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STATEMENT OF: OWEN L. THERO

DATE: August 21, 1986

PLACE: Quality Technology Company
Lebo, Kansas

INTERROGATOR: Mr. Donald D. Driskill, Director, and
Mr. H. Brooks Griffin, Investigator
Office of Investigations Field Office
United States Nuclear Regulatory
Commission - Region IV
611 Ryan Plaza Drive
Arlington, Texas 76011

SHORTHAND REPORTER: Ms. Janene M. Hill, CSR, RPR
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Shawnee Mission, Kansas 66202

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Act, exemptions b7c, b7d
FOIA # 87-800

ORIGINAL

EXHIBIT 2
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42586-004

1 Q. For the record, this is an interview of Owen
2 Thero, spelled T H E R O, who is employed -- and would you
3 give your title again?

4 A. President, chairman of the board, Quality
5 Technology Company.

6 Q. The location of this interview is Lebo, Kansas.
7 The date is August the 21st, 1986. The time is 11:48 a.m.
8 At this interview are Owen Thero, and on behalf of the
9 NRC, Don D. Driskill, Director, Office of Investigations
10 Field Office - Region IV, and myself, H. Brooks Griffin,
11 Investigator. This interview is being transcribed by the
12 court reporter.

13 Owen, would you please stand and I'm going swear
14 you to the contents of your testimony. Do you swear that
15 the testimony you're about to give is the truth. The
16 whole truth and nothing but the truth so help you God?

17 A. Yes, I do.

18 Q. Owen, would tell me what your background is
19 prior to joining or starting up QTC?

20 A. I started out with the General Electric Company
21 in October of 1956. Started out in aircraft and warning
22 with a radar station. Got an opportunity to go to Cape
23 Canaveral to work in the ATLAS missile program in the
24 reliability field. I did that, stayed there for several
25 years. I was married in Florida to a Florida gal.

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Went to Syracuse, New York, to take training on the ATLAS ground guidance system. Went to Cheyenne, Wyoming, and installed the original ATLAS system. Worked at Lowry Air Force base in the Titan II program. Went to Vandenberg Air Force base. I was in on over a hundred minuteman launches in the quality assurance and quality control field as a supervisor in 1964 in the first maneuvering ballistic re-enter system.

Became a manager of quality assurance/quality control with General Electric in the mid '60s. Progressed up the ladder with them into management of quality assurance and tests.

In 1974 was involved with the building of nuclear power BWR systems with the General Electric Company. There my responsibilities were in the environmental qualification and all testing and all inspection and quality assurance responsibilities involved in General Electric BWR units. I've worked all over the world, Taiwan, Japan, Italy and in many of the nuclear plants in the United States, General Electric units.

In 1979 I left General Electric and formed my own corporation, Thero Special Services, Incorporated. Received a contract to develop an inspection program at Duane Arnold Energy Center in Cedar Rapids, Iowa.

Went to Kansas Gas & Electric, Wolf Creek in,



1 let's see, 1981, to develop a surveillance program that
2 was a requirement of the NRC placed on KG&E. They hired
3 me to develop and run that organization which I did.
4 Let's see, in 1984, early 1984, I think it was March of
5 '84, we formed the Quality First group of which I was the
6 team leader until I left KG&E in 1984, October of '84. I
7 then took several assignments in Clinton, Illinois, to
8 take part in their concerns research group. I did a
9 Quality First review for Braidwood Commonwealth Edison in
10 Braidwood, Illinois. Did a design review in Oak Creek and
11 was a project manager for the employee response team for
12 the Tennessee Valley Authority at Watts Bar nuclear
13 plant. We terminated that contract in April of this year,
14 and I've been working here to try to develop business for
15 QTC.

16 Q. All right. One of the things we'd appreciate,
17 if you could, give us the background on the Q1 program at
18 Wolf Creek in origins of the program, your involvement and
19 your supervisory role over that program.

20 A. During the ALSB hearing in Fredonia, Kansas,
21 Nuclear Awareness Network, which is a registered
22 intervenor group, put forth a petition to set aside
23 licensing of Wolf Creek. They had six or seven Daniel
24 employees or ex-Daniel employees, I don't remember if they
25 were all current employees or not, that had gone to the

1 NAN organization with allegations concerning the safe
2 construction of the Wolf Creek facility.

3 This petition was accepted even though it was
4 late, filed late, by the ALSB because of the nature of it
5 and the, quote, evidence that the Nuclear Awareness
6 Network had. Bill Rudolph was assigned the responsibility
7 to determine if these concerns were valid or not. He
8 asked me to join him in this investigation. I was a
9 technical person aware of hardware requirements.

10 Q. Off the record.

11 (Whereupon, there was a discussion off
12 the record.)

13 Q. Back on the record. We've been off for
14 approximately two minutes at which time Mr. Thero answered
15 a telephone call. Owen, could you return to your
16 narration?

17 A. Sure. Mr. Rudolph asked me to assist him since
18 I was a hardware person, knew the ins and outs of
19 construction at Wolf Creek, knew of my background and
20 wanted some guidance and some help. Bill Rudolph was the
21 QA manager. I was a consultant to Bill, and he wanted to
22 get to the bottom of the issues to see what the people
23 had, what kinds of problems they had, were they valid or
24 not and would it indeed delay the licensing of Wolf
25 Creek.

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1 If the petition was upheld by the ALSB it would
2 have meant somewhere between eight and twelve months'
3 delay in licensing. Of course KG&E did not want to go
4 through that delay if they could at all avoid it.

5 Nobody in KG&E was aware of the concerns that
6 the former Daniel employees had brought up. It was the
7 first time they were aware of it, was when it hit the
8 news. We found out who the individuals were, made visits
9 to their house, interviewed these people. I investigated
10 their technical concerns, and basically I was not able to
11 substantiate their concerns.

12 For example, one of them I can remember, one of
13 the concerns was an employee had kept a list of quality
14 programs for a year and a half, had turned them over to
15 Daniel management and they were thrown in the basket. It
16 turned out that the list was made, quote, a year and a
17 half ago on a half a sheet of paper or an envelope
18 actually given to the Daniel management, and he didn't
19 know what had happened to it.

20 I investigated, found out that those concerns
21 had been resolved. The problem was that they didn't feed
22 the information back to the individual so he didn't know
23 what had happened and, subsequently, felt that since he
24 didn't hear anything that they were thrown away, but it
25 was that kind of an effort, and I can remember when we

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1 were riding to -- Bill and I were driving to, I think it
2 was Kansas City to interview a person. I mentioned to Bill
3 that this is just the tip of the iceberg. We're starting
4 to lay people off. If there are disgruntled workers,
5 they're going to continue to hit the press and you really
6 need a program within KG&E that identifies these.
7 Obviously the QA program isn't working, otherwise these
8 concerns that they came up with would have been dealt
9 with, and you need some kind of a mechanism to interview
10 people before they ever leave so that you have a shot at
11 knowing what's coming up and I would be glad to help and
12 develop such a program.

13 Bill assigned Mike Linsey the responsibility of
14 going to Palos Verdes since they had a program which
15 interviewed people. They had a hot line, and KG&E adopted
16 the Quality First program as a stop-gap measure to make
17 sure that exiting people or people that had a concern had
18 a mechanism to voice it within KG&E before they got
19 outside into the press or into the NAN organization or the
20 GAP organization, and it was mainly a very positive
21 program that was intended to identify concerns that people
22 felt they could not get addressed through the normal
23 channels. It was intended for us, KG&E, to know what
24 those problems were and not have surprises at the last
25 moment and interfere with licensing.

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1 And I was asked to be the team leader on that
2 job. I accepted that position, and we started
3 interviewing exiting employees. We had a mechanism where
4 they could walk in at any particular time or call us on a
5 hot line. So from KG&E's standpoint, it was one where it
6 was to show the NRC and the public that they were
7 concerned and that they --

8 Q. When did you begin operation of Q1?

9 A. I believe it was in March or April.

10 Q. Of 1984?

11 A. '84.

12 Q. Okay. You were in charge of Q1; is that
13 correct?

14 A. Correct, I was.

15 Q. Could you tell, how many members did you have on
16 your staff?

17 A. Well, it started out with myself, [REDACTED]
18 Chip Hill, one other. I can't remember. So I had three
19 interviewers -- oh, [REDACTED]
20 [REDACTED] but that was the original group. It
21 was basically three quality interviewers and investigators
22 and [REDACTED] for wrongdoing kinds of investigation since he
23 had a background with the [REDACTED] and had had done some work
24 for KG&E and KG&E trusted him. So that was basically
25 three or four people.

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6,7C+7D, portions

1 Q. What activities were you all performing other
2 than interviewing exiting employees?

3 A. We manned the hot line. We took care of any
4 walk-in interviews and we performed investigations of
5 those activities. With the start of the very first week I
6 can remember we took in several concerns. Some of them
7 were substantial looking concerns that might affect the
8 operation or even the licensing of the plant, and we
9 increased the staff. I remember we took some people from
10 the QA organization in the surveillance group and from the
11 audit group to enlarge the staff so that we could start
12 investigating these concerns.

