

ORIGINAL

UNITED STATES OF AMERICA
NUCLEAR REGULATORY COMMISSION

In the matter of:

DUKE POWER COMPANY, et al

(Catawba Nuclear Power Station
Units 1 & 2)

Docket No 50-413 OL

50-414 OL

ASLBP No. 81-463-01 OL

Location: Rockhill, S. C.

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UNITED STATES OF AMERICA
NUCLEAR REGULATORY COMMISSION

BEFORE THE ATOMIC SAFETY AND LICENSING BOARD

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In the matter of: :
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DUKE POWER COMPANY, et al. : Docket Nos. 50-413 OL
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(Catawba Nuclear Station, :
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U.S. District Court
Old Post Office Building
Second Floor
Caldwell & Main Streets
Rock Hill, South Carolina

Thursday, October 13, 1983

The hearing in the above-entitled matter reconvened,
pursuant to recess, at 9:10 a.m.

BEFORE:

JAMES L. KELLEY, ESQ., Chairman,
Atomic Safety & Licensing Board
U.S. Nuclear Regulatory Commission
Washington, D.C. 20555

RICHARD F. FOSTER, Member,
Atomic Safety & Licensing Board
U.S. Nuclear Regulatory Commission
Washington, D.C. 20555

PAUL W. PURDOM, Member,
Atomic Safety & Licensing Board
U.S. Nuclear Regulatory Commission
Washington, D.C. 20555

1 On Behalf of the Applicants:

2 J. MICHAEL MC GARRY, ESQ.
3 Debevoise & Liberman
4 1200 17th Street, N.W.
5 Washington, D.C.

6 and

7 ALBERT V. CARR, ESQ.
8 RONALD L. GIBSON, ESQ.
9 Duke Power Company
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12 On Behalf of the NRC Staff:

13 GEORGE E. JOHNSON, ESQ.
14 Office of the Executive Legal Director
15 U.S. Nuclear Regulatory Commission
16 Washington, D.C. 20555

17 and

18 BRADLEY JONES, ESQ.
19 Regional Counsel, Region II
20 U.S. Nuclear Regulatory Commission
21 Washington, D.C. 20555

22 On Behalf of the Intervenors:

23 ROBERT GUILD, ESQ.
24 and MICHAEL LOWE, DIRECTOR
25 Palmetto Alliance
 P.O. Box 12097
 Charleston, South Carolina 29412

1 On Behalf of the State of South Carolina:

2 RICHARD P. WILSON, ESQ.
3 Assistant Attorney General
4 P.O. Box 11549
 Columbia, South Carolina 29211

5 Also Present:

6 MR. K. JABBOUR, Project Manager
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C O N T E N T S

<u>Witness:</u>	<u>Direct</u>	<u>Cross</u>	<u>Redirect</u>	<u>Recross</u>
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B. Gail Addis)
 Warren H. Owen)
 G. W. Grier)
 James R. Wells)

2844 (Guild)
 2921 (Johnson)
 2928 (Wilson)

Examination by the Board:

Judge Foster - 2965
 Judge Purdom - 2977
 Judge Kelley - 2992

2999 (Carr)
 3014 (Guild)
 3028 (McGarry)
 3033 (Cibson)

Theodore C. McMeekin)
 A. Parks Cobb, Jr.)
 C. Neal Alexander, Jr.)
 Lewis Zwissler)

3037 (Carr)
 3041 (McGarry)
 3053 (Gibson)

E X H I B I T S

<u>Number</u>	<u>Marked</u>	<u>Received</u>
Palmetto Exhibit No. 10	-	2919
Palmetto Exhibit No. 15	2853	2853
Palmetto Exhibit No. 16	2866	2866
Palmetto Exhibit No. 17	2867	2867
Palmetto Exhibit No. 18	2895	2904
Applicants' Exhibit No. 10	3037	3039
Applicants' Exhibit No. 11	3042	3043
Applicants' Exhibit No. 12	3050	3050
Applicants' Exhibit No. 13	3053	3054

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P R O C E E D I N G S

JUDGE KELLEY: We can go on the record.

At this point Mr. Gibson indicated he had a point to raise.

MR. GIBSON: Just two administrative matters:

The first involves the notes from Mrs. Addis' interviews of Step Two welding inspectors. We have the remaining documents that were not in the courtroom yesterday and I'll just give those to Mr. Guild with a copy to the other parties.

The second item, if you recall the Board indicated an interest in having a copy of the tape of the meeting Mr. Owen had with the welding inspection crew at Catawba. We now have two copies of that tape and I'll present one to the Board at a break.

JUDGE KELLEY: Fine.

Just for our record here can you make that Applicant's exhibit some number or other so that we can tie it in? Maybe even tie it to the transcript earlier, if that's 3, make it 3-A. That's just a suggestion.

MR. MC GARRY: It's Palmetto Alliance 2.

JUDGE KELLEY: That's right, it was introduced by the Palmetto transcript.

MR. GIBSON: Judge Kelley, since we have to do a revised transcript, why don't we at that point present the

agb2

1 revised transcript and the copy. I had forgotten about the
2 revised transcript a moment ago. I will mark it at that
3 point as an exhibit so that they're both together.

4 JUDGE KELLEY: All right. Thank you.

5 MR. GUILD: Mr. Chairman, we would like a copy
6 of that tape if it's going to be received. It should be.

7 JUDGE KELLEY: Could you provide a copy to
8 Palmetto?

9 MR. GIBSON: I think we can do that one way or
10 another and we'll just take that up with Mr. Guild.

11 Earlier I think the Board indicated that if
12 Palmetto or someone wanted a copy they should contact us
13 directly. I hadn't been advised of that until this morning.

14 JUDGE KELLEY: We'd like to move along so why
15 don't you discuss it first and then you can come back and
16 if you can't work it out then the Judges will decide.

17 MR. GUILD: Just as a general principle if it's
18 being offered as an exhibit, which we think it's proper to
19 offer it, it should be circulated and served we think.

20 JUDGE KELLEY: I'm only asking -- just to talk
21 to Mr. Gibson, the general principle of serving copies of
22 exhibits we naturally would adhere to.

23 MR. GIBSON: We did not understand that that was
24 what was being done with this tape. I understood the Board
25 wanted a copy and that's why we made those arrangements.

agb3

1 JUDGE KELLEY: I don't think it's unduly
2 complicated. I certainly don't want to send three copies
3 to the NRC. And you know the whole business of 10 or whatever
4 it is we have to get up to is all right for a piece of paper
5 but not for a tape.

6 But Mr. Guild has an interest in having a copy
7 for them and why don't you two talk about it?

8 MR. GUILD: Mr. Chairman, for the record can we
9 just be clear that now Ms. Addis' notes are the complete
10 set would be hearing Exhibit P-6, that's already been marked
11 and received?

12 (Mr. Gibson distributing documents.)

13 JUDGE KELLEY: Now we don't want to chew up a
14 lot of time with procedural matters this morning. We made a
15 rule last night that Palmetto's cross of this panel would be
16 completed my lunchtime today -- we didn't define that --
17 around noon, so we don't want to take a lot of time on other
18 things that would cut into that but I do want to take just
19 a few minutes on the more general subject of timing.

20 We have not -- and deliberately so, we have not yet
21 initiated any detailed discussions of ways to insure the
22 timely progress of the hearing. All things considered we
23 think the case has progressed reasonably well so far.

24 We're all aware that that we've spent quite a bit
25 of the time on procedural arguments over ground rules and

agb4

1 things like that so it's not chargeable to the questioning
2 process. Nevertheless we are aware of the fact that we do
3 have a lot of witnesses to hear from.

4 We're finishing the first panel, or first and
5 second depending on how you define it but I think we all know
6 what I mean, we're finishing that panel of four that's been
7 with us, finishing cross and then today probably finish the
8 process, maybe today if not tomorrow morning. But that's
9 five or so days on one panel and we've got four panels to go,
10 that's not counting welding inspectors. So we can't help
11 but be aware that there is a time factor that we should take
12 into account.

13 I should just say that we're not right now focusing
14 at all on the in camera procedure, we don't know what that's
15 going to produce and we have no notion of its dimensions at
16 the moment.

17 But just the, let's call it the public hearing as
18 opposed to the in camera hearing, how are we going to get
19 that accomplished in a timely fashion? We are concerned
20 that without some appropriate procedural devices the case may
21 just drag on too long and produce a massive, unwieldy record
22 and not only is that not desirable, we're under a directive
23 -- we consider ourselves to be under a directive from the
24 Commission, most notably in its statement of policy of a
25 couple of years ago on the conduct of licensing proceedings

agb5

1 that we manage these cases and we have the authority and
2 responsibility to do that and to insure that they're heard
3 in some reasonable time frame.

4 Now there are a range of approaches at our
5 disposal. I've just mentioned a couple and we're not asking
6 -- what I'm leading up to, gentlemen, we're going to want
7 to hear from you the first part of next week on this topic.

8 But just to give you an idea of some of the
9 things that are in our minds, we might think about some
10 target date for completion, really completion of Contention
11 6. We could consider setting a time frame for concluding
12 cross and recross, that is to say questioning of panels,
13 whether it would be three days or I don't know what and
14 doing that up front. We could consider I suppose some
15 time frame for hearing from the inspectors, whether or an
16 individual basis or whether on a cross basis. Those and
17 various variations I'm sure will occur to you.

18 We can certainly be at least rather flexible in
19 this approach. We might be looking more for guidelines than
20 stopwatch rules. But in any event I think that's enough
21 said. We're interested in this, we're concerned that we
22 may need some such approaches and we would like to hear
23 proposals from counsel as to how we ought to go about it.

24 We're into the case now, we have some feel for
25 what the case is like, how the questioning is going and

agb6

1 we're going to feel more comfortable in dealing with this
2 subject.

3 What we would like to do is have a discussion
4 with you first thing Monday morning on the general subject
5 and we'd like, to the extent that you have specific proposals
6 that you favor, that you be prepared to state them on the
7 record and make a case for them and we'll hear the pros
8 and the cons and then we would anticipate, having heard you
9 and considered these submissions, we'll see what procedures
10 that we should adopt.

#2flws

t2ml

1 JUDGE KELLE': (Continuing) So let's calendar
2 that for 9:00 next Monday morning.

3 MR. McGARRY: Judge Kelley, one point. We
4 think it important that the Applicant identify, in addition
5 to the individuals it already has identified, those other
6 individuals who Applicant will call resulting from the
7 subpoena request that we discussed last week. And we will
8 be prepared to do that tomorrow so Mr. Guild will have an
9 opportunity over the weekend to determine how much time it
10 will take him of those additional people.

11 JUDGE KELLEY: Thank you.

12 MR. GUILD: Mr. Chairman, I would just observe
13 it may be a little bit hollow without some direct testimony.
14 I understood that the Applicants were going to submit
15 prepared testimony for the subpoenaed witnesses who they
16 now choose to call their own. If I'm to be guided by how
17 much cross I have for them, I have to see what they're going
18 to say.

19 JUDGE KELLEY: Okay. We can leave it for argu-
20 ment Monday morning. I understand your point. Right now,
21 we just want to alert you to our concerns in this general
22 area and our desire to hear you on this point.

23 We're considering, and I think we can rule
24 tomorrow on the request for sequestration and exclusion,
25 I'll call it. In that regard, our sort of traveling copy

1 of the Midland decision, is that back with you now, Mr. McGarry?

2 MR. MCGARRY: Our copy is, yes, sir.

3 JUDGE KELLEY: Your copy, yes. Can the Board
4 borrow it?

5 MR. MCGARRY: Yes, sir.

6 JUDGE KELLEY: Thank you.

7 Well, I think we can go into resumption of
8 cross at this point. It's about 9:25 and I'd interpret
9 our ruling of last night to say Mr. Guild has about three
10 hours, some time 12:15-plus, if he wants up to that long,
11 to finish crossing this panel.

12 MR. GUILD: Thank you, Mr. Chairman.

13 Whereupon,

14 B. GAIL ADDIS,

15 WARREN H. OWEN,

16 G. W. GRIER and

17 JAMES R. WELLS,

18 having been previously duly sworn, were examined and
19 testified further as follows:

20 CROSS-EXAMINATION (Continued)

21 BY MR. GUILD:

22 Q Good morning, gentlemen, lady.

23 Mr. Wells, when you left the corporate quality
24 assurance manager position to perform your duties on loan
25 to INPO, you considered that a lateral transfer and not a

1 promotion, didn't you?

2 A (Witness Wells) I don't know if I considered
3 it either way. It didn't cross my mind.

4 Q Do you remember me asking you that question
5 in your deposition this summer?

6 A I believe I do.

7 Q Do you remember telling me you considered it a
8 lateral transfer, not a promotion?

9 A That's fair, although on reflection, I just
10 didn't really consider it; but it was not billed to me as
11 a promotion.

12 Q Do you remember stating at page 109 of your
13 deposition, "Well, I did not get more pay as a direct
14 result of that job. I did not regard it as a promotion.
15 The annual increase that we get generally each year at a
16 certain time, I received a pay increase as a result of that.
17 It was not due to promotion. This was not considered by
18 me or Mr. Owen, I'm sure, as a promotion, but just a
19 lateral assignment. Certainly not a demotion. Do you
20 understand that?

21 MR. MCGARRY: Your Honor, we'll object to this
22 line of questioning. We think it's irrelevant to the
23 subject matter of this hearing and clearly irrelevant to
24 the subject matter of this panel. We believe that any
25 inquiry into Mr. Wells' position at INPO, the tasks he

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1 performed at INPO just should not clutter this record.

2 MR. GUILD: Mr. Chairman, I don't want to talk
3 about what Mr. Wells did for INPO. I want to talk about
4 why he stopped doing what he did for some six years, and
5 that was run the quality assurance program at Duke Power
6 Company, and I think he answered the question, sir.

7 JUDGE KELLEY: Is there a pending question?

8 MR. GUILD: I understood him to -- the pending
9 question was, does he confirm the testimony he gave to me
10 under oath at his deposition this summer -- he did say
11 that -- and is that true?

12 JUDGE KELLEY: Well, I'll let the witness answer
13 this question, and then, I think, that's about enough on
14 that subject.

15 A (Witness Wells) Yes, I would stand by that
16 testimony.

17 BY MR. GUILD:

18 Q Now, it is true, Mr. Wells, is it not, that your
19 duties in your present position do not include supervising
20 the quality assurance department at Duke Power Company?

21 MR. McGARRY: We'll object to that question.
22 It's repetitive. It's been asked and answered.

23 MR. GUILD: That's true. I'm simply trying to
24 expedite this. If I'm going to have to address objections
25 to every question, I won't be able to get done by noon.

t2m5

1 JUDGE KELLEY: I don't think it's fair to say
2 it's been objected to very much. The question was asked
3 last night. I remember it. Go ahead.

4 BY MR. GUILD:

5 Q Let me refresh everybody. You answered yester-
6 day, sir, that you no longer had quality assurance duties,
7 just so we remember what the testimony was from a day ago,
8 okay?

9 JUDGE KELLEY: Okay.

10 A (Witness Wells) Yes, that's correct.

11 BY MR. GUILD:

12 Q And you instead are doing special projects as
13 Mr. Owen related. What I want to understand, sir, having
14 listened to your testimony about how you classified the
15 position of welding inspector for INPO, having listened to
16 the testimony of Mr. Grier and Mr. Owen and having heard
17 the statement that the principle of internal equity and
18 external competitiveness or equity would govern how you
19 set pay and job classification, since you no longer run
20 the quality assurance department and now do this assistant
21 position with special assignments, but still are in the
22 same position with respect to pay classification you were
23 before, how does that meet the company's principle of in-
24 ternal equity that you expounded to welding inspectors and
25 to others that we've discussed? I don't mean to directly

t2m6

1 focus that on you, Mr. Wells, and I understand this is a
2 delicate matter that relates to your work, so I'm really
3 directing it to the panel and Mr. Owen and Mr. Grier,
4 who also, of course --

5 A I think that's --

6 MR. McGARRY: Objection. We think that that
7 question is totally irrelevant to the testimony of this
8 panel.

9 JUDGE KELLEY: Sustained.

10 MR. GUILD: Mr. Chairman, may I be heard for the
11 record, at least in terms of --

12 JUDGE KELLEY: Well, you know, we've been
13 arguing this for the last objection and the one before
14 that. I told you last night on the subject of Mr. Wells'
15 present position. Mr. Owen described it. He laid it out.
16 We know in the record what he's doing. He's getting the
17 same pay, I understand. I think that's enough.

18 MR. GUILD: Mr. Chairman?

19 JUDGE KELLEY: Objection sustained. Move on.

20 MR. GUILD: May I state my objection for the
21 record?

22 JUDGE KELLEY: You may submit a written offer
23 of proof if you wish.

24 MR. GUILD: That, in fact, says you won't hear
25 my position. I can't --

t2m7

1 JUDGE KELLEY: Mr. Guild, I think you're going
2 to have to learn when the Board makes a ruling and says
3 sustained and move on, you better do it.

4 MR. GUILD: Mr. Chairman, with all due respect,
5 I'd like an opportunity to be heard before the Board rules
6 on the Applicants' objection. It's customary. I would
7 respectfully request that so my position would be clearly
8 reflected in the record. And I most strenuously note my
9 exception to --

10 JUDGE KELLEY: I will restate once more and then
11 this will terminate or I will take action.

12 MR. GUILD: I'm sorry, sir.

13 JUDGE KELLEY: My position is that the objection
14 was stated. It has been an objection I've already heard
15 this morning and last night, that you're going after some-
16 thing that's quite far afield from this case. You've had
17 opportunities to explain your theory of this line of
18 questioning better. I've heard it. I'm not persuaded.
19 I'm telling you this morning that the objection is sustained.

20 MR. GUILD: Mr. Chairman, the line --

21 JUDGE KELLEY: Now, if you want any further
22 opportunity to file your position on this point in the
23 record of this case, you may write a memorandum doing so
24 and labeling it offer of proof. I'd be happy to put it in.
25 I'm not going to listen to any more argument from you on

t2m8

1 this, Mr. Guild.

2 MR. GUILD: I want to pursue a line. I
3 respect --

4 JUDGE KELLEY: Mr. Guild, I'm going to hold you
5 in contempt if you do not stop talking right now.

6 MR. GUILD: How do I pursue this line of
7 questioning or lay --

8 JUDGE KELLEY: We're going to take a 10-minute
9 recess and --

10 MR. GUILD: I'm just asking --

11 JUDGE KELLEY: We're going to take a 10-minute
12 recess.

13 Off the record.

14 (Short recess.)

15 (Continued on next page.)

1 JUDGE KELLEY: We'll go back on the record.

2 The Board has a few comments to make, and then we
3 will resume cross-examination.

4 First, the Board will entertain no further discus-
5 sion of the prior objection or the Board's ruling. The more
6 important point in our view is a question that ought to be
7 settled and settled clearly right now. That's a question of
8 who's running this hearing, the Board or one or another counsel,
9 and the answer is the Board is going to run this hearing.

10 The record will reflect that Mr. Guild kept talking
11 after the Chairman told him to stop talking. We will not
12 tolerate that. When the Board indicates that counsel, any
13 counsel, should stop talking, they must stop talking.

14 The Board may be wrong in its ruling. Maybe some
15 day a higher body will correct the error. We cannot run this
16 case, though, unless it's clear who's running this courtroom.
17 The power of this Board to control the conduct of lawyers is
18 explicit. It's set forth in the Commission's rules. The
19 citation is 10, Code of Federal Regulations, Chapter 2,
20 Section 713, and I'll read subpart C captioned, "Reprimand,
21 censure or suspension from the proceeding. A presiding officer
22 may, if necessary, for the orderly conduct of a proceeding,
23 reprimand, censure or suspend from the participation in a
24 particular proceeding pending before it any party or repre-
25 sentative of a party who shall refuse to comply with its

1 directions or who shall be guilty of disorderly, disruptive
2 or contemptuous conduct." There's a further subsection
3 talking about suspension I won't read.

4 Frankly, Mr. Guild, I thought you were out of line.
5 All this is is a caution. In the future, if the Board says,
6 "stop talking," stop talking or we'll take action beyond a
7 caution.

8 The Board is ready for you to resume your cross-
9 examination.

10 MR. GUILD: Yes, sir, and I would just ask the
11 record reflect that I desire to be heard on the Board's
12 observation.

13 JUDGE KELLEY: Right now?

14 MR. GUILD: No, sir. I would like an opportunity,
15 if the Board would indulge me, in serving me a copy of the
16 transcript. As the Board has been informed, we can't afford
17 to buy one. Since I understand the Board's remarks explicitly
18 be directed at me --

19 JUDGE KELLEY: Yes, they were.

20 MR. GUILD: -- and I appreciate you clarifying that,
21 I would like an opportunity to study those remarks and to be
22 heard, if I choose to exercise that right, at a later time.

23 JUDGE KELLEY: Well, you can certainly be heard on
24 paper. We'll consider some later time request, perhaps, but
25 we don't commit to that.

1 Why don't you go ahead with your cross.

2 MR. GUILD: Yes, sir. May I have the privilege of
3 being served a copy of the Chairman's oral remarks?

4 JUDGE KELLEY: I'd be happy to provide you with a
5 copy of the transcript, the Xerox portions, when I get
6 tomorrow's transcript.

7 MR. GUILD: Thank you, sir. And without trying to
8 transgress the Chair's direction, I would simply note that I
9 do have a line of questioning which I will, with all respect,
10 not pursue, but which I desire to pursue, and I'm being
11 enjoined from pursuing.

12 JUDGE KELLEY: Well, you certainly should make an
13 offer of proof of that, Mr. Guild.

14 MR. GUILD: We would like to do that, and I would
15 have done that orally if I'd been given the opportunity. As
16 the Board knows, we're under some time constraints, but I
17 understand the Chair's record.

18 BY MR. GUILD:

19 Q Mr. Wells, I want to ask you if you can identify a
20 document, please.

21 A (Witness Wells) Yes, I believe I can identify it.

22 Q It's a January 22nd, 1982, document, Mr. Lee's
23 communication to you with respect to the pay reclassification,
24 in short, the recourses in the pay reclassification.

25 A It's Mr. Lee's communication on the third level

1 recourse of the welding.

2 Q Essentially confirming the earlier decisions to
3 reclassify or downgrade the welding inspector positions?

4 JUDGE KELLEY: Has everybody had this piece of
5 paper?

6 MR. GUILD: No, sir. I'm going to distribute it.

7 JUDGE KELLEY: Are you just identifying it?

8 MR. GUILD: Yes, sir.

9 BY MR. GUILD:

10 Q Is that right?

11 A (Witness Wells) Mr. Lee made the statement that he
12 has reviewed it and that the existing pay grade 10 is the
13 proper pay grade for their position.

14 Q All right, sir.

15 MR. GUILD: Mr. Chairman, I'd ask this be marked as
16 the next exhibit, Palmetto 15, please.

17 JUDGE KELLEY: Yes.

18 (The document referred to was
19 marked for identification as
20 Palmetto Exhibit No. 15.)

21 MR. GUILD: And received as an exhibit evidence.

22 JUDGE KELLEY: Received.

23 (The document previously marked
24 for identification as Palmetto
25 Exhibit No. 15 was received in
evidence.)

1 BY MR. GUILD:

2 Q Now, sir, without going into the detail of what
3 Mr. Lee observes, which will speak for itself, he did say that
4 he wanted you to communicate his decision to the welding
5 inspector, and that was his direction in that letter, wasn't
6 it?

7 A I'd have to read the letter in detail.

8 Q Take a moment to do so.

9 A I will say this, though. It's my understanding
10 that he communicated directly with each of them through the
11 mail.

12 Q He wrote them a letter, right?

13 A That's my understanding, yes.

14 Q But he also says that supervisors of the classifi-
15 cations involved, welding inspector A and maintenance
16 inspector A, on Monday, January 26, 1982, are asked -- and I'm
17 paraphrasing -- to inform their employees a special consider-
18 ation will be given to any transfer request initiated this
19 week to the construction crafts.

20 MR. MC GARRY: Your Honor, I think it would be
21 helpful if we could take a minute and let Mr. Wells read the
22 letter.

23 MR. GUILD: Please refresh your recollection and
24 read the letter.

25 JUDGE KELLEY: Take a minute.

1 (Pause.)

2 A (Witness Wells) Yes, I've read it. I'm ready.

3 BY MR. GUILD:

4 Q He was asking that you, through the direct super-
5 vision, inform the welding inspectors of their opportunity to
6 request transfers to craft, back to craft, isn't that right?

7 A Yes, that was part of it.

8 Q Okay. Now, as sort of a foundation, Mr. Wells, you
9 understand that some of the complaint was to the effect that
10 by comparison to the welding craft position, the welding
11 inspectors believed that they were being unfairly treated
12 with respect to the pay reclassification; that their jobs
13 required greater duties and responsibilities and they should
14 be paid more than senior welding craft, in short.

15 A You use the term "senior." That is a pay classi-
16 fication within Duke. They were being paid more than the
17 welder, but there is a classification of welding senior that
18 you mentioned. I don't know if you meant to say that or not.

19 Q No, I didn't mean using it as a term of art. But
20 that, in short, one of the issues in contest was whether
21 they're being treated fairly compared to craft, inspectors
22 versus craft, isn't that right?

23 A In the pay matters, yes.

24 Q And that here Mr. Lee is saying, "The decision is
25 final. I'm reclassifying your position or confirming the

1 earlier decision, and I'm going to give you a chance to go
2 back over to craft, if you want to," isn't that right?

3 A Yes. I've always found, in my dealings in the
4 company and with Mr. Lee, that he is very desirous of everyone
5 working in an area where they would like to work consistent
6 with the needs of the company, and that was his point, that
7 we have a large number of welders, and we are always needing
8 welders, and they're sometimes in short supply; and if any of
9 these inspectors truly would prefer to be a welder than an
10 inspector, then it was his desire to go overboard, so to
11 speak, to try to help them where they could get to serve the
12 company best.

13 Q Well, he uses the word "special consideration," and
14 it was special, wasn't it? Above and beyond the normal
15 opportunity for transfer, Mr. Lee was making -- he was making
16 a special arrangement so that they could exercise within a
17 week their request to transfer back to craft.

18 (Continued on next page.)
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1 A Yes, it was special in this manner: we might
2 have a need for 200 welders. That's a lot of welders on
3 the job. Two or three more -- we lose welders all the time
4 and we might not have hired them on those days, but the
5 special effort he meant was that we would perhaps go over a
6 little bit on our allotment of welders for a few days or weeks
7 to accomodate these. That's the only special arrangement
8 that I understood.

9 Q Now I interpret a number of the concerns I've
10 raised as either pay reclassification or go beyond that to
11 management support and to problems with the QA program
12 buckling under to construction as saying that Duke in
13 effect is denigrating or downgrading the stature of the QC
14 welding inspector position.

15 Now I'm just saying that and in light of this
16 decision by Mr. Lee, doesn't that sort of confirm that when
17 you say we're going to give you one last chance to go back
18 to the preferred position of craft, to leave the welding
19 inspection and go to craft; doesn't that sort of confirm
20 the downgrading of the inspection function?

21 A Let me clarify that question and then I'll try
22 to answer it.

23 Mr. Lee and no one else in the company, in my
24 opinion, has ever tried to downgrade inspectors or anyone
25 else. This was simply a matter of an analysis of the pay,

agb2

1 what they should pay. It was no attempt to downgrade their
2 stature or their status or anything else about their job.

3 Now some of them asked the question well if we
4 don't get any more pay I would prefer to be a welder, and
5 the only thing Mr. Lee was saying here is we'll go the extra
6 mile, we'll hire a few more than we really need now because
7 we know we're going to need them and we can always use good
8 welders and that's the only significance that I draw from
9 this "special."

10 I don't think he was saying now you've been
11 downgraded and we're going to give you a boost, because
12 Mr. Lee certainly recognized, always has, the importance of
13 inspection work.

14 A (Witness Owen) Maybe I can clarify that a little
15 bit, Mr. Guild, and tell you just a word about our normal
16 transfer process: any employee of the company can ask for
17 a transfer to another area and that transfer is considered
18 on several bases.

19 One is that we have a need in that other part
20 of the company for someone. And the second bases for
21 consideration is whether or not we can spare that person at
22 that time from whatever job they're in. And we have been
23 -- we have had that transfer policy for a long time.

24 What he was saying and the only reason it was
25 special -- and it was certainly not a last opportunity --

agb3

1 was that we determined in our discussions that we would say
2 to those inspectors that those two criteria for transfer
3 did not apply during this period; if you're interested in
4 going, we'll make sure you go. And in fact I believe one
5 inspector did.

6 Q Mr. Godfrey.

7 A He did decide to go, or at least he's the only
8 one that I talked personally with and I know for a fact that
9 he did go.

10 Q The same welding inspector that had the tape
11 recorder, is that --

12 A That's correct.

13 Q Now in fact doesn't that reflect in your judgment
14 generally this attitude -- you heard these people talk to
15 you -- just how committed these welding inspectors were to
16 doing the job as QC inspectors, how important they thought
17 it was: they stayed in the QC position despite their concerns
18 and the disappointment and you downgrading their pay
19 classifications?

20 Doesn't that say something about how committed
21 they were to their position, in your judgment?

22 A I wouldn't say that Mr. Godfrey was any less
23 committed than any of the others because he went into
24 welding craft.

25 The visual welding inspectors are part of an

agb4

1 overall process. It takes a designer who designs the weld,
2 specifies the material, says what the lawful concurrence
3 with quality assurance people, what the inspection require-
4 ments are going to be, specifies the thickness of the pipe,
5 what welding process is going to be used and then it takes
6 a dedicated and qualified certified welder to make the weld
7 and his supervision to do that.

8 And the welding inspector visually inspects it
9 and then another kind of inspector may make a radiograph and
10 do other things and then somebody has to test it and then
11 ultimately somebody operates it. So he's part of a process,
12 he's not any more important or any less important than
13 anyone else in that chain.

14 Q Mr. Owen, I don't mean to cut you off, sir, but
15 you're on my time and my time is limited and I appreciate
16 you not going over all the things that you may feel is
17 related. But the question I really asked was and if you
18 could focus on is this:

19 Isn't it significant that the welding inspectors
20 chose to stay as welding inspectors? Doesn't that reflect
21 highly upon their motivation and their commitment to the QC
22 program?

23 A I never questioned their motivation and I think
24 it certainly reflects highly on them that they can feel as
25 strongly as they obviously did about this and file their

agb5

1 recourse, that they both stayed and have done good work
2 since then as QC inspectors or welders and have stayed
3 with Duke Power Company.

4 Q Now Mr. Owen you met in December, I think the date
5 was the 23rd if I recall correctly, with Mr. Dick and Mr. Wells
6 and perhaps others and asked them -- according to at least
7 Mr. Wells' cover memo -- to submit to you some plans to take
8 remedial measures, recommended actions in response to the
9 welding inspector case.

