

ORIGINAL

UNITED STATES NUCLEAR REGULATORY COMMISSION

IN THE MATTER OF:

DOCKET NO: STN 50-498-OL
STN 50-499-OL

HOUSTON LIGHTING AND POWER COMPANY,
et al.

(SOUTH TEXAS PROJECT, Units 1 and 2)

EVIDENTIARY HEARING

LOCATION: HOUSTON, TEXAS

PAGES: 15105 - 15281

DATE: TUESDAY, AUGUST 13, 1985

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

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In the Matter of: : DOCKET NO.
HOUSTON LIGHTING AND POWER : STN-50-498-OL
COMPANY, ET AL., : STN-50-499-OL
(South Texas Project Units 1 & 2) :

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University of Houston
Teaching Unit II, #215
Houston, Texas

Tuesday, 13 August 1985

The hearing in the above-entitled matter was
convened, pursuant to adjournment, at 9:10 a.m.,

BEFORE:

JUDGE CHARLES BECHHOEFER, Chairman,
Atomic Safety and Licensing Board.
JUDGE JAMES C. LAMB, Member,
Atomic Safety and Licensing Board.

1 JUDGE FREDERICK J. SHON, Member,
2 Atomic Safety and Licensing Board.
3

4 APPEARANCES:

5 On behalf of the Applicants:

6 MAURICE AXELRAD, Esq.,
7 ALVIN GUTTERMAN, Esq.,
8 STEVEN P. FRANTZ, Esq.,
9 Newman & Holtzinger,
10 Washington, D.C.
11

12 On behalf of the Nuclear Regulatory Commission Staff:

13 EDWIN J. REIS, Esq.,
14 ORESTE RUSS PIRFO, Esq.,
15 Office of the Executive Legal Director
16 WILLIAM L. BROWN, Regional Counsel, Region IV.
17

18 On behalf of the Intervenor:

19 LANNY ALAN SINKIN,
20 3022 Porter St. N.W., #304
21 Washington, D.C. 20008
22 Representative for Citizens Concerned About
23 Nuclear Power.
24
25

1 TUESDAY, AUGUST 13, 1985

2 C O N T E N T S

3
4 WITNESSES: DIRECT CROSS REDIRECT RECROSS BOARD

5 A PANEL CONSISTING OF: }

6 DONALD L. GARRISON } 15109 15128 15181 15185 15162

7 DAN P. TOMLINSON } 15117 15161 - - 15187

8 DANNY R. CARPENTER }

9 H. SHANNON PHILLIPS and }

10 CLAUDE E. JOHNSON }

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13
14 A PANEL CONSISTING OF: } 15188 15193 15266 15251 15252

15 DONALD SELLS and } - - 15279 15268 15277

16 H. SHANNON PHILLIPS } - - - 15277 -

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1 CONTENTS (Continued)

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3 TUESDAY, AUGUST 13, 1985
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5	EXHIBITS:	FOR ID.	IN EVD
6	Staff No. 142	15119	15185
7	Staff No. 143	15120	15120
8	Staff No. 144	15123	15123
9	Staff No. 145	15123	-
10	Staff No. 146	15125	15127
11	Staff No. 147	15126	15126
12	CCANP No. 135	15141	-
13	CCANP No. 136	15148	15154
14	CCANP No. 137	15160	-
15	CCANP No. 134	-	15198
16	CCANP No. 138	15206	-
17	CCANP No. 139	15211	15211
18	CCANP No. 140	15212	15214
19	CCANP No. 141	15215	15219
20	CCANP No. 142	15219	-
21	CCANP No. 143	15232	-
22	CCANP No. 144	15235	-

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1 PROCEEDINGS

2 JUDGE BECHHOEFER: On the record.

3 Good morning, ladies and gentlemen.

4 Before we start with the Staff panel, are
5 there any preliminary matters which anyone wishes to
6 raise?

7 MR. AXELRAD: No, Mr. Chairman.

8 MR. SINKIN: No.

9 MR. PIRFO: Just one preliminary matter with
10 regard to the Staff being on. Mr. Johnson apparently
11 was still under the impression it was at 9:30. He's en
12 route and what I thought I'd do is start with
13 introducing the direct testimony of the other witnesses
14 and Mr. Johnson should be here by then.15 At this time the Staff would call to the stand
16 Messrs. Donald L. Garrison, Dan P. Tomlinson, Danny R.
17 Carpenter and H. Shannon Phillips.18 With the exception of Messrs. Tomlinson and
19 Phillips, I don't believe Mr. Carpenter or Mr. Garrison
20 have been sworn in this proceeding, Mr. Chairman.21 Have you been sworn, Mr. Tomlinson, in this
22 proceeding?23 MR. TOMLINSON: No.
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25

1 Whereupon,

2 DONALD L. GARRISON, DAN P. TOMLINSON,
3 DANNY R. CARPENTER and H. SHANNON PHILLIPS, having been
4 duly sworn, testified upon their oath as follows:

5

6 DIRECT EXAMINATION

7 BY MR. PIRFO:

8 Q Would each of you state your full name,
9 please, for the record starting with Mr. Garrison.

10 A (By Mr. Garrison) My name is Donald Lee
11 Garrison.

12 Q Next. Starting on my right moving down.

13 A (By Mr. Tomlinson) My name is Dan Paul
14 Tomlinson.

15 A (By Mr. Carpenter) My name is Danny Richard
16 Carpenter.

17 A (By Mr. Phillips) My name is H. Shannon
18 Phillips.

19 Q Mr. Garrison, do you have in front of you a
20 document consisting of six sequentially numbered pages
21 with an attachment of professional qualifications
22 entitled the Testimony of Donald L. Garrison?

23 A (By Mr. Garrison) I do.

24 Q Do you have any additions --

25 A No.

1 Q -- or corrections to this document?

2 A No.

3 Q Was this document prepared by you or under
4 your control and direction?

5 A Yes.

6 Q Is this document true and correct to the best
7 of your knowledge, information and belief?

8 A It is.

9 MR. PIRFO: If it please the Board, I would
10 move the testimony of Donald L. Garrison into evidence
11 at this time and ask that it be bound in the transcript
12 as if read.

13 MR. SINKIN: No objection.

14 MR. GUTTERMAN: No objection.

15 JUDGE BECHHOEFER: The testimony of Donald
16 Garrison will be admitted into evidence and bound in the
17 transcript as if read.

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UNITED STATES OF AMERICA
NUCLEAR REGULATORY COMMISSION

BEFORE THE ATOMIC SAFETY AND LICENSING BOARD

In the Matter of

HOUSTON LIGHTING AND POWER COMPANY,
ET AL.

(South Texas Project, Units 1 & 2)

}
Docket Nos. 50-498
50-499
}

Testimony of Donald L. Garrison

Q.1. Please state your name, business address, title and employer.

A.1. My name is Donald Lee Garrison. I am employed as a Resident Construction Inspector by the United States Nuclear Regulatory Commission. My business address is P. O. Box 910, Bay City, Texas 77414. A statement of my professional qualifications is attached.

Q.2. Describe your responsibilities in this regard.

A.2. I have been assigned to the South Texas Project since March 3, 1985, and in the course of normal work, I have evaluated the procedural requirements for processing deficient items through the existing A/E-Licensee system.

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

A.3 The purpose of this testimony is to respond to questions of the Atomic Safety and Licensing Appeal Board in its Sixth Prehearing Conference Order of May 17, 1985 (ASLBP No. 79-421-070L) and to explain the applicant's process for identifying, evaluating, and reporting conditions at the South Texas Project which may be significant and reportable under 10 CFR 50.55(e).

Q.4. Have you had the opportunity to observe this process?

A.4. I have observed this process.

Q.5. What is the current process for evaluating deficiencies through the existing system?

A.5. The A/E (Bechtel) processes all deficient items, other than HL&P items, generated on the site that enter the 50.55(e) program. These are handled in a standard format that is outlined in Bechtel procedures 2.20 entitled, "General Project Requirements-Reporting Significant Deficiencies-Federal Regulations 10 CFR 50.55(e)" and Bechtel procedure 5.3 entitled, "Review of Nonconformance Reports for Deficiency Evaluation." The procedures are summarized as follows:

- a. Nonconformances, Standard Deviation Reports and Ebasco letters concerning deficiencies are reviewed to procedural requirements and, if the item meets the deficiency criteria, a Deficiency Evaluation

Report (DER) is generated for approval by the Project Quality Assurance Engineer.

- b. Next, a technical or preliminary evaluation for potential reportability is made by the Project Engineering Manager and approved by the Project Manager. If the item is determined to be potentially reportable, the DER is sent to the applicant.
- c. The applicant performs a review by an Incident Review Committee (IRC) to make a determination as to reportability. This IRC consists of HL&P management personnel under the direction of its Manager, Nuclear Licensing. If the item is determined reportable or potentially reportable, the IRC chairman notifies the NRC via phone within 24 hours.
- d. The applicant next prepares the technical evaluation which is reviewed for a final determination as to its reportability. If the item is determined reportable, the applicant sends the written report to the NRC regional office. The NRC is also notified if the status is determined not reportable. These reports are due 30 days from the time of phone notification.
 1. The applicant's procedure for reporting deficient items is outlined in Project Licensing Procedure-02 (PLP-02), "Reporting Design and Construction Deficiencies to NRC," and basically is as follows:

- (a) The individual discovering a potential deficient item generates a Deficiency Evaluation Form (DEF) which is reviewed by the supervising engineer or engineering manager; if found to be significant, the report is sent to the IRC committee for further review.

- (b) If the IRC committee determines the report to be potentially reportable, the IRC chairman is notified, who in turn notifies the NRC via phone within 24 hours.

- (c) At this point, the technical evaluation is prepared for final IRC review and, if determined reportable, the report/evaluation is sent to the NRC within 30 days of first notification.

Q.6. How do you inspect this process in the course of your regular duties?

A.6. My inspection process utilizes the review of logs, DERs, SDRs, letters and commitments and an evaluation of the procedural methods. My inspections thus far have included a procedural review of all DERs generated since January 1, 1984, in order to assess the processing sequence and procedure requirements. This review and inspection was performed on the site and in the Houston offices of Bechtel and the applicant.

Q.7. In your opinion, does this process meet the requirements of 10 CFR 50.55(e)?

A.7. Yes, the process meets the regulatory requirements including the 24-hour notification and 30-day report time periods. No deficiencies in the HL&P reporting system have been observed since 1983.

Q.8. Does this process meet the NRC's current guidance on reporting deficient items?

A.8. Yes, the process meets the requirements of guidance - 10 CFR 50.55(e), "Construction Deficiency Reporting," dated April 1, 1980.

Q.9. What is the applicant's method for trending?

A.9. The applicant first started trending in July of 1980 using Procedure PSQP-A-8, "Trend Analysis Administration." This procedure was superceded by PSQP-16.3, "Trend Analysis" on August 1, 1983. The current revision level is 3, effective March 19, 1985. On January 1, 1984, the applicant's quality assurance group assumed responsibility for all trending on the project.

The applicant trends 14 types of documents that generally report deficiencies. Information is gleaned from these reports which are originated throughout the project by HL&P, Bechtel, and Ebasco and include deviation reports (DER), deficiency notices (NCR), etc. Copies of deficiency reports are sent to the HL&P QA/ADM group after they are validated. The items are processed into the computer base in five

categories: company, organization, discipline, group activity, and deficiency type each of which have numerous subgroups.

The analysis portion of the program separates the items by deficiency type: hardware, systems, supplier, and engineering design with a sort performed monthly for evaluation. For trends noted, a trend investigation request (TIR) is initiated and processed. This document specifies trend, investigation results, root cause, corrective action and recurrence control and verification of results.

A quarterly report of trends include copies to the applicant's group vice president, nuclear and other management. Review of the procedure indicates that the program is satisfactory and broad enough to identify occurring trends.

Professional Qualifications
of
Donald Lee Garrison

United States Nuclear Regulatory Commission

I am a Resident Construction Inspector, Division of Reactor Safety and Projects, Reactor Project Branch 1, U. S. NRC Region IV, assigned to the South Texas Project at Bay City, Texas, since March 3, 1985.

Prior Work History

10/84-3/85 Reactor Inspector/NRC Region IV

Responsible for performing construction related inspections at various nuclear facilities in NRC Region IV.

4/84-10/84 Construction Consultant/Bearean Baptist Church and School
West Palm Beach, Florida

Responsible for selection of attorneys, site engineer, architect, constructor, and the sale and acquisition of property.

6/82-1/84 Quality Manager-Consultant/Daniel Construction Company
Florida Power and Light, Juno Beach, Florida

Responsible for writing a quality program, training personnel, evaluating programs resolution of problem areas, coordinating technical requirements in purchases of equipment.

3/82-5/82 Quality Manager/Daniel Construction Company, Greenville,
South Carolina

Performed work on special projects; i.e., training, monitoring of projects and procedure writing.

4/81-3/82 Quality Manager/Daniel Construction Company, Union Oil Shale
Project, Parachute, Colorado

Responsible for organizing a complete quality effort and performing civil and welding engineering functions. Managed a welding shop, NDE, and civil laboratory. Writing the program.

8/72-4/81 Quality Manager/Daniel Construction Company, J. M. Farley
Nuclear Project, Dothan, Alabama

Employed as Quality Assurance Engineer 1972-1975, Quality Assurance Manager 1975-1980, and Quality Manager 1980-1981. Responsibilities

included all facets of construction in all discipline quality programs from initiation of programs to final inspection and turnover.

8/69-8/72 Senior Quality Inspector/Brown & Root, Inc., Brunswick Nuclear Project, Southport, North Carolina

Responsible for all civil, mechanical, and receiving inspections.

9/65-8/69 Lead Mechanical/Brown & Root/Northrup Manned Spacecraft Center, Houston, Texas

Performed construction completion, testing, operation and maintenance at a large plasma laboratory (heat transfer).

9/61-7/65 Metallurgical Technical/Bell Helicopter Company, Forth Worth, Texas

Assigned to engineering laboratories performing process control functions and component failure and accident analysis.

9/60/9/61 Metallurgical Technician/Texas Instruments, Inc., Dallas, Texas

Performed research in solid state bonding and maintained the laboratory.

6/56-5/60 Technician/Chance Vought Aircraft, Dallas, Texas

Performed material evaluations, experiments in welding, metallurgy, corrosion, and manufacturing methods.

Education

Arlington State College, Arlington, Texas - 2 years General Science

1 Q (By Mr. Pirfo) Mr. Tomlinson, do you have in
2 front of you a document entitled Testimony of Dan P.
3 Tomlinson?

4 A (By Mr. Tomlinson) I do.

5 Q Was this testimony prepared by you or under
6 your control and direction?

7 A Yes.

8 Q Do you have any corrections, additions or
9 modifications to this testimony at this time?

10 A No.

11 Q Is this testimony true and correct to the best
12 of your information, knowledge and belief?

13 A Yes.

14 MR. PIRFO: If it please the Board, I would
15 move that the testimony of Dan P. Tomlinson be admitted
16 into evidence and bound into the transcript as if read.

17 MR. SINKIN: No objection.

18 MR. GUTTERMAN: No objection.

19 JUDGE BECHHOEFER: The Board has one
20 question.

21 MR. PIRFO: Yes, sir.

22 JUDGE BECHHOEFER: Do you plan to either
23 introduce or somehow attach Mr. Tomlinson's professional
24 qualifications? They're attached to his affidavit,
25 but --

1 MR. PIRFO: No, candidly I had not. We
2 assumed that was already before the Board. The
3 affidavit was sworn as to his professional
4 qualifications and it's already in evidence in this
5 hearing.

6 JUDGE BECHHOEFER: I guess that's okay.

7 MR. PIRFO: The affidavit, it was -- attached
8 to the affidavit was a sworn document. In addition, he
9 has testified before in this hearing and his
10 qualifications came in at that time.

11 JUDGE BECHHOEFER: Okay. Mr. Tomlinson's
12 testimony will be admitted into evidence and bound into
13 the record as if read.

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UNITED STATES OF AMERICA
NUCLEAR REGULATORY COMMISSION

BEFORE THE ATOMIC SAFETY AND LICENSING BOARD

In the Matter of

HOUSTON LIGHTING AND POWER COMPANY,
ET AL.

(South Texas Project, Units 1 & 2)

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Docket Nos. 50-498
50-499

Testimony of Dan P. Tomlinson

Q. Would you please state your name, business address, employer and position?

A. I am Dan P. Tomlinson, Reactor Inspector, Engineering Section, Reactor Safety Branch, Region IV, Nuclear Regulatory Commission, Arlington, Texas. A summary of my professional qualifications is attached to my affidavit of December 21, 1984.

Q. Would you briefly describe your duties with regard to the South Texas Project?

A. From September 1983 through February 1985, I was the senior resident inspector for construction activities at the South Texas Project. Since February 1985, I have been in my current position at Region IV headquarters. During the period from September 1983 to February 1985, I

was responsible for conducting the inspection and enforcement program as described in I&E Manual Chapter 2512. I met on a regular basis with licensee and contractor supervision and management to discuss inspection results and the status of the construction effort.

Q. What is the purpose of your testimony?

A. This testimony is in response to the Licensing Board's Sixth Prehearing Conference Order (Further Definition of Phase II Issues) (dated May 17, 1985), specifically with regard to the competence of HL&P and its new contractors.

Q. Have you read the NRC staff testimony of Danny Carpenter?

A. I have.

Q. Do you agree or disagree with that testimony and what, if any, effect does that testimony or other knowledge you have acquired have upon your affidavit of December 21, 1984 (as amended January 24, 1985)?

A. For the period I was onsite, I agree with the statements made by Mr. Carpenter in his testimony of today and reaffirm my affidavit testimony of December 21, 1984. The applicant and its contractors performed competently with due regard for safety-related issues or concerns. This is the general conclusion of my previous affidavit. The actions taken by the applicant and its contractors as a result of inspector identified

violations and concerns were thorough and were accomplished in an expeditious manner. Each of these actions appeared to be directed strongly toward safe construction and operation of STP.

Q. Are there any changes you wish to make with regard to your previous affidavit?

A. No.

1 Q (By Mr. Pirfo) Mr. Carpenter, do you have in
2 front of you a document entitled Testimony of Danny R.
3 Carpenter consisting of six sequentially numbered pages?

4 A (By Mr. Carpenter) Yes.

5 Q Was this document prepared by you or under
6 your control and direction?

7 A Yes, it was.

8 Q Do you have any additions, corrections or
9 modifications to this testimony at this time?

10 A Under the first statement the business address
11 was left off of my testimony.

12 Q Would you like to add that now?

13 A Okay. It's P. O. Box 910, Bay City, Texas,
14 77414.

15 Q Is that the only change you wish to make?

16 A Yes.

17 Q With this change, is the testimony true and
18 correct to the best of your knowledge, information and
19 belief?

20 A Yes.

21 MR. PIRFO: If it please the Board, I would
22 move that the testimony of Danny R. Carpenter be
23 admitted into evidence at this time and be bound into
24 the transcript as if it were read.

25 MR. SINKIN: No objection.

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MR. GUTTERMAN: No objection.

JUDGE BECHHOEFER: The testimony of Mr. Carpenter will be admitted into evidence and bound in the transcript as if read.

UNITED STATES OF AMERICA
NUCLEAR REGULATORY COMMISSION

BEFORE THE ATOMIC SAFETY AND LICENSING BOARD

In the Matter of

HOUSTON LIGHTING AND POWER COMPANY,
ET AL.

(South Texas Project, Units 1 & 2)

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Docket Nos. 50-498
50-499

Testimony of Danny R. Carpenter

Q. Would you please state your name, business address, employer and position?

A. I am Danny R. Carpenter, Resident Inspector, South Texas Project, Reactor Project Section B, Reactor Project Branch 1, Region IV, Nuclear Regulatory Commission, Arlington, Texas.

Q. Would you briefly describe your duties with regard to the South Texas Project?

A. From December 1983 to the present I have been Resident Inspector at the South Texas Project. I have conducted the inspection and enforcement program and met regularly with licensee and contractor supervision and management at South Texas Project since December 1983 to the present. A summary of my professional qualifications is attached to this testimony.

Q. What is the purpose of this testimony?

A. To testify in response to the Licensing Board's Sixth Prehearing Conference Order (Further Definition of Phase II Issues, dated May 17, 1985, specifically with regard to Section C, page 9 thereof, as to the competence of HL&P and its new contractors.

Q. Have you reviewed a joint affidavit filed in this proceeding on December 21, 1984, and amended on January 24, 1985, by Messrs. Crossman, Tomlinson, and Jaudon of the NRC staff?

A. Yes, I have.

Q. What is your knowledge and views with regard to the facts stated in that joint affidavit?

A. I have first hand knowledge of and support the positions or information stated in paragraphs 14, 15*, 16*, 17*, 18* (as amended), 19*, 20, 21* (as amended), 23, 24, 32, 33, 34, and 35.

*My knowledge of these issues are since my assignment to STP in December 1983, with review of the inspection reports and related documentation that occurred prior to my assignment to STP.

Q. What have been your observations with regard to the performance of HL&P at STP?

- A. Since my assignment at STP in 1983, and continuing to the present, I have observed a steady increase in the involvement of HL&P in most of the activities associated with design, construction, and preparation for start up and operation of STP. Key people have been added to the management and supervision team that bring extensive experience to the project.

Within HL&P and its contractors, there has been an ongoing effort to assure an effective management and supervisory cadre, through reassignment, so that the project is completed in a quality manner.

I have observed numerous meetings of both upper management and supervision to address safety and/or quality concerns. These concerns whether raised by the NRC inspectors, craftsmen, supervisors, or industry information appear to receive the same acceptable level of attention.

On April 1, 1985, HL&P established a Project Compliance Group (PCG) comprised of multidiscipline individuals from both HL&P and its contractors. The function of this group is to be the primary interface with resident and visiting NRC inspectors. Its goal is to close all NRC staff open items related to the construction and start up of STP, Unit 1, prior to issuance of the operating license, per the project schedule. The PCG is designed to ensure that closure documentation packages are developed, verified, and presented to the NRC in a timely manner. The PCG will interface with responsible groups and individuals within HL&P, Bechtel, Ebasco, and Westinghouse to obtain required information and documentation. The PCG will keep project management apprised of the

status of all open items, including closure progress and potential problem areas as they arise.

The development of the PCG and its performance to date is an example of the commitment and increased attention to the construction and safety of the STP. This group has been effective in getting the proper level of management attention and getting resolution to or commitment dates for resolutions of safety-related issues.

Q. How do you view the current competence of HL&P and its contractors?

A. The applicant and its contractors are performing competently with due regard for any safety-related issues or concerns.

Summary of Professional Qualifications

Dan R. Carpenter, Resident Inspector/Operations, Region IV, NRC

12/83 to Present United States Nuclear Regulatory Commission, Region IV,
Resident Inspector, South Texas

In this capacity, I plan, supervise, and conduct inspections and investigations to ensure licensee compliance with provisions of NRC permits, licenses, rules, regulations and orders designed to protect public safety. Perform in-depth evaluations of incidents and abnormal conditions, determining the safety significance of each event and recommending enforcement in the form of civil penalties or other orders. Represent NRC to licensee, state, and local officials and the news media.

1/79 to 12/83 Rockwell Hanford Operation, Staff Engineer

As Staff Engineer and Engineering Unit Manager, I reviewed, wrote, commented on, audited for compliance, and approved many policy, administrative, and technical documents and reports. These include such items as engineering studies, conceptual design reports, functional design criteria, safety analysis Reports, Operational Safety Reports, Title I, II, and III design documents, Engineering Procedures Manual sections, DOE Orders (both "for review" and "for compliance") and supporting documents. The engineering unit I managed was responsible for 21 capital projects totaling over \$144 million dollars in addition to the process control responsibilities for the tank farm and evaporator facilities of the Nuclear Waste Management Program at Hanford. I have prepared and implemented the process control engineering training and certification program. This was done to be compatible with the NRC training requirements for nuclear facilities. My work was about 80%/20%, office/field.

8/78 to 1/79 University Mechanical - Assistant QC/QA Manager

As Assistant QC/QA Manager, I was in charge of the QC/QA program for the HVAC contractor at WPPSS Nos. 1 and 4. The Manager was at the home office (San Diego, California). I set up the program, wrote the procedures and set up the staff in compliance with 10 CFR 50, ANSI N45-2 and University Mechanical home office guidelines.

9/75 to 8/78 United States Department of Energy - Operations Engineer

I was one of three Operations Engineers for the DOE at the FFTF Project Office. I was at the job site for my entire 3 years (the 3 years just prior to criticality). I sat on 70% of the qualification boards and exams for the operators and engineers, reviewed and commented on all operations and emergency procedures. Witnessed system turnovers and testing. I was in the plant every day for audits and spot checks of contractor compliances. As a side lite I was the licensing officer for the TRIGA

Reactor built at the 300 area of Hanford for neutron radiography for the DOE. I was the DOE contact for the construction, start up and operator training of the FFTF Reactor Simulator built to support FFTF start up.

10/73 to 9/75 Atlantic Richfield Hanford Company - Senior Production Planner and Scheduler

Planned and scheduled activities associated with the receipt, storage and disposition of both high level and low level nuclear waste including the processing at liquid waste evaporators, shallow land burial activities, transuranic waste, decommissioning and decontaminating efforts. Prepared staff briefs, production reports and facility projection reports, both long range and short term. Activities required knowledge of planning and scheduling, engineering (mechanical and chemical) and chemical processing. Responsible to Division Manager for all production activities of the division.

10/72 to 10/73 Argonne National Laboratory - EBR-II LMFBR - Nuclear Shift Supervisor

Responsible for the operation of a liquid metal breeder reactor on a shift basis. Included were requirements for safe operation of the reactor within the envelope provided by the Technical Specifications, safety of the operator, protection of the equipment (maintenance and operation) and prevention of radioactive release to the environment.

6/69 to 6/72 Student - University of Washington - B.A. in Chemistry 1972

2/62 to 5/69 United States Navy - ETI(SS)

I was the leading reactor operator on the USS Sculpin SSN-590, just concluding a 1½-year complete overhaul and new reactor. I was an instructor for 3 years at the SLW Reactor in Idaho (also involved in a complete overhaul and new core). I was involved in several new plant start ups including fill, instrument testing, low power physics testing, initial approach to criticality, rod mech and worth tests, low power reactor measurement, heat up and full power testing. As leading reactor operator, I had significant responsibility for the safe start up and operation of the reactor in addition to operator qualifications and maintenance.

1 Q (By Mr. Pirfo) Mr. Phillips, do you have in
2 front of you a document entitled NRC Staff Testimony of
3 H. Shannon Phillips Regarding -- I'm sorry, strike that,
4 please.

5 Mr. Phillips, do you have in front of you a
6 document entitled Testimony of H. Shannon Phillips on
7 HL&P Reporting of Section 50.55(e) Matters?

8 A (By Mr. Phillips) Yes.

9 Q This document consists of four sequentially
10 numbered pages?

11 A Yes.

12 Q Was this testimony prepared by you or under
13 your control and direction?

14 A Yes.

15 Q Do you have any additions, corrections or
16 modifications of the testimony at this time?

17 A No.

18 Q Is this testimony true and correct to the best
19 of your knowledge, information and belief?

20 A Yes.

21 MR. PIRFO: If it please the Board, at this
22 time I would move that the testimony of H. Shannon
23 Phillips on HL&P reporting on section 50.55(e) matters
24 be admitted into evidence and bound into the transcript
25 as if it were read.

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MR. SINKIN: No objection.

MR. GUTTERMAN: No objection.

JUDGE BECHHOEFER: The testimony of Mr.
Phillips on section 50.55(e) matters will be accepted
into evidence and bound into the transcript as if read.

UNITED STATES OF AMERICA
NUCLEAR REGULATORY COMMISSION

BEFORE THE ATOMIC SAFETY AND LICENSING BOARD

In the Matter of)
HOUSTON LIGHTING AND POWER COMPANY,) Docket Nos. 50-498
ET AL.) 50-499
(South Texas Project, Units 1 & 2))

Testimony of H. Shannon Phillips on
HL&P Reporting of Section 50.55(e) Matters

Q.1. Would you please state your name, business address, employer and position.

A.1. My name is H. Shannon Phillips. I am employed by the U. S. Nuclear Regulatory Commission as senior resident inspector (construction) at the Comanche Peak Nuclear Station. My address is Box 38, Glen Rose, Texas, 76043.

Q.2. Mr. Phillips, have your professional qualifications been made a part of the existing record previously in this proceeding?

