

UNITED STATES OF AMERICA
NUCLEAR REGULATORY COMMISSION

DUCKETED
NOV 8 1984

BEFORE THE ATOMIC SAFETY AND LICENSING BOARD

84 NOV -8 A10:57

In the Matter of)	
TEXAS UTILITIES ELECTRIC)	Docket Nos. 50-445-OL 2
COMPANY, <u>et al.</u>)	50-446-OL 2
(Comanche Peak Steam Electric)	(Application for
Station, Units 1 and 2))	Operating Licenses)

TESTIMONY OF JOSEPH J. LIPINSKY

- Q.1. Please state your name and business address for the record.
- A.1. Joseph J. Lipinsky, Oliver B. Cannon & Son, Inc.,
5600 Woodland Avenue, Philadelphia, PA 19143.
- Q.2. What is your position with Oliver B. Cannon & Son, Inc.?
- A.2. I am the Quality Assurance Director for the Company.
- Q.3. Please state your educational background and work experience.
- A.3. I was awarded an associate degree in Letters, Arts, and Sciences from Pennsylvania State University in 1974. I was awarded a bachelor in science degree

8411090339 841105
PDR ADOCK 05000445
G PDR

in biology in November 1977. I have attended continuing education courses or seminars offered by Carbeline Co., Columbia Basin Community College, STAT-A-MATRIX, and National Association of Corrosion Engineers. I am a member of the ASTM Committee D33 on "Protective Coatings." Additionally, I am a member of the American Nuclear Society, National Association of Corrosion Engineers, and the American Society of Quality Control.

I joined O.B. Cannon & Son, Inc. in March of 1978 as a quality control inspector trainee. I have worked for Cannon to the present in levels of increasing responsibility in the areas of quality assurance and quality control. I have worked on or been assigned to the following nuclear projects: Grand Gulf 1 and 2, Hope Creek Nuclear Station, Oyster Creek, WPPSS No. 2, WPPSS Nos. 1 and 4, Pilgrim Station, Zimmer Nuclear Station, Perry Nuclear Power Plant Unit 1 and 2, and Three Mile Island Unit 1 and 2.

Q.4. When did you first learn that you might be performing work at Comanche Peak?

A.4. I first became aware of the fact that I might be

working on the Comanche Peak project during a telephone conversation with John J. Norris on July 15, 1983. My workload was such that no commitment could be made at that time as to when I might be available. Norris was to get back with me on July 18, 1983 to set up plans for me to go to the Comanche Peak site for one or two days at the end of July. I was subsequently advised by Ralph Trallo that I should plan on visiting the Comanche Peak site on July 26 and 27 and, if needed, the 28th. I did visit the site on those dates.

Q.5. Did you work on the Comanche Peak assignment prior to your trip to the site?

A.5. Yes. As a result of several conversations with John Norris, I developed a list of questions and topics that could be used as a guide to conduct his overview of the coatings program. I sent this list to Norris on July 18. I also contacted Mr. Evert Fouser, a quality control inspector, who was working at Comanche Peak, and Mr. W. S. Avery, who had worked at Comanche Peak as a quality control inspector.

Q.6. Why did you contact Avery and Mouser?

A.6. I was interested in obtaining background information concerning the Comanche Peak coatings program prior to my trip to the site in order to minimize the time I would have to spend on such matters. Avery had worked for me at Cannon as a quality control inspector and I thought it would be helpful to discuss matters with him. I became acquainted with Mouser when we worked together at the WPPSS site. I was part of the Cannon work force at WPPSS and Mr. Mouser was working at the site at that time for Bechtel in a quality control capacity. We became friends and for that reason I called him to obtain some insight into the coatings program at Comanche Peak.

Q.7. What did they tell you?

A.7. I don't remember much of my conversation with Bill Avery except that he did mention the retrofit program being conducted at Comanche Peak. Evert Mouser, in response to my questions, provided information concerning the manner in which coating materials were stored and mixed. We also talked about what

type or degree of surface preparation was required, and how that surface preparation was accomplished. Along these same lines we talked about the coating systems being applied at Comanche Peak, and the method of coating application. I seem to recall that we may have also talked about the type of work procedures in use at Comanche Peak.

As a result of these conversations, I was able to get some insight into how Comanche Peak went about performing these activities. Additionally, I was able to initially focus my review on the areas I discussed with Mr. Mouser. Because of the time lag between my site visit and this testimony, it is difficult to separate when I discussed some items with E. Mouser. I know that after my arrival on site, we discussed painter qualifications, the writing of non-conformance reports by inspection personnel, workmanship or the appearance of the applied coating material, repair procedures, inspectors' attitudes, as well as other items regarding the site situation.

Q.8. Please describe your activities during the first day of your visit to the Comanche Peak site.

A.8. I arrived on the morning of July 26, 1983. I encountered Mr. Mouser almost as soon as I arrived, and after some additional discussion about the coatings program, he introduced me to Mr. Brandt, the quality control supervisor. I outlined to Mr. Brandt what I was going to do on site, and asked who I should contact for information that I might need. Brandt introduced me to H. Williams, the paint quality control supervisor, who gave me a tour of the site. I also asked Williams to provide me with applicable portions of the Comanche Peak FSAR.

When I returned from the tour, I met Ray Posgay, a consultant retained by Mr. Norris. I discussed with him the conditions and problems on site that I was aware of as a result of my earlier conversation with Mr. Mouser. These topics were methods for surface preparation and coatings application, painter qualification, and procedures addressing these subjects. I also discussed painter qualifications with Mr. Posgay. Thereafter, Posgay and I ran into Gene Crane, Texas Utilities' construction resident manager, in the hallway. Mr. Posgay informed him of the problems that I had mentioned earlier.

I then met and had an introductory discussion with Mark Wells. It is my understanding that Mr. Wells is a Brown & Root engineer responsible for the coatings specification. I also told Wells that I wanted to look at the FSAR. I then met Mouser again and we discussed in more detail some of his concerns identified earlier in this answer. I also questioned Mouser as to why the paint cans had no status tags. He indicated he didn't know the answer to my question, but he believed the lack of tags indicated a problem.

During that day I also began my review of the Comanche Peak coatings specification.

Q.9. Did you continue your review of the Comanche Peak coatings program on July 27?

A.9. Yes. I arrived on site in the morning and conducted a walk-down. I observed work on the polar crane and the dome. It appeared to me that there was too much sanding being performed on the existing zinc primer prior to application of the top coat. I either met Mr. Mouser or ran into him near Brandt's office, and we talked about this situation. Also, I asked about what type of surface preparation was performed prior to the application of the new topcoat material over

old topcoat material. It was my understanding that the only surface preparation between coats of topcoat material was a solvent wipe. I felt that because of the age of the first coat, as well as the accumulation of fumes and contaminants, a solvent wipe was not adequate.

About 10:00 a.m. I met with Ron Tolson, the Texas Utilities' quality assurance supervisor, and Mr. Brandt. The meeting lasted only ten or fifteen minutes. I advised them that my preliminary assessment was that Comanche Peak had problems in the areas of material storage, painter qualification, satisfaction of ANSI requirements and, possibly, coating integrity. I said all of these items could affect licensing, to which Mr. Tolson replied, "That's not my job or concern." I interpreted this to mean that he was less concerned about quality assurance matters than I thought he should be. This judgment reinforced my growing concern that quality problems existed in the Comanche Peak coatings program. I explained that I would be unable to provide a more accurate assessment without the benefit of a detailed review or audit. I went on to tell him that quite a few former Cannon personnel were employed on site and that my views were based in part on the concerns

they had expressed about the coatings program. At this point all of the various views had been explained to me by Mr. Mouser. I later talked to the inspectors directly to confirm their views.

During the course of the day I again toured the site with Mr. Mouser, as well as going out to the paint yard or shop where I met H. Gunn, a quality control inspector in the coatings program. We discussed the operation of the paint shop. I also looked at the paint warehouse and mixing areas where I again noticed the lack of status tags on paint cans.

While walking to the containment building, Mr. Mouser and I passed a pallet on which sat a container of mixed coating material destined for the containment building. I commented that letting mixed material sit out in the heat would likely shorten its pot life. Mouser looked for some type of form that he expected to be with the container, but there was no form or other type of documentation.