13 Q. Did KG&E formalize the Q1 program by writing a
14 charter or procedure which described the mandate that Q1
15 was given?

16 A. Yes, sir.

17 Q. What kind of document was that contained in?

18 A. That was in a procedure. It was -- I don't
19 remember the number of it, but it was a published,
20 approved procedure that defined the program and what our
21 charter was and how we were to operate and report and log
22 and track and so forth. It spelled out the basis of what
23 the Quality First program was.

24 Q. Who authorized the creation of the Q1? What was
25 the highest level in the utility?

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1 A. Mr. Koester was directly involved with it. I
2 know that it was approved by Mr. Cadman who was -- was he
3 a chairman, president? Something. I guess he's as high
4 in KG&E as you can go. In fact, he made a tape that we
5 were to play which introduced the Quality First program, a
6 videotape, which we showed to the exiting people. Wilson
7 Cadman was in favor of it as were the KP&L and KPCO.

8 Q. So the procedure identified admission statement
9 and also identified your authority?

10 A. Authority and the mechanism for how you do the
11 job.

12 Q. I have not seen the procedure is the reason I
13 ask these questions. Did it also contain any kind of
14 information which would indicate how you would address any
15 information which you had received?

16 A. Yes, how you would address it both to the
17 concerned employee and to the management, the effective
18 management, and a closing report that informed the
19 employer of the results of it, give the feedback to the
20 employee and report to Mr. Koester.

21 Q. You indicated that one of the employees was
22 responsible for wrongdoing issues. Did this encompass
23 drug investigations?

24 A. We wanted it to. We felt that we had the
25 capability to get other law enforcement people, ex-people

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1 in the business that were not involved with KG&E. We
2 could do a more independent review, but KG&E management
3 wanted that kind of investigation to be done in-house by
4 their security people. So that was a charter that we were
5 never able to realize.

6 Q. In the first month or two that Q1 was operating,
7 did the number of allegations increase?

8 A. Yes, it did.

9 Q. Did the number of employees that were exiting
10 increase also; is that --

11 A. Well, we got -- as the word spread about what we
12 were about and the approach that we used and our attitude
13 with respect to -- we were representing the employees, is
14 really the kind of program that we wanted to make sure
15 that everybody was aware of. When somebody came in to us,
16 we looked at that particular allegation through the
17 concerned person's eyes, not through management's eyes.
18 We wanted to represent them and to make sure that what
19 they saw actually was the case. If we could prove it,
20 fine; if we couldn't, then we at least gave them a fair
21 shake and they were not upset with the results.

22 So that kind of credibility we felt was very
23 important. Otherwise, we would get no inputs and people
24 wouldn't come forward, and we'd have the same problem with
25 it hitting the press. So our integrity and the

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1 credibility of the program was paramount, and we had to
2 sell ourselves to each one of the employees through the
3 way we investigated the things, the way we interviewed
4 them, the way we handled their confidentiality. That
5 would make the difference between the program making it
6 and not making it.

7 So we were very careful about how we conducted
8 ourselves and how we represented their concerns. We
9 didn't try to bias them with -- make the matters worse
10 than they actually were but wanted to give them a fair
11 shake to make sure that what they saw either was correct
12 in their eyes or was not correct. So once the word got
13 out how we were doing business and the issues we were
14 willing to tackle, then more and more people came forward
15 to us.

16 We had more walk-in interviews and we had more
17 hot line interviews, which indicated that there was a
18 faction out there that was not in the lay-off mode but
19 needed to be heard from, they elected not to go to an
20 interview program of everybody, but to give them the
21 opportunity to come in if they wanted to through the hot
22 line or the walk in, but to exit interview everybody.

23 Q. As the number of people coming forward with
24 concerns increased, was there any backlash; did they
25 suffer any kind of repercussions for having brought their

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1 concerns to Q1 at this time?

2 A. Yes, there was that indication. We had tried to
3 keep things confidential. It was very difficult to do
4 that the way the program was set up. The trailer was
5 there in plain view. We didn't limit the amount of time
6 that somebody could stay there. In other words, we didn't
7 say You best only stay here 15 minutes. If you have a
8 concern, we'll get you off site.

9 KG&E felt that when somebody came in they wanted
10 us to stick with it until we got everything out and limit
11 the amount of overtime or the amount of time that we would
12 spend off site. That certainly had an impact on
13 identification of concerned individuals. Somebody comes
14 in and stays four hours, you know, it wasn't to pass the
15 time. So they were marked people in the organization.

16 The supervisor knew who was at Quality First and
17 how long they were there, and for example, the telephone
18 calls, the numbers were supposed to be confidential, and
19 yet we could not get control of the telephone bill when it
20 would come in and have it come only to Q1. It went to
21 everybody else, and it didn't take much of an investigator
22 to find out who was associated with what telephone call.
23 So we felt -- we did the best we could with
24 confidentiality, but the program wasn't totally supportive
25 of -- just by the nature of the way we had to do business.

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1 Q. Did you ever have any employees recontact you
2 and say that they had been -- their jobs had been
3 adversely affected as a result of contacting Q1 while they
4 were still employed there?

5 A. Yes, we did.

6 Q. Did you address those as independent or
7 individual allegations?

8 A. Yes. We opened a file on them.

9 Q. Did you substantiate any of those allegations
10 that their job situation had changed as a result of coming
11 to Q1.

12 Q. Yes, a couple of them come to mind.

13 Q. What are the names; do you recall?

14 A. I'm not sure the spelling of this. [REDACTED] ^(7c+7D)
15 was one of them. He was a start-up engineer that had come
16 to us through a walk-in interview, it wasn't an exit
17 interview, and had identified some concerns.

18 [REDACTED] came to us with some concerns.
19 Subsequently to the interview in the way his name was
20 exposed to KG&E management -- was interfered with in
21 getting further employment in nuclear business. Those are
22 two names that come to mind. There may be others, but
23 that's been some time ago, and my memory isn't probably
24 what it should be.

25 Q. Owen, as the number of allegations increased,



6,7C+7D, portions

1 did you have conversations with KG&E managers about how
2 you were going to deal with these -- this increased
3 backlog of concerns, and did any specific managers within
4 KG&E express concern that this activity was taking place
5 and could create problems for the utility?

6 A. I can remember several talks about needing some
7 help, some investigators especially. I can remember one
8 instance and I complained to Glenn Koester about it. I
9 told Mr. Koester, I went in and asked for 13 additional
10 investigators and all that happened was I lost three.

11 Mr. Rudolph had taken three of my investigators
12 out of the organization stating that Quality First was not
13 an NRC requirement but the audit program was and they were
14 behind on their audit so they needed some people and they
15 took them from Quality First program. I can remember that
16 as one instance.

17 Q. As the program developed and the number of
18 allegations increased, did you attend any meetings or have
19 any conversations with upper managers in the utility
20 concerning how these were going to be resolved before
21 licensing?

22 A. I did.

23 Q. Would you explain?

24 A. I did. I'd indicated that the seriousness of
25 some of them, if they were substantiated, could have a

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1 direct impact on their ability to license. I indicated
2 that what we were doing was, in our investigation, was
3 that if we would find a problem -- for example, if we were
4 out investigating a bad weld and we found a structural
5 piece was missing that we would report that as a problem.
6 We would continue our investigation, even though it may
7 not solely be focused in on that one little item, but that
8 there was a root cause and what we were going after was
9 root cause determination. Management had a hard spot with
10 that because it was time-consuming, and what they were
11 after was quick resolution of the problem so they could
12 get on with licensing the plant.

13 I can remember when we were formed in March or
14 April, it was formed because the ALSB meeting had been
15 held and the intervenor group was there so it wouldn't
16 have been long before KG&E was going to go after a
17 license. They were not going to be able to license if
18 they had quality problems on substantiated or
19 uninvestigated quality problems. So they were very
20 interested in licensing. It was costing them a lot of
21 money every day that licensing was postponed. So it was a
22 lot of pressure from a schedule standpoint to get the item
23 resolved in a very timely manner, and the way we were
24 investigating looking for root cause interfered with that
25 schedule.

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1 Q. Did they eventually add other investigators
2 and/or additional personnel to participate in the Q1
3 program?

4 A. Well, they reorganized the group. They broke
5 the group up into two separate organizations. One was an
6 investigation group, and the other was an interview group,
7 and instead of myself being in charge of the program, I
8 was replaced by Mr. Snyder, and I was made the team leader
9 of the interviewers, and a fellow by the name of Bob Scott
10 was made the team leader of the investigators and we both
11 reported to Chuck Snyder.

12 Q. When did this change take place with Snyder
13 entering the picture or taking over Q1?

14 A. The exact date, I'm not even sure I can give you
15 the exact month, but I believe it was around September of
16 1984.

