

Official Transcript of Proceedings
NUCLEAR REGULATORY COMMISSION

Title: In the matter of:
Interview of
Nicholas C. Paleologos

Docket Number: (not assigned)

Location: Glen Rose, Texas

Date: September 21, 1995

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Pages 1-37

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CASE NO. 4 - 95 - 011

EXHIBIT 11
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1 UNITED STATES OF AMERICA
2 NUCLEAR REGULATORY COMMISSION

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4 OFFICE OF INVESTIGATIONS
5 INTERVIEW

6
7 INTERVIEW OF
8 NICHOLAS C. PALEOLOGOS

9
10
11 Thursday, September 21, 1995

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14 Conference Room 4
15 CPE Building
16 Comanche Peak Nuclear Station
17 Glen Rose, Texas

18
19
20 The above entitled interview was conducted at 9:15 A.M.

21 BEFORE:

22 VIRGINIA J. VAN CLEAVE, Investigator
23
24
25

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CASE NO. 4 - 95 - 011

EXHIBIT _____
Page _____ of _____ pages

1 NICHOLAS C. PALEOLOGOS

2 MS. VAN CLEAVE: For the record this is an interview
3 of Nick C. Paleologos, P-a-l-e-o-l-o-g-o-s, [REDACTED]
4 [REDACTED] date of birth [REDACTED]
5 [REDACTED] who is employed by INPO but is on loan to Texas
6 Utilities at the Comanche Peak Station. The date is September
7 21, 1995, and the time is 9:15 A.M.

8 Present at this interview are myself, NRC senior
9 investigator Virginia Van Cleave and Mr. Paleologos. This
10 interview is being tape recorded by court reporter Joe
11 Schafer.

12 Mr. Paleologos, if you will please stand and raise your
13 right hand. Do you swear that the information you're about to
14 give is the truth, the whole truth and nothing but the truth
15 so help you God?

16 THE WITNESS: I do.

17 MS. VAN CLEAVE: Thank you.

18 EXAMINATION

19 BY MS. VAN CLEAVE:

20 Q. Before I start asking the actual questions that I'm
21 here for, I wanted to get a little information about your
22 background because I do understand that you on loan here from
23 INPO and if you could just kind of run through your
24 background for me and explain how that program works,
25 briefly.

1 A Can you give me a little sense what kind of detail
2 you want me to go into? Or maybe I just go overview and then
3 you can ask me.

4 Q That would be best.

5 A Okay, well if you look back in my career, U.S.
6 Navy, graduated University of Maryland, about roughly two
7 thirds of the 20 years I was involved in nuclear propulsion.
8 Left the Navy in late '80, joined INPO in early '82. Have
9 been in a variety of assignments at INPO that involved
10 operations, maintenance, what INPO describes as organization
11 and administration but an equivalent might be overall plant
12 management along with a few areas I lovingly call cats and
13 dogs, like industrial safety and that sort of thing. Let's
14 see what other. Training and then had the opportunity in late
15 19, late Summer 1994, to come to work on loan with TU
16 Electric for a one year assignment in the position of vice
17 president of nuclear operations. What we mean by on loan is
18 employees from utilities stay utility employed but they go to
19 work for INPO for 15 to 24 months typically and in all facets
20 it's as though they are an INPO employee. And then they
21 return to their parent utility. It's an augmentation to INPO
22 that provides all kinds of benefits, plus it's win/win,
23 experience broadening and all that sort of thing from a
24 professional development point of view. So the opposite
25 exists from INPO. INPO employees going on loan to utility.

1 That's what I've had the opportunity to do and have been
2 benefiting from. The reason that TU Electric wanted that done
3 was they felt a need for about a year more opportunity to
4 allow further growth of the candidates for this position or
5 plant manager position, we're not sure which it will be. So
6 as of 1 November, unless something causes that to change,
7 that will conclude the duration of my stay here and someone
8 will take over in a capacity yet to be determined.

9 Q When did you come here?

10 A I want to say 15 September 94, give or take a few
11 days. Mid September '94.

12 Q Now did you replace somebody?

13 A I replaced Lance Terry, but recognize at that time
14 that Lance had been promoted to the group vice president so
15 he was the senior nuclear officer and was actually holding
16 two jobs down for in the vicinity of two or three months. I'm
17 not sure of that but somewhere in that vicinity.

18 Q Had you worked at a nuclear plant before this?

19 A No. Other than, no, the answer is no. I did some
20 training when I first went to INPO but not as an employee.

21 Q As you know, I'm here interviewing people about an
22 incident that occurred with an individual in the emergency
23 planning group, [REDACTED]

24 A Yes.

25 Q When were you first notified about concerns with

1 [REDACTED]

2 A I would have to go back into our safeteam review to
3 get the date but if I could just give a relative time frame.

4 Q That's fine.

5 A I'm pretty certain it was in the latter part of
6 February of this year. It was on a Thursday and it's unclear
7 in my memory who first told me that we had some worries. But
8 at any rate I recall that after working hours, and in a
9 conference call that I'm sure started probably with Bobby
10 Lancaster, who is the manager of plant support, and Norman
11 Hood who is our EP manager, we ended up in a conference call
12 that was somewhere in the vicinity of an hour, maybe a bit
13 longer.