I spoke with Mr. Wells about the project specifications, painter qualifications, procedures, and FSAR commitments. Mr. Wells indicated that painter qualifications were handled by production personnel.

He also said something to the effect that only 34 out of 482 individuals on site listed as painters were of any use as painters.

I spoke with L. Adams and C. Owen, two paint quality control inspectors who had formerly worked for Cannon. We discussed the site conditions and problems and their jobs in general. They confirmed in general terms what I had discussed with Mr. Mouser. I also met and talked with D. Ambrose and T. L. Miller, two other paint inspectors who were former Cannon employees. I shared with them some of my observations and things I had been told by others, and they confirmed these concerns. We also talked about documentation, and I looked at what I was told were daily inspection reports. They asked about Cannon's need of inspection personnel. I told them that if we had a need, I would keep them in mind.

On the way out of containment, I passed a shed where painting of small items had taken place. At this point I met and talked with M. Lucke, another paint inspector who was a former Cannon employee. Basically, she confirmed what I had been told, and we also talked about things of a general nature.

Q.10. Did your site visits on July 26 and 27 complete your preliminary review of the Comanche Peak coatings program?

A.10. No. I completed my preliminary assessment on July 28, 1983. I arrived on site that day and met with Jack Norris.

I gave him a rundown of my observations and potential problem areas. At this time I pointed out that if Comanche Peak was committed to the regulatory standards in its FSAR, then Comanche Peak must satisfy all regulatory requirements. However, if there were no commitments in the FSAR, then either the specification requirements could be relaxed or there was no problem with regard to satisfying regulatory requirements. As a result, John Norris wanted me to accurately determine FSAR commitments prior to the meeting that we were to have with Mr. Merritt. I went to Mr. Wells' office and quickly went over with him the commitments to the applicable ANSI Standards contained in the FSAR and the coating specification. I determined that the Comanche Peak coatings program was committed to the significant ANSI Standards and Regulatory guide 1.54.

I advised Norris to this effect.

Q.11. What happened next?

A.11. Later that morning, John Norris and I attended a meeting with Messrs. Merritt, Crane and Tolson, and M. McBay, the manager of engineering.

Mr. Norris gave an introduction and then turned over the meeting to me. I started by stating that based on my observations and in light of commitments to the coatings specification and ANSI requirements, there were areas for people to be concerned about at Comanche Peak. I went on to say that O. B. Cannon had extensive experience on nuclear projects and was familiar with various methods of satisfying ANSI requirements. At this point Ron Tolson asked me to identify specific problem areas or items. I described what I thought to be problems with material storage, painter qualification and indoctrination, possible documentation deficiencies, and morale problems. I went on to say that by their own estimate only 34 out of 452 individuals were of any value as painters. I also stated that more specifics could not be given without a thorough review or audit. Tolson indicated

that he did not want an audit.

I also stated that if quality work is put in place, then they would be a long way to resolving site problems. That is, no amount of inspection can inspect quality into the work. Further, I said that currently a "no win" situation exists on site between the craft and quality control, and even though this sounded corny, Brown & Root needed to develop a "win-win" situation. At this point Mr. Merritt was outspoken and agreed wholeheartedly.

The conversation then took off on the areas of assuring that individuals putting work in place are doing an adequate job or getting disciplined, and of improving morale. At one point, Ron Tolson was discussing what was being done to increase morale among production and quality control employees (a party or something along those lines). In response to a statement that the party had not been well attended by the quality control inspectors, I remarked that they sounded like a bunch of losers or words to that effect. I was referring to the fact that quality control personnel did not join the attempt to draw production and quality control employees together.

The meeting then centered on what, if any, changes O. B. Cannon would recommend for the coatings specifications. We recommended no changes at this time because a change this late in the game for Unit 1 would only confuse matters. It was agreed that Mr. Norris would recommend revisions to the specification with respect to the topic of painting touch-up. Problems with the quality of the compressed air supply used by the painters were discussed. It was agreed that John Norris would specify the proper equipment to correct the problem. After some additional conversation, the meeting ended.

Mr. Norris and I stayed in the same room and Mr. Merritt brought in Mr. George, the Texas Utilities vice-president in charge of engineering/construction. Mr. Merritt briefly summarized the first meeting, including mentioning that I had some concerns. After further discussion, Mr. Merritt directed us not to do any more work, other than recommend air equipment, until notified by Texas Utilities. He thanked us for our help and ended the meeting.

Q.12. Did you draft a report after returning from your trip to Comanche Peak?

A.12. Yes. On August 2, 1983, after returning to Philadelphia, I drafted a report, relying on notes I had made at the site, which I disposed of after writing the report. These notes contained details of my observations and the conversations I had with people at the site. I based the concerns enumerated in my trip report in large part on what I had been told by Mr. Mouser and quality control inspectors at the site. I had a certain level of confidence in their opinions and I had attempted to cross-check what I learned during my discussions with the various inspectors. In addition, I had attempted to confirm or disprove these statements by what personal observations I could make in the days I was on site. I based several general conclusions about the overall management of the quality assurance program on my impression of the attitude of Messrs. Tolson and Brandt as reflected in their conversations with me. This attitude seemed to me to lend credence to what I had been told by the inspectors.

Q.13. What did you do with the draft report?

A.13. I provided Ralph Trollo with a copy, which he marked with some comments and questions. After discussing

these with Ralph, I forwarded the marked copy of my draft to Robert Roth.

On August 8, Mr. Roth approved my draft for internal Cannon distribution. I made some minor changes to incorporate his and Mr. Trallo's comments. I gave the trip report a letter number and dated it to reflect its final form. I provided Mr. Roth a copy.

Q.14. Did you later return to the Comanche Peak site?

A.14. Yes. John Norris informed me there would be a meeting at the site on August 9. He said that he and Mr. Roth would attend and requested that I attend as well. We were to provide advice and assistance that might be useful to improve matters under the coatings program.

Mr. Roth and Mr. Kelly of EBASCO were asked to obtain information on the acceptance range for dry film thickness of Carbo-Zinc 11. I was asked to develop a procedure for the application of inorganic zinc paint with a topcoat of Phenoline 305 paint. Messrs. Roth and Norris agreed that I should stay over to get information from Mark Wells in order to

develop this procedure.

I arrived on site on August 10, 1983, and discussed with Mr. Wells the appropriate format and content for a work procedure. During that morning I allowed Mr. Mouser to read my August 8 trip report. I did not provide Mr. Mouser with a copy of the report.

Q.15. When did you hear about your trip report?

A.15. On October 3, 1983, Mr. Mouser told me that copies of the report were "popping up" around the site. He said that he would try to track down the source. A week later he still had no information on this subject. In response to my questions, he confirmed that I had not given him a copy and stated that he had not taken one from me.

Q.16. Did you tell anyone about Mr. Mouser's call?

A.16. No. I was busy on the Zimmer, Grand Gulf and Hope Creek projects, and the information conveyed by Mr. Mouser didn't seem important to me at the time.

Q.17. Do you know when other Cannon representatives learned that the trip report had come to the attention of personnel at the Comanche Peak site?

A.17. On October 10, John Norris called and told me that Mr. Merritt had asked him what my reasons were for believing that rework was necessary because the work in place was not salvageable. I had stated in the trip report that if Cannon should try to obtain a contract at the Comanche Peak site, this contract should be a rework contract as opposed to a continuation of the current work activities. What I was trying to explain was that the effort needed to save a portion of the work was a lot more than the effort needed to perform a complete rework from both a practical and paper work standpoint.

Norris asked me if the Comanche Peak retrofit program would lead me to change my opinion. I stated that the retrofit program may resolve my concern, but I have not reviewed any of the results and, therefore, I could not comment on the acceptability of the retrofit program.

Q.18. Did you become involved in these discussions?

A.18. Yes. On October 12, 1983, I was called into Mr. Roth's office. He was on the squawk box with Mr. Merritt. Merritt asked about my trip report, and Roth acknowledged that it existed, but emphasized that it did not represent the Company's position. During the conversation, Merritt asked him to read the portion of the trip report relating to the ability to accomplish any rework. Mr. Roth did so, but slightly modified the wording as described in Answers 12 and 13 of his testimony.

