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NUCLEAR REGULATORY COMMISSION

ORIGINAL

COMMISSION MEETING

In the Matter of: PUBLIC MEETING
 STATUS OF ZIMMER INVESTIGATION (PORTION)
 (WITH VIEWGRAPHS)

DATE: October 28, 1982 PAGES: 1 - 99
 AT: Washington, D. C.

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

Telephone: (202) 554-2345

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UNITED STATES OF AMERICA
NUCLEAR REGULATORY COMMISSION

STATUS OF ZIMMER INVESTIGATION

PUBLIC MEETING

Nuclear Regulatory Commission
Room 1130
1717 H Street, N. W.
Washington, D. C.

Thursday, October 28, 1982

The Commission convened, pursuant to notice, at
2:00 p.m.

COMMISSIONERS PRESENT:

- NUNZIO PALLADINO, Chairman of the Commission
- VICTOR GILINSKY, Commissioner
- JOHN AHEARNE, Commissioner
- THOMAS ROBERTS, Commissioner
- JAMES ASSELSTINE, Commissioner

STAFF AND PRESENTERS SEATED AT COMMISSION TABLE:

- S. CHILK
- L. BICKWIT
- D. HUNTER
- J. FITZGERALD
- J. KEPPLER
- W. DIRCKS
- H. DENTON
- D. DeYOUNG

AUDIENCE SPEAKERS:

- E. SCHWEIBINZ

* * *

DISCLAIMER

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P_R_O_C_E_E_D_I_N_G_S

1
2 CHAIRMAN PALLADINO: Good afternoon, ladies
3 and gentlemen. The Commission is meeting to receive a
4 briefing on the status of the investigation and related
5 activities with regard to quality assurance at the
6 Zimmer nuclear power plant. Because of the nature of
7 the subjects to be discussed, the briefing will be
8 presented in two parts.

9 The first part will consist of a general
10 overview of the situation at Zimmer, with emphasis on
11 developments that have occurred since the Commission was
12 briefed on this subject in May. For this part of the
13 briefing the meeting will be open to the public.

14 The second part of the briefing will address
15 specific details of ongoing investigations and possible
16 enforcement actions. For this portion of the briefing,
17 the meeting will be closed to the public. At some point
18 it may be necessary to defer lines of questioning or
19 discussion arising in the first part of the meeting to
20 the closed portion of the meeting.

21 Unless my fellow Commissioners have any other
22 opening remarks, I propose that we turn the meeting over
23 to Mr. Dircks.

24 MR. BICKWIT: Mr. Chairman, let me say one
25 thing.

1 COMMISSIONER AHEARNE: I was going to ask for
2 some comments from the general counsel, put some
3 boundaries on it.

4 MR. BICKWIT: We don't anticipate that the ex
5 parte rule will be applicable to anything that the Staff
6 has to say. In the event that it is, the parties have
7 been notified of this meeting and invited to this
8 meeting, and a transcript will be made available to them
9 after the meeting so that they can comment.

10 CHAIRMAN PALLADINO: Any other comments?

11 (No response.)

12 MR. BICKWIT: Just to be clear, there need be
13 no constraints on any discussion.

14 CHAIRMAN PALLADINO: Bill?

15 MR. DIRCKS: What we would like to do is
16 briefly summarize the events since the Commission met on
17 this matter back in May and June. We have a set of
18 recommendations that we want to make, but they deal with
19 enforcement issues and we would like to cover that in
20 the closed session, so that we think there will be
21 enough there to last quite a bit of time in your closed
22 session. So that is why I would like to pursue the open
23 meeting in a brief summary.

24 CHAIRMAN PALLADINO: I cannot quite hear you.

25 MR. DIRCKS: We would like to pursue this

1 matter in a summarization of events. Where we do run
2 into questions dealing with our recommendations, we
3 would like to defer that to the closed session.

4 CHAIRMAN PALLADINO: These are enforcement
5 recommendations?

6 MR. DIRCKS: Yes.

7 CHAIRMAN PALLADINO: But other recommendations
8 can be handled here?

9 MR. DIRCKS: Almost all the recommendations we
10 have are wrapped up in an enforcement package now.

11 CHAIRMAN PALLADINO: I guess I would like to
12 make one comment, because it will address, I hope, what
13 both Jim and Harold are prepared for. And the reason
14 that I had requested we hold this meeting was because
15 some months ago the Commission took an action with
16 respect to reopening a hearing, and at that time those
17 of us who on the Commission, who thought that was the
18 right direction, had pointed out that the Commission was
19 itself keeping abreast of what was happening at Zimmer.

20 I believed that it was therefore incumbent
21 upon us to carry through on that and keep abreast of
22 what was happening, and there were just enough
23 developments seemed to be occurring that it seemed to me
24 appropriate and necessary to get the Staff back in here
25 to get more first-hand information.

1 MR. DIRCKS: Right.

2 Jim, do you want to go through the first
3 part?

4 MR. KEPPLER: Since we last met with the
5 Commission on May 26th, the status of completion of the
6 quality confirmation program has not progressed
7 significantly. In our view, the quality confirmation
8 program has been successful in identifying problems with
9 applicable specifications and codes. However, the
10 nature and numbers of problems being identified have
11 resulted in expanding the overall scope of many of the
12 tasks on the quality confirmation program.

13 Would you put up the first slide, please.

14 (Slide.)

15 This is a rather busy slide, I know, but it
16 shows the progress of the quality confirmation program
17 over the last several months, with the percentage of
18 completion being shown and the expected completion date
19 for the project.

20 COMMISSIONER AHEARNE: Focusing specifically
21 on two items on that, could you explain under, for
22 example, cable separation? If I look from July to
23 August, I find that the expected completion date has
24 suddenly jumped six months, and the percentage complete
25 dropped precipitously.

1 Similarly, I find on design document changes
2 the scheduled completion date jumped an additional four
3 months, and I am not sure how large the percentage jump
4 was since the second percentage is less than. So could
5 you sort of explain why? I can understand the scheduled
6 completion date slipping as you see it's going to be
7 harder than you thought. It's a little unclear why the
8 amount of review suddenly, the percentage completed
9 suddenly drops, unless in that same category you have
10 identified substantial more that has to be done.

11 MR. KEPPLER: Let me generalize the answer and
12 I'll let Dorwin talk about the specifics of this. I
13 think there are two reasons why the percentage
14 completion can drop. One is that there have been false
15 starts in certain areas. They have found they have had
16 problems and have had to go back and redo the work.

17 COMMISSIONER AHEARNE: A false start, is that
18 the same thing as saying that what you had once thought
19 was completed was not?

20 MR. KEPPLER: It means that the preparations
21 that they took to initiate the work were not as well
22 prepared for as they had anticipated, and they found
23 some problems.

24 COMMISSIONER AHEARNE: What puzzles me about
25 that description is that -- maybe I'm just misreading

1 what this chart is. I thought percent complete was
2 talking about something that was completed, so it
3 wouldn't be the percentage of actions that were started;
4 it would be ones completed.

5 MR. KEPPLER: It would be the percentage
6 completion of the total project, of the total task.

7 COMMISSIONER AHEARNE: So you are saying that
8 a start, then, as you take steps down the path, that if
9 the steps were taken you would have indicated that as a
10 percentage of completion of the task, and then later if
11 you found those steps were incorrect you would have to
12 start over again?

13 MR. KEPPLER: That is correct.

14 MR. DIRCKS: Would the task be getting
15 larger?

16 MR. KEPPLER: That's the second point I wanted
17 to make. In some cases problems were identified that
18 expanded the scope of the task, so the entire task
19 became bigger. And if a given amount of work were done,
20 then, then the percentage completion would drop.

21 I could have Dorwin talk about the specifics
22 of these two, if you'd like.

23 COMMISSIONER AHEARNE: Well, some time before
24 that chart disappears from the screen, I would like
25 that.

1 MR. HUNTER: I in fact cannot be any more
2 specific to explain. I think Jim covered it very well.

3 In the area of cable separation, the task has
4 expanded and then the calculation of percentage is based
5 on the total task. Therefore, the task percentage
6 drops, and also the amount of work projects the
7 completion date. Therefore, unless you get an enormous
8 number of people, then the completion date has to move
9 out into the future.

10 The additional items in the cable tray area
11 occur when they find that they have -- the Licensee has
12 determined that he has additional problems with cable
13 separation, and then he needs to walk down the cable
14 trays, because his confidence in the cable tray
15 separation is not adequate to determine full cable
16 separation. So he has a complete task of another 8,700
17 hours in the cable separation task to determine division
18 separation and associated cable separation, and that's
19 recalculated and that's where those numbers come from.

20 COMMISSIONER AHEARNE: Now, the backup
21 material that I guess was supplied by the Licensee says
22 under cable separation that task 6 was expanded to
23 inspect cables requiring separation inside panels.

24 MR. HUNTER: Yes, sir. That is the type of
25 thing that adds to the original scope of the task. That

1 wasn't in the original scope of the task.

2 COMMISSIONER AHEARNE: And the reason that
3 that was expanded was?

4 MR. HUNTER: In the process of inspecting and
5 our inspectors in the field identifying problems or
6 following up on previously identified problems -- this
7 was a previously identified problem -- it resulted in a
8 loss of confidence in the cable separation in the
9 panels.

10 COMMISSIONER AHEARNE: What was it that
11 occurred that added that between the months of July and
12 August?

13 MR. HUNTER: The completion of an evaluation
14 of the separation criteria in the panels with GE and
15 Sargent & Lundy in the specs, and at that time they
16 determined that there was a question and then they added
17 that to the task. And at that point we would find a
18 50.55E report to us indicating that we have a
19 potentially reportable safety issue, and then we'll
20 follow up on it from the task and also from that type of
21 report.

22 COMMISSIONER AHEARNE: Okay. On the same
23 thing, on cable separation, the statement -- this is
24 from page 12 of I guess the --

25 MR. HUNTER: September 30th, I believe.

1 COMMISSIONER AHEARNE: It says, "Inspect a
2 minimum of" -- this is now the action being taken:
3 "Inspect a minimum of ten percent of the associated
4 cables to arrive at a 95 percent confidence level that
5 95 percent of the associated cables are properly
6 separated in trays and conduits. Confidence level was
7 not met."

8 Could you expand on what "Confidence level was
9 not met" means? Does that mean that they inspected the
10 minimum and they reached some large percentage of those
11 that did not have the proper separation?

12 MR. HUNTER: Let me make sure I'm on the right
13 page. Page 12 of attachment 3 to the last monthly
14 report.

15 COMMISSIONER AHEARNE: This is as of August
16 31st. PAGE 12, right up at the top.

17 MR. HUNTER: Yes, sir.

18 Commission, I can't specifically respond to
19 that particular item. The basis for the ten percent
20 inspection is what you're looking at. They did inspect
21 ten percent.

22 COMMISSIONER AHEARNE: I'm asking -- well,
23 what I wanted to know is, there's a statement,
24 "Confidence level was not met." Rather than telling me
25 what the result was, all I'm told is the confidence

1 level wasn't met, and I'd like to know what the result
2 was.

3 MR. KEPPLER: Let me ask Mr. Schweibinz. I
4 think he can shed some light on that. Ed Schweibinz is
5 one of our inspectors. He's the project inspector for
6 Zimmer.

7 MR. SCHWEIBINZ: What it means is, they were
8 trying to achieve a certain level of confidence and they
9 did not succeed. Had they succeeded --

10 COMMISSIONER AHEARNE: I understand that.
11 What I want to know is what did they find.

12 MR. SCHWEIBINZ: They found a larger
13 percentage than what they thought they would find.
14 Therefore they went to 100 percent.

15 COMMISSIONER AHEARNE: Can you tell me what
16 that percentage is?

17 MR. SCHWEIBINZ: No, but we can find out.

18 COMMISSIONER AHEARNE: Could you?

19 MR. SCHWEIBINZ: I mean not right now.

20 COMMISSIONER AHEARNE: No, I understand that.
21 Then do I gather that the second item would be
22 similarly explained, as a document change?

23 MR. HUNTER: Yes, sir. As an example, the
24 design document changes would increase to other --
25 initially the design documents included specific tests

1 dealing with CG&E, HJK and Sargent & Lundy. But Sargent
2 & Lundy issued drawings and specifications and prints to
3 other contractors.

4 As an example, the design document review has
5 expanded to Walder, Young & Berkley, who is the heating
6 and ventilation contractor. Therefore there's another
7 block of work, all the DDC's associated with that part
8 of the contract.

9 COMMISSIONER AHEARNE: This is a very minor
10 point, but since the data I have in front of me I looked
11 at, and I would like you to look at it and come back
12 with an answer. If I look at page 20 of this particular
13 submittal and I compare it to pages 16 and 17 of the
14 previous month's submittal, which are talking about
15 design document changes, and I look at phases 1, 2 and
16 1A and 2A, I find a certain number of items that have to
17 be done.

18 The items in those areas are exactly the
19 same. The percentage completion in the August report is
20 32 percent, which doesn't include phase 3, so it refers
21 to the same items; and the percentage on the previous
22 month for the same items is 35 percent. It's a trivial
23 difference, 3 percent. But I'm just curious as to
24 whether this is the -- should I view all the numbers as
25 inaccurate, or --

1 MR. HUNTER: No, I don't think you should.
2 And I think the explanation can be -- I believe it's
3 fairly easy.

4 MR. DIRCKS: Could I ask you a question? Is
5 this a Licensee report? Is the Licensee going to appear
6 before the Commission to --

7 COMMISSIONER AHEARNE: Bill, this is a report
8 that was attached to a document that was submitted by
9 you, a monthly status report.