17 Q. By that time how many personnel were involved in
18 working within the Q1 program approximately?

19 A. Probably somewhere in the neighborhood of 15.

20 Q. What was Snyder's background that -- why was he
21 brought in to take over Q1 in your opinion?

22 A. Well, he had done a very good job of dealing
23 with the Kansas Commission when they came in to do a
24 prudence review. He was the interface to justify the
25 management actions that had taken place over the past

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1 several years, the past 10 years of construction. He was
2 instrumental in justifying the actions that had taken
3 place, and in Glenn Koester's eyes he was very loyal to
4 him and was willing to do whatever it took to get the job
5 done.

6 Prior to that time he was the manager of
7 construction. He left the construction job and went to
8 INPO as the KG&E needed representative to INPO. So I
9 think he was there a year before coming back and taking
10 the assignment to interface with the Kansas Commission,
11 KCC, Kansas Commerce Commission. I think that's what it's
12 called.

13 Q. Were you given an explanation of why Snyder was
14 being brought in?

15 A. Yeah, they wanted a permanent KG&E employee in
16 the position, is what was explained to me.

17 Q. Do you think that was an accurate reasoning for
18 why Snyder was brought in and you were put over the
19 interview team?

20 A. Well, I didn't think it was an accurate
21 representation at all. Up to that point in time Chuck was
22 a contractor himself. I don't know what the circumstances
23 were for him to join KG&E as a permanent employee, but it
24 was very obvious to me that the approach the program was
25 taking with myself leading the group and their lack of

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1 control over how the investigations were to be conducted
2 and the results of those that I obviously was a problem to
3 them.

4 Q. Your background is in QA/QC, but if I understand
5 you correctly, Snyder's background was in construction
6 activities at Wolf Creek?

7 A. That's correct.

8 Q. So by taking over QI would he then be taking
9 allegations a large part of which would be on construction
10 problems at Wolf Creek?

11 A. Correct. In fact, I can remember one of the
12 cases that had to do with the pipe cleanliness task force
13 which Chuck Snyder was the head of. Back in -- let's see
14 if I can remember the year -- well, back in the early
15 parts of construction when they were putting in the large
16 and small bore pipes they were using a tape that was
17 called dissolvable tape or Dissolvo, D I S S O L V O,
18 tape. It was intended to be a purge dam for argon gas to
19 keep the gas concentrated and make better welds in pipes.
20 The tape was used extensively throughout the whole
21 facility in all stainless steel applications.

22 It was found later, much later in the
23 construction cycle, that this tape, the adhesive of the
24 tape contained halogens, chloride, very, very high in
25 chloride which was detrimental to stainless steel and when

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1 subjected to stress and temperature could cause in
2 intergranular stress corrosion cracking which causes pipe
3 failures.

4 Snyder was in charge of looking in the ends of
5 pipes and looking for debris. I guess they opened up a
6 pipe cap one time and found a dead cat in there. So they
7 started tightening up on leaving tools and tool boxes and
8 equipment and parts and so forth in pipes which if flushed
9 into heat exchangers or into the vessel or whatnot would
10 have caused a lot of problems.

11 The allegation that we had that we were
12 investigating was that there was an extensive amount of
13 this dissolvable tape still left in the pipes. Since
14 Snyder was now our boss and the allegation was such that
15 they, I guess they call it the pipe cleanliness monitor
16 team had not done an adequate job or had not done the job
17 they should have, we were actually investigating our boss,
18 and he was aware of everything that was going on. He had
19 a hard spot with that.

20 Q. Well, did he allow the investigation to take
21 place?

22 A. Well, he couldn't do much to stop it other than
23 just to tell me not to and then I would have taken some
24 kind of action.

25 Q. How was this issue resolved?

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1 A. I have no idea.

2 Q. Was it resolved after you left?

3 A. It was resolved after I left. I was very
4 concerned about the way it was being resolved, and I wrote
5 Mr. Snyder a letter stating what had to be done in order
6 to adequately resolve this issue. I was really concerned
7 about the fact that they started up the hot functional
8 tests before we had resolved the issue, and once you
9 subject it to heat, you know, you've already started the
10 -- what do they call it, the molecular erosion of the
11 metal.

12 So, I wasn't able to stop hot functional, and I
13 felt that they certainly shouldn't go into operation
14 before they cleansed the pipes, the critical pipes, of all
15 of this adhesive. Just pulling the tape off left the
16 adhesive residue if you didn't scrub it and flushing of
17 the pipe during normal flushing operation was not an
18 abrasive flush. It would just remove debris. It was not
19 scrubbing the tape adhesive off. So the tape residue was
20 still there regardless of what happened to the rest of the
21 tape whether it was pulled off or whether it dissolved
22 with water. So we were very concerned about that and that
23 issue was not resolved by the time we left.

24 Q. So this allegation came in prior to hot
25 functional testing?

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1 A. Correct.

2 Q. Was a conscious decision made that in spite of
3 the fact that this allegation was still unresolved, was a
4 conscious decision made to go ahead with hot functional
5 testing?

6 A. Yes, sir, it was.

7 Q. Was Mr. Snyder, did he offer an opinion or are
8 you aware of what his position was on this issue?

9 A. Well, Chuck explained to me there during the
10 last few days that their charter was not to find Dissolve
11 tape, that they were out to look for debris and that he
12 felt that they had done an adequate job of that. He said
13 that he was not aware at the time that the task force had
14 been formed in doing their job that Dissolve tape was an
15 issue. That may be the case, but it didn't mean that you
16 didn't have to go back and redo, send cameras up the pipes
17 or take pipes apart or do whatever you had to do in order
18 to assure yourself that this tape was, you know, actually
19 removed.

20 Q. Did quality engineering make a decision on this
21 issue prior to hot functional testing?

22 A. I'm not just too sure who made the decision to
23 go on with it, but it was made. I know that Mr. Rudolph
24 was aware of it and aware of my concerns regarding it, but
25 I don't know that Mr. Rudolph was in a position to stop

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1 that. That was a very key event, and if you slipped not
2 functional, you slipped all the other activities and it
3 became a real pressure on the schedule and the dollars,
4 and they were having trouble enough getting dollars in the
5 outside world through bonds or loans or whatever to risk
6 another million and a half dollars a day construction
7 costs or whatever it was costing them.

8 Q. At the time that Snyder took over, do you know
9 if there was a mandate from senior managers in the utility
10 to try to close all open issues before a specific date so
11 that licensing could be concluded?

12 A. Absolutely, absolutely. There was a scheduled
13 mandate and it affected how allegations were
14 investigated. As I explained for you earlier, what we
15 were after was resolving the issue. When an employee
16 would come in and see specific detail that he wanted to
17 complain about, he may not know all of the circumstances
18 around that particular problem. He may know that there
19 was a job that wasn't done properly, but he may not know
20 that the job wasn't done properly because the person
21 wasn't qualified, didn't follow procedures, didn't use the
22 right materials, wasn't trained properly and so forth.

23 Our investigations were intended to get to the
24 bottom of it and resolve the root cause issue and
25 implement corrective action so it didn't happen again.

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1 That was our charter. That was the way we did our
2 investigations. This changed dramatically. If we were to
3 find a problem, any kind of a problem associated with that
4 defect, Mr. Snyder changed our program such that we would
5 turn that concern over to the QA organization, and it was
6 up to them to resolve the issue but that Quality First was
7 out of it.

8 Q. So by then the charter for Q1 had changed; is
9 that right?

10 A. Yes, it had dramatically.

11 Q. Was that also proceduralized?

12 A. Not that I'm aware of. We -- Chuck Snyder -- I
13 shouldn't say we. Chuck had a procedure that said if you
14 find a problem, turn it over to QA on a transmittal and we
15 did that. So his responsibility was to identify the
16 concern and get it into QA's hands.

17 Q. So the change that was made here when QA-1 was
18 originally set up to some degree -- or rather Q1 --
19 investigators were to resolve certain types of issues?

20 A. Correct.

21 Q. And form conclusions I presume?

22 A. Correct.

23 Q. Were you also and originally was it set up so if
24 it -- if a situation was substantiated or an allegation
25 was substantiated and applied to a certain area that you

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1 were to supply that area with this information so they
2 could take corrective action?

3 A. Correct.

4 Q. If I understand what you're saying when Snyder
5 took over once the issue was identified, then QA was
6 responsible for not only either determining whether it
7 could be substantiated or not but also then corrective
8 action; is that right?

9 A. Well, to some extent that's right. I'll use the
10 analogy of the allegation being a bad weld and we went out
11 and found out that not only was it a bad weld but the
12 material was wrong and there was a strut from the hangar
13 missing. The fact that it was the wrong material used and
14 a missing strut was turned over to QA to investigate and
15 resolve. We were no longer in that loop. If we found
16 that not only was the weld bad but the procedure was bad,
17 the people weren't qualified, then that would go over to
18 QA. All we were intending to do was to get that weld
19 replaced or put on an NCR and then say it was fit for
20 service and use as-is.

