OVERSTREET:

8 A No, sir.

9 Let me clarify that, not that -- you say I was
10 not at all dissatisfied. I did not come out with a smile
11 on my face. I was -- I left that meeting with an under-
12 standing that Mr. Barker was going to attempt to resolve this
13 at his level and I supported that.

14 Q And intention to stay on top of it and hope
15 that it did happen?

16 BY WITNESS OVERSTREET:

17 A That's correct.

18 Q And if Mr. Barker had not been able to resolve
19 it, was it your intention to again suggest a Stop Work
20 Order?

21 BY WITNESS OVERSTREET:

22 A Yes.

23 Q You stated that you and Mr. Hesidence --
24 well, you supervised and Mr. Hesidence drafted, in fact,
25 the Stop Work Order.

4-10

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1 There are other members of the HL&P QA staff
2 who worked with you who were aware of this same problem;
3 is that correct?

4 BY WITNESS OVERSTREET:

5 A. Members of my staff or the quality assurance
6 department staff?

7 Q. I guess members of your -- Let's start with
8 members of your staff.

9 Let me ask a different question. Let me with-
10 draw that question.

11 Other than yourself and Mr. Hesidence, were
12 there other members of the HL&P QA staff who felt the
13 way you and Mr. Hesidence apparently felt, that this
14 situation warranted drafting up a Stop Work Order?

15 BY WITNESS OVERSTREET:

16 A. Yes, sir.

17 Q. Was it a generalized feeling among your
18 staff that this was the thing to do? Was there a difference
19 of opinion?

20 BY WITNESS OVERSTREET:

21 A. With the personnel on my staff?

22 Q. Yes.

23 BY WITNESS OVERSTREET:

24 A. I can't really say that it was a consensus
25 of opinion. I didn't canvass everybody on my staff to

4-11

1 ask them whether or not it was.

2 Q Whose idea was it to actually issue the Stop
3 Work Order? Do you remember?

4 BY WITNESS OVERSTREET:

5 A The idea was presented at the meeting on
6 June 5th at Baybrook by Mr. Viaclovsky and by Mr. Herring
7 that a Stop Work should be considered.

8 One of the action items from that meeting
9 was that Mr. Hesidence and I would do some further re-
10 search, and we would amend the NCR ST-5 and make it
11 ST-5A, and that we would take that information and use it
12 as a basis for a potential Stop Work.

13 MR. SINKIN: I want to distribute a document
14 which we will ask be marked as CCANP 58.

15 (CCANP Exhibit No. 58 was
16 marked for identification.)

17 - - -

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1 MR. SINKIN: Before I address this, I would
2 like to move CCANP Exhibit 57 into evidence.

3 MR. HUDSON: No objection.

4 MR. REIS: No objection.

5 JUDGE BECHHOEFER: CCANP Exhibit 57 will be
6 admitted in evidence.

7 (The document heretofore marked
8 for identification as CCANP Ex-
9 hibit No. 57 was received in
10 evidence.)

11 BY MR. SINKIN:

12 Q I'll give you a chance to review, Mr. Over-
13 street --

14 BY WITNESS OVERSTREET:

15 A I've reviewed it.

16 Q You've had it.

17 You mentioned the meeting on June 5th at
18 which the discussion in part dealt with the possibility
19 of a Stop Work Order.

20 This document is a Houston Lighting & Power
21 office memorandum dated June 5, 1981, to Mr. Overstreet,
22 which I assume is yourself from Mr. Viaclovsky, and the
23 subject of it is "Minutes of Meeting Pertaining to South
24 Texas Joint Nuclear Project Design Review for In-Service
25 Inspection Accessibility."

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Do you recognize this document?

BY WITNESS OVERSTREET:

A. Yes.

Q In your review of this document, is this, to the best of your knowledge, an accurate account of that meeting?

BY WITNESS OVERSTREET:

A To the best of my knowledge it is, yes, sir. I remember more about Page 3 than I do the first two pages. But to the best of my knowledge, it is.

Q Turning to Page 3, Item 8 addresses a B&R technical reference document on in-service inspection, and states that "B&R in their ISI manual since 1974 has had criteria related to access design review."

Now, that would be different from an implementing program; is that correct -- access criteria and implementing are different things?

BY WITNESS OVERSTREET:

A. Not necessarily.

Q Well, if you turn back to Page 2, Item 7, the notes of the meeting say, "At this time Brown & Root has no implementing procedures."

So I was really comparing it. It says they have implementing procedures -- they do not have, excuse me.

5-3
1 Item 7 says that they do not have implementing
2 procedures, and Item 8 says they do have criteria.

3 BY WITNESS OVERSTREET:

4 A. I see where you're talking about, yes.

5 Q. So those are two different things, really?
6 There's a criteria for what you're supposed to do, and
7 then there's an implementing procedure for actually doing
8 it?

9 BY WITNESS OVERSTREET:

10 A. I don't know if there's a fine line between the
11 two, but I see the point that you're trying to make.

12 Q. Among the six people listed as attendees at
13 this meeting, were there any of the six that thought
14 drafting a potential Stop Work Order was not an appropriate
15 response to the situation?

16 BY WITNESS OVERSTREET:

17 A. Basically all that were in attendance at the
18 meeting were in support of the draft Stop Work Order,
19 with the clarification to Mr. Ulrey's response. He
20 thought that some additional research might be needed,
21 and using that research if, in fact, it warranted it at
22 that time that we should go ahead with it, yes.

23 BY WITNESS FRAZAR:

24 A. I might add that Mr. Ulrey was the senior
25 management person present at that meeting.

5-4

1 Q So Mr. Ulrey was higher in the ladder than
2 Mr. Viaclovsky?

3 BY WITNESS FRAZAR:

4 A Yes.

5 Q Referring back to I&E Report 81-28, and in
6 particular to the list of attachments at the end, Document
7 No. 1 in the list of attachments says, "HL&P Office
8 Memo Q-7050 dated June 5, 1981."

9 Now, the document we have before us as CCANP
10 Exhibit 58 is an HL&P office memorandum. It does have
11 a file number on it, Q-7050; but I understand that that's
12 a generic file number, not a unique file number. And it is
13 dated June 5, 1981.

14 And to the best of your judgment, I guess, is
15 it your understanding that this is Document 1 that's
16 referred to in I&E Report 81-28?

17 BY WITNESS OVERSTREET:

18 A To the best of my understanding, it is.

19 Q Thank you.

20 MR. SINKIN: At this time, I would like to
21 move into evidence CCANP Exhibit 58.

22 MR. HUDSON: No objection.

23 MR. REIS: No objection.

24 JUDGE BECHHOEFER: Without objection, CCANP
25 Exhibit 58 will be admitted into evidence.

1 (The document heretofore marked
2 for identification as CCANP Ex-
3 hibit No. 58 was received in
4 evidence.)

5 MR. SINKIN: I'm distributing now a document
6 that I would like marked as CCANP Exhibit 59.

7 (CCANP Exhibit No. 59 was
8 marked for identification.)

9 BY MR. SINKIN:

10 Q This is a Houston Lighting & Power office memo-
11 randum dated January 5, 1981 from Mr. Viaclovsky to Mr.
12 Granger. And it addresses, among other things, the
13 position taken by Brown & Root that STP-DC-015 is an
14 implementing procedure, a position reflected in CCANP
15 Exhibit 57.

16 I see that you are copied, Mr. Overstreet,
17 with this document. And I wanted to ask you to review
18 it as soon as you have a moment.

19 (Pause while Witness Overstreet reviews
20 document.)

21 BY WITNESS OVERSTREET:

22 A Yes, sir.

23 Q At the first sentence of the last paragraph --

24 BY WITNESS OVERSTREET:

25 A Excuse me. Where?

5-6

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1 Q The first sentence of the last paragraph.
2 Mr. Viaclovsky says, "As a result of our
3 thorough review of the Brown & Root ISI manual and Pro-
4 cedure No. STP-DC-015, an NCR ST-5 was issued on
5 November 14, 1980, and at this time we have no reason to
6 believe that B&R has implementing procedures."

7 Are you aware of who was involved in the
8 thorough review prior to the issuing of ST-5?

9 BY WITNESS OVERSTREET:

10 A Not specifically, but I would think that it
11 would be Mr. Viaclovsky who would be one of the personnel
12 that would be involved in that.

13 Q And did you ever have occasion to discuss with
14 Mr. Viaclovsky why STP-DC-015 would appear not to contain
15 an implementing procedure in November of 1980, but after
16 subsequent meetings and discussion with Brown & Root, it
17 would be perceived as having an implementing procedure?

18 What I'm really after is: Was 015 so vaguely
19 worded that it was subject to two completely different
20 interpretations?

21 BY WITNESS OVERSTREET:

22 A The words from 015 are quoted right here on
23 this page.

24 Q Well, what I'm after -- Here we have a
25 fairly significant procedure, a procedure so significant

1 that its absence caused you and others to feel that you
2 might have to stop the engineering of this project until
3 it was in place and --

4 BY WITNESS OVERSTREET:

5 A. Excuse me. Would you restate that, please --
6 what you just stated?

7 Q. Your testimony earlier was that if you had
8 issued this Stop Work Order, it would have stopped all
9 engineering. And one of the bases for issuing this Stop
10 Work Order was the lack of an implementation plan on the
11 part of Brown & Root. Am I correct?

12 BY WITNESS OVERSTREET:

13 A. Okay.

14 Q. All right.

15 On, say -- Well, let me put that aside for a
16 second. You considered the lack of an implementation plan
17 a very serious deficiency, if it was indeed lacking; is
18 that correct?

19 BY WITNESS OVERSTREET:

20 A. (No immediate response.)

21 Q. You wrote an NCR on it, right?

22 BY WITNESS OVERSTREET:

23 A. I wrote an NCR on it, yes.

24 Q. Okay. Do you write NCR's on things --

25 /

5-8

1 BY WITNESS OVERSTREET:

2 A -- that are deficient.

3 Q That are deficient.

4 What I'm trying to figure out is: Here we
5 have a procedure -- Mr. Viaclovsky sets out the pro-
6 cedure in his memorandum. And he concludes at the bottom
7 that "This procedure does not contain an implementation
8 program."

9 Yet, some months later this very same pro-
10 cedure, which is basically three sentences long, is dis-
11 covered to contain an implementation procedure.

12 Could you just walk me through --

13 BY WITNESS OVERSTREET:

14 A I'll be glad to.

15 Q Thank you.

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1 BY WITNESS OVERSTREET:

2 A DC-015 is the procedure for design verifica-
3 tion for the design of safety-related components for the
4 South Texas Project for systems and components.

5 One portion of that procedure, which you are --
6 which is quoted here on this page, is for the consideration
7 for the design verifier. It gives direction to the design
3 verifier where to find the information that needs to be
9 considered for access design.

10 Just this paragraph is not the entire pro-
11 cedure.

12 Q The paragraph says that you can obtain the re-
13 quirements from the vendor or from the manual, and it gives
14 a specific number in the manual.

15 But those are the requirements. Those are
16 not how to implement. Right?

17 Or is that the same thing? You look at the re-
18 quirements, you look at the design. And if the requirements
19 are in the design, you accept the design, and, therefore,
20 you have implemented access engineering.

21 Is that an accurate description of the
22 process?

23 BY WITNESS OVERSTREET:

24 A I think there's more than one way to do it, and
25 that's one of the ways to do it, yes.

5-10
1 Again, this procedure DC-015 is the procedure
2 that governs design verification. If you have followed
3 the requirements of that paragraph that's quoted there as
4 a design verifier, and you look at the design that has
5 been provided by the people who did the design initially,
6 and you have verified that they properly incorporated the
7 requirements of the manual or the requirements furnished
8 by the vendor into the design, then you have verified the
9 design.

10 You have not performed design --

11 Q I understand.

12 BY WITNESS OVERSTREET:

13 A The performance of design is governed by other
14 procedures that are not discussed in this memorandum.

15 Q Well, apparently, Mr. Overstreet, at this time
16 you agreed with Mr. Viaclovsky that this paragraph did
17 not have an implementing procedure; is that correct?

18 I mean you had --

19 BY WITNESS OVERSTREET:

20 A That's apparent, yes.

21 Q You had read -- I didn't hear your answer.
22 I'm sorry.

23 BY WITNESS OVERSTREET:

24 A Well, you stated that it's apparent. That is
25 apparent.

1 Q Okay. What did you learn -- Well, let me
2 start with -- When you read this, why did you not view
3 this as an implementing procedure?

4 BY WITNESS OVERSTREET:

5 A Why did I not --

6 Q When you read this, why did you then conclude
7 that Brown & Root could not say that this was an implement-
8 ing procedure?

9 BY WITNESS OVERSTREET:

10 A Why did I conclude --

11 Q What led you to reach your conclusion that it
12 was an implementing procedure, when Brown & Root's position
13 was this was it?

14 BY WITNESS OVERSTREET:

15 A The assumption that was made -- This in it-
16 self doesn't give you very much information. And unless
17 research is done into the manual and its requirements,
18 just looking at the Procedure DC-015 by itself does not
19 give you much information relative to the access design
20 requirements.

21 Q Did you ever actually review the section in
22 the manual that's mentioned in that procedure? I won't
23 go into the long number. It has got a long number after
24 it.

25 /

1 BY WITNESS OVERSTREET:

2 A The ISI manual?

3 Q The ISI manual.

4 BY WITNESS OVERSTREET:

5 A Yes, sir, I did at some later point in time.

6 Q And after reviewing that requirement in the
7 manual, was it still your position that there was no im-
8 plementing procedure?

9 BY WITNESS OVERSTREET:

10 A After doing a thorough review myself -- in
11 conjunction with Mr. Hesidence and Mr. Blau -- now this
12 is sometime later you'll understand, this is after the
13 issuance of ST-5A and after the issuance of the draft
14 Stop Work Order, this is right along the time of our
15 August 10th meeting when we were at an impasse with
16 Brown & Root relative to what they considered was ade-
17 quate and what we considered from our mindset as what
18 we needed.

19 We sat down and we went through their entire
20 process from system design, design verification, whether
21 or not we felt from our experience and from our judgment
22 whether they had adequate procedures to control the
23 access design.

24 Q And was that the first time that you had re-
25 viewed this section of the manual that's referred to in

1 015 on the subject of whether they had an implementing
2 procedure or not?

3 Was this the first time you had reviewed that
4 section?

5 BY WITNESS BLAU:

6 A. Excuse me, Mr. Sinkin, I believe the reference
7 number is the entire manual, not a section of the manual.

8 Q. I see. This long number refers to the entire
9 manual, not to a specific section?

10 BY WITNESS BLAU:

11 A. Yes, sir.

12 It is a specific section of DC-015 containing
13 the memorandum.

14 Q. Let me go a step further with this paragraph,
15 though.

16 It does say -- It gives the manual, the
17 identification number of the manual, and then in quotes it
18 says, "In-Service Inspection."

19 Is that a section of the manual?

20 BY WITNESS BLAU:

21 A. That's the title of the manual.

22 Q. That's the title of the whole manual?

23 BY WITNESS BLAU:

24 A. Yes, sir.

25 Q. Okay.

5-14

1 Well, then perhaps I'm beginning to under-
2 stand, Mr. Overstreet, how you could feel the way you did
3 in the first area; and that is, what you see here is a
4 reference to a whole big manual.

5 How thick is this manual? Do you have any
6 idea? 100 pages? 500 pages?

7 BY WITNESS OVERSTREET:

8 A. An inch or two inches, an inch and a half,
9 something like that.

10 Q So what the designer has told you is "Go
11 look at that inch-and-a-half thick manual, and in there
12 somewhere are the requirements for access engineering" --

13 BY WITNESS OVERSTREET:

14 A. Throughout that manual, that's correct.

15 Q Throughout that manual.

16 And incorporate that entire manual into your
17 design.

18 BY WITNESS OVERSTREET:

19 A. As it applies to the system or component that
20 you're designing.

21 Q That you're designing?

22 BY WITNESS OVERSTREET:

23 A. That's correct.

24 Q And your feeling was that this was not an
25 adequate way of implementing -- just to reference the

5-15 1 manual?

2 BY WITNESS OVERSTREET:

3 A No, sir, that wasn't -- When I did the re-
4 search myself, I felt that the system they had was ade-
5 quate.

6 BY WITNESS FRAZAR:

7 A I think, Mr. Sinkin, to relate back to the
8 earlier clarification that I helped with this morning,
9 it's important to remember that Mr. Viaclovsky and his
10 organization were looking at Mr. Blakely's function -- or
11 his group's function; and they had a perception that Mr.
12 Blakely was doing design work.

13 And it was along that line that they were
14 suggesting that the Brown & Root procedures did not apply
15 to Mr. Blakely's group, DC-015 or SD-002, when in fact
16 those procedures did not apply to Mr. Blakely's group.
17 They were procedures to govern the activities of the
18 design engineering organization, who were doing the design
19 and doing the design verification to provide for access
20 for pre-service and in-service inspection.

21 So it was on the basis of a misunderstanding
22 by Mr. Viaclovsky as to the actual function of Mr. Blakely's
23 group that this memorandum was generated.

24 Q Well, I note that in CCANP Exhibit 57, when
25 Mr. Hawks tells Mr. Granger that there is an

1 implementing procedure for assuring access and performing
2 design review, he says, "If you have any questions, call
3 Mr. Blakely."

4 Now, why would he have Mr. Granger call Mr.
5 Blakely if this wasn't Mr. Blakely's function?

6 BY WITNESS FRAZAR:

7 A I don't know.

8 Q Does anybody else have a clue on that?

9 No --

10 BY WITNESS BLAU:

11 A Other than the fact that Mr. Blakely had been
12 established as the focal point for interfacing with the
13 Brown & Root organization for access engineering matters.

14 - - - -

6-1

1 Q In your testimony you talk about a technical
2 reference document that was to be developed, that's part
3 of this whole access engineering problem.

4 What is the relationship of the technical
5 reference document to the manual? I --

6 MR. REIS: (Interrupting) Mr. Chairman --

7 MR. SINKIN: I believe, actually, that that may
8 have been --

9 MR. REIS: (Interrupting) That was asked
10 and answered.

11 MR. SINKIN: -- testified to yesterday, that
12 it replaced the manual.

13 BY MR. SINKIN:

14 Q And it was Mr. Blakely's responsibility to
15 develop that technical reference document, is that
16 correct?

17 BY WITNESS BLAU:

18 A As far as I know, Mr. Blakely had the total --
19 the coordination responsibility for the development of the
20 manuals in Brown & Root -- excuse me, of the TRD.