10 MR. DIRCKS: I'm just wondering whether you
11 wanted to get this information --

12 COMMISSIONER AHEARNE: I'm trying to find out
13 what our Staff understands about these documents.

14 MR. DIRCKS: I'm sure we understand. But I
15 was wondering, if you were going to see the Licensee you
16 might ask him some direct questions, too.

17 COMMISSIONER AHEARNE: Well, at the moment I'm
18 concerned about the NRC.

19 MR. SCHWEIBINZ: Excuse me. The status
20 report, which is our report, on page 14 at the bottom.
21 Because on this slide it shows percentage of less than
22 32 percent, it's not hard to come up with a number so
23 --

24 COMMISSIONER AHEARNE: No, no. I'm referring
25 to the 32 percent. I wasn't talking about the less than

1 32 percent.

2 MR. SCHWEIBINZ: Okay. But the reason that
3 the number is different is -- and it's all broken down
4 by the tasks, the effort by the Licensee, and it tells
5 you that phase 1 and 2wo are 38.5 percent, phase 1A and
6 2A --

7 COMMISSIONER AHEARNE: I'm asking you whether
8 -- here I have two Licensee reports and on the face of
9 it it looks to me like those two reports are
10 inconsistent. And so I'm asking whether those, the
11 inconsistencies in those reports, should be viewed as
12 simple errors or -- after all, fundamentally, as I
13 understand it, you guys are in the position of having to
14 have some confidence in the final product that the
15 Licensee review produces. And so you've given me two
16 examples, and I'm looking at the two examples and I find
17 some internal inconsistencies.

18 And I'm asking. Maybe I'm mistaken, maybe
19 they're not internal inconsistencies. And if they
20 aren't, tell me that; and if they are, how come? That's
21 what I'm asking.

22 MR. SCHWEIBINZ: I understand.

23 CHAIRMAN PALLADINO: They're going to provide
24 that later.

25 COMMISSIONER AHEARNE: I hope so.

1 MR. KEPPLER: We'll provide it.

2 COMMISSIONER GILINSKY: When you have
3 percentages there, how do you define the items? There
4 must be a certain amount of imprecision in the numbers.

5 MR. HUNTER: It's based on man-hours normally
6 to accomplish the task.

7 MR. KEPPLER: Estimated man-hours for tasks.

8 MR. HUNTER: Yes.

9 COMMISSIONER ROBERTS: The completed -- I find
10 it incredible you estimated 171 percent.

11 COMMISSIONER AHEARNE: The estimates, I
12 notice, on man-hours are down in four significant
13 figures. That's pretty good.

14 MR. KEPPLER: I think the purpose, one of the
15 reasons we wanted to show this slide was to give the
16 Commission a feel for how some of the tasks have
17 progressed or have regressed in some cases.

18 COMMISSIONER GILINSKY: Could you give us some
19 sense about how the tasks have expanded in moving to the
20 right, either by picking one of the items or giving some
21 overall assessment?

22 CHAIRMAN PALLADINO: Why don't we let him
23 describe the slide.

24 MR. KEPPLER: That's okay. I was planning to
25 move on.

1 CHAIRMAN PALLADINO: I'm sorry, I thought you
2 were trying to describe it.

3 COMMISSIONER GILINSKY: We've got this all
4 worked out.

5 CHAIRMAN PALLADINO: Oh, okay.

6 MR. HUNTER: I don't have the specific items,
7 but we discussed cable separation or in the case of
8 design document changes, task 6 or 9. As you move
9 across from April, June, July, August and September and
10 compare the submittals by the Licensee and again, our
11 understanding of where we are in each of those tasks,
12 you would find that the two important aspects of the
13 task causing the percentages of the total task
14 completion to change, and then based on the amount of
15 work projected by the Licensee that the task would
16 extend further.

17 We understood when the QCP was written that
18 during the review in the areas of design documents or
19 structural steel that the task would expand to other
20 areas. As an example, cable separation; we felt that if
21 you run into a problem on cable separation in the trays
22 -- and they initially did, they were doing all wall
23 penetrations, then they had a computer printout of all
24 cables at the site -- we felt that when they began their
25 review this was one area that, if the problem existed,

1 which it appeared that it did -- in our 81-13 we found
2 cable separation problems, and we felt that it would
3 expand --

4 COMMISSIONER GILINSKY: Well, let me ask it
5 this way. You're talking about percentages of man-hours
6 to completion. What was 100 percent in April and what
7 would we estimate 100 percent in September to be?

8 MR. HUNTER: I can get the specific numbers
9 from the Licensee. I do not have that.

10 CHAIRMAN PALLADINO: Is it increasing?

11 COMMISSIONER GILINSKY: In man-hours,
12 man-years? I do not mean each one individually. Can
13 you give me some overall estimate?

14 MR. HUNTER: We had projected in looking at
15 the data, we had projected in August something like 75
16 man-years of effort left to complete the QCP. I believe
17 at this point I don't have a number, but obviously the
18 task going out into June of '33 now, certain tasks, it
19 actually has increased somewhere above that number of
20 man-years.

21 COMMISSIONER GILINSKY: That was to complete,
22 so that must be something like about --

23 MR. HUNTER: They were about half through at
24 that time.

25 CHAIRMAN PALLADINO: You say they went up by

1 September. By how much?

2 MR. HUNTER: I can't -- I don't know the
3 man-hours they increased --

4 CHAIRMAN PALLADINO: Significantly?

5 MR. HUNTER: -- between August and September.

6 I think it is significant because August to
7 September, the increase was -- the significant increase
8 was in August. August to September, basically the
9 numbers are staying the same. There are some
10 percentages that have changed slightly. But the change
11 occurred in August, where the 75 man-years to complete
12 the task were projected.

13 COMMISSIONER AHEARNE: These are all Licensee
14 estimates?

15 MR. HUNTER: Yes, sir.

16 COMMISSIONER AHEARNE: So it is the percent
17 complete, it's the Licensee's estimate of the percent
18 complete?

19 MR. HUNTER: Yes, sir, that's correct.

20 COMMISSIONER AHEARNE: And similarly,
21 obviously, for the others.

22 MR. HUNTER: Yes, sir. He's got 60 to 75
23 people involved in the QCP. And we have not involved
24 ourselves in tracking his estimates and what he has in
25 the task. We have not involved ourselves in predicting

1 his percentages or completions.

2 CHAIRMAN PALLADINO: When an item is
3 identified as having a deficiency as part of the QCP and
4 steps are taken to correct it, does NRC get involved in
5 approving the steps?

6 MR. HUNTER: Yes, sir.

7 CHAIRMAN PALLADINO: Do you approve the
8 corrective action that's being taken?

9 MR. HUNTER: Yes, sir. When an item is
10 brought into the QCP, we routinely -- we haven't in all
11 cases, but we routinely review the procedures that they
12 have written to accomplish that task, comment, and we're
13 involved, and then we watch their corrective action.

14 MR. KEPPLER: We are not in a 100 percent
15 review process.

16 CHAIRMAN PALLADINO: Does that mean that every
17 action taken as a result of the QCP has been reviewed by
18 the Staff or by the NRC?

19 MR. HUNTER: No, sir, it doesn't.

20 CHAIRMAN PALLADINO: What fraction has been
21 reviewed by the Staff? Do they have a requirement to
22 come back and have it reviewed?

23 MR. HUNTER: In task 7, we're 100 percent in
24 review of task 7. On the others, we're in a small
25 sample of all of the tasks.

1 CHAIRMAN PALLADINO: Is there agreement on
2 what their capability is of going ahead without NRC
3 approval, when they must get NRC approval?

4 MR. KEPPLER: We don't have a hold on them for
5 any of this. We're monitoring their activities and
6 sampling the results.

7 CHAIRMAN PALLADINO: We have no handle from
8 our own activities on whether or not the corrective
9 action taken was appropriate or correct?

10 MR. DIRCKS: I think you're getting to the
11 basis for some of the recommendations we're going to be
12 making.

13 CHAIRMAN PALLADINO: Well, I was just trying
14 to understand.

15 MR. KEPPLER: The answer is, we're not having
16 a beforehand review of actions to concur in the propose
17 action taken.

18 CHAIRMAN PALLADINO: Well, do some of these
19 actions extend the design or change the designs, so that
20 the design might not be reviewed?

21 MR. KEPPLER: I don't think we know totally.

22 COMMISSIONER AHEARNE: Do you know partially?

23 MR. KEPPLER: I do not think we do know in
24 some cases.

25 MR. DIRCKS: I think you can say we know

1 partially.

2 COMMISSIONER AHEARNE: Let me see if I can ask
3 the question somewhat differently. Are there cases that
4 you know of where the corrective actions have changed
5 the design?

6 Would you know?

7 MR. KEPPLER: Not at this stage.

8 COMMISSIONER GILINSKY: Are they being treated
9 like any other plant that is completing work? In other
10 words, do they have the same flexibility?

11 MR. KEPPLER: This plant is different than
12 other plants in some ways, because an effective quality
13 assurance program was not implemented as the plant was
14 built. Now you're faced with the fact of trying to
15 determine the quality of the plant after the fact, and
16 it becomes a tedious and torturous task.

17 CHAIRMAN PALLADINO: I am concerned that this
18 sounds to me like a patchwork operation. If I
19 characterize it wrong, let me know. But a fault is
20 found and they go fix it. Whether or not they fix it by
21 changing the design, we are not sure. And I gather from
22 some of the false starts that you mentioned that even
23 the process that goes on in the Licensee's operation is
24 not necessarily reviewed as effectively as it might.

25 MR. KEPPLER: We have some concerns that the

1 task is not proceeding as orderly as we believe it
2 should be, and we will want to talk about some plans we
3 have in the closed session.

4 MR. DIRCKS: I think it is certainly true to
5 say, as defects are being found and corrective actions
6 are being implemented, we do not have a total view of
7 what these corrective actions mean.

8 COMMISSIONER AHEARNE: I think part of the
9 question is, do we have a partial view. It is not
10 obvious to me --

11 CHAIRMAN PALLADINO: Does the Licensee have an
12 overview of what's going on from your perspective?

13 MR. KEPPLER: I think that until fairly
14 recently the Licensee viewed this primarily as a
15 paperwork problem. We are getting signals that they
16 believe that it is more serious than that at a later
17 time --

18 CHAIRMAN PALLADINO: They're hardware
19 problems. I think certainly when you're taking
20 corrective actions that involve hardware, I'm not sure
21 whether we know the extent to which the design may be
22 affected as a result.

23 MR. KEPPLER: Let me make a point here. We
24 know that the quality confirmation program is
25 identifying enough problems with applicable

1 specifications and codes. That's a fact. So the plant
2 isn't being --

3 COMMISSIONER AHEARNE: What do you mean by
4 "enough problems"?

5 MR. KEPPLER: Pardon?

6 COMMISSIONER AHEARNE: What do you mean by
7 "enough problems"?

8 MR. KEPPLER: We know enough variations with
9 specifications and codes from the quality confirmation
10 program --

11 COMMISSIONER AHEARNE: By "variations" do you
12 mean the way things were built or the way documents were
13 kept?

14 CHAIRMAN PALLADINO: Why don't we let him
15 finish the sentence. I don't think we ever got the
16 sentence finished.

17 MR. KEPPLER: The way things were built, we're
18 talking about. There are clearcut deviations from
19 specifications and codes. That's a fact.

20 COMMISSIONER ROBERTS: In the as-built
21 condition.

22 MR. KEPPLER: In the as-built condition.

23 Now, whether or not this presents a safety
24 concern at this time, we don't know. The utility in
25 many cases has chosen to rework the problem rather than

1 try to justify it, and in some cases the utility has not
2 made up its mind how it's going to cope with the
3 problem, whether or not they're going to come forth and
4 cut out some of the work or whether or not they're going
5 to come in and try to seek an engineering -- make an
6 engineering evaluation and get Commission approval.

7 COMMISSIONER GILINSKY: When you say you do
8 not know whether it is a safety concern, I suppose you
9 mean you do not know if the part will actually fail.

10 MR. KEPPLER: That's right.

11 MR. HUNTER: But anything that does not meet
12 code specs is a safety concern.

13 MR. KEPPLER: Yes. And I should have said a
14 safety problem. But I think the way we have treated
15 this whole project shows our concern for it,
16 Commissioner.

17 CHAIRMAN PALLADINO: But on some of them, if I
18 recall correctly, welds were not complete when they were
19 supposed to be complete.

20 MR. KEPPLER: That's correct.

21 CHAIRMAN PALLADINO: Is that what you mean by
22 not meeting --

23 MR. KEPPLER: And there is also some pipe
24 spools in there with no pedigree to them.

25 COMMISSIONER ROBERTS: There is a

1 difference. That is entirely different.

2 MR. KEPPLER: But until the pedigree is
3 determined --

4 COMMISSIONER ROBERTS: I understand that.

5 COMMISSIONER GILINSKY: It does not meet the
6 requirements of this agency. I mean, why do you say
7 it's different?

8 COMMISSIONER ROBERTS: There is a difference
9 between whether there is in fact a problem in the safety
10 of the equipment.

11 COMMISSIONER AHEARNE: And I thought he was
12 giving examples of a clearcut deviation from the specs
13 in the as-built condition. Now, I'm not trying to say
14 that if we have a regulation that you have to have a
15 paper tracking, then that being absent is
16 insignificant. But I am drawing a distinction between
17 your finding something that actually is constructed
18 incorrectly and you know it's constructed incorrectly,
19 versus you don't know whether or not. The second can
20 end up being just as serious, but it's of a different
21 character.

22 CHAIRMAN PALLADINO: But I was bringing that
23 point out because I gathered an implication that it was
24 a paper trail problem, whereas I remember either reading
25 or discussing with one of the Staff members, they

1 actually had welds that were incomplete.

