

NUCLEAR REGULATORY COMMISSION

ORIGINAL

In the Matter of:

DISCUSSION OF CONGRESSIONAL TESTIMONY

CLOSED MEETING - EXEMPTIONS 5, 9 & 10

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UNITED STATES OF AMERICA
NUCLEAR REGULATORY COMMISSION

DISCUSSION OF CONGRESSIONAL TESTIMONY

CLOSED MEETING - EXEMPTIONS 5, 9 & 10

Nuclear Regulatory Commission
Room 1130
1717 H Street, N. W.
Washington, D. C.

Monday, November 16, 1981

The Commission met in closed session, pursuant to
notice, at 10:35 a.m.

BEFORE:

NUNZIO PALLADINO, Chairman of the Commission
VICTOR GILINSKY, Commissioner
PETER BRADFORD, Commissioner
JOHN AHEARNE, Commissioner
THOMAS ROBERTS, Commissioner

STAFF PRESENT:

S. CHILK
L. BICKWIT
F. REMICK
R. VOLLMER
H. DENTON
W. DIRCKS
C. KAMMERER
N. HALLER

* * *

1 P R O C E E D I N G S

2 CHAIRMAN PALLADINO: The meeting will please to
3 order.

4 The subject of today's meeting is a discussion of
5 Congressional testimony to be presented to the Udall
6 Committee.

7 We have a letter from Congressman Udall indicating
8 that: "There is a widespread belief among Members of
9 Congress that quality assurance problems such as those
10 suggested by Quadrex at South Texas, as well as those
11 revealed at Diablo Canyon, simply do not exist.

12 "It is important, therefore, that the Commission
13 come forth with a statement presenting: (A) the reasons
14 that defects of these kinds remained so long undetected; and
15 (B) an explanation of what has been done to uncover any such
16 situations at other plants.

17 "Please be prepared to discuss the South Texas
18 matter and the information requested in the foregoing
19 paragraph at the Subcommittee's November 19th hearing on
20 quality assurance."

21 We have had drafts circulated of the proposed
22 testimony and I thought we might ask the staff to highlight
23 the main features of the testimony and any suggested changes
24 that they might have and then open it for Commission
25 questions.

1 COMMISSIONER GILINSKY: Would you actually propose
2 to deliver this testimony or hand it in and say something
3 else, or what?

4 MR. DENTON: There are three or more parts to it.
5 There is a statement for the Chairman. Then I would propose
6 to summarize the first part of my prepared testimony and
7 then attached to that ---

8 COMMISSIONER AHEARNE: A good start.

9 (Laughter.)

10 MR. DENTON: --- which I wouldn't read, I would
11 then be prepared to answer, along with the Regional
12 Administrators the parts about the specific plants.

13 We could move it up. Originally when we were
14 writing it we were going to have more than one person that
15 would get it. So we sort of divied it up but we could put
16 it back together again.

17 COMMISSIONER GILINSKY: Are the Regional
18 Administrators now Regional Administrators?

19 MR. DIRCKS: We will have two there.

20 COMMISSIONER GILINSKY: No, I mean are they now
21 Regional Administrators?

22 MR. DIRCKS: Regional Administrators, right. John
23 Collins will be there and Jim Keppler will be there. We
24 thought sort of a brief statement because Udall always
25 hurries you through the thing anyway because they want to

1 get right away into the questions that they have ready to
2 launch at you.

3 COMMISSIONER AHEARNE: Why, since this addresses
4 to some extent enforcement policy or inspection policy, why
5 isn't DeYoung ---

6 MR. DIRCKS: DeYoung will be there, but I think
7 what we wanted to do was just give an overview.

8 COMMISSIONER AHEARNE: At least the way it read
9 from here I could get the impression that NRR is responsible
10 for inspection policy.

11 MR. DIRCKS: No.

12 COMMISSIONER AHEARNE: That is the way the
13 testimony comes across.

14 COMMISSIONER GILINSKY: I have to say my own
15 feeling is that this ought to be handled by I&E. We talked
16 about it a little bit.

17 COMMISSIONER AHEARNE: I agree with that.

18 MR. DIRCKS: Well, you are looking for somebody to
19 go up there and read some testimony. Essentially that is
20 it. But I don't see picking one and saying he is the
21 official responsible ---

22 COMMISSIONER AHEARNE: Obviously the issue is do
23 we monitor, inspect and review the licensees well enough to
24 make sure they have competent quality assurance programs.
25 The charge is no, and there is a reasonable amount of

1 evidence saying that they don't at least in some cases. I
2 agree with Vic that that does seem to be an I&E issue.

3 MR. DIRCKS: It could be, but I think if you take
4 it from the point of view of requirements, are the
5 requirements sound, that is one issue.

6 COMMISSIONER GILINSKY: Well, NPR is responsible
7 for the requirements, but I don't think questions have been
8 raised except on the part of licensees about the adequacy of
9 the requirements. Questions have been raised about the way
10 it actually applied and was checked up on. So unless we are
11 coming up and saying that we want to tune Appendix B or make
12 some changes or whatever, or feel a need to defend the
13 regulations, in which case it would be an NPR kind of
14 responsibility, it seems to me that since this arises from
15 specific problems and specific places, that it really has to
16 do with the field.

17 MR. DENTON: I didn't volunteer ---

18 (Laughter.)

19 MR. DIRCKS: That was the other point I was going
20 to make that it is difficult to find anyone ---

21 (Laughter.)

22 COMMISSIONER GILINSKY: That is one way to look at
23 it.

24 COMMISSIONER AHEARNE: I didn't think this was
25 something you were asking for volunteers for.

1 (Laughter.)

2 MR. DIRCKS: Well, in this case you are asking for
3 someone to go up there and take the full brunt of the
4 Commission's program.

5 COMMISSIONER AHEARNE: But Vic is correct, and I
6 have to say when I read Harold's testimony that there was a
7 great deal about the general approach that we take and our
8 general set of requirements. I don't think those are going
9 to be the issues.

10 MR. DIRCKS: I would like to keep it to that issue
11 and then go into the details when the QA comes up.

12 CHAIRMAN PALLADINO: I had the same feeling.
13 There is too much general information and not enough on
14 Diablo Canyon and South Texas.

15 MR. DENTON: We had testimony I think prepared at
16 one time by Keppler and John Collins that went into more
17 detail on these.

18 CHAIRMAN PALLADINO: And I thought we were going
19 to follow that until I read this over the weekend.
20 Incidentally, the version that I read and the version that
21 Norm Haller read, at least so far as my testimony is
22 concerned, are different.

23 (Laughter.)

24 MR. DENTON: I guess we should have put a date on
25 them.

1 MR. DIRCKS: I wanted the latest one that came
2 down Friday.

3 CHAIRMAN PALLADINO: Commissioner Gilinsky seems
4 to have ---

5 COMMISSIONER GILINSKY: Which one do I have?

6 CHAIRMAN PALLADINO: You seem to have the one that
7 Norm reviewed.

8 MR. DENTON: Maybe we ought to talk about the
9 subject for a moment.

10 CHAIRMAN PALLADINO: Yes, let's go to the subject.

11 MR. DENTON: I guess when I looked into it a bit,
12 and I feel more than a little bit uncomfortable about the
13 details of South Texas and Marble Hill because I wasn't
14 directly involved in a lot of that activity at the time. So
15 that is why I think in any event you will need someone who
16 is familiar with the details of those investigations and
17 results.