A.2. Yes. My professional qualifications appear following Tr. 9205, ff. p. 64, Appendix B.

Q.3. Are there any changes you wish to make with regard to those qualifications?

A.3. Yes. Since January 19, 1982, (the date of prior admission of my qualifications) I held the position of Chief, Equipment Qualifications Section, Vendor Programs Branch, NRC until March 18, 1984. Since that time to the present, I have been senior resident inspector (construction) at the Comanche Peak Nuclear Station.

Q.4. What is the purpose of this testimony?

A.4. The purpose of this testimony is to provide my views with respect to HL&P's system for reporting design and construction deficiencies under 10 CFR 50.55(e).

A.5. Do you have personal knowledge of the HL&P system for reporting construction deficiencies?

A.5. Yes.

Q.6. On what experience or duties is this knowledge based?

A.6. I was the senior resident inspector at the South Texas Project from September 1979 to January 11, 1982. During that time I routinely inspected HL&P's system for reporting deficiencies. My testimony provides my observations for that time period.

Q.7. Can you describe the system for reporting construction deficiencies during this period?

A.7. Yes. HL&P Procedure PEP-11, Revision 0, was issued July 26, 1979, and described the process for reporting 10 CFR Part 50.55(e) deficiencies. HL&P Engineering Procedure STP-DC-021-D and Revisions A through C (dated February 1978 through January 1981) specifically describe how engineering organizations report engineering design deficiencies. Basically, anyone can report a construction or design deficiency which in turn is fed to the STP Project QA supervisor or appropriate engineering group that evaluates the reportability per 10 CFR 50.55(e). The item is then referred to an Incident Review Committee for a safety evaluation. Procedure PEP-11 states that deficiencies shall fall into one of four categories outlined in paragraph 5.3.3; i.e., QA, final design, construction or deviation from performance specifications. Page 10 of 17 also indicates that potentially reportable items were to be reported.

Q.8. How would you assess HL&P's candor and truthfulness in reporting matters to the NRC during the period identified above?

A.8. My experience with this utility is that it was forthright in identifying deficiencies to the NRC when these were found to be reportable. The utility also reported a large number of deficiencies, when it could have taken a more conservative approach, and reported fewer. I was also impressed by their sincere desire to do a good job even though their

inexperience or oversight sometimes resulted in violations of 10 CFR 50.55(e) reporting requirements.

Q.9. Have you seen any indication from the utility that it was abdicating or refusing to accept its responsibility to protect the health and safety of the public?

A.9. No.

Q.10. What is your conclusion as to the remedial steps taken by HL&P since 1981 with regard to its character and competence to operate a nuclear plant?

A.10. These steps were adequate and reflect positively on the character and competence of HL&P.

1 Q (By Mr. Pirfo) Mr. Garrison --

2 MR. PIRFO: At this time the Staff would ask
3 that the Board allow Mr. Claude E. Johnson to join the
4 panel which has already been sworn.

5 Q (By Mr. Pirfo) Mr. Johnson, would you state
6 your full name, please?

7 A My name is Claude Earl Johnson.

8 MR. PIRFO: I'm sorry, Mr. Chairman, the
9 witness has not been sworn.

10

11 Whereupon,

12 CLAUDE E. JOHNSON,

13 • having been first duly sworn, testified upon his oath as
14 follows:

15

16 DIRECT EXAMINATION

17 BY MR. PIRFO:

18 Q Mr. Johnson, would you state your full name
19 again for me, please?

20 A (By Mr. Johnson) My name is Claude Earl
21 Johnson.

22 Q Mr. Johnson, do you have in front of you a
23 document entitled Testimony of Claude E. Johnson
24 consisting of six sequentially numbered pages?

25 A Yes, I do.

1 Q Was this testimony prepared by you or under
2 your control and direction?

3 A Yes.

4 Q Do you have any additions, corrections or
5 modification to this testimony at this time?

6 A No, I don't.

7 Q Is this testimony true and correct to the best
8 of your knowledge, information and belief?

9 A Yes, it is.

10 MR. PIRFO: If it please the Board, I would
11 move that the testimony of Claude E. Johnson be admitted
12 into evidence and bound into the transcript as if read.

13 MR. SINKIN: No objection.

14 MR. GUTTERMAN: No objection.

15 JUDGE BECHHOEFER: The testimony of Mr.
16 Johnson will be admitted into evidence and bound into
17 the transcript as if read.

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UNITED STATES OF AMERICA
NUCLEAR REGULATORY COMMISSION

BEFORE THE ATOMIC SAFETY AND LICENSING BOARD

In the Matter of)
HOUSTON LIGHTING AND POWER COMPANY,)
ET AL.) Docket Nos. 50-498
(South Texas Project, Units 1 & 2)) 50-499

Testimony of Claude E. Johnson

Q.1. Please state your name, title, and by whom you are employed.

A.1. My name is Claude E. Johnson. I am employed as a Senior Resident Inspector (SRI), Region IV, Nuclear Regulatory Commission at the South Texas Project (STP). A statement of my professional qualifications is attached.

Q.2. What is the purpose of this testimony?

A.2. The purpose of this testimony is to respond to questions raised by the Atomic Safety and Licensing Appeal Board in its Sixth Prehearing Conference Memorandum and Order, dated May 17, 1985, and provide my views on the character and competence of HL&P and their contractors.

Q.3. Please describe your opportunity to observe and what you have, in fact, observed with regard to HL&P and its current contractor's character and competence.

A.3. From February 1983 to July 1984, I performed approximately 5 inspections at the South Texas Project (STP) as a regional inspector. During this time period, I observed HL&P's increased participation in ongoing activities with its new contractor. It appears that HL&P stays fully informed of all issues arising at STP and that it has maintained effective control and responsibility for design and construction. Since March 1985 to the present, I have been the senior resident inspector at STP. During this time period the competence of HL&P, Bechtel, and Ebasco has improved from what I had first observed during my previous inspections as a regional inspector. HL&P has increased their staff to cover increased construction efforts of ongoing activities by Bechtel and Ebasco. HL&P management onsite and offsite are more involved in the day-to-day decision making activities at the site. Bechtel and Ebasco QA are also aware of all construction activities day-to-day.

HL&P has also established a project compliance group. This group consists of personnel of various discipline backgrounds. The project compliance group has routine contact with the resident and regional NRC inspectors in closing out violations, unresolved items, open items and 50.55(e) Reports. This responsiveness is a good example of the applicant's increased involvement on day-to-day activities and its commitment to public health and safety.

Q.4 Would you conclude from your observations that HL&P has taken adequate remedial steps to improve its competence to construct and operate this plant?

A.4. Yes, my perception of HL&P, Bechtel, and Ebasco's competence is that it is satisfactory and has consistently improved from the time I first went onsite as a regional inspector.

Professional Qualifications
of
Claude E. Johnson

Mr. Johnson is the Senior Resident Inspector (SRI) at the South Texas Nuclear Project (STP). Mr. Johnson has held this position since March 3, 1985, and in the course of his responsibilities, has reviewed and performed inspections and investigations at STP.

Mr. Johnson received a Bachelor of Science degree in Civil Engineering from Prairie View A&M University, Texas, in 1972. Mr. Johnson is a registered professional engineer in the state of Texas.

Prior Work History

1985-Present Senior Resident Inspector, South Texas Project

Serves as lead NRC representative at STP. Conduct the inspection and enforcement program at STP. Plan and perform routine and reactive inspections and meet regularly with licensee and contractor management and quality organizations.

1981-1985 Reactor Inspector

Serves as a member of the technical staff in the engineering inspection section of NRC Region IV with responsibility for inspection of assigned power reactors during construction.

1978-1981 Civil Engineer

Served as a member of Civil Engineering Design group with the Corps of Engineers. Reviewed directives, technical information, design criteria, and other available data preparatory to the accomplishment of the design. Responsible for preliminary or final design work associated with civil engineering features of assigned military and multipurpose civil works projects.

8/78-11/78 Quality Engineer

Served as a quality engineer with Brown & Root. Reviewed and prepared quality control procedures and specifications in accordance with the ASME Code, ANSI Standards, and Nuclear Regulatory Guides. (South Texas Project, Brown & Root)

1975-1978 Civil Engineer

Performed inspections of and drawing interpretations for QA construction work in progress for installation of miscellaneous and structural steel assemblies. Performed duties as section leader assisting unit supervisor; responsible for coordination of quality control inspection of civil

features and the supervision of quality control inspectors. (Watts Bar and Hartsville Nuclear Plant, TVA)

1973-1975 Field Artillery Officer

Served as platoon commander of a 105 Howitzer artillery battery. Duties included that of surveying and laying of Howitzers into position by plotted coordinates. (USMC)

12/72-4/73 Field Engineer

Inspected construction work in progress for conformance to plans and specifications. Surveyed for permanent and temporary constructor features. (Watts Bar Nuclear Plant, TVA)

1 MR. PIRFO: Mr. Chairman, may I have one
2 moment, please?

3 JUDGE BECHHOEFER: Yes.

4 Q (By Mr. Pirfo) Mr. Garrison -- Mr. Phillips,
5 I show you a document which has been numbered Staff
6 Exhibit 142 and ask if you can identify this for me,
7 please?

8 (Staff Exhibit No. 142 marked for
9 identification.)

10 Q (By Mr. Pirfo) Do you recognize this
11 document?

12 A (By Mr. Phillips) Yes.

13 Q Could you identify it for me, please?

14 A It's the procedure for controlling and
15 reporting the engineering design and construction
16 deficiencies in accordance with 10CFR50.55(e).

17 Q Is this a document you referred to in your
18 direct testimony?

19 A Yes.

20 MR. PIRFO: I would ask that Staff Exhibit 142
21 be admitted into evidence at this time.

22 MR. SINKIN: No objection.

23 MR. GUTTERMAN: No objection.

24 JUDGE BECHHOEFER: Staff Exhibit 142 will be
25 admitted into evidence.

1 (Staff Exhibit No. 142 admitted in
2 evidence.)

3 Q (By Mr. Pirfo) Now, Mr. Garrison, I show you
4 a document which has been identified -- which I ask to
5 be marked for identification as Staff Exhibit 143.

6 (Staff Exhibit No. 143 marked for
7 identification.)

8 Q (By Mr. Pirfo) Do you recognize this
9 document?

10 A (By Mr. Garrison) Yes.

11 Q Could you identify it for me, please?

12 A It's a general project requirements for
13 reporting significant deficiencies, Federal Regulation
14 10CFR50.55(e). The number of it's 2.20, Bechtel
15 document.

16 Q Do you refer to this document in your direct
17 testimony?

18 A Yes.

19 MR. PIRFO: I would ask that Staff Exhibit 143
20 be admitted into evidence, please.

21 MR. SINKIN: No objection.

22 MR. GUTTERMAN: No objection.

23 JUDGE BECHHOEFER: Staff Exhibit 143 will be
24 admitted into evidence.

25 (Staff Exhibit No. 143 admitted in

1 evidence.)

2 MR. PIRFO: Mr. Sinkin has brought something
3 to my attention, Mr. Chairman. Staff Exhibit 142, I
4 believe some of the copies have the even numbered pages
5 missing, but I believe Mr. Sinkin should be the only
6 copy that has that problem.

7 MR. REIS: No, we do.

8 JUDGE LAMB: Mine are missing, too.

9 JUDGE BECHHOEFER: Mine also.

10 MR. PHILLIPS: Mine are.

11 MR. PIRFO: Pardon me?

12 JUDGE LAMB: Mine are missing, too.

13 MR. GUTTERMAN: It seems to be a universal
14 problem.

15 JUDGE BECHHOEFER: At least the first part of
16 it.

17 MR. GUTTERMAN: It looks to me like my copy is
18 just assembled out of order.

19 MR. PIRFO: Is that the problem?

20 MR. SINKIN: Wait a minute. That may be the
21 problem.

22 MR. PIRFO: Unfortunately, my original is the
23 only one in good shape. I don't know what's occurred in
24 reproduction.

25 MR. AXELRAD: My copy seems to be missing page

1 16 of 17 of BP-11.

2 MR. PHILLIPS: Right. Also here.

3 MR. PIRFO: I'll simply have to reproduce
4 these copies at the break, Mr. Chairman. The copies I
5 have are not, with the exception of the original, in
6 correct order.

7 So, I move to strike 142 and would ask the
8 Board's indulgence if I can introduce this later?

9 JUDGE BECHHOEFER: Yeah, you can replace it
10 later.

11 MR. PIRFO: I'll do that.

12 JUDGE BECHHOEFER: Or just get a staple
13 remover and stapler. .

14 MR. PIRFO: I'm sorry, Mr. Chairman?

15 JUDGE BECHHOEFER: I said get a staple
16 remover.

17 MR. PIRFO: I understand the last two pages
18 are missing.

19 JUDGE BECHHOEFER: One.

20 MR. PIRFO: The last one page?

21 JUDGE BECHHOEFER: No, the second to last.

22 MR. PIRFO: Okay.

23 Q (By Mr. Pirfo) Mr. Garrison, I show you what
24 I ask be marked for identification as Staff Exhibit 144
25 and ask you if you recognize this document?

1 (Staff Exhibit No. 144 marked for
2 identification.)

3 A (By Mr. Garrison) Yes.

4 Q (By Mr. Pirfo) What is this document, please?

5 A Review of nonconformance reports for deviation
6 evaluation, number 5.3, a Bechtel document.

7 Q Do you refer to this document in your
8 testimony?

9 A Yes.

10 MR. PIRFO: Mr. Chairman, I would ask that
11 Staff Exhibit 144 be admitted in evidence.

12 MR. SINKIN: No objection.

13 MR. GUTTERMAN: No objection.

14 JUDGE BECHHOEFER: Staff Exhibit 144 will be
15 admitted.

16 (Staff Exhibit No. 144 admitted in
17 evidence.)

18 Q (By Mr. Pirfo) Mr. Garrison, I show you now
19 what I ask be marked for identification as Staff Exhibit
20 145 and ask if you recognize this document?

21 (Staff Exhibit No. 145 marked for
22 identification.)

23 A (By Mr. Garrison) Yes.

24 Q (By Mr. Pirfo) What is this document, please?

25 A Reporting design and construction deficiencies

1 to NRC. It's an HL&P procedure PLP-02.

2 Q Do you refer to this document in your
3 testimony?

4 A Yes.

5 MR. PIRFO: I would ask that Staff Exhibit 145
6 be admitted into evidence.

7 MR. SINKIN: No objection.

8 JUDGE BECHHOEFER: Is this document already
9 in?

10 MR. PIRFO: It may be, Mr. Chairman. It's not
11 in for the Staff.

12 JUDGE BECHHOEFER: No, no.

13 MR. GUTTERMAN: I believe it's already in the
14 record, though, Mr. Chairman.

15 JUDGE BECHHOEFER: Yeah, I've reviewed this
16 before. Didn't Mr. Wisenburg put this in.

17 MR. GUTTERMAN: Yes, it's Applicants' Exhibit
18 66 and, in fact -- well, it's Applicants' Exhibit 66.

19 JUDGE BECHHOEFER: Do we want two? It doesn't
20 matter.

21 MR. PIRFO: There's no need for Staff Exhibit
22 145 if it's already in as an Applicants' exhibit.

23 What was the Applicants' exhibit?

24 MR. GUTTERMAN: It was Applicants' Exhibit 66
25 and, of course, we also added 66-A which was Rev 6.

1 MR. PIRFO: Right.

2 We'll withdraw our motion to admit Staff
3 Exhibit 145.

4 Q (By Mr. Pirfo) Mr. Garrison, I show you what
5 I ask be marked for identification as Staff Exhibit 146
6 and ask you if you recognize that document?

7 (Staff Exhibit No. 146 marked for
8 identification.)

9 A (By Mr. Garrison) No, sir, I don't.

10 Q (By Mr. Pirfo) I didn't expect to hear that.
11 Would you show that document to Mr. Carpenter?

12 A (By Mr. Carpenter) I don't recognize it
13 either.

14 Q Mr. Garrison, if I may, would you take what's
15 been marked as Staff Exhibit 146 again? Did you testify
16 as to the trending of 50.55(e)?

17 A (By Mr. Garrison) Yes.

18 Q Did you not consult this document in
19 preparation --

20 A No, I used another document.

21 Q So, you have not seen this before?

22 A No.

23 Q Mr. Garrison, I ask that you look at page 5 of
24 your testimony, question and answer 9. Does this
25 refresh your recollection at all as to this document

1 which has been marked as Staff Exhibit 146?

2 A Yes, but I did not use this document. There
3 is another.

4 Q Mr. Garrison, I show you Staff Exhibit 147.
5 Is this the document you used?

6 (Staff Exhibit No. 147 marked for
7 identification.)

8 A (By Mr. Garrison) That's correct.

9 Q (By Mr. Pirfo) Is that the document you're
10 referring to at page --

11 A Page 5, yes.

12 Q -- 5 of your testimony, question and answer 9?

13 A Yes.

14 MR. PIRFO: I ask that Staff Exhibit 147 be
15 admitted into evidence.

16 MR. SINKIN: No objection.

17 MR. GUTTERMAN: No objection.

18 JUDGE BECHHOEFER: Staff Exhibit 147 will be
19 admitted into evidence.

20 (Staff Exhibit No. 147 admitted in
21 evidence.)

22 JUDGE BECHHOEFER: Mr. Pirfo, why don't you
23 try Mr. Phillips on 146. This has been around since the
24 days when he --

25 Q (By Mr. Pirfo) Mr. Phillips, let me show you

1 what's been marked for identification as Staff Exhibit
2 146. Do you recognize this document?

3 A (By Mr. Phillips) Yes, I recognize the
4 document as being --

5 Q Would you identify that document for me,
6 please?

7 MR. PIRFO: Thank you, Mr. Chairman.

8 A (By Mr. Phillips) Yes, it's one of the HL&P
9 procedures entitled Trend Analysis Administration.

10 MR. PIRFO: I ask that Staff Exhibit 146 be
11 admitted into evidence.

12 MR. SINKIN: No objection.

13 MR. GUTTERMAN: No objection.

14 JUDGE BECHHOEFER: Okay. Staff Exhibit 146
15 will be admitted into evidence.

16 (Staff Exhibit No. 146 admitted in
17 evidence.)

18 MR. PIRFO: Mr. Chairman, just one moment.

19 At this time, Mr. Chairman, the Staff would
20 make available for cross-examination this panel.

21 JUDGE BECHHOEFER: Mr. Sinkin, do you have a
22 plan?

23 MR. SINKIN: No.

24

25

1 CROSS-EXAMINATION

2 BY MR. SINKIN:

3 Q Mr. Garrison, in your testimony it says you
4 were employed as a resident construction inspector.5 Does that mean that your responsibilities are to
6 directly inspect things that have been constructed?

7 A (By Mr. Garrison) Yes.

8 Q When you were looking at the process that
9 Houston Lighting & Power uses for 50.55(e) reports, you
10 stated in answer 6 that your inspections thus far have
11 included a procedural review of all DER's generated
12 since January 1st, 1984. Were you simply evaluating the
13 DER's to see if the proper procedure had been followed,
14 is that what that testimony is?

15 A That's correct.

16 Q Did you go back behind the DER to see how it
17 got generated?

18 A Yes.

19 Q Did you examine instances where a DER was not
20 generated, where it was considered but not generated?21 A I've seen some that were determined to be not
22 reportable in the first stages, yes. I've seen them at
23 all stages.24 Q At page 5 of your testimony, answer 9, you
25 refer to deficiency notices (NCR). Is a deficiency

1 notice the same thing as an NCR?

2 A No, not necessarily.

3 Q Can you distinguish them for me?

4 A Well, the NCR is a basic nonconformance report
5 which generally one would think it would be generated by
6 a QC inspector. A deficiency report generally is taken
7 at a higher tiered level than that.

8 Q Excuse me. You mean deficiency notice?

9 A SDR's, site deficiency reports.

10 Q Now, is that the same as the deficiency
11 notice?

12 A It could be the same.

13 Q I'm sorry to interrupt you. Go ahead on your
14 description of an SDR.

15 A It basically does the same thing as an NCR,
16 describes a condition, requests a corrective action,
17 resolution.

18 JUDGE BECHHOEFER: Were you saying that that
19 doesn't emanate from QC inspectors?

20 MR. GARRISON: That's correct.

21 JUDGE BECHHOEFER: Where does it come from?

22 MR. GARRISON: Generally possibly if it's an
23 engineering design problem or an engineering problem.

24 Q (By Mr. Sinkin) Is there something separate
25 called a deficiency notice?

1 A (By Mr. Garrison) Not as such.

2 Q Now, in answer 9 at the bottom of page 5 you
3 say that copies of deficiency reports are sent to the
4 HL&P QC/ADM group after they are validated. Could you
5 tell me what that validation process is? Who validates
6 them?

7 A Well, it depends on the document, but
8 generally a person will write a description of what he
9 believes is to be an item of concern. He delivers this
10 document to a supervisor who has the authority to either
11 validate it or not validate it. It's just a matter of a
12 signatory approval by a higher level supervisor.

13 Q So, if a quality control inspector wrote an
14 NCR, the quality control inspector supervisor would have
15 the authority to invalidate it?

16 A Uh-huh.

17 Q You have to speak for the --

18 A Yes, that's correct.

19 Q In your testimony at page 6 you talk about the
20 trending process at South Texas. In the more recent
21 trending documents that you have reviewed, can you
22 identify for us which items found their way into the
23 trending process as significant items, trends that were
24 actually identified?

25 A I don't think I understand your question

1 correctly.

2 Q Well, you have described a process that
3 identifies trends found in deficiency notices, NCR's,
4 reviewing all those kind of documents, they have a
5 process for identifying trends.

6 A Uh-huh.

7 Q My question is in the recent time period,
8 let's say from January of '85 forward, what items have
9 shown up as a trend in deficiencies?

10 A What particular items? I don't know exactly
11 which ones.

12 Q Are you aware of a trend in concrete voids?

13 A No.

14 JUDGE BECHHOEFER: When you use trend, are you
15 meaning an adverse type of trend? Because I would guess
16 anything that runs through would be a trend even if it
17 stayed the same.

18 MR. SINKIN: Well, I assume that the way it's
19 being used here, as explained in the testimony, is that
20 deficiencies are evaluated to see if there's a
21 repetition of sorts of the type of deficiency and then
22 if there is, that there would be something called a
23 trend.

24 Q (By Mr. Sinkin) Is that your understanding of
25 the word "trend" as it's used here?

1 A (By Mr. Garrison) The computer is coded to
2 pick out things that show up as trends.

3 Q And by a trend, you mean something that
4 repeats?

5 A That's correct.

6 Q Your professional qualifications indicate that
7 you worked for Brown & Root on the Brunswick Nuclear
8 Project in North Carolina. You did not subsequently
9 work on the South Texas Project; is that correct?

10 A That's correct.

11 Q Mr. Tomlinson, do you remember a meeting that
12 you and I had in December of 1983 during the case load
13 forecast meeting?

14 A (By Mr. Tomlinson) Yes.

15 Q Do you remember my providing you with a series
16 of allegations that were made regarding things that had
17 happened at the South Texas Nuclear Project?

18 A Yes.

19 Q And was one of those allegations that Mr.
20 Oprea had made remarks to a quality control inspectors
21 meeting that were interpreted as intimidating?

22 A I don't remember what the specific allegations
23 were. I do remember that we had a conversation, but I
24 don't remember the specifics of it.

25 Q Did you follow up and investigate those

1 allegations?

2 A Yes.

3 Q Did you write an I&E report of the results?

4 A No.

5 Q Can you tell me why not?

6 A I believe it was at your request that you
7 wanted to know about the results of it. And to the best
8 of my knowledge, they weren't intended to be formal
9 allegations, they were items of concern that you
10 presented to me.

11 Q Did I not identify to you that the allegations
12 or items of concern had come to me from someone working
13 on the project and I was simply passing them along to
14 you?

15 MR. PIRFO: Mr. Chairman, I've let a few
16 questions go by, but now I really don't see how this is
17 within the scope of the direct testimony.

18 MR. SINKIN: More in the nature of a voir
19 dire, Mr. Chairman, of the witness' qualifications and
20 competence.

21 MR. PIRFO: The time for voir dire is over.
22 The testimony came in with no objection.

23 MR. SINKIN: It goes to the weight that should
24 be given to the witness' testimony.

25 MR. PIRFO: Nonetheless, it's still outside

1 the scope of direct.

2 MR. SINKIN: Well, his direct testimony states
3 that from September 1983 through February 1985 he was
4 the senior resident inspector for construction
5 activities at the South Texas Project. I'm asking about
6 an event related to his responsibilities in December of
7 1983 which is that time period.

8 MR. PIRFO: That was ruled on in the motion
9 for summary disposition and the affidavit that was filed
10 in December. The book is closed as of that date with
11 regard to Mr. Tomlinson. The Board granted that motion
12 for summary disposition. He is simply here to testify
13 as to what transpired between the filing of that
14 affidavit and today's date.

15 MR. SINKIN: Mr. Tomlinson obviously wasn't
16 available for cross-examination at any time prior to
17 today.

18 MR. PIRFO: That was a motion for summary
19 disposition. That's the point of a motion for summary
20 disposition is to avoid cross-examination and --

21 (No hiatus.)

22

23

24

25

1 JUDGE BECHHOEFER: The events in question, do
2 they precede December '84?

3 MR. SINKIN: The events in question happened in
4 December of '83.

5 JUDGE BECHHOEFER: We'll sustain that
6 objection.

7 Q (By Mr. Sinkin) Mr. Tomlinson, while you were
8 senior resident inspector at South Texas, did you have
9 the authority to pursue allegations given to you on your
10 own authority?

11 A (By Mr. Tomlinson) Yes, sir.

12 Q Was there any time when that authority changed
13 in terms of your having to refer allegations to someone
14 else before you could investigate them?

15 MR. PIRFO: Mr. Chairman, I object again. I
16 don't understand where Mr. Sinkin is going. The Board
17 just ruled that we're only looking at it from the filing
18 of the affidavit until Mr. Tomlinson left the project,
19 and we're going back before that time and talking about
20 Mr. Tomlinson's duties and his responsibilities. It's
21 outside the scope of direct, and already ruled on by the
22 Board, I might add, when they ruled on the motion for
23 summary disposition.

24 JUDGE BECHHOEFER: We'll overrule this
25 objection; we'll let the witness answer it.

1 MR. SINKIN: Do you remember the question?

2 MR. TOMLINSON: No, I don't.

3 Q (By Mr. Sinkin) Whether at any time your
4 authority changed in terms of your ability to initiate
5 investigations, yourself, as opposed to referring them to
6 someone else first.

7 A (By Mr. Tomlinson) I believe --

8 MR. PIRFO: During what time; the witness -- he
9 wanted the question repeated.

10 MR. SINKIN: I beg your pardon?

11 MR. PIRFO: I didn't understand that question
12 you just asked the witness. He told you he did not
13 remember the question. The repetition of the question
14 wasn't a full question. If we could have the question
15 repeated for the witness.

16 Q (By Mr. Sinkin) We were discussing what your
17 authority was to initiate investigations.
18 And my question was: While you were senior resident
19 inspector for construction activities at South Texas, did
20 your authority change?

21 A (By Mr. Tomlinson) Yes. I was instructed by
22 my supervisor to take statements from people who cared to
23 make allegations and submit them to the office for
24 disposition, rather than investigate them myself at the
25 time.

1 Q And when was that change made?

2 A I believe it was in November of '84.

3 Q In your affidavit, you had mentioned that there
4 were times when complaints were made about engaging in
5 protected activities and that some people had been
6 referred to the Department of Labor for follow up of
7 those. My question is whether it was the policy of the
8 Nuclear Regulatory Commission to also follow up in terms
9 of independently investigating any complaints made to the
10 Department of Labor?

11 MR. PIRFO: Mr. Chairman, I object again. This
12 is way outside the scope of the direct, and again he's
13 referring to the affidavit which was treated as a motion
14 for summary disposition by the Board and ruled on by the
15 Board. And I don't see the relevance of the answer to
16 this question anyway.

17 MR. SINKIN: Well, we're going to what Mr.
18 Tomlinson's duties at the project were, what his
19 authority was, and looking at whether particular kinds of
20 allegations were in fact investigated by the NRC or not.
21 And I think that goes to the overall weight that's to be
22 given to the conclusions of the various witnesses.

23 We can do this with the current inspectors, if
24 you want. It goes to the weight that should be given to
25 their conclusions about performance at South Texas during

1 their time on the project.

