

NUCLEAR REGULATORY COMMISSION

ORIGINAL

BEFORE THE ATOMIC SAFETY AND LICENSING BOARD

In the Matter of:

LONG ISLAND LIGHTING COMPANY

(Shoreham Nuclear Power Station)

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:
: DOCKET NO. 50-322-OL
:

DATE: October 27, 1982

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AT: Bethesda, Maryland

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UNITED STATES OF AMERICA
NUCLEAR REGULATORY COMMISSION
BEFORE THE ATOMIC SAFETY AND LICENSING BOARD

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: In the Matter of :
: :
LONG ISLAND LIGHTING COMPANY : Docket No. 50-322-OL
(Shoreham Nuclear Power Station) :
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Bethesda, Maryland
Wednesday, October 27, 1982

The hearing in the above-entitled matter
convened, pursuant to notice, at 10:30 a.m.

BEFORE:

LAWRENCE BRENNER, Chairman
Administrative Judge

JAMES CARPENTER, Member
Administrative Judge

PETER A. MORRIS, Member
Administrative Judge

1 APPEARANCES:

2 On behalf of Applicant:

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9 On behalf of Suffolk County:

10 LAWRENCE COE LANPHER, Esq.
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Christopher & Phillips
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1	<u>C O N T E N T S</u>					
2	<u>WITNESSES:</u>	<u>DIRECT</u>	<u>CROSS</u>	<u>REDIRECT</u>	<u>RECROSS</u>	<u>BOARD</u>
3	T. Tracy Arrington,					
	Frederick B. Baldwin,					
4	William M. Eifert,					
	T. Frank Gerecke,					
5	Joseph M. Kelly,					
	Donald G. Long (Resumed)					
6	By Mr. Lanpher			12,034		
7	<u>(Afternoon Session..12,090)</u>					
8	T. Tracy Arrington,					
	Frederick B. Baldwin					
9	William M. Eifert,					
	T. Frank Gerecke,					
10	Joseph M. Kelly,					
	Donald G. Long (Resumed)					
11	By Mr. Lanpher			12,094		
	By Judge Brenner				12,115	
12	By Judge Morris				12,123	
	By Mr. Lanpher			12,130		

14	<u>E X H I B I T S</u>			
15	<u>NUMBER</u>	<u>IDENTIFIED</u>	<u>RECEIVED</u>	<u>BOUND IN</u>
16	LILCO 22	12,033	* 12,033	12,033
17	EA Audit 19, Finding (2.B.2)		12,050	
18	EA 22, Observation 021(2)		12,050	
19	EA 23, Observation 037		12,050	
20	EA 27, Observation 078		12,050	
21	FQC Audit 14, Finding (A.1)		12,050	
22	FQC Audit 14, Finding (B.2)		12,051	
23	FQC Audit 14, Finding (D.2)		12,051	
24	FQC Audit 14, Finding (D.3)		12,051	
25				

C O N T E N T SE X H I B I T S (Cont'd)

<u>NUMBER</u>	<u>IDENTIFIED</u>	<u>RECEIVED</u>
1		
2		
3		
4	FQC Audit 16, Finding (B.2.A. thru E.)	12,051
5	FQC Audit 16, Finding (D.4)	12,051
6	FQC Audit 18, Finding (B.1)	12,051
7	EA Audit 18, page 2, #4	12,051
8	EA Audit 24, Observation 050, #1	12,051
9	EA Audit 30, 0972A	12,051
10	EA Audit 30, #104, Parts 2 and 4	12,051
11	EA Audit 38, Observation 141, Findings 1 and 2	12,051
12	EA Audit 22, Finding 020(4)	12,069
13	EA Audit 22, Finding 021(1)	12,069
14	EA Audit 26, Finding 066, Parts 2 and 3	12,069
15	EA Audit 26, Finding 067, Part 2	12,069
16	EA 30, Observation 104, Part 1	12,069
17	EA 39, Observation 152	12,070
18	EA 40, Observation 155 and 159	12,070
19	EA Audit 19, Finding 2.B.3	12,087
20	EA 27, Observation 074	12,087
21	FQC 9, Finding 06676(1)	12,087
22	FQC 16, Finding D.2	12,087
23	FQC 19, Finding K.1	12,087
24		
25		

E X H I B I T S (Cont'd)

<u>NUMBER</u>	<u>IDENTIFIED</u>	<u>RECEIVED</u>
3	FQC 20, Finding (L.4)	12,098
4	FQC 26, Finding (L.4B)	12,098
5	Suffolk County 68	12,107
6	Site QA Audit 7	12,175
7	No. 4 Audit of LILCO Purchasing Dept. page 1, bottom paragraph	12,175
8	Audit 1 S&W, FQC Attachment, Item 1.A.1	12,175
9	S&W PQC Audit 1, Attached page 1, bottom Portion re training	12,175
10	QA Audit 6 LILCO Purchasing Dept. page 3 re recommendation A	12,175
11	Audit 81-11 LILCO Purchasing Dept. page 4, open item 1	12,175
12	April 8, 1981 Memo fr Mr. Gerecke thru next to last para. on first page	12,175
13	Audit Findings 3 and 4 of QA Audit 77-8	12,193
14		
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21	RECESSES:	
22	Noon - 12,089	
23	Afternoon - 12,137	
24		
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P R O C E E D I N G S1
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(10:30 a.m.)

JUDGE BRENNER: Good morning.

We appreciate the parties' flexibility having shifted over one day. It is our suggestion -- and the parties can talk about it and come back and tell us -- that for the next two weeks we should run until 5:00 on Friday -- that is, this Friday and the following Friday -- to make up the time, because I don't want to make up the time by going into a new week with things we were supposed to be accomplishing this week and next week in the County's cross examination. But if the parties don't want to do that, we will consider it.

All right. We have no preliminary matters and no recollection of where we are.

MR. ELLIS: We have a couple of preliminary matters, Judge Brenner.

JUDGE BRENNER: The last remark was facetious, but I want Mr. Lanpher to orient us when we begin the cross examination. But go ahead.

MR. ELLIS: First of all, for the record I will note that Mr. Museler is not here today. He will be here tomorrow. This is a particularly critical period during which there are some portions of the containment being transferred, and he will be here

1 tomorrow. Mr. Youngling and Mr. Muller are on the other
2 QA. Mr. Muller has been here almost continuously, and
3 since this has gone on for as long as it has, we simply
4 have to begin making judgments about using people. Mr.
5 Youngling and Mr. Muller will both be back for OQA as
6 soon as we have -- I'm sure Mr. Lanpher will tell us when
7 OQA comes up again.

8 Mr. Muller, I should note also for the record,
9 is the head of OQA now and has been promoted, and that
10 is another reason why he needs to be in the vicinity of
11 the plant whenever possible.

12 Mr. Burns, though here today, I think since
13 Mr. Lanpher is going to be on these audits, he is not
14 necessary on these audits as the other witnesses here
15 are; and as soon as we have some indication from Mr.
16 Lanpher on when he proposes to go back, if he does, to
17 the prefiled testimony, we will have Mr. Burns return
18 for that.

19 I want to give that short status report, and
20 then we have two outstanding inquiries pending, first
21 relating to the NCDR verification, and second relating
22 to housekeeping.

23 The first one was a response to Judge
24 Carpenter's question about the population from which Mr.
25 Lanpher selected the storage housekeeping findings, and

1 Mr. Kelly said he would get those figures, and he can
2 give those figures quickly.

3 JUDGE BRENNER: Well, let's not do it yet.
4 Let's be sure we've exhausted all of the preliminary
5 matters.

6 MR. ELLIS: I'm sorry.

7 JUDGE BRENNER: Did you have anything else?

8 MR. ELLIS: That is all we had. As far as
9 going until 5:00 on Friday --

10 JUDGE BRENNER: Well, don't tell me now. Talk
11 about it among the parties.

12 Any other preliminary matters?

13 (No response.)

14 JUDGE BRENNER: All right.

15 Mr. Lanpher, why don't you orient us as to
16 where you are and then tell us if you have any problems
17 with Mr. Kelly supplying that information now as opposed
18 to some other point in the day.

19 MR. LANPHER: Judge Brenner, if you look at
20 page 4 of the October 26th letter, of which I believe
21 you have a copy, I think that orients -- we were in
22 document control group 5 findings concerning manuals,
23 which had not been kept up to date. I had asked
24 questions about the five specific audit findings, and
25 when we broke I was going to get together the so-called

1 grouping for a more global question. And in yesterday's
2 letter I tried to advise the witnesses of where I was
3 going to be going on that also. So that is where I am.

4 In your response to your other inquiry, I have
5 no objection if Mr. Ellis would like to have Mr. Kelly
6 supply the information that Judge Carpenter had asked
7 for now or at any other time.

8 JUDGE BRENNER: All right. Let's do it now
9 then.

10 Whereupon,

11 T. TRACY ARRINGTON
12 FREDERICK B. BALDWIN
13 WILLIAM M. EIFERT
14 T. FRANK GERECKE
15 JOSEPH M. KELLY
16 DONALD G. LONG

17 resumed the stand and were further examined and
18 testified as follows:

19 WITNESS KELLY: Judge Carpenter, as far as the
20 question regarding housekeeping, there were 230 audits
21 that the LILCO Field Quality Assurance Division
22 conducted that addressed storage areas as far as
23 housekeeping was concerned.

24 During that, 580 storage areas were looked
25 at. In only 23 was there any indication of any

1 departure from the requirements. That only represents
2 3.97 percent in which there was a departure from the
3 requirements. I think it points out that the large
4 quantity of items that we did find acceptable -- and as
5 I said, I must point out percentages are -- you have to
6 be careful with percentages.

7 As far as we're concerned, the important thing
8 is in those 23 items that were a departure. You have to
9 look at the significance, and in all cases there was no
10 significance to these findings.

11 MR. ELLIS: The second inquiry concerned the
12 E&DCR verification program, and we committed to give Mr.
13 Lanpher an update on that. We have passed out a sheet
14 on that, and Mr. Arrington has some explanatory points
15 to make about the figures there on the E&DCR
16 verification.

17 WITNESS ARRINGTON: Do you have the chart
18 before you, Mr. Lanpher -- the E&DCR verification chart?

19 MR. LANPHER: Yes, I do.

20 WITNESS ARRINGTON: Looking at the righthand
21 column, the number 69,946 E&DCR, it says the total
22 population of all E&DCRs that have been issued to date.
23 This would include all of the project E&DCRs, the P
24 series, and all of the field E&DCRs, which is the F
25 series. This would also include all revisions to the

1 E&DCRs.

2 It is important to note that all of the E&DCRs
3 that affect the physical plant or the inspection of
4 document requirements are verified through a normal site
5 process which includes the normal construction program
6 as well as the site quality assurance and the
7 engineering assurance organizations.

8 The E&DCR verification program for which these
9 statistics appear is an extra or redundant check against
10 systems operation or the logic to that system. There
11 are a very large number of E&DCRs out of this total
12 population that are classified for information only.
13 These E&DCRs are merely answers to a writer's question.

14 We looked first at phase 1. This is the
15 backfit phase of the project which the time span
16 includes up to July 15th of '76. There is a total of
17 4,331 E&DCRs issued of which 1,445 require
18 verification. To date we have verified 1,366 with 79
19 remaining to be verified.

20 Under phase 2 the time frame would be from
21 July 15th of '76 to August the 5th of '77. During this
22 time there were 5,832 E&DCRs issued, 1,961 requiring to
23 be verified. To date we have verified 1,956, five
24 remaining to be verified.

25 Phase 3, which is the final phase of the

1 project that we are now under discovers a time span of
2 August the 5th of '77 through October of '82. During
3 this time frame we've issued 59,783 E&DCRs; 4,480 are
4 required to be verified. Thus far we have verified
5 3,720 with 760 remaining to be verified.

6 I would like to again emphasize that this
7 program is not a regulatory requirement; that our normal
8 site procedures do require that we do the verification
9 on the individual basis on those E&DCRs that affect the
10 design to the plant systems. This is an extra layer of
11 assurance that LILCO has applied to the E&DCR process.

12 JUDGE BRENNER: Mr. Ellis, what do you want to
13 do with the document which I think helped illustrate the
14 answer and presumably is the reason you had it prepared.

15 MR. ELLIS: I think it should be marked and
16 bound in for the aid of the record. I think also when
17 Mr. Arrington used the date, did you mean October 4,
18 1982?

19 WITNESS ARRINGTON: That is the statistics
20 occurring through October the 4th.

21 JUDGE BRENNER: All right. Any objections to
22 marking this and admitting it into evidence?

23 (No response.)

24 JUDGE BRENNER: Okay. According to our
25 records that would be LILCO Exhibit 22.

1 (The document referred to
2 was marked LILCO Exhibit
3 No. 22 for identification
4 and received in
5 evidence.)

6 JUDGE BRENNER: And we will admit it into
7 evidence at this point and also bind it into the record.

8 (LILCO Exhibit No. 22 for identification and
9 evidence follows:)

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INSERT#1

E&DCR VERIFICATION PROGRAM STATISTICS

<u>PHASE</u>	<u>DATE</u>	<u>NUMBER REQUIRING VERIFICATION</u>	<u>NUMBER VERIFIED TO DATE</u>	<u>NUMBER REMAINING TO BE VERIFIED</u>	<u>TOTAL E&DCRs ISSUED IN PHASE</u>
I	Up To 07/15/76	1,445	1,366	79	4,331
II	07/15/76 to 08/05/77	1,961	1,956	5	5,832
III	08/05/77 to 10/04/82	4,480	3,720	760	59,783
	Total	7,886	7,042	844	69,946

Lilco Ex. 22

1 JUDGE BRENNER: Okay, Mr. Lanpher.

2 MR. LANPHER: Judge Brenner, I would like to
3 say I may obviously need to come back on this after I
4 have a chance to look at it. I am not going to take
5 time on the EEDCR document right now.

6 CROSS EXAMINATION -- Continued

7 BY MR. LANPHER:

8 Q Mr. Kelly, with respect to your comments on
9 the storage matter I would like to get a bit of
10 clarification. You said that there were 230 audits that
11 looked at 580 areas. Are you talking about physical
12 areas like storage areas and in plant storage, or what
13 exactly do you mean by 580 areas?

14 A (WITNESS KELLY) Okay. The areas that we
15 discussed in previous audits such as the main warehouse
16 designated as -- I don't recall the numbers -- say B2,
17 okay. The far west storage area would have a D
18 designation for outdoor storage, and that would be
19 considered one area. So when we're saying 580, we're
20 talking about separate designated storage areas that
21 were addressed in each of the audits.

22 In the case of stored in place audits, which
23 are included in this 273 --

24 Q You said 230.

25 A (WITNESS KELLY) Two hundred and thirty,

1 excuse me. That would -- we were talking about an area
2 there just being simply the reactor building. Okay. If
3 the piece of equipment that was stored in place that was
4 being checked, we would just consider that the reactor
5 building and count that as one area. Even if possibly
6 during that audit we looked at four pieces of equipment
7 in that reactor area, that would count as one as far as
8 that 580 goes.

9 Q Is it your testimony -- and we discussed a
10 number of audit findings in the storage housekeeping
11 area -- is it your testimony then that all of those
12 audit findings that we've discussed focused or related
13 to problems which physically were located in a total of
14 23 areas?

15 A (WITNESS KELLY) No.

16 (Panel of witnesses confer'ing.)

17 A (WITNESS KELLY) This strictly relates to the
18 housekeeping items that we discussed. When I say 580
19 storage areas were checked and 23 were found to have
20 some departure from the requirement in the area of
21 housekeeping, those are obviously multiple checks of the
22 same storage areas.

23 Okay. So in other words there are not 580
24 storage areas at the Shoreham site. There are -- I
25 don't recall the exact number, but this would be a count

1 of how many times each of those was looked at.

2 Q Okay. Now, why don't you define for us the
3 way you're using the term "housekeeping?" Are you
4 talking about trash and debris?

5 A (WITNESS KELLY) Trash and debris.

6 Q Findings that we were discussing, for
7 instance, in the area of capping or covering outside of
8 the polycovers, that is not included in what you're
9 talking about?

10 A (WITNESS KELLY) That is correct. And you do
11 understand that these are strictly the LILCO field
12 quality assurance audits.

13 Q Right. I understand you looked multiple times
14 at certain physical areas like the B1 warehouse or
15 anything like that. The 580 figure then relates to you
16 looked on 580 different occasions for whether proper
17 housekeeping was being maintained, is that correct?

18 A (WITNESS KELLY) I think -- let me try and
19 describe it. I think I could clear it up. Say during a
20 particular audit we looked at six different storage
21 areas -- the main warehouse, outdoor storage area in the
22 west yard, the warehouse in the west storage yard. Say
23 we looked at five of those. That would be five, and
24 that would contribute to that 580.

25 Q Now, in drawing up the numbers that you came

1 up with, did you also determine how many audit findings
2 concerning housekeeping were noted in the LILCO field
3 quality audits in these 23 areas? Did you make a tally,
4 in other words, of the number of audit findings?

5 A (WITNESS KELLY) This is a tally of the number
6 of times, the number of storage areas that had any
7 indication of what we're calling a housekeeping
8 departure from the requirement.

9 Q Well, is the 23 -- you call that 23 areas had
10 departure.

11 A (WITNESS KELLY) Right.

12 Q That also, that 23, is that also 23 audit
13 findings in the housekeeping area?

14 A (WITNESS KELLY) I don't recall. The
15 possibility exists that there could have been one audit
16 finding that described possibly two storage areas, and
17 in that case that would have counted as two. These are
18 the actual areas that were found to have a departure and
19 not necessarily a count of the items.

20 (Counsel for Suffolk County conferring.)

21 MR. LANPHER: Judge Brenner, I am prepared to
22 proceed with other examination unless the Board had
23 questions on this matter.

24 (Board conferring.)

25 JUDGE CARPENTER: I just have one question.

1 Mr. Kelly, you remarked that it was your
2 opinion that these findings had no significance. Could
3 you help me just a little bit by what you mean by that?

4 WITNESS KELLY: I think an awful lot of the
5 audit findings that we went through, particularly I
6 believe that was Group 5 for storage which dealt with
7 trash, I think we talked about cases where there was
8 debris in an outdoor storage area. Okay. That would in
9 no way affect the equipment around it.

10 There were cases where debris could have been
11 on equipment, and in no case was that determined to be
12 of any significance; and that is what we mean by the
13 word "significance" as far as it ultimately affected the
14 item and the installation of that item into the plant.

15 JUDGE CARPENTER: Thank you. I have no
16 further questions.

17 BY MR. LANPHER: (Resuming)

18 Q Gentlemen, turning your attention back to
19 where we broke at the end of the last session, we had
20 discussed five audit findings. They were Engineering
21 Assurance Audit 19, Finding (2.B2); Engineering
22 Assurance Audit 22, Finding (021(2)); Engineering
23 Assurance Audit 23, Finding (037); Engineering Audit 27,
24 Finding (078); and FQC Audit 14, Finding (A.1).

25 Gentlemen, do you agree that each of those

1 findings involve a failure to maintain a manual up to
2 date?

3 A (WITNESS EIFERT) Mr. Lanpher, with respect to
4 the engineering assurance audits, we agree that these do
5 fall into the grouping and category as you have
6 described it, and we are also confident that these
7 difficulties have not had an adverse effect on the
8 plant, and that they do not represent violations of
9 criterion 618 or 16.

10 MR. LANPHER: Judge Brenner, I'm going to ask
11 right now that we keep things very narrow, if possible,
12 in this examination for the remainder of this week. I'm
13 going to tell you where I'm going.

14 I'm going to make every effort personally to
15 complete all examination outside of OQA by Friday
16 afternoon with the intention that my colleague, Mr.
17 Minor, will return with the commencement next week to
18 OQA so we can meet the deadline which the Board has
19 imposed. And maybe there is flexibility, but I would
20 rather not reach that question.

21 JUDGE BRENNER: Mr. Ellis, I was more patient
22 when I thought we were on a learning curve, but I
23 thought we should have hit the peak of the learning
24 curve by now. And if he is going to stay within the
25 time frames that we've established and if we're going to

1 stay with those time frames that we have imposed upon
2 the County, we expect to follow the pattern that I
3 thought we learned; and that is, he wants to know
4 whether the witness is agreed that it fits within the
5 category. If it doesn't fit within the category, they
6 should explain that; but if the answer is yes, it does,
7 I don't want to hear everything about the significance
8 of it in answer to his relatively narrow question.
9 Okay? The idea is for him to ask that question to avoid
10 having to ask the same questions about each and every
11 audit, because if the witness's answers force him to go
12 through each and every audit, we're going to take that
13 into account.

14 MR. ELLIS: I'm a little puzzled by Mr.
15 Lanpher's indifference to the significance --

16 JUDGE BRENNER: Didn't we go through all of
17 this last week a number of times, or two weeks ago? I
18 mean don't you recall all of that, or am I just
19 remembering incorrectly? Because I don't want to have
20 to stop every time this happens again. I understood why
21 we should have to do it a few times the last time.

22 MR. ELLIS: Yes, sir. I don't think that
23 answer took more than 10 seconds. In fact --

24 JUDGE BRENNER: It is the pattern that Mr.
25 Lanpher is worried about, and I agree with him. The

1 first question out of the box there is an ignorance of
2 everything that was discussed the last time, and I
3 thought you would have talked to the witnesses in
4 between about what occurred last time.

5 All right. Let's proceed.

6 MR. LANPHER: For the record, I want it to be
7 clear, if I didn't have a time limit I wouldn't have
8 made the comment.

9 JUDGE BRENNER: Let's proceed.

10 BY MR. LANPHER: (Resuming)

11 Q Gentlemen, do you have a copy of my October
12 26th letter to Mr. Ellis and Mr. Earley in which I
13 listed some additional audit findings?

14 A (WITNESS BALDWIN) Yes, we have the letter.

15 Q Turning your attention to page 4 of that
16 letter there are a series of audit findings listed there
17 under item B, and so I don't have to read them twice
18 into the record, they are the ones that start with
19 Engineering Assurance Audit 18, page 2, number 4.

20 Do you see where I'm reading from?

21 A (WITNESS BALDWIN) Yes, we do.

22 Q Gentlemen, do you agree that these audit
23 findings also involve instances where manuals were not
24 kept up to date?

