

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

UNITED STATES OF AMERICA
NUCLEAR REGULATORY COMMISSION
INVESTIGATION OF
DIABLO CANYON UNITS 1 & 2
INTERVIEW OF
JOHN B. HOCH

Pacific Gas & Electric
Headquarters Offices
Law Department Conference Room
77 Beale Street
San Francisco, California

Monday,
December 28, 1981

The above-entitled matter came on for hearing,
pursuant to notice at

APPEARANCES:

On behalf of the NRC Staff:

OWEN C. SHACKLETON, JR., Moderator
B. H. PAULKENBERRY

PENGAD CO., BAYONNE, N.J. 07002 FORM 2084

ERRATA SHEET

Interview of John B. Hoch, December 28, 1981

The following corrections should be made:

- Page 458, Line 4 - Change manager to Manager.
- Page 458, Line 5 - Change nuclear projects to Nuclear Projects.
- Page 459, Line 13 - Change manager, nuclear projects to Manager, Nuclear Projects.
- Page 466, Line 4 - Change course speaking to read course be speaking.
- Page 466, Line 9 - Change entire line to read: kind of to myself after the fact by saying, that -- well, that.
- Page 470, Line 10 - Change teh to the.

The above corrections were identified by John B. Hoch and Bobby H. Faulkenberry.

P R O C E E D I N G S

1
2 MR. SHACKLETON: On the record. This is December
3 28, 1981. The time is now 6:03 p.m.

4 This is an interview of Mr. John B. Hoch, manager,
5 nuclear projects for the Pacific Gas & Electric Company. This
6 interview is taking place in Room 3101 of the corporate
7 headquarters of Pacific Gas & Electric Company at 77 Beale
8 Street, San Francisco, California.

9 The purpose of conducting this interview of Mr.
10 Hoch is part of the investigation being conducted by the
11 U.S. Nuclear Regulatory Commission to develop the facts and
12 happenings surrounding the present reverification program
13 of the seismic design of the Diablo Canyon nuclear power plant.
14 In addition to Mr. Hoch being present, from the U.S. Nuclear
15 Regulatory Commission, Region Five, Mr. Bobby H. Faulkenberry,
16 chief of reactor construction, projects branch, will be con-
17 ducting the questions. My name is Owen C. Shackleton, Jr., and
18 I am a senior investigator assigned to Region Five.

19 Mr. Hoch, prior to our going on record, I advised you
20 that you have the right to have your personal legal counsel
21 present. Do you so waive that right?

22 MR. HOCH: I do.

23 MR. SHACKLETON: Thank you. Will you please stand
24 for the oath?

25 ///

1 Whereupon,

2 JOHN B. HOCH

3 having been first duly sworn, was called as a witness herein,
4 and was examined and testified as follows.

5 MR. SHACKLETON: Mr. Hoch, I would ask of you please
6 to keep your testimony given here today confidential. Is that
7 understood?

8 MR. HOCH: That's understood.

9 MR. SHACKLETON: Thank you. Mr. Faulkenberry?

10 MR. FAULKENBERRY: Mr. Hoch, for the record, would
11 you please state your position with the Pacific Gas and
12 Electric Company?

13 MR. HOCH: I'm manager, nuclear projects.

14 MR. FAULKENBERRY: Mr. Hoch, did you attend both
15 the October 9th and the November 3rd, 1981 meetings with the
16 NRC at Bethesda, Maryland?

17 MR. HOCH: I did.

18 MR. FAULKENBERRY: Mr. Hoch, it has been determined
19 that four separate draft reports of Dr. Cloud's work were
20 submitted to PG&E. These draft reports were submitted to
21 PG&E on the approximate dates of October the 21st, October
22 the 26th, November the 6th, and November the 12th, 1981. Now
23 my question is prior to the November the 3rd, 1981 meeting,
24 were you aware that PG&E had received the October 21st and
25 October 26th draft reports from Dr. Cloud?