18 It does appear as though from the Commission's
19 Appendix rules in QA and the adoption in '74 by the ASME
20 Code Committee of Standards and the standard review plan and
21 reg. guides, that there is a big base for QA requirements.

22 COMMISSIONER AHEARNE: But did they go into effect
23 on those plants? As we find on Diablo Canyon one of the
24 issues is that they did not actually go into effect until
25 most of the work or a large amount of the work had already

1 been done. In fact, if it hadn't been for the Hosgri
2 reanalysis they wouldn't have really applied at all to
3 Diablo.

4 MR. DENTON: I think there was a decision by
5 Muntsing back at that time in '74, wasn't there, Dick, to
6 not backfit certain of the QA requirements. Maybe you can
7 remember those details, but the full-blown requirements were
8 laid on CPs only after some date. The major failings appear
9 to be in the implementation of those programs.

10 COMMISSIONER AHEARNE: Another part of the problem
11 I had in reading your testimony is that you were talking
12 about here is what the requirements are now, but the
13 problems that clearly obviously have surfaced are in plants
14 that are well underway in construction. So in many cases
15 the systems that were being placed on them may not have been
16 and in fact probably were not the full system that you are
17 now describing.

18 The issue that you are going to be up there
19 testifying on is not really so much in the future. It is
20 what is happening right now or what has recently happened.

21 MR. VOLLMER: The requirements, particularly to
22 the extent that they are addressed in the testimony, were
23 requirements for Diablo Canyon. The only thing that is
24 different now is there are a number of ANSI standards
25 introduced by regulatory guides to give more details for

1 filling out the skeleton, if you will.

2 COMMISSIONER AHEARNE: They didn't even have to
3 have a quality assurance program for their subcontractors
4 until 1976.

5 CHAIRMAN PALLADINO: What year?

6 COMMISSIONER AHEARNE: '76.

7 MR. VOLLMER: They should have. It was a
8 requirement of Appendix B that they do that, that they do
9 have QA programs, either that the contractor has one and
10 PG&E audits it or, if they don't have one, the make-up of
11 the contractor is such that the contractor himself does not
12 need one and PG&E has to perform it themselves. So the
13 requirements were there in the early '70 time frame. It is
14 just that it wasn't implemented.

15 COMMISSIONER GILINSKY: I must say it would have
16 been helpful if there had been just a little brief
17 walk-through of one application, even if just to a single
18 weld, because this testimony I found to be at a level of
19 generality which, unless you can constantly translate, you
20 know, if you have some internal compiler that puts this into
21 machine language, that it is meaningless.

22 MR. DENTON: One of the things that I tried to
23 avoid was that we would fix these problems through more NRC
24 new inspection effort and so forth. The amount of effort
25 that we put into this is sort of minimal. We have three

1 people in Dick's division who review all OL applications and
2 I think we have put in about one man-year effort during
3 inspection. So you really rely on the licensee to carry out
4 the program that he commits to.

5 CHAIRMAN PALLADINO: Well, how about the field
6 offices?

7 MR. DENTON: Well, I think it is only about one
8 man-year per plant per year. You have got two or three
9 thousand people out there working and the inspector is
10 spread over many activities. So if the utility fails to
11 implement forcefully all the requirements that he is
12 committed to, it is very hard for this one person to
13 find ---

14 COMMISSIONER GILINSKY: But there has got to be
15 some answer to how it is we impose this discipline if it
16 isn't readily accepted.

17 MR. DENTON: Well, the textbook answer is that
18 they make the commitments at the CP stage to do all the
19 things in reg. guides and regulations. Then the inspector
20 audits it periodically to see that they are doing it. But
21 it is obvious from the experience here that there are a
22 handful of cases at least where it is not being implemented
23 very effectively.

24 Now, how you could remedy that, you could get a
25 third party to reverify it, or you could ---

1 COMMISSIONER GILINSKY: One of the things that the
2 field people are doing is putting the plants in effect on a
3 remedial regime where you just have to check a lot more
4 carefully. This is both plants in operation and plants
5 under construction where you impose an even heavier burden
6 of checking to force attention to those details.

7 MR. DENTON: I think we have spread ourselves
8 lightly to skim across the surface. We look for methodology
9 and existence of programs and seldom does the inspector have
10 time to really go down and answer a specific question about
11 looking at a drawing and looking at the calculations.

12 I have wondered if it would be more effective to
13 occasionally pick a system and look it from A to Z, the way
14 the system was designed, all the parameters, the way it was
15 built and implemented and do it that way. But when you have
16 a vast area to cover, I think our inspectors tend to look
17 at, as you say, a generality level to see if there is a
18 program.

19 COMMISSIONER GILINSKY: Well, when I was talking
20 about the generality I wasn't referring to what our
21 inspectors do. I was referring to the testimony which I
22 found to be at a level of generality that was hard to
23 understand unless you had some experience with the details
24 and then you could sort of translate the general terms into
25 tangible terms. You raise a whole other question which is

1 what is our response to the problem.

2 CHAIRMAN PALLADINO: I could see questions being
3 asked like, well, why do we have more people on that if it
4 is an important aspect of our business. I could just see
5 them saying you mean only one man-year out of 3,000
6 man-years?

7 COMMISSIONER GILINSKY: Well, it is a little more
8 than one man-year in the sense that you have got a resident
9 inspector and then you have inspection from the region.

10 MR. DENTON: I asked one of the Regional
11 Administrators what the answer would be to that question and
12 he gave me one man-year per year that goes into inspecting
13 the QA program.

14 CHAIRMAN PALLADINO: Per plant?

15 MR. DENTON: Per plant.

16 MR. DIRCKS: For the QA program, right.

17 COMMISSIONER GILINSKY: Well, but when you are
18 inspecting the plant, I don't know that you can separate
19 inspecting the QA program from inspecting the plant. Every
20 time you have an incident of one kind or another it involves
21 in one way or another a breakdown of the system. So I would
22 regard in some sense all of our inspection or almost all of
23 our inspection is in effect an inspection of this ---

24 COMMISSIONER BRADFORD: But that is only true if
25 every time is a breakdown in the system somebody then puts

1 man-hours into following it back into the QA. Certainly
2 what you say is true, that every time something goes wrong
3 it raises a QA question. But I think what Harold is saying
4 is that that aspect doesn't necessarily get pursued in all
5 situations or even in many. Am I wrong about that?

6 COMMISSIONER AHEARNE: Is there anybody from I&E
7 here?

8 (No response.)

9 MR. DIRCKS: They will be here this afternoon.
10 They are out inspecting QA programs.

11 (Laughter.)

12 MR. DENTON: Let's talk for a moment about
13 possible cures just to get some thoughts ---

14 COMMISSIONER AHEARNE: Well, if we could stick
15 with this for a minute. Is NRR's involvement in the QA
16 program over at the time that they review the CP?

17 MR. DENTON: Historically our involvement is in
18 defining requirements and we define them for the
19 construction phase when we issue the CP and then we are
20 essentially out of it until the OL phase. Our OL reviews
21 have been limited to getting commitments for QA during
22 operations.

23 COMMISSIONER AHEARNE: But as far as the QA during
24 the construction phase, NRR's total involvement is at the
25 time of the filing of the construction permit?

1 MR. DENTON: That is right, unless some problems
2 like honeycombing or structural problems are found and we
3 are asked by I&E to assist them in the technical
4 resolution. But we don't participate then during that
5 construction phase unless asked.

6 COMMISSIONER GILINSKY: What do you actually look
7 at at that point? Is it a matter of looking at organization
8 charts? Do you actually look at procedures, and would they
9 have procedures at that point, detailed procedures?