14 Q Okay, let me back up then. You don't recall who
15 notified you initially about any concerns with [REDACTED]

16 A My guess is it was Norm Hood, my best memory,
17 because Bobby was on a day of vacation or a day of business.
18 He physically wasn't here. When I was notified of that late
19 in the afternoon, I said, we had a preliminary discussion, I
20 said let's get Bobby on the phone and talk about this whole
21 thing and kind of share information with one another. Which
22 we did.

23 Q What about Mr. Shoemaker, could he have contacted
24 you?

25 A He certainly could but I don't think so. I think it

1 came through the line. Shoemaker of course is our personnel
2 manager. Sometimes information comes that way to me first but
3 I don't think that was the path.

4 Q Okay, since you don't recall who told you can you
5 recall what they said or have any sense of what was said?

6 A I feel pretty good about going into the conference
7 call, if I can talk to that. Because that's really what got
8 me going. Now I should say, let me just back up. We had, it
9 doesn't directly relate to the event but we had been
10 discussing and reviewing where are we going in the emergency
11 preparedness area with regard to manpower, probably since the
12 fall of the previous year, maybe even beginning in the
13 winter. And so [REDACTED] name was mentioned with others as
14 being viewed in the lower performance end but not in the
15 sense that led to the discussion of this event. So I don't
16 know if that's pertinent or not but I should say that
17 certainly I knew his name before that.

18 Q I know that you said that you had better
19 recollection of the conference call. I guess I'm trying to
20 find out why or who initiated the conference call and why the
21 conference call was initiated again, which was after hours I
22 understand.

23 A Oh, I'm sorry. I would say I initiated it or
24 requested it be set up and either Norm Hood or Bobby
25 Lancaster orchestrated making it happen through local

1 telephone operator or whatever. The reason I asked for it was
2 when I was first told about the problem I wanted to
3 understand what did we know and how did we view the
4 situation. My concern was, you know, how is this individual
5 reacting and behaving and what's all this mean and what do we
6 think about it, so I just wanted to get us together so to
7 speak to talk that through.

8 Q Okay, but you don't recall what was said to you
9 initially that led you to go ahead and set up a conference
10 call after hours?

11 A No.

12 Q Was there something urgent? Did you view this as an
13 urgent situation?

14 A Yes and no but I would normally talk to people
15 about personnel matters, I mean the hours don't make any
16 difference. I wouldn't wake them up in the middle of the
17 night for something like that, but that's not abnormal that
18 I'll do that.

19 Q Okay, so this is not unusual for you to initiate a
20 conference call about an individual?

21 A No.

22 Q Who participated in the call?

23 A Norm Hood, Bob Lancaster and myself.

24 Q You said you initiated it and do you recall, the
25 records that I've looked at say that this was February 23 of

1 1995. Do you recall what time about this occurred?

2 A I'd say after dinner time, so maybe 7:00 o'clock in
3 the evening. Somewhere in that time range.

4 Q And you said just a minute ago that it lasted about
5 an hour, is that right?

6 A Correct.

7 Q What was discussed during this call?

8 A The basic thrust of the discussion was what did we
9 know and what did we think was happening in terms of the
10 actions of [REDACTED].

11 Q Okay, what was stated as far as what you did know
12 and who was telling? Do you know [REDACTED] you said you
13 had heard his name, do you know him? Or did you know him at
14 the time I should say?

15 A I don't know him personally, nor do I personally
16 know, you know, his performance other than through the line
17 organization.

18 Q So during this conference call who was doing most
19 of the talking regarding...

20 A Norm Hood.

21 Q Okay and what did Mr. Hood say?

22 A The essence of what he discussed was an indication
23 that [REDACTED] had been overheard in, as I recall, two
24 situations discussing his call to NRC with regard to actions
25 that we were taking in the people reduction area. The essence

1 of the calls, and it was like, Norm was like the third or
2 fourth party. In other words, he didn't directly hear it, his
3 people did. One of them was an individual passing in the
4 hallway, hearing what he thought was a phone call to the NRC.
5 The other was some other individuals, I don't recall, or
6 individual, in emergency preparedness which apparently
7 [REDACTED] had been sharing, you know, such a phone call. And
8 then as we talked more in terms of [REDACTED] actions and how
9 he was behaving, Norm started to describe characteristics
10 which bothered me in terms of is [REDACTED] the type of
11 individual that would try to do some type of harm to the
12 plant or embarrassment to TU Electric. I got the impression
13 as Norm talked that [REDACTED] just by nature was kind of a cup
14 half empty person, you know, feeling, not ever feeling
15 content with the things were, just as his normal behavior,
16 and a generally disgruntled individual, and was vindictive in
17 nature. These are of course all opinions and soft feeling
18 type things. And for some reason seemed to be on a very
19 positive outward behavior, you know, feeling good about
20 whatever is going on, just in his nature, his conversation,
21 his facial expressions. So the longer we talked about that
22 the more I became concerned, me personally. I mean can I just
23 keep rambling here?

24 Q Why? Why did you become concerned that he was in a
25 good mood?

1 A I linked that to the vindictive impression of him
2 and I'm thinking what's making him be in a good mood and
3 could that be something where he either has or is doing
4 something, is intending to do something to the power plant,
5 and I become worried about that.