2 MR. GUTTERMAN: Mr. Chairman, it seems to me
3 that the Staff filed an affidavit in December and then
4 they updated it sometime in I think February, January,
5 February, I forget. I forget which.

6 MR. PIRFO: January.

7 MR. GUTTERMAN: And the board in essence
8 granted summary disposition based in part on the Staff
9 affidavits. And it seems to me that any questions that
10 go to the period before I guess January 24, 1985, which
11 is the date of the second Staff affidavit, relate to
12 matters that have already been disposed of, and ought not
13 be allowed.

14 MR. SINKIN: Mr. Chairman, I would also point
15 out that in the affidavit, it says these items have been
16 referred but there's no resolution of the items.

17 MR. PIRFO: I don't understand this constant
18 reference to the affidavit. That was a motion for
19 summary disposition, deemed a motion for summary
20 disposition, has been ruled on disposed of by the Board,
21 and Mr. Sinkin is now coming in the back door and
22 attempting to re-argue the motion for summary disposition
23 and create a genuine issue of facts or what he purports
24 or what he maintains purports to be a genuine issue of
25 fact. This has been ruled on, the affidavit is ancient

1 history.

2 JUDGE BECHHOEFER: We'll sustain that
3 objection. I might say we did not grant summary
4 disposition insofar as the affidavit dealt with 50.55(e)
5 reporting or soils. Now, we've heard a witness on soils.
6 But those two items, we did not grant summary disposition
7 on those two items.

8 Q (By Mr. Sinkin) Mr. Carpenter, in the period
9 from January this, 1985, to the present time, has it been
10 the policy of the Nuclear Regulatory Commission to follow
11 up when people go to the Department of Labor with
12 complaints about intimidation regarding protected
13 activities? Does the NRC conduct an independent
14 investigation of those type of events? ' .

15 A (By Mr. Carpenter) I can't answer that. It's
16 beyond the scope of my job as a resident inspector. That
17 information would have to be processed through the
18 regional people. I do not investigate Department of
19 Labor follow-ups.

20 Q Any other member of the panel know what the
21 current policy is of the Nuclear Regulatory Commission in
22 Region IV regarding follow-up on Department of Labor
23 complaints?

24 Mr. Phillips?

25 A (By Mr. Phillips) Our principal duty is to

1 follow up on the technical aspects problems identified on
2 site. Anything that would deal with the Department of
3 Labor, that's a separate government organization. We
4 would not be following up on what that government
5 organization does or does not do.

6 Q But if someone considers themselves terminated
7 for engaging in protected activities and goes to the
8 Department of Labor, do you not perceive there might be a
9 connection to intimidation and harassment, for example,
10 at STNP of such an event?

11 A If it goes to a technical matter, we certainly
12 would investigate the technical issue. Harassment and
13 intimidation would be something that would be referred to
14 the office of investigation and the senior resident
15 inspector would have really no responsibility or
16 authority to pursue such a matter.

17 JUDGE BECHHOEFER: Just to follow up on that
18 more a moment, I just received a copy of a letter dated
19 August 8, 1985, from Mr. Goldberg to Mr. Martin,
20 concerning some allegations which apparently were made to
21 the Department of Labor. This is a report to Region IV
22 on that. Does Region IV, if either -- any of you know
23 about that, would Region IV follow up on that at all? Do
24 any of you know the document I'm talking about.

25 MR. PHILLIPS: I do not.

1 MR. CARPENTER: Not from that description.

2 MR. PIRFO: Mr. Chairman, I don't want to
3 testify here but there's -- there is a memorandum of
4 understanding between the NRC and the Department of Labor
5 and these would be followed up through the Region. The
6 fact that these five witnesses don't know anything about
7 that, I don't want it to be construed --

8 JUDGE BECHHOEFER: I realize. I just asked if
9 anyone -- I just happened to have received this letter
10 from in Washington, I was back there yesterday, actually.
11 I'm not suggesting that these individuals necessarily
12 would be involved.

13 MR. PIRFO: Right. That's the only point I
14 wanted to make is that because these five witnesses don't
15 know anything about that does not mean that the procedure
16 does not exist.

17 JUDGE BECHHOEFER: Right.

18 Q (By Mr. Sinkin) Mr. Tomlinson, I want to hand
19 you what I ask be marked as CCANP 135, an excerpt from an
20 NRC I&E report.

21 (CCANP No. 135, marked
22 for identification.)

23 Q (By Mr. Sinkin) I want to direct your
24 attention to numbered page six. Did you conduct the
25 investigation of this allegation?

1 A (By Mr. Tomlinson) Yes.

2 Q Was it found approximately five months later
3 that Sheffield Steel Company was using their production
4 personnel instead of their quality control personnel to
5 do inspections?

6 MR. GUTTERMAN: I will object to the question
7 and this whole line as being outside the scope. This
8 again goes to the period before January of '85 when the
9 Staff affidavit was filed.

10 MR. PIRFO: The staff has the same objection as
11 he has all day.

12 MR. SINKIN: Mr. Chairman, this goes again to
13 the weight of the -- that should be given to this
14 witness' testimony.

15 MR. PIRFO: If he's attempting to go to weight,
16 he's impeaching again on on a collateral issue. He
17 cannot impeach the witnesses on areas that are irrelevant
18 to this proceeding and these issues are irrelevant to
19 this proceeding. He can try to impeach the witnesses all
20 day if he likes on something that is relevant to the
21 proceeding. And on irrelevant matters, you cannot
22 impeach a witness.

23 MR. SINKIN: I think the quality of the
24 witnesses' inspections are relevant to the opinions he
25 gives, as to the effectiveness of the Houston Lighting &

1 Power operation.

2 MR. PIRFO: That may be Mr. Sinkin's view, but
3 it's not the appropriate one.

4 JUDGE BECHHOEFER: We'll sustain that
5 objection.

6 MR. SINKIN: Can I have an explanation of that
7 ruling?

8 JUDGE BECHHOEFER: On the grounds that it
9 relates to matters that occurred prior to the filing of
10 the Staff affidavit. It might have been perfectly
11 appropriate to raise it in response to the affidavit,
12 setting forth an issue. But except for the matters we
13 didn't grant -- except for the two matters plus the
14 general updating since January '85, I guess it is, this
15 matter seems to relate to something that occurred long
16 before then.

17 Q (By Mr. Sinkin) Mr. Johnson, referring in your
18 testimony to Page 2, you state that in answer three about
19 midway through, you state that since you came to the
20 project in March of 1985, the competence of HL&P, Bechtel
21 and Ebasco has improved from what you first observed.
22 Can you identify for us what areas you observed as
23 needing improvement as of March, 1985?

24 A (By Mr. Johnson) That's a kind of a broad
25 statement, Mr. Sinkin. Could you narrow it down? It's

1 improvements all over that site. Do you have any
2 specifics?

3 Q Your statement is rather broad is where I'm
4 coming from. You said that they improved from what you
5 first observed. I'm wondering what you had in mind that
6 you first observed where improvement was necessary.

7 MR. PIRFO: I think -- I don't really have an
8 objection. I'd like to get a clarification. His
9 original question to Mr. Johnson seemed to misread those
10 two sentence. He said during this time period, the
11 competence of HL&P, Bechtel and Ebasco from what I first
12 observed in my previous inspections as regional
13 inspector, and that doesn't refer to March 1985, that
14 refers to a time before March of 1985.

15 MR. SINKIN: I see. You are correct.

16 Q (By Mr. Sinkin) When were the previous
17 inspections as the regional inspector that you were
18 referring to?

19 A I can't give you specific dates. It would have
20 to be between March -- I had hired on NRC March of 1981,
21 up until present. I became senior resident inspector
22 March of this year, 1985. And during that time, it was a
23 transition between Brown & Root and Bechtel.

24 JUDGE BECHHOEFER: In that sentence, were you
25 comparing the period from February '83 to July '84 with

1 what you found in March '85, or was --

2 MR. JOHNSON: Are we talking about the sentence
3 "During this time period, the competence of HL&P, Bechtel
4 and Ebasco has improved" --

5 JUDGE BECHHOEFER: Yes.

6 MR. JOHNSON: Okay, not from -- from the time
7 when Bechtel first got on site, what I meant by that
8 particular statement is that as far as the competence, as
9 far as HL&P, Bechtel, they've hired additional personnel,
10 they cover more areas, especially HL&P; at that
11 particular time, they didn't have as many personnel
12 covering all different aspects of the job. Which now
13 they do.

14 JUDGE BECHHOEFER: Were they deficient?

15 MR. JOHNSON: No, they weren't deficient. I
16 would not say they were deficient per se. They just
17 hired additional people, the people have the skills, the
18 knowledge, and they just cover more territory and more
19 areas.

20 JUDGE BECHHOEFER: Are these in the QA area,
21 the people you're talking about?

22 MR. JOHNSON: QA, QC, it's a broad range.
23 Specifically QA.

24 JUDGE BECHHOEFER: Well, I remember back in
25 Phase I, we were told then that one of the advantages of

1 the new organization was to be getting by with better
2 service but less personnel. Would you say based on your
3 experience that that expectation was misplaced?

4 MR. JOHNSON: I really couldn't answer that.

5 MR. GUTTERMAN: Mr. Chairman, I suspect the
6 testimony you're thinking of from Phase I did not relate
7 to the HL&P site QA organization, but rather to
8 engineering. I recall comparisons between --

9 JUDGE BECHHOEFER: I believe we made a specific
10 finding that there would be fewer QA persons employed in
11 the new project and that was supposed to be better.

12 MR. REIS: Excuse me, fewer persons employed?

13 JUDGE BECHHOEFER: Pardon me?

14 MR. REIS: There were findings on fewer persons
15 employed?

16 I don't remember that on site QA. I'm looking
17 at findings 254 and 262, and I just --

18 JUDGE BECHHOEFER: Why don't we save it until
19 later. I'm sure I made the finding some place. And by
20 the time I get around to our questions, I'm sure I'll
21 find it.

22 MR. GUTTERMAN: You may be correct, Mr.
23 Chairman. My recollection is that there was a discussion
24 to that effect related to engineering rather than quality
25 assurance.

1 Q (By Mr. Sinkin) Mr. Johnson, can you tell me
2 what the NRC CAT verification team is?

3 A (By Mr. Johnson) Are you talking about HL&P's
4 pre-CAT verification team, that's what you're speaking
5 of? I'm not -- are you talking about an organization
6 within NRC. Can you be more specific with me?

7 Q Well, HL&P has a pre-CAT verification team. Is
8 that correct?

9 A Right.

10 Q What is the CAT verification team?

11 A HL&P's CAT verification team. Okay.

12 MR. GUTTERMAN: I'm confused now. Is the
13 question about the pre-CAT verification team or NRC's
14 CAT?

15 Q (By Mr. Sinkin) Maybe I'm confused. Does the
16 NRC have something that's called a construction audit
17 team, a CAT team?

18 A (By Mr. Johnson) Yes, they do.

19 Q And does that team make periodic visits to the
20 site?

21 A Yes, they do.

22 Q And HL&P has on occasion set up a pre-CAT
23 verification team?

24 A On occasions. I can't speak on occasions.
25 They do have a pre-CAT verification team. Now, what is

1 the question?

2 Q I guess my question is first: What is the job
3 of the NRC's construction audit team?

4 A I can give you a brief description but I can't
5 give you an exact definition because I've never worked
6 with them, I've associated with them. If I'm not
7 mistaken, it's the construction appraisal team and what
8 they usually do, during the construction phase of a power
9 plant, they usually go in and they look at all
10 construction, design, pipe supports, HVAC, they look at a
11 whole system, and through that audit, they usually
12 determine if there needs to be improvement or
13 deficiencies or whatever and is it's written up in an
14 inspection report which is, I think, it's a public
15 document.

16 Q Mr. Johnson, I'm going to hand you what I ask
17 be marked as CCANP 136.

18 (CCANP Exhibit No. 136
19 for identification.)

20 Q (By Mr. Sinkin) Are you familiar with this
21 document, Mr. Johnson?

22 A Not this particular one. I get these across my
23 desk like every day, maybe five or six of these things a
24 day, or more. I'm not -- I'm not --

25 Q On the second page on the copy list, the third

1 person, Claude E. Johnson, I assume that is you?

2 A Yes, that is me.

3 Q This would have been within the last month or
4 so that this would have come --

5 MR. PIRFO: I object to that question, the
6 witness said he's not familiar with this particular
7 document. The document's got some dates on it, has his
8 name on it. So what. He said he's not familiar with
9 this document.

10 A (By Mr. Johnson) Could I answer this one
11 question? We do get documents across my desk every day.
12 Now, I'm not -- these particular items are called into
13 our regional office. Sometimes -- it's been good policy
14 where they will come in and they'll call me and notify me
15 that these particular items have come -- this 50.55(e)
16 was issued. I do not go through each and every 50.55(e)
17 that comes through that site.

18 Q You have no recollection of a 50.55(e) where
19 Houston Lighting & Power had formed a pre-CAT
20 verification team, examined 42 record packages and found
21 a quality assurance deficiency in every package?

22 A Not in this particular instance here.

23 MR. SINKIN: Mr. Chairman, I will move CCANP
24 136 into evidence as an -- as a document obviously served
25 on the witness by HL&P as a 50.55(e) follow-up report,

1 the first interim report.

2 MR. PIRFO: To the extent he's trying to tie it
3 to the witness, I mean there's no question his name
4 appear4s on this document. I don't think he can get in
5 it through this witness. I will assume HL&P is not
6 challenging the authenticity of it, so it's their
7 objection to make on that grounds anyway. For that
8 matter, I was served with it.

9 MR. SINKIN: Well, you're not sworn.

10 MR. PIRFO: And I hope -- if Mr. Johnson's
11 recollection is as good as mine, I can't see how Mr.
12 Sinkin can get it in through Mr. Johnson. But the Staff
13 has no objection if the Applicants don't. We have no
14 objection really but we don't see it as coming in through
15 this witness. We were certainly served with it. We have
16 no objection to it. For what purpose it's coming in, I
17 have no idea.

18 MR. GUTTERMAN: Mr. Chairman, as far as I know,
19 it's an authentic document, but I don't understand what
20 the purpose of it is; why he -- what the purpose of
21 offering it is, what the intent is that it been shown to
22 prove, what material facts are at issue that relate to
23 this document.

24 MR. SINKIN: This entire panel or most of this
25 panel is here testifying to the current competence of

1 HL&P Bechtel and Ebasco. And while the period from prior
2 to January 24th, 1985 may be closed, certainly the period
3 after that is not closed and this document goes to show
4 what the current competence is of Bechtel in keeping
5 there quality assurance records.

6 JUDGE BECHHOEFER: Does anyone on the panel
7 have any familiarity with this document; Mr. Garrison
8 possibly?

9 Q (By Mr. Sinkin) Mr. Johnson if you could just
10 share that document with the other members of the panel,
11 perhaps some of them are familiar with it.

12 A (By Mr. Johnson) Are you looking for some
13 great detail on this because we get these every day.

14 Q I understand.

15 A So I really don't understand your question.
16 Are you asking me a particular question about this.

17 Q So I'm really only asking if you are familiar
18 with it, it's a way of getting it into evidence.

19 A It comes across my desk, I probably have it in
20 a pile down there. But I'm not -- I can't give you any
21 details on this particular item. We get them every day.

22 Q I understand.

23 A (By Mr. Carpenter) I have read the document.

24 Q Excuse me?

25 A I have read the document.

1 JUDGE BECHHOEFER: Before today?

2 MR. CARPENTER: Yes.

3 MR. SINKIN: All right. Thank you. Based on
4 that, Mr. Chairman, we would move CCANP 136 into
5 evidence; it is a four page document --

6 MR. PIRFO: If I may, Mr. Carpenter said he
7 simply read it. I think we have to go a little bit
8 further than that. I mean, admittedly the Staff didn't
9 go much further when we introduced those but at least
10 they referred it to in their testimony. Can we back a
11 little further through it, or we will have the same
12 objection? It's not much better than simply being
13 served.

14 Q (By Mr. Sinkin) Have you seen this before, Mr.
15 Garrison?

16 A (By Mr. Garrison) Yes.

17 Q Mr. Garrison, or Mr. Carpenter, do you have any
18 knowledge about this particular -- the problem identified
19 in this 50.55(e) report other than what's in this
20 document right here?

21 A (By Mr. Carpenter) Would you rephrase that
22 question, please.

23 Q Whether you have any knowledge beyond what's
24 simply in this document here about the deficiencies found
25 in the systems record packages for the 125 and 4 KV AC

1 systems?

2 A (By Mr. Carpenter) This was one data point in
3 a large activity being conducted in a pre-CAT team
4 inspection. They made me aware of this particular
5 finding prior to this report being issued as one activity
6 that they looked into that they felt was not up to
7 standard. And they were going to dig farther into this
8 particular problem to ascertain whether it was, you know,
9 symptomatic of other problems or whether this was just an
10 isolated case of their record system falling apart.

11 I have not been back to the site in a week
12 and-a-half. I was on business at another location. But
13 they did make us aware of this and as is their policy,
14 there appears to be a potential 50.55(e), they are going
15 on record as having notified the Commission officially
16 that this is an area that they are looking into farther.
17 And since the report, this is a preliminary, we don't
18 have any additional information as far as disposition or
19 any of the other activities associated with it.

20 (No hiatus.)

21

22

23

24

25

1 MR. SINKIN: I would move CCANP 136 into
2 evidence, Mr. Chairman.

3 MR. PIRFO: We don't have an objection. I'm
4 still not sure what purpose it's coming in for, but I'll
5 leave it up to Mr. Sinkin.

6 MR. GUTTERMAN: Mr. Chairman, I just don't see
7 that it's probative of any facts in issue. I'll agree
8 it's authentic, but it just doesn't seem material to
9 anything that's in issue.

10 MR. PIRFO: The Staff might add, it's -- I
11 mean, I don't see anything relevant or material in
12 there, maybe relevant, nothing material or probative to
13 the issues here. But, I mean, if Mr. Sinkin thinks he
14 can make something out of it, the Staff won't stand in
15 his way.

16 JUDGE BECHHOEFER: The Board will admit this
17 document into evidence.

18 (CCANP Exhibit No. 136 admitted in
19 evidence.)

20 JUDGE BECHHOEFER: I have one question, either
21 Mr. Garrison or Carpenter. I note that the report
22 states on page 1 of the attachment that it recognizes a
23 possibility that there's a breakdown in the QA program.
24 Do either of you have any opinion as to whether an item
25 such as this reflects one way or another on the

1 Applicants' competence?

2 MR. GARRISON: Just on the basis of what I
3 read, I don't think I can form an opinion on that.

4 MR. CARPENTER: I think one data point isn't
5 sufficient to arrive at a conclusion. It would appear
6 that there is a soft spot at least in that particular
7 data package. I think we need to wait and see what
8 their further investigation reveals before we would
9 conclude it's a breakdown or not.

10 JUDGE BECHHOEFER: Well, is it just one point
11 where it says a total of 42 packages were reviewed and
12 each one that had deficiencies, each one was deficient
13 in one or more areas, would that represent more of a
14 problem?

15 MR. CARPENTER: It was in one system or two
16 systems --

17 JUDGE BECHHOEFER: I see.

18 MR. CARPENTER: -- a confined area. It would
19 be like the 125 volt battery they're talking about
20 wouldn't even fill up this room. I suppose that you can
21 go through an area with a fine tooth comb and find lots
22 of specific problems in one package. Maybe that would
23 reflect -- speculation on my part now. Maybe that would
24 reflect --

25 JUDGE BECHHOEFER: You shouldn't speculate.

1 MR. CARPENTER: Okay. Well, in that case I
2 would not conclude it to be a breakdown without getting
3 further information.

4 JUDGE SHON: Do you think that the reporting
5 of this particular matter or the manner in which it was
6 reported reflects in any way adversely on the character
7 and competence of HL&P as regards 50.55(e) matters?

8 MR. CARPENTER: I wouldn't say it would
9 reflect adversely. I think it would be to their credit
10 that they at least bring it to the attention at the
11 early stages of discovery.

12 MR. PIRFO: Mr. Chairman, I suggest -- I think
13 Mr. Sinkin has some suggestion. I'll let him --

14 MR. SINKIN: It's a good time for a break.

15 JUDGE BECHHOEFER: Why don't we take a
16 fifteen-minute break.

17 (Brief recess taken.)

18 JUDGE BECHHOEFER: Back on the record.

19 Q (By Mr. Sinkin) Mr. Phillips, in your
20 testimony you're providing your views with respect to
21 HL&P's performance under 50.55(e). And on page 3,
22 answer 8, you state that the utility had reported a
23 large number of deficiencies when it could have taken a
24 more conservative approach and reported fewer.

25 Does the NRC encourage utilities to err on the

1 side of reporting potential deficiencies as opposed to
2 not reporting them?

3 A (By Mr. Phillips) Yes.

4 MR. PIRFO: I'm going to object to that
5 question simply because it's so general and vague. I
6 mean err on the side of reporting potential deficiencies
7 or --

8 Q (By Mr. Sinkin) When there's a close call,
9 does the NRC encourage license holders to report them
10 rather than not report them?

11 A (By Mr. Phillips) Yes.

12 Q Applying that standard in the light of
13 50.55(e) to the Quadrex report, do you feel that Houston
14 Lighting & Power should have reported more findings from
15 the Quadrex report than they did?

16 MR. PIRFO: I'll object to that. It's outside
17 the scope of his direct testimony. I don't see anything
18 in here with regard to the Quadrex report.

19 MR. SINKIN: Mr. Chairman, the problem I have
20 is the purpose of the testimony is to provide views with
21 respect to 50.55(e). Answer 6, on what is the
22 experience of this knowledge based, it's senior
23 residency as an inspector from September of '79 to
24 January of '82, that's the basis for his testimony.

25 MR. PIRFO: Well, to the extent he can

1 probably ask this question of Mr. Phillips on the next
2 panel, I'll allow it to be asked now.

3 JUDGE BECHHOEFER: Well, it's part of this
4 panel.

5 MR. PIRFO: We'll withdraw the objection.

6 JUDGE BECHHOEFER: I read it as -- I'm not
7 sure you can -- well, you'll have to ask him his
8 familiarity with the Quadrex report, but he's talking
9 about his responsibilities during the period of time
10 Quadrex --

11 MR. SINKIN: Was found.

12 JUDGE BECHHOEFER: We'll overrule the
13 objection.

14 Q (By Mr. Sinkin) Do you remember the question,
15 Mr. Phillips?

16 A (By Mr. Phillips) I'd like for you to repeat
17 it so I understand it.

18 Q Okay. Given that when there are close calls
19 the NRC encourages Applicants to notify the NRC of
20 potentially reportable findings pursuant to 50.55(e), do
21 you think that HL&P should have notified the Nuclear
22 Regulatory Commission of more than three findings from
23 the Quadrex report on May 8th, 1981?

24 MR. PIRFO: That question I'll have to object
25 to because of the phrase that he says "given that

1 there's". It assumes that Quadrex was a close call.

2 MR. SINKIN: I'll just saying in light of the
3 position that if it is a close call, you should err on
4 the side of reporting.

5 MR. PIRFO: That I have no problem with, I
6 have no problem with the second clause of the question.
7 The problem I have is the tying the two together and
8 characterizing Quadrex as a close call.

9 MR. SINKIN: I'm not characterizing Quadrex
10 one way or the other. I'm saying that --

11 MR. PIRFO: The question did.

12 MR. SINKIN: -- given that there is an NRC
13 policy of encouraging reporting when it's a close call,
14 applying that standard to the Quadrex report, would
15 there be findings more than the three findings that were
16 notified which he thinks should have been notified.

17 MR. PIRFO: I have no problem with that
18 question, but that wasn't the first question asked.

19 MR. SINKIN: Okay.

20 JUDGE BECHHOEFER: Answer the last one.

21 A (By Mr. Phillips) Give me the last question,
22 please.

23 MR. SINKIN: I'll ask the reporter to read it
24 back.

25 (The referred to question was read back by the

1 Reporter.)

2 A (By Mr. Phillips) No.

3 MR. SINKIN: I'm going to ask the panel to
4 review a document that I ask be marked as CCANP 137.

5 (CCANP Exhibit No. 137 marked for
6 identification.)

7 Q (By Mr. Sinkin) This document is the recent
8 INPO evaluation of the South Texas Project that was
9 delivered to the Nuclear Regulatory Commission. I'm
10 wondering if any of you have seen this document?

11 A (By Mr. Garrison) I have seen it. I have a
12 copy of it.

13 A (By Mr. Tomlinson) No.

14 Q Anyone else?

15 A (By Mr. Johnson) I haven't read it. I know
16 it's available on site. I haven't read it.

17 A (By Mr. Carpenter) I've never seen it.

18 Q Mr. Phillips?

19 A (By Mr. Phillips) No.

20 Q Mr. Garrison, were you involved at all in the
21 INPO study while it was being conducted?

22 A (By Mr. Garrison) No, sir.

23 Q But you received the final report?

24 A We were given one a few days ago.

25 Q Do the contents of the INPO report cause you

1 any concern regarding the competence, the current
2 competence of Houston Lighting & Power or Bechtel and
3 Ebasco?

4 A I have not read the report.

5 MR. SINKIN: I think that's all I have of this
6 panel, Mr. Chairman.

7 JUDGE BECHHOEFER: Mr. Axelrad or Gutterman?

8 MR. GUTTERMAN: I wonder if we could have a
9 couple minutes to confer, Mr. Chairman?

10 JUDGE BECHHOEFER: Yes.

11 (Discussion off the record.)

12 MR. GUTTERMAN: Okay. I guess I'm ready to
13 go. Are we back on the record?

14 JUDGE BECHHOEFER: Yes, back on the record.

15

16 CROSS-EXAMINATION

17 BY MR. GUTTERMAN:

18 Q Mr. Garrison, I believe you answered a
19 question earlier about the use of the term deficiency
20 notice. And I thought you testified that there is not a
21 document with that title currently used on the project.

22 A (By Mr. Garrison) Not in the same context as
23 the NCR is used to identify a corrective action. There
24 are deficiency notices and -- there's a lot of
25 deficiency notices, but they have different names and

1 there is one that has the name of deficiency notice.
2 But to me an NCR is a deficiency notice, a SCR and like
3 that, that's what I meant.

4 Q The deficiency notice is both a general term
5 used to describe a large category of documents and it's
6 also the title of a specific document --

7 A It's used to identify problems under different
8 titles.

9 MR. GUTTERMAN: That's all I have, Mr.
10 Chairman.

11

12 BOARD EXAMINATION

13 BY JUDGE LAMB:

14 Q Mr. Garrison, could we look at page 3 of your
15 testimony, please. It occurs to me, I'm not quite clear
16 on your arrangement of your answer. That's for answer
17 5.

18 Under answer 5 you have an A, B, C and D parts
19 and then under D part you have a number 1, but no number
20 2 or 3, followed by an A, B and C. I wondered whether
21 the part beginning with number 1 isn't different from
22 the parts covered by A, B, C and D?

23 A (By Mr. Garrison) Question 5 involves the
24 Bechtel system. The other part there we're talking
25 about the Applicants' system. They're two different

1 systems.

2 Q That's right. And that begins, if -- what I
3 want to ask you, does that begin with what you have
4 numbered 1? In other words, are A, B, C and D
5 describing the system for reporting when the report
6 begins with "In Bechtel" with the DER?

7 A Yes, number 1 there apparently starts out,
8 "The Applicants' procedure, per se." Item --

9 Q This is the Applicants' procedure not in
10 response to Bechtel, but in response to something
11 originating within HL&P?

12 A Yes.

13 Q Okay. So, what I'm driving at, 1 then is not
14 really a subpart of D, is it?

15 A That is correct.

16 Q Okay. So, you have two answers within that.
17 A, B, C and D, if I understand you correctly, cover what
18 happens when Bechtel initiates a report?

19 A What I did there, I explained how the Bechtel
20 system worked.

21 Q Right.

22 A And then I intended there --

23 Q Now, that's covered in A, B, C and D; is that
24 correct?

25 A Yes. And then I intended to show an interface

1 there and outline the Applicants' procedure.

2 Q Right. And that begins then with the number
3 1?

4 A 1, yes.

5 Q All right. Now, on page 6, can you share with
6 us your thoughts as to how the trending methods that are
7 used by HL&P compare with trending methods used by other
8 projects of this type?

9 A From my previous experience, it is exactly the
10 same.

11 Q Would you say it's of equal, better or poorer
12 quality?

13 A The same.

14 Q The same.

15 A They both -- the program I worked with before
16 and this program produce the same results basically the
17 same way.