10 MR. DENTON: Let me ask Dick to cover it since he
11 is here.

12 MR. VOLLMER: At the predocketing stage when we
13 visit and see that they have some sort of a program
14 implemented we do take a look at procedures on a rather
15 broad sense. But basically when we review the application
16 we review it to specific program commitments.

17 COMMISSIONER GILINSKY: Now the procedures would
18 presumably follow various code requirements?

19 MR. VOLLMER: Well, the QA program is, you know, a
20 half-inch document, if you will, the type of thing that NRR
21 reviews, and we look for commitments to all the provisions
22 of Appendix B, the regulatory guides. We look very hard at
23 their organization to see if it has an adequate independence
24 in reporting level.

25 What is generated then in terms of procedures are

1 many book shelves of material which give construction
2 procedures, design procedures and so on to implement all
3 these. Those things are not reviewed at NRR. They are
4 sample reviewed by I&E.

5 COMMISSIONER GILINSKY: Are those generated on
6 every construction project? I would expect they would
7 be -- (Simultaneous Conversations - Inaudible).

8 MR. VOLLMER: Well, Bechtel has a standard set,
9 but, for example, HP&L, not having had, it is my
10 recollection, nuclear business before South Texas, would
11 probably have to generate a significant amount of new
12 procedural work for themselves.

13 COMMISSIONER AHEARNE: So, for example, then NRR
14 would have approved HP&L's basic procedures and also they
15 would have signed off and said that the HP&L QA system had
16 sufficient independence and access to management?

17 MR. VOLLMER: That is correct.

18 COMMISSIONER AHEARNE: As I recall, one of the
19 NRC's findings on the HP&L QA system was that it did not
20 have sufficient independence and did not have sufficient
21 access to management.

22 MR. VOLLMER: There are two things. One when you
23 review an application they say that he is going to report to
24 the chairman of the board or something like that. That is
25 all well and good, but the implementation of that, too, is

1 really where the meat of the situation is.

2 If I were characterize in my view since I have
3 been involved in the QA programs, which has been since like
4 '73 or so, I think that the biggest problem and one that is
5 the most difficult to cure from a regulatory point of view
6 is that the program lives or dies depending on the attitude
7 of the management and I mean the fairly top management.

8 I think in many cases they simply delegate all QA
9 responsibility to some contractors and they may or may not
10 pay any attention to implementing recommendations to the
11 contractors, in other words, putting in their own design or
12 engineering organizations the fact that the QA should be
13 taken seriously.

14 Another thing I have seen in that even though the
15 management reporting level might be high, they make, if you
16 will pardon the expression, some good old boy that is close
17 to retirement the QA manager without particular expertise in
18 quality assurance but say with just a general engineering
19 background and he may not be aggressive enough to really use
20 his reporting responsibility or he may not be taken
21 seriously and the problem just sort of flops along.

22 I think those that have had aggressive people in QA
23 organizations and ones that can communicate with management,
24 and I think there are a number of those that I could cite, I
25 judge that they do a pretty good job and the management does

1 implement the recommendations of QA and puts some muscle
2 behind them even though it might cost them some bucks and
3 some time.

4 COMMISSIONER GILINSKY: Well, in some of those
5 cases we have got a combination of a utility which is
6 building its first plant hiring a constructor who is
7 building his first plant.

8 MR. DENTON: And they obviously don't have all the
9 procedures in place and the experience of working under a QA
10 system and I would think that would be a prime opportunity
11 for failing to ever get the institutional controls into
12 place that it would take for a program.

13 I was out at LaSalle last week, which is an
14 uncontested case, and asked them about their QA program.
15 What you find there is they were able to produce thick
16 documents and say here were the questions we developed to
17 ask our architect/engineer and they are quite detailed
18 questions about pipe supports, small bore piping,
19 hydroanalysis, thermal expansion, weight, codes and so forth.

20 Then they sent out a team from the QA department
21 who interviewed people and asked those questions and in
22 about half of the areas they have deficiencies in the
23 program of their architect/engineer back in '79. They did
24 audit calculations and they would find drawing errors and
25 they had a process for resolving it all.

1 So you can find a thick stack of paper at some
2 utilities, and this was Commonwealth where they were
3 vigorously pursuing the adequacy of their designers and it
4 seemed to be an effective system.

5 MR. REMICK: Who was the architect/engineer ---

6 MR. DENTON: Sergeant Lundy. Now apparently this
7 must not have been taking place in some of the cases that we
8 have talked about. If South Texas had been doing this kind
9 of thing early on you would think they would have found it
10 much sooner than they did.

11 CHAIRMAN PALLADINO: Harold, on Congressman
12 Udall's letter he says: "It is important, therefore, that
13 the Commission come forth with a statement presenting (A)
14 the reasons that defects of these kinds remained so long
15 undetected; and (B) an explanation of what is being done to
16 uncover any such situations at other plants."

17 Do you feel that we have addressed these questions?

18 It also says: "Please be prepared to discuss the
19 South Texas matter and the information requested in the
20 foregoing paragraph at the Subcommittee's November 19
21 hearing on quality assurance."

22 I didn't get a sense of feeling that that was
23 really done. Well, I guess it is primarily your testimony.

24 MR. DIRCKS: We will have John Collins here to
25 answer questions on South Texas.

1 CHAIRMAN PALLADINO: You know, originally I
2 thought both Jim Keppler and John Collins were going to
3 testify and therefore I didn't have such severe comments on
4 your testimony as I do now that it stands alone even though
5 it is -- (Inaudible.)

6 MR. DENTON: It certainly isn't a hard-hitting
7 answer to those questions. If you go back to page 6 of the
8 attachment we do list the laundry list of immediate causes
9 and we say these are all traced to an ineffective management
10 and then we list six areas in which we are trying to improve
11 the ability to find it.

12 Now not in here is any proposal to overhaul our QA
13 system and we have not been able to develop a fix for this
14 problem.

15 COMMISSIONER AHEARNE: It was your supplemental
16 information which finally first got down to some of the
17 issues that were being asked about. So I would almost scrap
18 the testimony and present the supplemental as the testimony.

19 Second, you do begin to talk about there are going
20 to be revisions in there or there is a re-examination of the
21 construction program. I guess that really triggered in my
22 mind that this ought to be the DeYoung part of it.

23 CHAIRMAN PALLADINO: Well, originally wasn't this
24 part of Keppler's ---

25 MR. DENTON: I think originally it was Stello's

1 testimony.

2 CHAIRMAN PALLADINO: What?

3 MR. DENTON: Originally it was Stello's testimony
4 before he was reassigned.

5 COMMISSIONER BRADFORD: It may still not be a bad
6 idea.

7 MR. DENTON: Then after that occurred it was to be
8 split I guess between DeYoung and I.

9 MR. DIRCKS: Then we found out we were generating
10 lots of testimony and you would never get a chance to
11 deliver it up there. You are asked to summarize briefly and
12 then get on with the questions and answers.

13 COMMISSIONER AHEARNE: First you say that the
14 resident inspectors are going to be a key part and then the
15 enforcement posture is going to be toughened or it is being
16 toughened and then there is a trial program of team
17 inspections and the construction inspection program is under
18 revision. Then there are performance appraisals of licensee
19 by the SAL program. Then there is the mobile laboratory.
20 These are all basic I&E.

21 MR. DIRCKS: It is going to be submitted and they
22 develop questions on it I guess.

23 COMMISSIONER AHEARNE: None of it says that NRR,
24 were a construction permit to be filed, we are going to take
25 a tougher, tighter -- (Inaudible.)