21 Q The TRD?

22 BY WITNESS BLAU:

23 A Yes.

24 MR. SINKIN: Okay. I have a document that I'd
25 like marked as CCANP Exhibit 60.

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I move into evidence CCANP Exhibit 59, please.

MR. HUDSON: Your Honor, we have no objection, although this is one of those documents whose materiality, I guess, is questionable.

The fact that there was this misunderstanding by HL&P's QA organization is well documented in our testimony and through the testimony today of the witnesses. All this document does is substantiate that, but like I said, we will not object to this document.

MR. REIS. We don't object, either.

JUDGE BECHHOEFER: Well, the document will be admitted into evidence.

(CCANP Exhibit No. 59 was received in evidence.)

MR. SINKIN: Thank you.

The one I'm now distributing, I ask be marked as CCANP Exhibit 60.

(CCANP Exhibit No. 60 was marked for identification.)

BY MR. SINKIN:

Q This document is a Houston Lighting & Power office memorandum dated September 12th, 1980, from Mr. Herring to Mr. Romeo, and it deals with Audit Report BR-25, and specifically with three deficiencies noted in that audit report.

1 Mr. Overstreet, I believe you are copied with
2 this, and I believe -- go ahead and review it.

3 BY WITNESS OVERSTREET:

4 A. Yes.

5 Q. In this document there are three deficiencies
6 noted. I believe yesterday those were the three that you
7 were alluding to when you were asked about BR-25.

8 And Attachment 1 to this document is a list
9 of contacts between HL&P and Brown & Root related to BR-25
10 and the deficiencies found therein.

11 To the best of your knowledge, is that list
12 fairly accurate, or accurate?

13 BY WITNESS OVERSTREET:

14 A. To the best of my knowledge.

15 Q. Now, the matter, particularly Audit Deficiency
16 No. 2, is one of those matters that eventually emerged in
17 ST-5 as an NCR, that is the updating of the manual, and
18 that was one of the matters which was the basis for your
19 support for a proposed stop work order, is that correct?

20 BY WITNESS OVERSTREET:

21 A. Not necessarily just the updating of the manual
22 but the time that it was taking to get the action
23 accomplished.

24 Q. But all I'm asking, the updating of the manual
25 was one of the items you were concerned about when you

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1 suggested that the stop work order -- when you supported
2 the idea of a stop work order being drafted?

3 BY WITNESS OVERSTREET:

4 A No, sir. It was the development and approval
5 of the technical reference document, which would have
6 superseded the manual.

7 Q That would have cured the problem of not
8 updating?

9 BY WITNESS OVERSTREET:

10 A That's correct.

11 Q And you were concerned that it was taking so
12 long for this process to come to conclusion?

13 BY WITNESS OVERSTREET:

14 A Yes, sir.

15 Q And perceived a stop work order as one method
16 of bringing it to a rapid conclusion?

17 BY WITNESS OVERSTREET:

18 A It has a way of getting people's attention, yes.

19 Q Yes.

20 MR. SINKIN: I would move CCANP Exhibit 60
21 into evidence, Your Honor.

22 MR. HUDSON: Again, Your Honor, we won't object,
23 but question the materiality of the document. All it does
24 is trace the history of various efforts to try and resolve
25 this ADR, which our testimony very clearly sets forth was

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1 an open ADR from July of '79 to July of '81. Again, no
2 objection.

3 MR. REIS: The Staff has no objection.

4 JUDGE BECHHOEFER: The document will be
5 admitted as CCANP Exhibit 60.

6 (CCANP Exhibit No. 60 was
7 received in evidence.)

8 MR. SINKIN: Next is a document that I will
9 ask be marked as CCANP Exhibit 61.

10 (CCANP Exhibit No. 61 was
11 marked for identification.)

12 MR. SINKIN: This document is a Houston
13 Lighting & Power Company office memorandum dated June 11th,
14 1981, from Mr. Overstreet to Mr. Blau, and the subject is a
15 nonconformance report, NCR ST-5A, and attached to the
16 memorandum is NCR ST-5A.

17 BY MR. SINKIN:

18 Q Do you recognize this document, Mr. Overstreet?

19 BY WITNESS OVERSTREET:

20 A Yes, sir.

21 Q In the I&E Report 81-28, the document list at
22 the back, Document No. 2 is an HL&P Office Memo No. 9 --
23 No. Q-9000, dated June 11th, 1981.

24 The office memorandum marked CCANP Exhibit 61
25 has the generic number Q-9000, and the date of June 11th,

6-6 1 1981, and is an HL&P office memorandum.

2 Is it, to the best of your understanding,
3 Document 2 as referred to in the NRC's I&E report?

4 BY WITNESS OVERSTREET:

5 A. To the best of my understanding, it is, yes,
6 sir.

7 Q. Then you are familiar with this document, at
8 the time it was issued?

9 BY WITNESS OVERSTREET:

10 A. Yes, sir.

11 MR. SINKIN: I would move CCANP Exhibit 61 into
12 evidence.

13 MR. HUDSON: No objection.

14 MR. REIS: No objection.

15 JUDGE BECHHOEFER: The exhibit will be admitted.

16 (CCANP Exhibit No. 61 was
17 received in evidence.)

18 MR. SINKIN: The next document I will ask be
19 marked as CCANP Exhibit 62 .

20 (CCANP Exhibit No. 62 was
21 marked for identification.)

22 MR. SINKIN: This document is a Houston
23 Lighting & Power office memorandum dated August 31st,
24 1981, from Mr. Blau to Mr. Briskin. The subject matter
25 is ST-5/5A.

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1 BY MR. SINKIN:

2 Q First of all, Mr. Blau, if you would review
3 that document I would appreciate it.

4 BY WITNESS BLAU:

5 A I am familiar with the contents of the
6 memorandum except for the notes.

7 Q The handwritten notes are not yours?

8 BY WITNESS BLAU:

9 A No, sir.

10 Q Have you any idea who wrote them, or does any
11 other member of the panel have any idea who wrote them?

12 BY WITNESS FRAZAR:

13 A I think those are notes of Mr. Viaclovsky. I
14 seem to recognize his handwriting.

15 Q Well, I note that one of the -- well, the
16 general tone of these handwritten notes is still a seeming
17 disagreement, or at least a sense of discomfort with
18 whether it has actually all been resolved.

19 Was Mr. Viaclovsky satisfied in August of 1981
20 that indeed Brown & Root had an implementing procedure and
21 all along had had one, and it was just a misunderstanding?

22 BY WITNESS FRAZAR:

23 A I don't know.

24 Q Mr. Overstreet?

25 / / /

1 BY WITNESS OVERSTREET:

2 A To the best of my understanding, he was.

3 Q He was satisfied?

4 BY WITNESS OVERSTREET:

5 A To the best of my understanding. I haven't
6 heard anything different from that from him.

7 Q Well, Mr. Viaclovsky is not with HL&P anymore,
8 is that correct?

9 BY WITNESS OVERSTREET:

10 A No, sir.

11 BY WITNESS FRAZAR:

12 A That is correct. He is not with HL&P anymore.

13 (Pause.)

14 WITNESS FRAZAR: Excuse me. Mr. Chairman,
15 the witness is going to need to take a break here shortly.

16 MR. SINKIN: Just one second. I think I can
17 wrap up this document.

18 BY MR. SINKIN:

19 Q Mr. Blau, were you involved, then, in the same
20 kind of process that Mr. Overstreet says that he went through
21 of actual going to the ISI manual, looking at it in depth, looking
22 at the Brown & Root 015, and concluding that indeed there
23 had been a misunderstanding and there was an implementing
24 procedure there?

25 / / /

1 BY WITNESS BLAU:

2 A In preparation for my signing this memorandum,
3 I went through a review of the requirements of the ISI
4 manual and the applicability of the procedures and the
5 relationship of the manual to the procedures with
6 Mr. Hesidence, and satisfied myself that the statements
7 that we made in my memorandum were indeed correct, were
8 accurate.

9 Q There's a comment, a handwritten note on the
10 first page of this that the procedures were in the design
11 manual but were not -- were inadequate to meet Appendix B.

12 Did you lay them side by side, did you
13 evaluate the procedures and read Appendix B and come to the
14 conclusion that the procedures were adequate to meet
15 Appendix B?

16 BY WITNESS BLAU:

17 A I did not physically lay the two documents
18 side by side. The discussions that I had with Mr. Hesidence
19 did include a discussion about the comparison to the
20 Appendix B applicability, because of the reference to
21 access for in-service inspection actually stated in the --
22 in Criterion 3, I believe, of Appendix B.

23 I didn't do a hold-out comparison of the
24 two documents, no, sir.

25 / / /

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1 BY WITNESS FRAZAR:

2 A If you look at Criterion 3 of Appendix B, I
3 think it would be hard to draw a conclusion, comparing
4 Criterion 3 with any detailed implementing procedure
5 as to whether or not the procedure was adequate. In other
6 words, there is no -- there's no acceptance criteria in
7 Criterion 3 of Appendix B that says what an acceptable
8 procedure is or is not. It simply says you have to have
9 design control for access -- for in-service inspection.

10 And then Criterion 5 says you have to have
11 procedures for that, but as far as how you do that, it
12 takes people with a lot of expertise to create the
13 necessary procedures to govern the activities that are
14 going on, and that's the responsibility of the design
15 engineering organization to do that.

16 Q Would Mr. Viaclovsky have the ability to assess
17 whether those procedures could achieve the goal of
18 Criterion 3?

19 BY WITNESS FRAZAR:

20 A I don't know if he would or not. Mr. Viaclovsky
21 did not work in design engineering, did not have
22 responsibility for design engineering, so I would say
23 that Mr. Blau would be the person who would make the
24 final decision as to whether procedures were acceptable
25 or not concerning the control of design.

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1 Q During the time from the date when lack of
2 implementing procedure was first identified as a problem
3 by HL&P and the time that HL&P came to the conclusion that
4 there really was not a problem, just a misunderstanding,
5 did specific problems of access engineering arise? Were
6 there specific instances where the Brown & Root access
7 engineering program was found to be deficient?

8 BY WITNESS FRAZAR:

9 A Not to my knowledge.

10 BY WITNESS BLAU:

11 A Not to my knowledge, no specific deficiencies
12 in the Brown & Root access program were identified.

13 Q Mr. Overstreet?

14 BY WITNESS OVERSTREET:

15 A Not to my knowledge.

16 BY WITNESS BLAU:

17 A In fact, Mr. Sinkin, I think the audit report
18 of ADR -- or the BR-25 audit report had concluded that
19 they had found no programmatic deficiencies in Brown &
20 Root's access program.

21 MR. SINKIN: I move CCANP Exhibit 62 into
22 evidence.

23 MR. HUDSON: No objection.

24 MR. REIS: Mr. Chairman, no objection, but I
25 want it understood, of course, that the handwritten notes

6-12

1 on it are not to be taken as proof of any matter stated
2 therein -- the truth of any matter stated therein, in the
3 handwritten notes. There is no testimony that any of those
4 matters written on there are true.

5 JUDGE BECHHOFFER: I think that qualification
6 certainly is apparent. The witness' comments on those
7 handwritten notes can be considered, but the notes
8 themselves cannot be taken for the truth of the matter
9 stated therein.

10 MR. SINKIN: That was my understanding.

11 JUDGE BECHHOEFER: That CCANP 62 will be
12 admitted.

13 (CCANP Exhibit No. 62 was
14 received in evidence.)

15 MR. SINKIN: This would be an appropriate time
16 for a break. I would suggest it be a quick one.

17 JUDGE BECHHOEFER: Five minutes.

18 (Short recess.)

19 - - -

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1 JUDGE BECHHOEFER: Mr. Sinkin, again you may
2 resume.

3 MR. SINKIN: Thank you, Mr. Chairman.

4 BY MR. SINKIN:

5 Q Mr. Blau, can you just tell me how -- when
6 the transfer from a manual to a TRD began?

7 BY WITNESS BLAU:

8 A The transfer -- I'm not sure that I can talk
9 about a time frame as far as -- Are you asking relative
10 to the development of the TRD?

11 Q Yes --

12 BY WITNESS BLAU:

13 A The transfer actually took place when the TRD
14 was signed off --

15 Q I see.

16 BY WITNESS BLAU:

17 A -- and approved and entered into the Brown &
18 Root system.

19 Q I understand.

20 When did Brown & Root begin to develop the
21 TRD is really the question?

22 BY WITNESS BLAU:

23 A As we've provided in our testimony, the --
24 Brown & Root in one of their first responses to ADR-BR-25
25 had committed to provide a TRD as early as -- well, the

7-2

1 commitment was made in late '79, I think, around
2 September.

3 MR. SINKIN: There's one more document that
4 I will probably be introducing on this topic, but it's
5 being copied. So let me move on to Allegation No. 2
6 and distribute -- What I'd really like to do is have
7 this marked 64 and leave 63 blank. And when that one
8 comes in, mark it 63 because it deals with the previous
9 allegation.

10 JUDGE BECHHOEFER: That's okay.

11 MR. SINKIN: I'd ask that this be marked for
12 identification as CCANP Exhibit 64.

13 (The document referred to was
14 marked for identification as
15 CCANP Exhibit No. 64.)

16 BY MR. SINKIN:

17 Q This document is a Brown & Root letter
18 dated June 30, 1981 from Mr. Vurpillat to Mr. Frazar. It
19 discusses the meeting held on June 11, 1981.

20 Mr. Frazar, this is the -- The meeting on
21 June 11, 1981 is the meeting which you addressed in your
22 testimony regarding Allegation No. 2; is that correct?

23 In your testimony regarding Allegation No. 2,
24 you talk about a meeting on June 11, 1981. This letter
25 addresses that same meeting; is that correct?

1 BY WITNESS FRAZAR:

2 A. Yes.

3 Q. To the best of your knowledge, is this letter
4 what is referred to in I&E 81-28 as Document 3?

5 BY WITNESS FRAZAR:

6 A. To the best of my knowledge it is.

7 Q. In the June 11th meeting, Mr. Frazar, do you
8 recall making the statement that the quality assurance
9 program description and the quality assurance manual were
10 just licensing documents?

11 BY WITNESS FRAZAR:

12 A. If that's intended to be a quote of something
13 I said in the June 11th meeting, I can't say whether that
14 quote is accurate or not.

15 There was a discussion during the meeting
16 about a whole variety of matters pertaining to the quality
17 assurance program description, its use during a particular
18 audit that was then ongoing, and how the auditors could
19 use that document, or not use it as the case may be, for
20 their purposes.

21 Q. Well, I have some notes in front of me of that
22 meeting, and this is in quotes attributed to RAF, which
23 I assume is you.

24 Was there any other RAF in the June 11th meet-
25 ing, to your knowledge?

1 BY WITNESS FRAZAR:

2 A Those are my initials. Without going back
3 and reviewing who was at the meeting ... just quickly
4 referring, I don't think there was any other RAF in the
5 meeting.

6 Q The quote is: "There is no requirement that
7 the program description needs to meet the implementation
8 of a current activity. If the NRC proceeds with that
9 interpretation, I will take them to task for them to show
10 me the requirement that we must meet the commitments made
11 in the PD [the program description]."

12 Do you recall making that statement?

13 BY WITNESS FRAZAR:

14 A I remember discussion along those lines, and
15 I remember that the discussion related to the subject
16 of organization, because the auditors were having some
17 difficulty matching the organization charts shown in
18 the then current revision of the QA program description
19 against the draft Brown & Root QA manual.

20 And I believe we were discussing the subject
21 of organization, and it was in the context of the dis-
22 cussion of organization that I made a comment along the
23 lines that there's no requirement that the QA program
24 description be up to date with the current organization
25 that was active or operative on the project, because in our

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1 QA program description, we made a commitment to -- in
2 response to one of the questions from Mr. Tedesco's
3 letter back in -- I think it was September 24, 1980, we
4 made a commitment to notify the NRC in advance of
5 any substantive changes to the project quality assurance
6 plan that affected the quality assurance program
7 description, with the exception of organization changes
8 which we -- if they are substantive, we would notify
9 them within 30 days after the announcement of those or-
10 ganization changes.

11 Q Is it then your testimony that the only dif-
12 ficulty that HL&P auditors had in matching up the
13 quality assurance program description with what was
14 going on in the field resulted from the differences in
15 the description of the organization?

16 Those were the only differences between the
17 QAPD and the Brown & Root QA manual with the descriptions
18 of the organizational structure?

19 BY WITNESS FRAZAR:

20 A I don't think that's what I said. I think I
21 said that the quote in the notes that you referred to
22 was in the meeting -- in the part of the meeting where we
23 were talking about organization and whether or not the
24 organization at any point in time would exactly match the
25 QA program description.

7-6
1 Q The actual quote says "the implementation of
2 the current activity."

3 Well, was there a similar commitment in the
4 Brown & Root quality assurance manual to notify the NRC
5 of changes similar to the one in the HL&P manual?

6 BY WITNESS FRAZAR:

7 A Brown & Root was our contractor at the time,
8 and I believe in their documents -- and I can't exactly
9 state whether it was in the manual or in the procedures,
10 or it may even be in a section of the QA program
11 description -- it's a pretty thick document -- Brown &
12 Root would notify us as the licensee of any proposed sub-
13 stantive changes.

14 We would be responsible for notifying the
15 NRC of those changes.

16 Q And were there substantive differences between
17 the QAPD and the Brown & Root QA manual?

18 BY WITNESS FRAZAR:

19 A At what time?

20 Q At the time of this audit.

21 MR. AXELRAD: Could we have the question re-
22 peated, Your Honor?

23 BY MR. SINKIN:

24 Q Were there substantive differences between
25 the QAPD and the Brown & Root QA manual at the time of this

1 audit?

2 BY WITNESS FRAZAR:

3 A. I think the audit concluded that -- in fact,
4 I believe the audit report will verify that concerning the
5 commitments that we had made, which was the reason that I
6 had requested the audit to be performed in the first
7 place, that there was no difficulty in terms of the
8 commitments that have been made, that they were all found
9 to be implemented, those that were audited.

10 I can't say for sure whether there were sub-
11 stantive differences because in this meeting -- if you're
12 talking about at the time of the meeting, no -- if there
13 were substantive differences, I would say no. I did not
14 know if there were any substantive differences. We were
15 in the middle of the audit process.

16 Q. You were in the middle of the audit process?

17 BY WITNESS FRAZAR:

18 A. Yes.

19 Q. And was the purpose of the meeting to address
20 that audit process ongoing and problems that were arising
21 because of the use of the QAPD?