2 MR. KEPPLER: That's correct.

3 COMMISSIONER AHEARNE: We've seen pictures of
4 it.

5 MR. HUNTER: Allow me to give one more
6 example, and there are a lot of these examples that are
7 in the interim evaluation stage. One significant
8 example is, during the process of reviewing radiographs
9 of specific things like the sacrificial shielding --
10 I'll use that as an example -- those radiographs have
11 been rejected.

12 They were previously signed off and now we're
13 finding that the welds have slag inclusions and/or the
14 radiographs themselves are not clear enough to tell
15 whether or not they meet -- and then also that these
16 particular welds were radiographed in the as-welded
17 condition and the surface conditions exceed the -- they
18 could mask the indications, which would exceed the code
19 allowable. That's one example.

20 Another example is --

21 COMMISSIONER ROBERTS: But there's a subset in
22 there. There's a difference between X-rays that show
23 slag inclusions and X-rays that are not of sufficient
24 quality.

25 MR. HUNTER: Yes, sir, I understand that. The

1 slag inclusions are the ones that bothered me and they'd
2 already been signed off.

3 CHAIRMAN PALLADINO: But in any case, when an
4 X-ray is not of quality to tell whether or not you have
5 a slag inclusion, isn't there a responsibility to go
6 redo it?

7 MR. HUNTER: Yes, sir, and that's where we are
8 today.

9 COMMISSIONER GILINSKY: Now, in that case you
10 do not have the assurance of safety that is required by
11 the regulations.

12 MR. HUNTER: And those will be unacceptable
13 and there will have to be an alternate program developed
14 or some alternate program to satisfy the code
15 conditions.

16 COMMISSIONER GILINSKY: And every one of those
17 is a safety concern unless resolved.

18 MR. HUNTER: Yes, sir. To me it's
19 indeterminate. That's my -- you know, that's the way I
20 look at it.

21 MR. KEPPLER: I think that's the real sin of
22 this thing right now, is the project is indeterminate.

23 COMMISSIONER AHEARNE: Can I ask you two
24 questions.

25 CHAIRMAN PALLADINO: There are two parts to

1 it. You keep saying that, but I keep reading and I keep
2 remembering slides where it's not only there's one part
3 that's indeterminate, but there seem to be quite a
4 number of parts that are physically deficient, by
5 inspection, by looking at them, by whatever other
6 inspection techniques you have.

7 I don't want to get just to the point that we
8 have a paper trail deficiency, but I think and I gather
9 there are important physical deficiencies in the
10 equipment as installed.

11 MR. KEPPLER: Why I made the distinction that
12 I did is I do not know, and I cannot sit here before you
13 today and say that the companies cannot make an
14 engineering evaluation of that and conclude that it is
15 acceptable to stay there. So that is why I used the
16 words, the project is indeterminate.

17 COMMISSIONER AHEARNE: Can I ask two questions
18 on what you said? Earlier you said you had been getting
19 signals from the Licensee that the Licensee now is
20 beginning to think it's more than just a paper trail.
21 What kind of signals?

22 MR. KEPPLER: Well, I think one signal is the
23 layoff of 500 people.

24 COMMISSIONER AHEARNE: Now, another
25 interpretation of that, I thought, was the kind of a

1 layoff that occurs as a project is reaching construction
2 completion.

3 MR. KEPPLER: No. They've got workers
4 standing around there. The project has bogged down, and
5 they've got workers --

6 COMMISSIONER GILINSKY: Could you give us a
7 rundown of how many people there are at the site and
8 roughly what they are doing? You said there were 500
9 laid off?

10 MR. KEPPLER: There were 2,000 before this
11 layoff.

12 COMMISSIONER GILINSKY: Can you give us a
13 rough breakdown of what these 2,000 are doing?

14 MR. HUNTER: Just a rough breakdown?

15 COMMISSIONER GILINSKY: Just a rough
16 breakdown.

17 MR. HUNTER: I can. It will be very rough.
18 But the ongoing construction activities are
19 modifications to bring the facility to some seismic
20 specification. That is one large effort.

21 COMMISSIONER GILINSKY: This is unrelated to
22 this?

23 MR. HUNTER: Unrelated to the QCP.

24 Then one portion of the --

25 COMMISSIONER GILINSKY: And how many people

1 are involved in that?

2 MR. HUNTER: I can't give you the overall, you
3 know, the breakdown. The quality confirmation or the
4 quality assurance departments for both groups was about,
5 oh, 400 or 500 people, and then the remainder of those
6 would be crafts or supervisors. But I can't break it
7 down to the disciplines. I can get that information.

8 COMMISSIONER GILINSKY: So there's a seismic
9 upgrade program.

10 MR. HUNTER: Yes, sir. And it's been going on
11 -- also, and that includes block walls, hangers, the
12 things that need to be upgraded to bring Zimmer to the
13 regulatory requirements that they've committed to.

14 COMMISSIONER AHEARNE: Were the 500 who were
15 laid off in one particular area?

16 MR. HUNTER: We do not have the breakdown of
17 that at this time.

18 MR. KEPPLER: That's a matter that I'm going
19 to be very interested, to see what the breakdown was.

20 COMMISSIONER GILINSKY: And what are the rest
21 of them doing?

22 MR. HUNTER: Rework on quality confirmation
23 was part of the program. However, the Catalytic work
24 was stopped recently, so the rework basically has
25 ceased.

1 COMMISSIONER GILINSKY: Do you have any idea
2 how many persons were involved in that?

3 MR. HUNTER: That was a limited number of
4 people, because they really had not started.

5 COMMISSIONER GILINSKY: 100?

6 MR. HUNTER: In that range.

7 COMMISSIONER AHEARNE: You're saying that was
8 a signal you saw, the layoff of the 500 people?

9 MR. KEPPLER: I think Dorwin has, having been
10 down at the site the last few weeks, has had occasion to
11 meet with top level management, and they are also
12 indicating that the project is -- the quality
13 confirmation program is identifying real problems down
14 there. We'd like to discuss that really in the closed
15 session.

16 CHAIRMAN PALLADINO: Does the layoff of these
17 people mean that deficiencies that are being found are
18 increasing in number to such an extent that they cannot
19 lay out the work program?

20 MR. KEPPLER: I think if you take a look at
21 tasks 2 and 3 in particular, it tells you something,
22 because really the amount of work left to be done in
23 that area is so broad, they haven't been able to scope
24 it out yet.

25 CHAIRMAN PALLADINO: Okay.

1 MR. KEPPLER: They haven't even progressed to
2 when the completion of those tasks will be.

3 CHAIRMAN PALLADINO: They haven't been able to
4 lay out the work fast enough to keep the workers busy
5 profitably.

6 MR. KEPPLER: I think, yes. I think that's
7 part of it.

8 COMMISSIONER AHEARNE: Earlier, in answer to
9 one of the Chairman's questions, I think you said -- I
10 know he asked the question whether there were hardware
11 problems. Could you define what you mean by hardware?

12 MR. KEPPLER: How about welds not in
13 conformance with code requirements.

14 COMMISSIONER AHEARNE: And welds not in
15 conformance with code requirements in what way? That
16 includes the whole spectrum of problems from welds not
17 done to being done by --

18 MR. KEPPLER: I think it pretty well covers
19 the whole spectrum of problems.

20 COMMISSIONER AHEARNE: Okay. So when you're
21 speaking of a hardware problem, it can include a weld
22 being done by someone and you can't trace who did it?

23 MR. KEPPLER: It could be that. It could be
24 that the --

25 COMMISSIONER AHEARNE: I'm just trying to get

1 a sense.

2 MR. KEPPLER: -- the weld contour may be not
3 as required. And it may be something that you can
4 visually detect, it may be something you can detect
5 through nondestructive testing.

6 MR. HUNTER: The other example I was going to
7 make, provide, was in the area of radiographs on
8 piping. Out of our investigation a condition was
9 brought up and they were sensitized to, and they are
10 continuing to still review it, and it has shown that for
11 welds that were radiographed on piping, that were
12 radiographed in the as-welded condition, they have
13 stringer beads on them. And once they cleared those
14 stringer beads and re-radiographed, the welds have
15 code-rejectable indications in them.

16 Now, to repair that weld, that's a hardware
17 problem. It requires man-hours to do that. And that's
18 what we're speaking of.

19 MR. KEPPLER: When we first came before the
20 Commission, I guess it was a year ago or so, to discuss
21 the initial findings from the investigation and the
22 enforcement action we were going to take, I think a lot
23 of discussion focused around this problem was clearly a
24 quality assurance problem, maybe a paperwork problem,
25 but not a lot of known hardware deficiencies at that

1 time.

2 And I think over the last year it has
3 progressed in this direction. First we started seeing
4 problems with structural steel welds, and many of these
5 welds did not conform to specifications and were cut
6 out. Now we're seeing more things.

7 We think that there is potentially a fair
8 amount of rework left in the structural steel task, the
9 weld quality task, heat number traceability, and cable
10 separation right now. We would view those as the major
11 areas that have to have rework done.

12 COMMISSIONER GILINSKY: Let me ask you, how
13 confident are we that the work that is being done in the
14 seismic upgrade is being done properly? Because that is
15 really most of the work going on at the plant, I
16 gather.

17 MR. KEPPLER: I guess if you had asked me that
18 question a month ago I would have said to you that I was
19 more confident. We had a major meeting down in
20 Cincinnati a week or two ago with a company regarding
21 some work done on Catalytic and, while there's still a
22 number of unresolved issues with respect to that yet to
23 be worked out, that sort of degraded my confidence in
24 the ongoing work.

25 We had put together, if you recall, a series

1 of commitments that the Licensee had to carry out to
2 control ongoing work, and by and large, although there
3 have been some problems identified, we were fairly happy
4 with this effort.

5 But the Catalytic work resulted in a stop work
6 order by the utility on the work being done by
7 Catalytic. That in my view raises questions about the
8 controls that CG&E has been implementing over their
9 contractors and subcontractors, and it's a matter that
10 we're looking into right now.

11 That's a roundabout way, perhaps, of saying
12 that I obviously have enough confidence at the moment
13 not to do something about that. But the Catalytic work
14 has caused us to relook at the control CG&E is
15 exercising over its contractors.

16 COMMISSIONER GILINSKY: Catalytic was doing
17 the work connected to this program?

18 MR. KEPPLER: Catalytic was doing the rework
19 for the QCP, as well as some of the work for the control
20 rod drive hydraulic system.

21 COMMISSIONER AHEARNE: All of the QCP rework?

22 MR. KEPPLER: All the rework that has been
23 done today has been in the structural area, hasn't it?

24 MR. HUNTER: Yes. But Kaiser has one part of
25 that. There is one section, one level of the

1 containment they are doing, and Catalytic is doing the
2 remainder, the control room, the auxiliary reactor
3 building, service water structure. They're doing the
4 majority of the QCP rework.

5 CHAIRMAN PALLADINO: When a corrective action
6 is taken, do you ever find circumstances where you take
7 corrective action on some aspect of this particular
8 component and then come back and find that another
9 analysis of a different form or a different type showed
10 some other corrective action that had to be taken? Is
11 there a compounding of effects on this kind of activity
12 that can arise when you do patchwork?

13 MR. HUNTER: We have a concern in the area of
14 welder qualifications, as an example, and weld quality.
15 The Licensee is in fact reworking structural steel welds
16 and they're doing it on a risk. Realize that when you
17 repair --

18 COMMISSIONER ROBERTS: What do you mean?

19 MR. HUNTER: Okay. Realize, when you prepare
20 a weld in the field that you don't replace the whole
21 weld. You actually bring the weld to an acceptable
22 service condition and you bring it back to within AWS,
23 if this is structural, specifications, or Sargent &
24 Lundy specs, whichever applies. It's written as Sargent
25 & Lundy specs.

1 They're doing this. As an example, in July we
2 had questionable welder qualifications of a number of
3 welders. There were 100 welders on site in July which
4 we required to be requalified because of documentation
5 problems.

6 COMMISSIONER GILINSKY: These are welders
7 doing rework?

8 MR. HUNTER: Yes, sir, doing rework, and
9 ongoing work.

10 COMMISSIONER GILINSKY: Including the seismic
11 work?

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1 MR. HUNTER: Yes, sir. The documentation of
2 the weld tests that they were given in those 100 cases
3 were not adequate to satisfy our requirements.

4 COMMISSIONER GILINSKY: How did you pick out
5 the 100 cases?

6 MR. HUNTER: We did our -- basically a ten
7 percent review. We did ten welders out of 400. Out of
8 the ten we picked we picked up five who were
9 unacceptable. Then we reviewed the -- we put a number
10 of people down to the site. We reviewed the corrective
11 action documents and the non-conformances and we picked
12 the ones that -- and the licensee also was reviewing.
13 We picked the ones that caused the welders'
14 qualifications to be indeterminate.

15 Then we applied that to, you know, the
16 welders.

17 COMMISSIONER GILINSKY: But who actually
18 picked out the 100? Was it NRC or was it the licensee?

19 MR. HUNTER: Based on our findings, they have
20 made the reviews and they picked out the 100 total.

21 COMMISSIONER AHEARNE: That is out of the
22 roughly 400?

23 MR. HUNTER: Out of the 450 at that time,
24 roughly, on site, so they have 100 out of 400, and they
25 had to requalify these people.

1 What my point is is that these 400 welders --
2 and there is even more than that if you look back at the
3 history of the site. There has been 2,450 welders on
4 site and I would say that at least a substantial
5 percentage. I do not know, maybe fifty percent or so,
6 their qualifications will be in question or are in
7 question.

8 Then the welds that they put in at that
9 facility by code and specs are questionable. Now I am
10 not saying hardware-wise or whatever, but they are
11 questionable. Now if they are in the field repairing
12 structural welds and those welds were put in by some of
13 the welders who were not qualified, then you are putting
14 good welds over bad welds, and I do not know the answer
15 to that right now.