6 Q Did Mr. Hood say whether or not he had ever
7 threatened anybody or threatened to do anything to the
8 plant?

9 A No, never had. Nothing of that nature. It was all
10 conjecture and, strictly conjecture.

11 Q Did Mr. Hood say how long he had known him, because
12 I believe he had been in EP for quite a number of years.

13 A I don't recall but, you know, I was aware that he
14 had been in that position for probably three to four years,
15 Norm had, and that [REDACTED] had been here for quite a while so
16 there was no question in my mind he knew his history.

17 Q Okay and you say you didn't know him. Had you ever
18 met him?

19 A No.

20 Q What about Mr. Lancaster, did he have any opinions
21 regarding [REDACTED] attitude?

22 A I would say, I'm not sure if Bobby was talking,
23 Bob Lancaster, was talking from a personal impression of
24 [REDACTED] or he was talking and listening to Norm, so I'm not
25 sure where he was, you know, what his thinking was so to

1 speak. But Bobby jumped in in the sense that he agreed and
2 was worried about this, you know, is he a vindictive person,
3 should we be concerned that he might do something that's
4 undesirable to us. For example, the types of things that we
5 hypothesized was, well anybody that's familiar with the power
6 plant could, if they wanted to, could certainly disrupt or
7 trip the power plant. And the other area that became kind of
8 a top of the potential list was activation of our emergency
9 plan or our siren system, you know, our phone callout or our
10 siren system. Those kinds of things the EP folks are pretty
11 aware of how the equipment works and so on and so forth, and
12 do have access.

13 Q What did Mr. Hood say that would get all, sounds
14 like the three of you, so concerned that he might take some
15 action against the plant? He had been there a number of
16 years, he had never threatened apparently any action or
17 threatened any individual. He may have contacted the NRC. He
18 was in a good mood. Did Mr. Hood say how long he had noticed
19 this personality change?

20 A He was talking in the recent day or days.

21 Q So for a day or so he was in a good mood. I guess I
22 really am having a hard time understanding what about those
23 actions would give you such serious concern that he might
24 sabotage, it sounds like you're saying, the plant or the
25 emergency planning system?

1 A I wish I could recall the words and quote them to
2 you. The key things in my mind as I listen to it and as I
3 think back about it was his description about [REDACTED] being
4 vindictive in nature, as he felt about him. His description
5 as [REDACTED] day in day out being type of person that was just
6 generally unhappy, I'll call it that. And then now he
7 suddenly, we're hearing things that imply he's called the NRC
8 and that really wasn't a link to me, although I was
9 interested, wrongfully so, was interested did he call or
10 didn't he, you know, could we understand that. And then his
11 sudden positive behavior, you know, why does he feel
12 positive, what's he done, what's he going to do was my most
13 important, you know, what's he going to do was my most
14 important worry. In light of follow-on discussions with Lance
15 Terry, our VP in nuclear, obviously I went down the wrong
16 path in those kinds of conclusions and I'm trying to separate
17 that from the thinking that was going on that night.

18 Q I would appreciate that, if you would try to
19 remember back what you thought at that time.

20 A It would be nice to just play back that phone
21 conversation. You know, after listening for an hour that's
22 where I was and then, you know, eventually I guess we'll get
23 to what actions we took at that point.

24 Q Right. Do you feel like this was based mostly on
25 Mr. Hood. did Mr. Hood mention whether other people had

1 noticed [REDACTED] attitude or change in attitude? You
2 said that he mentioned that a couple of people told him that
3 he may have called the NRC. What about his alleged change in
4 behavior?

5 A I'm sorry, Virginia, I don't remember. I would
6 guess that he was relating how other people, he's got two
7 supervisors in the organization, how other people were
8 playing this out in their mind as well.

9 Q But you don't recall if he actually said that?

10 A No, I'm sorry, I can't.

11 Q What did you decide to do? I'm saying you, the
12 three of you collectively, and then I'm going to ask who
13 decided that.

14 A The latter question is I decided. And as I reflect
15 back, I think I drove the conversation in that direction as
16 we were talking, and that needs to be clear. After we got
17 near the end, then we start playing off, okay, now what do we
18 do? And fundamentally what I asked be done was the following.
19 That we, I guess in my words I probably said something like
20 pull his access to the emergency, to the protected area,
21 which would mean remove his badge. And that would have been
22 to Bobby Lancaster. The second thing was did he call the NRC
23 or didn't he? Is there a way we can determine that, and I
24 said can we look at the phone, the EP phones and see if such
25 a, you know, if a number like that was called. Let's see,

1 that's two. Third...

2 Q Was that also assigned to Mr. Lancaster?

3 A Yes. The third was, I'm sure it was to Norm to
4 continue to observe [REDACTED] to do so, you know, from a
5 fundamentally neutral perspective but with caution in terms
6 of how's he performing, how's he acting and so on and so
7 forth.

8 Q Was he to tell him anything? Was he to tell him
9 that his badge had been revoked?

10 A I don't recall that we were specific one way or
11 another on that.

12 Q Did you make a decision as to how long you were
13 going to do this?

14 A I need to go back in a bit, you know, let's keep
15 the continuity here. I'm starting to remember how some of
16 this built up. Not from the phone call but from before. Ask
17 me that again, I'm sorry.

18 Q I can't remember what I said. Oh, were you going to
19 tell him if he?

20 A I don't recall that I specifically said do this,
21 you know, and kind of asked them does that make sense or
22 anything, in terms of telling him we removed his site access.