10 Right?

11 A I don't recall that our discussion or meeting
12 on the 23rd actually included Mr. Dick. I had met with him
13 e arlier -- but it may have, I just --

14 Q Was there a representative of construction, do
15 you recall?

16 A I don't recall. There may have been.

17 I did check my calendar last night and there's
18 no such meeting on my calendar, so it was spontaneous,
19 not something that I called or it would have been there.

20 Q All right.

21 Let me show you a document, January 11th, 1982,
22 W.H. Owen from Mr. Dick.

23 Can you identify that document?

24 (Handing document to Mr. Owen.)

25 A Yes, this is one of the documents we discussed

agb6

1 during the deposition. It's a January 11th response to my
2 request of Mr. Dick to develop a quality awareness program.

3 Q And you made that request to Mr. Dick in
4 approximately the time frame late December asking him to
5 submit something to deal with these concerns in the construction
6 area, sort of to parallel your request to Mr. Wells to
7 submit what we talked about earlier in the QA area?

8 A I think -- I may have made this request much
9 earlier of Mr. Dick. We had been talking for some months
10 about our success with the safety awareness program and we
11 had been highly successful with that --

12 JUDGE KELLEY: Could I just interrupt and ask:
13 I'm not sure who this is to and who it's from? Is this
14 from you to Dick or vice versa?

15 WITNESS WELLS: No, it's to me from him.

16 JUDGE KELLEY: All right, thank you.

17 WITNESS WELLS: Let's see, I lost my train...

18 We had been highly successful with what we called
19 an awareness approach in the industrial safety area where
20 we ended up with and now have an industrial safety record
21 that is far better than most -- any heavy construction
22 organization I know of.

23 We had been talking about how can we use that
24 same concept elsewhere and other things. So very early
25 in December as I recall I asked him to put together a quality
awareness program and these are the things he suggested.

5ml

1 BY MR. GUILD:

2 Q Mr. Dick will be testifying, and I took his
3 deposition this summer. Would you agree with the general
4 characterization that this was in response to a request from
5 you for proposals in the construction department?

6 A (Witness Owen) Certainly, yes.

7 Q And that it was in parallel with your requests
8 from QA, Mr. Wells, and it all focused on addressing what
9 you were seeing as concerns coming through the welding
10 inspectors?

11 A The acceleration of this effort was a part of
12 my response to what seemed apparent to me, is that there
13 was either the potential -- and certainly it was evident
14 there had been some areas of friction between the inspectors
15 and the craft.

16 Q All right, sir. Now, I want to be fair and
17 comprehensive the best I can. Are you aware of anything
18 else in this time frame, in the December-January time
19 frame, December, '81-January, '82 time frame, any written
20 submissions from the construction department that we can
21 generally review as proposed remedial measures on the con-
22 struction site to deal with the welding inspector concerns,
23 or is this it?

24 A No. This was a -- I call it an awareness.
25 This is a raising -- an attempt to raise their awareness

t5m2

1 of people in areas where you have previously made efforts
2 in training and through supervision, and we've had a safety
3 program for many, many years. The safety awareness program
4 improved our safety record. We've had a clear understand-
5 ing since day one --

6 Q Mr. Owen, I'm going to have to caution you.
7 I'm trying to get responsive answers. With all respect,
8 my time is limited.

9 A Ask me again.

10 Q Yes, sir. What I want to understand, is there
11 anything else in this time frame that represents a written
12 response to construction -- to your request for proposed
13 actions in response to the welding inspector concerns,
14 anything else you know of?

15 A No, I don't. I didn't ask the construction
16 department to do anything with respect to handling the
17 welding inspectors' concerns.

18 Q You didn't ask for some effort to try to deal
19 with that side of the communication problem, to deal with
20 the craft side of the welding inspector interface, if you
21 will?

22 A This was our program to do that.

23 Q Oh, it was your program to do that?

24 A Yes.

25 Q And you asked for it, and this is what Mr. Dick

5m3

1 gave you?

2 A Absolutely.

3 MR. GUILD: Mr. Chairman, could we mark it and
4 receive it as the next hearing exhibit, please?

5 JUDGE KELLEY: Marked and received.

6 (The document previously
7 referred to was marked for
8 identification as Palmetto
9 Exhibit No. 16, and received
10 in evidence.)

11 BY MR. GUILD:

12 Q Mr. Owen, I'm running out of copies. I'm going
13 to have to take yours back, if I can.

14 Now, sir, I show you another document and ask if
15 you can identify it. This is a copy of a bumper sticker
16 that was produced as suggested in that memo under the
17 quality awareness program in the construction department.

18 A I think it's a bumper sticker with those words
19 on it.

20 Q I didn't produce it. It was produced by Duke --

21 A I can just tell from it it's a bumper sticker.
22 I don't know if it's that one.

23 Q We can bring the bumper sticker in, but can you
24 acknowledge that's a bumper sticker of that?

25 A Yes.

5m4

1 MR. GIBSON: Judge Kelley, if I might shorten
2 this. During the course of Mr. Dick's deposition, which
3 Mr. Owen was not attending, we presented at Mr. Guild's
4 request a copy of the bumper sticker referred to in this
5 memo. Having looked at this Xeroxed copy, it appears to
6 be a copy of that bumper sticker.

7 MR. GUILD: All right, sir.

8 JUDGE KELLEY: Thank you.

9 MR. GUILD: Ask it's identification as the
10 next exhibit and move it's admission in evidence, Mr.
11 Chairman.

12 (The document previously
13 referred to was marked for
14 identification as Palmetto
15 Exhibit No. 17.)

16 JUDGE KELLEY: Received.

17 (The document previously marked
18 for identification as Palmetto
19 Exhibit No. 17 was received in
20 evidence.)

21 BY MR. GUILD:

22 Q You have got banners as well, don't you?

23 A Yes, sir.

24 Q And you've got some posters, "Quality is you,"
25 "Thanks for quality"?

t5m5

1 A Yes, sir.

2 Q You've got a quality crew of the month award?

3 A Yes, sir.

4 Q You've sent out letters on quality? It says,
5 "Done" -- I'm sorry, I had to take the copy back, but it
6 has, "Done" by it. You did that or construction people
7 did it?

8 A I didn't do that.

9 Q Your construction people did that?

10 A I don't know who did that, Mr. Guild.

11 Q You don't know it was done?

12 A I do know it was done.

13 Q You do know it was done?

14 A Yes.

15 Q Can we assume it was done by your construction
16 people?

17 A I follow, as I do trying to be a responsible
18 manager, these kinds of things, and they assured me all
19 these things were done. I can personally attest to the
20 banners and things like that, and I'm sure the letters went
21 out.

22 Q So you've got the letter in front of you now.
23 Counsel supplied it.

24 A Someone wrote, "Done," on it.

25 Q Yes, "Done," is written next to --

5m6

1 A -- each item.

2 Q -- each item?

3 MR. JOHNSON: Do you have a copy of that last
4 exhibit?

5 MR. GUILD: I'm afraid I don't. I've run out
6 of copies. I will run one off later and get it to you.
7 You've seen that, haven't you?

8 MR. JOHNSON: Yes, sir.

9 MR. GUILD: Thank you.

10 That should be No. 17, Mr. Chairman.

11 JUDGE KELLEY: Okay.

12 BY MR. GUILD:

13 Q Can you identify this document, Mr. Owen, from
14 you to Mr. Lee, January 21, '82; is that right?

15 A That's correct.

16 (Continued on next page.)
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1 BY MR. GUILD:

2 Q Take a moment while I'm distributing this and read
3 it over, if you have it in front of you, sir.

4 A (Witness Owen) I read it.

5 Q You wrote it?

6 A Yes, sir.

7 Q All right, sir. It's written "confidential" at the
8 top, is that right?

9 A That's correct.

10 Q Does that mean it was held confidential at the time?

11 A That's correct.

12 Q Why? What's the significance of the term?

13 A Well, anything that would be dealing with a salary
14 matter of this nature, I've instructed my secretary to try to
15 put "confidential." We don't want it just left lying around
16 on the --

17 Q Like the transcript of your talk to the welding
18 inspectors? That's one of those kinds of matters that you
19 want to be confidential, dealing with salary matters?

20 A No, that wasn't confidential. I don't know why
21 that was stamped "confidential."

22 Q You don't know?

23 A No, sir. I think you'll notice on my original copy
24 it was not marked "confidential."

25 Q Original copy of what?

1 A Of my remarks to the welding inspectors.

2 Q I've never seen your original copy. All I have
3 seen is the one that's stamped "confidential."

4 A That's the transcript, I believe.

5 Q Yes, the transcript.

6 A You said in my remarks, and my remarks it's not
7 marked "confidential."

8 Q Well, your prepared remarks are virtually the same
9 except for the question and answer. What was the significance
10 to make that part confidential if the original wasn't?

11 A I didn't stamp it "confidential." I can't answer
12 that question.

13 Q You can't relate what the practice of the company
14 is with respect to what's confidential and what's not, what's
15 stamped "confidential" and what's not?

16 A I either asked my secretary or on her initiative
17 she marked this "confidential."

18 Q You don't remember in this instance?

19 A No.

20 Q And you don't know what the general practice is?

21 MR. CARR: Your Honor, I'm going to object. That
22 question has been asked and answered.

23 JUDGE KELLEY: Sustained. I believe that's correct,
24 Mr. Guild.

25 MR. GUILD: Since I won't be heard and can't be

1 heard, I have nothing to say.

2 JUDGE KELLEY: I'll just say, I don't appreciate
3 that, and --

4 MR. GUILD: Mr. Chairman, you asked me a question,
5 and I didn't really think that it invited an answer, since
6 you have ruled, sir. I don't know how else to respond.

7 JUDGE KELLEY: There will be times in this case
8 when an objection is made of an asked-and-answered nature
9 where it is so transparently obvious that that is the case,
10 that rather than listen to responding remarks, the Chair may
11 just say "sustained." It won't happen very often, but from
12 time to time it will happen; and if you have an objection to
13 that, you can take it to the Appeal Board, but don't take it
14 to me.

15 MR. GUILD: I respect that, and I understand the
16 custom and practice of an objection stated with grounds,
17 without argument, and the Chair ruling on it, and I don't
18 seek to argue except where arguing has been advanced by the
19 other side. I just would note that you asked me a question,
20 and the question seemed to invite a response, but you had
21 already ruled, sir.

22 JUDGE KELLEY: I guess our characterizations differ,
23 but let's move on.

24 MR. GUILD: I don't have anything further to say.

25 JUDGE KELLEY: Nor do I.

1 BY MR. GUILD:

2 Q This was a memo to Mr. Lee from you, Mr. Owen. It
3 has "confidential" on the top, for whatever reason, we don't
4 know, and it's about preparations that were made by you to
5 announce the decision on the pay recourse, the decision that's
6 reflected in Mr. Lee's January 22nd letter that's just been
7 received as a hearing exhibit that was addressed to Mr. Wells;
8 isn't that right?

9 A (Witness Owen) I think the main thrust of the
10 meeting that day was to discuss the letters that were to be
11 sent to the individuals who pursued the recourse. That's the
12 normal pattern.

13 Q The main thrust is the letters, you say?

14 A Yes.

15 Q Read this memo. Have you had a chance to read it?

16 A The memo says that we're going to have a meeting of
17 these people to discuss these letters. He had a final look at
18 those letters, and the actions that he had asked us to get
19 ready to take to make sure that supervision knew about it, but
20 not too long in advance of when the recipients of the recourse
21 knew about it.

22 Q All right, sir.

23 A That's normal practice.

24 Q The close in this letter is, "I need an opportunity
25 right away to talk with you about this entire matter," and I

1 think in the introduction it says that "these people are ready
2 to meet with you after 2:00 p.m. today, January 21st." Did
3 you meet with Mr. Lee that afternoon, Mr. Owen?

4 A I'd have to check my calendar, but I believe we did
5 meet on the afternoon of the 21st.

6 Q All right, sir.

7 Now, you list six items of action. "We have done
8 the following: One, Ms. Addis prepared" -- now, that has
9 reference to the letter by Mr. Lee to the third step recourse;
10 is that right?

11 A We had had an earlier meeting, and Mr. Lee had
12 directed Ms. Addis to prepare those letters for his review, as
13 I recall.

14 Q All right. And the review by Mr. Wells, right?

15 A The sentence says that she has prepared and
16 reviewed.

17 Q And that includes Mr. Wells, right?

18 A Yes.

19 Q It includes Bob Bisanar. Is he your labor counsel?

20 A Yes.

21 Q He's your in-house counsel?

22 A Yes.

23 Q Number two. "Our experience has indicated that
24 mailing it Thursday night causes problems when family members
25 open letters and call the job on Friday." What would they be

1 calling the job about, Mr. Owen? What would you anticipate?

2 A What was the last part of the question?

3 Q What did you anticipate from family members with
4 respect to calling the job on Friday?

5 A We made the recourse decision -- goes to the first
6 class mail to the home address of the person who files the
7 recourse or the persons who file the recourse. If we mail
8 the recourse decision and it arrives at home on Friday and
9 the employee says to his wife, "You open it if it comes," then
10 they call the job, and that was all that was meant by that
11 sentence.

12 Q Call the job about what?

13 A Call their husband or wife, as the case might be.

14 Q To tell them that they just had their step three
15 recourse denied by Mr. Lee; is that what you were fearful of?

16 A No, I wasn't fearful of that.

17 Q Then why did you time the letter? That's what I
18 want to know.

19 A We always time the letter. There is a time
20 restraint on response to it, and our experience has been that
21 that causes some problems, and we wanted that letter to arrive--
22 since it was already on Thursday, we wanted it to arrive when
23 the employee was at home.

24 Q Over the weekend?

25 A Over the weekend, that's correct.

1 Q Saturday? You didn't want the employees hearing
2 about it?

3 MR. CARR: Your Honor, I'm going to object to this
4 at this point. I don't see any relevance whatsoever to this
5 issue in the issues before this Board, and this line of ques-
6 tioning.

7 JUDGE KELLEY: Well, comment?

8 MR. GUILD: My time is running, Mr. Chairman. I'll
9 simply move ahead.

10 JUDGE KELLEY: All right.

11 BY MR. GUILD:

12 Q What did Mr. McCracken and Bisanar and Mr. Grogan
13 do with respect to helping Mr. Wells, Mr. Davison and Barbour
14 preparing for discussions with supervision?

15 A On any recourse that could potentially involve
16 relationships between departments, we generally try to have
17 the supervision and all affected departments aware at about
18 the time that a recourse takes place, and that was the intent
19 of that paragraph was to advise Mr. Lee that we had taken
20 responsible steps to be sure that the supervision in the other
21 departments knew what the decision was, and this generally
22 helps us avoid unfounded rumors on the site, since supervision--
23 instead of an employee going to his supervisor and saying,
24 "I've heard so and so," he can say, "Yes, that's correct; no,
25 that's not correct, here's the real situation."

1 Q Mr. McCracken is an employee relations manager?

2 A Mr. McCracken is Ms. Addis' manager.

3 Q He's in that area?

4 A Yes.

5 Q All right. Mr. Bisanar, we've just identified,
6 in-house labor counsel. Mr. Grogan is in the construction
7 department?

8 A That's correct.

9 Q Mr. Barbour, Jeff Barbour --

10 A Mr. Barbour is manager of operations in the QA
11 department, and those QA people that operate in power plants
12 report to Mr. Barbour just as those QA people at construction
13 projects report to Mr. Davison.

14 (Continued on next page.)

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1 BY MR. GUILD:

2 Q And you had some operating QC inspectors who
3 were affected by the pay reclassification recourse?

4 A (Witness Owen) They had been participants at
5 levels one and two. They may have been at level three.
6 I'm not just positive. Maybe Ms. Addis could add to that.

7 Q Mr. Wells, who sits to your left, and Mr.
8 Davison, their statement has been committed in writing and
9 reviewed by Fred Stuart. Who is Fred Stuart?

10 A He is a member of a law firm in Greenville,
11 South Carolina, who works with Mr. Bisanar.

12 Q So-called labor lawyer, labor law firm?

13 A He works in the employee relations area, legal.
14 If you recall our discussion at the deposition, we had
15 asked him to come and talk with some of our people -- we
16 were doing interviewing of the inspectors -- so that we
17 could do the interviewing in as effective a manner as
18 possible.

19 Q That's a subject we want to talk about in some
20 detail a little later; but in essence, you had the labor
21 lawyers come in and try to figure out how you were going
22 to structure the interviews later on?

23 A Yes.

24 Q I believe that was described -- the term was --
25 MR. CARR: Your Honor, I'm going to add another

t7m2

1 objection on the grounds of relevance.

2 JUDGE KELLEY: I think it was answered.

3 Proceed.

4 BY MR. GUILD:

5 Q The term, I think, that was used in some paper
6 we discussed, Mr. Owen, was structured interviews; is that
7 the term?

8 A That's not a term that's familiar to me, but
9 I think that might describe it. I offered to our people
10 who were involved in these task forces some training in
11 interview techniques on the basis that I wanted to be sure
12 that they got all the concerns that they could.

13 Q I would understand it if you say you had some-
14 one who was an engineer help you structure interviews that
15 were getting at engineering issues, or welder getting at
16 welder issues, or a general manager getting at management
17 structure issues. What I'm trying to understand is why did
18 you have a labor lawyer help you structure interviews for
19 technical concerns of welding inspectors?

20 A Any time we have an employee -- maybe employee
21 relations -- we had a change in the expense account policy
22 recently. It affected one part of the company more dras-
23 tically than it did others. There were a great deal of
24 concerns expressed there. We have frequently used this law
25 firm because of their past effectiveness in going in and

t7m3

1 talking with supervision and with people about what those
2 concerns are so that we can get a good handle on them.
3 And that was our use of Fred Stuart in this case. They
4 have a reputation, at least with us, of being very thorough
5 in that and being able to assess what people mean.

6 Q Is that Ogletree, Deakins, Smoke and Stuart?

7 A I don't know the name of the firm, but Homer
8 Deakins is a member of the firm so that's probably it.

9 MR. GUILD: Counsel, can we agree on that? I
10 think we've discussed this in deposition. Is that the
11 identity of the law firm we're talking about here?

12 MR. GIBSON: Your Honor, I was present during
13 those depositions. I don't know the precise name of the
14 law firm. I don't know that it's really relevant at this
15 point. Those names, I think, are in the lengthy law firm
16 name, whatever use that could be.

17 JUDGE KELLEY: Maybe we could resort to Martin-
18 dale-Hubbell at the appropriate point.

19 MR. GUILD: All right, sir.

20 BY MR. GUILD:

21 Q Mr. Stuart is, likewise, a partner or associated
22 in some other respect with that law firm, is he not; Mr.
23 Deakins' law firm? I'm looking at number four.

24 A Yes.

25 Q "Bob Bisanar is proceeding with plans to have

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1 Homer Deakins and/or Fred Stuart on standby for possible
2 use next week." What was the possible use that you
3 anticipated the Ogletree firm's people doing the following
4 week?

5 A We talked about the various things that could
6 happen, at least I had, between the two meetings that we had
7 with Mr. Lee, the one where he essentially made the deci-
8 sion as what was going to be the response to these employees.
9 And we talked about the impact on the job. If all of those
10 employees decided they were not going to come to work on
11 Monday, then certainly that would be a newsworthy kind of
12 item for the news media, and certainly we wanted to be
13 prepared to do the responsible things with respect to
14 keeping the job going and also trying to determine what
15 our situation was at the job.

16 Q All right, sir. You're getting a little ahead
17 of me. That's number five, talking about news events.
18 I'm talking about number four, your labor lawyers.

19 A That's right. They would come in and talk with
20 our supervision, make sure that our supervision understood
21 from a labor relations standpoint what it is they could
22 say to people, should not say to people, what it is --
23 it's our approach to keep our finger on the pulse of the
24 job. We've done it many, many years.

25 Q And what were you worrying about them doing?

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1 The welding inspectors, now.

2 MR. CARR: Your Honor, I don't want to belabor
3 this point, but we've allowed this entire line of ques-
4 tioning, which I think is irrelevant, to proceed now, and
5 if we choose to proceed, then let's move forward; but I
6 would once again note my objection on the grounds of
7 relevance.

8 JUDGE KELLEY: I thought earlier you objected
9 to a particular question. It was answered anyway, so the
10 objection just sort of disappeared. Now you're objecting
11 to the line of questioning, right?

12 MR. CARR: Yes.

13 JUDGE KELLEY: Okay. Mr. Guild?

14 MR. GUILD: Mr. Chairman, it seems to us that
15 when Applicants' witnesses make the representation that
16 they approached the welding inspector concerns in one fashion
17 and that is the fashion they describe with their task force
18 in treating them as sincere questions and looking at the
19 technical concerns, and represent that there were motives
20 as stated, it should be open to us to impeach those repre-
21 sentations.

22 Now, our thesis, in part, without effectively
23 coaching the witnesses on trying to cross-examine, is that
24 this game plan that Mr. Owen lays out in his memo to Mr.
25 Lee -- and that apparently was the subject of discussion

1 with Mr. Lee -- is sort of council of war about what to do
2 with these welding inspectors and covers the waterfront from
3 treating them as people that are going to organize a
4 union, people that are going to walk off the job and
5 protest, people that are going to go to the press and have
6 a press conference about their concerns, and also, I would
7 point out, as we get down the page, deals with what they
8 did with the NRC at this point, some rather startling
9 things with respect to the NRC, in my judgment.

10 I think my time is running out, but I would
11 very much like to leave Mr. Owen who, I think, has repre-
12 sented largely to the contrary how they affected with, in
13 fact, what he communicated when he was talking with his
14 chief officer.

15 JUDGE KELLEY: I think I gathered what he did is
16 reflected in this piece of paper, and we've had some cross
17 on that. Mr. Owen responded. It just strikes me that
18 number six, the NRC contact, would be something that one
19 would inquire into. I understand why. I think the
20 business of that labor law firm is taking us rather far
21 afield. So the real issue is the line of questioning, and
22 our ruling will be you had some of this and we're going to
23 ask you to move to number six.

24 MR. GUILD: May I be heard just on one point
25 on this issue of the law firm? This is my point: I would

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1 represent that I firmly believe that this law firm is what
2 we would call a union-busting law firm. That's my term.

3 All right. This law firm has a reputation of
4 having represented such defendants as J. P. Stevens and
5 Company through the Supreme Court in --

6 JUDGE KELLEY: We can't possibly get into that,
7 can we?

8 MR. GUILD: No, you can't, sir, but I think it
9 should be opened to us to demonstrate that the trust and
10 confidence that Mr. Owen has expressed in these gentlemen,
11 Ogletree, Deakins, Smoke and Stuart, and the reliance they
12 placed on him not only in anticipating the welding inspec-
13 tor response, but as it says here in number four, "In any
14 event, we plan to use them in the coming weeks," the nature
15 of the way they use them as they maintained that they were
16 investigating the technical concerns of welding inspectors
17 I think will go far to belying their reputation -- about
18 how seriously they treated this matter.

19 JUDGE KELLEY: Well, I understand your point,
20 but I don't see how we can possibly get into the reputation
21 of the law firm in question, the kind of things they do.

22 MR. GUILD: May I ask this question, just
23 pose it?

24 JUDGE KELLEY: Pose it.

25 BY MR. GUILD:

t7m8

1 Q The question is how did you plan and how did
2 you use them, the Ogletree firm, Mr. Stuart and Mr. Deakins,
3 during the coming weeks?

4 JUDGE KELLEY: Well, okay. You've already
5 commented to some extent. Why don't you respond to that,
6 if you can, Mr. Owen?

7 A (Witness Owen) To my knowledge, we didn't use
8 them at all.

9 BY MR. GUILD:

10 Q You didn't use them at all, Mr. Owen, because
11 aside from the interviewing technique business that you
12 mentioned earlier, the welding inspectors stayed on the job,
13 didn't they?

14 A That's correct. They stayed on the job.

15 Q And despite the discussions with Ms. Addis and
16 others about their interest in a union, they didn't organize
17 a union, did they?

18 A I don't know whether there were any discussions
19 with them as far as organizing a union. I think your
20 representation of -- what was it -- union-busting you used,
21 I think anybody in management of a responsible company
22 today would say to you that you don't prevent your employees
23 from organizing a union because you prefer them not to have
24 a union. The only way, in our experience, you prevent your
25 employees from organizing a union is by managing your

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1 company so that the union is unnecessary.

2 My job as an executive of this company ever
3 since -- I've understood it -- ever since I've been a
4 supervisor in this company, is to represent my employees
5 so that there is no need for someone else to represent
6 them.

7 Q I don't want to engage in a colloquy on the
8 subject since the Chair has expressed some disfavor about
9 this line, but you and I might differ and others might
10 differ about the characterization of Duke's technique in
11 preventing unionization of your employees.

12 A I never have heard your characterization.

13 MR. GUILD: Well, we can have an off-the-record
14 discussion about that and my experience with the Ogletree
15 firm; maybe Mr. Gibson's, as well.

16 JUDGE KELLEY: Fine.

17 BY MR. GUILD:

18 Q Let me just say it is clear that the welding
19 inspectors did not have a press conference. It wasn't a
20 press event. You didn't have to issue a press release on
21 the subject, did you?

22 A No. In fact, when I wrote the memo, I didn't
23 really expect to.

24 Q But you had Ken Clark, your public relations
25 man, standing by with a press release, didn't you?

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1 A I told him there might be a possibility we might
2 be called on by the news media, and our goal is to be
3 responsive to the news media always.

4 Q Let's turn to the inquiry that the Board may
5 entertain, and that's the question number six. "Jim Wells
6 has notified Jack Bryant, NRC-Atlanta, with responsibility
7 for Duke, of the potential for contact with the NRC by
8 either the inspectors or news media representatives. We
9 are also going to give the same information to the senior
10 resident NRC representatives at each of the sites some time
11 tomorrow in case they are contacted over the weekend.

12 "By the way, Bryant's comment to Jim was that he
13 appreciated being forewarned and did not understand why
14 the inspectors felt there was a pay problem since he
15 (Bryant) was on an NRC task force which found that inspec-
16 tors were being paid less than craft in most locations."

17 It was kind of comforting to you that the NRC
18 man responsible for Duke had already expressed an opinion
19 to your people that this was an unfounded concern on the
20 part of the welding inspectors, wasn't it, Mr. Owen?
21 Wasn't that somewhat comforting to you?

22 A Well, I guess it was confirmatory in some way.
23 As I understood the comment, was that he had been asked
24 by the NRC at other locations to look into that and found
25 that inspectors were being paid less than craft there.

t7ml1

1 We were paying our inspectors at the same pay classifi-
2 cation as the craft.

3 It was also of interest to me at the time
4 because I had gone back and reviewed a task force -- NRC
5 task force visit to Catawba where they looked into the
6 relationship between management and employees on the site.

7 (Continued on next page.)
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1 BY MR. GUILD:

2 Q Well, it was the same Mr. Bryant with the NRC
3 who's going to be a witness and who's here in the courtroom
4 who your company notified of the technical concerns of the
5 welding inspectors, isn't that right?

6 A (Witness Owen) I have a philosophy, good or bad --

7 Q Mr. Owen, I'll let you answer the question, but I'm
8 really trying to move ahead. Can you answer "yes" or "no"?
9 Was that the same Mr. Bryant you informed of the technical
10 concerns?

11 A I don't think it was Mr. Bryant. It may have been,
12 I don't recall.

13 Q You don't recall?

14 A No.

15 Q Mr. Wells, did you inform Mr. Bryant about the
16 technical concerns of the welding inspectors in your proposed
17 task force?

18 A (Witness Wells) I can't answer that I informed
19 them of any specific item. During that period Mr. Bryant was
20 the supervisor in charge of all the Duke projects, and I dealt
21 with Mr. Bryant many times during that period, so anything
22 that I told or reported, it was through Mr. Bryant.

23 Q All right, sir. So it would have been Mr. Bryant?

24 A Whatever I told was through him.

25 Q Well, in fact, didn't you tell Mr. Bryant -- or the

1 company tell Mr. Bryant that you were organizing a task force
2 to investigate these concerns and made the request to Mr.
3 Bryant or to the NRC through Mr. Bryant that Duke be allowed
4 to handle the matter itself through its own efforts subject,
5 of course, to Mr. Bryant and others with the NRC later looking
6 over your shoulder and confirming the adequacy?

7 A I don't recall that specifically. That is our
8 practice, to handle our own business and not rely on NRC, but
9 we also have a practice to keep NRC fully informed of every-
10 thing we do. I don't recall in exactly the words he used.

11 Q Mr. Owen did state in his prepared text and in the
12 delivered text of his speech to welding inspectors on the 27th
13 that he had seen that the NRC was informed of Duke's course of
14 action and for planning the review of the welding inspectors,
15 right?

16 A Yes, sir.

17 Q And you would have informed Mr. Bryant, who was the
18 responsible NRC person for Duke, and you would have likely
19 informed --

20 A Yes.

21 Q All right. And it was Mr. Bryant who, in effect,
22 said, after having expressed the opinion reflected in this
23 January 21 memo, that it was satisfactory with him and the NRC
24 to allow Duke to do its own self-investigation of this matter
25 subject to NRC review.

1 A I think you'd have to ask Mr. Bryant that. What
2 investigation they carry on, you know, is up to them. We were
3 telling them what we were doing and keeping them informed as to
4 our actions.

5 A (Witness Owen) Mr. Guild, I made the original call,
6 as I recall, to the NRC, in Atlanta and said that I had been
7 told by my corporate people that employees at Catawba had
8 concerns that appeared to be safety concerns, could be con-
9 strued to lead to safety implications, and I intended to fully
10 investigate it, and that I would keep them aware of those con-
11 cerns to the extent that I knew, and I obviously did not ask
12 them to not investigate it. That would have been the surest
13 way, in my opinion, to get them to do it. They run their
14 business, and we run our business.

15 Q All right, sir. But it was your policy, your past
16 practice and your desire in this instance, and you communicated
17 that desire, that Duke be allowed to investigate itself first
18 and then the NRC could take a look afterwards.

19 A I said, as I've always said, and it was foolish not
20 to cooperate with regulatory bodies or licensing bodies. I
21 only offered to have our investigation available to them, and
22 that's sort of a hollow offer. They're like a big gorilla.
23 They can look at anything they want to on the job, so they
24 have access to that.

25 Q As a matter of fact, they did allow you to proceed

1 with your own investigation, and they didn't review independently
2 your work, if at all, until after you had already completed
3 your final report, isn't that true?

4 MR. CARR: Objection, Your Honor. That question is
5 argumentative and there's no basis in the record for asking it
6 at this time.

7 MR. GUILD: There is no basis in the record?

8 JUDGE KELLEY: I wonder if I could -- The thrust,
9 I understand, Mr. Guild. Could you perhaps restate it in a
10 somewhat simpler way?

11 BY MR. GUILD:

12 Q They did exactly that, didn't they, Mr. Owen?
13 You communicated -- or your people communicated to the NRC,
14 Mr. Bryant, or others, that these concerns had been expressed;
15 that you were going to have a task force to review them and,
16 in fact, what happened is the NRC sat by and let you do that
17 work; and then after the fact, came in and took a look,
18 September, October, November '82; we're talking about January
19 '82. Didn't that, in fact, happen?