1 MR. DIRCKS: I think we are looking at Harold as
2 only the spokesman for the agency. He is not representing
3 NRR or DeYoung representing I&E. This cuts across several
4 lines. It cuts across NRR, I&E and it cuts across how it is
5 implemented in the regions. All we are looking for is
6 someone to act as a spokesman for the total agency.

7 CHAIRMAN PALLADINO: Carl had a comment.

8 MR. KAMMERER: We had an observation that the
9 so-far proposed supplemental testimony ought to be the
10 central testimony and that the other ought to be attached in
11 some way.

12 And insofar as giving that testimony, there are
13 three options. That is the Chairman, that is the EDO or it
14 is Dick DeYoung. Harold, at least structurally it seems to
15 me, ought not to be -- (Inaudible.)

16 (Laughter.)

17 CHAIRMAN PALLADINO: Harold, the additional
18 information, was this not originally basically Keppler's
19 testimony?

20 MR. DENTON: Yes.

21 MR. DIRCKS: It was a mixture, and then Collins
22 had ---

23 CHAIRMAN PALLADINO: And I never did see the
24 proposed Collins' testimony, but I did see an earlier
25 version of the proposed Kepler testimony and some of the

1 same detail was in there.

2 COMMISSIONER AHEARNE: And I think that he said
3 originally it was Stello's testimony.

4 CHAIRMAN PALLADINO: Yes, originally it was
5 Stello's.

6 COMMISSIONER BRADFORD: I in reading through it
7 have the same reaction that seems to have occurred to a
8 couple of others. My specific suggestion would have been
9 that at least some part of the supplemental testimony be
10 cannibalized and put up in the Chairman's testimony.

11 (Laughter.)

12 COMMISSIONER BRADFORD: The problem at the moment
13 is that your testimony, Joe, doesn't acknowledge the
14 problems that are the basis for the hearing and doesn't say
15 what we have done about them case by case.

16 In fact, as I was reading through I get thinking,
17 my God, where is this stuff? Then I finally found it at the
18 end in something that wasn't intended to be delivered at
19 all. My reaction was that it would get the hearing off on a
20 better footing to put it up in the front. Just here are the
21 areas in which we have had problems and here is what we have
22 done about them case by case. The more difficult area of
23 course is the one Harold has already mentioned, which is
24 that there is no comprehensive reassessment of quality
25 assurance in prospect. But we ought to at least be

1 presenting a direct answer to the committee's concerns right
2 at the beginning.

3 CHAIRMAN PALLADINO: I agree. I did not
4 necessarily feel that it had to be in my version, but it
5 certainly had to be in the follow-up version.

6 (Laughter.)

7 CHAIRMAN PALLADINO: I had the same feeling
8 Harold did.

9 MR. DENTON: I share some of your concerns. We
10 have just not been able to turn it into the kind of
11 testimony you would like to have.

12 COMMISSIONER AHEARNE: I think the supplemental is
13 fine and we should make that the basic testimony because it
14 addresses your problems. It talks about the specific plants
15 and then it talks about to the extent we have things
16 underway and here is the list.

17 COMMISSIONER ROBERTS: I have a question and this
18 may be minutia, but why is the NRC conducting NDE?

19 CHAIRMAN PALLADINO: Conducting what?

20 COMMISSIONER ROBERTS: Nondestructive
21 examination. I don't understand why our inspectors are
22 conducting those tests. I thought we monitored and
23 supervised.

24 MR. DIRCKS: There was a great cry that we weren't
25 doing enough independent measurements back in 1976. There

1 was a feeling that NRC was just auditing paper as opposed to
2 getting in and doing independent measures.

3 COMMISSIONER GILINSKY: We just do a little.

4 MR. DIRCKS: We just do a little, a very little
5 --(Simultaneous Conversations - Inaudible).

6 COMMISSIONER ROBERTS: Was it one of these vans at
7 every construction site?

8 COMMISSIONER GILINSKY: No, no. There is one of
9 these vans in a region. About every region I think has a
10 van.

11 CHAIRMAN PALLADINO: How many are in Region 2, do
12 you know?

13 MR. DENTON: Not more than one or two, I don't
14 think.

15 COMMISSIONER GILINSKY: So it is just a matter of
16 occasionally spot checking.

17 COMMISSIONER ROBERTS: I understand.

18 COMMISSIONER BRADFORD: My feeling had always been
19 in fact that we should be doing more and not less by way of
20 independent verification because we kept finding things.

21 MR. DIRCKS: But it not just a little bit more.
22 Again, at what point do you cross over and you assume
23 responsibility for the construction of that facility? There
24 is a four billion dollar investment there and you would
25 think ---

1 COMMISSIONER BRADFORD: Well, it probably isn't
2 the place to rerun the budget, but there certainly is a
3 point at which you are checking enough samples to be
4 reasonably confident that you have got a representative
5 group and I don't think we are there.

6 MR. DENTON: Part of this issue I see is we
7 thought we had the problem cured back in the mid-Seventies
8 when the requirements were issued and philosophically
9 perhaps they were cured. What was not appreciated was the
10 difficulty of getting these requirements fully implemented
11 through the human factors of the shift supervisors and the
12 QA inspectors and the management. That has been a tougher
13 task and I think we declared success in '75 with the
14 issuance of much of these requirements and walked away.

15 COMMISSIONER GILINSKY: Well, I was a little
16 worried about that. There were regional meetings held and
17 seminars.

18 MR. DENTON: That is right. There was a big
19 effort to put it into place.

20 COMMISSIONER GILINSKY: I think Dixie went to one
21 of these.

22 MR. DENTON: Yes, that is right. They were held
23 in every region and met with upper utility management and at
24 the time it was perceived as a quantum leap in that they had
25 really put this problem behind us.

1 CHAIRMAN PALLADINO: Harold, if Vic Stello had not
2 changed jobs, would Vic Stello have been presenting the
3 testimony that is included in the back-up information?

4 MR. DIRCKS: Well, at that point he was the only
5 one who volunteered to go up.

6 (Laughter.)

7 CHAIRMAN PALLADINO: What I am getting at is if it
8 was appropriate for him to -- (Simultaneous Conversations -
9 Inaudible)

10 COMMISSIONER BRADFORD: I thought the
11 reorganization had cured that problem. Don't you have the
12 authority?

13 (Laughter.)

14 MR. DIRCKS: Well, there are certain things you
15 ask people to do and certainly you would like a willing
16 participant.

17 CHAIRMAN PALLADINO: There are certain things that
18 go along with the job. I think if the Director of I&E is
19 the appropriate one to make a presentation, especially on
20 the supplemental material, then it doesn't matter who the
21 individual is and he should be the one doing it.

22 Somehow I think that what they want to hear is
23 contained in the back-up information far more than it is in
24 the other information.

25 Maybe you would like to present it ---

1 (Laughter.)

2 CHAIRMAN PALLADINO: I am serious. I am trying to
3 think where can we get this information summarized
4 effectively without putting it on Harold's back when it is
5 mostly not Harold's activity. We can describe the
6 requirements but I don't think that is what they are
7 interested in.

8 COMMISSIONER AHEARNE: Is there a problem in
9 having Dick do it?

10 MR. DIRCKS: No, there is no problem in having
11 Dick do it.

12 CHAIRMAN PALLADINO: In what?

13 MR. DIRCKS: Dick will take it up and do it.

14 COMMISSIONER BRADFORD: Does that make more sense
15 than having Vic do it? In fact, most of this history was
16 when he was head of I&E, and to the extent they have
17 questions it is going to be probably easier for him to
18 answer them.