23 Q What if he had to get into the plant?

24 A Or plant access.

25 Q What would he, I mean he would be a little

1 surprised, wouldn't he, if he?

2 A Yeah, that's a good question and frankly I don't
3 remember if we did or not. We may have, we may not, I don't
4 know. I don't remember saying one way or the other on that.
5 And then I also said, hey, I'll brief Lance on this and I
6 either told them or I concluded after the phone call that
7 I'll brief Lance in the morning, as opposed to calling him
8 that night, because I know I was toying which way I should
9 go.

10 Q Okay, so you said that you had made a decision to
11 have his access revoked and you can't recall whether or not
12 you were going to tell him. Was there a time frame, I mean he
13 was still working here.

14 A Right. Basically I wanted him to do it in whatever
15 was the reasonable time frame of reaching Don Alps who was
16 our security manager and then doing that. And the first thing
17 in the morning sounded, I'm sure was comfortable with us and
18 I believe was what was done.

19 Q You said that you told Mr. Hood continue to watch
20 him. Were you going to discuss this again at a later date and
21 see whether or not his behavior was continuing?

22 A Oh I'm sure we would have, yes. I didn't set a date
23 for such a discussion, no, at that point.

24 Q What about his access to EP? I mean it's my
25 understanding they're not in the protected area.

1 A That's correct.

2 Q That he would have access to other things that he
3 could have damaged if he was of a mind to do that.

4 A We talked about that but I don't, there was no
5 reasonable way to protect, you know, the siren system or the
6 recall system, so we just didn't have an answer that seemed
7 easily doable in that area. So there was no barrier
8 established there if you will.

9 Q Was Mr. Hood maybe supposed to counsel him or talk
10 to him at all?

11 A No, I don't think I told him anything. Part of the
12 thing was, part of my thinking was, and I did not say this
13 before, was that again remember the third party. I found that
14 things really get left out or distorted when you start to
15 translate from person to person and I specifically asked to
16 talk to Dave Fuller because he was one of the individuals,
17 he's an individual contributor in emergency preparedness who
18 I knew and had respect for in terms of his performance, and I
19 said since Dave is one of the people that's overheard this, I
20 think he was the one that passed through the hallway and
21 thought he heard the phone call, how about asking Dave to
22 stop over and see me and just relate to me what he heard so I
23 could hear it direct. So that was another action and that was
24 to Norm Hood.

25 Q So you wanted to talk to Mr. Fuller about that and

1 you wanted to see if it was possible to check his phone
2 records, is that correct?

3 A Correct.

4 Q Why did it matter to you whether or not [REDACTED]
5 had contacted the NRC? Why did it concern you?

6 A It's kind of one of these distorted thinking
7 things, but here's what was going on in my mind. I was still
8 trying to understand is this real or imaginary, you know, are
9 we chasing our tail on something, should we talk? I didn't
10 discuss this, as I recall, with Bobby or Norm, should we talk
11 to [REDACTED] In other words, what are the facts in this thing,
12 what's really going on?

13 Q But what if he had called the NRC?

14 A Well, nothing except it just says okay there's one
15 more fact that's correct.

16 Q What if he hadn't?

17 A Then I'd be thinking about is anything else here
18 that doesn't make, you know, that we're distorting, because
19 that's one fact that's incorrect.

20 Q I guess I have a hard time understanding. I mean
21 would that affect your actions towards him? Let's say you
22 found out he had or you found out he hadn't. Or of course he
23 could have called from home.

24 A Oh absolutely.

25 Q Really you don't know but let's say you pulled his

1 phone records and you found out there was no call to the NRC,
2 either the resident or Arlington. How would that affect your
3 actions, either towards him or towards this whole situation?

4 A Again, I'm trying to understand what's fact and
5 what's fiction and then what might happen, and I'm not trying
6 to say I was right here, don't get me wrong, but in my
7 thinking at that time there are things going on. There's
8 enough to make me worry and obviously to take some, to start
9 some actions. But it's still third party so I wanted to do,
10 to try to get at least some of it sorted out in my own mind.
11 One, there was seemingly a way to decide well, you know, did
12 he call or didn't he? If he did not call then that's one
13 piece of the puzzle that's not true. And if he's disgruntled
14 with us then, you know, if he's disgruntled to the point that
15 he can't talk to us, that he can't talk to our safeteam, and
16 he thinks the only way to be heard is talk to the NRC, then
17 he's pretty frustrated, you know, with the situation. Would
18 he take that any further? I don't know. If he didn't do that
19 to me that's, you know, a lower threshold in the individual's
20 personal feelings. So that's all I was saying. You know, if
21 you look at a piece of equipment and something breaks, and
22 then you start looking at symptoms and you think this
23 symptom, and let's just call A, B, C, D or whatever, and that
24 leads you to this cause, but if A isn't true then the
25 remaining symptoms lead you to something different. So that's

1 all I was doing.

2 Q Are you saying that anytime anybody calls the NRC
3 you'd be concerned that they're so disgruntled that they...

4 A No.

5 Q ...might do something because they weren't happy
6 with their management and they weren't happy with safeteams
7 so they went to the NRC?

8 A No, I didn't say that. Remember, I was talking
9 about one piece in those pieces there, and I'm also not even
10 beginning, don't want you to imply in any way, shape or form
11 that looking back that that was a good thing or proper thing
12 even to do.