22 BY WITNESS FRAZAR:

23 A. The purpose of the meeting was to clarify for
24 the auditors the relationship between the documents they
25 were using -- or how to use the documents that they were

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using and their relationship to the Brown & Root QA manual and the procedures that were then in existence and approved.

Q What made it apparent that there was a need for clarification?

BY WITNESS FRAZAR:

A I beg your pardon.

Q Why was there a need for clarification? Why was the meeting called?

MR. HUDSON: Objection. It's asked and answered in the direct testimony, Your Honor.

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1 JUDGE BECHHOEFER: We will sustain that.

2 MR. HUDSON: Question 21, Answer 21, on Page
3 10.

4 BY MR. SINKIN:

5 Q Your testimony in Answer 21 then is that it
6 was because B&R management objected to the use of the QAPD
7 and the QA manual that this meeting on June 11th was
8 convened?

9 MR. HUDSON: I think the answer stands as it
10 is. Your characterization is a little bit different than
11 the actual answer.

12 You say they objected to it.

13 BY MR. SINKIN:

14 Q It was causing -- You say it was causing
15 confusion. They were having a difficulty in using it.

16 BY WITNESS FRAZAR:

17 A Yes.

18 Q So they requested the meeting for clarifica-
19 tion on how it should be used?

20 BY WITNESS FRAZAR:

21 A Exactly.

22 Q And at that meeting your position was that
23 for day-to-day construction-related activities, a Brown &
24 Root QA manual would be the top-tier program manual,
25 not the QAPD or the QA manual?

7-10

1 BY WITNESS FRAZAR:

2 A. I didn't understand that question.

3 Q. The problem arises, and you addressed
4 that problem in a meeting.

5 Referring again -- I believe you have a copy
6 of these notes that had the first quote that I read you.
7 In these same notes --

8 MR. HUDSON: Your Honor, if we're going --

9 MR. SINKIN: Perhaps I'll distribute the
10 notes so everyone can look at them. They don't have any
11 identification marks, but they were provided by the
12 Applicants as notes of the June 11th meeting.

13 MR. HUDSON: They're identified in our
14 answers to interrogatories. I believe the ones you're
15 passing out are the ones of Mr. Paul W. Ratter.

16 Do you wish to have this marked as an
17 exhibit?

18 MR. SINKIN: We might as well mark it as
19 CCANP Exhibit No. 65.

20 (The document referred to
21 was marked for identification
22 as CCANP Exhibit No. 65.)

23 BY MR. SINKIN:

24 Q. About the fourth line, Mr. Ratter's notes
25 say that this "B&R QA Manual, top tier program manual."

7-11

1 And then it has initials in parenthesis RGU or RGV. Is
2 that Mr. Ulrey?

3 BY WITNESS FRAZAR:

4 A. No.

5 Q. Who is that?

6 BY WITNESS FRAZAR:

7 A. I believe that is Mr. Vurpillat.

8 Q. Mr. Vurpillat.

9 Did you agree with Mr. -- Well, was that
10 Mr. Vurpillat's position in this meeting, that the Brown &
11 Root quality assurance manual should be the top-tier
12 document for the inspection of day-to-day construction-
13 related activities?

14 BY WITNESS FRAZAR:

15 A. Mr. Vurpillat's position in the meeting was
16 that -- concerning the Brown & Root quality assurance
17 program, that the Brown & Root QA manual was the top-tier
18 document in their system in that it described the policies
19 of Brown & Root, Incorporated, relative to quality
20 assurance.

21 Q. But it was not Mr. Vurpillat's position that
22 HL&P auditors should take that manual as the top-tier
23 document in their audits?

24 BY WITNESS FRAZAR:

25 A. Could you repeat that question?

7-12 1 Q Let me rephrase the question.

2 When HL&P auditors were auditing Brown & Root
3 activities, was it Mr. Vurpillat's position that they
4 should treat the Brown & Root QA manual as their top-tier
5 document for that audit?

6 BY WITNESS FRAZAR:

7 A Mr. Vurpillat's position was that for the pur-
8 poses of this particular audit, that the Brown & Root QA
9 manual should be used as the top-tier document when audit-
10 ing the Brown & Root organization to determine if the
11 procedures were being implemented properly at the field
12 level.

13 MR. SINKIN: I don't believe I moved CCANP
14 Exhibit 64 into evidence. And if not, I'd like to do
15 that at this time.

16 JUDGE BECHHOEFER: Any objection?

17 MR. HUDSON: No objection.

18 MR. REIS: No objection.

19 JUDGE BECHHOEFER: CCANP Exhibit No. 64 will
20 be admitted.

21 (The document heretofore marked
22 for identification as CCANP Ex-
23 hibit No. 64 was received in
24 evidence.)
25 /

1 BY MR. SINKIN:

2 Q In this CCANP Exhibit 64, Mr. Vurpillat sets
3 forth what he says was an understanding that was reached
4 at the June 11th meeting.

5 And he sets out various things -- three, to be
6 exact -- that were part of that understanding. Do you
7 have any significant disagreements with what Mr. Vurpillat
8 said were the understandings reached at the June 11th
9 meeting?

10 BY WITNESS FRAZAR:

11 A I believe that's asked and answered in
12 Question 25 and Answer 25 of my direct testimony. Page 12.

13 Q So the disagreement that you had, based on
14 Answer 25, was that -- while the letter doesn't say so,
15 the letter could be interpreted to mean that differences
16 between the HL&P QAPD and QA manual and the Brown & Root
17 QA manual would not be documented with an NCR when, in
18 fact, they should be?

19 Is that essentially -- Or an ADR. Is that
20 essentially the difference?

21 BY WITNESS FRAZAR:

22 A That's essentially the problem that I saw when
23 I read the letter, is that it's not specific in terms
24 of the fact that the quality assurance program description
25 is a commitment document. It bears policy information

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1 inside which we must implement and must meet. I think
2 that's discussed in my reply to Mr. Vurpillat's letter in
3 some amount of detail.

4 And I think that if his letter had been
5 read by different people, I foresaw that there was a pos-
6 sibility that people might say that the QA program
7 description is not an important document. And that's
8 certainly not the case. It's an extremely important
9 document in that it forms the basis for the QA program that
10 is to be implemented.

11 And the way that's done is the QA program
12 description represents the commitments. And then we
13 take those commitments and develop the necessary manuals
14 and plans and procedures to implement the program.

15 We must correctly carry forth those commitments
16 into those manuals, plans and procedures. There is also,
17 though -- and this is one of the unique things about
18 documents that are used to communicate our intent to the
19 NRC licensing staff in what they call the Office of
20 Nuclear Reactor Regulation -- is that in this case we
21 put language in there that gives it an idea of generally
22 how we plan to proceed to implement those policy commit-
23 ments.

24 And in that sense the QA program description
25 becomes somewhat procedural in certain parts. It's not

1 intended, though, that we'll take that procedural language
2 and simply xerox it and hand it out to people in the
3 various organizations to do their daily jobs.

4 We must use our intelligence to put more
5 definition to the types of instructions and procedures
6 that are necessary for people at all levels of the
7 organization to carry out those commitments.

8 So I could foresee a time when the QA program
9 description language that is procedural in nature, in that
10 it generally describes how we do things, might appear to be
11 at variance with some of the procedures that we in fact
12 have in place in various parts of our organization.

13 Q Well, at the time of this audit, wasn't one of
14 the problems that the Brown & Root procedures were
15 rapidly changing, in a state of constant flux, and that
16 HL&P had a problem in auditing them because of that?

17 BY WITNESS FRAZAR:

18 A I think the audit concluded that that was one
19 of the problems that needed to be identified, that we had
20 not achieved a level of stability with the procedure that
21 we had on the job site, and they felt that we should
22 examine that particular area and attempt to complete the
23 procedure revision processes that were ongoing and get
24 the procedures in place.

25 Q Well, if you had a Brown & Root procedural

1 situation that was in a great state of flux, and you
2 weren't going to use your own QAPD or QA manual to do the
3 audit, why didn't you scrub the audit until Brown & Root
4 could get its act together; you could see if there were
5 any disconnects between Brown & Root's program and your
6 program, and then have the audit go forward?

7 BY WITNESS FRAZAR:

8 A. Because, Mr. Sinkin, I was a manager responsible
9 for this total program at the job site. And I wanted a
10 reading at that time as to how progress was being made
11 in terms of our implementing the commitments that we had
12 made earlier in the year relative to the QA program
13 description.

14 I requested the audit for that purpose. I
15 intended to get the information and to use that informa-
16 tion in terms of applying the necessary pressures and
17 actions to responsible management, both in Brown & Root
18 and HL&P, to further the development and implementation of
19 our program.

20 Additionally, Mr. Geiger had come on board
21 about this time. And I felt like that due to the fact
22 that there would be a change in command, if you will, in
23 terms of that organization, that it would be valuable
24 to have such an audit so that Mr. Geiger could utilize
25 the information coming from that audit to help prepare

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him for taking over the management responsibilities of
the program.

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1 MR. SINKIN: I would like this next document
2 marked CCANP Exhibit 65 -- I'm sorry, 66.

3 (CCANP Exhibit No. 66 was
4 marked for identification.)

5 JUDGE BECHHOEFER: Are you going to do anything
6 with 65, or was that just for identification purposes?

7 MR. SINKIN: Yes. I would like to move
8 CCANP Exhibit 65 into evidence.

9 MR. HUDSON: Your Honor, we'll object to that.
10 This document represents the personal notes of somebody
11 that was at the June 11th meeting, and that person has not
12 been called as a witness, has not had an opportunity to
13 explain what he meant by any particular part of this note.

14 Mr. Frazar has testified as to a particular
15 paragraph within the body of the notes and whether or not
16 that's something he said, but I don't believe that the
17 document can be admitted for the truth of the matter stated
18 and since it can't be admitted for that, I don't see any
19 reason for it to become part of the evidence in this
20 proceeding.

21 MR. REIS: Mr. Chairman, I generally agree with
22 the Applicants on that, although I recognize that those
23 come from the Applicants' file again as the notes of an
24 individual who we -- it would be a little hard to admit it
25 for the truth of the matter stated therein.

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1 MR. SINKIN: I think the matter is so central,
2 what was said at that meeting and how it was seen and what
3 was done. Perhaps the Applicants would be willing to
4 produce Mr. Rutter to explain what these minutes mean.

5 MR. HUDSON: No, your -- well, the answer to
6 that is we do not intend to produce Mr. Rutter because
7 the contention we're addressing here is whether or not
8 HL&P management personnel are not committed to respecting
9 the mandates of NRC regulations, and the management
10 personnel that this whole contention is focused on is
11 Mr. Frazar, and he's here as a witness to tell you whether
12 or not he respects the mandates of NRC regulations and
13 what happened at that meeting.

14 We see no reason to bring anybody else in as a
15 witness.

16 MR. SINKIN: Well, since witnesses are
17 available on this meeting other than the person who is the
18 central focus, to give a version of the meeting that may
19 perhaps differ from the person who is the central focus of
20 this contention, I would think their testimony would be
21 most useful.

22 MR. HUDSON: Your Honor, these notes were
23 provided on January 8th of this year to the Intervenors,
24 along with the notes of another individual, both individuals
25 were identified. If Mr. Sinkin had seen the need to call

1 either of these individuals as a witness he could have
2 done so. The time has passed for identifying witnesses.

3 Mr. Sinkin was -- CCANP, rather, was
4 represented by counsel at the last session of this hearing,
5 was aware of the mandate that you made at that time that
6 people be notified and all witnesses be identified on this
7 subject, and CCANP identified no witnesses.

8 I think they've had plenty of opportunity to
9 decide if they wanted to call Mr. Rutter or the other
10 individual to get their views, and they simply chose not
11 to do that and rested on their laurels. They cannot now
12 force us to bring forth a witness for them.

13 JUDGE BECHHOEFER: I think that's basically
14 correct, that the document should not be admitted. Of
15 course, for identification purposes it will -- it could
16 follow in the record to clarify what Mr. Frazar's answers
17 were concerning certain of the paragraphs. That, of
18 course, is in the record, but we will....

19 MR. SINKIN: Rather than pursue that anymore,
20 I'd rather just continue with the panel and perhaps I can
21 address that.

22 JUDGE BECHHOEFER: All right. Yes. Our
23 ruling is that we will deny admittance of the document
24 itself.

25 MR. SINKIN: The next document I'd like to

8-4
1 distribute is CCANP Exhibit 66, marked for identification.

2 (CCANP Exhibit No. 66 was
3 marked for identification.)

4 MR. SINKIN: Okay. This is a Houston Lighting &
5 Power office memorandum dated July 24th, 1981, from
6 Mr. Ulrey to Mr. Oprea.

7 BY MR. SINKIN:

8 Q I think the only question I have at the moment
9 is, in reviewing this document is this the document that
10 you assume is referred to in I&E Report 81-28 as
11 Attachment 4?

12 BY WITNESS FRAZAR:

13 A Mr. Sinkin, in this case I can't be sure,
14 because the memorandum itself referenced Document 4,
15 assuming that the numbers indicate that this is the memo.
16 The memo is only two and a half pages long, and you've
17 handed me a sheaf of papers that goes considerably beyond
18 that, including other documents that have other
19 identification numbers on them, so I can't be sure.

20 Q Excuse me, other documents having what kind of
21 identifications?

22 BY WITNESS FRAZAR:

23 A Well, for example, if you look in the fourth
24 page of the package you handed me, I see a ST-HL-BR-6341
25 letter that has Q-5000 document number on it, and has the

1 same date on it, so I don't know which document it is.

2 MR. REIS: Mr. Chairman, in order to move
3 things along here, I have been informed that the document
4 referred to as No. 4 annexed to I&E Report 81-28 is only
5 pages -- possibly Page 14 and certainly Page 15 of this
6 document, of the first, and not any other part of the
7 document.

8 When I say Pages 14 and 15, I'm talking about
9 the document -- Pages 14 and 15 that appear in the
10 document that starts at the fifth page of -- or the sixth
11 page of this package with the number HBR-43 appearing on
12 the first page, and appearing that it's 26 pages long and
13 each page is identified such as Page 14 or 26, Page 15 of
14 26, and it is only Page 15 that we definitely can say is
15 the reference, and possibly Page 14.

16 MR. SINKIN: And not Page 7?

17 MR. REIS: And not Page 7.

18 MR. SINKIN: You're sure of that?

19 MR. REIS: Yes, we're sure of that.

20 JUDGE BECHHOEFER: Mr. Reis, what is the
21 cover page that obviously was referred to as the item,
22 because -- how do we connect up the numbers listed as
23 the item?

24 MR. HUDSON: Your Honor, in light of the
25 limited availability of this panel and the NRC witnesses

8-6
1 being here next, could we defer all of this until the NRC
2 witnesses are on the stand? I mean, only they can really
3 identify what's Attachment 4 to that report.

4 MR. REIS: I think that would be appropriate.

5 MR. AXELRAD: Well, you've identified this
6 document. You can ask questions about it.

7 MR. SINKIN: Right, and deal with it then.

8 MR. AXELRAD: It's identified as Document No. 4.

9 MR. SINKIN: Okay. Fine. I appreciate that.

10 The next document will be marked as CCANP --
11 actually, before I do that:

12 BY MR. SINKIN:

13 Q Looking at CCANP Exhibit 66, Panel, are you
14 familiar with the office memorandum on the front and the
15 attachment?

16 BY WITNESS FRAZAR:

17 A Is that the document we just discussed?

18 Q It's the one just distributed.

19 BY WITNESS FRAZAR:

20 A I'm familiar with it from the standpoint that
21 that is part of the file on this audit that was conducted
22 at my request.

23 Q And the remaining part, the attached part,
24 you're saying, is part of the audit?

25 / / /

8-7

1 BY WITNESS FRAZAR:

2 A It's part of the file.

3 Q Part of the file of the audit done at your
4 request?

5 BY WITNESS FRAZAR:

6 A Right. Yes, that's my answer.

7 MR. SINKIN: The next document I'd like marked
8 as CCANP Exhibit 67.9 (CCANP Exhibit No. 67 was
10 marked for identification.)11 MR. SINKIN: This is a Houston Lighting & Power
12 memorandum from Mr. Frazar to Mr. Vurpillat.

13 BY MR. SINKIN:

14 Q Mr. Frazar, you returned to work on August
15 the 10th, I believe?

16 BY WITNESS FRAZAR:

17 A That's correct.

18 Q And when did you first become aware that NRC
19 investigators were looking into the allegation regarding
20 the QAPD and the QA manual?

21 BY WITNESS FRAZAR:

22 A I think it was around the 19th of August when
23 they came into our offices at the Bay Brook Office Park.24 Q Was it from the NRC investigators that you
25 learned there was a problem, and that you then wrote this

1 letter to try and resolve --

2 BY WITNESS FRAZAR:

3 A. I'm not sure what problem you're referring to.

4 MR. HUDSON: Your Honor, I believe that's been
5 asked and answered. Mr. Frazar testified earlier, as I
6 recall, that upon reading Mr. Vurpillat's letter he had
7 some disagreement with it and he mentioned his response to
8 Mr. Vurpillat, and this is his response to Mr. Vurpillat.
9 I think that answers that question.

10 JUDGE BECHHOEFER: I think that's accurate.

11 BY MR. SINKIN:

12 Q. But you had not seen Mr. Vurpillat's letter
13 until -- well, let me ask you, in relation to when the NRC
14 arrived and the day you read the letter from Mr. Vurpillat,
15 what is the chronology there, the time sequence?

16 BY WITNESS FRAZAR:

17 A. I believe that I saw Mr. Vurpillat's letter
18 within a few days preceding the NRC's arrival at our
19 offices. I can't be specific in terms of exact time or
20 exact number of days, or one day or whatever, but it was
21 within a few days.

22 I might add that after being out for a month
23 on military leave and vacation there's quite a stack of mail
24 to be processed, and I also spent some time at the jobsite
25 during that week I was back to -- I believe I did -- to

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1 determine how things were going on the project; just
2 general getting back up to speed with the status of things
3 after my being away for a month. Plus I was asked by
4 Mr. Oprea to perform a special task assignment that
5 occupied a considerable portion of my time at that
6 particular point that was unrelated to quality assurance.

7 MR. SINKIN: I would move CCANP Exhibit 67
8 into evidence.

9 MR. HUDSON: No objection.

10 JUDGE BECHHOEFER: A point of inquiry first;
11 I'm not sure if you asked this, but is Exhibit 67 -- the
12 panel can answer this, or Mr. Frazar, really -- is that
13 the same as Document 5 listed in Staff Inspection 81-28?