Q.19. Did Mr. Roth ask you to sign the revised report?

A.19. Yes.

Q.20. Why did he want you to sign the revised report?

A.20. I don't know for certain, but I think he may have felt that my signature was required to authenticate the report.

Q.21. Did you sign the revised report?

A.21. No.

Q.22. Why not?

A.22. Based on advice I received from relatives and Ralph Trallo, I decided that I would not sign the changed report. Although the changes were not important in my view, I felt that if I had signed the changed report, the existence of two versions of the same report might be interpreted by a third party as perjury or fraud. In retrospect, had the date been changed or the changes somehow marked, I would have signed the changed report.

Q.22. What was Mr. Roth's reaction to your refusal to sign the revised report?

A.22. At first Robert Roth just let the matter pass and didn't press the issue. However, in mid to late November 1983, he became more insistent on my signing the changed report. When I suggested that I would not commit perjury to explain the existence of two reports, Mr. Roth told me not to commit perjury. Thereafter, Mr. Roth asked me several times to sign the report. I refused each time, and the matter was dropped.

Q.23. I notice that you detailed these events very carefully in your calendar diary. Why did you

maintain this diary?

A.24. I did so primarily on the advice of Messrs. Driskill and Griffen of the NRC. They had received a copy of my trip report and spoken with me about it several times. In mid-November 1983, I spoke with them again, and in the course of the conversation I believe I asked about what would happen if I was fired as a result of my trip report. I think the subject came up in the context of talking about Mr. Dunham's job security after he had spoken to NRC. Mr. Driskill said that they could not give me advice regarding my job status, but remarked that if he was in my position he would keep a detailed diary.

Q.25. Was your job or employment status threatened in any way by your refusal to sign the revised report?

A.25. No.

Q.26. Was your job or employment status threatened in any way by the fact that you had written the trip report and that it had leaked to the public?

A.26. No, but I think I perceived that this was the case at the time. In retrospect, I believe I was simply agitated and under a great deal of stress. This was primarily because of the November 9-11 events at the Comanche Peak site, in which attention was focused on me and my trip report. No one at Cannon said anything about my job being in danger, and in fact in December, when Cannon employees receive salary reviews, I received an annual increase and distribution of an incentive compensation plan in line with what I had received in prior years.

Q.27. Did you perform any further work in connection with the Comanche Peak project?

A.27. Yes. Mr. Roth spoke with me on November 4, 1983 about a meeting with Texas Utilities personnel which he had attended in Dallas on the previous day. He indicated that O. B. Cannon would perform a further review on site to satisfy the concerns raised in my trip report. Keith Michels and myself began to prepare a list of things to review in order to

resolve these concerns. We estimated that the review would take at least ten days. Mr. Roth instructed me that Mr. Michels and I would meet Mr. Norris on site on November 9 to begin performing a review or audit. Mr. Roth wrote a memorandum the same day establishing a Task Force, headed by Ralph Trallo, to carry on these further review activities. The memorandum listed areas to be reviewed, including some areas not addressed in my trip report.

Q.28. Did you return to the site to conduct this further review?

A.28. Yes. Mr. Michels and I traveled to the site area on the evening of November 8, 1983. We were to meet Mr. Norris for breakfast the following day and proceed to the site with him. I found out later he would be delayed.

When Mr. Michels and I arrived on site, I found that the badge I had been issued on my previous visit was no longer valid, and we had to wait at the gate. Mr. Merritt's secretary picked us up there and drove us to his office. We met with Mr. Merritt and gave

him the four-page list of items to review that we had prepared. Mr. Merritt seemed surprised and displeased by the extent of our list. He asked if Mr. Norris knew about the document and we replied that he did. Mr. Merritt wanted to know why Norris was not on site and he called Mr. Trallo to find out.

Mr. Merritt then escorted us to an empty office and told us to wait there. After about 30 minutes he escorted us back to his office. He told us to return to our hotel and await the arrival of Mr. Norris. He explained that there was some misunderstanding about the scope of work that O. B. Cannon was to perform and told us not to proceed until it was ironed out.

When I returned to the hotel I called Ralph Trallo and he instructed me not to return to the site before he arrived that evening. Norris arrived on site and called me, asking whether I wanted to begin reviewing documents. I told him of Trallo's instructions. I spoke with Trallo again, and he informed me that a meeting would be held on the following day to question me on my trip report. I told Ralph that I didn't want to discuss the report, but he pointed out that I couldn't really refuse the client's request.

Q.29. Did you attend this meeting?

A.29. Yes. When we arrived on site, Messrs. Trallo and Norris met briefly with Messrs. Merritt and Tolson. Then we all went into a conference room. Before the general meeting started, Mr. Trallo informed me that he had stated that I was not out to do Mr. Tolson in and said that he had only agreed to the meeting on the condition that it did not turn into a kangaroo court or a witch hunt. Mr. Merritt presided at the meeting and a stenographer was present with a tape recorder. I was extremely nervous and agitated, to the point that my hands were shaking. I had decided in advance to say very little because I was convinced that the purpose of the meeting was to railroad me into changing my opinion.

Q.30. What happened at the meeting?

A.30. The meeting consisted largely of Tolson describing how Comanche Peak satisfies the specification and regulatory requirements that led to the concerns raised in my trip report. I concluded that if these activities were being implemented properly, my concerns would no longer be valid. He also stressed the number of quality control audits that had been, and were being,

performed on site. He indicated that findings, if any, resulting from these audits were minor. If these audits were of sufficient scope and depth, my confidence in the adequacy of the coatings program would increase considerably. I, of course, could not tell whether the activities described by Tolson were actually taking place.

Following this meeting, the O. B. Cannon Task Force met alone and discussed what had occurred and what course of action we should take. We continued our discussions later that day, and everyone on the Task Force agreed that if the site management were doing all they said they were doing, we would have no concerns. We decided to accept the information and assurances given by Mr. Tolson and Co. at face value. We also agreed that without doing a thorough audit, we could not confirm what we had been told.

Q.31. Were you "railroaded" into changing your views?

A.31. No. Despite the stressful atmosphere at the meeting, what Tolson described was a reasonable approach to implement a quality program in the coatings area. If the people at Comanche Peak were doing what was described, then my concerns would be satisfied. Moreover, during conversations with members of the

Cannon Task Force after the meeting on the 10th, we discussed these matters in more relaxed surroundings. These discussions confirmed my own opinion of the views expressed by the Texas Utilities people.

Q.32. Did you meet with anyone else on November 10?

A.32. Yes. That afternoon I met with Mr. Griffin of the NRC at my motel, as we had previously agreed. He showed me a copy of a memo by Mr. Driskill of the NRC which indicated that my trip report had been provided to NRC personnel by an individual who had obtained it in a surreptitious manner. I assumed the use of the word "surreptitious" meant the trip report had been stolen.

Mr. Griffin asked about the meeting on site earlier that day. I described the format to him, and he asked if I just pretended to agree with whatever I was told in order to get out of the meeting. I explained that I had been extremely nervous and uncomfortable during the meeting, but that I honestly believed if Texas Utilities was doing everything they said they were, then I wouldn't have a problem with their quality assurance program. I noted, however, that I could not give an

opinion one way or the other as to whether they were in fact doing what they had told me.

Q.33. Did the Cannon representative meet with Texas Utilities again?

A.33. The following morning, November 11, we met briefly and Ralph Trallo delivered the consensus opinion of the Cannon Task Force.

Q.34. Did you prepare and sign an affidavit on September 28, 1984 addressing the concerns set forth in your August 8, 1983 trip report?

A.34. Yes.

Q.35. Have you recently reviewed that affidavit and the accompanying affidavit of C. Thomas Brandt?

A.35. Yes, at your request I have reviewed both affidavits to confirm whether or not I still hold the views indicated in my September 28 affidavit.

Q.36. What was the result of that review?

A.36. Sufficient technical information is provided in the Brandt affidavit so that I can reconcile in my mind the comments I made in the trip report. Consequently, with the exceptions noted below, I reaffirm the statements I made on September 28.