13 Q Yeah, I'm going to ask you that but right now I'm
14 trying to stay back at what you were thinking at the time.

15 A And I'm telling you to the best of my ability to
16 tell you. You may not agree with the logic. I'm just telling
17 you my logic, okay.

18 Q I'm having a hard time understanding the logic.

19 A Well, what is you don't understand?

20 Q Because you said if he hadn't, if he was so
21 disgruntled he hadn't talked to management, and he was so
22 disgruntled he hadn't talk to safeteam, that he felt his only
23 avenue was the NRC, I got the impression from what you said
24 that you thought that was an example of a very, very, very
25 frustrated individual and that what you said, I got the

1 impression that meant that, or might mean to you that he
2 might take further action, that that was not in keeping I
3 guess with the way you would expect things to work if he
4 would go to his management if he was unhappy, or safeteam,
5 kind of keep it inside the Texas Utilities. Now is that not
6 correct?

7 A That's correct but you also haven't stated in the
8 process of discussing that that here's a person who day in
9 and day out is just an unhappy person, or at least gives that
10 impression. So that's like B. C is here's a person that's
11 believed to be vindictive in nature. Okay.

12 Q That's from Mr. Hood you said, is that correct?

13 A That's correct.

14 Q But you've also said he's never threatened anybody,
15 he's never done anything, or at least Norm didn't mention
16 anything to you. What would lead Norm to say that he was that
17 vindictive, or vindictive to a point that everyone would be
18 worried that he might do something?

19 A You're going to have to ask Norm that.

20 Q But did he say anything during that conversation?

21 A Where he had actually taken vindictive actions?

22 Q Uh-huh.

23 A No. Not to my recall.

24 Q What were you planning on doing with all this
25 information once you got it, if you had gotten it?

1 A Well, my next step was to tell Lance what I had,
2 what I knew at this point and what I intended to do, and
3 that's what I did.

4 Q So at the end of this telephone conversation, I
5 want to be sure I understand, you thought it was best, you
6 personally, to revoke his access? Mr. Lancaster was supposed
7 to take care of that?

8 A (no audible response)

9 MR. SCHAFER: Verbal response, please.

10 THE WITNESS: I'm sorry?

11 MR. SCHAFER: Verbal response. You shook your head.

12 THE WITNESS: Oh yes, that's correct. I'm sorry.

13 BY MS. VAN CLEAVE:

14 Q And Mr. Lancaster was also supposed to check about
15 checking [REDACTED] phone records?

16 A Was there a reasonable way of doing that and if so
17 do it, yes.

18 Q You were doing to contact Mr. Terry and Mr. Hood
19 was going to contact Mr. Fuller to say that you wanted to
20 meet with him?

21 A That's correct, both of those are correct.

22 Q Is there anything else, at the closure of this
23 conversation, anything else that was determined at that
24 point?

25 A No, I think that covers is.

1 Q Okay.

2 A I need to, if I may, I don't want to lose your
3 continuity of thought, at some point I need to go back before
4 this phone conversation.

5 Q Okay.

6 A Because I totally forgot one other thing.

7 Q I remember you mentioning that and I was going to
8 go back to it.

9 A I wrote it down here.

10 Q Okay, I was going to go back to it and then I
11 forgot it. All right, go ahead.

12 A The other thing is the downsizing. You know,
13 remember I mentioned that way back in late fall or early
14 winter we had started trying to figure out what's the right
15 thing to do in emergency preparedness, so on and so forth. We
16 went through a process and a lot of discussions and so on and
17 so forth and eventually, I may be off a little bit, but
18 perhaps days or a week before this particular day, this
19 Thursday, February whatever you mentioned, we had made the
20 decision where we were going with the downsizing and I may be
21 wrong in the number but Norm and his supervisors had talked
22 to each of their employees regarding the downsizing, giving
23 them feedback on basically where they stood, relative
24 performance to one another. I believe it was four employees
25 that we had told would lose their jobs and be given a 30 day

1 window of opportunity where we might be able to place them
2 elsewhere in TU Electric, plus a 30 day window of opportunity
3 where we'd help them transition if we couldn't place them
4 within TU Electric and help them transition to another
5 employer. Two of those four reacted as positively as anyone
6 could, you know, given this kind of news, including thinking
7 about, you know, how can TU help me and where do I go next.
8 And two of them, [REDACTED] was one, reacted negatively. Now
9 what do I mean by negative? I guess the best way I can
10 remember to describe it, I don't know what words were told
11 me, and Shoemake was in on this, since he's in our personnel
12 department, so either he or Norm or both may have talked to
13 me or perhaps Bob Lancaster, one of those three. Negative in
14 the sense that, you know, it's unfair, I'm not interested in
15 counseling, that kind of negative. So first the normal
16 reaction that it's unfair and my employment should not be
17 terminated if something else can't be found, and then
18 secondly I'm not interested in any of this 30 day help that
19 you would give me. Part of that help includes, you know, use
20 of the telephone, use of facilities to type resumes, that
21 sort of thing, mailing help. It also includes psychological
22 help from a, I guess a doctor level person. I don't recall
23 the name of the individual that either is contracted to TU
24 Electric for situations like this, just to help people get
25 through this kind of thing. So there's another, you know,

) 1 that was not abnormal to me. I can't remember if we discussed
2 that in that one hour discussion, I'm back to the one hour
3 discussion, or not but certainly I was aware of that. Frankly
4 I can't remember whether that was in the back of my head or
5 not. Probably came up, probably was in the back of my head.
6 If I was to put this A, B, C and maybe there was a D and
7 maybe there wasn't.