21 So we were really -- the scope of our activities
22 and especially in the follow-up and the corrective action,
23 we did follow up and we made sure that not only was the
24 weld replaced but we made sure that the procedure was
25 changed. We made sure the people were trained and

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1 whatever. We were involved with the follow-up with the
2 corrective action. So when we got back to the employee we
3 would say this is what we found. It was substantiated.
4 These were the actions that were taken and this is how it
5 was corrected. So that was a very time-consuming effort.
6 There's no doubt about it, but from our perspective we
7 were not a schedule oriented organization. Quality First
8 was not responsible for cost or schedule.

9 We were responsible for getting concerns,
10 investigating the concerns and getting them resolved.
11 Once the schedule aspect and the money aspect entered into
12 it and put those pressures on us, then the program became
13 less and less effective.

14 Q. Was the decision made to start passing the
15 concerns to QA for corrective action -- well, for
16 investigation and corrective action, was that decision
17 made because licensing was nearing and these issues had to
18 be addressed in a more timely manner and either corrected
19 or resolved in some manner or other so that they would not
20 be open items at the time of licensing?

21 A. Absolutely.

22 Q. Owen, are there any specific -- you've given a
23 few examples, but are there any specific issues that you
24 recall which you believe were not adequately addressed or
25 that we were improperly addressed by Q1 because of

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1 scheduling pressures or licensing pressures or because
2 managers within the utility did not want these issues to
3 remain on the books where they could affect, adversely
4 affect licensing?

5 A. I'm sure there are. I think that just the fact
6 that they continued to operate and I am sure that they
7 didn't go in and investigate the Dissolve tape issue to
8 the fullest extent they should have is a major concern to
9 me.

10 MR. DRISKILL: Let me stop for just a
11 second.

12 MR. GRIFFIN: You want to go off?

13 MR. DRISKILL: Yes.

14 (Whereupon, a discussion was held off
15 the record.)

16 Q. Back on the record. We've taken a refreshment
17 break and also looked at a few of the documents that Don
18 has brought with him today to show to Mr. Thero. Owen,
19 could you continue in your discussion of this Dissolve
20 tape issue. What were the primary dangers involved in
21 this situation at the time that you were addressing it
22 while with Q1?

23 A. Well, the allegations were from the start-up
24 people that saw excessive amounts of Dissolve tape being
25 flushed out of the system during their initial flushing

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1 cycle. If the Dissolve tape, if I remember right, if it
2 was not subjected to heat, then it would be a color of
3 gray, for example. If it were placed in the direct
4 vicinity of the welding activity, it's called the heat
5 affect. e, if it's in that zone, it heats up the pipe,
6 . heats up the tape and it turns the tape a different
7 color and it would come out black.

8 Q. During the --

9 A. During the flushing cycle extensive amounts of
10 this black substance was being flushed out of the pipes,
11 and it was reported to us as an allegation. That's what
12 got us started. So there were two problems. One, the
13 tape was left in and not cleaned out, and the second one
14 was that it was in the heat affected zone which started
15 the molecular breakdown of the stainless steel through the
16 heat and you actually could start having some
17 intergranular stress corrosion cracking occurring.

18 That process would start. These pipes are very
19 thick. They're big pipes, and it doesn't happen
20 overnight, but it's a process that continues. Once the
21 chloride is in the pipe, it's there forever. Once it's
22 heated, the process continues forever. So ultimately
23 what's going to happen is you're going to have pipes
24 breaking, rupturing, putting steam, contaminated water
25 whatever, releasing it into an area it's not supposed to

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1 be. It's supposed to be contained in the pipes, not
2 dumped on the floor.

3 The other area that we had problems with was in
4 the external pipe cleanliness. We had allegations about
5 improper swipe tests being performed where they go out and
6 you pass a piece of material over the pipe and then you
7 look at it and analyze it and let's make sure that it's
8 clean. We found that there were no controls on the
9 cleaning of the pipe and once it was cleaned that it was
10 protected so that it didn't get cement, dust dumped on it
11 which has high chlorides in it. We found out that the
12 pipes were -- the swipe tests were being conducted in
13 specific areas where they would only clean this small part
14 of the pipe, and they'd come back in and swipe that area
15 and it would pass, but the rest of the pipe would be
16 dirty. Those were all scheduled kinds of decisions that
17 were made in order to speed up the process but not meet
18 the requirement. So those were two areas of concern.

19 Getting back to the flushing. They had so many
20 systems being flushed at one time, you couldn't tell what
21 particular system that Dissolvo tape was coming from,
22 whether it was one that was really essential or one that
23 was wasn't so essential, by that meaning that the pipe
24 wouldn't be heated up to a temperature where the corrosion
25 cracking were to start. If you can eliminate that, it

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1 doesn't matter if it's in other pipes or not because the
2 reaction won't occur. It has to have heat and it has to
3 have stress.

4 So if you don't know where the tape is, if
5 you're flushing critical systems along with noncritical
6 systems, you can't assume that it's not in a critical
7 system. So we wanted to make sure that everything was
8 clean. That didn't occur to my knowledge before they
9 left, but the bad part about it was they went through hot
10 functional without knowing that all of this tape residue
11 had been removed.

12 INTERROGATION

13 BY MR. DRISKILL:

14 Q. If I may interject something here. Here are
15 some files, numbers that identify the various concerns and
16 a file number. The [REDACTED] has approximately 15
17 allegations on it. Some of which are substantiated,
18 others of which are not. No. 2 is procedural violations
19 did not follow steps and bypass inspection hole points.
20 They hide -- it says wipe test but swipe --

21 A. Well, wipe or swipe --

22 Q. That's a swipe test. Packages dropped off
23 without wipe test in package. Loop test not cleaned prior
24 to inspection and wipe test not being conducted.

25 Inspector told to shut up and not tell inspectors the wipe

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1 test taken where clean, so on and so forth. I believe
2 that's the area you're talking about?

3 A. Right. I'll tell you what's worse, on that one
4 the NRC inspector himself was told by the NRC Region IV to
5 shut up and to accept what KG&E had said.

6 Q. Who was the inspector?

7 A. [REDACTED] I think was the guy's name. [REDACTED]

8 [REDACTED] He took Scott Schum's (ph) place when Scott left
9 and [REDACTED] was working with us and we found -- we
10 substantiated that there were no controls. We
11 substantiated that the pipes were dirty, but we also
12 substantiated that probably 90 percent of the piping in
13 the plant was already insulated. It's not an easy task to
14 remove this insulation especially in the quantities. I
15 know that [REDACTED] came into the trailer and said he'd been
16 pulled off of it, told to get off it, that it was a
17 resolved issue, that KG&E had resolved the issue and, you
18 know, he was not happy with that.

19 Q. Did he say who told him to get off of it?

20 A. I don't remember. He did --

21 Q. Was that an NRC official?

22 A. It was an NRC official, one of his bosses. I
23 don't know who it was.

24 Q. There was another thing I saw here, it was
25 QCI84060, pipe hangars are rusting from condensation.

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6, portions

1 These pipes are wrapped with plastic and are not recleaned
2 prior to installation of insulation. That was another
3 claim that was unsubstantiated.

4 Then we have [REDACTED] which has insulation
5 installed on pipe. Insulation was exposed to moisture
6 prior to installation and a couple of other things. So I
7 suppose these have just a number of investigations
8 relative to pipe cleanliness sets --

9 A. Right.

10 Q. -- they were involved in?

11 A. Right.

12 Q. Which related to this particular issue in
13 addition to the Dissolve tape matter?

14 A. You know, there were, this is a two-step process
15 in the external pipe cleanliness -- and the way KG&E
16 resolved the issue in our opinion was not valid. I'll
17 explain that a little bit. It was a requirement to clean
18 the pipe externally to a point where it passed the wipe
19 test or the swipe test.

20 Q. Uh-huh?

21 A. So that the chlorides, the halogens that contain
22 the chlorides were removed to an acceptable level. Then
23 you put on an insulation over that that had a silicone in
24 it that absorbed chlorides, would actually absorb it and
25 to keep the chlorides off of the pipe. The specification

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1 prior to the installation of the insulation was one set of
2 parameters. They had a different set of parameters for
3 insulated pipe. You could pull that pipe off and you
4 could read a different reading, but those were two
5 separate issues.

6 I remember they pulled off a piece of pipe, and
7 they said that it was high -- it was higher than the
8 original construction spec, but once the insulation is
9 installed, it can be a different requirement. Well, it
10 was different than the Westinghouse spec, you know. John
11 Bailey's explanation just in our opinion didn't hold water
12 at all. It was invalid. It was --

13 Q. Is there an ASME or other code requirement that
14 relates to this particular issue that provides some kind
15 of guidelines?

16 A. No, this is the manufacturer's design. If you
17 remember a few years ago when intergranular stress
18 corrosion cracking became a problem in BWR's and they shut
19 down BWR's all over the country, they found out why it's
20 caused, so that manufacturers like Westinghouse and GE and
21 so forth wrote process specs that controlled the amount of
22 chlorides. They controlled it in the material that could
23 come into contact with stainless steel like the Dissolve
24 tape for example. They didn't even know about the
25 Dissolve tape problem until they put a spec on how much

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1 chloride could come into contact with the pipe, and when
2 they analyzed the tape and found out it was a magnitude
3 times higher than the specification allowed, then they
4 knew they had a problem, but shoot they were years down
5 the pipe. That was a very expensive operation to go back
6 and redo the job.