Q.37. What are the exceptions?

A.37. On page 8 of the affidavit I stated that with respect to the qualification of painters, I was satisfied that the concern indicated in my trip report was without basis, given the Brandt affidavit. Since the effective date of the pertinent forms attached to that affidavit are dated after my July 26-28, 1983 site visit, I cannot be certain they were in place at the time of my visit. Therefore, I am revising the statement on page 8 to the effect that I am presently satisfied that my concern on painter qualifications is without basis.

In the second paragraph on page 8 of my affidavit, I stated that based on the Brandt affidavit, QC inspectors conducted visual examinations of test panels. However, I am unable to confirm my statement on the

basis of the attachments to the Brandt affidavit. I should have asked for objective evidence on this point because rather than accepting assurances as I did during the meetings on November 10 and 11, I was interested in reviewing confirming documents at the time my September 28, 1984 affidavit was written. I assume that the documentation does exist on the practice of QC inspectors examining test panels.

I also note with respect to coatings integrity, the letters I refer to on page 10 of my affidavit were issued in 1976. In retrospect, it would be better if the coating manufacturer that issued the letters would confirm that their 1976 recommendations are still valid.

Finally, I am deleting the last sentence of the affidavit since by the time I wrote the trip report the QA overview requested of Cannon was completed.

Q.38. Can you explain why these matters were not clarified by you before you signed the affidavit?

A.38. I was simply careless in the case of the last sentence of the affidavit, the effective date of the inspector qualification forms, and in not requesting objective evidence of test panel examination by quality control inspectors. With respect to the need for confirming the 1976 letters, I evaluated the information presented by Mr. Brandt in terms of the applicable ANSI standards and other requirements, and since such confirmation is not required, I did not mention it. However, in response to my counsel's insistence that I cover every eventuality, I thought it would be appropriate to mention it at this time.

Q.39. Does the September 28, 1984 affidavit represent your voluntary viewpoint?

A.39. Yes. With the minor corrections noted, that affidavit represented my views then and represents them now with respect to my position on the concerns identified in my August 8, 1983 trip report.

RELATED CORRESPONDENCE

UNITED STATES OF AMERICA
NUCLEAR REGULATORY COMMISSION

BEFORE THE ATOMIC SAFETY AND LICENSING BOARD

DOCKETED
USNRC

'84 NOV -8 A10:57

In the Matter of)
)
TEXAS UTILITIES ELECTRIC) Docket Nos. 50-445-OL2
COMPANY, et al.) 50-446-OL2
)
(Comanche Peak Steam Electric) (Application for
Station, Units 1 and 2)) Operating Licenses)

TESTIMONY OF ROBERT B. ROTH

- Q.1. Please state your name and business address for the record.
- A.1. Robert B. Roth, Oliver B. Cannon & Son, Inc.,
5600 Woodland Avenue, Philadelphia, PA 19143.
- Q.2. What is your position with Oliver B. Cannon & Son, Inc.?
- A.2. President and Chief Executive Officer.
- Q.3. Please state your educational background and work experience.
- A.3. Graduated from Yale University in 1947, with a Bachelor of Civil Engineering Degree. I was a Lecturer at Drexel University - Corrosion Engineering

1963-66. I was commissioned in 1947 as a Lt. U.S. Marine Corps Reserve. I joined Oliver B. Cannon & Son, Inc. 1948 as an Estimating Engineer. I was called to active duty by the U.S. Marine Corps Reserve in 1950, and I served 18 months service in Korea as a Company Commander. I was wounded in action and returned to the United States in 1952 and released from active duty. I returned to Oliver B. Cannon; and I was promoted to the positions of Chief Estimator in 1960, Executive Vice President in 1965, and President in 1973, and added Chief Executive Officer in 1979.

Q.4. When did you first learn of the proposed consulting arrangement between Texas Utilities and Cannon?

A.4. John Norris, our Divisional Vice President, headquartered in Houston, Texas called me in early July 1983, relative to a consulting contract with Texas Utilities on their Comanche Peak Nuclear Plant at Glen Rose, Texas. Cannon's principal business is in coatings application and consulting contracts are unusual; hence John ran by me his offer of services to Texas Utilities, the fee and cost structure, etc., and I approved John Norris going forward.

Q.5. What was your understanding of the purpose of the consulting arrangement?

A.5. Cannon was to provide our overview to the ongoing Coatings Program at Comanche Peak, and to assess the field production work; the interface of Inspection/Production; review the current Project Coating Specifications and offer suggestions/recommendations as to improving the coatings effort on site.

Q.6. What was the extent of your participation in the work under the consulting arrangement with Texas Utilities?

A.6. Initially my involvement was to authorize our Quality Assurance/Quality Control and Nuclear Services Managers to participate and cooperate with Norris in his consulting effort. I was invited by Texas Utilities, to participate along with Lipinsky and Norris, in a Coatings mini-seminar at the project site on August 9, 1983. We attended, along with representative from Texas Utilities, Gibbs & Hill, EBASCO, and Brown & Root. The objectives of this

session was to review the ongoing coatings program, identify problem areas, look at the retrofit effort thereto, and to extract from those assembled, ideas, criticisms, etc. for the improvement of the coatings work. As a result, tasks were assigned to the various participants. Joe Lipinsky was to draft a work procedure that would detail the application of an epoxy phenolic type of nuclear coating as manufactured by the Carboline Company, over an existing coating system. I was asked to contact the Carboline Company regarding their zinc type coatings. Other tasks or assignments were given to other meeting participants. Joseph Lipinsky and I completed our respective assignments and the information and procedures were forwarded to our client or his designee.

Q.7. When did you first become aware of the August 8, 1983 trip report prepared by Mr. Lipinsky?

A.7. I became aware of Joe's report, in a final and routine review of Inter-Office Memorandum drafts, that have had prior review at the Vice Presidential level, and relate to ongoing contracts where Quality requirements

are part of contractual terms. (Essentially all Nuclear Plant work.) This final routine review would probably have been the date of issuance, August 8th, 1983.

Q.8. What action, if any, did you take at that time with respect to the Lipinsky trip report?

A.8. After reviewing the report draft, it was released for final typing. I took no specific action, as Joe Lipinsky and I were departing the evening of August 8, 1983, for the site coatings conference scheduled for August 9, 1983.

Q.9. What happened next?

A.9. On or about October 10, 1983, John Norris called me, in that John Merritt of Texas Utilities had called him relative to the Lipinsky's trip report having been made "public". John had referred Merritt to me, since the memo was addressed to me. Merritt did call me on or about October 12, 1983, to confirm the existence of such a report and requested that a copy be sent to him.

Q.10. Did you send Merritt a copy of the Lipinsky trip report?

A.10. Yes.

Q.11. Was it the same as the version signed by Mr. Lipinsky in August 1983?

A.11. No.

Q.12. Why not?

A.12. Item 2. under the Summary on page 4 of the version signed by Joe concerned me, since it addressed contractual/commercial matters, which were not within Joe's areas of responsibility. Joe's version read:

If Oliver B. Cannon tries to obtain a contract on this site, the writer would suggest that it be a rework contract because it will be impossible (by all indications) to salvage what work is currently in place.

To a third party, the introductory phrase could be interpreted to appear as though Cannon were seeking a field coating contract from Texas Utilities and that Joe's criticisms were catering to that end. This was not the truth of the matter. I changed the item to read:

Should OBC be invited to perform any site work, the writer would suggest it be a rework contract, as opposed to a continuing of the present operations, since it appears improbable that the work currently in place is salvageable to any meaningful extent.

Q.13. I notice you also changed the language concerning "impossibility." Why did you change this word to "improbable"?

A.13. The word "impossible" conveys the notion of finality beyond which there is no sense even trying. I did not believe that Joe had sufficient basis to make such a definitive judgment. Indeed, my general experience would indicate otherwise and I thought it appropriate to provide a more balanced characterization of rework feasibility.

Q.14. Why didn't you effect these changes when you first saw the trip report in August 1983?

A.14. The report was an in-house communication only and there was no particular need or desire to change anything about it.