25 (Panel of witnesses conferring.)

1 A (WITNESS ARRINGTON) Mr. Lanpher, I will take
2 the field quality control audits with the exception of
3 Field Quality Control Audit 16.

4 We do agree that the Field Quality Control
5 Audit 14, observation B.2, D.2 and D.3, were situations
6 where the manuals were not up to date. These manuals
7 were for various organizations.

8 FQC 18, observation B.1, we agree that that
9 manual was not up to date at the time of the audit. We
10 disagree in part with Field Quality Control Audit 16.
11 In observation B.2, item E, we disagree that that is not
12 an update problem with regard to the manual.

13 Q Mr. Arrington --

14 MR. ELLIS: Now, you have to let him finish
15 his answer as long as you're going to be particular
16 about otherwise. He hadn't finished his answer yet.

17 JUDGE BRENNER: All right. I guess that the
18 attempt at efficiency of allowing you to talk to each
19 other is going to have to stop because you're not
20 talking civilly to each other. Although the tone was
21 measured, the words weren't.

22 Let him finish the answer and then come back.
23 I take it you missed a designation?

24 MR. LANPHER: I just wanted a clarification on
25 the one that he was just talking about.

1 JUDGE BRENNER: I needed the same
2 clarification, I suspect, but let him finish, and then
3 we will get it.

4 WITNESS ARRINGTON: Going back to item E of
5 Field Quality Control Audit 16, observation B.2, item E,
6 we do not agree that that is an update problem. That
7 was a situation where the procedure was simply reversed
8 in ordering the manual. The procedure was there. It
9 was not out of date.

10 Field Quality Control Audit 16, observation
11 D.4, we disagree with item D. It was not -- this was a
12 situation where the manual was not assigned to an
13 individual.

14 BY MR. LANPHER: (Resuming)

15 Q Does that complete your answer, Mr. Arrington?

16 A (WITNESS ARRINGTON) Yes. I covered Field
17 Quality Control Audit 18, Finding (B.1), I believe.

18 Q Before we go to the engineering assurance
19 then, am I correct that in FQC 16, item B.2, you agree
20 that A through D involves -- D as in dog -- involves the
21 situation or situations where manuals were not kept up
22 to date?

23 A (WITNESS ARRINGTON) Yes.

24 Q Items A through D.

25 A (WITNESS ARRINGTON) Items A through D were

1 manuals that were issued to various organizations that
2 were not kept up to date. The same with D.4.

3 JUDGE BRENNER: All right. Give me a moment
4 off the record.

5 (Discussion off the record.)

6 JUDGE BRENNER: All right. Let's go back on.

7 BY MR. LANPHER: (Resuming)

8 Q Mr. Arrington, on FQC 16, item D.4, I just
9 didn't follow part of your answer, I'm afraid. I think
10 you agreed that certain parts of this observation
11 involved manuals that were not kept up to date. There
12 was one part -- was it part D as in dog again -- that
13 you disagree?

14 A (WITNESS ARRINGTON) That is correct.

15 Q So A through C you agree with my question.

16 A (WITNESS ARRINGTON) Yes.

17 Q Mr. Eifert, do you have a response to the
18 question with respect to the engineering assurance
19 audit, sir?

20 A (WITNESS EIFERT) Yes, Mr. Lanpher. With
21 respect to EA Audit 18, page 2, number 4, and with
22 respect to EA Audit 30, observation 104-4, I would agree
23 that these observations are similar to the ones we
24 discussed earlier with respect to manualholders
25 maintaining their manuals up to date.

1 With respect to EA Audit 24, item 050-1, and
2 also EA Audit 30, observation 097(2a), I do not agree
3 that these reflect the failure to maintain manuals up to
4 date. In EA Audit 24 what we have identified was that
5 the Engineering Mechanics Division people who had
6 initiated this new manual, the pipe stress and pipe
7 support manual, were encountering some difficulty in
8 getting that manual initially issued. This was a new
9 manual that came about because of a reorganization in
10 the engineering department whereby we organized the
11 Engineering Mechanics Division as a new division taking
12 the pipe stress and pipe support people and others but
13 relative to this, pipe stress and pipe support people,
14 and putting them in a new division.

15 As a result of that and as a result of a
16 decision by the new division to develop a totally new
17 set of technical standards and guides in a new format,
18 they required that the ongoing projects at that time,
19 including Shoreham, adopt the existing standards and
20 guides that had been published by the Power Division
21 into a project unique manual.

22 So this audit observation reflects some
23 difficulties that they were having in putting that
24 manual together initially. The audit observation 30,097
25 involves the same manual, but I believe they changed the

1 name of it to the LILCO Job Only Manual at that time,
2 but they are the same manuals.

3 In this particular case the audit identified
4 that some information in that manual was not up to
5 date. It was established that this was information not
6 relating to the technical standards and guides that I
7 referred to earlier, but to additional information that
8 the Engineering and Mechanics people had included in the
9 manual for reference purposes -- information such as
10 vendor catalogues and materials stocklist on standard
11 materials that were available or being procured at the
12 site so that the people would hopefully design pipe
13 supports, for example, using available materials and not
14 create a need for a new procurement.

15 So this was information that did not bear on
16 the performance of pipe stress or pipe support
17 analyses. So the two situations on these audits are
18 significantly different than the problems with
19 manualholders maintaining their manuals up to date.

20 With respect to the remaining three
21 engineering assurance audit observations in that group,
22 EA Audit 30, number 104, item 2, this problem was again
23 different in that the people responsible for the project
24 manual are different than the people responsible for
25 either the LJO manual or the EAP manual, and there was

1 some difficulty with the project memoranda that was in
2 the book.

3 The project did have some out of date
4 information in the book with respect to some
5 administrative matters. The specific project memoranda
6 that is referenced in the audit observation we have been
7 able to identify was instructions on commuting between
8 Boston and Islip. The project did go back and update
9 the project memorandum section of the project manual,
10 and it was established that those did not have a
11 technical effect, any effect on technical instructions
12 in the manual.

13 Similarly, EA Audit 38, number 141-2, involves
14 the project manual maintenance itself in being different
15 from the earlier problems with respect to the EAP
16 manuals and the problems with manualholders.

17 Okay. EA Audit 38, number 141, parts 1 and 2,
18 that again relates to the maintenance of the project
19 manual within the project team responsible.

20 So, in summary, I see three distinct
21 differences in those groups: one, the problems relating
22 to the earlier discussion of the difficulties with
23 manualholders keeping their manual precisely up to date;
24 two, the problems dealing with the LILCO Job Only
25 Manual; and three, the difficulties with the project

1 manual.

2 Q With respect to EA 38, observation 141-1 and
3 2, project manual, while that is different than the EAP
4 manual -- it is a different manual -- the finding was
5 that portions of the manual had not been maintained up
6 to date, correct -- the auditor's finding?

7 A (WITNESS EIFERT) Yes, that is correct, Mr.
8 Lanpher. None of the observations with respect to the
9 EAP manual in this grouping indicate any failure by the
10 people responsible for preparing the EAP manual for
11 having that as an up-to-date manual. So it is different
12 than the problems with the EAP manual, a totally
13 different situation. Different people were responsible,
14 different actions, in effect a different cause
15 situation. And that is the distinction that I'm trying
16 to make.

17 (Counsel for Suffolk County conferring.)

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1 MR. LANPHER: Judge Brenner, at this time I
2 would like to move into evidence the findings that we
3 have been discussing this morning for the reporter's
4 benefit. They will be those at the top and middle of
5 page 4 of the letter, which he has a copy of, and I
6 guess I had better read them for the record at this time.

7 JUDGE BRENNER: Let's see if we will have any
8 objections first, so that your reading will be right at
9 the point where we act on them.

10 MR. LANPHER: It is the five at the top of the
11 page, Judge Brenner, and that grouping under (b) at the
12 bottom of the page, as explained by the witnesses this
13 morning.

14 JUDGE BRENNER: Any objections?

15 MR. ELLIS: None other than the standard
16 objection. The letter isn't going in.

17 JUDGE BRENNER: No. It was just a convenience
18 just to save time, and I think it is meeting that goal.
19 All right, why don't you read them in at this point, Mr.
20 Lanpher. You might want to separate the two groups when
21 you read them as the witnesses address them separately.

22 MR. LANPHER: I would like to move into
23 evidence first the five that we discussed last week, or
24 a week and a half ago, initially. EA Audit 19, Finding
25 (2.B.2); EA 22, Observation 021(2); EA 23, Observation

1 037; EA 27, Observation 078; and FQC Audit 14, Finding
2 (A.1).

3 Now, with respect to the items that we
4 discussed for the first time, --

5 JUDGE BRENNER: Okay, let's admit those into
6 evidence at this point.

7 (The documents referred
8 to, previously marked for
9 identification as EA
10 Audit 19, Finding
11 (2.B.2); EA 22,
12 Observation 021(2); EA
13 23, Observation 037; EA
14 27, Observation 078; and
15 FQC Audit 14, Finding
16 (A.1), were received in
17 evidence.)

18 MR. LANPHER: With respect to the findings
19 discussed this morning, first, the FQC audits discussed
20 by Mr. Arrington in his response, I would move into
21 evidence FQC 14, Finding (B.2); FQC 14, Finding (D.2);
22 FQC 14, Finding (D.3); FQC 16, Finding (B.2.A through
23 .E); FQC 15, Finding (D.4); FQC 18, Finding (B.1).

24 JUDGE BRENNER: We can, I think, complete this
25 group, Mr. Lanpher.

1 and 2 for identification
2 were received in
3 evidence.)

4 JUDGE BRENNER: All of these documents were
5 originally listed and summarized in Suffolk County
6 Exhibit 67 for identification, according to my notes.
7 Is that correct?

8 MR. LANPHER: I believe that's right.

9 BY MR. LANPHER (Resuming):

10 Q Gentlemen, I would like to discuss with you
11 certain of the audits that are listed at the bottom of
12 page 4 of my letter of October 26th. I would like to
13 direct your attention first to Engineering Assurance
14 Audit 22, Observation 020, Number 4, and let me ask: is
15 this an instance where the indices were controlled
16 files of drawings were not maintained up to date?

17 A (WITNESS EIFERT) No, Mr. Lanpher, this does
18 not indicate that the indices were not up to date. What
19 the auditor was reporting in this instance was that
20 during his document control audit, he verified that the
21 file was up to date with the drawings. He reported that
22 the people responsible for that file had not included
23 the index in that file.

24 Q The index is supposed to be with the file?

25 A (WITNESS EIFERT) Well, I can explain that.

1 The audit observation itself said that the index was not
2 in the file. It was not a specific requirement that the
3 index be in the file; it was, however, a requirement
4 that the people responsible for maintaining the control
5 files be on distribution and receive the control
6 indexes. And thus, to my knowledge, these people were
7 being sent the indexes.

8 But during the audit, the people responsible
9 for that file do not have a copy of that index readily
10 available to demonstrate to the auditor that they did
11 have the index. But specifically to your question, it
12 was no a case of indexes not being up to date.

13 Q In your review, have you been able to
14 determine that there were, in fact, up-to-date indices
15 for these files in existence at this time?

16 (Panel of witnesses conferring.)

17 A (WITNESS EIFERT) I'm sorry, would you repeat
18 that question?

19 Q In the review that you performed, Mr. Eifert,
20 or your colleagues performed in reviewing this audit
21 observation, did you determine whether, in fact,
22 up-to-date indices existed for the files that are
23 referenced?

24 A (WITNESS EIFERT) Can I have a moment to check
25 that?

1 Q Sure.

2 (Panel of witnesses conferring.)

3 A (WITNESS EIFERT) Mr. Lanpher, I didn't ask
4 that specific question, so I do not have a definite
5 answer on that. This was a document control audit, and
6 I believe that the audit would have included not only a
7 check of the files, but it also would have included as
8 part of the audit a verifying that the project was
9 properly implementing the requirements for maintaining
10 indexes. I do not believe there was any concern
11 reported with respect to the adequacy of the indexes
12 themselves for the project drawings.

13 Q Mr. Eifert, turning to your attention now to
14 Engineering Assurance Audit 39, Observation 152, is this
15 an instance where the job book index for several
16 disciplines was not maintained up to date?

17 A (WITNESS EIFERT) Mr. Lanpher, this is an
18 example where the specific sketch index, as part of the
19 job books, was not being maintained up to date. This
20 problem is different than the one we have just discussed
21 with respect to the indexes in the control files.

22 The job book index is maintained to reflect
23 the special sketches that engineers develop, and which
24 are filed in the job book, which is the filing system.
25 And there is a requirement that that index be

1 maintained. What was happening was that the engineers
2 were filing the sketches without notifying the document
3 control clerk who was responsible for maintaining that
4 index.

5 Q These sketches are design documents that are
6 being used by the engineers? Is that correct?

7 A (WITNESS EIFERT) Primarily, no. The sketches
8 that fall into this category are primarily sketches
9 developed by the engineers that are used as
10 illustrations and attachments in other design documents,
11 such as specifications. We have an engineering
12 assurance procedure that describes this process and
13 requires that the project establish a mechanism as
14 necessary for numbering and filing such sketches.

15 The design document is the parent document
16 which contains the sketch. These, for example, lead to
17 the specification. The review, approval and control
18 such as document control with respect to distribution of
19 those sketches is a part of that parent document.

20 Q The sketches become part of that parent design
21 document?

22 A (WITNESS EIFERT) Yes. They are not handled as
23 a separate design document.

24 Q Mr. Eifert, turning your attention to
25 Engineering Assurance Audit 40, Observation 155, is this

1 an instance where the indices for the elementary and
2 loop diagrams were not kept up to date? And I direct
3 your attention first of all to the top of that
4 observation, and then the description down below.

5 (Pause.)

6 A (WITNESS EIFERT) Mr. Lanpher, with respect to
7 the elementary diagram index, this is not a situation
8 where the elementary diagram was not being updated.
9 This audit revealed two concerns. One, that there was
10 an administrative problem that the project was having
11 with what is the ATS group, which is an automatic
12 terminal system that is used as part of the computer
13 typing system Stone & Webster has, in the timing of
14 releasing the updates to the elementary diagram.

15 In this respect, this finding is different
16 than other updating problems. The situation was that
17 the diagrams at the time they were issued were behind
18 the issue of elementary diagrams because of delays being
19 encountered in the ATS system and in publishing the
20 updated indices.

21 The second problem relating to this particular
22 observation was a concern by the auditors and not a
23 violation. The requirement for updating the ESK index
24 was to issue it quarterly, and it was the auditor's
25 judgment at this audit that it should be issued more

1 frequently. This audit was in June of this year, June
2 1982, and it was our judgment that based upon the level
3 of activity with respect to revisions of flow diagrams
4 and the level of activity at the site with respect to
5 these, that they should issue the updated index more
6 frequently. And we did identify that and the project
7 agreed and has changed that frequency, as well as having
8 resolved our problem with the ATS system.

9 The problem with the loop diagram index is,
10 again, it is different in that the auditor in this case
11 was primarily looking for a master index, and it had not
12 been the practice of the project or of Stone & Webster's
13 control system division in its directives to its people
14 for directives for loop diagrams to maintain one master
15 index that listed all of the loop diagrams. The
16 practice has always been to maintain an index of loop
17 diagrams by systems. And the auditor in this case was
18 questioning that practice, more than being concerned
19 with not having the loop diagrams up to date.

20 Q Did you complete your answer?

21 A (WITNESS EIFERT) Yes, I did.

22 Q Wasn't the auditor, with respect to the loop
23 diagrams, also concerned that what he called the sub
24 indexes were not being updated in a timely manner?

25 (Panel of witnesses conferred.)

1 A (WITNESS EIFERT) Yes, Mr. Lanpher, the auditor
2 did identify that there were some discrepancies between
3 the updating of the index maintained by the people who
4 hold the loop diagrams as the changes were issued. And
5 again, if I may, that type of problem is different than
6 the problem we encountered with the elementary diagram
7 indexes.

8 Q Well, in both instances, isn't it correct that
9 the auditor felt that a more frequent updating of the
10 indices would be appropriate?

11 (Panel of witnesses conferring.)

12 A (WITNESS EIFERT) I believe that was the case
13 for elementary diagrams. For the loop diagrams, the
14 auditor made the comment that the last time that the
15 index was distributed had been November 1980. But we
16 did not, as I understand that post-audit conference,
17 express concern with that timing because the process for
18 maintaining that index did provide for the people to
19 mark their copy of the index as they received the
20 revision to loop diagrams. So it was not the same type
21 of timing concern that was expressed with elementary
22 diagrams.

23 Q Mr. Eifert, looking at Observation 159 of the
24 same audit, Audit 40, am I correct that the auditor
25 found here that the calculations index for the

1 structural mechanics discipline was not maintained in an
2 up-to-date manner?

3 A (WITNESS EIFERT) Yes, Mr. Lanpher, the auditor
4 did indicate that the indexes maintained by the
5 structural mechanics group were not being maintained
6 totally up to date with respect to all of the
7 information contained on the calculations index. But
8 again, this is a different situation because as we
9 discussed in the cross examination on calculations, what
10 we call the calculation index contains much information
11 beyond the indexing information which identifies the
12 specific calculation and calculation number.

13 The information we're identifying in this
14 audit -- and we maybe even discussed this audit in the
15 cross examination on calculations, I don't recall -- but
16 this was information beyond what we typically consider
17 indexing information, which is that information
18 necessary to identify and number the documents.

19 So in that sense, this problem, I believe, is
20 different than most at least of all of the audits that
21 you've identified in this subgrouping. And I say most
22 because I believe there is another one that does reflect
23 on calculation in this, and I would have to look at that
24 again.

25 Q Is that Engineering Assurance Audit 26,

1 Finding 067(2)?

2 A (WITNESS EIFERT) Yes, it is.

3 Q That was another instance where the
4 calculation for file indices had apparently not been
5 updated to the satisfaction of the auditor?

6 A (WITNESS EIFERT) Yes, Mr. Lanpher. This
7 observation from EA Audit 26, Finding 067 does identify
8 difficulties with maintaining calculation indices. The
9 situation, however, is that it is a different group who
10 was responsible for these particular calculations, and
11 the audit observation from EA Audit 40, Observation 159
12 -- that is the structural mechanics group -- this
13 observation is against the engineering mechanics' pipe
14 support design people. And I see a distance difference
15 when we talk about the general topic of logs, files,
16 indices and lists, when we look at the many different
17 people who were involved in that process.

18 We have over 300 logs, files and lists that
19 the project engineering people are required to maintain,
20 and in addition, many files. The requirements for
21 maintaining those are contained in many different
22 procedures. The requirements are different.

23 The people responsible for the various logs,
24 files, indices and lists are different, and that is why
25 I indicate that I see these as being a very, very broad

1 category. And a category in which I cannot see a clear
2 pattern for the way we have to look at this and assess
3 project performance to see if there is a commonality on
4 actions, and a way to judge that; to judge whether or
5 not we have taken effective corrective action.

6 Q Mr. Eifert, the observations we've addressed
7 so far in this subgroup are only those dealing with
8 indices, correct? We talked about EA 22, Observation
9 020, Number 4; EA 26, 067, Number 2; and then the three
10 observations from EA 39 and 40. All of these involved
11 -- well, with the exception of EA 22, Finding 020,
12 Number 4, which you explained the index was missing from
13 the file apparently. The others indicated various
14 problems with the index, itself; correct? The auditor
15 had expressed reservations in each instance, and there
16 were problems with the index.

17 A (WITNESS EIFERT) Yes, Mr. Lanpher. What I
18 would point out is that the people responsible for those
19 are different people, and the procedures, with the
20 exception of the EA Audit 40, Observation 159 and EA
21 Audit 26, 067, Part 2, the procedures for maintaining
22 these indices and requirements are different. So when
23 we evaluate problems to judge whether we are getting an
24 acceptable level of performance from project
25 engineering, we have to include in our assessment the

1 individuals as well as the requirements to determine if
2 we have an unacceptable pattern, if you will, and that
3 is what I'm trying to point out. And I won't go any
4 further.

5 Q Now, Mr. Eifert, am I correct that the purpose
6 of having an index up to date is so that persons who may
7 need to use the underlying documents can readily
8 determine the latest revision of a document they may
9 need to utilize? Is that correct?

10 A (WITNESS EIFERT) That is the primary purpose
11 for maintaining an index.

12 Q At page 88 of your prefiled testimony, at the
13 top of the page, you stated that "Up-to-date indexes of
14 design documents..." -- well, the preface, it starts
15 really on page 86. You say, "Internal design interfaces
16 are controlled by the following methods:..." and then if
17 you skip several pages to 88, it goes on to say,
18 "Up-to-date indexes of design documents so that one can
19 readily identify the latest issue of documents." What
20 indexes were you referring to in this testimony?

21 A (WITNESS EIFERT) Mr. Lanpher, this was a
22 general reference to all of the indices that we maintain
23 of control design documents.

24 Q Such as calculation indices, or calculations?
25 Or documents holding calculations are design documents;

1 correct?

2 A (WITNESS EIFERT) Yes, sir. It would have
3 included reference to calculation indices. They are one
4 of the way that we insure that people do use the
5 information. And I am confident that we have satisfied
6 that mechanism as I referenced it in our prefiled
7 testimony, that these four examples that we are
8 discussing are not significant in light of the number of
9 years of this project and in light of the indices that
10 we maintain for all of the design documents that we have.

11 Q Well, your testimony on this point, then, is
12 designed to describe your program, is it not? It is not
13 designed to assert that there have not been at least
14 some instances where up-to-date indices were not
15 maintained?

16 A (WITNESS EIFERT) That is absolutely correct,
17 Mr. Lanpher. We have a program that includes not only
18 insuring that we have the measures, but we have, for
19 example, auditing to monitor the implementation. People
20 who formulated the program and program requirements
21 recognize that there would be implementation
22 difficulties, and that is why we have auditing.

23 We are confident that we have identified the
24 specific items and have taken the necessary corrective
25 action and follow-up action to insure that we did

1 implement our program over the years.

2 Q Mr. Eifert, if you could look at three audits
3 as a group at the bottom of page 4 of my letter, and
4 these are Engineering Assurance Audit 22, Finding
5 021(1); Engineering Assurance Audit 26, Finding 066,
6 Parts 2 and 3; and Engineering Assurance Audit 30,
7 Observation 104(1). And if you could look at those to
8 determine whether each of these reflect instances where
9 there were problems of maintaining the project manual
10 indices up to date.