7 Q. Yeah.

8 A. So you'll see in the resolution of that external
9 pipe cleanliness how they engineered around it to keep
10 from taking the insulation off causing that schedule
11 delay, cleaning the pipe and doing the job right.

12 Q. With respect to this whole issue was there ever
13 any recommendation made by Q1 or you that 50.55(e) be
14 submitted?

15 A. We sure did, absolutely. We thought it was a
16 55(e). We felt that they needed to pull the insulation
17 off of the pipe and they needed to clean it since we had
18 found that there were no controls from the time TMI
19 cleaned the pipe until Owens-Corning installed the
20 insulation. This stuff would be left exposed for days in
21 a construction environment. They would take a swipe test;
22 10 days later, they'd go out and put insulation on it.
23 They wouldn't wrap the pipe. Well, that's no good.
24 You're supposed to do -- so many hours before you install
25 the insulation, you're supposed to wrap it, protect it and

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1 so forth. They didn't do that.

2 We went down there after we had found the
3 falsification of records issue. We found no procedural
4 control over the cleaning and swiping and the wrapping of
5 the pipe. We found that they used no protective clothing
6 while they were doing this.

7 Even after that, when we found those problems
8 and construction put into effect certain controls to try
9 to limit this, they implemented a procedure and Chip Hill
10 and I went down to watch some wrapping of the pipe. They
11 had gone in and cleaned this loop that you had just read
12 about, Loop 1, they'd gone back in and recleaned it.
13 That's a huge piece of pipe, if you remember looking at
14 that loop, it's huge, I don't know, 30-inch pipe. They
15 had no protective clothing. It was hot down in that, in
16 the containment, it was really hot. Sweat was pouring off
17 of these workers. They were dragging. They were laying
18 on the pipe -- they were wearing T-shirts that the shirts
19 were pulling up, their armpits are wiping on the pipe.
20 Sweat is being deposited. They weren't cleaning it up.
21 They were putting insulation on.

22 We went back and complained about that and told
23 them, hey, you're not doing the job right. You still
24 aren't doing the job right. You didn't get the message.
25 You've got to pull that stuff off and clean it again.

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1 Well, that just didn't happen, just didn't happen.

2 Q. Well, this goes back to another issue of when
3 you were identifying these problems, did you receive K&E
4 management's support in ensuring that problems were
5 corrected?

6 A. Well, there was a lot of visibility. We even
7 involved the NRC in it, went to the resident trailer and
8 informed them of it. It was an issue that had a lot of
9 tension, and they issued a stop-work, I believe it was a
10 stop-work, until they could get control of the situation.
11 What I just explained to you was that even after all of
12 the visibility and all of the folderol about this thing,
13 they still didn't fix the problem.

14 Q. But in these instances where you identified
15 people not doing what they were supposed to be doing after
16 these new procedures were put into place, did Rudolph or
17 anybody else take steps to see?

18 A. Well, yeah, as I understand it -- and I left
19 shortly after that -- as I understand it, they made them
20 wear protective clothing from then on. Well, how about
21 the pipe that was, you know?

22 Q. Done?

23 A. Yeah. How about that piece of pipe? Why didn't
24 they pull that insulation off and reclean the pipe? To me
25 it just didn't make sense. You have two phases, you have

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1 past actions, what happened in the past, what's happening
2 now and corrective action in the future. The fact that
3 you take care of corrective action in the future and
4 everybody wears gloves and smocks and, you know, keeps the
5 sweat from pouring on the pipes may fix everything in the
6 future, but how about the 90 percent of everything that
7 had been done in the past?

8 Q. So they didn't go back and take care of all
9 those things?

10 A. Right.

11 Q. Is that correct?

12 A. That's right.

13 Q. That's one of your problems?

14 A. That's one of our problems with the whole thing,
15 and they engineered it away because obviously it's closed
16 and they licensed the plant. I think you'll find that the
17 engineering justification is not sound.

18 INTERROGATION

19 BY MR. GRIFFIN:

20 Q. Why don't we drop back a minute to -- we've been
21 asking you about specific issues that you addressed. I
22 want to drop back for a minute and ask you about the
23 structure of the organization, Q1. At some point in time
24 you switched from reporting to Rudolph to reporting to
25 Grant. What caused this change?

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1 A. Well, Snyder took over. It was our point all
2 along, even from the start, if I can remember, I told them
3 I would not accept the job reporting to [REDACTED] b
4 was down the chain of command. He reported to Rudolph,
5 and they had me reporting to [REDACTED] who reported to b
6 Rudolph who reported to Grant who reported to Koester, and
7 I felt that the program needed management visibility, and
8 we needed to get to the top man with some problems, and we
9 didn't need all of these organizational roadblocks in the
10 way.

11 So I told them I would not work for them and
12 reporting to [REDACTED] So he changed it and had me b
13 reporting to Rudolph. I still felt that we needed to
14 report at a minimum to Glenn Koester or up the chain far
15 enough so that if we found significant problems, that
16 there would be some independence there and he could force
17 corrective action.

18 When the transition took over, Snyder took
19 Rudolph's place. It was so that he would report -- Snyder
20 report directly to Glenn Koester, but administratively,
21 sign the time card and so forth report to Dick Grant.
22 Koester wanted his man in there. Snyder was his man.

23 I felt that organizationally it was a lousy move
24 because in order for Snyder to talk to Koester, he'd have
25 to go around Grant and then Grant might get upset because

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1 Koester would say how about this particular aspect and
 2 Grant wouldn't be aware of it, you know.

3 That left that organizational problem in place,
 4 and I thought that was a lousy way to do it, but basically
 5 Rudolph was replaced because Koester wanted his person in
 6 there and wanted control of it, and there were enough
 7 problems with the allegations made against Rudolph that it
 8 wasn't -- you know, Rudolph was obviously not the one to
 9 be heading up Quality First when his skirts weren't clean.

10 Q. What was the relationship between the incident
 11 involving Mr. [REDACTED] in which his truck was searched for
 12 documents at the time that he was making allegations to
 13 Q1? How did that incident -- what was the relationship
 14 between that incident and the eventual change between
 15 reporting to Rudolph and reporting to Koester or Grant;
 16 did those come about the same time?

17 A. Well, yeah, they were pretty much in the same
 18 time frame. You have to understand that from March to
 19 October may seem like a long time, but it's not really,
 20 especially in a construction job that's taken 10 years to
 21 get going. The circumstances were that [REDACTED]
 22 [REDACTED] I believe, [REDACTED] was an inspector. He was involved
 23 in doing walk-downs and was complaining to the Quality
 24 First organization that what he was finding in the field
 25 and reporting to his management was not what was getting

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6,7c + 7D, photos

1 reported and not what was being corrected, that his
2 reports were being suppressed, that his concerns weren't
3 getting identified and written up properly. So he came to
4 us.

5 He was being -- he was exiting, and Rudolph,
6 since he was in the quality organization, wanted everybody
7 to go through it, but he knew that [REDACTED] was vocal and he
8 knew that he was a problem child. You know who the
9 grippers are and who they aren't, and Rudolph knew that he
10 potentially could have some problems.

11 During the interview he asked me if [REDACTED] had
12 anything, and I told him, yeah, he -- of course I still
13 worked for Rudolph. He was my boss. He asked me a
14 question and I answered it. I said that he had indicated
15 that he had kept records, his personal records of what he
16 had reported and what was indeed finally and formally
17 issued as reports and that they were different and it
18 showed proof positive that people were messing with his
19 reports and were not properly reporting everything.

20 With that, Rudolph contacted security because I
21 had indicated that [REDACTED] had evidence. I didn't know
22 where the evidence was. He didn't say where it was. He
23 didn't say I have things out in my truck, but they knew he
24 was leaving and they wanted to make sure that he didn't
25 have anything in his truck. So they had security break

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6, 7c + 7D, portions

1 into his vehicle.

2 Q. Owen, how did you know that your conversation or
3 your response to Rudolph led directly to him ordering that
4 the truck be searched; did he later tell you that?

5 A. Yeah, he told me after [REDACTED] left. In fact, it
6 was a joke I can remember -- what you need to do is get
7 ahold of [REDACTED] investigation that he performed
8 on this and reported back to, I think it was probably
9 Foster in legal, KG&E legal.

10 He called me into the office after [REDACTED] left
11 and he was laughing about it and he said, you know, [REDACTED]
12 is going to have a hard time proving anything. I said,
13 What do you mean? He says, Well, we got into his truck
14 and sure enough he had some things and before I knew it
15 security had destroyed the stuff.

16 Q. Did Rudolph give you any indication that he had
17 reviewed what they had taken from [REDACTED] truck?

18 A. Yes, uh-huh. Yeah, he told me that he had
19 looked at it and that he had walk-down inspection results
20 that [REDACTED] had initiated.