Q.15. Did Mr. Lipinsky sign the trip report as revised by you?

A.15. No, he declined to do so.

A.16. Did you try to persuade him to sign the revised trip report?

A.16. Yes, since his original memo draft, which was now public, was signed by him and the report represented his work, I thought it appropriate to sign the revised version, since no change in substance or the context of his QA/QC comments had changed. Joe felt if he signed, he could be committing perjury, and I advised if he felt that way don't sign it.

Q.17. Did you investigate the matter in which the Lipinsky trip report leaked to the NRC and the public?

A.17. Yes. I called Joe to my office to ask how the memo got out of his possession. Joe said he had no idea and that it could have been pilfered, or leaked in some manner. I asked Ralph Trallo what he knew about the August 8, 1983 memo getting out and Ralph replied "only what Joe has reported to me".

Cannon had never had a 'security' problem before and I issued an in-house policy memo, to all hands, as to the protection of corporate documents, locking luggage/briefcases at all times while out of the office, traveling, etc.

Q.18. Did you have any meetings or discussions with Texas Utilities after it became known that the Lipinsky trip report had become public?

A.18. Yes, as per answer in Question 10, I had spoken to and sent a copy of the Lipinsky trip report to John Merritt.

In late October or early November I was contacted by Merritt, who asked if I would attend a meeting in Dallas, along with John Norris, to meet with their management and explore the Lipinsky memo and the concerns expressed therein. I agreed to do so and

the meeting was held on the afternoon of November 3, 1983, in our client's offices. The discussion was led by Joe George, Vice President for Texas Utilities, and attended by Bill Clements, Dave Chapman, Tony Vega and John Merritt, all from Texas Utilities, together with myself and John Norris. Obviously, the memo had given them problems and raised concerns. They felt like their effort on coatings, Quality Assurance/Quality Control had followed industry practice and NRC regulations -- and finally, how could the matters that the Lipinsky memo alleged be best reviewed and objectively confirmed or negated. I recommended that Cannon set up a Task Force, chaired by our Ralph Trallo, who was our senior nuclear coatings officer. His committee would consist of John Norris, Joe Lipinsky and our lead corporate auditor Keith Michels. They would re-visit the project site and look into each issue of concern, as expressed by Joe Lipinsky along with other matters, and report back to me as to their accomplishments.

Q.19. Why did you appoint Mr. Trallo as Chairman of the Task Force?

A.19. Ralph had never seen the Comanche Peak site and I thought a fresh and objective look by a recognized expert in nuclear grade coatings would be useful. Moreover, since Ralph and Joe have an excellent working relationship, I thought this relationship would hold them in good stead on what proved to be a difficult assignment.

Q.20. Was your recommendation accepted by Texas Utilities?

A.20. Yes. Hence on my return to Philadelphia on November 4, 1983, I issued a directive, setting up the Cannon Task Force.

Q.21. Did Mr. Trallo complete his assignment and submit a report to you?

A.21. Yes, he submitted a written report to me on November 28, 1983.

Q.22. What action did you take with respect to the report?

A.22. After providing several comments to Ralph regarding phraseology and semantics, or form, the report was finalized and I sent it to Mr. Merritt on November 30, 1983.

Q.23. What are your views with respect to the Task Force report?

A.23. Ralph's report represents my views as well as those of the Company. I felt Cannon has responded to the action I determined as a result of the November 3, 1983 meeting with Texas Utilities people in Dallas. The client had modified the format or specific instructions as set forth in my November 4 memo to Ralph, but it was their prerogative to do so. Instead of a "hands on" effort, the client chose to explore each of the concerns expressed by Joe Lipinsky in recorded meetings. Ralph's Task Force report described these conferences and our position on the issues.

UNITED STATES OF AMERICA
NUCLEAR REGULATORY COMMISSION

DOCKETED
MAY 1957

BEFORE THE ATOMIC SAFETY AND LICENSING BOARD

MAY 1957

In the Matter of)	
)	Docket Nos. 50-445-2 and
TEXAS UTILITIES ELECTRIC)	50-446-2
COMPANY, <u>et al.</u>)	
)	(Application for
(Comanche Peak Steam Electric)	Operating Licenses)
Station, Units 1 and 2))	

TESTIMONY OF RALPH A. TRALLO

Q.1. Please state your name and business address for the record.

A.1. My name is Ralph A. Trallo. I am employed by Oliver B. Cannon & Son, Inc., 5600 Woodland Avenue, Philadelphia, Pennsylvania, 19143.

Q.2. What is your position with Oliver B. Cannon & Son, Inc.?

A.2. I am Vice President, Nuclear Services.

Q.3. Please state your educational background and work experience.

A.3. I was awarded a bachelor of science degree in civil engineering from the Newark College of Engineering in 1967. I attended continuing education seminars at Pepperdine University and Rutgers University. I am a member of the ASTM Committee D33 on "Protective Coatings" for the power generation industry and I am Vice Chairman of Subcommittee D33.07 "Application" concerning the application of coatings. I am a member of the advisory board to the Utilities Coating Work Committee, a voluntary group that has been organized to exchange information concerning the application of protective coatings at power plants.

I was employed by United Engineers & Constructors, Inc., as Field Engineer from 1967 through 1971. I was assigned to chemical, manufacturing, and nuclear power projects. From 1971 through 1974, I was employed by Babcock & Wilcox, Inc., as a Field Construction Manager and I was assigned to pulp and paper, manufacturing, and fossil power projects. From 1974 through the present, I have been employed by Oliver B. Cannon & Son, Inc.

From 1974 through 1977, I served as Project Manager for various projects, including pulp and

paper, fossil fuel, and nuclear power facilities. In 1977, I was promoted to Vice President. During the past ten years, I have been directly involved in the management of ten nuclear power projects.

Q.4. When did you first learn of the consulting arrangement between Texas Utilities and Cannon?

A.4. In late June or early July 1983, John Norris called me inquiring as to the availability of myself and Joe Lipinsky to perform an onsite review of the coatings operation at Comanche Peak. At that time, neither Joe nor myself were available, and John Norris was so advised. Subsequently, a target date in late July was established for Joe Lipinsky to be available for a site visit.

Q.5. What was your understanding of the task to be performed by Mr. Lipinsky?

A.5. Mr. Lipinsky was to review the Comanche Peak coatings program from a quality point of view. This was to include a review of the in-place coatings, inspection activities, and documentation activities to ascertain effectiveness.

Further, recommendations were to be made regarding these areas where appropriate.

Q.6. What was the extent of your participation in the work under the consulting arrangement with Texas Utilities?

A.6. Initially, my only involvement was to determine the availability of the staff for site visits and eventually scheduling Joe Lipinsky's site visit.

Q.7. When did you first become aware of the August 8, 1983 trip report prepared by Mr. Lipinsky?

A.7. I first became aware of the August 8, 1983 trip report during the first week of August 1983. I read the August 2nd draft of the report and made several notations of a grammatical nature and returned the draft to Joe Lipinsky.

Q.8. Did the tone and content of the trip report cause you concern?

A.8. I considered the report to be a "talking language" note to file and did not give much consideration to the verbiage used. The content was significant in that questions were raised concerning the implementation of the quality program in the coatings area at Comanche Peak. However, this was a preliminary assessment and I was under the impression that additional site reviews and investigations would be performed prior to finalizing a formal report for client distribution.

Q.9. What was your next involvement in this matter?

A.9. Joe Lipinsky advised me in October 1983 that the memo was in the hands of the NRC and the public. Further, Texas Utilities' management had contacted R.B. Roth requesting a copy. According to Mr. Lipinsky, Mr. Roth requested changes to the trip report prior to formal release to the client.

Q.10. Did you advise Mr. Lipinsky with respect to Mr. Roth's proposal to revise the August 8th trip report?

A.10. When asked by Mr. Lipinsky if he should sign a revised report, I advised Mr. Lipinsky that I would not. However, I recommended that he review any changes and make a decision based on that review.

Q.11. Did you investigate the manner in which the Lipinsky trip report leaked to the NRC and the public?