11 (Pause.)

12 A (WITNESS EIFERT) Yes, Mr. Lanpher, these three
13 observations do identify difficulties with maintaining
14 the project manual index up to date. The program
15 requirement that we impose on projects is that they
16 periodically update the project manual index. We do not
17 require a specific time period. These audits reflect,
18 in the auditor's judgment, that the projects at these
19 point in time had made a sufficient number of changes to
20 the manual since the last index and it would be
21 appropriate to issue a complete revised index. And the
22 project, in those cases, did indeed issue the revised
23 indexes.

24 JUDGE BRENNER: When you say that, Mr. Eifert,
25 you imply that it was a matter of judgment and that the

1 auditor felt a sufficient number had been issued;
2 whereas, apparently, the people in charge of issuing the
3 updates or posting the updates did not. Is that what
4 you mean? Or are these cases where there are so many
5 updates that any reasonable judgment would be that they
6 should have been updated?

7 I'm looking particularly at EA 26, Findings
8 066, 2 and 3, but you can deal with them as a group if
9 you want. It looks like -- I would ask you: did not a
10 sufficient number issue at least in those two -- and you
11 can talk about the others, also -- that any reasonable
12 judgment applied would have been that they should have
13 been updated?

14 WITNESS EIFERT: I think I can best respond
15 generically to your question. The procedures for
16 maintaining the manual require that you have an index,
17 and that as you distribute changes to the manual holders
18 they are required to, in pen and ink, update their index
19 so that it is at all times a current index of what they
20 have in their manual.

21 There is not a specific requirement that
22 indicates that every three months, for example, a
23 completely revised index must be issued. So it is
24 clearly a judgment situation that can be argued either
25 way. The auditor felt that there had been sufficient

1 changes that had been made to the manual so that when he
2 looked at an index with any changes on it, there were a
3 lot of changes.

4 Maybe it was a little more difficult to read
5 that pen and ink change indexed because there were such
6 a number of changes. I don't recall specifically if the
7 people on the project made any specific argument that
8 they didn't agree with the audit judgment; I doubt that
9 they did. I believe that they just did agree and
10 proceeded to revise the index. It is not a matter of
11 two people really disagreeing; it is probably more a
12 matter of timing of the projects; update, the official
13 update and revision of the index.

14 JUDGE BRENNER: Do I understand that these
15 audit findings in this last group that Mr. Lanpher
16 directed your attention to would have been written by
17 the auditor with these words and as audit findings, even
18 though the indices and the other portions of the project
19 manual had pen and ink updates noted on them?

20 (Pause.)

21 WITNESS EIFERT: That is very difficult to
22 answer. I believe that the auditor would have written
23 the observation if he believed that an updated index
24 issued by the project would have been much better in the
25 hands of the people holding the manual with respect to

1 their use of the manual. I really can't tell you
2 specifically what the auditor's judgment would be in
3 those instances.

4 JUDGE BRENNER: The reason I asked was I got
5 the impression from your earlier what you termed generic
6 answer was that this was kind of a no-never mind, and
7 that it would have been better to have the printed ones
8 out, but the indices or the other parts of the project
9 manual were still fully up to date and useful because of
10 pen and ink changes, and the auditor was just talking
11 about getting the typed version out.

12 That certainly is not apparent from these
13 audit findings, and there is a big difference in my mind
14 at least on the spur of the spur of the moment right now
15 between being neater, if you will, and having documents
16 that are not up to date through any changes, pen and ink
17 or otherwise. But you don't know as to these findings?

18 WITNESS EIFERT: I know that we have, on
19 occasions, identified problems where the manual holders
20 were not as accurate in marking up their index as we
21 believed they should have been, and I believe we talked
22 about those already this morning, with respect to the
23 first general grouping of audit observations that Mr.
24 Lanpher discussed. And I just can't be specific to your
25 question.

1 Certainly, the intent of revising the index
2 and redistributing it is to minimize the problems with
3 the pen and ink changes.

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1 JUDGE BRENNER: Okay. You may continue, Mr.
2 Lanpher.

3 MR. LANPHER: Judge Brenner, I would like to
4 move certain audit findings into evidence, and they are
5 the following: From the bottom of page 4, deleting EA
6 17; starting with EA 22, Finding 020(4); EA 22, Finding
7 021(1); EA 26, Finding 066, Parts 2 and 3; EA 26,
8 Finding 067, Part 2; EA 30, Observation 104, Part 1;
9 skip 37; then, EA 39, Observation 152; EA 40,
10 Observations 155 and 159.

11 JUDGE BRENNER: Did you mean to skip EA 22,
12 Finding 020(1)?

13 MR. LANPHER: Yes, sir.

14 JUDGE BRENNER: Any objections?

15 (No response.)

16 JUDGE BRENNER: All right, they will be
17 admitted into evidence.

18 (The documents previously
19 marked Audits EA 22,
20 Finding 020(4); EA 22,
21 Finding 021(1); EA 26,
22 Finding 066, Parts 2 and
23 3; EA 26, Finding 067,
24 Part 2; EA 30, Observ.
25 104, Part 1; EA 39,

1 Observ. 152; EA 40,
2 Observ. 155 & 159 for
3 identification were
4 received in evidence.)

5 JUDGE BRENNER: I'm assuming, without
6 double-checking in each instance, that unless you tell
7 us otherwise, all of these are already in an identified
8 exhibit, and I will just make that general comment.

9 MR. LANPHER: They are all meant to be. I
10 have not gone back and made that check in the last week.

11 JUDGE BRENNER: If you find that we're missing
12 one, even after the fact, let us know as soon as you
13 find that out and we will take care of it.

14 MR. LANPHER: I will try to do all of that
15 next week. In addition, we are getting a master index,
16 as I discussed last time. I haven't had a chance to
17 check that, but hopefully, next week we will be able to
18 deliver that in advance so people can look at it before
19 we move some of those other ones in.

20 JUDGE BRENNER: I haven't noted any missing as
21 we've been going through it, but that is not your best
22 assurance.

23 BY MR. LANPHER (Resuming):

24 Q Gentlemen, I would like to turn your attention
25 to page 5 of my October 26th letter and what I have

1 termed Group C of document control group 5. Turning
2 your attention first to Engineering Assurance Audit 19,
3 Finding 2.B.3; is this an instance where the most recent
4 revision of a drawing was not to be found in the file,
5 or drawings?

6 (Panel of witnesses conferring.)

7 A (WITNESS EIFERT) Yes, Mr. Lanpher, EA Audit
8 19, Item 2.B.3, Subpart (a) is an indication where the
9 documents in the file were out of date by one revision.

10 Q By at least one revision? Is that correct?

11 (Pause.)

12 A (WITNESS EIFERT) Yes. In going back, the
13 information that I was able to get is that the file,
14 with respect to the Stone & Webster drawings, the
15 drawings were out of date by one revision. And it was
16 an instance of a manufacturer's drawing that was out of
17 date by more than one revision step.

18 Q Mr. Eifert and Mr. Arrington, if you could
19 look at the next four audits that I referenced; that is,
20 EA 27, Finding 074, FQC 9, Finding 06676, Item 1; FQC
21 16, Finding D.2 and FQC 19, Finding K.1. Are each of
22 these instances where the most recent revision of the
23 drawing or a similar document was not found in the file
24 when the auditor looked?

25 A (WITNESS EIFERT) Mr. Lanpher, with respect to

1 EA Audit 27, Observation 074, this is a situation where
2 the latest drawing was not in the file. The problem was
3 identified as being that the clerk who was responsible
4 for maintaining that file was allowing a backlog to
5 build up before she filed the documents in the file.

6 (Discussion off the record.)

7 BY MR. LANPHER (Resuming):

8 Q Mr. Arrington, are you ready to respond as to
9 the three FQC audits, or anyone else on the panel?

10 A (WITNESS ARRINGTON) I can go through the
11 three, yes. FQC 9, Observation 06676, Item 1, is a
12 situation where four drawings were listed by one draft
13 as not being the latest issued. These were information
14 drawings that were given to that particular area. The
15 flow diagrams, the FM diagrams that are listed there are
16 simply system drawings that construction would use
17 simply for marking up during hydros. The FM drawings
18 are contractor's drawings for the primary shield wall.
19 They were issued to this construction area for
20 information only.

21 Moving to Field Quality Control Audit 16,
22 Observation D.2, I do not agree that this was a
23 situation where the latest drawing was not issued to the
24 field. The auditor compared 14 ASME isometrics through
25 the task group Field Quality Control reactor building

1 and document control as well. The task group is the
2 organization that designs these -- not flow diagrams,
3 but -- isometrics. And the current site practice, as
4 was in 1975, is the construction department is allowed
5 three days to go back to the document control department
6 to indicate to them that they had not received the
7 current issue of the isometrics.

8 By comparing the originator, which would be
9 the task group, to other organizations that are in the
10 distribution after these documents go through document
11 control and the distribution process, you would find
12 instances where the designer would have the latest
13 drawing, but it had not completed its cycle. I would
14 characterize this as a timeliness deficiency as opposed
15 to having the latest issued drawing, because the
16 construction department was aware that they did not have
17 that because of the timeframe.

18 They are required to go back to document
19 control within seven days and indicate that they had not
20 received these drawings.

21 Q While we're on that, Mr. Arrington, and I know
22 you have one more to respond to, does that answer apply
23 to the 11 copies which are referenced as not being the
24 latest revision? That same problem applied.

25 A (WITNESS ARRINGTON) Yes, he did. What he did

1 -- let me explain what the auditor did. He took 14
2 isometric drawings and he took the five organizations
3 that were on the distribution for this, including the
4 originator. And he compared the originator, which would
5 be the task group, and the other four organizations or
6 five organizations that were on the distribution and he
7 found 11 and 14 did not have the latest issued drawing.

8 What I'm saying is if you go to the originator
9 and compare everyone that is on the distribution, there
10 is a timeframe involved in getting these isometrics
11 issued through the document control process and
12 distributed to the various site organizations. The
13 procedure is that all organizations that are on the
14 distribution for these documents receive that computer
15 printout on a weekly basis, so they will know what
16 drawings they are required to have in their files.

17 The process is that once you find out that you
18 don't have the latest issue, you go back to the document
19 control department and indicate to them that you have
20 not received it. You can't put it in there, or it has
21 not been distributed. And this is a situation where we
22 took the originator of the document, which was the task
23 group that designs these isometrics, and compared the
24 distribution of the other four organizations to his
25 document list, and we found 11 of 14. You would

1 multiply the 14 times the number of organizations to get
2 a total number of drawings that are looked at. I think
3 it is like 70 some-odd drawings.

4 So I'm saying it is a timeliness deficiency or
5 problem as opposed to not having the latest issued
6 drawings. The construction organization is required to
7 go back to document control and indicate to them that
8 they have not received the latest issued isometric.
9 This was a normal process and this took place in this
10 particular instance here.

11 Q Mr. Arrington, you said it was a timeliness
12 problem. And you used the word problem. From that I
13 interrupt -- and correct me if I'm wrong -- that at the
14 time the auditor made this observation he felt that by
15 that time they should have had that latest revision.

16 A (WITNESS ARRINGTON) No, I don't think the
17 auditor -- the auditor took one base document, that was
18 14 isometric drawings. He compared the task
19 organization -- the organizations he looked at were
20 document control, the task force, field quality control
21 and the field reactor trailer, and the reactor building
22 areas. They were 11 isometrics that he compared, all of
23 these organizations, to see if they all had the same
24 issued drawings.

25 What we're saying is the task group had the

1 latest issued drawings. The other 11 that were talked
2 about in the audit itself or the organizations that were
3 on distribution, the task force would have to have the
4 latest issue because they are the ones who brought it up
5 in the first place. And we're saying that once task
6 finishes it, you send it to the document control
7 department; the document control would then go out for
8 copies and distribution would be made from that. There
9 is a time lag between task and document control. There
10 is also a time lag between document control making the
11 copies, and we're talking about a matter of days.

12 Q In this instance, do you know what the time
13 lag was?

14 A (WITNESS ARRINGTON) Specifically on each one,
15 no. But the procedure is three days. Within three days
16 you would receive a computer printout at the time that
17 the drawing is issued from task to document control, so
18 everybody that is on distribution would know what
19 drawings they were required to have.

20 At the end of seven days after that, you would
21 go back to document control and indicate that you have
22 not received these yet.

23 Q Am I correct that in this instance you don't
24 know whether we're talking about seven days or two weeks
25 or three weeks or a month?

1 A (WITNESS ARRINGTON) We are talking a short
2 timeframe. In talking with the people who were involved
3 with it, we are talking a short timeframe.

4 Q But you can't tell me what that timeframe was?

5 A (WITNESS ARRINGTON) Specifically with each
6 document, no, I couldn't. There is too much research to
7 go back and find out in 1975 what the date of the issued
8 later revision was. I didn't pursue that.

9 (Counsel for Suffolk County conferred.)

10 Q Mr. Arrington, if we could go on to FQC Audit
11 19, Finding K.1, and let me direct your attention that
12 it is only a portion of that finding that I'm
13 particularly interested in, and that would be the second
14 paragraph of that finding, the paragraph starting,
15 "During the current audit..."

16 A (WITNESS ARRINGTON) Yes, okay. And your
17 question again is the latest issue of drawings?

18 Q Yes. Is this an instance where the auditor
19 determined that the latest revision of drawings was not
20 on file at the proper place?

21 A (WITNESS ARRINGTON) In this paragraph, it does
22 indicate that there are cases where there were two
23 drawings, and it gives drawing numbers, that could not
24 be located. There were four drawings that were not the
25 latest revisions that were issued, and the two drawings

1 that could not be located. It is not uncommon that
2 occasionally someone would be doing work in the field
3 with a drawing; therefore, the drawing would be out in
4 the field as opposed to being on the stick itself. The
5 drawing stick. The drawing stick may have 25 or 30
6 drawings on it, so in order to go out and do an
7 inspection or to do some verification on the
8 construction behalf, it is not uncommon that you would
9 take this drawing off of the drawing stick and go out
10 and do the work. Or to verify that something has been
11 done, as opposed to rolling up 25 pounds of drawings and
12 taking them out in the field.

13 Q Do you know if that was the case in this
14 instance?

15 A (WITNESS ARRINGTON) No, I do not. The four
16 that were issued listed as not being to the latest
17 revision I agree with, but they were replaced subsequent
18 to the audit.

19 Q Did that finish your answer, Mr. Arrington?

20 A (WITNESS ARRINGTON) We're only talking about
21 drawings in this paragraph, I assume by your questions.

22 Q Yes, sir. Mr. Arrington, I would like to go
23 back for a moment to FQC Audit 9, the first one that you
24 addressed, sir, and one portion of your answer, I
25 believe, was that these drawings were for information

1 purposes; is that correct?

2 A (WITNESS ARRINGTON) I indicated that the FM
3 drawings or flow diagrams are used by the construction
4 department to mark up these drawings during the hydro
5 phase of the job site. We had not gotten to that point
6 of the project. These are flow diagrams.

7 The FE drawings, the other two drawings that
8 are listed, are drawings that the contractor would use;
9 not the construction department but the contractors
10 themselves, would use and they were listed or issued to
11 the construction department as for information only.
12 They do not work to those types of drawings, the FE
13 drawings. And this observation was against the
14 construction department, it was not against the vendor
15 or the contractor.

16 Q Looking at the audit report, the auditor
17 listed this as a so-called major -- well, he called it
18 major -- a major problem or a major whatever. And also
19 stated that corrective action was required. Do you know
20 why he listed this as major?

21 A (WITNESS ARRINGTON) Just a minute, let me get
22 the audit itself out, the observation.

23 (Panel of witnesses conferring.)

24 A (WITNESS ARRINGTON) Could you tell me what
25 paragraph you are referring to there, please?

1 Q I am on the sheet that is sort of a chart; the
2 lefthand column is the serial number column. The serial
3 number 06676. And I'm not sure we have a page number.

4 (Panel of witnesses conferring.)

5 A (WITNESS ARRINGTON) You're referring to the
6 column on the righthand side which says Level, and
7 underneath there is the major.

8 Q Major, and it also indicates from the legend
9 at the bottom that the auditor required corrective
10 action. Yes.

11 A (WITNESS ARRINGTON) I believe this was a
12 coding system that was used by the auditing department.
13 The terminology "major" there doesn't mean that it is a
14 major problem. Our program does require that with
15 control drawings or documents that we do issue and work
16 to the latest revision. So anytime you would find a
17 situation where you did not have the latest, regardless
18 of whether this was for information only, if it was on
19 the control distribution you would be required to update
20 that.

21 Q These are control drawings, then?

22 A (WITNESS ARRINGTON) This is a control
23 distribution, yes, that is issued for information only.

24 MR. LANPHER: Judge Brenner, I would like to
25 move into evidence the five findings we have just been

1 discussing and move on to the others. That's EA 19,
2 Finding 2.B.3; EA 27, Observation 074; FQC 9, Finding
3 06676(1); FQC 16, Finding D.2; and FQC 19, Finding K.1.

4 MR. ELLIS: On a couple of occasions, the only
5 objection I would have in addition to the usual one is
6 that only portions of the finding were discussed, and
7 presumably only those portions that are inquired about
8 are introduced.

9 JUDGE BRENNER: Well, that gets very tricky
10 when you say that, Mr. Ellis. My understanding of what
11 we're doing is admitting the entire subportion of the
12 audit identified. Sometimes it is down to a particular
13 subportion and sometimes it is not. And otherwise, we
14 would have to ask the witness about each and every word
15 to assure that they have been asked about it, and the
16 whole purpose is not to do that.

17 So what we have been doing is admitting the
18 finding into evidence, or the subfinding, as identified.

19 MR. ELLIS: Well, in this instance, though, I
20 think Mr. Lanpher indicated that there was a portion
21 that he was asking about, and that is the portion that
22 I'm saying should be admitted and the other portions.

23 JUDGE BRENNER: When you have a particular
24 problem like that, you had better raise it as you have
25 just done because otherwise, the whole designation is

1 going in. Now, in this instance, which one do you have
2 a problem with? And I think Mr. Eifert wants to help
3 you out.

4 WITNESS EIFERT: On EA Audit 19, Item 2.B.3,
5 we only discussed Item (a) of that audit observation.

6 MR. ELLIS: And FQC 19, K.1 I think was
7 another one where only parts of it were discussed.

8 JUDGE BRENNER: All right, let me stay with EA
9 19 for a moment.

10 MR. LANPHER: Judge Brenner, I can shorten
11 this. On both of these -- well, first of all, on EA 19,
12 Subpart (a) of 2.B.3 is what we talked about, and that
13 is what our interest is in. Let me take a look at FQC
14 19, which I think was the other one.

15 JUDGE BRENNER: I cut Mr. Ellis off, I think.

16 MR. LANPHER: I'm trying to anticipate him.

17 JUDGE BRENNER: FQC 19, is that the other one,
18 Mr. Ellis?

19 MR. ELLIS: Yes, sir.

20 MR. LANPHER: So that would be the second
21 paragraph of that. I do think it is important that that
22 distinction be drawn out if they want to draw it,
23 because in many instances, everything relates to each
24 other. But in each of these instances I think they are
25 separable.

1 JUDGE BRENNER: I think we're all on the same
2 wavelength as this one, so as limited, then, we will
3 admit those into evidence.

4 MR. LANPHER: Do you want me to repeat them,
5 Judge Brenner?

6 JUDGE BRENNER: Why don't you do that quickly,
7 but just before we do, why don't you try to anticipate,
8 or when there is a clear designation when you are moving
9 it in, even if it wasn't so, further subdivide it in
10 your written list, Mr. Lanpher. And then if LILCO
11 thinks they missed any distinction that should be made,
12 as you just did, they can raise it and we will get the
13 further distinction. But unless those distinctions are
14 made, we are admitting the whole portion of the finding
15 as labeled into evidence.

16 All right, why don't you read these now?

17 MR. LANPHER: The only two that are altered --
18 and maybe that's all I need to read -- are EA 19.

19 JUDGE BRENNER: You had better give the whole
20 list for the reporter's benefit.

21 MR. LANPHER: EA 19, Finding 2.B.3(a); EA 27,
22 Observation 074; FQC 9, Observation 06676(1); FQC 16,
23 Finding D.2; and FQC 19, Finding K.1, second paragraph.

24 JUDGE BRENNER: Let me put them into evidence.

25 MR. ELLIS: Well, there is a problem with FQC

1 K.1, even admitting it to the second paragraph. There
2 is more in the second paragraph than Mr. Lanpher focused
3 on.

4 JUDGE BRENNER: This is a tough one. All
5 right. The second paragraph limited to the four
6 drawings which were not the latest revisions. Is that
7 correct, Mr. Lanpher?

8 MR. LANPHER: No, I don't think so. I believe
9 we also talked about drawings that were missing, and
10 this was the example of Mr. Arrington saying people take
11 things off the stick sometimes when they're out in the
12 field or something to that effect. The discussion was
13 beyond that. We didn't talk about specifications, but I
14 think we talked beyond just the four drawings. So we
15 get in a hard distinction here.

16 I think the more appropriate way is where you
17 have hard lines to draw the appropriate weight to be
18 given in findings if someone goes inside something that
19 is not brought up at all. The Board is going to have to
20 weigh that.

21 JUDGE BRENNER: I know, but I want to avoid
22 spending all of my days doing that after this hearing is
23 over. And that limitation has some problems because the
24 whole idea of trying to streamline this is that there
25 will be findings that are not talked about at all other

1 than by group categorization, and nevertheless, those
2 are going into evidence if they were part of a group.
3 If they were not part of a group, of course, the
4 witnesses then would have discussed the reasons why and
5 that would have been discussed.

6 So I will let you pull out the portions
7 because I don't want to get into the business of "to the
8 extent discussed." I want the whole subpart identified
9 in evidence, obviously. The weight we assign it may
10 vary, depending upon what was asked about it, but that
11 is a different matter.

12 This one is particularly hard, and hopefully,
13 most of them won't be that hard. You didn't talk about
14 the ones not assigned to the area. I don't recall that,
15 anyway. Right?