19 MR. DIRCKS: I am sure there will be specific
20 questions and we will have the two critical regional people
21 there to answer the questions if they get very specific.
22 Vic couldn't handle those specific questions, I am sure, and
23 the regional people can.

24 COMMISSIONER AHEARNE: Was John in that South
25 Texas region when the South Texas QA problems developed? I

1 don't think so.

2 COMMISSIONER BRADFORD: Not initially, no. Not at
3 the beginning.

4 MR. DIRCKS: Not at the beginning but certainly at
5 the end. Meanwhile it has been the project down there that
6 he has had to cope with.

7 CHAIRMAN PALLADINO: I really think if you are
8 going to have the head of I&E there it ought to be Dick
9 DeYoung. We ought not to continue the appearance that Vic
10 is still in I&E and it is Dick DeYoung's job even though he
11 is relatively new and he can use whatever back-up people he
12 needs.

13 COMMISSIONER AHEARNE: Of course, he has been the
14 deputy there.

15 COMMISSIONER ROBERTS: So it is not like he is new.

16 CHAIRMAN PALLADINO: Yes. He is not new, that is
17 true.

18 MR. DIRCKS: I know I would volunteer to do it,
19 too, if you think it is best. I mean I don't mean to be
20 pushing it off on Dick. If you think it is better and it
21 cuts across the agency lines I will be happy to go up there
22 and do it.

23 CHAIRMAN PALLADINO: Well, how necessary it is to
24 present all the background general material that is in
25 Harold's testimony now?

1 MR. DENTON: It has been a moving target and we
2 have gotten more and more letters from Congress asking for
3 more explicit information. I think when we first heard
4 about the hearing we felt we ought to start with the front
5 end about QA. Now by the time we have gotten all the
6 guidance from Congress they really want to know about the
7 specifics. So it has changed the focus of the hearing to
8 the problem areas and the line-up of witnesses they have got
9 go to the problem areas.

10 They haven't invited, oddly enough, South Texas
11 Utility who actually had the Quadrex Report done.

12 COMMISSIONER ROBERTS: Who are the other witnesses?

13 MR. DIRCKS: PG&E and ourselves. Let me ask Carl.

14 MR. KAMMERER: It is PG&E, Richard Hubbard and a
15 panel.

16 CHAIRMAN PALLADINO: Who?

17 COMMISSIONER AHEARNE: Richard Hubbard.

18 COMMISSIONER AHEARNE: That is the Governor of
19 California's representative?

20 MR. DENTON: Yes.

21 MR. KAMMERER: There is a panel including Richard
22 Eckert, Chairman of the AIF Panel on Nuclear Design and
23 somebody from Bechtel, AIF and GAO.

24 CHAIRMAN PALLADINO: But they don't have South
25 Texas there?

1 MR. KAMMERER: No.

2 CHAIRMAN PALLADINO: But they do ask specifically
3 in their October 30 letter: "Please be prepared to discuss
4 this South Texas matter and the information requested in the
5 foregoing paragraph."

6 COMMISSIONER BRADFORD: Who do you have in mind as
7 answering detailed questions on Diablo since that Regional
8 Director won't be there?

9 MR. DIRCKS: I had planned to answer those.

10 CHAIRMAN PALLADINO: Harold will be there.

11 COMMISSIONER BRADFORD: This may not be the
12 moment, but it seems to me there is a bit of a discrepancy
13 between the I&E report on Diablo, as I understand it, and
14 the thrust of Harold's testimony on Diablo.

15 COMMISSIONER GILINSKY: (Inaudible.)

16 COMMISSIONER BRADFORD: If it is right that the
17 breakdown of QA is what is involved in the failure to
18 authenticate the document then the implication that I get
19 from the I&E report is that in fact the problem is that
20 Blume thought that the two plants were identical rather than
21 mirror images. It is different. If Blume understood what
22 diagram he was getting, then it isn't a QA breakdown.

23 COMMISSIONER GILINSKY: I am not sure that it was
24 a QA problem or that full implementation of QA would have
25 solved that problem.

1 MR. DENTON: When the meeting ended there was no
2 difference of opinion with the company because all the
3 parties, my staff and the regional staff participated in
4 putting together the proposed letters and these sorts of
5 things. Unless new information has come out it must be in
6 the nuances.

7 COMMISSIONER AHEARNE: Well, I believe it is more
8 than a nuance I think in that the I&E report on Diablo,
9 which I guess came in Friday or Thursday, they say that it
10 wasn't that there was a misinformation in the transfer, but
11 it was that the Blume Company believed that the two plants
12 were designed identically. It did not believe that they
13 were a mirror image.

14 CHAIRMAN PALLADINO: But that is basic
15 misinformation.

16 COMMISSIONER AHEARNE: Yes.

17 COMMISSIONER BRADFORD: Yes, but it is different.
18 You see, up until the I&E report I had had thought that when
19 Blume was given the diagram that they actually misunderstood
20 which unit it applied to. The I&E report said that Blume
21 when given the diagrams new the diagrams were applicable to
22 Unit 2. They were not aware that Unit 1 and Unit
23 containment annulus areas are mirror images. That is, they
24 thought they were identical.

25 COMMISSIONER GILINSKY: It struck me that every

1 step the PG&E took was in its own terms a correct step.

2 CHAIRMAN PALLADINO: I can't agree with that.

3 They handed untitled, undated and unsigned ---

4 COMMISSIONER BRADFORD: Yes, Joe, but my point ---

5 CHAIRMAN PALLADINO: My point is that had they
6 done it properly they would have said the Unit 2 layout and
7 the Unit 1 layout and Blume would have seen that they were
8 different. But you can't just give him a piece of paper
9 that has nothing more than just a few lines on it.

10 COMMISSIONER BRADFORD: No, that is fair enough.
11 But if in fact they had given him that piece of paper and it
12 said this is Unit 2, then Blume would have gone off and used
13 it for Unit 1 anyway because Blume thought they were the
14 same. Your point is they should have gotten two different
15 pieces of paper.

16 CHAIRMAN PALLADINO: They should have gotten two
17 different pieces of paper.

18 MR. DENTON: You know, you have got something I
19 haven't read. When the inspectors were back here they
20 repeatedly said in our informal meetings that they couldn't
21 find that the error was within Blume but that it was within
22 PG&E and they just kept reiterating that in all the meetings
23 we have had with them.

24 Now we will need to clear that up. The same
25 people who provided the input that went into what we have

1 done so far wrote the report. So I think it just shows you
2 have to be careful in reading the two together.

3 MR. DIRCKS: I think that is important Falkenberry
4 and crews who wrote the I&E report participated in ---

5 MR. DIRCKS: Concurred in the draft that we have
6 proposed and so forth.

7 COMMISSIONER AHEARNE: That is fine. But Peter
8 has pointed out, and I agree with him, we do have a written
9 report from I&E that makes a different point and it is a
10 point at least that I had never heard before. Had you?

11 MR. VOLLMER: No. I am a little surprised at it.

12 MR. DENTON: Well, I had heard it before if you
13 want to get into it. There was a discussion at the
14 pre-meeting that NRR and I&E had and I think it was attended
15 by Commissioner Gilinsky, part of it, of whether or not
16 Blume should have known that there was a difference between
17 the two units and how could he have been the designer on two
18 and not know that the two weren't exact. You know, it goes
19 back to the same point you raised. No one came to any
20 definitive conclusion in the meeting at the time and it was
21 concluded that it was a PG&E problem.