21 Q. So these would have been site documents or
22 copies of site documents?

23 A. Well, I guess everything that -- even if it's
24 your own personal notes, I guess everything could be
25 considered site documents --

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6,7C+7D
Porter's

1 Q. Well, I mean what I'm trying to do is make a
2 distinction on here, were there individual notes and site
3 documents and other things possibly?

4 A. You know, I really don't know exactly the extent
5 of everything that was taken or destroyed, but I do know
6 that [REDACTED] original handwritten notes that he had kept
7 during his inspections that were subsequently transferred
8 into or supposed to be transferred into formal reports was
9 contained in that truck and were destroyed.

10 Q. How did you come by that information?

11 A. By [REDACTED] He told me what he had. He said he had
12 kept all his original information, and I said, In order to
13 investigate this properly I need copies of that. So would
14 you, when you get to wherever you're going, would you make
15 copies and send them back to me? He said, I'll do that.
16 He called me back a week or two later, I don't remember
17 what the time was and said, I can't find the information
18 that I need. It's probably back in my house in [REDACTED]

19 [REDACTED] I think he lived there in [REDACTED]

20 Q. So [REDACTED] didn't even know that his truck had
21 been opened and the information had been removed from it?

22 A. That's correct.

23 A. I don't know that he knows to this day.

24 Q. Would the Q1 report on this incident still be in
25 tact, still be on site?

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6, 7C + 7D, portions

1 A. Should be.

2 Q. Okay.

3 A. But, anyway, to expand on your question of the
4 tie to the removal of Snyder, it wasn't long after that
5 incident that [REDACTED] was made an offer to go to work
6 in Arizona Public Service at Palos Verdes. [REDACTED] went to
7 that site, took an interview and with the exception of
8 having a formal offer made to him in writing was offered
9 employment with Arizona Public Service.

10 When [REDACTED] was asked to give his resume, I guess
11 you fill out a form for security purposes of where he was
12 employed and who the contact was, [REDACTED] put down Bill
13 Rudolph. Bill Rudolph was contacted by Arizona Public
14 Service. Rudolph's conversation with Arizona Public
15 Service resulted in the offer being withdrawn for [REDACTED]
16 [REDACTED] and they hired somebody else. When that happened
17 to [REDACTED] called me at the Quality First trailer and
18 submitted another concern, a new concern stating that he
19 had been blackballed.

20 Q. Did you all pick this up as an allegation to be
21 investigated?

22 A. Yes, we did.

23 Q. Was that one resolved before you left?

24 A. It was resolved before I left, just before I
25 left.

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6,7C+7D, portions

1 Q. And what was the resolution on that one?

2 A. Well, our investigators and myself found enough
3 information that would indicate that the conversation
4 between Bill Rudolph and Arizona Public Service had indeed
5 resulted in the offer being withdrawn and [REDACTED] 7D losing the
6 opportunity to go to work for Arizona Public Service. We
7 were convinced of that even though we did not get a,
8 quote, confession from Arizona Public Service people that
9 that was the result. They said that they hired somebody
10 that had more experience.

11 We had had enough information to indicate to us
12 that that conversation indeed did influence -- it wasn't a
13 normal kind of discussion where if you were to call me and
14 say verify this person's employment from these dates,
15 verify that person's salary and would you rehire. It was
16 more extensive than that. There was dialogue between
17 them.

18 So we knew there was enough information given to
19 Arizona that Bill Rudolph did influence their decision on
20 hiring [REDACTED] So we reported it that way, and my report
21 went in to Chuck Snyder, and Chuck Snyder changed that
22 report indicating that indeed there was no evidence nor
23 reason to think that Bill Rudolph influenced APS's
24 decision and the report went in differently. Instead of
25 being substantiated, it was unsubstantiated.

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6,7097D, portions

1 Q. Did Snyder offer you any explanation as to why
2 he drew a conclusion just the opposite of that which was
3 drawn by the investigator?

4 A. Yeah, he did. He felt that there wasn't enough
5 evidence to substantiate the fact and that if you didn't
6 have direct evidence, you couldn't justify it.

7 Q. Was Q1 held to its standard in proving beyond a
8 reasonable doubt, so to speak, that something was true to
9 draw a conclusion?

10 A. In hardware concerns of course. You know, you
11 had to have a spec that you violated. In terms of
12 intimidation and harassment, 210 cases for example, there
13 is an awful lot of circumstantial and admissible evidence
14 that would indicate that, yes, indeed this event had taken
15 place. That has always been enough to substantiate or not
16 substantiate a particular -- the evidence is not quite so
17 clear in those cases.

18 Q. Well, while Q1 was in effect other than the
19 hardware problems, more like the 210 stuff that you're
20 talking about, were the conclusions arrived at by the Q1
21 investigators generally accepted?

22 A. Generally they were.

23 Q. Okay. Could you tell me about, on a different
24 subject, could you tell me about the removal of [REDACTED]
25 [REDACTED] from the Q1 program back to QA?

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7D, postions

1 him, removing him from that particular position because
2 [REDACTED] was right.

3 Q. Was he replaced because of this issue?

4 A. Absolutely.

5 Q. Were you told that?

6 A. Absolutely. I was told by both Dick Grant and
7 by Bill Rudolph that that was the reason he was being
8 removed, that he was immature, that he could not deal with
9 the issues and that he was emotional about it.

10 Q. Did they also say he was technically incorrect
11 about it?

12 A. Did not.

13 Q. About his interpretation?

14 A. They did not.

15 Q. Was this issue resolved while you were still
16 with Q1?

17 A. It was not resolved. It was ongoing while I was
18 there, but it was not a resolved issue. I don't know how
19 it came out.

20 Q. Okay. Could you tell me about Bob Scott's entry
21 into Q1 and what position he held and what his duties
22 were?

23 A. That was kind of a clandestine operation to say
24 the least. Bob was brought in to my understanding from
25 Dick Grant to be an investigator to work for me as an

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70, portions

1 investigator. I found out from the start that he was
2 being treated differently than just an investigator. I
3 gave him an assignment. He didn't work on it, and he was
4 placed in some training in some classes that I didn't
5 require him to be in. He was given documents to review
6 that I didn't require on the required reading list, and he
7 had let it slip to somebody in QA that he was brought in
8 to replace me.

9 So I went to Dick Grant and I said, What's with
10 Bob Scott? He's obviously not an investigator because
11 he's not investigating what I ask him to. He's not doing
12 what I ask him to. He's being placed in other situations
13 and he has indicated that he's going to replace me at this
14 facility. Is that the truth?

15 I can remember to this day he got very red
16 faced, Dick did, and he started searching through his
17 desk, and he pulled out a bible and he placed his right
18 hand on it and raised his left, and he says, I swear to
19 you that he is not here to replace you.

20 I didn't need a sworn statement. I just wanted
21 him to tell me why he was there. It wasn't shortly after
22 that that Mr. Koester called me in and sitting there was
23 Chuck Snyder, Bob Scott, Bill Rudolph, Dick Grant, myself,
24 and he said, We are reorganizing the Quality First
25 function. I want a permanent KG&E employee in the

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1 position of the lead of this program, and I am removing
2 Bill Rudolph from any involvement in Quality First. I am
3 putting Bob Scott as the investigation group leader, you
4 as the interview group leader and you will report to Chuck
5 Snyder. That was intended to make things move faster and
6 to put the appropriate attention where it needed to be, in
7 his words.

8 Q. When Snyder took over, did he have any meetings
9 or conversations with staff which he laid out the new
10 mandate for what changes he was going to implement in Q1
11 and the direction it would take?

12 A. The only meeting that I remember was one where
13 he gave everybody an ultimatum that said if you want to
14 work the way I want to work, fine. If you don't, then go
15 find employment elsewhere, and he came out with a series
16 of memos that were intended to direct the effort.

17 I had meetings with him because I reported
18 directly to him about the memos and about the way he was
19 organizing the Quality First program and I had some hard
20 spots with that, with the way that we were not
21 investigating root cause. We were not closing out
22 issues. We were not doing follow-ups to verify corrective
23 action and so forth. I had some problems with the way
24 Quality First was going.

25 Q. Owen, one of the things that's come to the NRC's

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1 attention has been that either while you were still with
2 Q1 or after you left that, that reports and conclusions in
3 Q1 reports were sometimes changed by the supervisors in
4 the program and that in some of these cases the
5 investigators totally did not agree with these changes and
6 fought with the supervisors and they continued to not
7 agree with the changes and they felt that the conclusions
8 that ultimately were reported in these Q1 reports were
9 untrue and inaccurate and were done totally or
10 specifically for the purpose of laying issues to rest.

11 During the time that you were still with Q1, did
12 anybody ever raise that kind of -- take that position with
13 you?

14 A. Did somebody come to me and tell me that? I
15 believe so, and I'd have to go back and look at the
16 evidence, but one person that comes to mind would be [REDACTED]
17 [REDACTED] I believe that's [REDACTED] I'm not sure. He had
18 some concerns along that line. And I felt that what he
19 was telling me was sufficient that the NRC need -- should
20 be involved in that, and I remember leaving that interview
21 with him and going over and getting, pulling Dick Denise
22 out of his office and asking him to come over and take
23 part in this interview. He did. He came over and once
24 the interview started, he excused me from the meeting.