16 MR. LANPHER: That is correct. And I didn't
17 talk about specifications.

18 JUDGE BRENNER: But you do want to talk about
19 22 drawings that could not be located?

20 MR. LANPHER: No. I will limit it to what he
21 discussed with me.

22 JUDGE BRENNER: I don't remember anymore what
23 he discussed with you.

24 MR. LANPHER: Well, that is what is
25 difficult. I think what he discussed is the two

1 drawings that couldn't be located.

2 WITNESS ARRINGTON: I also indicated that that
3 is not a violation; that it is not unacceptable to take
4 the drawings out and use them in the field. They were
5 just not there when the auditor was there. That is the
6 point I was trying to make.

7 Your question was with the latest revisions of
8 the drawings, I thought.

9 JUDGE BRENNER: Do you want to ask him
10 anything else about the missing ones, and then we will
11 get the whole paragraph in? If I survive this
12 contention I am going to be surprised. Go ahead.

13 MR. ELLIS: To shorten things, I agree that
14 what he asked him about were the two drawings that could
15 not be located and the four drawings that were not the
16 latest revisions as indicated in the audit finding. And
17 that is what ought to be admitted.

18 MR. LANPHER: Fine, let's agree to that.

19 JUDGE BRENNER: All right, great.

20 (Discussion off the record.)

21 JUDGE BRENNER: Okay, as listed and to the
22 extent we have limited it in our discussion at the time
23 of admitting it, those audits are admitted into evidence.

24 (The documents previously
25 marked Audits EA 19,

1 Finding 2.B.3; EA 27,
2 Observ. 074; FQC 9,
3 Finding 06676(1); FQC 16,
4 Finding D.2; and FQC 19,
5 Finding K.1 for
6 identification were
7 received in evidence.)

8 JUDGE BRENNER: I do want to break at this
9 point for lunch but there are one or two things I want
10 to remind the parties of. I know there are one or two
11 in this same category.

12 MR. LANPHER: If the Board wants to break,
13 fine.

14 JUDGE BRENNER: I don't think you will finish
15 them in five minutes or less; at least I'm not assured
16 of that.

17 MR. LANPHER: I'm not assured of it, either.

18 JUDGE BRENNER: I want to remind the parties
19 that we had asked them to start thinking about and
20 talking with each other to get time estimates for the
21 remainder of the quality assurance contentions, and we
22 would like those presented to us no later than next
23 Tuesday morning. If we can get it by the end of the
24 session this week, that would help us, so we can look at
25 them between then and Tuesday morning. You can just

1 give us a handwritten indication if you want and we will
2 get it on the record eventually when we discuss it. And
3 we want it broken down by each party's examination of
4 each panel of witnesses.

5 In addition, we would like to discuss overall
6 scheduling matters which would involve discussion of
7 emergency planning onsite, contentions or LILCO planned
8 contentions, -- whatever shorthand label you use and
9 either is fully accurate, but we're just using them as a
10 shorthand label -- next Tuesday morning if that is
11 convenient for whatever counsel you would need to have
12 here. If it is not convenient, let us know and we will
13 adjust.

14 And we would be amenable to starting at 8:30
15 next Tuesday so we can have that discussion first. And
16 it would be a discussion of how we are going to
17 coordinate the schedule for the safety contentions
18 remaining, including the remainder of quality assurance
19 and also, the emergency planning contentions upon which
20 testimony has been filed. Whether there are procedures
21 such that things can be done without the presence of the
22 Board to make it more efficient to put the evidence
23 before us and things of that nature. So you all can
24 think about the possibilities. Also, you will probably
25 come up with better ones than we can come up with.

1 We are under the present impression that it is
2 unlikely that anything will have to be litigated on
3 security matters, and I say that even though that is not
4 before us directly and could affect the scheduling of
5 the parties. So if that plays a factor in the parties'
6 time when we discuss these things next Tuesday, bring it
7 to our attention, of course.

8 All right, let's break for an hour and a half
9 and come back at 1:50.

10 (Whereupon, at 12:20 p.m. the hearing in the
11 above-entitled matter was recessed for lunch, to
12 reconvene at 1:50 p.m. the same day.)

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1 AFTERNOON SESSION

2 (1:55 p.m)

3 JUDGE BRENNER: Let's go back on the record.

4 Mr. Lanpher, before you get going, I've now
5 had an opportunity over the lunch break to read at least
6 one of your letters that I had not previously read as
7 thoroughly as I might have liked, your October 26th
8 letter, and I have reread the other letters, the one of
9 the 22nd and I think the 20th. I'm trying to put it all
10 together, but you can do it easier for me.

11 Could you give us the outline of what subjects
12 and then sub-subjects you are going to get to this week
13 and the sequence? We are now, just to start the
14 conversation off, within the document control group on
15 group 5 involving keeping the manuals, procedures and
16 instructions up to date.

17 MR. LANPHER: And we are almost through that
18 group, and hopefully we will be in just a few minutes.
19 We will then go to document control group 1 as reduced
20 pursuant to my October 26th letter, and we will skip
21 control groups 2 and 3 for the reasons I stated in that
22 letter and go to the final group, group 7.

23 JUDGE BRENNER: Just to fill out the record at
24 this point, group 1 within document control is
25 procedures?

1 MR. LANPHER: Yes. Procedures in criterion 5.

2 JUDGE BRENNER: And 7 is review and checking
3 of drawings and diagrams.

4 MR. LANPHER: Correct. At that point,
5 depending upon what we have done this afternoon on those
6 materials, I would hope that we are finished. My
7 intention would be to ask questions related to FSAR
8 configuration control. I indicated that to -- I guess
9 to Mr. Earley yesterday. And if we get to that this
10 afternoon they have got a problem apparently with Mr.
11 Museler's absence today.

12 Depending upon timing -- well, I am prepared
13 to skip that for today. I would prefer to go to it
14 directly, but I will probably then go to materials
15 related to Torrey Pines and the Torrey Pines inspection
16 effort. And then I'm going to be returning to portions
17 of the testimony concerning Contention 14, Contentions
18 14 and 15. I believe that's at approximately pages 43
19 to 57 or so of the testimony.

20 JUDGE BRENNER: Well, we don't need the exact
21 pages.

22 MR. LANPHER: Then I'm going to be covering
23 the various programs which LILCO talks about in their
24 testimony both at the end of the design area and at the
25 end of the construction area like the as-built, the

1 stress-built and the as-built program. Then there are
2 various areas in the cross plan, specific items which
3 I'm going to be covering -- I mean most of those are
4 already outlined in the cross plan -- but without going
5 through it exactly.

6 JUDGE BRENNER: All right. And that is what
7 you plan to do this week, and then you would go to
8 operational QA next week with Mr. Dynner?

9 MR. LANPHER: Yes.

10 JUDGE MORRIS: Mr. Lanpher, I don't believe we
11 have seen the Torrey Pines report yet. Am I correct on
12 that? Would you plan to cover that before the report is
13 available?

14 MR. LANPHER: Well, what we have is -- I will
15 have it here later this afternoon. We have the
16 so-called program plan, and we have three status
17 reports. We have a June, a July and an August status
18 report, and I believe there is a September status report
19 as well which I spoke to Mr. Earley about yesterday,
20 whether it would be possible to get that. And there are
21 some results concerning the program.

22 I know the Board has expressed interest in
23 what is happening in the Torrey Pines program and that
24 the County is similarly interested in results of that
25 program. And I intend to probe those results to the

1 extent they are known.

2 JUDGE MORRIS: Mr. Earley or Mr. Ellis, can
3 you tell us what the status is of that and what
4 documents have been provided to the Board?

5 MR. EARLEY: Judge, I believe the Board has
6 been provided with the scoping document that Mr. Lanpher
7 referred to. I'm not sure whether the Board has the
8 monthly status reports. I don't think they have been
9 provided. As Mr. Lanpher said late yesterday, he asked
10 me about the September status report, and I am checking
11 into that.

12 The final report of Torrey Pines I believe is
13 scheduled to be out in mid-November, and that is the
14 latest word that we have.

15 JUDGE BRENNER: Well, when you get ready to go
16 into it, please make sure you have copies of the
17 documents for everyone, including four for the Board and
18 Mr. Brown.

19 MR. LANPHER: As I indicated, I think, they
20 are being messengered out from my office right now, and
21 I will be happy to pass those out ahead of time.

22 JUDGE BRENNER: We can help with copies when
23 we are in this building, so let's see what you have. As
24 long as there's enough lead time to give it to somebody
25 to copy.

1 MR. LANPHER: I'm getting sufficient copies.

2 JUDGE BRENNER: I don't have the scoping
3 document here, nor do I even recall what it looks like.
4 So if that's going to be used, we should get copies of
5 that even though previously we might have been served
6 them.

7 All right. You may continue the examination.
8 Whereupon,

9 T. TRACY ARRINGTON
10 FREDERICK B. BALDWIN
11 WILLIAM M. EIFERT
12 T. FRANK GERECKE
13 JOSEPH M. KELLY
14 DONALD G. LONG

15 resumed the stand and were further examined and
16 testified as follows:

17 CROSS EXAMINATION -- Continued

18 BY MR. LANPHER:

19 Q Mr. Arrington, if I could your attention to
20 FQC Audit 26, Finding (L.4B), the auditor noted in this
21 finding that you looked at a sample of nine control
22 drawings in the turbine area and that the site document
23 distribution record card indicated that three of the
24 drawings that he looked at were obsolete.

25 Is that a correct finding, to the best of your

1 knowledge?

2 (Panel of witnesses conferring.)

3 A (WITNESS ARRINGTON) It is correct that these
4 drawings were one revision away from the current
5 revision for those particular documents.

6 Q Then would you agree, Mr. Arrington, that this
7 finding is similar to those that we were discussing
8 before lunch where the latest revision of a particular
9 kind of drawing or particular drawings were not
10 available when the auditor checked the files?

11 A (WITNESS ARRINGTON) This is not similar to
12 the situation where the drawings were not in the area at
13 the time of the audit. This is a condition where the
14 drawings were not up to their latest required revision.
15 They were one revision away from the document control
16 log.

17 Q So the drawings themselves had not been
18 revised at all, is that what you mean?

19 A (WITNESS ARRINGTON) No. The drawings had
20 been revised in this particular area. These three
21 drawings were not the latest issued drawings. They were
22 different, as I indicated, from some of the other
23 conditions that we discussed. And that we did talk
24 about drawings that were not in the area at the time of
25 the audit. These were there. The drawings were not to

1 the latest revision per the document control card.

2 Q So the correct revision was not present?

3 A (WITNESS ARRINGTON) At that time, no. It was
4 corrected.

5 Q Mr. Arrington, if you could turn back to FQC
6 Audit 22, again Finding (L.4), am I correct that in this
7 situation the auditor determined that the correct
8 revision was not present because -- or the most recent
9 revision was not present because it was being reviewed
10 out in California?

11 A (WITNESS ARRINGTON) That is correct.
12 According to the quality control manual for reactor
13 controls, they are to receive their drawings through
14 their corporate office, which is in San Jose. They were
15 working to the latest issued drawings per their own
16 program. The FP drawing was a Stone and Webster
17 engineering drawing that was submitted to RCI or Reactor
18 Controls, Incorporated in San Jose. They were reviewing
19 it. Once they review it and concur with it, they would
20 send it to their QA department in construction on site.
21 It is a separate control system altogether with NRC
22 guide.

23 So they were working at the time of the audit
24 to the latest issued drawing through their own process.
25 But what I'm saying is that they do not receive their

1 drawings directly from Stone and Webster engineering;
2 the site does not.

3 Q So they in California were working with the
4 most recent drawing, is that correct?

5 A (WITNESS ARRINGTON) They were reviewing the
6 most recent drawing.

7 Q But at the site they were not in possession of
8 the most recent drawing, is that correct?

9 A (WITNESS ARRINGTON) That is correct. But I
10 explained the process is that there was no violation of
11 their program in that the RCI construction department
12 was working to the latest issued FP drawing, the FP
13 series 12 drawings. They were working to the latest
14 issued within their own organization.

15 Q Do you know why the auditor wrote this up as
16 an observation then? I mean your testimony is that it
17 didn't violate any of the procedures that were
18 applicable.

19 A (WITNESS ARRINGTON) I believe the auditor
20 wrote this because of the difference in the revs that
21 were issued within Stone and Webster when the FP 12
22 series drawings and those drawings that Reactor Controls
23 was working to in the field.

24 The process is that these drawings are not
25 distributed from Stone and Webster Boston to Reactor

1 Controls on the site. They are distributed through the
2 corporate office for the work that RCI is involved
3 with. RCI was doing this in their corporate office.
4 Once they concur with the conditions that is on the
5 newer edition of the drawing, they would submit them to
6 the field.

7 In this case, the field forces for RCI was
8 working to the latest issued FP series, FP series 12
9 drawings. That was issued within RCI's system.

10 (Counsel for Suffolk County conferring.)

11 MR. LANPHER: Judge Brenner, I would like to
12 move into evidence the two findings that we've talked
13 about since lunch, FQC 20, Finding (L.4) and FQC 26,
14 Finding (L.4B).

15 JUDGE BRENNER: Okay. In the absence of
16 objection we will admit those two into evidence.

17 (The documents referred
18 to, FQC 20, Finding (L.4)
19 and FQC 26, Finding
20 (L.4B), were received in
21 evidence.)

22 JUDGE BRENNER: Mr. Ellis.

23 MR. ELLIS: Unfortunately, we had a document
24 control problem. We don't have the FQC 19, was it, or
25 22. We did have 26, but we didn't have 22. May I just

1 have a moment to look at it?

2 JUDGE BRENNER: Sure. You may look at mine.

3 (Pause.)

4 MR. ELLIS: Thank you, Judge.

5 No objection.

6 JUDGE BRENNER: So they are admitted into
7 evidence.

8 MR. LANPHER: Thank you, Judge Brenner.

9 BY MR. LANPHER: (Resuming)

10 Q Gentlemen, I'm going to turn your attention to
11 so-called document control group 1. But first, would
12 you agree that under criterion 5 of Appendix B, where
13 activities affect quality the licensee is required to
14 carry out those activities by issuing documented
15 instructions, procedures and drawings?

16 (Discussion off the record.)

17 BY MR. LANPHER: (Resuming)

18 Q Gentlemen, let me start over. Do you agree
19 that -- and let me rephrase it -- under criterion 5 the
20 licensee for activities affecting quality must prescribe
21 documented instructions, procedures and drawings?

22 A (WITNESS EIFERT) Yes, Mr. Lanpher, that is a
23 part of the criterion. The wording goes on to indicate
24 the type appropriate to the circumstances, so I would
25 emphasize that because the amount of detail that you

1 prescribe in your procedures is always subject to
2 judgment to the extent you need details to ensure that
3 the activities are appropriately carried out.

4 Q And once these procedures, instructions, et
5 cetera, are documented, you must carry out the
6 activities pursuant to those procedures and
7 instructions, correct?

8 A (WITNESS EIFERT) Yes, Mr. Lanpher. The
9 program is expected to be implemented. As I indicated
10 earlier, I believe the people who composed Appendix B
11 recognize that there would be certain implementation
12 difficulties, and that is why we have criterions such as
13 criterion 18 and criterion 16, and we have programs to
14 monitor implementation and to catch the implementation
15 problems and ensure that they are correct and fully
16 addressed.

17 Q Mr. Eifert, the first sentence of criterion 5
18 states that "Activities affecting quality shall be
19 prescribed by documented instructions, procedures, et
20 cetera."

21 What does "documented" mean to you?

22 A (WITNESS EIFERT) Written.

23 Q In other words, it has got to be reproducible
24 so that people can agree on what the requirements are,
25 so you have a written manual or a written procedure,

1 something of that kind?

2 (Panel of witnesses conferring.)

3 A (WITNESS EIFERT) Mr. Lanpher, I believe that
4 the written instructions are documented, qualified as I
5 stated earlier, respecting the amount of detail, but the
6 purpose for documenting them is both to have agreement
7 on what the requirements are normally in the fact that
8 the appropriate management people agreed, as well as to
9 be able to have the instructions available to people who
10 will be required to implement them.

11 Q So oral procedures would not be adequate under
12 criterion 5, is that correct?

13 MR. ELLIS: I object to the question insofar
14 as it is excessively broad. When he said procedures,
15 he's not saying what kind of procedures; and I think for
16 the question to be answerable he has to say what kind of
17 procedures.

18 JUDGE BRENNER: Well, he said oral, but that
19 is not what you meant by your objection.

20 MR. ELLIS: Right.

21 MR. LANPHER: Let me rephrase it. Maybe I can
22 obviate the objection.

23 JUDGE BRENNER: Normally I would say the
24 witness can answer it, but we will very quickly get to
25 that point. I think it's obvious to all of us that we

1 could be more efficient.

2 BY MR. LANPHER: (Resuming)

3 Q If you have an activity affecting quality, it
4 would not be adequate, would it? Would you believe that
5 it would be adequate to have an oral procedure
6 describing how to carry out that activity or really it's
7 a followup, Mr. Eifert, on your earlier -- let me finish
8 the question and then you all can take as long as you
9 need. It's really a followup on your earlier answer
10 when you said documented means writing. And I just
11 wanted to clearly understand your position that you have
12 an activity affecting quality; that it would not be
13 adequate to have oral procedures specifying how that
14 activity is to be carried out.

15 (Panel of witnesses conferring.)

16 A (WITNESS EIFERT) Mr. Lanpher, going back
17 again, when I originally addressed criterion 5, I
18 indicated that there are varying degrees of detail with
19 respect to how to do work, and that the detail that is
20 required in the procedures is as is determined
21 appropriate in accordance with the activity being
22 carried out.

23 There will be inevitably certain detailed
24 steps in a process that we do not spell out the
25 step-by-step detail in procedures, nor need we spell out

1 the step-by-step details in procedures in order to have
2 a complete and acceptable program and procedures that
3 are sufficiently complete to ensure that the activities
4 are appropriately carried out.

5 Some of those detailed steps might be
6 communicated orally between supervisors and their
7 staffs, but they are really beyond the level of
8 instruction that is needed to ensure that the activity
9 is appropriately carried out.

10 (Counsel for Suffolk County conferring.)

11 Q Mr. Eifert, looking at the second sentence of
12 criterion 5, there is reference to instructions,
13 procedures and drawings needing to include appropriate
14 quantitative or qualitative acceptance criteria. Is it
15 your understanding in the QA field under Appendix B that
16 such acceptance criteria need to be documented, in other
17 words in writing?

18 (Panel of witnesses conferring.)

19 A (WITNESS EIFERT) Mr. Lanpher, I would agree
20 that certain instructions and procedures would require
21 such acceptance criteria and that where it is
22 appropriate, criterion 5 would indicate that the
23 procedures should contain that criterion. But all
24 procedures do not contain acceptance criteria, nor was
25 it appropriate that acceptance criteria in the context

1 that I understand this, it is not appropriate to have
2 acceptance criteria involve procedures.

3 Q Where it is appropriate for procedures to have
4 acceptance criteria, those should be in writing and
5 documented, is that correct?

6 (Panel of witnesses conferring.)

7 A (WITNESS EIFERT) Where it is appropriate it
8 should be described in writing in the procedure. I
9 think that the difficulty that we're having in
10 communicating here is that Appendix B is a very broad
11 document, and you really have to when you get to asking
12 questions as specific as you are, have to think of it in
13 context.

14 Inspection procedures, for example, the
15 activity of the inspection would have to be -- would
16 have to include acceptance criteria. That is part of
17 that process.

18 (Counsel for Suffolk County conferred.)

19 JUDGE MORRIS: Mr. Lanpher, are you done with
20 that general discussion?

21 MR. LANPHER: Yes, sir.

22 JUDGE MORRIS: Criterion 5 is quite short. It
23 is only two sentences, I find, but it has several
24 adjectives in it, and I think it was one of our former
25 chairmen of the AEC who said never use an adjective if

1 you don't have to.

2 But "appropriate" and "important" are key
3 words. And, Mr. Eifert, I would ask you if Stone and
4 Webster in trying to comply with this criterion, if they
5 ever tried to come to grips as to how you decide what is
6 important or appropriate on a generic basis or a
7 specific basis or an application of this criterion to
8 specific instances?

9 (Panel of witnesses conferring.)

10 WITNESS EIFERT: Judge Morris, the direct
11 answer is I haven't been involved to my recollection in
12 any specific discussion on criterion 5 to make that kind
13 of distinction, having thought here for a couple of
14 moments about procedures and procedure types in general
15 where the type of activity would be "sufficiently
16 important" that it would be appropriate for a
17 quantitative and qualitative acceptance criteria.

18 It is the situation that those types of
19 procedures such as inspection procedures, procedures in
20 the testing program that bear most immediately on the
21 quality of the plant and are the ones that include
22 acceptance criteria are the most important. And then
23 moving back from that type of procedure, the other
24 extreme of the procedure or procedures which are purely
25 administrative in nature are those still relating to

1 activities important to quality but which are steps
2 further removed from the immediate adequacy of the power
3 plant.

4 There is definitely a way to look at the
5 procedures in that light and understand that the
6 importance is, I believe, evaluated on the basis of the
7 immediate impact of the procedure or the activity on the
8 physical plant.

9 JUDGE MORRIS: Your answer was rather
10 nonspecific, and one of the reasons I asked the question
11 was because I expected that kind of answer, and you will
12 not have to repeat that speech in answering Mr.
13 Lanpher's questions.

14 MR. LANPHER: Judge Morris, what is our next
15 exhibit number?

16 JUDGE MORRIS: Sixty-eight.

17 MR. LANPHER: Judge Brenner, I would like to
18 have marked Suffolk County Exhibit 68 for identification
19 a document which I passed out earlier today entitled
20 "Additional Audits Reporting Document Control
21 Problems." That is our cover sheet. And included in
22 that are a number of audits.

23 JUDGE BRENNER: Twenty-four?

24 MR. LANPHER: Well, there are more than that.
25 There are some Courter audits after that.

1 JUDGE BRENNER: All right. This will be so
2 marked. Of course, in marking it we won't quibble with
3 whether all of the parties agree with your title.

4 MR. LANPHER: That's why I said it was our
5 sheet.

6 (The document referred to
7 was marked Suffolk County
8 Exhibit No. 68 for
9 identification.)

