

1 UNITED STATES OF AMERICA
2 NUCLEAR REGULATORY COMMISSION

3
4 INVESTIGATION OF
5 DIABLO CANYON UNITS 1 & 2

6 INTERVIEW OF
7 BARTON W. SHACKELFORD

8
9 Pacific Gas & Electric
10 Headquarters Offices
11 Law Department Conference Room
12 77 Beale Street
13 San Francisco, California

14 Friday,
15 December 18, 1981

16 The above-entitled matter came on for hearing,
17 pursuant to notice, at 3:06 p.m.

18 APPEARANCES:

19 On behalf of the NRC Staff:

20 OWEN C. SHACKLETON, JR., Moderator
21 B. H. FAULKENBERRY
22
23
24
25

ERRATA SHEET

Interview of B. W. Shackelford, December 18, 1981

The following correction should be made:

- ° Page 363, Line 16 - Change is to of.

The above correction has been identified by Bobby H. Faulkenberry and B. W. Shackelford.

P R O C E E D I N G S

3:06 p.m.

MR. SHACKLETON: This is December 18, 1981.

The time is 3:06 p.m.

This is the interview of Barton W. Shackelford, President and Chief Operating Officer of the Pacific Gas and Electric Company.

The location of this interview is taking place in room 3101, of the corporate headquarters of Pacific Gas and Electric Company, 77 Beale Street, San Francisco, California.

The purpose of this interview of Mr. Shackelford, is part of the continuing investigation conducted by the U.S. Nuclear Regulatory Commission to develop the facts and happenings surrounding the present reverification program of the seismic design of the Diablo Canyon Nuclear Power Plant.

Present for this interview in addition to Mr. Shackelford is, from the United States Nuclear Regulatory Commission, Region 5, is Mr. Bobby H. Faulkenberry, Chief of Reactor Construction Projects Branch and my name is Owen C. Shackleton, Jr., Senior Investigator.

Mr. Shackelford, prior to going on tape, we discussed with you your right to have a personal legal counsel present. Do you waive that right, sir?

1 MR. SHACKELFORD: I do.

2 MR. SHACKLETON: Thank you. And I would ask
3 of you on behalf of the Commission, sir, that you keep
4 your testimony here private.

5 At this time, I will turn the interview over
6 to Mr. Faulkenberry.

7 Pardon me.

8 At this time, Mr. Shackelford, we'll have you
9 stand and I'll place you under oath.

10 Whereupon,

11 BARTON W. SHACKELFORD
12 having been first duly sworn, was called as a witness
13 herein and was examined and testified as follows:

14 MR. SHACKLETON: Thank you sir. Please be
15 seated and now, I will turn the meeting over to Mr.
16 Faulkenberry.

17 MR. FAULKENBERRY: Mr. Shackelford, please state
18 for the record your position with Pacific Gas and Electric
19 Company.

20 MR. SHACKELFORD: I'm president and chief operating
21 officer.

22 MR. FAULKENBERRY: Mr. Shackelford, did you attend
23 both the October the 9th and the November 3rd, 1981 meetings
24 at the NRC in Bethesda, Maryland?

25 MR. SHACKELFORD: Yes.

1 MR. FAULKENBERRY: Now we have determined that
2 four separate draft reports of Dr. Cloud's work were
3 submitted to PG&E and these draft reports were submitted to
4 PG&E on the approximate dates of October 12th, October 26th,
5 November 6th, and November 12th, 1981.

6 The question is, prior to November 3rd, 1981,
7 at the time the meeting was held in Bethesda, were you
8 aware that PG&E had received the October 21 and October
9 26th draft reports?

10 MR. SHACKELFORD: I guess I'd like to ask which
11 specific report you're referring to, Mr. Faulkenberry.

12 I'd say the reason I asked the question is
13 that Dr. Cloud's report characterizes the interim report
14 I think was sent to you on the 18th of November.

15 MR. FAULKENBERRY: That is correct.

16 MR. SHACKELFORD: It still characterizes a
17 draft report.

18 MR. FAULKENBERRY: That is correct.

19 MR. SHACKELFORD: I did receive that one and I also
20 received a copy of a draft of his proposed reverification
21 plan at some time prior to the November 3rd meeting but
22 I don't remember when it was.

23 MR. FAULKENBERRY: Mr. Shackelford, that is
24 correct. What we are calling the final draft report
25 was the report dated November 12th and that was submitted

1 to the NRC approximately November the 18th.