14 WITNESS FRAZAR: I believe it to be that,
15 Judge Bechhoefer.

16 JUDGE BECHHOEFER: Thank you.

17 Any objection?

18 MR. HUDSON: No objection.

19 MR. REIS: No objection.

20 JUDGE BECHHOEFER: CCANP Exhibit 67 will be
21 admitted.

22 (CCANP Exhibit No. 67 was
23 received in evidence.)

24 MR. SINKIN: That will conclude my cross.

25 MR. REIS: You had an Exhibit 63, Mr. Sinkin.

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1 MR. SINKIN: Oh, thank you, Mr. Reis. All I
2 have to do is figure out where.

3 MR. REIS: If you'll tell us what it is,
4 perhaps we can even stipulate its admission into evidence.

5 MR. SINKIN: Well, it was an exhibit that
6 Mr. Gutterman was kind enough to ask be copied, I mean
7 to have copies made.

8 This will be marked as CCANP Exhibit 63.

9 (CCANP Exhibit No. 63 was
10 marked for identification.)

11 MR. SINKIN: Exhibit 63 is an HL&P office
12 memorandum from Mr. Viaclovsky to Mr. Granger, dated
13 January 15th, 1981, and in the body of the memorandum it
14 refers to two attachments.

15 The first attachment is identified as
16 ST-HL-17843. That is not in the distributed copies
17 because it has already been admitted as CCANP Exhibit 59.
18 That was the Viaclovsky to Granger memorandum that quoted
19 DC-015 that we discussed earlier with the panel.

20 BY MR. SINKIN:

21 Q In this office memorandum, Mr. Overstreet,
22 I'd be particularly interested in your reaction, it is
23 communicating to Brown & Root suggestions for what an
24 implementation program should have in it, specifically
25 they were sent to, I believe, Mr. Blakely. Yes, at the

8-11 1 bottom of Page 1 it says, "I have formerly sent Mr. Blakely
2 a copy of Attachment 2, after he informed us of his plans
3 to develop some implementing procedures and incorporate
4 them into the new TRD."

5 I'd like you to review Attachment 2, which is
6 a three-page document that has a number of specific
7 implementing procedures for in-service inspection
8 considerations.

9 MR. HUDSON: Your Honor, I'd like to question
10 the relevance of this inquiry. The contentions that we're
11 addressing here are whether or not prompt corrective action
12 of a particular problem occurred and whether or not we have
13 a consistent policy on the issue of stop work orders, and I
14 don't see how the substance of some suggested implementing
15 procedures are going to further our inquiry about whether
16 or not corrective action was prompt or not, or whether or
17 not we have a consistent policy on stop work orders. It
18 may be a very enlightening intellectual discussion, but I
19 don't think it's going to further the record on these two
20 contentions.

21 MR. SINKIN: Well, the Applicants are the ones
22 that offered testimony that the implementation procedure
23 debate was a misunderstanding from beginning to end, and
24 we've had extensive testimony from the panel about the
25 implementing procedures, and what I'm doing here is laying

8-12

1 a foundation, I think, that -- of what an implementing
2 procedure should be, and I have two, three questions
3 based on this that I'd like the panel to answer.

4 MR. HUDSON: Again, he hasn't tied that back to
5 prompt corrective action of any deficiency or a consistent
6 policy on stop work orders, and those are what the
7 contentions are about.

8 MR. SINKIN: But I'm also cross-examining on
9 the prepared testimony presented by the Applicants, and
10 in that prepared testimony there's an extensive discussion
11 about how implementation was a problem perceived by HL&P
12 that was in fact not a problem at all.

13 MR. HUDSON: That's a mischaracterization of
14 the testimony. The testimony is not that implementation
15 was the problem. The problem perceived by HL&P, as the
16 testimony sets out, was that Mr. Blakely was performing
17 either design or design verification and that turned out
18 not to be true. That was the problem.

19 I don't think this addresses the misunder --
20 HL&P's misunderstanding of Mr. Blakely's function within
21 the Brown & Root organization.

22 JUDGE BECHHOEFER: I think we will sustain
23 the objection. We will sustain the objection.

24 MR. SINKIN: I have no further questions of
25 the panel.

8-13

1 JUDGE BECHHOEFER: Do you intend -- are you
2 offering CCANP's 63?

3 The fact that we sustained the objection
4 does not necessarily mean that the document itself is
5 inadmissible, because it does tend to show the procedural
6 development of the -- and explain why perhaps it took a
7 little more time, so I can't say that this is irrelevant
8 to that, although I would want -- if you're offering it
9 I'd want to hear the comments of the parties on that.

10 MR. SINKIN: Well, I did intend to offer it
11 into evidence, yes. I misunderstood the objection and the
12 ruling. I would very much like to offer CCANP Exhibit 63
13 into evidence.

14 JUDGE BECHHOEFER: Are there objections to that?

15 MR. HUDSON: Well, I think --

16 JUDGE BECHHOEFER: (Interrupting) With the
17 understanding that we would accept the attachment listed
18 not for the validity of any of the procedures, but as a
19 part of the process for developing a response only.

20 MR. HUDSON: Yes. Your Honor, we have no
21 objection to it coming in for that limited purpose.

22 MR. REIS: We have no objection for it coming
23 in for that purpose.

24 JUDGE BECHHOEFER: The Board will accept the
25 document into evidence for the limited purpose described.

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1 (CCANP Exhibit No. 63 was
2 received in evidence.)

3 MR. SINKIN: That concludes my cross.

4 JUDGE BECHHOEFER: All right.

5 Ms. Buchorn, I take it that you will not
6 have additional cross.

7 MS. BUCHORN: No.

8 JUDGE BECHHOEFER: Based on the additional
9 testimony this morning, does the Staff have questions?

10 MR. REIS: Yes, we do.

11 CROSS-EXAMINATION

12 BY MR. REIS:

13 Q Mr. Overstreet, did you satisfy yourself, did
14 you go further and satisfy yourself that the persons who
15 were doing the design in matters that involved access were
16 not also verifying it?

17 BY WITNESS OVERSTREET:

18 A Are you stating, sir, the fact that if the
19 person who initiated the design came back and did the
20 design verification himself?

21 Q Yes. Did HL&P satisfy themselves in any
22 audit?

23 BY WITNESS OVERSTREET:

24 A I think that was done through the audit
25 process, yes, sir.

8-15

1 Q And that has been done?

2 BY WITNESS OVERSTREET:

3 A Yes, sir. To the best of my knowledge, it has.

4 Q Mr. Frazar, going to Question 24, and it talks
5 about Mr. Ulrey assigned another HL&P QA employee the
6 specific job of reviewing the B&R procedures to insure
7 that they addressed the requirements of the QAPD and the
8 QA manual.

9 Has that audit been performed? Was that audit
10 performed?

11 BY WITNESS FRAZAR:

12 A That was not done by an audit, Mr. Reis.
13 That was done by a review of the procedures. In other
14 words, a review of the manual, the Brown & Root manual
15 against the quality assurance program description. That
16 task was completed and the information was furnished to
17 the project QA organization by the individual that Mr. Ulrey
18 assigned.

19 Q Did the project QA organization -- did anyone
20 verify the work that Mr. Ulrey's organization had done in
21 that regard?

22 BY WITNESS FRAZAR:

23 A We accepted a matrix that was produced by this
24 gentleman in Mr. Ulrey's organization, and we began to do
25 the next step, which is to review the procedures against

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1 the quality assurance program description. You really
2 have to review both because there's both types of language
3 in the quality assurance program description, both the
4 policy which would go in the manual and then procedural
5 which would, of course, go in the procedures.

6 We began the next step, which was to review
7 the procedures against the quality assurance program
8 description to see that they were consistent.

9 Q Going to -- now, it also says, after discussing
10 in Answer 24, after discussing the events of the previous
11 day Mr. Ulrey instructed the auditors to complete the
12 field audit, using the implementing procedures as the
13 basis for audits and not to audit for conflicts between
14 procedures and the upper-tier documents.

15 Was the field audit there talked about
16 completed?

17 BY WITNESS FRAZAR:

18 A Yes, sir, it was. That was HBR-43, which has
19 been discussed in this proceeding within the last two days.

20 Q And what date was that completed on,
21 approximately, or what month was that completed in?

22 BY WITNESS FRAZAR:

23 A It was completed approximately in the early
24 part of July 1981.

25 Q In your audits of access and access control,

8-17

1 Mr. Frazar, this question is to you, do the criterion in
2 Appendix 8, Part 50, play any part?

3 BY WITNESS FRAZAR:

4 A. I seem to remember, and I'm trying to stretch
5 my memory at this point, but I seem to remember that
6 Appendix A -- no, I'm sorry, I'm confused on that. I was
7 thinking of 10 CFR Part 50.55a, which is a section that
8 deals with Code applicability.

9 I would have to go back and refer to
10 Appendix A to be able to answer your question. I don't
11 know.

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1 BY MR. REIS:

2 Q You don't know how you factor in the require-
3 ments of Appendix A in seeing whether the QA programs
4 meet the requirements of the Commission?

5 BY WITNESS FRAZAR:

6 A Mr. Reis, if you could show me Appendix A, I
7 might be able to tell you the answer to your question.

8 MR. REIS: If somebody has the regular book
9 here, he may be more familiar with that.

10 WITNESS FRAZAR: Okay. From this I see
11 that Appendix A is just general design criteria for
12 nuclear power plants.

13 Quality assurance, as I have understood it,
14 deals with the quality assurance program requirements,
15 which are under Appendix B.

16 Portions of Appendix B to 10 CFR 50 require
17 organizations who are performing design to set up pro-
18 cedures to control those design activities and to control the
19 design verification process relating to the design.

20 The quality assurance program provides for
21 audits of the engineering organization to see that they
22 are following the procedures that they have set up and
23 approved for that purpose of controlling design and design
24 verification.

25 So it's through the mechanism of auditing

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1 criterion 3 of Appendix B and criterion 5, the other
2 related criteria of Appendix B that we -- that the quality
3 assurance organization gets into the business of looking
4 at the design activities.

5 Q But part of what you do under Appendix B
6 then -- is what you're telling me that part of what you
7 do under Appendix B does not include checking whether
8 the criteria set out in Appendix A are actually included
9 in design?

10 BY WITNESS FRAZAR:

11 A That's correct. That's a design responsibility
12 of the engineering organization to take the criteria --
13 or the general design criteria of Appendix A, produce
14 the safety analysis report from a technical standpoint
15 and to then use those design criteria in the design of
16 the plant.

17 The quality assurance auditing process audits
18 the design organization according to their procedures
19 that they've set up to do that.

20 We could, I guess, in a given situation --
21 I don't know that we haven't and I don't know that we
22 have -- I guess we could take Appendix A and use it as
23 an audit checklist to see if there are, in fact, pro-
24 cedures in existence that address each and every one of
25 those criteria in Appendix A.

1 I haven't -- I don't have personal knowl-
2 edge that that has or has not been done.

3 Q Do you know whether there is any place in the
4 HL&P organization that performs a check that the criterion
5 are followed?

6 MR. HUDSON: Your Honor, we're going to have
7 to object to this line of questioning. We let Mr. Reis
8 pursue it for quite a while. It seems to me we've gone
9 far afield of the contentions here and the testimony, and
10 we're getting into the -- you know -- Appendix A, which is
11 the appendix that's addressed, as I understand it, to the
12 designers of the plant, not the QA organization.

13 MR. REIS: Except to the sense that any quality
14 design of the plant would have to, of course, account for
15 the criterion in Appendix A.

16 MR. HUDSON: What does that have to do with
17 these contentions?

18 MR. REIS: We are getting a little afield.

19 (Laughter.)

20 MR. REIS: I'll drop it.

21 JUDGE BECHHOEFER: I will sustain that.

22 BY MR. REIS:

23 Q You used the term "licensing document." Can
24 you give me a definition of what you meant by that,
25 Mr. Frazar?

1 BY WITNESS FRAZAR:

2 A I think I can give you my definition. A
3 licensing document would be a document that would be pre-
4 pared by the licensee, which would be submitted to the
5 Office of Nuclear Reactor Regulation for their use in re-
6 view and decisionmaking concerning the acceptability of
7 our proposal relative to design, quality assurance, con-
8 struction methods, operation and so forth.

9 Q Do the substantive representations made in
10 such a document have to be met by the licensee?

11 BY WITNESS FRAZAR:

12 A Either met or changed, but with the official
13 approval of the NRC.

14 Q Do these licensing documents include the
15 program description that you mentioned before?

16 BY WITNESS FRAZAR:

17 A Yes, sir. I think I testified to that earlier
18 today.

19 Q And do they include the quality assurance
20 manual?

21 BY WITNESS FRAZAR:

22 A I don't believe that the quality assurance
23 manual has been submitted as an official docketed licens-
24 ing document with the Office of Nuclear Reactor Regula-
25 tion.

9-5

1 I know the Commission has copies of it, and
2 we keep them informed of the changes to those documents,
3 including the project quality assurance plan.

4 But I wouldn't term that as a licensing docu-
5 ment, per se.

6 Q How about the FSAR? Is that a licensing
7 document?

8 BY WITNESS FRAZAR:

9 A Absolutely.

10 Q When you -- Going to CCANP Exhibit 64,
11 which is a letter from Mr. Vurpillat that was testified
12 to before -- a letter of August 24, 1981 -- I'm sorry.

13 BY WITNESS FRAZAR:

14 A June 30, 1981?

15 Q June 30, 1981.

16 Was the first time you saw that letter when
17 Mr. Herr showed it to you in your office?

18 BY WITNESS FRAZAR:

19 A I don't think so. I think I testified earlier
20 that I believe I saw that within the few days preceding
21 Mr. Herr's arrival in our office, as I was sifting through
22 my mail to get back up to speed with what was going
23 on.

24 MR. REIS: That's all I have.

25 /

BOARD EXAMINATION

1
2 BY JUDGE HILL:

3 Q Mr. Frazar and the other two members, if
4 they are knowledgeable of this, on the 81-28, which is
5 Staff Exhibit 124 on the inspection report -- it's on
6 Page 3 under "Background," it states, "On June 22, 1981
7 Individual A telephonically notified the reporting
8 investigator."

9 Do you know who Individual A is?

10 BY WITNESS FRAZAR:

11 A No, sir.

12 BY WITNESS BLAU:

13 A No, sir.

14 BY WITNESS OVERSTREET:

15 A No, sir.

16 Q Did you attempt to find out who Individual A
17 was?

18 BY WITNESS FRAZAR:

19 A Mr. Herr, during the course of the investiga-
20 tion, asked if we had an employee named Joe Duncan, or
21 something to that effect, or if we would check. I
22 believe we checked and could not identify any such em-
23 ployee, either in current or previous employment records.

24 At that time I don't believe Mr. Herr identi-
25 fied any relationship between that name that he asked us to

9-7

1 search out and the particular investigation that he was
2 going on.

3 It was not until we received the report later
4 that we learned that this information about Mr. Joe
5 Duncan -- whoever that was -- was in fact the alleged
6 who had telephonically notified the NRC.

7 Q Let me be sure I understand what you're
8 saying. You're saying now your understanding is that
9 Individual A was Mr. Duncan; is that correct?

10 BY WITNESS FRAZAR:

11 A I'm just taking at face value what the Com-
12 mission stated in the report here, is that they had a
13 name Joe Duncan.

14 They asked us during the investigation if we
15 had such an employee or had such an employee. We checked
16 that out and said no, we couldn't find any such record of
17 any such employee.

18 But even still today, we don't know who
19 Individual A is.

20 Q And you don't know who made the four allega-
21 tions?

22 BY WITNESS FRAZAR:

23 A No, sir.

24 Q So you don't know either Individual A or Mr.
25 Duncan?

9-8

1 BY WITNESS FRAZAR:

2 A. That's correct.

3 JUDGE HILL: That's all I have.

4 BOARD EXAMINATION

5 BY JUDGE BECHHOEFER:

6 Q I only have one question. CCANP Exhibit 59,
7 the discussion of that, there was some discussion of
8 whether implementing procedures, which are referred to
9 here, could incorporate other material by reference, or
10 whether they have to be self-contained.

11 Perhaps -- I'd like just a little more
12 elaboration on that. Would an implementing procedure
13 be normally self-contained, or could it incorporate
14 other material?

15 Now, I realize this was just a full reference
16 to the whole manual. Would an implementing procedure
17 generally not incorporate anything by reference, or
18 would there be --

19 BY WITNESS FRAZAR:

20 A. No, sir. As a matter of fact, my experience
21 with the hundreds of procedures that I have seen is that
22 it is a general rule that they do incorporate other
23 material by reference.

24 There are so many industry codes and standards
25 that are so voluminous that if you wrote implementing

9-9

1 procedures that were self-contained, you wouldn't be able
2 to carry them around.

3 Q I see. So that the problem here was more
4 with the broadness of the material that was incorporated
5 than with the generality?

6 BY WITNESS FRAZAR:

7 A I didn't see any particular problem, Judge
8 Bechhoefer. It's just normal practice that if you have
9 documents that are produced for a special purpose, that
10 if there are other procedures that need to tie to that,
11 you do it by reference.

12 Q Right. But I mean your problem -- or the
13 problem pointed out in this memo at least seems to be
14 that the reference to the entire manual was a little
15 broad.

16 BY WITNESS FRAZAR:

17 A Well, when we develop implementing pro-
18 cedures, normally we'll draw a flow chart of the activities
19 that have to be accomplished.

20 And then with the flow chart, we divide up the
21 activities in terms of discrete procedures. And where
22 there are lines that cross the boundaries between one
23 activity and another activity, that infers that you have
24 to put a reference to tie the two procedures together, or
25 to tie the two manuals together, so that you have a

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1 contiguous system for controlling the particular activity.

2 In this case that's exactly what was happening.
3 Brown & Root had a whole system for controlling design
4 and lots of different procedures controlling different
5 facets of the design activity.

6 And this manual was like any other code or
7 standard, it was something that was here for reference
8 purposes and was incorporated by reference.

9 Q I see.

10 JUDGE BECHHOEFER: That's all the Board
11 has.

12 Do you have redirect?

13 MR. HUDSON: We just have one matter to go
14 into on redirect.

15 REDIRECT EXAMINATION

16 BY MR. HUDSON:

17 Q There was some earlier discussion this morning
18 about the -- I think it was Mr. Blau's testimony, but
19 I'm not sure of that -- about changes in codes or
20 standards.