8 Q So Mr. Hood mentioned that to you earlier or Mr.
9 Lancaster, Mr. Shoemaker, somebody did, and who was the other
10 individual? You said there were two of them in their group
11 that reacted badly?

12 A I don't recall the name.

13 Q Were they separated out or both named to you at the
14 time?

15 A On yes. I've seen the names. If I saw them again, I
16 don't know if I'd pick them out of a thousand names but if I
17 saw them again I'd recognize them. I just don't recall the
18 name.

19 Q Did you find that unusual, I mean that somebody
20 might get angry and say I don't want any help from TU, you
21 know?

22 A Not at all. Not at all.

23 Q You know, I really don't, I can see that if you
24 lose your job after you've been here for, you know, was an
25 employee for ten years or more that anger would be a common

1 initial.

2 A I agree. The only reason I was telling you, it was
3 a piece that when you first asked me I just didn't remember.

4 Q Okay.

5 A For whatever worth it is.

6 Q So that had been mentioned to you?

7 A Yes.

8 Q It may have factored into your thinking at that
9 time. You said your next action was to contact Mr. Terry
10 after the telephone conversation in the evening.

11 A That's correct.

12 Q What happened?

13 A I talked to Lance the following morning, Friday
14 morning.

15 Q How early?

16 A I would say it was shortly after he arrived, so
17 probably before 8:00 o'clock. Maybe a little bit after but
18 probably before 8:00 o'clock. And basically relayed what
19 information had been discussed the night before, what actions
20 we had taken, and then got his reaction from that. His
21 reacting was immediately, I mean almost instantaneously. It
22 may have been as I was talking but certainly was essentially
23 immediately after I gave him a little summary, discussion of
24 it, that it was not the right thing to do, there was no
25 reason based on what I had relayed to him to feel that

1 [REDACTED] might damage the power plant or embarrass TU
2 Electric. Yes, he might but, you know, there could be all
3 kinds of reasons that he was acting or reacting the way we
4 thought he was. That certainly there was no reason to try to
5 track down the phone numbers, you know, to see if there's
6 some way to look at phone calls, phone numbers, had he called
7 the NRC, because that was within his legal rights. So on and
8 so forth. Then he talked to me about chilling effect and how
9 easy that could be perceived, whether real or imaginary.
10 Could be perceived by other employees and it was real, if it
11 was perceived it was real. Directed me to take action to
12 either stop or restore his plant protected area access, his
13 badge. Directed me to not track down his phone number.
14 Directed me to get the people involved in the discussion back
15 together so he could talk to them, which he did. In fact, we
16 had two separate discussions because some of the people were
17 not available the first time around. We talked about whether
18 or not I should talk to Dave Fuller and agreed, as I recall,
19 agreed that if Dave had already been asked by Norm to come
20 see me to just let that continue, but to make darn sure that
21 I in no way implied to Dave that what [REDACTED] had done, in
22 terms of calling the NRC, what did he overhear in the phone
23 conversation, that that was certainly not anything wrong with
24 that and within his legal rights. And he also felt strongly
25 enough about this mistake that not only the people that were

1 involved in this, in the discussion and peripheral
2 discussions, that he wanted to talk to direct, that we needed
3 to take away who the people were involved and generically get
4 the lessons learned out to our entire staff, nuclear staff,
5 and that was done via Roger Walker in preparing a memorandum
6 and follow-on generic discussions with folks.

7 Q Okay, why did you contact Mr. Terry? Is that just a
8 standard that you would?

9 A Oh yeah, I talk to him normally in the course of
10 business, whether it's personnel related or physical plant
11 related in terms of plant performance.

12 Q He told you to either have his access reinstated or
13 stop the revocation process?

14 A Correct.

15 Q What did you do to follow that up?

16 A I called Bob Lancaster and he immediately went to,
17 I say immediately but, you know essentially immediately went
18 to Don Alps and went through that security chain. Came back
19 to me, told me that the badge had been removed or maybe
20 electronically removed, I'm not sure exactly which, but
21 anyhow it had been pulled, quote unquote pulled, and that he
22 was taking action to restore that badge to make it active.

23 Q Do you have the authority to revoke someone's badge
24 just by...

25 A Yes.

1 Q ...asking? Is that authority also among other lower
2 level supervisors or how does that work here? I know you're
3 INPO but maybe.

4 A No, no. Yeah, I am INPO but you shouldn't look at
5 me as INPO employee. Look at me as TU employee. That's how I
6 feel about it and that's the way the company feels about it.

7 Q How does TU handle that? Do supervisors have
8 authority to revoke access or is it only security, do they
9 have to have approval?

10 A I'm trying to remember the rules but I'll tell you
11 what basically happens and I'm not sure if this is exactly
12 what we've got in our procedures. Basically removal of a
13 security access comes to me, it doesn't happen too often, and
14 I approve it and I would approve the restoration of it. As a
15 VP of operations. Not Nick Paleologos but the VP operations,
16 so it would come to that position. I do not believe other
17 than normal person's employment is no longer, you know,
18 they're moving to another job or that sort of thing, other
19 than that kind of routine situation, so let's call nonroutine
20 situation, I believe they have to come to at least to me. I
21 would have to read the procedure to be certain but it
22 certainly isn't at a supervisor level and I'm almost 100%
23 certain it's not at a manager level, like Bob Lancaster who is
24 a director.