A.11. I discussed the matter with Joe Lipinsky. According to Mr. Lipinsky, he didn't know how the report was leaked. He did state that he had showed a copy to a Mr. Evert Mouser, but did not recall giving him a copy. Several weeks after the initial discussion, Mr. Lipinsky advised that he had learned from the NRC that the report had been "surreptitiously" obtained. I advised Mr. Roth and John Norris of my discussions with Mr. Lipinsky.

Q.12. What was your next involvement in this matter?

A. I was advised by Mr. Roth on November 4, 1983 that I was assigned as Group Leader for a Task Force Review of the coatings program at Comanche Peak.

Q.13. What was the purpose of the Task Force activities?

A.13. The purpose was to review or audit certain aspects of the coatings program, including those matters raised in Joe Lipinsky's trip report. We planned to review procedures for controlling and storing paint and related materials, procedures and documents related to painter qualifications, and the working relationships between production and QC personnel. We also intended to examine the effectiveness of the Comanche Peak coatings retrofit program as well as determining compliance with project specifications. Finally, we planned to conduct an overview of the adequacy of in-place coatings.

Q.14. How was the review to be implemented?

A.14 Mr. Roth delegated this task to me. I developed in my own mind a general plan for implementing the review with the intention to visit the site before putting it into more detailed form. Joe Lipinsky, John Norris and Keith Michels were to visit the site to initiate the review activities. I was to join them the following day.

I instructed Joe Lipinsky and Keith Michels to review the programmatic requirements of the coatings program, followed by a review of the in-place documentation. I planned for Mr. Norris to observe this review as well as perform a review of the field coatings work activities. I did not discuss this plan with John Norris prior to the site visit, as I intended on finalizing the plan with him directly. I planned to oversee the above activities to assure full implementation and summarize the resultant information.

Lipinsky and Michels developed a checklist for their part of the activity, both to serve as a guide and to advise Texas Utilities' management of the support we would require.

Q.15. Was the review implemented as described in your previous answer?

A.15. No. Upon arrival at the job site, the Task Force members were advised that the scope of activity intended by Cannon was not the same as that perceived by Texas Utilities' site management. Mr. John Merritt requested a meeting to review the

"Lipinsky Memo" prior to redefining the scope of the Task Group activities.

Q.16. What were the results of the meeting?

A.16. Mr. Tolson and others addressed concerns raised by the Lipinsky trip report and presented information regarding Texas Utilities programmatic requirements. We were assured that the coatings program met all requirements. Further, Mr. Tolson stated that numerous audits had been performed and additional in-depth reviews or audits were not warranted.

Texas Utilities did offer to make available any specific documentation regarding individual matters which Cannon might request. After all aspects of the memo were discussed, I requested that we adjourn so that we could review the information presented.

Q.17. What did you and the Task Force conclude?

A.17. We recognized that as a consultant to Texas Utilities, Cannon was requested to provide recommendations, raise concerns, or point out any item that would affect the Comanche Peak coatings program. However, it was also true that Texas Utilities had no obligation to Cannon to satisfy any of its concerns. We provided our input to Texas Utilities and any further action was up to them. With this perspective, the Task Force members discussed the information presented by Texas Utilities during the November 10 meeting. We accepted the information presented at face value and concluded that our concerns were unfounded; however, we didn't believe that anything less than a comprehensive audit could be used for verification. An audit of this magnitude did not appear warranted since we were told the site coatings program was currently undergoing such an audit by NRC. Our conclusions were presented to the Texas Utilities' representatives when the meeting resumed on November 11. Cannon considered it Texas Utilities' responsibility to request any further action.

Q.18. Do you believe the meeting environment pressured Lipinsky into changing his position as stated in the August 8, 1984 trip report?

A.18. No. I was very careful to assure that the meeting would not turn into a "witch hunt." I had previously told Mr. Merritt that we would participate in the meeting only if it were conducted in a professional manner. Joe did appear nervous and he was very quite during the meeting. However, I believe his reaction reflected the fact that he was the center of attention. In any event, any stress he may have felt during the meeting was not present when the Task Force reviewed the situation and arrived at its conclusions in private during the late afternoon and evening of November 10.

Q.19. Did you prepare a report summarizing the activities and conclusions of the Task Force?

A.19. Yes. On November 28, 1983, I prepared a memorandum for Mr. Roth that described our activities and explained the conclusions we had reached. Mr. Roth transmitted this report to Texas Utilities. It is attached as Attachment A.

DEPARTMENTAL CORRESPONDENCE

DATE November 28, 1983

SUBJECT H-8301 - Coatings Overview Task Group Report

TO Robert B. Roth

FROM Ralph A. Trallo

I. Background:

Cannon Personnel Concerned:

Robert B. Roth - President and Chief Executive Officer

Ralph A. Trallo - Vice President Nuclear Services

John J. Norris - Vice President and Project Account Manager

John J. Lipinsky - Corporate Quality Assurance Director

M. Keith Michels - Corporate Quality Assurance Lead Auditor

On November 4, 1983 a Cannon Task Group consisting of the writer, J. J. Norris, J. J. Lipinsky, and M. Keith Michels was established to perform follow-up evaluation of items previously addressed within the scope provided under our Consulting Services Contract¹ with this client.

This follow-up was to be in accordance with guidelines set forth in departmental correspondence from Robert B. Roth to the writer² and the principle purpose detailed was to evaluate the nuclear coatings retrofit program at Comanche Peak. Key areas included:

Material Storage and Control

Painter mechanic qualification/documentation

Working relationship between Production/Inspection

Status and adequacy of documentation/traceability

Implementation of coatings retrofit effort, see "Painting Minutes of Meeting", pages 1 to 4, dated 8/15/83, as prepared by R. M. Kissinger, Project Civil Engineer

Compliance of Nuclear coatings to Project Specifications requirements

Overview as to adequacy of current safety-related coatings in place, as per proper Industry practice, etc.

1. - TUGO Purchase Order No. CPF-15245

2. - Departmental correspondence R. B. Roth to R. A. Trallo, 11-4-83

H-8301 - Coatings Overview Task Group Report

TO: Robert B. Roth

November 28, 1983

Page Two

II. Preliminary Preparation:

The writer discussed the operation and purpose of the Cannon Task Group with the other participants. A point of departure schedule was established in accordance with Robert B. Roth's memo guidelines, and preliminary checklists were prepared to facilitate orderly progression and review.³ The intent was to have OBC QA Services (Lipinsky and Michels) and J. J. Norris (Account Manager) onsite for whatever time was required to complete the necessary reviews. R. A. Trallo was to visit the site to perform an overall evaluation as to the effectiveness of the Cannon Task Group activities. Commencement dates for site activities were: November 9, 1983, J. J. Norris, J. J. Lipinsky and M. Keith Michels onsite to begin preliminary reviews; November 10, 1983, the writer onsite to insure effective implementation of the Cannon Task Group activities.

III. Task Group Activities:

On November 8, 1983 I called John Merritt to advise him that Oliver B. Cannon personnel would be onsite November 9, 1983, and requested that he have available the following information for review:

Organizational chart with names and titles of individuals and positions filled

Copy of current revision of the QA Program

Complete cooperation with various onsite departments, organizations and individuals

List of names of all inspection personnel and level of certification

List of names and positions of production personnel (foremen and above)

List of certified painters and systems for which the painters are qualified

3. "JJL and MKM Comanche Peak Trip Plan" (4 Pages)

H-8301 - Coatings Overview Task Group Report

TO: Robert B. Roth

November 28, 1983

Page Three

III. Task Group Activities: (continued)

Liason or interface person for quality assurance, quality control, production, and other departments in order to expedite and aid in the performance of this review

Mr. Merritt requested that any reviews conducted by OBC were to be performed on a joint basis (ie. QA and Accout Management).

Cannon personnel were onsite the morning of November 9, 1983. At that time J. J. Lipinsky gave a copy of the preliminary review checklist³ to John Merritt. J. J. Norris and John Merritt discussed the checklist and Mr. Merritt requested a "kick off" meeting prior to any formal reviews or implementation of Cannon Task Group activities.