21 And I believe the statement may have been
22 made that the ASME code had not changed. And that led to
23 some confusion.

24 It's my understanding, is it not, that
25 addenda to the code are published every six months or

1 so; isn't that correct?

2 BY WITNESS BLAU:

3 A. That is correct.

4 Q. What did you mean by your statement then that
5 the code had not changed?

6 BY WITNESS BLAU:

7 A. I don't think I made the statement, but I'd
8 be glad to offer some clarification.

9 The code does indeed change -- Section 11 --
10 approximately every six months by virtue of addenda that
11 are issued to any -- any addition.

12 A case in point, the recognized code
13 and the code committed to in the FSAR was the 1974
14 Edition with addenda through the Summer of 1975, plus
15 Appendix 3, I believe, of the Winter '75 Edition Addenda.

16 The fact is that subsequent editions, up until,
17 I believe, the 1977 edition were not approved by the
18 NRC by reference in, I believe, 10 CFR 50.55(a).

19 So, therefore, even though the code changed,
20 not all the editions and addenda to the code are neces-
21 sarily approved for use by the NRC.

22 Q. Well, once the South Texas Project has
23 committed to a code, do subsequent editions affect that
24 commitment -- subsequent addenda of the code?

25 /

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1 BY WITNESS BLAU:

2 A Not unless we change our commitment to the
3 base code, or unless it's required by the NRC that we do
4 so; and we would do so through the changes to our FSAR
5 and implement the changes through all applicable documents
6 that referenced that particular edition or addenda of
7 the code.

8 MR. HUDSON: I have no further questions.

9 JUDGE BECHHOEFER: I do have one question that
10 I forgot. I'll ask it now.

11 Concerning Allegation 4 of the inspection
12 report, on Page 9 there's a statement at the end of the --
13 the next-to-the last paragraph that one individual ad-
14 mitted that he was absent during one of the training
15 periods.

16 Is there any requirement that that person
17 attend such training?

18 WITNESS FRAZAR: Are you talking about on
19 Page 9 of I&E Report 81-28?

20 JUDGE BECHHOEFER: Yes.

21 WITNESS OVERSTREET: Is -- Excuse me, Mr.
22 Chairman, is your question is there a requirement for the
23 people to be trained on the procedures?

24 JUDGE BECHHOEFER: Is there a requirement for
25 that one individual who didn't attend -- was there a

9-13

1 requirement that he attend?

2 WITNESS OVERSTREET: Yes, sir, there was a re-
3 quirement for that. And it was picked up at a later
4 time.

5 JUDGE BECHHOEFER: Pardon?

6 WITNESS OVERSTREET: His training was picked
7 up at a later time, I believe.

8 JUDGE BECHHOEFER: That was my next
9 question.

10 That's all I have.

11 Is there anything further?

12 MR. SINKIN: I have two questions.

13 RE-CROSS-EXAMINATION

14 BY MR. SINKIN:

15 Q Going back to Mr. Hudson's question -- let me
16 be sure I understand what you said about the code. There
17 was a period of time between '76 and '77 when the NRC
18 was not approving the changes made to the code.

19 Subsequent to '77, did the NRC again begin
20 approving changes that should have been in the manual?

21 BY WITNESS BLAU:

22 A The answer is no, Mr. Sinkin. The edition
23 of the code, which was subsequently approved, was not
24 imposed upon us for use in the access design. It had to
25 do, I believe, with the in-service inspection rather than

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the providing of access for -- the actual implementation of the NDE program.

In other words, the NRC still allowed the use of the 1974 through Summer of '75 edition, even though they had approved a later edition.

Q Okay.

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MR. SINKIN: I guess that's all I have.

MR. REIS: No further questions.

JUDGE BECHHOEFER: That's all the questions of this panel.

Before we release the panel, is there any more redirect?

MR. HUDSON: I was just going to ask that the panel be released.

JUDGE BECHHOEFER: I was thinking, before we release the panel, do we have to do anything more about CCANP 66? Will the panel be required for any purposes of either admitting or not admitting that document?

MR. HUDSON: As I understood Mr. Sinkin's question about it, related to merely whether or not it was Item 4 of the I&E report, and then which portion, Item 4 is selected portions of the document and I think only Mr. Herr can identify what the selected portions of the document were that he was referencing when he wrote I&E 81-28.

JUDGE BECHHOEFER: Right. Well, if that's the limited purpose, then --

MR. SINKIN: Well, I have a problem, obviously, that there are other parts of this document I consider both relevant and material that apparently Mr. Herr does not intend to identify as Document 4, so my opportunity to get those parts in, I guess, is through this panel.

10-2

1 I would refer specifically to Page 7 of the
2 audit that addresses the particular allegation at the
3 bottom of the page and the top of the next page.

4 MR. HUDSON: Your Honor, we would agree to
5 allowing Pages 6 of 26, 7 of 26, 14 of 26, and 15 of 26
6 of this document to come in as Exhibit 66 so that he
7 could question about it.

8 MR. REIS: The Staff would have no objection
9 to that, either.

10 JUDGE BECHHOEFER: Which pages, just 14 and 15?

11 MR. HUDSON: 6, 7, 14 and 15. They're marked
12 6 of 26 --

13 MR. REIS: (Interrupting) Well, I think he --
14 add 8, I think we have to put in. I think it's 7, 8, 14
15 and 15.

16 MR. HUDSON: I'm sorry. Mr. Reis is correct.
17 7, 8, 14 and 15.

18 MR. SINKIN: I think it would be useful if
19 the actual transmittal letter of July 24th was attached
20 as a cover sheet to those.

21 MR. HUDSON: Which transmittal letter?

22 MR. SINKIN: July 12th, I'm sorry.

23 MR. HUDSON: The one to Vurpillat.

24 MR. SINKIN: To Vurpillat?

25 MR. HUDSON: Okay. So we have a two-page

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1 transmittal letter identified as FT-HL-BR-6341 to
2 Mr. Vurpillat from Mr. Ulrey dated July 24th, 1981, plus
3 Pages 7 of 26, 8 of 26, 14 of 26, and 15 of 26, which are
4 attached to that cover letter moved in as CCANP Exhibit 66.
5 Is that what we want? If so, I move it by acclamation.

6 MR. REIS: The Staff would have no objection,
7 with the record further showing that they are -- those
8 pages that were just identified are parts of Audit Report
9 No. HBR-43, which is referenced in the subject of the
10 letter.

11 MR. SINKIN: If we could have just 30 seconds.

12 Mr. Chairman, I think the only addition we
13 might request would be Pages 25 and 26, because they go
14 to the overall purpose of this audit, which Mr. Frazar
15 testified to earlier.

16 MR. HUDSON: I question the relevance of that
17 to the contention, Your Honor.

18 The contention is whether or not an HL&P
19 individual respects NRC mandates, and Allegation 2 deals
20 solely with a meeting that occurred on July 11th and what
21 instructions were given to auditors coming out of that
22 meeting, and to my mind this entire audit report, the
23 actual substance of the audit is not relevant to the
24 contention.

25 MR. SINKIN: The meeting would not have

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1 happened if there hadn't been problems arising in the audit.
2 Mr. Frazar has testified to that fact. There were concerns,
3 confusion, and this documents that there was confusion and
4 talks about the origin of that confusion that led to the
5 meeting that led to the statement. It's all interrelated
6 very clearly, to me. It's only two pages to the record.

7 (Bench conference.)

8 JUDGE BECHHOEFER: I think we will admit the
9 transmittal letter, Pages 7, 8, 14 and 15 and 25 and 26.

10 MR. SINKIN: Thank you.

11 JUDGE BECHHOEFER: But the portions of 25 and 26
12 which we can look at are only those parts that relate to
13 the matters which we've had under discussion, because
14 there's some broad statements in there that don't apply.
15 There are one or two that relate to the timing that perhaps
16 do apply, so we'll allow those pages in the record.

17 MR. SINKIN: All right. Then let me just be
18 sure with the NRC. Document 4 is described as HL&P
19 Office Memo Q-5000, dated July 24th. In fact, the first
20 three pages of this are Q-5000, office memo.

21 MR. REIS: I think that going any further on
22 that, Lanny -- Mr. Sinkin, could be taken up through our
23 witness, and you can further get that down that way. I
24 think that will be explained.

25 MR. SINKIN: Okay. Then given all of that, we

10-5

1 move 66 into evidence as stated.

2 JUDGE BECHHOEFER: Well, I was going to say
3 we've admitted the transmittal letter to Mr. Vurpillat,
4 plus Pages 7, 8, 14, 15, 25 and 26.

5 (CCANP Exhibit No. 66 was
6 received in evidence.)

7 MR. HUDSON: I now request that the panel be
8 excused.

9 JUDGE BECHHOEFER: The panel may be excused.
10 (Witnesses excused.)

11 JUDGE BECHHOEFER: Will there be a lot of
12 questioning, in terms of hours? I'm trying to figure
13 whether we should take an hour and 15 minutes, which is
14 usual, or whether we should cut it short by 15 minutes,
15 if that's necessary. We have to get out of here by 5:30
16 today.

17 MR. SINKIN: I don't foresee a lot of
18 questions of the panel.

19 JUDGE BECHHOEFER: Of the Staff panel.

20 MR. SINKIN: Of the Staff panel.

21 JUDGE BECHHOEFER: Okay, an hour and 15 minutes.

22 (Whereupon, at 12:30 p.m., a recess was taken
23 until 1:45 p.m., the same day.)

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AFTERNOON SESSION

1:45 p.m.

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3 JUDGE BECHHOEFER: Mr. Gutierrez, are you ready to
4 recall your-- or portion of your panel who are going to deal
5 with 81-28?

6 MR. GUTIERREZ: Yes, Mr. Chairman, we are.

7 At this time I would call Mr. Shannon Phillips
8 and Mr. Richard Herr to the stand.
9 Whereupon,

10 H. SHANNON PHILLIPS

11 -and-

12 RICHARD K. HERR

13 were recalled as witnesses and, having been previously duly
14 sworn, were examined and testified as follows:

15 MR. GUTIERREZ: Mr. Chairman, as the panel is
16 taking the stand, I might mention that yesterday morning
17 I indicated that the parties were entering a stipulation
18 on Staff Exhibits 112 through 132, and the Applicant was
19 adding a few documents.

20 Just for your information, I understand that
21 that stipulation now is signed and is being reproduced,
22 and probably at the first break we'll distribute it to
23 the Board and ask that it be approved by the Board.

24 JUDGE BECHHOEFER: That's fine.

25 Will the Staff have any additional direct on

11-2

1 this subject or not?

2 MR. GUTIERREZ: Mr. Chairman, very limited
3 direct. Essentially, our position is that that is con-
4 tained in I&E Report 81-28.

5 JUDGE BECHHOEFER: Why don't you proceed
6 with it?

7 MR. GUTIERREZ: Thank you.

8 DIRECT EXAMINATION

9 BY MR. GUTIERREZ:

10 Q For the benefit of the record, will each of
11 you state your full name.

12 BY WITNESS HERR:

13 A Richard K. Herr.

14 BY WITNESS PHILLIPS:

15 A H. Shannon Phillips.

16 Q And, again, for the benefit of the record,
17 have each of you provided professional qualifications in
18 the course of your participation in the panel that testi-
19 fied yesterday?

20 BY WITNESS HERR:

21 A Yes.

22 BY WITNESS PHILLIPS:

23 A Yes.

24 Q Now, turning the panel's attention to In-
25 spection & Enforcement Report 81-28 dated October 5, 1981,

1 first, Mr. Herr, were you the NRC investigator in that
2 investigation?

3 BY WITNESS HERR:

4 A. Yes.

5 Q. And, Mr. Phillips, were you the NRC inspector
6 on that investigation?

7 BY WITNESS PHILLIPS:

8 A. Yes.

9 Q. Mr. Herr, in the course of your investigation
10 on or about October 19, 1981, did you show Mr. Frazar a
11 letter from R. J. Vurpillat to Mr. Frazar, which has been
12 identified as CCANP Exhibit 64?

13 BY WITNESS HERR:

14 A. Yes, I did.

15 Q. And what was his response to seeing that
16 letter?

17 BY WITNESS HERR:

18 A. Well, as I handed him the letter, I asked him
19 if he agreed or disagreed with the contents, at which
20 time -- after he received the letter, he said that he
21 had not read that letter, he'd have to get back with me
22 later.

23 He got back with me later and said that he
24 disagreed with part of the contents and would issue a
25 clarifying letter -- position of his own, which he later

1 did.

2 Q Now, also this morning the Staff provided
3 information that CCANP Document 66 was Document 4 in
4 I&E Report 81-28. However, 81-28 only referenced Pages
5 14 and 15 of the 26 pages of that document.

6 Can you provide the Board an explanation as
7 to why only Pages 14 and 15 were significant in your
8 mind?

9 BY WITNESS HERR:

10 A Yes. 14 -- just to get into Page 15 -- On
11 Page 15 the remark I want to keep. If I had a copy of
12 that, I could pinpoint the one sentence that was important
13 at the time.

14 Q All right. I'll provide you with a copy right
15 here.

16 BY WITNESS HERR:

17 A At Page 15 of 26, the second paragraph and the
18 last sentence, and I'll read: "No additional review of
19 the program description was performed after this meeting
20 on June 11, 1981."

21 The reason that that became somewhat im-
22 portant in the investigation is t. at, as I interviewed
23 the auditors that were performing that particular audit
24 and also in response to Allegation No. 2, they expressed
25 some desire or feeling that they were being restricted

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1 from performing their audits appropriately, and they pointed
2 this out saying, "Hereafter we were told we couldn't do it
3 anymore. We stopped, went back to Houston and never
4 again did what we were trying to do."

5 And that was their evidence to me that they
6 were -- had been hampered from completing their audit.

7 Q Thank you.

8 This is addressed to either of you now.
9 During the course of your investigation, which resulted in
10 81-28, did HL&P management fail to assure timely
11 corrective action of Brown & Root in the area of access
12 engineering?

13 BY WITNESS PHILLIPS:

14 A I think I can adequately address that. We
15 discussed this during the inspection -- Mr. Herr and I --
16 and we looked at all of the actions that had taken place
17 relative to HL&P's audit, all their corrective action
18 effort.

19 We determined that, of course, Brown & Root's
20 corrective action was untimely. There was a little bit of
21 a gray area in trying to decide whether or not HL&P in
22 fact had not taken timely corrective action. So we looked
23 into it and evaluated it as well as I could.

24 It was my technical judgment that based on
25 all of the corrective action that had been taken to date,

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1 that their actions were adequate.

2 Q Did your investigation reveal that the HL&P
3 management did not have a consistent policy on the issuance of
4 stop work orders?

5 BY WITNESS PHILLIPS:

6 A No, we did not determine that they in fact
7 did have a consistent policy in terms of stop work orders.

8 The procedure, I believe, was previously
9 referenced by Mr. Frazar in his testimony that those
10 procedures do exist, which give the guidelines for stop
11 work authority.

12 Q Did your investigation reveal that HL&P
13 management was not committed to respecting the mandates of
14 NRC regulations?

15 BY WITNESS PHILLIPS:

16 A We found that they were committed to following
17 the mandates of NRC regulations, commitments, requirements.

18 Q And my final question is: Did your investi-
19 gation reveal that HL&P management failed to effectively
20 implement a QA program?

21 BY WITNESS PHILLIPS:

22 A That kind of a question really is outside the
23 scope of this particular inspection because this -- the
24 scope of this particular investigation -- I said
25 "inspection" -- investigation was very specific in

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1 nature. And that was to address specific allegations.

2 As you have heard in the past testimony by
3 other panels, we spent well over a year -- almost two
4 years and many, many inspections in trying to assess
5 whether their QA program had been adequately established,
6 executed and so forth.

7 So there's no way that I could really answer
8 that question, not in terms of 81-28. That was not the
9 purpose of the investigation.

10 Mr. Herr may have a comment, too, on that.
11 He was the lead investigator.

12 BY WITNESS HERR:

13 A. Very narrow in scope, we went after the
14 allegations. We did not go after a generalized policy
15 or performance or anything like that. Very narrow.

16 Q Thank you.

17 MR. GUTIERREZ: Mr. Chairman, with that, I
18 would propose to turn the two panel members over for cross-
19 examination.

20 JUDGE BECHHOEFER: Before starting cross-
21 examination, perhaps the panel could confirm what counsel
22 told us yesterday, that in Allegation 2 the reference
23 to Individuals S and Y should be instead to Individual X
24 at the place on Page 6 of the --

25 WITNESS HERR: That is correct.

11-8

1 WITNESS PHILLIPS: I did not give the
2 designator, so Mr. Herr knows those designators whereas
3 I may not.

4 JUDGE BECHHOEFER: Thank you.

5 Mr. Sinkin.

6 CROSS-EXAMINATION

7 BY MR. SINKIN:

8 Q Mr. Herr, I would like to go into a little of
9 the background of this investigation prior to getting into
10 the substance.

11 Your investigation notes that on June 22,
12 you received the allegations in a telephone call, and that
13 they were based on -- according to the caller, an in-
14 dividual who identified himself as Joe Duncan.

15 Other than asking HL&P whether they had an
16 employee named Joe Duncan, did you do anything else in
17 your effort to identify whether that was a real person?

18 MR. GUTIERREZ: Objection, Mr. Chairman. What
19 is the relevance of that and the materiality of that to
20 the new proposed contentions -- the new contentions?
21 I'm sorry.

22 MR. SINKIN: I'll withdraw the question.

23 I do want to ask some questions on the back-
24 ground leading up to this investigation as to how it was
25 conducted, which I see as relevant to the findings that

11-9

1 resulted.

2 BY MR. SINKIN:

3 Q On July 29, 1981, did you and Mr. Joseph
4 Tapia travel to San Antonio to discuss the allegations
5 with Individual A?

6 BY WITNESS HERR:

7 A Mr. Tapia and I did travel to San Antonio to
8 discuss the allegations of Individual A on or about the
9 29th. I don't know the exact date. I'd have to check my
10 airplane ticket or something.

11 Q You had not up to that time begun your investi-
12 gation?

13 BY WITNESS HERR:

14 A No.

15 Q And your investigation actually began then
16 in August; is that correct?

17 BY WITNESS HERR:

18 A Well, I considered -- when I went to Jan
19 Antonio, as part of the investigation.

20 Q But going to the site to --

21 BY WITNESS HERR:

22 A Yes --

23 Q -- was in August.

24 Mr. Phillips, in response to a question from
25 Mr. Gutierrez, the question was whether HL&P had failed

11-10

1 to take timely action in resolving this problem.