25 Q Okay, let's say a supervisor decides that somebody

1 is acting oddly. What would, and they're concerned, what
2 would they ordinarily do?

3 A Depending on the situation, we get into fact
4 finding process.

5 Q Before the access is revoked?

6 A Again, depending on the situation. So the fact
7 finding acts, process may be in progress or may be completed
8 and we might do something, and we've done, such as a
9 temporary suspension. In other words, don't come to work type
10 thing. And that's typically for X number of days, three days,
11 five days type of situation, to allow time to get through a
12 process of investigation and decision and what the situation
13 is.

14 Q So [REDACTED] access was reinstated. What action
15 did you take about the phone records after you talked with
16 Mr. Terry?

17 A I was positive at that point, as positive that I
18 could be, that there just was not enough time at that point
19 for anything to have been done, so basically I called Bob and
20 said just turn that off, don't do that, because there's no
21 way they could have, you know, progressed that far in that
22 basically one hour or less of working time.

23 Q What did he tell you? Did he tell you whether he
24 had taken any actions or what he had done? Obviously he had
25 taken some action since his access was revoked.

1 A Obviously Bobby and perhaps even Don Alps you need
2 to talk to, but I think Don Alps, in the discussion with
3 Bobby and talking about can we do it and so on and so forth,
4 didn't feel good about it, so they were kind of, ah yeah,
5 Nick wants it but is it the right thing to do? If I had not
6 called him about that, my guess is he would have come back to
7 me, I'm just guessing, and said do we really want to do this?
8 This is not a smart thing to do.

9 Q Okay, you're talking about the phone records?

10 A Yes.

11 Q Did he say anything about the access revocation,
12 did he say if he had done that the night before or he had
13 already spoken to?

14 A I think it was done that morning. It had been done
15 before I called him.

16 Q So he didn't tell you well I've already, I talked
17 to Don last night or anything like that?

18 A I think he had done it in the morning, to the best
19 of my recall.

20 Q You said you went ahead and met with Fuller and
21 that you discussed that with Mr. Terry before you decided to
22 do that, is that correct?

23 A Correct.

24 Q What did you talk about? I mean what did Mr. Fuller
25 tell you?

1 A I just, Dave came in a little, you know, he's just
2 worried, he's got to go over and talk to the VP of ops, and I
3 told him, hey, you know, Norm has relayed some things about
4 [REDACTED] you had walked down the hallway and overheard a
5 phone conversation. Could you just relate to me what you
6 heard, you know, so I can hear it first hand? I may have
7 explained my logic for that in terms of why I wanted to hear
8 it first hand, because things get distorted and so on and so
9 forth.

10 Q Why did you and Mr. Terry decide to go ahead with
11 this meeting with Dave?

12 A I believe I convinced Lance that that was the right
13 thing to do because if Dave had already been asked to come
14 see me, and that if he had not been asked to come see me then
15 I wouldn't, because it just would appear very awkward to
16 Dave. Nick has asked to come see you and now he's suddenly
17 saying nay, that's all right, don't want to hear you.

18 Q So you felt like that might raise questions or he
19 might be concerned?

20 A Yeah.

21 Q Did you again meet with Mr. Terry? You said that
22 there were a couple of other meetings.

23 A I may have the groupings incorrect but I think the
24 first meeting was myself and Norm. I'm pretty sure it was
25 that Friday. And basically Lance went through all the logical

1 reasons of why the actions that I had decided we'd take were
2 wrong. And then, and we would have had Bob Lancaster there
3 too but he was I think on vacation. He may have been away on,
4 you know, just away on business. Then we had a follow-on
5 meeting, Norm may or may not have been there, that included
6 Bob. It also included John Shoemake, our personnel manager,
7 Shoe. I'm not certain, I think that was all. And we went
8 through the whole thing again. Just so that those people
9 would hear it direct from Lance and learn a lesson.

10 Q What was Mr. Terry's demeanor during these
11 meetings? Was he, like your first meeting with him, was he
12 agitated, was he upset?

13 A I would describe it as stern but not, you know, I
14 understood his message but he wasn't in a state of anger or
15 shouting type of thing which, you know, I might have gotten
16 into, like you dummy. But he was clear. He was stern. I
17 understood his message.

18 Q These other two meetings he attended, was he also
19 clear about what he thought should be done and should not be
20 done in this regard?

21 A Yes. Oh, and he also, I forgot the obvious, I don't
22 know whether he brought it up with me initially or brought it
23 up in one of the two follow-on meetings, or maybe in all
24 three. He indicated that he needed to, we needed to have an
25 independent party, and that's our safeteam, look at our

1 actions, what we did, why we did them and so on and so forth.
2 So he initiated that directly and he felt it was important
3 enough to call the NRC regional administrator, which I know
4 he did because he told me afterwards that he had talked to
5 him and it was not the administrator but the individual
6 acting for him at the time. Regional administrator was on
7 travel or on vacation or something.