2 Now the other three draft reports were referenced
3 October 21st, October 22nd, and November 6th, were previous
4 drafts of the November 18 report.

5 There was another document submitted to the NRC
6 from PG&E and from Dr. Cloud dated October 26th and that
7 was a program plan for the total reverification effort
8 that was being discussed at that time.

9 Now, I'll show you here, draft reports -- that
10 particular one is dated October, 1981, with a cover letter
11 showing that it was submitted to PG&E on October the 21st.
12 That is the report I am referring to.

13 MR. SHACKELFORD: And your question is?

14 MR. FAULKENBERRY: The question is, Mr. Shackelford,
15 did you see that report or were you aware that that report
16 had been submitted to PG&E prior to the November 3rd, 1981
17 meeting at Bethesda?

18 MR. SHACKELFORD: No, no.

19 MR. FAULKENBERRY: Have you ever been made
20 aware that these draft reports and I'm referring to
21 draft reports October 21, October 26, and now November 6th,
22 were you aware that any of these draft reports were
23 ever submitted to PG&E for review and comment? And I'm
24 talking about as of today have you ever been made aware
25 of that?

1 MR. SHACKELFORD: As of today, I'm aware that
2 there were draft reports submitted to us -- I'm not
3 aware of the specific dates that you've assigned them.

4 I've talked to some of our people about the fact
5 that draft reports were submitted but I'm not aware of the
6 dates.

7 MR. FAULKENBERRY: Could you give us an idea
8 of when you were made aware of the fact that draft
9 reports were submitted to PG&E from Dr. Cloud?

10 The approximate dates.

11 MR. SHACKELFORD: I'm not sure of the exact date
12 but it ties back to, as I recall, from a call from Mr.
13 Crews of your office. It was reported to me that he had
14 called our attention to the fact that the staff had copies
15 of this report and was inquiring about it. As I recall,
16 it was within the last week or ten days.

17 MR. FAULKENBERRY: Yes, I was present, or I'm
18 aware of when Mr. Crews called you and I believe that
19 was last week. That would have put it back somewhere
20 around before the 11th of December.

21 MR. SHACKELFORD: I think that's right, although
22 I think Mr. Maneatis mentioned to me he had been in touch
23 with Mr. Crews about the same time and I don't know just
24 when the dates were but it was about that time.

25 MR. FAULKENBERRY: Thank you. Mr. Shackelford, since

1 September 1981 when Dr. Cloud first began his work on
2 Diablo Canyon as related to the reverification efforts there,
3 have you issued any directives with regard to how the results
4 of Dr. Cloud's work should be handled within PG&E, prior to
5 it being submitted to the NRC?

6 MR. SHACKELFORD: No, we issued no explicit
7 directives. I talked to Mr. Maneatis, Senior Vice President
8 of Facility Development who is in general charge of this
9 program and we talked about how this program would proceed,
10 with the general understanding that it would be in a way
11 that would preserve Dr. Cloud's professional integrity and
12 independence but exactly how information was passed, we did
13 not discuss it.

14 MR. FAULKENBERRY: Mr. Shackelford, had you ever
15 been made aware that possible mis-leading or erroneous
16 information may have been provided to the NRC on November 3,
17 1981 at the meeting at Bethesda, Maryland in regards to
18 whether or not reports of Dr. Cloud's findings may possibly
19 have been submitted to PG&E prior to the NRC?

20 MR. SHACKELFORD: That's a long and complicated
21 question. I'd like to hear it again.

22 MR. FAULKENBERRY: Okay, fine.

23 What I'll do is I'll rephrase that. Of course,
24 the question of course relates to the November 3rd meeting,
25 1981. It relates to discussions at that particular meeting

1 and you were present, I believe?

2 MR. SHACKELFORD: Yes.

3 MR. FAULKENBERRY: To discussions between
4 Mr. Maneatis, Mr. Norton, Mr. Denton and I believe
5 Mr. Eisenhut. Dr. Cloud was involved in the discussions
6 also.

7 These discussions surrounded the independency
8 question as it relates to Dr. Cloud's work and it also
9 related to how the results of Dr. Cloud's work would be
10 handled and specifically, they were discussing when the
11 NRC would receive a report of Dr. Cloud's work and I
12 believe that in this discussion it was even stated,
13 Mr. Denton asked, I believe would the NRC receive the
14 results at the same time PG&E received them.