18 Q From your perspective, have you been able to
19 reach any conclusion of your own concerning the
20 competence of HL&P?

21 A Generally speaking, from what little I've done
22 since I've been there and from what I've seen, I feel
23 that they're a competent organization.

24 Q Mr. Tomlinson, have you during your exposure
25 to the project observed any trends in competence for

1 better or for worse of HL&P?

2 A (By Mr. Tomlinson) Over what time period?

3 The time period that I was there?

4 Q During the time that you've had association
5 with them.

6 A I would say that things improved. The people
7 that I dealt with on site were very open. They
8 volunteered probably more information than we really
9 requested at various times. They would pursue
10 situations, problems, questions promptly and in an
11 aggressive manner, bring them to resolution.

12 Q Thank you.

13 Mr. Johnson, do you have a feeling as to how
14 HL&P compares with other companies or other projects of
15 this type insofar as competence is concerned?

16 A (By Mr. Johnson) Basically the same. From
17 what I've noticed of HL&P, they're very competent and I
18 can compare them to any other utilities on the other
19 sites that I've been with and I see no faults in their
20 competence.

21 Q Thank you.

22 JUDGE LAMB: That's all I have.

23 Q (By Judge Bechhoefer) I just have a few
24 questions which any or all of you can answer, if you
25 wish.

1 When an item is reviewed by HL&P's Incident
2 Review Committee, it's my understanding that there are
3 certain documentation requirements both for items which
4 are determined to be reportable or potentially
5 reportable and for those which are not. Are any or all
6 of you gentlemen familiar with that system?

7 A (By Mr. Garrison) I am.

8 A (By Mr. Phillips) I am.

9 Q Do you think in general insofar as NRC is
10 concerned, the records kept for items determined to be
11 non-reportable are adequate?

12 A (By Mr. Garrison) Yes, I think so. Each one
13 of them, whether it's carried on as a fully reportable
14 item or not, gets the same treatment, full evaluation.

15 Q Mr. Phillips, are you familiar with the
16 records that were kept with respect to the Quadrex
17 report?

18 A (By Mr. Phillips) No.

19 Q I was going to ask you if you thought those
20 records were adequate.

21 Is anyone else familiar with the records that
22 were kept back in 1981?

23 MR. PIRFO: So the record's clear, indicate
24 the panel had no response.

25 JUDGE BECHHOEFER: Right.

1 Q (By Judge Bechhoefer) Are you gentlemen
2 familiar with the, shall I characterize it, the
3 fourteen-day guidelines which appear in the 1980 I&E
4 guidelines for 50.55(e) reporting? Are any of you --

5 A (By Mr. Phillips) Yes, I am.

6 Q Are you, and I'm talking about the panel now
7 because it would probably be different persons for
8 different periods of time, are you satisfied that the
9 intent of that guideline is reflected in both the
10 procedures of HL&P and Bechtel at the present time?

11 A (By Mr. Garrison) I can answer that --

12 Q Any of you can answer.

13 A I did a detailed study of all DER's and DEF's
14 since January 1, 1984, and the procedures are adequate.
15 The processing has been on time for each item described
16 as being a fully reportable item. And overall, I didn't
17 find anything wrong with their system.

18 Q I realize there's no rule to this effect, but
19 do you know whether items which were originally
20 identified as being potentially non-reportable, not to
21 NRC now, but within either Bechtel or HL&P and where a
22 decision had not been made as of fourteen days after it
23 was discovered, were those items reported to NRC within
24 a roughly fourteen-day period?

25 A Yes, I did a detailed analysis of that and

1 they were all reported within the proper time frame.

2 Q I take it then that you're satisfied with no
3 definitive period being included in I guess PLP-02 is
4 the procedure?

5 A Since January 1st, 1984 until July of 1985, I
6 spent about four weeks in that system and it's very
7 satisfactory.

8 Q Mr. Garrison, do you know the rationale for
9 the assumption of responsibility for trending by the QA
10 people on January 1, '84? Do you know what caused that
11 to happen?

12 A No, sir, I sure don't.

13 Q You're not aware that there were any
14 particular problems prior to that which caused HL&P to
15 transfer responsibilities?

16 A No, sir, I can't tell you anything about
17 that.

18 Q With respect to trending, has the Staff
19 concurred in the various categories of items which are
20 trended here?

21 A I couldn't hear you.

22 Q Has the Staff concurred in the various
23 categories of -- well, the trending categories which you
24 list -- you list them at the top of page 6 of your
25 testimony. Starting at the top of page 6 and it goes

1 on.

2 Has the Staff concurred in those categories or
3 don't you review it for that requirement in that way?

4 A In this particular procedure it was an
5 established procedure. I only reviewed it to understand
6 it and understand their processing.

7 Q I see. So, the Staff doesn't have like a list
8 of categories which they wish various companies to
9 maintain? You don't go through it and then if they have
10 that category, you check it off, if they don't have it,
11 you tell them to put it in? I take it it's not that
12 kind of review?

13 A I don't know really how I could answer you on
14 that.

15 Q Well, take it the other way around, which I
16 was going to get to. Are there areas which are
17 categories which some companies use which HL&P does not
18 include in its trending that you know of?

19 A Not that I can think of offhand. They pretty
20 well have their codes and subcodes pretty well thought
21 out, as their procedure bears out. In their trending
22 procedure, it's spelled out very clear.

23 Q Mr. Tomlinson, at the bottom of page 2 and the
24 top of page 3 of your testimony, you mentioned generally
25 the inspector identified violations and concerns. Do

1 you have any particular ones in mind when you mentioned
2 that?

3 A (By Mr. Tomlinson) No, that was just a
4 general statement.

5 Q Are you aware of any during the period which
6 your testimony covers which were not accomplished in an
7 expeditious manner? Are you aware of any exceptions to
8 that?

9 A No, I am not.

10 (No hiatus.)

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1 Q (By Judge Bechhoefer) Mr. Carpenter, on the
2 answer on page three of your testimony, you mention a
3 steady increase in HL&P involvement in various
4 activities. And then you culminate with this statement
5 on -- organization in April of '85 of the project
6 compliance group.

7 Was there any particular reason that you know
8 of that -- why the Applicant felt a need to have such a
9 group, organize such a group?

10 A (By Mr. Carpenter) I can't speak with positive
11 assurance as to why they decided to have this group,
12 other than their awareness that there were a lot of
13 documentary requirements, responses to violations,
14 notices, bulletins, circulars, inspection report findings
15 and those kind of activities that required an interface
16 with the NRC, to resolve them in a timely manner so as
17 not to clutter up the proceedings as they approach
18 licensing time.

19 And I believe that they were trying to both
20 expedite the clearing of these matters and also provide
21 some focal point within the company that would allow more
22 timely response to these issues, would help both the
23 licensee and the inspectors to be able to have contacts
24 so that we wouldn't have to go chasing down an item, we
25 could get the item more easily.

1 So I viewed that is an attempt on their part to
2 facilitate closing items and issues of concern, to the
3 best interests of both our inspection team and the
4 utilization of their people.

5 Q Was there any particular evidence that they
6 needed to take some steps to accomplish this purpose?

7 A I can't say that there were any specific
8 issues, just the routine backlog of items that needed to
9 be addressed and closed.

10 Q Would there be any relationship between this
11 new group and the category three rating that they got in
12 SALP report, which is report 83-26 the category three
13 they got in the area of corrective action and reporting?
14 Does that --

15 A May I see a copy of that SALP report just to
16 refresh my memory?

17 Q Sure. You can borrow mine, if you want.

18 A Please.

19 MR. PIRFO: May I stand behind him?

20 JUDGE BECHHOEFER: Sure. It's item I.

21 A (By Mr. Carpenter) In answer to your question,
22 I would say no. As I read this particular statement
23 hear, it was the corrective actions per se that was
24 viewed as weak, not necessarily the the interface or the
25 attempt to close the actions.

1 This groups functions really as a facilitating
2 organization. However, if they do feel that the
3 information isn't adequate, they do contact the
4 appropriate people within the licensee or contractor's
5 organizations to get it to what they view as acceptable
6 limit before submitting it to us. But I wouldn't
7 consider the institution of the project compliance group
8 as an attempt directly to answer this category three
9 level. I'm sure that it helps.

10 Q Mr. Johnson, I guess issued ask you the same
11 question since you had some association with that. How
12 do you view the project compliance group, the same?

13 A (By Mr. Johnson) It's basically the same
14 concept as Mr. Carpenter. They're there to help speed up
15 the process of previously identified problems, basically
16 interface between us and other personnel on site. They
17 expedite work as far as identified problems, they
18 accumulate packages, so we can review them.

19 Q Mr. Johnson, your overall conclusion in answer
20 four, which is your concluding answer, is that competence
21 of HL&P, Bechtel and Ebasco is satisfactory and has
22 consistently improved. Can you give us some thoughts on
23 what you mean by satisfactory? Does this mean just
24 marginally comply with requirements and are working to
25 improve or does it mean they're exceptional, or is there

1 any quality -- do you have a way of rating their overall
2 quality, perhaps vis-a-vis others, or --

3 A I think they're overall, as far as competence
4 is -- satisfactory is a general term, but is good. As
5 far as rating them, I don't really --

6 Q If they were in the general SALP categories, I
7 know they're not strictly applicable, but would you view
8 them in general as one, two, or three, or can't you do
9 that?

10 A You kind of have to look at -- it depends on
11 the particular area you're looking at. You have to look
12 at a -- it's a lot more involved when you're giving these
13 categories. That's a difficult question to really answer
14 without -- as far as the competence, it's good. As far
15 as me giving them numbers, for sure it's not a three.
16 Okay? I would say a high two, if you're looking -- if
17 that's what you're asking.

18 Q Are there any areas where you would like to see
19 them improve?

20 A Again I've only been there five months.

21 Q It doesn't have to be SALP areas, just general
22 areas which you perceive?

23 A Well, really, it's kind of hard to say. I
24 haven't looked in a whole lot of areas being that I've
25 only been there five months. And from the areas that

1 I've looked at, HL&P has already improved on its own. I
2 really from my personal observation, no, I mean they've
3 improved in every area that I can possibly see. I mean,
4 it looks good. I don't really see any totally deficient
5 areas, is what I'm saying.

6 Q Are there any areas where any of you gentlemen
7 who are currently associated with the project, any area
8 that you'd like to see some improvements in?

9 MR. REIS: Mr. Chairman, I object to the
10 question. I don't know whether you're talking about
11 generally like to see improvement, if you mean like to
12 see improvement to meet NRC regulations or beyond NRC
13 regulations. And I think we're limited, when you say
14 "like to see improvement," it might be beyond NRC
15 regulations and therefore immaterial to this proceeding.

16 If you're limiting it to areas where they have --
17 where they should improve up to NRC regulations, that's a
18 different matter. And I think as asked, the question is
19 much too broad.

20 JUDGE BECHHOEFER: Well, I was trying to phrase
21 it something the way that the SALP reports are phrased
22 which is even the lowest category meets NRC regulations.

23 MR. REIS: The SALP reports and the work of
24 this Board are different matters. And what we do to
25 encourage licensees to go beyond our requirements that

1 might be required for license are not necessarily
2 material to the work of this Board.

3 JUDGE BECHHOEFER: I think they perhaps might
4 be. So if the witnesses can answer, if they don't have
5 any particular views, they need not answer.

6 Q (By Judge Bechhoefer) So do any of you
7 gentlemen have any, any comments along that line?

8 A (By Mr. Johnson) Could you repeat the
9 question, I guess I'm --

10 A (By Mr. Carpenter) Was there a question there?

11 Q The question was whether there were any areas
12 where you think the Applicant needs -- should undertake
13 steps to improve his performance.

14 A (By Mr. Johnson) As far as my part, Mr.
15 Chairman, it's really -- at this stage, the areas that
16 I've looked at, I really can't answer that right now.
17 The areas that I looked in, the areas that have been
18 improved, so I can only go as far as that.

19 Q Right. Well, that's --

20 A And no, I don't see any.

21 Q Do -- what about the other gentlemen, to the
22 extent, the ones who are currently associated with the
23 project, at least, are there particular areas that any of
24 you see that you think should -- there should be some
25 improvement?

1 MR. REIS: Mr. Chairman, again, I have to raise
2 an objection.

3 JUDGE BECHHOEFER: It's the same question.

4 MR. REIS: If we're asking -- everyone can
5 improve everything all the time, I guess. But if you're
6 trying to ask within the confines of what the NRC
7 requires to build a nuclear plant, that's a different
8 matter. And I think the question -- the material
9 questions for this Board is whether NRC is -- I mean
10 whether HL&P is doing enough to comply with NRC
11 regulations and is competent, capable, within the -- and
12 credible within the meaning of NRC regulations. I think
13 when you ask such broad questions, it just encompasses
14 matters that are completely beyond this hearing.

15 Q (By Judge Bechhoefer) To the extent you can
16 answer this, I won't ask the broad question, but just --
17 do any of you gentlemen have any knowledge of how well
18 the Applicant is doing in the material control area?
19 That was a third area that they were rated number three,
20 got a three rating in the latest SALP report. Do any of
21 you people generally know that? If you don't, you can so
22 state.

23 We did not ask for that area to be specifically
24 dealt with.

25 A (By Mr. Carpenter) Yeah, I believe that the

1 licensee has taken corrective actions on their material
2 control area. At the time of the the last SALP
3 evaluation, there were some concerns in material control.
4 And I believe that they have instituted appropriate
5 corrective actions in the areas of marking of materials,
6 and control of materials, their warehouse area; and I
7 believe they've taken appropriate corrective action in
8 the way of their material controls.

9 Q Do you -- well, I guess you don't know whether
10 in the upcoming SALP report, they're likely to raise the
11 three to something better.

12 A In that specific area?

13 Q Yes.

14 A I did not rate that area this time, I have no
15 knowledge.

16 Q Did any of you review the soils area? We had
17 some previous on that. And I wondered what that rating
18 for that area was likely to come out. Do any of you
19 gentlemen know that or not?

20 A (By Mr. Johnson) I didn't hear you.

21 Q Pardon me?

22 A I didn't hear the question.

23 Q I said have any of you gentlemen reviewed the
24 rating which is likely to be given in the soils area
25 which we heard some testimony about previously.

1 MR. PIRFO: Just for the record I might point
2 out that this is beyond the scope of these witnesses'
3 direct, but the Chairman's free to go into it.

4 Q (By Judge Bechhoefer) If none of you have
5 reviewed that area, feel free to state, because --

6 A (By Mr. Garrison) The report is being drafted.

7 Q I recognize that. Is there still some
8 differences of opinion as to what the ratings are going
9 to be?

10 A (By Mr. Tomlinson) That won't be known until
11 the SALP board meets. There will be a panel of five
12 people that will discuss and then establish what the
13 ratings are. That has not been done yet. Until that's
14 done, we have no idea what they're going to be.

15 Q I see.

16 Q (By Judge Shon) You know, in connection with
17 the colloquy that you and Mr. Johnson and the Chairman
18 had a short while ago about your answer 4 at Page 3, and
19 the question that arose in my mind also applies to
20 several other places in the testimony. You said HL&P,
21 Bechtel and Ebasco's competence is satisfactory and has
22 consistently improved from the time I first went on site.
23 Of course one can stand that on its head, and say if it's
24 now satisfactory and it was less so when you went on
25 site, is that a suggestion perhaps that as recently as

1 five months ago, it was less than satisfactory?

2 A (By Mr. Johnson) No.

3 MR. PIRFO: I think you are having the same
4 problem that Mr. Sinkin has, when he first went on site
5 there does not refer to five months ago.

6 Q (By Judge Shon) I thought that's what you were
7 referring to. You mean before that.

8 A (By Mr. Johnson) Previous to that time, yes.

9 Q I see.

10 I've noticed several places in the testimony
11 when people mentioned improvement however and then said
12 it was satisfactory. Do I detect a hint that it was less
13 than satisfactory, from anyone, in the recent past, say
14 since the time of your affidavits?

15 I guess not.

16 A (By Mr. Carpenter) Mr. Chairman, I would like
17 to say that as the counsel has mentioned, within my
18 charter as NRC resident inspector, there are things that
19 I can inspect and issue my opinions on. And I have not
20 witnessed any areas that the licensee or its contractors
21 are deficient in to the point of being a problem. If I
22 had, it would have be in inspection reports, notices of
23 violations in the appropriate NRC channel to do it.

24 But by being at the site, there are things that
25 you can observe that might improve the flow of the

1 various activities. These are not within our charter to
2 be a consultant to them or to tell them how to do their
3 business. The improvements that we have, at least that
4 I've alluded to, were primarily in the flow of their
5 activities to ensure that they understand what's going
6 on, that they are taking timely and appropriate measures;
7 it's -- I am not responsible for cost or schedule, merely
8 the safety aspects of the plant. And if I felt that they
9 were functioning in a less than acceptable area, I would
10 have taken the appropriate NRC course to notify them and
11 the Commission.

12 So I think the improvement we're seeing is a
13 learning process on their part to make the flow of
14 activities go smoother. For example, the project
15 compliance group. It's not a legal requirement, but it
16 does allow the process of resolving problems and clearing
17 up the paper requirements to go easier.

18 JUDGE BECHHOEFER: Okay, that's all the
19 questions the Board has at least at the moment.

20 Mr. Pirfo?

21 MR. PIRFO: Yes, I would like to ask one
22 question of Mr. Johnson, maybe a couple of questions of
23 Mr. Johnson.

24 RE-DIRECT EXAMINATION

25 By Mr. Pirfo:

1 Q Mr. Johnson, if you recall the testimony this
2 morning with regard to any follow-ups done by the NRC on
3 allegations that are reported to the Department of Labor,
4 are you familiar with the memorandum of understanding
5 with the Department of Labor that the NRC has?

6 A (By Mr. Johnson) Not specifically. Are you
7 saying a site generated allegation or --

8 Q Right. Are you familiar with the follow up
9 procedure that the Region IV follows?

10 A Okay, I can give you what happens when it's
11 generated from the site and then to Region IV --

12 Q Okay.

13 A At that point.

14 Q If you would, please.

15 A Okay. Basically, if we receive an allegation,
16 we usually take a statement. We get full details of what
17 has happened. And usually, as far as I'm concerned about
18 technical aspects. Now, if an inspector comes in he says
19 he's been harassed and intimidated where it's affecting the
20 qualities of his work, it's all documented, down in a
21 statement, I refer that to our -- we have now an
22 allegation coordinator, who in turn, if I'm not mistaken,
23 he transmits that particular, the harassment and
24 intimidation part to the Office of Investigation. That's
25 where it leaves out of the realm of scope of the

1 resident's work.

2 Q But any technical aspects with regard to the
3 allegation are followed up on by the --

4 A Any technical aspects are usually generated to
5 the NRC coordinator, the allegation coordinator, and
6 usually comes back down to the site and we investigate.
7 And as far as harassment and intimidation, that's
8 forwarded on to the Office of Investigation. And that's
9 out of the realm of the work of resident inspector.

10 Q To the extent that quality control inspectors
11 work might be implicated, you would do an inspection?

12 A Yes, but like I say, it goes through the chain.
13 It goes through allegations coordinator and comes back in
14 the formal request to look into this allegation.

15 Q Okay. Mr. Phillips, this morning I referred
16 you to a document which I asked be marked for
17 identification as Staff Exhibit 142, which is a South
18 Texas Project engineering procedures manual. Since then,
19 I have deleted some pages and re-ordered the pages. Do
20 you recognize this document as a staff exhibit that has
21 been marked as staff Exhibit 142?

22 I ask that this be marked for identification,
23 I'm sorry.

24 A Yes.

25 Q Is that the document referred to in your

1 testimony?

2 A Yes.

3 MR. PIRFO: Mr. Chairman, I ask that staff
4 Exhibit 142 be admitted into evidence and if the Board
5 pleases, I'm happy to correct the copy I gave you this
6 morning if they will give it to me or --

7 MR. GUTTERMAN: I wonder if it wouldn't be
8 helpful just to describe for the record what the exhibit
9 will now consist of.

10 MR. PIRFO: The exhibit consists of 12
11 sequentially numbered pages, 1 of 12 through 12 of 12,
12 with an appendix of two pages, one of two, and two of
13 two. It's a South Texas Project engineering procedures
14 manual STP DC 021D. And I have three copies for the
15 reporter.

16 MR. SINKIN: No objection.

17 JUDGE BECHHOEFER: It's my understanding that
18 the PEP-11 which was formerly attached is not included
19 with what you're introducing. Is that correct?

20 MR. PIRFO: Yes, sir. If the Board wants to
21 give me their copies, I can put in it the form it should
22 be in now. Or if the Board prefers, they can do it
23 themselves. Just the last 17 pages of what was
24 introduced or what was I handed to you this morning,
25 should be taken off. We're not offering that.

1 MR. GUTTERMAN: No objection.

2 JUDGE BECHHOEFER: Okay, staff Exhibit 142 will
3 be admitted.

4 (Staff Exhibit 142
5 received in evidence.)

6 MR. PIRFO: Staff has no further questions of
7 this panel. . . .

8 MR. REIS: Excuse me, Your Honor.

9 MR. PIRFO: Mr. Chairman, if I could have your
10 indulgence, I want to get one clarification, if I can ask
11 one question of Mr. Johnson.

12 JUDGE BECHHOEFER: Sure.

13 Q (By Mr. Pirfo) Mr. Johnson, during questioning
14 by Chairman Bechhoefer, you referred to not giving
15 something a three but it would probably be a high two.
16 Did you mean high two in the sense of closer to one or
17 high two in the sense of closer to three?

18 A That high two would be closer to one.

19 MR. PIRFO: Thank you.

20 JUDGE BECHHOEFER: That's how I understood it.

21 MR. PIRFO: So it's really a low two. Thank
22 you.

23 JUDGE SHON: We see that all the time when
24 people say turn the air conditioning down.

25 RE-CROSS EXAMINATION

1 By Mr. Sinkin:

2 Q Judge Lamb asked about the trending process.
3 And Mr. Tomlinson, I believe you were answering part of
4 that and Mr. Garrison. Are you aware of any identifiable
5 trends in the recent period, say January of '85 to now
6 that come out of that trending process?

7 A (By Mr. Tomlinson) No, I'm not. I have not
8 been on site since March first.

9 Q But you wouldn't see those at headquarters,
10 either?

11 A Excuse me.

12 Q You are now over on Comanche Peak, aren't you?

13 A No, I've been involved with River Bend.

14 Q River Bend, okay. Mr. Johnson, have you seen
15 any of those trends that stand out in your mind. I asked
16 specifically about concrete voids. Have you notified the
17 trending program picking up anything on concrete voids?

18 A (By Mr. Johnson) No, I haven't. I haven't
19 looked at any trending program concerning concrete at
20 all.

21 Q Mr. Carpenter?

22 A (By Mr. Carpenter) I've looked at no trending.

23 Q You haven't looked at trending?

24 A No.

25 MR. SINKIN: I think that's all I have, Mr.

1 Chairman.

2 JUDGE BECHHOEFER: Mr. Gutterman.

3 MR. GUTTERMAN: Applicants have nothing.

4 BOARD EXAMINATION

5 By Judge Bechhoefer:

6 Q Mr. Tomlinson, Mr. Johnson recently just a few
7 minutes ago, mentioned how various allegations were
8 handled now. Earlier, you mentioned that your
9 responsibilities had changed somewhat. Is that caused by
10 the general change in policy of the Commission in the way
11 they handle allegations?

12 A (By Mr. Tomlinson) Yes.

13 JUDGE BECHHOEFER: Thank you. Is there any --
14 is there any follow-up, redirect?

15 MR. PIRFO: No, sir.

16 JUDGE BECHHOEFER: I guess the panel is
17 excused.

18 MR. PIRFO: I would suggest this is probably an
19 appropriate time for lunch since it's noon or would you
20 rather start with --

21 MR. SINKIN: No.

22 JUDGE BECHHOEFER: I think why don't we break
23 for lunch and then come back. Hour and fifteen minutes.

24 (Luncheon recess.)

25 (No Hiatus.)

1 JUDGE BECHHOEFER: Back on the record.

2 Mr. Pirfo?

3 MR. PIRFO: Thank you, Mr. Chairman.

4 The Staff would call to the stand now Donald
5 E. Sells and H. Shannon Phillips.

6 I believe --

7 JUDGE BECHHOEFER: Mr. Sells has not been
8 sworn.

9 MR. PIRFO: Right. I was going to say that.
10 I believe Mr. Phillips has been sworn, Mr. Sells has
11 not.

12
13 H. SHANNON PHILLIPS and DONALD E. SELLS,
14 having been first duly sworn, testified upon their oath
15 as follows:

16
17 DIRECT EXAMINATION

18 BY MR. PIRFO:

19 Q Mr. Sells, do you have in front of you a
20 document entitled NRC Staff Testimony of Donald E. Sells
21 Regarding His Discovery of the Quadrex Report?

22 A (By Mr. Sells) Yes, I do.

23 Q Consisting of two pages with a five-page
24 typewritten statement attached and a five-page
25 handwritten statement attached and a one-page

1 professional qualifications of Donald E. Sells?

2 A It's only four pages of the typewritten
3 statement.

4 Q You're right. I'm sorry.

5 A I have that document in front of me, yes.

6 Q Was this document prepared by you or prepared
7 under your supervision and control?

8 A Yes, it was.

9 Q Do you have any modifications, corrections or
10 additions to this document at this time?

11 A I'd like to make two minor corrections.

12 Q What are those, sir?

13 A On page 1 of the testimony itself, second line
14 from the bottom, the word "is" should be deleted.

15 The first page of the typewritten statement
16 which is the third page of the document, second line
17 from the bottom, "Roy" should be "Ray", R A Y.

18 Q Mr. Sells, this statement is merely -- the
19 typewritten statement is merely a transcription of the
20 handwritten statement?

21 A That's correct.

22 Q With these changes, Mr. Sells, is the
23 testimony true and correct to the best of your
24 knowledge, information and belief?

25 A Yes, it is.

1 MR. PIRFO: If it please the Board, I would
2 move that the testimony of Donald E. Sells, NRC staff
3 testimony of Donald E. Sells regarding his discovery of
4 the Quadrex report be admitted into evidence and bound
5 into the transcript as if read.

6 MR. SINKIN: No objection.

7 MR. GUTTERMAN: No objection.

8 JUDGE BECHHOEFER: Mr. Sells' testimony will
9 be admitted into evidence and bound into the transcript
10 as if read.

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UNITED STATES OF AMERICA
NUCLEAR REGULATORY COMMISSION

BEFORE THE ATOMIC SAFETY AND LICENSING BOARD

In the Matter of

HOUSTON LIGHTING AND POWER COMPANY,)
ET AL.)

(South Texas Project, Units 1 & 2))

Docket Nos. 50-498
50-499

NRC STAFF TESTIMONY OF
DONALD E. SELLS REGARDING HIS
DISCOVERY OF THE QUADREX REPORT

Q1. Please state your name, affiliation, and position.

A1. My name is Donald E. Sells. I am employed by the U.S. Nuclear Regulatory Commission, Bethesda, Maryland. I am currently the NRR Project Manager for St. Lucie Units 1 and 2.

Q2. Have you had a past affiliation with the South Texas Nuclear Project?

A2. Yes. From April 1980 through November 1982, I was the NRR Project Manager for the South Texas Nuclear Project.

Q3. Have you prepared a statement of your professional qualifications?

A3. Yes. A copy is attached to my testimony.

Q4. In your capacity as Project Manager for the South Texas Project, when did you first learn about the existence of the Quadrex Report and what were the circumstances surrounding this event?

A4. In May 1981, I first learned about the Report itself. My initial awareness that HL&P was contracting with an outside consulting firm to conduct an audit of Brown & Root is activities for the South Texas Project was in early 1981.

As a result of the controversy surrounding this audit of Brown & Root's activities, whose results were later published in what is referred to as the "Quadrex Report", on February 8, 1982, I furnished an NRC investigator a certified statement describing how I learned about this Report. A copy of this statement is attached to my testimony. For the convenience of the reader, I include a typed copy as well as the hand written copy which I originally certified.

Q5. Does this certified statement represent as full and complete an account as you are aware of how the Quadrex Report first came to your attention?

A5. Yes, it does.

Q6. Is there anything you wish to add at this time to your certified statement.

A6. No.