25 So I really don't know what all went on and what

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7D, portions

1 concerns [REDACTED] had, but I know that [REDACTED] had some
2 problems with Chuck along those lines. [REDACTED] had
3 problems along those lines and talked to me about some
4 concerns he had. Of course I've already discussed the
5 issue over the black balling with [REDACTED] I know that
6 went on directly so -- because it was my letter he
7 changed. Other names?

8 Q. After you left Q1, did you receive any
9 subsequent information on this issue --

10 A. Yes, I did from [REDACTED] who left Wolf Creek
11 and I hired him when I was still at Tennessee, and he told
12 me that Quality First was a farce after I left and that he
13 really had some knock-down, drag-out sessions with the
14 person who replaced me who he worked for.

15 So I also heard from [REDACTED] who was the
16 secretary. [REDACTED] came by my house one night and had some
17 files that [REDACTED] had reproduced, and I cautioned [REDACTED] on that
18 because I wasn't there to protect [REDACTED] you know, to go to
19 bat for [REDACTED] and that [REDACTED] was probably doing something
20 that if they found out might get [REDACTED] in deep trouble, and
21 I cautioned [REDACTED] about that, but [REDACTED] had told me about the
22 problems that were going on there.

23 [REDACTED] had heard through the grapevine,
24 you know, that there were continuing problems with the
25 Quality First or that their primary mission was to close

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6, 70 & 7D, portions

1 out files, not to resolve issues. So that in my opinion
2 was the direction that Quality First was taking with the
3 advent of Chuck Snyder and with my leaving certainly.

4 Q. Owen, let me ask you some questions about a
5 specific issue. I don't know if you were involved with
6 this, but there apparently was an allegation presented to
7 Q1 regarding traceability on valves that were broken down
8 and later re-assembled, did you have any contact with that
9 issue?

10 A. If I'm not mistaken, that was still while I was
11 there, and I think I even had [REDACTED] start looking
12 into that, and he found out that KGSE was doing Section 11
13 work and didn't have an approved Section 11 program and
14 wasn't keeping track of parts and they were getting mixed
15 up between valves and so forth. So the material
16 traceability went to pot, and I believe that that was a
17 substantiated finding.

18 Q. Okay.

19 A. Yeah, we found that there was absolutely no
20 control once the operations maintenance department had
21 disassembled valves and reassembled. There just wasn't
22 any material control at all. We also found that they were
23 doing work outside of the scope of Section 11. They were
24 doing more than Section 11 authorized.

25 INTERROGATION

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7D, portions

1 BY MR. DRISKILL:

2 Q. You've got a couple of guys working for you over
3 in our office in Tennessee and they worked in the QA
4 department I guess over for Rudolph --

5 A. Uh-huh.

6 Q. -- back during '84 time frame when this business
7 with these valves occurred and somehow after my
8 conversations with Chip Hill, we were just talking about
9 the QA program and some of the things -- and a couple of
10 these fellows, and I've got their names somewhere, started
11 talking about this same valve not knowing that Chip and I
12 had touched on it.

13 Anyway, I don't remember how extensive it was,
14 but they were talking about that apparently as a result of
15 some of the findings Q1 had part of the corrective action
16 was to do a sampling program on all these valves to
17 determine if they were okay, and one of the guys, one of
18 these two fellows that knew about this thing was saying
19 that they had selected certain valves -- they'd
20 preselected certain valves and made sure that they were
21 okay for the purpose of this paper sampling program. Have
22 you ever heard anything about that?

23 A. Yeah. I'd heard that that was a fact. To tell
24 you the truth, Don, I don't even remember who I heard it
25 from or how -- but I was aware that that was going on, and

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1 you know, that's just in keeping with the philosophy of
2 getting the place licensed and operating. You know, you
3 can't introduce effective remedial and corrective action
4 that's time-consuming and hope to license and run the
5 plant in a timely manner, and when your goal is to license
6 and run versus solving your problems, those kind of
7 decisions are made.

8 MR. DRISKILL: Yeah.

9 INTERROGATION

10 BY MR. GRIFFIN:

11 Q. Owen, the -- I think we've already established
12 earlier in the interview that Q1 didn't handle *drug*
13 investigations, but I presume you took a good deal of
14 information on this subject; is that right?

15 A. Correct.

16 Q. What would you do with that information once you
17 received it?

18 A. We would turn it over to security and to Gary
19 Fouts. There was another area that we did not investigate
20 and that was any area that was not directly hardware
21 related but was cost and schedule related. The problem we
22 had with that, turning all of those cases over to Gary
23 Fouts, was that we got no feedback to know if the incident
24 affected quality or not or if they were adequately
25 investigating it, and we got no feedback so we could get

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1 back to the individual that came to us with the concern
2 and tell them how it was resolved.

3 So the program had some real weaknesses in it in
4 the cost and schedule area and in the drugs area because
5 we never knew if the results of the investigation into the
6 drugs was substantiated or not and what the effect on
7 quality was. We felt that we were more qualified through
8 people like [REDACTED] and others that we could get that had been
9 professional investigators versus security guards. You
10 know, we felt there was some real problems in that area
11 that could affect quality that were never investigated
12 properly or tied to quality issues.

13 Q. Well, do you know what security was doing with
14 the information about drug users or dealers on site?

15 A. I don't have any evidence to indicate to me that
16 they were doing any investigations at all.

17 Q. Were there a lot of drug terminations while you
18 were in Q1?

19 A. There were some. They did some checks at the
20 gates. They did do some toolbox checks, gang box checks,
21 and there were some terminations, but as far as the
22 specific cases of how they were resolved and did it affect
23 quality or not, that's what -- a hard spot that we had
24 with hot -- [REDACTED] It was a walk-in case and -- or that
25 is a hot line case, I'm sorry.

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6,7C+7D
portions

1 Part of the allegations in there were about --,
2 Daniel construction senior management involved in drug
3 parties and use and sales of drugs, and we felt that that
4 was pretty darn significant, and we started an
5 investigation on that, and we were pulled off that in a
6 hurry, and then that investigation was blown because the
7 list of people that we turned over to security was turned
8 in to Daniel, and they were told to fire these people, and
9 of course, it was the same people that carried the list
10 into, you know, so that was out in a hurry.

11 Q. Do you know if anybody was terminated from that
12 list?

13 A. Nobody was terminated from that list. Not for
14 that reason. They're probably all out of there now
15 because from, you know, the job is over, but that whole
16 thing was blown. We felt that if your quality management
17 is under the influence or using cocaine or controlled
18 substances, what the heck does your program look like and
19 what's the effect. I don't know how that was resolved.
20 You're going to have to tell me at some point in time how
21 HOT25 was closed. I'd be very interested to know.

22 Q. You touched on earlier this incident involving
23 black balling of [REDACTED] in his application for employment
24 with APS. I understood that tape recordings were made of
25 conversations with people during that investigation; is

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6, 7C+7D, portions

1 that right?

2 A. Well, it wasn't only that investigation. When
3 people would allow it, we would prefer to have a tape
4 recording. Once people got over the fear of a recorder
5 being there it was -- you know, a pencil is a pretty
6 visible weapon, you know, and you know if you're there
7 staring at somebody and you're writing all the time, it
8 makes them nervous, and we felt that we couldn't do
9 justice to an interview, especially an extensive
10 interview, by taking notes. Otherwise, you'd be taking
11 notes and there wouldn't be a court reporter here.

12 So we tried to use the tape recorder as much as
13 possible when -- we'd always ask the person and if they
14 felt comfortable doing that, some didn't and when they
15 didn't, then we'd have two people in the room and one
16 sitting away from it, out of the line of sight, and trying
17 to do the best we could by taking notes, but a case that
18 comes to mind where we used a tape recorder was a sexual
19 harrassment case [REDACTED]

20 [REDACTED] I think that's probably what
21 you're alluding to, isn't it?

22 Q. Well, actually what I'm working up to is
23 eventually there was suspension of use of tape recorders?

24 A. Yeah, that had to do with [REDACTED] We
25 were interviewing [REDACTED] and I went

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6, 7c + 2D, portions

1 to [REDACTED] house and taped several hours with [REDACTED] We had
2 the transcription submitted to Glenn Koester. The next
3 day Glenn Koester came in, had all of our tape recorders
4 confiscated, all of our tapes, blank tapes and completed
5 tapes removed from the files, and we were not allowed from
6 that point on to do anymore taping.