15 I'll be happy to show you and let you review
16 these particular discussions in the transcript of the
17 November 3rd meeting, if you like before we continue.
18 If you don't, I'll go ahead with my question.

19 MR. SHACKELFORD: Go ahead.

20 MR. FAULKENBERRY: The question is, as related
21 the conversations at this meeting, it was certainly implied
22 in these conversations by Mr. Maneatis and Mr. Norton,
23 that PG&E had not received any reports of Dr. Cloud's
24 work.

25 Now, the question I'm asking you, is have you ever

1 been made aware that possible mis-leading or erron-
2 eous information may have been provided to the NRC at
3 the November 3rd, 1981 meeting?

4 MR. SHACKELFORD: The answer is no.

5 Maybe I ought to go on. My understanding of the
6 situation there was and I know from my own experience, that
7 we were unaware at the time and by we, that's Mr. Maneatis
8 and Mr. Norton and I, that these draft work papers, whatever
9 you call them were in our, had been in PG&E's staff for
10 review prior to that time and we had heard an oral presenta-
11 tion of Dr. Cloud's report so when the question was
12 asked whether a report was available or had been submitted,
13 the answer was no, a report had not been submitted because
14 of the fact that Dr. Cloud had not submitted a report
15 to PG&E. He was still putting it together.

16 MR. FAULKENBERRY: Now, are you referring to
17 a final draft report or --

18 MR. SHACKELFORD: I'm referring to what I think
19 at that time was characterized as his interim report.
20 I guess, you know, part of the problem here is I think
21 that on November 3rd, we presented some material including
22 Dr. Cloud's interim report orally and the result of the
23 November 3rd report, the scope of the investigation
24 was expanded --

25 MR. FAULKENBERRY: That's correct.

1 MR. SHACKELFORD: And Dr. Cloud then submitted
2 I recall, I've seen it, a draft report which I think
3 has been characterized as the interim report. I guess
4 that was what, November 18th?

5 MR. FAULKENBERRY: Yes, but previous --

6 MR. SHACKELFORD: Before that, none of the three
7 of us, Mr. Maneatis, Mr. Norton, nor I, as far as I know
8 were aware that some draft material had been sent by
9 Dr. Cloud to PG&E for review.

10 None of us see that as particularly significant
11 as we see the submittal of material for review to PG&E for
12 factual correctness being the normal procedure of a
13 consultant who is making an audit of an engineering operation.

14 MR. FAULKENBERRY: You just previously stated,
15 Mr. Shackelford, that approximately the first that you
16 were aware of the fact that there were draft reports
17 submitted to PG&E, prior to the "November 18th" report
18 and I'm referring to the October 21st and October 26th
19 reports, was either with your discussions with Mr. Crews
20 or shortly prior to that with Mr. Maneatis as a result of
21 Mr. Crews telephone conversation with him. Now, after
22 being made aware of the fact that draft reports were
23 in the possession by PG&E people prior to November 3rd,
24 were you ever knowledgeable that because of the statements
25 made at the meeting by Mr. Norton and Mr. Maneatis, it may

1 have been a misunderstanding or mis-leading statements
2 may have been made in regard to whether or not PG&E had
3 this information prior to it's submittal to the NRC
4 on November the 18th?

5 MR. SHACKELFORD: Well, I think I can see what
6 may have happened. From what I know, Mr. Maneatis and
7 Mr. Norton did not know of the draft reports and therefore
8 they were talking in terms that there had been no final
9 report submitted.

10 I suppose someone might have concluded that
11 there was a mis-leading statement made but I don't think
12 those gentlemen made a mis-leading statement in light
13 of the knowledge they had.

14 MR. FAULKENBERRY: Mr. Shackelford, does PG&E
15 to the best of your knowledge, have a policy, written
16 or otherwise that is not volunteering information to the
17 NRC unless it is specifically asked for or specifically
18 required by the NRC regulations?

19 The thrust of this question is, is there anything
20 in effect at PG&E that you are knowledgeable of that would
21 inhibit the free flow of information between PG&E employees
22 and NRC employees?

23 MR. SHACKELFORD: No. We ask our people to be
24 factual. They ought to be sure of what they're talking
25 about. Certainly we are not in any way telling them to

1 restrict information they pass onto the NRC.

2 MR. FAULKENBERRY: Thank you.

3 Could you tell us what the ground rules are within
4 PG&E as you know them as of today, with regard to the way
5 the results of Dr. Cloud's work should be handled within
6 PG&E prior to submittal to the NRC?