STATEMENT

PLACE: Houston, Texas

DATE: 2-8-82

I, Donald E. Sells, hereby make the following voluntary statement to Mr. D. D. Driskill, who has identified himself to me as an Investigator with the U.S. Nuclear Regulatory Commission. I make this statement freely with no threats or promises of reward having been made to me.

I am currently NRR Project Manager for the South Texas Project. I have served in this capacity since approximately April, 1980.

In about Jan/Feb 1981, during either a meeting or a telephone conversation, Jerry Goldberg, VP, Nuclear Design and Construction, HL&P told me that HL&P was contracting with an outside consulting firm to conduct an audit of the B&R design at STP. I believe he told me it was going to be a three month effort and was to begin about that time.

On April 21, 1981, I had a telephone conversation with Jerry Goldberg during which he told me that the Quadrex Report (for the results of their audit) would be completed in early May '81. He said that he expected some 50.55(e) reports to result from the audit. He also raised a question as to the best method for him to present these results to "headquarters" (which I assumed to mean NRR and I&E HQ Staff) and Region IV. I indicated we could give that some thought and discuss it upon receipt of the report. He also told me that I could see the report once he had gotten it. I understood this to mean he would allow me to review the report in Houston or Bay City at a later date.

Near the end of April '81, during the course of a meeting concerning Engineered Backfill, I casually mentioned to Roy Hall, Region IV, that Goldberg had told me of the pending Quadrex Report and the potential

50.55(e) reports. This conversation took place during a break in the hallway. I don't recall any response regarding this matter from Hall. I believe I suggested that he pass this information to the appropriate Region IV personnel.

During the week of May 11, 1981, I met with Goldberg, at his suggestion, for a briefing on the results of the Quadrex Report. This took place in the Holiday Inn, Bay City, Tx. He advised me that three potential 50.55(e) items had been identified in the report and had been reported to Region IV. He explained that one of these was identified by B&R during their review of the report and the other two had been identified by HL&P during their review. He mentioned the various areas looked at by Quadrex and identified the categories into which each issue in the report was placed. Goldberg indicated there was a fairly large number of items identified in the report and that the report drew conclusions that were not based upon an in-depth review. I got the impression that Goldberg was not pleased with the report. He also indicated that HL&P intended to take an in-depth look at all issues identified in the report and take whatever corrective action that might be necessary. This meeting lasted about 15 to 20 minutes. I do not recall Goldberg having any notes or papers with him. He did not have a copy of the report with him at the meeting. During this meeting he did not offer to allow me the opportunity to see the report nor was my seeing the report discussed. I do not recall Goldberg mentioning any intention to discuss the Quadrex Report with Shannon Phillips or NRC Region IV.

Subsequent to that meeting I advised Shannon Phillips of the existence of the report and mentioned that three 50.55(e)'s were identified in the report.

Near the end of August 1981, Shannon Phillips called me and advised me he'd seen the Quadrex Report, as a result of a Region IV Investigation, and expressed some concerns relating to that report. He told me he had also expressed his concerns to Region IV and they were going to send someone to further examine the report. At that time I informed my supervisors of Phillips concerns and requested that I go to Texas, in September 1981, to see the report myself.

During an early September '81 conversation with, I believe, Cloin Robertson (HL&P Manager of Licensing) he told me I could see the report during the week of September ASLB hearing in Houston, Texas. Early during that week I was given all three volumes of the report. I reviewed Volume 1, which was the Executive Summary, and prepared a table showing the categories (severity levels) of the eight areas covered in the report. I subsequently discussed my reaction to the report with Ed Reis and advised him the ASLB should see the report. Mr. Reis agreed and I understand he so advised the applicants lawyer, Jack Newman, who later provided a copy of the report to the Board and all parties to the proceeding.

It is my opinion that Goldberg and HL&P did not notify Region IV of the Quadrex findings because he did not know how to handle the findings and associated conclusions. I don't believe that HL&P willfully withheld the Quadrex Report from NRC.

I have read over, understand and initialled errors in the foregoing 5 page statement. I certify, under penalty of perjury, that the foregoing statement is true and correct to the best of my knowledge and belief. Executed on February 8, 1982. Donald E. Sells.

Executed before me this 8th day of February 1982 at Houston, Texas.

Ronald W. Driskill
Inv RIV

Witness: J. E. Gazlimf 2/8/82

STATEMENT

PLACE: HOUSTON TX

DATE: 2-8-82

I, DONALD E. SELLS, hereby make the following voluntary statement to Mr. D. D. Driskill, who has identified himself to me as an Investigator with the U. S. Nuclear Regulatory Commission. I make this statement freely with no threats or promises of reward having been made to me.

I am currently NER Project Manager for the South Texas Project. I have served in this capacity since approximately April, 1980.

In about JAN/FEB, 1981, during either a meeting or a telephone conversation, Jerry GOLDBERG, VP, Nuclear Design and Construction, H&P told me that H&P was contracting with an outside consulting firm to conduct an audit of the B&R design at STP. I believe he told me it was going to be a three month effort and was to begin about that time.

On April 21, 1981 I had a telephone conversation with Jerry Goldberg during which he told me that the Quadrex report (for the results of their audit) would be completed in early May '81. He said that he expected some SC.55(e) reports to result from the audit. He also raised a question as to the best method for him to present these results to ~~NER~~^{H&P} "headquarters" (which I assumed to mean NER and I&E HQ STAFF) and Region IV. I indicated ~~to~~^{B&R} we could give

that some thought and discuss it upon receipt of the report. He also told me that I could see the report once he had gotten it. I understood this to mean he would allow me to review the report in Houston or Bay City at a later date.

Near the end of April '81, during the course of a meeting concerning Enginered Backfill, I casually mentioned to Ray Hall, RIV, that Goldberg had told me of the pending Quadrex Report and the potential 50.55(e) reports. This conversation took place during a break in the hallway. I don't recall any response regarding this matter from Hall. I believe I suggested that he pass this information to the appropriate Region IV personnel.

During the week of May 11, 1981 I met with Goldberg, at his suggestion, for a briefing on the results of the Quadrex Report. This took place in the Holiday Inn, Bay City, Tx. He advised me that three potential 50.55(e)s items had been identified in the report ~~and~~ and had been reported to Region IV. He explained that one of these was identified by B&R during their review of the report and the other two had been identified by H&P during their review. He mentioned the various areas looked at by Quadrex and identified the

categories into which each issue in the report was placed. Goldberg indicated there was a fairly large number of items identified in the report and that the report drew conclusions that were not based upon an in-depth review. I got the impression that Goldberg was not pleased with the report. He also indicated that WLP intended to take an in-depth look at all issues identified in the report and take whatever corrective action that might be necessary. This meeting lasted about 15 to 20 minutes. I do not recall Goldberg having any notes or papers with him. He did not have a copy of the report with him at the meeting. During this meeting he did not offer to allow me the opportunity to see the report nor was my seeing the report discussed. I do not recall Goldberg mentioning any intention to discuss the Goodrex Report with Shannon Phillips on NBC Region IV.

Subsequent to that meeting I advised Shannon Phillips of the existence of the report and mentioned that three 50.55(e)'s were identified in the report.

Near the end of August, 1981 Shannon Phillips called me and advised me he'd seen the Gwabrey Report, as a result of a RIV investigation, and expressed some concerns relating to that report. He told me he had also expressed his concerns to RIV and they were going to send someone to further examine the report. At that time I informed my supervisors of Phillips concerns and requested that I go to Texas, in Sept '81, to see the report myself.

During an early Sept. '81 conversation with, I believe Choin Robertson (HLIP Mgr of Licensing) he told me I could see the report during the week of the Sept ASLB hearing in Houston, Tx. Early during that week I was given all three volumes of the report. I reviewed Volume 1, which was the Executive Summary, and prepared a table showing the categories (severity levels) of the eight areas covered in the report. I subsequently discussed my reaction to the report with Ed Reis and advised him the ASLB should see the report. Mr Reis agreed and I understand he so advised the applicants lawyer, Jack Newman, who later provided a copy of the report to the board and all parties to the proceeding.

It is my opinion that Goldberg and H&P did not notify RIV of the Quadrex findings ^{because} they did not know how to handle the findings and associated conclusions. I don't believe that H&P willfully withheld the Quadrex Report from NRC.

I have read over, understand and initialled errors in the foregoing 5 page statement. I certify, under penalty of perjury, that the foregoing statement is true and correct to the best of my knowledge and belief. Executed on Feb. 8, 1982. Donald Ellis:

Executed before me this 8th day of Feb 1982 at Houston Tx
Donald Ellis
INV REV

WITNESS: *J. G. [Signature]* 2/8/82

PROFESSIONAL QUALIFICATIONS OF
DONALD E. SELLS

My name is Donald E. Sells and I am currently a Senior Project Manager in the Division of Licensing, Office of Nuclear Reactor Regulation, Nuclear Regulatory Commission.

I received my B.S. degree from the U.S. Military Academy, West Point, New York, in June 1952 and my M.S. degree in nuclear engineering from North Carolina State University, Raleigh, North Carolina, in May 1961.

After graduating from the Military Academy, I served in the Army for 20 years, first in the infantry and then for about 15 years in the Corps of Engineers. While in the Corps of Engineers, I supervised both horizontal and vertical construction projects. I retired from the Army in June 1972 at the rank of LTC.

My initial work at the then AEC was as an environmental project manager involved in the preparation of environmental statements. I was later made an assistant for state relations for the Assistant Director for Environmental Projects. When the NRC was established, I was assigned to the Nuclear Energy Center Site Survey. When that project was completed, I became a research analyst in the Director's office, Office of Nuclear Reactor Regulation. After this assignment I returned to environmental projects until April 1980 when I was transferred to the Division of Licensing and was assigned the South Texas Project as Project Manager. I was assigned to the St. Lucie Plant in November 1982 and am currently the Senior Project Manager for St. Lucie Units 1 and 2.

1 Q (By Mr. Pirfo) Mr. Phillips, do you have in
2 front of you a document entitled NRC Staff Testimony of
3 H. Shannon Phillips Regarding His Discovery of the
4 Quadrex Report, consisting of four sequentially numbered
5 pages and a two-page attachment, the professional
6 qualifications of H. Shannon Phillips?

7 A (By Mr. Phillips) Yes.

8 Q Was this testimony prepared by you or prepared
9 under your control and direction?

10 A Yes.

11 Q Do you have any additions, corrections or
12 modifications to this document at this time?

13 A No.

14 Q Is the testimony true and correct to the best
15 of your knowledge, information and belief?

16 A Yes.

17 MR. PIRFO: If it please the Board, I would
18 move that NRC staff testimony of H. Shannon Phillips
19 regarding his discovery of the Quadrex report be
20 admitted into evidence and bound into the transcript as
21 if it were read.

22 MR. SINKIN: No objection.

23 MR. GUTTERMAN: No objection.

24 JUDGE BECHHOEFER: Point of inquiry. Does the
25 Staff intend to introduce investigation report 82-02?

1 MR. PIRFO: 82-02?

2 JUDGE BECHHOEFER: Yeah, page 4 of this
3 testimony refers to --

4 MR. PIRFO: I believe 82-02 is in evidence.

5 JUDGE BECHHOEFER: Oh, is it already?

6 MR. SINKIN: It's 104. It's Staff 104.

7 JUDGE BECHHOEFER: Oh, I'm sorry.

8 MR. PIRFO: Let me check, but I believe it's
9 already in through Mr. Johnson.

10 JUDGE BECHHOEFER: I wasn't sure if it was
11 introduced already.

12 MR. PIRFO: I have it in as through Mr.
13 Johnson.

14 MR. GUTTERMAN: It's Staff Exhibit 104.

15 JUDGE BECHHOEFER: Okay. At this time the
16 testimony of Mr. Phillips regarding his discovery of the
17 Quadrex report is admitted into evidence and bound into
18 the record as if read.

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UNITED STATES OF AMERICA
NUCLEAR REGULATORY COMMISSION

BEFORE THE ATOMIC SAFETY AND LICENSING BOARD

In the Matter of)
HOUSTON LIGHTING AND POWER COMPANY,) Docket Nos. 50-498
ET AL.) 50-499
(South Texas Project, Units 1 & 2))

NRC STAFF TESTIMONY OF
H. SHANNON PHILLIPS REGARDING
HIS DISCOVERY OF THE QUADREX REPORT

- Q1. Please state your name, affiliation, and position.
- A1. My name is H. Shannon Phillips. I am presently the Senior Resident Inspector (Construction) at Comanche Peak Steam Electric Station.
- Q2. Have you been affiliated with the South Texas Nuclear Project?
- A2. Yes. From September 1979 through January 11, 1982, I was the Senior Resident Inspector (Construction) at the South Texas Nuclear Project (STP).
- Q3. Have you previously testified in this South Texas proceeding?
- A3. Yes.
- Q4. Have you prepared a statement of your professional qualifications?
- A4. Yes. A statement is attached to this testimony.
- Q5. When did you first learn about the Quadrex Report?
- A5. I learned about the Report itself on August 18 or 19th, 1981.
- Q6. What were the events leading up to your learning about the Report?

A6. In late 1980 or early 1981, I noticed that HL&P had filed a large number of 10 C.F.R. 50.55(e) construction deficiency reports and a high percentage appeared to be related to engineering. HL&P audits of Brown & Root Inc. Engineering (B&R Engineering) had also identified a number of problems.

On April 25, 1981, I had interviewed an engineer at the STP site who stated that B&R construction activities had improved on site but that its design work for the project at its Houston, Texas office had numerous deficiencies.

As a result of these apparent problems at STP, I verbally requested my office to conduct a special inspection of Brown & Root Engineering in early April 1981. On May 27, 1981, I wrote a memorandum to recommend that this inspection be done.

During the week of May 11, 1981, Mr. Don Sells, NRC Project Manager, for STP, and I were at the ASLB hearings in Bay City, Texas. He asked about the project and I told him about the potentially adverse trend identified at B&R Engineering and that I had verbally requested a special NRC inspection of all B&R Engineering. Mr. Sells then informed me that he recently had a discussion with Mr. Jerry Goldberg, HL&P Vice President of Nuclear Engineering and Construction, who told him that several 10 C.F.R. 50.55(e) reports might be forthcoming as the result of a consultant's study of B&R Engineering. I do not recall hearing the name of the consultant during this conversation, although at the time I would not have been

concerned about its identity because I believed the NRC special inspection would include a review of the consultant's work.

Q7. Did the NRC perform an inspection as you requested?

A7. Yes. An inspection was done during the summer of 1981 by the Region IV Vendor Inspection Branch of B&R which later resulted in NRC Vendor Inspection Report 99900502/81-03 (August 19, 1981), of Brown & Root.

Q8. Did this inspection include reviewing the Quadrex Report?

A8. No.

Q9. How did you learn about the Quadrex Report?

A9. In early August 1981, as a result of new allegations from an anonymous HL&P employee, Region IV Management asked me to participate in a new investigation of alleged problems with B&R Engineering at Houston, Texas. Prior to participating in this investigation, I called Mr. Dan Fox, the NRC inspector previously assigned to inspect the B&R AE organization. I learned during this conversation what he had found during his inspection in the summer of 1981 (as part of the Region IV Vendor Inspection Branch inspection) and decided that additional information should be obtained during the investigation which I was to conduct.

On August 18, 1981, Mr. Dick Herr, NRC Investigator, and I went to HL&P offices at Benbrook, Texas, as part of this investigation.

At that time, I made a broad request for all documents such as letters, memoranda, studies, reports, audits, reviews, inspections, or other materials which could identify adverse conditions at B&R Engineering.

On August 19, 1981, Mr. R. Frazer, HL&P QA Manager, produced the Quadrex Report. He said the report was considered company confidential and was strictly controlled. He stated I was welcome to read it, but that I could neither remove it from the offices nor reproduce any part of it. (HL&P's basis for requesting that the Report not be withdrawn is discussed at pp.4 and 6 of NRC Investigation Report 8202 which is in evidence in this proceeding.) Due to the volume of material, I was unable to review the report during this investigation, which is documented in NRC Investigation Report 81-28.

Q10. Did you subsequently review the Quadrex Report?

A10. Yes. I returned to the South Texas site on Monday August 24, 1981. I received a copy of this report on August 25, 1981 and reviewed it while at the site. On August 27, 1981, I briefed Region IV management.

PROFESSIONAL QUALIFICATIONS OF
H. SHANNON PHILLIPS

Education M.S., 1971 Mississippi State University Major: Materials Engineer (Metallurgical Option) B.S., 1962, University of North Alabama Major: Chemistry; Math.

Experience

March 1984 to Present U.S. Nuclear Regulatory Commission, Region IV Senior Resident Inspector (SRI), Comanche Peak Nuclear Project
Establish/implement resident inspection program.
Establish/maintain field office, composed of SRI and clerical personnel. Maintain liaison/communication with Region IV and licensee management.

January 1982 to March 1984 U.S. Nuclear Regulatory Commission Region IV, Arlington, Texas
Chief, Equipment Qualifications Section. Directs and participates in Regional inspection activities related to the equipment qualification and testing program.

Sept. 1979 to January 1982 U.S. Nuclear Regulatory Commission, Region IV Senior Resident Reactor Inspector (SRI)
South Texas Nuclear Project.
Establish/implement resident inspection program.
Establish/maintain field office, composed of SRI and clerical personnel. Maintain liaison/communication with Region IV and licensee management.

1977 to 1979 U.S. Nuclear Regulatory Commission Region III Glen Ellyn, Illinois
Reactor Inspector (Projects). Project Inspector (coordinator) for all safety related construction activities (structural, mechanical, electrical, material) at several nuclear sites in several states.

- 1972
to
January 1977
- Defense Supply Agency (DSA)
Defense Contract Administration Services Office (DCASO)
Houston, Texas
Quality Assurance Division Chief. Directed and administered Quality Assurance program for 988 Department of Defense contracts at 353 contractor facilities located throughout Louisiana, and Southeast Texas. Supervised five subordinate branch supervisors and a staff of five plus 45 technical specialists (Mechanical, Electrical/Electronic, Aerospace, Aircraft, Petroleum/Chemicals, Clothing/Textile, and Wood Products). Includes wide range of products for DOD Weapon Systems.
- 1970
to
1972
- DSA, Defense Contract Administration Services Region,
Dallas, Texas
Materials Engineer. Served as Staff Engineer and Advisor to Quality Assurance Directorate on all Metallurgical/Mechanical Manufacturing Processes. Performed engineering surveillance at all major contractors in Texas, Oklahoma, Arkansas, New Mexico, and Louisiana on Military Hardware. Consultant and Engineering authority on Nondestructive Testing as well as Naval Nuclear Examiner-Certification in all phases of NDT.
- 1965
to
1970
- Army Missile Command, Redstone Arsenal, Alabama
Solid State Chemist. Materials testing and engineering evaluation of all items/components used in Army Missile systems. Worked in chemical, metallurgical and materials engineering capacity. Materials Analysis - 40%; Materials Engineering Evaluation - 50%; Field Failure Analysis - 5%.
- 1963
to
1965
- Post Engineers, Redstone Arsenal, Alabama
Corrosion Control Chemist. Corrosion Control Program For 40 high/low pressure Boiler Plants as well as efficiency studies. (Chemical and biological testing of water sewage plants to meet chemical biological requirements.) Implemented installation pollution program monitoring industrial outflow and streams for toxic materials.
- 1962
to
1963
- Norton Abrasive Company, Huntsville, Alabama
Analytical Chemist. Assured Quality Control of refractory materials manufactured in electric arc furnaces.

1 MR. PIRFO: We would make this panel available
2 for cross-examination, Mr. Chairman.

3 JUDGE BECHHOEFER: Mr. Sinkin?

4 MR. SINKIN: Okay.
5

6 CROSS-EXAMINATION

7 BY MR. SINKIN:

8 Q Mr. Phillips, in your testimony you say on
9 page 2 at the top, in late 1980 and early 1981 -- or
10 early 1981 that you noticed HL&P had filed a large
11 number of 50.55(e) reports with a high percentage
12 appearing to be related to engineering.

13 I'm going to show you what has been marked as
14 CCANP 134 which is a SALP report and ask you if you are
15 familiar with it, particularly the marked page.

16 MR. GUTTERMAN: Which page is the marked page,
17 Mr. Sinkin?

18 MR. SINKIN: The marked page is page 7.

19 A (By Mr. Phillips) Yes, I recognize it.

20 Q (By Mr. Sinkin) Did you participate in that
21 SALP assessment?

22 A Yes.

23 Q On page 7 there's a listing of 50.55(e)
24 reports and it states at the bottom that seven of them
25 are related to design. Can you identify for me the

1 seven items by their number that are related to design?

2 A 1, 3 --

3 MR. PIRFO: Mr. Chairman, I'm just wondering
4 if Mr. Phillips' document is marked as mine is
5 indicating with arrows certain of these categories.

6 MR. PHILLIPS: Yes, it is.

7 MR. SINKIN: Yeah, I realize that is on the
8 Xerox copies.

9 Q (By Mr. Sinkin) Let me just ask you if the
10 ones that have the arrows next to them would be the ones
11 that are related to design?

12 A (By Mr. Phillips) Yes.

13 Q Are any of the others --

14 JUDGE BECHHOEFER: Let me inquire, were those
15 marks added by CCANP?

16 MR. SINKIN: I had put those marks on before
17 it was Xeroxed. I had forgotten they were there.

18 JUDGE BECHHOEFER: I just wanted the record
19 to --

20 MR. SINKIN: Right. The arrows were put on by
21 CCANP.

22 Q (By Mr. Sinkin) Are any of the others related
23 to design other than those with arrows?

24 A (By Mr. Phillips) No.

25 Q You also state in your testimony that you had

1 reviewed HL&P audits of Brown & Root engineering. I'm
2 going to show you two audits and ask if you had reviewed
3 these at that time.

4 MR. SINKIN: I am showing the witness CCANP
5 123 and 125.

6 A (By Mr. Phillips) The first one BR-35, yes.

7 MR. PIRFO: So the record's clear, Mr.
8 Phillips, is that CCANP 125?

9 MR. PHILLIPS: Yes.

10 A (By Mr. Phillips) On Exhibit 123 I think so,
11 but it's been a number of years and I would have to go
12 back and consult some records or my reports or whatever
13 before I could say absolutely.

14 Q (By Mr. Sinkin) Okay.

15 MR. SINKIN: Mr. Chairman, at this time I
16 would move CCANP 134 into evidence. It's the SALP
17 report.

18 MR. PIRFO: No objection.

19 MR. GUTTERMAN: Mr. Chairman, I'm not sure
20 what it's being offered to prove. If we can get some
21 definition of what parts of it are being offered to
22 prove what? Is it just for page 7?

23 MR. SINKIN: In particular, the section on the
24 review of 50.55(e) reports and the concerns shown over
25 design deficiencies.

1 MR. GUTTERMAN: So, the answer is it's the
2 information that the witness has testified about on page
3 7 of the report?

4 MR. SINKIN: I don't think it goes any
5 further, but let me just be sure.

6 Continuing onto page 8.

7 MR. GUTTERMAN: Just that section lb?

8 MR. SINKIN: That would be section lb of Roman
9 Numeral V.

10 MR. GUTTERMAN: Well, as to that section, I
11 don't have any objection.

12 MR. SINKIN: Well, I think we would want the
13 identification of the report pages and the definition of
14 category pages, perhaps the rest of the report just at
15 least as a context for section lb as far as the
16 context.

17 MR. GUTTERMAN: Mr. Chairman, I understand
18 that the report is being offered just for the purpose of
19 proving the contents of section Roman Numeral V-lb, as
20 in boy, and that the rest of the report is just going
21 along to show the context and not to prove the truth of
22 the matters stated therein. And with the understanding
23 of that limitation, Applicants have no objection to its
24 admission.

25 MR. SINKIN: I'm a little uncomfortable. I

1 think that it is a SALP report. When it was prepared,
2 who prepared it, all of those things are coming in for
3 the truth of the matter. Perhaps the observations in
4 other sections of the SALP report we would not be
5 considering, but certainly how it's created as a report
6 we would want in for the truth of the matters.

7 MR. GUTTERMAN: Well, obviously it's a SALP
8 report. We're not saying it's not in to prove it's a
9 SALP report.

10 I guess we're getting agreement that as far as
11 substance is concerned, it's only that one section
12 that's being offered as to the substance of the matters
13 contained therein. Other than that, the offer is just
14 to show this is part of a SALP report. I don't object
15 to that.

16 JUDGE BECHHOEFER: I'm trying to see, do any
17 of the other descriptions relate back to the particular
18 construction deficiency reports? That's what I was
19 trying to check. It doesn't look so, so --

20 MR. SINKIN: Mr. Chairman, I think I'm moving
21 a little too fast on this document.

22 Q (By Mr. Sinkin) Insofar as the SALP report
23 also picks up items reported from the Quadrex report,
24 such as item 5 on page 5 --

25 JUDGE BECHHOEFER: I think to be perfectly

1 precise it's item Roman IV -- item Roman IV,

2 paragraph --

3 MR. SINKIN: Item 5 under paragraph Roman IV,

4 yes.

5 MR. PIRFO: And only a portion of that.

6 JUDGE BECHHOEFER: Yeah, I would think the

7 first paragraph of that would not be relevant.

8 MR. GUTTERMAN: Well, Mr. Chairman, I guess I
9 could see where the second paragraph is relevant, but I
10 can't see that it adds anything to the record. It's
11 obviously cumulative of other materials in the record.

12 MR. SINKIN: That this was a matter considered
13 by the SALP Board I would like in the record.

14 MR. GUTTERMAN: Well, it's in the record as to
15 that section on page 7, it's item number 10, the list of
16 reports on page 7.

17 JUDGE BECHHOEFER: I think the Board will
18 admit CCANP 134. We think, though, that that second
19 paragraph in that item Roman IV, section 5 should go in
20 also, but only the second -- well, the second paragraph
21 and the related SALP rating that goes with it. So, we
22 will allow the document in on that basis.

23 (CCANP Exhibit No. 134 admitted in
24 evidence.)

25 Q (By Mr. Sinkin) Mr. Phillips, do you recall

1 any HL&P audits of Brown & Root engineering taking place
2 after CCANP 125, but prior to your memo of May 27th,
3 1981, regarding a special inspection on engineering?

4 A (By Mr. Phillips) I really don't recall now.

5 Q In your answer on page 6 you state that on
6 April 25th, 1981, you had interviewed an engineer at the
7 site --

8 MR. PIRFO: Question 6?

9 A (By Mr. Phillips) Excuse me, page 6?

10 Q (By Mr. Sinkin) Answer 6 on page 2. And that
11 the engineer had conveyed to you that the design work
12 for the project at the Houston office had numerous
13 deficiencies. Can you tell us what deficiencies were
14 identified by that engineer?

15 A Yes. There were no specific deficiencies.
16 The statement was to the effect that there were some
17 fifteen or sixteen hundred hold tags on the engineering
18 model at Houston. So, there was no specifics given,
19 just the general statement.

20 Q This was a model of the plant?

21 A Yes.

22 Q And there were fifteen to sixteen hundred hold
23 tags actually stuck on the model in areas where -- why
24 were there hold tags, did he say?

25 A No, he didn't say.

1 Q And based on the number of 50.55(e) reports,
2 your review of the HL&P audits and the interview with
3 this engineer, you recommended that a special inspection
4 of Brown & Root's design and engineering work be
5 conducted by NRC?

6 A Yes.

7 Q And you wrote a memorandum on May 27th, 1981,
8 requesting that special inspection?

9 A Yes.

10 Q If you had had the Quadrex report on May the
11 8th, 1981, would it have increased your sense of a need
12 for such an audit?

13 MR. PIRFO: Objection. Need for such an
14 audit?

15 Q (By Mr. Sinkin) Need for such an inspection,
16 the inspection that you recommended take place?

17 MR. PIRFO: I think he's asking the witness to
18 speculate. It's clear, I mean.

19 JUDGE BECHHOEFER: I don't think it's
20 speculation, it's what the witness would have thought,
21 so --

22 Q (By Mr. Sinkin) If you had had the Quadrex
23 report on May 8th, 1981, would it have heightened your
24 sense that such an inspection needed to be made?

25 A (By Mr. Phillips) Yes.

1 Q In the rest of your answer 6 at the lower part
2 of page 2, the timing of it is a little confusing to
3 me. Are you saying that Mr. Sells had already met with
4 Mr. Goldberg at the hearings prior to talking to you or
5 are you referring to an earlier conversation that Mr.
6 Sells had had with Mr. Goldberg?