16 I do understand where they are. I understand
17 that it is going to be a very difficult task when we get
18 there, but --

19 COMMISSIONER AHEARNE: The 100 that the -- did
20 the licensee requalify those?

21 MR. HUNTER: Yes, sir. They spent about three
22 weeks requalifying those people.

23 COMMISSIONER AHEARNE: Did all 100 requalify?

24 MR. HUNTER: As you indicated, as we indicated
25 in the status, basically I think 96 out of the 100

1 requalified at that time. Four did not.

2 COMMISSIONER AHEARNE: Okay. Did you check
3 the qualifications of the 96 or a selected sample?

4 MR. HUNTER: Part of our review was to
5 actually check the qualifications of those that even
6 went in.

7 COMMISSIONER AHEARNE: No. I am saying
8 after. These have now been requalified. Did you check
9 the qualifying documents? In other words, was the
10 requalification satisfactory? Did you audit any of
11 that?

12 MR. HUNTER: You have caught us in the middle
13 of our program. Mr. Schapker is going to the site next
14 week.

15 COMMISSIONER AHEARNE: I think what you are
16 saying is no.

17 MR. HUNTER: We have not yet, but he is going
18 to the site next week to take a ten percent sample or a
19 sample such that we have confidence. But the reason we
20 have confidence now, or I have confidence personally --
21 I have to have; I do have -- is because we had the weld
22 booths under 100 percent surveillance by CG&E, under 100
23 percent QC by Kaiser, and also during the day shift and
24 the off shift we had our people walking through the test
25 shops, routinely, to see that the work was being

1 performed in accordance with the procedures, which we
2 did in fact review and approve. We were in the review
3 and approval process.

4 COMMISSIONER AHEARNE: A way of
5 characterizing, though, as you just said, the first two
6 of the three is that you have confidence because you
7 have confidence in CG&E and Kaiser.

8 MR. HUNTER: We have confidence in the program
9 that was generated by CG&E under our purview to
10 requalify the people, yes, sir. We were involved in
11 pulling that program together.

12 MR. KEPPLER: If we cannot have confidence in
13 CG&E and Kaiser, we have got a major problem right now.

14 CHAIRMAN PALLADINO: Well, I am trying to
15 assess how much confidence you have. There are a few
16 places --

17 MR. KEPPLER: But if you get to the point of
18 questioning every specific this way, there is no way
19 that we have the manpower to handle that.

20 COMMISSIONER GILINSKY: That may mean we ought
21 to do something different, but if you went to a site
22 where there were 500 welders anywhere else in your
23 region, would it be highly unusual to find that 20
24 percent of them did not meet the qualifications or do we
25 just not know?

1 MR. HUNTER: It would be absolutely unusual.
2 I would not have expected any percentage at all. I
3 would have expected that you might have some problems as
4 you audited them in the individual work packages or
5 qualification packages, but not a program problem.

6 The licensee is caught in it, and we are
7 caught in the middle of previous history of breakdown in
8 the QA program and trying to evolve ourselves into an
9 adequately acceptable QA program, and I will say the
10 licensee made a bad decision, and they are being cited
11 for that decision and they had to requalify all those
12 welders.

13 COMMISSIONER GILINSKY: Which decision are you
14 talking about?

15 MR. HUNTER: Assuming that they made the
16 decision that all the welders were qualified and we took
17 exception to that. We said 100 people who were welding
18 on the site that day were not qualified and they had to
19 requalify all those people so that they could continue
20 their work.

21 COMMISSIONER GILINSKY: Let me just go back
22 over this. You say -- I thought the 100 was their
23 number that they came up with, that they selected.

24 MR. HUNTER: Yes, there were 100 welders out
25 of the 450.

1 COMMISSIONER GILINSKY: This was the outcome
2 of the review?

3 MR. HUNTER: Yes, sir. And this review,
4 again, was under our -- it was close scrutiny. We were
5 there and involved in getting the numbers.

6 MR. KEPPLER: They had concluded that all of
7 the welders were qualified. It was only after --

8 COMMISSIONER GILINSKY: On the basis of what?

9 MR. KEPPLER: Their review of the --

10 MR. HUNTER: Corrective action documents and
11 accepting the corrective actions that they had
12 stipulated, and they were assuming some things like
13 signatures meant something that we would not accept. In
14 other words, a signature had to be of a qualified person
15 and they were using other -- some other acceptance
16 criteria, and we would not accept that.

17 It had to be a signature of a level 2 man to
18 sign off on an RT. In other words, it had to be a
19 qualified person.

20 COMMISSIONER GILINSKY: Is this still a matter
21 of dispute.

22 MR. HUNTER: No, sir, I do not believe so.

23 COMMISSIONER GILINSKY: Or did they concede
24 that these welders were unqualified?

25 MR. HUNTER: The corrective action program

1 today is to -- it was to requalify and also go back and
2 relook at all of their work with an alternative program,
3 and there are methods to do that.

4 COMMISSIONER GILINSKY: Did you say earlier
5 that all of the welders who had worked on this project,
6 you would estimate that half of them did not meet the
7 qualifications?

8 MR. HUNTER: I think that is not a bad
9 number. I would not want to be held to that
10 specifically, but it is a large number.

11 COMMISSIONER AHEARNE: If you are making that
12 kind of a rule of thumb estimate, from what you have
13 just said, though, is it incorrect to conclude that at
14 the moment your best estimate is of the 400 welders
15 onsite, four percent were actually not able to be
16 qualified -- one percent, rather, because you told me
17 that four were unable to be qualified.

18 MR. HUNTER: That is the number that if you
19 get right down to the ones that could not qualify, it
20 would be four percent -- one percent.

21 COMMISSIONER AHEARNE: The final concern is
22 whether the weld was done right.

23 MR. HUNTER: That is probably not a bad --

24 COMMISSIONER AHEARNE: Now you have just made
25 a rough estimate of about 50 percent over the life. I

1 gather you could not show that they were qualified.
2 What is your similar rough estimate of how many were
3 actually not?

4 MR. HUNTER: The problem with over the life,
5 sir, is that most of them are not there.

6 COMMISSIONER AHEARNE: I understand, but you
7 just made a rough estimate over the life, so having made
8 one rough estimate, I am asking you to --

9 MR. HUNTER: Right. I do not have them there
10 to requalify, so I cannot put that one percent rule on
11 it.

12 COMMISSIONER AHEARNE: Well, but you did not
13 have the -- have you gone through the documentation?

14 MR. HUNTER: They have completed the document
15 review on all the welders for the history of the site,
16 and it is a substantial number who have questionable
17 records. I cannot tell you the total percentage yet.
18 We do not know that, but that will be determined, and
19 the real problem today is that a lot of them are not
20 there and we cannot requalify them.

21 So we do not know the answer.

22 CHAIRMAN PALLADINO: I guess I cannot
23 understand why in making the original qualification
24 tests they would not use the properly qualified people
25 to observe the tests and sign off on the qualification

1 of their welding.

2 MR. HUNTER: I think the overall breakdown in
3 the QA program identified back in 1981 is inclusive. I
4 mean it really is going to be inclusive of a lot of
5 areas. Welder qualification was only one. They are
6 reviewing qualifications of all people on the site, and
7 I cannot give you numbers on those, but I know there are
8 significant problems in that area, so that maybe even a
9 QC inspector who inspected that bad well that was passed
10 was not qualified.

11 It has to be something like that to let
12 something get through. Qualified people do not let that
13 kind of work get through unless there is reasons for
14 it.

15 CHAIRMAN PALLADINO: Jim, do you have more
16 that you wanted to say?

17 MR. KEPPLER: I would just make a comment,
18 too, that in addition to the quality confirmation
19 program problems that allegations concerning this
20 project continue to come in.

21 COMMISSIONER AHEARNE: Are you disappearing
22 from this?

23 MR. KEPPLER: Yes.

24 COMMISSIONER AHEARNE: Well, before you do,
25 let me ask in your monthly report -- this is truly in

1 your part of the monthly report -- on page -- the last
2 page -- you have findings to date addressing the task 11
3 audits, page 16.

4 And you have -- I am just not sure what the
5 sentence means. "A coverage of the audits was not
6 sufficient to verify adequate implementation of program
7 requirements." Does that mean that the NRC review of
8 the audits has not been sufficient, or that the audits
9 themselves were not sufficient?

10 MR. HUNTER: No, sir. It means the NRC review
11 of the audits. We have looked at the program, but we
12 have not looked at the details yet, yes, sir.

13 COMMISSIONER AHEARNE: All right.

14 When you say you have not looked at the
15 details yet, do you have some estimate of when you will
16 have?

17 MR. HUNTER: Let me go back. Let me correct.
18 When we looked at the program and the licensee's
19 findings, the major finding associated with audits --
20 and this, again, is his too -- is that the major things
21 that they have is that the coverage of the audits were
22 not sufficient to verify adequate implementation of the
23 program requirements. Now this is his findings on his
24 review.

25 And we have seen, that -- we have looked at the

1 program to establish those findings. Now we have not
2 audited, and what I wanted to indicate to you is we have
3 not audited yet to say yes or no concerning those
4 findings. So my answer was correct, but that is based
5 on his findings.

6 COMMISSIONER AHEARNE: You have not looked at
7 the details, but the licensee has concluded that the
8 audit coverage is not sufficient.

9 MR. HUNTER: Yes, sir. That is a fact.

10 COMMISSIONER AHEARNE: So, therefore, what is
11 he doing? Is he expanding the audit?

12 MR. HUNTER: He will have to determine and he,
13 in my understanding is at this time, he will have to
14 determine, provide an alterate program to reaudit, to
15 inspect in the field, to verify quality in another
16 manner, and again I do not know the answer of how we
17 will get there yet.

18 COMMISSIONER AHEARNE: Okay. This is in a
19 task which is reviewing all the past audits.

20 MR. HUNTER: Yes, sir.

21 COMMISSIONER AHEARNE: So you are saying that
22 the licensee has concluded that the past audits were
23 inadequate.

24 MR. HUNTER: They did not cover the 18 -- the
25 quality assurance requirements that applied to that

1 particular company or sub-company group.

2 COMMISSIONER AHEARNE: And what is your
3 conclusion out of that? Are you going to -- in other
4 words, the licensee has concluded that the past audits
5 were inadequate. Now are you going to take action on
6 the basis of that? Are you going to review the past
7 audits yourselves?

8 MR. HUNTER: Out of 8113 we indicated to him
9 that we thought his audits were not adequate. He has
10 now concluded that it is. Now he will have to develop a
11 program to substantiate the use of those people during
12 the construction of Zimmer. Then we will be involved in
13 that program and we will audit and reaudit to make sure
14 that he has shown that the work meets quality standards.

15 This is after the fact, and that is what is
16 making it so difficult. He may have to just mark off a
17 group of people as inadequate and redo all the work.

18 COMMISSIONER AHEARNE: Okay. I am confused,
19 then. You said people, and this is listed as QA audits
20 of Kaiser, Sergeant Lundy, General Electric, et cetera,
21 so I read that as being a lot more than just people.

22 MR. HUNTER: Yes, sir. When I say "people" I
23 mean EOTB is a test relay department, as an example,
24 from the company. GE, of course, is the company,, yes,
25 sir. It is a company or contractor or an area.

1 COMMISSIONER AHEARNE: All right. So now
2 licensee has now agreed past audits were inadequate.
3 What kind of action, then, do you take or can be taken
4 to fill in the gap, so to speak?

5 MR. HUNTER: I am really not prepared to -- I
6 do not know what the answer is. I do not know what to
7 substitute for a quality assurance program up front is.
8 It is very difficult to decide. It may go from very
9 little hardware or very little problems to actually the
10 unacceptability of maybe equipment that they bought from
11 the company, because some of the quality assurance
12 requirements you cannot see today.

13 It can go from those two -- you know, the
14 spectrum could be that broad.

15 COMMISSIONER AHEARNE: Do I understand
16 correctly that the current status is that you had
17 reached the conclusion the audits were inadequate. The
18 licensee has now agreed the audits were inadequate, and
19 the licensee now has the responsibility to propose some
20 approach.

21 MR. HUNTER: Yes, sir, to us that will have to
22 be acceptable to the regulatory agencies.

23 COMMISSIONER AHEARNE: Okay. Now the
24 estimated completion date here of November 15 --

25 MR. HUNTER: Yes, sir.

1 COMMISSIONER AHEARNE: Is that -- I read this
2 as saying the task involves two persons. That has to
3 then -- the completion date has to only refer to
4 reaching a judgment on whether or not the previous
5 audits were complete. It does not also include coming
6 up with the proposed solution?

7 MR. HUNTER: No, sir, I do not believe so.

8 MR. KEPPLER: All of these completion dates
9 are just to complete the reviews and no rework or
10 anything.

11 COMMISSIONER GILINSKY: It is just to identify
12 the problems.

13 COMMISSIONER AHEARNE: Does the licensee
14 have -- have you given the licensee any deadline as to
15 when the licensee expects to come up with a proposed
16 solution?

17 MR. HUNTER: Prior to --

18 MR. KEPPLER: We have not had any meetings on
19 the subject yet. We have not addressed the subject.

20 COMMISSIONER AHEARNE: Addressed the subject.

21 MR. KEPPLER: That is correct.

22 COMMISSIONER GILINSKY: Well, in effect you
23 are saying you are not going to approve the licensing of
24 the plant unless the plant is brought into conformance,
25 which is what I gather you are saying and it is up to

1 the licensee to do the work.

2 MR. KEPPLER: That is right. That has been
3 the position all along.

4 COMMISSIONER AHEARNE: It is probably an
5 obvious answer, but does the licensee understand that
6 the licensee must come up with some approach to resolve
7 the problem of the past audits not being acceptable?