20 A You're talking about this January letter. This is
21 in respect to the pay recourse. It doesn't have anything to
22 do with the other task forces, the technical task force that
23 you had talked about, and you'll have to talk to them about
24 what investigation they have. I'm not always privy to what
25 investigations they carry on. I don't know who they talk to

1 on the job.

2 A (Witness Wells) I'd say this, Mr. Guild: No
3 pressure came from me or anyone I know of to tell them not to
4 do any investigation if they felt it necessary to do. We
5 only simply told them what we were going to do and, of course,
6 the results would be available to them. What they did was
7 their choice, and we did not try to influence that in any way.

8 Q All right. Can you confirm my general description
9 of what happened, that the NRC let you do your own investiga-
10 tion; isn't that true?

11 A (Witness Owen) They certainly didn't prevent me
12 from carrying on whatever investigation I wanted to, and I do
13 not know what kind of investigation they carried on.

14 Q You know, don't you, Mr. Grier? You know that they
15 waited until late fall 1982 before they made any effort to
16 independently review what Duke had been doing in the past
17 months with respect to the welding inspectors.

18 A (Witness Owen) But that's a different question.

19 Q Well, let Mr. Grier answer it, if he can.

20 A You asked about what investigations they did.

21 JUDGE KELLEY: Let Mr. Grier answer. Go ahead,
22 Mr. Grier, and then you can add to it, Mr. Owen, if you want.
23 Go ahead.

24 A (Witness Grier) I know some of the things that
25 Mr. VanDoorn did in terms of investigating action that was

1 taken in regards to the task force recommendations. I'm not
2 aware of the things that he relayed to me, whether that was
3 his entire investigation or not. I'm not aware of exactly
4 when he started his investigation.

5 BY MR. GUILD:

6 Q Do you know whether or not Mr. VanDoorn and Mr.
7 Bryant carried out a simultaneous investigation with the work
8 of Duke's own task force?

9 A (Witness Grier) No, I'm not aware of whether an
10 investigation was going forward or not.

11 Q Well, he certainly didn't come and tell you he was
12 doing one in the January/February time frame; did he?

13 A No, he did not.

14 Q Did he come and ask you to see the original papers
15 in January or February of 1982, the welding inspector concerns?

16 A I don't recall whether he made that request or not.

17 Q You don't recall whether or not it was not until
18 the fall that he made those remarks?

19 A I know that we made available to him in late summer
20 or fall the documentation of the action that had been taken
21 based on the recommendations of the task force.

22 Q All right, sir. Let me ask you to identify a docu-
23 ment, Mr. Grier. Is that your handwriting at the bottom?

24 MR. GIBSON: Can I see a copy of the document? I'd
25 like to see what you're showing him.

1 A (Witness Grier) This is my signature on the
2 memorandum to the file.

3 BY MR. GUILD:

4 Q You wrote that, true?

5 A Yes.

6 Q And you sent a copy to Mr. Owen, didn't you, the
7 May 26, 1982 document?

8 A That's correct.

9 MR. GUILD: I ask it be marked.

10 (The document referred to was
11 marked for identification as
12 Palmetto Exhibit No. 18.)

13 BY MR. GUILD:

14 Q May 26, 1982, Mr. Grier?

15 A That's the date of the memo.

16 Q "Subject: Report to NRC Office of Inspection and
17 Enforcement on Investigation of Catawba Welding Inspector
18 Concerns." Go on down. That reflects a meeting that you had
19 the day before with Mr. O'Reilly; doesn't it?

20 JUDGE KELLEY: Let me suggest, if we're just starting
21 a new piece of paper, we need a little break here at some point.
22 Is this a logical place, Mr. Guild? Is this as good a place as
23 any?

24 MR. GUILD: It's right in the middle of my examina-
25 tion of the witness, but that's fine.

1 JUDGE KELLEY: That really wasn't my question,
2 Mr. Guild. I mean we sort of broke for these coffee breaks
3 for the last week. Go ahead. When you start a new piece of
4 paper, it might not be a bad idea to take a break.

5 MR. GUILD: Mr. Chairman, to the extent I'm
6 allowed cross-examination of the witness, having just shown
7 him a piece of paper, it is disruptive of my cross-examination
8 to allow him to construct an answer over a coffee break.

9 JUDGE KELLEY: Then why don't you go ahead? We'll
10 quit about eleven or so.

11 BY MR. GUILD:

12 Q This reflects a meeting you had with Mr. O'Reilly
13 of the NRC?

14 A That's correct.

15 Q And that meeting -- He is the regional administrator
16 of the NRC?

17 A Region 2, that's correct.

18 Q And you were telling him about what you had done in
19 pursuing the welding inspector concerns?

20 A This was a presentation to explain to him and some
21 members of his staff what the task force had done and what our
22 management implementation plan consisted of.

23 Q All right. Following the presentation, Mr. O'Reilly
24 commended Duke for the forthright and direct manner in which
25 these concerns are being investigated and closed out and,

1 further, "he did say that the NRC might want to review our
2 final report on this matter. Warren Owen told him that the
3 report would be available for their review." And doesn't that
4 accurately reflect that he, Mr. O'Reilly, the NRC regional
5 office and Mr. Bryant and the NRC staff that works for him
6 hadn't done a thing with respect to simultaneously or them-
7 selves investigating these concerns and were simply waiting
8 for your final report?

9 A No, I can't say that's true or not.

10 Q You just don't know?

11 A I don't know. Those were some remarks that he
12 said, and this was my interpretation of those remarks.

13 (Continued on next page.)
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Q And you had no knowledge one way or the other whether or not, having heard those remarks and being in charge of quality assurance at the company since February of this year, whether or not the NRC had in fact not elected to look at the welding inspector concerns?

MR. GIBSON: Objection, your Honor. I think that's the third time he's asked the question and it's been answered twice.

MR. GUILD: Mr. Chairman, I'm trying to cross-examine a witness. Now the witness has said black is white or white is black and I think I'm entitled to impeach his testimony. And I have a document that I believe is an inconsistent statement, sir, and I'm trying to confront him with that and see whether or not he can square that with his previously expressed view.

JUDGE KELLEY: Up to the point you can do that I'll overrule the objection. Proceed.

BY MR. GUILD:

Q Do you understand the question?

JUDGE KELLEY: I do think you should be focusing on what these people did and what they know and not on what Mr. O'Reilly or other people may have done.

MR. GUILD: I've heard his testimony that he does know and frankly I'm trying to impeach that, sir.

JUDGE KELLEY: Go ahead.

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1 WITNESS GRIER: Can you restate the question,
2 please.

3 BY MR. GUILD:

4 Q In light of what you know, Mr. Grier, your
5 responsibility for quality assurance, the memo in front
6 of you, your attendance at that meeting, can't you confirm
7 your understanding, sir, that the NRC had not independently
8 investigated these concerns at this point?

9 A (Witness Grier) I don't know whether or not
10 Mr. VanDorn was conducting some investigation -- was in fact
11 conducting some type of investigation at that time or not.
12 I don't know.

13 A (Witness Owen) I was present as you can see from
14 the memo. I didn't write a memo of the meeting. I can tell
15 you that I think this is a fair characterization. I did
16 not ask Mr. O'Reilly or any other person at that meeting
17 are you performing an investigation? I thought that would
18 have been an inappropriate question. If they were performing
19 an investigation and wanted me to know about it or wanted
20 you to know about it, they would tell us.

21 We were there for the express purpose -- as I
22 promised to meet someone when I talked to somebody down
23 there -- that we were going to investigate it, we'll keep
24 you advised of what we are doing or share with you the
25 concerns if you want us to and we'll give you the final

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1 and other information if you want it.

2 Q Let's be clear now, Mr. Grier: either at the
3 time or since, given the documentation that's now become
4 available in this case, you do understand that Mr. VanDorn
5 in fact interviewed several other inspectors who came in
6 early in February 1982.

7 You do understand that now, don't you?

8 A (Witness Grier) I believe that some of the
9 information that's come to light indicates that in February
10 or March there were some conversations between him and some
11 welding inspectors or perhaps some other inspectors.

12 Q You've seen a memorandum that Mr. VanDorn authored
13 that was dated March 15 that reflects on an early February
14 meeting with an unidentified number of welding inspectors.

15 Do you recall that? We've talked about it.

16 A I don't have a clear recollection but I do recall
17 something of that.

18 Q All right, sir.

19 You recall generally that memo being one where
20 the welding inspectors said they feared a whitewash by
21 Duke Power of their concerns and they brought them to the NRC.

22 MR. GIBSON: Objection, your Honor. If we're
23 going to get into the specifics of the document then I
24 request that the document be given to Mr. Grier so that he
25 can refresh his recollection or make his testimony based on

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1 looking at the document and the specific references that
2 Mr. Guild has been referring to.

3 MR. GUILD: All parties have seen this document.
4 The Board has seen the document -- they may not recall it,
5 but the Board has, it's had it in its hands and the
6 attachments. I have very limited time. I'm simply trying
7 to establish the caveat and exception in Mr. Grier's
8 representations about what the NRC had or hadn't done.

9 We all know -- and you can dispute this or you
10 can treat this as a question, Mr. Grier:

11 BY MR. GUILD:

12 Q We know that Mr. VanDorn in fact had some contact
13 with welding inspectors. But with that exception, we also
14 know that they allowed Duke to do their own investigation
15 before they, the NRC did any independent review.

16 MR. GIBSON: Object to the form of the question.
17 This assumes some facts that are going into evidence and
18 it's going to a level of specificity of a document that's
19 not before the witness. That's the basis of my objection.
20 He can ask Mr. Grier a line of questions I'm not
21 objecting to --

22 JUDGE KELLEY: I thought your objection to the
23 document was perfectly sound but then Mr. Guild restated
24 it to get away from the document and phrased it in a more
25 general way.

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1 So listening to that --

2 MR. GUILD: Mr. Chairman --

3 JUDGE KELLEY: I'm not sure it's entirely
4 straight in my mind --

5 MR. GUILD: Mr. Chairman, we will take -- since
6 Counsel has stated the objection, we are going to take my
7 time to find the document so we can have it in front of him.

8 I think we all know what we're talking about,
9 at least counsel does. He's not in the dark about what we're
10 talking about.

11 JUDGE KELLEY: I've seen it but I frankly don't
12 remember.

13 MR. GUILD: Pardon me, sir?

14 JUDGE KELLEY: I don't know what it says but I've
15 seen it myself.

16 (Pause.)

17 JUDGE KELLEY: It was in discovery, was it not?

18 MR. GUILD: It was produced in discovery.

19 WITNESS OWEN: That was when I saw it.

20 MR. GUILD: It was produced in discovery. It
21 was presented to the Board in support of a motion to re-open
22 discovery on Contention 6. It's been circulated to all the
23 parties, Mr. Gibson has had it in his hands, Counsel for
24 the NRC Staff has had it in his hands.

25 JUDGE KELLEY: The objection is that the witness

agb6

1 doesn't have it in his hands.

2 MR. GUILD: Yes, sir.

3 MR. GIBSON: The objection is that he's going
4 into a level of specificity about a document that we've
5 admitted we know something about but we don't think it's
6 proper to ask specific questions about it.

7 JUDGE KELLEY: I think we've got it resolved
8 here. We're going to find it, try to find it.

9 How about this for a coffee break, Mr. Guild?

10 MR. GUILD: Sounds fine.

11 JUDGE KELLEY: Ten minutes.

12 (Recess.)

#12 flws

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1 JUDGE KELLEY: Back on the record.

2 We'll resume Mr. Guild's cross-examination.

3 It's a little after 11:00. We plan to stop about 12:30.

4 MR. GUILD: Thank you, Mr. Chairman.

5 Mr. Chairman, I had identified, but may not have
6 moved the admission of a document we were talking about,
7 Mr. Owen's January 21st memo to Mr. Lee that's been the
8 subject of some discussion. I think that's No. 18, and I
9 would ask that it be received.

10 JUDGE KELLEY: Received.

11 (The document previously marked
12 for identification as Palmetto
13 Exhibit No. 18 was received in
14 evidence.)

15 BY MR. GUILD:

16 Q This document that's the subject of the last
17 exchange between Mr. Grier and myself has been presented
18 to the parties and Board in a number of forms. It's now --
19 I pulled it as an attachment to the Government Accounta-
20 bility Project 2.206 filing. It was also an attachment to
21 Palmetto Alliance motion to extend discovery on contention
22 six. It is a memorandum that appears to be from Mr. P. K.
23 Van Doorn. It says senior resident inspector for Catawba
24 and has a handwritten date of 3-15-82 --

25 JUDGE KELLEY: Let me just ask Counsel McGarry,

t10m2

1 do you have a copy?

2 MR. McGARRY: We're trying to locate a copy.

3 JUDGE KELLEY: Let's just wait a minute so he
4 can find it.

5 MR. GUILD: Can I just get the witness to iden-
6 tify it?

7 JUDGE KELLEY: Fine.

8 BY MR. GUILD:

9 Q You've seen that, haven't you, sir?

10 A (Witness Grier) My recollection is that I may
11 have seen it in the course of sitting in on Mr. Van Doorn's
12 deposition.

13 Q You did sit in on Mr. Van Doorn's deposition?

14 A That's correct.

15 MR. GUILD: I will represent there was a dis-
16 cussion about this in Mr. Van Doorn's deposition.

17 Counsel, you're familiar with the document,
18 aren't you? Counsel is familiar with the document, are
19 they not?

20 MR. GIBSON: Yes, I think we've seen that
21 document in one form or another.

22 MR. GUILD: Mr. Johnson, the staff is familiar
23 with this document, are they not?

24 MR. JOHNSON: Yes.

25 MR. GUILD: And you have a copy from me, Mr.

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1 Johnson?

2 MR. JOHNSON: Yes, I do.

3 MR. GUILD: Would the Board like to refresh
4 its recollection? I don't intend to offer it as an exhibit,
5 but intend to use it as an aid in the examination of the
6 witness.

7 JUDGE KELLEY: Normally, we -- even though this
8 is around -- I may have three copies of this if I look
9 long enough. Normally I'd just repeat we'd like to have
10 copies from whoever is going to use it whether it's as an
11 exhibit or an aid. In this case, just to move forward, why
12 don't you go ahead.

13 MR. JOHNSON: Your Honor, if I may.

14 JUDGE KELLEY: Yes.

15 MR. JOHNSON: We submitted a copy of this
16 document as an attachment to Mr. Van Doorn's testimony.
17 So if you have that in front of you, you can refer to that
18 attachment, too.

19 JUDGE KELLEY: That's in the other room, too.
20 Well, go ahead, just proceed.

21 MR. GUILD: All right, sir.

22 BY MR. GUILD:

23 Q Now, Mr. Grier, this document appears to reflect
24 that Mr. Van Doorn had several welding inspectors, unnamed
25 or unspecified number that has been deleted, come to him

t10m4

1 February 1st, 1982.

2 A Yes, that's correct.

3 Q States, "Each individual expressed to me his
4 concern that DPC would attempt to 'whitewash' the technical
5 concerns; i.e., to say that the concerns were related to a
6 recent pay adjustment." It states that, doesn't it?

7 A Yes, it does.

8 Q You understand that subsequently that, in fact,
9 welding inspectors in some number came to the resident in-
10 spector and communicated in some form or fashion to him?

11 A I'm aware from this memo that they did at that
12 time. I presume they had that meeting, yes.

13 Q Well, you since have learned, have you not, that
14 a number of the welding inspectors have stated to you and
15 stated in their testimony that they talked to Mr. Van
16 Doorn --

17 A Yes.

18 Q -- about their concerns?

19 A Yes, I'm aware of that.

20 Q It's not just simply through this document that
21 you learned that, is it?

22 A I'm aware that inspectors have had conversations
23 with Mr. Van Doorn on some number of occasions.

24 Q Brought their concerns, the subject concerns of
25 the welding inspector task force, et cetera?

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1 A That's correct.

2 Q Now, other than Mr. Van Doorn meeting with these
3 welding inspectors as reflected in this memo, are you aware,
4 do you have knowledge, do you have any understanding of the
5 NRC doing any other independent inquiry, investigation,
6 interviewing, response to the welding inspector concerns,
7 in any way, shape or form up until the May 25th meeting that
8 you had with Mr. O'Reilly? Do you know of anything else
9 they did?

10 A I'm not aware they did or did not do anything,
11 sir.

12 Q You don't know anything they did?

13 A I'm not aware of anything they did, that's
14 correct.

15 MR. GUILD: Mr. Chairman, we have this panel
16 format here which is somewhat cumbersome. The subject of
17 what Duke did and in part the subject of what the NRC did
18 or didn't do is a matter that seems to be the subject of a
19 later panel.

20 Now, we've got these witnesses in front of us,
21 so I'm faced with sort of the cumbersome problem of, you
22 know, dropping off or not finishing the subject of my
23 cross-examination. Mr. Owen is going to be excluded, I
24 presume, subject to recall on cause, but I understand I'm
25 obligated to complete my examination of him today by noon

10m6

1 or 12:30. And I also understand I'm obligated to complete
2 my examination of Ms. Addis today. And I have no further
3 questions for her at this time -- and Mr. Wells today.
4 Mr. Wells is not on another panel. Mr. Grier will return
5 since he's on another panel.

6 (Continued on next page.)
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1 MR. GUILD: Now, as to the witnesses who will be
2 excused, we have a pending request, and that request is
3 Item No. 5 on the Application for Subpoenas of October 10,
4 1983. In short, it is the documentation and records reflecting
5 evaluations of named people with respect to quality assurance,
6 Mr. Davison, Mr. Baldwin and Mr. Wells.

7 Now, I would desire to inquire with respect to
8 these documents of Mr. Owen, before he's excused, and of Mr.
9 Wells, before he's excused, and I'm at the juncture where I
10 can't go forward.

11 JUDGE KELLEY: We have indicated -- I think we
12 ruled initially, back in September, that we would not order
13 disclosure of those papers with regard to Mr. Davison because,
14 on a balancing basis at that time, balancing privacy, personal
15 type interest against any demonstrated need for the informa-
16 tion, that we didn't think the balance favored disclosure. I
17 believe we said earlier -- I'd have to find it in the
18 transcript -- we at least touched on this earlier, a few days
19 ago, indicated that if we had to decide right now, we'd deny
20 the request, but holding open the possibility of disclosing
21 that kind of information is, as the case developed, it seemed
22 warranted.

23 I don't know that we're -- We'd have to confer
24 now, and don't really want to do it right now. We'd rather
25 move ahead.

1 I guess my question, Mr. McGarry, is this. I put
2 it to you as a possibility. Let's suppose -- Take the two
3 options. If the Board ultimately denies that request and does
4 not require the disclosure of this information, then there
5 isn't any problem, because there would be no questions to ask,
6 because there's no papers to ask them about.

7 On the other hand, if we ultimately say that the
8 material is relevant and we require some kind of disclosure,
9 would you be willing, in that event, to bring back the wit-
10 nesses concerned, even though they weren't planned, for pur-
11 poses of questioning on that limited area?

12 MR. MC GARRY: Yes, sir.

13 JUDGE KELLEY: Can we stipulate that way and move
14 on? If you get the documents -- We're not ready to tell you
15 right now whether we'll order disclosure of those documents or
16 not. We don't think we've heard enough. We want to hear some
17 more. A time will come where we will rule on your request, and
18 if you get those documents, then the witnesses will be recalled.

19 MR. GUILD: Well, Mr. Chairman, with all respect, I
20 didn't understand that the Board had ruled at all on that
21 pending matter, except the earlier discovery request from
22 Mr. Davison, and that was in the status of subject to being
23 renewed during the hearing. I hear you have ruled now denying
24 my request.

25 JUDGE KELLEY: No, no, no, Mr. Guild. Let's not get

1 technical about it. I don't think it matters one way or
2 another. I'd have to dig out the transcript. My recollection
3 is, and I really don't see how it matters, we said, "We don't
4 know yet. We want to wait and hear the case, and then we'll
5 decide this question." We could have said "denied; ask again
6 later," or we could have said, "deferred." I don't really
7 think it matters.

8 What we're trying to work out is a practical
9 problem. I understand your problem. Mr. McGarry has acceded
10 to our suggestion that in the event those papers are turned
11 over to you, he'll call the witnesses back.

12 MR. GUILD: I want to try to control the presenta-
13 tion of my case, with all due respect, Mr. Chairman, and I
14 would like to do as planned so I can have some management of
15 what I see to be a hard task, and that means dealing with the
16 subject of these people, first Mr. Wells' evaluation, if there
17 is any, with respect to his performance as quality assurance
18 manager and, secondly, the evaluations of people who have
19 worked under his supervision and the supervision of Mr. Grier,
20 the supervision of Mr. Owen. They're on the stand now.

21 JUDGE KELLEY: And you want to do it right now?

22 MR. GUILD: I would like to do it right now, Mr.
23 Chairman. Let me just say this: I am perfectly willing to
24 expurgate anything that is a matter of personal privacy in
25 these records. I don't care about personal matters unless they

1 bear on the question of quality assurance. There may not be
2 a record that bears. But whether there is or is not is
3 relevant. If there is no evaluation that says anything bad
4 about any of these gentlemen, that is relevant. If there is
5 anything negative that bears on their quality assurance
6 functions, it seems to me that should be accessible, and it
7 should be accessible to all the witnesses here.

8 JUDGE KELLEY: Well, this just isn't very practical.
9 As far as I know, the papers you're talking about aren't here
10 with us right now. If you want to ask questions on papers --
11 You haven't even read them. And then you suggest, "Well, we'll
12 expurgate the sensitive stuff." How are we going to do that?
13 I think it's totally impractical to do that this morning. How
14 in the world would we do it between now and 12:30?

15 MR. MC GARRY: Judge Kelley, may I direct your
16 attention to transcript page 2438, and that's where, I believe,
17 you put this matter in context. That was on Tuesday,
18 October 11th, and we were just talking about --

19 "JUDGE KELLEY: Mr. Guild, as you heard, there's a
20 dispute over paragraph 5.

21 "MR. GUILD: Yes, sir.

22 "JUDGE KELLEY: I'm sure we all recall -- at least
23 generally recall the earlier discussion about Mr.
24 Davison.

25 "MR. GUILD: Yes, sir.

1 "JUDGE KELLEY: I believe we said -- and I can
2 look it up -- but my recollection is that we turned down
3 that request leaving the door ajar in the event that the
4 -- ajar for the renewal of the request in the event that
5 that kind of information, in the light of the record as
6 it was developed, showed its relevance, but that at that
7 stage of the game, we said no. If one applies that
8 logic now, I would think we're in the same position."

9 JUDGE KELLEY: That's what I had in mind.

10 Let me confer with my colleagues for a moment.

11 (Board conferring.)

12 MR. MC GARRY: Judge Keiley, excuse me for
13 interrupting, but I think there's a point we ought to bring to
14 your attention. If you read page 2438 through 2440, after the
15 section I read Mr. Guild went on for about two pages. I
16 haven't read all of this, but you say, "Okay. We'll take that
17 under advisement, that particular dispute under paragraph 5.
18 That's all we need to do right now on that."

19 (Board conferring.)

20 JUDGE KELLEY: We're back on the record. We've
21 considered this question further in light of comments that
22 have been made, and our approach is reflected in the transcript
23 which Mr. McGarry cited. This is what we think. One, there's
24 some sensitivity here. It's a balancing question between
25 possible private elements and privacy matters. We're not

1 persuaded at this point that we should order disclosure of
2 this information. We're inclined to defer it and reconsider
3 it at some later point in the case when we have a pretty full
4 appreciation of what the case is. In a way it's kind of like
5 the subpoena for Mr. Lee. I mean I'll tell you, frankly, from
6 myself, I hear an abstract argument about calling Mr. Lee or
7 not calling Mr. Lee, and I don't know whether to call him or
8 not, and I can appreciate that, but now we've been here for a
9 week, and we've heard some evidence and some argument, and
10 he's been referred to twice. I don't know, sitting here this
11 morning, whether we should call in personal evaluations. It's
12 not clear.

13 Now, Mr. Guild, his point is he wants to structure
14 his case his own way. He'd like to deal with that this
15 morning, and counsel ought to have pretty wide latitude to do
16 that; but in the last analysis, the Board has to make some
17 decisions that impact on counsel to do it exactly the way they
18 would prefer.

19 We would prefer deferring the ruling, not ordering
20 any disclosure of those documents now and not attempting to
21 have questions on them now.

22 If Mr. Guild wants a ruling, we can give you one.
23 We can say, "Request denied," and we can just defer the matter.
24 I think it's academic, because we are quite willing to recon-
25 sider this when the case has more fully developed, certainly

1 by the designated witnesses we know about now. We would
2 reconsider the request. That's what we would prefer to do.

3 Now, that's where we're coming from, Mr. Guild.
4 That's our practical analysis of it. If you want a ruling
5 right now on the request, we can accommodate you, or otherwise
6 we can wait. What's your preference?

7 (Continued on next page.)
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1 MR. GUILD: Mr. Chairman, I'm trying to proceed
2 with preparation of my case under handicaps. I believe
3 that this is subject to production of the general relevance
4 requirement clearly under the rule, but I've respected that
5 you've ruled otherwise, you view it otherwise. I can't
6 prepare to examine these witnesses or subsequent witnesses
7 without having access to that document to make the determina-
8 tion for myself. It just does not suit my preparation and
9 ability to try my case to defer a ruling on a question on
10 the idea that the Board would reach a point where you have
11 concluded that it's relevant.

12 It, with all respect, sir, should be a document
13 that's available to the parties to determine if they think
14 it's relevant, and then should be offered. That's my
15 difficulty. So, with all respect, sir, I would ask that
16 the Board give me a ruling now on the record so I can have
17 the point clearly determined.

18 JUDGE KELLEY: Let me make it abundantly clear.
19 There are other points one can look at. You could even
20 say this is late discovery, and we could argue that for half
21 an hour. The point we come down to is, this subpoena rule
22 talks about general relevance, but when you subpoena some-
23 thing that has sensitivity and has personnel aspects,
24 we're going to weigh that in the balance whether it's
25 literally in the rule or not. We think we're obliged to

t12m2

1 do so, and we're telling you when we put it on the scales
2 right now, we don't see it tilt in favor of ordering
3 disclosure.

4 If you want a ruling now, the ruling would be
5 negative.

6 MR. GUILD: Mr. Chairman, maybe I could ask
7 this, and I don't mean to belabor the point, and please,
8 caution me if it's unduly burdensome in that regard. But
9 I am sensitive to the privacy aspects of this. I'm not
10 fishing for something without idle, shall we say. It's a
11 narrow request for named individuals who are material to
12 this case. I would be, frankly, perfectly happy to have
13 that document examined in camera without me looking at it
14 or under a protective order or by the Board alone, and
15 you reach the determination, having looked at it. I just
16 believe that if we go forward with the witnesses without
17 being able to address the question of whether or not the
18 personnel evaluations of the named individuals reflected
19 adversely or positively with respect to QA, it will sig-
20 nificantly hamper my ability to try my case.

21 So, I'm open to any procedure that the Board
22 would desire, but I really do respectfully ask that we do
23 so at this juncture.

24 JUDGE KELLEY: We will consider your request that
25 the Board in camera look at the documents in question.

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1 Obviously, we're not going to rule on that right now.

2 MR. GUILD: All right, sir.

3 JUDGE KELLEY: We'll consider it. There isn't
4 any way in the world, though, we can get through that kind
5 of mechanics or anything else we'd have to do and still
6 ask questions on those documents this morning.

7 MR. GUILD: Yes.

8 JUDGE KELLEY: So that's the Board ruling.
9 You'll have to proceed with this morning's questioning
10 without the benefit of those documents.

11 MR. GUILD: All right, sir.

12 In that light, I want to only offer for the
13 record the document that was identified yesterday as
14 Applicant's proposed form of Board notification. I made
15 copies, and I just wanted to have that received. It's been
16 marked already as No. 10.

17 JUDGE KELLEY: Very well.

18 (The document previously marked
19 for identification as Palmetto
20 Exhibit No. 10 was received in
21 evidence.)

22 MR. GUILD: And with that, reserving our rights,
23 if we have any, to examine these witnesses further, I have
24 concluded my questioning of them.

25 JUDGE KELLEY: Very well. Mr. Johnson, on

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1 behalf of the staff, do you have questions of these
2 witnesses?

3 MR. JOHNSON: Just a few questions, yes, sir.

4 MR. GUILD: Mr. Chairman, before Mr. Johnson
5 proceeds, I observed him handing up what I presume is his
6 cross-examination plan. I understood that cross-examination
7 plans were required to be handed up when the witness
8 initially took the stand. My problem is, I would very much
9 like to be able to hand up a cross-examination plan at the
10 conclusion of either their summaries or at some later
11 point in their testimony, but I'm required to have my
12 cross-examination plans done in advance, and that is some-
13 what burdensome in the sense I've got four witnesses that
14 come up in one day and I've got to hand it all up.

15 I notice Mr. Johnson has waited until the con-
16 clusion of my cross-examination before handing up his
17 cross-examination plan.

18 JUDGE KELLEY: I've forgotten what we said.
19 It's probably ambiguous. Can we just look at the order?
20 I don't remember what it said. I'll dig mine out.

21 It would be in the original order of about
22 September 15th, I suppose.

23 MR. McGARRY: Cross-examination plans, page four
24 of the September 14th, 1983 prehearing conference order.
25 "Cross-examination plans must be submitted to the Board

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1 (not to the other parties) prior to the testimony of
2 witnesses who have submitted prefiled testimony. For the
3 guidance of the parties in formulating the type of plan
4 the Board desires, copies of sample cross-examination
5 plans are attached to this order."

6 JUDGE KELLEY: What we said literally indicates
7 Mr. Guild is right; put your plan in when the witness
8 takes the stand or maybe a little before. I don't know
9 that that's necessary. I can say that we didn't really
10 focus on that precise point at the time that we wrote the
11 language. If you submit a plan, Mr. Guild, would it be
12 easier burden if -- you were indicating the later you can
13 submit it the better -- as long as you get it in our hands
14 when you begin cross, that's satisfactory.

15 Is there any reason not to do that, Counsel?

16 MR. MCGARRY: No.

17 JUDGE KELLEY: Okay.

18 MR. JOHNSON: Thank you.

19 CROSS-EXAMINATION

20 BY MR. JOHNSON:

21 Q Mr. Owen, several days ago we were discussing,
22 and we have been discussing in the cross-examination of Mr.
23 Guild, I think, between fairness, equity in the pay
24 area and the morale of the employees, and I think that that
25 has been explored pretty fully. I just wanted to clarify

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1 one or two points about that.

2 In your concern about assuring fairness, one
3 factor involved in that is assuring that the morale of all
4 your employees is high; is that correct?