It became evident that the scope of the Cannon Task Group activities which had been previously outlined²; were not coincident with that perceived by TUGO. Mr. Merritt requested a review meeting to discuss the concerns of the "Lipinsky Memo"⁴ and based on the outcome of that meeting TUGO would re-define the scope of the Cannon Task Group activities. The review meeting was held commencing Thursday, AM, November 10, 1983, with John Merritt chairing.

Mr. Ron Tolson, Construction QA Supervisor, started the discussion. In essence the "Lipinsky Memo"⁴ was used as an agenda, and each memo paragraph, or statement, was discussed and clarified. The meeting was recorded and the transcript has been distributed for comment.⁵ It became evident that certain statements in the trip memo⁴ were incorrectly stated or misinterpreted. This was principally due to the organizational structure at Comanche Peak. (ie. A management team consisting of individual's employed by different organizations.)

2. - Departmental correspondence R. B. Roth to R. A. Trallo, 11-4-83

3. "JLJ and MKM Comanche Peak Trip Plan" (4 Pages)

4. - Trip Report (JLJ to RBR) 8-8-83

5. - "Lipinsky Memo Meeting on November 10 and November 11, 1983"

H-8301 - Coatings Overview Task Group Report

TO: Robert B. Roth

November 28, 1983

Page Four

Mr. Tolson explained the operational roles of the individuals involved on the Comanche Peak Team, along with their proper titles, responsibilities, and lines of reporting.

Concerns raised in the "Lipinsky Memo"⁴ were for the most part, based on observations and discussions between Joe Lipinsky and site personnel. At face value this "information," would be the cause for raising concerns regarding the site coating activity. Throughout the course of the November 10 meeting, it was evident that Site QA Management at Comanche Peak was not interested in further audits, or program reviews, since they have been subject to numerous outside and internal reviews and audits in the past several years. These constant and sometimes redundant reviews, compounded by the apparent personnel matters, resulted in short or clipped responses, which could readily be misinterpreted.

Regarding areas of coatings material handling, personnel qualifications, non-conformances, and quality responsibility, Mr. Tolson discussed the current procedures and controls in effect at Comanche Peak. This detailed information not readily available to Joe Lipinsky during his site visit of July 26, 27, 28th, 1983, and on which visit he based his August 8, 1983 trip report to Robert B. Roth.

Comanche Peak Management stated that they do not feel they have a problem in the areas of concern, as raised in the "Lipinsky Memo."⁴ A detailed indepth audit was not agreed to. However, a review of specific items could be scheduled, or program "paper" be made available for review, at Cannon's request. After consideration the Cannon Task Group decided that a limited review was unwarranted, since it would not provide sufficient support to a statistical extrapolation as to the entire coatings programs' effectiveness.

Detailed discussion and information is provided in the notes of the November 10 and November 11 meetings. (Reference footnote 5.)

H-8301 - Coatings Overview Task Group Report
TO: Robert B. Roth
November 28, 1983
Page Five

IV. Conclusion:

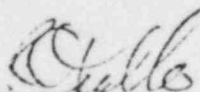
The Cannon Task Group did not perform the total overview function as originally scoped by Robert B. Roth. This was due to the request of our client to explore and review the "Lipinsky Memo"⁴ in further detail, paragraph by paragraph.

The site meetings of November 10 and 11, 1983 resulted in the following:

The concerns raised in the "Lipinsky Memo"⁴ were based on limited information and observations which were neither investigated nor discussed in sufficient detail, during his site visit, to either allay or to confirm.

Comanche Peak Site Management adequately detailed the programs and controls in place, which would relieve or allay the concerns raised in the "Lipinsky Memo."⁴ Cannon has no basis to confirm that these programs and controls are in place and are being effectively implemented. Confirmation could only be provided by a detailed audit. Such an audit could be redundant and certainly time consuming. Further, TUGO has neither requested same, nor is it required by the referenced Purchase of Services Agreement.

Based on the information provided by the Comanche Peak Site Organization we can assume that our concerns are unfounded, however, affirmation could only be finalized by further effort.



Ralph A. Trallo

RAT: jr

⁴ - Trip Report (JSL to RBR) 8-8-83

RELATED CORRESPONDENCE
UNITED STATES OF AMERICA
NUCLEAR REGULATORY COMMISSION

DOCKETED
USNRC

BEFORE THE ATOMIC SAFETY AND LICENSING BOARD

84 NOV -8 110:57

In the Matter of)
) Docket Nos. 50-445-2
TEXAS UTILITIES ELECTRIC)
COMPANY, et al.) 50-446-2
)
(Comanche Peak Steam Electric) (Application for
Station, Units 1 and 2)) Operating Licenses)

TESTIMONY OF JOHN J. NORRIS

Q.1. Please state your full name and place of employment for the record.

A.1. My name is John J. Norris. I am employed by Oliver E. Cannon & Son, Inc., 9001 Airport Boulevard, Suite 606, Houston, Texas 77061. I am a Vice-President in charge of sales and project management for the Houston office.

Q.2. Please describe your work experience.

A.2. After my release from active duty with the U.S. Air Force in 1964, I joined Kitco, Inc., industrial painting contractors, as a management trainee in the Indianapolis office. I later became a project manager, then a vice-president in the Manhattan office. I joined Oliver B. Cannon as the Corporate production manager in 1971. I later became a

vice-president with Cannon. As production manager I participated in a number of projects involving the application of safety-related protective coatings at various nuclear plants, including, Pilgrim, TMI 1 and 2, Susquehanna 1 and 2, Peachbottom 2 & 3, Oyster Creek, North Anna 1 and 2, Turkey Point 3 and 4, Arkansas Nuclear 1 and 2, and Limerick.

Q.3. What is the purpose of your testimony?

A.3. The purpose of my testimony is to explain the circumstances that led to the consulting agreement between Texas Utilities Generating Company and my Company, describe the work that was performed by me under the agreement and address the Board's concern that the agreement was prematurely terminated because of the August 8, 1983 trip report written by Mr. Lipinsky.

Q.4. Please explain the circumstances that led to the consulting agreement between Cannon and Texas Utilities.

A.4. On July 11, 1983, I received a call from the site purchasing department at Texas Utilities. I was asked if Cannon was interested in evaluating the

coatings program at Comanche Peak. I stated that we were in the paint application business, not the consulting business. However, I was willing to undertake the work if the price were right. We negotiated a time and materials agreement under which Cannon personnel would visit the site and in the words of the purchase order, "do a general survey and get a general feel" for the Comanche Peak protective coatings program. The work started in July and it was to be completed in about three weeks. Cannon would be reimbursed for the time its employees spent on the job at fixed daily rates plus an overhead allowance. All travel and other expenses were also reimbursable. The profit or fee was set at \$63,000.00. All of this work was covered under Phase I of the Purchase Order and the cost, including fee, was not to exceed \$100,000.00. Phase II provided for a comprehensive study of the protective coatings program at Comanche Peak; however, the performance of that work was solely at the option of Texas Utilities. The purchase order that describes these matters in more detail is attached as Attachment A to my testimony.

Q.5. When did you begin work under the purchase order?

A.5. I met with John Merritt, Assistant Project General Manager at Comanche Peak station, and Ron Tolson, Supervisor of Quality Assurance, on July 13, 1983, to discuss how Cannon might proceed to perform the survey. I was advised that problems were being experienced with respect to completing and documenting the coatings program at Comanche Peak. For example, when QC checked the compressed air supply used in the coating effort for cleanliness, it was often contaminated. The frequent need to clean up the air supply was delaying the coating activity. In general, there was concern that the coatings program might become the project critical path item and interfere with the fuel loading schedule. They indicated that a general overview of the program by Cannon might be helpful to determine if any action should be taken to improve matters.

I began work immediately. I conducted a walkdown of the containment, intake structure and balance of plant areas to acquaint myself with the plant layout and the ongoing coating work. I was already aware of some of the problems being experienced at Comanche Peak in the protective coatings program. So when I returned to my office in Houston, I was able to outline briefly what I thought needed to be looked

at. The scope of the matters to be reviewed is set forth in my letter of July 15, 1983 (Attachment B).

Q.6. Were your suggestions on the scope of the consulting arrangement contained in your July 15, 1983 letter accepted by Mr. Merritt?