8 MR. KEPPLER: I cannot speak for myself on
9 this.

10 MR. HUNTER: Yes, sir. The licensee
11 understands the task and that the quality assurance
12 requirements were there and he must come up with an
13 alternative program to show the quality of that
14 safety-related equipment that is equivalent. Yes, sir,
15 no doubt.

16 COMMISSIONER GILINSKY: Well, on the basis of
17 this schedule and the many years involved projected still
18 to be worked and the number of people involved, it looks
19 like it will take years just to complete the
20 identification of the problems.

21 CHAIRMAN PALLADINO: It will take some period
22 of time.

23 COMMISSIONER GILINSKY: You are talking about
24 150 many years and 60 to 75 persons working on this task,
25 and that comes out to be about two years, assuming the

1 task does not expand.

2 MR. KEPPLER: I think these are areas, again,
3 we are going to want to talk about in closed session.

4 COMMISSIONER GILINSKY: And that is just for
5 the identification of the problem.

6 MR. KEPPLER: That is right. Yes, sir.

7 MR. DIRCKS: Of course, they can apply more
8 resources to it too.

9 COMMISSIONER GILINSKY: Right. But they have
10 not for some reason or another.

11 MR. DIRCKS: That is what we want to get into
12 in the other session.

13 CHAIRMAN PALLADINO: I am anxious to see if we
14 cannot complete all the items that you wanted to bring
15 up.

16 MR. KEPPLER: I did prepare a -- could I have
17 the next slide, please?

18 CHAIRMAN PALLADINO: You started to talk about
19 allegations.

20 MR. KEPPLER: Oh, yeah. I did want to make
21 the point that in addition to the quality confirmation
22 program problems that allegations concerning this
23 project continue to come in at a rate which is faster
24 than we can resolve the allegations or close them out,
25 and we will discuss that in closed session a little bit

1 too.

2 I did put together just a list of what I felt
3 were the key events that had happened since we briefed
4 the Commission at the end of May. I will just run
5 through it quickly to point out we had a hearing with
6 Congressman Udall's Committee on the 10th of June.

7 When I was before the Commission the last time
8 I mentioned that there had been a -- we were continuing
9 to hear of concerns regarding intimidation and
10 harrassment at the site and so I went down to the site
11 and personally met with all of the quality control
12 inspectors at the site and the craft supervisors to lay
13 down a fairly hard line on my view about intimidation
14 and harrassment, to let them know that it would not be
15 tolerated.

16 Dorwin and his people did talk to about fifty
17 people at random and based upon those discussions we did
18 not get indications that there were specific problems
19 with intimidation and harrassment. However, the Office
20 of Investigation is continuing to look at that matter.

21 We have talked a little bit about the problems
22 with welder qualifications, and that has preoccupied a
23 lot of our time during the past few months, and I put it
24 in there for that reason. We provided testimony to the
25 Ohio Public Utilities Commission at their request to

1 talk about the problems at Zimmer in a rate case
2 hearing.

3 The August 1 date I put down we allowed
4 Cincinnati Gas and Electric to cut back from the 100
5 percent reinspection that we had required beginning in
6 April of 1981 to overview the work of all of its
7 contractors, based upon performance to date of these
8 contractors and based upon the fact that CG&E would
9 expand its overall surveillance of the project instead
10 of doing 100 percent inspection of each item that came
11 along.

12 And that has worked out fairly well, has it
13 not?

14 MR. HUNTER: Yes, sir.

15 COMMISSIONER AHEARNE: What has worked out
16 fairly well?

17 MR. KEPPLER: That cutback. We have not
18 identified the problems. That move has been
19 satisfactory from our point of view.

20 COMMISSIONER AHEARNE: Well, do you mean that
21 they have then taken those people and put them
22 elsewhere, and you felt that the elsewhere led to an
23 improvement in the quality of what? See, I am puzzled.
24 When you say it has worked out satisfactorily from our
25 point of view, I am not sure.

1 MR. KEPPLER: We think problems are continuing
2 to be identified by the process there.

3 COMMISSIONER AHEARNE: Well, do you --

4 CHAIRMAN PALLADINO: Are you saying you did
5 not need 100 percent in the first place; you are
6 identifying problems?

7 MR. KEPPLER: Well, we think that the effect
8 of having the 100 percent was definitely needed at the
9 beginning and through the period where it was permitted
10 to be cut back. We are saying we have not noted any
11 adverse problems as a result of allowing them to cut
12 back, and they are now out looking at other areas of the
13 project.

14 MR. HUNTER: One hundred percent reinspection
15 of the contractor inspection activities, that puts an
16 inspector on certain items. We only agreed that they
17 could back off from the 100 percent reinspection if they
18 will use the same people who were relieved from the 100
19 percent reinspection to perform surveillance of the
20 activity.

21 The surveillance of, say, ten or twenty
22 percent of the activities will include the inspection
23 items, but it also allows him to look at a work package
24 in the large scope. Our understanding, again verbally,
25 today is that they actually are -- the inspection, the

1 surveillance is providing a better overview and they are
2 actually identifying more problems, which I think if
3 things are not going as well as they should that the
4 surveillance program should identify additional problems.

5 COMMISSIONER AHEARNE: That understanding
6 comes from whom?

7 MR. HUNTER: This is in discussions with the
8 licensee and the quality assurance manager of CG&E, who
9 is in charge of the 100 percent reinspection by CG&E,
10 and also the surveillance program.

11 MR. KEPPLER: Haven't our own inspectors
12 gotten in on this too?

13 MR. HUNTER: Yes, we have. We have had people
14 in the field watching the activities.

15 COMMISSIONER AHEARNE: Wait, Jim. Are you
16 saying that our own inspectors agree that this has led
17 to a better review?

18 MR. KEPPLER: That is my understanding.

19 MR. HUNTER: Yes, sir. That is my
20 understanding, yes.

21 CHAIRMAN PALLADINO: Well, why don't you go
22 on? We want to leave some time for the closed meeting.

23 MR. KEPPLER: We transferred all of the
24 investigation allegations to OI on August 4, and they
25 will talk about this in the closed session.

1 We have maintained close contact with the
2 National Board people and the State of Ohio people, and
3 they have issued three interim reports to date.

4 COMMISSIONER AHEARNE: Your summary, though,
5 has four.

6 MR. HUNTER: The two center dates are actually
7 report number 2 and an interim to 2. It is like one
8 interim, 2 and a supplement, and an interim 3. It is
9 the comma. The comma was misplaced. It makes it look
10 like four, when it really should have been three.

11 COMMISSIONER AHEARNE: This is May 12, July 1,
12 August 6, September 30. That does make it look like
13 four.

14 MR. HUNTER: It is three, though.

15 COMMISSIONER AHEARNE: Now can you say what
16 their latest report found?

17 MR. KEPPLER: Why don't we put up slide 3?

18 COMMISSIONER AHEARNE: This is headed National
19 Board.

20 MR. HUNTER: This is National Board findings,
21 and I would indicate to you that one of the consultants
22 with CG&E has been given the task to address the
23 National Board findings in a program and this is the
24 status of the program as they have addressed it.

25 The National Board finding is the task number

1 on the left. They have basically 22 types of findings
2 in the first -- this is actually the first two reports.
3 The third one has not been entered yet because this was
4 just issued and the report was just issued.

5 COMMISSIONER AHEARNE: But I had read the
6 first two reports, so I was really asking what was in
7 the third report.

8 MR. HUNTER: Okay. The third report
9 indicated -- had two findings in it concerning Henry J.
10 Kaiser's review of procedures and also control of weld
11 material control, and we have been provided that.

12 COMMISSIONER AHEARNE: What were those
13 findings?

14 MR. HUNTER: That Henry J. Kaiser believe was
15 not reviewing -- QA was not reviewing procedures.

16 You will have to allow me to provide that to
17 you later. I have got the titles of the findings, but I
18 do not have the details, the report.

19 MR. KEPPLER: Did we provide a copy of that
20 report to the Commission?

21 COMMISSIONER AHEARNE: The September 30 one?
22 I have not seen it. I have seen the other two.

23 So you are not really -- it says here the
24 findings of the National Board are consistent with and
25 similar to NRC findings. I am not sure, if you are not

1 sure what the September 30 finding was.

2 MR. KEPPLER: I cannot speak for the September
3 30 findings, but I think what we are finding shows there
4 are many areas covered by the DCD program that have been
5 identified by the National Board people and the state
6 people.

7 COMMISSIONER AHEARNE: Yes.

8 MR. KEPPLER: And there is other areas that we
9 do not have tasks for that are going to have to be
10 looked into.

11 MR. HUNTER: I have reviewed the third
12 supplement, and those two findings fall within task 2.
13 I have reviewed them and determined that they would be
14 in Task 2, because it is weld procedure review and also
15 weld material filler control. So those are in part of
16 Task 2.

17 And this would show the overall areas of
18 findings with the National Board.

19 COMMISSIONER AHEARNE: Now at one point I
20 thought the National Board was raising questions about
21 whether the State could actually certify the vessel.

22 MR. HUNTER: That is item number 8. I am
23 sorry, item number 7.

24 COMMISSIONER AHEARNE: Oh, it is just the
25 containment liner.

1 MR. HUNTER: Yes, sir, it is the liner
2 itself. It should have been in-stamped according to the
3 state and that is a task that is being addressed now,
4 and I do not know the answer yet.

5 COMMISSIONER AHEARNE: There was a state
6 requirement that it be in-stamped?

7 MR. KEPPLER: That is one of the few places
8 where there has been a different requirement between the
9 state and the --

10 MR. HUNTER: 10 CFR 50 does not require an
11 in-stamp on the liner.

12 CHAIRMAN PALLADINO: Can we go on? Let's see
13 if we cannot accelerate a little bit.

14 MR. KEPPLER: Put back up the second slide,
15 please.

16 We started issuing monthly reports in
17 September and I recognize we missed a month and will be
18 back on track. We had another hearing with Congressman
19 Udall on the fourteenth of September. I participated at
20 a -- my staff and I participated at an informal hearing
21 held by the Cincinnati Environmental Advisory Committee
22 on September 6 and Commissioner Asselstine was also
23 there.

24 On -- sometime in the latter part of August we
25 received a petition from GAP to shut down the project

1 again -- another petition from GAP to shut down the
2 project, and it enclosed considerable information, much
3 of which had not been made public before.

4 COMMISSIONER AHEARNE: When you say it had not
5 been made public, do you mean that it was --

6 MR. KEPPLER: It was not a matter of public
7 record before. And --

8 COMMISSIONER AHEARNE: My impression was a
9 number of it, at least a fair amount of it were NRC
10 letters.

11 MR. KEPPLER: Well, there were also a number
12 of affidavits that were provided.

13 We were aware of many of the things as an
14 agency. There were some things, some pieces of paper
15 that we had not seen before. But I think the big
16 significance of it was that the utility had not seen
17 much of this before. It was not a matter of public
18 record.

19 And so we chose to instead of trying to
20 provide all the answers ourselves to this petition, we
21 decided that we ought to make the licensee address the
22 issues raised, and we issued what we call a demand for
23 information letter in which the utility has 90 days or
24 the end of the year, basically, to respond to that in
25 terms of how the allegations are being addressed through

1 the quality confirmation program and where they may not
2 be what they would propose to do about it, and then we
3 will respond to the GAP petition.

4 COMMISSIONER AHEARNE: Now in that demand for
5 information that you put out, do you believe that what
6 the licensee is supposed to respond to are a set of
7 items that you understand?

8 That is, after reading -- I read a lot of the
9 petition and some of the backup material, and then I
10 read your demand for information, and it was not clear
11 to me in many cases what exactly you were asking
12 licensee to respond to.

13 Another way of asking the question is are you
14 sure you know what you are looking for, so that when he
15 comes in with a response in December that you can say
16 yes, this is what I asked for or this is not what I
17 asked for?

18 MR. KEPPLER: I think so.

19 COMMISSIONER AHEARNE: Because a number of the
20 statements, although you say respond to the allegations,
21 a number of the statements are more general descriptions
22 of concern.

23 MR. KEPPLER: Yes.

24 COMMISSIONER AHEARNE: But are you asking the
25 licensee to respond to a general description of

1 concern?

2 MR. KEPPLER: We are really saying, forgetting
3 whether or not the allegation is true or untrue.

4 COMMISSIONER AHEARNE: Well, my point, Jim, is
5 that a lot of that is not allegation A, allegation B,
6 allegation C. A lot of it is general discussion
7 description, and it is very hard to respond to a general
8 discussion description. It is not a specific allegation
9 that this weld or these welds were done badly or these
10 welders were uncertified.

11 MR. KEPPLER: Well, I guess you are going to
12 have to get down to specifics. But I would not expect
13 the utility to address a general statement necessarily.
14 I mean, they may wish to, but we are looking for them
15 mainly to address the --

16 COMMISSIONER AHEARNE: Very specific
17 allegations.

18 MR. KEPPLER: Yes.

19 COMMISSIONER AHEARNE: So that although the --

20 MR. KEPPLER: I think the petition was to the
21 NRC.

22 COMMISSIONER AHEARNE: That is right.

23 MR. KEPPLER: And so I think that we are the
24 ones that have to deal with the general statements.

25 COMMISSIONER GILINSKY: Now how will you use

1 the licensee's submissions?

2 MR. KEPPLER: Well, first of all we are going
3 to require the licensee to respond to this thing under
4 oath and affirmation and then we will go out and audit
5 this in some form. Whether we do it ourselves or
6 whether we do it with consultant help has not been
7 determined, but obviously we are not just going to
8 accept it as is.

9 COMMISSICNER AHEARNE: So, to be clear then,
10 you are not saying that every -- for example, in this
11 petition which has some 200-some paragraphs, you are not
12 saying that you would expect every single paragraph to
13 be fine-combed to try to extract out of that paragraph
14 some element of substance and then respond to that
15 element of substance, or are you?