2 And in your response you said that Brown &
3 Root's corrective action was untimely, that HL&P's was a
4 gray area, and that you looked at their actions and
5 decided that they were adequate.

6 For how long have you been aware of the problems
7 with access engineering identified as part of this
8 investigation?

9 BY WITNESS PHILLIPS:

10 A. Specifically as far as access, that was the
11 first time that I was aware of it.

12 However, I had been reviewing audit reports
13 relative to Show Cause Order Item 9 and was well aware --
14 it was documented in some of my past reports that was in
15 Panel 3 that there were some unsatisfactory conditions
16 in terms of audit findings -- HL&P's audit findings of
17 Brown & Root design -- engineering organizations, et
18 cetera.

19 Q Well, did your review include BR-25?

20 BY WITNESS PHILLIPS:

21 A. My review included BR-25 and 43. 43 was
22 documented in NRC I&E Report 81-30.

23 81-07, I believe, by memory, refers back to what
24 I just said, that I was in the process of reviewing
25 audits and found some areas where HL&P had problems and

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was tracking this in my review of Show Cause Order Item 9.

Q Did you not see BR-25 when it was actually issued?

BY WITNESS PHILLIPS:

A I don't usually see an audit report when it's issued. Usually what happens typically is that we periodically go to the audit office and review a sampling of audit reports.

So it might be at a much later date. In fact, it would have been in this particular -- if you're talking about BR-25, it would have been much subsequent to the issue date.

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11-12

1 BY MR. SINKIN:

2 Q I guess the problem I'm having is that out
3 of those audits and NCR's, one of the central issues they
4 addressed was a lack of implementation program for access
5 engineering.

6 But I hear you testifying that you were really
7 only aware of that problem when this investigation began
8 in August of 1981.

9 BY WITNESS PHILLIPS:

10 A Specifically aware of the acute issue of a
11 Stop Work Order pending and this type of thing is what I
12 intended there.

13 Q I see.

14 BY WITNESS PHILLIPS:

15 A I did not pay -- attach a special attention
16 to that. I usually look at an audit in its overall con-
17 text, and may not get -- and would not probably get down
18 into each little specific detail unless I see something
19 that's really out of order.

20 Q Well, I'm puzzled by your characterization of
21 HL&P's actions in resolving the lack of an implementation
22 plan as adequate, which is how you characterized them
23 in response to Mr. Gutierrez's question.

24 BY WITNESS PHILLIPS:

25 A Okay. To clarify a little bit in that

1 particular instance, if I went into any licensee's
2 office, and everyone of them have racks and reams of
3 audits, you would probably be able to go through their
4 audit files and find ADR's -- or if it's a nonconformance
5 reporting system file, you will be able to go through
6 there and you will have questions where you really in your
7 opinion may not consider something timely or not.

8 They may in their opinion, based on all of the
9 actions they took, they thought that things were timely.

10 The person who is looking at the audits many
11 times is second guessing things that he only sees on
12 paper. It's not all the actions.

13 And usually what we look for is to see a demon-
14 stration that the licensee is taking action. Had I gone in
15 and found out that there was no action being taken on
16 HL&P's part, I would have considered that unsatisfactory
17 and would have recommended a violation.

18 Q. But the question is really timely action to
19 resolve the problem, in other words, to clear the decks
20 of that problem.

21 And I want to be sure that in your answer
22 to Mr. Gutierrez, that you're not -- Well, are you
23 taking the position that because they were addressing
24 the problem that that in and of itself means they were
25 timely resolving the problem?

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1 MR. GUTIERREZ: Objection. That was asked
2 and answered.

3 And a further objection is that I don't want
4 the question I asked to be mischaracterized. I could re-
5 read it, if Mr. Sinkin would think --

6 MR. SINKIN: That's fine.

7 MR. GUTIERREZ: The question I asked is:
8 Did HL&P management fail to assure timely corrective
9 action by Brown & Root was taken in the area of access
10 engineering?

11 And I believe Mr. Phillips answered that by
12 saying that he checked to see if HL&P was aware of that
13 and on top of it, not that they were solving access
14 engineering problems.

15 He would have been concerned if they were not
16 aware of it.

17 MR. SINKIN: Well, hearing Mr. Gutierrez's
18 question again -- failed to assure timely corrective
19 action. Your conclusion was that Brown & Root did not
20 take timely corrective action.

21 Now, how can Brown & Root not take timely
22 corrective action, but HL&P gets a plus mark for assuring
23 that they did?

24 WITNESS PHILLIPS: Okay. I will attempt to
25 clarify it.

11-15

1 MR. SINKIN: Okay.

2 WITNESS PHILLIPS: Like I said to begin with,
3 it's a little bit of a gray area. Okay.

4 Number one, Brown & Root didn't do certain
5 things. HL&P documented it. They didn't like that they
6 didn't do certain things.

7 Then I'm sure that in the interim Brown & Root
8 says, "Okay, we will do thus and so." Okay. So you
9 proceed on that time frame for a while.

10 And then you get down to -- for a while, and
11 then you have another meeting, and they said, "Okay,
12 you didn't do this. So what about it?"

13 Okay. Do you take action at that point?
14 Well, then their management may come in and say, "Okay,
15 we've got this great plan now. We're going to give this
16 to you. And we're going to take this."

17 Well, you can have a whole series of steps
18 like that. Do you stop at the first one? Do you give
19 no one more than the first chance? Is it two? Is it
20 three? Is it four?

21 It's very difficult to assess at what time
22 HL&P should have taken stronger corrective action. The
23 only thing that I have stated during that particular in-
24 vestigation, that perhaps a corrective action request
25 might have been issued in the interim. That would have been

11-16

1 the only other thing.

2 BY MR. SINKIN:

3 Q Mr. Herr, in your discussions with the QA
4 auditors about their opinions and feelings that led to them
5 drafting a Stop Work Order, was it their feeling that HL&P
6 had taken adequate action to resolve the Brown & Root
7 problem?

8 BY WITNESS HERR:

9 A I think I answered that question --

10 MR. AXELRAD: May we just get a clarification?
11 As I understand the question, Mr. Sinkin began, "In your
12 discussions with QA auditors" -- of their drafting of a
13 Stop Work Order. Which discussions in specific is Mr.
14 Sinkin inquiring about?

15 MR. SINKIN: Okay. Well, let's start with
16 your discussions with Individual C.

17 BY MR. SINKIN:

18 Q In your discussions with Individual C, did
19 Individual C feel that up until the time he drafted the
20 stop work letter that his own operation, HL&P, had
21 been effective or had been -- Well, obviously they hadn't
22 been effective or they wouldn't be issuing a Stop Work
23 Order.

24 Was he in any way dissatisfied with what HL&P
25 was doing, in terms of getting this problem resolved?

11-17
1 MR. GUTIERREZ: Objection, Mr. Chairman. I
2 don't think Mr. Sinkin -- I think the question is overly
3 broad, number one.

4 Number two, there's no foundation for it
5 in that we have yet to get from Mr. Herr exactly what he
6 asked Mr. C, what kind of information he developed.

7 And before that, we get the question: Was he
8 ever dissatisfied? I just think there should be a couple
9 of foundation questions as to what Mr. Herr developed
10 from Mr. C.

11 JUDGE BECHHOEFER: I think --

12 MR. SINKIN: Let's walk it through then one
13 at a time, starting with Page 4 of I&E Report 81-28.

14 BY MR. SINKIN:

15 Q You say, "The investigation disclosed an HL&P
16 memorandum" -- well, I guess we should confirm --
17 Do you, by any chance, have a set of the documents that
18 have been introduced so far today?

19 BY WITNESS HERR:

20 A No, sir.

21 Q You don't? Okay.

22 Referring to CCANP Exhibit No. 58, my question
23 will be whether that is the HL&P memorandum that you
24 referred to as Attachment 1 in the I&E report.

25 /

11-18

1 BY WITNESS HERR:

2 A Yes.

3 Q When you say that "The investigation dis-
4 closed," did an individual give you that document? Did
5 you find it in the file cabinet?

6 BY WITNESS HERR:

7 A I don't recall if an individual pointed this
8 out in a file, or I got it in a file myself, or not. I
9 just don't recall how I got possession of this.

10 I think I may have discovered it in a file.

11 Q Let me just make a quick run-through and
12 knock them all off while we're at it.

13 Looking at CCANP Exhibit 61, is that what you
14 referred to in your report as Attachment 2?

15 MR. GUTIERREZ: You mean Document 2, correct?
16 You asked him whether that was Attachment 2.

17 Is it "Attachment"? I don't have it before
18 me. I just want to make sure the record is clear.

19 MR. SINKIN: Yes. They're referred to in the
20 body of the report as "attachments" and then listed in the
21 back as "documents," so I'm using them interchangeably.

22 WITNESS HERR: Yes.

23 BY MR. SINKIN:

24 Q That is a "yes" to my question?

25 /

1-19

1 BY WITNESS HERR:

2 A. Yes.

3 Q. And as far as CCANP Exhibit No. 64, is that
4 what you referred to as either Attachment or Document 3?

5 BY WITNESS HERR:

6 A. Yes.

7 Q. And CCANP Exhibit 67, is that what you refer-
8 red to as Attachment or Document No. 5?

9 BY WITNESS HERR:

10 A. Yes.

11 Q. Okay.

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12-1

1 Q All right. Returning to Page 4, either from a
2 person or a file cabinet, somewhere, you got hold of this
3 HL&P memorandum which states -- the attachment to the
4 memorandum is ST-5, which states that Brown & Root
5 engineering does not have implementing procedures for
6 assuring access, and the document says that Mr. Hesidence
7 and Mr. Overstreet would develop a potential stop work order
8 regarding that problem. I'm referring to Document 58.

9 We've already had Individual C identified as
10 Mr. Overstreet by the Applicants, and L as Mr. Hesidence
11 by the Applicants.

12 If there's no objection, I'd like to have you
13 just confirm that that's true.

14 BY WITNESS HERR:

15 A I don't know if I could confirm or deny that.
16 I'd like to check with my....

17 MR. REIS: I don't see where it's material to
18 this proceeding whether it can be confirmed or denied, and
19 therefore I would object to the question.

20 MR. SINKIN: Well, all right. We'll just take
21 the two documents as somehow relating to each other.

22 BY MR. SINKIN:

23 Q After looking at this document and seeing that
24 Mr. Hesidence and Mr. Overstreet were going to develop a
25 potential stop work order, did you go and talk to

12-2

1 Mr. Overstreet about that?

2 BY WITNESS HERR:

3 A. Yes.

4 Q. And in talking with him about why he wanted to
5 develop a stop work order, what were the reasons that he
6 gave?

7 BY WITNESS HERR:

8 A. As to why?

9 Q. Why they were going to do a potential stop
10 work order.

11 BY WITNESS HERR:

12 A. Because he was ordered to do so by this thing
13 I showed him.

14 Q. Because he was ordered to do so?

15 BY WITNESS HERR:

16 A. Well, I said, you know, are you familiar with
17 this memo, and he said yes. I said, it told you to do
18 something. He said yes. Why did you do it? He said
19 because it told me to do something.

20 Q. Did you explore with him how he felt about
21 doing it, outside of the fact he had been ordered to?

22 BY WITNESS HERR:

23 A. It never came up. I never asked him that.

24 BY WITNESS PHILLIPS:

25 A. Could I clarify just for a moment? An order,

12-3

1 in this instance, I think, may be interpreted as an
2 agreement to do so.

3 Q I understand. The memorandum indicates there
4 was a meeting and there was an agreement these guys would
5 do it.

6 BY WITNESS PHILLIPS:

7 A Right. Which means that he agreed to go ahead
8 and do it. He saw a need.

9 Q And he has so testified.

10 You then proceeded, during the course of your
11 investigation, to identify various documents that supported
12 the allegation that there was a problem with implementation
13 in the access engineering area, is that correct?

14 MR. GUTIERREZ: I'd object to that question.
15 Mr. Herr is being asked to confirm there was a problem in
16 the access engineering area. I don't understand the
17 question.

18 MR. SINKIN: What I'm looking at, on Page 5,
19 Paragraph 3, through conversations with J, K, S, and M,
20 all HL&P QA personnel, you apparently were able to
21 identify documents in which access engineering, or access
22 design, it says in your report, was noted as a problem.

23 BY MR. SINKIN:

24 Q Is that correct?

25 / / /

12-4

1 BY WITNESS HERR:

2 A. Yes.

3 Q And then you say, in addition, this
4 investigation -- the investigation, excuse me, disclosed
5 that a consultant report dated May 1981 from the Quadrex
6 Corporation also identified B&R access design problems.
7 Is that correct?

8 BY WITNESS HERR:

9 A. Yes.

10 Q Did you get the consultant's report from an
11 individual, from a file cabinet; how did you come to see
12 the Quadrex Corporation report?

13 MR. GUTIERREZ: Objection, Your Honor. I
14 thought the Board has already ruled that any questions
15 about the Quadrex report would be deferred to the second
16 phase of this hearing.

17 MR. HUDSON: Your Honor, we would like to join
18 in that objection, but on the grounds of materiality or
19 relevance. How Mr. Herr came to acquire that report
20 does not appear to me to be relevant to whether or not
21 HL&P took prompt corrective action or whether or not HL&P
22 has a consistent policy on the issue of stop works, and
23 that's what we're here to decide.

24 MR. SINKIN: Well, Mr. Chairman, we've been
25 introducing into evidence various documents that deal with

12-5

1 the problems that existed, and we now have identified in
2 an I&E report another document, a consultant's report
3 from the Quadrex Corporation as identifying B&R access
4 design problems.

5 I'll withdraw the question about -- well, no,
6 I want to understand how in this investigation Mr. Herr
7 found these various documents, what the process was, and
8 whether he was getting them because the QA auditors were
9 saying this is it and you should see it, because it was
10 of concern to them, whether he found it because he opened
11 a file drawer and reviewed what was in it. I think that is
12 relevant to the attitudes of the personnel that he was
13 conducting the investigation regarding, and the personnel
14 cooperating in the investigation.

15 MR. GUTIERREZ: Mr. Chairman, with that
16 explanation, I'd also object on materiality and relevance.
17 HL&P's willingness and cooperation with the NRC has already
18 been the subject of extensive testimony by the third panel.
19 These two men were asked to come back on a rather specific
20 report, 81-28, and four specific contentions, and how in
21 this specific report four documents were obtained is hardly
22 material to the overall responsiveness of the Applicant.

23 MR. SINKIN: Well, I'm trying to lay a
24 foundation, Mr. Chairman, for further questions. I want
25 to -- I'm going to go into how these people felt about the

12-6

1 audits and about the reports and what their feeling was at
2 the time of this investigation. It's the same line of
3 questioning I've been pursuing since I started.

4 (Bench conference.)

5 JUDGE BECHHOEFER: As to the Quadrex report,
6 we will sustain the objection at this time. Maybe in
7 Phase 2 we'll explore more on that.

8 BY MR. SINKIN:

9 Q Are you the one, Mr. Herr, that talked to
10 Individuals J, K, S and M?

11 BY WITNESS HERR:

12 A Yes, I am.

13 Q You're the one that interviewed them?

14 BY WITNESS HERR:

15 A Yes.

16 Q And their main concern, according to this
17 report, was whether Brown & Root was taking effective and
18 timely corrective action, is that correct?

19 BY WITNESS HERR:

20 A Yes.

21 Q Did they at any time express their opinion
22 about whether their operation was adequately responding to
23 that concern?

24 BY WITNESS HERR:

25 A Are you saying, did they put themselves on the

12-7
1 report by saying, you know, we're not doing it either?

2 Is that what you're saying? I'm trying to understand.

3 Q Well, did they say -- you know, I don't want
4 to put words in your mouth. I'll give you a totally
5 hypothetical, on no basis. Did they say anything like,
6 well, so and so had responsibility for getting this
7 resolved back in such and such and he just hasn't been
8 able to do it?

9 MR. GUTIERREZ: Objection; overly broad and
10 vague question.

11 MR. SINKIN: It's not a question. I've given
12 him an example of an answer. He asked for an example.

13 Let me try again.

14 BY MR. SINKIN:

15 Q Did any of the HL&P QA auditors that you
16 interviewed express any dissatisfaction with HL&P's approach
17 to getting Brown & Root to resolve, in an effective and
18 timely manner, these concerns?

19 BY WITNESS HERR:

20 A Not that I can recall. As I stated in my
21 report, they really weren't concerned with stop work or
22 any other avenues of approach. They were just mainly
23 interested in getting the response, getting it done, and
24 that was their overall, overriding concern.

25 Q At the top of Page 6 is Individual W. Did you

12-8

1 interview him, Mr. Herr?

2 BY WITNESS HERR:

3 A Yes, I did.

4 Q Okay.

5 BY WITNESS PHILLIPS:

6 A By the way, I also was in the interview
7 process.

8 Q Okay.

9 BY WITNESS PHILLIPS:

10 A I was listening, primarily, and giving
11 technical support, but I was there.

12 Q Okay. And Individual W, after reviewing
13 NCR ST-5A, said that he would have supported a stop work
14 order because Brown & Root had not resolved this problem
15 in a timely fashion. Is that correct?

16 BY WITNESS HERR:

17 A Effective and timely corrective action, that
18 is correct.

19 Q So his opinion was -- was that in the context
20 of he would have supported a stop work order as opposed to
21 Individual Y contacting Brown & Root for a meeting, or was
22 that just an isolated "would you have supported a stop
23 work order"?

24 BY WITNESS HERR:

25 A I just isolated asked him the question.

12-9

1 Q Would you have supported?

2 BY WITNESS HERR:

3 A Exactly.

4 BY WITNESS PHILLIPS:

5 A I can add something here also.

6 There's a little bit more information relative
7 to the fact that he was discussing a new corrective action
8 system that HL&P intended to put in place, which I think
9 is documented as a follow-up item in my Report IE 81-30,
10 wherein he stated that as a matter of principle that the
11 new system should be one of such that would give a
12 deadline and then if people don't respond to it adequately
13 in a certain time, he would just issue a stop work order
14 sort of to get people's attention.

15 Q Had you been involved in the development of
16 that new system?

17 BY WITNESS PHILLIPS:

18 A No, I hadn't. That was the first time that I
19 was advised that the new system was coming about. I had
20 been involved in several audit deficiencies, which I
21 previously mentioned, where it appeared that something
22 needed to be done relative to getting Brown & Root's
23 attention.