10 MR. LANPHER: Judge Brenner, if I may, just
11 for convenience you might want to say this. You might
12 want to do this. But if you look at my October 26th
13 letter, I've listed at the bottom of the page a number
14 of audits, and I can give you the tab numbers if you
15 would like to mark on your letter the tab numbers.

16 JUDGE BRENNER: Yes. Let's do that off the
17 record since the letter won't be in the record anyway.
18 That I think will be very helpful.

19 (Discussion off the record.)

20 JUDGE BRENNER: Let's go back on the record.

21 BY MR. LANPHER: (Resuming)

22 Q Gentlemen, I would like to refer you to tab 8,
23 site QA on number 7, contained in Suffolk County Exhibit
24 68 for identification, and I would direct your attention
25 to pages 1 and 2, numbers 2 and 3.

1 Am I correct that in this audit that the
2 auditor determined that there was a routine practice of
3 verbally placing orders for category 1 equipment prior
4 to issuing written purchase orders? I may have said tab
5 8 -- I meant -- or I may have said tab 7. I meant to
6 say tab 8, if I didn't.

7 A (WITNESS ARRINGTON) Mr. Lanpher, could you
8 repeat the question, please?

9 Q Am I correct that the auditor determined that
10 there was a routine practice at this time in 1973 of
11 verbally placing orders for category 1 equipment prior
12 to issuing the written purchase orders?

13 A (WITNESS ARRINGTON) That is what the auditor
14 indicated in this particular audit. Upon further
15 investigation it turns out that that was not the site
16 practice; that during the time frame that this audit was
17 performed, about 95 percent of the purchase orders that
18 were issued were for non-permanent plant type equipment,
19 for building structures, for the craftspeople on site.
20 There were office buildings being fabricated, office
21 supplies that were being bought. There was very little
22 safety-related equipment being ordered at that time.

23 Q Well, doesn't this finding say that to the
24 extent that category 1 equipment, materials and services
25 were being purchased, there was a routine practice at

1 that time of placing the order prior to issuing the
2 formal written purchase order?

3 Are you telling me that the auditor was
4 incorrect?

5 A (WITNESS ARRINGTON) I'm indicating that in
6 this particular case the auditor was incorrect in that
7 during that time frame there was identified 13 category
8 1 purchase orders issued during this time frame up to
9 the time the audit was performed. In 6 of the 13 there
10 was written confirmation from the suppliers or vendors
11 before the purchase order was issued. We know that
12 based upon a review that was done. The remainder,
13 seven, were items that were non-engineer type items.
14 They were auditor ASTM standards. There was no
15 fabricated components ordered on those seven remaining
16 purchase orders.

17 I was not able to determine whether or not
18 there was verbal communication with the vendor, but in
19 those seven cases those purchase orders were left with
20 the vendor before the material was fabricated or shipped
21 to the site.

22 It is common at times to make initial
23 inquiries to the respective vendors in order to find out
24 whether or not they would be in a position to supply you
25 with the material that you are trying to purchase,

1 either in quantity or size or pricewise.

2 There is, as I indicated, very often there is
3 some contact with the buyers, with the vendors to find
4 out if they are in a position to supply this material,
5 but the purchase order is not issued to the vendor or
6 the vendor does not start fabrication of the components
7 until after the purchase order. The purchase order is a
8 binding contract between the site and the vendor itself.

9 Q Well, if the auditor in the second sentence of
10 Finding number 2 goes on to state that "Frequently
11 suppliers do not receive written instructions regarding
12 quality control measures until after shipment of the
13 material or performance of the service."

14 A (WITNESS ARRINGTON) He does indicate that
15 there.

16 Q I didn't ask you a question. Do you have any
17 reason to disagree with his statement? And by the way,
18 if you could give me an indication of -- well, never
19 mind. I will follow it up.

20 (Panel of witnesses conferring.)

21 A (WITNESS ARRINGTON) I have to disagree with
22 his conclusion that he has in that particular
23 paragraph. As I indicated, there was a review performed
24 of all purchase orders that were issued during this time
25 frame through the end of that particular month of August

1 of '73, and we accounted for 13 category 1 purchase
2 orders that were issued during this time frame.

3 The major components that are ordered for the
4 site are ordered through the Hicksville and the Stone
5 and Webster Boston office. These are site-supplied
6 pieces of equipment. It is, as I indicated, ASTM
7 non-engineer type items -- 36 plate steel inserts, that
8 type of thing. It's non-engineer. It's a catalog-type
9 item is what I'm trying to say.

10 In seven cases this is what the material
11 consisted of. In the other six of the 13, which
12 accounts for the total population of category 1 items
13 that were identified, were -- we have written
14 confirmation between the vendor and Long Island Lighting
15 Company before the purchase order was let.

16 As I indicated, we had in excess of 95 percent
17 of the purchase orders that were issued during that time
18 frame that the auditor would have been reviewing as well
19 were for nonpermanent plant type items -- 2 by 4s,
20 nails, office equipment, that type of thing. We were
21 building temporary facilities there for the craftspeople
22 on site.

23 Q Well, his finding goes to category 1 findings
24 only, doesn't it?

25 A (WITNESS ARRINGTON) He indicates category 1

1 items. He was reviewing the entire process, I believe.

2 Q Mr. Gerecke, is this an audit that was
3 performed by LILCO? I see it is addressed to you. Was
4 this a LILCO-performed audit?

5 A (WITNESS GERECKE) Yes, sir, it was.

6 (Counsel for Suffolk County conferring.)

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1 Q You indicated that a study was performed to
2 find out the number of Category 1 purchase orders. Was
3 this a study that was done recently or done back in
4 August or around August 1973, or what?

5 A (WITNESS ARRINGTON) Both.

6 Q So there were two studies?

7 A (WITNESS ARRINGTON) There was one that was
8 done during the timeframe of the audit. I did one in
9 reviewing the field purchase orders, with the Purchasing
10 Department reviewing the purchase reqs that we issued
11 during that timeframe, recently.

12 Q Now, is there documentation contemporaneous
13 with this audit or in reply to this audit which
14 indicates to the auditors that, in fact, their
15 conclusions in paragraph 2 are incorrect?

16 (Panel of witnesses conferring.)

17 A (WITNESS ARRINGTON) I am not aware of any.
18 This was only identified once in 1973 by the auditor.
19 There was no specific program change that was made as a
20 result of the audit indicating that there was a change
21 in policy. There were memoranda that were issued
22 reminding people of placing verbal orders. And as I
23 indicated, that we do sometimes make contact with
24 vendors over the telephone as opposed to strictly doing
25 it in writing. It would take too much time to find out

1 two months later or two weeks later that he could supply
2 the material you needed in the first place.

3 The review that is placed on the purchase
4 requisition and the purchase orders is a management and
5 a quality assurance review prior to the purchase order
6 being issued. There may be verbal contact at times, but
7 the purchase order and the material is not fabricated
8 until the purchase order or the purchase req goes
9 through this review.

10 Q Looking at page 2 of this audit, at the top of
11 the page, it is item 3.C, one of the corrective actions
12 which the auditor suggests to be taken is to develop a
13 method which will enable QC to verify the acceptability
14 of prospective suppliers prior to placement of orders.
15 Do you see that, sir?

16 A (WITNESS ARRINGTON) Yes, I do.

17 Q Was such a procedure developed?

18 A (WITNESS ARRINGTON) That procedure was already
19 in place at the time of the audit. That outlined the
20 same requirement.

21 Q Do you know -- had the auditor reviewed that,
22 do you know?

23 A (WITNESS ARRINGTON) Specifically, I don't know
24 that he did. I know that the auditor was made aware,
25 subsequent to the audit, that this procedure existed,

1 and as I indicated, we did not change procedure or write
2 procedure. There was no change in our program
3 requirements as a result of this audit in this area.

4 Q Mr. Gerecke, do you recall what action, if
5 any, you took when you received this audit report?

6 (Panel of witnesses conferring.)

7 A (WITNESS GERECKE) Specifically, on receipt of
8 this audit report I don't recall what action I took
9 other than the normal followup for assuring that the
10 normal followup was accomplished. We closed out the
11 items that were identified during the audit report.

12 (Counsel for Suffolk County conferring.)

13 BOARD EXAMINATION

14 BY JUDGE BRENNER:

15 Q I guess this is directed to both Mr. Arrington
16 and Mr. Gerecke. There was an exit critique, as is
17 normally the case, was there not? I see a notation of
18 it on the third page of this audit. Actually, it is the
19 first page of the audit report after the two-page
20 memorandum to Mr. Gerecke.

21 A (WITNESS GERECKE) Yes, sir, there was.

22 Q Previously, we have had questions and answers
23 as to the fact that auditors have been wrong as to
24 particulars, and these erroneous impressions of the
25 auditor found their way into the report because perhaps

1 he wasn't fully enlightened at the conference or he
2 didn't believe them at the conference, or he didn't know
3 all of the right people at the conference, correct?

4 A (WITNESS GERECKE) Yes, sir.

5 Q And unlike those other findings as to
6 reasonably narrow particulars, this is a very broad
7 finding in numbered paragraph 2 in the memorandum to
8 you, Mr. Gerecke. It says, "A most significant finding
9 is the present routine practice of verbally placing
10 orders for Category 1 equipment, materials and services
11 prior to issuing formal written purchase orders." And
12 the paragraph goes on to explain a little more. This is
13 a very broad-based critique by the auditor, is it not?

14 A (WITNESS GERECKE) Yes, sir, it is.

15 Q Well, how can he be so wrong, and what happens
16 at these exit conferences?

17 A (WITNESS GERECKE) Judge Brenner, in discussing
18 this particular audit, and in particular, this finding
19 in paragraph 2 of the auditor, he had looked at the
20 total procurement program at the site. He was primarily
21 interested in Category 1 but he had to look at the total
22 program.

23 And he was aware that -- he became aware
24 during the audit that verbal purchase orders had been
25 placed. He considered it most significant in terms of

1 the potential that this could offer for a problem in the
2 future if the system of placing verbal purchase orders
3 without a control -- he did not find that there was no
4 control, but he was concerned that if this persisted
5 without the control established over it that the
6 potential could be most significant in the case of this
7 finding.

8 Q How do you know that?

9 A (WITNESS GERECKE) Pardon me, sir?

10 Q How do you know that?

11 A (WITNESS GERECKE) I discussed this finding
12 with the auditors.

13 Q At the time of the audit or recently?

14 A (WITNESS GERECKE) Just recently.

15 Q The reading of this sentence is in the present
16 tense, with respect to Category 1 equipment, correct?
17 It doesn't look like he is worried about the future; he
18 is talking about a problem now in Category 1.

19 A (WITNESS GERECKE) In the first sentence of
20 paragraph 2?

21 Q Yes, sir.

22 A (WITNESS GERECKE) I think he was concerned
23 about it right there. It was in the present tense. But
24 the reason for his concern was because of the potential
25 significance, the potential impact that something like

1 this could have in the future had it been continued and
2 had it not had adequate controls established for it.

3 But that is right, the sentence does indicate
4 that the statement is made in the present tense.

5 Q Well, that is at variance, is it not, Mr.
6 Arrington, with what you believe the situation to have
7 been? Do you think that this really didn't occur with
8 the Category 1 purchase orders?

9 A (WITNESS GERECKE) Yea, sir, I do believe that
10 it did not occur. I talked with the purchasing
11 department and individuals that were on the site during
12 this timeframe, and the individuals that I talked with
13 said that there were occasions when verbal contact had
14 to be made with the vendors, but in no case were they
15 aware of any situation where material had been placed on
16 order over a telephone conversation, that the material
17 had been fabricated and shipped to the site without a
18 purchase order. Vendors just normally don't do that.
19 You're talking about large items and there's too much
20 money involved that vendors would not do that.

21 If that were to have happened, it would have
22 been picked up in our receiving and inspection process
23 in that we received a piece of equipment onsite with no
24 identification as to where it came from or what the
25 pedigree of this particular item is, and we did not find

1 that this occurred.

2 Q Mr. Gerecke, you said you recently spoke to
3 the auditor or auditors, right? Did I understand that
4 correctly?

5 A (WITNESS GERECKE) Yes, sir.

6 Q Did they tell you whether or not they found
7 this to be the case with Category 1 equipment at the
8 time of their audit? Did you ask them, Mr. Gerecke, I
9 guess. I think this is for you because I'm asking you
10 what you talked with the auditors about.

11 A (WITNESS GERECKE) The auditors, in my
12 discussion with them, indicated that as they recalled,
13 they had found some Category 1 materials. The order had
14 been placed verbally without issuance of a formal
15 written purchase order prior to placement of the verbal
16 order.

17 With respect to the, "Frequently, suppliers do
18 not receive written instructions regarding quality
19 control measures ..." and the rest of that statement,
20 this was a statement referring to the general
21 procurement program at the site. As Mr. Arrington
22 indicated earlier, many of these other procurements were
23 not Category 1, were not safety related and probably
24 were not even permanent plant type equipment.

25 Q Well, what about the first sentence; the

1 sentence that we've indicated talks about a present
2 routine practice of verbally placing orders for Category
3 1 equipment? It doesn't talk about one or two. The
4 present routine is pretty broad. I understand your
5 explanation as to why they might have said most
6 significant, but what about presently routine?

7 Did you ask them about what they found in your
8 recent discussions in terms of numbers of Category 1
9 equipment? It is hard for me in this case to put it
10 bluntly, to put the written word together with Mr.
11 Arrington's explanation, and I need your help in seeing
12 what the situation is. Unlike some other situations
13 where I can understand patent or latent ambiguities in
14 what the auditor wrote and the clarifying explanation
15 helping.

16 A (WITNESS GERECKE) There were, according to the
17 auditors, very limited instances, but it had happened,
18 where the Category 1 equipment had been ordered verbally
19 prior to the issuing of a formal written purchase
20 order. They did not find that there had not been
21 written instructions provided to the vendor. The vendor
22 had some of these instructions in other forms than a
23 formal written purchase order. And this was a limited
24 number of cases but it had been done. And the auditor
25 just felt that this was being done as a routine practice.

1 Q Well, that is part of my problem. You say
2 they found a very limited number of cases. Why would
3 they say "present routine practice" if it was just a
4 limited number of cases? Did you ask the auditor that?

5 A (WITNESS GERECKE) I don't recall asking the
6 auditor that specific question. No, sir.

7 Q Mr. Arrington, you look like you wanted to add
8 something.

9 A (WITNESS ARRINGTON) Yes, Judge Brenner. I did
10 talk with the auditor last week when I reviewed the
11 purchase orders that were audited during this particular
12 timeframe, and I asked him if he knew specifically of
13 any cases, or could recall any cases, where Category 1
14 material had been ordered without the purchase order
15 being issued, and where these instructions, these
16 quality instructions, had not been provided to the
17 vendor. He could not recall any.

18 And the reason for asking that question was
19 that we reviewed the 592 purchase orders that were
20 issued during this timeframe and we accounted for 13
21 Category 1 type materials. And the six of the 13 we had
22 written confirmation prior to the order being placed.
23 It was written on the purchase order itself. The other
24 7 we could not find that terminology written on the
25 report, but in those 7 cases they were non-engineered

1 items, meaning catalogue items.

2 The purchasing process is that a buyer would
3 not be able to go out and order a valve because they
4 wouldn't know -- they have no reason to order it unless
5 they have a purchase req in front of them. A purchase
6 order is issued, or written from a purchase req. What
7 I'm saying is in the cases where we do have verbal
8 contact with the vendor, the information that is on the
9 purchase req is conveyed to the vendor.

10 We can only purchase from approved Category 1
11 vendors. This is verified through the review process
12 and the purchase req. The buyer would not be able to go
13 out and order a valve because they wouldn't know what
14 the valve was used for, nor the size of the valve. All
15 of the information that they would convey verbally to
16 the vendor would come from this one document.

17 That is why I'm saying that we were not
18 concerned that we had a problem. We did issue some
19 memoranda, management type memoranda, cautioning people
20 to make sure that they did not do this extensively, but
21 there are occasions when you have to do that in order to
22 get the ball to roll in order to find out if the
23 material can be procured from a particular vendor.

24 Q Well, are you telling me you think the auditor
25 confused those initial verbal contacts with the actual

1 consummation of a formal order?

2 A (WITNESS ARRINGTON) In talking with the
3 auditor, I think that he was concerned that -- given the
4 number of purchase orders that were issued during this
5 timeframe that he had reviewed that he was concerned
6 that there would be occasions when this information may
7 not promptly be conveyed to the vendor. I asked him
8 specifically if he recalled of any instances where we
9 did order material from the vendors without a written
10 purchase order; he did not.

11 The responses from the various organizations
12 did not indicate that we had this situation. We did not
13 change our program as a result of it. That was just a
14 management or department head memo that was issued,
15 reminding people not to do this on a regular basis. I
16 did talk with the same auditor that Mr. Gerecke was
17 referring to.

18 JUDGE BRENNER: I guess that's about as far as
19 I can take it with you gentlemen.

20 BY JUDGE MORRIS:

21 Q Mr. Arrington, let me ask you one more
22 question. On page 2 at the top it says, "However, it
23 was noted that certain changes are required in the
24 system..." and the rest of the page lists those. I'm
25 sorry, that's page 2 of the audit report.

1 MR. LANPHER: Judge Morris, do you mean the
2 page with Summary of Findings, Continued?

3 JUDGE MORRIS: Correct.

4 BY JUDGE MORRIS (Resuming):

5 Q So are you saying that none of those
6 recommendations was needed? That the auditor was
7 wrong? Or are you saying that they were, in fact,
8 carried out?

9 A (WITNESS ARRINGTON) I'm sorry, Judge Morris,
10 could you repeat the question so I fully understand it?

11 Q On the second line the sentence starts,
12 "However, it was noted that certain changes are required
13 in the system to obtain compliance with Appendix B, the
14 LILCO QA Manual and the Stone & Webster Field Quality
15 Control Manual." These items are itemized below, and
16 the rest of the page lists them.

17 Is it your position that the auditor was
18 wrong; that these changes were not necessary? Or that
19 the program -- well, in that program already required
20 them and the auditor didn't know?

21 A (WITNESS ARRINGTON) I believe that to be the
22 case, as is indicated under Item 1 where it says,
23 "discontinue the routine practice of making verbal
24 awards." There was a memorandum, the one that I was
25 referring to, that was issued by the superintended

1 cautioning people not to do this on a routine basis; to
2 place verbal orders. But we could not find a case where
3 the verbal order had been placed and there was no
4 purchase order that was issued as a result of that
5 contact with the vendor.

6 The recommendations that are listed here --
7 and I haven't gone through all of them; I did in the
8 past but not recently, like today or yesterday so I
9 don't recall all of them. I think that part of it was
10 that the auditor was not fully aware of their own
11 program requirements. Whether or not there was a lack
12 of communication between the auditor and the individuals
13 that were being audited I don't know, by not being there.

14 All I did was try to reconstruct the items
15 that were listed on this audit through the purchasing
16 department and their own quality assurance procedures.
17 The procedures were there prior to the audit. The
18 practice of placing verbal orders, in my opinion based
19 upon the discussion with the purchasing department, with
20 the individuals that were there during the time of the
21 audit, that there was a preliminary contact in some
22 cases with the vendors but in no case were there verbal
23 orders where material was being fabricated and supplied
24 to the site without a purchase order being issued.

25 Q Okay. Now look at number 2.

1 (Pause.)

2 And I'm focusing on the first lead sentence
3 that says, "Prepare and implement work procedures,"
4 which implies that there were no procedures. Is that
5 incorrect?

6 A (WITNESS ARRINGTON) That is my opinion. The
7 QC procedure that I'm referring to is a procurement
8 procedure, 7.1 of that QC manual. This is a governing
9 document for Category 1 purchase orders that the
10 construction and the purchasing as well as the field
11 quality control departments work from. This is a
12 governing document that gives you the criteria for the
13 review of purchase orders as well as the vendor review
14 for qualified vendors.

15 Q That procedure was in effect at the time of
16 the audit?

17 A (WITNESS ARRINGTON) Yes, sir.

18 Q Was the auditor not aware of that?

19 A (WITNESS ARRINGTON) I don't know. These were
20 the types of questions that I asked the auditor because
21 we do have a historical file that we maintain onsite
22 that indicates that these procedures were in existence
23 at the time of the audit. The field quality control
24 procedures were the governing documents. Specific
25 procedures for administrative responsibilities within

1 the purchasing department. They have been updated from
2 time to time, but specifically I could not find anything
3 that was contrary to what our current site practice was
4 during that timeframe.

5 Q So that either the auditor was unaware that
6 the procedures existed, or if he was aware he thought
7 they were not being followed. Is that correct?

8 A (WITNESS ARRINGTON) Yes, sir.

9 Q And it is your belief that he was unaware of
10 the procedure?

11 A (WITNESS ARRINGTON) I do believe he was not
12 fully aware of all of the procedures. I went through
13 the same items with the auditor and indicated to him
14 that we had a procedure in place at the time of the
15 audit.

16 Q And no feedback from him as to whether he knew
17 about it or not?

18 A (WITNESS ARRINGTON) Not specifically, no,
19 sir. I was more concerned with the actual Category 1
20 items that could have been placed without a purchase
21 order being issued. I spent more time discussing that
22 trying to get the specifics, because in trying to
23 reconstruct this I was not able to find, through my own
24 records, that we had deviations from that practice. Nor
25 could I find any specifics in the body of the audit

1 itself that indicated which purchase orders or which
2 pieces of equipment he was referring to. He simply made
3 a statement and I could not confirm that, and I
4 discussed it with him.

5 Q Mr. Gerecke, perhaps you answered this
6 question before but I think you were a little too far
7 away from the microphone for me to hear clearly. What
8 was the follow-up action to this audit report?

9 A (WITNESS GERECKE) The follow-up action, as
10 best I can determine, after this particular audit report
11 was that the practice of placing verbal purchase orders
12 was temporarily stopped at the site to assure that there
13 were adequate controls in place so that when it was
14 resumed there was no chance of anything slipping through
15 the cracks, particularly no change of a Category 1
16 procurement being processed without adequate controls
17 being established.

18 And then the procedure for so-called verbal
19 purchase orders or verbal purchases was resumed again,
20 but the adequate controls had been verified that they
21 were there. The auditor accepted this finding.