7 Have there been any specific directions given
8 as far as you know that Dr. Cloud's work should be handled
9 differently than any other consultant's work?

10 MR. SHACKELFORD: No. I think our general
11 direction is that Dr. Cloud's work would be handled as any
12 professional consultant's work would be handled.

13 I believe at the November 3rd meeting we
14 indicated to the NRC staff that if they had special
15 requirements they would like to impose on the handling
16 of information, we would be happy to comply with those
17 requirements. As far as I know, we received nothing back
18 from the NRC in that regard.

19 So we're treating Dr. Cloud's contract pretty much
20 as we would handle a contract with a knowledgeable consultant
21 and we would expect that before he renders a final report
22 he'd have his material reviewed by us for factual correctness.
23 But he has to stand on his own professional integrity in
24 terms of the conclusions he draws.

25 MR. FAULKENBERRY: Mr. Shackelford, are you aware of

1 any effort that has been made by PG&E employees to revise
2 the results of Dr. Cloud's work such that it does not
3 reflect a true and complete and an accurate record of
4 his findings?

5 MR. SHACKELFORD: I'm not aware of any such.
6 Mr. Maneatis and I discussed the thrust of some of the
7 comments that were made about the draft report, marginal
8 comments and so on and he and I have agreed that the company
9 should proceed and have a review made of those comments
10 and the identification of whether any of those comments re-
11 sulted in any change in Dr. Cloud's report -- that review,
12 as far as I know is still going on. I have no conclusions
13 from it. I'd be very surprised if there would be any change
14 in Dr. Cloud's report resulting from anything but a change
15 in the factual basis that he reported.

16 MR. FAULKENBERRY: Do you have any idea when
17 the completion of this study you just referenced may be
18 completed?

19 MR. SHACKELFORD: Not today, no.

20 MR. FAULKENBERRY: Mr. Shackelford, do you know
21 of any conscious pre-arranged plan written or otherwise,
22 for PG&E employees and this is while attending meetings
23 with the NRC employees, to limit or otherwise constrain
24 their responses to NRC questions?

25 MR. SHACKELFORD: No.

1 MR. FAULKENBERRY: Mr. Shackelford, if you'll
2 bear with me, I want to go back again to the November 3rd
3 meeting.

4 This question may sound somewhat like a repetition
5 of a question I asked previously, but I think we want to
6 see if we can get the total picture here and on record.

7 At that November 3rd, 1981 meeting, both Mr.
8 Norton and Mr. Maneatis implied that PG&E had not received
9 any reports on Dr. Cloud's work. These comments,
10 like I said previously, are contained in pages 215 through
11 218 of the transcript of that meeting.

12 Now, do you recall hearing that discussion,
13 Mr. Shackelford?

14 MR. SHACKELFORD: Yes, I do. It went by very
15 fast I must say.

16 MR. FAULKENBERRY: At the time that you heard
17 this discussion, were you aware that possible erroneous
18 information was being provided to the NRC?

19 MR. SHACKELFORD: No. I believe I stated that
20 I was unaware that any material had been at PG&E. I
21 would suggest also that even had I been aware that that
22 material had been here, I'm not sure in the context
23 of that meeting I would have construed the answers as
24 being incorrect. What we had was not a report. What
25 we had was work papers of the engineer we were checking for

1 factual accuracy.

2 MR. FAULKENBERRY: So you would have construed
3 the conversation to be directed toward the final draft
4 report versus any intermediate draft reports?

5 MR. SHACKELFORD: As I recall the discussion
6 at the meeting, Dr. Cloud had completed an oral presentation
7 of the conclusions he had reached at that point.

8 At that point it was basically new information
9 to me.

10 As I recall, the question was then, how soon,
11 Dr. Cloud, will you have your report. I recall he said
12 in a week or two weeks he expected to have it completed.
13 The discussion went on from there.

14 MR. FAULKENBERRY: Mr. Shackelford, that's the
15 extent of the questions that I have.

16 Owen, do you have anything you want to add?

17 MR. SHACKLETON: No, I have no further questions.

18 Mr. Shackelford, do you have any additional
19 remarks you'd like to make?

20 MR. SHACKELFORD: No, not at this time.

21 MR. SHACKLETON: Thank you very much, sir,
22 for being present and assisting us in this investigation.
23 We will now go off the record. The time is 3:29 p.m.

24 Off the record.

25 ///