7 A Would you please ask the question again?

8 Q Sure. You talk about bringing your concern
9 about an adverse trend or a potentially adverse trend in
10 Brown & Root engineering to Mr. Sells. And at that time
11 he told you that he'd had a discussion with Mr. Goldberg
12 and that there were several 50.55(e) reports that might
13 be coming from a consultant's study.

14 Now, is that interchange going on prior to the
15 time Mr. Sells has met with Mr. Goldberg at the hearings
16 on the week of May 11th?

17 A As I recall, after.

18 Q After. So, in fact, the 50.55(e) reports had
19 already been filed by that time?

20 A No, not to my knowledge.

21 Q Okay. We know from the record that there were
22 three reports filed on May the 8th.

23 A Then that would be correct.

24 Q So, those would have been filed prior to your
25 meeting with Mr. Sells?

1 A According to these dates, yes. I did not know
2 the specifics at the time we were discussing is what I
3 was saying.

4 Q Okay.

5 JUDGE BECHHOEFER: These were the telephone
6 reports that are -- Mr. Sinkin's referring to the
7 telephone reports on May 8th.

8 MR. SINKIN: Right.

9 MR. PHILLIPS: Yes, I think that's correct.

10 JUDGE BECHHOEFER: Not any written report.

11 Q (By Mr. Sinkin) Now, you state on page 3 that
12 the NRC did perform an inspection as you had requested.
13 And then you state that the inspection did not include
14 reviewing the Quadrex report.

15 Was the inspection that was performed in areas
16 that the Quadrex report also covered?

17 A I don't know specifically.

18 Q In answer 9 on page 3, are you aware of how
19 the allegations from the anonymous HL&P employee reached
20 Region IV?

21 MR. REIS: I object. It's not material and we
22 don't have to go into how allegations reached the
23 region. I don't see where that's material to the issues
24 to be decided and would mean we're getting into
25 possibly, and I don't even know whether they're

1 informants or confidential informants or what we have
2 here. I don't think that's material and we ought not go
3 into it.

4 MR. SINKIN: Well, Mr. Chairman, I'm chasing
5 the process that Mr. Johnson was not familiar with in
6 the first NRC panel as to how the Quadrex report came to
7 the attention of the NRC.

8 Perhaps I can ask the question in a way that
9 will alleviate Mr. Reis' concerns.

10 Q (By Mr. Sinkin) Are you aware that in June of
11 1981, I contacted Region IV about anonymous allegations
12 I had received from Houston Lighting & Power quality
13 assurance personnel regarding Brown & Root's design and
14 engineering program?

15 A (By Mr. Phillips) I don't recall that it was
16 you.

17 Q Okay.

18 And at the end of page 3 you talk about the
19 request you made of Houston Lighting & Power personnel.
20 Am I to understand from your answer that you did not
21 specifically ask for the Quadrex report at the time you
22 made your request?

23 A Yes.

24 Q You did not ask for it specifically?

25 A Yes, I did not.

1 Q At the time you made your request, had any of
2 the personnel that you had interviewed -- let me back
3 up.

4 Before making your request for these
5 documents, had you actually conducted some interviews?

6 A No.

7 Q This was at the very beginning of the
8 investigation?

9 A Yes.

10 Q Do you remember if you were focusing on in
11 service inspection and access engineering as a key area
12 of concern?

13 A I believe that's correct.

14 JUDGE BECHHOEFER: Off the record for one
15 minute.

16 (Discussion off the record.)

17 JUDGE BECHHOEFER: Back on the record.

18 Mr. Phillips, on page 3 of your testimony,
19 five lines from the end, should there be a correction in
20 the name of the town there?

21 MR. PHILLIPS: Correction in the name of what?

22 JUDGE BECHHOEFER: Of the Texas town?

23 MR. PHILLIPS: Oh, Benbrook, yes.

24 JUDGE BECHHOEFER: That should be changed
25 to --

1 MR. PHILLIPS: I think that's Baybrook.

2 JUDGE BECHHOEFER: Off the record.

3 (Discussion off the record.)

4 JUDGE BECHHOEFER: Back on the record.

5 Q (By Mr. Sinkin) And on page 4 of your
6 testimony you indicate that you actually reviewed
7 Quadrex on the 25th of August, 1981, and that on the
8 27th of August you briefed Region IV management.

9 At the time you briefed Region IV management
10 on August 27th, was Mr. Collins one of the people that
11 you briefed?

12 A (By Mr. Phillips) Yes.

13 Q And did Mr. Collins indicate to you that he
14 was going to ask HL&P to provide a copy of the report to
15 Region IV?

16 A I don't recall that he said that.

17 Q Did he indicate to you that he was going to
18 send another inspector to review the report?

19 A I was aware they were going to send one. I'm
20 not sure who made me aware of it. My supervisor for
21 sure, first line supervisor. But other than that, I
22 don't know.

23 Q Who would that have been?

24 A Mr. Bill Crossman.

25 Q Mr. Crossman? Did you and Mr. Collins discuss

1 whether the report should be turned over to the
2 Licensing Board?

3 A No.

4 Q I'm going to show you a document that I ask be
5 marked CCANP 138.

6 (CCANP Exhibit No. 138 marked for
7 identification.)

8 Q (By Mr. Sinkin) And I ask that you review the
9 chronology beginning on the second page of this
10 document, particularly the period August 27th.

11 My question is whether the entry on August
12 27th, 1981, that says, "Hale became aware of Quadrex
13 audit," whether you made Mr. Hale aware of the Quadrex
14 audit?

15 MR. REIS: I object to the question the way
16 it's phrased. There's no showing that the witness knows
17 yet, and it might be able to be established, the truth
18 of the matters stated in any of these matters. And just
19 saying -- the question supposes that the witness knows
20 the veracity of the matters stated in it and that hasn't
21 yet been established.

22 Q (By Mr. Sinkin) Well, let me just ask a
23 straightforward question. Did you tell Mr. Hale on the
24 27th of August about the Quadrex report?

25 A (By Mr. Phillips) No.

1 Q No, okay.

2 JUDGE BECHHOEFER: Who is Mr. Hale?

3 MR. SINKIN: Mr. Hale is a member of the Staff
4 of Region IV, if I'm correct.

5 Q (By Mr. Sinkin) Is that correct?

6 A (By Mr. Phillips) Yes.

7 Q And then if this chronology were to be
8 complete and accurate according to your testimony, it
9 should have an entry on August 27th, 1981, that you
10 briefed members of the Region IV Staff on your review of
11 the Quadrex report; is that correct?

12 MR. REIS: Mr. Chairman, I object to that
13 question starting out "If this chronology was to be
14 complete and accurate." I don't think that's the issue
15 here of whether the chronology is complete or not and
16 accurate, I think the issue here is what happened on
17 that date. I think that has been testified to.

18 I don't think we have to have a question
19 phrased in that way because that raises all kinds of
20 questions of what the chronology was prepared for, what
21 purpose, how and all sorts of matters like that. And we
22 already have it in the record, I think any material
23 matter is in the record that he briefed the region on
24 that date. I don't think we have to go to whether the
25 chronology is complete and accurate for that.

1 MR. SINKIN: I'll withdraw the question, Mr.
2 Chairman.

3 Q (By Mr. Sinkin) Mr. Sells, are you familiar
4 with the chronology that I've just handed Mr. Phillips?

5 A (By Mr. Sells) I recall seeing this document,
6 yes.

7 Q And does it accurately reflect to the best of
8 your knowledge the series of events that led to Region
9 IV receiving the Quadrex report?

10 MR. REIS: Mr. Chairman, there is no
11 indication that Mr. Sells at this point prepared this
12 document, nor is there -- nor is the issue in this case
13 whether the Quadrex -- whether this document is
14 accurate. What is in issue is how the facts developed
15 that this document deals with. I don't think we ought
16 to be going into the truth or falsity of the document
17 itself rather than the issues involving what happened.

18 MR. SINKIN: Well, Mr. Chairman, this is a
19 chronology prepared by the Nuclear Regulatory Commission
20 related to the events which prepared in relation to
21 the Quadrex report. And as such, as an official
22 document of the Nuclear Regulatory Commission setting
23 forth their understanding of how the Quadrex report came
24 to the attention of the Nuclear Regulatory Commission.

25 I think from that point of view it's an

1 admissible, relevant material document. I'm trying to
2 establish that Mr. Sells is familiar with the document
3 and that it accurately reflects to his best knowledge
4 the chronology of events.

5 MR. GUTTERMAN: Mr. Chairman, I think the
6 question as asked was overbroad. It doesn't establish
7 any foundation of which elements of this chronology Mr.
8 Sells has personal knowledge of. If he answered that
9 it's accurate as far as I know, we wouldn't know what he
10 was testifying to. There might be a lot of things in
11 here that he doesn't have personal knowledge of. The
12 way the question's phrased, we wouldn't know if Mr.
13 Sells is testifying to those or not.

14 (No hiatus.)
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1 MR. REIS: It certainly appears from reading
2 the documents that there are things taking place probably
3 outside of Mr. Sells presence and conversations that he
4 was not privy to.

5 JUDGE BECHHOEFER: Mr. Sells, did you
6 participate in any way in the preparation of this
7 chronology? I mean did you review it for concurring?

8 MR. SELLS: As I recall, Chairman Bechhoefer, I
9 was provided this chronology for comment prior to the
10 time it was transmitted from Mr. Dircks to Commissioner
11 Bradford.

12 Q (By Mr. Sinkin) Was the chronology prepared
13 under Mr. Collins' direction, to your knowledge?

14 A I don't recall.

15 JUDGE BECHHOEFER: Mr. Phillips, did you
16 participate in any way in this preparation of this
17 chronology?

18 MR. PHILLIPS: No.

19 Q (By Mr. Sinkin) Mr. Phillips, going back to
20 this period August 27, 1981, when you briefed Region IV
21 management, did you at that time bring up your concerns
22 about the number of 50.55(e) reports that you had seen on --
23 in the design area in the late '80, early '81 period?

24 A (By Mr. Phillips) To the best of my
25 recollection, yes.

1 Q Mr. Phillips, I'm going to hand you a document
2 I ask be marked as CCANP 139 and ask you if you recognize
3 this document.

4 (CCANP Exhibit No. 139 marked
5 for identification.)

6 A (By Mr. Phillips) Yes, I recognize it.

7 Q (By Mr. Sinkin) Now, I notice in the document,
8 at the PS at the end, "had these in mind but not in hand
9 this a.m. when I briefed you." Is the briefing you're
10 referring to the briefing the morning of August the 27th,
11 the briefing that you refer to your testimony as the
12 briefing of Region IV on the Quadrex report?

13 A Yes.

14 Q And subsequent to that briefing, you summarized
15 to Mr. Collins the deficiencies that you had seen
16 recently which indicated to you that Brown & Root's
17 design engineering had problems, and that's what this
18 memo is?

19 A Yes.

20 MR. SINKIN: Mr. Chairman, I would move CCANP
21 139 into evidence.

22 MR. REIS: No objection.

23 MR. GUTTERMAN: No objection.

24 JUDGE BECHHOEFER: CCANP 139 will be admitted.

25 (CCANP Exhibit No. 139

1 received in evidence.)

2 Q (By Mr. Sinkin) Subsequent to that time, Mr.
3 Phillips, were you in attendance at a September 8th
4 meeting when HL&P personnel briefed Region IV on the
5 Quadrex report?

6 A (By Mr. Phillips) I'm not sure. I know I was
7 at a meeting but I'm not sure on that specific date.

8 Q Okay.

9 Q (By Mr. Sinkin) Let me hand you what I ask be
10 marked as CCANP 140 and see if this refreshes your memory
11 about that meeting.

12 (CCANP Exhibit No. 140 marked
13 for identification.)

14 A Yes, I was at this meeting.

15 Q (By Mr. Sinkin) Okay, I'm going to show you
16 also a document that's already been marked and admitted
17 as CCANP 83, and direct your attention on the first page
18 to an underlined sentence and ask you if you recall
19 Region IV communicating to Mr. Oprea and Mr. Goldberg
20 that they were leaning in the direction that the whole
21 report should be turned over to the NRC.

22 MR. REIS: Excuse me, Mr. Sinkin, what did you
23 show the witness?

24 MR. SINKIN: CCANP 83, the first page --

25 MR. REIS: Mr. Chairman, I think it would be

1 best if intervenors' representative identified to the
2 witness exactly what this document is.

3 MR. SINKIN: Fine, I'd be happy to.

4 MR. PHILLIPS: I've not seen the document.

5 MR. SINKIN: I understand.

6 Q (By Mr. Sinkin) The document is a record of a
7 September 12th meeting held by Houston Lighting & Power
8 with representatives from the management committee and
9 chief executive officers of the corporations and records
10 that as part of the report from Mr. Oprea, Mr. Oprea
11 reported that the NRC was leaning in the direction of a
12 decision that the Quadrex report required a 50.55(e)
13 report by HL&P on an quote "engineering control
14 breakdown," unquote, under Criterion 7, and my question
15 to you was whether you remember in the September 8th
16 meeting Region IV conveying to Mr. Oprea and Mr. Goldberg
17 that sentiment that's captured in that sentence.

18 MR. GUTTERMAN: I don't to interrupt the flow
19 of this but I just want to object to the characterization
20 of this as a record of the meeting rather than notes of
21 the meeting kept by one of the attendees. I don't think
22 that affects the substance of the question.

23 MR. SINKIN: Right.

24 A (By Mr. Phillips) I don't recall any such
25 discussion.

1 Q Having reviewed CCANP 140, you now recall that
2 you did attend the September 8th meeting?

3 A Yes.

4 Q And to the best of your knowledge and belief,
5 does this memorandum for the file capture the substance
6 of that meeting?

7 A Yes.

8 MR. SINKIN: Mr. Chairman, I would move CCANP
9 140 into evidence.

10 MR. REIS: No objection.

11 MR. GUTTERMAN: No objection.

12 JUDGE BECHHOEFER: CCANP 140 will be admitted
13 into evidence.

14 (CCANP Exhibit No. 140
15 received in evidence.)

16 JUDGE BECHHOEFER: Mr. Phillips, are you aware
17 of any other meetings that the sentence in CCANP 83 might
18 have referred to? Are you aware at all that whether HL&P
19 was informed by Region IV that that Region IV was leaning
20 in the direction of having the entire report reported?

21 MR. PHILLIPS: I don't recall any such meeting
22 or discussion to that effect.

23 JUDGE BECHHOEFER: I meant apart from the
24 meeting referenced in CCANP 140.

25 MR. REIS: I'm sorry, Your Honor, I didn't hear

1 the --

2 JUDGE BECHHOEFER: I said apart from the
3 meeting which CCANP 140 reflects. I'm just trying to see
4 whether this might relate to some other meeting.

5 MR. PHILLIPS: No other meetings that I know
6 of, no other discussions that I know of.

7 Q (By Mr. Sinkin) Mr. Sells, did you attend any
8 meetings between NRC personnel and HL&P personnel in
9 September of 1981 or October of 1981 when -- that's
10 September of 1981, excuse me, prior to the actual release
11 of the Quadrex report, where the NRC personnel indicated
12 to HL&P that they thought the entire report should be
13 turned over pursuant to 50.55(e) as a breakdown of
14 criterion 7?

15 A (By Mr. Sells) I attended no meetings with
16 regard to turnover under 50.55(e).

17 Q Mr. Sells, I'm going to show you a document
18 which I ask be marked as CCANP 141 and ask if you
19 recognize these handwritten notes?

20 (CCANP 141 Exhibit No. 141
21 marked for identification.)

22 A Yes, I do. Lose like my describe link.

23 Q (By Mr. Sinkin) Now, in your statement to the
24 NRC attached to your testimony, you state that on April
25 21st 1981, you had a telephone conversation with Mr.

1 Goldberg regarding the Quadrex report. Do these notes
2 reflect that conversation?

3 A (By Mr. Sells) I can't say with certainty,
4 because I cannot read the date that's out to the left in
5 the Xerox copy. But I believe that it does reflect that
6 telephone conversation.

7 Q If I recall correctly, you really had three
8 contacts with Mr. Goldberg in the period from January to
9 May of 1981, regarding the Quadrex report. The first was
10 a contact in January/February period where he told you
11 that the report had been commissioned. Is that correct?

12 A That conversation was in January, February,
13 that's correct.

14 Q And then in April, you talked and he informed
15 you that the final report was coming soon and he expected
16 there would be some 50.55(e) notifications coming out of
17 the report. Is that correct?

18 A That is correct. That's 21 April.

19 Q And then in May, the week of May 11th, you met
20 with him again to discuss the Quadrex report.

21 A That's correct.

22 Q Okay. Now, when he talked to you in January or
23 February, whenever that first call was, did he say that
24 he was expecting Quadrex to identify 50.55(e) reports at
25 that time?

1 A He did not.

2 Q So then by the process of elimination, can we
3 say that these handwritten notes are most likely the
4 April 21st conversation?

5 A Yes.

6 Q Now, in your handwritten notes, you say discuss
7 again next week how to present information to NRR/IE.
8 That discussion I presume never took place the following
9 week.

10 A I can't say for certainty, Mr. Sinkin, that any
11 further discussion was held with regard to that, except
12 that it was suggested during that period and prior to the
13 beginning of the hearings in Bay City, that Mr. Goldberg
14 would brief me on the Quadrex report. And I do not
15 recall who suggested that to me, whether it was Mr.
16 Goldberg personally or maybe Mr. Robertson. I don't
17 recall.

18 Q Now, your notes reflects that the discussion
19 was how to present information to NRR/IE. Was your
20 discussion with Mr. Goldberg about presentations to both
21 NRR and Region IV?

22 A I vaguely recall that there was the subject
23 came up and it was deferred for future discussion. I
24 don't recall anything beyond that.

25 Q Do you recall discussing possibly setting up a

1 meeting between HL&P and Region IV?

2 A With no specificity, no.

3 MR. SINKIN: Mr. Chairman, I would move --

4 MR. REIS: Mr. Chairman, I don't think there's
5 an answer to the last question. The answer was with no
6 specificity.

7 MR. SINKIN: How about with some vagueness.

8 Q (By Mr. Sinkin) Was there any discussion at
9 all about setting up a meeting between Region IV and HL&P
10 to discuss the Quadrex report during your conversation of
11 April 21st, 1981 with Mr. Goldberg?

12 A Not with me. No, sir. There was no
13 conversation.

14 Q Are you aware of any other conversations about
15 a possible meeting between Region IV and HL&P prior to
16 the receipt of the Quadrex report by HL&P?

17 A I'm not aware or recall any such conversation,
18 no.

19 Q Was there any conversation you recall about
20 HL&P briefing NRR particularly as soon as they received
21 the Quadrex report?

22 A As I indicated earlier, the subject came up.
23 But as I recollect, a decision relative to briefing
24 headquarters was deferred for future discussion and
25 that's all I can recall at this point.

1 MR. SINKIN: Mr. Chairman, I would move CCANP
2 141 into evidence.

3 MR. REIS: As I recall, this has never be
4 identified as 141. I think we have a problem, because --

5 MR. SINKIN: When I distributed it, I do
6 believe I --

7 MR. REIS: Oh, you did mention it? Okay, fine.
8 I have no objection.

9 MR. GUTTERMAN: No objection.

10 JUDGE BECHHOEFER: CCANP 141 will be admitted.

11 (CCANP 141 Exhibit No. 141
12 received in evidence.)

13 Q (By Mr. Sinkin) Mr. Sells, I hand you what I
14 ask be marked as CCANP 142.

15 (CCANP Exhibit No. 142 marked
16 for identification.)

17 Q (By Mr. Sinkin) Ask you if you recognize this
18 document.

19 A Yes, I do.

20 Q And is this a summary of the Quadrex report
21 findings that you prepared?

22 A That is correct.

23 Q And what were the circumstances under which you
24 were preparing this?

25 A My branch chief suggested that I provide a

1 summary reflecting the results of my review of the
2 Quadrex report for Mr. Eisenhut, the division director.
3 This was the results of that direction.

4 Q Your branch chief would have been whom?

5 A Mr. Miraglia, M-i-r-a-g-l-i-a.
6 E-i-s-e-n-h-u-t.

7 MR. SINKIN: Mr. Chairman, I would move CCANP
8 142 into evidence.

9 MR. GUTTERMAN: Mr. Chairman --

10 MR. REIS: I don't really think it's probative
11 of anything and I think I'm going to object on that
12 ground. There's no sense -- no question the memorandum
13 was sent; no question it summarizes what is probably
14 better evidence, the Quadrex report, in some senses, in
15 it, and there's no question that it would be premature to
16 place great weight on the following laundry list as well.
17 So therefore I don't think it's probative of anything in
18 this proceeding. But if -- it could come in -- no, I'm
19 going to object as lack of -- on the grounds that it is
20 not probative evidence, though relevant, it is not
21 material -- may be relevant, it is not material.

22 MR. GUTTERMAN: I just don't see how it's going
23 to assist the Board in reaching any decision. So I join
24 in the Staff's objection.

25 MR. SINKIN: Mr. Chairman, it's being

1 introduced to show Mr. Sells' view of what was important
2 in the Quadrex report and there will be a follow-up
3 question.

4 MR. REIS: At this point, certainly it doesn't
5 show that, because I think if you read just before the
6 laundry list as it's characterized on page two, there's a
7 characterization of the laundry list before it, and it
8 does not say what Mr. Sinkin has said.

9 MR. SINKIN: Mr. Chairman, I have a couple of
10 questions to ask Mr. Sells about this document.

11 JUDGE BECHHOEFER: Our ruling was that on the
12 basis of the record now, the document appears to be
13 cumulative but we weren't ruling out some further
14 questions. If the document adds something later, we may
15 reconsider.

16 MR. SINKIN: Okay.

17 Q (By Mr. Sinkin) Mr. Sells, you saw the report,
18 itself, in it's entirety for the first time in September
19 of 1981. Is that correct?

20 A That is correct.

21 Q And at that time, you prepared a table showing
22 the severity levels of the findings in the eight
23 different areas covered by the report. Is that correct?

24 A I tabulated the findings in Volume I at the
25 time I reviewed it in September in handwritten form, that

1 is correct.

2 Q Now, is that tabulation what you later turned
3 into the table at the back of CCANP 142?

4 A To the best of my recollection, the answer to
5 that question is yes.

6 Q And at the time you saw the Quadrex report in
7 its entirety for the first time, your reaction was to
8 contact Mr. Reis and advise him that the ASLB should see
9 the report. Is that correct?

10 A Both Mr. Reis and Mr. Guttierrez.

11 Q You contacted them both?

12 A Yes.

13 Q And was part of the reason you contacted them
14 your having done this chart and gotten a sense of how
15 many of the findings were falling in the most serious
16 category?

17 JUDGE BECHHOEFER: Something is wrong with the
18 dates.

19 MR. SINKIN: No, the chart at the back of CCANP
20 142, Mr. Chairman, was originally done in hand by Mr.
21 Sells in late September of 1981. And subsequent to
22 preparing it in hand, he called Mr. Reis and Mr.
23 Guttierrez. Subsequent to that telephone call, it was
24 prepared in this typed form for this document.

25 JUDGE BECHHOEFER: I see, okay.

1 A (By Mr. Sells) I don't believe that I could
2 say that the chart, itself, was the sole reason for my
3 going to Mr. Guttierrez and Mr. Reis.

4 Q Was it part of the reason?

5 A It certainly was a contributing factor, yes.

6 Q Why was it your position besides the way the
7 categories came out, that the ASLB should see the Quadrex
8 report?

9 A That was based primarily on attending all the
10 hearings up to that point, the Phase I hearings; knowing
11 that there had been some, although limited discussion of
12 Brown & Root engineering, and the general tenor of the
13 Quadrex reported, as I viewed it, in September.

14 * Q By the general tenor, do you mean the highly
15 critical nature of the report?

16 A I'll answer that question and add a little bit.
17 Yes, but also recognized that much of the criticism was
18 unsubstantiated in the report, itself.

19 Q Was another part of the concern that led you to
20 take the position that the ASLB should see the report the
21 generic findings much as you have outlined them on page
22 two of CCANP 142?

23 A Again I would like to qualify that, the answer
24 to that question. I'm sure that that contributed to that
25 decision. However, I felt then and when I wrote this

1 summary to Mr. Eisenhut, that it was premature to make
2 any judgment on the generic issues until such time as
3 Bechtel corporation finished their document EN116.

4 Q Just to be sure the record is clear, Bechtel
5 eventually produced a document EN-619.

6 A Is that the Bechtel --

7 Q Two volume assessment of the Quadrex report?

8 A Then I'm sorry, 619. 116 was not it, 609 --

9 Q I don't want to confuse the record anymore.
10 There is a two volume report EN-619, that was issued by
11 Bechtel specifically addressing the Quadrex findings.

12 A Okay, whatever that report number was, that's
13 the report I'm referring to.

14 Thank you, Mr. Sinkin.

15 JUDGE SHON: Mr. Sinkin, there are two things
16 from Bechtel that are of importance here. One is a
17 report entitled "An Assessment of the Findings in the
18 Quadrex Corporation Report." And that's their task
19 force, Bechtel --

20 MR. SINKIN: Bechtel task force, right.

21 JUDGE SHON: The other is 619 which is a
22 package that tells how Bechtel is going to fix each of
23 the things that was wrong.

24 MR. SELLS: I was referring to the first one
25 you mentioned.

1 JUDGE SHON: That's what I thought you meant
2 and you were calling it 619 and that's confusing.

3 MR. SINKIN: All right.

4 MR. SELLS: That's the one I was referring to,
5 yes.

6 JUDGE BECHHOEFER: For the record, that's
7 Applicants' Exhibit 63.

8 MR. PIRFO: I think for the record, it is not
9 admitted, should be.

10 Q (By Mr. Sinkin) Mr. Sells, let's go back to
11 your meeting with Jerry Goldberg the week of May 11th
12 during the hearings. During that meeting, did Mr.
13 Goldberg convey to you that he was concerned about the
14 Quadrex report being released to the Nuclear Regulatory
15 Commission because it would eventually end up in the
16 public domain and there would be a great deal of
17 publicity that would be unfortunate?

18 A (By Mr. Sells) I do not recall that he made
19 any mention of such a situation.

20 Q Did he convey to you in any way that he was
21 anxious to keep that report within Houston Lighting &
22 Power and have the NRC look at it only inside Houston
23 Lighting & Power?

24 A He indicated to me that I could look at it any
25 time I wanted to within the confines of Houston Lighting

1 & Power facilities. He did not, at that time, as far as
2 I recall, make any mention of review by any other NRC
3 agency or person.

4 Q Mr. Goldberg didn't tell you that he wanted to
5 work with you but not to get involved with Region IV
6 because the document would then get out of his hands?

7 A No, sir, he did not.

8 Q In your statement, you say that it's your
9 opinion that Mr. Goldberg and HL&P did not notify Region
10 IV of the Quadrex findings because he, apparently
11 referring to Mr. Goldberg, did not know how to handle the
12 findings and associated conclusions.

13 A May I ask where you're reading from, Mr.
14 Sinkin?

15 Q It's in your -- I'm actually reading from the
16 typed up version of your statement, the third page in the
17 last paragraph, starting "it is my opinion."

18 A Would you ask your question again, please.

19 Q I haven't actually asked a question, I was just
20 calling your attention to that statement. The first
21 question I was going to ask is what you mean by "how to
22 handle the findings and associated conclusions." What do
23 you mean he did not know how to handle them?

24 A At that meeting, Mr. Goldberg gave me the
25 impression that the report went beyond what Houston

1 Lighting & Power had commissioned Quadrex to do, and that
2 was to do a factual study of design status, whereas
3 Quadrex went beyond and drew conclusions and expressed
4 opinions. Therefore, I think he was uncertain at that
5 point as to just how to handle the report, based upon
6 that.

7 Q Because if Region IV saw the conclusions, there
8 might be trouble?

9 A I could not add that to my statement, no, sir.

10 Q How did Mr. Goldberg express to you that it was
11 a problem that Quadrex had gone beyond a simple factual
12 statement and made conclusions; why would that be a
13 difficulty as he expressed it?

14 A Why it was a difficulty specifically for Mr.
15 Goldberg, I cannot speak for Mr. Goldberg. It was my
16 perception from what he said that led to my opinion,
17 expressed on the bottom of that page.

18 Q But Mr. Goldberg did convey to you that in his
19 view, Quadrex had gone beyond the job they had been given
20 by HL&P of doing a factual assessment and reached
21 conclusions as well as doing the assessment?

22 A That is correct.

23 (No hiatus.)