1 MR. HOCH: I was aware that Dr. Cloud had furnished
2 to PG&E a draft report. I was not aware there had been more
3 than one version, but I knew he had furnished to PG&E a draft
4 interim report prior to the November 3rd meeting.

5 MR. FAULKENBERRY: Had you seen that draft report?

6 MR. HOCH: No, I hadn't reviewed it. I don't think
7 I had seen it at all. In other words, I hadn't read through
8 it. I don't think I had physically seen it.

9 MR. FAULKENBERRY: Okay. So you had not seen the
10 draft report that you're referring to prior to the November
11 3rd meeting?

12 MR. HOCH: That's right.

13 MR. FAULKENBERRY: Do you recall how you were aware
14 of the fact that it was in house?

15 MR. HOCH: My recollection is that we were asked
16 -- I believe by Jim Rocca about -- I believe I was asked
17 whether I wanted to be on the distribution list to comment on
18 such a report. I'm not sure that's the way I was aware of it,
19 or whether I was aware of it just by someone saying we had a
20 report from Dr. Cloud in house. I didn't review the report
21 and I didn't comment on the report. It's hard to recall the
22 exact way I became aware of it, but I was aware that we had
23 in house a draft interim report from Dr. Cloud.

24 MR. FAULKENBERRY: Mr. Hoch, while at the November
25 the 3rd, 1981 meeting, did you hear the statements made by

1 Mr. Maneatis, Mr. Norton, and Dr. Cloud regarding Dr. Cloud's
2 draft reports as identified on pages 215 through 218 of the
3 transcript of the November the 3rd meeting?

4 MR. HOCH: Yes. I heard those statements.

5 MR. FAULKENBERRY: While at the meeting when you
6 heard these statements, did you consider these statements to
7 either be possibly misleading or erroneous statements to the
8 NRC?

9 MR. HOCH: Yes, I did.

10 MR. FAULKENBERRY: Did you make any of your manage-
11 ment aware of the fact that these statements could possibly
12 have been misleading or erroneous? Either at the meeting or
13 any time thereafter?

14 MR. HOCH: No.

15 MR. FAULKENBERRY: Could you explain to us why you
16 did not?

17 MR. HOCH: At the -- during the meeting, at the
18 October 3rd meeting, I was a -- I guess I would call it a
19 peripheral participant. I wasn't at the table with the rest
20 of the speakers and didn't have a microphone. I guess my --
21 I'm trying to reconstruct my thoughts at the time. And I
22 guess my thoughts at the time were either I was mistaken about
23 the context, the meaning of what was being referred to as the
24 -- I think in a couple of instances, this was called -- I
25 think by Mr. Denton -- the interim report. Either I was mistaken

1 about what was being referred to when everybody else under-
2 stood, but I didn't, and they were talking about the report --
3 a report or a version of the report that was in final form to
4 go to the NRC. Either that was the case or I expected someone
5 else to correct Mr. Norton, Mr. Maneatis as to the status of
6 the report. Because at the time -- I was aware at the time
7 that quite probably neither of them, and in particular I was
8 quite certain that Mr. Norton didn't know of the existence of
9 the report and -- it's hard to reconstruct.

10 MR. FAULKENBERRY: Well, Mr. Hoch, while you were at
11 the meeting, and when you heard the statements made by Mr.
12 Maneatis, Mr. Norton and Dr. Cloud, could you explain to us
13 why you did not inform them at the time that they had possibly
14 made erroneous statements?

15 MR. HOCH: Well, I really can't other than what I've
16 said about being a peripheral participant rather than being
17 at the table. So really not feeling that I had the opportunity
18 as this dialogue was going on. To speak up and say, hey,
19 there is a report in house you gentlemen may or may not be
20 aware of that certainly could be interpreted as being the
21 interim report that's being discussed here. And it's being
22 discussed as if it doesn't exist as yet when in fact it's my
23 impression that it is in house and it is being reviewed by
24 PG&E. I guess I'm trying to explain that because of my role
25 or lack of it in the meeting, I didn't speak up in the meeting.