22 Q You say that the controls were there. You
23 verified that they were there. Are you speaking about
24 the items listed in number 2 on page 2 of the audit
25 report?

1 A (WITNESS GERECKE) No, I'm speaking of Item 1,
2 the note, the finding was a statement to discontinue the
3 routine practice of making verbal awards. This was
4 temporarily halted until it was verified that adequate
5 controls were in place and were in effect, and then it
6 was resumed. But it had been verified that the adequate
7 controls in this area were there. They were effective
8 and they were working.

9 With respect to the various recommendations
10 relative to the detailed comments on various work
11 procedures, I haven't been able to find very much that
12 happened. There were some clarifications made. These
13 were acceptable to the auditor, the finding was closed
14 out, and on subsequent audits of site purchasing at the
15 site there was no recurrence of this type of a finding.

16 Q I recognize this was perhaps nine years ago,
17 but at that time what was the general procedure for
18 closing out items on an auditor's report?

19 A (WITNESS GERECKE) Normally upon publication,
20 the auditor's report would be forwarded to the audited
21 organization. They would be required to respond to that
22 audit report, detailing the action they proposed to take
23 in response to the audit. They would also normally give
24 a date when that action would be completed, and this
25 would be, again, satisfactory completion. Other

1 corrective action would be verified.

2 Q And would that verification be documented?

3 A (WITNESS GERECKE) It should be. In this
4 particular audit I have been unable to find any specific
5 documentation describing the precise corrective action
6 that was taken and accepting this corrective action.
7 But I do not know that the audit was closed; that we did
8 have audited site purchasing, and since that 1973 date
9 we found no recurrence of these type conditions.

10 JUDGE MORRIS: Thank you.

11 CROSS EXAMINATION -- Resumed

12 BY MR. LANPHER:

13 Q Mr. Gerecke, let me follow up on Judge
14 Morris's last question so I understand. Is it your
15 testimony that there is no documentation in the file
16 relating to actions taken subsequent to this audit? And
17 when I say documentation I mean, for instance, replies
18 or letters back that say we have read your findings but
19 they are wrong, for the following reasons? Similar to
20 the kinds of things that we have been shown in some
21 instances of your attorney has provided to us in some
22 instances about some of the subsequent audits. Are
23 there any such pieces of paper in the file that show the
24 response to these findings?

25 (Panel of witnesses conferring.)

1 A (WITNESS GERECKE) There is one document in the
2 files that we have been able to locate which indicates
3 that the practice of making verbal awards has been
4 temporarily terminated, and the same document indicates
5 that clarifications will be made to certain procedures.
6 It did not cover each item, each specific finding, item
7 by item. That was the only documentation I was able to
8 locate.

9 Q Is that the memorandum that I think you
10 referenced earlier in an earlier answer, Mr. Gerecke?

11 A (WITNESS GERECKE) It was referenced earlier.
12 I'm not sure whether I did or Mr. Arrington did, but
13 yes, it was the one that was initiated by Mr. T.A. Hill
14 who was the site manager at the time of this audit.

15 Q Well, looking at the first page of the audit,
16 the report itself, in other words, the page before the one
17 that Judge Morris was just asking you about, the T.A.
18 Hill you referenced is the Stone & Webster manager?

19 A (WITNESS GERECKE) That is correct.

20 Q Now looking just above that, there were four
21 LILCO auditors who conducted this audit, one of whom was
22 the purchasing manager, correct?

23 A (WITNESS GERECKE) That's correct.

24 Q And it's your testimony that the purchasing
25 manager made an error about what the routine practice

1 was in terms of placing verbal orders for Category 1
2 equipment, because he was involved in this, correct?

3 A (WITNESS GERECKE) That is correct, yes, sir.

4 Q But it is your belief that he made a mistake
5 in writing up this audit finding?

6 MR. ELLIS: I object to the question. There's
7 no evidence that he wrote -- that the purchasing manager
8 wrote that audit finding. That question should come
9 first.

10 JUDGE BRENNER: All right. Technically, you
11 are correct with the objection. They can explain it.
12 Let's reformulate the question. That is, it's your
13 testimony that he apparently made a mistake as part of
14 his involvement with the audit, or you can explain why
15 you think he was not involved notwithstanding his name
16 being listed there as one of the four auditors. We can
17 all see that he was not one of the signatories, if that
18 is your point.

19 MR. ELLIS: That was my point.

20 (Panel of witnesses conferring.)

21 MR. ELLIS: Judge Brenner, I was unclear
22 whether there was a question pending or whether Mr.
23 Lanpher was going to rephrase the question.

24 JUDGE BRENNER: I rephrased it in a very
25 long-winded fashion, so I can give the witnesses maximum

1 flexibility to explain it because I'm curious about
2 that, too. Do you need the question repeated?

3 WITNESS GERECKE: Please.

4 JUDGE BRENNER: I guess the essence of it is
5 how could a finding which you presently believe to have
6 been incorrect on the part of whoever put the audit
7 report together come out so incorrect when one of the
8 LILCO auditors is the purchasing manager, and the
9 finding we're focusing on deals with purchasing
10 practices?

11 (Panel of witnesses conferring.)

12 WITNESS GERECKE: Judge Brenner, Mr. Stoll,
13 the purchasing manager who was one of the members of
14 this LILCO audit team, was the purchasing manager for
15 LILCO in Hicksville. He was the purchasing manager of
16 the purchasing department in Hicksville. While he would
17 have been thoroughly familiar with the operations and
18 procedures of that department, he may not himself have
19 been personally familiar with all of the purchasing
20 procedures and practices and polices in place at the
21 construction site.

22 There was a LILCO resident buyer at the site
23 who represented him in the area of purchasing, but the
24 purchasing manager, Mr. Stoll, was not necessarily fully
25 familiar with all of the site purchasing procedures and

1 practices in effect.

2 JUDGE BRENNER: I guess I have to ask which
3 auditor did you talk to recently?

4 WITNESS GERECKE: I talked primarily to Mr.
5 Bajada.

6 JUDGE BRENNER: I'm looking at the two teams
7 formed, and there would be the B team that would have
8 made this finding, correct? Messrs. Stoll and Schoner.
9 And I'm looking at the first page of the audit report --

10 WITNESS GERECKE: Judge Brenner, which finding
11 are you talking about, specifically?

12 JUDGE BRENNER: The finding on paragraph 2 in
13 the memo to you, the first sentence, particularly the
14 first sentence.

15 (Panel of witnesses conferring.)

16 JUDGE BRENNER: Well, I guess the whole
17 paragraph.

18 WITNESS GERECKE: I talked primarily with Mr.
19 Bajada, but I've got other people who are trying to get
20 additional information on this audit for me, and they
21 also talked with Mr. Schoner. They are the only two
22 members of the audit team still with LILCO; Mr. Stoll
23 and Mr. Black have both retired. I did not personally
24 talk to Mr. Schoner to the same length that I did with
25 Mr. Bajada, but other people who are doing research on

1 this for me did, and the information which I presented
2 is the best we have been able to come up with to date.

3 JUDGE BRENNER: Is that true for Mr.
4 Arrington's discussions, also?

5 WITNESS ARRINGTON: I did discuss it with Mr.
6 Bajada. I would like to point out that those two areas,
7 A and B, do have a certain amount of overlap. The team
8 A would be looking at the procurement cycle as well as
9 the quality assurance aspects. Team B would be looking
10 primarily at the construction, the process itself and
11 talking about dollars and cents as well as the total
12 process of placing orders. There is a certain amount of
13 overlap there.

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1 JUDGE BRENNER: Okay. You may continue.

2 BY MR. LANPHER: (Resuming)

3 Q Gentlemen, turning to the next page of this
4 audit, the page that Judge Morris directed questions to,
5 and the following page, pages 2 and 3, with respect to
6 Findings 2, 3, 4, and 5, is it your understanding that
7 none of the changes which are suggested in those
8 paragraphs, paragraphs 2, 3, 4 and 5, were effected or
9 carried out pursuant to this audit or subsequent to this
10 audit?

11 A (WITNESS ARRINGTON) Just a second. Let us go
12 over it.

13 Q Yes. I want you to focus not on number 1
14 because you told us about the memorandum that goes to
15 number 1, discontinuing the routine practice, but it is
16 the other findings or other recommendations. Were any
17 of those implemented?

18 (Panel of witnesses conferring.)

19 JUDGE BRENNER: We were going to break closer
20 to 3:30, but I recall Mr. Arrington's testimony that he
21 hadn't looked at these recently, and it covers two full
22 pages. We could break now, in other words, unless the
23 witnesses -- if you want more than just a few minutes to
24 look at it, we are happy to break now and give you extra
25 time.

1 WITNESS ARRINGTON: Thank you. I need it.

2 JUDGE BRENNER: Okay. Let's do that and come
3 back at 3:30.

4 (Recess.)

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1 JUDGE BRENNER: We can go back on the record.
2 And you may want to repeat your question, unless they
3 remember it.

4 BY MR. LANPHER: (Resuming)

5 Q Gentlemen, I don't recall my exact words, but
6 the essence of my question was for you to review items 2
7 through 5 on pages 2 and 3 of the audit report and
8 indicate which, if any, of these recommendations had
9 been implemented or actions had been taken.

10 A (WITNESS ARRINGTON) In reviewing this list of
11 recommendations we were not able to determine that any
12 changes in the program had been implemented as a result
13 of the audit. Subsequent to the audit there may have
14 been some changes in the field office procedures that
15 were referenced here. I don't have access to those, so
16 I'm not sure what changes may have been incorporated.
17 The Hill memo that was issued may be part of that
18 procedure. I'm not familiar with it. It is an
19 administrative set of procedures, I believe.

20 In talking with the auditor, the Mr. Bajada
21 that we talked about, we talked with him at the break,
22 and we went back very briefly with him to ask him when
23 he was satisfied that this procedure of placing orders
24 with category 1 vendors, the current site practice, and
25 he went back and reviewed it subsequent to this initial

1 audit, that he was satisfied, was there a change in the
2 program, and he said that no, that there wasn't; that
3 there was more understanding on his part as a result of
4 this, as a result of the initial audit itself.

5 I was not able to find if we made any changes
6 in our QA procedures which governs the purchasing cycle
7 in the first place. We did not make a change as a
8 result of this audit. Mr. Bajada does not recall any
9 changes in the practice at the site. It was for making
10 the auditors more familiar with what we were doing.

11 And I think that when we look at the total
12 scope of the items that were being audited during that
13 time frame, I think he was misled somewhat because of
14 the types of items we were ordering. We did not make a
15 change to the program.

16 Q Thank you for your review, Mr. Arrington.

17 Mr. Gerecke, in an earlier answer referring to
18 the discontinuance of the routine practice of making
19 verbal awards you indicated that that practice had been
20 temporarily discontinued until appropriate controls were
21 established. And those weren't your exact words. The
22 temporary I know you used. Do you recall that statement?

23 MR. ELLIS: I object to the characterization
24 because it isn't accurate. He didn't say until the
25 controls were established. And I'm very careful not to

1 say what he did say, but he didn't say "until they were
2 established."

3 JUDGE BRENNER: I won't give you my
4 recollection because it is as likely to be wrong as
5 anybody else's, but he did say something to the effect
6 of temporary.

7 MR. ELLIS: Yes, he did.

8 JUDGE BRENNER: Why don't you ask him again --
9 well, your key here is temporary, and then you're going
10 to ask him what change that allowed it to be
11 re-established anyway, so we will get at it that way. I
12 just don't remember.

13 MR. LANPHER: I don't either, Judge Brenner.
14 I thought my question was quite fair to Mr. Gerecke to
15 ask him if he recalled the statement, and if he didn't,
16 he certainly could have clarified it to be accurate. I
17 don't think we need the coaching.

18 BY MR. LANPHER: (Resuming)

19 Q Mr. Gerecke, do you recall a statement to the
20 effect that you temporarily discontinued the practice of
21 allowing verbal purchase orders?

22 A (WITNESS GERECKE) Yes, I do.

23 Q And was that practice subsequently allowed
24 again or permitted again?

25 A (WITNESS GERECKE) Yes, it was.

1 Q And was it after you had established some kind
2 of control system?

3 A (WITNESS GERECKE) No, sir. I don't believe
4 any additional control system was needed during that
5 period. I believe what I said, that it was discontinued
6 for a temporary period while it was verified that
7 adequate controls were in place and effective. If I
8 said that any new controls were implemented, that was an
9 error. I didn't intend that. The controls were there.

10 But I'm advised now that we took another look
11 at the controls to be sure they were accurate. They
12 were and -- well, they lifted the restriction on the
13 placement of the purchase orders.

14 Q What are the controls that were in place that
15 you believe to be adequate relating to verbal purchase
16 orders?

17 A (WITNESS GERECKE) These were the controls in
18 place at the site. There were a body of controls that
19 required, first of all, that a purchase requisition be
20 prepared and reviewed by Quality Assurance if it was say
21 a purchase order by Quality Control.

22 Excuse me just a minute.

23 (Panel of witnesses conferring.)

24 A (WITNESS GERECKE) Reviewed by Quality
25 Control, whether or not it was safety-related; that the

1 selected vendor be approved beyond the approved vendor
2 list and that he has a qualified program for whatever
3 category of material he would be supplying; that the
4 specification accompanying the purchase orders -- that
5 the specification requiring that required be properly
6 written and go through the proper review cycle to be
7 sure that it has the necessary technical and quality
8 attributes included.

9 And I think that is basically the controls
10 that are and have been established at the site for
11 procurement activities.

12 Q Then what is done verbally, Mr. Gerecke? And
13 the reason I ask that is that all of the things that you
14 mentioned seem to be written or documented, that a
15 purchase requisition be prepared and reviewed by QC; the
16 vendor has to be approved; and specification, if there
17 is one, has to be properly written.

18 I think those were the three main things you
19 mentioned. But my question was in the context of a
20 verbal purchase order, so what is done verbally?

21 (Panel of witnesses conferring.)

22 A (WITNESS ARRINGTON) Would you like for me to
23 pass that information along to you? I am familiar with
24 the process.

25 Q If Mr. Gerecke can't answer, yes, certainly.

1 But I would like him to try first.

2 A (WITNESS GERECKE) The documents -- and this
3 is my understanding, and Mr. Arrington I'm sure will be
4 able to add more to my answer -- but the initial contact
5 with the vendor might well be made to be sure that he
6 has the facility and the capability to provide the item
7 being procured. He might be sent the specifications to
8 describe to him the technical and quality requirements
9 for the item. He might come back with a proposal saying
10 yes, he can provide this. And I assume the proposal
11 would also contain the necessary commercial information,
12 which we're not concerned with, that upon receipt of
13 this verbal purchase order might be placed with him.

14 Okay. You go ahead and commence fabrication
15 on this particular or these particular items in
16 accordance with the specifications you already have, and
17 he would not be given the verbal purchase order without
18 having some written documentation describing the
19 equipment, material being purchased or being procured.

20 Q Mr. Arrington.

21 A (WITNESS ARRINGTON) We're talking about
22 verbal purchase orders. We're talking in the context of
23 having a telephone conversation with a prospective
24 vendor that is on the vendor rating list to find out if
25 they can indeed supply us with the material that we are

1 trying to procure.

2 And in the case of category 1 material, when
3 you correspond with the vendor via the telephone or in
4 written formats, when you use the terminology category
5 1, they know what you're talking about because these are
6 qualified vendors, and they are not the local shops or
7 what have you. The buyers are procuring material from
8 this approved list of vendors.

9 We make contact with the vendors to find out
10 if they can supply it. We tell them what our needs are,
11 and they are given the details of the specifications,
12 the technical aspects that the buyer would convey to the
13 vendor would come from the purchase order or purchase
14 requisition, I should say, that is before that person.
15 They would not go out and order a valve, a 12-inch
16 valve, without giving some specifics as to what this
17 valve was supposed to do. The buyer would have no need
18 to go out and order a valve. The construction
19 supervisor would be trying to purchase a valve as an
20 example or a permanent plant piece of equipment as a
21 result of a specification or a drawing, and the
22 information that is on those drawings are in turn put on
23 the purchase requisition, and this information is
24 conveyed to the vendor. And we're talking about verbal
25 purchase orders. That is what we're talking about --

1 verbal contact with the vendor prior to placing the
2 order.

3 Vendors will not ship you or fabricate these
4 components without having a contract in hand indicating
5 that they're going to get paid a sum of money that they
6 have indicated that this component is going to cost
7 you. We're talking major pieces of equipment.

8 But in the case of ordering building materials
9 for temporary sheds and facilities, you are dealing with
10 local suppliers that Long Island Lighting would be
11 accustomed to dealing with, and you're going to get a
12 little bit further because you have open purchase orders
13 with these suppliers. But when you're talking about
14 permanent plant equipment and major equipment, the buyer
15 has indicated that in no case would a vendor fabricate a
16 component without first getting a contract indicating
17 that you're going to pay for that.

18 Q Gentlemen, let me turn your attention to tab
19 10, audit number 4, page 4 of tab 10, the bottom
20 paragraph.

21 Gentlemen, is this an instance where the
22 auditor deemed it necessary for there to be a procedure
23 describing the maintenance and distribution of the
24 purchase order register? And by the way, I'm looking at
25 -- the page 1 I'm looking at is the page entitled

1 "Number 4 Audit of LILCO Purchasing Department." It is
2 after the cover sheet memo. And the bottom paragraph,
3 the numbered paragraph 1.

4 A (WITNESS GERECKE) No, Mr. Lanpher, this is
5 not a finding where the auditor deemed that a purchase
6 order register was necessary and must be available.

7 Q Well, the auditor states that a procedure
8 describing the maintenance and distribution of the
9 purchase order register is still not available after
10 repeated requests. It is your testimony that that does
11 not indicate that the auditor believes such a procedure
12 is necessary?

13 A (WITNESS GERECKE) I don't believe that does
14 indicate that the auditor believed that such a procedure
15 was necessary. This particular audit finding was based
16 on -- at least had its origin in a recommendation made
17 during earlier audit of the purchasing department when
18 an earlier auditor indicated that a purchase order list,
19 a list which would be an administrative aid and help
20 correlating purchase orders and specifications would be
21 advisable, and it would be advisable if the purchasing
22 department had a procedure describing how this
23 particular list would be maintained and distributed.

24 In the earlier audit it was a recommendation.
25 There was no inference that it was a necessary list or a

1 necessary procedure. Purchasing nevertheless, although
2 it wasn't required, did agree to publish the list and to
3 publish a procedure prior to the audit which we are
4 discussing now.

5 The list which was entitled "Purchase Order
6 Register," was published, but the procedure had not
7 been. And this was the case. They had agreed to the
8 recommendation and said they were going to publish the
9 procedure. They had been asked a couple of times if
10 they had it. They said no, and at the time of this
11 audit they still didn't have it.

12 They, as I say, there was no requirement for
13 it. But even though it was not a requirement, the list
14 or the procedure, however, was finally published
15 sometime later in 1974.

16 Q Gentlemen, let me turn your attention to Tab
17 14, QA audit number 1. There is an attachment to that
18 audit that is finding 1 or Roman numeral number I.A.1.
19 At the top of the page the auditor first states that he
20 found that there were no detailed quality control
21 procedures or instructions to prescribe the FQC review
22 of vendor-provided documentation. Do you agree with
23 that statement?

24 A (WITNESS GERECKE) Yes, sir, I agree with
25 that. That is a statement in the audit report.

1 Q Well, is it accurate to the best of your
2 knowledge?

3 (Witnesses conferred.)

4 A (WITNESS GERECKE) I believe here is an
5 accurate statement in that the auditor felt that while
6 the procedure did exist, that it would be advisable that
7 more details be included in that procedure.

8 Q Looking at the second sentence of that same
9 paragraph or finding, it states that, "The FQC
10 documentation group has performed in-depth reviews of
11 vendor data package without a basis for planning the
12 extent or specific items to be checked during the
13 review." Do you have any reason to disagree with that
14 statement?

15 A (WITNESS GERECKE) I would have to disagree
16 with that statement in the sense there was -- the
17 auditor was correct in that there was no specific
18 documentation to this particular documentation review
19 group.

20 However, there were procedures in effect.
21 There was a field quality control procedure which did
22 require the documentation review that required that
23 documentation be reviewed. And the document review
24 group was performing the in-depth reviews of the vendor
25 data packages in accordance with the documentation

1 requirements in the governing specifications for that
2 particular piece of equipment or material. There was
3 only the fact that there was no detailed procedure
4 tailored specifically to this documentation review group.

5 Q The auditor believed, did he not, that such
6 detailed documentation was necessary?

7 (Witnesses conferred.)

8 A (WITNESS GERECKE) I would say the auditor
9 felt that a detailed procedure would be advisable. I
10 don't know that I could agree positively that he felt
11 that such a procedure was necessary.

12 A (WITNESS ARRINGTON) Mr. Lanpher, the auditor
13 did indicate a concern in this area. A procedure was
14 issued as a result of this particular recommendation or
15 observation. The procedure outlined the same practices
16 that we were using prior to the audit. There was a
17 detailed documentation review that was being performed.
18 That was noted in the audit itself.

19 The auditor was looking for confirmation of
20 the extent of that review, like in a checklist form. A
21 review had been taken or had taken place. A procedure
22 was issued subsequent to the audit that outlined the
23 same practice that we were using prior to the audit.

24 Q Well, wasn't it in maybe not your personal
25 testimony, Mr. Arrington, but the testimony of this

1 panel, that under criterion 5 under certain
2 circumstances at least there needs to be documented,
3 i.e., written, procedures for how activities affecting
4 quality will be carried out. Do you recall that
5 testimony?

6 A (WITNESS ARRINGTON) I do recall the question,
7 yes.

8 Q Is this an instance where the necessary
9 documentation did not exist at the time the activities
10 were carried out?

11 A (WITNESS ARRINGTON) That is not true. The
12 procedure was in place at the time of the audit. The QC
13 procedure was in place at the time the audit was
14 performed. The auditor was looking for more detail
15 indicating what the document reviewer was looking at.

16 Q Was the detailed quality control procedure in
17 existence?

18 A (WITNESS ARRINGTON) The QC procedure 9.1 was
19 in existence at the time of the audit, yes, it was. The
20 auditor requested more detail. Field quality control
21 concurred with that. They issued a subsequent procedure
22 with the same detail that we were performing prior to
23 the audit. The documentation was there. It was not in
24 the detail that the auditor felt like it should have
25 been in. In this case, field quality control agreed

1 that we would document in a checklist form that our
2 document was.