5 A (Witness Owen) Well, I don't think that trying
6 to achieve high employee morale is necessarily a function
7 of the internal equity because any adjustment downward in
8 anybody's classification, if that occurs from time to time
9 throughout the company as we continue to try and achieve
10 equity, would lead me to believe that's going to increase
11 morale.

12 Fairness, though, says it can't always be some-
13 body going up. It has to be adjustments downward sometimes,
14 and we certainly, as a matter of good management and good
15 relationships, try to fully explain that and understand
16 that that can adversely affect morale for a while.

17 We, obviously, want high morale, but there are
18 many other things that we try to do that we think are more
19 -- that contribute to that.

20 I don't know whether that's responsive to your
21 question or not.

22 Q Yes, it is. I'm not sure if you fully under-
23 stood -- maybe my question wasn't phrased properly. But
24 the way I understand your answer, is that morale is not
25 considered -- is it true that morale is not considered as

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1 a factor in determining the equity? That's really the
2 question I was asking.

3 A Okay. Morale has to do with an individual, and
4 when we're evaluating jobs, we're not evaluating that
5 individual. All the training and the whole approach that
6 our consultant advocated and we have used over the years
7 is that internal equity can only be achieved to the extent
8 you're able to divorce yourself from the present incumbent
9 in the job, and you look only at the job, and you compare
10 that job -- that position could have one person, one
11 incumbent or five hundred incumbents compared to another
12 position -- and try to achieve equity in the position.

(Continued on next page.)

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1 Q So were the desires or expressions of concern or
2 complaints of any particular individuals in any particular
3 positions considered in the determination of reclassifications
4 of employees?

5 A The two things that happen: You make the original
6 evaluation of how jobs ought to stack up and then any
7 department head can request of the committee a re-evaluation
8 and that re-evaluation is done, the committee carries out
9 that request and sometime changes the previous evaluation
10 and sometimes do not.

11 Q Based on what, what factors?

12 A They do their work based on an analysis of the
13 content of the job prepared by trained analysts in the
14 personnel department.

15 Q Well what I'm asking though is somewhat different
16 from that, and that is:

17 You seem to be indicating that the personal
18 desires expressions of any particular individual are not
19 really a part of this process, is that correct?

20 A Not part of the work of the position evaluation
21 committee.

22 Q So is it possible that say welding craft
23 individuals could have had an impact on the determination of
24 pay classifications for welding inspectors?

25 A The committee would not have talked to people

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1 in that area of the company.

2 Q Were they considered?

3 A Not to my knowledge, not in the time that I was
4 a member of the committee and I was a member of the committee
5 for a number of years.

6 Q Mr. Grier, could you answer that question?

7 A (Witness Grier) Yes, I can.

8 If I understood your question correctly, it was
9 whether the committee that did the evaluation of the content
10 of the welding inspectors' job had any influence from or
11 contact with anyone in the welding craft?

12 The answer to that is no.

13 Q That was my question and thank you for the answer.

14 The other area of questioning that I have relates
15 to the discussion that took place several days ago concerning
16 the relation, I think it was, between the determination of
17 so-called SALP 1 that was expressed in summary form in
18 NUREG OE34, there was some discussion that that was based
19 on the NRC's determination of the number of violations of
20 various sorts.

21 And the questioning then proceeded to whether
22 there was a relationship between the number of NCI's that
23 was being written and the SALP findings, if you will. And
24 I just wanted to clarify the record on that point as well.

25 What was the basis for -- this is directed to

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1 Mr. Grier -- what was the basis for the determination to
2 reduce the number of NCI's and when did that determination
3 occur?

4 A Well the basis for revising our procedures in
5 order not to encumber the NCI process with construction
6 discrepancies that could be handled in other ways was the
7 realization that a non-conforming item as we have it
8 structured in our program does involve a number of other
9 things other than just a resolution of the specific
10 discrepancy.

11 It involves determining whether or not the item
12 is reportable under the regulations to the NRC and whether
13 significant corrective action under Criterion 16 of Appendix
14 B is required or not.

15 That was involving the decision to revise our
16 procedures Duke asks non-conforming items to be written for
17 those items that they were appropriately considered for
18 those, the reportability aspects as well as the Criterion 16
19 corrective action.

20 The procedure revision that in effect accomplished
21 that was a revision to procedure R-2 and that revision took
22 effect, I believe, in the summer of 1982.

23 The records that were referred to -- I'm not sure
24 whether it was yesterday or the day before, but in any event
25 the record of rate of generation of NCI's showed that the

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1 number of NCI's, the rate of NCI generation did decrease
2 after that revision to procedure R-2 took effect.

3 The reason was that some construction deficiencies
4 that had been recorded on NCI's were not being recorded on
5 R-2A forms and this was entirely appropriate within our
6 program.

7 Q So it didn't necessarily result in the non-
8 documentation of problems as they arose?

9 A No. The fact of the matter is that items that
10 had been documented on Q-1A's or NCI's were now being
11 documented in other ways and the bulk of that change or shift
12 in where it was being document would be to shift it to an
13 R-2A form.

14 Q Was this in any way a result or an outgrowth of
15 the SALP determination that it was based on the number of
16 violations?

17 A No, not to my knowledge.

18 Q Did it reduce the availability in any way of
19 records to the NRC upon which the NRC would have the ability
20 to review and determine where the violations occurred?

21 A No, the NRC inspectors have free access to all
22 the records and these construction discrepancies or items
23 that didn't comply with procedures would be documented on
24 R-2A's or process control, if they had not been documented
25 on NCI's and those records are available.

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1 Q Was the reduction in the number of NCI's in part
2 a response to comments by the NRC inspector in one of his
3 reports?

4 A The decision to make the revision to our program
5 that included the revision to the procedure R-2 as well
6 as the subsequent revision to procedure Q-1 and the creation
7 of procedure R-6 all stem from the inspection reports,
8 various inspection reports that had been written by NRC
9 inspectors as well as the report or comment from a team that
10 reviewed the NCI process at Catawba.

11 MR. JOHNSON: I don't have any further questions.

12 JUDGE KELLEY: Do you?

13 MR. WILSON: Thank you.

14 CROSS-EXAMINATION

15 BY MR. WILSON:

16 Q Mr. Grier, I think probably you can help me
17 out the most and probably the fastest.

18 I would like just basically, if I may, a
19 description of the way the QC and QA functions are performed
20 now under the revised procedure.

21 QC, as I understand it, is out there in the field,
22 is that right, looking over the workman's -- the craftman's
23 shoulders as the work is completed, is that right?

24 A (Witness Grier) That's correct. The quality
25 control inspectors are a part of the quality assurance
organization at the Catawba construction site and those

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1 inspectors with the quality control organization are charged
2 with the responsibility for carrying out the requirements of
3 inspection procedures that are written by the quality
4 assurance department.

5 Q All right.

6 So when a quality control inspector finds something
7 that he does not feel has been accomplished in compliance
8 with the procedure, then he fills out a report that goes on
9 to quality assurance, is that right? I mean, among other
10 things, that's one of the things he does at that point,
11 isn't it?

12 A That's generally correct. There are situations
13 where an inspector might inform a craftsman or a craft
14 supervisor that there is some deficiency or discrepancy in
15 some work item and would, upon informing the craftsman,
16 would have the craftsman correct or give the craftsman the
17 opportunity to correct the situation and to come back for
18 a subsequent inspection to determine whether it was acceptable
19 or not. In many cases there is documentation of
20 discrepancies.

21 Q When was the re-organization accomplished,
22 February when?

23 A If the reorganization you're referring to is the
24 move of the quality control inspectors from administrative
25 supervision and construction to the quality assurance

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1 department, that occurred in February of 1981.

2 Q All right, sir.

3 And so now when a report or a deficiency is noted
4 and the report appropriately is filled out by a QC inspector,
5 that report is forwarded on to his immediate departmental
6 superiors, is that right, in QA?

7 A That's correct. But the organizational change
8 of moving the quality control inspectors from administrative
9 direction and construction over to the quality assurance
10 department did not change the way this documentation was
11 handled.

12 Q All right, sir.

13 When someone, under the old procedure -- let
14 me turn I guess to Mr. Wells as well as you, Mr. Grier --
15 under the old procedure when a deficiency was noted -- this
16 was before you revised the NCI or your general reporting
17 requirements and they were much more inclusive than they
18 are perhaps today -- the individual reviewed the necessity
19 for the corrections, if any, that needed to be undertaken
20 as a result of that inspector's deficiency report, was that
21 also the same individual who would ultimately be passing
22 some review as to the inspector's qualifications or the
23 appropriateness of a promotion or a raise?

24 A If you're asking whether the person reviewing
25 a non-conforming item to determine whether it was a proper

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1 or valid non-conforming item, if you're asking whether that
2 was his supervisor who would review his performance, that's
3 generally correct.

4 Q Would that same supervisor, also under the old
5 system, Mr. Wells, be the individual to whom craft and the
6 construction department would be answering as well?

7 A (Witness Wells) No.

8 Q All right.

9 Where do the two come together?

10 I understood from some early testimony -- perhaps
11 it was Mr. Davison --

12 A There has been a good number of changes since
13 we first began inspection in 1967. But in the later years
14 they came together within the construction engineering
15 organization or in even later years the senior QC engineer
16 reported directly to the project manager and all of the
17 inspectors were under him; he had no responsibility for
18 craft work, the senior QC inspector.

#14 flws.

1 BY MR. WILSON:

2 Q Did the project manager, however, have responsi-
3 bility for craft work?

4 A (Witness Wells) Yes, the project manager was
5 responsible through craft supervision for the construction
6 work.

7 Q And did that individual, as a matter of company
8 policy, also have input into personnel reviews when the time
9 came?

10 A You mean -- which individual?

11 Q I mean as to the project manager.

12 A The project manager would approve pay increases,
13 and so on, of the QC inspectors.

14 Q Now, on a specific site, such as Catawba, I would
15 imagine, Ms. Addis, it's rather common to find that when there
16 is a review that is being conducted by someone else of another
17 man's work, quite frequently you'll have tensions that come
18 from basically one or the other not understanding what the
19 other one's responsibilities are; isn't that, as a general
20 matter, true?

21 A (Witness Addis) I can't speak to the tensions at
22 Catawba with regard to that.

23 Q Well, that was an example. I mean when you're on
24 a specific site where people are dealing in contact, looking
25 at each other's work and basing judgment upon it, quite

1 frequently you find, in the human relations, that one cannot
2 accept the judgment of the other; is that generally true?

3 A At times, as I understand what you're saying, that
4 specifically if I'm auditing someone else's work and make some
5 ruling they might not agree with, there would be a disagree-
6 ment. That certainly can happen.

7 Q And a frequent rationale is that the other guy
8 doesn't know what he's doing, isn't that quite often the kind
9 of response you get?

10 A I've heard that on occasion.

11 Q And wouldn't necessarily be limited to just say,
12 for example, Catawba. That's the kind of thing that you might
13 see at any construction site; isn't that right?

14 A Or, in my examination, in any situation where someone
15 is auditing, inspecting, it can happen.

16 Q All right. So really it doesn't strike you as very
17 unusual, I would imagine, when, during the course of your
18 interviews with the various welding inspectors, you find
19 someone outside of Catawba that expressed that point; that
20 they didn't know what -- craft didn't know what they were doing,
21 or that the welding inspectors didn't know what they were
22 doing.

23 A There were some comments that were not really
24 regarding the welding inspectors. I did not interview craft
25 people. All of the interviews and statements I have recorded

1 came from inspectors, some of whom had the perception that
2 craft people were not up to the same level of knowledge about
3 procedure, and some of whom thought craft didn't think very
4 highly of them.

5 Q All right. Now, Mr. Wells, in your experience over
6 the entire corporate QA program, isn't what I've just had this
7 discourse with Ms. Addis generally correct, that the other guy
8 doesn't know what he's doing when he says that "I haven't done
9 my job well"?

10 A (Witness Wells) I think Ms. Addis characterized it
11 very adequately. Any two people are apt to have friction now
12 and again, and in particular when one is in a position to
13 so-call inspect the other person's work. This is, I don't
14 guess -- it's not uncommon. It happens.

15 Q The previous QA setup that prevailed prior to
16 February '81 is the same basic program, is it not, Mr. Wells,
17 that is in place at the other Duke nuclear facilities?

18 A At that time?

19 Q Yes, sir.

20 A At the other construction sites. At the operating
21 plants, the inspectors were in the QA department both
22 administratively and functionally from the outset, from 1974.

23 Q All right. So it was just at the -- the plants
24 under construction, then, that they were bifurcating, QC
25 under construction, QA --

1 A That's correct.

2 Q Did it not strike you, though, as a little unusual
3 that you had so many of these concerns at Catawba such as what
4 we've been discussing that were specific to individuals who
5 are up in the structure?

6 A Well, it always concerns you when you have a number
7 of concerns, whether it's one or ten or a hundred, it concerns
8 you. As I recall, in talking to them, even before the second
9 recourse, the thrust of it was our job is more important;
10 therefore, it deserves more pay, and I didn't recall before
11 that time any great number of technical concerns; but, you
12 know, to answer the question, any time you have a number of
13 concerns expressed, you want to take a look at it.

14 Q Did you spend a good deal of time at all of the
15 construction sites from time to time?

16 A Yes, sir.

17 Q But your primary contact person, when you visited a
18 site, was Mr. Davison at Catawba; is that right?

19 A Well, on management issues, it was, but I expect I
20 spent more time with other people just observing what's going
21 on, talking to them in general, but any management level, any
22 direction or any decision-making was certainly handled through
23 Mr. Davison.

24 Q All right. But you had the same basic setup,
25 structurally, for the construction sites; is that right?

1 A Yes.

2 Q The concerns that were ultimately raised concerned
3 the particular deficiencies that the welding inspectors felt
4 had been in place over there at the Catawba plant were
5 different from those at other type of facilities that you had
6 in your system, though, weren't they? Weren't they much more
7 specific?

8 A Of course, at that time Catawba was by far the
9 largest project. It had more people. As I recall, even at
10 Oconee we had some similar type, but because of the small
11 number of inspectors, it wasn't the same number. I don't know
12 what we had, anymore, at Catawba, proportionate. It could have
13 been. I didn't run a tabulation.

14 Q I'm really not looking so much at numbers as at the
15 quality of the complaints. Were they more specific at Catawba
16 as to the problems that they saw? In other words, not getting
17 the support from their supervision, naming individuals, citing
18 particular instances in which they felt that supervision had
19 failed them?

20 A Some of them at Oconee were pretty vocal. It would
21 be very difficult for me to make a judgment of which one was
22 the most important. We regarded them all and tried to handle
23 all of them.

24 Q All right, sir. So the memorandum that you prepared
25 to Mr. Owen dated December 29, '81, that was marked as

t15ml

1 BY MR. WILSON:

2 Q Let me ask you the question: The company, Mr.
3 Owen, made a distinction, did it not, in trying to address
4 these concerns between those which focused on pay versus
5 those which focused on safety concerns in the area of
6 construction; isn't that right?

7 A (Witness Owen) That's right. I think part of the
8 reason that memo of the 29th focused on Catawba is along
9 about the 23rd, the small construction task force -- Task
10 Force No. 1, I believe it's been referred to -- finished
11 their work down at Catawba and had conveyed to me some of
12 their work, and asked if I wanted a report on, as I recall,
13 Catawba, or should they go ahead and visit the other sites.
14 And that, you have to recall, was right at Christmastime.

15 I suggested that they go ahead and give me the
16 report on Catawba and, then, after Christmas or as soon
17 as they could work it in with the holidays, to visit
18 Oconee and McGuire and give me a supplement to the report.
19 And I don't recall when that supplement came in, but not
20 very many weeks after that.

21 So that 23rd discussion that we had was specifi-
22 cally relative to Catawba since they had not yet visited
23 the other two sites.

24 Q Ground was broken at Catawba, when, Mr. Owen,
25 '74; is that right?

1 Palmetto Alliance No. 12, was really your specific response to
2 the Catawba concern, the overall system setup; is that right?

3 A Well, back up just a little. The memorandum
4 Ms. Addis and I prepared had to do with all of the plants, if
5 you would notice in here. She specifically says Oconee and
6 McGuire. I believe that as it came down to it, this certainly
7 speaks to Catawba, and this seemed to be in the end where most
8 of the level three recourses came from. It seemed that we
9 settled a greater percentage of them at the first and second
10 stage at the other jobs.

11 (Continued on next page.)
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1 Q By "groundbreaking," Mr. Wilson, I think it was
2 in the '73-'74 era. I believe it was early '74, and then
3 there was, in the fall of '74, I believe, a period where we
4 quit working at the site and brought the small construc-
5 tion task force we had down there in and housed them in the
6 engineering department in Charlotte.

7 Q Now, the group that went in and took a look,
8 on the first SALP report, covered a period prior to the
9 reorganization; is that right, Mr. Grier?

10 A (Witness Grier) That's correct.

11 Q Now, did the report come out subsequent to that
12 reorganization; isn't that right? I believe February 21st
13 was your reorganization, and the report was about August,
14 '81, I believe.

15 A Well, I was not associated with the quality
16 assurance function at that time. I was just trying to
17 recall the dates. There was a management meeting -- well,
18 rather than me trying to answer that, I think Mr. Owen --

19 Q If Mr. Owen has the answers, that's fine.

20 A (Witness Owen) The management meeting, as I
21 recall, was October 7th or 8th, something like that, in
22 1980, which was prior to that. It may have been November,
23 but it was following.

24 Q Management meeting? I'm sorry. Who was that
25 with?

t15m3

1 A SALP was a new process at that time and they
2 were still working on their -- NRC was working on their
3 approach to that kind of systematic assessment of licensee
4 performance. We had our first management meeting at their
5 request in our offices in Charlotte in the fall of 1980,
6 October or November, as I recall. I believe it was October
7 of 1980. Then, subsequent to that, there was an, as I
8 understand it now, assessment board in the region that
9 generated the ratings that we've discussed. But at our
10 meeting in October of 1980, while there was some display
11 of how our number of violations compared to other plants in
12 the region, there was no rating system discussed with us
13 at that time.

14 Whether or not it existed in their planning at
15 that time or not, I just do not know. It wasn't given to us.

16 Q I understand. As far as the procedure that
17 Duke had followed in sending in these nonconformance items
18 -- or item reports, NCI's, is it fair to say that you
19 folks had approached it from a standpoint of trying to
20 report as many things as you found, or everything that you
21 found, versus being more selective as you later revised your
22 procedures; is it fair to say that?

23 A (Witness Grier) Well, I just want to clarify.
24 You used the term "nonconforming items." Those are not --
25 that's not the name of what is submitted to the NRC pursuant

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1 to reporting regulations. What primarily the SALP report
2 was talking about in terms of items that were reported
3 would be construction deficiencies reported under the
4 10 CFR 50.55(e) requirements or reports under Part 21
5 of that section. Those would be the things that we sent
6 in, not nonconforming items.

7 Q So, at any rate, you were sending in, if I heard
8 your testimony earlier, a lot more information than you
9 really needed to, as required by the regulations; is that
10 right?

11 A (Witness Wells) I believe I answered that.
12 Regulations can be interpreted many ways. What I tried to
13 say is that we went overboard to make sure we kept them
14 informed and that, in my judgment, in looking at -- talking
15 to people in similar jobs at other plants, it's my judgment
16 that our threshold was lower, that we sent in more than
17 a lot of people, that we tried to keep them informed, and we
18 sent in some things that perhaps the law didn't require
19 us to send in, but that was just our effort to make sure
20 we did keep the NRC informed.

21 Q And that was the same procedure that was in
22 place not only at Catawba, but throughout Duke's system;
23 is that right?

24 A Throughout, yes.

25 Q And the whole systemwide procedure was later

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1 toward reporting things.

2 Q I'm not trying to imply, Mr. Wells, that you
3 all have not been following the requirements of the law.
4 Really what I'm looking at, the adjustments that you made
5 within your system in response to what you perceived to be
6 the reason for the unfavorable SALP-1 report.

7 Apparently in earlier testimony, a number of you
8 folks had indicated that perhaps the numbers -- the fact
9 that you were very busy planning, that you had a lot more
10 work going on and, therefore, you were going to have
11 a lot more reports going to the NRC, that that was the
12 root of it. And I guess the thrust of my question is, just
13 basically, did you adjust your internal procedures to cut
14 down on those numbers?

15 A To my knowledge, we did not ever adjust our
16 procedure to cut down on the number of reportable items.
17 Our threshold is the same now as it's always been. What
18 we changed is our nonconforming item report, which does not
19 go to the NRC. It's available to them at the site if they
20 want to see it, but it's not a report. That's what was
21 changed.

22 A (Witness Grier) I'll just reiterate in response
23 to one of Mr. Johnson's questions which was whether this
24 change we made to our nonconforming item procedure, to
25 the companion procedures, Procedure R-2, whether that was

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1 modified to weed out those items which you could take care
2 of there at the site at the time?

3 A No, no. That procedure -- the reportability
4 is not involved in this changing from an NCI to R-2A.
5 That's an internal document, the nonconforming item. Our
6 reportability is governed by the regulations, and we've
7 changed the administrative details of it, but, by and large,
8 the regulations have not changed, and we are still follow-
9 ing the same regulations that we followed since it was
10 published.

11 Q But you did modify your own internal procedures
12 to cut down -- I mean, you were still complying with the
13 regulations, but you were cutting down with the volumes or
14 the numbers of items that you would have previously rou-
15 tinely reported; is that right?

16 A No, no. That's not true. Let me try and go
17 over it one more time.

18 Any time we detect something in any way that
19 should be reported, we report it. That has not changed.
20 All we changed is some things that were being reported
21 internally on a nonconforming item were now later reported
22 on another form, an R-2A.

23 This had nothing to do with the law and what we
24 reported under the regulations. And I don't believe
25 you'll find that that's changed very much in our attitude

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1 responsive in any way to the SALP report.

2 My answer was no, there was no connection.

3 Q Since the SALP-1 report came in, though, you've
4 had two other SALP's that were favorable; is that right?

5 A (Witness Owem) That's correct. We've had the
6 latest -- the latest one, we had the management meeting
7 at the request of the NRC in August or September of this
8 year. I'm not sure that that report has been issued, but
9 we've had our meeting with them. And they handed us the
10 copies of the transparencies they used that day in making
11 the presentation to the group of management people.

12 Q In a large construction-type setting, is it
13 not perhaps, I guess, to be expected that there are going
14 to be items which do slip between the cracks or which are
15 handled in an informal manner due to the daily repetition,
16 the volume that you have?

17 A In kind of an informal manner?

18 Q Yes.

19 A Can you clarify that?

20 Q I mean such as outside the normal procedures.
21 Under the old procedure, the practice may be, like, voiding
22 an NCI verbally rather than through some formal process.

23 A The verbal voiding of NCI's was not outside of
24 our program at that time. It was not unusual at all. The
25 verbal voiding infers that it was disregarded. That's not

t15m8

1 the question. The question was whether the NCI was the
2 appropriate form of documentation to use.

3 My characterization of the process is that on
4 safety-related work, if the worker -- if the inspector
5 sees something in process that appears to be incorrect or
6 is incorrect, then my expectation is that he ought to say
7 something to the craftsman or to the craft supervision that,
8 "That's going to end up in a problem," "You've got that in
9 the wrong place," or "That doesn't meet the requirements,"
10 or "There's going to have to be an inspection."

11 Secondly, he has hold points in the inspection
12 process, so I would characterize that first one as informal.
13 The second one, there are hold points in the inspection
14 process, and he may not approve that until it's right to
15 his satisfaction and he signs off on the hold point. And
16 I would consider that more formal.

17 Even more formal is the NCI when he has found
18 something that was outside of the planned inspection process.

19 A (Witness Grier) If I might?

20 (Continued on next page.)
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1 BY MR. WILSON:

2 Q Go ahead, if you've got something to add.

3 A (Witness Grier) I might add something to the
4 answer. These different aspects of handling a discrepancy
5 that might be identified as Mr. Owen has described, they are
6 part and parcel of the training that an inspector gets in
7 order to carry out their duties, so in carrying those out, an
8 inspector is carrying out his instructed manner of performing
9 his work.

10 Now, your question in some ways implied whether or
11 not the inspectors ever make mistakes and, of course, they do,
12 as well as other individuals in the process of constructing
13 the plant, carrying out their duties.

14 JUDGE KELLEY: Mr. Wilson, lunch hour approaches.
15 Any idea how long you think you'll be?

16 MR. WILSON: I think probably about another 10 or
17 15 minutes. If you want to continue or break, either way is
18 fine with me.

19 JUDGE KELLEY: Is there a consensus one way or
20 another?

21 MR. WILSON: It could take longer than that, but I
22 would not anticipate it.

23 JUDGE KELLEY: Mr. Guild, what's your view?

24 MR. GUILD: I could use a break, Mr. Chairman.

25 JUDGE KELLEY: Let's eat lunch, an hour.

(Whereupon, at 12:20 p.m., the hearing was recessed,
to reconvene at 1:20 p.m., this same day.)

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AFTERNOON SESSION

(1:25 p.m.)

JUDGE KELLEY: We'll go back on the record.
Mr. Wilson will resume his examination.

MR. WILSON: Yes, sir. Thank you, Mr. Chairman.

CROSS-EXAMINATION (Resumed)

BY MR. WILSON:

Q When we broke I believe we were -- I had just gotten a response from a couple of you gentlemen concerning the reporting requirements out there and the kinds of things that you had been seeing and things that had been changed and why.

Obviously any human endeavor has opportunities for error involved in it and individuals will make mistakes.

You have got a system, or had a system and still do and this remains basically unchanged, does it not, today, I mean except for administrative purposes?

A (Witness Owen) That's correct.

Q But you've got a system wherein other individuals conduct reviews of say another craftsman or inspectors' performance, so it's not simply on one man's or person's word that a job gets rejected or approved, is that right?

A (Witness Grier) That's basically correct. The audits that are conducted of the conduct of the program by the audit division of the quality assurance department,

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1 there's surveillances, our conducted surveillances are
2 reviews of the conduct of work by individuals within the
3 quality assurance organization on the project. They observe
4 how all of the organizations on the site are conducting the
5 quality assurance program, all of the records that are
6 generated by the inspectors and other individuals in carrying
7 out the courses of their duties in the program are reviewed
8 by an independent group to assure that those are completed
9 correctly.

10 Q I think maybe you've anticipated my next question,
11 Mr. Grier, in that in addition to the other individuals who
12 are out there laying eyes on the work and passing judgments,
13 such as your surveillance groups or say a welding inspector
14 supervisor or whatever, you also have a documentation system
15 that parallels those kinds of activities separately, isn't
16 that true?

17 A That's right. All of those activities that I've
18 described are documented.

19 Q And that documentation is rather thorough, is it
20 not?

21 A Yes.

22 Q Are all of those documents available to the NRC
23 or internal inspectors or auditors within the company?

24 A Yes, they certainly are.

25 Q As far as the items that you were previously

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1 reporting before the restructuring and the division of your
2 reporting system, those items that were being reported, those
3 were not only the ones that were required by law if I
4 understood you earlier, but also other items that really
5 may not have been required by law but which from a conservative
6 standpoint you felt were of interest to the NRC, is that
7 right?

8 A Well Mr. Wells was saying we have not changed our
9 requirements for reporting under the regulations for
10 construction deficiencies, the 50-55E regulations or the
11 Part 21.

12 I think what Mr. Wells was describing was the fact
13 that our interpretation of those requirements have been such
14 that we've submitted quite a number of reports.

15 The program change that you referred to in your
16 question did not have anything to do with the number of
17 construction deficiencies or of situations we report under
18 those two statutes.

19 What that change had to do with is the fact that
20 for certain categories of discrepancies discovered in the
21 course of doing inspections, particularly those that are
22 preplanned, those inspections are planned, and discrepancies
23 that we through experience know and discover in the course
24 of doing that inspection, those are the things that are
25 not in the category that they need to be evaluated for

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1 reportability.

2 Items that do need to be evaluated are items that
3 would be documented in non-conformance reports in the
4 scope of the procedure as it's set now and I think Mr. Wells
5 also testified that that's not the only source of items that
6 are reported. Other sources would be through information
7 that comes to the attention of design engineers, information
8 that comes to the attention through vendors. Those things
9 have not changed in our program.

10 Q All of those reports, whether or not you officially
11 send them off to the NRC, are nonetheless available for
12 inspection there at the site, are they not, or in
13 headquarters? They are available to say a resident
14 inspector for the NRC, are they not?

15 A All of the documentation generated as a result
16 of the quality assurance program are available to the
17 resident inspector as well as any other NRC inspectors that
18 come on-site.

19 Q And do you know whether or not they in fact
20 periodically do review those records?

21 A Yes, they do.

22 Q On the site now, Mr. Grier -- let's get a little
23 more specific to Catawba than to general responsibilities
24 that you've got over your other sites as well -- on the site
25 today to whom -- or who does, rather, conduct personnel

agb5

1 reviews of QC inspectors?

2 Is this in the construction department -- Who is
3 it? Are they completely parallel systems or do they overlap
4 at some point?

5 A The personnel reviews of the inspectors are done
6 by their first line supervisors. Those supervisors are
7 members of the quality assurance department.

8 Q They are not, I take it, from the reorganization?
9 In the chart that was previously admitted, I think it was
10 attached to Mr. Owen's testimony, they don't really overlap,
11 do they, Mr. Owen, until they get to you, is that right?

12 A (Witness Owen) That's right. The only performance
13 evaluations that come to me and salary recommendations that
14 come to me are those that are at such a level in the company
15 that my signature is required on the review of them. Many
16 of those do not come to me at all.

17 Q But yours is basically an appellate type of review,
18 is it not?

19 A That's correct.

20 Q Before the reorganization was established
21 I believe, Mr. Wells, we had earlier had indications that
22 the project manager was an individual who would have input
23 to those kinds of performance evaluations, both from the
24 craft and from the inspectors, is that right?

25 A (Witness Wells) Yes, he would be in the cycle for

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1 it.

2 Now as Mr. Owen has said our company procedures
3 allow for final decisions at various levels, depending upon
4 the classification of the worker, but he was in the cycle
5 for inspectors and craft, yes, sir.

6 Q How far --

7 A (Witness Grier) If I could add to that.

8 Q Certainly.

9 A The performance reviews of inspectors before the
10 change in organization in February of 1981 were done by
11 the first line supervisors of those inspectors. Those
12 supervisors at that time were members of the construction
13 department and under the administrative direction of the
14 construction department personnel.

15 Those supervisors who now do the evaluation of
16 inspectors are in the quality assurance department. In
17 many cases they're the same supervisors.

18 Q I understand.

19 Mr. Wells, what I was going to ask was how far
20 removed, in the pre-February 1981 structure, how far removed
21 in that set up was Mr. Davison from the individual welding
22 inspector who might be under evaluation? Was he one level,
23 two levels, three levels or what?

24 A (Witness Wells) I believe at that time in most
25 cases there were two supervisors between him and the welding

agb7

1 inspector.

2 Now some inspections were small in number and
3 there could have been only one person between but there
4 was in most cases I think two levels between them.