24 Q Moving to Allegation No. 2, as I read that
25 allegation -- in fact, as I read the investigative findings,

12-10

1 Individuals B, N, S and O confirmed that Mr. Frazar,
2 Individual X, had made a remark, or words to the effect,
3 or stated words to the effect that the FSAR and the new QA
4 program were just licensing documents, not a regulatory
5 item.

6 Is that a correct reading of the investigative
7 finding?

8 BY WITNESS HERR:

9 A. Yes.

10 Q Now, in their view of what Mr. Frazar had said,
11 did they perceive that he was saying these two documents
12 are just something we prepared for the NRC to license but
13 not something against which we measure our performance?

14 Is that the distinction they perceived him to
15 be making?

16 BY WITNESS PHILLIPS:

17 A In this particular instance, I think perhaps
18 that was their understanding. His -- or his inference;
19 however, I would state that it is not general procedure
20 at any site that I've ever been on where audits are
21 performed that auditors take the QA program description
22 down as a checklist to measure the construction activities
23 or QA activities at the lowest tiers.

24 In some instances at some sites I have been on
25 the QA auditors at site did not even have access to the

12-11

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1 FSAR's, SAR's. Their sole guidance was QA manuals and
2 QA procedures and the corporate management of those, at
3 those sites stated that it was engineering and higher QA
4 management's responsibility to assure that those QA
5 description requirements were placed into those QA manuals
6 and QA implementing procedures and were not the
7 responsibilities of those personnel on the site.

8 So site QA personnel may not know of QA program
9 descriptions. I think he was trying to say that that might
10 not have been the time and the place to be measuring the --

11 Q Well, excuse me, Mr. Phillips, I'm not sure,
12 if you were not present --

13 MR. GUTIERREZ: Mr. Phillips was trying to
14 respond to your question. If he says something that you
15 want to follow up on, that's fine.

16 MR. SINKIN: No, he's making a statement as to
17 what Mr. Frazar said at a meeting which he --

18 MR. GUTIERREZ: (Interrupting) You asked him
19 what he thought people were perceiving, a very general
20 question, and he's trying to give you a complete answer.

21 I don't think you should be cutting him off.
22 Obviously, you can follow up on anything he says.

23 MR. SINKIN: I don't believe this witness is
24 competent to say what Mr. Frazar was attempting to
25 communicate.

12-12

1 MR. HUDSON: That's exactly the question you
2 asked him, was what was Frazar attempting to communicate
3 as perceived by the QA --

4 MR. SINKIN: No, sir, I asked --

5 MR. GUTIERREZ: You asked him what the auditors
6 were perceiving Frazer saying.

7 JUDGE BECHHOEFER: Let the witness finish
8 what he started.

9 MR. SINKIN: I would like on the record,
10 Mr. Chairman, the fact that this witness was asked
11 Individuals B, N, S and O perceived Mr. Frazar as saying
12 something, what did they perceive him as saying.

13 He is now testifying as to what he thinks
14 Mr. Frazar was saying, and I don't believe he's competent
15 to testify as to what he thinks Mr. Frazar was saying
16 because he wasn't at the meeting.

17 MR. GUTIERREZ: And my only point is he
18 should -- Mr. Phillips should be given an opportunity to
19 finish his answer, and if Mr. Sinkin wants to make that
20 point in a follow-up question, he's free to do that.

21 MR. SINKIN: I'll do that.

22 JUDGE BECHHOEFER: Right. Let the witness
23 finish.

24 BY WITNESS PHILLIPS:

25 Q Okay. First, I guess part of my answer here is

12-13

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1 based on the fact that in the interview process this was
2 discussed in detail, so I don't know whether that makes me
3 qualified or not. But we were trying to get at what he
4 said and what others said. But I also listened to what
5 others said, and I'm making the judgment of what they said
6 versus what he said, and it appears to me that he was trying
7 to say that taking the QA position -- QA program
8 description to the lower levels is appropriate but not
9 during this particular audit, and that someone else would
10 have the responsibility of auditing, reviewing, or whatever
11 else the QA program description, and that would be his
12 prerogative as a manager.

13 Now, those who reported to him may disagree,
14 and honestly disagree. However, I would also state that
15 if they in their -- in the due course of running a routine
16 audit they saw some kind of disconnect that led back to the
17 QA program description, it's very ordinary that an auditor,
18 if he sees a problem with procedure, then he will go to the
19 QA manual. If the answer is not there, then he may go to
20 the QA program description, and if the answer is not there
21 he may end up at the FSAR to see if the answer -- and if
22 the answer is nowhere, then they should document that
23 they've got a problem all the way up the line. But you
24 don't start up at the top at the QA program description
25 carte blanche.

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1 BY MR. SINKIN:

2 Q But the -- well, my question is about the
3 perception of Individuals B, N, S and O. Was it their
4 perception that what Mr. Frazar said in that meeting was
5 that you go to the procedure and if you have a problem
6 you go to the QA -- the B&R QA manual and that's where
7 you stop; that the other two documents, the QAPD and the
8 FSAR are only prepared for the NRC in order to get a
9 license and are not something you continue on up the
10 line with?

11 BY WITNESS PHILLIPS:

12 A That may have been their perception.

13 Q Was that the perception they communicated to
14 you? Is that what they said they thought Mr. Frazar said?

15 BY WITNESS PHILLIPS:

16 A The best I can remember, they felt that way.
17 I'm not sure that it was appropriate that they did feel
18 that way. Maybe Mr. Herr can speak to that.

19 BY WITNESS HERR:

20 A I believe they felt that way.

21 Q That was their perception?

22 BY WITNESS HERR:

23 A They really didn't dwell on that too much.
24 The emphasis that they were trying to make was not
25 necessarily all the intricacies that you and Mr. Shannon

12-15

1 have discussed here. Their emphasis was they were being
2 prevented from doing what they thought, what they
3 perceived they should be doing.

4 Q And what is it that they perceived they should
5 be doing?

6 BY WITNESS HERR:

7 A That, again, is what you two were discussing.

8 Q Okay. They perceived they should been able
9 to go up the line?

10 BY WITNESS HERR:

11 A They perceived they should have been able to
12 conduct their audit in accordance with the way they had
13 performed it in the past, or whatever. When we got into
14 the technical issues, Mr. Shannon, in the interviews,
15 entered in and discussed the technicalities. To me, they
16 were concerned that they were not able to perform the
17 audits in the manner in which they felt or perceived they
18 should have been able to perform them with the freedom --
19 I stopped right there. When we got into why, then they
20 started talking to Mr. Phillips, into the intricacies of
21 the various documents. I was, again, mainly concerned
22 with....

23 Q Fine.

24 Mr. Herr, I just want the record to be clear
25 on one point. Turning to Page 7, in the first paragraph,

12-16 1 about the middle it says Individual X stated that he only
2 read the letter from Individual Z within the past day or
3 so.

4 I believe in answer to Mr. Gutierrez you said
5 that when you showed Mr. Frazar the letter he had not
6 seen it before.

7 BY WITNESS HERR:

8 A No, I said he had not read it before.

9 Q He had not read it before.

10 And this statement seems to be slightly
11 different than that. It says -- this statement says that
12 he had only read the letter within the past day or so.

13 Is that saying that he read it when you showed
14 it to him?

15 BY WITNESS HERR:

16 A Yes.

17 Q That's what that says. Okay. Fine.

18 To your knowledge, when the individuals who
19 were concerned about having lost their freedom to audit
20 as they saw was proper read the letter that Mr. Frazar
21 wrote subsequent to your visit with him, were they
22 satisfied that they had been restored to their full
23 authority?

24 BY WITNESS HERR:

25 A Yes, they were satisfied.

1 MR. SINKIN: That concludes my cross-
2 examination, Your Honor.

3 JUDGE BECHHOEFER: Mrs. Buchorn, do you have
4 anything in addition?

5 MS. BUCHORN: No, sir.

6 (Bench conference.)

7 JUDGE BECHHOEFER: Mr. Hudson or Axelrad.

8 MR. AXELRAD: Could we have just a few
9 minutes?

10 JUDGE BECHHOEFER: Would you like to take our
11 afternoon break now before we....

12 MR. AXELRAD: That might be useful if we only
13 have a couple of minutes, we'd like to check.

14 JUDGE BECHHOEFER: Okay. Why don't we take
15 our 15-minute break.

16 (Short recess.)

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1 JUDGE BECHHOEFER: Mr. Hudson or Axelrad?

2 MR. HUDSON: Yes, Your Honor, we do have some
3 cross-examination.

4 Following the cross-examination or the con-
5 clusion of this panel's testimony we will offer the stipu-
6 lation that we discussed earlier. We decided just to
7 postpone it until the next break.

8 JUDGE BECHHOEFER: Fine.

9 CROSS-EXAMINATION

10 BY MR. HUDSON:

11 Q Mr. Herr, I have one question, I think, for
12 you -- one area to explore.

13 Were you here this morning for Mr. Frazar's
14 testimony?

15 BY WITNESS HERR:

16 A Yes, I was.

17 Q Do you recall Mr. Frazar testifying that
18 following a meeting with the HBR-43 auditors, Mr. Ulrey
19 assigned another individual in the QA department the
20 task of comparing the QAPD and the Brown & Root QA
21 manual to see if there were any disconnects between that
22 and that this task was done and a matrix checklist sort
23 of comparison was completed.

24 BY WITNESS HERR:

25 A Was that in reference to his Answer No. 24?

13-2

1 Q Yes.

2 BY WITNESS HERR:

3 A I was here when he read that, yes.

4 Q Are you aware of any information that indicates
5 that that review was not done in the manner that Mr.
6 Frazar described?

7 BY WITNESS HERR:

8 A Let me answer your question this way. The
9 manner in which it was described confused me a great
10 deal as to what he was referring to.

11 I didn't know if he was referring to the
12 audit on 11 June or the total audit identified as H-
13 something -- 43.

14 That was my concern; I couldn't understand
15 which one he was referring to.

16 As I understand his answer, he was referring
17 to the 43 audit, which is the total encompassing audit,
18 which I had no problem with.

19 Q Is it possible that he could have been referring
20 to a review outside of that audit, something in addition
21 to Audit 43, as you understood his testimony?

22 MR. GUTIERREZ: I object. What might be pos-
23 sible, I don't think Mr. Herr is competent to answer
24 that question.

25 MR. HUDSON: Well, I qualified it at the end,

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1 "as you understood his testimony."

2 BY MR. HUDSON:

3 Q As you recall his testimony, is it possible
4 that he was referring to some activity which took place
5 outside the bounds of Audit HBR-43?

6 MR. GUTIERREZ: My objection still stands.
7 What Mr. Herr thinks -- I don't think Mr. Herr is com-
8 petent to answer that question.

9 MR. HUDSON: Well, Your Honor, he heard Mr.
10 Frazar's testimony. If he heard something in Mr. Frazar's
11 testimony that's inconsistent with what I just described,
12 he can say, "No, Mr. Frazar said it was within 43."

13 MR. GUTIERREZ: But the question was: Is it
14 possible that Mr. Frazar might have been thinking of some-
15 thing else, as I understand it. And that's what Mr.
16 Herr is not competent to testify to.

17 JUDGE BECHHOEFER: I think that's a legitimate
18 We'll uphold that. The "Is it possible" take out.

19 BY MR. HUDSON:

20 Q Turning to CCANP Exhibit 66 or the group of
21 papers, some of which have been identified as CCANP
22 Exhibit 66, Page 15 of 26, in your direct testimony you
23 focused our attention on the last line of the first full
24 paragraph on that page, which states that "No additional
25 review of the program description was performed after this

13-4

1 meeting on June 11, 1981."

2 Is it your belief that that statement is incon-
3 sistent with Mr. Frazar's testimony this morning?

4 BY WITNESS HERR:

5 A Well, when I read it, it was inconsistent
6 with that, when I initially read his response. After the
7 explanation he gave this morning -- in the term that he
8 was using all of 43, then it would be probably consistent
9 within that total overall picture.

10 But without that explanation, I felt that it
11 was somewhat inconsistent.

12 MR. HUDSON: That's all we have, Your
13 Honor.

14 BOARD EXAMINATION

15 BY JUDGE HILL:

16 Q Most of my questions will be directed to you,
17 Mr. Herr. However, Mr. Phillips, if you have anything to
18 add to this, I would appreciate your response also.

19 Mr. Herr, looking at 81-28 on Page 3 under
20 "Background," it states that "Individual A telephonically
21 notified the reporting investigator." Were you that re-
22 porting investigator?

23 BY WITNESS HERR:

24 A Yes, sir.

25 Q You received that call?

13-5

1 BY WITNESS HERR:

2 A Yes, sir.

3 Q Do you know who Individual A is?

4 MR. REIS: Mr. Chairman, it's a little hard for
5 Staff to object to the Board asking questions, but, again,
6 I think to be consistent -- and I wish the rule to be
7 applied consistently -- I don't think it's material to this
8 proceeding to know who our informants are or how we get
9 together the information, whether it be the chairman of
10 a competing utility, whether it be the mayor of the City
11 of El Paso, whether the mayor of Albuquerque, New Mexico
12 or whoever gave him the information, I don't think that's
13 material to the issue.

14 JUDGE HILL: Mr. Reis, all I want him to do is
15 to answer my question. He can say yes or no.

16 He can say, "No, I don't want to tell you,"
17 if he wants.

18 Okay.

19 WITNESS HERR: Could you repeat the question,
20 please, sir?

21 BY JUDGE HILL:

22 Q Do you know who Individual A is?

23 BY WITNESS HERR:

24 A Yes.

25 Q Will you tell me the name of Individual A?

13-6

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1 BY WITNESS HERR:

2 A No.

3 (Laughter.)

4 Q Do you now know who Joe Duncan is?

5 BY WITNESS HERR:

6 A No.

7 Q And you did not know during the investigation?

8 BY WITNESS HERR:

9 A No, I did not know.

10 Q Do you believe that Joe Duncan is Individual
11 A?

12 BY WITNESS HERR:

13 A No, I do not believe --

14 Q No, you don't believe that?

15 BY WITNESS HERR:

16 A Do you want to rephrase the question?

17 Q Upon receipt of a call, as is described here
18 under background, upon receipt of such a call at Region
19 IV, who makes the decision as to whether this allegation
20 or allegations will be investigated? Who makes that
21 decision at Region IV?

22 BY WITNESS HERR:

23 A The Director of Investigation and Enforcement
24 staff.

25 Q Let's see. You referred this to him and he

13-7
1 made that decision?

2 BY WITNESS HERR:

3 A Yes, sir.

4 Q Does Region IV have a written policy or
5 criteria utilized to determine whether a telephone allega-
6 tion justifies an investigation?

7 BY WITNESS HERR:

8 A Well, we have certain parameters. For example,
9 if you do not know the caller and you can't establish the
10 credibility or the identity of the caller, then they'd
11 be somewhat less inclined to go out and look into the
12 allegation.

13 If you know the caller and the credibility is
14 such that you think there might be something to it, based
15 on whatever the allegation is, then that's one criteria.

16 The second criteria would be if the allega-
17 tion is farfetched or without merit, then you would
18 analyze that.

19 Secondly, if the allegation was of significance
20 and specific enough, you could investigate it without
21 any further interviews or anything like that. That would
22 also come into the determination of whether we were going
23 to open an investigation or not.

24 Q Was the inability to identify Mr. Duncan --
25 Was that established early in the investigation? That is,

1 I mean did you know that immediately, that you couldn't
2 identify who he was?

3 BY WITNESS HERR:

4 A No, I didn't know that immediately.

5 Q How long did it take you to find out that Mr.
6 Duncan was anonymous, and you didn't know who he was
7 and you weren't going to find out who he was?

8 BY WITNESS HERR:

9 A Well, as an investigator I probably would never
10 want to say I'd never find out who he was. I'm still
11 looking for him.

12 I don't know ... you know. I would never want
13 to say I couldn't find him. I think he does exist, and I
14 think maybe in the future I may run across somebody who
15 will tell me, "Hey, by the way, I was Joe Duncan."

16 That has happened before a number of times.

17 Q Well, but I -- you know, this is -- I
18 guess I'd like to characterize this as almost a third
19 party. As I understand it, you heard from Individual A
20 who told you that the allegations were made by Mr.
21 Duncan.

22 BY WITNESS HERR:

23 A That's correct, sir.

24 Q This is correct?

25 /

1 BY WITNESS HERR:

2 A Yes.

3 Q And yet you were not able to identify who Mr.
4 Duncan was?

5 BY WITNESS HERR:

6 A That is correct.

7 Q Did that fact have any influence on the
8 further continuation of this investigation?

9 BY WITNESS HERR:

10 A Certainly, in the sense of initiation of the
11 investigation?

12 Q Well, the initiation and continuation.

13 BY WITNESS HERR:

14 A Well, again, I said there's two criteria.
15 One is the caller -- the credibility, do you know the name
16 or don't know the name.

17 And usually you always try to establish who the
18 caller is and if they will meet with you someplace.

19 The second is the information they're pro-
20 viding. If they provide you information that doesn't
21 seem logical or rational, then there wouldn't be any sense
22 going out to investigate it.

23 But in this particular case, I couldn't
24 identify the caller's credibility, but the information he
25 gave me seemed pretty credible. And it was specific

1 enough that I could check it out.

2 Sometimes I get a very credible person that I
3 can check out with lousy information.

4 Q All right. Let me ask you -- this is in the
5 way of a hypothetical question.

6 Will Region IV investigate an allegation that
7 comes to you over the phone that is, as far as you can
8 tell, anonymous; you are not able to determine who the
9 person is on the phone; and you cannot identify them.

10 And will you then proceed to investigate that
11 allegation?

12 BY WITNESS HERR:

13 A If they meet the second criteria, yes --

14 MR. REIS: Mr. Chairman --

15 WITNESS HERR: If the information they provide
16 is credible, in other words, you can narrow it down to
17 specific and significant.

18 JUDGE BECHHOEFER: Mr. Reis.

19 MR. REIS: Mr. Chairman, I want to note a con-
20 tinuing objection. I think we're going into an investigation
21 of the NRC staff and the way the NRC staff investigates
22 matters and how they follow up, not -- It would be
23 material if it was material to an issue in this case.

24 But I don't think it is material to an issue
25 in this case. Here we're focusing on HL&P and their

13-11 1 character and competence and the other subsidiary
2 issues.

3 And the fact that we may have gone out on a
4 wild goose chase, or may not have gone out on a wild
5 goose chase just has nothing to do with that issue.

6 That's the validity of the investigation
7 itself, not the criteria by which regions use to establish
8 whether to investigate. I want to note a continuing ob-
9 jection along those lines.