3 (Counsel for Suffolk County conferred.)

4 Q Mr. Gerecke and Mr. Arrington, if you would
5 turn two pages earlier in this audit. And I apologize,
6 there is not a number on the page. But it has Roman
7 numeral II and III on it on the left-hand side. And the
8 fourth paragraph under III.A, particularly the last four
9 lines of it, I would like you to review that. And I
10 will ask you a question.

11 (Pause.)

12 JUDGE BRENNER: Mr. Lanpher, this is my
13 fault. I was talking. I missed your reference.

14 MR. LANPHER: It is two pages earlier. And
15 there is a Roman numeral II at the top of the page. And
16 under III.A the fourth paragraph beginning, "The LILCO
17 audit team." And I am directing attention particularly
18 to the last four or five lines.

19 JUDGE BRENNER: Thank you.

20 BY MR. LANPHER: (Resuming)

21 Q Mr. Gerecke or Mr. Arrington or anyone on the
22 panel, am I correct here that the auditor has found that
23 the existing review procedures that were being performed
24 of vendor documentation by Stone & Webster were not
25 adequate?

1 A (WITNESS ARRINGTON) That's not what I get out
2 of that paragraph, no.

3 Q Well, how do you interpret those last few
4 lines?

5 A (WITNESS ARRINGTON) The last few, lines or
6 the total paragraph?

7 Q Where it indicates that the deficient
8 documentation by vendors is being accepted by Stone &
9 Webster.

10 A (WITNESS ARRINGTON) The statement here is
11 referring to the documentation that had been reviewed by
12 the product quality assurance inspector. This is not a
13 final documentation review during this time of the job
14 site. Field quality control was responsible for the
15 final documentation review for vendor documents -- not
16 field, but the purchasing quality assurance inspector
17 would only be doing a random review of the documentation.

18 At the time of the shipment he is looking at
19 the total process within the vendor shop. He is not
20 doing a 100 percent review of every piece of paper that
21 is in the document package. Field quality control would
22 perform that review.

23 Q Is it your testimony then, Mr. Arrington, that
24 this finding on the unnumbered page -- not finding, but
25 that paragraph and the comments relate to a different

1 aspect of Stone & Webster review than that referred to
2 in paragraph I.A.1 which we looked at originally?

3 A (WITNESS ARRINGTON) That is correct. He's
4 talking about the PQC inspector in the shop. I think
5 what the auditor's concern there was that the field
6 quality control's final review that there were some
7 discrepant conditions that were observed at the time of
8 closure of these items had not taken place.

9 Q Gentlemen, I would like you to turn to Tab 15
10 in Exhibit 68 and the attachment, the first page of the
11 attachment and the bottom portion under training of PQC.

12 And if I could turn your attention
13 particularly to the last sentence there where it
14 indicates that the PQC districts are continuing their
15 vendor document reviews without a formal basis for the
16 review, I would like to know if you have any reason to
17 disagree with that statement?

18 A (WITNESS KELLY) Could you help us again and
19 tell us where we are at with that one?

20 Q I sure can. It is Tab 15, the attachment, the
21 page entitled "Attachment: Quality Assurance Audit
22 Number 1." The very bottom portion, particularly the
23 last sentence. And, of course, read any portion ahead
24 of that that you need to for the context.

25 (Pause.)

1 Q Gentlemen, my question is whether you have any
2 reason to disagree with the statement that the PQC
3 districts are continuing their vendor document reviews
4 without a formal basis for the review?

5 (Witnesses conferred.)

6 A (WITNESS BALDWIN) Mr. Lanpher, I will add to
7 that question.

8 Q To the question? I would like the answer.

9 (Laughter.)

10 A (WITNESS BALDWIN) The auditor does indicate
11 that there was no formal basis for a review. But he
12 also indicates there has been considerable training
13 programs provided by the district and in Stone &
14 Webster. And he goes on to say, no specific training
15 has been formally provided to date regarding the vendor
16 quality document requirements.

17 However, if it has been or was standard PQC
18 division policy at the time to have informal training
19 and that informal training took the place of meetings,
20 meetings with the district chief, assistant district
21 chief and the inspectors, reviews on such subjects as
22 vendor document requirements.

23 We did have formal programs. We do have
24 formal programs today. At that point in time we did not
25 have a formal program, but we had informal programs in

1 talking with the manager of the PQC division at the time
2 and the assistant PQC manager at the time these reviews
3 and meetings and informal training did take place.

4 Subsequent to this particular time frame there
5 were instructions and training that formally took place
6 within, I believe, 2 or 3 months. And as I recall
7 discussing this, this was a district office in
8 Pittsburgh and there was formal training provided in
9 that office in late summer or fall of that year.

10 But I think the important point is that at
11 that point in time we did not have a formal training
12 session for every single detailed minute activity we
13 were doing. We had many training sessions that were
14 formal and were scheduled. Those that we did not have
15 before were informal, provided by either people from
16 Boston or people from the district; namely, the district
17 chief.

18 Q Mr. Baldwin, my question was whether you had
19 any reason to disagree with the accuracy of that
20 statement. And I think your answer is no, but then you
21 gave some explanation. Is that correct?

22 A (WITNESS BALDWIN) That is correct.

23 Q Now, when I read that statement, the portion
24 saying, "A formal basis for the review," I did not
25 understand that to be referring to training

1 necessarily. There is no mention of training in that
2 sentence, although it is under the training paragraph.
3 Is that what is meant by "formal basis for review" that
4 is referring to training?

5 A (WITNESS BALDWIN) I believe it is.

6 Q What is the basis for that belief?

7 A (WITNESS BALDWIN) Just my opinion of reading
8 that paragraph.

9 Q So you do not refer to any of the documents or
10 materials to interpret that sentence?

11 A (WITNESS BALDWIN) No.

12 Q Mr. Baldwin, would it not be equally plausible
13 to interpret that sentence where it says, "A formal
14 basis for the review," there is no formal plan,
15 documented plan for the review of vendor documents?

16 A (WITNESS BALDWIN) But I think there is. You
17 have the specifications. The specifications indicate
18 what kind of documentation requirements you have got.

19 Q Where is that in here?

20 A (WITNESS BALDWIN) In where?

21 Q In this attachment that we are referring to.

22 A (WITNESS BALDWIN) I am talking from
23 experience.

24 Q Okay. I am sorry. I didn't mean to interrupt
25 you. Go ahead.

1 A (WITNESS BALDWIN) In my experience and in
2 talking, talking with people who were in management at
3 the time, when performing informal training on subjects
4 such as this, documents such as the specifications would
5 be used as informal aids in talking to them about the
6 requirements for document review.

7 They may pick different types of documents
8 that have different types of document requirements, and
9 the experience, district chief would explain to the
10 inspectors, this is what is required, this is what you
11 should look for, this is how often you ought to do it,
12 this is one you ought to review, when you ought to
13 review them during the procurement cycle, things of that
14 nature.

15 The document requirements for purchase order,
16 specifically for purchase order would be found in the
17 specification. The general documentation requirements
18 for this type of activity would be described by those
19 that had the experience. And this would be on-the-job
20 training.

21 Subsequent to that, as I indicated, we did
22 become a bit more formal, and procedures were
23 generated. And in this particular area, as I recall,
24 all of the districts were indicated to have more formal
25 training, and they did. In this particular area that

1 pertains to the Pittsburgh district office, I believe it
2 took place in the summer or the fall of that year.

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1 Q Gentlemen, turning your attention to Tab 18,
2 page 3 of 3, recommendation A, the first sentence, "The
3 auditor..." --

4 A (WITNESS BALDWIN) Mr. Lanpher, we don't have
5 the book; everybody else does. Could you just read the
6 QA audit number so-and-so? We're working from your
7 October 26th letter, and that doesn't have tabs.

8 Q Okay, it's QA Audit 6, LILCO Purchasing
9 Department.

10 A (WITNESS BALDWIN) Thank you.

11 JUDGE BRENNER: It's probably not a bad idea
12 to mention every 30 transcript pages or so that these
13 tabs are from County Exhibit 68 for identification, as
14 long as we have the identification interruption.

15 BY MR. LANPHER (Resuming):

16 Q Gentlemen, turning your attention to the top
17 of page 3, it states that "There is no written procedure
18 or memorandum outlining the requirements for the
19 generation of purchase orders or purchase order
20 addendums." Do you have any reason to disagree with
21 that statement?

22 A (WITNESS GERECKE) No, sir, I don't.

23 Q I would like to turn your attention to --

24 A (WITNESS GERECKE) Could I add anything to that
25 statement?

1 JUDGE BRENNER: Yes.

2 BY MR. LANPHER (Resuming):

3 Q Okay, yes.

4 A (WITNESS GERECKE) I don't agree. I mean, I
5 don't disagree with the statement but this statement is
6 written as the initial clause, or it is written as a
7 recommendation for the purchasing department. The
8 purchasing department at that time merely took the
9 information from a purchase requisition which had been
10 prepared, reviewed and approved and transcribed that
11 same information to a purchase order form.

12 They did the same thing with the purchase
13 order addenda. There was no requirement for a procedure
14 for them to do that. The auditor felt that it might be
15 helpful, although there was no requirement. Purchasing
16 did accept the recommendation to publish a procedure and
17 they did publish the procedure.

18 (Counsel for Suffolk County conferring.)

19 MR. LANPHER: Gentlemen, turning your
20 attention to Tab 24, and this is LILCO Purchasing
21 Department 81-11, page 4, open item 1. The auditor --
22 am I correct that the auditor makes the statement that
23 many of the current problems associated with the
24 processing of purchase requisitions generated by LILCO
25 organizations stem from the fact that these

1 organizations do not have procedures to implement the
2 LILCO quality program requirements for control of
3 procurement documents? That is stated in this audit.

4 Correct?

5 A (WITNESS GERECKE) Yes, sir, that is the
6 statement in the audit under open item 1.

7 Q Do you disagree with that statement, Mr.
8 Gerecke?

9 A (WITNESS GERECKE) No, sir, I don't disagree
10 with that statement. That was the condition identified
11 by the auditor. This situation developed because while
12 there were procedures, project procedures which covered
13 the processing of purchase requisitions, they were
14 tailored primarily to purchase requisitions initiated
15 within Stone & Webster.

16 We were now reaching a point in the program in
17 1981 where LILCO organizations were beginning to become
18 involved in initiating procurements of their own, and in
19 these cases the procuring organizations weren't aware of
20 or didn't believe that the project procedures applied,
21 one or the other, to the procurements they were
22 initiating.

23 Therefore, LILCO did issue instructions to all
24 of the various departments who were or might be
25 initiating purchases or procurement activities for

1 Shoreham and advising them (a) as to the requirements
2 necessary for these procurement activities, and advising
3 them also that they must develop their own procedures to
4 cover their procurement activities.

5 In each of the cases where there had been a
6 procurement initiated, that either did not have the
7 purchase release form attached to it or did not have a
8 QA category identified within the procurement
9 documentation, each of these was reviewed by quality
10 assurance and found to be satisfactory.

11 (Counsel for Suffolk County conferring.)

12 Q Mr. Gerecke, just so I understand correctly,
13 LILCO had not been the actual initiator of a lot of
14 these purchase recommendations prior to this point in
15 time; correct?

16 MR. ELLIS: What do you mean by "these"? The
17 question was "these purchase requisitions" and that has
18 no antecedent, and I'm not sure that I understand the
19 question.

20 JUDGE BRENNER: Mr. Lanpher?

21 MR. LANPHER: Let me rephrase the question.
22 Obviously, the witness understood, but let me start over.

23 BY MR. LANPHER (Resuming):

24 Q In your previous answer, Mr. Gerecke, you
25 indicated that up until approximately this time period,

1 early 1981, most of the purchasing for the project had
2 been done by Stone & Webster; correct?

3 A (WITNESS GERECKE) No, sir. The procurement
4 documents had been initiated by Stone & Webster. They
5 developed the specifications. Ultimately, the purchase
6 order was placed by the LILCO Purchasing Department.

7 Q Thank you. At about this time or sometime
8 prior to this audit finding a shift had begun to where
9 LILCO was initiating more of the purchase documents
10 itself, the specifications and this kind of thing. Is
11 that correct?

12 A (WITNESS GERECKE) Let me answer it this way.
13 Sometime during this timeframe, LILCO began initiating
14 procurement activities or some engineering services; it
15 had not yet begun procurement activities for materials,
16 parts, components and equipment. These were purchase
17 requisitions for engineering services only that we're
18 discussing here.

19 Q Subsequent to this, audit procedures were
20 developed to handle the problems which are referenced in
21 this audit finding, or in this audit open item?

22 A (WITNESS GERECKE) A corporate instruction was
23 published which identified the requirement for
24 LILCO-initiated procurements in support of the Shoreham
25 project, and this was applicable to all departments.

1 Each department is developing its own procedure covering
2 its own procurement activities.

3 (Counsel for Suffolk County conferring.)

4 Q Is the project instruction that you just
5 mentioned, Mr. Gerecke, the April 8, 1981 document
6 which, if you turn the page in your audit, the next two
7 pages, that's a letter from you to various people;
8 procurement document review, Shoreham Nuclear Power
9 Station. Do you have that document?

10 A (WITNESS GERECKE) That is not the document I
11 was referring to. No, sir. That was done initially.
12 Subsequent to that, a detailed instruction was
13 published, I believe under the signature of Vice
14 President, Nuclear and Vice President, Engineering,
15 applicable to all departments to govern their
16 procurement activities for Shoreham.

17 JUDGE BRENNER: Mr. Gerecke, you're going to
18 have to pull your mike a little closer.

19 BY MR. LANPHER (Resuming):

20 Q Now, you prepared this April 8, 1981 document;
21 correct, that we just referenced?

22 A (WITNESS GERECKE) I did not prepare it; I did
23 sign it.

24 Q Well, in signing it you reviewed it and you
25 agreed with the statements, correct?

1 A (WITNESS GERECKE) Yes, sir.

2 Q And on page 1, the paragraph next to the
3 bottom, it states, "LILCO organizations are planning and
4 originating these types of procurements without
5 considering overall quality program requirements, and
6 they are not routinely including quality assurance
7 reviews as part of their procurement plan." Do you see
8 that statement?

9 A (WITNESS GERECKE) Yes, sir.

10 Q What types of procurements is being referred
11 to there?

12 A (WITNESS GERECKE) These are still engineering
13 services.

14 Q And did you believe that that was an accurate
15 statement at the time you signed this memo? Correct?

16 A (WITNESS GERECKE) At the time I believed it
17 was an accurate statement. As I mentioned, we did go
18 back and review all of those procurements and the
19 necessary quality requirements, however, had been
20 incorporated.

21 MR. LANPHER: Judge Brenner, at this time I
22 would like to move into evidence the findings under
23 group B as referenced in my October 26th letter that we
24 have been discussing. And if I may say, I will try to
25 be inclusive of the pages that we discussed, but in

1 certain areas we have discussed other pages besides the
2 ones that are referenced in my letter, including some
3 unnumbered pages, so I would like to move into evidence
4 the items that are referenced in my letter plus the
5 specific areas that we have questioned in the
6 examination.

7 So I would move into evidence Site QA Audit 7,
8 the entire audit because our questioning went to that
9 entire audit. Number 4 Audit of LILCO Purchasing
10 Department, page 1, the bottom paragraph.

11 JUDGE BRENNER: Give me one moment on the
12 first one.

13 (Pause.)

14 Okay, go ahead.

15 MR. LANPHER: I was down to the bottom of that
16 page, Judge Brenner. QA Audit 1, Stone & Webster FQC
17 Attachment, Item I.A.1; then Stone & Webster PQC Audit
18 1, the attachment, page 1, the bottom portion related to
19 training. QA Audit 6, LILCO Purchasing Department, page
20 3, related to recommendation A. And Audit 81-11, LILCO
21 Purchasing Department, page 4, open item 1, and the
22 April 8th, 1981 memorandum from Mr. Gerecke, the
23 portions discussed.

24 JUDGE BRENNER: The portion discussed of that
25 April 8, 1981 memorandum is the pen ultimate paragraph

1 of the first page of the memorandum. And is there
2 anything else in there?

3 MR. LANPHER: Well, the materials, -- to put
4 it in context, I think the materials leading up to that
5 paragraph, also, which we indirectly discussed with Mr.
6 Gerecke in other questioning.

7 JUDGE BRENNER: So it would be -- your
8 proposal would be that memorandum through the next to
9 the last paragraph on the first page.

10 MR. LANPHER: That is correct.

11 JUDGE BRENNER: Do I hear any objections?

12 MR. ELLIS: Yes, sir, I think we do on the
13 first two items. May I have a moment?

14 JUDGE BRENNER: Yes.

15 (Counsel for the applicant conferring.)

16 MR. ELLIS: The reason we need a moment is
17 that this is broader than what was listed on the October
18 26th letter in two instances.

19 JUDGE BRENNER: There isn't much that got left
20 out of Tab 8. That's what I was looking at and that's
21 why I halted Mr. Lanpher before, but you give me your
22 view.

23 MR. ELLIS: Well, in part it is difficult to
24 give you my view because I am not sure that I fully
25 understand the relationship among various things that

1 are in here. We focused very narrowly on what was given
2 to us in the October 26th letter, and there may be
3 matters in here that I need to look at.

4 JUDGE BRENNER: It's my view that everything
5 in here was asked about, but you can take a look.

6 MR. ELLIS: It is not my view that everything
7 in here was asked about in terms of the various
8 statements, particularly concerning Appendix B. He
9 avoided questions concerning Appendix B. Or not
10 avoided, strike that. He did not ask questions
11 concerning Appendix B, and they were global questions on
12 the various paragraphs.

13 JUDGE BRENNER: Let me cut you off. Tell me
14 what part you want to object to and why.

15 MR. ELLIS: May I inquire whether Mr. Lanpher
16 is also offering, in addition to the two pages, the
17 quality assurance audit report that is attached?

18 JUDGE BRENNER: Yes, he is.

19 MR. LANPHER: The whole thing.

20 MR. ELLIS: On page 1 on Tab 8, no questions
21 were asked about the sentence that begins, "This is in
22 direct non-compliance with 10 CFR Appendix B." I
23 suppose inferentially, though, on page 2 of the
24 attachment, he did ask questions, as I recall, about
25 overall questions about 1 through 6. He did not ask

1 specifically whether those were necessary, as stated
2 there, to obtain compliance with Appendix B.

3 JUDGE BRENNER: Mr. Ellis, he doesn't have to
4 ask any question you want to ask in order to get it into
5 evidence. And in fact, the sentence you piciked out is
6 out of the one portion of the finding that he did focus
7 on in the letter. We went as far as we could with these
8 witnesses on this audit report. I can tell you. I
9 tried also. We exhausted their knowledge.

10 MR. ELLIS: Well, you asked me whether I had
11 an objection. I do on those two grounds, for those two
12 sections, because I don't think those were asked about.

13 JUDGE BRENNER: Okay. What about the other
14 ones?

15 MR. ELLIS: My objection goes to the fact that
16 he focused specifically on the last portion of the
17 paragraph --

18 JUDGE BRENNER: Which tab are we talking about
19 now?

20 MR. ELLIS: We are now talking about Tab 24,
21 the April 8th memorandum.

22 JUDGE BRENNER: Of course. Earlier you said
23 the first two items, and I got confused.

24 MR. ELLIS: I'm sorry, Judge. There were just
25 two items. They were not the first two, but there were

1 two, and this was the second one. He only asked really
2 about that sentence.

3 JUDGE BRENNER: Well, he is not moving -- or
4 maybe I should seek clarification on this one. He is
5 only moving it as far as the audit report; he is only
6 moving in the finding on page 4, open item 1. In
7 addition to the audit report, he's moving in the
8 memorandum through that next to the last paragraph on
9 the first page. Is that right, Mr. Lanpher?

10 MR. LANPHER: That is correct.

11 JUDGE BRENNER: He's not moving in the whole
12 audit report.

13 MR. ELLIS: I understand, but he's seeking to
14 move in the entire April 8th memo.

15 JUDGE BRENNER: No. Only the first page
16 through the pen ultimate paragraph.

17 MR. ELLIS: Yes, I understood that, but he
18 only asked about one sentence on the first page,
19 beginning, "LILCO organizations..."

20 JUDGE BRENNER: We're getting hung up on this
21 "he only asked about" and there are going to be a lot of
22 sentences in these things that he doesn't particularly
23 ask about. As applied to this document, the judgment is
24 the subject of what he wants to move in was sufficiently
25 related to what he asked about, even though he didn't

1 parse the sentence. This one gives me less trouble than
2 anything else because Mr. Gerecke is sitting right here
3 and he signed it.

4 This is not the same problems I've had with
5 audit reports of non-present people. Do you agree with
6 that distinction?

7 MR. ELLIS: I think that is a distinction, but
8 I thought that we were nonetheless --

9 JUDGE BRENNER: I would limit the record to
10 the extent that we just don't put in everything. But
11 the question is are the first few paragraphs related to
12 and almost necessary for the context of the paragraph he
13 did ask about.

14 MR. ELLIS: Well, I've stated my objection,
15 and to the extent that it is overruled I will have to
16 take it up on redirect.

17 MR. LANPHER: Judge Brenner, could I be heard
18 briefly? I'm not sure that I'm going to necessarily
19 help my cause because I think maybe you've decided, but
20 I must say, being somewhat under a time limit I am
21 trying to limit my examination and get to the essence of
22 points. To hear, then, objections that something
23 shouldn't come into evidence because I didn't
24 specifically ask a question about it, we have got to
25 have it one way or the other.

1 Either let's lift the time limit and I'll be
2 happy to ask a heck of a lot more questions, but if not,
3 I think the normal rules of evidence allow me to move --
4 I think I could move this entire April 8th document into
5 evidence. Mr. Gerecke is here and if there is something
6 that bothers Mr. Ellis he can bring it out on redirect.
7 I think it is just going too far.

8 JUDGE BRENNER: I hate to prolong this. Going
9 back to Tab 8, in addition to that one sentence you
10 culled out of numbered paragraph 2 on the first page,
11 what was the other portion you objected to?