5 Q Now those people though would have ultimately,
6 those reviewing supervisors of say an individual welding
7 inspector on the line, they would have been reviewed by
8 Mr. Davison, is that right?

9 A Speaking before the reorganization is that what
10 you're --

11 Q That's right.

12 A I was not completely aware at what level within the
13 construction department approvals take place. I would assume
14 he would see a good number of them. You know, the levels
15 would depend on who is given what authority for pay approval.

16 So I just really can't answer exactly whether he
17 saw every one of them or not.

18 A (Witness Grier) I can answer that from my
19 experience at the McGuire Nuclear Station.

20 Q Please do then.

21 A The senior quality control engineer at McGuire re-
22 ported to me. That was -- the senior quality control engineer
23 is the same position as Mr. Davison held at Catawba.

24 There would be a review, a sign-off of the
25 evaluation in any wage action by a senior QC engineer for

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1 the inspectors. The evaluation would be done by the first
2 line supervisor and it would go through an approval chain
3 which would include the senior QC engineer, that being
4 Mr. Davison at Catawba at that time.

5 Q Is there -- rather, are there in fact dual
6 responsibilities under the old system that say the project
7 manager had to weigh in his overall job performance, that
8 is between the quality assurance making sure that things are
9 done correctly versus meeting your construction deadlines?

10 A I'm not sure I understand the question clearly.

11 Rather than me restating it, could you --

12 Q Let me take another crack at it then.

13 Are there not really competing interests in the
14 project manager's role in those respects?

15 A No.

16 Again let me be clear about your question: Does
17 the project manager have some conflicting role or
18 responsibility in the fact of the inspectors, quality control
19 inspectors were within the construction organization charged
20 with carrying out inspection requirements for the quality
21 assurance program that is opposed to his responsibility of
22 doing construction work.

23 Is that the sense of your question?

24 Q That's close enough.

25 A No, there's no conflict there. The project

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1 manager's role, of course, is to carry out construction and
2 carry it out in a manner where the construction conforms to
3 the quality requirements.

4 Quality is one of the project manager's
5 responsibilities. Those quality requirements are set by the
6 design specifications and standards. The quality control
7 inspectors are charged with carrying out the inspection
8 requirements of the quality assurance procedures. Those
9 procedures are developed and approved by the quality
10 assurance department. That's not under the direction of
11 the project manager.

12 The project manager was responsible to see that
13 there are enough inspectors on hand to carry out the
14 requirements of that program. If there were not enough
15 inspectors on hand and an inspector just would not progress
16 at as fast a rate, in which case he would be sure that
17 that's augmented and the inspection would be carried forward
18 at the proper rate.

19 Q In judging whether or not a particular weld
20 meets the quality assurance performance criteria, different
21 judgments, subjective judgments have to be made by a welding
22 inspector, don't they?

23 A There's some judgment involved in carrying out
24 almost any inspection. Welding inspection is in that class.

25 Q And some times those judgments can lead to a --

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1 well, an honest difference of opinion perhaps about whether
2 or not something complies with those criteria, isn't that
3 correct?

4 A That's correct.

5 Q The resolution of those kinds of conflicts
6 occurs at what level -- or occurred at what level in the old
7 procedure, Mr. Wells?

8 A (Witness Wells) Well they occurred at a number
9 of levels depending on what the consequences were and what
10 type of problem.

11 But the project manager was not in the chain
12 for determining whether something met the requirements or
13 not, that was purely in QA.

14 Q As far as an individual judgment goes though if
15 you had someone that had a particular viewpoint that perhaps
16 had been overruled a number of times, might that insistence
17 on say the individual's part of a hearing to his avowed
18 position not be reflected subsequently in his job evaluation?

19 A I've never heard that accusation nor experienced
20 that. It could happen I suppose, but I have not experienced
21 that.

22 Q Wasn't one of the concerns that the welding
23 inspectors in craft voiced the fact that -- well from craft's
24 standpoint I believe they were feeling that the inspectors
25 were being too picky. And the inspectors on the other side

agbl1

1 were saying that they were in turn having to approve shoddy
2 work.

3 Isn't that essentially what we're talking about?

4 A I've read that in some of the testimony. That
5 was not a major concern that was brought to my attention.
6 I'm sure that from time to time I may have heard it but the
7 most vivid recollection is in reading the testimony and
8 Ms. Addis' notes and letters after that period of time -- but
9 I didn't detect it was a prevalent thing that went on.

10 Q The system being what it is with quality assurance
11 reviews basically being paper reviews after the fact of the
12 construction, is it not possible -- not necessarily that it
13 happened, but is it not possible that substandard or deficient
14 work could have been processed through the system without
15 QA, say, perhaps without it being properly corrected if
16 it was caught in the first place?

17 A (Witness Grier) I'm not sure I understand your
18 premise I guess.

19 Q I guess basically what I'm asking is aren't
20 there -- or isn't there potential for mistakes in a simply
21 paper review after the fact when really you're dealing with
22 building the plant by craft at the site then?

23 A Well the quality assurance review is not simply
24 a paper review. The audits and surveillance activities
25 include reviews of the actual conduct of work by craftsmen,

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1 by inspectors, by technicians, by other individuals who
2 are charged with the carrying out -- certain elements of
3 the quality assurance program.
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1 BY MR. WILSON:

2 Q The craftsmen have -- excuse me. Is that what
3 you said; the craftsmen are responsible for carrying out
4 QA problems of the program?

5 A (Witness Grier) Yes. The craftsmen are cer-
6 tainly responsible for carrying out certain elements of the
7 quality assurance program. The process control procedures
8 for doing certain types of construction include steps that
9 craftsmen are instructed to carry out.

10 Q Is that basically them being expected to build
11 it to design engineering standards?

12 A Well, that, plus doing it perhaps in certain
13 sequences, stopping work at certain points that we refer
14 to as hold points in our process control procedures, in
15 order for inspections to be carried out before work con-
16 tinues, requirements for marking or identifying materials
17 or identifying wells with certain identifying information.
18 Those are among the types of things that craftsmen in the
19 program are instructed to carry out.

20 Q Mr. Owen, the task force investigation that you
21 launched after the SALP report came out went pretty
22 thoroughly into these particular deficiencies that were
23 noted in that report, did it not?

24 A (Witness Owens) Deficiencies noted in the SALP
25 report?

t18m2

1 Q In the SALP report, yes, sir.

2 A No. That task force that I appointed -- the
3 technical task force --

4 MR. CARR: Pardon me, Counsel. Were you refer-
5 ring to the analysis done, I believe, by Mr. Henry after
6 the SALP report came out?

7 MR. WILSON: Yes. That's the one I'm talking
8 about, yes, sir.

9 A (Witness Owens) Excuse me. My request of that
10 group was to take a look at each of the violations that
11 occurred and were considered as part of that SALP report
12 during the period in '79 and '80. I don't remember the
13 exact dates, August, '79 through August of '80, I believe.
14 And I asked them to review each violation, to review the
15 circumstances associated with each violation, to look at
16 the corrective action that we had committed, planned or had
17 taken, and to see that those had been done and had been
18 completed, and also we had some discussion about whether
19 or not that remedial or corrective action had been -- was
20 in our view at that time adequate.

21 Q And that asked of specific violations you were
22 aware of?

23 A Yes. That was a discreet list as we looked at
24 the inspection reports at that time and took each item
25 and listed each item, and they prepared a brief tabulation

t18m3

1 that we discussed.

2 Q Now, if there were programmatic deficiencies
3 where the reports were not getting finalized or sent in,
4 where would that have turned up in the course of your
5 investigation? Which group would have been looking at
6 that?

7 A Well, you detect programmatic deficiencies through
8 audit, through surveillance. My answer to your earlier
9 question to Mr. Grier would have been just a little broader
10 of how I assure myself that things are not slipping through,
11 and I guess being a design engineer for a large part of my
12 career and responsible for the design activity, I look at
13 the broader scope than just the QA program. The QA program
14 is a very vital piece of that, but we not only design it
15 and implement it to get a quality program and have the QA
16 program, but to be sure that the quality is there.

17 The ultimate answer as to whether the work is
18 adequate or not is in the testing that takes place prior to
19 operation.

20 For example, a system might be designed to
21 operate at 80 pounds. Your design pressure for that system
22 would be higher than the operating pressure, maybe 100
23 pounds, and then the load requirements require that you
24 hydrotest it at 25-percent in addition to that.

25 So a system that might operate at 80 would be

t18m4

1 tested at 125 pounds to ensure yourself of structure
2 integrity of all parts of the system, including the wells.

3 JUDGE KELLEY: Excuse me. I would like to ask,
4 Mr. Wilson, for an indication of your progress.

5 MR. WILSON: Almost done. I've got five, ten
6 minutes.

7 JUDGE KELLEY: Why I asked is at the lunch break,
8 you had fifteen, and we've been here for a half hour.

9 Now, we don't have a cross-examination plan from
10 you. I think if you go more than ten or fifteen minutes,
11 we'd like to have an outline of where you're headed in the
12 future. So if you can wrap it up, we'd appreciate it.

13 MR. WILSON: All right.

14 BY MR. WILSON:

15 Q Ms. Addis, when you consider morale as a dis-
16 creet aspect of, say, worker satisfaction, how does it
17 weigh in the overall balancing in the final analysis of
18 worker satisfaction? Is it a pretty important factor?

19 A (Witness Addis) Very much so in terms of my
20 outlook on the workers.

21 Q And worker satisfaction, of course, is reflected
22 in a good job, is it not, as far as the company is concerned?

23 A To some extent it definitely is, although there
24 are -- when you do opinion surveys, employee relations
25 feedback kinds of surveys, you don't necessarily always

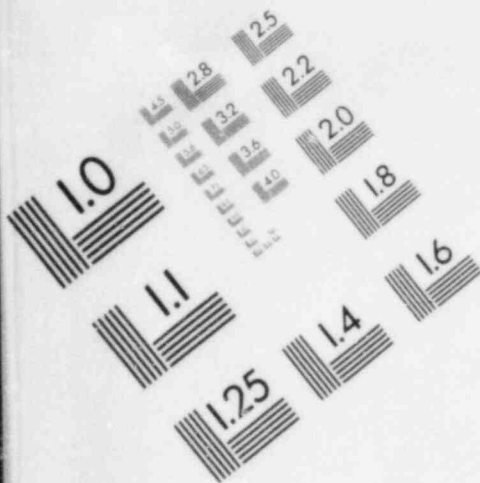
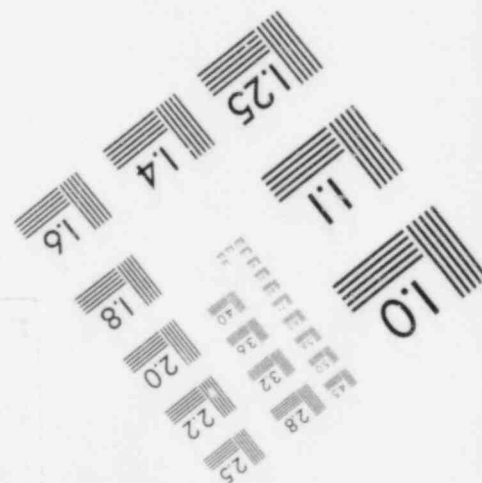
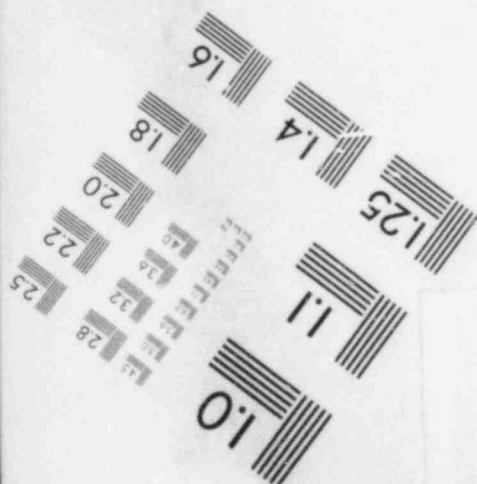
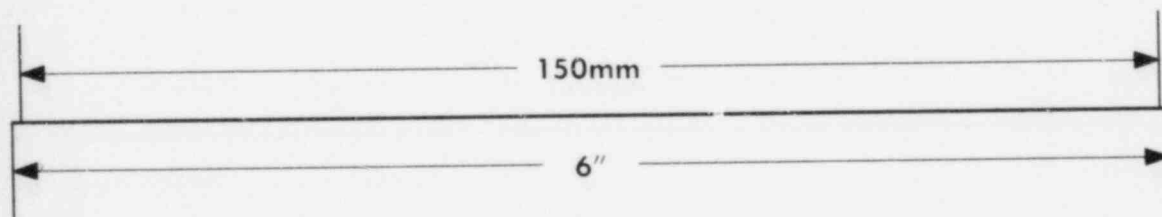
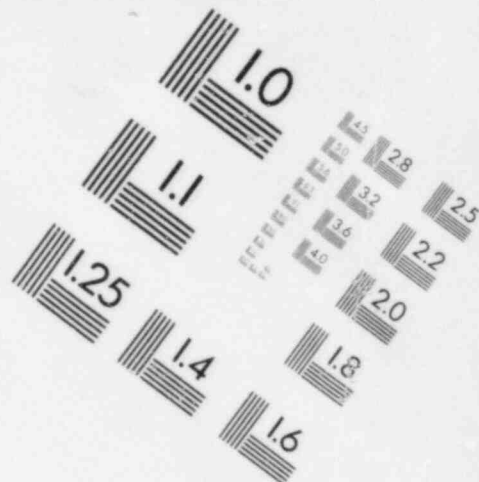


IMAGE EVALUATION TEST TARGET (MT-3)



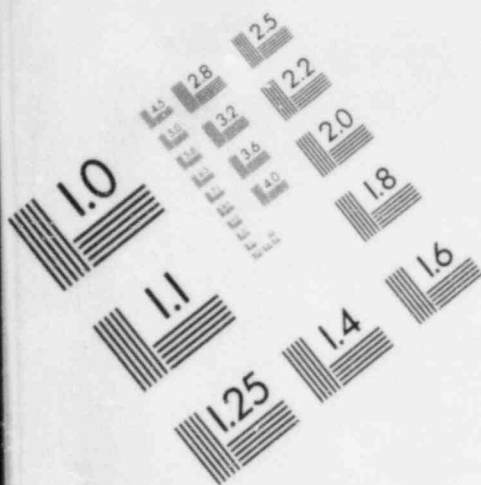
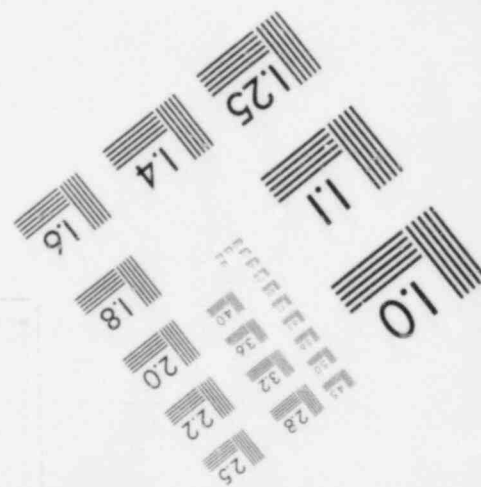
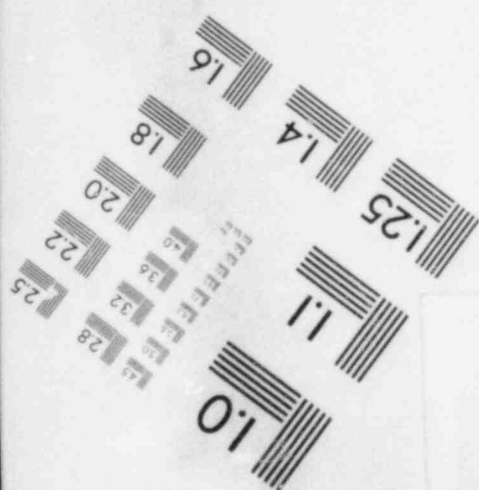
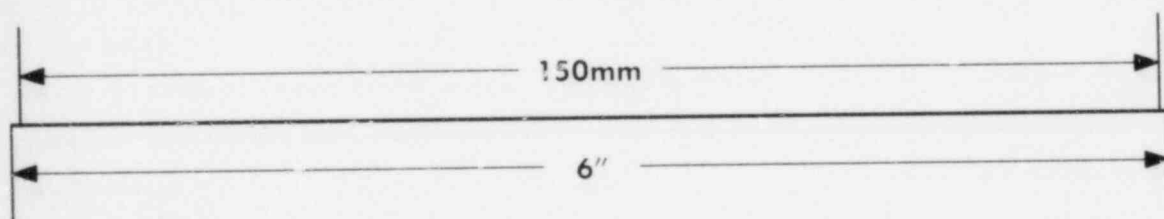
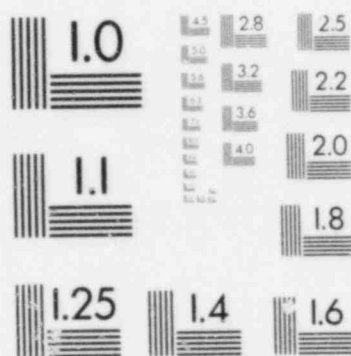
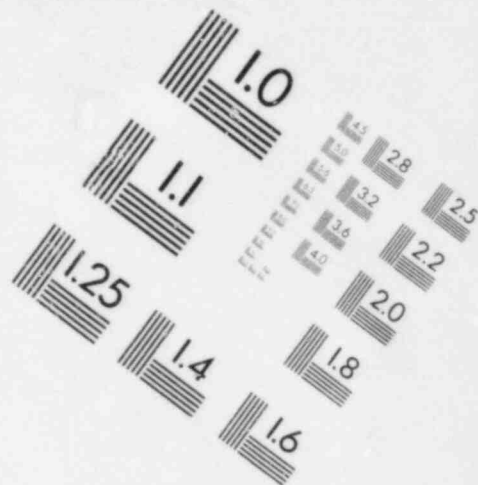


IMAGE EVALUATION
TEST TARGET (MT-3)



t18m5

1 correlate job satisfaction with good or bad performance,
2 per se, all the time. People who have some difficulty
3 at a certain situation and, therefore, have some uneasiness
4 with their job satisfaction for a period of time do not,
5 as a matter of course, start doing bad work at all.

6 Q The morale, though, was not affected, you say --
7 or, rather, the morale was affected, but you say job per-
8 formance may not necessarily be; is that right?

9 A That's right.

10 Q And then it would be the systems such as what
11 Mr. Owen and the other gentlemen have described which would
12 assure that job performance did not, in fact, suffer?
13 Is that basically what I've been hearing, gentlemen?

14 A (Witness Grier) That's correct.

15 A (Witness Owen) That's correct.

16 Q Let me ask collectively, are you individuals --
17 or not Ms. Addis, but I guess this question is really
18 toward the three gentlemen -- are you all individually
19 satisfied that there have been no programmatic or specific
20 deficiencies at the Catawba nuclear station which would
21 compromise its safety and integrity?

22 Mr. Owen?

23 A As a result of the task forces that I've asked
24 to review and the review that I've made and the discussions
25 I've had with people, I don't have any doubt in my mind

t18m6

1 but what the work that has been accepted at Catawba is of
2 adequate standards as a minimum.

3 It may be even higher, but certainly meets the
4 requirements.

5 Q All right. Mr. Grier?

6 A (Witness Grier) I'm very satisfied that there's
7 been no acceptance of work under the quality assurance
8 program that would affect the safe operation of the plant.
9 I base that on the product of the task force effort and
10 also my contact and conversation with individuals in all
11 levels of the quality assurance department.

12 There's been no evidence through the programs
13 that we've described, the audit programs, the surveillance
14 programs, or through my contact and conversations with
15 individuals in the quality assurance department that the
16 conduct of that program has not been carried forward.

17 There has been dissatisfaction about working
18 relations and about certain aspects of how work has been
19 carried out, but none of those aspects have dealt with
20 conduct of the program in a way that any work would be
21 accepted that would not -- the acceptance of any work that
22 would not allow the plant to operate safely once a license
23 is granted.

24 Q All right. Mr. Wells?

25 A (Witness Wells) I think I could stand on their

t18m7

1 two answers. I would only add that in my view, there's
2 been nothing that's been accepted that would jeopardize the
3 safety of the plant, and the systems that both of them have
4 outlined I concur with.

5 Of course, we aren't through building it yet,
6 but the systems that have been and are ongoing and will be
7 will certainly detect anything of a nature that would make
8 the plant unsafe.

9 MR. WILSON: Thank you. That's all I have, Mr.
10 Chairman.

11 JUDGE KELLEY: Any questions of the Board?

12 JUDGE FOSTER: I have only a very few.

13 EXAMINATION BY THE BOARD

14 BY JUDGE FOSTER:

15 Q The first would be directed to Mr. Grier, because
16 it involves his prefiled testimony on page 33.

17 Do you have a copy available?

18 A (Witness Grier) Yes, sir.

19 Q And this is in line 16, where there's a sentence
20 that says, "I am not aware of any audit that has indicated
21 a breakdown of the QA program," et cetera.

22 If we set aside the term, "any audit," are there
23 any other things that would have come into play relative to
24 the nature of the QA audit?

25 A No, I have no knowledge of anything that would

t18m8

1 indicate a breakdown of the program of a nature that would
2 preclude the plant from operating in a safe manner.

3 Q We heard quite a bit about the statistics
4 involved with the NCI's and other deficiencies and how that
5 trend or numerical accounting of deficiencies might have
6 entered into the SALP program. This, to me, seems to
7 indicate that you had a number of statistics associated
8 with deficiencies.

9 I'm wondering whether that block of data was
10 used at all to try to detect whether there was any change
11 before and after the pay adjustment for the welding inspec-
12 tors; in other words, if the pay adjustment affected the
13 work of the welding inspectors. Is there some statistic
14 that you looked at or could look at that might indicate some
15 change in the conscientiousness with which those people did
16 their job?

17 A Of course, the primary thing that would come into
18 play there would be the first-line supervisor's observation
19 of the work that was carried out by the inspectors, and that
20 observation indicated no change in the dedication to which
21 that program was carried forward.

22 I am aware that there was a tracking or an
23 observation of the number of nonconforming item reports
24 that were written in the welding area in that period of
25 time. By "that period of time," I mean January of 1982

t18m9

1 through perhaps March of 1982. I'm not sure of those dates.

2 That data was kept by individuals on site, and
3 my understanding -- I've not seen that data myself, but
4 my understanding of that data is that it really was not
5 conclusive at all. It didn't --

6 Q You didn't --

7 A It showed normal variation of a number of non-
8 conforming reports that were written and showed --

9 (Continued on next page.)

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1 BY JUDGE FOSTER:

2 Q Possibly lacking a good base line to compare it
3 with in prior months?

4 A (Witness Grier) I don't believe the -- I don't
5 believe that there was an actual tabulation of the number
6 generated in some previous number of months. I think the data
7 was based on the experience and judgment of the supervisors
8 who were looking at the data, and my understanding is that
9 their conclusion was the data was not conclusive; that it
10 certainly did not indicate any market increase or decrease in
11 the number of nonconforming reports that were written.

12 A (Witness Owen) Judge Foster, if I could add some-
13 thing.

14 Q Sure.

15 A I asked that same question a number of times of the
16 various levels of supervision in the QA department, being
17 concerned about the possibility that impact on morale might
18 cause some loss of dedication to the program, and the answer
19 always came back, and the discussions we had made me feel sure,
20 that inspectors were conscientious professionals, and while
21 they did voice their concerns, did not let that impact their
22 professional approach to their work.

23 Q Thank you.

24 In this overall reclassification of job, as I under-
25 stand it, there were a couple of steps which were involved.

1 One of them was that there was no longer a requirement that
2 welding experience be necessary in order to be a welding
3 inspector, and that that change happened, perhaps, a year or
4 two before the pay adjustment or pay reclassification.

5 A Judge Foster, I think that our practice has been
6 that we got our inspectors from the welding craft. I think
7 from the very beginning the requirement was that -- the
8 industry kinds of requirements, code requirements were that
9 inspectors have either two years of welding experience or two
10 years inspection experience. We had the choice when we first
11 started of using welders, because we had welders, or going
12 outside the company and hiring inspectors, and so we chose to
13 use the welding experience portion of that to certify our
14 folks. I'm not sure, and maybe Mr. Wells can answer this, but
15 I'm not sure that we ever had an ironclad requirement that said
16 you couldn't satisfy that experience without welding experience.
17 It just wasn't our practice to do that.

18 Q Okay. Then what I was leading up to was did the
19 welding inspectors know when that requirement disappeared, if
20 it was there?

21 A When the practice changed? Well, we discussed that,
22 as I recall, and we undertook, and I believe it was at our
23 Cherokee project, to start training and utilizing the non-
24 welding experience primarily -- in my mind, primarily because
25 we had developed such a body of procedures. Where at the

1 very beginning, we depended a great deal on experience, later
2 on the job became pretty circumscribed. We had, as you can
3 see in the eight volumes, pretty healthy procedures for doing
4 things, and that occurred some number of years, I believe,
5 certainly more than a year prior to the pay reclassification.

6 A (Witness Wells) I believe that that did occur in
7 the '74, '75, '76 time frame at Cherokee, and Mr. Owen has
8 said there was never a requirement for welding experience. It
9 was an alternative.

10 Q Let me ask my question in a little different way.

11 When welding inspectors began to be hired, if you
12 will, that did not have that past welding experience, did the
13 old hands complain about it? In other words, were welding
14 inspectors disturbed that people now were coming into their
15 general profession without the welding experience?

16 A I can't recall any specific complaint. I recall
17 having some discussions, and the older welding inspectors felt
18 sincerely that that welding experience they had was beneficial
19 to them, but I don't recall any complaints being made.

20 Q It didn't precipitate any recourse procedures, or
21 anything of that sort?

22 A No.

23 A (Witness Addis) By the time I met with some of
24 these individuals, they did voice the concern.

25 Q That was at the time of the pay recourse?

1 A Yes, at step two I did hear some concern about that
2 qualification of having been a welder.

3 A (Witness Owen) I did too, at that time, I certainly
4 did.

5 Q I have a couple of questions perhaps for Ms. Addis
6 which go back to the employees' knowledge about company pro-
7 cedures and practices.

8 We've heard that the company procedures and prac-
9 tices are in a set of volumes of brown books, or whatever you
10 referred to them as, which are ordinarily in offices of super-
11 visors, and that, in addition to that, there is this employee
12 handbook on benefit plans which is available to most everyone.

13 Relative to the development of the material which
14 goes into that personnel handbook, is that generated by
15 individual departments who want particular kinds of material
16 included or not included, or is there, let's say, some master
17 author who puts that together and then sends it out for a
18 review and approval by the department?

19 A (Witness Addis) The benefits handbook is controlled
20 by the benefits section of the corporate personnel department
21 in Charlotte. They have made an attempt to provide, in that
22 general information setting where the recourse procedure is,
23 some description about what the initial probationary time is,
24 some general information for employees. It really is not
25 intended to be anywhere near as specific as the management

1 procedures book or, as Mr. Owen pointed out, it can even go
2 into great detail about some of the benefits such as retirement.

3 Q I'm not sure that you cleared up for me, let's say,
4 specifically for, perhaps, the recourse procedure, would that
5 have been written by your department, Ms. Addis?

6 A The benefits section controlled that piece of
7 information going in that book.

8 Q All right.

9 A We have a different division which controls the
10 management procedures manual, which is considered the control
11 department for those.

12 Q Relative to the use of the bigger and more compre-
13 hensive manuals which are in the supervision office, my own
14 experience would tend to lead me to a conclusion that those
15 would come off the shelf at the time when there was some
16 specific question to be answered as contrasted with people
17 coming in and an employee, particularly, coming in and spending
18 any time browsing through them and reading them.

19 Is that the impression which I have from my back-
20 ground about what happens in your organization?

21 A Part of what happens is an employee may initiate
22 that kind of review, can come in and ask a question and have
23 the book available. But also when procedures are introduced,
24 and I think specifically in the QA department, as Mr. Grier has
25 commented, that particular procedure was disseminated and

1 reviewed through supervision to employees. In fact, to the
2 best of my knowledge, this happened throughout the company on
3 the recourse procedure.

4 Documents like that, especially the recourse pro-
5 cedures, is always reviewed with employees kind of on a need
6 basis even without inquiry, say, at the time of an exit inter-
7 view, at the time that the employee voices some concern or
8 asks a question like, "What may I do about this," supervision
9 is charged with bringing to their attention these kinds of
10 processes, in addition to your first example where an employee
11 may be curious about something and seek out a response.

12 Q I'd like to turn to a different subject now.

13 Some of the testimony in here refers to a procedure
14 on harassment.

15 A Yes.

16 Q And I gather that that is one which was put in
17 place fairly early in the game, perhaps in the construction
18 department. We didn't hear about any circumstances which led
19 to the development and adoption of a harassment procedure.
20 Could any of you tell us whether the welding inspectors and
21 their experience was a substantial factor in developing and
22 adopting that procedure?

23 A (Witness Owen) I can give you my perspective,
24 Judge Foster, and then anyone else can add to it.

25 We were, at that period of time -- I believe it was

1 around '76 or '77 -- there were many procedures being
2 developed because of the strong need to be sure that we were
3 using system programs all across our company, not only in the
4 harassment area, but in any area, because of our affirmative
5 action program and the EEOC laws and things that were coming
6 along in the '70s.

7 We sort of volunteered the construction department
8 as a place to try to fine tune a harassment procedure. So, as
9 I recall, it was put into place first in the construction
10 department. That's not unusual. That's an approach that we
11 use on things, that we try it on a good sized department before
12 we make it company-wide, but the welding inspectors were not
13 the reason for that. That was really generated in my discus-
14 sions at my level when I was involved with the strong need to
15 have a system be applied and a strong program company-wide in
16 that area, in the recourse procedure area, and all the other
17 areas that helped us prevent or head off the need for an EEOC
18 charge.

19 Q If I understand your answer, you're saying that the
20 motivation was from the top down rather than from a --

21 A Yes, sir.

22 Q -- a problem at the bottom which --

23 A Yes. At that time we were expanding our personnel
24 department. That's when Tom McCracken and Gail Addis came on
25 board and formed the employee relations area. We have an

1 equal opportunity group that tries to educate all our people
2 to consistent hiring practices in accordance with the
3 affirmative action requirements, but the appropriate consider-
4 ations as far as upper mobility in our company for those
5 covered by the various laws that affect us.

6 A (Witness Grier) If I could add something to that.

7 As Mr. Owen said, the company did put into place a
8 harassment procedure after a period of time of implementation
9 within the construction department. One of the recommendations
10 and actions that came out of one of the task forces that dealt
11 with the concerns and issues was to write a supplementing
12 harassment procedure for the quality assurance department.