16 MR. KEPPLER: I have to look at the letter. I
17 do not have it here.

18 CHAIRMAN PALLADINO: You may want to give it
19 further attention.

20 COMMISSIONER AHEARNE: I just want to make
21 sure that we are not in a situation in which we expect
22 something in December which we are not going to get
23 because it is not clear what the question was.

24 MR. KEPPLER: Well, you know --

25 COMMISSIONER AHEARNE: Have you discussed with

1 the licensee what it is that you are really asking for
2 in that demand for information?

3 MR. KEPPLER: Yes.

4 COMMISSIONER AHEARNE: And you and he are in
5 basic agreement?

6 MR. KEPPLER: And it has been discussed within
7 the Staff.

8 CHAIRMAN PALLADINO: He has got to have an
9 understanding if he is going to respond.

10 MR. DIRCKS: And I think the Commission wants
11 something back from the Staff, but I think the choice we
12 made was rather than devote all of our manpower to
13 trying to deal with this thing we were going to try and
14 put the burden on the licensee.

15 COMMISSIONER AHEARNE: Well, I have no
16 objection to your asking the licensee to provide
17 answers. My concern was when I read the petition it was
18 not that clear to me where I would draw that break of
19 here is an allegation and the rest of this material is
20 not an allegation but is just a continuation of elements
21 of concern.

22 And so when you are asking for specific
23 answers, it was not -- I know if I had been trying to
24 answer that question, I would have to come back to you
25 and say well, let's sit down and talk through this. I

1 am not really sure exactly what it is that you want me
2 to respond to.

3 CHAIRMAN PALLADINO: I think you have made a
4 good point. I was wondering whether we should dwell on
5 it later because we do have a number of things we have
6 to cover in our closed session.

7 COMMISSIONER AHEARNE: True, Mr. Chairman, but
8 this is part of what I would feel is --

9 CHAIRMAN PALLADINO: I was not dismissing your
10 point. I think we have to dwell on it a little more. I
11 think the point is well taken.

12 MR. KEPPLER: I will look into the matter.

13 COMMISSIONER AHEARNE: Because otherwise in
14 the end of December you are going to get back a huge
15 pile of stuff, and I just did not want to be finding
16 when we go through this in our review in January to be
17 told well, it turned out the licensee really did not
18 address what we wanted addressed because they did not
19 understand what we wanted addressed.

20 And I did not think that your request for
21 information was that clear, based upon reading the
22 petition.

23 CHAIRMAN PALLADINO: All right. Do you want to
24 highlight the last few items?

25 MR. KEPPLER: I put up the October 19 meeting

1 and, as I mentioned earlier, I viewed that meeting as
2 fairly significant because there was a stop-work order
3 issued for the work being done by Catalytic. It was
4 issued by CG&E. But it --

5 COMMISSIONER GILINSKY: Were they the ones who
6 found the problems with the rework?

7 MR. KEPPLER: Yes. They were the ones that
8 called the issue to our attention. Now we had this
9 meeting and it was a rather lengthy meeting and I guess
10 I would have to say that we are going to have to have
11 further discussions because we bogged down into
12 arguments over some of the facts of the matter and many
13 of our inspection findings are being challenged by the
14 licensee.

15 COMMISSIONER AHEARNE: What do you mean?

16 MR. KEPPLER: That they disagree with the
17 findings.

18 COMMISSIONER AHEARNE: Which findings, as an
19 example?

20 MR. KEPPLER: Well, we had a number of
21 findings related to design control. What were some of
22 the other areas? The need for inspections, training.

23 COMMISSIONER AHEARNE: Are you saying that
24 they disagree with the facts?

25 MR. KEPPLER: Yes, in many of the cases.

1 COMMISSIONER AHEARNE: Not disagree that there
2 is a requirement, but just disagree --

3 MR. KEPPLER: They are disagreeing with
4 whether or not there actually is a problem. And so we
5 are going to have to set the people down with the
6 records and resolve the issue.

7 COMMISSIONER AHEARNE: Now why did they -- you
8 say they put the stop-work order out at their
9 initiative, and that was based on -- what findings that
10 they made that led them to do that?

11 MR. HUNTER: The initial stop-work issued by
12 CG&E occurred based on the -- some of the rework
13 activities that Catalytic was doing in the control rod
14 drive piping and hanger support area, and it appeared
15 that they had violated a stop-work order and immediate
16 action letter that was issued in the latter part of 1980
17 by Region III, the NRC, concerning the previous
18 contractor who was involved in the control rod drive
19 system.

20 We had indicated to them that certain work
21 should not proceed and they, the licensee, through time,
22 I guess is the best way to put it, found themselves
23 working on some hangers which we felt like he should not
24 have been -- he felt like he should not have been
25 working on.

1 COMMISSIONER AHEARNE: Wait a minute now.
2 Let's see. You are saying that there had been a
3 stop-work order issued by the NRC?

4 MR. HUNTER: Immediate action letter in 1980,
5 and then a stop-work order at that time to parallel that
6 in 1980, yes, sir.

7 COMMISSIONER AHEARNE: The licensee had issued
8 that. You are saying that then in this period in 1982
9 Catalytic in doing its rework --

10 MR. HUNTER: Doing some rework on the control
11 rod drive system.

12 COMMISSIONER AHEARNE: Essentially started
13 doing that work that had been stopped. Is that what you
14 are saying?

15 MR. HUNTER: Yes, sir. They moved into an
16 area they should not have been in.

17 COMMISSIONER AHEARNE: Was the stop-work order
18 issued for work that Catalytic was doing at that time?

19 MR. HUNTER: No, sir. It was issued against
20 Reactor Control Incorporated, who subsequently were
21 removed from the site and were no longer working in that
22 area.

23 COMMISSIONER AHEARNE: Was the stop-work order
24 then in the immediate action letter pending the licensee
25 coming back and saying here is what we are going to do?

1 MR. HUNTER: Yes. That was -- they had to
2 come back to us showing how they had improved the
3 engineering and the actual work activities and show us
4 audits that would --

5 COMMISSIONER AHEARNE: Have they come back?

6 MR. HUNTER: No, sir. Part of this -- the
7 completion of this particular inspection area and the
8 improvements that will be made in that area should cause
9 the stop-work to be lifted.

10 COMMISSIONER AHEARNE: They have not come back?

11 MR. HUNTER: No, sir, they have not.

12 COMMISSIONER AHEARNE: So are you saying that
13 the stop-work order that they issued here on October 19
14 was because they realized that they were doing something
15 they should not have been doing?

16 MR. HUNTER: Yes, sir. They violated another
17 stop-work order, and then -- you know, previous
18 stop-work order.

19 COMMISSIONER AHEARNE: Is that the sole reason
20 they issued the stop-work order?

21 MR. HUNTER: That is my understanding at this
22 point, yes, sir.

23 COMMISSIONER AHEARNE: But that would -- so
24 are you saying that the stop-work order was only a
25 small -- only the control rod drive system work?

1 MR. HUNTER: Yes, sir.

2 COMMISSIONER AHEARNE: But this says in all
3 other essential work.

4 MR. HUNTER: Well, during our inspection of
5 August and September of 1982, yes, just completed, we in
6 fact -- problems with Catalytic, the CG&E-controlled
7 Catalytic were revealed, and as a result of our
8 inspection activities the total, if you will, Catalytic
9 rework activity was stopped.

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1 COMMISSIONER AHEARNE: Well, let me follow
2 that a little bit. What I am beginning to understand
3 now is that there was a stop-work order issued. Part of
4 it covered work that CG&E concluded they should not have
5 Catalytic doing because of this previous stop-work order.

6 MR. HUNTER: Yes.

7 COMMISSIONER AHEARNE: That is the control rod
8 drive system. But all other essential work was stopped
9 and are you saying that that portion of the stoppage is
10 due to the region's findings on inadequate work being
11 done by Catalytic and which information was then relayed
12 to the licensee?

13 MR. HUNTER: Yes, sir, that is true.

14 COMMISSIONER AHEARNE: Would it be then fair
15 to conclude that whereas this was described as a
16 licensee initiative where the rest of the essential work
17 was being stopped, was it being stopped because the
18 region said that if it wasn't going to be stopped you
19 were going to have to issue an immediate action on it?

20 MR. HUNTER: I wouldn't characterize it like
21 that, you know. That wasn't discussed in that light.
22 It may have progressed to that, but when we identified
23 problems they took the problems and then took the
24 appropriate corrective action.

25 COMMISSIONER AHEARNE: But you did identify

1 the problems?

2 MR. HUNTER: Our inspectors were in the field,
3 yes, sir.

4 MR. KEPPLER: Let me just take the point and
5 expand it. That was the purpose of the meeting. It was
6 my view that this stop-work effort on the part of
7 Catalytic was significant enough that it should be
8 confirmed with an order. But when we got down there and
9 had our discussions and this meeting went on for six
10 hours. It was a brutal meeting in the sense of trying
11 to iron things out.

12 COMMISSIONER AHEARNE: Those sort of meeting
13 are.

14 MR. KEPPLER: We -- I really felt that I
15 wasn't sure of where we stood at the end of the meeting
16 and that more information had to be obtained because the
17 thinking on my part, to be very honest, was if the
18 Catalytic work was not being controlled properly, then
19 what about the work of the other contractors under
20 CGCE's control. And that was the direction I was coming
21 from.

22 COMMISSIONER GILINSKY: Were there two
23 stop-work orders, then?

24 MR. KEPPLER: There was a stop-work order in
25 effect in 1980 that --

1 COMMISSIONER GILINSKY: No, no, no. I mean in
2 October '82. Was there one stop-work order on the
3 control rod drives and then another stop-work order?

4 MR. KEPPLER: It is all covered in one.

5 MR. HUNTER: There was one initial and then
6 there was an additional stop work that stopped all
7 essential work, but there was also a third -- a number
8 of stop-work orders. I believe the number is three.

9 MR. KEPPLER: But that is being covered by a
10 confirmatory letter.

11 COMMISSIONER GILINSKY: I understand, but it
12 does sound as if the more extensive stoppage of work is
13 as a result of NRC inspection results.

14 MR. KEPPLER: Yes.

15 CHAIRMAN PALLADINO: What do you mean by
16 essential?

17 MR. HUNTER: Safety-related.

18 CHAIRMAN PALLADINO: Safety-related?

19 MR. HUNTER: Yes, sir.

20 CHAIRMAN PALLADINO: They were allowed to go
21 on with what you might call non-essential work?

22 MR. HUNTER: Yes, sir, like turbine building
23 or that type of work.

24 CHAIRMAN PALLADINO: What I am getting at is
25 CG&E was not satisfied by the quality of work they were

1 getting on the safety items. I would expect they would
2 have an interest in whether or not they were getting
3 quality work on the non-safety items, but that is beside
4 the point.

5 Okay, want to go on?

6 MR. KEPPLER: Well, the last two items relate
7 to a PM that was issued, what, earlier this week,
8 related to a Kaiser quality control inspector who was
9 removed from the job. I am told -- and I guess I would
10 like to leave it like this -- I am told he is still on
11 the payroll. He is not doing quality control work.

12 CHAIRMAN PALLADINO: Is that going to be
13 covered as part of the investigation report?

14 MR. KEPPLER: People have already talked to
15 him and I think we can discuss it in closed session.

16 And then what was viewed as the significant
17 reduction in work force by 25 percent on October 26.

18 So that is all I was planning to discuss in
19 this session. If you have any questions, I will --

20 CHAIRMAN PALLADINO: Well, I have a few
21 comments, but maybe -- I do want to get to the closed
22 meeting because I think we have some things to cover.

23 COMMISSIONER AHEARNE: So do I, but I still
24 feel it is important to get some of these covered.

25 CHAIRMAN PALLADINO: Yes.

1 COMMISSIONER AHEARNE: I would like to ask you
2 a couple of questions based on some of the submissions
3 that were sent in.

4 MR. KEPPLER: Based on what?

5 COMMISSIONER AHEARNE: Some of the
6 submissions, the petitions, et cetera that came in. One
7 of them referred to a Region III staff rejection of
8 repeated recommendations of its investigators. This is
9 now quoting from the petition of August 20 and the way
10 it is described as is: "The Region III staff rejected
11 the repeated recommendations of its investigators to
12 shut down the plant."

13 Now I looked at the documents which were
14 referred to. One was a newspaper article which did not
15 have anything to do with that. And the other, though,
16 is a letter to the record from Bert Davis of May 14,
17 1981, and he is talking about a discussion with the
18 senior resident inspector at Zimmer in which the
19 resident inspector is saying -- is quoted as telling
20 Davis in a social hour that the resident's position with
21 respect to Zimmer is it should be shut down until all
22 the problems are corrected, primarily based on a gut
23 feeling.

24 And he wanted to pursue this further before he
25 made a formal finding. And Davis asked him to do that

1 and provide the information.

2 Did the resident ever made such a formal
3 recommendation?

4 MR. KEPPLER: When we -- when the
5 investigation team came back from the site toward the
6 end of March --

7 COMMISSIONER AHEARNE: March of?

8 MR. KEPPLER: -- '81, we were aware at that
9 time that we had some major quality assurance problems.
10 That is what caused everything to flow from that point
11 on. Several of the people talked about should the job
12 stop. They recommended that the job be stopped, and I
13 made no secret about this. It was discussed with people
14 back here.

15 It was my view and when we talked more about
16 it everybody agreed with the action taken, that in the
17 absence of identified hardware problems at that time,
18 the fact that what was wrong with the job, in our view,
19 could be fixed -- namely in terms of the quality
20 assurance program -- that it was very clear that a
21 quality confirmation program was going to be carried,
22 that stopping work at that particular time was strictly
23 a punitive action.