12 MR. ELLIS: This is the one where I said may
13 have been dealt with inferentially. It is on page 2 of
14 the Summary of Findings relating to changes being
15 required to obtain compliance with Appendix B. And I
16 conceded that I think that may have been asked
17 inferentially.

18 JUDGE BRENNER: I'm getting so bleary I can't
19 even find it on the page, Mr. Ellis.

20 MR. ELLIS: It is at the top of the page,
21 Judge Brenner.

22 JUDGE BRENNER: I think Judge Morris has a
23 better approach on these than a long-winded legal
24 ruling. It is my belief we should let it in, and he
25 says why not. And I think that is as good a reason as

1 any. In asking about the essence of the item, that
2 invariably asks whether it is a violation of not. The
3 finding he is going to write for the one sentence you
4 have the problem with is the same finding. Whether it
5 is in for identification or in evidence the finding is
6 going to be that the auditor at the time found that --
7 and then the debate gets down to well, what was it he
8 found, and then you have to go back to what was involved
9 in the item, and he did ask about that. So I really
10 don't think it matters.

11 Now maybe I am missing something, but if I
12 want to err I want to err in the direction of letting
13 this in. On the other, it is very similar;
14 inferentially it is in, and I agree with your statement.

15 On the memo, I think we could almost admit the
16 whole thing for the reason Mr. Lanpher said. I wouldn't
17 want to because I do want to try to parse the subject
18 matters. The record is huge as it is, and I think the
19 other paragraphs are reasonably related to the pen
20 ultimate paragraph that he asked about, so that they
21 should go in with it.

22 And to the extent there is a problem there, I
23 am not too worried about the fairness to LILCO because
24 you do have Mr. Gerecke here to ask about it. And so it
25 is a partially common sense to that one as much as

1 anything else.

2 So as identified, those documents are
3 admitted, and the portions thereof.

4 (The documents previously
5 marked Site QA Audit 7;
6 #4 Audit of LILCO
7 Purchasing Dept, pg 1,
8 bottom paragraph; Audit 1
9 S&W, FQC Attach, Item
10 I.A.1; S&W PQC Audit 1,
11 Attach pg 1, bottom
12 portion re. Training; QA
13 Audit 6 LILCO Purchasing
14 Dept, pg 3 re:
15 recommendation A; Audit
16 81-11 LILCO Purchasing
17 Dept. pg 4, open item 1;
18 and April 8, 1981 memo
19 from Mr. Gerecke thru
20 next to last paragraph on
21 first page for
22 identification were
23 received in evidence.)

24 JUDGE BRENNER: Let me say something in
response to Mr. Lanpher's last comment. That comments

1 find a sympathetic ear with us. It is similar to
2 something we said when last we were here; how rigorously
3 we are requiring him to cover everything before we move
4 it into evidence is a function of the efficiency of time
5 also, and in our judgment, you can handle some of these
6 things on redirect. Even if we had no time limit it
7 just wouldn't make sense for everybody to have to sit
8 here to go through each and every one tortuously, and
9 that is indeed part of our reasoning.

10 I would note that he has been put into that
11 position in the first instance by what really was a
12 ruling on our part, although it came out in a dialogue,
13 that we do not give sufficient credit to being able to
14 understand the written words in these documents; and
15 therefore, we want the issue to be joined with these
16 witnesses as to just what was involved in each of these
17 incidents.

18 If we had a pure, legalistic ruling we could
19 find that these documents may all be admissible into
20 evidence under one rule or another, I guarantee it, as
21 LILCO documents or other agents used in the course of
22 business, statements against interest. I could tick off
23 a long list of things, but used in the course of
24 business is as good as any other.

25 However, if we are agreeing with LILCO to some

1 extent -- and really, this cuts both ways because
2 sometimes the auditors use written words that would help
3 one side or the other, and then when we find out what
4 really was involved it turns out not quite to be what
5 the reader might have perceived.

6 So Mr. Lanpher is operating under that
7 handicap that we have imposed in our judgment to begin
8 with that we just wouldn't admit these written words.
9 It is our view that that was to the benefit of all
10 parties that we do that, but you may differ.

11 MR. ELLIS: I understand, Judge Brenner. The
12 only thing I would just add very quickly is the fact
13 that we got into this in the first place because they
14 audits weren't identified in a timely manner so that
15 they could be addressed by us in direct, and that sort
16 of thing.

17 JUDGE BRENNER: Well, you know, there's a lot
18 that's happened over the last few months, and I don't
19 want to go into it. We misdirected, or redirected and
20 maybe misdirected is the right word, Mr. Lanpher's
21 planned approach because we didn't want to sit here and
22 listen to a week or two of generalities; similar to one
23 or two of the questions that he asked today that Judge
24 Morris jumped in on. There is no perfect world.

25 If questions are so general that we can't tie

1 it to what has occurred, they are not useful. We also
2 don't want to sit through painful detail by detail if
3 that is not necessary, and I think all the parties have
4 been struggling to find a common ground, and it has
5 literally be on-the-job training for all of us,
6 including the Board. And we are not unmindful of the
7 flexibility required of all of the parties, but the
8 heavy burden falls on Mr. Lanpher as the cross
9 examiner. And we have that in mind also in terms of
10 trying to get this done efficiently. And in the name of
11 efficiency, I will shut up at this point so we can go
12 back to the questioning.

13 BY MR. LANPHER (Resuming):

14 Q Gentlemen, if you would look at the October
15 26th letter under group C, miscellaneous, if you would
16 look at QA Audit 77-8, pages 4 and 5, Finding 4, that's
17 under Tab 19. Now, gentlemen, the first finding is that
18 Stone & Webster does not have instructions or procedures
19 to determine the cause of significant conditions adverse
20 to quality, and to assure that all required protective
21 actions are taken to preclude repetition. Is that an
22 accurate statement of the finding as written?

23 (Panel of witnesses conferring.)

24 My question is: is that what the finding says?

25 MR. ELLIS: I object to the question. The

1 finding says what it says. If he wants to ask them what
2 it means, that's another question. That seems to me a
3 meaningless question.

4 JUDGE BRENNER: Well, let him ask it, okay?
5 It's his time. If your only objection is meaningless,
6 let him ask it. It is not meaningless. It didn't have
7 to be a question; he could have read it. But when you
8 go to a transcript you don't want to have to pull out
9 all of the exhibits; it is better to have the excerpt
10 right there when it is a short one. And Mr. Lanpher
11 could have said, read sentence number one, and then go o

12 But I think it is a courtesy to say, do you
13 agree it says that. And it's also a quality assurance
14 check on whether he has read it right, if nothing else.
15 It's his time. Go ahead, Mr. Lanpher.

16 BY MR. LANPHER (Resuming):

17 Q Do you recall the question?

18 A (WITNESS GERECKE) I think so. Those are the
19 words used by the auditor in recording Audit Finding 4
20 of this particular audit, Audit 77.8. What the auditor
21 meant was not that there were no instructions or
22 procedures of any type within Stone & Webster which were
23 used to provide for determining the cause of significant
24 conditions adverse to quality and to assure that all
25 required corrective actions are taken to preclude

1 repetition. What the auditor meant was that there was
2 no one procedure or no place in Stone & Webster was
3 there one procedure or one instruction which covered all
4 of the requirements incorporated in this one document.

5 Q Mr. Gerecke, how do you know what the auditor
6 meant by these words?

7 A (WITNESS GERECKE) I discussed this finding and
8 the subsequent findings in this audit with the auditor.

9 Q At the time of the audit or in preparation for
10 this hearing? When?

11 A (WITNESS GERECKE) Relatively recently in
12 preparation for the hearings.

13 Q Well, the Audit Finding 4 doesn't say that
14 Stone & Webster does not have a single instruction or
15 procedure; it says it does not have instructions,
16 plural, or procedures, plural, which provide for that.
17 Isn't that correct?

18 A (WITNESS KELLY) The words --

19 Q I would like to address Mr. Gerecke, and then
20 you may have an opportunity to comment, Mr. Kelly.

21 (Panel of witnesses conferring.)

22 A (WITNESS GERECKE) These were the words used by
23 the auditor. Maybe they are misleading; maybe they
24 didn't say exactly what the auditor had in mind. But I
25 think really in the case of this particular finding, we

1 have to look at all of Finding 4 rather than just 4.A,
2 and we should also look at this from the perspective of
3 the auditor at the time of the audit.

4 He was aware of the Bergen-Patterson design
5 calculation problem, and he was aware of the complexity
6 of that problem. He was also aware of all or most of
7 the Stone & Webster procedures which were in place which
8 concerned non-compliance, and there were a number of
9 them. QC 6.1 on N&D reports, QC 6.2, stop-work action,
10 6.3 was initial release program, 6.4 deficiency
11 correction orders, 18.1 on their quality audit program,
12 20.1 on the auditor site operations, 20.2 was Stone &
13 Webster's field quality control surveillance and
14 inspection program; most of which or all of which were
15 applicable to the site activities where the Bergen
16 Patterson hangers were being installed.

17 There were also corporate procedures, quality
18 standard 14.C on the inspection report system, 16.1 on
19 problem reports, 16.2 reporting deficiencies to the NRC,
20 and the auditor was, I'm sure, aware of all of these.
21 He knew that there were many procedures within the Stone
22 & Webster quality organization which covered conditions
23 adverse to quality.

24 He was also aware of a rather long, not in
25 time maybe but in effort, history of this problem. It

1 was initially identified in the previous November by a
2 Stone & Webster engineering assurance audit.

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1 Q Mr. Gerecke, I will let you continue, but this
2 problem, will you tell us what that is?

3 A (WITNESS GERECKE) The design calculation
4 problem identified at Bergen-Patterson by Stone and
5 Webster Engineering assurance audit in November 1976.
6 January '77 the NRC was advised of this situation by
7 means of a 50.55(e) report. The problem report was
8 published by the Stone and Webster problem report system
9 in March of '77.

10 Engineering Assurance made a couple of
11 follow-up audits to Bergen-Patterson during the
12 intervening period between their initial audit and our
13 audit in August of '77. In July 1977 a non-conformance
14 report was published. And all during this period
15 corrective action was being taken.

16 Initial corrective action was directed at the
17 vendor. He was directed to look at his program and to
18 identify all of the hangers which might be identified
19 which were essentially the scope and the extent of the
20 situation has been identified, that has initially been
21 identified during the previous November audit.

22 The auditor really had a concern here about
23 the length of time -- the period from November until
24 July -- before the individual discrepant hangers were
25 specifically identified and an N&D report was published

1 at the Shoreham site in response to this. We have
2 discussed it with Stone and Webster and they felt that
3 it was appropriate, however, to wait on publishing the
4 non-conformance report until such time that they had all
5 of the available information, all of the discrepant
6 hangers had been identified.

7 In view of all of the above, it was the
8 auditor's feeling at the time of the audit that he felt
9 that a non-conformance report should be published and
10 released to the Shoreham site or the information on
11 specific discrepant items should be released to the
12 Shoreham site formally prior to July, and that in his
13 mind it had been one single procedure covering all of
14 the aspects of significant conditions adverse to
15 quality, that the site could have been advised more
16 promptly of the specific, say, discrepant hangers which
17 had been shipped to the site.

18 Following this audit, there were many
19 discussions and many meetings with Stone and Webster
20 concerning the recommendations or concerning the
21 findings of the audit. Ultimately LILCO was convinced
22 that the existing body of procedures within Stone and
23 Webster was adequate and we did finally determine that
24 no further action need be taken by the Stone and Webster
25 Corporation.

1 Q Mr. Kelly, I cut you off before. Did you have
2 something you wanted to add?

3 A (WITNESS KELLY) No. I just wanted to
4 emphasize the point that the procedures did exist at the
5 time and that the words, as written, literally is
6 misleading but in fact Stone and Webster has had a
7 program to address corrective and preventative action at
8 this time and prior to this time.

9 Q Would it be fair to state that the auditor,
10 while not choosing his words carefully in that regard,
11 did not believe that the instructions or procedures that
12 were in effect were adequate and needed to be
13 coordinated or upgraded or somehow changed to maybe a
14 single set?

15 A (WITNESS GERECKE) I do not believe there is
16 any indication that the auditor felt that, taken all
17 together, the requirements and all of the procedures
18 were not adequate. I believe from the discussions with
19 him that he felt that had these been all incorporated or
20 at least the requirements relative to significant
21 conditions adverse to quality had all been incorporated
22 in one specific procedure it might have been more
23 efficient, and it might have been a more effective
24 procedure.

25 But, as I indicated, there were many

1 discussions and meetings with Stone and Webster since
2 then, and the auditor was involved in all or most of
3 these meetings -- probably all of them -- and he was
4 satisfied that the body of procedures was effective and
5 was adequate.

6 Q Mr. Gerecke, you do not believe that this
7 Audit Finding 4 even implies that the auditor felt that
8 the existing instructions and procedures were not in
9 some sense inadequate? You don't get that connotation,
10 particularly from Part A -- Audit Finding 4, Part A?

11 A (WITNESS GERECKE) I think the connotation is
12 certainly there that at the time of the audit, yes, the
13 auditor felt that there was some inadequacy in the whole
14 body of procedures because there was no one procedure
15 which a person could go to find all of the requirements
16 which had been established to cover this type of a
17 situation.

18 And, again, he was involved in the discussions
19 subsequent to this audit and he ultimately became
20 convinced that this was not the case -- that adequate
21 procedures were in place and in effect.

22 (Counsel for Suffolk County conferring.)

23 A (WITNESS EIFERT) Mr. Lanpher, I would like to
24 add something to what Mr. Gerecke has said. I wasn't
25 involved in this specific audit when the JILCO auditor

1 questioned our procedural system, but I have been
2 questioned by many other people about how Stone and
3 Webster's process works and have been involved in
4 explaining that to them.

5 Very often, when people come in and look at
6 our procedures, they look at the procedures primarily
7 from -- directly from the Appendix B criteria and look
8 specifically for, as an example, your design control
9 procedures, that they meet or satisfy the requirements
10 of Criterion 3. Or they look specifically for your
11 document control procedures, which are responsive to
12 Criterion 6.

13 I believe -- and it has happened in many other
14 cases; like I say, I wasn't involved in this audit --
15 where people come in and say let's see your procedures
16 for Criterion 15 and they expect to find one procedure
17 or a few procedures, all in section 16 of our manuals
18 because many of our manuals are organized into 18
19 sections, which in general correlate to the criteria.

20 And our procedures aren't that way. The
21 procedures that we have to address the subject of
22 Criterion 6 are in various other sections of our
23 manuals, in part in reference to other criterion.
24 Criterion 16 should be looked at as sort of an overall
25 criteria that adds a layer of emphasis to other

1 activities in the QA program, that relate to identifying
2 adverse conditions and ensuring that they are corrected,
3 specifically, Criterion 15 on evaluating
4 non-conformances and 18 on evaluating the results of
5 audits.

6 Criterion 16 provides an extra requirement, if
7 you will, to ensure that conditions in those other
8 systems that are significant are properly evaluated. In
9 our procedural system we link those procedures to ensure
10 that our people understand that when they have something
11 that is potentially significant they ensure that they
12 get it into, for example, our problem reporting system
13 or ensure that they evaluate according to 55(e).

14 The Bergen-Patterson situation was a
15 potentially significant situation. All of the various
16 systems had been applied. We audited okay. We followed
17 up on the audit. There was a problem report. There
18 were drawing changes and revisions to solve the specific
19 problems. There was the N&D, all of the various systems
20 to correct that, including to ensure that as a
21 significant condition it was properly evaluated and
22 worked.

23 But the auditor, as indicated, and other
24 people questioned. Well, we are still looking for the
25 one Criterion 16 procedure. That is what I believe this

1 auditor was doing and there is just absolutely no
2 question our procedural system fully complies with
3 Criterion 16 and, most specifically, this problem with
4 Bergen-Patterson was fully handled within that process.

5 Q Gentlemen, turning your attention in the same
6 audit to Audit Finding 3, just above Audit Finding 4,
7 the auditor, am I correct, found that Stone and
8 Webster -- the Stone and Webster Shoreham project did
9 not issue a procedure -- an instruction, excuse me -- to
10 implement the records retention program?

11 (Pause.)

12 JUDGE BRENNER: While they are thinking, Mr.
13 Lanpher, we will stop after this finding.

14 (Witness conferring.)

15 WITNESS GERECKE: That is the wording of Audit
16 Finding 3. Yes, sir, Mr. Lanpher.

17 BY MR. LANPHER: (Resuming)

18 Q Did you finish?

19 A (WITNESS GERECKE) Yes.

20 Q Looking at the first page of this audit
21 report, you approved that audit finding; is that
22 correct?

23 A (WITNESS GERECKE) That is correct.

24 Q Do you have any reason to disagree with the
25 finding, the Audit Finding 3?

1 A (WITNESS GERECKE) I don't have any reason to
2 disagree with that Finding 3, the way it was written at
3 the time. Stone and Webster did have a procedure. It
4 had not yet been formally incorporated in their project
5 procedure system. The records were available. They
6 were in the process of developing a formal plan for
7 identification of which records would be maintained by
8 Stone and Webster for Shoreham and which records would
9 be provided to Shoreham.

10 The records -- as I say, the records were
11 there. They were being properly reviewed and filed.
12 They were being transmitted to the site as necessary,
13 and the Stone and Webster project did revise and issue
14 project procedure 23 just approximately one month
15 following this audit.

16 Q So it is your testimony, Mr. Gerecke, that
17 while the program had not been developed at the time or
18 finally developed at the time of this audit finding,
19 that it was in fact under development and shortly after
20 issuance of Audit Finding 3 the procedure was
21 implemented or the instruction was implemented?

22 A (WITNESS GERECKE) That the audit was
23 performed in August 1-5, 1977. The procedure was
24 available or had been developed. It hadn't quite
25 reached its final form and it had not yet been formally

1 incorporated into the project procedure manual. It did
2 get revised and issued in September 1977, which was
3 approximately one month subsequent to the audit.

4 A (WITNESS EIFERT) I would like to add
5 something to that so we get this procedure in
6 perspective.

7 Our program requires the project to have a
8 procedure that describes how we are going to maintain
9 records and how we are going to ensure that the Stone
10 and Webster-generated records are turned over to our
11 clients, in this case LILCO, for eventual retention in
12 the permanent plant file.

13 MR. LANPHER: Judge Brenner, can I interrupt
14 for a moment? This is the second time recently that I
15 am getting what sounds like redirect testimony. I hate
16 to cut off a witness, but --

17 JUDGE BRENNER: It sounded to me like Mr.
18 Lanpher had a pretty complete answer to the question and
19 you are really not answering the question so much as
20 putting the whole situation in context. Do you think
21 that is a fair characterization, Mr. Eifert? Do you
22 have something that adds directly to the question or
23 something that you need to say or else the answer given
24 by the other witness will be misleading, given the
25 question?

1 WITNESS EIFERT: I believe I do, and maybe I
2 can say it briefly.

3 The primary purpose of the procedure was to
4 establish a mechanism for interfacing with the client to
5 get the records into the file. I think this is a
6 situation on timing and when the procedure is
7 necessary. As Mr. Gerecke indicated, he did say that we
8 were controlling the records and the specific procedure
9 for how to get the records in the permanent plant file,
10 and that interfaces what had not yet been issued.

11 The permanent plant file was being established
12 and LILCO was establishing its policy and so forth for
13 how that permanent plant file was going to be
14 established, where it was, and who was going to manage
15 it, and that procedure was being developed in
16 conjunction with LILCO, and from that respect it was
17 timely.

18 JUDGE BRENNER: Now that you said what you
19 said, for what it's worth, I agree that that was
20 reasonably within the scope of the question to add. It
21 is hard. He is under a time frame, as you know. It did
22 not hurt you here because we are going to get to the end
23 of this finding. But sometimes it helps to take a deep
24 breath and try to form the words more concisely because
25 it sounded like to me at first like you were talking

1 about an overall situation and after you reformulated it
2 I can see the relationship to this particular audit
3 finding.

4 MR. LANPHER: Judge Brenner, I would like to
5 move into evidence Findings 3 and 4 of QA Audit 77-8
6 that we have just been discussing.

7 JUDGE BRENNER: Also known as Tab 19 to County
8 Exhibit 68 for identification.

9 MR. LANPHER: Thank you.

10 JUDGE BRENNER: In the absence of objection,
11 we will admit it into evidence.

12 (Audit Findings 3 and 4
13 of QA Audit 77-8 were
14 received into evidence.)

15 JUDGE BRENNER: All right. Let's adjourn for
16 the day and let us know about the schedule and we will
17 do what you want to do. Let's see if you can let us
18 know tomorrow about Friday.

19 MR. LANPHER: I can tell you right now that
20 the County does not object to 5:00.

21 MR. ELLIS: That is 5:00. We are talking
22 about 5:00 this Friday and the next Friday.

23 JUDGE BRENNER: Yes.

24 MR. ELLIS: As opposed to another day?

25 JUDGE BRENNER: Yes.

1 MR. LANPHER: I wouldn't object to another day
2 either, but I wasn't given that choice.

3 JUDGE BRENNER: We feel that he was deprived
4 of a day that we thought he would have when we set the
5 time limit, which is yesterday, and so we think he
6 should get that back in some fashion. Now if he doesn't
7 feel he needs it, that's okay with us, but if he wants
8 it, he should have it. It is that simple and it is his
9 for the asking and it is only a question of how to give
10 it to him.

11 MR. ELLIS: We will discuss it with him and
12 have that for the Board in the morning.

13 JUDGE BRENNER: Thank you. We will be back at
14 9:00 tomorrow morning.

15 (Whereupon, at 5:05 o'clock p.m., the hearing
16 recessed, to reconvene at 9:00 o'clock a.m., Thursday,
17 October 28, 1982.)

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NUCLEAR REGULATORY COMMISSION

This is to certify that the attached proceedings before the

BEFORE THE ATOMIC SAFETY & LICENSING BOARD

in the matter of: Long Island Lighting Company (Shoreham Nuclear Power
Station)

Date of Proceeding: October 27, 1982

Docket Number: 50-322 OL

Place of Proceeding: Bethesda, Maryland

were held as herein appears, and that this is the original transcript
thereof for the file of the Commission.

Ray Heer

Official Reporter (Typed)

Ray Heer

Official Reporter (Signature)