13 This brown book, that we referred to, the management
14 procedures, contained procedures for use throughout the company.
15 There is a method by which a company can write a supplementing
16 procedure that essentially says mechanically how to carry out
17 the procedure within that department. Those supplementing
18 procedures are reviewed by the personnel department to be sure
19 there's no inconsistency with the corporate procedure; so, as
20 a result of those concerns, there was a supplementing procedure
21 written for the quality assurance department on harassment.

22 A (Witness Addis) With the corporate harassment pro-
23 cedure becoming at a corporate level in February of '81 and
24 having had the pilot phase, et cetera, in the construction
25 department, I believe, in the fall through the end of 1980.

t20ml

1 BY JUDGE FOSTER:

2 Q And that was subsequent, before the QA department
3 came in?

4 A (Witness Addis) '82.

5 A (Witness Grier) July 1st of 1982.

6 Q All right. Thank you.

7 Just one more question, and this is to Mr. Owen.
8 We heard quite a bit about the circumstances
9 that seemed to be developing rapidly at the time of Mr.
10 Wells' assignment to INPO. I'd just like to ask you
11 personally whether the move that you made at that time was
12 to help clear up the problems in the QA department?

13 A (Witness Owen) Well, it's a hypothetical kind
14 of situation because, as I pointed out, I had felt I had
15 that obligation to INPO. I would say this, that when I
16 was considering and talking with the other senior officers
17 in the company and the people that report to me concerning
18 the replacement, I looked very carefully for someone that
19 I thought had exceptional human relations skills in addi-
20 tion to the technical background --

21 Q I'm not so much interested in his going to INPO
22 as I am relative to what was going on in the QA department
23 at the time.

24 A That wasn't my reason for doing it, but I think
25 I would be less than honest if I didn't say that I thought

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T@)M@

1 George Grier had exceptional human relations skills and
2 would help in that situation.

3 That is not to say that Mr. Wells doesn't have
4 strong confidence. Like all of us, me included, sometimes
5 I don't have all the skills I need for a particular job.
6 But I did not make the move for that reason, and I
7 don't know what would have transpired had I not made
8 that move.

9 JUDGE FOSTER: That's all.

10 BY JUDGE PURDOM:

11 Q Ms. Addis, as I understand, the pay classifica-
12 tion study that was made that resulted in the change of
13 classification that through a variety of means information
14 was obtained on the job as it was being performed at the
15 time by the welding inspectors, and you had a set of
16 criteria against which this was measured to determine which
17 classification it fell in. Is that a correct characteri-
18 zation?

19 A (Witness Addis) I got involved in understanding
20 that in the recourse process. Mr. Grier would probably be
21 better able to speak to it in the late 1970's events process
22 of how they did that at Catawba.

23 Q So you don't have personal knowledge of how it
24 was done? You weren't here at that time when it was
25 initiated?

t20m3

1 A No, sir, I wasn't.

2 Q Mr. Grier, do you have personal knowledge of
3 that?

4 A (Witness Grier) Yes. I was a member of the
5 committee to evaluate jobs within the construction depart-
6 ment, one committee in the 1977 time frame and then another
7 committee in 1980.

8 Q The 1980 had to do with the reclassification?

9 A The committee in 1980 -- and I think we did some
10 work in 1981 also -- that was the committee that, among
11 other jobs, looked at all of the quality control jobs,
12 quality control inspection jobs.

13 Q Well, let's see. I'm trying to relate what set
14 of criteria you used as were discussed in the testimony
15 and when those were used in the pay and classification
16 review that resulted in the change in classification.

17 I understood the other day you were talking
18 about basically two components that went into that.

19 A Yes, sir.

20 Q I assume the objective criteria, like, on the
21 one hand, the personnel people or the company managers or
22 somebody has a set of criteria that says on the one hand
23 you look whether they require high school education or a
24 degree in accounting or welding experience, and, on the
25 other hand, you look at things like the degrees of freedom

t20m4

1 that the person has, to what extent their job is to pro-
2 cedure and to what extent they can perceive actions on
3 their own individual judgment; is that correct?

4 A Yes, sir. Maybe I can describe the process by
5 which a job comes to the committee.

6 A job position, we call it a position analysis,
7 is developed for a particular job to be evaluated. That
8 particular analysis is developed by the supervision, an
9 incumbent of that job, with the assistance of trained
10 individuals who understand how to format the position
11 analysis in the correct manner. That position analysis
12 will contain information that would allow the committee
13 to use a set of criteria developed by a consulting firm that
14 Duke Power Company has used for job classification in
15 order to make a decision as to where that job ranks among
16 the hierarchy of jobs with the company.

17 Q May I ask you at this point, that set of cri-
18 teria applies companywide across the board for all the jobs
19 that are in the classified system?

20 A Yes, sir.

21 Q Go ahead.

22 A There are basically four components of that
23 criteria that were used for the evaluation of these jobs.

24 The committee I was on was responsible for the
25 evaluation of nonexempt, noncraft jobs within the

t20m5

1 construction department.

2 One component is the job knowhow, what back-
3 ground knowledge is required in order to perform the job.

4 Another component is the problem-solving
5 challenge of the job. Another component is the accounta-
6 bility, what is the magnitude of the accountability, what's
7 the magnitude of the consequences of the performance of
8 that job.

9 Another component is the working conditions
10 under which that job is carried out.

11 Now, all of those components are judged against
12 the content of the position analysis, and a rating within
13 each of those components is arrived at within a rather
14 structured format of this system that has been provided
15 to us by consulting.

16 Q Now, that format was used in the most recent
17 pay and job reclassification; is that correct?

18 A That system was used in 1977 on the initial
19 classification of these jobs, and the same system was
20 used in 1980 on a review of those jobs.

21 Q That was a question I was coming to, and you
22 anticipated it.

23 Now, we heard also, I believe, that one of the
24 things that changed was -- at least the practice at the
25 earlier time -- was to hire people with welding experience?

t20m6

1 A Yes, sir.

2 Q And that influenced the classification at that
3 time?

4 A There was some influence on the classification
5 in 1977 when that was the practice and then in 1980 when
6 that practice had been discontinued.

7 Q The practice -- you started, what, a pilot
8 program at one of the plants using people with non-welding
9 experience?

10 A Yes, sir. At our Cherokee nuclear station there
11 had been some certification of welding inspectors who had
12 not had previous welding experience.

13 Q Who was in charge of quality control with the
14 company at the time that the pilot operation was started?

15 A Well, our structure is such there's no single
16 individual responsible for quality control. There's a
17 senior quality control engineer at each one of the sites,
18 and, of course, they reported administratively within the
19 project organization.

20 Q So, now, were they consulted as a group con-
21 cerning this pilot program, or was it just the one at the
22 plant where it was initiated?

23 A It's my understanding that there was contact
24 and exchange of information between all of the groups,
25 the supervision of all of those groups.

t20m7

1 Q Perhaps Mr. Owen knows directly.

2 A (Witness Owen) Well, my discussions at those
3 times were with both Jim Wells, who was in the quality
4 assurance department, who is responsible for saying how and
5 what we did in the quality control area, and also with Bob
6 Dick, who was our construction vice-president.

7 Administratively, these people were appointed
8 up through the organization to him at that time. We looked
9 at practices that others were doing and as well as the fact
10 that we had a requirement that was -- not a requirement, or
11 at least we had a practice that was not a requirement
12 placed on us by anyone else.

13 It just seemed responsible to see if we thought
14 that could be done satisfactorily without compromising the
15 quality of the inspection work.

16 The uncertainty was there, so we conducted a
17 pilot program, and the answer came back to me, yes, it
18 could be done, and I concurred that that's probably the
19 direction in which we should move.

20 Q Mr. Wells, what was your position on this
21 pilot program at the time it was initiated? Were you for
22 it, against it, willing to look at it, or what?

23 A (Witness Wells) At that time, I was the cor-
24 porate quality assurance manager responsible for the
25 certification of the welding inspectors and for their

t20m8

1 training. During that period -- just prior to that period,
2 there was a standard, the American National Standards
3 Institute quality assurance standard was published which
4 set out the requirements for all inspectors, not just
5 welding.

6 In the early days, there was no such standard,
7 in 1968 and '69 when we first started the program.

8 My position at the time was that inspectors
9 must meet that standard because we had committed that to
10 the NRC. The construction department took the lead in
11 one project and said we want to meet it by using nonwelders.
12 I looked at the standard along with the quality assurance
13 staff, and we decided, yes, you fully meet the standard
14 by not having welding inspectors. So our position was
15 so long as you meet the standard in qualification and they
16 passed the examinations and so on, then that is fine with
17 quality assurance.

18 If other jobs wanted to set a little more or
19 say they had to be two years as a welder, we took no
20 decision of that. That was just additional experience that
21 we said was not required, but if construction decided they
22 wanted to do it, it was all right. We set the minimum
23 requirements and made sure they were followed.

24 So, my position at the time was that that was
25 an acceptable way and it was satisfactory to us.

1 BY JUDGE PURDOM:

2 Q So you were indifferent as to which kind of
3 inspector they used?

4 A (Witness Wells) Well, I would not characterize it
5 as "indifferent." We looked at the standards needed and
6 decided that those met it, and I guess in that aspect we were
7 indifferent in that we did not oppose them applying additional
8 requirements at another job if they so desired.

9 Q I guess I'm trying to find out if you felt they
10 would be equally able to do the job required.

11 A We felt they would be fully able to do the job.
12 Now, as in any position, the more experience you have, probably
13 the better you are. I mean -- but we felt fully -- that they
14 were fully qualified to do the inspection work that they were
15 called to do.

16 Q But not necessarily equal?

17 A That's very hard to say. No two inspectors are
18 equal.

19 Q Well --

20 A I would say in some aspects they were better
21 qualified, because maybe they had had a little more training,
22 and so I could not detect the difference. I could not say that
23 the ones with welding experience were more qualified. I didn't
24 try to make that judgment, and I don't believe I could say that.

25 Q Now, the other aspect of this had to do with --

1 A (Witness Owen) Excuse me.

2 Q Yes, sir.

3 A Could I add one thing, Judge Purdom --

4 Q Sure.

5 A -- prior to leaving that point?

6 In the late '70s, in that time frame, one of the
7 things that interested me in that possibility was that we were
8 building the McGuire station, we were building the Catawba
9 station, we were building the Cherokee station. We had
10 prospects, although not as certain as they had been in the
11 past before, but at least we still had in our construction
12 plans for additional nuclear units beyond that, and I was
13 faced with an expanding kind of operation where it was a
14 problem to get welders and train welders, and a problem to get
15 enough inspectors and in competition with a lot of other
16 people, so part of my interest was in what appeared to me to be
17 a significant task to expand our work force to, you know, a
18 structured way to meet those new problems.

19 Now, as it turned out later, that is not a fact,
20 because we've cancelled all of those units and, in fact, have
21 cancelled the Cherokee project that was under construction, but
22 it was very much a concern of mine, both in the crafts and in
23 QA, to continue our practice of having a totally in-house work
24 force and being sure that that work force was fully qualified
25 to do their work.

1 Q Mr. Grier, you said the same standards of criteria
2 were in use when initially set up, and we've discussed the
3 welding skill part. There was the other part to which their
4 job is circumscribed by procedures or by supervision, and I
5 took it that you said that that, too, went into the early
6 decision, and that the job is clearly identified and didn't
7 have as much supervision at that time as it had later on; is
8 that a correct characterization?

9 A (Witness Grier) No, sir, not -- that's not what I
10 meant in that -- in answer to that question earlier.

11 What I indicated is that the committee in 1977 had
12 determined that the welding inspectors were of a -- placed in
13 a problem-solving slot that would indicate that they had
14 flexibility to create some solutions to problems.

15 In 1980, when the committee reviewed the job and,
16 as I said, we were reviewing all inspection jobs as well as
17 a number of other jobs within the construction department, we
18 determined that it was inappropriate for any inspection job to
19 be in a problem-solving category; that it should be in a
20 category of -- it should be in a problem-solving category that
21 would constrain the solutions within the bounds of a number of
22 solutions chosen from existing knowledge; and then, in
23 particular, as that applies to inspectors, it would be the
24 choice of a number of solutions from existing procedures.

25 Q So some new procedures were set up when the quality

1 assurance department was established, and these procedures
2 were more definitive?

3 A No, sir. There was essentially no change in the
4 job. The 1980 committee made a determination that the 1977
5 committee evaluation of the problem-solving area was incorrect.

6 Q In other words, you're saying that they didn't have
7 to report to the supervisor for concurrence any more in 1980
8 than they did in 1977?

9 A That's correct.

10 Q And the procedures didn't restrain their action in
11 1980 any more than they did in 1977?

12 A They didn't constrain -- That's correct, they didn't
13 constrain their activity any more in 1980 than they did in
14 1977.

15 On the other hand, they limited their challenge of
16 problem solving to the same extent both in 1977 and 1980.

17 Q Well, maybe you can explain the difference between
18 constraint and limit to me.

19 A Well, essentially none, I guess.

20 Q Essentially none. But I thought you had earlier
21 said that it had changed, and that that was part of the
22 consideration in the reclassification as well as the welding
23 experience, otherwise you're back to saying it was the welding
24 experience that was the basis for the change.

25 A No, sir. What I said is that the evaluation changed.

1 A (Witness Owen) The committee changed.

2 A (Witness Grier) The committee, in 1980, determined
3 that the evaluation made by the 1977 committee was incorrect.
4 The job had essentially not changed in the area of problem
5 solving. The 1980 committee determined that there was an
6 incorrect judgment made by the 1977 committee.

7 Q How do we know? What evidence do you have to give
8 us that your perception of this is correct; that it was just a
9 matter of interpretation by the committee and not an actual
10 change in the job performance?

11 A It was an observation, discussion and decision by
12 the committee that the evaluation slot on problem solving that
13 the welding inspectors had been placed in by the 1977 committee
14 was not appropriate for any inspectors, and any inspectors --
15 and I'm not sure there were any others; there might have been
16 one other inspection category that was in that problem-solving
17 slot that the 1977 committee had placed the welding inspectors
18 in -- but the majority of inspectors were already in the lower
19 slot of having some constrained limits of a number of solutions
20 that they might arrive at using this consulting scheme of doing
21 that evaluation.

22 So the 1980 committee made that observation and
23 through discussion and deliberation determined that it was
24 inappropriate for any of the inspectors to be in that category.
25 It was inconsistent with the conduct of an inspector's job.

1 Q Well, if both review groups use the same criteria,
2 you're saying that the earlier group just made a mistake in
3 its application?

4 A That's correct.

5 Q And how many other mistakes in application did you
6 have, just with the welders, or --

7 A (Witness Owen) Judge Purdom --

8 WITNESS OWEN: Excuse me. You go ahead and answer.

9 A (Witness Grier) We did change several other evalua-
10 tions from the evaluations that were done by the 1977 committee.
11 One that comes to mind was to determine in the area of job
12 knowledge for mechanical inspectors that the human relations
13 skills required of that job were of a higher category than the
14 1977 committee had evaluated, so there were, I believe -- well,
15 I know there were four inspector jobs that were changed to the
16 extent that they were placed in different pay grades than they
17 had been previously placed.

18 Q Let me pursue another -- Do you want to add some-
19 thing, Mr. Owen?

20 A (Witness Owen) Could I just add one comment to
21 that?

22 When we started this, when we were searching for --
23 again, this was back in the early '70s when we were a growing
24 company. I don't recall the number of people, but it was
25 obvious we were going to have many more people than we had

1 before, and we were trying very hard to standardize and be
2 consistent on all approaches, and we studied a number of
3 salary administration approaches and selected pay consultants.
4 Their first words to us were, "No system is perfect," but this
5 system had been in service and in practice for as long as any
6 they knew, and cautioned us that only people through training
7 and that knew how to apply these tables ought to be involved,
8 and this committee and every committee that has carried out
9 these kinds of functions -- and we have two standing committees
10 now that do this -- are trained and retrained periodically by
11 the consultant in the use of their approach; and as I pointed
12 out -- I believe while you were gone -- there is an appeal
13 process by the department back to that committee saying, "I
14 think maybe you've misjudged this job in my department" --

15 Q That's outside the scope of my question.

16 A Excuse me. I'm sorry. I was just trying to say it
17 isn't perfect. It's the best we know how.

18 Q Let me pursue another line of questioning here for
19 a moment, and then that will be it.

20 There's been comments by several of the witnesses
21 that when this -- when your discussion about classification
22 and resulting pay was in being, that they didn't think after
23 this there was any detriment in inspection quality performance
24 or dedication of the employees.

25 The other day we also talked about different kinds

1 of things, one thing, "I think it obvious that if you really
2 want to get your boss in trouble, you follow every order
3 exactly to the letter."

4 Now, Mr. Owen, you've pointed out the coincidence
5 of the reports made independently to the Nuclear Regulatory
6 Commission and suggestions about pay and classification. To
7 what extent -- you may want us to draw inferences; I'm not
8 sure -- but, I wonder, are you saying that in their frustration
9 about some of these other matters, somebody decided they're
10 going to follow the requirements exactly to the letter and, as
11 a result, they got even more frustrated and then reported these
12 to the NRC?

13 A I'm not -- No, I'm not saying that I know what the
14 -- anyone went to the NRC. They certainly have the right to do
15 that, and there would be no retaliation for anyone who goes to
16 the NRC, and no retaliation of anyone who uses our own recourse
17 or grievance procedures.

18 I made the comment earlier that I asked the question
19 whether there was any noticeable change in their performance,
20 and I had in mind, then, are they writing more NCI's or less
21 NCI's, and there was no evidence of any change like that. That
22 was brought to my attention or in response to my questions of
23 the people when I visited the site.

24 JUDGE PURDOM: That's all the questions I have.

25 JUDGE KELLEY: I just have a few questions. Why
don't we take ten minutes at this point.

(Brief recess.)

#22

agbl

1 JUDGE KELLEY: If we could go back on the record.

2 I'd like to just raise a couple of small things
3 and then I've got a few questions.

4 Mr. McGarry, is this an appropriate point where
5 we might just confirm on the record that the notices have
6 been posted?

7 MR. MC GARRY: Why doesn't Mr. Owen answer that?

8 WITNESS OWEN: Yes, I can confirm that they
9 have been posted at every location where we had previously
10 posted the NRC notice, which is some places in addition to
11 our official bulletin boards.

12 JUDGE KELLEY: I thought yesterday there was
13 some mention about nine bulletin boards.

14 WITNESS OWEN: It was eight locations we were
15 talking about. Two we consider official but we posted in
16 all eight locations, put it in the hands of all supervision.

17 JUDGE KELLEY: Thank you. And since we said
18 this would be done it seemed appropriate to tie it down,
19 so now it's been done.

20 EXAMINATION BY THE BOARD

21 BY JUDGE KELLEY:

22 Q Just a question that probably should go to
23 Mr. Grier. Mr. Ross actually had the discussion about
24 expulsion of various individuals from hearing testimony and
25 being present and there was a question raised in that answer.

agb2

1 The question was we asked Mr. Guild, the context
2 was -- the question to Mr. Guild was if you didn't have all
3 these people excluded what would be your rank order and
4 then there was a statement made, Mr. Guild talking on 2412
5 and he says Mr. Henry of those three, the three of Davison,
6 Grier and Henry: "Mr. Henry of those three is the only
7 individual who isn't named in this list. He isn't
8 on the direct supervisory chain over the welding
9 inspectors."

10 And further down a similar statement is made about
11 Mr. Allum. And Mr. Giles says on 2413: "If either of
12 those gentleman no longer is in a supervisory
13 position over witnesses then the relief, I guess,
14 in terms of order of importance is less compelling
15 for them."

16 And then later on we never really got an answer
17 to whether they were or they weren't.

18 Can you tell me whether Mr. Allum or Mr. Henry
19 are now in a supervisory position over the welding inspectors,
20 I think is his primary concern?

21 A (Witness Grier) No, they're not. Mr. Henry is
22 is the manager of a division within the quality assurance
23 department that does not supervise any on-site personnel at
24 Catawba.

25 Q He's corporate?

agb3

1 A He's located in the corporate office.

2 Q He's in Charlotte? He's not at the site?

3 A That's correct.

4 Mr. Allum is now a supervisor over mechanical
5 inspectors for the main part and does not supervise. He's
6 a second level supervisor and he does not supervise any
7 welding inspectors, any welding inspector crews.

8 Q But he is at the site?

9 A He is at the site.

10 Q But he's second level?

11 A Yes, sir.

12 Q We've used a term that seems to be self-explanatory,
13 but just so we are clear: I understand a first level
14 supervisor to be a supervisor who directly supervises craft
15 workmen, work people, is that correct?

16 A Directly supervises a crew of inspectors.

17 Q Okay, yes.

18 A Yes, sir.

19 Q And second level is the supervisor of the
20 supervisor?

21 A That's correct.

22 Q Thank you.

23 I think that's just a narrow factual point.

24 MR. GUILD: Mr. Chairman, just for clarity,
25 if I may:

agb4

1 I understood that at some point Mr. Allum was
2 over welding inspection in the sense of NDE and RT, non-
3 destructive examination and radiography, and I was curious
4 whether he's still in that position because tangentially
5 his grade is construction work.

6 BY JUDGE KELLEY:

7 Q Could you clarify that, too?

8 A (Witness Grier) Yes, I think so.

9 We moved to second level supervisor from the
10 McGuire organization to the Catawba site and in that move
11 -- in adding a third second level supervisor, in rearranging
12 the job responsibilities we removed Mr. Allum from his
13 responsibility for any welding inspectors or any NDE
14 inspectors to the second level supervision of mechanical
15 inspectors primarily. He may have a small group of some
16 other type but not welding or NDE inspectors.

17 Q Okay. Thank you.

18 A (Witness Owen) We're closing out the construction
19 project at McGuire.

20 Q Thank you. I think that covers what we need
21 to know. We're always concerned about understanding the
22 evidence and interpreting it properly.

23 One of the points that I want to be as clear as
24 I can on is: One of the allegations that Palmetto makes,
25 if I understand correctly is that the cut in pay of the

agb5

1 welding inspectors as essentially retaliatory.

2 And I'll illustrate it just by referring to page
3 1865 of the transcript. Mr. Guild is giving his opening
4 statement and he's referring to the cut in pay and says this:

5 "....or does one do it" -- That is, the pay
6 cut -- "because one is being rushed because of
7 scheduling pressures one was troubled by the
8 welding inspectors doing their job too well and
9 therefore interfering with the primary aim to
10 finish up this plant on time and under budget."

11 And I understand that to be a statement or an
12 indication that welding inspectors were doing their job too
13 well from the perspective of management, perhaps they were
14 in an excess of zeal and the result was slowing down the
15 construction so that management could retaliate with the
16 pay cut and in effect send the inspectors a message to lay
17 off and stop interfering with the program.

18 That's just a rough paraphrase of how I
19 understand the claim in terms of the evidence we've heard.
20 If I understand retaliation, it has to be retaliation for
21 something.

22 Now as I understand it when we talk rather
23 compendiously about the welding inspector concerns that
24 is usually meant in this context the concerns that were
25 voiced -- I'm not sure if it was first, but at least early

agb6

1 to Ms. Addis, Mr. Wells, others, December/January 81/82 and
2 those concerns as they are described in the testimony I
3 understand to have come after the pay cut decision.

4 Is that correct?

5 A (Witness Addis) Yes, sir.

6 Q I'll ask Ms. Addis and then we can expand on it.
7 Yes?

8 A (Witness Grier) I'd just like to make one thing
9 clear though: there was not a pay cut.

10 Q I understand. I'm using the term loosely. I
11 understand that. You waited and didn't give them the
12 annual increase or as much of it and phased it out.

13 Now if it can't be said that the pay adjustment
14 was made in response to those concerns because it ante-dated
15 those concerns, do you know, Ms. Addis -- and others, if
16 they know -- whether one can point to earlier expressions
17 of similar concerns--not I would suppose as an isolated case
18 but some large number of welding inspectors raising safety
19 concerns of a similar nature--was this kind of concern known
20 to management earlier in '81, before the pay cut?

21 I'll just ask Ms. Addis, what about your knowledge?

22 A (Witness Addis) I'm not aware of any concern
23 prior to the fact. To my knowledge the inspectors did not
24 bring up the concern at any of the places I went to, even
25 in Step One then at Step Two in the interviews I had with

agb7

1 them -- and of course I think it's also important to note
2 although you mentioned the welding inspectors, that at
3 Okonee, Cherokee and McGuire that this reclassification
4 affected all of those inspectors and obvious to me could not
5 have been instituted with any particular regard to the
6 Catawba welding inspectors.

7 Q To maybe ask the same question:

8 Are you suggesting that if the concern is a
9 retaliatory nexus between a pay change and the concerns,
10 one would expect to find similar concerns at the other three
11 facilities and you didn't, therefore there's no nexus?

12 A I did not hear those same concerns.

13 Q That's a sort of backwards question, I'm afraid.

14 A I have to grant you that there no nexus. There's
15 certainly no retaliation because the concern we heard came
16 afterward.

17 And another point basically I guess is that the
18 1980 job evaluation which the committee that George was on
19 -- we re-evaluated in the recourse procedure by corporate
20 personnel staff and still concluded the grade 10.

23 flws

t23ml

1 BY JUDGE KELLEY:

2 Q Are you aware just yourself, Ms. Addis, then --
3 I know of your involvement in speaking with the inspectors
4 and being involved in the recourse, but were you aware of
5 any information prior to the public announcement of the
6 decision to adjust the pay, any information that might
7 lead a reasonable man to wonder whether there was some
8 retaliation involved -- man or woman, excuse me.

9 A (Witness Addis) That's all right.

10 I did hear some concerns at Catawba that some
11 of the men had brought forth examples regarding work
12 processes and communications prior to the pay adjustment.

13 Q Could you describe those in a little more
14 detail?

15 A I think to some extent they're in the documents
16 that are here already in my testimony, that occasionally
17 a man would give a historical prospective, "I did this
18 some time ago," "I did that."

19 Q Oh, you mean when you conducted the interview
20 in December or January, he would say, "I complained last
21 July," or whatever?

22 A There was some historical data given to me, but --

23 Q All right. I guess what I'm looking for, if this
24 isn't already clear, management level, corporate level
25 awareness of these kinds of concerns so that one could at

t23m2

1 least speculate that there was a relationship between the
2 pay adjustment and the concern.

3 Now, it may be another problem if a man expresses
4 a concern at the site that never gets to management.
5 That's a different kind of problem perhaps, but it's not
6 the kind of problem I'm trying to get at at the moment.

7 A No, we didn't find that.

8 Q On that particular point, I'd like to ask a few
9 other related questions.

10 Mr. Owen, were you aware of safety concerns
11 being voiced by the welding inspectors, for example, prior
12 to the pay adjustment decision?

13 A (Witness Owen) No, I was not. I was not aware
14 of any.

15 Q Mr. Grier?

16 A (Witness Grier) Of course, my involvement in
17 this process was as this committee member in 1980.

18 Q That's before you were in your present job?

19 A Well, that's right. But I did want to comment
20 about my activities on that committee. I was not aware of
21 any expression of any concerns by welding inspectors or
22 any other inspectors or, in fact, any of the personnel that
23 were the subject of the evaluations that we were conducting
24 in that committee.

25 Q And your job at that time was such that you would

t23m3

1 have been likely to hear such concerns if they were being
2 widely voiced?

3 A My job at the particular time that I was on the
4 committee was planning manager at Catawba. I might have
5 heard some. Previous to that, I was project manager at
6 McGuire and supervised the quality control inspectors
7 there, among some other units, and would very much have been
8 aware of that kind of expression of concern.

9 Q Mr. Wells, anything you would like to add?

10 A (Witness Wells) I know of complaints or con-
11 cerns in the pay recourse-- I was QA manager for eight years
12 and was on the job every week--one or the other. I would
13 have naturally heard complaints from time to time, but
14 they were very isolated and I know of no concerted effort
15 to express concerns.

16 Q Now, let me ask a different question with
17 maybe the same objective, beginning with when they're at
18 the point of adjustment, and what the welders have been
19 doing either by way of being on the job or voicing complaints.

20 Now, we just talked about expressing complaints.
21 I suppose another interpretation of the facts that one
22 might seek to advance would be, as I think Mr. Guild
23 suggested in the quotation, that while the welding inspec-
24 tors were doing an excellent job, a terrific job, it was
25 such a good job, it was slowing up the program. Maybe

t23m4

1 they weren't complaining at all because they were doing what
2 they wanted to do and finding violations and so on, so they
3 might think that that was a very productive time for
4 them.

5 But from a management perspective, if there was
6 perceived to be an excess of zeal that was affecting
7 construction schedules, then, again, one might suggest,
8 "Well, the pay adjustment just sent a message."

9 How can this board get a handle on that one way
10 or the other? I can speculate, but the thesis is they were
11 doing a terrific job and slowing down the plant. How can
12 one measure what was going on in 1980, '81? How can you
13 test that one way or the other? I'm looking for help, I
14 guess.

15 Mr. Owen, is there any way I can get a handle
16 on that?

17 A (Witness Owen) Well, I haven't given it a lot
18 of thought, but, number one, I think our experience at
19 Oconee and McGuire and at Catawba and in doing as well or
20 better in the industry, as far as scheduling and cost, was
21 of some satisfaction to us, and that while we, like everyone
22 else, saw rising costs and slipping schedules, it was
23 never discussed in the executive committee, my part of the
24 company or in my discussions with others that the way to
25 do even better was to cut down on quality; that it just

t23m5

1 seems sort of exciting to us. *

2 Our approach, by our very nature of being here
3 and building something we're going to build and operate
4 from now on, has always led us to look at the long term
5 of things.

6 So that may not answer it, but that's true, the --

7 Q I think I didn't ask the question very well.
8 My focus really is on this: It suggested, let's say,
9 that the welding inspectors were doing their job too well
10 and issuing too many notices of nonconformance and the like.

How can this Board -- we'll be hearing from the
12 inspectors and we'll ask them the same kind of a question,
13 and I assume they can speak to that. But from your per-
14 spective as a manager, can you speak to it, oh, for
15 example, some sort of objective one can get one's
16 hands on, such as in response to a question last week from
17 me where you said you had computer runs which showed how
18 much rework was getting done, that sort of thing.

19 A The welding program was never on the critical
20 path of our work. The critical path of our work has been
21 in the erection of hangars, and while there is some welding
22 associated with that, it's not a heavily involved welding
23 process like welding pipe. And our real problem and the
24 industry's real problem was in the massive number of hangars
25 that were treated as critical hangars compared to the day

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1 when we were building coal-burning plants, when there were
2 several hundred, and now there's several thousand.

3 Our problem was in having a design, going to
4 the field, finding a problem and not being able to go any
5 further, or something else; sending it back to design.

6 Six weeks later it would come back and that
7 problem was fixed, but something else had occurred in the
8 meantime. The thing we did that helped more than anything
9 else was form FTD teams, like the florist's name, but that
10 stood for foreman technical design support, and we put
11 tech designers right with the crew and the tech support
12 person and the design support person, generally an engineer,
13 would be responsible for taking a look in that area. If they
14 saw problems that they could fix them right there, fine;
15 if they couldn't, to see they were fixed to make
16 sure the foreman and his crew was free to work next week.