22 COMMISSIONER GILINSKY: But it was that PG&E
23 didn't lay on a more demanding or tougher system on Blume
24 and one hopes that if they had Blume would have known that
25 the two plants were mirror images of each other or would

1 have handled them separately. But in fact, even though it
2 is outrageous that they handed them unlabeled diagrams, they
3 understood them to be Unit 2 and Blume understood them to be
4 Unit 2. He then used them for Unit 1, at least that is what
5 the I&E report says, thinking that the plants were identical
6 and handed them back a report labeled Unit 1 which was then
7 wrong. Of course they knew that the plants were mirror
8 images so then they flipped that over internally. That is
9 what I meant by in wrong terms. In terms of what they knew
10 the steps -- (Simultaneous Conversations - Inaudible).

11 MR. DENTON: All the information was coming from
12 the Region V inspectors in this area.

13 MR. VOLLMER: In principle if PG&E had followed
14 the Appendix B QA program they should have given Blume
15 something which required no Blume knowledge of what the
16 plant looked like in a sense.

17 COMMISSIONER BRADFORD: Essentially Joe's point,
18 two sets of diagrams.

19 CHAIRMAN PALLADINO: Can I get back to how we
20 should proceed on this testimony. I still was interested in
21 how much you felt we ought to give of this general testimony
22 that is in Harold Denton's proposed testimony.

23 I guess I am getting down to they are giving us 15
24 minutes. I think they want to get to the nub of the
25 problem. One could get to the nub of the problem by just

1 going directly to the supplemental document.

2 COMMISSIONER GILINSKY: You might want a paragraph
3 just saying about Appendix B and the date of the original
4 requirements and that is it.

5 COMMISSIONER BRADFORD: If you do that, of course,
6 you do have to carry the Diablo Canyon discussion into the
7 second one because that isn't covered.

8 CHAIRMAN PALLADINO: I am afraid that if we go
9 into this much detail on general that we are not going to
10 get to the specifics.

11 MR. VOLLMER: You could cut it off at the top of
12 page 3, the first paragraph there, at least saying who is
13 responsible for QA, i.e., the management or the licensee,
14 and what the NRC's involvement is and then go to the
15 specifics from there.

16 CHAIRMAN PALLADINO: Where are you?

17 COMMISSIONER AHEARNE: Page 3.

18 CHAIRMAN PALLADINO: Of Harold's testimony and top
19 there? Stop there or start there?

20 MR. VOLLMER: Stop there.

21 CHAIRMAN PALLADINO: Then go to Diablo Canyon?

22 MR. DENTON: No, then go to the back, all the way
23 to the back section on Diablo Canyon.

24 MR. VOLLMER: Yes, then go to the back, right.

25 COMMISSIONER GILINSKY: I will tell you

1 something. Nowhere in here does it say what QA is. I don't
2 think any Congressman is going to know what QA is.

3 COMMISSIONER BRADFORD: I would add a subpoint
4 there which is that if you are going to use the QA/QC
5 formulation you have to define the difference.

6 COMMISSIONER GILINSKY: I think you just have to
7 say in one paragraph who checks whom and what is it they are
8 checking.

9 MR. VOLLMER: As I see the definition, it is sort
10 of the last sentence in the top paragraph on page 2 of
11 Harold's testimony.

12 COMMISSIONER GILINSKY: Well, but again you are
13 talking about a management tool, a compendium of practices
14 and procedures and you have to know what all these things
15 mean. If you came to it cold I don't think you could ---

16 CHAIRMAN PALLADINO: Incidentally, you talk about
17 quality assurance and design, quality assurance and
18 construction and quality assurance and operation but you
19 don't talk much about operation. Maybe that is not the
20 issue here, but you do talk about the other two. Even
21 though you mention operation, nothing is ever done with
22 operation.

23 MR. DENTON: A good point. We ought to delete it
24 or since it is not being ---

25 CHAIRMAN PALLADINO: Or say that we are not going

1 to talk much about operation.

2 MR. DENTON: This is really focused on
3 construction.

4 COMMISSIONER GILINSKY: I think just somewhere you
5 have to say a craftsman does his work and he checks his own
6 work. There are inspectors that are attached to the
7 construction organization and that is quality control at the
8 site and there is an overlay on that of checking whether
9 that system is working and to just explain it in those
10 terms. The guy is either welding or he is bolting something
11 or he is cutting something or whatever. I don't think it
12 takes more than a paragraph or two, but you need to make
13 this tangible.

14 MR. DENTON: I think with that kind of instruction
15 we can write that, just an introduction to the topic, and
16 then go into the attachment and give the specifics for each
17 of the plants.

18 COMMISSIONER GILINSKY: I think that would be
19 fine. In fact, I think it would be ---

20 CHAIRMAN PALLADINO: Let me try a specific
21 suggestion and I will give you an alternate also. Suppose
22 you had Harold give up to the top of page 3 and the Diablo
23 Canyon, if he could do that in seven minutes. Then have
24 Dick DeYoung give the major features of the attachment. I
25 think that would be one way.

1 Another way is try to have it all incorporated in
2 one and have Bill do it, but I think I would lean towards
3 having two if it can be done in seven and eight minutes
4 respectively.

5 Now, there is more here than Dick could give in
6 eight minutes.

7 MR. DIRCKS: Even the attachment is too long.

8 CHAIRMAN PALLADINO: Well, maybe some reduction
9 could be made there.

10 COMMISSIONER AHEARNE: I think you will probably
11 want all the points in it. It is just that in what he ends
12 up saying he would have to abbreviate it.

13 COMMISSIONER BRADFORD: Carl, what is the nature
14 of the invitation to this one? Is this all Commissioners
15 plus relevant staff?

16 MR. KAMMERER: No, it is the Chairman just giving
17 an opening prayer kind of a statement and then getting into
18 the specific details of the plants.

19 CHAIRMAN PALLADINO: I read you the one
20 paragraph. We have two letters, one dated October 13 from
21 Udall where he is talking about the October 29th meeting and
22 he talks about 15 minutes. Then I have the October 30th
23 that refers to the November 19th meeting. I read you the
24 paragraph that I thought most applied.

25 In the first paragraph on the October 30th letter

1 he says: "I recently received a report entitled "Design
2 Review of Brown and Root Engineering Work for the South
3 Texas Project." In addition to raising explicit questions
4 as to the adequacy of the South Texas project design, the
5 report raises important questions as to how the deficiencies
6 of the kind enumerated in the report would have escaped
7 detection by the NRC."

8 Then he says: "In my letter of August 20th on the
9 Zimmer project, I referred to General Accounting Office
10 remarks regarding the tardiness of the NRC Office of
11 Inspection and Enforcement in confronting allegations of
12 harassment of quality control inspectors at South Texas.
13 The Quadrex report suggests additional reason to doubt the
14 efficacy of the Office of Inspection and Enforcement in
15 monitoring activities at this site."

16 Then it goes on: "As you know, there is a
17 widespread belief among the Members of Congress," and he
18 asks us to address the points that I highlighted earlier.

19 MR. DENTON: Based on these later letters, it
20 seems the focus is not on what the requirements are but it
21 goes to the specific breakdowns in implementing them and
22 they are the ones that would be best addressed probably by
23 one spokesman lumping them altogether and characterizing
24 them somehow and proposing a course of action for them.
25 That is more in the back attachment at the moment.