24

25

1 Q Did he convey to you that he was distressed by
2 their conclusion?

3 A (By Mr. Sells) I did not get that feeling, as
4 I recall.

5 JUDGE SHON: Mr. Sinkin, are you about to
6 leave that subject?

7 MR. SINKIN: Yes.

8 JUDGE SHON: I have one question I wanted to
9 ask at this point for clarity.

10 Mr. Sells, when you say -- I know Mr. Sinkin
11 asked a little bit about this, but when you say Mr.
12 Goldberg did not know how to handle the findings and
13 associated conclusions, did you mean that he simply
14 didn't know where they fit into the regulatory schema,
15 that he didn't know what was required of him by
16 regulation as far as these things or what did you mean
17 by that?

18 MR. SELLS: I never had the impression that he
19 did not know how to handle and HL&P did not know how to
20 handle the Quadrex report findings in terms of
21 regulations. It was how to handle it administratively
22 in the context of what to do with the report
23 physically. But in terms of handling the findings in
24 accordance with regulations and making determinations in
25 accordance with the regulations, I never had any doubt

1 but what HL&P and Mr. Goldberg was handling and did
2 handle the report in an adequate fashion.

3 JUDGE SHON: And the "did not know how to
4 handle the findings" simply meant that you thought he
5 didn't know what to do with this report administratively
6 within his own organization do you mean or with his
7 relationship with NRC?

8 MR. SELLS: I think in relationship to
9 organizations outside of HL&P.

10 JUDGE SHON: I see. Thank you.

11 Q (By Mr. Sinkin) Organizations including the
12 NRC?

13 A (By Mr. Sells) I'll answer that and again ask
14 to qualify it. The direct answer is yes, including
15 NRC. However, he did not at any time make any effort to
16 keep the document away from the NRC. In fact, he
17 volunteered accessibility to the document at any time
18 that we wished to see it.

19 Q Where were you stationed at this time, Mr.
20 Sells?

21 A I was the licensing project manager for the
22 South Texas Project in Washington, D.C., Bethesda
23 office.

24 Q Is it still your recollection that at that
25 meeting Mr. Goldberg did not have with him any of the

1 volumes of the Quadrex report?

2 A Mr. Sinkin, I guess I can answer that question
3 by saying my recollection in August 1985 can be no
4 better than it was in February 1982.

5 Q I guess the answer to my question is yes?

6 A Yes.

7 MR. SINKIN: Mr. Chairman, it's been called to
8 my attention that it might be a good time for a break
9 and I'm about to move on to another subject, so that
10 would be fine.

11 JUDGE BECHHOEFER: Fifteen minutes.

12 (Brief recess taken.)

13 JUDGE BECHHOEFER: Back on the record.

14 The Board wishes to note that CCANP Exhibit
15 134 which was admitted earlier today is the same as
16 Staff Exhibit 133 which was a Phase I document. They
17 seem to be the same reports.

18 Q (By Mr. Sinkin) Mr. Sells, at the time you
19 decided that the Licensing Board should see the Quadrex
20 report, did you hold the opinion at that time that many
21 of the findings of the Quadrex report were
22 unsubstantiated?

23 A (By Mr. Sells) Would you define many for me,
24 Mr. Sinkin? That carries a significant connotation.

25 Q Well, I'm really going by you and I walked

1 through various elements that made up your decision that
2 the ASLB should hear about the report and one of them
3 was the general tenor of the report and I asked you
4 about that, whether that meant it was highly critical.
5 And in your response you said it was highly critical,
6 but much of the report was unsubstantiated.

7 And I'm wondering if you, in fact, held the
8 view at that time, September 1981, at the time you were
9 first reviewing the full report, that much of the
10 Quadrex report was unsubstantiated?

11 A I believe that's a fair statement, yes, sir.

12 Q And was that based on your conversations with
13 Mr. Goldberg about the report?

14 A Not restricted to conversations with Mr.
15 Goldberg, but conversations with Mr. Phillips in August
16 and also aware of Mr. Hale's review at the end of
17 August.

18 Q Mr. Hale discussed his review with you?

19 A No, I was only aware that he had reviewed it
20 and some of the basic conclusions that he came to. And
21 I don't recall what those were specifically at this
22 point.

23 Q Do you remember Mr. Hale characterizing the
24 questions posed by Quadrex as quite similar to those
25 that NRC reviewers would ask during licensing?

1 A I do not recall that.

2 Q I'm going to show you, Mr. Sells, what I ask
3 be marked as CCANP 143.

4 (CCANP Exhibit No. 143 marked for
5 identification.)

6 Q (By Mr. Sinkin) Ask if you recognize this
7 document?

8 A (By Mr. Sells) Yes, I do.

9 Q Calling your attention to the last paragraph
10 on the first page. You state that -- let me just ask
11 you. Did you expect when the Bechtel task force
12 reviewed the Quadrex report that many of the findings
13 would be eliminated as not needing further
14 consideration?

15 A Mr. Sinkin, can I have a few minutes to review
16 the entire document to put that paragraph in context?

17 Q Certainly. Certainly.

18 A Okay.

19 I've completed looking at the document, Mr.
20 Sinkin.

21 Q My question --

22 A Would you please repeat the question?

23 Q My question was whether you had expected prior
24 to this meeting that's documented here that the Bechtel
25 task force would eliminate many of the Quadrex findings

1 as not needing any further consideration?

2 A I do not recall prior to this meeting reaching
3 any judgment as to whether or not Bechtel would come to
4 any fixed conclusions relative to not needing further
5 consideration or needing further consideration.

6 Q Part of the source of my question, Mr. Sells,
7 is your sentence at the bottom of the first page that
8 states, "It now appears that most of the items will
9 require final dispositioning by the project office
10 conducting the transitional assist." And right prior to
11 that sentence you had talked about one category being
12 eliminating from further consideration various
13 findings.

14 It seemed to me that you were saying that you
15 had expected many of them to be eliminated, but that it
16 now appears in this meeting that most of them are indeed
17 going to have to be dispositioned by the project. Does
18 that refresh your recollection at all?

19 MR. GUTTERMAN: Mr. Chairman, I'm kind of
20 perplexed by the relevance of the inquiry since it has
21 to do with Mr. Sells' impressions about how these
22 findings were to be dispositioned long after the report
23 had been released to everybody. And I also note that
24 the particular sentence is sort of being taken out of
25 context since the sentence right after it explains what

1 the original intent was and what the change was there.

2 Q (By Mr. Sinkin) Well, let me deal with the
3 next sentence then. It seems that the original plan for
4 the Bechtel task force was to eliminate findings that
5 needed no further consideration, but that plan changed?

6 MR. GUTTERMAN: Mr. Chairman, I'll reiterate
7 my original objection which was that the resolution of
8 the findings is not what we're litigating here and it
9 seems like we're off on a tangent getting into that.

10 MR. SINKIN: Mr. Chairman, I'm trying to trace
11 with the witness his original view of Quadrex as that
12 view may have changed as more information became
13 available to him.

14 He's testified that at the time he decided
15 that the ASLB should see the report, he was under an
16 impression that much of the Quadrex report was
17 unsubstantiated. That seemed to fit in with the wording
18 in this memorandum that he wrote that seemed to express
19 an expectation that many of the findings would need no
20 further consideration, but that, in fact, it turned out
21 that most of them would need some final dispositioning
22 by the project.

23 MR. GUTTERMAN: Mr. Chairman, I don't think
24 that solves our problem at all. Obviously if you look
25 at Applicants' Exhibit 63, which is the report we're

1 talking about in this memorandum which was anticipated,
2 215 of the Quadrex findings were put in categories of no
3 further action recommended or complete ongoing or
4 planned activities.

5 I don't see how the question about whether
6 they were going to be eliminated really comes into any
7 play in determining what Mr. Sells' understanding of the
8 Quadrex report was back in September of '81.

9 MR. REIS: The Staff doesn't see the
10 particular probative value of these questions either.

11 JUDGE BECHHOEFER: I think we'll sustain the
12 objection. We don't see the materiality at least to
13 anything we have to decide on what we see now at least.

14 Q (By Mr. Sinkin) Mr. Sells, I show you what I
15 ask be marked as CCANP 144 and ask if you recognize this
16 document.

17 (CCANP Exhibit No. 144 marked for
18 identification.)

19 A (By Mr. Sells) Yes, I recognize this
20 document.

21 Q (By Mr. Sinkin) The latter part of this
22 document, if I'm correct, is your comments on the
23 chronology originally prepared by CCANP regarding the
24 Quadrex report; is that correct?

25 A That is correct.

1 Q Referring to page 2 of your comments and page
2 7 of the chronology, the CCANP comment at the top of
3 page 7 deals with CCANP's view of a relationship between
4 the release of the Quadrex report and the decision to
5 fire Brown & Root as architect engineer.

6 Now, in your comment you state that you were
7 aware HL&P was considering a range of options with
8 regard to design before even receiving the Quadrex
9 report and you outline a range of options that they were
10 considering.

11 Can you tell me how you were aware of what
12 options HL&P was considering regarding Brown & Root's
13 performance, continuing performance as architect
14 engineer?

15 MR. REIS: Mr. Chairman, I object to the
16 question. I don't see where it's material or relevant
17 to the issues here what Mr. Sells' knowledge was. We've
18 had testimony from HL&P as to their consideration of
19 options, but I don't see where Mr. Sells' knowledge of
20 it is probative to any issues before this court.

21 MR. SINKIN: Well, I think Mr. Sells'
22 knowledge as recorded here is probative.

23 Let me ask a specific question and maybe it
24 will highlight the information.

25 Q (By Mr. Sinkin) According to your comment,

1 Mr. Sells, prior to receiving the Quadrex report HL&P
2 was considering the complete replacement of Brown & Root
3 as an option, according to your comment.

4 My question is how were you aware that HL&P
5 was considering the complete replacement of Brown & Root
6 as architect engineer prior to May the 7th, 1981?

7 MR. REIS: Mr. Chairman, I think that
8 mischaracterizes the comment made. It does not indicate
9 in the comment when Mr. Sells became aware of the
10 options available to Brown & Root, whether they were
11 matters known on July 26th or matters known in the
12 summer.

13 MR. SINKIN: It states in the comment, "In
14 actual fact, I am aware that HL&P was considering a
15 range of options with regard to design before even
16 receiving the Quadrex report."

17 MR. REIS: Okay. Now, the question is that
18 actual fact that I am aware, is that an actual fact that
19 he was aware of in the summer of '81 or an actual fact
20 that he was aware of at the date of the memorandum? You
21 in the question --

22 MR. SINKIN: We certainly can try and clarify
23 that.

24 Q (By Mr. Sinkin) When you state, Mr. Sells,
25 that you were aware that HL&P was considering a range of

1 options before receiving the Quadrex report, did you
2 know before HL&P received the Quadrex report that they
3 were considering this range of options?

4 A (By Mr. Sells) I'd like to take a moment to
5 look at the September 24 chronology entry, the CCANP
6 comment and my comment on the comment, if I may.

7 Q Certainly.

8 A I've completed reviewing that, Mr. Sinkin.
9 Would you repeat the question.

10 Q Okay. Looking at your comment at the bottom
11 of page 2, as Mr. Reis points out there are perhaps two
12 ways to read your comment. I'm just wondering which way
13 it should be read.

14 You state in the comment, "I am aware that
15 HL&P was considering a range of options with regard to
16 design before even receiving the Quadrex report." The
17 question is were you aware that HL&P was considering a
18 range of options, the range of options you note here,
19 were you aware of that fact prior to HL&P receiving the
20 Quadrex report?

21 MR. GUTTERMAN: Mr. Chairman, there's one
22 thing I think ought to be made explicit in asking this
23 question because there is something implicit in it that
24 I hate to just come into the record without everybody
25 being clear on and that is the question of whether

1 consideration of replacement of Brown & Root was an
2 option being actively studied or whether the question is
3 is Mr. Sells' comment here merely indicating that even
4 replacement of Brown & Root was within the realm of
5 possibility, which is entirely different things.

6 MR. SINKIN: You're certainly free to ask that
7 question of Mr. Sells. I mean, I was pursuing that as
8 to what he knew, who told him, when they told him. I
9 was trying to get that into the record in as much detail
10 as we could. I haven't got the first question yet.

11 MR. GUTTERMAN: I just didn't want the first
12 question to have more packed into it than the witness
13 realized he was testifying to, that's all.

14 JUDGE BECHHOEFER: I think you can answer it,
15 if you remember it.

16 A (By Mr. Sells) I was aware prior to the
17 receipt of the Quadrex report by Houston Lighting &
18 Power that there were options being considered.
19 Specifically, I was aware of the options dealing with
20 asking for additional engineering support to Brown &
21 Root to do some systems and possibly some of the
22 subsystems, working with Brown & Root to hire more
23 expertise in the areas where HL&P felt that they were
24 weakest.

25 When the first words were said to me that

1 indicated that partial replacement or even total
2 replacement of Brown & Root was something that could be
3 considered, I don't recall. It could have been a
4 passing conversation close to the time the Quadrex
5 report was received or it could have been a month
6 earlier. It was in the time frame of that that there
7 was some passing comment that this certainly was within
8 the realm of possibility.

9 Q (By Mr. Sinkin) And who did you talk to about
10 that?

11 A I don't recall who may have made that comment
12 to me. I believe I do recall that both Mr. Goldberg at
13 one time or another and I believe Mr. Robertson at one
14 time or another talked about some of the options with
15 regard to getting additional engineering support to
16 assist Brown & Root. And I believe that that could have
17 occurred very early on in the January maybe even late
18 December '80 time frame. It couldn't have been with Mr.
19 Robertson before I believe around March of '81 because I
20 believe that's when he came on board.

21 Q Was it your impression prior to HL&P receiving
22 the Quadrex report, prior to May the 7th, 1981, was it
23 your impression that HL&P was seriously considering the
24 removal of Brown & Root as architect engineer?

25 A No, sir.

1 JUDGE BECHHOEFER: Did you by any chance hear
2 or find out about the thought of at least considering
3 the option of replacement as early as the spring of
4 1980, by any chance?

5 MR. AXELRAD: I'm sorry, Mr. Bechtel, could
6 you just repeat the entire sentence, please?

7 JUDGE BECHHOEFER: I'm sorry. I was asking
8 Mr. Sells if he might have heard that Houston Lighting &
9 Power was considering as an option the replacement of
10 Brown & Root as early as the spring of 1980. I'm
11 referring to the date --

12 MR. SELLS: As point of clarification, that
13 goes back to some testimony taken earlier in this phase
14 from Mr. Goldberg or Mr. Jordan?

15 JUDGE BECHHOEFER: Yes. Maybe both.

16 MR. SELLS: Chairman Bechhoefer --

17 JUDGE BECHHOEFER: No, no, Jordan and Oprea.

18 MR. SELLS: Chairman Bechhoefer, I was not
19 aware of any discussions that took place that early. I
20 just came on the project in April of '80 and the show
21 cause order and notice of violation 79-19 was the big
22 issue that was given to me the day I took over the South
23 Texas Project. So, I was not aware of any conversations
24 going on with regard to what they might be thinking.

25 MR. SINKIN: You were asking spring of 1980,

1 is that correct --

2 JUDGE BECHHOEFER: I don't have the testimony
3 in front of me. The occasion when Mr. Jordan apparently
4 contacted Bechtel and one other firm.

5 That date was June 1980, the date I was
6 referring to. That's taken from Mr. Jordan's
7 testimony.

8 Q (By Mr. Sinkin) Just so the record is clear
9 on that point, as I understand the Chairman's question,
10 he was asking if you were aware that in June of 1980,
11 HL&P had undertaken to see if there were alternative
12 companies available to replace Brown & Root as architect
13 engineer. And I believe you said no, you were not aware
14 of that particular event; is that correct?

15 A That is correct, I was not aware of any such
16 conversation.

17 (No hiatus.)

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1 Q And did you attend the meeting in Washington in
2 October of 1981 where Mr. Stello and Mr. Collins
3 discussed the Quadrex report with HL&P?

4 MR. AXELRAD: Can we have a more specific date
5 than that?

6 MR. GUTTERMAN: I wonder if that could be
7 pinned down to a more specific --

8 Q (By Mr. Sinkin) October of, 1981, Bethesda,
9 Maryland.

10 A (By Mr. Sells) Mr. Sinkin, I do not recall
11 attending a meeting with Mr. Stello and Mr. Collins in
12 attendance where the Quadrex report was discussed.

13 Q Do you remember a meeting in Bethesda, Maryland
14 in October of 1981 October the 6th of 1981, regarding the
15 Quadrex report?

16 MR. REIS: Asked and answered.

17 MR. SINKIN: No, it was asked and answered in
18 terms of the presence of Mr. Stello and Mr. Collins.

19 MR. REIS: You are right, I withdraw the
20 objection.

21 Q (By Mr. Sinkin) Do you remember any meeting in
22 October of 1981 Bethesda, Maryland regarding the Quadrex
23 report?

24 MR. REIS: I Mr. Chairman, I object to the
25 question as being over broad and I'm sure that Mr. -- I

1 don't know whether it means meetings between -- who this
2 meeting is between, Mr. Sells and his boss, or Mr. Sells
3 and his attorney.

4 Q (By Mr. Sinkin) Well, let me just direct your
5 attention, Mr. Sells, to Page 3 of your comments
6 referring to the CCANP chronology, the October 6th, 1981
7 entry, that October 6th entry recounts a meeting in
8 Bethesda, Maryland, with Mr. Stello and Mr. Collins
9 present, and your comment is my recollection of the
10 October 6th meeting does not include the response given
11 in the last sentence of the CCANP chronology.

12 A That would certainly indicate that I was 59
13 that meeting.

14 Q Well, that's what it indicated to me. But
15 apparently you have no recollection of that meeting?

16 A I certainly, at this state in time, do not
17 recall any of the details of that meeting.

18 MR. SINKIN: Mr. Chairman, I would move CCANP
19 144 into evidence.

20 MR. REIS: Mr. Chairman, the staff would
21 object. Most of this material, the vast bulk of it, is
22 material generated by CCANP and and it so mixes up
23 matters that happened with matters that are conjecture
24 that it has no validity. In other words, it has -- it is
25 not worth coming in for the proof of anything because of

1 the problems it contains.

2 There is such a large bulk of material within
3 it that has not been testified to that it would just
4 create a -- would do more harm to the record than good
5 and create more questions than it seeks to answer or give
6 dates to.

7 Therefore, on balance and in the Board's
8 discretion, I don't think it has the proper probative
9 weight to be admitted, in that it is jumbled with
10 comments even what aren't labeled comments, we've had the
11 statement itself that matters therein are not correct;
12 this Board should be concerned not with a chronology that
13 somebody has gotten up but with what the record
14 demonstrates through the trial of this proceeding. •

15 Therefore, I don't think it has the requisite
16 materiality or even relevance to be admitted in this
17 proceeding.

18 MR. GUTTERMAN: Mr. Chairman, I would join in
19 that objection and emphasize the document, itself, is so
20 mixed with speculations and accusations; Mr. Sells is
21 here and if there are facts to be proven up, Mr. Sells
22 can be asked the questions directly.

23 I don't see how the questioning that's gone on
24 so far has in any way served to demonstrate that this
25 document is in any way probative of the issues before the

1 Board.

2 MR. REIS: This certainly is a back-door way to
3 try to get in testimony of people who are not on the
4 stand. I don't know whether they have any basis for this
5 testimony at this point, whether it can come in, whether
6 they have any knowledge or these things are just adding
7 up two and two and getting perhaps a hundred and ten
8 rather than four.

9 And it isn't just, you know, I could say, "Well
10 let's all strike what is called CCANP comment" and we'll
11 deal with the other number, but there are so many words
12 in the other stuff and so many conjectures in the other
13 stuff, that I really don't know. Just look all the way
14 through that.

15 MR. SINKIN: Mr. Chairman, I do have a
16 response.

17 JUDGE BECHHOEFER: Mr. Sinkin, do you have
18 something?

19 MR. SINKIN: Yes, I did have a response. I
20 think if the problem is the CCANP chronology, we would
21 not offer the CCANP chronology for the truth of the
22 matters stated therein as much as it would be offering
23 the document for Mr. Sells' commentary and Mr. Sells'
24 view of the events as contrasted or as in agreement with
25 the CCANP chronology but it's really Mr. Sells' comments

1 that we want in evidence and the other document would
2 just be illustrative of what he is responding to.

3 MR. REIS: Mr. Chairman, from that point of
4 view, I'm not sure that Mr. Sells' comments are complete
5 or would indicate anything of that sort. I think we
6 would have to go through and ask Mr. Sells piece by piece
7 on these things what his comments are. I don't think the
8 absence of a couple of words, and I don't know what the
9 purpose of getting this up was and I don't know whether
10 the absence of some words indicates agreement; apparently
11 what Mr. Sinkin is trying to say that the absence or
12 failure to comment in some areas would indicate
13 agreement.

14 MR. SINKIN: No.

15 MR. REIS: This -- I don't see that --

16 JUDGE BECHHOEFDER: I think admitting the
17 enclosure, which is essentially what's being asked, would
18 not have anything to say about anything that wasn't
19 commented upon. Certainly the Board would not take it
20 that it would have any --

21 JUDGE SHON: No, I think that we would not take
22 it as a -- we would not assume that that was admitted for
23 the truth of the matters contained therein, that is the
24 CCANP comments under any circumstances, and particularly
25 if there's no comment by Mr. Sells that the document is

1 of no value in writing proposed findings --

2 MR. SINKIN: Absolutely. If Mr. Sells did not
3 comment, that would not be taken as agreeing.

4 MR. REIS: Mr. Chairman, May I take a couple of
5 minutes to re-read this through? I mean, enclosure two,
6 to see, in lieu of what Mr. Sinkin has now said, whether
7 I have any response or what I feel.

8 I think with that understanding, that it is
9 just as to enclosure two and the cover memorandum that
10 would come in, for the truth of any matter therein other
11 than something just submitted by CCANP, the staff will
12 withdraw its objection.

13 JUDGE BECHHOEFER: Applicants have any --

14 MR. GUTTERMAN: With the same understanding as
15 Staff counsel as stated, we'll withdraw our objection as
16 well.

17 JUDGE BECHHOEFER: Okay. CCANP 144 which now
18 consists of a cover letter dated January 26th, 1982,
19 written by Mr. Sells, the one page cover letter, and
20 enclosure two to that cover letter which are Mr. Sells'
21 comments, those will be admitted as CCANP 144. The rest
22 of the document, the chronology, can travel with the
23 record to show what the comments referred to but it is
24 not admitted for the truth of anything stated.

25

1 Q (By Mr. Sinkin) Mr. Sells, let me just clarify
2 one point in terms of your contacts with Mr. Goldberg.
3 April the 21st, you all have a conversation in which Mr.
4 Goldberg says the Quadrex report is coming soon, there
5 may well be some 50.55(e) reports and he wants to brief
6 you; did you formally make an appointment at that time to
7 meet during the hearings to discuss the Quadrex report?

8 A Mr. Sinkin, I do not recall whether that
9 appointment was made on the 21st of April or at a
10 subsequent date. But I do recall that it was made prior
11 to the commencement of the hearings. Now whether that
12 was in the form of another contact with Mr. Goldberg or
13 with someone else, I do not recall.

14 Q Mr. Phillips, were you involved in subsequent
15 closing out of Quadrex items?

16 A (By Mr. Phillips) No.

17 Q Mr. Sells, were you involved in the subsequent
18 close out of Quadrex items by NRC?

19 A (By Mr. Sells) In what time frame, Mr. Sinkin.

20 Q Well, they were being closed out over quite a
21 long time frame. Let me just show you a document which I
22 wont mark for the moment and just ask you if you are
23 familiar with it.

24 What I've handed the witness is NRC inspection
25 report 84-11, that has a cover letter dated September 11,

1 1984, and records an inspection conducted between July
2 30th and August 16th, 1984 in which various Quadrex items
3 are addressed.

4 A (By Mr. Sells) Since all inspection reports
5 eventually wind up crossing the desk of the project
6 manager, I'm sure I saw this report at one time or
7 another but I do not recall having had any direct
8 involvement with anything in the report.

9 MR. REIS: Mr. Chairman, this report is dated
10 1984.

11 A (By Mr. Sells) I retract my statement. I would
12 not have seen it, I was no longer the project manager of
13 South Texas Project.

14 MR. SINKIN: That concludes my
15 cross-examination, Mr. Chairman.

16 JUDGE BECHHOEFER: Do you want this one back?

17 MR. SINKIN: I guess so.

18 JUDGE BECHHOEFER: Mr. Gutterman?

19 MR. GUTTERMAN: I wonder if we could take say a
20 fifteen minute break and review our notes?

21 JUDGE BECHHOEFER: Yes, yes, we can.

22 (Brief recess.)

23 JUDGE BECHHOEFER: Okay Mr. Gutterman or Mr.
24 Axelrad.

25 MR. GUTTERMAN: Okay.

1 RECROSS-EXAMINATION

2 By Mr. Gutterman:

3 Q Mr. Phillips, in August of 1981, when you
4 requested the opportunity to review the Quadrex report,
5 were you given a full and adequate opportunity to review
6 the report?

7 MR. SINKIN: Excuse me --

8 A (By Mr. Phillips) At what point?

9 MR. SINKIN: I believe the question indicates
10 that Mr. Phillips requested an opportunity to review the
11 Quadrex report. I believe his testimony is that he
12 requested a set of documents but did not specify the
13 Quadrex report.

14 Q (By Mr. Gutterman) Well, let me amend the
15 question. When you were given the Quadrex report to
16 review in August of 1981, were you given a full and
17 adequate opportunity to review the report?

18 A (By Mr. Phillips) Yes. However, that was not
19 the purpose of our inspection at this time. So for that
20 reason, I had to request it on site.

21 Q And when you got it on site, were you given an
22 adequate opportunity to review it?

23 A Yes.

24 Q And was the copy of the report that you were
25 given to review marked confidential, secret or

1 restricted, with any kind of markings like that that
2 would restrict its use within HL&P?

3 A Were there markings?

4 Q Yes, was it marked confidential or secret or
5 restricted or anything like that that would indicate some
6 limit on it's use?

7 A The only thing I recall was being told that it
8 was company sensitive, confidential. I don't recall
9 whether it was even marked.

10 Q In your testimony on page 4, testimony states
11 "he stated I was welcome to read it, but that I could
12 neither remove it from the offices nor reproduce any part
13 of it." Other than the limitations on removing it from
14 the office or reproducing any part of it, were there any
15 other restrictions on your use of the report?

16 A No.

17 MR. GUTTERMAN: Those are the only questions I
18 have, Mr. Chairman.

19 BOARD EXAMINATION

20 By Judge Lamb:

21 Q Mr. Phillips, with respect to the Quadrex
22 report, was there any reluctance to provide the
23 information that you requested when you did review it?

24 A (By Mr. Phillips) No.

25 Q Mr. Sells, did you detect any reluctance by the

1 company to supply the Quadrex report for your review?

2 A (By Mr. Sells) No, sir, Judge Lamb, they
3 volunteered availability to me.

4 Q Now, with respect to being classified as
5 company confidential, how unusual is that, or is it
6 unusual?

7 A (By Mr. Phillips) No, it's not unusual. Based
8 on my experience, a lot of instances, companies will have
9 reports that they consider proprietary, internal
10 company-wise, although it may have something by
11 regulations that would require reportability and they
12 would separate the two.

13 Q So the fact that -- did you consider it unusual
14 that it was classified in that fashion, was that unusual
15 for that type of report?

16 A (By Mr. Phillips) I really didn't see that
17 much that was confidential in it. I don't recall seeing
18 any names or anything that would have caused it to be
19 confidential. It was mostly technical.

20 Q What I was really asking is whether you viewed
21 it as unusual that the company restricted your access to
22 it, to reading it on site?

23 A No, not really. They usually are controlled
24 documents, very closely anyway. I mean you can't take
25 anyone's records off the premises no matter whether

1 they're routine or not, from that standpoint.

2 Q Mr. Sells, what was your feeling about that?

3 A (By Mr. Sells) First of all, Judge Lamb, I was
4 never, ever told that it was considered company
5 confidential. I was advised by Mr. Goldberg that if I
6 wanted to review it, that he would prefer or I could
7 review it in the Houston office. But that was the only
8 restriction that I was aware of. I was never told by
9 anyone that it was considered company confidential.

10 Q Did that restriction strike you as being
11 unusual at the time?

12 A No.

13 Q Does either of you have any reason to believe
14 that the company was trying to withhold this report from
15 the NRC or from this board?