17 That helped us greatly. We have -- at least we
18 talked about it, and I believe it's been implemented. We
19 have added quality assurance inspectors in the area, not
20 one with each crew but in the area, so that there's even
21 less waiting time on going to get an inspector to come and
22 look at the work when you reach a hold point.

23 That, to me, plus our attention, the very great
24 detailing of scheduling of work so everybody on the job
25 knows what the right thing is to work on -- it sounds

t23m7

1 simple, but with four thousand people, it's important you
2 do extensive planning so that each crew knows that this is
3 really what I need to do next and they do it in the proper
4 order, which greatly assists in meeting these accelerated
5 milestones that we've set. And it's been very successful.

6 At least in my discussions, those are the two
7 things, and I think both of those are really, you know,
8 independent of the inspection process. Getting NCI's re-
9 solved and things like that -- quality is sometimes time-
10 consuming -- is really not that much of a burden to us.

11 Q That's helpful. I was particularly interested
12 in your comment that welding wasn't really on the critical
13 path, and I believe you indicated that hangars were, that
14 that's not much of a welding proposition, the hangar part
15 of the process. So that -- I don't know if one can general-
16 ize, but, in your view, let's just suppose for the sake of
17 argument, hypothetically, if you had a coterie of welding
18 inspectors who, for whatever reason, went through a period
19 of cracking down and finding lots of problems and some you
20 thought weren't problems, some were, even if that were true,
21 it wouldn't affect construction, meeting schedules?

22 A Well, if it were true, my reaction would be to
23 get with our construction people and see why it is we can't
24 meet the schedules that we've set down.

25 Q I know, but I'm just exploring the notion. I

t23m8

1 think I know. I'm exploring the notion, is it realistic
2 to suggest that a group of very conscientious welding
3 inspectors, who one might argue are leaning a little too
4 much toward finding fault with things, is it realistic to
5 suggest, even if that were true, that they would slow
6 down construction at the Catawba plant?

7 A I think it would take a great deal of that to
8 have any significant impact.

9 Q Mr. Wells, I wanted to ask you about -- see if
10 I can't have a little more clarification.

11 On the exhibit -- I don't remember the number
12 exactly now, but it's your memo to Mr. Owen setting forth
13 your recommended actions to improve communications.

14 Do you know the document I mean?

15 A (Witness Wells) Yes, sir, I have it.

16 Q And on the last page, looking at the Beau Ross
17 recommendation, as to Mr. Ross, under the reasoning part
18 where the memo says, "Removes Beau who management see as
19 block to communications."

20 Now, I notice later that the caption of the
21 whole memo is, "Actions to Improve Communications." So
22 that gave me a little help. We'll be hearing from Mr.
23 Ross later as a witness, and I don't need to go into this
24 at great depth. I know what a block of communication is,
25 and I think there was some discussion yesterday by way of

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1 explaining that, but I think I'm still kind of unclear.

2 A Well, maybe I can give an example. A nonconform-
3 ing item goes through a long process, but let's assume
4 an inspector initiates one and gets it started, and
5 eventually it gets serialized with a number on it somewhere
6 down the line. But before that time, he brings it to Mr.
7 Ross, who's his immediate supervisor, and eventually to
8 someone like Mr. Baldwin, who was Mr. Ross' supervisor at
9 the time.

10 Now, maybe Mr. Baldwin says, "Well, that doesn't
11 really need to be one; just void it," and Mr. Baldwin really
12 means we're going to handle it but it's not appropriate to
13 handle it on an NCI, where Mr. Ross may think he's asking
14 me to throw away evidence of something that is wrong.

15 That's the kind of breach of communication that
16 I had reference to there, where one thinks that you're
17 throwing away evidence, the other one thinks you're not
18 throwing anything away. We just want to handle it in a
19 different way. That's an example.

20 (Continued on next page.)
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1 BY JUDGE KELLEY:

2 Q But if it were only the example you gave, then
3 presumably the matter would get ironed out, somebody would
4 broker it, and you wouldn't transfer Mr. Ross out of the job.
5 It just strikes me as -- block of communication hits me as
6 sort of a euphemism, and maybe it's just an effort to capture
7 a lot of things in a single phrase, but I understand your
8 exact --

9 A (Witness Welis) I can give you one more example.
10 Let's say that an inspector writes an NCI against a weld and
11 it's valid, it's carried forward, it's numbered, and there's a
12 solution. We have a welding engineer who is knowledgeable of
13 codes and standards and has done a lot of work toward that,
14 and he goes out alone or with maybe another inspector, and
15 they look at it, and they judge it to be acceptable and
16 document why it is. The first inspector, maybe his feelings
17 are hurt, or maybe he truly doesn't understand, or maybe he
18 just doesn't want to understand -- it's hard to say -- but
19 that communication -- maybe not enough effort was expended
20 trying to explain to the first welder why it was accepted. He
21 might be off in another building by that time doing some other
22 work, and then he hears later they overruled him, and maybe a
23 little more time could have been spent calling and showing him
24 and explaining to him, why the weld was accepted over his
25 original rejection. These are the kinds of things that --

1 Q Those kinds of things that you just described, and
2 I'm not saying this to Mr. Ross, but your two examples are
3 hypothetical, and my reaction is that the man in question just
4 won't follow instruction and won't follow procedures and,
5 therefore, it's a problem on that basis.

6 A Well, one more example would be --

7 Q Is that unfair?

8 A One more example would be the wall thickness on the
9 pipes. It should be a quarter of an inch. He finds it a
10 little less. He writes it up and goes to design, and they
11 analyze the stresses in the pipe and determine that under-
12 thickness is perfectly satisfactory. They write it off, and
13 maybe he never hears about it. It might be a week or two
14 later, and he hears they've accepted the pipe as too thin,
15 whereas he was not communicated with that "We've analyzed it,
16 and the pipe thickness is okay." That's the kind of communi-
17 cation that I was speaking to in that memorandum.

18 Q The last communication problem, if we're going to
19 call it that, is a problem on the company's part and not on
20 the individual's part; right?

21 A No. It could be the individual second level super-
22 visor knew why it was under and just did not take the time or
23 just didn't go in and explain it, didn't feel it was necessary
24 to explain it to the welding -- to the inspector who turned it
25 down in the first place.

1 A (Witness Owen) I would agree that that --
2 particularly that last example, in fact all of them, is a
3 failure of some sort on at least a responsibility to see that
4 those kinds of absences of communication don't continue for
5 very long. I read that phrase and took that to mean that here
6 are two individuals who may not be communicating very well and
7 we ought to change one or both of them, and my reaction to that
8 was that that's not good conflict resolution; that both of the
9 parties -- assuming that's true, I made no assumption it was or
10 was not -- but it appeared to me a problem and one way to do
11 that is to begin to communicate, and to do some training, and
12 so forth.

13 I looked at that recommendation to replace Mr. Ross,
14 and I thought that was inappropriate, and I did agree to a
15 swap of the other two, because they were at the same level at
16 the job, and it was broadening experience, but I felt the other
17 would be a statement on my part that I had already judged, and
18 I didn't feel uncomfortable with the second level supervisor --
19 of making some move which was not viewed unhappily by him.

20 Q Okay. I think that's enough. Thank you.

21 I have a note here you might be able to help me with,
22 Mr. Wells. We looked at several documents yesterday about your
23 contact with a number of different people. There's a Bill Buss
24 (sic)?

25 A (Witness Addis) Burr.

1 Q Bill Burr?

2 A (Witness Owen) There is a Bill Burr.

3 A (Witness Addis) He's an inspector.

4 Q Okay. My papers are in something of a disarray.

5 Oh, I've got it here. I'm sorry. Yeah, it's Bill Burr. I'm
6 looking at a portion of an exhibit. This total exhibit was a
7 stack of papers, and there's a cover letter dated November 6th
8 to Mr. Burr signed by Ms. Addis, and then there is attached to
9 that -- I believe Ms. Addis' notes are the last page, and this
10 was referred to earlier during cross-examination, but -- and I
11 know Mr. Wells spoke to it, but I'm looking at this little
12 handwritten -- this note of --

13 MR. MC GARRY: Your Honor, we're going to provide
14 this to Ms. Addis.

15 JUDGE KELLEY: All right.

16 WITNESS ADDIS: You said, Judge, that it was
17 referred to earlier?

18 BY JUDGE KELLEY:

19 Q I want to get back to this point.

20 I'm sure you recall, Mr. Wells, Mr. Burr -- the note
21 indicated Mr. Burr said to Ms. Addis, "I was told that Davison/
22 Wells were going to investigate who talked to the NRC," and
23 that's something that the Board -- whenever there's an indica-
24 tion of something like that, the Board is very sensitive to it.
25 I know you spoke to it already, but perhaps you could comment

1 on it just again, and --

2 A (Witness Wells) I don't recall that particular
3 concession; however, in all of my career I do not ever recall
4 cautioning anybody about talking to the NRC or telling them
5 not to or indicating in any way that they would be -- receive
6 any kind of discipline for it. On the contrary, we've always
7 encouraged them to bring forth their concerns, and if they
8 care to bring it first to the NRC, that's fine, but I don't
9 recall at any time threatening anyone with any sort of reprisal
10 by the fact they go to the NRC.

11 Q Ms. Addis, this is your note; correct?

12 A (Witness Addis) Yes.

13 Q Okay. Now, the last sentence of what I'm referring
14 to, "I was told that Davison/Wells were going to investigate,"
15 et cetera, "I" means Mr. Burr; right?

16 A Right. He heard that from someone else.

17 Q And obviously the question is: "I was told" by whom,
18 do you know?

19 A He didn't say.

20 JUDGE KELLEY: Is he on the witness list?

21 MR. GIBSON: Yes, sir.

22 JUDGE KELLEY: Okay. I guess we'll ask him. Thank
23 you.

24 BY JUDGE KELLEY:

25 Q There was some discussion, Ms. Addis, a couple days

1 ago about the employee guidance program, and I think Mr. Owen
2 spoke to it also, and the question in general was a question
3 of confidentiality, and I understood that if an employee were
4 referred to the guidance program, this would be done -- the
5 person would have to go as a condition of retaining employment,
6 but if they went -- or that might be the case. In any event,
7 it's not really that important to my point.

8 My question is this: In discussing that, the
9 confidentiality issue, there was a distinction between somebody
10 referred and somebody who just went voluntarily, and then there
11 was, I think, some indication by yourself and/or Mr. Owen that
12 in the case of a referral, there would be some feedback to the
13 supervisor or someone at a higher level.

14 I would guess, but I don't know, and I ask you,
15 that that kind of feedback would simply be -- would it be any
16 more than a report on whether the person is coming regularly
17 and whether they're doing well or poorly, or so-so; and, by
18 contrast, I would assume it would not include disclosure of
19 personal confidential information.

20 A (Witness Addis) It does not.

21 Q Thank you.

22 A There is one additional role that our guidance
23 office has to look out for in the case of a supervisory
24 referral or an employee referral, self referral, and that is
25 with regard to their security clearance, the only instance

1 where the guidance office might have to intervene.

2 JUDGE KELLEY: Okay. Thank you. I think that's
3 all I have.

4 Now, Mr. Guild, the other day you had some brief
5 recross on new matters. Do you see new matters here that you
6 want brief recross on?

7 MR. GUILD: Very briefly, Mr. Chairman, if I can.

8 JUDGE KELLEY: Do you want to go ahead? Are you
9 ready?

10 MR. GUILD: Yes.

11 RECROSS-EXAMINATION ON BOARD QUESTIONS

12 BY MR. GUILD:

13 Q Gentlemen and lady, with respect to the Chairman's
14 questions regarding the timing of actions regarding welding
15 inspector pay and the level of activity, you understood that
16 the SALP 1 evaluation period was 9-1-79 to 8-31-80, Mr. Owen,
17 Mr. Grier, Mr. Wells?

18 A (Witness Owen) That's correct.

19 Q All right. Prior to the pay reclassification of
20 welding inspectors being implemented, correct?

21 A That's correct.

22 Q All right. And you -- I believe we talked, Mr.
23 Owen, about the observation finally published in the SALP
24 report August 1981 for that review period; that they observed
25 that there -- "-- there were numerous items of noncompliance

1 involving failure to follow procedures for activities involving
2 welding, concrete placement, design, quality control inspec-
3 tions, records control and electrical equipment installation."

4 Now, it is true, is it not, that the underlying
5 noncompliances were noncompliances that were communicated to
6 Duke during the evaluation period 9-1-79 to 8-31-80, or
7 shortly thereafter, through inspection reports?

8 A Yes, all of the violations were contained in
9 inspection reports that were issued during that period of time.

10 Q And I believe when I asked you this question the
11 other day, we were trying to distinguish the weight and
12 significance attached by the SALP review board from the factual
13 underpinnings, and I believe we agreed, didn't we, that, in
14 fact, it is an accurate statement. Although the significance
15 of it is disputed, there were numerous items of noncompliances
16 for activities involving welding.

17 A Well, there were the number that were there. It's
18 on that tabulation that, I believe, is part of the record that
19 Mr. Henry prepared for me.

20 Q And I think in fairness, Mr. Owen, you disputed the
21 notion -- I believe it was undercut the significance of the
22 SALP finding, you disputed the notion that the last paragraph,
23 Appendix B, page 1, "Catawba received a relatively large number
24 of items of noncompliance when compared with other power reactor
25 facilities under construction," and that was the point about

1 the level of -- failure to account for that in some kind of
2 objective fashion and making a comparison of one reactor to
3 another.

4 A They came in October, November 1980 -- I don't
5 remember when it was -- and we had what -- we called it the
6 SALP management meeting. There was no indication at that
7 meeting to me that there was any distinction between McGuire
8 and Catawba or that we were facing any below-average rating.
9 It was the next year when that rating system came up or, as I
10 stated the other day, we made no attempt to appeal that or
11 change that and, in fact, we didn't even respond to that. My
12 interest was in taking each of those and making sure that we
13 really had followed through on correcting the problem as it
14 occurred in the period of the SALP report.

15 Q Yes. You would agree with me, wouldn't you, though,
16 that one way of identifying failures to follow procedures in
17 welding and concrete placement and design, et cetera, is through
18 the quality control inspection program?

19 A I didn't follow the question. I'm sorry.

20 Q One way, a significant way, of identifying failures
21 to follow procedures for activities involving welding, et cetera,
22 is through the welding quality control inspection program.

23 MR. CARR: Your Honor, I'm going to interpose an
24 objection at this point. This seems to me well beyond the
25 scope of the Board's questions, which I understood to deal with

1 questions of awareness of complaints by inspectors prior to
2 the time of the pay reclassification.

3 JUDGE KELLEY: Well, it was that. I don't think
4 that was all of it. I think my question -- questions went to
5 what could one point to to support a theory of retaliation on
6 the pay adjustment, and maybe there would be concerns, maybe
7 it would be something else. I gather Mr. Guild is referring
8 to SALP in that context; is that --

9 MR. GUILD: Yes, sir, that's true.

10 JUDGE KELLEY: I think that's fair.

11 BY MR. GUILD:

12 Q Did you hear the question, Mr. Owen?

13 A (Witness Owen) Yeah, I heard the question. There
14 seems to be a mixup in the difference between noncompliance,
15 which is what a welding inspector would write, or would write--
16 I mean an NCI, nonconforming item, and a noncompliance.

17 Q I don't think I have a misunderstanding about it,
18 but you may feel free to explain again, if you like. That's
19 not my question.

20 A I thought your question had to do with the non-
21 compliances in the welding area.

22 Q Well, let's put it this way. Let me see if I can
23 rephrase it. One way of finding a noncompliance is for the
24 NRC resident inspector to go out there and watch somebody not
25 following procedure, and another way is for the NRC resident

1 inspector, or someone else involved, to look at the paperwork
2 and see that a quality control welding inspector observed that
3 you failed to follow procedure in some significant way that
4 represented a noncompliance, and in that fashion a QA inspector
5 doing his job might be the foundation for the NRC finding a
6 procedural violation and, therefore, a noncompliance.

7 A It seems to me the more he writes, the more
8 possibility there might be noncompliances resulting from it.
9 The noncompliances are on the list there, and they don't relate
10 to the NCI's. They relate to violations of some NRC regulation,
11 a requirement or some part of our program.

12 Q And NCI's at times identifying noncompliances,
13 don't they?

14 A Not very often, I don't think. I may not be the
15 best one to answer that, but I don't believe that -- if we
16 find a noncompliance, we fix it. We don't very often get
17 fired for finding something and fixing it.

18 Q Well, the alternative is the NRC inspector can
19 wander through the plant and find it himself.

20 JUDGE KELLEY: Mr. Guild: When I overruled the
21 objection, I thought you were going to explore the relationship
22 of the so-called SALP -- it's not SALT --

23 WITNESS OWEN: SALP, S-A-L-P.

24 JUDGE KELLEY: SALP report to my area of questions,
25 but I think you've lost me just now. Can you tell me where you

1 are and where you're going?

2 MR. GUILD: I guess maybe I got deviated down one
3 of those blind alleys by Mr. Owen's nonconformance/noncompli-
4 ance discussion, but I think my point, Mr. Chairman, is that
5 the SALP evaluation period preceded the pay reclassification;
6 that it was based, in part, on noncompliances that included
7 failure to follow procedures in the welding area, and that I
8 would submit one way of identifying failures to following
9 procedures in the welding areas, and the other, is through an
10 effective QC program that gigs craft for failure to follow
11 procedures, and I submit that that was before Duke management
12 at the time of the pay reclassification, and that's all I have.

13 (Continued on next page.)
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1 JUDGE KELLEY: Okay. Mr. McGarry, do you have
2 redirect?

3 MR. MCGARRY: Yes, sir, we do.

4 JUDGE KELLEY: Could we just -- assuming you're
5 last, can we finish the panel this afternoon?

6 MR. MCGARRY: We think it will take about five,
7 ten minutes.

8 JUDGE KELLEY: Fine. Go ahead.

9 MR. CARR: I have some questions for Mr. Owen
10 on redirect, Your Honor.

11 REDIRECT EXAMINATION

12 BY MR. CARR:

13 Q Mr. Owen, Mr. Guild had asked you the day before
14 yesterday, I believe, whether you dispute the conclusion
15 contained in the last sentence of the last paragraph of the
16 1981 SALP report, which is in evidence in this proceeding.
17 That's the last paragraph on page B-1 of Appendix B to that
18 SALP report.

19 You responded that you didn't dispute that this
20 was the conclusion of the SALP panel. Do you agree with
21 that conclusion?

22 MR. GUILD: Counsel, would you publish that
23 sentence so we're all clear on it?

24 MR. CARR: Sure. I'd ask Mr. Owen to read it.

25 A (Witness Owen) "Most of these items of

t25m2

1 noncompliance were attributed to weakness in the licensee's
2 quality assurance and management overview process."

3 BY MR. CARR:

4 Q Is that the last sentence on that page?

5 A Yes. That's the sentence you're referring to?

6 Q Yes.

7 A And the question was did I agree with that?

8 Q Yes.

9 A No, I didn't, and I understood it to be their
10 conclusion. I did not agree with it, and I guess lack of
11 agreement with it was partly based on my impression from
12 the October, 1980 SALP meeting where they gave fairly high
13 marks on having corrected the problems that already
14 existed.

15 Q You were asked, again, the day before yesterday
16 by Dr. Foster -- I'll quote the question. It's in the
17 transcript, 2537, "What is the basis of your understanding
18 that it was the number of NCI's that led to the lower
19 rating?"

20 You answered that question. But should the -- or
21 was your answer based on your understanding that the phrase
22 in the question was noncompliance?

23 A I answered the question on the basis that it
24 was noncompliance. I guess I did not listen very well,
25 but after reading the transcript, I interpreted the

t25m3

1 question as noncompliance and, I think, answered it in that
2 manner.

3 Q You and Mr. Guild -- or Mr. Guild asked you
4 questions about the December 10th, 1981 document which is
5 in evidence as Palmetto Alliance Exhibit No. 9, as con-
6 trasted with the letter or document of the same date attached
7 to Mr. McMeekin's testimony. The one attached to Mr.
8 McMeekin's testimony contains the item three on the last
9 page that we're familiar with.

10 Do you stand by both of those letters? In
11 other words, do you adopt both of those letters?

12 A I certainly adopt those two items that were
13 listed there as section three. My recollection is I did not
14 write them the several nights before as I did the first part
15 of it, but, as I think I said the other day, they stand on
16 their own. There's no reason for me not to adopt them.

17 Q Mr. Owen, earlier today you and Mr. Guild -- or
18 Mr. Guild questioned you regarding actions that the con-
19 struction department under your supervision had taken in
20 response to concerns raised by the welding inspectors,
21 and you discussed Mr. Dick's letter of January -- I believe
22 it's January 11th.

23 A I think it's January the 11th. The one having
24 to do with the quality awareness program?

25 Q Yes, sir.

t25m4

1 A January the 11th.

2 Q Now, also in evidence as Palmetto Alliance
3 Exhibit 12, which is Mr. Wells' memorandum to you of
4 December 29th, and Palmetto Alliance Exhibit No. 13, which
5 is Mr. Davison's handwritten memo to Mr. Wells, the
6 paragraph entitled, "Problem," is that what you had in
7 mind which prompted your instructions to the construction
8 department?

9 MR. GUILD: I'm sorry, Mr. Chairman. I missed
10 the question.

11 (Discussion off the record.)

12 MR. CARR: I asked him to look at the paragraph
13 entitled, "Problem," and asked if those problems that were
14 reflected were what prompted his instructions to the
15 construction department.

16 A (Witness Owen) Part of it reads, "This has
17 resulted in a feeling on the part of the inspectors and
18 their first-line supervisors that, one, they are not
19 supported by QA management in doing their jobs; two,
20 Construction Technical Support is not qualified to do their
21 job and works against QA, and, three, Craft Supervision do
22 not care about quality of work and are overly influenced
23 by schedule pressure."

24 That was certainly some of the same feelings
25 that came through from the quotes that were in Ms. Addis'

t25m5

1 December the 3rd letter, and shortly after that I had
2 discussions with Mr. Dick to undertake the necessary ac-
3 tions in the construction department to make sure that
4 craft understood that quality was their job, that there was
5 not to be any compromise in quality for schedule and that
6 there was to be no doubt about that.

7 Q Now, let me show you, Mr. Owen, the third
8 paragraph down -- fourth paragraph down, entitled, "Actions
9 to accomplish." Would you read the first item under that
10 paragraph?

11 A Item one is, "Instruct construction T.S." --
12 that's tech support -- "and crafts as to the proper rela-
13 tionship with inspection personnel, i.e., respect the job
14 they have to do. Completed" -- it's listed under there,
15 " -- JEG letter to LRD dated 12/16/81."

16 Q All right. Now, I'd like to show you, Mr. Owen,
17 an attachment to Palmetto Alliance Exhibit No. 13, which is
18 the handwritten memorandum from Larry Davison to Mr. Wells,
19 which as we discussed yesterday, formed the basis -- or is
20 identical to that typed document.

21 A This is the December 16th letter from J. E.
22 Grogan to Mr. R. L. Dick, and the subject is quality
23 assurance relations. I would assume that that L. R. Dick
24 there was transposed and it was really RLD, instead of LRD.

25 Q What items are covered in that letter?

t25m6

1 A It indicates that the following actions have
2 taken place at Catawba: On December the 1st, John Rogers,
3 the project manager, met with Charlie Aycock, the general
4 superintendent, to discuss the subject. Charlie was
5 directed to communicate to his staff and through the levels
6 of supervision to employees that construction builds in
7 quality and QA verifies it; that construction employees, by
8 their action, show that we mean it. Intimidation, coer-
9 cion or kidding will not be tolerated. Charlie was also
10 instructed to confirm that his instructions were carried
11 out.

12 The second item, it says that on December the 2nd,
13 John -- meaning John Rogers, I presume -- received a memo
14 from Charlie confirming that there had been communications
15 with all supervision and employees.

16 Also on December the 2nd, John met with his
17 entire staff and directed them to communicate to their
18 staffs and employees to assure that everyone knows what
19 is expected.

20 The last item says that on December the 15th,
21 John Rogers and Jim Grogan met to review what had been done.
22 After discussion, John will ask for a response from the
23 rest of his staff that all employees understand what is
24 expected of them. Also he will ask that a personal follow-
25 up be made to assure that understanding has occurred

t25m7

1 Great consideration is being given to periodic meeting
2 between QA and construction supervision and for develop-
3 ment of a quality communications program.

4 Q Those actions have been taken in response to
5 your instructions to Mr. Dick?

6 A I believe those actions were taken as a result
7 of some discussion between Mr. Wells and Mr. Dick about that
8 interface. I was also having discussions about that time
9 with them.

10 MR. GUILD: Mr. Chairman, maybe I could suggest
11 this to Counsel. I think that letter was inadvertently
12 attached to the back of Mr. Wells' handwritten notes, and
13 for clarity, I intended to offer it as an exhibit,
14 frankly. It was just an error having it attached.

15 Could we number it separately so we know
16 accurately what Counsel's referring to?

17 MR. CARR: Let's approach the bench for a
18 second. We can clarify.

19 JUDGE KELLEY: Just to be clear, the letter that
20 was just read, that is or is not in at the moment?

21 MR. GIBSON: Judge Kelley, it's my understanding
22 the typed letter being referred to was attached to the
23 original document. Now, it may not have been Mr. Guild's
24 intention to offer it, but the copies we provided included
25 the letter that's been referred to. It was attached to the

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1 original document.

2 MR. CARR: This was attached to Mr. Davison's
3 handwritten memo to Mr. Wells.

4 MR. GUILD: That's where it belongs?

5 MR. CARR: Yes.

6 JUDGE KELLEY: That is in?

7 MR. GUILD: It's all in, yes.

8 MR. CARR: Yes.

9 JUDGE KELLEY: So should we say it gets
10 added to that exhibit?

11 MR. GUILD: That's fine. Just leave it the way
12 it is.

13 MR. JOHNSON: It's already a part of it.

14 JUDGE KELLEY: Fine.

15 MR. GUILD: I just misunderstood. I thought it
16 was my mistake. If it's in, that's fine.

17 JUDGE KELLEY: Fine.

18 BY MR. CARR:

19 Q One final question, Mr. Owen. This is following
20 up on your response to Judge Kelley's question.

21 Was the pay reclassification of the QA inspec-
22 tors connected with the 1981 SALP report?

23 A (Witness Owen) No, sir, it was not, not in any
24 way.

25 MR. CARR: That's all I have for Mr. Owen, Your

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1 Honor.

2 BY MR. McGARRY:

3 Q Mr. Wells, yesterday Mr. Guild asked you a
4 question concerning your state of knowledge as to the
5 complaints raised by welding inspectors with regard to Mr.
6 Davison. Specifically, he said, "When you made the
7 recommendation to Mr. Kirkland" -- and I believe that that
8 was a typographical error and should be Mr. Owen -- "When
9 you made the recommendation to Mr. Owen, did you understand
10 not only were you the subject of some complaints by the
11 welding inspectors, but Mr. Davison was, himself?" And
12 you answered, "No, I did not."

13 Do you recollect that dialogue?

14 A (Witness Wells) Yes, I do.

15 Q Do you have anything further to add to that?

16 MR. GUILD: Mr. Chairman, I don't think that's
17 proper redirect to simply say, "You answered the question
18 once. Do you want to answer it again?" It was asked. It
19 was answered. I'm happy with the answer, unless he says --
20 unless he wants to say, "I was wrong, I made a mistake."
21 It's not proper to simply invite the witness to go back and
22 retrench, if you would.

23 JUDGE KELLEY: Mr. McGarry, response to the
24 objection?

25 MR. McGARRY: Your Honor, I think Mr. Guild's

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1 response -- position is presuming a specific answer. I
2 think that clearly this was the subject of cross-examination,
3 and we have the opportunity and the right to follow up on
4 these questions, and I'm simply asking Mr. Wells if he has
5 anything further to add to the matter.

6 (Continued on next page.)
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1 JUDGE KELLEY: This is sort of a general point. I'd
2 like to ask Staff, too. I thought if I looked in the Hornbook
3 under redirect, I would find a statement to the effect that
4 redirect includes a rehabilitation of one's witness following
5 cross. Do you have a view on this, Mr. Johnson?

6 MR. JOHNSON: I would agree with Mr. McGarry that
7 it could only be objectionable -- maybe I misinterpreted what
8 he said. What I heard Mr. McGarry saying is that it could only
9 be objectionable if it presumed that he had been fed an answer.
10 Now, I don't think we can presume that.

11 JUDGE KELLEY: Take that a little slow. It's late
12 in the day.

13 MR. JOHNSON: Well, what I heard him say is Mr.
14 Guild's objection seems to presume an answer, a specific answer.

15 JUDGE KELLEY. All right.

16 MR. JOHNSON: Maybe I misinterpreted what Mr.
17 McGarry said, but it seems to me it's only improper if he's
18 been coached to change his answer. Now, we have no basis for
19 assuming that.

20 JUDGE KELLEY: Let me ask you a question instead of
21 making a statement. What's your understanding of the scope of
22 redirect? We get to this stage of the game, and what's the
23 purpose of redirect, in your view? You're sort of a neutral
24 attorney between two attorneys in contest on this issue.

25 MR. JOHNSON: Well, in my view the scope of redirect

1 or -- in this situation is that if the answer of the -- if the
2 attorney for the witness believes that the cross-examination
3 answers didn't properly -- didn't truly reflect the true
4 intention of the witness or that, because of the way in which
5 the question was put, it was misunderstood or there's some
6 need to clarify something that was either misleading or mis-
7 interpreted in the answer, that it's proper to try to clarify
8 that answer.

9 JUDGE KELLEY: And are those points subsumed under
10 the general phrase "rehabilitation of the witness"?

11 MR. JOHNSON: Yes.

12 JUDGE KELLEY: That's what's in the Hornbook, I
13 think, Mr. Guild. If you elicit an answer on cross that
14 counsel for the Applicants -- from an Applicant witness, and
15 counsel says, "Well, we don't like the slant on that one, so
16 we're going to ask for a follow-up to rehabilitate it," why
17 can't he do that?

18 MR. GUILD: That wasn't the nature of my point. I
19 don't understand that rehabilitation is a proper subject of
20 either redirect or recross, but I do think that it's not a
21 proper question. There's probably a form issue more than
22 anything else, to simply ask a witness, "Do you have anything
23 more to add?"

24 Now, did I cut the witness off? Did he not have an
25 opportunity to complete his answer on the first go-around?

1 Is there a problem with, you know, him having forgotten some-
2 thing about his answer; that it was incomplete? But simply to
3 turn a witness loose without any direction by saying, "Do you
4 want to add anything," is improper, and perhaps it can be
5 cured by rephrasing the question. It just seems to me to
6 open the door without any limitation to the witness saying
7 anything he wants to.