24 That was my view, and I discussed it in that
25 context. There was no immediate safety problem. It was

1 really a matter, in my mind, as to how much rework was
2 going to have to be done at the plant and this was very
3 open and discussed with a lot of people back here.

4 There were a number of people on that team
5 that felt that the job warranted stopping when they came
6 back. But when I put it in that type of context that we
7 talked about, there was no dissenting view on the Staff
8 when we moved forward. From that point on, it was all
9 together.

10 Now let me just add, the issue with Daniels,
11 who was the resident inspector at the time and was in
12 operations, he expressed some continuing concerns that
13 despite the efforts ongoing that he was not too happy
14 with and he had a discussion with Bert Davis about it
15 and Bert talked to him and I guess I would have to say
16 after that if he had some concerns he did not express
17 them beyond that point.

18 He was one of all of the team inspectors that
19 concurred in the actions that was taken and in the
20 issuance of the report.

21 COMMISSIONER AHEARNE: Fine. Another question
22 that came up in reading this petition, talking about the
23 CG&E practice, the quote here -- I am quoting from
24 this. I am not, obviously, passing any judgment on the
25 accuracy of the statement; I am, rather, asking a

1 question.

2 COMMISSIONER GILINSKY: This is what, the GAP
3 petition?

4 COMMISSIONER AHEARNE: Yes. "The CG&E
5 practice of refusing Kaiser request for vendor quality
6 surveys continued over the years," and they end up
7 saying -- and this is someone they are quoted, a Paul
8 Keiner -- citing the "very questionable practice,
9 approval of a vendor by review of his quality manual
10 only."

11 Is that a practice which to your knowledge did
12 occur, and if it did occur is it an acceptable
13 practice?

14 MR. KEPPLER: It is under investigation by OI
15 right now.

16 COMMISSIONER AHEARNE: Whether it occurred?

17 MR. KEPPLER: Yes.

18 COMMISSIONER AHEARNE: Then -- but can you
19 answer the second question? Is it acceptable to approve
20 a vendor by review of the quality manual?

21 MR. KEPPLER: I do not think so, but I would
22 like to talk to some of my people about that first. But
23 I would not think so.

24 COMMISSIONER AHEARNE: If you could.

25 All right. There is -- I think you mentioned

1 in answer to a question from the Chairman that by
2 "essential" you are talking about safety items.

3 MR. KEPPLER: Safety-related.

4 COMMISSIONER AHEARNE: Safety-related. Again
5 there is another question in here about -- the GAP
6 petition is claiming that a Cincinnati scrap dealer
7 supplied a large amount of the beams that were
8 eventually installed for essential use. Now I do not
9 know whether the GAP petition is using "essential" in
10 the same way that you were using "essential", do you?

11 MR. HUNTER: I believe they are, yes, sir.

12 COMMISSIONER AHEARNE: Is that accurate?

13 MR. KEPPLER: That is also under
14 investigation.

15 COMMISSIONER AHEARNE: All right.

16 MR. KEPPLER: We can talk about it in closed
17 session, if you like.

18 COMMISSIONER GILINSKY: I gather in closed
19 session you are going to present a proposal for dealing
20 with the problems that we discussed.

21 CHAIRMAN PALLADINO: We are going to have a
22 report on the investigation.

23 COMMISSIONER AHEARNE: There is another claim
24 here that this is now coming up into 1982. They claim
25 that on March 12 of '82, during an audit, Kaiser auditor

1 Ebersault uncovered a condition that was inappropriate
2 and although the audit was not complete he wrote a March
3 12 memoranlum to the Kaiser QA manager saying the
4 determination should be made for a stop-work order and
5 the claim here is that the gentleman or the person to
6 whom he wrote did not act on the memorandum but
7 Ebersault was removed from the audit group after he
8 protested manipulation of his findings is the claim
9 here.

10 Can you comment on that? Is that also under
11 investigation?

12 MR. KEPPLER: Under investigation.

13 COMMISSIONER AHEARNE: Okay.

14 CHAIRMAN PALLADINO: I think there are a
15 number that fall in that category.

16 COMMISSIONER AHEARNE: Another issue they make
17 is that a NOLA report, whatever that is, found that 80
18 to 90 percent of structural materials were purchased as
19 non-essential and later upgraded.

20 MR. KEPPLER: That is also under
21 investigation.

22 COMMISSIONER AHEARNE: There is another
23 petition, this is one now October 18 that was submitted
24 by GAP. It says that "MVPP has disclosed the witness
25 statements and other documentary evidence that is

1 covered by confidentiality pledge." Now I gather that
2 that kind of information is stuff that although you
3 mentioned at an earlier stage that you were providing
4 CG&E allegations to respond to, material that is
5 provided to us under a confidentiality pledge is not
6 being provided. Is that correct?

7 MR. KEPPLER: Normally our practice is that
8 any allegation provided to us by a worker or a member of
9 the public is not discussed or made known to the utility
10 until that item has been investigated. And until GAP
11 came in with this petition in August, most of the
12 allegations had taken that form.

13 It was only when GAP made available for public
14 record a lot of this information that we could present
15 it directly to CG&E and get them to provide us
16 information on it.

17 COMMISSIONER AHEARNE: Right. I understand
18 that. I really, though, was asking a question that if
19 material is provided to you, as they say here -- I guess
20 they had given a confidentiality pledge, and I am not
21 sure whether -- "MVPP has disclosed the witness
22 statements and other documentary evidence covered by the
23 confidentiality pledge." I conclude it is MVPP's pledge
24 of confidentiality.

25 Do you feel in any way bound by that?

1 MR. KEPPLER: If MVPP or any other public
2 interest group brings to us people and they want their
3 identity remaining confidential, we do it on the
4 best-efforts basis. Now what I mean by that is that it
5 is possible in the exploring of a certain allegation
6 that people may be able to identify the source of that
7 allegation.

8 COMMISSIONER AHEARNE: Yes, but this material
9 is not part of the material that you are sending out to
10 the licensee.

11 MR. KEPPLER: That is correct.

12 COMMISSIONER AHEARNE: There is a memo that
13 they attach in this which is from R. A. Davis to all
14 inspection supervisors, and I am not sure if you are
15 familiar with it. This is an August 18 memo. It says:
16 "Direction received from the owner, the engineer or
17 Kaiser management committee will be followed to the
18 letter. This direction is not the QC department's
19 responsibility to question."

20 Is that something which you would question?

21 MR. KEPPLER: I guess I am not familiar with
22 that.

23 MR. WINTER: We will question that, yes, sir.

24 COMMISSIONER AHEARNE: You will question that?

25 MR. WINTER: Yes, sir.

1 COMMISSIONER AHEARNE: I guess I have two more
2 questions. The first one is that GAP is making the
3 claim in this October: "GAP had already shared evidence
4 with Region III that CG&E agreed to present false
5 information to the NRC about the qualifications of past
6 and current welders because the only other alternative
7 would be to lock the gates."

8 Do you agree that that is an accurate
9 statement? Have they shared evidence that CG&E had
10 agreed to present false information to the NRC?

11 MR. KEPPLER: I cannot react directly to the
12 statement, but I think it is -- I would characterize it
13 this way: that GAP has provided us with a lot of
14 information. It is very easy to stand on one side of
15 the court and make charges. It is another thing to have
16 to review them and address them and evaluate them.

17 COMMISSIONER AHEARNE: Right, absolutely.

18 MR. KEPPLER: And information is coming in at
19 a rate faster than we can deal with it, so to the extent
20 that they have been providing us information, and I
21 think the impression I get from your reading of that
22 statement is that information has come in and there
23 still are no answers.

24 Well, answers come slowly.

25 COMMISSIONER AHEARNE: Well, except it is more

1 than that. You see, they are claiming that they have
2 given you evidence that CG&E agreed to present false
3 information to the NRC.

4 MR. KEPPLER: Well, we received a package from
5 GAP back in July, I believe it was, and that has been
6 turned over to OI and they are looking into that.

7 COMMISSIONER AHEARNE: I see, under
8 investigation.

9 Okay, the last question refers to some
10 statement, Jim, that you were quoted as making in a
11 number of places and that is that, and I may be
12 mischaracterizing it, but I gather you have been quoted
13 as recommending a third party review. I think you made
14 that statement, at least in the Cincinnati newspapers.

15 MR. KEPPLER: I made that statement to
16 Congressman Udall, that it has been my view that one
17 would be needed. It is a question of timing.

18 COMMISSIONER GILINSKY: One I agree with, let
19 me say

20 COMMISSIONER ROBERTS: Pardon?

21 COMMISSIONER GILINSKY: One I agree with, let
22 me say.

23 COMMISSIONER ROBERTS: What was the last part
24 of your statement?

25 MR. KEPPLER: I am sorry. I said that the

1 comment that I had made in discussing it was I had
2 certain views with respect to the timing of it.

3 COMMISSIONER AHEARNE: Okay. Now unlike my
4 colleague, I do not know whether I agree with that or
5 not, because I do not know what it means. So I guess I
6 would like you to answer --

7 CHAIRMAN PALLADINO: Only one colleague, I
8 think.

9 COMMISSIONER AHEARNE: You mean only one
10 colleague does not know what it means, or --

11 (Laughter.)

12 COMMISSIONER GILINSKY: We are going to ask
13 for equal time today.

14 COMMISSIONER AHEARNE: I am just asking
15 questions.

16 CHAIRMAN PALLADINO: We are already late, and
17 I would like to focus seriously.

18 COMMISSIONER AHEARNE: Yes, this is very
19 serious.

20 CHAIRMAN PALLADINO: I would appreciate that.

21 COMMISSIONER AHEARNE: I would like Jim to
22 explain what kind of an organization he has in mind when
23 he says, as you just said, you believe a third party is
24 going to be needed and it is the timing that is at
25 issue. So, therefore, could you please explain to me

1 what kind of an organization you have in mind, what you
2 would expect them to do, what role they would play with
3 respect to an NRC review, and then, finally, what
4 element of the statute would you put that requirement
5 under?

6 MR. KEPPLER: Let me say that my view on third
7 party was simply because I felt that there were a lot of
8 problems with the project, the performance of CG&E was
9 in serious question, the performance of NRC, to some
10 degree, has been in question. But I think the NRC would
11 like to get additional information to substantiate that
12 the quality confirmation program has been completely
13 properly and that all of the problems identified have
14 been dealt with properly.

15 That was the thought behind it.

16 COMMISSIONER AHEARNE: I can see that as a
17 genesis of an idea, but that does not tell me answers to
18 any of my questions.

19 MR. KEPPLER: I did not have a detailed plan
20 at that time.

21 COMMISSIONER AHEARNE: What kind of an
22 organization?

23 MR. KEPPLER: And I made that statement. I
24 made that statement. It would be, obviously, an
25 independent group that would come in, but I told

1 Congressman Udall that I did not have the details worked
2 out in my mind because it was going to come later.

3 COMMISSIONER AHEARNE: Sure, but if we at some
4 point have to -- I am taking very seriously this aspect,
5 that the Commission is watching over this. So I would
6 like to understand.

7 We have had third party audits now of a number
8 of plants. In some cases it is a very narrow, selected
9 set -- a system or a subsystem. Even in the plants in
10 which it was a more elaborate one, it was still focused
11 on some very finite areas and it has ended up requiring,
12 for example in Diablo Canyon, very large effort, a very
13 large effort, a lot of people and a lot of effort on the
14 part of the Staff before they could reach some
15 conclusion as to what it is that is actually supposed to
16 be done.

17 So I was -- I am really interested in have you
18 thought through? Are you talking about an independent
19 effort which would be a fifty-people company, an
20 independent effort that really would be three or four
21 hundred construction-type people?

22 COMMISSIONER GILINSKY: Presumably it would be
23 larger than the one at Diablo Canyon.

24 MR. KEPPLER: Let me address it. I had tried,
25 as I made my statements, I qualified it very carefully

1 to say that I had not worked out the details in my
2 mind. I do not know the answers to your questions on
3 that point. All I was convinced was there was both a
4 credibility issue involved and there was a need for NRC
5 to have further help in making a satisfactory finding
6 with respect to this project.

7 COMMISSIONER AHEARNE: Now that jumps to the
8 third. Since you are not yet clear on the first let me
9 go to the second.

10 COMMISSIONER GILINSKY: Well, there is another
11 point here -- let me just interject a comment -- which
12 is that --

13 CHAIRMAN PALLADINO: He has not made this as a
14 recommendation to the Commission. I think then we
15 should explore very carefully what --

16 COMMISSIONER AHEARNE: Except this is the
17 senior fellow in charge of this area. He has now made
18 the comment several other places that he believes a
19 third party audit is going to be necessary. I have
20 taken a strong position in previous rejection of
21 reopening the hearing that the Commission is watching
22 over this, and I feel obligated to try to understand
23 what is in mind here.

24 It is not to suggest the Commission is waiting
25 to get a recommendation from the Staff. I feel a

1 responsibility. I said very strongly in the opinion
2 that we are going to be watching it. I feel obligated
3 to watch it.

4 MR. DIRCKS: I think we want to get into many
5 of these points on recommendations this afternoon.

6 Now the other point, John, you have to
7 realize, Jim has made these statements because the
8 Commission many times sent him up to address these
9 issues before a Committee of the Congress.

10 COMMISSIONER AHEARNE: Don't be misled. I am
11 not criticizing Him for saying that a third party audit
12 is going to be necessary. I am just trying to get a
13 better understanding on what that might be because I
14 have seen -- I have a lot of problems with the way we
15 have been saying we are going to be doing third party
16 audits in other places because we have never really said
17 very specifically this is what we mean.

18 COMMISSIONER GILINSKY: Well, there is also
19 just a sheer manpower problem here, and there is a limit
20 to the number of people we ourselves can put on that
21 task, and if the task is way beyond that and it seems to
22 be one of greater magnitude than the one at Diablo
23 Canyon, it may just require a much greater effort. I
24 think it does.