1 At the conclusion of the meeting, people broke up and went
2 their separate ways, and I -- I guess the only excuse I have
3 is that didn't enter my mind again to make any comments to
4 anybody about the potential confusion or misleading nature of
5 the statements that were made.

6 MR. FAULKENBERRY: Mr. Hoch, did you receive a copy
7 of the transcript of the November the 3rd meeting after the
8 meeting?

9 MR. HOCH: Yes, yes.

10 MR. FAULKENBERRY: Could you tell us approximately
11 when you did receive a copy of that?

12 MR. HOCH: If I could look at -- I guess if I could
13 look at the transmittal from the law department, I could tell
14 you exactly, but my guess is that it was oh a week or more
15 following the meeting. I'm not certain. It was distributed
16 to us by the law department.

17 MR. FAULKENBERRY: Did you review the transcript
18 after you received it?

19 MR. HOCH: Not formally, no. I didn't review it for
20 errors or give it any formal review. It was furnished to me
21 and I had occasion to look at it and read it but I didn't
22 review it for -- didn't do any formal review of it.

23 MR. FAULKENBERRY: Okay. Did you perchance during
24 that period say two to three weeks after the meeting when you
25 had the transcript, did you perchance see or review pages

1 215 through 218 and see the statements made?

2 MR. HOCH: No, not until the controversy came up
3 concerning comments made by PG&E did I then go to the transcript
4 and look at those pages.

5 MR. FAULKENBERRY: And when -- what time frame would
6 that have been?

7 MR. HOCH: I can't pin down a date, but it was the
8 -- there was a newspaper story published -- I can't even come
9 close to giving you a date. It's been three weeks ago now,
10 I guess, something like that.

11 MR. FAULKENBERRY: Okay. You're saying in the
12 December time frame.

13 MR. HOCH: Yes, when it became common knowledge
14 that there was -- that a controversy had developed over the
15 comments. I think the first -- my first knowledge of that
16 controversy was when the newspaper article was published, and
17 at that time because of the concern about both the subject of
18 commenting and whether we'd -- whether there was something
19 said in the November 3rd meeting that was in conflict with
20 facts, I got the transcript down and it only took me a couple
21 of minutes to find the pages. I remembered the statements
22 being made. But there hadn't been anything in the meantime,
23 between the meeting and the controversy that developed over
24 the comments on the Cloud interim report that provided any
25 reason to review the transcript. That was the first thing

1 that triggered the review of the transcript on my part.

2 MR. FAULKENBERRY: Mr. Hoch, I want to get back to
3 a previous question that I'd asked, and I'd like to explore it
4 a little bit further. But with regard to the statements that
5 Mr. Norton and Mr. Maneatis, and Dr. Cloud made regarding
6 Dr. Cloud's report, at any time during the meeting or during
7 the lunch break at the meeting, did you at any time have
8 conversation with Mr. Norton or Mr. Maneatis or Dr. Cloud
9 and mention --

10 MR. HOCH: Only with Bruce. I did speak with Mr.
11 Norton about a statement he had made earlier about Cloud's
12 previous involvement with PG&E. And Bruce had made a statement
13 in the transcript that Dr. Cloud hadn't worked for PG&E
14 before. And at a break, I mentioned to Bruce, "Bruce, Dr.
15 Cloud has been employed by PG&E on work related to our
16 seismic system interaction program and you ought to be aware
17 of that." And Bruce did correct that. Mr. Norton corrected
18 that item in the transcript. But I didn't talk to him at that
19 time about this other matter. And I guess I really don't
20 have a good reason why. Except that in trying to reconstruct
21 it, particularly when I read Dr. Cloud's statement about the
22 report, after Bruce -- after Mr. Norton -- I think there was
23 a question from Mr. Denton, Bruce referred the question to
24 Dr. Cloud and said, well, let's let Dr. Cloud answer that.
25 And Dr. Cloud said something like he expected to have the