8 Q You were subsequently interviewed then by safeteam
9 or by corporate security?

10 A I was, I don't recall his name but I was
11 interviewed by corporate security, I guess you'd call an
12 investigator. It wasn't Jim Britt, it was some one of the
13 other gents.

14 Q Dave Andrews?

15 A I wish you'd put him in front of me. That may be. I
16 don't remember.

17 Q He's the one that prepared the report. I don't know
18 if he did all the interviews.

19 A It was not someone that I had talked to on the
20 phone or I had met. I just don't remember who it was.

21 Q Were you familiar with the whistle blower
22 provisions of section 211 of the Department of Labor?

23 A Could I quote it, no, but the basic intent and
24 philosophy of it, yes.

25 Q And 50.7 of the Code of Federal Regulations, that

1 people have the right to raise safety concerns, contact the
2 NRC...

3 A Yes.

4 Q ...contact whatever plant's internal investigative
5 unit is, without fear of reprisal, were you aware of it when
6 all this occurred?

7 A Yes. Was it in the front of my mind? No.

8 Q Do you find any of these actions that you took at
9 that time to be inconsistent with your knowledge of section
10 211?

11 A Yes.

12 Q Did you think, I mean you said it wasn't in front
13 of your mind, did you even think at the time that this guy
14 has the right to contact the NRC, this might not look good if
15 I start pulling phone records?

16 A Yes to the first part of your answer. No to does
17 this look good, is this, you know, can this be taken in the
18 wrong way and cause others to feel like, hey, this is
19 retaliation, or even [REDACTED] this is retaliation, this
20 company is going to come after me if I do something. No. No,
21 I didn't reflect on that.

22 Q Did you even think that if [REDACTED] tried to get
23 into the plant and they said well you don't have a badge, the
24 day after, two days after he had allegedly contacted the NRC,
25 you had been told that he had, that he might think that was

1 possibly retaliatory action because of his contacting the
2 NRC? I mean at the very least he'll be a little surprised
3 that he couldn't get into the plant.

4 A After the fact yes. Before the fact no.

5 Q Okay.

6 A I'm not trying to say that before the fact I
7 shouldn't have. Don't get me wrong. I'm just saying, you
8 know, what was going through my mind.

9 Q Well you said you were aware of the whistle blower
10 provisions. What is the bottom line? Why did you, just
11 summarize for me, why did you decide to revoke? I know we've
12 been over this but I'm going to ask you one more time.

13 A Okay.

14 Q Why did you decide, you said that was your decision
15 to revoke [REDACTED] access?

16 A Because I was worried about what he might do. That
17 simple.

18 Q And why did you want to get his phone records?

19 A Again, I was looking at pieces of information and
20 trying to decide what's fact and what isn't fact and then see
21 if there is any, you know, do I back off, reinstate his
22 access or is he a real threat or isn't he? That's very
23 judgmental but that's the kind of thing that was going on.

24 Q Did that affect your judgment, the fact that he may
25 have contacted the NRC, or would you have taken a similar

1 action if any supervisor came to you and said their employee
2 was happy when they're usually not, or depressed when they're
3 usually happy or has had some sort of a mood change?

4 A Well, again it's not that he contacted the NRC.
5 It's those three or four facts, three or four pieces of
6 information taken cumulative. We've had people, and I'm aware
7 who we thought or had information that they had contacted NRC
8 and we didn't, you know, I didn't take action to revoke their
9 access. So it's the accumulation of those pieces of
10 information. So, you know, if you take it in isolation, I
11 think there is ample cases to show, no, I didn't do that. So
12 this is kind of an anomaly for and accumulation is the
13 reason. A dumb one but an anomaly. And, you know, in my mind
14 it was not retaliatory. Even today it was not retaliatory,
15 but that doesn't make any difference what's in my mind.

16 Q Is there anything that I didn't cover? I think
17 that's about all that I have. Is there anything else that you
18 feel like I didn't ask you that we should cover?

19 A No, we've already talked the downsizing which I
20 admitted. Forgot all about that. In other words, that we
21 actually talked to people. My mistake, you know, other than
22 saying that I don't know how I can say it any differently.

23 Q Okay, I just have some questions we always ask at a
24 close of an interview. Mr. Paleologos, have I threatened you
25 in any manner or offered you any rewards in return for this

1 statement?

2 A No to both.

3 Q Have you given this statement freely and
4 voluntarily?

5 A Yes.

6 Q Is there anything further you care to add for the
7 record?

8 A No but I am willing to discuss it further if there
9 is some reason to prompt me to think deeper into, you know,
10 my memory bank.

11 MS. VAN CLEAVE: All right, if you do think of
12 something that you think might be pertinent, if you could
13 contact me and we can discuss that. I appreciate your coming
14 down and talking to me. Thank you.

15 (OFF THE RECORD)

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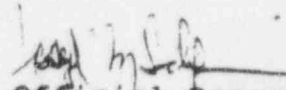
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REPORTER'S CERTIFICATE

This is to certify that the attached proceedings before the United States Nuclear Regulatory Commission INTERVIEW OF NICHOLAS C. PALEOLOGOS at Glen Rose, Texas, were held as herein appears, and that this is the original transcript thereof for the file of the United States Nuclear Regulatory Commission taken by me and thereafter reduced to typewriting by me or under the direction of the court reporting company, and that the transcript is a true and accurate record of the foregoing proceedings.


Official Reporter