16 A (By Mr. Sells) I will say no.

17 A (By Mr. Phillips) I don't have any reason to
18 believe that.

19 Q Did either of you suggest to HL&P that the
20 report should be submitted to the Board?

21 A (By Mr. Sells) I did in September.

22 Q You suggested that the --

23 A That the report be made available to the Board.

24 Q To the company or --

25 A I'm sorry, I made that recommendation to Mr.

1 Reis, and passed that recommendation.

2 A (By Mr. Phillips) I did not.

3 JUDGE LAMB: That's all I have, thank you.

4 Q (By Judge Bechhoefer) Just following up for a
5 minute on Dr. Lamb's question, would you have your
6 counsel show you what was marked as CCANP 137. It was
7 never offered.

8 MR. PIRFO: The INPO report.

9 Q (By Judge Bechhoefer) Did the Quadrex report
10 have any markings comparable to what's on this particular
11 report?

12 A (By Mr. Sells) Are you referring to the
13 marking in the upper right-hand corner, "restricted
14 distribution"?

15 Q Yes, I am.

16 A No, sir, it did not that I recall, and any copy
17 of the Quadrex report I saw did not have such markings.

18 A (By Mr. Phillips) I don't recall seeing any
19 such markings.

20 Q Would a utility normally treat a report as
21 company confidential without a marking of this sort?

22 A (By Mr. Phillips) Yes.

23 A (By Mr. Sells) That would be purely speculative
24 on my part and I really -- I don't know whether they
25 would or not. I have not had sufficient exposure in

1 terms of these types of reports to be able to answer the
2 question one way or another, Chairman Bechhoefer.

3 Q It is true is it not that if the company
4 desired NRC to accord a document proprietary treatment,
5 it would have to be marked in some way. Is that not
6 correct?

7 MR. AXELRAD: Mr. Chairman, are you talking
8 about a report that's been submitted to the NRC?

9 JUDGE BECHHOEFER: Yes.

10 MR. SELLS: Mr. Chairman, that is correct. If
11 they have -- as a matter of fact, they must indicate
12 whether there is proprietary information in the report
13 and so mark it to withhold from public disclosure.

14 Q (By Judge Bechhoefer)' So absent any such
15 marking, is it not true that NRC, at least, would not
16 feel obliged to treat it as a proprietary document?

17 A (By Mr. Sells) I believe that would be a fair
18 assumption, yes.

19 Q Now, Mr. Sells, I would like to go over in a
20 little more detail exactly, if you can remember anything
21 further, what the contents of the -- well, the three
22 communications to you concerning the Quadrex report were.
23 First the one in January or February 1981. Were you
24 given any details about what the report was going to be;
25 when you were advised that there was such a report, that

1 a report was being prepared?

2 MR. AXELRAD: I'm sorry, I couldn't hear you.

3 Q (By Judge Bechhoefer) I said was he given any
4 details about the subject matter of the report at the
5 time he was first advised that a -- well, he says audit
6 here in the -- in your statement, your statement attached
7 to your testimony, you termed it an audit. But were you
8 given any details of what was to be in that study?

9 A (By Mr. Sells) First of all Mr. Chairman, I
10 think the use of the term audit has been defined earlier
11 in the testimony in this phase is -- the use of the term
12 audit is a little strong. I would accept the
13 definitions of audit it as being much more tight than
14 what was actually done in the Quadrex report. In
15 response, direct response to your question, as I recall,
16 I was only told that there was an intent to go to an
17 outside consultant and I recall that the name was
18 mentioned but I did not make more than a passing mental
19 note which was soon forgotten as to who it was, at that
20 time frame, and that they were going to -- were being
21 asked to look at the factual status of the engineering
22 design, the South Texas project. I was not given any
23 information that I recall that indicated the areas that
24 were being requested to look at, or any other guidance.
25 I was not knowledgeable of any guidance that was given to

1 the --

2 Q Were you told why they were undertaking such a
3 study, or review, I should say?

4 A The only reason that I recall -- that I was
5 given was that they wanted to status the engineering
6 design in certain areas. There may have been other
7 reasons given to me at the time but I don't recall them,
8 Chairman Bechhoefer.

9 Q At the time, did they mention whether or not
10 they suspected any safety problems or safety questions
11 arising from the review?

12 A No. I do recall in passing conversations at
13 various times, and I can't pin it down to dates, that
14 there had been concern expressed about the verification
15 of computer codes, and there had been concern expressed
16 about the nuclear analysis. But I can't recall time
17 frame and put that in a time frame. I can't recall
18 whether that may have occurred prior to the commission of
19 the Quadrex report or subsequent to the commissioning of
20 the Quadrex report.

21 (No hiatus.)

22

23

24

25

1 Q Moving on to your next communication
2 concerning the Quadrex review was the April 21, 1981
3 telephone conversation.

4 A (By Mr. Sells) That's the next significant
5 contact. There were meetings going on constantly with
6 Houston Lighting & Power during that entire period of
.7 time in preparation for -- well, in dealing with the
8 findings of 79-19 and the show cause order, the subject
9 may have been briefly mentioned at some of these other
10 meetings.

11 I don't want to leave the impression that the
12 three contacts we're talking about are absolutely the
13 only ones that were made. That was certainly the next
14 significant contact, telephone conversation with Mr.
15 Goldberg. The conversation did not start out discussing
16 the Quadrex report, as I recall, it started out
17 discussing some other areas that I recall Mr. Goldberg
18 was interested in providing a presentation to the
19 staff. And it could well have been on soils or it could
20 well have been on seismic design, I'm not certain
21 which. But he then at the very end of the conversation
22 mentioned that the Quadrex report or the report of the
23 consultant was imminent and that he would expect some
24 50.55(e) reports to result from the report.

25 Q Now, did he go into any detail as to areas at

1 that time? I'm not sure whether Mr. Sinkin asked you
2 this or not.

3 A No, sir, he did not. He merely indicated that
4 there would likely be some 50.55(e) reports. He did not
5 indicate any specifics or any areas that he thought that
6 that would occur.

7 Q Prior to April 21, had you been informed of
8 the results of any of the early briefings, at least the
9 I guess April 13 briefing?

10 A I do not recall being advised of any of the
11 results of earlier briefings, no, sir.

12 Q Now, to clarify one matter, I believe you
13 answered a question from Mr. Sinkin to the effect that
14 you had arranged during that conversation for the later
15 briefing, something like that.

16 A Chairman Bechhoefer, I do not believe that the
17 arrangements for the briefing in the first week of
18 hearings in Bay City were made over that telephone -- in
19 that telephone conversation.

20 Q I may have misunderstood one of your answers.
21 I wanted to refer you to a paragraph in CCANP 144,
22 enclosure 2, the one that's -- the first item, page 2,
23 in the last two sentences of the second paragraph. Do
24 those sentences reflect your best recollection of when
25 the briefing was actually set up?

1 A Refreshing my memory by reading this, Chairman
2 Bechhoefer, this tells me that it was Tuesday or
3 Wednesday of the first week of the hearings that the
4 offer to brief me was made and the briefing took place
5 on Thursday or Friday of that week. And, as I recall,
6 the briefing did take place in the latter part of that
7 week in Bay City.

8 I certainly do not recall any specific
9 appointment being made in the April 21 telephone
10 conversation, other than the fact that I seem to recall
11 that Mr. Goldberg had indicated that it would be
12 available in early May and I could see it during the
13 hearings. But no specific agreement was made.

14 Q Now, in that April 21 call, your statement
15 says that you were told that you could see the report.
16 Does that mean you personally or did you understand that
17 to include other NRC personnel?

18 A I'm trying to reflect upon my reaction to that
19 comment by Mr. Goldberg. I suspect that I took that as
20 me personally could look at the report and not a general
21 you, NRC, all inclusive offer.

22 Q Did you have any reaction to that at the time?
23 Did you respond to Mr. Goldberg's offer at all?

24 A Not in terms of actually looking at the
25 report, but I certainly at the time the offer was made

1 to brief me jumped at the opportunity to get a briefing
2 on the report, the results of the report.

3 Q Now, turning to the briefing which took place
4 in the week of May 11th, you state that Mr. Goldberg
5 mentioned the various areas looked at by Quadrex,
6 identify the categories into which each issue was
7 placed. Was that anything more than -- let me find
8 this. Was that anything more than just a listing, a
9 recitation of what appears in an exhibit which we have
10 not accepted into evidence, but CCANP 142?

11 A I don't recall exactly how Mr. Goldberg
12 introduced the -- introduced me to the Quadrex report at
13 that meeting, but he did specifically list the eight
14 areas that are reflected in this CCANP 142 for
15 identification and did mention the generic findings.
16 So, he basically gave me a brief synopsis and summary of
17 Volume 1 of the Quadrex report. And we were together
18 somewhere in the time frame of I would say fifteen to
19 twenty minutes. It was near the end of the lunch break
20 prior to the restart of the hearing.

21 Q Do you remember, was there any discussion --
22 well, was there any extended discussion of the three
23 items which had been identified several days earlier?
24 Were those items talked about in any detail or --

25 A I don't recall that there was any extended

1 discussion, Chairman Bechhoefer. I don't believe that
2 there was time to get into any details mainly because
3 Mr. Goldberg was attempting to give me an overview of
4 the report. He outlined the categorization that was
5 involved, the most serious, serious and so forth. I
6 recall that he told me that in their review they looked
7 at the most serious items and I don't believe, but he --
8 I don't recall whether he spelled that out as being
9 those related to the disciplines only.

10 There was no serious in-depth discussion or
11 any kind of detailed discussion of the three that were
12 reported. He certainly highlighted the three that were
13 reported.

14 Q Was there any discussion of any other
15 particular items which, say, for instance, further study
16 was being done on?

17 A Not that I recall. The comment that Mr.
18 Goldberg made to me was that HL&P would continue to do a
19 detailed review of all findings in the Quadrex report.

20 Q But there was no mention of any particular
21 items which would be highlighted for such?

22 A Not that I recall.

23 Q Mr. Phillips, your testimony doesn't state
24 whether this person wishes to remain anonymous. If he
25 does, you don't have to identify him. But you mentioned

1 that you interviewed an engineer on April 25, '81. Was
2 that engineer an employee of either HL&P or Brown &
3 Root?

4 If it's an anonymous informant, you can tell
5 me and I won't ask a question about it, but you just
6 said an engineer. This is on page 2 of your testimony.

7 A (By Mr. Phillips) Yes. He was neither. He
8 was a consultant to --

9 MR. REIS: Mr. Chairman, I don't see why this
10 is probative. We know that an engineer on the project
11 told him and that's about all we need, isn't it? I
12 don't know why we're going into this matter.

13 If it was material to an issue, if it had to
14 be found out to decide an issue, then perhaps we could
15 go a little deeper into it. But it's just not -- it is
16 not -- when you balance the need for the information
17 against giving any kind of a lead to who an informant or
18 who talks to our staff might be in a confidential manner
19 or in a quiet manner, it just isn't necessary.

20 JUDGE BECHHOEFER: Well, that's why I
21 mentioned it.

22 MR. REIS: I know. I know.

23 JUDGE BECHHOEFER: If the staff wanted to keep
24 the person anonymous, fine. Normally we don't keep a
25 person's identity anonymous unless either they wish it

1 or the Staff wishes it for its investigative purposes.

2 MR. REIS: Right. I don't know whether this
3 person has ever been gone back to to see whether they
4 want to remain anonymous because, frankly, we didn't
5 think that the matter could influence the findings of
6 the Board in any way. If it could influence the
7 findings of the Board or the decision of the Board, then
8 we would go out and check. But, you know, it's just the
9 background. Somebody told me who was on the project and
10 that's all that could possibly have any meaning.

11 JUDGE BECHHOEFER: Well, the meaning would be
12 if the person is an HL&P employee who knew of numerous
13 deficiencies on April 25, 1981, perhaps they should have
14 been reported on no later than April 25. If the person
15 is not an HL&P employee, which I now know, that may make
16 a difference.

17 MR. REIS: In the context of the issues in
18 this proceeding, I can't -- well, there's no sense --
19 the issue is now complete and I guess it's closed. I
20 won't go on.

21 JUDGE BECHHOEFER: I have an answer, so --

22 MR. REIS: Excuse me? Yes.

23 JUDGE BECHHOEFER: I said I have the answer to
24 my questions.

25 Q (By Judge Bechhoefer) Mr. Phillips, on page 3

1 of your testimony, do you know whether the inspection
2 conducted by the vendor inspection branch encompassed
3 any of the vendor control findings that eventually --
4 that appeared in the Quadrex report?

5 A (By Mr. Phillips) Can you -- I think probably
6 that question was already asked previously. I believe
7 my answer was that I didn't know any specific areas
8 where, you know, it covered, the NRC vendor inspection
9 report covered specific areas that were in the Quadrex
10 report. I don't recall matching that up or knowing of
11 any specifics.

12 JUDGE BECHHOEFER: That's all the questions
13 the Board has.

14 Does the Staff have any redirect?

15 MR. REIS: Yes, I have a couple redirect.

16

17 REDIRECT EXAMINATION

18 BY MR. REIS:

19 Q At the time you informed me that you believed
20 the Board should be supplied with the Quadrex report,
21 had you looked at the Quadrex report?

22 A (By Mr. Sells) Yes, I did.

23 Q And for how long a period of time had you
24 examined the Quadrex report?

25 A Approximately two hours just prior to

1 informing you in the hearing.

2 Q Did that examination influence in any way your
3 feelings on whether the Board should be provided with
4 the Quadrex report?

5 A Yes, it did.

6 Q And what was the influence?

7 A Among other things, as I previously testified,
8 I knew that there had been some testimony given with
9 regard to engineering, limited, but nevertheless some
10 engineering testimony had been given in the Phase I
11 hearing and this dealt with engineering and dealt with
12 it in a way that would indicate that there were problem
13 areas that needed to be investigated. And I felt that
14 the Board under those circumstances should at least be
15 aware that this report was on the -- well, was not on
16 the street yet, but this report had been made to HL&P
17 and therefore recommended to you that it be made
18 available.

19 Q When did you first learn that HL&P was
20 seriously considering the removal of Brown & Root?

21 A It's hard to pin the date down. But in terms
22 of serious consideration of the replacement of Brown &
23 Root, I do not recall knowing that until late summer, I
24 would say, of 1981.

25 Q And when did you first learn that HL&P was

1 going to replace Brown & Root as architect engineer?

2 A I do not recall that I knew that the
3 replacement was going to take place until the day it
4 actually occurred, but I may have been aware that it was
5 imminent a day or two prior to the announcement.

6 MR. REIS: That's all I have.

7

8

REXCROSS-EXAMINATION

9

BY MR. SINKIN:

10 Q Mr. Phillips, in the time that you were at the
11 South Texas Project, had you -- prior to the August 1981
12 investigation, had you ever been given a report by HL&P
13 and told that it was a 'confidential report which you
14 would be allowed to read at the project but no copies
15 could be made and the report could not be removed from
16 the site?

17 A (By Mr. Phillips) No, but I would like to
18 qualify that. I was not told that; however, in many
19 instances when you are looking at reports you typically
20 do not take copies off or reproduce things and take
21 things away without permission. These are control
22 documents in a lot of instances and you may go off with
23 an incorrect revision, for example, when you're talking
24 about documents. So, there is certain protocol in that
25 respect that you honor.

1 Q When you refer to control documents, are you
2 talking about quality records kept pursuant to Appendix
3 B?

4 A Well, it could be many documents. Procedures,
5 drawings, engineering changes and others I'm sure.

6 Q But it was not unusual, was it, in your
7 inspections to ask for and receive copies of various
8 documents that would support a particular finding in an
9 investigation and that you should take away a copy and
10 attach it to your investigative report?

11 A I'd have to answer part of your question yes
12 and part of your question no. We would sometimes take
13 copies of things to make notes from in making our
14 reports, but we would not to my recollection ever attach
15 those type things to our reports.

16 Q But you might take them away from the project
17 back to headquarters to write up your report and you'd
18 have them there as a reference?

19 A With their permission.

20 Q Have you had occasion to review reports
21 considered proprietary by HL&P?

22 A I think so, but it's been a long time. Maybe
23 things that were technically marked proprietary. Maybe
24 even procedures.

25 Q Mr. Sells, you said that in the week of May

1 11th when you and Mr. Goldberg met that Mr. Goldberg
2 mentioned the generic findings. Did he actually specify
3 any of the generic findings?

4 If I could refer you to CCANP 142, page 2,
5 your listing there, whether he mentioned any of those
6 specific items?

7 A (By Mr. Sells) Mr. Sinkin, I do not recall
8 that he mentioned specific generic findings. I cannot
9 even recall if he listed any of them just in general
10 terms in saying - general categories. I do recall him
11 mentioning that there were specific findings, discipline
12 findings and that there were generic findings. I don't
13 remember any other details of the briefing in that
14 regard.

15 Q Did you and Mr. Goldberg have lunch together
16 that day?

17 A No, sir, we met after lunch.

18 Q In relation to the Chairman's question about
19 the engineer that you talked to on April 25th, 1981, at
20 that time, if I'm correct, there were various
21 consultants to the project who actually occupied
22 positions in HL&P and Brown & Root as opposed to just
23 being consultants.

24 My question is whether the person you talked
25 to actually occupied a position within HL&P or Brown &

1 Root?

2 MR. REIS: Mr. Chairman, I'm again going to
3 object. I don't see where it's probative of anything
4 the Board has to decide. And I don't see why we should
5 go into this matter of who gives our inspectors
6 information when it isn't necessary to make a decision.

7 MR. SINKIN: I think it fits right within the
8 purpose of the Chairman's question. I think it
9 clarifies whether this person was indeed in a position
10 where they should have notified the NRC.

11 MR. REIS: That isn't one of the issues that
12 we have to decide in this proceeding --

13 MR. GUTTERMAN: Mr. Chairman --

14 MR. REIS: -- and it is not material. I am
15 making this objection as a general policy matter that
16 there is no need to go into these things. There are
17 enough instances when we have to -- enough areas where
18 we have to indicate and perhaps make people less willing
19 to come and talk to our inspectors without going into it
20 when it's certainly very very tangential. There are
21 areas where, yes, these matters have to come out and
22 they are important to come out. But where the matter is
23 so removed and so tangential to the issues, it shouldn't
24 even be thought about.

25 MR. GUTTERMAN: Mr. Chairman, even putting

1 aside the Staff's concern, there's just no issue in this
2 proceeding about whether something that might have been
3 discussed with Mr. Phillips should have been reported.
4 And the testimony we have is that they were generalized
5 statements about deficiencies with no statement about
6 whether they were safety-related or whether they fell
7 within any of the categories that are provided in
8 50.55(e). And to go into that here just seems far
9 removed from anything that could be probative.

10 MR. REIS: Mr. Chairman, let me say this, that
11 in criminal matters generally where there are
12 informants, and in criminal matters, of course, the
13 defendant's life and liberty are at stake, informants
14 are very seldom mentioned. The policeman comes and says
15 I got a tip and so we decided to watch that doorway.
16 And if they try and say who gave you the tip, that's
17 definitely out. It's never gone into unless it can be
18 shown by the defense to have a material bearing.

19 We haven't even reached that sort of thing
20 here and there are very strong policy issues not to
21 mention these things here. And to just go around and
22 say that something may tangentially be relevant and dig
23 up things to see what we can dredge up on it is
24 certainly not a way to get people to cooperate with the
25 NRC.

1 JUDGE BECHHOEFER: Mr. Phillips, let me ask
2 you this question. Are the numerous deficiencies which
3 you referred to on page 2, are they the same
4 deficiencies as appeared in the Quadrex report, they or
5 any part of them?

6 MR. PHILLIPS: I'll have to answer that by
7 saying I never looked into the fifteen hundred
8 deficiencies, some other inspector went to look at
9 that. So, I would have no point of reference between
10 those two things.

11 JUDGE LAMB: Was there any reason for you to
12 know from that contact that those were reportable
13 deficiencies?

14 MR. PHILLIPS: No indication of reportable
15 deficiencies, just a general statement that those
16 deficiencies were there.

17 JUDGE LAMB: Did you mean deficiencies when
18 you wrote this in the context of reportable ones or
19 deficiencies in the context of something being wrong.

20 MR. PHILLIPS: Just something being wrong.
21 Nothing to denote reportable deficiencies. It wasn't
22 that connotation at all.

23 JUDGE BECHHOEFER: And you had no way of
24 knowing whether these were in any way related to the
25 Quadrex report --

1 MR. PHILLIPS: No.

2 JUDGE BECHHOEFER: -- deficiencies or whatever
3 -- findings I should say.

4 MR. PHILLIPS: No.

5 JUDGE BECHHOEFER: I guess with that we will
6 stop the questioning on that point.

7 MR. SINKIN: Okay.

8 (No hiatus.)

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1 Q (By Mr. Sinkin) Okay, you said that rather
2 than investigate it yourself, another inspector went to
3 investigate these numerous deficiencies at the Houston
4 office. Was there actually an I&E report written on that
5 investigation?

6 A (By Mr. Phillips) As I recall, there was one
7 but I don't know the number.

8 Q And it would have been conducted around late
9 April or early May of 1981?

10 A After that date, sometime that summer, late
11 spring or early summer.

12 Q When you were making your recommendation in May
13 of 1981 that an inspection be done, were you limiting
14 that recommendation to the vendor inspection?

15 A To vendor -- Let's clarify what you mean by
16 vendor.

17 Q Let me tie it together a little better. The
18 inspection report that you reference in your testimony,
19 as resulting from your request, is a vendor inspection
20 branch, inspection report?

21 A Right.

22 Q Was your request focused on the vendors in the
23 questions you had about design engineering or was it
24 broader than that?

25 A Well, the answer is Brown & Root was the A/E.

1 The Region IV construction group or operations group
2 which I was a part of had no responsibility nor authority
3 to go in and inspect the A/E. The vendor program branch
4 in Region IV had that responsibility.

5 Q Because Brown & Root was a vendor to the
6 project?

7 A Because they were an A/E. Or a vendor, if you
8 will.

9 Q Because that's the category they fall in?

10 A Right.

11 Q Mr. Sells, when you did call Mr. Reis about
12 Quadrex, did you have in your mind the McGuire rule,
13 itself; was that something you were familiar with at the
14 time?

15 A First of all, I did not call Mr. Reis, I talked
16 to Mr. Reis directly in the hearing room.

17 Q That's right. I'm sorry. When you talked to
18 Mr. Reis in the hearing room?

19 A And in direct answer to your question, I made
20 no connection or was even aware of the details of the
21 McGuire rule at that time. I personally was not.

22 Q You were operating out of an understanding that
23 matters relevant to an ongoing hearing should be provided
24 to a licensing board, was that your motivation?

25 A Basically that is correct.

1 MR. SINKIN: That's all I have, Mr. Chairman.

2 JUDGE BECHHOEFER: Mr. Gutterman.

3 MR. GUTTERMAN: I just have one question.

4 RECROSS-EXAMINATION

5 By Mr. Gutterman:

6 Q Mr. sells, you testified in response to a
7 question from Chairman Bechhoefer that you took Mr.
8 Goldberg's invitation to a briefing on the Quadrex report
9 as being extended to you personally.

10 My question is: Did he say anything to you which
11 indicated that if you wanted some other NRC
12 person there to hear it as well that that that person
13 wouldn't be welcome, those people wouldn't be welcome?

14 A I don't recall that he made any comment along
15 those lines. Having had discussions with Mr. Goldberg
16 and other people in HL&P, I am sure or I feel confident
17 that had I requested, for instance that Mr. Phillips be
18 there, that there would have been no problem.

19 There was no specific request and there was no
20 specific statement to the effect that "Only you should
21 attend the briefing."

22 MR. GUTTERMAN: That's all I have, Mr.
23 Chairman.

24 BOARD EXAMINATION

25 By Judge Bechhoefer:

1 Q Mr. Phillips, I want to ask you something I
2 forgot to ask you before and probably should have. You
3 mentioned that in connection with the problems appearing
4 with respect to engineering, you mentioned that there
5 were hold tags on models. What exactly does that mean?

6 A (By Mr. Phillips) Okay.

7 Q Just to clarify in my own mind.

8 A For example, one of the purposes of an
9 engineering model is to be able to work with it and see
10 like, for example, where you might have interference
11 fits, in other words two things can't go at the same
12 place, you may end up that somehow or another, two pipes
13 were going to run in the same place, that would be an
14 interference fit and you would put a hold tag at that
15 point because engineering would have to review it and
16 make some kind of fix on that.

17 What -- the model wasn't on hold per se, it was
18 things, engineering problems that had been identified,
19 the way I took the statement,

20 Q (By Judge Shon) In short, you meant that a hold
21 tag on the model shows the troubles in engineering.

22 A (By Mr. Phillips) Right.

23 Q A hold tag on a weld or something like that
24 would show that it was in fabrication or something.

25 A That's correct. These were engineering type

1 of problems that had to be resolved.

2 Q (By Judge Bechhoefer) Mr. Sells, I have one
3 final question. In view of all the discussions of your
4 meeting in May, 1981, should we allow longer lunch hours?

5 A I beg your pardon?

6 Q I say in view of all the discussions about your
7 meeting in May '81, should we, this Board, allow longer
8 lunch hours?

9 You don't have to answer that.

10 A I would like to say that I do recall the table
11 was round.

12 MR. REIS: Mr. Chairman, I have -- oh, does the
13 Board have another question? I have two.

14 RE-DIRECT EXAMINATION

15 By Mr. Reis:

16 Q First, you used the two terms in referring to
17 the matters involving the model, both deficiencies and
18 problems, when you said these hold tags were on matters.
19 Were they deficiencies or problems or both or what were
20 the hole tags indicating on the model?

21 A --See, I'm not going to be able to give you a
22 direct answer there again because I've had -- I was
23 getting second hand information from an individual and
24 someone else had went and followed up. The implication
25 was there were deficiencies that -- engineering

1 deficiencies of some kind, that's the reason the hold
2 tags were there. And whoever followed it up would be the
3 only guy that would be able to tell that you. I don't
4 know whether they were actually deficiencies or not.

5 Q I see. Okay. Now, the report -- as a result
6 of this, you say on page two, "I verbally requested my
7 office to conduct a special investigation of Brown &
8 Root." That's in the third paragraph on page two of your
9 testimony. Is the result of that inspection the report
10 indicated on page three in answer seven?

11 A Yes.

12 MR. REIS: That's all I have.

13 JUDGE BECHHOEFER: Mr. Sinkin, anything
14 further.

15 MR. SINKIN: Yes.

16 RE-CROSS EXAMINATION

17 By Mr. Sinkin:

18 Q Can you identify the inspector who did the
19 follow up inspection on the 1,500 hold tags?

20 A I think it was inspectors. You'll have to
21 remember, I'm drawing from memory from a long time back
22 but it seems to me like Joe Tapia was involved from the
23 construction side of the house, and Dan Faulks was
24 involved from the NRC vendor side of the house.

25 MR. SINKIN: That's all I have.

1 JUDGE BECHHOEFER: Any other follow up?

2 MR. GUTTERMAN: No.

3 JUDGE BECHHOEFER: I guess you're excused.

4 Off the record for a minute.

5 (Discussion off the record.)

6 JUDGE BECHHOEFER: We will adjourn now until
7 tomorrow morning at 9:00 o'clock, when the first witness
8 will be Mr. Collins.

9 MR. GUTTERMAN: And I would like to mention on
10 the record that at this time I'd like to distribute
11 copies of the Supplemental Testimony on Behalf of Houston
12 Lighting & Power Company of James R. Sumpter. Dr.
13 Sumpter will be here tomorrow to testify after Mr.
14 Collins.

15 JUDGE BECHHOEFER: We're adjourned until 9:00
16 o'clock.

17 (Recessed at 5:25 p.m.)
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CERTIFICATE OF OFFICIAL REPORTERS

This is to certify that the attached proceedings before
the UNITED STATES NUCLEAR COMMISSION in the matter of:

NAME OF PROCEEDING: EVIDENTIARY HEARING
HOUSTON LIGHTING AND POWER COMPANY,
ET AL (SOUTH TEXAS PROJECT, UNITS 1
AND 2)

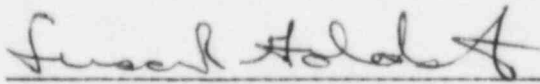
DOCKET NO.: STN 50-498-OL
STN 50-499-OL

PLACE: HOUSTON, TX

DATE: Tuesday, August 13, 1985

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


R. Patrick Tate, CSR


Susan R. Goldstein, CSR

Official Reporters