1 report ready in a week or two, something like that. In looking
2 back over that, and trying to reconstruct what I was thinking
3 at the time, I guess as close as I can come to my thinking is,
4 oh, they must be of course speaking about a report that's
5 ready to submit to the NRC. Ready to submit in final form,
6 and that was my understanding of the kind of timing that
7 people were talking about, about being ready to submit that
8 interim report to the NRC, and -- I can explain this away
9 kind of in myself after the fact of saying, that -- well, that
10 might have allayed any concern I had about a potential mis-
11 understanding or misrepresentation. Obviously, everybody else
12 in the meeting but me was talking about the same thing. They
13 were talking about a final report and any concern I had
14 earlier about misinterpretation must have just been my concern.
15 As I say, it's hard to construct, but obviously there was some
16 reason that I didn't see fit to bring this up to Mr. Norton
17 when I obviously sought him out to tell him, hey you made this
18 statement that Dr. Cloud wasn't employed by PG&E before, and
19 you -- I'm sure you weren't aware of this, but he was. He has
20 been employed, and we have a current -- an active contract
21 with him on our seismic system interaction program.

22 MR. FAULKENBERRY: Okay, Mr. Hoch, there were several
23 meetings held by PG&E representatives prior to the November 3rd
24 meeting at Bethesda. Specifically, I think they were held on
25 Saturday, October the 31st, Sunday on November the 1st and

1 possibly even on Monday, November the 2nd. Did you attend
2 any of these meetings?

3 MR. HOCH: November 3rd was what day, Tuesday?

4 MR. FAULKENBERRY: Tuesday.

5 MR. HOCH: Yeah, we met Saturday and Sunday here at
6 PG&E. We flew on Monday. We met Monday night in Bethesda
7 and we worked on the presentation for Tuesday well into the
8 night on Monday night. I was at all those meetings.

9 MR. FAULKENBERRY: All three meetings?

10 MR. HOCH: Yes.

11 MR. FAULKENBERRY: Now at any time during your
12 attendance at these meetings, did you hear any conversations
13 by anyone in attendance at the meetings with regard to draft
14 reports that Dr. Cloud had prepared and submitted to PG&E?

15 MR. HOCH: I don't recall any conversation about that
16 at all. During the presentation or during the preparation on
17 Monday night, Dr. Cloud did go through the material that he
18 subsequently presented on Tuesday during the Tuesday meeting,
19 and he went through that presentation at the Monday night
20 meeting. But that's -- that's the only time I recall a dis-
21 cussion of any findings, preliminary or otherwise by Dr. Cloud
22 in relation to the meeting preparation for the November 3rd
23 meeting. Incidentally, that's another little bit of potential
24 source of confusion about what is meant by an interim report and
25 what -- whether PG&E had an interim report. In looking at the

PENGAD CO., BAYONNE, N.J. 07002 FORM 740

1 transcript, it might -- well, it both confuses and
2 clarifies the issue. But it's very easy to think of the
3 report that Dr. Cloud made there at the meeting to the NRC as
4 being an interim report by Cloud. And in rereading the tran-
5 script and seeing particularly Mr. Maneatis' remarks, it's
6 apparent to me that that's what he was referring to when he
7 talked about Cloud's interim report. He was talking about
8 the report which he was making there that day to the staff.
9 That's really obvious to me that that's what he meant.
10 But, to answer your question directly, I don't recall in any of
11 that preparation the subject of a draft or an interim report
12 being mentioned.

13 MR. FAULKENBERRY: Okay. Now, Mr. Hoch, any time
14 during the November the 3rd meeting, including the lunch break,
15 did you hear any conversations by any members from PG&E, any
16 PG&E representatives, or anyone else, regarding the draft
17 reports that Dr. Cloud had submitted to PG&E?