8 JUDGE KELLEY: Mr. McGarry, can you try to rephrase
9 it?

10 MR. MC GARRY: Certainly, Your Honor.

11 BY MR. MC GARRY:

12 Q Mr. Wells, you've heard the question. You've heard
13 the answer. Was that answer correct?

14 A (Witness Wells) There's a possibility that that
15 answer might be misunderstood. When Mr. Guild asked me the
16 question, I answered it that I -- in the context that I had no
17 personal knowledge from somebody complaining to me about any
18 actions of Mr. Davison. The only thing that I would like to
19 say now is that I, at that time, December, had read Ms. Addis'
20 notes that she made as a result of her communication with the
21 welding inspectors, and some of those notes did have some
22 complaints about Mr. Davison.

23 MR. MC GARRY: No further questions for Mr. Wells.

24 MR. GIBSON: Members of the Board, I have no ques-
25 tions for Ms. Addis, but just one or two questions for Mr. Grier.

REDIRECT EXAMINATION

BY MR. GIBSON:

Q Mr. Grier, do you recall being asked about Barbara Horne reporting to Mr. Davison at the Catawba site?

A (Witness Grier) Yes, I do.

Q Does Ms. Horne report to Mr. Davison for all purposes?

A No. Ms. Horne reports to Mr. Davison essentially administratively. The employee relations assistants report functionally to the manager -- QA manager of administrative services, Mr. Neil Alexander, and receive their direction and the conduct of those employee relations activities from Mr. Alexander.

Q Mr. Grier, do you recall questions from Mr. Guild and, perhaps, some other cross-examination questions concerning the adoption of procedure R-2?

A Yes, I do.

Q Has adoption of procedure R-2 in welding, to your knowledge, caused the acceptance of deficient work by QA inspectors or anyone else in the QC program at Catawba?

A No. The adoption of the change to procedure R-2 simply means that some of those discrepancies that had previously been documented on nonconforming item reports would now be documented on the R-2A form.

Q Now, has this resulted in a reduction in the number

1 of NCI's generated or originated?

2 A Yes, there has been a reduction in the rate of the
3 number of NCI's that are generated. This reduction became
4 evident in late summer of 1982 after the change to procedure
5 R-2 went into effect.

6 Q Now, has this resulting reduction in the number of
7 NCI's originated in welding resulted in any deficient work
8 being accepted by QC inspectors or anyone else in the QC
9 program, to your knowledge?

10 A No. Again, the change was simply a change in where
11 these deficiencies or discrepancies would be documented.

12 Q Now, Mr. Grier, finally, I'd like to focus your
13 attention on the evaluation committee's evaluating various job
14 positions in 1977, but, more specifically, in 1980.

15 Did your committee consider the SALP evaluation as
16 it conducted its work to evaluate the inspector positions?

17 A No, we didn't consider the SALP evaluation at all.

18 MR. GIBSON: No other questions.

19 JUDGE KELLEY: Well, counsel, doesn't that bring us
20 to the end of this panel?

21 MR. MC GARRY: Yes, sir, we would ask that this
22 panel be excused. We understand -- Everyone understands Mr.
23 Grier will be on a subsequent panel, but we'd ask that this
24 particular panel be excused at this time.

25 JUDGE KELLEY: Ms. Addis, gentlemen, all good things

1 must come to an end. We appreciate your coming and your
2 attendance and your cooperation and your attention, and thank
3 you very much. You're excused. We'll see some of you later.

4 MR. GUILD: I hope by excusing them you're not
5 foreclosing the possibility of the inquiries with respect to
6 the evaluation.

7 JUDGE KELLEY: No. That's an open item, and I
8 think the record shows that.

9 (Panel excused.)

10 JUDGE KELLEY: We said earlier -- Maybe we can go
11 off the record for a moment.

12 (Discussion off the record.)

13 (Brief recess.)

14 (Continued on next page.)
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1 JUDGE KELLEY: Back on the record.

2 MR. CARR: Your Honor, the next panel is --
3 I'll introduce them first for the Board and parties.

4 On the left is Theodore C. McMeekin. To his
5 left is A. Parks Cobb, C. Neal Alexander and Lewis
6 Zwissler.

7 I'd ask that you swear the panel at this point,
8 if you would, please.

9 MR. GUILD: Mr. Chairman, before you do that, I
10 would ask the record to reflect that Mr. Larry Davison is
11 in the hearing room and present during the testimony of these
12 witnesses under our objection.

13 JUDGE KELLEY: So noted.

14 Good afternoon, gentlemen.

15 Would you raise your right hands, please?

16 Whereupon,

17 THEODORE C. McMEEKIN,

18 A. PARKS COBB,

19 C. NEAL ALEXANDER,
and

20 LEWIS ZWISSLER,

21 having been first duly sworn by Judge Kelley, testified
22 as follows:

23 JUDGE KELLEY: The record can reflect that all
24 four witnesses said, "Yes," in response or indicated their
25 assent.

t27m2

1 Thank you.

2 MR. CARR: Thank you, Your Honor.

3 DIRECT EXAMINATION

4 BY MR. CARR:

5 Q Mr. McMeekin, do you have before you, sir, a
6 document eleven pages in length with four attachments
7 entitled, "Testimony of Theodore C. McMeekin"?

8 A (Witness McMeekin) Yes, I do.

9 MR. CARR: Your Honor, at this point, I would
10 like to mark this document for identification as Applicants'
11 Exhibit 10.

12 JUDGE KELLEY: Fine.

13 (The document previously
14 referred to was marked
15 Applicants' Exhibit No. 10
16 for identification.)

17 BY MR. CARR:

18 Q Mr. McMeekin, was this document prepared by you
19 or under your supervision?

20 A Yes, it was.

21 Q Do you have any additions or corrections to make
22 to this document at this time?

23 A I have one correction, a typographical error, to
24 my resume. Attachment one, page two, the line which reads,
25 "August, '70 through June, '73" should be --

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1 MR. GUILD: Excuse me. Could I ask the gentleman
2 to slow down a minute? I'm trying to -- page two, Counsel?

3 MR. CARR: Yes.

4 A (Witness McMeekin.) Page two, attachment one,
5 the line which reads, "August, '70 through June, '73"
6 should be changed to read, "August, '67 through August, '70."

7 BY MR. CARR:

8 Q To, what, sir?

9 A August, '70.

10 Q August, '70?

11 A You should insert above that a line which reads,
12 "August, '70 through June, '73, engineer associate, assis-
13 tant design engineer, McGuire, Duke Power Company," and
14 under that, "Responsible for assisting in preparing initial
15 control and instrumentation concepts and for supporting
16 licensing matters for the McGuire nuclear station."

17 MR. GUILD: Could either that be read again, or
18 could you maybe supply a copy of that later, please?

19 MR. McMEEKIN: Would you like me to read it
20 again?

21 MR. GUILD: If that's more convenient. It doesn't
22 matter.

23 MR. McMEEKIN: The last line, "Responsible for
24 assisting in the preparation of initial control and instru-
25 mentation concepts and for supporting licensing matters for

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1 the McGuire nuclear station."

2 BY MR. CARR:

3 Q Is this document as corrected your true and
4 correct testimony, sir?

5 A Yes, it is.

6 Q If you were asked the questions today set forth
7 in this document, would your answers be the same as set
8 forth therein?

9 A Yes, it would.

10 Q Do you adopt this document as your testimony in
11 this proceeding?

12 A Yes, I do.

13 MR. CARR: Your Honor, I would now move this
14 testimony be accepted in evidence as Applicants' Exhibit 10.

15 JUDGE KELLEY: Received.

16 (The document previously marked
17 for identification as Appli-
18 cants' Exhibit No. 10 was
19 received in evidence.)

20 BY MR. CARR:

21 Q Mr. McMeekin, for the benefit of the Board, the
22 parties and the public, would you please summarize, first,
23 your work experience, and then your direct testimony?

24 A Yes, sir. After completing my engineering
25 degree in '65, I was then commissioned in the Navy and

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1 spent approximately five years in the Navy nuclear power
2 program.

3 While in the Navy, I held a variety of jobs,
4 including jobs as auxiliary division officer and reactor
5 control division officer. I was also qualified as engineer-
6 ing officer of the watch and officer of the deck.

7 Following my experience in the Navy, I came to
8 Duke Power in August of 1970, held a variety of engineering
9 positions working on essentially all projects -- generating
10 projects through 1975, when I was assigned as principal
11 engineer of the control systems engineering section.
12 I've held that position since 1975, and have been responsible
13 for the design of nuclear generating facilities and
14 modifications to operating facilities.

15 Q Thank you, sir.

16 Would you now summarize your testimony?

17 A My testimony includes a summary of the experience
18 and qualifications of the task force members, the purpose
19 of the task force, the scope of the task force, the approach
20 that we took in investigating the concerns of the QC
21 inspectors, the findings from our investigations, the
22 conclusions we reached and, finally, the recommendations
23 which we made.

24 The testimony includes four attachments. Three
25 are the resumes of the members of the task force, and the

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1 fourth is the actual task force report on Catawba.

2 Q Mr. McMeekin, just for clarification, the task
3 force that you referred to was what we are calling Task
4 Force-1; is that correct?

5 A That's correct.

6 BY MR. McGARRY:

7 Q Mr. Cobb, do you have a document in front of you
8 entitled, "Testimony of A. Parks Cobb, Jr."?

9 A (Witness Cobb) Yes, sir.

10 Q Do you have any corrections or additions to
11 make to that document?

12 A Yes, sir. On page ten, on line seven, there is
13 a typographical error.

14 Q What is that error, sir?

15 A In the middle of that line there is a statement,
16 "Welding Concerns," and that should say, "Welding Procedures."

17 Q Do you have any other corrections or additions
18 to make to this testimony?

19 A No.

20 Q Mr. Cobb, the document entitled, "Testimony of
21 A. Parks Cobb, Jr.," consists of written questions and
22 answers numbering some twenty-one pages; is that correct,
23 sir?

24 A Yes.

25 (Continued on next page.)

1 BY MR. MC GARRY:

2 Q And there are four attachments; is that correct,
3 sir -- five attachments; is that correct, sir?

4 A (Witness Cobb) Five attachments, yes, that's
5 correct.

6 Q And Attachment 4 is a separate volume with a brown
7 cover entitled "Testimony of A. Parks Cobb, Jr., Attachment 4,
8 Technical Task Force, Volume I," is that correct, sir?

9 A Yes.

10 Q And Attachment 5 is the testimony of A. Parks Cobb,
11 Jr., Attachment 5, Technical Task Force, Volume II with a
12 black cover; is that correct, sir?

13 A Yes.

14 Q Now, Mr. Cobb, as corrected, do you adopt the
15 testimony of A. Parks Cobb, Jr. and the attachments thereto as
16 your testimony for use in this proceeding?

17 A Yes, I do.

18 Q If I asked you the same questions today as set
19 forth in the document, would you respond as set forth in the
20 documents?

21 A Yes, I would.

22 MR. MC GARRY: Your Honor, at this time we would
23 request that the testimony of A. Parks Cobb, Jr. be marked for
24 identification as Applicants' Exhibit 11.

25 (The documents referred to were
marked for identification as
Applicants' Exhibit No. 11.)

1 JUDGE KELLEY: Marked and received.

2 MR. MC GARRY: Thank you.

3 JUDGE KELLEY: Or did you ask for reception?

4 MR. MC GARRY: I was going to ask for that next. I
5 appreciate that.

6 JUDGE KELLEY: All right. Just marked, so far.

7 MR. MC GARRY: Now I would move that it be accepted,
8 Your Honor.

9 JUDGE KELLEY: Received.

10 (The document previously marked
11 for identification as Applicants'
12 Exhibit No. 11 was received in
13 evidence.)

14 MR. MC GARRY: Thank you.

15 BY MR. MC GARRY:

16 Q Mr. Cobb, would you please, for the record and
17 parties and members of the public, capsulize your professional
18 qualifications?

19 A I received a Bachelor of Science in mechanical
20 engineering degree from North Carolina State University in
21 1964. Following receipt of that degree, I was employed by the
22 Boeing Company in their aerospace program, Huntsville, Alabama,
23 for slightly more than nine years. During that time I worked
24 in the area of structural analysis of military and aerospace
25 structures, worked on a variety of projects, primarily worked

1 on the Saturn V program in the early stages of that project,
2 and then later worked on the Lunar Roving program; and,
3 following that, worked on selected military programs.

4 In the area I worked in, every case dealt with
5 structural dynamics and structural analysis.

6 In September of 1973, I was employed by the Duke
7 Power Company in Charlotte. For the first three years, as I
8 recall, I worked in the area of structural qualification of
9 mechanical equipment, performed a variety of analyses and
10 reviewed vendor reports on equipment qualification.

11 Following that assignment, I was involved with --
12 in charge of the McGuire support restraint hangar design group,
13 if you will, and piping analysis group that involved supervising
14 of Duke employees and contract employees in completing the
15 analysis and design work of piping systems and piping supports
16 for the McGuire nuclear station and was headquartered at the
17 site.

18 Following that assignment, in June of 1981, I was
19 assigned as principal engineer of the civil support section in
20 the civil environmental division of the design engineering
21 department. That division consisted of approximately a hundred
22 and twenty Duke employees, primarily civil engineers and
23 technicians, who had the responsibility for civil design or
24 design of civil works at operating plants; and in September of
25 1982, I was assigned as manager of a new effort in the design

1 engineering department called management technical services
2 whereby Duke is now marketing its engineering, construction
3 and other types of services, making those services available
4 to other people performing in a consulting or architect/
5 engineer role for other people, and that is the present job
6 that I hold.

7 Q Thank you, Mr. Cobb. Would you now, at this time,
8 please, summarize your testimony?

9 A My testimony deals with the functions of the
10 technical task force which was assigned to evaluate welding
11 inspector concerns considered to be of a technical nature. I
12 was chairman of that task force. My testimony begins with my
13 first involvement with the task force and describes the task
14 force makeup in terms of personnel.

15 The testimony includes the qualifications of those
16 personnel. The testimony also includes the plan that was used
17 by the task force in performing its work. That was Attachment
18 2, I believe.

19 Attachment 3 is the qualifications of the task force
20 members, other than myself. Attachments 4 and 5 consist of the
21 reports -- final reports of the task force. Attachment 4 is a
22 summary report that contains basically the entire plan of
23 operation of the task force, how it went about its work, what
24 the results were, what the conclusions were and what the
25 recommendations were.

1 Volume II consists of a bound volume of all of the
2 technical evaluations that were performed by the task force.
3 The testimony includes a description of the results -- of how
4 the task force conducted its work, what those results were,
5 what those conclusions were and what the recommendations were,
6 how the recommendations were characterized.

7 Q Thank you, Mr. Cobb.

8 Mr. Alexander, do you have a copy of a document
9 entitled Testimony of C. Neal Alexander, Jr. before you?

10 A (Witness Alexander) Yes, I do.

11 Q Mr. Alexander, do you have any corrections or
12 additions to make to that document?

13 A Yes. On page 2, line 18, it should read, "I was
14 working as personnel manager at McGuire Nuclear Station." Then
15 on line 22 --

16 Q Just one second, sir.

17 A Excuse me.

18 Q And then continuing "in the station support
19 division"?

20 A No. "In the station support division" should be
21 taken out.

22 Q All right.

23 MR. WILSON: As amended, how would that read, Mr.
24 McGarry?

25 MR. MC GARRY: I believe it would read: "I was

1 working as personnel manager at McGuire Nuclear Station, and
2 I was asked by Jim Grogan" -- is that correct, Mr. Alexander?

3 WITNESS ALEXANDER: Right.

4 BY MR. MC GARRY:

5 Q Any other corrections?

6 A On line 22 --

7 Q Of page 2?

8 A -- of page 2, it should be, "On February 22nd, 1982,"
9 instead of "in March 1982."

10 Q Do you have any other corrections?

11 A No other corrections.

12 Q Any additions?

13 A No.

14 Q Mr. Alexander --

15 A Let me make one other point. There was one
16 attachment, I think, that was left off, and you included that
17 in a later --

18 Q Yes, sir. I'll get to that in a minute.

19 Mr. Alexander, your testimony consists of nine
20 pages; is that correct?

21 A Correct.

22 Q And there are two statements of professional quali-
23 fications, that of C. Neal Alexander, Jr. and Danny L. Powell
24 attached to that; is that correct?

25 A That's correct.

1 Q And then there is a third attachment which consists
2 of the nontechnical welding inspector concerns and the manage-
3 ment implementation concerns; is that correct?

4 A That's correct.

5 Q And that's Attachment 3; is that correct?

6 A That's correct.

7 MR. MC GARRY: I'd like to explain for the Board and
8 the parties, in the document entitled Testimony of C. Neal
9 Alexander, Jr. that was served on the Board and the parties,
10 inadvertently three pages of Attachment 3 were omitted; and
11 pursuant to Mr. Carr's letter of October 4, 1983, those three
12 pages have been furnished to the Board and the parties, and
13 we would like that included as part of Attachment 3.

14 MR. GUILD: I just don't have those before me, and may-
15 be if counsel could identify them a little more particularly,
16 I can find them.

17 MR. MC GARRY: This letter was hand delivered. It's
18 October 4, 1983, the letter to the Board from Mr. Carr. It
19 has Mr. Wells' resume attached to it, and it also has --

20 MR. GUILD: Was that in the packet with the
21 Contention 6 --

22 MR. MC GARRY: Yes, it was.

23 MR. JOHNSON: Could you identify what part of Mr.
24 Alexander's testimony --

25 MR. MC GARRY: Yes, we are now looking at

1 Attachment 3 of Mr. Alexander's testimony. Attachment 3 is a
2 March 24, 1982 memo or letter from Mr. Alexander to Mr. Owen.
3 If we turn to the second page, it's styled, "Nontechnical
4 Welding Inspector Concerns." That is seven pages ending with
5 Roman VI, "Communications."

6 In Mr. Carr's October 4th letter, there are three
7 additional pages which will be included in the nontechnical
8 welding -- in Attachment 3 -- Let me amend that statement.
9 There will be two additional pages, and they're entitled,
10 "Nontechnical Welding Inspector Concerns, Management Implemen-
11 tation Plans, Nontechnical Concerns."

12 MR. JOHNSON: Would you have another copy of that?

13 MR. MC GARRY: We'll make copies available if the
14 parties cannot find this document.

15 BY MR. MC GARRY:

16 Q Mr. Alexander, as corrected, do you adopt the
17 testimony of C. Neal Alexander and the attachments thereto as
18 your testimony for use in this proceeding?

19 A Yes, I do.

20 Q If I asked you the questions contained in that
21 document today, would you respond in the fashion set forth in
22 the document?

23 A Yes, I would.

24 MR. MC GARRY: Your Honor, at this time we request
25 that the testimony of C. Neal Alexander, Jr. be marked for

1 identification as Applicants' Exhibit 12 and be received.

2 MR. GUILD: Mr. Chairman, I just went through a
3 sealed envelope, and I don't see that document in here, and
4 perhaps if we could just get that, I wouldn't have any objec-
5 tion.

6 JUDGE KELLEY: It's a matter of completing the
7 attachment?

8 MR. MC GARRY: Yes, sir. We will show a copy of
9 this document --

10 JUDGE KELLEY: Subject to the completion of the
11 attachment to us all -- I'll go look for mine -- so marked and
12 received.

13 MR. MC GARRY: Thank you, Your Honor.

14 (The document referred to was
15 marked for identification as
16 Applicants' Exhibit No. 12 and
17 received into evidence.)

18 BY MR. MC GARRY:

19 Q Mr. Alexander, would you please summarize your
20 professional qualifications?

21 A I began work with Duke Power in June 1967; worked
22 in a surveying field party.

23 From there, in September '70, I went into the
24 payroll department at Oconee Station. In June of 1971, I
25 transferred to McGuire as personnel supervisor where I was

1 responsible for the employment programs including interviewing,
2 selection of qualified employees and also benefit administra-
3 tion.

4 In October of 1978, I transferred to the construc-
5 tion general office in Charlotte as supervisor of compensation
6 and testing and there was responsible for developing wage and
7 salary programs for the department, and the coordination of
8 testing programs including validation, administration and
9 monitoring results.

10 In December of 1978, I became personnel manager,
11 construction department, station support division and there
12 was responsible for the personnel administration for some 350
13 employees. These personnel administration duties included the
14 employee relations function, employment security, safety and
15 training programs throughout the Duke system for these 350
16 employees.

17 In January of 1981, I was on loan to the quality
18 assurance department as personnel manager to assist in the
19 transfer of the quality control inspectors from the construc-
20 tion department to the quality assurance department and set up
21 the personnel program for this transition and expanded it to
22 department personnel activities.

23 In July of '81, after the assignment to quality
24 assurance was completed, I went to the McGuire Nuclear Station
25 construction department where I was personnel manager there

1 responsible for the site personnel administration responsi-
2 bilities for some 1200 employees which included employee
3 relations employment, safety and training programs.

4 In March 1982, I transferred to the quality
5 assurance department as manager of administrative services
6 where I am today and am responsible for this department's
7 personnel administration, which includes the employee relations,
8 employment safety and training, which includes the development,
9 training and certification programs. In addition, other
10 activities include purchasing, budgeting and general services
11 activities for the department.

12 (Continued on next page.)
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t29ml

1 BY MR. McGARRY:

2 Q Thank you, Mr. Alexander.

3 Would you now likewise summarize your testimony?

4 A (Witness Alexander) My testimony outlines how
5 I became involved as the chairman of the nontechnical task
6 force, how the nontechnical task force identified the
7 nontechnical concerns, the findings that we had from those
8 concerns, recommendations to management for corrective ac-
9 tion, and also how the corrective action was carried out.

10 MR. McGARRY: Thank you, Mr. Alexander.

11 BY MR. GIBSON:

12 Q Mr. Zwissler, do you have in front of you a
13 document entitled, "Testimony of Lewis E. Zwissler," which
14 consists of some fourteen pages with three attachments?

15 A (Witness Zeissler) Yes, sir.

16 MR. GIBSON: Your Honor, we would ask that this
17 be marked as Applicants' Exhibit 13.

18 JUDGE KELLEY: Yes.

19 (The document previously
20 referred to was marked Appli-
21 cants' Exhibit No. 13 for
22 identification.)

23 BY MR. GIBSON:

24 Q Mr. Zwissler, do you have any corrections or
25 additions to your testimony?

t29m2

1 A No, sir.

2 Q Mr. Zwissler, was this testimony prepared for
3 use in these proceedings?

4 A Yes.

5 Q Do you adopt this testimony for use in these
6 proceedings?

7 A Yes.

8 Q If you were asked these questions today, would
9 you give the same answers?

10 A Yes, I would.

11 MR. GIBSON: Your Honor, we would move that
12 Mr. Zwissler's testimony and his exhibits be received into
13 evidence.

14 JUDGE KELLEY: Received.

15 (The document previously marked
16 for identification as Appli-
17 cants' Exhibit No. 13 was
18 received in evidence.)

19 JUDGE KELLEY: Mr. Zwissler, perhaps you could
20 move the mike down a little closer to you as you continue.

21 BY MR. GIBSON:

22 Q Mr. Zwissler, does your testimony include a
23 statement of your professional experience and qualifica-
24 tions?

25 A Yes, it does.

t29m3

1 Q Would you summarize your professional qualifica-
2 tions?

3 A I graduated from Armour Institute of Technology
4 with a Bachelor of Science in civil engineering in 1937.

5 I attended Rutgers University and received a
6 Master's degree in applied mechanics, which included
7 structural analysis and dynamics of mathematics from Rutgers
8 University.

9 I attended the Illinois Institute of Technology
10 in the period from 1939 through '41, completed the academic
11 requirements for Ph.D. in applied mechanics. I did not
12 obtain that degree because World War II came along before
13 I finished my thesis.

14 During the war, I worked for the Elliott Company
15 in Jeanette, Pennsylvania, in developing marine gas tur-
16 bines for use in Navy and ship propulsion as a member of the
17 scientific body identified as the Roster of Scientific
18 Personnel by the government and was assigned to that
19 particular job for the U. S. Navy.

20 The work there involved welding, machining,
21 design, installation and construction of experimental
22 equipment.

23 Subsequent to that period, in 1945, for roughly
24 a year, I established the group known as Associated
25 Consultants, and performed several small jobs in the

t29m4

1 Chicago and Detroit area related to gas turbine design and
2 development.

3 In 1946, I went to work for the M. W. Kellogg
4 Company and was there through 1952. During that period of
5 time --

6 Q Excuse me, Mr. Zwissler, in view of the Board's
7 hearing tonight, it would like to stop at roughly 4:30
8 today. Would you provide a brief summary of your profes-
9 sional experience so that we might make that --

10 A I take it you think I'm too verbose.

11 JUDGE KELLEY: Too experienced.

12 MR. GIBSON: You took the words right out of my
13 mouth.

14 A (Witness Zwissler) I guess in order to summarize
15 that, I would say that I have had roughly over forty years
16 of experience in quality assurance and project management
17 research and development. I've worked in manufacturing
18 research and development. I've participated in the develop-
19 ment of the Polaris missile system. I was a manager of
20 quality assurance reliability for Polaris and also on the
21 Gemini, Titan and Apollo programs.

22 I entered the nuclear industry in about 1971,
23 as the director of quality assurance for Argonne National
24 Laboratory, which is a national research laboratory
25 developing nuclear technology. I was there for roughly

t29m5

1 eight and a half years.

2 During that period of time, we had various
3 and sundry problems related to construction of nuclear
4 facilities, such as reactors, in the detailed fabrication of
5 metallurgy problems associated with test apparatus used in
6 those reactors.

7 Subsequent to the experience at Argonne, I
8 joined the Management Analysis Company, which is a manage-
9 ment consulting firm. Our major activities are related to
10 nuclear construction and operation of nuclear power plants.

11 Q Mr. Zwissler, would you also provide a brief
12 summary of your testimony, including a description of the
13 attachments to your testimony?

14 A My testimony includes a description of the
15 activities associated, with an overview of the activities
16 of what is called technical task force established by Duke
17 to review the concerns expressed by the welding inspectors.
18 My activities there -- the objective of my activities is
19 to overview the work done by the task force, to specifically
20 look at the methods and approaches that were utilized, to
21 assure that all of the welding concerns were identified
22 and made available for review, to evaluate the qualifications
23 of the task force members relative to their technical capa-
24 bilities, to evaluate concerns of that nature, to look at
25 the methods by which they made the review, to make an

t29m6

1 independent evaluation of whether they were doing every-
2 thing that was reasonable and proper to review those con-
3 cerns, to report both orally and in written form to the
4 management of Duke and be available to testify in later
5 hearings if that was felt necessary.

6 MR. GIBSON: Judge Kelley, members of the
7 Board, Mr. Zwissler and the other members of this panel are
8 available for cross-examination.

9 JUDGE KELLEY: Thank you.

10 It's quarter 'til five. We said earlier today
11 we'd quit by now, because of the limited appearances session
12 tonight beginning at 7:00, again, at a place called the
13 Law Center.

14 I believe it's -- I'm all turned around -- over
15 that way (indicating), not too far away, other side, past
16 the mall.

17 MR. WILSON: It's the modern white building.
18 I think it's on Black Street.

19 JUDGE KELLEY: Okay. Why don't we stop here, or
20 is there anything else we have to talk about briefly, or can
21 we just stop until 9:00 tomorrow morning?

22 MR. GUILD: I would just ask with respect to
23 starting in the morning, I expect to be there for the
24 duration tonight, and I also expect when we get done with
25 that, I'm going to be preparing the examination of these

t29m7

1 four new witnesses, and I would suggest that we take into
2 account the evening session in setting the time to start
3 tomorrow and start somewhat later than we would otherwise.

4 JUDGE KELLEY: Do you have a specific sugges-
5 tion?

6 MR. GUILD: 10:00.

7 MR. McGARRY: Your Honor, we don't -- we suggest
8 maybe 9:30. We appreciate that point of Mr. Guild. We'd
9 like to do this: If we start at 9:30, go to 5:30; if
10 we start at 10:00, go to 6:00.

11 JUDGE KELLEY: Tomorrow is Friday.

12 MR. McGARRY: Yes, sir.

13 JUDGE KELLEY: It's a little tougher on Friday
14 to do it that way. Any other day, I think we'd say, "Well,
15 fine, just overlap in the evening."

16 What do you think, Mr. Johnson, so we have a
17 full consensus here?

18 MR. JOHNSON: I'd like to accommodate Mr. Guild.
19 I think 9:30 is a good time, but I don't think we should go
20 much later than 5:00 if it's possible, so that we can make
21 flight connections. I think 5:30 would be acceptable with
22 me.

23 (Board conferring.)

24 JUDGE KELLEY: The Board has differing commit-
25 ments. I really don't care. Judge Purdom has a connection

t29m8

1 to make, which the reason it's relevant is we can't run
2 very late and make these connections as Mr. Johnson pointed
3 out. Let's say 9:30.

4 MR. McGARRY: Your Honor, there's one other mat-
5 ter, just so Mr. Guild is aware of it. We would request,
6 because of prior commitments, that Mr. Zwissler be excused
7 at about three --

8 MR. ZWISSLER: At least 3:20.

9 MR. McGARRY: -- twenty. He'll be back Monday.

10 JUDGE KELLEY: It seems reasonable. I mean,
11 there will be plenty of other questions to ask of other
12 people. Agreeable with you, Mr. Guild --

13 MR. GUILD: That's fine.

14 JUDGE KELLEY: -- with the understanding Mr.
15 Zwissler is gone late tomorrow afternoon?

16 MR. GUILD: That's fine.

17 MR. McGARRY: Fine.

18 JUDGE KELLEY: Let's quit. 9:30 tomorrow
19 morning.

20 (Whereupon, at 4:47 p.m., the hearing was
21 adjourned, to reconvene at 9:30 a.m., Friday,
22 October 14, 1983.)
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CERTIFICATE OF PROCEEDINGS

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

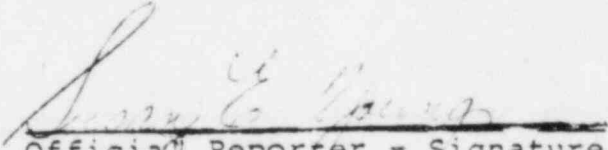
In the matter of: Duke Power Company, et al. (Catawba
Nuclear Station, Units 1 and 2)

Date of Proceeding: Thursday, October 13, 1983

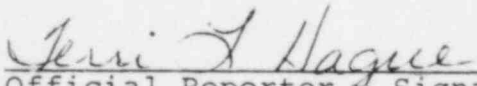
Place of Proceeding: Rock Hill, South Carolina

were held as herein appears, and that this is the original
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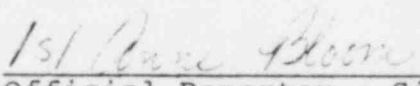
Susan E. Young
Official Reporter - Typed


Official Reporter - Signature

Terri L. Hague
Official Reporter - Typed


Official Reporter - Signature

Anne Bloom
Official Reporter - Typed


Official Reporter - Signature