1 COMMISSIONER AHEARNE: That is why when I read it
2 it didn't seem to me that that was really addressing the
3 points.

4 CHAIRMAN PALLADINO: Well, an alternative was to
5 put them all together and take the key parts of yours and
6 the key parts of the back part. I don't know what you feel
7 about it. But I think that Dick ought to be there.

8 MR. DIRCKS: Yes, Dick will be there.

9 COMMISSIONER GILINSKY: Well, I think he ought to
10 more than be there.

11 COMMISSIONER AHEARNE: The challenge that they are
12 raising is I&E. Udall's last letter speaks specifically to
13 doubting the efficacy of OI&E in monitoring activities at
14 the site. This is South Texas. Then previously he referred
15 to GAO's remarks regarding the tardiness of the NRC Office
16 of Inspection and Enforcement. So the focus really is on
17 I&E.

18 CHAIRMAN PALLADINO: Do you think we could get it
19 combined with Harold speaking for about five or six minutes
20 on a few of the general points in the first part and then
21 going immediately to Diablo Canyon and then have Dick come
22 in with the rest of it?

23 MR. DIRCKS: If the committee wants to kick around
24 a staff member or an office, then my inclination would be to
25 volunteer to go up there myself because I would rather have

1 our taking our own people to task or our own programs to
2 task than have the Congressmen lead off on one of the staff
3 people. John's point is right I think that they do want to
4 zero in on one office and one program. Rather than have them
5 do that to an individual, I would rather go up and take
6 their brunt myself.

7 COMMISSIONER AHEARNE: You mean testify because
8 you have to have ---

9 MR. DIRCKS: They will be there, right.

10 COMMISSIONER ROBERTS: I agree to that.

11 CHAIRMAN PALLADINO: What is that?

12 COMMISSIONER ROBERTS: I agree to that.

13 COMMISSIONER GILINSKY: They also might suggest
14 that the Commission ought to testify.

15 CHAIRMAN PALLADINO: Well, I am sure they will
16 come back to the Chairman and ask him what he is doing about
17 all this. I think several points are worth making.

18 One, we do recognize that there are some
19 insufficiencies in what we do. We recognize them and that
20 is the first step that we are trying to get them corrected.

21 I would then go to the five points or six points
22 listed in the back of this document.

23 Maybe you could use the Penn State game in
24 pointing out that I&E is a little bit like Penn State
25 playing Alabama.

1 (Laughter.)

2 CHAIRMAN PALLADINO: It has got good talents. It
3 has done well in a number of situations but it certainly
4 hasn't done well enough to be No. 1. In Inspection and
5 Enforcement we have good talent and we have done well in a
6 number of instances but we have got to do better if we are
7 going to be No. 1 and there is no other place we can be
8 except to be No. 1.

9 MR. DENTON: We fell down just in the execution.

10 (Laughter.)

11 CHAIRMAN PALLADINO: I would go along with your
12 making an overall presentation combining the first part and
13 the second part just so we get rather quickly to the
14 specifics that I think they are interested in.

15 Do you think we need the Director of Region V
16 there or not for Diablo Canyon?

17 MR. DIRCKS: Is it all in one morning, Carl, all
18 of these people testifying?

19 MR. KAMMERER: Yes.

20 MR. DIRCKS: I don't know whether we can ---

21 CHAIRMAN PALLADINO: I am not suggesting that it
22 ought to be. I am raising the question.

23 MR. DIRCKS: You know, it would be overkill
24 almost. We will have myself there, you will be there,
25 Harold will be there, Dick DeYoung would be there and we

1 have two Regional Administrators there. I think it might be
2 overloading the circuits a bit. If they try to do
3 everything that they want to do in one morning it is going
4 to be a very ---

5 CHAIRMAN PALLADINO: Do they start at 10?

6 MR. KAMMERER: 9:45.

7 CHAIRMAN PALLADINO: Who goes on first?

8 MR. KAMMERER: The NRC.

9 CHAIRMAN PALLADINO: The NRC goes on first?

10 MR. KAMMERER: Yes.

11 COMMISSIONER AHEARNE: Who is going to be there
12 who is familiar with the Quadrex Report?

13 MR. DIRCKS: John Collins where be there. But, as
14 Harold pointed out, it is funny that the company which paid
15 for and asked for the ---

16 COMMISSIONER AHEARNE: I understand that.

17 MR. DIRCKS: He will be there, John Collins.

18 COMMISSIONER AHEARNE: Has NRR reviewed that
19 report?

20 MR. DENTON: We have had it a couple of weeks and
21 I understand from John that they and the company have met
22 extensively on it and gone over it in detail. So they are
23 the only ones who would understand the detailed questions.

24 COMMISSIONER AHEARNE: I would expect that some of
25 the questions that you will get, at least if I were sitting

1 there I would ask the questions which I sent to Bill.

2 MR. DIRCKS: It should be down here this morning.

3 COMMISSIONER AHEARNE: Okay. So someone will be
4 prepared then to answer if this important? If it is
5 important, should we have caught it. If we should have
6 caught it, why didn't we? I expect that those questions
7 will be asked.

8 MR. DIRCKS: Collins' statement that he was almost
9 ready to give revolved completely around the Quadrex.

10 COMMISSIONER AHEARNE: We must have had that
11 report a long time.

12 MR. DIRCKS: No. I think it only got here a
13 couple of weeks ago. We have not had it a long time.

14 COMMISSIONER AHEARNE: Really? They did not give
15 it ---

16 MR. DIRCKS: No.

17 COMMISSIONER AHEARNE: Interesting.

18 CHAIRMAN PALLADINO: Norm, do we have a copy of
19 that in the office, the Quadrex Report?

20 COMMISSIONER AHEARNE: Yes, it is up here.

21 MR. HALLER: (Nodding affirmatively.)

22 CHAIRMAN PALLADINO: I better make sure I --
23 (Simultaneous Conversations - Inaudible).

24 MR. VOLLMER: Until recently I think they had it
25 on site.

1 COMMISSIONER BRADFORD: When you say they had it
2 on site, Dick, who do you mean?

3 MR. VOLLMER: I think that South Texas kept it on
4 site and I think the regions were allowed access to it.

5 COMMISSIONER AHEARNE: But the region knew of it
6 then.

7 MR. DENTON: Questions of what did you know when
8 are the toughest to answer. But it is my understanding that
9 the region was reading the report during the spring.

10 MR. DIRCKS: It was done in May I think, wasn't it?

11 COMMISSIONER AHEARNE: I see.

12 MR. DENTON: But it was closely held ---

13 MR. DIRCKS: I think we only physically got ahold
14 of the thing in the agency ---

15 COMMISSIONER GILINSKY: Were we informed of the
16 existence of it here?

17 MR. DENTON: I don't know.

18 MR. DIRCKS: I don't know whether anyone up and
19 down the line. I never heard of it until a couple of weeks
20 ago.

21 CHAIRMAN PALLADINO: I gather for some time they
22 weren't anxious to let us have it.

23 MR. DENTON: That is right. I guess they were
24 trying to decide what they were going to do with the report
25 and they had the contractors standing by. Then it did get

1 served on all the parties and at about that time I guess is
2 when it became widely ---

3 MR. DIRCKS: I guess it served as the basis for
4 the discharge of Brown and Root.

5 CHAIRMAN PALLADINO: Well, we don't have much time
6 between now and the 19th. Is it agreed that you are going
7 to try and combine the testimony and you are going to make
8 the presentation, Bill?

9 MR. DIRCKS: Right.

10 (Laughter.)

11 CHAIRMAN PALLADINO: I think a number of us have
12 specific little comments that you will probably want to
13 factor into the rewrite if these points are covered and we
14 can give them to you.