18 MR. HOCH: No, no. I'm sure if there had been such
19 conversations that it would have been -- it surely would have
20 been made known to Mr. Norton that they existed, and he would
21 have corrected the transcript, but I'm sure there were none.

22 MR. FAULKENBERRY: Mr. Hoch, that's the extent of the
23 questions that I have. Owen, do you have anything to add?

24 MR. SHACKLETON: Just a couple. Mr. Hoch, to
25 refresh my memory, when Jim Rocca asked if you'd like to be --

1 or something to the best of your recollection -- and I realize
2 it's not clear to you, explain that, but you thought possibly
3 one way you may have learned of the report, and I'm referring
4 to the October 21 draft, by Mr. Rocca asking if you wanted to
5 be on the distribution list. Did he ever speak to you again
6 concerning that report?

7 MR. HOCH: No, no. Nothing -- we had no comments
8 about any substance or any content of the report.

9 MR. SHACKLETON: All right. Thank you. Mr. Hoch,
10 is there anything you'd like to readdress or any additional
11 comments you'd like to make for the record.

12 MR. HOCH: I don't think so, except for the fact
13 that I -- you mentioned a number of different dates of draft
14 reports from Dr. Cloud, and I guess this was the first time
15 that I was aware that there was more than the October 21st
16 draft interim report.

17 MR. FAULKENBERRY: Yes, we mentioned the October
18 the 21st, October 26th, November the 6th and November the 12th.
19 The November 12th report was the one that was subsequently
20 submitted to the NRC.

21 MR. HOCH: Was submitted, that's right. Yes, I was
22 not aware -- until you mentioned it -- of the reports or ver-
23 sions that fell in between October 21st and the one that was
24 submitted on November 21st. I was, of course, involved with
25 the one that was submitted on the 21st because my people

1 were responsible for preparing a letter of transmittal submitting
2 that to the NRC.

3 MR. FAULKENBERRY: You mean the 21st or the 12th?

4 MR. HOCH: Excuse me, the 12th or the 18th? I wonder
5 why I have the 18th stuck in my mind.

6 MR. FAULKENBERRY: Okay. The report itself, the
7 draft report was dated November 12th. It was submitted under
8 a cover letter dated the 18th.

9 MR. HOCH: Okay. So the November 12th version was
10 submitted with the letter dated the 18th is the other one that
11 I am familiar with besides the fact that there was a version
12 going back to October 21st. I wasn't aware that there were
13 any versions in between.

14 MR. SHACKLETON: Okay. Mr. Hoch, in round numbers,
15 how many years have you been with Pacific Gas and Electric?

16 MR. HOCH: This will be my twentieth, this coming
17 year.

18 MR. SHACKLETON: Has it been a practice in the twenty
19 years, approximately twenty years you've been with the company
20 and particularly in your present position, in working with
21 consultants, to have draft reports submitted before a final
22 report?

23 MR. HOCH: Yes, certainly. I think that's the rule
24 rather than the exception in all work I'm familiar with. One
25 would not expect a consultant's report as furnished to be the

1 final -- as originally furnished, to be the final version.
2 Simply because, for one thing, it would be unusual if there
3 weren't factual or -- factual inaccuracies in the first version
4 of a report. Particularly one done by an outside agency
5 looking at -- something similar to Dr. Cloud's report --
6 looking into the operations of PG&E and examining -- drawing
7 conclusions from records they looked at. It would be an
8 exception, I think, to the rule if you hadn't asked for a
9 draft report or a preliminary report with the express intent
10 to make comments, to indicate corrections that should be
11 made to it before it's made final.

12 MR. SHACKLETON: Thank you. I have no additional
13 questions. Mr. Hoch, do you have anything additional, sir?

14 MR. HOCH: No.

15 MR. SHACKLETON: All right. At this time, we'll go
16 off record, and the time is 6:27 p.m.

17 (Whereupon, at 6:27 p.m., the interview with Mr.
18 John B. Hoch was concluded.)
19
20
21
22
23
24
25