A.6. Yes, with the exception of one item, "Future Maintenance Considerations." That item was deleted by Texas Utilities because it was not directly related to an evaluation of the ongoing coatings program.

Q.7. What happened next?

A.7. I was asked by Mr. Merritt to come up to Glen Rose, Texas for two or three weeks with a couple of people and get a feel for the coatings program.

Q.8. Did you subsequently visit the site to conduct your survey of the program?

A.8. Yes, I returned to the site on July 20th and 21st. During these two days I talked to management and middle management personnel. I inspected the containment building, the emergency diesel generator

building, the auxiliary building, the turbine building, the intake area, the paint storage building and painting equipment located outside the containment building. I observed manual labor supervision, quality control supervision and quality control personnel. I gathered specifications, revisions and clarifications of specifications, representative non-conformance reports and payroll documents to study back in my office. After leaving the site, I reflected on what I had observed.

Q.9. On the basis of your observations did you form any opinions about the coatings program at Comanche Peak?

A.9. Yes. As a general overview, I considered that the program was overstaffed and that progress had come to a virtual standstill. People were working long hours and were tired. There was evident friction between the production and quality control personnel. In my opinion this was a clue to a general problem in any coatings program. It was clear to me that before the program could ever begin to get on the right track the personnel problems had to be solved. I suggested that the company host a social event, such as a barbecue, to at least get people talking to each other.

Q.10. Did you also form more specific opinions about aspects of the coatings program that you observed?

A.10. Yes. The protective coatings specifications were unwieldy, at least to the uninitiated. Because the specification had been modified numerous times by adding revisions and clarifications, it was no longer an integrated document. It was therefore very cumbersome for quality control inspectors to apply. In addition, I thought that some of the tolerances specified were unnecessarily restrictive in light of accepted practice in the industry. I concluded that work had progressed too far to make a major change in the specification for Unit 1 to be cost effective, but I recommended that this be done for Unit 2.

I analyzed the Brown & Root payroll documents, which showed that out of 445 individuals, only 122 were painters. This suggested to me that the helper/painter ratio was unbalanced. In addition, from a quick review of available information it appeared that only 34 of the painters were qualified. I recommended that they increase the number of painters and decrease the number of helpers.

Some of the workers did not wear numbered badges, making it difficult for management to identify some individuals. I recommended that they be issued such badges.

I observed that even less progress was being made in the painting effort in the auxiliary building when compared to the containment and concluded that this activity had an even greater potential for becoming a critical path matter. I recommended that a detailed coating schedule be established for both the containment and the auxiliary building taking the proposed fuel loading date into account.

I observed that the Brown & Root Paint Superintendent had to deal with several area managers putting severe strains on his ability to manage the painting program. I recommended that the chain-of-command be revised so that he reported to one person.

I was told that the painting crew was idle for up to half of a shift while the problems with contamination of the compressed air supply were rectified. I recommended that they buy some specific air filtering components.

- Q.11. Did you convey your opinions and recommendations to Mr. Merritt?
- A.11. Yes. I conveyed them to him verbally during the two days that I was on site. Later, on July 25, I submitted my recommendations to him in written form. They are attached to my testimony as Attachment C.
- Q.12. When was your next visit to the site?
- A.12. I returned to the site on July 28. Since my previous visits Mr. Lipinsky had been to the site at my request and I wanted to coordinate his activities with mine. I met him at the plant and he gave me a quick review of his activities at the site. He indicated that he had some concerns with the quality control program, but that he could not determine specific problems without conducting an audit.
- Q.13. On that day did you and Mr. Lipinsky attend a meeting with Mr. Merritt and other Texas Utilities personnel?
- A.13. Yes. Mr. Tolson, the Quality Assurance Supervisor, Mr. Crane, who was in charge of labor at the site, and Mr. McBay, the manager of engineering, were also present at the meeting. After reviewing the

recommendations that I had already made, I turned the meeting over to Mr. Lipinsky to present his observations. After he had done so, Mr. George, a Texas Utilities Vice-President, came in and Mr. Merritt briefed him on our observations and recommendations. Mr. Merritt then thanked us and told us that if he required further services from Oliver B. Cannon, he would contact us.

Q.14. Did Mr. Merritt contact you again?

A.14. Yes. He called me about a week later and invited Mr. Roth, Mr. Lipinsky and myself to attend a meeting at the site on August 9. The meeting was also attended by EBASCO, Gibbs & Hill and Texas Utilities engineering and construction representatives. Mr. Merritt called the meeting to gain further insight into the coatings problem in general.

Q.15. Was Cannon given any further assignments at the August 9 meeting?

A.15. Yes. Mr. Lipinsky was asked to write a work procedure on "touch up" and Mr. Roth was asked to speak with other experts about modifying the specifications for inorganic zinc paint. Mr.

Lipinsky's "touch up" procedure was too lengthy and wordy for Texas Utilities and it was not adopted.

Q.16. Does Cannon have an existing contract with Texas Utilities?

A.16. Yes. In June 1984, Supplement No. 1 was issued to the consulting agreement. This supplement partially reimbursed Cannon for services performed during November 1983. The partial reimbursement was a negotiated settlement for invoices issued for services performed after the Lipinsky trip report surfaced. The supplement also provides for a continuing arrangement with respect to expenses incurred through Cannon's participation in the Comanche Peak licensing hearings as directed by Texas Utilities.

Q.17. Did Texas Utilities request Cannon to perform Phase II under the consulting agreement?

A.17. No.

Q.18. Do you know why Texas Utilities chose not to proceed with Phase II.

A.18. No.

Q.19. The Licensing Board questions whether Texas Utilities' decision not to proceed with Phase II is attributable to annoyance with Cannon due to the Lipinsky trip report. Can you clarify this question?

A.19. Yes. After reviewing the chronology of key events it is obvious that Phase I was intended to be complete by the end of the first week of August according to the purchase order. The last meeting at the site dealing with Phase I matters occurred on August 9th and 10th and, in my mind, that completed Phase I. I would have expected Phase II to begin shortly thereafter if Texas Utilities was interested in a more comprehensive review on our part. Texas Utilities did not become aware of the Lipinsky trip report before the middle of October so it is very obvious that not doing Phase II had nothing to do with the Lipinsky trip report. Further, I do not believe Texas Utilities refused to commence Phase II because they were annoyed with Joe's verbal representations to Texas Utilities on July 28th due to the fact he was invited back to participate in the August 9th and 10th meetings.

Q.20. When did you first see Mr. Lipinsky's trip report.

A.20. I first saw the report around August 15, 1983.

Q.21. Did you take any action with respect to the trip report?

A.21. No. I simply filed it.

Q.22. Why did you take no action?

A.22. The specific concerns described in the report had already been presented to Texas Utilities verbally on July 28, as the report indicates. On the basis of my own observation at the site I did not agree with Mr. Lipinsky's concern about materials storage. In addition, the general conclusions contained in the report appeared to me to be overstated and based on insufficient information.

During my conversation with Mr. Tolson, I had learned that several quality assurance audits had already been performed at the site. I therefore believed that the situation could not have been as bad as Mr. Lipinsky suggested. Furthermore, I had been informed that the NRC was conducting an ongoing secret

investigation of the quality assurance program and I concluded that if there were serious problems the investigation would reveal them. Mr. Lipinsky's report was a Cannon internal document addressed to Mr. Roth and I considered that I need take no action on it.

Q.23. When did you learn that people at the Comanche Peak site had become aware of the trip report?

A.23. About mid-October, 1983, John Merritt called and asked whether I knew of an August 8 trip report signed by Mr. Lipinsky. I told Merritt that we would get back to him and I immediately called Bob Roth. I expressed my annoyance that the memo had gotten outside Cannon. I turned the matter over to Bob Roth to deal with.

Q.24. Did you speak with Mr. Lipinsky about how his trip report had come to the attention of people at the site?

A.24. Yes. He indicated that it had been taken from his briefcase during a site visit he had made.

Q.25. Did you express your disagreement with Mr. Lipinsky's conclusions in writing?

A.25. Yes. At Mr. Roth's request I put my views in writing, and with his approval sent them to Mr. Merritt. These comments are contained in Attachment D.