10 BY JUDGE HILL:

11 Q On Page 2 there is a number under the para-
12 graph entitled "Areas Investigated," it gives the number
13 90 investigative hours.

14 Is that per investigator, or is -- is that
15 total or is that for each?

16 BY WITNESS HERR:

17 A That's total.

18 Q That's total.

19 Well, I'll just ask one final question and
20 then I'll be through, Mr. Reis.

21 Considering the results of this investigation,
22 do you feel that the four allegations that were made
23 justified the 90 hours of investigative time?

24 BY WITNESS HERR:

25 A Well, sir, as an investigator I probably would

1 never address that. I don't think I'm even qualified,
2 because that would be an engineering evaluation or
3 management evaluation.

4 I don't know.

5 BY WITNESS PHILLIPS:

6 A. I might try and attempt that one.

7 Q. Sure.

8 BY WITNESS PHILLIPS:

9 A. The NRC's threshold sometimes is perhaps one some
10 persons could deem as being relatively low. And some
11 persons could say, "Well, you know, that time spent was
12 really not justified."

13 However, by the same token, since we are
14 charged with the responsibility of protecting the health
15 and welfare of the public, in terms of their safety
16 adjacent to nuclear sites and living in the area, I
17 think if we do take things to a final conclusion and
18 close doors, that it does have a real benefit, if for no
19 other reason than to demonstrate that we do take things
20 to resolution and that we try to get all the way down
21 to the bare bones on a safety issue to assure that
22 there's nothing wrong.

23 So it does have some value, even though you
24 may end up with no findings.

25 /

14-1

1 JUDGE HILL: This is not in the form of a
2 question, but I guess a final statement; that's fine,
3 except that you're dealing with finite and limited
4 resources in your organization, and I guess that's my
5 only comment on that.

6 That's all I have.

7 JUDGE BECHHOEFER: I just have a couple of
8 questions.

9 BOARD EXAMINATION

10 BY JUDGE BECHHOEFER:

11 Q In the letter written to Houston Lighting &
12 Power as a result of 81-28, I think it's dated October 5,
13 but it's hard to read on my copy, there's a statement that,
14 in the second paragraph, that notes as a result of
15 Allegation 2, it says a QA department policy had been
16 established which was contrary to your QA program procedures,
17 and then it says, it goes on to say you are requested to
18 take appropriate action to assure that departmental
19 policies, written or unwritten, do not violate approved
20 program procedures or other regulatory requirements.

21 Are you, either of you or both of you
22 satisfied that -- or has the Applicant taken that action
23 and are you satisfied with it?

24 BY WITNESS PHILLIPS:

25 A I was based at the site, and on this particular

14-2

1 report I did not see the cover letter. I saw the general
2 content at one time of the draft of the report before it
3 went out, but I didn't see the final report, and I didn't
4 see the cover letter, so I'm really not in a position to
5 comment on that paragraph.

6 I'll let Mr. Herr comment on that.

7 BY WITNESS HERR:

8 A. I think we'll have to establish who constructs
9 this letter and who finalizes it and signs it. I do not
10 sign the letter, nor do I construct the letter.

11 MR. SINKIN: Excuse me, could we just have a
12 clarification which letter it is the Chairman is reading
13 from?

14 JUDGE BECHHOEFER: The transmittal letter
15 which transmitted the inspection report to the Applicant.
16 I think it is dated October 5. It is the cover letter of
17 Staff's Exhibit 124. It is signed by Mr. Gagliardo.

18 WITNESS HERR: Yes. He's the one that
19 constructed and signed the letter. I had no input into
20 that.

21 WITNESS PHILLIPS: We're from two different
22 organizations within Region IV, and so his office is lead
23 on the reports, so they sent the letter of transmittal.
24 I didn't get a chance to concur or nonconcur on the letter
25 of transmittal, or comment, so I really have no comment at

14-3

1 this time.

2 BY JUDGE BECHHOEFER:

3 Q My other questions are rather conclusory type
4 questions, but I want to ask you, in terms of -- I'm just
5 going to read you the four contentions that we're talking
6 about with respect to Inspection Report 81-28 and ask you
7 if you agree or disagree.

8 It says, the one that's been renumbered 8A,
9 as evidenced by -- I'll skip some of the words -- by the
10 investigative results in Allegation 1 of the report, did
11 Houston Lighting & Power management fail to assure prompt
12 corrective action by Brown & Root in the area of access
13 engineering in violation of Criterion 16 of 10 CFR Part 50,
14 Appendix B.

15 BY WITNESS PHILLIPS:

16 A I had already answered that question, I believe,
17 in previous testimony, that I believe that they had, that
18 Brown & Root had not taken timely corrective action, but a
19 judgment call on my part, I had to make a judgment as to
20 whether HL&P had done all that they could in getting them
21 to correct it and that they had contacted Brown & Root on
22 one occasion and Brown & Root said, yeah, we'll fix it.
23 Time went on and gave them a second chance and a third
24 chance, but it was a little difficult for me to assess
25 that they had violated Appendix B, and it appeared to me

14-4

1 that they had taken the thing to final resolution and
2 corrective action was adequate; therefore, I deemed HL&P's
3 action relative to this particular item adequate in terms
4 of access, design access engineering.

5 Q Do you agree with that?

6 BY WITNESS HERR:

7 A I don't really believe I'm in a position to
8 even be able to answer that question. I did an
9 investigation. It was narrow in scope. That seems to be
10 a rather broad question and ask for me to interpret their
11 policies and procedures of regulations, which I really
12 have no direct background in that type of thing. That's
13 more of an engineering question, I guess, or a QA
14 management type of question. I just don't feel I can even
15 answer the question.

16 Q Okay. I'll go on to the next one.

17 BY WITNESS PHILLIPS:

18 A I had also answered, to answer -- you know, to
19 answer a question that the findings on one report, that
20 really it would be very difficult to show that somebody
21 didn't take corrective action on a report or investigation
22 that was as narrow as this. You'd have to have something,
23 it seems to me like, much broader and more in depth to
24 prove that point.

25 Q Well, turning to the second one, does the

14-5

1 I&E Report 81-28, does that demonstrate that Houston does
2 not have a consistent policy on the issuance of stop work
3 orders?

4 BY WITNESS PHILLIPS:

5 A. I don't think that it demonstrates -- again,
6 without repeating what I've said before, and stating that
7 the scope of this investigation was very narrow, I don't
8 see anything that would prove that they didn't have a
9 stop work order policy in place. I think they had one in
10 place and that procedures were in place, and they followed
11 the procedures up to the point where they made a judgment,
12 and they made judgment calls.

13 I assessed their judgment calls and it appeared
14 to be that what they were doing was adequate.

15 Q. Mr. Herr, anything to add?

16 BY WITNESS HERR:

17 A. No. I can't add anything. I'd just say my
18 answer would be no.

19 Q. Turning to the next one, does Allegation 2
20 of I&E Report 81-28, does that indicate that Houston
21 Lighting & Power management personnel are not committed
22 to respecting the mandates of NRC regulations? This is
23 Allegation 2.

24 BY WITNESS HERR:

25 A. I think they're committed to the NRC regulations.

14-6

1 BY WITNESS PHILLIPS:

2 A. I think the same. I think they're committed
3 to meeting the requirements of the regulations.

4 Q. Now, in terms of Allegation 4, does that
5 indicate that HL&P management failed to effectively
6 implement a quality assurance program in violation of
7 Criterion 1 of Appendix B?

8 BY WITNESS PHILLIPS:

9 A. I don't think we found anything that would
10 substantiate that.

11 Q. Mr. Herr?

12 BY WITNESS HERR:

13 A. I agree with Mr. Phillips.

14 JUDGE BECHHOEFER: That's all the questions
15 the Board has.

16 MR. GUTIERREZ: The Staff has no redirect.

17 JUDGE BECHHOEFER: Do you have further questions
18 based on the Board questions or Applicant's questions?

19 RE-CROSS-EXAMINATION

20 BY MR. SINKIN:

21 Q. Mr. Herr, you gave some detailed responses to
22 Judge Hill's questions about when you conduct investigations
23 and when you don't.

24 In Allegation No. 1 -- there is an Allegation
25 No. 1 that makes a statement as to what the allegation is.

14-7

1 Did that allegation in fact prove to be correct?

2 BY WITNESS HERR:

3 A. In my opinion, yes.

4 Q. In Allegation No. 2, I realize there's a
5 problem of perspective as to how you look at this, so
6 let me narrow it down to, did at least some of the people
7 you talked to confirm that allegation?

8 BY WITNESS HERR:

9 A. As indicated in my investigative findings, yes.

10 Q. Allegation No. 3 --

11 MR. REIS: I object to that. There's no
12 contentions on Allegation No. 3.

13 MR. SINKIN: Yes. Excuse me.

14 BY MR. SINKIN:

15 Q. Allegation No. 4 -

16 MR. REIS: I object to that. There are no
17 contentions on Allegation No. 4.

18 JUDGE BECHHOEFER: I might say I didn't
19 understand the last objection.

20 MR. REIS: There is one on Allegation 4, yes,
21 I'm sorry.

22 There was no testimony on Allegation 4, though.

23 JUDGE BECHHOEFER: There was one question that
24 I asked.

25 MR. SINKIN: That's true. There was.

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JUDGE BECHHOEFER: I don't know if you want to re-ask your question.

MR. SINKIN: No. I will just let it rest there. I don't have any further questions.

JUDGE BECHHOEFER: Ms. Buchorn?

MS. BUCHORN: CEU has no questions.

MR. HUDSON: The Applicant has no questions, Your Honor.

MR. GUTIERREZ: May I ask that the panel be dismissed.

(Bench conference.)

JUDGE BECHHOEFER: Yes. The panel may be dismissed.

(Witnesses excused.)

MR. GUTTERMAN: Your Honor, may I add something at this point about the stipulation we've been discussing all day.

I am now prepared to distribute copies of the stipulation, and with it the stipulation lists three Applicant's exhibits and I'd like to distribute those to the Board and parties at the same time. The Applicant's exhibits numbered 49, 50 and 51; Applicant's Exhibit 49 is a letter from G. W. Oprea, Jr., to Mr. G. L. Madsen, dated June 4, 1981.

Applicant's Exhibit 50 is a letter from

14-9 1 Mr. G. W. Oprea, Jr., to Mr. Karl Seyfrit, dated
2 October 8, 1981; and Applicant's Exhibit 51 is a letter
3 from Mr. G. W. Oprea, Jr., to Mr. John Collins, dated
4 November 25th, 1981.

5 I'd like to distribute those to the Board and
6 the parties at this time, and request the Board approve
7 the stipulation and admit into evidence the exhibits
8 listed in the stipulation.

9 JUDGE BECHHOEFER: Okay. The stipulation
10 covers all of the Staff ones we talked about earlier,
11 does it not?

12 MR. GUTTERMAN: The stipulation covers Staff
13 Exhibits Nos. 113 through 132, which are the I&E reports
14 starting with 81-16 and 81-18. 81-17 was previously
15 admitted. And going through IE& Report 81-36.

16 In connection with that, Mr. Chairman, I have
17 one other document I should have distributed at the same
18 time.

19 Staff Exhibit 132 is I&E Report 81-33, and
20 yesterday when the Staff distributed it, it was
21 distributed with a cover letter dated -- or transmittal
22 letter dated December 7th, 1981, and we had a discussion
23 on the record about a subsequent transmittal letter, and
24 I'd like to distribute that at this time. The Staff had
25 agreed to make that part of Exhibit 132.

14-10

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1 MR. GUTIERREZ: That is correct. Just a word
2 of explanation. Apparently this I&E report, according
3 to our records, went out on December 7. The Applicant,
4 I guess, couldn't trace it down or didn't have evidence
5 of receiving it, and between conversations with Region IV
6 and HL&P we agreed to re-issue it under cover letter of
7 January 22.

8 It's only material in the sense that there was
9 an item of noncompliance and it enabled HL&P more time to
10 respond.

11 MR. GUTTERMAN: One further matter --

12 JUDGE BECHHOEFER: Will the reporter get that
13 in conjunction with all the other exhibits? Which cover
14 letter will be attached to Exhibit 132, or will both of
15 them?

16 MR. GUTIERREZ: As submitted by the Staff, we
17 attached the December 7th cover letter. This same cover
18 letter might come in and reference this explanation on
19 the record and be labeled 132-A, if the Chair thinks that
20 might --

21 JUDGE BECHHOEFER: I think that might be useful.
22 Just put it in as 132-A, and if I issue an initial decision
23 with a list of exhibits it will be clearer what it is.

24 (Applicant's Exhibits Nos. 49, 50 and
25 51 were marked for identification.)

14-11

1 (Staff's Exhibits Nos. 113 through
2 132A were marked for
3 identification.)

4 MR. GUTTERMAN: I have one further document,
5 Mr. Chairman.

6 At Transcript Page 8555 Mr. Sinkin, for CCANP,
7 had offered as CCANP Exhibit 53 a list of quality control
8 inspectors that the Applicants had supplied on discovery
9 and Applicants at that stage agreed to provide an
10 updated list -- updated and corrected list of QC inspectors
11 who have been employed at South Texas Project, and I now
12 have that updated list, with an attached affidavit of
13 Raymond J. Vurpillat, and I would like to distribute that
14 and offer that as the substitute Exhibit CCANP 53, if
15 there's no objection.

16 JUDGE BECHHOEFER: Well, would you have one
17 substituted or would you have that one marked as A?

18 MR. SINKIN: I would prefer having it marked
19 as A.

20 MR. GUTTERMAN: That's agreeable to Applicants.

21 JUDGE BECHHOEFER: Okay. Let's mark that one
22 53A.

23 (CCANP Exhibit No. 53A was
24 marked for identification.)

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1 JUDGE BECHHOEFER: The Board will accept into
2 evidence all of the exhibits covered by the stipulation,
3 plus the other two: Staff Exhibit 132A and CCANP
4 Exhibit 53A. Those will be accepted into evidence.

5 (The documents heretofore
6 marked for identification as
7 Applicants' Exhibits Nos. 49,
8 50 and 51, Staff's Exhibits
9 Nos. 113 through 132A and
10 CCANP Exhibit No. 53A were
11 received in evidence.)

12 (Bench conference.)

13 JUDGE BECHHOEFER: The Board has received a
14 copy of a proposed new contention. We would like the
15 parties to -- I'm sorry -- motion for reconsideration.

16 We would like the parties to respond in
17 writing to that. We will rule in due course.

18 The usual -- Is the usual time for respond-
19 ing to a motion of ten days sufficient, or would you
20 want more time? How -- I don't think it makes --

21 MR. REIS: Mr. Chairman, can I ask you, what
22 motion are you referring to? The one on new con-
23 tentions?

24 JUDGE BECHHOEFER: I'm sorry. I misspoke.
25 It was a motion for reconsideration.

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MR. REIS: Oh?

The usual ten-day -- Well --

JUDGE BECHHOEFER: Fifteen for the Staff,
I think.

MR. REIS: Fifteen days for the Staff?

JUDGE BECHHOEFER: Yes.

MR. REIS: Yes, I believe the usual period
will be sufficient, Mr. Chairman.

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15-2 1 JUDGE BECHHOEFER: Well, the Applicant's time
2 runs out on the 20th, which is a Saturday. We'll say
3 Monday the 22nd. Is that satisfactory?

4 MR. GUTIERREZ: The following Monday?

5 JUDGE BECHHOEFER: Yes, the 22nd.

6 That's the wrong -- I've got the wrong
7 month.

8 The same thing. So you'll respond on the 22nd
9 of February, and the Staff will get -- Well, the way
10 it works out --

11 (Bench conference.)

12 JUDGE BECHHOEFER: The Staff gets a week ...
13 they get to the 29th, as it turns out, because of the
14 weekend.

15 MS. BUCHORN: Mr. Chairman, CEU would --

16 JUDGE BECHHOEFER: No, to March 1st.

17 CEU would have the same period as the
18 Applicant to respond.

19 MS. BUCHORN: And I'm sorry, I missed that
20 date. What was that?

21 JUDGE BECHHOEFER: The 22nd.

22 MS. BUCHORN: The 22nd. Thank you.

23 JUDGE BECHHOEFER: Any other party, except
24 the Staff -- the Staff gets extra time.

25 (Bench conference.)

1 JUDGE BECHHOEFER: We have some discussion
2 of scheduling to do. We might as well go off the record
3 for that and put on any determinations we make later
4 on.

5 (Discussion off the record.)

6 JUDGE BECHHOEFER: Back on the record.

7 After a discussion of scheduling, it was
8 agreed that the next hearing session will begin on
9 April 20. It will be April 20 through 23.

10 And following that, testimony will -- hearing
11 will be May 4 through 7.

12 And then if another week is necessary,
13 June 8 through 11.

14 If schedule changes in other cases should
15 make other weeks available, we will consider that at a
16 later date in consultation with all the parties.

17 Is there anything further before we
18 adjourn today?

19 MR. AXELRAD: Well, perhaps we should put on
20 the record also the filing dates for various filings that
21 are necessary in order to accommodate those schedules?

22 JUDGE BECHHOEFER: Okay. Mr. Axelrad, why
23 don't you --

24 MR. AXELRAD: The Applicants would plan to
25 file their updated testimony on operations and the pertinent

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1 FSAR section by about March 8th, although that might slip
2 by a few days.

3 And then the Applicants would file by March
4 22nd the information supplementing the material submitted
5 on December 11 reflecting the selecting construction con-
6 tractor.

7 And for these we'd file testimony on the or-
8 ganizational framework for continued construction, future
9 QA/QC, et cetera, as described on Page 4 of the Board's
10 Fourth Prehearing Conference Order by April 5th.

11 And as was discussed off the record, the hear-
12 ing the week of April 20th would start with the manage-
13 ment of operations testimony, first by the Applicants
14 and then by the Staff, and would then proceed that same
15 week, if the week is not exhausted, with Applicants'
16 testimony on the organizational framework for continued
17 construction, et cetera, and then would resume again
18 the week of May 4th with those same subjects.

19 JUDGE BECHHOEFER: The Board has approved
20 that schedule.

21 Is there anything further before we adjourn?

22 (No response.)

23 JUDGE BECHHOEFER: If not, we'll see
24 you on April 20.

25 (Whereupon, at 4:20 p.m. the hearing was
adjourned, to reconvene April 20, 1982.)

ALDERSON REPORTING COMPANY, INC.

300 7TH STREET, S.W., REPORTERS BUILDING, WASHINGTON, D.C. 20024 (202) 554-2345

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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: February 10, 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)