15 MR. DIRCKS: All right.

16 CHAIRMAN PALLADINO: Now the Commission would
17 probably like to see the rewritten version even though we
18 may not meet again on this.

19 MR. DIRCKS: Dick Vollmer and I will work on it
20 then.

21 CHAIRMAN PALLADINO: Well, I am going to suggest
22 that each Commissioner give you their detailed comments and
23 as soon as you have a draft you feel you are comfortable
24 with how about sending it down so we can all take a look at
25 it.

1 MR. DIRCKS: We can maybe piece it together
2 sometime today and try to get it back to you.

3 COMMISSIONER AHEARNE: I urge you to bring DeYoung
4 into that group.

5 MR. DIRCKS: Oh, yes.

6 COMMISSIONER AHEARNE: Because a lot of the
7 questions are going to be focused on him and he ought to be
8 begin intense preparation in that regard.

9 MR. KAMMERER: The subcommittee is expecting that
10 testimony tomorrow.

11 CHAIRMAN PALLADINO: What is that?

12 MR. KAMMERER: The subcommittee is expecting the
13 testimony to be delivered tomorrow.

14 CHAIRMAN PALLADINO: The final.

15 COMMISSIONER GILINSKY: I would add that we were
16 talking about, you know, what is the root of the problem and
17 you were saying, Harold, it is in the testimony. We all say
18 frequently that it is a management failure or a failure at
19 the top, or something. It seems to me that is an answer of
20 such magnitude that it isn't sufficient in the sense that
21 everything that fails is in some sense a management failure
22 and I think we need to get a little more specific.

23 MR. DENTON: Well, clearly, I think the six things
24 we have talked about aren't those hard-hitting, you know, if
25 you do these six they won't necessarily solve it. It is

1 going more of the kind of thing we are doing. It is hard to
2 come up with something that we could do that would guarantee
3 you won't have these problems in the future.

4 COMMISSIONER AHEARNE: Someone may end up asking a
5 question that Vic asked Stello, and I guess it was in the
6 Zimmer. Remember you pointed out that they had all of these
7 problems in the quality assurance system.

8 COMMISSIONER GILINSKY: Oh, yes. Well, I will
9 tell you, I was there the other day and I am not sure. The
10 point he was making was he was drawing a distinction between
11 the plant and the paper system.

12 COMMISSIONER AHEARNE: Right.

13 COMMISSIONER GILINSKY: I think that is something
14 we really need to think through because that is what I ran
15 into in talking with the company there. They were saying,
16 you know, we have got problems in the paper, but we think
17 our plan is sound, and so on.

18 The fact is the paper system is the system by
19 which we keep the project under control and get the
20 assurance that is necessary for this kind of work. It may
21 be that the paper system is badly designed. That is another
22 question. Maybe they ought to redesign it or modify it or
23 whatever. But anyway for the moment this is the system.

24 I was trying to think of an analogy here as a
25 little bit like a bank that doesn't keep adequate records.

1 Sure, the money may be there, but if you are running on this
2 basis, it either isn't there now or it is soon not going to
3 be there.

4 (Laughter.)

5 COMMISSIONER GILINSKY: So it is a mode of
6 operation which is simply impermissible. In this technology
7 you have got to stay within well-defined limits. And if
8 they haven't gotten into trouble yet, they are going to get
9 themselves into trouble later. If this applied to a number
10 of plants, it would get one or another of them into
11 difficulty.

12 COMMISSIONER AHEARNE: What triggered my
13 recollection of Vic's point was that in reading through the
14 Quadrex Report it never became clear whether all of these
15 whole host of array of items that they found were items
16 which they concluded would lead to significant weaknesses in
17 the construction of the plant. They really were focused, it
18 seemed, on they were going to cause them problems in getting
19 that plant licensed. That was the thrust.

20 It has always puzzled me when I think through why
21 aren't the quality assurance programs better. The
22 puzzlement is, as I think you mentioned earlier, Bill, that
23 here is a multi-billion dollar facility being built and you
24 would think that the people who are responsible for building
25 that wouldn't put that in jeopardy in lousy construction

1 because they have got so much invested in it.

2 COMMISSIONER GILINSKY: You know, I think the guy
3 was being honest with me. He felt this really is just a
4 paper overlay which is imposed which is separate from good
5 construction. He says, we have built plants for a long time
6 and we didn't mess around with all this stuff and we built a
7 lot of good coal plants and this is the way we built this
8 one and I think when you are all through you are going to
9 find out it is okay.

10 MR. VOLLMER: Compare Yankee with a number of
11 current plants and it was a quality job.

12 COMMISSIONER GILINSKY: You know, we have to have
13 an answer to does the system makes sense or doesn't it make
14 sense. I assume we believe it does. But if there are
15 aspects of it which are Mickey Mouse or which don't make
16 sense, then, you know, we need to deal with that, too.

17 CHAIRMAN PALLADINO: But there is an aspect that
18 is important to tell them about coal. They have built some
19 large coal plants the way they used to build old plants and
20 they have blown up.

21 (Laughter.)

22 CHAIRMAN PALLADINO: What we don't want is that
23 same kind of performance.

24 COMMISSIONER GILINSKY: I think that point has got
25 to get made.

1 MR. VOLLMER: As you point out, I think with the
2 complex technology, this is the only way we can have
3 assurance that things are built right. When you talk about
4 the development of the book cases of procedures to implement
5 the basic program, that is where in some cases on one
6 utility it might become Mickey Mouse and paper game and in
7 another utility it might be meaningful and it is very
8 difficult that we don't prescribe those.

9 COMMISSIONER GILINSKY: Don't these follow largely
10 from the basic code requirements?

11 MR. VOLLMER: Well, the codes, you know,
12 specification will be given to a pressure vessel
13 manufacturer and they go do their thing and you have the
14 ASME audits and so on. That is handled separately.

15 COMMISSIONER GILINSKY: Aren't there code
16 requirements on welds that you have got the --(Simultaneous
17 Conversations - Inaudible).

18 MR. VOLLMER: Yes, there are. Those things are
19 pretty well defined.

20 COMMISSIONER GILINSKY: How you exactly do that
21 maybe a company requirement, but the basic requirements are
22 code requirements.

23 MR. VOLLMER: Those are well defined, yes.

24 CHAIRMAN PALLADINO: Well, to permit you to have
25 time to get this done ---

1 (Laughter.)

2 CHAIRMAN PALLADINO: --- I am going to suggest
3 that we give you our individual comments and then make the
4 combined testimony and see if we can't get it by tomorrow so
5 that we can see it at the same time at least we have to send
6 it up if possible, or even try to see it beforehand, but I
7 am not sure that is going to be possible.

8 Is there any more that we should discuss on this
9 subject?

10 (No response.)

11 CHAIRMAN PALLADINO: All right. I want to thank
12 you.

13 We will stand adjourned.

14 (Whereupon, at 11:45 a.m., the closed session
15 adjourned.)

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NUCLEAR REGULATORY COMMISSION

This is to certify that the attached proceedings before the

in the matter of: DISCUSSION OF CONGRESSIONAL TESTIMONY
CLOSED MEETING - EXEMPTIONS 5, 9, 10

Date of Proceeding: 11-16-81

Docket Number: _____

Place of Proceeding: Washington, D. C.

were held as herein appears, and that this is the original transcript thereof for the file of the Commission.

Marcy C. Simons

Official Reporter (Typed)

May C Simons

Official Reporter (Signature)