25 COMMISSIONER AHEARNE: Now what is it that you

1 would hope that that -- putting aside -- I do not mean
2 to say it is a de minimus issue, but putting aside the
3 credibility part and focusing on the health and safety
4 certification that at some point it has to be our
5 fundamental up or down decision, are you looking for
6 this third party to go through the complete construction
7 process more than just the paper, but actually do the
8 field inspection verification of the adequacy of
9 construction?

10 MR. KEPPLER: My thinking, recognizing it was
11 not developed, was that there would be a select number
12 of systems taken toward the end of the quality
13 confirmation program -- and you have to recognize this
14 would be modified based on the results of that quality
15 confirmation -- but to take a select number of systems
16 and start out from the initial specifications right up
17 to the final tightening of a bolt.

18 And they would go through and independently
19 determine that those systems were proper, both from a
20 construction point of view and we obviously would be
21 wanting to consider design in this too.

22 COMMISSIONER AHEARNE: Now I gather that then
23 you would have to have in mind some kind of acceptance
24 level because one of the problems I think you have
25 already found throughout your review of Zimmer is each

1 time one approaches it as an audit basis you find that
2 the percentage of problems exceeds your acceptance
3 criteria, and so you go to, for example, a 100 percent
4 reinspection or they are going to have to find out some
5 other mechanism to do what was not done on the audit's
6 inadequate coverage.

7 So you are going to have to develop some kind
8 of threshold. If you choose selected subsystems or
9 selected systems, there is going to have to be some
10 threshold that would say here is how much of a problem I
11 am willing to accept in that review before I then expand
12 it to everything. Isn't that correct?

13 Now the other question related to what you
14 said would be, I think your point was, you wanted to
15 complete the quality -- this review program before you
16 turn that on. Is that correct?

17 MR. KEPPLER: I would like to talk about this
18 in a closed session.

19 COMMISSIONER AHEARNE: All right.

20 That is my last question for Jim. I still
21 have an NRR question. He may end up saying he would
22 like to talk about it in closed session.

23 CHAIRMAN PALLADINO: All right. Ask it and
24 let us try. If his gives that answer, you get 100
25 points.

1 (Laughter.)

2 COMMISSIONER AHEARNE: All right. We have
3 been sitting through many meetings with respect to
4 Zimmer. We have a lot of information on what has been
5 happening with respect to Zimmer. Harold, your people
6 had to approve originally the construction permit. You
7 will have to approve at some point, if it goes to that,
8 or would be in the line of approving, an operating
9 license, and I guess at this stage what does NRR believe
10 is the status of this plant.

11 Do you feel that it is at a stage where you
12 feel a fundamental rethinking has to be done, or
13 rechecking has to be done?

14 MR. DENTON: Our review has been conducted on
15 the basis that the plant was built in accordance with
16 the application. We have no additional factual
17 information about the status of the plant other than
18 what comes from I&E and what we read, and I would
19 propose to discuss my views of what should be done at
20 the same time Jim presents his in a closed session.

21 COMMISSIONER AHEARNE: You get your 100
22 points.

23 CHAIRMAN PALLADINO: You got 94 of them.

24 (Laughter.)

25 CHAIRMAN PALLADINO: Any other questions? I

1 do not want to cut off anybody else.

2 COMMISSIONER ASSELSTINE: I have just a couple
3 of short ones that I hope Jim can answer maybe in more
4 general fashion. They tend to be more general questions.

5 First of all, Jim, what is your confidence now
6 in the ability of the quality confirmation program to
7 identify the problems, the deficiencies or
8 non-conformances? Are you still satisfied that the
9 program itself is sufficient to identify the areas where
10 there are deviations?

11 MR. KEPPLER: I feel the quality confirmation
12 program has been one of the best parts of this effort.
13 I feel that a lot of problems have been identified by
14 it, and to that degree I have to believe it is working.

15 Now the program has been challenged somewhat
16 by GAP in terms of allegations related to work going on
17 in the QCP, and to the extent that allegations come in,
18 that always, I guess, puts a little bit of a cloud up
19 over the issue. But from our perspective, we have a
20 high degree of confidence in the quality confirmation
21 program and we think it has worked fairly well.

22 COMMISSIONER ASSELSTINE: Well, the second
23 question I had had to do with some of the information
24 you have already talked about, about problems in the
25 Catalytic rework. Has the utility really gotten

1 involved and taken charge of this work effort, and are
2 you confident of their ability to manage the rework
3 effort without getting into whatever corrective
4 measures?

5 MR. KEPPLER: Well, the Catalytic work has
6 stopped and it will not be restarted until we are happy
7 that the controls by CG&E are effective. That is a very
8 general statement, but, as I told you earlier, we have a
9 concern over -- I really have to get into the facts of
10 the Catalytic matter, and then I have to probe into how
11 this translates into CG&E's control over other
12 contractors.

13 COMMISSIONER ASSELSTINE: I guess that is the
14 part I am really interested in -- CG&E's management --
15 because we have got a history here where by their own
16 admission the utility says they really have not been
17 involved in the quality assurance.

18 MR. KEPPLER: Clearly we have some concerns.

19 COMMISSIONER ASSELSTINE: Okay. I guess the
20 third area I have a question about is your assessment of
21 the adequacy of CG&E's management in the ongoing work,
22 quite apart from the rework.

23 MR. KEPPLER: Well, we have -- I think there
24 is only one way I can answer, and that is that we have
25 been satisfied, recognizing there has been some

1 problems, because if I was not satisfied, I should have
2 stopped it. And the work was ongoing in accordance with
3 the immediate action letter that was issued a year and a
4 half ago, and generally we have had compliance with that
5 letter.

6 The Catalytic issue was the first real
7 perturbation in that series of findings.

8 CHAIRMAN PALLADINO: Well, I must say that I
9 am highly distressed by this situation going on at
10 Zimmer.

11 MR. DIRCKS: I think he wants to go on.

12 CHAIRMAN PALLADINO: What do you want to go on
13 with?

14 MR. KEPPLER: I just wanted to clarify and say
15 that I took your comments, have we been satisfied with
16 the efforts up to now of CG&E, but I think we have some
17 concerns that we want to talk about afterward and get
18 that across.

19 CHAIRMAN PALLADINO: Well, as I say, I am
20 distressed about the situation that you describe at
21 Zimmer. I certainly have concerns that while the QC
22 program is identifying deficiencies, the fact that the
23 rate is still high and, as a matter of fact, you
24 characterize it as being -- turning up problems faster
25 than the utility can handle it.

1 I am also concerned by the fact that
2 allegations are coming faster than we the NRC or you can
3 cope with it. I think this plant, like any other
4 nuclear plant, is going to have to be built right and
5 must be substantiated as having been built right before
6 it can be considered for operation.

7 And the previous reports I have read, the
8 separate discussions with you and investigators and
9 other members of the Staff and the story today do not
10 lend assurance that we are on top of the job and that
11 the interaction going on between the Staff and the
12 licensee is progressing to a satisfactory resolution of
13 the situation. I believe both of these situations must
14 be corrected and I, for one -- and, I am sure, the other
15 Commissioners join me -- are anxious to hear the Staff
16 recommendations on the action to be taken, and then take
17 the actions that we feel are needed.

18 And this must include assurance that
19 sufficient NRC Staff resources are made available to
20 monitor and cope with the situation. So I will look
21 forward to your recommendations. Unfortunately, it has
22 to be in a closed meeting, but we will go to that as
23 soon as possible.

24 Now we do have an affirmation session that was
25 scheduled for 3:30, but since we are in public session

1 it might be well if we just adjourned this meeting,
2 everybody stay seated. I do not think the affirmation
3 session will take more than a couple of minutes, and
4 then we can adjourn the second meeting and we can then
5 have a recess while we get ready for the closed hearing.

6 (Whereupon, at 4:03 o'clock p.m., the
7 Commission adjourned, to reconvene immediately in an
8 affirmation session.)

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NUCLEAR REGULATORY COMMISSION

This is to certify that the attached proceedings before the
COMMISSION MEETING

in the matter of: PUBLIC MEETING - STATUS OF ZIMMER INVESTIGATION

Date of Proceeding: October 26, 1982

Docket Number: _____

Place of Proceeding: Washington, D. C.

were held as herein appears, and that this is the original transcript thereof for the file of the Commission.

Mary C. Simons

Official Reporter (Typed)

Mary C Simons

Official Reporter (Signature)

CHRONOLOGY OF EVENTS SINCE LAST COMMISSION BRIEFING

JUNE 10, 1982	CONGRESSIONAL HEARING
JUNE 29, 1982	ALLEGED CONTINUING INTIMIDATION AND HARASSMENT ° MEETING WITH QA/QC INSPECTORS
JULY 1982	ALLEGATIONS RE WELDER QUALIFICATIONS
JULY 14, 1982	PUBLIC UTILITIES MEETING
AUGUST 1, 1982	REDUCE 100% REINSPECTION EFFORT
AUGUST 4, 1982	OI ASSUMED RESPONSIBILITY FOR INVESTIGATION
AUGUST 10, 1982	NATIONAL BOARD MEETING ° THREE INTERIM REPORTS
SEPTEMBER 1982	FIRST MONTHLY STATUS REPORT ISSUED
SEPTEMBER 14, 1982	CONGRESSIONAL HEARING
SEPTEMBER 16, 1982	CINCINNATI ENVIRONMENTAL ADVISORY COMMITTEE HEARING
SEPTEMBER 24, 1982	"DEMAND FOR INFORMATION"
OCTOBER 19, 1982	REGION III - CG&E MEETING ° CG&E/CATALYTIC, INC. INSPECTION FINDINGS ° STOP WORK ORDERS ISSUED CONCERNING CRD SYSTEM, MISCELLANEOUS, AND ALL OTHER ESSENTIAL WORK BY CATALYTIC (AUGUST - OCTOBER)
OCTOBER 25, 1982	KAISER QC INSPECTOR DISCHARGED
OCTOBER 26, 1982	CG&E REDUCTION-IN-FORCES BY 25%

OCT 27 1982

ATIONAL BOARD

<u>TASK NUMBER</u>	<u>SUBJECT</u>	<u>QCP TASK</u>
1	GENERIC DESIGN SPECIFICATION	VIII, IX
2	MATERIAL RELEASE BY NON-CERTIFICATE HOLDERS	III
3	MATERIAL MANUFACTURE, CERTIFICATION, AND SUPPLY	I, III
4	CG&E TAKEOVER OF PARTIAL PIPING SYSTEMS	
5	OWNER'S ANI	I, III
6	CATALYTIC'S MODIFICATIONS TO PIPING SYSTEMS	
7	STATE ACCEPTANCE OF CONTAINMENT LINER	II, III
8	VESSEL MODIFICATION BY HJK	III, VIII, IX
9	MANDATORY PREHEAT REQUIREMENTS	II
10	PUMPS AND VALVES TO THE 1968 CODE	III, VIII, IX
11	SHIMMI . PENETRIMETERS	V
12	OVERSTRESS DURING HYDROSTATIC TESTS	
13	IMPROPERLY STAMPED FLOW CHECK VALVES	III
14	NON-CODE COMPONENTS	
15	AS-CONSTRUCTED DRAWINGS	II, III, IX
16	CLOSURE OF NR'S PRIOR TO STAMPING	
17	ISSUANCE AND CONTROL OF NR'S	
18	REVIEW OF CONSTRUCTION PROCEDURES	
19	REVIEW OF IIDR'S	
20	TEMPORARY CHANGE NOTICES	
21	QUALIFICATION OF NDE PERSONNEL	I, II, III, X
22	RADIOGRAPHIC WELD IDENTIFICATION	

OCT 27 1982

SUMMARY OF THE PROGRESS OF QUALITY CONFIRMATION PROGRAM (QCP) TASK AREAS
AS OF APRIL, JUNE, JULY, AUGUST, AND SEPTEMBER 1982

TASK AREA	PERCENT COMPLETE/EXPECTED COMPLETION AS OF				
	APRIL	JUNE	JULY	AUGUST	SEPTEMBER
I. STRUCTURAL STEEL*	4% 12/01/82	31% 12/01/82	35% 12/01/82	50% 12/01/82	57% 12/01/82
II. WELD QUALITY*	34% 10/31/82	58% **	58% **	62% **	68% **
III. HEAT NUMBER TRACEABILITY*	55% 10/06/82	30% **	30% **	33% **	33% **
IV. SOCKET WELD FITUP	96% 08/13/82	98% 08/01/82	95% 10/01/82	96% 10/01/82	98% 12/01/82
V. RADIOGRAPHS	95% 10/04/82	97% 08/01/82	97% 09/15/82	98% 11/15/82	98% 11/15/82
VI. CABLE SEPARATION *	49% 07/30/82	54% 12/31/82	52% 12/31/82	35% 06/01/83	44% 06/01/83
VII. NONCONFORMANCES	66% 08/20/82	61% 12/31/82	40% 12/31/82	52% 12/31/82	61% 01/30/83
VIII. DESIGN CONTROL AND VERIFICATION	90% 06/01/82	97% 07/15/82	99% 08/15/82	99% **	99% **
IX. DESIGN DOCUMENT CHANGES	28% 12/31/82	34% 12/31/82	35% 12/31/82	<32% 04/15/83	<33% 04/15/83
X. SUBCONTRACTOR QA PROGRAMS	37% 07/16/82	60% 08/13/82	65% 09/15/82	75% 10/15/82	75% 10/30/82
XI. AUDITS	45% 07/16/82	70% 10/08/82	72% 10/08/82	74% 11/15/82	80% 11/15/82

*Areas viewed by Region III as potentially requiring a significant amount of rework.
**Estimated completion date to be determined.

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