7 Q. Did Glenn say why he didn't want tapes used
8 anymore?

9 A. Did not.

10 Q. Do you know what he did with the tape recordings
11 and/or transcripts of tape recordings?

12 A. I have no idea. There was some very, very
13 damaging evidence in that recording. I can only suppose
14 that once he saw it or even heard the tape that he didn't
15 want that much evidence accumulated. That's the only
16 thing I can --

17 Q. What was the subject contained on those tapes?

18 A. There was several subjects. There was sexual
19 harassment. There was falsification of tests, test scores
20 for reactor operators. There was falsification of the
21 MMPI, psychological profile tests. I can't remember all
22 the aspects, but those stick out in my mind. Those were
23 the major points. Sexual harassment was, as I said,

24 [REDACTED] C
25 [REDACTED]
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1 [REDACTED] he was
2 putting pressure on them. He was making advances to them.

3 Q. On that particular case even though the tape was
4 picked up was the case pursued?

5 A. Not by us. The same time that they confiscated
6 our recording equipment they removed the original file and
7 sent that file to legal department in Wichita.

8 Q. To be investigated?

9 A. To be investigated.

10 Q. Did you ever hear what the results of that was?

11 A. No, sir. That was one of the problems when
12 something would leave our control. Like I explained to
13 you when we would turn a case over to Gary Fouts for
14 investigation, resolution or over to security, the
15 feedback would not be back to us so we could close the
16 file and close the loop, get back to the individual and to
17 determine if what they had found had any influence on
18 quality. That was a real weakness in the Quality First
19 program. Can we take a little break?

20 (Whereupon, a recess was taken.)

21 INTERROGATION

22 BY MR. DRISKILL:

23 Q. Owen, I've just got a couple of things here I'd
24 like to ask you that are in the notes of someone else who
25 was making notes before this investigation was ever really

6, 7c, 1/10/10
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1 kicked off, but one of the things that they were concerned
2 about or one of the questions that they put down here to
3 try to answer when this investigation was started was
4 whether the Q1 program was used by management to cover up
5 or preclude workers' concerns or allegations from reaching
6 say the NRC or someone else.

7 A. Well, certainly the utility would rather receive
8 the problems themselves and resolve them themselves rather
9 than have them go to the NRC for example.

10 Q. I understand.

11 A. And I think the NRC would rather have the
12 licensee resolve their issues. We were formed to make
13 sure that the avenue was there so that the employees that
14 were on site and those that were terminated prior to that
15 point could call in or could walk in or could write
16 letters or whatnot and have their concern addressed. It
17 was not meant for a cover-up.

18 I would not have been associated with it had I
19 even had the foggiest notion that it wasn't an upfront,
20 legitimate program. In fact, when Stevie Stephens of the
21 Nuclear Awareness Network put in the paper that it was
22 just another whitewash attempt, this Q1 thing, I was
23 personally offended by it. I was really upset about it.

24 The fact that we defeated her in her attempt to
25 intervene in the hearings and the LSB rules in our favor

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1 and not hers, I guess might have given her that opinion,
2 but I can guarantee you that the program was set up with
3 the best intentions and we implemented the program with
4 the best intentions.

5 Q. You feel like that it was later misused to cover
6 up either -- or to prevent the honest and complete
7 investigation of some of the allegations and presenting
8 some of those allegations in -- it was used to prevent
9 presentation, at least in a document of allegations that
10 people had in an honest and fair way; you think it was
11 misused in that manner?

12 A. Well, and I understand I'm under oath and I'm
13 looking you square in the face. And I'll tell you that
14 the concept of the program changed. Had the concept of
15 the program not changed, I would still be there if they
16 would have extended the contract. I left because the way
17 the Quality First program was being managed, the direction
18 it was taking and the way they were trying to manage the
19 results of the program.

20 I do not think that the Quality First program
21 was implemented in the late stages of the licensing,
22 getting to the licensing, in the spirit that it was
23 originally intended to be. That changed.

24 It became a bigger problem to KG&E than a
25 solution, and we always felt that by the utility knowing

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1 what their problems are no matter how late it is it gave
2 them the opportunity to honestly resolve them. When they
3 were not in the position where they wanted to do that or
4 where they felt that we in the Quality First program were
5 the problem and not the problem itself, then I left. I no
6 longer wanted to be associated with that program. Life
7 was too short to fight it.

8 Q. You believe that Chuck Snyder and other people
9 in the Q1 program at a later date -- well, I know we
10 talked about several instances of changing conclusions and
11 directing investigations being conducted with such a
12 limited scope it would preclude a fair finding of the
13 truth. Do you believe that that occurred on a much
14 greater scale than we've discussed today?

15 A. Oh, I think we've put it in the right
16 perspective, Don. I think that by the fact that the
17 program was so fragmented and the tracking of all of the
18 concerns went away to where Quality First no longer knew
19 how things were being resolved and so forth and these were
20 all done to expedite the closing of a specific item and a
21 specific file that that certainly was the outcome, that
22 it, that you're right that that's exactly what happened.

23 Q. Do you think this was done with the knowledge of
24 Mr. Koester and Mr. Grant and the management officials who
25 were responsible for how the Q1 program was being run?

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1 A. I can guarantee you that Chuck Snyder wouldn't
2 do anything that didn't receive the acceptance of either
3 Dick Grant or Glenn Koester. They were fully aware of the
4 direction that Q1 was headed. They were very interested
5 in getting issues closed, rightfully so. We all wanted
6 issues to close and we wanted the plant to run. That's
7 why we were there. There wasn't anybody there, including
8 myself, that didn't want to see that turbin run, but we
9 wanted to see it done such that it met the requirements
10 and those weren't cosmetic problems that we were working
11 on and the problems that Q1 were coming up with were not
12 cosmetic problems, but they needed to be addressed and
13 they needed to be resolved with good firm management
14 control and that went away.

15 Q. I don't have anything else.

16 INTERROGATION

17 BY MR. GRIFFIN:

18 Q. To put a cap on the statement, at the time that
19 you left Q1 and based upon the conversations that you have
20 had with people who remained in the Q1 program after you
21 left it, do you believe that between the time you left and
22 the time that that plant was licensed that significant
23 issues remained unresolved?

24 A. Oh, oh, I certainly believe that.

25 Q. If we talked to some of the people that you have

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1 mentioned here today, do you think we'll be able to
2 identify specific issues that were still being worked and
3 may have remained unresolved before the plant was
4 licensed?

5 A. There's that possibility. It's a long time, you
6 know, between, a couple of years and you're working at
7 other places. You lose, you know, it's hard to remember
8 that, but I think they probably would be able to help you,
9 especially if we could get back into some of the records
10 and so forth.

11 Q. All right.

12 MR. GRIFFIN: Anything else?

13 MR. DRISKILL: No.

14 Q. Owen, have Don or I threatened you in any manner
15 or offered you any rewards in return for this statement?

16 A. No.

17 Q. Have you given this statement freely and
18 voluntarily?

19 A. Yes.

20 Q. Is there anything that you would care to add to
21 the record?

22 A. Can I spank OI a little bit?

23 Q. No.

24 (Laughter.)

25 MR. DRISKILL: Sure, you can say

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1 whatever you want.

2 A. Let me say that I'll repeat a little bit of what
3 happened when I had an exit interview with Dick Denise.

4 Q. Okay.

5 A. Dick was upset, I guess, is the word when he
6 found out that I was leaving, and he wanted to find out
7 the reason, and I spent 4 1/2 hours with him, and I
8 haven't seen any results from that interview. I haven't
9 seen any results from, up until today's meeting with the
10 results of what Bill Ward did and had to say. I think the
11 issues that I'm bringing up today are certainly not new
12 and this isn't the first time they've been expressed to
13 the officials of the NRC, and to allow a plant to go on to
14 be licensed and to operate under those conditions and to
15 just now be receiving the attention it's receiving, I
16 think is a travesty.

17 Q. Well, in response to what you've said, I
18 understand your concern. All of the concerns related to
19 this issue remain open items with the NRC. The -- and we
20 are now preparing to initiate a full field investigation
21 into what we've talked about here today, and certainly the
22 plant having been licensed, you know, whatever information
23 came before apparently was not sufficient to stop
24 licensing, and I don't think Don or I either one are
25 familiar enough with the technical issues to know whether

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1 it should have been licensed or not.

2 Because it has been licensed will not cause us
3 to narrow the scope of our upcoming investigation nor will
4 it alter whatever outcome that we would -- whatever
5 conclusion would logically be drawn from whatever facts we
6 gather. I know that's probably not much solace to you,
7 but we haven't had an opportunity to -- OI has not had the
8 opportunity to address all these issues prior to Wolf
9 Creek receiving a license, but the issues do not go away
10 for the commission. It will be investigated.

11 A. I understand that and I take my hat off to you
12 for being here, and that's why I'll cooperate with you to
13 the fullest extent. I'm just disappointed in the system.

14 Q. I appreciate that. Thank you.

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CERTIFICATE

I, Janene M. Hill, a Certified Shorthand Reporter of the State of Kansas, do hereby certify that I appeared at the time and place first hereinbefore set forth, that I took down in shorthand the entire proceedings had at said time and place, and that the foregoing constitutes a true, correct and complete transcript of my said shorthand notes.

Janene M. Hill

Janene M. Hill
Certified Shorthand Reporter
of the State of Kansas



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